



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

Special Worksession on
Potential Hotel/Motel Development
Scheduled by KDH Board of Commissioners
January 15, 2016 @ 8:30 a.m.

At their November 2015 meeting the Board of Commissioners agreed to discuss potential hotel/motel development in Kill Devil Hills. A special worksession will be held on Friday, January 15, 2016 at 8:30 a.m. in the downstairs Meeting Room at the Administration Building, 102 Town Hall Drive, off Colington Road.

Kill Devil Hills has a large diversification of places to stay – hotels, motels, cottage courts, large residential structures, smaller residential structures, condominiums, time-share facilities, etc. Recognizing the conveniences and variety of services offered by hotels and motels to their guests, and also that no new hotels or motels have been constructed in Kill Devil Hills in nearly 30 years, the Board of Commissioners desires more discussions on potential hotel/motel development. Discussions could include:

- Identification and exploration of potential development incentives and benefits;
- Zoning, necessary and/or desirable height/footprint requirements, overlay districts, etc.
- Economy of hotel/motel development, i.e., jobs, visitation;
- Fiscal benefits to Kill Devil Hills, i.e., taxes, visitation;
- Land Use Plan survey results;
- Concerns.

If you cannot attend the worksession, you may submit your comments in writing to the Town Clerk, P.O. Box 1719, Kill Devil Hills, NC 27948, or by e-mail to mary@kdhnc.com. The Board of Commissioners looks forward to hearing from all interested citizens and property owners as this issue is explored.

Posted this 28th day of December 2015.

Mary E. Quidley
Town Clerk

Copies to: Mayor and Board of Commissioners, TM, TA in their packet materials; all department heads; all town bulletin boards; KDH Sunshine List, including all local news media; KDH electronic distribution list; Facebook; KDH website; file

Minutes of the Friday, January 15, 2016 Board of Commissioners Worksession on Hotel and Motel Development held at 8:30 o'clock a.m. in the Meeting Room at the Administration Building, 102 Town Hall Drive, off Colington Road.

Members Present: Mayor Sheila F. Davies; Commissioners Travis Appleman, Mike Hogan, Michael Midgette and Brandi Rheubottom

Members Absent: None

Others Present: Debora P. Diaz, Town Manager, Meredith Guns, Assistant Planning Director; Bryan Brightbill, Senior Planner; Steve Albright, Public Services Director; Troy Tilley, Fire Chief; and Michael O'Dell, Administrative Specialist

Call to Order

At 8:35 a.m., Mayor Sheila Davies opened this worksession of the Kill Devil Hills Board of Commissioners and welcomed all present.

Mayor Davies explained that this item arrived from the discussions around changing the Floor Area Ratio (FAR) for Multi-Family Dwellings in the Ocean Impact Residential Zone ordinance. She said that people are often first introduced to the Outer Banks through stays at area hotels and motels. The Board of Commissioners does not want to diminish these opportunities available to visitors. Alternatively, the Board has received feedback about an increase of height limits, with citizen concerns about over-development, citing Virginia Beach growth as an example of what was not wanted. Mayor Davies stated the Board was working to strike a balance between what is economically viable for business development, while maintaining the appearance of the Town. She noted that decisions would not be made at the worksession, but it was important for the Board to get input from everyone on the issue. She welcomed everyone to share and asked everyone to identify themselves, including their name and any organization they may represent.

Skip Jones, 1508 Captains Lane – Mr. Jones stated that he serves on the Town's Planning Board, the Community Appearance Commission, had served on the hotel stakeholders committee, and is a builder. He stated he preferred to see hotels with an increase in side setbacks, but have the option to increase one or two floors. He stated he would like to see older motels compete with newer ones, and they would need more rooms to compete with those newer developments. He preferred an increased height, with the access for service trucks under the structure.

Paula Burchette, Cape Management – She shared concerns of Cape Management’s homeowner associations about additional hotels and motels, including traffic congestion, rental revenue being taken from other homeowners, and more beach erosion. She noted that larger developments would also require larger capacity septic systems, increased demands on EMS and fire services, leading to increased taxes.

