

PROPOSED CARVANA VENDING MACHINE NARRATIVE

Carvana Site Overview

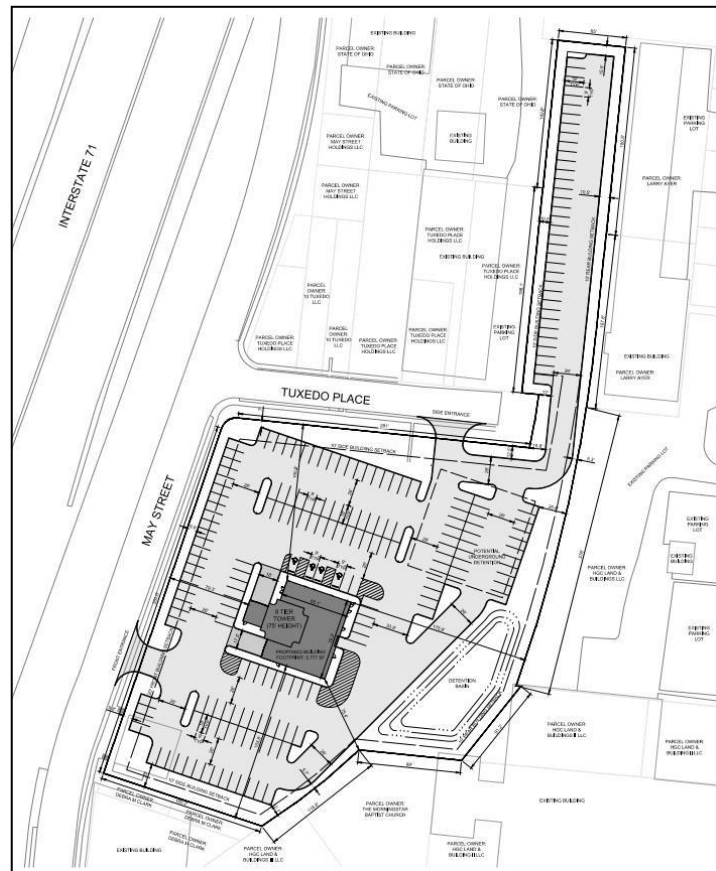
Carvana is seeking relief from the 45-foot maximum height limitation in the Manufacturing Limited (ML) zoning district for a new vehicle sales fulfillment/distribution center as a part of its e-commerce-based vehicle sales business. Carvana's Car Vending Machine offers car buyers a one-of-a-kind experience. The tower structure is 69' 2" to the top of the building (flat roof) and 75 feet to the top of the parapet.

Carvana customers who choose Touchless Pick-up at a Car Vending Machine can enjoy the unique experience Carvana is known for, from a safe, comfortable distance providing area residents with a fun and safe option for getting their next vehicle.

A Carvana Vending Machine is a fulfillment / distribution center for customer pick-up. There are no "for-sale" vehicles located on-site as all vehicles on display in the tower have already been purchased online. Only cars that have been inspected and fully reconditioned for delivery are placed in the tower for pick-up by a Carvana customer.

By appointment only, customers can select a day and time convenient for them, at which time they would be the only customer vending their vehicle. The customer enters the Welcome Center where they are greeted by a Carvana Customer Advocate who assists them with placing their token into a slot that begins the process of retrieving their vehicle. All vehicle pick-up appointments are pre-scheduled with customers following their online purchase. Our operations allow us to meet with 3 to 4 customers per hour depending upon scheduling and order fulfillments.

On-site operations include 100-plus parking spaces. These spaces are utilized by customers and employees for parking, with the surplus being utilized for temporary storage of vehicles that have been delivered to the site and are waiting to be loaded into the tower. Carvana has multi-car haulers that make deliveries to the site 4 to 5 times each day during non-peak hours. The Carvana-branded hauler delivers up to 9 vehicles at a time.



Height Variance

§ 1445-13 Public Interest Standards of Review

1. The following section addresses how the proposed Carvana projected located at 2846 May Street maximizes both the public interest and the creation of private benefits.
 - (a) ***Zoning. The proposed work conforms to the underlying zone district regulations and is in harmony with the general purposes and intent of the Cincinnati Zoning Code or the Land Development Code, as applicable.***

The proposed Carvana project conforms to the Manufacturing Limited (ML) zoning district as vehicle sales, which is a permitted use subject to two specific limitations. The specific limitations include 1) The use must be located on an arterial roadway; and 2) vehicle loading and unloading must occur on site. Based on a preliminary meeting with City Planning Staff, it was confirmed that Lincoln Avenue is designated as an arterial roadway and would meet this specific limitation. The second specific limitation is satisfied because all loading and unloading of vehicles will occur on our site as is consistent with other Carvana projects across the country.

