

ADOPTED BY THE
MAYOR AND COUNCIL

RESOLUTION 20487

RELATING TO DEVELOPMENT; ESTABLISHMENT OF THE DOWNTOWN INFILL INCENTIVE DISTRICT; AND DECLARING AN EMERGENCY.

WHEREAS, the City is authorized by A.R.S. §9-499.10 to establish an infill incentive district within the City where specific criteria are satisfied for the purpose of providing expedited zoning or rezoning procedures, expedited processing of plans and proposals, waivers of municipal fees for development activities as long as the waivers are not funded by other development fees, and relief from development standards; and

WHEREAS, the City has drafted the boundaries for a Downtown Infill Incentive District that will encompass the central business district, related commercial areas, and certain major traffic corridors leading to the City's downtown area; and

WHEREAS, the City has determined that recent vacancy rates for commercial uses within the central business district are approximately 23.5% as compared to 9.9% for metropolitan Tucson, and the recent vacancy rates for office uses within the central business district are approximately 19.2% compared to 15.1% for metropolitan Tucson; and

WHEREAS, the City has determined that area within the Downtown Infill Incentive District generally has older housing than metropolitan Tucson; and

WHEREAS, the City has determined, through the examination of the relative scores of the original quality of construction and the current physical condition, that the buildings within the Downtown Infill Incentive District are of poorer quality than the standard for the City as a whole; and

WHEREAS, the City has determined that there are a large number of vacant or underused parcels of property, parcels with obsolete uses, and parcels with environmental contamination in the Downtown Infill Incentive zone as compared to the City as a whole; and

WHEREAS, the City has determined, based on recent census data, that the population within the Infill Incentive District is declining in relation to the population of the City as a whole; and

WHEREAS, the City has determined the Downtown Infill Incentive District meets the criteria established by state law for an infill incentive district; and

WHEREAS, the City's General Plan provides for the identification and designation of infill incentive zones to encourage redevelopment of such areas; and

WHEREAS, the City has prepared the Downtown Infill Incentive District Plan to implement the incentives as provided by state law; and

WHEREAS, the City has determined that it is appropriate to provide the development incentives as allowed by law to provide incentives for development within the Downtown Infill Incentive District in accordance with the Downtown Infill Incentive District Plan; and

WHEREAS, the City has determined that additional incentives should be provided as permitted by law and as may be appropriate in specific situations to

encourage development in the Downtown Infill Incentive District in accordance with the Downtown Infill Incentive District Plan; and

WHEREAS, development agreements for individual projects which have physical costs in excess of two hundred fifty thousand dollars (\$250,000) as may be approved by the Mayor and Council will carry out the purposes of the Downtown Infill Incentive District; and

WHEREAS, the City has determined that the adoption of the Downtown Infill Incentive District Plan attached hereto and the subsequent implementation of that Plan through individual development agreements will encourage redevelopment, renovation, and preservation of downtown core of Tucson and is in the interest of maintaining the public health, welfare, and safety of the community;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF TUCSON, ARIZONA, AS FOLLOWS:

SECTION 1. The Downtown Infill Incentive District as shown on the map attached hereto as Exhibit A and incorporated herein by reference is established as the Downtown Infill Incentive District for the City of Tucson.

X SECTION 2. The Downtown Infill Incentive District Plan attached hereto as Exhibit B and incorporated herein by reference is established as the infill incentive district plan for the Downtown Infill Incentive District.

SECTION 3. The Downtown Infill Incentive District Qualifying Criteria attached hereto as Exhibit C and incorporated herein by reference is established as the criteria that are applicable within the Downtown Infill Incentive District.

SECTION 4. The various City officers and employees are authorized and directed to perform all acts necessary or desirable to give effect to this resolution.

SECTION 5. WHEREAS, it is necessary for the preservation of the peace, health and safety of the City of Tucson that this resolution become immediately effective, an emergency is hereby declared to exist and this resolution shall be effective immediately upon its passage and adoption.

PASSED, ADOPTED AND APPROVED by the Mayor and Council of the City of Tucson, Arizona _____.

