

CITY COUNCIL REPORT



Meeting Date: October 13, 2015
 General Plan Element: ***Economic Vitality***
 General Plan Goal: ***Utilize redevelopment and revitalization efforts to sustain economic well-being***

ACTION

McDowell Road corridor strategic priorities update. Presentation on current achievements and activities related to this priority, and discussion and possible direction to staff on vision for future revitalization efforts and tools to be used in the process.

BACKGROUND

The City Council's strategic priorities, last updated and approved in July 2015, include a priority to: ***"Continue working with residents, businesses and SkySong to revitalize the McDowell Road corridor."***

This Work Study Session is in response to the City Council's request for an update on revitalization efforts in the corridor, and it provides an opportunity for discussion and possible direction to staff regarding future revitalization efforts. This is consistent with one of the initiatives in the Strategic Plan to "Evaluate and establish consensus on the tools are available for use in a redevelopment district and are acceptable for use in stimulating revitalization." One of the tools could include utilization of the city's "floating" 1.5 acres on the SkySong property, the item that follows this more general discussion on the Work Study agenda.

ANALYSIS AND ASSESSMENT

As with the overall economy, economic conditions in the McDowell Road corridor are improving. Taxable sales in the corridor have increased by 45% from 2010 to 2014, and sales tax revenues have increased from \$3.7 million to \$5.1 million over the same period. Incremental property improvement is occurring, and revitalization of larger properties (former auto dealerships) is in the planning stages, including the Auto Mall, Earnhardt Lexus and Scott Toyota properties. Numerous small businesses, such as Fate Brewery, Pho Cao restaurant, Plato's Closet, and Delicious Deliveries have chosen to locate in the corridor. Market demand for residential development, both apartment and fee-simple ownership, remains strong.

Many of the initiatives to improve the corridor that were identified in the strategic plan and many other city improvement projects have been implemented, including:

- Created fee reduction program
- Improved transit routes and services

- Completion of the Thomas Road street and streetscape improvements
- Widened and improved the McDowell Road bridge over the Indian Bend Wash
- Established a “priority” designation for plans and projects proposed for the area
- Conducted 5 neighborhood outreach meetings to solicit input on potential revitalization priorities
- Established a dialogue with property and business owners of strategically important properties to provide assistance in planning and preparing for revitalization
- Created a website and community newsletter specific to the corridor to notify stakeholders of events and opportunities
- Acquired two properties along the Indian Bend Wash for potential future improvement
- Hosted the McDowell Road Home Improvement Workshop to help residents identify and achieve property improvements
- Discussed with the City Council Economic Development Subcommittee options related to the Los Arcos Redevelopment designation
- Provided economic and demographic analysis for potential businesses looking at locating in the corridor
- Assisting property owners navigate the permit process

Revitalization will likely continue on a property-by-property basis if market conditions continue to be favorable. Larger-scale revitalization, such as property assemblage or multiple-property development, could be accelerated by utilizing tools that have not been pursued in recent years because they have little or no utility outside of an active redevelopment designation. The Los Arcos redevelopment area, the city’s only formal redevelopment district as permitted by State Statute, will expire in January, 2016.

Staff will present some of those tools and the feasibility of using them for consideration and discussion at the Work Study Session.

OPTIONS

Recommended Approach

Provide policy direction to staff on two key policy questions:

- 1) What is the overall, long term vision for the McDowell Road Corridor?**
- 2) What tools are the Mayor and City Council supportive of using to achieve that vision?**

Proposed Next Steps

Clear direction on these questions will assist staff to be most efficient and effective in future efforts to achieve the McDowell Road critical objective.

