



Agenda

Planning Board and Board of Commissioners Joint Meeting

Joint public hearing

7:00 PM May 16, 2024

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

1. **Call to order and confirmation of quorum**
2. **Agenda changes and approval**
3. **Approval of minutes**
 - A. April 18, 2024 - Joint public hearing minutes
4. **Open the public hearing**
5. **Public hearing items**
 - A. Annexation and rezoning request for “Waterstone South”
6. **Close the public hearing**
7. **Planning Board recommendations**
 - A. 128 W Margaret Lane rezoning
 - B. UDO text amendment: Home occupations, accessory dwellings, and short-term rentals
 - C. Historic District Design Standards updates
8. **Updates**
 - A. Board of Adjustment
 - B. Parks and Recreation Board
 - C. Staff and board members
9. **Adjournment**

Interpreter services or special sound equipment for compliance with the Americans with Disabilities Act is available on request. If you are disabled and need assistance with reasonable accommodations, call the Town Clerk’s Office at 919-296-9443 at least one business day before the meeting.

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Public Comment Instructions

For agenda items and items not on the agenda

Public Comment — Written

Members of the public may provide written public comment by submitting it via the Planning Board contact form at <https://www.hillsboroughnc.gov/contact-us/8/contact-planning-board-staff-support.html> by noon the day of the meeting. When submitting the comment, include the following:

- Date of the meeting
- Agenda item you wish to comment on (example: 5C)
- Your name, address, email, and phone number

Public Comment — Verbal

Members of the public can indicate they wish to speak during the meeting by contacting Planning Board staff support at 919-296-9473 or through the board contact form at <https://www.hillsboroughnc.gov/contact-us/8/contact-planning-board-staff-support.html> by noon the day of the meeting. When submitting the request to speak, include the following:

- Date of the meeting
- Agenda item you wish to speak on (example: 5C)
- Your name, address, email, and phone number

Members of the public can also attend the meeting and sign up to speak before the meeting starts. For concerns prior to the meeting related to speaking, contact staff support at 919-296-9473.

Minutes

PLANNING BOARD AND BOARD OF COMMISSIONERS

Joint public hearing

7 p.m. April 18, 2024

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



Present

Town board: Mayor Mark Bell and commissioners Meaghun Darab, Robb English, Kathleen Ferguson, Matt Hughes and Evelyn Lloyd

Planning Board: Chair Frank Casadonte, Vice Chair Hooper Schultz, and members Jeanette Benjey, Cassandra Chandler, John Giglia, Sherra Lawrence, Saru Salvi, and Christian Schmidt

Absent: Planning Board: Robert Iglesias

Staff: Planning and Economic Development Manager Shannan Campbell, Senior Planner Tom King, Planner II Molly Boyle, and Town Attorney Bob Hornik

1. Call to order and confirmation of quorum

Mayor Mark Bell called the meeting to order at 7:00 p.m.

2. Agenda changes and approval

Motion: Commissioner Kathleen Ferguson moved to approve the agenda as presented. Commissioner Evelyn Lloyd seconded.

Vote: 13-0

3. Minutes review and approval

March 21, 2024, Planning Board minutes

Motion: Vice Chair Hooper Schultz moved to approve the minutes as presented. Member Sherra Lawrence seconded.

Vote: 8-0 (Planning Board vote only)

4. Open the public hearing

Motion: Ferguson moved to open the public hearing. Member John Giglia seconded.

Vote: 13-0.

5. Public hearing items

A. UDO text amendment on accessory dwelling units, home occupations, and short-term rentals

Planner II Molly Boyle explained the amendment is meant to create more opportunities for reasonably sized accessory dwelling units (ADUs) and to align regulations on ADUs, home occupations, and short-term rentals, since these uses are often linked: people often want to do a home occupation in an ADU, and town staff have been requiring home occupation permits for short-term rentals. The revisions are also meant to codify the current policy of requiring a home occupation permit for a short-term rental and to correct a scrivener's error in the planned development section of the UDO.

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Boyle said one major change proposed is to increase the maximum size for ADUs. Staff is proposing to change the limit to 50% of the gross floor area, or 1,000 square feet, whichever is greater. However, in no case can an ADU exceed the gross floor area of the primary dwelling. She said while gross floor area is more restrictive than heated area, it's easier for staff to enforce. Since home occupations are allowed in ADUs, staff is recommending the size limits for home occupations and ADUs be the same. The proposed amendment also includes a clear definition of short-term rental and stipulates that a home occupation permit is required. Boyle said the scrivener's error concerns the residential density maximum of 13 persons per acre for planned development districts. This requirement was not part of the amendment approved by the Board of Commissioners, so it is being removed from the UDO.

Hughes suggested that requiring a home occupation permit for short-term rentals might be a burden for owners and, since rentals can be done offline, for staff as well. Boyle said she thought the requirement of a home occupation permit was meant to discourage non-residents from running short-term rentals and thereby depleting housing stock. She acknowledged it might be difficult to enforce. Hughes said because some additional permitting may be soon legislated by the state, the board might consider waiting until the short legislative session concludes.

Chandler asked for clarification: if a home is 1100 square feet, can an ADU be 1,000 square feet? Boyle said yes. Boyle explained the revisions followed recommendations from the AARP and the American Planning Association, but if the proposed revision feels too open-ended, the boards could discuss setting a more definitive maximum. Asked if other home occupations require permits, Boyle said yes. Bell asked if the town has problems with short-term rentals flying under the radar and not paying the occupancy tax. Campbell said yes, owners who are not using a platform may be evading the tax. She explained the Tourism Development Authority had asked for clarification about the rules for short-term rentals, noting the information is hard to find in the current UDO. The proposed amendment makes requirements for short-term rentals much clearer. Hughes said the TDA had done a study of short-term rentals a few years ago and found the numbers lined up with expected tax revenues.

Boyle opened the floor for comment from the public. Resident Natalie Dolgireff explained she and her husband had recently bought a house on Daphine Drive and planned to build an ADU. They discovered that currently freestanding ADUs are allowed only on properties that have direct access to a public street, not those served by a private street. She said adding an attached ADU to their new home was not practical and would be a financial burden. They would like to see the ordinance equalize regulations for properties served by public streets and those served by private streets.

Dani Black, who runs an Airbnb and serves on the Tourism Development Authority, also spoke. She said she found current regulations of short-term rentals murky and hard to find in the UDO. She said she'd like to see the text amendment for short-term rentals separated from the ADU regulations and recommended the boards take time to seek input from short-term rental owners and the public and explore ways to share information with the community. She said she runs a home-based business in addition to running a short-term rental and wondered if she needed a second home occupation permit for the latter. She was also unsure how the proposed square footage regulations would cover both businesses.

Hughes asked if there was a limit for home occupations in a single dwelling unit. Boyle said nothing in the current UDO prevents multiple home occupations in the same dwelling. Hughes said he was concerned that regulations might prohibit some residents from running short-term rentals because of the square footage limits. Boyle said the proposed revision would increase the maximum size for the home occupations that are allowed. Referencing Black's comments, she said short-term rentals aren't limited to ADUs and that staff could investigate alternatives if the board doesn't want short-term rentals to be treated as home occupations.

She invited feedback from the boards about further revisions before the next Planning Board meeting. Schmidt said he saw value in adding the increased flexibility of the proposed revision and taking up larger issues like splitting off short-term rentals from home occupations when the town embarks on a fuller revision of the UDO.

Darab asked if an owner could live in the smaller portion of a dwelling and rent out the larger portion. Boyle said yes, there are no restrictions on the location of short-term rentals per se, only of ADUs, but the owner must reside in the primary dwelling. Lawrence asked why an ADU can't be built on a private road. Boyle said it seems there was concern about increased vehicle trips on private roads, as well as concerns from utilities. She added staff could include changes that allow ADUs on lots accessed by private roads if desired. Hughes asked how many potential ADUs could be built on private roads in town. Boyle said she wasn't sure. Asked if an HOA could turn down a request for an ADU, Boyle said yes.

B. Rezoning request for 128 W. Margaret Ln. (PIN 9874-06-2054)

Campbell explained that this property is unique and zoned for Neighborhood Business Special Use, which restricts the permitted uses and has been discontinued by the town after changes to the General Statutes. She said the property owner has had trouble renting out the property and is requesting to rezone to Neighborhood Business (NB), a general use zoning district. The NB district allows for myriad land uses; however, the property owner recognizes that the property lies on the boundary between commercial and residential and is willing to convert it to conditional rezoning that would limit some of those uses.

Chandler asked for clarification about the zoning options. Campbell explained that Neighborhood Business Special Use zoning is no longer allowed by the state legislature, but it is very similar to a conditional zoning. Asked by Schmidt for clarification about the proposed change, Campbell said the proposal is to rezone the property to either a general use district (Neighborhood Business) or to a conditional zoning district (Neighborhood Business Conditional Zoning), which would limit the uses. Commissioner Robb English asked if the owner decides to sell the property, would the new zoning apply to the new owner. Campbell said yes, the zoning goes with the land, not the ownership.

The owner of the property, Andrew Lloyd, Jr, addressed the board. He said he bought the property 7 or 8 years ago. He first rented it to a reality company, which moved out a year ago. Since then, the property has sat vacant. Several parties were interested in leasing it, but their proposed land uses weren't allowed under the current zoning. Though an attorney has recently begun leasing the property, Mr. Lloyd said in the event the attorney ends the lease, he would like to have it rezoned so he can lease it to others.

Mr. Lloyd explained that if the boards think the general use district is too broad, he would agree to exclude uses that wouldn't be good for the town/neighborhood. He assured the boards he would accept only tenants that he felt were good for the town. Schultz asked if rezoning under the current ordinance would require additional parking. Campbell said it would depend on the tenants and their needs, but there is plenty of public parking nearby.

Commissioner Lloyd said the area is a residential neighborhood and should not have a business located there. Mr. Lloyd said there are businesses close by. Chandler asked about the businesses which had expressed an interest in renting the property but did not fit with the current zoning regulations. Campbell said one was a physical therapist, the other an art therapist. English asked if the owner would have accepted the physical therapist if it was allowed. Mr. Lloyd said he'd asked residents and concluded it would be good for the town.

Asked by Ferguson what uses fell under “medical facility,” Campbell read the definition from the current UDO. Ferguson said the ordinance should be revisited; Campbell said that will be done in the UDO rewrite. Ferguson asked if the current 8-person occupancy limit still holds under the new zoning. Campbell said no. Chandler asked if the rezoning would apply to other residences. Campbell said no. Hughes suggested, given the concerns of neighbors, if Mr. Lloyd and staff could agree to exclude certain uses rather than do a blanket rezoning. Campbell said the owner was willing to exclude several uses and listed them. Bell asked if legal services are currently allowed. Hornik said yes, probably under general office uses. Lloyd reiterated her opposition to allowing a business in a residential neighborhood. Casadonte suggested the board move to public comment.

James Boericke, who lives at 153 W. Margaret Lane, said in June of 2015 the owner applied to change the zoning from residential to neighborhood business. However, the lot size is only 909 square feet, but a minimum of 10,000 square feet is required for many of the permitted uses. A special use permit was allowed in 2015 and, since the lot was so small, the permit waived the parking, lighting, and landscaping specifications. Since then, the property has been a quiet and valuable neighbor. He has no objections to its continued use as an office. He said he saw no reason to change the zoning to Neighborhood Business since the lot doesn’t meet the 10,000 square foot minimum for the permitted uses. Regardless of what Mr. Lloyd’s intentions are, he said, the rezoning change conveys with the property.

Attorney Hornik said while the application as submitted sought to rezone the property to straight Neighborhood Business, Lloyd had offered to exclude some uses if desired. That would change the zoning from a general use to a conditional zoning district, so that only those permitted uses that were not excluded would be allowed. If the property is rezoned to a conditional zoning district, there could be other conditions to address the concerns Boericke had mentioned. Boericke asked when the conditions would be applied. Hornik said at the time the rezoning is approved. Campbell said no decisions would be made tonight.

Schmidt asked if the intent is to reproduce the flexibility of the old special use district, which allowed the applicant and the board to specifically select which uses would be permissible. Boyle said yes, she understood the owner was amenable to limiting the number of uses through conditional zoning.

Jean Masse, who lives at 158 W. Margaret Lane, said allowing a special use permit was a slippery slope. She said she and other neighbors voiced concerns in 2015 with the first rezoning request for the property. She said the Hot Tin Roof bar illustrates the potential problems with allowing businesses in a residential neighborhood. She acknowledged the current owner has good intentions but said the permit, which she considered as “carte blanche,” conveys with the property. She said neighbors agreed to a small business in 2015, and now we’re back again debating something potentially larger. As a physical therapist herself, she said such a business requires a good bit of parking. She suggested the property could be sold as a residence.

Ferguson said the property is a commercial property. Masse said it was once a residence and that rezoning would set a precedent for businesses encroaching on residential neighborhoods. Asked by Hughes about the 2015 rezoning, Masse said there was a public notice to change its zoning from residential to neighborhood business. Ferguson asked about the distance from the property to Churton St. A town staff member determined it was 250 feet. Ferguson asked about traffic into the public parking deck and number of available spaces. Campbell said she’d have to look that up.

Casadonte proposed a 5-minute break and reconvened the meeting at 8:20pm.

C. Annexation and rezoning request for Waterstone South planned development

Campbell explained this project is comprised of several parcels, comprising almost 100 acres, with a master plan for 450 apartments, 205 townhouses, 200,000 square feet of medical offices, and 40,000 square feet of neighborhood commercial space. She said neither the applicant nor town staff were prepared to give a presentation, as there were many technical issues to resolve with standards for the zoning district and how to service the project with water and sewer. Both parties would like more time to prepare their presentations for the public hearing in May. She said the board can still take public comments and take note of concerns. Members of the public were invited to come forward.

Wilson Lamb said he retired to southwest Hillsborough 25 years ago. He said the UDO has been used relentlessly against ordinary people, and exceptions, amendments, and rezonings have been constantly added to accommodate developers. He said the Woodsedge trailer park serves a purpose of providing affordable housing that would be eliminated by the project. He urged the boards to think where the town is going and said the community needs ordinary people, even those who live in trailers. He added the density out there is low, the impact is low, and yet the proposal is to put 450 apartments there, on top of the Collins Ridge development. He urged the boards to leave some things alone so the town can retain its small-town character and not become an unlivable, undrivable community. He added the town has run businesses out of town by zoning and regulations, while building more housing and raising taxes.

Jean Forest Brooks, of 1725 E. Scarlett Mountain Road said she was an Orange County native, having lived here for 72 years. Her property is adjacent to the proposed development. She said if the project goes through, she will probably sell her property and home. She said she has a lot of wildlife on her property. She said the area doesn't need any more large housing projects like this one. She said she and her husband had information showing the Orange County Board of Commissioners had approved the Woodsedge trailer park with the condition that the adjacent land couldn't be developed since the owner had used his allotment of housing, yet now a developer wants to buy the land and put housing on it. She said she had also found a study that anticipates finding archeological remains on the project site. At the last hearing, she'd been told a traffic study had been done, but there hasn't been one for the area in question. She said she worried about traffic and the need for widening roads and was completely against the project.

Robert Sparrow, who lives at 3718 Stagecoach Road, said his road was the original road that went from Chapel Hill into Hillsborough. He said he'd found many historical objects, such as bullets and horseshoes, along the road. He said it's very difficult to turn left out of East Scarlett Mountain Road already between 7:30 and 9 am because of the heavy traffic. He said Mr. Brooks said these 25 acres would never be developed. He said students from A. L. Stanbeck Middle School at the end of East Scarlett Mountain Rd will be walking through the project. The developer is proposing to split up 25 acres with beautiful large oak trees and a historic road. He said the wildlife Ms. Brooks spoke about is going to be wiped out. He said homeowners are also worried about people coming onto their property.

Mr. Eric Chupp from Capkov Ventures said his company was working to address these concerns. He said this is a large project which involves a brand new zoning district, so there were still lots of unanswered questions to work through, some of which have come up recently. He said his company is concerned about sewer and water, and the town is waiting on a capital improvement project (CIP), so it agreed to wait for the report from the CIP consultant so it could provide more information and more thoroughly address the issues at the May hearing.

Derrick Eads of 1608 East Scarlett Mountain Road said when he moved to his current address he was told that Woodsedge Properties LLC, the owners of the mobile home park, owned all the woods up to East Scarlett Mountain Road and that it could never be sold or developed but would remain a buffer between the mobile

home park and East Scarlett Mountain Road. He noted there will be a county public meeting on May 8. He said the county and Capkov Ventures had violated a special use permit with the division and sale of the property, which may be one reason the project has been delayed. He said he didn't understand how the developer was allowed to buy the property.

Casadonte reminded everyone that the public hearing would be continued to May 16th at 7 pm and the public will have another opportunity to speak then as well.

D. Revisions to Historic District Commission Design Standards

Campbell explained the revisions intended to clean up the historic district design standards. Planning staff have worked with the Historic District Commission, which has approved the revisions. However, because they are a part of the UDO, they must go through the same process as UDO text amendments. A lot of the revisions were about things that keep coming before the commission that they are fine with, so the revisions will reduce the commission's workload for meetings. She gave an overview of the revisions.

Bell said one proposed change under "ordinary maintenance and repair and minor work" seemed to recommend that owners check with town staff, as opposed to the old language, which required proposals to be submitted. Campbell said the revision was meant to streamline inquiries so staff could answer them rather than homeowners going before the HDC. Bell asked how owners would know if they can do something without asking. He said it seemed like the revision was disincentivizing people from asking staff for guidance. Campbell said staff could wordsmith the revision to clarify that homeowners need to consult staff. Chandler said she thought the board had discussed in a prior meeting allowing the installation of solar panels, but the revisions suggest it is prohibited. Campbell said installation is prohibited only in locations that compromise the architectural integrity of the building, which applies only to the historic district.

Casadonte asked for a motion to close the public hearing on items 5A, 5B, and 5D. Chandler asked if the applicant could provide the level of clear cutting involved in the Waterstone South at the May meeting. Boyle said the developer won't have that level of site-specific detail at this juncture since this is just the rezoning request. Asked by Chandler about the project's adherence to the Comprehensive Sustainability Plan, Boyle said the applicant would address the project's alignment with the plan, and the boards would determine if they thought the project was congruent with it.

6. Close the public hearing

Casadonte asked for a motion to close the public hearing on items 5A, 5B, and 5D.

Motion: Ferguson moved to close the public hearing for items 5A, 5B, and 5D. Schultz seconded.

Vote: 13-0.

Motion: Ferguson moved to continue the public hearing for item 5C to May 16, 2024. Giglia seconded.

Vote: 13-0

Schultz said he would likely miss the May meeting and asked if he could participate remotely. Campbell offered to investigate but noted that, if remote, he would not count towards quorum or be able to vote. Schultz said he would just submit written comments.

7. Staff and Board Updates

Boyle said she had checked on the legality of a solar mandate. She said North Carolina is a Dillon’s Rule state, which means the town gets its regulatory authority from the state. If the state doesn’t give local governments express authority to do something, they do not have the authority to do it. Hillsborough can’t mandate the inclusion of solar since the state has not authorized that. The town can require it for its own buildings but not for new housing.

Giglia asked if there were other things the town could require. Boyle said the town has something like that in the current UDO, like the tree preservation requirements. She offered to send more information from the Comprehensive Sustainability Plan as well about measures the town is moving toward. Chandler said she was concerned that there is nothing mandatory in the Comprehensive Sustainability Plan. She’d recently asked about clear cutting and was told it was required for stormwater ponds. She said she was concerned that there’s nothing holding people accountable.

Boyle said the UDO is an enforcement document, while the Comprehensive Sustainability Plan is more of a visionary document and is not binding. The Planning Board and Board of Commissioners are to use their discretionary authority to decide if a project aligns with the plan or not.

Boyle also added that there are no Planning Board representative positions for the Tree and Water/Sewer Boards, so those appointments made in April were moot. However, she said she would notify Planning Board members of any vacancies on those boards; board members can serve on multiple boards in Hillsborough if they wish.

Schultz said there were no updates for the Parks and Recreation Board.

In member Robert Iglesias’s absence, Senior Planner Tom King said the Board of Adjustment had elected a chair and vice-chair at its last meeting.

8. Adjournment

Motion: Chandler moved to adjourn the meeting. Giglia seconded.

Vote: 8-0

Casadonte adjourned the meeting at 9:00 p.m.

Respectfully submitted,



Molly Boyle, Planner II
Staff support to the Planning Board

Approved: Month X, 2024



Agenda Abstract

JOINT PUBLIC HEARING

Meeting Date: May 16, 2024
 Department: Planning and Economic Development Division
 Agenda Section: Public Hearing Items
 Public hearing: Yes
 Date of public hearings: April 18, 2024 and May 16, 2024

PRESENTER/INFORMATION CONTACT

Shannan Campbell, Planning and Economic Development Manager
 Tom King, Senior Planner
 Molly Boyle, Planner II

ITEM TO BE CONSIDERED

Subject: Annexation and rezoning request for “Waterstone South”

Attachments:

1. Submitted applications
2. Plan set (annexation map, master plan, utility plan, and phasing plan)
3. Project narrative & “findings of fact”
4. Proposed conditions from applicant
5. Traffic impact analysis – executive summary & NCDOT review letter
6. Fiscal benefits & economic impacts
7. Net fiscal impact analysis
8. Neighborhood Information Meeting summary
9. UDO requirements – Planned Developments

Proposal:

The applicant, Capkov Ventures, Inc., is requesting the annexation and rezoning of 99.14 acres to create a mixed-use planned development in south Hillsborough. Basic details of the property and proposal are as follows:

| Proposed Annexation and Rezoning Details – Waterstone South | |
|---|--|
| Property Owner | Capkov Ventures, Inc. |
| Property Location | East of I-40, west of NC 86 S, and south of Waterstone Drive |
| Parcel ID Numbers | <ul style="list-style-type: none"> • 9873-42-2375 • 9873-41-5972 • 9873-50-2573 • 9873-42-5271 • 9873-41-6716 • 9873-50-4152 • 9873-42-5076 • 9873-51-0737 • 9872-49-0872 |
| Proposal | Annex/rezone approximately 99.14 acres from R1 (County), EDH-2 (County), and ESU (Town) to a Planned Development (PD) district for apartments, townhomes, medical outpatient/office, and neighborhood commercial uses |

More specifically, the applicant is proposing the following land uses to be developed in three phases (see **Attachments 2 and 3** for phasing):

- 450 apartment units;
- 205 townhomes;
- 200,000 sq. ft. of medical office/outpatient services/general office; and
- 40,000 sq. ft. of neighborhood commercial (e.g., day care; coffee shop; restaurant).

The proposal states 15% of the market rate units (both apartments and townhomes) will be affordable to those making 80% of the median income.

Since this is a planned development rezoning request, the town and developer may agree to various conditions as part of the project. The developer’s proposed conditions are included as **Attachment 4**. Assuming the town agrees to them, these conditions will be included in a formal development agreement, which will be presented for review before the Town Board of Commissioners votes on the project.

Note that this proposal is for annexation and rezoning (*i.e.*, land use). The Town Board of Commissioners will ultimately decide whether to a) annex the Waterstone South project area into the town limits and b) rezone it to allow the requested land uses. Applications for construction drawings and permits are not submitted at this stage. The applicant will submit those for approval if/when the town approves the annexation and rezoning requests.

Comprehensive Sustainability Plan goals:

- Land Use and Development Goal 1:
Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.
- Strategy:
Ensure that land use/development regulations are aligned with preferred future land use/growth patterns.

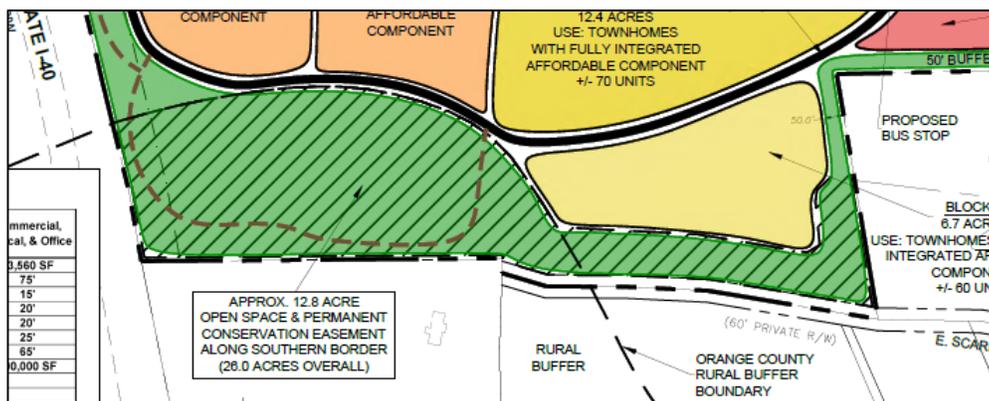
Financial impacts:

Management, Finance, and Utilities staff are still evaluating the financial impacts, as well as the town’s ability to provide water and sewer service for the project under the developer’s phasing timeline.

Staff comments:

- Part of the project area for Waterstone South is required open space for The Woods/Woodsedge Mobile Home Park development, which is in Orange County’s planning jurisdiction. On May 8, 2024, the Orange County Board of Adjustment approved modifications to its two Special Use Permits for The Woods/Woodsedge. The modifications reconfigured the required open space, making it consistent with what is shown on the proposed Waterstone South master plan.

If the town annexes and rezones the Waterstone South project area, the applicant will need to keep said area as open space. Otherwise, the mobile home park development will be in violation of its Special Use Permits. Also, the Orange County Board of Adjustment put a condition on the Special Use Permits that approximately 12.8 acres of open space along the southern boundary (shown with hatch lines below) must be put into a conservation easement.



- The developer plans to make the southern portion of the project (Phases I, II, III) contiguous with town limits via a land acquisition section along I-40 to the UNC Hospital property. The developer will have to legally obtain this section of land before the annexation can be approved and recorded.
- This public hearing was continued from April 18, 2024, in open session, so further notice of the hearing was not required under NC GS § 143-318.12 (b) (1) *Public notice of official meetings*.

Staff recommendation:

- Staff recommends holding the public hearing to accept public comment and ask questions.
- Staff also recommends the boards consider adding the following conditions (to which the applicant would need to agree). Please note that the Utilities and Public Works divisions will also have recommended conditions, which they will share at the public hearing.

Affordable Housing

- ____% of the total number of residential units in the development shall be affordable housing units and shall be located on the site of the development.
- The average floor area of the affordable units must be ____% of the average floor area of all the market-rate units up to _____ square feet of floor area.
- The bedroom mix of the affordable units shall be in the same ratio as the bedroom mix of the market-rate units.
- Floor plans for buildings containing affordable rate units must be submitted for review with zoning compliance permit applications. This condition will require an agreement on what “similar” means (e.g., % of gross floor area).
- The applicant’s development agreement with the town shall include a detailed inclusionary housing plan and be recorded with the Orange County Register of Deeds.

Conservation Easement

- The area of the development to be placed under a conservation easement, as approved by the Orange County Board of Adjustment on May 8, 2024, shall apply to the project if annexed and approved. The easement must be held in perpetuity by a governmental agency or land conservancy.

Development Milestones

- Before the town will issue a zoning compliance permit for the 10th (tenth) dwelling unit in Phase 2, the developer shall complete, certify, and make submittals for town acceptance of all public sidewalks, streets, trails/greenways, and utility infrastructure, and shall install all landscaping, street trees, and stormwater conveyances in Phase 1.
- Before the town will issue a zoning compliance permit for the 10th (tenth) dwelling unit in Phase 3, the developer shall complete, certify, and make submittals for town acceptance of all public sidewalks, streets, trails/greenways, and utility infrastructure, and shall install all landscaping, street trees, and stormwater conveyances in Phase 2.

- Before the town will issue a zoning compliance permit for the final 10 (ten) dwelling units in Phase 3, the developer shall complete, certify, and make submittals for town acceptance of all public sidewalks, streets, trails/greenways, and utility infrastructure, and shall install all landscaping, street trees, and stormwater conveyances in all sections and phases.

Recreation

- The developer shall record a public access easement and private maintenance agreement for all trails labeled “WALKING & BICYCLE TRAIL” on the master plan.
- The developer shall request permission from UNC Hospitals to record a public access easement and a private maintenance agreement from the water tower access road to the shared property line and extend the “WALKING & BICYCLE TRAIL” to the water tower access road.
- The developer shall pave all trails labeled “WALKING & BICYCLE TRAIL” on the master plan.

Traffic

- The applicant shall install a crosswalk at E. Scarlett Mountain Road and Storey Lane if allowed and approved by the North Carolina Department of Transportation.

Action requested:

Hold the public hearing, close the public hearing, and send the item to the Planning Board meeting on June 20, 2024.



TOWN OF
HILLSBOROUGH

PETITION FOR
Annexation of Contiguous Property

Planning Department
101 E. Orange Street / P.O. Box 429
Hillsborough, NC 27278
Phone: (919) 296-9471 Fax: (919) 644-2390
Website: www.hillsboroughnc.gov

TO THE BOARD OF COMMISSIONERS OF THE TOWN OF HILLSBOROUGH:

(1) The undersigned, Eric Chupp, VP of Capkov Ventures, Inc

being the owner(s) of all real property located within the area described in paragraph two below requests that such area be annexed to the Town of Hillsborough.

(2) The area to be annexed is contiguous to the Town of Hillsborough and is located Generally south of Waterstone Drive, west of NC Hwy 86, east of Interstate 40, and north of the rural buffer boundary

(3) A map of the foregoing property, showing its relationship to the existing corporate limits of the town, is attached hereto.

(4) This petition is presented under the authority contained in G.S. 160A-31.

Respectfully submitted this 15th day of January, 20 2024

[Signature] Eric Chupp, VP of Capkov Ventures, Inc.
Property Owner Witness

X _____
Property Owner Witness

Property Owner Witness

Property Owner Witness

Property Owner Witness

Property Owner Witness



TOWN OF HILLSBOROUGH

PETITION FOR Annexation of Contiguous Property

Planning Department
101 E. Orange Street / P.O. Box 429
Hillsborough, NC 27278
Phone: (919) 296-9471 Fax: (919) 644-2390
Website: www.hillsboroughnc.gov

TO THE BOARD OF COMMISSIONERS OF THE TOWN OF HILLSBOROUGH:

(1) The undersigned, Eric Chupp, VP of Capkov Ventures, Inc

being the owner(s) of all real property located within the area described in paragraph two below requests that such area be annexed to the Town of Hillsborough.

(2) The area to be annexed is contiguous to the Town of Hillsborough and is located Generally south of Waterstone Drive, west of NC Hwy 86, east of Interstate 40, and north of the rural buffer boundary

(3) A map of the foregoing property, showing its relationship to the existing corporate limits of the town, is attached hereto.

(4) This petition is presented under the authority contained in G.S. 160A-31.

Respectfully submitted this 15th day of January 20 2024

Handwritten signatures for Property Owner and Witness.

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness

Property Owner

Witness



RECEIVED 1/22/2024 Tom



TOWN OF
HILLSBOROUGH

GENERAL APPLICATION
Amendment to Future Land Use Map, Unified
Development Ordinance or Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

This application is for amendments to the Future Land Use Map, Unified Development Ordinance, and/or Official Zoning Map. Incomplete applications will not be accepted or processed.

| | | |
|--------------------------|--------------------------|---------------------------------|
| OFFICIAL USE ONLY | | |
| Case Number: | Fee: \$ 19,828.00 | Receipt No.: 060269 |
| FLUM Designation: | Zoning District: | Overlay Zone: Select One |

| |
|---|
| Amendment Type: Zoning Map-Planned Development District |
|---|

| | |
|---|--|
| PROPERTY LOCATION AND DESCRIPTION | |
| Property Address or Location: (please see attached) | |
| PIN(s): (please see attached) | Size of Property (Acres/Sq. Ft.): 99.140 Acres |
| Current Use of Property: Single family residential and vacant | |
| Current Zoning Classification(s): (please see attached) | |
| Proposed Zoning Classification(s): Planned Development (PD) | |

| | |
|---|--|
| CERTIFICATION AND SIGNATURES | |
| Applications will not be accepted without signature of legal property owner or official agent. | |
| I certify that the information presented by me in this application and all accompanying documents are true and accurate to the best of my knowledge, information, and belief; and I acknowledge that the processing of this application may require additional town, county and/or state permits, approvals, and associated fees. | |
| Applicant Name: Capkov Ventures Inc. | Legal Property Owner Name: Woodsedge Properties LLC |
| Mailing Address: PO Box 16815 | Mailing Address: 2204 Chris Drive |
| City, State, ZIP Code: Chapel Hill, NC 27516 | City, State, ZIP Code: Hillsborough, NC 27278 |
| Telephone: 919-260-7262 | Telephone: 919-730-9743 |
| Email: ericbchupp@bellsouth.net | Email: |
| Signature: | Signature: |
| Date: 1-22-2024 | Date: 1-22-2024 |

RECEIVED
1/22/2024
Tom J.



TOWN OF
HILLSBOROUGH

GENERAL APPLICATION

Amendment to Future Land Use Map, Unified Development Ordinance or Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

This application is for amendments to the Future Land Use Map, Unified Development Ordinance, and/or Official Zoning Map. Incomplete applications will not be accepted or processed.

| | | |
|--------------------------|------------------|--------------------------|
| OFFICIAL USE ONLY | | |
| Case Number: | Fee: \$ | Receipt No.: |
| FLUM Designation: | Zoning District: | Overlay Zone: Select One |

| |
|---|
| Amendment Type: Zoning Map-Planned Development District |
|---|

| | |
|---|--|
| PROPERTY LOCATION AND DESCRIPTION | |
| Property Address or Location: (please see attached) | |
| PIN(s): (please see attached) | Size of Property (Acres/Sq. Ft.): 99.140 Acres |
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| Current Zoning Classification(s): (please see attached) | |
| Proposed Zoning Classification(s): Planned Development (PD) | |

| | |
|---|--|
| CERTIFICATION AND SIGNATURES | |
| Applications will not be accepted without signature of legal property owner or official agent. | |
| I certify that the information presented by me in this application and all accompanying documents are true and accurate to the best of my knowledge, information, and belief; and I acknowledge that the processing of this application may require additional town, county and/or state permits, approvals, and associated fees. | |
| Applicant Name: Capkov Ventures Inc. | Legal Property Owner Name: Capkov Ventures Inc. |
| Mailing Address: PO Box 16815 | Mailing Address: PO Box 16815 |
| City, State, ZIP Code: Chapel Hill, NC 27516 | City, State, ZIP Code: Chapel Hill, NC 27516 |
| Telephone: 919-260-7262 | Telephone: 919-260-7262 |
| Email: ericbchupp@bellsouth.net | Email: ericbchupp@bellsouth.net |
| Signature: <i>Eric B Chupp</i> | Signature: |
| Date: 1/15/24 <i>For: Capkov Ventures Inc.</i> | Date: 1/15/24 |



TOWN OF
HILLSBOROUGH

SUPPLEMENTAL FORM Amendment to Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

To the Hillsborough Board of Commissioners:

I, Eric Chupp, hereby petition the Board of Commissioners to change the zoning designation of the property described in the attached General Application Form
FROM R1, EDH-2, and Entranceway / Special Use TO Planned Development (PD).

FACTORS RELEVANT TO DECISION TO AMEND THE OFFICAL ZONING MAP

The Hillsborough Unified Development Ordinance lists the following 10 general standards/findings of fact that the Board of Commissioners must weigh and consider before deciding to amend the official zoning map. Below or on a separate sheet, indicate the facts you intend to show and the arguments you intend to make to convince the Board of Commissioners that it can properly reach these 10 findings.

1. The extent to which the proposed amendment is consistent with all applicable Town adopted plans.

(please see attached)

2. The extent to which there are changed conditions that require an amendment.

(please see attached)

3. The extent to which the proposed amendment addresses a demonstrated community need.

(please see attached)

4. The extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land.is consistent with the Hillsborough Comprehensive Plan.

(please see attached)

5. The extent to which the proposed amendment would result in a logical and orderly development pattern or deviate from logical and orderly development patterns.

(please see attached)

6. The extent to which the proposed amendment would encourage premature development.

(please see attached)

7. The extent to which the proposed amendment would result in strip or ribbon commercial development.

(please see attached)

8. The extent to which the proposed amendment would result in the creation of an isolated zoning district unrelated to or incompatible with adjacent and surrounding zoning districts.

(please see attached)

9. The extent to which the proposed amendment would result in significant adverse impacts on the property values of surrounding lands.

(please see attached)

10. The extent to which the proposed amendment would result in significantly adverse environmental impacts, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

(please see attached)

I certify that all the information presented by me in this application is accurate to the best of my knowledge, information, and belief.

[Handwritten Signature]
Signature of Applicant

1/15/24
Date

*For Caplan Ventures
Inc.*

Item 5A
Attachment 2

MASTER DEVELOPMENT PLAN OF WATERSTONE SOUTH

3411 NC 86 SOUTH
HILLSBOROUGH, NC

PIN: 9872490872, 9873504152, 9873502573,
9873510737, 9873416716, 9873415972,
9873425076, 9873425271, 9873422375

99.14 ACRES

APPLICANT:

CAPKOV VENTURES INC.
PO BOX 16815
CHAPEL HILL, NC 27516
919-260-7262
CONTACT: ERIC CHUPP
ERICBCHUPP@BELLSOUTH.NET

CONSULTANTS:

LANDSCAPE ARCHITECT / LAND PLANNER:
THOMAS & HUTTON
2510 MERIDIAN PARKWAY, SUITE 100
DURHAM, NC 27713
919-682-0368
CONTACT: DANIEL JEWELL, RLA
JEWELL.D@TANDH.COM

CIVIL ENGINEER:
THOMAS & HUTTON
2510 MERIDIAN PARKWAY, SUITE 100
DURHAM, NC 27713
919-682-0368
CONTACT: PRESTON ROYSTER, PE
ROYSTER.P@TANDH.COM

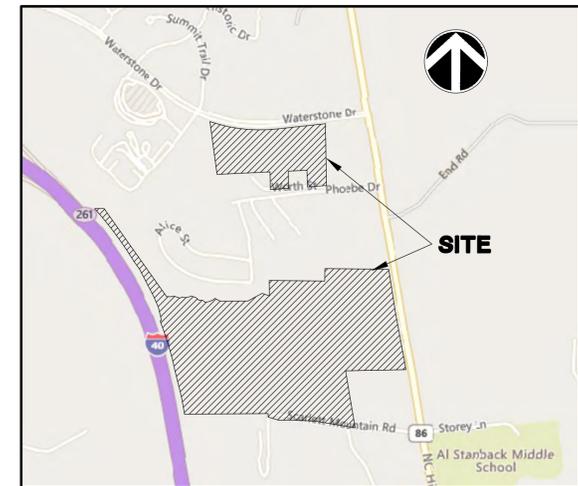
PREPARED FOR:
CAPKOV VENTURES
PO BOX 16815
CHAPEL HILL, NC 27516
919-260-7262
CONTACT: ERIC CHUPP
ERICBCHUPP@BELLSOUTH.NET

J-92037

PREPARED BY:



| SUBMITTAL HISTORY | |
|---------------------------------------|----------|
| DESCRIPTION | DATE |
| MASTER DEVELOPMENT PLAN SUBMITTAL #3 | 05-08-24 |
| MASTER DEVELOPMENT PLAN SUBMITTAL #2 | 03-18-24 |
| MASTER DEVELOPMENT PLAN SUBMITTAL #1 | 01-22-24 |
| SUBMITTED TO THE TOWN OF HILLSBOROUGH | DATE |



VICINITY MAP
SCALE: 1" = 1000'

Sheet List Table

| Sheet Number | Sheet Title |
|--------------|-------------------------|
| | COVER SHEET |
| MP0.1 | SITE DATA |
| MP1.0 | EXISTING CONDITIONS |
| MP1.1 | MASTER DEVELOPMENT PLAN |
| MP1.2 | PHASING PLAN |
| MP 1.3 | UTILITY PLAN |

APPROVAL STAMPS



2510 Meridian Parkway • Suite 100
Durham, NC 27713
p.919.682.0368
www.thomasandhutton.com

WATERSTONE SOUTH
J-92037
01/17/24

S:\PROJECTS\2025\2025_0317_WATERSTONE SOUTH LANDSCAPE\DWG\01 SITE PLAN.dwg - 10/18/24

SITE DATA

| | |
|---|--|
| <p>TRACT 1 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9872490872 SIZE (SF): 2,379,509 SIZE (AC): 54.626 DEED BK / PG: 6612 / 98 PLAT BK / PG: 126 / 49 & 119 / 154-155 EX. ZONING: R1 / Rural Buffer (Orange County) EXISTING USE: Vacant</p> | <p>TRACT 6 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9873415972 SIZE (SF): 174,806 SIZE (AC): 4.013 DEED BK / PG: 6728 / 908 PLAT BK / PG: 1 / 3 EX. ZONING: EDH-2 (Orange County) EXISTING USE: Vacant</p> |
| <p>TRACT 2 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9873504152 SIZE (SF): 596,641 SIZE (AC): 13.697 DEED BK / PG: 6820 / 513 PLAT BK / PG: 7 / 91 EX. ZONING: R1 (Orange County) EXISTING USE: Vacant</p> | <p>TRACT 7 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9873425076 SIZE (SF): 173,369 SIZE (AC): 3.98 DEED BK / PG: 6728 / 908 PLAT BK / PG: 1 / 3 EX. ZONING: EDH-2 (Orange County) EXISTING USE: Vacant</p> |
| <p>TRACT 3 ADDRESS: 3411 NC 86 South OWNER(S): Capkov Ventures Inc. PIN: 9873502573 SIZE (SF): 627,656 SIZE (AC): 14.409 DEED BK / PG: 6540 / 1 PLAT BK / PG: 7 / 91 EX. ZONING: R1 (Orange County) EXISTING USE: SF Residential</p> | <p>TRACT 8 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9873425271 SIZE (SF): 193,929 SIZE (AC): 4.452 DEED BK / PG: 6653 / 1382 PLAT BK / PG: 1 / 3 EX. ZONING: EDH-2 (Orange County) EXISTING USE: Vacant</p> |
| <p>TRACT 4 ADDRESS: 1622 Worth Street OWNER(S): Capkov Ventures Inc. PIN: 9873510737 SIZE (SF): 39,596 SIZE (AC): 0.909 DEED BK / PG: 6822 / 2314 PLAT BK / PG: 36 / 51 EX. ZONING: R1 (Orange County) EXISTING USE: SF Residential</p> | <p>TRACT 9 ADDRESS: None Listed OWNER(S): Capkov Ventures Inc. PIN: 9873422375 SIZE (SF): 92,957 SIZE (AC): 2.134 DEED BK / PG: 6718 / 1700 PLAT BK / PG: 122 / 71 EX. ZONING: Entranceway / Special Use (Hillsborough) EXISTING USE: Vacant</p> |
| <p>TRACT 5 ADDRESS: 1606 Worth Street OWNER(S): Capkov Ventures Inc. PIN: 9873416716 SIZE (SF): 40,075 SIZE (AC): 0.92 DEED BK / PG: 6728 / 231 PLAT BK / PG: 36 / 143 EX. ZONING: R1 (Orange County) EXISTING USE: SF Residential</p> | |

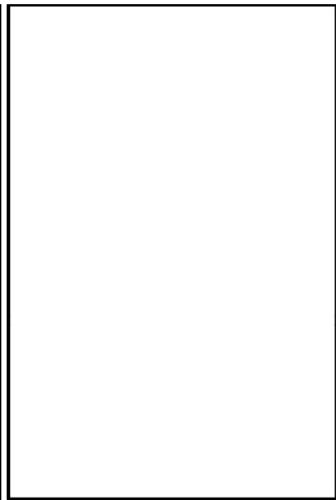
Total SF = 4,318,538
 Total AC = 99.14
 (after land swap)