The Carvana project is in harmony with the general purposes and intent of the Zoning Code and Land Development Code as our preliminary development plan conforms to the applicable development standards and regulations as evidenced by our preliminary development plan submittal. In terms of meeting the high-level goals of the ML zoning district, our project serves as a transitional land use located along an interstate highway and serving as a buffer and transition to lower intensity commercial, residential, and mixed uses located east of this project site in the Walnut Hills redevelopment area.

- (b) ***Guidelines. The proposed work conforms to any guidelines adopted or approved by Council for the district in which the proposed work is located.***

The Carvana project will conform to any guidelines adopted or approved for the ML zoning district by Cincinnati City Council.

- (c) ***Plans. The proposed work conforms to a comprehensive plan, any applicable urban design or other plan officially adopted by Council, and any applicable community plan approved by the City Planning Commission.***

The subject site is located within the study area of the 2017 Walnut Hills Reinvestment Plan (WHRP). This neighborhood-specific plan was led by the Walnut Hills Community Foundation with support from the City of Cincinnati. The Plan identifies the May Street area as one of an “Interstate Transition Area” with specific recommendations for future development to provide both bulk and scale suitable to help block views from Interstate 71. (See WHRP page 44)

The Plan also addresses the May Street area in Section 4 Land Use and Zoning by stating that the neighborhood generally supports variances from these limitations, including “...building heights along primary streets...”, to certain land uses which include general retail uses. The Plan document further states that “Where these uses are restricted, the neighborhood will generally support a variance from such restrictions to support the goal of an active, vibrant, and economically flourishing neighborhood.” (See WHRP page 88)

The Walnut Hills Reinvestment Plan clearly views the May Street properties as an important transition and buffer tool against the Interstate 71 corridor. The Plan states these interstate frontage properties present “...an opportunity for commercial uses. These uses, if properly related to the neighborhood, can provide jobs and services while also buffering the nuisance of the interstate. The transition between these

commercial uses and the neighborhood are important.” (See WHRP page 42) The Carvana project properly relates to and supports the vibrant and unique vision set forth for the Walnut Hills neighborhood.

- (d) **Traffic. Streets or other means of access to the proposed development are suitable and adequate to carry anticipated traffic and will not overload the adjacent streets and the internal circulation system is properly designed.**

This traffic and internal site vehicle flow standard will be satisfied based on the overall low impact and operational uniqueness of the Carvana site.

Traffic Impact: The traffic generated by this project will not adversely impact the adjacent street system. The Variance application packet contains a preliminary traffic impact report providing insight into Carvana’s anticipated traffic impact and vehicular movements for this site.

- (e) **Buffering. Appropriate buffering is provided to protect adjacent uses or properties from light, noise, and visual impacts.**

The proposed Carvana site will create no adverse light, noise, or visual impacts. No residential land uses are adjacent to the project site. The project site is situated adjacent to May Street / Interstate 71 and Tuxedo Place while non-residential land uses are adjacent to the other two property line boundaries.

Light Impact.

Signage: Carvana’s signage, as currently designed, is considered an indirect light source as there are no exposed light-emitting diodes or light sources. The signage is constructed with faces on them that use plastics and vinyl materials to act as a diffusing agent and impede view of a direct light source while also reducing the total light output significantly. Measurements taken on a traditional Carvana sign show about 315-foot candles directly at the face of the sign and about 16-foot candles at 3 feet from the sign face at nighttime. (Note that the reason why the daytime measurement at 3 feet goes up is because of contribution from ambient light.) At 5 feet from the sign face, the reading would effectively be 0.0. In other words, there would be no light encroachment from the sign beyond 5 feet.

Parking: The parking lot lights are a typical lower height parking lot light pole and fixture that will be positioned on the site in a manner to comply with the City’s maximum foot candle readings at a property line.

Building: Internal lights are pointed inward and upward, directly at the vehicles and the roof. The lighting generally casts a glow in the tower. No lights are directed outside of the tower.

