

City of Flagstaff  
Community Reinvestment Policy  
Subsidiary Decision Points  
August 2013

The following is a presentation of several different policy discussions that are each “Subsidiary Decisions Points” for a broader *future* presentation on policies related to redevelopment and infill in Flagstaff<sup>1</sup>.

This is not a presentation of the broader redevelopment and infill policy ideas, though a working list of the ideas is attached for reference<sup>2</sup>. On this list, the various ideas have been grouped into six general categories including community planning, physical constraints, regulatory requirements, process requirements, financial mechanisms, and a catch-all group, “other”. Based on preliminary staff discussions, we have classified the various ideas as:

- Those that can be done more easily (short-term),
- Those that require more discussion and figuring out (long-term),
- Those that appear not so workable (bad ideas), and
- Those that have broader policy implications.

This last group, “those that have broader policy implications”, is the subject of this presentation. These ideas warrant an advance discussion with the City Council to determine which ones staff should pursue further and which ones are simply not of interest to the City Council and thus do not merit further staff resources.

This presentation is divided into three basic groups. The first group includes items that are “stage setting” and for which we are seeking consensus on the presented approach. The second group includes items that truly have broader policy implications - those that are interconnected with other city policies. Notably, some of these have been discussed previously, but independently of their role as incentives for redevelopment and infill. The final group, “Items Getting Less Attention” addresses ideas that have a limited potential as meaningful redevelopment incentives, but since people may be expecting them to be addressed, they merit discussion and consensus.

---

<sup>1</sup> The City Council has previously directed staff to prepare specific policy ideas that would implement the Regional Plan - promoting redevelopment and infill. As with earlier in-progress presentations on this subject, the merit or purpose of promoting redevelopment and infill are not addressed herein. These are addressed in both the current and pending Regional Plan.

<sup>2</sup> This presentation addresses items in the column with yellow boxes. The future presentation with policy recommendations will address the remainder of the ideas portrayed – more accurately, those that survive more study of effectiveness and feasibility.

## **STAGE SETTING**

### **SPECIAL DISTRICTS vs OVERARCHING POLICY**

Arizona law provides for the creation of a number of types of special districts for redevelopment, infill, revitalization, and other purposes. For all of the available options that address redevelopment, there are two very notable limitations in creating such districts. The construction of these laws, as altered through the years, makes some districts difficult to create and/or once formed, some are less constructive than originally intended. For example, some require a declaration of “slum and blight”. Public reaction to declarations like “slum and blight”, particularly for the affected property owners, is very negative, and does not accurately describe what is desired for Flagstaff. Other district types require one hundred percent support from the stakeholders which is a difficult, if not impossible task. Also, most of these districts have very narrow purposes such that multiple districts would be necessary to achieve broad goals. Finally, as “districts”, they have boundaries and are thus not “broad”.

Our understanding is that the intent of the City Council is not to address a “slum and blight” area, or one subject or another, but rather to promote the various forms of new development that can occur in areas of the city that are already developed – those areas that are already largely served by existing infrastructure and services. Without drawing any tight boundaries, this might include several neighborhoods and corridors within the city, as well as many less known or less obvious opportunities.

Please note that in spite of this general observation, the use of districts should remain a tool for consideration by the City. If for example the City Council believed that providing parking relief in downtown was desirable, an Infill Incentive District<sup>3</sup> would be a good tool because this district is easy to form, it does allow for relief of development requirements, and it does allow the Council to specify an area in which the relief would apply. If the City Council wished, this tool could also be used to limit the application of new incentives or policies to only commercial districts and corridors, or only to select commercial districts and corridors.

*With this understanding, the difficulty of “districts” and the broader intent, we propose to focus our efforts on over-arching policies, goals, and actions.*

*If the City Council prefers instead to limit the forthcoming policies to specific districts, what districts would you like to see addressed?*

---

<sup>3</sup> This district can be used to offer expedited zoning or rezoning procedures, expedited processing of plans and proposals, waivers of municipal fees (with notable limitations), or relief from development standards.

### Chandler Infill Incentive Program

The Flagstaff City Council has previously referenced the Chandler redevelopment and infill incentive programs as a model that Flagstaff may want to investigate. Both CD&R staff and Legal staff have reviewed their programs and CD&R staff briefly discussed them with Chandler's Economic Development Director. Please find following some information in that regard:

For residential projects the City of Chandler offers impact fee reimbursements for Energy Star and LEED certified projects. Waiving development impact fees is a very a useful and workable incentive. As a reinvestment incentive for Flagstaff, waiving development fees is addressed in the main body of this paper.

