

MEMORANDUM



TO: PLANNING COMMISSION
FROM: MARK SPENCER, AICP, PLANNER *Mark Spencer*
THROUGH: BARBARA MCBETH, AICP, DEPUTY DIRECTOR
OF COMMUNITY DEVELOPMENT
SUBJECT: OST DISTRICT FACTS
DATE: JUNE 14, 2012

Introduction

The Planned Office Service Technology (OST) Zoning District is an important non-residential component of the City of Novi. The District is one of three office zoning districts in the City. Created to encourage and allow the development of high-tech, multi-use office/laboratory/production facilities as opposed to straight office or commercial uses, a variety of general and medical offices, research and development facilities (with or without accessory manufacturing and warehousing), colleges, hotels and an exposition facility, have located in the OST District since its creation. With over 3 million square feet of floor space, these properties constitute a significant portion of the City's tax base. Since over 50% of the land in the OST District is available for development, new businesses locating in the District will continue to contribute to the City's growing tax base.

The following paragraphs provide a recap of some basic information regarding the City's OST District.



Figure 1 – South University

Zoning Ordinance

In order to facilitate the successful development of the OST District, Article 23A of the Zoning Ordinance was drafted to permit a wide range of uses in the district, including:

- High-tech research, development and testing multi-use facilities with accessory warehousing, assembly, production and manufacturing activities
- Offices
- Medical offices
- Facilities for human care
- Public buildings
- Financial institutions
- Hotels
- Television, movie and radio production studios

- Colleges
- Recreation facilities
- Day-care centers
- Restaurants attached or in an office or hotel building
- Retail, personal services and restaurants at select locations
- Customary accessory uses and structures.

In addition, the Zoning Ordinance includes Article 10A, the EXO Overlay District, that permits an exposition facility in a specific mapped area of the OST District.



Figure 2 - ITC Headquarters

District Overview

Located in Sections 1, 9, 12, 13, 14, 15, and 16, the OST District contains 1,187 acres of land divided into 170 parcels (see attached maps). These parcels range in area from one-quarter to 59 acres. In addition, over three hundred acres of residential and industrial zoned land are depicted on the future land use map for office, research, development and technology uses and thus planned to be in the OST District.

Sixty-eight parcels encompassing 395 acres, or 33% of the District, are currently developed for commercial use. Ten parcels are developed for utilities and utility services, which occupy 159 acres or 13% of the District. Seventeen parcels are developed for private residential household uses and occupy 84 acres or about 7% of the District. The District also contains 75 parcels of vacant land occupying 548 acres or

46% of the District. Residential uses are non-conforming in the OST District and since commercial property tends to sell for a higher value than residential property, these properties probably will be redeveloped to a use appropriate for the OST District. Parcels with utility and utility services were excluded from property available for development forecasts because the parcels contain public utility facilities, including the ITC headquarters, and the co-location of commercial development is not practical on these parcels. Combined, the OST District contains 92 vacant and residential parcels that contain 633 acres of land and occupy 53% of the District. This is the amount of land available for development in the OST District(see Figure 1).

Land Use Classification

The 78 non-residential developed lots in the OST District contain many types of businesses. Classifying the properties in the District using the American Planning Association's (APA) Land Based Classification Standards for Function (see attached Appendix) provides a tool to help analyze these properties. Land uses can be classified by the economic function or the type of establishment using the land. Land-use terms, such as agricultural, commercial, industrial, relate to function. The economic function served by the land use is independent of actual activity on the land. Establishments can have a variety of activities on their premises, yet serve a single function. For example, two parcels are said to be in the same functional category if they belong to the same establishment, even if one is an office building and the other is a factory.

