



**ZONING AMENDMENT APPLICATION ANALYSIS:
137 E Franklin St Innovation Hub**

The following Technical Report provides a staff analysis of the Zoning Atlas Amendment application based on long-range planning considerations, identifying supporting factors and other considerations. The application would effect a change to the current zoning and permitted types and intensities of land uses.

PROPERTY ADDRESS 136 E Rosemary St & 137 E Franklin St	APPLICANT George Retschle, Ballentine Associates
CURRENT ZONING DISTRICT TC-1 and TC-2	PROPOSED ZONING DISTRICT TC-3-C
2020 LAND USE PLAN DESIGNATION Town/Village Center	2020 FUTURE FOCUS AREA Area 1 - Downtown

APPLICABLE SMALL AREA PLANS
Downtown Small Area Plan

SUMMARY OF ANALYSIS:

Supporting Factors

- The site is mostly built out with two existing buildings of significant size. The proposed rezoning brings the site into conformance with floor area limits while allowing a small building addition. The existing zoning that creates a nonconformity was applied after the buildings were constructed.
- The concurrent Special Use Permit process provides an opportunity to establish standards that address any impacts on surrounding properties.
- The proposed rezoning is consistent with the site’s Land Use designation as shown on the 2020 Land Use Plan.
- The 2020 Land Use Plan shows the site within the Downtown Focus Area which the Plan identifies as the historic center of Chapel Hill and a key area to promote economic development.
- Improving the site to allow more employment and activity supports the vision and objectives of the Downtown Small Area Plan.
- The site is adjacent to other properties with TC zoning, and can be considered within reasonable distance of other sites zoned TC-3, considering this district is only applied at select locations.
- The proposed rezoning would not result in any additional uses being permitted for the site.
- The development pattern of the surrounding area is a walkable activity center with a mixture of uses, including other office and commercial uses compatible with the site’s existing buildings.
- The site is located on a major arterial corridor (E Franklin St) with an adjacent bus stop served by at least 9 transit routes.
- The Mobility Plan proposes facilities that expand the downtown bicycle network, which could support more intense development. There is already a continuous sidewalk network in the surrounding area.
- There are no known sensitive environmental areas impacting the site.

Other Considerations

- The proposed rezoning would roughly double the development potential for the site in terms of building scale. However, nearly all of that additional development potential would apply toward bringing the existing buildings into conformance.
- On the north side of E Franklin St, properties to the east and west of the site are all zoned TC-1. Out of the three Town Center zoning districts, TC-1 has the lowest allowable height and floor area. This zoning district is used to protect the historic low-rise character of this portion of Downtown. If rezoned, the site would be the only exception to TC-1 zoning along this stretch.
- In the SUP application, the applicant contends that proposed open space would support objectives of the Downtown Small Area Plan. However, the site identified for the proposed open space is not part of the Special Use Permit site, and the open space falls outside the boundaries of the rezoning application.

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APPLICANT PROPOSAL

The applicant proposes applying the TC-3 district to the entire site (creating a uniform zoning district rather than split zoning) in order to bring the existing buildings into conformance with floor area limits imposed by Town regulations.

The applicant submitted a Special Use Permit application concurrently with the rezoning application. The Special Use Permit process may establish special development conditions, which could then be incorporated into the site's zoning entitlement through Conditional Use Zoning. To tie the conditions to the site, the zoning district designation would be TC-3-C. The -C suffix is not explicitly proposed by the applicant, but is assumed to be part of the rezoning proposal for purposes of analysis in this memo.

The **Town Center-3 Zoning District** is characterized by the following standards:

