

PROPOSED TEXT AMENDMENT DRAFT

STATE OF MICHIGAN
COUNTY OF OAKLAND
CITY OF NOVI
ORDINANCE NO. 18.295

AN ORDINANCE TO AMEND THE CITY OF NOVI ZONING ORDINANCE, AMENDING ARTICLE 3, ZONING DISTRICTS, AT SECTION 3.31, PLANNED DEVELOPMENT OPTIONS, TO INCLUDE AN OPTION FOR STAND-ALONE MULTIPLE FAMILY RESIDENTIAL USE IN THE PD-2 OPTION.

THE CITY OF NOVI ORDAINS:

Part I. That the City of Novi Zoning Ordinance is amended, in Article 3, Zoning Districts, Section 3.31 to read as follows:

7. *(PD-2) Planned Development Option.* The PD-2 Planned Development Option is intended to encourage development of intensive major nonresidential land use types and transitional mixed-use buildings ~~with-and~~ residential ~~components~~ land uses ~~types~~ not otherwise permitted in the RC district. The Option is designed to encourage development within those land areas in substantial accord with the goals and objectives of the City's Master Plan for Land Use. The further intent of this option is to permit the limited application of (i) more extensive commercial uses in a district otherwise restricted to community and regional oriented shopping centers or (ii) transitional uses on the periphery of regional oriented shopping centers:

- A. In considering a request to rezone land to a district in which the PD-2 Option is permitted, the Commission may recommend approval of the request to the City Council only after the Commission finds that:
 - i. The parcel of land requested for rezoning to RC district lies substantially within an area depicted on the City's Master Plan for Land Use Map for development under a PD-2 Option.
 - ii. The request to rezone is being made with the intent of developing uses under the PD-2 Option.
 - iii. The area being requested for rezoning is immediately adjacent to like or similar zoning so as not to create unrelated penetrations of nonresidential districts into residentially zoned areas.
 - iv. The area requested for rezoning is either fully served by public utilities, including water and sanitary sewer, or will be fully served through the extension of such public utilities to the site at the time of development.

- v. The area requested for PD-2 Option development demonstrates suitable road traffic capacity/access and utility services for the expected ~~high density commercial type uses and/or higher density mixed-use buildings with residential type~~ uses proposed at the time of development.
 - vi. The development will not be contrary to established land uses patterns.
 - vii. The requirements for special land uses contained within Section 6.1.2.C are satisfied.
- B. Application for development under this Option shall conform to all the submittal requirements of this Section. Under this Option, no building or land shall be used and no building shall be erected except for one (1) or more of the following specified uses:
- i. Convention centers including motels, ~~motor~~ hotels, auditoriums, theaters, assembly halls, concert halls or similar places of assembly, and related accessory uses when included as an integral part of the center;
 - ii. Planned commercial centers containing at least one-hundred fifty-thousand (150,000) square feet of gross leasable floor area;
 - iii. Entertainment centers such as theaters, health clubs, racquet clubs and other indoor recreation centers;
 - iv. Retail commercial uses, provided such retail commercial uses shall have a gross leasable floor area of fifty-thousand (50,000) square feet and shall be contained wholly within a building with no outdoor sales, display, storage of goods or materials;
 - v. Banquet halls, sit-down restaurants, and the following types of fast food restaurants: fast food carryout, fast food drive-through and fast food sit-down restaurants, provided that the following conditions are met:
 - a. When restaurants are independently freestanding uses and not attached to or otherwise clearly accessory to a principle use, they shall be located no closer than one thousand (1,000) feet from any other such use on the same side of the street;
 - b. Minimum parcel size shall be one and one-quarter (1.25) acres;
 - c. The site plan shall be designed to achieve traffic circulation features both within the site and in relation to access streets that assure safety and convenience of both vehicular and pedestrian traffic.
 - vi. Office buildings for executive, administrative, professional, accounting, writing, ~~clerical, stenographic,~~ drafting and ~~allied~~-similar uses;

- vii. Retail commercial uses provided all such business uses are located on subfloors below grade, on the ground floor or ground floor mezzanine only; and
- viii. Mixed-use buildings with residential components, or stand-alone multi-family residential buildings, on properties adjacent to a ~~use or~~ zoning district other than the RC District, subject to the following:
 - a. All buildings shall consist of any single use or combination of uses that are principal permitted uses of the ~~RM-2~~, B-1, B-2, or OSC zoning district, and all buildings shall have an attached residential component. In no instance shall the gross floor area of ~~the a~~ retail/office component of a mixed-use development comprise more than twenty (20) percent of the total floor area of the building. ~~The regulations applicable to the RM-2 District with respect to density shall apply to the residential component;~~
 - b. Residential uses, either as a component in a mixed-use or a single-use development, shall adhere to the following regulations:
 - i. The net density of units shall not exceed 24 dwelling units per acre;
 - ii. The maximum lot coverage shall conform to Section 3.6.2.D.
 - iii. A minimum of 200 square feet per unit of Usable Open Space shall be provided, which may include private pool and clubhouse amenities, pocket parks, play structures and/or walking trails that connect to the City's non-motorized network;
 - iv. Building height shall not exceed 55 feet or 4 stories, whichever is less;
 - v. Studio or efficiency units shall be a minimum of 400 square feet, and shall not account for more than 15% of the total number of units;
 - vi. One-bedroom units shall be a minimum of 500 square feet, and shall not account for more than 50% of the total number of units;
 - vii. No building shall exceed one-hundred twenty-five (125) feet, unless pedestrian entranceways are provided at least every one-hundred twenty-five (125) feet along the road frontage;
 - viii. A minimum setback of one hundred (100) feet shall be provided along any natural shoreline. The area of said setback may be utilized in the computation of density but shall not be used for off-street parking, buildings or accessory uses. Said area may be used for open space, recreation, beach facilities or similar uses.

