

STAFF REPORT

Town Council, June 25, 2015

Dellinger PDD Property 14-CPA-05 (PL15-024c)

Consider action on proposed Comprehensive Plan Amendment

Speaker: Mr. Scott Ramage

From: Jeffery G. Ulma, AICP, Planning Director

Prepared by: Scott Ramage, AICP, Principal Planner

Approved by: Benjamin T. Shivar, Town Manager

Approved by: Russ Overton, P.E., Assistant Town Manager

A. REQUEST

This is a Comprehensive Plan Amendment request for 23.75 +/- acres located on the east side of the Piney Plains Road and Dillard Drive intersection, and consisting of the portion of the Dellinger PDD located south of Dillard Drive/east of Piney Plains Road. On Cary's Southeast Area Plan, the land use recommendations reflect the existing PDD zoning, and includes a 3.1-acre area recommended for Commercial (COM) uses, a 12.5-acre area recommended for Office uses (OFC/INS), a 3.2-acre area recommended for Medium Density Residential uses (MDR), and a 5.5-acre area recommended for Open Space (PKS/OS). The applicant proposes to change the OFC/INS portion of the parcel to MDR, and the COM portion to OFC/INS.

(This reflects a change from the applicant's original request, which requested that the 12.5-acre OFC/INS area, and the 3.1-acre COM area, both be changed to MDR.)

Sections of This Report Updated Since Last Council Meeting

Several sections of this report have been wholly updated and revised since last considered for action by council on February 12, 2015. These updated sections reflect the pertinent results of work sessions and studies completed for Imagine Cary since that date, as well as revisions to the amendment request made by the applicant. The most significant new or revised sections include:

Pages	Section	Revised Parts
4	Section D, Summary of Process to Date	Added meetings and changes that occurred after the Feb. 12, 2015 council meeting.
7	Section G, Criteria for Consideration in Review Comprehensive Plan Amendments	The analysis paragraph under item 2.
8-10	Section H, Staff Analysis	Revised select metrics in subsections 1, 2, and 3, to reflect applicant's revised request.
11-13	Section H, Staff Analysis	All of subsections 6, 7, 8, 9, and 10.
13-14	Section I, Summary & Recommendation	Entire section.

There is a Rezoning Application (14-REZ-21) associated with this case.

NOTE: The purpose of a comprehensive plan amendment is to evaluate the appropriateness of a proposed land use and/or other issue, need, or opportunity for the subject parcel(s) of land. Technical design standards of the Land Development Ordinance are addressed during review of the site or subdivision plan and can be found at Land Development Ordinance.

B. SUBJECT PARCELS

Property Owner	County Parcel Number (10-digit)	Real Estate ID	Deeded Acreage	Affected Deeded Acreage
Dellking Family LLC PO Box 446 Cary, NC 27512-04466	0772497496 portion	0037061	23.75 ±	23.62 ±

C. BACKGROUND INFORMATION

Applicant	Dellking Family LLC		
Agent	Glenda S. Toppe & Associates		
Acreage	23.75 ± total acres, less 0.13 ± acre unaffected remnant on west side of Piney Plains Road, yielding an affected area of approximately 23.62 ± acres		
General Location	South side of Dillard Drive, at the Dillard Drive and Piney Plains Road intersection		
Schedule	Town Council Public Hearing October 16, 2014	Planning & Zoning Board Public Hearing December 15, 2014	Town Council Action February 12, 2015 May 5, 2015
Current Land Use Plan Designation	Office & Institutional (OFC/INS), Commercial (COM), Medium Density Residential (MDR), and Parks and Open Space (PKS/OS). Also within the Crossroads Regional Activity Center.		
Proposed Land Use Plan designation	Commercial (COM), Medium Density Residential (MDR) and Parks and Open Space (PKS/OS), and within the Crossroads Regional Activity Center.		
Existing Zoning District(s)	Planned Development District (Major) [PDD (Major)] (Dellinger PDD); Crossroads Mixed Use Overlay District; Watershed Protection Overlay District (Swift Creek sub-area)		
Town Limits	The subject property is located outside the corporate limits but inside the Town of Cary ETJ.		
Staff Contact	Scott Ramage, Principal Planner (919) 462-3888, scott.ramage@townofcary.org		

D. SUMMARY OF PROCESS AND ACTIONS TO DATE**Notification of Town Council Public Hearing**

Notice of the public hearing on the proposed Comprehensive Plan Amendment was mailed to property owners within 800 feet of the subject property, published on the Town's website, and posted on the subject property.

