



Planning Commission

September 14, 2023
Packet Addendum #1

ITEM: ZON-000465-2023 – DELO West Rezoning

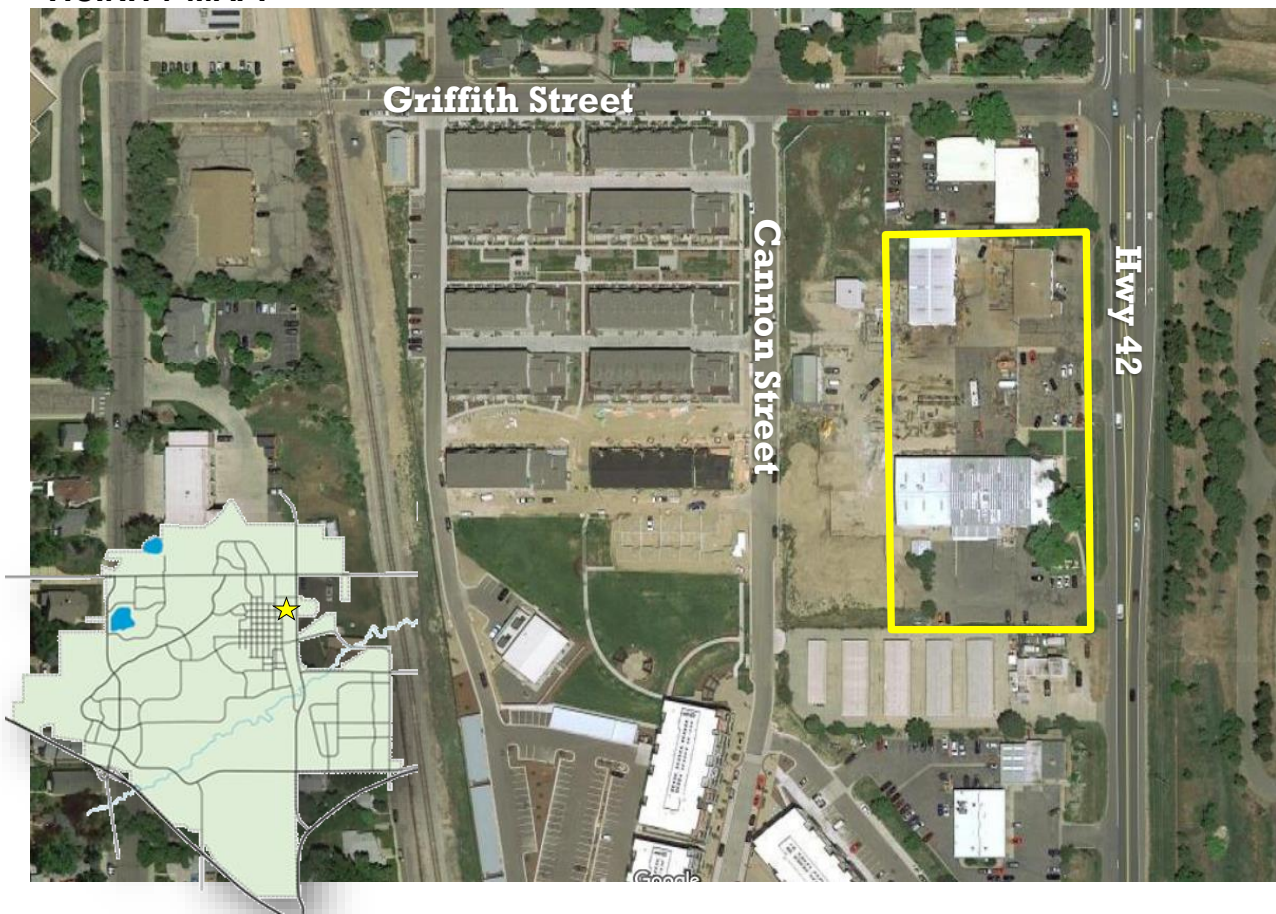
LOCATION: Lot 10, Block 1 and Outlot1, DELO Lofts Final Subdivision Plat – 1301 Courtesy Road

PLANNER: Rob Zuccaro, AICP, Community Development Director

APPLICANT: Live Forward Development (Applicant)
Courtesy Road Partners LLC (Owner)

