Projected Housing Needs 2020-2040

Town of Chapel Hill

October 12, 2021

BUSINESS STREET

Introduction

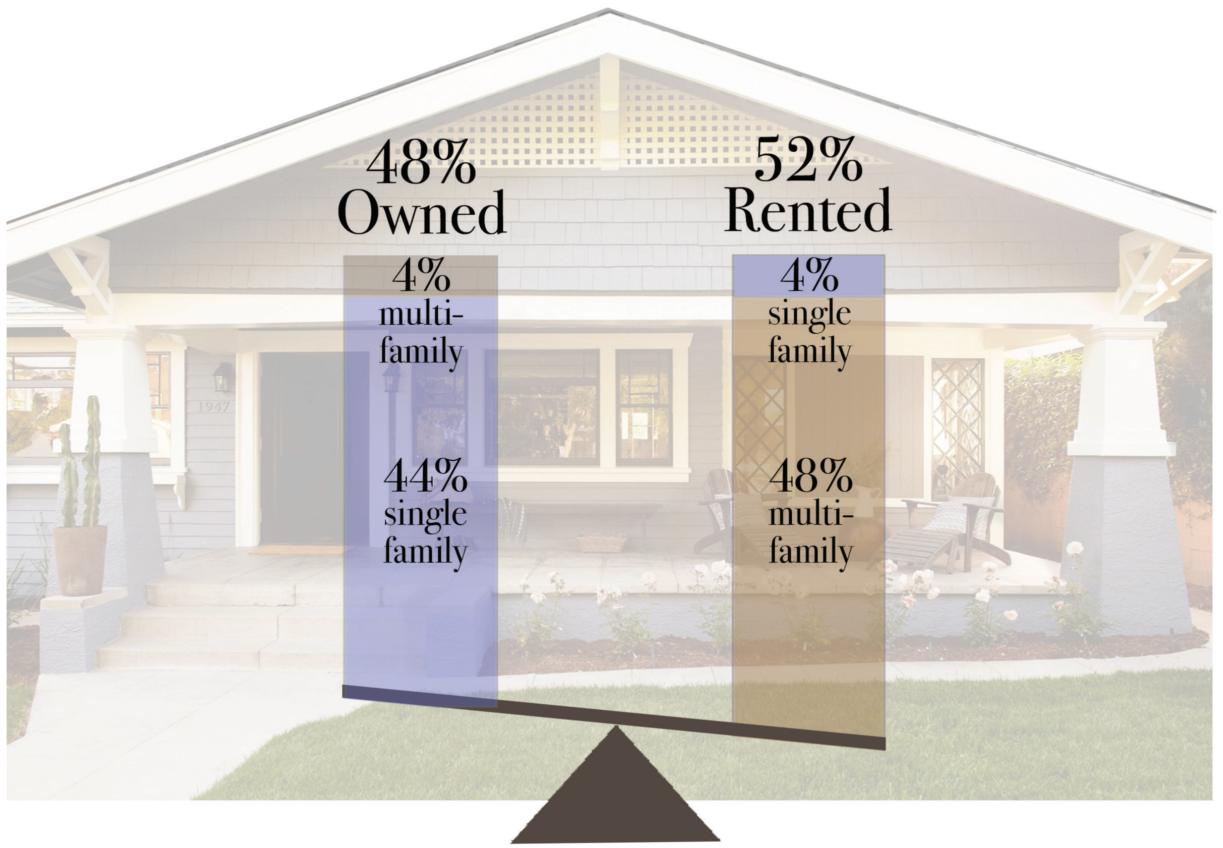
Concerned about a spate of new housing development, especially large-scale projects near downtown built for students living off the university campus, the town council has asked, "Are we building too much?" That question prompted this study, jointly funded by the town government and UNC. This summary report analyzes what drives the Chapel Hill housing market, the town's unmet needs, fundamental decisions to be made, and the next steps in making those decisions. A separate technical appendix describes the data used in this analysis and provides a more detailed discussion of jobs, household characteristics, and residential development to date.

Commuters fill six out of seven local jobs, and Chapel Hill's major commute routes are like a river system that carries a flood of cars in each morning. This map shows the job centers in red and local traffic flows in black. The largest destination is UNC and its medical center, but Chapel Hill North, East 54, and Eastowne are also destinations. Meanwhile, there is a counter-current of people driving out each morning, with two out of three residents working elsewhere.

1. Jobs Drive Housing

Jobs, not students, drive most of the demand for new housing. Chapel Hill has the highest ratio of jobs to housing in the region. In 2019, the average value of owner-occupied housing in Chapel Hill was 53 percent higher than Durham's. Much of the new development in Chapel Hill is high-rent apartments targeted at young professionals who are not yet ready to buy, many of whom work in Durham, Research Triangle Park, or Cary. When many young professionals buy, they will probably choose lower-cost houses closer to their work, and Chapel Hill will lose much of that talent.

