

STAFF REPORT

Case No.: 18-ZA-08

Request: Conduct a public hearing and consider the request to amend Planned Development No. 99 (PD-99), approximately 247.4 acres located generally on the south side of Valley View Lane, east and west of Luna Road, and approximately 19.5 acres located on the south side of LBJ Freeway, approximately 1,070 feet east of Luna Road, including amending Article III. Use and Building Envelope Standards, Article VIII. Administration, and Appendices, as it relates to development performance standards and uses; and take appropriate action.

Applicant: CADG Mercer Crossing Holdings LLC

Planning & Zoning Commission Meeting: July 8, 2019

Background:

The applicant is requesting to amend the Planned Development No. 99 (PD-99) zoning district as it relates to development performance standards and uses, including providing for completion of certain development performance obligations by the applicant, prior to the issuance of specified single-family residential building permit threshold requirements.

Due to delays incurred by the applicant in relation to their lake site dredging project (south of LBJ Freeway and east of Luna Road), the applicant is requesting to modify the PD-99 zoning district in order to delay certain development performance obligations to be completed before issuance of the 451st and 600th single-family residential permits instead of before the 301st permit issuance, as well as not construct a full service hotel on the Boardwalk tract (south of LBJ Freeway) nor the minimum 25,000 square feet of retail/restaurant uses at the southeast corner of Valley View Lane and Luna Road.

As of June 30, 2019, the City has issued 281 single-family residential building permits. Additionally, there are 13 single-family residential permit applications pending review.

Existing Zoning/Zoning History:

PD-99 was initially established on March 15, 2016 with the adoption of Ordinance 3359, and later amended March 7, 2017 with the adoption of Ordinance 3429. PD-99 allows for a variety of land uses, including single-family (the most predominant land use), multi-family, office and a variety of retail/commerce uses.

The zoning district is comprised of two tracts: Tract One, approximately 247.4 acres located on the south side of Valley View Lane, east and west of Luna Road; and Tract Two, approximately 19.5 acres located on the south side of the LBJ Freeway, approximately 1,070 feet east of Luna Road. The proposed PD amendment relates to both tracts of land (i.e. the entire zoning district).

In order to ensure a mix of residential and commerce land uses being developed, in addition to an amenity center serving the residential neighborhoods, the zoning district included certain development obligations being substantially completed (i.e. Certificate of Occupancy being issued for a shell building), or in the some cases completed (i.e. full service hotel and amenity center), prior to the issuance of the 301st single-family residential permit.

The summary table attached to this staff report (titled CADG Mercer Crossing Development Agreement/PD-99 Proposed Changes Summary) states the development obligations that must be completed prior to the issuance of the 301st single-family residential permit.

Adjacent Zoning Districts and Land Uses:

Tract 1 (south of Valley View Lane, east/west of Luna Road):		
Direction	Zoning District	Land Use
North	Planned Development District No. 77 (PD-77); and Planned Development District No. 88 (PD-88)	Office, warehouse/distribution, municipal services (i.e. Citizen Collection Center) and vacant land
South	Planned Development District No. 22 (PD-22); and Planned Development District No. 78 (PD-78)	LBJ Freeway and office
East	Planned Development District No. 88 (PD-88)	Office, Valwood Improvement Authority improvements (i.e. lake), and vacant land
West	Planned Development District No. 78 (PD-78)	Vacant land and Valwood Improvement Authority improvements

Tract 2 (south of LBJ Freeway, east of Luna Road)		
Direction	Zoning District	Land Use
North	Planned Development District No. 22 (PD-22)	LBJ Freeway
South	Planned Development District No. 88 (PD-88)	Lake and multi-family
East	Planned Development District No. 22 (PD-22)	Railroad (owned by DART)
West	Planned Development District No. 88 (PD-88)	Drainage channel and gas station

Proposed Zoning Amendment:

As stated previously, due to delays incurred by the applicant in relation to their lake site dredging project (south of LBJ Freeway and east of Luna Road), the applicant is requesting to modify the PD-99 zoning district in order to delay certain development performance obligations to be completed before issuance of the 451st and 600th single-family residential permits instead of before the 301st permit issuance, as well as not construct a full service hotel on the Boardwalk tract (Tract 2) nor the minimum 25,000 square feet of retail/restaurant uses at the southeast corner of Valley View Lane and Luna Road.

