Town of Chapel Hill
UNC Health Care Development Agreement Negotiation

December 10, 2019, 8:30 a.m. – 10 a.m.
Chapel Hill Public Library Room B, 100 Library Drive, Chapel Hill, NC

PURPOSE: Define the Development Area

Agenda

1. **Opening at 8:30 am**

    1) **Roll Call**
    2) **Approval of Agenda**

2. **Business**

    1) **November 14, 2019 Committee Meeting Summary**
    2) **Staff Update**
        i. **Transportation Impact Analysis Scope of Services**
        ii. **Housing Data**
    3) **Points of Agreement**
    4) **UNC Health Care Materials**
    5) **Next Steps**
    6) **Public Comments**

3. **Adjourn**

Agenda Packet Materials

1. November 14, 2019 Committee Meeting Minutes
2. Housing Data
3. Points of Agreement
4. UNC Health Care materials

Town of Chapel Hill

Eastowne Development Agreement

Council Committee Draft Meeting Minutes

Thursday, November 14, 2019, 2:00 PM
Chapel Hill Public Library Room B

1. Opening at 2:00 PM

1) Roll Call

Council Committee members:	Mayor Pam Hemminger, Michael Parker, Hongbin Gu, Rachel Schaevitz
UNC Healthcare Team:	Simon George, John Martin, Don Giard, Bill Derks, Jim Tully, Cameron Ebron, Karla Carson, Leigh Vancil, David Loebe
Town Staff:	Maurice Jones, Ralph Karpinos, Judy Johnson, Mary Jane Nirdlinger, John Richardson, Dwight Bassett, Becky McDonnell, Jim Huegerich, Kumar Neppalli, Brian Peterson

2. Business

1) Update from UNC Health Care

The UNC Health Care team discussed their vision for the site to include a mix of uses, priorities, and explained three major components that informed their market analysis, including visibility and access, the site characteristics and size, and UNC Health Care as a major anchor for the development. David Loebe presented a market analysis and explained the demand for housing, retail, office, medical office, and lodging. John Martin presented two regulating plans as options for the site.

2) Transportation Impact Analysis Scope of Services

Kumar Neppalli, Town Staff, explained the Transportation Impact Analysis Scope and the Committee discussed how to move forward on the traffic counts.

3) Town Environmental Analysis

Judy Johnson, Town Staff, presented a suitability analysis that the Town's GIS staff had completed. Additional input and information was requested by the Committee. The Committee also discussed the Negotiation Framework and issues including development

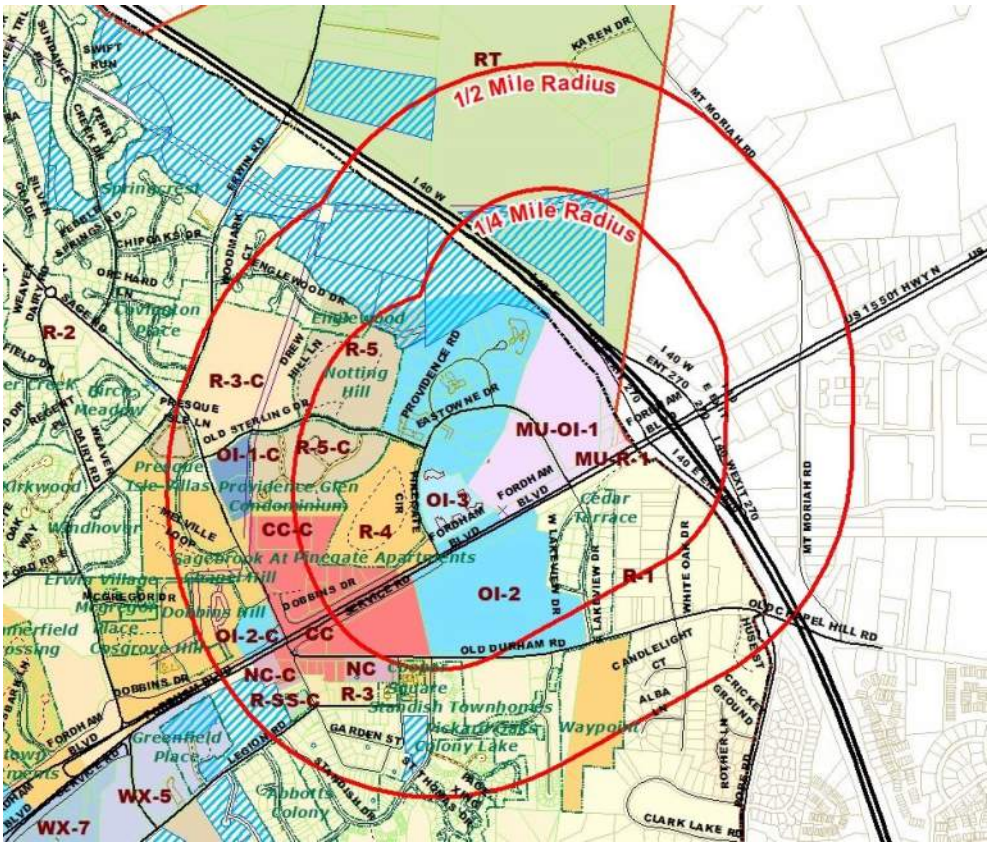
on and near the existing streams, land preservation, building height and density, and understanding the prioritization of uses.

4) Public Comments

Members of the public commented on the suitability analysis' assumptions, the importance of incorporating nearby development into the plans, preservation of the Natural Heritage Site, incorporating low-impact design, and the developable area gained by draining the pond.

3. Adjournment

Existing Residential Units near Eastowne



There are three multifamily developments on Old Sterling Road:

- Pinegate Apartments: 289 units ranging from $900-$1200
- Notting Hill Apartments: 200 units ranging from $1000-$2700
- Providence Glen Condominiums: 192 units priced in the mid $200,000s

These developments have a total of **681 units**. Within ¼ mile radius of the Eastowne site, there are an additional 67 residential parcels, for a total of **748 units**[1].

There are three more multifamily developments within a ½ mile radius:

- Dobbins Hill: 87 units
- Sagebrook of Chapel Hill: 288 units
- Presque Isle Villas: 42 units[2]

Additionally, there are 396 parcels categorized as residential in the ½ mile radius. Altogether, there is a total of **1,494 units in a ½ mile radius**.

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[1] Assumed 1 unit per residential parcel; vacant parcels were not included in the count

[2] Note that only about half of the Sagebrook and Presque Isle developments are within the ½ mile radius, but all units were included in the total

UNC HEALTH CARE SYSTEM

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EASTOWNE MASTER PLAN

Town Council Committee

December 10, 2019

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Agenda

Vision and overview

Negotiation Matrix

Need for Housing

Need for Mixed Use

Retail Program

North Parcel

Design Scenarios

Summary

Appendix

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Agenda

The purpose of this meeting is to:

- Develop consensus on the mix of land uses
- Consensus on preferred site plan scenario or a hybrid plan developed during this meeting
- Agree on a framework for the density and public benefit negotiation

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Vision

Create a thriving, economically vibrant mixed use environment anchored by UNC Health Care that benefits patients, employees, and residents while attracting premier businesses to Chapel Hill.

This vision will include the following shared principles:

- Placemaking
- Suitable Public Infrastructure
- Sustainable Design
- Walkable Design
- Enhance Natural Environment
- Community Prosperity

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Negotiation Matrix

	TOPIC	UNCHC POSITION	TOWN POSITION	COMPROMISE
WHAT WE AGREE ON	**Include Office Space**	Yes	Yes	n/a
	Include Medical Office	Yes	Yes	n/a
	Include Hotel Use	Yes (up to 2 hotels)	Yes (prefer 1 hotel)	tbd
	Include Town Square	Yes	Yes	n/a
	Replace pond with stream	Yes	Yes but want trade-off	tbd
	Parking	Mostly structured / use shared	Mostly structured / use shared	n/a
	Shuttle to Main Campus	Yes	Yes	n/a
	Setbacks on 15-501/ I-40	Yes, keep at 30′ and 100′	Yes, keep at 30′ and 100′	n/a
	Bike Trail connections	Yes	Yes	n/a
	Expand tax base	Yes	Yes	n/a
	Stormwater	Meet LUMO standards	Meet LUMO standards	n/a
	Solar on Rooftops	Buildings to be solar ready	Buildings to be solar ready	n/a
ISSUES TO WORK ON	**Housing**	Mixed of types inlcuding market rate and affordable	Mixed income housing serving a range of income levels	Mixed income housing
	Retail	Primarily service but up to 150k	Only service (area tbd)	Discuss tax benefits
	North Parcel	Build upon	Preserve entire north parcel	tbd
	Density	tbd	tbd	tbd
	Height	tbd	tbd	tbd

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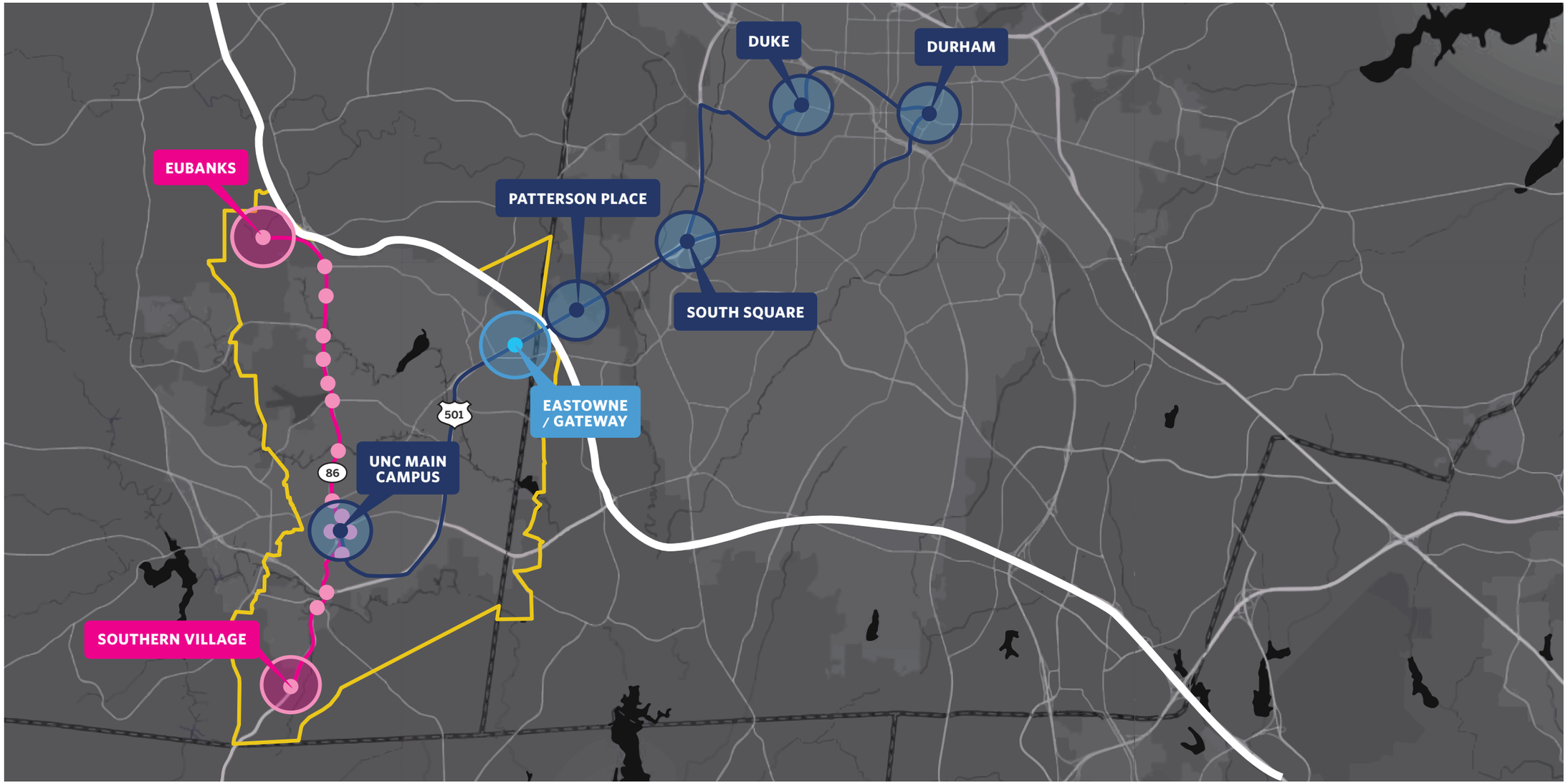
BRT Map

