

Southern Village

Chapel Hill, North Carolina

Project Type:
Residential

Case No:
C030020

Year:
2000



SUMMARY

A mixed-use, neotraditional development located on approximately 312 acres south of downtown Chapel Hill and the University of North Carolina. When it is completed, Southern Village will include 115,000 square feet of office space, 30,000 square feet of retail space, 1,145 residential units, 27,000 square feet of restaurants and entertainment, and a 30,000-square-foot hotel. An elementary school, a daycare center, and a church have been developed on the site. Approximately 30 percent of the development comprise natural open space, playing fields, ponds, and landscaping

FEATURES

- Neotraditional/new urbanist design
 - Preservation of open space
 - Trail system/pedestrian features
 - Transit features
-

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SPECIAL FEATURES

- Neotraditional/new urbanist design
- Preservation of open space
- Trail system/pedestrian features
- Transit features

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GENERAL DESCRIPTION

Southern Village is a 312-acre, predominantly residential mixed-use neotraditional development, located approximately two miles south of downtown Chapel Hill and slightly more than a mile south of the University of North Carolina. The majority of the development has been completed, including 65,000 square feet of office space, 5,000 square feet of retail space, 12,000 square feet of restaurant and entertainment uses including a four-screen movie theater, and 915 residential units consisting of single-family homes, condominiums, townhomes, and rental apartments. The two-story Mary Scroggs Elementary School, located on the southern portion of the site, opened in the fall of 1999 and was constructed of brick in the tradition of an old school house. The school is located close to Southern Village's child care facility—the Chapel Hill Day Care Center—and Christ United Methodist Church, both of which are within the village center. The village center, which includes office and retail uses, is designed around a village green, which offers a more formal open space for community residents. According to the local Multiple Listing Service, Southern Village has been the top-selling community in the Research Triangle area since 1999.

Approximately 30 percent of the project's acreage consists of open space, a majority of which is designated for recreation. The development, in its effort to preserve its trees, includes Arlen Park, a forested park covering more than two acres, which comprises gravel trails, picnic tables, and a small, historic cemetery surrounded by a stone wall. The trails that run through Arlen Park connect with the larger trail system of Southern Village—a ten-foot-wide greenway path that courses throughout the development. The trail—for use by both pedestrians and bicyclists—is planned to extend north to connect with a sidewalk leading to downtown Chapel Hill and the University of North Carolina. Open space in Southern Village is further organized into a series of smaller parks located throughout the development, several of which include playground equipment, while others provide for passive recreation and relaxation.

Integrated into the southern portion of Southern Village and adjacent to the village center is a 400-space park-and-ride lot operated by Chapel Hill Transit. The lot is served by the north-south express bus route during the workweek and by the Tarheel Express bus service for special events at UNC–Chapel Hill. The park-and-ride lot is adjacent to US 15-501 and well buffered from the rest of the community.

Southern Village also features a swim and racquet club, membership in which is voluntary for the residents. The club opened in July 1998 and includes a swimming pool, pool house and six tennis courts. Adjacent to the club are a soccer field and basketball and volleyball courts available to all residents.

THE SITE AND ITS HISTORY

The Southern Village site, consisting of approximately 312 acres of varying topography, is located west of US 15-501 and south of Culbreth Road and Culbreth Middle School in Orange County. Several preliminary development plans for the site have been made over the past three decades. The parcels that make up the site were first assembled in the 1970s, when the site was planned for Lake Tree, a mixed-use plan that was never approved by the town of Chapel Hill. In the 1980s, the town approved a plan for the Woodlake subdivision, but the developer's financial difficulties caused the approvals to lapse, and the project was never built.

No further plans were developed for the site until the early 1990s, when the town of Chapel Hill amended its comprehensive plan to include a small-area planning process. Small-area plans were designed to provide more detailed land use plans for the undeveloped areas of the town's urban service areas and to ensure the coordination of public facilities. In June 1992, the small-area plan for the southern area—which includes the Southern Village site—was adopted by the town council. The plan considered three alternative development scenarios: the conventional pattern, the cluster pattern, and the village pattern. The village pattern, which adopted as a model Chapel Hill's downtown area and other mixed-use neotraditional developments, was specified for the area that now encompasses Southern Village. The town recognized that a one-unit-per-acre conventional subdivision was not the preferable development pattern for the 312-acre site. Community leaders, town planning staff, and elected officials agreed that it was critical to avoid haphazard development that would consume existing open space. It was also agreed that there should be a more distinct line between town and country, in order to preserve open space and minimize the impact of development.

The town used a conditional-use zoning process for the village area in order to coordinate the general design guidelines mandated by the village pattern. Soon after the revision of the town's comprehensive plan, D.R. Bryan of Bryan Properties, Inc., purchased the unzoned Southern Village site and worked with the town to realize their urban village concept. Per the town's small-area plan, development of the site required a series of zoning approvals. The first set of zoning approvals, consisting of the master plan, rezoning and special-use permit for the eastern portion of the site, was approved in July 1993 and met with virtually no opposition. The second set of zoning approvals—for the western portion of the site—proved to be much more time consuming and controversial because of the proximity of existing adjacent homes and ongoing construction on the eastern portion of the site. The second set of zoning approvals was not obtained until 1996.