Town Council Public Hearing (October 16, 2014)

Several citizens spoke at the hearing, offering the following comments:

- One person spoke in opposition to the amendment. The other two citizens spoke in support of the amendment, with one of them speaking on behalf of the Tryon Villas HOA.
- All three speakers requested that Dellinger PDD Tract 5 be designated as Parks or Open Space (PKS/OS) on the Area Plan Map, rather than the current and proposed designation of Medium Density Residential (MDR). (Tract 5 is the 4.6-acre portion of the site south of the creek, at the southern corner of the parcel.)
- All three citizens expressed opposition to the planned Tryon Manor Drive collector road through the subject site.

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During council discussion, the following comments were raised pertaining to this CPA request:

- Council requested clarification of the planning history for the Tryon Village Drive collector, relative to the planning and development history for Tryon Villas, and about the need for the road. Council asked about the process for amendments to the Comprehensive Transportation Plan. Staff recommended that the collector be evaluated as part of the comprehensive plan update with Imagine Cary.
- Council members expressed concerns about the potential loss of office space in the Crossroads Regional Activity Center (RAC). Council members requested more information regarding office need or potential in this area.
 - Council members requested more information about the amount of available multi-family and townhome housing proximate to, but outside of, the Crossroads RAC. It was requested that the staff report tables be updated to include this housing information, and to update the housing metric ratios accordingly.
- A council member requested more information about the topography of the site, and how topography might affect the viability of nonresidential versus residential development, and the viability of construction of the collector road.

Notification of Planning and Zoning Board Public Hearing

Notice of the public hearing on the proposed Comprehensive Plan Amendment was mailed to property owners within 800 feet of the subject property, published on the Town's website, and posted on the subject property.

Planning & Zoning Board Public Hearing of December 15, 2014

Staff presented the staff report and early findings related to the request from the Town's Imagine Cary project. This included a preliminary assessment and inventory of the remaining supply of office land within the area of the Crossroads and Swift Creek activity centers, as well as for a larger area encompassing about 20 square miles in east-central Cary. Two of the applicants' representatives spoke on behalf of the application during the hearing, one of whom felt that there was no market for office at the site. One citizen spoke at the hearing, and supported staff's recommendation to deny the CPA request.

Board members raised a number of procedural questions related to the issue of whether to table the case or take action, and the ensuing steps that would occur under those different paths. Board members also raised questions about the timing of upcoming work on the land inventories and council work sessions for Imagine Cary. Some board members discussed the market timing and potential uses for the property, and some expressed concern about the potential loss of office space and of increasing the numbers of townhomes in the area. Other board members did not share those concerns about losing office space or adding townhomes to the area.

A motion was made to forward the case with a recommendation for approval, but that motion failed by a vote of 3-5. A second motion was made to forward the case with a recommendation for denial, and that motion carried by 5-3.

Town Council Meeting, February 12, 2015

Staff presented the case report, and summarized public input to date. The chair of the Planning and Zoning Board described the board's discussion and action. Staff described concerns regarding the loss of land in Cary for future office and employment, and the amount of remaining office sites in Crossroads. Staff recommended the case be tabled until the March 12 council meeting, to allow time for two scheduled council work sessions for Imagine Cary, at which time the project team would present findings regarding the remaining land inventory for Cary.

During council discussion, the following comments were raised pertaining to this CPA request:

- One council member felt the site did not have office marketability, and was not in a walkable location.

- Another council member felt the opposite, and that the site was in walking distance to many restaurants and shops at The Centrum.
- Several council members expressed concerns about the potential loss of office land.
- A council member expressed that the site also has greenway connections to nearby recreation, as well as shopping at Tryon Village Shopping Center.
- A council member felt that the site was not appropriate for residential, due to nearby nonresidential uses.
- A council member felt that the site topography may lend itself to high rise office.
- Several council members preferred to wait until they could learn more about remaining available office sites in Cary, at the upcoming council work sessions.

A motion was made to table consideration of the case until March 12, 2015, after the scheduled Town Council work session for Imagine Cary. The motion carried by 5-1.

Town Council Work Session, March 3, 2015

Council held the first of two work sessions to discuss the *Community Directions Report* for Imagine Cary, which presents the results of Phase 2 of Imagine Cary (“Community Choices”). This included council review and discussion about the recommended policies for future employment locations (“Where will we work?”). The project team also presented the results of the project team’s parallel work in generating a “developable land” inventory for the entire planning area, including an inventory of remaining prime and secondary locations for future office employment.

Town Council Meeting, March 12, 2015

At the request of the applicant, Town Council tabled the case indefinitely, to allow the applicant more time to consider changes to their application, and to meet with neighbors.

Town Council Work Session, March 24, 2015

Council held the second of two work sessions to discuss the *Community Directions Report* for Imagine Cary. At this work session, council affirmed the three overarching policies for future employment locations (“Where will we work?”), with incorporation of feedback provided by council.

Changes since the March 24 Work Session and March 12 Council Meeting

On June 1, 2015, the applicant revised their amendment request as it pertains to the 3.1-acre portion of the parcel that is currently designated as COM on the Southeast Area Plan. The requested land use designation for this portion is now OFC/INS, instead of MDR as in the original submittal.

