

**COUNCIL ACTION FORM**

**SUBJECT: REZONING OF PROPERTIES WITHIN THE DOWNTOWN GATEWAY FOCUS AREA OF THE LINCOLN WAY CORRIDOR PLAN FROM HIGHWAY ORIENTED COMMERCIAL (HOC) AND DOWNTOWN SERVICE CENTER (DSC) ZONING DISTRICTS TO DOWNTOWN GATEWAY COMMERCIAL ZONING DISTRICT**

**BACKGROUND:**

The City of Ames finalized the [Lincoln Way Corridor Plan](#) in January 2018. The final plan is available on the Planning Division website under “What’s New.” The Corridor Plan addresses potential land use changes, transportation improvements, and streetscape enhancements for Lincoln Way. The Downtown Gateway Focus Area, a priority area of the Corridor Plan. This focus area is generally described as properties along Lincoln Way and south of the railroad tracks between Grand Avenue and Duff Avenue. (Attachment A- Vicinity Map) The City’s Land Use Policy Plan (LUPP) was amended in January 2018 to incorporate references to the Lincoln Way Corridor Plan and to include specific text for the Downtown Gateway Focus Area as part of the Downtown Expansion area section of the Chapter 2 (Attachment B-LUPP Excerpt).

**The Focus Area was embraced as a priority because it is the only area positioned to meet the goals described in the Corridor Plan of enhancing commercial opportunities complimentary to Downtown with options to create a unique type of commercial destination for community. It also was highlighted as an opportune area to add mixed-use housing that is not student housing focused in order to diversify our housing choices in the community. These types of changes are viewed as desirable economic development tools for the City as it looks to attract young workforce aged people to the city.**

The first step of implementation for the Focus Area was preparation of a new zoning district, Downtown Gateway Commercial (DGC). The new DGC zoning establishes permitted uses and development standards consistent with the desired character for the area. **The intent for the zoning is to promote commercial trade uses of retail, restaurant, and entertainment; office uses, aggregating property for redevelopment while allowing for individual small site development; focusing on the 100 block of Kellogg Avenue as gateway connection to Downtown, reducing parking requirements, creating a more walkable environment, and allowing for mixed-use residential development.**

The second reading for approval of the DGC zoning is a separate agenda item. Additional background information on the DGC zoning standards is available under “What’s New” at <http://www.cityofames.org/planning>.

**The proposed rezoning is critical to implementing the Corridor Plan for three primary reasons; 1) it sets clear expectations to the real estate market for desired areas of change compared to waiting for ad hoc requests, 2) it ensures the long term compatibility of uses consistent with the vision of the plan, and 3) it includes design standards necessary to shape the urban design components of the area to enhance mobility and create an attractive destination. HOC zoning as it is currently written does not include elements needed to fulfill the vision of creating a destination commercial/mixed use area as expressed within the Corridor Plan and the LUPP.**

City Council reviewed options for rezoning boundaries at the April 24<sup>th</sup> meeting in conjunction with its review of the draft DGC zoning standards. City Council directed staff at that time to initiate a rezoning of the 70 properties within the Focus Area. The rezoning would affect 70 properties, 15 of which are currently DSC zoning and 55 are HOC zoning. Public hearing notices were provided to all property owners within the area and within 200 feet of rezoning area for the Planning and Zoning Commission meeting and City Council meeting.

**Based upon the April 24<sup>th</sup> discussion and the final standards of the DGC zoning district, three rezoning boundary options are available to the City Council for varying levels of implementation of the Corridor Plan.**

#### **OPTION 1 - REZONING AREA INITIATED BY CITY COUNCIL ON APRIL 24<sup>TH</sup>**

**The proposed rezoning includes all properties within the Focus Area (Attachment C). Establishing the DGC zoning along both sides of Lincoln Way and along the intersecting streets fully establishes the long term policy of the City for change in the area to match the Lincoln Way Corridor Plan.** Broadly applying the DGC zoning district ensures that both short term development interests and long term evolution of the area are consistent with the Corridor Plan. Although there are a substantial number of redevelopment opportunities in the broad Focus Area, not all of this area would be expected to redevelop in the short term as there are many viable highway oriented commercial businesses throughout the area.

#### **OPTION 2 - INCLUDES DGC ZONING FOR THE CORE OF THE FOCUS AREA**

The Kellogg/Lincoln Way intersection is viewed as the heart of the Focus Area due to its primary connection to Downtown. This approach concentrates the rezoning on the four most critical blocks for the area and establishes a vision for redevelopment along both sides of Lincoln Way. (Attachment D) Development on the north side would be expected to be at larger scale than redevelopment on the south side due to lot sizes and configurations. **This option would leave the periphery areas out of the immediate rezoning actions, which would reduce the number of new nonconformities related to use and site development standards.** Many of the periphery areas are not available for redevelopment at this time and would leave HOC zoning in place on these properties.