ABBREVIATIONS

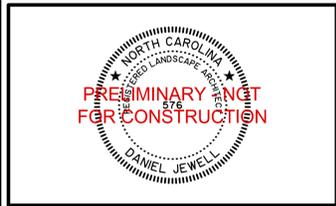
| | | | | | | | |
|-----|-------------------------|------|-----------------------------|------|--------------------------|-----|------------------|
| DBL | DOUBLE | FM | FORCE MAIN (SANITARY SEWER) | PC | POINT OF CURVE | TC | TOP OF CURB |
| BOT | BOTTOM | FP | FINISH PAD | PH | POST HYDRANT | TH | THROAT ELEVATION |
| CB | CATCH BASIN | FR | FRAME | PT | POINT OF TANGENT | TG | TOP OF GUTTER |
| CI | CURB INLET | GI | GRATE INLET | PVC | POLYVINYL CHLORIDE | TP | TOP OF PAVEMENT |
| CO | CLEAN OUT | GV | GATE VALVE | RCP | REINFORCED CONCRETE PIPE | TW | TOP OF WALK |
| CPP | CORRUGATED PLASTIC PIPE | HDPE | HIGH DENSITY POLYETHYLENE | RC | ROLL CURB INLET | TYP | TYPICAL |
| DBL | DOUBLE | HI | HOODED INLET | RCP | REINFORCED CONCRETE PIPE | VI | VALLEY INLET |
| DI | DITCH INLET | INV | INVERT ELEVATION | RI | ROOF INLET | W | WATER |
| DIP | DUCTILE IRON PIPE | JB | JUNCTION BOX | RJP | RESTRAINED JOINT PIPE | W/ | WITH |
| EL | ELEVATION | LF | LINEAR FEET | R/W | RIGHT-OF-WAY | WV | WATER VALVE |
| ES | END SECTION | MAX | MAXIMUM | SD | STORM DRAINAGE | YI | YARD INLET |
| FES | FLARED END SECTION | MIN | MINIMUM | SDMH | STORM DRAINAGE MANHOLE | YI | YARD INLET |
| FG | FINISH GRADE | MH | MANHOLE | SF | SQUARE FEET | | |
| FH | FIRE HYDRANT | OC | ON CENTER | SS | SANITARY SEWER | | |

LEGEND

| | | | |
|----------------------------|--|--|--|
| Water Valve | | Guy Wire | |
| Yard Inlet | | Light Pole | |
| Curb Inlet/Catch Basin | | Sewer Cleanout | |
| Mail Box | | Flared End Section | |
| Traffic Signal Box | | Bollard | |
| Electric Transformer | | Gas Valve | |
| Electric Junction Box | | Existing Iron Pipe (3/4" unless noted) | |
| Gas Meter | | 1/2" Rebar | |
| Sanitary Sewer Manhole | | 1/2" Iron Pipe Set | |
| Storm Sewer Manhole | | Existing PK Nail | |
| Telephone Manhole | | PK Nail Set | |
| Electric Manhole | | Computed Point | |
| Sign | | Concrete Monument | |
| Telephone Pedestal | | Tree Line | |
| Fire Hydrant | | Fence | |
| Fire Department Connection | | Underground Electric | |
| Post Indicator Valve | | Underground Telephone | |
| Water Manhole | | Gas Line | |
| Water Meter | | Water Line | |
| Hot Box | | Overhead Utilities | |
| Utility Pole | | Storm Sewer | |
| FEMA ZONE AE-FLOODWAY | | Sanitary Sewer | |
| | | Adjacent Property Line | |
| | | Wood Framed Dwelling | |
| | | FEMA ZONE AE | |
| | | FEMA ZONE X-FUTURE | |



| | | | |
|-----|---------------|-----|----------|
| NO. | REVISIONS | BY | DATE |
| 2 | TOWN COMMENTS | T&H | 05/06/24 |
| 1 | TOWN COMMENTS | T&H | 03/15/24 |



THOMAS & HUTTON

2510 Meridian Parkway • Suite 100
 Durham, NC 27713 • 919.682.0368
www.thomasandhutton.com

SITE DATA

WATERSTONE SOUTH

PROJECT LOCATION:
 3411 NC 86 SOUTH
 HILLSBOROUGH, NC

CLIENT/OWNER:
 Capkov Ventures
 PO Box 16815
 Chapel Hill, NC 27516
 919-260-7262
 Contact: Eric Chupp
 ericchupp@bellsouth.net

DATUM: HORE: NAD 83 VERT.: NAVD 88

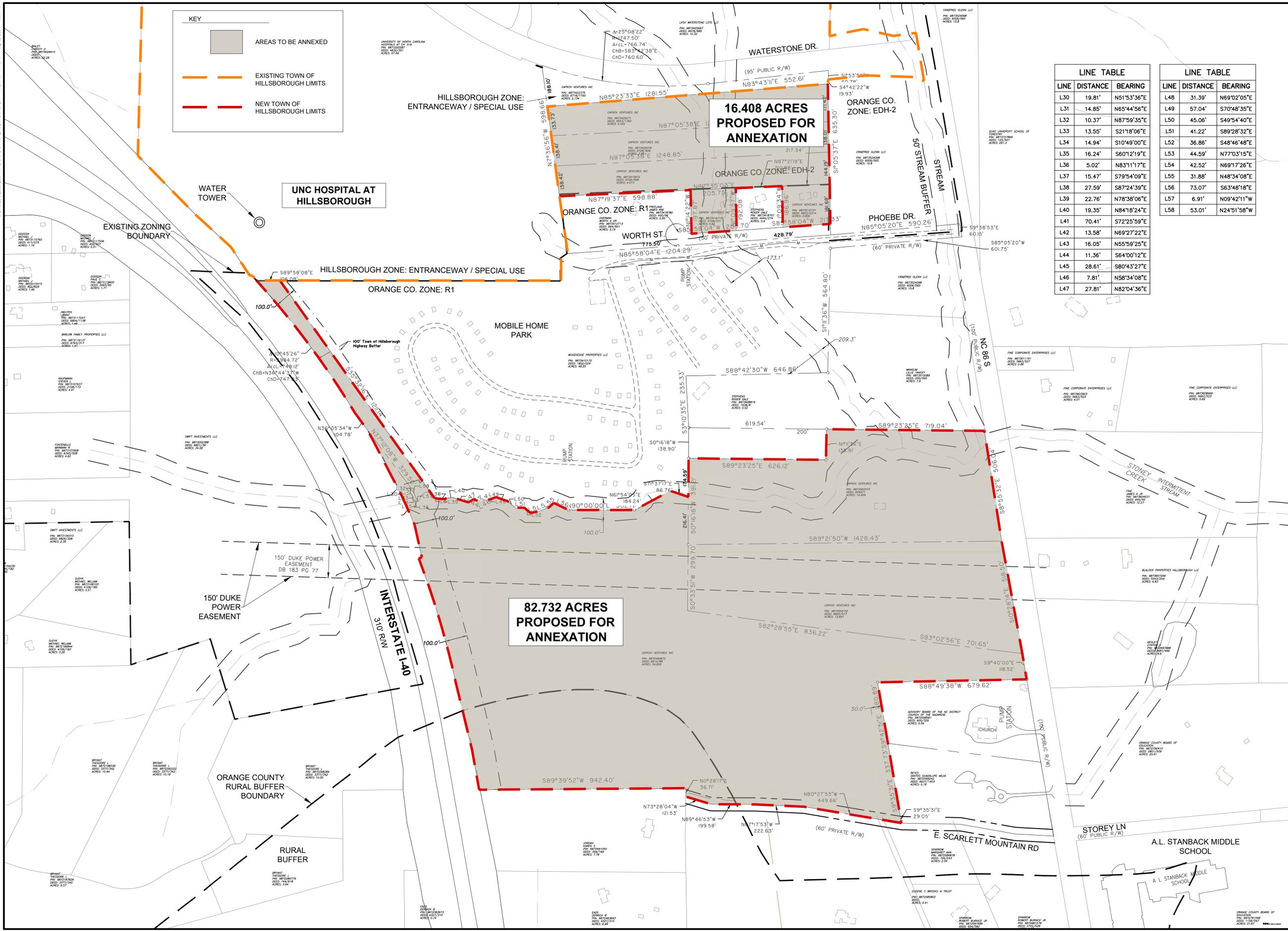
JOB NO: 92037
 DATE: 01/17/24
 DRAWN: DAJ, MTC
 DESIGNED:
 REVIEWED: DAJ
 APPROVED:
 SCALE:

MPO.1

S:\PROJECTS\2020\3037 INTERSTONE CAPKOV\ANNEXATION\11 ANNEXATION MAP.DWG - Nov. 6, 2024 - 3:38 AM

KEY

- AREAS TO BE ANNEXED
- EXISTING TOWN OF HILLSBOROUGH LIMITS
- NEW TOWN OF HILLSBOROUGH LIMITS



LINE TABLE

| LINE | DISTANCE | BEARING |
|------|----------|-------------|
| L30 | 19.81' | N51°53'36"E |
| L31 | 14.85' | N65°44'56"E |
| L32 | 10.37' | N87°59'35"E |
| L33 | 13.55' | S21°18'06"E |
| L34 | 14.94' | S10°49'00"E |
| L35 | 16.24' | S60°12'19"E |
| L36 | 5.02' | N83°11'17"E |
| L37 | 15.47' | S79°54'09"E |
| L38 | 27.59' | S87°24'39"E |
| L39 | 22.76' | N78°38'06"E |
| L40 | 19.35' | N84°18'24"E |
| L41 | 70.41' | S72°25'59"E |
| L42 | 13.58' | N69°27'22"E |
| L43 | 16.05' | N55°59'25"E |
| L44 | 11.36' | S64°00'12"E |
| L45 | 28.61' | S80°43'27"E |
| L46 | 7.81' | N58°34'08"E |
| L47 | 27.81' | N82°04'36"E |

LINE TABLE

| LINE | DISTANCE | BEARING |
|------|----------|-------------|
| L48 | 31.39' | N69°02'05"E |
| L49 | 57.04' | S70°48'35"E |
| L50 | 45.06' | S49°54'40"E |
| L51 | 41.22' | S89°28'32"E |
| L52 | 36.86' | S48°46'48"E |
| L53 | 44.59' | N77°03'15"E |
| L54 | 42.52' | N69°17'26"E |
| L55 | 31.88' | N48°34'08"E |
| L56 | 73.07' | S63°48'18"E |
| L57 | 6.91' | N09°42'11"W |
| L58 | 53.01' | N24°51'58"W |

| NO. | REVISIONS | BY | DATE |
|-----|-----------------|-----|----------|
| 2 | MINOR REVISIONS | T&H | 05/08/24 |
| 1 | TOWN COMMENTS | T&H | 03/15/24 |

**PRELIMINARY
NOT FOR
CONSTRUCTION**

THOMAS & HUTTON
 2510 Meridian Parkway • Suite 100
 Durham, NC 27713 • 919.682.0368
 www.thomasandhutton.com

ANNEXATION MAP
WATERSTONE SOUTH
PROJECT LOCATION:
 3411 NC 86 SOUTH
 HILLSBOROUGH, NC

CLIENT/OWNER:
 Capkov Ventures
 PO Box 16815
 Chapel Hill, NC 27516
 919-260-7262
 Contact: Eric Chupp
 ericchupp@bellsouth.net

GRAPHIC SCALE:
 1 INCH = 200 FEET

DATUM: HORIZ.: NAD 83 VERT.: NAVD 88

| | |
|-----------|-----------|
| JOB NO: | 92037 |
| DATE: | 01/17/24 |
| DRAWN: | DAJ, MTC |
| DESIGNED: | |
| REVIEWED: | |
| APPROVED: | |
| SCALE: | 1" = 200' |

A1.1



Master Development Plan Summary and Narratives

1. General Description of the Proposed Development.

The proposed mixed-use development Waterstone South encompasses roughly 100 acres (99.14) and includes 450 apartment homes, 205 townhomes, 200,000 square feet of medical outpatient services and medical office, and 40,000 square foot of neighborhood commercial. The development as proposed is to be built in three phases over the next seven or eight years. The northern portion of the proposed mixed-use community sits immediately adjacent to UNC Hospital campus along Waterstone Drive. The property extends southward from Waterstone Drive to East Scarlett Mountain Road. The property is bounded by I-40 to the west, Highway 86 to the east, and Waterstone Drive serves as its northern boundary. The general site plan calls for medical office and outpatient services immediately adjacent to UNC Hospital, and residential uses on the southern portion of the site. We have then added 40,000 square feet of neighborhood oriented commercial to the primarily residential portion of the site for uses such as restaurants, coffee shops, and day care centers. These uses will serve the neighborhood as well as the larger Hillsborough community. The residential component is comprised of townhomes and apartments intended to serve working middle income families. The apartments will be located on the southwestern portion of the site along I-40, while the townhomes will be on the southeastern portion of the site closer to Highway 86. There are notably no single-family lots proposed as we are opting exclusively for the more affordably priced housing that Hillsborough needs. The applicant is proposing that 15% of the market rate units be priced at an average of 80% of the median income. This is inclusive of both the apartments and the townhomes. Neighborhood oriented commercial will be located at the entrance to the residential portion of the community along Highway 86. Over one-third of the site (37.8 acres) is being proposed as open space, including a hundred-foot buffer along the entire southern property line on the north side of East Scarlett Mountain Road. Public walking trails will lead from the site to UNC Hospital and the Waterstone community and will be an integral part of the community's overall connectivity. The applicant is proposing an unprecedented level of investment in public utilities in the form of upgrading Hillsborough's existing infrastructure, extending new gravity sewer lines, and eliminating outdated pump stations.

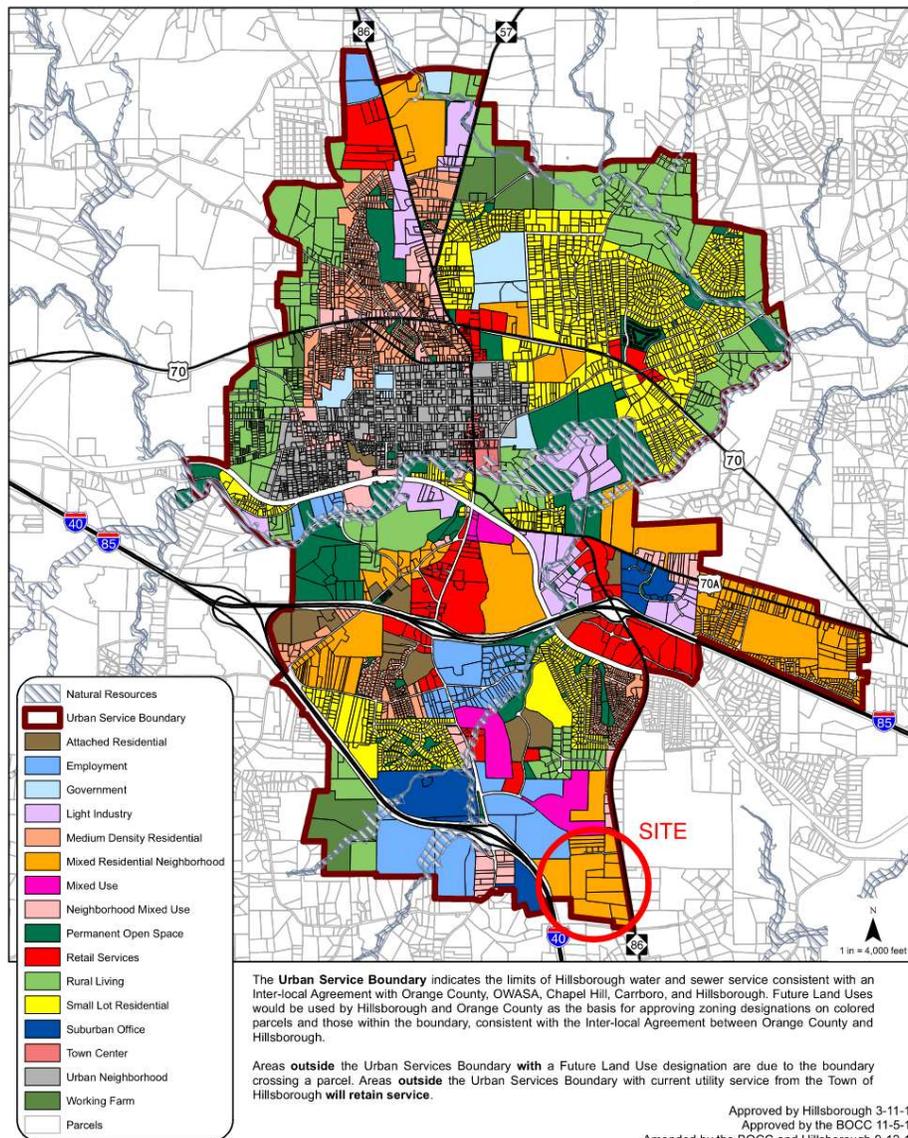
2. Planning Objectives and Character of the Development to be Achieved.

Waterstone South has been designed to be aligned with and promote the planning objectives and the character of the Town of Hillsborough. The next section of this Master Plan Development Summary will elaborate on how the design of Waterstone South conforms to the principles of the newly approved Hillsborough Comprehensive Sustainability Plan, but I will touch on some of the more general ways the design aligns with Hillsborough’s planning objectives and character.

- A. The Waterstone South site area is shown on the Town of Hillsborough/Orange County Central Orange Coordinated Land Use Plan (see exhibit A) as “Mixed Residential Neighborhood” which is exactly what we are proposing.

Exhibit A

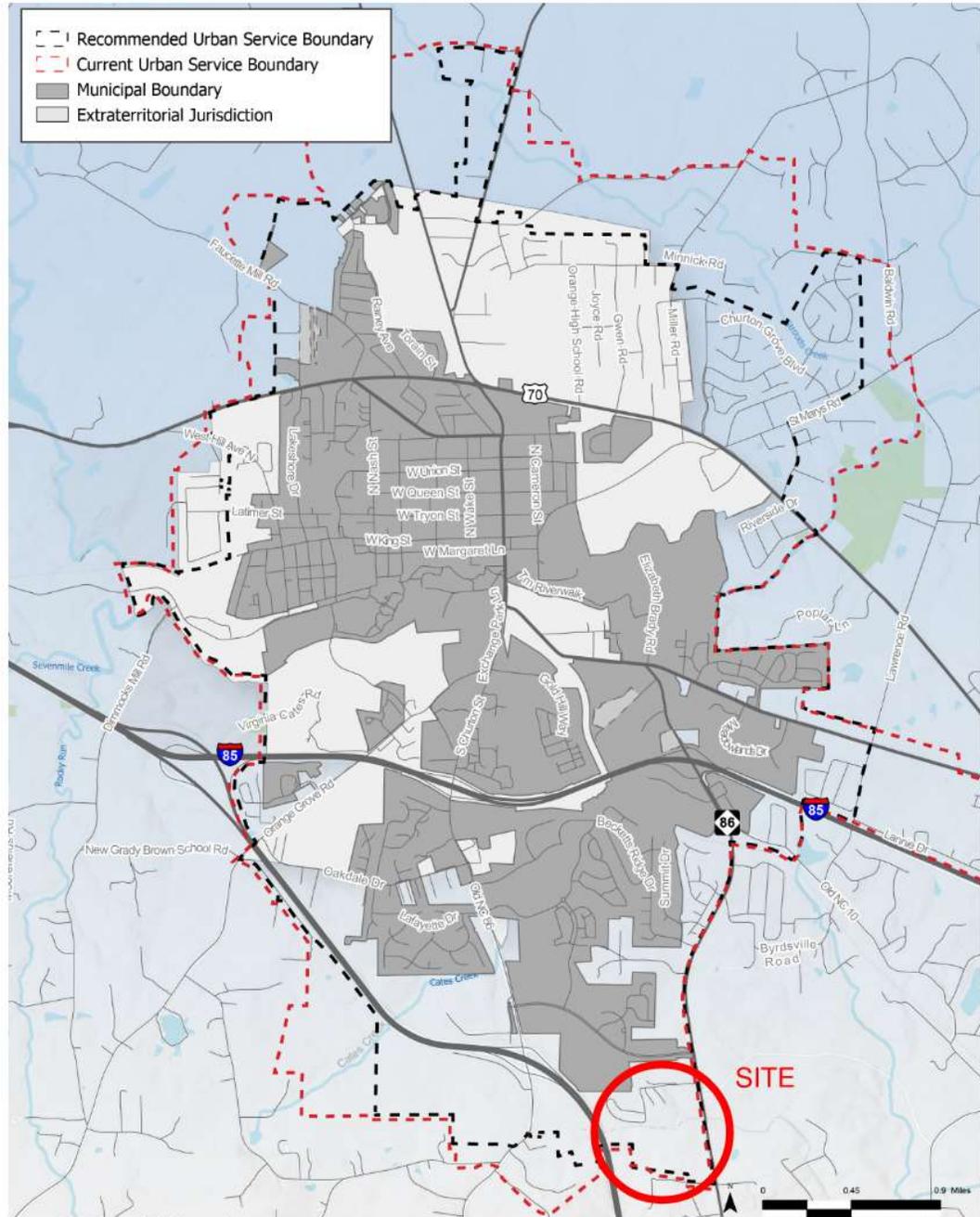
Town of Hillsborough/Orange County Central Orange Coordinated Area Land use Plan
Areas Within the Town's Urban Service Boundary



- B. The Waterstone South site area is within the Recommended Urban Services Boundary even in the recently reduced form (see exhibit B). (Page 4.12 Comprehensive and Sustainability Plan 2030).

Exhibit B

Figure 4.1. Urban Service Boundary

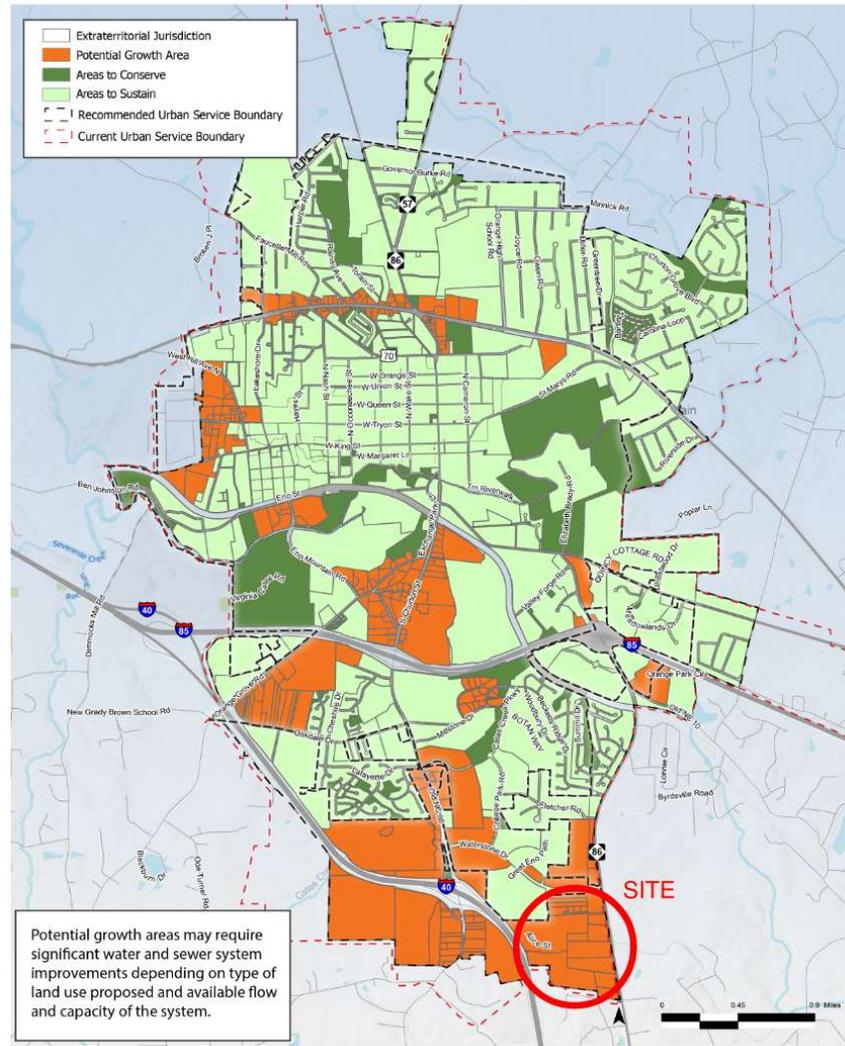


Source: The Town of Hillsborough

- C. The Waterstone South site area is shown on figure 4.4 of the newly adopted Comprehensive and Sustainability Plan as a “Potential Future Growth Area” (see exhibit C). (Page 4-23 Comprehensive and Sustainability Plan 2030).

Exhibit C

Figure 4.4. Potential Growth Areas



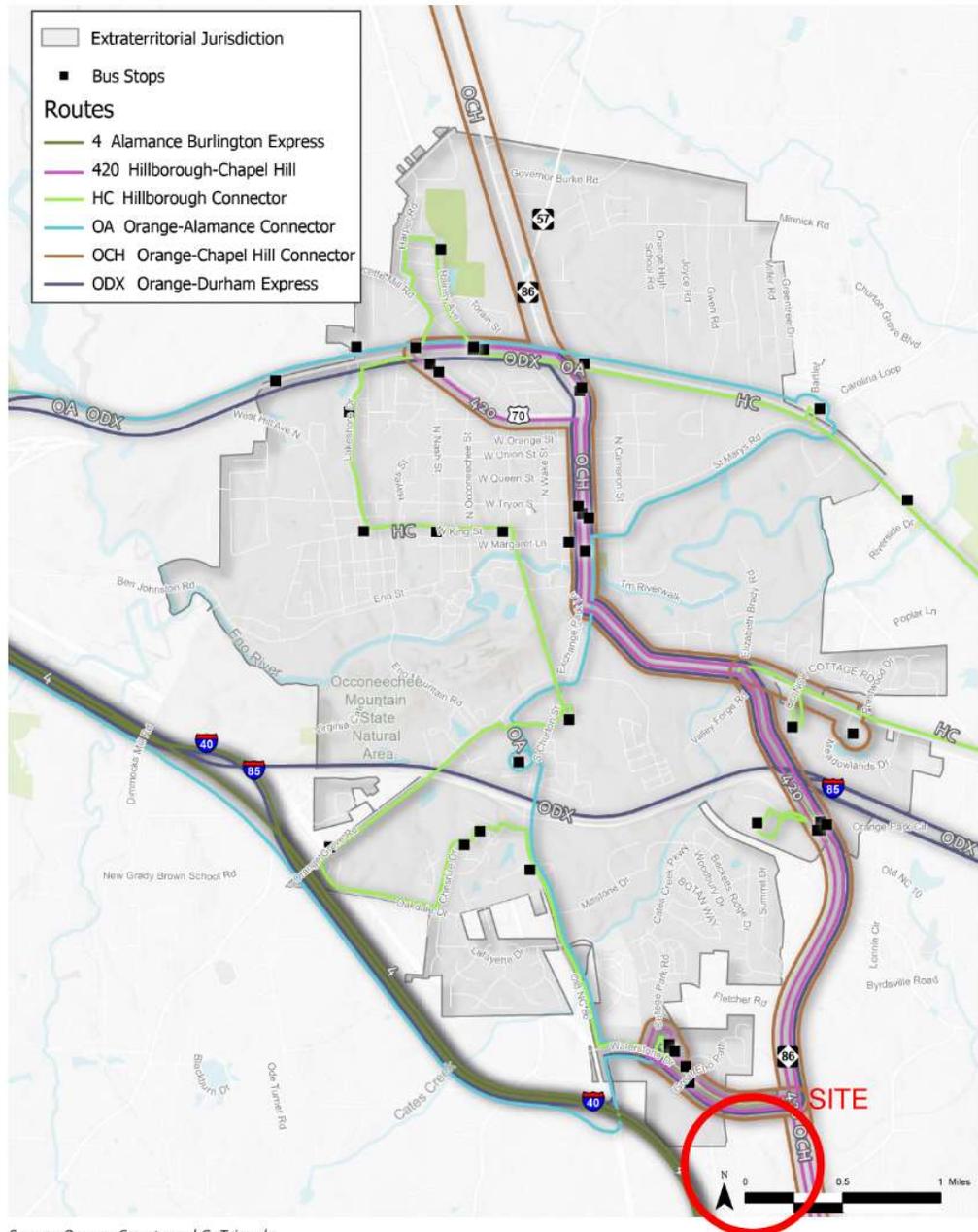
Source: The Town of Hillsborough

- D. The Waterstone South site area is located immediately adjacent to Hillsborough’s biggest transit corridors allowing for efficient public transit without adding to the congestion problems that are prevalent in the Churton Street Corridor. Figure 6.8 from the Comprehensive Sustainability Plan shows where transit opportunities exist relative to the location of the site (see exhibit D). (Page 6-6 Comprehensive and

Sustainability Plan 2030). The Waterstone South site is located with I-40 serving as its western property line, Highway 86 as its eastern property line, Waterstone Drive as its northern property line and I-85 only a couple miles north of the site. The Waterstone South site is in a perfect location to take advantage of transit opportunities.

Exhibit D

Figure 6.8. Existing Transit Routes



Source: Orange County and GoTriangle

- E. Waterstone South is a true mixed-use community. The recently completed Fiscal Benefits and Economic Impacts analysis completed by DPFG shows that 41% of the tax base for the proposed community will come from commercial uses. By comparison the commercial portion of the total tax base in Orange County is only 20%, and for Hillsborough only 32% of the total tax base is commercial. Waterstone South will help Hillsborough increase its commercial tax base relative to its residential tax base. The Comprehensive and Sustainability Plan recognizes that “Hillsborough’s largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.” (Page 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital’s future and current needs.

- F. Waterstone South is offering an unprecedented level of affordable housing. The applicant is making a commitment to make 15% of the market rate homes affordable to those making an average of 80% of the median income. This will apply to both the apartments and the townhomes, resulting in 58 affordable apartments and 27 new affordable townhomes. Affordable townhomes will be integrated within the market rate homes. There will be no discernable difference between the market rate homes and the affordable homes.

- G. The proposed Waterstone South mixed-use community is located in the Elizabeth Brady sewer basin which has a significantly newer and better designed public sewer system than the River Basin. Not only is there less infiltration from outside sources, but there is also greater potential for adding capacity. The planning for Waterstone South has taken into account that upgrades to the existing system will be needed and older outdated pump stations will need to be replaced. The applicant is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees. The applicant is also proposing to phase the residential portion of the development into three phases to allow capacity upgrades to be made without overtaxing the system.

3. A statement explaining how the development complies with the policies & objectives of the comprehensive plan.

In June of 2023 the Town of Hillsborough adopted a new Comprehensive Plan entitled “Town of Hillsborough Comprehensive Sustainability Plan (2030)”. The proposed mixed-use community and associated annexation are consistent with this comprehensive plan in virtually every respect.

1. Land Use and Development. This section of the comprehensive plan applies most directly to this proposed mixed-use development.
 - a. The Comprehensive and Sustainability Plan page 4-5 states that Hillsborough “seeks development patterns that create more compact and walkable spaces with a mix of uses”. Page 4-8 speaks to the southern area of Town holding opportunities for growth in the form of “compact, mixed use, and transit-oriented development”. Waterstone South is being proposed in the southern portion of Hillsborough and provides compact development, a mix of uses, and mass transit opportunities.
 - b. The comprehensive plan contemplates contracting the Urban Services Boundary away from areas that are less practical to provide sewer services, or the Town wants to otherwise discourage development. The proposed mixed-use community remains within the primary service area whether the area is contracted or not (see attached exhibit B). (Page 4-12 Comprehensive and Sustainability Plan 2030).
 - c. The comprehensive plan speaks of the Town’s limited, and some areas constrained sewer capacity. It is pointed out that the “Elizabeth Brady Basin is newer and has more capacity”. (Page 4-14 Comprehensive and Sustainability Plan 2030). This proposed mixed-use community is in the Elizabeth Brady Basin.
 - d. The comprehensive plan points out that a significant problem with the existing sewer system is that there are too many pump stations, and many of them are substandard and ageing. The proposed mixed-use community eliminates two ageing substandard pump stations and constructs one new station built to modern standards with excess capacity for the future. (Pages 4-15, and 4-16 Comprehensive and Sustainability Plan 2030).
 - e. The comprehensive plan page 4-16 points out that “Planned growth is a driver for sewer improvements in the newer Elizabeth Brady Pumping Station Sewer Basin. Significant investment will be needed to prepare for future needs and growth”. The proposed mixed-use community is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees that would be paid upon approval of each of the 3 phases. This is a very large contribution to the public infrastructure. Hillsborough has not seen this level of commitment in the past. However, the comprehensive plan specifically suggests this type of cost

sharing arrangement with developers. (Page 4-25 Comprehensive and Sustainability Plan 2030).

- f. In the conclusion of the Comprehensive Report's section on Land Use and Development, page 4-22 states that, "Based on the water and sewer capacity constraints, growth should be focused on the southern part of Town in the Elizabeth Brady Basin. This area is ripe for additional compact and mixed-use development.....". As demonstrated in the Growth Areas Map (Figure 4.4), most growth is anticipated in the southern portion of town (within the Elizabeth Brdy Basin). "The town plans, regulations and ordinances should be revised to direct this growth to accomplish the goals of this plan.". This is exactly what the proposed mixed-use community has designed in both location and the type of development. I have attached figure 4.4 Potential Growth Areas Map as exhibit C. (Page 4-23 Comprehensive and Sustainability Plan 2030).
2. Transportation and Connectivity. The comprehensive plan on Page 6-4 states that "The town relies on this regional transportation network, along with local roads, and bicycle and pedestrian facilities, for its economic vitality and social and resource connections". Greenway trails and pedestrian networks are important to the future of the town as are mass transit opportunities. The proposed mixed -use community's' location could not be better. It is in the southern part of town adjacent to 1-40, and Highway 86 (new), with I-85 to the north and Highway 86 (old) to the west. Access to all these major transportation routes can be made without going through downtown Hillsborough. The mixed-use master plan calls for an extensive internal pedestrian trail system with multiple connections both current and future to Waterstone Drive, which then provide links to other areas of Hillsborough. We have also proposed a public sidewalk on both sides of all new public streets. This type of connectivity is essential.
3. Economic Development and Tourism. The comprehensive plan states that "The town understands the importance of continued growth and support to existing businesses.". (Page 9-4 Comprehensive and Sustainability Plan 2030). And it also recognizes that "Hillsborough's largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.". (Page 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital's future and current needs. We are also offering middle-income housing designed with hospital workers in mind. The residential component of this mixed-use neighborhood provides a realistic opportunity for the employees at Hillsborough's largest employer to walk to work. The proposed Medical Office and Outpatient Services is located in Hillsborough's **Economic Development District** (see

figure 9.3). (Page 9-8 Comprehensive and Sustainability Plan 2030). As mentioned earlier the proposed mixed-use community has a commercial tax base of 41% which is double the proportion of commercial tax base in Orange County and much higher than the proportion of commercial tax base in Hillsborough.

4. Housing and Affordability. There are several very important sections from the comprehensive plan that warrant inclusion in the discussion of consistency with the proposed mixed-use community. Directly from the comprehensive plan.
 - a. “During the development process for this plan “addressing affordability and cost of living” was noted as one of the most important sustainability issues facing the town. Page 8-4 Comprehensive and Sustainability Plan 2030).

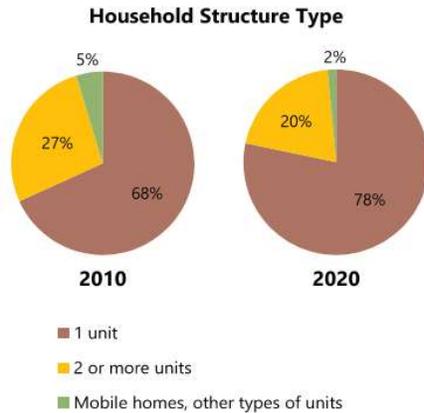
“The affordability of housing in a market function on a supply and demand model. The prices of housing units will be higher the lower the supply is in an area. Further, high housing costs have the unintended consequence of promoting sprawl, as households seek more affordable options away from densely populated areas with access to services. This generates adverse social and environmental effects, such as development of natural areas, increases in service rates (such as water and sewer), and higher emissions from longer commutes”. (Page 8-4 Comprehensive and Sustainability Plan 2030).

“A mixture of housing types helps neighborhoods be more sustainable and stable. Approaching housing with a smart growth lens curbs sprawl and reduces environmental impacts by building compactly, promoting a mix of uses....”. (Page 8-3 Comprehensive and Sustainability Plan 2030).

“Missing middle housing refers to building types that provide denser housing options, such as duplexes, fourplexes, cottage courts, and courtyard buildings. These housing types have the capacity to better support transit and economic mobility of residents without the cost and maintenance burden of a detached single-family home”. (page 8-4 Comprehensive and Sustainability Plan 2030).

In addition, between 2010 – 2020 the percentage of single-family homes has risen from 68% to 78% of Hillsborough’s total housing stocks (see Housing Structure Type in Hillsborough, Figure 8.4) Exhibit K. (Page 8-8 Comprehensive and Sustainability Plan 2030).

Figure 8.4. Household Structure Type in Hillsborough (2020 and 2010)



Source: U.S. Census, American Community Survey 5-Year Estimates

The proposed mixed-use development seeks to address the missing middle, and workforce housing by following the guidance laid out above from the comprehensive plan by providing townhomes and apartments and no single-family homes. We have chosen the more compact, denser design, that is more affordable and more sustainable. Our plan also addresses affordability by integrating 15% of affordable homes throughout the townhomes which will be affordable to those earning 80% or less of the median income. We will also commit to 15% of the entire residential portion of the project to be affordable. We are committed to working with the Hillsborough Commissioners to come up with the best plan for providing affordability within the apartments.

4. Definitions of the land-use designations, including density ranges & product types for residential development shown on the master development plan graphics

General Office/Medical Office/ Outpatient Services/ Hospital – Up to 65’ office buildings intended for medical office and general office uses. The buildings may also contain small accessory support uses such as a coffee shop or similar. This land use will include surface parking to support the buildings.

Apartments - 3 or 4 story buildings containing rental residential units in a mix of 1-, 2-, and 3-bedroom units with surface parking per UDO requirements.

Townhomes - 2 and 3 story buildings comprising 3-8 residential units’ side by side or stacked, for sale and/or rental. Parking will meet UDO requirements.

Neighborhood commercial - 1 or 2 story buildings for neighborhood support services such as Day Care, restaurant, small shops, and professional offices. Surface parking per UDO requirements

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

5. A table setting the minimum & maximum total dwelling units & nonresidential square footage; the minimum acreage for common open space, natural resource areas, public uses & any other planned uses

General Office/Medical Office/ Outpatient Services/ Hospital

Acreage: ~ 12.8 AC

Square footage: +/- 200,000 SF

Apartments

Acreage – ~ 21.5 AC

Density per acre of these 2 blocks: 20-22 Units per Acre

Units in each block: +/- 225 units

Townhomes –

Acreage ~ 27.8 AC

Acreage of each block: Block A = ~ 6.7 AC, Block B = ~ 12.4 AC, Block C = ~ 6.9 AC, Block D = ~ 1.8 AC

Density per acre of each block: 5 to 14 units per acre

Units in each block: 25-70 units

Neighborhood commercial -

Acreage of block: ~ 5.0 AC

Square footage: +/- 40,000 SF

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

Total acreage of these areas: +/- 32 AC

6. Description of residential & mixed-use neighborhoods; commercial, office, & research & development-uses, common open omits space & natural resource areas; public buildings, schools, & other public uses; & any other proposed uses,

General Office/Medical Office/ Outpatient Services/ Hospital – Up to 65’ office buildings intended for medical office and general office uses. The buildings may also contain small accessory support uses such as a coffee shop or similar. This land use will include surface parking to support the buildings. Blocks H and I.

Apartments - 3 or 4 story buildings containing rental residential units in a mix of 1-, 2- and 3-bedroom units with surface parking per UDO requirements. Blocks E and F.

Townhomes - 2 and 3 story buildings comprising 3-8 residential units’ side by side or stacked, for sale and/or rental. Parking will meet UDO requirements. Blocks A, B, C, and D.

Neighborhood commercial - 1 or 2 story buildings for neighborhood support services such as Day Care, restaurant, small shops, and professional offices. Surface parking per UDO. Block G.

Open space - A combination of natural as well as improved open space areas including preservation, passive, and active recreation. These areas are comprised of stream buffers and steep slopes, open fields interior to the neighborhood, and accessible playgrounds (at least 2).

7. If the development is to be built in phases, a development schedule indicating:

- **The approximate date when construction of the project can be expected to begin.**
- **The stages in which the project will be built and the approximate date when construction of each stage can be expected to begin.**
- **The anticipated rate of development.**
- **The approximate date when the development of each of the stages will be completed.**
- **The area and location of open space, community and public facilities, and preserved floodplains, wetlands, and other natural resource areas that will be provided at each stage.**

The proposed Waterstone South community has been designed to be developed in three phases. The three phases primarily pertain to the residential component of the development and not the commercial components. The applicant recognizes the sewer capacity constraints that Hillsborough is currently experiencing and has proposed roughly 8 million dollars in accelerated system development fees, and direct improvements to improve capacity for the Waterstone South community and future development in the southern portion of Hillsborough. Because the residential component of Waterstone South is the primary consumer of sewer capacity, the residential component of the proposed mixed-use community is being proposed as phased development. The residential component has been divided into three phases to allow the necessary time for the proposed sewer improvements to be made in a logical and orderly manner. The commercial component of the community located along Waterstone Drive has been designed to encourage medical outpatient services and medical office to facilitate the growing medical complex anchored by UNC Health. We don’t believe phasing of the medical uses is advisable as it will be developed as the UNC Health facility grows and the demand for the

medical outpatient services and offices grow along with it. This is anticipated to occur over a 10-year time frame. Similarly, the neighborhood commercial along Highway 86 South at the entrance to the residential portion of the community will grow as the residential component of the community grows and the health care related jobs base expands. Uses such as day care facilities, coffee shops and restaurants, are anticipated in this neighborhood commercial area.

The phasing of the residential portion of the Waterstone South community shall occur starting at the front of the residential portion of the community along Highway 86 South and proceed westward towards I-40. As such, the townhomes and the neighborhood commercial will be constructed before the two phases of multi-family.

The three phases shall be structured as follows.

PHASE I: Phase I shall include 205 townhomes and approximately 10,000 square feet of the neighborhood commercial. Infrastructure development shall conclude and building construction to start in June 2026 with the first townhomes being completed in January 2027. Phase I should be completed by January 2030. No sewer would be needed before January of 2027 and gradually added through 2030.

PHASE II: 225 apartments and approximately 10,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January of 2028 with the first apartment being completed in January 2029. Phase II should be completed by January 2030. No sewer would be needed before January of 2029 and gradually added through 2030.

PHASE III: 225 apartments and approximately 20,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January 2029 with the first apartment being completed in January of 2030. Phase III should be completed by January 2031. No sewer would be needed before January 2030 and gradually added through 2031.

As intended the sewer usage allows a substantial amount of time for the necessary improvements to be completed with the initial usage not starting for three and a half years while the infrastructure and building occurs and increasing gradually over the next seven years. We think this is a well thought out phasing plan that allows for a logical growth pattern to be aligned with increases in sewer capacity.

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Waterstone South

10 Factors Relevant to Decision to Amend the Official Zoning Map

1. The extent to which the proposed amendment is consistent with all applicable Town Adopted Plans

There are several adopted plans that stipulate policy and guidance on new land use for the subject properties. These include.

The *Town of Hillsborough Potential Growth Areas Map* identifies the area where the site is located as a “Potential Growth Area”. Figure 4.4, page 4-23 Comprehensive and Sustainability Plan 2030.

