



PLANNING COMMISSION MINUTES

CITY OF NOVI

Regular Meeting

February 13, 2019 7:00 PM

Council Chambers | Novi Civic Center
45175 W. Ten Mile (248) 347-0475

CALL TO ORDER

The meeting was called to order at 7:00 PM.

ROLL CALL

Present: Member Avdoulos, Member Lynch, Member Maday, Chair Pehrson

Absent: Member Anthony, Member Greco, Member Hornung

Also Present: Barbara McBeth, City Planner; Sri Komaragiri, Planner; Thomas Schultz, City Attorney; Doug Necci, Façade Consultant; Hannah Smith, Planning Assistant

PLEDGE OF ALLEGIANCE

Chair Pehrson led the meeting attendees in the recitation of the Pledge of Allegiance.

APPROVAL OF AGENDA

Moved by Member Lynch and seconded by Member Avdoulos.

VOICE VOTE TO APPROVE THE FEBRUARY 13, 2019 AGENDA MOTION MADE BY MEMBER LYNCH AND SECONDED BY MEMBER AVDOULOS.

Motion to approve the February 13, 2019 Planning Commission Agenda. Motion carried 4-0.

AUDIENCE PARTICIPATION

Nobody in the audience wished to speak.

CORRESPONDENCE

There was no correspondence.

COMMITTEE REPORTS

There were no Committee Reports.

CITY PLANNER REPORT

City Planner McBeth said on Monday night, the City Council approved the Planned Rezoning Overlay agreement proposed by Robertson Brothers Homes for Lakeview, a 20-home development on the east and west side of Old Novi Road south of Thirteen Mile. The next step will be that the project will return to Planning Commission for Preliminary Site Plan approval.

CONSENT AGENDA

1. NOVI PLAZA FACADE JSP15-40

Approval at the request of Novi Meadowbrook Corners LLC for a one-year extension of the Preliminary Site Plan and Section 9 Façade Waiver. The subject property is located in Section 26, South of Ten Mile Road and west of Meadowbrook Road, in the B-1, Local Business District. The subject property is approximately 1.6 acres and the applicant is proposing to remodel the existing façade for Novi plaza shopping center along with modifications to the existing parking lot.

Member Lynch said I'd like to make a motion to approve.

Motion made by Member Lynch and seconded by Member Avdoulos.

ROLL CALL VOTE TO APPROVE EXTENSION OF PRELIMINARY SITE PLAN AND SECTION 9 WAIVER MADE BY MEMBER LYNCH AND SECONDED BY MEMBER AVDOULOS.

Motion to approve a one-year extension of the Preliminary Site Plan and Section 9 Waiver for Novi Plaza Facade JSP15-40. *Motion carried 4-0.*

PUBLIC HEARINGS

1. VALENCIA SOUTH JSP13-75 WITH REZONING 18.706 (PRO AMENDMENT)

Public hearing at the request of MI Homes of Michigan for Planning Commission's recommendation to City Council for an amendment to Planned Rezoning Overlay Concept Plan associated with a Zoning Map amendment. The subject property was rezoned from R-1, One-Family Residential to R-3, One-Family Residential with a Planned Rezoning Overlay (PRO). The subject property totals approximately 41.31 acres and is located in Section 29, south of Ten Mile Road and west of Beck Road. The approved plan proposed a 64 unit single-family residential development. The current amendment is requested to allow for construction of a ranch floorplan within the Community.

Planner Komaragiri said the subject property is located at the southwest corner of Ten Mile Road and Beck Road, south of existing Valencia Estates. The subject property is currently under construction. It is currently zoned R-3 with a Planned Rezoning Overlay. The subject property totals approximately 41.31 acres and is approved for a 64-unit single family residential development. According to the applicant, about 17 houses out of the 64 are sold and will be developed as two-story single-family homes. The applicant is requesting an amendment to the approved PRO plan to introduce ranch style housing, that does not meet the minimum square footage requirement, as one of the options for prospective buyers for the remaining lots, shaded in green. The possible number of ranch homes within the development is dependent on buyers' choice. The quality of architectural design was considered as part of the overall public benefit at the original PRO Approval. The proposed housing style is consistent with the enhanced architecture initially proposed.