HOUSING MIX

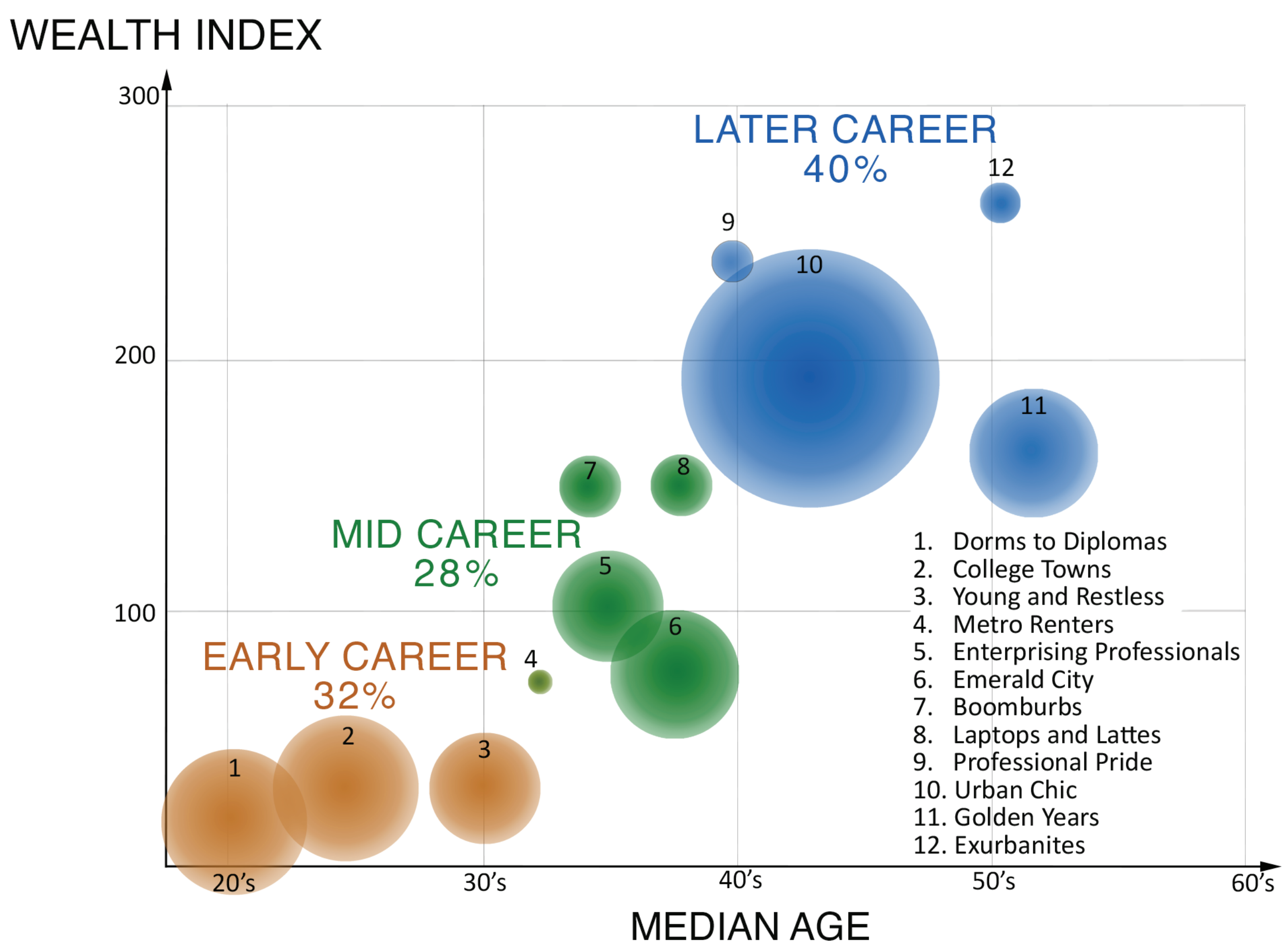


There is roughly an even balance or mix of rentals and owner-occupied housing, but most of that housing is either single-family houses or apartments, with little choice in between.

2. There Is Little Variety In What Has Been Built

In the 2000s, most new housing was single-family, while in the 2010s most was apartments. Many of the apartments built since 2010 have been large-scale projects with little connection to their surroundings.

Only about five percent of the new units completed since 2010 have been owner-occupied condominiums or townhouses. The for-sale multi-family offered in walkable places such as downtown, Southern Village and Meadowmont has sold well, but there are now relatively few sites for creating more of this.



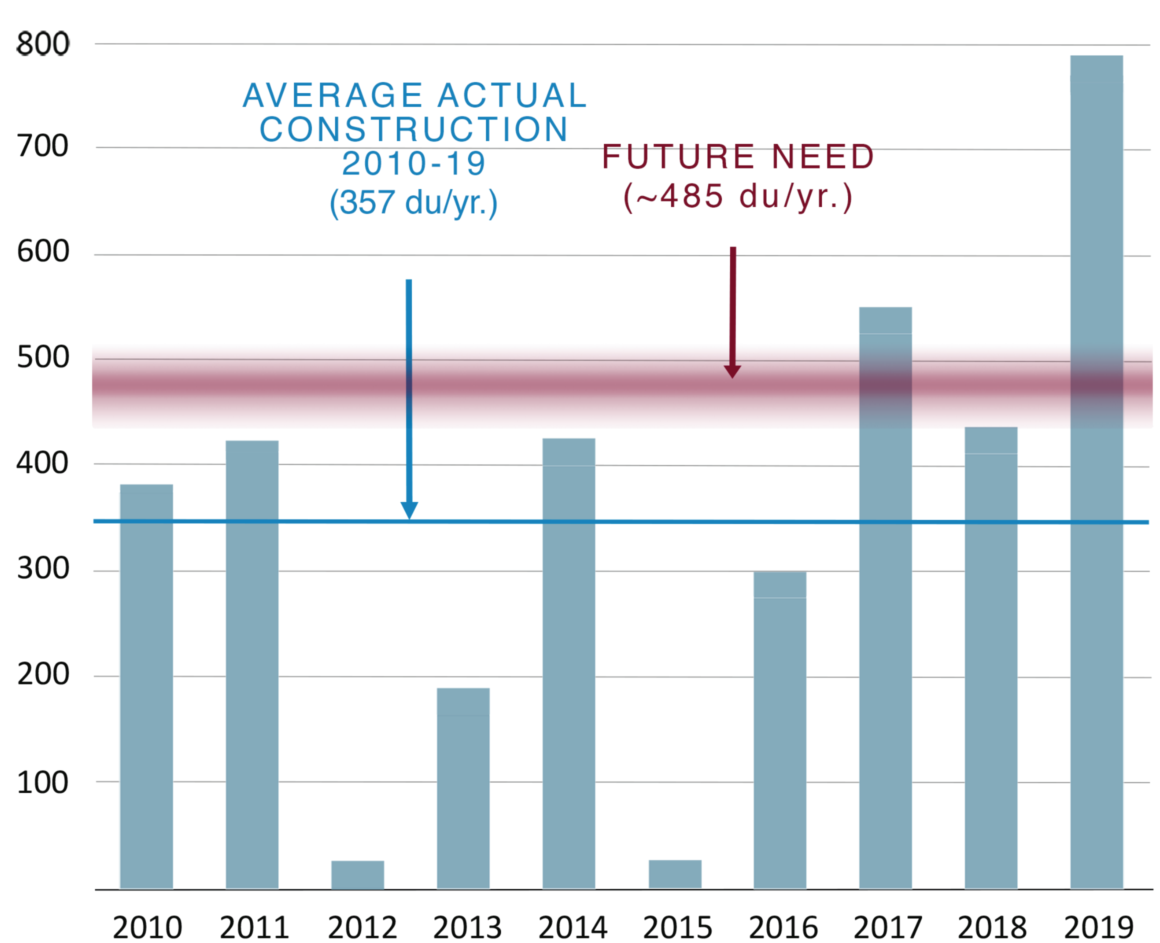
This graphic shows Chapel Hill's ten most numerous types of households, which fall into three major clusters according to life stage. There are a large number of people in their twenties starting their career (shown in orange); a smaller number in their thirties in mid-career (green); and a relatively large number in their 40's and 50's established in their career (blue). There would be many more mid-career households if there were more affordable housing for them. There are a number of retirees in Chapel Hill, but propotionately that group is smaller than the others shown. The technical appendix provides more details on the characteristics of each group.