The Town of Hillsborough/ Orange County Coordinated Area Land Use Plan for Areas Within the Urban Services Boundary calls for Mixed Use land use along Waterstone Drive and mixed residential neighborhood for the rest of the property. Our proposal is for a mix of retail and office-type uses along Waterstone Drive, and Mixed Residential for the remainder of the property, exactly as called for in the plan.

The *Hillsborough Urban Services Boundary Map* shows all of the subject properties (except for the small portion in the Rural Buffer) within the Town water/sewer service agreement area, thus supporting our request to extend water and sewer service from the Town system.

The Town of Hillsborough Comprehensive Sustainability Plan addresses specific goals that are actionable with our proposal relative to Land Use and Development, Transportation and Connectivity, Social Systems and Public Spaces, Housing and Affordability, and Economic Development, Climate and Energy.

The Land Use and Development component of this plan reinforces the established urban growth limits of the Town, the need to expand and enhance the public utility infrastructure, and incorporation of pedestrian oriented smart growth principles in new development. Our proposal is within that identified town growth boundary, and we are offering to provide direct construction and financial assistance to the Town to enhance the capabilities of the public water and sewer infrastructure, as well as build incrementally over time to allow those enhancements to become operational before adding customers that could strain that system. The proposed development as envisioned will be a walkable mixed-use community with townhomes, multifamily residential, retail, office and civic spaces. The commitment to not have single family homes will result in a

development pattern that will require less infrastructure per residential unit, and allow residents to live, work and shop within an easy bike ride or walk. Similarly, the proximity to UNC Hospital and Durham Tech will further expand those live/work opportunities without requiring the use of a car.

Similarly, the Transportation and Connectivity component will be met through this compact form of development with connecting sidewalks and trails. Hillsborough Public Transit has service on Waterstone Drive, and we plan on connecting the southern portion of the site to Waterstone Drive with a multi-use path.

Regarding Social Systems and Public Spaces, we plan on having multiple public open space areas within the boundaries of the project including a continuous 100' strip of open space along the properties southern border against East Scarlett Mountain Road and ten acres of open space at the southwestern corner of the property. Similarly, we are right across NC 86 from Stanback Middle School, and a short distance north of New Hope Elementary. A sidewalk could be constructed, with NCDOT support, for safer access to Stanback. In addition, there is an adjacent Place of Worship.

Housing and Affordability is an important component of our proposal. We are focusing on much needed missing middle and multifamily housing, both rental and for sale. There will be no single-family homes. A permanent dedication of 15% of the residential units will be committed as long term affordable.

- 2. The extent to which there are changed conditions that require an amendment** – The southern portion of Hillsborough has seen most of the Hillsborough’s growth over the last 20 years. This growth has been moderately paced, and logical, given the southern portion of Hillsborough’s proximity to major transit corridors. The area is bounded by I-85 to the north, I-40 to the south, new Highway 86 to the east, and old Highway 86 to the west. The southern portion of Hillsborough is within Hillsborough’s Urban Services Boundary and within what has been designated as the primary service area. The water and sewer facilities south of downtown are newer, and higher quality than in the northern and central sewer basins. Guidance provided by past land use plans and reinforced by the recently approved Comprehensive Plan and Future Land Use Map have played a role in the development of the southern area of Hillsborough as well.

The subject property is in the southern area of Hillsborough and the growth surrounding the site has **resulted in changed conditions warranting the amendment**. Specific growth immediately adjacent to or near the subject site includes the Waterstone project, and the recently approved Research Triangle Logistics Park. The Waterstone project has contributed significantly to the area’s growth with our state’s flagship medical institution, UNC Health, building a major hospital on Waterstone Drive. In 2022 UNC Health expanded the hospital adding an entirely new tower with 80 new beds, and a dialysis center. The newly completed tower has added 100 jobs to bring the total UNC Health employees to over 500 at the 365,000 square foot Hillsborough Campus. Durham Technical Community College built a new campus on Waterstone Drive that includes a 40,000 square building that holds 22 new classrooms, a computer lab, and administrative offices, and is now preparing for expansion of the original campus. Waterstone

has also seen the opening of a new Fire Station in 2023. The 7.4-million-dollar facility has living accommodations for 12 fire personnel and 6 EMS workers. The Research Triangle Logistics Park has been approved and the owners have begun the development and construction process. The Park will add 2,400,000 square feet of industrial, manufacturing, and warehousing space that will bring hundreds of new jobs to the Town of Hillsborough. With the new growth to the southern area of Hillsborough infrastructure has grown as well. I-40 is currently being upgraded at both the Old and New Highway 86 intersections, lane widening is occurring between Highway 15-501 and Highway 85, and mass transit routes to Hillsborough and Chapel Hill have been added.

The addition of recent growth in health, education, industrial and manufacturing space, and municipal services in the southern area of the Town of Hillsborough **has resulted in changed conditions that warrant amendment**. The northern portion of the proposed Mixed-Use Community will allow specialty and outpatient services to grow around the core UNC Health hospital and facilitate the growth of the overall health services in Hillsborough. The residential apartments and townhomes being proposed will provide homes for the of new workers the recent growth in jobs in the southern portion of Hillsborough will require.

3. The extent to which the proposed amendment addresses a demonstrated community need.

The proposed project will address a number of community needs.

a. Housing. We all need a place to live and the United States is currently in a housing crisis. The supply of homes has simply not kept up with the demand. A CNN report earlier this year put the national shortage at 6.5 million homes. Locally a report by the North Carolina Budget and Tax Center given at North Carolina’s Annual Fair Housing Conference puts North Carolina’s shortage at 900,000 homes by 2030. A shortage of homes has a direct and significant impact on home prices. When you have an insufficient supply of homes, prices go up making the available homes unaffordable. A housing shortage also affects the price of existing homes and when the value of existing homes rises the property taxes for long term residents of Hillsborough increase. This has happened in Hillsborough, at the state level, and nationally. The hardest hit has been the supply of homes for those in the middle- and lower-income price ranges. The only actively selling new home community in Hillsborough currently is Collins Ridge. By the time the proposed Waterstone South project is issued its first building permit, it is likely that Collin’s Ridge will be sold out. The proposed mixed-use community will provide badly needed housing for middle income families. As proposed the community will only serve the middle- and lower-income ranges by building only town homes and apartments. We have not planned for any single-family homes. **Providing badly needed middle income homes is a demonstrated community need.**

b. Affordable Housing. Along with the middle-income homes referenced above the applicant is making a commitment to make 15% of the market rate homes affordable to those making an average of 80% of the median income. Affordable homes will be integrated within the market rate homes with identical exterior finishes. There will be no discernable difference between the homes. **Providing affordable homes is a significant financial commitment from the applicant and will address a demonstrated community need.**

c. Medical services/ Neighborhood Oriented Commercial. The proposed mixed-use community has two commercial components planned. The most significant is approximately 12 acres of medical office and outpatient services located immediately adjacent to the UNC Health Campus on Waterstone Drive. In this portion of the proposed mixed-use campus, we anticipate the type of medical support services typically seen around major medical institutions. We envision radiology, orthopedics, gynecologist, dermatologist, and other specialty offices that will support UNC Health and allow it to operate effectively. The other commercial component will be the neighborhood-oriented commercial along Highway 86 south at the entrance to the residential portion of the community. Here we are planning businesses that will support the community's needs in the southern portion of town. Potential uses include a day care, restaurants, coffee shops, a barber shop or salon. **We believe that each of these commercial components of the proposed mixed-use community will address a demonstrated community need.**

d. Tax Base Income and Jobs. We are proposing a mixed-use community with both residential and commercial components with no single-family lots. This type of development uses far less infrastructure, resources, and community services than the more traditional single-family communities built in the past. They are simply more sustainable, which is listed as the first and primary goal of Hillsborough's new Comprehensive Plan. We have had Lucy Gallo of DPFG conduct an extensive Economic and Fiscal Analysis of the proposed community and the results are a significant deviation from traditional residential development. Ms. Gallo's report finds that the community will generate 1.4 million in annual property tax revenue with an annual net income above expenses of just under 1 million dollars (\$958,000) annually for Hillsborough's General Fund. This is revenue after contributing over \$750,000 to the annual cost of fire and police protection alone. In terms of economic impact, the mixed-use community will create 1,014 permanent jobs in Hillsborough of which most will be high paying medical jobs. These incomes are projected to exceed 100 million annually. **The proposed mixed-use community will go far beyond paying for itself and make a substantial contribution to the Town's general fund and employment, addressing a demonstrated community need.**

4. **The extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land, and is consistent with the Hillsborough Comprehensive Plan**

a. Compatible with Existing and Proposed Uses. The northern portion of the proposed mixed-use community sits immediately adjacent to UNC Hospital campus along the south side of Waterstone Drive. Durham Technical College campus is located on the north side of Waterstone Drive, along with a large townhome community called Harmony at Waterstone. The property extends southward from Waterstone Drive to East Scarlett Mountain Road. The property is bounded by I-40 to the west and Highway 86 to the east. The general site plan calls for medical office and outpatient services immediately adjacent to UNC Hospital, and residential uses on the southern portion of the site. The residential component is comprised of townhomes and apartments intended to serve working middle income families. The apartments will be located on the western portion of the site along I-40, while the townhomes will be on the eastern portion of the site closer to Highway 86. Neighborhood oriented

commercial will be located at the entrance to the residential portion of the community along Highway 86.

The site plan design **is compatible with existing and proposed uses surrounding the subject land.** The medical office and outpatient services is immediately adjacent to UNC Hospital which is consistent and intended to support the major medical facility. The residential component of the mixed-use community is entirely consistent with the apartments in Waterstone and the townhomes along Waterstone Drive. Highway 86 and I-40 both buffer the townhomes and apartments from the east and the west. The Rural Buffer begins at the southwestern corner of the site and extends all the way to Chapel Hill. Within the Rural Buffer homes were constructed on large lots. We will be dedicating significant areas of open space along the southern boundary in the Rural Buffer and have designed the lower density townhomes as a transition. While we are proposing higher density than the Rural Buffer to the south, we believe placing our residential component on the southern portion of the site **is compatible with existing uses, and is consistent with the recently approved Comprehensive Plan, the Future Land Use Map, and the Urban Services Boundary Map (attached as exhibits A and B respectively).**

Exhibit A

Town of Hillsborough/Orange County Central Orange Coordinated Area Land use Plan
Areas Within the Town's Urban Service Boundary

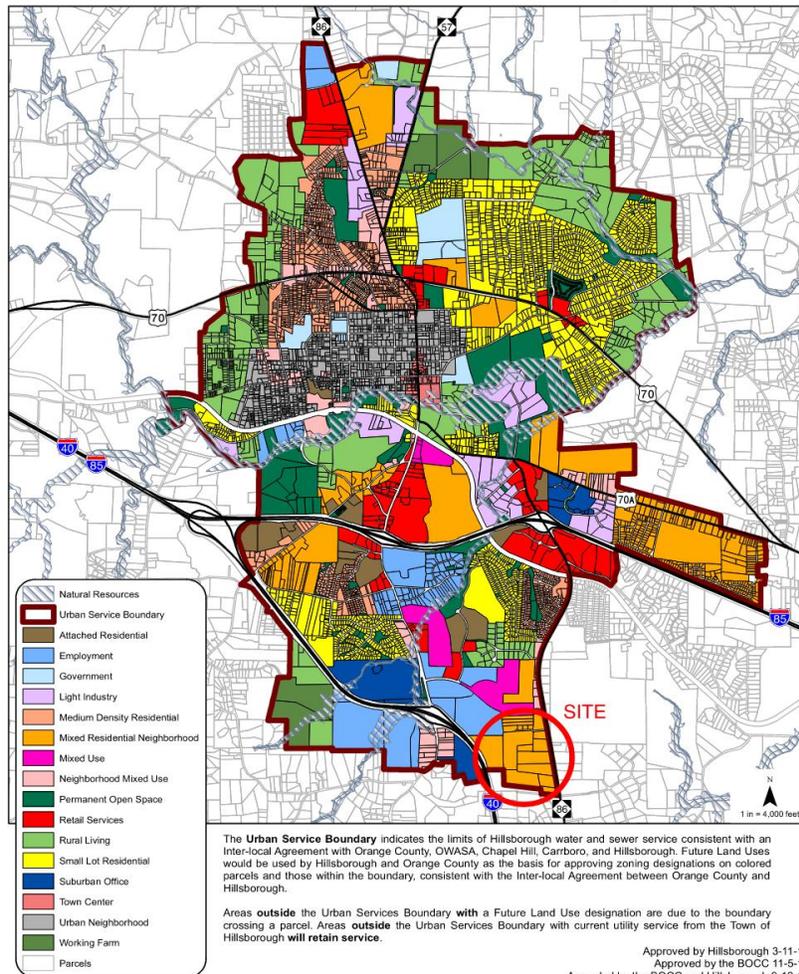
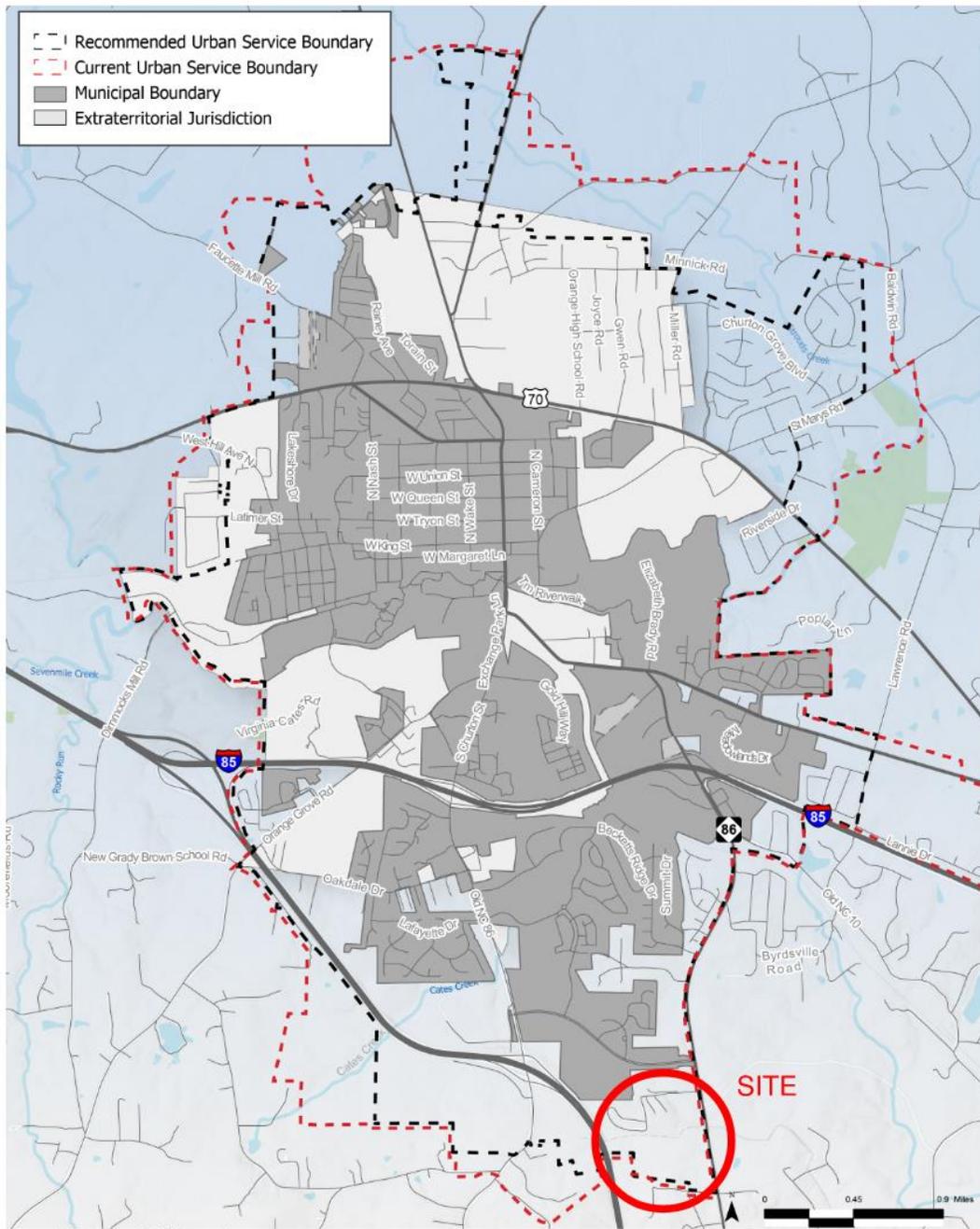


Exhibit B

Figure 4.1. Urban Service Boundary



Source: The Town of Hillsborough

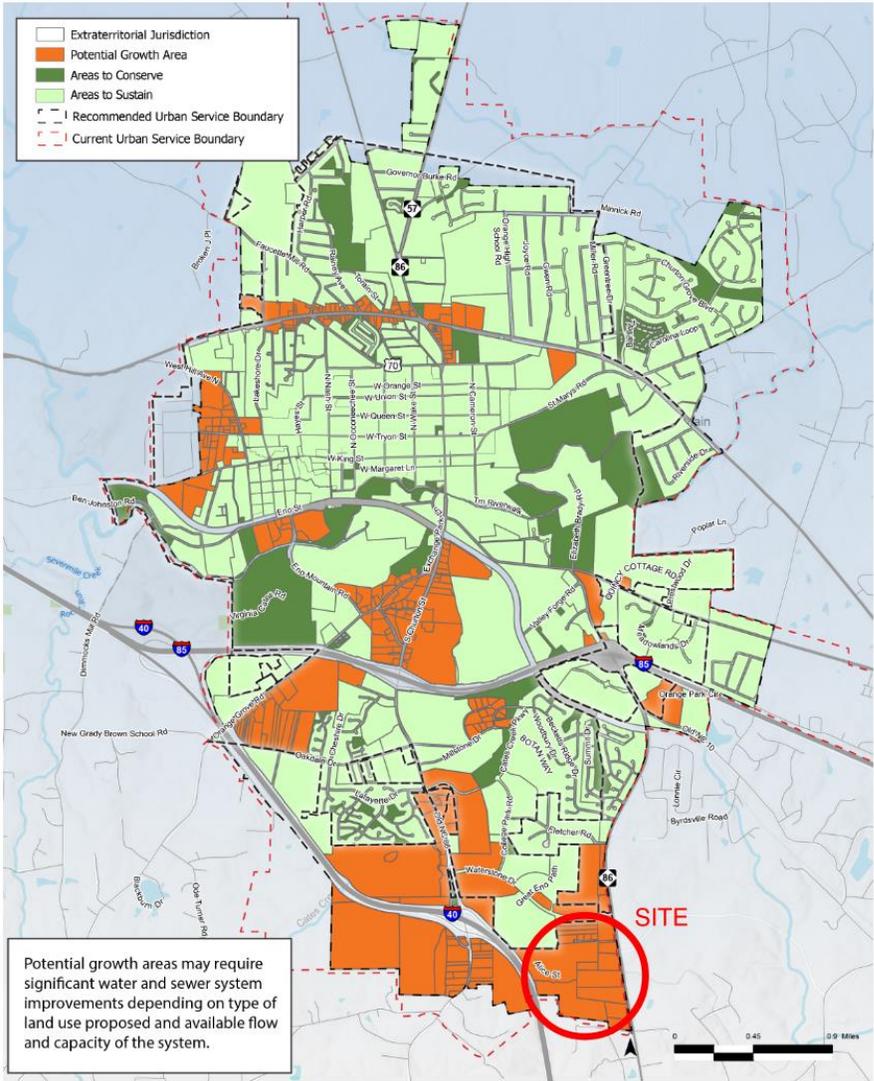
- b. Consistent with the Comprehensive Plan. In June of 2023 the Town of Hillsborough adopted a new Comprehensive Plan entitled “Town of Hillsborough Comprehensive Sustainability Plan 2030. The proposed mixed-use community and associated annexation are consistent with this comprehensive plan in virtually every respect.
 1. Land Use and Development. This section of the comprehensive plan applies most directly to this proposed mixed-use development.

- a. Pages 4-5 of the Comprehensive Plan, at the beginning of the section, states that Hillsborough “seeks development patterns that create more compact communities and walkable spaces with a mix of uses”, and page 4-8 speaks to the southern area of Town holding opportunities for growth in the form of “compact, mixed use, and transit-oriented development”. This mixed-use development is in the southern portion of Town and provides compact development, a mix of uses, and mass transit opportunities.
- b. The comprehensive plan contemplates contracting the urban services boundary away from areas that are less practical to provide sewer services, or the Town wants to otherwise discourage development. The proposed mixed-use community remains within the primary service area whether the area is contracted or not (see attached exhibit B from page 4-12 of the Comprehensive Plan).
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- e. The comprehensive plan page 4-16 points out that “Planned growth is a driver for sewer improvements in the newer Elizabeth Brady Pumping Station Sewer Basin. Significant investment will be needed to prepare for future needs and growth”. The proposed mixed-use community is proposing a contribution of 8 million dollars in needed sewer improvement for the Town of Hillsborough’s system. Of the 8 million dollars 3.3 million would be in direct construction (including upgrading the Elizabeth Brady Pump Station, eliminating the Alice Loop Pump Station, and replacing the Nazarene Pump Station), and 4.7 million dollars would be in accelerated access fees that would be paid upon approval of each of the 3 phases. This is a very large contribution to the public infrastructure. Hillsborough has not seen this level of commitment in the past. However the comprehensive plan specifically suggest this type of cost sharing arrangement with developers.
- f. In the conclusion of the Comprehensive Plan’s section on Land Use and Development, page 4-22 states that, “Based on the water and sewer capacity constraints, growth should be focused on the southern part of Town in the Elizabeth Brady Basin. This area is ripe for additional compact and mixed-use development.....”. As demonstrated in the Growth Areas Map (Figure 4.4), most growth is anticipated in the southern portion of town (within the Elizabeth Brady Basin). “The town plans, regulations and ordinances should be revised to direct this

growth to accomplish the goals of this plan.”. This is exactly what the proposed mixed-use community has designed in both location and the type of development. I have attached figure 4.4 Potential Growth Areas Map” as exhibit “D”. (page 4-23 Comprehensive and Sustainability Plan 2030).

Exhibit D

Figure 4.4. Potential Growth Areas



Source: The Town of Hillsborough

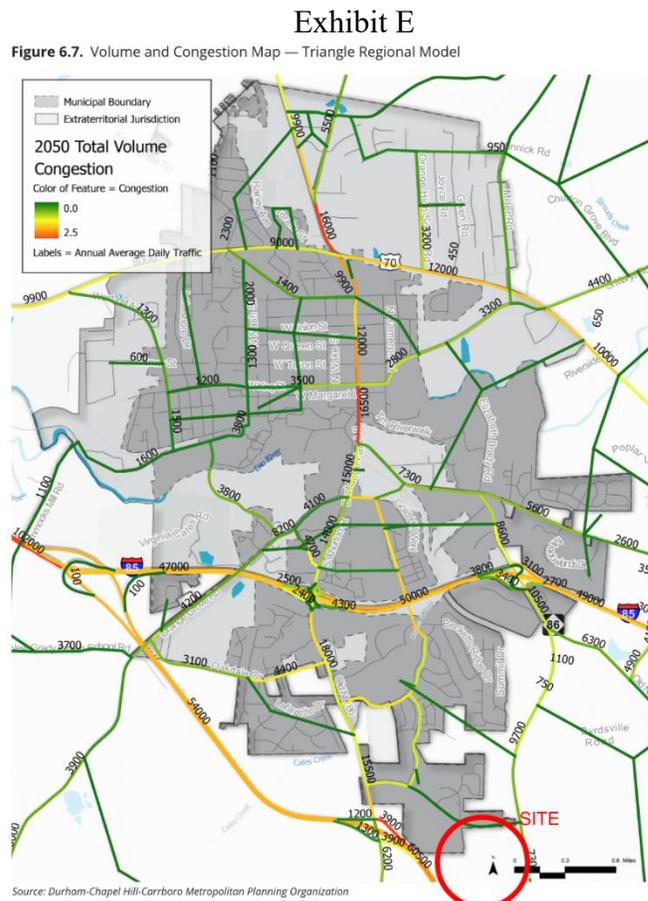
2. Transportation and Connectivity. The comprehensive plan on Page 6-4 states that “The town of Hillsborough relies on this regional transportation network, along with local roads, and bicycle and pedestrian facilities, for its economic vitality and social and resource connections”. Greenway trails and pedestrian networks are important to the future of the town as are mass transit opportunities. The proposed mixed -use communities’ location could not be better. It is in the southern part of town adjacent to I-40, and Highway 86 (new), with I-85 to the north and Highway 86 (old) to the west. Access to all these major transportation routes can be made without going through downtown Hillsborough. The mixed-use master plan calls for an extensive internal

pedestrian trail system with multiple connections both current and future to Waterstone Drive, which then provide links to other areas of Hillsborough. We have also proposed a public sidewalk on both sides of all new public streets and will discuss the potential of public sidewalk along Highway 86 to provide access to Elementary and Middle Schools. This type of connectivity is essential.

The comprehensive plan has several transportation related maps that I have attached to this report as exhibits e-i. I will include a brief narrative of each map as they relate to the proposed mixed-use community.

- a. Figure 6.7, Volume and Congestion Map, page 6-17.

This map shows areas around Hillsborough that experience high traffic volumes and congestion. Please notice that at Waterstone Drive and Highway 86 where the proposed mixed-use community is located there are only green hues shown. This indicates low volume and congestion.



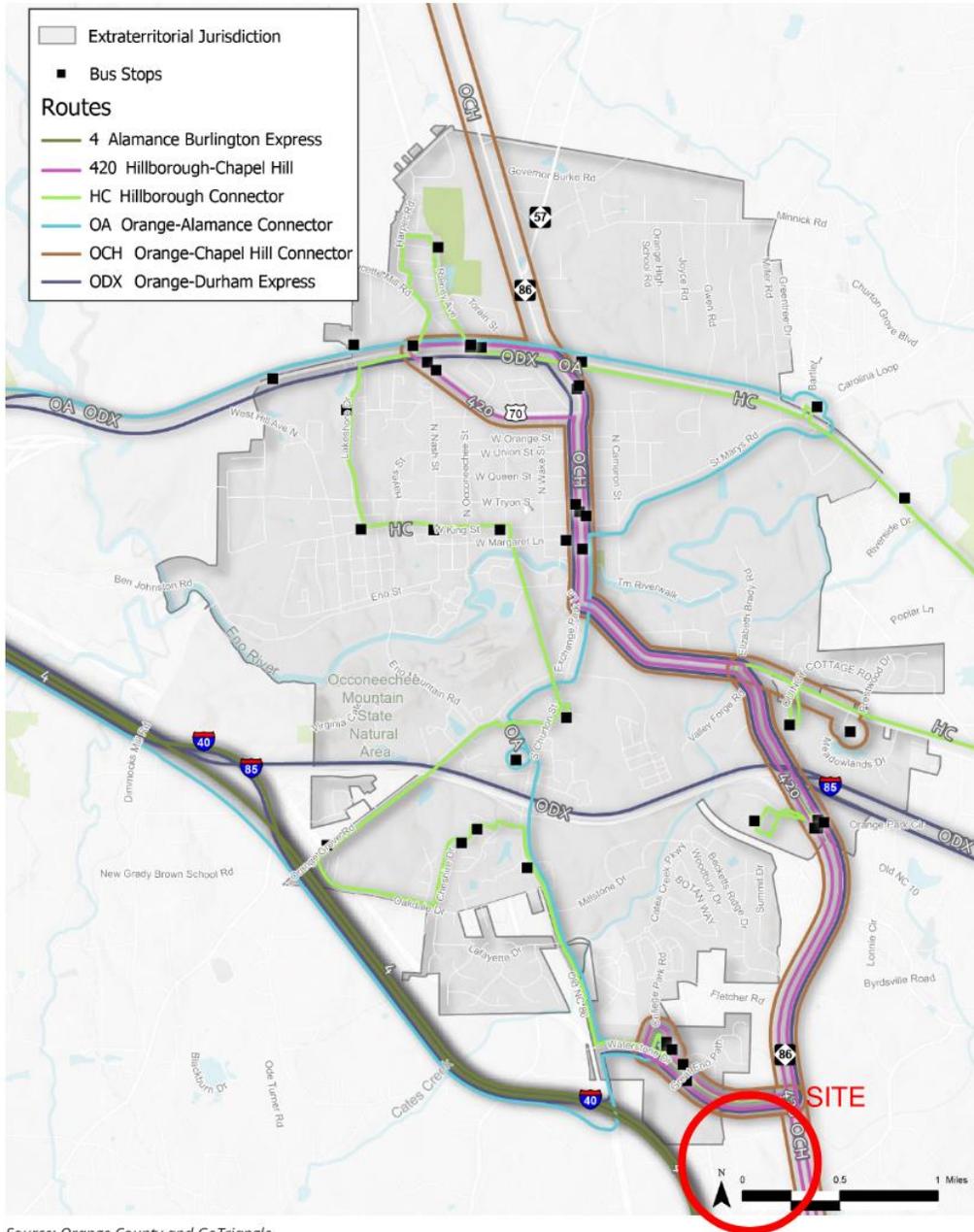
- b. Figure 6.8, page 6-19 Existing Transit Routes.

This map shows where transit opportunities currently exist. Please note that Waterstone Drive and Highway 86 South, where the proposed mixed-use community is located, has more mass transit opportunities than anywhere else in

Hillsborough. These opportunities include the Hillsborough Circulator route, Hillsborough to Chapel Hill routes, and the Orange - Alamance Connector.

Exhibit F

Figure 6.8. Existing Transit Routes

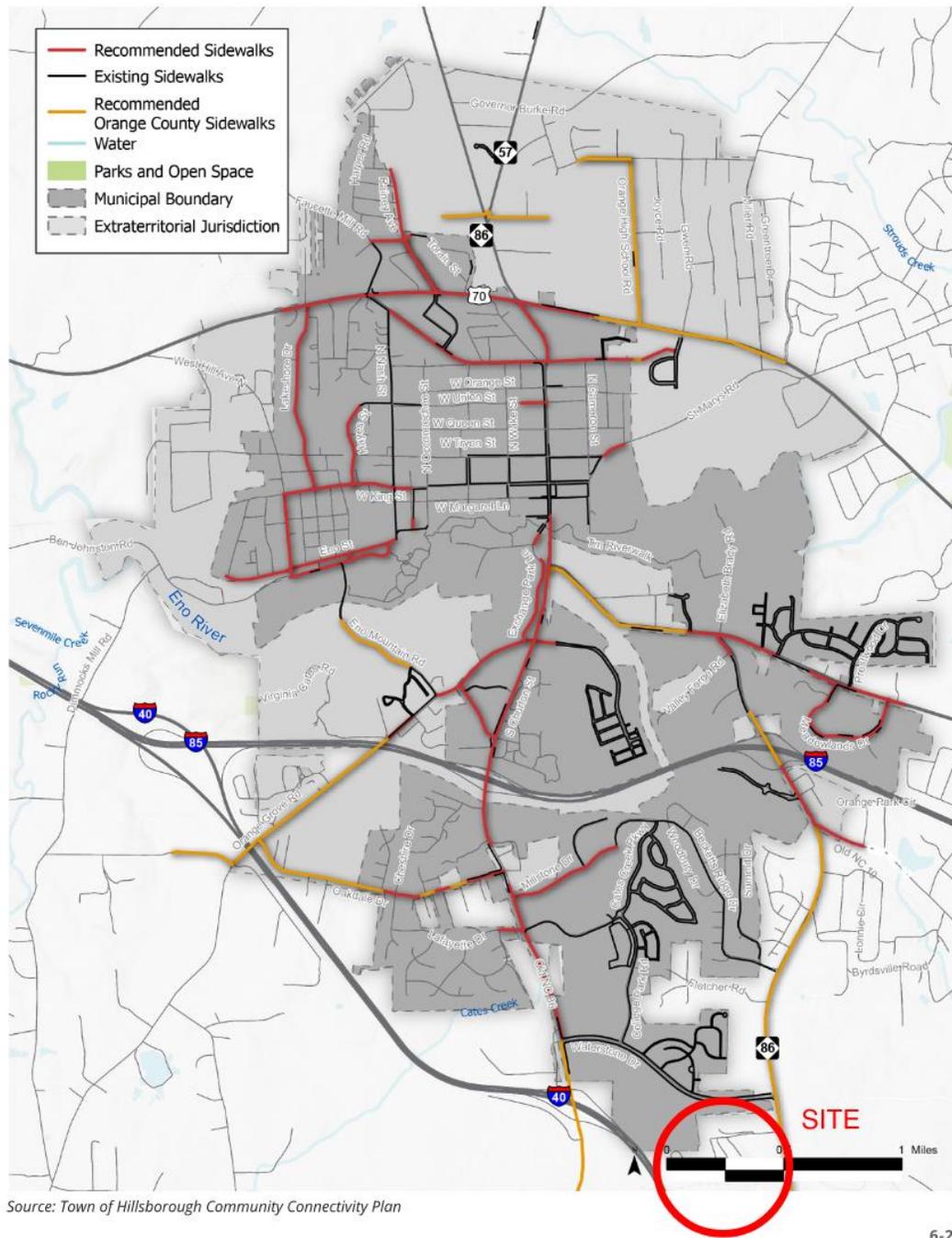


Source: Orange County and GoTriangle

- c. Figure 6.10, page 6-22. Sidewalk System Map. This map shows an Orange County recommended sidewalk along Highway 86 South.

Exhibit G

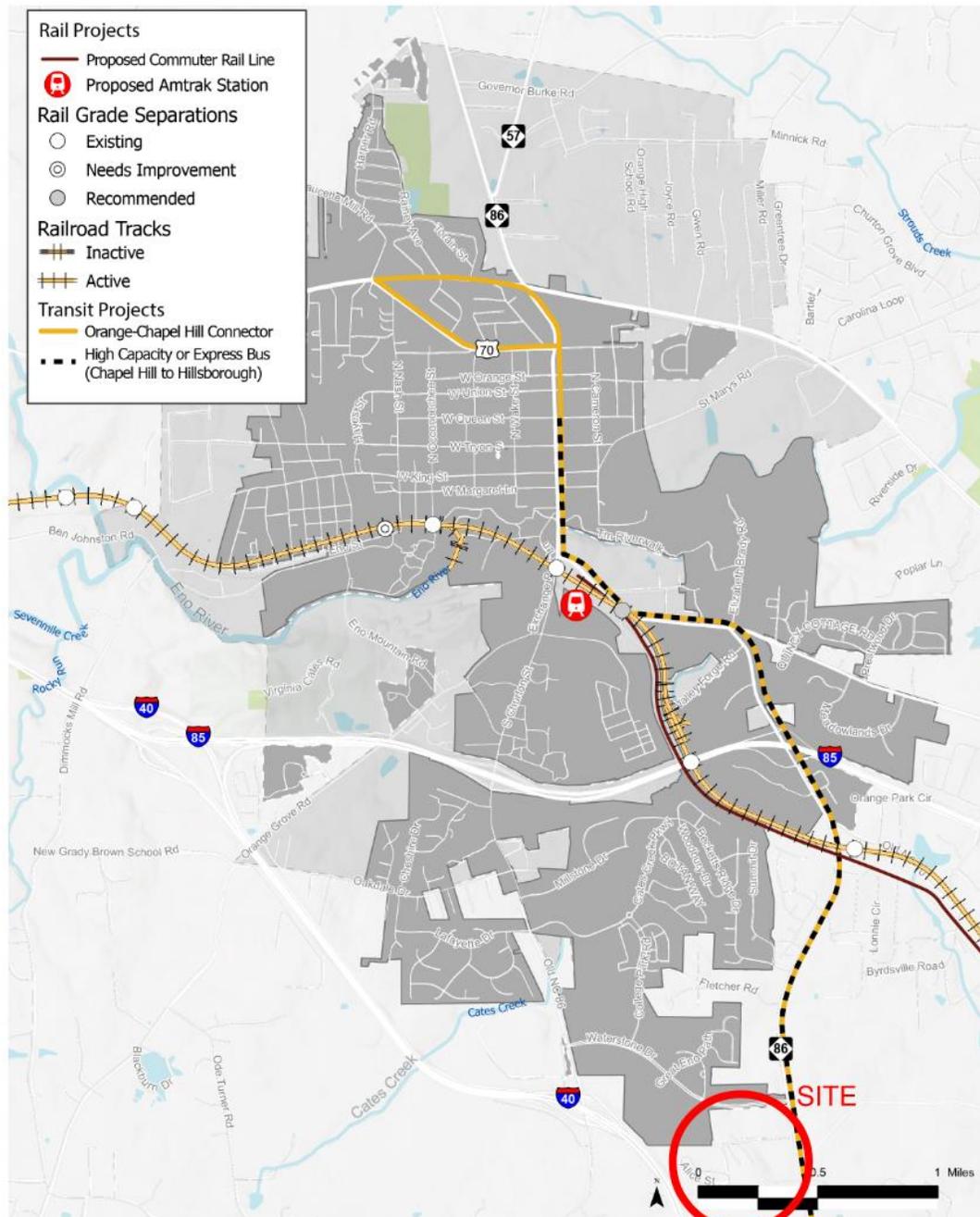
Figure 6.10. Sidewalk System Map



- d. Figure 6.17, page 6-38 Existing Rail and Improvements Map.
This map shows that Highway 86 directly in front of the proposed mixed-use development has “High Capacity or Express Bus between Hillsborough and Chapel Hill.”

Exhibit H

Figure 6.17. Existing Rail and Improvements Map

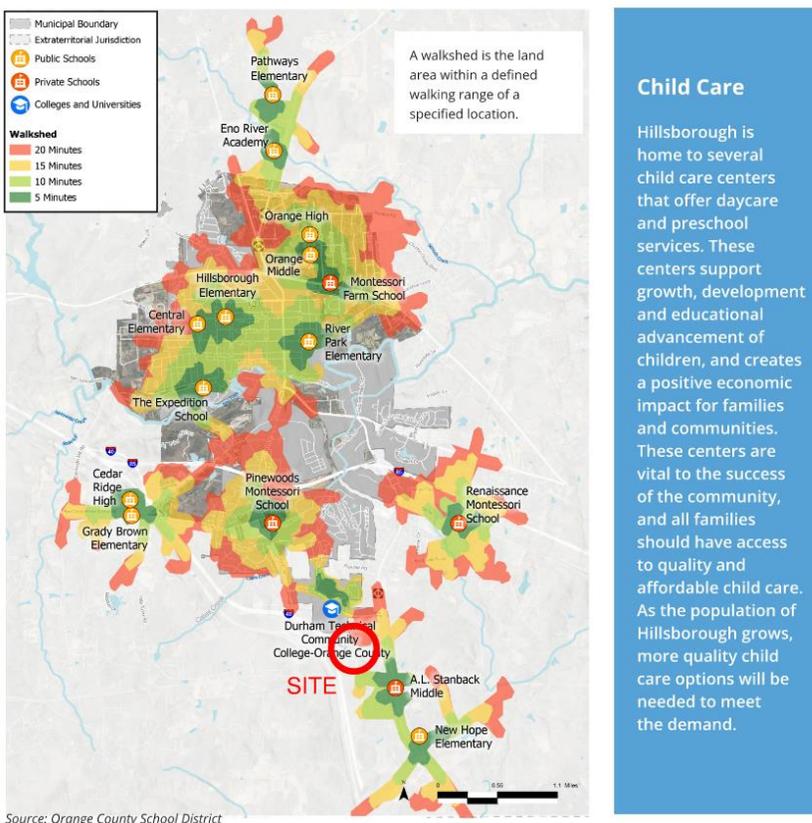


Source: Durham-Chapel Hill-Carrboro Metropolitan Planning Organization Comprehensive Transportation Plan, November 2017

- e. Figure 7.3, page 7-9. Educational Walkshed Map (K-12 and Higher Education). This property is connected to local schools with green shading which indicates a 5 minute or less walk to the educational facilities of Durham Technical College, A.L. Stanback Middle School, and New Hope Elementary. This makes walking a potential opportunity for all three schools.

Exhibit I

Figure 7.3. Educational Walkshed Map (K-12 and Higher Education)



3. Planning and Economic Development. The comprehensive plan states that “The town understands the importance of continued growth and support to existing businesses.”. And it also recognizes that “Hillsborough’s largest industry is healthcare and social services with the UNC Hospitals Hillsborough Campus as the largest employer in this sector.”. (Pages 9-4 and 9-5 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community is immediately adjacent to the UNC Hospitals Campus and is offering Medical Office and Outpatient Services to support the hospital’s future and current needs. We are also offering middle-income housing designed with hospital workers in mind. The residential component of this mixed-use neighborhood provides a realistic opportunity for the employees at Hillsborough’s largest employer to walk to work. The proposed Medical Office and Outpatient Services is located Orange County’s **Economic Development District** (see figure 9.3). (Page 9-8 Comprehensive and Sustainability Plan 2030). The proposed mixed-use community has a mix of 41% commercial tax base and 59% residential tax base.

Exhibit J

Coordination with Orange County

The partnerships that the town has with Orange County are important for a strong economic development strategy. The county invests significant resources into economic growth for the county, which the town can use and build upon at a local level.

Orange County Economic Development Districts around Hillsborough

In 1984, Orange County outlined areas around Interstate 40 near Hillsborough as economic development districts (identified in lavender in *Figure 9.3*). These areas encompass all four corners of the Interstate 40 exchange with Exit 261 south of Hillsborough, totaling 703 acres that include Waterstone Business Park, UNC Hospitals Hillsborough Campus and Durham Technical Community College's Orange County Campus. Approximately 208.08 acres of these economic development districts have been developed.

Figure 9.3. Orange County Economic Development Districts



4. Housing and Affordability. There are several very important sections from the comprehensive plan that warrant inclusion in the discussion of consistency with the proposed mixed-use community.

During the development process for this plan “addressing affordability and cost of living” was noted as one of the most important sustainability issues facing the town. (Page 8-4 Comprehensive and Sustainability Plan 2030).

“The affordability of housing in a market function on a supply and demand model. The prices of housing units will be higher the lower the supply is in an area. Further, high housing costs have the unintended consequence of promoting sprawl, as households seek

more affordable options away from densely populated areas with access to services. This generates adverse social and environmental effects, such as development of natural areas, increases in service rates (such as water and sewer), and higher emissions from longer commutes”. (Page 8-4 Comprehensive and Sustainability Plan 2030)’

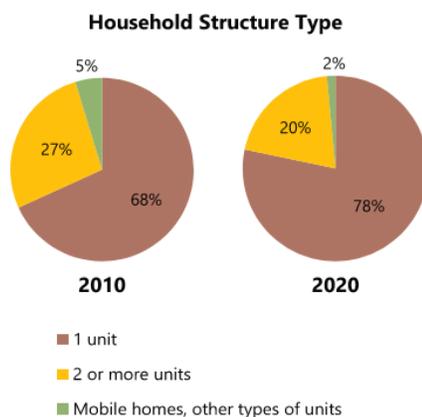
“A mixture of housing types helps neighborhoods be more sustainable and stable. Approaching housing with a smart growth lens curbs sprawl and reduces environmental impacts by building compactly, promoting a mix of uses....”. (Page 8-3 Comprehensive and Sustainability Plan 2030).

“Missing middle housing refers to building types that provide denser housing options, such as duplexes, fourplexes, cottage courts, and courtyard buildings. These housing types have the capacity to better support transit and economic mobility of residents without the cost and maintenance burden of a detached single-family home”. (Page 8-4 Comprehensive and Sustainability Plan 2030)’

In addition, between 2010 – 2020 the percentage of single-family homes has risen from 68% to 78% of Hillsborough’s total housing stocks (see Housing Structure Type in Hillsborough, Figure 8.4). (Page 8-8 Comprehensive and Sustainability Plan 2030).

