

SV Center, LLC
400 Market Street, Suite 200
Chapel Hill, NC 27516

December 22, 2008

Concept Plan for Southern Village Hotel and/or Residential Condominium Building – Developer’s Program

To: Mayor Foy and Town Council Members

From: D.R. Bryan and John Fugo for SV Center, LLC

Thank you for the opportunity to present a concept plan for the Village Center in Southern Village. We look forward to your comments on the concept of a hotel, or a hotel with a floor of residential condominiums. At this time we project a four-story building of up to 120,000 square feet, with structured parking and a small amount of street-front retail space. We propose this project as an aesthetic and economic enhancement of the Village Center. This memo covers four key topics:

1. Our community involvement process.
2. Our design goals.
3. Our economic goals.
4. Our thoughts on how this proposal meets goals of the town’s Comprehensive Plan.

Community Involvement

Though we are still in the “idea” stage, we have been investigating an architecturally distinctive building for some time. Here is a summary of our activities to date:

- June 2007 – We held a planning charrette to consider a hotel or condominium building in the Village Center, on the site of what is now a surface parking lot. Around 60 people participated, most of them Southern Village residents and business owners.
- September 2007 -- We presented the results of the charrette to participants.
- September 8 and 9, 2008 -- We held two community information meetings at Christ Church. A total of around 70 Southern Village residents attended.
- September 24, 2008 -- We presented a concept plan for a hotel (or condominium building) to the Community Design Commission.

- **October 23, 2008** – We presented our development concept to the Southern Village Homeowners' Association Board of Directors. The HOA appointed a committee of residents to gather information on a hotel proposal (the PLC).
- **November 6, 2008** – We took three members of the PLC on a tour of five village centers in the Triangle area.
- **December 8 and December 15, 2008** – We attended meetings of the PLC. We plan to attend their final meeting on January 12, 2009.

We understand that the Council prefers to see conceptual rather than detailed drawings at the concept plan hearing. However, in the course of these meetings with residents, it became clear that we needed a preliminary design to help interested persons envision how a new building might fit into the existing Village Center. Our architect has drawn a perspective and an elevation. We also have a bird's eye perspective, which sites the architect's drawing in an aerial map of the Village Center, with proper scale and massing. We are not committed to this design but hope it will advance the discussion.

Why consider a new Village Center building? There are two reasons: design and economics.

Design Goals

We believe the Village Center will be more attractive if the central parking lot is replaced with an architecturally distinctive building with structured parking and street front retail. The key design principles that we have followed in the development of the Village Center are:

- **Bring buildings to the sidewalk.**
- **Make the street permeable.**
- **Hide the parking.**

Surface parking lots, while functional, are not attractive. A new building could achieve all of these design goals and at the same time provide adequate parking.

Parking was a topic of interest at all of the meetings we have held with neighbors, and their comments helped us arrive at these goals for the parking component of this project:

- **Retain all the public parking.**
- **Through a level of structured parking, add the spaces needed to serve a hotel.**
- **The public parking on the Weaver Street side must be open, inviting, well lighted and convenient to the Market Street stores.**

Public Plaza

We would like the Council's view on a design suggestion that many charrette participants found very exciting: closing one block of Aberdeen Street, to create a plaza and public space, connecting the hotel to the Village Green and stage area. This could be an extension of the existing public space comprised of the green and the stage. This plaza area could become a venue for smaller performances, weddings, parties and many other types of gatherings. If the Council is receptive to this concept, we will host a planning session with artists, performers, our merchants, residents and other interested persons.

Green Building

If our proposal is approved, we would commit to constructing a "green" building that achieves a high level of energy conservation and state-of-the-art stormwater management.

Economic Goals

Above all, this proposal is an economic development initiative. We propose this project to help make the existing businesses and restaurants on Market Street even more prosperous. Locally owned restaurants and retail stores today operate in an economically challenging environment. The convenience of big box stores and the ease of internet shopping appeal to many consumers.

SV Center is the primary developer and commercial property owner in the Village Center. It owns the buildings at 300, 400, 410, and 700 Market Street, as well as the Lumina Theater and the Village Green and Stage. These commercial buildings were completed over a six-year period, 1999-2005.

As developer-owners, we are proud of our efforts to make the Village Center successful. These include establishing the Lumina Theater to create a retail anchor, forming creative partnerships to bring in important establishments such as Weaver Street Market, Christ Church and Chapel Hill Daycare, and funding a special events and concert program each year.

We believe a hotel would be an excellent third anchor in the Village Center, to complement our existing anchors (Weaver Street Market and The Lumina Theatre). The Chapel Hill/Orange County Visitors Bureau reports that in 2008, a person who stayed overnight in a Chapel Hill hotel spent almost \$300 per day for housing, food, gifts, and incidentals. We believe a hotel would bring significant business to our specialty retail stores and restaurants, and strengthen the long-term economic vitality of the Village Center.

A hotel in a mixed-use development will help balance night and day activities and could be a catalyst to attract consumers from further distances. According to the Visitors Bureau, Chapel

Hill's hotel sector has had notable success over the past few years, with occupancy staying in the high 60 to low 70 percentages.

Tourism is an important component of our local economy. In 2007, some \$3.05 million in local taxes were generated from travel-related businesses. More than 1,740 jobs in Orange County were directly attributable to travel and tourism last year. (Figures provided by CH/OCVB.)

This proposal for a hotel in Southern Village helps to achieve goals of the Council's Economic Development Strategy Statement by increasing the non-residential tax base, supporting locally owned businesses and creating new jobs that are convenient to transit and housing.

Comprehensive Plan

This proposal is in accord with major themes of Chapel Hill's Comprehensive Plan:

- It brings a commercial use to a developed area inside the Urban Services Boundary.
- It is a creative development opportunity in an area where infrastructure and services are already provided.
- The hotel proposal is a desirable form of non-residential development.
- The residential component would designate 15 percent of the units as affordable, as defined by local policy.
- The proposal contributes to a balanced transportation system. Users of both the hotel and the residential component would have easy and frequent access to Chapel Hill Transit.
- The proposal would have a beneficial fiscal impact, adding to the non-residential tax base in an area where services are already provided, contributing occupancy tax revenues to the local governments, and supporting the micro-economy of Southern Village.

We look forward to discussing this proposal with you on January 21.