Noise Impact. From an operational standpoint, the Carvana Vending Machine does not create any excessive noise as mechanical operations of the machine are contained within the tower and building structure. A noise study was conducted for a Carvana project in Arizona and the measured noise level of the Carvana Vending Machine Tower was 72 dBA CNEL. Operation of the Carvana Tower did not significantly raise measured sound levels above the overall ambient noise level. Aircraft and roadway traffic were the primary noise sources during the measurement.

Visual Impact.

The tower portion of the structure that is proposed to exceed the maximum allowable building height (requiring the Variance), is a narrow 40’ x 40’ glass and steel structure. Sunlight would be able to

penetrate the structure and it would not obstruct air flow. Therefore, any shadowing effect on adjacent properties would be extremely limited.

Since the Carvana site is bounded by either roadways or non-residential land uses, the location of the nearest residential use is approximately 250 east of the project site, thus providing reduced visibility of the tower structure. This is another reason why this vehicle sales use serves as an appropriate transitional land use between the existing businesses and larger institutions located along May Street / Interstate 71 corridor versus the more mixed-use and residential environment moving eastward toward Gilbert Avenue.

(f) **Landscaping.** *Landscaping meets the requirements of Chapter 1423, Landscaping and Buffer Yards.*

The Variance application will contain a conceptual landscape plan that is based upon the required types, amount, and locations of planting materials per the Cincinnati Zoning Code. As the project moves through the Development Plan design review process, the landscape plan construction details will be added as required by the review process.

(g) **Hours of Operation.** *Operating hours are compatible with adjacent land uses.*

The daily operating hours for the Cincinnati Carvana site would be 9:00 am – 7:00 pm. These hours of operation are generally consistent with the adjacent business uses located in the general vicinity. Our retail-oriented hours of operation will be less than some of the larger institutional uses located in the surrounding area.

(h) **Neighborhood Compatibility.** *The proposed work is compatible with the predominant or prevailing land use, building and structure patterns of the neighborhood surrounding the proposed development and will not have a material net cumulative adverse impact on the neighborhood.*

The Carvana project is compatible with the lower intensity business and institutional uses located in the immediate May Street area. This project will not attempt to “overbuild” on the site, thus creating an overabundance of building “bulk” as cautioned against in the Walnut Hills Reinvestment Plan. The traffic generated by the Carvana site is generally low and consistent; ultimately controlled by the on-line / appointment-only based business model utilized.

(i) **Proposed Zoning Amendments.** *The proposed work is consistent with any proposed amendment to the zoning code or the Land Development Code then under consideration by the City Planning Commission or Council.*

We have reached out to Emily Ahouse, with the City Planning Department, to confirm if there were any pending Zoning Code or Land Development Code amendments that may impact this requested Height Variance. She indicated there were no pending amendments to any codes that would impact this Height Variance request.

- (j) **Adverse Effects.** *Any adverse effect on the access to the property by fire, police, or other public services; access to light and air from adjoining properties; traffic conditions; or the development, usefulness or value of neighboring land and buildings.*

The Carvana project is a low intensity retail site featuring a controlled number of customers visiting this May Street location. This creates less vehicular trips translating to the reduced potential for traffic accidents and other adverse traffic impacts seen at traditional retail sites. The impact on public services should be lower than the traditional retail site given our internet-based sales process and appointment-only business model. In terms of impact to surrounding properties and buildings, the Carvana project would serve as an anchor for the May Street area and hopefully spur additional redevelopment activity and improvements to these surrounding properties, many of which are currently underutilized or in a state of disrepair.

- (k) **Blight.** *The elimination or avoidance of blight.*

Currently, the May Street area is in a state of transition, in terms of the aesthetic qualities and utilization of the buildings. Although there are many definitions of “blight,” it is clear this May Street area has not witnessed much, if any new development or property / building upgrades for many years. The Carvana project can serve as that redevelopment “first domino” catalyst-type project to set the tone for these Interstate frontage properties. The Carvana project will support the vision set forth in the Walnut Hills Reinvestment Plan by transforming this Interstate frontage area into complimentary transitional land uses and moving away from the disinvestment currently seen in much of the May Street area.

- (l) **Economic Benefits.** *The promotion of the Cincinnati economy.*

The City of Cincinnati will realize new revenue from this Carvana project through income tax generated during the construction phase and post-construction phase. The City will also realize increased property tax revenue given the improved value of the property.

