

Staff Report

**Land Use Policy Plan Amendment Initiation Request for
2700, 2702, 2718 and 2728 Lincoln Way,
112 and 114 S. Hyland, and 115 S. Sheldon**

May 24, 2016

BACKGROUND:

On April 26, 2016, the City Council referred to staff the letter from Chuck Winkleblack, representing the developer, River Caddis Development, LLC, asking to initiate a Minor Amendment to the Land Use Policy Plan for the 2700 block of Lincoln Way and associated processes needed for the redevelopment of the properties to a single mixed-use student housing development. The site is made up of seven properties and totals approximately 1.8 acres south of Lincoln Way and between Hyland and Sheldon Avenues. (*See Attachment A – Location Map*). The properties currently have a mix of commercial uses, a gas station, and multi-family housing.

During preliminary meetings, the developer described an interest in a mixed use development concept that consists of a boutique hotel, a small amount of commercial square footage, and a residential lobby, leasing offices, and amenity spaces on the ground floor with approximately 168 apartment units and 510 bedrooms and amenity space on the upper levels of a five to six-story building. The developer desires to provide one parking space per apartment unit and hotel room and configure the development with structured parking accessed from Hyland and Sheldon.

To develop the described project, a number of steps are needed over the next six months to meet the developer's timeline for starting construction of the project in the spring of 2017 to be opened in August 2018. **The developer needs a LUPP Amendment, rezoning, zoning text amendment, designation of an Urban Revitalization Area (URA), a development agreement, a site development plan, and a plat of survey to combine parcels.**

Staff has prepared this report to provide the City Council with background information on the request and to determine City Council's interest in moving forward with the approval process for such a project. **The main questions needing to be addressed at this time to initiate the project are the following:**

- 1) Should the LUPP amendment process be initiated outside of the Lincoln Corridor Focus Area Evaluation; and if so, would it be a Major or Minor Amendment;**

2) Should zoning text amendments be initiated to support the rezoning of the property and development of the proposed uses; and

3) Is City Council willing to consider providing tax abatement under a site specific URA (separate from Campustown URA Criteria) and enter into a development agreement for the project?

ISSUE #1: LAND USE POLICY PLAN AMENDMENT:

The LUPP designation of the property is currently Low Density Residential. The existing developed uses of the properties are either commercial or apartment buildings, which does not align with the existing low density land use designation. The Low Density Residential designation allows for the site to be developed with only single-family residential uses to a maximum density of 7.26 dwellings units per net acre.

The site was recently identified as the eastern edge of Focus Area #4 in the Lincoln Corridor Study. Focus Area #4 includes both sides of Lincoln Way west of Sheldon and extends to Campus Avenue. This Focus Area has been identified in the Corridor Plan to consider general issues concerning multi-family properties and Campustown transitions to the west.

The applicant has requested that the City Council consider this site independent of the Corridor Study due to the timing of the project. The developer believes that the issues related to this site are unique and do not impede the Focus Area assessment of how other properties could redevelop further to the west.

Additionally, the developer requests initiation of a LUPP Minor Amendment to allow the land use designation be changed to accommodate the desired rezoning for both commercial and high density residential uses on the site. This change could be either to the “Downtown Service Center” land use which encompasses the current Campustown Service Center (CSC) zoning district or to a “High Density Residential” land use which could permit Residential High Density (RH) zoning allowing for both apartments and small amounts of commercial development area.

The developer believes a minor amendment is appropriate due to how the sites are currently zoned and used and the change in designation would reflect those uses. Additionally, the developer maintains that, due to the size of site, there is not a wide range of options for the site that would necessitate a Major Amendment process with mandatory scoping meetings and review processes. However, the developer is willing to meet with neighborhood interests as part of the review process even though such meetings are not required as part of the Minor Amendment process.

Staff notes that with a high density designation the proposed density exceeds the maximum density of RH. Only the Service Center designation permits the density required by the developer.

ISSUE #2 TEXT AMENDMENT/REZONING:

The current zoning of the three properties at the corner of Sheldon and Lincoln Way is Campustown Service Center with the remaining four properties zoned Residential High Density with the West University Impact Overlay. *(See Attachment B and C –Existing LUPP and Zoning Map)*. The developer's primary interest in seeking rezoning is to unify the zoning across the site and take advantage of the CSC zoning allowance for development without street setbacks and for one parking space per apartment unit, rather than per bedroom as is the case in standard RH zoning districts.

