



**Date:** April 7, 2025

**To:** W. Bowman Ferguson, City Manager  
**Through:** Keith Chadwell, Deputy City Manager  
**From:** Sara M. Young, AICP, Planning Director  
**Subject:** Consolidated Annexation – Sheffield Farms

**Executive Summary**

A request for a utility extension agreement, voluntary annexation, and initial zoning map change has been received from Erica Leatham, of M/I Homes of Raleigh, for a portion of one parcel of land totaling 218.5 acres and located at 8422 Farrington Road. This annexation petition (case BDG2200030) is for a contiguous expansion of the primary corporate limits (see Annexation Overview Map, Attachment D). The current zoning is Residential Rural (RR). The applicant proposes to change this designation to Planned Development Residential 3.241 (PDR 3.241) to allow up to 702 units consisting of single-family, townhouse, and apartment units with up to 5,000 square feet of retail. Of the proposed 702 dwelling units, the development plan requires a minimum of 350 dwelling units to be townhouses and no more than 350 of the units to be single-family. There are no minimum requirements for the number of apartment units or the square footage of retail to be built on site. The portion of the parcel east of Farrington Mill Road would remain in the county jurisdiction and is not subject to the rezoning request.

The properties are currently designated Mixed Use Neighborhood (MUN) and Recreation and Open Space (ROS) on the Place Type Map (PTM) (Attachment C). The proposed Planned Development Residential 3.241 (PDR 3.241) zoning is generally consistent with the designated Mixed Use Neighborhood and the Recreation and Open Space located at the northern portion of the site; however, the proposed zoning is generally inconsistent with the Recreation and Open Space located at the southern portion of the site as there are no additional protections for the Natural Heritage Area within this area of the site. If the proposed zoning is approved, staff recommend a change to the Recreation and Open Space located at the southern portion of the site as Mixed Use Neighborhood.

**Motions**

To conduct a public hearing to receive comments and consider the following motions:

**Motion 1:** To adopt an ordinance annexing 'Sheffield Farms' into the City of Durham and to authorize the City Manager to enter into a utility extension agreement with M/I Homes of Raleigh, LLC;

**Motion 2:** To adopt an ordinance amending the Unified Development Ordinance by taking property out of Residential Rural, Falls/Jordan Watershed Overlay District B, county jurisdiction and establishing the same as Planned Development Residential 3.241, Falls/Jordan Watershed Overlay District B city jurisdiction; and

**Motion 3:** To adopt a Consistency Statement as required by N.C.G.S. Sec. 160D-605.

## **Background**

Voluntary annexations are governed by North Carolina General Statutes. In addition, the Durham City Code of Ordinances maintains additional requirements. Insofar as possible, City policy is to avoid gaps in the corporate boundary as they may result in increased costs and service delivery impacts.

In order to avoid a situation in which newly annexed property does not have a zoning designation, N.C.G.S. Sec. 160D-202(g) requires that a municipality annexing property, impose municipal zoning on the property within 60 days of the annexation effective date. This is often called an “initial zoning”.

As noted above, the proposed initial zoning associated with this annexation is a request to change the county zoning from RR to PDR 3.241, city jurisdiction. The Planning Commission recommended denial by a vote of 12-0 at their February 13, 2024, meeting. Subsequent to the previous Planning Commission hearing, the applicant added a retail use which was determined to be a substantial change and required a new hearing before the Planning Commission. At the second hearing with the Planning Commission on January 14, 2025, and the proposal received a recommendation of denial by a vote of 7-1.

## **Issues and Analysis**

### ***A. Annexation Impact Analysis***

City staff has analyzed the potential impacts of this proposed development and: 1) the proposed development of this property is found to be revenue positive based upon a cost-benefit analysis conducted by the City’s Budget and Management Services Department and 2) operational expenses have been captured in the chart located in the Financial Impact Section below.

### ***B. Utility Extension Agreement***

The applicant has applied for a utility extension agreement for approval by City Council. Water Management performed the utility impact analysis for the utility extension agreement and determined that the existing City of Durham waterlines and sanitary sewer have capacity to serve the project. Water service will be provided to the property by extending two waterlines from the existing 16-inch waterline in Farrington Mill Road. Sewer service will be provided by constructing a pump station and force main. The force main will discharge at the South Durham Water Reclamation facility. There will be no city participation in the cost of any of the water and sewer improvements.

### ***C. Zoning Map Change***

As discussed in the Background section, above, if a property is annexed, a municipality should impose its zoning within 60 days of the annexation effective date in order to prevent the property from not having a zoning designation. In association with this annexation request, the applicant requests a change from RR to PDR 3.241 zoning. A detailed analysis of the zoning map change request may be found in Attachment F, Zoning Map Change Report. The Zoning Map Change report, Attachment E, describes the proposals consistency or inconsistency with the Comprehensive Plan.

### ***D. Affordable Housing***

Affordable housing is a priority in Durham. As such, staff is tracking affordable housing proffers. The chart below includes all mechanisms for affordability proffered through the legislative process, including income-restricted unit proffers, low-income housing tax credit projects (LIHTC), applicant-funded projects, and the construction and deeding of units to an affordable housing non-profit.

<b>Affordable Units Proffered Through the Legislative Development Process (2020 to 2.26.25)</b>	
Total Pending Units	1,289
<b>Total Approved Units</b>	<b>1,563</b>
<b>Affordable Units Proffered By Funding Source</b>	
Funding Source: City Participation	66
Funding Source: No City Participation	2,786

**E. Comprehensive Plan Consistency**

Policy 165 of the Comprehensive Plan states that “Annexations into the City of Durham should be contiguous with the existing City limits and should not cause service delivery or operational issues for the City or County. Staff will recommend against approval of annexations that create donut holes, enclaves, satellites, or difficult to develop remnant properties. Annexations comprising parcels where one or two single-family homes could be developed should be considered for annexation, even when they do not meet the criteria above, if they cannot be served by well or septic, and/or when it creates an undue burden on the landowner. Annexation into the City limits should only be considered when a substantial benefit to the community can be demonstrated. Annexations that substantially reduce existing enclaves or donut holes are exempt from this policy.”

