

**PLANNING COMMISSION REPORT**  
**Regular Agenda – Public Hearing Item**

PC Staff Report  
8/24/15

**ITEM NO. 2A RS10 TO CR; 59.80 ACRES; SOUTHEAST CORNER SLT & US-59  
HIGHWAY (JSC)**

**Z-15-00327:** Consider a request to rezone approximately 59.80 acres from RS10 (Single-Dwelling Residential) District to CR (Regional Commercial) District, located at the southeast corner of the South Lawrence Trafficway and US-59. Submitted by Landplan Engineering P.A., on behalf of Armstrong Management L.C. and Grisham Management L.C., property owners of record.

**STAFF RECOMMENDATION:** Staff recommends approval of rezoning 59.80 acres from RS10 (Single-Dwelling Residential) District to CR (Regional Commercial) District, and forwarding it to the City Commission with a recommendation for approval based on the findings of fact found in this staff report.

**PROPERTY OWNER'S REASON FOR REQUEST**

**Applicant's Response:** *This rezoning request, as well as an associated comprehensive plan amendment, proposes the development of a retail/commercial center at this location. As indicated on the attached Concept Plan, this rezoning request for Regional Commercial (CR) entails 247,000 gross square feet (GSF) of commercial land uses, of which 30,000 GSF is restaurant and 217,000 GSF is general retail.*

**KEY POINTS**

- This request is intended to facilitate new commercial development.
- Location is at intersection of two state-designated highways (K-10 and US-59).
- Property includes lands encumbered by regulatory floodplain.
- Request is for the extension of the existing South Iowa Regional Commercial Center

**ASSOCIATED CASES/OTHER ACTION REQUIRED**

**CPA-15-00335:** Consider a Comprehensive Plan Amendment to *Horizon 2020* Chapter 6 to change the designation from Auto-Related Commercial to Regional Commercial, and Chapter 14 (Revised Southern Development Plan) to revise the future land use designations from open space and auto-related commercial uses to open space and commercial use at the southeast corner of the intersection of South Lawrence Trafficway and US-59. Submitted by Landplan Engineering, P.A. for Armstrong Management L.C. and Grisham Management L.C., owners of record.

**Z-15-00328:** Consider a request to rezone approximately 6.07 acres from RS10 (Single-Dwelling Residential) District to OS (Open Space) District, located at the southeast corner of the

South Lawrence Trafficway and US-59. Submitted by Landplan Engineering P.A. on behalf of Armstrong Management L.C. and Grisham Management L.C., property owners of record.

**OTHER ACTION REQUIRED:**

- City Commission approval of rezoning and adoption of ordinance.
- Publication of rezoning ordinance.

**PLANS AND STUDIES REQUIRED**

- *Traffic Study* – Not required for rezoning, though Kansas Department of Transportation, Planning Staff, and the Applicant are discussing access issues.
- *Downstream Sanitary Sewer Analysis* – Not required for rezoning
- *Drainage Study* – Not required for rezoning
- *Retail Market Study* – Provided below

**Note regarding development study requirements:** A traffic study, drainage study, and sanitary sewer studies have been discussed with the applicant. These studies will be provided with the submission of a preliminary plat and will be considered throughout the development process as the detail of the project is defined. Floodplain Development Permits will also be required for structures constructed in the regulatory floodplain.

**PUBLIC COMMENT**

General inquiries from public regarding scope of development requests. Staff has clarified for callers that the current requests are for the Comprehensive Plan Amendment and zoning. A concept plan has been submitted with the development package. Specific development proposals are not available at this time.

**GENERAL INFORMATION:**

Rezoning Requests		
Zoning		Acres
OS Zoning (Z-15-00328)		6.07
CR Zoning (Z-15-00327)		
- Right of Way		28.82
- Private Parcel		30.98
<b>Total</b>		<b>65.87</b>



## **Project Summary**

This property is located at the southeast of K-10 Highway and US-59. The proposed zoning includes the adjoining highway right-of-way for a contiguous boundary description. This application is independent of the proposed Open Space zoning district to the south (Z-15-00328).

Included with this request is a concept plan illustrating the potential development of the proposed CR zoned area. This concept plan includes individual buildings and tenant spaces as well as generalized pad sites to the north side of the proposed new 35<sup>th</sup> Street, which would replace existing N. 1250 Road.

## **REVIEW & DECISION-MAKING CRITERIA**

### **1. CONFORMANCE WITH THE COMPREHENSIVE PLAN**

Applicant's Response: *This request conforms to multiple policies in Chapter 6 of H2020 such as Policy 2.1 regarding appropriate transitions to less intensive uses and Policy 3.13 regarding design criteria for Regional Commercial Centers. While both Chapters 6 & 14 of H2020 recommend an Auto-Related Commercial Center for this location, this request generally conforms to the scope and intensity of such prescribed development. An accompanying rezoning request proposes to place the balance of the property within an OS district. Please see the attached Comprehensive Plan Amendment for additional information.*

The City Commission approved an amendment to *Horizon 2020* and the *Revised Southern Development Plan* as part of the approval for CR zoning for the Menards project, expanding commercial development east along W. 31<sup>st</sup> Street (CPA-13-00067/SP-14-00423). This current rezoning application has been submitted concurrently with a request to modify *Horizon 2020* and the related *Revised Southern Development Plan* (CPA-15-00335). If approved, this would expand the S. Iowa Regional Commercial Center south of K-10 Highway.

### **Current Plan**

*Horizon 2020* and the *Revised Southern Development Plan* both designate this intersection for an "Auto Related Center." This particular type of commercial use is described as a, "unique type of commercial development." *Horizon 2020* also notes that:

*"These centers include a wide variety of uses such as auto sales and repair, restaurants, hotels, and other similar uses that attract a large amount of the traveling public. However, these uses are not limited to Auto-related commercial centers. A common feature of all these uses is that they typically have a small amount of commercial square footage under roof, but require large amount of acreage for parking or sales display." (p. 6-12)*

Uses listed in this section of the plan can occur in other commercial zoning districts, including CS, CR and CC.

Another characteristic of this specific commercial use outlined in *Horizon 2020* is the intensive nature of these commercial centers, and the need to be directed to locations that have an ability to handle the intensive nature associated with Auto-Related Commercial Center. The

plan specifically recommends Auto-Related Commercial Centers to be located at the intersection of two state or federally designated highways.

The comprehensive plan also notes that all designated Auto-Related Centers serve as “gateways” to Lawrence. Applicable development standards, such as increased landscaping and higher quality architecture, should be anticipated by the developer as part of the future site planning process.

