

**PLANNING COMMISSION REPORT
Regular Agenda - Public Hearing Item**

PC Staff Report
8/26/2013

ITEM NO. 1F UR, PCD, & RS10 TO CN2; 16.619 ACRES; N OF BOB BILLINGS PKWY & E OF K-10 (SLD)

Z-13-00256: Consider a request to rezone approximately 16.619 acres from UR (Urban Reserve District), PCD (Planned Commercial Development) District, and RS10 (Single-Dwelling Residential) District to CN2 (Neighborhood Commercial Center) District located north of Bob Billings Pkwy and east of K-10. Submitted by Landplan Engineering PA, for Alvarado Inc. and Unified School District #497, property owners of record.

STAFF RECOMMENDATION: Staff recommends approval of the request to rezone approximately 16.619 acres from UR (Urban Reserve District), PCD (Planned Commercial Development) District, and RS10 (Single-Dwelling Residential) District to CN2 (Neighborhood Commercial Center) District based on the findings presented in the staff report and forwarding it to the City Commission with a recommendation for approval.

Reason for Request: *The developer and contract purchaser, RSR, Inc., intends to subdivide and rezone the property to support neighborhood commercial development (see attached development concepts).*

KEY POINTS

- Request is part of an overall development package with multiple Zoning requests and a Preliminary Plat.
- This request proposes neighborhood commercial zoning consistent with planned land use for the northeast corner of the intersection of Bob Billings Parkway and K-10 Highway.

ASSOCIATED CASES/OTHER ACTION REQUIRED

- Z-13-00251: 4.712 acres from UR (Urban Reserve) to RS7 (Single-Dwelling Residential)
- Z-13-00252: 2.674 acres from UR (Urban Reserve) to RS5 (Single-Dwelling Residential)
- Z-13-00253: 3.195 acres from UR (Urban Reserve) to RM12D (Multi-Dwelling Residential)
- Z-13-00254: 3.349 acres from UR (Urban Reserve) to RM12 (Single-Dwelling Residential)
- Z-13-00255: 4.182 acres from UR (Urban Reserve) and PD (Bob Billings Parkway Center PCD) to OS (Open Space)
- **Z-13-00256: 16.619 acres from UR (Urban Reserve) and PCD Planned Commercial District to CN2 (Neighborhood Commercial) District**
- PP-13-00257: Preliminary Plat Langston Commons

PLANS AND STUDIES REQUIRED

- *Traffic Study* – Not required for rezoning
- *Downstream Sanitary Sewer Analysis* – Not required for rezoning
- *Drainage Study* – Not required for rezoning
- *Retail Market Study* – The market study satisfies the submission requirements of the Land Development Code.

ATTACHMENTS

- Area map

- Concept plan

PUBLIC COMMENT RECEIVED PRIOR TO PRINTING

- None received prior to publication of staff report.

Project Summary:

The application represents 16.619 acres of a combined development application including 35.7 acres as part of the preliminary plat known as Langston Commons. This request is for CN2 (Neighborhood Commercial) District intended for the area adjacent to K-10 Highway.

1. CONFORMANCE WITH THE COMPREHENSIVE PLAN

Applicant's Response: *By incorporation of the **West of K-10 Plan, Horizon 2020 (H2020)** recommends a Neighborhood Commercial Center at the northeast corner of the future K-10/Bob Billings Parkway interchange.*

This property is located within the boundary of the *West of K-10 Plan*, refer to attachment. This request is part of a package of requests that include low and medium-density residential zoning as well as neighborhood commercial and open space districts. The Preliminary Plat establishes the integrated layout of the overall development pattern planned for this area. The *West of K-10 Plan*, amended into the Comprehensive Plan, shows this area to be developed with low-density residential uses except for an area located in the southwest corner identified for future commercial uses. The plan identifies applicable Land Use Categories with the document.

The *West of K-10 Plan* is amended into *Horizon 2020*. In addition to density recommendations, *Horizon 2020* provides key strategies that are applicable to this development request and the related applications. They are:

- Establish and maintain a system of commercial development notes at selected intersections, which provide for the anticipated neighborhood, community and regional commercial development needs.
- Require commercial development to occur in "nodes", by avoiding continuous lineal and shallow lot depth commercial development along the City's street corridors and Douglas County Roads.
- Encourage infill development and or redevelopment of existing commercial areas with an emphasis on downtown Lawrence and existing commercial gateways.

