



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)

Staff: Barbara McBeth, City Planner; Lindsay Bell, Senior Planner; Madeleine Daniels, Planning Assistant; Beth Saarela, City Attorney

PLEDGE OF ALLEGIANCE

Chair Avdoulos led the meeting attendees in the recitation of the Pledge of Allegiance.

APPROVAL OF AGENDA

Moved by Member Lynch and seconded by Member Dismondy.

VOICE VOTE TO APPROVE THE FEBRUARY 10, 2021 PLANNING COMMISSION AGENDA MOVED BY MEMBER LYNCH AND SECONDED BY MEMBER DISMONDY.

Motion to approve the February 10, 2021 Planning Commission Agenda. Motion carried 4-0.

AUDIENCE PARTICIPATION

No one in the audience wished to speak.

CORRESPONDENCE

There was no correspondence.

COMMITTEE REPORTS

There were no Committee Reports.

CITY PLANNER REPORT

There was no City Planner Report.

CONSENT AGENDA - REMOVALS AND APPROVALS

There was nothing on the Consent Agenda.

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 we 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.*

MATTERS FOR CONSIDERATION

1. APPROVAL OF THE JANUARY 27, 2021 PLANNING COMMISSION MINUTES.

Motion made by Member Lynch and seconded by Member Becker.

ROLL CALL VOTE TO APPROVE THE JANUARY 27, 2021 PLANNING COMMISSION MEETING MINUTES MADE BY MEMBER LYNCH AND SECONDED BY MEMBER BECKER.

Motion to approve the January 27, 2021 Planning Commission Meeting Minutes. *Motion carried 4-0.*

CONSENT AGENDA REMOVALS FOR COMMISSION ACTION

SUPPLEMENTAL ISSUES

There were no supplemental issues.

AUDIENCE PARTICIPATION

Seeing no one in the audience wished to speak, Vice Chair Avdoulos closed the audience participation.

ADJOURNMENT

Motion to adjourn made by Member Lynch and seconded by Member Dismondy.

Motion to adjourn the February 10th Planning Commission meeting. Motion carried 4-0.

The meeting was adjourned at 7:33 pm.