ATTEST:

MAYOR

CITY CLERK

APPROVED AS TO FORM:

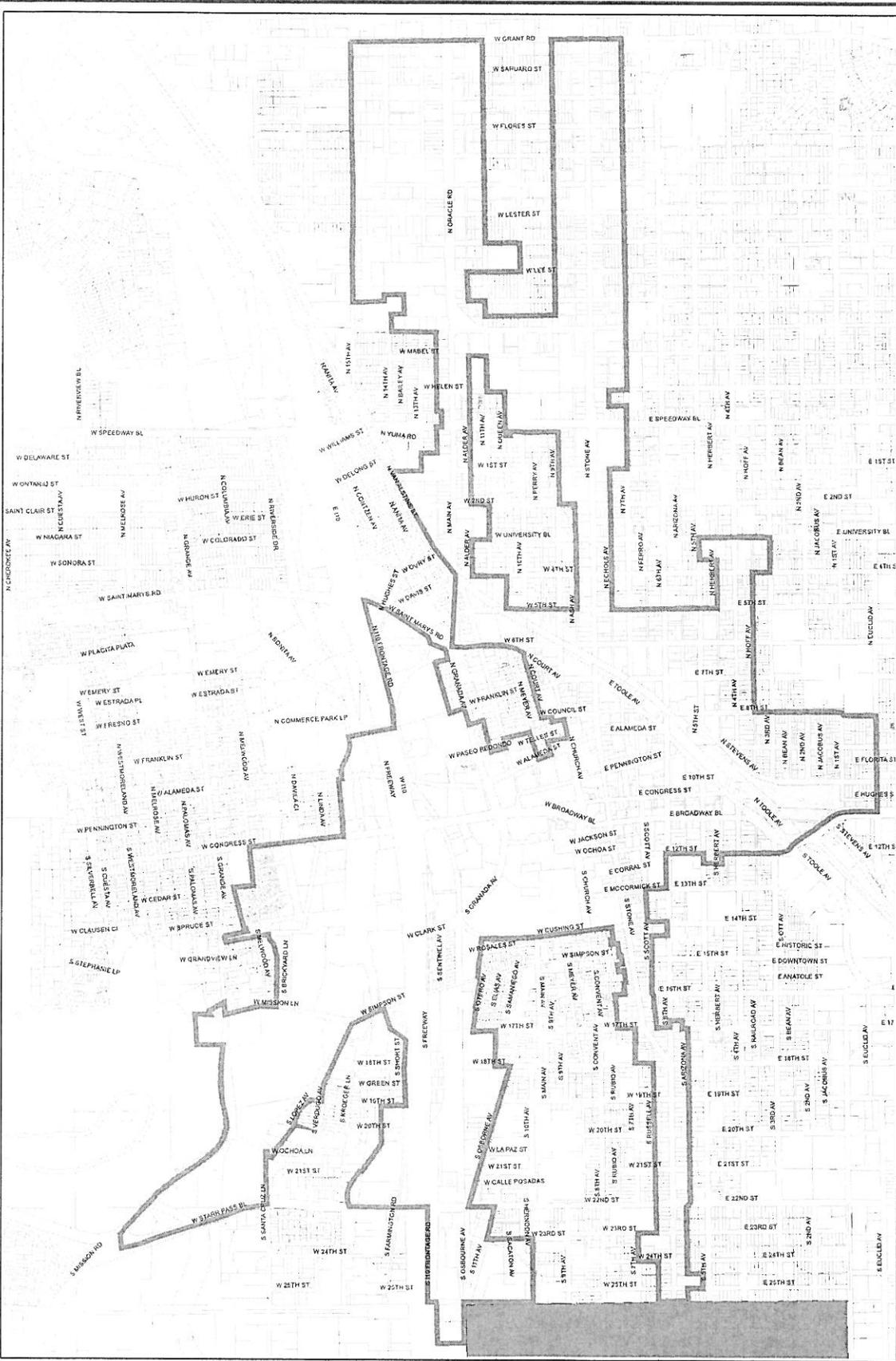
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CITY ATTORNEY

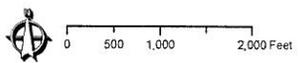
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- Legend**
-  Infill Incentive District
 -  South Tucson

**Downtown Area
Infill Incentive District**



This map and other information have been compiled for preliminary and general purposes only. They are not intended to be complete and accurate for any other purpose. Please refer to officially adopted Ordinances and Maps.