3. Many Needs Are Going Unmet

Chapel Hill's current stock of housing does not meet the need of many households, including:

- First-time buyers.
- Families with young children.
- Divorcees, especially those who want to be in walking or biking distance of their children.
- Empty nesters who want smaller units with modern features and finishes.
- Seniors.

Chapel Hill can meet these needs with multi-family housing, but it must be located in good walkable neighborhoods if this housing is to sell to owner-occupants.

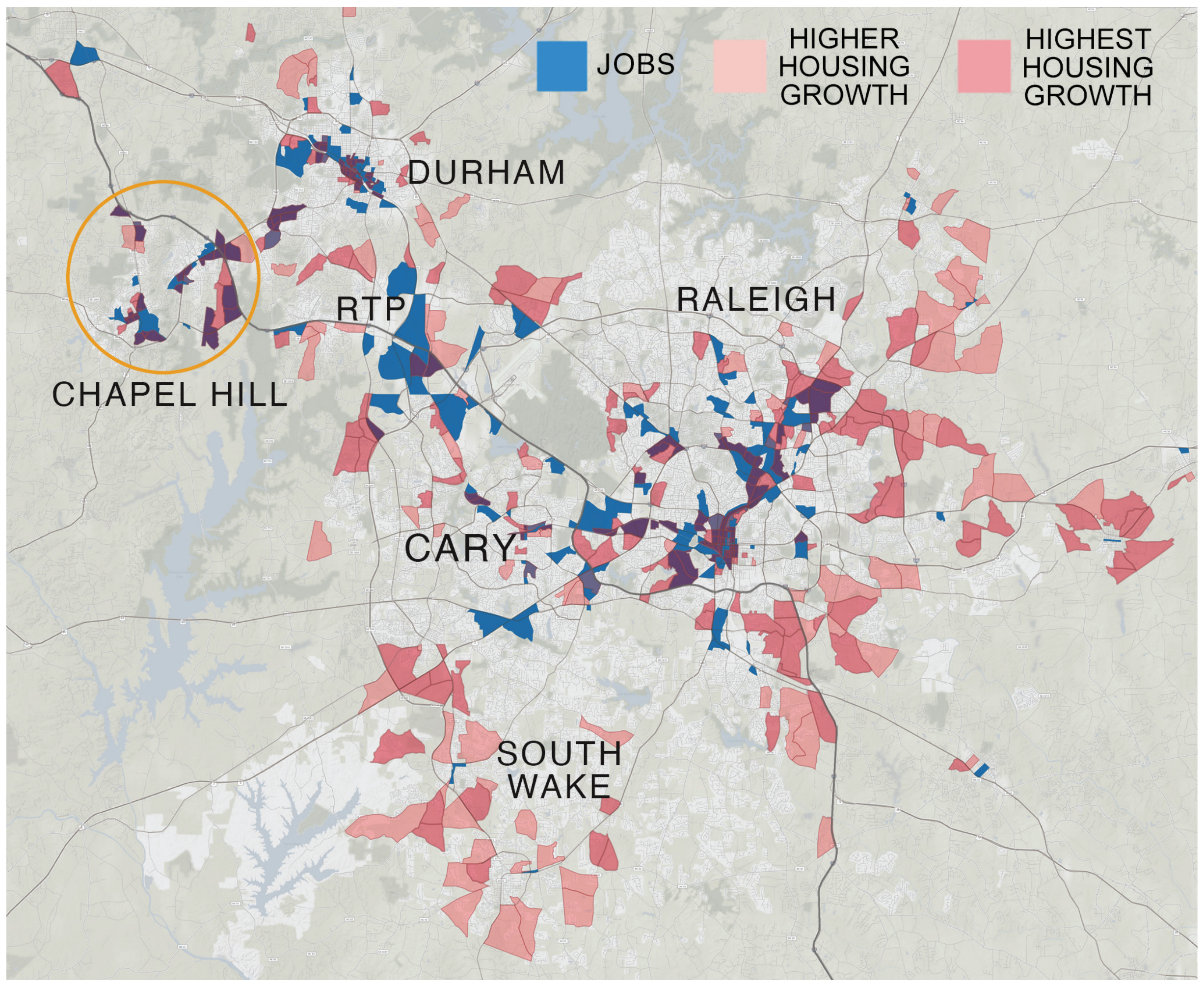


The blue bars show the number of units that received certificates of occupancy in a given year, while the blue line shows the average completions per year for the decade as a whole. The shaded red area indicates the approximate need per year through 2040.

4. Housing Production Needs To Increase

35%

To keep the jobs-housing ratio from rising, Chapel Hill will need to increase average annual housing production by 35 percent over that of the 2010s. That will require completing an average of about 485 units per year. Of that, about 440 units will be working-age people and seniors (the equivalent of about one Carraway Village every year), and about 45 units will be for students living off-campus (about one Carraway Village every ten years).



