

PLANNING COMMISSION REPORT
Regular Agenda – Public Hearing Item

PC Staff Report
1/25/12

ITEM NO. 11 COMPREHENSIVE PLAN AMENDMENT TO H2020 - CHP 6; NORTH MASS DEVELOPMENT (AAM)

CPA-11-8-11: Consider a Comprehensive Plan Amendment to Chapter 6 of *Horizon 2020* to expand the identified boundaries of Downtown Lawrence to accommodate a proposed mixed use project known as the North Mass Development. The request includes a proposal to exempt the proposed North Mass Development from the current requirement that individual stores in the Downtown Commercial Center have a maximum footprint of no more than 25,000 square feet. Proposed by Paul Werner Architects.

STAFF RECOMMENDATION: Staff recommends approval of this comprehensive plan amendment to *Horizon 2020*, to expand the identified boundaries of Downtown Lawrence to accommodate a proposed mixed use project known as the North Mass Development and recommends forwarding this comprehensive plan amendment to the Lawrence City Commission with a recommendation of approval.

STAFF RECOMMENDATION: If appropriate, approve and sign Planning Commission Resolution PCR-1-1-12.

KEY POINTS

1. This is a request to include the North Mass Development area in the Downtown Commercial Center designation in Chapter 6 of *Horizon 2020* in order to accommodate a new mixed-use development north of the Kansas River.
2. Applicant is requesting that the building footprint limitation of 25,000 square feet be lifted for the North Mass Development portion of the Downtown Lawrence district. Staff is recommending that there be a limitation on the building footprint in the North Mass Development area of 50,000 square feet.
3. *Horizon 2020* anticipates opportunities to expand Downtown but only following a comprehensive re-evaluation of downtown needs, assets, growth potentials, use mix, and preferred locations for conservation and development.

PROJECT SUMMARY

This is an applicant requested amendment to *Horizon 2020* to include the North Mass Development in the Downtown Commercial Center designation noted in Chapter 6 – Commercial Land Use. Adding the North Mass Development area to the Downtown Commercial Center will ultimately allow the applicant receive CD (Commercial Downtown) zoning and develop the area in accordance with that zoning district's regulations and policies. The applicant submitted the following amended section (from pages 6-3 and 6-4) of *Horizon 2020* for consideration:

New language is in *italics and underlined* and language to be removed is ~~struckthrough~~.

■ **Downtown Commercial Center**

The Downtown Commercial Center is the historic core of governmental, commercial, institutional, social and cultural activity. Transitions to adjacent neighborhoods are traditionally provided through alleyways or landscaping improvements rather than a change in use or density. The Downtown Commercial Center is restricted to the historic commercial core of Lawrence *and the North Mass Development*. The boundaries of Downtown Lawrence correspond with the boundaries outlined in the "Comprehensive Downtown Plan", and are described as: starting at the Kansas River, south along Kentucky Street to just south of Vermont Towers, then east to Vermont Street, south along Vermont Street to North Park Street, east along North Park Street to Rhode Island Street, north along Rhode Island Street to 11th Street, west along 11th Street to the alley east of New Hampshire Street, north along the New Hampshire Street alley to 9th Street, east on 9th Street to Rhode Island Street, then north on Rhode Island Street to the Kansas River. *In addition, from the intersection of the levy and North 2nd Street, then north along the levy to the centerline of Lyon Street, then east along the centerline of Lyon Street to the west right-of-way of the Union Pacific Railroad, then southeast along the west right-of-way of the Union Pacific Railroad to the centerline of North 2nd, then south along the centerline of North 2nd Street to the intersection of the levy and North 2nd Street.*

The Downtown Commercial Center is the Regional Retail/Commercial/Office/Cultural Center for the community and is considered a destination driver that attracts and serves the area beyond that of the local community. The Downtown Commercial Center has an established development and architectural/urban design pattern. Unique among commercial centers in Lawrence, the Downtown Commercial Center combines a variety of land uses, including governmental, retail, office, public facilities, institutions, churches, and residential. Linear in design, the Downtown Commercial Center is focused along Massachusetts Street with New Hampshire, ~~and~~ Vermont Streets *and the North Mass Development* serving as secondary activity areas. General building patterns are urban. Mixed-use, multi-story buildings are the most common building form and parking is provided on-street and through community parking lots and parking structures.

Building designs and public improvements are focused on providing a pedestrian-oriented commercial experience. Massachusetts Street has a distinct streetscape with sawtooth parking and a focus on first floor (pedestrian oriented) retail use. Vermont, ~~and~~ New Hampshire *and North 2nd* Streets provide the major vehicular movement patterns and provide access to the majority of the community parking areas. Alleyways, which provide service access, are one of the main character-defining elements that distinguish the Downtown Commercial Center from other commercial centers. To ensure there are a variety of commercial uses, the maximum footprint for an individual store is limited to approximately 25,000 gross square feet *unless the store is located in the North Mass Development and then the store size will be determined by its use (i.e. grocery store, movie theatre, etc.).* One of the keys to the success of the Downtown Commercial Center is the ability to provide a wide range of leasable square footage that is both flexible and capable of being tailored to a specific use. Construction within the Downtown Commercial Center is regulated by a set of design guidelines administered through an Urban Conservation Overlay Zoning District.

An important ingredient to ensuring the continued viability of Downtown is keeping it the center of the city's social and institutional activities. To maintain downtown as the city and County's hub of governmental functions; uses and buildings such as City Hall, the County Courthouse, Municipal Library, Douglas County Senior Center, Fire/Medical Department's Main Office, Police and Sheriff Offices, the Municipal Pool and the Municipal and District Courts shall remain located in Downtown.

STAFF REVIEW

This Comprehensive Plan Amendment request involves proposed changes to Chapter 6: Commercial Land Use of *Horizon 2020*, specifically the section that relates to Downtown Lawrence. The applicant is proposing to amend the language above to include the North Mass Development area as part of the Downtown Lawrence commercial area, including lifting the restriction on building footprints being no larger than 25,000 square feet for the North Mass Development portion of the Downtown Lawrence commercial area. The applicant is ultimately proposing to zone the North Mass Development area to the CD (Commercial Downtown) district and develop the area with a variety of uses.

