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The Design Response, Inc.

May 24, 2004

Mayor Kevin Foy and Town Council
Town of Chapel Hill
306 N. Columbia Street
Chapel Hill, NC 27516

Subject: Development Review Fee for Master Land Use Plan

Dear Mayor Foy and Council Members:

Our behalf of our client, Crosland, Inc., we received feedback last summer and fall from the Community Development Commission and the Town Council regarding a Conceptual Plan that proposed to introduce a previously absent residential component at Chapel Hill North. As you no doubt recall, this proposed residential land use would replace the previously approved non-residential land uses within Phase II of the Chapel Hill North Master Land Use Plan, thereby providing a complete mixed use development (retail, office, and residential) within the boundaries of Chapel Hill North. This Conceptual Plan was favorably received by both the Community Design Commission and the Town Council.

In order to proceed with this proposal, we need to submit both a Master Land Use Plan Modification for the entire 40-acre Chapel Hill North development site and a Special Use Permit for the 12-acre undeveloped Phase II site. In particular, the Master Land Use Plan Modification will consist of two key determinations: (1) whether or not to allow residential uses in Phase II of the project, and (2) whether or not to reallocate retail and office floor area for residential uses on the site.

Although we believe that these two questions are largely policy questions, we do acknowledge that some level of staff review will be associated with the review of such a Master Land Use Plan Modification. However, you can imagine our surprise when we determined that, at least under a literal interpretation of the provisions of the currently adopted Development Review Fee Schedule, we would be charged \$45,000 as a review fee for the Special Use Permit application, and approximately \$350,000 as a review fee for the Master Land Use Plan Modification.

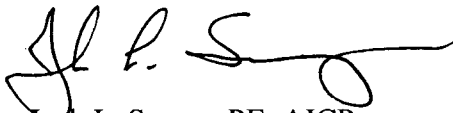
It is our belief that this level of Master Land Use Plan Modification application review fee may be the result of a discrepancy in the Development Review Fee Schedule. Accordingly, we would like to request that the Council direct the Town staff to investigate the following apparent discrepancies in the Town's Development Review Fee Schedule:

1. The review fee for a Master Land Use Plan (actually a Master Land Use Plan Modification is not addressed within the current Development Review Fee Schedule) appears to be disproportionate with the amount of staff time that would be required to process and review such an application.
2. While the maximum application fee for any Special Use Permit, Zoning Map Amendment, Subdivision or Zoning Compliance Permit is set at \$60,000, there is no maximum fee limit for Master Land Use Plans (or their Modifications).
3. There is no provision within the Development Review Fee Schedule to recognize that some applications track through the development review process simultaneously. For example, sometimes a Zoning Atlas Amendment and a Special Use Permit may track through the review process concurrently. Or, in our case, a Master Land Use Plan Modification and a Special Use Permit are proposed to jointly move through the Town's development review process. These instances where two concurrent applications move through the development review process simultaneously lend themselves to certain economies of scale. These savings in staff time deserve to be appropriately acknowledged by the inclusion of provisions within the Development Review Fee Schedule so that the amount of fee is therefore commensurate with the actual amount of staff time necessary to complete their review.

In closing, we would like to formally request that the Chapel Hill Town Council direct the Town Manager and staff to review the Town's Development Review Fee Schedule and report back to the Council at your June 14th meeting so as to be included within your current budget process. Specifically we ask that there be further consideration as to the appropriate review fee for a Master Land Use Plan Modification being processed simultaneously with a Special Use Permit.

Sincerely,

THE DESIGN RESPONSE, INC.



Jack L. Smyre, PE, AICP
Principal