



PLANNING COMMISSION

May 17, 2023

A regular Planning Commission meeting was held in the City Council Chambers, Petoskey, Michigan, on Wednesday, May 17, 2023. Roll was called at 6:00 P.M. and the following were:

Present: Cynthia Linn Robson, Chairperson
Betony Braddock
Doug Buck
Carolyn Dettmer
Matt McSweeney
Richard Mooradian
Rick Neumann
Ted Pall
Charles Willmott

Others: Christopher and Maren Corey, 414 Waukazoo Avenue
Albert Moss, 510 Hillcrest Avenue
Andrew Schorfhaar, Haan Development

Staff: John Iacoangeli, City Planner
Shane Horn, City Manager
Lisa Denoyer, Zoning Administrator/Administrative Assistant

Upon motion and support, the amended agenda was approved. Motion carried 9-0.

Upon motion and support, the minutes of the April 19, 2023 regular meeting were approved. Motion carried 9-0.

2023-24 Planning Commission Work Program

The City Planner presented three priority actionable items of the 163 listed in the Master Plan for the Planning Commission to focus on that he believes would have the most meaningful and immediate impact on the City.

His first recommendation was for the Planning Commission, with the assistance of City staff and a consultant, to conduct a housing quality assessment to determine areas within the community that need assistance and provide a foundation for housing-related programs. This program would provide the foundation for housing-related programs such as the Neighborhood Enterprise Zone and Housing Rehabilitation Districts that were approved in January 2023.

His second recommendation was to implement a rental inspection program to ensure rental structures are safe and maintained. This would be done by creating a subcommittee of the Planning Commission to research similar programs and prepare a draft ordinance for Planning Commission and City Council consideration.

His third recommendation was to establish a subcommittee of the Planning Commission to begin looking at district consolidation, minimum lot sizes, lot coverage, building heights, and housing typologies by district in an effort to remove barriers and create additional workforce housing.

He then informed the Commission that the City would be applying to MEDC in October for a technical assistance grant to revise the City's zoning ordinance.

Commissioners and staff discussed the three proposed actionable items, how a need for assistance would be determined and the benefit of subcommittees.

Commissioner Neumann made a motion, seconded by Commissioner Willmott, to accept the 2023-24 Planning Commission Work Program as outlined by the City Planner. Motion carried 9-0.

Chairperson Robson asked for volunteers to join the two subcommittees and the following members volunteered:

Rental Inspection Program Subcommittee – Braddock, McSweeney, Mooradian

Zoning Ordinance Subcommittee – Dettmer, Neumann, Pall, Robson

Commissioner Willmott volunteered to rotate into the subcommittees should a member be unavailable to attend.

**Public Hearing on Case #2-23 - Rezoning Request for
Parcel No. 52-19-07-201-059 located on Clarion Avenue from R-2 to I-1**

Staff informed the Commission that the applicant was requesting a rezoning of parcel 52-19-07-201-059 from R-2 Single-family Residential to I-1 Light Industrial and the intent is to rezone the parcel and combine it with the neighboring parcel 52-19-07-201-058, which is also owned by the applicant.

The public hearing was opened at 6:25 P.M. No public comments were received and the public hearing was closed.

Commissioner Neumann made a motion, seconded by Commission Pall, that the request to rezone parcel 52-19-07-201-059 from R-2 Single-family Residential to I-1 Light Industrial be recommended to City Council for approval based on the facts presented and the finding that the request is consistent with the City Master Plan, Future Land Use Map and Zoning Plan and that the rezoning will not adversely affect surrounding properties. Motion carried 9-0.

**Site Plan Amendment Update for
Lofts at Lumber Square, 900 Emmet Street**

Commissioner Braddock disclosed that she had a conflict of interest as the owner of a neighboring business and recused herself from the meeting.

The City Planner also recused himself due to a conflict of interest.

Commissioner Buck informed the Commission the applicant is a customer of the bank that he is employed by, however, he did not feel he had a conflict of interest. The remaining Commissioners agreed and voted that Commissioner Buck did not have a conflict of interest.

Staff gave a brief overview of changes that had been identified when comparing the submitted plans with the previous plan that was presented at the April 5 special meeting.

Andrew Schorfhaar, Haan Development, gave a brief overview of the facade changes that were made in response to the feedback from the Commission at the April 5 meeting. He then informed the Commission that they had submitted their building permit application to Emmet County Building Department earlier in the week and were on track to receive their final financing approval in the next 30 days or so. Their hope is to begin construction by mid to late summer.

The meeting was opened for public comment at 6:38 P.M. No public comments were received.

