



THE UNIVERSITY  
of NORTH CAROLINA  
at CHAPEL HILL

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January 29, 2007

Ms. J.B. Culpepper, Planning Director  
Town of Chapel Hill  
405 MLK Jr. Blvd  
Chapel Hill, North Carolina 27514

**Re: UNC at Chapel Hill Development Plan Modification No. 3 Application  
Response to Questions Regarding Carolina Inn**

Dear Ms. Culpepper:

At the December 4, 2006, Public Hearing on the University's Development Plan Modification No. 3 Application, the Town Council requested and the University agreed to a delay until February 12, 2007, of the Council's action on the proposed addition to the Carolina Inn. With this letter the University would like to provide additional information for consideration at the February 12th meeting.

The Carolina Inn has served the University and the community since 1924. The Inn is an integral part of the life and history of the University. Former President William Friday called it "the University's living room." As the plaque commissioned by the Board of Trustees to honor the John Sprunt Hill family, who gave the Inn to the University, states, it is a "town hall for the state and a home for returning sons and daughters of alma mater." Many prospective students and their families stay at the Inn. Employers recruiting students for jobs after graduation often use the Inn to host receptions for groups of graduates and potential employees. Prospective faculty and staff are guests at the Inn while being considered for possible campus employment. For many University students and employees, the Inn is their first contact with University and Chapel Hill.

Additionally, the Inn hosts numerous University functions, including the meetings of the University's Board of Trustees, Board of Visitors, outreach events such as the North Carolina Botanical Garden's Jenny Fitch Lecture Series, and various fellowship, scholarship and charitable events. It also hosts fund-raising events such as the annual Playmakers' Ball.

The Inn also is an integral part of the community. It is an important landmark on an important corner of the downtown. It is a member of the Chapel Hill Orange County Visitor's Bureau and is active in promoting tourism in Orange County and downtown Chapel

Hill. The Inn serves as the location for events held by community organizations including the American Red Cross, the Chapel Hill Historical Society, Empowerment, Inc., and the Chapel Hill Carrboro Chamber of Commerce. In addition, the Inn opens its doors to the community with regular events such as the annual 12 Days of Christmas, Bird Houses on Parade, and Fridays on the Front Porch. The addition of rooms to the Inn within walking distance of Franklin Street will contribute to the ongoing effort to revitalize the downtown.

The Inn is listed in the National Register of Historic Places, is a member of the National Trust's Historic Hotels of America, and is a contributing resource to the local Cameron McCauley Historic District. Whitehead Hall will be restored as part of its incorporation into the Inn, making a significant improvement on a prominent corner of this Historic District. While the Inn is privately managed, the University bears the risk of profit and loss from the operations. In accordance with the terms of gift, the net income from the Inn supports the North Carolina Collection in the University Library.

Questions were raised about the effect of an expansion on other hotels and whether the Inn is engaged in unfair competition with local businesses. State law regulating government competition with business specifically permits the operation of hotels by universities in the University of North Carolina system. Additionally, during previous remodeling projects at the Inn, rooms have been added with no detrimental effect to hotel occupancy throughout the Town of Chapel Hill. In fact, the on-going development of hotel facilities in close proximity to the Inn suggests that the hospitality market in Chapel Hill remains healthy.

As you know, pursuant to the North Carolina Constitution, the University, as a State agency, does not pay property taxes on its property and buildings. The Carolina Inn and Whitehead Hall are both University-owned buildings and as such are not subject to property taxes. Therefore, the proposed expansion does not remove property from the tax rolls.


However, the Carolina Inn does pay local occupancy tax on all non-University related occupants. The expansion of the Inn will provide more rooms, which will generate additional occupancy tax revenue for the Town.

Finally, the conversion of Whitehead Hall from a residence hall to an addition to the Inn will have no negative impact on the University's ability to provide housing on campus since there is currently a surplus of housing available.

Thank you for this opportunity to provide information concerning this important local resource. With this submittal and the other information currently in the record of the public hearing, the University has submitted substantial, competent and material evidence to enable the Town Council to approve this project as part of the University's Development Plan Modification No. 3.

We look forward to answering additional questions on February 12, 2007.

Sincerely,



Anna A. Wu, AIA  
Director

cc: Ms. Pat Crawford  
Ms. Linda Convissor  
Ms. Carolyn Elfland  
Ms. Mary Jane Felgenhauer  
Dr. Richard L. Mann  
Mr. Bruce Runberg