

Transformational Projects Incentive Program

Revisions Adopted May 21, 2007

Update to CRA: February 16, 2009



Overview

- Size and nature of eligible of projects have potential to “literally transform” the surrounding area
- Location of such projects in Redevelopment Areas may be difficult to develop due to site, market issues
- Scale of project may also cause significant infrastructure, environmental, other issues/expenses
- Program designed to help desired developments overcome these challenges
- Program designed to support innovation, green building concepts, high quality design, desired uses
- Program designed to leverage CRA investment to help achieve high quality redevelopment
 - Project must meet strict qualifications related to substance and to financials

Overview

- Program's reimbursements support CRA goal of creating dynamic urban neighborhoods and high-quality development which might otherwise not be feasible:
 - Infrastructure/utility improvements
 - Design upgrades, façade enhancements
 - Green building and environmental sustainability
 - Affordable housing
 - Environmental remediation
 - Under-represented market uses

Program Goals

- Program is intended to aid developments which support the Redevelopment Plan for each CRA district
 - DRAB: strengthen downtown business district and surrounding residential neighborhoods, support a mixture of incomes and uses, encourage green building techniques
 - FAPS: Sustainable growth that protects historic heritage, is economically diverse, support a mixture of incomes and uses, encourage green building techniques
 - CPUH: Address primary corridors, address parking, support historic preservation, encourage mixed-use and technology oriented hubs, encourage green building techniques
 - ERAB: Provide a mixture of uses, support a mixture of incomes, increased residential commercial and office opportunities, encourage green building techniques

Approved Projects

- DRAB: Jefferson on 2nd, The Palms
- FAPS: University House
- ERAB: none to date
- CPUH: University Corners

Program History

- Established in 2004 to encourage/support large-scale redevelopment projects
- Program was most recently amended May 21, 2007
- Program was previously amended on May 16, 2005, October 17, 2005, September 18, 2006
 - At the Sept. 2006 meeting, CRA made a number of program changes
 - CRA additionally directed Staff to study and develop additional improvements to the program
 - This direction led to the May 2007 changes

Sept. 2006 Revisions

- Created non-refundable \$15,000 application fee
- Authorized staff to administratively decline an application (with an appeal process)
- Provided for modifications of previously submitted and approved applications under the terms of the program at the time of project approval
- Authorized the use of increment payments to make repairs, should a project fall into disrepair
- Required Advisory Board review of applications prior to CRA review
- Prohibited contact between CRA members and applicants
- Requested Staff bring back additional revisions with reduced incentive funding levels, and revisions to tailor the program to encourage preferred types of development
- Requested Staff and Advisory Boards examine the possibility of design guidelines

Recommended Changes from CRA to Advisory Boards

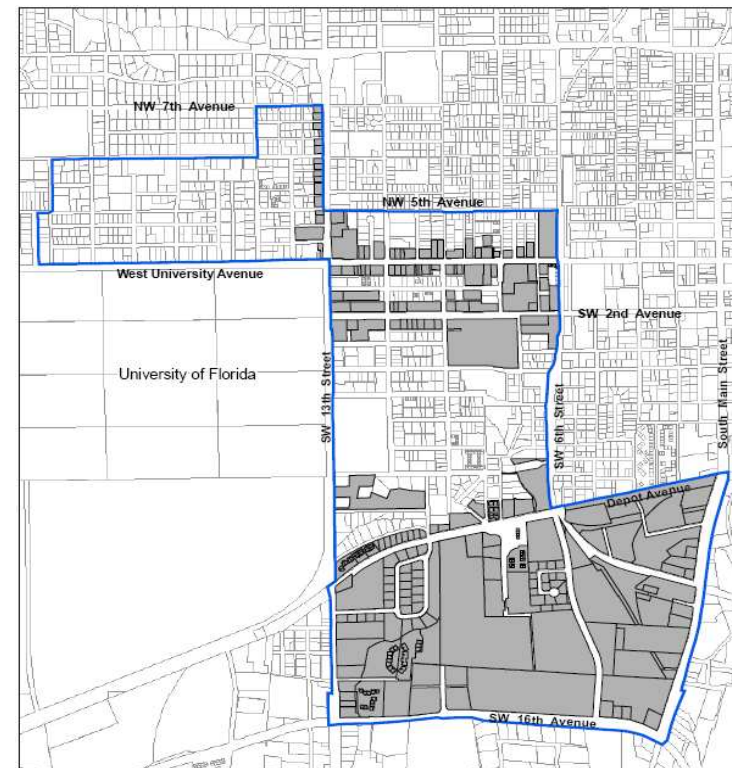
Advisory Board Recommendations – Transformational Program