Exhibit K

Figure 8.4. Household Structure Type in Hillsborough (2020 and 2010)



Source: U.S. Census, American Community Survey 5-Year Estimates

The proposed mixed-use development seeks to address the missing middle, and workforce housing by following the guidance laid out above from the comprehensive plan by providing townhomes and apartments and no single-family homes. We have chosen the more compact, denser design, that is more affordable and more sustainable. Our plan also addresses affordability by integrating 15% of affordable homes throughout the townhomes which will be affordable to those earning 80% or less of the median income. We will also commit to 15% of the entire residential portion of the project to be

affordable. We are committed to working with the Hillsborough Commissioners to come up with the best plan for providing affordability within the apartments.

5. The extent to which the proposed amendment would result in a logical and orderly development pattern or deviate from logical and orderly development patterns.

The proposed plan will allow an appropriate type of growth to the Town's anticipated future southern border that is in keeping with an orderly and logical development pattern. Recent development in this area has been characterized by the creation of significant employment centers, including Durham Technical Community College, UNC Hospital and a medical office building at Waterstone Drive and South Churton. This proposal requests a mix of townhome and multifamily housing types which would be more affordable and in walkable and bikeable proximity to those employment centers, as well as to a nearby middle school and elementary school. In addition, the proposal calls for a small neighborhood retail area along NC 86 along the property frontage, again walkable and bikeable to the new residents, as well as a general and medical office area on Waterstone Drive, directly adjacent to the hospital. Those latter uses will provide additional employment and business lease space opportunities in an area designated for mixed use by the Future Land Use Plan. In summary, the Town has a dwindling supply of available land to provide additional housing, business and employment opportunities, and by graduating the intensity of these uses south from Waterstone Drive to the Rural Buffer is an appropriate use of this property and a logical pattern of development.

6. The extent to which the proposed amendment would encourage premature development.

We don't believe there is anything premature about the proposed mixed-use community. There is a documented housing shortage both nationally and locally as referenced earlier in Section 3(a) above. The medical office and outpatient services being proposed along Waterstone Drive next to UNC Hospital are necessary to support the hospital and allow for the area to develop into a signature medical campus. The neighborhood commercial proposed at the entrance to the residential component of the community along Highway 86 will allow for the opportunity for restaurants, day cares barber shops, and hair salons to be in an area of town where there are few neighborhood businesses.

7. The extent to which the proposed amendment would result in strip or ribbon commercial development.

This proposed rezoning would in fact not result in strip or ribbon commercial development. The proposed neighborhood commercial along NC 86 will be limited to 40,000 sf maximum. The location is purposeful to be within walking distance of the new residential units, and calls for uses including daycare, restaurants, commercial office and small retail spaces. This is not a strip form of development. The remaining non-residential uses are proposed along Waterstone Drive and are committed to be general office and medical office, not retail. This is inherently not a strip form of development.

8. The extent to which the proposed amendment would result in the creation of an isolated zoning district unrelated to or incompatible with adjacent and surrounding zoning districts.

While there will be two large parcels of property between our proposed mixed-use community and Waterstone Drive, they will most certainly be developed in a similar fashion to what we are proposing. They are located along Highway 86 and the larger parcel sits at the corner of Waterstone Drive and Highway 86. There is a third 4-acre parcel located near the UNC Hospital and we have been in contact with them about purchasing the property. They currently have the property advertised for sale. The current owners of the two larger parcels were not inclined to sell their property at this time, but neither parcel could be considered isolated.

9. The extent to which the proposed amendment would result in significant adverse impacts on the property values of surrounding lands.

We do not believe the annexation of the subject property and proposed mixed-use development will result in significant adverse impacts on the property values of surrounding lands. As mentioned earlier I-40 provides a significant buffer to the property west of the site. We don't believe the proposed mixed-use development will have any effect on the properties west of I-40. The same is true, although possibly to a lesser extent, of the properties along Highway 86 which serves as the eastern boundary of the proposed mixed-use community. There are a total of 8 lots across Highway 86 along the property's eastern border. Duke University owns 439 acres of forestry land. The owner of Investors Title owns 4 of the properties with one rental home on the combined parcels. Blalocks Towing and Recovery owns one lot, and there is one individual home set back on an 8-acre lot. We do not believe that the proposed mixed-use community will have any negative effects on these properties. The proposed mixed-use development may have a positive effect on the business of Blalocks Towing and Recovery. There should be no effect on the Duke Forestry property or the investment properties as they are all outside the urban services boundary. The homes to the south of the property are on large lots and are all in the rural buffer. We would anticipate a slight increase in property values due to the addition of the neighborhood commercial and other facilities being located nearby, but no decrease in property values. Lastly, we believe the proposed mixed-use community can only enhance the properties adjacent to the northern area of the site. Because the site is immediately adjacent to UNC Hospital the proposal includes uses intended to support UNC Hospital. The effect should be positive. One of the most significant advantages of the proposed mixed-use community for the Town of Hillsborough is that the additional residential component has the potential to stimulate the lack of anticipated commercial growth in the Waterstone Community. While the location of UNC Hospital and Durham Technical College have been positive, they have not contributed significantly to Hillsborough's tax base. The anticipated commercial that would supply the commercial revenue has not been built. The residential component of the proposed mixed-use community may provide the necessary "rooftops" to stimulate needed commercial growth along Waterstone Drive.

10. The extent to which the proposed development would result in significantly adverse impacts, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

The planned development is designed to be sensitive to natural features and environmental systems. Streams were mapped by Orange County, and the plan is configured to avoid these and

the associated riparian buffers. Stoney Creek is the most significant environmental feature on the property. A substantial portion of the property is currently in a meadow due to the wide overhead powerline easement and will largely be maintained as such. Riparian buffer areas of the site, as well as a 100' buffer along I-40 along I-40 will remain in a wooded state. Stormwater management control measure to Town and State standards will be installed with the development to maintain the quantity and quality of runoff and not degrade the existing streams. Also, continuous wildlife corridors with limited road and greenway crossings will be maintained east/west through the site along Stoney Creek, and north/south along Interstate 40.



Proposed Conditions of Approval

Capkov Ventures Inc. is the applicant of the Annexation and Master Plan application for the Waterstone South community. As part of that application Capkov Ventures Inc. has agreed to make certain commitments that shall be memorialized in a Development Agreement as is permitted by the Unified Development Ordinance. A formal Contract will be drafted by Capkov Ventures Inc.'s attorney of record at such time as the specific terms have been agreed to by the Town of Hillsborough Board of Commissioners and Town Attorney. As part of the initial application, we have summarized below the commitments that are envisioned at this time.

- 1. Affordable Housing.** The Applicant will, through a Development Agreement, commit to a robust affordable housing program that will provide 15% of the total market rate homes as affordable homes. Affordable homes shall be defined as available to those earning an average of 80% or less of the median income for the geographic statistical area Hillsborough is located within according to the U.S Department of Housing and Urban Development. The commitment will apply to both the multi-family apartment homes and the town homes. The townhomes will be integrated withing the broader townhome community and the exterior finishes shall make them indistinguishable from the market rate homes. The Applicant will work with the Town of Hillsborough to determine whether integration or a stand-alone project is more beneficial to the Town for the multi-family apartment homes and make a commitment accordingly. While integration is initially attractive, lower income ratios can be achieved with stand alone affordable apartment home projects as they are eligible for tax credit funding through North Carolina Housing Finance Agency.

2. Contributing to Hillsborough’s Utility Infrastructure. The Applicant will, through a Development Agreement, commit to the following financial contributions to upgrade Hillsborough’s sewer infrastructure.

1. Direct Construction of Improvements. Capkov Ventures Inc. has proposed to construct the following to improve the existing Hillsborough sewer utility infrastructure. The estimated cost of the improvements is 3.3 million.

a. Demolish the old Nazarene lift station and construct a new lift station with significantly higher capacity. The new lift station will have the capacity to allow inflows from areas not currently being served along the I-86 corridor.

b. Eliminate the existing Woodsedge South lift station on Alice Loop and construct a new gravity sewer line. The Woodsedge South lift station is an antiquated lift station constructed to serve the Woodsedge Mobile Home community and was not constructed to municipal standards. The elimination of the lift station and conversion to gravity flow sewer will save Hillsborough significant maintenance and replacement cost in the future.

c. Run a new larger diameter forced main line from the Nazarene lift station to the Cates Creek Outfall, along Highway I-86 South and Waterstone Drive. This will allow more potential capacity from the public schools to the south and other potential future users.

2. Accelerating System Development Fees. Hillsborough needs to upgrade several elements of their existing system to handle the existing and committed sewer flows, and to add capacity for future development. Capkov Ventures proposes accelerating the System Development Fees for each townhome or apartment in the proposed community upon approval of each phase. This will provide immediate funding for the essential improvements.

2023 Sewer System Development Fee Per Unit \$3,499.

2023 Water System Development Fee Per Unit \$3,272.

Phase I 205 Residential Units. Accelerated Sewer and Water Fees \$1,456,935.

Phase II 225 Residential Units. Accelerated Sewer and Water Fees \$1,599,075.

Phase III 225 Residential Units. Accelerated Sewer and Water Fees \$1,599,075.

| | |
|---|-------------|
| Total Accelerated Development Fees | \$4,655,085 |
| Total Direct Construction of Improvements | \$3,300,000 |

Total Proposed Contribution

\$7,955,085

- 3. Phasing Plan.** The proposed Waterstone South community has been designed to be developed in three phases. The three phases pertain to the residential component of the development and not the commercial components. The applicant recognizes the sewer capacity constraints that Hillsborough is currently experiencing and has proposed roughly 8 million dollars in accelerated system development fees, and direct improvements to improve capacity for the Waterstone South community and future development in the southern portion of Hillsborough. Because the residential component of Waterstone South is the primary consumer of sewer capacity, the residential component of the proposed mixed-use community is being proposed as phased development. The residential component has been divided into three phases to allow the necessary time for the proposed sewer improvements to be made in a logical and orderly manner. The commercial component of the community located along Waterstone Drive has been designed to encourage medical outpatient services and medical office to facilitate the growing medical complex anchored by UNC Health. We don't believe phasing of the medical uses is advisable as they will be developed as the UNC Health facility grows and the demand for the medical outpatient services and offices grow along with it. This is anticipated to occur over a 10-year time frame. Similarly, the neighborhood commercial along Highway 86 South at the entrance to the residential portion of the community will grow as the residential component of the community grows and the health care related jobs base expands. Uses such as day care facilities, coffee shops and restaurants, are anticipated in this neighborhood commercial area.

The phasing of the residential portion of the Waterstone South community shall occur starting at the front of the residential portion of the community along Highway 86 South and proceed westward towards I-40. As such, the townhomes and the neighborhood commercial will be constructed before the two phases of multi-family.

The three phases shall be structured as follows.

PHASE I: Phase I shall include 205 townhomes and approximately 10,000 square feet of the neighborhood commercial. Infrastructure development shall conclude and building construction to start in June 2026 with the first townhomes being completed in January 2027. Phase I should be completed by January 2030. No sewer would be needed before January of 2027 and gradually added through 2030.

PHASE II: 225 apartments and approximately 10,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January of 2028 with the first apartment being completed in January 2029. Phase II should be completed by January 2030. No sewer would be needed before January of 2029 and gradually added through 2030.

PHASE III: 225 apartments and approximately 20,000 square feet of neighborhood commercial. Infrastructure development shall conclude and building construction to start in January 2029 with the first apartment being completed in January of 2030. Phase III should be completed by January 2031. No sewer would be needed before January 2030 and gradually added through 2031.

As intended the sewer usage allows a substantial amount of time for the necessary improvements to be completed with the initial usage not starting for three and a half years while the infrastructure and building occurs and increasing gradually over the next seven years. We think this is a well thought out phasing plan that allows for a logical growth pattern to be aligned with increases in sewer capacity.

**Item 5A
Attachment 5**

Executive Summary

Capkov Ventures, Inc. has plans to develop a mixed-use development along NC 86 and Waterstone Drive in Hillsborough, North Carolina (Figure 1). The development is planned to be constructed in phases, with Phase 1 completed by 2027 and the full build-out of the development by 2033. The site will provide townhomes, apartments, general office, medical office, and neighborhood retail.

Project Background

The proposed Capkov Waterstone development was analyzed in two (2) different phases. Phase 1 of the development is anticipated to be completed by 2027 and includes the following land use totals.

- › 205 Townhomes
- › 20,000 square feet (sf) Retail

The full build-out of the development is anticipated to be completed by 2033 and will construct the following additional land uses.

- › 20,000-sf Retail
- › 450 Apartments
- › 100,000-sf General Office
- › 100,000-sf Medical Office

The development plans to provide two (2) driveways on NC 86 and two (2) driveways on Waterstone Drive. The following summarizes the location of each planned access point:

- › Future Access #1, full movement access on NC 86, approximately 2,650 feet south of Waterstone Drive to be construction during Phase 1.
- › Future Access #2, full movement access on NC 86, approximately 1,900 feet south of Waterstone Drive to be constructed during Phase 1.
- › Future Access #3, full movement access on Waterstone Drive, approximately 950 feet west of NC 86 to be constructed after Phase 1.
- › Future Access #4, right-in/right-out access on Waterstone Drive, approximately 1,550 feet west of NC 86 to be constructed after Phase 1.

As determined through the project scoping process with the North Carolina Department of Transportation (NCDOT) and the Town of Hillsborough, the following intersections were included in the study area and analyzed for existing and future conditions, as applicable:

- › Old NC 86 (SR 1009) and I-40 Eastbound Ramps (unsignalized, future signalized)
- › Old NC 86 (SR 1009) and I-40 Westbound Ramps (unsignalized, future signalized)
- › Old NC 86 (SR 1009) and Waterstone Drive/ Rippy Lane (SR 1224) (signalized)
- › Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive (unsignalized)
- › NC 86 and Waterstone Drive (signalized)
- › NC 86 and New Hope Church Road (SR 1723) (signalized)
- › Waterstone Drive and Hospital East Driveway/ Summit Trail Drive (unsignalized)
- › NC 86 and Future Access #1 (future unsignalized)
- › NC 86 and Future Access #2 (future unsignalized)
- › Waterstone Drive and Future Access #3 (future unsignalized)
- › Waterstone Drive and Future Access #4 (future unsignalized)

The development is planned to be analyzed in multiple build phases. The following six (6) scenarios are proposed to be analyzed for AM and PM peak hour conditions:

- › Existing (2023) Conditions
- › No-Build (2027) Conditions
- › Phase 1 (2027) Conditions
- › No-Build (2033) Conditions
- › Build-out (2033) Conditions
- › Build-out (2033) Conditions with Improvements

The Existing (2023) scenario includes typical weekday AM and PM peak hour analysis based on turning movement count data collected in October 2022 and April 2023. For any turning movements collected prior to 2023, an annual growth rate of one percent (1%) was applied to the volumes. The No-Build (2027) and No-Build (2033) scenarios include existing traffic with an annual projected background growth rate of one percent (1%) applied in addition to site trips that were identified from two (2) nearby background developments. The Phase 1 (2027) scenario includes No-Build (2027) volumes with the addition of site trips generated by only Phase 1 of the proposed development, and the Build-out (2033) scenario includes No-Build (2033) volumes with the addition of site trips generated by the full build-out of the development. Potential offsite roadway and traffic control improvements with the complete development in place are accounted for within Build-out (2033) with Improvements scenario.

Existing (2023) Conditions

Existing analyses were conducted based on current roadway geometrics and intersection turning movement counts collected in October 2022 and April 2023. Turning movements for the intersection

of Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive were grown to 2023 using an annual growth rate of one percent (1%).

As reported in the Summary Level of Service (LOS) table on page viii, the existing signalized intersections are operating at LOS C or better during both peak hours. The stop-controlled eastbound I-40 off-ramp is operating at LOS F during the AM peak hour and LOS E during the PM peak hour. Stop-controlled eastbound Lafayette Drive at Old NC 86 is operating at LOS F during both peak hours, and stop-controlled eastbound Waterstone Drive at NC 86 is operating at LOS E during the PM peak hour.

No-Build (2027) Conditions

An annual growth rate of one percent (1%) was applied to the Existing (2023) peak hour volumes to calculate the expected background growth within the study area. Two (2) background developments are expected to be completed before the construction of Phase 1 of the Capkov Waterstone development. The peak hour site trips from these developments were included in the No-Build (2027) volume calculations:

- › Cates Creek Multifamily
- › Research Triangle Logistics Park

One (1) background roadway improvement project was identified in the study area to be completed before the completion of Phase 1. NCDOT STIP No. I-3306A is widening I-40 from across Orange County but is also providing interchange improvements at Old NC 86. The project plans to provide additional turn lanes and signalize both ramp intersections. The widening project is currently under construction and should be completed before Phase 1 of the development is complete.

As shown on the Summary LOS table on page viii, all signalized intersections within the study area are expected to operate at LOS D or better during both peak hours. Eastbound stop-controlled Lafayette Drive and westbound Cates Creek Parkway are projected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is expected to operate at LOS F during the PM peak hour only.

Phase 1 (2027) Trip Generation

The Capkov Waterstone development was analyzed in two (2) different build phases. Trip generation for Phase 1 was conducted based on the most appropriate corresponding trip generation codes included in the *ITE Trip Generation Manual, 11th Edition* and the suggested method of calculation in the NCDOT's "Rate vs. Equation" Spreadsheet. Phase 1 proposes to build up to 205 townhomes and 20,000-sf of neighborhood retail space. ITE Land Use Code (LUC) 215 (Single-Family Attached Housing) and LUC 822 (Strip Retail Plaza (<40k)) were used based on the NCDOT guidance. Internal capture was calculated based on the NCHRP 684 method and NCDOT Internal Capture spreadsheet.

As a result, Phase 1 of the Capkov Waterstone development is projected to generate 2,465 daily external site trips, with 145 trips (52 entering, 93 exiting) occurring in the AM peak hour and 233 trips (127 entering, 106 exiting) occurring in the PM peak hour. The external site trips were apportioned

as pass-by and non-pass-by trips based on NCDOT and ITE guidance. The generated site trips were distributed in accordance with the existing turning movement counts and land uses.

Phase 1 (2027) Conditions

The Phase 1 (2027) conditions account for both the No-Build (2027) traffic and the site traffic generated by Phase 1 of the proposed development.

As shown on the Summary LOS table on page viii, with the addition of site trips, all signalized intersections within the study area are expected to maintain operations at LOS D or better during both peak hours. Stop-controlled eastbound Lafayette Drive and stop-controlled westbound Cates Creek Parkway are expected to continue to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive is expected to continue to operate at LOS F during only the PM peak hour. Both future access driveways along NC 86 are projected to operate at LOS C during both peak hours.

No-Build (2033) Conditions

To calculate the No-Build (2033) volumes, an annual growth rate of one percent (1%) was applied to the Existing (2023) volumes to calculate the background growth in the study area in addition to site trips from background developments assumed within the No-Build (2027) scenario. No additional background developments were identified to be included in the No-Build (2033) volume calculations.

One (1) additional background roadway improvement project was identified in the study area that is expected to be constructed before the full build-out of the development is completed. NCDOT STIP No. U-5845 plans to widen Old NC 86 (SR 1009) from I-40 to the Eno River to provide a four-lane cross-section.

As shown on the Summary LOS table on page viii, all signalized intersections within the study area are expected to operate at LOS D or better during both peak hours. Eastbound stop-controlled Lafayette Drive and westbound Cates Creek Parkway are projected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is expected to operate at LOS E during the AM peak hour and LOS F during the PM peak hour.

Build-out (2033) Trip Generation

Trip generation for the full build-out of the development was conducted based on the most appropriate corresponding trip generation codes included in the *ITE Trip Generation Manual, 11th Edition* and the suggested method of calculation in the NCDOT's "Rate vs. Equation" Spreadsheet. The full build-out of the Capkov Waterstone development proposes to build a maximum of 205 townhomes, 450 apartments, 100,000-sf general office, 100,000-sf medical office, and 40,000-sf neighborhood retail. ITE Land Use Code (LUC) 215 (Single-Family Attached Housing), LUC 220 (Multifamily Housing (Low-Rise)), LUC 710 (General Office), LUC 720 (Medical-Dental Office), and LUC 822 (Strip Retail Plaza (<40K)) were used based on the NCDOT guidance. Internal capture was

calculated based on the NCHRP 684 method and the NCDOT Internal Capture calculation spreadsheet.

As a result, the Waterstone Capkov development is projected to generate 11,187 external daily weekday site trips, with 695 external trips (422 entering, 273 exiting) occurring in the AM peak hour and 1,107 external trips (456 entering, 651 exiting) occurring in the PM peak hour. The external site trips were apportioned as pass-by and non-pass-by trips based on NCDOT and ITE guidance. The generated site trips were distributed in accordance with the existing turning movement counts and land uses.

Build-out (2033) Conditions

The Build-out (2033) conditions account for both the No-Build (2033) traffic and site traffic generated by the full build-out of the proposed development.

As shown on the Summary LOS table on page viii, with the addition of site trips, the signalized intersection of NC 86 and New Hope Church Road is expected to operate at LOS F during the AM peak hour. All other study area signalized intersections are projected to operate at LOS C or better during both peak hours. Stop-controlled eastbound Lafayette Drive and stop-controlled westbound Cates Creek Parkway are expected to operate at LOS F during both peak hours. Stop-controlled eastbound Waterstone Drive at NC 86 is projected to operate at LOS F during both peak hours. Stop-controlled future Access #1 is projected to operate at LOS E during the AM peak hour and LOS F during the PM peak hour, and stop-controlled Future Access #2 and Future Access #3 are projected to operate at LOS E during the PM peak hour.

Roadway Improvement Recommendations

Phase 1 (2027)

As indicated in the traffic capacity analyses, Phase 1 of proposed development is projected to have a minimal impact on the traffic operations at the study area intersections. Therefore, no offsite improvements are recommended with the construction of only Phase 1. The following outlines the recommended lane configurations for each driveway connection that is proposed with Phase 1.

NC 86 and Future Access #1

Stop-controlled Future Access #1 is expected to operate at LOS C during the AM and PM peak hours under Phase 1 (2027) conditions. While some turn lanes along NC 86 may not be warranted with only site traffic from Phase 1 in place, this driveway should be designed to account for future phases of development. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #1 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #1.
- › Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

- › Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

NC 86 and Future Access #2

Stop-controlled Future Access #2 is expected to operate at LOS C during the AM and PM peak hours under Phase 1 (2027) conditions. While some turn lanes along NC 86 may not be warranted with only site traffic from Phase 1 in place, this driveway should be designed to account for future phases of development. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #2 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #2.
- › Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.
- › Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate taper.

Build-out (2033)

The full build-out of the development is expected to impact operations within the surrounding roadway network with the additional site traffic. The following offsite roadway improvements are recommended with the full build-out of the development.

NC 86 and Waterstone Drive

The existing stop-controlled approach is expected to operate at LOS F during both peak hours under Build-out (2033) conditions. The following improvements should be implemented with the full build-out of the development:

- › Monitor the intersection for signalization, and when warranted and approved install a traffic signal.

NC 86 and New Hope Church Road (SR 1723)

The existing signalized intersection is expected to deteriorate to LOS F during the AM peak hour under Build-out (2033) conditions. The following improvements should be implemented with the full build-out of the development.

- › Construct an exclusive southbound right-turn lane along NC 86 with at least 150 feet of storage and appropriate taper.
- › Construct an exclusive westbound left-turn lane along New Hope Church Road with at least 200 feet of storage and appropriate taper.

No additional lane configuration or traffic control improvements are recommended for either Future Access #1 or Future Access #2 along NC 86 with the additional development in place. Operations along Future Access #1 and Future Access #2 are expected to degrade to LOS E or worse during at least one peak hour; however, peak hour signal warrants are not expected to be met for either driveway. Additionally, significant queueing is not expected along either driveway approach. The following is recommended for the proposed driveway connections along Waterstone Drive.

Waterstone Drive and Future Access #3

Stop-controlled Future Access #3 is expected to operate at LOS C during the AM peak hour and LOS E during the PM peak hour under Build-out (2033) conditions. The Future Access #3 connection is proposed to provide full movement access which would necessitate a new opening in the median along Waterstone Drive. This new median opening should meet the NCDOT's guidelines for median opening spacing and will promote the potential for development on the north side of Waterstone Drive. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #3 as full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate taper. Provide an internal protected stem (IPS) of 100 feet for Future Access #3.
- › Provide a westbound left-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate taper.
- › Provide an eastbound right-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate taper.

Waterstone Drive and Future Access #4

Stop-controlled Future Access #4 is expected to operate at LOS B during the AM and PM peak hours under Build-out (2033) conditions. The following lane configurations are recommended for the driveway connection:

- › Construct Future Access #4 as a right-in/right-out only access with a single ingress lane and single egress lane. Provide an internal protected stem (IPS) of 100 feet for Future Access #4.

Additional Discussion

Old NC 86 (SR 1009) and Cates Creek Parkway/ Lafayette Drive

The stop-controlled approaches along Cates Creek Parkway and Lafayette Drive are projected to operate at LOS F during both peak hours under No-Build (2027) conditions. No improvements are recommended for the intersection for this development since the site is not anticipated to generate vehicular traffic along either stop-controlled approach. This intersection is within the NCDOT STIP No. U-5845 project study area, and the intersection is being studied and improved with that project.

Additional analysis may be needed to assess the timing for improvements recommended within the Build-out (2033) analysis. Improvements may be needed either with the completion of development along NC 86 or not until later portions of development occur along Waterstone Drive. Future phasing studies may be necessary to better define the timing of these improvements.

The summary of LOS results for all scenarios are shown in Table ES-1. The future lane configurations and traffic control at the study area intersections with Phase 1 and the full build-out of the development are shown in Figure ES-1 and Figure ES-2, respectively.

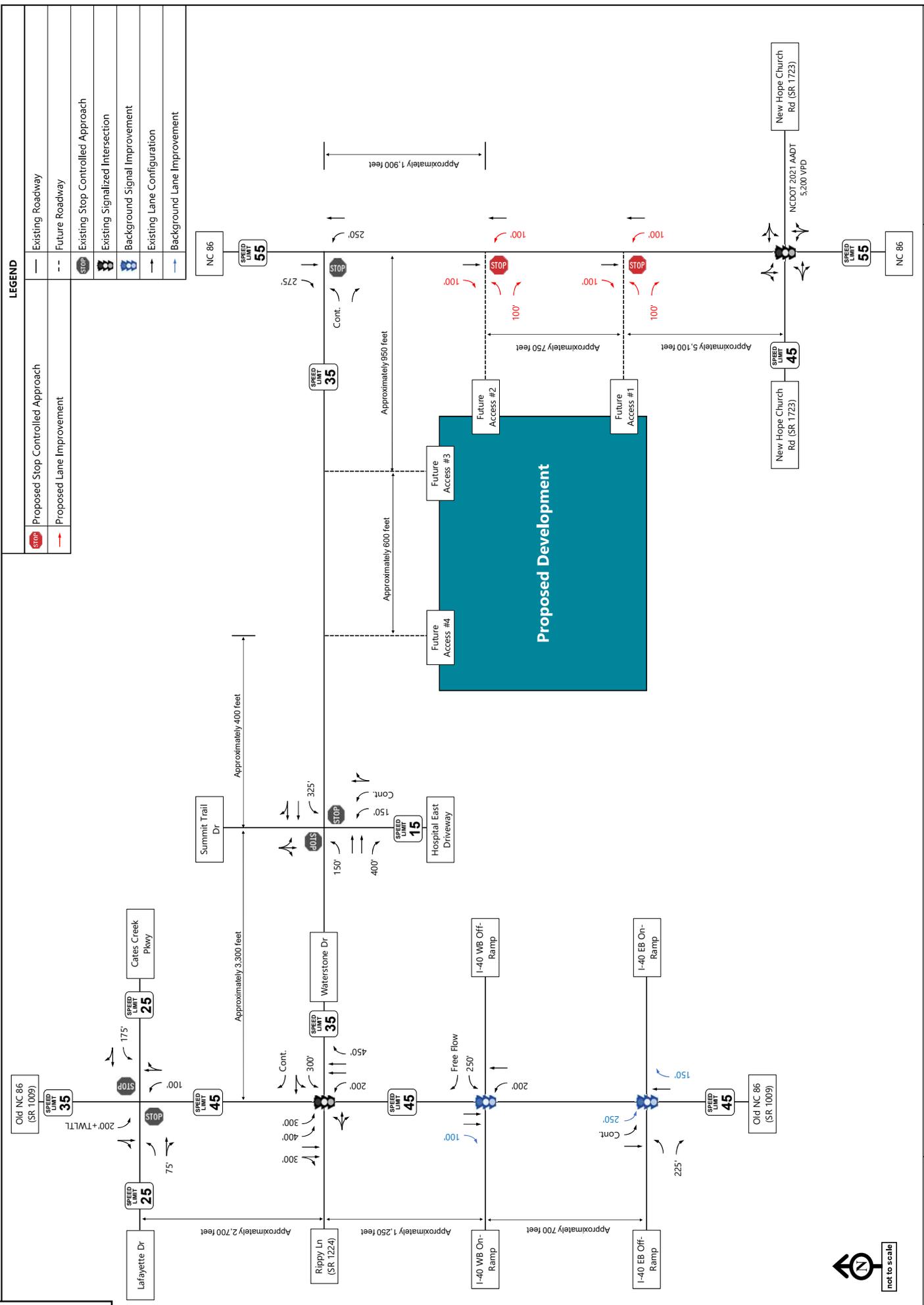
Capkov Waterstone TIA

Table ES-1 Summary Level of Service Table

| Intersection and Approach | Traffic Control | Existing (2023) | | No-Build (2027) | | Phase 1 (2027) | | No-Build (2033) | | Build-out (2033) | | Build-out (2033) with Improvements | |
|--|-----------------------------|-----------------|-------------|-----------------|-------------|----------------|-------------|-----------------|-------------|------------------|-------------|------------------------------------|--------|
| | | AM | PM | AM | PM | AM | PM | AM | PM | AM | PM | AM | PM |
| Old NC 86 and I-40 EB Ramps | Unsignalized/ Signalized | - | - | C (24.7) | B (19.9) | C (24.7) | B (20.0) | C (20.9) | C (22.5) | C (22.4) | C (23.7) | C (23.7) | C |
| Eastbound | | F-129.8 | E-38.3 | C-33.5 | C-32.3 | C-33.5 | C-32.4 | C-34.4 | D-36.0 | C-31.8 | D-38.9 | D-38.9 | D-38.9 |
| Northbound | | --- | --- | C-26.1 | C-20.5 | C-26.1 | C-20.5 | C-23.0 | C-22.6 | C-24.2 | C-23.0 | C-24.2 | C-23.0 |
| Southbound | --- | --- | C-21.6 | B-16.4 | C-21.6 | B-16.4 | B-16.4 | B-18.4 | B-18.5 | B-19.9 | C-20.2 | B-19.9 | B-19.9 |
| Old NC 86 and I-40 WB Ramps | Unsignalized/ Signalized | - | - | B (11.0) | A (6.8) | B (11.0) | A (6.8) | B (13.0) | B (10.3) | B (12.6) | B (10.5) | B (10.5) | B |
| Westbound | | C-18.6 | C-20.6 | A-5.7 | A-0.5 | A-5.7 | A-0.5 | B-17.5 | A-3.0 | B-12.9 | A-3.0 | A-3.0 | A-3.0 |
| Northbound | | --- | --- | A-9.3 | A-6.0 | A-9.3 | A-5.9 | A-9.3 | A-9.4 | A-9.2 | A-9.4 | A-9.2 | A-9.4 |
| Southbound | --- | --- | B-14.5 | B-10.7 | B-14.5 | B-10.7 | B-10.7 | B-14.3 | B-14.8 | B-14.9 | B-14.9 | B-14.9 | B-14.9 |
| Old NC 86 and Waterstone Drive/ Rippy Lane | Signalized | B (13.8) | B (15.0) | B (14.3) | B (15.8) | B (14.5) | B (15.9) | B (14.8) | B (16.2) | B (15.5) | B (18.3) | B (18.3) | B |
| Eastbound | | C-29.5 | C-30.0 | C-31.5 | C-35.0 | C-32.0 | D-35.5 | C-33.5 | D-37.0 | D-35.5 | D-35.5 | D-39.5 | D-39.5 |
| Westbound | | B-19.5 | C-21.8 | C-21.6 | C-24.9 | C-21.7 | C-24.9 | C-22.4 | C-25.8 | C-23.0 | C-27.8 | C-23.0 | C-27.8 |
| Northbound | | B-13.7 | B-14.3 | B-14.1 | B-14.5 | B-14.2 | B-14.6 | B-14.4 | B-14.7 | B-14.5 | B-15.3 | B-14.5 | B-15.3 |
| Southbound | B-11.5 | B-10.6 | B-11.7 | B-11.0 | B-11.8 | B-11.2 | B-11.2 | B-12.0 | B-11.3 | B-12.8 | B-13.0 | B-13.0 | B-13.0 |
| Old NC 86 and Cates Creek Parkway/ Lafayette Drive | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Eastbound | | F-67.0 | F-63.6 | F-180.6 | F-175.3 | F-180.7 | F-185.3 | F-82.6 | F-74.9 | F-98.5 | F-94.6 | F-94.6 | F-94.6 |
| Westbound | | C-20.7 | C-20.2 | F-144.1 | F-79.4 | F-149.2 | F-82.3 | F-67.3 | F-55.0 | F-78.5 | F-68.7 | F-78.5 | F-68.7 |
| NC 86 and New Hope Church Road | Signalized | C (33.3) | B (15.7) | D (41.2) | B (16.4) | D (47.8) | B (18.7) | D (48.6) | B (17.5) | F (83.1) | D (46.7) | D (50.8) | C |
| Eastbound | | D-48.6 | B-18.1 | E-62.8 | B-19.3 | E-77.7 | C-21.8 | E-74.0 | C-20.2 | F-142.3 | F-86.9 | F-92.1 | D-36.0 |
| Westbound | | D-43.4 | B-13.7 | D-54.5 | B-14.3 | D-49.2 | D-14.7 | E-55.3 | B-14.4 | D-43.9 | C-21.9 | C-33.2 | B-15.8 |
| Northbound | | A-8.8 | B-15.5 | A-9.0 | B-16.0 | B-11.4 | B-17.6 | B-11.8 | B-17.4 | B-14.9 | B-16.6 | B-17.6 | C-22.7 |
| Southbound | C-29.7 | B-15.3 | D-36.5 | B-16.0 | D-48.2 | B-19.5 | D-47.7 | B-17.2 | F-103.4 | E-58.1 | D-54.7 | C-24.3 | |
| NC 86 and Waterstone Drive | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | C |
| Eastbound | | D-25.9 | E-40.7 | D-31.3 | F-53.1 | D-34.5 | F-63.5 | E-40.4 | F-82.3 | F-138.1 | F-235.8 | C-26.8 | B-19.2 |
| Northbound | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | C-21.1 | B-18.0 |
| Southbound | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | C-27.2 | C-24.6 |
| Waterstone Drive and Hospital East Driveway/ Summit Trail Drive | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Northbound | | B-11.5 | B-10.9 | B-11.8 | B-11.3 | B-11.8 | B-11.4 | B-11.8 | B-10.9 | B-12.5 | B-13.6 | B-12.5 | B-13.6 |
| Southbound | | B-12.8 | B-12.9 | B-13.4 | B-13.4 | B-13.7 | B-13.7 | B-13.4 | B-12.9 | C-18.1 | C-20.9 | C-18.1 | C-20.9 |
| NC 86 and Future Access #1 | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Eastbound | | --- | --- | --- | --- | C-20.9 | C-18.2 | --- | --- | E-37.8 | F-86.4 | E-40.9 | F-86.4 |
| NC 86 and Future Access #2 | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Eastbound | | --- | --- | --- | --- | C-18.5 | C-15.7 | --- | --- | D-29.3 | E-38.0 | D-31.1 | E-38.0 |
| Waterstone Drive and Future Access #3 | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Northbound | | --- | --- | --- | --- | --- | --- | --- | --- | C-20.2 | E-45.8 | C-21.7 | E-45.8 |
| Waterstone Drive and Future Access #4 | Unsignalized | - | - | - | - | - | - | - | - | - | - | - | - |
| Northbound | | --- | --- | --- | --- | --- | --- | --- | --- | B-10.0 | B-10.2 | B-10.2 | B-10.2 |

X (XX.X) = Overall intersection LOS (average delay), X-XX = Approach LOS and average delay

Section 5, Item A.



Section 5, Item A.

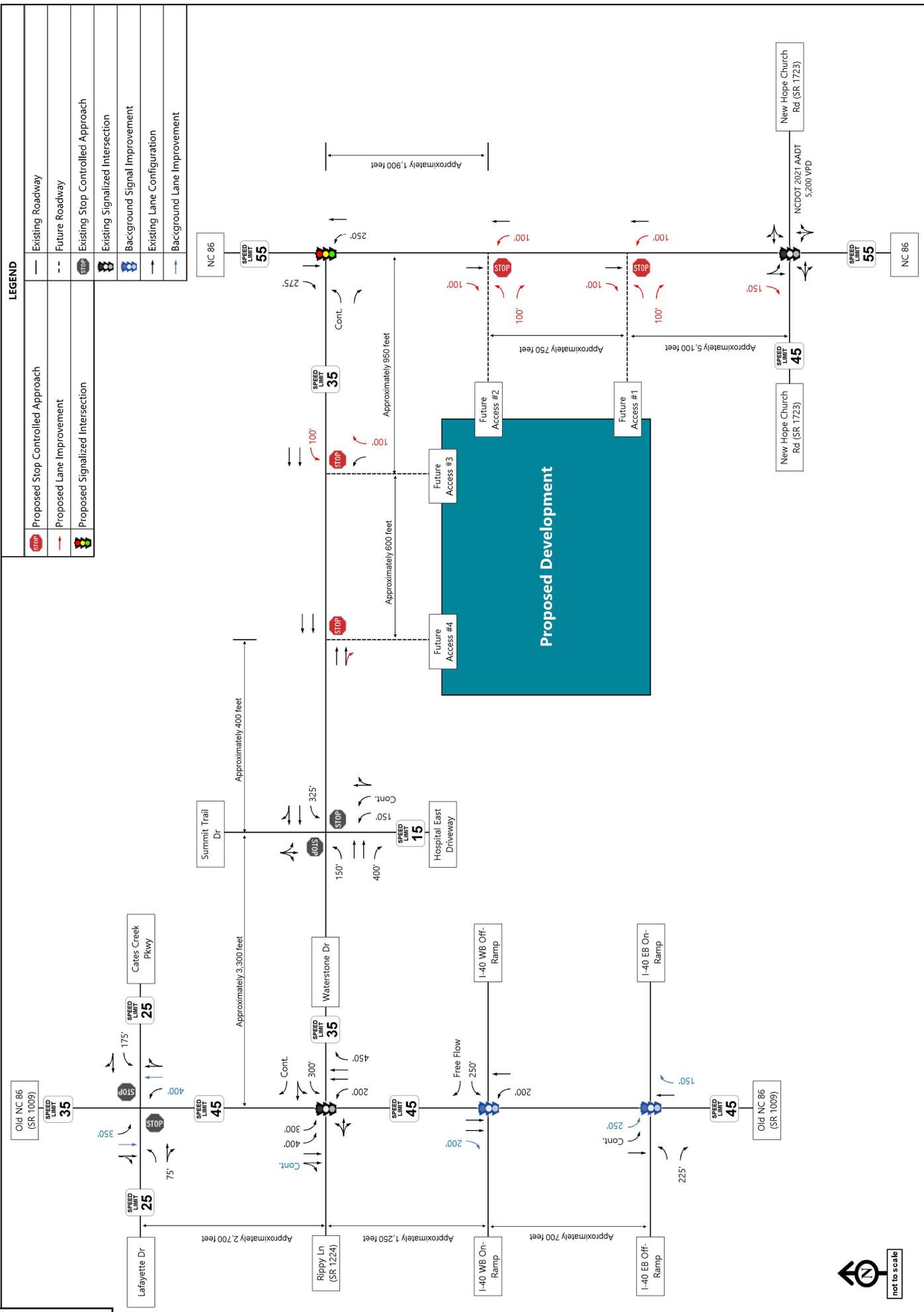


Figure ES-2
Build-out (2033) Lane Configurations and Traffic Control



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

J. R. "JOEY" HOPKINS
SECRETARY

December 7, 2023

ORANGE COUNTY

Nathaniel Rhomberg, PE
VHB Engineering
940 Main Campus Drive, Suite 500
Raleigh, NC 27606

Subject: Proposed Capkov Waterstone Mixed Use Development
Located on NC 86 and Waterstone Drive (Municipal)
Review of Transportation Impact Analysis (TIA)

Dear Mr. Rhomberg,

NCDOT staff has performed a review of the TIA and preliminary concept site plan enclosed therein. Based on the submitted information and upon conferring with Town staff, we offer the following comments.

General:

The proposed development is located on the southwest corner of the intersection of NC 86 and Waterstone Drive. The development is planned to be developed in two phases with phase one completed in 2027 and full buildout by 2033. Phase one consists of 205 townhomes and 20,000 SF of retail. Phase one is expected to generate approximately 2600 unadjusted daily trips. Phase two will add 20,000 SF of retail, 450 apartments, 100,000 SF of general office and 100,000 SF of medical office. Upon full buildout, the site is expected to generate approximately 12,000 unadjusted daily trips. Proposed development access consists of the following:

- Future Access #1, full movement access on NC 86, approximately 2,650 feet south of Waterstone Drive to be construction during Phase 1.
- Future Access #2, full movement access on NC 86, approximately 1,900 feet south of Waterstone Drive to be constructed during Phase 1.

Mailing Address:
NC DEPARTMENT OF TRANSPORTATION
DIVISION 7, DISTRICT 1
PO BOX 766
GRAHAM, NC 27253-0766

Telephone: (336) 570-6833
Fax: (336) 570-6873
Customer Service: 1-877-368-4968

Location:
115 EAST CRESCENT SQUARE DRIVE
GRAHAM, NC 27253

Website: www.ncdot.gov

- Future Access #3, full movement access on Waterstone Drive, approximately 950 feet west of NC 86 to be constructed after Phase 1.
- Future Access #4, right-in/right-out access on Waterstone Drive, approximately 1,550 feet west of NC 86 to be constructed after Phase 1.

Findings and Recommendations and Analysis Updates:

We concur with the findings and recommendations contained in the TIA. However, due to the extended buildout period of the proposed development, updates to the TIA prior to proceeding with Phase 2 will be required in order to ensure an accurate assessment of future conditions.

Required Improvements:

As a condition of the pending NCDOT driveway permit, the following are the improvements that the applicant is required to construct to mitigate the anticipated site traffic impacts and to ensure acceptable operation at the various study intersections.

Phase 1 :

NC 86 and Future Access #1:

- Construct Future Access #1 as a stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet of storage and appropriate transitions.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #1.
- Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate transitions.
- Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate transitions.

NC 86 and Future Access #2:

- Construct Future Access #2 as a stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate transition.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #2.
- Provide a northbound left-turn lane along NC 86 with at least 100 feet of storage and appropriate transition.
- Provide a southbound right-turn lane along NC 86 with at least 100 feet of storage and appropriate transition.

Phase 2:

NC 86 and Waterstone Drive:

- Monitor the intersection for signalization, and when warranted and approved install a traffic signal.

NC 86 and New Hope Church Road:

- Construct an exclusive southbound right-turn lane along NC 86 with at least 150 feet of storage and appropriate transition.
- Construct an exclusive westbound left-turn lane along New Hope Church Road with at least 200 feet of storage and appropriate transition.
- Modify traffic signal to accommodate revised intersection geometry.

Waterstone Drive and Future Access #3:

- Construct Future Access #3 as stop controlled, full movement access with a single ingress lane and two egress lanes with a continuous left-turn lane and exclusive right-turn lane with at least 100 feet and appropriate transitions.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #3.
- Provide a westbound left-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate transitions.
- Provide an eastbound right-turn lane along Waterstone Drive with at least 100 feet of storage and appropriate transitions.