Potential East-West Connection



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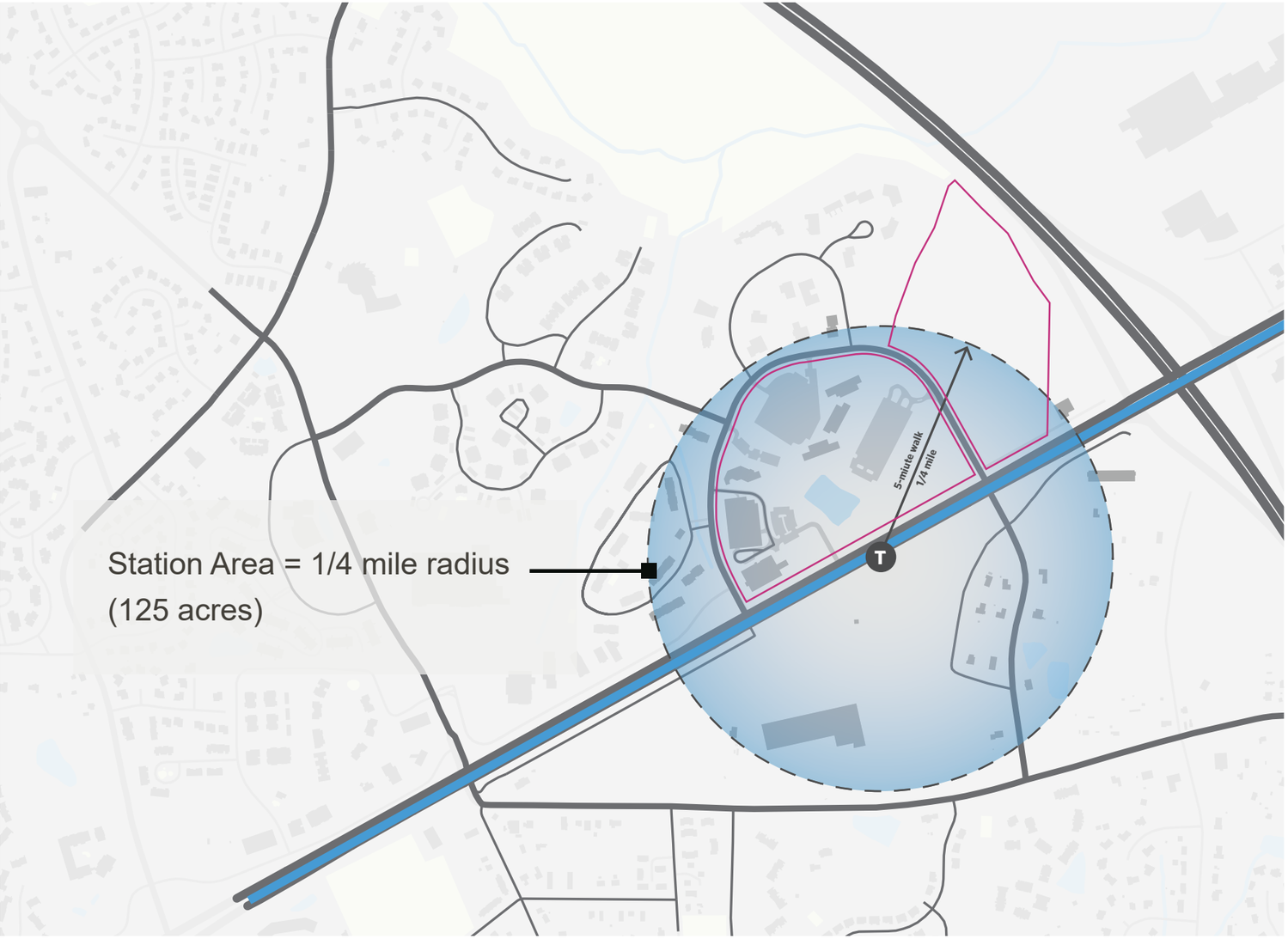
How much housing is needed?

Density within 5-minute walk



DENSITY REQUIRED TO SUPPORT TRANSIT

A minimum of 16-30 residents per acre* is required to support transit. Within a 1/4 mile walking radius, we need between 2,000 and 3,750 residents for a cost effective system.

Existing Residents within 1/4 mile = 280

Additional Residents Needed = 1,720 to 3,470

*Source: Guerra and Cervero (2011) and Pushkarev and Zupan (1977)

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Why Mixed Use?

- Attract and Retain Talent
- Vibrant throughout the day
- Command premium rents
  - Average 19% premium for residential*
  - Average 21% premium for office*
  - Average 30% premium for retail*
- More tax revenue for Town
- Internal capture to reduce vehicular trips

*Source: Noell Consulting

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Why Mixed Use?

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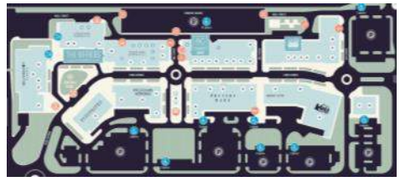
Example Town Center Premiums

Town Center	Avalon Town Center	Assembly Row - Ph. I	Pinecrest	Phillips Place	Avg.
Site Plan					
Total Size	86 Acres	28 Acres (at build-out 40 acres)	58 Acres	35 Acres	**52**
Office SF	750,000	99,000 w/future pads	162,000	-	**252,750**
MOB SF	-	850,000 Partners Healthcare	Adjacent to University Hospitals	-	**212,500**
Retail SF	570,000	500,000	400,000	130,000	**400,000**
Retail Anchors	Whole Foods, 12-screen Regal Cinema	12-Screen AMC Theatre, LegoLand Discovery Center	Whole Foods, 10-screen SilverSpot Cinema, Pinstripes	10-screen Regal Cinemas	**Cinema**
Hotel	330 Rooms, Full-Service + 47,000 SF Convention Center	158 Room, The Row Hotel - Marriott Autograph	145 Room AC Hotel	124 Room Hampton Inn & Suites	**189**
Multifamily Rental Units	526 Units in two phases (250, 276)	947 Units in two phases (447, 500)	87 Units	402 Units	**491**
For-Sale Residential Units	25 SFD, and 75 THs	125 Condos	-	-	**56**
Current MF Rents	$2.32	$3.67	$1.89	$1.54	**$2.36**
Current Office Rents	$35.00	$55.00	$31.25	-	**$40.42**
Current Retail Rents	$40.00	$50.00	$30.00	$35.00	**$38.75**
MF Premium to Submarket Avg.	43%	22%	4%	8%	**19%**
Office Premium to Submarket Avg.	17%	22%	23%	-	**21%**
Retail Premium to Submarket Avg.	50%	25%	37%	9%	**30%**
Avg. Premium	**37%**	**23%**	**21%**	**9%**	**22%**

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What is the right amount of retail?

- Need to serve existing residents, workers and visitors
- Need to activate ground level of streets and public spaces
- Modest scale compared to other nearby developments

NAME	AREA (GSF)
Eastowne (Proposed)	Up to 150k
New Hope Commons	468k
Patterson Place	532k
South Square	485k
Streets at Southpoint	1.6 million
Chapel Hill North	98k
Meadowmont	159k
Southern Village	63k
East 54	55k

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Importance of North Parcel

- Valuable frontage along I-40 and 15-501
  - Gateway site identified by the Town
  - Town square needs to have enclosure and activity nearby
- Reducing development footprint will make our buildings less economical
  - Would require high rise construction with significant construction premium (20-30%)
  - Would also likely require significant below grade parking with large premium

    At grade parking = $2k per space

    Above grade parking = $16k per space

    Below grade parking = $35-40k per space
  - This premium will make development less competitive in the marketplace

    There are no local examples of high-rise MOB construction

    There are few examples of below grade parking in this market

Eastowne Market Analysis

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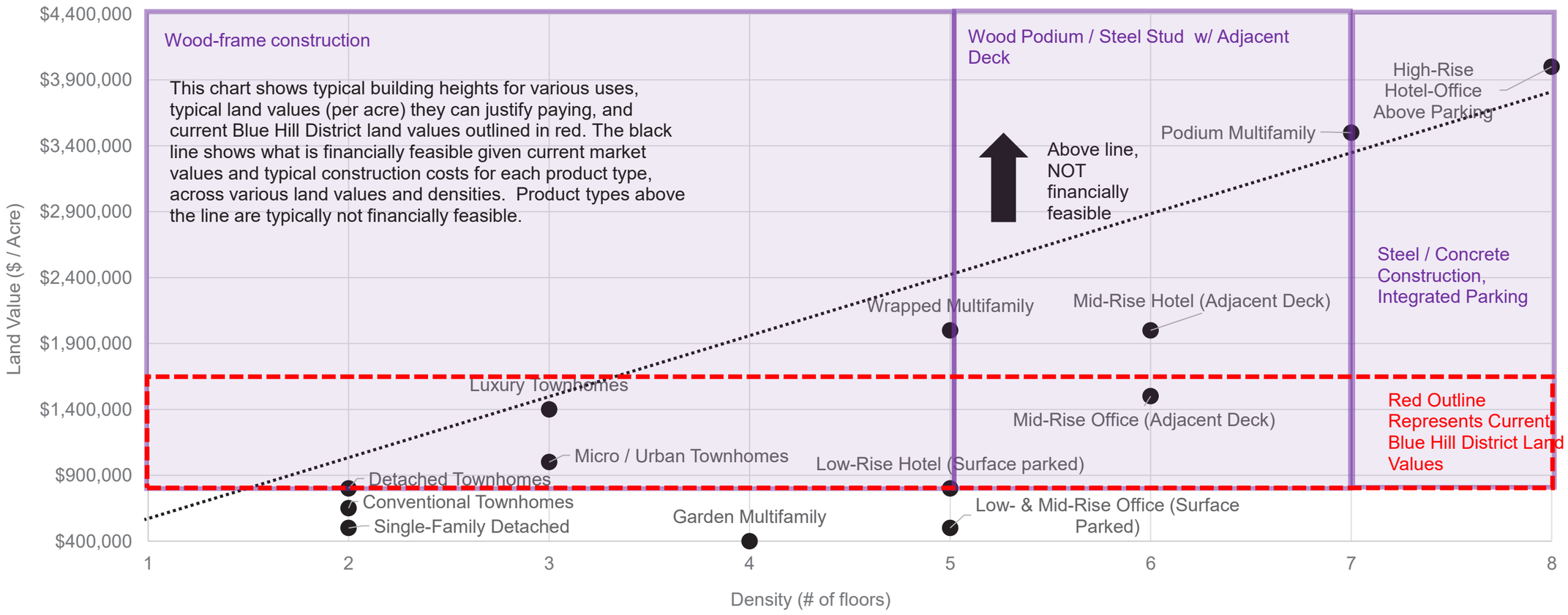
Feasible Development Types By Land Value, Density, and Market Values