DOWNTOWN AREA INFILL INCENTIVE DISTRICT PLAN
October 24, 2006

Introduction –

Arizona Revised Statutes 9-499.10. Infill incentive districts allow cities and towns to create a special district to help revitalize already urbanized areas where infrastructure and services are in place. These areas often suffer from a general absence of development and investment activity, a loss of population, a large number of vacant lots and a prominent occurrence of dilapidated buildings. The City of Tucson's General Plan in Element 1, Policy 9 states that the City will investigate the creation of Infill Incentive Districts.

A prime location for an Infill Incentive District is the Downtown Area. Current analysis shows that the Downtown Area is undergoing a serious lack of investment and development activity that qualifies under the provisions of ARS 9-499.10 (See Downtown Area Infill Incentive District Analysis - Attachment A).

Background –

Over the past years, the Mayor and Council have considered various incentive policies for the Downtown area and the Rio Nuevo Overlay Zone.

Some concepts include:

- 1) Established the *Rio Nuevo and Downtown (RND) Overlay Zone* in 2002, which specifies design standards, and reduces parking requirements for residential development;
- 2) Adopted a modified New Jersey Rehabilitation Subcode in 2002, which is a set of comprehensive, simple and clear rules that enable greater reliability of cost predictions and facilitate renovation of existing structures;
- 3) Designated a downtown Housing Development Area in 2002, to increase the City's funding options for residential improvements and development; and
- 4) Authorized financial incentives, including a waiver of building permit fees of up to \$10,000 per development, and a construction sales tax rebate fund to reimburse a portion of development costs for public infrastructure improvements. These financial incentives were recently extended to 2013 (Resolution 20326, December 13, 2005).

Even with these incentives in place there is a continuing need to address the lack of development and investment activity in the Downtown Area. A Downtown Area Infill Incentive District can supplement current incentive policies and increase the likelihood of development activity.

Downtown Area Infill Incentive District Plan -

Goals –

Goal 1: Implement the goals of the General Plan, including strategies as applicable for housing affordability that may include presenting a range of options, energy conservation, rehabilitation and redevelopment.

Goal 2: Address barriers to Downtown Area infill development such as inadequate infrastructure, lengthy permit processes, obsolete development standards, difficult parcel assembly, environmental clean-up issues, and associated development barrier issues; and

Goal 3: Enliven and revitalize the Downtown Area by promoting public-private partnerships, a pedestrian environment, and a mix of well-designed land uses contributing to Tucson's rich historic, cultural, and artistic heritage.

Policies -

Policy 1: A Downtown Area Infill Incentive District Map is hereby established and is attached as Attachment A.

Policy 2: Development proposals within the Downtown Area Infill Incentive District Map that introduce mixed uses, commercial uses, high density residential uses and other associated land uses that encourage development activity that supports the creation of the Downtown Area as a major regional activity center may be considered in a development agreement with the City. This policy does not include industrial uses or uses such as charter schools that require large buffer areas from traditional Downtown entertainment uses. The residential proposal shall discuss strategies as applicable on how to address housing affordability.

Policy 3: The Mayor and Council may approve a development agreement that addresses modifying development standards, receiving a fee modification for qualifying fees that may include fee waivers or deferments, or expediting procedures or plans processing. It may also include assistance on the assembling of parcels, environmental contamination clean-up, infrastructure improvements, and other associated development issues within the context of the provisions of State Statutes. An approval of a development agreement is a discretionary act of the Mayor and Council.

Policy 4: Uses that may be considered for application for the District's modified standards and fees, expedited zoning or rezoning procedures, or expedited processing of plans must present itemized evidence to the City that the physical costs to do the proposed project exceed \$250,000. An application qualifying for consideration does not guarantee final approval. The City may reject applications that do not meet the goals of the District.

Policy 5: The proposal shall explain how notification to surrounding property owners and neighborhood associations was accomplished. It shall mention concerns raised and strategies to address any concerns.

