



AGENDA

TOWN OF NAGS HEAD
NAGS HEAD MUNICIPAL COMPLEX – CONFERENCE ROOM – 2nd Floor
MONDAY, APRIL 15th 2024, 10 AM

Multi-Family Working Group – Meeting #2

A. CALL TO ORDER

B. REVIEW OF MINUTES

Attachments:

Draft Minutes 3/25/2024 Multi-Family Working Group

C. PRESENTATION FROM PLANNING BOARD RE: LOTS AVAILABLE FOR MF DEVELOPMENT/DENSITY

Attachments:

Presentation from 8/15/2023 Planning Board Meeting

D. DISCUSSION OF FINANCIAL CONSIDERATIONS RE: ORDINANCE STANDARDS

Attachments:

Notes from call w/ Bobby Harrell

E. NEXT STEPS/NEXT MEETING

F. ADJOURNMENT



DRAFT MINUTES
TOWN OF NAGS HEAD
MULTI-FAMILY WORKING GROUP
MONDAY, MARCH 25, 2024
(Meeting #1)

A. CALL TO ORDER

The meeting was called to order at 10 am; Town Manager Garman provided background information and initial thoughts.

B. WELCOME AND INTRODUCTIONS

Members Present:

Comr. Kevin Brinkley and Comr. Megan Lambert
Planning Board members Meade Gwinn and Molly Harrison
TW's Bait & Tackle business owner Chris Greening
Outer Banks Association of Realtors Government Affairs representative Donna Creef
Outer Banks Homebuilders Association representative Duke Geraghty

Members Absent:

Old Nags Head Place resident Basil Belsches

Staff Present:

Town Manager Andy Garman
Planning Director Kelly Wyatt
Town Clerk Carolyn F Morris

A handout was distributed to attendees entitled *Table 7-1: Requirements for Multi-Family Dwellings* which is attached to and made a part of these minutes.

C. BACKGROUND/REVIEW OF WORKING GROUP CHARGE

Town Manager Garman summarized his *Background* slide as follows:

- In late 2022 the Town adopted a moratorium and subsequently eliminated multi family; multi family was no longer allowed in the new C-2 District.
- Board of Commissioners and Planning Board members held a joint workshop to discuss the possibility of providing multi-family options. It was Board consensus to consider multi family. A Draft ordinance was prepared by the Planning Board and presented to the Board of Commissioners.
- The Board of Commissioners wanted further review of the Draft ordinance followed by a recommendation from the Working Group to return by June 2024.

Town Manager Garman summarized the Town zoning map and districts. He also reviewed the Working Group charge, approved by the Board of Commissioners as follows:

- To consider the draft multi-family ordinance written by the Planning Board.
- To preserve the intent of the ordinance, to protect the character of Nags Head, and to provide new alternatives for workforce/long-term housing without increasing the stock of short-term rentals.
- To evaluate conditions/standards which would render such projects unfeasible due to financing, construction, configuration, or management.
- To suggest additional measures that would achieve the aforementioned goals.

D. REVIEW OF DRAFT ORDINANCE AND PLANNING BOARD'S MAJOR CONSIDERATIONS

Planning Director Kelly Wyatt reviewed the draft Planning Board ordinance; two categories were created – Small and Large multi-family categories.

Mr. Greening questioned the 800 square foot minimum structure; he feels that a smaller unit size that employees could live in, by themselves, would be preferable to a larger unit shared with others. Ms. Wyatt stated that while 800' has been the minimum, this can be reviewed.

Mr. Geraghty felt this seemed small for a unit for the return of only six units; Ms. Creef said that an opportunity to keep a lot size of 15,000 square foot for all as a minimum would be beneficial and provide some consistency. Ms. Creef also noted that due to the changes to GS 160D, once you hit five bedrooms, commercial standards apply.

Mr. Greening questioned what is affordable housing and what is the exact purpose of the Working Group; Manager Garman said that the focus was on work-force housing and long-term rentals. The main reason for the Working Group is to review in detail the proposed Planning Board multi-family ordinance. Comr. Brinkley pointed out that while we can't solve the problem, we can do something about it.

Mr. Greening felt that if business owners can work together on a development they can somewhat govern who rents them out since the ordinance focuses on work force housing for local businesses. He pointed out that the Planning Board review indicated eight vacant lots in Town that could be used for housing and many more that could be redeveloped to be work force housing.

Ms. Wyatt summarized the Draft Planning Board Ordinance re: deed restrictions and architectural design. From the Board/Planning Board Joint Workshop, it was consensus that townhouse style development was preferred:

- Townhouses generally have fewer shared walls and offer more privacy than apartments, more home-like environment.
- Townhouse developments can offer more diverse architectural designs, maintaining the character of the surrounding areas.
- Townhouse development is generally not as dense as apartment style development.
- Townhouse development fosters a sense of community, residents have their own entrances, outdoor spaces, etc.

The Ordinance precludes apartment style development for Large Multi-Family. Apartments would be allowed in the Small Multi-Family category as both a principal and accessory use.

There was discussion of businesses having their commercial business downstairs with upstairs residential units – This is usually found in much older buildings. Manager Garman said that mixed use standards can be further examined.

E. DISCUSSION

Ms. Creef said that if a project meets all lot coverages, setbacks, etc. then the Town should be able to approve it – a smaller project such as one structure on one piece of property for four units. But when you open up the requirement for a Special Use Permit, then it is more cumbersome and difficult to go through the scrutiny of adjacent lots, etc. She said that what the Town is trying to do is admirable but it needs to be simplified/tightened – for the smaller units – to make it easier to go through the Town review and approval process.

Comr. Brinkley agreed stating that the Special Use Permit process could be removed for the smaller projects. This is for a residential use in a commercial district and applicants shouldn't have to go through the Planning Board and the Board of Commissioners review processes if all of the required boxes are checked. He expressed his concern about the Town's character and that Nags Head not turn into other areas with more congestion/density.

Comr. Brinkley questioned if there are contractors/developers that could come in and talk to the working group; Manager Garman said he would put together a presentation at the next meeting that would include a review of costs.

F. NEXT MEETING

The next meeting was scheduled for **Monday, April 15, 2024 at 10 am** in the same location – the Town Hall Conference Room. Draft minutes from today's meeting and an agenda will be forwarded to members.

In response to Comr. Lambert, Manager Garman is to look into bringing someone from the building development community to speak at the next working group meeting.

G. ADJOURNMENT

The meeting adjourned at 11:35 a.m.

