

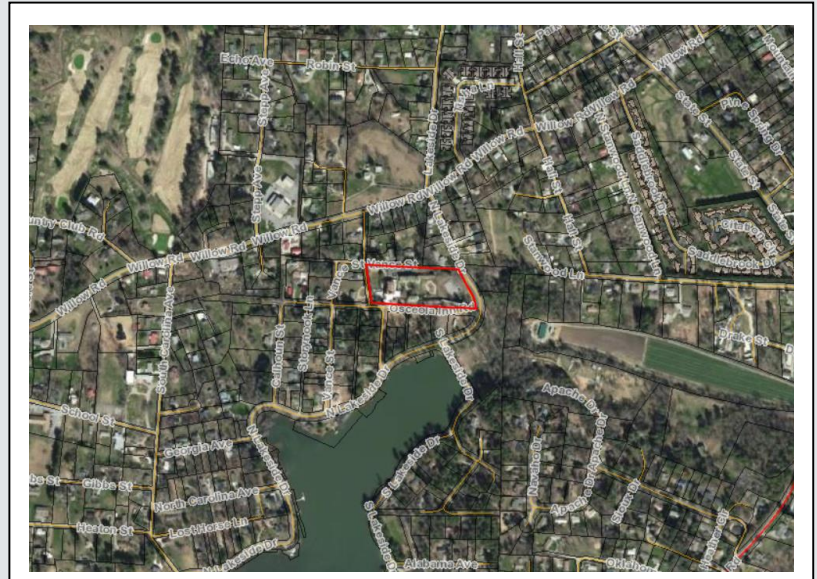
REZONING: CONDITIONAL REZONING – OSCEOLA INN ADAPTIVE REUSE  
(P23-70-CZD)  
CITY OF HENDERSONVILLE - COMMUNITY DEVELOPMENT STAFF REPORT

PROJECT SUMMARY ..... 2  
EXISTING ZONING & LAND USE ..... 3  
SITE IMAGES ..... 4  
SITE IMAGES ..... 5  
SITE IMAGES ..... 6  
FUTURE LAND USE ..... 8  
REZONING ANALYSIS – COMPREHENSIVE PLAN CONSISTENCY (ARTICLE 11-4) ..... 9  
ZONING CODE REFERENCES ..... 10  
REZONING ANALYSIS – GENERAL REZONING STANDARDS (ARTICLE 11-4) ..... 12  
DRAFT COMPREHENSIVE PLAN CONSISTENCY AND REZONING REASONABLENESS STATEMENT ..... 13  
STAFF SITE PLAN REVIEW – SUMMARY COMMENTS ..... 14



## PROJECT SUMMARY

- Project Name & Case #:
  - Osceola Inn Adaptive Reuse
  - P23-70-CZD
- Applicant & Property Owner:
  - Fiona McColley, BL Corp of NC [Applicant / Owner]
- Property Address:
  - 159 Osceola Road
- Project Acreage:
  - 3.75 Acres
- Parcel Identification (PIN):
  - 9568-31-5964
- Current Parcel Zoning:
  - R-15, Medium Density Residential
- Requested Zoning:
  - R-15 CZD, Medium Density Residential Conditional Zoning District
- Requested Uses:
  - Adaptive Reuse
    - 26 Multi-Family Units
    - 20 Room Hotel with Event Center and Cafe
- Future Land Use Designation:
  - Medium Intensity Neighborhood
- Proposed Future Land Use Designation
  - Neighborhood Activity Center
- Neighborhood Compatibility Meeting:
  - August 31, 2024
- Tree Board Meeting:
  - March 19, 2024



