

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Claire Powell, Assistant City Manager

DATE: February 17, 2020

SUBJECT: **Consideration of 11 Variances to the 1996 Castle Hills Agreement Related to Various Development Requirements for the Proposed Crown Centre Development, Located in District 1-G at the Southwest Corner of SH 121 Business and the SH 121 Frontage Road (Sam Rayburn Tollway), as Requested by Bright Realty, the Owner.**

BACKGROUND

Castle Hills consists of over 2,400 acres of land located within the City's extraterritorial jurisdiction. It is referred to as the "Lands" in the 1996 Castle Hills Development Agreement, which was executed by the City, Denton County Fresh Water Supply Districts Nos. 1A and 1B, and Bright Farm Partnership on April 1, 1996 (the "1996 Agreement"). The 1996 Agreement allowed for the creation and operation of a fresh water supply district in Lewisville's extraterritorial jurisdiction, anticipated funding for public infrastructure, and established development regulations. Because Castle Hills is currently outside of the City limits, the City does not have zoning authority. Development rights, however, were voluntarily limited by all parties in the 1996 agreement, giving the City a degree of control. Therefore, to change the development rights established by the 1996 Agreement, the City would have to grant variances. Variances have been granted in the past to accommodate unique designs that further the City's long-range goals and benefit the area.

The proposed "Crown Centre Project" is located within Castle Hills. It consists of approximately 140 acres located at the southwest corner of SH 121 Business and the SH 121 Frontage Road (Sam Rayburn Tollway) and is currently bisected by FM 544. The Crown Centre Project has three subareas as shown in the attachment hereto. The Crown Centre Project will provide a pedestrian-oriented, mixed-use urban development environment, with convenient access to regional highways, shopping, employment, housing, and regional retail services.

The Crown Centre Project proposes a mix of high-intensity uses with a minimum of 3,000,000 square feet of office and commercial uses, a maximum of 2,000 multi-family units, greater than 10 percent of the land dedicated to open space, and a commitment to install significant pedestrian amenities. Subarea 3 (South of FM544) will focus on the development of corporate campus office space and will serve as a future employment center. Subarea 1 (north of Midway Road and west of FM 544) and 2 (east and north of FM 544) focus more on hotel, retail, entertainment, restaurant and office development.

Multi-family residential uses are restricted but proposed throughout the Crown Centre Project to promote a live-work-play environment and provide the night-time density to support the retail, restaurant, and entertainment uses. Multi-family residential uses will not be “garden-style” apartments. The design will be urban-styled buildings, where approximately 70% of building frontage will be built up close to primary pedestrian street/mutual access easements. This will promote pedestrian activities and provide an urban appearance. All multi-family residential uses will be a minimum of five floors and 80 percent of their parking must be provided in a structured garage. All multi-family development will also be required to be part of the Castle Hills Commercial Association, which provides strict oversight related to operations and maintenance of the multi-family components. The development will also meet the city’s current fire code (which is significantly more rigorous than the International Fire Code). They will also meet current City of Lewisville hotel regulations. Otherwise, they will be governed by the 1996 Development Code (“CHGDO”), which was made part of the 1996 Agreement.

It is staff’s understanding that the Crown Centre Project will be phased over time, resulting in an approximate build-out timeframe of up to 20 years from the start of the project. To ensure that the Crown Centre Project will maintain the right balance of office, commercial, and residential uses throughout the phasing, developers will not be entitled to the majority of the multi-family rights until a significant amount of office and commercial is built or under construction. Specifically, 600 units are proposed in Subareas 1 and 2 immediately, but after that, the developers can only build 300 additional units for every 250,000 square feet of nonresidential uses that is built or under construction. The maximum number of multi-family units allowed in the Crown Centre Project is 2,000.

Finally, although the City currently has no zoning authority and only performs courtesy reviews of Castle Hills site plans, Bright Realty has agreed to allow the City to appoint a representative to the Castle Hills Architectural Review Committee for all projects in Crown Centre. This City appointee will be able to ensure that future development in the Crown Centre Project meets the Castle Hills architectural guidelines, the 1996 Agreement, the CHGDO and all variances with conditions approved for the Crown Centre Project (the “regulatory documents”). This City appointee will have full veto authority over all projects within Crown Centre. If a project does not comply with the regulatory documents, the City’s representative can force a redesign.