K-10 Highway is identified in *Horizon 2020* as the physical boundary and edge to the commercial corridor that has developed for South Iowa Street (23<sup>rd</sup> Street to K-10) for the existing South Iowa Regional Commercial Center (p. 6-15). Commercial uses south of K-10 are not recommended except for the possible location of an Auto-Related Commercial Center. The plan also notes that as the community grows, “it may be necessary to change the recommended location of a Commercial Center(s) or not use a designated intersection for a commercial uses.” (p. 6-20). The plan also states that it does not support, “increasing the size or number of new Commercial Centers”; however, it “may consider small, new inner-neighborhood centers as part of new planned neighborhoods.” (p. 6-20).

The proposed location at US-59 and K-10 is one of the three locations designated in *Horizon 2020* for a potential Auto-Related Commercial Center. The request complies with the general criteria for Auto-Related Commercial Centers as follows:

***Policy 3.16: Criteria for Auto-Related Commercial Centers (P. 6-41)***

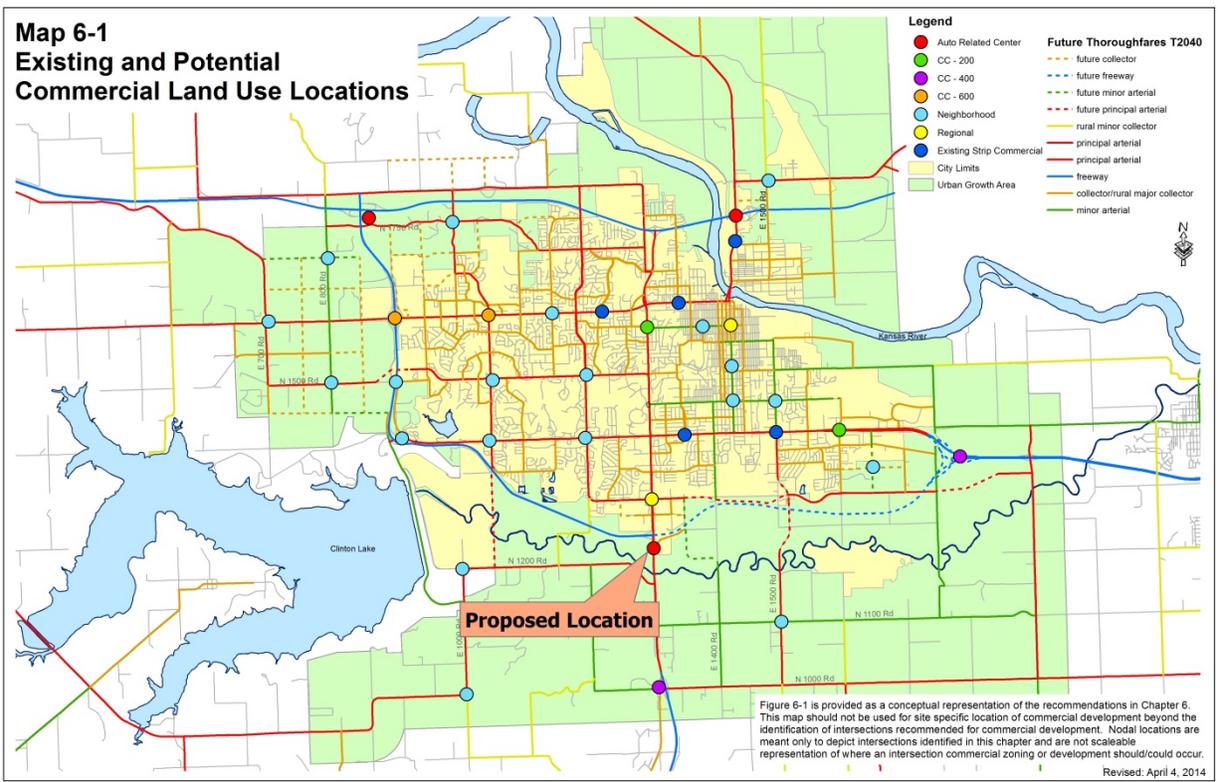
- A. Auto-Related Centers shall be located at the intersection of two state or federally designated highways.*
- B. Auto-Related Centers shall have a lot length-to-depth ratio between 1:1 and 3:2 and shall be a minimum of 20 acres in size.*
- C. As Auto-Related Centers are located in areas that serve as “gateways” to the city, any proposal shall be closely scrutinized for architectural appearance, landscaping, signage, etc.*

*Horizon 2020* provides several policies applicable to the proposed request. The Comprehensive Plan recommends compatible transition between commercial development and other less intensive land uses (Goal 2). Buffering can be achieved through the use of landscaping, setbacks, and open space. The concurrent rezoning request includes 6.07 acres of open space to the south (Z-15-00328).

Goal 3 addresses specific criteria for commercial development. This includes support for nodal development versus strip commercial development, appropriate vehicular access, site development that avoids substantial disruption of natural drainage and vegetation, and appropriate public improvements. The proposed request is bounded on the north and west by existing highway rights-of-way and existing open space/agricultural lands to the south and east.

The design standards ensure that a new regional commercial center is capable of development with a critical mass of uses including multiple big box buildings, parking, and other physical development considerations. South Iowa Regional Commercial Center is an existing designated

commercial center. Map 6-1 of *Horizon 2020* depicts both the existing and future commercial land use locations.



This rezoning request is for CR (Regional Commercial) zoning. Section 20-201 of the Land Development Code provides a matrix that shows how each base district is intended to be applied to the Comprehensive Plan. The Land Development Code does not include a specific zoning district that correlates to the Comprehensive Plan designation of "Auto-Related Commercial Center". The CC and CR zoning districts are reasonable districts to consider which reflects both the intensity of the Auto-Related Commercial Center, as well as the applicant's request to extend the existing Community Regional corridor south to this location.

If CPA-15-00335 is not approved, then the rezoning request would not align with the Comprehensive Plan as it would not conform to the commercial intensity as designated in Chapter 6 "Commercial." The designation as regional commercial would align with development that is more in style and use that is presently seen along S. Iowa Street. Maintaining the designation of Auto-Related Commercial would require that the development propose uses that are more in keeping with this *Horizon 2020* policy, which would require restricting uses to hotels, auto and truck service plazas, and a variety of automobile/recreational vehicle dealerships.

### Revised Plan

CPA-15-00335 addresses the changes to *Horizon 2020* revising the description and type of commercial node that would be applied to the US-59 and K-10 intersection. Changes to *Horizon 2020* include changes to Chapter 14 Specific Plan – *Revised Southern Development Plan*. The *Revised Southern Development Plan* is discussed later in this report.

This staff report assumes approval of the corresponding Comprehensive Plan Amendment.

**Staff Finding** – The request for CR zoning at this location is consistent with recommended changes to *Horizon 2020* goals and policies and specific land use recommendations included in the *Revised Southern Development Plan* per CPA-15-00335. It would be appropriate to still consider the CR Zoning for commercial development, and consider use restrictions for this district that are consistent with Auto-Related Commercial Center uses.

