

Item #2. In-Fill Incentive District Discussion
Tucson Mayor and Council Meeting 03/19/13

COUNCIL MEMBERS PRESENT:

Mayor Jonathan Rothschild
Regina Romero, Ward 1
Paul Cunningham, Ward 2
Karin Uhlich, Council Member Ward 3
Shirley C. Scott, Council Member Ward 4
Richard J. Fimbres, Council Member Ward 5
Steve Kozachik, Council Member Ward 6

STAFF:

Richard Miranda, City Manager
Mike Rankin, City Attorney
Roger Randolph, City Clerk

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1 MAYOR ROTHSCHILD: I'm gonna move on to Item 2, In-
2 Fill Incentive District. It's scheduled for 45 minutes. I
3 don't know that it will take that long, but Council Members
4 Uhlich and Kozachik have requested a discussion regarding the
5 In-Fill Incentive District. I'll start with Council Member
6 Uhlich.

7 COUNCIL MEMBER UHLICH: Thank you, Mr. Mayor. When we
8 initially adopted the IID, we had planned on review at the end
9 of 2015. However, I think that Staff and the community and
10 probably all of us would agree that we've had some lessons
11 learned already, some projects that are worth looking at and
12 reviewing, and that it makes sense to take the opportunity to
13 have a review of this.

1 And so Council Member Kozachik and I have been
2 discussing what might be some good next steps to take with Staff
3 and the community to make sure that we're on the right track,
4 and to learn as we go and implement those lessons sooner rather
5 than later. So I'll turn it over to Council Member Kozachik.

6 COUNCIL MEMBER KOZACHIK: Karin laid it out pretty
7 well. We have the sunset date. Everybody who's watched the
8 process unfold knows that we've got some tweaking that we can,
9 we can do. There has been an over-reaction, I must say, to even
10 bringing the proposal forward because people are concerned that
11 we're wanting to throw the whole thing out. Nobody wants to do
12 that. We want to keep the incentives in place.

13 What we want to make sure that we do, though, is to
14 perhaps strengthen the, the protections that are built in in
15 terms of process so that during the, for instance, the Main Gate
16 District has a Design Review Committee that has design
17 professionals involved that serve as sort of a buffer between
18 the residents and the final product that comes out of Staff.

19 The Planning Commission has got the ability to reform
20 an IID Subcommittee that can take a look at this and then bring

1 back proposals to us just as one suggestion. But I don't think
2 anybody at this table wants to micro-manage this and say,
3 "Here's what we want."

4 But we want the people who initially drafted this to
5 say, "All right. We've done eight or nine projects. Here's how
6 they work and here's how they didn't work. How can we do this
7 midstream correction without throwing the whole baby out with
8 the bath water?"

9 MAYOR ROTHSCHILD: So is the - what is the direction
10 we're looking to send to Staff specifically?

11 COUNCIL MEMBER UHLICH: I think we want to give just a
12 brief opportunity for Ernie and Jim to comment on the contents
13 of the item, and then I think we would suggest that we refer
14 this with Staff to the Planning Commission to form the In-Fill
15 Subcommittee, and provide a good process for review with the
16 community and Staff and bring back any recommendations.

17 MAYOR ROTHSCHILD: Okay. Mr. Duarte?

18 MR. DUARTE: Thank you, Mis- -- thank you, Mr. Mayor,
19 Members of the Council, Council Members Uhlich and Kozachik.
20 Yes. The In-Fill Incentive District has been in place since

1 2009. And I apologize that I don't have a map to, to show you,
2 but I'm gonna describe it in very general geographic terms.

3 It incorporates the, the downtown area with tentacles
4 that extend along Oracle Road and Stone Avenue, north to Grant
5 Road. We have some tentacles that extend on the south, mainly
6 Stone and 6th Avenue down to the South Tucson city limits, along
7 with 12th Avenue down to Tucson city limits. And also the, the
8 Grande Avenue/Mission Road down to 22nd/Starr Pass.

9 And within those areas, those areas were identified in
10 2010 as areas that were in need of some sort of investment.
11 They had a number of under-utilized parcels, vacant parcels,
12 under-utilized buildings. And Council at that time directed
13 Staff to create an incentive district that hopefully would
14 create some sort of development activity in these areas.

15 The primary benefit from the In-Fill Incentive
16 District is regulatory relief. That has been one of the biggest
17 barriers to in-fill development is the fact that we, at the
18 time, and to some extent still do now, have a code that's one
19 size fits all. So it wasn't really geared towards urban
20 development, transit-oriented development. And some of the

1 requirements contained within our code were requirements that
2 were difficult to meet when developing in-fill type projects.

3 And so the primary benefit from the In-Fill Incentive
4 District is the ability to attain regulatory relief. And by
5 regulatory relief, I mean issues related to, to setbacks,
6 parking, landscaping, loading zones, and to some trash
7 collection, and to some extent building height.

