

PLANNING COMMISSION REPORT
Regular Agenda – Public Hearing Item

PC Staff Report
5/21/12

**ITEM NO. 5: COMPREHENSIVE PLAN AMENDMENT TO H2020 - CHP 6 and CHP 14;
CC600 (AAM)**

CPA-4-2-12: Consider a Comprehensive Plan Amendment to Chapter 6 of *Horizon 2020* to create CC600 District policies and to Chapter 14 Specific Plans, to revise the *West of K-10 Plan* and *A Nodal Plan for the Intersection of West 6th Street & Kansas Highway 10 (K-10)* designating the node of 6th Street and K-10 as a CC600. *Initiated by City Commission on 4/10/12.*

STAFF RECOMMENDATION: Staff recommends forwarding a recommendation of approval of this comprehensive plan amendment to *Horizon 2020*, to the Lawrence City Commission to amend Chapter 6: Commercial Land Use to create CC600 District policies, Chapter 14: Specific Plans to revise the *West of K-10 Plan* to change the designation of the 6th and K-10 node to a CC600 commercial center, and to remove *A Nodal Plan for the Intersection of West 6th Street and Kansas Highway 10 (K10)* from Chapter 14: Specific Plans.

STAFF RECOMMENDATION: If appropriate, approve and sign Planning Commission Resolution PCR-5-4-12.

KEY POINTS

1. This is a request to create a new commercial center designation in *Horizon 2020*, CC600, to accommodate an increase in allowable commercial square footage at the West 6th and K-10 node, currently designated as a CC400, to allow for a community recreational center and associated retail uses to be constructed on the northwest corner of the node.
2. In addition to adding the CC600 commercial center designation to Chapter 6: Commercial land Use, this amendment amends Chapter 14: Specific Plans to change the designation for this node in the West of K-10 plan to a CC600, to add the eastern corners of the node to the West of K-10 plan thereby incorporating the unbuilt portions of the property included in the plan titled *A Nodal Plan for the Intersection of West 6th Street and Kansas Highway 10 (K10)* (6th and SLT Nodal Plan), and removing the 6th and SLT Nodal Plan from Chapter 14: Specific Plans.

PROJECT SUMMARY

This comprehensive plan amendment (CPA) was initiated by the City Commission at their April 10, 2012 meeting and will create a new Commercial Center designation (CC600) in the Comprehensive Plan, *Horizon 2020* that would allow up to 600,000 square feet of commercial retail space at the West 6th Street and K-10 node through the modification of Chapter 6:

Commercial, increasing the permitted commercial retail space from 400,000 sq. ft. at this node to 600,000 sq. ft. While the commercial retail uses, as defined in the text of Chapter 6, would be limited in the node, non-retail commercial, office, recreation, utility, and other uses permitted in the Development Code would be permitted without an area limit.

In addition, this CPA will modify Chapter 14: Specific Plans to remove the 6th and SLT Nodal Plan, and modify the *West of K-10 Plan* to incorporate the area included in the 6th and SLT Nodal Plan and change the land use designation of the subject node to a CC600. The CPA is intended to accommodate a regional recreation facility on 50 acres of the subject 146 acres located at the northwest corner of the West 6th Street and K-10 node. The project will be a public /private partnership including the donation of 50 acres to the city to construct the facility. While many details need to be determined, the project is currently planned to include basketball courts, indoor recreation track, cardio facilities, recreation areas, an arena capable of holding sporting or entertainment events, potential uses for the University of Kansas, and other ancillary uses typical of such a facility – retail merchandise, food/drink, etc.