Horizon 2020 provides a detailed description of neighborhood commercial centers in Chapter 6 and includes specific descriptions for locations and center size. The maximum development recommended for a neighborhood commercial center is 125,000 SF when a grocery store of 60,001 SF is included. Nodal commercial development is also recommended on only one side of an appropriate intersection. The intersection of K-10 Highway and Bob Billings Parkway is specifically identified in *Horizon 2020* as a future neighborhood commercial center. As such, it should not be assumed that commercial zoning on the remaining corners of K-10 highway and Bob Billings Parkway would be suitable for future neighborhood commercial development.

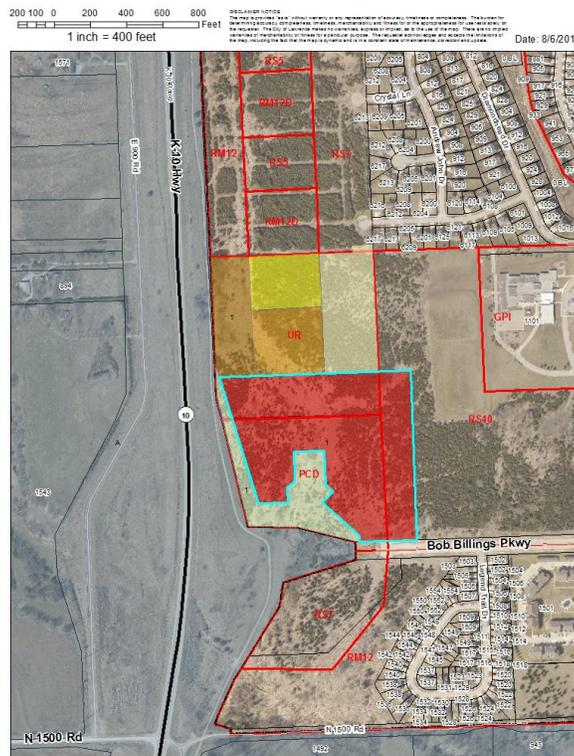
This request represents infill development and the first step in a plan to provide a transition of uses between the existing and planned uses to the north and existing uses to the south. Transition of uses occurs both north and south as well as east to west for this area. The K-10 Highway is a significant defining element for this area. The proposed CN2 district is proposed to be located adjacent to the highway.

The following table summarizes the proposed density for this district when considered concurrently with the proposed preliminary Plat.

Proposed CN2	Acres
Gross Area Total Project	35.745
Gross Area	16.619
ROW	1.633
Net Area	14.986
Proposed Lots	1

Staff Finding – The request conforms to the land use recommendations included in *Horizon 2020* and in the *West of K-10 Plan* with regard to infill development, land use transition, and commercial location and intensity.

2. ZONING AND USE OF NEARBY PROPERTY, INCLUDING OVERLAY ZONING



Current Zoning and Land Use:

UR (Urban Reserve); vacant land.

Surrounding Zoning and Land Use:

RM12 (Multi Dwelling Residential) RM12D (Multi-Dwelling Residential, RS7 and RS10 (Single-Dwelling Residential Districts to the north as part of the Langston Commons Addition except for the RS10. Undeveloped at this time.

Proposed RS10 (Single Dwelling Residential) to the east property owned by USD 497. Undeveloped land with mature trees. The northeast corner of the RS10 property abuts the Langston Hughes Elementary school and is used as a play field. Undeveloped and unplatted at this time.

Proposed OS to the west and south adjacent to K-10 Highway included as part of the Langston Commons Subdivision.

Also to the south, RS7 (Single-Dwelling Residential) District and RM12 (Multi-Dwelling Residential) District. Undeveloped land.

Staff Finding – This area is surrounded by a mix of zoning districts. A significant land use feature is the existing Highway. This property is generally known as the northeast corner of the intersection of K-10 Highway and Bob Billings Parkway (principal arterial).

