

Public Hearing 2: Conditional District Rezoning: 4118 Market Street (CD-4-126).

Mr. Zac Smith, Planner I, presented an overview of the request for a conditional district rezoning of the property containing 1.26 acres +/- located at 4118 Market Street from RB, Regional Business to MD-17 (CD), High-density multiple dwelling residential, Conditional District for a 76-unit multiple-dwelling development.

Staff noted:

- The subject property is zoned RB, Regional Business, consistent with the surrounding parcels, all of which contain commercial uses.
- The current use is a 76-unit motel that the applicant proposes to convert to 76-residential units, 20 of them being designed as workforce housing for at least 15 years.
- The applicant received variances from the Board of Adjustment to:
 - Increase the allowable density from 36 units per acre to 60 units per acre
 - Reduce the amount of required open space from 20% to 5.1%, and
 - Reduce the required number of parking spaces from 80 to 68 total spaces.
- Staff recommended denial of the proposal citing that open space and amenities are considered essential for residents' quality of life.

When concluding his presentation, Mr. Smith said that if the commission elects to recommend approval, staff recommended additional conditions not outlined in the packet. Those recommended conditions included:

- 1) All residential units within the development shall be designated and maintained as workforce housing for a period of no less than 15 years. All units shall be provided at a minimum 80% of the area median income (AMI) as determined annually by the U.S. Department of Housing and Urban Development, adjusted for household size.
- 2) A sidewalk connection shall be provided between the public sidewalk along Market Street and the building entrance.
- 3) Street trees shall be provided along the Market Street frontage if utilities allow.
- 4) Streetscape landscaping shall be provided within the open space area located between the existing building and Market Street in accordance with City standards.
- 5) The existing pole sign shall be removed. Monument signage shall be installed consistent with Land Development Code requirements.

Commission members asked clarifying questions related to:

- BOA variances
- By-right development options including CDMU and its requirements
- Lack of guidance regarding adaptive reuse
- The additional conditions proposed by staff
- Discrepancy regarding the amount of workforce housing units
- Amenities and open space

At this time, the applicant, Nick Silivanch with Eastern Carolina Commercial Real Estate provided a presentation. He noted:

- Wilmington is experiencing a severe housing affordability crisis, and the applicant emphasizes the need for immediate housing delivery.
- The ownership team has successful adaptive reuse experience, and the goal is to shut down hotel operations and reopen the building as 76 studio apartments, providing housing quickly.
- There are no proposed changes to the building footprint or exterior structure, with the existing hotel rooms already functioning like small apartments, with kitchenettes, sinks, microwaves, hot plates, and desks.
- The location is on a corridor undergoing significant transition, with nearby properties also converting to new uses.
- There are numerous services, including a grocery store, restaurants, a gym, and retail, within walking distance.
- Variances for parking, density, and open space have already been granted. But added that the site constraints limit open-space opportunities.

Commissioners discussed additional points including:

- The number of units proposed and agreed upon for workforce housing and the discrepancy between staff's interpretation and the applicant's proposal.
- Parking counts
- Market rates versus affordable housing rates
- Additional conditions proposed staff.

Mr. Silivanch agreed to conditions 2 through 5 but did not agree to making all of the units workforce housing.

Chairman Lennon opened the public hearing after each Commissioner had concluded their questions. The public hearing was closed as no one was present to speak on the proposed request, and no written comments had been received by staff.

Commissioners discussed the proposed request acknowledging staff's concerns but overall supported the request. They cited the following reasons for supporting the request:

- The applicant agreed to all conditions outlined in the staff report plus the additional conditions related to the sidewalk connection, landscaping, signage change, and 20 units allocated as workforce housing for 15 years.
- Although the unit size may not be ideal, they offer quick, needed housing and naturally affordable rents.
- Building code compliance for converting motel rooms to apartments will be handled by county inspections before occupancy.

However, Commissioner Adams expressed concern about the number of variances needed to comply with the current zoning request, and parking remained a concern of the commission.

Motion and Vote

Commissioner Pollock MOVED to recommend approval of the proposed request with the conditions outlined in the staff report as well as conditions 2 -5 presented by staff at the meeting. The motion was SECONDED by Commissioner Collier and PASSED by a vote of 3-1. Vice-Chair Adams voted no.

DRAFT