

RESOLUTION NO. 2020-07

A RESOLUTION OF THE FLAGSTAFF CITY COUNCIL ADOPTING A FLAGSTAFF ADAPTIVE REUSE PROGRAM TO SUPPORT SMALL BUSINESSES DURING THE SITE PLAN REVIEW PROCESS AND TO ENCOURAGE ADAPTIVE REUSE OF VACANT COMMERCIAL OR OFFICE SPACES; AND ESTABLISHING AN EFFECTIVE DATE

RECITALS:

WHEREAS, the City of Flagstaff has authority pursuant to Arizona Revised Statutes ("A.R.S.") § 9-500.11 to spend money on economic development activities;

WHEREAS, the Council has appropriated \$25,000 for the Flagstaff Adaptive Reuse Program; and

WHEREAS, the funding is derived from local transaction privilege tax revenues generated by the hospitality industry (also known as the "BBB tax") and dedicated for economic development activities;

ENACTMENTS:

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FLAGSTAFF AS FOLLOWS:

SECTION 1. In General

The City Council hereby adopts the Flagstaff Adaptive Reuse Program, a copy of which is attached hereto as Exhibit A.

The Economic Vitality Division Director or the Director's designee is delegated authority to undertake all such actions necessary to implement the program, provide information about the program to the public, and to provide a report on and any recommendations related to the program prior to April 1, 2021.

SECTION 2. Effective Date.

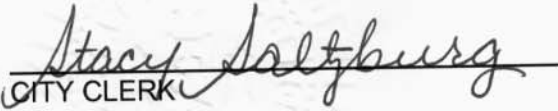
This resolution shall be immediately effective.

PASSED AND ADOPTED by the City Council of the City of Flagstaff this 5th day of May, 2020.

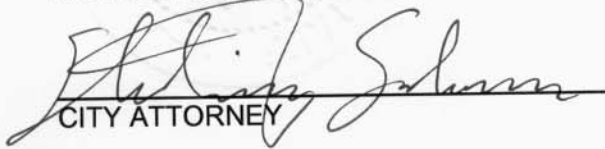


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


CITY ATTORNEY

Attachment:

Exhibit A – Adaptive Reuse Policy

Adaptive Reuse

1. Process and Eligibility Requirements
2. Adaptive Reuse Application
3. Purpose for and Need of an Adaptive Reuse Policy
4. Adaptive Reuse Concept and Related Narrative
5. Relevant Regional Plan Policies and Goals
6. Outreach Plan

1. Process and Eligibility Requirements

CITY OF FLAGSTAFF ADAPTIVE REUSE PROCESS AND ELIGIBILITY REQUIREMENTS

I. PROCESS

1. Complete the Adaptive Reuse application.
2. Submit the application, Business Plan, and comments from the Community Development Pre-Application Meeting to the Economic Vitality Division for review.
3. Applicant will be notified within 15 days on the status of applicant's eligibility.
4. When an application is approved staff will transfer \$5000 to the City of Flagstaff (CoF) Cashier for the project. The applicant will draw upon those funds for eligible plan review and permit fees until the \$5000 is spent, the project is complete, or the project is cancelled. The funding is provided by CoF Bed, Board and Beverage (BBB) revenues allocated to Economic Development.
5. Staff will return the Business Plan to applicant upon completing review of the application.
6. Staff will track projects to the feasibility and effectiveness of the program and to track challenging properties, spaces, or processes.

II. ELIGIBILITY CRITERIA INCLUDES THE FOLLOWING:

- Location of the project must be within the City of Flagstaff.
- The business must provide a current Business Plan, that includes common components such as a summary, business overview, operation overview, market analysis, products and services, sales and marketing, management team, competitive analysis, financial plans, and projections.
- The project must occur in a leasable, or owner-occupied, space under 5,000 square feet.
- The project manager should contract with an architect, engineer, draftsman or equivalent design professional.
- The applicant must schedule and attend the free Community Development Pre-Application Meeting, and provide the City staff comments from that meeting to the Economic Vitality Division.

Note: Awarded projects may be included in marketing materials for the City of Flagstaff Economic Development program.