For commercial projects the City of Chandler offers a reimbursement for construction expenses "such as the demolition of existing commercial space and/or for providing the public infrastructure necessary to accommodate new uses on the site". The program is managed by the Economic Development Department and the exact nature of the reimbursement is negotiated during the development approval process. A 2009 case study project was paid 50% of the total construction expenses (\$650,000) for "façade improvements". Program changes in 2009 shifted the focus of the program to projects that redevelop all or a significant portion of an existing commercial center in order to introduce new and/or additional uses such as residential and/or office components.

The funding appears in their Capital Improvements Plan, general government, funded by the General Fund. The program has maintained a carry-forward (fund balance) of just under \$2.8M in the last three fiscal years and while the CIP has shown future funding at \$500,000 per year, the program has been unfunded after FY 2010-11.

The construction of the program, the legal basis, and the relief offered, resemble the Infill Incentive District described in ARS with some very notable differences. While the residential component of their program offers incentives straight out of ARS, it appears to be applicable anywhere in the City. It is really a broadly applied incentive and not a district.

The Infill Incentive District described in ARS does not allow for reimbursement of construction expenses as Chandler provides for commercial projects but they limit the application of these incentives to a specific district and to specific business types ("older existing retail centers"). Our research has not found any mechanism in ARS whereby a City can reimburse construction expenses in this way. The 2010 City North case stated that "cities can use incentives for economic development but have to show the city is getting a measurable, contracted benefit that at least equals the city's expenditure (sic)". With this in mind, using the 2009 case study project, the City of Chandler would have to realize a \$325,000 benefit to offset the expense.

## COMMERCIAL vs OVERARCHING POLICY

Please note that little distinction has been included herein between policies that would benefit commercial or residential infill and redevelopment.

*Does the City Council prefer that we focus our efforts on one or the other?*

*If “commercial only” is desired, would incentives include mixed-use development in a commercial zone? Would we want to define “mixed-use” – to specify a ratio of one use to the other (currently not defined)?*

## REINVESTMENT

Continuing with setting the stage, the term “redevelopment”, in addition to having adverse social implications, is a term of art in the field of law. Use of the term can be mistaken to imply that there is some sort of “district” and thus that all of the connotations and limitations of districts are applicable. Furthermore, the term “redevelopment”, when not being used as a legal term, includes other forms of development that we specifically want to include in our policies such as intensification, infill, adaptive re-use, historic preservation, and so forth. The term “reinvestment” is a synonym for the non-legal meaning of “redevelopment” and accurately describes what is desired for Flagstaff.

*With this understanding, we propose to focus our efforts on “reinvestment” policies rather than “redevelopment and infill policies”.*

## CREATING DIFFERENCES (CREATING OR CLOSING A GAP)

At present, and seemingly fair, all of the rules, requirements, and opportunities of our development environment are equally applied regardless of whether or not a particular project is a reinvestment or green field site. From that perspective, creating different rules for reinvestment opportunities seems unfair. However, reinvestment sites are already disadvantaged, having features such as being established parcels, being smaller, having existing development including infrastructure (typically aging), newly applied development standards, and many other factors. When reinvestment sites and green field sites are treated the same, many of these features become disadvantages, and the “equal application of rules” is in fact a difference in and of itself that causes developers to prefer green field development. From that perspective, creating different rules for reinvestment opportunities levels the playing field.

Regardless of the preferred perspective, if the goal is to cause a developer to choose reinvestment, we must create a difference (a gap) between the two in our development environment. And, while this gap can be accomplished by making reinvestment projects easier, or by making green field development harder, or any combination of the two, it is the difference that will make reinvestment attractive.

*With this understanding, our efforts intentionally focus on creating differences (a gap) between green field and reinvestment opportunities and requirements.*

## **PREREQUISITE POLICIES**

### **CAPITAL PLANNING, CONSTRUCTION, and MAINTENANCE, and PRIORITIES**

One of the biggest physical constraints of many reinvestment sites is the existing infrastructure. It seems backwards, but no infrastructure is actually better than inadequate infrastructure. “No infrastructure” is predictable – you know where the point of connection is. And, this situation usually occurs on larger sites with developers that fully expect to install infrastructure as part of their work. Inadequate infrastructure means not only an unpredictable tie-in point, but the cost of removing old infrastructure and the cost of working in a developed area is added to the infrastructure costs.

One way to address this is through building and maintaining infrastructure so that reinvestment opportunity sites are as “plug and play” as possible. Think of it like creating a business park where all the needed utilities are stubbed out at the back of the sidewalk, ready to go. And, this concept needs to include more than just water and sewer lines, or roads, it needs to include sidewalks, street lights, fire hydrants, trails, and all of the other urban amenities that Flagstaff currently expects of a completed project. “Soft” infrastructure like parks, libraries, police services, and similar amenities must also be included along with private infrastructure like electrical power, communications, and gas.

