

## Staff Report

**Request by Fareway Stores Inc. to Initiate Neighborhood Commercial Zoning Text Amendments**

August 14, 2018

**BACKGROUND:**

Fareway has an interest in redeveloping the site of their Downtown store located at 619 Burnett. Fareway representatives provided a letter dated June 18<sup>th</sup> requesting City Council to consider zoning changes in support of their redevelopment of the Downtown store location. The goal is to redevelop the site with a new store placed along Burnett with the front of the store facing west and the parking located on the west half of the site. The store would have its entrance at southwest corner of the building adjacent to 6<sup>th</sup> Street. **To proceed with redevelopment, Fareway requests City Council consider changes to certain Neighborhood Commercial development standards to accommodate their goals for redevelopment with a medium sized grocery store of approximately 24,000 square feet and abundant parking to serve the new store.** Fareway desires to proceed with redevelopment of the site this fall with completion of the new store in 2019.

The Downtown Fareway site is zoned Neighborhood Commercial (NC). The NC zoning district is a unique zone created in 2000 to address isolated commercial sites throughout the City that did not fit within the other commercial districts of the City. Typically, they are sites that have residential uses abutting them. Examples of areas zoned Neighborhood Commercial include the area north of Downtown between 6<sup>th</sup> and 7<sup>th</sup> Street, the corner of 24<sup>th</sup>/Grand Avenue, the corner of 6<sup>th</sup>/Grand Avenue, properties on West Street, and other scattered sites within the City. Larger sites are subject to review and approval of a Special Use Permit and small sites are subject to staff approval of a Minor Site Development Plan.

Neighborhood Commercial zoning is designed to promote pedestrian scale development to ensure compatibility in design and intensity with its surroundings and with standards predicated on smaller site and building sizes. **The Downtown Fareway site presents a number of challenges for siting a grocery store in the NC zoning district due to the overall size of the site and the fact the it has street frontage on four sides.**

**After meeting with Fareway representatives, Staff has identified the following Neighborhood Commercial standards that are of issue for the proposed Fareway redevelopment. Additionally, Fareway has indicated a desire to reduce parking lot landscaping of tree planters and medians for this site compared to citywide standards to increase the number of on-site parking spaces for the store.**

	<b>NC Zoning Standard</b>	<b>Summary of Potential Change</b>
1.	Maximum lot area 20,000 square feet for a new building or 100,000 if pre-existing.	No limit, require Special Use Permit when exceed 20,000 square feet of lot area. <i>Alternatively consider Major Site Plan rather than Special Use for large sites.</i>
2.	Maximum front yard setback of 60 feet.	Delete, rely on front yard parking prohibition to guide building placement.
3.	Minimum front yard setback of 10 feet.	Potentially reduce to zero.
4.	Parking prohibited between the building and the street.	Still prohibit in general, but either create exception or focus the standard to the primary entrance.
5.	Prohibition on outdoor display and sales.	Allow for outdoor sales of fireworks, plants, produce, etc. <i>City distinguishes in some cases of allowing only plants and produce.</i>
6.	Maximum signage size of 16 square feet, except up to 32 square feet when facing an arterial street.	Increase square footage to 120 square feet per sign. <i>For comparison, North Fareway permitted 70 square feet per sign.</i>
7.	Allow for an alternative landscape plan process for Special Use Permits to match what is allowed for a Major Site Development Plan.	Allow alternative landscape planting plans approved by ZBA rather than Council. <i>Currently could apply for Major Site Plan and Special Use Permit if no text amendment.</i>
8.	Allow remote parking for NC zoning, in this case to allow off-site parking in Downtown if needed.	Allow for remote parking to address temporary construction conditions. <i>The issue of temporary parking has come up when projects retain existing buildings during construction, such as the North Super Walmart and University Tower project.</i>

**In addition to the NC base zone development standards requested by Fareway, staff believes modifying the City's parking lot tree planting ratio (a citywide standard) would be appropriate at this time and benefit Fareway as well.** Staff has reviewed a number of projects with multiple street frontages (corner lots) and found that in some situations the ratio of tree planting to parking stalls is quite high, thereby requiring the developer to choose between parking quantity and building size to meet parking lot landscape requirements. Staff anticipated this would be the case when the new standards were adopted last summer, but at this time staff believes some reduction in total trees required for a multi-frontage site would meet many developer's interests and still meet many of the goals of the landscape ordinance standards. Staff believes either allowing for some credit for front yard trees as parking lot trees or reducing the overall parking lot tree ratio would be appropriate as a change. Any changes to parking lot tree standards would be applicable citywide. Fareway may also benefit from the alternative landscape plan option identified in the table above.