Multi-family dwelling units are permitted in accordance with Section 6.6, Table of Uses and Activities, provided that the following additional requirements and conditions are met:

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS				
	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
Min. Lot Width for Multi-Family Site	150 feet	No minimum		150 feet
Min. Site Area in Uplands	26,000 square feet	16,000 square feet		No min. site area, just 26,000 for first 3 units.
Location of Multi-Family Site	Properties with frontage on US Hwy 158 only.	Properties with frontage on US Hwy 158 only.		C-2 and SPD-20
Setbacks	All buildings shall be setback a minimum 35 feet to all property lines.	All buildings shall meet the minimum setbacks: Front: 30 feet Side: 12 feet or 15 feet for corner lots Rear: 20% lot depth not to exceed 30 feet.		Minimum 35 feet to all property lines.
Location of dwelling structure	No dwelling structure established as part of a multi-family development shall be situated on a site so as to face/front the rear of another dwelling structure within the development or on an adjoining property.	No dwelling structure established as part of a multi-family development shall be situated on a site so as to face/front the rear of another dwelling structure within the development or on an adjoining property.		Not specified.

MF D14
 WK Group
 3/25/2024

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS

	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
<u>Density</u>	<u>Minimum 26,000 square feet for first three units; 4,500 square feet of additional lot size for each additional unit</u>	<u>Minimum 16,000 square feet for the first three units; 3,500 square feet of additional lot size for each additional unit.</u>		Minimum 26,000 square feet for first three units; 3,500 square feet of additional lot size for each additional unit (optional - only 3,000 square feet of additional lot size is required if 20% of units are considered affordable - see definition in Appendix A).
<u>Maximum number of units</u>	<u>60 dwelling units</u>	<u>6 dwelling units.</u>		No maximum
<u>Number of dwelling units per townhome structure</u>	<u>6 dwelling units.</u>	<u>No maximum.</u>		No maximum
<u>Height</u>	<u>Maximum of 35 feet, may be increased to 42 feet with the use of an 8:12 roof pitch or greater. Additionally, no building shall exceed three (3) habitable floors.</u>	<u>Maximum of 35 feet, may be increased to 42 feet with the use of an 8:12 roof pitch or greater. Additionally, no building shall exceed three (3) habitable floors.</u>		40 feet to top plate or roof panel to original grade or finished grade, whichever is the greatest distance. Total height shall not exceed 47 feet. Area above top plate shall not be habitable (unoccupied except for structure or mechanical appurtenance).

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS

	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
<u>Open Space</u>	50% of side yards to remain as open space.	50% of side yards to remain as open space.		50% of side yards to remain as open space
<u>Lot Coverage</u>	55%	55%		55%
<u>Deed Restrictions</u>	All multi-family dwelling units within a multi-family development shall be deed restricted for long-term occupancy/tenancy. No less than 60% of all units shall be deed restricted for workforce housing.	All multi-family dwelling units in a multi-family development shall be deed restricted for long term occupancy/tenancy and workforce housing.		Deed restrictions not required.
<u>Unit Size</u>	Minimum 800 square feet. Maximum 1,750 square feet.	Minimum 800 square feet. Maximum 1,750 square feet.		Minimum 800 square feet.
<u>Buffer</u>	In addition to the buffering requirements included in the Commercial Design Standards, a minimum 10-foot-wide commercial transitional protective yard shall be provided consistent with Section 10.93.3.2 and 10.93.3.3 of the UDO.	In addition to the buffering requirements included in the Commercial Design Standards, a 10-foot-wide commercial transitional protective yard shall be provided consistent with Section 10.93.3.2 of the UDO.		In addition to the buffering requirements included in the Commercial Design Standards, a 10-foot wide commercial transitional protective yard shall be provided adjacent to any street right-of-way.
<u>Architectural Design Requirement</u>	All multi-family dwelling buildings, regardless of size, shall go through the Sketch	All multi-family dwelling buildings, regardless of size, shall go through the Sketch Plan		Commercial Design Standards within UDO.

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS

	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
s	<p>Plan process as outlined in Section 10.84 of the UDO.</p> <p>Multi-family dwelling buildings shall meet the requirements of Article 10, Part VI, Commercial Design Standards.</p> <p>In addition, all multi-family dwelling buildings shall incorporate building design variations such as varying stories and habitable area.</p>	<p>process as outlined in Section 10.84 of the UDO.</p> <p>Multi-family dwelling buildings shall meet the requirements of Article 10, Part VI, Commercial Design Standards.</p> <p>In addition, all multi-family dwelling buildings shall incorporate building design variations such as varying stories and habitable area.</p>		
<u>Building Separation</u>	<p>40 feet; a sidewalk or boardwalk constructed to provide a grade separation from vehicular traffic of at least six inches shall connect all principal buildings on the site. Separate buildings shall be connected with pedestrian passageways that are striped when crossing traffic lanes.</p>	<p>Buildings shall be separated from one another by a minimum of ten feet, including projections. Separate buildings shall be connected with pedestrian passageways that are striped when crossing traffic lanes.</p>		<p>40 feet; a sidewalk or boardwalk constructed to provide a grade separation from vehicular traffic of at least six inches shall connect all principal buildings on the site. Separate buildings shall be connected with pedestrian passageways that are striped when crossing traffic lanes.</p>

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS

	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
<u>Accessory Uses</u>	<p>Management/sales office, not including a trailer, provided that the management office shall be included as a permanent structure in the project's design or may occupy one of the dwelling units.</p> <p>A management/sales office may include, within the particular project, spaces for maintaining supplies, service products and amenities to be used in connection with the units within the project. There shall be sanitary facilities available for customers and employees.</p> <p>Shed.</p> <p>Pool (only one pool per development),</p> <p>Walls and Fences.</p> <p>Private Park/Playgrounds.</p>	<p>Shed.</p> <p>Pool (only one pool per development).</p> <p>Walls and Fences. Private Park/Playgrounds</p>	<p>Multi-family allowed as accessory mixed use only.</p>	<p>Management/sales office, not including a trailer, provided that the management office shall be included as a permanent structure in the project's design or may occupy one of the dwelling units.</p> <p>A management/sales office may include, within the particular project, spaces for maintaining supplies, service products and amenities to be used in connection with the units within the project. There shall be sanitary facilities available for customers and employees.</p>
<u>Outdoor Amenity Area/Common Area</u>	<p>An area designated on the site plan for multi-family development as "common area" or as an area to be held</p>			<p>Not required</p>

TABLE 7-1: REQUIREMENTS FOR MULTI-FAMILY DWELLINGS

	Large Multi-Family C-2	Small Multi-Family C-2	C-1	Prior Multi-Family
	<u>in separate ownership for the use and benefit of residents occupying the dwelling units shown on such plan provided that it is conveniently accessible to all residents of the development.</u>			



Multi-Family Dwelling Discussion

August 15, 2023

Updated April 11, 2024 for MF Working Group

Proposed Dimensional Standards

- Within the C-2 General Commercial Zoning District
- Only on lots adjacent to US Highway 158.
- Minimum Lot Width of 150 feet.
- Minimum Lot Area 26,000 square feet of uplands.
- Minimum Setback of 35 feet from all property lines except in the case of CAMA setbacks, more stringent prevails.
- 26,000 square feet uplands required for the first 3 units; 3,500 square feet require for every unit thereafter.

