



MASTER PLAN STEERING COMMITTEE
December 14, 2022 at 6:00 p.m.
Activities Room
45175 Ten Mile Road, Novi, MI 48375
(248) 347-0475
MINUTES

1. Roll Call

Members Present:	<i>Planning Commission:</i> David Dismondy (Chair), Ed Roney <i>Council:</i> Mayor Pro-Tem Dave Staudt <i>Staff:</i> Lindsay Bell, Ben Croy, Barb McBeth, Rick Meader
Members Absent:	John Avdoulos, Victor Cardenas, Mike McCready, Ramesh Verma (<i>excused</i>)
Support/As Needed:	James Hill, Beth Saarela
Consultants:	John locoangeli (Planner), Rowan Brady (Planner), Colleen Hill-Stramsak (Engineer)

2. Approval of Agenda

The December 14, 2022 agenda was unanimously approved.

3. Approval of the October 5, 2022 Committee Meeting Minutes

The October 5, 2022 minutes were unanimously approved.

4. Discussion Items

A. Master Plan Economic Conditions: IMPLAN Analysis

Rowan Brady noted as this was on the agenda for the November meeting, which was cancelled, it was moved forward to the December agenda. Mr. Brady's power point presentation is intended to go over the economic conditions for the City of Novi. The data presented first will frame up the next presentation on land use, which John locoangeli will cover. A pair up of land use and economic conditions will ensure current and future land use trends are rooted in the economic activity and economic dynamics of the county and community.

Mr. Brady presented an overview of key employment sectors. The four largest employment sectors of Novi residents (people who live in the city and may work elsewhere) were reviewed. The largest sector Novi residents are employed in is manufacturing, the second largest sector is professional, scientific and management, and administrative and waste management services, third is educational services, health care and social assistance, and fourth is finance, insurance, real estate, rental and leasing. This is symptomatic of a middle-class

economy, moving up into upper middle class would see slightly more finance and professional services.

Mr. Brady discussed inflow, which refers to people who live outside the community and work inside, and outflow, which refers to those who live in the community and work elsewhere. Novi has roughly 41,000 people who travel into the city for work, approximately 3,500 who live and work in the city, and almost 26,000 who live in the City of Novi and work elsewhere. This equates to roughly 67,000 people travelling in and out of the city just for work on five to potentially seven days a week. Most travelling into the city come from the southeast. Outflow looks very similar, although there are a few more travelling to the north and south for work.

Mr. Brady performed a base sector analysis using IMPLAN, an economic modeling software developed by the United States Department of Labor. IMPLAN is an input-output model which models upstream economic activities – resources, supply, and manufacturing of goods and services. It models how industries relate to each other, it does not model downstream activity, i.e. sales measures. Oakland County level data was reviewed rather than the economy at a city scale, as it is interrelated to the economic dynamics of the region. IMPLAN measures labor income (employee compensation and proprietor income), taxes (property, sales and purchase) and other property income (such as rental income) which combine to make up GDP. IMPLAN also adds intermediate outputs, which combined with GDP makes up economic output.

Oakland County has almost \$200 billion of economic output, a substantial amount of the approximate \$4 trillion State of Michigan total. Mr. Brady discussed the largest industries in Oakland County – 1) real estate, 2) architecture and engineering (professional services), 3) hospitals (social assistance) and 4) insurance carriers (finance). This matches with the employment data presented earlier. This data was used to do a base sector analysis which identifies industries in the region that are importing and exporting. The data was used to identify four primary base sector categories – mature industries (9%), growth industries (58%), declining industries (6%), and emerging industries (27%). This paints a picture of a healthy, stable economy with 58% in growth and 27% in emerging sectors. The growth sector includes real estate, architecture and engineering, and insurance/finance. The mature sector includes a lot of wholesale and other financial investment opportunities including credit lending. Auto manufacturing and motor vehicle parts, and the retail industry follow the story of declining industries in SE Michigan, which have been declining over the past five years having implications for shopping malls and retail centers. The emerging sector includes hospitals, scientific research and development, and other motor vehicle parts manufacturing.

Member Staudt inquired where health clubs and recreational facilities, such as iFly, fit in as they are sectors on their way up. Mr. Brady indicated businesses such as trampoline parks are in the recreational or experiential category, gyms are in the personal health and fitness category.