III. FUNDING LIMITATIONS:

- If CoF funding has been fully used, the CoF will not be able offer fee incentives until funding has been restored.
- In the event of competing applications and limited funding, CoF reserves the right to determine which applications demonstrate the greatest alignment with the Regional Plan Goals and Policies, and to fund those projects first.

Note: Project must comply with all existing codes in effect within the City of Flagstaff.

2. Adaptive Reuse Application

DRAFT APPLICATION

The Adaptive Reuse Program provides assistance to small businesses renovating existing buildings for new uses. Complete this application to determine eligibility and submit it to the Development Services, Flagstaff City Hall, 211 West Aspen Avenue, Flagstaff, Arizona 86001. For more information regarding Adaptive Reuse incentives please contact 928-213-2966.

Up to \$5,000 in fee incentives may be used to offset the cost of plan review and permit fees for eligible Adaptive Reuse projects. **This application must be submitted to staff and approved prior to each plan submittal or permit issuance to determine eligibility and availability of funds.** Funds are provided by voter approved BBB funds from the dedicated allocation to Economic Development.

Property Data

Submittal Type: _____
(i.e. civil, construction plans, building permit, etc.)

Owner Name: _____ Owner Permission for project: (attach) _____

Address: _____

Building Square Feet: _____ Year Built: _____

Previous Use: _____ Proposed Use: _____

Year of Business Plan Development/Update: _____

Date of Community Development Pre-Application Meeting: _____

Contact Information

Applicant Name: _____ Signature: _____

Telephone: _____ Email: _____

City Business License No.: _____ Transaction Privilege Tax License No.: _____

City of Flagstaff Development Services
Adaptive Reuse Application – Page 2 of 2

-----Staff Use Only-----

Project within City Limits:

Business Plan:

Community Development Pre-Application
Comments:

Space less than 5,000 sq. ft. -

Adaptive Reuse Incentive: Approved



Denied

| Submittal Date:

Staff:

Date:

Remaining Fee Incentives:

Incentives may be applied to any City of Flagstaff fee.

Comments:

3. Purpose for and Need of an Adaptive Reuse Policy

Purpose of and Need for an Adaptive Reuse Program:

- 1. Support Small Businesses Growth:* Economic Development to grow and strengthen a more equitable and resilient economy is a top priority for the 2019-2020 City Council. The Adaptive Reuse Pilot Program supports a more equitable and resilient economy, by assisting with fees, and encouraging the use of a professional, ensures a workable concept and readiness for a Conceptual Site Plan Review. This critical first step will indicate to the small business owner or entrepreneur if his or her idea fits within the regulatory framework of the property. Site Plan Review and Change of Use Permit fees can add an additional three to five thousand dollars to a project; the cumulative costs can be prohibitive for a start-up business. These up-front expenses may discourage small businesses from taking root and growing in our community. From an economic development perspective, the ability of small businesses and entrepreneurs to overcome barriers and move into vacant spaces generates jobs, prosperity, tax revenue, and creates a more vibrant economy.
- 2. Promote Infill:* Climate Action is another top priority for the 2019-2020 City Council. Infill is understood to be the process of developing vacant or under- utilized parcels within developed areas. Infill helps reduce urban sprawl, including heat island effects and greenhouse gas emissions associated with sprawl. Infill also has the potential to support and maintain the unique character of neighborhoods throughout the community. The Flagstaff Regional Plan 2030 land use policy LU1.3 also encourages the promotion and facilitation of infill within the region. This Council goal, City historic preservation policies, and sustainability objectives also support this Adaptive Reuse Pilot Program which seeks to convert vacant spaces into higher or better uses.
- 3. Use Vacant Commercial and Office Spaces:* Vacant spaces over time may negatively affect property values and community safety, as empty properties often attract vandalism and there is an associated higher incidence of criminal activities in areas when properties are neglected. Additionally, the City's Regional Plan encourages infill for a variety of benefits. Independent businesses frequently enter or grow in the market by renting existing spaces, but the costs to convert an existing space, or to bring it up to current building code, can be prohibitive. This Adaptive Reuse Pilot Program seeks to positively impact these issues and support smaller businesses in moving into vacant and underutilized commercial property.
- 4. Connect Business Owners with Design Professionals:* As new startups or existing businesses grow and need more space, or graduate from the Northern Arizona Center for Emerging Technologies ("NACET") or similar business incubation or acceleration services sites, the businesses often look for existing vacant spaces to meet their business needs. In that process, businesses will often encounter many new requirements or unfamiliar processes both of which increase their costs. If a licensed and registered design professional works on behalf of the business owner to validate the business owner's concept early in the process, this will improve the likelihood of success. This program communicates to all potential applicants that connecting with a design professional early in the development process may help the project successfully proceed from concept to certificate of occupancy.