Vacant Properties that meet this criteria include....

Units in Red represent density based upon 3,500 sf/unit

Units in Blue represent density based upon 4,500sf/unit

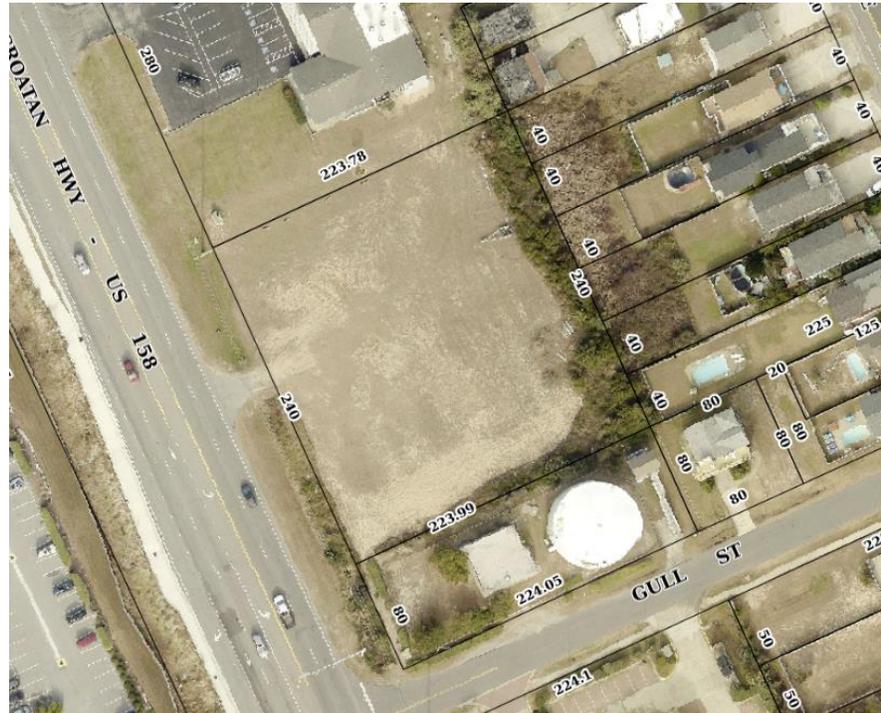
7127 S. Croatan Highway (Gray Eagle and 158)
27,000 square feet = 3 units/3 units



