THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: February 9, 2021

Subject: A Zoning Map Amendment to Establish a New Hotel Overlay District

Staff Resource(s): Todd Okolichany, AICP, LEED AP ND, Planning & Urban Design Director; Stacy Merten, Principal Planner; Vaidila Satvika, AICP, Urban Planner II

Action Requested: Apply a new Hotel Overlay District (HOD) to certain properties located within the City of Asheville corporate limits.

Project Location and Contacts:

- This is a City-initiated zoning action led by the Department of Planning and Urban Design.

Summary of Petition:

- The Asheville City Council adopted a one year moratorium on hotel development on September 24, 2019, temporarily suspending the processing of new hotel development applications so the City could study community impacts of hotel development and create a more effective development review process.
- The moratorium was extended on September 22, 2020 and is set to expire on February 23, 2021.
- The City contracted with the Urban Land Institute (ULI) to undertake a Technical Assistance Panel (TAP) planning process that included
    - community engagement opportunities;
    - a briefing report (prepared by City staff) of hotel development impacts and trends; and
    - a final written report and presentation by ULI to the community in early 2020.
- Key short-term recommendations identified in the ULI report included the following:
    - Improve predictability and transparency in the hotel development review process
    - Establish where hotels are appropriate in the City
    - Leverage hotel development to achieve community benefits and limit impacts of new hotels
    - Enhance the design of hotels
- The addition of the Hotel Overlay District is necessary to support and effectuate the proposed new standards for hotel development (proposed in concert with this overlay).
- The Hotel Overlay District is mapped with two zones “A” and “B”, identified as follows (for more details see separate City staff report on proposed amendments to the Unified Development Ordinance):
    - Zone ”A” allows all hotels, both small and large, including lodging establishments of 7 or more guest rooms, including extended stay hotels.
    - Zone “B” allows only small hotels, defined as those containing 7-35 guest rooms, including extended stay hotels.
- The Asheville City Council held work sessions on October 13 and October 27 to review the proposed regulations and Hotel Overlay District Map and provide guidance to staff.
- As a result of these work sessions and other input received from the community, City staff has made the following changes to the Hotel Overlay District map:
    - Removed the Asheville Mall from the Hotel Overlay District until new zoning amendments are adopted.
    - Removed the River Ridge Shopping Center.
    - Removed the area east of South Charlotte Street between Woodfin and College Streets from the Hotel Overlay District.

    - Expanded the area for small hotels to include the west side of Coxe Avenue in the South Slope area.
- Planning staff has also evaluated the preliminary findings of mapping Urban Renewal program areas in the City, including possible overlaps with the Hotel Overlay District. Staff will present this information to Council at the public hearing on 2/9/21.

Comprehensive Plan Consistency:
- This proposal aligns with a number of themes within the *Living Asheville Comprehensive Plan* including 'A Livable Built Environment', 'Harmony with the Natural Environment' and a 'Resilient Economy. The following goals are applicable to this zoning amendment:
    - Encourage Responsible Growth (p. 130)
    - Promote Great Architecture & Urban Design to Enhance Placemaking (p. 139)
    - Increase and Diversify Housing Supply (pp. 178-9), develop a comprehensive study of lodging facilities and their impact, and develop new policies
    - Promote the Development and Availability of Affordable Housing and Workforce Housing (p. 182)
    - Implement Green Building Programs (pp. 228-9)
- The proposed Hotel Overlay District also aligns with the land use categories outlined in the comprehensive plan as part of the Living Asheville Future Land Use Map.

Compatibility Analysis:
- The proposed boundaries of the Hotel Overlay District were delineated based on the contextual appropriateness of the identified properties for new hotel development.
- Compatibility is ensured by locating the overlay away from residential areas, neighborhoods that are vulnerable to displacement and by further limiting it to areas where road, transit and other infrastructure is sufficient to support the hotel use.
- The overlay also helps to protect historic areas by limiting the number of rooms in sensitive historic district locations and protects viewshed corridors.

