



PLANNING COMMISSION

Planning & Development Services Department • 201 N. Stone Ave. • Tucson, AZ 85701

DATE: **October 24, 2018**

TO: **Planning Commission**

FROM: **Scott Clark**
 Executive Secretary

SUBJECT: **C8-18-05 Infill Incentive District Sunset Date – Study Session**

Issue – On July 9, 2018, the Mayor and Council gave direction to the Planning and Development Services Department to review and extend the Infill Incentive District (IID) sunset date and begin the necessary stakeholder engagement. Over the past three months, staff has conducted a series of stakeholder meetings and public meetings to better understand how the IID is performing, and possible changes moving forward. Through these meetings, the general sentiment was that the IID is working well to incentivize more appropriate development in Downtown Tucson and is meeting the intent of the changes made when Mayor and Council passed the extensive suite of additions and revisions on February 18, 2015, and placed the sunset date of January 31, 2019. Based on feedback from stakeholders, staff has developed a code amendment that would make modest changes to clarify review procedures and resolve conflicting regulation between the IID and Historic Preservation Zones in areas of overlap. Additionally, staff will consider non-code process changes to improve IID reviews and has compiled a list of issues related to the IID to be evaluated at a future date.

Recommendation – Staff recommends that the Planning Commission set the Infill Incentive District (IID) code amendment for a public hearing on December 5, 2018.

Background - Originally adopted by Mayor and Council in 2009, the IID was established to encourage sustainable infill development, pedestrian-friendly and transit-oriented neighborhoods, and to protect historic and cultural amenities in the area around downtown (see Attachment A for a map of the IID). Over the past 9 years, the IID has undergone a handful of amendments to improve its effectiveness in achieving this intended purpose. The most recent changes were adopted by Mayor and Council on February 18, 2015 to provide better neighborhood protection, clarify the role of formal commitments, improve design review, reduce redundancy with other overlays, and ensure consistency with other City projects located within the IID. At the time of adoption, Mayor and Council placed a sunset date of January 31, 2019 on the ordinance (see Attachment B) to provide an opportunity for staff to reevaluate the efficacy of the most recent changes and to determine if there were needed modifications.

Since the adoption of the 2015 ordinance, a total of twenty-four projects have been approved. Those projects were a mix of residential, retail, food service, and office. Fifteen of the approved projects were minor reviews and nine of the approved projects were major reviews.

Among those twenty-four projects, the most requested exceptions were parking, landscaping and screening, solid waste collection, change of use, off-street loading, perimeter yard, and setbacks.

Stakeholder meetings and public feedback – Beginning in August, staff conducted a series of stakeholder meetings and public meetings to better understand how the IID is performing and if any changes should be made while Mayor and Council address the sunset date of January 31, 2019. Those meetings can be grouped into three categories: general stakeholder meetings, IID study group stakeholder meetings, and the public meetings. The following are overviews of the feedback received at each of these:

General Stakeholder Meetings – The general stakeholder meetings were held on August 22, 24, and 29, 2018. Invitees and attendees for these meetings included representatives from Neighborhood Associations within the IID, Fourth Avenue Merchants Association, Fourth Avenue Coalition, the previous IID Study Group who reviewed the 2015 ordinance (this included members from neighborhoods, developers, affected HPZ Boards, etc.), members from TRRG, and other previously interested parties. The topics discussed with a brief overview were as follows (more detailed summary is located in Attachment C):