E. COMPREHENSIVE PLAN SUMMARY

1. Southeast Area Plan

Land Use: For this site, the governing land use element of the Comprehensive Plan is the Southeast Area Plan. That plan currently designates the site with four different recommended future land uses: Medium Density Residential (MDR), Commercial (COM), Office/Institutional (OFC/INS), and Parks and Open Space (PKS/OS). The site is also designated as part of the Crossroads Regional Mixed-Use Activity Center. The Land Use Plan defines activity centers as physically and aesthetically unified, concentrated mixed-use areas containing commercial, office, institutional, and high- and medium-density residential uses, arranged in a walkable, compact, pedestrian- and transit-friendly manner. A regional activity center is intended to supply large amounts of regional office space, plus ample amounts of high-density and medium-density residential. The principal commercial establishment will likely be a large regional shopping mall or center.

The applicant proposes to change the OFC/INS portion of the site to MDR, and the COM portion of the site to OFC/INS. The other land use designations and Map Note would remain unchanged. These three land use categories are defined in Appendix A of the Southeast Area Plan as follows:

- Medium Density Residential (MDR) consists of three to eight dwellings per acre, with potential housing types including single-family detached, patio homes, duplexes, triplexes, and

townhouses. In addition, a variety of neighborhood-compatible and complimentary institutional uses may also be considered, such as churches, schools, and daycare facilities.

- Commercial (COM) includes uses such as shopping centers, general retailers, specialty shops, drug stores, banks, restaurants, entertainment spots, hotels, personal services, and similar.
- Office & Institutional (OFC/INS) includes all types of office and institutional uses. Examples include corporate and professional offices, churches, schools, daycare, and so forth.

Planning History for the Site

- 1996. At the time Cary's townwide Land Use Plan was adopted in 1996, the Plan Map recommended that the subject parcels be developed with either Medium or High Density Residential (MDR/HDR). HDR was defined as townhomes or multifamily, at densities exceeding eight dwellings per acre.
- 1998. The land use recommendations were updated in March 1998, with adoption of the Southeast Gateway Area Plan. That plan changed the future land use to a mix of Transitional Office, Medium Density Residential, and High Density Residential.
- 2004. The land use recommendations were updated in September 2004, with adoption of the Southeast Area Plan, which wholly replaced the 1998 Southeast Gateway Area Plan. The new plan changed the land use recommendations to reflect uses within the Dellinger PDD, which was approved in December 2000, creating a set of subareas designated Medium Density Residential (MDR), Commercial (COM), Office/Institutional (OFC/INS), and Open Space (PKS/OS).

Land Use Analysis

An extensive analysis of the CPA request in the context of the land use recommendations of the Southeast Area Plan and the Land Use Plan is provided in Section H. of this report, "Staff Analysis."

2. Parks Master Plan

According to the Parks, Recreation and Cultural Resources Master Plan the Piney Plains Greenway is proposed to cross north/south through the property following the on-site creek for the most part, and tying into proposed street-side trail along the north end of the property's Dillard Drive frontage. This section of the Piney Plains Greenway is designated in the master plan as one of the two primary north/south greenway routes through Town. The greenway will connect to the south with the Speight Branch Greenway, and to the future park site at Macedonia Lake.

A park land dedication or recreation fund payment will be required for residential development in accordance with the Land Development Ordinance.

3. Growth Management Plan

The Growth Management Plan includes the following Guiding Principles that are relevant to this case:

- Guiding Principle A1: Increase permitted densities in preferred growth areas to encourage desired forms of development.
Analysis: The Crossroads Regional Activity Center is by definition a preferred growth area. Both the existing and proposed land use recommendations conform to this guiding principle.
- Guiding Principle R1: Ensure that adequate infrastructure and services are available concurrently with new development.
Analysis: The area is served by utilities and bus transit. The site will have a direct connection to the Piney Plains and Speight Branch Greenways, and thence to the future park site at Macedonia Lake. The site is located about 1.5 miles from the Dillard Drive Elementary and Middle Schools.
- Guiding Principle L1: Concentrate growth near existing and planned employment centers and available and planned infrastructure to minimize costly service-area extensions.

Analysis: The area is served by utilities, and is within a large employment area, namely the Crossroads Activity Center, which includes employment associated with over 3 million square feet of nonresidential floor space.

- Guiding Principle L2: Ensure that future growth protects sensitive natural resources and protects open space.

Analysis: The future land use recommendations include an area designated for Parks and Open Space (PKS/OS), located along Speight Branch.