REQUEST: Approval of Resolution 18, Series 2023 Recommending to the City Council Approval of an Ordinance Rezoning Lot 10, Block 1 and Outlot 1, DELO Lofts Final Subdivision Plat from the CC-MU (Commercial Community – Mixed Use) to MU-R (Residential Mixed Use) and Amending Exhibit A, Land Use Exhibit, Referenced in LMC Chapter 17.14

VICINITY MAP:

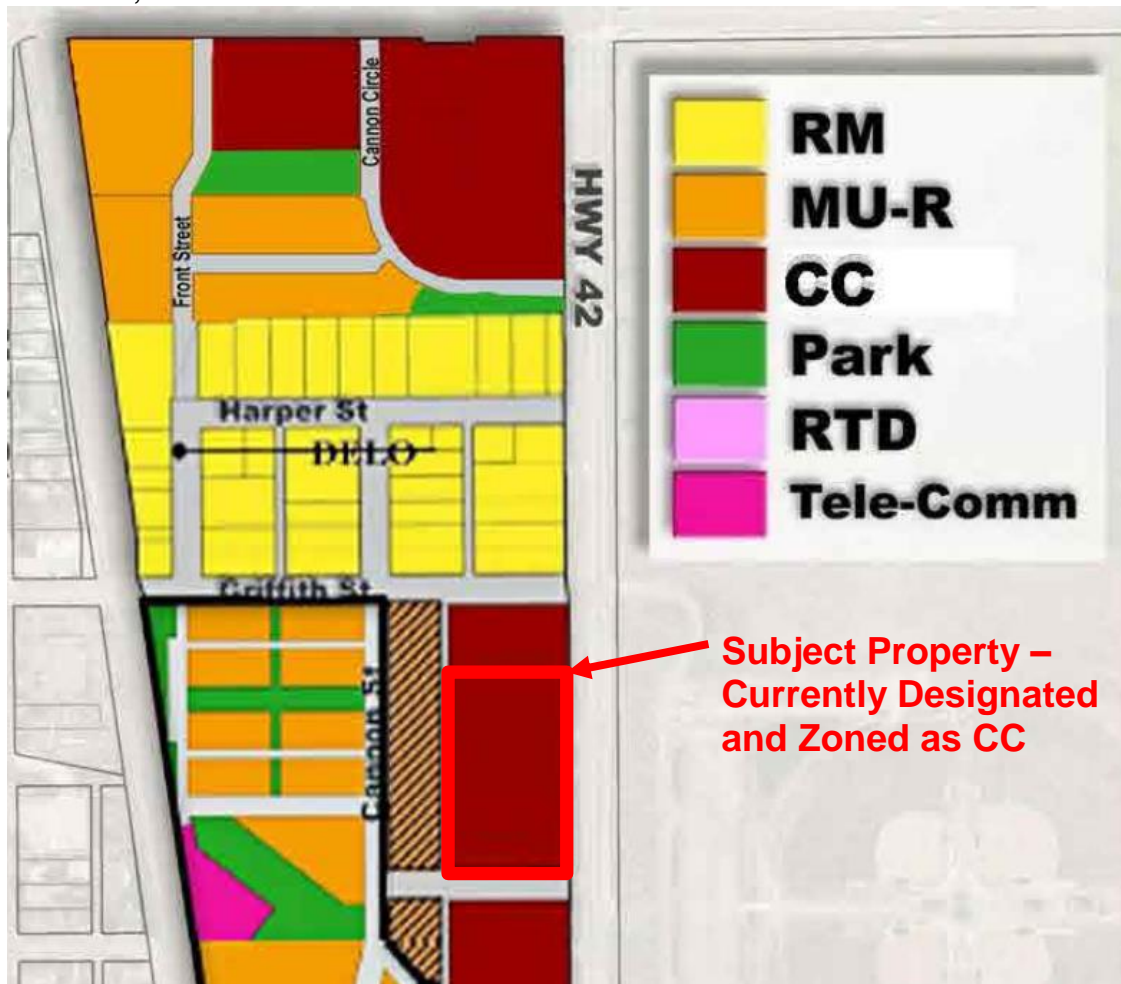


SUMMARY:

The applicant, Live Forward Development, requests rezoning of a 2.47-acre property from the CC-MU (Commercial Community – Mixed Use) to MU-R (Residential Mixed Use) zoning district. The CC-MU district limits development of the property to commercial, office, and institutional land uses that are intended to orient to the adjoining State Highway 42. The requested MU-R zone district allows a range of residential uses, such as townhomes, condos and apartments, up to a gross density of 20 dwellings per acre. The MU-R district strongly encourages a mix of at least two permitted principal uses in addition to residential uses, which may include office, commercial or institutional uses.