### **OPTION 3 – INCLUDES DGC ZONING FOR ONLY THE NORTH SIZE OF LINCOLN WAY**

This option was also discussed previously with City Council for rezoning of only the north side of Lincoln Way within the core of the Focus Area. (Attachment E) **This approach maintains the two most critical areas for rezoning at this time and does not change HOC zoning for the periphery area or the properties along the south side of Lincoln Way. Limiting rezoning to the north side of Lincoln Way would reduce many potential conflicts about nonconforming uses, but not all. Continuing HOC zoning along the periphery and south side of Lincoln Way would allow for the current mix of uses that already exist and for the establishment of new highway oriented commercial uses.** This option allows of some site redevelopment to occur, but does not sustain the long term vision for change of character for the area by continuing to allow for the wide range of HOC uses that may not be compatible with redevelopment on the north side of the street.

### **PLANNING AND ZONING COMMISSION RECOMMENDATION:**

The Planning and Zoning Commission held a public hearing on May 16<sup>th</sup> to review the proposed rezoning. Staff provided a summary of the Corridor Plan and Downtown Gateway Focus area with an explanation of the zoning implications of the City initiated rezoning. Nine members of the public spoke on the subject. All nine speakers were property owners in the area of the rezoning. **The speakers all provided comment against the rezoning of the area from HOC to DGC. Comments focused on limitations of uses under DGC zoning compared to HOC, potential effects on the value of existing businesses and properties for future sale, and a preference to allow housing in HOC with no other changes to the zoning.**

The Commission discussed the difference between supporting planning for changes in the area as described within Corridor Plan versus establishing zoning to implement the Corridor Plan. Thoughts on changes to community character were also part of the discussion. **Some commissioners expressed concerns about the impacts on existing businesses with the proposed changes and if there was a need to rezone the entire area at this time and what would be the downside of not zoning for DGC. Ultimately the Commission voted 4-2 to recommend no change in zoning for the area and maintain the existing HOC and DSC zoning for all properties.**

Staff addressed some of the issues raised by the Commission during their discussion of the rezoning on the May 16<sup>th</sup> and has included comments responding to concerns expressed on May 16<sup>th</sup> as part of the Addendum (Pages 7 to 9). **In summary, the staff cannot support the Commission recommendation for no rezoning of the area. Without rezoning to DGC, the development options available under HOC would likely be inconsistent with vision for the area as defined within the LUPP for a more walkable, attractive, destination commercial area. Staff believes the trade-offs of proactive zoning implementation versus reactive rezoning are necessary to meet the full potential of the Corridor Plan.**

## **ALTERNATIVES:**

1. The City Council may approve rezoning of the entire Downtown Focus Area to Downtown Gateway Commercial as shown in Attachment B. (*City Council Initiated Area from April 24<sup>th</sup>*)
2. The City Council approve a rezoning with modified boundaries (Options 2 and 3 described above).
3. The City Council can choose to not rezone any of the properties within the Focus Area. (*Planning and Zoning Commission Recommendation*)

## **CITY MANAGER'S RECOMMENDED ACTION:**

The DGC Focus Area is the first priority for implementation of the Corridor Plan due to its proximity to Downtown and available properties for redevelopment in both the short term and long term. Due to the age and condition of many of properties in the area, it appears the area is ripe for reinvestment and redevelopment opportunities that can be done in manner that furthers goals of the City to diversify its commercial activities in a complimentary manner to downtown and provide for a new mixed use living environment. The decisions on development areas at this time will shape the character of the area for the next 20 years or more.

**The proposed rezoning is intended to not just facilitate a singular redevelopment project, but to establish the long-term policy vision for the area. Including a broad area for rezoning ensures both short term and long-term changes of use and redevelopment are consistent with the Corridor Plan.** Although, staff believes that the market opportunity for redevelopment is strong for certain sites, evolution of the area will be incremental over many years. **In the meantime, the existing businesses are permitted to keep operating and are not required to redevelop or sell for redevelopment. Business that may have a change in their nonconformity status due to rezoning are allowed to continue to operate and make changes to their uses and properties within the limitations of the Zoning Ordinance, including reestablishment of the use or structure due to substantial damage from a disaster.**