This map shows where the growth will go in the region over the next 20 years. Darker red indicates the areas of highest residential growth; lighter red the areas of more moderate housing growth; blue the areas of high job growth; and purple the areas of both high housing and jobs growth. Chapel Hill is located in the quarter of the region with many of the best jobs, which means that housing prices there will continue to rise more quickly than elsewhere.

5. Choices & Consequences

1. The first option is to choose not to grow, something other college towns like Boulder and Palo Alto have done. The consequences would include higher housing prices, less social diversity, fewer middle-income jobs, and difficulty attracting faculty and staff. Gentrification in Carrboro would likely drive UNC students living off-campus back into Chapel Hill, displacing service workers there.

2. The second option is to improve the planning process and create new neighborhoods. That will not only keep down housing costs but help the town achieve its goals for climate change.

3. The third option is to continue regulating growth as it is now, approving development project-by-project rather than planning for neighborhoods as a whole. This is the worst option, for if the town does not change its approach, housing costs will continue to rise even as it loses its sense of place.

These condominiums are in one of the most desirable areas in one of the world's most desirable cities–– the Point Grey neighborhood of Vancouver, BC. Residents can walk to coffee, shopping, and great parks, while downtown is just a 15-minute bus ride away.

6. Next Steps

Choosing to grow or not grow will require an informed citizenry and strong council leadership. The first two steps in that process are:

1. Hire a top-notch national or international planner and create several options for achieving the town's goals. This planner should have a record of on-the-ground results in successfully implementing neighborhood redevelopment plans. They should also be experienced in working with tools used to finance and develop public amenities.

2. Hold a series of community conversations about these options. Preparing for these meetings will require a complete analysis of trade-offs associated with each scenario.

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Chapel Hill
Projected Housing Needs, 2020-2040
Technical Appendix

Data Sources

1. American Community Survey and U.S. Census. Housing numbers are based on definitive counts made in 2000, ACS estimates made in 2010, and the town's tally of individual projects built since 2010.
2. Triangle J Council of Governments. This data includes 2017 estimates and 2040 projections for population, household population, households, and jobs. This study uses summary figures for the traffic area zones (TAZs) for the "town of Chapel Hill." Note this is different from "Chapel Hill township", a meaningless measure of land area used in some previous housing studies.
3. Esri. This mapping company combines information from the U.S. Census with commercial data to create profiles of 66 different lifestyle groups. There are other lifestyle groups in Chapel Hill than those profiled here, but those shown represent 95 percent or more of the total households in the town.
4. U.S. Census statistics on "Longitudinal Employer-Household Dynamics" (LEHD). LEHD data is based on the social security payments of all "covered employees." This data does not include self-employed workers.
5. UNC Office of Institutional Research and Analysis ("OIRA"). This office provided statistics on the number and place of residence of students, faculty, and staff.
6. UNC Housing Office. This office provided estimates of the number of students living off-campus in the town of Chapel Hill.

Projected Population, Households, and Jobs

Table 1 shows the detail for this.

1. Business Street defined boundaries for "Greater" Chapel Hill, Durham, Cary and South Wake County based on contiguity of settlement, commuting and shopping patterns, and the natural or man-made separations of one community from another.

2. While the population of incorporated Chapel Hill is close to 65,000 people, the greater Chapel Hill area has over 100,000 people. The additional population is located in Carrboro, New Hope, and the southeastern corner of Orange County.
3. The town's household population is considerably smaller than its total population because almost 10,000 students live on campus in dormitories.
4. Triangle J projects that between 2017 and 2040, greater Raleigh and South Wake County will get 56 percent of the new households but only 43 percent of the new jobs. Chapel Hill will get less than two percent of the household increase, but more than six percent of the new jobs.

Household Characteristics

Table 2 shows the detail for this.

1. These 12 groups account for about 95% of all households in Chapel Hill. Other groups make up a small percentage of the total.
2. This analysis uses the lifestyle names provided by Esri, which connote age, education, professional status, income, wealth, spending and other aspects of each group. The wealth index is a proxy of each group's ability to buy housing.
3. The median ages are the midpoints of spreads that generally run from two to four years for younger groups and four to eight years for older groups.
4. Business Street created and named the three clusters shown in the tables, "Early-Career", "Mid-Career," and "Later-Career" based on similarities between individual lifestyle groups.
5. Forty percent of all households fall in the "Later-Career" cluster. This largest individual lifestyle group is "Urban Chic", which is largely two-parent families with high-income earned in senior management or prestigious professions. Many in that lifestyle have long commutes.

Area Work Patterns

Table 3 show the detail for these.

1. These figures are aggregates of Triangle J projections for TAZ's for each area. The table shows two different kinds of jobs: the number of local jobs in different industries (including both residents and commuters) and the number of residents working in various industries (either in their hometown or commuting elsewhere.)
2. In 2018 about a third of Chapel Hill's population worked. Slightly more than two-thirds of Chapel Hill's residents commuted to jobs elsewhere. Even though the number of local jobs sharply increased between 20020 and 2018, the percent of Chapel Hill residents working in Chapel Hill fell from 41% to 30%. About one in five working Chapel Hill residents commuted to Durham and about one in ten to Raleigh.
3. In 2018, Chapel Hill had about 53,000 jobs. Chapel Hill residents filled only about one-eighth of those local jobs. Conversely, commuters filled about seven out of eight of those jobs.

4. More than two-thirds of the jobs in Chapel Hill are in education and health services. Only about four percent are with private technical or professional firms, compared to 10 percent each in Durham and Raleigh and 14 percent in Cary.
5. About 40 percent of Chapel Hill residents work in education and health care, compared to 36 percent in Durham. Only about nine percent of Chapel Hill's residents work for private technical or professional firms, compared to 11 percent in Cary and 15 percent in Raleigh.

Income and Affordability Ratios

Table 4 shows the detail for this.

