

A Special-Joint Meeting of the Troy City Council and the Troy Downtown Development Authority was held Monday, October 17, 2005, in the Council Chambers of the City Hall, 500 W Big Beaver, Troy, Michigan 48084. Mayor Schilling called the Meeting to order at 6:00 PM.

ROLL CALL:

CITY COUNCIL PRESENT:

Mayor Louise E. Schilling
Robin E. Beltramini
Cristina Broomfield
David Eisenbacher
Martin F. Howrylak (Absent)
David A. Lambert
Jeanne M. Stine

DOWNTOWN DEVELOPMENT AUTHORITY:

Chairman Alan M. Kiriluk
Michael W. Culpepper (Absent)
Stuart Frankel (Absent)
David R. Hay
Michele Hodges
William Kennis
Daniel MacLeish
Carol A. Price (Absent)
Ernest C. Reschke
Louise E. Schilling
Douglas J. Schroeder
Harvey Weiss
G. Thomas York

ALSO PRESENT:

John Szerlag
Lori Grigg-Bluhm
Brian Murphy
Doug Smith
Nino Licari
Mark Miller
Tonni Bartholomew

Mayor Schilling provided an opening statement on behalf of the City of Troy.

Chairman Kiriluk added comments on behalf of the Downtown Development Authority.

~~Consensus was reached by a vote by voice to follow simple ground rules as described by John Szerlag.~~

~~John Szerlag moderated an interest-based discussion with the City Council and Planning Commission on accessory building footprint ratios, garage door height and commercial vehicle regulations.~~

PUBLIC COMMENT

The meeting **ADJOURNED** at 7:09 PM.

Louise E. Schilling, Mayor

Tonni L. Bartholomew, City Clerk

October 21, 2005

TO: John Szerlag, City Manager

FROM: Brian P. Murphy, Assistant City Manager/Services
Douglas J. Smith, Director of Real Estate and Development
Mark F. Miller, Planning Director

SUBJECT: REVISED AGENDA ITEM – POSTPONED ITEM – ZONING ORDINANCE
TEXT AMENDMENT (ZOTA 216) – Additional Retail Along Major
Thoroughfares in the M-1 (Light Industrial) Zoning District

RECOMMENDATION

Two versions have been prepared for your consideration, the Planning Commission Version (Version A) and the City Management Version (Version B). Both versions require a functional relationship with the attached industrial use. The Planning Commission Version does not require common ownership. The City Management Version requires that the retail uses must sell only products that are manufactured, fabricated or stored in the industrial portion of the building. In addition, the retail and industrial uses must have common ownership. These issues were brought up after the Planning Commission made a recommendation to City Council.

In addition, City Council has an active motion that was postponed from the October 17, 2005 Regular Meeting. This motion would adopt the Planning Commission Version (Version A). In addition, this resolution directs City Management to prepare a report, within six months, to address further expansion of retail uses in the M-1 Zoning District. Further, the resolution directs City Management to prepare an additional report, by the end of 2005, that lists the functional relationship of retail uses in M-1, as approved by the Planning Commission through the Special Use Approval process.

The Planning Commission held a public hearing on this item on July 12, 2005 and recommended approval of Version A. City Management recommends approval of Version B. The salient difference between the two versions is Version B (City Management Version) requires that there be a clearly defined functional relationship and common ownership between the industrial and retail uses; Version A (Planning Commission Version) does not include this requirement.

BACKGROUND

The concept of permitting limited retail uses in the M-1 Light Industrial Zoning District initiated from three directions. City Management was charged by the City Manager, with the task of attacking blight and improving the economic sustainability of the industrial sector of the City. At the same time the Planning Commission identified the City's industrial sector is in need of reinvigoration and revitalization. Finally, there are industrial land owners, such as Arie Leibovitz of Ari-El Enterprises, Inc., who approached City Management and the Planning Commission looking for alternatives for M-1 property located on Maple Road. The subject property had interest from a sporting goods store,

who wanted to locate a warehouse, corporate office and retail store in one location. The building in question was typical of the Maple Road properties. That is, there is a building with two distinct physical layouts, an office portion located on Maple Road and the industrial portion, behind the office.

City Management and Planning Commission studied the issue and investigated the situation, and it became apparent that the Maple Road properties have a presence from a marketing standpoint. There is logical basis for the desirability to locate retail uses on Maple Road. However, this is an experiment. City Management suggests that limited retail uses be permitted on major thoroughfares and then studied for at least 12 months to determine if it should be expanded.