8 The relief is granted through something called the,
9 the MDR process, Modification of Development Regulations. And
10 that's a full notice procedure. It's the same notice procedure
11 that we have in place for, for rezonings, for special
12 exceptions, for variance cases.

13 So an applicant comes in and wants to take advantage
14 of the In-Fill Incentive District and attain regulatory relief,
15 we notice the surrounding property owners 300 feet. We notice
16 the Council Offices, and we direct the applicant to, to hold a
17 neighborhood meeting to get input from, from the neighborhood.
18 Once that process is completed, we then render a decision on
19 projects within the In-Fill Incentive District.

20 And today, we've had a total of nine projects that

1 have taken advantage of the, of the In-Fill Incentive District
2 and the MDR's associated with that. The projects that come to
3 mind are, are One East Broadway, that's a project that's under
4 construction right now. The district on 5th Avenue, that's
5 gotten a lot of attention. The, both the student housing
6 projects in the downtown area that's called the, the Cadence
7 Project have taken advantage of the In-Fill Incentive District.

8 We've had some businesses, existing business along 4th
9 Avenue, Chaze (ph.) Lounge, the - there's Chaze Lounge. There
10 is Sky Bar. Thank you. Sky Bar have taken advantage of the In-
11 Fill Incentive District. And there's one that's pending
12 approval right now in the building permit process. It's a
13 project at 201 North 4th Avenue, which is gonna be a
14 bar/restaurant.

15 One of the things that our customers have appreciated
16 about the In-Fill Incentive District is it brings predictability
17 to the development review process. As I mentioned previously,
18 if you had to attain variances from the Board of Adjustment for
19 some of those regulatory issues that I, that I mentioned, it
20 came with a lot of uncertainty and a lot of length associated

1 with that.

2 A Board of Adjustment variance can take upwards of 60
3 to 90 days, and you often don't know the outcome associated with
4 that. With the IID and the MDR process, it brings some
5 predictability, and as a result the development community has
6 viewed, viewed that as an incentive.

7 The IID has had some projects that have had some
8 challenges as well. And we realize that we need to, to go back
9 and take a look at some of those issues related to, to those
10 projects. The ones that come to mind are student housing type
11 projects. And some of the operational issues associated,
12 associated with that. Those are things that we need to, to
13 adjust and take a look at.

14 And I'd like to remind the Council that the Council
15 has commissioned a land use study of the streetcar. And one of
16 the primary components coming out of that land use study will
17 be, in fact, a look at the In-Fill Incentive District.

18 And we expect to come before the Mayor and Council
19 sometime in late April, early May, with an update on, on some of
20 those, some of those issues that have come to the forefront as a

1 result of the streetcar land use study. And with that, I'll be
2 happy to answer any questions that Council may have.

3 MAYOR ROTHSCHILD: Council Member Romero.

4 COUNCIL MEMBER ROMERO: Thank you, Mr. Mayor. Thank
5 you, Ernie. Would you recommend, then, based on your, on your
6 comment just now, would you recommend that we roll into the same
7 process, this - these concerns regarding the In-Fill Incentive
8 District with what we've been hearing with the streetcar
9 process? Because I know that there's been plenty of (inaudible)
10 for input for the streetcar planning process.

11 And so I really would like to see what I think it's
12 Corky Poster (sic) that's doing the, the study. I really would
13 like to see what he has to share. And maybe it is - we could
14 roll it into the same process. I just want to hear from my
15 colleagues, Karin and, and Steve, about their, their thoughts
16 about that.

17 And, and, and secondly, there's been a lot of concern
18 and heartache, really, because of one particular project that I
19 can think of that my colleagues mention in, in their memo, which
20 is the District. And, and so there were a lot of concerns

1 because of the traffic, because of the historic nature of the
2 homes that were brought down in that area, etc. We, we've all
3 heard the concerns.

4 And so, I think we need to make sure that from the,
5 the side of the, of the residents that have gone through a
6 project as big as the District. The side of the Staff that have
7 used this particular tool for investment. And the side of the
8 businesses that have used the tool.

9 I think we need to be able to hear every side as we
10 move forward because I, I would hate to see a, a tool that we've
11 been using to help investment in our urban core to help in terms
12 of re-investing in infrastructure and in private development
13 completely change back to how it used to be.

14 We've heard from many developers that it's very, very
15 difficult to develop in an urban core, especially in our
16 downtown areas. So we can't just say, "Let's get rid of this
17 particular tool." I think we need to continue working at it,
18 getting better at it so that everyone has a voice in this
19 process.