Since Waterstone Drive is a municipal street, this access is subject to approval by the Town of Hillsborough.

Waterstone Drive and Future Access #4:

- Construct Future Access #4 as a right-in/right-out only access with a single ingress lane and single egress lane.
- Provide an internal protected stem (IPS) of 100 feet for Future Access #4.

Since Waterstone Drive is a municipal street, this access is subject to approval by the Town of Hillsborough.

Multi-modal and Streetscape Enhancements:

Any locally stipulated multi-modal enhancements including but not limited to sidewalk, bike lanes, bus pull offs, lighting, landscaping etc. on State maintained routes are subject to NCDOT requirements and approval through the encroachment process.

Cross-Access Connectivity:

Provision of cross access with the adjacent properties is encouraged to accommodate internal connectivity and improve distribution of existing and future traffic volumes on the adjacent public road network.

General Requirements:

It is necessary to obtain an NCDOT driveway permit and/or encroachment agreement(s) prior to performing work on the NCDOT right of way. As a condition of the agreement, the permittee shall be responsible for design and construction of the above stipulated improvements in accordance with NCDOT requirements. An approved permit will be issued upon receipt of applicable approved roadway and signal construction plans, and any necessary performance and indemnity bonds.

The applicant shall dedicate any additional right of way necessary to accommodate the required road improvements or future improvements as stipulated.

The applicant shall verify that the proposed street and driveway connections provide for adequate vertical and horizontal sight distances in accordance with NCDOT requirements.

Intersection radii and geometry shall be designed to accommodate turning movements of the largest anticipated vehicle.

All pavement markings shall be long life thermoplastic. Pavement markers shall be installed if they previously existed on the roadway.

The permittee shall be responsible for the installation and relocation of any additional highway signs that may be necessary due to these improvements and shall comply with the requirements of the MUTCD.

Feel free to contact me if you have any questions.

Sincerely,

DocuSigned by:
C. N Edwards Jr., PE
C60BB6060F8A458...

C. N. Edwards Jr., PE
District Engineer

Cc: D.M. McPherson, Division Traffic Engineer
Town of Hillsborough

**Item 5A
Attachment 6**

FISCAL BENEFITS AND ECONOMIC IMPACTS

WATERSTONE SOUTH

**TOWN OF HILLSBOROUGH, NC
ORANGE COUNTY, NC**

SEPTEMBER 30, 2022

**PREPARED FOR:
CAPKOV VENTURES, INC.**

PREPARED BY:



**Orange County, CA
Sarasota, FL**

**Sacramento, CA
Research Triangle, NC**

Austin, TX

**Amelia Island, FL
Dallas, TX**

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SUMMARY OF FISCAL AND ECONOMIC BENEFITS

Capkov Ventures, Inc. is seeking approval from the Town of Hillsborough, North Carolina (“Town”) for a mixed-use, master-planned community referred to as Waterstone South (“Project”). At full buildout, the Project will include 655 apartment and townhome units, 200,000 square feet of medical office space, and 40,000 square feet of retail, restaurant, and day care space.

Key fiscal and economic benefits of the Project at buildout are highlighted below.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

| | Phase 1 | Phase 2 | Total |
|---|----------------|----------------|----------------|
| Generate real property tax base | \$ 117,100,000 | \$ 124,425,000 | \$ 241,525,000 |
| Commercial as % of Total Tax Base | 46% | 36% | 41% |
| Generate annual real property tax revenue | \$ 666,000 | \$ 708,000 | \$ 1,375,000 |
| Generate total annual general fund revenues | \$ 912,000 | \$ 1,000,000 | \$ 1,912,000 |

FISCAL BENEFITS – ORANGE COUNTY

| | Phase 1 | Phase 2 | Total |
|---|----------------|----------------|----------------|
| Generate real property tax base | \$ 117,100,000 | \$ 124,425,000 | \$ 241,525,000 |
| Generate annual real property tax revenue | \$ 965,000 | \$ 1,026,000 | \$ 1,992,000 |
| Generate total annual general fund revenues | \$ 1,172,000 | \$ 1,265,000 | \$ 2,437,000 |

ECONOMIC IMPACT

At buildout, the operating activities of the new businesses in Waterstone South and the occupancy of the new residential units are expected to:

- Create total annual economic impact, in terms of output, of \$220.4 million
- Create 1,014 direct onsite permanent jobs in the Town of Hillsborough
- Create 1,647 total permanent jobs in the local area
- Create total annual labor income of \$104.3 million in the local area

The local spending by the new businesses and residents of Waterstone South will be a boon to existing Hillsborough businesses.

INTRODUCTION

The proposed development program for the Project is presented in Table 1.

Table 1: Waterstone South Development Program

| | Phase 1 | Phase 2 | Total |
|-------------------------------------|--------------------|--------------------|--------------------|
| Residential Product Type | Units | Units | Units |
| Apartments | 225 | 225 | 450 |
| Townhomes | 70 | 135 | 205 |
| Total | 295 | 360 | 655 |
| Non-Residential Product Type | Square Feet | Square Feet | Square Feet |
| Medical Office | 100,000 | 100,000 | 200,000 |
| Retail | 15,000 | - | 15,000 |
| Restaurant | 15,000 | - | 15,000 |
| Day Care | 10,000 | - | 10,000 |
| Total | 140,000 | 100,000 | 240,000 |

Source: Capkov Ventures, Inc., DPF, 2022

The 655 residential units are projected to generate 1,131 new residents as shown in Table 2.

Table 2: Waterstone South Population Projection

| Residential Product | Units | Persons per Housing Unit | Projected Population |
|----------------------|------------|--------------------------|----------------------|
| Apartments | 225 | 1.70 | 382 |
| Townhomes | 70 | 1.79 | 125 |
| Phase 1 Total | 295 | | 507 |
| Apartments | 225 | 1.70 | 382 |
| Townhomes | 135 | 1.79 | 242 |
| Phase 2 Total | 360 | | 624 |
| Grand Total | 655 | | 1,131 |

Source: Capkov Ventures, Inc., 2020 ACS 5-Year Estimates, DPF, 2022

As shown in Table 3, the non-residential land uses are projected to generate 1,014 new onsite employees. Most of the new jobs are high-paying medical jobs, but new job demand also includes jobs across all wage ranges.

Table 3: Waterstone South New Employment Projection

| Non-Residential Land Uses | Square Feet | Occupancy % | Occupied Sq. Ft. | Sq Ft per Employee | New FTE Employees | FTE Conversion Factor | Total New Employees |
|---------------------------|----------------|-------------|------------------|--------------------|-------------------|-----------------------|---------------------|
| Medical Office | 100,000 | 100% | 100,000 | 250 | 400 | 0.9124 | 438 |
| Retail | 15,000 | 100% | 15,000 | 420 | 36 | 0.8571 | 42 |
| Restaurant | 15,000 | 100% | 15,000 | 266 | 56 | 0.7925 | 71 |
| Day Care | 10,000 | 100% | 10,000 | 450 | 22 | 0.8849 | 25 |
| Phase 1 Total | 140,000 | | 140,000 | | 514 | | 576 |
| Medical Office | 100,000 | 100% | 100,000 | 250 | 400 | 0.9124 | 438 |
| Phase 2 Total | 100,000 | | 100,000 | | 400 | | 438 |
| Grand Total | 240,000 | | 240,000 | | 914 | | 1,014 |

Source: Capkov Ventures, Inc., IMPLAN, ITE Trip Generation Manual 10th Edition, DPGF, 2022

This report analyzes the fiscal benefits and economic impacts generated by the Project on the Town of Hillsborough (“Town”) and Orange County (“County”). The key assumptions and methodologies used in the analysis are described in the Methodology section of this report. Supporting tables are provided in the Appendix.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

GENERAL FUND REVENUES

Property Taxes

The real property tax base of the Project at buildout of Phase 1 is projected to be \$117.1 million as shown in Table 4.

Table 4: Waterstone South Real Property Tax Base – Phase 1

| Residential Land Use | Units | Market Value per Unit (2022\$) | Construction Price Index | Adjusted | Cost of Sales Factor | Tax Value (Jan 1, 2021) Per Unit | Tax Base | % |
|--------------------------|----------------|-------------------------------------|--------------------------|-------------|----------------------|----------------------------------|----------------------|-----|
| Apartments | 225 | \$ 230,000 | 0.918 | \$ 211,000 | 5% | \$ 200,000 | \$ 45,000,000 | 54% |
| Townhomes | 70 | \$ 350,000 | 0.774 | \$ 271,000 | 6% | \$ 255,000 | 17,850,000 | |
| Phase 1 Total | 295 | | | | | | \$ 62,850,000 | |
| Non-Residential Land Use | Sq. Ft. | Tax Value (Jan 1, 2021) Per Sq. Ft. | Tax Base | % | | | | |
| Medical Office | 100,000 | \$ 450 | \$ 45,000,000 | 46% | | | | |
| Retail | 15,000 | \$ 250 | 3,750,000 | | | | | |
| Restaurant | 15,000 | \$ 250 | 3,750,000 | | | | | |
| Day Care | 10,000 | \$ 175 | 1,750,000 | | | | | |
| Phase 1 Total | 140,000 | | \$ 54,250,000 | | | | | |
| Phase 1 Total | | | \$ 117,100,000 | 100% | | | | |

Note: January 1, 2021 is the most recent Orange County reappraisal.

Source: Capkov Ventures, Inc., Orange County, DPGF, 2022

The real property tax base of the Project at buildout of Phase 2 is projected to be \$124.4 million as shown in Table 5.

Table 5: Waterstone South Real Property Tax Base – Phase 2

| Residential Land Use | Units | Market Value | | Construction Price Index | Adjusted | Cost of Sales Factor | Tax Value (Jan 1, 2021) | | % |
|--------------------------|----------------|-------------------|--|--------------------------|------------|-------------------------|-------------------------|-----------------------|-----|
| | | per Unit (2022\$) | | | | | Per Unit | Tax Base | |
| Apartments | 225 | \$ 230,000 | | 0.918 | \$ 211,000 | 5% | \$ 200,000 | \$ 45,000,000 | 64% |
| Townhomes | 135 | \$ 350,000 | | 0.774 | \$ 271,000 | 6% | \$ 255,000 | \$ 34,425,000 | |
| Phase 2 Total | 360 | | | | | | | \$ 79,425,000 | |
| Non-Residential Land Use | | | | | | Tax Value (Jan 1, 2021) | | | |
| | Sq. Ft. | Per Sq. Ft. | | | | | Tax Base | | |
| Medical Office | 100,000 | \$ 450 | | | | | \$ 45,000,000 | | 36% |
| Phase 2 Total | 100,000 | | | | | | \$ 45,000,000 | | |
| | | | | | | | Phase 2 Total | \$ 124,425,000 | |

Note: January 1, 2021 is the most recent Orange County reappraisal.
Source: Capkov Ventures, Inc., Orange County, DPFPG, 2022

At buildout of Phases 1 and 2, the real property tax base is projected to exceed \$241.5 million with the commercial real property tax base comprising 41 percent of the total.

At buildout of Phase 1, the Project is expected to generate annual real property tax revenue of \$666,000 for the Town. Phase 2 is projected to generate annual real property tax revenue of \$708,000. In total, the Project is projected to generate annual real property tax revenue of nearly \$1.4 million. Annual real property tax revenue is shown in Table 6.

Table 6: Waterstone South Annual Real Property Tax Revenue - Town

| Real Property Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|----------------|----------------|----------------------|
| Real Property Tax Base | \$ 117,100,000 | \$ 124,425,000 | \$ 241,525,000 |
| Property Tax Rate per \$100 Valuation | 0.5870 | 0.5870 | 0.5870 |
| Annual Real Property Tax | \$ 687,000 | \$ 730,000 | \$ 1,418,000 |
| Collection % | 97.00% | 97.00% | 97.00% |
| Annual Real Property Tax Net of Collection % | \$ 666,000 | \$ 708,000 | \$ 1,375,000 |

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPFPG, 2022

At buildout of Phase 1, the Project is expected to generate annual business property tax revenue of \$28,000 for the Town. Phase 2 is projected to generate annual business property tax revenue of \$23,000. In total, the Project is projected to generate annual business property tax revenue of \$50,000. Annual business property tax revenue is shown in Table 7.

Table 7: Waterstone South Annual Business Property Tax Revenue - Town

| Business Personal Property | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|---------------------------|---------------------------|---------------------------------|
| Commercial Assessed Value | \$ 54,250,000 | \$ 45,000,000 | \$ 99,250,000 |
| % Furniture and Equipment | 9% | 9% | 9% |
| Business Personal Property Assessed Value | \$ 4,883,000 | \$ 4,050,000 | \$ 8,933,000 |
| Property Tax Rate per \$100 Valuation | 0.5870 | 0.5870 | 0.5870 |
| Annual Business Personal Property Tax | \$ 29,000 | \$ 24,000 | \$ 52,000 |
| Collection % | 97.00% | 97.00% | 97.00% |
| Annual Business Property Tax Net of Collection % | \$ 28,000 | \$ 23,000 | \$ 50,000 |

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

At buildout of Phase 1, the Project is expected to generate annual motor vehicle property tax revenue of \$26,000 for the Town. Phase 2 is projected to generate annual motor vehicle property tax revenue of \$32,000. In total, the Project is projected to generate annual motor vehicle property tax revenue of \$58,000. Annual motor vehicle tax revenue is shown in Table 8.

Table 8: Waterstone South Annual Motor Vehicle Tax Revenue - Town

| Motor Vehicle Property Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|---------------------------|---------------------------|---------------------------------|
| Motor Vehicle Tax Base | | | |
| Countywide Motor Vehicle Valuation | \$ 1,352,075,629 | \$ 1,352,075,629 | \$ 1,352,075,629 |
| County Population | 149,013 | 149,013 | 149,013 |
| Motor Vehicle Tax Base per Capita | \$ 9,074 | \$ 9,074 | \$ 9,074 |
| Watertone South Population | 507 | 624 | 1,131 |
| Watertone South Motor Vehicle Tax Base | \$ 4,600,518 | \$ 5,662,176 | \$ 10,262,694 |
| Property Tax Rate per \$100 Valuation | 0.5870 | 0.5870 | 0.5870 |
| Annual Real Property Tax | \$ 27,000 | \$ 33,000 | \$ 60,000 |
| Collection % | 97.00% | 97.00% | 97.00% |
| Annual Motor Vehicle Tax Net of Collection % | \$ 26,000 | \$ 32,000 | \$ 58,000 |

Source: Orange County, NC Department of Revenue, DPGF, 2022

Local Option Sales Tax

The local sales and use taxes are levied by the Orange County Board of Commissioners and are collected by the State of North Carolina on behalf of Orange County. The local option sales tax rate of 2 cents consists of three separate taxes that are authorized by North Carolina General Statutes: Article 39 One-Cent tax, Article 40 One-Half Cent tax, and Article 42 One-Half Cent tax. Article 39 taxes are distributed back to counties based on a point-of-sale basis. Article 40 taxes are distributed back to counties on a statewide county per capita basis (with a factor adjustment applied). Article 42 taxes are distributed back to counties in the same manner as Article 39 taxes. Distributions of these funds are made to the Town monthly on a per capita basis.

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Town population.

Projected annual local option sales tax revenue is calculated in Table 9.

Table 9: Waterstone South Annual Local Option Sales Tax - Town

| Local Option Sales Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|-------------------------------------|-------------------|-------------------|-------------------------|
| Local Option Sales Tax | \$ 2,474,060 | \$ 2,474,060 | \$ 2,474,060 |
| Town Population | 9,681 | 9,681 | 9,681 |
| Per Capita | \$ 256 | \$ 256 | \$ 256 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Total Sales Tax Revenue | \$ 130,000 | \$ 160,000 | \$ 290,000 |

Source: NC Department of Revenue, Town of Hillsborough, DPGF, 2022

Auto Decal Fees

The Town charges Auto Decal Fees of \$30 per vehicle. For purposes of this analysis, one vehicle per residential unit is assumed which is a conservative assumption.

Table 10: Waterstone South Annual Auto Decal Fees - Town

| Auto Decal Fee | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|------------------------------|-------------------|-------------------|-------------------------|
| Vehicles in Waterstone South | 295 | 360 | 655 |
| Auto Decal Fees per Vehicle | \$ 30 | \$ 30 | \$ 30 |
| Auto Decal Fee Revenue | \$ 9,000 | \$ 11,000 | \$ 20,000 |

Source: Town of Hillsborough, DPGF, 2022

Other General Fund Revenues

Projected other General Fund revenues are presented in Table 11.

Table 11: Waterstone South Annual Other General Fund Revenues - Town

| Other Revenues | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|---------------------------------------|-------------------|-------------------|-------------------------|
| Intergovernmental - Est. Unrestricted | \$ 1,019,000 | \$ 1,019,000 | \$ 1,019,000 |
| Total Other Revenue | \$ 1,019,000 | \$ 1,019,000 | \$ 1,019,000 |
| Town Population | 9,681 | 9,681 | 9,681 |
| Per Capita | \$ 105 | \$ 105 | \$ 105 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Total Other Revenues | \$ 53,000 | \$ 66,000 | \$ 119,000 |

Source: NC Department of Revenue, Town of Hillsborough, DPGF, 2022

Stormwater Fees

The Town charges an annual stormwater fee of \$75 per residential property. Annual non-residential stormwater fees are subject to a fee schedule. Annual stormwater fees are estimated in Table 12.

Table 12: Waterstone South Annual Stormwater Fees - Town

| Stormwater Fee | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Residential | | | |
| Fee per Townhome | \$ 75 | \$ 75 | \$ 75 |
| Watertone South Townhomes | 70 | 135 | 205 |
| Stormwater Fee Annual Revenue | \$ 5,000 | \$ 10,000 | \$ 15,000 |
| Non-Residential (Apartments) | | | |
| Tier 5, 200,000 sq. ft. and above | 225 | 225 | 225 |
| Parcels | 12,900 | 12,900 | 12,900 |
| Stormwater Fee Annual Revenue | 1 | 1 | 2 |
| | \$ 13,000 | \$ 13,000 | \$ 26,000 |
| Non-Residential (Medical Office and Retail) | | | |
| Tier 3, 30,001 to 100,000 | 1,800 | 1,800 | 1,800 |
| Parcels | 2 | 1 | 3 |
| Stormwater Fee Annual Revenue | \$ 4,000 | \$ 2,000 | \$ 6,000 |
| Total Stormwater Fee Annual Revenue | \$ 22,000 | \$ 25,000 | \$ 47,000 |

Source: Town of Hillsborough, DPF, 2022

TOTAL ANNUAL GENERAL FUND REVENUES

At buildout, the Project is projected to generate annual general fund revenue of \$1.9 million for the Town.

Table 13: Waterstone South Annual General Fund Revenues - Town

| General Fund Revenues | Phase 1 Annual Revenue | Phase 2 Annual Revenue | Total Annual Revenue |
|-------------------------------------|------------------------------|------------------------------|----------------------------|
| Property Tax - Real Property | \$ 694,000 | \$ 731,000 | \$ 1,425,000 |
| Property Tax - Motor Vehicle | 26,000 | 32,000 | 58,000 |
| Local Option Sales Tax | 130,000 | 160,000 | 290,000 |
| Auto Decal Fees | 9,000 | 11,000 | 20,000 |
| Other Town Revenues | 53,000 | 66,000 | 119,000 |
| Annual General Fund Revenues | \$ 912,000 | \$ 1,000,000 | \$ 1,912,000 |

| Stormwater Revenues | Phase 1 Annual Revenue | Phase 2 Annual Revenue | Total Annual Revenue |
|---------------------|------------------------------|------------------------------|----------------------------|
| Stormwater Fees | 22,000 | 25,000 | 47,000 |

Source: DPGF, 2022

FISCAL BENEFITS – ORANGE COUNTY

GENERAL FUND REVENUES

Property Taxes

As shown in Table 14, at buildout the Project is expected to generate annual real property tax revenue of almost \$2.0 million for the County.

Table 14: Waterstone South Annual Real Property Tax Revenue – Orange County

| Real Property Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Real Property Tax Base | \$ 117,100,000 | \$ 124,425,000 | \$ 241,525,000 |
| Property Tax Rate per \$100 Valuation | 0.8312 | 0.8312 | 0.8312 |
| Annual Real Property Tax | \$ 973,000 | \$ 1,034,000 | \$ 2,008,000 |
| Collection % | 99.20% | 99.20% | 99.20% |
| Annual Real Property Tax Net of Collection % | \$ 965,000 | \$ 1,026,000 | \$ 1,992,000 |

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

Projected annual business property tax revenue is shown in Table 15.

Table 15: Waterstone South Annual Business Property Tax Revenue – Orange County

| Business Personal Property | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Commercial Assessed Value | \$ 54,250,000 | \$ 45,000,000 | \$ 99,250,000 |
| % Furniture and Equipment | 9% | 9% | 9% |
| Business Personal Property Assessed Value | \$ 4,883,000 | \$ 4,050,000 | \$ 8,933,000 |
| Property Tax Rate per \$100 Valuation | 0.8312 | 0.8312 | 0.8312 |
| Annual Business Personal Property Tax | \$ 41,000 | \$ 34,000 | \$ 74,000 |
| Collection % | 99.20% | 99.20% | 99.20% |
| Annual Business Property Tax Net of Collection % | \$ 41,000 | \$ 34,000 | \$ 73,000 |

Source: Capkov Ventures, Inc., Orange County, NC Department of Revenue, DPGF, 2022

As shown in Table 16, at buildout the Project is projected to generate annual motor vehicle tax revenue of \$85,000 for the County by vehicles owned by the new residents.

Table 16: Waterstone South Annual Motor Vehicle Tax Revenue – Orange County

| Motor Vehicle Property Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Motor Vehicle Tax Base | | | |
| Countywide Motor Vehicle Valuation | \$ 1,352,075,629 | \$ 1,352,075,629 | \$ 1,352,075,629 |
| County Population | 149,013 | 149,013 | 149,013 |
| Motor Vehicle Tax Base per Capita | \$ 9,074 | \$ 9,074 | \$ 9,074 |
| Watertone South Population | 507 | 624 | 1,131 |
| Watertone South Motor Vehicle Tax Base | \$ 4,600,518 | \$ 5,662,176 | \$ 10,262,694 |
| Property Tax Rate per \$100 Valuation | 0.8312 | 0.8312 | 0.8312 |
| Annual Real Property Tax | \$ 38,000 | \$ 47,000 | \$ 85,000 |
| Collection % | 99.40% | 99.40% | 99.40% |
| Annual Motor Vehicle Tax Net of Collection % | \$ 38,000 | \$ 47,000 | \$ 85,000 |

Source: Orange County, NC Department of Revenue, DPGF, 2022

Local Option Sales Tax

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Orange County population. The North Carolina General Statutes require that 30 percent of the Article 40 and 60 percent of the Article 42 sales tax revenue be earmarked for public school capital outlay or debt.

In addition to Articles 39, 40, and 42 sales tax, the County also levies the Article 46 One-Quarter cent sales and use tax. The proceeds of the Article 46 tax are allocated 50 percent to the County's two school systems and 50 percent to Economic Development initiatives.

A summary of the projected annual local option sales tax revenues is shown in Table 17. Detailed calculations are provided in the Appendix.

Table 17: Waterstone South Annual Local Option Sales Tax – Orange County

| Local Option Sales Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|-------------------------------------|-------------------|-------------------|-------------------------|
| Unrestricted | \$ 87,000 | \$ 107,000 | \$ 194,000 |
| Restricted - School Capital or Debt | 27,000 | 33,000 | 60,000 |
| Restricted - Education | 7,000 | 9,000 | 16,000 |
| Restricted - Economic Development | 7,000 | 9,000 | 16,000 |
| Total | \$ 128,000 | \$ 158,000 | \$ 286,000 |

Source: Orange County, NC Department of Revenue, DPF, 2022

In 2009, the North Carolina General Assembly ratified the Congestion Relief and Intermodal Transport Fund Act, allowing Orange, Durham, and Wake Counties to generate new revenue for transportation. These revenues include a one-half cent sales tax (Article 43 sales tax) which Orange County voters approved in 2012. A regional transportation public authority, known as GoTriangle, was created to help administer these revenues and work on public transit projects involving all three counties. Article 43 revenues are allocated by the North Carolina Department of Revenue to GoTriangle, which then allocates a portion of that money to Orange County through reimbursements for projects that either offer new public transit services or expand existing ones. Due to these restrictions, projected Article 43 sales tax revenues are excluded from this analysis.

TOTAL ANNUAL GENERAL FUND REVENUES

As shown in Table 18, at buildout the Project is projected to generate annual general fund revenue of \$2.4 million for the County.

Table 18: Waterstone South Annual General Fund Revenues - County

| General Fund Revenues | Phase 1 Annual Revenue | Phase 2 Annual Revenue | Total Annual Revenue |
|-------------------------------------|------------------------------|------------------------------|----------------------------|
| Property Tax - Real Property | \$ 1,006,000 | \$ 1,060,000 | \$ 2,066,000 |
| Property Tax - Motor Vehicle | 38,000 | 47,000 | 85,000 |
| Local Option Sales Tax | | | |
| Unrestricted | 87,000 | 107,000 | 194,000 |
| Restricted - School Capital or Debt | 27,000 | 33,000 | 60,000 |
| Restricted - Education | 7,000 | 9,000 | 16,000 |
| Restricted - Economic Development | 7,000 | 9,000 | 16,000 |
| Annual General Fund Revenues | \$ 1,172,000 | \$ 1,265,000 | \$ 2,437,000 |

Source: DPF, 2022

ECONOMIC IMPACT

The development of Waterstone South impacts the Town’s economy in two phases. The initial impact occurs during the construction of the new residential units and the commercial buildings. When construction is complete, the activities of the new businesses and the local spending by the new residents will impact the local economy on an ongoing basis.

PERMANENT ONGOING IMPACT – PHASE 1

As shown in Table 19, at buildout of Phase 1, the businesses in Waterstone South are projected to generate 576 direct onsite jobs. The new business activities combined with the new annual spending by the Project’s Phase 1 residents are expected to support 885 total jobs and generate \$53.8 million in annual labor income in the local area.

Table 19: Waterstone South Permanent Ongoing Annual Economic Impact - Phase 1

| Impact Type | Jobs | Labor Income | Value Added | Output |
|---------------------|------------|-----------------------|-----------------------|------------------------|
| Direct Effect | 576 | \$40.1 Million | \$43.7 Million | \$68.0 Million |
| Indirect Effect | 105 | \$4.9 Million | \$7.5 Million | \$15.0 Million |
| Induced Effect | 204 | \$8.9 Million | \$18.6 Million | \$30.7 Million |
| Total Effect | 885 | \$53.8 Million | \$69.9 Million | \$113.7 Million |

Source: IMPLAN, DPGF, 2022

PERMANENT ONGOING IMPACT – PHASE 2

As shown in Table 20, at buildout of Phase 2 the businesses in Waterstone South are projected to generate 438 direct onsite jobs. The new business activities combined with the new annual spending by the Project’s Phase 2 residents are expected to support 762 total jobs and generate \$50.5 million in annual labor income in the local area.

Table 20: Waterstone South Permanent Ongoing Annual Economic Impact - Phase 2

| Impact Type | Jobs | Labor Income | Value Added | Output |
|---------------------|------------|-----------------------|-----------------------|------------------------|
| Direct Effect | 438 | \$36.2 Million | \$38.3 Million | \$59.0 Million |
| Indirect Effect | 92 | \$4.3 Million | \$6.5 Million | \$12.8 Million |
| Induced Effect | 232 | \$10.1 Million | \$21.3 Million | \$35.0 Million |
| Total Effect | 762 | \$50.5 Million | \$66.1 Million | \$106.7 Million |

Source: IMPLAN, DPGF, 2022

PERMANENT ONGOING IMPACT – AT BUILDOUT

As shown in Table 21, at buildout the businesses in Waterstone South are projected to generate 1,014 direct onsite jobs. The new business activities combined with the new annual spending by the Project’s residents are expected to support 1,647 total jobs and generate \$104.3 million in annual labor income in the local area.

Table 21: Waterstone South Permanent Ongoing Annual Economic Impact – At Buildout

| Impact Type | Jobs | Labor Income | Value Added | Output |
|-----------------|-------|-----------------|-----------------|-----------------|
| Direct Effect | 1,014 | \$76.2 Million | \$82.1 Million | \$127.0 Million |
| Indirect Effect | 197 | \$9.2 Million | \$14.1 Million | \$27.8 Million |
| Induced Effect | 436 | \$19.0 Million | \$39.9 Million | \$65.6 Million |
| Total Effect | 1,647 | \$104.3 Million | \$136.0 Million | \$220.4 Million |

Source: IMPLAN, DPGF, 2022

Table 22 shows the top job demand by industry generated by the new annual spending. High-paying medical jobs are in demand as well as jobs across all wage ranges.

Table 22: Waterstone South Top Job Demand by Industry

| Rank | Industry | Jobs |
|------|--|------|
| 1 | Medical office (offices of physicians) | 907 |
| 2 | Full-service restaurants | 120 |
| 3 | Other real estate | 44 |
| 4 | Retail - Food and beverage stores | 39 |
| 5 | All other food and drinking places | 34 |
| 6 | Child day care services | 33 |
| 7 | Limited-service restaurants | 31 |
| 8 | Personal care services | 21 |

Source: IMPLAN, DPGF, 2022

KEY ASSUMPTIONS AND METHODOLOGY

KEY ASSUMPTIONS

Because substantial growth is projected for the Research Triangle area over the next decade, the residential and commercial impacts in this analysis are considered “new.” For example, even if new residents do not directly purchase or rent homes in the Project, vacancies left by existing residents will make existing units available for new residents. Likewise, population and job growth are expected to fuel the demand for the new commercial facilities in Waterstone South.

Market values for the residential properties in Waterstone South were estimated by Capkov Ventures, Inc. Residential market values were converted to taxable values by applying a (1) cost index to adjust values to the most recent County reappraisal (January 1, 2021) and (2) cost of sales factor. Non-residential tax values per product type were based on assessed values (January 1, 2021) of comparable Orange County properties.

All amounts in this report are presented in constant dollars (2022). Results are rounded to the nearest one thousand dollars (\$1,000). Tax rates in effect for the Fiscal Year 2022-2023 are also held constant in this analysis.

Supporting tables are provided in the Appendix.

ECONOMIC IMPACT METHODOLOGY

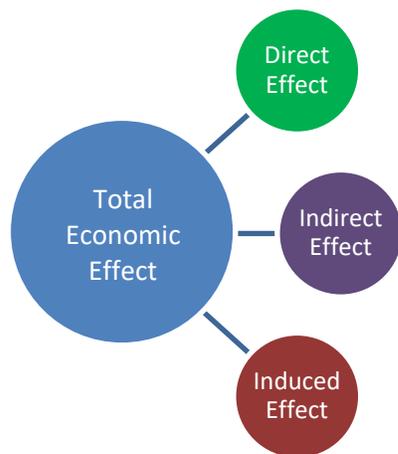
A key concept in economic impact analysis is that one form of economic activity almost always stimulates other economic activities. The total economic impact of a specific project or event on a study area is the sum of the direct, indirect and induced impacts.

Direct Impacts are the initial, immediate economic impacts (jobs and income) generated by a project or development. Direct impacts coincide with the first round of spending in the economy. For example, a new high-tech manufacturing facility that has a payroll of \$5 million and purchases \$5 million of goods and services from local suppliers would directly contribute \$10 million to the local economy. To determine direct economic impacts, it is ideal to use economic data supplied by the project's development team or financial information, if available, about similar projects implemented in similar communities. A common method of establishing direct impact parameters is to use available industry averages for the study area.

Indirect Impacts are the production, employment and income changes occurring in other businesses/industries in the community that supply inputs to the project's industry(s).

Induced Impacts are the effects of spending by the households in the local economy as a result of the direct and indirect effects from an economic activity. The induced effects arise when employees who are working for the project (i.e., new manufacturing facility) spend their new payroll dollars in the study area.

Figure 1: Components of Economic Impact Analysis



The primary economic benefits of Waterstone South will be experienced in the local area; however, benefits will also extend to the region and the state. In our experience with similar projects nationally, the smaller the study area, the more leakages (purchases and sales) occur outside the area. Fewer ripple effects occur inside the area thus multipliers and related impacts generally become larger as the geographic area increases in size. The study area for this report was limited to Orange County.

This analysis utilizes models generated by the IMPLAN modeling system. IMPLAN is a nationally recognized system of local economic models that are specifically designed to represent a local economy such as Orange County.

The economic impacts from the annual operations of the businesses proposed for Firefly Park were modeled using Industry Change, which is the increase or decrease in economic activity due to the expansion or change in production of new businesses. Instead of value of production or value added for the office and retail sectors, new employment by industry sector was used as a proxy for production changes.

In conjunction with this new employment as proxy for production change approach, direct full-time equivalent jobs were converted to total average annual jobs using the appropriate IMPLAN conversion factors. The resulting direct jobs were assigned to the various IMPLAN industry sectors based on a direct correlation (e.g., dental office) or were allocated proportionately based on existing industry sector employment.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of September 2022 and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

APPENDIX

Appendix Table 1: Fiscal Assumptions - Town

| Town of Hillsborough | |
|--|--|
| 0.587 | FY 2023 Property Tax Rate per \$100 |
| 97.00% | Collection % |
| \$ 1,352,075,629 | 2021-22 Countywide Motor Vehicle Valuation |
| 149,013 | Countywide Population NCDOR (July 2022) |
| 9,681 | Town Population - NCDOR (July 2022) |
| \$ 30 | Vehicle Fee |
| Census.Gov Single Family Construction Price Index | |
| 185.1 | August 2022 |
| 143.2 | January 1, 2021 (December 2020) |
| 0.7736 | Ratio |
| 6% | Single Family Residential Cost of Sales Factor |
| Census.Gov Multi-Family Construction Price Index | |
| 195.9 | Second Quarter 2022 |
| 179.9 | January 1, 2021 (December 2020) |
| 0.9183 | Ratio |
| 5% | MF Residential Cost of Sales Factor |
| Stormwater Fee | |
| \$ 75 | Residential per Year |
| \$ 1,800 | Non-Residential 30,001 to 100,000 sq. ft. |

Source: Town of Hillsborough, Census. Gov, NCDOR, DPF, 2022

Appendix Table 2: Fiscal Assumptions - County

| Orange County | |
|---------------------------------------|--|
| 0.8312 | FY 2023 Property Tax Rate per \$100 |
| 99.20% | Collection % Real Property |
| 99.40% | Collection % Motor Vehicles |
| \$ 1,352,075,629 | 2021-22 Countywide Motor Vehicle Valuation |
| 149,013 | Countywide Population NCDOR (July 2022) |
| \$ 14,681,551 | Article 39 - FY 2023 |
| \$ 11,348,156 | Article 40 - FY 2023 |
| \$ 3,404,447 | Article 40 - FY 2023 Restricted |
| \$ 7,943,709 | Article 40 - FY 2023 Unrestricted |
| \$ 7,386,782 | Article 42 - FY 2023 |
| \$ 4,432,069 | Article 42 - FY 2023 Restricted |
| \$ 2,954,713 | Article 42 - FY 2023 Unrestricted |
| 9% | Taxable Personal Property as % of Real |
| Article 46 Sales Tax - FY 2023 | |
| \$ 2,101,100 | Education |
| \$ 2,101,100 | Community Services |
| 50% | Education |
| 50% | Community Services |

Source: Orange County, NC Department of Revenue, DPF, 2022

Appendix Table 3: Orange County Persons per Housing Unit

| Housing Type | Units | | Population | | Persons per Housing Unit |
|---------------|--------|--------|------------|--|--------------------------|
| | B25024 | Units | B25033 | | |
| 1, detached | 35,772 | | | | |
| 1, attached | 3,668 | 39,440 | 98,144 | | 2.49 |
| 2 | 1,146 | | | | |
| 3 to 4 | 1,526 | 2,672 | 4,785 | | 1.79 |
| 5 to 9 | 3,710 | | | | |
| 10 to 19 | 4,739 | | | | |
| 20 to 49 | 2,089 | | | | |
| 50 or more | 1,955 | 12,493 | 21,222 | | 1.70 |
| Mobile Home | 4,361 | 4,361 | 10,059 | | 2.31 |
| Boat, RV, Van | 27 | 27 | 51 | | 1.89 |
| Total | 58,993 | 58,993 | 134,261 | | 2.28 |
| Townhome | | | | | 1.79 |

Source: 2020 ACS 5-Year Estimates for Orange County, NC, DPGF, 2022

Appendix Table 4: Waterstone South Annual Local Option Sales Tax Articles 39, 40 and 42 - County

| Local Option Sales Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Article 39 Local Option Sales Tax - Unrestricted | \$ 14,681,551 | \$ 14,681,551 | \$ 14,681,551 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 99 | \$ 99 | \$ 99 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 50,000 | \$ 62,000 | \$ 112,000 |
| Article 40 Local Option Sales Tax - Unrestricted | \$ 7,943,709 | \$ 7,943,709 | \$ 7,943,709 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 53 | \$ 53 | \$ 53 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 27,000 | \$ 33,000 | \$ 60,000 |
| Article 40 Local Option Sales Tax - Restricted (School Capital or Debt) | \$ 3,404,447 | \$ 3,404,447 | \$ 3,404,447 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 23 | \$ 23 | \$ 23 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 12,000 | \$ 14,000 | \$ 26,000 |
| Article 42 Local Option Sales Tax - Unrestricted | \$ 2,954,713 | \$ 2,954,713 | \$ 2,954,713 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 20 | \$ 20 | \$ 20 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 10,000 | \$ 12,000 | \$ 22,000 |
| Article 42 Local Option Sales Tax - Restricted (School Capital or Debt) | \$ 4,432,069 | \$ 4,432,069 | \$ 4,432,069 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 30 | \$ 30 | \$ 30 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 15,000 | \$ 19,000 | \$ 34,000 |

Source: Orange County, NC Department of Revenue, DPF, 2022

Appendix Table 5: Waterstone South Annual Local Option Sales Tax Article 46 - County

| Local Option Sales Tax | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|---|---------------------------|---------------------------|---------------------------------|
| Article 46 Local Option Sales Tax - Education | \$ 2,101,100 | \$ 2,101,100 | \$ 2,101,100 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 14 | \$ 14 | \$ 14 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 7,000 | \$ 9,000 | \$ 16,000 |
| Article 46 Local Option Sales Tax - Economic Development | \$ 2,101,100 | \$ 2,101,100 | \$ 2,101,100 |
| County Population | 149,013 | 149,013 | 149,013 |
| Per Capita | \$ 14 | \$ 14 | \$ 14 |
| Watertone South Resident Population | 507 | 624 | 1,131 |
| Annual Sales Tax Revenue | \$ 7,000 | \$ 9,000 | \$ 16,000 |
| Total Articles 39, 40, 42, and 46 | \$ 128,000 | \$ 158,000 | \$ 286,000 |

Source: Orange County, NC Department of Revenue, DPF, 2022

**Item 5A
Attachment 7**

**WATERSTONE SOUTH
NET FISCAL IMPACT
TOWN OF HILLSBOROUGH, NC**

OCTOBER 15, 2023

**PREPARED FOR:
CAPKOV VENTURES, INC.**

PREPARED BY:



**Orange County, CA
Sarasota, FL**

**Sacramento, CA
Research Triangle, NC**

Austin, TX

**Amelia Island, FL
Dallas, TX**

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SUMMARY OF FISCAL AND ECONOMIC BENEFITS

Capkov Ventures, Inc. is seeking approval from the Town of Hillsborough, North Carolina (“Town”) for a mixed-use, master-planned community referred to as Waterstone South (“Project”). At full buildout, the Project will include 450 apartments, 205 townhomes, 200,000 square feet of medical office space, and 40,000 square feet of retail, restaurant, and day care space.

Key fiscal and economic benefits of the Project at buildout are highlighted below.

FISCAL BENEFITS – TOWN OF HILLSBOROUGH

At full buildout, Waterstone South is expected to:

- Generate real property tax base of \$241.5 million.
- Generate annual real property tax revenue of \$1.4 million.
- Generate total annual revenue of \$2.0 million.
- Generate annual net fiscal benefit of \$958,000.
- Generate annual stormwater revenue of \$47,000.

Developer Town Water and Sewer System Proposed Improvements:

- Accelerate payment of \$4.7 million Water and Sewer Development Fees.
- Direct Water and Sewer Construction Improvements of \$3.3 million.

ECONOMIC BENEFITS – TOWN OF HILLSBOROUGH

At buildout, the operating activities of the new businesses in Waterstone South and the occupancy of the new residential units are expected to:

- Create total annual economic impact, in terms of output, of \$220.4 million.
- Create 1,014 direct onsite permanent jobs in the Town of Hillsborough, most of which are projected to be high-paying medical jobs.
- Create 1,647 total permanent jobs in the local area.
- Create total annual labor income of \$104.3 million in the local area.

The local spending by the new businesses and residents of Waterstone South will be significant to existing Hillsborough businesses.¹

¹ The economic benefits are described in the report, “Fiscal and Economic Impacts of Waterstone South (September 30, 2022).”

INTRODUCTION

The proposed development program for the Project is presented in Table 1.

Table 1: Waterstone South Development Program

| | Phase 1 | Phase 2 | Total |
|-------------------------------------|--------------------|--------------------|--------------------|
| Residential Product Type | Units | Units | Units |
| Apartments | 225 | 225 | 450 |
| Townhomes | 70 | 135 | 205 |
| Total | 295 | 360 | 655 |
| Non-Residential Product Type | Square Feet | Square Feet | Square Feet |
| Medical Office | 100,000 | 100,000 | 200,000 |
| Retail | 15,000 | - | 15,000 |
| Restaurant | 15,000 | - | 15,000 |
| Day Care | 10,000 | - | 10,000 |
| Total | 140,000 | 100,000 | 240,000 |

Source: Capkov Ventures, Inc., DPF, 2023

The 655 residential units are projected to generate 1,102 new residents as shown in Table 2.

Table 2: Waterstone South Population Projection

| Residential Product | Units | Persons per Housing Unit | Projected Population |
|----------------------|------------|--------------------------|----------------------|
| Apartments | 225 | 1.54 | 346 |
| Townhomes | 70 | 2.00 | 140 |
| Phase 1 Total | 295 | | 486 |
| Apartments | 225 | 1.54 | 346 |
| Townhomes | 135 | 2.00 | 270 |
| Phase 2 Total | 360 | | 616 |
| Grand Total | 655 | | 1,102 |
| Apartments | 450 | | 692 |
| Townhomes | 205 | | 410 |
| Grand Total | 655 | | 1,102 |

Source: Town of Hillsborough, 2021 ACS Estimates, DPF, 2023

As shown in Table 3, the non-residential land uses are projected to generate 1,014 new onsite employees. Most of the new jobs are high-paying medical jobs, but new job demand also includes jobs across all wage ranges.

Table 3: Waterstone South New Employment Projection

| Non-Residential Land Uses | Square Feet | Occupancy % | Occupied Sq. Ft. | Sq Ft per Employee | New FTE Employees | FTE Conversion Factor | Total New Employees |
|---------------------------|----------------|-------------|------------------|--------------------|-------------------|-----------------------|---------------------|
| Medical Office | 100,000 | 100% | 100,000 | 250 | 400 | 0.9124 | 438 |
| Retail | 15,000 | 100% | 15,000 | 420 | 36 | 0.8571 | 42 |
| Restaurant | 15,000 | 100% | 15,000 | 266 | 56 | 0.7925 | 71 |
| Day Care | 10,000 | 100% | 10,000 | 450 | 22 | 0.8849 | 25 |
| Phase 1 Total | 140,000 | | 140,000 | | 514 | | 576 |
| Medical Office | 100,000 | 100% | 100,000 | 250 | 400 | 0.9124 | 438 |
| Phase 2 Total | 100,000 | | 100,000 | | 400 | | 438 |
| Grand Total | 240,000 | | 240,000 | | 914 | | 1,014 |

Source: Capkov Ventures, Inc., IMPLAN, ITE Trip Generation Manual 10th Edition, DPGF, 2023

This report analyzes the net fiscal benefit generated by the Project on the Town of Hillsborough (“Town”). The key assumptions and methodologies used in the analysis are described in the Methodology section of this report. Supporting tables are provided in the Appendix.