- **PURPOSE:** Section 3.3.1 of the Land Use Management Ordinance states that each of the Town Center districts "are intended to provide for the development of the commercial, service, and social center of Chapel Hill while maintaining its character, its pedestrian-oriented scale, and its nature as a concentration of business, administrative, financial, governmental, and support functions serving the community; and to encourage further residential development in the central area of Chapel Hill."
- **USES:** As established in LUMO Table 3.7-1, a wide variety of residential, commercial, institutional, and public uses are permitted. Office and business, the existing uses of the site, are permitted.
 - All three TC- districts specify the same permitted uses. Therefore there would be no change from the existing TC-1 and TC-2 zoning in terms of uses permitted.
 - The associated SUP application does not propose any new uses aside from the existing office, commercial, and restaurant uses.
- **DIMENSIONAL STANDARDS:** As established in LUMO Table 3.8-1, standards include no maximum for Residential Density, no minimum Lot Size, maximum Building Height of 44 (setback) to 120 (core) feet, no minimum Setbacks, and a maximum Floor Area Ratio of 4.00.
 - The existing TC-1 and TC-2 zoning districts also have no minimum Lot Size or Setbacks, and no maximum Residential Density. The Building Height limit at the setback line is the same; maximum core Height is 60 feet for TC-1 and 90 feet for TC-2. Maximum Floor Area Ratio for both districts is 1.97. The proposed rezoning would roughly double the development potential for the site in terms of building scale. The existing building has a larger floor area than what the existing zoning allows, which is the primary reason for the proposed rezoning.
 - The associated SUP application proposes a floor area increase for the existing buildings of 1000 sq ft, falling just below the maximum floor area that the TC-3 zoning district would allow for the site. The application proposes a modification to maximum Building Heights to accommodate the overall existing building envelope – 93 ft at the setback line and a 96 ft core height.
- **DESIGN AND DEVELOPMENT STANDARDS:** Other standards (including landscape buffers, parking ratios, etc) are established in LUMO Article 5 and are applicable to both the existing and proposed zoning districts. The associated SUP application provides an opportunity to establish certain development standards for the site that address potential impacts on surrounding properties, in support of a finding that the permitted development would maintain public health, safety and welfare.

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SITE CONTEXT

Staff has identified the following physical and regulatory characteristics of the land which are relevant to consideration of a Zoning Atlas Amendment:

- The site is located in Downtown Chapel Hill, the historic commercial center of the town, and is in proximity to UNC Campus.
- The site contains two existing attached buildings. The Franklin St building is 3 stories tall and the Rosemary St building is 7 stories tall. The total floor area of the site exceeds the amount allowed under existing zoning. The applicant's Statement of Justification notes that the buildings have been in operation for over 40 years, preceding the existing zoning.
- The TC-3 zoning district has been applied at various locations in Downtown, generally for the sites of major new development. The closest locations to the subject site are 140 West and Carolina Square.
- TC-1 is a district applied exclusively along the 100-300 blocks of E Franklin St., with a lower maximum height that is intended to maintain the historic low-rise character of this portion of Downtown Chapel Hill. Specifically for the 100 block of E Franklin St, all properties on the north side of the street are zoned TC-1 from Columbia St to Robertson Ln. If rezoned, 137 E Franklin would be the one exception not zoned TC-1 in that stretch.
- Properties to the east, west, and north of the site along E Rosemary St are zoned TC-2. Properties south of the site, across E Franklin St, are zoned TC-1, OI-3, and OI-4 (zoning district for UNC Campus).
- The surrounding area has been mostly developed, with a mixture of uses and a development character that are consistent with zoning, including the Town Center districts. Other office and commercial uses are located adjacent to the subject site.
- The site has frontage along Franklin St, which is one of the town's main arterial corridors. This segment in particular features a 'main street' character. There is a reasonably high amount of existing vehicular traffic along the corridor. At least 9 existing bus routes operate along this segment of E Franklin St, a mix of local and regional service. A major bus stop in close proximity to the site serves as a key transfer point for the bus network. The levels of existing transportation infrastructure suggest that the subject site is appropriate for more intense development.
- Staff is not aware of any environmental constraints affecting the site. Nearly all of the site land area is taken up by the existing building footprint. Improvements to the site could therefore take place with little or no land disturbance.

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CONSISTENCY WITH THE COMPREHENSIVE PLAN

North Carolina General Statute Section 160A-383 requires the Council to approve a statement describing whether its action is consistent with an adopted comprehensive plan and any other applicable officially adopted plan when adopting or rejecting any zoning amendment.