SITE VICINITY MAP

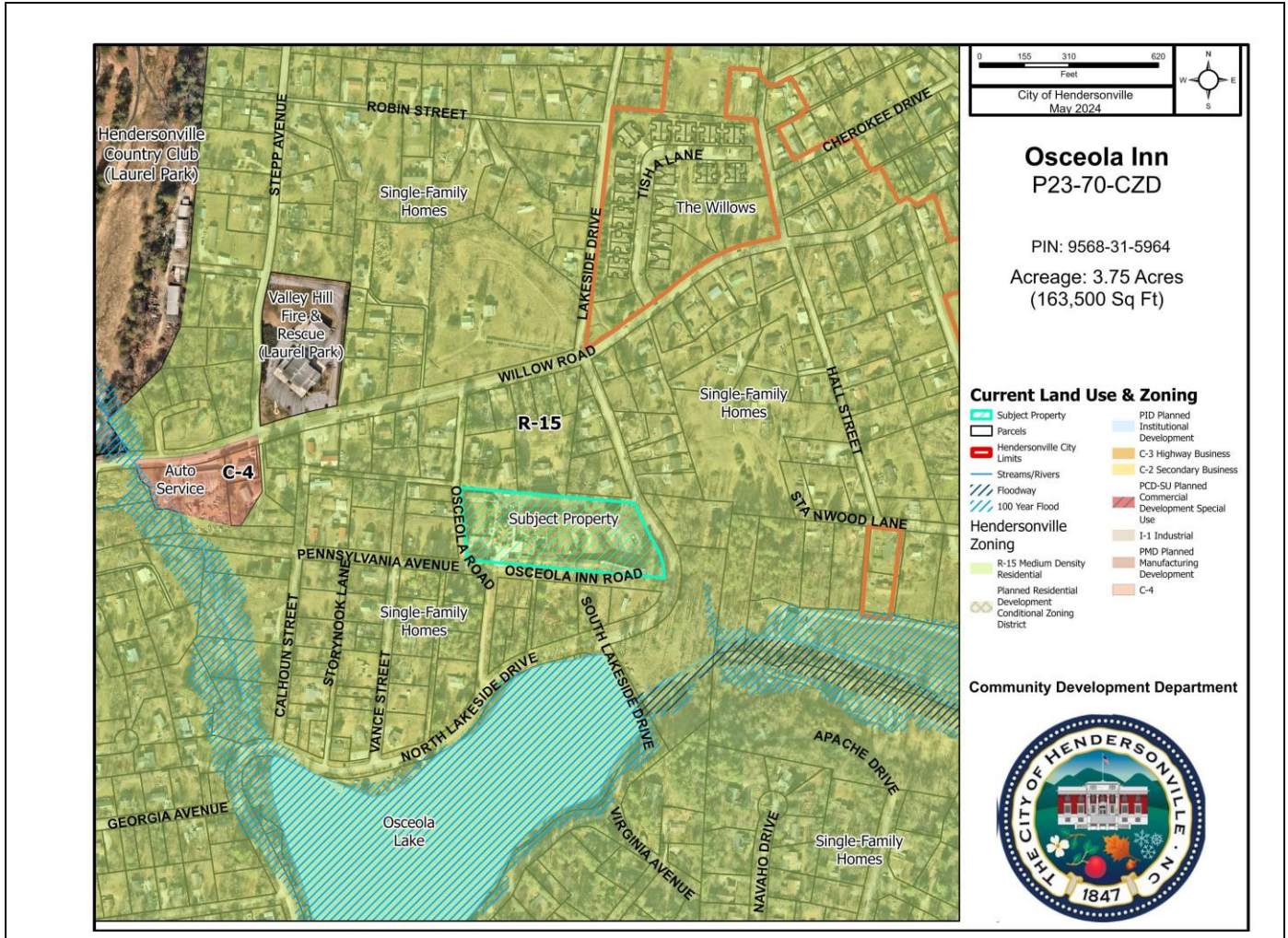
*The City of Hendersonville is in receipt of an application for a Conditional Zoning District from Fiona McColley of BL Corp of NC for the property located at 159 Osceola Rd (PIN: 9568-31-5964). The current zoning of the historic property is R-15 in the ETJ. The applicant is requesting to reuse the existing Osceola Inn for a 20-room hotel with conference/event space and café and 26-multi-family units. This is considered an ‘Adaptive Reuse’ which is permitted in the R-15 Conditional Zoning District (CZD).*

*The 3.75 Acre property and its associated structures would be rehabilitated. No new buildings are proposed to be constructed. The current site arrangement accommodates 42 parking spaces. The applicant will expand parking as needed (min. 53 spaces) up to the amount shown on the site plan (67 spaces). Tree credits will be used to meet landscaping requirements. The existing Bradford Pears on the property are proposed to be removed.*