However, CSC is first and foremost intended to be a commercial zoning district that supports street level commercial use and activity and allows for residential development on upper floors of mixed-use buildings. To construct the allowed residential apartments, they must be located above commercial uses as identified in Section 29.809(2) of the Zoning Ordinance. The developer's mix of ground floor uses with commercial, hotel rooms, and residential space is not consistent with the current CSC zoning requirements.

If the developer was to pursue RH zoning that allows for residential and commercial uses, it does not allow the proposed hotel use. Additionally, RH does not have reduced setbacks that are desirable along Lincoln Way, it does not permit the lower parking rate of one space per unit, rather than per bedroom, and does not permit the level of density requested by the developer.

In either rezoning scenario of CSC or RH, the developer requests initiation of a text amendment to allow their desired mix of uses within a design type that has reduced setbacks and parking rates comparable to CSC zoning. **Alternatively, creating a separate zoning district or a combining district to the base zone may be the most appropriate option rather than modifying the CSC or RH zoning districts that are broadly used within the City.**

ISSUE #3 URBAN REVITALIZATION AREA:

The developer views their request as an extension of Campustown redevelopment and, therefore, desires partial property tax abatement within an Urban Revitalization Area be applied to the entire 1.8 acre site. Currently, approximately 0.7 acres of the overall site are within the boundaries of the Campustown URA. During staff's recent review of the developer's concept, it was clear that an extension of the current Campustown URA would not fully meet the developer's interest as their current design does not meet the ground floor commercial requirement to be eligible for tax abatement. The developer believes they have or could meet the remaining standards related to structured parking, design, and public safety measures. **In lieu of the Campustown URA criteria, the developer proposes that Council remove the current portion of the site from within the Campustown URA and that the whole site receive a new URA designation.** The new designation would be

based upon an accepted project specific design, rather than individual criteria, and include a development agreement.

Typically, the URA and its partial property tax abatement tool have been applied by Ames to incentivize exceeding underlying zoning requirements or to help encourage development of a desired use. This is epitomized in the City's Campustown URA criteria and in its Commercial URA policy. In the proposed process, the City Council would agree to a conceptual design and terms of a development agreement in advance of establishing a new URA. **Council would need to provide direction to staff on any specific issues for uses or design elements as the developer formulates plans for the project.** If Council indicates a willingness to consider creating a URA, a follow up meeting on project details and development agreement terms would occur prior to project approval.

APPLYING THE RH SITE EVALUATION TOOL:

In 2015, Council asked that each apartment development request include an assessment with the RH Site evaluation tool. (*see Attachment D – RH Site Evaluation Tool*) With this request there are minimal details available to complete the checklist regarding design of the project, however, location/surroundings, transportation, housing types and opportunity for mixed use would rank high for this project based on location of the project near campus and commercial development areas and the site being located on a major transit route. If Council believes that potentially adding additional student housing is desirable and that the design controls of a development agreement support redeveloping the site, the preliminary results of the RH matrix indicate this could be a good site for such an intense use.

STAFF COMMENTS:

In regards to the process of a LUPP Amendment, staff can support individual evaluation of the project separate from the broader Focus Area of the Lincoln Corridor Plan and that it can be classified as a Minor LUPP Amendment with the understanding the developer will hold a public meeting for neighborhood outreach. Staff has reached this conclusion based on the inconsistency of the current zoning with the LUPP, limited range of options for the site if it is to change, site size, and the developers commitment to conduct public outreach. If a Major Amendment process is preferred by Council for the project, staff would recommend that the site remain as part of the Focus Area evaluation that would continue through the summer and to not create two significant outreach processes for the same area of the City.

As part of the initial evaluation of the project, staff would need to review the sanitary sewer capacity for the expanded project and how traffic levels could be affected by the redevelopment of the site. Staff notes that residents to the west of this site continue to be concerned about traffic levels for through traffic in this area and parking issues.