The Downtown Lawrence commercial area is important to the vitality of Lawrence since it acts as the main cultural, civic, entertainment, specialty retail and office center for the city. The Downtown Lawrence District is historically significant to the culture of Lawrence and that contributes to the vitality of the area. It is important that the addition of the North Mass Development area not detract or be detrimental to either the historical significance or vitality of the existing Downtown Lawrence district that is south of the Kansas River.

Staff is supportive of the applicant's intent with their proposed language; however, staff identified that other elements of *Horizon 2020* should be revised to accommodate the proposal and suggests that the following changes be made to *Horizon 2020* in order to complete this request:

New language is in *italics and underlined* and language to be removed is ~~struck through~~.

The following section is staff suggested changes that would replace the applicant suggested changes. (From pages 6-3 and 6-4)

■ Downtown Commercial Center

The Downtown Commercial Center is the historic core of governmental, commercial, institutional, social and cultural activity. Transitions to adjacent neighborhoods are traditionally provided through alleyways or landscaping improvements rather than a change in use or density. The Downtown Commercial Center is restricted to the historic commercial core of Lawrence (*Downtown Lawrence*) and the area immediately north of the Kansas River (*North Mass Development*). The boundaries of Downtown Lawrence correspond with the boundaries outlined in the "Comprehensive Downtown Plan", and are described as: starting at the Kansas River, south along Kentucky Street to just south of Vermont Towers, then east to Vermont Street, south along Vermont Street to North Park Street, east along North Park Street to Rhode Island Street, north along Rhode Island Street to 11th Street, west along 11th Street to the alley east of New Hampshire Street, north along the New Hampshire Street alley to 9th Street, east on 9th Street to Rhode Island Street, then north on Rhode Island Street to the Kansas River. *The boundaries of the North Mass Development are described as: starting from the intersection of the levy and North 2nd Street, then north along the levy to the centerline of Lyon*

Street, then east along the centerline of Lyon Street to the west right-of-way of the Union Pacific Railroad, then southeast along the west right-of-way of the Union Pacific Railroad to the centerline of North 2nd, then south along the centerline of North 2nd Street to the intersection of the levy and North 2nd Street.

The Downtown Commercial Center is the Regional Retail/Commercial/Office/Cultural Center for the community and is considered a destination driver that attracts and serves the area beyond that of the local community. The Downtown Commercial Center has an established development and architectural/urban design pattern. Unique among commercial centers in Lawrence, the Downtown Commercial Center combines a variety of land uses, including governmental, retail, office, public facilities, institutions, churches, and residential. Linear in design, the Downtown Commercial Center is focused along Massachusetts Street with New Hampshire, ~~and~~ Vermont Streets and the North Mass Development serving as secondary activity areas. General building patterns are urban. Mixed-use, multi-story buildings are the most common building form and parking is provided on-street and through community parking lots and parking structures.

Building designs and public improvements are focused on providing a pedestrian-oriented commercial experience. Massachusetts Street has a distinct streetscape with sawtooth parking and a focus on first floor (pedestrian oriented) retail use. Vermont, ~~and~~ New Hampshire and North 2nd Streets provide the major vehicular movement patterns and provide access to the majority of the community parking areas. Alleyways, which provide service access, are one of the main character-defining elements that distinguish the Downtown Commercial Center from other commercial centers. To ensure there are a variety of commercial uses, the maximum footprint for an individual store is limited to approximately 25,000 gross square feet in Downtown Lawrence and 50,000 gross square feet in the North Mass Development area. One of the keys to the success of the Downtown Commercial Center is the ability to provide a wide range of leasable square footage that is both flexible and capable of being tailored to a specific use. Construction within the Downtown Commercial Center is regulated by a set of design guidelines administered through an Urban Conservation Overlay Zoning District.

An important ingredient to ensuring the continued viability of Downtown is keeping it the center of the city's social and institutional activities. To maintain downtown as the city and County's hub of governmental functions; uses and buildings such as City Hall, the County Courthouse, Municipal Library, Douglas County Senior Center, Fire/Medical Department's Main Office, Police and Sheriff Offices, the Municipal Pool and the Municipal and District Courts shall remain located in Downtown.

(From pages 6-13 and 6-14)

- **Downtown Lawrence**

Throughout the development of this Plan, the need to preserve, improve and enhance Downtown Lawrence has been shown to have broad community support. Goals and policies in the Plan are written to ensure Downtown Lawrence remains competitive and viable as a Regional Retail Commercial Center. Downtown Lawrence shall remain the Regional Retail/Commercial/Office/Cultural Center because it is: 1) a physical and cultural symbol of the strength of the community; 2) a gathering point for many civic and cultural functions; 3) the "historic core" of the community which establishes a vital continuity between the past and the present community; and 4) the site of major public and private investment.

The Comprehensive Downtown Plan reiterates the specific functions of a downtown. These functions include provisions for a retail core, office space, entertainment services, peripheral residential development, cultural facilities (including performing arts, museums and libraries) community social needs (including club and organizational meeting facilities), government offices and facilities, health services, convention and hotel facilities. The Comprehensive Downtown Plan also states this area should provide, "the economic, physical and aesthetic environment around which the populace can develop an intense pride in the community, a focal point for identification and drawing together for common interests, a meeting place where people can communicate and relax -- the heart of the city".

To distinguish Downtown Lawrence from other commercial and retail areas, and to preserve and enhance its role in the community, Downtown Lawrence is designated as the Regional Retail/Commercial/Office/Cultural Center and shall be the only location within the planning area developed for such use. Gateways to Downtown Lawrence should be emphasized and enhanced to contribute to the "sense of place" of this unique area of the community.

The distinction as the Regional Retail/Commercial/Office/Cultural Center, above and beyond other commercial areas within the community, is significant. Downtown Lawrence serves the greater needs of the community as a focal point for social, community and governmental activities. The Plan's goals and policies encourage the continued development of a broad mix of uses in downtown Lawrence with an emphasis on retail as a major land use. It is vital to the community's well-being that Downtown Lawrence remain the viable Regional Retail Commercial Center.