7025 S. Croatan Highway (south of Dunes Restaurant)

6 underlying lots

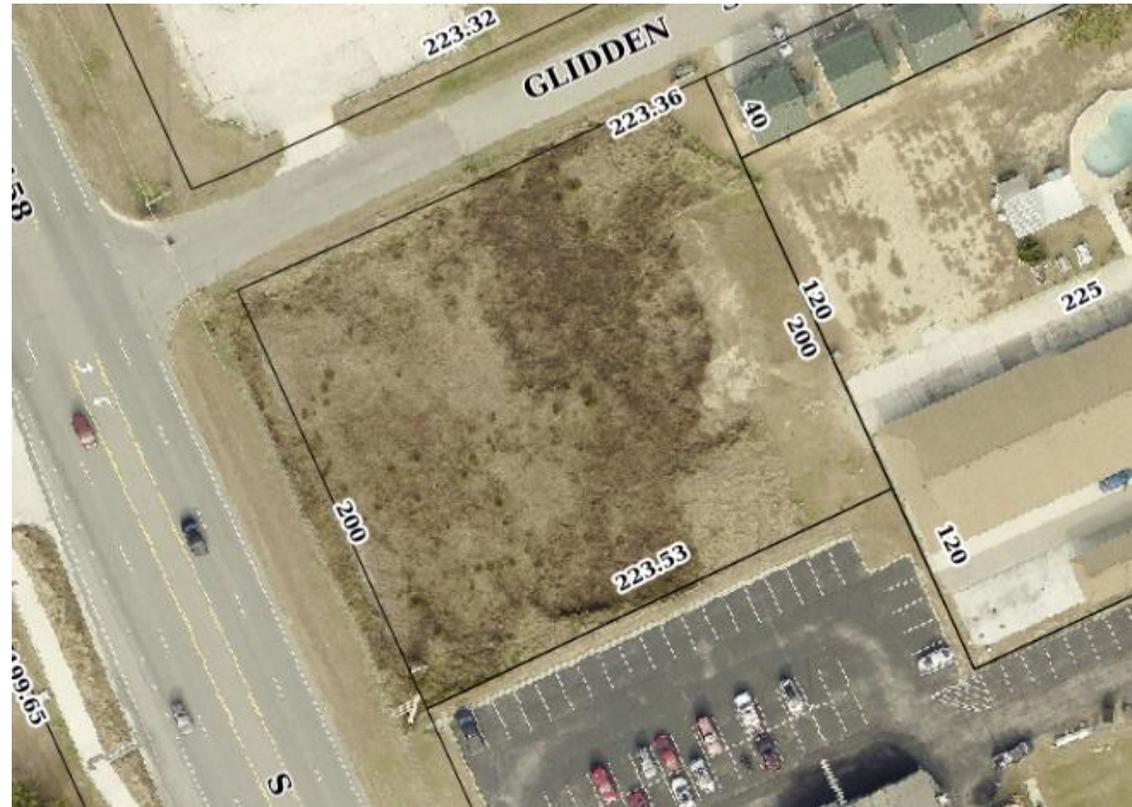
54,000 square feet = 11 units/9 units



7001 S. Croatan Highway (corner 158 and Glidden)

5 underlying lots

44,500 square feet = 8 units/7 units



6933 S. Croatan Highway (former gas station/limo)

6 underlying lots

54,000 square feet = 11 units/9 units



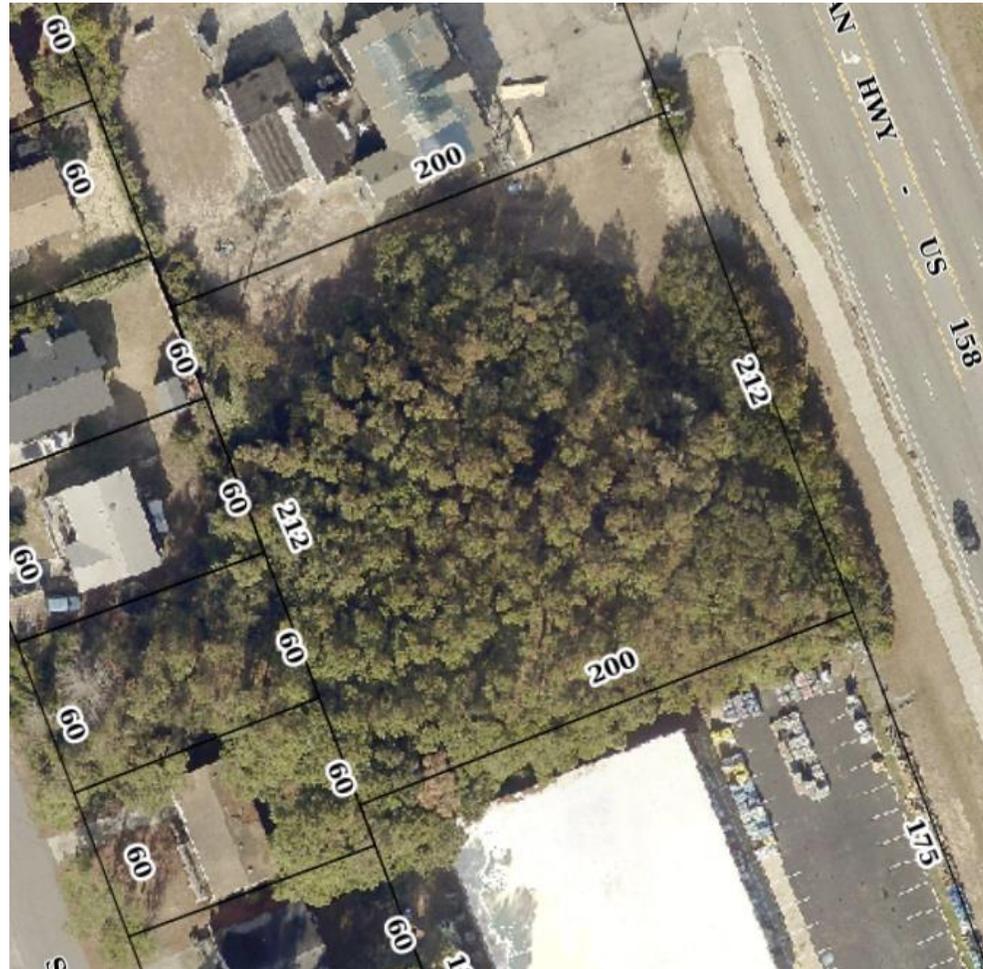
6919 S. Croatan Highway
5 underlying lots
44,500 square feet = 8 units/7 units



2922 S. Croatan Highway (corner of 158 and Blue Jay)
39,000 square feet = 6 units/5 units



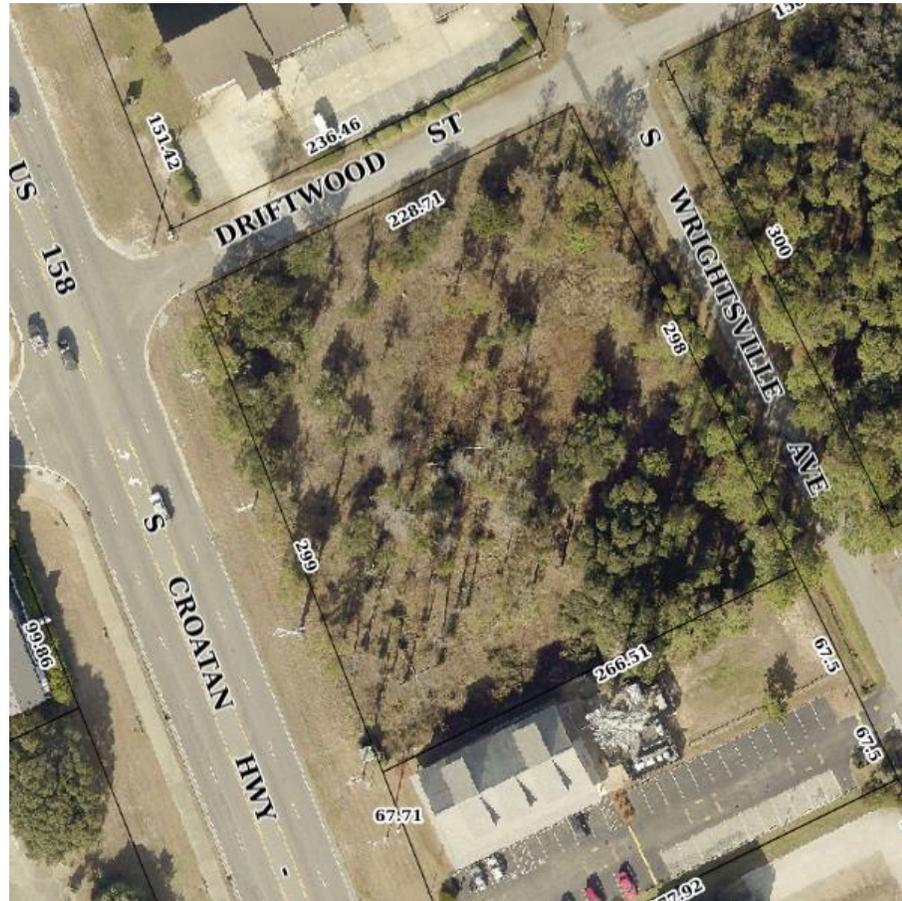
2714 S. Croatan Highway
42,500 square feet = 7 units/6 units