**Downtown Area Infill Incentive District
ARS Criteria
District Analysis**

The City of Tucson is seeking to spur development in the Downtown Area. According to ARS 9-499.10, cities and towns may establish infill incentive districts if at least three criteria can be satisfied. The Downtown Area satisfied at least three criteria, as follows. A copy of ARS 9-499.10 is provided at the end of this Attachment.

Criterion 1 – There is a large number of vacant older or dilapidated buildings or structures.

Vacant Buildings

The attached chart shows that the vacancy rates for commercial and office uses are higher in the CBD than in the Metropolitan Tucson area. For example, in 2003, vacancy rates for commercial uses in the CBD compared to the Metropolitan Tucson area are approximately 23.5% and 9.9%, respectively, while vacancy rates for office uses in the CBD compared to the Metropolitan Tucson area are approximately 19.2% and 15.1%, respectively. The data are from the Metropolitan Land Use Survey, which is conducted quarterly by the University of Arizona's Office of Economic Development, for the Pima County Real Estate Research Council.

- Figure 1.a. - Downtown Commercial Vacancy Rates, 2000 - 2005

Older Buildings

The attached chart shows that housing in the CBD is generally older than housing in the City of Tucson as a whole. The map shows the percentage of housing built before 1940, by geographic area, in the Tucson Metropolitan area. Information is based on 2000 U.S. Bureau of Census data. The CBD data are from census tracts within the boundaries of the proposed Infill Incentive District.

- Figure 1.b. - Year Housing Built, Central Business District (CBD) vs. Tucson
- Figure 1.c. - Tucson Metropolitan Area, Housing Units Built Before 1940 (as a percent of all Housing Units)

Dilapidated Buildings

The attached charts noted below can be used as an approximation of the relative scores of the original quality of construction and the current physical condition of buildings on parcels of land. The red areas are more heavily weighted towards the left side of the scale (poor quality and poor condition), while the black areas are more heavily weighted towards the right side of the scale (high quality and high condition). When considered together, they indicate a generally poorer quality of construction and a poorer physical condition of buildings in the proposed infill incentive district area, as compared to the Metropolitan Tucson area. The information is based on 2005 Pima County Assessor's data.

- Figure 1.d - Quality of Construction, Metro Area vs. Infill Incentive Zone
- Figure 1.e. - Condition, Metro Area vs. Infill Incentive Zone

Criterion 2: There is a large number of vacant or underused parcels of property, obsolete or inappropriate lot or parcel sizes or environmentally contaminated sites.

The attached map shows that there are several environmental sites in the vicinity of Downtown.

Figure 2 – City of Tucson Downtown Environmental Sites; map provided by Environmental Services

Criterion 6: There is a continuing decline in population.

Based on data for the census tracts in the Downtown Infill Incentive District:

Census Tracts	Population <u>April 1, 1960</u>	Population <u>April 1, 2000</u>	Population <u>Change</u>	Percent <u>Change</u>
1.00	658	605	(53)	-8.05%
3.00	3,042	1,454	(1,588)	-52.20%
4.00	3,768	3,229	(539)	-14.30%
9.00	4,920	2,938	(1,982)	-40.28%
10.00	3,130	686	(2,444)	-78.08%
13.02	3,015	2,124	(891)	-29.55%
25.01	4,200	5,627	1,427	33.98%
TOTAL	22,733	16,663	(6,070)	-26.70%

Attachments

Figure 1.a. - Downtown Commercial Vacancy Rates, 2000 – 2005

Figure 1.b. - Year Housing Built, Central Business District (CBD) vs. Tucson

Figure 1.c. - Tucson Metropolitan Area, Housing Units Built Before 1940 (as a percent of all Housing Units)