Commissioners commented that they were pleased with the applicant's response to the Commission's concerns and issues. Some Commissioners commented that they preferred the original design that was approved a couple of years ago over the current design but overall had positive feedback on the proposed changes.

Commissioner Pall made a motion, seconded by Commissioner Dettmer, to approve the plan updates as presented in the agenda memo as follows:

1. The building footprint has been modified slightly at the southeast and southwest ends of the building. The divider wall on the southeast end of the building has been shortened to avoid encroaching on the sidewalk and the divider wall on the southwest end of the building has been removed;
2. On-site parking has been reduced from 63 spaces to 62, with six additional on-street parking spaces. The standard requires a total of 68 spaces and is met;
3. 16 bike parking spaces are noted at the southwest end of the building and near the dumpster enclosure and 12 spaces are indicated to the west of the courtyard entrance. The standard requires a minimum of 28 bike parking spaces and is met;
4. Access to the Greenway Corridor has been removed;
5. Four trees have been added to the southwest side of the parking area, the street trees on Fulton Street have been replaced, dwarf arborvitae have been added to either side of the Emmet Street parking lot entrance, and significant landscaping has been identified around the exterior of the building and in the courtyard area;
6. Facade changes along Emmet and Fulton Streets include the addition of window overhangs, stone sills and stone headers. Door overhangs have been added to entrances along the courtyard;
7. The parapet height has been increased two feet on the bump-out portions of the building to help reduce visibility of roof top equipment. The overall height of the building increased from 33-feet to 35-feet. The standard allows a maximum height of 37-feet and is met; and
8. Exterior materials have been updated and include lap vinyl siding, aluminum woodstone siding, stone panel system, veneer brick, vinyl windows and composite trim and fascia.

Motion carried 8-0.

Commissioner Braddock and the City Planner returned to the meeting.

Action on Ordinance Language for Short-term Rentals

The City Planner informed the Commission that there were two ordinances before them. One to amend the zoning ordinance to specify which districts short-term rentals would be permitted and the other being a police power ordinance that would eventually go before City Council for their review, revision and possible adoption.

He then explained that the documents before them were the result of a subcommittee review and amendments following the Planning Commission's initial review at their regular April meeting. The documents before them were also sent to the City Attorney for his review and approval and an email was provided indicating that the City Attorney was happy with the documents and recommended a couple of minor changes.

Chairperson Robson requested that the Commission start their discussion with the police power ordinance language and then move on to the zoning ordinance language.

Commissioners discussed if a definition for “grandfathered” should be added and inquired about the process of approval for the proposed ordinance language.

The City Planner responded that he would add the definition of “grandfathered” to the proposed language and explained the zoning ordinance amendment language would go to a public hearing before the Planning Commission, the police power ordinance language would go to a public hearing before City Council and the Commission should make a recommendation to City Council on the number at which to cap short-term rentals.

The meeting was opened for public comment at 7:19 P.M.

Christopher Carey, Little Bay Cottage, 414 Waukazoo Avenue, voiced concern with the license not being transferable to a new owner as he believes it would devalue his property or prohibit the sale as a short-term rental should a new owner have to go to the bottom of the wait list in order to obtain a license.

The City Planner explained that a short-term rental is a license, not an asset. Non-conforming properties could be sold as long-term rentals.

Maren Carey, Little Bay Cottage, 414 Waukazoo Avenue, commented that the four short-term rental units at 414 Waukazoo Avenue range in size from 350 to 595 square feet and are not suitable as long-term rentals. Three of their four units are on the first floor and one is on the second floor.

Commissioners discussed the possibility of an exception for properties like the one at 414 Waukazoo Avenue to allow short-term rentals on the first floor and if it would be possible to allow the buyer of a conforming property 30 days from the time of closing to apply for the existing license, rather than having to apply to the waiting list.

The City Planner said allowing an exception would set a precedent by singling out certain properties and allowing a buyer first rights at an existing license would not be fair to the individuals that are already on the waiting list. He recommended that the Commission recommend the proposed language to City Council, stated that he would discuss the Commission’s suggestions with the City Attorney and request his opinion on the matter.

At this time, Commissioner Willmott made a motion, seconded by Commissioner Braddock, to recommend that City Council consider the proposed short-term rental ordinance for adoption that establishes the licensing, occupancy, wait list, and enforcement provisions affecting the use of property for short-term rentals in the City of Petoskey with the following additions:

1. Insert the definition of “grandfathered”;
2. Modify Page 4, Section 9 to include “A license for a grandfathered property shall expire and cannot be renewed on the sale and/or transfer of the property”;
3. Staff receive confirmation from the City Attorney on whether or not the buyer of a licensed, conforming property could be allowed to apply for the existing short-term rental license within 30 days of closing and failure to do so would result in the expiration of the license or if the license should expire upon transfer of the property; and
4. Staff discuss the particular issue with 414 Waukazoo Avenue with the City Attorney.

