

Mesa East

Redevelopment Plan



EAST

EAST



Mesa East Redevelopment Plan

Presented to:

City of Mesa, Arizona



Presented by:

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1.1 Background

Located adjacent to Downtown Mesa, the East RDA stretches from roughly Horne Road to Gilbert Drive, and from University Drive to Broadway Road. These major corridors are an important gateway and transitional area into Downtown. Historically, this area was home to many of the middle-upper class residents working in Downtown Mesa, which supported close-knit, single-family residential neighborhoods that blossomed as Downtown grew. Many of these historic neighborhoods remain today, such as Fraser Fields, which is a recognized historic district in the City of Mesa.

Although many of the historic residential homes have been well maintained and preserved over the years, the supporting commercial uses along the major corridors leading into Downtown have slowly deteriorated. Today, the Valley Metro light rail is expanding from Downtown Mesa through the East RDA along Main Street. This Redevelopment Plan, in conjunction with the light rail expansion, will provide the impetus for revitalization along the important corridors that connect to Downtown.

In 2016, the City of Mesa decided to study the potential of developing an East Redevelopment Area (RDA) to improve the state of the area and the quality of life for its residents. The RDA was visually assessed for nine blight factors as defined by Arizona Revised Statute (ARS) §36-1471. Based on this assessment, the following blight conditions were observed and highlighted in a Findings of Necessity (FON) report presented to the City of Mesa:

- ▶ 682 out of 1,196 parcels, or 57.2% have at least one blight factor
- ▶ 51.8% of the total land area of the East RDA is determined to meet the statute requirements to be termed blighted

The FON demonstrated the need for the establishment of the East RDA, which the Mesa City Council formally adopted in August of 2017. The establishment of a redevelopment area will allow for the city to take advantage of tax breaks and other incentives to attract investment and infill development within the area.

This Redevelopment Plan represents the next step in process per ARS §36-1474, which grants local governments the authority to undergo redevelopment planning.

1.2 Project Objective

The objective of the Mesa East Redevelopment Plan is to provide a framework and plan to facilitate the efficient redevelopment of the East RDA. Successful redevelopment depends on several factors, including:

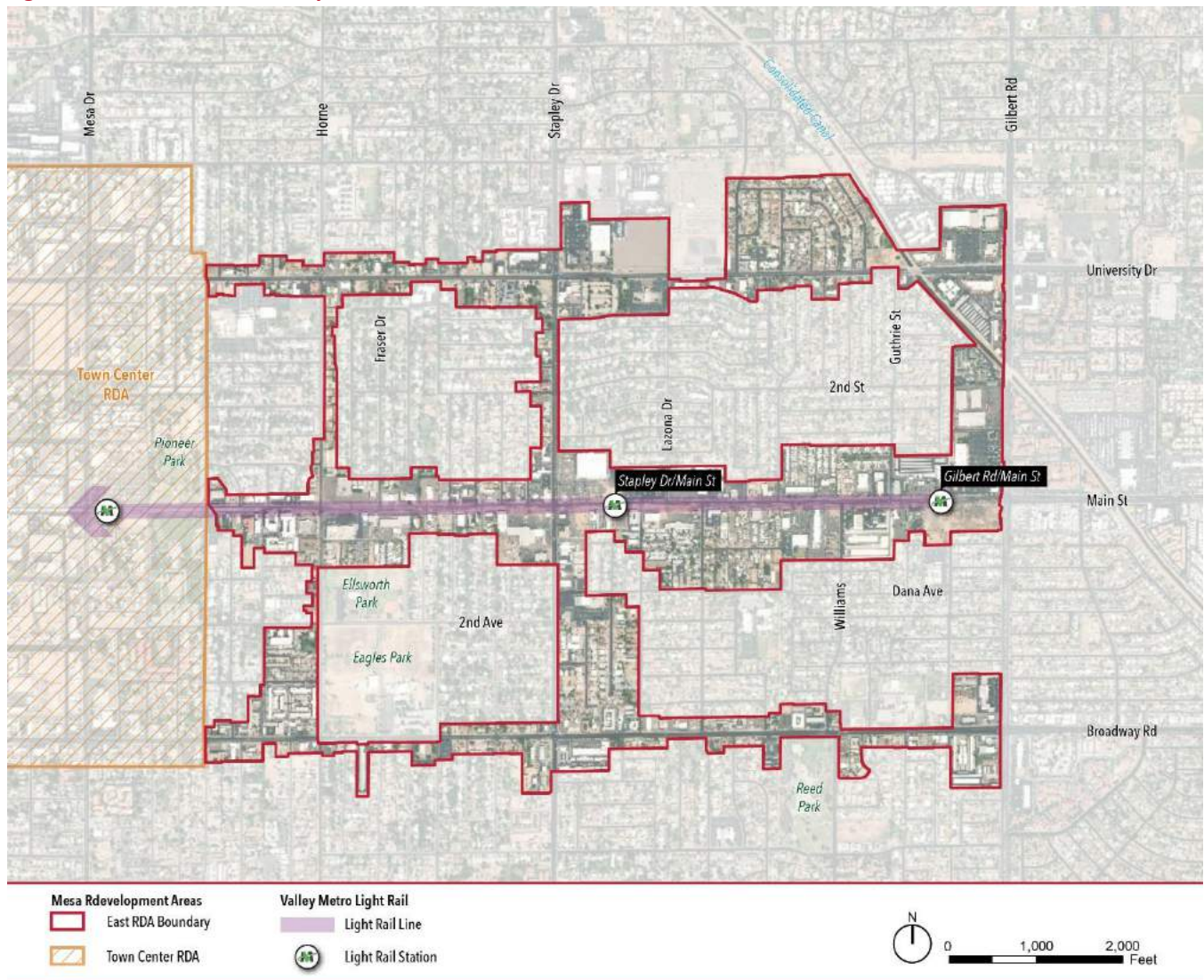
- ▶ Understanding of existing conditions, demographics, and environmental factors;
- ▶ Understanding market capacity to support job and revenue-generating uses within the RDA;
- ▶ Deliberate and inclusive community input from community leaders, business owners, landowners, and other members of the public;
- ▶ Establishing a clear vision and implementation strategies;
- ▶ Sufficient infrastructure capacity;
- ▶ Capitalizing on the well-developed transportation network; and
- ▶ Establishing and maintaining a safe and attractive environment for residents, employees, and visitors alike.

The Redevelopment Plan is intended to provide a viable approach for achieving the economic and development goals for the East RDA. The ultimate goal of the Plan is to identify an approach for redevelopment that provides for long-term maintenance that is sensitive to local needs.

East RDA Boundaries

The East RDA is adjacent to the eastern edge of Mesa's existing Town Center RDA, and extends east to Gilbert Road, comprising 547 acres. The area generally includes properties along the east / west corridors of University Drive, Main Street, and Broadway Road, and the north / south corridors of Horne Road, Stapley Drive, and Gilbert Road. Figure 1-1 displays the proposed East RDA's boundary. Figure 1-1 displays the East RDA's boundary.

Figure 1-1 East RDA Boundary



1.3 Demographics

The East RDA's demographic information was compared against the City of Mesa and several other similar, nearby cities. This was done to understand how the East RDA is positioned within the city and other comparable communities. The other communities are Maricopa County; the Cities of Chandler, Scottsdale, and Tempe; and the Town of Gilbert. Unless otherwise noted, data was provided by the City of Mesa from ESRI Community Analyst. ESRI Community Analyst uses US Census Bureau 2010 Census data to forecast 2016 demographics. Demographic information for Maricopa County and the communities of Mesa, Chandler, Gilbert, Scottsdale, and Tempe was obtained from the most recent American Community Survey results in 2015.

Currently, the East RDA has an estimated population of 7,358 as of 2016 (see Figure 1-2). Although the area experienced an 8% population decrease between 2000 and 2010, the East RDA has rebounded since with a 6% growth rate between 2010 and 2016, which is close to the city-wide and county-wide average during that timespan. The East RDA is projected to continue increasing another 6% by the year 2021 in conjunction with the growth of Downtown Mesa. However, the Maricopa Association of Governments projects the City of Mesa as a whole and other regional communities to grow at a higher rate by 2021, likely due to the greater amount of undeveloped areas the communities contain.

Figure 1-2 East RDA Population Change, 2000 - 2021

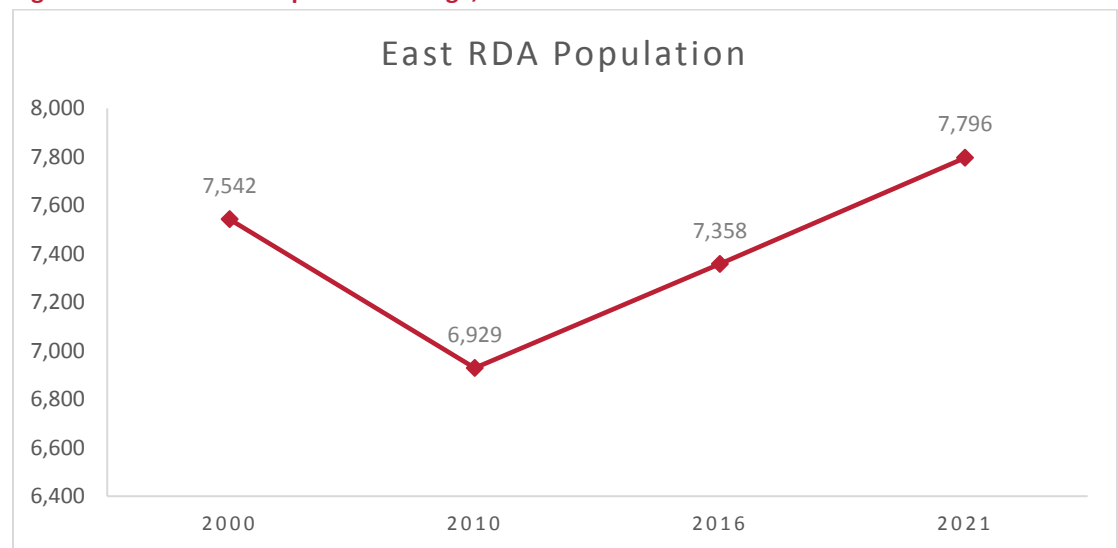
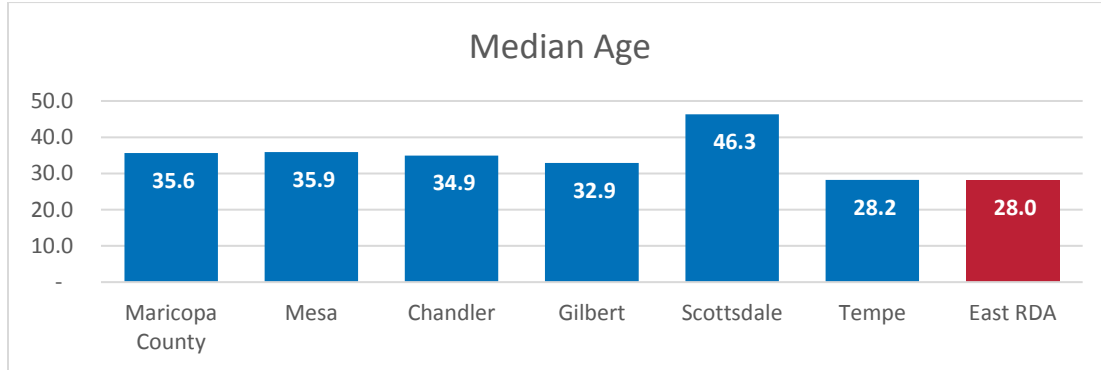


Figure 1-3 compares the median age of the East RDA to the region. The population within the East RDA is relatively young with a median age of 28 years. This is approximately eight years younger compared to the city-wide median age of 35.9 years, and the youngest community compared to the other communities in the region, including, the City of Tempe which has a large population of young adults that attend Arizona State University.

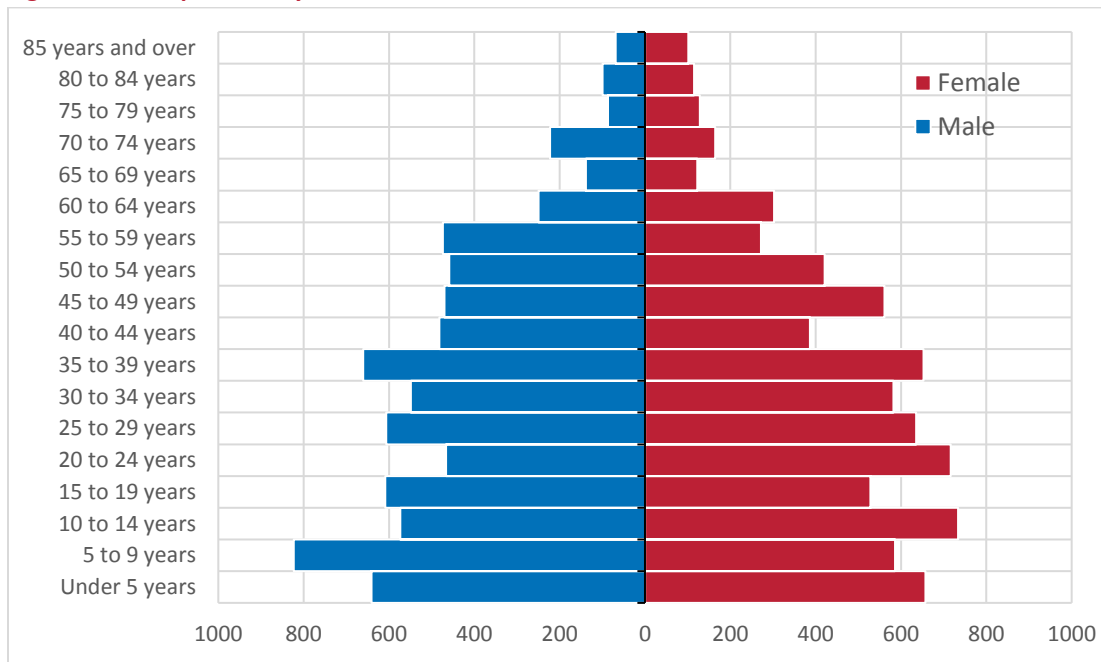
Figure 1-3 Median Age, 2016



To help understand the East RDA's low median age, Figure 1-4 displays the population pyramid. It should be noted that this data is based on census tracts obtained from the Census Bureau's American Community Survey (ACS) 5-Year Estimates, and not ESRI Community Analyst; thus, the data is not exact. However, it is still helpful to characterize the area even though the data does not directly align with the East RDA boundary.

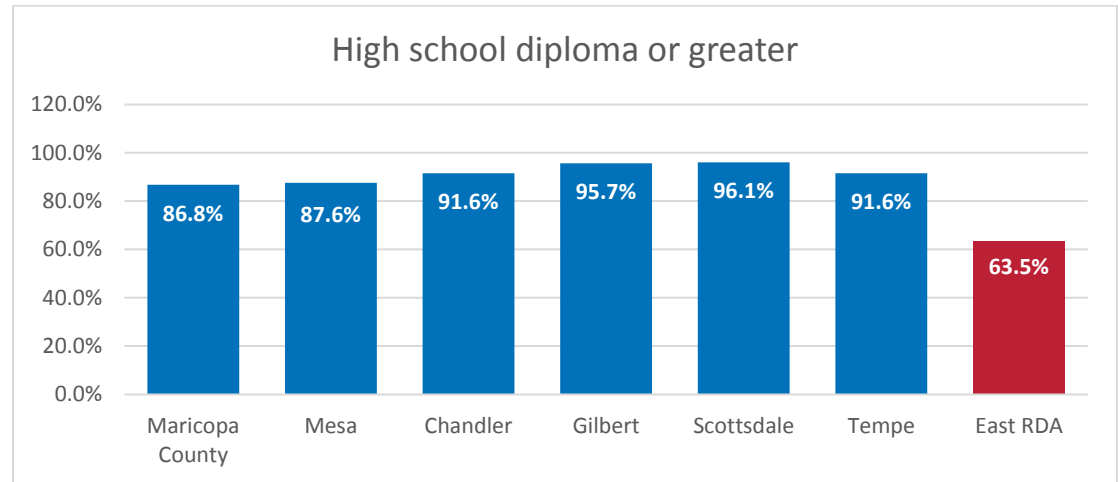
The figure breaks down the population into different age cohorts based on their age and gender. As the figure shows, the largest population group for males is the ages 5 to 9 cohort, and females is the 10 to 14 cohort. This coincides with the large population of young adults (ages between 20 and 39), which generally represent young families establishing themselves in Mesa.

Figure 1-4 Population Pyramid, 2016



The educational attainment within the East RDA is relatively low, as shown on Figure 1-5. Only 63.5% of the adult population (25 years of age and over) has a high school diploma or equivalent. This is over 20% less than the city-wide average, and more than 30% less than the City of Scottsdale and Town of Gilbert.

Figure 1-5 Educational Attainment, 2016



Median household income (Figure 1-6) within the East RDA was \$30,205 in 2016, which is less than half of many of the regional counterparts, including the Town of Gilbert (\$82,424), the City of Scottsdale (\$73,288), and the City of Chandler (\$72,695). The East RDA's median household income is also \$18,604 less than, or 38% less than the City of Mesa as a whole (\$48,809).