*The Inn was originally constructed in 1909 and was utilized for its original purpose until the early 2000s. Most recently the historic structure served as Heartwood Refuge which was categorized as Religious Institution. The R-15 zoning was likely applied when the surrounding area was added to the City’s ETJ in 1996.*



EXISTING ZONING & LAND USE



City of Hendersonville Current Zoning & Land Use Map

The subject property is currently zoned R-15 in the City’s Extraterritorial Jurisdiction (ETJ). The property is located .1 miles from the City of Hendersonville corporate limits and .1 miles from the Valley Hill Fire Dept - a satellite parcel within the jurisdiction of Laurel Park.

The area around the subject property is dominated by R-15 zoning with one parcel on Willow Rd zoned C-4. Uses in the surrounding neighborhood are predominately single-family residential with some agriculture, recreation, small commercial and civic uses in the vicinity.

The floodplain of Tony’s Creek > Osceola Lake > Shepherd Creek is in proximity to the subject property. The subject property is sited on high ground above Osceola Lake. The historic inn, the lake and the lake’s dam are significant landmarks in the area.



SITE IMAGES



*View of principal building at subject property (facing northeast)*



*View of east side of principal structure from interior courtyard (facing west)*



SITE IMAGES



*Facing north. View of rear of south wing and some existing parking*



*Facing west. View of south wing in the foreground (left). North wing in background (right).*



SITE IMAGES



*View of fenced tennis court area. Up hill to the far left is location of filled-in swimming pool.*



*View of interior courtyard. Row of Bradford Pears to be removed.*





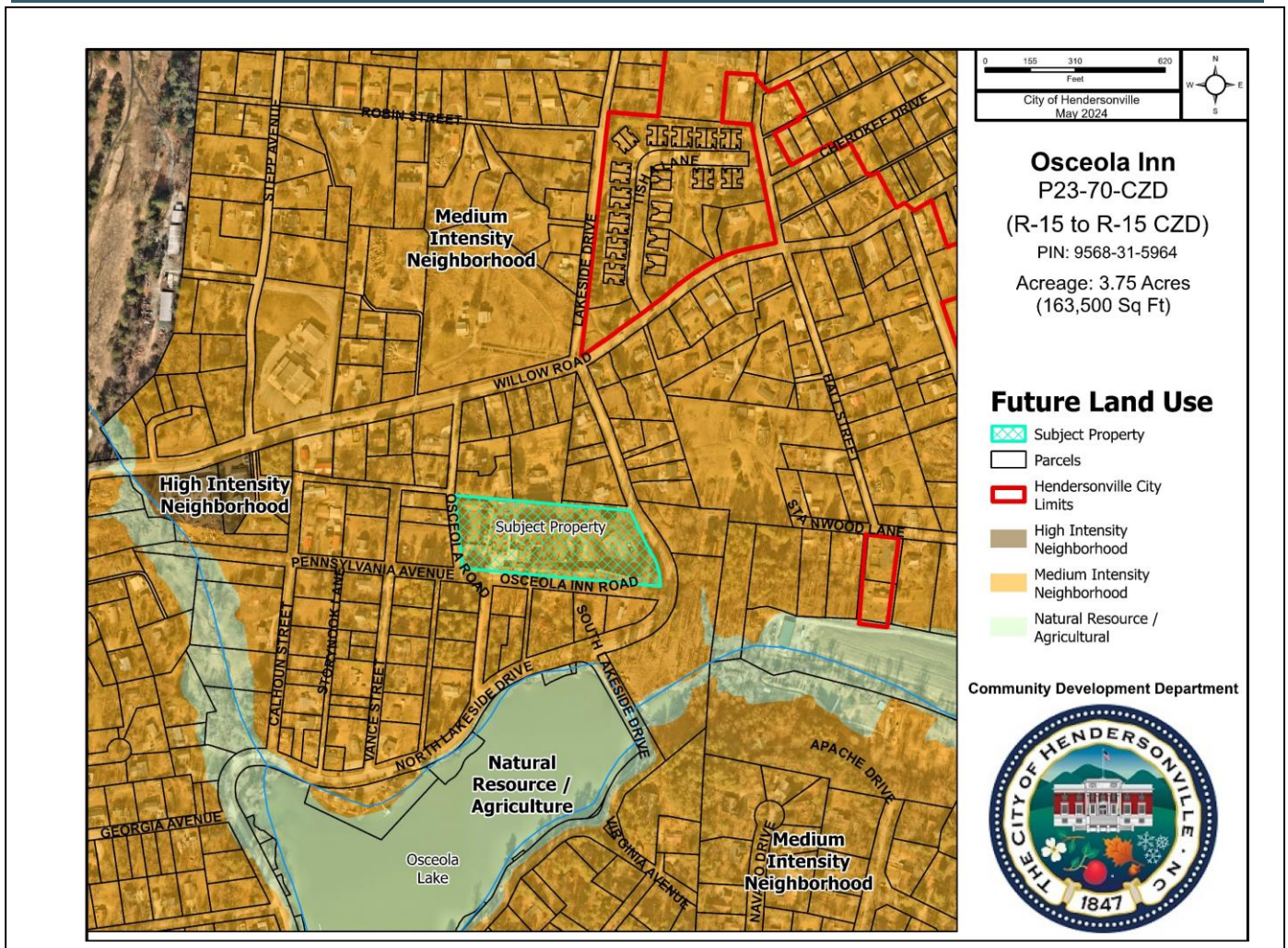
*View from subject property of N Lakeside Dr (foreground) and Johnson Farm located along Shepherd Creek downstream of Osceola Lake (background).*



