



Item Overview

Public Hearing– 02/20/2017
Agenda # 2

Subject: Open the Public Hearing: Land Use Management Ordinance Text Amendment to Establish a New Innovative, Light Industrial Conditional Zoning District (LI-CZD) and Land Use Plan Amendment to Include an Innovative, Light Industrial Opportunity Area Designation.

Staff:

Ben Hitchings, Director of Planning and Development Services
Gene Poveromo, Current Development Manager
Jay Heikes, Planner II

Office:

Planning and Sustainability

Overview: [On June 27, 2016¹](#), the Town Council authorized the Town Manager to initiate a Land Use Management Ordinance Text Amendment to establish a new zoning classification in order to encourage the creation of new creative jobs that are a good fit for the community consistent with the Town’s adopted Commercial Development Strategy. We propose two separate actions to achieve this goal: 1) a text amendment and 2) a Land Use Plan Amendment. Enactment of the proposed text amendment establishes a new LI-CZD zoning classification, standards, and review process consistent with the Council’s identified interests. Adoption of the proposed Land Use Plan amendment designates the Millhouse Road area as the only area that is eligible for rezoning to the new LI-CZD zoning classification. These two proposed actions would not rezone property; instead, they would give individual property owners within the designated Millhouse Road area the opportunity to submit a rezoning application for Council review and action.



Recommendations

That the Council open the public hearing, receive comments, and recess the public hearing to the March 20, 2017 Business Meeting.

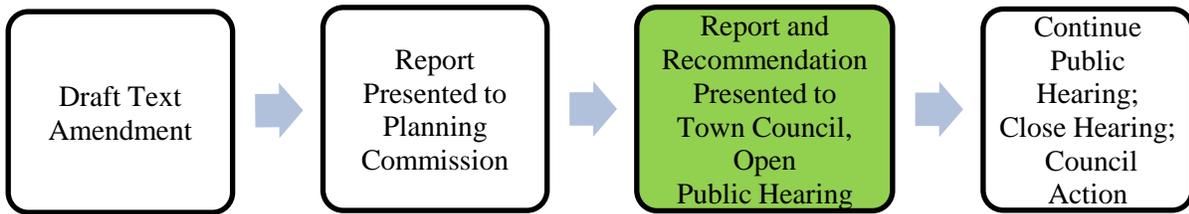
Decision Points

- Do the proposed Land Use Categories match the Council’s interest?
- Are the correct parcels included in the proposed Land Use Plan Amendment?
- Does the proposed Conditional Zoning District Rezoning process match the Council’s interest?
- Do the proposed Rezoning Plan definition and modification thresholds match the Council’s interest?

Fiscal Impact/Resources: A fiscal impact analysis of the proposed land use plan amendment is attached. If adopted, the estimated annual impact is revenue neutral to revenue positive and ranges between a lower estimate of \$15,000 and a higher estimate of \$25,000

¹ http://chapelhill.granicus.com/MetaViewer.php?view_id=7&clip_id=2805&meta_id=134067

Where is this item in its process?



Council Goals:

<input checked="" type="checkbox"/>		Create a Place for Everyone	<input type="checkbox"/>		Develop Good Places, New Spaces
<input checked="" type="checkbox"/>		Support Community Prosperity	<input type="checkbox"/>		Nurture Our Community
<input type="checkbox"/>		Facilitate Getting Around	<input checked="" type="checkbox"/>		Grow Town and Gown Collaboration



Attachments:

- Draft Staff Presentation
- Manager’s Memorandum
- Staff Memorandum
- Resolution A – Consistency with the Comprehensive Plan
- Ordinance A – Enacts the Text Amendment
- Resolution B – Denies the Text Amendment
- Resolution C – Amends the Land Use Plan
- Land Use Plan Amendment Map
- Ordinance Summary
- Technical Report
- Approval Process Comparison
- Fiscal Impact Analysis
- Planning Commission Recommendation



