



MAYOR & COUNCIL MEMORANDUM

March 22, 2016

Subject: Discussion of Reinvestment Tools: GPLET Expansion, Plan Tucson Special Exception Option, Planned Area Development, and Major Streets & Routes (MS&R) Text Amendment (City Wide)

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Issue – On December 15, 2015, the Mayor and Council directed the Office of Economic Initiatives (EI) to work with Planning and Development Services (PDS) to identify additional financial and regulatory incentives that could be implemented throughout the City, building on the success these tools have yielded in the downtown area.

City Manager's Office Recommendation – Mayor and Council direction is requested to initiate a public process to (1) expand the Government Property Lease Excise Tax (GPLET) abatement area and (2) amend the Unified Development Code (UDC) to (a) establish a Plan Tucson Special Exception Option, (b) expand the use of the Planned Area Development (PAD) rezoning tool, and (c) establish an administrative process for MS&R setback relief.

Background – The GPLET has been an effective tool in spurring redevelopment in the core of downtown and most recently in the gateways to downtown. Since 2012, the Mayor and Council have approved the use of the GPLET incentives for eleven projects. Of those, seven leases are active and four are being negotiated. There are three additional GPLET projects undergoing the economic analysis. Collectively the approved GPLET projects represent \$129 million in capital investment, 880 jobs, and \$9.3 million in direct revenue to the City (over the GPLET lease term). In contrast, had the GPLET projects not occurred, the City would have collected only \$150,000 in property tax over that same time period.

The primary avenue for regulatory flexibility in the greater downtown area is the Infill Incentive District (IID). The IID was originally adopted in 2009, and then amended in 2015 and provides regulatory relief related to setbacks, parking, landscaping, loading zones, trash collection, and building heights in an area spanning from the downtown core outward along commercial and industrial corridors to the north and south. The amended version of the IID addresses neighborhood protection, flexible incentivized standards, and encourages quality infill, historic preservation, and an efficient design review. Twenty-two projects have utilized the IID, with an additional one in process now.

Present Considerations –

GPLET Expansion: The size of the Central Business District (GPLET abatement eligible area) is governed by ARS 36-1471. A city may only have one district and that district must be compact and not greater than 5 percent of the total land area. The current GPLET area encompasses 1.5 percent of the City's land area. The proposed additions (shown in Attachment A) increases the land area to 2.5 percent, still well below the 5 percent maximum. The southwestern boundary is proposed to align with the IID; the southeast boundary includes the Bridges; the northern boundary along the commercial corridors extends to Prince Road; and the eastern boundary along the commercial corridors extends to Campbell Avenue.

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UDC Text Amendment – Plan Tucson Special Exception Option: The Plan Tucson Future Growth Scenario Map (Attachment B) depicts infill opportunities throughout the City and provides a basis for where reinvestment tools should be applied. The Building Blocks depicted in the map indicate the type of development desired in areas throughout the City.

This UDC text amendment would add UDC Section 3.4.2.F. (PDS Director Special Exception) to allow for an additional land use exception, when the request is in compliance with Plan Tucson, and the associated underlying neighborhood or area plan. Termed the *Plan Tucson Special Exception Option*, this proposal would apply to projects that are in alignment with appropriate Plan Tucson Building Blocks in association with the Future Growth Scenario Map.

In commercial zones and industrial zones, the *Plan Tucson Special Exception Option* would allow permitted uses to utilize Special Exception waivers allowable under the Special Exception Process. Items that would be included as allowable requests for exceptions are: alley access and use, parking, loading, landscaping, waste collection, and setbacks. The waivers would need to be in accordance with the following standards to activate this option:

1. Not create a public safety hazard, excess drainage on a surrounding property, excessive noise, light, glare or other nuisance on a surrounding property;
2. Support creating a mixed use and/or transit oriented area and is compatible with surrounding residential development;
3. Conform with Plan Tucson Building Blocks Mixed Use Center/Corridor, Houghton Corridor, Neighborhood Centers, and
4. Include adequate mitigation standards that reduce the impact on less intensive surrounding uses.

An additional level of review for the *Plan Tucson Special Exception Option* would follow UDC Section 3.5.3., Zoning Examiners Legislative Procedure (ZELP) for variations in use and height from underlying zoning as long as the change is in conformance with the underlying neighborhood or area plan and associated Plan Tucson Building Blocks.

UDC Text Amendment – Expanding Use of and Streamlining the Planned Area Development (PAD): The PAD has been a successful zoning tool offered by the City allowing for project flexibility and generating quality mixed use development. This UDC text amendment would lift the 40-acre minimum size requirement as outlined in UDC Section 3.5.5.E.2, to allow a project of any size to use the PAD. Staff will look into options for streamlining the submittal requirements and establishing a reduced fee schedule for smaller projects utilizing this tool.

UDC Text Amendment - Major Streets and Routes (MS&R) Setback Zone: A regulatory barrier to infill along some corridors is the MS&R setback requirement. This UDC text amendment would revise UDC Section 5.4.5 (Major Streets and Routes Setback Zone) to introduce an administrative approval process for minor MS&R adjustments modeled after existing UDC Parking Design Modification Request, subject to approval by the PDS and Transportation Directors. This proposal would provide for an administrative process allowing improvements in privately and publicly owned MS&R right of way areas. This procedure is intended to allow flexibility in using right of way areas where there is a finding that the subject right of way will not be used for road expansion or similar uses in the future and no negative impact is created for surrounding property.

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Next Steps – Process steps required to amend the GPLET area include drafting a findings report outlining the redevelopment area and existing conditions, public notice to all property owners within the area, public meetings, and a Mayor and Council Public Hearing to adopt a resolution outlining the findings of the redevelopment area concurrently with the expanded redevelopment boundary. Process steps for the UDC text amendments will include holding meetings with stakeholder groups and the public, public notice, Planning Commission Study Sessions, Public Hearing and recommendations, and Public Hearing and decision by Mayor and Council.

Plan Tucson Consideration(s) – This item is related to the Elements of (1) Land Use, Transportation, & Urban Design, (2) Redevelopment & Revitalization and (3) Business Climate. Specifically, this item is supported by the following policies:

- *LT3 – Support development opportunities where: a. residential, commercial, employment, and recreational uses are located or could be located and integrated; b. there is close proximity to transit; c. multi-modal transportation choices exist or can be accommodated; d. there is potential to develop moderate to higher density development; e. existing or upgraded public facilities and infrastructure provide required levels of service; f. parking management and pricing can encourage the use of transit, bicycling, and walking.*
- *LT22 – Participate in efforts to develop a coordinated regional, multi-modal transportation system that improves the efficiency, safety, and reliability of transporting people and goods within the region and to destinations outside of the region.*
- *RR1 – Redevelop and revitalize in areas with the greatest potential for long-term economic development by focusing public resources, tools, and incentives to catalyze private investment.*
- *RR2 – Focus private and public investments in Plan Tucson Building Blocks.*
- *BC1 – Recognize that government plays an instrumental role in creating a business supportive climate through investment in public infrastructure and services, through its regulations and policies, and in building public-private partnerships.*

Legal Consideration(s) – The City Attorney has reviewed and approved this communication.

Respectfully submitted,



Albert Elias
Assistant City Manager

AE/Nicole Ewing Gavin/CL/CB

PLANNING AND DEVELOPMENT SERVICES/OFFICE OF ECONOMIC INITIATIVES

Attachments: A – GPLET Expansion

B – *Plan Tucson* exhibit LT-7, Future Growth Scenario Map and Building blocks