### **OPTIONS:**

Although the Downtown Fareway site is unique for NC zoning due to its size and frontage, the applicant would likely not succeed in having multiple variances approved for redevelopment of the site in the manner that they prefer. Therefore, they have chosen to request multiple text amendments in order to allow them to redevelop their site.

Some of the requested changes are of a practical nature due to the four abutting streets, while others are intended to facilitate Fareway's preferred parking design in terms of orientation and quantity. Due to the overall site size and building size, approval of the redevelopment would be through though a public hearing process.

Other property owners with existing buildings may also benefit from the changes. Property owners of existing sites, such as the Ace Hardware store and Reliable Street Love Club property, have inquired with staff previously about improvement to their property and difficulties in making changes that comply with parking and setback standards.

#### **Option #1. Initiate no changes to the Neighborhood Commercial zoning standards**

City Council would decline to initiate changes to the NC zoning if it believes the current standards carryout the purpose of the zoning district. The current standards of the zone are focused on smaller sites and do not match with the Fareway site size or grocery store size and maintaining the standards would limit the ability to redevelop the site with a new store. If Council declines to initiate a text amendment, Fareway would have to consider remodeling the existing store as a nonconforming structure or if the site was to be redeveloped to subdivide the site into smaller sites.

Option #2. Authorize an application for a Text Amendment to Neighborhood Commercial zoning standards.

Staff has identified a number of changes related to the site, building, and parking location requirements that are necessary to change to address the circumstance of the site having four abutting streets. The additional changes for front setback, landscaping, and signage are desired by the applicant to meet their project goals. **Staff believes the standards with the greatest degree of potential differences from City practices are the potential reduction in parking lot tree and landscaping requirements, signage allowances, and the sale of fireworks as outdoor display.** City Council can authorize an application for a full set of changes to the NC zoning district as outlined by staff or allow for a modified set of changes to the standards. Review of a specific text amendment would require a recommendation for the Planning and Zoning Commission and a public hearing with the City Council.

Option #3. Initiate a change to general landscape standards for parking lot tree planting ratios.

**Independent of the Fareway request, staff believes some adjustments to the landscaping parking lot tree planting requirements could be made to accommodate development interests in site design.** Addressing this issue at this time would benefit Fareway as they pursue redevelopment of their site this fall. The primary benefit to Fareway is the likelihood that they would be able to have more parking spaces available on site with a reduced tree planting requirement. Staff does not intend, nor desire, to all of the landscape standards with this change, only the parking lot tree requirement. This change would apply citywide and follow the same procedure described with Option #2.

**STAFF COMMENTS:**

The current NC zoning specifically targets small sites and building design standards to promote compatibility with adjacent neighborhoods. The Fareway request stems from an interest in redeveloping a sub-standard site with a new store. **The difficulty in evaluating redevelopment proposals that rely on changing standards is the balancing of citywide expectations with individual project interests, such as issues with parking, landscaping, and building design. Each property owner and developer has preferences that do not always coincide with City expectations.** There seems to be a common trend of requests regarding redevelopment projects recently and desired changes to facilitate them individually. **However, in this case staff can support changes for all eight standards described above, but possibly not to the degree that may be proposed by Fareway.** The City Council is now being asked to give direction on the range of standards that could be revised at the request of Fareway to facilitate their store design.

The proposed changes described in this report essentially are rewriting the Neighborhood Commercial zoning district. In all likelihood the resulting district would be

similar in standards to that of CGS zoning, but the allowed uses are different. The level of time invested in these changes is low/moderate due to the work that has already gone into discussions with Fareway. **The task would need to be a prioritized project for completion this fall to meet Fareway's described timeline.** With initiation of the text amendment staff would develop new standards and present the changes to the Planning and Zoning Commission for their recommendation to the City Council on new standards.