**The option recommended by the Commission of no rezoning and by a number of property owners, except to allow for housing in the area, is not an approach that will accomplish the vision described in the Corridor Plan. Allowances for housing with no coordination of compatible uses and design features does not support creation of a desirable destination commercial area or living environment. Such an approach would only support increased efficiency of land use without addressing elements supportive of creating a unique and interesting environment for this high profile area of the City.**

**The proposed DGC zoning was written expressly to allow individual property owners to continue their current uses or to redevelop individually, but to ensure that new development in the area did not detract from the larger redevelopment**

vision of the area. The goal of the DGC zoning is not to remove existing businesses from the area, but to ensure that redevelopment and new uses are consistent with future expectations compared to the past history of uses oriented to a highway. Planning for infill and redevelopment areas is one of the most challenging issues in planning for the City. The proposed DGC zoning attempts to strike a balance on both sides of the issue of accommodating existing businesses versus planning for future changes.

Therefore, it is the recommendation of the City Manager that the City Council act in accordance with your previous directive and approve Alternative #1 to rezone the entire Focus Area.

## **Addendum**

### **LINCOLN WAY CORRIDOR PLAN**

The objectives for the Lincoln Way Corridor Plan are to create identity along Lincoln Way as a place and not just a thoroughfare, to support enhancements for multi-modal transportation, and to identify opportunities to revitalize properties with land uses that are contextual and support Corridor identity and placemaking. Preparation of the Corridor Plan was an 18-month process of examine background conditions, soliciting public input, and creating contextual options within the Plan. The process culminated in the acceptance of the Final Plan and approval of LUPP amendments references the plan.

The Lincoln Way Corridor Plan includes a Framework Plan that identifies the overall principles for the corridor by looking at the various “districts” within the corridor for land use, mobility and community character. The Plan identifies six districts for the overall corridor (Attachment A). The Framework Plan looks at development potential through redevelopment areas, bike, pedestrian, and vehicular improvements, and opportunity for streetscape improvements to increase the overall aesthetics and character of the corridor. The Framework Plan is intended to guide overall strategies that improve the corridor and connect it together.

The Focus Areas address five different local areas along the corridor. The Focus Areas allow for more in-depth review of contextual redevelopment options, rather than broad and general interests in redevelopment and intensification along the corridor. The Focus Area concepts also could be applied to other areas along the Corridor that are of a similar nature. The five Focus Areas identified in the plan area as follows:

1. Downtown Gateway (Clark Avenue to Duff Avenue)
2. Lincoln Way and Grand Avenue (Oak Avenue to Grand Avenue)
3. Oak to Riverside Neighborhood
4. Campustown Transition (Sheldon Avenue to Campus Drive)
5. Westside Mixed Use (West Hy-Vee Area, Beedle Drive to Colorado Avenue)

The Downtown Gateway Focus Area description incorporated into the LUPP includes language for development preferences within the Corridor. The Downtown Gateway Focus Area is a component of the Downtown Expansion area of the LUPP. The intent for the Focus Area is to support commercial redevelopment and allow for mixed use. The most intense redevelopment is intended for the area between Lincoln Way and the railroad tracks. Property aggregation will likely be needed in this area to fully realize the redevelopment options of the Corridor Plan. This area is intended to act as an extension of commercial uses and potentially mixed use development in relation to Downtown. Reduced parking and shared parking opportunities may be a preference north of Lincoln Way as well. The Focus Area description is intended to guide zoning decisions for the area.

Attachment 2 includes the full excerpt of text for the LUPP amendment approved in January 2018.



## **DOWNTOWN GATEWAY COMMERCIAL ZONING STANDARDS**

The proposed Downtown Gateway Commercial zoning standards address all facets of site development and uses. Due to the targeted goals for the area the standards are tailored to Focus Area and support intense redevelopment with reduced parking requirements. As a separate agenda item, City Council is asked to compete the second reading of the ordinance to establish the DGC zoning district.

A number of issues were raised during the Planning and Zoning Commission meeting concerning DGC zoning. The following is a summary of some of the primary points discussed at the meeting.