Figure 1-6 Median Household Income, 2016

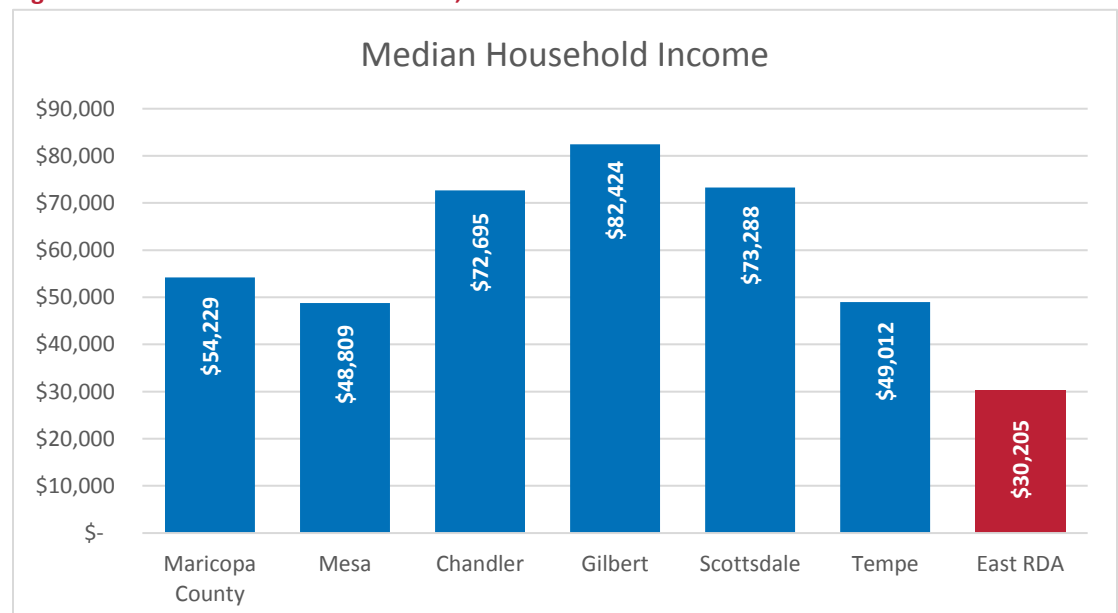
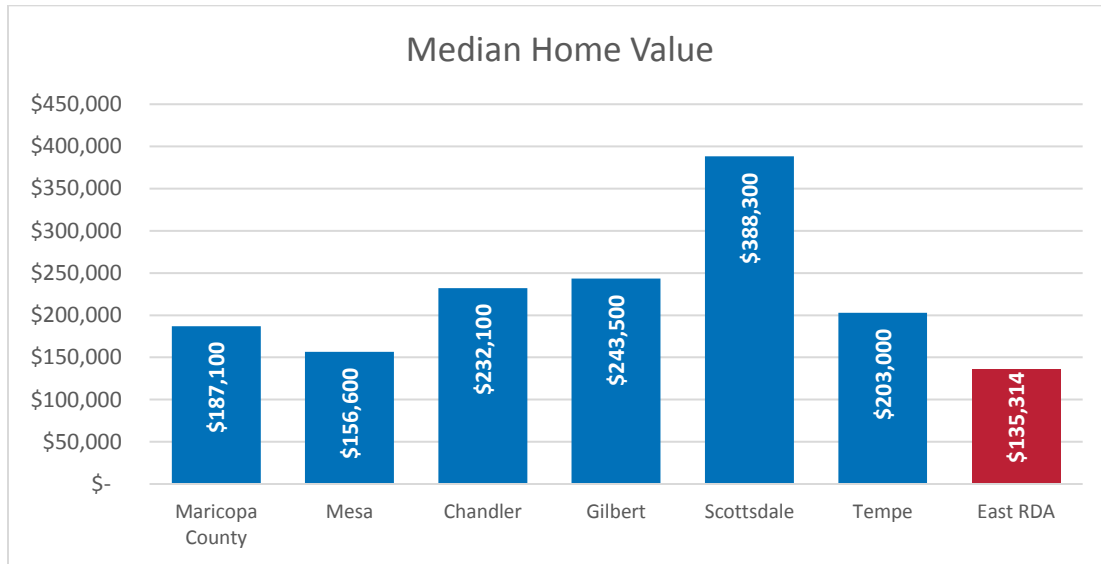


Figure 1-7 shows median home values for the East RDA and the region in 2016. The median home value within the East RDA was \$135,314, which is 27.7% less than the county-wide average of \$187,100, and 15.7% lower than the city-wide average of \$156,600.

Figure 1-7 Median Home Value, 2016



According to the ESRI Community Analyst, the East RDA had 3,150 employed residents as of 2016. The services industry employs the majority (60.8%) of residents in the East RDA, which is generally low-wage employment, and far greater than the citywide average of just 4.9%. Other prominent industries in the area include construction (15%) and Retail Trade (9.7%). The top three citywide industries according to the 2016 ACS are educational services, and healthcare and social assistance (21.9%); retail trade (12.9%); and professional, scientific, and management, and administrative and waste management services (12.3%).

Table 1-1 Employment by Industry, 2016

Industry	Percent Employed (East RDA)	Percent Employed (City of Mesa)
Services	60.8%	4.9%
Construction	15.0%	8.5%
Retail Trade	9.7%	12.9%
Manufacturing	4.7%	8.1%
Transportation / Utilities	3.9%	4.8%
Finance / Insurance / Real Estate	2.1%	8.4%
Public Administration	1.4%	3.5%
Agriculture	0.9%	0.6%
Wholesale Trade	0.9%	2.3%
Information	0.8%	1.8%
Other	0%	44.2%

1.4 Existing Land Uses

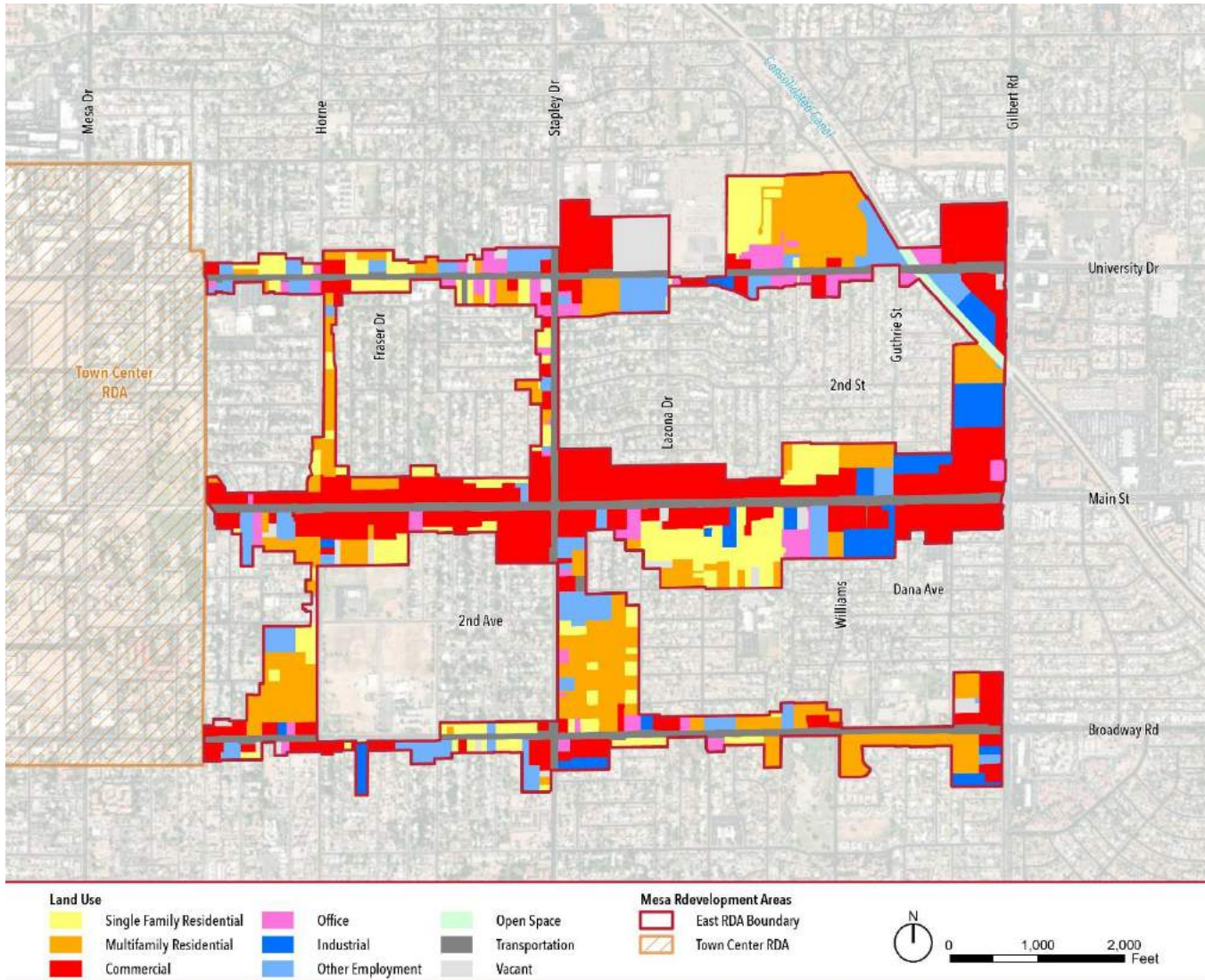
The East RDA is comprised of a well-balanced mix of residential uses (34.9%), commercial and office uses (35.5%), and industrial and other employment uses (14.9%). The residential uses are generally located south of Broadway Road and north of University Drive, where there are several apartment complexes. Main Street serves as the primary commercial corridor for the RDA, with commercial and office uses running along either end of the road.

Table 1-2 provides a summary of existing land uses by acreage and percentage within the East RDA as shown on the Existing Land Use Map (Figure 1-8).

Table 1-2 Existing Land Use

Land Use	Total Acreage	Percentage of Land
Agriculture	0	0%
Single-Family Residential	72	13.2%
Multifamily Residential	118.8	21.7%
Commercial	164.9	30.2%
Office	26	4.9%
Industrial	29.8	5.5%
Other Employment	51.4	9.4%
Open Space	4.1	0.6%
Transportation	62	11.3%
Vacant	17.2	3.2%

Figure 1-8 East RDA Existing Land Use



1.5 Relationship to Existing Plans

There are several existing plans that envision future conditions within the East RDA that influence development and revitalization efforts in this Plan. Following is an overview of these plans.

2040 General Plan

The Mesa 2040 General Plan is the City's guiding document for managing future growth and development. This General Plan covers a broad range of topics, including creating and maintaining a variety of great neighborhoods; growing and maintaining diverse stable jobs; providing rich, high quality public spaces and cultural resources; and community character.

Rather than identifying specific individual land uses within the City, the Mesa 2040 General Plan focuses on the character of development through 11 "Character Types", five of which are within the East RDA:

- ▶ **Mixed Use Activity District.** The Mixed-Use Activity Districts are large-scale (typically over 25 acres) community and regional activity areas that usually have a significant retail commercial component including shopping areas such as malls, power centers, or lifestyle centers that are designed and developed to attract customers from a large radius. These districts often include other uses such as office, entertainment and residential.
- ▶ **Neighborhoods.** The primary focus of the neighborhoods character type is to provide safe places for people to live where they can feel secure and enjoy their surrounding community. The Neighborhoods Character Type may contain a wide range of housing options from rural to suburban types with densities generally up to 12 dwelling units per acre. These areas may also include some nonresidential uses such as schools, parks, places of worship, and local serving businesses.
- ▶ **Neighborhood Village Center.** This character type is intended to development local shopping areas that serve the surrounding area, creating a focal point and gathering place for the community. The Neighborhood Village Center also supports mixed-use development.
- ▶ **Specialty District.** The Specialty Districts character type is for large areas (typically over 20 acres) with a single use such as an educational campus, airport, or medical facility. The character of these areas can have a significant impact on surrounding development either through the amount of traffic they generate, or the noise associated with their activities.
- ▶ **Transit Corridor.** This character type applies to development of the corridors between transit stations and stops and will be less intense, but should still evolve into a more urban pattern with buildings brought close to property lines and parking located behind or beside buildings.

The 2040 General Plan also identifies four key Growth Areas within the City. The Downtown and Main Street Transit District Growth Area includes part of the East RDA along the Valley Metro Light Rail. This Growth Area seeks to enhance the existing arts and cultural resources to help spur additional redevelopment and revitalization along the Main Street corridor and improve the sense of place.

2040 Transportation Plan

The Mesa 2040 Transportation Plan is a multimodal plan to meet the needs of the City as it continues to grow. This plan covers future transportation improvements within the City of Mesa, including complete streets, roadways, and pedestrian and bicycle infrastructure, and incorporates the Bicycle Master Plan from 2012. The 2040 Transportation Plan has three goals:

- ▶ Develop a safe and efficient transportation system that provides access to all public places by multiple modes of travel and by various users
- ▶ Develop inviting streets that identify with the context for the surrounding neighborhood and help to create a sense of community and vibrant public space
- ▶ Develop a transportation network concentrated around activity centers that encourages dense, diverse public spaces and fosters economic growth



Central Main Plan

The Central Main Plan was adopted in January, 2012 to help plan for economic development in anticipation of the Valley Metro light rail expansion from Downtown Mesa to Gilbert Road. This plan includes Goals, Policies, and Recommendations to establish:

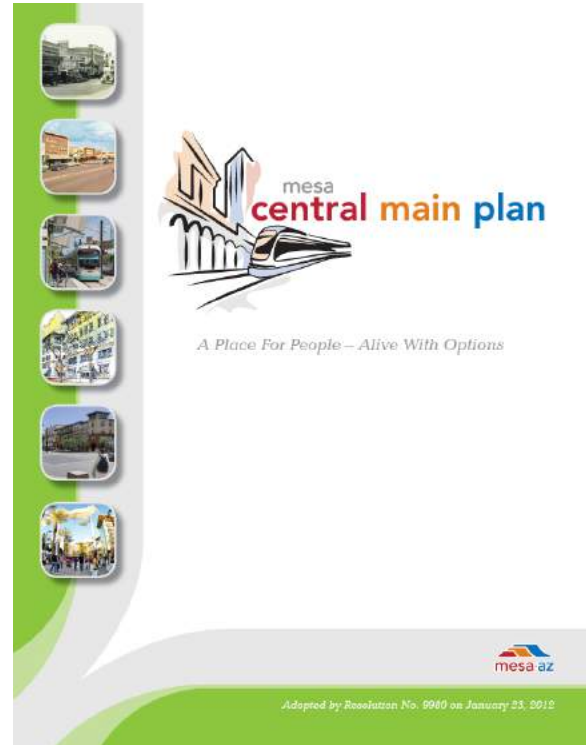
- ▶ A Prosperous Community
- ▶ A People-Friendly Community
- ▶ A Diverse Community
- ▶ An Environmentally-Conscious Community

This Plan divides the project area into six Neighborhood Planning Areas, of which the East RDA is within two—Fraser/Sherwood and Gilbert/Main.

The Key recommendations in the Fraser/Sherwood Neighborhood Planning Area include:

- ▶ Mixed-use, pedestrian-friendly development focused around the future transit stations
- ▶ Pedestrian environment improvements
- ▶ Increased density surrounding transit stations
- ▶ Neighborhood preservation

The Key recommendations in the Gilbert/Main Neighborhood Planning Area are similar to those identified in the Fraser/Sherwood, but also addresses the need for additional neighborhood-scale park space.



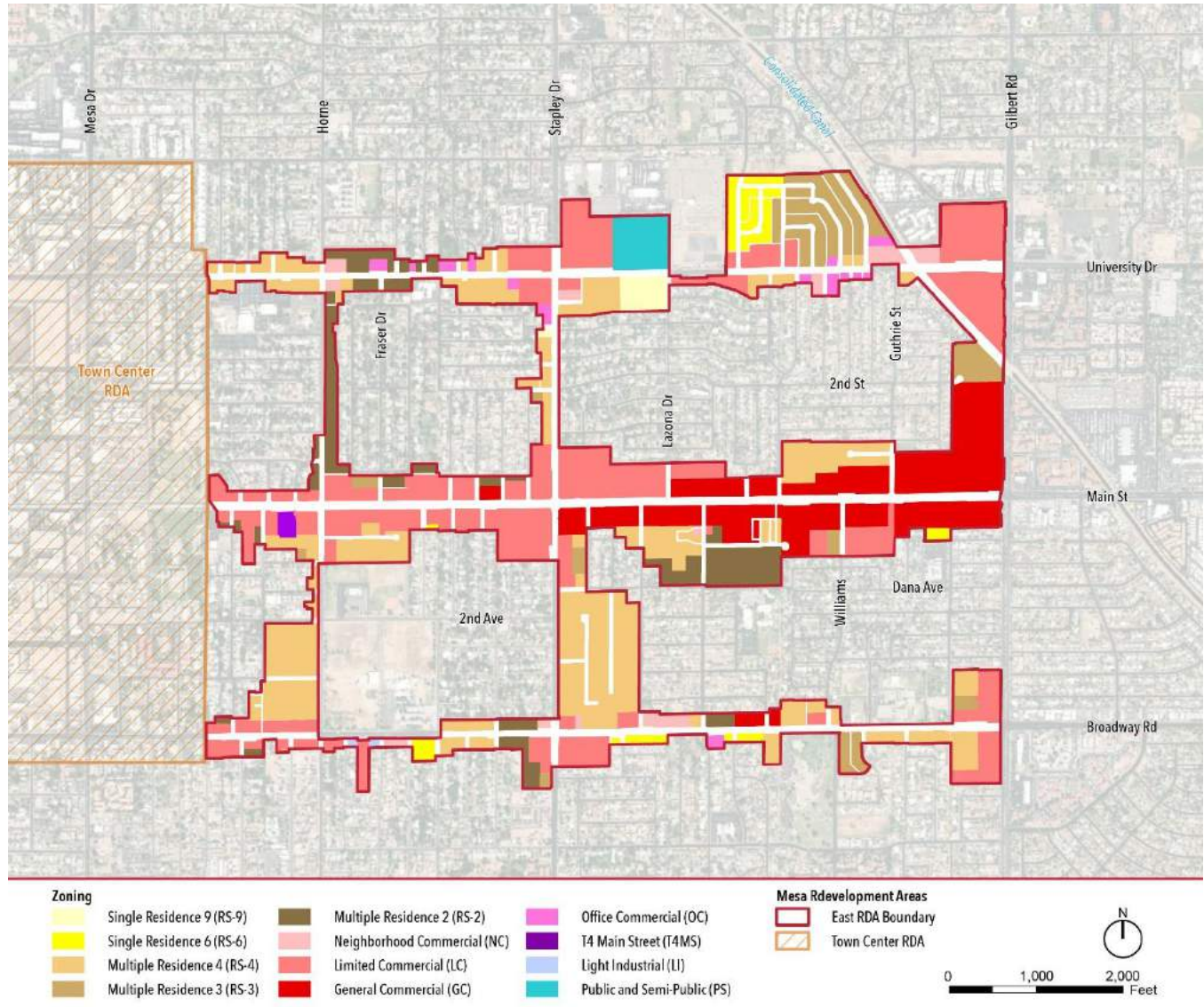
1.6 Zoning

The Zoning Ordinance sets regulatory development standards for all new construction within the City of Mesa. Table 1-3 provides a summary table of all Zoning Districts within the East RDA as shown on the Zoning Map (Figure 1-9). Commercial and multi-residence zoning districts make up the largest share of land areas within the East RDA, with approximately 52% and 42% of the total land area each. Single Residence zoning districts comprises most of the remaining land area (4%).