This proposal is consistent with this policy due to the proposal being contiguous to the corporate city limits without creating donut holes or enclaves.

**Alternatives**

- A. City Council may elect to deny the voluntary annexation petition and utility extension. If the council denied the annexation, no action would be taken on the zoning map change or consistency statement as the site would not be within the city limits.
  
- B. City Council may elect to approve the annexation but apply a different zoning district than what is proposed.

**Financial Impact**

The information found in the chart below is provided directly by the corresponding department. The estimated General Fund revenues generated from this annexation at buildout in FY29 are \$2,240,397. The estimated General Fund expenditures associated with providing city services at buildout are \$434,045. The estimated cumulative General Fund net gain to the city at buildout is \$4,959,622. These calculations do not include Impact Fee revenues, as these support Capital Improvement Projects. A cost-benefit analysis is attached that provides cost and revenue projections through FY34 (see Attachment H). The chart below contains additional details regarding departmental revenue and expense projections.

<b>Department/Type</b>	<b>Revenues</b>	<b>Expenses</b>
Fire	No revenues anticipated.	<p><b>A. Capital Expenses</b>                      The following cumulative capital expenses will be required to support the annexation petition over a 10-year period, post-construction: \$296,334.</p> <p><b>B. Equipment &amp; Operational Expenses</b>                      The following cumulative equipment and operational-related costs and purchases will be</p>

		<p>required to support the annexation petition over a 10-year period, post-construction: \$84,075.</p> <p><b>C. Personnel Expenses</b>                  The following cumulative personnel costs will be required to support the annexation petition over a 10-year period, post-construction: \$420,714.</p>
Planning	<p>The department anticipates receiving \$100,188 in development review fees for this requested annexation.</p>	<p>No additional expenses are anticipated.</p>
Police	<p>No additional revenues are anticipated.</p>	<p><b>A. Capital Expenses</b>                  The following cumulative capital expenses will be required to support the annexation petition over a 10-year period, post-construction: \$0.</p> <p><b>B. Equipment &amp; Operational Expenses</b>                  The following cumulative equipment and operational-related costs and purchases will be required to support the annexation petition over a 10-year period, post-construction: \$0.</p> <p><b>C. Personnel Expenses</b>                  The following cumulative personnel costs will be required to support the annexation petition over a 10-year period, post-construction: \$1,901,852.</p>
Public Works	<p>The department expects increased fees and reimbursements in proportion to the linear feet of streets added to the system. One-time Inspections and development review fees that apply to the build only are not included. Additional revenues over the analysis period are estimated at \$6,269.</p>	<p>While there is not expected to be any direct repaving or other long-term rebuild on these streets in the short term, there may be routine utility cuts, patching, etc., required depending on when these streets are accepted and their condition at that point. There will also be winter weather costs, could be potholes, etc., as with any other street. Total proportional costs at the current level of services over the analysis period total \$ 471,384, including CIP.</p>
Solid Waste	<p>The following revenues will be collected with this annexation petition: \$78,210.</p>	<p><b>A. Capital Expenses</b>                  The following cumulative capital expenses will be required to support the annexation petition over a 10-year period, post-construction: \$87,783—debt service for a portion of the additional vehicles required.</p> <p><b>B. Equipment &amp; Operational Expenses</b>                  The following cumulative equipment and operational-related costs and purchases will be required to support the annexation petition over a 10-year period, post-construction: \$50,034—roll out carts \$270,998 - incremental costs of vehicle fuel and maintenance costs; garbage disposal</p>

		costs; and recycling and yard waste processing costs. <b>C. Personnel Expenses</b> The following cumulative personnel costs will be required to support the annexation petition over a 10-year period, post-construction: \$83,158 - portion of additional crews required.
Transportation	The city anticipates collecting approximately \$9,390 in Paratransit revenues and \$5,237 in Powell bill revenues over the 10-year analysis period.	The city anticipates total costs associated with the project over the 10-year analysis period as follows: \$214,283 for street lighting, \$6,470 for signs, \$324 for street markings, and \$121,907 for Paratransit service.

**Equal Business Opportunity Summary**

This is a consolidated annexation. It was not reviewed by the Finance Department for compliance with the Ordinance to Promote Equal Business Opportunities in City Contracting.

**Contractor Workforce Diversity & Hiring Practices**

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.

**Staff Contact**

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**Attachments**

- Attachment A:** Zoning Context Map
- Attachment B:** Aerial Map
- Attachment C:** Place-Type Map
- Attachment D:** Annexation Overview Map
- Attachment E:** Utility Vicinity Map
- Attachment F:** Zoning Map Change Report
- Attachment G:** Development Plan
- Attachment H:** Cost Benefit Analysis
- Attachment I:** Clerk’s Certification
- Attachment J:** Utility Extension Agreement
- Attachment K:** Comprehensive Plan Consistency Review
- Attachment L:** TIA Memo
- Attachment M:** Natural Heritage Program Report
- Attachment N:** Durham County Multiple Property Documentation Form
- Attachment O:** Preservation Durham Letter
- Attachment P:** Planning Commission Written Comments
- Attachment Q:** Annexation Ordinance
- Attachment R:** Zoning Ordinance
- Attachment S:** Consistency Statement