



CITY OF NOVI CITY COUNCIL
JULY 22, 2024

SUBJECT: Approval of Zoning Ordinance Text Amendment 18.295 to include an option for stand-alone multiple-family residential use in the PD-2, Planned Development Option, subject to conditions. **SECOND READING**

SUBMITTING DEPARTMENT: Community Development, Planning

BACKGROUND INFORMATION:

The City Council considered the proposed City-initiated Text Amendment 18.295 for the Planned Development Option 2 (PD-2) section of the Zoning Ordinance in March of 2021, at which time it was approved for First and Second Readings. Due to staff's inadvertent missing of the required publication deadline following the City Council's March 22, 2021 approval of the Second Reading, the City Attorney's office has advised that the same text amendment be presented for a Second Reading once more for Council's consideration. If approved, publication of the ordinance will follow within 15 days of the adoption of the ordinance amendment. The following description of the City-initiated text amendment was presented in 2021:

In an effort to be proactive in planning for the future of Novi's regional shopping centers, and to respond to challenges observed or anticipated in those centers, staff began to evaluate the Regional Center and Town Center zoning districts to identify changes that will help maintain and enhance the strength of our regional shopping destination. Even before the Coronavirus pandemic caused brick-and-mortar business activity to slow, the demand for retail space across the country experienced a sharp decline as customers increasingly shop at online retailers or spend more at discount stores. Many communities have begun 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 counteract 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

experiences and concerns, and staff continued their research with this feedback in mind.

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 uses in the RC District. Currently, only some areas on the periphery of the RC district allow residential use as a component of mixed-use development, but development of mixed-use buildings has challenges.

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.

MASTER PLAN FOR LAND USE AND THE PD-2 OPTION

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. The attached map shows areas where properties are eligible for the PD-1 and 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 some of the uses 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, and indoor recreation centers,
- Banquet halls, sit-down, and fast-food restaurants (with conditions),
- Office buildings for executive, administrative, professional and similar uses,
- 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 recommendations 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

The proposed ordinance amendment, as drafted by staff and the City Attorney's Office, and now recommended by the Planning Commission, would allow stand-alone Multiple Family residential to the PD-2 Option. The text changes proposed would include standards for 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. If approved, new Multiple Family residential developments could 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. If approved, Singh Development may propose a plan for a multiple-family development on one or more parcels near Twelve Oaks Mall.

Staff shared the draft text amendment with local property owners and retail center managers in the Regional Center area to get their input on the changes. The comments received were supportive or provided no objection to the proposed ordinance amendment.

RECOMMENDED ACTION: Approval of Zoning Ordinance Text Amendment 18.295 to include an option for stand-alone multiple-family residential use in the PD-2, Planned Development Option, subject to conditions. **SECOND READING**