The summary table attached to this staff report (titled CADG Mercer Crossing Development Agreement/PD-99 Proposed Changes Summary) outlines the changes being requested by the applicant as it relates to the development obligations proposed to be completed prior to the issuance of the 451st and 600th single-family residential permit, compared with current development obligations required prior to the issuance of the 301st permit.

Additionally, the proposed adopting ordinance is included with this staff report, and is consistent with the information provided within the summary table; this ordinance also includes the appendices being modified and/or added to PD-99.

Staff believes the requested changes are reasonable to consider due to the following:

Boardwalk Tract (Tract 2)

Given the existing hotel development that has occurred since the PD-99 zoning was initially approved, combined with the existing market conditions, it is appropriate to not require a full service hotel to be constructed on the Boardwalk tract (Tract 2). During summer 2018, Mr. Jeff Binford, CBRE Hotel Advisory Group, advised the Commission and Council about hotel market conditions and trends, including cautioning the City regarding allowing future hotel development within the city. Mr. Binford stated that he envisioned the current market being able to support a niche hotel concept within the Station Area and possibly another hotel on the city's east side.

Staff believes that the applicant's revised proposal to provide a minimum 59,000 square feet of development with the minimum 75% requirement for restaurant and/or commercial amusement indoor uses provides for entertainment and dining amenities to serve the residential development occurring within the west side of the city, including the existing developed areas south of LBJ Freeway. Additionally, patrons staying at the nearby hotels at Luna Road and LBJ Freeway would benefit from having additional dining opportunities.

Establishing a minimum 5-foot depth for the lake south of LBJ Freeway and requiring three lighted aeration fountains helps facilitate that the lake remains an amenity to serve the area. The applicant is proposing to orient the minimum 59,000 square feet of restaurant and retail development towards the lake so there is a vested interest for the applicant to have the lake serve as an amenity for the area.

Additionally, the applicant is proposing to construct an off-site 12-foot hike and bike trail connection (and secure the appropriate easements), extending from the southeast corner/area of the Boardwalk tract, continuing across the low water crossing/weir, and tying into the existing 10-foot trail system that is on the north side of the multi-family development to the south. This off-site trail provides a much needed trail connection between the 12-foot trail that will be constructed along the southern and eastern perimeter of the Boardwalk tract, to the existing trail systems to the south. Furthermore, the off-site trail connection provides residents within the area an alternate means of accessing the restaurants on the Boardwalk tract.

Office Development

By increasing the minimum office development square footage at the northeast corner of Chartwell Crest and Wittington Place from 65,000 square feet to 100,000 square feet, combined with the additional 40,000 square feet of office development with the proposed amphitheater located generally at the southeast corner of Chartwell Crest and Wittington Place, this potentially provides for increased property values and improved land uses. A detailed site plan has already been approved for the 100,000 square foot office building and initial site-work has commenced.

Southwest Corner of Valley View Lane and Luna Road

Staff would rather have the applicant construct the retail development at such time when the market demand is stronger within the area, than to have potentially 25,000 square feet of vacant building sitting on the property. Today, the market demand is saturated with retail development located at IH-635/MacArthur Boulevard and extending southward to President George Bush Turnpike. By delaying the retail development obligation, this allows for more single-family and multi-family housing developments within the area to be occupied by residents and enter the retail market.

Additionally, the conceptual site plan provided for in the Mercer Crossing design guidelines and pattern book is being incorporated as an appendix to the PD-99 zoning, and text is being included within the PD-99 ordinance that provides for development consistent with the conceptual site plan. The conceptual site plan provides for an integrated site design approach, including buildings defining the adjacent roadways instead of surface parking lots, and facilitating a pedestrian-oriented development. Future detailed site plans submitted for this site shall be consistent with this conceptual site plan's site layout; if the applicant (or future applicant's that have the property under contract) desires to develop the property in a manner inconsistent with the approved conceptual site plan, then the conceptual site plan will have to be revised and subject to review and approval by the Commission and Council similar to a zoning change.

Delaying Development Obligations/Single-Family Permitting

Delaying the various development obligations from having to be completed prior to the issuance of the 301st single-family permit to the 451st and 600th single-family permits allows for the applicant to complete the lake dredging necessary for development on the Boardwalk tract (Tract 2); for additional housing units to be completed and enter the retail market supply; and for the construction of the office building. The lake dredging was delayed as a result of the applicant being unable to relocate soils/sediment removed from the lake to another property located within

the City of Dallas. Now, the applicant intends to take the soils/sediment removed from the lake and place it on the Boardwalk tract.