As you can see, the ranch houses have a larger building footprint, but a smaller square footage compared to single-family homes. The blue box indicates the typical building

area after excluding the minimum setbacks. It appears that there is a significant premium, about 30%, in price per square foot for ranch style housing, given the extra construction cost associated with building one-story homes versus two-story homes.

The Similar-Dissimilar Ordinance requires that the square footage of a proposed home be within 75 percent of the average of the occupied homes in the surrounding area. Per our Façade review letter, the proposed ranches should be approximately a minimum of 2,550 square feet to comply. The applicant is proposing a 2,000 square foot ranch option, which would require a deviation. Our Façade consultant, Doug Necci, is here tonight to expand on the intent of this Ordinance requirement as needed.

Planner Komaragiri said Façade is not currently recommending approval and requests the developer demonstrate whether the difference stated in initial sale price, which is a 30 percent increase compared to the single-family homes, is reflected downstream in the assessed value and resale value for a ranch versus a two-story home. Mr. Brad Botham is here tonight on behalf of MI Homes to explain the intent for the requested deviation.

The Planning Commission is asked tonight to hold the public hearing and make a recommendation on the proposed amendment and requested deviation to the approved PRO Plan to City Council. We are here with our Façade consultant, Doug, to answer any questions you may have. Thank you for your time.

Brad Botham, with MI Homes, said the intent tonight is to seek approval for incorporation of the ranch plans into our Valencia Estates PRO, and I'm here to answer any questions you may have regarding the project and proposed plans.

Chair Pehrson asked if there was anyone in the audience that wished to address the Planning Commission regarding this project. Seeing no one, he said I believe we have some correspondence.

Member Lynch said we do have some correspondence. The first is an objection from Alia Malik and Rizwan Khan, 47530 Alpine Drive, referencing that we're adding 66 additional houses and that they are concerned about the value of the price of their home that they already bought there is going to fall. The second one is from Venkata Chekka, 47647 Alpine Drive, an objection because the ranch homes don't blend very well with the current colonials. The next is from Lucy McGuire and James McGuire, 48028 Andover Drive, an objection because it is a departure from the agreement and adds no value to the housing. The next one is an objection from Dirshawn King, 47648 Alpine Drive, who was one of the first residents and wasn't offered a ranch, and he claims that he was told by the builders that ranch homes wouldn't be built there because if it was, he would've bought one. Another objection from Carol Hosseini, 48075 Andover Drive, saying construction of smaller ranch homes will lower the value of the existing homes. We have a support from William McInnes, 23830 Forest Park Drive. Next is a support from Paul Albanelli, 47500 Iroquois Court, supporting the first-floor master bedroom ranch homes. The next one is a support from Stacey Rose, 23940 Forest Park Drive, saying it is reasonable. And finally, a support from Margo Smith and Jerry Smith.

Chair Pehrson closed the public hearing and turned it over to the Planning Commission for their consideration.

Member Lynch said I'll start with the obvious, let's talk about the façade issues. Mr. Necci, why don't we talk about the elephant in the room here. I guess what most of us are wondering – you recommended denial of this and we'd like to understand the justification or reason for it.

Façade Consultant Necci said so the Similar-Dissimilar Ordinance has three criteria for the dissimilar portion. The first two are architectural, the shape and appearance of the house. But probably the most important of the three criteria is the square footage, and the Ordinance allows us a 25 percent lower number than the average but this is 500 square feet less than that. So it's a significant deviation from the minimum square footage that would be required by the Ordinance. If they would've come in with these as the initial models, they still would have not been approved because we look at houses in adjacent subdivisions and in the surrounding area. It's a 350-foot radius and we used occupied homes, so all the homes in the subdivision to the west would have been looked at and that would've dictated about a 2,550 square foot minimum. That minimum really wouldn't have changed much because the average is pretty consistent in that area, both in Valencia North and in the sub to the west.

Member Lynch said so the real issue is that this project would have never been approved if they initially came in with the ranches, or at least that many units, right?