## 2. ZONING AND LAND USES OF NEARBY PROPERTY, INCLUDING OVERLAY ZONING

Current Zoning and Land Use: RS10 (Detached Residential Development) District; existing agricultural use.

Surrounding Zoning and Land Use: To the north: Along the north side of K-10 Highway PCD-[Crown Toyota (Playless Cashways) PCD], A (County Agricultural) District and RM15 (Multi-Dwelling Residential) District. Existing uses include an automotive dealership, communication tower, and vacant lots for multi-dwelling residential development.

To the east: Along the east side of Michigan Street extended, A (County-Agricultural), VC (Valley Channel), Districts; Wetlands Mitigation Areas/ Baker Wetlands, and Baker Wetlands Visitor Center Complex (SUP-12-00248).

To the west: Along the west side of Highway 59, VC (Valley Channel), and FW –FF (County Floodway and Floodway Fringe Overlay) Districts; existing agricultural uses.

To the south: Proposed OS (Open Space) District per Z-15-00328. Existing use is agricultural. Proposed use is open space.

**Staff Finding:** The existing zoning and land uses in this immediate area includes both city and county zoning, while a significant amount is vacant or in use for agricultural purposes. This area includes two state highways and is dominated by regulatory floodplain.

## 3. CHARACTER OF THE AREA

Applicant's Response: *The subject property lies at the southeast corner of the interchange between Kansas Highway 10, a.k.a. the South Lawrence Trafficway, or SLT, and U.S. Highway 59, a.k.a. S. Iowa Street. The property is bounded to the north by N 1250 Road and SLT right-of-way. Further north rests the southern end of the South Iowa commercial corridor. The property is bounded to the west by Hwy 59 right-of-way. Nearby properties to the west and south are generally located within the Wakarusa River floodplain and are actively farmed. The*

*property to the east is agricultural land under the same ownership as the subject property. Further east rests the Baker Wetlands.*

The subject property is located within Service Area 4 of the *Horizon 2020* Urban Growth Area. This is a rural area with agriculture and open space being the primary land uses. Natural features in the area include the Wakarusa River south of the subject property; riparian woodlands along the Wakarusa River, floodplain, and wetlands. The South Lawrence Trafficway is currently being constructed north of the subject property.

A feature in the area is the Baker Wetlands and the Baker Wetlands Visitor Center. The open space use to the south is further discussed in the staff report for Z-15-00328. This portion of Douglas County is not located within a designated neighborhood, and development in the area could create a new neighborhood for the City of Lawrence.

There is minimal area for development within the area between K-10 Highway to the north and the Wakarusa River to the South. As this area develops the character of the area will be impacted by the amount of developable area and the presence of significant area dedicated for open space activity and the regulatory floodplain.

While the area is dominated by the intersection of two major highways, the signage for the requested commercial area would have to comply with the City of Lawrence sign code, and would not be allowed freestanding signage scaled for visibility from the two highways. All signage on the site would have to comply with [Chapter 5, Article 18](#) of the Lawrence City Code.

**Staff Finding:** This area is dominated by two state highways, regulatory floodplain, and the Baker Wetlands. The current character of the area south along K-10 Highway is open space and agricultural. Applying gateways features, such as landscaping and buffer yards, the zoning will be compatible with the area.

#### **4. PLANS FOR THE AREA OR NEIGHBORHOOD, AS REFLECTED IN ADOPTED AREA AND/OR SECTOR PLANS INCLUDING THE PROPERTY OR ADJOINING PROPERTY**

This property is included within the planning boundary of the *Revised Southern Development Plan*, which was adopted in June 2013 anticipating Auto-Related Commercial at this location.



An Auto-Related Commercial Center is identified south of K-10 Highway along US-59 in both *Horizon 2020* and the *Revised Southern Development Plan*. This use is shown to be buffered by a medium-density residential use between Michigan Street on the east and Ousdahl Road (extended) on the west. This residential development included a conventional development option, and also a Traditional Neighborhood Design (TND) as shown in map 3-2 of the Plan. A copy of the plan is included in the Comprehensive Plan Amendment staff report for reference. These areas encourage development that is consistent with the City's Smart Code utilizing zoning districts T3, T4, T5, and T5.5. As the time of printing, no developer has approached the City of Lawrence intending to utilize the Smart Code option.

The *Revised Southern Development Plan* contains a policy that, "Future commercial development and/or redevelopments of existing commercial areas shall be in the form of Planned Development Overlays" (p. 23). Given the details of this project, Planning Staff does not believe that requiring the PD Overlay for this project would further the purposes of the Planned Development Overlay District outlined in Section 20-701 and does not recommend the application of the overlay at this time. If the Planning Commission believes otherwise, an option to satisfy the policy would be to recommend that the site plan to be reviewed by the City Commission to ensure that that scope of the project is given proper consideration as it proceeds to construction.

A majority of the subject site is shown as open space in the *Revised Southern Development Plan*. This open space corresponds with the regulatory floodplain in this immediate area. Portions of the commercial request are encumbered by the floodplain, and are proposed to be rezoned CR.

If CPA-15-00335 is approved, the revised future land use plan will designate a portion of the existing open space with commercial designation.

