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TO: City Planning Commission

FROM: Christopher Gulock, AICP, Staff

RE: **The initiative of the Detroit City Planning Commission and the request of Midtown Detroit, Inc. and Parkstone Development Partners on behalf of the Ferry Street Development Company to rezone 90 and 110 East Ferry Street from a PD (Planned Development) to a SD1 (Special Development District, Small-Scale, Mixed-Use) zoning classification (RECOMMEND APPROVAL OF REZONING TO SD1)**

DATE: July 1, 2021

RECOMMENDATION

The City Planning Commission (CPC) staff recommends **APPROVAL** of the request of the CPC staff and the request of Midtown Detroit, Inc. and Parkstone Development Partners on behalf of Ferry Street Development Company to amend District Map No. 6 of the 2019 Detroit City Code, Chapter 50, Zoning, by showing a SD1 (Special Development District, Small-Scale, Mixed-Use) zoning classification where a PD (Planned Development) zoning classification currently exists at 90 and 110 East Ferry Street.

BACKGROUND AND REQUEST

The subject block is generally located on the south side of East Ferry Street west of John R Street and includes five former Victorian mansions built in the late 1880's and two rear carriage houses. In 1980, the subject area was listed on the National Register of Historic Places, and in 1981, the City approved the East Ferry Avenue Historic District.

In the mid-1990's, the Ferry Street Development Company (co-owned by the DIA and Midtown Detroit, Inc.) proposed developing four of the houses and two carriage houses as an inn/bed and breakfast type use with 40 rooms. As a result, in 1997, the block was rezoned from PC (Public Center) to PD (via Ordinance No. 38-97). The PD included the four houses and two carriage houses named the Inn at Ferry Street (90 East Ferry) and 110 E. Ferry which, at the time, was occupied by Your Heritage House, a museum and cultural center for youth.

The Inn at Ferry Street has operated successfully over the past twenty years. In 2018, 110 East Ferry was purchased by Tellevation II LLC, which converted the building into office space for multiple small tenants and shared working space.

Unfortunately, in March 2019, the Inn at Ferry Street was forced to close its doors due to the COVID-19 pandemic. Furthermore, the travel industry was and continues to be hard hit by the pandemic. As a result, the owners of the Inn are exploring all options for moving forward, including reopening the Inn as is, reopening the Inn with fewer buildings/rooms, or exploring adding new uses. In order to keep all options open, the current owner is requesting to rezone the block from PD to SD1, which would allow a variety of small-scale, pedestrian and transit-oriented uses. For example, SD1 allows multi-family dwellings, museums, and offices as by-right uses and allows bed and breakfast inns, hotels, and single-family houses as conditional uses. The SD1 district also encourages multiple uses combined in one structure. The current owner of 110 E. Ferry Street was contacted and agreed to be part of the rezoning.

After requesting the SD1 designation, it was proposed to also explore the R5 (Medium Density Residential) zoning classification as an option pending feedback from the surrounding community.

COMMUNITY FEEDBACK

On June 15, 2021, the petitioner held a virtual community meeting with about 20 participants, including area residents, business owners, and representatives of area institutions. A summary of the feedback is as follows:

- A resident said, “I like the idea of having more options for that space and having more flexibility in the neighborhood generally speaking. I like the more vibrant, better mix of uses for that space. I would prefer the SD1 designation.”
- A resident said, “From a repurposing standpoint, small offices on the upper floors, makes sense.”
- A resident noted, “I like the idea of boutique hotel/spa, bed & breakfast, and small office spaces.”
- A resident commented, “I think from the Park Shelton resident perspective, the only concern to be cognizant of is the noise level.”
- A resident stated, “I am a big fan of increasing reasons for foot traffic. I live here, because I love the ability to walk or ride my bike to things. So, I would prefer the SD1 for increased options for businesses. I'd love there to be a cafe or wine bar .. or possibly a chiropractor.”
- A resident inquired, “Would the zoning change allow bars?”
- A resident stated, “I see the advantages and disadvantages of both in the R5 and SD1. The SD1 will provide the most flexibility. The challenge with these large historic mansions, is that it is challenging to find a use that is economically viable. The SD1 will provide the most opportunities should this no longer be an inn to have alternate uses that can maintain the buildings.”
- A representative of the Hellenic Museum stated, “SD1 sounds goods as it will bring more foot traffic, more mobility, more people to the area which is good for the museum.”
- A representative of the College for Creative Studies stated, “I lean toward SD1 based on the flexibility perspective. I echo concerns regarding noise, but recognize that can happen with either. Anything that will be under 3,000 square feet will not be that much of a disruption - much prefer the flexibility of SD1.”