3. CHARACTER OF THE NEIGHBORHOOD

Applicant's Response: *The subject property is vacant farm ground located at what will soon become the northeast corner of the K-10/ Bob Billings Parkway interchange. KDOT is scheduled to complete the improvements associated with this interchange between 2014 and 2016. The property is currently bordered on the West by K-10, also known as the South Lawrence Trafficway (SLT), the rights-of-way for which include the SLT shared-uses path. To the north lies vacant ground recently rezoned from UR to RM12, RM12D and RS7 as part of Langston Heights Addition. To the northeast lies the Diamondhead subdivision, a single-family neighborhood zoned RS7. To the east lies unplatted vacant property owned by USD #497, zoned RS10. Further east is Langston Hughes Elementary School. To the south, across Bob Billings Parkway rests vacant unplatted parcels owned by the City and Alvamar, Inc., zoned RS7 and RM12, respectively. To the southeast sits Legend Trail Addition, a townhome community zoned RM12.*

The west portion of the development site abuts the K-10 Highway (higher density proposed). The east portion of the development site abuts property owned by USD 497. This requested CN2 conforms with planned development for the area. A portion of the property is currently zoned for commercial use.

This property is located within the West Lawrence Neighborhood. This section of the neighborhood includes several undeveloped parcels to the north and south along the K-10 Highway. This neighborhood is characterized by the dominance of residential use, primarily low-density detached housing. Higher intensity uses are located along major streets in the neighborhood. Existing and planned non-residential uses are located at major intersections throughout the neighborhood.

In addition to the immediate zoning and land use, the Langston Hughes Elementary School site is located to the east. The school site property includes GPI (General Public and institutional) District zoning for the immediate school improvements. The area located on the south side of Bob Billings Parkway includes undeveloped land and a duplex subdivision. A planned interchange will be constructed at K-10 Highway and Bob Billings Parkway is estimated to be completed in 2016.

Staff Finding –Neighborhood commercial uses are planned for the northeast corner of the intersection of K-10 Highway and Bob Billings Parkway. The proposed CN2 request is consistent with the adopted plans for the area.

5. SUITABILITY OF SUBJECT PROPERTY FOR THE USES TO WHICH IT HAS BEEN RESTRICTED UNDER THE EXISTING ZONING REGULATIONS

Applicant's Response: *Portions of the subject property are zoned UR and RS10 which will not facilitate neighborhood commercial development. A portion of the property is zoned PCD, Planned Commercial Development, which could support neighborhood commercial uses, through which under the current Land Development Code would still require rezoning to a PD Overlay with a CN1 or CN2 base district. In the interest of bringing the entire subject property into clear compliance with the Comprehensive Plan, the developer has chosen to rezone to CN2.*

Staff concurs that the UR zoning is no longer desirable given plans to develop the property. The current zoning serves as a holding zone until property is ready for development. The proposed request is for the CN2 district to accommodate neighborhood commercial development along the highway. Higher intensity, commercial, development is recommended at this intersection.

Staff Finding – The existing UR (Urban Reserve) District is no longer a suitable zoning district for this property since development applications have been made. The proposed CN2 district is suitable for this location.

6. LENGTH OF TIME SUBJECT PROPERTY HAS REMAINED VACANT AS ZONED

Applicant's Response: *The subject property has remained vacant since being zoned PCD, RS10 and UR in the 1990's and 2000's.*

This property is undeveloped (vacant). The existing zoning, UR and RS10 districts were established in 2006 with the adoption of the Development Code. The PCD zoning was established in 1995 with the annexation of 211+ acres required for the construction of Bob Billings Parkway. The area was initially annexed in 1995 (A-6-4-95). The initial application included concurrent zoning requests for RS-E, RS-1, RS-2, RM-1 and C-5 zoning (July 1995). The commercial request included 12.303 acres of the overall 211 acres being annexed. Staff's recommendation supported commercial zoning, but as a planned development rather than conventional zoning (Z-8-40-95: A to PCD-2; 12.303 ac. (W. 15th extension) [replaced Z-6-26-95]). The Zoning Code did not include commercial design guidelines at that time.

Typically planned development zoning required a development plan submitted concurrently. This zoning deviated from that process since the application was submitted as a conventional zoning district. The only condition of approval related to the rezoning was that the property be preliminary platted prior to publication of an ordinance. The PCD zoning included a wide range of uses per the 1966 Code. The proposed CN2 district is substantially more limited in scope.