### **1. Limited range of uses.**

The proposed DGC zoning focuses on office and trade uses compared to HOC which is very broad commercial zone that includes office and trade uses along with other activities. The proposed DGC zoning allows for 16 types of uses compared to 22 types within the current DSC zoning and 31 types within HOC. The use range has been narrowed to focus on the City's priorities for a specific area compared to the broad areas currently zoned HOC across the entire City. The types of uses that would be prohibited with DGC zoning compared to HOC include based upon the proposed DGC zoning of May 22nd:

- a. Automotive sales, retail\*
- b. Commercial Outdoor Recreation,\*
- c. College and University,
- d. Catering (primary use),
- e. Detention Facilities,
- f. Group Living\*,
- g. Lodges and Social Clubs,
- h. Medical Centers (overnight care),
- i. Mini-warehouse,
- j. Railroad Yards\*,
- k. Religious Institution,
- l. Sports Practice Facility (Gym space),\*
- m. Social Service Providers (shelters, social service care),
- n. Wholesale Trade,\*
- o. Vehicle Service Facilities (gas station, automotive repair, car wash).\*

*\*Denotes uses currently not allowed within DSC zoning*

Additionally, new drive through facilities would have concentration limitations per one per block. All existing drive through facilities would be permitted, but most blocks within the area would not be permitted to add a drive through use due to proximity of an existing facility. The drive through standard is an effort to address access and circulation concerns along the corridor as well as impacts on site design and land use associated with drive through facilities. New drive throughs would also be subject to a major side development plan review rather than staff review of a minor site development plan.

## **2. Sale of properties.**

The change of zoning has been portrayed as taking of property and requiring its sale to others. A rezoning does not require a sale of property. Existing business can continue or be sold to another buyer to operate the same business. Individual properties can also be redeveloped without aggregation to a larger site. The City is not attempting to purchase property for redevelopment, but intends to rely upon private market transactions for redevelopment consistent with Corridor Plan.

The primary argument against the rezoning has been the claim that the sale of the property for another purpose besides what exists today is more limited in DGC versus HOC and that it would significantly change the future value of property. Staff believes there are a number of factors affecting commercial property value, including viability of existing business at time of sale, condition of the property or structure, location, neighboring conditions, range of allowed uses, and costs associated with tearing down and rebuilding a site for a new use.

The proposed DGC zoning allows for reasonable range of commercial uses and does not dictate value for only one type of buyer by unduly limiting resale options of properties, such as rezoning a site to wholly different type of use. In contrast to assuming lower property values, values generally rise with redevelopment when there is a successful project demonstrating market viability for a concept. If no redevelopment occurs there is likely no significant impact in the value of one business being sold to another buyer.

Staff believes it is speculative to forecast future property values for existing businesses at the time an owner may wish to sell due to the wide range of conditions affecting the value of a property in this area.

## **3. Allowed Use and Nonconformities.**

Another issue identified by property owners has been the potential complication of nonconformities when going to sell a property. As discussed with Council previously, approximately 78% of the area has some form of a nonconformity of use, structure, or site development. This changes to 85% with the full rezoning after City Council allowed for no parking requirements along Kellogg Avenue. A rezoning does not necessitate proactive changes to nonconformities, but at the time of redevelopment new site improvements and uses must meet current standards.

Even with the high percentage of nonconformities, properties have been purchased in this area with nonconformities. Eleven properties within the past ten years have been sold with nonconforming structures. It appears that nonconformities have not been a detriment to property sales in the past.

Nonconforming uses are sometimes viewed differently from structure nonconformities by a lender due to their interest in securing a loan with assurance the use can continue. Typically, banks are willing to make a loan when a city has an allowance for rebuilding or reestablishing a nonconforming use due to disaster. The City has such provisions already in place for nonconformities, which makes this concern moot in typical situations.