RESPONSIBLE DEPARTMENT(S)

Planning & Development Services
Economic Development

STAFF CONTACT(S)

Randy Grant, Planning & Development Director, 480-312-2664, RGrant@scottsdaleaz.gov
Danielle Casey, Economic Development Director, 480-312-7601, DCasey@scottsdaleaz.gov

APPROVED BY



Danielle Casey, Economic Development Director
480-312-7601, DCasey@scottsdaleaz.gov

9/29/15

Date



Randy Grant, Planning & Development Director
480-312-2664, RGrant@ScottsdaleAz.gov

9/29/15

Date



Brian Biesemeyer, Acting City Manager
480-312-5683, BBiesemeyer@ScottsdaleAz.gov

9/30/15

Date

McDowell Road Corridor Revitalization Updates Future Opportunities

City Council Work Study
October 13, 2015

Summary of Discussion

1. McDowell Corridor current context
2. Anticipated changes in next 1-3 years
3. Input on Council vision for Corridor future
4. Tools available to advance vision

Council Strategic Priority

Continue working with residents, businesses and SkySong to revitalize the McDowell Road corridor.

1. Identify possible revitalization tools and decide which ones are appropriate to use.
2. Understand market conditions and focus marketing efforts to recruit desired businesses.
3. Support community efforts to establish a new “brand” or identity
4. Improve linkages to nearby amenities and adjacent communities.
5. Work with area residents to strengthen neighborhoods in and around the revitalization area.

Related Plans and Priorities

Plan/Strategy	Comments related to SkySong or McDowell Corridor
1996 Los Arcos Redevelopment Area Plan (expires in January 2016)	<i>**This plan is approximately 20 years old and has not been formally updated during that time; however, many of the goals set forth in 1996 that would still be applicable have now been achieved.</i>
City of Scottsdale General Plan	Currently in update process.

Related Plans and Priorities

Plan/Strategy	Comments related to SkySong or McDowell Corridor
2010 Task Force	<ul style="list-style-type: none">1) Branding, marketing2) Exploring regulatory changes3) Public investment in infrastructure4) Funding assistance through utilization of districts, bonding, P3's5) Zoning changes to increase height in specific areas6) FAR and other density increases, overlay districts7) Removal of Redevelopment area*8) Neighborhood involvement

Related Plans and Priorities

Plan/Strategy	Comments related to SkySong or McDowell Corridor
Economic Development Strategic Plan (adopted Feb. 17, 2015)	<p>McDowell Road Corridor Vision: ...a thriving, top destination for new and young enterprises – as well as established market leaders – in emerging technologies. ...synonymous with where great ideas and innovations are born – a boulevard of big ideas - anchored by SkySong and other higher education institutions, teeming with startups, young firms, inventors and executives who value the synergy that has been created with the concentration of these activities. <i>The area offers unique, neighborhood boutique retail services that serve the influx of new, young knowledge workers, their families and students.</i></p>

Current Context: Global view

- Economic recovery is occurring
- Activity on vacant properties
- Residential demand remains strong
- Demographic shift in area positive but slow
- Property owners with long term leases holding

Current Context: McDowell Specific

- 64th/McDowell site redevelopment
- Building permit fee reductions
- New restaurants, SkySong retail plans
- Multifamily: San Travesia, Mark Taylor
- Interest in retail center redevelopment
- McDowell Road bridge widening, berms acquired
- Thomas Road streetscape improvements
- Expanded transit service

Current Context



1. Las Aguas - Chason Development under construction of 154 residential apartment units on 5 acres. Investment of \$24 million.

2. Mark Kia & Mitsubishi - Moved their Scottsdale Rd/McKellips Rd operations to their recently acquired site formerly occupied by Infinity dealership at 6910 E. McDowell Road.

3. Fate Brewery and Plato's Closet - Former Hometown Buffet building remodeled by Clayton Companies for new 15,500 square foot restaurant, brewery and retail boutique.

4. Skysong - The ASU Scottsdale Innovation Center - 38 acres mixed-use project. Four office buildings of research, commercial, and service retail uses and 325-unit apartments.

5. Pho Cao Restaurant - New Thai restaurant recently opened at formerly shuttered restaurant location along McDowell Road.