Nick Nuzzi, 41 Skyline Drive, Southern Shores – He stated his appreciation for the Board addressing the topic. He noted that hotel height should be increased to 65 feet. He recommended a 15 foot height on a structure’s first floor, which would provide the second floor with an ocean view. He also suggested 12 feet for each floor, capping a development at five floors. This concept would provide adequate room for air conditioning ductwork and other infrastructure items. He suggested most established hotels cannot remodel due to setbacks, parking and other restrictions. Unless the restrictions are decreased, rooms cannot be added. New hotel development needs to have incentives. With the gains from floor area ratio (FAR), the additional 5 feet does not accomplish its job. Mr. Nuzzi recommended that for every 250 feet, have a 25 foot easement, with the builder building a public access walkway. The town would maintain the access, but that would be included as lot coverage. With regard to landscaping, Mr. Nuzzi recommended larger vegetation to be placed: a 10 foot tree rather than 30 inch bushes.

Stan Clough, 1104 Ninth Avenue – Mr. Clough supported a central business district (CBD), where densities and height could be increased, attracting businesses.

Jackie Harris, 902 Swan Street – Mr. Harris stated one main factor in new hotel construction would be CAMA setback requirements. He suggested that with a 100,000 square foot hotel, a 180 foot setback from the ocean would be required under current CAMA requirements. He stated that most of NC 12 (Virginia Dare Trail) would not meet the 180 foot CAMA requirements. Mr. Harris inquired whether the Town provided Lowes any incentives to build their current structure. He stated that government does not need to be in the building business. Mr. Harris inquired whether as the tax base goes up, does the Town need to raise its taxes when other towns raise theirs.

Town Manager Debbie Diáz stated an increase in the tax levy does affect the shared revenue. Mayor Davies stated that Town tax rates do not always increase when another town’s rates increase.

Mr. Harris inquired whether the Town’s building inspectors are licensed to inspect hotels and other similar structures. Assistant Planning Director Meredith Guns replied that a Town inspector was licensed to make inspections of commercial properties. Mr. Harris noted that there are not many sizeable lots on NC 12 (Virginia Dare Trail) that can meet the size and frontage requirements for a large development.

Peter Bishop, Currituck County Economic Development Director – Mr. Bishop shared that Currituck County was very interested in hotel and motel development, especially on the county’s mainland. He noted that an incredibly high development cost is a barrier to a new hotel’s entrance into this market. Mr. Bishop inquired what type of data the Town had collected, including visitor statistics, how much a new hotel’s development would be expected to cost and what regulations a developer would be examining if looking to locate a hotel to the area. He suggested the Town closely examine what benefits would be brought to the Town with a hotel development. He inquired whether an inventory assessment had been completed, along with any trending analysis, to best determine the need for additional hotel / motel development. Mr. Bishop encouraged the Town to complete research, looking at industry and visitor trends, and also meet directly with current owners in the hospitality industry. He suggested additional data collection to determine if there are there benefits to redevelopment over new business development. He stated that a TIF (Tax Increment Financing) development potentially could be examined, making sure that a potential development would work to the benefit of the community, not just the developer.

Mayor Davies stated that the worksession’s intent was the starting point of the discussion about hotel and motel development in Kill Devil Hills, noting that invitations had been sent to every Kill Devil Hills hotel / motel owner and manager. She stated the Town’s geography is unique compared to Currituck County, due to limited land for new development. She shared that the Board of Commissioners wanted to start first with community stakeholders and their concerns.

She added that the term “incentive” in this discussion is not the Town giving something to a builder or developer to make more money. She clarified that “incentive” is compromise; the Board’s job is to represent the citizens of the Town, being consistent with the Town’s Land Use Plan and the responsibility of managing the budget and setting budget priorities. She stated the whole discussion was centered around compromise, representing those responsibilities while examining the needs and potential for growth. It is very important to hear from hotelier’s perspectives as well.