In addition to the 50-acre recreation facility, the remaining acreage on the northwest corner of the node is planned to support the facility with expansion opportunities, additional recreation uses, and commercial uses – restaurant, retail, hotel, etc. The current planning documents designate the entire property for industrial/warehouse/office uses. Commercial uses are generally viewed by the Development Code as equal to or lesser uses compared to industrial uses and so the project can feasibly be viewed as compatible with the comprehensive plan designation; however, there are specific policies and Development Code language that tie commercial zoning in the Development Code directly to the comprehensive plan and the plan and code need to be revised to accommodate the project as noted more specifically below. A text amendment to add the CC600 zoning district to the Land Development Code was also initiated by the City Commission at their April 10, 2012 meeting.

STAFF REVIEW

This Comprehensive Plan Amendment request involves proposed changes to Chapter 6: Commercial Land Use and Chapter 14: Specific Plans of *Horizon 2020*. The changes to Chapter 6 include:

1. Revising on pg. 6-3 how the term “commercial” is used in the chapter to clarify which commercial uses are included within the limitation of the 600,000 sq. ft. of permissible uses.
2. Adding a CC600 section on p. 6-9 under the Commercial Community Center description.
3. Moving the West 6th Street and K-10 node from the CC400 center designation to the CC600 designation on P. 6-21.
4. Adding Policy 3.10 regarding CC600 centers.
5. Revising 6-1 to show the West 6th Street and K-10 node as a CC600 and updating the transportation network on the map to reflect the T2030 Transportation Plan.
6. Three changes that involve chapter clean-up, not related to this specific request:
 - a. Re-numbering the policies in Goal 3.
 - b. Moving the policy “Criteria for Mixed-Use Districts” from the end of Goal 3 to its logical location at Policy 3.5
 - c. Changing Use Permitted Upon Review on p. 6-13 to reflect the current language in the Land Development Code of Special Use Permit.

The changes to Chapter 14 include:

1. Revising the West of K-10 plan to reflect current land use approvals for the West 6th and K-10 node, changing the nodal designation to a CC600 and adding land uses that had previously been in the 6th and SLT Nodal Plan east of K-10 into the West of K-10 plan.
2. Removing the 6th and SLT Nodal Plan from Chapter 14 since it is now incorporated into the West of K-10 Plan.

Copies of the revised Chapter 6: Commercial Land Use, Chapter 14: Specific Plans, and the West of K-10 Plan are attached to this staff report with the changes marked.

Retail Market Study: 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. Staff is reviewing this project for compliance with the Land Development Code, in addition to the criteria in *Horizon 2020*, based on the rezoning request, and because the criteria in the development code is the most recently adopted set of criteria. Staff is conducting this analysis taking the most recent citywide market study completed in Fall of 2010 (<http://www.lawrenceks.org/planning/documents/2010Retail.pdf>) and updating the supply figures based on this request to add roughly 180,000 sf of space commercial (retail) uses. This staff analysis is provided in lieu of an applicant supplied market study since the City of Lawrence is a party to this application.

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 figured the city-wide vacancy rate at 7%, slightly higher than the 2006 vacancy rate of 6.7%. The addition of this project, when completed and entirely vacant, will push the city-wide vacancy rate to 8.8%. Staff has also conducted further analysis that takes 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 Northwest corner – 6 th and K-10 Node	180,000	0	180,000	8.8%
Mercato	359,640	0	359,640	
Fairfield Farms	200,000	0	200,000	
North Mass	217,337*	0	217,337	
Total	10,077,544	8,478,372	1,599,572	15.9%

*This figure is taken from the project’s market study and includes space that may not be truly 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 15.9%. If all the approved commercial space that has been approved were to be constructed but assumed occupied, except for the subject of this request, the city-wide vacancy rate would be 8.2%.

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, it is unlikely that the space will be vacant upon completion. In addition, this request for additional retail square footage at this node is being made with understanding that it will support the proposed recreational center. Therefore, the types of retail anticipated will be ancillary and supportive to the main use at the northwest corner of the node.

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 2010 Retail Market Report shows 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.