4. Adaptive Reuse Concept and Related Narrative

ADAPTIVE REUSE CONCEPT AND NARRATIVE

Adaptive Reuse programs have been established by many municipalities to encourage small business development in their communities. The City of Flagstaff has researched other cities' programs in order to establish its own program unique to Flagstaff. Below is some of the information gleaned from that research.

Adaptive Reuse in Chandler, Tempe, and Phoenix

The City of Chandler, the City of Tempe, and the City of Phoenix are three Arizona communities that have developed Adaptive Reuse programs that meet their unique community needs.

The City of Chandler Adaptive Reuse Program is geared towards providing relief from standard development requirements. The program provides relief from parking, restrooms, and other similar requirements. This Adaptive Reuse program coexists with another municipal goal which is infill via the Infill Incentive Policy. The City of Chandler reimburses eligible projects up to 50% of demolition fees. The two programs highlight that while Chandler is comfortable providing relief from development requirements, the funding goes to help projects that are in an infill district.

The City of Tempe Adaptive Reuse Program also is geared towards providing relief from standard development requirements. The program provides relief from mechanical screening or parking or other similar requirements.

The City of Phoenix Adaptive Reuse Program will provide up to \$7,000 in relief from plan review and permit fees per eligible project. A single point of contact expert in the Adaptive Reuse policies works with an applicant prior to any submittals to learn about the project and to determine its eligibility. If the project appears to be eligible, the project owner submits a completed application. Once the application is approved, \$7,000 is transferred to the Payments and Submittals Counter. The applicant may take any related review or permit fees to the Payments and Submittals Counter until the allotted \$7,000 is used. In this way, the applicant may make use of the funding portion of the program at the time of need versus being reimbursed.

The City of Phoenix program also offers relief from landscaping requirements, allowing the current landscaping to remain in place as a nonconforming use.

The City of Phoenix program does not require refund of fees in the event the project is never completed or is unsuccessful. The Business Advocacy Office believes that to be successful in helping small business and in activating vacant spaces, the City needs to provide relief when it is needed, and that requiring payback if the project fails would be at cross purposes of the program. The City of Phoenix Adaptive Reuse Program has served as a model for similar initiatives in other cities including Los Angeles and Dallas.

Adaptive Reuse in Flagstaff

As proposed, the City of Flagstaff Adaptive Reuse Program will be funded at \$25,000 annually by BBB revenues from the dedicated allocation to Economic Development and will start as a single incentive program. The goal is to provide up to \$5,000 in funding per project, to make it easier for a small business to move into an existing vacant space and to successfully run its business. The goal and intention will be achieved by a few key requirements.

First, the potential applicant will be required to schedule and attend a free Community Development Pre-application Meeting. This meeting will help the potential applicant to understand regulatory issues that may require time and money to address.

Second, the potential applicant will be encouraged to enlist the services of a design professional. A design professional will be knowledgeable about building and development codes and will be able to guide the potential applicant to appropriate design solutions quickly.

Third, the potential applicant will be required to present a current business plan. Having a current business plan ensures that the potential applicant has invested time and effort into examining their path to business success.

Over the years City staff has observed that business owners who try to start a business and serve as his or her own general contractor and designer often spend too much time and money learning how to meet the development requirements and make costly mistakes along the way. This program will require small business owners to participate in the Community Development pre-application process, encourage the use of a design professional, and require the development of a current business plan, as all of these steps will help promote business success.

One of the anticipated benefits of this Adaptive Reuse Program is that staff will be able to track the projects and spaces that have utilized the program to gain insights into the challenges of using spaces that appear problematic. Such information is critical to understanding elements that hurt or help our small businesses. The City of Flagstaff staff will assess the Adaptive Reuse program over time to understand the ways it has been effective or not, and to adapt as needed in the future.