The intent of the proposed ZOTA is to permit up to 25% of the gross floor area of industrial buildings in the M-1 district to be used for retail purposes. This will provide more opportunities for reuse of vacant industrial buildings along major thoroughfares, with minimal negative impacts. The most significant issue associated with retail and industrial uses sharing buildings will be the availability of adequate parking. City Management and the Planning Commission recognize that industrial properties will have challenges in achieving the retail parking requirements. These issues will be resolved on an individual property basis with the site plan approval process.

There is concern over expanding retail uses to the entire M-1 district. Rental rates for property in the M-1 District are significantly lower than in retail districts. According to City records, industrial buildings lease for approximately \$4 per square foot. This is significantly lower than lease rates for strip retail plaza space (\$12 to \$14 per square foot) and the Somerset Collection (\$40 to \$100 per square foot). This discrepancy creates an unfair advantage for M-1 property owners over established retail properties, which much pay significantly higher rent. Furthermore, it would encourage random retail uses of a low quality throughout the M-1 District. This could have a detrimental effect on established retail and industrial properties.

There are approximately 659 acres of property in the City zoned B-1, B-2, B-3 or H-S. While, there are 1961 acres of M-1 property in the City. If you eliminate four large properties totaling approximately 167 acres that are used for non-industrial purposes (Cambridge Crossing, Homewood Suites Hotel, Midtown Square and Oakland Executive Airport), the total area of M-1 property is 1793 acres. There is approximately three times more area zoned M-1 than B-1, B-2, B-3 and H-S in the City. The potential impacts of permitting uncontrolled retail uses in M-1 on the established business districts could be devastating. The following table summarizes the pros and cons of permitting retail uses throughout the M-1 Light Industrial Zoning District:

Pros and Cons Permitting Retail Uses Throughout the Entire M-1 District	
Pros	Cons
Re-use of vacant buildings throughout the entire City.	Unfair competition because of lower rental rates, compared to commercial properties.
	Increased traffic above and beyond industrial levels.
	Creation of commercial nodes competing with established commercial centers.
	Promotes random retail uses in second-class locations.
	Potential elimination of M-1 property.

The total area of M-1 property on major thoroughfares is 757 acres. If you eliminate the 64 acres used by the Oakland Executive Airport, the total area of M-1 property on major thoroughfares is 693 acres. This is only slightly more area than all of the property in the City zoned B-1, B-2, B-3 or H-S. It seems logical to permit retail on major thoroughfares initially and have an opportunity to study the impacts before permitting retail in all M-1 districts. The following table summarizes the pros and cons of requiring that M-1 properties with 25% retail uses must be located on a major thoroughfare:

Pros and Cons Requiring 25% Retail in M-1 on Major Thoroughfares Only	
Pros	Cons
Keeps increased traffic to major thoroughfares, which are designed for significant traffic volumes.	Retail would not be permitted on internal streets.
The Sign Ordinance (Chapter 85) permits additional signs on major thoroughfares.	Potential elimination of industrial sites.
Limits the scope of retail uses in M-1.	
Provides exposure on major thoroughfares for retail uses in M-1.	

City Management recommends that a functional relationship be defined as retail uses selling only those products, or products directly accessory, that are manufactured, fabricated or stored in the industrial portion of the building. This will ensure a clear relationship between the two uses. Without a clear definition, there could be questionable claims of a functional relationship between retail and industrial uses. For example, the industrial portion of the building could be used to manufacture flooring. The retail portion could be a shoe store, with the workers walking on the installed flooring as they sold shoes.

This definition would not eliminate the potential for selling accessory items related to the primary item being sold. For example, if a tile manufacturer sold tiles that were manufactured in the back of the building, the manufacturer could sell glue, grout and trowels. If accessory sales are permitted, they should be limited to products clearly

accessory to the product that is manufactured, fabricated or stored in the industrial portion of the building.

It should be noted that there are ongoing projects that will have the effect of assisting with internal M-1 vacancies. There is a City Council Public Hearing scheduled for November 14, 2005 for ZOTA-201. If approved, this text amendment would permit commercial indoor recreation uses throughout the M-1 Light Industrial Zoning District. In addition it is anticipated that the ongoing Maple Road Corridor Study will identify opportunities for vacant industrial properties.

Attachments:

1. Draft ZOTA 216 Planning Commission Version (Version A).
2. Draft ZOTA 216 City Management Version (Version B).
3. Minutes from July 12, 2005 Planning Commission meeting.

Prepared by RBS, MFM

cc: File/ ZOTA 216

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