

February 23, 2022

Mr. Michael Parks, Managing Member
Cypress Partners
280 West Maple Road
Suite 230
Birmingham, MI 48009

Subject: City of Novi Consent Judgement Amendment for the 24.78 acre property on the east side of Wixom Road, south of Grand River Ave. (south of Sam's Club and east of Target) in the City of Novi, Oakland County, Michigan.

Dear Mr. Parks:

At your request, I have reviewed the above proposal to amend the Consent Judgement from July 19, 2001, and then amended June 23, 2015, for the above 24.78 acre parcel. The property is currently vacant and was intended to be developed for additional retail space facing the Target parking lot. The property is currently zoned I-1, Light Industrial but was approved for retail use through the Consent Judgement. Proposed is the development of a 144-unit, apartment complex broken up into 4 buildings with 36 units per building and a green courtyard running down the spine of the development. There are 218 parking spaces dedicated to the project, both around the perimeter of the complex and in a separate lot. It is important to note that the proposed development occupies 7 acres +/- of the 24.78-acre site and the rest of the property remains as a conservation/wetland area.

This letter is submitted as an evaluation of the appropriateness of the proposed Consent Agreement amendment request, understanding the future land use designation for the site is Community Commercial. Moreover, this letter addresses why this project meets the Goals & Objectives in the Master Plan and the benefits outweigh those for commercial uses at that location.

The observations in this report are based upon 39 years' experience as a professional community planner, including work representing communities in Southeast Michigan. For the sake of conciseness, this letter will not re-state the existing land use, site conditions, zoning, and master plan designation for the subject and surrounding sites. Instead, it will focus on the key factors that relate to implementation of the Goals and Objectives in the Master Plan as well as zoning requirements. Based upon our review of the Consent Judgement, the proposed site plan and related materials, a visit to the site, and examination of the City of Novi Zoning Ordinance and Master Plan, we offer the following for your consideration:

ANALYSIS OF REQUEST

The requested Consent Judgement amendment will allow for the change in zoning while committing to a specific development layout. In this case, a three-story, upscale multiple-family residential development is being proposed and will abut primarily community commercial developments to the north and west, and detention ponds/wetlands to the south and east. There are single-family residential uses to the south of this site, behind Target, but they will be a considerable distance from

the proposed project. A more detailed examination of the site, market conditions, available land, and surrounding land uses indicates that the proposed multiple-family residential development will prove more beneficial to the community than a commercial use.

Master Plan Goals. One of the goals of the Master Plan states that “A variety of housing options will welcome younger residents and families as well as older residents to age in the community.” The corresponding Objective is to “Attract new residents to the City by providing a full range of quality housing opportunities that meet the housing needs of all demographic groups including but not limited to singles, couples, first time home buyers, families and the elderly.” While the City has done a good job of providing a variety of housing types, the provision for additional upscale rental units in a key location will further the above goal and objective.

Grand River Corridor Plan. The subject site abuts the Grand River Corridor and one of the goals is “To Provide Housing Options. The City of Novi is well-known in the region for its thriving single-family neighborhoods, but alternative housing types can serve two segments of the population that may wish to live in a different setting: Millennials and Empty Nesters. Housing in the Grand River Corridor will provide small to medium-sized housing and will fit the low-maintenance needs of both age groups.” The proposed will also place additional residents in close proximity to businesses along the Grand River Corridor; further strengthening the future viability of those uses. This includes larger businesses like Sam’s Club and Target as well as the numerous retailers located in nearby shopping centers like the Grand Promenade and, farther to the east, the center where Kroger and Home Depot are located.

Viability of Subject Site for Commercial Use. The ability to develop this site for commercial use has been in place for 21 years yet it has remained vacant. Conditions have certainly changed since the Consent Agreement was filed and the property is even less viable for commercial development now than it has been during that period. One of the primary reasons is the lack of visibility from primary roads, which include Grand River Ave. and, to a lesser extent, Wixom Road. The subject site is tucked behind the Sam’s Club building and is not visible until driving past that building toward Target. Due to the setback from Wixom Road, the site is only visible from the Target parking lot.