Table 1-3 Zoning Summary

Zoning Districts	Acreage	Percentage	Density
Single Residence 6 (RS-6)	12.9	2.9%	6 du/ac
Single Residence 9 (RS-9)	5.3	1.2%	15 du/ac
Multiple Residence 2 (RM-2)	36.8	8.3%	20 du/ac
Multiple Residence 3 (RM-3)	31.2	7.0%	30 du/ac
Multiple Residence 4 (RM-4)	117.3	26.4%	15 du/ac
Neighborhood Commercial (NC)	9.7	2.2%	25 du/ac
Limited Commercial (LC)	140.5	31.6%	15 du/ac
General Commercial (GC)	72.8	16.4%	25 du/ac
Office Commercial (OC)	6.4	1.4%	NA
T4 Main Street (T4MS)	1.4	0.3%	NA
Light Industrial (LI)	0.6	0.1%	NA
Public and Semi-Public (PS)	9.2	2.1%	NA

Figure 1-9 East RDA Zoning



1.7 Public Outreach

An important metric in any redevelopment area assessment and plan is the extent and success of public outreach and engagement. During the public outreach process members of the public were engaged through two public workshops.

Public Workshop #1

Public Workshop #1 was held on June 20, 2017 and was attended by 20 individuals. The workshop was informational in nature, introducing the project to the public, defining what a redevelopment area is, why Mesa is interested in creating the East RDA, the benefits of redevelopment, and what the project means for property owners. A preliminary summary of findings was also presented at Public Workshop #1, including the number of parcels identified to have blight factors.

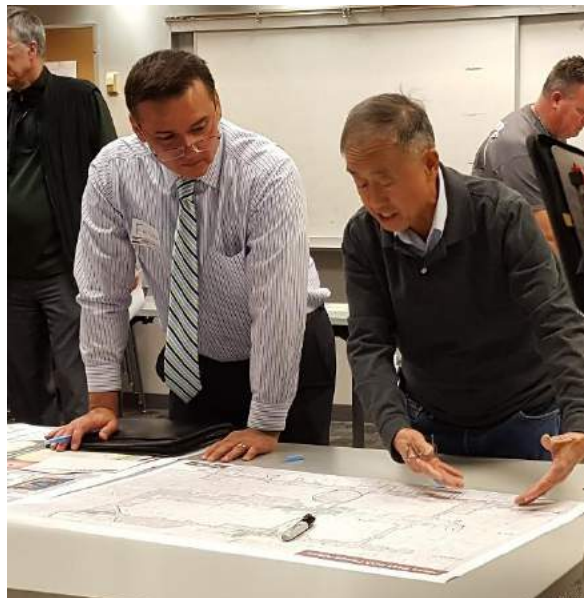


Public Workshop #2

Public Workshop #2 was held on January 17, 2018 and was in the form of an open house. Approximately 30 people attended the meeting and were asked to review conceptual land use alternatives for three focus areas within the RDA. For each focus area, two alternatives were created—a lower intensity single-use option and a higher intensity mixed-use option. The majority of attendees expressed a preference for higher intensity options.

Overall, attendees showed support for the redevelopment plan and the direction it was going. Property owners that attended acknowledged stricter code enforcement and general cleanup would greatly improve the area and provide a big impact to the redevelopment process. Other comments and issues raised by the workshop attendees included:

- ▶ Crime
- ▶ Too much multifamily, low-income housing
- ▶ Traffic issues on residential streets



Please see next page.

2.1 Vision Statement

The Vision Statement describes the ideal future state for the East RDA, and provides guidance to the overall development of this plan. The statement contains the key values behind all of the goals and strategies listed that drive this plan. The East RDA's Vision Statement is as follows:

The East RDA is a high-quality, mixed use district, consisting of three distinct corridors that reflect the historic character of the adjacent neighborhoods. These corridors provide a wide range of local serving uses that form the foundation for revitalized, close-knit neighborhoods. Light rail provides connectivity to the region and a well-connected bicycle and pedestrian system cultivates a safe, walkable, and active local environment.

The East RDA is also seeing positive growth in Hispanic population and Hispanic themed businesses. As the City begins revitalization efforts, this positive growth can be leveraged through enhanced connections with the emerging Hispanic community.

2.2 Bicycle and Pedestrian Circulation

A safe and effective bicycle and pedestrian circulation system fosters a healthy, active, and more engaging public realm, and provides an alternative mode of transportation for local residents. Bicycle and pedestrian facilities include safe and shaded sidewalks, bikeways, bike lanes, and shared-use paths. Although all major roadways through the East RDA contain sidewalks, they are generally narrow with little to no buffer from the roadway, creating an uncomfortable pedestrian experience. Furthermore, bike facilities are limited and unconnected within the RDA. Both bicycle and pedestrian circulation through the East RDA is critical to maximize the use of the Valley Metro light rail, and creating a vibrant and enjoyable public experience.

The only identified bike lanes within the East RDA are along Gilbert Road and University Drive east of Stapley Drive. Main Street is planned to contain bike lanes, but is currently under construction for the Valley Metro light rail extension. Horne Road and Lazona Drive between University and Main Street are identified as bike routes on the City of Mesa's Bike Map, but there are no identified markings. Broadway Road is a major corridor that connects two elementary schools (Longfellow Elementary School and Lowell Elementary School) and two park facilities (Reed Park and the future Eagles Park and Community Center) that are adjacent to the RDA's boundary. However, the roadway does not contain bike facilities, which makes it more dangerous for bicyclists traveling along the roadway to access these destinations. Broadway Road, Stapley Drive, and University Drive west of Stapley Drive are included in the City of Mesa's Ultimate Bicycle Network Map in the 2012 Mesa Bicycle Master Plan, but none of these projects have received funding.

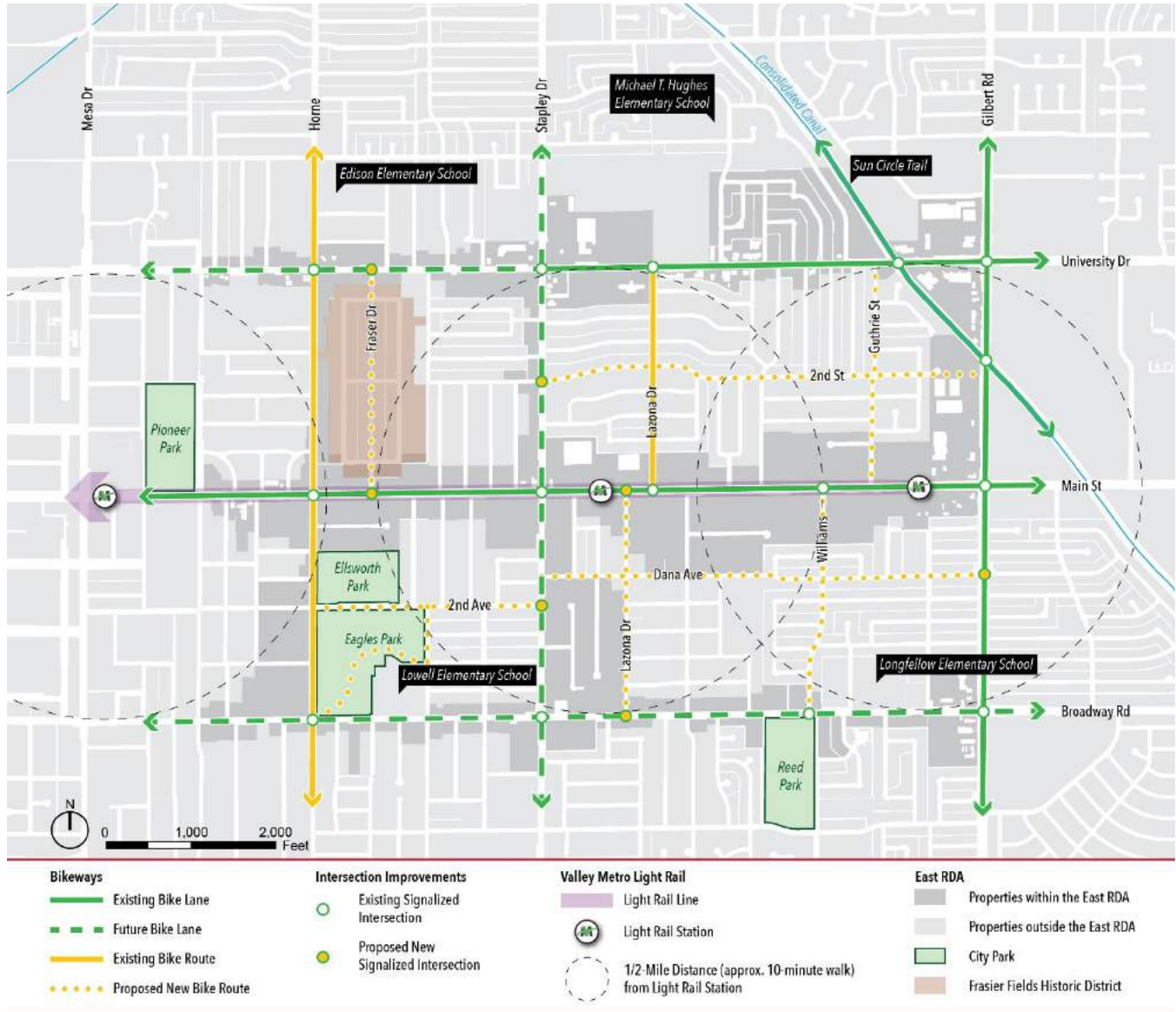


The East RDA also contains approximately a half-mile of the Sun Circle Trail within the northeast corner. This trail is a regional shared-use path along the Consolidated Canal that connects to Hohokam Stadium, the Town of Gilbert, and the City of Chandler.

While experienced riders may be comfortable riding in bike lanes along high-trafficked arterial roadways, inexperienced riders, such as children and infrequent bicyclists, may not. To accommodate inexperienced riders, bike routes along collector and through local streets provide a safer and more comfortable option through the East RDA; however, this is completed by establishing bikeways that travel outside of the RDA boundaries. Creating bikeways suitable for all users encourages more people to bike to destinations, and is crucial in creating a well-connected bicycle and pedestrian system that cultivates a safe, walkable, and active local environment consistent with the East RDA's Vision Statement.

The existing and future bikeways through the East RDA are illustrated in Figure 2-1.

Figure 2-1 Existing and Proposed Bikeways



To further improve the safety and flow of pedestrians and bicyclists through the East RDA, signalized pedestrian crossings are needed to assist in crossing major roadways, whether at existing intersections or mid-block. High-trafficked roadways, such as Broadway Road can be daunting and dangerous to cross for pedestrians and bicyclists. Main Street will also be more difficult to cross once the light rail construction is complete. One of the design considerations in the City of Mesa 2040 Transportation Master Plan is to “consider mid-block crossings when the spacing of signalized intersections is greater than 660 feet and pedestrian travel demand in the area is high.” Providing signalized mid-block crossings at key locations associated with the bikeways will help improve pedestrian and bicycle circulation through the East RDA.

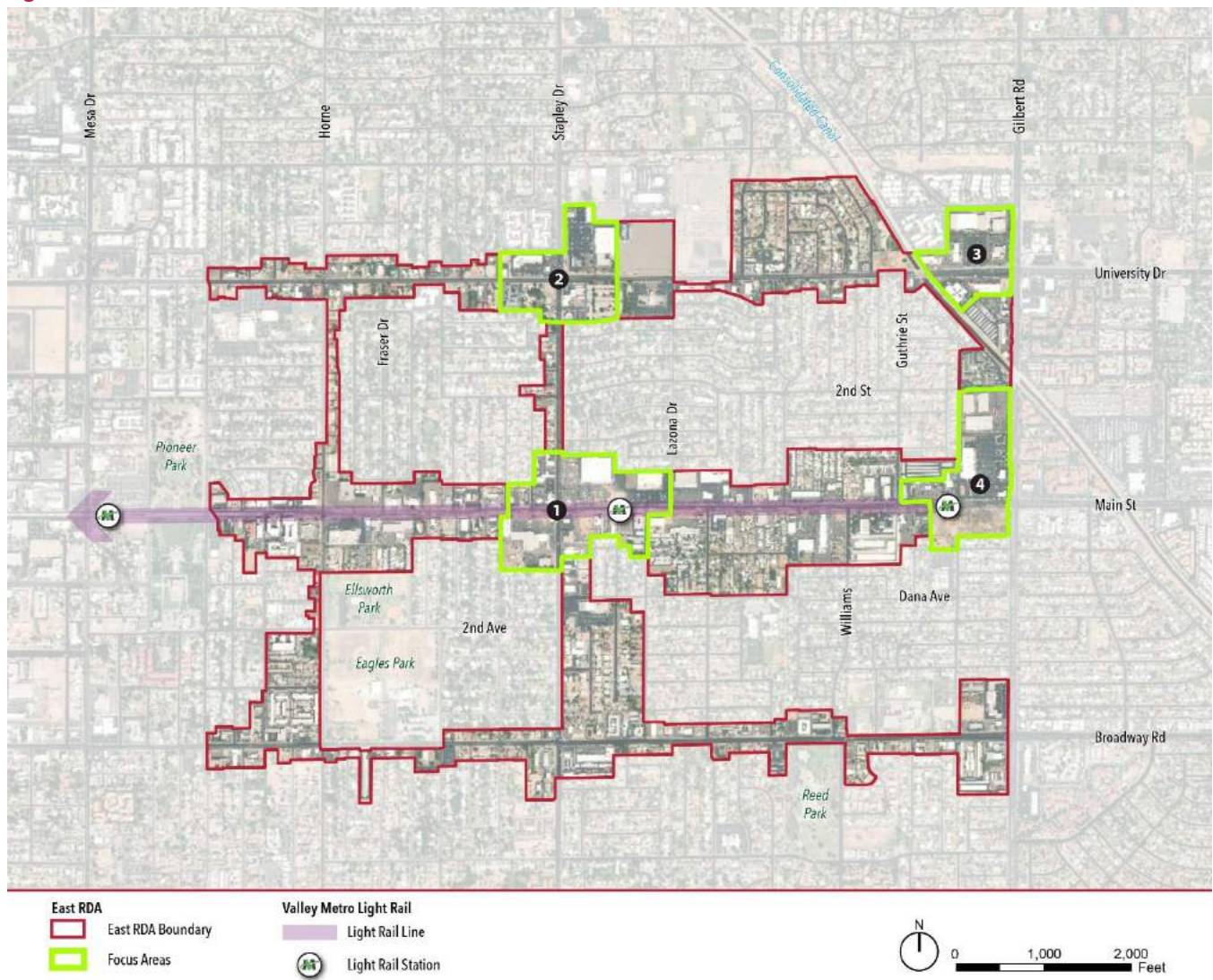
2.3 Conceptual Redevelopment Sites

The East RDA has four focus areas that were identified as areas of significance during the planning process through discussions and feedback between stakeholders, community leaders, and public workshops. These focus areas are:

1. Main Street and Stapley Drive
2. University and Stapley Drive
3. University Drive and Gilbert Road
4. Main Street and Gilbert Road

The boundaries and locations of the four focus areas are illustrated in Figure 2-2.

Figure 2-2 East RDA Focus Areas



Two land use concepts were envisioned for each focus area. Each alternative provides a low density/intensity alternative using traditional land uses (Alternative A), and a higher density/intensity alternative featuring mixed-use options that provide greater flexibility for redevelopment (Alternative B). This approach provides for maximum development flexibility, while still maintaining the community vision. It should be noted that this is not a land use plan, nor does it propose to change the City of Mesa's Future Land Use Map, or the Central Main Plan. However, the concepts demonstrate some densities, intensities, and uses that could be considered for redevelopment. Following are descriptions of each conceptual land use identified for the focus areas:

- ▶ **Residential.** Residential uses include dense single-family homes, duplexes, townhouses, and mid-rise apartments and condominiums.
- ▶ **Commercial.** Commercial uses include a wide array of commercial retail activity, including restaurants, hotels, convenience stores, and commercial services.
- ▶ **Office.** Office uses include flexible structures that can support a variety of office spaces, including professional services and medical facilities.
- ▶ **Commercial Mixed Use.** Commercial Mixed Use includes a mix of commercial and residential land uses, typically with retail stores and restaurants on the ground floor and housing units on the upper floors of the same building.
- ▶ **Office Mixed Use.** Similar to Commercial Mixed Use, Office Mixed Use includes a mix of office and commercial land uses, often with the commercial land uses on the ground floor and office space on the upper floors of the same building.
- ▶ **Employment Mixed Use.** Employment Mixed Use includes large employment centers, such as medical facilities, or institutions, and may also feature commercial uses within the same building, or on the same property. This category does not include residential uses.