For Downtown Lawrence to remain economically stable and vital there is a need to expand the boundaries beyond the current configuration illustrated in the adopted Comprehensive Downtown Plan. The addition of the North Mass Development area serves this purpose, and provides for a unique development that will be complementary to the main Downtown Commercial Center located south of the Kansas River. ~~This anticipates the need to provide additional parking areas and locations for commercial and public-related development in the future. At this time, With the exception of the North Mass Development,~~ the Comprehensive Plan does not recommend areas for downtown expansion, but opportunities for expansion and redevelopment do exist within the current boundaries of Downtown Lawrence. Action to expand Downtown Lawrence can only be reasonably undertaken following a comprehensive re-evaluation of downtown needs, assets, growth potentials, use mix, and preferred locations for conservation and development. Re-study of the Comprehensive Downtown Plan should explore the following options to improve Downtown Lawrence: development of a comprehensive parking plan and implementation schedule, evaluation of transportation options, improvement of access to downtown from the east, west and south, and inclusion of more uses along the river and integration of these developments into downtown.

(From Page 6-23)

GOAL 1: Established Commercial Area Development

Encourage the retention, redevelopment and expansion of established commercial areas of the community.

Policy 1.1: Recognize and Emphasize Downtown Lawrence as the Regional Retail/Commercial/Office/Cultural Center

- A. Encourage and support the development of a broad mix of land uses, with an emphasis on retail as a major land use, the provision of parking facilities, improved accessibility, and the expansion of Downtown Lawrence while maintaining the integrity of surrounding neighborhoods.
- B. Strengthen, define and support neighborhood residential areas adjacent to Downtown Lawrence in order to reinforce the safety, image and identity of Downtown Lawrence.
- C. Closely analyze (through Policies 1.7, 3.7 G, 3.9 E, and any other relevant Policies) the impact of requests for development of community and/or regional shopping areas to ensure that such development does not have a negative impact on the Regional Retail/Commercial/Office/Cultural Center. This analysis would be used to evaluate the potential impact on the future viability of the Regional Retail/Commercial/Office/Cultural Center as a whole and not the potential impact on individual businesses or properties.
- D. *The North Mass Development is an extension of the Downtown Commercial Center that shall complement the existing Downtown Lawrence. The following policies shall be implemented for the North Mass Development:*
 - 1. The North Mass Development shall contain a mix of uses including residential, office and commercial.*
 - 2. The North Mass Development shall provide adequate parking spaces to accommodate the mix of uses in the development.*
 - 3. The footprint for an individual store in the North Mass Development shall be limited to 50,000 square feet.*
 - 4. The North Mass Development shall be developed either using the existing Downtown Conservation Overlay District (and its associated design guidelines), or through the PD overlay zoning regulations.*

The Comprehensive Downtown Plan referenced above is an outdated plan that was not adopted into Chapter 14: Specific Plans of *Horizon 2020*. Since this plan is outdated and is not included in *Horizon 2020*, staff is not recommending revising that plan as a part of this development request. However, *Horizon 2020* requires an analysis of the following items:

(Staff response is in *italics*)

1. **Downtown needs:** *In order to remain vital as the civic, cultural, retail, and office center for the community, Downtown Lawrence should encourage expansion through appropriate types of development. There is always a need for more residential development to support other types of development (office, retail), and help stabilize the existing downtown by providing an adequate mix of development. The increase in residential development will lead to an increased need for everyday goods and services to be purchased, therefore creating a need for a better mix of retail stores. Also, there is a need for continued emphasis on parking strategies to be considered. Currently, there is a need to take better advantage of the river, including appropriate access. Certain festivals and events will be located in the North Mass Development, especially those closely associated with the Kansas River, however,*

- the majority of festivals, parades, and events should remain in the Downtown Lawrence historical core.*
2. **Downtown assets:** *In addition to the historical significance and listing on the National Register of Historic Places, the Downtown Lawrence area acts as the regional civic, cultural, office, commercial and retail center for the community. It is a uniquely developed, mixed-use area that acts as a major draw for outside visitors. It is also a main draw for the community, since it houses the major governmental functions for the both the city and the county, as well as many community services, including an arts center, the community pool and the library. In addition there are multiple outdoor areas that serve as parks and which are used for many festivals throughout the year.*
 3. **Growth potential:** *There are a few sites within the existing downtown area that are vacant and have the potential for new infill development. Expansion in to neighboring areas is difficult on the south, east and west due to the existing residential neighborhoods that border downtown on those sides. The North Mass Development presents an opportunity for growth without impacting the existing neighborhoods negatively.*
 4. **Use mix:** *Staff recently completed an in-depth analysis of the existing use commercial uses in the Downtown Lawrence District (<http://www.lawrenceks.org/planning/documents/DowntownRetailMemo.pdf>). This document shows that in the Downtown district, the largest use category is Non-retail, Non-food services, which, in 2011 makes up 38% of the total square footage in the Downtown district. Typical uses in this category would be professional offices, financial institutions, light manufacturing uses, religious institutions, and any residential uses. The percentage of total square footage in the Food Services use category, including restaurants, coffee shops and bars, has remained steady since 2006, occupying around 15% of the total square footage, even though the amount of square footage has grown by roughly 36,000 square feet since 2006. Vacant square footage was at 11% in 2006, fell to 9% in 2010 and has risen to 13% in 2011. Overall, the percentage of total square footage that strictly Retail uses are occupying has declined since 2006, while the percentage of total square footage that Food Services uses are occupying have remained constant. The amount of vacant space has increased to 13% of the total square footage in the Downtown district since 2006. This survey primarily counted ground floor spaces in the downtown area, except where one use occupied an entire building (i.e. Eldridge Hotel, Riverfront Mall, etc.); therefore, the majority of non-ground floor residential and office uses are not included in this survey.*
 5. **Preferred locations for conservation and development:** *As stated above, the current Downtown area contains some vacant sites that are appropriate for infill development, but encroachment into residential neighborhoods on the east, south and west is not feasible. The main historical core of the Downtown district is listed on the National Register of Historic Places and it is important to adequately plan for development or re-development of areas within the district or in the environs for any potential impact to that historic district. As a form of urban redevelopment, the subject area takes advantage of underutilized land and its connection to the river.*

The area north of the Kansas River that is the subject of this proposal is located in North Lawrence, where a mix of residential, commercial and industrial uses exist. Chapter 6 of *Horizon 2020* also contains a section describing the N.2nd and 3rd. Street Commercial area of North Lawrence. That section talks about the area being a gateway to Lawrence through its connection with the I-70 transportation corridor. This project fits more with the Downtown

Lawrence area because of the desire to develop it more with a downtown feel, its connection with the Downtown transportation corridor through the use of the Kansas River Bridge, the proposed mixed use nature of the development, the connection to the Kansas River and the proximity to the Downtown Lawrence district.