Figure 1.d - Quality of Construction, Metro Area vs. Infill Incentive Zone

Figure 1.e. - Condition, Metro Area vs. Infill Incentive Zone

Figure 2 – City of Tucson Downtown Environmental Sites

Copy of ARS 9-499.10, Infill Incentive Districts

Figure 1.a

Downtown Commercial Vacancy Rates: 2000 -2005

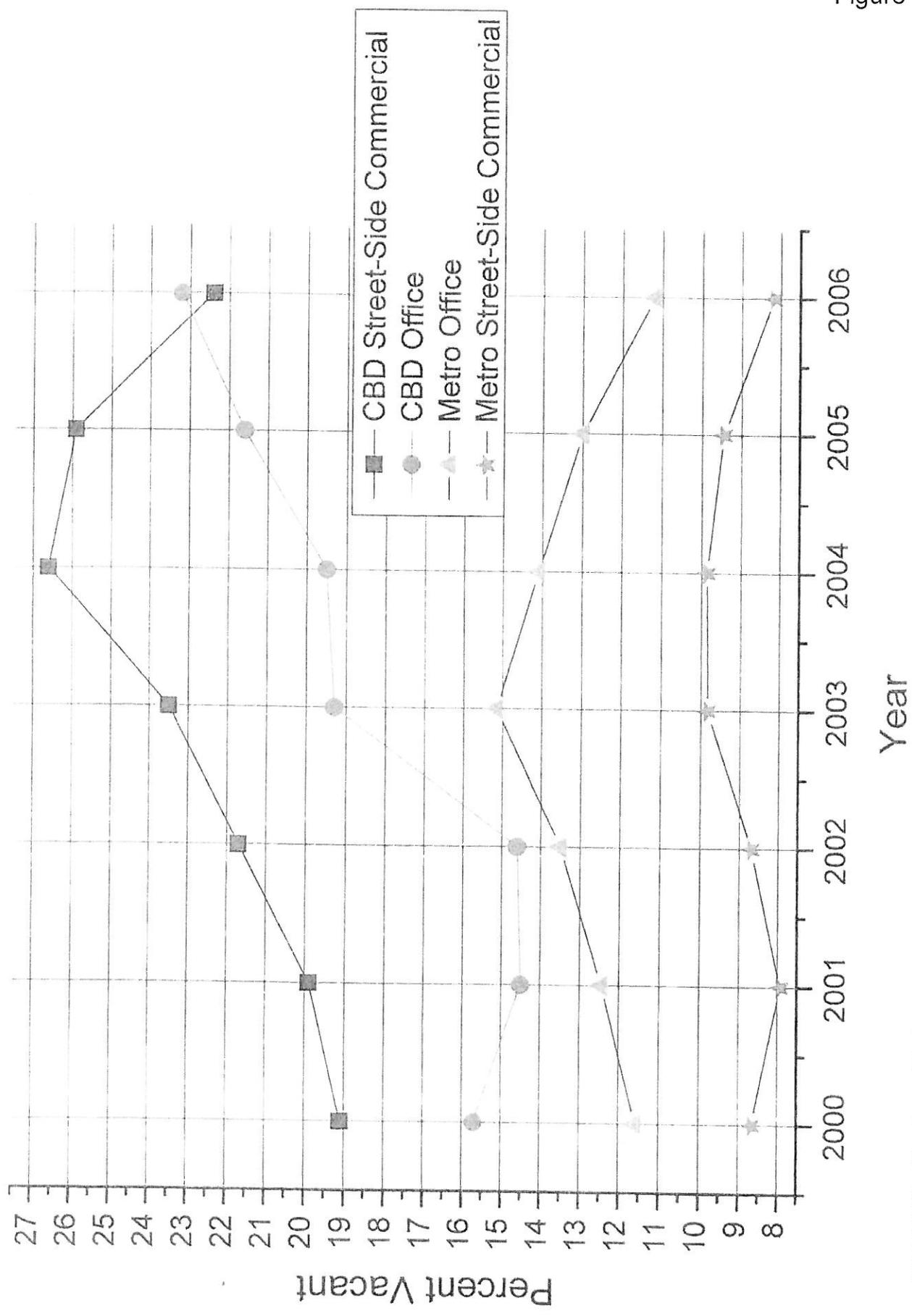


Figure 1.b

Year Housing Built: Central Business District vs. Tucson

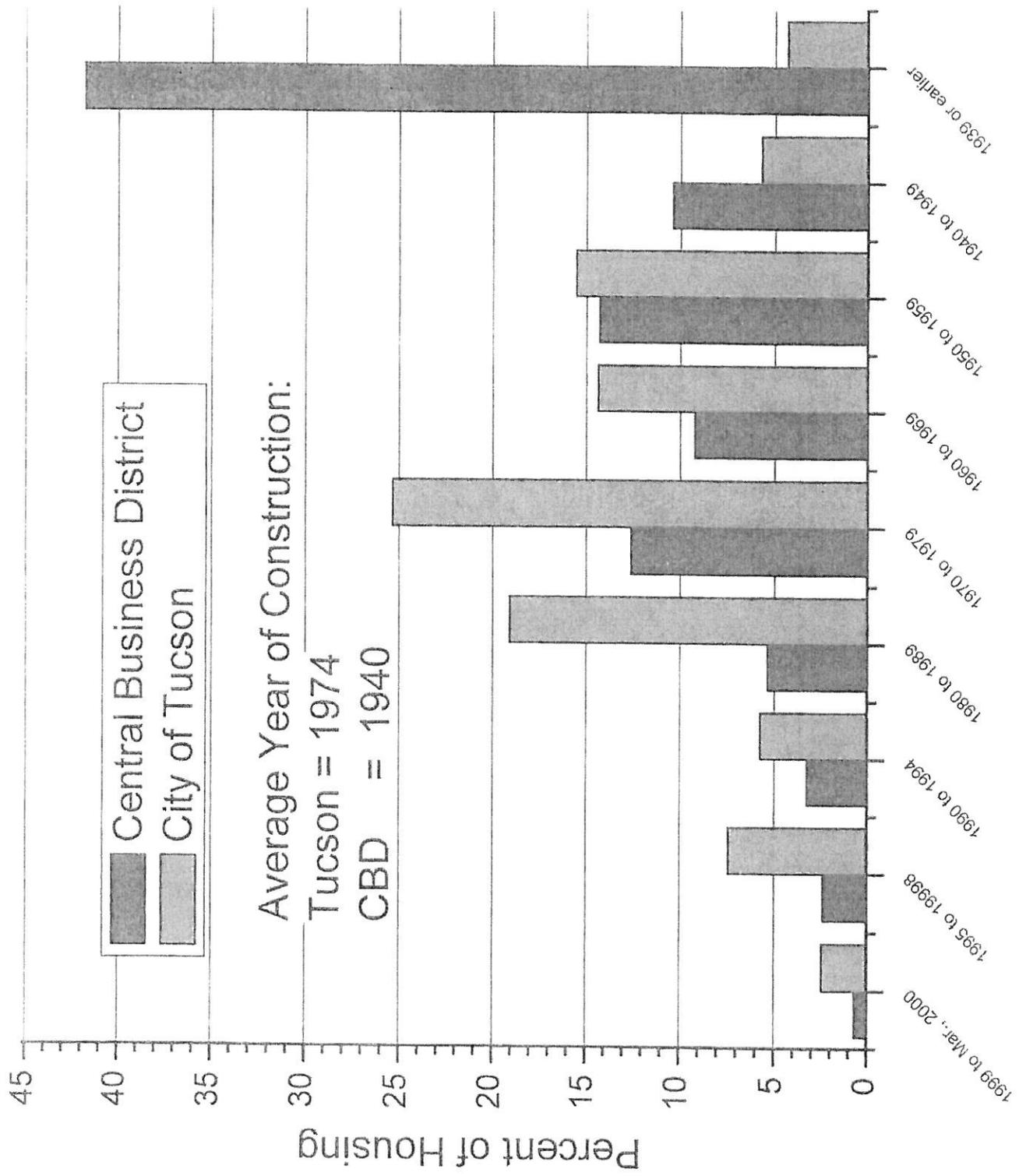


Figure 1.d