ANALYSIS

Due to the unique mixed use and urban design of the Crown Centre Project, 11 variances are being requested. These variances resemble the variances previously granted by City Council in 2014 for the Realm and the Bridges area of Castle Hills. Staff’s recommended conditions and the attached Exhibit A (the “Crown Centre Development Standards”) are meant to tailor these variances to the proposed Crown Centre Project.

The requested variances are as follows:

Variance a): **To allow on-site public waterlines to be located under pavement in access and utility easements. The real property owner shall be responsible for replacement of such pavement should maintenance or repair be required to the waterline.**

Code Requirement: Onsite waterlines may only be located within “grass-only” easements (Figure 15 – CHGDO).

Recommendation: Staff is in support of this variance with the proposed conditions:

1. Access easements and sidewalks in the proposed development will be privately owned and maintained.
2. The real property owner shall be exclusively responsible for pavement repair in the event the water mains require maintenance or repair.
3. Compliance with the Crown Centre Development Standards (Exhibit A).

Variance b): **To allow additional species of street trees.**

Code Requirement: Section VI – 1 of the CHGDO, as amended by the 1996 variances requires trees be selected from the following species:

Bald Cypress
Bradford Pear
Bur Oak Quercus
Live Oak
Shumard Red Oak
Texas Red Oak
Chinquapin Oak
Cedar Elm
Lace Bark Elm
Chinese Pistache
Japanese Black Pine
Pecan
Southern Magnolia
Osage Orange
Sweet Gum
Washington Hawthorn
Callery Pear
Pond Cypress
Texas Persimmon
Drake Elm

Recommendation: Staff is in support of this variance with the following conditions:

1. Except when authorized by the City of Lewisville’s Parks and Recreation Director, the only tree species allowed in Crown Centre shall be those permitted under the City of Lewisville’s Code of

Ordinances, as amended. The City of Lewisville's Parks and Recreation Director, however, may approve additional tree species if they are native or adaptive and drought tolerant.

2. All maintenance shall be the sole responsibility of the Commercial Property Owner Association.
3. Compliance with Crown Centre Development Standards (Exhibit A).

Variance c): **To allow trees to be spaced appropriately according to their growth characteristics and the design intent.**

Code Requirement: Trees shall be placed 45 feet apart in rows and 30 feet in groups (Section VI-4-A-2 – CHGDO).

Recommendation: Staff is in support of this variance with the following conditions:

1. An equal or greater quantity of plant material and trees will be provided.
2. All plant material and trees will be maintained by the Castle Hills Commercial Property Owner's Association.
3. Plantings must be native or adaptive and drought tolerant.
4. Compliance with Crown Centre Development Standards (Exhibit A).

Variance d): **To allow landscaped areas throughout Crown Centre to meet the interior/parking lot landscaping requirement.**

Code Requirement: Section VI-3 of the CHGDO provides that the required landscaping for parking lots is one shade tree (3' caliper minimum) per 15 parking spaces and the landscaped area must be 10% of the parking area. Parking area is calculated by looking at the total square footage of parking spaces, planting islands, curbed area and all interior driveway and aisles, except those with no parking spaces located on either side. Landscaping outside of the parking lot does not count towards this requirement. The CHGDO also does not address how structured parking lots count towards the calculation of interior parking lot landscaping requirements.

Recommendation: Staff is in support of this variance with the following conditions.

1. All plant material and trees will be maintained by the Castle Hills Commercial Property Owner's Association.
2. Plantings must be native or adaptive and drought tolerant.
3. The area of any upper level exposed deck of a parking garage shall count towards the calculation of the parking area.
4. Trees within 10 feet of any mutual access easement shall be more conical than broad in nature.

5. Compliance with Crown Centre Development Standards (Exhibit A).

Variance e): **To allow reduced parking ratios as shown in the Crown Centre Development Regulations and to allow shared parking.**

Code Requirement: Section VIII of the CHGDO provides parking calculations for each use allowed in Castle Hills. A copy of the off-street parking and loading requirements are attached for reference. Required parking calculations refer only to off-street parking and sets standards for shared parking (Section VIII-4 of CHGDO).

