

STAFF REPORT

TO: Planning & Economic Development Committee **DATE:** 1/26/16

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SUBJECT: Process for Reviewing Development Review Thresholds and Lodging Facilities in the Downtown Central Business District

Summary

A staff briefing that outlines a recommended process within the Central Business District (CBD) for reviewing the development thresholds for Level II and Level III projects, expanding the opportunity for conditional zoning and consideration of review of lodging facilities.

Background

At its December 8, 2015 meeting, the Asheville City Council directed staff to review development thresholds for Level II and Level III projects because there is concern that City Council is not reviewing projects that are having an impact on the downtown area. Council also expressed its preference to review larger CBD projects as conditional zonings which is the specified process for projects in the Traditional Downtown Core (see attached map). For large scale projects proposed in the CBD but located in areas outside of the core, these projects are currently review via the conditional use permit process. Council also directed staff to develop a way to review hotels (lodging facilities) in the downtown area so that there can be a way to mitigate potential community impacts, while allowing ex parte communication amongst Council members and the applicant.

Review and Analysis

A. Consideration of development review process changes for projects in the CBD and expansion of the conditional zoning review process

Until the adoption of Unified Development Ordinance (UDO) amendments concerning the CBD in 2010, the threshold for development review (outlined below) was identical among all zoning districts throughout the city's jurisdiction:

- Level I: Staff Review: 1,000 square feet (sf) to 34,999 sf; 1 - 19 residential units
- Level II: Technical Review Committee (TRC), Downtown Commission (DTC) and Planning and Zoning Commission (PZC): 35,000 sf to 100,000 sf; 20 - 50 residential units
- Level III: TRC, DTC, PZC and City Council: projects over 100,000 sf; projects over 50 residential units

With the development of the Downtown Master Plan through a public process beginning in 2008 and final adoption in 2009, many new development requirements were introduced to the CBD. Design related requirements and height caps were introduced where there were few design requirements and no height cap before. As a tradeoff for these new requirements, the development thresholds were expanded to broaden the scale of projects that would be considered Level II, while reserving for Council consideration the largest and tallest projects. The new requirements were meant to bring assurances for the development community who were complying with the new rules that their project proposal would be

evaluated for its compliance with development standards and would be insulated from the political process. The current development review process for new projects in the CBD is as follows:

- Level I: Staff Review: projects between 500 sf to 19,999 sf; the number of residential units was removed from the threshold criteria in the CBD with the update
- Level II: TRC, DTC and PZC: projects between 20,000 sf to 175,000 sf, and under the intermediate height zone (145 feet)
- Level III¹: TRC, DTC, PZC and City Council: projects larger than 175,000 sf, and buildings higher than the intermediate height zone (145 feet)

Note 1): Within the Level III threshold in the CBD, the UDO specifies that projects within the Traditional Downtown Core are *conditional zonings* while those outside the Traditional Downtown Core are *conditional use permits*.

The new development rules, the recovery of the economy and the growth in popularity of Asheville leveraged a number of new project proposals, especially within the past four years (see attached chart of projects by year, and map of downtown projects since 2010). Of the 20 projects proposed since 2010, a total of four projects were reviewed by City Council during this time. Only a single project has reached the current Level III development threshold and was approved on January 12, 2016: the One West Pack Square (BB&T building) proposal for the renovation of an existing building.

While a number of Level II projects reviewed in downtown were hotels (five since 2011) a considerable amount were residential projects (eight since 2011), providing about 665 dwelling units.

Staff is aware that Council is concerned with the number and scale of downtown projects that currently follow the Level II review process and are by ordinance outside of their consideration. As a related matter, Council has expressed a preference that all Level III projects throughout the CBD be reviewed following the conditional zoning process. The conditional zoning process allows Council to communicate with each other prior to the public hearing, and also allows Council members to communicate with the applicant in order to ask questions about the project and create an agreed upon list of conditions. This is done as a way to mitigate community impacts as they relate to the development proposal and the site plan.

Staff proposes the following process to review and develop a response to these issues:

- A. Engage the Downtown Commission and staff to hold a community meeting to discuss the issues of concern with downtown stakeholders and the community at large.
- B. Staff to hold a focus group meeting with property owners and developers to understand impacts on their development proposals.
- C. Staff to draft the wording amendments based on community feedback to be evaluated for compliance with the Comprehensive Plan and other adopted plans.
- D. Downtown Commission to review the wording amendments and provide a recommendation.
- E. Planning and Zoning Commission to consider the wording amendments following protocol for all amendments to the development code, including a public hearing.
- F. Staff to present the draft wording amendments to City Council for final consideration.

Following this process staff expects that Council would review proposed UDO amendments within approximately four months (May 2016).

B. Consideration to amend the review process for lodging facilities within the CBD

A hotel is encompassed under the more generic term of lodging facility in the UDO. Lodging facilities are allowed by right in many commercial districts throughout the city and the UDO does not specify that they be reviewed differently from other proposals but instead follow the appropriate protocol that is based on the size of the proposal as noted above.

Council has recently expressed concerns about the growth in the hospitality industry city-wide and they have directed staff to consider the process and appropriateness of lodging facilities for areas outside of the downtown area as a component of the Comprehensive Plan process. An update to the city's Comprehensive Plan will begin in the spring of 2016 and will last approximately 18 months.

For the downtown CBD, Council asked staff to review the development review process for lodging facilities and this effort is part of the Planning and Urban Design Department's current work plan. Staff proposes a community engagement process that can work in tandem with the review threshold process noted above with the following exception: hold a focus group meeting specifically with hotel developers to understand any impacts on their development proposals. The remainder of the process would dovetail with the efforts to review the development review thresholds in the CBD.

Bundling these amendments together, staff expects that Council would review proposed UDO amendments within approximately four months (May 2016).

Financial Impact/Resources

Staff anticipates that this work will be completed using current staff resources and therefore will not require additional capital outlay. Wording amendments are usually completed with staff from the Planning and Urban Design Department with consultation and support from Legal Department staff.

Recommendation

Staff recommends moving forward with the process outlined above for the consideration of three possible wording amendments concerning the Central Business District.

Attachments:

- (1) Downtown Design Review Map
- (2) Development Projects Summary (2010-2015)
- (3) Map of Downtown Projects (2010-2015)