

Minutes

PLANNING BOARD

Regular meeting

6:30 p.m. June 26, 2025

Board Meeting Room of Town Hall Annex, 105 E. Corbin St.



Present: Chair Frank Casadonte, Vice Chair Hooper Schultz, and members Jeanette Benjey, Sherra Lawrence, and Christian Schmidt

Absent: Tiffney Marley and Robert Iglesias

Staff: Planner II Molly Boyle and Town Attorney Bob Hornik

1. Call to order and confirmation of quorum

Chair Frank Casadonte called the meeting to order at 6:30 p.m. Planner II Molly Boyle confirmed the presence of a quorum.

2. Agenda changes and approval

Approval of the agenda.

Motion: Vice Chair Hooper Schultz moved to approve the agenda as presented. Casadonte seconded.

Vote: 4-0. Motion passed.

3. Old business

A. Rezoning and development agreement requests for 1001 Corporate Drive (WP East Acquisitions LLC)

B. Text amendment to UDO Table 6.3.1, Dimensional Requirements – Residential (WP East Acquisitions LLC)

The board discussed items 3A and 3B together. Both requests were from WP East Acquisitions LLC, and both were associated with the same intended development, Altera apartments.

Boyle gave a summary of the requests, which were first heard at the joint public hearing on May 15, 2025. She explained that the applicant was requesting to rezone 11.1 acres at 1001 Corporate Drive from Office Institutional (OI) to Multi-Family (MF). She said the applicant's intent was to create a maximum of 333 apartment units on the property. The applicant had also proposed a text amendment to the maximum height and density requirements in the multi-family zoning districts. She said a development agreement was also proposed.

Regarding the text amendment, Boyle stated the applicant's version would affect fewer properties in town. Staff's version would allow more properties to use the affordable housing density bonus. Both versions of the text amendment stipulated that a development agreement would be required to receive the density bonus. Development agreements must be approved by the town board.

Casadonte asked if staff and the applicant had met since the public hearing. Boyle said they had corresponded via email. Casadonte noted that Engineering Services Manager Bryant Green was not present. Boyle stated

she had discussed with Green prior to the meeting, and he was satisfied with the proposed development agreement.

Schultz asked if any developers had used the existing affordable housing density bonus in the current Unified Development Ordinance. Boyle said no. Boyle explained financing plays a significant role in the ability to provide affordable housing. Developers providing 100% affordable units generally rely on Low-Income Housing Tax Credit (LIHTC) to fund their projects. However, only one project in the county can receive that funding each year. Projects in Chapel Hill usually receive that funding, so affordable housing projects are not being developed in Hillsborough. This is one reason town staff wants to make the affordable housing density bonus available to projects offering a smaller percentage of affordable units.

Member Christian Schmidt arrived at 6:37 p.m.

Member Jeanette Benjey asked for more information on density bonuses. Boyle explained that the density bonus allows a developer to build more units per acre if they make a certain percentage of units affordable.

Casadonte asked for confirmation regarding the term of affordability. He asked Shelby if the units would be permanently affordable. He also asked about the percentage of affordable units in the Wood Partners' development in Raleigh, which was discussed at the public hearing.

Wood Partners Managing Director Caitlin Shelby explained there are two different types of affordability: naturally occurring and income restricted. The Alta Town Center project in Raleigh was naturally occurring. It did not have specific income restrictions. Shelby said Wood Partners believes the Hillsborough project will similarly create naturally occurring affordable housing. However, they were still committing to income restrictions on 10% of the units: half at 80% of the Area Median Income (AMI) and the other half at 60% AMI. She said Wood Partners would be happy to set the affordability term for as long as legally allowed.

Casadonte asked if the affordable apartments would be distributed throughout the development. Shelby confirmed, stating there would be no difference between the affordable and market-rate units.

Schultz stated the Town of Chapel Hill requires a minimum of 15% affordable units for its density bonus. He asked if there was a particular reason Hillsborough staff recommended 10%. Boyle stated this was an applicant-initiated request and 10% was what was proposed by the applicant. The Planning Director found 10% acceptable, but that was the minimum to which she would agree.

Schultz stated he was generally supportive of the project. However, he said he wanted to make sure the ordinance would require an adequate percentage of affordable units. Boyle agreed, confirming that amending the Unified Development Ordinance does have the potential to impact other developments in the future.