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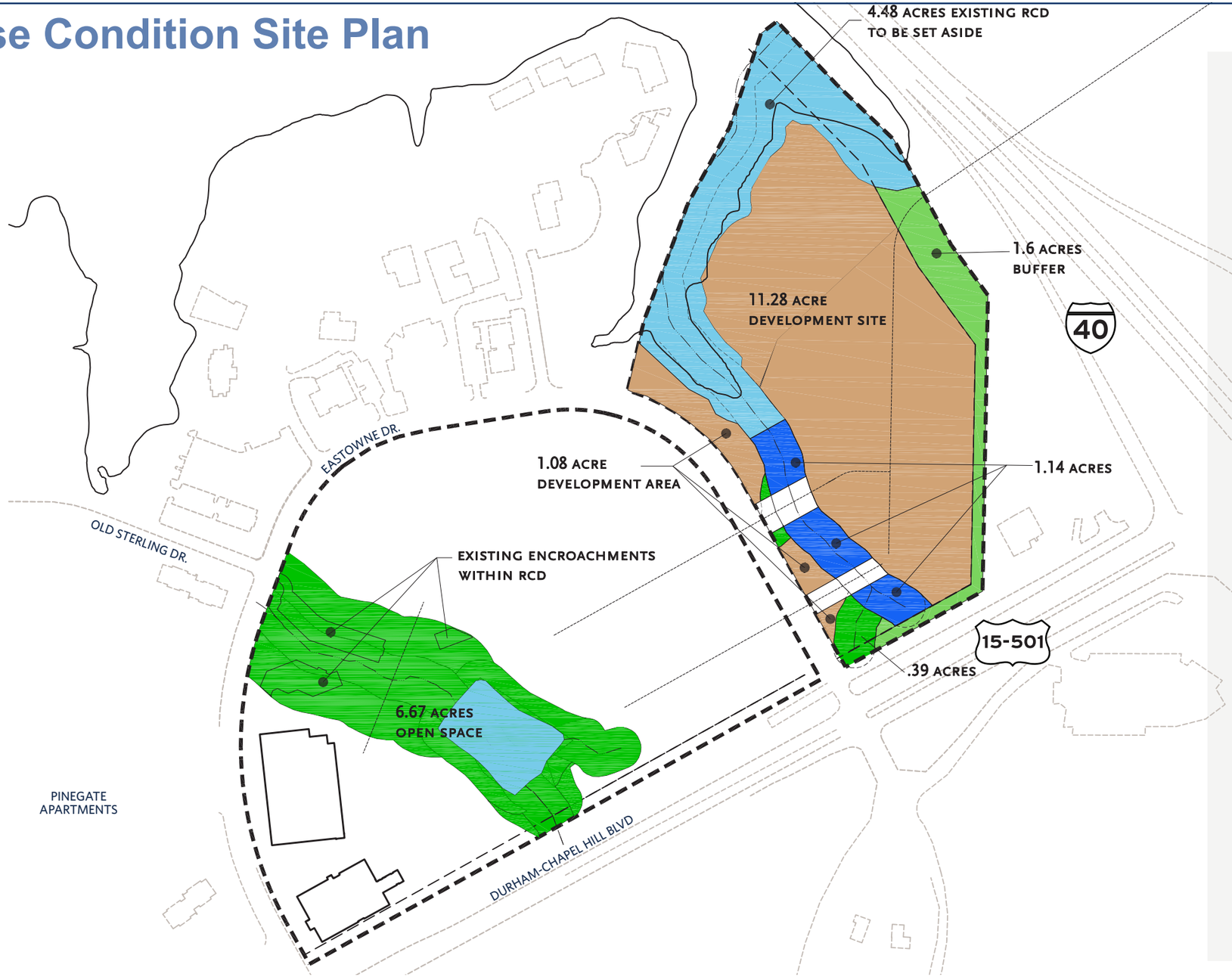
Pond and Northern Parcel

Base Condition Site Plan



OPEN SPACE SUMMARY

Contiguous Forest on North Parcel = 4.48 acres

Additional North Parcel = 3.16 acres

Total North Open Space = 7.64 acres

South (includes pond) = 6.67 acres

Total North + South = 14.31 acres

Assumes parking and two existing buildings remain within RCD near pond and limited ADA access to existing pond.

Note: UNCHC is seeking two stream crossings on the North Parcel and two stream crossings on the South Parcel.

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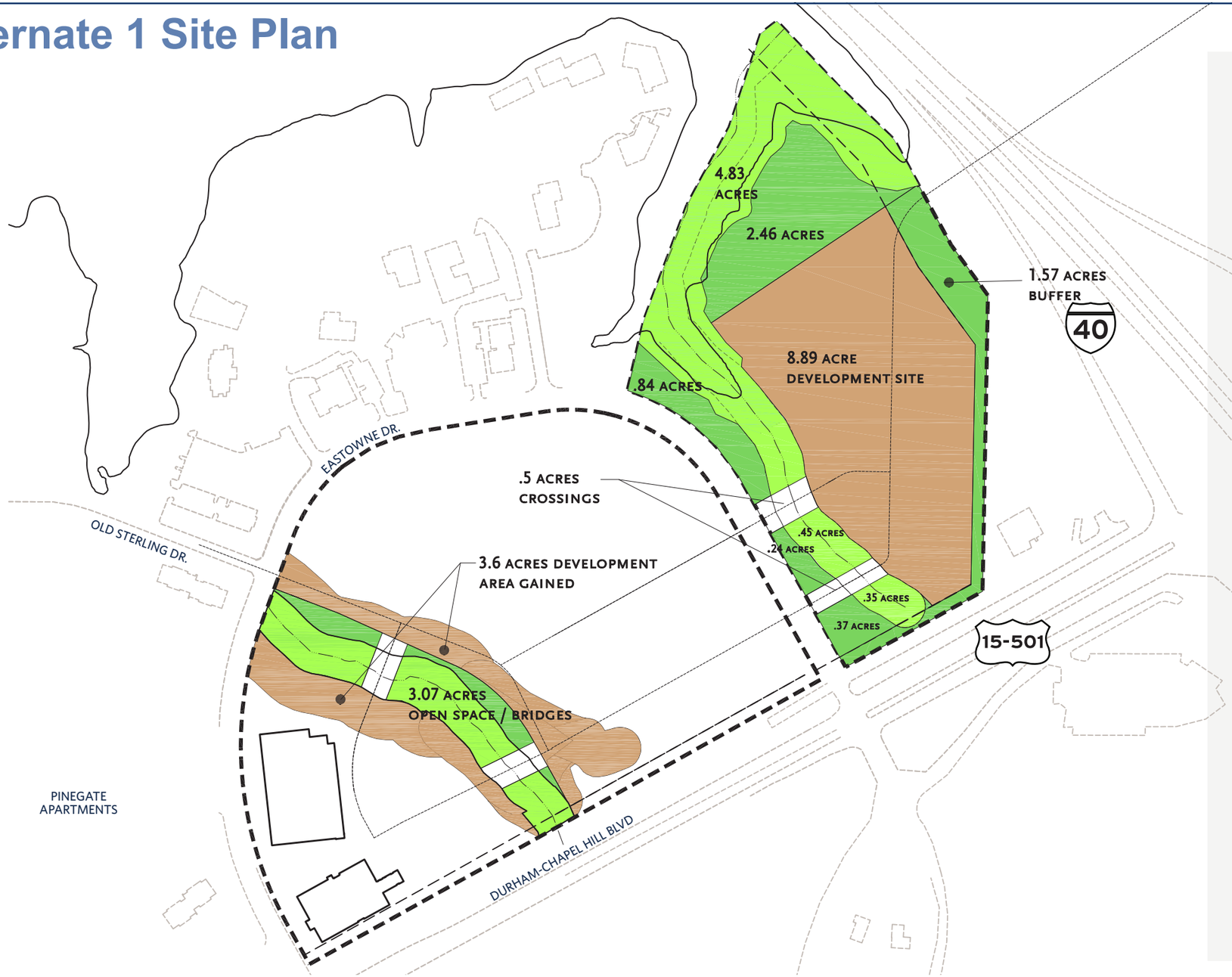
Pond and Northern Parcel

Alternate 1 Site Plan



OPEN SPACE SUMMARY

Contiguous Forest on North Parcel = 8.13 acres

Additional North Parcel = 2.98 acres

Total North Open Space = 11.11 acres

South (former pond) = 3.07 acres

Total North + South = 14.18 acres

Assumes parking and two existing buildings are removed from resource area, water quality improvements, and ADA access to resource areas.

Note: UNCHC is seeking two stream crossings on the North Parcel and two stream crossings on the South Parcel.

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Bird’s eye view

Alternate 1

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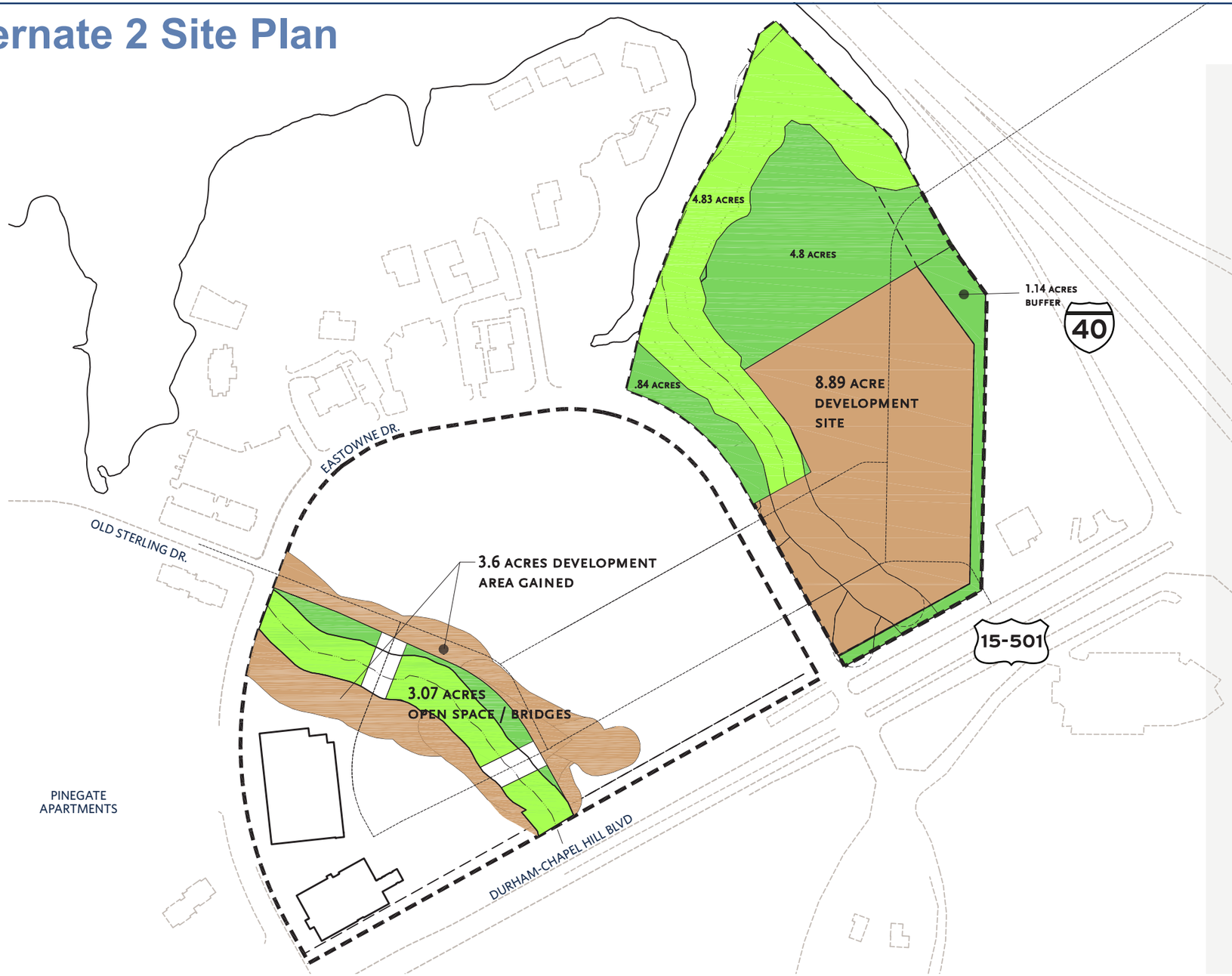
Pond and Northern Parcel

Alternate 2 Site Plan



OPEN SPACE SUMMARY

Contiguous Forest on North Parcel = 10.47 acres

Additional North Parcel = 1.14 acres

Total North Open Space = 11.61 acres

South (former pond) = 3.07 acres

Total North + South = 14.68 acres

Assumes parking and two existing buildings are removed from resource area, water quality improvements, and ADA access to resource areas

Note: UNCHC is seeking two stream crossings on the North Parcel and two stream crossings on the South Parcel.