20 MAYOR ROTHSCHILD: Council Member Uhlich or -

1 COUNCIL MEMBER UHLICH: Thank you, Mr. Mayor. And I
2 know we're, we're crunched for time, but I think you're, you're
3 actually conveying the spirit that, that brings this to the
4 table.

5 And a couple of things that have come up that I, I
6 know we all want to hear addressed in this process. The
7 operational concerns. I think there have been operational
8 concerns, and just really making sure that we're, we're moving
9 forward with full knowledge and applying the lessons learned.

10 I mean the Ward 6 Office spent, I'm sure, hours and
11 hours and hours with the neighborhood and the owners of the
12 District to come to an agreement that meant nothing when they
13 sold the property. And I doubt whether the owners really had to
14 factor anything into their consideration because once a property
15 sells, these things sometimes don't carry.

16 So what do we do about that? It's a mistake or a
17 lesson that could have been learned by any of us. And now that
18 it's been learned, let's, let's just figure it out together.
19 And that shouldn't be because these are intended to be really
20 good-faith negotiations and efforts, I think on all sides of the

1 table, that that should be welcome, I think, by everybody.

2 And I, and I think one thing that we want to avoid,
3 and actually it's already happening - because of high profile
4 problems and, and projects like this, the, the, the instinct now
5 of many people in the urban core is to reject anything that
6 means change or projects that might be much better and handled
7 differently.

8 So this process is an opportunity for us to rebuild
9 trust and open communication, and be very specific about how
10 we're not going to, to repeat mistakes of the past.

11 MAYOR ROTHSCHILD: And, and before - and maybe Council
12 Member Kozachik, you're gonna answer it, but - and/or Mr.
13 Duarte, Mr. Mazzocco, Council Member Romero's suggestion was
14 somehow we roll what you're asking for into the same process as
15 the, the streetcar land use study. And -

16 COUNCIL MEMBER KOZACHIK: Sure. And, and what they
17 come up with ought to be also passed on to the Planning
18 Commission to, to be reviewed. They - Corky Poster's doing a
19 great job with the (inaudible). That information ought to be
20 passed on and incorporated into, into what's being considered as

1 they have incorporated the, the input from a variety of
2 stakeholders.

3 And, and flex- -- we have to retain the flexibility in
4 zoning because we do have - I mean the far east side, the
5 development that goes on out there doesn't bear any resemblance
6 at all to the challenges that happen in the urban core.

7 So we have to have that flexibility, and yet you can't
8 toss out the protections that are reflected in public process
9 just to achieve the flexibility. So we've got to find that
10 balance. And so as Karin's correctly saying, we're not
11 interested in, in pushing back to Day One on this thing.

12 On the other hand, we have to be able to, as adults,
13 understand that, yeah, we, we may have gone a little too far in
14 this in terms of achieving flexibility. But at what cost? And
15 that's, that's what we're trying to get to here.

16 MAYOR ROTHSCHILD: Council Member Cunningham, do you
17 want -

18 COUNCIL MEMBER CUNNINGHAM: A few things. I just want
19 to make sure there's a few things that I kind of - I'm really
20 wor- -- I'm really concerned if we, if we start changing the IID

1 now before the streetcar's done, would that - would any changes
2 we make mess up the timetable of the streetcar, any of the
3 projects that are on board with the IID with the streetcar?
4 That's the first question I've got.

5 MAYOR ROTHSCHILD: Mr. Mazzocco, Mr. Duarte.

6 MR. DUARTE: Go ahead.

7 MR. MAZZOCCO: Mr. Mayor, Council Member Cunningham.

8 No, it won't really affect the streetcar timing. We were
9 planning, as part of the streetcar land use plan to address any
10 shortcomings in the In-Fill Incentive District. And I think we
11 were going to go in that direction.

12 This - your concerns have brought it to a prominent
13 point, and, and we understand it's a high priority. But it
14 won't slow down anything. But if I could just summarize that
15 I'm thinking I'm hearing here, is you're talking about giving
16 prominence to neighborhood protection, which the In-Fill
17 Incentive District really doesn't address clearly.

18 It was really an economic development tool. And it
19 occurred in 2008/2009 when the economy was in a bad place. And
20 we needed to do something to spur development. So that's, that

1 was its origins.

2 And while it does contain mitigation strategies, it
3 really doesn't talk about when you're next to a historic
4 neighborhood. Talks about when you're a historic property, but
5 not when you're next to one. So, so I think we understand that.

6 And I think we also, what we understand, is that we
7 need to clarify the role of formal commitments, that they need
8 to run with the land. And that they can't be done in a, a good-
9 faith meeting, and then suddenly the property owners change and
10 then we have a different kind of a issue we're dealing with.

