November 19, 2009

To: **McDowell Corridor/South Scottsdale Economic Development Task Force**

From: **Erin Perreault, AICP, Principal Planner**
Advance Planning Department
Planning, Neighborhood & Transportation Division

Thru: **David Richert, Managing Executive Director**
Planning, Neighborhood & Transportation Division
Connie Padian, Advance Planning Director

Subject: **Summary of Revitalization/Redevelopment Tools**

INTRODUCTION

The purpose of this memorandum is to provide the McDowell Corridor/South Scottsdale Economic Development Task Force (Task Force) with an informational briefing on a variety of Arizona revitalization and redevelopment tools, as well as a brief summary regarding local Scottsdale land use tools applicable to McDowell Corridor.

SUMMARY: ARIZONA REVITALIZATION & REDEVELOPMENT TOOLS

The following is a summary of the more common mechanisms utilized for revitalization and redevelopment efforts in Arizona. This summary is not intended to be an exhaustive list of such, but rather, a brief introduction to such tools for Task Force deliberation.

Redevelopment

Slum Clearance and Redevelopment, Arizona Revised Statutes *§36-1471 et. seq.*

Redevelopment is the word used to describe the steps a community takes to protect and enhance an area. Sometimes these steps are ordinary and don't require any kind of special legal authority. Some examples of practical redevelopment steps may include changing zoning ordinances and/or adopting design guidelines to encourage a particular type of development; or actions such as funding street improvements with lighting and streetscape features. Typically such steps are referred to an "informal" redevelopment.

Sometimes steps go beyond a city's routine actions to help make revitalization occur. Redevelopment authority defined by state law is such a step. The Arizona redevelopment statute allows cities to revitalize selected areas by using additional tools to promote and influence redevelopment. These tools are used for improving deteriorated urban conditions, establishing permanent open space, acquiring and selling real property, and achieving other locally approved redevelopment goals. This "formal" redevelopment involves the designation of an area as a Redevelopment Area and requires the adoption of a Redevelopment Plan. The Redevelopment Plan outlines the redevelopment program purpose, objectives and approaches/implementation items to achieve the desired change in an area.

The City of Scottsdale currently has one designated Redevelopment Area and Plan. The Los Arcos Redevelopment Area, was designated by the Scottsdale City Council in December 1995, and the Los Arcos Redevelopment Plan was adopted by the Scottsdale City Council in June 1996. The Los Arcos Redevelopment Area has an irregular boundary, which can generally be described as the primarily commercial properties along Scottsdale and McDowell Roads, from Thomas Road south to McKellips, and from Pima Road west to 64th Street.

Enhanced Municipal Services District (EMSD)

Improvement Districts for Enhanced Municipal Services, Arizona Revised Statutes *§48-575*

Arizona law allows for the formation of an improvement district within a designated redevelopment area to provide public service within the district at a higher level or greater degree than provided in the remainder of the community, including such services as public safety, fire protection, refuse collection, street or sidewalk cleaning or landscape maintenance in public areas, planning, promotion, transportation and public parking. Property within the designated EMSD boundary is assessed based on an established methodology which can include use and size of each parcel within the district. Voluntary contributions from outside the district may also be accepted.

The City of Scottsdale previously had two Enhanced Municipal Services Districts, both were established for enhanced marketing and promotion of Downtown Scottsdale.

Government Property Lease Excise Tax Abatement (GPLET)

Government Property Lease Excise Tax, Arizona Revised Statutes *§42-6201 et. seq.*

The GPLET abatement and/or reduction is a tool sanctioned by State Statute and utilized by other Valley communities for redevelopment purposes. GPLET is a tax imposed upon a property and its improvements owned by the city and leased for non-city purposes, in lieu of property tax. The GPLET is imposed anywhere in the city, although the state legislation gives special consideration to properties in redevelopment areas and single central business districts. If a property is in a redevelopment area and is in a single central business district, then the GPLET can be abated for the first eight (8) years following issuance of the certificate of occupancy for the property. The amount paid/abated depends on the use, building configuration, building age, and the site location (inside versus outside a redevelopment area). Tax abatement/loss is potentially absorbed by county and school districts, not just the city alone.