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Bird’s eye view

Alternate 2

Potential Town Square

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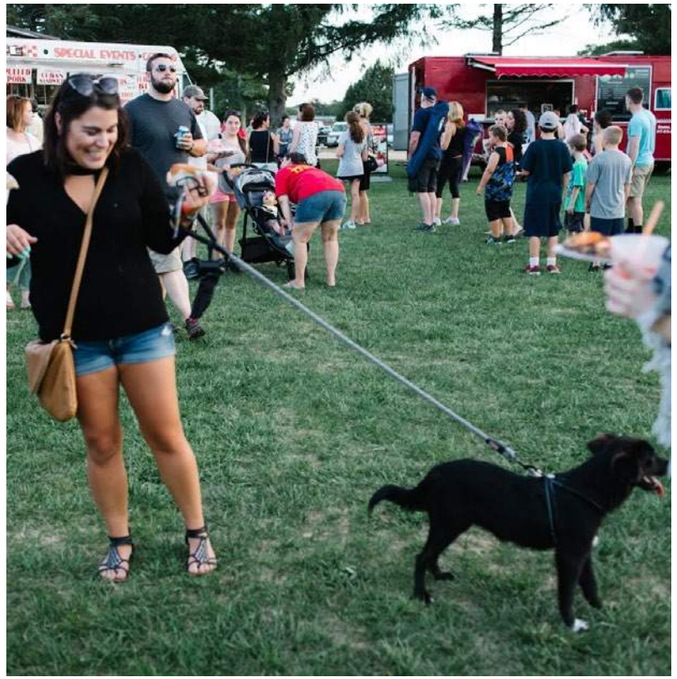

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Potential Town Square

Scenario 1

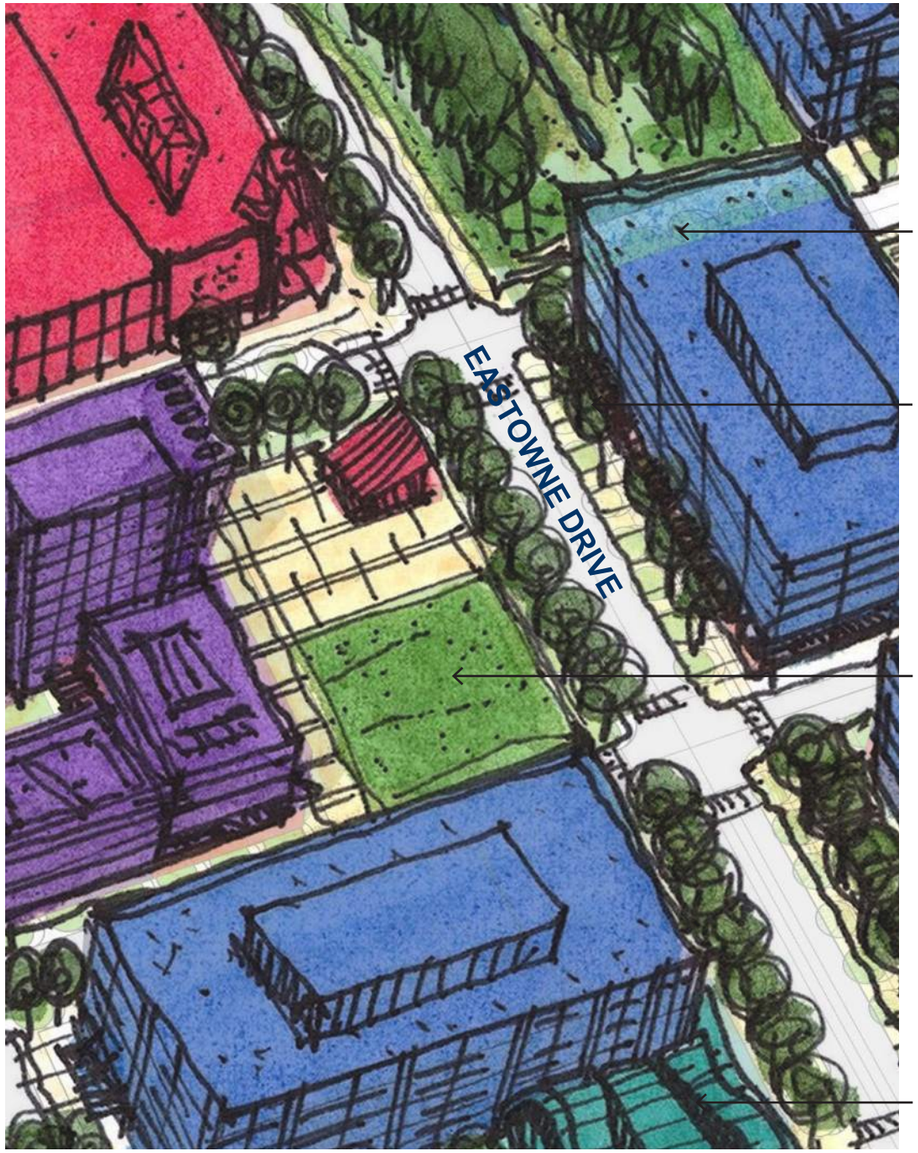
LACK OF BUILDING ENCLOSURE FOR TOWN SQUARE

RETAIL AT GROUND FLOORS

FLEXIBLE PUBLIC SPACE FOR PUBLIC EVENTS

POTENTIAL TRANSIT NODE

Scenario 2



BUILDINGS ENCLOSE PLAZA

RETAIL AT GROUND FLOORS

FLEXIBLE PUBLIC SPACE FOR PUBLIC EVENTS

POTENTIAL TRANSIT NODE

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Eastowne Negotiation Matrix

	TOPIC		BASE CONDITION	ALTERNATE 1	ALTERNATE 2
DESIGN ELEMENTS	**Stream Crossings**		N/A	2 in circle + 2 in North	2 in circle + 2 in North
	Buffers on 15-501		30′	30′	30′
	Buffers on I-40		100′	100′	100′
OPEN SPACE	**South Parcel** (30.07 acres)		6.67 acres including pond	3.07 acres replace pond with stream	3.07 acres replace pond with stream
	Northern Parcel (20.5 acres)	**Contiguous Forest Area**	4.48 acres	8.13 acres	10.47 acres
		Total Preserved	7.64 acres	11.11 acres	11.61 acres
	Total Open Space* (out of 50.44 acres)		**14.31 acres**	**14.18 acres**	**14.68 acres**

*Note: this open space total does not include the entire buffer along 15-501

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Summary

What UNCHC is asking for:

- Select a preferred site plan scenario
- Receive support to proceed with a diverse mixed use approach
- Set framework for density and public benefit negotiation

What Town of Chapel Hill will receive:

- A vibrant mixed use development that will attract businesses to Chapel Hill
- Additional tax revenue for Chapel Hill
- Additional jobs in Chapel Hill
- Preservation of additional contiguous forest on the north parcel
- Water quality improvements including a stream enhancement on the south parcel

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Appendix

UNC HEALTH CARE SYSTEM

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Master Plan Process

PHASE 1	PHASE 2	PHASE 3	PHASE 4
Visioning	**Plan Scenario**	**Plan Refinement**	**Final Master Plan**
▪ **Solicit + Analyze Public Input** UNCHC Public ▪ **Sustainability Workshop**	▪ **Review Alternative Scenarios**	▪ **Selection + Refinement of Preferred Alternative**	▪ **Prepare Final Master Plan**

JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN

11 Months → **7 Months Remaining**

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Vision

This development needs to encompass:

- Medical office,
- Commercial office,
- Retail,
- Food services,
- Residential
- Hotel

Mixed use to create vibrancy in the development

Must be more than 9am - 5pm

Will create jobs - health care and non-health care

Tax base for the Town of Chapel Hill vs. Durham

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UNCHC Existing Contributions

UNC Health Care provided ~$18M in uncompensated healthcare to Chapel Hill-Carrboro residents in FY19

- During the previous three fiscal years UNCHC has provided ~$50M in uncompensated healthcare to Chapel Hill-Carrboro residents[1]
  - FY17: $14.8M
  - FY18: $17.0M
  - FY19: $18.0M

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UNCHC Existing Contributions

UNC Health Care pays ~$8.6M in annual rent across 300k+ square feet in Chapel Hill-Carrboro[1]

County	Square Feet	Annual Rent
Chapel Hill – Orange County	167k	$4.5M
Chapel Hill – Durham County	131k	$3.8M
Chapel Hill – Chatham County	10k	$300k
Chapel Hill-Carrboro Leased Space – All Counties	**308k**	**$8.6M**

[1] Represents data for the following zip codes: 27510, 27514, 27516, and 27517

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UNCHC Existing Contributions

UNC Health Care and its affiliates paid ~$1M in property taxes for 2019

Location	Parcel #	2019 Property Taxes (Total)[1]	2019 Property Taxes (Chapel Hill/Carrboro Portion Only)[2]
200 Prestwick Place Condo P95/189	9798441243.006	$16,992	$7,894
204 Prestwick Place Condo P95/189	9798441243.008	$6,002	$2,815
108 Prestwick Place Condo P110/141 (unassigned / unincorporated)	9798441243.010	$6,846	$3,205
108 Village Crossing Drive (future Meadowmont Development)	9798744419	$436	$201
101 E Barbee Chapel Road, Chapel Hill, NC	9798744722	$2,953	$1,365
1350 Raleigh Road, Chapel Hill, NC	9798441499	$18,206	$9,703
100 Sprunt Street, Chapel Hill, NC	9798751612	$254,187	$120,073
TR 3 REV 3 Eastowne Office Park P73/46 (unassigned / unincorporated)	9890807564	$42,056	$21,336
4 Eastowne Office Park P73/142 (unassigned / unincorporated)	9890911209	$38,535	$17,809
300 Eastowne Drive, Chapel Hill, NC	9890800195	$143,651	$68,361
600 Eastowne Drive, Chapel Hill, NC	9890800643	$59,782	$28,673
700 Eastowne Drive, Chapel Hill, NC	9890802764	$49,629	$23,943
800 Eastowne Drive Chapel Hill, NC	9890803947	$56,884	$26,255
Leasehold Improvements (Meadowmont Building B)	9798647228L1	$261,034	$120,641
Totals		**$957,192**	**$452,275**

[1] Source: https://web.co.orange.nc.us/publicwebaccess/BillSearchResults.aspx
[2] Excludes Orange County-specific taxes

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UNCHC Existing Contributions

UNCHC Job Creation at Eastowne

- Eastowne MOB I – 150K sq. ft. medical office building

# of Doctors	# of Nurse Practitioners / Physician Assistants	# of Residents	# of Staff	# of Total FTEs	Total Estimated Salary Expense
47	11	17	155	230	$23.5M[1]

[1] Estimates reflect staffing information across nearly 20 departments

- Eastowne future development – Range of 7 – 9, 150K sq. ft. medical office/clinical use buildings

# of Doctors	# of Nurse Practitioners / Physician Assistants	# of Residents	# of Staff	# of Total FTEs	Total Estimated Salary Expense
~425	~100	~150	~1,400	~2,075	$211.5M