Also important is 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 180,000 square feet of commercial space being requested with this project results in a ratio of 100 square feet per capita if the project were built today. However, this analysis does not take into consideration any of the other approved commercial development. The addition of commercial space at Mercato, Fairfield Farms and North Mass that is approved, but not constructed, would result in a ratio of 109 retail square feet per capita.

The analysis satisfies the requirements of the Land Development Code and *Horizon 2020* with respect to the submission of a Retail Market Study. 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 proposed additional retail square footage at this node has a focus of drawing non-local visitors by providing retail space that is supportive in nature to the proposed recreational center. The project and associated retail square footage 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. Even though this project will push the vacancy rate above the 8% threshold, 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?

Staff's response: Chapter 6 anticipates changes and additions to the commercial framework in the over time. The proposed amendment is a result of changing circumstances that have occurred. The comprehensive plan provides for two CC centers, CC200 and CC400 which would allow a maximum of 400,000 square feet of commercial space for the node. The Commercial Regional designation is the next larger district, allowing a maximum of 1.5 Million square feet of commercial space. Staff has identified that it would be useful to have a designation for certain locations between 400,000 and 1.5 million sq. ft., to permit a higher level of community commercial area to serve the community.

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

Staff's response: The proposed amendment is generally consistent with the goals and policies outlined in Chapter 6. The proposed amendment is an advancement of a clear public purpose in that it will allow a larger amount of commercial space at this node in order to accommodate commercial uses necessary to support the proposed community recreational facility. This amendment also helps to provide a framework to guide development of CC600 centers through specific policies.

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

Staff's response: While the proposed amendment is not a result of a clear change in public policy, it fits with the goals and policies already established in Chapter 6. In addition, plans for a regional recreation center at this node necessitate revisions to the comprehensive plan in order to accommodate the increase in commercial uses associated with that development.

While *Horizon 2020* currently designates this node as a CC400, and specifically the northwest corner of the node for industrial/warehouse/office uses, there are alternative land use patterns that would also be compatible at this intersection of two state highways.

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?

Staff's response: The east portion of the node is already served by city sewer, water, streets and other services, as it is annexed into the city and is the beneficiary of infrastructure projects constructed during the last decade. The west half of the node can be served by extending existing sewer infrastructure across K-10 and existing water across Hwy 40.

The current water and wastewater planning documents anticipate extensions of utilities to this area based on certain timing assumptions and adopted land use plans. While this amendment has potential to accelerate the timing of extending services and may place increased demand on the water and wastewater systems, infrastructure can serve the area but plans may need to be adjusted to account for the proposed uses.

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

Staff's response: This node is currently designated as a CC400, and this comprehensive plan amendment changes that designation to a CC600, increasing the allowable commercial square footage within the node. The current planning documents designate the northwest corner of the node for industrial/warehouse/office uses and this amendment would reclassify the northwest corner from industrial/warehouse/office to commercial with a limit on the amount of retail permitted. It also adds opportunity for additional commercial retail uses on the southwest and southeast corners where little exists under the current designation.

Commercial uses are generally viewed by the Development Code as equal to or lesser uses compared to industrial uses and so the project can feasibly be viewed as compatible with the land use relationships. The revised West of K-10 plan keeps an open space buffer on the north line of the northwest corner in the node in order to provide a transition to the established neighborhood to the north. Appropriate site design will also help to ensure reasonable compatible land use relationships for the area.

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?

Staff's response: The expansion of this commercial area will provide new opportunities for the community as a whole, as well as non-local visitors. The project has the potential to attract visitors to the city through tournaments at the proposed recreational center thereby contributing non-local dollars to the local economy.

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 Chapter 6:

Commercial Land Use to create CC600 District policies, Chapter 14: Specific Plans to revise the *West of K-10 Plan* to change the designation of the 6th and K-10 node to a CC600 commercial center, and to remove *A Nodal Plan for the Intersection of West 6th Street and Kansas Highway 10 (K10)* from Chapter 14: Specific Plans.