



MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Agenda

From: Cameron Arial, Community Development **Meeting Date:** July 6, 2021
Presenter: Cameron Arial **Estimated Time:** 15 minutes
Topic: Resolution No. 21-2274: A Resolution of the Mayor and the City Council of the City of Meridian, Idaho, Accepting that Certain Report on Eligibility for the Idaho Block Annexation Area as an Urban Renewal Area and Revenue Allocation Area and Justification for Designating the Area as Appropriate for an Urban Renewal Project; Determining that the Area Identified in the Report as the Proposed Amendment Area Adjacent and Contiguous to the Existing Union District Revenue Allocation Area Within the City of Meridian, to be a Deteriorated Area or a Deteriorating Area, or a Combination Thereof, as Defined by Idaho Code Sections 50-2018(9) and 50-2903(8); Directing the Urban Renewal Agency of the City of Meridian, Idaho, also Known as the Meridian Development Corporation, to Commence the Preparation of an Urban Renewal Plan Amendment, which Plan Amendment May Include Revenue Allocation Provisions For All or Part of the Area; and Providing an Effective Date

Background

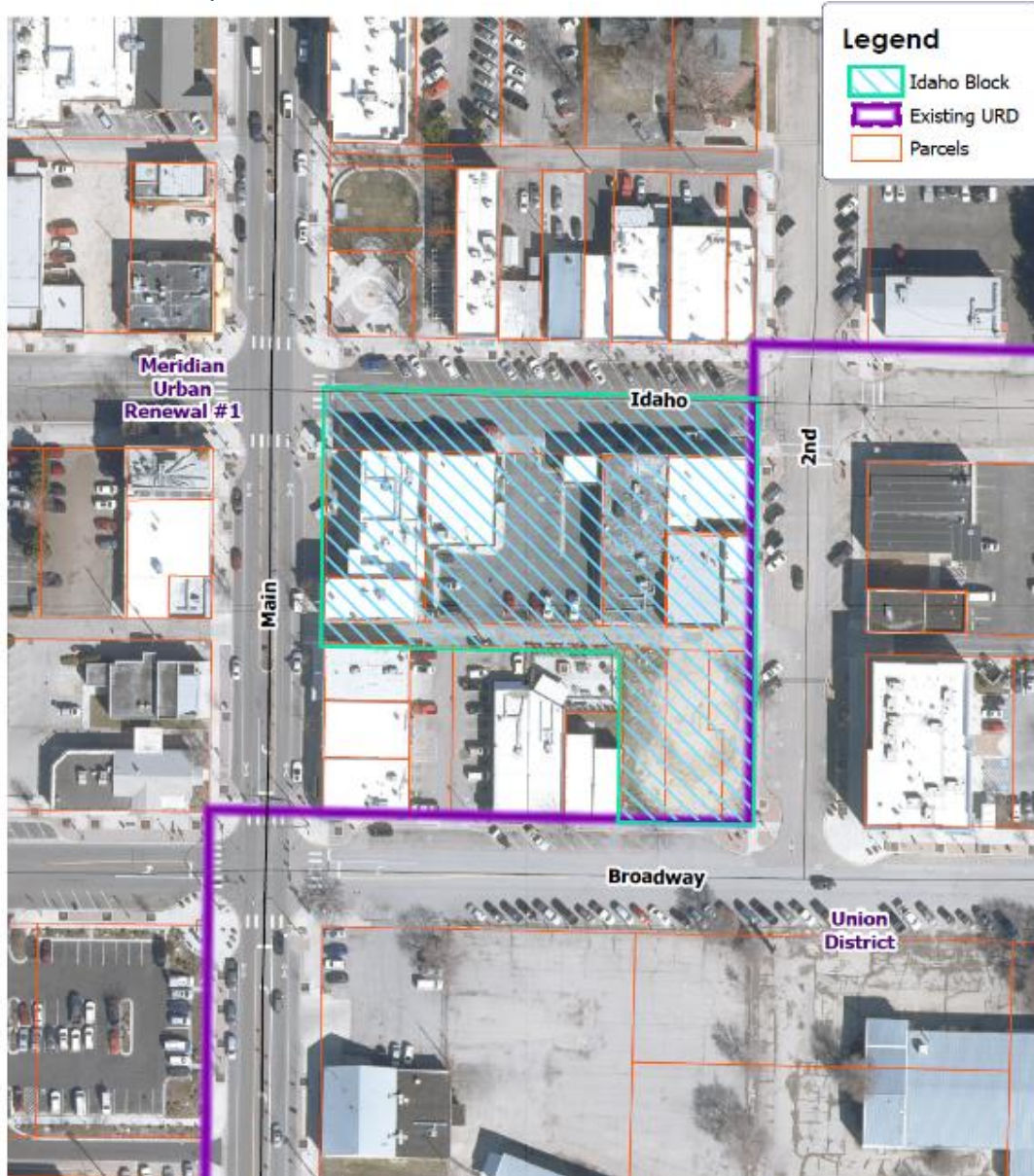
While downtown Meridian is beginning to experience renewed interest, the challenges in revitalizing aging downtown properties are still apparent. New private investment in the original downtown Meridian Revitalization District (“original District”) has been hampered by the 2008-2009 recession and, more recently, by uncertainties surrounding COVID-related changes in the commercial real estate market and rising development costs.