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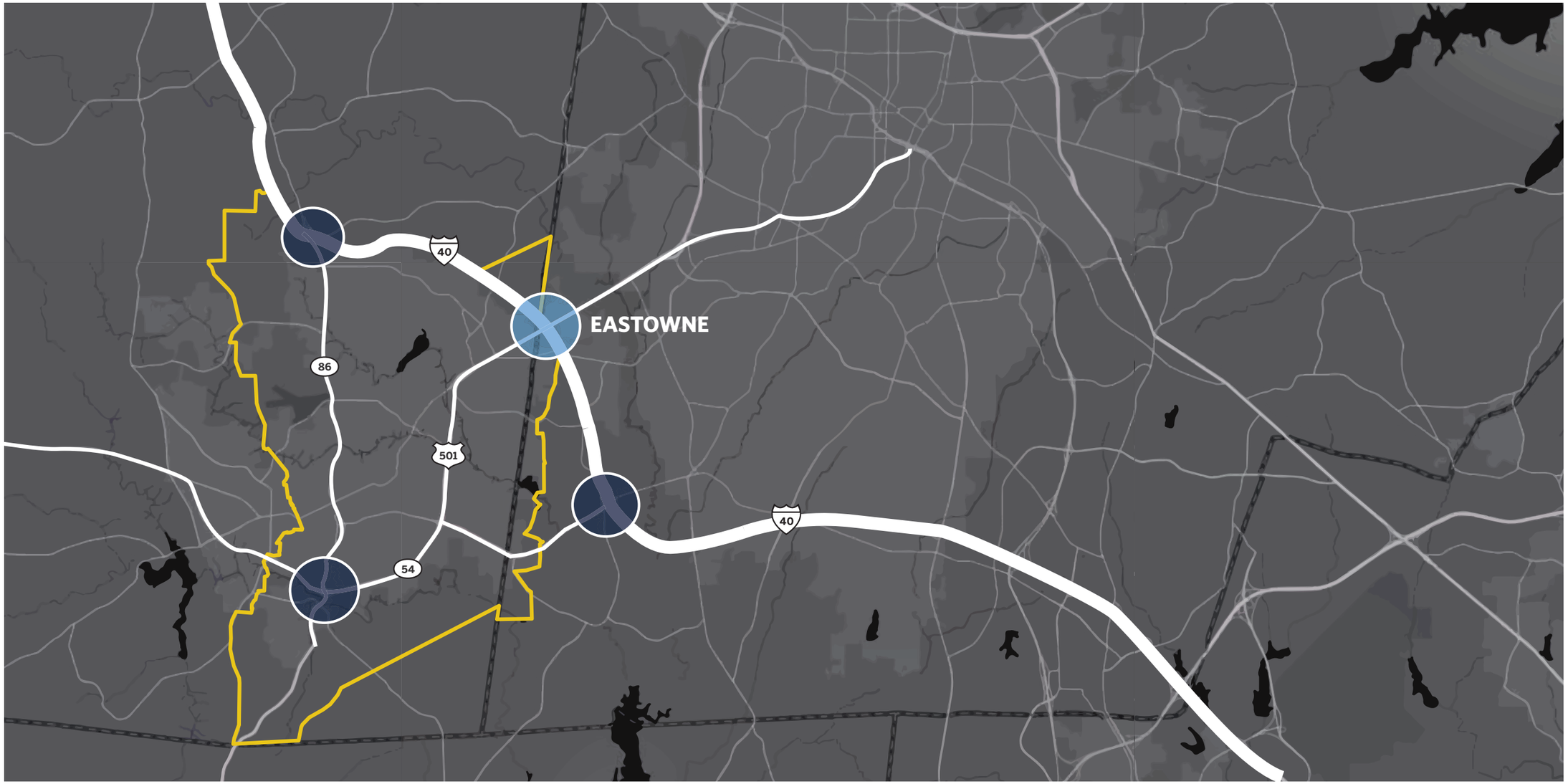
Introduction

Chapel Hill Gateways



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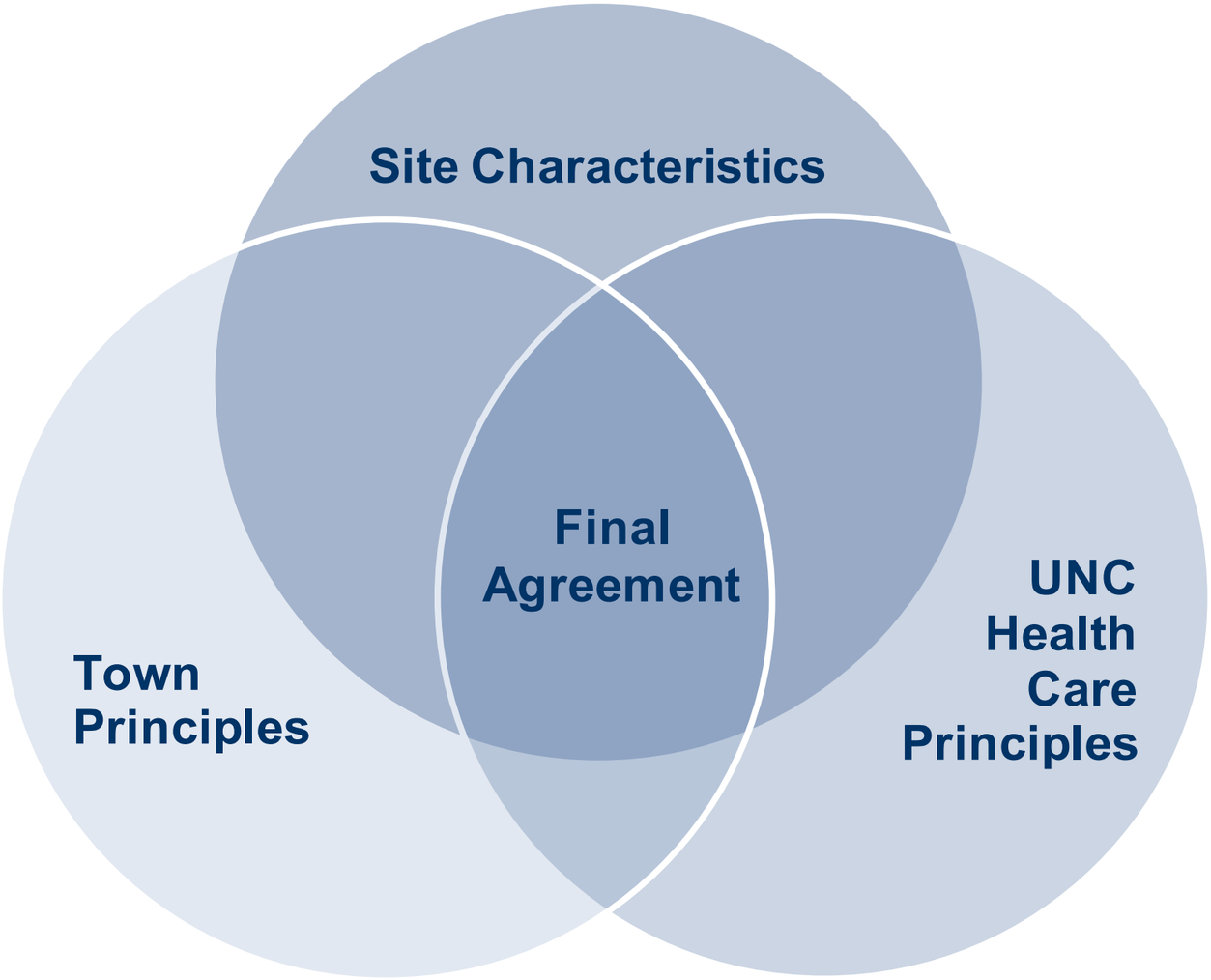
Master Plan Approach



UNC HEALTH CARE SYSTEM

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Illustrative Plan

Original Alternate 1

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Illustrative Plan

Original Alternate 2

UNC HEALTH CARE SYSTEM

Eastowne Market Analysis

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Recommended Development Product Matrix

Land Use	Example Picture	Phase I (Through 2025) Total Square Feet/Units Offered	Total Potential Demand 2019-2030	Parking	Notes/Comments
Rental Apartments		600 Units in two phases of +/- 300 each	Up to 1,500 units in +/- 300 unit phases	1.5 per unit or 1.0 per bed	Class A product above retail with shared parking in a central deck shared with office/MOB in a walkable town center environment. The target audiences will include a mix of young professionals (millennials), mature professionals and empty nesters/retirees. The community is positioned to be the top in the market outside of urban deals in Downtown Chapel Hill & Durham. Includes an estimated 15-20% premium for the town center environment.
Retail / Service		154,000 SF including 54,000 SF of service oriented uses, and 100,000 SF of conventional retail/restaurants	Up to 174,000 SF	Ratio of 5/1,000 SF	Restaurant concentration will serve as anchor. Bring in a diverse tenant base including local services and restaurants. Create the 'place" people want to be by bringing high-quality local restaurants (demonstrated Raleigh operators) to the area. Emphasize patios, rooftops, and other community gathering areas.
Conventional Office		120,000 SF in two 60,000 SF buildings	420,000 SF	Ratio of 4/1,000 SF	Potential tenants will primarily small firms of 5,000-9,000 SF with association to Universities/hospitals in the area. Some potential for start-up growth and/or RTP move-out. Approximately 20% will be medical users.
Medical Office - Clinical and Research		Approx. 300,000 SF in two buildings	UNCH HC assumption of 900,000 SF plus 200,000 SF of Admin.	Ratio of 1.7/1,000 SF on Clinical & Res. 4/1,000 SF on Admin.	Assumption provided by UNC Healthcare. Consider shared parking scenario with residential to limit the amount of net new parking needed for residential by up to 50%.
Lodging		A 100 room Extended Stay & 125 room Select Service	No additional rooms beyond the 225 in Phase I	1 per bed, could change depending on Convention Center needs	Strong potential for extended stay given market fundamentals, aging existing supply, and built-in demand driver of UNC HC. Select service to come on 1-2 years after opening of town center and provide amenitized location for multiple audience types including business professionals, leisure (particularly associated with UNC sports/events), and some group.
	Total Gross SF:	**1,339,000**	**3,359,000**		

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UNC HEALTH CARE SYSTEM

Trail and Greenway Connections

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KEY

- Buffered Bicycle Lane
- Existing Bicycle Lane
- Proposed Bicycle Lane
- Proposed Greenway Multiple Paths
- Proposed Unpaved Greenway
- Existing Unpaved Greenway

UNC HEALTH CARE SYSTEM

Existing Bus Routes

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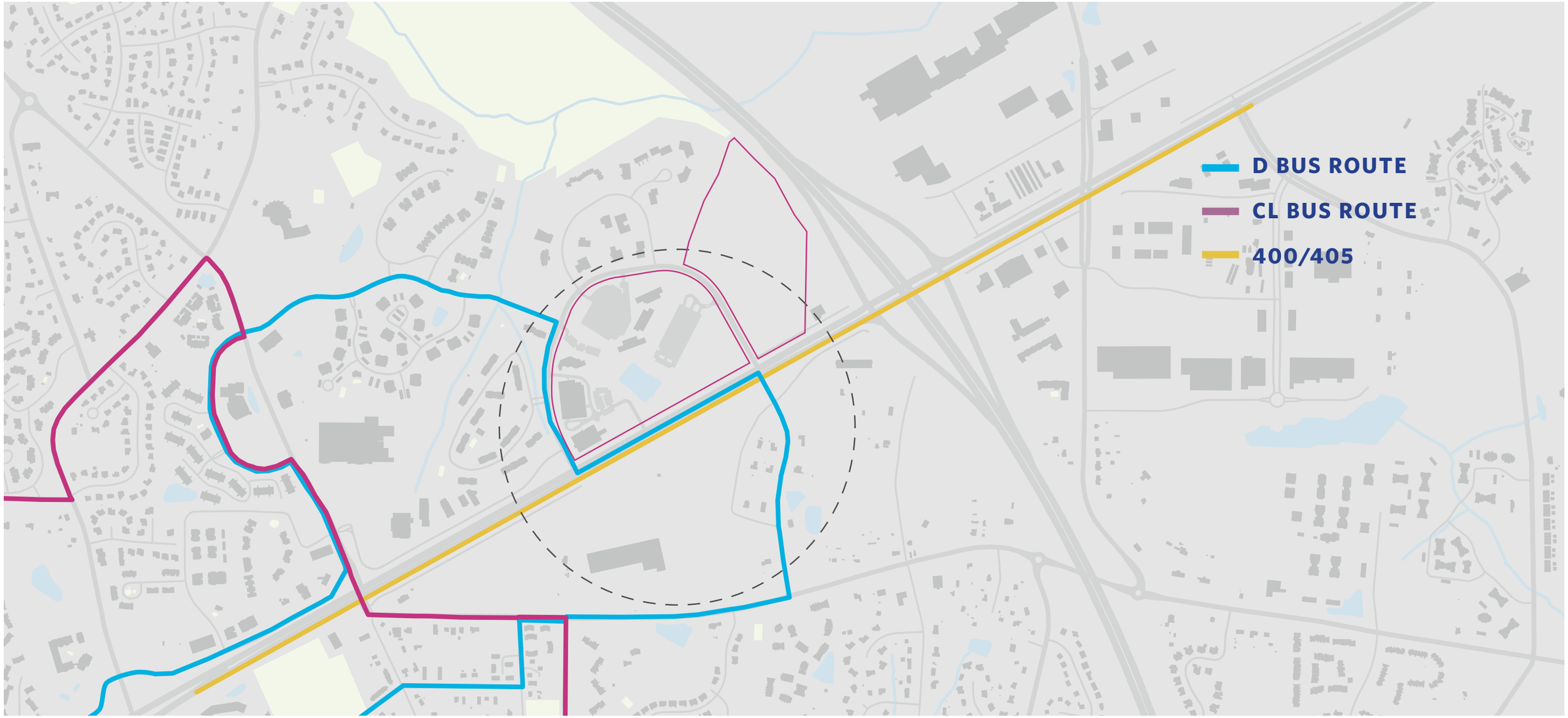