Construction Phase: This project would create approximately 40 direct construction jobs and 13 additional indirect jobs could be supported in the City of Cincinnati during the construction phase of this project. These estimates are based on construction expenditures of \$5.5 million. The multiplier effects of this construction spending would result in an approximately \$8.1 million one-time total impact. These estimates are based upon historical Carvana projects of a similar size and scope.

Post-Construction Revenue Phase: Once completed, the Carvana site would directly support about 20 jobs, plus an additional 8 jobs at other local businesses that are vendors to the Carvana site, or businesses where employees make purchases. The site could directly support about 20 jobs at an average annual wage of \$45,000 per job. This level of employment would translate into approximately \$900,000 in direct annual labor income, resulting in new City of Cincinnati income tax generation.

- (m) **Job Creation.** *The creation of jobs both permanently and during construction.*

As noted above, this Carvana project would create approximately 40 direct construction jobs and 13 additional indirect jobs during the construction phase. Once construction is completed, the Carvana site would create approximately 20 jobs, plus an additional 8 jobs at other local businesses that are vendors to the Carvana site, or businesses where employees make purchases.

The Carvana Vending Machine could directly support about 20 jobs at an average annual wage of \$45,000 based on the assumptions provided by Carvana. This level of employment would translate into about \$900,000 in direct annual labor income, or payroll.

(n) **Tax Valuation.** Any increase in the real property tax duplicate.

This Carvana project will substantially increase the taxable value of this vacant parcel. The most recent County Auditor's value from 2020 assigned to the subject site is \$2,400. Once construction is complete, this site will have an increased taxable value (to be determined).

(o) **Private Benefits.** *The economic and other private benefits to the owner or applicant.*

The current property owner of the subject May Street parcel will benefit through the sale of the land. This parcel has yet to be developed and features substantial topographical challenges in two areas of the site along with a long and narrow panhandle portion of the lot that many users would not be able to utilize. Since the Carvana site requires a small building footprint (~6,000 SF) and can justify the single load parking row within the panhandle portion of the lot, this presents an opportunity to match up the right type of user to this lot featuring certain constraints. If the Variance is approved, private benefits would also extend to Carvana through the development of a new retail destination site at this location.

(p) **Public Benefits.** *The public peace, health, safety, or general welfare.*

This Carvana project will advance the public peace, health, safety, and general welfare by creating a lower intensity retail business featuring controlled and limited customer visits, while creating new income and property tax revenue for the City of Cincinnati.

§ 1445-15 Area Variance Standards of Review

2. The following section addresses how the proposed Carvana projected located at 2846 May Street satisfies the three area variance standards of review.

(a) Neither the owner nor any of its predecessors caused the nonconformity requiring a variance.

The Substantial Shift in Consumer Behavior and E-Commerce Technological Advances Are Creating Nonconformities for E-Commerce Businesses with Brick-and-Mortar Sites. The advent of new e-commerce technology matched with a continued shift in the attitudes and behaviors of shoppers has created a host of new nonconformities as it relates to the application of zoning code development standards to brick-and-mortar e-commerce sites across the country. Like many e-commerce-based companies featuring brick-and-mortar sites, Carvana is challenged with attempting to satisfy the changing consumer behaviors while navigating zoning ordinances that have yet to address these shifts in consumer behavior and e-fulfillment technology. This pronounced transformation of consumer behavior and technology has created the framework for these new nonconformities to exist.

Based on our strong sales activity from other Carvana sites located around the country, we are confident that many greater Cincinnati car consumers are seeking new alternatives to the traditional vehicle sales model and overall experience. Therefore, we are not creating this environment for the nonconformity to exist, we are simply attempting to provide a desired service to Cincinnati area consumers, while zoning ordinances begin to address these newer market and technological trends for e-commerce companies requiring a brick-and-mortar site.

- (b)(i) Show how the project meets the following condition: Special circumstances or conditions pertaining to the subject property cause the strict application of the zoning code to be unreasonable and would result in practical difficulties.**