- ix. Within any required front, side or rear yard setback from any property line, not more than thirty (30) percent of such yard area shall be used for off-street parking, maneuvering lanes, service drives or loading areas;
 - x. Innovative planning and architecture shall be used to create a significant pedestrian orientation. Design amenities shall include pedestrian walkways, brick or other approved decorative paving to achieve the effect of safe, tidy and well-landscaped plazas, coordinated pedestrian scale lighting, benches, trash receptacles, small-scale landscape treatments, and architectural features at entranceways and focal points of the development;
 - xi. There shall be provided concrete sidewalks of six (6) feet in width so as to permit safe and convenient non-motorized access along internal roads and to any community center, recreational facility, parking lots and neighboring buildings. Where feasible, the sidewalks shall connect to sidewalks, bike paths, and nature trails that abut the property. Such sidewalks shall be depicted upon the preliminary and final site plan, including the landscape plan submitted pursuant to Section 5.5. All applicable local, state and federal standards relating to barrier free design shall be complied with;
 - xii. The minimum distance between any two (2) buildings shall be regulated as described in Section 3.8.2.H.;
 - xiii. On-street parallel parking along major drives, as described in Section 5.10, is permitted provided 26-foot drive aisles are maintained.
 - xiv. Private community swimming pools and similar amenities shall not require additional parking spaces except for barrier free spaces.
 - xv. Off-street loading zones are not required for residential uses. Non-residential uses shall provide loading and unloading area in accordance with Section 5.4.
- b. ~~The ground floor of the building shall not contain any residential use except for customary indoor ancillary uses to multiple family dwellings including, but not limited to, lobbies, hallways, leasing offices, garages, residential storage, swimming pools and ancillary uses. For purposes of this section, "ground floor" shall be defined as a floor, or portion thereof, where the exterior finish grade adjacent to the floor is no more than four (4) feet below the finish floor elevation;~~
- c. *Subject to the percentage limitations of subsection (a) above, upper stories may be used for any use as permitted in Section*

~~3.31.7.B.viii.a~~ above, provided that no commercial or office use shall be located on a story above a residential use (not including ancillary uses to residential uses).

d. In addition to the requirements of Section 3.31.4.A, the applicant for a mixed-use or residential development ~~building~~ must demonstrate the following:

- (1) The development will result in a recognizable and substantial benefit to the ultimate users of the project and to the community, where such benefit would otherwise be unfeasible or unlikely to be achieved.
- (2) Based upon the proposed uses, layout, and design of the overall project, the proposed building façade treatment, the proposed landscaping treatment, and the proposed signage, the development will result in a material enhancement to the area of the City in which it is situated.
- (3) In relation to underlying zoning, the proposed development will not result in an unreasonable negative economic impact upon surrounding properties.
- (4) Each particular proposed use in the development, as well as the quantity and location of such use, shall result in and contribute to a reasonable and mutually supportive mix of uses on the site, and /or a compatibility of uses in harmony with the surrounding area and other downtown areas of the City, and shall reflect innovative planning and design excellence.
- (5) The proposed development shall be under single ownership and/or control such that there is a single person or entity having responsibility for completing the project in conformity with this Ordinance. This provision shall not prohibit a transfer of ownership and/or control, upon due notice to the City Clerk, provided that the transfer is to a single person or entity, as required in the first instance.
- (6) ~~Streetscape~~Development amenities shall be included as part of a mixed-use or residential development~~building~~. The use of decorative, pedestrian-scale parking lot lighting, public pathways, and other similar features shall be an integral part of any site plan. Amenities shall include lighting, landscape plantings, sidewalk furniture, parks and other amenities that reflect a consistent

residential theme. All such amenities shall be privately owned and maintained.

(7) Buildings that are not located on a publicly dedicated roadway may be permitted to have parking on the ground level of the building. Such parking level shall not count against the maximum height/story requirement. The parking inside the building must be aesthetically and effectively screened from view through architectural design, landscaping, or other means, from adjacent drives, walkways and buildings, and particularly from the street level view.

(8) In all cases, the maximum height shall include all rooftop appurtenances, architectural features, skylights or other such roof mounted building amenities.

ix. Accessory uses customarily ancillary to the above permitted uses.

C. The maximum permitted building height of the RC district shall apply to all uses under the PD-2 Option except as otherwise noted.

D. The minimum front, side, and rear yard setback requirements for all principle uses permitted under this Option, shall be as follows:

3.31.7.D Minimum Front, Side, and Rear Yard Setback Requirements	
Front yard setback	50 feet ⁽¹⁾
Side yard setback(s)	35 feet ⁽²⁾ (total of two 70 ft.)
Rear yard setback	35 feet
(1) Wherever a marginal access service drive shall be required in accordance with the approved plan, the front yard setback shall be measured from the interior right-of-way line of the service drive; and (2) In the case of an exterior side yard, the setback requirement of the front yard shall apply including all off-street parking and greenbelt requirements. Off-street parking shall be provided as set forth and regulated in Section 5.2 of this Ordinance, except that off-street parking shall be permitted within any yard to a point twenty (20) feet from the front or exterior side yard property line and to a point ten (10) feet from any interior side and rear property line.	