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Regulating Plan

Alternate 1

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Regulating Plan

Alternate 2

UNC HEALTH CARE SYSTEM

Master Plan Process

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Public Participation

- Public Kick-off (4/4) - site visit, sustainability workshop, & open house
- Environmental Stewardship Advisory Board (4/9)
- Housing Advisory Board (4/9)
- Planning Commission (4/16)
- Stormwater Management Utility Board (4/23)
- Transportation and Connectivity Advisory Board (4/23)
- Community Design Commission (4/23)
- Town Council Committee (5/9)
- Joint Advisory Board (5/16)
- Council Committee (6/3)
- Environmental Stewardship Advisory Board (6/11)
- Housing Advisory Board (6/11)
- Planning Commission (6/18)
- Town Council Meeting (6/19)
- Community Design Commission (6/25)
- Stormwater Management Utility Advisory Board (6/25)
- Transportation and Connectivity Advisory Board (6/25)
- Council Committee (8/16)
- Joint Advisory Board (9/3)
- Public Workshop (9/3)
- Town Council Committee (9/4)
- Town Council Committee (9/16)
- Town Council Meeting (9/25)
- Town Council Committee (9/27)
- Town Council Committee (10/15)
- Town Council Committee (11/14)
- Public Workshop (11/19)
- Joint Advisory Committee (11/19)
- Town Council Meeting (11/20)

Master Plan Process

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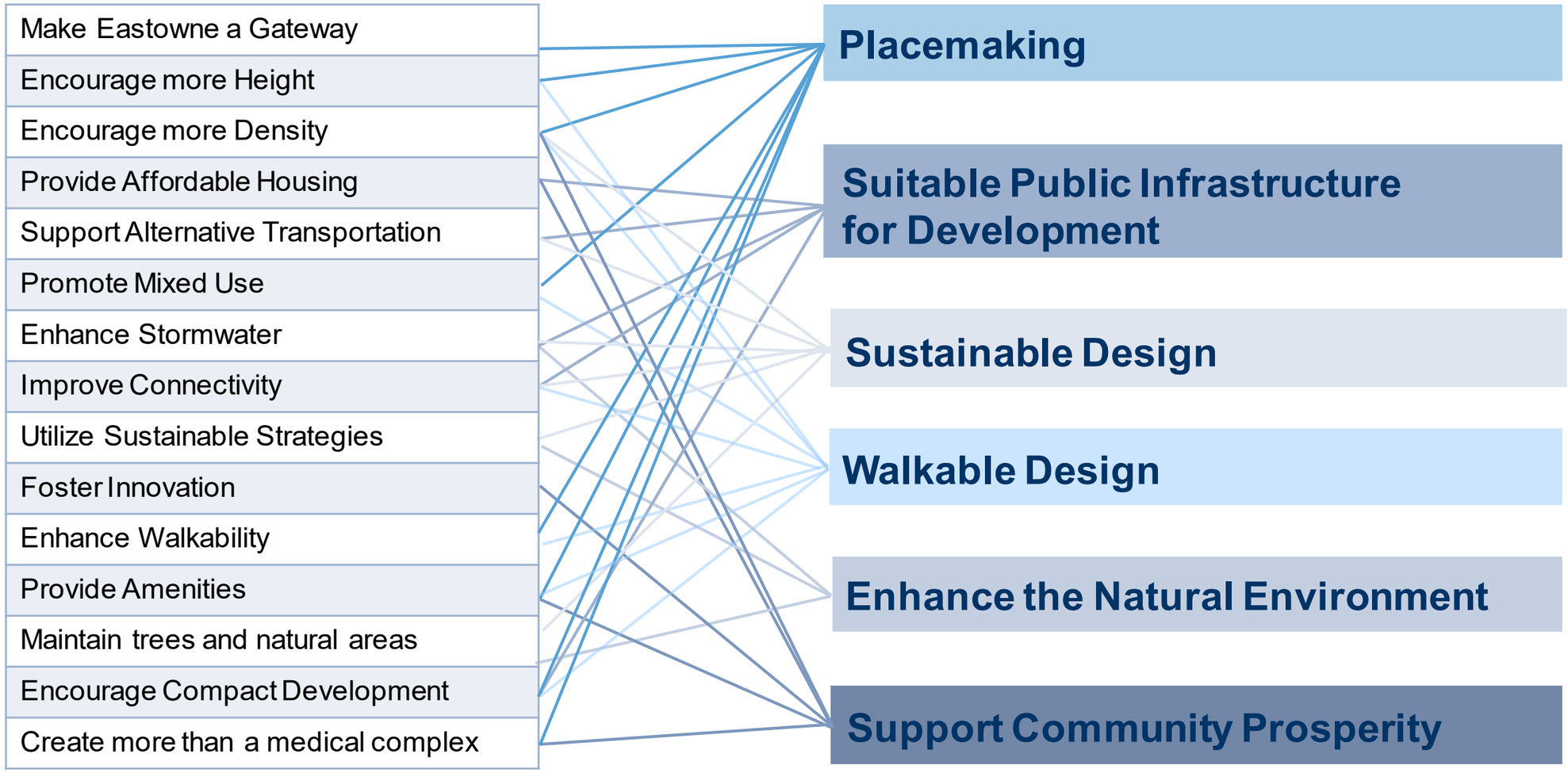
Public Feedback and Town / UNCHC Principles



10/1/2018, 9:52pm

Orange County faces high losses of potential retail sales

Franklin street remains busy as Chapel Hill residents and students make trips to Target.

BY Laura Brummett

Orange County missed out on $18 million in sales tax revenue in 2016 due to a lack of retail in the area, according to information from this year's State of the Community Report.

Chapel Hill's proximity to Durham, lack of land, town procedures and the national increase of online retail have created a steady "retail gap" in the region for years.

The retail gap happens when residents report spending more money than businesses in the area report in sales, meaning residents are going to other areas to do their shopping.

This year's State of the Community Report said the gap for Orange County was $800 million in 2016 — much bigger than neighboring counties. Durham's retail gap was just $100 million.

The town has been concerned with the gap since 2007 and completed research in 2009. The county collects 2.25 percent in sales tax, so the $800 million gap kept the county from an extra $18 million in revenue.

Dwight Bassett, economic development officer for the Town of Chapel Hill, said the extra sales tax revenue the town missed out on could have been used to support more in the community, such as the arts.

Having a diverse retail base also improves the town's livability because residents don't have to leave to get products. The retail diversity within Durham's corporate limits has helped attract jobs, Bassett said.

Mike Clayton, owner of Clayton Commercial Realty, said residents need to decide if they would rather fund the town through personal and property taxes or by spending locally and contributing to sales tax revenue — and then vote for local officials accordingly.

In 2016, the Town and county jointly committed to giving Wegmans a $4 million incentive to come to the area as long as the grocery store showed a gain in sales taxes. The project's property and sales tax is projected to add about $800,000 to the town's yearly income.

Bassett said the Town has a history of long conversations with developers before they come to the area.

"There's no denying that, but we're in a place now if we saw the opportunity and interest (from retailers) we will do whatever we can to get a yes out of that development," Bassett said.

Clayton said companies in Chapel Hill face large barriers for entry that can deter potential developers, like high real estate taxes and costs for services.

"I've been in commercial real estate 25 years," Clayton said. "And people used to think that was an oxymoron in Chapel Hill."

He said the process with the Town is getting a little bit better for developers, but politics have been a driving force behind the retail gap. The permitting process — often taking two or three years — and town fees are among some of the factors that make the retail development process longer, he said.

"We're still a University-driven retirement town for wealthy folks," Clayton said.

Another deterrent for potential developers is Chapel Hill's lack of land. The Streets at Southpoint developed about eight miles east of the town in Durham due to sufficient land there, Bassett said.

Clayton said the Town doesn't have commercial land readily available, and nothing can be built past I-40 toward Hillsborough because there's no water and sewer access in the area.

The new Carraway Village project on the Chapel Hill side of I-40 has the potential to add retail for the area. Bassett said they've been approved for any kind of commercial retail or offices and will most likely announce their tenants in the spring of 2019.

Elinor Landess, interim executive director for the Chapel Hill Downtown Partnership, said only 16 percent of downtown businesses were retail. Both the local market and the national trend of less brick and mortar retail influence downtown businesses, she said.

"Given the national state of retail, we're not gonna see substantial development in retail," Bassett said. "We could see it as a component of development, anchored by something that generates traffic."

He said the town rarely gets a look from major retailers because of its proximity to already developed retail areas, like The Streets at Southpoint.

"When retailers choose a spot on the map, they draw a five mile circle around it," Bassett said. "It makes it more difficult to replicate what's already in the area."

While the town will probably never get the level of retail Durham has, Bassett thinks the town has potential to attract more niche-oriented retail.

He said these could be smaller to medium-sized tenants that sell specialty products and that aren't currently doing business in the state. Bassett said if the town could attract that kind of retail, it could provide higher quality products for residents and draw customers from outside the corporate limits.

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East West Partners' Roger Perry Gives His Take on the Development Landscape

Roger Perry, who has helped develop much of Chapel Hill and Durham, speaks about the difference between the two

By **Michael McElroy** -
Nov 27, 2019

Photo by Beth Mann

Roger Perry, the founder of East West Partners, is practically etched into Chapel Hill's landscape. Meadowmont, East 54, Village Plaza – each offers the town a place to live, shop and relax, the staples of the mixed-use developments for which Perry is known.

But, his sights over the years have moved to Durham as well, including **The Bartlett**, **Davis Park** and **Liberty Warehouse**. The locations in both the town and the city have similar features, whether single family homes or luxury condos, but we wondered

if the development process between the two locales might have been different. It made us curious. Can development in Chapel Hill and Durham be fairly compared? Or are they apples and oranges? And if so, which is which? Perry spoke with us about his experience in developing both places, and how listening to both the community and the marketplace is one of the most important parts of a successful negotiation. This interview has been condensed and edited for clarity.

Chapel Hill has a reputation for having a Byzantine approval process for new development. Is that reputation earned?

There is nothing new in all of that. I've been here for 36 years now, and that is kind of the way it has always been in Chapel Hill.
The approval process is very long, expensive and unpredictable. But if you work with the [town] and work with the elected officials, you may not get what you want, but you can work to a resolution. Process is a big component of Chapel Hill. There are a lot of people in Chapel Hill who would rather not see the town grow, who have used the process in order to retard growth, which makes it more difficult yet. But, we're used to it, so we kind of understand it, and we try not to get too frustrated.

How is Durham?