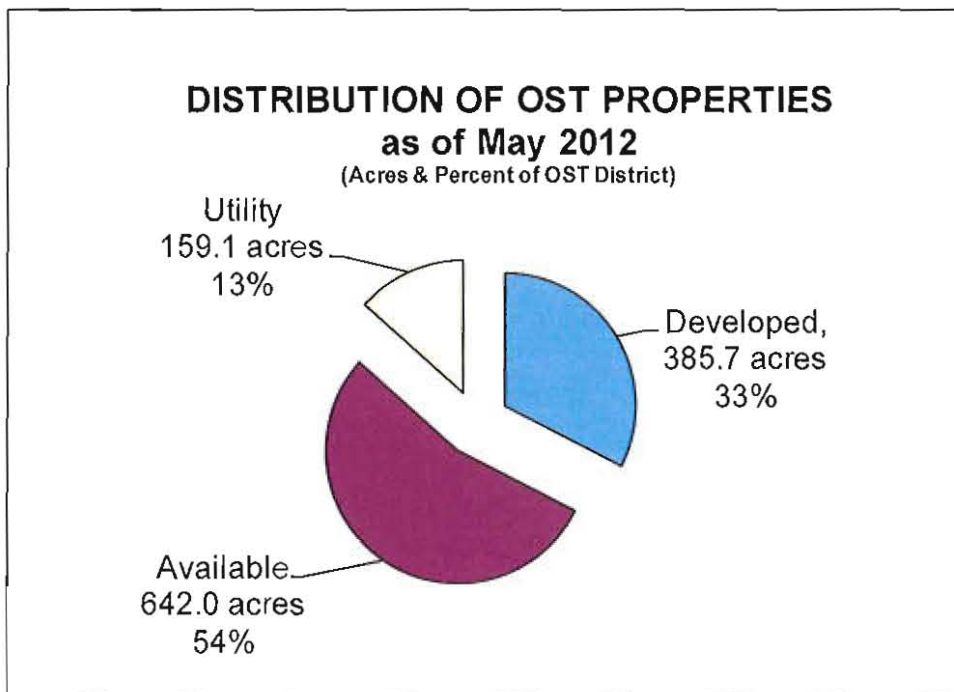


Figure 3 - Available properties include vacant and residential properties

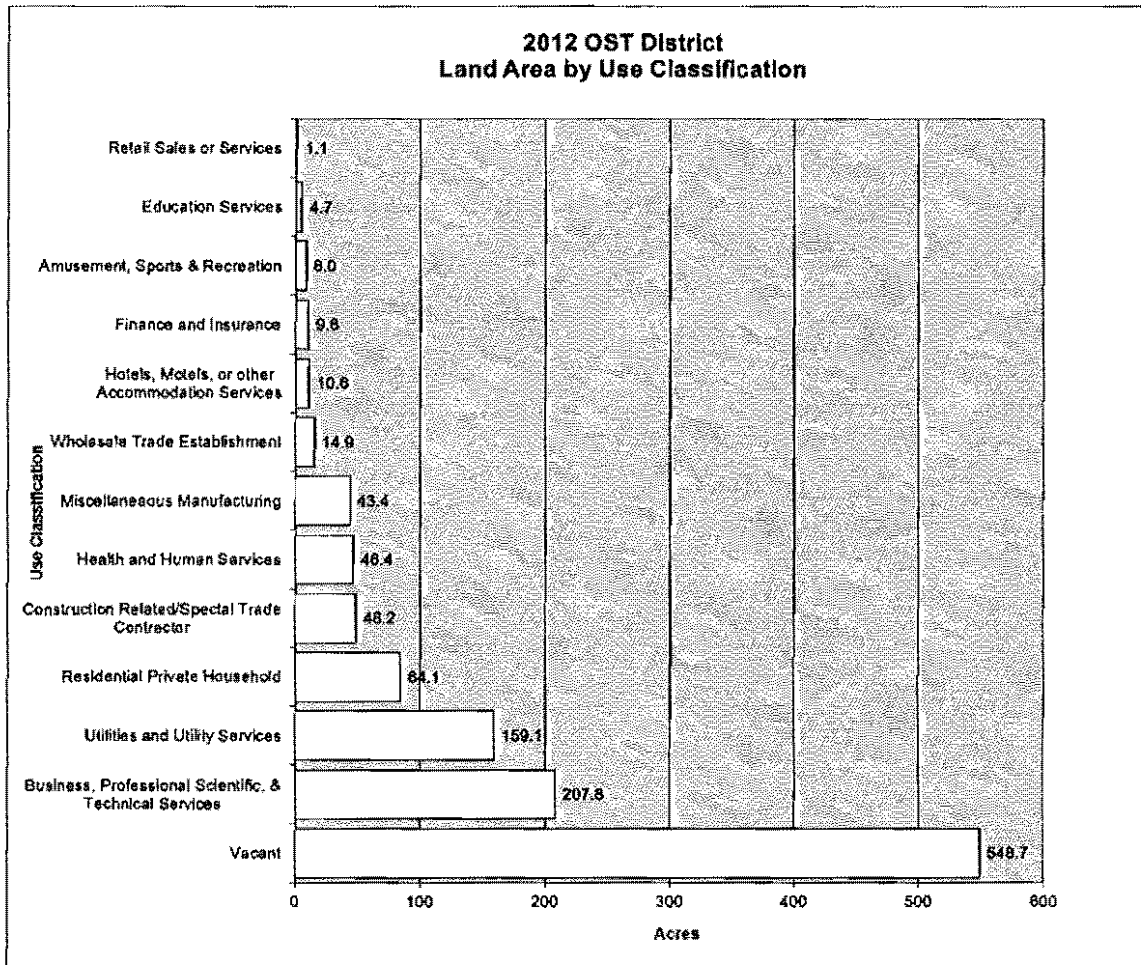


Figure 4

Thirteen of the APA land use function classifications can be found in the OST District. Properties with the "vacant" classification occupy the largest portion of the OST District with 548 acres. At 208 acres the "business, professional, scientific, and technical services" classified properties occupies the largest amount of developed land in the District, followed by "utilities and utility services" at 159 acres. This is followed by "residential private household" developed properties with 84 acres, "health and human services" at 46 acres, and "miscellaneous manufacturing" at 43 acres (see Figure 2). Developed land in the OST District has increase about 100 acres in the last five years.