The proposal also includes amending Exhibit A, Land Use Plan Exhibit referenced in Louisville Municipal Code (LMC) Chapter 17.14 – Mixed Use Zone Districts. This LMC code section requires zoning within the Mixed Use Zone Districts to comply with the referenced Land Use Plan Exhibit. The current Land Use Plan Exhibit notes the subject property as CC-Mixed Use and would need to be amended to designate the property as MU-R to align with the requested zoning change.

Exhibit A, Land Use Plan Exhibit



BACKGROUND:

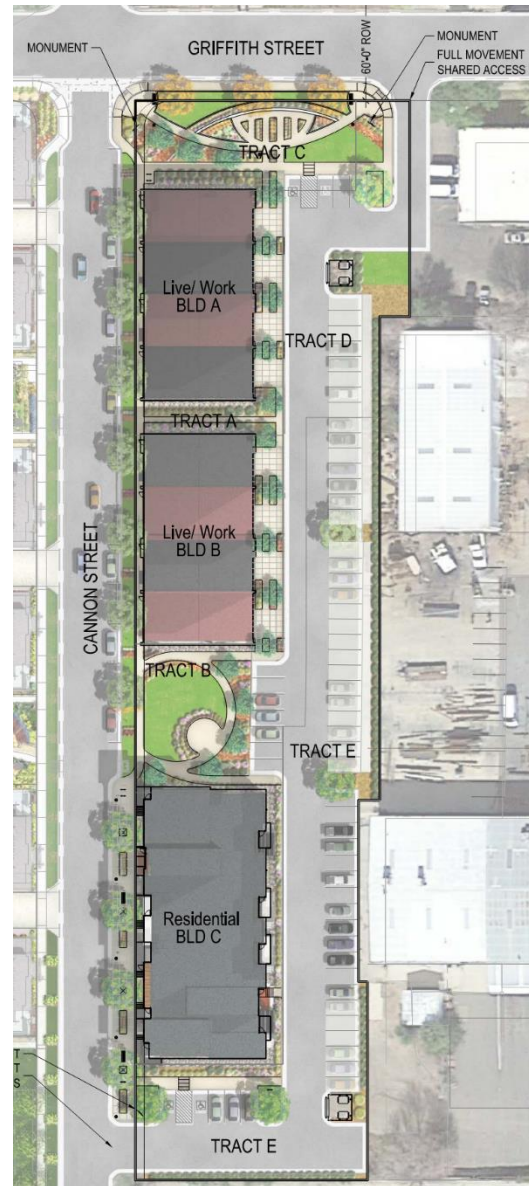
The property is located in the Highway 42 Revitalization Area. In 2003, the City adopted the [Highway 42 Revitalization Area Framework Plan](#) and the [Highway 42 Revitalization Area Comprehensive Plan Amendment](#). In order to implement these adopted plans, in 2007, the City created a [Mixed Use Overlay District \(Zoning Chapter 17.14\)](#) and the [Mixed Use Development Design Standards and Guidelines \(MUDDSG\)](#), which govern development of properties within the Mixed Use district. The Mixed Use district includes mandatory rezoning of Industrial (I) zoned properties to either MU-R or CC-MU based on an adopted Land Use map for the district.

