

Memorandum

To: Town Board of Commissioners
From: Molly Boyle, Planner II
Cc: Shannan Campbell, Planning & Economic Development Manager
Date: November 12, 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 area 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 the 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 Town Board can negotiate conditions for the master plan. Both the Town Board 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 Town Board 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 on

the next page. 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 Town Board can still approve the master plan amendment despite this inconsistency if so desired.

Residential Units – Approved but Not Constructed

The Town Board may also wish to consider the number of residential units “in the pipeline” (i.e., approved but not yet constructed). As of November 1, 2024, Hillsborough has 1,532 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
Waterstone South	Apartments	450
Waterstone South	Townhomes	205
Total		1,532

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, which are listed in the next section. 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.

Proposed Conditions of Approval

After the Planning Board meeting in September, staff and the applicant discussed and agreed to the conditions below. The Planning Board recommended approval of the proposal with these conditions on October 17, 2024, with one change: that the 10-year deed restriction be changed to 99 years.

The Town Board may propose changes to the conditions of approval. The applicant and the Town Board will need to mutually agree to any conditions imposed.

1. Thirty percent (30%) of the market rate apartment units shall be affordable to those earning 70% or less of the area median income (AMI) OR ten percent (10%) of the market rate units shall be affordable to those making 60% or less of the AMI. Median income shall be determined using data from the US Department of Housing and Urban Development for the geographic statistical areas in which Hillsborough is located.
2. A deed restriction shall be recorded that reserves the affordable units for a period of ten (10) years before a Zoning Compliance Permit will be issued for the first apartment building. The deed restriction shall require the developer, its successors, and/or assigns to certify to the town in writing during the month of July of each year that they comply with the affordability condition as of the date of the certification.
3. If allowed and approved by the North Carolina Department of Transportation, the developer shall modify the intersection of NC 86 S and Paliouras Court/Hampton Point Boulevard and install a painted crosswalk with high-visibility striping, pedestrian signal heads, and a flashing beacon.
4. A "Type A" land use buffer shall be required along the shared property lines with Parcel Identification Numbers 9873-69-8536 (2000 NC 86 S) and 9873-78-6516 (1400-UT Old NC 10). The developer may choose from the Type A buffer options in UDO Table 6.5.4.1, *Standards for Type A Buffers*.
5. To encourage walkability, the proposed development shall conform to UDO Section 6.17, *Sidewalks and Pedestrian Access*.
6. To provide better cash flow for downstream capital improvement projects that are necessary and will benefit the project, the developer agrees to accelerate payment of System Development Fees (SDFs) sooner than otherwise provided by state statute for the apartment development. The SDFs shall be paid within sixty (60) days of construction drawing approval for either the upgrade of the private pump station or for the multi-family development, whichever comes first. 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. This condition shall not impact any replacement of the force main under NC 86.
7. The developer shall contribute \$100,000 to cover the costs associated with the interim upgrade of the Elizabeth Brady Pump Station. This contribution shall be made before the approval of the construction drawings for the apartments and will be used by the town to install upgraded facilities, monitoring equipment, and controls. If the timing of the proposed development does not align with the town's Capital Improvement Plan, then the town may use the contributed funds for the design of the replacement pump station and associated force main in lieu of an interim upgrade.