DEVELOPMENT, PLANNING, AND DESIGN

The development of Southern Village reflects the collaboration between the town of Chapel Hill and the developer.

After he purchased the site, D.R. Bryan visited several neotraditional developments around the country, occasionally accompanied by the town's planning director. Through this process, the developer and the town gained insight into the design elements that make a neotraditional neighborhood function. The visits reinforced the value of the guidelines set forth in the Chapel Hill small-area plan for the southern area, including the development of a walkable, mixed-use community with an interconnected street system, access to public transit, neighborhood-oriented public spaces, and smaller residential lot sizes.

While some subdivisions construct their road network first and then encourage homebuilders to spread out in order to provide the appearance of a more built-out community, the Southern Village development plan focused on the development of homes and infrastructure on one street at a time. This allowed a sense of place to develop in each phase of construction, emphasizing the importance of the streetscape.

Single-family homes in Southern Village, which represent diverse architectural styles, adhere to neotraditional design elements, including relative proximity to the sidewalk and to each other, garages that are accessible through back alleys, and porches or verandas in front. The apartments and condominiums reflect an urban form, with parking provided on the street and in lots behind the buildings. The community contains a series of public parks and open spaces, as well as landscaping. The species of trees along the streets vary throughout the community, creating places with a sense of individuality.

Design elements integral to neotraditional developments often can conflict with a jurisdiction's engineering regulations, particularly when such a development is new. This was the case in the development of Southern Village. The narrow streets that slow traffic for the benefit of pedestrians and bicyclists while creating a more intimate social space presented challenges involving the curvature of roadways as well as the turning radii. The alleys that provide access to approximately 90 percent of the homes also created access issues that conflicted with the town's engineering and public works standards. Negotiation regarding these matters followed the zoning approvals process and resulted in compromises, one of which was to make streets wider than desired in the initial phases of the community. While Southern Village originally planned the alleys to be 12 feet wide, the engineering standards called for 20 feet of width. Although Southern Village prevailed, the town mandated that the alleys will remain privately owned and thus will not be eligible for trash removal, forcing residents to place their trash in front of their homes. The development's residents currently contract with a private trash removal company that does pick up trash from the rear alleys. The community will be annexed by the town this summer, when a proximate fire station is completed.

The layout of Southern Village was organized around the village center, which contains the office and retail components of the community. The development's first building permit was issued for the Corner Store, which established the mixed-use nature of the project. In order to maintain expectations of potential homebuyers, Southern Village strategically phased the entire development, first establishing retail and office uses, followed by the community's multifamily residential uses.

Southern Village, like other mixed-use communities, has struggled with the balance of housing and retail space. Because it is difficult to attract retail users to a development that still is under construction and without its maximum number of supporting residents, the community has only approximately 5,000 of its planned 30,000 square feet of retail space and has gone through five operators of the Corner Store so far. Currently, Southern Village Limited Partnership partially subsidizes the store's rent so that the operator can maintain a solvent business as the community completes its buildout. The community is trying to attract a grocery store, several nonchain restaurants, retail stores, and a 50-room hotel. While the developer has spoken with several gourmet grocers, a cooperative grocery store is now desired.

Southern Village's office buildings, currently 100 percent leased, are structured to accommodate first-floor retail, although there currently are only a few users, including a dry cleaners and a copy center. The community also has tried to attract office-associated retail users for the existing office buildings.

Bryan Propertirs, Inc., donated land to both the town school board and the Methodist church for the development of the Mary Scroggs Elementary School and the United Methodist church. Both transactions proved to be win-win situations, as it is often financially difficult for schools and religious institutions to obtain developable land and the presence of an elementary school and a church on site is desirable for any community development. The church located adjacent to the park-and-ride lot, allowing for effective shared parking given the two uses' opposite peak times.

FINANCING

The developer relied on financing from a local bank obtaining a line of credit as well as limited partnership equity. Several elements of the site and type of development increased construction costs for Southern Village, including the widely varying topography, as well as the site analysis and preliminary engineering that were required by the town and zoning approval process.

MARKETING AND OPERATIONS

Marketing Chapel Hill's first neotraditional community presented some initial challenges. For instance, in order to sell the first units, the developer had to market the concept of the community, as there was not yet a neighborhood to show, by educating potential buyers about the benefits of a neotraditional community. The developer of Southern

Village recognized that people were willing to pay a premium to live in older neighborhoods with neotraditional design elements. Individuals and families basically wanted new homes in old neighborhoods—like those built about 100 years ago. Because there were no neotraditional neighborhoods in North Carolina to serve as examples, the developer drew community character comparisons with several older neighborhoods with which potential buyers were familiar. The combination of an established community feel and homes with modern floor plans and conveniences proved appealing, and the developer's initial assumptions proved correct—neotraditional communities can establish and achieve premiums in residential sales.