- A representative of the DIA stated, “I agree with the other neighbors that SD1 provides more flexibility, no major concerns with the uses, given the size of the buildings.”

In summary, most of the persons on the call preferred the SD1 option, because it would create more vibrancy and more foot traffic; and, most on the call hope the property can stay all or in part an inn. Some on the call did have concerns about any increased noise levels.

PUBLIC HEARING RESULTS

On June 17, 2021, the CPC held a virtual public hearing on the rezoning request, at which, there were 34 persons in attendance. The petitioner clarified they had not yet made any specific decisions about how to move forward with the property. It could remain an inn for the existing site or for a portion. The petitioner said they are very sensitive to not allowing uses that would be disruptive to the community, and based on feedback from the community meeting, favored the SD1 designation as giving them the most options.

At the hearing, four persons spoke, making the following comments:

- One person, a member of the Detroit Association of Women’s Clubs at the corner of Ferry and Brush, requested the need to study all uses in R5 and SD1 to better know the uses in R5; the group was concerned about noise level, parking, and traffic.
- One person, a resident of the area (about one mile away), supported the SD1 which is more complimentary to surrounding civic uses.
- One person, a resident three blocks away, supported the SD1, because it gave the most flexibility to support the property; she noted there are a lot of students in the area and wasn’t concerned about any potential increase in noise, etc.
- One person, who lived nearby, supported the SD1 rezoning, noting the petitioners have been good stewards of the property.

During the hearing, the Commission discussed the following issues:

- Commissioner Esparza asked the success of the past rezoning of Midtown to SD1 and SD2. Director Todd said it has contributed to the growth and success of Midtown. The petitioner indicated, overall, folks have been happy with the SD1 rezoning in Midtown. Midtown Detroit, Inc. did a lot of community meetings for that rezoning, which helped garner community support. The City later added more protections to SD1 and SD2, which helped further protect residential located adjacent to business.
- It was clarified that any exterior changes to the subject site would be referred to the Historic District Commission (HDC) for review.
- Chairperson Hood raised concerns relative to if some light manufacturing uses (allowed in SD1) were to go in these historic houses. In response, the petitioner indicated light manufacturing uses would not be highest and best use; it was noted the SD1 manufacturing could not exceed 4,000 square feet and also required a retail component.
- Commissioner Lewis asked questions regarding concerns from the Detroit Association of Women’s Club, feedback from the community meeting, and how the community meeting was noticed. Commissioner Lewis asked the approximate capacity of a 3,000 square foot bar. In response, it was noted that capacity for bars is set, in part, by the occupancy load of the City’s

Fire Marshall, but it also dependent on the business model for the bar, such as whether or not patrons stand and/or sit at tables, etc.

- Commissioner Esparza noted the impact of the pandemic on increasing the number of carryout restaurants and suggested exploring how this might impact SD1 zoning in residential neighborhoods.
- Commissioner Hood asked the actual current demand for office space in Midtown. The petitioner responded - they did not have a lot of office space in Midtown. Office space vacancy in Tech Town was high at the start of the pandemic, but recovering. The current vacancy rate for office overall now is quite low. The petitioner offered to share a recent report on this issue.
- Vice Chair Smith asked for a side-by-side comparison of uses allowed in R5 versus SD1.

PUBLIC HEARING FOLLOW-UP

Based on the public hearing comments, CPC staff offers the following follow-up information:

- Regarding the CPC above comment on restaurants, SD1 allows carry-out or fast-food restaurants (without drive-up or drive-through facilities) by-right. R5 allows restaurant, carry-out or fast-food, without drive-up or drive-through facilities, conditionally.
- Regarding office vacancy space in Midtown, the petitioner submitted to the CPC a market summary from the first quarter for Detroit, which shows, in part, a 6.7% vacancy, which is considered very low for office uses. A report is attached for reference.