Recommendation: Staff is in support of this variance with the following conditions:

1. Compliance with Crown Centre Development Standards (Exhibit A).
2. Shared parking can be utilized if supported by a shared parking study using the most recently published ULI Shared Parking Manual and as verified by the Director of Planning. A written agreement shall be signed between owners of the affected parcels and shall be filed with the application for a building permit.

Variance f): **To allow loading zones to be calculated on a square-foot basis in lieu of a space per square-foot standard and to allow loading zones to be shared between uses and across lot lines.**

Code Requirement: Off-Street Loading Space. Every building or part thereof erected or occupied for retail business, service, manufacturing, storage, warehousing, hotel, mortuary, or any other use similarly involving the receipt or distribution by vehicles or materials or merchandise, shall provide and maintain on the same premises loading and parking spaces. (CHGDO – Section VIII.6). The number and size of the spaces is determined by use and total square footages.

Recommendation: Staff is in support of this variance with the following conditions:

1. Crown Centre Development Standards (Exhibit A).
2. Every building or part thereof erected or occupied with a use involving the receipt or distribution by vehicles of materials or merchandise, shall provide and maintain required off-street loading areas within the same Subarea where the building is located.
3. For all retail and service and entertainment developments, a minimum of four hundred (400) square feet of loading space shall be provided for a building between five thousand (5,000) square feet to fifteen thousand (15,000) square feet of gross leasable area, and four hundred (400) square feet of additional loading space for each fifteen thousand

(15,000) square feet, or fraction thereof, of gross leasable area in excess of fifteen thousand (15,000) square feet. A loading space is not required for retail and service and entertainment uses under five thousand (5,000) square feet. These loading areas shall have a vertical clearance of fourteen (14) feet.

4. For industrial developments, a minimum of one (1) loading space for each ten thousand (10,000) square feet, or fraction thereof, of floor area in a building shall be provided.
5. For developments that include more than one use on a lot, a minimum of four hundred (400) square feet of loading space shall be provided for each thirty-five thousand (35,000) square feet of gross leasable area, or a fraction thereof. These loading areas shall have a vertical clearance of fourteen (14) feet.
6. Loading spaces that are not in the form of a typical bay will be clearly striped and/or identified.
7. Access and maneuvering areas shall be provided on the same lot as a principal use for which the loading and parking is intended. Maneuvering space shall be in addition to loading/parking space and shall be designed to accommodate the largest vehicles that would be expected to use those particular loading areas.
8. The maintenance of all off-street loading spaces shall be the responsibility of the property owners and shall be depicted on the Engineering Site Plans.
9. Loading spaces shall be dedicated, delineated and free from all fire lanes, parking lanes and drive aisles.

Note. The criteria above will provide the same total square footage dedicated to loading zones but will allow the developer to place the loading areas off-site and allow adjacent uses to share the loading zones so long as they are in the same Subarea. This is a proven method that has been used successfully in other dense urban developments such as Southlake Town Square, Market Street at the Woodlands, Watters Creek at Montgomery Farms (Allen), and The Domain (Austin).

Variance g):

To allow special paving in unique areas but not within public streets, including but not limited to the following materials:

- Contained Gravel with a structural member designed to be equal to or greater than the strength standard required concrete for fire lanes. Gravel will be contained with concrete curbs or other methods of similar strength. Gravel will not be used in primary drive aisles, but rather in specialty areas.
- Unit Pavers over an engineered subbase designed to a structural strength equal or greater to the standard required concrete for fire lanes.

- Natural Stone over an engineered subbase designed to a structural strength equal or greater to the standard required concrete for fire lanes.
- Brick over an engineered subbase designed to a structural strength equal or greater to the standard required concrete for fire lanes.
- Similar materials, so long as designed to a structural strength equal or greater to the standard required concrete for fire lanes.

Code Requirement: Requires concrete or asphalt only for paving surfaces related to private parking lots, drive aisles, access driveways, etc. (Section VIII-1, COL 503.02.03)

Recommendation: Staff is in support of this variance with the following conditions:

1. Compliance with the Crown Centre Development Standards (Exhibit A).
2. The developer shall provide documentation prior to approval of any specific alternate pavement that the paving meets all requirements of ADA and PROWAG. Fire lanes shall be clearly marked and all pavement within fire lanes shall be designed to a structural strength equal or greater to the standard required concrete for fire lanes.
3. The variance only applies to privately-owned and maintained pavement.