E. Landscaping throughout the site shall be provided as set forth and regulated in Section 5.5 of this Ordinance.

- F. In those instances where the Planning Commission and City Council determines that marginal access service drives will not be necessary, off-street parking may be permitted in the front yard to a point twenty (20) feet from the proposed thoroughfare right-of-way line.

In determining that marginal access service drives will not be needed, the Planning Commission and City Council shall find that:

- i. The extent of frontage on a major thoroughfare consumed by the site in question is such that the number of access points from the site directly to the thoroughfare will be no more than and/or will have no greater impact on the thoroughfare than if access were provided via a marginal access drive;
- ii. The function of any existing or proposed marginal access service drives adjoining the site in question will not be adversely affected by not continuing such drives on the site in question; and
- iii. The extent of thoroughfare frontage is such that the need for marginal access service drives beyond the site in question will either no longer be needed or can be effectively developed independently of the site in question.

8. Appeals. The Zoning Board of Appeals shall have no jurisdiction to hear appeals or make interpretation or any other decisions regarding the Section or a proposed Preliminary Site Plan.

PART II.

Severability. Should any section, subdivision, clause, or phrase of this Ordinance be declared by the courts to be invalid, the validity of the Ordinance as a whole, or in part, shall not be affected other than the part invalidated.

PART III.

Savings Clause. The amendment of the Novi Code of Ordinances set forth in this Ordinance does not affect or impair any act done, offense committed, or right accruing, accrued, or acquired or liability, penalty, forfeiture or punishment, pending or incurred prior to the amendment of the Novi Code of Ordinances set forth in this Ordinance.

PART IV.

Repealer. All other Ordinance or parts of Ordinance in conflict herewith are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

PART V.

Effective Date: Publication. Public hearing having been held hereon pursuant to the provisions of Section 103 of Act 110 of the Public Acts of 2006, as amended, the provisions of this Ordinance

shall be published within fifteen (15) days of its adoption by publication of a brief notice in a newspaper circulated in the City of Novi stating the date of enactment and effective date, a brief statement as to its regulatory effect and that a complete copy of the Ordinance is available for public purchase, use and inspection at the office of the City Clerk during the hours of 8:00 A.M. to 5:00 P.M., Local Time. The provisions of this Ordinance shall become effective seven (7) days after its publication.

MADE, PASSED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF NOVI, OAKLAND COUNTY, MICHIGAN, ON THE ____ DAY OF _____, 2021.

ROBERT J. GATT, MAYOR

CORTNEY HANSON, CITY CLERK

Ayes:

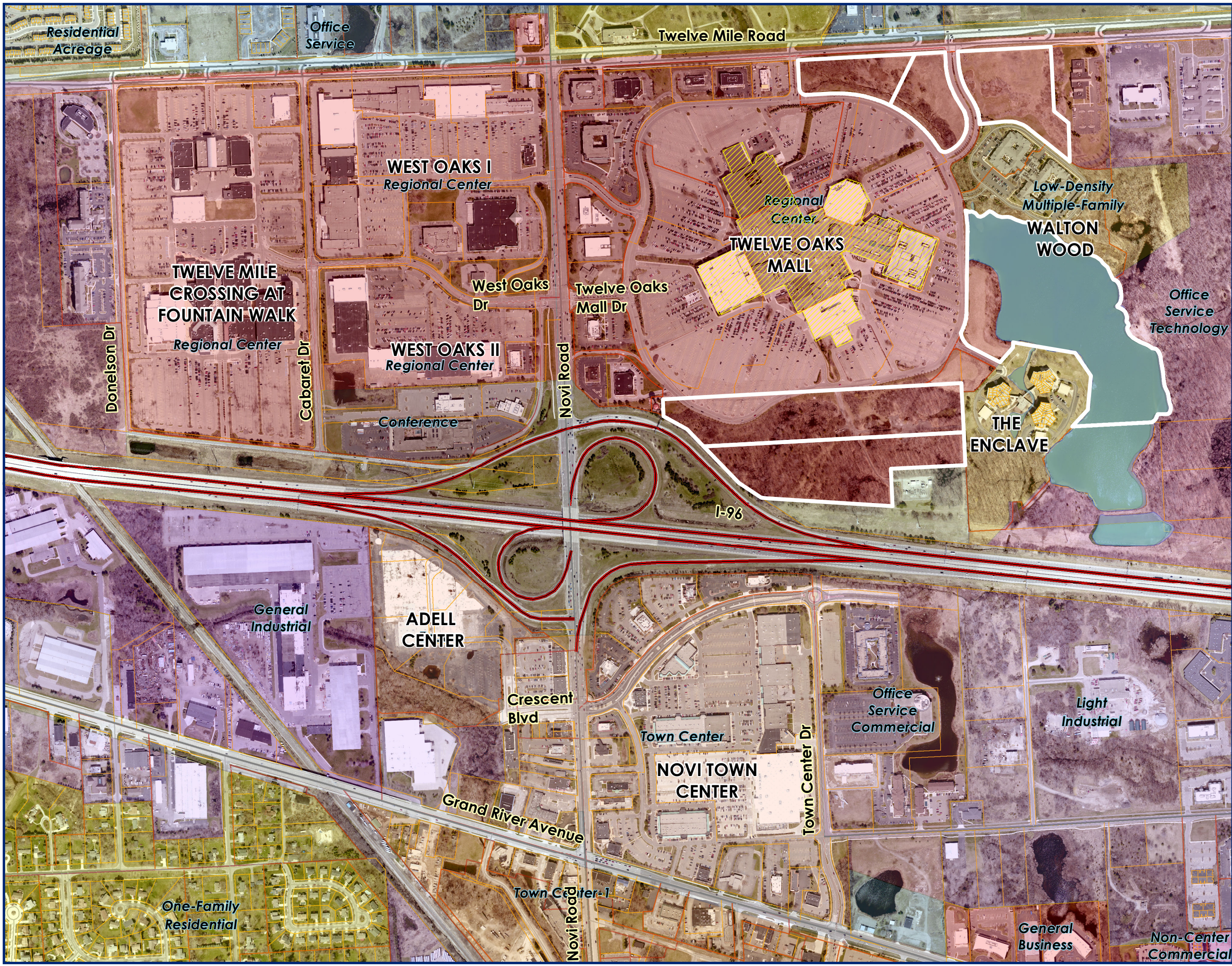
Nays:

Abstentions:

Absent:

MAPS

**Twelve Oaks Mall & Surrounding Development
Regional Center District & PD Options**



Twelve Oaks Mall and the Surrounding Development

- LEGEND:**
- Twelve Oaks Mall
 - Undeveloped Parcels
 - Surrounding Development

- WEST OAKS:**
Restaurants & Retail
- FOUNTAIN WALK:**
Retail, Restaurants & Indoor Recreation
- ADELL CENTER:**
Restaurants, Hotels & Indoor Recreation
- NOVI TOWN CENTER:**
Retail & Restaurants

0205410Feet820

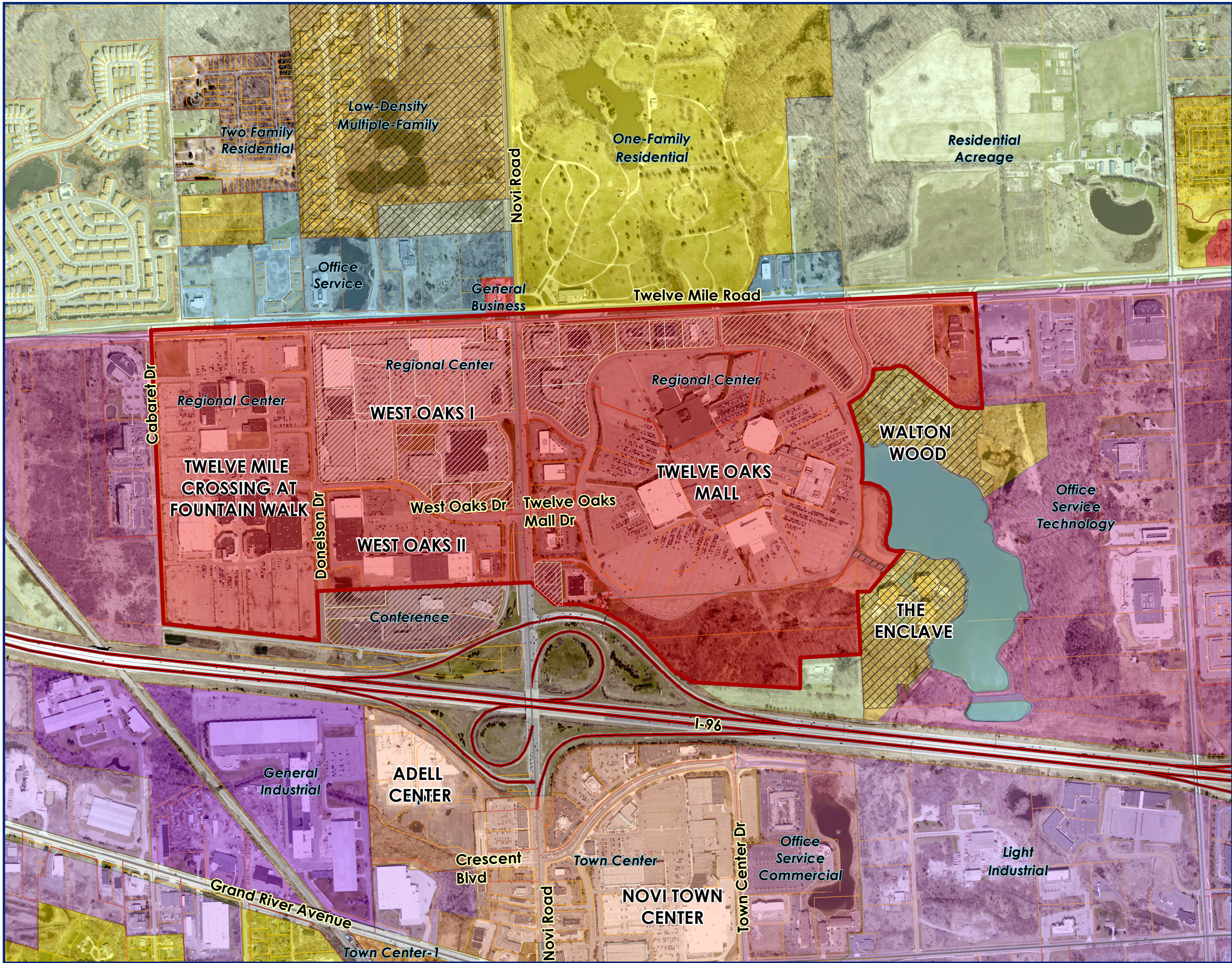
1 inch = 606 feet

City of Novi
Dept. of Community Development
City Hall / Civic Center
45175 W Ten Mile Rd
Novi, MI 48375
cityofnovi.org

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to meet National Map Accuracy Standards and use the most recent, accurate sources available to the people of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager to confirm source and accuracy information related to this map.