4. Affordable Housing Plan

The Affordable Housing Plan includes the following goals that may be relevant to this case:

- Provide for a full range of housing choices for all income groups, families of various sizes, seniors, and persons with special challenges.
- Facilitate the creation of a reasonable proportion of the Town of Cary's housing as affordable units through additional homeownership opportunities for individuals and families earning between 60% and 80% of area median income and affordable apartments for individuals and families earning up to 60% of the area median income.
- Encourage the location of high density housing within walking and convenient commuting distance of employment, shopping, and other activities, or within a short walk of a bus or transit stop, through "mixed use" developments, residences created on the upper floors of nonresidential downtown buildings, and other creative strategies.

Comments: The proposed amendment would help to support the first of the above goals, since it would improve the mix of housing choices in the area by expanding the share of townhome units. It is unclear whether or not the amendment will further the second housing goal; recent townhome construction in the area has not been affordable. The proposed amendment would somewhat conform to the third of the above housing goals, since it would add housing immediately adjacent to The Centrum shopping center, and within walking distance of Crossroads Plaza and Walnut Plaza. The site is also served by bus transit, as described below.

5. Comprehensive Transportation Plan

Dillard Drive/Piney Plains Road

Classification: Major Thoroughfare

Existing Section: 5-lane roadway section in 68-foot back-of-curb to back-of curb in 90-foot right-of-way

Future Section: 5-lane roadway section in a 69 feet back-of-curb to back-of curb in a 91-foot right-of-way

Sidewalks: Existing 5-foot sidewalk on each side

Bicycle Lanes: Proposed 14-foot-wide outside lane

Transit: Triangle Transit services this area with 305 bus along with C-Tran bus Loops 1 and 2.

Status of Planned Improvements: Not applicable

Tryon Manor Drive [Extension]

Classification: Collector Road

Existing Section: None

Future Section: Two 11-foot lanes with 4-foot bike lanes in a 35-foot roadway section in 60-foot right-of-way

Sidewalks: 5-foot sidewalks on both sides of the road

Bicycle Lanes: 4-foot bikes lanes required on each side

Transit: Triangle Transit services this area with 305 bus along with C-Tran bus Loops 1 and 2.

Status of Planned Improvements: Not applicable

Transit Service: The nearest existing fixed-route transit service is provided by Triangle Transit Route No. 305 along Piney Plains Road, immediately adjacent to the parcel. The nearest existing C-Tran bus route is Route 1 and 2, with service approximately 700 feet east of the property, at the closest point. The future long-range service expansion plans for C-Tran envision a future route along Piney Plains Road,

immediately fronting the site. However, the future timing and funding of such a service expansion has not yet been determined.

6. Open Space Plan

According to the Open Space Plan approximately 10-11 acres in the northeast corner of the property contain mixed upland hardwood forest, as does the area along the southern end of the stream on site.

7. Historic Preservation Master Plan

This site has no identified historic resources.

F. APPLICANT'S JUSTIFICATION STATEMENT

Attached are the applicant's responses to the Comprehensive Plan Amendment justification questions contained in the application form. Please note that these statements are that of the applicant and do not necessarily represent the views or opinions of the Town of Cary.

G. CRITERIA FOR CONSIDERATION IN REVIEWING COMPREHENSIVE PLAN AMENDMENTS

Section 3.2.2(B) of the Land Development Ordinance states that proposals to amend the Comprehensive Plan shall be evaluated based upon whether the amendment is necessary in order to address conditions including, but not limited to, the following:

1. A change in projections or assumptions from those on which the Comprehensive Plan is based;

Analysis: The Southeast Area Plan's land use recommendations for the subject parcel reflect the zoning that was in place for the Dellinger PDD at the time of plan adoption. No change in projections or assumptions is apparent.

2. Identification of new issues, needs, or opportunities that are not adequately addressed in the Comprehensive Plan;

Analysis: Since the Southeast Area Plan was initially adopted in 2004, both the Crossroads area and the Town as a whole have lost many potential future office sites. Much of the land that was available in 2004 within the Crossroads Regional Activity Center, and the adjacent Swift Creek Community Activity Center, has since been developed or rezoned to non-office uses. As a result, today these activity centers have very little prime office land remaining.

3. A change in the policies, objectives, principles, or standards governing the physical development of the Town or any other geographic areas addressed by the Comprehensive Plan;

Analysis: The townwide Land Use Plan was updated in 2009, to provide detailed development metrics for activity centers. These new metrics have been reported and evaluated in this report.

4. Identification of errors or omissions in the Comprehensive Plan.

Analysis: No errors or omissions have been identified.

H. STAFF ANALYSIS

This section provides analysis of nine different aspects regarding the land use implications of the plan amendment request.

1. Development Yield Comparisons for the Subject Parcel

Table 1, following, shows the estimated buildout of the subject parcel with and without approval of the requested plan amendment.