Commercial Floor Area

The OST District's 78 non-residential developed lots contain 3.2 million square feet of floor area. In the last 5 years 700,000 square feet of floor space was added in the District including the ITC headquarters, Ryder headquarters, LaSalle South, Hilton Inn, Nitto Denko, Toyota Boshku and Tognum. Property classified as "business, professional,

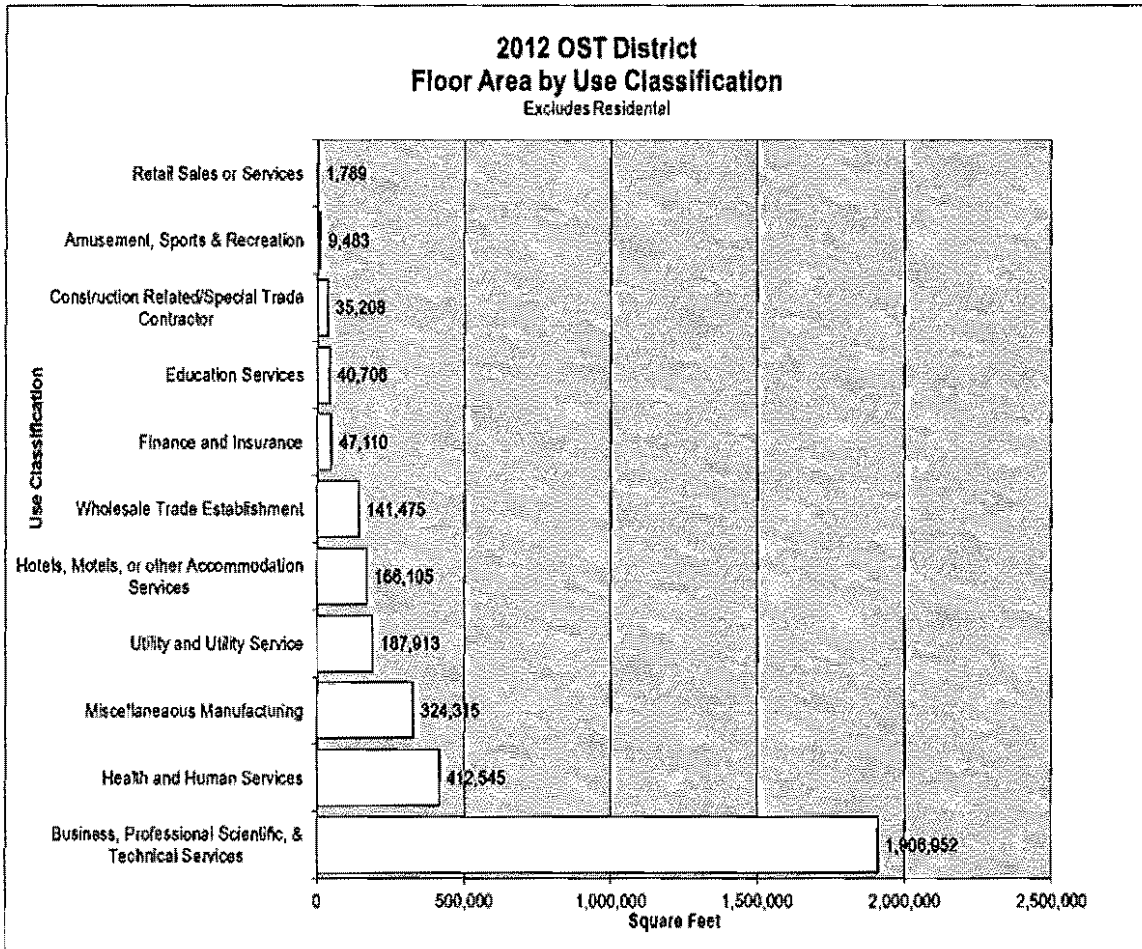


Figure 5

scientific, and technical services" contains the majority of the floor space with 1.9 million square feet (58%), followed by "health and human services" with 413,000 square feet (13%), and "miscellaneous manufacturing" with 324,000 square feet (10%) (see Figure 3).