Some Commissioners expressed concern with passing along the proposed language without first having the attorney’s opinion while others argued that ultimately the decision was at the discretion of City Council.

The City Planner responded that if the City Attorney agreed with the addition of language to the ordinance, it would be included and presented to City Council.

Some Commissioners voiced concerns with new language being added to the existing proposed ordinance and asked that any additional language recommended by the City Attorney be indicated separately.

A roll call vote was taken and the motion carried 9-0.

Chairperson Robson reviewed changes that were made by the subcommittee to the zoning ordinance language and gave a brief overview of six sections of the ordinance.

Commissioners discussed the business districts listed, made corrections to the zoning district names and agreed that the B-2B Mixed Use Corridor should be included.

The meeting was opened for public comment at 8:09 P.M.

Christopher Carey, 414 Waukazoo Avenue, commented that he hopes they would be able to ask for a variance to allow for first floor use as a short-term rental considering the nature of their building.

Commissioners discussed the possibility of a variance and what the practical difficulty would be.

The City Planner responded that the house is non-conforming, an existing historical building that was established prior to the zoning code and does not meet the current zoning standards. In order to bring it into some sort of conformity, there may be a basis for a variance to address meeting some of the standards.

Commissioner Neumann made a motion, seconded by Commissioner Buck, to set a public hearing for June 21, 2023, to solicit public input on the proposed zoning amendment to establish the zoning districts for short-term rentals and applicable standards. Motion carried 9-0.

Chairperson Robson mentioned that Commissioner Dettmer had sent Commissioners information on a new type of short-term rental, similar to a bed and breakfast. The subcommittee members briefly discussed this topic and decided this type of use would be considered and regulated the same as a bed and breakfast, so no ordinance language would be needed for this type of short-term rental.

Cap Recommended for Short-term Rental Licenses

The City Planner stated that the Commission should make a recommendation to City Council on a cap for short-term rentals but still had time to determine that number and could postpone discussion until their June 21 meeting.

Commissioners discussed the previously agreed upon cap of 40 units, the potential for more short-term rental license applications for existing unlicensed units once the ordinance is enacted and the need to state the rationale behind the cap. After further discussion, it was suggested that the cap be set at 35 (1% of the current housing stock) due to the shortage of housing stock and based on the intent stated in the Master Plan to keep residential areas affordable and primarily for long-term residents. Some Commissioners felt that this number was too low given the likelihood of unlicensed, non-conforming short-term rentals currently operating within the City.

Commissioner Willmott made a motion, seconded by Commissioner Pall, to recommend the following to City Council:

Whereas, the short-term rental of dwelling units in the City of Petoskey provides value to our local economy;

Whereas, it can also bring with it negative effects to the year-round quality of neighborhoods, housing supply, public health and safety;

Whereas, the housing stock in the City of Petoskey today is 3,533;

Whereas, there are currently 33 licensed short-term rental units, with the recommendation of a cap of 40 conforming units and perhaps allowing a potentially higher cap in the Central Business District.

The Planning Commission is recommending this regulatory ordinance to strike a regulatory balance between the interests of the community residents, business owners, visitors, and property owners.

Motion carried 9-0.

Chairperson Robson acknowledged a letter that was included in the packet from Amber Merrow stating her concerns with short-term rentals being excluded from residential districts.

Public Comment

Albert Moss, 510 Hillcrest Avenue, stated that he likes the idea of the creating subcommittees, however he had concerns about whether or not the public would have the opportunity to comment on any proposed changes.

Chairperson Robson responded that the subcommittees would meet to create draft language, which would then be presented to the Planning Commission for discussion and public comment.

Commissioner Comments

No Commissioner comments were received.

Staff Updates

The Zoning Administrator provided the Commission with a report showing a monthly tally of administrative actions that had been performed from January 1 to date and she explained that she would be providing this report at the regular meeting each month.

Commissioner Willmott requested that Accessory Dwelling Units be added to the monthly report.

Commissioner Pall asked if staff had an update on the status of the fence that was to be replaced at 624 Charlevoix Avenue.

Staff responded that they would contact the property manager and report back once they had an update.

There being no further business to come before the Planning Commission, the meeting was adjourned at 8:40 P.M.