The subject property is also located in the Highway 42 Urban Renewal Area. The City and the City's Urban Renewal Authority have adopted an [Urban Renewal Plan](#) that is intended to: *reduce, eliminate and prevent the spread of blight... to stimulate growth and reinvestment... and promote local objectives with respect to appropriate land uses in the Urban Renewal Area (Sec. 1.3).*

In 2015, the City rezoned the subject property from Industrial (I) to CC-MU by Ordinance 1704, Series 2015 (see attached). This was part of a proposal that included platting of the subject property and also platting, rezoning, and developing the 1.9-acre parcel to the west (DELO Lofts). The 1.9-acre DELO Lofts parcel was rezoned to MU-R and included a preliminary PUD for a mixed use residential development. The easterly property that is the subject of the current rezoning request was not included in the PUD proposal.

In 2016 the City approved a final plat for all of the parcels and a final Planned Unit Development (PUD) for DELO Lofts, which included a three-story apartment building with 33 units and 8 live/work units in two buildings (see attached for PUD and Plat). In 2020, the City granted a one-year extension to the PUD approval, but the project was never built.

2016 DELO Lofts PUD

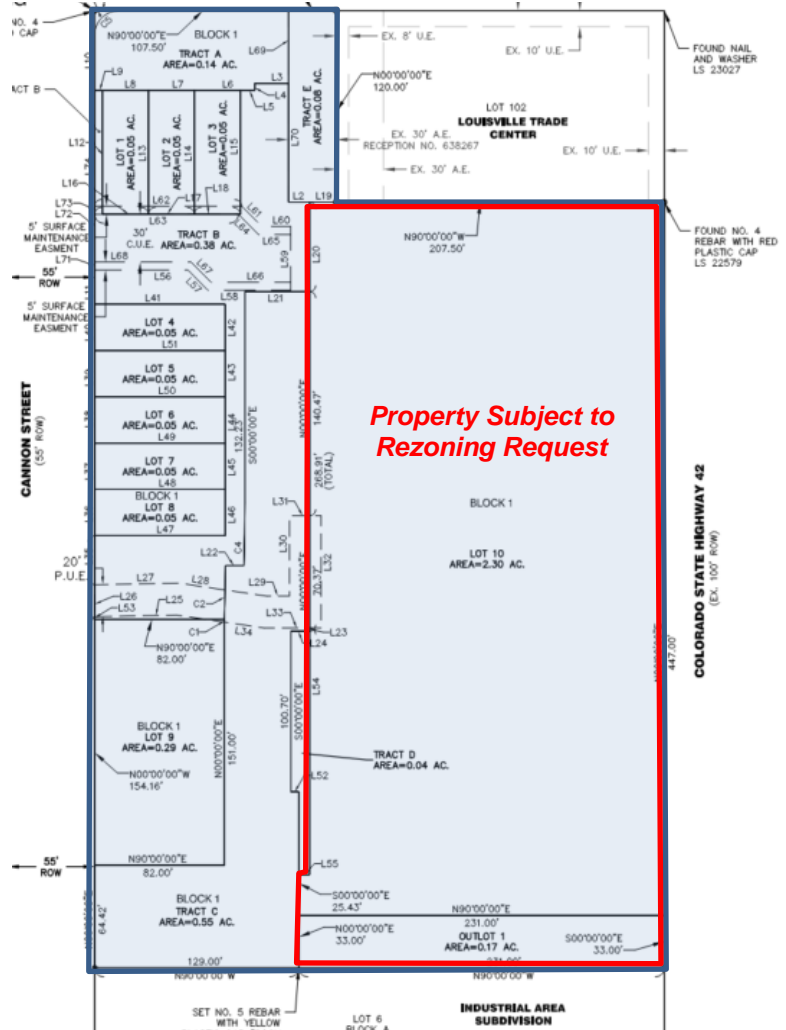


In 2022, the current applicant applied for a PUD with a new development plan for the DELO Lofts property that renamed the project DELO West. The applicant proposed two apartment buildings with 66 total units, at a density of 29.5 dwellings per acres, and a 1,575 sq. ft. commercial building. The residential component exceeded the maximum density of 20 dwellings per acre and included a waiver request to the density standard as part of the application. This application was recommended for approval by the Planning Commission, however, the City Council voted to deny the application.

PROPOSAL:

The applicant proposes to rezone the eastern 2.47 acres of the DELO Lofts Final Subdivision Plat (Lot 10, Block 1 and Outlot 1). According to the applicant, they intend to submit a final PUD for the entire 4.39-acres included in the DELO Lofts Final Subdivision Plat if the current rezoning request is approved. However, staff notes that if the rezoning is approved, there would be no requirement for a consolidated development application and the parcels could be developed separately.