The five largest facilities in the OST District are the Suburban Collection Showplace at 319,000 square feet, Intier Automotive at 285,000 square feet, ITC headquarters at 187,000 square feet, Ryder headquarters at 150,000 square feet, and Henry Ford Medical Center at 130,000 square feet.

Taxable Value

The properties in the OST District have a combined 2011 taxable value of \$181.7 million. The developed parcels in the District, except residential, have a combined taxable value of \$150.3 million. The 2011 taxable value of developed parcels with the "business,

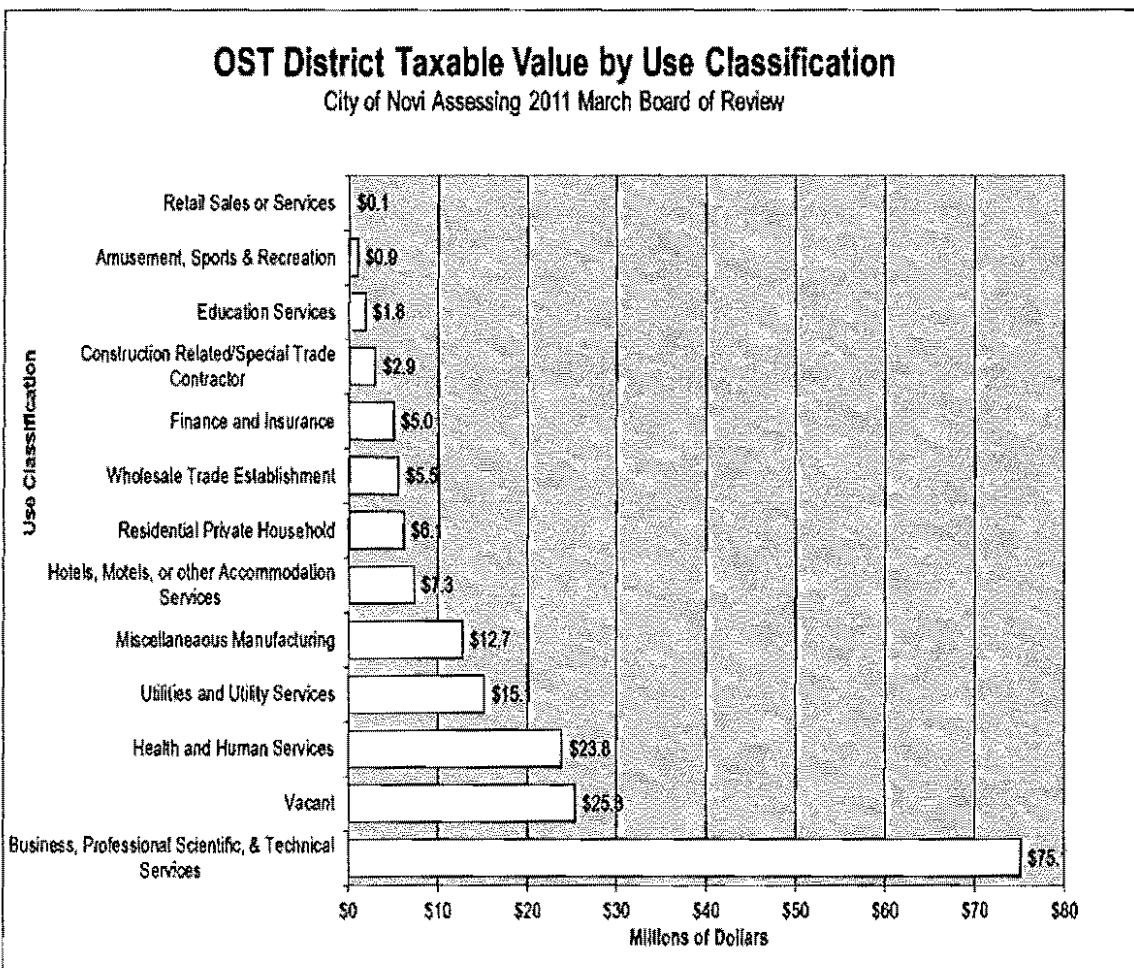


Figure 6

professional, scientific, and technical services" function classification have the highest combined taxable value at \$75.1 million, followed by "health and human services" at \$23.8 million, "utilities and utility services" at \$15.1 million, "miscellaneous manufacturing" at \$7.5 million, and "hotels, motels, or other accommodation services" at \$7.3 million (see Figure 4).