Also attached is a table comparing the uses allowed in SD1 versus R5. Below are some of the comments/conclusions taken from the table comparing the uses:

- R5 allows seven more by-right residential uses than SD1
- R5 & SD1 public & civic by-right uses are very similar, but R5 allows hospitals and SD1 allows police and fire stations, etc.
- R5 allows few retail uses by-right, but does allow the specific by-right SD1 retail uses listed as conditional instead (this is because the subject location is close to Woodward, a high frequency transit route)
- SD1 allows more urban agriculture- type uses
- R5 allows conditionally more service-based residential uses; and, several SD1 conditional housing types are by-right in R5
- R5 allows additional public and civic uses as conditional
- Both R5 and SD1 allow numerous conditional retail uses, most of which are limited in size to no more than 3,000 SF. As noted earlier, several conditional R5 retail uses are by-right in SD1
- SD1 allows some light manufacturing maker uses conditionally, when less than 4,000 SF and with a retail component

PLANNING CONSIDERATIONS

Surrounding Zoning and Land Use

The zoning classification and land uses surrounding the subject area are as follows:

North: PC (Public Center); developed with the Wayne State University (WSU) Charles Lang Freer House and Pauline Knapp Building

East: R5 (Medium Density Residential); developed with the former Lewis College of Business and now owned by CCS

South: PC; developed with the International Institute of Metro Detroit, DIA parking lot and Hellenic Museum of Michigan

West: B4 (General Business); developed with Kids-TALK Children's Advocacy Center at 40 E. Ferry

The surrounding zoning is shown on the following map:



Parking

Some comments during the public hearing included the impact on parking from any zoning change. Any new use to the subject site would be evaluated for parking required and parking provided. The Buildings, Safety Engineering, and Environment Department would be charged with evaluating parking compliance.

The current Inn campus has a total of 28 parking spaces. There is free on-street parking allowed adjacent to the Inn on the south side of E. Ferry and on the west side of John R. In addition, Midtown Detroit, Inc. indicates it has access to a parking lot directly south of the Inn and owned by the DIA located on Kirby Street. Also, Midtown Detroit, Inc. indicates it has a lease for 12 parking spaces in a gated lot owned by WSU at the northeast corner East Ferry St. and John R which has a total of 29 spaces. As a result, there appears to be adequate surrounding on-street, on-site, and off-site parking available for current and potential future uses.

Zoning Ordinance Criteria

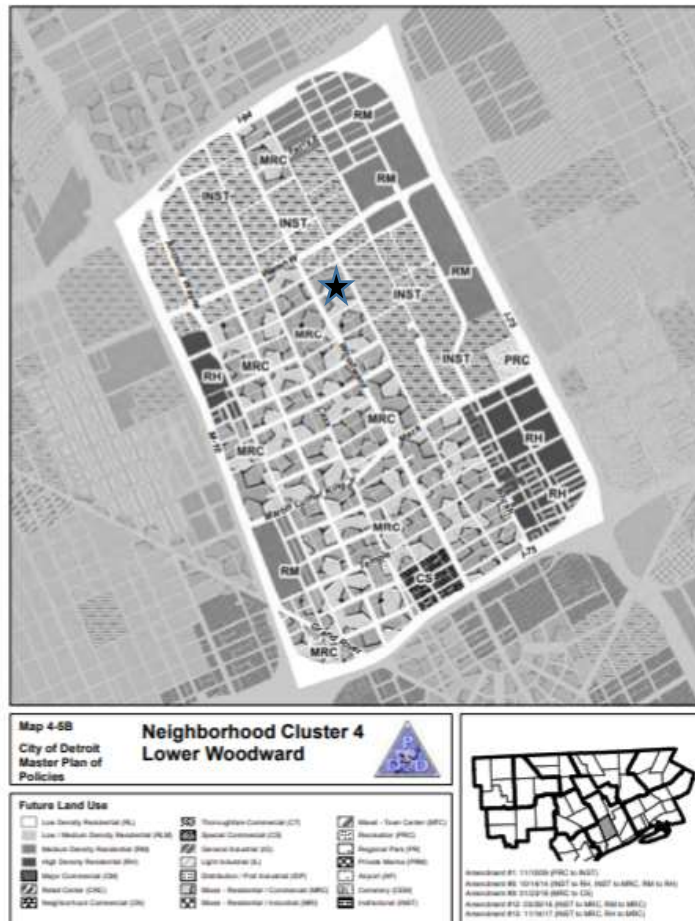
Section 50-3-70 of the Detroit Zoning Ordinance lists eight approval criteria on which zoning map amendments must be based. CPC staff's analysis of the criteria is as follows:

1. *Whether the proposed amendment corrects an error or meets the challenge of some changing condition, trend or fact;*

The proposed amendment would not correct an error on the zoning map. The proposed map amendment meets the challenge of a changing condition or trend. The block was rezoned in 1997 to PD, because of the unique proposal to develop a boutique inn spread out over four historic houses. Presently, the same developer is exploring a variety of potential mixed-uses options, which could include continuing to use all or part of the property as an inn.