The City of Tucson recognizes the connection between infrastructure and redevelopment, stated as follows:

Perhaps the single most important issue that will ensure successful downtown redevelopment is the provision of adequate infrastructure to support future uses. (*sic*) Infrastructure investment must be targeted to projects that make Downtown "Development Ready". To solve this problem, the City of Tucson, Pima County, utility agencies and private sector representatives have jointly developed recommendations for infrastructure improvements. These recommendations identify the location and capacity of current infrastructure and provide a blueprint for improvements necessary to support downtown development over the next twenty years.

This is a strategy that we understand. At the site at the northeast corner of Route 66 and Enterprise (formerly owned by Laurie Nemic), the City of Flagstaff built the turn pockets and other frontage improvements. While not comprehensive, these improvements did serve to make the site more “plug and play”.

The first aspect of achieving this “plug and play” state involves significant City investment in planning, capital improvements, and maintenance. The necessary planning has been previously discussed in terms of infrastructure master planning but needs to also include neighborhood and corridor planning. To understand the magnitude of these enterprises, consider that the concept planning for a re-vamp of Fourth Street, one mile of corridor, cost the City \$250,000 and proposes \$18M of work.

Community Reinvestment Policy - Prerequisite Decision Points  
City of Flagstaff - August 2013

And, Fourth Street is a small fraction of our need. Requiring fifty percent plus one property owner agreement, Capital Improvement Districts can be an effective tool for financing capital improvements, particularly for specific projects or neighborhoods.

The second aspect involves prioritizing the needs of reinvestment - replacing and maintaining the existing infrastructure has to be more important than accommodating the needs of new development<sup>4</sup>. We prioritize our capital improvement projects by various factors. In that process, one of the factors must be the ability of the project to serve reinvestment and furthermore, weight needs to be given to the “reinvestment service” factor<sup>5</sup>. To be clear, in doing so, projects like re-vamping the north part of the Fourth Street Corridor would come before constructing new segments of Fourth Street south of Butler Avenue. Without increasing the City’s total expenditures, this would mean that thousands of new homes and hundreds of thousands of square feet of new commercial development would not be served using City funds for some time.

Here are the key subject areas of the Town of Gilbert Capital Improvement Plan and Infrastructure Improvement Plan:

- Streets
- Traffic Control
- Municipal Facilities
- **Redevelopment** (*Emphasis added*)
- Fire Protection
- Storm Water
- Water
- Waste Water
- Parks, Recreation, and Open Space

*Are we willing to make such substantial investments?*

*Are we willing to prioritize reinvestment needs - To NOT serve a new tax base (green field development) in order to serve reinvestment opportunities? Or alternatively, are we willing to invest even more in order to serve both?*

---

<sup>4</sup> Keep in mind that a project may fully mitigate its impacts but may still only be partially responsible for certain system upgrades. In that case, the City has to provide for the remainder of the system upgrade.

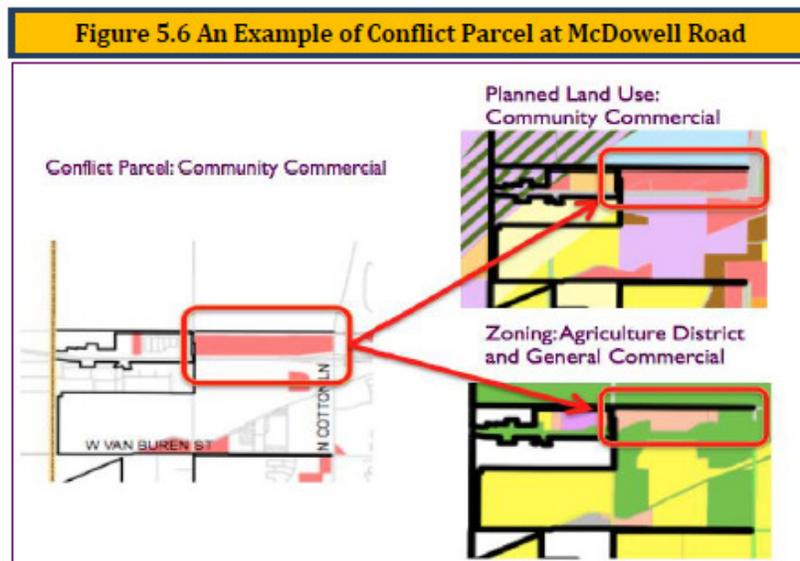
<sup>5</sup> Notably, prioritizing commercial and mixed-use neighborhoods and corridors over residential areas, or urban areas, can also be accomplished by prioritizing within that capital planning process. Notably, the “color of money” and ongoing funding for maintenance both have tremendous influence on prioritizing capital work.