Robert Rosenberg, 103 Queen Court, Colington Harbour- Mr. Rosenberg stated he had a background in the hospitality industry, and agreed with previous speaker. He noted that the Town needs to know more about potential for development in the area, as whatever is built in Kill Devil Hills affects the entire region. Mr. Rosenberg suggested the creation of a volunteer group to determine what can be accomplished to capitalize on the tourism industry, and to dialogue and make suggestions. He said the more the Town knows about what potential options are available, the better it can plan. There are a lot of different options that the Town can consider beyond a square building on the oceanfront.

Karen Brown, Outer Banks Chamber of Commerce – Ms. Brown stated that the Chamber recently had been approached by those interested in developing hotels in the Outer Banks, but

likely not oceanfront. She noted there had been interest in the overlay district concept. She said that any specific inquiries to the Chamber are kept confidential, allowing the developer to communicate with any municipal staffs, if desired.

Jerry Froehlich, 414 Wallace Street – Mr. Froehlich stated the group needed to keep in mind that during the summer season, the Town provides twice-a-week residential garbage collection. He noted there are peripheral cost concerns, and additional demand could cause a strain on Town resources.

Sue Kelly, 211, Sea Village Lane – Ms. Kelly stated she opposed any increase in height allowances for any development, as she grew up in Virginia Beach and had witnessed the negative impacts of development.

Jackie Harris, 902 Swan Street – He inquired about the results of the most recent version of the Town’s Land Use Survey’s results with regard to hotel and motel development.

Howard Kimble, 803 West Sportsman – Mr. Kimble shared that the issue concerning him is the “mini-hotels,” single-family houses with 15-20 bedrooms. These large houses do not have the same code requirements like hotels and other commercial construction. He said his concern was that this issue regrettably would only be adequately addressed should there be a large home fire resulting in a loss of life. Mr. Kimble stated that current law does not permit municipalities to limit the number of bedrooms in a home. As a result, the growth of large single-family houses does not encourage growth in hotels and motels.

Mayor Davies stated that with recent legislative changes, the Town’s authority is more restricted with what can be limited with regard to large home development.

Assistant Planning Director Meredith Guns shared results of the 2007 Land Use Plan Survey [the 2007 Land Use Plan Citizen Survey development results regarding hotels and motels are included as a part of the minutes]. She said the 1997 Land Use Plan, which is still in effect, had a strong response to building height, noting over 80% do not want to see additional building height on any project in Town. Ms. Guns read the Town’s existing policy on height:

“The Town supports the maintenance of its traditional low-profile image and skyline by limiting oceanfront and residential district building heights to not more than 42 total feet. A maximum building height of 50 feet in the commercial and light industrial zoning districts is also supported.” – 1997 Kill Devil Hills Land Use Plan Policy on Height

Willo Kelly, Outer Banks Association of Realtors and Outer Banks Homebuilders Association – Ms. Kelly noted that large residential homes were being debated in Kill Devil Hills and other Dare County municipalities. She said the General Assembly did recently limit a municipality’s authority to limit the number of bedrooms and some architectural features in residential structures. She said towns and counties have the ability to set limits on many areas,

including height, parking, buffering, stormwater management, setbacks, noise ordinances, and waste management. In addition, some towns have property and homeowners associations which have restrictive covenants. She stated that both associations she represents support incentives for safety features in larger structures, including sprinkler systems, emergency lights and extra exits. She highlighted the history of commercial and residential development rules. She stated that if large residential structures were re-categorized to commercial structures, development would require commercially licensed builders, Americans with Disabilities Act (ADA) compliance, and regular inspections, including pools and hot tubs. Ms. Kelly stated there appears to be support for hotel development in the Outer Banks.

Mayor Davies stated the rationale for this worksession stemmed from previous conversations with members of the hospitality industry during the earlier Floor Area Ratio (FAR) ordinance discussions. The Board of Commissioners was asked to address the issue. She noted that the number of hotel and motel rooms across the county was less than previous years, but she did not have the data.