- **Is the IID working?** – The general consensus is that the revisions in 2015 addressed the concerns at the time and that the IID is working. Most who commented on this did acknowledge there were minor tweaks that could improve the ordinance. Some, however, were hesitant to make any large changes due to its success.
- **Historic Preservation** – At the stakeholder meetings there were discussions surrounding what constitutes a historic resource, demolition of contributing or eligible structures, creating a process (i.e. Mayor and Council approval) to allow for demolition of historic resources, and how deal with the recent trend of developments taking themselves out of their Historic Preservation Zone (HPZ) Overlay so they can be allowed greater building heights.
- **Design Review** – There were several discussions related to overall process and how to improve the consistency of final product, whether to add a study session to a public hearing, and how to make sure what is being approved is what is being built. Many of these are related to internal PDS processes and may not necessarily be addressed through a UDC code change.
- **Parking** – There were several discussions about parking within the IID, if there is a way to create greater automatic parking reductions in the Greater Infill Incentive Subdistrict (GIIS), and how to better stimulate Transit Oriented Development to reduce the need for new parking.
- **Student Housing** – The discussion toward student housing was quite diverse. On one hand, it was discussed that we should not be incentivizing student housing with the IID, on the other it was stated that Main Gate District is nearly built-out and we need to plan for where new student housing goes. In general, most agreed that the Mayor and Council Special Exception required for a group dwelling is effectively restricting these types of developments in the IID.
- **Transit Oriented Development** – There was significant discussion on how to better incentivize development that supports transit and other public transportation options.

- **Design Guidelines and Overall Design** – It was discussed that we are not getting the level of design anticipated by the IID and that we should explore creating design guidelines for development and create a way to get a better end product. A concern was also voiced about the lack of permeability of developments and public space being addressed.
- **Impact on Neighborhoods** - In general stakeholders believed that the new protections added in the 2015 ordinance had significantly reduced the impact of development on the neighborhoods. It was also stated that because most of the larger IID projects have been downtown, the impact on the neighborhoods may not be felt yet.
- **Sunset Date** – There was discussion on the Sunset Date and what to do with it. In general it was suggested that the Sunset Date be extended three to five years.
- **Affordable Housing** – There were a few suggestions that a certain percentage of housing be required to be affordable.
- **Northern Portion of the Greater Infill Incentive Subdistrict** – There was a bit of discussion about the lack of development outside of the downtown, especially in the northern portion of the Greater Infill Incentive Subdistrict. Much of this was believed to be due to the lack of other incentives, economic condition of the area, and the lack of street car.

IID Study Group Stakeholder Meetings - Stakeholder Meetings with IID Study Group held on September 10 and 20, 2018. These additional stakeholder meetings were held with the previous IID Study Group who reviewed the 2015 ordinance (this included members from neighborhoods, developers, affected HPZ Boards, etc.), to review the feedback from the first three Stakeholder Meetings. At these two meetings, the group went through each of the topics listed in the General Stakeholder Meetings to discuss possible changes moving forward. It was at these meetings, that it was suggested that we should mostly leave the ordinance as is, except for some minor process changes and clarifications. The general sentiment was that the ordinance is working and if we wanted to make any major changes, it would require a significant public process, which we do not have time for right now with the Sunset Date coming up in January. It was also suggested that a list of items for additional study and public outreach be recommended to the commission to be addressed at the next sunset date. For an overview of those meetings please see Attachment D.

Public Meetings – On October 3, 4, and 11, 2018, staff conducted public meetings on the sunset date of the IID. At these public meetings, staff gave a presentation to help attendees understand the Infill Incentive District (IID) ordinance, gave an overview of the feedback received to-date, and had time set aside for questions, answers, and for attendees to share their opinions, observations, and suggestions regarding proposed changes and improvements. Much of that feedback reflected what we received during the Stakeholder Meetings. The following is an overview of additional comments that we received, which may not have reflected through previous meetings (please see Attachment E for comments submitted at those meetings):

- **Parking** – There were comments received at the meeting related to parking and how we need to make sure we are providing enough parking along Fourth Avenue so that we do not negatively affect the businesses. It was also stated by others that we should work to reduce parking further and better support transit.