Proposed Detailed Site Plan – Boardwalk Tract (Tract 2):

The applicant currently has submitted a detailed site plan for the Boardwalk tract (Tract 2) to the City for review and approval. This detailed site plan is being provided at this time for informational purposes only to illustrate the proposed minimum 59,000 square feet of restaurant and retail uses planned for the Boardwalk site (Tract 2), and that would be constructed before the issuance of the 451st single-family residential permit should this zoning amendment be approved.

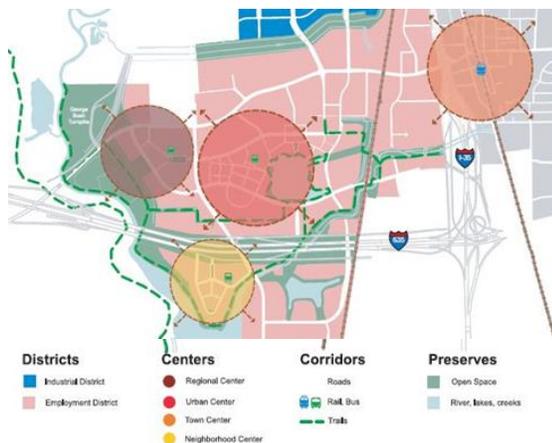
Although the detailed site plan is still pending review and the applicant is working towards addressing staff comments, staff believes it is appropriate to share this proposed detailed site plan for informational purposes only with the Commission and Council as they consider the requested zoning amendment.

Development Agreement:

The development performance obligations within PD-99 are consistent with the performance obligations provided for in the development agreement between the City and CADG Mercer Crossing Holdings LLC. Therefore, the development agreement will have to be amended, subject to review and approval by Council only. At such time when this zoning case is considered by the Council, the development agreement is anticipated to be on the same meeting agenda and the agreement will be subject to approval of this zoning amendment.

In light of the State of Texas approving House Bill 2439 which becomes effective September 1, 2019 as it relates to restricting the city's ability to regulate exterior building materials, the applicant has agreed to amend the development agreement, as well as the private covenants (i.e. Development Covenants Conditions and Restrictions), to include that all development shall be constructed in accordance with the architecture requirements of PD-99 and the related Mercer Crossing design guidelines and pattern book.

Comprehensive Plan Recommendation:



The West Side Plan designates the subject property as an Employment District. Key elements of this designation are employment land uses with high quality office, research and development uses, and mixed-use retail/residential with supporting land uses. Transit and trail connections are also mentioned in the Plan as important components of the Employment District. The stated goal of the West Side Plan is to create a successful environment for many forms of business and retail activity, while keeping the district walkable, transit accessible,

respectful to the natural environment, and completely integrated with the elements of mixed-use centers.

Staff believes that the proposed zoning amendment is compatible with the goals of the West Side Plan. The proposed changes to the PD-99 zoning district primarily affect the non-residential zoned land within the PD, and proposes a revised strategy for facilitating successful commercial areas in support of the nearby residential neighborhoods. Additionally, the proposed amendment includes the addition of a needed 12-foot hike and bike trail connection south of LBJ Freeway, east of Luna Road.

Thoroughfare Plan:

No amendments are proposed to the thoroughfare streets nor the street cross-sections provided for within PD-99.

Public Response:

On June 27, 2019, 662 zoning notification letters were mailed to property owners located within the PD district boundaries and to the surrounding property owners, as well as the Carrollton-Farmers Branch and Dallas school districts. Zoning notification signs were also placed on the site on the same day. As of July 3, 2019 no written correspondence has been received by the city.

Staff Recommendation:

Staff recommends approval of the proposed Zoning request.

Applicable Zoning Case History: *(most recent to oldest)*

Date Approved	Case Number	Description
03/07/2017 Ordinance No. 3429	16-ZA-07	Amended PD-99 including incorporating the design guidelines and pattern book, allowing additional single-family uses (Verwood tract), allowing the amenity center use by right, and amendments to several appendices. Planning and Zoning Commission consideration: 02/13/2017
03/15/2016 Ordinance No. 3359	15-ZA-04	Established PD-99 allowing for a variety of land uses, including single-family, multi-family, office and a variety of retail/commerce uses. Planning and Zoning Commission consideration: 02/08/2016