



# MEMO TO CITY COUNCIL

---

## Request to Include Topic on the City Council Agenda

**From:** Cameron Arial, Community Development      **Meeting Date:** July 13, 2021  
**Presenter:** Cameron Arial      **Estimated Time:** 15 minutes  
**Topic:** Third Reading of Ordinance No. 21-1933: An Ordinance of the City Council of the City of Meridian, Approving the Second Amendment to the Meridian Revitalization Plan Urban Renewal Project, Which Second Amendment Seeks to Deannex Certain Areas From the Existing Meridian Revitalization Project Area; Which Second Amendment Amends a Plan That Includes Revenue Allocation Financing Provisions; Authorizing the City Clerk to Transmit a Copy of This Ordinance and Other Required Information to the County, Affected Taxing Entities, and State Officials; Providing Severability; Approving the Summary of the Ordinance and Providing an Effective Date

---

### Background

The proposed Second Amendment to the Meridian Revitalization Plan (“Second Amendment”) provides for the deannexation of two areas from the original downtown Meridian Revitalization District (“original District”) which will sunset in 2026.

Meridian Development Corporation (“MDC”) has been engaged in urban renewal efforts in the original District since its adoption in late 2002. New private investment 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.

With development costs rising and commercial rents stable, it is difficult for property owners to justify meaningful redevelopment of the small, infill sites that make up the majority of the original District. Without intervention, many properties will likely remain underutilized in the foreseeable future since the current market cannot support the rents required to justify private investment. The assemblage of parcels can spread soft development costs over a larger area and, coupled with MDC’s ability to fund public infrastructure improvements to accommodate redevelopment, can spur development interest and the likelihood of securing private equity and financing.

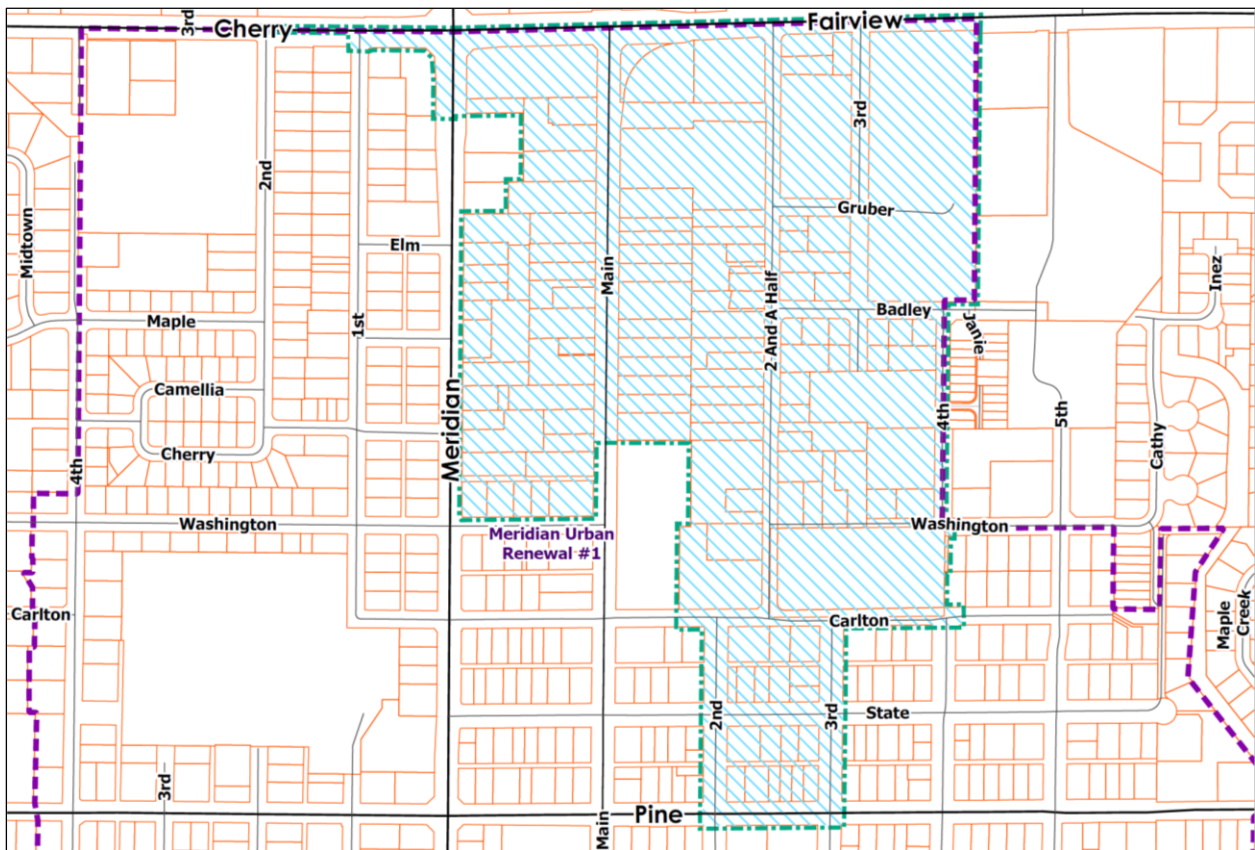
Ultimately, this deannexation will lead to the designated areas being included in a new urban renewal district and an existing urban renewal district, providing continued redevelopment opportunities that are otherwise improbable within the remaining lifespan of the original District.

The establishment of a new Northern Gateway district and an amended Union District will allow for continued public-private partnerships in an area of the City with infrastructure deficiencies.