Retail Market Study: The applicant has submitted a project specific retail market study as required by Section 20-1107 of the Land Development Code and Chapter 6, Commercial Land Use of *Horizon 2020*, specifically Policy 3.13. 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 indicates that this request is to add roughly 230,000 sf of space split between commercial (retail), office, and hotel uses. The true amount of commercial space for the project is proposed to be roughly 150,000. That 150,000 sf of commercial space is proposed to be broken down as follows: approx. 50,000 sf for a movie theatre, 70,000 sf for retail uses, and 30,000 sf for food and dining uses.

Policy 3.13 in *Horizon 2020* requires a project specific retail market study for projects that would create 150,000 square feet or more of commercial space. Section 20-1107 of the Land Development Code applies to zoning or site plan applications that could create 50,000 square feet of retail space. The applicant has submitted for a zoning application and therefore staff is reviewing the market study based on the Land Development Code, in addition to the criteria in *Horizon 2020*, based on the submission of that application, and because the criteria in the development code is the most recently adopted set of criteria.

Horizon 2020, Policy 3.13 (b) states that, “The project shall not be approved if the market study indicates the commercial project or any proposed phase cannot be absorbed into the community within three years from the date of its estimated completion, or that it would result in a community-wide retail vacancy rate greater than eight percent.” 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 in Fall of 2010 figured the city-wide vacancy rate at 7%, slightly higher than the 2006 vacancy rate of 6.7%. (<http://www.lawrenceks.org/planning/documents/2010Retail.pdf>) The market study for this project shows that, when completed and entirely vacant, the project will push the city-wide vacancy rate to 9.2%. Staff requested additional analysis from the applicant 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 major 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	9,120,567	8,478,372	642,195	7.0%
Requested North Mass Development sf	217,337*	0	217,337*	9.2%
Bauer Farm – yet to be constructed	39,620	0	39,620	
Mercato	359,640	0	359,640	
Fairfield Farms	200,000	0	200,000	
Total	9,937,164	8,478,372	1,458,792	14.7%

*The 217,337 sf number is from the applicant supplied market study. Not all of this sf is proposed to be true commercial (retail) in nature.

If all approved commercial space that has been approved were to be constructed and assumed vacant, the city-wide vacancy rate would rise to 14.7%.

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. 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, the applicant has stated that there it is unlikely that the space will be vacant upon completion.

While this particular proposal might not be vacant upon completion, there is concern that this development will cause vacancies in other commercial districts, most importantly the Downtown District. The applicant has provided information on the mix of business types and the potential impact on the downtown area. While the majority of the proposed uses (movie theatre, restaurants, and other retail) exist elsewhere in Lawrence, it is expected to have a limited impact on the city as a whole. Concern does exist because of the potential impact that the proposed commercial uses may have on the existing Downtown District. The applicant addresses this by compiling an analysis of the number, broken down by type, of establishments located in the Downtown District. This analysis shows an increase of approximately 9% of the number of establishments of the same type that are being proposed that are currently located in Downtown. While the impact on the number of establishments might be insignificant when analyzed in such a fashion, the impact on the Downtown District remains a concern. The North Mass Development has some unique factors that diminish the potential for negative impact on the current Downtown District. It is located within walking distance of the historical core, will be designed to expand the river's role as an attraction and will only add approximately 12% more square footage to the existing Downtown District. Those factors, combined with the proposed language to be added to Chapter 6, especially as it relates to complimenting and being secondary to the historical downtown core, should make the North Mass Development a complimentary addition to the Downtown Commercial District.

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 applicant supplied market study and the 2010 Retail Market Report show that since 2000, population has grown approximately 16%, while retail sales have only increased 3.3%, and income, adjusted for inflation, has only increased 3.9%. On the supply side of the market, retail stock has increased 69.7% since 2000, however, it is important to note that some of that increase is because of changes in the methodology for figuring total retail space. 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 2011, states that Lawrence's pull

factor was 1.02 in 2010, which as noted in the market study, is a 9.7% decline over the last decade from a height of 1.13 in 2000. In addition, Douglas County's pull factor has been below 1.00 for the last decade and recently has fallen to .86 in 2010. The declining Lawrence and Douglas County pull factors indicate that the City is losing more and more retail sales to other areas outside of Douglas County. There is potential to recapture this leakage by increasing the demand factors mentioned above, as well as increasing the types of appropriately located retail stock.

The market study also provides a demand analysis based on the amount of square feet of retail space per capita. In 2010 in Lawrence there were approximately 98 sf of retail space per capita. Using an average growth rate from 2000-2010 of 1250 people per year, Lawrence could add as much as 121,000 square feet of retail each year in order to keep the ratio of retail square feet to people at 98. 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 230,000 square feet of commercial space being requested with this project keeps the ratio of 98 square feet per capita after two years. However, this analysis does not take into consideration any of the other approved commercial development. The addition of Mercato, Fairfield Farms and the remainder of the Bauer Farm development that is approved, but not constructed, would result in a ratio of 111 retail square feet per capita.

The market study satisfies the submission requirements of the Land Development Code and *Horizon 2020*. 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. The existing downtown Lawrence is designed to not only draw local shoppers, but also has a focus of a destination area for regional or non-local visitors. The North Mass Development is also being designed in a way to focus on drawing regional or non-local visitors to the area, which in turn is presumed to bring more visitors to the area through spill-over, but should not detract from the existing Downtown Lawrence draw. Even though this project will push the vacancy rate above the 8% threshold, and the square feet per capita figure rises above the 100 retail square feet per capita when other approved projects are factored in, it is unlikely that this development will be speculative in nature. The current economic conditions are showing a trend that buildings are built with committed tenants. It is presumed that this development will have a regional draw that results in a more favorable pull factor; therefore, the development should not have a detrimental impact on the community's retail market.