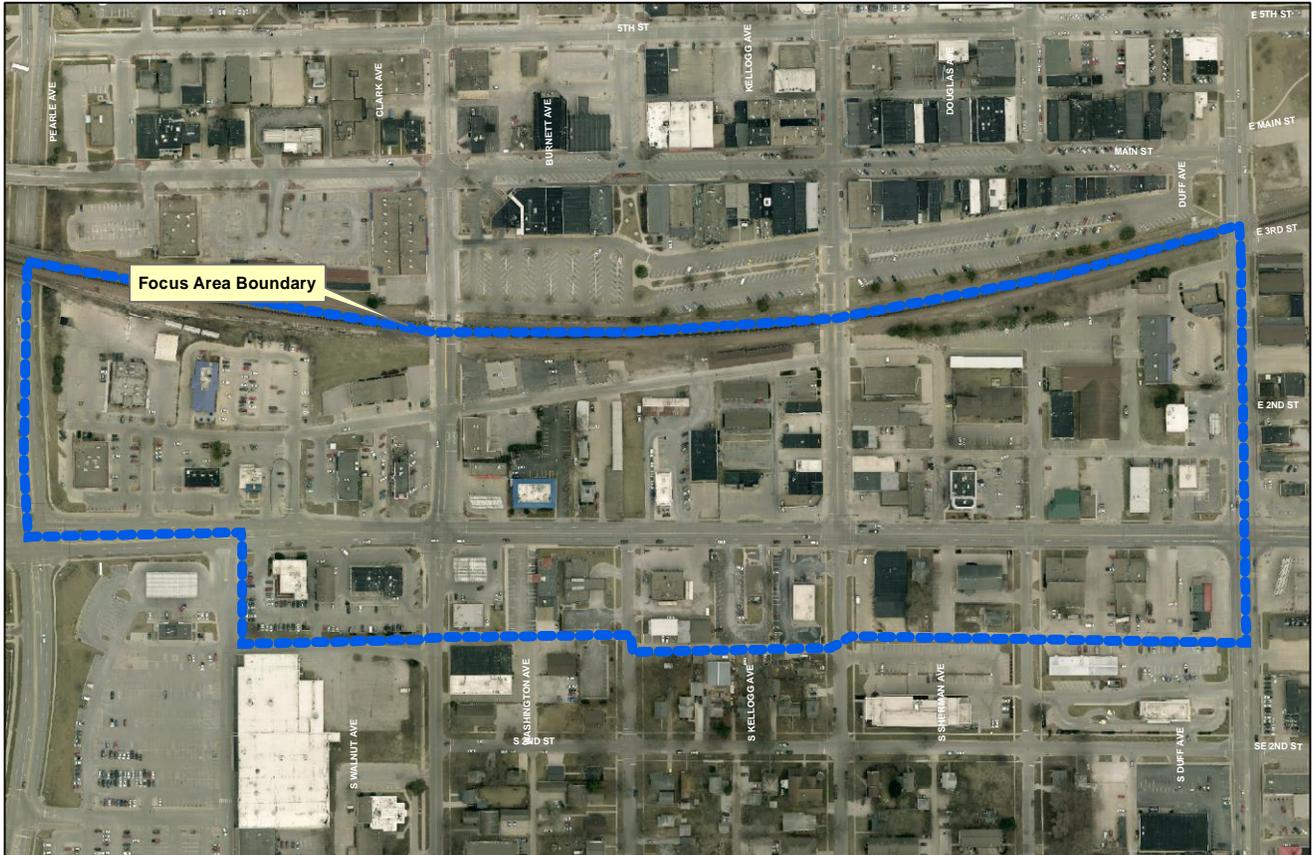
#### 4. Maintain HOC Zoning.

With no rezoning of the area, the City is not following through on implementation of the Corridor Plan as a priority and does not establish support for concepts of the Plan. **For staff, one of key issues of rezoning is ensuring that new uses are not established that could undermine the vision for the area.** Additionally, with no rezoning there is no clear market opportunity for mixed use in the area and that calls into question support for the concept. Generally, uncertainty in the entitlement process detracts from developer interest.

Staff views the situation of proactively zoning this area as analogous to the City establishing CSC zoning in 2006 with mixed-use zoning standards as a result of the University Impact Area study. Part of the redevelopment success for student housing in Campustown was the presence of zoning in support of the vision of the LUPP without having to make individual requests. When the market demand increased with enrollment, construction of mixed use development was predictable and relatively quick because of existing zoning, thereby minimizing risk to the developer and maximizing property value. However, at no time was an individual required to sell by zoning to facilitate redevelopment that was consistent with the zoning.

The other downside of maintaining HOC zoning is the lack of use and design standards that support the vision of a more walkable and desirable destination area. HOC zoning is set up to accommodate quick trips into and out of an area, and not pleasant walkable environment. Allowing new development to occur under these types of standards while waiting for future rezoning could erode the opportunities for reaching the vision of the Plan by impeding both future redevelopment and detracting from intended character of the area.