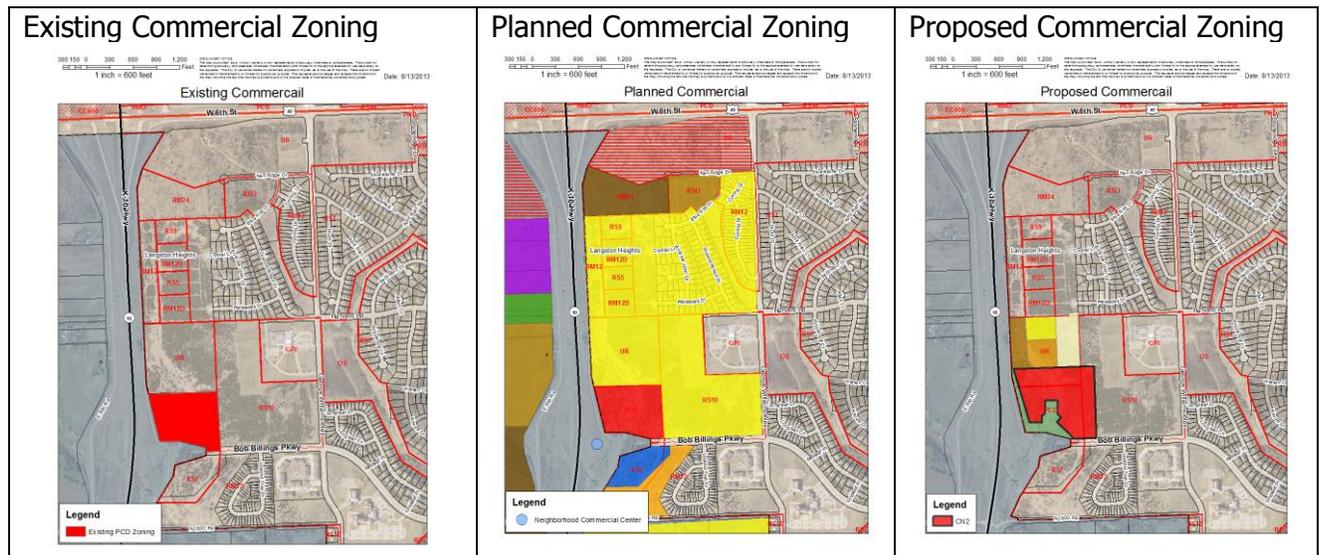
Prior to that time the property was zoned A (Agricultural). The zoning designations changed with the adoption of the 2006 Development Code.

Staff Finding – The area is undeveloped. The property was zoned A Agricultural from 1966 to 2006.

7. EXTENT TO WHICH APPROVING THE REZONING WILL DETRIMENTALLY AFFECT NEARBY PROPERTIES

Applicant's Response: *Approving this rezoning request will pose no detrimental effects to nearby properties. The proposed zoning will establish a neighborhood commercial center at the crux of existing West Lawrence subdivisions and a new K-10 interchange. Together with the proposed preliminary plat, new street connections will be established to reduce overall internal traffic. Approval will bring this property into clear compliance with the Comprehensive Plan.*

The proposed CN2 zoning is a neighborhood commercial district. This property is being developed as part of a larger development application and continues or extends the development pattern from the north southward toward Bob Billings Parkway. The proposed CN2 district is intended to be integrated with the developing neighborhood to the north and west.



The proposed CN2 will frame the intersection of K-10 Highway and Bob Billings Parkway. Use of this area for commercial development has been anticipated since 1995. The boundary of the commercial area has altered from the 1995 PCD because of changes to right-of-way surrounding the property. Proposed streets will provide a boundary to the north and east sides of the commercial district.



Staff Finding – There are no detrimental effects anticipated for nearby properties resulting from the approval of this request.

8. THE GAIN, IF ANY, TO THE PUBLIC HEALTH, SAFETY AND WELFARE DUE TO THE DENIAL OF THE APPLICATION, AS COMPARED TO THE HARDSHIP IMPOSED UPON THE LANDOWNER, IF ANY, AS A RESULT OF DENIAL OF THE APPLICATION

Applicant's Response: *Approval of this request facilitates neighborhood commercial development at a future K-10/Bob Billings parkway interchange, as recommended by the Comprehensive Plan. Together with the proposed preliminary plat, this request provides for the efficient extension of public services and utilities. Denial of this application will perpetuate the vacancy of this land.*

Evaluation of this criterion includes weighing the benefits to the public versus the benefit of the owners of the subject property. Benefits are measured based on anticipated impacts of the rezoning request on the public health, safety, and welfare.