## MORE PLANNING

As with constructing infrastructure, investors in green fields, usually larger developments, expect to carry out certain planning efforts in order to perfect their development. This often includes proposing changes in land-uses and/or zoning. And, it's not just that they expect it, but being larger investments, the cost of this work can be reasonably spread over the product created. For example, if 1,200 home sites are created as the result of a \$100,000 rezoning case, the cost per site is \$83 each.

We know that the City has created a lesser process for smaller rezoning cases (and this conversation continues). If we assume the smaller rezoning case is one quarter of the cost, here's some example math for a typical reinvestment opportunity: If two home sites are created as the result of a \$25,000 rezoning case, then the cost per site is \$12,500. This is one of the major impediments to reinvestment – how can the reinvestment opportunity compete when there is a difference (a gap) of over \$12,000 per site in favor of green field development?

There is a way to eliminate this difference – at least in part – and at the same time strengthen the outcome of our general planning effort. Last year, we completed a substantial and high quality re-write of the City's Zoning Ordinance. At present, we are in the process of a substantial and high quality re-write of the City's general plan (Regional Plan). As painful as it might seem in light of these recent works, the next step to address the differences between green field and reinvestment development is an investment by the City in yet another planning effort.



“Parcels like this need to be reconciled to reflect the correct land use and zoning correlation (*sic*).” - City of Goodyear, Existing Conditions Study (a part of their General Plan Update)

Community Reinvestment Policy - Prerequisite Decision Points  
City of Flagstaff - August 2013

This effort needs to change the zoning of parcels where the Zoning Map is not in agreement with the Regional Plan<sup>6</sup>. Second, this effort needs to add detail, a finer grain. For example the Regional Plan identifies “activity centers” but actually creating one requires some fine grain application of zoning to parcels that are currently zoned differently. This type of planning effort has been discussed as a “correction” of the Zoning Map and would not only complete our community planning, getting the community the outcome it wants (as described in the Regional Plan), but also takes away the current difference that favors green field development.

The first push back from the public regarding this recommendation is that this corrective rezoning activity is “speculative zoning”. Not so. Speculative zoning means that the zoning of a parcel is changed for the purpose of adding value and/or attracting a buyer, and literally, in anticipation of a profit being made through the sale of the then “value added” property. The problem with speculative zoning is that what has value for the purpose of a sale does not necessarily have value for the community or have a place in sound community planning. However, if the work is performed by the City based on the Regional Plan and sound planning principles, and is NOT based on any sales intentions, it is NOT speculative. Not only is it “just planning”, its good planning.

The second push back is that the community has no opportunity to “see the development” - to see the site plans and building elevations before the zoning is changed. The implication of this concern is that if the design is unacceptable, it can be improved as a result of the City’s discretion in a rezoning case. There is a degree of truth in this. However, changing the zoning through planning creates a circumstance no different than any other “by right” development case. If the planning has been correctly done, if the design regulations are correctly done, and if they are applied, the end product of a “by right” case should meet community expectations. If it doesn’t, the planning and regulations are the issue, not the act of changing the zoning.

The third push back is that a rezoning case is the opportunity for the City to exact improvements from the developer - typically infrastructure improvements – traffic improvements, utility system components, and even parks and trails. However, if we created “plug and play” infrastructure systems, the need for such exactions decreases significantly. And, reducing “exactions” for reinvestment opportunities is itself a mechanism to create a difference between green field development and reinvestment.

*Are we willing to invest in more community and neighborhood planning?*

*Are we willing to defend these planning activities in light of spirited and reasoned push back?*

*Or, are we willing to expand these planning activities to include visuals for community evaluation? And, are we willing to impose such visuals as regulations?*

*Are we willing to accept less exaction powers on reinvestment developments?*

---

<sup>6</sup> This effort needs to be performed with consideration given to Arizona Proposition 207 - The willingness of property owners would be required to avoid liability on the part of the City.



Case Study - Continued

If proposed, this project alone would increase traffic by roughly 10,000 average daily trips (ADT) – a little more than a Walmart store. The required Traffic Impact Analysis would likely recommend widening Humphries to four lanes, widening portions of Beaver Street, a complete re-design and re-build of the Humphries and Route 66 intersection, possibly adding signalization to the Humphries and Cherry intersection, modifications to the Aspen and Birch intersections, and various other operational improvements in and about downtown. Access points on Route 66 and Humphreys are likely to be limited or prohibited and acquisition of right-of-way is likely necessary.