# Attachment A-Location Map



**Location Map**



## **Attachment B- LUPP Chapter 2 Excerpt for Downtown Gateway Focus Area**

### **DOWNTOWN GATEWAY FOCUS AREA**

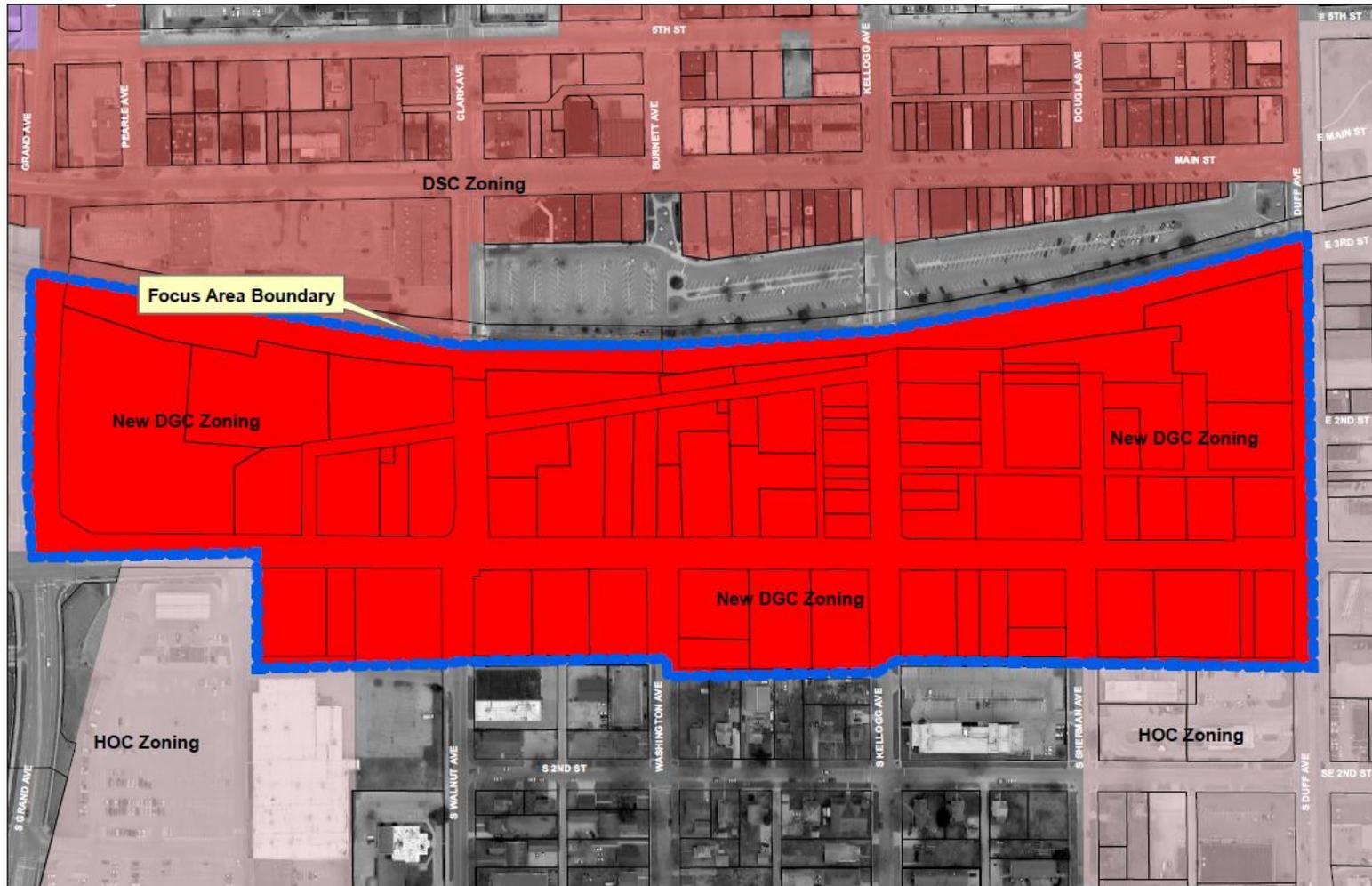
The City has established the Downtown Gateway Focus Area, located generally from Clark Avenue to Duff Avenue and south of the railroad tracks, as its first development area priority. This Focus Area is within the Downtown Expansion Area Option of the Land Use Policy Plan. The Downtown Gateway is intended to foster redevelopment with a commercial focus that may also include residential development. The area as it is currently developed is a place of community commercial uses formatted in typical highway commercial setting, meaning automobile oriented formats, and providing for retail, office, and restaurant uses.

As redevelopment occurs in the area it is important to maintain a strong commercial base that meets community needs for retail and service use. Redevelopment of the area does not require mixed use residential development, but residential uses can be accommodated when the commercial use goals of the City are met for the area. The goals of redevelopment in this area are not focused on creating student housing options that are already accommodated with the Campustown Service Center area of the Corridor.

The overall character of the area is for development that is complimentary to the use and character of Downtown. Incorporating complimentary uses is a priority for the City and includes accommodating a boutique hotel, entertainment and active retail uses, incorporating outdoor space for events and commercial uses, and maintaining an office and employment presence in the Corridor. Kellogg Avenue is the focal points of the Focus Area and connects to the four-corner heart of Downtown at Main Street. Development along Kellogg must maintain individual building identity and storefront patterns similar to traditional downtown retailing. This type of development pattern can occur through redevelopment of small sites or as part of a larger redevelopment project. In other areas outside of Kellogg Avenue, the Plan encourages aggregation of property in support of a variety of development formats that accommodates the intended commercial uses and for the area.

