THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: February 9, 2021

Subject: Hotel Development Standards Zoning Text Amendment

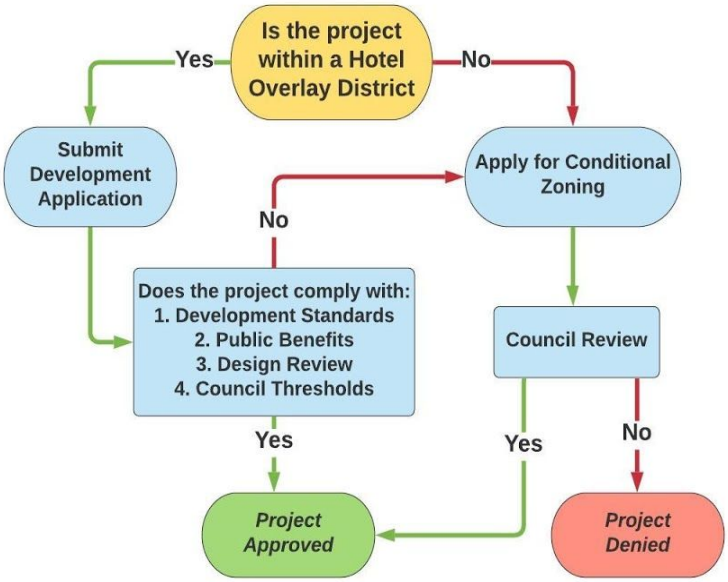
Staff Resource(s): Todd Okolichany, AICP, LEED AP ND, Planning & Urban Design Director; Stacy Merten, Principal Planner; Shannon Tuch, RLA, Principal Planner

Action Requested: Adopt a zoning text amendment to establish new standards for hotel development.

Background:

- 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
- Engagement with the community, City boards and commissions and City Council occurred throughout the planning process and included the following:
    - An in-person community input meeting that included 120+ participants;
    - An online survey with educational video that resulted in more 3,000 comments by nearly 1,200 community members;
    - Meetings with small focus groups;
    - Several meetings with City boards and commissions; and,
    - Two City Council work sessions on October 13 and October 27, 2020.
- Based on the findings of the ULI report, feedback from the community, City boards and commissions and City Council, and continuing staff analysis over the past year City staff proposes wording amendments to Articles II, III V, VIII, IX, and XVII of the Unified Development Ordinance (UDO) to establish new standards for hotel development (see separate City staff report on the Hotel Overlay District).
- The three primary components of the proposed amendments are:
    1. A new **Hotel Overlay District** that prescribes where new hotels may be permitted by-right and that includes new **hotel development requirements** designed to offset impacts and meet key community goals;
    2. A strong incentive to incorporate high priority **public benefits**, such as contributions to a reparations fund and affordable housing; support for Minority- and Women-Owned Business Enterprises; and options for living wages and green building elements; and,
    3. A revised **design review** process that promotes (or preserves) quality architecture and building design, and enhanced placemaking.

- The proposal allows for a staff level review option provided the project is within a new Hotel Overlay District, all development requirements are met, public benefits (such as affordable housing or living wages) are provided, the project receives a positive recommendation from the design review committee and the project is under Council review thresholds, such as hotel with 115 or less rooms, buildings 100 feet high or less and mixed-use hotel buildings where the non-hotel use is 100,000 square feet or less. The new development review process is as follows:



- Other components of the amendment include:
    - Inclusion of additional hotel development standards related to customer drop-off areas, building fenestration, ground floor activation, access requirements and other standards;
    - Consolidation and simplification of conditional zoning expansion districts;
    - Updates to the definitions for large and small hotels, establishing a new threshold for large hotels at 36 or more guest rooms;
    - Updates to the definition of an extended stay hotel and a new definition for a guest room; and,
    - A revised design review process that combines the Downtown Commission and Asheville Area Riverfront Design Review Subcommittees into one joint Design Review Committee. Council has expressed interest in possibly appointing some members to the Committee.

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)

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 development wording amendments (5-1).

Pro(s):

- Limits the opportunity for new hotel development in contextually appropriate areas where suitable infrastructure exists to support the development.
- Includes standards designed to mitigate the impacts of hotels.
- Includes standards and a review process to promote quality architecture and building design, and enhance placemaking.
- Provides a strong incentive to incorporate high priority public benefits and City Council goals (i.e. reparations, affordable housing, living wage, green building, contracting with MWBE, historic preservation, etc.) into a new hotel project.
- Consolidates existing design review processes, establishing a more efficient and organized process.
- Provides a by-right alternative to a rezoning via conditional zoning for hotel development, offering greater certainty, transparency and continuity in the development review process.
- 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:

- A small increase in advertising and related costs associated with an increase in design review applications is expected. Fees for design review are expected to largely offset these costs.

Staff Recommendation:

- Staff recommends approval of the proposed zoning text amendment establishing new development standards and review processes for hotel development because it:
  - aligns with numerous goals of the *Living Asheville Comprehensive Plan*,
  - aligns with the recommendations of the ULI TAP planning process and community desires to limit the impacts of hotel development and incorporate public benefits into new development, and
  - supports Council goals related to reparations, affordable housing, sustainability and equity.

Suggested Motion:

- I move to approve the proposed wording amendments to Articles II, III V, VIII, IX, and XVII of the UDO and find that the proposed amendments are reasonable, are in the public interest, are consistent with the City's comprehensive plan and meets the development needs of the community in that the amendment will, 1) responsibly manage the growth of new hotels; 2) offset impacts of hotels by incentivizing the provision of public benefits into new hotel development projects; 3) promote quality architecture, building design and placemaking; and, 4) provide a clear and transparent development review process for hotels.

Attachment(s)

- Draft Ordinance - Hotel Development Standards
- Draft Ordinance - Updated Table of Uses
- 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 (9-21-20)
- AARRC Draft Minutes (11-18-20)
- Planning & Zoning Commission Recommendation