In terms of the zoning issues, the proposed use is a hybrid between high density residential and commercial. **Two key questions in this project are the City's interest**

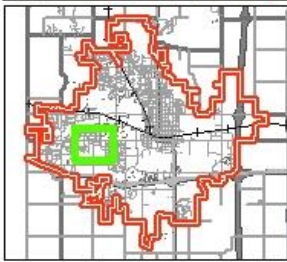
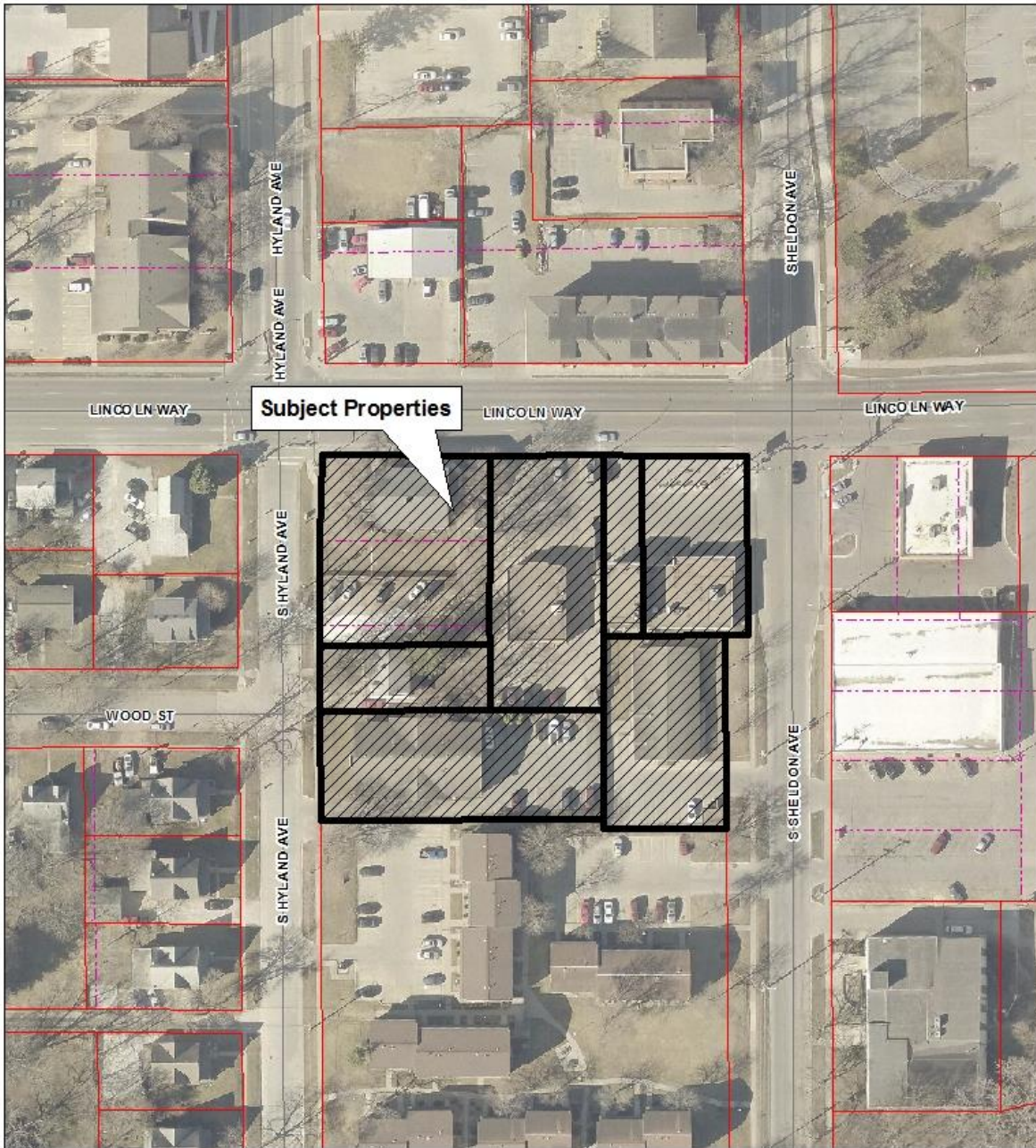
in expanding the intense redevelopment of Campustown with 5 and 6-story buildings to the west, and if so, should commercial be the primary use on the ground floor of the building as has been customary in CSC zoning or in a manner proposed by the developer.

If the Council chooses to support this project, staff believes creating a new zoning district of planned commercial or an additional Lincoln Corridor Combining district is preferable to modifying the base zone standards of CSC. Although the project appears to be more residential in nature than commercial, base RH zoning does not work well for the proposal. There are additional design issues regarding the activity level and interest levels along the street, building massing, and building materials that would be part of the later site plan level review of the project once the general arrangement of uses is understood for the site. Additionally, if the Council is concerned about the parking requirement of one space per unit, options for a different parking standard would have to be part of the text amendment.