The purpose of the UR District is to accommodate properties that have been annexed into the City of Lawrence until development or redevelopment is planned. This property is proposed to be developed for a variety of uses including both residential and commercial land use. This area will be served by the extension of utility infrastructure. This project represents infill development. Approval of the request will facilitate neighborhood supported commercial opportunities consistent with planned development for the area. The PCD district is no longer needed since the Development Code today includes Commercial Design Standards.

Staff Finding – Approval of the request facilitates infill development between George Williams Way and K-10 Highway as well as between Bob Billings Parkway and W. 6th Street and the efficient extension of public services and utilities. Approval of the request provides additional commercial choices within the developing neighborhood context and provides a buffer use along K-10 Highway to the abutting lower density uses to the north.

9. PROFESSIONAL STAFF RECOMMENDATION

The purpose of the CN2 district is found in Section 20-208 of the Development Code. The Development Code states:

The CN2, Neighborhood Shopping Center District, is primarily intended to implement the Comprehensive Plan's "Neighborhood Commercial Centers" policy of providing for the sale of goods and services at the neighborhood level. Neighborhood Commercial Centers are generally located at least one mile from another commercial center. Developments in the CN2 Districts are intended for Collector/Arterial Street intersections or at Arterial/Arterial street intersections. Development is intended on only one corner of the intersection.

The proposed request complies with the purpose statements included in the Development Code. This request is considered concurrently with the RS7, RS5, RM12D, and RM12 residential zoning requests and the OS zoning request for non-residential uses. This application is also considered concurrently with the related preliminary plat that combined make up the Langston Commons Development. Separate reports are provided for each individual request.

Retail Market Study:

The applicant has submitted a project specific retail market study as required by Section 20-1107 of the Land Development Code. That market study includes all of the required information,

including analysis based on vacancy rates, income trends, population trends, mix of businesses, etc. The market study includes this analysis for the addition of a Neighborhood Commercial Center proposing roughly 125,000 sf of retail space.

The applicant had an independent consultant complete the market study in early 2013 and submitted it with their zoning application in June 2013. The market study was completed prior to staff updating the city-wide retail market report for the City in early 2013 and the applicant did not have access to the updated data. Therefore, staff re-calculated the figures using the updated city-wide 2012 Lawrence Retail Market Report and that analysis is below.

It is also important to note that at the time of submission, Section 20-1107 required the applicant to submit an independent market study for zoning applications that would create more than 50,000 sf of retail space and utilized an 8% vacancy threshold and a 100 sf per capita threshold for project approval. Since the application was submitted, the Development Code was amended (TA-12-00205) to remove the requirement for an applicant submitted independent market study and to remove the vacancy and square feet per capita thresholds and instead have staff complete an analysis of the projects' impact on the supply and demand sides of the market. Since this application was submitted prior to the code change, the analysis below reflects the previous code language which included the thresholds.

The Development Code uses a vacancy rate threshold of 8% as one factor in order to determine market health, and the most recent citywide market study completed for 2012 figured the city-wide vacancy rate at 7.2%, slightly lower than the 2010 vacancy rate of 7.3%. (<http://www.lawrenceks.org/assets/pds/planning/documents/2012Retail.pdf>) The market study for this project shows that, when completed and entirely vacant, the construction of the 125,000 sf project will push the city-wide vacancy rate to 8.4%.

	Total Square Footage	Vacant Square Footage	Occupied Square Footage	Vacant %
2012 Lawrence Retail Market Study	9,105,151	653,222	4,430,580	7.2%
Langston Commons Project - Vacant	9,230,151	778,222	4,430,580	8.4%
Langston Commons Project - Occupied	9,355,151	653,222	4,555,580	7.0%

Staff conducted additional analysis to take into consideration other commercial projects that have received approvals, but have not been constructed to date. The below table illustrates the impact that other projects that have been approved will have on the overall vacancy rate:

	Total Square Feet	Total Occupied Square Feet	Total Vacant Square Feet	City-wide Vacancy Rate
Total Current Retail Inventory	9,105,151	8,451,929	653,222	7.2%
Approved Northwest corner – 6 th and K-10 Node	155,000	0	155,000	
Mercato	359,640	0	359,640	
Fairfield Farms	200,000	0	200,000	

North Mass	217,337*	0	217,337	
31 st & Ousdahl – Phase I (Menards)	255,328	0	255,328	
Langston Commons	125,000	0	125,000	
Total	10,200,119	8,451,929	1,965,527	19.3%

If all commercial space that has been approved were to be constructed and assumed vacant, the city-wide vacancy rate would rise to 19.3%.

