

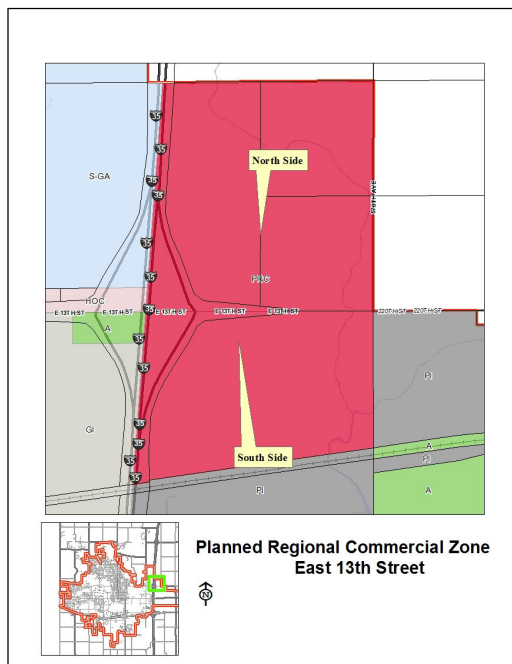
TO: Mayor and City Council

FROM: Kelly Diekmann, Planning & Housing Director

DATE: January 19, 2024

SUBJECT: Request for changes to the Planned Regional Commercial and Northeast Gateway Overlay Zoning for the former regional mall project along East 13th Street

City Council referred a request on January 9th from Chris Murray representative of the Denny Elwell Companies to staff regarding changes to the current zoning and development agreement for the former regional mall site on East 13th Street. These properties are zoned Planned Regional Commercial with a specific Northeast Gateway Overlay that was written to compliment the rezoning approvals and development agreement for the now defunct regional mall lifestyle center concept.



The developer previously approached the City Council about changing the development agreement in 2019 ([Council Action Form April 9, 2019](#)) to facilitate development of a large retail center on the south side of the E 13th Street. City Council initiated negotiations to amend the agreement and pursue a new commercial development. Ultimately, the project did not proceed, and the development agreement has not been amended nor has any new zoning or site plan approval occurred. The property just to the east of this area zoned industrial was approved this past summer for development of a warehouse distribution facility.

The developer desires to have City Council abandon the old development agreement in its entirety and to amend the commercial zoning for the area to remove the design requirements and approval process related to the regional mall concept. The developer offers an alternative of using a general master plan for development of the site with yet to be defined uses and to allow for staff approval of individual sites consistent with an approved master plan.

Generally, staff supports the developer's request. The current zoning and agreement do not completely reflect the City's interest in development of this area and are in some ways an impediment to its development. Although the developer does not have a prospect immediately interested in the site, the time to address zoning and development issues is now as the City constructs the sanitary sewer extension needed to serve this area.

Two key issues relate to the request that both a change to the zoning text is needed as well as a formal rezoning of the property to remove the obligations of the current development agreement. **Staff believes a new master plan should be adopted at the same time as rezoning process needed to eliminate the current agreement.** The developer has discussed uses and general concepts for the sites with staff previously, but has not put forth a formal proposal at this time. **If City Council chooses to refer this issue as a priority project, staff will work with the developer to formulate a master plan and modify zoning district standards concurrently. The developer would then apply for the rezoning process and text amendments needed to move this project forward.**

Staff has identified the following two options for handling this commercial zoning request:

- 1) City Council could direct staff to include changes and updates to the Northeast Gateway Overlay as part of a comprehensive commercial zoning overhaul with a general update to the Zoning Ordinance

This option would be more efficient for the work of the staff, but would take longer to address the desire of the developer than the second option.

- 2) City Council could direct staff to handle this request as a project specific issue.

Given the possibility of opening up a new area for development that would expand our tax base, moving forward with this option might have more immediate benefits to the City than the first option.

Regardless of which option the Council chooses to pursue, the project would have to be prioritized with other projects in the Planning and Housing Department workplan.