Due to the general devaluing of properties in recent years, Taxable value has dropped \$17 million in the last 5 years. The average estimated capped taxable value of the 78 developed lots is \$1.9 million per parcel or \$269,000 per developed acre. Currently "hotels, motels, or other accommodation services" classified property has the highest average taxable value per parcel at \$689,000 per acre, followed by "health and human services" at \$514,000 per acre, "finance and insurance" at \$506,000 per acre, and "educational services" at \$390,000 per acre (see Figure 5).

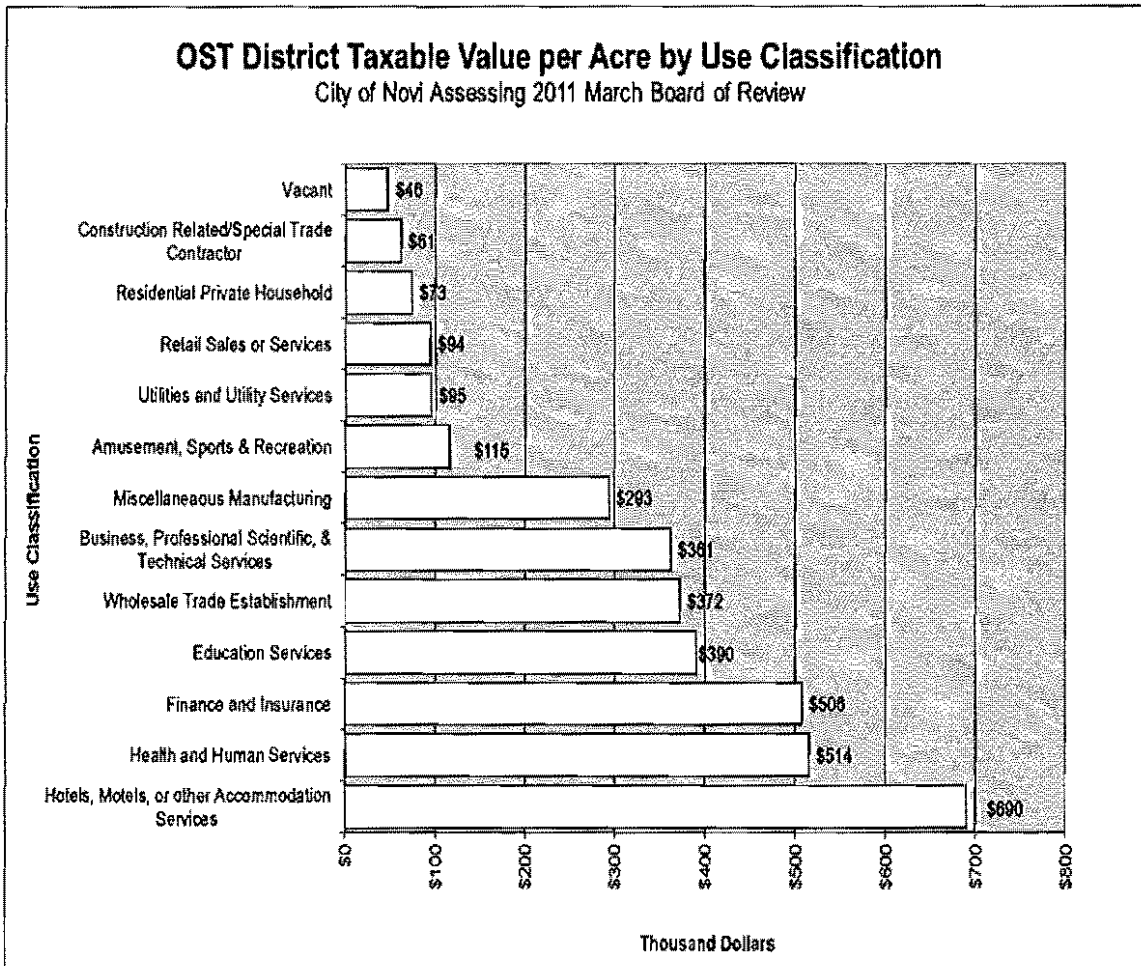


Figure 7

Developments Under Review

Currently, three projects with 306,000 square feet of floor space are proposed and in the planning process within the OST District. These projects include the 156,000 square foot phase 2 of the ITC headquarters, a 95,000 square foot hotel at the Suburban Collection Showplace and the 55,000 square foot Haggerty Corridor Corporate Park (Northern Equities) office building at the northwest corner of Mackenzie Drive and Haggerty Road. The completion of these projects will increase the floor area in the OST District by about 10%. This construction could potentially add \$15 million to the District's taxable value (10% of the developed parcel values).