Council Goal(s):
- A well-planned and livable community

Committee(s):
- On 8/13/20 the Asheville Area Riverfront Redevelopment Commission (AARRC) was updated on the hotel development regulations and reviewed the proposal for a combined design review board.
    - Discussion centered around the membership of such a board. AARRC members wanted clarity on this issue before voting (see minutes for more detail).
    - At their meeting on 9/21/20 the commission voted to remove the creation of a new design review board from the proposal, due to concerns about the outdated current guidelines.
    - The AARRC was consulted at their meeting on 11/18/20 and weighed in on the design review committee membership and also provided guidance on the Hotel District Overlay Map.
    - The AARRC chair provided additional comments to staff and the Planning and Zoning Commission prior to the 2/3/21 public hearing, outlining concerns and recommendations pertaining to the design review process.
- On 8/14/20 the Downtown Commission was updated on the hotel development proposal.
    - They voted to recommend that consideration of the hotel development regulations be delayed until such a time that a number of other related tasks could be completed (see minutes for more detail).
    - The Commission was briefed again at their meeting on 11/13/20 and also provided guidance on the Hotel Overlay Map.
- Council's Planning and Economic Development Committee reviewed and commented on the proposal at their meeting on 1/11/21 (see attached minutes).

- On 9/2/20 the Planning and Zoning Commission held a public hearing on the proposed Hotel Development Regulations and Hotel Overlay District, but continued the hearing for further discussion and public engagement.
    - There was additional discussion on 9/23/20 and 11/4/20 and the hearing was subsequently continued.
    - At their meeting on 2/3/21, City staff presented some revisions to the proposed ordinance based on additional public engagement and Council review (see attached Planning and Zoning Commission recommendation).
    - There was discussion regarding the possible conflict of the hotel overlay with urban renewal areas.
    - On 2/5/21 the Planning and Zoning Commission voted to recommend approval of the Hotel Overlay District map amendments (5-1), with the condition that the property located at 185 Clingman Ave. (Grey Eagle property) is removed from the overlay district.

Pro(s):

- Reintroduces hotels as a permitted use in appropriate areas.
- Provides the necessary zoning/regulatory framework to guide hotel development.
- Limits the opportunity for new hotel development in contextually appropriate areas where suitable infrastructure exists to support the development.
- Preserves neighborhood livability and quality of life.
- Protects neighborhoods that are vulnerable to displacement.
- Encourages historic preservation and adaptive reuse.
- Protects viewshed corridors.
- Responds to recommendations by the Urban Land Institute to enhance predictability and transparency in the hotel development review process, establish appropriate areas for new hotels based on several criteria, incentivize community benefits and enhance the design of hotels.

Con(s):

- May inflate the value of some properties located within the overlay.

Fiscal Impact:

- There is no direct fiscal impact.

Suggested Motion:

- I move to approve the zoning action to apply a new Hotel Overlay District and find that the request is reasonable, is in the public interest, is consistent with the City's comprehensive plan and meets the development needs of the community in that it will, 1) encourage responsible growth that aims to control and offset impacts of hotels; 2) limit the geographic extent of hotels to contextually appropriate locations; and, 3) encourage historic preservation and adaptive reuse.

Attachment(s):

- Draft Ordinance - Hotel Overlay District
- Exhibit A1 - Proposed Hotel Overlay Map
- Hotel Moratorium Ordinance (9-24-19)
- Hotel Moratorium Extension Ordinance (9-22-20)
- ULI Technical Assistance Panel (TAP) report
- Hotel Study Briefing Book
- Summary of Survey Results
- Complete Survey Report
- Stakeholder Focus Group Feedback
- Council Work Session 10-13-20
- Council Work Session 10-27-20
- PED Meeting Minutes (1-11-21)
- PZC Minutes (9-2-20)

- PZC Minutes (9-23-20)
- PZC Minutes (11-4-20)
- DTC Meeting Minutes (8-14-20)
- DTC Draft Meeting Minutes (11-13-20)
- AARRC Draft Minutes (8-12-20)
- AARRC Draft Minutes (11-18-20)
- Planning & Zoning Commission Recommendation