- **Student Housing** – This was a stated concern at the public meetings and that this type of development affects neighborhoods disproportionately.
- **Should Extend Sunset** – It was stated that we should not remove the sunset date from the ordinance, as then it would become essentially by-right and would create a proposition 207 problem if we wanted to change anything in the future.
- **Remove Tucson Origins Heritage Park from IID** – It was stated that this was unnecessarily a part of the IID, and that the Commission and Mayor and Council should look into removing it from the IID.
- **More Sustainable Projects** – It was stated we should look for ways to build more sustainable projects, such as ones that use solar, promote rainwater harvesting, etc.
- **Promote Transit Orientated Development** – It was stated that we need to look for additional ways for the development within the IID, and elsewhere, to support transit. Items like discounted transit passes for all multi-family housing could support the transit system and would be a way to promote equity.

Present Considerations

Based on the feedback received to-date, staff is recommending a three-pronged strategy to addressing the IID Sunset Date. This includes (1) a series of minor amendments to IID text to address process issues and to provide needed clarifications, (2) specific non-code related process issues for PDSO to explore and work to address, and (3) recommendations for more complex policy issues related to the IID that are outside the scope of the current code update and could be addressed at a later date. The following are the recommendations related to each of these three areas:

Minor Code Clarifications and Amendments (see Attachment F for proposed amendments)

1. Clarification in Section 5.12.2.B regarding the review process for projects in the Rio Nuevo Area (RNA) Overlay that would like to develop with the standards of the Infill Incentive District.
2. Clarification in Section 5.12.6.A.3 regarding the required pre-application conference and that, at those meetings staff and the applicant will review for potential code modifications and waivers, in addition to ensuring the plan meets the standards of the IID and if it is reviewed through a Major or Minor Review.
3. Amendment to HPZ requirements in Sections 5.12.6.E.1 and 5.12.14.A.1 in regards to building height and building materials, when overlapping with the IID. This would allow for modification of the required building height up to the tallest contributing structure within the HPZ, and would allow for modification of building materials, subject to review from the Tucson Pima County Historical Commission – Plans Review Subcommittee and the local HPZ board (see Attachment G for additional information regarding this amendment).
4. Clarification, in Section 5.12.6.E.3, of demolition of a historic structure to set the date to which, if a contributing or eligible structure is demolished, after that date, they are not allowed to utilize the IID.
5. Clarification, in Section 5.12.6.O, of the appeals process for the IID. This is not a substantive change; it only clarifies the process for how to file an appeal of a PDSO Director’s decision on IID developments.

6. Clarification, in Section 5.12.6.Q, of the amendment process for approved design packages. This is only codifying the existing process taken for amendments.

Non-Code Items Related to the Processing of IID Projects for PDS D to Explore

1. Create easy to understand checklists, timelines, and list of staff and developer responsibilities so everyone involved in projects have a better understanding of the process.
2. Coordinate with development and community stakeholders for education on tracking changes throughout a project, how to document, and then submit to PDS D.
3. Work with the University of Arizona and the College of Architecture, Planning and Landscape Architecture to develop annual or bi-annual training sessions for the Design Review Committee and Design Professionals.
4. Review vibration study requirements for developments adjacent to historic structures, and determine if it should be required.

Additional Issues to be Addressed at a Later Date

1. Monitor current parking conditions and trends to better inform code and policy changes.
2. Due to the uneven growth throughout IID, conduct research and a market study to better understand areas that have seen less development and adjust the code to better incentivize development there.
3. Explore the development of design guidelines or best practices that can better guide the design process in achieving the goals of the IID. This could include better addressing transitions between different subdistricts and areas, and addressing the streetscape.
4. Explore a housing study to create a plan for how to deal with student housing in this area and how to address affordable housing and providing a diversity of housing options.
5. Seek opportunities with existing initiatives to look for additional ways to promote transit oriented development and increase connectivity to transit systems.

Attachment

- A – Map of the Infill Incentive District
- B – IID Ordinance
- C - Summary of General Stakeholder Meetings
- D - Summary of IID Study Group Stakeholder Meetings
- E - Comments Submitted at Public Meetings
- F - Proposed UDC Code Amendments for IID
- G - HPZ Building Height Text Amendment