It's not necessarily easy in Durham either, but it is not nearly so subtle. It's much easier to figure out what you are or are not going to be able to do in Durham in a much shorter time. I don't always agree with their decisions either, but you don't have to go through so much analysis and process. Durham is more certain about what it will allow and will not allow than Chapel Hill is. And Durham knows what it wants and where it wants it.

Is the craft of development universal, or do you always have to take a community's particular idiosyncrasies into account?

There is no point in trying to get approval for something the community doesn't want, because you won't succeed. Now, you modify to their desires, you try to convince them of the things you can do and can't do, you try to show them, perhaps, how doing it a different way than they might think might be an acceptable and perhaps better way. So it's kind of a communication process and a good-faith process as you go through the approval.

Meadowmont and some of your other developments have a neo-Urbanism vibe to them – homes with front porches and other elements that enable community. Was that intentional? Can it be replicated in Durham?

It was very intentional. I don't think you can replicate it
even in Chapel Hill anymore because there are no more parcels available in Chapel Hill big enough to accommodate

a Meadowmont or a Southern Village. Chapel Hill has an urban growth boundary around it, and it is pretty much impossible to redo that unless you completely redevelop an existing area, and I don't think the economics of that are viable yet.

In Durham, there are places you can do that, and Durham is willing to grow geographically as well. Chapel Hill is not willing to grow geographically. It is happening in Chatham County. You look at Briar Chapel, which is the evolution of Southern Village and Meadowmont, and there is capacity in Chatham, and there is in Durham, and there is in Alamance County, but not in Chapel Hill.

You made your start in sales and marketing. How did that experience prepare you for being in charge?

You learn interpersonal skills, and you learn how to communicate. You learn to listen. The most important trait a person can have is the ability to listen to other people and to the marketplace. If you don't, you won't succeed. Learning how to listen and communicate and how to solve people's needs is part of what sales and marketing is all about. When you learn how to do that, it translates into other areas. And when you listen, you have to learn to respond in such a way that a consensus can coalesce around a particular idea. That is what takes so long in Chapel Hill, getting all the disparate interests to come together in a solution that everyone can embrace, even if they're not totally satisfied. And then you have to dovetail that solution to make sure it is acceptable to the marketplace. Durham is a little easier in that regard.

How much work goes into a project before building actually begins?

We don't buy land speculatively. We only buy
a parcel when it has been fully entitled, and we are fully comfortable with its market viability. With Meadowmont, that whole process from the time we started working to the time we put the first shovel in the ground was nine-and-a-half years. We built Meadowmont out in about five years. It took longer to start than it took to finish construction once we started.

What is the secret to maintaining patience over those years? Well, in my case, I was too dumb to move on.

Has development in Durham peaked, or is it still wide open?

I don't think we've approached the ceiling yet. I don't even know where the ceiling is.

I think there's going to be significant additional growth in Durham.

Retail is the vital hub for successful mixed-use development, experts say

https://www.icsc.com/news-and-views/icsc-exchange/retail-is-the-vital-hub-for-successful-mixed-use-development-experts-say

May 30, 2018

With regard to commercial real estate, when does a trend become a stable asset class? The answer is not in any sudden visibility on the local landscape. Instead, it occurs when institutional investors discern value in a given development type. This is why a massive mixed-use development called Avalon, in Alpharetta, Ga., seems to have become the poster child of mixed-use projects.

This 1.1 million-square-foot development of Cincinnati-based North American Properties was sold to PGIM Real Estate, an investment arm of Newark, N.J.–based Prudential Financial, in 2016. Though the sum was undisclosed, North American Properties insiders did call it the largest single-asset transaction in the history of the Atlanta region. PGIM was a busy if not a pioneering buyer of modern, mixed-use developments. In 2015 the firm acquired Mercato, a mixed-use lifestyle center in Naples, Fla., for a reported $240 million. Both these projects sold at strong pricing levels, according to Danny Finkle, a senior managing director in the Miami office of HFF and a co-head of the firm's national retail practice group.

"Successful mixed-use projects are highly synergistic," said Finkle. "On a price-per-square-foot basis and on value at the time of sale, valuation and underwriting account for the short- and long-term benefits of the multiple uses within the property. For that reason, successful mixed-use projects tend to be in high demand from investors and trade at a strong price level."

Mixed-use developments are unified communities generally built around retail and with added-on real estate types: office, multifamily, single-family residential, hotel or medical offices. Traditional urban high-rises are forms of mixed-use with ground-floor retail and multifamily or office space above. Transit-oriented developments are often mixed-use, but most of the newer projects are either ground-up (sometimes called "place-making" developments) or else redevelopments of existing structures, such as an old mall.

In Atlanta, a plaza offering retail, cafés and entertainment will be the glue binding Colony Square's other uses together

A big part of what has driven Prudential's decisions regarding large mixed-use projects such as Avalon is the retail element. "Depending on where the mixed-use is located, we see retail rent premiums 15 percent to 25 percent above what one would expect in a given trade area," said Ryan McCullough, a real estate economist at CoStar Portfolio Strategy, a Boston-based affiliate of CoStar Group. "In Avalon, asking rents were above $45 a square foot, and that was way north of what we would expect to see in suburban Atlanta, where rents were closer to $25 to $30 a square foot." Other segments of Avalon performed equally well. Multifamily rents were at about $1,700 to $1,800 per unit, whereas the typical Atlanta suburban apartment rent was closer to $1,200 per unit, according to McCullough.

When a mixed-use project is done properly, people want to live and work there because of the amenities, such as retail, says Suzanne Mulvee, director of research at CoStar Group. "When you add these other pieces, the retail performs better than average," Mulvee said. "The components combine, so when a mixed-use project goes to market, investors think about strong multifamily, office and retail cap rates. But the real value is that you are applying strong cap rates against better cash flows."

North American Properties got into mixed-use back in 2010, when, coming out of the recession, it acquired Atlantic Station, in midtown Atlanta. Through the repositioning of that property, North American Properties acquired a mixed-use skill set and an affinity for these types of projects. The firm's current projects include the redevelopment of Colony Square, in Atlanta; Revel, a 110-acre ground-up development in Gwinnett County, Ga.; and Riverton, a 418-acre ground-up development in Sayreville, N.J., that North American Properties calls the largest mixed-use development in that state's history. The firm, which continues to bet big on mixed-

use, with some $3 billion in development and redevelopment projects this year, no longer builds straight retail.

“It all revolves around retail: The street-level energy and commerce is the backbone of Main Street U.S.A. and of any successful mixed-use development”

“People who have gotten mixed-use right have invariably been retail developers,” said Mark Toro, a North American Properties managing partner who is a co-founder of the firm’s Atlanta office. “Understanding the requirement of retailers, restaurateurs and the street-level experience is the absolute key. If you get the street right, everything else takes care of itself. It all revolves around retail: The street-level energy and commerce is the backbone of Main Street U.S.A. and of any successful mixed-use development.”

North American Properties is hardly alone among big institutional firms committed to mix-use development. Some shopping center REITs, too, see a future in such projects. New Hyde Park, N.Y.–based Kimco Realty Corp., which owns roughly 450 shopping centers, has been active over the past several years assessing the best possible uses for each of those assets. “Mixed-use opportunities, whether it be adding residential, office or hotel components, or just reconfiguring retail itself to adapt to what the customer is looking for is, to us, what increases the value of our real estate going forward,” said Kimco COO David Jamieson. “We are currently working on $1 billion of development and redevelopment and have $2 billion in [future] development.”

Kimco is working with a local multifamily developer, Alterra Property Group, at its Lincoln Square property, in Philadelphia, doing an adaptive reuse of Lincoln Square’s historic train station into what is to be Philadelphia’s first Sprouts Farmers Market. And the company’s redevelopment of the 325,000-square-foot Pentagon Centre, in Pentagon City, Va., will include two residential towers.

Kimco and Alterra Property Group are converting a historic train station in Lincoln Square, Philadelphia, into a Sprouts Farmers Market

“What’s unique about Kimco is that, because of the sheer number of sites we control, we have the opportunity to layer in these projects over the next 10 to 20 years, continually adding to the value of the portfolio,” said Jamieson. “We have the raw materials. Markets have matured around us, and that has given us the opportunity to work through our portfolio in a thoughtful way. You want to invest in what will sustain and endure. In the areas where we own real estate, the markets are clearly changing around us, and we have to change with it. You have to continue to reinvent yourself — adding residences or offices, adding entertainment, reconfiguring, or just bolstering curb appeal.”

In Jacksonville, Fla., retail REIT Regency Centers Corp. is scrutinizing its portfolio of roughly 425 properties, including some California shopping centers acquired in the Equity One deal of last year. One of the more successful properties is Market Common Clarendon, in Arlington, Va., a mix of retail and residential. There, Regency is redeveloping a former office site into mixed-use office and retail. The firm is also entitling a group of properties in California, from San Diego to San Francisco, for mixed-use.

“Successful retail still has to be driven by the attributes of premier location, such as population density and income levels, not just the fact that it is in a mixed-use development,” said Rafael Muñiz, senior vice president of mixed-use development in Regency’s Los Angeles office. “As a firm, we are very focused on being grocery-anchored, so our projects are going to have this feature. When you add residential, it is a big plus. You don’t have to have a full-size supermarket — you can go to a small grocer like Trader Joe’s, or a medium grocer like Sprouts. Other features on the retail level include a variety of restaurants and services, such as dry cleaners, pet stores or nail salons. Fitness uses, both full-service gyms and boutique offerings like cycle and yoga, have become very popular.”

Revel is a 110-acre, ground-up project in Georgia’s Gwinnett County

Although mixed-use has certainly gained the attention of developers and investors, the strategy is not necessarily easy to implement. These projects are more complicated than, say, a straightforward retail center, and with such complications always come risks. Among retail companies that want to redevelop existing shopping centers, in particular, almost everyone acknowledges that mixed-use development will not save every failing retail property.

"For high-quality centers, those that are driving traffic with good retail tenants, the goal is to create a place where people want to sleep, work and play — in effect, little communities," according to Matt Kopsky, a REIT analyst at St. Louis–based Edward Jones. "It takes a good location, for starters," Kopsky said. "For some of the 'B' and 'C' centers, whether it is a strip center or a mall, adding mixed-use is not going to be a solution that will save them. You have to provide capital for those big projects, and that would be difficult."

"It is a big risk to take on a major project like mixed-use, and there is no guarantee for success"

If mixed-use is to work, it is necessary to have the demand to support it, observes Melina Cordero, CBRE's head of retail research for the Americas. "If you have an ailing mall in a more rural area, or where the population has declined, building apartments or offices is not going to solve that problem. It really depends on the demographics of the location."

Should a developer decide to add apartments to former retail space, that could take several years to build and to lease, and an economic downturn could ensue in the interim, observers say. Thus, there is a lease-up risk, which is occurring in certain residential markets at present, and added to this are construction risks and the challenges of raising capital, observers note. "It is a big risk to take on a major project like mixed-use, and there is no guarantee for success," Kopsky said.

Counterintuitive as it might seem, some say, a ground-up development is often easier than the redevelopment of an existing shopping center. "The challenge for a ground-up is finding the opportunity and tying up the property," said Muñiz. "When you have an existing property, the good news is that you don't have to compete for the dirt. On the other hand, the challenge is that you have to deal with in-place tenants that might have long-term leases. Even at some of our best centers, we might not be able to get at redevelopment for 10 years or more, and in the meantime, you have to be sure you are making the right lease decisions as you plan for the future."

In a lot of instances, existing tenancy and lenders are big hurdles, says Toro. "If you need a department store or other tenant to approve an addition or other uses, that can be a problem," he said. "If you have debt on the property, [that] may also require approval of existing lenders. You would think everyone would be OK with changes, but if the property has a securitized loan, it's very complicated to work through the approval process."