2309 S. Croatan Highway (north Christmas Mouse)

3 underlying lots

76,000 square feet = 17 units/14 units

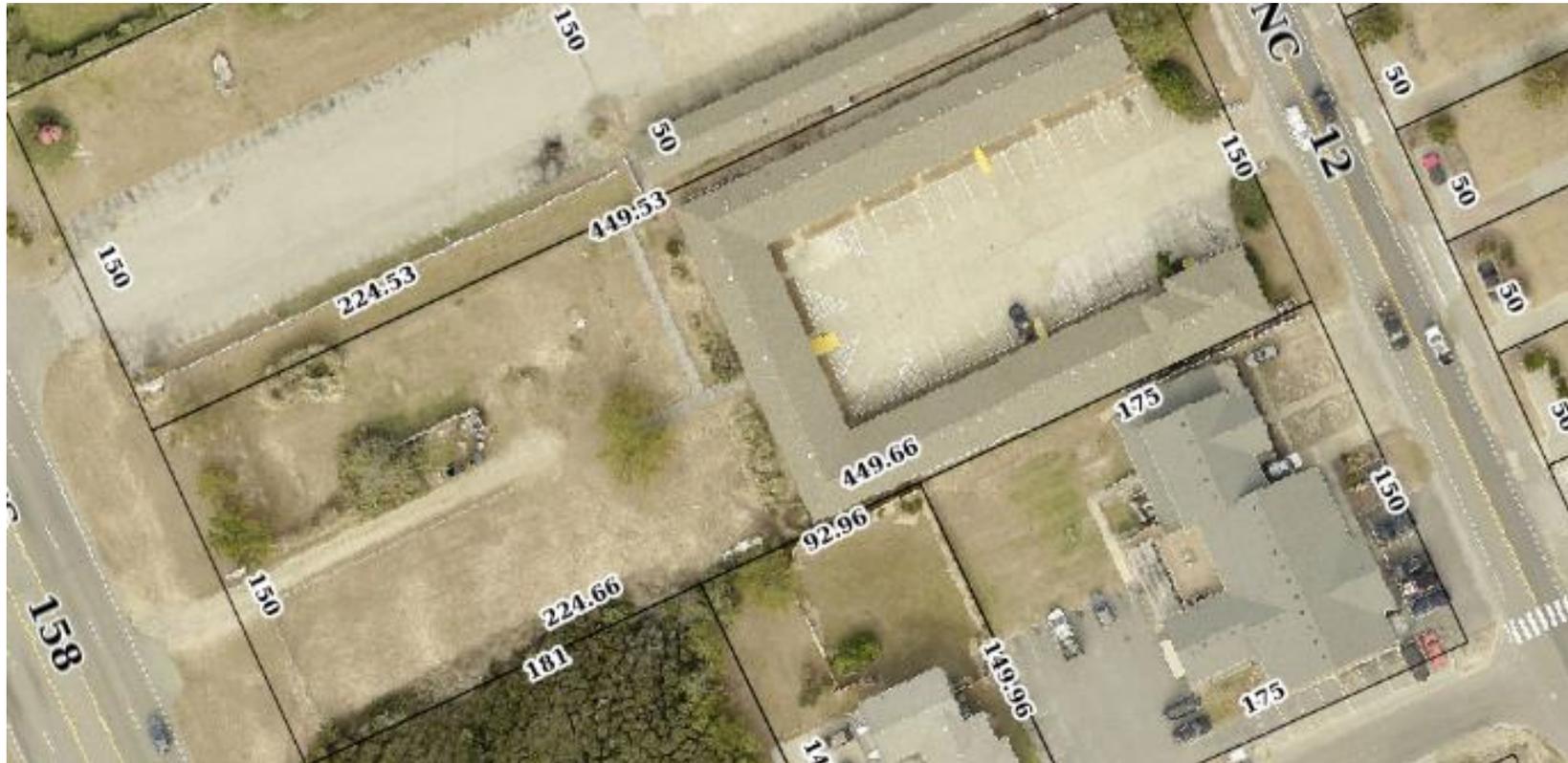


Developed Properties that
meet this criteria...

7122 S. Virginia Dare Trail – Owens Motel

Dual Frontage, 6 underlying lots

68,000 square feet = **15 units**/**12 units**



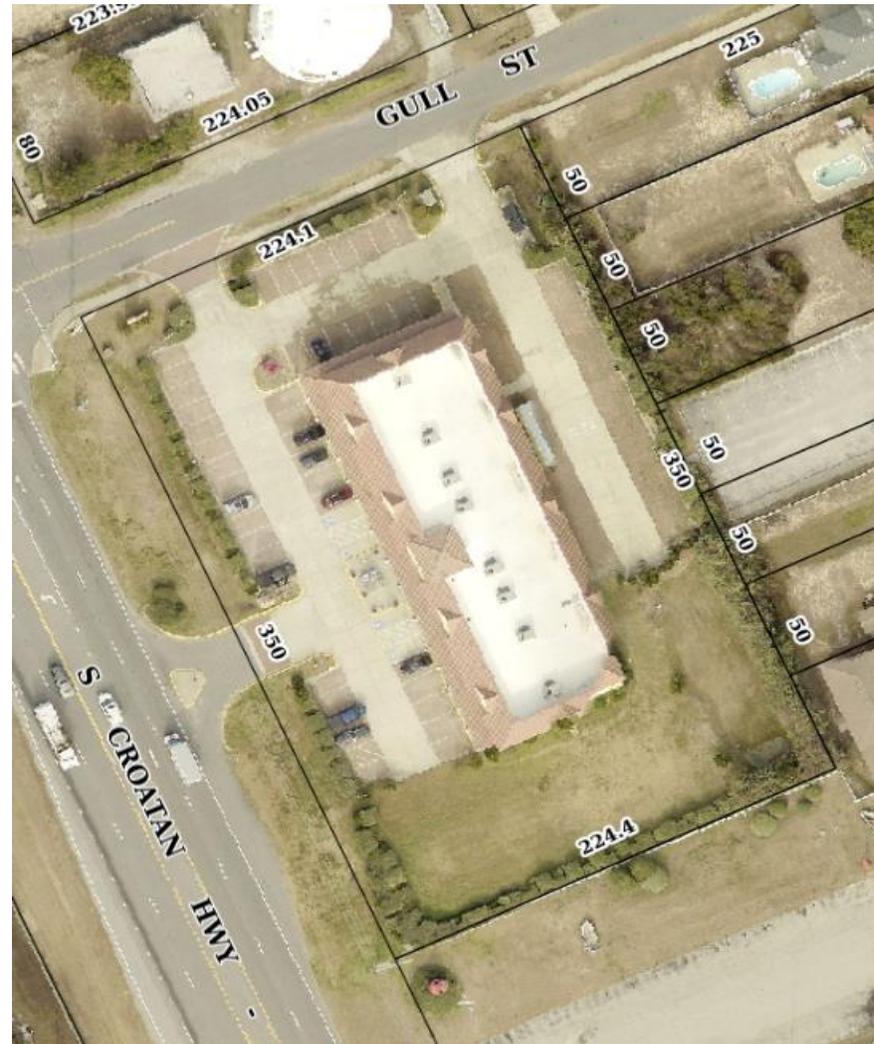
7114 S. Virginia Dare Trail – Owens Restaurant