	Modification of Program by area; (at this time locational standards are only proposed for CPUH, though similar standards may be considered for Downtown in the future)	Clarification of the items for which developers receive points	Changes to the points systems, including additional points for targeted uses, affordable housing, or "green" buildings	Clarification of the role of the "but for" gap and of net present value	Establish design guidelines	Authorize staff to administratively decline incomplete or ineligible applications	Permit modifications of previously approved applications (within two years of approval); modifications will be held to the standards of the program at the time of approval	Permit use of increment to make repairs	Require advisory board review of applications	Reduce incentive amounts to a max of 80%, a secondary level of 60%; allow points to support targeted uses	Alter the length of time for which incentives are paid
CPUH	MODIFY	YES	MODIFY	YES	MODIFY	YES	YES	NO	YES	MODIFY	YES
DRAB	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
ERAB	YES	YES	MODIFY	YES	YES	YES	YES	YES	YES	MODIFY	YES
FAPS	YES	YES	MODIFY	YES	YES	YES	MODIFY	YES	YES	MODIFY	MODIFY

- With the exception of the establishment of design guidelines, all of the above issues have been incorporated into the revised program. Design issues will be addressed on a case by case basis as approved projects progress through the development review process. The CRA will oversee design on those projects which receive funding.

May 2007 Revisions

- Minimum standards:
 - 10% affordable (workforce) housing for projects with a residential component
 - Minimum LEED Certified (or equivalent) environmental building status
 - Target corridors/location within district
 - Currently location standards are applicable only for CPUH
 - Expansion area
 - University Ave, between 6th St & 13th St
 - SW 2nd Ave
 - Depot Ave
 - NW 13th St, between University and NW 7th Ave



Transformatational Incentive Program

■ Eligible Properties in CPUH



Revised Increment Reimbursement

- Funding structure
 - Must prove the financial need for the incentives requested
 - Funding to be limited to 15 years; if “but for” gap cannot be met, may be extended to life of district less 2 years
 - Based on the number of points an application earns, projects may qualify for 70%, 60%, or 40% funding formula
 - Projects may also earn additional increment for:
 - Exceptional infrastructure expenses (up to 10%)
 - Medical Facilities (up to 5%)
 - Green building standards in excess of min. requirements (up to 5%)
 - Total funding levels not to exceed 80%

Under-Represented Uses

- Points systems will now recognize under-represented uses, reward projects which provide vital market segments
- Under-represented uses are defined for each district
- These uses must be present in the minimum amount that would otherwise receive credit under the broader categories of residential, retail, office, etc.
- Inclusion of under-represented uses is strongly encouraged by revised points systems

Revised Points Systems

- Each district has individualized point system
- Point systems have been modified to remove ambiguity
 - More effectively support desired products through concrete evaluation measures
 - Target and incentivize specific project components desired by the CRA
 - Categories such as District Impact, District Goals, Merit Points, Creative Stormwater, and Flex Space have been deleted
 - These categories had no true meaning or evaluation criteria and served as placeholders to provide “fluff” points
- Establishes limits to the amount of funding a project can receive if it is very similar to existing/approved projects in the same Redevelopment Area
 - In order to ensure that the program most strongly supports projects with the highest transformational capacity

Model Runs

- Prior to bringing the revised program to the CRA for approval, Staff conducted a series of model runs, evaluating projects against the revised points systems
- Goal was to ensure that the points systems correctly encourage or do not encourage various types of development in certain Redevelopment Areas

Model Run: Jefferson on 2nd

- 274 residential apartments, 7500 ft² retail
- Originally approved for 80% funding formula
- Results:
 - DRAB: 23 points, qualifies for 40% formula
 - CPUH: 23 points, qualifies for 40% formula
 - FAPS: 37 points, qualifies for 60% formula
 - ERAB: 48 points, qualifies for 60% formula

Model Run: The Palms

- 48 residential condominiums, no retail
- Originally approved for 60% funding formula
- Results:
 - DRAB: 10 points, does not qualify as transformational
 - CPUH: 8 points, does not qualify as transformational
 - FAPS: 19 points, qualifies for 40% formula
 - ERAB: 21 points, qualifies for 40% formula

Model Run: University House

- 183 residential apartments, no retail
- Originally approved for 80% funding formula
- Results:
 - DRAB: 15 points, does not qualify as transformational
 - CPUH: 13 points, does not qualify as transformational
 - FAPS: 27 points, qualifies for 60% formula
 - ERAB: 24 points, qualifies for 40% formula

Model Run: University Corners

- 460 residential condominiums, 100,000+ ft² retail
- Originally approved for 90% funding formula
- Results:
 - DRAB: 57 points, qualifies for 80% formula
 - CPUH: 53 points, qualifies for 80% formula
 - FAPS: 53 points, qualifies for 80% formula
 - ERAB: 57 points, qualifies for 80% formula

Moving Forward

- Since the latest changes were adopted in May 2007, new developments have come online, changing the mix of uses in the redevelopment areas
 - Influx of student oriented housing (both apartments and rentals) in the Downtown, FAPS, which had previously not seen these types of projects
- Recent CRA initiatives, such as Lot 10 RFP, indicate that CRA is not interested in supporting additional student housing developments where this use is already prevalent
- CRA may wish to consider formally amending the Transformational Program to reflect updated conditions in the Redevelopment Areas
 - More specifically identify the types of uses desired for one or more of the Areas, and what is eligible or not eligible for CRA incentives
 - Note: Regardless, CRA retains right to deny Transformational applications that the CRA does not feel reflects the needs of a Redevelopment Area