ANNUAL NET FISCAL BENEFIT – TOWN OF HILLSBOROUGH

ANNUAL GENERAL FUND REVENUES

Property Taxes

As shown in Table 4, the real property tax base of Waterstone South is projected to exceed \$241.5 million with the commercial real property tax base comprising 41 percent of the total. ²

² The tax base estimates are consistent with the estimates provided in the “Fiscal and Economic Impacts of Waterstone South (September 30, 2022).”

Table 4: Waterstone South Real Property Tax Base

| Residential Land Use | Units | Market Value | | Construction Price Index | Adjusted | Cost of Sales Factor | Tax Value (Jan 1, 2021) | | % | |
|--------------------------|------------|-------------------|-------------------------|--------------------------|------------|----------------------|-------------------------|-----------------------|-----------------------|-------------|
| | | per Unit (2022\$) | | | | | Per Unit | Tax Base | | |
| Apartments | 450 | \$ 230,000 | | 0.918 | \$ 211,000 | 5% | \$ 200,000 | \$ 90,000,000 | 59% | |
| Townhomes | 205 | \$ 350,000 | | 0.774 | \$ 271,000 | 6% | \$ 255,000 | 52,275,000 | | |
| Total | 655 | | | | | | | \$ 142,275,000 | | |
| Non-Residential Land Use | | Sq. Ft. | Tax Value (Jan 1, 2021) | | | | Per Sq. Ft. | Tax Base | | |
| Medical Office | | 200,000 | \$ 450 | | | | \$ 90,000,000 | | | |
| Retail | | 15,000 | \$ 250 | | | | 3,750,000 | | | |
| Restaurant | | 15,000 | \$ 250 | | | | 3,750,000 | | | |
| Day Care | | 10,000 | \$ 175 | | | | 1,750,000 | | | |
| Total | | 240,000 | | | | | \$ 99,250,000 | | 41% | |
| | | | | | | | | Total | \$ 241,525,000 | 100% |

Note: January 1, 2021 is the most recent Orange County reappraisal.
 Source: Capkov Ventures, Inc., Orange County, DPGF, 2023

At buildout, the Project is expected to generate annual real property tax revenue of \$1.4 million for the Town as shown in Table 5.

Table 5: Waterstone South Annual Real Property Tax Revenue - Town

| Real Property Tax | Total Project Annual |
|--|----------------------|
| Real Property Tax Base | \$ 241,525,000 |
| Property Tax Rate per \$100 Valuation | 0.5870 |
| Annual Real Property Tax | \$ 1,418,000 |
| Collection % | 97.00% |
| Annual Real Property Tax Net of Collection % | \$ 1,375,000 |

Source: Capkov Ventures, Inc., Town of Hillsborough, DPGF, 2023

At buildout, the Project is expected to generate annual business property tax revenue of \$50,000 as shown in Table 6.

Table 6: Waterstone South Annual Business Property Tax Revenue - Town

| Business Personal Property | Total Project Annual |
|--|----------------------|
| Commercial Assessed Value | \$ 99,250,000 |
| % Furniture and Equipment | 9% |
| Business Personal Property Assessed Value | \$ 8,933,000 |
| Property Tax Rate per \$100 Valuation | 0.5870 |
| Annual Business Personal Property Tax | \$ 52,000 |
| Collection % | 97.00% |
| Annual Business Property Tax Net of Collection % | \$ 50,000 |

Source: Capkov Ventures, Inc., Town of Hillsborough, Orange County, DPGF, 2023

Estimated annual motor vehicle tax revenue at buildout is shown in Table 7.

Table 7: Waterstone South Annual Motor Vehicle Tax Revenue - Town

| Motor Vehicle Property Tax | Total Project Annual |
|--|----------------------|
| Motor Vehicle Tax Base | |
| Countywide Motor Vehicle Valuation | \$ 1,433,315,493 |
| County Population | 148,197 |
| Motor Vehicle Tax Base per Capita | \$ 9,672 |
| Watertone South Population | 1,102 |
| Watertone South Motor Vehicle Tax Base | \$ 10,658,544 |
| Property Tax Rate per \$100 Valuation | 0.5870 |
| Annual Real Property Tax | \$ 63,000 |
| Collection % | 97.00% |
| Annual Motor Vehicle Tax Net of Collection % | \$ 61,000 |

Source: Town of Hillsborough, Orange County, DPGF, 2023

Local Option Sales Tax

The local sales and use taxes are levied by the Orange County Board of Commissioners and are collected by the State of North Carolina on behalf of Orange County. The local option sales tax rate of 2 cents consists of three separate taxes that are authorized by North Carolina General Statutes: Article 39 One-Cent tax, Article 40 One-Half Cent tax, and Article 42 One-Half Cent tax. Article 39 taxes are distributed back to counties based on a point-of-sale basis. Article 40 taxes are distributed back to counties on a statewide county per capita basis (with a factor adjustment applied). Article 42 taxes are distributed back to counties in the same manner as Article 39 taxes. Distributions of these funds are made to the Town monthly on a per capita basis.

For purposes of this analysis, it assumed the per capita taxable retail spending of Waterstone South residents will be consistent with that of the existing Town population.

Projected annual local option sales tax revenue is calculated in Table 8.

Table 8: Waterstone South Annual Local Option Sales Tax - Town

| Local Option Sales Tax | Total Project Annual |
|-------------------------------------|----------------------|
| Local Option Sales Tax | \$ 3,026,000 |
| Town Population | 9,868 |
| Per Capita | \$ 307 |
| Watertone South Resident Population | 1,102 |
| Total Sales Tax Revenue | \$ 338,000 |

Source: NC Department of Revenue, Town of Hillsborough, DPGF, 2023

Auto Decal Fees

The Town charges Auto Decal Fees of \$30 per vehicle. For purposes of this analysis, one vehicle per residential unit is assumed which is a conservative assumption.

Table 9: Waterstone South Annual Auto Decal Fees - Town

| Auto Decal Fee | Total Project Annual |
|------------------------------|-----------------------------|
| Vehicles in Waterstone South | 655 |
| Auto Decal Fees per Vehicle | \$ 30 |
| Auto Decal Fee Revenue | \$ 20,000 |

Source: Town of Hillsborough, DPF, 2023

Other General Fund Revenues

Projected other General Fund revenues are presented in Table 10.

Table 10: Waterstone South Annual Other General Fund Revenues - Town

| Other Revenues | Total Project Annual |
|---------------------------------------|-----------------------------|
| Intergovernmental - Est. Unrestricted | \$ 1,027,000 |
| Total Other Revenue | \$ 1,027,000 |
| Town Population | 9,868 |
| Per Capita | \$ 104 |
| Watertone South Resident Population | 1,102 |
| Total Other Revenues | \$ 115,000 |

Source: NC Department of Revenue, Town of Hillsborough, DPF, 2023

Stormwater Fees

The Town charges an annual stormwater fee of \$75 per residential property. Annual non-residential stormwater fees are subject to a fee schedule. Annual stormwater fees are estimated in Table 11.

Table 11: Waterstone South Annual Stormwater Fees - Town

| Stormwater Fee | Phase 1 Annual | Phase 2 Annual | Total Project Annual |
|--|-------------------|-------------------|-------------------------|
| Residential | | | |
| Fee per Townhome | \$ 75 | \$ 75 | \$ 75 |
| Watertone South Townhomes | 70 | 135 | 205 |
| Stormwater Fee Annual Revenue | \$ 5,000 | \$ 10,000 | \$ 15,000 |
| Non-Residential (Apartments) | | | |
| Tier 5, 200,000 sq. ft. and above | 225 | 225 | 225 |
| Parcels | 12,900 | 12,900 | 12,900 |
| Stormwater Fee Annual Revenue | 1 | 1 | 2 |
| | \$ 13,000 | \$ 13,000 | \$ 26,000 |
| Non-Residential (Medical Office and Retail) | | | |
| Tier 3, 30,001 to 100,000 | 1,800 | 1,800 | 1,800 |
| Parcels | 2 | 1 | 3 |
| Stormwater Fee Annual Revenue | \$ 4,000 | \$ 2,000 | \$ 6,000 |
| Total Stormwater Fee Annual Revenue | \$ 22,000 | \$ 25,000 | \$ 47,000 |

Source: Town of Hillsborough, DPFPG, 2023

Total Annual General Fund Revenues

At buildout, the Project is projected to generate annual general fund revenue of over \$1.9 million for the Town.

Table 12: Waterstone South Annual General Fund Revenues - Town

| General Fund | Annual Revenues |
|----------------------------------|---------------------|
| Revenues: | |
| Property Tax Revenue: | |
| Property Tax - Real Property | \$ 1,375,000 |
| Property Tax - Business Personal | 50,000 |
| Property Tax - Motor Vehicle | 61,000 |
| Total Property Tax Revenue | <u>\$ 1,486,000</u> |
| Local Option Sales Tax | 338,000 |
| Auto Decal Fees | 20,000 |
| Other Town Revenues | 115,000 |
| Total Revenues | <u>\$ 1,959,000</u> |
| Stormwater Revenue | \$ 47,000 |

Source: DPF, 2023

ANNUAL GENERAL FUND EXPENDITURES

DPFG worked closely with the Town to identify the departments which will generate demand for service from Watertone South and to develop estimates of annual operating and capital costs.

Total Annual General Fund Expenditures

Annual operating expenditures are provided in Table 13 using the case study approach for Police, Fire, and Streets, and the average cost approach for the remaining categories. A full-time equivalent functional population approach was integrated into the per capita demand calculations.

At buildout, Waterstone South is projected to generate annual Town expenditures of \$1.0 million.

Table 13: Waterstone South Annual General Fund Expenditures - Town

| Department | Amount |
|---------------------------------------|---------------------|
| Administration | \$ 26,000 |
| Accounting | 15,000 |
| Planning | 45,000 |
| Information Technology | 31,000 |
| Police | 473,000 |
| Fire Protection | 265,000 |
| Fleet Maintenance | 49,000 |
| Streets | 14,000 |
| Solid Waste | 34,000 |
| Subtotal | \$ 952,000 |
| Police Vehicles - Annual Debt Service | 49,000 |
| Annual Expenditures | \$ 1,001,000 |

Total Police - Operating and Capital 522,000

Source: Town of Hillsborough, DPGF, 2023

Table 14 provides the assumptions applied in projecting annual operating expenditures using the functional population per capita methodology.

Table 14: Town of Hillsborough Annual General Fund Operating Expenditure Allocation

| Department | FY 2024 Grouping | Personnel, Operating, Cost Alloc. & Debt Service | | FY 2024 Budget Less I/F Transfers | Allocation Method | Town Allocation | | Demand Multiplier | Adjusted Unit Cost | Waterstone South Population | Annual Expenditures |
|----------------------------------|----------------------|--|--|-----------------------------------|----------------------|-----------------|-----------|-------------------|--------------------|-----------------------------|---------------------|
| | | Cost | | | | Base | Unit Cost | | | | |
| Governing Body | \$ 160,903 | | | 160,903 | Fixed | - | \$ - | \$ - | \$ - | - | \$ - |
| Administration | 802,789 | | | 802,789 | Funct Pop | 12,211 | \$ 65.74 | 0.30 | \$ 19.72 | 1,342 | 26,000 |
| Accounting | 447,647 | | | 447,647 | Funct Pop | 12,211 | \$ 36.66 | 0.30 | \$ 11.00 | 1,342 | 15,000 |
| Planning | 1,366,152 | | | 1,366,152 | Funct Pop | 12,211 | \$ 111.88 | 0.30 | \$ 33.56 | 1,342 | 45,000 |
| Facilities Management | 417,106 | | | 417,106 | Fixed | - | - | - | - | - | - |
| Public Space | 649,203 | | | 649,203 | Fixed | - | - | - | - | - | - |
| Safety and Risk Management | 289,094 | | | 289,094 | Fixed | - | - | - | - | - | - |
| Information Technology | 558,776 | | | 558,776 | Funct Pop | 12,211 | \$ 45.76 | 0.50 | \$ 22.88 | 1,342 | 31,000 |
| Police | 4,608,623 | \$ 4,418,623 | | | Calculated | 12,211 | \$ 361.86 | 0.97 | \$ 352.10 | 1,342 | 473,000 |
| Fire Protection | 1,750,770 | | | 1,975,770 | Calculated | | | | | | 265,000 |
| Fleet Maintenance | 446,423 | | | 446,423 | Funct Pop | 12,211 | \$ 36.56 | 1.00 | \$ 36.56 | 1,342 | 49,000 |
| Streets | 1,608,661 | 1,219,661 | | | Calculated | | | | | | 14,000 |
| Solid Waste | 822,116 | | | 822,116 | Town Home Population | 9,868 | \$ 83.31 | 1.00 | \$ 83.31 | 410 | 34,000 |
| Cemetery | 15,560 | | | 15,560 | Fixed | - | - | - | - | - | - |
| Special Appropriations | 620,768 | | | 620,768 | Fixed | - | - | - | - | - | - |
| Contingency | 500,000 | | | 500,000 | Fixed | - | - | - | - | - | - |
| Interfund Transfers | 1,457,003 | | | | Fixed | - | - | - | - | - | - |
| General Fund Expenditures | \$ 16,521,594 | \$ 5,638,284 | | \$ 9,072,307 | | | | | | | \$ 952,000 |

Source: Town of Hillsborough, DPGF, 2023

Police Services

According to the Town’s Police Chief, the new Waterstone South residents and businesses are expected to generate demand for four (4) new police full-time equivalent (“FTEs”) positions. The annual Operating Cost of \$473,000 and the annual Capital Cost of \$49,000 are projected in Table 15. The total projected annual Police Service cost is \$522,000.

Table 15: Waterstone South Annual Police Expenditures - Town

| Operating Cost | | Amount |
|---|--|-------------|
| Personnel, Operating, Cost Alloc. & Debt Service Cost | | \$4,418,623 |
| Existing FTEs | | 37.40 |
| Annual Cost per FTE | | \$ 118,145 |
| New FTEs | | 4.00 |
| Annual Personnel, Operating, Cost Alloc & Debt Service Cost | | \$ 473,000 |
| Capital Cost | | Amount |
| Town of Hillsborough Existing Level of Service: | | |
| Functional Population | | 12,211 |
| Police Department FTEs | | 37.40 |
| Officers per 1,000 Population | | 3.06 |
| Waterstone South: | | |
| Functional Population | | 1,342 |
| Officers per 1,000 Population | | 3.06 |
| Projected Police Department FTEs | | 4.11 |
| New Police Officers per Police Chief | | 4.00 |
| Cost of New Vehicle | | \$ 45,000 |
| Total Vehicle Cost | | \$ 180,000 |
| Interest Rate | | 4.0% |
| Term, in Years | | 4 |
| Annual Police Vehicle Cost | | \$ 48,771 |
| Annual Police Vehicle Cost - Rounded | | 49,000 |

Source: Town of Hillsborough, DPGF, 2023

Fire Protection Services

The Orange Rural Fire Department (“Fire Department”) provides fire, rescue, hazmat, and emergency medical care services to the Central Orange Fire District and the Town of Hillsborough. The Fire Department estimates Waterstone South will generate demand for 1.5 additional firefighters for each shift at an annual cost of \$265,000 as shown in Table 16.

Table 16: Waterstone South Annual Fire Expenditures – Orange Rural Fire Department

| Orange Rural Fire Department Estimate | Amount |
|--|------------|
| Firefighter per Shift | 1.5 |
| # of Shifts | 3.0 |
| Annual Cost per Firefighter (Including Benefits) | \$ 54,530 |
| Estimated Annual Cost | \$ 245,385 |
| Estimated Cost Radios, Protective Clothing, etc. | \$ 20,000 |
| Estimated Annual Cost | \$ 265,385 |
| Estimated Annual Cost - Rounded | \$ 265,000 |

Source: Orange Rural Fire Department, Town of Hillsborough, DPF, 2023

Streets

Capkov Ventures estimates Waterstone South will dedicate approximately 1.632 miles of public roads to the Town. The annualized cost of periodic road resurfacing is provided in Table 17.

Table 17: Waterstone South Annual Streets Expenditures - Town

| Description | Amount |
|---------------------------------------|------------|
| Miles of Public Roads | 1.632 |
| Resurfacing Cost per Mile | \$ 175,000 |
| Resurfacing Cost | \$ 285,600 |
| Resurfacing Cycle, in years | 20 |
| Annualized Resurfacing Cost | \$ 14,280 |
| Annualized Resurfacing Cost - Rounded | \$ 14,000 |

Source: Capkov Ventures, Inc., Town of Hillsborough, DPF, 2023

ANNUAL NET FISCAL IMPACT

At buildout, Waterstone South is projected to generate an annual net fiscal benefit of \$958,000 for the Town.

Table 18: Waterstone South Net Fiscal Benefit – Town

| General Fund | Annual Revenues |
|-------------------------------------|---------------------|
| Revenues: | |
| Property Tax Revenue: | |
| Property Tax - Real Property | \$ 1,375,000 |
| Property Tax - Business Personal | 50,000 |
| Property Tax - Motor Vehicle | 61,000 |
| Total Property Tax Revenue | <u>\$ 1,486,000</u> |
| Local Option Sales Tax | 338,000 |
| Auto Decal Fees | 20,000 |
| Other Town Revenues | 115,000 |
| Total Revenues | <u>\$ 1,959,000</u> |
| Expenditures: | |
| Administration | \$ 26,000 |
| Accounting | 15,000 |
| Planning | 45,000 |
| Information Technology | 31,000 |
| Police | 522,000 |
| Fire Protection | 265,000 |
| Fleet Maintenance | 49,000 |
| Streets | 14,000 |
| Solid Waste | 34,000 |
| Total Expenditures | <u>\$ 1,001,000</u> |
| Excess Annual General Fund Revenues | <u>\$ 958,000</u> |
| Stormwater Revenue | <u>\$ 47,000</u> |

Source: DPF, 2023

DEVELOPER CONTRIBUTIONS TOWN WATER AND SEWER SYSTEM

As part of the Waterstone South proposal to the Town, Capkov Ventures, Inc. will make a significant contribution to the Town's water and sewer system. The structure of the contribution is divided between the direct construction of needed improvements and accelerated "System Development Fees" for both water and sewer.

1. Direct Construction of Improvement

Capkov Ventures Inc. has proposed constructing the following to improve the existing Town sewer utility infrastructure. The estimated cost of the improvements is \$3.3 million.

- a. Demolish the old Nazarene lift station and construct a new lift station with significantly higher capacity. The new lift station will have the capacity to allow inflows from areas not currently being served along the I-86 corridor.
- b. Eliminate the existing Woods Edge South lift station on Alice Loop Drive and construct a new gravity sewer line. The Woods Edge South lift station is an antiquated lift station constructed to serve the Woods Edge Mobile Home community and was not constructed to municipal standards. The elimination of the lift station and conversion to gravity flow sewer will save the Town significant maintenance and replacement cost in the future.
- c. Run a new larger diameter forced main line from the Nazarene lift station to the Cates Creek Outfall, along Highway I-86 South and Waterstone Drive. This will allow more potential capacity from the public schools to the south and other potential future users.

2. Accelerate System Development Fee Payments

The Town needs to upgrade several elements of their existing system to handle the existing and committed sewer flows, and to add capacity for future development. Capkov Ventures proposes accelerating the System Development Fees for each townhome or apartment in the proposed community upon approval of each phase. This will provide immediate funding for the essential improvements.

The 2023 Sewer System Development Fee per unit is \$3,243, and the total 2023 Water System Development Fee per unit is \$3,864 for a total of \$7,107 per unit.

Table 19 summarizes the proposed developer contribution of \$8.0 million.

Table 19: Proposed Developer Contributions to Water and Sewer System - Town

| Description | # of Units | Fees per Unit | Total |
|---------------------------------------|------------|---------------|--------------|
| Phase II | 205 | \$ 7,107 | \$ 1,456,935 |
| Phase II | 225 | \$ 7,107 | 1,599,075 |
| Phase III | 225 | \$ 7,107 | 1,599,075 |
| Total System Development Fees | 655 | | \$ 4,655,085 |
| Direct Construction Improvements | | | 3,300,000 |
| Total Proposed Developer Contribution | | | \$ 7,955,085 |

Source: Capkov Ventures, Inc, 2023

KEY ASSUMPTIONS AND METHODOLOGY

METHODOLOGY AND KEY ASSUMPTIONS

Because substantial growth is projected for the Research Triangle area over the next decade, the residential and commercial impacts in this analysis are considered “new.” For example, even if new residents do not directly purchase or rent homes in the Project, vacancies left by existing residents will make existing units available for new residents. Likewise, population and job growth are expected to fuel the demand for the new commercial facilities in Waterstone South.

Market values for the residential properties in Waterstone South were estimated by Capkov Ventures, Inc. Residential market values were converted to taxable values by applying a (1) cost index to adjust values to the most recent County reappraisal (January 1, 2021) and (2) cost of sales factor. Non-residential tax values per product type were based on assessed values (January 1, 2021) of comparable Orange County properties.

The fiscal impact analysis of Waterstone South uses a marginal/average cost hybrid methodology to determine the Project’s impact on capital and operating costs. Revenues, such as property taxes, were projected on a marginal basis, whereas other revenues attributable to growth were reflected on an average cost basis. A full-time equivalent functional population approach was used in the per capita demand calculations to estimate certain annual expenditures.

The Town’s fiscal year (“FY”) 2024 budget forms the basis for the service levels and revenue and cost assumptions. This “snapshot” approach does not attempt to speculate how services, costs, revenues, and other factors will change over time. Instead, it evaluates the fiscal impact to the Town as it conducts business under the current budget. Tax rates in effect for FY 2024 are also held constant in this analysis.

All amounts in this report are presented in constant dollars (2023). Results are rounded to the nearest one thousand dollars (\$1,000).

The impacts of self-supporting funds (e.g., enterprise funds) were not included in this analysis as is typical in fiscal impact analysis. Utility rates and capacity fees are established through independent studies. Public utilities generally benefit from economies of scale (i.e., more customers) since rate structures are dependent upon recovering infrastructure costs which are considered fixed from a cost accounting perspective.

Supporting tables are provided in the Appendix.

GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of October 2023 and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

APPENDIX

Appendix Table 1: Fiscal Assumptions - Town

| Town of Hillsborough | |
|--|--|
| 0.587 | FY 2024 Property Tax Rate per \$100 |
| 97.00% | Collection % |
| \$ 30 | Motor License Vehicle Fee |
| \$ 1,433,315,493 | 2022-23 Countywide Motor Vehicle Valuation |
| 148,197 | Countywide Population NCDOR (July 2023) |
| 9,601 | Town Population - NCDOR (July 2023) |
| 4,614 | Town Employed Population 16+ 2020 ACS 5-Year Est. |
| 9,868 | Town Population - Town of Hillsborough (State Demographer) |
| Census.Gov Single Family Construction Price Index | |
| 185.1 | August 2022 |
| 143.2 | January 1, 2021 (December 2020) |
| 0.7736 | Ratio |
| 6% | Single Family Residential Cost of Sales Factor |
| Census.Gov Multi-Family Construction Price Index | |
| 195.9 | Second Quarter 2022 |
| 179.9 | January 1, 2021 (December 2020) |
| 0.9183 | Ratio |
| 5% | MF Residential Cost of Sales Factor |
| Stormwater Fee | |
| \$ 75 | Residential per Year |
| \$ 1,800 | Non-Residential 30,001 to 100,000 sq. ft. |
| System Development Fee - Residential | |
| \$ 3,864 | Water Treatment per Unit |
| \$ 3,243 | Wastewater Treatment per Unit |

Source: Town of Hillsborough, Census. Gov, NCDOR, DPGF, 2023

Appendix Table 2: Orange County Persons per Housing Unit

| Housing Type | Units | | Population B25033 | Persons per Housing Unit |
|--|---------------|---------------|----------------------|-----------------------------------|
| | B25024 | Units | | |
| 1, detached | 38,129 | | | |
| 1, attached | 5,180 | 43,309 | 104,923 | 2.42 |
| 2 | 860 | | | |
| 3 to 4 | 2,091 | 2,951 | 4,839 | 1.64 |
| 5 to 9 | 3,075 | | | |
| 10 to 19 | 3,408 | | | |
| 20 to 49 | 1,880 | | | |
| 50 or more | 3,658 | 12,021 | 18,466 | 1.54 |
| Mobile Home | 3,480 | 3,480 | 8,361 | 2.40 |
| Boat, RV, Van | - | - | - | |
| Total | 61,761 | 61,761 | 136,589 | 2.21 |
| Townhome - per Town of Hillsborough | | | | 2.00 |

Source: 2021 ACS Estimates for Orange County, NC, DPGF, 2023

Appendix Table 3: Functional Population Calculations

| Town of Hillsborough | | | | |
|--|--------------------------------|-----------------------------------|----------------------------|------|
| Full-Time Equivalent Functional Population | | | | |
| Description | Hillsborough Population | 24/7 | | % |
| | | Functional Population Coefficient | 24/7 Functional Population | |
| Working $\frac{(24 \times 7) - (9 \times 5)}{24 \times 7}$ | 4,614 | 0.7321 | 3,378 | |
| Non-Working (24/24) | 5,254 | 1.0000 | 5,254 | |
| Permanent Population | 9,868 | 0.8747 | 8,632 | 71% |
| Hillsborough Employment Population | | | | |
| Agriculture Forestry, Fishing, & Hunting | 77 | 0.3002 | 23 | |
| Construction | 319 | 0.3002 | 96 | |
| Manufacturing | 196 | 0.2904 | 57 | |
| Transportation | 10 | 0.3002 | 3 | |
| Communication | 19 | 0.3002 | 6 | |
| Utility | 30 | 0.3002 | 9 | |
| Wholesale Trade | 571 | 0.3095 | 177 | |
| Retail Trade | 2,942 | 0.8663 | 2,549 | |
| Finance, Insurance, Real Estate | 347 | 0.3064 | 106 | |
| Hotels & Lodging | 31 | 0.3714 | 12 | |
| Automotive Services | 33 | 0.3002 | 10 | |
| Health Services | 656 | 0.4747 | 311 | |
| Legal Services | 63 | 0.3064 | 19 | |
| Education Institutions & Libraries | 749 | 0.2679 | 201 | |
| Other Services | 1,460 | 0.3002 | 438 | |
| Government | 1,592 | 0.4066 | 647 | |
| Unclassified | 100 | 0.3002 | 30 | |
| Total | 9,195 | 0.3892 | 3,579 | 29% |
| Full-Time Equivalent Functional Population | | | 12,211 | 100% |
| Waterstone South | | | | |
| Waterstone South | Estimated Residents/ Employees | 24/7 | | % |
| | | Functional Population Coefficient | 24/7 Functional Population | |
| Apartments | 692 | 0.8747 | 605 | |
| Townhomes | 410 | 0.8747 | 359 | |
| Total Projected Residents | 1,102 | 0.8748 | 964 | 72% |
| Projected Employees | | | | |
| Office | 876 | 0.3064 | 268 | |
| Retail | 113 | 0.8663 | 98 | |
| Day Care | 25 | 0.4747 | 12 | |
| Total Employees | 1,014 | 0.3729 | 378 | 28% |
| Full-Time Equivalent Functional Population | | | 1,342 | 100% |

Source: 2021 ACS Estimates for Town of Hillsborough, NC, Town of Hillsborough, NC, DPGF, 2023



Waterstone South Neighborhood Meeting - October 10, 2023 at 7:00 pm.

Issues Raised

1. Open Space as part of the Trailer Park Development:

A neighbor mentioned that a portion of land south of the trailer park was supposed to be kept as open space. This agreement was potentially part of the approval process because (according to the neighbor) more trailers were allowed to be installed than normal. He also mentioned that an attorney said that a portion of the parcel could never be developed.

The developer responded that no such restriction was found during the title search phase of the acquisition but said that the issue would be investigated further.

The developer also mentioned that this is a very early stage in the process and that landscape buffers and open spaces have not been finalized yet.

2. Taxes:

A neighbor wondered if their taxes would increase because of the annexation.

Neighboring properties will not be annexed as part of this process and by law, the Town of Hillsborough cannot force them to be annexed.

3. Housing:

A neighbor asked how many houses would be built.

Residential units will consist of apartments and townhomes, and they will serve people working at the hospital and other nearby businesses. The current proposal includes 450 apartments and 205 townhomes.

4. Traffic:

a. Several neighbors mentioned that traffic in the area has increased in recent years.

A traffic impact analysis (TIA) was performed. The TIA concluded that by the time the project is completed in 2033, a traffic signal should be installed at the intersection of NC 86 and Waterstone Drive. Turn lanes into the project are also recommended on NC 86 and New Hope Church Road. These measures should help minimize impacts to traffic in the area.

- b. Someone asked if any potential turn lanes would impact their property. Any right of way expansion would only affect this project. A neighbor mentioned that people are unable to cross Hwy 86 at AL Stanback Middle School because of traffic.

The developer said they would look at putting a traffic signal in that area. Sidewalks will be installed to make the area more walkable.

- c. Another neighbor worried that they would lose land because Hwy 86 might be widened to 4 lanes.

There is currently no indication that Hwy 86 will be widened, or additional right of way acquired.

- d. Someone worried that traffic would impact them on Scarlett Mountain Road.

An entrance is not being proposed along that edge of the project.

5. Safety:

A neighbor mentioned that there have been bad auto accidents in the area and more traffic will make it worse.

The project will be built in phases over a period of about ten years. During that time as traffic counts warrant, traffic signals and turn lanes will be installed.

Changes Made in Response to Issues Raised

1. The applicant has changed the Master Plan by significantly increasing open space along the southern property line to the site. The plan has been changed to reflect a minimum of 100' of permanent open space along the southern property line adjacent to Scarlett Mountain Road. The 100' buffer then turns north to buffer the property and the northwest corner of Scarlett Mountain Road and Highway 86 South. The open space that separates the proposed community from Scarlett Mountain Road will ensure that there will be no vehicular connection between the community and Scarlett Mountain Road. Orange County does not require any buffer between residential uses in this residential zoning district.
2. There is roughly 10 acres of rural buffer in the southwestern corner of the site. The applicant had proposed the 10 acres to be used for a park containing youth baseball and soccer fields. The applicant had eliminated the playfields and will dedicate the entire 10 acres as permanent open space. This will provide a 10-acre undisturbed wooded open space between the proposed community and the western section of Scarlett Mountain Road.

3. Additional open space buffers have been added in the northern and western portions of the site to add buffering from I-40 and protect environmentally sensitive tree stands, steep slopes, and creeks.
4. The applicant has verified that no widenings outside our property and the existing right of way will need to be acquired.

3.7.11 CONDITIONS OF APPROVAL - PLANNED DEVELOPMENT MAP AMENDMENTS

The petitioner and/or the Town or its agencies, may propose specific conditions applicable to PD districts. Only those conditions mutually approved by the Town and the petitioner may be incorporated into the PD approval ordinance. Conditions and site-specific standards imposed on a PD district are limited to those addressing conformance of the project's development and use to Town ordinances, Comprehensive Plan or other applicable officially adopted plans, and those addressing reasonably expected impacts generated by the development project. Conditions shall be recorded and outlined in a formal development agreement presented at the time of rezoning submittal.

4.6.1 PLANNED DEVELOPMENT (PD)

4.6.1.1 Intent

In return for greater flexibility in site design requirements, PDs (Planned Developments) are expected to deliver exceptional quality community designs that preserve critical environmental resources; provide above-average open space and recreational amenities; incorporate creative design in building, open space and circulation layout; assure compatibility with surrounding land use and neighborhood character; and provide greater efficiency in the layout and provision of roads, utilities and other infrastructure. This will be accomplished through application of performance standards ensuring:

- 1. integration and mixing, rather than separation of uses, so that retail, office, recreational and educational facilities are conveniently located in relation to housing;
- 2. interconnectivity between uses and adjoining developments;
- 3. design of development occurs at a scale that is consistent with Hillsborough’s character;
- 4. establishment of land use patterns that promote and expand opportunities for public transportation and efficient, compact networks of streets and utilities that lower development and maintenance costs and conserve energy;
- 5. preservation of natural features and the natural environment;
- 6. public facilities are available to serve the proposed development.

4.6.1.2 Application Criteria

This district will usually be applied where the following conditions exist:

4.6.1.2.a The property is classified as Attached Residential, Employment, Mixed Residential, Mixed Use, Neighborhood mixed Use or Suburban Office on the Town’s adopted Future Land Use Map. However, application of the PD district may be allowed within other land use categories at the discretion of the Town Board.

4.6.1.2.b The property is six acres or greater in area. Application of the PD designation to properties less than six acres may be considered where the Town Board, upon recommendation of the Planning Board, finds:

- (a) the project qualifies as “infill development”; or
- (b) unusual physical or topographic features of importance to the area as a

whole or the Town in general exist on-site or within the surrounding neighborhood that will contribute to and be protected by the PD; or

(c) the property or surrounding area has an historic character of community importance that the PD will protect; or

(d) the proposed PD is adjacent to an approved, completed PD and will contribute to the amenities and values of the neighboring PD.

4.6.1.2.c The property has direct access to streets classified by the North Carolina Department of Transportation or the Town as arterial or collector.

4.6.1.2.d Public water and sewer service are available or capable of being extended to the property.

5.2.39 PLANNED DEVELOPMENT

5.2.39.1 Standards of Evaluation

The following specific standards shall be used in evaluating applications for PDs (Planned Developments):

5.2.39.1.a Master Development Plan: The plan shall divide the PD into land-use categories and/or pods, and indicate density and specific uses permitted in each area for projects 6 acre and larger. For projects 1-5 acres in size a site development plan may be submitted with uses assigned more specifically to buildings or areas of the site.

5.2.39.1.b Compliance with Ordinance Requirements: Unless specified otherwise in this subparagraph, PDs shall comply with all applicable standards of Section 6, Development Standards.

5.2.39.1.c Permitted Uses: PDs may include residential and nonresidential uses; cluster housing; common areas; unusual arrangements of structures on site; or other combinations of structures and uses that depart from standard development layouts. Uses permitted in a PD are those designated in the approved master development plan. Density limits will be used to determine the maximum number of permitted dwelling units.

5.2.39.1.d Mix and Arrangement of Uses Required:

- (1) Required Mix of Uses: PDs shall contain a mix of at least two or more residential uses (e.g., single-family dwellings and attached dwellings) or residential and nonresidential uses (e.g., attached dwellings and offices).
- (2) Use Arrangement: Uses may be arranged horizontally or vertically within the PD as follows:
 - (a) Residential uses must be separated from major vehicular traffic flows and other disquieting influences, and
 - (b) Non-residential uses must be concentrated at areas within the PD for maximum pedestrian convenience and accessibility.

5.2.39.1.e Density Allowances:

- (1) Overall maximum residential density is 13 persons per acre of gross residential and associated commercial areas.
- (2) The following factors will be used in computing density: A factor of 3.0 persons per single-family detached dwelling; 2.5 persons per single-family

attached dwelling or stacked townhouse; and 2 persons per multiple-family dwelling.

(3) Residential densities in a PD must be designated as low, medium, or high on the approved master development plan. "Density area" as used herein means a development unit within an area designated on the approved development plan for low-, medium- or high-density.

(a) Low: The maximum density in any one low-density area is 5 dwelling units per acre.

(b) Medium: The maximum density in any one medium-density area is 15 dwelling units per acre.

(c) High: The maximum density in any one high-density area is 25 dwelling units per acre. An application that proposes housing that is affordable to households making 80% AMI or less at the time of construction may propose up to 40 units per acre as a maximum density (subject to rounding as defined in Section 9.1.4). Where affordable housing is proposed the preference is that this housing type be dispersed throughout the planned development instead of clustered together in one area.

(4) In computing average density on any development plan, subsequent PD plan or final plat of a part of a PD, the density may include any excess in land area over that required to support an average density of 13 persons per acre in any previously recorded final plat. As each plan and subsequent final plat is submitted, the overall density of all areas shown on recorded final plats within the PD is recomputed so that average density within the recorded plats of sections of the PD will never exceed a density of 13 persons (see subparagraph 5.2.39.1.j(2), Density Variation Between Phases, below).

5.2.39.1.f Development at Perimeter of PD: Where a PD district is 25 acres or more and adjoins a residential district without an intervening street or permanent open space:

(a) Densities and intensities within 200 feet of the perimeter of the development shall be stepped down 20% from the average density and intensity of the PD; or

(b) An area of 200 feet in width shall be planned and developed only for uses compatible with the adjoining residential district and in accordance with the lot area, width, setbacks/yards, and height requirements of that district; or

- (c) Open space with a depth of at least 50 feet shall be provided, and no intensive recreational use or off-street parking permitted within 100 feet of the district boundary.

5.2.39.1.g Dimensional Requirements: Dimensional requirements for interior lots and buildings shall be governed by the approved development plan, subject to the following exceptions:

- (1) Compliance with State Building Code: There are no setbacks or yards for interior lots provided requirements of the State building code are met.
- (2) Garage/Carport Access: If access to a garage or carport is provided from the front or side of a lot, then the garage/carport shall maintain a 15 foot setback from the back of the sidewalk, or curb if there is no sidewalk, as measured along the centerline of the driveway.

5.2.39.1.h Infill Projects: PDs designed on smaller tracts located within developed neighborhoods are permitted. Applicants are encouraged to design projects with architecture and building materials consistent with adjacent neighborhoods and to locate such developments close to existing schools, retail, entertainment and employment centers.

5.2.39.1.i Nonresidential Component Completion: Nonresidential portions of PDs may not be occupied until all residential portions of the development are completed, or their completion assured by any of the mechanisms provided in paragraph 3.14.12, Authorizing Occupancy Before Completion of Development, guaranteeing their completion.

5.2.39.1.j Phasing, Density Variation and Abandonment:

- (1) Phasing: Generally, all PDs shall be phased so the density/intensity of any phase, when combined with previously constructed phases, does not exceed overall project density/intensity.
- (2) Density Variation Between Phases: A greater concentration of density/intensity of land uses within a phase, whether it is earlier or later in the development than other phases, may be allowed provided it is offset by:
 - (a) a smaller concentration in any completed prior phase, or
 - (b) a dedication or reservation of open space on the remaining land by grant of an easement or covenant in favor of the Town, County, State, or land trust. The precise location of the dedication or reservation shall be deferred until an application for final approval is filed so flexibility of development can be maintained.

(3) Abandonment Before Project Completion: Applicants for PDs shall provide agreements, contracts, covenants, deed restrictions and sureties acceptable to the Town Attorney for:

- (a) completion of the development according to the approved development plan and other documents of record, and
- (b) maintenance of such areas, functions, and facilities as are not to be provided, operated, or maintained at public expense.

Covenants shall be placed on the property binding any successors in title to any commitments made as part of the project approval.

disaster.



Agenda Abstract PLANNING BOARD

Meeting Date: May 16, 2024
 Department: Planning and Economic Development Division
 Agenda Section: Planning Board Recommendations
 Public hearing: Yes
 Date of public hearing: April 18, 2024

PRESENTER/INFORMATION CONTACT

Shannan Campbell, Planning and Economic Development Manager

ITEM TO BE CONSIDERED

Subject: Rezoning request for 128 W. Margaret Lane (PIN 9874-06-2054)

Attachments:

1. Rezoning application
2. Vicinity and Future Land Use maps
3. Intent and application criteria (NBSU and NB zoning districts)
4. UDO Table 5.1.8. – Nonresidential Use Table (NB)
5. Existing Special Use Permit
6. Planning Board consistency statement

Proposal:

The applicant is requesting to rezone his property, 128 W. Margaret Lane, from Neighborhood Business Special Use (NBSU) to Neighborhood Business (NB). Further details on the property and request are as follows:

| Rezoning Request Details – 128 W. Margaret Lane | |
|---|-------------------------------------|
| Parcel ID Number | 9874-06-2054 |
| Town Limits or ETJ | Town limits |
| Current Base Zoning | Neighborhood Business Special Use |
| Proposed Base Zoning | Neighborhood Business (general use) |
| Overlay District(s) | Historic District Overlay |
| Future Land Use Designation | Urban Neighborhood |

The applicant maintains that the provisions of the special use district are too restrictive because they allow only “office” use, and a general use zoning classification is more appropriate. Rezoning to a general use district also resolves any administrative complications with the existing special use district.¹

Details on the current and proposed zoning district are enclosed, as are the allowable land uses in the proposed NB district. The applicant has indicated that they are willing to further limit the permitted uses for the property through the public hearing process if there are concerns.

¹ Effective July 1, 2021, special use zoning districts are no longer allowed in North Carolina. Special use zoning districts existing prior to that date are now considered conditional zoning districts per the North Carolina General Statutes.

Comprehensive Sustainability Plan goals:

- Land Use and Development Goal 1:
Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.
- Strategy:
Ensure that land use and development regulations are aligned with preferred future land use and growth patterns.

Financial impacts:

None.

Staff comments and recommendation:

There was some confusion about this proposal at the public hearing on April 18. Staff recommends engaging in further discussion as needed before making a recommendation.

Action requested on this item:

Making one of the following recommendations to the Board of Commissioners:

- Approve
- Approve with conditions
- Deny



TOWN OF
HILLSBOROUGH

GENERAL APPLICATION

Amendment to Future Land Use Map, Unified Development Ordinance or Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278
919-296-9477 | Fax: 919-644-2390
www.hillsboroughnc.gov

This application is for amendments to the Comprehensive Sustainability Plan, Unified Development Ordinance, and/or Official Zoning Map. Incomplete applications will not be accepted or processed.

| | | | | |
|---|------------------------------|------------------------------|---------------|--|
| OFFICIAL USE ONLY | | | OK# 2152 PAID | |
| Case Number: | Fee: \$500.00 | Receipt No.: 060272 | | |
| FLUM Designation: <i>Urban Neighborhood</i> | Zoning District: <i>NBSU</i> | Overlay Zone: HDO | | |

Amendment Type: Future Land Use Map Unified Development Ordinance Text
 Zoning Map – General Use or Overlay District Zoning Map – Planned Development District

PROPERTY LOCATION AND DESCRIPTION

Property Address or Location: *128 West Margaret Lane*

PIN(s): *9874-06-2054* Size of Property (Acres/Sq. Ft.): *0.21 Acres*

Current Use of Property: *Vacant - formerly occupied as real estate office*

Current Zoning Classification(s): *NBSU (Neighborhood Business Special Use)*

* Proposed Zoning Classification(s): *NB*

CERTIFICATION AND SIGNATURES

Applications will not be accepted without signature of legal property owner or official agent.

I certify that the information presented by me in this application and all accompanying documents are true and accurate to the best of my knowledge, information, and belief; and I acknowledge that the processing of this application may require additional town, county and/or state permits, approvals, and associated fees.

| | |
|---|--|
| Applicant Name: <i>Andrew B. Lloyd, Jr.</i> | Legal Property Owner Name: <i>Andrew B. Lloyd, Jr.</i> |
| Mailing Address: <i>2701 US 70 West</i> | Mailing Address: <i>2701 US 70 West</i> |
| City, State, ZIP Code: <i>Effland, NC 27243</i> | City, State, ZIP Code: <i>Effland, NC 27243</i> |
| Telephone: <i>919-880-5680</i> | Telephone: <i>919-880-5680</i> |
| Email: <i>farmer1930@nc.rr.com</i> | Email: <i>farmer1930@nc.rr.com</i> |
| Signature: <i>B. Lloyd</i> | Signature: _____ |
| Date: <i>2-2-24</i> | Date: _____ |

* {



TOWN OF
HILLSBOROUGH

SUPPLEMENTAL FORM

Amendment to Official Zoning Map

Planning and Economic Development Division
101 E. Orange St., PO Box 429, Hillsborough, NC 27278

919-296-9477 | Fax: 919-644-2390

www.hillsboroughnc.gov

To the Hillsborough Board of Commissioners:

I, Andrew B. Lloyd, Jr., hereby petition the Board of Commissioners to change the zoning designation of the property described in the attached General Application Form FROM NBSU (Neighborhood Business Special Use) TO _____.