Map Author: SRK, LAB | Date: 12/2/2020



Regional Center Zoning District & Planned Development Options

LEGEND:

- PD1
- PD2
- RC: Regional Center District

- WEST OAKS:**
Restaurants & Retail
- FOUNTAIN WALK:**
Retail, Restaurants & Indoor Recreation
- ADELL CENTER:**
Restaurants, Hotels & Indoor Recreation
- NOVI TOWN CENTER:**
Retail & Restaurants

0 250 500 1,000 Feet
1 inch = 728 feet

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**INFORMATION PRESENTED
TO THE PLANNING COMMISSION**

MEMORANDUM



TO: MEMBERS OF THE PLANNING COMMISSION
FROM: LINDSAY BELL, A/CP, SENIOR PLANNER 
THROUGH: BARBARA MCBETH, A/CP, CITY PLANNER
SUBJECT: PUBLIC HEARING FOR TEXT AMENDMENT 18.295
DATE: FEBRUARY 5, 2021

Even before the Coronavirus pandemic hit in early 2020, shopping malls in the United States were facing troubling times. On a national scale, demand for retail space has experienced a sharp decline as customers increasingly shop at on-line retailers or spend more at discount stores. The trend of big-name national retail chains filing for bankruptcy has been growing faster over time. In 2018 there were 17 retail bankruptcies, followed by 23 in 2019 ([CNBC 12/28/2019](#)). [According to Forbes](#), during the tumultuous year of 2020, 32 national retailers have filed to date, and they predict 2021 could be another big year of closures. Last fall, it was estimated that as many as 300 enclosed US malls are likely to close in the next half decade ([cnu.org, 10/8/2019](#)). All this upheaval in retail has led communities across the nation to begin to reimagine their malls and what is permitted in and around them.

City administration and staff began discussions in 2019 to brainstorm how to address and counter-act the downward trends in retail demand and give new life to those areas that have a high concentration of retail uses, primarily the Regional Center (RC) and Town Center (TC) Districts. In late 2019 and early 2020 staff met with four of the core property owners/managers of the retail centers and exchanged some thoughts on new ideas, innovations, and examples from other communities on how malls could be supported into the future. The representatives shared their experience and concerns, and staff continued their research with this feedback in mind.

Discussions with Twelve Oaks Mall owners, Taubman Centers (prior to the announcement they would merge with Simon Property Group), revealed that its occupancy rates are stronger than many other malls in the region. Even so, with national retailers failing precipitously, we want to be proactive in planning for the future of the RC district, and make changes that will help maintain and enhance the strength of this regional destination and other nearby shopping centers.

Our focus was on uses that would be complementary to the retail components and would allow flexibility to adapt to changing market demands. We studied how other communities have faced this challenge, and what successes and lessons they shared. One idea that was discussed and is now being presented is to allow stand-alone, high-density multiple family (MF) uses in the RC District. Currently only some areas on the periphery of the RC district allow residential use as a component of a mixed-use development. The issue developers have encountered with the mixed-use requirement is there is already a massive amount of retail space available in close proximity, namely

the Twelve Oaks Mall and West Oaks shopping center. Adding additional retail space is not only unnecessary, in some cases deed restrictions on the land prohibit establishments that would compete with mall tenants, which significantly narrows the type of retail permitted. Staff has also heard from many developers over the years that it is difficult to finance mixed-use buildings as the sources and requirements for the loans can be vastly different.

The uses permitted by right in the RC District include the following (See attachments for full list of permitted and special land uses in the RC District):

- Regional and community shopping centers,
- Professional and medical offices,
- Financial institutions,
- Facilities for human care,
- Personal service establishments,
- Publicly owned & operated parks, parkways and outdoor recreational facilities,
- Hotels

Other uses that have been discussed and that staff is considering adding or clarifying are permitted uses within the RC District:

- Grocery stores,
- Community centers,
- Daycares,
- Parking decks,
- Open space/plazas walking trails,
- Outdoor entertainment and recreation, and
- Outdoor markets or pop-up events.

These could be uses permitted as of right in the RC District, or as a Special Land Use and/or Overlay District. These and other concepts would benefit from a deeper study during the Master Plan Review that is anticipated to begin after July 1, 2021.

MASTER PLAN FOR LAND USE

As designated in the Master Plan for Land Use, certain areas on the periphery of the RC District are granted additional development flexibility known as Planned Development Options, or the PD-1 and PD-2 Options.

In the Master Plan for Land Use, the area north of I-96, south of Twelve Mile Road, east of Cabaret Drive, west of and including the Twelve Oaks Mall area is designated as Regional Commercial. The PD-2 option is generally indicated for the properties north of the Twelve Oaks Mall ring road along Twelve Mile, the Chic-fil-A property, the West Oaks II development north of West Oaks Drive, and the southern area of West Oaks I north of Fountain Walk Drive, east of Donelson Drive (see attached maps). Outside the RC District, adjacent to the PD-2 areas are planned for Community Office, Cemetery, Educational Facility (MSU's Tollgate Farm), Office Research Development Technology, and PD-1 (Planned Development Option 1). The only residential uses planned in the adjacent areas are those designated PD-1, which are developed with low density

senior housing. A new assisted living facility has also been recently developed in an area planned for Community Office on the north side of Twelve Mile.