11 And we definitely understand that the In-Fill
12 Incentive District has to be an incentive, and that it has to
13 have a design review element. And that we're trying to avoid
14 any redundancy when we're work with the streetcar plan in this,
15 this particular initiative here that we want to make sure that
16 they're coordinated. So I hope I've kind of -

17 COUNCIL MEMBER CUNNINGHAM: You're on the right track
18 there. I just - I don't know, I just don't want to be - while
19 this, while this process is underway, I just don't want to, I
20 don't want to work backwards is all I'm trying to get at.

1 The other part is, is that I'm worried about - we've
2 got this Ronstadt RFP out which the high bid is in, right? So
3 would that - would making any changes affect that?

4 MR. DUARTE: Mr. Mayor, Council Member Cunningham. I
5 know the, the Ronstadt Transit Center RFP has a relative short
6 fuse, but any changes that we propose to the In-Fill Incentive
7 District has to run the regular course, which means it has to go
8 back to the Planning Commission for, for their review and
9 consideration, and public hearing. And then a recommendation to
10 Mayor and Council. So I think the Ronstadt Transit Center RFP's
11 probably gonna have a, a shorter lead time than any changes to
12 the In-Fill Incentive District.

13 COUNCIL MEMBER CUNNINGHAM: It seems that 90% of the
14 issues with regard to the, the In-Fill Incentive District so far
15 have been to student housing. I think it's no secret that as we
16 go up and down, a number of the issues with development gripes
17 and neighborhood legitimate issues and quality of life issues
18 that have been addressed in the past few years have been more or
19 less in regard to student housing.

20 So I think that, as a sense, I think that's kind of

1 one of the major issues we're gonna address. I don't know if
2 it's necessary to re-tool the entire incentive district when
3 we're really talking about student housing. And I think that's
4 part of the, part of the issue we're having. I mean we've got
5 this one project that has soiled the process, but we've got
6 some, some nice successes as well.

7 So I just wanted to kind of put those questions in.
8 If we need to do a new Citizen Subcommittee with some input, we
9 may go that way. Whatever, whatever the two teams have in mind.
10 But I think more importantly, we want to make sure that all
11 sides are heard and, you know, we do not work backwards because
12 there are some things that have gone, have gone well with this,
13 with this incentive.

14 MAYOR ROTHSCHILD: Council Member Fimbres.

15 COUNCIL MEMBER FIMBRES: Ernie and Jim, what is the
16 time frame for the street lane use study that's gonna be done by
17 (inaudible) in the Planning Center. You know?

18 MR. MAZZOCCO: Mr. Mayor and Council Member Fimbres.
19 It's supposed to be completed with their recommendations in the
20 next eight months.

1 COUNCIL MEMBER FIMBRES: Okay. So we're, we're on a
2 fast track for this?

3 MR. MAZZOCCO: Right.

4 COUNCIL MEMBER FIMBRES: And who reviews, in the past
5 we had the Downtown Core Subdistrict, or the IID was created,
6 and then they were reviewing it. Is that committee still in
7 existence and are they reviewing this and tweaking the process
8 from the experiences that we've had?

9 MR. MAZZOCCO: They, they, they're not longer in, in a
10 committee. But we could reform under the Planning Commission as
11 a subcommittee and have ad hoc members if we need them. They'll
12 have, they'll have a venue to speak about this and make
13 comments.

14 COUNCIL MEMBER FIMBRES: So - and we talk about nine
15 projects that have come through this process. Have we rejected
16 any projects?

17 MR. DUARTE: Mr. Mayor, Council Member Fimbres. No.
18 No, we've not. One of the things that we have learned in the
19 current IID regulations is that as director (inaudible) and
20 making decisions on, on IID projects is that we can't add

1 conditions, conditions of approval. So that's one of the things
2 that we want to take a look at right away, see if we can
3 correct.

4 But so far, none of the projects that have come through have
5 been denied, per se.

6 COUNCIL MEMBER FIMBRES: Okay. Thank you.

7 MAYOR ROTHSCHILD: All right. Council Member Uhlich,
8 do you have a motion that you want to propose?

9 COUNCIL MEMBER UHLICH: Move that we direct Staff to
10 convene with the Planning Commission and a designated
11 subcommittee of the Planning Commission to pursue a public
12 process of review, and to return with recommendations to Mayor
13 and Council with any recommended adjustments.

14 COUNCIL MEMBER KOZACHIK: Second.

15 MAYOR ROTHSCHILD: Got a second?

16 MALE COUNCIL MEMBER: Second.

17 MAYOR ROTHSCHILD: All right. Any other discussion?

18 All right. Hearing none, all in favor say "aye".

19 (Affirmative.)

20 MAYOR ROTHSCHILD: Anyone opposed?

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(End of Item #2.)

I hereby certify that, to the best of my ability, the foregoing is a true and accurate transcription of the original tape recorded conversation in the case referenced on page 1 above.

Transcription Completed: 06/11/13

KATHLEEN R. KRASSOW - Owner
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