

MINUTES OF CITY COUNCIL  
WORK SESSION MEETING  
SANFORD, NORTH CAROLINA  
September 15, 2015 – 8:30 A.M.

The City Council held a work session meeting on Tuesday, September 15, 2015, at 8:30 A.M., at the Sanford Municipal Center, 225 East Weatherspoon Street, in the West End Conference Room. The following people were present:

Mayor T. Chet Mann  
Council Member Jimmy Haire  
Council Member Charles Taylor  
Council Manager Hal Hegwer  
City Attorney Susan Patterson

Mayor Pro Tem James Williams  
Council Member Byron Buckels (arrived 8:45 a.m.)  
Council Member Norman Charles Post, III  
Administrative Support Assistant Vicki Cannady

Absent:

Council Member Sam Gaskins  
Council Member Rebecca Wyhof  
City Clerk Bonnie Davis

Mayor Mann called the work session to order. Council Member Post noted that housing providers are an important group in our community and he wanted to assure everyone they had an opportunity to be heard on the proposed text amendments to the Unified Development Ordinance (UDO). The goal is to find common ground between those who support and those who oppose it.

Community Development Director Marshall Downey summarized the background of the proposed amendment which will require curb, gutter and sidewalk in all residential, commercial and industrial subdivisions in Lee County, other than residential subdivisions in unincorporated areas of Lee County with lots of 30,000 square feet or greater. When Council identified long-term growth and development as goals in the spring of 2014, staff was asked to recommend options on how to address these issues. One recommendation was to address quality-of-life and density issues, which led to the proposed amendment. A public hearing was held in March 2014, then the issue went before the City Planning Board, where it was tabled until additional research was done on density and amenities in comparable communities. A meeting was also held with local homebuilders. These steps were all taken to inform the public and lay the groundwork on how to proceed.

Mayor Mann noted that new home sales in Sanford and Lee County are still slow and much lower than other communities in our thirteen county region. Since Council has identified growth as a goal and many in the audience are housing providers, the goal is to move this discussion forward and find a way to work together to solve this problem. Two representatives of Newland Homes will share information which may provide insight on housing growth and density issues.

Laurie Ford (Vice-President of Operations with Newland Homes), handles real estate development for Newland in the Triangle area, including two active projects, Briar Chapel and Wendell Falls (which will more than double Wendell's population when completed). Newland, the country's largest private developer of mixed use master-planned communities, has been in business for 45 years. These developments are primarily residential but also include commercial and civic elements (schools, churches, parks/recreational facilities, fire/emergency facilities). Most projects range from

1,000 to 4,000 acres, in 22 markets in 14 states. Newland accounts for about 5,000 single-family residential units and about 2.5 million square feet of commercial space in the Triangle area.

Ms. Ford explained that Briar Chapel is a good example of their development model and gave the following information on it:

- Opened in 2008 and approximately 800 homes are currently occupied
- Approved for over 2600 units during the life of the project
- Has the highest volume of new construction in the Triangle (other than Del Webb, whose communities are restricted to those aged 55 and older)
- Accounts for 38% of new home starts in Chatham County
- Average home price is approximately \$378,000 (vs \$316,000 for Triangle region)
- Uses a “clustered” style of development with smaller lots, typically 20 to 90’ wide and 120 to 130’ deep, and more amenities such as sidewalks, walking trails, passive recreational areas (open space for sports, leisure, concerts, parties), active recreational areas (two pools, clubhouse, dog parks, community gardens, bocce ball, volleyball, outdoor concrete ping pong tables).

Ms. Ford explained that Newland saw a demographic change and uses a building model that appeals to consumers who don’t want to spend time maintaining a large home with a large yard but would rather spend time in their neighborhood where amenities are located. Many residents are two income, working families with children. While this approach doesn’t appeal to every homebuyer, it does appeal to a fairly broad range in the area. If it didn’t, their projects would fail financially because so much investment is required up front on heavy infrastructure and the only way to recover that is through rapid absorption. Rapid growth has been achieved at Briar Chapel because they developed a product that research indicated would be well-received in this market area, which was the case.