Staff reviewed this amendment based upon the comprehensive plan amendment review criteria listed below [identified in Chapter 13 (Implementation) of *Horizon 2020*].

COMPREHENSIVE PLAN AMENDMENT REVIEW

A. Does the proposed amendment result from changed circumstances or unforeseen conditions not understood or addressed at the time the Plan was adopted?

Applicant's response: H2020 states, "Re-study of the Comprehensive Downtown Plan should explore the following options to improve Downtown Lawrence:.....inclusion of more uses along the river and integration of these developments into downtown (p. 6-14)."

Staff's response: Chapter 6 anticipates changes and additions to the commercial framework in the City of Lawrence over time and provides criteria for which new areas and expansions to existing commercial areas can be made. More specifically, the Downtown Commercial Center

sections of the chapter also anticipate and even encourage the expansion of the center in order to strengthen the vitality and longevity of the Downtown area. Staff does not think that expanding the Downtown Commercial Center north across the river was addressed when the plan was initially written, and that has ultimately led to the request for this amendment.

B. Does the proposed amendment advance a clear public purpose and is it consistent with the long-range goals and policies of the plan?

Applicant's response: The public purpose for this amendment is to allow for development north of the river that will include retail, office and residential uses to compliment downtown. The river is a great amenity for Lawrence but is not being utilized to its full potential. This amendment does recognize H202's commercial land use goals and policies by striving to ensure that the cities commercial areas are encouraged to grow while at the same time supporting and complementing downtown.

Staff's response: The proposed amendment is generally consistent with the goals and policies outlined in Chapter 6. It is important that any expansion to the Downtown Commercial Center recognize that the historical core of Downtown should remain and that new areas shouldn't have a negative impact on the historical core. The applicant has stated that the proposed development is meant to complement and not harm the existing downtown area. Staff has suggested alternate language that further cements this idea in *Horizon 2020*.

C. Is the proposed amendment a result of a clear change in public policy?

Applicant's response: No.

Staff's response: The proposed amendment is not a result of a clear change in public policy, but instead furthers the goals and policies already established in Chapter 6, especially those relating to the expansion of the Downtown Commercial center.

In addition, the following shall be considered for any map amendments:

A. Will the proposed amendment affect the adequacy of existing or planned facilities and services?

Applicant's response: The proposed amendment will support Downtown's existing and planned facilities and services by being in close proximity across the river and by allowing development across the river to draw and attract additional people downtown.

Staff's response: At the comprehensive plan level, it is difficult to anticipate the impact the addition of the North Mass Development area will have on the existing or planned facilities or services. If approved, further review will be needed to determine whether changes will be necessary to the facilities and services in the area. At minimum, the applicant will need to work with the Army Corps of Engineers, utility companies, the public works department in addition to obtaining necessary approval from the city, including completing public improvement plans in accordance with city policies. Addressing stormwater management needs and effects should also be considered as the project moves forward, because there has already been an identified problem with stormwater management in the North Lawrence area.

B. Will the proposed change result in reasonably compatible land use relationships?

Applicant's response: The expansion of downtown will allow the river to play an important role in tying together both the southern and northern ends of Massachusetts Street.

Staff's response: The project will provide for an expanded Downtown Commercial Center that ties in the historic Santa Fe Depot and the Kansas River with the existing Historic Downtown core. The mixed-use nature of the proposal is consistent with the existing Downtown Commercial Center, however, adequate transitioning with the existing North Lawrence neighborhood, which consists of commercial, industrial and residential uses, should be encouraged at the site planning level.

C. Will the proposed change advance the interests of the citizens of Lawrence and Douglas County as a whole, not solely those having immediate interest in the affected area?

Applicant's response: The proposed development will be located on the river and act as a strong link to connect Downtown and the North Mass development to each other and include possible uses such as a movie theater, hotel, offices, restaurants and residential opportunities which will attract users to Downtown and the City and County as a whole. The North Mass Development along with the existing Visitor Information Center will serve as an impressive Gateway to Lawrence.

Staff's response: The expansion of this commercial area will provide new opportunities for shopping and entertainment for the community as a whole. The mixed-use, pedestrian friendly nature of the proposal will add to the Historic Downtown core and tie together the area immediately north of the Kansas River with the existing commercial area south of the river. The opportunity for additional residential uses would be good for the Downtown and would be appropriate, as new infill or redevelopment.

PROFESSIONAL STAFF RECOMMENDATION

Staff recommends forwarding a recommendation of approval of this comprehensive plan amendment to *Horizon 2020*, to the Lawrence City Commission to amend sections of Chapter 6 with staff's suggested language in order to expand the Downtown Commercial Center to incorporate the North Mass Development.

ITEM NO. 4 COMPREHENSIVE PLAN AMENDMENT TO H2020 - CHP 6; NORTH MASS DEVELOPMENT (AAM)

CPA-11-8-11: Consider a Comprehensive Plan Amendment to Chapter 6 of Horizon 2020 to expand the identified boundaries of Downtown Lawrence to accommodate a proposed mixed use project known as the *North Mass Development*. The request includes a proposal to exempt the proposed *North Mass Development* from the current requirement that individual stores in the Downtown Commercial Center have a maximum footprint of no more than 25,000 square feet. Proposed by Paul Werner Architects.

STAFF PRESENTATION

Ms. Amy Miller presented the item.

APPLICANT PRESENTATION

Mr. Paul Werner, Paul Werner Architects, said this was an exciting project and would be a long process. He thanked staff for their work and he agreed with the staff recommendation. He said regarding the vacancy rate it was all about timing. He said if it could get plated and rezoned this year that would be good progress. He said it took 1 ½ years for the Army Corps of Engineers to figure out where the levy was defined. He said the 25,000 sq ft was an opportunity to get it lifted. He felt it was arbitrary. He said a lot of grocery stores were 45,000 sq ft.