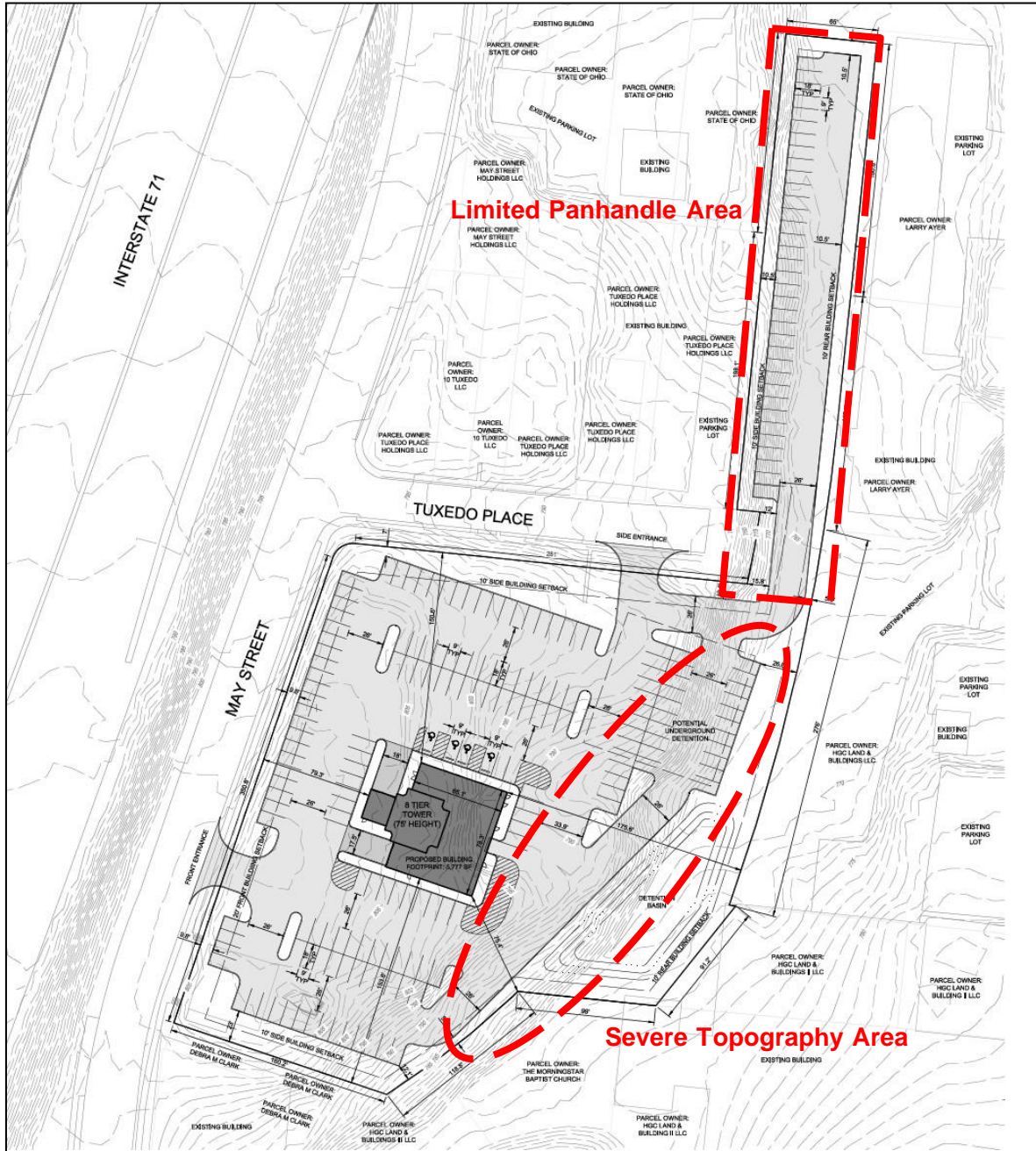
Carvana is Encountering Practical Difficulties Arising from a Substantial Shift in Consumer Behavior and E-Commerce Advances. As you are aware, an area variance balancing test is based upon a property owner encountering the existence of practical difficulties in the use of their property giving rise to the request for a variance. This determination is based upon the balancing of several factors. In our case, practical difficulties arise in meeting the letter of the zoning code provision for height in the transitional ML zoning district due to the fact that Carvana is a new and unique e-commerce-based vehicle sales use that is not yet contemplated by most zoning ordinances. These special circumstances are not created by Carvana, but rather, they are being created by the changing consumer demand in an ever-dynamic marketplace.

Carvana is an online vehicle sales dealer. It separates itself from other vehicle sales uses through its unique customer experience and its iconic Car Vending Machine Fulfillment / Distribution Center. Carvana's customer experience is unique and unmatched and will draw customers from the larger region to patronize this location, which will benefit the surrounding business exposure. Furthermore, Carvana provides these benefits in a much smaller footprint than a traditional auto dealership, by vertically stacking the pre-sold vehicles in the automated glass and steel racking system. The unique nature of Carvana's business model requires a consistent and identifiable building prototype that exceeds the height limits of most municipalities' zoning ordinances and constitutes a unique circumstance.