Shannon McSwiney (Marketing Director for Newland Homes) explained that they began working with the Pittsboro and Chatham County staff to develop land use regulations in 2001. She noted that no one design or method works for all markets since no two communities are the same; each has its’ own unique characteristics and features. They rely on market data to reveal trends in the overall economy and how they relate to housing development. They share this information with builders, who provide products to meet those needs. Newland also employs a segmentation program to attract a broad range of buyers by providing one type of product for first-time homebuyers and a different type for “empty nesters” or those who are downsizing. National trends have shown that customers who want to live in a planned, “lifestyle” community are typically active and want open space, fitness centers, pools, walking and hiking trails. There has also been a shift to smaller homes.

Ms. Ford noted that commercial development is another component of their model since growth is constrained without these services. Briar Chapel and Wendell Falls were both limited due to lack of those services in their areas. The first phase of commercial development (restaurants, day cares, offices, medical offices) is underway at Briar Chapel. The mixed-use concept now has a broader appeal, with more buyers who want to be integrated with commercial property rather than separated from it. All these things create more urbanized environments in areas previously considered suburban.

Regarding zoning and jurisdictional requirements, Mr. Ford stressed that predictability and flexibility are critical from a developer and builder’s standpoint, especially when developing large-scale communities. As buyers’ preferences evolve and the market ebbs and flows, evolution is necessary. Community outreach and connection are also important to Newland. They are quite

involved with and make significant financial contributions to the school system and the parks and recreational system. She invited audience visitors to tour their communities.

Council and audience members asked questions and answers were provided as follows:

- Describe how Chatham County zoning regulations affected lot sizes at these neighborhoods.
  - Chatham County did not dictate lot size or building setback zoning requirements at Briar Chapel; they were determined by Newland. Some homes are located within three feet or less of property lines, as long as builders meet enhanced fire wall code requirements. Design and architectural guidelines are also self-imposed and self-enforced by Newland since they are driven by the market.
  - Wendell Falls is subject to the Town of Wendell's UDO; however, Newland has actually pursued zoning modifications and text amendments to accommodate their style of higher density development. They are currently in the process of a rezoning procedure which will allow additional flexibility in development.
- Do these developments draw buyers to the area or were they already here and these developments satisfy their needs?
  - Approximately 75% of their buyers are already North Carolina residents and most of the other 25% come from the northeastern and middle part of the country. Newland sensed a demand and developed Briar Chapel and Wendell Falls based on that.
- Is there a Homeowners Association? If so, what are the fees and what do they cover?
  - Briar Chapel's \$125 base fee includes garbage service and access to all amenities, including pools. In areas with lawn maintenance requirements, the base fee is \$215.
- When did development planning discussions begin with Chatham County staff?
  - Newland began consulting with Chatham County staff around 2001 since there were no regulations for a large, master community in place prior to that time.
- How many acres are in Briar Chapel and Wendell Falls?
  - Approximately 1,600 in Briar Chapel and approximately 1,100 in Wendell Falls
- Describe the schools at both developments.
  - Schools in more rural areas generally perform well but Newland understands that these large developments have a major impact on school systems and try to minimize any negatives, such as payment of an impact fee, collected from both developer and builder on every lot sale, which goes directly to funding school growth. They also help with public relations between the school system and new residents.
- What would prompt Newland to come or prevent them from coming to Lee County?
  - That would be determined by the market. They would perform significant due diligence research and investigate any potential jurisdictional challenges.
- Of the 800 homes sold in Briar Chapel, how many were Chatham County residents prior to purchasing and how many lived in the Triangle and now commute to work?