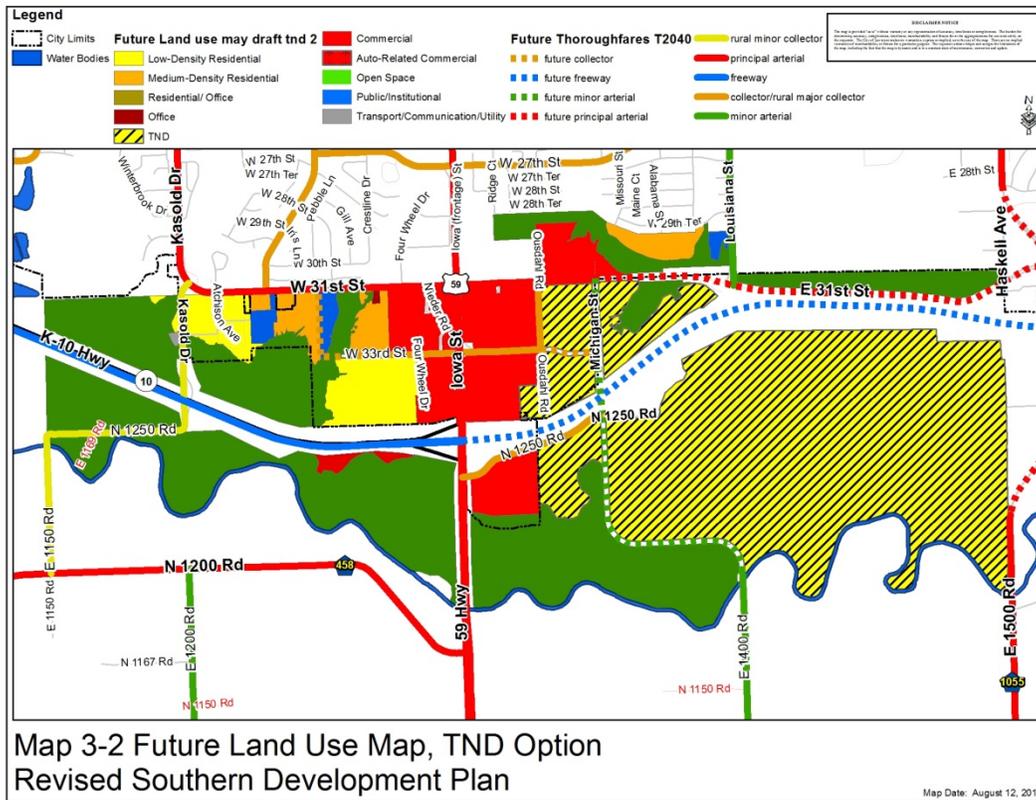


Figure 3: Proposed Modification to Revised Southern Development Plan Future Land Use Map

**Staff Finding:** The proposed commercial rezoning conforms to proposed land use recommendations in the *Revised Southern Development Plan* to extend the commercial use south. If CPA-15-00335 is not approved, then the rezoning request would not be supported by the *Revised Southern Development Plan*.

## 5. SUITABILITY OF SUBJECT PROPERTY FOR THE USES TO WHICH IT HAS BEEN RESTRICTED UNDER THE EXISTING ZONING REGULATIONS

Applicant's Response: *The subject property is currently zoned RS10, due to the past practice of automatically applying low-density residential zoning to land upon annexation as a temporary zoning measure. The subject property is located at what will soon be a full interchange between a state, and federal highway. Furthermore H2020 already prescribes high intensity commercial land uses for this location. Given those facts, the suitability of the subject property for low-density residential land uses under the existing RS10 zoning district is quite low.*

The present RS10 District is a remnant of a past practice to apply low-density residential zoning automatically to a site upon annexation into the City of Lawrence as a temporary holding zone. Several significant development actions are occurring in this area, including the extension and improvement of utility infrastructure and the South Lawrence Trafficway. The proximity and imminent completion of the South Lawrence Trafficway and street network within the next year, as well as the construction of the Waste Water Treatment Plant and pump station, make utility access feasible.

The subject property is located within the Lawrence Urban Growth Area and has previously been planned for commercial development. The property's proximity to the two highways provides access for this site's development.

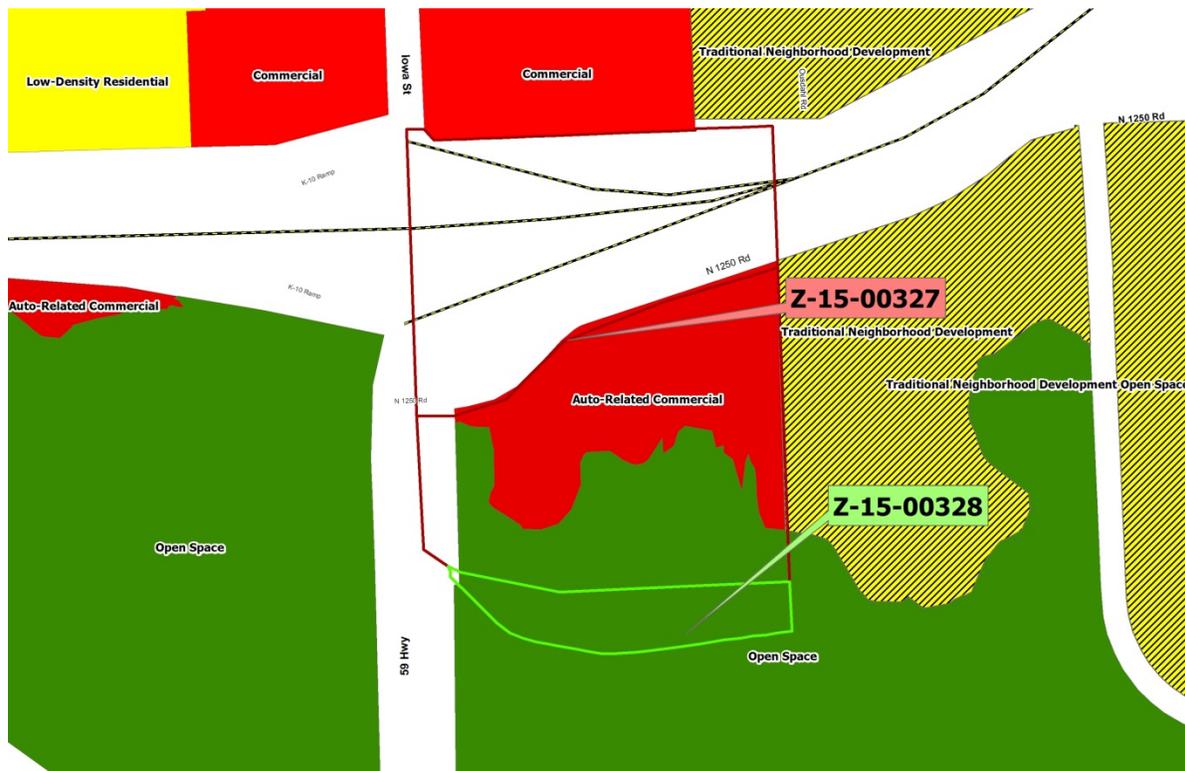


Figure 4: Existing Future Land Use Map for Subject Property

The CR district permits for a variety of uses, which are listed in Section 20-402 of the Land Development Code. Residential and Mining uses are the only two use groups that are fully prohibited in the CR district. A range of Community Facility, Medical Facility, Recreational Facility, Commercial, and Industrial uses are permitted in the CR district. The applicant has not proposed any specific use restrictions for this request.

**Staff Finding:** The property is suitable for the commercial zoning, and consistent with land use recommendations relating to changes to *Horizon 2020* and the *Revised Southern Development Plan*.

## 6. LENGTH OF TIME SUBJECT PROPERTY HAS REMAINED VACANT AS ZONED

Property Owner's Response: *"The subject property has remained vacant since annexed into the City limits in 1979.*

The RS portion of the property was annexed in 1979 (Ordinance No. 5026.) At that time, when properties were annexed into the City of Lawrence, a zoning designation of RS-1 was automatically applied. The RS-1 zoning was then converted to RS10 upon the adoption of the Land Development code in 2006.

