

# **2015 ED Policy Revisions**

**NRA, Analytics and Review Process: 7-7-2015**

- **Presentation Overview:**
  - NRA
  - Policy Review Process
  - Direction from Commission on next steps

# Neighborhood Revitalization Area (NRA)

- **NRA Background:**

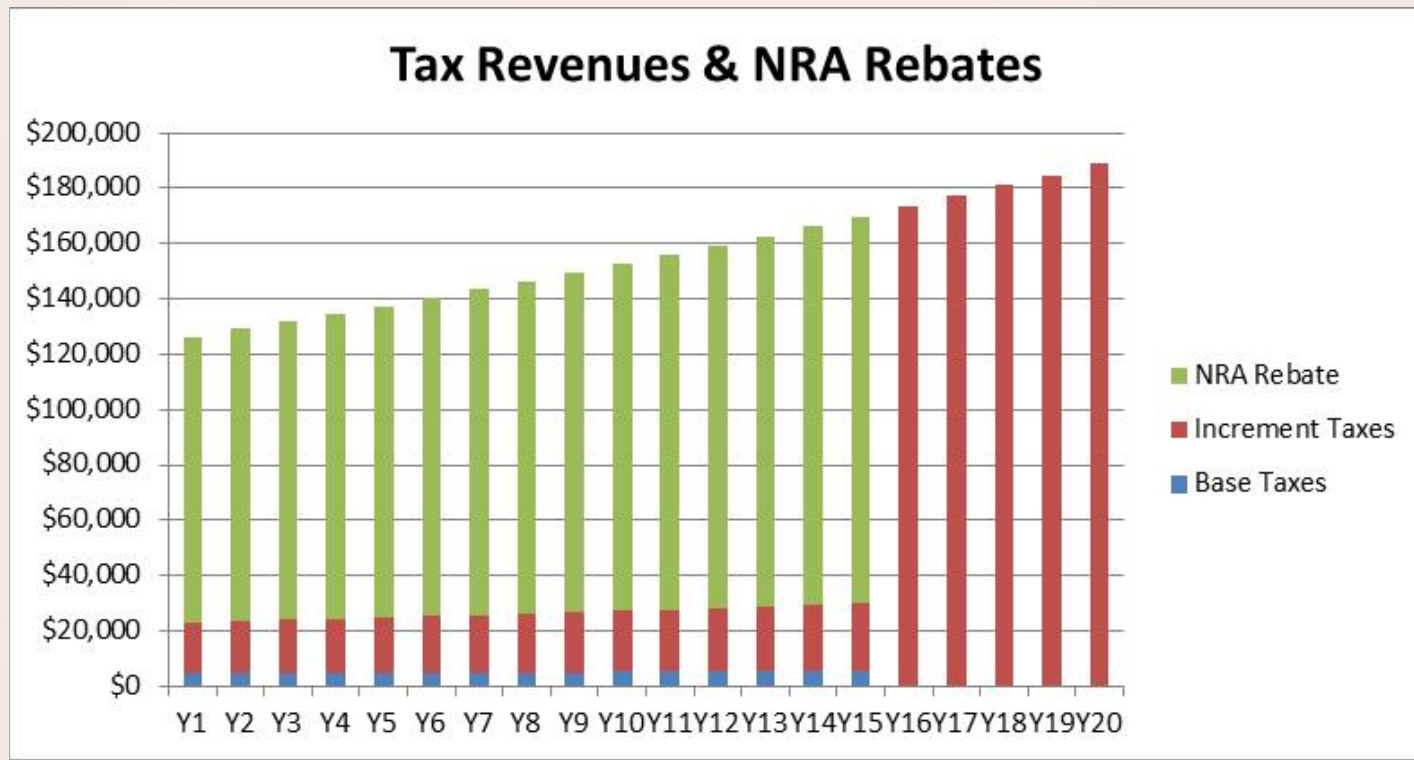
- Community revitalization tool
- State authorized use of NRA in 1994
- City implemented use of NRA to:
  - Promote Downtown
  - Promote redevelopment of vacant/underutilized property
  - Attract unique retail or mixed-use to enhance economic diversity
  - Enhance neighborhood vitality
  - Enhance community stability