Infill Incentive District

Infill Incentive Districts, Arizona Revised Statutes *§9-499.10*

Arizona Revised Statute allows for the creation of Infill Incentive Districts to be created to encourage new development and redevelopment within areas that meet the criteria for infill incentives. Arizona Revised Statute enables the governing body of a city or town to designate an infill incentive district in an area in the city or town that meets at least three of the following requirements:

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

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:

- 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.
- Relief from development standards.

Currently, the City of Scottsdale has one designated Infill Incentive District. Designated in 2003, the District is encompasses approximately eleven (11) acres that are generally bounded by Camelback Road to the north, Goldwater Boulevard to the west, the Arizona Canal to the south and Scottsdale Road to the east.

Industrial Development Authority (IDA)

Industrial Development Financing Act, Arizona Revised Statutes *§35-701 et. seq.*

IDAs have been created in accordance with Arizona law to provide lower financing for qualified projects through the issuance of revenue bonds. The IDA bonds are exempt from Arizona income taxation. Similarly, the bonds can be tax-exempt from federal taxation, provided that they are issued in compliance with the Internal Revenue Code, as amended. In addition to state and federal guidelines, an IDA typically sets the criteria for approving a project for bonds financing as well.

The City of Scottsdale IDA was granted incorporation by the Arizona Corporation Commission in June 1984. The main function of the board is to issue tax exempt bonds for certain types of private developments for the purpose of attracting new economic activity to the community. The Board evaluates development proposals and presents its recommendations to the City Council for final approval.

Community Facilities Districts (CFD)

Community Facilities Districts Act, Arizona Revised Statutes *§48-701 et. seq.*

In 1988, the Arizona legislature enacted the Arizona Community Facilities District Act (Act). The purpose of the Act was to generate new opportunities for the financing of infrastructure improvements for municipalities and developers alike. The law authorized bonds to be issued and repaid with a mechanism that taxes (or assesses) only the lands directly benefiting by the new infrastructure. This allows community development which may otherwise be unfeasible due to the prohibitive costs imposed by extensive infrastructure burdens. The Act allows for the issuance of general obligation bonds, special assessment bonds and revenue bonds or any combination thereof. With any CFDs, only the projected assessment, tax or revenue stream is pledged toward the repayment of the bonds. No other security need be pledged to secure the bonds.

It should be noted that at the present time, all CFDs are required by statute to be included within an incorporated city or town. As examples, the following are types of public infrastructure improvements that may be acquired and/or constructed with CFD bond proceeds:

- Water and sewer projects
- Police and fire facilities (and sites)
- Public buildings (and sites)
- Flood control and drainage projects
- Roadways
- Public parking structures
- Landscaping and lakes
- Lighting and traffic control
- Parks and recreational facilities

- Schools and school sites
- Pedestrian malls
- Enhanced public services

Community Development Corporations (CDC)
The term CDC refers to a type of non-profit entity known as a "community development corporation". CDCs, are characterized by their community based leadership and their work primarily in housing production (often affordable housing) and/or job creation. CDCs are formed by residents, small business owners, and other local stakeholders to revitalize a low and/or moderate income community. Jobs are often created through small or micro business lending or commercial development projects. Some CDCs also provide a variety of social services to their target area. First formed in the 1960s, they have expanded rapidly in size and numbers since. Today, CDCs are spread throughout all 50 states and in nearly every major city. Community development corporations are typically neighborhood-based, 501(c)3 non-profit corporations, with a board composed of at least one-third community residents, that promote the improvement of the physical and social infrastructures of their area.

SUMMARY: SCOTTSDALE LAND USE TOOLS FOR REVITALIZATION & REDEVELOPMENT

The following is a summary of the more common land use tools that could be utilized for revitalization and redevelopment efforts in Southern Scottsdale. This summary is not intended to be an exhaustive list of such, but rather, a brief introduction to such tools for Task Force deliberation.