FACTORS RELEVANT TO DECISION TO AMEND THE OFFICAL ZONING MAP

The Hillsborough Unified Development Ordinance lists the following 10 general standards/findings of fact that the Board of Commissioners must weigh and consider before deciding to amend the official zoning map. Below or on a separate sheet, indicate the facts you intend to show and the arguments you intend to make to convince the Board of Commissioners that it can properly reach these 10 findings.

1. The extent to which the proposed amendment is consistent with all applicable Town adopted plans.

The amendment is consistent with current and future plans.

2. The extent to which there are changed conditions that require an amendment.

The market has changed and office is not in demand use.

3. The extent to which the proposed amendment addresses a demonstrated community need.

will provide the town and community with a needed business.

4. The extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject land and is the appropriate zoning district for the land. is consistent with the Hillsborough Comprehensive Plan.

Property is located downtown adjacent to similar businesses.

5. The extent to which the proposed amendment would result in a logical and orderly development pattern or deviate from logical and orderly development patterns.

The amendment provides a transition from residential to commercial downtown.

6. The extent to which the proposed amendment would encourage premature development.

The property is already developed and approved for 'office' use.

7. The extent to which the proposed amendment would result in strip or ribbon commercial development.

The proposed amendment would not. N/A.

8. The extent to which the proposed amendment would result in the creation of an isolated zoning district unrelated to or incompatible with adjacent and surrounding zoning districts.

N/A

9. The extent to which the proposed amendment would result in significant adverse impacts on the property values of surrounding lands.

Amendment will likely increase property values.

10. The extent to which the proposed amendment would result in significantly adverse environmental impacts, including but not limited to water, air, noise, stormwater management, wildlife, vegetation, wetlands, and the natural functioning of the environment.

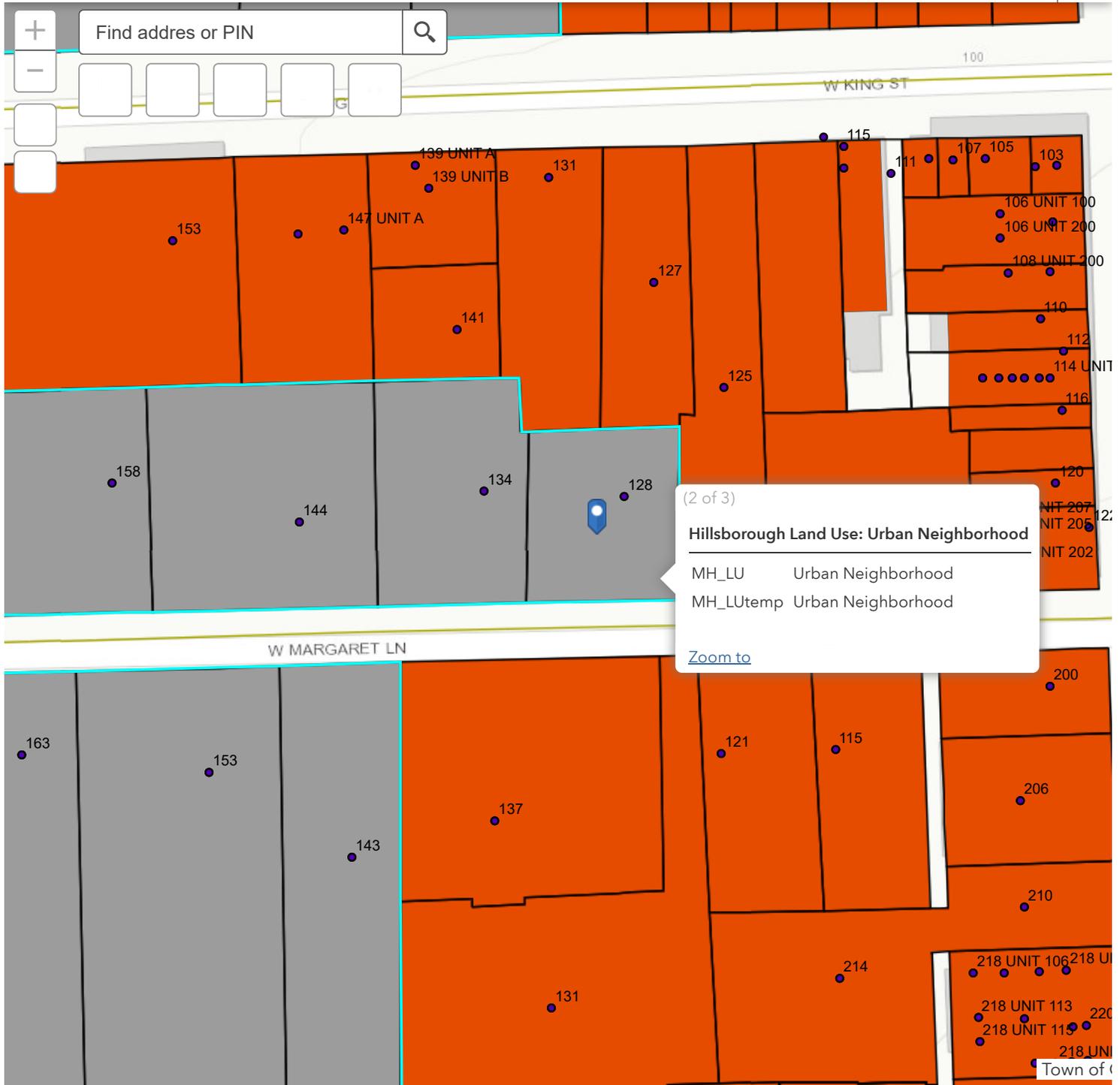
The property is already developed and no further impacts are anticipated

I certify that all the information presented by me in this application is accurate to the best of my knowledge, information, and belief.

Bruce Lloyd
Signature of Applicant

2-3-24
Date

Future Land Use Map



100ft

-79.098 36.075 Degrees

4. ZONING DISTRICTS

4.2 BUSINESS BASE ZONING DISTRICTS

4.2.3 NEIGHBORHOOD BUSINESS DISTRICT (NB)

4.2.3.1 Intent

The purpose of the NB District is to accommodate small-scale, low-intensity, and convenience retail and service uses that provide goods and services to residents of the immediately surrounding neighborhood. Development in this district should not be out of character or scale with a residential neighborhood, nor should it attract traffic from outside the surrounding neighborhood. Performance standards shall be used to ensure the absence of adverse impacts beyond the immediate space occupied by the building.

4.2.3.2 Application Criteria

This district will usually be applied where the following conditions exist:

- 4.2.3.2.a Located at the intersection of either sub-collector or local streets.
- 4.2.3.2.b Uses would generally not serve commuters or persons outside the surrounding neighborhood.
- 4.2.3.2.c Water and sewer lines exist at the site or are to be installed as part of the development process.
- 4.2.3.2.d Normally, the maximum amount of land zoned NB at any intersection

4.4 SPECIAL USE ZONING DISTRICTS

With the adoption of North Carolina General Statutes 160-D, special use zoning was de-authorized effective July 1, 2021. Existing Special use districts in Hillsborough remain in place until rezoning applications are enacted with the concurrence of property owners. The districts in this section are not available for property owners to request for new land. Only the intent section for each district was retained for those districts that have been applied within the town’s jurisdiction.

4.4.6 NEIGHBORHOOD BUSINESS SPECIAL USE DISTRICT (NBSU)

4.4.6.1 Intent

The purpose of the Neighborhood Business Special Use District is to accommodate small-scale, low-intensity, and convenience retail and service uses that provide goods and services to residents of the immediately surrounding neighborhood. Development in this district should not be out of character or scale with a residential neighborhood, nor should it attract traffic from outside the surrounding neighborhood.

| 5.1.8 TABLE: USE TABLE FOR NON-RESIDENTIAL DISTRICTS | | | | | | | | | | | | | | | |
|---|---|-----|-----|-----|--------|---------------------------------|-----|----|-----|----|---------------------|--|-----|------|------|
| P = Permitted by Right | SUP = Permitted with a Special Use Permit | | | | | PA = Permitted as accessory use | | | | | * = Refer to 5.2.47 | | | | |
| | LO | NB | OI | CC | GC | HIC | ARU | BP | EDD | LI | GI | | ESU | NBSU | SDSU |
| Adult Day Care | | | P | | | P | | | | | | | SUP | SUP | SUP |
| Adult Use | | | | | | SUP | | | | | | | | | |
| Artisan Studio | P | P | P | P | P | P | P | P | P | P | P | | SUP | SUP | SUP |
| Bank & Financial Institution | P | | P | SUP | P | P | | P | P | | | | SUP | | SUP |
| Bar | | | | P | P | P | P | | P | | | | SUP | | SUP |
| Bed and Breakfast Facility | | | | | | | | | | | | | | | |
| Botanical Garden & Arboretum | | P | P | P | P | P | P | | | | P | | SUP | | |
| Brewery | | SUP | | | P | P | P | P | P | P | P | | | | |
| Building/Trade Contractor's office | | P | | | P | P | | P | P | P | P | | SUP | | |
| Cemetery | | | SUP | | | SUP | | | | | | | | | |
| Child Day Care | | P | P | | P | P | P | P | P | | | | SUP | SUP | SUP |
| Church, Place of worship | | P | P | P | | | P | | P | | | | SUP | SUP | SUP |
| Detention Facility | | | SUP | | | | | | SUP | | | | | | |
| Dwelling: Accessory | | P | P | P | P | P | | P | | | | | SUP | SUP | SUP |
| Dwelling: Attached (1-4 units) | | | | P | | | P | | | | SUP | | SUP | SUP | SUP |
| Dwelling: Attached (5-19 units) | | | | P | | | P | | | | SUP | | SUP | | SUP |
| Dwelling: Attached (20+ units) | | | | SUP | | | P | | | | SUP | | SUP | | SUP |
| Dwelling: Mobile Home A | | | | | | | | | | | | | | | |
| Dwelling: Mobile Home B | | | | | | | | | | | | | | | |
| Dwelling: Mobile Home C | | | | | | | | | | | | | | | |
| Dwelling: Single-family | | P | P | P | P | P | | | | | | | SUP | SUP | SUP |
| Electronic Gaming Operation | | PA | | PA | PA/SUP | PA/SUP | | | | | | | | SUP | |
| Event Center | | | P | SUP | P | P | P | P | P | | | | SUP | SUP | SUP |
| Extended Care Facility | | | P | | | P | | | | | | | SUP | | SUP |
| Family Care Home | | | | | | | | | | | | | SUP | SUP | SUP |
| Family Child Care Home | | | | | | | | | | | | | | SUP | |
| Farm, Bona fide | | | | | | | | | | | | | | | |
| Farmer's Market | | P | P | P | P | P | P | | P | P | P | | SUP | | SUP |

| 5.1.8 TABLE: USE TABLE FOR NON-RESIDENTIAL DISTRICTS | | | | | | | | | | | | | | |
|--|---|-----|-----|-----|-----|-----|---------------------------------|-----|-----|-----|-----|---------------------|------|------|
| P = Permitted by Right | SUP = Permitted with a Special Use Permit | | | | | | PA = Permitted as accessory use | | | | | * = Refer to 5.2.47 | | |
| | LO | NB | OI | CC | GC | HIC | ARU | BP | EDD | LI | GI | ESU | NBSU | SDSU |
| Flex Space | | | | | | P | P | P | P | P | P | SUP | | SUP |
| Food Preparation Business | | | | | P | P | P | | P | P | P | SUP | SUP | |
| Funeral Home | P | | P | P | P | P | | | P | | | SUP | SUP | SUP |
| Gallery/Museum | P | P | P | P | P | P | P | | | | | SUP | SUP | SUP |
| Government Maintenance Yard | | | SUP | | | | | | SUP | P | | | | |
| Greenhouses/Nursery | | | | | | P | | | | P | P | SUP | SUP | |
| Group Care Facility | | | | | | | | | | | | | | |
| Health Care Facility | | | P | P | P | P | P | P | P | | | SUP | SUP | SUP |
| Health/Fitness Club | | | | | P | P | P | P | P | | | SUP | SUP | SUP |
| Homeless Shelter | | SUP | SUP | SUP | SUP | SUP | | | | | | SUP | SUP | SUP |
| Hospitals | | | SUP | | | | | | | | | SUP | | |
| Hotels & Motels | | | P | P | P | P | P | P | P | | | SUP | | SUP |
| Junkyard/Outside Storage of Junked or Wrecked Motor Vehicles | | | | | | | | | | | SUP | | | |
| Kennels, Boarding | | | | | | | | | | SUP | SUP | | | |
| Library | P | | P | P | P | P | | | P | | | SUP | SUP | SUP |
| Manufacturing Complex | | | | | | | P | P | P | P | P | | | |
| Meeting Facility | P | | P | P | P | P | P | P | P | | | SUP | SUP | SUP |
| Microbrewery | | SUP | | P | P | P | P | P | P | P | P | | | |
| Mobile Home Park | | | | | | | | | | | | | | |
| Motor Vehicle Fuel Station | | | | | SUP | P | | SUP | SUP | | | SUP | | SUP |
| Motor Vehicle Maintenance, & Service | | | | | SUP | P | | | | | | SUP | SUP | SUP |
| Motor Vehicle Repair | | | | | SUP | P | | | | P | P | | | |
| Motor Vehicle Sales & Rentals | | | | | SUP | P | | | | | | SUP | | |
| Office operations | | | P | P | P | P | P | P | P | P | P | SUP | SUP | SUP |
| Offices and professional services | P | P | P | P | P | P | P | P | P | | | SUP | SUP | SUP |

| 5.1.8 TABLE: USE TABLE FOR NON-RESIDENTIAL DISTRICTS | | | | | | | | | | | | | | | |
|---|------------------------|-----|-----|---|-----|-----|-----|---------------------------------|-----|-----|-----|---------------------|------|------|--|
| | P = Permitted by Right | | | SUP = Permitted with a Special Use Permit | | | | PA = Permitted as accessory use | | | | * = Refer to 5.2.47 | | | |
| | LO | NB | OI | CC | GC | HIC | ARU | BP | EDD | LI | GI | ESU | NBSU | SDSU | |
| Order Fulfillment Center | | | | | | P | P | P | P | P | P | SUP | SUP | | |
| Outlet sales | | | | | | | P | | P | P | P | SUP | | | |
| Park, Athletic or Community | | SUP | P | P | P | P | | | P | | | SUP | | SUP | |
| Park, Cultural or Natural | | P | P | P | P | P | | | | | | SUP | | SUP | |
| Park, Neighborhood | | | | | | | | | | | | SUP | | SUP | |
| Park and Ride Facility | P | P | P | P | P | P | P | P | P | P | P | SUP | SUP | SUP | |
| Parking as Principal Use, Surface or Structure | | | P | P | P | P | | P | P | | | SUP | | SUP | |
| Performance Facility | | | P | P | P | P | P | P | P | | | SUP | SUP | SUP | |
| Personal service business | P | P | P | P | P | P | P | P | P | | | SUP | SUP | SUP | |
| Petroleum Products (storage & distribution) | | | | | | | | | | | SUP | | | | |
| Pharmacy, Convenience | | | | | SUP | P | | | | | | SUP | SUP | | |
| Pharmacy, Retail | | P | | P | P | P | P | | | | | SUP | SUP | | |
| Postal and Parcel Delivery Services | | | P | P | P | P | P | | P | P | | | | | |
| Processing Facility | | | | | | | | SUP | SUP | | SUP | | | | |
| Public Safety Services | P | P | P | P | P | P | P | P | P | P | P | SUP | SUP | SUP | |
| Public Utilities | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | |
| Recreational Facilities | | SUP | P | | P | P | P | | P | | | SUP | SUP | SUP | |
| Research Facility | | | P | | P | P | P | P | P | P | P | SUP | | | |
| Research Facility, Intense | | | | | | | | SUP | SUP | P | P | SUP | | | |
| Restaurant | | P | | P | P | P | P | P | P | | | SUP | SUP | SUP | |
| Restaurant, Convenience | | | | | SUP | P | | | P | | | SUP | SUP | | |
| Retail sales/rentals of goods with outside display/storage of merchandise | | | | | P | P | P | | | P | | SUP | SUP | SUP | |
| Retail sales/rentals of goods within wholly enclosed structure | | P | | P | P | P | P | | P | | | SUP | SUP | SUP | |

| 5.1.8 TABLE: USE TABLE FOR NON-RESIDENTIAL DISTRICTS | | | | | | | | | | | | | | | |
|---|------------------------|-----|-----|---|-----|-----|-----|---------------------------------|-----|-----|-----|---------------------|------|------|--|
| | P = Permitted by Right | | | SUP = Permitted with a Special Use Permit | | | | PA = Permitted as accessory use | | | | * = Refer to 5.2.47 | | | |
| | LO | NB | OI | CC | GC | HIC | ARU | BP | EDD | LI | GI | ESU | NBSU | SDSU | |
| School: Art & Music | | | P | P | P | P | P | P | P | | | SUP | SUP | SUP | |
| School: Dance, Martial Arts | | | P | P | P | P | P | P | P | P | P | SUP | SUP | SUP | |
| School: Elementary, Middle & Secondary | | | SUP | | | | SUP | SUP | P* | | | SUP | | SUP | |
| School: Higher Education | | | SUP | | | | SUP | | | | | | | | |
| School: Vocational | | | | | | | | P | P | P | P | SUP | | | |
| Storage & Warehousing: Inside building, excluding explosives & hazardous wastes | | | | | P | P | P | P | P | P | P | SUP | | | |
| Storage & Warehousing: Outside | | | | | | | | P | P | P | P | | | | |
| Storage & Warehousing: Self | | | | | | | | | | P | P | | | | |
| Telecommunication Tower | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | |
| Temporary Family Health Care Structure | | | | | | | | | | | | | | | |
| Transit Passenger Terminal | P | | | | | SUP | | SUP | | | | SUP | | SUP | |
| Transmission Lines | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | |
| Veterinarian/Animal Hospital | | P | | | P | P | | P | P | | | SUP | SUP | SUP | |
| Wholesale sales, indoor | | | | | | P | P | P | P | P | P | SUP | | | |
| Wholesale sales, with outdoor storage/display | | | | | | | | | | P | P | | | | |

MB



DMC

20150626000124300 S/INS
Bk:RB5974 Pg:128
06/26/2015 02:44:05 PM 1/4

FILED Mark Chilton
Register of Deeds, Orange Co, NC
Recording Fee: \$26.00
NC Real Estate TX: \$.00

RC

Prepared by: Margaret Hauth, AICP, CZO, Planning Director, Town of Hillsborough Planning Department
Return to: Julie Smith, P.O. Box 1411, Hillsborough, NC 27278

TOWN OF HILLSBOROUGH
ORANGE COUNTY **NORTH CAROLINA**
SPECIAL USE PERMIT #2015-01

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned property owner, ZV Smith, Jr. Family Trust acknowledges the receipt of this Special Use Permit for the use and development of the property hereinafter described and as submitted by the Applicant, Julie Smith; the same was granted by the Town of Hillsborough on June 8, 2015, the terms of which are as follows:

NAME OF PROJECT: 128 West Margaret Lane office
NAME OF PROPERTY OWNER: ZV Smith, Jr. Family Trust
NAME OF APPLICANT: Julie Smith
TYPE OF SPECIAL USE: Convert single-family dwelling to real estate, attorney, and other office uses/office sharing arrangement

DESCRIPTION OF PREMISES

LOCATION: 128 West Margaret Lane
PARCEL IDENTIFICATION NUMBER: 9874-06-2054 *JMW*

DESCRIPTION OF PROPERTY: BEGINNING on the northern side of W. Margaret Lane (33' Public R/W) at a RR spike found, the southeastern corner of the property of William D. Payne, III, now or formerly, as described in Deed Book 5664, Page 581, Orange County Registry, and running with the eastern line of Payne N 01°36'16" E, 100.37 feet to a computed point in a fence and in the southern line of the property of Brian W. Johnson, now or formerly, as described in Deed Book 2419, Page 457, Orange County Registry (being also the southern line of Tract A as shown on plat in Map Book 61, Page 184, Orange County Registry); thence with the southern line of Johnson and with the southern line of the property of Judith M. Hauser, P.C., now or formerly, as described in Deed Book 5749, Page 395 (being also the southern line of Tract B as shown on plat in Map Book 61, Page 184, Orange County Registry) S 89°45'17" E, 89.99 feet to a 1/2 inch existing iron pin in the western line of the

property of the Town of Hillsborough now or formerly, as described in Deed Book 486, Page 195 (and shown on the plat recorded in Map Book 40, Page 85, Orange County Registry); thence with the western line of the Town of Hillsborough, S 01°39'06" W, 100.00 feet to a ½ inch existing iron pin in the northern margin of W. Margaret Lane; thence with the northern margin of W. Margaret Lane, N 89°59'31" W, 89.91 feet to the BEGINNING, containing 0.21 acres, more or less, (9009 square feet) as shown on the survey dated February 12, 2015, by Robert S. Jones, P.L.S. entitled "Survey For Smith Land & Realty, Inc.

Having heard all the evidence and argument presented at the public hearing on April 16, 2015, the Board finds that the application is complete, that the application complies with all the applicable requirements of the Town of Hillsborough Unified Development Ordinance for the development proposed, and that therefore the application to make use of the above-described property for the purpose indicated is hereby approved, subject to any and all applicable provisions of the Town of Hillsborough Unified Development Ordinance, and the following **waivers and special terms and conditions**:

Waivers Granted from Section 6 (Development Standards) of the Unified Development Ordinance

- a. Section 6.3.2 (Table of Dimensional Requirements – Non-residential): Minimum Lot Area for Neighborhood Business Special Use = 10,000 square feet. The minimum lot size is reduced to match the current lot size of 9,009 square feet as shown on the referenced survey.
- b. Table 6.5.9 (Required Buffers): Neighborhood Business Special Use provides a Type A buffer when adjacent to property zoned R-20. This requirement is waived along the portion of the west property line where the existing wooden privacy fence is not installed.
- c. Section 6.10.3 (Landscaping requirements (for parking lots)), subsection 7 requires five feet of landscaped area between parking and the exterior wall of a structure. This requirement is waived when the pavement currently abuts the structure. No addition of landscape materials were required in existing gaps between the pavement and structure.
- d. Section 6.10.3 (Landscaping requirements (for parking lots)), subsection 8 requires perimeter plantings around parking areas. This requirement is waived due to the lack of space to install landscaping.
- e. Section 6.11.4.1 requires a minimum light intensity of 1 foot candle for parking areas. The applicant proposes to add no exterior lights because the hours of operation cease at 8 PM.
- f. Table 6.13.3.5 Minimum number of parking spaces required would require eight spaces based on the building square footage for office use. The applicant has committed to provide four spaces using the current paved driveway and further committed that employees will use other public parking in the vicinity rather than the driveway.

Approval Conditions

Conditions Related to the Development

- 1. **Approved Plans and Application Materials**: The application materials including, but not limited to, the survey and narrative dated February 2, 2015 are those approved with this Permit.
- 2. **Approved Uses**: The permitted uses of the property are limited to those described in the narrative which accompanied the application. Provided, however, that similar office use (or uses, if more than one occupant) with (a) no more than 8 employees (combined total of all offices) working from the site, and (b) hours of operation limited to 6 AM to 8 PM seven days a week, may also occupy and operate at the property.
- 3. **Additional Permits and Approvals Required**: Any development or modifications to the site are subject to all review and permit requirements of the Town.

Additional Stipulations

The following additional stipulations shall apply to this Permit:



Permit Recordation Requirement: Pursuant to Section 3 (Administrative Procedures), Subsection 3.8 (Special Use Permit), Paragraph 3.8.16 (Formalizing the Outcome), this Permit shall be recorded in the Orange County Register of Deeds Office within 10 days of its receipt. The Permit will not be effective, and no further permits or approvals for the development issued, until the Permit has been recorded. In addition, nothing authorized by this Permit may be done until the property owner properly executes, and returns to the Town a copy of the recorded Permit with the recording information attached thereto by the Orange County Register of Deeds.

Vested Right Established: A two-year vested right pursuant to G.S. 160A-385.1 and Section 1 (General Provisions), Subsection 1.8 (Vested Rights), Paragraph 1.8.4 (Duration and Termination of Statutory Vested Rights) of the Unified Development Ordinance is established as of the date hereof. Under the Statute and Ordinance provisions, unless terminated at an earlier date, the Permit is vested until **June 8, 2017**. Requests for an extension of this Permit's vested rights beyond the stated expiration date must be made to the Town in writing before the vested right expiration date is reached.

Permit Expiration: As provided in Section 3, Subsection 3.8, Paragraph 3.8.26 (Expiration) of the Unified Development Ordinance, this Permit shall expire 24-months from its date of approval if a Zoning Compliance Permit has not been issued for the project. Thus, the Permit will expire on **June 8, 2017** if a Zoning Compliance Permit has not been issued for the project. The Board may consider re-application for the permit on a property on which a previous permit has expired provided that all of the standards which are set forth in the Unified Development Ordinance are met, or if a request for an extension is made in writing before the expiration of the standard 24 months.

Changes and Modifications: As provided in Section 3, Subsection 3.8, Paragraphs 3.8.20 (Deviations) through 3.8.24 (Action Required on Proposed Modifications) of the Unified Development Ordinance, minor changes to this Permit may be approved by the Planning Director, as long as they are in harmony with the action of the Town Board of Commissioners, and provided such changes are not determined to be modifications (as defined in the Unified Development Ordinance). Modifications will require approval from the Town Board of Commissioners. Prior to commencement of any change in the approved plans, the Planning Director shall be consulted so as to determine whether the proposed change is considered a minor change or a modification.

Revocation: Pursuant to Section 3, Subsection 3.8, Paragraph 3.8.25 (Revocation) of the Unified Development Ordinance, the Town Board of Commissioners may revoke this Permit after a finding of the existence of any one of the following conditions:

- (a) That any governmental license or permit required for the activity authorized by the Permit have not been obtained or have been terminated; or
- (b) That any of the applicable requirements of the Unified Development Ordinance or any conditions attached to the Permit, or subsequent modification thereof, have been violated.

The Board may consider re-application for the permit on a property on which a previous permit has been revoked, provided that all of the standards which are set forth in the Unified Development Ordinance are met.

Continued Validity: The continued validity and effectiveness of this Permit is expressly conditioned on the continued compliance with the plans and conditions listed above.

Non-severability: If any part of this Permit, or any of the conditions affixed hereto shall be held invalid or void, then this Permit shall be void in its entirety, and of no effect.

Permit Runs with the Land: The terms herein contained are binding on the present owners, and their successors in title and interest, and shall henceforth be appurtenant to, and shall run with the title to said real property unless the conditions herein are otherwise vacated or changed by governmental action, the expiration of this Permit (including any approved extensions to its expiration date), the expiration of the Permit's vested right status (including any approved extensions), or vacated or modified by action of a Court of competent jurisdiction.



IN WITNESS WHEREOF, the Town has caused this Permit to be issued in its name, and the undersigned, being all of the property owners of the property above described, do hereby accept this Special Use Permit, together with all its conditions, as binding on them and their successors in interest.

Attest:

Katherine M. Cathey
Katherine M. Cathey
Town Clerk



TOWN OF HILLSBOROUGH

By Margaret A. Hauth
Margaret A. Hauth, AICP
Planning Director

ACCEPTED BY:

We, the undersigned property owners of the above identified property, do hereby acknowledge receipt of this Special Use Permit. The undersigned owners do further acknowledge that no work may be done pursuant to this Permit except in accordance with all of its conditions and requirements, that failure to comply with the approved terms and conditions stated herein will result in forfeiture of this Permit, and that these restrictions shall be binding on them and their successors in interest.

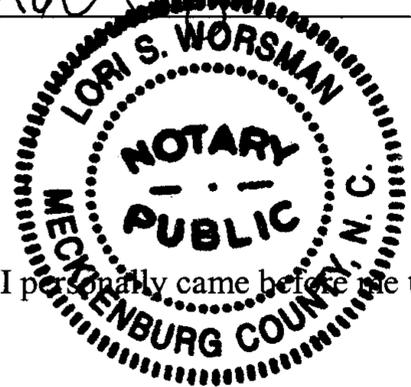
ZV Smith, Jr. Family Trust

By Zebulon V. Smith III
Zebulon V. Smith, III
Trustee

By Kristen L. Smith
Kristen L. Smith
Trustee

NORTH CAROLINA
Mecklenburg COUNTY

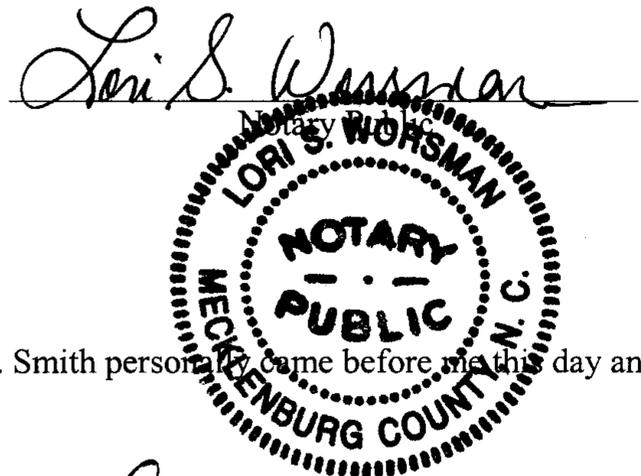
I, Lori S. Worsman, a Notary Public, certify that Zebulon V. Smith III personally came before me this day and acknowledged the due execution of the foregoing instrument.



My commission expires: ~~20~~ **My Commission Expires June 14, 2020**

NORTH CAROLINA
Mecklenburg COUNTY

I, Lori S. Worsman, a Notary Public, certify that Kristen L. Smith personally came before me this day and acknowledged the due execution of the foregoing instrument.



Lori S. Worsman
Notary Public

My commission expires: ~~20~~ **My Commission Expires June 14, 2020**

(Not valid until fully executed and recorded)





PLANNING BOARD STATEMENT OF PLAN CONSISTENCY AND RECOMMENDATION

Applicant-initiated request to amend the Official Zoning Map
May 16, 2024

WHEREAS, the Town of Hillsborough Planning Board has received and reviewed an application from Mr. Ben Lloyd to amend the Official Zoning Map for the Town of Hillsborough as follows:

- *Rezone the property located at 128 W. Margaret Lane (Parcel Identification Number 9874-06-2054) from Neighborhood Business Special Use to Neighborhood Business.*

WHEREAS, North Carolina General Statute 160D-604 *Planning Board review and comment*, paragraphs (b) *Zoning Amendments* and (d) *Plan Consistency*, require that, when considering a proposed zoning map amendment, the Planning Board must advise and comment on whether the amendment is consistent with any adopted comprehensive or land-use plan, and any other applicable, officially adopted plan. The Planning Board must then provide a written recommendation to the Town Board of Commissioners addressing plan consistency and other matters deemed appropriate; and

WHEREAS, UDO §3.7.10 *Planning Board Recommendation* requires the written report be delivered to the Town Board of Commissioners within 30 days of the amendment's initial referral to the Planning Board; and

WHEREAS, after discussion and deliberation on the requested amendment, the Planning Board finds:

1. The proposed amendment **IS/IS NOT CONSISTENT** with the Town of Hillsborough CSP (Comprehensive Sustainability Plan); specifically, the *Land Use and Development* chapter goal to "Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity." Strategy: Ensure that land use and development regulations are aligned with preferred future land use and growth patterns.

2. The proposed regulations advance identified goals and strategies found in the CSP, and promote public health, safety, and welfare by allowing for a greater number of reasonable commercial uses on a parcel in downtown Hillsborough.

WHEREFORE, upon a motion by _____, seconded by _____, the foregoing was put to a vote of the Board, the results of which vote are as follows:

Ayes:

Noes:

Absent:

NOW, THEREFORE, the Board hereby **RECOMMENDS** that the Town Board of Commissioners **APPROVE/DENY** the requested zoning map amendment.

Frank Casadonte, Chair
Town of Hillsborough Planning Board

Date of signature by Chair: _____



Agenda Abstract PLANNING BOARD

Meeting Date: May 16, 2024
 Department: Planning and Economic Development Division
 Agenda Section: Planning Board Recommendations
 Public hearing: Yes
 Date of public hearing: April 18, 2024

PRESENTER/INFORMATION CONTACT

Molly Boyle, Planner II
 Shannan Campbell, Planning and Economic Development Manager

ITEM TO BE CONSIDERED

- Subject:** Unified Development Ordinance (UDO) text amendment (staff initiated):
- Table 5.1.7 *Use Table for Residential Districts*
 - Section 5.2.8.1 – 5.2.8.2 *Dwelling, Accessory*
 - Section 5.2.18.1 *Home Occupation*
 - Section 5.2.39.1 *Planned Development – Standards of Evaluation*
 - Section 5.2.46 *Short-Term Rental* (new section)
 - Section 9.1.5.2 *Permissible Encroachment into Required Setbacks*
 - Section 9.2 *Definitions*

Attachments:

1. Draft UDO text amendment, *including* new short-term rental regulations (version 1)
2. Draft UDO text amendment, *excluding* new short-term rental regulations (version 2)
3. Planning Board consistency statement

Summary:

- Accessory Dwelling Units (ADUs):
 The UDO currently caps the size of accessory dwelling units (ADUs) at 50% of the primary dwelling’s heated living area *or* 800 square feet, whichever is less. This creates a “small house penalty.” In other words, the regulation works well for larger primary homes but is less accommodating to smaller ones as shown below:

| Examples of Maximum ADU Sizes (Current UDO) | |
|---|---------------|
| Primary Dwelling Size | Max. ADU Size |
| 1,000 sq. ft. | 500 sq. ft. |
| 1,200 sq. ft. | 600 sq. ft. |
| 1,500 sq. ft. | 750 sq. ft. |
| 2,000 sq. ft. | 800 sq. ft. |
| 2,500 sq. ft. | 800 sq. ft. |

This amendment proposes changes to ADU regulations to create more flexibility for smaller primary homes. It follows recommended practices from AARP, the American Planning Association, and the Land of Sky Regional Council.

- **Home Occupations and Short-Term Rentals:**
The amendment also includes changes to home occupation regulations and new regulations on short-term rentals. The revisions put the standards for ADUs, home occupations, and short-term rentals into alignment. Staff believes this is important given the link between the three land uses; home occupations are allowed in ADUs, and residents often seek to use their ADUs as short-term rentals.

The amendment does not allow short-term rentals in the multi-family (MF) district, the mobile home park (MHP) district, or residential special use districts¹. However, the board may wish to discuss allowing short-term rentals in those districts as well.

- **Correction to Planned Development Standards of Evaluation:**
The Planning Manager recently discovered a scrivener error in the UDO. Specifically, UDO Section 5.2.39.1 *Planned Development – Standards of Evaluation* sets a residential density maximum of 13 persons per acre. When the Board of Commissioners adopted the regulations on planned developments in October 2022, the residential density maximum was not part of the adopted amendment. This error is corrected here.

Comprehensive Sustainability Plan goals:

- **Land Use and Development Goal 1:**
Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.
- **Strategy:**
Ensure that land use and redevelopment regulations are aligned with preferred future land use and growth patterns.

Financial impacts:

None.

Staff comments and recommendation:

At the public hearing on April 18th, Dani Black, the lodging industry representative for the Tourism Development Authority (TDA), offered public comment on the proposed short-term rental regulations. She stated that she felt the proposed short-term rental regulations were not specific enough. She also said she thought short-term rental regulations should be considered as a stand-alone text amendment.

Planning staff added the short-term rental regulations to this text amendment in January at the TDA’s request. If the TDA is not satisfied with the language, Planning staff is amenable to removing short-term rental regulations from the current amendment. The topic of short-term rentals can be revisited later as its own amendment.

Staff recommends approval of the text amendment without short-term rental regulations (version 2).

Action requested on this item:

Make one of the following recommendations to the Board of Commissioners:

- Approve;
- Approve with conditions; or
- Deny

¹ Effective July 1, 2021, special use zoning districts are no longer allowed in North Carolina. These special use zoning districts existed before that date and are now considered conditional zoning districts per the North Carolina General Statutes.

5.1 USE TABLE

5.1.7 TABLE: USE TABLE FOR RESIDENTIAL DISTRICTS

| | P = Permitted by Right | | | | | SUP = Permitted with a Special Use Permit | | | | | + = When also in the Plus Overlay district | | |
|---|------------------------|----------|----------|----------|----------|---|-----|-----|------|--|--|-----|-----|
| | AR | R-40 | R-20 | R-15 | R-10 | MF | MHP | PW | PWCA | | MFSU | ALN | RSU |
| School: Elementary, Middle & Secondary | | | | | | | | | | | | | |
| School: Higher Education | | | | | | | | | | | | | |
| School: Vocational | | | | | | | | | | | | | |
| <u>Short-term Rental</u> | <u>P</u> | <u>P</u> | <u>P</u> | <u>P</u> | <u>P</u> | | | | | | | | |
| Storage & Warehousing: Inside building, excluding explosives & hazardous wastes | | | | | | | | | | | | | |
| Storage & Warehousing: Outside | | | | | | | | | | | | | |
| Storage & Warehousing: Self | | | | | | | | | | | | | |
| Telecommunication Tower | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | | SUP | SUP | |
| Temporary Family Health Care Structure | P | P | P | P | P | | | | | | | | |
| Transit Passenger Terminal | | | | | | | | | | | | | |
| Transmission Lines | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | SUP | | SUP | SUP | |
| Veterinarian/Animal Hospital | | | | | | | | | | | | | |
| Wholesale sales, indoor | | | | | | | | | | | | | |
| Wholesale sales, with outdoor storage/display | | | | | | | | | | | | | |

5.2 USE-SPECIFIC STANDARDS

5.2.8 DWELLING, ACCESSORY

The following sections are provided to create opportunities for a diversity of housing stock within town. A dwelling unit must contain sleeping, cooking, and bathroom facilities. Guest quarters or suites that do not contain all three types of facilities are not dwelling units and are not reviewed in this section.

5.2.8.1 Accessory **dwelling** units in freestanding structures

New or existing accessory buildings may be used as dwelling units in addition to the principal dwelling unit in the R-10, R-15, and R-20 districts, subject to the following conditions:

- 5.2.8.1.a The lot is developed, or proposed to be developed, with a single-family dwelling and customary accessory outbuildings.
- 5.2.8.1.b The lot has direct access to a public street.
- 5.2.8.1.c One (1) accessory dwelling unit is permitted per lot, whether within the principal dwelling or as a freestanding structure.
- 5.2.8.1.d The structure containing the accessory dwelling must meet the applicable primary building setbacks established in Table 6.3.1, *Dimensional Requirements – residential* OR Section 7.5.3, *Non-conforming lot setback requirements*. The existing, primary dwelling may be non-conforming in regard to building setbacks required in the zoning district. The setback provision in Section 9.1.5.2.c of this ordinance is ~~not~~ available for an accessory building containing a dwelling unit.
- 5.2.8.1.e An accessory dwelling unit in a freestanding structure shall be located to the side or rear of the primary dwelling and behind the primary dwelling’s front façade.
- 5.2.8.1.ef All structures containing dwellings are connected to municipal water and sewer service.
- 5.2.8.1.fg The accessory **dwelling** unit ~~does shall~~ not exceed fifty (50) percent of the ~~heated living area~~ gross floor area of the principal dwelling unit or ~~800-1,000~~ square feet in gross floor area, whichever is ~~less~~ greater. In no case shall the accessory dwelling unit exceed the gross floor area and/or height of the principal dwelling unit.
- 5.2.8.1.gh The accessory unit is constructed to the state building code for one- and two-family dwellings (i.e., is not a manufactured home).
- 5.2.8.1.hi There is sufficient off-street parking on the parcel to accommodate two spaces for the principal dwelling and one space per bedroom in the accessory unit, which may include garage spaces.
- 5.2.8.1.ij The application materials indicate storage locations for solid waste and recycling containers for both dwellings consistent with Town Code requirements.
- 5.2.8.1.jk Units that existed on August 12, 1996 that do not meet one or more provisions of this section may continue as legal non-conforming uses.

5.2.8.2 Accessory dwelling units within a principal single-family dwelling

Accessory dwelling units may be located within a principal single-family dwelling in any zoning district, subject to the following conditions:

- 5.2.8.2.a The lot is developed, or proposed to be developed, with a single-family dwelling and customary accessory outbuildings.
- 5.2.8.2.b One (1) accessory dwelling unit is permitted per lot, whether within the principal dwelling or as a freestanding structure.
- 5.2.8.2.c Both dwellings are connected to municipal water and sewer service.
- 5.2.8.2.d The accessory dwelling unit ~~does shall~~ not exceed fifty (50) percent of the heated living area gross floor area of the principal dwelling unit or 800-1,000 square feet in gross floor area, whichever is ~~less greater~~. In no case shall the accessory dwelling unit exceed the gross floor area of the principal dwelling unit.
- 5.2.8.2.e The accessory dwelling unit must have its own exterior access. Any interior access to the principal dwelling must be lockable from both dwellings.
- 5.2.8.2.f There is sufficient off-street parking on the parcel to accommodate two spaces for the principal dwelling and one space per bedroom in the accessory unit, which may include garage spaces.
- 5.2.8.2.g The application materials indicated storage locations for solid waste and recycling containers for both dwellings consistent with Town Code requirements.
- 5.2.8.2.h Units that existed on August 12, 1996 that do not meet one or more provisions of this section may continue as legal non-conforming uses.

5.2.18 HOME OCCUPATION

5.2.18.1 All home occupations shall comply with the following conditions:

- 5.2.18.1.a A home occupation is the base of operations for the business and the primary function of the business takes place on the residential property for which the permit is issued. For example: an employee who telecommutes to their place of business in RTP is not engaged in a home occupation and does not require a home occupation permit, but the person who owns a computer consulting business and conducts business from their home does. A self-employed business owner who keeps his business records at his home and is contacted at his home to arrange work but does not do any of the job function at the home does not need a home occupation permit.
- 5.2.18.1.b A home occupation is located within a dwelling unit or in an accessory building on the same lot or parcel as the dwelling unit. A home occupation involving the growing or raising of an agricultural product may also be allowed so long as the area outside of a structure involved in raising the product sold meets the area requirement below.

- 5.2.18.1.c** ~~The area occupied by the home occupation shall not exceed 25 percent of the heated floor area of the dwelling unit to which it is accessory. A home occupation may also occupy no more than 500 square feet of an accessory building on the same parcel as the dwelling to which it is accessory. In no case may the~~ The area of a home occupation shall not account for more than 600-1,000 square feet of total area on a parcel (dwelling, outbuilding, and/or area involved in raising an agricultural product), except when the home occupation is a short-term rental, in which case the area of the home occupation shall not exceed the gross floor area of the short-term rental unit and any off-street parking required under this section.
- 5.2.18.1.d** The principal person or persons providing the business or service must reside in the dwelling on the premises.
- 5.2.18.1.e** The operator of the home occupation may not employ more than one (1) non-resident person on the premises.
- 5.2.18.1.f** The home occupation shall not cause or result in any change in the external appearance of the existing dwelling and structures on the property.
- 5.2.18.1.g** All vehicles used in connection with the home occupation shall be of a size and/or type customary for residential use, and shall be located on the premises in such a manner, so as to not disrupt the quiet nature and visual quality of the surrounding area. No more than two (2) business-related vehicles may be parked at the site of the home occupation. In no instance shall any vehicle with a gross vehicle weight exceeding 5,000 pounds be parked, stored, or otherwise maintained at the site of a home occupation.
- 5.2.18.1.h** Home occupations shall not result in regular and on-going business-related vehicular traffic to the home where located.
- 5.2.18.1.i** There shall be sufficient off-street parking for patrons of the home occupation, with the number of off-street parking spaces required for the home occupation to be provided and maintained in addition to the space or spaces required for the dwelling itself.
- 5.2.18.1.j** There shall be no advertising devices on the property, or other signs of the home occupation, which are visible from outside the dwelling or accessory building.
- 5.2.18.1.k** The site of the home occupation shall not contain any outdoor display or storage of goods, equipment, or services associated with the home occupation.
- 5.2.18.1.l** The home occupation shall not create adverse impacts on health, safety, or comfort of customers or neighboring residents which can be detected by the normal senses off the premises. Such impacts shall include but not be limited to fire or explosive hazards; interference with electronic communication; loud, raucous or disturbing noise; dust; odors; fumes; glare; or vibration.
- 5.2.18.1.m** The home occupation shall not create or exhibit an increase in noise, traffic or

parking demands markedly beyond that normally associated with a residential use.