The success of a mixed-use development depends on the synergy of all the pieces — retail, residential, office, entertainment — working together to empower the other asset classes, which is why rent levels are higher and there is a premium to these developments. Getting there, however, is the test, and that is what Cordero calls the chicken-or-egg problem. "You need the retail on the ground floor to attract and charge higher rents for the multifamily units above," she said. "You can't charge a premium on the rent if there is no retail on the ground floor. At the

same time, retail is not going to want to come in if there is no one living there yet. So what happens? Developers offer rent discounts to get retail onto the ground floor early. What we are seeing are a lot of creative leases, whether it is temporary leases, percentage increases or landlords contributing to tenant improvements."

"People who have gotten mixed-use right have invariably been retail developers"

Not every developer has expertise in all asset classes, so the way mixed-use is typically constructed and managed is through partnership. A Green Street Advisors study of mixed-use and strip center REITs reports that "mixed-use projects are difficult; partners may help, but some control is lost." Indeed, says Mulvee, "most deals are through partnering. The projects are often led by retail developers and operators. They bring in the best experts for multifamily, office or hotel." Kimco brought in a local residential developer as a partner on its Lincoln Square project in Philadelphia, and Bozzuto Development on its Pentagon Centre.

North American Properties has taken a different tack. It is developing in-house expertise in asset classes besides retail. "We do the retail, multifamily, loft office and even single-family developments," said Toro. "What we have yet to do is development of class-A office buildings, but we are developing capabilities in leasing and management."

As the Green Street study notes, "mall REITs have been active in mixed-use for years; shopping center REITs not so much. Only three strip center REITs are engaged in major mixed-use projects. It is unclear if future mixed-use projects of significant size will be undertaken by the [strip center] REITs."

If strip center REITs decline to leap into the mixed-use playing field, well, that could be unfortunate. "The most successful mixed-use projects are retail-centric," said Mulvee. "You have to get the retail right first."

By Steve McLinden

SQUARE FEET - The New York Times

The Suburban Office Park, an Aging Relic, Seeks a Comeback

After losing tenants to revitalized downtowns over the last decade, developers are adding modern amenities to secluded campuses.

Building 800 contains Frontier RTP, one of the newly renovated spaces at Research Triangle Park, a 60-year-old development between Raleigh, Durham and Chapel Hill in North Carolina.

By Amanda Abrams

Nov. 19, 2019

When Research Triangle Park in North Carolina opened in 1959, its bucolic setting was considered a major selling point. With office buildings hidden behind grassy meadows

and swaths of pine forest, the quiet development was viewed as a perfect spot for the thinkers who went to work at companies like IBM and RTI International.

But tastes have changed, and in an effort to keep up, Research Triangle Park — the country's largest corporate research park — is finally changing as well.

Plans to redevelop a portion of the park, which have been pending for eight years, are now moving forward. In a few years, Research Triangle Park, which lacks even a coffee shop within its 7,000 acres, will be home to restaurants, bars, shops and apartments.

The development's challenges echo those of other suburban office parks around the country. Over the past decade, younger workers have come to favor urban environments that contain a variety of services and transportation options, a shift that has reduced the popularity of large, cloistered office settings.

"We've noticed a trend of a lot of office tenants moving to more urban, highly amenitized markets to attract talent," said Jonathan Chambers, a vice president at Delta Associates, a real estate research firm in Washington. "They want to be closer to entertainment, transit, retail."

At the same time, today's tight labor market means that real estate can play a significant role in attracting and retaining quality talent. In response, developers are upgrading many suburban office campuses and adding amenities to make them more appealing. These office parks are on their way to a comeback, some analysts say.

Suburban office parks are a product of the country's postwar car culture that emerged in the early 1950s. Most were speculative, for-profit endeavors, but Research Triangle Park was a nonprofit initiative spearheaded by civic leaders. It was an attempt to retain graduates from nearby colleges and advance North Carolina's economy, and it became hugely successful: Amid its winding streets and anodyne landscaping, big information technology, pharmaceutical and biotech companies flourished.

Office parks spread across the country, reaching a peak in the 1990s. By 2015, with the urban-living trend in full swing, 14 to 22 percent of suburban office space in the United States was obsolete, according to a report from the real estate advisory firm Newmark Knight Frank. Many properties were old, drab or inconveniently situated, particularly compared with bustling downtowns.

That was the case with Research Triangle Park, which is named for its location between Raleigh, Durham and Chapel Hill, municipalities that have become increasingly dynamic and are a draw for young workers. With agreements that restricted development to 30 percent of the land and prohibited retail or housing, the park struggled to compete.

"The smaller companies that wanted urban services and density were moving out of the park and into an urban center," said Ted Zoller, a professor of entrepreneurship at the

University of North Carolina at Chapel Hill. And many bigger companies were not coming; the park lost out on several large projects, including expansion plans by Amazon and Apple.

Other big research and development parks have pivoted more quickly. The board of the country's second-largest research park, in Huntsville, Ala., recognized in the early 2000s that its employees needed better access to services and created a mixed-use commercial zone. The result, the Bridge Street Town Centre, is thriving, and the park's leaders are planning a second project that will add even more hotel, retail and office space.

At Research Triangle Park, big redevelopment initiatives have been slowed by planning, personnel and money issues. Instead, the Research Triangle Foundation, which manages the park, has been taking smaller steps toward change.

One example is Frontier RTP, a former IBM building that reopened in 2015 with free co-working space and has since expanded to three more buildings. Offering lower rates and smaller, flexible spaces that start-ups and young companies can use, Frontier RTP is now home to a third of the park's 300 companies.

And in August, Research Triangle Park broke ground on the Boxyard RTP, a $7 million project that will turn repurposed shipping containers into a food and drink spot.

But the big project is yet to come. The park's zoning ordinances and regulations have been amended, and next year, the foundation will break ground on a $1.13 billion mixed-use development, Hub RTP.

Willard Retail will build 130,000 square feet of retail, with an eye to driving weekend and evening traffic to the site. The residential developer MAA is slated to construct 450 units of housing. Phase 1 is estimated to be done in mid-2022.

Eventually, the 100-acre Hub RTP will also include hotel and conference facilities, as well as more housing and office space. The end result should be a live-work-play area intended to appeal to workers.

"It's a rebranding," said Scott Levitan, chief executive of the Research Triangle Foundation. "It needs to be rebuilt and re-visioned as a real town center."

The park "needs to be rebuilt and re-visioned as a real town center," said Scott Levitan, head of the Research Triangle Foundation.Credit...Jeremy M. Lange for The New York Times

With that addition, he thinks Research Triangle Park will appeal to employers that are interested in "a more affordable market where their talent can live, and with amenities that are equivalent to an urban environment," he said.

Suburban office park owners and developers around the country are keenly aware that the fight for talent is driving many companies' decisions. And many companies are willing to pay for high-quality office space — even in the suburbs.

The demand is greater in areas where the unemployment rate is particularly low, said Barry DiRaimondo, chief executive of the real estate firm SteelWave.

"The pool of labor is working at your competitor," he said. "It's almost like an arms race. You're trying to create an environment people can't get elsewhere."

Efforts to modernize suburban campuses can be as basic as organizing placemaking activities like after-work concerts or food truck Fridays. Usually, though, they require a much deeper investment in elements like upgraded lobbies, outdoor furniture, ball courts, fitness centers, grab-and-go cafes, greenways, bike storage facilities and open-plan offices that let in substantial natural light.

Analysts caution that the suburban office market is specific to each region. In many West Coast areas, for example, just about every submarket is doing well, whether urban or suburban. That means a former single-tenant office park like Rosewood Commons in the Bay Area can do very well, particularly if it's near public transit. But even Rosewood added a few amenities, like a bike-share program, a renovated cafeteria and a bocce court.

Across the country, the suburban office vacancy rate is the lowest it has been since 2001, according to recent CBRE data. So even in the Midwest, employers are often willing to invest in attractive suburban offices, the real estate firm JLL said in a recent report.

In Des Moines, the R&R Realty Group recently opened the Westfield Campus, a large multitenant complex with a rooftop patio, a coffee bar, a multipurpose event space and an amphitheater. At almost $23 per square foot, it is one of the most expensive properties on the market there, but Mark Rupprecht, R&R's president, said companies were willing to pay it.

"The question kept coming up: What can I do to differentiate my business and myself?" he said, adding that building a new suburban office campus did not feel risky. "Nothing's guaranteed, but the suburban office market isn't dead."

After all, with downtowns everywhere becoming increasingly expensive, workers are starting to look farther afield, to areas with affordable homes and good schools.

"The millennial work force is getting older and finding suburbs more appealing than they did 10 years ago," said Dustin C. Read, a professor at Virginia Tech and the author of a recent NAIOP report on the evolution of suburban office parks.

"They do need an environment that makes them happy," he said. "But the fundamental characteristics that have always made the suburbs attractive continue to do so."

From “Transit Supportive Densities and Land Uses – A PSRC Guidance Paper (February 2015)”

Finding: A Strong Relationship Exists between Density and Transit Ridership

How do land use densities around transit affect ridership? As summarized by CTOD, the relationship between land use and transit ridership is multifaceted:

There are several mechanisms by which increased density can shape demand for transit. Firstly, higher density development intensifies the origins and destinations served by the transit system, thus increasing the number of people living near transit who could potentially travel to transit-served destinations and expanding the number of jobs in those locations. Secondly, higher density development tends to increase congestion and reduce parking availability, thus increasing the cost of driving relative to taking transit. (CTOD, 2012)

The positive relationship between density and transit ridership has been widely supported in the academic literature for several decades. In both theory and in practice, there are two primary linkages between density and transit use. First, residents of high density neighborhoods are more likely to use transit. Second, higher densities bring more origins and destinations within easy access of transit, especially by walking from within a half-mile of the transit station.

Multiple studies have found an elastic relationship between density and transit ridership. With varying degrees of magnitude, as densities increase, so does ridership. CTOD cites several studies that show that doubling residential density increases transit boardings in a station area by between 15% and 59%. In another study, Cervero (2006) found that doubling residential density within ½ mile of a rail station increases ridership by 15% to 25%. Kuby et al. (2004) found that each 100 additional jobs located in a light rail station area leads to 2.3 additional boardings, each 100 additional residents leads to 9.3 boardings.

Data suggest that not all density increases have the same impact. In a study conducted in the Puget Sound region (Pivo and Frank, 1994), researchers found that single-occupancy vehicle use drops and transit use increases most rapidly when densities surpass key thresholds. Significant transit ridership gains begin to occur when density surpasses 30 activity units (residents plus employees) per gross acre and the most significant gains in ridership occur when densities exceed 45-50 activity units per gross acre.

Mix of Uses

Although less influential than density, land use mix will have an impact on travel behavior at a range of scales within a transit corridor. As has already been noted in the previous section, the presence of major destinations, such as employment centers or large institutions such as hospitals or universities, can function as anchors to the transit corridor that play a significant role in generating ridership. A more dispersed mix of uses across multiple stations along a transit corridor can generate travel demand, including for many non-peak trips to access goods, services, and recreation. In its report for the Transit Cooperative Research Program, Parsons, et al. (1996) observed that “transit service in corridors that contain a variety of residential and non-residential activities will prove especially attractive and competitive.”

Finally, within a single station area, a rich mix of uses—residential, employment, retail, public services, recreation—can foster higher rates of walking and biking within the station area. In addition, a mixed-use station area can be a more attractive transit trip destination by accommodating multiple trip purposes at a single transit stop. A wide variety of retail and service uses, including shops, pharmacies, grocery and convenience stores, restaurants, banks and public services, child care facilities, medical services, and recreation, is associated with all-day trip making. Colocation of office and other employment uses with retail and services also creates opportunities for workers to make secondary trips during the workday without the need for a car. As a high-level measure of use mix, jobs-housing balance has also been found to correlate with transit usage (Parsons, et al., 1996).

A literature review conducted for a “High Capacity Transit Corridor Assessment” (PSRC 2004) concluded that “increased mixed land use development patterns in activity centers have been found to have a positive relationship with decreases in vehicle miles traveled, lower automobile ownership rates, and increases in walking, biking, and transit use.” As a whole, the findings on mix of use suggest that the biggest impact of TOD on travel behavior overall, above and beyond transit use, may be increased walking trips for the 80% of household travel that does not involve commuting to work.