The developer desires partial property tax abatement to facilitate redevelopment of the site. Although the project is modeled after recent campustown projects, it is not the same in complying with the established Campustown URA criteria. This is primarily due to the small amount of retail spaces on the ground floor of the project. However, the developer proposes to do a URA that is subject to Council approval of project specific plan rather than general criteria. Such a plan would be modeled from the Campustown URA criteria, but would not be verbatim in expectations.

The requested URA is also a hybrid request as it does not clearly fall within the Council's Commercial Land policy for property tax abatement, nor does it completely match the Campustown expectations. **The developer believes the URA is warranted to ensure that the entire site is redeveloped as a single cohesive project, rather than as a smaller project at the corner of Sheldon within the current CSC zoned area that does not include the residential properties along Hyland. The developer believes the City benefits from the URA and desires to enter into a development agreement to ensure that both the developer's and City interests are met for the project.**

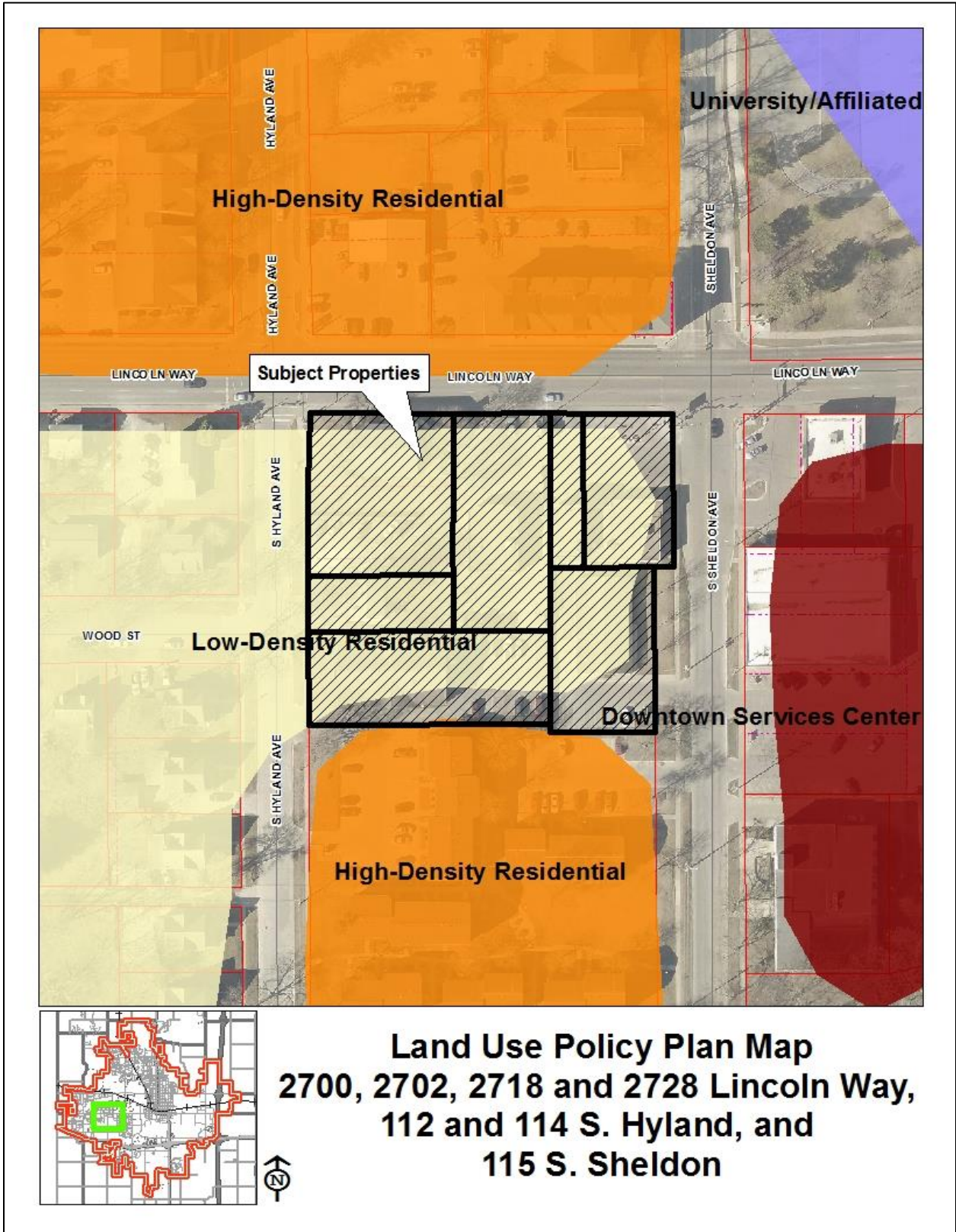
**Attachment A
Location Map**



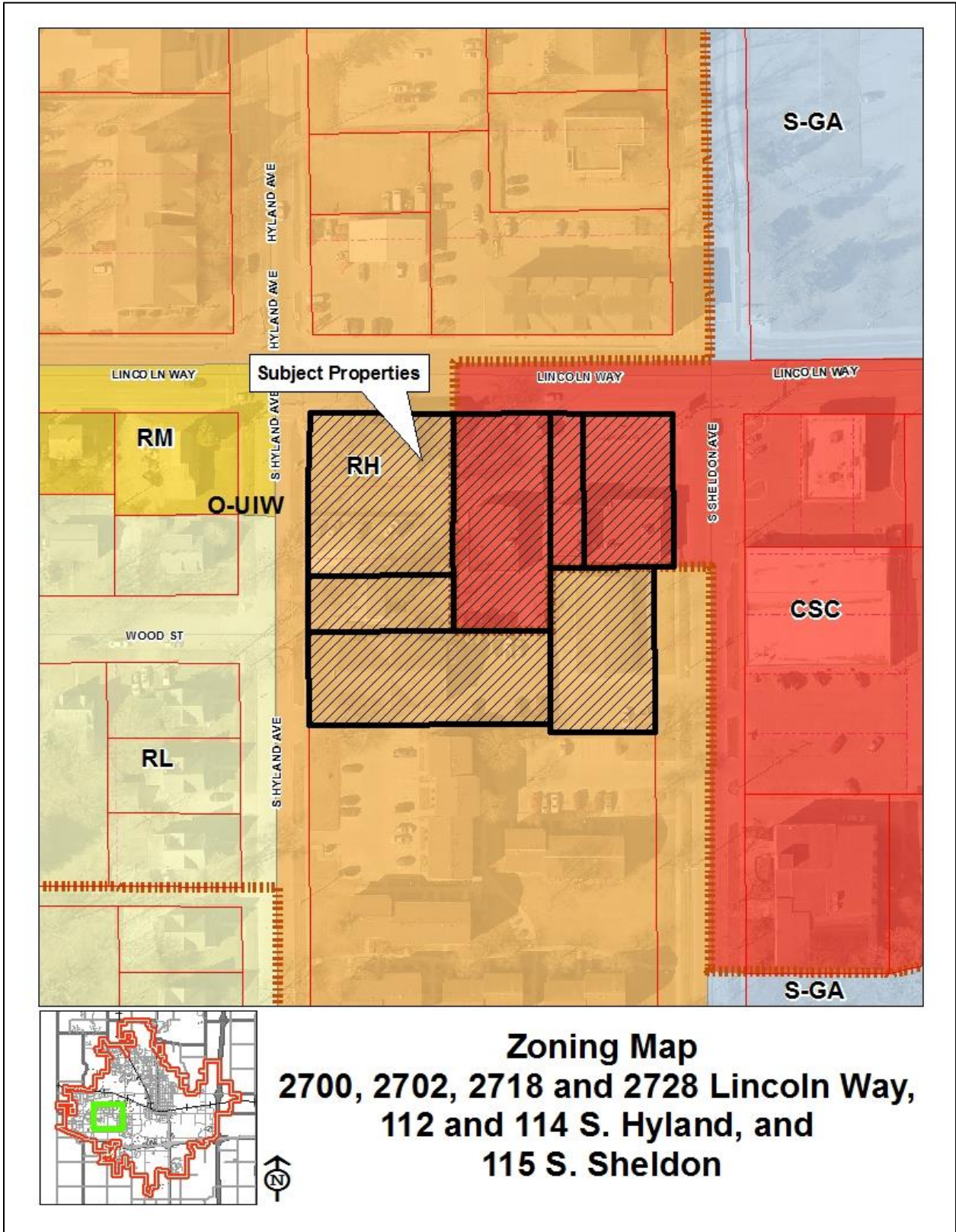
Location Map
2700, 2702, 2718 and 2728 Lincoln Way,
112 and 114 S. Hyland, and
115 S. Sheldon