- Most came from Chapel Hill and West Cary but many came from northeastern states. As those areas grew, some buyers weren't finding homes for the lifestyles they wanted, so they chose to move further out and commute.
- What is the average income of the population in Briar Chapel?
  - The exact figure wasn't available but it is very high compared to the Triangle area overall. Typical residents tend to be professionals, highly educated with good income. There is a diverse age range with half of the buyers aged 55 and over. They tend to attract active adults with teenaged children, or children who are in college or who have moved out of the home. This is seen on a national level.
- Are there sidewalks and do they lead into one another or a system?
  - Sidewalks connect into a trail system; there are 12 miles of trails at Briar Chapel. She stressed that street standards are essential to the community's function.
- Could Newland develop a neighborhood on a 150 to 200 acre tract?
  - Newland couldn't because their model is for a larger footprint but that most of their builders could build a community of 150 homes with sidewalks in an urbanized area.
- What type commercial product would you build to be successful with a neighborhood on a 150-200 acre tract?
  - The biggest challenge at Briar Chapel has been that although it is an urban community with high sales volume, everything else in the area is still very rural. They are consulting with commercial developers now but the lack of public sewer service in Chatham County makes it difficult. (Briar Chapel provides its own sewer service through a wastewater treatment facility.) Expanding sewer service will improve opportunities for commercial growth. Newland's 38% share of the market shows their dominance but increased activity overall would accelerate commercial growth.
- What attracted Newland to Wendell, approximately 25 miles south of Raleigh?
  - It is only a 15-minute commute to the center of Raleigh and 25 minutes to RTP from Wendell Falls, which has its own dedicated interchange to Highway 64/264. Employment centers are also located nearby. Newland also had common goals and values with officials in Wendell.
- How do home prices compare in Wendell Falls compared to Briar Chapel?
  - They recognized a shift between Chatham County and eastern Wake County, where initial prices are very sensitive in a new neighborhood. Since the "sweet spot" in the overall Triangle market is \$200,000 to \$300,000, they worked with a builder to develop a product to meet that need. They knew the first buyers would be pioneers taking a chance on a new location, so homes were initially priced in the \$180,000 range to attract them but the majority of home purchases are now in the \$200,000 range, compared to averages of \$247,000 in eastern Wake County, \$275,000 in Wendell and \$378,000 in Briar Chapel. Appreciation is two to three percent overall in Chatham County but eastern Wake County is poised for a five to six percent increase very quickly, as new homes become available. Newland's control of about 500 lots in a market with a 36% lot shortage also places them in a good position.

- What is the size of the single-family homes selling for \$275,000?
  - They are about 2100 square feet but the majority of sales are now around 1600 square feet for the new products recently introduced by the builder based on market research suggesting the need to be price sensitive initially. There will be a point, however, that serious appreciation will be seen in Wendell Falls, due to the lot shortage. They are working to overcome perception issues now because buyers don't see Wendell Falls as somewhere they want to live but they see that happening quickly. Buyers have an option to go to eastern Wake County and get a home on a larger lot at a better price point. Changing perceptions involves recognizing that the tradeoff to a much smaller lot gives them more amenities.
- Does Newland seek out communities based on whether or not they had UDOs?
  - That was not critical but prevents having to create everything from scratch, which is an intensive, costly experience. Investors will not allow them to close unless entitlements are in place to provide predictability and a basic understanding of the regulations.

Mayor Mann noted that Council has developed a Master Wastewater Plan to expand sewer service and encourage growth but dense growth will be more efficient. He encouraged discussion on how to increase density, how we can make it work and how perceptions can be changed. He also noted that Sanford is more like eastern Wake County than Briar Chapel. Comments included the following:

- In the past, rezoning approvals for higher density have been difficult. Requests were denied if there was any public opposition, supporting perceptions that density is negative and not desired. Carter Keller noted that he recently went through the easiest rezoning procedure he has ever done and it was for what was likely the highest density ever requested in Lee County and that staff embraced it.
- When the UDO was first developed, the concept was that if amenities (sidewalk, curb and gutter, etc.) on smaller lots were desired, that could be accommodated in areas zoned less than R-20. Most large, developable tracts are zoned R-20, so the choice was to keep R-20 zoning if sidewalks weren't to be included or to request rezoning if amenities were to be included. However, due to the economy, that hasn't been tested in the last several years since there have been no new subdivisions with sidewalk, curb and gutter or zoned less than R-20.
- If lots are only 20 feet wide and six feet or less separate homes, it is not possible to leave trees. However, it appears that this is not a priority to many buyers today since they are choosing to purchase homes on smaller lots with no trees but with neighborhood amenities.
- If Sanford is to grow, we must be different. If this proposed text amendment is approved, it will be because we want to see something different offered here.
- Additional requirements will only increase lot and home prices and add to struggles already faced by builders, developers and consumers.
- Carolina Trace is a planned community and it is currently struggling with new home sales, even though many are priced in the \$200,000 - \$300,000 "sweet spot".
- A planned use type project was considered here about eight years ago but after considerable market research, it was determined that it was not economically feasible.
- It will take capital, developers and builders all coming together to create the required infrastructure for a complex project.