Quality of Construction: Metro Area vs. Infill Incentive Zone

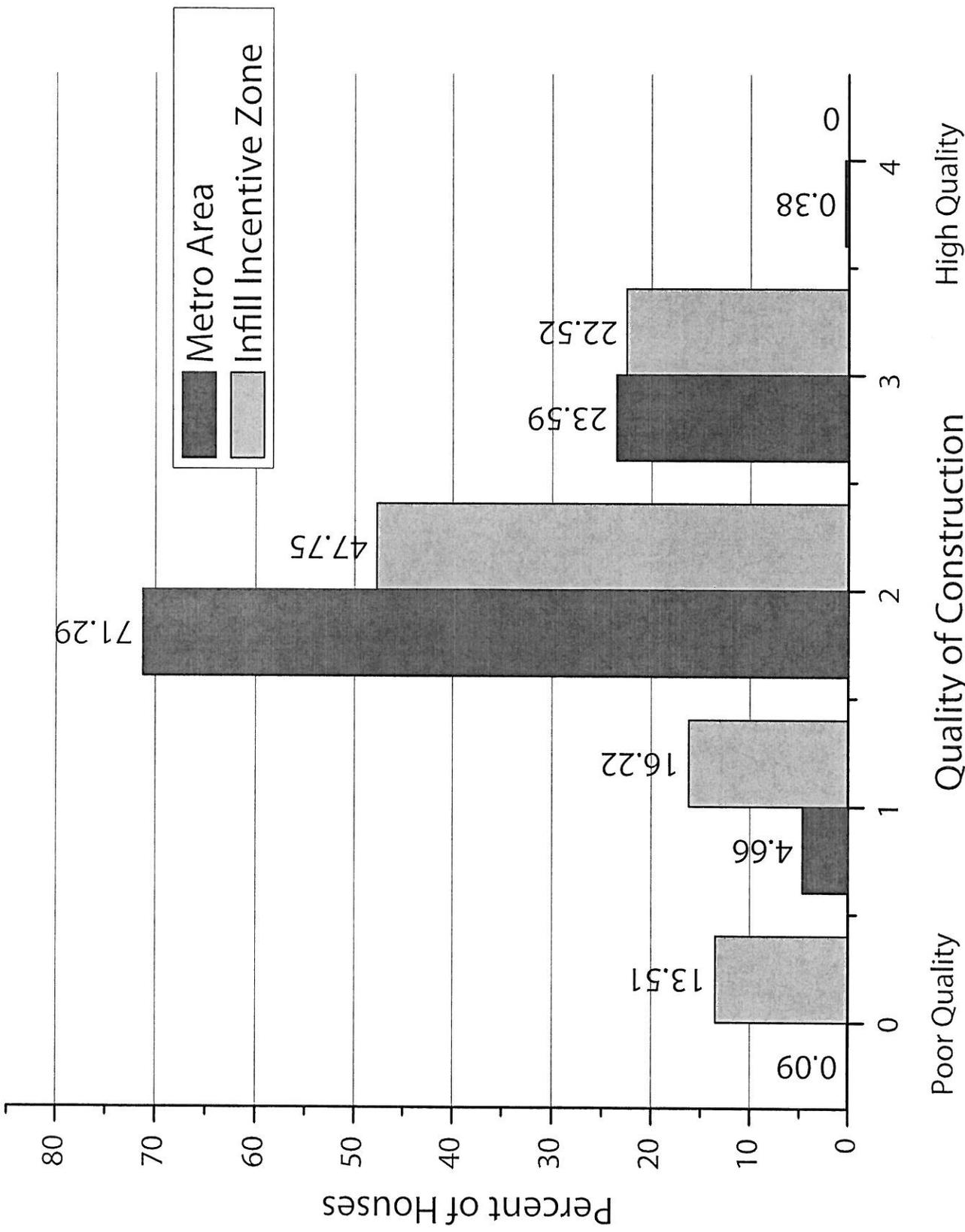
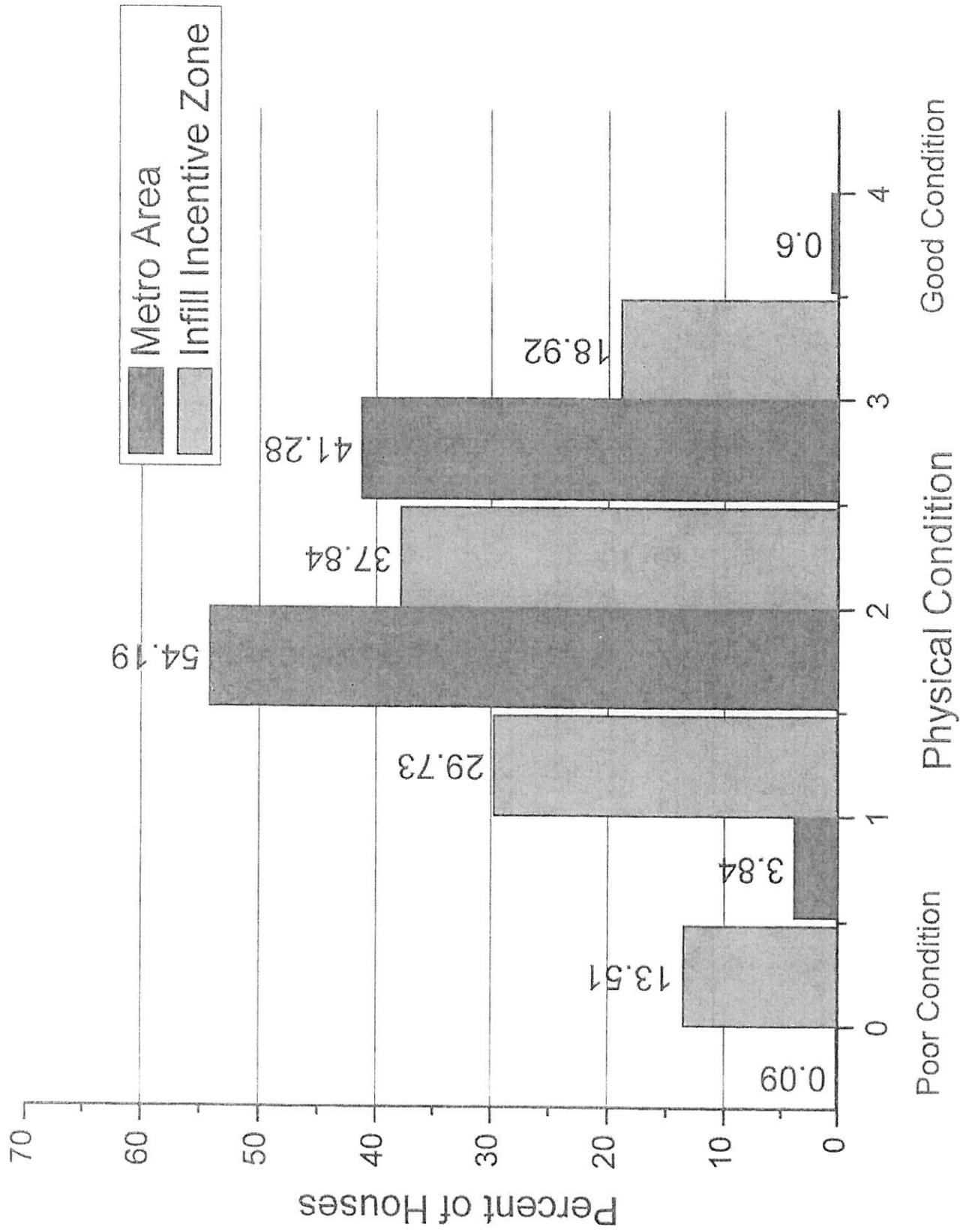


Figure 1.e

Condition: Metro Area vs. Infill Incentive Zone



City of Tucson Downtown Environmental Sites



9-499.10. Infill incentive districts

A. The governing body of a city or town may designate an infill incentive district in an area in the city or town that meets at least three of the following requirements:

1. There is a large number of vacant older or dilapidated buildings or structures.
2. There is a large number of vacant or underused parcels of property, obsolete or inappropriate lot or parcel sizes or environmentally contaminated sites.
3. There is a large number of buildings or other places where nuisances exist or occur.
4. There is an absence of development and investment activity compared to other areas in the city or town.
5. There is a high occurrence of crime.
6. There is a continuing decline in population.

B. If the governing body establishes an infill incentive district, it shall adopt an infill incentive plan to encourage redevelopment in the district. The plan may include:

1. Expedited zoning or rezoning procedures.
2. Expedited processing of plans and proposals.
3. Waivers of municipal fees for development activities as long as the waivers are not funded by other development fees.
4. Relief from development standards.