**Staff Finding:** Since 1966, the property has remained undeveloped. It continued to remain undeveloped after annexation into the City of Lawrence in 1979, at which time it was zoned RS-1. It was subsequently zoned RS10 with the adoption of the Land Development Code in 2006.

## 7. EXTENT TO WHICH REMOVAL OF RESTRICTIONS WILL DETRIMENTALLY AFFECT NEARBY PROPERTIES

Applicant's response: *Approval of this rezoning will have negligible impact to nearby properties. This request is appropriate considering the significant transportation improvements currently under construction in this part of the City. The request will facilitate commercial development at a scale similar to that recommended in the Revised Southern Development Plan (incorporated into H2020 as part of Chapter 14). The accompanying OS rezoning request will ensure an appropriate transition to the Wakarusa River floodplain to the south.*

This property is bounded on the north and west by highway right-of-way with limited access. The property is also bounded on the south by existing and proposed open space. These land uses provide a definite edge to the development. The area shown on the *Revised Southern Development Plan* on the east side of Michigan Street (on the south side of the South Lawrence Trafficway) has been incorporated into the Baker Wetland Visitor Center, and is unlikely to be redeveloped in the future as a more intensive use. Development of the commercial area is unlikely to have an impact on land uses to the west and south in terms of nuisance activity. Appropriate designs must be implemented at the time of platting and site planning to mitigate and buffer the uses as applicable to its adjacent lands.

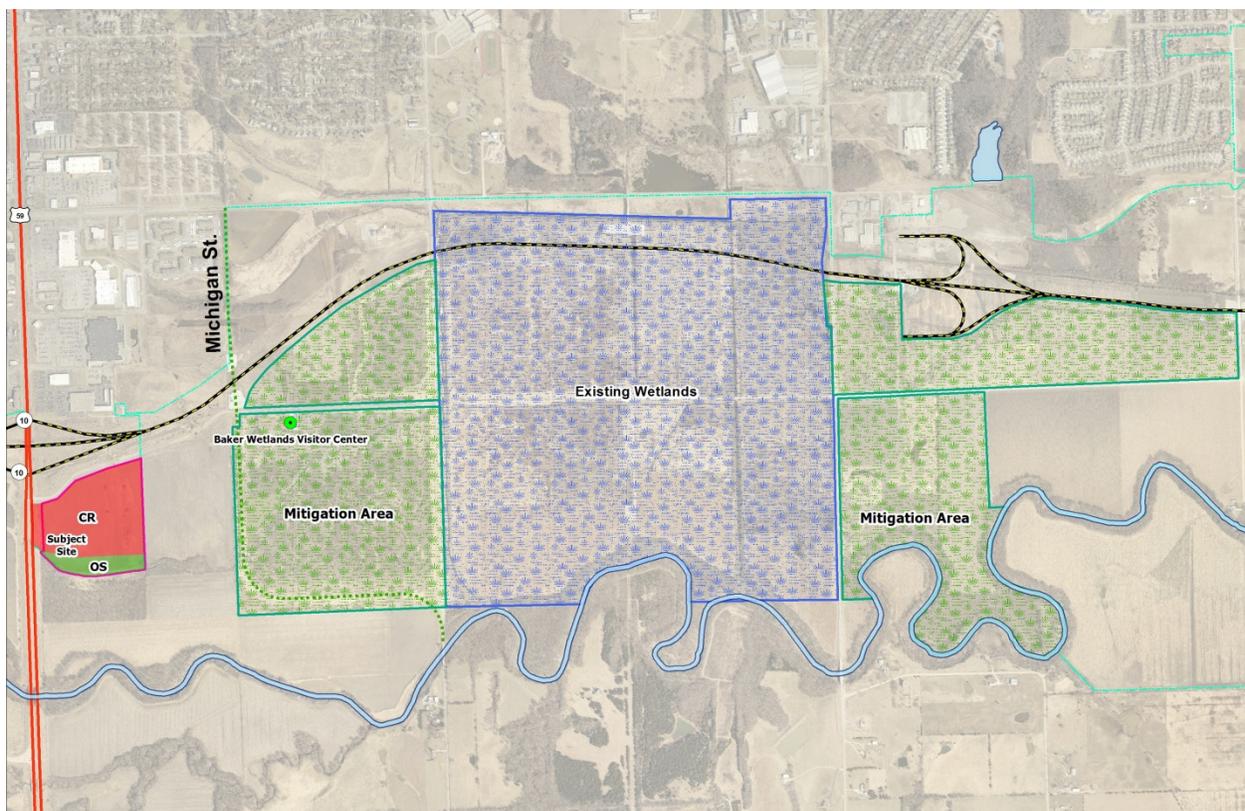
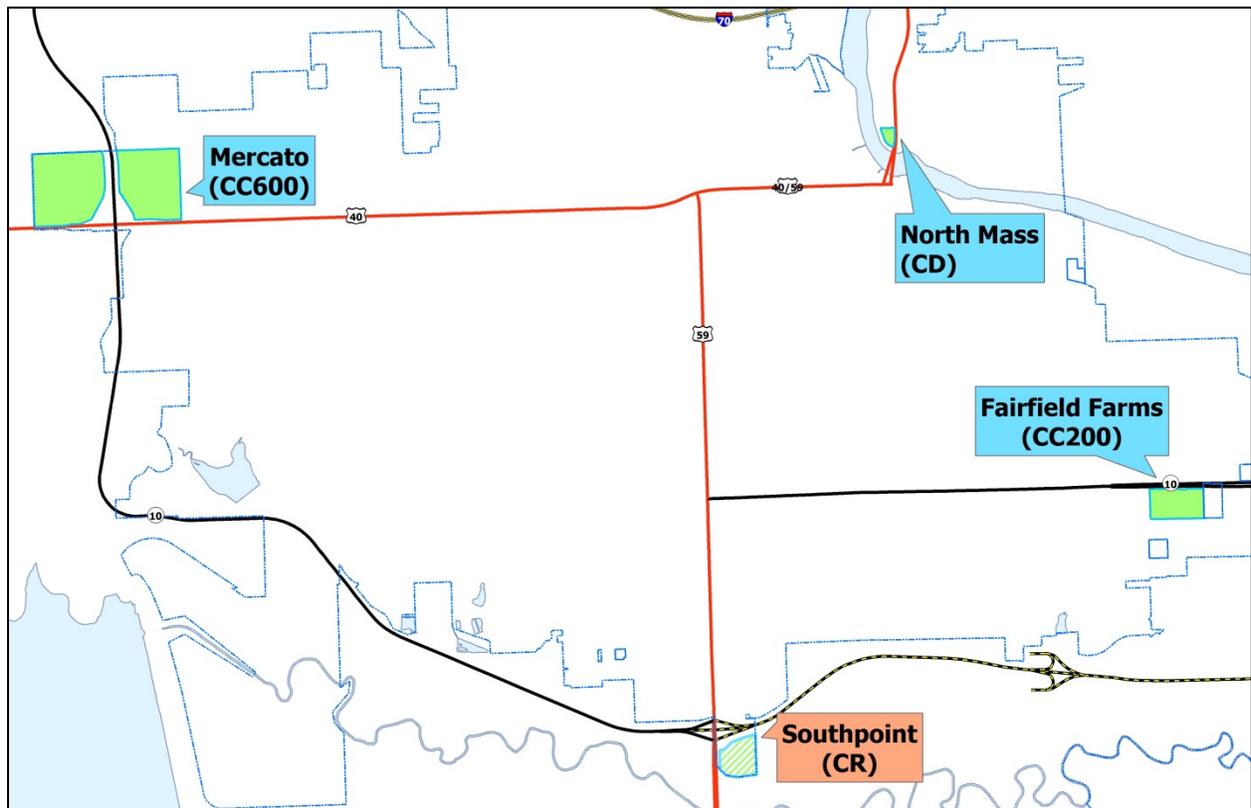


