



**ZONING AMENDMENT APPLICATION ANALYSIS:
137 E. Franklin Street 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.

<p>PROPERTY ADDRESS 137 E. Franklin Street and 136 E. Rosemary Street</p>	<p>APPLICANT George Retschle, Ballentine Associates</p>
<p>CURRENT ZONING DISTRICT Town Center-1 (TC-1) and Town Center-2 (TC-2)</p>	<p>PROPOSED ZONING DISTRICT Town Center-3 (TC-3)</p>
<p>2020 LAND USE PLAN DESIGNATION Town/Village Center</p>	<p>2020 FUTURE FOCUS AREA Area 1 - Downtown</p>
<p>APPLICABLE SMALL AREA PLANS Downtown Small Area Plan</p>	
<p>SUMMARY OF ANALYSIS:</p> <p><u>Supporting Factors</u></p> <ul style="list-style-type: none"> • 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 1,000 sq. ft. addition. The existing zoning that creates a nonconformity was applied after the buildings were constructed. • 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 Town Center (TC) zoning, and can be considered within reasonable distance of other sites zoned Town Center-3 (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 Street) 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. <p><u>Other Considerations</u></p> <ul style="list-style-type: none"> • 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 Street, properties to the east and west of the site are all zoned Town Center-1 (TC-1). Out of the three Town Center zoning districts, Town Center-1 (TC-1) has the lowest allowable height. 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 Town Center-1 (TC-1) zoning along this stretch. 	

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APPLICANT PROPOSAL

The applicant proposes applying the Town Center-3 (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 proposal is for a general use rezoning, with no customized conditions attached to the site or to the development through a -C or -CZ zoning suffix. Any future development of the site would need to meet all regulations of LUMO along with other applicable codes and ordinances. While general use rezoning is not a common practice in Chapel Hill, this site is also unusual for being largely built out. The proposed rezoning would only minimally expand the site's development potential.

The **Town Center-3 (TC-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 Town Center (TC-) districts specify the same permitted uses. Therefore there would be no change from the existing Town Center-1 (TC-1) and Town Center-2 (TC-2) zoning in terms of uses permitted.
- **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 feet (setback) to 120 (core) feet, no minimum Setbacks, and a maximum Floor Area Ratio of 4.00.
 - The existing Town Center-1 (TC-1) and Town Center-2 (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 Town Center-1 (TC-1) and 90 feet for Town Center-2 (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 buildings have a larger floor area and greater height than what the existing zoning allows, which is the primary reason for the proposed rezoning. The gross land area of the site is 31,720 sq. ft. and the existing floor area is 125,600 sq. ft. The proposed rezoning would therefore only allow 1,280 sq. ft. of additional floor area for the site.
 - The height of the existing building at the setback line is greater than what the Town Center-3 (TC-3) district allows. The proposed rezoning would include a legal nonconformity. While it would be preferable to avoid nonconformities, the existing buildings are already in conflict with the height and floor area limits of the existing zoning. The proposed rezoning therefore reduces the overall degree of nonconformity.
- **DESIGN AND DEVELOPMENT STANDARDS:** Other standards are established in LUMO Article 5 and are applicable to both the existing and proposed zoning districts.

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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 Street building is three stories tall and the Rosemary Street building is seven stories tall. The total floor area of the site exceeds the amount allowed under existing zoning. The applicant's Statement of Justification (included in the attached Applicant Materials) notes that the buildings have been in operation for over 40 years, preceding the existing zoning.
- The Town Center-3 (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.
- Town Center-1 (TC-1) is a district applied exclusively along the 100-300 blocks of E. Franklin Street, 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 Street, all properties on the north side of the street are zoned Town Center-1 (TC-1) from Columbia Street to Henderson Street. If rezoned, 137 E. Franklin Street would be the one exception not zoned Town Center-1 (TC-1) in that stretch.
- Properties to the east, west, and north of the site along E. Rosemary Street are zoned Town Center-2 (TC-2). Properties south of the site, across E. Franklin Street, are zoned Town Center-1 (TC-1), Office/Institutional-3 (OI-3), and Office/Institutional-4 (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 Street, 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 nine existing bus routes operate along this segment of E. Franklin Street, 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 Town Center-3 (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 Street is the center of Chapel Hill's historic downtown.
- The Mobility and Connectivity Plan shows future bike lanes along E. Franklin Street and this block of E. Rosemary Street in the long-term network. Existing buffered bike lanes are located close by on W. Rosemary Street. Both streets have continuous sidewalks on both sides. Improvements to the multimodal network 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.
- 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 Town Center-1 (TC-1) and Town Center-2 (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	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 to achieve the purposes of the Comprehensive Plan.