*View of Osceola Lake from N. Lakeside Dr at Osceola Rd.*



FUTURE LAND USE



City of Hendersonville Future Land Use Map

*According to the City of Hendersonville’s 2030 Comprehensive Plan, the subject property is designated as Medium Intensity Neighborhood. Furthermore, the 2030 Future Land Use Map indicates that the sector of the City where the subject property is located has an overwhelming preponderance of Medium Intensity Neighborhood with only a few exceptions.*

*One exception is the designation of Natural Resource/Agriculture which follows the Osceola Lake, the creeks which feed it and discharge from it, and the Johnson Farm to the east of the subject property.*

*The other exception is a small area designated as High Intensity Neighborhood on Willow Rd.*



GENERAL REZONING STANDARDS: COMPREHENSIVE PLAN CONSISTENCY	
Future Land Use	<p>The subject property is designated as <i>Medium Intensity Neighborhood</i> on the <i>Future Land Use Map</i>.  <b>Goal LU-6. Medium-Intensity Neighborhood.</b> Provide a transition between High and Low-Intensity Neighborhood areas while providing a wide range of housing formats and price points. Promote walkable neighborhood design and compatible infill development in new neighborhoods and as a means of preserving and enhancing existing neighborhoods. [CONSISTENT]</p>
	<p>Strategy LU-6.2 Primary Land Uses:</p> <ul style="list-style-type: none"> <li>• Single Family attached and detached [INCONSISTENT]</li> <li>• Open Space [CONSISTENT]</li> </ul>
	<p>Strategy LU-6.3 Secondary Land Uses:</p> <ul style="list-style-type: none"> <li>• Limited multi-family residential along roadways designated as Boulevards or Major Throughfares on the Future Land Use Map [INCONSISTENT]</li> <li>• Planned Residential Developments [INCONSISTENT]</li> </ul>
	<p>Strategy LU-6.4 Development Guidelines:</p> <ul style="list-style-type: none"> <li>• 2 to 8 Units per gross acre [CONSISTENT - 7 Units/Acre proposed]</li> <li>• At least 60% Open Space [CONSISTENT - Currently over 60% Open Space]</li> <li>• Architectural guidelines to encourage compatibility when different housing types abut one another (e.g. similar building height, massing, roof pitch, and rhythm of windows and façade detailing) [CONSISTENT - binding site plan includes preservation of existing structure]</li> </ul>
Land Use & Development	<p>The property is designated as a “Preservation &amp; Enhancement” on the Growth Management Map (Map 8.3a). “Developed areas in which few significant changes are expected, or undeveloped areas that are not considered a high priority for growth. The City should respond to development or redevelopment in these areas by maintaining and enhancing existing neighborhood character and maintaining consistency with Comprehensive Plan goals and strategies.” [CONSISTENT]</p>
Population & Housing	<p>Strategy PH-1.1. Promote compatible infill development.</p>
	<p>Strategy PH-1.2. Strictly enforce the International Property Maintenance Code to maintain the desirability of all city neighborhoods and maintain homeowner confidence</p>
	<p>Strategy PH-1.3. Facilitate the modernization of smaller, outdated units while preserving neighborhood character in order to maintain the viability of older neighborhoods</p>
	<p>Strategy PH-2.3. Allow housing arrangements in existing and new neighborhoods that provide affordable and/or multigenerational housing alternatives in single-family neighborhood.</p>
	<p>Strategy PH-3.2. Encourage mixed land use patterns that place residents within walking distance of services.</p>
Natural & Environmental Resources	<p>No Goals, Strategies or Actions are directly applicable to this project.</p>
Cultural & Historic Resources	<p>Strategy CR-1.5. Encourage rehabilitation of historic properties that modernizes amenities and layouts without compromising historic integrity.</p>