Mr. Brady indicated a more in-depth analysis of the data could be accessed by clicking on the link in the interactive charts. Mr. Brady cautioned everything discussed so far is related to 2014-2019, which is pre-pandemic. IMPLAN software

released the 2021 data about three weeks ago. Mr. Brady pulled Oakland County data just prior to the meeting and discussed the post Covid19 economy, the breakdown of the growth, emerging, mature and declining sectors and gains and losses by percent and value.

Member Staudt inquired about the construction trades, which are not shown, as he works for a trade association. Mr. Brady indicated that they may not be showing up as he only pulled the three largest sectors and it's possible that it falls fourth or below. Mr. Brady encouraged viewing of the interactive charts which can be sorted by sectors.

Takeaways are legacy manufacturing sectors (auto, machinery) which were declining industries pre-Covid, were hit hard by Covid. Specialized manufacturing (medical equipment, medical materials) accelerated; retail held constant. Arts, entertainment, and accommodation are on the rebound. Takeout and limited-service restaurants exploded in popularity during Covid. Strains on household budgets caused declines in sectors such as the appliance sector.

Mr. Brady briefly showed the interactive chart he referenced earlier and the construction sector. The chart shows 2014-2019, which indicates all construction sectors experienced positive economic activity. Mr. Brady will send the post-Covid data to Member Staudt.

B. Initial Concepts for Master Plan

John Iocoangeli discussed about the Master Plan for Land Use. Mr. Iocoangeli reviewed master plans that the city adopted over the last 30 years to note where there may be program shifts in land use development and policies. The 1993 plan emphasized lower density, lower building height and a much more suburban style of development than typically seen in an emerging, urban community. The commercial land use objectives basically discouraged the overdevelopment of commercial uses, and the proliferation of strip commercial by enforcing land use planning and zoning policies. Policy statements in the master plan looked at trying to contain commercial development to reduce negative impacts on further residential development.

The 1993 Master Plan was the first introduction of the Town Center concept for the Grand River/Novi Road area. This was an indication in the plan of a mixed-use development, with one of the policy statements to create a traditional downtown area with a Main Street. In the early 90's, the idea of creating a traditional downtown was somewhat novel as most downtown areas in SE Michigan are historic. The last bullet point in the 1993 Master Plan was to encourage a mix of residential, commercial, and civic uses within a defined geographic area. Rather than segmenting land uses, there was a policy of trying to blend a variety of land uses together to create more of a mixed use and traditional environment. However, the 1993 Master Plan has caused some issues as it indicates in one regard a mixed-use area integrating residential, commercial, and civic uses, then another part of the plan indicates segregating uses.

In 1986 the Town Center design plan encouraged a concept of multi-seasonal mixed-use development with parks and the introduction of residential and

commercial uses. In the 1970's through the 1990's in Michigan planners tended to take a city and divide it into districts. With each subsequent Master Plan in Novi, there has been a movement to redistrict the community into smaller districts. Each district in turn has had their own separate zoning with its own intent and land use categories. Over time the zoning ordinance has been revised to reflect the changes in the land use patterns.

Currently, Novi has 24 specific land use categories and 28 specific zoning districts. Mr. locoangeli reviewed a consolidation into similar categories to get a condensed idea of the underlying framework of the city relative to land use and zoning. This reduced 24 land use categories to six, and similarly reduced 28 land use categories to six.

Incorporated into the Framework plan was information from both market analysis, plus conversations with developers who have done a lot of development in the city, was used to come up with residential, commercial and office real estate trends.

The residential market is relatively strong, though rising interest rates have tampered down activity a bit. There is a targeted market for 55+ households with a focus on single level living. There is a movement towards higher residential density, 3-5 units per acre, to accommodate 1,700 to 2,100 sq ft homes.

On the commercial side, retail is getting close to being at capacity, if not a little overbuilt. There is a concern about Twelve Oaks Mall. In the retail sector, we are seeing some traditional retail stores being converted into non-retail uses, for example Aspen Dental and some urgent care facilities. Fountain Walk, with the anticipated occupancy of Ford's Garage and KPOT, will be at the point of being built out apart from some property to the northwest.

Office trends show an opportunity for flex warehousing. Mr. locoangeli found through discussions that in the near term, there will not be any new speculative office space being built, everything will be preleased based on interest rates and construction costs leading to somewhat of a slowdown in this market.