- Increased flexibility is the key to the process working smoothly. When a developer considers a project and works with officials to determine lot size, sidewalk, curb and gutter requirements, cost analysis will determine whether it is viable.
- Providing sewer service would encourage development since this cost has been the developers' responsibility in the past.
- Newland has succeeded because they went into areas without these regulations and worked with officials, sharing their goal which was backed by market research
- More jobs (especially high-paying jobs) and improved school system would encourage growth.
- The cost of sidewalk, curb and gutter will increase monthly payments \$10 to \$12 on a 30 year loan but not providing them limits the services in our area and we are skipped over for growth.
- Perhaps Sanford is just too far away from the Triangle, Fort Bragg and Greensboro areas.
- Sanford's convenient access to the Raleigh/Durham area and employment centers has not been marketed well. Northern Lee County (with easy access to US Highway 1) is as accessible to RTP as any part of Wake or Chatham County.
  - Downtown Raleigh is only 40 minutes away from City Hall
  - Durham is only 45 minutes away from City Hall
  - Wade Avenue is only 35 minutes from Spring Lane
  - The Highway 540 Bypass is only 10 minutes from the Deep River bridge
  - Wade Avenue is only 20 minutes away from the Deep River bridge
  - Mayor Mann's Glenwood Avenue office is less than 35 minutes from City Hall
- Employees at many industrial factories in Alamance County walk on sidewalks surrounding those facilities. If workers choose to walk around many industrial locations in Lee County, they face unsafe conditions with no sidewalks.
- Marketability is extremely important from a lender's perspective. One local bank recently financed construction of two new homes in Chatham County; both were under contract for purchase before construction was complete. This which would be very unlikely in Lee County.
- Average DOM (days on market) in the Sanford area is approximately 145 to 180, much higher than in the Cary or Apex area, where homes normally sell within a week and in Chatham County, where it may take 30 to 90 days to sell.
- Lot prices in Briar Chapel and Wendell Falls are approximately 22 percent of the home's total sales price (\$44,000 on a \$200,000 house).
- Several executives employed at Enterprise Park (formerly "Industrial Park") are aware of how near we are to Raleigh since they commute to work daily from outside the community. This shows there is something we are not providing (maybe commercial services or amenities).

Mayor Mann reminded everyone that \$40 million is being invested in Lee County for revitalization through bond projects. He asked audience members if they would be interested in the building model used by Newland, if we had the jobs and infrastructure. One builder agreed with the model but was concerned that people outside Lee County don't know about our revitalization. Mayor Mann noted SAGA has hired two employees whose primary duty is to market and promote Lee County. Another audience member stated that the proposed occupancy bill would bring an additional \$150,000 to \$200,000 to the travel and tourism department, which could be used for marketing.

Mayor Mann stressed that this Council wants to see growth and it is much more efficient to serve in areas of higher density. This Council has a more urban mentality, which requires revising residential and commercial codes. He understands that builders and developers don't want changes forced on them and that they will change with the market. We have to work together to create demand

and change the perception that increased density is bad. The concept has been that buyers want large trees with a swing in the back yard, but one of the most successful developers in the country has shown that many buyers don't want that anymore; they want smaller homes and yards and more amenities.

Bob Joyce, Economic Development Director for SAGA, informed everyone that there are nine active industrial projects and several expansions underway.

Council Member Taylor suggested another meeting be held in the future to discuss growth.

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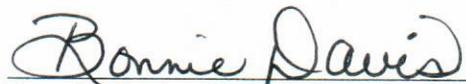
ADJOURNMENT

The meeting was recessed upon motion of Council Member Post; seconded by Council Member Williams, it was unanimously passed.

Respectfully submitted,

  
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T. Chet Mann, Mayor

ATTEST:

  
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Bonnie Davis, City Clerk