Any of the potential big box uses for the site are already located in the area and they chose locations over this one, likely due to the above-mentioned lack of road visibility and access. The only real option would be development of a strip shopping center with numerous, small retail spaces. Shopping center uses are highly dependent upon visibility from major roads, which is why the Grande Promenade project was developed along Grand River Ave. instead of this site. The lack of visibility has always made this a poor commercial site.

From a planner’s perspective, I am seeing an increase in retail vacancies in shopping centers across the region, including communities that I work in. This is due, in part, to the advent of on-line shopping from virtual companies, like Amazon, as well as traditional retailers like Kohl’s and Wal Mart. It is difficult for small retailers to compete with the price and selection offered by the larger companies. Those specialty retailers that are able to compete locate in either traditional downtowns or in high visibility, high traffic shopping centers. The subject site meets neither of these conditions and is an extreme disadvantage to other competing sites.

Developers are also telling me that increased construction costs are limiting the types of development that are feasible. These two factors indicate that in-store retailing has contracted and also become more price-competitive. It is far more likely that the above-mentioned specialty retailers looking for space will gravitate toward existing buildings and the lower rent structures than space in a new shopping center. This is further supported by the increase in construction costs, making new commercial development even more expensive and challenging.

Housing Options. All of the renter options are now supported by the change in the tax laws, which have increased the standard deduction and with many have eliminated the need for mortgage interest and property tax deductions. This is especially true for many empty nesters that have either paid off their mortgages or have small balances. They can take the equity in their existing houses by selling and use it for other purposes, while maintaining the same standard of living in the community. This is not currently happening due to the housing shortage and inability of empty nesters to find replacement housing within the community, either owner- or renter-occupied. First-time and move-up buyers are having difficulty finding available housing because empty nesters are staying in place, due primarily to lack of replacement units.

The proposed project would provide empty-nester homeowners with an option that allows them to sell their existing homes without having to buy another one immediately, or at all, while remaining in the City of Novi. This in turn will help free up for-sale houses, thereby adding supply to new and move-up home buyers. Once the existing homes are sold, this will also remove the cap on property taxes and provide an increase in revenue for the City. This project will also provide additional short-term corporate housing for companies bringing executives into the area for temporary assignment. There is a shortage of high-quality rental housing in the region and many companies have resorted to buying houses for their temporary transfers to live in.

Walkability. Given the location of the site along Grand River Ave., the proposed apartment complex would be in close proximity to a wide range of retail, restaurant, office and medical services. There are sidewalk connections to big box uses like Target, Sam's Club, Meijer and Kroger; a wide range of restaurants like Applebee's, Shaker's, Outback Steakhouse, etc.; and medical services at the Ascension Providence hospital campus. A wide array of retail and service options are within walking distance of the project, thereby limiting the need to drive to these locations. This meets the City's goal of having a walkable community and providing services in close proximity to housing.

CONCLUSION

With the proposed benefits, quality site design, and an understanding of the current and future commercial market for the subject site, the proposed residential development represents an appropriate departure from the current Consent Judgement designation of commercial. It is highly unlikely that this property will ever be developed for commercial purposes due to the lack of visibility from the primary roads. It is hidden behind the Sam's Club and can only be seen from the Target parking lot. The transition to on-line buying has also decreased demand for retail space and only the most outstanding locations will remain viable moving forward. In addition, upscale rental housing meets the City Master Plan goals and objectives of providing additional housing opportunities in close proximity to services, in a walkable environment.

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If you have any further questions, please contact me at 810-335-3800.

Sincerely,

CIB Planning

A handwritten signature in cursive script, reading "Carmine P. Avantini".

Carmine P. Avantini, AICP
President