A National property type cycle locations chart was shown with 2020 4th quarter data reflecting different real estate sectors in the recovery, expansion, hyper supply, and recession phases. In 2020, apartments were in hyper supply, retail/regional malls were in recession mode. This was impacted by Covid, but today's data shows 15% of all retail sales are ecommerce, increasing every year. Brick and mortar stores are taking most of the hit. Mr. locoangeli spoke with everyone Member McBeth identified as developers that have worked within the market, apart from difficulty in communication with Simon Property Group, the majority owner of Twelve Oaks Mall. Mr. locoangeli defaulted to pulling the Simon Property Group 10-K annual report filed with the SCC. In the report, Simon includes a section called "Forward Looking Statement" which advises investors what they can look forward to in the next few years relative to potential risk or opportunity. Simon advises of the potential of loss of anchor stores or major tenants in their malls, and the inability to collect rent due to bankruptcy or insolvency and the increase of ecommerce. As the cover of the report indicates "Live, Work, Play, Stay, Shop", Simon is in the stage of redevelopment.

Mr. locoangeli reviewed a recent retail bankruptcy report from Retaildive.com, showing retail businesses in either reorganization, Chapter 11, or Chapter 13. This includes businesses typically found in regional malls such as Francesca's, Steinmart, Lord and Taylor, Brooks Brothers, JCPenney, GNC, Art Van, Alex and Ani, Christopher Banks, and Neiman Marcus. The 2021 Simon Properties Report is continuing to increase mixed uses into their properties. One noted was the Phipps Plaza in Buckhead (Atlanta), Georgia. The mall was transformed into mixed use luxury environment including a 150-room hotel, restaurants, 13 story classic gold certified office building, Lifetime Athletics and a citizens culinary market.

Mr. locoangeli analyzed how to reorganize land use classifications to get ready for transformational redevelopment that will be occurring the in the future. Working with the City Planning team, parcels were identified that would be available for redevelopment and infill, those that would accommodate new development and those that are built out. The city is significantly built out, primarily in the residential areas. The redevelopment areas, with the exception of the golf course in the SW part of the city, are sandwiched in between Twelve Mile and Grand River, where a lot of office, research and commercial development has occurred in the community. These properties will see the greatest degree of transformation in the future.

In order to accommodate change, new land use categories were proposed. Commercial Mixed Use (CMX) allows for a combination of commercial, office, lodging and residential within an integrated development and includes Regional Commercial, PD-2 (Residential adjacent to Commercial) and PD-1 (an expansion of multi-family with higher density and greater height).

The General Mixed Use (GMX) category provides the highest flexibility of the categories. It includes regulated use for Non-Residential Retail – general retail, exhibition and conference facilities, research and development, healthcare, offices, restaurants and open space and plazas and for Residential – single family attached, multiple family and upper story apartments and lofts. This provides flexibility as it's the introduction into the commercial district of offices, research, development, health care, and restaurants, along with residential.

Town Center (TC) includes general retail, restaurants, offices, hotels, financial, insurance, and real estate, parks and plazas upper story apartments and lofts, attached single family and multi-family.

Office, Science and Technology (OST) includes the condensed districts of office research technology and industrial research development technology which includes professional offices, research and development, scientific and technical uses, healthcare, information technology, automotive related research, light industrial without assembly, e-commerce distribution and pharmaceutical research with no residential.

The last category, Public and Quasi-Public, includes educational facilities, public facilities like city hall, public parks, private parks, cemeteries, and utility related facilities. There has been some discussion regarding removing parks and creating parks as a separate land use category. Member Staudt relayed that there

appears to be state law that protects that land if it is designated in the master plan for park. City Planner McBeth confirmed that is correct.

The General Mixed Use (GMX) category would include the areas along west Grand River where the Suburban Collection exhibition facility is, the area currently designated as City West on the south side of Grand River, as well as the north side of I-96 along M-5 corridor and both sides of Meadowbrook.

The Commercial Mixed Use (CMX) category would include Twelve Oaks Mall, West Oaks, Fountain Walk plus the attached residential PD-1 uses on the east side of the mall.

The Town Center (TC) category would include the existing Town Center plus some districts to the east.

The Office, Science and Technology (OST) category would include primarily areas that have existing facilities on the west side of the regional mall complex. There are some vacant properties located here as well.

At the request of City Planner McBeth, Mr. Iocoangeli did a quick case study of how the proposed land use categories would look.