5. Relevant Regional Plan Policies and Goals

Relevant Regional Plan Goals and Policies

Adaptive Reuse

Policy CC.2.9. Strengthen the City's historic preservation and adaptive reuse programs by increasing funding for further inventories, grants to property owners, and education campaigns, especially, where the underlying Zoning for the historic resource put it at risk.

Policy CC.2.10. Educate the community and developers on the benefits of adaptive reuse and create policies to incentivize the reuse of historic buildings to maintain their integrity

Policy CC.2.11. Assist businesses and residents, who are caretakers of historic resources, maximize the economic value of their property without damaging the integrity of the historic resource.

Support Small Businesses Growth

Goal ED.3. Regional economic development partners support the start-up, retention, and expansion of existing business enterprises.

Policy ED.3.1. Encourage regional economic development partners to continue proactive programs to foster the retention and expansion of existing enterprises and home-based businesses in the community.

Policy ED.3.3. Support plans, programs, and capital expenditures to stimulate the investment of private capital in existing commercial areas for all industry sectors.

Policy ED.3.5. Advocate the economic sustainability and growth of businesses with opportunities for transitional commercial space, leased space, and property ownership.

Policy ED.3.6. Foster entrepreneurialism and start-up businesses with incubator and accelerator programs in sectors that demonstrate considerable growth potential.

Policy ED.4.4. Identify and support community resources that assist new businesses, such as workforce development, marketing, building processes, venture capital, financing, and management.

Promote Infill

Goal LU.1. Invest in existing neighborhoods and activity centers for the purpose of developing complete, and connected places.

Policy LU.1.1. Plan for and support reinvestment within the existing city centers and neighborhoods for increased employment and quality of life.

Policy LU.1.6. Establish greater flexibility in development standards and processes to assist developers in overcoming challenges posed by redevelopment and infill sites.

Policy LU.1.7. Consider creative policy and planning tools (such as transfer of develop rights or transfer of development obligations) to incentivize redevelopment and infill.

Policy LU.5.2. Promote infill development over peripheral expansion to conserve environmental resources, spur economic investments, and reduce the cost of providing infrastructure and services.

Goal ED.9. Promote redevelopment and infill as a well-established means to accomplish a variety of community economic, planning, and environmental goals.

Goal LU.13. Increase the variety of housing options and expand opportunities for employment and neighborhood shopping within all suburban neighborhoods.

Policy ED.1.7. Establish policy and tools to consider the impacts of redevelopment on local residents.

Vacant commercial and office spaces

Policy LU.1.3. Promote reinvestment at the neighborhood scale to include infill of vacant parcels, redevelopment of underutilized properties, aesthetic improvements to public spaces, remodeling of existing buildings and streetscapes, maintaining selected appropriate open space, and programs for the benefit and improvement of the residents.

Policy LU.10.5. Consider vacant and underutilized parcels within the City's existing urban neighborhoods as excellent locations for contextual redevelopment that adds housing, shopping, employment, entertainment, and recreational options for nearby residents and transit patrons.

Connect Business Owners with Design Professionals

Goal ED.1. Create a healthy environment for business by ensuring transparent, expeditious, and predictable government processes.

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6. Outreach Plan

The outreach strategy for the Adaptive Reuse Program will employ various methods to communicate the opportunity of the Adaptive Reuse Program.

GOAL: Create awareness of the program in target audiences who are likely to use the Adaptive Reuse program.

TARGET AUDIENCE: Independent businesses, start-ups and entrepreneurs locating into an existing vacant space in Flagstaff.

Marketing:

Purchase space in local and regional publications describing the program;

Engage local and regional broadcasting to discuss the opportunity;

Pitch earned media stories to regional media.

Materials:

Develop and distribute collateral materials to Community Development and Development Services for distribution.

In-person:

Speaking engagements to business advocacy groups, professional organizations, and entrepreneurs.

Digital Platform:

Add program to City of Flagstaff website page regarding incentives;

Add webpage to chooseflagstaff.com website describing the program in full detail.

Hard Copy:

Develop new business license packet from Economic Development with all programs;

Purchase water bill envelopes directing people to ChooseFlagstaff.com/AdaptiveReuse.