Meridian Development Corporation (“MDC”) has been engaged in urban renewal efforts in the original District since its adoption in late 2002. The original District will sunset in 2026. With limited time to utilize the urban renewal tools available to assist in funding public infrastructure improvements, many properties are likely to remain underutilized without intervention.

It is difficult for property owners to justify redevelopment of the small, infill sites that make up the majority of the original District *and* fund the required public infrastructure improvements that condition development.

Based on inquires and interest in the Idaho Block Study Area (“Study Area”), pictured below, MDC retained Kushlan | Associates to prepare an Eligibility Report to assess the viability of the Study Area as an urban renewal project and evaluate its concurrence with Idaho Code requirements. The Eligibility Report (Exhibit A of the proposed resolution) cites the conditions necessary as well as the financial findings required. The Study Area is proposed to be annexed into the adjacent Union District, created in 2020.

Idaho Block Study Area



Current market rents cannot support development costs or produce the returns necessary to secure private equity investment or traditional bank financing for redevelopment of the small parcels in the Study Area. The assemblage of parcels can spread soft development costs over a larger area and when coupled with MDC’s ability to fund public infrastructure improvements required of new development, can spur development interest.

MDC accepted the Idaho Block Study Area Eligibility Report and, through MDC Resolution 21-027 adopted on June 9, 2021 (Exhibit B of the proposed resolution), authorized its transmittal to the City Council for consideration and, if accepted as appropriate for an urban renewal project, subsequent direction for MDC to proceed with preparation of an amended urban renewal plan providing for the annexation of the Study Area into the Union District.

Annexation of the Idaho Block Study Area's 11 parcels will add 1.461 acres to the existing 16-acre Union District. Idaho Code allows for a one-time amendment to extend the boundary of an existing revenue allocation area if the new area is contiguous and not more than ten percent of the existing area.

A study area is required to meet at least one of ten conditions specified in Idaho Code Sections 50-2018(9) and 50-2903(8) to qualify for urban renewal activities. The Eligibility Report finds that the Study Area meets four of the ten criteria (Eligibility Report, page 13).

Approval of this resolution provides for:

- Acceptance of the Idaho Block Study Area Eligibility Report,
- Determination that the Study Area is contiguous to the existing Union District and, as specified in the Eligibility Report, meets the findings and characteristics stipulated in Idaho Code to establish an urban renewal plan amendment, and
- Directs MDC to prepare a First Amendment to the Union District Urban Renewal Plan to annex the Study Area into the Union District.

Future Actions

The public hearing and second reading of the ordinance to adopt the Second Amendment to the Meridian Revitalization Urban Renewal District providing for the deannexation of the Idaho Block Study Area from the original District also appear on this evening's agenda for Council consideration.

Following Council acceptance of the Eligibility Report and direction for MDC to begin preparation of an amendment, staff and consultants will prepare a plan amendment specific to the annexation of the Study Area into the Union District. City and MDC staff will inform and engage property owners. In addition, Planning and Zoning Commission must review the proposed plan to validate its conformity with the City Comprehensive Plan.

The First Amendment to the Union District Urban Renewal Plan will then be brought to the City Council for consideration and final adoption following three ordinance readings and a public hearing. It is anticipated that these final actions will occur mid-November through early December 2021.