6. San Travesia - 3-story, 575 residential apartments on 28 acres recently opened along with new AutoZone building. Investment of \$85 million.

Aerial Updated November, 2014

**McDowell
Corridor
Investments**

Current Context



Aerial Updated November, 2014

1. McDowell and 77th - City recently acquired parcels adjacent to Indian Bend Wash for beautification along McDowell Road.

2. 77 on the Park - 22 residential apartment units under construction on 1.11 acres alongside the Indian Bend Wash at 1350 N. 77th Street. Investment of \$5 million.

**McDowell
Corridor
Investments**

Anticipated Changes

- General Dynamics space
- Papago Plaza remodel
- 64TH Street and McDowell redevelopment
- Additional residential projects planned
- Departure of additional dealerships

Current Context: SkySong

- 95% commercial occupancy or greater
- 90% or greater residential occupancy
- Building 4 underway
- More than 1,000 employees on site
- RubyRide services for students and business
- Efforts underway to connect with community through events and activities

Future Vision Question

- With favorable economic conditions and current activities revitalization of the McDowell Road Corridor will continue.
- What else would you like to see occur on McDowell Road for corridor revitalization? What should it 'look like' in 3 -5 years?
- Are there additional tools that you would like to see applied to stimulate more or different types of revitalization?

Potential Tools for 'Getting There'

- Creating a redevelopment plan
- Utilizing redevelopment district
 - Stakeholder commission
 - Property tax relief
 - Land assemblage
- Specific Plan or PC District
- Revitalization district initiated by property owners
- City operational funding for marketing
- Property investment or utilization

Redevelopment Districts

- ARS 36-1471 to ARS 36-1491
- Defines the processes related to an area(s) that has been designated by the Mayor and City Council as being in need of revitalization
- State statute requires City Council to designate the area and adopt a Redevelopment Area Plan that:
 - Lays out broad goals and guidelines for the area's future growth
 - Encourages private investment and identifies ways of funding infrastructure improvements