Residential



Commercial



Office



Commercial Mixed Use



Office Mixed Use



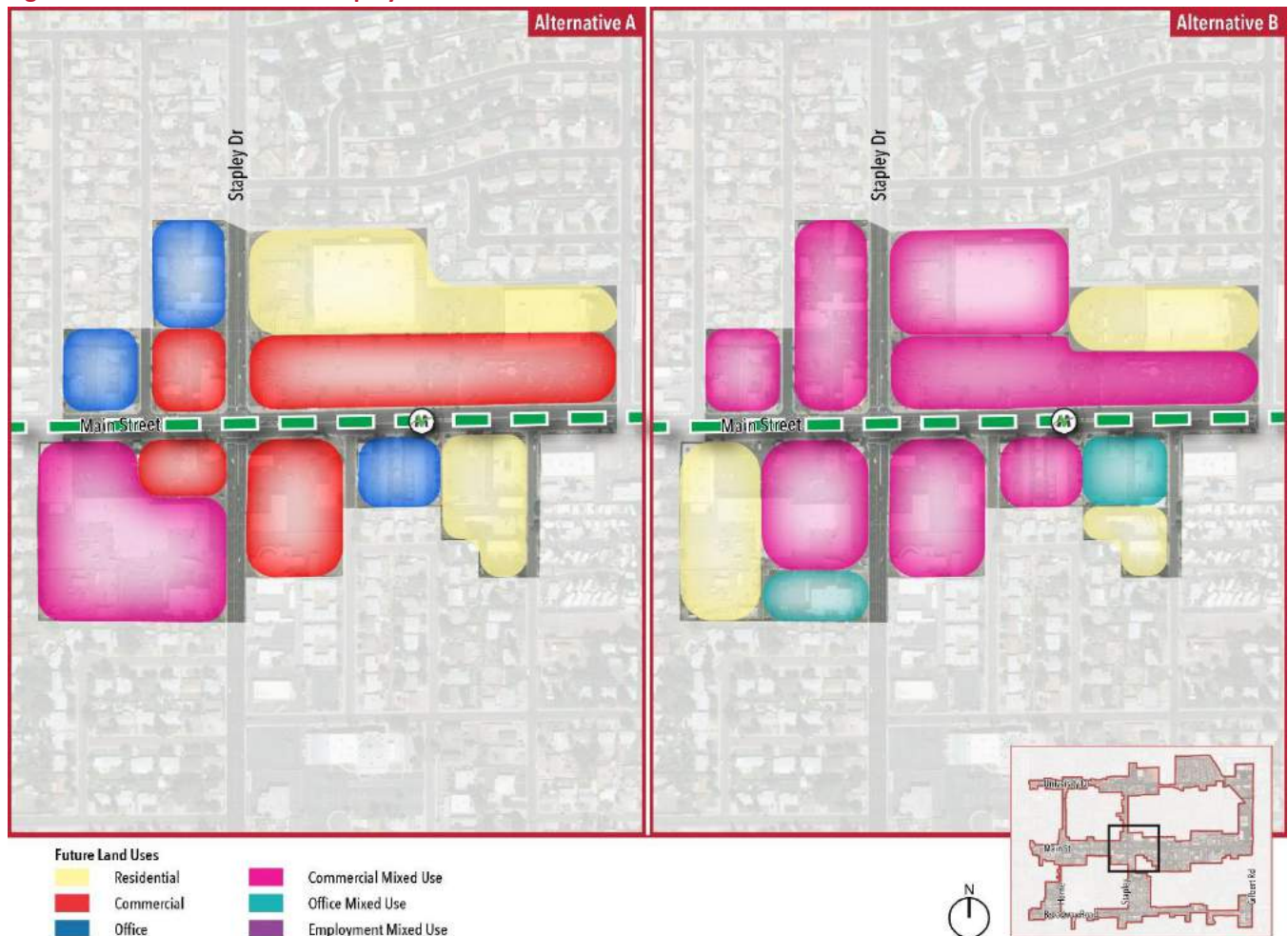
Employment Mixed Use

Main Street and Stapley Drive

This focus area includes properties surrounding the intersection of Main Street and Stapley Drive, as well as the future Valley Metro light rail station. Stapley Drive is a major north-south arterial through Mesa that connects to US Route 60. Main Street connects the East RDA to Downtown, and is currently under construction to expand the Valley Metro light rail to Gilbert Road. Construction is expected to be completed by 2019. This intersection largely consists of older commercial retail and commercial office establishments, including a Food City grocery store. Most of these commercial properties are heavily auto-oriented, with expansive surface parking lots along the street frontage. There is also a large vacant structure, approximately 90,000 square feet, on the northeast corner that is surrounded by a wide area of unused surface parking. Surrounding this focus area are mostly single-family residential homes.

Figure 2-3 illustrates both conceptual land use alternatives for the Main Street and Stapley Drive focus area.

Figure 2-3 Main Street and Stapley Drive Focus Area Alternatives



The future Valley Metro light rail station that is currently being constructed will help jumpstart revitalization efforts in the surrounding area. When complete, the Valley Metro light rail will provide a cost-effective transportation option that over 12.5 million people used in 2017, and connects this focus area to Downtown Mesa, Downtown Tempe, Arizona State University, Sky Harbor International Airport, and Downtown Phoenix. Given these conditions, two conceptual land use alternatives are proposed that capitalize on the proximity to the future Valley Metro light rail station.

The first alternative, Alternative A features commercial and office land uses along Main Street and Stapley Drive to capture the traffic along both roadways, as well as the future Valley Metro light rail station. Residential land uses are located along the periphery to blend with the existing adjacent neighborhoods. Alternative B features commercial mixed-use land uses surrounding the Valley Metro light rail station, which provides greater development flexibility of commercial retail space and residential units in proximity to the transit hub. The increased development flexibility and intensity fosters transit-oriented development, taking full advantage of the future light rail station. Similar to Alternative A, residential uses border along the existing adjacent neighborhoods to create a transition from the higher-intensity development.

University and Stapley Drive

This focus area includes properties surrounding the intersection of University Drive and Stapley Drive. Both roadways are major arterials that connect to regional highways, including the Loop 101 freeway and US Route 60, and provide high daily traffic counts. North of University Drive consists of several strip commercial centers, including an LA Fitness. However, most of the other retail space has remained vacant. South of University Drive includes a Chevron gas station surrounded by several small, dilapidated, unused structures, as well as two apartment complexes along the interior lot. The surrounding area is generally single-family residential neighborhoods, except for the northeast quadrant of this intersection, which is surrounded by government-owned land.

Figure 2-4 features the two conceptual land use alternatives proposed to revitalize the focus area. Alternative A limits commercial uses to the areas closest to the intersection of University Drive and Stapley Drive to capture customers along the high-trafficked roadways and not oversaturate the commercial market. The northwest quadrant of the intersection also features the commercial mixed-use land use for additional development flexibility adjacent to the government-owned land. The remaining area consists of residential uses that blend with the adjacent neighborhoods.

Alternative B redevelops this intersection into a dynamic mixed-use area, anchored by an employment mixed-use district in the northeast quadrant, which is a more appropriate use adjacent to the government-owned land. The northeast quadrant includes the commercial mixed-use district, supporting new residential units and retail opportunities for employees within the employment mixed-use district across Stapley Drive. South of University Drive features the office mixed-use district and residential land uses. The broad range of uses within this focus area support greater development flexibility, allowing market demand to drive revitalization.

Figure 2-4 University and Stapley Drive Focus Area Alternatives



University Drive and Gilbert Road

This focus area is located along University Drive, between Gilbert Road. Both University Drive and Gilbert Road are major arterials that connect to regional highways, including the Loop 101 and 202 freeways and US Route 60, which provides high daily traffic counts and sufficient accessibility. The Consolidated Canal runs along the western edge of this focus area, which contains the regional Sun Circle Trail that connects the East RDA to other major destinations.

Currently, there are two large strip shopping centers both north and south of University Drive that are mostly vacant, and contain blight conditions due to deterioration. Additionally, there are small offices located along the Sun Circle Trail, and an approximately half-acre vacant lot at the southwest corner of University Drive and Gilbert Road. Given these conditions, two conceptual land use alternatives are proposed as shown in Figure 2-5.

Figure 2-5 University Drive and Gilbert Road Focus Area Alternatives



The first alternative, Alternative A features mostly commercial uses, similar to the existing land uses. The commercial mixed-use land use is located over the large commercial center, providing the opportunity for adaptive reuse, residential redevelopment, or both.

Alternative B redevelops the large commercial center north of University Drive as an employment mixed-use district, which is ideal for a large vacant commercial site, and the office mixed-use district along the Sun Circle Trail. The commercial mixed-use district is located south of University Drive to provide a mix of commercial and residential uses that take advantage of the high-trafficked intersection and the regional trail, plus additional housing units and retail opportunities for the employment nodes.

Main Street and Gilbert Road

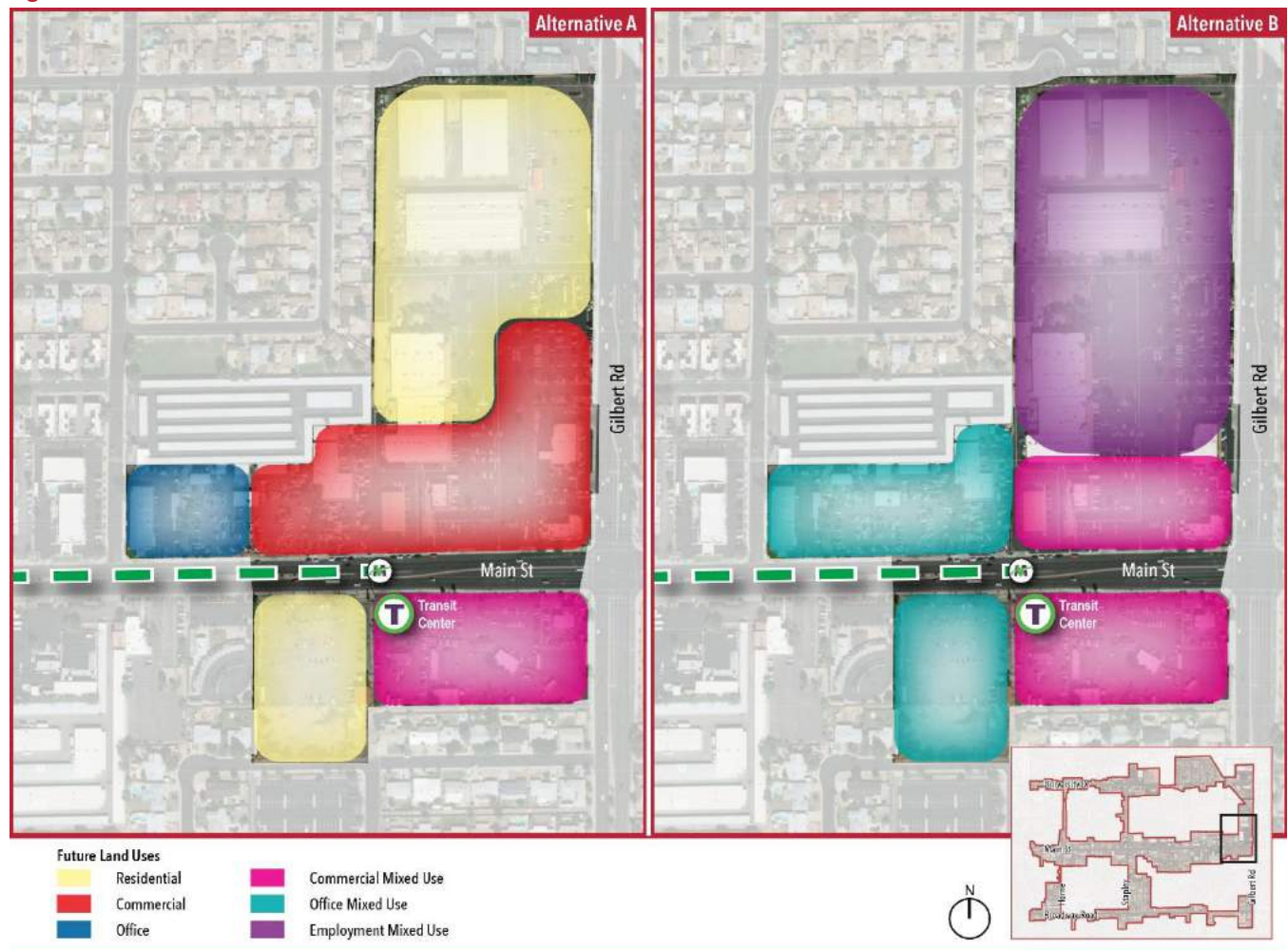
This focus area includes properties along Main Street and west of Gilbert Road, surrounding the future Valley Metro light rail station and transit station. Gilbert Road is a major north-south arterial through Mesa that connects to the Loop 202 Freeway and US Route 60. Main Street connects the East RDA to Downtown, and is currently under construction to expand the Valley Metro light rail to Gilbert Road. Construction is expected to be completed by 2019, and will include a major transit station at the southwest corner of the Main Street and Gilbert Road intersection. When complete, this transit hub will provide a cost-effective local and regional transportation option that connects to Downtown Mesa, Downtown Tempe, Arizona State University, Sky Harbor International Airport, and Downtown Phoenix. Valley Metro, in collaboration with the City of Mesa, is also expecting to extend the light rail line further into Mesa, either east along Main Street, or south along Gilbert Road. However, this future extension is still in the planning phases and no decisions have been made.

As for the existing land uses, the properties along Main Street are mostly auto-centric establishments, including several auto repair shops along the north side of the roadway. South of Main Street includes large underutilized surface parking for used car sales; however, these properties are owned by the City of Mesa for a future transit center. The remaining area is prime for redevelopment. Properties along the west side of Gilbert Road consist of a large commercial strip center, several small retail establishments, and Dave Bang Associates, which is an industrial manufacturing center that produces and distributes outdoor recreation equipment. The surrounding area is residential, with the exception of two large storage facilities. Given these conditions, two conceptual land use alternatives are proposed as displayed in Figure 2-6.

Alternative A capitalizes on the future transit center with the commercial mixed-use district located at the southwest corner of the Main Street and Gilbert Road. The combination of the future transit center, city-owned property, and a major intersection makes this area a prime location for a high-intensity transit-oriented development. Commercial and office uses create the frontage along the north side of Main Street, which are also supported by the future light rail. Residential uses are located adjacent to the existing surrounding neighborhoods, providing a transition from the transit hub.

Alternative B also features the commercial mixed-use district at the southwest corner of the Main Street and Gilbert intersection, since this remains an appropriate, transit-oriented development opportunity. The employment mixed-use district is located along Gilbert Road to take advantage of the regional arterial roadway, and within proximity to the future Valley Metro light rail station. The office-mixed district and residential land uses are located along Main Street to provide additional jobs and residential units within walking distance from the future transit center.

Figure 2-6 Main Street and Gilbert Road Focus Area Alternatives



Hispanic Influences

As referenced previously, the East RDA has been experiencing positive growth in the Hispanic population as well as in Hispanic themed businesses. This influence is not centered in any one location, but instead can be found throughout the road corridors as well as within several neighborhood pockets.

This change can be leveraged to support revitalization efforts, however, there are two steps that must be taken in order to capitalize on this growing influence and turn it into an asset. First, the City should foster a positive collaborative relationship with Hispanic residents through cleanup efforts and community events. This approach will help develop a sense of trust with community members. This sense of trust is important for the success of revitalization efforts; however, just as important and maybe even more critical is to develop a sense of ownership within the Hispanic community.

A sense of ownership can be developed by engaging local neighborhood leaders in revitalization efforts. Additionally, the city can develop and promote local community themed events, recognize positive community assets in the East RDA and establish direct working relationships between City staff, local residents and business owners.

Over time, through these efforts, the growing Hispanic influence can be utilized to generate dynamic growth in the East RDA.

Redevelopment Plan | 3

3.1 Redevelopment Plan

The Redevelopment Plan acts as a guidebook to foster revitalization within the East RDA by expanding on its assets, and providing implementable actions to enhance the overall sense of place and create a thriving, innovative, live-work-play environment. This is accomplished by establishing proactive goals and strategies to encourage new and expanded investment consistent with the Vision Statement, and supported by a funding strategy. These goals and strategies originate from the feedback and issues identified through the public outreach efforts, stakeholder interviews, and committee meetings, as well as the data collected during the Findings of Necessity.

3.2 Issues of Concern

Several issues have been raised after assessing results from the Findings of Necessity, as well as reviewing input and feedback from both stakeholder interviews and public workshops. These issues of concern include code compliance, crime, housing, business attraction and retention, and signage. These issues will be addressed in the redevelopment goals and strategies section of this chapter. Following is a description of each issue of concern.

Code Compliance

Code compliance is one of the major issues facing the East Redevelopment Area, and was one of the primary contributors to blight in the Findings of Necessity. In fact, there are many areas within the East Redevelopment Area that experience 50% more code compliance violations than the city-wide average, most of which is visible from the public realm. Properties that neglect and ignore code compliance issues detract from the surrounding aesthetics, decreasing property values.

Housing

Following the stakeholder interviews and public workshops, there was a clear divide on the topic of housing. Although there is a need and a demand for affordable multi-residence housing within the area, some local residents expressed their preferences for single-family, owner-occupied housing to keep a steady, stable population base. However, properties along arterial corridors are not appropriate for single-residence housing, so multi-residence housing will be the primary option in these areas.

Business Attraction and Retention

The East RDA is home to many locally-owned businesses along the major roadways that connect to, and help support Downtown Mesa. Fostering business attraction and retention will be key to generating economic growth throughout the East RDA.

Signs

Although the City of Mesa recently approved an update to the Sign Ordinance in July 2018, many of the existing commercial signs along major arterials through the East RDA are grandfathered in from the previous major update in 1986. This, combined with a need for stricter code enforcement, has created an incohesive assortment of commercial signs, detracting from the overall aesthetics.

Local Traffic

The East RDA fosters a strong neighborhood character, and is adjacent to the historic neighborhood of Fraser Fields. However, there have been issues with cut-through traffic on local, residential roads that can be safety hazards for local residents and children.

Land Use

The existing land uses at major intersections and surrounding the future Valley Metro light rail stations do not take full advantage of the economic opportunities the high-capacity transportation assets provide. Currently, there are many vacant, underutilized, and auto-oriented land uses surrounding the prime transportation nodes in the East RDA. Fostering high-density, mixed-use redevelopment surrounding major intersections and the future transit stations will help drive revitalization efforts.

3.3 Redevelopment Goals and Strategies

The goals and strategies established for the East Redevelopment Area help resolve the identified issues as stated above. Goals represent an ideal end state of the East Redevelopment Area as reflected in the Vision, and strategies are implementable actions that assist in achieving the associated goal. Each strategy identifies the type, estimated cost, and timeframe for completion.

Types of Strategies include:

- ▶ **Capital Improvement (CI).** Capital Improvement strategies are infrastructure improvement projects and / or other city capital investments.
- ▶ **Program (P).** Program strategies are new, or expanded existing programs, that can be implemented within the East Redevelopment Area to help facilitate redevelopment.
- ▶ **Regulatory (R).** Regulatory strategies include modifications and / or amendments to existing city regulations, plans, guidelines, etc. to encourage redevelopment.
- ▶ **Incentive (I).** Incentive strategies include mutually beneficial partnership opportunities that encourage and attract new investment consistent with the Vision of this plan.
- ▶ **Marketing (M).** Marketing strategies address approaches to promoting the East Redevelopment Area to generate new investment.
- ▶ **Assessment (A).** Assessment strategies include areas and features where additional studies will help better inform redevelopment requirements.

