

The City has initiated an amendment to Chapter 2, Article II of the Development Code to establish an Alcoholic Beverage On-Premise Overlay District as well as the rezoning of First Colony Mall from General Business District (B-2) to General Business District (B-2), Alcoholic Beverage On-Premise Overlay District (AB-OP). Overlay districts are special zoning districts overlaid on one or more standard zoning districts that impose additional standards and requirements that may be more or less restrictive than those of the underlying district(s).

Currently, facilities that derive more than fifty percent of their revenue from the sale of alcoholic beverages for consumption on premises are prohibited in the B-2 zoning district and all other standard nonresidential zoning districts. The purpose of the proposed overlay district is to support the redevelopment of First Colony Mall by allowing a wider variety of entertainment opportunities such as bars, taverns, cocktail lounges, and wine bars. The mall is part of the Sugar Land Town Center Regional Activity Center (RAC) which is envisioned to be a retail and entertainment destination. The establishment of this overlay district would align with the intent for this RAC and would be in alignment with several goals from the Land Use Plan.

First Colony Mall (FCM), owned by Brookfield Properties, LLC (Brookfield) has had a presence in Sugar Land for over 25 years. The City and FCM have a long-standing public/private partnership and have collaborated on improvement projects over the years to ensure its long-term success. Starting with the 2006 *10-year Mall Expansion Development Agreement* that included the construction of the Lifestyle Center; a three block outdoor plaza located on the northeast side of the mall. The Lifestyle Center accommodates approximately 25 businesses and was designed to attract shoppers through outdoor amenities like a fountain, outdoor furniture, and outdoor restaurant patios.

In 2017, FCM approached the City with a proposal to make improvements to the Lifestyle Center, and asked that a new public/private partnership be formed to attract new business tenants and increase sales. The improvements were mirrored after the Baybrook Mall Lifestyle Center and included removal of the fountain, adding artificial turf, shade awnings, oversized lawn games, a 21-foot by 11 ½-foot digital screen, and other amenities to further activate and enhance the outdoor space. The idea is to provide entertainment and activity opportunities beyond a typical shopping experience and host events, children's activities, movie nights, and more.

Post-COVID, competition has only increased and it's important that FCM is able to explore ways to continue to attract visitors and enhance the shopping experience. In December 2022, Brookfield approached the City about a new tenant opportunity, Little Woodrow's, interested in the Lifestyle Center location currently being utilized by Breakers Korean BBQ. Little Woodrow's is a beer garden / sports bar and grill that started in Houston and has grown to over 20 locations including Austin, San Antonio, Corpus Christi, Katy, Tomball, Lubbock and more. Little Woodrow's started as an adult-only bar but has integrated into suburban markets with a family-friendly model. The proposed location would mirror the family-friendly model located in Bee Cave, Texas that lies adjacent to the outdoor mall, Hill Country Galleria. While kids are allowed, it will be age 21 and up in the late evening.

Economic Development staff vetted this opportunity through the Economic Development Committee in which they were in support of finding an appropriate solution to allow this type of tenant at First Colony Mall. Since bars are not allowed outside of a PD, staff worked with Legal to do research on other communities and best practices for similar situations. Staff feels that supporting the allowance of bars in

FCM further supports the long-term partnership with Brookfield, enables them to make necessary business decisions, and aligns with the type of retailers envisioned within Regional Activity Centers.

It should be noted that the proposed overlay district is modeled after the City of Farmers Branch's Alcoholic Beverage (On-Premise) Overlay District that was adopted in 2017. Staff reached out to the City of Farmers Branch with questions regarding the implementation of their overlay district. Staff inquired about the intent of their overlay district, legal challenges that might have arisen during implementation, and if there are any supplemental regulations in the overlay district for establishments that serve alcoholic beverages for on-premises consumption. The Deputy Director of Planning at Farmers Branch stated that "there was interest in the community to allow bars and other establishments to allow on-premise consumption of alcohol without being a qualified restaurant. The two locations identified on the overlay district map and boundary were appropriate for such uses." She also stated there were no additional regulations with the overlay districts.