PD-2 OPTION

The PD-2 Option is “intended to encourage development of intensive major non-residential land use types and transitional mixed-use buildings with residential components land use types not otherwise permitted in the RC district.” Specifically, the following are permitted:

- Convention centers including hotels, places of assembly and accessory uses,
- Planned commercial centers containing over 150,000 square feet of leasable area,
- Entertainment centers such as theaters, health clubs, racquet clubs and indoor recreation centers,
- Banquet halls, sit-down and fast-food restaurants (with conditions),
- Office buildings for executive, administrative, professional and similar uses,
- Retail commercial uses if on below grade floors, ground floor or ground floor mezzanine only,
- Mixed use buildings with residential components on properties adjacent to a use or zoning district other than RC (with conditions).

Site plan applications for development projects under the PD-2 Option are reviewed by the Planning Commission for recommendation made to City Council. City Council, as part of the approval of the Preliminary Site Plan, is authorized to grant deviations from the strict terms of the zoning ordinance governing area, bulk, yard, and dimensional requirements applicable to the property, as well as attach reasonable conditions to the approval. All uses proposed under the PD-2 Option are also subject to Special Land Use criteria for approval.

RECOMMENDED AMENDMENTS

For the time-being, given there is expressed interest in the short-term for development of Multiple Family uses, staff is suggesting that the Planning Commission and City Council consider adding stand-alone Multiple Family residential to the PD-2 Option. The ordinance currently allows Multiple Family residential only when it is part of a mixed-use building and adjacent to a use or zoning district other than the RC District. Recent discussions with Singh Development have shown that several of the mall out-lots may be appropriate for higher density, urban-style living. If approved, Multiple Family residential would join existing residential uses around Twelve Oaks, including Walton Wood (assisted living), and the Enclave condominiums, which developed under the RM-1 District about 30 years ago.

The text changes proposed would include a list of regulations for the multiple family use, including limits on density and building height. Many of the conditions reflect those that are found elsewhere in the Ordinance in the RM-2 and Town Center districts related to multiple family uses.

On December 9, the Planning Commission reviewed the draft ordinance language and recommended that the matter be set for a public hearing. The public hearing for the text amendment was advertised in the local paper and on the City's website. Staff has also shared the draft with local property owners and managers in the Regional Center area to get their input on the changes. They were invited to share their feedback at the public hearing or with staff directly.

On February 5, 2021, the Planning Commission is asked to hold the Public Hearing and make a recommendation to the City Council for reading and adoption.

Attachments:

1. Section 3.1.24. Principal permitted and special land uses for RC District
2. Context image: Twelve Oaks Mall and surroundings, City of Novi
3. Map: RC districts in City of Novi, with PD-1 and PD-2 Option areas
4. Visualizing Density examples
5. Draft Ordinance Amendment

A. INTENT

The RC ,Regional Center district is intended to permit major planned commercial centers that will, by virtue of their size, serve not only the local community, but the surrounding market area as well.



User Note: For uses listed in **bold blue**, refer to Article 4, or click on use, for use-specific standards

B. PRINCIPAL PERMITTED USES

- i. **Regional shopping centers** §4.79
- ii. **Community shopping** §4.79
- iii. Professional office buildings
- iv. Medical office, including laboratories and clinics
- v. **Facilities for human care** §4.64
- vi. Financial institution uses with drive-in facilities as an accessory use only
- vii. Personal service establishments
- viii. Off-street parking lots
- ix. Places of worship
- x. Other uses similar to the above uses
- xi. Publicly owned and operated parks, parkways and outdoor recreational facilities
- xii. Professional office buildings, offices and office sales and service
- xiii. Transient residential uses
- xiv. **Public or private health and fitness facilities and clubs** §4.34
- xv. Public utility offices and telephone exchange buildings
- xvi. **The inpatient bed facility** **portion of general hospitals** §4.65
- xvii. Bus and other transit passenger stations
- xviii. **Accessory structures and uses** §4.19 customarily incident to the above permitted uses

C. SPECIAL LAND USES

- i. **Open air business uses** §4.80
- ii. **Sale of produce and seasonal plant materials outdoors** §4.30
- iii. **Microbreweries** §4.35
- iv. **Brewpubs** §4.35

The following uses are permitted subject to **Section 3.10's B-2 Requirements.**

- i. **Retail businesses use** §4.78.2
- ii. **Retail business service uses** §4.78.2
- v. **Retail business or service establishments** §4.27
- vi. **Restaurants** §4.78.2



**EXCERPT FROM
PLANNING COMMISSION
MINUTES**



**EXCERPT FROM
PLANNING COMMISSION
MINUTES**

CITY OF NOVI
Regular Meeting
February 10th, 2021 7:00 PM
Remote Meeting
(248) 347-0475

In accordance with Open Meetings Act, MCL 15.261, ET SEQ., as amended, this meeting was held remotely.

CALL TO ORDER

The meeting was called to order at 7:00 pm.

ROLL CALL - Pursuant to the State of Michigan Open Meetings Act, all members shall identify their physical location by stating the county, city, and state from which he or she is attending the meeting remotely.