Manager's Report

Public Hearing– 02/20/2017

Overview: [On June 27, 2016¹](#), the Town Council authorized the Town Manager to initiate a Land Use Management Ordinance Text Amendment to establish a new zoning classification in order to encourage the creation of new creative jobs that are a good fit for the community consistent with the Town's adopted Commercial Development Strategy. We propose two separate actions to achieve this goal: 1) a text amendment and 2) a Land Use Plan Amendment. Enactment of the proposed text amendment establishes a new LI-CZD zoning classification, standards, and review process consistent with the Council's identified interests. Adoption of the proposed Land Use Plan amendment designates the Millhouse Road area as the only area that is eligible for rezoning to the new LI-CZD zoning classification. These two proposed actions would not rezone property; instead, they would give individual property owners within the designated Millhouse Road area the opportunity to submit a rezoning application for Council review and action.

The Land Use Management Ordinance requires a Manager's recommendation for a Text Amendment to the Land Use Management Ordinance



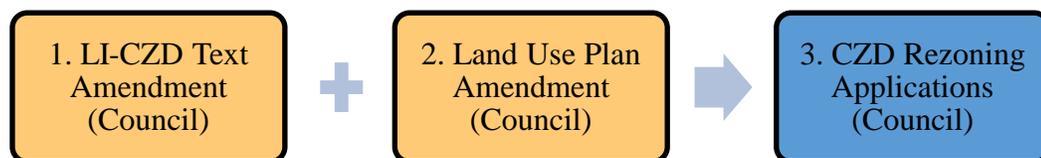
Manager's Recommendation:

That the Council open the public hearing, receive comments, and recess the public hearing to the March 20, 2017 Business Meeting.

New Approaches: We are asking the Council to consider three new approaches in order to attract innovative, light industrial uses to the Millhouse Road area consistent with the adopted Commercial Development Strategy. We are piloting each of these approaches to test and evaluate its effectiveness as a land use tool. The three approaches are as follows:

1. Text Amendment. This amendment would create a new zoning classification to specifically target, and encourage light industrial uses.
2. Land Use Plan Amendment. This amendment would identify a specific area of Town, the Millhouse Road area, as the only location in which this new zoning district may be located. See attached Land Use Plan amendment map for details.
3. Conditional Zoning District (CZD) Rezoning. This would be a new process for the Council to review and decide rezoning applications from individual property owners requesting to be rezoned to the new zoning classification.

Each approach involves an action that the Council would need to take to rezone a property. We are proposing that the Council evaluate actions one and two as a part of tonight's public hearing.



¹ http://chapelhill.granicus.com/MetaViewer.php?view_id=7&clip_id=2805&meta_id=134067

Staff Memorandum

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Overview: [On June 27, 2016¹](#), the Town Council authorized the Town Manager to initiate a Land Use Management Ordinance Text Amendment to establish a new zoning classification in order to encourage the creation of new creative jobs that are a good fit for the community consistent with the Town’s adopted Commercial Development Strategy. We propose two separate actions to achieve this goal: 1) a text amendment and 2) a Land Use Plan Amendment. Enactment of the proposed text amendment establishes a new LI-CZD zoning classification, standards, and review process consistent with the Council’s identified interests. Adoption of the proposed Land Use Plan amendment designates the Millhouse Road area as the only area that is eligible for rezoning to the new LI-CZD zoning classification. These two proposed actions would not rezone property; instead, they would give individual property owners within the designated Millhouse Road area the opportunity to submit a rezoning application for Council review and action.

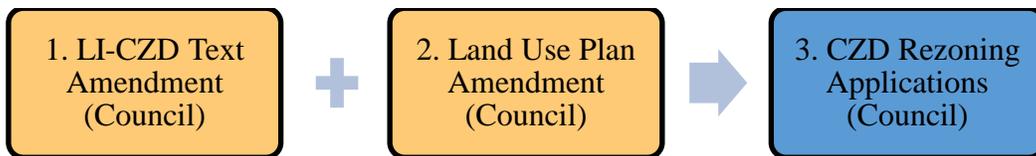


Recommendations:

- *Staff Recommendation:* That the Council open the public hearing, receive comments, and recess the public hearing to the March 20, 2017 Business Meeting.
- *Advisory Board/Commission Recommendations:*

Advisory Board/Commission	Recommendation	Notes/Edits
Planning Commission	✓	The Commission’s recommendation is attached.
Community Design Commission	The Land Use Management Ordinance does not require these Boards and Commissions to review or forward a recommendation on text amendments.	
Housing Advisory Board		
Environment & Sustainability Board		
Transportation & Connectivity Board		
Key: ✓: Approval recommended ✗: Denial recommended : Comments		

Introduction: Three Council actions are required to establish a LI-CZD on a piece of property:



Text Amendment and Land Use Plan Amendment: Planning staff is proposing the Council consider steps one and two, which would create a new zoning classification and designate the Millhouse Road area as an Innovative, Light Industrial Opportunity Area with a special “I” designation on the Land Use Plan, as shown on the next page. Only properties within this specifically designated area would be eligible for rezoning to the new Innovative, Light Industrial Conditional Zoning District (LI-CZD).

¹ http://chapelhill.granicus.com/MetaViewer.php?view_id=7&clip_id=2805&meta_id=134067

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Conditional Zoning District (CZD) rezoning: If the Council completes actions one and two, individual property owners within the designated Millhouse Road Innovative, Light Industrial Opportunity Area would have the opportunity to initiate a third Council action by submitting a CZD rezoning application for Council review and decision at a Public Hearing. The proposed LI-CZD text amendment creates a new streamlined, transparent process for the Council to evaluate the key considerations of the rezoning application. If approved, this third action by the Council would result in an individual property being rezoned to LI-CZD.

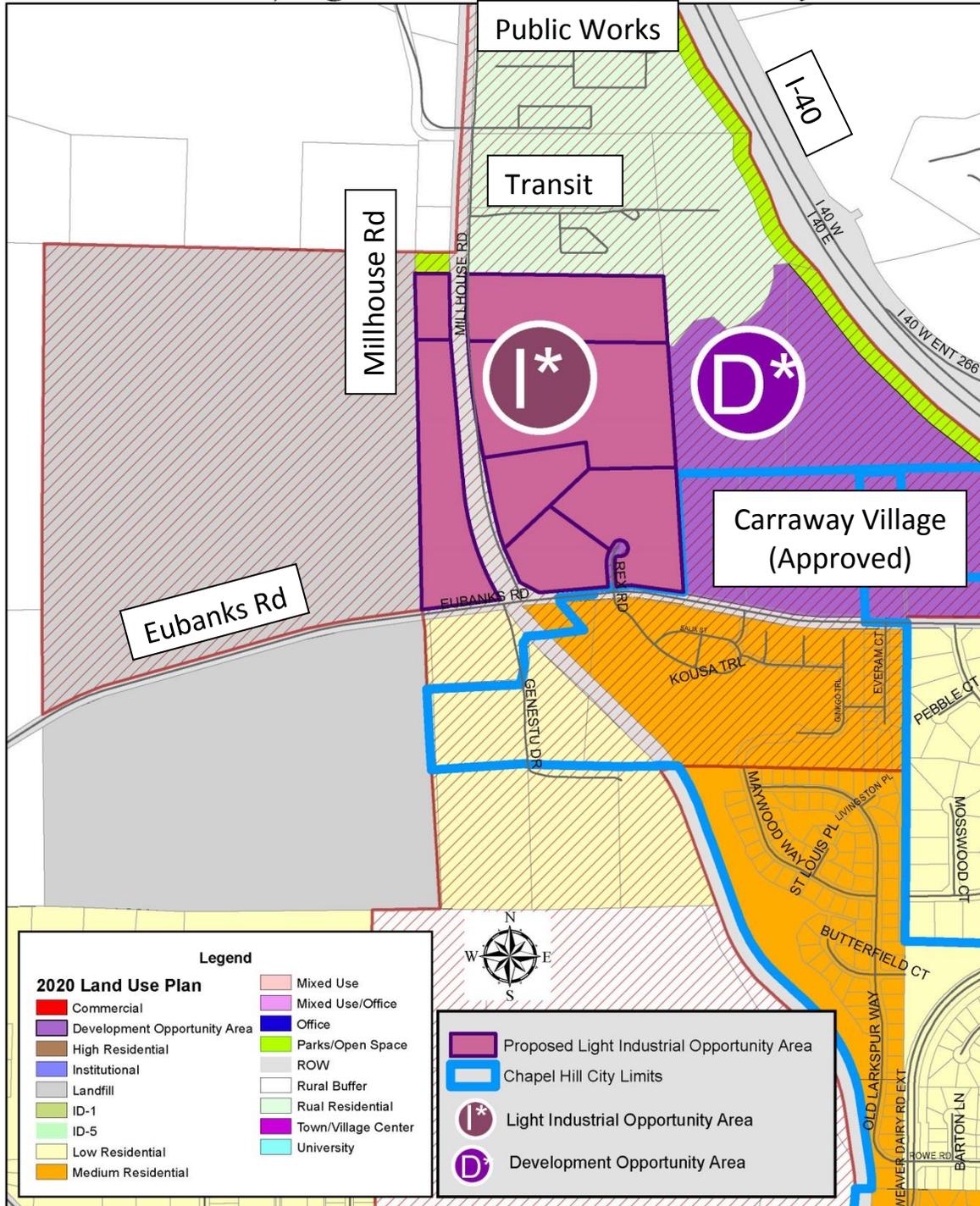
Effects: We believe that these actions will enable and encourage property owners to develop projects that will support innovative, light industrial uses and provide places for businesses, which currently may be unable to do so, to grow and relocate in Chapel Hill. A fiscal impact analysis, completed by the Chapel Hill Business Management Department, indicates that the Millhouse Road area, if partly built out this type of development, would have an annual revenue neutral to revenue positive impact to the Town of \$15,000 to \$25,000 once costs of providing services are deducted. Refer to the attached fiscal impact analysis for detailed information. Finally, the proposed the text amendment, Land Use Plan amendment, and CZD rezoning process represent opportunities to pilot and evaluate new approaches to land use regulation and development review in Chapel Hill.

