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ZM-25-003

Staff Memo

Meeting Date: February 03, 2026

Applicant: Millcreek Staff, PEG Development, and Ensign Design

Re: East Common Mixed Use – CCOZ/Development Agreement

Property Address: 3232 South Highland Drive

Zone: Commercial (C) & City Center Overlay Zone (CCOZ)

Prepared By: Brad Sanderson, Current Planning Manager

Scope of Decision: **Discretionary.** This is a legislative matter, to be decided by Millcreek City Council, in consideration of Millcreek’s adopted goals and policies, and upon taking public comment, and upon receiving recommendation from the Planning Commission.

SYNOPSIS

Request:

Millcreek Staff, on behalf of the City of Millcreek, PEG Development, and Encore Development, has filed a Rezone/Development Agreement application pertaining to a new development being proposed on property located at 3232 South Highland Drive, on the SW corner of Chambers Avenue and Highland Drive, immediately adjacent to the Millcreek Common, (“Property”). The request is to rezone the Property from the Commercial Zone (C) and City Center Overlay Zone (CCOZ) to the City Center Overlay-Development Agreement (CCOZ-DA) Zone. This request subsequently requires a development agreement, which allows the property to be further subjected to certain development terms and exceptions to the standards, pursuant to Title 18.48. of the Millcreek Zoning Code.

Background:

Shortly after Millcreek residents voted to become a city in 2016, city leaders set about developing a general plan to guide its future development. One of many ideas resulting from the general public and early planning phases of the general plans, was to create a new, walkable, mixed-use city center to act as a cultural hub for the community which soon became a key focus. City leaders selected a site and begin to go to work to secure funding, property, and design elements reflective of the input received from the general public and other design consultants. The design elements were included in a master plan for this new city center which was adopted by the City Council in June 2019. The master plan included the Millcreek Common, as a centralized active opens space, along with supporting mixed-use midrise buildings comprising of ground floor retail/commercial, with upper-level office and residential uses to help synergize and support the Millcreek

Common and overall city center area. Each phase of the master plans continues to develop based on market demands, land assemblage and as funding becomes available.

Proposal:

Millcreek, along with two other partners, (PEG Development and Ensign Design (the “Partnership”) have employed Beecherwalker Architecture and Benchmark Engineering to aid with a concept design which will help advance the City Center Master Plan. The proposal includes assembling five parcels, comprising of approximately 1.2 acres of property, located directly east of Millcreek Common. The proposal then includes a new five-to-six-story mixed-use building oriented towards all abutting streets, including Millcreek Common.

The building will include an internal five-level shared public/private parking structure, containing 204 parking stalls, wrapped by a five-story 110-unit hotel proposed on the north and east side abutting both Highland Drive and Chambers Avenue and 12,500 square feet ground/floor retail/commercial space abutting the Millcreek Common with five stories (25 units) luxury residential condominiums located above the ground floor retail. The rooftop area will include a shared pool with other private amenities internal to the building, to be managed between the hotel and condominiums.

The parking structure contains a sub-level of private parking exclusively for the condo, which will be access from Chambers Ave. The remaining four levels of parking will be accessed by the public and hotel users directly from Highland Drive via shared access along the south side of the building. The south side of the building is designed to function as for both vehicles and a pedestrian paseo to allow pedestrians to access Millcreek Common directly from Highland Drive.

It is anticipated there will be some on and off-site improvements to Chambers Ave, Highland Drive, and the upper east Woonerf, as part of this development property.

FINDINGS:

Findings:

- The Property is currently within the Commercial (C) Zone and City Center Overlay Zone (CCOZ). Properties immediately adjacent to and surrounding the Subject Property are within the same Commercial (C) base zone and City Center Overlay Zone. Properties surrounding the Property consist of large-scale multi-family housing, and first-floor commercial stock.
- The purpose of the City Center Overlay Zone – Development Agreement (CCOZ-DA) is to allow flexibility in the strict application of the City Center Overlay Zone Design standards given particular site conditions and opportunities for additional development of public benefits such as additional public parking or open space or the provision of affordable housing, while adhering to the goals of the City Center Master Plan. The application of the development agreement concept is intended to advance the goals of the Millcreek City Center Master Plan and to further the purpose and intent of the City Center Overlay Zone, thus ensuring substantial compliance with the intent of zone regulations and other provisions of this title related to public health, safety, and general welfare, and at the same time securing the advantages of large scale site planning for mixed use development appropriate in Millcreek’s City Center.
- The Millcreek City Center Master Plan was a result of the 2019 Millcreek Together General Plan. The Millcreek Together General Plan envisioned the Property as having:
 - “The greatest mass, the highest level of development intensity, and sidewalks wide enough to accommodate patio dining and significant pedestrian traffic”.
 - “Land uses in these areas should be flexible and adaptable, with an emphasis on non-

- residential activity occurring on the ground floors of buildings....” and,
- “Taller buildings and higher density land uses will be encouraged”.
(2019 Millcreek City Center Master Plan Page 3.12)
 - The Property is located within the “City Center” category as designated within the General Plan which states:
 - The “Mixed-use 1” land use designation envisions retail in walkable, mixed-use configuration, professional uses, restaurant, and similar arts and entertainment uses that attract visitors from around the city and region. As well as multifamily condominiums or apartments, hospitality, civic and public facilities, health services, as well as plazas, squares, pocket parks, community gardens, and other gathering spaces.
 - The Millcreek General Plan enumerates, the following City Center Goals & strategies:
 - Continue to refine, adapt, and expand the Town/City Center Overlay Zone as the City Center develops and evolves.
 - Maintain City Codes to support reduced onsite parking, limited parking lot areas between the public right-of-way and buildings, design elements that enhance visual impressions from the street, multi-modal access, and the safety and enjoyment of the on-site pedestrian experience.
 - Establish a parking management plan to regulate on-street parking that supports business patrons and visitors.
 - The properties are currently used as small private athletic gym with 20 available parking stalls, and a another 75-parking stall surface parking lot, (included a portion of the east woonerf) which is currently use by the public, with some shared access and parking between the two parking lots.
 - If approved, and prior to construction, there will be a new shared parking structure next to the Millcreek city office building, which is scheduled to be completed in early summer of 2026, thus offsetting the loss of the temporary surface public parking lot currently located within the city center area.
 - A large portion of the parking structure will be allocated towards additional parking for the general public.
 - A third-party traffic firm has conducted a traffic study with respect to the development proposal along with other concepts proposed within the city center vicinity, for the purpose of analyzing traffic-related impacts and providing recommendations to mitigate such impacts. This study recommended, among other things, some improvements to both Highland and Chambers Avenue. Since the project will provide additional parking for the general public, the development will generally provide relief and additional parking opportunities, particularly during events. The traffic analysis can be made available upon request.
 - Grease traps and other utilities will be provided for the ground-floor commercial spaces so as to provide adequate opportunities for some eating establishments and to further synergize the Millcreek Common experience.
 - A development agreement will be required, ensuring the uses, dedication, utilities easements, access, phasing, building design, scale, orientation, materials, and other aspects pertaining to the future development of this property, where the underlying zoning and land use ordinances may be insufficient.
 - An earlier concept proposal was presented and discussed at joint work session held with both the city council and planning commission in September. The proposal was later presented in October during an open house/neighborhood meeting.

- This item is scheduled for a public meeting for the purpose of taking further public comments and to be further reviewed and considered by the Millcreek Planning Commission on February 18th at 5:00pm. All interested parties are invited to attend.
- For more information regarding Millcreek Common and City Center Master Plan, visit <https://millcreekut.gov/254/Millcreek-Common-Development>