Present: Member Avdoulos- *City of Novi, Oakland County, MI*; Member Becker-
Ocqueoc Township, Presque Isle County, MI; Member Dismondy- *City of Novi, Oakland County, MI*; Member Lynch- *City of Novi, Oakland County, MI*

Absent: Chair Pehrson (excused), Member Ferrell (excused)

PUBLIC HEARINGS

1. TEXT AMENDMENT 18.295 – RESIDENTIAL USE IN THE PD-2 OPTION

Public hearing for Text Amendment 18.295 to amend the City of Novi Zoning Ordinance at the following location: Article 3.0, "Zoning Districts," Section 3.31, "Planned Development Options," to permit stand-alone multiple family residential use, with conditions, in the PD-2, Planned Development Option for eligible properties in the RC Regional Center District, as indicated in the City of Novi Master Plan for Land Use.

Planner Bell said even before the Coronavirus pandemic hit almost a year ago, shopping malls in the United States were facing troubling times. On a national scale, demand for retail space has experienced a sharp decline as customers increasingly shop at on-line retailers or spend more at discount stores. The trend of big-name national retail chains filing for bankruptcy has been growing faster over time. In 2018 there were seventeen retail bankruptcies, followed by twenty-three in 2019. According to Forbes, thirty-two national retailers had filed in 2020, and they predict 2021 could be another big year of closures. All this upheaval in the retail market has led communities across the nation to begin to reimagine their malls and what is permitted in and around them.

City administration and staff began discussions in 2019 to brainstorm how to address and counter-act the downward trends in retail demand and give new life to those areas that have a high concentration of retail uses, primarily the Regional Center (RC) and Town Center (TC) Districts. In late

2019 and early 2020 staff met with four of the largest property owners/managers of the retail centers in the RC and TC Districts and exchanged some thoughts about how the retail uses could be supported into the future. Our aim ultimately is to be proactive in planning for the future of the RC district, and make changes that will help modernize, maintain, and enhance the strength of this regional destination and other nearby shopping centers.

Generally, the uses permitted in the RC District include regional and community shopping centers, professional and medical offices, financial institutions, facilities for human care, personal service establishments, publicly owned and operated parks, parkways and outdoor recreational facilities, and hotels.

I will share an image that will help demonstrate what area we are talking about. Largely, the area surrounding Twelve Oaks Mall, West Oaks I and II, and Twelve Mile Crossing at Fountain Walk all fall within the Regional Center District. As designated in the Master Plan for Land Use, certain areas on the periphery of the RC District are granted additional development flexibility known as Planned Development Options, or the PD-1 and PD-2 Options.

Planner Bell continued to say in the Master Plan for Land Use, the area north of I-96, south of Twelve Mile Road, east of Cabaret Drive, west of and including the Twelve Oaks Mall area is designated as Regional Commercial. The PD-2 option is generally indicated for the properties north of the Twelve Oaks Mall ring road along Twelve Mile, the Chic-fil-A property, the West Oaks II development north of West Oaks Drive, and the southern area of West Oaks I north of Fountain Walk Drive, east of Donelson Drive.

The PD-2 Option is “intended to encourage development of intensive major non-residential land use types and transitional mixed-use buildings with residential components land use types not otherwise permitted in the RC district.” Specifically, the following are permitted in PD-2 option: convention centers including hotels and places of assembly, planned commercial centers over 150,000 square feet of leasable area, entertainment centers such as theaters, health clubs, racquet clubs and indoor recreation centers, banquet halls, sit-down and fast-food restaurants with conditions, office buildings for executive, administrative, professional and similar uses, retail commercial uses if on below grade floors, ground floor or ground floor mezzanine only, and also mixed use buildings with residential components on properties adjacent to a use or zoning district other than RC, with conditions.

The text amendment proposed at this time would allow stand-alone, high-density multiple family uses under the PD-2 Option, rather than requiring them to be a component in mixed use developments. The issue developers have encountered with the mixed-use requirement is there is already a massive amount of retail space available, namely the Twelve Oaks Mall and West Oaks shopping centers. Adding additional retail space is not only unnecessary, in some cases deed restrictions on the land prohibit establishments that would compete with mall tenants, which significantly narrows the type of retail tenants permitted. Staff has also heard from many developers over the years that it is difficult to finance mixed-use buildings as the sources and requirements for the loans can be vastly different.

Recent discussions with Singh Development have indicated that several of the mall out-lots may be appropriate for higher density, urban-style living. If approved, Multiple Family residential would join existing residential uses around Twelve Oaks, including Walton Wood Assisted Living, and the Enclave condominiums, which developed under the RM-1 District about 30 years ago.

Planner Bell continued to say the text changes proposed would include a list of requirements for the multiple family use, including limits on density and building height. Many of the conditions reflect those

that are found elsewhere in the RM-2 and Town Center districts related to multiple family uses. As with all PD-2 uses, residential would be subject to the requirements for Special Land Use approval. Site plan applications under the PD-2 Option are reviewed by the Planning Commission for recommendation made to City Council. City Council, as part of the approval of the Preliminary Site Plan, is authorized to grant deviations from the strict terms of the zoning ordinance, as well as attach reasonable conditions to the approval.

Since we first introduced this amendment to you in December, staff has shared the draft text with landowners and property managers within the RC District. We have not received written comments from any of them, but they may choose to participate in the public hearing. The Planning Commission is asked to hold the Public Hearing and make a recommendation to the City Council.

Chair Avdoulos said this is a Public Hearing, if anyone in the audience wishes to speak, you may do so now.

Seeing no one in the audience wished to speak, Chair Avdoulos asked for the written correspondence of which there was none. Chair Avdoulos closed the Public Hearing and turned it over to the Planning Commission for consideration.

Member Becker said it was indicated that we had been talking with developers and other communities since 2019. Besides this type of exchange to allow for high density without mixed use, is there any other ideas that have been proven to be successful in developing similar types of projects around malls?