1. During the 2000s, the median value of owner-occupied housing in Durham increased more rapidly than in Chapel Hill. During the 2010s, the value of Durham's owner-occupied single-family housing appreciated even more quickly. Overall, between 2000 and 2019, the median value of Durham's owner-occupied housing about doubled, while Chapel Hill's values increased about 70%.
2. Over the last 20 years, median household income in both communities has increased by about the same proportion- 50 percent in Chapel Hill and 60 percent in Durham. For both communities, the majority of that income increase came between 2010 and 2019.
3. Housing has become relatively less affordable in both communities. Relative to income, owner-occupied housing in Durham is more affordable than in Chapel Hill. The ratio of the median value of owner-occupied housing to median household income increased from 3.1 to 3.9 in Durham between 2000 and 2019, while in Chapel Hill that same ratio increased from 4.7 to 5.3. Based on the ratio of income to home values in 2018, owner-occupied housing in Durham was about 35 percent more affordable than Chapel Hill.

Housing Characteristics

Table 5 shows the detail for this.

1. Chapel Hill added 3170 housing units during the 2000s and 3,574 during the 2010s.
2. The mix of new housing shifted between these decades. The mix was 85 percent new single-family in the 2000s and 87 percent new multifamily in the 2010s.
3. This development pushed single-family to 51 percent of the mix in 2010 and multifamily up to 52 percent of the mix in 2019.
4. Chapel Hill now has about an even mix of single- and multifamily housing and of owner-occupied and rental housing.

UNC Residency Patterns

1. Table 6 shows the detail for this.
    1. UNC and UNC Health together employ about 20,500 people. That is 56 percent of the total number of local jobs in education and health care in Chapel Hill. The other 44 percent of the jobs in these industries are probably in K-12 education or with private clinics, consulting firms, or non-profits.
    2. In 2019, UNC enrolled about 30,400 students. Together with the staff at UNC and UNC Health care, there are about 50,000 people affiliated with UNC on a given day, compared to a total population of about 64,000 people. On a given day, there may be more commuters in the town than residents.
    3. Of UNC's students, roughly one-third live on campus, roughly one-third live off-campus in Chapel Hill, and about one-third live in other communities such as Carrboro and Durham.
    4. UNC students occupy about 4000 housing units in Chapel Hill. That is about 30 percent of the town's rental housing stock and about 16 percent of its total housing stock.
    5. Much of the rented single-family housing stock is in the Northside or Pine Knolls neighborhoods. Many UNC students also rent houses in southeast Carrboro. In the future, high housing prices locally may cause many of the owners of single-family rentals in southeast Carrboro to fix up and sell their homes to owner-occupants. If that occurs, the students who would have otherwise rented those houses will likely live in Chapel Hill apartments, displacing the service workers who live there now.
    6. Because of the need to renovate or replace aging buildings, the amount of on-campus housing could decline in the next ten years.

Table 1
Projected Population, Households and Jobs

Population	Total Population 2017	Total Population 2040	Household Population 2017	Household Population 2040	Households 2017	Households 2040	Jobs 2017	Jobs 2040
Town of Chapel Hill	65,529	83,235	54,150	70,116	20,869	31,074	58,722	85,249
Greater Chapel Hill	105,614	139,672	94,235	126,553	36,627	55,163	74,572	117,998
Cary	171,172	208,071	171,172	208,071	58,104	80,525	78,275	113,913
Durham	224,813	305,209	216,299	295,243	80,576	124,255	126,069	169,961
Hillsborough	16,917	27,965	16,917	27,965	5,502	11,205	9,617	19,667
Raleigh	726,894	1,140,282	712,291	1,115,182	236,249	442,817	397,514	530,348
Research Triangle	18,812	30,252	18,812	30,252	7,079	13,759	96,078	137,919
South Wake County	146,800	293,475	146,800	293,475	34,762	108,551	36,340	84,258
All other	514,452	785,050	514,452	785,050	171,327	295,133	130,849	191,998
Total	1,925,474	2,929,976	1,890,978	2,881,791	630,226	1,131,408	949,314	1,366,062

Increase, 2017-40	Total Population No.	Total Population Percent	Household Population No.	Household Population Percent	Households No.	Households Percent	Jobs No.	Jobs Percent
Town of Chapel Hill	17,706	2%	15,966	2%	10,205	2%	26,527	6%
Greater Chapel Hill	34,058	3%	32,318	3%	18,536	4%	43,426	10%
Cary	36,899	4%	36,899	4%	22,421	4%	35,638	9%
Durham	80,396	8%	78,944	8%	43,679	9%	43,892	11%
Hillsborough	11,048	1%	11,048	1%	5,703	1%	10,050	2%
Raleigh	413,388	41%	402,891	41%	206,568	41%	132,834	32%
Research Triangle	11,440	1%	11,440	1%	6,680	1%	41,841	10%
South Wake County	146,675	15%	146,675	15%	73,789	15%	47,918	11%
All other	270,598	27%	270,598	27%	123,806	25%	61,149	15%
Total	1,004,502	100%	990,813	100%	501,182	100%	416,748	100%

Ratios	Population Share 2017	Population Share 2040	Household Size 2017	Household Size 2040	Jobs/Households 2017	Jobs/Households 2040	Jobs Share 2017	Jobs Share 2040
Town of Chapel Hill	3%	3%	2.6	2.3	2.8	2.7	6%	6%
Greater Chapel Hill	9%	7%	2.6	2.3	2.0	2.1	8%	8%
Cary	5%	5%	2.9	2.6	1.3	1.4	8%	9%
Durham	12%	10%	2.7	2.4	1.6	1.4	13%	12%
Hillsborough	1%	1%	3.1	2.5	1.7	1.8	1%	1%
Raleigh	38%	39%	3.0	2.5	1.7	1.2	42%	39%
Research Triangle	1%	1%	2.7	2.2	13.6	10.0	10%	10%
South Wake County	8%	10%	4.2	2.7	1.0	0.8	4%	6%
All other	27%	27%	3.0	2.7	0.8	0.7	14%	14%
Total/ Average	100%	100%	3.0	2.5	1.5	1.2	100%	100%