**Attachment B
Existing LUPP Map**



**Attachment C
Existing Zoning Map**



**Attachment D
RH Site Evaluation Tool**

RH Site Evaluation Matrix	Project Consistency		
	High	Average	Low
Location/Surroundings			
Integrates into an existing neighborhood with appropriate interfaces and transitions High=part of a neighborhood, no significant physical barriers, includes transitions; Average=adjacent to neighborhood, some physical barriers, minor transitions; Low=separated from an residential existing area, physical barriers, no transitions available	X		
Located near daily services and amenities (school, park ,variety of commercial) High=Walk 10 minutes to range of service; Average=10 to 20 minutes to range of service; Low= Walk in excess of 20 minutes to range of service. *Parks and Recreation has specific service objectives for park proximity to residential	X		
Creates new neighborhood, not an isolated project (If not part of neighborhood, Does it create a critical mass or identifiable place, support to provide more services?)		X	
Located near employment centers or ISU Campus (High=10 minute bike/walk or 5 minute drive; Average is 20 minute walk or 15 minute drive; Low= exceeds 15 minute drive or no walkability)	X		
Site			
Contains no substantial natural features on the site (woodlands, wetlands, waterways)	X		
Located outside of the Floodway Fringe	X		
Separated adequately from adjacent noise, business operations, air quality (trains, highways, industrial uses, airport approach)	X		
Ability to preserve or sustain natural features			X
Housing Types and Design			
Needed housing or building type or variety of housing types		X	
Architectural interest and character			X
Site design for landscape buffering			X
Includes affordable housing (Low and Moderate Income))			X
Transportation			
Adjacent to CyRide line to employment/campus High=majority of site is 1/8 miles walk from bus stop; Average= majority of site 1/4 mile walk from bus stop; Low= majority of site exceeds 1/4 miles walk from bus stop.	X		
CyRide service has adequate schedule and capacity High=seating capacity at peak times with schedule for full service		X	

Average=seating capacity at peak times with limited schedule Low=either no capacity for peak trips or schedule does not provide reliable service			
Pedestrian and Bike path or lanes with connectivity to neighborhood or commute	X		
Roadway capacity and intersection operations (existing and planned at LOS C)		X	
Site access and safety		X	
Public Utilities/Services			
Adequate storm, water, sewer capacity for intensification High=infrastructure in place with high capacity Average=infrastructure located nearby, developer obligation to extend and serve Low=system capacity is low, major extension needed or requires unplanned city participation in cost.			X
Consistent with emergency response goals High=Fire average response time less than 3 minutes Average=Fire average response time within 3-5 minutes Low=Fire average response time exceeds 5 minutes, or projected substantial increase in service calls	X		
Investment/Catalyst			
Support prior City sponsored neighborhood/district investments or sub-area planning		X	
Creates character/identity/sense of place		X	
Encourages economic development or diversification of retail commercial (Mixed Use Development)	X		

Attachment E Applicant Letter

To: Honorable Mayor and City Council

From: Chuck Winkleblack, Hunziker Companies

RE: Lincoln Way project between Hyland and Sheldon

Date: April 12, 2016

The Developers have been working on this project on the Lincoln Way corridor since last fall. In October of 2015 the Developer requested a minor amendment to the LUPP for this area along the Lincoln Way corridor on the West edge of Campus. The Developers decided to pull back their minor amendment request in order for the Lincoln Way corridor study to get under way. I have been working with the consultant on the corridor study as well as with city staff on this project for the past few months. We urge the council to make the 2700 block of Lincoln Way a focus area that moves forward in parallel to the corridor study as an individual project within the focus area. Planning Director Diekman recommends that we bring this project back as an agenda item on May 10. This area is ripe for development with a Developer waiting for answers, the other areas along the corridor appear to be future potential projects.

