

Memorandum

To: Planning Board
From: Molly Boyle, Planner II
Cc: Shannan Campbell, Planning & Economic Development Manager
Date: September 19, 2024
Subject: Staff analysis – Paliouras Tract Master Plan amendment



Property and Proposal Summary

Property/Proposal Summary – Paliouras Tract Master Plan Amendment	
Property Owner	Paliouras Enterprises, LLC
Applicant	Comet Development, LLC
Property Location	East of NC 86 S and south of I-85 interchange
Parcel ID Number	PIN 9873-79-0052 (portion of the Paliouras Tract, which is subject to a master plan approved in 2019)
Zoning Designation	Entranceway Special Use (ESU)
Future Land Use Designation	Retail Services
Applicant Request	Amend the Paliouras Tract Master Plan to allow multi-family residential on lots 1, 2, and 8 of the Paliouras Tract with a maximum of 260 apartment units, 30% of which would be affordable to those making 70% of the average median income (AMI).

Consistency with the Unified Development Ordinance (UDO) and Zoning Map

Staff reviewed the submittal at its Technical Review Committee (TRC) meeting in May 2024. Staff found that the application conformed with the application requirements in UDO. The UDO is available on the town’s website at <https://www.hillsboroughnc.gov/about-us/departments/community-services/planning/unified-development-ordinance>.

The applicant is proposing to amend the master plan associated with the property, but no changes to the Official Zoning Map are proposed. If the master plan amendment is approved, only the conditions of the master plan will change. The property will still be zoned Entranceway Special Use (ESU).

The Board of Commissioners can negotiate conditions for the master plan with the applicant pursuant to [NC GS § 160D-703 \(b\) Zoning districts – Conditional Districts](#). Both the Board of Commissioners and the applicant must agree to the conditions.

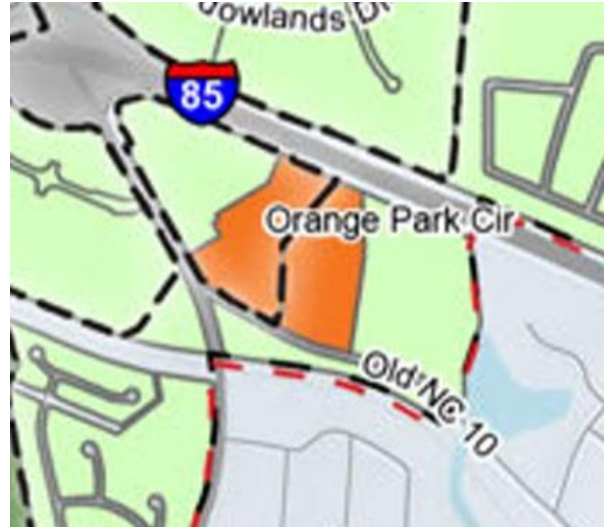
Consistency with Comprehensive Sustainability Plan/Future Land Use Plan

The North Carolina General Statutes and the UDO require that the Planning Board and Commissioners consider if this proposed amendment is consistent with the comprehensive plan/future land use plan.

Staff finds the proposal consistent in some ways but inconsistent in others. Figure 4.4 *Potential Growth Areas* (Comprehensive Sustainability Plan, page 4-23) identifies the project area as a “potential growth area,” as shown in the image below. The proposed amendment is consistent with this.

However, the Future Land Use Map/Plan designates this area as Retail Services. The Future Land Use Plan defines “Retail Services” as follows:

“Retail Services. These areas focus on retail and commercial uses. They should be located near residential and employment areas to provide good access to commerce and personal services. Retail areas can have a range of characteristics depending on their primary markets. The larger scale regional draws are more automobile-oriented and draw people from throughout the region. These areas should be located near interstate access, and they may include larger scale stores like “big boxes”, warehouse clubs, and large specialty retailers. Smaller, accessory uses can also locate in these areas to provide convenience shopping and include restaurants and smaller specialty retailers; often located on outparcels or in smaller shopping centers.



Excerpt from Figure 4.4 - Potential Growth Areas (potential growth areas shown in orange)

Zoning Districts: Adaptive Re-Use; Neighborhood Business; Neighborhood Business Special Use; Central Commercial; Central Commercial Special Use; General Commercial; High Intensity Commercial; Entranceway Special Use; Special Design Special Use”

The Retail Services designation focuses on retail and commercial uses, not residential. Staff finds the proposed master plan amendment to be inconsistent with the Future Land Use Map/Plan in this regard.