As is typical of many new developments—particularly a type of development not familiar to potential buyers—Southern Village's residential sales began relatively slowly, but they increased when the first neighborhoods and street networks were completed—when people could actually see and walk through parts of the community. So far, the following numbers of housing types have been sold: 405 of the existing and planned 515 single-family homes; 115 of 140 townhomes; and 150 of 200 condominiums. Southern Village averaged 55 to 65 units in sales annually during the first two years, and over the last two years, sales have averaged 200 units annually. Because of significant appreciation in lot prices, original buyers have benefited.

EXPERIENCE GAINED

- Close coordination between the municipality and the developer increases the quality of the process and, ultimately, the development itself.
- A regulatory framework is critical to the development of mixed-use neotraditional projects. Localities should review ordinances and regulations to ensure that they will facilitate—or at least not hinder—desired development patterns.
- People are receptive to the concept of neotraditional developments. Through effective marketing and the development of more successful projects, the lifestyle benefits of neotraditional developments over those of conventional subdivisions can be clarified.
- While negotiation and compromise between the public and the developer are important, critical components of a neotraditional development (e.g. narrow streets) should be protected.
- Mixed-use developments should be phased strategically in order to create accurate expectations of the built-out community for potential homebuyers.
- Public/private partnerships can work (e.g., Mary Scroggs Elementary School), creating a win-win situation for the involved parties.

PROJECT DATA**LAND USE INFORMATION**

Site area: 312 acres/126 hectares

GROSS BUILDING AREA

Use	Existing area (square feet/ square meters)	Planned area (square feet/ square meters)	Total (square feet/ square meters)
Office	65,000/6,039	50,000/4,645	115,000/10,684
Retail	15,000/1,394	25,000/2,323	40,000/3,717
Restaurant	2,000/186	15,000/1,394	17,000/1,580
Hotel	0	30,000/2,787	30,000/2,787
Residential	1,300,000/120,770	500,000/46,450	1,800,000/167,220
School	90,000/8,361	0	90,000/8,361
Church	20,000/1,858	5,000 (addition)/465	25,000/2,323
Daycare	6,000/557	0	6,000/557
Total	1,498,000/139,165	625,000/58,064	2,123,000/197,229

LAND USE PLAN

Use	Acres/hectares	Percent of site
Buildings	78/32	25
Streets/surface parking	78/32	25
Landscaping/open space	156/63	50
Total	312/126	100

RESIDENTIAL UNIT INFORMATION

Unit type	Floor area (square feet/ square meters)	Number of units sold/leased	Range of initial sale/rental prices
Apartment	800-1,225/74-114	250	\$865-1,375/month
Condominium	800-1,400/74-130	150	\$77,900-175,000
Townhome	1,100-2,320/102-216	115	\$155,000-290,000
Single-family	1,600-4,000/149-372	405	\$195,000-700,000

RETAIL INFORMATION

Tenant classification	Number of stores	Total GLA (square feet/ square meters)
General merchandise	1	3,000/279 (planned)
Food service	1	5,000/465 (planned)
Cinema	1	10,000/929 (4 screens)
Financial	1	2,000/186
Total	4	20,000/1,859

Percent of GLA occupied: 100 percent

Annual rents: Approximately \$15.00-22.00 per square foot, \$1.39-2.04 per square meter

Average annual sales: Unknown

Average length of lease: One to five years

DEVELOPMENT COST INFORMATION

Site acquisition cost: \$3,500,000

Site improvement costs: \$25,000,000

Total development costs (at time of completion): \$35,000,000

DEVELOPMENT SCHEDULE

Site purchased: December 1992

Planning started: December 1992

Construction started: March 1994

Sales/leasing started: August 1994

Phase I completed: August 1994

Project completed: December 2001 (projected)

DIRECTIONS

From Raleigh-Durham International Airport: Take I-40 west to Durham/Chapel Hill. Exit at Highway 54 west (to Chapel Hill). Take 15-501/54 bypass south (to Pittsboro) and continue on 15-501 south to Pittsboro. Go approximately one-half mile south on 15-501 and turn right into Arlen Park Drive.

Driving time: 20 minutes in nonpeak traffic.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI-the Urban Land Institute.

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Richard G. Averitt

Southern Village is a mixed-use, neotraditional development located south of downtown Chapel Hill and the University of North Carolina. The project includes both rental and for-sale housing, retail and office uses, entertainment, a daycare center, an elementary school, and substantial open spaces.



Front porches and the close proximity of houses to the street are integral features of neotraditional developments.



Southern Village includes 115 townhomes, representing diverse styles and building materials.



The Mary Scroggs Elementary School, opened in the fall of 1999, reflects Southern Village's neighborhood character with its two-story structure and all-brick facade.



Richard G. Averitt

The Lumina Theatre is located within the village center and provides entertainment for community residents.



The village center includes a mix of uses, including shops and offices, the Mary Scroggs Elementary School, a movie theater, a daycare center, and a church.



The site plan for Southern Village demonstrates its neotraditional features, including interconnected streets, a village center, and integrated open space.