Nick Nuzzi stated there were a significantly smaller number of hotel or motel rooms than years ago. He noted that the small cottage and inn owners could sell the properties for a greater value. Developers then would demolish the “mom and pop” inns and replace them with rental homes.

Jamie Chisolm, President of the Outer Banks Hotel / Motel Association – Ms. Chisolm shared that in 2000, there were 3,858 hotel rooms in Dare County. She noted that in 2016, the number of rooms was 2,876. She reported that there are currently 1,120 hotel rooms in Kill Devil Hills, with a loss of 42 rooms from last year.

Willo Kelly stated that another reason older motels were being sold was due to increases in flood insurance costs.

Pris Shea, 502 Holly Street – Ms. Shea inquired about the occupancy rate for hotels and motels during the summer. She stated that with the flood insurance issues that new hotels could not be easily developed on the oceanfront, and she was pleased with that result. She said she liked the overlay district concept, but it would be difficult to set aside an area to develop a large commercial district.

Tess Judge, 4016 Ivy Lane, Kitty Hawk – Ms. Judge stated the occupancy rate for hotels and motels in Dare County was in the high ninety-plus percentages in the summer season.

Mayor Davies explained the next step would be for the Commissioners to take in all of the information and gain assistance from staff for possible data collection. The item will be placed on a future agenda, examining topics and compromises like an overlay district, a central business district (CBD), and a taskforce. However, she noted this topic is a large issue. Mayor

Davies noted a number of citizens had submitted written comments and the Commissioners would want to review them for additional guidance.

Commissioner Travis Appleman noted that no person or group had come to the Town with a request to develop a new hotel or motel. He was unsure whether any property would be available in Town. He said it is not up to the Town to make a new development a profitable venture. However, he did want to determine whether there are any reasonable compromises that the Town can make to foster growth.

Mr. Jones stated that two different types of incentives had been mentioned during the worksession: Currituck County may be examining possible financial incentives for a hotel to develop. However, Kill Devil Hills appears to be considering architectural incentives.

Mr. Harris inquired about the status of the revised flood maps. Ms. Guns replied that revised maps were expected from the State in late summer 2016.

Mayor Davies stated that hotel and motel development was an ongoing discussion, and she requested that additional comments be submitted to the Board of Commissioners and/or Town staff. She thanked everyone for attending and providing input. She noted that the item would be added to an upcoming agenda.

With no further business, she adjourned the worksession. It was 9:44 a.m.

Submitted by:



James Michael O'Dell
James Michael O'Dell
Administrative Specialist

These minutes were approved at the February 18, 2016 meeting of the Board of Commissioners.

Sheila F. Davies

Sheila F. Davies
Mayor

11. Please circle the number which best reflects your opinion regarding these statements.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
There should be a mix of commercial and residential uses along NC 12.	154 11%	806 57%	239 17%	115 8%	106 7%
Bicycle and pedestrian crossings should be provided on NC 12.	491 35%	731 51%	100 7%	30 2%	72 5%
Sidewalks along NC 12 should be provided for the entire length of Town.	457 32%	532 37%	245 17%	77 5%	110 8%

12. Is the cost of housing a concern for you?

Yes 921 65% No 416 29% Not Sure 84 6%

13. Should the Town encourage affordable housing?

Yes 813 57% No 382 27% Not Sure 225 16%

14. Please circle the number which best reflects your opinion of the following techniques the Town can use to encourage affordable housing.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
Relief from Town fees for builders of affordable housing	151 11%	451 32%	382 27%	242 17%	183 13%
Relief from Town regulations (density, setbacks, parking, lot coverage)	114 8%	214 15%	569 40%	369 26%	151 11%
Town-built infrastructure (roads, waterlines, etc.) to support affordable housing	135 10%	555 39%	309 22%	216 15%	192 14%
Mandatory inclusion of affordable units in new developments	158 11%	389 28%	384 27%	298 21%	182 13%
Allowing garage apartments and "mother-in-law" cottages	201 14%	558 40%	312 22%	179 13%	165 12%
Encourage employers to provide housing allowances for employees	230 16%	523 37%	291 21%	180 13%	191 14%

Environment

The following are brief descriptions of potential erosion abatement measures and questions related to individual preferences as to how the Town should manage beach erosion.