Figure 8 – Ryder headquarters

Conclusions

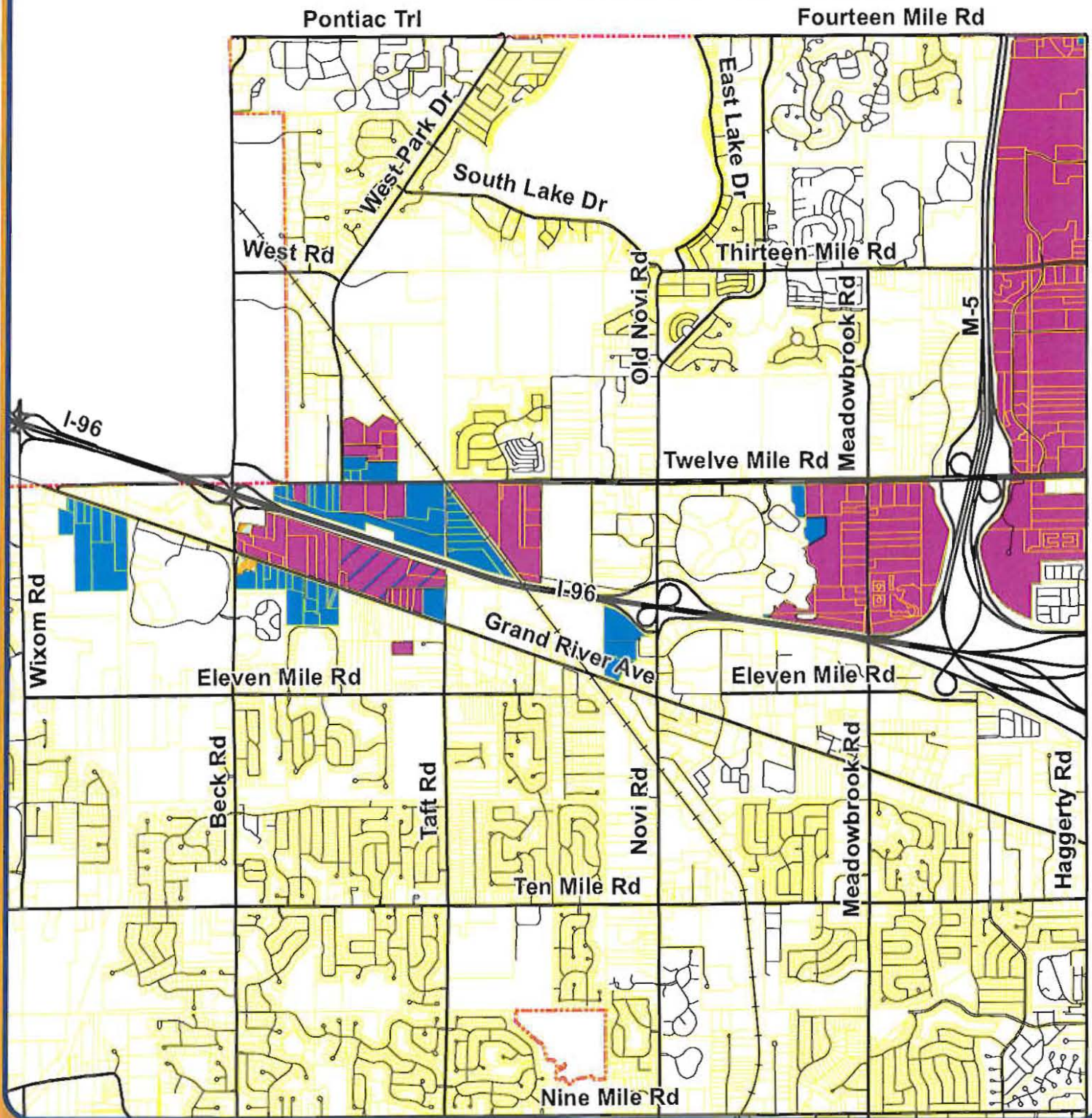
The OST District has been partially developed with a wide range of office, research and development businesses. Since over 50% of the District is available for development, the OST District will continue to attract valuable development to the City of Novi. This new development will further the economic importance of the District and further the taxable value of the City.

For further information, please contact Planner Mark Spencer at [mspencer@cityofnovi.org](mailto:m Spencer@cityofnovi.org) or 248-735-5607.