The timeframe for completion is broken into three categories:

- ▶ **Short-term.** 1 to 3 years
- ▶ **Mid-term.** 4 to 7 years
- ▶ **Long-term.** over 8 years

Table 3-1 Redevelopment Goals and Strategies

#	Strategy	Type	Timeframe	Order of Magnitude Cost
G1	Attract new and expanding businesses to the East RDA to help drive redevelopment			
1a	Implement the Government Lease Excise Tax (GPLET) as an incentive for redevelopment throughout the East RDA, with priority in the four focus areas.	I	Short-Term	\$25-\$50K Plan and program identification
1b	Create a focus group of business leaders and stakeholders within the East RDA to identify infrastructure improvements along key corridors, and secure funds for improvements.	CI	Short-Term	\$5K
1c	Organize job and business training classes through a nonprofit community development corporation, featuring financial tips, local assistance programs, and other important information for successful businesses.	P	Short-Term	\$25-\$50K
1d	Gather Hispanic business and community leaders in the East RDA together to identify and establish a Hispanic Cultural District as a destination for future businesses and residents	CI	Short-Term	\$5K
G2	Enhance infrastructure to meet needs of 21st century businesses			
2a	Study water and sewer infrastructure demands and capacities to identify potential deficiencies and areas of improvement to support expanded needs.	A	Mid-Term	\$100-\$150K
2b	Ensure roadways support multimodal transportation, including walking and biking.	CI	Long-Term	\$2M-\$5M
2c	Establish truck routes through the East RDA, restricting trucks travel on Main Street, requiring truck traffic to use Broadway Road and University Drive for east-west travel, and incorporate signage to inform truck drivers.	R	Short-Term	\$50-\$100K
2d	Expand the potential of wireless networks to meet the developing technology needs, including expanding fiber optics connections throughout the East RDA to provide high-speed internet capabilities.	CI	Long-Term	\$10M+

CI – Capital Improvement; P – Program; R – Regulatory; I – Incentive; M – Marketing; A – Assessment

Redevelopment Plan

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#	Strategy	Type	Timeframe	Order of Magnitude Cost
G3	Create an attractive and well-connected District that fosters walkability			
3a	Ensure ADA compliant sidewalks are along all roadways with no obstacles impairing movement.	CI	Long-Term	\$25K-\$50K per location
3b	Consider developing mid-block crossings along segments of major arterials that are over 450 feet in length between signalized street crossings.	CI	Long-Term	\$500K-\$1M per crossing
3c	Create and implement a landscaping program to enhance streetscaping along major arterials creating more aesthetically pleasing streetscapes.	CI, P	Mid-Term	\$100K+ Planning and Design \$500K-\$1M Construction Per mile
3d	Encourage public and private investment into public art.	P	Short-Term	Varies
3e	Create and implement a wayfinding signs plan to help navigate people through Mesa.	CI	Short-Term	\$50K+ Planning and Design \$100K-\$500K Construction Per mile
3f	Encourage and offer assistance to remove old, dilapidated signs along the East Redevelopment Area's major arterials.	CI	Short-Term	\$50K-\$100K
3g	Develop efficient bikeways through the East RDA that connect residents to the Sun Circle Trail, surrounding parks including the future Eagles Park and Community Center, and nearby schools.	CI	Mid-Term	\$50K+ Planning and Design \$50K-\$100K striping Per mile
G4	The East RDA maintains safe and welcoming neighborhoods			
4a	Encourage large developments to incorporate police / security kiosks to help patrol local areas.	CI	Short-Term	\$50K-\$100K
4b	Incorporate Crime Prevention Through Environmental Design (CPTED) standards for both public and private redevelopment in the East Redevelopment Area.	R	Long-Term	\$10K for standards update

CI – Capital Improvement; P – Program; R – Regulatory; I – Incentive; M – Marketing; A – Assessment

#	Strategy	Type	Timeframe	Order of Magnitude Cost
4c	Implement a community crime prevention program through education and close communication with residents to help keep their neighborhoods safe.	P	Short-Term	\$50K per yr. per ½ FTE
4d	Increase security near the future Valley Metro light rail stations.	CI	Short-Term	\$150K+ per yr. per 1 FTE
4e	Hire bilingual / multilingual police officers fluent in Spanish to patrol the East RDA.	CI	Short-Term	\$150K+ per yr. per 1 FTE
4f	Place speed humps and other traffic-calming measures along local streets in residential neighborhoods to reduce speeds and cut-through traffic.	CI	Mid-Term	\$10K-\$50K per location
4g	Coordinate with Hispanic business and community leaders to hold regular events at Eagles Park and Community Center that reflect the Hispanic heritage in the area.	P	Short-Term	\$50K per yr. per ½ FTE
G5	Create a robust live-work-play environment surrounding the future Valley Metro light rail stations through mixed-use redevelopment			
5a	Consider developing a transit-oriented development program for the areas surrounding the future Valley Metro light rail stations that illustrates, identifies, and targets an appropriate mix of land uses and amenities to capitalize on the economic opportunities the stations provide.	M	Mid-Term	\$100K-\$150K for study and plan
5b	Support the redevelopment of obsolete sites surrounding Valley Metro Light Rail stations to incorporate a mix of uses, including residential, commercial, and employment by expediting development reviews and reduced permitting fees on a case-by-case basis.	I	Short-Term	\$100K hard and soft costs per site
5c	Establish an incentive program to encourage property owners to strategically consolidate lots to help foster urban mixed-use redevelopment, with priority given to properties within a quarter mile of Valley Metro Light Rail stations.	I	Short-Term	\$100K hard and soft costs per site

CI – Capital Improvement; P – Program; R – Regulatory; I – Incentive; M – Marketing; A – Assessment

Redevelopment Plan

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#	Strategy	Type	Timeframe	Order of Magnitude Cost
G6	The new Valley Metro Light Rail station at Stapley Drive and Main Street supports a transit-oriented, five-minute neighborhood			
6a	Market the city-owned properties at the northeast portion of the Stapley Drive and Main Street intersection as an affordable, large-lot property to developers that meet the City's vision for the property.	M	Short-Term	\$10K
6b	Stipulate a mix of commercial and residential uses upon the transfer of city-owned property within the Main Street and Stapley Drive Focus Area.	R	Short-Term	No cost
6c	Connect new redevelopment within the Main Street and Stapley Drive Focus Area to the Fraser Fields Historic District, as well as other adjacent neighborhoods through an off-street bike and pedestrian route.	CI	Long-Term	\$50K
G7	Obtain over 90% code compliance for all properties within the East RDA			
7a	Expand and execute the Neighborhood Cleanup program throughout the East RDA. Break the Redevelopment Area into sections to incrementally implement the Neighborhood Cleanup program systematically.	P	Short-Term	\$50K per yr. per ½ FTE \$50K per cleanup event
7b	Collaborate with existing volunteer groups and establish a united approach to a volunteer program that assists property owners in need to fix-up properties and meet code compliance.	P	Short-Term	\$10K
7c	Offer demolition assistance for properties that contain slum-like, or excessive blight conditions, as well as properties in strategic locations within the East RDA.	I	Mid-Term	\$50K-\$100K
7d	Actively promote site cleanup and the removal of dilapidated and / or abandoned structures through close coordination with property owners and community leaders.	P	Short-Term	\$10K
7e	Implement a beautification program with city investment along the Main Street Corridor.	CI, P	Long-Term	\$50K

CI – Capital Improvement; P – Program; R – Regulatory; I – Incentive; M – Marketing; A – Assessment

#	Strategy	Type	Timeframe	Order of Magnitude Cost
7f	Establish a façade improvement program, providing financial assistance to property owners who are seeking to improve and enhance the aesthetics of their property.	CI, P	Mid-Term	\$500K-\$1M per yr. for citywide program
G8	Increase homeownership rates			
8a	Encourage a wide range of housing opportunities for all ages and income levels, including move-up housing and multigenerational housing through a mix of housing types and sizes for housing redevelopments.	R	Long-Term	No cost
8b	Offer educational homeownership classes, featuring maintenance, financial tips, and other important information for first-time homeowners.	P	Short-Term	\$50K
8c	Provide information on Accessory Dwelling Unit (ADU), which can be rented and contribute to homeowner costs.	R	Short-Term	\$5K

CI – Capital Improvement; P – Program; R – Regulatory; I – Incentive; M – Marketing; A – Assessment

3.4 Funding Strategies

Implementing redevelopment over a large area, such as the East Redevelopment Area, is likely to require a substantial capital investment. As discussed in the financial analysis, the four Focus Areas within the East RDA could generate more than \$71 million in investment in new and upgraded facilities. Across the entire East RDA, investment of more than \$420 million in new and upgraded facilities could be needed.

While some of these facility upgrades and expansions could be funded through direct investment of the property owners, some owners may require some form of financial incentive to encourage redevelopment. In addition, the City of Mesa may determine that some level of public investment is desirable to spur redevelopment in targeted areas. This investment by the City could be in the form of utility upgrades; public amenities such as parks, sidewalks or traffic improvements; or through development partnerships that utilize city-owned land.

This section provides an overview of some of the programs that could be used to help promote and encourage redevelopment. This section is intended to provide an overview of a selection of available programs that could be considered by the City, and is not meant to be an exhaustive list of all available programs.

Redevelopment Financing Opportunities

In general, financing incentives for redevelopment are typically focused on local and state programs, such as improvement districts, zoning/density incentives, investment funds, economic development investments and public financing (bonds).

Opportunity Zones

One important Federal program that has recently been used to induce redevelopment activity is the Opportunity Zone program. The Opportunity Zone program allows investment in approved Census Tracts to receive preferential tax treatment. In general, Opportunity Zones are low income Census Tracts. Specific Census Tracts are nominated by the Governor of each state, and certified by the U.S. Treasury Department.

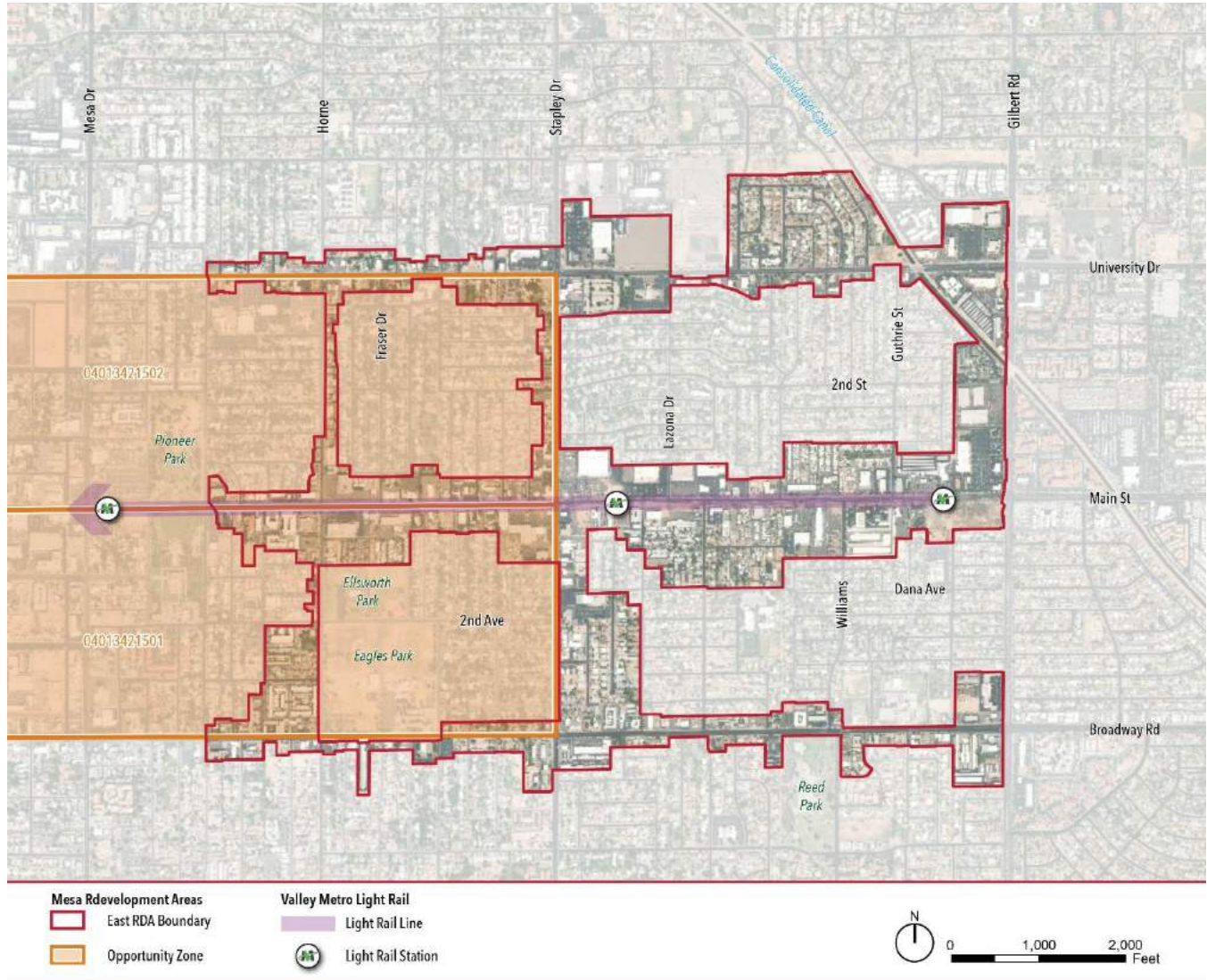
Opportunity Zone Funds are private sector investment entities that invest at least 90% of their capital into the Opportunity Zones. The City of Mesa contains 11 Census Tracts that are approved Opportunity Zones, two of which include properties within the East RDA—04013421501 and 04013421502—as depicted in Figure 3-1.

Opportunity Zones offer substantial benefits to investors in the form of three separate tax breaks:

- ▶ Deferral of taxes on gains from investment properties sold in 2018 to 2026;
- ▶ A 15% reduction on those gains when they are ultimately taxed in 2026; and
- ▶ Tax free growth on Opportunity Zone investments (through approved Opportunity Zone funds) for investments held at least ten years.

The net results for investors vary by state, but in general, after-tax returns are projected to be more than 30% higher using Opportunity Zone investments when compared to a more traditional investment.

Figure 3-1 Opportunity Zones



New Markets Tax Credit

Another commonly used Federal program is the New Markets Tax Credit (NMTC). The NMTC was established in 2000 to encourage investment in low income communities. The program has allocated more than \$20 billion in tax credits since 2003. This program was set to expire in 2014, but Congress agreed to extend the expiration date to 2019.

Essentially, Community Development Entities (CDEs) make loans or investments in low income communities. CDEs apply to the U.S. Treasury to receive tax credit authority, and then sell these tax credits to investors. The fund received from investors are used by CDEs to make equity investments in projects, or to provide debt financing (loans). CDEs can use these funds to support qualified low income businesses with funding for equipment, operations or real estate.

Arizona Special Taxing Districts

Title 48 of the Arizona Revised Statutes authorizes a variety of special taxing districts. Specifically, Chapter 4 of Title 48 authorizes Municipal Improvement Districts for:

- ▶ Article 1. Opening, Widening and Closing Public Ways;
- ▶ Article 2. General Public Improvements and Improvement Bonds;
- ▶ Article 3. General Improvement Fund and Investment Bonds;
- ▶ Article 4. Refunding Municipal Improvement Districts Bonds for Savings;
- ▶ Article 5. Street and Highway Improvement Bonds; and
- ▶ Article 6. Community Facilities Districts.

Among the taxing districts that could be used to support redevelopment are Articles 2, 3 and 6.

Article 2. General Public Improvements and Improvement Bonds

This Article can be used to widen or pave streets; construct or repair conduit; construct or repair sidewalks, railroads, manholes, culverts, parking, curbs, gutters, and pipes; construct or repair sewers, drains and collection systems for sanitary and drainage purposes; construct or repair waterworks, ditches, channels and associated systems for carrying stormwater or water; construction or repair of lighting, plants, poles, wires, conduits, lamps or standards; grading, paving or other improvements to off-street parking and related entrances; and to construct, acquire or improve a wastewater treatment facility, drinking water facility or nonpoint source project.

Article 3. General Improvement Fund and Investment Bonds

Article 3 allows municipalities to incur bonded indebtedness to fund a “general improvement fund”.

Article 6. Community Facilities Districts

The Article allows for the creation of specific districts to be created within specific geographic areas for specific purposes, with the opportunity to fund improvements through the levy of taxes to pay the cost of improvements and their operation and maintenance by those properties within the District. Formation of a District requires the governing body to adopt a resolution authorizing formation of the District, and a vote of owners of land within the proposed District.

Districts have broad powers to implement public infrastructure improvements. Districts are able to:

- ▶ Enter into contracts and expend monies for any public infrastructure purpose with respect to the district;

- ▶ Enter into intergovernmental agreements for the planning, design, inspection, ownership, control, maintenance, operation or repair of public infrastructure or the provision of enhanced municipal services by the municipality in the district;
- ▶ Sell, lease or otherwise dispose of district property if the sale, lease or conveyance is not a violation of the terms of any contract or bond resolution of the district;
- ▶ Reimburse the municipality for providing enhanced municipal services in the district;
- ▶ Operate, maintain and repair public infrastructure;
- ▶ Establish, charge and collect user fees, rates or charges for the use of any public infrastructure or service;
- ▶ Employ staff, counsel and consultants;
- ▶ Reimburse the municipality or county for staff and consultant services and support facilities supplied by the municipality or county;
- ▶ Accept gifts or grants and incur and repay loans for any public infrastructure purpose;
- ▶ Enter into agreements with landowners and the municipality or county for the collection of fees and charges from landowners for public infrastructure purposes, the advance of monies by landowners for public infrastructure purposes or the granting of real property by the landowner for public infrastructure purposes;
- ▶ By resolution, levy and assess the costs of any public infrastructure purpose on any land benefited in the district;
- ▶ Pay the financial, legal and administrative costs of the district;
- ▶ Enter into contracts, agreements and trust indentures to obtain credit enhancement or liquidity support for its bonds and process the issuance, registration, transfer and payment of its bonds and the disbursement and investment of proceeds of the bonds;
- ▶ With the consent of the governing body of the municipality or county which formed the district, enter into agreements with persons outside of the district to provide services to persons and property outside of the district; and
- ▶ Use public easements and rights-of-way in or across public property, roadways, highways, streets or other thoroughfares and other public easements and rights-of-way, whether in or out of the geographical limits of the district, the municipality or the county.

Districts are authorized to provide specific public infrastructure improvements within their designated boundaries. Public infrastructure improvements include:

- ▶ Sanitary sewage systems, including collection, transport, storage, treatment, dispersal, effluent use and discharge.

- ▶ Drainage and flood control systems, including collection, transport, diversion, storage, detention, retention, dispersal, use and discharge.
- ▶ Water systems for domestic, industrial, irrigation, municipal or fire protection purposes, including production, collection, storage, treatment, transport, delivery, connection and dispersal, but not including facilities for agricultural irrigation purposes unless for the repair or replacement of existing facilities when required by other improvements permitted by this article.
- ▶ Highways, streets, roadways and parking facilities, including all areas for vehicular use for travel, ingress, egress and parking.
- ▶ Areas for pedestrian, equestrian, bicycle or other nonmotor vehicle use for travel, ingress, egress and parking.
- ▶ Pedestrian malls, parks, recreational facilities other than stadiums, and open space areas for the use of members of the public for entertainment, assembly and recreation.
- ▶ Landscaping, including earthworks, structures, lakes and other water features, plants, trees and related water delivery systems.
- ▶ Public buildings, public safety facilities and fire protection facilities.
- ▶ Lighting systems.
- ▶ Traffic control systems and devices, including signals, controls, markings and signage.
- ▶ Equipment, vehicles, furnishings and other personnel related to the items listed in this paragraph.