While the market study shows that the project, upon completion, will push the city-wide vacancy rate above 8%, this figure alone is not an adequate representation of the impact of this development. This figure is computed by assuming that the project will either be entirely vacant upon completion, or that it will cause the same amount of space to become vacant in other areas of town. Some portion of the above retail space is being built to satisfy a specific tenant, therefore there is little chance that the space will be vacant upon completion. While new commercial development can lead to vacancies in other parts of town, the current economic conditions have all but halted speculative commercial building in Lawrence. The current development trend is that buildings are built with known users or committed tenants and therefore, it is unlikely that the space will be vacant upon completion.

Additionally, the vacancy rates of the retail market in Lawrence have remained relatively stable since 2006. The vacancy rate was 6.7% in 2006, rose to 7.3% in 2010 and fell slightly to 7.2% in 2012. The fluctuation of only .5% in 6 years indicates that it is a relatively stable market.

The applicant has also provided information on the mix of business types and the potential impact on the downtown area, but the proposed uses listed in the independent market report are speculative in nature. While the proposed development is expected to have little impact on the downtown market due to its neighborhood commercial focus and distance from the downtown area, the exact impact that this development cannot be determined.

Other demand factors, such as income, employment, and population need to be taken into account as well, when looking at the overall impact of this project on the market as a whole. The 2012 Retail Market Report shows that from 2006-2011 population increased an average of .8% annually. However, during that same time period retail sales tax collections had an average annual decrease of 1.1% and per capita income had an average annual decrease of .9%, adjusting all dollar figures for inflation. On the supply side of the market, retail stock has shown an average annual increase of 4.3% from 2006-2012. What is important to take away from the above number is that demand has not kept pace with supply as shown by the limited income, population and retail sales growth.

The market study also provides an analysis of “pull factors” or a measure of local commerce based on a comparison of local spending to the state as a whole. A pull factor above 1.00 indicates that a community attracts retail sales, while a factor below 1.00 indicates that the community is losing retail sales to outside areas. The Kansas Department of Revenue issues pull factor reports for all of Kansas. The most recent, issued in December 2012, states that Lawrence’s pull factor was 1.07 in 2012. In 2000, the pull factor was 1.13, but as recently as 2009, the pull factor was .99. In addition, Douglas County’s pull factor has been below 1.00 for the last decade and recently is marked at .90 for 2012. Before 2011 and 2012, the pull factors for both Lawrence and Douglas has been declining since 2000, indicating that the City was losing more retail sales to other areas

outside of Douglas County. The marked increase in the City's pull factor these last two years now means that the City is attracting retail sales to the community.

The city-wide Retail Market Report also provides a demand analysis based on the amount of square feet of retail space per capita. In 2012, there are approximately 97 sf of retail space per capita. With the addition of this projects square footage to the market, there would be approximately 98 sf of retail space per capita. In Section 20-1107 (c)(3)(iv) of the Land Development Code, a maximum threshold of 100 square feet per resident is established to help maintain market health.

The market study satisfies the submission requirements of the Land Development Code. In staff's opinion, proposals to add retail space should be carefully scrutinized with respect to the indicators associated with demand not keeping pace with supply and because vacancy rates are arguably reaching unhealthy levels. Even though demand and supply factors taken alone show that retail demand is not keeping pace with supply, the Lawrence market remains relatively stable given the low, stable vacancy rate and rising pull factors. Staff recommends approval of this project with respect to the retail market analysis, especially with consideration to this being an identified neighborhood commercial center in long range plans.

Future Development Applications:

If approved, development of this property will be subject to the Land Development Code and the Commercial Design Guidelines. The application included two concept plans representing possible development. Additional planning and review of this area will be required.

CONCLUSION

The proposed request is consistent with anticipated neighborhood commercial development for this area.