

David Schwartz letter to Mayor Mark KleinSchmidt – March 21, 2014

Mayor Kleinschmidt,

Thank you for making time to meet with me and with Tom Henkel yesterday. It was helpful to have an opportunity to discuss with you, Mark, and John the goals that the Town is trying to achieve with the EF redevelopment, and how the plan currently on the table does or does not advance those goals.

You stated that the main goals that you have for the project are to reduce flooding in the area, to reduce traffic congestion at the Fordham-Ephesus intersection, create better vehicular access to Ram's Plaza and adjacent commercial properties, and, in general, to promote commercial property development in the area as way of generating additional property tax revenue for the Town. So we can ask whether the plan that has been put forth to date is likely to achieve these objectives.

Reduce Flooding. As far as I know, all the work carried out to date regarding storm water management for a redeveloped EF has had as its goal not exacerbating the existing flooding, and the analysis has been confined to the 190-acre district. The proposed storm water infrastructure improvements, at a projected cost of at least \$1.2 million, are what would be required simply to not make flooding worse within the EF boundaries. To actually *reduce* flooding both within the EF district and in the downstream residential areas would presumably cost considerably more money, which in turn would have implications for the overall financing of the redevelopment plan. John informed us that staff has been working on a new storm water plan that may include efforts to reduce downstream flooding. This is welcome news, and I look forward to hearing the details of the new plan. For the time being, however, it seems that the plan that has been put forth to date will not achieve the goal of reducing flooding; indeed, that goal has not even been pursued until very recently.

Reduce traffic congestion. We didn't have a chance to talk much about the proposed roadway improvements. However, any projected reduction in traffic congestion due to proposed new infrastructure (e.g., new roads, redesigned intersections, etc.) needs to be weighed against the increase traffic that can be expected from the addition of ~700 new housing units in the district (i.e., 1,000 new unit minus the to-be-demolished units at the Park apartments). Will the roadway improvements be enough to compensate for the increased congestion that can be expected from adding perhaps ~1000 additional vehicles to the rush hour traffic at that location? Has the modeling been done to try to answer this question? Have mass transit and bicycle facilities been included in the plan in away that will limit the additional traffic that the new residential construction will bring? Because at present we can not state with confidence that the addition of hundreds of new residential units will not simply cancel out any benefit from roadway improvements, it seems the plan that has been put forth to date will not achieve the goal of reducing traffic congestion in the EF district.

Create better access to Ram's Plaza. We didn't talk much about the specific plans for improving access to Ram's Plaza, but I have no reason to doubt that the necessary changes to the road network can be carried out and that doing so will indeed make it easier than at present. Whether this will actually result in redevelopment of Ram's Plaza and adjacent commercial properties remains to be seen.

Promote commercial property development. As far as I know, in the short-term, all the redevelopment activity in EF will be either exclusively or primarily residential. I don't know whether hotels are classified as residential or commercial, but as I will explain below, it doesn't matter. In general, residential property is revenue negative for a municipality; the amount the Town spends to provide services to residential property exceeds the amount of tax revenue the property generates. You stated that this is not the case for multifamily housing. To my knowledge, the best data we have on this question is a report that NCSU economist Mitch Renkow wrote in May 2012 entitled "The cost of community services in Chapel Hill." It can be found [here](#).

The good news in his report is that, in Chapel Hill, residential property almost pays for itself; the expenditures ratio (i.e., the amount of Town revenue contributed by a given land use sector for each dollar in public services used by that sector) is .98. Note that this calculation includes multifamily housing. The bad news is that commercial property in Chapel Hill barely does better than pay for itself. Renkow calculated the expenditure ratio for commercial property as 1.07. I think we can conclude two things from Renkow's analysis: First, the claim that multifamily housing is revenue positive for the Town is unsupported by the evidence. If you have other data that paints a different picture,

by all means bring it to the table. Second, the fact that commercial property in Chapel Hill barely does more than pay for itself suggests that adding additional retail and office space to the existing inventory will do little if anything to improve the Town's finances.

Until we can figure out a way to improve the expenditure ratio of commercial property in Town, by either reducing the cost of the services that the Town provides or increasing the tax revenue such properties generate, there simply is no strong financial incentive to build more commercial property, and there is actually a disincentive to build more residential property. Thus, I conclude that the plan put forth to date will not achieve the goal of broadening the tax base in a way that will lighten the tax burden on the Town's residential property owners.

Taken together, the above considerations suggest to me that the most likely outcome of the plan currently on the table is that we will borrow a large sum of money to carry out infrastructure improvements whose potential benefits will be effectively canceled out by the new high-density development we will need to allow in order to pay for the improvements. Flooding will not be reduced, traffic congestion will not be reduced, and the Town will be financially no better off for all the new construction. The obvious response to such a scenario is "Why bother?" Until someone can show me compelling evidence that a different, more auspicious scenario is a more likely outcome, I remain opposed to the plan in its current form. And unless you can find fault with my data or reasoning, you should oppose it as well. I also remain willing to help in whatever ways I can to help craft a plan that will better achieve the goals that we have for EF.

Two more general comments:

Form-based code. I don't think we really need to adopt a form-based code in order to streamline the development review process. That can be done within the existing zoning regulation framework. A form-based code is an appropriate tool when the community has a widely shared vision of a particular urban form they would like to conserve or encourage, such as a traditional downtown or a style of neighborhood architecture. This is not the case for EF. More problematically, the public outreach and engagement necessary to make a form-based code successful was not done. As Lee Einsweiler wrote in a recent memo to the Town Council

"In its purest form, a form-based code is the end result of a series of efforts. First comes a planning process with the community that sets expectations for the type and intensity of development. Next comes the development of a code that tightly implements the plan for the area, including streets and sidewalks (elements of the public realm) as well as private development regulations. . . . a form-based code allows approval "by right" through staff technical review, since the community has already weighed in on the plan, and again through the adoption of the code.

Lee himself will tell you that we did not have an adequate public involvement component prior to beginning the code development. Typically, when a municipality hires his firm, the firm is hired both to conduct this initial community planning process, and then to develop a code based on the outcome of that process. For EF he was hired only to develop a code. I'm not sure why this happened. Perhaps Town staff thought that the public involvement that occurred as part of the EF small area planning process was sufficient. It was not. Many (most?) folks didn't even know it was taking place, the type of public input solicited was too vague, and the public's stated preferences, such as for building heights, were ignored. For an example of what an adequate public outreach and engagement process looks like, click [here](#).

I have no idea where the design guidelines in the draft FBC came from, but I can assure you they didn't come from a substantive community planning process, and this is a big reason why the FBC is now facing so much public opposition. If you feel that the Town has too much invested in the FBC to simply drop it—my preferred option—then I strongly suggest we start small. Specifically, we should follow the recommendation contained in the report you produced together with the Center for Network Technologies and Placemakers, namely, to allow small projects to be approved by staff, mid-sized projects to be approved by the Planning Board and large projects by the Town Council.

Evidenced-based planning

Many of the Town residents who are most vocal in their criticism of the proposed rezoning plan are people who, by training and temperament, have great respect for data and analysis, and they feel that the EF plan contains far too little of either. Instead of rigorous fiscal impact analyses or detailed storm water management plans we are shown

pretty computer renderings of imagined future townscapes. Going forward, please encourage the Town staff to give greater attention to the often tedious but necessary work of data collection and analysis and to the technical side of planning and less to the marketing and salesmanship side of it.

Cheers,

David