Powers within Redevelopment Areas

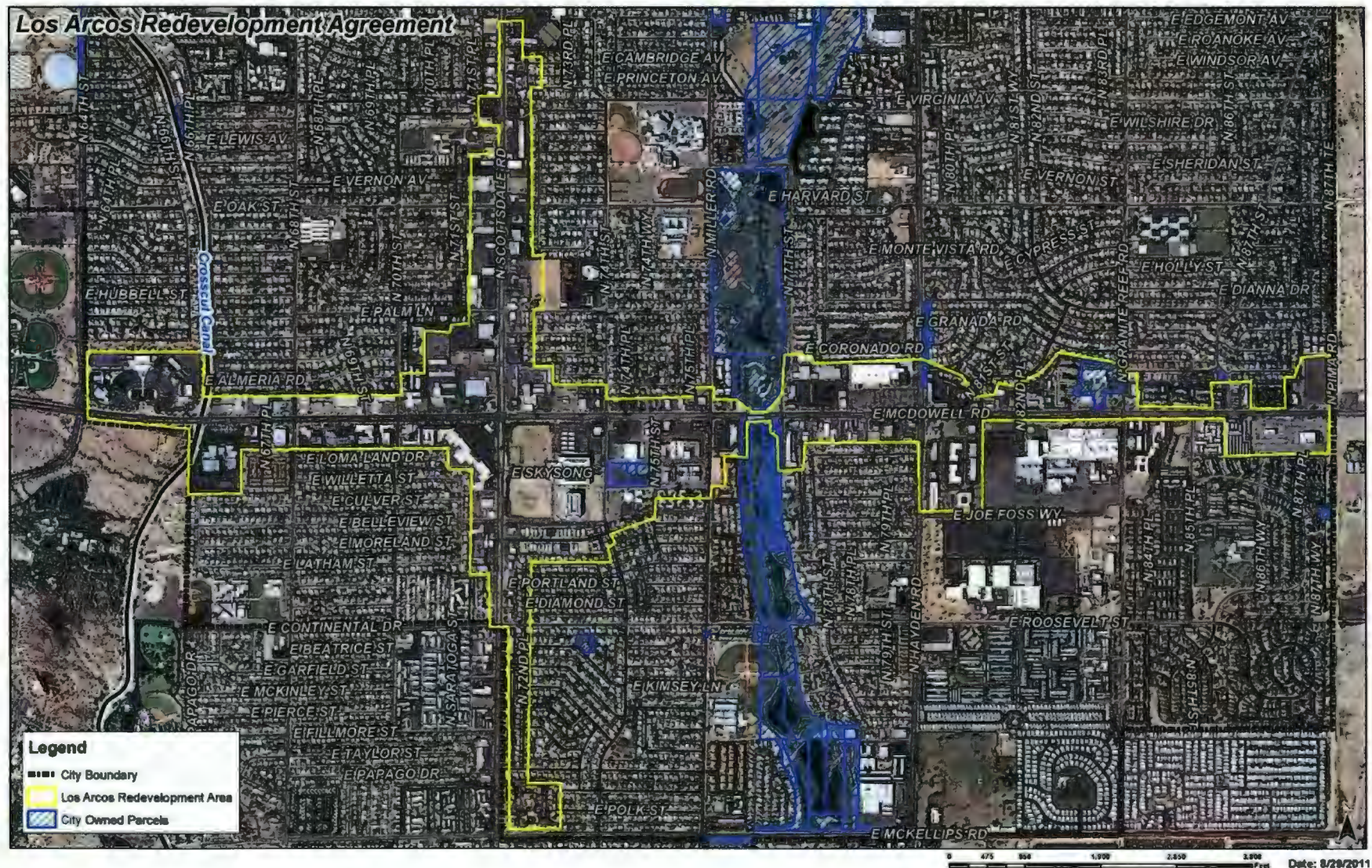
- Cities may offer property tax relief, financial aid and other incentives to major projects that support economic growth
- Eminent domain for public purposes ONLY
- Issue bonds for redevelopment
- Reduces requirements for public bidding
- Enhances grant funding opportunities
- Enhances ability for land assemblage
- Provides for the creation of a stakeholder commission

Example Redevelopment Tool Usage

- GPLET rates and abatements
 - Full property tax abatement option for first 8 years if also in a Single Central Business District only with Council approval
 - Examples of use:
 - Cancer Treatment Centers of America in Goodyear, AZ
 - Midwestern University Dental School, Glendale
 - Hayden Ferry Lakeside; Northern Trust, Tempe
 - Arizona Center, Ballpark Lofts, PBC; Phoenix
- Eminent Domain
 - Just Compensation and relocation assistance required
 - Requires 2/3 vote
 - Private Property Rights Protection Act considerations

Los Arcos Redevelopment Area

Current Boundaries



Los Arcos Redevelopment Area

- Originally approved July 2, 1996
- Adopted for a 20 year period (expires Jan. 2016)
- Single Central Business District designated in 2010 (same boundaries as Redevelopment Area)
- Projects completed utilizing benefits of Redevelopment Area Designation:
 - SkySong
 - McDowell Village Senior Housing/Granite Reef Senior Center
 - Used for creation of Motor Mile marketing district
 - Lowe's development