PUBLIC HEARING

Mr. Dan Hughes, Sunflower Outdoor and Bike Shop, said he was not against development along the river. He appreciated the efforts of Mr. Rick Renfro and his group to clean up and improve North Lawrence. He expressed concern about retail vacancies. He said in order to increase the pull factor of luring out of town shoppers to Lawrence there needed to be unique destinations that were not available elsewhere and provide a special experience. He said this project, as presented, did not fulfill those requirements. He said the proposal was being pitched as a compliment to downtown but he felt it was mostly a reproduction of the existing downtown. He said it would end up being a downtown A. and downtown B. He said it had the potential to further divide the retail pie to a point where nobody would operate a sustainable business. He said the one glaring addition would be allowing a 25,000+ sq ft 'big box' retailer, which had the potential to crush already established businesses downtown. He said Mr. Renfro told him he did not want a 'big box' retailer and all he wanted was a new Johnny's, some residential, possibly a movie theatre, hotel, and grocery store. He said the developer was asking for carte blanche to build anything they could. He did not feel now was the time to add more retail space. He urged Planning Commission to vote no to the Comprehensive Plan Amendment and rezonings at this time.

Mr. Rob Riley, Lawrence Jiu-Jitsu, supported what Mr. Hughes said. He expressed concern about vacancies downtown. He also expressed concern about the possibility of his business being pushed out.

Mr. Peter Zacharias, Downtown Lawrence Inc. Board of Directors, said he visited with the developers several times. He expressed concern about vacancies. He did not see how the North Mass Development could ever be part of downtown. He felt the North Mass Development would affect downtown negatively. He felt it should just be limited to residential development with moderate commercial but that was not what was proposed. He urged Planning Commission to vote against the project until there was more demand in Lawrence and less vacancies. He said he would like to see the use linked to the zoning before a decision was made.

Mr. Ted Boyle, North Lawrence Improvement Association, said this was an exciting project and felt it would be good for North Lawrence. He said regarding the vacancies mentioned by other speakers the uniqueness of the North Mass Development was the river. He felt it was about time to break the barrier of separating North Lawrence from the rest of the city. He said it would bring money to North Lawrence. He stated the stormwater would dictate what could be built there and define what could be developed. He said the developer would not be able to tie into the city stormwater project and would have to have another big pump, which could cost 5 million dollars. He felt the North Mass Development would benefit the entire community.

Mr. Kirk McClure, Old West Lawrence Association, discussed market conditions, the absence of development controls, and the process. He said Planning Commission did not have sufficient information to make a decision tonight. He stated Lawrence was horribly overbuilt and adding to it would only make the situation worse. He said the City of Lawrence allowed a retail bubble to be built from 1997-2005 and during that time period the stock of retail space grew 34%, adding 1.6 million square feet. During that time the demand for retail only grew 10%. He said the recession slowed the rate of absorption. He felt the North Mass Development, as proposed, would threaten the one unique destination shopping Lawrence has; downtown. He said new 'big boxes' on the other side of the river would not be complementary to downtown and would only compete with it. He said the developer should not be trusted to provide the market studies. He said if the market study was correct then the numbers show the city was more over built than his own numbers. He felt more should be asked of Planning staff since they were the only people who had the demand side data. He recommended the project be denied.

Mr. Chuck Magerl asked Planning Commission to look at the numbers associated with the project. He referenced Horizon 2020 where it states *'The project shall not be approved if the market study indicates the commercial project or any proposed phase cannot be absorbed into the community within three years from the date of its estimated completion, or that it would result in a community-wide retail vacancy rate of greater than eight percent.'*

He said he didn't know how an estimated completion could be established to create a benchmark. He said the Land Development Code established a maximum threshold of 100 sq ft per resident to help maintain market health. He said right now the challenge was that the City was disputing the resident count with the Census Bureau. He said until there was a sense of confidence that the numbers were real, the guidelines of Horizon 2020 and the Land Development Code pose real questions about the merit of increasing additional retail and commercial development within the city. He asked them to make sure the numbers justified the idea of seeing something new and growing in the community.

APPLICANT CLOSING COMMENTS

Mr. Werner said there was no development plan in front of them and that the Comprehensive Plan Amendment was about the boundary of the downtown commercial area. He said the amount of retail and residential needed to be talked about. He said currently the land was zoned industrial. He said he was currently working on four storefronts downtown and was aware of the vacancies downtown. He said he was currently working on a 36 room addition for the Eldridge Hotel and they were not concerned about competition. He said sometimes the private sector doesn't need other people to protect them or they would be present tonight at the meeting. He said residential would probably be the first thing built for the North Mass Development. He said 'big boxes' would not want to locate there.

COMMISSION DISCUSSION

Commissioner Hird asked if staff was satisfied regarding the thoroughness and completeness of the retail market study.

Mr. McCullough said staff summarized on page 106 of the packet that the proposal does go past some of the indicators of supply and demand. He said what had changed since the indicators were established as indicators to review with any development proposal, was that staff was not seeing speculative building in the market right now, they are real projects. The economy has changed that for the most part in Lawrence. He said yes, in theory if everything was vacant, indicators would suggest that this should not be an approved project. He said the private sector was waiting for real tenants before bringing forth projects.

Commissioner Hird inquired about the limitation of 25,000 square feet on a building downtown.

Mr. McCullough said the applicant made some points regarding the dynamics of the pattern, street, ally, block, and lot size, that would be different with this development. He said there would perhaps be a little more room for a bigger project. He said staff did not want a 'big box' to compete with that market.

Commissioner Hird asked how the proposal prevented a 'big box' from competing.

Mr. McCullough said 'big boxes' were typically larger than 50,000 square feet.

Commissioner Hird asked how 'big box' was defined.

Mr. McCullough said an example of a small 'big box' would be Wal-Mart on 6th Street, which was approximately 99,000 square feet.

Commissioner Burger asked staff what the square footage of the former Borders building was.

Ms. Miller said it was roughly 20,000 square feet. She said regarding the 50,000 square feet staff was trying to accommodate the applicants proposed idea with the potential for a movie theatre.

Commissioner Hird said a grocery store was needed in North Lawrence and nobody would object to that but he was not interested in a 'big box' store on the edge of downtown.