Dual Frontage, 7 underlying lots

78,500 square feet = **18 units**/**14 units**



7107 S. Croatan Highway – Wings
78,000 square feet = 18 units/14 units



6926 S. Croatan Highway – Jurassic Putt

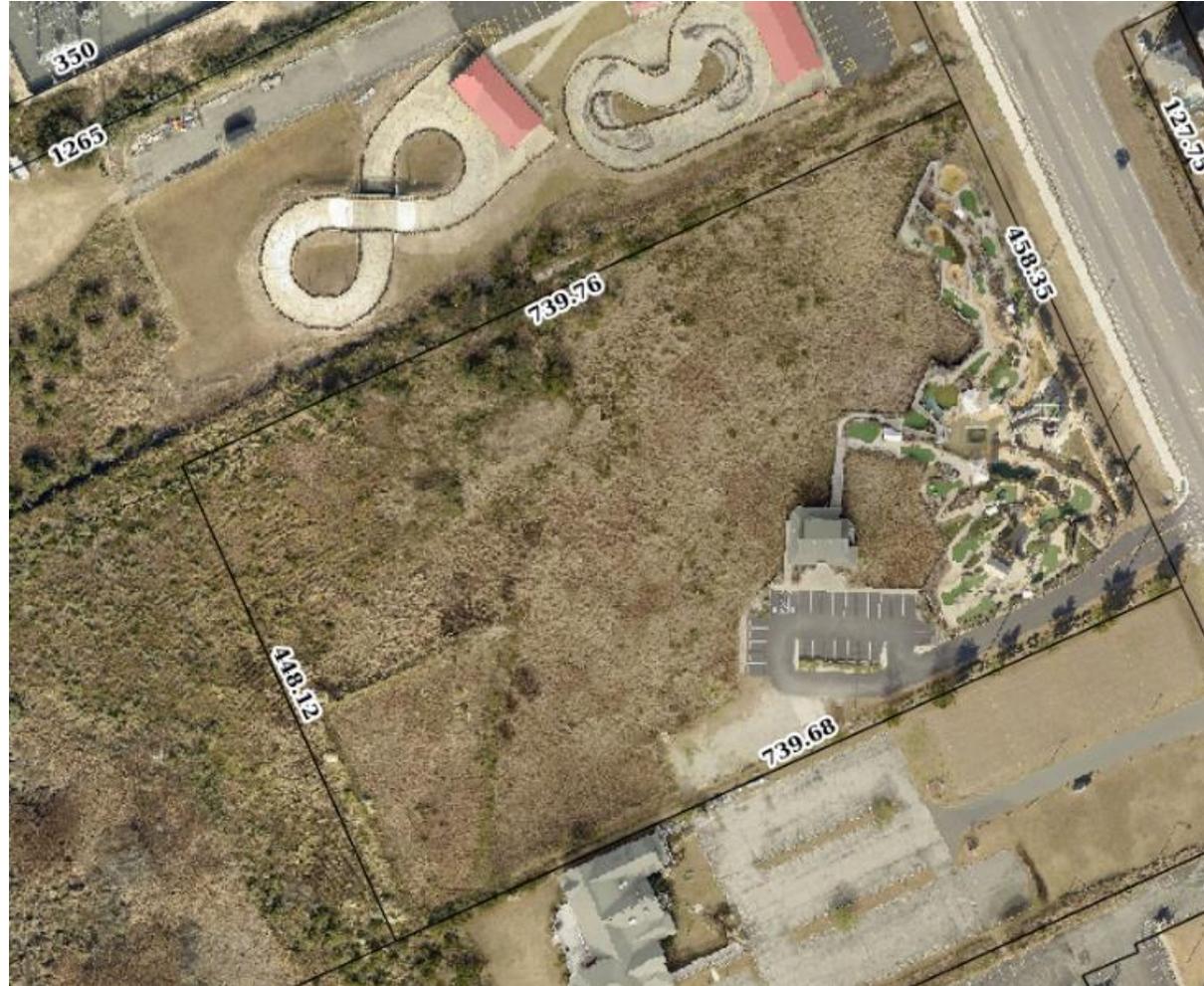
7 underlying lots

118,000 total square footage = 29 units/23 units

54,000 uplands SF = 11 units/9 units



6704 S. Croatan Highway – Mutiny Bay Putt Putt
334,976 square feet = 91 units/71 units

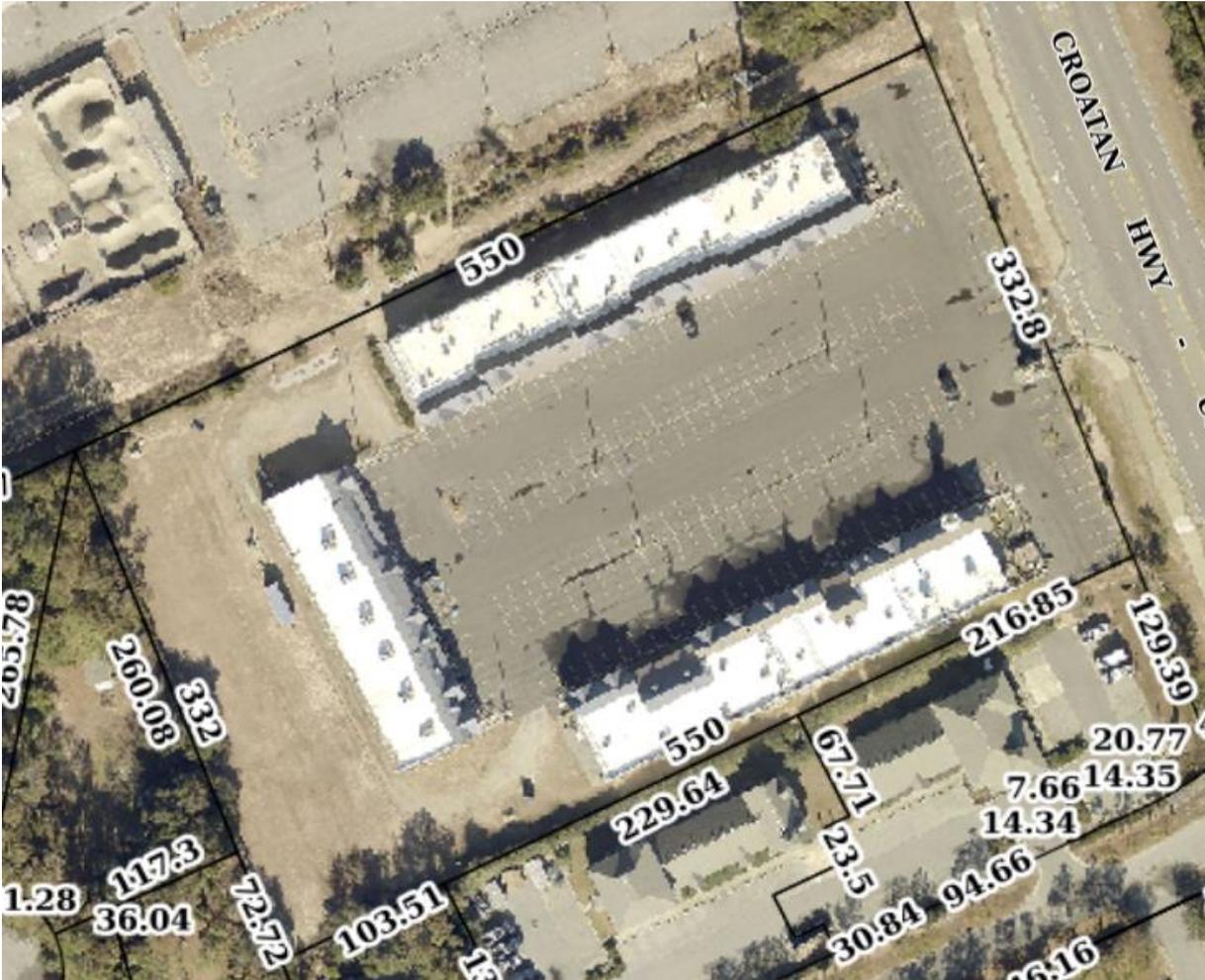


101 E. Dowitcher Street – Sound Vet
27,000 square feet = 3 units/3 units



3022 S. Croatan Highway – Pirates Quay Center

181,501 square feet = 47 units/37 units

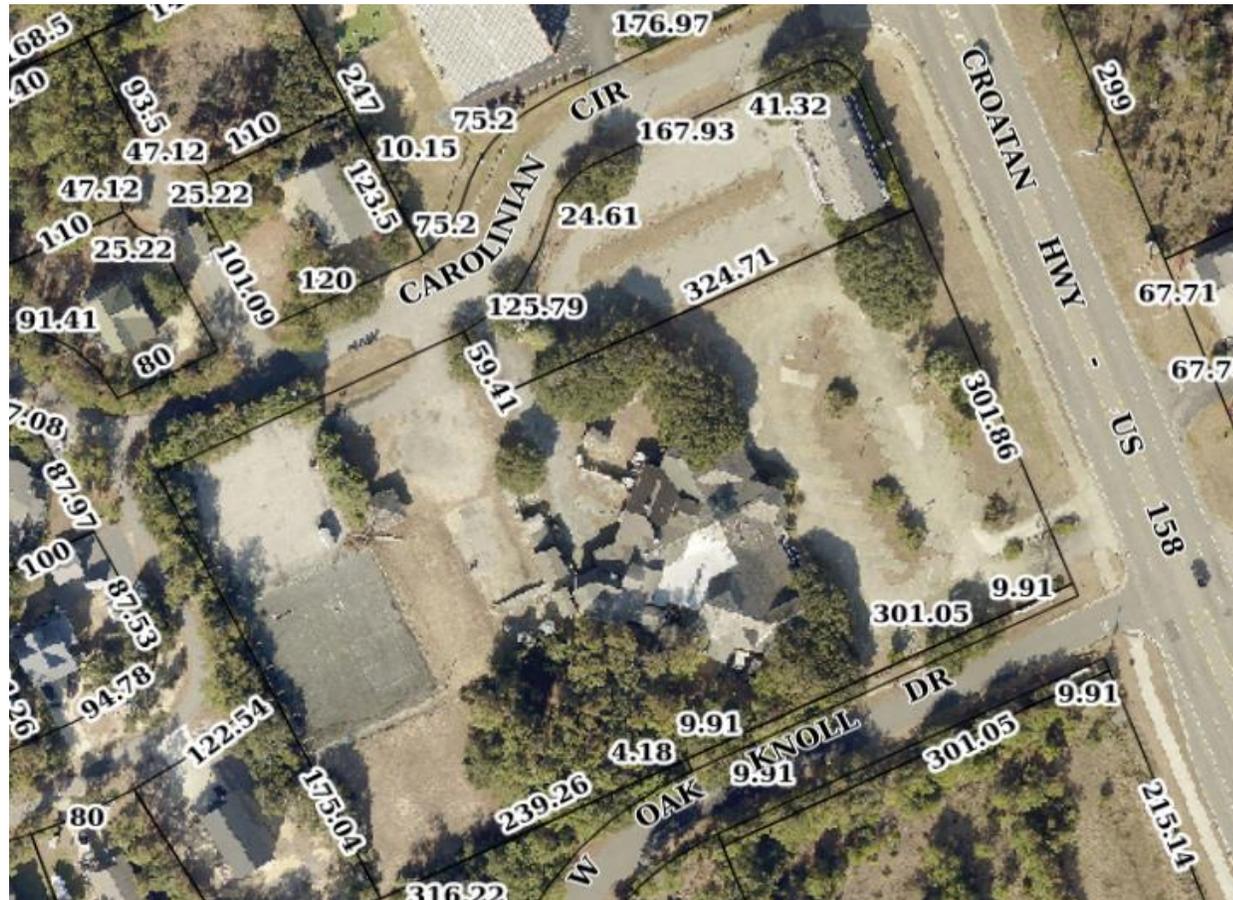


2808 S. Croatan Highway – DMV Center

86,5000 = 20 units/16 units

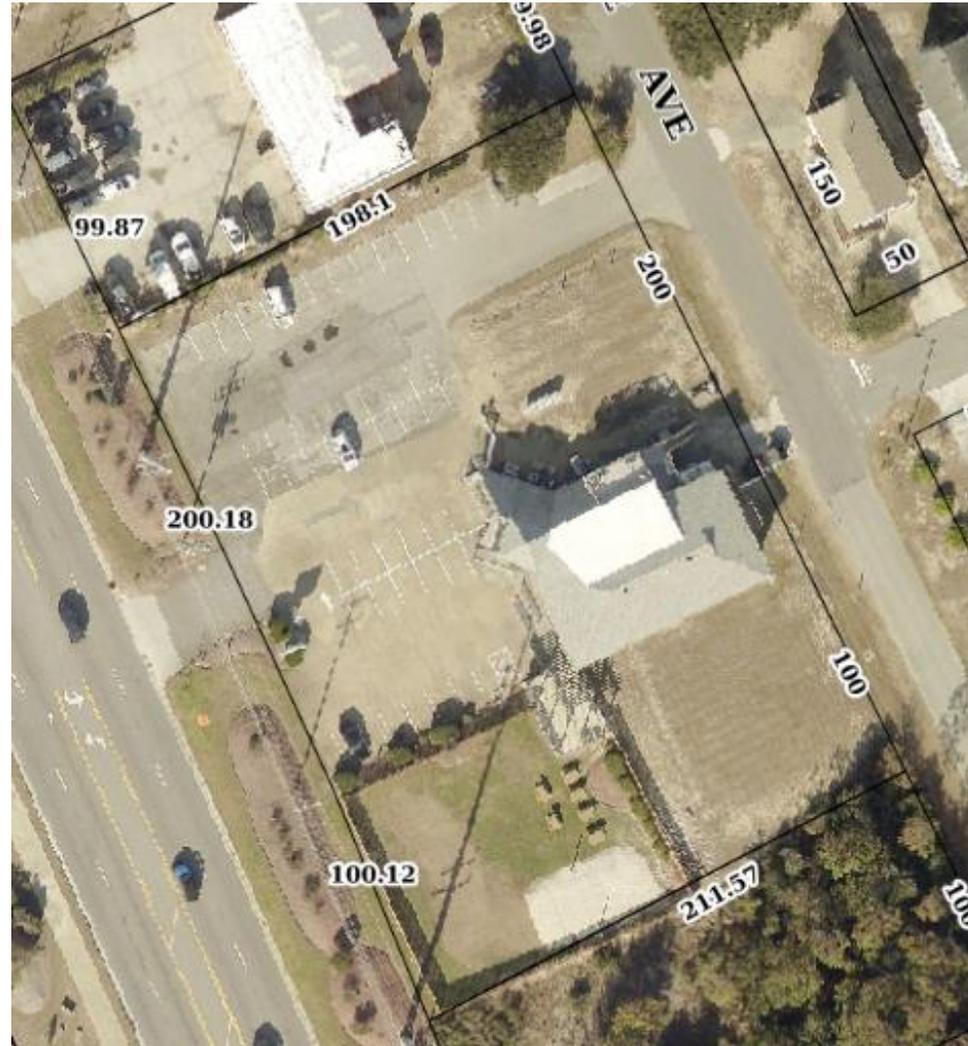


2316 S. Croatan Highway – Kelly’s Restaurant Site
180,590 square feet = 47 units/37 units
(add Kelly Professional parcel = 57 units/45 units)



2217 S. Croatan Highway – Mahi Mahi's

61,500 = 13 units/10 units



Other properties meeting this criteria....

- 7013 SCH (Dunes Restaurant) 10 underlying lots, 90,500 SF = 21 units/17 units
- 6901 SCH (Sunsations) 62,500 SF = 13 units/11 units
- 6813 SCH (Sherwin Williams) 44,500 SF = 8 units/7 units
- 6803 SCH (Farmers Daughter) 3 underlying lots, 33,500 SF = 5 units/4 units
- 6715 SCH (First Colony Inn) 190,357 SF = 49 units/39 units
- 100 E Forbes St (Wings) 3 underlying lots, 33,000 SF = 5 units/4 units
- 6321 SCH (Forbes Candy) 5 underlying lots, 40,500 SF = 7 units/6 units
- 100 E Dunn St (Hotline) 27,000 SF = 3 units/3 units
- 2910 SCH (Central Square) 84,000 SF = 19 units/15 units
- 2907 SCH (Wings) 69,000 SF = 15 units/12 units
- 2805 SCH (The Spot) 30,500 = 4 units/4 units
- 2721 SCH (First National Bank) 5 underlying lots, 32,000 SF = 4 units/4 units
- 2718 SCH (ACE Hardware) 40,000 SF = 7 units/6 units
- 2706 SCH (Eagles Club) 42,000 SF = 7 units/6 units

Other properties meeting this criteria continued....

- 2707 SCH (Forbes Candy) 32,500 SF = 4 units/4 units
- 2916 SCH (PNC Bank) 40,500 SF = 7 units/6 units