Beach Nourishment: Dredging of beach compatible sand from a borrow source offshore. The sand would be piped to the shore to construct a dune system and to widen the beach.

Retreat: Move structures away from the ocean as it encroaches.

Relocation Assistance: The use of public funds to move threatened houses off the beach.

Public Acquisition of Property: The use of public funds to voluntarily acquire property or houses which are threatened by erosion to prevent structures from occupying the public beach area.

Take no action

1. Below is a list of shoreline management strategies. Please indicate your opinion of each method.

	Very Desirable	Desirable	Neutral	Undesirable	Very Undesirable
Beach nourishment	441 31%	340 24%	278 20%	196 14%	160 11%
Retreat combined with relocation assistance	96 7%	285 20%	392 28%	421 30%	213 15%
Public acquisition of property	107 8%	278 20%	376 27%	397 28%	252 18%
Taking no action	119 9%	143 10%	431 31%	325 23%	368 27%

2. I would be willing to pay higher taxes or fees for...

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
Beach nourishment	195 14%	386 27%	294 21%	426 30%	120 8%
Retreat combined with relocation assistance	30 2%	160 11%	461 33%	622 44%	137 10%
Public acquisition of property	49 4%	232 16%	409 29%	576 41%	146 10%
Take no action	102 8%	154 11%	329 25%	465 35%	295 22%

3. The Town should consider a locally funded project for beach nourishment.

Yes 526 37% No 536 38% Not Sure 349 25%

4. The Town should consider locally funding a project for emergency sand replacement.

Yes 600 43% No 434 31% Not Sure 375 27%

5. Please circle the number which best reflects your opinion of the following statements.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
Stormwater quality draining to the ocean should be improved.	378 27%	595 42%	118 8%	38 3%	283 20%
Residential lots should be required to maintain stormwater on-site.	89 6%	249 18%	477 34%	202 14%	393 28%
Standards for maintaining commercial stormwater on-site are adequate.	28 2%	318 23%	319 23%	111 8%	634 45%
I would be willing to pay the higher costs associated with improving water flowing to the ocean.	70 5%	327 23%	427 30%	250 18%	338 24%
I would be willing to pay the higher costs associated with a town-wide stormwater management system.	83 6%	382 27%	367 26%	241 17%	337 24%

6. Do you have a flooding problem at your property?

Frequently 65 5% Occasionally 283 20% Rarely 318 22% No 723 51% Not Sure 31 2%

7. Please circle the number which best reflects your opinion of the following statements.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
The Town should regulate fill.	366 26%	690 49%	105 7%	36 3%	216 15%
The Town should not allow property to be filled.	122 9%	181 13%	588 42%	141 10%	372 27%
Allow filling to the extent necessary to meet Flood Zone and Health Department regulations.	274 20%	778 55%	94 7%	39 3%	221 16%

8. Please circle the number which best reflects your opinion of the following statements.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
Offshore oil and natural gas exploration should be supported.	291 21%	410 29%	200 14%	304 21%	214 15%
I favor in-town location of land-based support activities for offshore oil and gas exploration and/or extraction activities.	180 13%	314 22%	247 18%	351 25%	320 23%

Traffic and Transportation

1. Please circle the number which best reflects your opinion of the following statements regarding traffic/transportation in Kill Devil Hills.

	Strongly Agree	Agree	Disagree	Strongly Disagree	Not Sure
The Town should help establish a regional public transportation system.	214 15%	518 37%	363 26%	129 9%	197 14%
The Town should support a seasonal public transportation system.	244 17%	663 47%	246 17%	108 8%	161 11%
The Town should increase the number and quality of bicycle and pedestrian facilities throughout the Town.	361 25%	713 50%	180 13%	33 2%	138 10%
Plans for evacuation of the island in the event of a major storm during peak tourist season are adequate.	102 7%	620 44%	264 19%	91 6%	348 24%