Figure 5: Existing and Proposed Wetlands

This site is isolated by the highways and floodplain in the vicinity. Traffic and floodplain management are two key development subjects that will require additional study and review to ensure unintended impacts are not incurred by general public, surrounding property owners, and other users.

Approval of this request would entitle additional commercial area for future development. There are several existing commercial areas including Mercato, Fairfield Farms, and North Massachusetts Street with commercial development approvals where development timing could be hindered by the addition of more retail area, thereby potentially underserving the area around these other locations until they are developed. This topic is also discussed in CPA-15-00335.



**Figure 6: Approved & Developing Commercial Centers**

**Staff Finding:** Approval of this request entitles additional land area for commercial development. Impacts on nearby properties are minimal and subject to mitigation and buffering requirements between uses. Approval of the request could hinder development of the presently approved commercial areas throughout the City of Lawrence.

**8. THE GAIN, IF ANY, TO THE PUBLIC HEALTH, SAFETY AND WELFARE DUE TO THE DENIAL OF THE APPLICATION, AS COMPARED TO THE HARDSHIP IMPOSED UPON THE LANDOWNER, IF ANY, AS A RESULT OF DENIAL OF THE APPLICATION**

Applicant's Response: *Approval of this request will facilitate commercial development at this highway interchange location at a scale and intensity similar to that recommended by H2020. Denial of the request would strongly suggest that future applicants must pursue a more auto-*

*related mix of commercial land uses for this location, such as auto dealerships and truck service centers.*

Evaluation of these criteria includes weighing the benefits to the public versus the benefits for the owner of the subject property. Benefits are measured based on the anticipated impacts of the rezoning request on the public health, safety, and welfare.

If the rezoning request were denied, the property could remain used as agricultural property. If the rezoning were approved, the allowed uses change from residential/agricultural to commercial with a wide variety of potential commercial uses. Limiting uses could serve to create a development with specific objectives.

Approval of the request would facilitate development and investment along the South Lawrence Trafficway at an intersection currently designated for commercial uses.

**Staff Finding:** Benefits to the community include the investment in property within existing utility, transportation, and service corridors. Denial of the request would require the applicant to develop the property as an Auto-Related Commercial Center per the currently approved *Revised Southern Development Plan*.

**9. RETAIL MARKET STUDY. FOR PROPOSALS THAT WILL CREATE MORE THAN 100,000 SQUARE FEET OF RETAIL SPACE WITHIN THE CITY: THE IMPACT OF THE PROPOSED PROJECT ON THE RETAIL MARKET. STAFF WILL PROVIDE AN ANALYSIS BASED ON THE ADDITION OF THE SQUARE FOOTAGE TO THE RETAIL MARKET, VACANCY RATE TRENDS, SQUARE FOOTAGE PER CAPITA TRENDS, AND CURRENT DEMAND TRENDS, INCLUDING BUT NOT LIMITED TO POPULATION, INCOME, PULL FACTORS, AND RETAIL SALES USING THE LATEST AVAILABLE CITY-WIDE RETAIL MARKET REPORT.**

***Retail Market Study:***

Staff is providing a retail market analysis of the proposed project's impact on the retail market per Policy 3.15 in *Horizon 2020* and Section 20-1303 (g) (10) of the Land Development Code. Policy 3.15 of *Horizon 2020* requires a project specific retail market study for projects that would create 150,000 square feet or more of commercial space. Section 20-1303 (g) (10) of the Land Development Code applies to zoning applications that could create 100,000 square feet of retail space and states:

*"For proposals that will create more than 100,000 square feet of retail space within the city: the impact of the proposed project on the retail market. Staff will provide an analysis based on the addition of the square footage to the retail market, vacancy rate trends, square footage per capita trends, and current demand trends, including but not limited to population, income, pull factors, and retail sales using the latest available city-wide retail market report."*

Staff is reviewing this project for compliance with the Land Development Code, in addition to the criteria in *Horizon 2020*, based on the comprehensive plan amendment request and the rezoning request. Staff is conducting this analysis based on the most recent city-wide retail market study completed in 2012, and updating the supply figures based on this request to add roughly 247,000 square feet of commercial (retail) uses.

<http://www.lawrenceks.org/assets/pds/planning/documents/2012Retail.pdf>

Currently, there is a discrepancy between the requirements of the Land Development Code and those of *Horizon 2020*, specifically regarding the requirements for a retail market analysis of a proposed project. The Land Development Code was amended in 2013 to remove the requirement that an independent market study be submitted by an applicant. Instead, staff now provides the analysis based on the most recently adopted city-wide retail market study per the zoning map amendment criteria located in Section 20-1303 (g). *Horizon 2020* still contains the requirement for an independent market study to be submitted; however, staff recognizes that the language in the Land Development Code is the most current and will provide the majority of the analysis provided below based on the Land Development Code. Even though there is no longer a requirement in the Land Development Code for the applicant to submit an independent market analysis for this project, the applicant has supplied one with this submittal and it is included in the packet as supplemental information. Staff has neither accepted nor rejected the independent market study submitted by the applicant.