Façade Consultant Necci said so under the PRO, as I recall, the building architecture and the square footage was part of the criteria. It was listed as one of the benefits of approving the PRO. And even in that document, the developer listed a minimum square footage of 2,400 or 2,500 square feet, and they submitted homes as examples and as reference point of what they would build in there, and they were all in the 3,200 to 3,600 square foot range. So this is a significant deviation from that. In my letter, I mentioned that compliance could be met with a ranch-style home, it would just have to have 2,550 square feet.

Member Lynch said so basically what you're saying is that we can put ranches in there, but they're just going to have to be 2,550 square feet.

Façade Consultant Necci said yes, 2,550 square feet. And that number will change as other houses get occupied, but not by very much. There are ten or twelve houses in the average and it takes a lot to lower it.

Member Lynch said so according to the Ordinance, and the PRO, the 2,000 square feet is outside of that agreement and also outside of the Ordinance. Was that your primary concern?

Façade Consultant Necci said that was the basis for my denial. To their credit, the homes are very well designed. They're all brick, they have a lot of detail, they are consistent in architectural attention to detail with homes in the sub and maybe even more attention to detail in that they're 100 percent brick and stone. It's the square footage that's the hang-up.

Member Lynch said ok, thank you Mr. Necci. I guess that's the area that is making me wonder. This was an agreement between the developer and City Council, basically. I'm not sure that we have the right to go in and modify that agreement, since we weren't

part of it.

City Attorney Schultz said so what they're requesting is your recommendation to City Council. They are going to go to Council and ask for that to be changed.

Member Lynch said ok. Thank you, Mr. Necci. Let me ask the developer – what's the issue with going to a little higher square footage?

Mr. Botham said because of the nature of construction costs related to ranch plans, it becomes extremely cost prohibitive to go to 2,500 square feet. So just to give you a rough estimate, my base house costs for a two-story colonial in this project is around \$76 per foot. To go to a ranch, I'm at \$120 per foot base, before any options go into the house. So essentially, it translates to go from 2,000 to 2,500 square feet, I'm looking at roughly, from a retail standpoint, another \$100,000 to \$150,000 in retail value.

I'm not sure how familiar you are with the current status of the housing market in southeast Michigan, but in the fourth quarter of 2018 we really started to see some pressure predominately driven by interest rate increases over the 2018 calendar year. With that came a real headwind at the price points north of \$650,000. Mr. Necci is correct that when we go this plan approved, which I think was in 2014, the intent was to build two-story colonial plans. The market has dictated that that is a bit of a challenge, as evidenced by the competitive analysis that I presented to you guys – we're selling twice as many ranch homes in Lyon and Northville compared to two-story colonials in Novi, and they're transacting at a substantially higher price per square foot.

One other thing that I'd like to address is Sri's comment regarding how the price of real estate changes over time in a positive or negative manner. Generally speaking with residential real estate, no matter the use, when market conditions are good, the different products appreciate similarly. When market conditions are bad, they depreciate similarly. What I would like to add, specific to ranches, is that the empty nester demographic is the fastest growing demographic in the United States to buy houses. If you look on the MLS (Multiple Listing Service) today, there is not one new construction ranch in Novi. Mr. Lynch, you had represented some support from some neighboring residents, and I think that you'll find that incorporation of a ranch product into this project will be incredibly well received by the neighbors, as well as the community. So I guess that's my long-winded answer to your question.

Member Lynch said let me ask you another question. The beauty of a ranch is that there aren't any stairs. Have you considered putting an elevator in, or offering an elevator option?

Mr. Botham said elevators are incredibly expensive to build and very complicated.

Member Lynch said I have an elevator in my house, so I know that at new construction the price of it is pretty reasonable. If you could offer it as an option, wouldn't you be able to kill two birds with one stone? You'd be able to attract the empty nesters who don't like the stairs, and also keep the colonial architecture. You offer an option package right now, I'm sure, where you offer the base price. I don't know what elevators run nowadays, probably \$15,000 a floor or something like that.

Mr. Botham said we don't offer elevators in any of our product, and if you look at any national homebuilders, they don't either. So that would be a retail option of about \$50,000.