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Proposed Land Use Plan Amendment: Innovative, Light Industrial Opportunity Area



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Background: The Council Economic Sustainability Committee initially identified the Millhouse Road area for the creation of new creative jobs that are a good fit for the community consistent with the Town’s adopted Commercial Development Strategy. A goal of this strategy is to increase the amount office, retail, and innovative, light industrial uses resulting in additional services, jobs, and non-residential property tax base. The strategy identifies a goal of creating 500,000 square feet of innovative, light industrial uses such as advanced or creative light manufacturing, light food processing activities, flex space, and research activities in the Millhouse Road area. Many of these uses are either not allowable or impractical to build elsewhere in Town because of existing regulations and review procedures. As a result, many businesses are unable to grow or locate in Chapel Hill because the types of space they need are not available.

Text Amendment Overview: The proposed text amendment is based on the goals of the Commercial Development Strategy, research on best practices from other municipalities, and feedback from the public and property owners in the Millhouse Road area. The proposed amendment sets a balance between streamlining process and regulations to allow property owners to develop innovative, light industrial uses while ensuring that these projects fit into their surroundings and mitigate their impacts. The following is an overview of the attached Ordinance A. Refer to the Ordinance Summary and Technical Report for additional information.

Purpose Statement: The purpose statement of the LI-CZD in section 4 of the ordinance specifies the goals of creating jobs and providing spaces for creative and innovative businesses to grow and relocate. It specifies that a property owner may only request rezoning to LI-CZD in the area designated on the Land Use Plan. It also specifies that the district should be applied to areas that are within the Town limits to encourage annexation to help grow the tax base.

Special Zoning District Standards: Unless noted otherwise in section 4 of the ordinance, all existing development and design standards of the Land Use Management Ordinance and Town Code would apply including elements such as steep slopes protection, erosion and sediment control, resource conservation district, tree canopy coverage requirement, and lighting. Section 4 of the ordinance strengthens some standards such as stormwater and relaxes others such as landscape buffers adjoining non-residential uses.