2. *Whether the proposed amendment is consistent with the Master Plan and the stated purposes of this Zoning Ordinance;*

The subject site is located within the Lower Woodward area of Neighborhood Cluster 4 of the Detroit Master Plan of Policies. The Future Land Use map for this area shows Mixed Residential/Commercial (MRC) for the subject block. The Planning and Development Department (P&DD) indicates the proposed rezoning complies with the Master Plan of Policies.



3. *Whether the proposed amendment will protect the health, safety, and general welfare of the public;*

The proposed amendment will protect the health, safety, and general welfare of the public by rezoning the subject vacant area to allow the historic buildings to continue as an inn or be redeveloped with mix of commercial, residential and/or restricted light industrial uses.

4. *Whether the City and other service providers will be able to provide adequate public facilities and services to the subject property, while maintaining adequate levels of service to existing development;*

Not applicable.

5. *Whether the proposed rezoning will have significant adverse impacts on the natural environment, including air, water, soil, wildlife, and vegetation and with respect to anticipated changes in noise and regarding stormwater management;*

It is not anticipated the proposed rezoning will have significant adverse impacts on the natural environment.

6. *Whether the proposed amendment will have significant adverse impacts on other property that is in the vicinity of the subject tract;*

It is not anticipated the proposed rezoning will have significant adverse impacts on other property that is in the vicinity. Land to the north is operated by WSU. Land to the east is operated by CCS. Land to the south and west includes parking and non-profit uses. Other nearby uses include large multi-family complexes – the Park Shelton Apartments and CCS dorms.

7. *The suitability of the subject property for the existing zoning classification and proposed zoning classification; and*

The current PD zoning, while providing flexibility, is not suitable moving forward, because every major modification would need to be reviewed by City Council. Other zoning districts exists, such as SD1, which would allow mixed uses consistent with the Master Plan of Policies.

8. *Whether the proposed rezoning will create an illegal “spot zone.”*

The proposed rezoning will not create an illegal spot zone. Surrounding zoning includes a variety of designations with B4 to the west, PC to the north and south, and medium density residential to the east.

LAND USE AND ZONING CONSIDERATIONS

CPC staff thinks the PD zoning, while appropriate to allow the subject block to be developed in the late 1990's, is no longer needed today. Other zoning categories exist which comply with the Master Plan and would allow the subject block to be redeveloped as a whole or in part.

Because this property is located west of John R, with the WSU campus to the north and other institutional uses to the south, CPC staff is not opposed to the property being developed with a mix of commercial and/or residential uses.

The SD1 Special Development District is designed to encourage a complementary mixture of small-scale pedestrian and transit-oriented uses that are compatible in a neighborhood setting. It is intended to ensure a neighborhood character and place a proper balance of activities within walking distance of one another while serving the day-to-day needs of residents.

The report provides a detailed comparison between the R5 and SD1 uses. Both SD1 and R5 support mixed use. The primary difference between SD1 and R5 is that SD1 does allow limited light manufacturing uses. However, the SD1 limits the size of such uses and requires a retail component. It is assumed that light industrial will not be the highest and best use of the site. In the end, it is hoped the SD1 will allow enough uses to be able to successfully market the buildings and thus continue their use in compliance with the Master Plan. The vast majority of community feedback has been supportive of SD1. Lastly, the historic district restrictions will also help in guiding appropriate redevelopment.

CONCLUSION

In conclusion, based on the public hearing, above analysis, and review of the Section 50-3-70 criteria of the Zoning Ordinance, CPC staff recommends **APPROVAL** of the rezoning request from PD to SD1.

cc: Katy Trudeau, Acting Director, P&DD
Karen Gage, P&DD
Greg Moots, P&DD