In summary, the fast-changing shift in consumer shopping patterns and e-commerce fulfillment methods are creating the practical difficulty of satisfying height requirements in zoning ordinances permitting vehicle sales, yet only providing development standards based on traditional and increasingly outdated vehicle sales sites and operational methods. We seek relief from the strict application of the zoning code to allow us to respond to this changing market demand while still promoting the goals and vision of the Walnut Hills Reinvestment Plan.

The Subject May Street Site Features Challenging Topography and a Panhandled Portion of the Lot Which Creates Practical Difficulties that Ultimately Limit Development Potential. The subject site located at 2846 May Street features a severe existing topographical grade change impacting the marketability and development potential of the site. The southeast portion of the site and most of the panhandle area is, realistically, not developable absent a substantial investment in site improvements, including the construction of a large retaining wall. This is likely a contributing factor why this site has remained vacant for so many years.

Given the unique nature of a Carvana site operation and limited building footprint requirement, our model site conforms well with this limited development area while maintaining the required Interstate highway frontage. Given our sales per square foot metrics, we are able to justify the substantial site costs to mitigate this challenging topographic condition and thus provide a private benefit to the property owner through the sale of the land and numerous public benefits as previously mentioned in this narrative.



Another site condition that creates a practical difficulty and thus affects the marketability and development of this parcel is the existence of the long and narrow panhandled portion of the lot extending out to Lincoln Avenue. Similar to overcoming the high costs of dealing with the topographic challenges, the Carvana sales volume and limited building footprint requirements justify the increased cost of paving this long panhandle portion of the lot while only creating a single row of vehicle parking. In terms of commercial land development, this is typically seen as greatly inefficient based on the cost versus benefit realized. Since the Carvana business model can support the increased cost created by this inefficient single row parking expense, it adds another reason why the requested building height relief can be justified to mitigate this practical difficulty currently existing on this site.

Overcoming these existing site conditions giving rise to practical difficulties is dependent on granting relief for the height limit to allow for the minimum 75' Carvana vending machine tower.

(b)(ii) Show how the project meets the following condition: A variance is necessary for the preservation and enjoyment of a substantial property right of the applicant possessed by owners of other properties in the same district or vicinity.

Vehicles Sales Uses Located in a Manufacturing Zoning District Are Permitted Up To 85' Maximum Structure Height. Carvana is seeking the Variance relief necessary to allow our vehicle sales operation to preserve and enjoy a substantial property right currently possessed by other vehicle sales uses located in the Manufacturing General (MG) zoning district, which permits a maximum structure height of 85' versus the much shorter 45' maximum height limit permitted in the ML zoning district. The Zoning Code creates four zoning subdistricts under the manufacturing zoning district (Zoning Code Chapter 1413). Two of these four manufacturing subdistricts permit the sale of vehicles (in the ML and MG zoning districts). A Height Variance is necessary to confer the same substantial property right and the associated benefits enjoyed by vehicle sales users located in the MG zoning districts. This relief would place us on equal footing with other vehicle sales users located in other manufacturing subdistricts.

Several Other Buildings in the Immediate Vicinity are taller than 45'. This Variance request is further supported due to the specific location of our ML zoned property. Since the subject May Street site is located along the Interstate 71 corridor and not adjacent to residential land uses, the request for a Height Variance is consistent with the scale of several taller buildings in close proximity to the subject property including the Uptown Gateway Development located at the corner of Lincoln Avenue and Interstate 71.



Rendering of Uptown Gateway Development Under Construction at Lincoln Ave. & I-71.

Currently, there are several existing buildings in the vicinity of the subject site that exceed Carvana's proposed 75-foot height. Please see Exhibit below, which depicts buildings in the immediate vicinity up to 100 feet in height. It is important to note that the glass and steel vehicle racking and storage portion of the structure is only 40' x 40', which is a very narrow structure profile.



Commercial properties along the Interstate-71 generally are afforded taller building heights than the subject site but are not currently on the market. Permitting the Carvana Vending Machine Fulfillment / Distribution Center to be constructed at 75 feet will not alter the essential character of the vicinity and will provide the same enjoyment of substantial rights for these taller neighboring I-71 area buildings.