Under 48-715, District public infrastructure projects require a feasibility study and benefits analysis. A public hearing is required within sixty (60) days after receipt of the report.

Funding for District projects may be generated through user fees for services, or through the levy of an incremental ad valorem tax on property within the District.

The powers of a Community Improvement District are essentially identical to the powers of a Revitalization District (Arizona Revised Statutes Title 48, Chapter 39). A Revitalization District has similar capabilities in terms of constructing or upgrading infrastructure systems, and can generate revenues through user fees and ad valorem taxes.

As an example, the total estimated valuation of all parcels in the East RDA is \$297 million, while the total assessed valuation for all properties in the East RDA is \$42 million. Blighted properties account for 46% of all assessed valuation in the East RDA (\$19.4 million). The properties in the East RDA represent less than 10% of the City's total assessed value of \$4.0 billion, according to the Maricopa County Assessor's 2017 Levy Limit Worksheet.

If a Revenue Bond was issued for the entire East RDA, the existing tax base (\$42 million) could support bonding of approximately \$650,000 for each mill of tax allocated to debt service, assuming 30-year bonds at an annual interest rate of 5%. Thus, an allocation of ten mills would support a bond of approximately \$6.5 million.

Government Property Lease Excise Tax Program (GPLET)

One of Arizona's available redevelopment tools is the GPLET program. The goal of the program is to help reduce the operating cost of a redevelopment project by replacing the real property tax with an excise tax. The program can be used for up to twenty five years, but requires that the land and buildings be transferred to a government entity and leased back for private use.

GPLET excise taxes are computed on a per square foot basis, and are based on the property use type. Table 3-2 provides the 2018 Tax Year GPLET rates, as published by the Arizona Department of Commerce.

Table 3-2 2018 GPLET Rates by Property Type

GPLET RATES	
Property Type	Rate/SF
One Story Office Structure	\$ 2.18
Two to Seven Story Office Structure	\$ 2.51
Eight or More Story Office Structure	\$ 3.38
Retail Structure	\$ 2.74
Hotel/Motel Structure	\$ 2.18
Warehouse/Industrial Structure	\$ 1.47
Rental Residential Structure	\$ 0.83
All Others	\$ 2.18
Parking (per parking space)	\$ 217.94

It is important to recognize that the excise tax can be abated for the first eight years after receipt of a certificate of occupancy for projects within a Redevelopment Area, such as the East RDA.



EAST

Appendix | A

Blight Study Findings

Please see next page.



EAST

Redevelopment Area Study

Findings of Necessity

August 2017



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Redevelopment Area Study

Findings of Necessity • August 2017

For more information contact:

City of Mesa Office of Economic Development • 480-644-2398

Visit the Website at www.MesaAZ.gov/RDA





Redevelopment Area Study

Findings of Necessity

Presented to:
City of Mesa, Arizona

Presented by:
Matrix Design Group

August 2017

Please see next page



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1. Executive Summary

EAST

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Introduction

The purpose of this report is to demonstrate a finding of necessity to determine the need for establishing a Redevelopment Area (RDA) per Arizona Revised Statutes (ARS) §36-1471 et seq. This statute provides local governments the authority to designate RDAs to revitalize blighted areas within a city. Blight includes visual conditions, as well as non-visual conditions, such as platting, title issues, and crime. This report assesses and details the extent of blight within the proposed East Mesa Redevelopment Area (RDA).

A Finding of Necessity, as outlined in ARS §36-1473, is a required first step that a municipality must approve and adopt prior to establishing an RDA. Therefore, this information is provided as evidence to the Mesa City Council that the study area contains a predominance of blight.

Arizona Revised Statutes §36-1471 defines the meaning of “blighted area” as:

An area, other than a slum area, where sound municipal growth and the provision of housing accommodations is substantially retarded or arrested in a predominance of the properties by any of the following: a dominance of defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility or usefulness; unsanitary or unsafe conditions; deterioration of site or other improvements; diversity of ownership; tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; improper or obsolete subdivision platting; and the existence of conditions that endanger life or property by fire and other causes.

Each property within the proposed East Mesa RDA was visually assessed during an on-site field survey for the following blight factors:

- Unsanitary or unsafe conditions
- Deterioration of site or other improvements
- Conditions that endanger life or property
- Obsolete subdivision platting
- Inadequate street layout
- Faulty lot layout

This data was then validated through an aerial survey using a combination of the 2017 aerial imagery provided on the Maricopa County’s Assessor’s website and Google Maps. Other blight conditions that were also assessed were code compliance violations and incidents of crime from 2012 to 2016.

Conclusion

The following summary shows that a substantial number of blight conditions exist in the East Mesa RDA. There were 684 out of 1,196 parcels, or 57.2%, that were identified to have at least one blight factor, as well as 51.5% of the total acreage was determined to be blighted. The most common blight factor throughout the East Mesa RDA was deterioration of site, which represented 31.9% of all parcels. Other major blight factors include unsanitary or unsafe conditions (22.8% of all parcels), and improper or obsolete subdivision platting (15.6% of all parcels).

It is in the opinion of Matrix Design Group that the Mesa City Council could make a finding of blight in the East Mesa RDA study area. Establishing the East Mesa RDA is in the residents' interest of public health, safety, morals and welfare.

2. Overview and Purpose

EAST

Please see next page

Introduction

In order to determine the need for redevelopment, it is important to understand how blight is defined, where it may be occurring, and what impact it has on the surrounding community. This section includes definitions of blight, as provided by the Arizona Revised Statutes (ARS), as well as descriptions of the methodology used to assess and analyze blight conditions within the East Mesa RDA.

Arizona Revised Statutes §36-1471 et seq.

Arizona Revised Statutes (ARS) Title 36 provides local governments the authority to designate Redevelopment Areas (RDA) to revitalize blighted areas. RDAs are designated by a city council in locations that are in need of revitalization due to a predominance of blight. The relevant sections pertaining to blight are provided below in order of application.

A Finding of Necessity, as outlined in ARS §36-1473, is a required first step a municipality must approve and adopt prior to establishing an RDA. The report assesses and details the scope and extent of blight within a defined study area. This information is provided as evidence to a city council that the study area contains a predominance of blight.

Arizona Revised Statutes §36-1473 requires municipalities to conduct and adopt a Findings of Necessity study prior to creating an RDA. This ARS states:

- A. *A municipality shall not exercise any of the powers conferred on municipalities by this article until its local governing body adopts a resolution by a two-thirds vote finding both of the following:*
 - 1. *One or more slum or blighted areas exist in the municipality.*
 - 2. *The redevelopment of that area or areas is necessary in the interest of the public health, safety, morals or welfare of the residents of the municipality.*

Arizona Revised Statutes §36-1471 defines the meaning of “blighted area” as:

An area, other than a slum area, where sound municipal growth and the provision of housing accommodations is substantially retarded or arrested in a predominance of the properties by any of the following: a dominance of defective or inadequate street layout; faulty lot layout in relation to size, adequacy, accessibility or usefulness; unsanitary or unsafe conditions; deterioration of site or other

improvements; diversity of ownership; tax or special assessment delinquency exceeding the fair value of the land; defective or unusual conditions of title; improper or obsolete subdivision platting; and the existence of conditions that endanger life or property by fire and other causes.

There are nine blight factors indicated by Arizona Revised Statute §36-1471. These factors are:

- **Dominance of defective or inadequate street layout** includes street layouts and roadways that are incapable or inadequate at handling traffic flow. Conditions include inaccessible parcels and / or confusing or unsafe traffic patterns.
- **Faulty lot layout** includes parcels that are either inadequate in size and / or shape, or properties that are inefficient in supporting appropriate use of land.
- **Unsanitary or unsafe conditions** include environments that may be harmful to human health and safety. Conditions include uncontrolled solid waste, evidence of homelessness, excessive animal droppings, and storage of items with little or no economic value other than salvage.
- **Deterioration of site or other improvements** includes physical property conditions that detract from the overall appearance. Conditions include general deterioration from age and weathering, unmaintained property, and major repairs unattended.
- **Diversity of ownership** includes buildings that are split between two or more parcels with different property owners, making it difficult to redevelop structures.
- **Obsolete subdivision platting** includes areas that are poorly subdivided, making proper development difficult. Conditions include unproductive and / or inaccessible parcels.
- **Conditions that endanger life or property** include properties that contain conditions that pose threats to life or properties by fire, contamination, or other causes. Conditions include vacant buildings, excessive junk, blocked entrances, code violations, structural damage, and higher than normal crime rates.
- **Tax or special assessment delinquency exceeding the fair value of the land*** includes any financial burdens linked to the property.
- **Defective or unusual conditions of title*** include any conditions granted in a title that may make the property unmarketable or difficult to redevelop.

Seven of these nine blight factors were used to assess blight in the East Mesa RDA. The “*” indicates the two blight factors that were not assessed. As documented later in this report, conditions exist for the Mesa City Council to make a finding of blight in the East Mesa RDA Study Area without a review of the two blight factors referenced above.

Arizona Revised Statutes §36-1472 grants a local government the authority to declare a redevelopment area due to the predominance of blight based on five existing conditions. This ARS states:

1. *That there exist in municipalities of the state slum or blighted areas which constitute a serious and growing menace, injurious and inimical to the public health, safety, morals and welfare of the residents of the state.*
2. *That the existence of these areas contributes substantially and increasingly to the spread of disease and crime, necessitating excessive and disproportionate expenditures of public funds for the preservation of the public health and safety, for crime prevention, correction, prosecution, punishment and the treatment of juvenile delinquency and for the maintenance of adequate police, fire and accident protection and other public services and facilities, constitutes an economic and social liability, substantially impairs or arrests the sound growth of municipalities and retards the provision of housing accommodations.*
3. *That this menace is beyond remedy and control solely by regulatory process in the exercise of the police power and cannot be dealt with effectively by the ordinary operations of private enterprise without the aids provided by this article.*
4. *That the acquisition of property for the purpose of eliminating the conditions or preventing recurrence of these conditions in the area, the removal of structures and improvement of sites, the disposition of the property for redevelopment and any assistance which may be given by any public body in connection with these activities are public uses and purposes for which public money may be expended and the power of eminent domain exercised.*
5. *That the necessity in the public interest for the provisions of this article is declared as a matter of legislative determination.*

Arizona Revised Statutes §36-1474 grants a local government the authority to undergo redevelopment planning. This ARS states:

- A. *Every municipality shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this article, including the following powers in addition to others granted by this article:*
 1. *To prepare or cause to be prepared redevelopment plans and to undertake and carry out redevelopment projects within its area of operation.*

City of Mesa City Code Title 8 Chapter 6

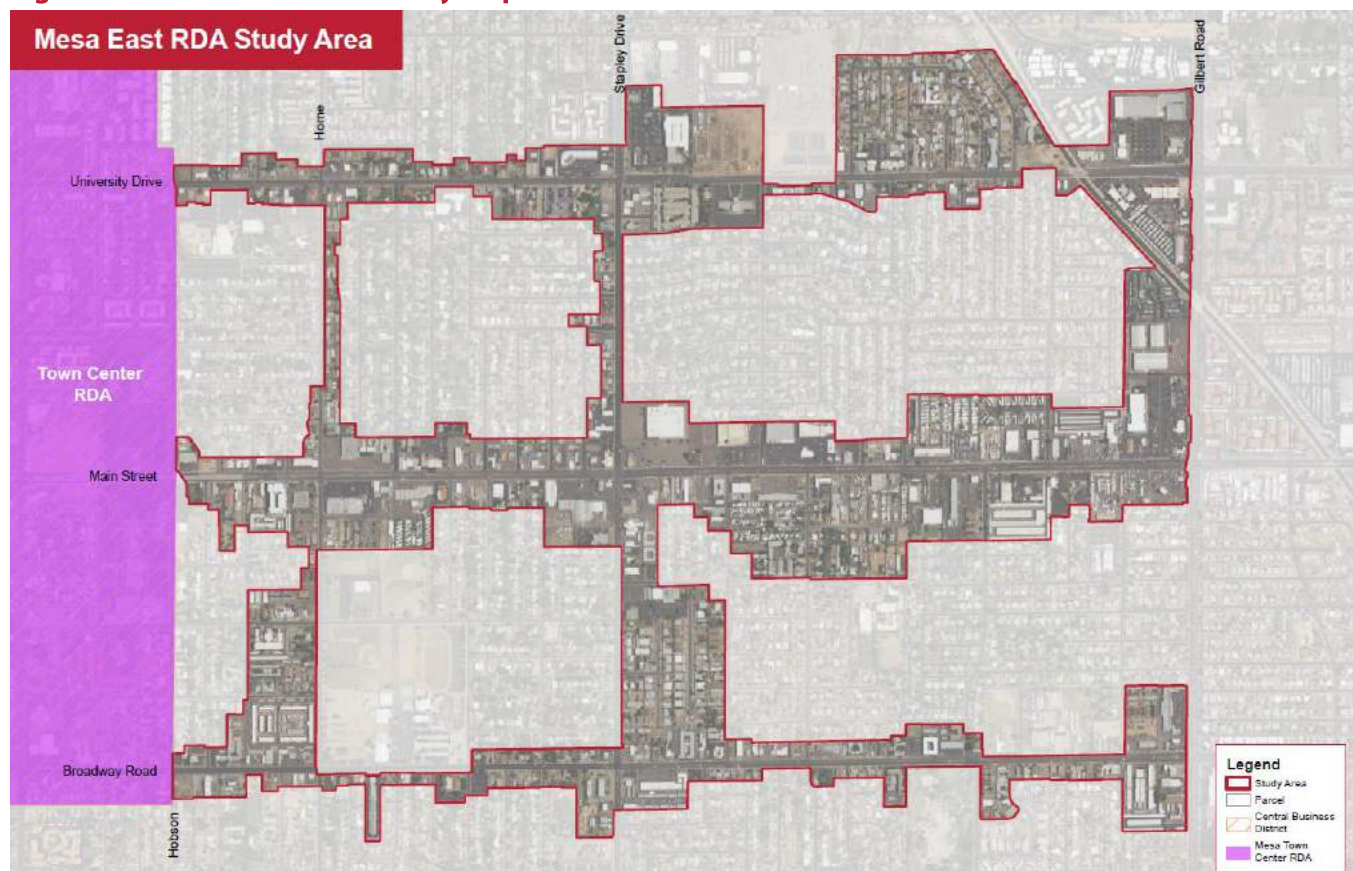
Blight is defined in Title 8 Chapter 6 of Mesa's City Code as:

- B. *"Unightly conditions including the accumulation of litter or debris; buildings or structures exhibiting holes, breaks, rot, crumbling, cracking, peeling or rusting materials; general damage to the integrity of the construction of a building or structure; uncontrolled growth of landscaping exhibited by lack of maintenance, untended damage to plant and landscape materials, the continued presence of dead or decaying plants; and any similar conditions of disrepair and deterioration regardless of the condition of other properties in the vicinity or neighborhood."*

Background

The proposed East Redevelopment Area (RDA) is adjacent to the eastern edge of Mesa's existing Town Center RDA, and extends eastward to Gilbert Road, comprising approximately 449 acres. The area generally includes properties along the east / west corridors of E University Drive, E Main Street, and E Broadway Road, and the north / south corridors of Horne Road, Stapley Drive, and Gilbert Road. Figure 2-1 displays the proposed East Mesa RDA's boundary.

Figure 2-1. East RDA Boundary Map



Methodology

The process of surveying and assessing the proposed East Mesa Redevelopment Area was programmatically divided into steps to thoroughly analyze blight conditions for this Findings of Necessity.

The East Mesa RDA boundary was established based on the future light rail extension along the Main Street corridor, and was extended along the major arterials that intersect with the proposed light rail stops. The RDA boundary also captures the commercial corridors of E. University Drive and E. Broadway Road.

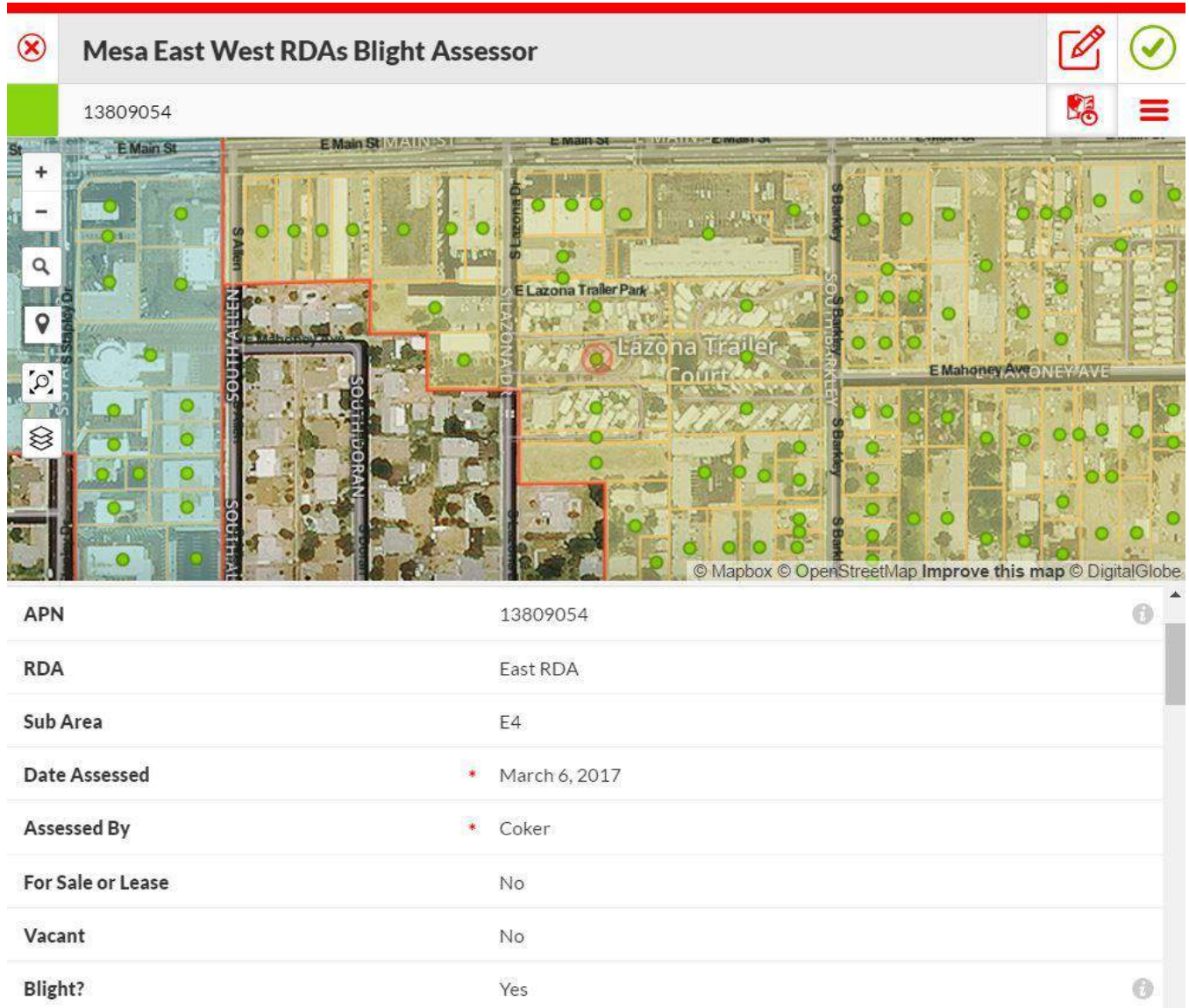
An initial cursory aerial survey was completed within the proposed East Mesa RDA boundary to identify areas of concern prior to conducting a detailed on-site field survey. The Maricopa County Assessor's website contains an interactive mapping tool with 2017 aerial imagery and parcel data. These web-based tools were used to analyze the East Mesa RDA study area as a precursor and preliminary guide for an on-site field survey.