For the Town Center district, the revised land use aggregates 8 different land use classifications into one district, it creates a mixed-use character, and combines a mix of commercial, office and residential uses. Mr. Iocoangeli took a look at the 8 different zoning districts – TC, TC-1, B-3, GE, NCC, OCS, RM-1 and RM-2 and listed all of permitted and special land uses in each of the categories which resulted in a common grouping of land uses within the districts.

There are some land uses in the districts in Mr. Iocoangeli's opinion that need to be weeded out, for example in some of the districts there are farms and the keeping of horses and ponies which are not found normally in a very urban, commercial district area. This would be an opportunity to weed some of these uses out. In the TC and TC-1, the uses were pretty much the same with the exception that micro-breweries were a special land use in the TC district but permitted in TC-1. These types of nuances could easily be collapsed down.

Mr. Iocoangeli's recommendations include collapsing down and refining permitted and special uses within the greater area and unifying the public realm, which is the area constituted by the right of way plus setback areas between the right of way and buildings, by creating a uniform design which is not occurring currently. Mr. Iocoangeli recommended creating a public realm improvement standard in Article 5, which is the Site Standards in the Zoning Code, so over a period everything starts to look like a uniform district.

Also recommended were that site plan review approvals primarily stay at Administrative or Planning Commission level, not at the City Council level.

Mr. Iocoangeli recommended the use of Planned Use Development (PUD) or Planned Development provisions currently in Michigan's Zoning Enabling Act which allows the city and developer to create a more flexible innovative development. That would dissolve PD-1 and PD-2 options.

Also due to non-conforming uses in the districts, the ordinance should allow two classes of non-conforming uses - Class A, which would be allowed to continue and expand under certain standards, and Class B, which are uses that are objectionable and not allowed to expand and would be phased out when use is sold, abandoned or vacated.

The proposition for the Framework includes:

- Consolidation of uses to create more mixed-use development categories
- Providing more flexibility in order to address the current real estate trend regarding the impacts associated between brick and mortar and e-commerce
- Encouraging internal walkability and connectivity in districts
- Creating public realm standards to unify the corridors
- Use of PUD ordinance agreements to increase innovation
- Positioning Twelve Oaks Mall for a mix of retail uses, entertainment, and outdoor activities
- Recognizing the transformation that is going to occur between Twelve Mile/ Grand River and Meadowbrook/Beck Road. This core part of the city will see the highest degree of redevelopment and transformation. The land use categories are being designed and proposed to accommodate that development.

Mr. locoangeli opened the floor for discussion. City Planner McBeth asked to clarify the mixed-use areas on the map.

Member Dismondy inquired about concerns for City West regarding overbuilding retail. Mr. locoangeli relayed that what Simon Group did in Atlanta was to supplement retail with non-retail uses like hotel, office and outdoor entertainment areas along with a number of other projects around the country that did similar developments. Member Dismondy inquired about building apartments without the guarantee of residents. Mr. locoangeli relayed the developments are set up as hubs with flexibility.

Member Staudt relayed he sees an area for redevelopment on Nine Mile between Novi Road and Meadowbrook. There are a lot of old commercial buildings there that could easily be torn down or repurposed. City Planner McBeth relayed that area is an older industrial area where we do see some interest in the buildings as a flexible industrial space.

Mr. locoangeli concluded his presentation by stating he likes to use IMPLAN to make the connection between economic trends and incorporating those trends into land use and zoning so opportunities are not missed. He asks that the Committee consider the concept of consolidation of land use districts to create more flexible and dynamic areas in the city, and if the concept is acceptable, then Mr. locoangeli would work with the Planning staff to develop a future land use plan in more detail which would be presented to the Steering Committee, the Planning Commission and eventually City Council. City Planner McBeth suggested taking time to digest the presentation and revisiting this in January.

C. Schedule for 2023 Meetings

The proposed meeting dates for 2023 were discussed.

5. Reference Items

A. Powerpoint from the October 5 Meeting: Throughfare Review

The powerpoint from the October 5th Meeting was available for review.

6. Next Steps

Focus Group Meetings will be scheduled for February. Sites will be determined at the January meeting.

7. Audience Participation and Correspondence

Resident Michael Duchesneau, 1191 Southlake Road, inquired about reclassifying several existing subdivisions and stated residential areas should be kept as is and not included in the proposed TC district.

8. Adjourn

The meeting adjourned at approximately 7:37 PM.