Member Lynch said ok, that's what I have.

Member Maday said a couple of questions. I'm not disagreeing with anything that you said as far as your assessments. First, let me ask this question. How many people are currently living in the neighborhood, that are built and occupied?

Mr. Botham said twelve owners, and I think we have somewhere between three and five specs that are either in for permit or at some various stage of construction.

Member Maday said I ask that because I struggle with this large deviation for the people that are existing there. They agreed to buy the homes at a certain square footage, and I know that you have a price point for a ranch versus a colonial, but when you reference the Northville ranch homes, if I'm not mistaken those homes are all ranches at the same square footage in the same community. Is that correct?

Mr. Botham said that's correct. We offer two floor plans within that community, and they are all ranches.

Member Maday said but they're all about 2,000 square feet. It's not like you're putting a 2,000 square foot house next to a 4,000 square foot house.

Mr. Botham said that is correct. What I would tell you is that the footprint, or the foundation dimensions of a ranch floor plan proposed here, is larger than every single footprint that we offer in the community. So from a massing standpoint, when you're looking at the house from the road, the actual area that is taken up of our proposed ranch plan relative to the colonials that we're currently building, the ranch plan is substantially larger, especially with the incorporation of a three-car garage.

The second thing I'd like to point out is the massing and the height of the building. The reason that we pitch rooves a little more steep on the ranch plans is to achieve similar building heights relative to the two-story colonials, so that when you're looking at the houses from the road it doesn't look like one product type is twice as tall as the other. They almost blend in naturally. So I understand the concern, I just don't necessarily agree with it.

Member Avdoulos said I live in a ranch home so this is cool, I didn't realize it's appreciated so much. I think I'm in agreement that I don't see an issue with having a ranch home in the subdivision. I am uncomfortable, though, with that big of a deviation in the square footage. I couldn't recommend the 2,000 square foot so I would look at the developer working with the City to find a happy medium, whether the City Council agrees to something in between – if it's 2,500 and we can get to 2,300 maybe it's not that big of a deviation. I know you're looking at square footage coverage.

Mr. Botham said I also have setbacks that I need to comply with, as well. I'll just piggyback off of that. For us to develop a floor plan within our organization, I have to go through multiple iterations with architects, I have our Purchasing Department that has to bid out all

of the plans and bid out all of the options, structure and maintain all of that within our database, and at some point if we just continue to add and develop new plans for new communities, our resources get substantially depleted and it becomes a challenge just to operate a business under those constraints. The reason I proposed this plan is because it's tried and true – we've sold it across southeast Michigan in substantial numbers. It's a plan that we understand what it's going to cost us, we know that the market receives it very well – and that is really the reason that I put it forward tonight.

What I could potentially offer is that there may be a way to add some structural bump-outs to the plan. And I don't know how extensive those bump-outs could be relative to the setbacks in the community, but I would imagine I could pick up 100, maybe 200 square feet, but going north of that, again I'm really trying to drive down the price but still maintain good real estate appraisal values in the community. And to start adding more than that, in terms of square footage, is going to be very cost prohibitive.

Member Avdoulos said I understand all of that. I also understand that there was an agreement and a plan that was approved, and so you're coming in asking for a change from two-story to single-story.

Mr. Botham said and we will still offer the two-story.

Member Avdoulos said I get that. I'm just saying, to have this large of a deviation, at least from my point of view, is something that has to be dealt with by the City. I can't approve anything with that large of a deviation.

Mr. Botham said I understand that. I would just like to go on the record and say that depending on the geographical area of project within the community, really sort of dictates what we can do from a square footage standpoint. So this general area is littered with two-story colonial product, and not ranch product. So maybe, Doug, we could take a look at a Similar-Dissimilar relative to the ranch product and see if we fall in line with that 2,000 square foot range. It's almost apples to oranges when we're looking at it from a Similar-Dissimilar standpoint. And understand that that's the Ordinance and I respect the Ordinance, it's in place for a reason. But I'd like to go on record saying that.

Member Avdoulos said so we could do three things – an approval, a postponement, or a straight out denial.

