



MEMO TO CITY COUNCIL

Request to Include Topic on the City Council Agenda

From: Cameron Arial, Community Development **Meeting Date:** December 7, 2021
Presenter: Cameron Arial **Estimated Time:** 10 minutes
Topic: Third Reading of Ordinance No. 21-1954: An Ordinance of the City Council of the City of Meridian, Idaho, Approving the (Option A)¹ Urban Renewal Plan for the Northern Gateway District Urban Renewal Project

Recommended Council Action

It is recommended that, following this third and final reading, the City Council adopt Ordinance 21-1954 approving the Urban Renewal Plan for the Northern Gateway District Urban Renewal Project.

Background

On July 13, 2021, the Second Amendment to the Meridian Revitalization Plan deannexed 133 parcels from the original downtown Meridian Revitalization District which will sunset in 2026. The proposed Northern Gateway District (the "District") includes those deannexed parcels, in addition to 17 parcels not previously included in an urban renewal district.

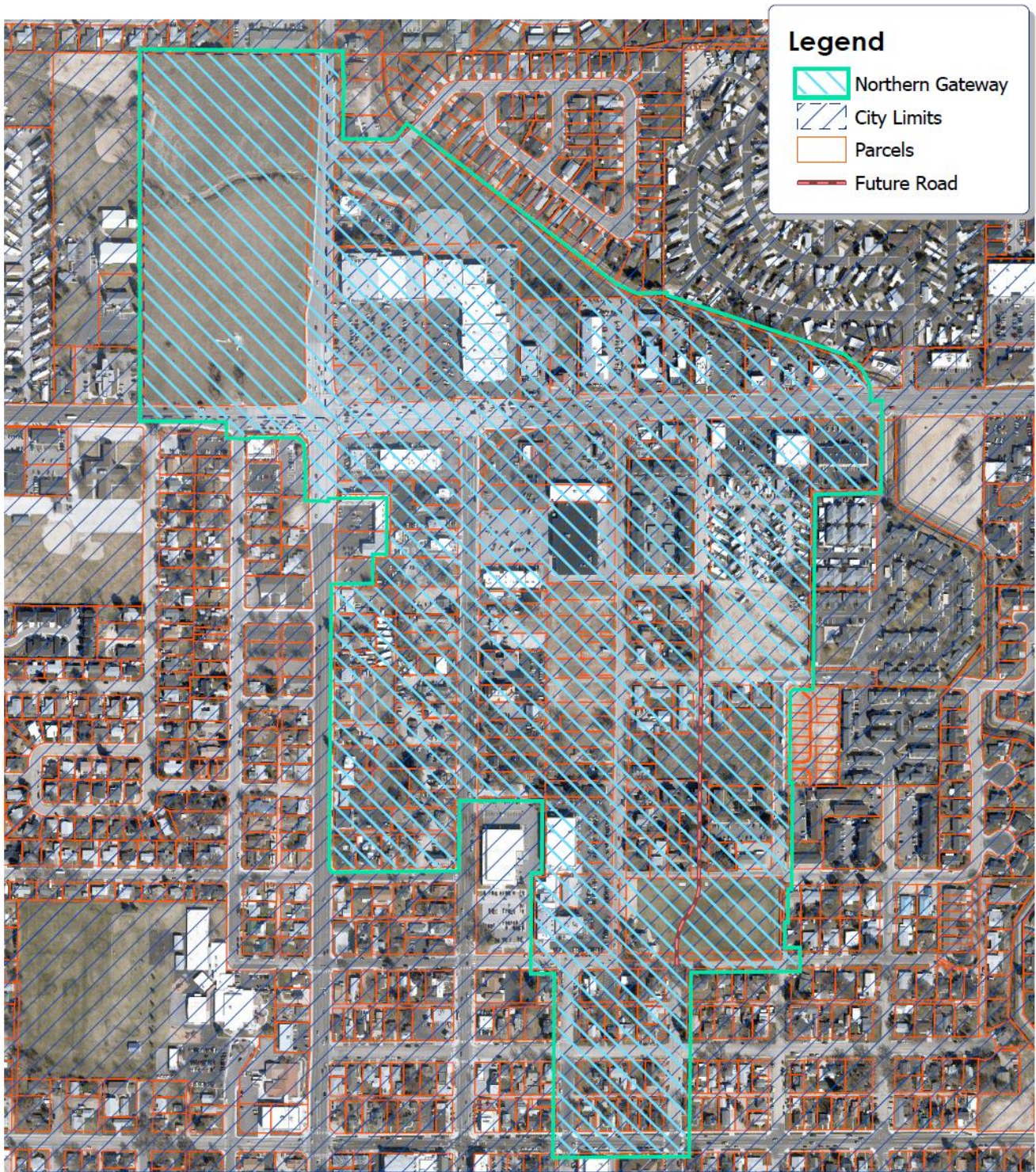
The following required City and Meridian Development Corporation (MDC) actions and approvals have preceded this proposed ordinance approving the Urban Renewal Plan for the Northern Gateway District (the "Plan"):

MDC Approval and Transmittal of Eligibility Report	June 9, 2021
City Council Approval of Eligibility Report	July 6, 2021
MDC Approval & Transmittal of Northern Gateway District Urban Renewal Plan	September 22, 2021
Planning and Zoning Commission Confirmation of Conformance of Northern Gateway Urban Renewal Plan with City Comprehensive Plan	October 7, 2021

The establishment of the 126.23-acre Northern Gateway District will encourage new investment and continued redevelopment of private properties, generating tax increment to fund capital improvements and continued public-private partnerships to support new development.

Northern Gateway District – Option A

¹ *Option A includes a 17.64-acre parcel known as the McFadden parcel at the northwest corner of Cherry Lane and Meridian Road, owned by Kobe LLC, which was officially annexed into the City on October 31, 2021. Option B excluded the parcel and was withdrawn by MDC following execution of a Development Agreement by the property owner and approval of annexation and Development Agreement by the City Council.*



Plan development began with identification of needed infrastructure improvements as well as potential projects that may be funded through future tax increment generated by anticipated new investment and redevelopment of properties within the proposed District. Specific street improvements and utility upgrades are cited in Plan Attachment 5.1 which lists a total of \$33,925,000 in improvements and projects.

Current market rents often cannot support rising development costs or produce the returns necessary to justify private equity investment or to secure traditional bank financing for the redevelopment of many small parcels throughout the District. The assemblage of parcels can spread soft developments costs over a larger area and, when coupled with MDC's ability to reimburse qualifying public infrastructure improvements associated with new construction, can spur development interest.

Based on projected new private investment of \$310,000,000, it is estimated that redevelopment and other Plan activities will generate tax increment revenue of \$35,085,665 over the 20-year life of the Plan (Attachment 5.2).

MDC will retain its "pay-as-go" philosophy, carefully considering funding assistance for qualifying development costs and activities on a reimbursement basis, with a nexus to increased tax increment resulting from new private investment.

Future Actions

Following adoption of Ordinance 21-1954, required documents will be filed with all appropriate public agencies, establishing 2021 as the base year for valuation purposes. The new Northern Gateway District will run through December 31, 2041.