Variance h): **To provide street and pedestrian easements in lieu of required right-of-way dedication for deceleration and right turn lanes along the SH 121 Frontage Road (Sam Rayburn Tollway), FM 544, Midway Road and Crown Center Blvd.**

Code Requirement: The developer shall be responsible for the dedication of all rights-of-way for the construction of all turning lanes (Section V-2-J – 1996 GDO).

Recommendation: Staff is in support of this variance with the following conditions:

1. Compliance with the Crown Centre Development Standards (Exhibit A).

Note: The dedication of “street, drainage, utility and pedestrian” easements in lieu of right-of-way for deceleration lanes will allow for the operation and maintenance of all required public infrastructure in those locations but

will not require building line setbacks to jog in and out at driveway locations.

Variance i): **To allow multi-family dwelling units of seven hundred (700) square foot average size with a minimum unit size of no less than (500) square feet within the Crown Centre Project.**

Code Requirement: Dwelling units must be an average of 750 square feet in size, but no unit shall be less than 500 square feet in size (Section 17-16.5 Zoning Ordinance)

Recommendation: Staff is in support of this variance with the following condition.

1. Compliance with the Crown Centre Development Standards (Exhibit A).

Note. This reduction in unit size reflects the market demand along the corridor. Although the developer is planning to build luxury apartments, this provides the developer with the flexibility to offer smaller units at a lower price point.

Variance j): **Multi-family dwelling units developed as part of the Crown Centre Project shall not count towards the total number of allowable units designated for multi-family development in Castle Hills.**

Code Requirement: The 1996 Agreement outlines a land use plan in section (6) of the agreement. The language states that “no more than 250 acres of the lands will be developed for multi-family dwellings with a density of no more than 20 units per acre.” This totals 5,000 multi-family units for the Lands of Castle Hills.

Recommendation: Staff is in support of this variance with the following conditions:

1. The maximum number of multi-family units in the Crown Centre Project is 2,000.
2. Compliance with the Crown Centre Development Standards (Exhibit A).

Variance k): **To allow setbacks from and widths of public utility and drainage easements to be reduced on a case-by-case basis based on type, material, size and depth of the underground public infrastructure.**

Code Requirement: The applicable code sections require minimum 15-foot drainage and utility easement widths and additional widths for utility and drainage lines over a certain size and/or depth of cover. In addition, the same code sections require a 10-foot building setback from easements containing pressurized utilities

and a 5-foot setback for non-pressurized lines. (Section V-5-B & C – 1996 GDO)

Recommendation: Staff is in support of this variance subject to the following conditions:

1. Setbacks from and widths of public utilities and drainage easements must be approved by the City Engineer. Such widths and setbacks can be less restrictive but shall not exceed what is currently required by the Lewisville Code of Ordinances, as amended.
2. Compliance with Crown Centre Development Standards (Exhibit A).

Note: The code requirements are designed to allow convenient and safe access to utility and drainage lines in the event a repair or replacement is necessary. The established standards are generally acceptable in suburban style developments with surface parking and large building setbacks. The code requirements are difficult to meet for urban style developments with structured parking and minimal street setbacks given the lack of open space adjacent to buildings and parking structures. The variance would allow the developer to dedicate lesser easement widths and setback requirements when approved by staff on a case by case basis in specific circumstances. Such circumstances may include infrastructure that is shallow, has been constructed in a manner that reduces the potential for repair or allows alternate repair methods or the site layout has been designed to allow alternative access methods acceptable to City staff. A similar variance was granted for the Awesome Center on Mill Street in Old Town.

SUMMARY

City staff and Bright Realty have been working diligently on this project to design appropriate regulations that will accommodate the vision of the Crown Centre Project as a walkable mixed-use environment while allowing a reasonable amount of flexibility. Due to the unique nature and urban design of this development, staff has no objections to the proposed variances should Council wish to approve the variance package. These (11) variances would apply only to the Crown Centre Project along with the development standards depicted in the Crown Centre Development Standards (Exhibit A).

RECOMMENDATION

It is City Staff's recommendation that the City Council approve the requested variances with the recommended conditions set forth in Staff's memorandum and adopt the Crown Centre Development Standards as depicted in Exhibit A.