Schmidt asked for more information about the differences between the applicant version of the text amendment and the staff version. Boyle said that the applicant's version was more restrictive and currently only four parcels in town would be eligible to use it. Three of those parcels were already developed as apartments. She said staff's version would allow more projects to use the density bonus, but a development agreement would still be required. So, there would still be oversight with the staff version, since the town board would have to approve a development agreement. Boyle pulled the applicant's version of the text amendment up on the screen and read through it with the board.

Schmidt discussed how it may be advantageous to assess affordable and workforce housing requirements on a project-by-project basis. For example, a larger project may offer a smaller percentage of affordable units. However, if the project proposes a significant number of total units, that could still result in a good number of new, affordable units for Hillsborough. He also suggested that the demand for workforce housing in Hillsborough may not be as significant as its need for affordable housing; he noted that realistically, there was a limit to the number of businesses that could come to town. Casadonte said he viewed workforce housing needs more regionally, and he thought workforce housing for workers employed outside of town also needed to be considered.

Schultz stated the density bonuses for Raleigh, Durham, and Chapel Hill were 20%, 15%, and 15% respectively. Schultz suggested using these higher percentages as benchmarks. He said he did not want Hillsborough to be the place developers go because the town is lenient on affordable housing.

Shelby noted that Wood Partners had developed in Durham and that Jewell had done several projects in Chapel Hill. She said the affordable housing requirements in those jurisdictions were not calculated using flat percentages. For example, she said that to her recollection, Chapel Hill requires that 15% of the units be affordable for some of their for-sale housing (*e.g.*, townhomes; detached single-family). However, she recalled that their typical multi-family requirements allow a wider percentage range. She also noted that, per the proposed text amendment, 10% would be the minimum amount of affordable housing allowed. Also, she said that other compounding factors may increase development costs, making higher percentages of affordable units infeasible for a project. Shelby said that based on her experience, developers have increased financing prospects when offering 10% of the units as affordable, even when using traditional funding sources instead of tax credits.

Casadonte said the development agreement requirement seemed to act like a safety net. Boyle confirmed, stating that development agreements require town board approval and give the town some ability to negotiate with developers.

Schultz said he would be comfortable sending the staff version of the text amendment forward to the town board. However, he would like the town to look at the inclusionary zoning requirements of surrounding municipalities during the Unified Development Ordinance rewrite. Boyle said the town board also wanted to see that incorporated into the new ordinance, and town staff would be looking to include it during the rewrite.

Member Jeannette Benjey stated the development is needed in Hillsborough and finds the proposed 10% to be acceptable.

Member Sherra Lawrence stated she thought the requests were acceptable in the short-term while the Unified Development Ordinance was being rewritten.

Schmidt asked if the town had specific data on existing workforce housing, and Boyle said not to her knowledge. Schmidt asked the developer for the IRR. Lawrence asked for clarification on what an IRR was. Schmidt explained it was the Internal Rate of Return, a method of calculating the rate of return on an investment. Shelby said that to get something financed in today's market, you would need an IRR in the high teens.

Shelby also noted there is a significant difference between purchasing a development and developing it from the ground up. She said this project would cost about \$70 million to develop. Casadonte noted that the financing would all be private. Shelby confirmed and noted that in addition to funding from investors, Wood Partners would seek a typical construction loan from a vendor.

Boyle reminded the board that they could recommend the applicant's more restrictive version of the text amendment if they were not comfortable with staff's broader version. She noted that suggested revisions were also welcome.

Hornik asked if the applicant had an estimate for the financial contribution for the utility improvements. Shelby said Wood Partners had just submitted the estimate to Bryant Green for review. The engineer's estimate was \$1.377 million. Boyle noted that Green had submitted the estimate to a third-party contractor for review.

Schmidt stated he supported the applicant's version of the text amendment.

Benjey noted that the proposed development addresses a need in the community.

Motion: Schultz motioned to recommend approval of item 3A and item 3B, recommending the applicant's version of the text amendment under item 3B. Benjey seconded.

Vote: 5-0. Motion passed.

4. Updates

A. Board of Adjustment
No update.

B. Parks and Recreation Board
Schmidt reported the board reviewed a draft of the Riverwalk Master Plan.

C. Staff and board members
Boyle reported John Giglia had resigned from the Planning Board for personal reasons. Schmidt stated that he was moving to another state, and this would be his last meeting as a Planning Board member. Casadonte thanked Schmidt for his service.

5. Adjournment

Motion: Schmidt motioned to adjourn the meeting. Lawrence seconded.

Vote: 5-0. Motion passed.

Casadonte adjourned the meeting at 7:20 p.m.

Respectfully submitted,



Molly Boyle, Senior Planner
Staff support to the Planning Board
Approved: August 21, 2025