<b>Projected City Wide Vacancy Rate with Southpoint Retail Project</b>				
	Total Built	Occupied	Vacant	Vacant % - City Wide
2012 City Wide Retail Market Analysis	9,105,151	8,451,929	653,222	7.2%
Southpoint Retail (247,000 sf) - 100% Vacant	9,352,151	8,451,929	900,222	9.6%
Southpoint Retail (247,000 sf) - 50% Vacant	9,352,151	8,575,429	776,722	8.3%
Southpoint Retail (247,000 sf) - 0% Vacant	9,352,151	8,698,929	653,222	7.0%

*Horizon 2020*, Policy 3.15 (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." *Horizon 2020* uses a vacancy rate threshold of 8% as one factor in order to determine market health, and the most recent city-wide retail market study figured the city-wide vacancy rate at 7.2%, slightly higher than the 2010 vacancy rate of 7.0% and 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 9.6%. Staff also has conducted further analysis that takes into consideration other commercial projects that have received approvals, but have not been fully constructed to date. The table below 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
<b>Total Current Retail Inventory</b>	<b>9,105,151</b>	<b>8,451,929</b>	<b>653,222</b>	<b>7.2%</b>
31 <sup>st</sup> & Ousdahl – Phase I (Mendards)	189,988	189,988		
Approved Northwest corner – 6th and K-10 Node	155,000			
Approved Northeast corner- 6th and K-10 Node (Mercato)	360,000			
Approved Southside - 6th and K-10 Node	85,000			
Fairfield Farms	200,000			
North Mass*	217,337			
Langston Commons**	125,000			
31 <sup>st</sup> & Ousdahl – Phase II	65,340			
<b>Total (without Southpoint) - 100% Vacant</b>	<b>10,502,816</b>	<b>8,641,917</b>	<b>1,860,899</b>	<b>17.7%</b>
<b>Total (without Southpoint) - 0% Vacant</b>	<b>10,502,816</b>	<b>9,849,594</b>	<b>653,222</b>	<b>6.2%</b>
Southpoint	247,000			
<b>Total with Southpoint project - All projects 100% Vacant</b>	<b>10,749,816</b>	<b>8,641,917</b>	<b>2,107,899</b>	<b>19.6%</b>
<b>Total with Southpoint project- Only Southpoint 100% Vacant</b>	<b>10,749,816</b>	<b>9,849,594</b>	<b>900,222</b>	<b>8.4%</b>
<b>Total with Southpoint project- All projects 0% Vacant</b>	<b>10,749,816</b>	<b>10,096,594</b>	<b>653,222</b>	<b>6.1%</b>

\*This figure is taken from the project's market study and includes space that may not be truly retail in nature.

\*\*This figure is taken from the project's zoning and is considered a maximum.

If all commercial space that has been approved were constructed and vacant, the city-wide vacancy rate would rise to 19.6%. If all approved commercial spaces that have been approved were to be constructed but occupied, except for the subject of this request (Southpoint), the city-wide vacancy rate would be 8.4%.

While the market study shows that the project, upon completion and vacant, 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 is being made with the understanding that the majority of the space is already leased to retailers.

In staff’s opinion, the Lawrence retail market has remained healthy for the last 10 years because of the minimal fluctuation in the retail vacancy rate, and therefore, this project should have minimal impact on the market as a whole.

<b>Demand Factor Analysis</b>	Avg. Annual % Change Population	Avg. Annual % Change Sales Tax	Avg. Annual % Change Income
Avg. Annual Change 2006-2011	0.8%	-1.1%	-0.9%
Avg. Annual Change 2000-2005	2.1%	0.2%	0.7%
Avg. Annual Change 1995-2000	1.8%	1.7%	3.7%
Avg. Annual Change 1990-1995	2.4%	3.7%	1.8%

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 2012 Retail Market Report identified that from 2006-2011, population increased an average of .8% annually. However, during that same time period retail sales tax collections had an average annual decrease of 1.1%, and per capita income had an average annual decrease of .9%, adjusting all dollar figures for inflation.

<b>Average Annual Retail Square Footage Trend</b>	
Avg. Annual 2006-2012 Change	4.3%

On the supply side of the market, retail stock has shown an average annual increase of 4.3% from 2006-2012. While demand may not have risen with supply, the relatively stable vacancy rates and positive pull factor (discussed below) signal that the market is relatively healthy.

<b>Retail Space per capita</b>			
	<b>Total SF</b>	<b>Population</b>	<b>SF per capita</b>
<b>2012 City Wide Retail Market Study</b>	<b>9,105,151</b>	<b>93,944</b>	<b>97</b>
31 <sup>st</sup> & Ousdahl – Phase I (Menards)	189,988		
Approved Northwest corner – 6th and K-10 Node	155,000		
Approved Northeast corner- 6th and K-10 Node (Mercato)	360,000		
Approved Southside - 6th and K-10 Node	85,000		
Fairfield Farms	200,000		
North Mass	217,337		
Langston Commons	125,000		
31 <sup>st</sup> & Ousdahl – Phase II	65,340		
<b>Total of all approved projects without Southpoint</b>	<b>10,502,816</b>	<b>93,944</b>	<b>112</b>
Southpoint	247,000		
<b>Total of all approved projects with Southpoint</b>	<b>10,749,816</b>	<b>93,944</b>	<b>114</b>
<b>Total of 2012 City Wide RMS plus Menards with Southpoint (but not all approved projects)</b>	<b>9,477,151</b>	<b>93,944</b>	<b>101</b>

With the 2012 Retail Market Report, in Lawrence there were approximately 97 square feet of retail space per capita in 2012. With the addition of this project's square footage to the market, as well as the addition of the Menards store's square footage since they have started construction, there would be approximately 101 square feet of retail space per capita. However, this analysis does not take into consideration any of the other approved commercial development. If all approved projects were added, there would be 112 square feet of retail space per capita, and if the Southpoint project were added on top of that, this figure would rise to 114 square feet per capita. By the time the project is fully constructed and occupied in 2017, population will have grown (using our average annual growth rate to around 97,000 people, which would result in 98 square feet of retail space per capita, not including other approved projects. Staff does not view the addition of this retail space as having a significant impact on the retail market in terms of square feet per capita.

<b>Lawrence Trade Pull Factors and Trade Capture Area Figures</b>						
	Collections	Per Capita	Pull Factor	Trade Area Capture (People)	% of County Sales	Population
FY 2014	\$82,384,844	\$907	1.04	94,760	93.00%	90,811
FY 2013	\$81,747,115	\$913	1.07	95,424	92.90%	89,512
FY 2012	\$79,524,295	\$896	1.07	94,639	93.00%	88,727
FY 2011	\$74,699,896	\$852	1.07	93,560	92.80%	87,643
FY 2010	\$61,696,381	\$674	1.02	93,630	92.40%	91,611
FY 2009	\$67,723,146	\$696	0.99	89,630	92.30%	90,083
FY 2008	\$63,864,019	\$714	0.99	88,638	92.50%	89,415
FY 2007	\$61,894,678	\$702	1.02	89,985	92.40%	88,168
FY 2006	\$60,892,108	\$748	1.12	90,982	91.30%	81,379
FY 2005	\$58,300,971	\$716	1.11	90,058	90.90%	81,417

\*The pull factor figures and population estimates are from the Kansas Department of Revenue.