Community Facilities	No Goals, Strategies or Actions are directly applicable to this project.
Water Resources	No Goals, Strategies or Actions are directly applicable to this project.
Transportation & Circulation	Strategy TC-1.1. - Encourage mixed-use, pedestrian-friendly development that reduces the need to drive between land uses.

ZONING CODE REFERENCES

Adaptive Reuse is defined in Article XII of the Zoning Code as: *the development of a new use for an older building or buildings.*

Article XVI - Supplementary Standards, provides the following:

**16-4-2 Adaptive reuses.**

This section is intended to allow a means for the development of new uses for a building originally designed for a different use. It is intended to have application in two particular areas. The first is for the reuse of a structure which has been used historically for a use permitted in the zoning district classification but for which there is no longer any reasonable demand for such previous use. Example of this first class include church buildings and schools. The second class involves situations in which structures have been devoted historically to a nonconforming use, the owner of the property no longer desires to devote the property to that use or the use has ceased, and there is no reasonable likelihood that the property will revert to a use permitted in the zoning district classification.

Adaptive reuses may only be authorized by means of a rezoning to a conditional zoning district processed through the conditional zoning district requirements of article VII, above. In addition to the standards set forth therein, adaptive reuses must also meet the following special requirements:

- a) The developer proposes the reuse of a structure or structures used historically for a use permitted in the zoning district classification but for which there is no longer any reasonable demand for such previous use, or the developer proposes the reuse of a structure or structures used historically as nonconforming use and there is no reasonable likelihood that the property will revert to a use permitted in the zoning district classification.
- b) The developer shall state the precise nature of the proposed adaptive reuse, which shall be compatible with neighboring residential uses. If a special use permit is granted for the adaptive reuse, future use of the property shall be limited to the specified use unless 1) the use is changed to another use permitted in the zoning classification or 2) a new adaptive reuse is approved.
- c) The adaptive reuse shall be housed in an existing structure or structures.



- d) Such structures may be modified or expanded so long as the gross floor area is not increased by more than ten percent and so long as the appearance of the modification is in harmony with the neighboring residential uses.
- e) Off-street parking meeting the requirements of section 6-5, above, shall be provided. Such off-street parking shall be screened so that it is not readily visible from the street or from adjoining residential uses.
- f) The adaptive reuse may have one sign not exceeding four square feet in area.
- g) The developer shall propose, install and maintain landscaping which will assist in giving it a residential appearance.
- h) The adaptive reuse shall provide open space which shall be not less than 60 percent of the total area of the development parcel.
- i) Lighting for the adaptive reuse shall be no more than is necessary for safe use of the facility, and shall be designed and installed so that it is directed away from the roadway and any adjacent properties.
- j) Traffic generated by the adaptive reuse shall not be expected to cause an inconvenience to residents of the neighborhood.
- k) The developer shall propose hours of operation for the adaptive reuse which are designed to be compatible with neighboring residential uses. Such hours of operation shall become a condition of the special use permit, violation of which shall be grounds for revocation of the permit.