Staff provides the following evaluation of this application's consistency with the 2020 Comprehensive Plan and other plans adopted as its components:

- The intent of the TC-3 district is to support a concentration of many functions in the central area of Chapel Hill. This is consistent with the Town/Village Center designation of the site on the 2020 Land Use Plan. As suggested by the similar names, the Town Center zoning districts are a key tool for implementing the Town/Village Center Land Use designation.
- The site is located in the Downtown / Area 1 Future Focus Discussion Area. Chapel Hill 2020 identifies efforts to support a vibrant economy as a focus for Downtown. In addition, the Focus Area description notes that Franklin St is the center of Chapel Hill's historic downtown.
- The Mobility and Connectivity Plan shows future bike lanes along E Franklin St and this block of E Rosemary St in the long-term network. Existing buffered bike lanes are located close by on W Rosemary St. Both streets have continuous sidewalks on both sides. The associated SUP application proposes widened sidewalk and an enhanced mid-block crosswalk along the Rosemary St frontage. Improvements to the multimodal network and extension of existing facilities would support increased growth and development in the downtown area.
- The applicant's Statement of Justification outlines ways that the proposed development will support objectives of the Downtown Small Area Plan, including how zoning that enables greater building floor area will support Economic Vitality through more employment and activity. Overall, zoning that supports business attraction and retention would serve the Vision Statement of the Small Area Plan.
- When it comes to Small Area Plan objectives for Town Character/Land use, Infrastructure/Public Services, and Transportation, the associated SUP application proposes to accomplish these in part through the construction of a new public open space on Rosemary St. Staff notes that the location of this open space is outside of the subject site proposed for rezoning. It would comprise a portion of the Rosemary/Columbia parking lot. If Council is interested in including the public open space improvements as zoning conditions, staff recommends enlarging the boundaries of the conditional use district rezoning to encompass that portion of the parking lot.
- Finding #3 in the next section notes additional purposes of the 2020 Comprehensive Plan which may be achieved through this application.

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FINDINGS OF FACT

In order to establish and maintain sound, stable, and desirable development within the planning jurisdiction of the Town, it is intended that the Land Use Management Ordinance (as stated in Section 4.4) 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.

Staff provides below an evaluation of this application based on the three findings. Further information may be presented for the Council's consideration as part of the public hearing process. All information submitted at the public hearing will be included in the record of the hearing.

Finding #1: The proposed zoning amendment is necessary to correct a manifest error.

Arguments in Support	To date, no arguments in support have been submitted or identified by staff.
Arguments in Opposition	To date, no arguments in opposition have been submitted or identified by staff.

Staff Response: We believe, based on the information entered into the record to date, that there is no manifest error in the Town's Zoning Atlas Amendment related to the project site.

Finding #2: The proposed zoning amendment is necessary because of changed or changing conditions in a particular area or in the jurisdiction generally.

Arguments in Support	The applicant's Statement of Justification notes the zoning of the site as TC-1 and TC-2 is a condition that changed after the existing buildings were built. The proposed rezoning therefore addresses the non-conformance created by the prior zoning change.
Arguments in Opposition	To date, no arguments in opposition have been submitted or identified by staff.

Staff Response: We believe, based on the information entered into the record to date, that the Council could make the finding that the proposed zoning amendment is necessary because of changing conditions in the jurisdiction.

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Finding #3: The proposed zoning amendment is necessary to achieve the purposes of the comprehensive plan.

Arguments in Support	<p>The applicant’s Statement of Justification states that the proposed rezoning would contribute to achieving the following elements of the Comprehensive Plan:</p> <ul style="list-style-type: none"> • A creative place to live, work and play because of Chapel Hill’s arts and culture (<i>Goal: A Place for Everyone.2</i>) • Balance and sustain finances by increasing revenues and decreasing expenses (<i>Goal: Community Prosperity and Engagement.1</i>) • Foster success of local businesses (<i>Goal: Community Prosperity and Engagement.2</i>) • A connected community that links neighborhoods, businesses, and schools through the provision of greenways, sidewalks, bike facilities, and public transportation (<i>Goal: Getting Around.2</i>) • A vibrant, diverse, pedestrian-friendly, and accessible downtown with opportunities for growing office, retail, residential and cultural development and activity (<i>Goal: Good Places, New Spaces.2</i>) • A community that welcomes and supports change and creativity (<i>Goal: Good Places, New Spaces.6</i>) • Take full advantage of ideas and resources to create a thriving economy and incorporate the utilize the intellectual capital that the University and Town create (<i>Goal: Town and Gown Collaboration.1</i>)
Arguments in Opposition	<p>To date, no arguments in opposition have been submitted or identified by staff.</p>

Staff Response: We believe, based on the information entered into the record to date, that the Council could make the finding that the proposed zoning amendment is necessary to achieve the purposes of the Comprehensive Plan.