



MAYOR & COUNCIL MEMORANDUM

December 6, 2016

Subject: Adaptive Reuse Pilot Program (City Wide)

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Issue – Discussion of a pilot program to encourage reinvestment throughout the City in the form of adaptive reuse of existing buildings is presented for Mayor and Council feedback and direction.

City Manager's Office Recommendation – Staff is seeking Mayor and Council direction to initiate an Adaptive Reuse Pilot Program as described in this memorandum, and report back to the Mayor and Council in 12 months on the effectiveness of this pilot effort.

Background – 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 tools and incentives that could be implemented throughout the City, to expand upon the investment seen in the downtown and Infill Incentive District areas.

On March 22, 2016 the Mayor and Council directed staff to (1) expand the Government Property Lease Excise Tax (GPLET) area and establish a tiered lease term tied to level of investment, 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.

The status of these four tools is as follows: the PAD and MS&R setback relief have been adopted, the GPLET is in process, and the Plan Tucson Special Option, after being met with concern at the Planning Commission, has been scaled back to focus on the Grant Road Overlay as a first step.

In addition to these four tools, another incentive (an Adaptive Reuse Program) has been identified to help encourage reinvestment throughout the City in the form of reuse of existing older buildings. The concept of adaptive reuse has been a priority for Mayor and Council for some time, as demonstrated by the historic building exteriors rehabilitated for new uses through the successful Downtown Façade Improvement Program; encouragement to reuse historic buildings in the Infill Incentive District; and use of new zoning tools to support repurposing of closed TUSD schools. The attached October 27, 2016 memorandum from Council Members Uhlich and Romero requesting this item describes the purpose of adaptive reuse (Attachment A).

Supporting Research

Creation of an Adaptive Reuse Program is also supported by the findings of a recent study, “Older, Smaller, Better in Tucson: Measuring how the character of buildings and blocks influences urban vitality in a Southwestern City.” To measure the economic and livability contributions of existing older buildings, the City Historic Preservation Program obtained grant funding in 2013 to hire the Preservation Green Lab (PGL) of the National Trust for Historic Preservation to study the statistical relationships between social, economic, and cultural activity and characteristics of the built environment in Tucson.

The study found that adaptive reuses of older buildings encourages local investment and business ownership, fosters a more resilient local economy, complements transit investments, fosters

“walkable” neighborhoods, and supports higher concentrations of jobs, new businesses, locally owned businesses, women and minority-owned businesses, age diversity of residents, and residential density. Adapting older, smaller buildings to new uses offers local entrepreneurs space that is both affordable and flexible for startup businesses, attracting economic development and maintaining local character. Additionally, adaptive reuse programs promote sustainable development by mitigating the negative environmental impacts of demolition and new construction. The PGL findings support the creation of an adaptive reuse program modeled on successful national models such as the City of Phoenix and City of Los Angeles programs.

Phoenix Adaptive Reuse Program

The City of Phoenix launched a pilot program in 2008 and was limited to 12 projects within a designated target area for buildings that were constructed before 1960 with a maximum 2,500 sq ft. The pilot projects saved an average of \$16,000 and 4.5 months when compared with projects that renovated existing buildings through the standard process.

The program was expanded city-wide with additional elements: a program fund allowing permit fee waivers up to \$7,000 per project; the designation of dedicated project ombudsmen; project specific checklists; a \$50,000 competitive grant to an architecture firm to provide services to eligible projects; prioritization of projects involving historic buildings; and the application of the International Existing Building Code (IEBC), allowing eligible older buildings that may not comply with current codes to be repurposed without prohibitive renovation capital costs or compromises to safety or ADA compliance. Eligibility was also expanded to three tiers of relief based on size, allowing buildings up to 100,000 sq ft., additions increasing sq footage up to 30%, and built as recently as year 2000. Phoenix reports that 30-40 projects per year use the program (see Attachment B).

Proposed Adaptive Reuse Program

Based on lessons learned from the Phoenix program and feedback from local developers about current challenges with infill development, staff offers the following program elements for Mayor and Council consideration and direction.

Program Purpose: Encourage infill projects that adapt older, existing buildings to new business uses.

Program Components:

- Dedicated Lead Planner to facilitate projects through the review process
- Project-specific checklist to help guide developer
- Assistance with application of available building code and zoning relief tools for: parking, setbacks, density, height, landscaping, screening (see Attachment C), including assistance with developing an Individual Parking Plan
- Overlapping processes for zoning relief tools and development review
- Permit review fee waivers
- Allowance for change of use following less-restrictive standards if new use is allowed by zoning (“as-is ordinance”)

Eligibility Criteria:

- Project will provide a community benefit as defined by Plan Tucson, and is consistent with area and neighborhood plans
- Commercial project (business, multi-family residential, or mixed-use, excluding certain uses such as student housing/group dwellings, adult businesses, pawn shops, gun shops, liquor stores, bail bonds businesses, tattoo parlors, and check-cashing businesses)
- Building is 50 years old or older to encourage preservation of historic buildings, or at least 30 years old, vacant for 5 years, and of durable construction (masonry).
- Project is outside of an existing incentive overlay (e.g. IID, MGD)
- Project will not cause building to be delisted from or ineligible for registration on the National Register of Historic Places

Staff is proposing a 12 month pilot program using existing code relief tools, during which time program effectiveness can be reviewed. Staff will consider whether the program elements seem sufficient and see if code changes or other tools are needed. The following indicators will help determine the program's effectiveness:

- Total number of projects completed
- Average timeframes for projects from determination of eligibility to Certificate of Occupancy
- Average total costs of projects
- Uses of properties before and after projects
- City revenues generated (construction sales tax, impact fees)
- Reuse and recycling of existing building materials

While the program will apply to buildings city-wide that meet the above criteria, staff is requesting that individual Council Members identify areas in their respective Wards with concentrations of vacant or underutilized older and historic buildings so that targeted outreach about the program can be conducted, in addition to general educational outreach to developers and the community.

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.*

Financial Considerations – During the pilot project period staff will track the following indicators in order to provide an estimate of the financial impact to the City of Tucson:

- Economic impact of construction activities (jobs created, payroll spending impact)
- Direct revenues to the City (construction sales tax, impact fees, permit fees and sales tax), including fees waived and revenue received.

Legal Consideration(s) – The City Attorney’s office has reviewed and approved this memorandum.

Respectfully submitted,



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Assistant City Manager

AE/Nicole Ewing Gavin:JM/RA

Attachments:

- A – Memorandum from Wards 1 and 3
- B – City of Phoenix Adaptive Reuse Program Brochure
- C – Categories of relief tools for adaptive reuse projects