Table 1. Buildout Characteristics of Subject Parcel, With and Without Amendment

	Current Area Plan Designation¹	Proposed Area Plan Designation²
Acres of MDR	3.20 ac.	15.66 ac.
Acres of OFC/INS	12.46 ac.	3.06 ac.
Acres of COM	3.06 ac.	none
Acres of PKS/OS	5.54 ac.	5.54 ac.
No. of Dwellings	25 townhomes	88 townhomes ³
Office Floor space	180,000	24,000 ⁴
Commercial Floor space	45,000 sq. ft.	none

2. Analysis of Impacts on Nonresidential Metrics for the Crossroads RAC

Table 2 below shows the amount of existing nonresidential development within the Crossroads Regional Activity Center (RAC) today, and the projected total amount that might be expected at buildout (a) assuming the current land use plan, and (b) assuming the proposed plan amendment.

Table 2. Projected Nonresidential Floor Space in Crossroads RAC at Buildout, With and Without CPA Approval⁵

Situation	Floor Space in Square Feet		
	Commercial/Retail	Office	Flex/Light Ind.
Crossroads RAC today:	1,859,676	639,830	172,597
Projected Buildout <i>Without</i> Plan Amendment:	1,917,613	1,155,546	290,382
Projected Buildout <i>With</i> Plan Amendment:	1,872,613	999,546	290,382

Table 3, below, compares the Land Use Plan’s recommended amounts of commercial/retail and office space with the buildout projections for the Crossroads RAC, with and without the plan amendment.⁶

¹ Acreage figures are taken from GIS analysis of the Southeast Area Plan. Floor space and dwelling figures are taken from the approved Dellinger PDD.

² Acreage figures are taken from GIS analysis of the Southeast Area Plan.

³ Dwelling unit figure is taken from that proposed in the associated rezoning case 14-REZ-21 Dellinger PDD.

⁴ Assumes a suburban neighborhood office floor-to-area (FAR) ratio of 0.18 applied to the 3.06 acres, giving an estimated 23,992 sq. ft. of floor space, rounded to 24,000. This FAR is typical of uses such as banks, neighborhood medical, veterinary office, real estate office, etc. For office parcels located in outparcel settings, the typical FAR would be even lower. The associated REZ case’s Preliminary Development Plan specifies a maximum of 45,000 sq. ft. of office, however that would require an FAR of 0.34, which could require structured parking – which is probably less likely on such a small parcel.

⁵ Figures for “Crossroads RAC today” are derived from Town GIS sources. Figures for buildout rows are calculated by adding the figures from “Crossroads RAC today” with the projected buildout of all remaining developable parcels as given in Appendix B, plus the figures given in Table 1 for the site’s contribution.

⁶ See Chapter 6, Section 6.2.5, of the town-wide Land Use Plan for a full description of activity center metrics.

Table 3. Comparison of Recommended Metrics with Buildout Projections for Crossroads RAC

	Land Use Plan Recommended Ranges	Projected Buildout Without Plan Amendment	Projected Buildout With Plan Amendment
commercial/retail floor space:	500,000 to 2,250,000 sq. ft.	1,917,613 sq. ft.	1,872,613 sq. ft.
office floor space:	600,000 to 1,500,000 sq. ft.	1,155,546 sq. ft.	999,546 sq. ft.
office share of combined commercial and office floor space:	35 – 75%, with ideal minimum of 40%	37.6 %	34.8 %

Analysis

The requested plan amendment would reduce the amount of commercial and office floor space in the Crossroads RAC at buildout. While the changes overall would be modest, the loss of office space would be larger than the loss of commercial space. Under the current plan, the office space share of nonresidential floor space (37.6%) would be at the low end of the recommend share of total nonresidential space, and below the ideal minimum of 40%. With the proposed amendment, the office space share falls even further to just 34.8% – dropping below the recommended range, and further below the recommended minimum of 40%.

3. Analysis of Impacts on Residential Metrics for the Crossroads RAC

At the October 16, 2014, Town Council public hearing, council requested that the housing analysis be expanded beyond the boundaries of the Crossroads RAC, to include other nearby housing. Appendix A provides a complete evaluation of contributing hotel, multifamily, and townhome housing both within and near the activity center – both today and at buildout. Accordingly, Table 4 below shows the amount of housing (a) currently existing within the Crossroads RAC boundary, (b) that could reasonably be added within the boundary on the remaining developable parcels (exclusive of the subject site), and (c) the contribution of other nearby supportive housing, outside of the activity center boundary.

Table 4. Residential Units Within or Proximate to the Crossroads RAC – Today and at Future Buildout (Exclusive of Subject Parcel)

Situation	No. of Dwellings		
	Hotel Rooms	Multifamily (Apts./Condos)	Town-homes
Inside Crossroads RAC today;	567	344	0
Estimated Future Potential of Remaining Developable Properties in Crossroads RAC:	0	198	84
Dwellings Outside of Crossroads RAC Boundary, But Contributing:	0	978	232
Projected Totals at Buildout:	567	1,520	316

Using the information in Tables 1 and 4 above, Table 5 below shows the projected residential totals within and nearby the boundaries of the Crossroads RAC, with and without the proposed plan amendment.