2016 DELO Lofts Plat and Current Rezoning Area

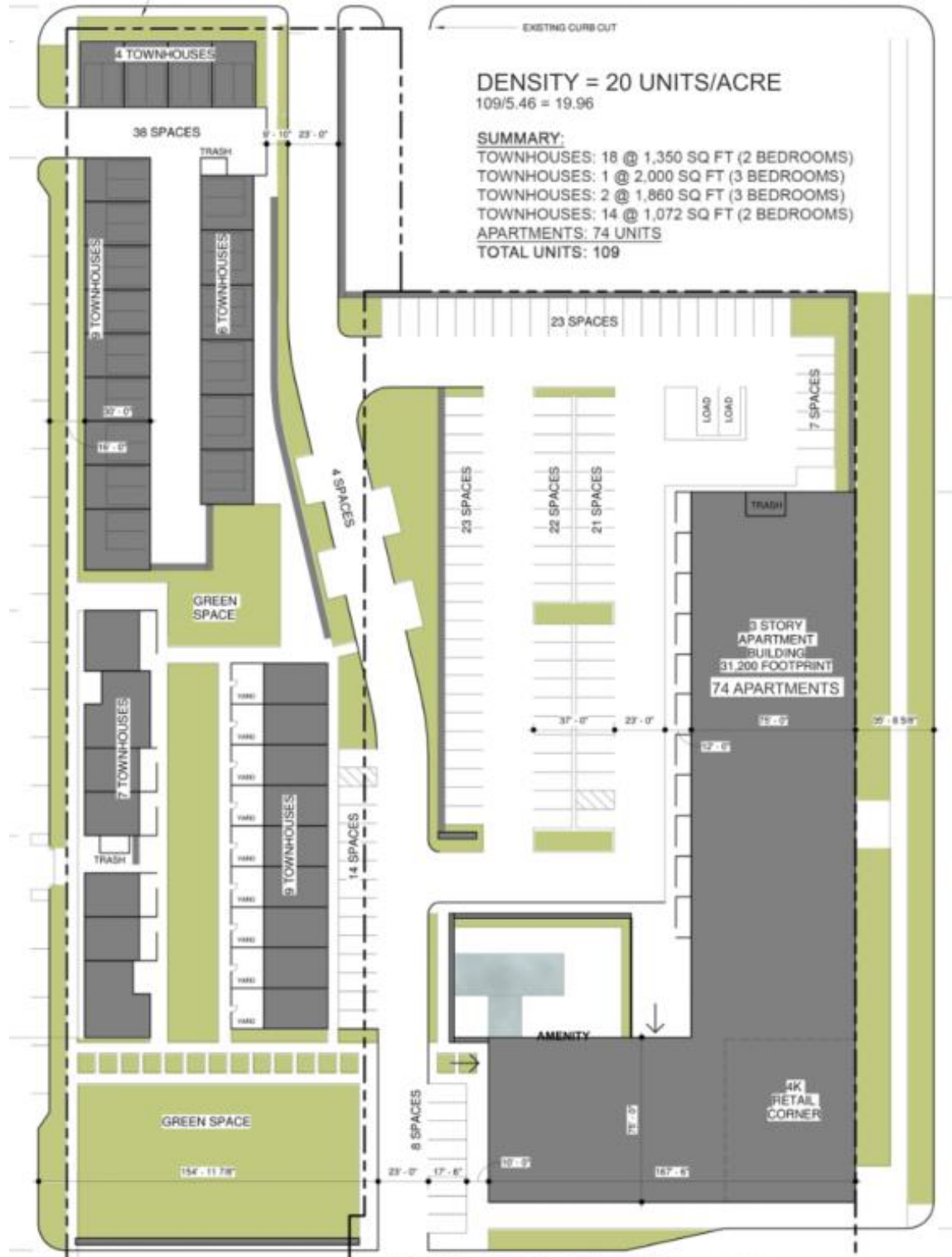


The applicant states in their application cover letter that the request is consistent with the Highway 42 Revitalization Area Framework Plan and Highway 42 Revitalization Area Comprehensive Plan, which depicts the property as a mixed-use residential neighborhood, and that a mixed residential development would integrate with the surrounding DELO development that includes row homes and apartments. The applicant also notes that the area has changed since the initial rezoning, including the DELO residential development that supports walkability within the district and that the current CC-MU zoning is commercial centric and does not support needed housing in the community.