Documents provided are the proposed amendments to the Development Code and the overlay district boundary on an aerial and a zoning map. The proposed amendments to Chapter 2, Article II include creating an Overlay District Table in Section 2-51, amending where bars are permitted in the Nonresidential Districts permitted Uses and Parking Schedule in Section 2-91, and adding Part 8 – Alcoholic Beverage On-Premise Overlay Districts (AP-OP).

P&Z Workshop Recap

Staff held a workshop with the Planning and Zoning Commission on March 14, 2023 to receive feedback on this item. The Commission discussed the potential traffic impact of Little Woodrow's, the proposed boundary of the overlay district, and the proximity of the overlay district to adjacent residential parcel. The Commission also requested that staff conduct further research and provide a recommendation on what supplemental regulations, if any, would be appropriate for the proposed overlay district.

Following the workshop, staff researched regulations in other cities and consulted TABC's Alcoholic Beverage Code and after consideration, staff does not recommend any additional regulations. The intent of the overlay district is to allow a wider variety of entertainment and nightlife opportunities and placing additional restrictions may limit the types of establishments the city is wanting to attract. Additionally, Brookfield Properties has reciprocal easement agreements that regulate noise and establishments that are deemed incompatible.

While bars are not permitted in the standard zoning district, they may be permitted in Planned Development (PD) Districts if they are listed as a permitted use in the ordinance. PDs that currently permit bars, or drinking places (SIC 5813), include the Crossing at Telfair Phase I FDP, Sugar Land Town Square FDP, Telfair Corporate District Fluor Tract GDP, and Imperial Historic District GDP. It should be noted that within these PDs there are no supplemental regulations for these establishments.

Staff also evaluated the proposed overlay district's proximity to adjacent residential properties. The shortest distance between the closest property line of the proposed boundary and adjacent residential properties is approximately 500 feet.

Recommendation

Staff recommends the Commission hold the public hearing and provide a recommendation to City Council. Staff supports a recommendation of approval to the Mayor and City Council. Following this meeting, City Council will be holding their public hearing and first reading of the ordinance at their April 18, 2023 meeting.

Public Hearing Notice

The Notice of Public Hearing was published in a newspaper of general circulation and on the City of Sugar Land's Internet Home Page. All property owners within 200' of the subject property were notified via mail. The public hearing notice included a link to an online form that can be submitted to provide comments in advance of the meeting. As of the date of this report, we have not received any public feedback regarding this item.



NOTICE OF PUBLIC HEARING

PROPOSED AMENDMENT TO THE CITY OF SUGAR LAND DEVELOPMENT CODE- CHAPTER 2, ARTICLE II, ESTABLISHING AN ALCOHOLIC BEVERAGE ON-PREMISE OVERLAY DISTRICT AND PROPOSED REZONING FROM GENERAL BUSINESS (B-2) TO GENERAL BUSINESS (B-2), ALCOHOLIC BEVERAGE ON-PREMISE OVERLAY DISTRICT (AB-OP) FOR THE EXISTING FIRST COLONY MALL DEVELOPMENT LOCATED AT 16535, 16529, 16511, 16517 SOUTHWEST FREEWAY

Planning and Zoning Commission Public Hearing 6:30 p.m., April 11, 2023, City of Sugar Land City Council Chamber, 2700 Town Center Boulevard North, hosted via live stream at <http://www.sugarlandtx.gov/1238/SLTV-16-Live-Video> or <https://www.youtube.com/sugarlandtxgov/live>, and Sugar Land Comcast Subscribers can also tune-in on Channel 16, to hear all persons interested in the proposed amendments to the Development Code for Chapter 2, Article II Zoning Districts and Land Uses, establishing an Alcoholic Beverage On-Premise Overlay District and proposed rezoning for the existing First Colony Mall development located at 16535, 16529, 16511, 16517 Southwest Freeway.

The agenda item for this meeting will be placed on the City of Sugar Land website at www.sugarlandtx.gov under "Meeting Agendas" Planning and Zoning Commission no later than Friday, April 7, 2023. Request details or provide feedback on the proposed Development Code amendment and proposed rezoning online at www.sugarlandtx.gov/PublicHearingComment or contact City of Sugar Land Planning & Development Services Department at (281) 275-2218.