The Developer currently has under contract the properties located at 2700, 2702 and 2718 Lincoln Way. Those properties are currently zoned (CSC) and approved for the urban revitalization. The Developer could turn in a site plan for approval and start on this site without any changes to the codes or council action. It is imperative that we get an answer as soon as possible on whether or not the bigger project can move forward. If not the Developer will go forward with this site and have it open for the fall of 2017. I don't believe the smaller project is in the community's best interest.

The Developer currently also has under contract the properties located at 2728 Lincoln Way, 115 S Sheldon, 112 S Hyland and 114 S. Hyland. We need to do a minor LUPP amendment on those four properties. Those properties are currently designated as low density on the LUPP. Those four properties total only a little over 1.1 acres. The small size along with the fact that all of these properties are currently rental properties and the overall condition of most of these properties hopefully will bring you to the conclusion that the minor LUPP amendment makes a lot of sense. The minor amendment request is to change from low density to a combination of RH and CSC.

The project will also require some text amendments to the current code. There will need to be a text amendment to a hybrid of the zoning to allow less commercial on the main floor as well as residential on the ground floor of a mixed use site. Too much commercial along Sheldon and Hyland would not be successful. This approach will emphasize the commercial along Lincoln Way and part of Sheldon facing the campus. The balance of Sheldon and most of Hyland will be used for residential purposes.

The overall approach would be to treat this project similarly to the Kingland project in Campustown in that the changes are site specific and not as an overall change to all of the ordinances currently on the books.

This slight extension of the boundaries of the zoning and urban revitalization are within the spirit and the intent for the area. It makes sense to have intensification and additional student housing across the street from the campus.

My letter last fall to the council also made the following points:

One compelling reason to move this forward and add these properties to this project is that if they are not included in this project it is highly unlikely that these properties will redevelop any time soon. My basis for that argument is based on size and location. The Sheldon property is not large enough to redevelop on its own and will have a large project to the North and to the South. Additionally, by adding it to the project I believe that it will improve the project and provide better access to the larger project away from the Lincoln Way intersection. The other 3 properties are very small, particularly the property at 2728 Lincoln Way. It is a corner property so if it redevelops it will have 2 front yards and 2 side yards. Less than 50% of the property would be able to be built on if it redevelops on its own. There are many economies of scale that will be achieved by combining these properties into one larger project. This is a much better use of the valuable land resource in the area. The age of these "boarding house" type of apartment buildings that are close 100 years old should also play into the decision making process. It is not economically feasible to remodel these older properties. Even if they were remodeled they would leave the ground severely underutilized.

Regarding expanding the urban revitalization area, it is important to remember that the abatement is only on the improvements. The taxes that are currently being paid will continue to be paid going forward. Additionally the new project will pay additional taxes as the abatement is used up and they start paying full taxes. There is no tax revenue lost as a result of this request. If the properties remains as they are today, it will be undervalued and underutilized for the next several decades. The city will lose out on millions of dollars of property tax revenue. Even if these properties are able to be redeveloped the end result will be a significantly smaller project with much less tax revenue coming into the city.

To summarize:

1. The Developer has 2700, 2702 and 2718 Lincoln Way under contact and can go forward with that project with no additional zoning actions required from the council.
2. If the LUPP is not amended the developer will simply move forward with the project on that single property. However the Developer is willing to increase their investment in our community and make this a "win/win" situation. Hopefully, when you look at the map and go look at the properties you will agree that the other properties should be included with this project.
3. Nearly all, if not all, of the properties in the immediate area are already rentals or commercial property.

4. This project is on the door step of the campus. This is exactly where the community wants intensification! The students may or may not have cars here and certainly will not likely use them on a daily basis because they will walk to class and not further burden Cy-ride.

5. When the developer initially met with the City on the Lincoln Way parcels, the planning director brought up the concept of including the other properties.

6. The Developers needs to start on the site late summer or early fall at the latest so that the project can be completed for the fall of 2018. As you can imagine the engineering and architecture involved in a project like this is very expensive and time consuming. The Developer needs to get direction as soon as possible so that they can get moving on the engineering and design.

7. I encourage you to research this Developer. They have done numerous projects throughout the country and I believe they are highly regarded in this industry as an innovator in the student housing market. Their web site is rivercaddis.com. They are willing to make a huge investment in our community and have assembled a great building team to design and complete the project.

Thanks in advance for your consideration. I am available to guide any of you on tours inside or around the exterior of any of these three properties if that would be helpful for you to see the age and condition of these properties.

Respectfully submitted,



Chuck Winkleblack