Table 5. Projected Residential Units Within and Nearby the Boundaries of the Crossroads RAC at Buildout, With and Without CPA Approval

Situation	No. of Dwellings		
	Hotel Rooms	Multifamily (Apts./Condos)	Town-homes
Projected Buildout Including Subject Parcel, But <i>Without</i> Plan Amendment:	567	1,520	341
Projected Buildout Including Subject Parcel, But <i>With</i> Plan Amendment:	567	1,520	404

Chapter 6, Section 6.2.5, of the Land Use Plan recommends that an RAC should have between 0.5 and 4 dwellings for every 1,000 square feet of commercial and office floor space. Table 6, below, provides the source figures and resulting ratios that might be expected for the Crossroads RAC, with and without the requested plan amendment. The figures in Table 6 are based on all the contributing housing in Table 5.

Table 6. Comparison of Recommended Plan Metrics with Projected Buildout of Crossroads RAC

	Total Contributing Dwellings ⁷	Total Contributing Floor Space ⁸	Ratio Metric (dwellings per 1,000 sq. ft. nonres.)
Projected Buildout Exclusive of Subject Parcel:	2,119	2,849,000	0.74
Projected Buildout Including Subject Parcel, Without Plan Amendment:	2,144	3,074,000	0.70
Projected Buildout Including Subject Parcel, With Plan Amendment:	2,207	2,897,000	0.76

Analysis

Clearly, the resulting ratios are all rather similar, and all are within the recommended range of 0.5 to 4.0, albeit towards the low end. However, as documented in Appendix A, the situation is actually more complex. This is because the boundaries of the Crossroads RAC are immediately adjacent to the boundaries of the Swift Creek CAC (Community Activity Center). As noted in Table 8 of Appendix A, the projected ratio for the Swift Creek CAC is 2.8, at the upper end of the recommended metric range of 0.5 to 3.0 for a CAC. And, if we took the Crossroads RAC and Swift Creek CAC together, they would have a combined ratio of 1.05 (excluding subject site), and the equivalent of over 3,500 contributing dwellings.

4. Land Use Transitions

Under its existing land use designations, the site contributes to a gradual outward transition in land use intensity in this area, consistent with the many recommendations in Chapters 6 and 7 of the Land Use Plan. Moving from east to west, one moves from Commercial/Retail (Centrum Shopping Center) to the site’s Commercial and then Office tracts, then to High Density Residential (Lodge at Crossroads Apartments), and then to Medium Density Residential (Prestwyck Subdivision and west side of Piney Plains Road).

However, under the proposed plan amendment, the transition would be inconsistent or uneven: Moving from east to west along Dillard Drive/Piney Plains Road, one would move from Commercial/Retail (Centrum Shopping Center) to Office/Institutional (northeast corner of site), then to Medium Density Residential (northwest part of site), and then back up to High Density Residential at the Lodge at Crossroads Apartments.

5. Historical Market Demand for Comparable Office Sites in Cary

At the Planning and Zoning Board hearing, one of the applicant’s representatives stated that the site was unsuitable for office, since no office buyer had emerged over the prior 12 years. Staff does not feel that the absence of a buyer over that time period provides sufficient evidence that the site is unsuited for

⁷ Figure accounts for the metric stipulation that a hotel room counts as ½ a residential unit.

⁸ Only commercial/retail and office space contributes to the metric, per the Land Use Plan.

office. The reason is that office sites tend to operate in a much longer time frame. Some examples include:

- a. The site in Weston selected by Met Life had been vacant and available since 1985, taking almost 30 years for demand to emerge. However, the retention of such a site was critical for Cary's economic development.
- b. Closer to the subject parcel, developable sites in the Crossroads Office Park have existed since 1985, however, Epic Games was not recruited to that park until 2004 for their first building, and later expanded to an adjacent available tract with a second building in 2009.

Had sites such as the above been converted to non-office uses in their earlier years, economic development opportunities would have been lost to Cary.