The East Mesa RDA study area was divided into eight subareas in order to help expedite organizing a field survey and to help locate blight issues.

The field survey team used a mobile data collection application called Fulcrum (www.fulcrumapp.com) to assist with data collection. To further prepare for and facilitate a field survey, parcel data from the Maricopa County Assessor's Office was isolated to the Study Area and then uploaded to Fulcrum. This data was then able to be accessed and edited while on-site.

An on-site field survey was conducted between March 6 and March 10, 2017. The field survey was organized and completed systematically by subarea. Each member of the survey team was assigned to a subarea, in which the survey team member assessed each parcel visually for blight conditions, captured a picture of the property, and recorded their assessment in the Fulcrum application (Figure 2-2). If the parcel was identified as containing one or more conditions of blight, the surveyor recorded the property as blighted with a description and photograph of the blight condition. This process was continued until each parcel was assessed.

Figure 2-2. Fulcrum App Example





Sample photos taken during the on-site field survey

Once all of the parcels in the East Mesa RDA were visually analyzed following the on-site field survey, each parcel's blight assessment was validated through an aerial survey using a combination of the 2017 aerial imagery provided on the Maricopa County's Assessor's website (as shown in Figure 2-3) and Google Maps. This aerial survey also provided the potential to analyze portions of parcels that were inaccessible from an on-site field survey. Results were recorded in Fulcrum in the same manner as the on-site field survey.

Figure 2-3. Screenshot of Maricopa County's Assessor's Website



Upon completion of the field and aerial visual surveys, the information that was recorded in Fulcrum was exported to a geodatabase. After running checks for errors or omissions and correcting any issues, this data was then mapped in ESRI's ArcGIS ArcMap to assess the East Mesa RDA as a whole and to calculate the scope of blight in the area. Blight was measured initially in two forms: 1) a simple raw parcel count of blighted versus non-blighted parcels and 2) adding up the assessor-provided square footage of the blighted parcels versus non-blighted parcels. After the field and aerial surveys were completed, the assessment examined crime and code compliance violations, which are two other indicators of blight.

Crime data for the census tracts that intersect the East Mesa RDA was obtained for the years 2012 through 2016. This data was paired with American Community Survey population data pulled from the US Census Bureau's website for the same timeframe to calculate crime rates in terms of crimes per 1,000 people. The same was done for the City of Mesa as a whole to compare the two geographies.

Code compliance violations were analyzed in addition to crime. Code compliance violations were provided for the years 2012 through 2016. Similar to crime rates, code compliance violations were paired with American Community Survey population data pulled from the US Census Bureau's website to calculate code compliance violations per 1,000 people. The same was done for the City of Mesa as a whole to compare the two geographies.

Following are brief descriptions of each subarea's existing conditions. A detailed review of each parcel is included in the Appendix.

Subarea E1

Subarea E1 is primarily located along E. University Drive. This subarea contains a variety of uses including residential, retail, and office. Much of the retail and office development in this subarea is located directly along E. University Drive, shielding single-family residences sited further back from traffic noise. Much of the retail and office buildings are small in scale and in some cases are homes that have been converted into businesses. The exception to this is the large-scale retail developments located on the northwest and northeast corners of E. University Drive and N. Stapley Drive.

Subarea E2

Subarea E2 is located in the northeast portion of the East Mesa RDA Study Area. A majority of the properties are residential uses, with commercial properties and small offices running along E. University Drive. There are no large development properties such as large box retail stores, hospitals, major transportation hubs, supermarkets, or modern shopping centers that have the potential to anchor healthy economic development in the area.

Subarea E3

Subarea E3 is located mainly along the E. Main Street and N. Gilbert Road corridors. A majority of properties within this subarea are commercial use, with some trailer parks, townhomes / condos, and apartment complexes. There are no large development properties that have the potential to anchor healthy economic development in the area, although there are some medium sized retail buildings at the northwest corner of Gilbert Road and Main Street and some further retail available at the west end of the Subarea near Lazona Drive that may benefit from the future light rail stop in Subarea E4.

Subarea E4

Subarea E4 is located mainly along the E. Main Street Corridor. A majority of properties within this subarea are commercial use, with some residential areas located north and south of the main corridor. Major construction is currently underway along E. Main Street to connect the existing light rail west of the subarea from Mesa Drive to Gilbert Road. This Valley Metro/City of Mesa project is known as the Gilbert Road Light Rail Extension and should be a boon to local economic development along the Main Street Corridor.

Subarea E5

Subarea E5 is located at the intersection of E. Main Street and N. Horne Road, with parcels extending along the east side of N. Horne Road north towards E. University Drive. This subarea contains mostly commercial and multifamily uses. Single-family homes generally surround this subarea, but are not included in the study.

This subarea is nearest to the final light rail station, following the completion of the recent infrastructure extension. This extension likely spurred new construction of high-density multifamily residential near the final

light rail stop at the intersection of E. Main Street and S. Ashland and may be an indication of future redevelopment to come.

Subarea E6

Subarea E6 runs along E. Broadway Road from Stapley Drive on the east end to S. Hobson on the west end, and along S. Horne from 1st Avenue on the north to E. Broadway Road on the south. The area is centered on Lowell Elementary school, although it doesn't include the school. The area along S. Horne north of E. Broadway Road is entirely residential with several apartment complexes and an assisted living community providing moderate residential density to the area. The area west of S. Horne along E. Broadway Road is almost entirely small commercial properties, while the area east of S. Horne along E. Broadway has a few scattered commercial properties mixed in with residential houses. There are no major commercial development properties in the area to act as development anchors.

Subarea E7

Subarea E4 is located mainly along S. Stapley Drive, starting on the south side of E. Main Street and continuing south to just north of E. Broadway Road. There are some commercial properties on the north end along E Main Street, while the southern two-thirds of the subarea are primarily residential properties. Both sides of S. Allen and S. Doran are mostly small apartment buildings, with the exception of the Mesa Church of Christ property sited between S. Stapley Drive and S. Doran Road. The commercial area near E. Main Street and S. Stapley Drive features some medium-sized retail stores, one big-box retail store, and numerous small retail stores. This commercial area has relatively few vacancies. The businesses here could be a good economic anchor for any plan towards revitalizing this area.

Major construction is currently underway along E. Main Street to connect the existing light rail west of the subarea from Mesa Street to Gilbert Road. This Valley Metro/City of Mesa project is known as the Gilbert Road Light Rail Extension and should be a boon to local economic development along the Main Street Corridor.

Subarea E8

Subarea E8 is located along the E. Broadway Road Corridor. The uses in this subarea are commercial with residential mixed throughout. There is no one main large development that is or has the potential to anchor economic development in the area. Instead, there are commercial businesses along E. Broadway Road, most of which are located on the western side of the subarea with some commercial uses interspersed between apartment complexes and homes along the eastern portion of the subarea.

3. Demographics

EAST

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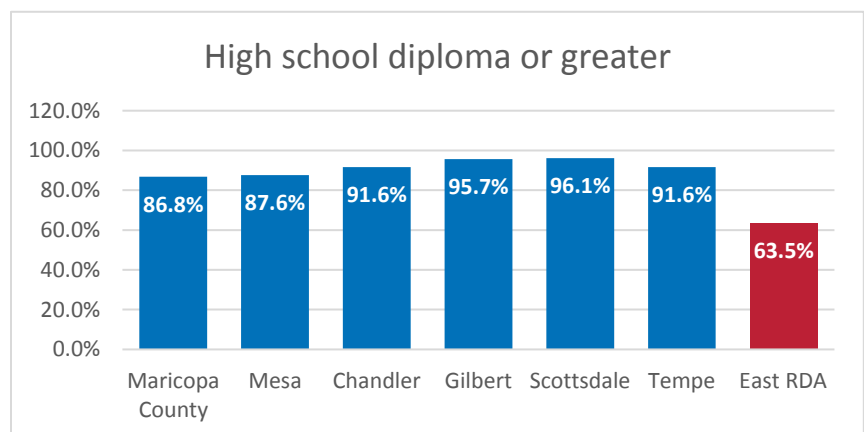
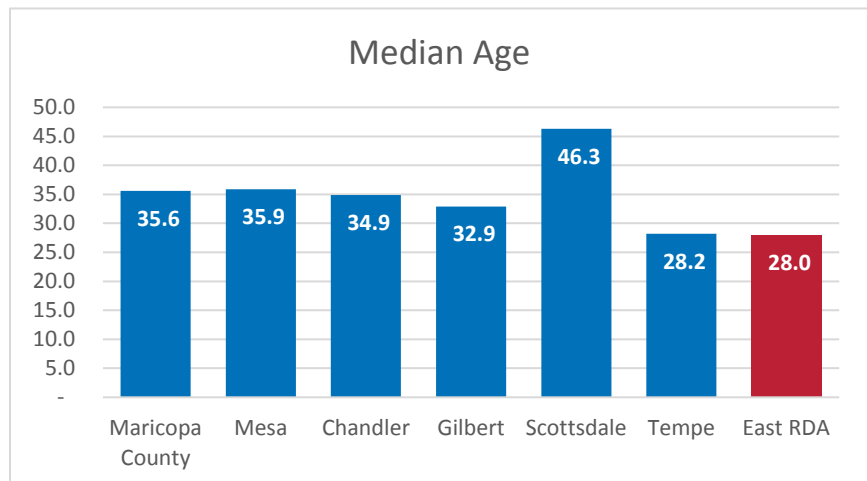
Demographics

The East RDA's demographic information was compared against the City of Mesa and several other similar, nearby cities to understand how the proposed East RDA is positioned within the City of Mesa and other comparable communities¹. The other communities are:

- Maricopa County
- City of Chandler
- Town of Gilbert
- City of Scottsdale
- City of Tempe

The total population within the proposed East RDA was approximately 7,358 in 2016. The population within the proposed East Mesa RDA is relatively young, with a median age of 28 years. This is several years younger compared to the median age throughout the City of Mesa, which is 35.9 years. The East Mesa RDA in fact has a younger population than the City of Tempe, which has a large population of students that attend Arizona State University.

The educational attainment within the proposed East Mesa RDA is relatively low. Only 63.5% of the



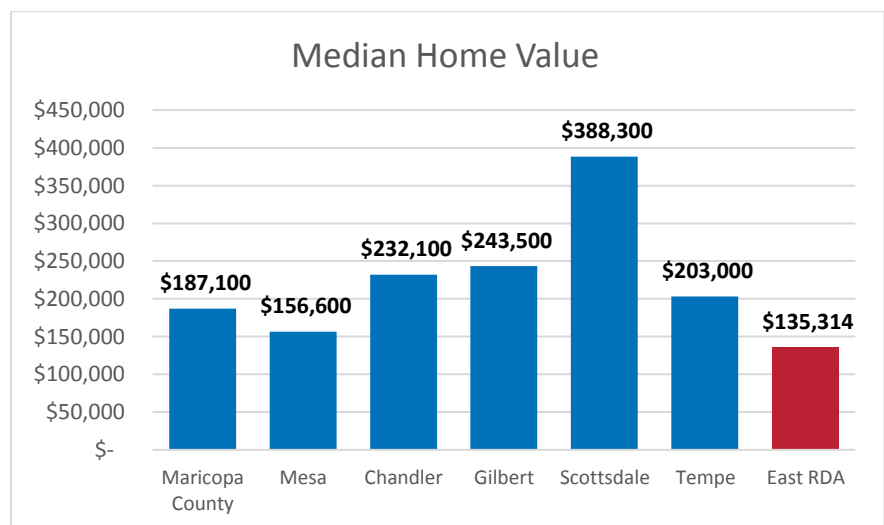
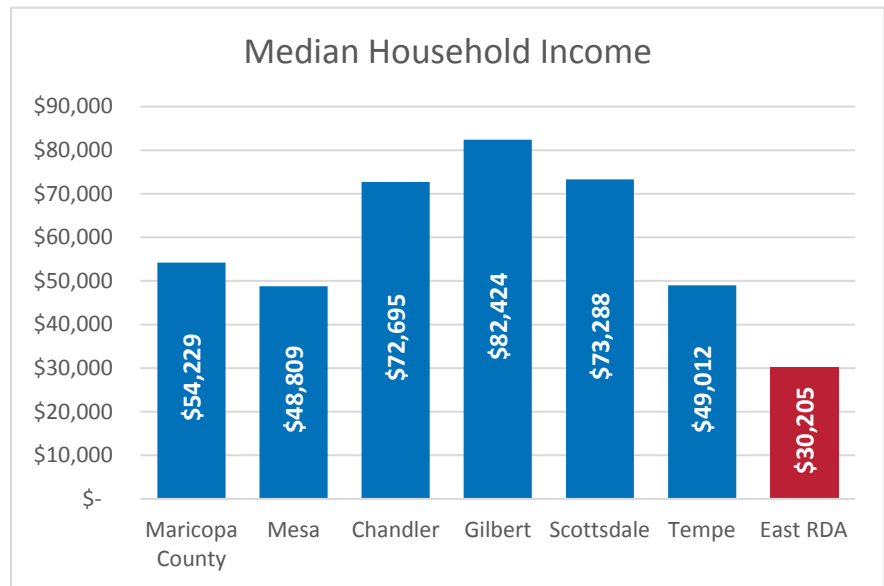
¹ Data provided by the City of Mesa from ESRI Community Analyst. ESRI Community Analyst uses US Census Bureau 2010 Census data to forecast 2016 demographics. Demographic information for Maricopa County and the communities of Mesa, Chandler, Gilbert, Scottsdale, and Tempe was obtained from the most recent American Community Survey results in 2015.

adult population (25 years of age and over) has a high school diploma or equivalent. This is nearly 25% less than the City of Mesa as a whole.

Median household income within the proposed East Mesa RDA was \$30,205 in 2016, which is less than half of many of the regional counterparts, including the Town of Gilbert (\$82,424), the City of Scottsdale (\$73,288), and the City of Chandler (\$72,695). The East Mesa RDA's median household income is also \$18,000 less than, or 38% less than the City of Mesa as a whole.

Furthermore, according to ESRI Community Analysis 2021, the proposed East Mesa RDA is projected to only slightly increase its median household income to \$30,679 by 2021—an increase of only \$474 (1.5%) in a five-year span. The City of Mesa as a whole is expected to increase its median household income to \$54,811 by 2021—an increase of over \$6,000 (12.3%) in a five-year span. This shows the proposed East Mesa RDA is not only several thousand dollars less than that of its regional counterparts, but the economic climate is also relatively stagnant compared to the City of Mesa as a whole.

The median home value within the proposed East Mesa RDA is \$135,314, which is 27.7% less than the county-wide average of \$187,100 and 13.6% lower than the city-wide average of \$156,600.



Infrastructure

The major east and west arterial streets that travel through the proposed East Mesa RDA are E University Drive, E Main Street, and E Broadway Road. The major north and south arterial streets are Horne Street, Stapley Drive, and Gilbert Road.

The Valley Metro bus system has five routes that traverse the proposed East Mesa RDA. These bus routes are:

- Route 30: University
- Route 40: Apache / Main Street
- Route 45: Broadway
- Route 128: Stapley
- Route 136: Gilbert Road

Although the Valley Metro light rail line does not currently travel through the East Mesa RDA, the system is being extended along E Main Street to Gilbert Road. This project is expected to be completed in 2018, and includes two new light rail stations, one at Stapley Drive and one at Gilbert Road.

The Consolidated Canal flows through a small area in the northeast portion of the East Mesa RDA. The Sun Circle Trail runs along the north / east edge of the canal, providing the only trail within the proposed RDA.

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4. Determination of Blight

EAST

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Introduction

Seven of the following nine blight factors were used to assess the East Mesa RDA and establish a determination of blight per ARS requirements (the "*" indicates the blight factor was not assessed as part of this study). As documented later in this report, conditions exist for the Mesa City Council to make a finding of blight in the East Mesa RDA Study Area without a review of the two blight factors referenced below.

1. A dominance of defective or inadequate street layout
2. Faulty lot layout in relation to size, adequacy, accessibility or usefulness
3. Unsanitary or unsafe conditions
4. Deterioration of site or other improvements
5. Diversity of ownership
6. Improper or obsolete subdivision platting
7. The existence of conditions that endanger life or property by fire or other causes (including crime)
8. Tax or special assessment delinquency exceeding the fair value of the land*
9. Defective or unusual conditions of title*

As described in Section 2 of this document, each parcel within the proposed East Mesa RDA was visually assessed for each of the seven blight factors. Based on this assessment, the following blight conditions were observed:

- 684 out of 1,196 parcels, or 57.2% have at least one blight factor
- 51.5% of the total area is determined to be blighted
- 24.2% of parcels and 25.0% of the total area were identified as containing more than one blight factor

Table 4-1 summarizes the number of parcels exhibiting one or more blight conditions in the proposed East Mesa RDA.