5.2.18.2 Home occupations shall obtain a Zoning Compliance Permit in accordance with Section 3.14, *Zoning Compliance Permit*.

5.2.18.3 The following uses are not permitted as home occupations in residential zoning districts except as a legal non-conforming use:

5.2.18.3.a Boarding of domesticated animals

5.2.18.3.b Dealerships for firearms or motor vehicles

5.2.18.3.c Motor vehicle maintenance, service, or repair

5.2.18.3.d Any use that will routinely generate five or more customers within one hour or more than 10 customers in one day.

5.2.18.3.e Any use that is only permitted with a ~~or~~ Special Use Permit if otherwise located.

5.2.39 PLANNED DEVELOPMENT

5.2.39.1 Standards of Evaluation

5.2.39.1.e Density Allowances:

~~(1) Overall maximum residential density is 13 persons per acre of gross residential and associated commercial areas.~~

~~(2)~~(1) The following factors will be used in computing density: A factor of 3.0 persons per single-family detached dwelling; 2.5 persons per single-family attached dwelling or stacked townhouse; and 2 persons per multiple-family dwelling.

~~(3)~~(2) Residential densities in a PD must be designated as low, medium, or high on the approved master development plan. "Density area" as used herein means a development unit within an area designated on the approved development plan for low-, medium- or high-density.

(a) Low: The maximum density in any one low-density area is 5 dwelling units per acre.

(b) Medium: The maximum density in any one medium-density area is 15 dwelling units per acre.

(c) High: The maximum density in any one high-density area is 25 dwelling units per acre. An application that proposes housing that is affordable to households making 80% AMI or less at the time of construction may propose up to 40 units per acre as a maximum density (subject to rounding as defined in Section 9.1.4). Where

affordable housing is proposed the preference is that this housing type be dispersed throughout the planned development instead of clustered together in one area.

~~(4) In computing average density on any development plan, subsequent PD plan or final plat of a part of a PD, the density may include any excess in land area over that required to support an average density of 13 persons per acre in any previously recorded final plat. As each plan and subsequent final plat is submitted, the overall density of all areas shown on recorded final plats within the PD is recomputed so that average density within the recorded plats of sections of the PD will never exceed a density of 13 persons (see subparagraph 5.2.39.1.j(2), Density Variation Between Phases, below).~~

5.2.46 SHORT-TERM RENTAL

5.2.46.1 Standards of Evaluation

The following specific standards shall be used to evaluate an application for approval of this use:

5.2.46.1.a A home occupation permit shall be required for all short-term rentals.

5.2.46.1.b Short-term rentals shall be used for lodging and overnight accommodations only and shall not be used for public events as defined in Section 9.2 Definitions.

9.1 RULES OF MEASUREMENT, COMPUTATIONS, AND EXCEPTIONS

9.1.5.2 Permissible Encroachment into Required Setbacks

9.1.5.2.c Accessory buildings and freestanding accessory dwelling units may encroach into a side yard or rear yard setback not adjacent to a street right-of-way to within 5 feet of the property line, with the following limits:

- (a) For an accessory building with a highest point 12' or more above the ground elevation, an additional setback of 2' for each 1' of elevation above 12' is required until the standard setback is met.
- (b) The setback being reduced is not part of a land use or stream buffer required elsewhere in this Ordinance, nor a recorded easement for utilities, drainage, or access.

9.2 DEFINITIONS

Short-term Rental A primary dwelling, accessory dwelling, or any portion thereof offering overnight accommodations to guests for stays of less than 30 consecutive days in exchange for compensation.

5.2 USE-SPECIFIC STANDARDS

5.2.8 DWELLING, ACCESSORY

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- 5.2.8.1.gh The accessory unit is constructed to the state building code for one- and two-family dwellings (i.e., is not a manufactured home).
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5.2.18.1 All home occupations shall comply with the following conditions:

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5.2.18.3.d Any use that will routinely generate five or more customers within one hour or more than 10 customers in one day.

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5.2.39.1 Standards of Evaluation

5.2.39.1.e Density Allowances:

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(a) Low: The maximum density in any one low-density area is 5 dwelling units per acre.

(b) Medium: The maximum density in any one medium-density area is 15 dwelling units per acre.

(c) High: The maximum density in any one high-density area is 25 dwelling units per acre. An application that proposes housing that is affordable to households making 80% AMI or less at the time of construction may propose up to 40 units per acre as a maximum density (subject to rounding as defined in Section 9.1.4). Where affordable housing is proposed the preference is that this housing type be dispersed throughout the planned development instead of clustered together in one area.

~~(4) In computing average density on any development plan, subsequent PD plan or final plat of a part of a PD, the density may include any excess in land area over that required to support an average density of 13 persons per acre in any previously recorded final plat. As each plan and subsequent final plat is submitted, the overall density of all areas shown on recorded final plats within the PD is recomputed so that average density within the recorded plats of sections of the PD will never exceed a density of 13 persons (see subparagraph 5.2.39.1.j(2), Density Variation Between Phases, below).~~

9.1 RULES OF MEASUREMENT, COMPUTATIONS, AND EXCEPTIONS

9.1.5.2 Permissible Encroachment into Required Setbacks

- 9.1.5.2.c Accessory buildings and freestanding accessory dwelling units may encroach into a side yard or rear yard setback not adjacent to a street right-of-way to within 5 feet of the property line, with the following limits:
- (a) For an accessory building with a highest point 12' or more above the ground elevation, an additional setback of 2' for each 1' of elevation above 12' is required until the standard setback is met.
 - (b) The setback being reduced is not part of a land use or stream buffer required elsewhere in this Ordinance, nor a recorded easement for utilities, drainage, or access.



PLANNING BOARD STATEMENT OF PLAN CONSISTENCY AND RECOMMENDATION

Unified Development Ordinance Text Amendment request from
Town of Hillsborough Department of Community Services,
Planning and Economic Development Division
May 16, 2024

WHEREAS, the Town of Hillsborough Planning Board has received and reviewed an application from the Town's Department of Community Services, Planning and Economic Development Division, to amend the Town of Hillsborough UDO (Unified Development Ordinance) as follows:

- *Amend UDO Sections 5.2.8 (Dwelling, Accessory) and 5.2.18 (Home Occupation) to a) allow larger accessory dwelling units and home occupations, and b) establish minimum setback and location requirements for freestanding (i.e., detached) accessory dwelling units;*
- *Amend UDO Section 9.1.5.2 (Permissible Encroachment into Required Setbacks) to allow freestanding accessory dwelling units to encroach into side and rear yard setbacks like other accessory buildings; and*
- *Amend UDO Section 5.2.39.1 (Planned Development – Standards of Evaluation) to correct a scrivener error identified by the Planning Manager.*

WHEREAS, North Carolina General Statute 160D-604 (Planning Board Review and Comment), paragraphs (b) Zoning Amendments) and (d) (Plan Consistency), require that, when considering a proposed text amendment, the Planning Board must advise and comment on whether the amendment is consistent with any adopted comprehensive or land-use plan, and any other applicable, officially adopted plan. The Planning Board must then provide a written recommendation to the Town Board of Commissioners addressing plan consistency and other matters deemed appropriate; and

WHEREAS, UDO §3.7.10 (Planning Board Recommendation) requires the written report be delivered to the Town Board of Commissioners within 30 days of the amendment's initial referral to the Planning Board; and

WHEREAS, after discussion and deliberation on the requested amendment, the Planning Board finds:

1. The proposed amendment **IS/IS NOT CONSISTENT** with the Town of Hillsborough CSP (Comprehensive Sustainability Plan); specifically, the *Land Use and Development* chapter goal to “Ensure that future growth and development, including infill and redevelopment, are aligned with smart growth principles and consider infrastructure constraints such as water and wastewater system capacity.” Strategy: Ensure that land use and development regulations are aligned with preferred future land use and growth patterns.
2. The proposed regulations advance identified goals and strategies found in the CSP, and promote the public health, safety, and welfare by helping to address missing middle housing options in the community and increasing flexibility for small, home-based businesses.

WHEREFORE, upon a motion by _____, seconded by _____, the foregoing was put to a vote of the Board, the results of which vote are as follows:

Ayes:

Noes:

Absent:

NOW, THEREFORE, the Board hereby **RECOMMENDS** that the Town Board of Commissioners **APPROVE/DENY** the requested text amendment.

Frank Casadonte, Chair
Town of Hillsborough Planning Board

Date of signature by Chair: _____



Agenda Abstract PLANNING BOARD

| | |
|-------------------------|--|
| Meeting Date: | May 16, 2024 |
| Department: | Planning and Economic Development Division |
| Agenda Section: | Planning Board Recommendations |
| Public hearing: | Yes |
| Date of public hearing: | April 18, 2024 |

PRESENTER/INFORMATION CONTACT

Shannan Campbell, Planning and Economic Development Manager
Joseph Hoffheimer, Planner

ITEM TO BE CONSIDERED

Subject: Historic District Design Standards amendments (staff-initiated):

- Section 1 *Navigating the Historic District Commission Review Process (Historic vs. Non-Historic and Ordinary Maintenance and Repair and Minor Works)*
- Section 4 *Masonry; Windows; Sustainability and Energy Retrofit; Utilities*
- Section 6 *Site Features and Plantings; Fences and Walls; Walkways, Driveways, and Off-Street Parking; Art*
- Appendices *Glossary of Architectural Terms, Ordinary Maintenance and Repair and Minor Works, Historic District Compatibility Matrix*

Attachments:

1. Referenced parts of Section 1, Section 4, Section 6, and Appendices, as proposed to be amended
2. Planning Board consistency statement

Summary:

The Historic District Commission Standards Subcommittee and planning staff have worked together to make the Historic District Design Standards more user-friendly. Several smaller items will become minor works and/or ordinary maintenance, and the proposed changes also make greater accommodations for sustainability. In addition, some proposed changes such as renumbered sections and additional clarifying language are intended to make the document easier to interpret without making any significant policy changes.

Most of the proposed changes reflect work that repeatedly has been approved by the Historic District Commission as well as other work that the subcommittee and staff find to be appropriate in the district but not properly addressed in the current standards. The HDC and planning staff do not find any of the updates to detract from the special character of the Hillsborough Historic District.

The proposed changes were unanimously approved by the HDC in February 2024. This item went to joint public hearing on April 18, 2024, and no members of the public offered comment.

Comprehensive Sustainability Plan goals:

Social Systems & Public Space Goal 1:

Build and strengthen social cohesion and sense of community through the support and development of arts and culture, events and entertainment, and preservation initiatives in an equitable and sustainable manner.

Social Systems & Public Space Strategies:

Develop and adopt policies that contribute to meeting social systems and public space goals. Adopt regulations that contribute toward establishing equitable and sustainable social systems and public spaces.

Climate & Energy Goal 4:

Strengthen community-based initiatives to support a more sustainable Hillsborough.

Climate & Energy Strategies:

Adopt regulations that contribute toward establishing the town's clean energy pledge and building a more sustainable future.

Financial impacts:

None.

Staff recommendation and comments:

Staff recommends approval of the amendment as written.

Action requested on this item:

Make one of the following recommendations to the Board of Commissioners:

- Approve
- Approve with conditions
- Deny

Historic vs. Non-Historic

The period of significance for the local historic district continues into the recent past to encompass the evolution of the district and to include changes that took place at least 50 years ago.

DEFINITION OF HISTORIC:

A property is considered historic, or contributing, in the local historic district if it is 50 years old or older. Additionally, any exterior addition or feature constructed at least 50 years prior to the current date is considered ~~historic~~ historic or contributing.

Ordinary Maintenance and Repair and Minor Works

Ordinary Maintenance and Repair: Certain limited actions of ordinary maintenance or those of temporary nature are exempt from obtaining a Certificate of Appropriateness. ~~Proposals should be submitted~~ Applicants are encouraged to consult with ~~to staff for review~~ to verify that the work qualifies for exemption.

Masonry Standards

5) Repaint masonry surfaces that were previously painted in colors appropriate to the building or site. It is not appropriate to paint, seal, or coat historic masonry surfaces that were not previously painted, sealed, or coated, with historic defined as 50 years of age or older.

Window Standards

11) New shutters should be added only if they are operable, typical for the style of building and are sized to cover the entire window opening.

Sustainability and Energy Retrofit Standards

9) _____-It is not appropriate to install solar panels and skylights ~~on roof slopes or building elevations that are easily visible from the street or~~ in locations that compromise the architectural integrity of a building. Install these features on ~~non-contributing structures or non-character-defining secondary elevations of historic structures to minimize visibility from the street and away from roof edges and ridges.~~ Set solar panels and skylights back from the front edge of flat roofs to minimize visibility. Green roofs can be installed on roofs in visible locations with evidence that they will not negatively impact the structure or integrity of the building. Solar panels can be installed on a secondary building, such as a garage or shed, ~~that is not easily visible from the street.~~

11) Site freestanding solar panels and wind turbines away from the building. Screen associated equipment from public view ~~with appropriate wood fencing or ever-green landscaping.~~

12) Install wind-powered equipment in a minimally visible location on the site or on a non-historic addition or secondary building. Wind-powered equipment should not be taller than the primary historic building.

~~> Consider on-site wind power technology only after implementing all other appropriate treatments to improve energy efficiency.~~

~~> Evaluate whether wind power technology will benefit the historic building without compromising the character of the historic building and the historic district.~~

14) Install cisterns, rain barrels, and other water collection devices in side and rear yards when possible. Screen from public view with fencing or landscaping when possible.

Utilities Standards

1) _____ Minimize the visual impact of new utility enclosures (“hot boxes”), mechanical and communication equipment, electric vehicle charging stations, and utilities by locating them along secondary elevations or inconspicuously in areas not visible from the street and by screening them from view with plantings or fencing when possible. ~~A site plan showing the location of proposed equipment, plantings, and/or fencing must be provided and approved in advance.~~

5) _____ Paint or install meter boxes, vents, electric vehicle charging stations, and other utility connections that cannot be screened in colors that will blend in with the historic building or the site.

Site Features and Plantings Standards

10) Introduce contemporary site features — such as swimming pools, dumpsters, mechanical units, ~~so-lar panels~~, storage buildings, playground equipment, and telecommunication equipment — only in locations that are not visible from the street to the maximum extent possible and where they do not compromise the historic character of the building, site, or district. Screen contemporary site features from public view with landscaping or appropriate fencing.

Fences and Walls Standards

8) Site new fences or walls, if necessary, in locations that are compatible with the traditional relationship of fences or walls to district properties of similar architectural style and to sites of similar size. ~~It is not appropriate to locate new~~ New fences are generally not appropriate in front yards. or New walls in front yards may be reviewed on a case-by-case basis and require HDC approval.

Walkways, Driveways, and Off-Street Parking Standards

- 5) Replace in kind any portion of a historically significant walkway, driveway, or off-street parking area that is damaged or deteriorated beyond repair. Match the original feature in design, material, dimension, configuration, detail, texture, and color. Retain as much original fabric as possible.

- 6) Substitute compatible materials for ~~the original~~ historically significant features only if it is not feasible to replace in kind. More permanent materials are allowed as replacement materials for dirt and gravel walkways, driveways, and off-street parking. Refer to the Historic District Compatibility Matrix in the appendices for more information.

Art Standards

4) Introduce wall-mounted art — such as murals, mosaics, or metal installations — only in locations that do not compromise or diminish the overall design or architectural rhythm or pattern of the building, site, or district. Introduce new artwork on stucco, wood, or previously painted masonry surfaces on non-character-defining elevations. It is not appropriate to paint murals or similar art installations on unpainted masonry surfaces that were not historically painted.

GLOSSARY OF ARCHITECTURAL TERMS

Character Defining: visual aspects and physical features that contribute significantly to the physical character ~~comprise the appearance~~ of buildings. Character-defining elements include elevations, features, or architectural details.

Character-Defining Elevation: the side/s of a building that contribute to its special historic, cultural, and aesthetic character. These are typically front elevations that are visible from the public right-of-way and reinforce the special character of the historic district. ~~often the front elevation of a building, but~~ The character-defining elevation ~~it~~ can also be a side or rear elevation.

Contributing: a property, exterior addition, or feature constructed at least 50 years prior to the current date. A property's contributing status in regard to the National Register of Historic Places has no bearing on local historic district review. In many cases, "contributing" and "historic" are terms that are used interchangeably.

Historic: a property, exterior addition, or feature constructed at least 50 years prior to the current date. In many cases, "historic" and "contributing" are terms that are used interchangeably.

Historically Significant: a feature, architectural element, or structure that is older than 50 years from the present date.

Special Character: the qualities of the Hillsborough Historic District that make it unique and distinguish it from other places.

ORDINARY MAINTENANCE AND REPAIR AND MINOR WORKS

Ordinary Maintenance and Repair: Certain actions of regular maintenance or of a temporary nature. These are exempted from obtaining a Certificate of Appropriateness. Applicants are encouraged to consult with staff to verify that the work qualifies for exemption. ~~Any proposal should still be submitted to staff for review to verify that the work proposed qualifies for this exemption.~~

Minor Work/Staff-Issued Certificate of Appropriateness: Some works of a minor nature typically do not require Historic District Commission approval unless referred by staff. They may be approved through issuance of a minor works permit by the zoning officer if they meet the criteria listed below and are appropriate to the district or the landmark as determined by staff. The priority preference is to restore and preserve historic materials over replacement. Additionally, minor works applications that do not comply with the Historic District Design Standards or that may set a precedent in the historic district remain subject to HDC review.

I. ~~Section 4:~~ Exterior Changes to Buildings

A. Masonry:

1. Ordinary Maintenance and Repair

- i. Minor repointing and other minor masonry and stone repairs such as spot repairs or restoration of loose or deteriorated masonry.

B. Wood:

1. Ordinary Maintenance and Repair

- i. Replacement or repair of wood building materials in kind with no change in shape or dimension so long as no more than 25% of the materials require replacement in-kind.

i. ~~Not applicable~~

C. Architectural Materials:

1. Ordinary Maintenance and Repair

- i. Replacement or repair of architectural metal building materials in kind with no change in shape or dimension so long as no more than 25% of the materials require replacement in-kind.

i. ~~Not applicable~~

F. Windows

2. Minor Work

- ii. Replacement of original, historically significant windows on historic structures if the replacement material is wood and the muntin configurations match exactly those of the windows being replaced. Replacement of deteriorated wood windows with substitute materials that comply with the Historic District Compatibility Matrix may be permitted on side and rear elevations. Replacements require Historic District Commission approval when the materials are to be something other than wood on a character-defining elevation and/or when replacement window muntin configurations do not match those of original windows.

G. Doors:

2. Minor Work

- i. Replacement of doors that are not historically significant to a historic structure, which are designed to closely match the door being replaced, unless evidence shows the original door design is different, in which case that configuration shall be used. Replacement ~~front doors shall be constructed of solid wood, and replacement side or rear~~ doors shall be a material consistent with the Historic District Compatibility Matrix. Replacement of historically significant doors requires Historic District Commission approval.

I. Porches, Entrances, and Balconies ~~Stairs and Steps:~~

1. Ordinary Maintenance and Repair

- i. Minor repointing and other minor masonry and stone repairs to steps.

i. ~~Not applicable~~

2. Minor Work

- iii. Replacement/removal of or alteration/addition to existing stairs and steps that ~~are located behind the front line of the structure and~~ are not historically significant. Natural materials shall be replaced in kind, and artificial materials shall be replaced with natural materials appropriate to the house or primary structure. Concrete is an appropriate material for steps for landmark properties. Black steel steps are also an appropriate replacement material for side and rear egress staircases for multi-story commercial or multi-family buildings in the historic district.

M. Sustainability and Energy Retrofit:

1. Ordinary Maintenance and Repair

- iii. Installation of solar panels not facing the street, so long as the panels are not attached to a character-defining roofing material and so long as panels match the roof color and project no more than four inches above the finished roof surface. All associated equipment shall be attached to the rear or side of the structure.
- iv. Installation of solar panels on non-contributing structures if the panels match the roof color and project no more than four inches above the finished roof surface. Any associated mechanical equipment shall be located at the rear or side of the structure.
- v. Installation of electric vehicle charging stations and related equipment in any existing or proposed driveway or off-street parking area and located behind the front line of the primary structure on site. Signage identifying the unit as a charging station may be painted onto the charging station or shall meet the requirements of Section 6: Setting and Site/Signage below. No off-site signage is permitted, and all on-site signage other than what is located in these standards requires Historic District Commission approval. Electric vehicle charging stations that are located behind only one front line of a corner lot are permitted if staff determine that they comply with the above requirements and Historic District Design Standards.

2. Minor Work

- v. Installation or removal of awnings ~~and, canopies, and operable shutters that match the width of the windows next to which they are located with materials and features~~ that comply with the Historic District Compatibility Matrix, provided that the new structures do not obscure or conceal significant architectural features of a structure.
- vi. Installation, removal, or replacement of operable shutters that are in a location where they were used historically and match the width of the windows next to which they are located with materials and features that comply with the Historic District Compatibility Matrix. Installation of inoperable shutters or shutters in places where they were not used historically require Historic District Commission approval.
- ~~vi. New installation/alteration/removal of low-profile, photovoltaic solar panels, skylights, ventilators, or mechanical equipment that are placed on roof slopes which are not easily visible from the street, are screened from view of adjacent properties, are located on non-character-defining elevations, and do not compromise the architectural integrity of a building. Features proposed to be located in a yard or on an elevation that fronts on a public or private street require Historic District Commission approval.~~
- ~~vii. Installation of electric vehicle charging stations and related equipment in any existing or proposed driveway or off-street parking area and located behind the~~

~~front line of the primary structure on site. Signage identifying the unit as a charging station may be painted onto the charging station or shall meet the requirements of Section 6: Setting and Site/Signage below. No off site signage is permitted, and all on-site signage other than what is located in these standards requires Historic District Commission approval.~~

N. Utilities:

1. Ordinary Maintenance and Repair

~~iv. Installation of mechanical equipment, including, but not limited to, such items as heating and air conditioning units or generators, that are screened from general public view (required setbacks must be met).~~

2. Minor Work

~~i. Installation of mechanical equipment, including, but not limited to, such items as heating and air conditioning units or generators, that are screened from general public view (required setbacks must be met).~~

II. ~~Section 5:~~ New Construction and Additions

D. New Construction of Outbuildings and Garages:

1. Ordinary Maintenance and Repair

- i. Construction of utility structures, excluding accessory dwellings, that are less than 80 square feet in area, are located in the rear of non-contributing properties, and are screened from the public right of way can be approved if meeting the design standards and compatibility matrix. ~~Not applicable~~

2. Minor Work

- i. Construction of detached outbuildings or garages, ~~excluding accessory dwellings, that are less than 144 square feet in area, are~~ are located in the rear of historic properties and are screened from the public right of way. Garages over 144 square feet and accessory dwellings require HDC review. In addition, aAll materials and features shall comply with those permitted in the Historic District Compatibility Matrix. ~~If asphalt shingles are used, they shall be in a color closely matching the primary structure's roof. The peak of the accessory building roof shall not exceed 12 feet in height measured from adjacent ground level, and the location shall meet all applicable setbacks for the property. Any proposed design details or materials that do not meet these standards shall require Historic District Commission approval.~~

H. Porches

1. Ordinary Maintenance and Repair

- i. Replacement or repair of porch materials in kind with no change in shape dimension so long as no more than 25% of the materials require replacement in-kind.

2. Minor Work

- i. Conversion of existing decks that are less than 400 square feet in area to porches or screened porches that are located in the side or rear of ~~historic~~ properties and are not easily visible and/or are screened from public right of way. All materials and features shall comply with those permitted in the Historic District Compatibility Matrix. The peak of the ~~screened~~ porch roof shall not extend above the existing house. Any proposed design details or materials that do not meet these standards shall require Historic District Commission approval.
- ii. Conversion of existing porches to screened porches if located in the side or rear of properties and not easily visible from the public right of way.

I. ~~H:~~ Decks

2. Minor Work

- i. Alteration of, addition to, and/or removal of existing decks that are located behind the front line of the house. For additions to existing decks, the total combined square footage of the original deck with the addition shall not exceed 400 square feet. Decks shall not be easily visible from the street, and/or they shall be screened from view with evergreen plantings proportional in height to the height of the deck, including any railings, at the time of planting to provide adequate screening.

- ii. Construction of new decks composed of materials that comply with the Historic District Compatibility Matrix, are less than 4 feet tall, are located behind the front line of the primary structure and are less than 400 square feet in area. Decks shall not be easily visible from the street, and/or they shall be screened from view with evergreen plantings ~~proportional in height to the height of the deck, including any railings, at the time of planting~~ to provide adequate screening.

III. ~~Section 6:~~ Setting and Site

A. Site Features and Plantings:

1. Ordinary Maintenance and Repair

vii. A single metal flagpole not exceeding 25 feet in height from ground level or a single flagpole base made of metal, concrete, stone, brick, or other natural materials and not exceeding 25 square feet in area.

viii. Construction of "Little Free Libraries" located outside of the public right of way.

ix. Non-fixed elements that can be moved without the use of heavy equipment such as rain barrels, planters, dog houses, bird baths, and similar decorative or functional items.

2. Minor Work

i. Construction of patios made of materials that comply with the Historic District Compatibility Matrix, are located behind the front line of the structure and are smaller than 400 square feet for historic district properties or 3,000 square feet for historic mill properties recognized as local landmarks. Patios shall be located and designed in a manner to retain as much of the existing site features, plantings, and topography as possible.

~~v. A single metal flagpole not exceeding 25 feet in height from ground level or a single flagpole base made of metal, concrete, stone, brick, or other natural materials and not exceeding 25 square feet in area~~

~~vi. Construction of "Little Free Libraries" in the front, side, or rear yard located outside of the public right of way that are painted or stained a single muted color, are constructed of wood or metal only, and are mounted on a single wood post painted or stained to match the color of the box, with total height not to exceed 6 feet from ground to top of the box and with box dimensions not to exceed 2 feet in length, width, or height. The handles/ knobs shall be made of wood or metal only, and the front window shall be limited to plexiglass or a similar safety glass product. Roofing materials shall be limited to wood or metal. Any proposed deviation in design or materials from these standards shall require Historic District Commission approval.~~

v. Installation of wood or metal pergolas, garden trellises, or arbors not exceeding 8 feet in height that are located behind the front line of the primary structure

viii. Hardscaping that is made of natural materials and does not obscure major architectural features or details of a historic structure.

B. Fences and Walls:

1. Ordinary Maintenance and Repair

ii. Spot repairs and completion of missing sections of existing fences.

iii. Removal or replacement of existing fences that are not historically significant, as determined by staff, and no taller than 6 feet.

iv. Temporary utilitarian or light-gauge wire fencing constructed as necessary to keep animals out of gardens, side, and rear yards.

2. Minor Work

i. Installation of fences located behind the front line of the structure that are made of materials and have styles which comply with Historic District Compatibility Matrix. Privacy fences may be no taller than 6 feet, but garden enclosures may extend to 7 feet only if the final foot is wire. Fences made of wood post and welded wire must include a top and bottom rail if located in the front yard but do not require rails if located in the side or rear yard. Picket and post and rail fences may be no taller than 4 feet. Wood privacy fences 5 feet or less in height may have an additional one foot of square-patterned wood lattice on top, but the total fence height shall not exceed 6 feet measured from ground level. Split rail fences require full Historic District Commission review and approval.

~~i. Removal or replacement of existing fences that are not historically significant, as determined by staff, and no taller than 6 feet. Replacement fences shall be wood or wood with welded wire meeting the design requirements in Fences and Wall Minor Work i above. Replacement of existing non-historic fences with any material besides wood or wood with welded wire requires full Historic District Commission approval.~~

C. Walkways, Driveways, and Off-Street Parking

2. Minor Work

ii. Replacement of existing non-historic driveways and off-street parking areas with materials that comply with the Historic District Compatibility Matrix. For replacement of historic stone or brick driveways, the original materials must be repaired and/or replaced in kind. Existing dirt or gravel driveways may be replaced with concrete, brick, natural stone or asphalt paving. such as dirt, crushed stone, or natural stone driveways. The use of other materials as replacement surface materials requires Historic District Commission approval. Historic brick or stone driveways shall be replaced in kind.

CI. Exterior Lighting:

1. Ordinary Maintenance and Repair

i. Not applicable Temporary "seasonal," hanging, and special event lighting.

CII. Signage:

1. Ordinary Maintenance and Repair

iii. Removal of signs, sign posts, and bases that are not historically significant.

2. Minor Work

x. Illumination of signs with directional lighting fixtures that are top mounted, so lighting is aimed down. Ground mounted signs with a height of five (5) feet or less may be ground lit, provided that the lights are shielded so as to illuminate

the sign only, and the light shall not exceed 10 foot candles at the sign surface. Light fixtures must comply with Minor Works Section 6.F, and internally lit signage is not permitted in the Historic District.

~~H. Awnings and Canopies~~

~~1. Ordinary Maintenance and Repair~~

~~i. Not applicable~~

~~2. Minor Work~~

~~i. Not applicable~~

~~+~~ **H. Art:**

1. Ordinary Maintenance and Repair

- i. Installation of common seasonal decorations, sculptures, and other art installations that do not exceed eight feet above grade and that are intended for temporary use and are not permanently affixed to a historic building or site.

~~+~~ **I. Outdoor Dining Areas**

2. Minor Work

- i. Installation, alteration, or removal of affixed commercial street furniture with screening demarcations that are 3 to 4 feet tall, made of wood, stone, concrete, brick, glass, and/or metal, and meet all Hillsborough Code of Ordinances requirements. ~~All design proposals shall include a full-color, scaled architectural elevation of the front of the building showing the proposed seating areas with the designs as they will look from the street at grade once constructed.~~ Each proposed demarcation design must provide a minimum of 50% transparency to maintain the visibility of the building. ~~The subtle use of greenery in addition to any hardscaping is encouraged to enhance the streetscape.~~ Any proposal not meeting these standards shall require Historic District Commission approval.

IV. ~~Section 7:~~ Relocation and Demolition

HISTORIC DISTRICT COMPATIBILITY MATRIX

| ✓ | ✓ match existing/ original | ✓ commercial/ institutional only | case-by-case | X | X if visible |
|------------|--|--|---|---------------------|-------------------------------------|
| compatible | compatible if new material matches existing or original material | compatible for commercial and institutional buildings only | may be allowed as a new or replacement material but is determined on a case-by-case basis | always incompatible | incompatible if visible from street |

| Material Category | Material | Common Manufacturers | Changes to Existing Buildings | Additions to Existing Buildings | New Construction | Notes |
|-------------------|---------------------------------|--|-------------------------------|---------------------------------|---------------------------------|--|
| Roofing | Asphalt Shingle — 3 Tab | GAF, Owens Corning, Certaineed, Tamko | ✓ match existing/original | ✓ match existing/original | ✓ | 3-tab asphalt shingles are flat, square edge shingles with three tabs on each shingle. They often carry a shorter warranty than more expensive architectural shingles. Standing seam metal and 5V metal are appropriate replacements for asphalt shingles |
| | Asphalt Shingle — Architectural | GAF, Owens Corning, Certaineed, Tamko | ✓ match existing/original | ✓ match existing/original | ✓ | Architectural shingles are much thicker and longer lasting than 3-tab shingles and come in a wide variety of colors and patterns. Often referred to as laminate shingles. Standing seam metal and 5V metal are appropriate replacements for asphalt shingles |
| | Wood Shingle | | ✓ match existing/original | ✓ | ✓ | Wood shingles are made of naturally durable woods like cedar and are available as shingles (regular dimensions) or shakes (rougher with inconsistent dimensions and thicknesses). Wood shingle roofs are found on Colonial, Shingle-style, and Arts and Crafts buildings. |
| | Metal Shingle | | ✓ match existing/original | ✓ match existing/original | ✓ | Metal shingle roofs are increasingly rare. They are commonly found on Victorian houses and bungalows. |
| | Slate Shingle | | ✓ match existing/original | ✓ match existing/original | ✓ | Slate is one of the most durable roofing materials available. It is extremely expensive and requires stout roof framing to support its substantial weight. Match original if possible. |
| | Standing Seam Metal | Union Corrugating, Fabral, McElroy, Pac-Clad | ✓ match existing/original | ✓ | ✓ | Standing seam panels are available painted or galvanized. The panels are attached with hidden clips. Striations between crimps are not permitted. Standing seam is allowed as a replacement material for asphalt shingles. |
| | 5V metal | | ✓ match existing/original | ✓ match existing/original | ✓ | 5V panels are used as a less expensive alternative to standing seam metal. 5V roofs are attached with exposed fasteners. Striations between crimp is not allowed. 5V is allowed as a replacement material for asphalt shingles. |
| | MasterRib | | X | case-by-case | X | |
| | Corrugated Metal | | X | case-by-case | case-by-case | |
| | Tesla Roofing | Tesla | case-by-case | ✓ | ✓ | |
| | Copper Metal | | ✓ match existing/original | ✓ match existing/original | ✓ | Copper roofs are formed as standing seam panels or as flat, seamed and soldered panels on low slope roofs. |
| | Clay Tile | | ✓ match existing/original | ✓ match existing/original | ✓ commercial/institutional only | Clay tiles are durable and long-lasting, but their use is typically limited to Spanish Colonial style architecture. |
| | Single Ply Membrane (TPO, EPDM) | | ✓ match existing/original | ✓ match existing/original | ✓ commercial/institutional only | Membrane roofs are most often used on flat roof commercial and institutional buildings and are typically white or black. *OK on residential flat roofs if not visible. |

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|---------|------------------------------|----------------------|--|--|--|---|
| Windows | Wood | | ✓ match existing/original | ✓ | ✓ | |
| | Aluminum-Storefront | | ✓ case-by-case commercial/institutional only | ✓ case-by-case commercial/institutional only | ✓ case-by-case commercial/institutional only | Aluminum storefront windows are typically found on commercial and institutional structures. Other aluminum windows are case-by-case. |
| | Aluminum-Clad Wood | | ✓ match existing/original | ✓ | ✓ | Allowed as a replacement material for windows that are not character-defining historic windows |
| | Fiberglass-Clad Wood | | X | ✓ | ✓ | Allowed as a replacement material for windows that are not character-defining historic windows |
| | Fiberglass | | X | ✓ | ✓ | Allowed as a replacement material for windows that are not character-defining historic windows |
| | Vinyl | | X | X | X | |
| | Vinyl-Clad Wood | | X | X | X | |
| | Steel | | ✓ match existing/original | ✓ match existing/original | ✓ commercial/institutional only | |
| | MDO Veneers | Simpson Waterbarrier | X | X | X | |
| | Composite or Engineered Wood | Fibrex, CompositWood | case-by-case | case-by-case | case-by-case | Wood/plastic polymer hybrid. Must be smooth side out if permitted. Allowed as a replacement material for windows that are not character-defining historic windows |
| | Glass Block | | case-by-case | case-by-case | case-by-case | |

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|------------------|----------------------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|---|
| Main Entry Doors | Wood | | ✓ match existing/original | ✓ | ✓ | |
| | Steel | | ✓ match existing/original | ✓ commercial/ institutional only | ✓ commercial/ institutional only | |
| | Aluminum-Clad Wood | | ✓ match existing/original | ✓ | ✓ | Allowed as a replacement material for doors that are not character-defining historic doors. |
| | | | | ✗ | ✗ commercial/ institutional-only | |
| | Fiberglass-Clad Wood | Marvin Integrity | ✗ | ✗ | ✓ | Newer prototype for a main entry door. Very unlikely to be used as a replacement material. |
| | Fiberglass | | ✗ | ✗ | case-by-case | |
| | Vinyl | | ✗ | ✗ | ✗ | |
| | Vinyl-Clad Wood | | ✗ | ✗ | ✗ | |
| | Aluminum Storefront | | ✓ commercial/ institutional only | ✗ | ✓ commercial/ institutional only | |
| | All Glass, Non-Metal Frame | | ✓ commercial/ institutional only | ✗ | ✓ commercial/ institutional only | |

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|---------------------|----------------------|--|-------------------------------------|-------------------------------------|-------------------------------------|--|
| Side and Rear Doors | Wood | | ✓ match existing/original | ✓ | ✓ | |
| | Steel | | ✓ match existing/original | ✓ | ✓ | <u>Allowed as a replacement material for doors that are not character-defining historic doors.</u> |
| | Aluminum-Clad Wood | | ✓ match existing/original | ✓ | ✓ | <u>Allowed as a replacement material for doors that are not character-defining historic doors.</u> |
| | Fiberglass-Clad Wood | | ✓ match existing/original | ✓ | ✓ | <u>Allowed as a replacement material for doors that are not character-defining historic doors.</u> |
| | Fiberglass | | ✓ match existing/original | ✓ | ✓ | <u>Allowed as a replacement material for doors that are not character-defining historic doors.</u> |
| | Vinyl | | X | X | X | |
| | Vinyl-Clad Wood | | X | X | X | |
| | Aluminum Storefront | | ✓ commercial/ institutional only | ✓ commercial/ institutional only | ✓ commercial/ institutional only | |

| | | | | | | |
|----------|--------------------|--|---------------------------|--------------|--------------|---|
| Walkways | Brick Pavers | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. Also allowed as replacement material for dirt or gravel. |
| | Natural Stone | | ✓ match existing/original | ✓ | ✓ | Also allowed as replacement material for dirt or gravel. |
| | Poured Concrete | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. Also allowed as replacement material for dirt or gravel. |
| | Concrete Pavers | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. Also allowed as replacement material for dirt or gravel. |
| | Gravel | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. |
| | Chapel Hill Gravel | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. |
| | Chip and Tar | | ✓ match existing/original | ✓ | ✓ | |
| | Asphalt | | ✓ match existing/original | ✓ | ✓ | Riverwalk is an example. Also allowed as replacement material for dirt or gravel. |
| | Stamped Concrete | | case-by-case | case-by-case | case-by-case | Has been used as crosswalk for N.C. Department of Transportation right of way. |

| Material Category | Material | Common Manufacturers | Changes to Existing Buildings | Additions to Existing Buildings | New Construction | Notes |
|--|--------------------|----------------------|-------------------------------|---------------------------------|------------------|--|
| Driveways and Off-Street Parking Areas | Gravel | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are on a case-by-case basis. No gravel is to be located on the portion of the driveway in the right of way. |
| | Asphalt | | ✓ match existing/original | ✓ | ✓ | <u>Also allowed as replacement material for dirt or gravel.</u> |
| | Concrete | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis.. <u>Also allowed as replacement material for dirt or gravel.</u> |
| | Concrete Pavers | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. <u>Also allowed as replacement material for dirt or gravel.</u> |
| | Brick Pavers | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are subject to commission review on a case-by-case basis. <u>Also allowed as replacement material for dirt or gravel.</u> |
| | Chapel Hill Gravel | | ✓ match existing/original | ✓ | ✓ | Natural color only. Tinting/dyes are on a case-by-case basis. No gravel is to be located on the portion of the driveway 10 feet behind the edge of the right of way. |
| | Chip and Tar | | ✓ match existing/original | ✓ | ✓ | |
| | Permeable Pavers | | ✓ match existing/original | ✓ | ✓ | Typically concrete with a diamond or square pattern and grass growing in the openings. <u>Also allowed as replacement material for dirt or gravel.</u> |

| | | | | | |
|----------------------------|--|---------------------------|-------------------|-------------------|---|
| Wood | | ✓ | ✓ | ✓ | No split rail. May be privacy, picket, or post and welded wire. Other designs not listed are on a case-by-case basis. |
| Split Rail | | ✗ case-by-case | ✗ case-by-case | ✗ case-by-case | Not appropriate in Hillsborough's historic district. |
| Wrought Iron/Painted Steel | | ✓ match existing/original | ✓ | ✓ | |
| Woven Wire with Wood Posts | | ✓ match existing/original | ✓ | ✓ | Top and bottom rails are required. |
| Chain-link | | X | X | X | |
| Aluminum | | case-by-case | case-by-case | case-by-case | Typically used for pool fencing. May have other applications. Approved only on a case-by-case basis. |
| Barbed Wire | | X | X | X | |
| Painted Steel | | case-by-case | case-by-case | case-by-case | |
| Vinyl/PVC | | X | X | X | |



PLANNING BOARD STATEMENT OF PLAN CONSISTENCY AND RECOMMENDATION

Request to amend the Historic District Design Standards from
Town of Hillsborough Department of Community Services,
Planning and Economic Development Division
May 16, 2024

WHEREAS, the Town of Hillsborough Planning Board has received and reviewed an application from the Town's Department of Community Services, Planning and Economic Development Division, to amend the town's Historic District Design Standards as follows:

Amend the following sections to a) make the design standards more user-friendly, b) increase flexibility for sustainable energy in the historic district, and c) prevent minor changes from needlessly going to the Historic District Commission for review:

- *Section 1 – Navigating the Historic District Commission Review Process*
- *Section 4 – Masonry; Windows; Sustainability and Energy Retrofit; Utilities*
- *Section 6 – Site Features and Plantings; Fences and Walls; Walkways, Driveways, and Off-Street Parking; Art*
- *Appendices – Glossary of Architectural Terms, Ordinary Maintenance and Repair and Minor Works, Historic District Compatibility Matrix*

WHEREAS, North Carolina General Statute 160D-604 *Planning board review and comment*, paragraphs (b) *Zoning Amendments* and (d) *Plan Consistency*, require that, when considering a proposed text amendment, the Planning Board must advise and comment on whether the amendment is consistent with any adopted comprehensive or land-use plan, and any other applicable, officially adopted plan. The Planning Board must then provide a written recommendation to the Town Board of Commissioners addressing plan consistency and other matters deemed appropriate; and

WHEREAS, UDO §3.7.10 (Planning Board Recommendation) requires the written report be delivered to the Town Board of Commissioners within 30 days of the amendment's initial referral to the Planning Board; and

WHEREAS, after discussion and deliberation on the requested amendment, the Planning Board finds:

1. The proposed amendment **IS/IS NOT CONSISTENT** with the Town of Hillsborough CSP (Comprehensive Sustainability Plan); specifically, the *Social Systems & Public Space* chapter goal to “build and strengthen social cohesion and sense of community through the support and development of arts and culture, events and entertainment, and preservation initiatives in an equitable and sustainable manner.” Strategies: Develop and adopt policies that contribute to meeting social systems and public space goals; and adopt regulations that contribute toward establishing equitable and sustainable social systems and public spaces.

2. The proposed regulations advance identified goals and strategies found in the CSP, and promote the public health, safety, and welfare by making the design standards easier for the public to navigate and by increasing flexibility for sustainable energy in the historic district.

WHEREFORE, upon a motion by _____, seconded by _____, the foregoing was put to a vote of the Board, the results of which vote are as follows:

Ayes:

Noes:

Absent:

NOW, THEREFORE, the Board hereby **RECOMMENDS** that the Town Board of Commissioners **APPROVE/DENY** the requested text amendment.

Frank Casadonte, Chair
Town of Hillsborough Planning Board

Date of signature by Chair: _____