

**CITY COUNCIL COMMUNICATION 98-078
MARCH 2, 1998 AGENDA**

SUBJECT:

**AMENDMENTS TO THE RESTATED
URBAN REVITALIZATION PLAN**

SUBMITTED BY:

**JIM GRANT
COMMUNITY DEVELOPMENT DIRECTOR**

SYNOPSIS –

On February 23, 1998, by Roll Call No. 98-549, the City Council approved the First Amendment to the Restated Citywide Urban Revitalization Plan for the following purposes:

- To encourage the voluntary annexation of land adjoining the northeast corner of the City;
- To encourage development of housing within the downtown urban renewal districts;
- To encourage rehabilitation of commercial buildings within the River Hills West Rehabilitation Area; and
- To encourage new construction and rehabilitation in Neighborhood Pedestrian Commercial Districts by increasing the number of uses allowed tax abatement.

FISCAL IMPACT –

N/A

RECOMMENDATION –

Receive and file further explanation of amendments to the Restated Urban Revitalization Plan.

BACKGROUND –

Northeast Annexation Area - New Construction and Rehabilitation, Residential

The Northeast Annexation Area is generally located at the northeast corner of the City along Hubbell Avenue and is bounded on the west by NE 38th Street, on the east by Relocated Highway 65, and on the north by Interstate 35. The amendment to the Urban Revitalization Plan would grant residential tax abatement for properties developed in the future northeast annexation

area such as the Brook Run residential development.

The City could have chosen to amend the Restated Citywide Plan on a piecemeal basis as individual pieces of property are annexed into the city. The Plan and Zoning Commission and City staff recommended the Restated Citywide Plan be amended to allow tax abatement for the entire area that is being considered for annexation. This will eliminate property by property amendments to the plan and encourage voluntary annexation.

NE Hubbell Business Park - New Construction and Rehabilitation

The NE Hubbell Business Park is an area within the Northeast Annexation Area appropriate for economic development for commercial and industrial enterprises. The designation of the area is intended to encourage the annexation and development of the area as an industrial and business park in accordance with the Planned Business Park (PBP) and Planned Unit Development (PUD) regulations in the Zoning Ordinance. The improvements are by their design and manner of construction intended to be for office, research, education and development facilities, light manufacturing and assembly, or warehousing use consistent with the PBP. Retail development would not receive tax abatement.

This amendment will provide tax abatement for the B.J. Baker development and future similar development that would be annexed into the city within the identified business park. The amendment was discussed at the time of rezoning by both the Plan and Zoning Commission and the City Council.

Targeted Residential Development Areas - New Construction and Rehabilitation

The purpose of the proposed amendment to the Citywide Urban Revitalization Plan is to encourage the development of new and rehab housing within the downtown. To accomplish its purpose, the proposed amendment will add a large area within the downtown to the area eligible for ten-year 100 percent tax abatement for qualified residential development.

The development of housing through the rehabilitation of existing structures and new construction has been recognized as a key element in achieving and maintaining a healthy and successful downtown. The *Destination Downtown* action plan established downtown housing as one of its primary objectives. The plan recommended several initiatives designed to facilitate development of new downtown neighborhoods.

The Downtown Coordinating Council has also made the development of downtown housing a priority. It has created a Downtown Housing Development Team charged with developing strategies to encourage development of feasible market rate housing downtown.

The ability to attract new housing to the downtown has been hampered by high development costs for both rehab and new construction. It has become evident that available incentives are not sufficient to insure feasible downtown housing development. Maximizing tax abatement for downtown residential improvements will greatly improve development feasibility.

Currently within the downtown, the Citywide Urban Revitalization Plan identifies areas which are eligible for tax abatement according to the five-year 100 percent plus year 6-10 declining

scale tax exemption schedule. Neighborhoods surrounding the downtown receive the ten-year 100 percent abatement.

The proposed amendment will provide tax abatement for qualified real estate assessed as residential property, or assessed as commercial property, if the commercial property consists of three or more separate living quarters with at least 75 percent of the space used for residential purposes under the ten-year 100 percent tax exemption schedule.

The Downtown Coordinating Council reviewed the proposal to provide ten-year 100 percent tax abatement at its meeting on February 11, 1998. The Downtown Housing Development Team endorsed the proposed amendment at its meeting on January 28, 1998.

Ingersoll Avenue Neighborhood Pedestrian Commercial - New Construction and Rehabilitation

Tax abatement within the current Neighborhood Pedestrian Commercial (NPC) Zoning Classification along Ingersoll Avenue is limited to improvements that are by their design and manner of construction intended for use in the display of merchandise for retail sale, accessory storage and office facilities to serve the retail use of the premises, or to serve as a new car sales facility.

General office uses do not receive tax abatement within a NPC District at the current time. For example, the Whyllie Optician Office at 37th Street and Ingersoll Avenue received partial tax exemption for the improvements done because only that portion of office which services the retail use on the premises receives abatement.

This amendment will allow tax abatement for rehabilitation and new construction for all permitted uses within the Ingersoll Avenue zoned NPC District. Uses such as restaurants, hair salons, and offices add to the ambiance of pedestrian areas and should be encouraged. This amendment for tax abatement was discussed with Planning Commissioners and property owners at the time of the NPC rezoning on Ingersoll Avenue.

River Hills West Rehabilitation Area - Commercial Rehabilitation

This area is recommended for urban revitalization designation with tax abatement granted for commercial rehabilitation projects. This ten block area, located on the downtown periphery, is characterized by older office buildings and large amounts of vacant land primarily used for adjacent building surface parking.

This area has not received much investment in the past 20 years with the most recent new building constructed in 1975. There is considerable technological and functional obsolescence in the existing office buildings, most of which were built 30 or more years ago. These buildings require significant private investment to upgrade to current contemporary office standards in order to be market-competitive. Indications that these buildings do not meet current office standards has been shown with the long-term vacancy (one year+) of over 50,000 square feet of office space in this area within the last year.