Attachments

Existing and Potential OST Zoning Districts

May 2012



Map Author: Mark Spencer
 Date: 5/24/12
 Project: OST 2012
 Version #: 1.0

MAP INTERPRETATION NOTICE

Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to assist in the understanding of zoning information and does not constitute an official or primary source. Boundary measurements and area calculations are approximate and should not be construed as survey measurements performed by a licensed Michigan Surveyor as defined in Michigan Public Act 132 of 1970 as amended. Please contact the City GIS Manager for further source and accuracy information related to this map.

Legend

- Tax Parcels
- OST Zoned Properties**
 - OST: Office Service Technology
 - EXO: OST District with EXO Overlay
- Potential OST Properties (from Future Land Use Map 2010)**
 - OFFICE RESEARCH DEVELOPMENT TECHNOLOGY
 - OFFICE RESEARCH DEV. & TECH. WITH RETAIL OVERLAY



City of Novi

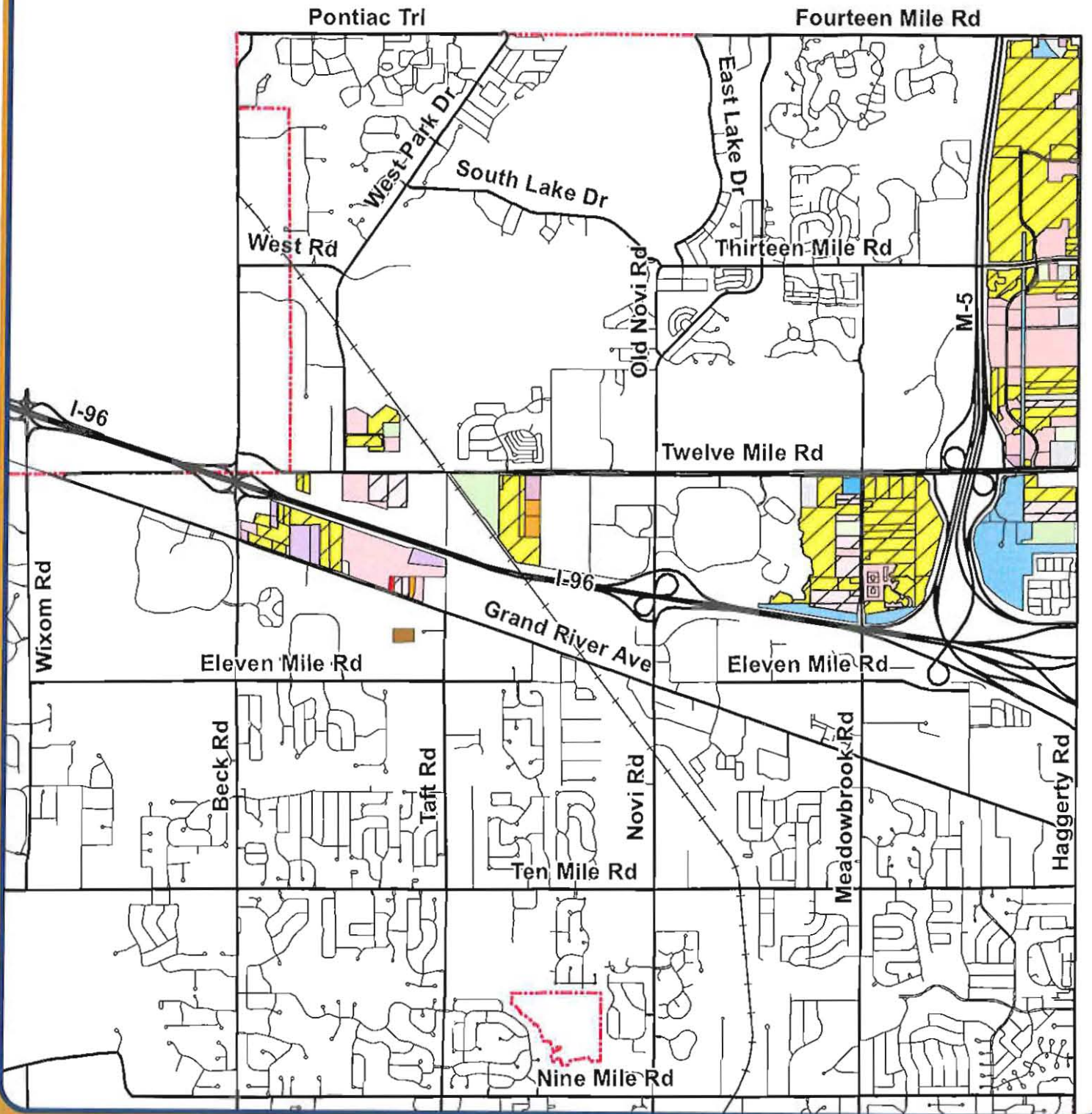
Planning Division
 Community Development
 45175 W Ten Mile Rd
 Novi, MI 48375
 cityofnovi.org