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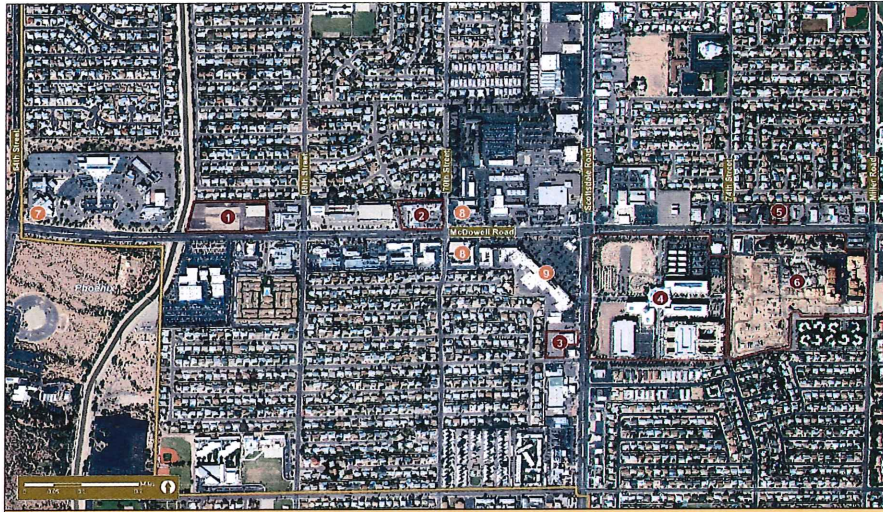
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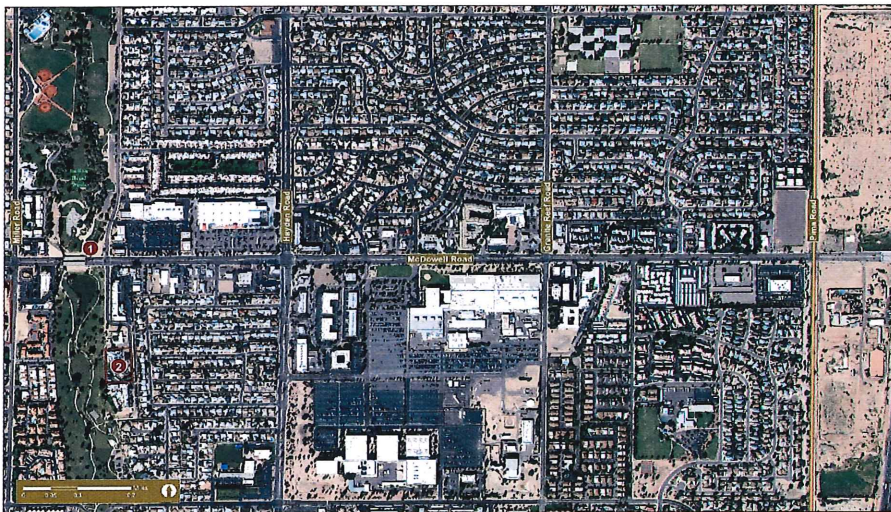
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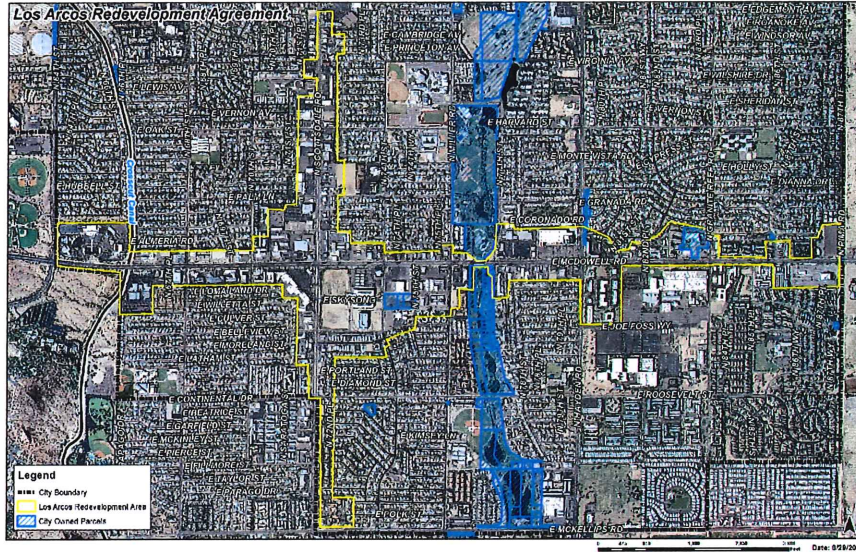
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