6. Factors Affecting Marketability of the Subject Site

- a. Over the past decade, the subject site's marketability for office has also been dependent on the creation of a critical mass of nearby services and transportation infrastructure. The adjacent Centrum Shopping Center was not complete until about 2002-03, the widening of Piney Plains Road and the construction of the Lodge at Crossroads were not complete until 2006, and the reconfiguration of the US 1/64 ramps at Walnut Street did not complete until 2007. Shortly thereafter came the market crash of 2008, an event from which the office market is still struggling to recover.
- b. The site is well-positioned to attract the emerging market for office space in mixed-use areas (ref. Subsection H.7, below):
 - The site is immediately adjacent to The Centrum shopping center, and within walking distance of a dozen restaurants, plus a wide variety of shopping and services. (See Appendix D.) The site is served by bus transit, and has direct sidewalk and greenway connections to both the Centrum and Tryon Village shopping centers. Crossroads is nearby.
- c. The nonresidential portions of the site exceed 10 acres, making it viable for a major employer. For example, Epic Games in the nearby Crossroads Office Park includes hundreds of employees in over 97,000 square feet of office space on 9.4 acres.
- d. The site has direct access to the US 1/64 and I-40/440 freeways (less than a mile), critical for regional employers.
- e. The planned road network for the Crossroads and Swift Creek area provides superior trip distribution when compared to other mixed use centers. Employees working at the subject site can access three shopping centers without having to travel along either Walnut Street or Tryon Road.
- f. While the site topography can be challenging for some uses, as the site drops some 30-40 feet from Dillard Drive down to Speight Branch, such topography can in fact be more suited to – and advantageously used by -- office uses rather than housing. The reason is that the topography can be used to advantage by office buildings that provide under-building parking accessed from the lower elevations, reducing the amount of grading while providing greater land utilization.

7. Analysis of Emerging Office Market Issues and Trends

The Town of Cary is currently in the process of updating its comprehensive plan, as part of the Imagine Cary project. During this process, the project team has identified the following key issues and trends affecting the prime office market – findings that bear directly on the request:

- a. The national and regional office market is changing dramatically, with a shift away from single-use office parks, and towards the siting of office space within mixed-use areas.
- b. Research Triangle Park, the regional leader in employment trends, is itself in the midst of a major shift in its market approach, with its new master plan incorporating walkable mixed-use areas.
- c. Technology and “creative class” employees of the Millennial generation (ages 22-35) are demonstrating a preference for seeking employers that are located within walkable mixed-use areas, and sites that are served by alternative travel modes such as transit, bicycle, and walking.

- d. While national and regional trends show a shift towards mixed-use office sites, there will still be a substantial market for suburban office park locations in Cary.

8. Remaining Land Supply for Prime Office

During February-March 2015, as part of Phase 2 of Imagine Cary, the project staff developed a comprehensive inventory of all developable land remaining within the plan area. In addition, the project team worked in conjunction with Cary Economic Development at the Cary Chamber of Commerce, to develop an inventory of all remaining land that might have potential as prime office and economic development sites. The inventory also identified prime light industrial sites, and secondary office sites.

Maps showing the results were shared with council at their March 3, 2015, work session (see Appendix C). Key findings from the March 2015 inventory study included the following findings.

In the entire plan area:

- There are 10 remaining prime office sites of 20 or more acres⁹ (down from 14 sites in 2013).
- There are 21 remaining prime office sites of 10-20 acres.

In the entire Crossroads and Swift Creek Activity Centers area:

- There are no remaining prime office sites of 20 or more acres.
- There is 1 remaining prime office site of 10-20 acres, namely the subject site.
- There were 3 other remaining prime office sites smaller than 10 acres, but those appear to be no longer available.¹⁰

In terms of land supply for firms seeking prime office sites in mixed-use areas, available land on sites of 10 acres or more was found in only 5 of Cary's 34 mixed use centers:

- Crossroads
- Cary Towne Center
- North Harrison
- Alston
- Green Level "Gateway" at I-540.

9. Potential Additional Office Site in the Crossroads RAC

In May 2015, the applicant's representatives met with staff and proposed that another nearby site was more suited for office development than the subject Dellinger PDD site. The site in question, dubbed the "McConnell-Ford site" is located on the west side of Piney Plains Road, and consists of four parcels covering 38 acres. This site was not included as either a Prime or Secondary Office Site in the March 2015 Imagine Cary Developable Land Inventory.

Subsequent to staff's meeting with the applicants, Planning Department and Cary Economic Development staff (from the Cary Chamber) met to re-evaluate the merits and viability of the McConnell-Ford site, and compare it with the subject Dellinger PDD site. Appendix E provides a complete description and analysis of the site, including site map, as well as the group's comparison of the two sites. Please refer to Appendix E for the complete analysis.

The summary finding is that (a) there is some uncertainty regarding the circumstances of the McConnell-Ford site, and (b) that the McConnell-Ford and Dellinger PDD sites would likely serve different office market segments. The McConnell-Ford site was considered to be of greater advantage for firms seeking traditional suburban office or campus office locations (and for speculative Class A office developers), while the Dellinger site was considered to be of greater advantage for new-generation firms seeking

⁹ This figure does not include 6 properties of 20 or more acres owned by SAS and/or Reedy Creek Investments, immediately south of the SAS Campus, and west of Trenton Road. This is because the availability of those sites for economic development/corporate recruitment is questionable.