Looking at just the traffic impacts, this level of re-building public infrastructure is a significant financial burden - sufficient to prevent redevelopment. Supposing that the pro forma could withstand these costs, would we want to make these kinds of changes to the downtown streetscape? And, if we did for this single project, how about the changes necessary for the next downtown infill and redevelopment project? And the next? At some point the changes to the street to accommodate highway and suburban traffic standards obliterates the character of downtown.

To get this kind of redevelopment, there are three choices: Obliterate the character of downtown; accept lower levels of service; or accept lower levels of service and try to offset only some of the impacts through systemic improvements. Accepting lower levels of service would mean recognizing that in a downtown environment, congestion is good and the free-flow of cars through downtown is not. Systemic improvements might include creating a “park once” downtown and/or using in-lieu-of fees and impact fees to make changes to the transportation system that preserve the downtown character while fixing only some of the traffic issues.

Then, knowing that individual projects, or several individual projects, can't address the traffic impacts and supposing that we wouldn't want the resulting recommendations built, why ask the developers to prepare traffic impact studies costing tens of thousands of dollars? Such studies could be used to set the amount of the impact fee, but a prescriptive assessment methodology would work just as well.



Streets that give priority to the free-flow of cars look like this ...



... and not like this.  
The Character of Downtown ...

Community Reinvestment Policy - Prerequisite Decision Points  
City of Flagstaff - August 2013

There are three potential alternate mechanisms to address resources and infrastructure without requiring the production of special studies.

One mechanism is to recognize the “plug and play” infrastructure goal, assuming it is implemented, and simply not concern ourselves with the impacts of individual reinvestment projects. At first glance this may seem reckless, but if the impacts of development are accounted for in the overall infrastructure planning, then they are addressed and the action is not reckless. If the impacts are addressed on a per project basis or as part of a community infrastructure planning process, the outcome is the same either way. In fact, looking at and solving the impacts of multiple developments comprehensively is better community planning and more efficient problem solving.

Another mechanism worthy of exploration is to simply have prescriptive requirements for certain systems. This concept could be an extension of, or mitigation of, implementing the first mechanism. Recognizing that we don’t want certain features in an urban environment, like detention basins, we could alternatively require other run-off reducing features. These prescriptive requirements likely would not fully address the impacts of individual projects, but they would foster reinvestment, and at the same time reduce the demand on comprehensively planned drainage systems.

Finally, and again as a possible extension of the first two mechanisms, individual projects would be better designed, and incentivized, if a complete “in-lieu-of” fee system were in place. Such a system is established for parking by the newly adopted Zoning Code but is not yet implemented in terms of developing a fee schedule or a process, and also does not include other infrastructure systems. Notably, this mechanism needs to be coupled with an infrastructure planning, capital investment, and maintenance program.

To be clear, this idea does not in any way suggest that all special studies should be eliminated. They provide important information for City decision makers. Instead the recommendation is that under certain circumstances, to foster reinvestment and/or in the context of the impacts being addressed as a part of comprehensive infrastructure planning and development, possibly mitigated, some special studies would not be required for individual projects.

*For individual projects, are we willing to accept less in the way of special studies?*

*Do we want to develop prescriptive alternative measures?*

*Do we want to complete the in-lieu-of fee system?*

## DEVELOPMENT IMPACT FEES

One of the redevelopment incentive offerings readily available under Arizona law is a waiver<sup>7</sup> of impact fees.

“Exactions” and “impact fees” are both methods used to shift the cost of new public facilities (infrastructure) from the general taxpayer to the beneficiaries of those new facilities – to mitigate development impacts. Common impact mitigations address traffic and streets, sewer and water facilities, storm water and drainage, public safety, parks and recreation, trail systems, and libraries. They can also be found to support schools, affordable housing, and job training, as well as criminal justice, health services, and social services. Some communities have used them to address needed facilities as specific as city halls and public works yards, and services as specific as animal control.

While both are “exactions” by definition, here in Flagstaff, and herein, we use the term “exaction” to refer to our current method of asking the developer to physically build various improvements. While this system usually exhibits a pretty direct tie between physical improvements and the impacts of a specific project, what actually gets built is negotiated during the development review process. This scenario works well for physically connected systems like utilities and roads, but is less effective for general non-physical impacts such as public safety. Under this scenario, generally, the risk of added expense, delays, and so forth is the responsibility of the developer.

Under an impact fee scenario, the developer would pay the City a fee instead of building improvements and the City would then use those monies to make various infrastructure improvements and to build public facilities. In response to a development application, the outcome is prescribed instead of negotiated, and there is an opportunity to plan improvements more comprehensively with a greater emphasis on “system” improvements, and it can better capture all impacts. On the other hand, this approach puts the construction risks on the City and caution needs to be taken to legally connect the improvements made to impacts realized (for which fees were paid).