Data source: Triangle J Council of Governments

Table 2
Household Characteristics

`		Share	Median Age	Wealth Index	Social Index*	Characteristics
1	Dorms to Diplomas	12%	21.6	20	78	College students living on-campus and off, frequently without a car.
2	College Towns	12%	24.5	40	85	College students and recent grads in entry-level living alone or with roommates in older homes and lower rent apartments.
3	Young & Restless	8%	29.8	38	90	Younger workers fresh out of college now working in professional and technical jobs and renting apartments.
	Total	32%				
Mid Career						
4	Metro Renters	1%	32.5	75	133	Workers in their early 30's spending long hours to get ahead in their careers, living an urban lifestyle, and spending much of their earnings on rent, clothes and technology.
5	Enterprising Professionals	8%	35.3	103	138	Younger STEM workers changing jobs often, renting or buying low-maintenance, upscale multi-family housing.
6	Emerald City	10%	37.4	74	122	Largely single, mid-30's professionals in moderate-wage jobs who largely rent. Many are probably employed in mid-level jobs at UNC or by UNC Health Care.
7	Boomburgs	5%	34.0	153	167	Young professionals in families with children and large mortgages commuting long distances to work.
8	Laptops & Lattes	5%	37.4	151	181	Later 30's, well-paid, mostly single professionals in finance, law, and software living close to work. Includes a number of same-sex households.
	Total	28%				
Later Career						
9	Professional Pride	3%	40.8	239	195	40-something career professionals with school aged children in larger homes commuting long distances to jobs in science, engineering, law, finance and health care.
10	Urban Chic	23%	43.3	192	170	Slightly older professionals in managerial, technical and legal jobs living a sophisticated lifestyle on the suburban periphery, often commuting longer distances.
11	Golden Years	11%	52.3	162	133	Empty nesters or active seniors nearing the end of professional careers who travel and dine out frequently. 1/3 are over 65.
12	Exurbanites	3%	51.0	264	167	Professionals of ample means approaching retirement living on the suburban periphery in high-value homes.
	Total	40%				

* A factor of income, education and job prospects.

Source: Esri Tapestry reports for the incorporated area of the town of Chapel Hill

Table 3
Area Work Patterns

Where CH Residents Work	Number 2002	Number 2018	Share 2002	Share 2018
Chapel Hill/ Carrboro	7,854	6,854	41%	30%
Durham	4,324	4,811	23%	21%
Raleigh	1,212	1,935	6%	9%
Cary	432	792	2%	4%
Charlotte	499	711	3%	3%
Carrboro	443	499	2%	2%
Greensboro	363	522	2%	2%
Other Places	2,028	4,341	11%	19%
Total	19,157	22,483	100%	100%

No. of Local Jobs, 2018	Chapel Hill 2002	Chapel Hill 2018	Durham 2002	Durham 2018	Change 2002-2018 Chapel Hill	Change 2002-2018 Durham
Residents	7,854	6,854	50,160	54,591	-1,000	4,431
Commuters	33,884	46,394	82,460	128,128	12,510	45,668
Total	41,738	53,248	132,620	182,719	11,510	50,099

Residents' Industry, 2918	Chapel Hill Residents	Chapel Hill Share	Durham Residents	Durham Share	Raleigh Residents	Raleigh Share	Cary Residents	Cary Share
Retail	1,870	8%	11,514	9%	22,781	10%	7,187	13%
Professional, Technical, Scientific	1,908	9%	10,031	8%	24,777	11%	12,001	15%
Educational Services	5,721	25%	20,811	17%	19,866	9%	7,963	10%
Health Care	3,630	16%	23,035	19%	27,874	13%	9,306	12%
Hospitality	2,119	9%	12,089	10%	20,672	9%	6,284	8%
Other Industries	7,235	32%	45,799	37%	104,261	47%	38,528	47%
Total	22,483	100%	123,279	100%	220,231	100%	81,269	100%

Local Employment, 2018	Chapel Hill Jobs	Chapel Hill Share	Durham Jobs	Durham Share	Raleigh Jobs	Raleigh Share	Cary Jobs	Cary Share
Retail	3,063	6%	15,686	9%	34,057	9%	11,977	13%
Professional, Technical, Scientific	2,328	4%	18,233	10%	37,414	10%	13,737	14%
Ed Services	20,480	38%	34,397	19%	32,028	9%	8,318	9%
Health Care	16,169	30%	37,890	21%	53,599	14%	8,613	9%
Hospitality	4,087	8%	15,286	8%	28,088	8%	9,215	10%
Other Industries	7,121	13%	61,227	34%	188,756	50%	43,807	46%
Total	53,248	100%	182,719	100%	373,942	100%	95,667	100%

Source: Census LEHD tables.

Table 4
Income and Affordability Ratios

Median Value of Owner-Occupied Units	2000	2010	2019
Chapel Hill	229,100	339,200	388,500
Durham	126,100	176,600	253,500

Change In Value Over Time	2000-2010	2010-2019	2000-2019
Chapel Hill	48%	15%	70%
Durham	40%	44%	101%

Median Household Income	2000	2010	2019
Chapel Hill	48,840	51,181	73,524
Durham	41,160	46,972	65,317

Change in Income Over Time	2000-10	2010-19	2000-2019
Chapel Hill	5%	44%	51%
Durham	14%	39%	59%

Value/ Income Multiplier	2000	2010	2019
Chapel Hill	4.7	6.6	5.3
Durham	3.1	3.8	3.9

Source: American Community Survey

Table 5
Housing Characteristics

No. of Single/ Multifamily[1] Units	2000	2010	2019
Single-family	9,252	11,932	12,382
Multi-family	9,832	10,322	13,446
Total	19,084	22,254	25,828

No. of Owned/ Rental[2]	2000	2010	2019
Owned	8,206	11,455	12,513
Rental	10,878	10,799	13,315
Total	17,808	20,564	25,828

Mix of Single/ Multifamily	2000	2010	2019
Single-family	48%	51%	48%
Multi-family	52%	49%	52%
Total	100%	100%	100%

Mix of Owned/ Rental	2000	2010	2019
Owned	43%	56%	48%
Rented	57%	44%	52%
Total	100%	100%	100%

Notes and Sources

1. 2010 figures for total units, owner-occupied and renter-occupied were provided by Rebecca Tippetts of the UNC Demography Center. Business Street then divided those numbers by 95% the total number of single- and multifamily units in 2010. Figures for 2019 are based on 2010 figures for total single- and multi-family units plus the sum of units built in the 2010's as detailed in the project count table.