2001 Scottsdale General Plan
The General Plan contains the city's policies on character and design, land use, open spaces and the natural environment, business and economics, community services, neighborhood vitality, transportation, and growth. A primary focus of the General Plan is to shape the physical form of the city. With regards to the McDowell Corridor, the General Plan suggests the following:

- Growth Area Element: designates the corridor as a growth area – an area of the community that best accommodates future growth and where future development is focused, including mixed uses and multi-modal transportation.
- Land Use Element: designates the majority of properties along the McDowell corridor as Mixed-Use Neighborhoods. Mixed-use neighborhoods area located in areas with strong access to multiple modes of transportation and major regional access and services… these areas could accommodate higher density housing combined with complementary office or retail uses or mixed-use structures with residential above commercial or office.

Planned Community District (P-C/PCD)
The planned community district is designed and intended to enable and encourage the development of large tracts of land which are under unified ownership or control so as to achieve land development patterns which will maintain and enhance the physical, social and economic values of an area. To this end, there may be provided within such areas a combination of land uses, including a variety of residential types, commercial, industrial, public and semi-public areas. The planned community district is further established to provide a land developer with reasonable assurance that specific uses proposed from time to time, if in accordance with an approved development plan, will be acceptable to the city; and to provide the City Planning Commission and the City Council with a long-term proposal for the development of a given area. In a designated redevelopment area, a Planned Community District can be on a gross land area of ten (10) acres or more. Outside of a redevelopment area, a Planned Community District requires a minimum of one hundred sixty (160) acres of gross land area. All land uses in a PCD district shall conform to the property development Standards of the comparable zoning district. Modification of the comparable district's standards may be allowed.

Planned Regional Center (PRC)
The PRC is a Scottsdale Zoning Ordinance district the purpose of which is to provide for a broad variety of general merchandise and services in full depth and variety within a planned commercial [regional] center, which may include office and residential uses carefully interrelated by design to assure that the uses compliment each other and the whole mixed use complex. Generally building height in this district is sixty (60) feet and the gross land area generally required for a PRC development is no less than twenty-five (25) acres.

Planning Unit Development (PUD)
The PUD is a Scottsdale Zoning Ordinance district the purpose of which is to promote a mixed-use development pattern. Commercial, employment, hospitality, multi-family residential and townhouse residential uses are encouraged to be provided with intensities and densities that promote a mix of day and nighttime activities. Generally, the PUD allows for more development flexibility if the proposed development meets the PUD criteria. Minimum gross land area for a PUD is one-half (1/2) acre and the maximum is fifteen (15) acres. The Scottsdale City Council may authorize a PUD for a site greater than fifteen (15) acres up to a maximum of twenty-five (25) acres. Maximum building height is generally forty-eight (48) feet with an additional ten (10) feet allowable for architecturally integrated features.

The McDowell Corridor is a prime General Plan/Area Plan portion of the community where use of the PUD is intended and encouraged.

Overlay Zoning
Overlay zoning is a regulatory tool that creates a special zoning district, placed over an existing base zoning district(s) which identifies special provisions in addition to those in the underlying base zone. This special zoning district may overlay just one underlying base zone or several, often they can be geographically applied to a corridor or specific area of a community. Regulations or incentives are attached to the special zoning overlay district to protect a specific resource or guide development within a special area. Some examples of overlay zoning include the preservation of natural resources (hillsides, watersheds, costal areas, streams), historic preservation, economic development/design review (corridors, central business districts, building height, enterprise zones), safety (airport zones, fire zones, flood zones, geologic hazards) and/or social (license restriction zones, land use restrictions) to name a few.

The City of Scottsdale has a variety of overlay zones such as the Downtown Overlay, the Foothills Overlay, Environmentally Sensitive Lands and Historic Preservation Overlays.