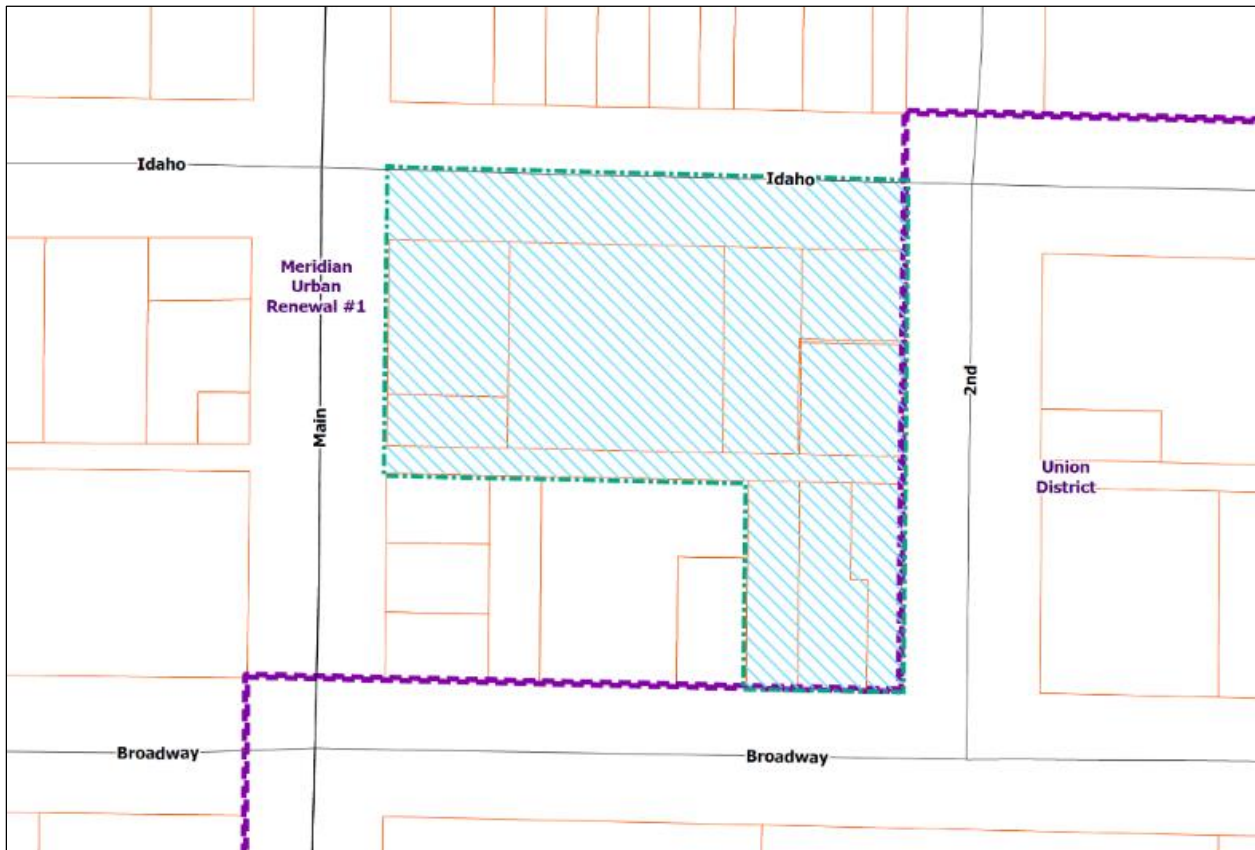
### Deannexation Summary

Geographic Area	Parcels	Size (appx.)	Future Action
Northern Gateway	133	77.1 Acres	Include as a portion of proposed new Northern Gateway District, which will also include parcels not currently within a URD
Idaho Block	11	1.5 Acres	Annex into Union District

The map below illustrates the Northern Gateway designated properties to be deannexed from the original District. Ultimately, these properties will be included in a proposed new Northern Gateway District, along with other parcels not currently in an urban renewal district.



The Idaho Block designated properties, shown below, will be deannexed from the original District and are proposed to be annexed into the adjacent Union District.



The fiscal impact of the deannexation on MDC’s annual revenue is highlighted in Exhibit 5B to the Second Amendment. The deannexation of these areas will result in a reduction of annual increment revenue derived from the original District. It has been determined that sufficient capacity remains to fund operations and obligations and implement the terms of the original Meridian Revitalization Urban Renewal Plan.

The deannexation will result in new annual revenue for all other taxing entities, as 2002 base year valuations will be updated to reflect current assessed values. This new revenue stream to other taxing entities will continue in perpetuity, a result of the updated values. When these properties are included in a future or amended urban renewal district, new base year values will be established.

The Second Amendment was adopted by MDC on May 12, 2021 and transmitted for City consideration. As required, the Second Amendment has been reviewed by the Planning and Zoning Commission. Since the Second Amendment only removes properties from the original District and does not include any proposed change of use, zoning, or any specific development, the Second Amendment remains consistent with and was found to be in conformance with the City Comprehensive Plan, as attested to in Resolution PZ 21-03, adopted June 3, 2021.

This is the final of three required ordinance readings for this action.

The Eligibility Reports for the proposed new Northern Gateway District and Idaho Block annexation to the Union District were officially accepted at the July 6, 2021 Council meeting.

### **Future Actions**

Following final adoption of Ordinance 21-1933, staff and consultants will prepare urban renewal plans for the two areas. City and MDC staff will conduct public outreach efforts to inform and engage property owners; and the Planning and Zoning Commission must review the proposed plans and validate their conformity with the City Comprehensive Plan.

The urban renewal plans will then be brought to the City Council for consideration and adoption. Similar to this Second Amendment action, the final adoption of the Northern Gateway Urban Renewal Plan and First Amendment to the Union District Urban Renewal Plan will follow three ordinance readings and a public hearing. It is anticipated that these final actions will occur mid-November through early December 2021.