2.Ownership/ rental figures for 2019 are based on Business Street's assumption that 95% of SF du's and and 1000 of the MF du's are owner-occupied, with the balance of each in rental.

Table 6
UNC Residency Patterns

Employees	Faculty	Staff	UNC Health[2]	Total
Residents of Chapel Hill[1]	2,195	2,312	1,995	6,502
Inbound Commuters	1,841	6,681	5,505	14,027
Total	4,036	8,993	7,500	20,529

Students	No.	Share
Living on campus or in UNC-related housing[3]	10,604	35%
Living off campus in Chapel Hill	11,000	36%
Living in Chapel Hill[4]	21,604	71%
Living outside Chapel Hill	8,716	29%
Total[1]	30,320	100%
No. of Off Campus Units[5]	4,000	

Total, Students and Employees	Students	Employees	Total
Living on campus	10,604	0	10,604
Living off campus in Chapel Hill[3]	11,000	6,502	17,502
Subtotal	21,604	6,502	28,106
Living Elsewhere	8,716	14,027	22,743
Total	30,320	20,529	50,849

Future Off-Campus Housing Needs	
Enrollment, 2020	30,320
Enrollment, 2000	24,872
Enrollment, 2040 at same growth rate	5,448
Proportionate Increase, 2000-2020	22%
Incremental 2040, at ‘00-20 rate of increase	6,641
Pct. living off campus in CH.	36%
No. living off campus in CH	2,409
Students per unit	2.75
Total units needed, 2020-2040	876
Average annual need	44

Notes and Sources
1. Enrollment and residency numbers provided by UNC Office of Institution Research & Analysis
2. Assumes same residency ratios for UNC Health staff as for UNC staff.
3. Estimates from UNC Housing Office.
4. Based on percentages from 2009 Chapel Hill Fact Book
5. Assuming 2.75 students per unit.

Table 7
Completed Multifamily Projects, 2010-2019

Project	Location	Type	Units	Approved	Opened
140 West	140 W. Franklin	Condo/TH	140	2007	2013
1701 North	1711 MLK	Apts	154	2012	2017
515 Condos	515 Hillsborough	Condo/TH	7	2009	2011
Arc The Orange	150 W. Barbee Chapel Rd.	Apts	6	2012	2014
Berkshire	201 S. Elliott	Apts	266	2015	2015
BIcycle Apts	602 MLK	Apts	301	2013	2014
Carol Woods Addition	750 Weaver Dairy	Apts	22	2010	2013
Carolina Square	143 W. Franklin	Apts	285	2013	2017
Carraway Village	Eubanks Rd.	Apts	400	2016	2018
Castalia at Meadowmont	301 Barbee Chapel	Apts	10	2006	2010
Chapel Hill North	200 Perkins	Apts	132	2007	2011
Chapel Watch	100 Gingko Trail	Apts	74	2007	2011
Courtyard Lofts	431 W. Franklin	Apts	20	2010	2013
East 54	1101 Environ	Apts	203	2007	2010
Environ Lofts	5000 Environ Way	Apts	58	2007	2010
Greenbridge	601 W. Rosemary	Condo/TH	96	2007	2010
Greene St. Apts.	207 Greene St.	Apts	6	2005	2016
Greenfield Place	100 Formosa Lane	Apts	80	2014	2017
Murray Hill Townhomes	201 Meadowmont Ln.	Condo/TH	15	2020	2018
Shortbread Lofts	333 W. Rosemary	Apts	85	2012	2014
Timber Hollow expansion	101 Timber Hollow	Apts	95	2014	2019
Trilogy Chapel Hill	1000 Novus Ln.	Apts	323	2017	2019
Union Chapel Hill	425 Hillsborough St.	Apts	346	2017	2019
Total			3,124		

Total By Type

Apts.	2,866
Condo/ townhouse	258
Total	3,124

Source: Town of Chapel Hill development status report.

Housing Report – September 2021

Questions for Rod Stevens

1. At a recent Durham/Chapel Hill Metropolitan Planning Organization meeting, discussing the 2050 regional transportation plans, there was a big push from the group to move from the current scenarios, which emphasize highway expansion, to scenarios that focus money on transit and other multimodal solutions. If the region does go in this direction, what would be the implication for jobs/housing in Chapel Hill?

It takes decades to put mass transportation networks in place, and when they do go in, particularly with bus rapid transit, they often use existing highway rights-of-way, so they tend to reinforce existing commute patterns. For these reasons, these plans are not likely to significantly affect Chapel Hill's jobs/housing ratios the next 20 years.

2. Can we get more information on how TJCOG is calculating their growth numbers?

They will probably be eager to sit down and explain the weighting of various factors. Most regional planning agencies like TJCOG do a good job in their modeling because the state of the art has gotten much better over the last 20 years, because they have reasonably large modeling staffs, and because they have to reconcile the demands of different municipalities and subregions competing for federal funding. If there is a weakness in the TJCOG model, and that weakness may not exist, it may be an over-reliance on the assumption that vacant zoned for a given use will actually be developed. The last 20 years there has a been shift in demand for office locations, from more suburban to more urban. In terms of projections, this may mean that TJCOG's numbers for RTP are too high, while those for downtown Durham or downtown Chapel Hill are too low.

3. Can you recommend any reading that will tell me more about the relation of housing to jobs, and about how Chapel Hill can choose a development path that will keep our character and "characters"?

Try these sources and books:

- The Bay Area Council, a business research institution in San Francisco funded by major employers, was one of the earliest organizations there to raise concern about the jobs/housing ratio. They were prescient, and they have since been researching and writing about this for more than 30 years.

- Chuck Wolfe's Seeing the Better City. He is a retired land use attorney who has traveled and photographed extensively, particularly in Commonwealth countries. He (literally) focuses on places where the day-to-day culture of a society is deeply embedded in the physical attributes of place.

