



STAFF REPORT

Town of Nags Head

Planning & Development Department

To: Planning Board

From: Kelly Wyatt, Planning Director
Joseph Costello, Deputy Planning Director

Date: June 14, 2024

Subject: Consideration of various text amendments to the Unified Development Ordinance as it relates to Multi-Family Development.

The Planning Board developed a draft multi-family development ordinance over the course of eight months in 2023. The draft ordinance was presented to the Board of Commissioners during the February 7th Board of Commissioners meeting. A Multi-Family Housing Working Group was subsequently established to further develop the draft ordinance. Over the months of March, April, and May, the Multi-Family Housing Working Group had four meetings where they worked towards creating an ordinance that both protected the character of Nags Head while looking to increase workforce housing stock without increasing the stock of short-term rentals.

In summary, the Planning Board's draft ordinance included two categories of multi-family dwellings, "large" and "small". Both would only be permissible in the C-2 General Commercial Zoning District adjacent to US 158 and would require approval through the special-use permit process. The minimum lot area proposed for a large multi-family development is 26,000 sq. ft., with a minimum lot width of 150 feet. The minimum lot area proposed for the small category is 16,000 sq. ft. and there was no minimum lot width proposed. The Planning Board's proposed unit sizes were a minimum of 800 sq. ft. and a maximum of 1,750 sq. ft. for both categories. For the small multi-family category, there is a maximum density of six units per development. Three units are allowed with the first 16,000 square feet of lot area, with 3,500 square feet required for each additional unit. For the large multi-family category, there is a maximum density of 60 units. Three units are allowed with the first 26,000 square feet of lot area, with 4,500 square feet required for each additional unit. Townhome style development was recommended for the large multi-family development category, while both apartment and townhome style were recommended for the small multi-family development category. The Planning Board's draft ordinance recommended that all multi-family dwellings meet the requirements of Article 10, Part VI, Commercial Design Standards.

The draft ordinance from the Multi-Family Working Group maintains the two categories of multi-family dwellings as proposed by the Planning Board. Large multi-family developments would only be permissible in the C-2 General Commercial Zoning District adjacent to US 158, while the small category of multi-family developments would be permissible anywhere in the C-2 General Commercial Zoning District. In the working group's proposed ordinance, only the large category would be required to go through the special use permit process with the small category being approved administratively by staff, similarly to that of Large Residential Dwellings. The minimum lot area for the large multi-family development is proposed to remain at 26,000 sq. ft and with the minimum lot width of 150 feet. The working group's proposed minimum lot area for the small category is 15,000 sq. ft. as opposed to the Planning Board's recommended 16,000 square feet. While 16,000 square feet is the minimum lot area required for the development of a Large Residential Dwelling, the minimum required lot size within the R-3, High Density Residential Zoning District is 15,000 square feet. The minimum unit sizes for both categories have been proposed to be reduced from the Planning Board's recommended 800 square feet to 500 sq. ft. while keeping the maximum unit size of 1,750 sq. ft. It was the consensus of the working group to reduce the minimum unit size to 500 square feet after reviewing several other types of workforce housing developments within Dare County and nearby areas where 500 sq. ft. appeared to allow for adequate and comfortable living space for a one bedroom/studio scenario. For both the small and large development categories, minimum unit sizes are further regulated based upon the number of bedrooms. A studio/one bedroom unit must be at least 500 sq. ft., a two-bedroom unit must be at least 700 sq. ft. and a three-bedroom unit must be at least 1,000 sq. ft. It was the consensus of the working group that a development of all one-bedroom units would not be desirable so a provision stating that no more than 60% of the total units shall be from any size/bedroom category. With this, a developer would have more flexibility in designing their project while offering a variety of unit sizes.

The Planning Board's recommended ordinance did not specify a maximum building size, beyond what is regulated in the UDO under Section 10.86.2.2 which limits the area of buildings along five-lane roadways to 20,000 square feet. It was the consensus of the working group to recommend limiting the maximum building size for large developments to 10,000 square feet. Small multi-family developments would have a maximum size of 5,000 sq. ft. The working group ordinance also recommends that both large and small multi-family developments may consist of both apartment and townhome style development. With regard to density, the small multi-family category proposes a maximum density of six units per development. Four thousand (4,000) square feet of land area would be required per unit. For the large multi-family development category, there is a maximum limit of 75 units and density will be regulated using a floor area ratio. Floor Area Ratio means the quotient resulting from division of the gross floor area of all buildings on a lot by the area of the lot. FAR is expressed as decimal number and derived by dividing the total area of the building by total area of the

parcel. Currently the Town has an effective floor area ratio for Large Residential Dwellings of .32.

$$5,000 \text{ sf maximum building area} / 16,000 \text{ min. lot size} = 0.32$$

After working through several different scenarios, it was consensus of the working group to recommend that a floor area ratio of .32 sq. ft. be applied to large multi-family developments. Large multi-family dwelling buildings shall meet the requirements of Article 10, Part VI, Commercial Design Standards whereas small multi-family developments must meet the design requirements for a large residential dwelling.

Common elements within both ordinances:

- Deed restrictions required for long term occupancy and workforce housing requirements
- Long-term occupancy considered 90 days or more
- 55% maximum lot coverage
- Allowed to have accessory structures
- Have a maximum height of 35 feet/ 42 feet with desirable roof pitch and must meet architectural design requirements.

Other elements to be considered in the future include:

- the enforcement of deed restrictions which will depend on how a project is proposed (rental vs. ownership).
- Allowing multi-family within existing commercial development
- Duplex development

Staff have included in your packet a draft set of amendments with the Planning Board recommended language provided in blue text, and the Multi-Family Working Group recommended language provided in red text. This will hopefully aid in the comparison of both sets of recommended language.

All minutes and agendas from the working group's meetings can be viewed here:

<https://www.nagsheadnc.gov/1108/Multi-Family-Working-Group>.

Staff will provide the Planning Board with a brief presentation on the proposed changes at their June 18th, 2024 meeting.