Looking at just “traffic and streets” as an example, we see that the extraction process works pretty well for connected physical improvements. The streets and edge improvements (sidewalks, street trees, and street lights) necessary for a specific project are typically built by the developer. Reasonable nearby system improvements are typically captured too. For example Walmart constructed certain improvements at the Lucky Lane / Butler Avenue intersection. However, part of the capital cost of traffic and street facilities are things like the trucks, snowplows, office space, and the public works yard that are all used to support and service these facilities. And, every street in Flagstaff is incrementally impacted by new development which on a case-by-case basis may be negligible, but cumulatively it is quite a problem. The exaction process does not capture support needs or cumulative impacts and these expenses thus become a municipal burden, currently absorbed elsewhere in our budgeting.

---

<sup>7</sup> Per ARS, “... as long as the waivers are not funded by other development fees.”

Looking at other impact areas, beyond this example, the same can be said of other costly impacts such as the water system or trails – support needs and cumulative impacts are not well addressed by the exaction methodology. And, in some impact areas, such as parks and libraries, most development projects make no contribution of any kind to required new public expenditures. The only impact fee currently used in Flagstaff covers public safety in the amount of \$705 per residential unit<sup>8</sup>.

All development, including reinvestment, would benefit from the predictability of impacts fees. For reinvestment specifically, and for reinvestment policy, waiving a paid fee is certainly simpler, more predictable, and more codifiable than “waiving” negotiated improvements.

Further, if the fee structure recognized the true impacts and all of the impacts of green field development versus reinvestment, that action alone would go a long way toward leveling the playing field. A project built in the urbanized part of the city can often be served by the existing infrastructure – for example the truck that runs around reading water meters. On the other hand, a project built south of I-40 is likely to necessitate another route and truck for reading the water meters.

*Are we willing to reconsider the use of impact fees? And if so, are we willing to waive them in whole or in part as a reinvestment incentive?*

San Antonio developed an Incentive Scorecard System to determine the amount of their impact fee waiver. Points are given for the project size, infrastructure upgrades, quality design, and for the use of certain planning strategies (like Traditional Neighborhood Design). But most of the categories are for redevelopment goals such as infill housing, restoration or rehabilitation of a historic property, and for development in certain target areas. Various Arizona programs are using the Arizona Smart Growth Scorecard to award incentives.

### AGING INFRASTRUCTURE CREDIT

Whether we use the exaction methodology or the impact fee methodology, giving development a credit for aging infrastructure would promote reinvestment. For example, if a project needs to install a new sidewalk, because it's too narrow or maybe broken up, the entire expense is the obligation of the developer. On the other hand, if there was no project, the City would eventually have to replace the sidewalk. To foster reinvestment, the City could acknowledge this and essentially pro rate the cost and credit the development in the prorated amount. So, if a sidewalk lasts 50 years, and it is 25 years old, the developer would be responsible for half of the cost and the City would be responsible for the other half.

*Are we interested in an aging infrastructure credit?*

---

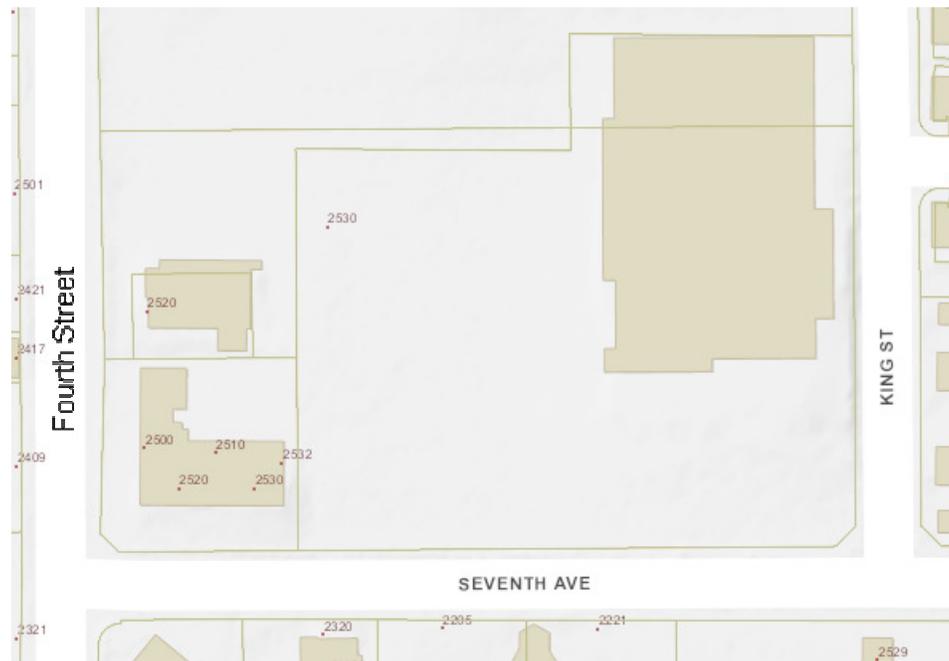
<sup>8</sup> This is not enough to meaningfully incentivize reinvestment.