# Neighborhood Revitalization Area (NRA)

Neighborhood Revitalization Areas (NRA)							
NRA	Project Status	Ord.	% Rebate	Duration	First NRA Tax Year	Last NRA Tax Year	County Admin Fee
8th and Pennsylvania District: 720 E 9th St.	Project completed: Continuing NRA	8093	95%	Based on amount rebased	2011	Once maximum amount due (\$324,673.18) has been rebased or 12-31-2032, whichever comes first.	0.00526% of total.
1040 Vermont (Treanor Headquarters)	Construction completed: Nov 2012	8625	Years 1-4: 95%	10 Years	2013	2022	One-Time Fee: Equal to 2.5% of the increment for the 1st NRA Rebate
			Years 5-6: 85%				
			Year 7: 70%				
			Year 8: 50%				
			Year 9: 30%				
810/812 Pennsylvania (Cider Building)	Construction completed: April 2013	8753	95%	10 Years	2014	2023	\$100 annually
1106 Rhode Island St. (Hernly Associates)	Under construction	9022	85%	10 Years	2016	2025	\$100 annually
1101/1115 Indiana St. (HERE Kansas)	Under construction	9021	85%	10 Years	2017	2026	\$100 annually
900 Delaware St. (9 Del Lofts)	Under construction	9040	95%	15 Years	2016	2030	\$100 annually
705 Massachusetts St. (Eldridge expansion)	Construction not yet commenced	9086	85%	15 Years	2017	2031	\$100 annually
1001 Massachusetts (Masonic Temple)	Postponed due to change in use	8671	n/a	n/a	n/a	n/a	n/a

# Neighborhood Revitalization Area (NRA)

- **Works via property tax rebates**



# Neighborhood Revitalization Area (NRA)

- **Types of NRAs:**

- Private:

- Initiated by private property owner(s) for their benefit
    - Typically small number of parcels (e.g. 1-2)

- Public:

- Initiated by public entity (e.g. City, County) to revitalize an area of the community.
    - Potential to benefit several property owners
    - Typically multiple parcels within area can participate

## Neighborhood Revitalization Area (NRA)

- **Overview of NRA discussion topics:**
  1. Commission consideration of NRA requests
  2. NRA application & administrative fees
  3. Eligibility requirements
  4. Analysis for requests
  5. Rebate level & duration

# Neighborhood Revitalization Area (NRA)

1. Commission consideration of NRA requests:
  - Process for considering NRA requests
    - Conditions under which a request is denied consideration or received for future review and recommendations

## Neighborhood Revitalization Area (NRA)

### 2. Application & administrative fees:

- Currently no City fees charged
- Consider NRA and project type, investment level, and affordability
  - Private vs Public NRA application
  - Affordable housing vs. commercial development
  - Capital costs of project & developer affordability
- Look at what other communities charge
- Annual fees

# Neighborhood Revitalization Area (NRA)

- Consider staff time and expenses to process

## **NRA Staff Time Requirements:**

Procedural Intensity: high	Allow ~2-3 months for processing. If considered, must be presented to PIRC, the City Commission (2X), the County Commission, and the School Board.
Analysis: high	Requires both a cost-benefit and detailed financial "but for" analysis. Necessitates multiple meetings with applicant and County Appraiser. May require additional studies if information outside the scope of cost-benefit and "but for" is needed.
Document Preparation: high	Requires Cooperative Agreement, Performance Agreement, NRA Plan, NRA Ordinance, publication of Ordinance in local newspaper
Administrative Processing: low-moderate	Requires property owner to submit an annual application for rebate and proof of tax payment. Requires City staff resources for processing/tracking.

## **Suggested NRA Application Fee**

<b>Assistance Program</b>	<b>Publication Fees</b>	<b>Staff Fees</b>	<b>Staff Time*</b>	<b>Total</b>	<b>Application Fee</b>
NRA	\$270	\$3,200	80	\$3,470	\$3,500

\*Staff time includes analysis, drafting technical reports, presentations to PIRC and governing bodies, time preparing regulating documents.

# Neighborhood Revitalization Area (NRA)

## 3. Eligibility requirements

- Eligibility requirements based on NRA type (public vs. private) & how implemented
  - Current policy requirements are for private NRA requests
  - Implementation of requirements depending on NRA type (policy, plan)

# Neighborhood Revitalization Area (NRA)

## 4. NRA analysis:

- Current requirements:
  - CBA reflects fiscal impacts to taxing jurisdictions.
    - Designed primarily to examine job creation, wage, capital investment impacts—not revitalization efforts.
  - Pro forma analysis examines project feasibility
    - Compares financial operating projections and investment returns with & without public assistance.