Note that the Board of Commissioners can determine that a zoning amendment is inconsistent (in full or in part) with its comprehensive plan/future land use plan and still approve the amendment. [NC GS § 160D-605 \(a\), Governing board statement – Plan Consistency](#) states, “if a zoning map amendment is adopted and the action was deemed inconsistent with the adopted plan, the zoning amendment has the effect of also amending any future land-use map in the approved plan, and no additional request or application for a plan amendment is required.” The Comprehensive Sustainability Plan is available online at <https://www.hillsboroughnc.gov/home/showpublisheddocument/572/638556087250230532>.

Residential Units – Approved but Not Constructed

The boards may also wish to consider the number of residential units “in the pipeline” (i.e., approved but not yet constructed). As of August 2024, Hillsborough has 877 residential units pending construction:

Residential Units Approved but Not Yet Built		
Project Name	Type of Units Approved	# of Units Approved
Collins Ridge Pod D	Apartments	326
Collins Ridge Phase 2	Townhomes	51
Collins Ridge Phase 2	Single-family	79
East Village at Meadowlands	Townhomes (Habitat)	75
Persimmon Phase 1	Townhomes (Rental)	30
Persimmon Phase 1	Apartments	316
Total		877

Utilities

The Utilities Department has indicated that, based on its calculations, a multifamily development at this site would use significantly more water and discharge significantly more sewer than a hotel. The town's current hydraulic sewer modeling does not account for a higher density use such as this. Also, the town is still working on a water system master plan. Utilities staff cannot identify deficiencies with and needed improvements to the water system until that plan is completed.

As such, the Utilities Department maintains that additional conditions to the master plan are necessary. Specifically, Utilities recommends requiring off-site improvements to address the additional sewer flow and multiple water connections. Failure to conduct off-site improvements to facilitate the proposed development could have direct impacts on the environment and the town's ability to serve the development as proposed.

Staff-Proposed Conditions of Approval

If the boards wish to grant the Master Plan amendment request, Planning and Utilities staff recommend the following conditions. The applicant may propose changes. The Board of Commissioners and the applicant would have to agree to any conditions imposed.

1. Thirty percent (30%) of the apartment units shall be affordable to those making 70% of the average median income (AMI).
2. A deed restriction shall be recorded reserving the affordable units for a period of ninety-nine (99) years and requiring annual certification with the town of the number of affordable units before a Zoning Compliance Permit will be issued for the first apartment building.
3. The developer shall modify the intersection if needed and install a painted crosswalk with high-visibility striping, pedestrian signal heads, and a flashing beacon at the intersection of NC 86 S and Paliouras Court/Hampton Point Boulevard as allowed and approved by the North Carolina Department of Transportation.
4. The developer agrees to accelerate payment of System Development Fees (SDFs) sooner than otherwise provided by state statute for the apartment development upon its Special Use Permit approval to provide better cash flow for downstream capital improvement projects that are needed and will benefit the project. SDFs shall be paid within sixty (60) days of Special Use Permit approval. The SDFs shall be calculated based on the unit bedroom counts, and construction drawing approval will not be issued until the appropriate SDFs are paid. SDFs shall be those in effect at the time of payment.
5. The developer shall contribute to the cost of upgrading the Town of Hillsborough sewer system to handle the additional flow generated by the proposed project. This contribution shall be made before the approval of the site plan for the apartments and will be used by the town to install upgraded facilities, monitoring equipment, and controls. The developer will update the Town's sewer model to include the proposed development. The updated model will generate modeling results that show a hydraulic grade line of the existing system and the existing system with all approved projects plus the proposed projects.
6. If the results indicate that sewer is flowing deeper than half full on an average day, or above the top of the pipe on a full day, the developer will upgrade the sewer outfall to ensure the pipe flows at half full and does not surcharge during peak events. The model will be updated to show the required improvements keep the hydraulic grade line at half full on an average day and within the pipe on a peak day. There will be no Town participation in the cost of hydraulic modeling, design, or construction of the improvements required by the modeling.