Chair Pehrson said if I could just add my two cents, I agree with Member Avdoulos and I think there has to be some middle ground there. I can't accept the amount of the change based on where we are right now. If I came to a straight up or down, it would be a denial for me right now. If you want to entertain going back and working with the City and then coming back, then I'd suggest we go down the postponement route.

Mr. Botham said would there be a square footage that you would have in mind to allow, related to the ranch product? Because 2,550 is not going to be feasible for me, and for the community. The market is dictating that the price point is not there.

Chair Pehrson said Doug, is there a happy medium in your mind?

Member Avdoulos said as Doug is coming up, I know that we've got different projects

looking at this square footage.

City Planner McBeth said there are several projects that have come forward with ranch units. Villa D'Este, now known as Terra on Nine Mile indicated ranch units would be proposed.

Member Avdoulos said and they're targeting 2,500 to 2,700 square feet is what I've been seeing.

City Planner McBeth said that's correct.

Façade Consultant Necci said I've been reviewing under this Ordinance long enough that I'm going to sound stubborn, I'm afraid, but it's a pretty hard and fast formula. The thought occurred to me as we were talking about this, given the excellent design quality of the homes, that in the future if ranch style homes are the trend which I can understand that being the case going forward, that there may be a formula added to the Ordinance that would allow a slightly lower number if it is a ranch and other factors are equal or better than surrounding houses. But short of that, that would be an Ordinance amendment which takes a lot of time and might be equally difficult as re-doing an original PRO.

That's the other thing I had is that if this was put forth and approved under the PRO, then we wouldn't be here. So it's a double edge sword there, that all of those are arguing against this thing. But we can look into that, I mean it would be a project in itself and I couldn't guess how long it would take, but it may be beneficial to have that in the Ordinance moving forward.

Member Avdoulos said ok. I'm going to make a motion. Do I need to add anything else to that? The way the motion is written is that it's not conforming to the intent of the Similar-Dissimilar Ordinance. Is that capturing the square footage?

City Attorney Schultz said yes.

Member Avdoulos said so I can read that as is written?

City Attorney Schultz said yes, you can read it as written. There are two things that would have to change about the agreement; one is that the houses are supposed to meet the elevations in Exhibit B, which are all two stories, so that would have to change. The deviation would have to also be included for the square footage, so the motion that was written picks up both of those.

Motion made by Member Avdoulos and seconded by Member Lynch.

ROLL VOTE TO RECOMMEND DENIAL OF REQUESTED AMENDMENT TO PRO CONCEPT PLAN MOTION MADE BY MEMBER AVDOULOS AND SECONDED BY MEMBER LYNCH.

In the matter of Valencia South JSP 13-75 and Zoning Map Amendment 18.706, motion to recommend denial to the City Council for the requested amendment to the Planned Rezoning Overlay Concept Plan, based on and subject to the following:

1. Proposed elevations are not conforming to review standards listed in Section 3.7 of the Zoning Ordinance and are not consistent with the intent of similar dissimilar ordinance.

Motion carried 4-0.

MATTERS FOR CONSIDERATION

1. **APPROVAL OF THE JANUARY 23, 2019 PLANNING COMMISSION MINUTES**

Motion made by Member Lynch and seconded by Member Maday.

ROLL CALL VOTE TO APPROVE THE JANUARY 23, 2019 PLANNING COMMISSION MEETING MINUTES MADE BY MEMBER LYNCH AND SECONDED BY MEMBER MADAY.

Motion to approve the January 23, 2019 Planning Commission Meeting Minutes.

Motion carried 4-0.

SUPPLEMENTAL ISSUES

There were no supplemental issues.

AUDIENCE PARTICIPATION

Nobody in the audience wished to speak.

ADJOURNMENT

Moved by Member Lynch and seconded by Member Avdoulos.

VOICE VOTE ON THE MOTION TO ADJOURN MADE BY MEMBER LYNCH AND SECONDED BY MEMBER AVDOULOS.

Motion to adjourn the February 13, 2019 Planning Commission meeting. *Motion carried 4-0.*

The meeting was adjourned at 7:29 PM.