The following is a concept plan provided by the applicant to show a potential development layout of the property if rezoned. This includes 74 apartments units and a

4,000 sq. ft. retail component on the subject parcel and 35 townhome units on the westerly parcel that was previously planned as DELO Lofts.

Concept Plan for Development



The applicant has provided market analysis from Hoffman Strategy Group (see attached Application Materials). The analysis notes that the site is not ideal for commercial and retail development due to limited vehicular access to the site. The analysis looks at retail, office, and residential demand and absorption in the market shed and concludes that retail and office development would be challenging while there is strong market demand for new residential development.

Also provided in the application materials is a traffic analysis that compares potential traffic generation between development scenarios that could occur under the existing MU-R zoning vs. the proposed CC-MU zoning. The development scenario under the current CC-MU assumes a 25,000 sq. ft. strip retail center and the development scenario under the MU-R zoning assumes 109 apartment units and a 4,000 sq. ft. retail component. This analysis concludes that the MU-R zoning development scenario would lead to an anticipated reduction in overall daily traffic by 370 trips. AM peak hour totals would increase by 8 trips and PM peak hour totals would decrease by 71 trips.

Traffic Analysis Summary Table

Table 1 – Live Forward Residential Louisville Traffic Generation Comparison

Use & Size	Weekday Vehicles Trips						
	Daily	AM Peak Hour			PM Peak Hour		
		In	Out	Total	In	Out	Total
Existing Zoning (CC-MU)							
Strip Retail Plaza (ITE 822) 25,000 Square Feet	1,362	35	24	59	82	83	165
Proposed Rezone (MU-R)							
Multifamily Low-Rise Housing (ITE 220) 109 Dwelling Units	774	14	44	58	43	25	68
Strip Retail Plaza (ITE 822) 4,000 Square Feet	218	5	4	9	13	13	26
Total Traffic Volumes	992	19	48	67	56	38	94
Net Difference in Trips	-370	-16	24	8	-26	-45	-71

ANALYSIS:

The purpose of the Mixed Use Zone Districts is to support implementation of the Highway 42 Revitalization Area in a way that supports potential development of a commuter rail station. The intent is to transition the industrial development within the District to a mixed-use development with multi-modal transportation and walkability oriented to the rail station. While the commuter rail station has not yet materialized as planned, there is a current RTD study underway looking at “Peak Service” rail (limited rail service to support peak hour commuting on a single track) and the new Front Range Passenger Rail commission is also considering the Northwest Rail corridor as a possible alignment for rail service.

The Mixed Use Zoning overlay includes two district categories as described below:

LMC Sec. 17.14.030:

Residential mixed use zone district (MU-R). The residential mixed use (MU-R) district is intended to implement the residential mixed use land use and planning goals depicted and discussed in the Highway 42 Revitalization Area Plan. Areas zoned MU-R should be used predominantly for higher density multi-family residential, with subsidiary commercial uses and civic uses that cater to the needs of residents and transit commuters.

Commercial community zone district (CC). The commercial community (CC) zone district is intended to provide zoning which would encourage the development of a limited range of highway oriented commercial uses adjacent to Highway 42. The commercial community zoning is intended to address the market demand for highway-oriented commercial development in a form that would protect the existing residential neighborhoods as well as interface effectively with the future mixed use development of the neighborhood.

Policies for Rezoning

LMC Sec. 17.44.050 establishes four potential policies for rezoning. Any request for a rezoning should meet one or more of the established policies. Staff recommends a finding that the following policy is met with the requested rezoning.

Declaration of policy for rezoning No. 2: The area for which rezoning is requested has changed or is changing to such a degree that it is in the public interest to encourage a redevelopment of the area;

Staff finds that changed conditions include the lack of market feasibility for purely commercial uses for this parcel. This is due to:

1. Weak market conditions to support additional highway-oriented regional commercial development along the corridor; and
2. Lack of adequate vehicular access to support the envisioned highway-oriented commercial uses.