## PARCEL ASSEMBLAGE

The viability of reinvestment sites is often jeopardized by parcel size, ownership, and other issues. For example, older parcels are smaller and modern needs are larger than they used to be. A site that easily held a grocery store fifty years ago is unsuitable today because stores are bigger, but also because of parking needs. Retailers and restaurants, once forced to install off-street parking, now demand it as a critical success factor in site selection. Even single family residential sites are faced with a demand for larger homes. Some cities and counties address these issues by buying parcels, as they become available, and assembling them into larger parcels which are then resold for reinvestment. This is often accomplished through a land trust mechanism.

*Do we want to invest in parcel assemblage? Are we “in that business”?*

### Case Study



Former K-mart – Now Cal Ranch Property

This property is an example where acquisition and assemblage of the parcels could have been beneficial. Underlying the building are two separate parcels with separate owners. The building is owned by a third party and the lessee is the fourth party. Redevelopment required reaching agreement with all four parties. This did happen without government influence, but it took over twenty years. The shelf life of this arrangement is unknown and could revert back.

## **ITEMS GETTING LESS ATTENTION**

### **DEVELOPMENT REQUIREMENTS**

Another redevelopment incentive offering readily available under Arizona law is a waiver of development standards. This subject, being a popular concern, has been revisited in Flagstaff every two to four years and the requirements have been fine tuned through the years to address various concerns. The recently adopted new Zoning Code was another occasion where requirements were fine tuned, notably including changes that promote reinvestment. From the perspective of seeking meaningful enticements for reinvestment, other than looking at the thresholds for special studies and infrastructure requirements, there is not a lot that can be accomplished in this arena.

That being said, there are some fine tuning ideas we should explore. In regard to the Zoning Code, these might include parking and landscaping requirements in the most urbanized areas, and similar small-scale changes. In regard to the Engineering and other standards, some fine tuning to consider are the detention and LID thresholds and requirements in the most urbanized areas. It is likely that these would be beneficial and appropriate in limited areas (the most urbanized areas) and would appropriately be addressed by the use of the Infill Incentive District tool.

*With this understanding, that there's not much to gain in this pursuit, further consideration of development requirements relative to community reinvestment policies would be less than might be expected by some segments of the community.*

### **EXPEDITED REVIEW**

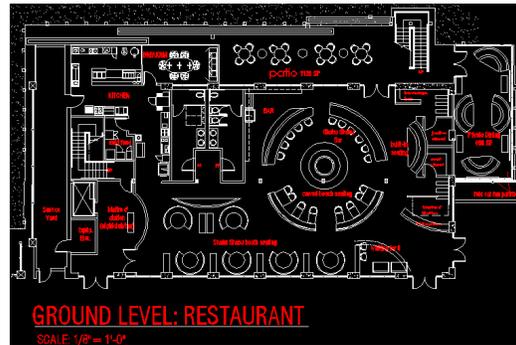
Expedited review of redevelopment plans is also one of the few offerings readily available under Arizona law. Like development requirements, this is a subject that Flagstaff has explored and fine tuned every two to four years. When we compare our permit processing timeframes with those of other Arizona cities, our timeframes are among the lowest. Most often an untimely review is the result of a non-compliant design or an unclear or incomplete development application. Again, seeking meaningful enticements for reinvestment, adjustments measured in weeks are not significant enough to influence the choices of developers.

*With this understanding, that with quality applications expedited reviews are already readily achievable, further consideration is not included in our continuing efforts to develop community reinvestment policies.*

Community Reinvestment Policy - Prerequisite Decision Points  
City of Flagstaff - August 2013



One restaurant plan ...



And another ...

When considering the review timeframes for a development application, consider that there are two necessary parts for success. The first part is the preparation of a compliant design. The second part is communicating the design to the reviewer. Almost always when a development application is lingering, one of these two pieces is missing. As demonstrated by the Innovation Mesa application, and many others, when allowed to prepare a compliant design, a knowledgeable and skilled preparer of development applications can get projects approved quickly.

### PERMIT FEES

One of the redevelopment incentive offerings readily available under Arizona law is a waiver of permit fees. Unfortunately, our fees have been relatively nominal and thus do not make a meaningful incentive. However, recent City Council direction was for us to move toward 100% cost recovery so this may require re-evaluation.