¹⁰ At the time of the inventory, there were in fact 3 remaining prime office sites of under 10 acres, however since that time one site has been submitted for rezoning, one site is pending development application submittal, and the final site has reportedly been optioned for a corporate expansion.

locations within walking distance to amenities, and where multiple travel modes are desired for employees (i.e., sidewalks, greenways, bus transit, and automobile). Both sites offer advantages for their respective market segments.

At any rate, should the McConnell-Ford site emerge as a viable Prime Office site, then that site, along with the subject Dellinger site, would be the last two large, prime sites over 10 acres in the entire Crossroads/Swift Creek area. As such, it is desirable that both be retained for future economic development.

10. Draft Policies for Future Employment Sites (Imagine Cary)

At their March 3, 2015, work session, council reviewed and affirmed three draft, overarching policies to be used to guide the provision of office sites for future employment and economic development. These draft policies will form part of the framework for drafting the new Cary Community Plan during the second and third quarters of 2015, including the development of new plan maps, objectives, and strategies. The draft policies are:¹¹

Policy 1: Reserve and Provide Employment Sites in Suburban Office Parks

Reserve and provide sites for employment and economic development — especially for major industries or employers — within Cary's existing traditional suburban office and industrial parks.

Policy 2: Transform Selected Office Parks into Mixed Use Employment Centers

Incorporate commercial and housing uses into selected suburban office parks and industrial areas, evolving them into employment mixed use centers. Parks and centers selected to evolve into employment mixed-use centers should reserve prime opportunities for the development of Class A Office space.

Policy 3: Reserve and Provide Employment Sites in Selected Commercial Mixed Use and Destination Centers

Reserve and provide sites for employment and economic development opportunities within a targeted set of new or existing Commercial Mixed Use and Destination Centers, as well as within Downtown Cary.

Analysis. Staff feels that amending the Southeast Area Plan to change the 12.46-acre northwestern portion of the parcel from OFC/INS to MDR would not conform to the spirit and intent of Policies 1 and 3. However, the applicant's request to change the 3.06-acre northeastern portion of the parcel from COM to OFC/INS would help to support those policies. This will be especially true if, as the new Community Plan is drafted in spring and summer 2015, the Crossroads/South Hills area is included as one of the targeted activity centers in support of Policy 3.

I. SUMMARY AND RECOMMENDATION

Summary

1. The proposed amendment would likely drop the office floor space share of total nonresidential space in the Crossroads RAC below the Land Use Plan's recommended minimum of 35%.
2. The amount of housing in the Crossroads RAC will be within the Land Use Plan's recommended range – albeit at the low end of that range – with or without the amendment. If nearby multifamily and townhome development located proximate to – but outside of – the Crossroads RAC were to be included in the housing ratio, the ratio figure would increase considerably. In addition, the amendment would also increase the housing ratio.
3. The proposed amendment would marginally improve the mix of multifamily apartments/condos vs. townhomes within the regional center.

¹¹ The draft policies have been revised since the work sessions, to reflect council feedback and direction.

4. As identified by the Developable Land Inventory for Imagine Cary, the subject property is the last remaining prime office site in the Crossroads/Swift Creek area, and its future value for employment and economic development is high.
5. Prime office sites of 10 acres or more that are suitable for the mixed-use center office market only remain in 5 of Cary's 34 activity centers, and this site – in Crossroads – is one of them.
6. The subject parcel enjoys numerous locational advantages in meeting anticipated demands for the shifting office market.
7. The proposed amendment would not support two of the Employment Policies recently endorsed by council for *Imagine Cary*, which emphasize retention of key future office/employment sites.
8. Should the newly-identified "McConnell-Ford" site also prove to be a viable prime office site, it is felt that it will be better poised to attract firms seeking conventional suburban office locations, while the subject Dellinger site will be better poised to attract new-generation firms seeking locations in walkable, mixed-use areas.
9. Past marketability of the site for office is not indicative of future potential.
10. *Imagine Cary* moves on to the drafting of the new Cary Community Plan in summer 2015. Staff advises caution in removing a potential prime office site from the Crossroads RAC before the new plan is complete.

Staff Recommendation

This plan amendment request has been modified slightly (changing 3.06 acres from commercial to office instead of residential) since the Planning & Zoning Board held a hearing and made its recommendation. Staff evaluated the nature of this modified application, and believes that council can continue its review and take action. However, if council considers this modification significant enough to warrant a new public hearing, council may wish to refer the case back to the Planning and Zoning Board.

In any case, as currently evaluated and presented, and absent any additional review by the P&Z Board, staff:

- a. Recommends in favor of amending the land use designation on the 3.06-acre northeastern portion of the parcel from COM (Commercial) to OFC/INS (Office/Institutional); and
- b. Recommends against amending the land use designation on the 12.46-acre northwestern portion of the parcel from OFC/INS to MDR (Medium Density Residential).