Facilitating intense redevelopment also allows for collective parking and reduced parking requirements in recognition of the rich transportation options in the area and public parking that exists to the north of the area. Due to potentially large redevelopment sites, design and architectural features are needed that provided variations in appearance of mass and height. Differentiation of façade planes and use of high quality glazing, brick, and metal siding systems is highly desirable to create an attractive and interesting area. Maintaining or creating secondary means of access into the blocks is a priority for the area to ensure that curb cuts onto Lincoln Way are reduced and minimized from existing conditions. Automotive service oriented uses are discouraged from locating in the area. Aggregating property for larger sites may require developers to relocate electric and water utility improvements and potentially have the City vacate certain minor rights-of-way if not needed to serve properties. Widening sidewalks and improving the streetscape along Lincoln Way are a priority with redevelopment.

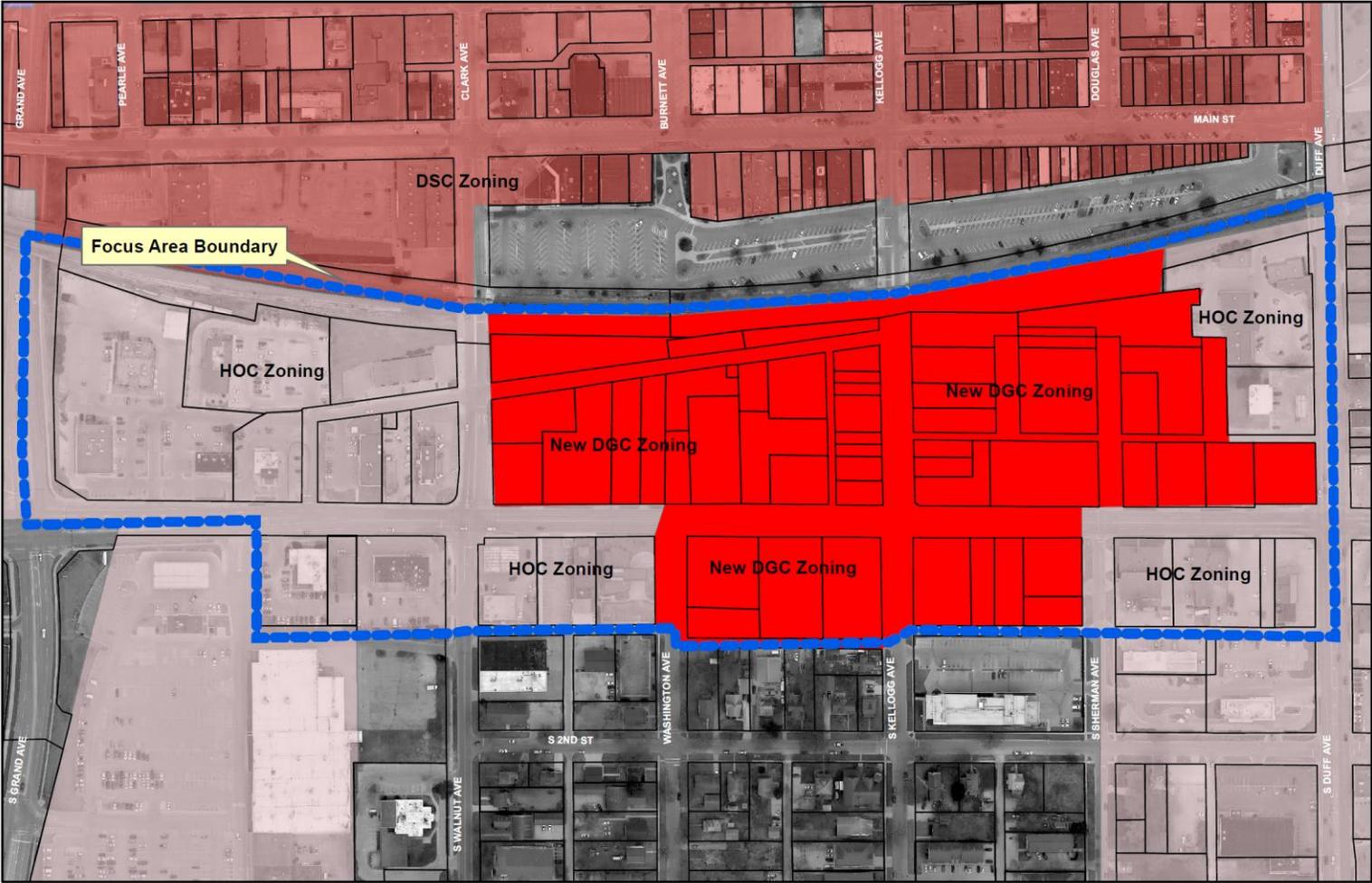
# Attachment C-Proposed Rezoning



## Option #1 Downtown Gateway Rezoning both sides of Lincoln Way



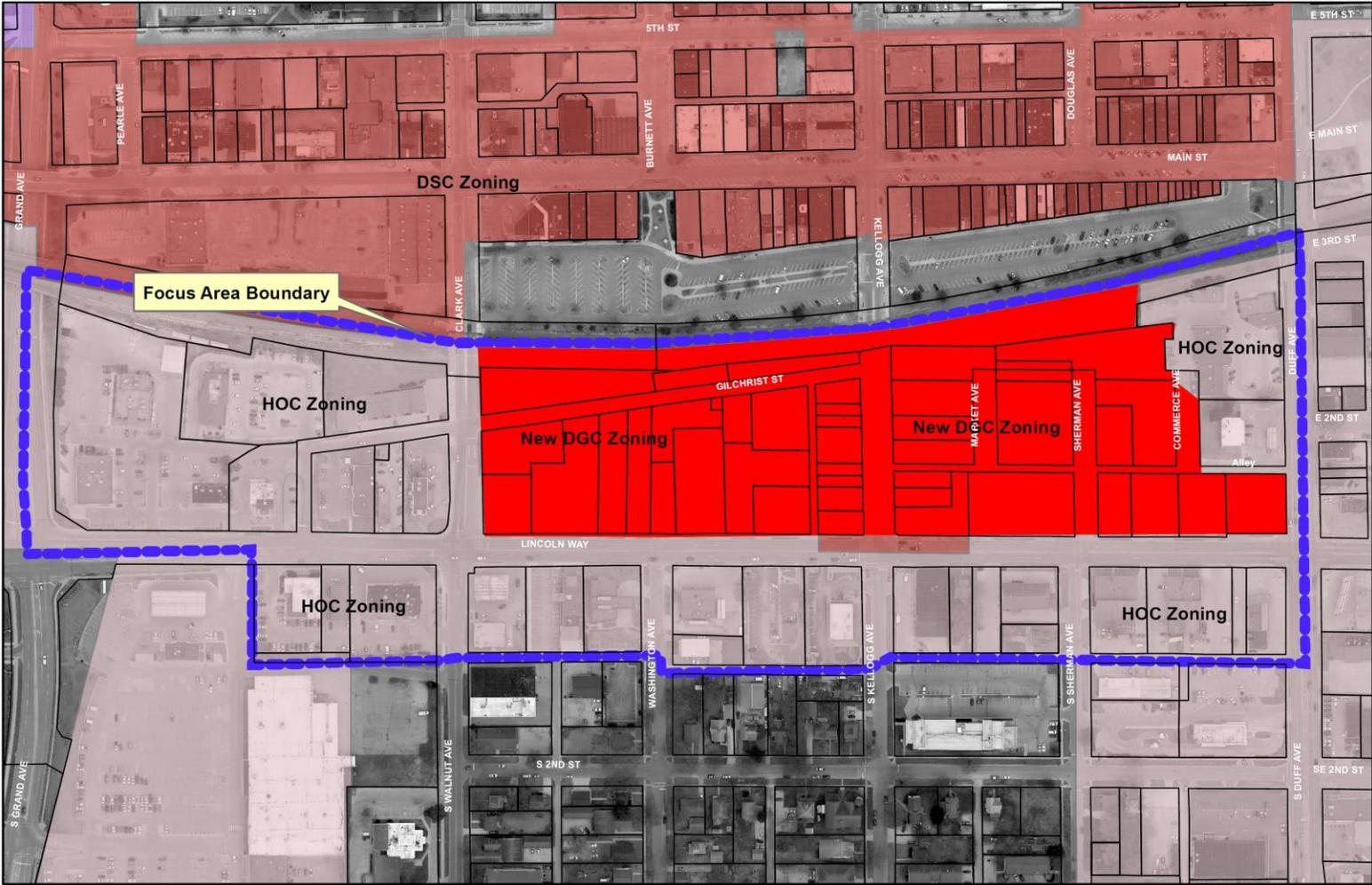
Attachment D



**Option #2**  
**Central Core North and South**



# Attachment E



**Option #3 -Central Core North Only**