Land Use Matrix: Sections 5-7 of the ordinance establish uses that are allowable by-right after Council approval of a rezoning to a LI-CZD as well as other categories of uses that either are allowed under certain conditions or are not allowed. Refer to the Technical Report for additional information.

Dimensional Matrix: Section 8 of the ordinance sets the minimum lot size, setbacks, height, floor area ratio and impervious surface coverage limit for the LI-CZD. The maximum height is set at 90 feet, which is the same limit as the existing zoning in this area. There is no set floor area ratio proposed; instead, the impervious limit of 70% of the lot size, environmental constraints, the height limit, and parking constraints would limit

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maximum density on a site-by-site basis as a part of the Council approval of a CZD rezoning.

Conditional Zoning District (CZD) Rezoning: Section 13 of the ordinance establishes a streamlined, transparent conditional rezoning process that would ensure that rezoning applications and new uses are carefully evaluated and ensure that properties proposed for this use could be annexed into the Town limits. The process provides for a Council decision on key high-level considerations of the rezoning approval such as its intensity, impacts on surrounding properties, and conformity with the comprehensive plan and its various adopted elements. Once a rezoning is approved, the property owner would then be able to submit a detailed final plans application that would be reviewed by staff for compliance with the technical development standards of the Land Use Management Ordinance as well as compliance with the rezoning plan and conditions approved by the Council. Refer to the Technical Report and Approval Process Comparison for additional details.

Light Industrial Uses: Sections 18-19 of the ordinance modify existing use definitions and establish new ones. Light Industrial uses are limited by a requirement that prohibits external effects such as noise, vibrations, or smoke from the activities related to the use from being detectable on the property line. We note that many light industrial users require special permitting from OWASA subject to the Sewer Use Ordinance as well as applicable state and federal agencies with respect to discharges and emissions. Research activities involving the use of animals are also prohibited in the proposed LI-CZD text amendment.

Analysis of the Proposal: [Article 4.4 of the Land Use Management Ordinance](#)² (Appendix A of the Town Code) establishes the intent of Zoning Amendments (including both atlas and text amendments to the Ordinance) by stating that:

In order to establish and maintain sound, stable, and desirable development within the planning jurisdiction of the Town it is intended that this chapter shall not be amended except:

- a. to correct a manifest error in the chapter; or
- b. because of changed or changing conditions in a particular area or in the jurisdiction generally; or
- c. to achieve the purposes of the Comprehensive Plan.

Article 4.4 further indicates:

It is further intended that, if amended, this chapter be amended only as reasonably necessary to the promotion of the public health, safety, or general welfare, and in conformance with the Comprehensive Plan.

² chplan.us/LUMO4-4

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Following is a staff response to the three required considerations:

A) To correct a manifest error in the appendix:

Staff Comment: No arguments in support or in opposition submitted to date.

B) Because of changed or changing conditions in a particular area or in the jurisdiction generally:

Staff Comment: No arguments in support or in opposition submitted to date.

C) To achieve the purposes of the Comprehensive Plan

Staff Comment: We believe the following is an accurate summary of the information in the record thus far:

Argument in Support: Based on our preliminary review, we believe the Council could make the finding that the proposed text amendment complies with the Comprehensive Plan and achieves its purposes. Relevant goals and objectives in the Comprehensive Plan include, but are not limited to the following:

A Place for Everyone

- A creative place to live, work, and play because of Chapel Hill's arts and culture (Goal PFE.2)

Community Prosperity and Engagement

- Balance and sustain finances by increasing revenue and decreasing expenses (Goal CPE.1)
- Foster success of local businesses (CPE.2)

Good Places and New Spaces

- A community that welcomes and supports change and creativity (GPNS.6)

Town and Gown Collaboration

- Take full advantage of ideas and resources to create a thriving economy and incorporate and utilize the intellectual capital that the University and Town create (TGC.1)

Argument in Opposition: No arguments in opposition submitted to date.