*We will re-evaluate the possible incentive of waiving permit fees.*

### CONCLUSION

Many resources acknowledge that developers consider the maintenance of surrounding property as a critical factor in site selection – a factor that has limited application on a green field site. Scaling the permitting requirements of a zoning case also aids smaller projects – a typical characteristic of infill and redevelopment opportunities. Your current considerations in both of these areas have a direct bearing on fostering reinvestment.

Working Draft of Possible Reinvestment Policies

	Subsidiary	Short	Long	Bad Idea	Notes
<b>POLICY 1 The City will perform <u>planning</u> tasks to facilitate Revelopment, and will change various plans accordingly.</b>					
Planning Efforts					
Infrastructure Deficiencies	■				
Capital Improvements					Water, Stormwater underway
Neighborhood and Corridor Planning					Specific Plans
Add and Prioritize Reinvestment Criteria					
Zoning Districts	■				
Reconcile with Land Use Designations (General Plan)					
Do Obvious Changes					
Economic Development Plan			■		
Prioritize Reinvestment over New Development					
ED Incentives					
Target Areas					
Land-use / Land Development Policy					
Prioritize Reinvestment Land-use over Transportation	■				Will come up w/ Fourth Street Study
Prioritize Complete / Walkable Streets					
Enhance Design Guidelines				■	
Clarity and Predictability					
Property Certifications			■		
Limit Annexations (Islands and Peninsulas)	■				
Special Taxing Districts					■ Formation / Function Issues
Revitalization Districts					
Infill Incentive Districts					
Redevelopment Districts					
Tax Increment Financing Districts				■	■ Illegal in AZ
Capital Improvement Districts				■	
<b>POLICY 2: The City will address the <u>physical constraints</u> of existing urban properties.</b>					
Infrastructure Deficiencies	■				
Capital Improvements					Capital Opportunity Fund
Urban (Downtown) Parking					
Maintenance					
Property Maintenance and Enforcement			■		Roger working on it.
Parcel Assemblage (remnant, odd, or non-conforming)	■				Land Banking / Real Estate Fund
Brownfields Land Recycling				■	In place already

Working Draft of Possible Reinvestment Policies

**POLICY 3: The City will change regulatory requirements and add provisions that favor redevelopment projects.**

Zoning Code / Engineering Standards		Little "meat on the bone"
Alternate Reinvestment Thresholds/Standards		
Driveway Access		
Infrastructure Replacement / Upgrades		
Parking		
Resources		
Storm Water & LID		Prescriptive "In lieu of" / 5,000 SF
Trash		Unexplored
Utilities		
Obtain ROW for street changes w/o improvements		
Transfer of Obligations / Development Rights		
In Lieu Of Fees (Finish Development)		Need w/o time limits
Environmental Review		Add and relieve like Impacts Fees
Property Maintenance - Code Gaps		Roger working on it.

**POLICY 4: The City will change development process requirements to favor redevelopment projects.**

Expedited Project Review		Not real
Calibrate processes to project scale/type		
Documentation		In progress
Plans		
Special Studies		
Processes		
Public outreach		
Allow obvious Land-use / Zoning Designations (See above)		In progress
Preliminary / Final Approvals		Fatal vs Math / More commitment
Increase minor modification authority		Legal Issues?

Working Draft of Possible Reinvestment Policies

**POLICY 5: The City will provide beneficial financial mechanisms that would be applied to redevelopment projects.**

Impact Fees		Cronk working on study update ...
Fees (Waive / Reimburse)		
Permit fees		Maybe now with 100% recovery
Utility Capacity Fees		UP for new, DN for reinvestment
Incentives		
Grants - Out		Not so real - see City budget
Historic Preservation work		In place already / Minor
Grants - In		EPA ACA Monies? Ongoing?
Property Taxes		
GPLET		Illegal in AZ
Historic Preservation work		In place already
Other Cash		Not so real - see City budget
Land Recycling Loan Program		E.D. Revolving Loan Fund?
Redirect CDBG funds		Minimal, well allocated
Utility Credits		Private incentives to reinvestment
Tax Penalty - Abandoned Buildings and Parcels		Illegal in AZ

**POLICY 6: The City will provide other services and take other actions that promote redevelopment.**

Economic Development		
BR&E and attraction emphasis		
Reinvestment site marketing		
Site specific visioning		In place already (limited)
Catalyst projects		
Ombudsman		CD&R doing this / ML working on?
Social barriers		
NIMBY / BANNANA		Stop seeking 100% approval ...
Legal barriers		
Redevelopment lobbying		
Redevelopment Authority		What would they do?
Declare "redevelopment project" to get relief		