# Neighborhood Revitalization Area (NRA)

- Analysis required depending on NRA type (public vs. private)
  - Level of analysis required
    - Analysis not logical for public NRAs
    - Routine analytical requirements for private NRAs
    - For private NRAs requiring additional considerations, expanding analysis may be helpful to further examine project benefit(s) to community (e.g. projects claiming to provide extreme benefits & seeking higher NRA rebate and/or duration).

# Neighborhood Revitalization Area (NRA)

Options: Economic Development and Community Investment Analysis			
Model/Study Type	Used For Examining	Measures	~Cost
Cost-Benefit Analysis	Fiscal impact to taxing jurisdictions	Ratio of costs to benefits	Staff time
"But For"/Pro forma	Financial feasibility	Return rates, cash flow	Staff time
Price WaterHouse Cooper (PwC) Real Estate Investor Survey	Return rates by property type and area	Return rates for various equity investments	\$500/yr.
Economic Impact Analysis (EIA)	Economic impacts of project on local community	Local community impacts via direct, indirect, and induced economic effects	\$3,000-\$38,000 for software + staff time. Varies for 3rd Party studies.
Market Analysis	Trade Area(s)	Impact to existing, local businesses on competitive service or retail related operations	Ranges from \$5000-\$8500, depending on scope of study
	Market Share & Competitive Standing		
Business Plan	Business viability	Soundness of business operations	Varies depending on scope of study.
Marketing Plan	Business viability		

## Neighborhood Revitalization Area (NRA)

### 5. Rebate level and duration

- Rebate level and duration determined by governing bodies
- City NRA set at 10-year, 50% rebate level
  - Staff will now perform analysis at 10-year, 50% level unless directed otherwise by commission & informing applicants of this change
- Will there be circumstances when CC considers other than set NRA level?

## Neighborhood Revitalization Area (NRA)

- **Staff Recommendations—Public NRAs:**
  1. NRA plan to specify revitalization objectives, define boundaries, eligibility requirements, amounts, duration, & participation rules
  2. Participation administratively approved
  3. No analysis requirements (eligibility determination)
  4. Create custom application for each NRA area
  5. Charge low application fees depending on project type (residential, commercial)

## Neighborhood Revitalization Area (NRA)

- **Staff Recommendations—Private NRAs:**
  1. Update City policy eligibility requirements to eliminate NRA requests CC won't consider
  2. NRA requests that meet state and city policy requirements should be eligible for consideration
  3. Charge application fees according to project capital investment
  4. Define conditions under which the application fee can be waived or subsidized for projects in extreme need or that provide extreme community benefits

## Neighborhood Revitalization Area (NRA)

5. No annual administrative fee—not cost-effective (administrative burden too high relative to the amount of revenue collected)
6. Staff to only perform analysis at a set 10-year, 50% NRA rebate level unless CC directs otherwise
7. Revise policy to eliminate the routine requirement for cost-benefit analysis
8. Additional studies/analytics be employed if the CC wishes to consider a larger rebate percentage and/or longer duration period other than 10-year, 50% rebate level.

# Neighborhood Revitalization Area (NRA)

9. For NRA requests wishing consideration of a rebate percentage larger than 50% or in excess of a 10 year duration:
  - Require applicant to sufficiently prove the project provides exceptional benefit(s) to the community.
  - If the CC desires, additional third-party studies should be commissioned by a city-selected vendor at the expense of the applicant.

## ED Policy Review & Revisions

- **Staff Recommendations—Policy Revisions**
  - Seek additional input from JEDC, PIRC, County & School District

# ED Policy Review & Revisions

## Tentative Calendar for Economic Development Policy Review and Revisions

Date	Action Item
6/9/2015	CC Study Session
June-July	Staff prepares review materials
7/7/2015	CC receives NRA review materials and refers to PIRC and JEDC for recommendations
August	CC receives IRB and Application review materials and refers to PIRC and JEDC for recommendations
August	PIRC review and recommendations
August	JEDC review and recommendations
September	CC receives PIRC and JEDC recommendations, directs staff as to changes
September	Staff prepares review materials based on latest CC input
October	County Commission reviews changes and provides recommendations
October	School Board reviews changes and provides recommendations
November	CC review of County and USD input, CC provides direction to staff on revisions to policy, application, or analytics
November	Staff prepares review materials based on latest CC input
December	CC considers final policy changes and authorizes via resolution or continues revision process.

- **Requested City Commission Action:**
  - Provide input on NRA topics and changes to current NRA policy.
  - Direct staff on next steps for review and revision.

# **2015 ED Policy Revisions**

**NRA, Analytics, and Review Process**

**Thank you!**