Planner Bell said some of the uses we've heard that are popular right now are outdoor entertainment options, plazas, and seasonal events. Those examples have had some success in other communities. Bringing in some other complementary uses and especially, if you're bringing in residential, which many projects do, some other uses that would support those are grocery and more everyday type of support retail.

Member Dismondy said in my day job I'm a commercial real estate lender, so I represent many life insurance companies and agency lenders. It is true that when you add a component to multi-family, such as retail, it hurts developers in getting the loans that are necessary to make these deals work. Not only because there's plenty of retail in that district, but because the deal won't happen until there is a lease signed to take the retail space. Otherwise, the lender will not give them credit for that income and so what happens is the underwriting doesn't work. This amendment is progressive because the deals that are getting financed are the ones you know that have less resistance. So, you're going to give developers who have the wherewithal and the ability to acquire land and create multi-family density around the shopping center, which in my opinion, is a great idea and is pretty progressive. Lenders are smart enough to say you have to fill up this retail lease but all you're going to do is steal from across the street to bring a tenant into a new development, so you're just moving pieces around. There doesn't need to be more retail pieces, so I think it's a great idea. I'm in support.

Member Lynch said I think it's a good idea too. There are some areas where I need some clarification. Right now, there's Walton Wood which I believe is a single story and there's the Enclave residential that I believe is six-stories. So, you're limiting the height of these new areas from six-stories down to four-stories, I don't know the reason for that. Secondly, the Enclave residential area, which is adjacent to the property in question, is zoned RM-1. I'm not sure how many units per acre are allowed on RM-1.

City Planner McBeth said I think that The Enclave was built under a different Ordinance than the one we're currently looking at. I think that there had been some modifications over the years. The Enclave was built taller and is probably a bit denser than the Ordinance currently allows.

Planner Bell said the current RM-1 Ordinance would only allow thirty-five feet or two-stories and the max density is a calculation. You have to calculate the number of rooms to get the density, so if they were all one-bedroom they could get up to 10.9 dwelling units an acre. However, the Ordinance says you can only have twenty percent one bedroom so you kind of have to do all these calculations to figure out how many units you could actually have.

Member Lynch said the reason for my question is, and I'm sure we will hear it as we always do with adjacent homeowners, if we're allowing more density than what's already there, what's it going to do to their property? I personally like the idea. I read through this and you're allowing one-bedroom so I'm assuming you're talking about apartment buildings. The Enclave I know is a condominium, and I think most of the units there are 2,000 square feet and then there's Walton Wood which I know it's not a long-term care facility, but something along those lines. I just want to make sure we're being consistent and not creating a dense population in a very small area, but other than that I like the idea of doing that on that property, it makes sense to allow residential there. I just think that maybe we're allowing too dense of a site, but I think we will have to go through a Special Land Use process from Planning Commission and we'll then be able to assess it, right?

Planner Bell said that's right.

Member Lynch said and is there an agreement with the City, a rezoning overlay associated with this? So, it has to go in front of Planning Commission to approve or deny a high-density proposal or whatever the proposal may be, so we would have the ability at that time to say, "that's too dense, it's going to add to a lot of adverse traffic and other concerns," but I don't know, legally, if we have the right to do that if they fall within the Ordinance. I like the ability of the Planning Commission deciding if it makes sense. I'm not sure I'm comfortable with how dense we're talking about. If were talking one-bedroom apartment buildings, four-stories, I guess I'm not sure that that's the right place, but I'll leave up to the rest of the Commissioners. Is what you're changing here going to allow one-bedroom units, but only half of the units can be one-bedroom?

Planner Bell said it could be for sale units, but yes, based on what we've seen, the current interest is in rental units and so the current text amendment would allow up to 50% of units to be one-bedroom and the 500-square feet is the same as the minimum square footage for the RM-1 and RM-2 Districts that we already have.

Member Lynch said okay I just want to be cautious. I do agree that opening it up to residential is a good alternative, the only fear that I have is the density for a small area. I don't want to stand in front of this and I will vote to move this forward, I just want the rest of the Commissioners to understand that we're talking about high-density apartment buildings, just based on how I read this.

Chair Avdoulos said when this was first brought to the Planning Commission's attention, I connected with some of our folks in Urban Planning, they were indicating that there were some trends across the country where they were looking at taking malls and areas like this and converting them into residential and having components, like you said, adding grocery stores and almost creating a mini-town area. Across the country there are areas where housing prices are being driven high because there are not many available so they're looking at different options and are doing different things. I like that Member Dismondy indicated that this is progressive, but at the same time Novi always does

a good job at looking at all the projects and making sure that we're not going to be too dense because there's a lot of other factors that you must look at. This gives developers and the City a lot of flexibility. I think we can work together, and with how things are changing, there's a lot of different ways to live. We're seeing developments change courses, so there's a lot happening, and I think if Novi can stay nimble and adjust the Zoning Ordinance. It's the right direction to head in, so I'm in support of this also.

Motion made by Member Lynch and seconded by Member Becker.

ROLL CALL VOTE TO RECOMMEND TEXT AMENDMENT 18.295 TO CITY COUNCIL FOR APPROVAL OF THE PROPOSED ORDINANCE AMENDMENT MADE BY MEMBER LYNCH AND SECONDED BY MEMBER BECKER.

In the matter of Text Amendment 18.295- Residential Use in the PD-2 Option motion to make a recommendation to City Council to approve the proposed Ordinance amendment. *Motion carried 4-0.*