The submitted market analysis shows a saturation of commercial development in the market area, and thus, weak market demand for new development. This is consistent with what the City has observed for the Highway 42 corridor in general since the adoption of the Mixed Use Zoning for the Highway 42 Revitalization Area. Rezoning to the MU-R district would help spur redevelopment of the properties, and still requires a mix of commercial, office, or civic uses that meet the mixed use design standards.

The development only has access to right-in right-out vehicular access limiting auto-oriented commercial viability. The City has looked at the possibility of adding additional full-movement access intersections along Highway 42 and South Boulder Road, but has found them to be too close to existing signalized intersections to function well and additional intersections are not supported by CDOT along Highway 42. This is despite a previously approved access plan for Highway 42 that assumed at least one additional signalized intersection connecting the Revitalization Area to Highway 42.

The public interest for this rezoning is to spur redevelopment of the industrial areas around DELO in order to achieve the desired mixed-use environment and boost economic activity in DELO and Downtown. The property to be rezoned has previously been used for metal fabrication and cosmetics manufacturing but is currently vacant. Redevelopment of the property would support surrounding commercial development by reactivating this site and adding residences to the neighborhood. The site could also provide additional market rate and deed-restricted affordable housing under the City's [Inclusionary Zoning Standards](#).

Staff also notes that the Highway 42 Revitalization Area Comprehensive Plan Amendment envisioned mixed-use residential development adjoining Highway 42 in addition to commercial development, and specifically shows mixed-use residential development in the vicinity of the subject property.

Highway 42 Revitalization Area Comprehensive Plan Amendment Development Scenario



Fiscal Analysis

The City’s development review policy requires a fiscal analysis of any request for rezoning and change of use. The City’s fiscal model provides an estimate of anticipated revenues resulting from the development and costs for City services related to the development over a 20-year period. Staff notes that this analysis does not take into consideration what could be broader positive economic impacts to the City from revitalization of the property and removal of blight from the Urban Renewal Area.

Staff has provided both a “High” and “Low” fiscal summary of an assumed development scenario comparing the current zoning to the proposed zoning. The purpose of the two scenarios is to provide a potential range of outcomes depending on the development could build out over time.

The fiscal analysis assumes development of the entire 4.39-acres located within the DELO Lofts Final Subdivision Plat based on the concept plan provided by the applicant and assumed development under the current zoning. The “Low” fiscal analysis adjusts several of the base assumptions to 80% of value of the “High” fiscal analysis and assumes a longer absorption period. The base assumptions are summarized below:

<u>Current Zoning Scenario</u>	<u>Proposed Zoning Scenario</u>
<ul style="list-style-type: none"> - 45 Apartment Units - 20,000 sq. ft. Retail Center 	<ul style="list-style-type: none"> - 74 Apartment Units - 35 Townhome Units - 4,000 sq. ft. Retail Center

Fiscal Model Assumptions

	<i>High Scenario</i>	<i>Low Scenario</i>
<i>Current Zoning Scenario</i>		
Apartments - Market Value	\$650,000/unit	\$520,000/unit
Apartments - Construction Value	\$300,000/unit	\$240,000/unit
Apartments - Household Income	\$97,500	\$78,000
Apartments - Absorption	4 years	7 years
Retail Center – Market Value	\$250/sq. ft.	\$200/sq. ft.
Retail Center – Construction Value	\$182/ sq. ft.	\$146/ sq. ft.
Retail Center – Sales/sq. ft.	\$250	\$200
Retail Center – Annual spending/employee	\$1,200	\$960
Retail Center – Absorption	7 years	10 years
<i>Proposed Zoning Scenario</i>		
Apartments - Market Value	\$650,000/unit	\$520,000/unit
Apartments - Construction Value	\$300,000/unit	\$240,000/unit
Apartments - Household Income	\$97,500	\$78,000
Apartments - Absorption	4 years	7 years
Townhomes - Market Value	\$800,000/unit	\$640,000/unit
Townhomes - Construction Value	\$450,000/unit	\$360,000/unit
Townhomes - Household Income	\$120,000	\$96,000
Townhomes - Absorption	4 years	7 years
Retail Center – Market Value	\$250/sq. ft.	\$200/sq. ft.
Retail Center – Construction Value	\$182/ sq. ft.	\$146/ sq. ft.
Retail Center – Sales/ sq. ft.	\$250	\$200
Retail Center – Annual spending/employee	\$1,200	\$960
Retail Center – Absorption	4 years	7years