1 inch = 3,500 feet

Use Classification of OST District Properties

May 2012



Map Author: Mark Spences
 Date: 5/24/12
 Project: OST class 2012
 Version #: 1.0

MAP INTERPRETATION NOTICE
 Map information depicted is not intended to replace or substitute for any official or primary source. This map was intended to assist National Map Accuracy Standards and use the most current available system, available to the public of the City of Novi. Boundary measurements and area calculations are approximate and should not be construed as survey measurements, performed by a licensed Michigan Surveyor as defined by Michigan Public Act 132 of 1970 or amended. Please contact the City GIS Manager for further source and accuracy information related to this map.

Legend			
	Residential		Wholesale Trade
	Hotels/Motels		Utilities
	Retail Sales/Service		Recreation
	Finance/Insurance		Education
	Business Professional, Scientific & Tech.		Health Human Services
	Misc. Manufacturing		Construction Related
			Vacant



City of Novi

Planning Division
 Community Development
 45175 W Ten Mile Rd
 Novi, MI 48375
cityofnovi.org



1 inch = 3,583 feet

Appendix

LAND-BASED CLASSIFICATION STANDARDS

Land-Based Classification Standards provide a consistent model for classifying land uses based on their characteristics. The standards are based on a multi-dimensional land-use classification model. LBCS updates the 1965 *Standard Land Use Coding Manual* (SLUCM), a standard which was widely adopted for land-use classifications.

Function

Function refers to the economic function or type of establishment using the land. Every land use can be characterized by the type of establishment it serves. Land-use terms, such as agricultural, commercial, industrial, relate to enterprises. The type of economic function served by the land use gets classified in this dimension; it is independent of actual activity on the land. Establishments can have a variety of activities on their premises, yet serve a single function. For example, two parcels are said to be in the same functional category if they belong to the same establishment, even if one is an office building and the other is a factory.

Function 1000: Residence or accommodation functions

Function 1100: Private household

Function 1200: Housing services for the elderly

Function 1300: Hotels, motels, or other accommodation services

Function 2000: General sales or services

Function 2100: Retail sales or service

Function 2200: Finance and Insurance

Function 2300: Real estate, and rental and leasing

Function 2400: Business, professional, scientific, and technical services

Function 2500: Food services

Function 2600: Personal services

Function 2700: Pet and animal sales or service (except veterinary)

Function 3000: Manufacturing and wholesale trade

Function 3100: Food, textiles, and related products

Function 3200: Wood, paper, and printing products

Function 3300: Chemicals, and metals, machinery, and electronics manufacturing

Function 3400: Miscellaneous manufacturing

Function 3500: Wholesale trade establishment

Function 3600: Warehouse and storage services

Function 4000: Transportation, communication, information, and utilities

Function 4100: Transportation services

Function 4200: Communications and information

Function 4300: Utilities and utility services

Function 5000: Arts, entertainment, and recreation

Function 5100: Performing arts or supporting establishment

Function 5200: Museums and other special purpose recreational institutions

Function 5300: Amusement, sports, or recreation establishment

Function 5400: Camps, camping, and related establishments

Function 5500: Natural and other recreational parks

Function 6000: Education, public admin., health care, and other inst.

Function 6100: Educational services

Function 6200: Public administration

Function 6300: Other government functions
Function 6400: Public Safety
Function 6500: Health and human services
Function 6600: Religious institutions
Function 6700: Death care services
Function 6800: Associations, nonprofit organizations, etc.
Function 7000: Construction-related businesses
Function 7100: Building, developing, and general contracting
Function 7200: Machinery related
Function 7300: Special trade contractor
Function 7400: Heavy construction
Function 8000: Mining and extraction establishments
Function 8100: Oil and natural gas
Function 8200: Metals (iron, copper, etc.)
Function 8300: Coal
Function 8400: Nonmetallic mining
Function 8500: Quarrying and stone cutting establishment
Function 9000: Agriculture, forestry, fishing and hunting
Function 9100: Crop production
Function 9200: Support functions for agriculture
Function 9300: Animal production including slaughter
Function 9400: Forestry and Logging
Function 9500: Fishing, hunting and trapping, game preserves
Function 9900: Unclassifiable function (*class used for vacant land*)

Source: American Planning Association