- Tracy Kidder's Hometown describes how the characters of a place are as important as its physical character.
- Tony Hiss' The Experience of Place illustrates the fundamental importance of landscape. Hiss is one of the few "place" writers who describes how geographic features define our day-to-day impressions of a place. His illustrations of how to preserve the sense of place in New England may help Chapel Hill plan to avoid the loss of buffer forestation like that which is occurring along MLK.

While many planners recommend New Urbanist books as the "go to" source for guiding development, most are on the practice of architecture and street design, rather than maintaining or reinforcing the local character of a place. Some of New Urbanism's most influential leaders lack an environmental sensibility, and this has resulted in developments that give secondary importance to the native, historical and underlying character of a place. For example, a New Urbanist second-home development on the rugged coast of the Olympic Peninsula replaced most of the temperate rain forest with a Nantucket-style village.

4. Is there any feeling among experts about whether COVID will fundamentally cause more workers to switch to working at home? What effect would that have on our planning for the future?

The jury is still out on how much telecommuting employers will allow, and how frequently workers need to come into the office to maintain their ability to collaborate. My best guess is that, across the board, this may average out at about 1.5 days per week, but there will probably be big differences depending on the type of work. Some institutional employers may cut back as a cost-saving measure and provide a home-office stipend to administrative employees. That could reduce the demand for office space at Eastowne or in Chapel Hill North. Tech workers, on the other hand, may work from home two or three days a week and come in for meetings the other two or three days.

Rather than cutting back on office space, because they have gone to "hot desking" and no longer need as many work stations for individual tasking, a number of employers may convert that work station space over to meeting space. Even before the pandemic, many employers were finding that they did not have enough meeting rooms or even variety of meeting space. There has also been a gradual shift back the last five years from bull-pen seating, which saved on space but eliminated privacy, to more and better work stations. That return to privacy has tended to push up the amount of office space per employee, after 20 years of the ratio dropping. Do not plan on a big overall drop in local demand for office space, especially Chapel Hill is becoming better positioned to draw more knowledge industry downtown.

One unlooked for result of Covid, related to work, is the increasing importance of providing good neighborhood places to meet. Even before Covid, many "gig economy" workers working from home took a break from their screens during the day and went out for coffee, simply to see other people. And, not infrequently, they took their screens with them so that they could work in another place for a few hours. Locally, those people gathered in restaurants and coffee shops like Root Cellar and Grey Squirrel Coffee. Now, with more people permanently working from home, the daytime population of neighborhoods throughout the town is much higher, and there is need for more such places, and more locally. Simply having a Starbucks in a strip center is not enough, for they can be noisy, crowded, or lack outdoor seating. The new patterns of work will require updating our existing retail areas.

5. Assuming that one agrees largely or in part with Rod's conclusions, what tools (in NC) are available to us to obtain the outcomes he recommends? I don't know about the limits of North Carolina law, but your use of the word "tools" is a good one, fo truly creating "place" involves far more than regulation. These tools and capabilities should include master planning at a neighborhood level, negotiations, financing, and project management.

By way of example, let's take Portland and Vancouver BC as two examples of cities that have successfully redeveloped large areas into new neighborhoods. Those cities have developed expertise at planning larger areas and negotiating not only the design of those areas but the completion of their infrastructure, parks, and other public amenities. Those agreements include phasing, in-lieu fees, and other creative ways of getting things built.

Those agreements for capital improvements require particular diligence and expertise to put together, something most municipalities lack. On the public side, there need to be people with skills in negotiations, project management, and finance. That may sound like high-priced labor, but it is ultimately cheaper than hiring a lot of low- and mid-level planners to try to ride herd on each project that comes along.

6. How should we have the deep conversations he suggests, particularly with those members of our community who have historically not been part of those conversations? How do we create a clear vision of a Chapel Hill for the future and what if we can't obtain a consensus around such a vision?

Start with why and then get into how later on. At stake are affordability, diversity, and sense of place. Don't get into discussions of tree caliber until people know what the trade-offs are and what it will take.

Most planning processes don't work, partly because individual elected leaders don't put their political capital at stake and become "godparents" who will ensure success, partly because planners don't map out the process in advance and genuinely ensure that citizens will be recognized and responded to, and partly because citizens aren't given the information they need to articulate and express meaningful choices. Doing all that requires a whole lot of getting ready.

I worked with a public communications expert on a project in Kansas about ten years ago who I have stayed in touch with, and who I have great respect for as someone who knows how to do public involvement right. As luck would have it, he lives in western North Carolina. I can put you in touch with him. However, someone like him should not be brought on board until you have a good overall planner on board, someone who knows when to involve the public, and when to wait for that.

One final note here: "consensus" is relative. The best you can do is work until you have all the reasonable people in the room agreeing, that you yourself are convinced that this is the right course, and that you have the resources lined up to act.

6. What are the characteristics of "...a top-level planning consultant to chart alternative strategies?" How do we select one? I'm pretty sure that we haven't been trying to hire poor ones in the past.

A top-level consultant is someone who understands how to get good places built. They don't have to be and probably are not urban designers, for they are more likely generalists who know how to get people with big egos to work together. Such a person has a track record of results. They can show you photos of things they have gotten built, not just drawings of something that may be realized far off in the future.

Real planners are not just urban designers, but people who are accustomed to working at the board level and have the people skills to work with a lot of personality types. There are probably only a few people nationally who fit the bill. I would start by calling Brent Toderian, former planning director of Vancouver, or Gil Kelley, who took Brent's job after being planning director of Portland and then San Francisco.

They may not be available, but they can suggest where to look. A search of this kind takes weeks or months to find the right person. I know that because I've turned around several large and high-visibility real estate projects, and the most important part of that was finding the right people. There is no substitute in that search for simply calling and calling, but you need to start with the best people you can find and work downwards, rather than starting local and working up. The Dutch have been good at this for a very long time, and if you have any connections to good people in the Netherlands, call them and see who they respect over here.

The one mistake that Chapel Hill and most cities make is to take a design approach, but this is not about drawings but understanding and managing the process of how all the parts of neighborhood development-- programming, financing, construction, development, and even public programming-- come together.