



August 29, 2007

RE: New Development Guidelines within the City of Charlotte

To the Charlotte City Council via Email:

We have co-authored this letter as the current President and immediate past President of the Charlotte Chapter of the National Association of Industrial and Office Properties (NAIOP), as well as from the perspective of being office and industrial partners at Childress Klein and Beacon Partners, respectively. Our purpose in sending this letter is to convey the high level of concern expressed to us by members of Charlotte's commercial real estate development community relative to the aggregate costs the initiatives outlined below could impose on this group, and the adverse affects these costs could have on future development in the City of Charlotte.

If approved and implemented, the regulatory changes outlined below will hit the real estate industry *en masse* and concurrently. The consequence of simultaneous implementation of these changes will be a complex layering of regulations that will confuse private designers and city planners alike. Further, the cost implications – from an environmental, economic development and dollars & cents viewpoint – of the aggregated regulations has not been fully investigated and debated by those seeking to push them through.

1. Post Construction Storm Water Ordinance (“PCSWO”): The Federal and State governments (“**F&S**”) have passed NPDES Phase II legislation requiring that all municipalities adopt a new minimum guideline for the treatment of Storm Water runoff. In addition to addressing the F&S requirements, Charlotte has elected to tackle three additional issues that are not required by the Phase II NPDES: 1) Fish & Wildlife concerns related to sewer permits in SE Mecklenburg County, 2) Water Quality issues (particularly fecal coliform, which is caused primarily by sewer spills, house pets and goose feces), and 3) additional detention measures to control flooding. These three additional issues are not being concurrently addressed by many surrounding counties which compete with Mecklenburg for jobs and capital investment.
2. Urban Street Design Guidelines (“USDG”): The USDG is coming to a vote at the same time as the PCSWO. We understand that the USDG require more sidewalks, more streets, more curb and gutter (*i.e.*, more storm water volume and velocity). While the USDG may be a good idea from a transit/connectivity standpoint, it conflicts in many respects with the PCSWO's intent to control the volume and velocity of storm water. The City Council needs to understand and resolve those conflicts prior to a vote.

3. Community Floodplain: Concurrent with the PCSWO, the community floodplain would re-construct the existing FEMA floodplains to allow for better drainage after storms. We feel that it would be logical to address the detention measures currently proposed in the PCSWO regulations (see paragraph 1 above) (specifically, additional detention measures to control flooding) as part of the Community Floodplain discussion, and not in connection with the PCSWO debate. Again, outlying communities that compete with the City of Charlotte for jobs and development are not requiring such measures.
4. Tree Save Ordinance: NAIOP learned in early August that a stakeholders' committee is meeting to discuss creating additional tree save areas beyond those currently in place, and on top of the open space requirements of the PCSWO. The net effect will be added costs, a significant loss of buildable area and, as a result, a potentially fatal decrease in project profitability.
5. 20% Pervious Concrete/Asphalt: Senator Marc Basnight was successful in slipping into this year's State budget a requirement that 20% of all impervious areas (*e.g.*, driveways, parking lots, truck courts) be constructed of "pervious concrete/asphalt." The purpose of such pervious materials is to allow water to penetrate the surface and drain through the subgrade. Although that may work in the Coastal regions of the State that Senator Basnight represents, in the Piedmont, water that penetrates a drive surface hits red clay, stops, compromises the subgrade, and in 2 or 3 years creates the need to replace the drive surface in its entirety. This imposes unmanageable requirements on real estate development, the effects of which are only beginning to come to the surface.

On behalf of NAIOP, we are asking that the City Council: 1) vote to implement PCSWO guidelines in accordance with the F&S guidelines, without the local modifications suggested by City Staff, 2) provide the community with an opportunity to respond to the cost analyses provided for USDG and PCSWO by City Staff prior to a vote on the USDG, and 3) take additional time to research and quantify the aggregate costs and detrimental impact that these new regulations collectively will have, such as i) decreased revenue streams and decreased property values resulting from decreases in buildable areas, ii) additional funds required to construct the improvements required by the proposed regulations, and iii) the value of the land that must be devoted to those improvements in lieu of homes or buildings. City Staff's incorporation of costs from the USDG into the PCSWO analysis has provided many new insights. We request that you give us time to further digest and build upon this information so that we can provide constructive feedback that will enable all interested parties to weigh the **benefits** of each policy individually against the resulting **cost**.

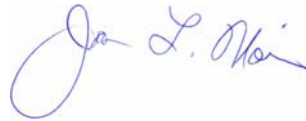
Although the study process has taken years in some cases, we at NAIOP believe that **additional time and resources must be spent to quantify the net aggregate effect to economic development, environmental concerns and dollar/cents costs**. When addressing such issues within the Charlotte Region, NAIOP endorses employing targeted initiatives to directly address each concern individually. We oppose instituting another layer of regulations with to-be-determined cost consequences.

Thank you for your time and consideration of the ideas set forth in this letter.

Respectfully Submitted,



Mr. Paul Devine
2007 NAIOP President
Office Partner, Childress Klein



Jon Morris
2006 NAIOP Past-President
Industrial Partner, Beacon Partners

CC: Mr. Brian Francis, Vice President of Manufacturing & Business Retention Charlotte Chamber, via email
Ms. Mary Thomsen, Executive Director of REBIC, via email
Ms. Theresa Salmen, Executive Director of NAIOP and CRCBR Executive VP, via email
Charlotte Region Commercial Board of REALTORS[®], Board of Directors
National Association of Office and Industrial Properties, Charlotte Chapter, Board of Directors