- 103 E. Morning View (Outer Banks Board) 4 underlying lots, 28,000 SF = 3 units/3 units
- 2515 SCH (Shoppes @ 10.5 Food Lion) 283,576 SF = 76 units/60 units
- 2609 SCH (SECU) 172,498 SF = 44 units/35 units
- 2423 SCH (Outer Banks Sports Club) 3 underlying lots, 100,188 SF = 24 units/19 units
- 2407 SCH (Dirty Dicks Restaurant) 3 underlying lots, 89,734 SF = 21 units/17 units
- 2236 SCH (Plaza del Sol) 68,000 SF = 15 units/12 units
- 100 E. Driftwood (Still Waters Baptist Church) 35,000 SF = 5 units/5 units
- 2224 SCH (Outer Banks Professional Center) 69,500 SF = 15 units/12 units
- 2210 SCH (Satterfield Landing Shopping Center) 270,943 SF = 72 units/57 units

Call w/ Bobby Harrell 4/10/2024

Bobby reviewed proposed workforce/multifamily housing. For my 40 years in the business, it's always been about land cost and density, regardless of the lack of central sewer.

Requirement for US 158 location and in the C-2 zoning district:

The value of bypass commercial is now in the \$1,000,000 per acre range. This would indicate a land cost of \$167,000/unit, based on 6 units per acre.

(Note: the ordinance as written would allow 6 units per acre for the large category – this density would increase with the size of the property. The ordinance would allow 8 units per acre for the small category. There is a cap of six units to be in this category).

With a construction cost of even \$200 per sq ft (which is optimistic), a 900 sq ft, a two-bedroom unit would be \$347,000. Rent would need to be \$3000+ to justify the investment. I don't see how anything over \$50,000. land cost per unit could work (if that will even work).

Properties not fronting the bypass and residentially zoned properties would lower the land cost per unit depending on location and size (not on beach road or oceanfront).

Setbacks

With 35' setbacks on all sides – if a site is 200 x 220, 24,500 sq ft of land would be occupied by the building setbacks, which is over 50% of the site. This should be reviewed.

Density