<b>GENERAL REZONING STANDARDS</b>	
<b>Compatibility</b>	<b>Whether and the extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject property -</b>
	Detached single-family homes make up the predominate land use in the vicinity of the subject property. However, the surrounding single-family neighborhood was constructed between the 1930s-1970s, well after the Inn and Lake were established. The Inn has been an existing landmark that has been a defining feature of the area since before the surrounding neighborhood existed. Compatibility will be ensured through reinvestment and rehabilitation of this historic landmark.
<b>Changed Conditions</b>	<b>Whether and the extent to which there are changed conditions, trends or facts that require an amendment -</b>
	The structure is in great need of repair. Certain sections are in extreme disrepair. Attempts to sell the property have been unsuccessful. Reinvestment is needed to preserve the structure. Revenue generating land uses are needed to fund reinvestment.
<b>Public Interest</b>	<b>Whether and the extent to which the proposed amendment would result in a logical and orderly development pattern that benefits the surrounding neighborhood, is in the public interest and promotes public health, safety and general welfare -</b>
	As an historic structure with architectural significance, preservation of the Osceola Inn would help to maintain a cultural asset for the community. Additional small-scale units would provide needed housing. The hotel, and its associated event space and café, would also serve as an appropriately-scaled driver of economic development in this portion of the City's ETJ.
<b>Public Facilities</b>	<b>Whether and the extent to which adequate public facilities and services such as water supply, wastewater treatment, fire and police protection and transportation are available to support the proposed amendment</b>
	The site is served by City water and is proposed to connect to sewer service. If annexed, the subject property would be serviced by the City Fire Dept and will also be served by the City of Hendersonville Police. If not annexed, the subject property would be served by Valley Hill Fire Dept and the Henderson County Sherriff's Office. N Lakeside Dr and Osceola Rd as well as other streets in the area are NCDOT maintained roads. Other neighborhood streets, including Osceola Inn Rd, are privately maintained.
<b>Effect on Natural Environment</b>	<b>Whether and the extent to which the proposed amendment would result in significantly adverse impacts on the natural environment including but not limited to water, air, noise, storm water management, streams, vegetation, wetlands and wildlife -</b>
	The applicant proposes to remove 9 invasive Bradford Pear trees. The applicant has expressed interest in planting new native plants but has no formal plans. Landscaping requirements are satisfied through the use of Tree Credits. The application of Tree Credits will be finalized at Final Site Plan.

The petition is found to be **consistent** with the City of Hendersonville 2030 Comprehensive Plan, but **inconsistent** with the Future Land Use Designation, based on the information from the staff analysis and the public hearing, and because:

*The adaptive reuse of an historic structure aligns with strategies in the 2030 Comprehensive Plan including Strategy CR-1.5, however the Medium Intensity Neighborhood Future Land Use designation does not recommend any commercial uses or multi-family uses on local streets. As such, the designation of the subject parcel shall be amended to Neighborhood Activity Center where multi-family residential, pedestrian amenities (plazas, outdoor seating, etc.) and mixed uses are secondary recommended land uses.*

*DRAFT [Rationale for Approval]*

- *The proposed use satisfies the supplementary standards for ‘Adaptive Reuse’.*
- *The proposed use as a hotel aligns with the original use of the property.*
- *The historic structure and its use as an inn predate the surrounding single-family land uses.*
- *The scale of the proposed reuse will not negatively impact the surrounding neighborhood.*
- *The proposed rezoning will allow for preservation of the historic structure, into which reinvestment is greatly needed.*

*DRAFT [Rational for Denial]*

- *The proposed hotel and multi-family uses are incompatible with the surrounding single-family homes.*
- *The proposed use would generate excess traffic on local streets*