Fiscal Model Results (x\$1,000)

	"HIGH" SCENARIO				"LOW" SCENARIO			
	Current Zoning		Proposed Zoning		Current Zoning		Proposed Zoning	
Revenue by Fund								
General Fund	\$1,817	46%	\$2,166	42%	\$1,471	45%	\$1,689	49%
Open Spaces & Parks Fund	\$286	7%	\$383	7%	\$226	7%	\$297	5%
Recreation Fund	\$368	9%	\$574	11%	\$322	10%	\$502	6%
Historic Preservation Fund	\$74	2%	\$79	2%	\$58	2%	\$60	0%
Capital Projects Fund	\$1,391	35%	\$1,938	38%	\$1,167	36%	\$1,561	40%
TOTAL REVENUE	\$3,935	100%	\$5,140	100%	\$3,244	100%	\$4,110	100%
Expenditures by Fund								
General Fund	\$2,407	55%	\$4,160	56%	\$2,335	54%	\$4,036	58%
Open Spaces & Parks Fund	\$148	3%	\$246	3%	\$135	3%	\$225	4%
Recreation Fund	\$309	7%	\$1,603	22%	\$282	7%	\$1,558	11%
Historic Preservation Fund	\$0	0%	\$0	0%	\$0	0%	\$0	0%
Capital Projects Fund	\$1,543	35%	\$1,363	18%	\$1,543	36%	\$1,363	27%
TOTAL EXPENDITURE	\$4,407	100%	\$7,372	100%	\$4,295	100%	\$7,182	100%
NET FISCAL RESULT/ FUND								
General Fund	(\$590)		(\$1,995)		(\$864)		(\$2,347)	
Open Spaces & Parks Fund	\$138		\$137		\$91		\$73	
Recreation Fund	\$59		(\$1,029)		\$40		(\$1,055)	
Historic Preservation Fund	\$74		\$79		\$58		\$60	
Capital Projects Fund	(\$152)		\$574		(\$376)		\$198	
20-YEAR NET FISCAL IMPACT	(\$472)		(\$2,233)		(\$1,051)		(\$3,071)	
AVG. ANNUAL NET IMPACT	(\$24)		(\$112)		(\$53)		(\$154)	

The fiscal model results show that both the Current and Proposed Zoning Scenarios result in a slight net fiscal deficit to the City. This ranges from \$24,000 to \$53,000 as an annual average for the Current Zoning Scenario and \$112,000 to \$154,000 as an annual average for the Proposed Zoning Scenario.

Any mixed-use development that includes residential development often results in a negative fund balance with the City's current modeling tool. This is because residential development results in more expenditures to provide city services to the residents of the development when compared to commercial development. The Proposed Zoning Scenario has a slightly larger deficit considering there is more residential and less commercial development in that scenario.

As previously noted, development of the property with all commercial uses is potentially not market feasible and by allowing a mixed-use residential development the City could promote redevelopment and revitalization of the property to meet the City's goals for the Highway 42 Revitalization Area. While the fiscal model predicts a slight negative net balance, there are likely broader economic benefits to the City from the proposed development. This would include providing more vitality and activity in DELO and Downtown, which would support other existing businesses in the area.

PUBLIC COMMENTS:

Public comments are included as Attachment 4.

STAFF RECOMMENDATION:

Staff recommends approval of Resolution 18, Series 2023 recommending approval of an ordinance rezoning Lot 10, Block 1 and Outlot 1, DELO Lofts Final Subdivision Plat from the CC-MU (Commercial Community – Mixed Use) to MU-R (Residential Mixed Use)

ATTACHMENTS:

1. Resolution 18, Series 2023
2. Ordinance XX, Series 2023
3. Application Materials
4. DELO Lofts PUD
5. DELO Lofts Plat
6. Ordinance 1704, Series 2015 (Rezoning from I to CC-MU)
7. Public Comments