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 early 2015, states that Lawrence’s pull factor was 1.04 in 2014, which is lower than the 1.07 pull factor that has held steady since 2011. While the pull factor has fallen slightly in the last year, the positive pull factor these last five years means that the City is attracting retail sales to the community.

In staff’s opinion, proposals to add retail space should be carefully scrutinized with respect to the indicators above. The proposed additional retail square footage at this node has a focus of drawing local and non-local visitors by providing retail space that could potentially offer more choices and types of retail than currently exist in the market. Even though this project could push the vacancy rate above the 8% threshold identified in the comprehensive plan, 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. In addition, the vacancy rate has remained steady since 2006, signaling a healthy retail market. The community also has been attracting retail sales in the last three years, and this development could serve to increase that attraction, thereby increasing the pull factor.

One challenge with this proposal is that the designation of this area for this amount of retail square footage may cause other identified, undeveloped commercial nodes (6<sup>th</sup> and SLT, Fairfield Farms, etc.) to delay development. Demand has not increased at the same rate that supply has increased; however, the stable vacancy rate and positive pull factor indicate a healthy retail market.

**Retail Market Analysis Finding:** Considering all factors noted above, this proposal should have a negligible impact on the health of the community’s retail market.

## **PROFESSIONAL STAFF RECOMMENDATION**

The focus of this report is the specific CR zoning request. This application was submitted with a concept plan for a specific development pattern, which includes a mix of retail uses and pad site development along the south side of K-10 Highway and east of US-59.

The timing of this development is intended to coincide with the completion of the South Lawrence Trafficway, associated street network, and utility infrastructure improvements actively being constructed in the vicinity.

As discussed, a portion of this proposed rezoning property is encumbered by the regulatory floodplain. The impact of this zoning designation is that:

1. A local floodplain development permit will be required for development on the site. Such a permit is typically submitted concurrently with a site plan or applicable development plan.
2. Any new development requires an approved hydrologic and hydraulic study at the time of platting demonstrating there will be no rise in the Base Flood Elevation, as well as no increase in the flood velocities at any point resulting from the proposed development.
3. Fill may not be placed in a setback.
4. Structural design of buildings and improvements must meet minimum flood proofing standards, including elevating 1 foot above the base flood elevation.
5. Exterior storage of goods and materials is required to be adequately flood proofed including being raised 1 foot above Base Flood Elevation.

Various site studies, such as traffic and hydrologic and hydraulic, have not yet been submitted but are anticipated with the submission of a preliminary plat application and site plan for this property, pending approval of the two rezoning applications.

The Land Development Code provides certain design standards such as buffer yards, landscaping, a limitation on impervious surface coverage, building and surface parking setbacks as they apply to the base CR zoning district, overlay districts, and commercial design standards.

Additionally, Section 20-307 of the Land Development Code requires certain design considerations for development adjacent to the SLT/K-10 Transportation Corridor. This boundary extends 500 feet on either side of the centerline of the South Lawrence Trafficway requiring additional setback and landscaping, which will be evaluated at platting and site planning phases of development.

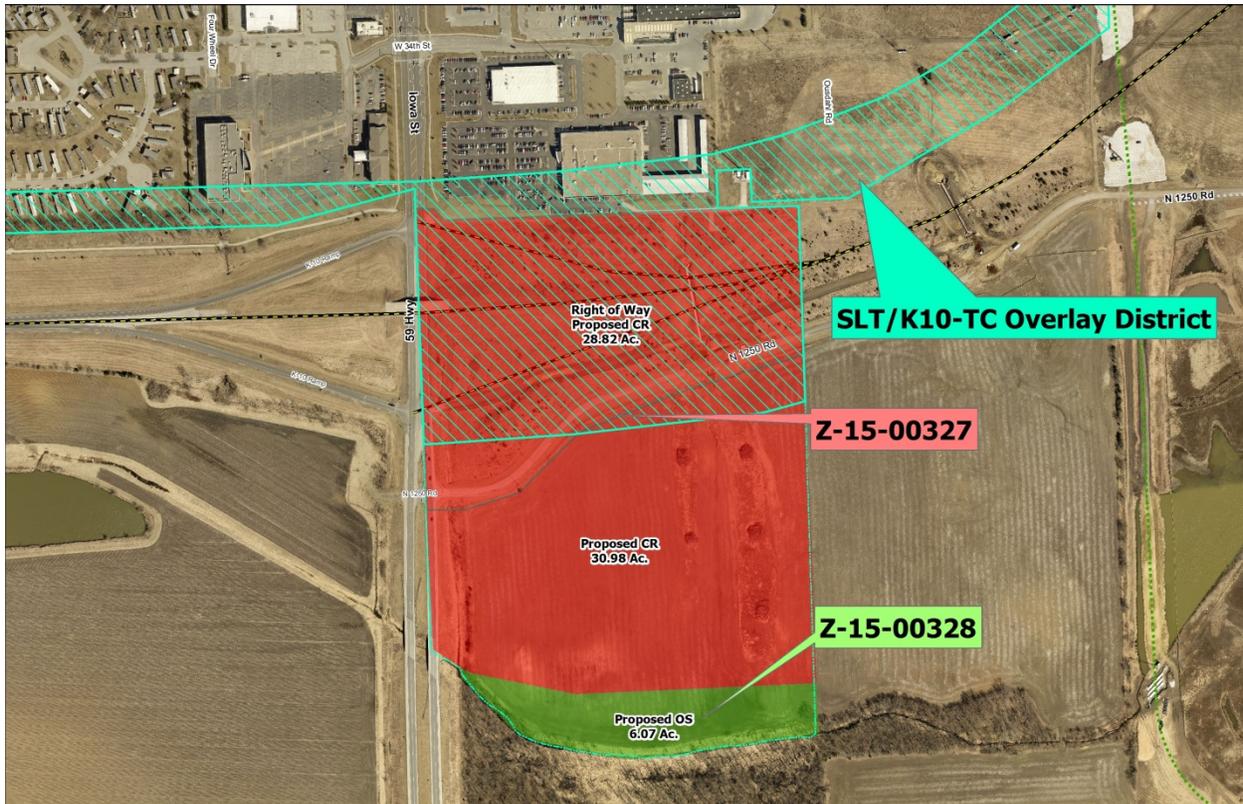


Figure 7: SLT/K-10 Transportation Corridor Overlay District

A number of existing site design and development standards will be applicable as the property proceeds to development. Staff recommends approval of the proposed CR zoning.

**CONCLUSION**

If CPA-15-00335 is found to be appropriate and approved, then the findings in this report support the requested rezoning. If CPA-15-00335 is found to be not appropriate, then it would be appropriate to still consider the CR Zoning for commercial development, and consider use restrictions for this district that are consistent with Auto-Related Commercial Center uses.