**PROPOSED REQUEST DETAILS**

- Site Plan Summary:
  - The site plan accompanying this petition contains the following provisions:
    - 3 - Independent principal structures
      - 1 - Historic Inn
      - 2 - Lodging Wings
    - 2 - Detached accessory structures (shed and proposed manager’s residence)
    - 2 - Gazebos
    - 1 - Fenced in area formerly used for tennis courts
    - 1 - Interior courtyard
    - 1 - Walking path where an in-ground swimming pool was filled in.
    - Parking:
      - 42 existing parking spaces
        - 36 paved and 6 unpaved
      - 24 proposed parking spaces to be created as needed.
        - Only 11 spaces needed to meet minimum parking requirements:
          - Required Parking - 53 Spaces:
          - 20 spaces for Hotel rooms (1 per guest room)
          - 7 spaces for Hotel Restaurant/Event/Conference Space (1 per 600 Sq Ft)
          - 26 spaces for multi-family units (1 per unit)
    - Open Space - 2.34 Acres (62.4%)
    - Landscaping: Required to bring site into compliance for portion of site where the use is intensifying (Hotel). The remainder of the site not associated with Hotel does not require compliance. There appear to be an excess number of Tree Credits available to cover required landscaping. The final determination of Tree Credits will be covered during Final Site Plan approval process.
      - Buffer:
        - Required
        - 10’ Type B Buffer
          - Type B Buffer = per 100 LF (4 Canopy Trees + 25 Evergreen Shrubs + 33 Flowering Shrubs)
        - Buffer 200’ of Vance St + Buffer 150’ of Osceola Inn Rd
        - No Buffer on Osceola Rd (front yards are exempt)
        - Total Required: 14 Trees, 87.5 Evergreen Shrubs, 115 Flowering Shrubs
        - Provided:
        - Tree Credits + Alternative Compliance to be finalized at Final Site Plan
    - Vehicular Use Area:
      - Required:
      - 1 Tree + 2 Shrubs per 4,000 Sq Ft
      - 23,000 Sq Ft of Area
      - Total Required: 6 Trees + 12 Shrubs

- Provided: Tree Credits to be finalized at Final Site Plan
    - Planting Strip
      - Required:
        - 1 tree + 5 shrubs per 40 linear feet
        - 200' of Osceola Rd
        - Total Required: 5 Trees + 25 shrubs
      - Provided:
        - Tree Credits to be finalized at Final Site Plan
    - Tree Removal: Applicant proposes to remove all Bradford Pears from the property.
  - Proposed Uses:
    - Hotel - 20 Guest Rooms + Conference/Event Space + Café
    - Multi-Family Residential - 26 - 1 + 2 Bedroom Units
  - Developer Proposed Conditions:
    - None

**OUTSTANDING ISSUES & PROPOSED CONDITIONS**

**COMMUNITY DEVELOPMENT**

**Site Plan Comments:**

The site plan accompanying this petition meets the standards established by the Zoning Ordinance for Adaptive Reuse (16-4-2) with the following exceptions:

- Some technical corrections/clarifications were provided to the applicant and were resolved or shall be resolved at Final Site Plan.

**Proposed City-Initiated Conditions:**

- None

**CITY ENGINEER**

**Site Plan Comments:**

- None

**Proposed City-Initiated Conditions:**

- None

**WATER / SEWER**

**Site Plan Comments:**

- No Utility Plan Provided

**Proposed City-Initiated Conditions:**

- None

**FIRE MARSHAL**

**Site Plan Comments:**



- None

**Proposed City-Initiated Conditions:**

- None

**STORMWATER ADMINISTRATOR**

**Site Plan Comments:**

- None

**Proposed City-Initiated Conditions:**

- None

**FLOODPLAIN ADMINISTRATOR**

**Site Plan Comments:**

- None

**Proposed City-Initiated Conditions:**

- None

**PUBLIC WORKS**

**Site Plan Comments:**

- None

**Proposed City-Initiated Conditions:**

- None

**NCDOT**

**Site Plan Comments:**

- North Lakeside Drive should be labeled as a State Route - Resolve at Final Site Plan
- Driveway permits will be required - Resolve at Final Site Plan

**Proposed City-Initiated Conditions:**

- None

**TRANSPORTATION CONSULTANT**

**Site Plan Comments:**

- None (the proposed use did not trigger a TIA)

**Proposed Condition:**

- None

**TREE BOARD**

**Site Plan Comments & Recommended Conditions:**

- Tree Board recommended approval of the Landscaping Plan which include the removal of 9 Bradford Pears
- The Tree Board made informal recommendations to replant trees on the approved planting list and to control/remove the invasive vines on the property and reestablish with trees, shrubs and herbaceous materials.