Mr. McCullough said it would be a linear progression of approvals, starting with the umbrella policies and then getting down to the site plan and details. He said it was a unique enough area that when the zoning presentation was heard tonight they would see a recommendation for design guidelines to help guide the details of the aesthetics, physical development, ratios of residential to commercial, etc. He said there was a lot of work still to be done on the project.

Ms. Miller clarified that there was no definition of 'big box' in the Land Development Code but it is listed in the table and refers to Retail Establishment - Large, which is a store over 100,000 square feet.

Commissioner Burger referred to page 95 of packet where it states *'For Downtown Lawrence to remain economically stable and vital there is a need to expand the boundaries beyond the current configuration illustrated in the adopted Comprehensive Downtown Plan.'* She wondered if there was any history information to support that statement.

Ms. Miller said that was existing original language in the Comprehensive Plan from its conception in the mid 1990's so she could not provide history.

Commissioner Blaser said he was surprised that Downtown Lawrence Inc. sent a letter of support but then spoke in opposition tonight.

Mr. Zacharias said from the audience that Downtown Lawrence Inc. did not see the final plan until today.

Commissioner Blaser expressed concern regarding the pull factor. He said what Lawrence was doing was not working. He said the auto industry and 'big box' industry figured out that it may be better to have competition. If there is competition then it draws customers. He said Lawrence does not draw customers. He said he was not sure what the answer was. He said North Lawrence on 2nd Street was one of the entrances to the city and he was in favor of cleaning up that area. He thought the proposal was a great idea and would help downtown. He said there would be some logistics to be worked out for getting across the bridge. He said unless he heard strong arguments he would vote in favor of this because he felt something needed to be done.

Commissioner Singleton said she did not think most people were aware of the project since there were only five people present tonight. She felt that changing the boundaries of the heart of the community needed a much more comprehensive study than what they had. She said the proposal was nice but that the best waterfront property in Lawrence was now Abe and Jake's and the Marriott. She felt there would be more conversations if more people were aware of the topic. She was not comfortable changing the borders of downtown. She said the market study did not seem to be accurate with what she sees downtown. She said the economy and culture fundamentally changed with how businesses are developed and loans being granted,

as a result of the collapse of the economy. She said she was not comfortable changing the boundaries of the heart of the community based on the information received tonight.

Commissioner Burger said the plan was ambitious and creative. She said the language the Comprehensive Plan included was from a mid 1990's context. She said in the mid 1990's there was somewhat of a boom. She agreed with some of the speakers this evening on a few issues. She discussed a 'new to new' type of customer that goes to the newest area. She said when the newness wears off and there's another new area there's a lot of infrastructure that everyone is invested in. She said there was the potential for locally owned businesses to suffer and perhaps not make it through that wave. She had concerns regarding environmental issues. She wondered if the project had been put forth before insurance agents to see if it would work. She was concerned this wasn't the right time for a project like this that seemed to be driven by a boom market concept. She stated the former Borders building was still empty and that Sears and Old Navy had left as well. She did not think this was the right Comprehensive Plan. She said labeling it North Mass was a nice idea but with the river it may not be the best way to do something good for North Lawrence. She said a good Comprehensive Plan would include an increase in residential to bring more people into North Lawrence before the retail component. She said a theatre was a nice idea but a grocery store was a great idea. She would like to see more change in the Comprehensive Plan to be more specific in those areas. She appreciated the creative and ambitious thinking behind the project and thanked the developers for wanting to invest in North Lawrence. She said the retail component was too critical and she agreed that they may not have the right information to be able to make a decision. She did not think that was necessarily what the Comprehensive Plan indicated with the mid 1990's content. She appreciated the public comment. She said she could not support the plan at this point.

Commissioner Liese inquired about the rationale for a Comprehensive Plan Amendment. He asked about the parameters of what the developers could do in North Lawrence without the Comprehensive Plan Amendment.

Mr. McCullough said this was not in a neighborhood plan currently. He said with the proposed mixed-use type development staff looked to the Comprehensive Plan first which says that to do that kind of development pattern you need to look at expanding downtown. He said there may have been a different avenue to take with designating it for mixed-use but it was the most efficient and best path with the fact that the applicant wanted to use the CD zoning and mixed-use nature of it. He said the proximity of this to downtown led to looking at that section of the Comprehensive Plan which already talked about a need to expand downtown.

Ms. Miller said the current sites are zoned to a multitude of zoning categories. She said in looking at the Comprehensive Plan the only thing identified in the area were some heavy commercial uses. She said there were no other categories in the Comprehensive Plan that specifically talk about this piece directly north of the Kansas River.

Commissioner Culver had some concerns with the openness of establishing a policy amendment to extend downtown. He said there were a lot of things that were exciting, promising, and opportunistic about expanding downtown into North Lawrence. He agreed with Commissioner Blaser regarding the pull factor and bringing in retail dollars, which wouldn't change if they continued to do the same thing. He thought there was opportunity with this area to follow some of the guidelines within the Comprehensive Plan which seemed to fit. He said he had some difficulty when looking at a current snapshot of some of the vacant buildings discussed this evening. He said buildings may be sitting open today but that it was just a snapshot and they needed to look ahead and start somewhere. He said if plans were not put in place and moved forward the opportunity may diminish. He said the area was an underutilized area of the community with a lot of opportunity. He felt they would be rushed to discount the amendment to the Comprehensive Plan completely and felt they should do their due diligence in looking at it as an opportunity.

Commissioner Britton said he was struggling with this one. He was excited about the prospect of anything new. He agreed that Massachusetts Street and the historic downtown was the heart of the community and the number one priority needed to be to protecting that. He did not know if this would be a threat to that or not. He said if there was better or more comprehensive information out there then they should take it slow and

know they are going in the right direction with the proper controls. He thought in general this was a great dream development to have but he did not feel like he had enough information and surety that Massachusetts Street would come out as healthy or healthier. He said he looked forward to being able to support something like this but could not support it tonight.

Commissioner Liese said he had all the confidence in the world that the businesses on Massachusetts Street would do fine with competition introduced. He said a really good development would bring in more business. He felt this project was great and he would support it 100%. He felt the pull factor would be great for Massachusetts Street. He wished Mr. Renfro and others from the community were present tonight for more input.