Density has to be increased for a multi-family project to be financially feasible. For the "Small Multi-family C-2" you could get 6 units. on 26,500 sq ft, i.e., four 7,500 sq ft lots would be \$175-200,000 each, if available, puts your land cost/unit at \$116-133,000. The numbers will not work.

It may be useful look at density based on # bedrooms per sq. ft. of land and/or floor area ratio rather than # of units per sq. ft. of land. For workforce units, it may be better to have more one- or two-bedroom units. For example, 50, three-bedroom units = 75 two-bedroom units. 50, three-bedroom units = 90 one-bedroom units and 30 two-bedroom units. Previous ordinance density was based on units per acre of land however there was no limit on unit size. 50, 2,500 sq. ft. units = 100, 1,250 sq. ft. units. Debate is about density in terms of building area vs. number of occupants.

Rents per sq. ft. might be higher with smaller units and construction costs will be less.

Unit Size

Consider reducing unit size in order to reduce construction cost. For example, 600 sq. feet may be sufficient for a one-bedroom unit and construction cost would be less. Also, the

rent charged between a 600 and 800 square foot one bedroom unit may not be much different.

Bobby is building a barn with a 480 sq ft one-bedroom apartment on the second level of a garage and this is plenty of room for a one-bedroom.

Perhaps look at 800 sq ft for two-bedrooms and 1000 for three-bedrooms.

Building Separation

Buildings have to be 40' apart which further reduces the utility of the site, and achievable density, thus raising land cost/unit.

Deed Restrictions

The deed restriction was not considered a major factor in whether a project would be completed. This will be dictated by what the property can generate in revenue relative to land, construction, financing, and other development costs. May want to consider a time limit on deed restrictions.

Unit Type

Perhaps look at duplexes. Townhouses tend to be more geared towards homeownership. Apartments more geared towards rentals.

Existing Development

Land costs would be less of a factor if an existing commercially developed property could add units on the same site. This should be evaluated.