ACTION TAKEN

Motioned by Commissioner Liese, seconded by Commissioner Belt, to defer and direct staff to provide more information to address issues raised.

Commissioner Hird said he would vote against the motion to defer. He said Mr. McClure's comments about vacancy rates were well taken. He said it was always a difficult decision process with this type of proposal. He said it would expand boundaries of downtown to accommodate a mixed-use project that nobody knows what will look like yet. He had great reservations about the square footage limitation and whether that should be doubled for this project. He felt the people from North Lawrence who want development in North Lawrence should be heard. He said it was an exciting proposal in terms of using the waterfront for a change as an asset to the city. He did not want to defer it because he wanted to get this in front of the City Commission so that the elected officials could weigh in and shape it.

Commissioner Liese felt the support Mr. Boyle claims existed in North Lawrence should be present at the meeting. He felt Mr. Boyle representing North Lawrence was inadequate. He wanted more input from the North Lawrence residents.

Commissioner Hird said Mr. Boyle representing the North Lawrence residents was entirely adequate and he didn't personally need ten more people saying the same thing.

Commissioner Singleton said she was not supportive of a deferral because 30 days would not necessarily give her the information she would need to vote to change the boundaries of downtown Lawrence. She said even if they vote it down that did not mean it would not be brought back. She wanted more information and a comprehensive understanding of what would be built.

Commissioner Blaser said he was not sure what kind of information Commissioner Singleton would need to be more confident. He said the Comprehensive Plan Amendment was only to extend the boundary of downtown. He said the plan was not set in stone. He said buildout would not occur until they had someone to pay the bill. He said he would like to move forward with it.

Motion failed 2-6. Commissioners Belt and Liese voted in favor of the motion. Commissioners Blaser, Britton, Burger, Culver, Hird, and Singleton voted in opposition.

Motioned by Commissioner Singleton, seconded by Commissioner Britton, to deny the Comprehensive Plan Amendment.

Commissioner Liese said he thought it was a good idea to extend the boundaries. He said as much as he loved Massachusetts Street and the business represented tonight there was something going on that was reducing the amount of pull Massachusetts Street has. He opposed the motion. He felt it was a mistake to overlook the residents of North Lawrence who want this project.

Commissioner Burger said she would vote in favor of the motion but would really like to see a project in North Lawrence with this density of residential and a grocery store. She said beyond that she would need a lot of convincing. She said it was an exciting project from a design standpoint. She hoped City Commission would give the public the opportunity to fully process this at their level.

Commissioner Hird asked if Planning Commission denies this would City Commission have to have a super majority to approve it.

Mr. McCullough said that was correct. He said City Commission's options would be to send it back to Planning Commission with further direction or override the Planning Commission decision with a 4/5 vote.

Commissioner Belt felt a lot of good could come from the project but he wanted more information and a lot more input from the public. He said downtown was currently expanding to Vermont Street and New Hampshire Street and that there was continued pressure for real estate on those streets because that's where people want to be, although that's not to say they wouldn't also be equally attracted to North Lawrence.

Commissioner Britton said he really liked the idea and wanted to be certain Massachusetts Street would be okay with assurances that the market could sustain that.

Commissioner Burger said Johnny's was a big component in the North Mass proposal and she had no objection to that.

Commissioner Hird felt it was an exciting project. He felt sending it to City Commission with a recommendation of denial would send the wrong message. He felt they should forward it to City Commission with a recommendation of approval and let the process take place at the City Commission level and then again at the Planning level for the proper platting and development of the project. He did not see what would be gained by saying no and hoping the developer would come back with a different proposal. He said he would vote against the motion.

Commissioner Liese said it looked like the vote would be an even split. He said if that was the case he would move for approval of the project.

Commissioner Blaser said he would vote against the motion and agreed with Commissioner Hird that sending it forward to City Commission with a recommendation of denial would send the wrong message since everybody was enthused about the project.

Commissioner Burger asked staff if the Comprehensive Plan Amendment was approved would it enable anybody at any level to reduce the amount of retail, or would this be giving by right the developer to do retail beyond 25,000 sq ft.

Mr. McCullough said the Comprehensive Plan Amendment only sets policy guidance in Horizon 2020. The next application would be where they would have a greater sense of control. He said the zoning would provide those uses by right, restrictions, conditions, etc. He said the Development Code requires a project be consistent with the Comprehensive Plan, which is why the amendment is required with the zoning when it's not consistent with the Comprehensive Plan. He said the Comprehensive Plan Amendment helps the zoning application to be in alignment with the Comprehensive Plan.

Commissioner Liese said in the Comprehensive Plan, Chapter 6, it states downtown Lawrence was expected to change over time. He said he viewed the Comprehensive Plan Amendment as an opportunity to preserve downtown. He did not see any data that it would detract from Massachusetts Street. He said the Comprehensive Plan Amendment would just support the concept of spreading downtown over the bridge.

Mr. McCullough said a Comprehensive Plan policy could be set as specific as they wanted.

Motion failed 4-4. Commissioners Belt, Britton, Burger, and Singleton voted in favor of the motion. Commissioners Blaser, Culver, Hird, and Liese voted in opposition.

Motioned by Commissioner Liese, seconded by Commissioner Blaser, to approve the Comprehensive Plan Amendment.

Commissioner Liese said this was just a Comprehensive Plan Amendment, not a zoning, plats, etc.

Commissioner Britton said the Comprehensive Plan was not law but was very important. He was not comfortable with this and did not support it. He said he was excited about the concept down the road if he could be assured that historic downtown Lawrence would not be negatively affected. He said he would oppose the motion.

Commissioner Burger said she would not support the motion. She said there was too much text in the document that they would be voting to send forward that she did not think had been proven. She said the project was unique and exciting but felt that by adopting the plan they would be indebted to a certain extent to approve future and pending rezonings that she did not want to be forced to vote for.

Motion failed 4-4. Commissioners Blaser, Culver, Hird, and Liese voted in favor of the motion. Commissioners Belt, Britton, Burger, and Singleton voted in opposition.