Table 4-1. Number of Blight Factors per Parcel

Number of Factors	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
0	512	42.8%	217.7	48.5%
1	394	32.9%	118.8	26.5%
2	202	16.9%	80.1	17.8%
3	52	4.3%	17.3	3.9%
4	27	2.3%	9.9	2.2%
5 or more	9	0.8%	4.8	1.1%
Parcels with at least 1 Blight Factor	684	57.2%	231.0	51.5%

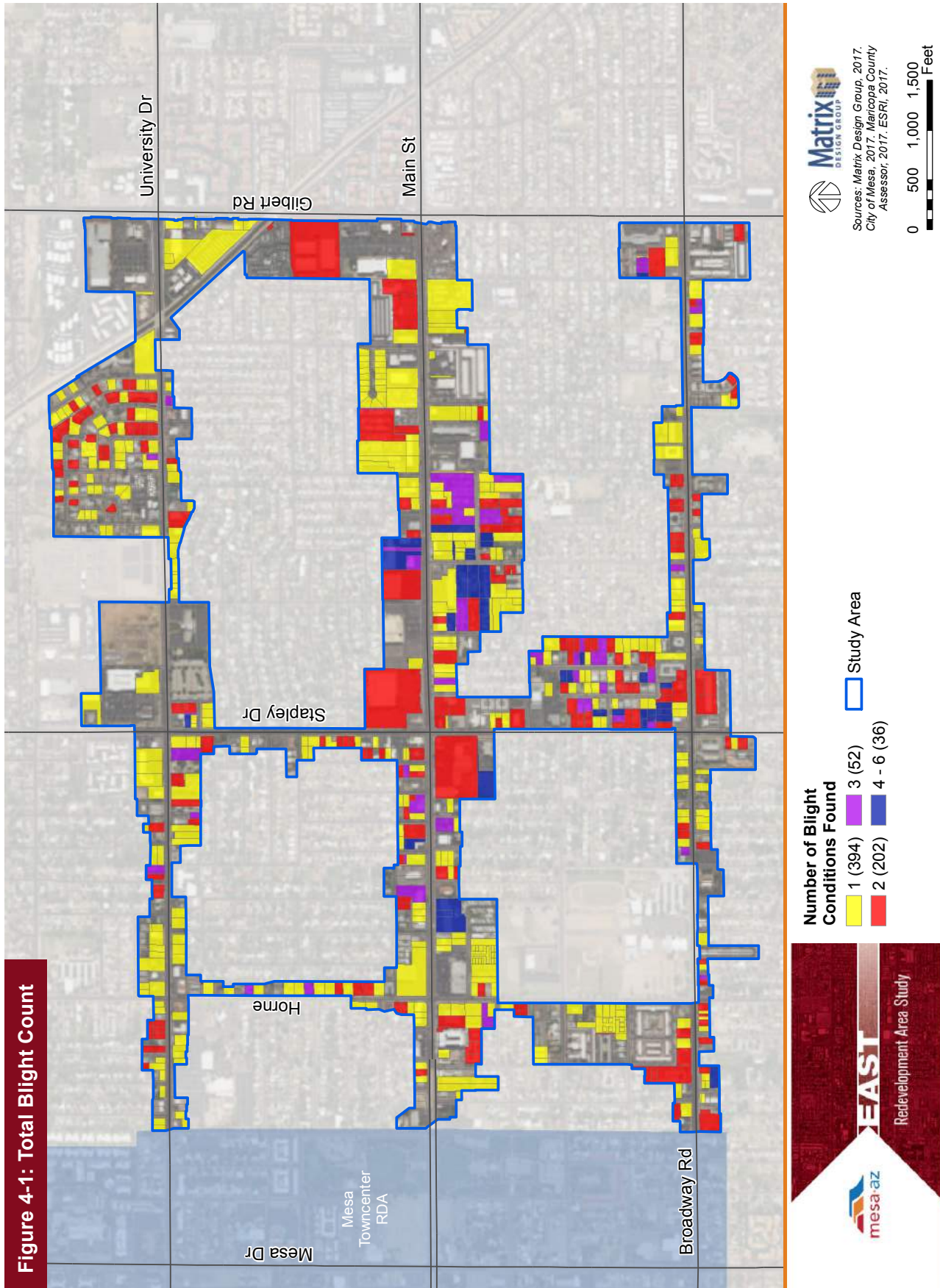
To further analyze the blighted parcels, Table 4-2 indicates the type of blight factor affecting each blighted parcel. As noted below, deterioration of site was the most common blight factor representing 31.9% of all parcels. Other major blight factors include unsanitary or unsafe conditions (22.8% of all parcels), and improper or obsolete subdivision platting (15.6% of all parcels).

Table 4-2. Number of Blighted Parcels by Blight Factor

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
1. Dominance of defective or inadequate street layout	40	3.3%	11.0	2.5%
2. Faulty lot layout	153	12.8%	51.3	11.4%
3. Unsanitary or unsafe conditions	273	22.8%	85.6	19.1%
4. Deterioration of site	381	31.9%	154.3	34.4%
5. Diversity of ownership	13	1.1%	7.0	1.6%
6. Improper or obsolete subdivision platting	187	15.6%	61.0	13.6%
7. Conditions that endanger life or property	39	3.3%	14.9	3.3%
<i>Crime rate twice city average</i>	0	0.0%	0.0	0.0%
8. Tax or special assessment delinquency*	Not Assessed			
9. Defective or unusual conditions of title*	Not Assessed			

*Not a part of this blight study

Figure 4-1 displays the total amount of blight assessed within the East Mesa RDA.

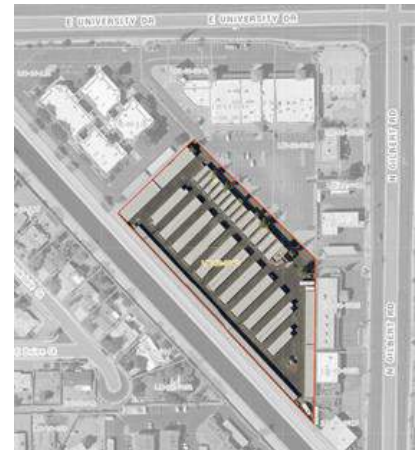


1. Dominance of Defective or Inadequate Street Layout

Dominance of defective or inadequate street layout includes street layouts and roadways that are incapable or inadequate at handling traffic flow. Parcels were determined to be blighted if they contained the following indicators:

- Inaccessible from a public street
- Along confusing or unsafe roadways

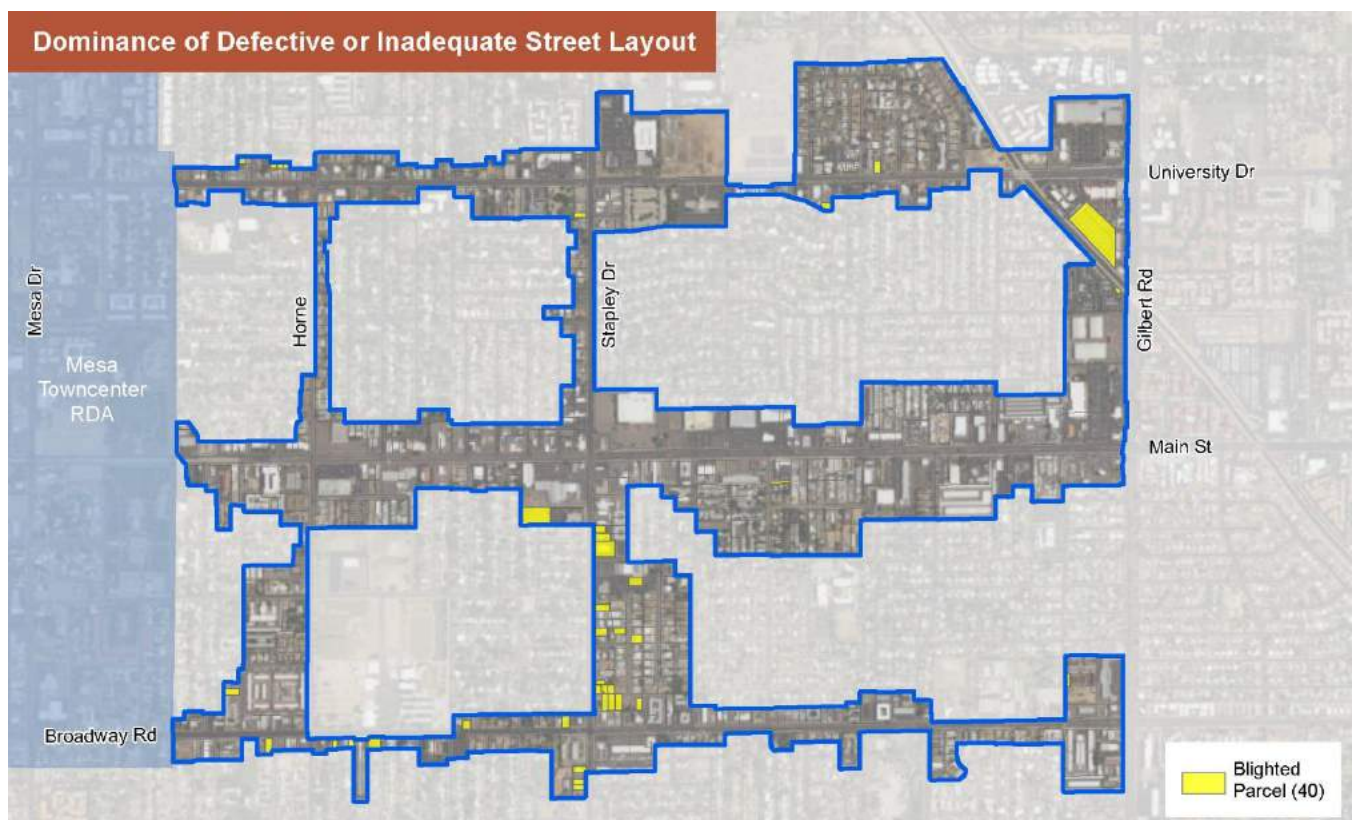
The East Mesa RDA contains 3.3% of parcels and 2.5% of acres that were determined to be blighted due to a dominance of defective or inadequate street layout.



Parcel does not have any direct access to a public roadway.

Table 4-3.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
1. Dominance of defective or inadequate street layout	40	3.3%	11.0	2.5%



2. Faulty Lot Layout

Faulty lot layout includes parcels that are either inadequate in size and/or shape, or properties that are inefficient in supporting appropriate use of land. Parcels were determined to be blighted if they contained the following indicators:

- Parcel size was inadequate to meet needs of use
- Property was difficult to maneuver and / or poorly planned

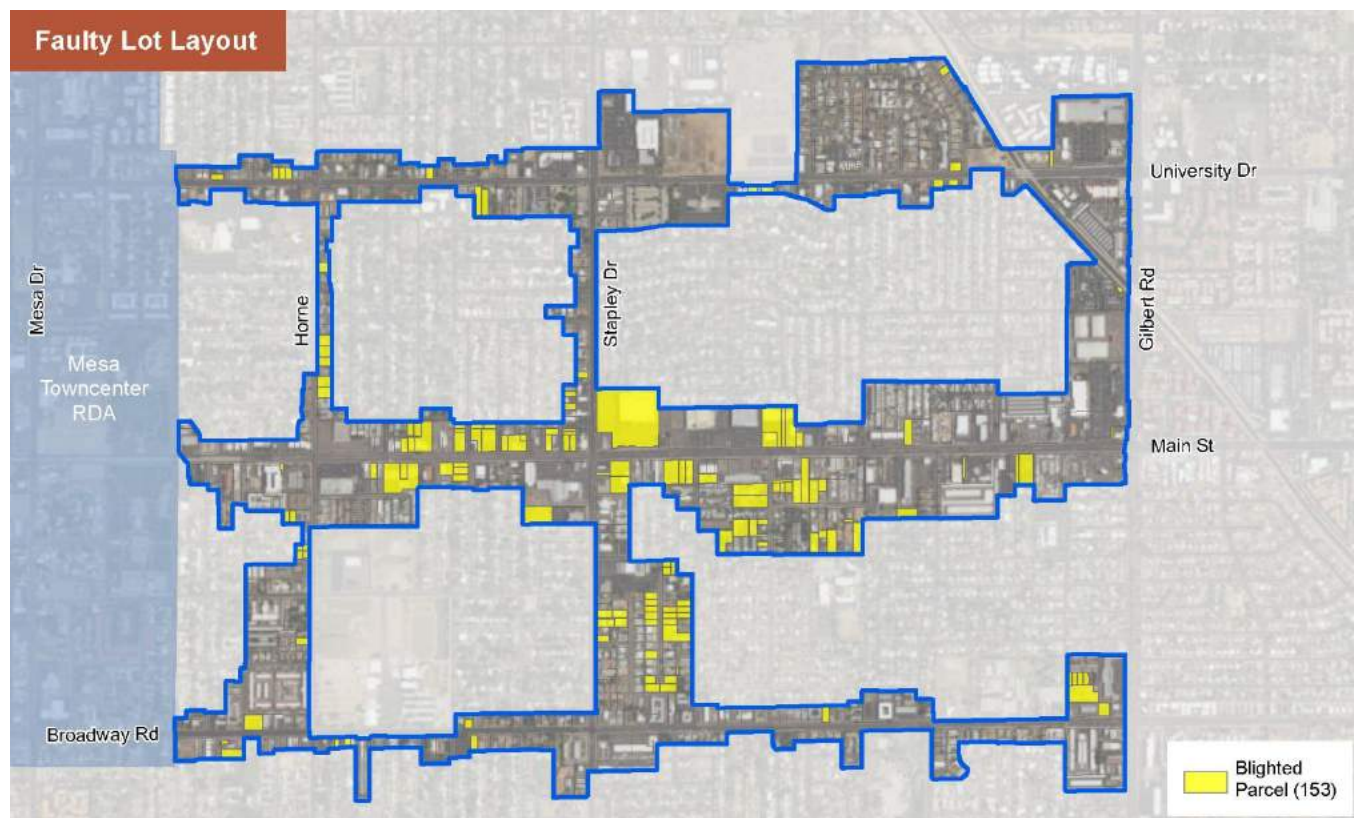
The East Mesa RDA contains 12.8% of parcels and 11.4% of acres that were determined to be blighted due to a faulty lot layout.



Parcel does not have adequate space for parking, and does not have access to a public roadway.

Table 4-4.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
2. Faulty lot layout	153	12.8%	51.3	11.4%



3. Unsanitary or Unsafe Conditions

Unsanitary or unsafe conditions includes environments that may be harmful to human health and safety. Parcels were determined to be blighted if they contained the following indicators:

- Uncontrolled solid waste
- Evidence of homelessness
- Excessive animal droppings

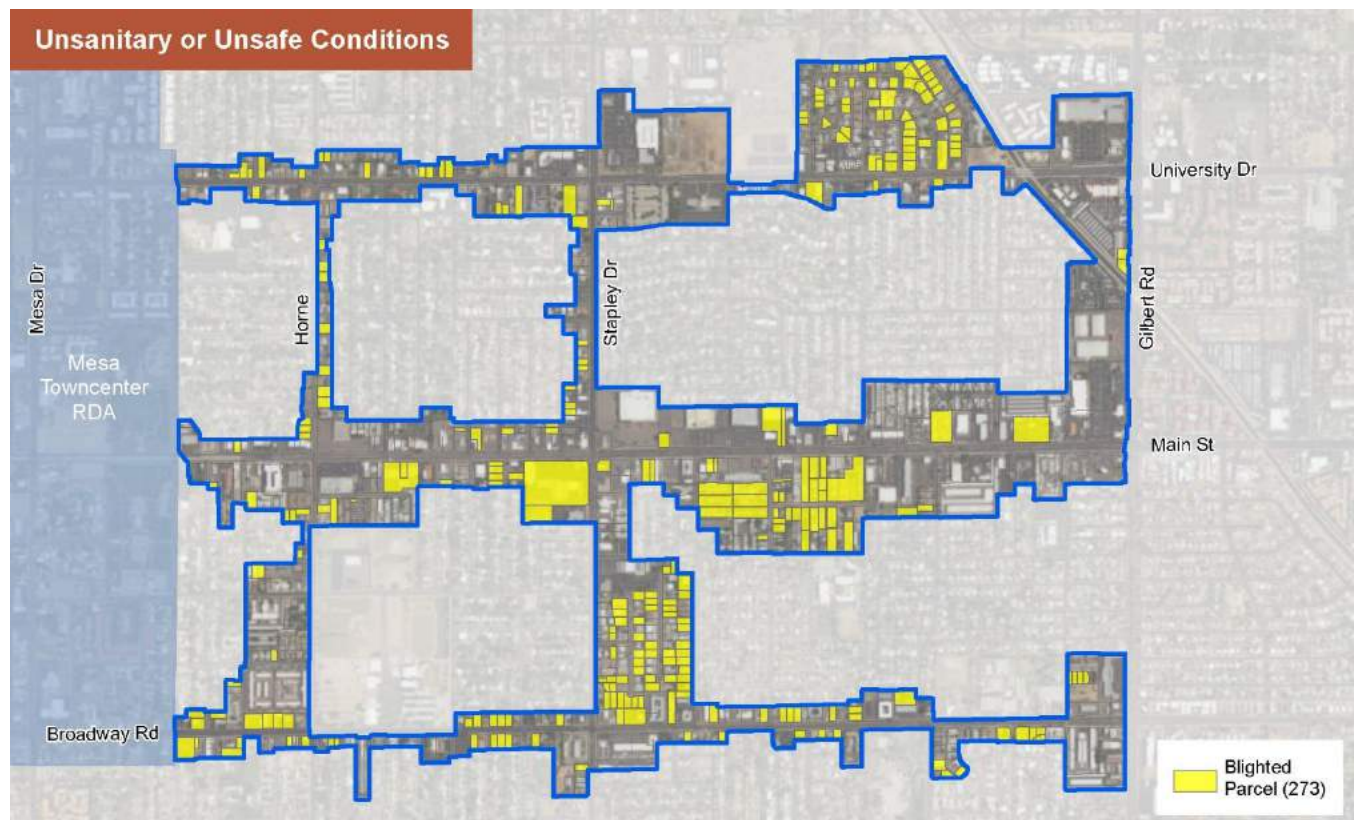
The East Mesa RDA contains 22.8% of parcels and 19.1% of acres that were determined to be blighted due to unsanitary or unsafe conditions.



Property has excessive, uncontrolled solid waste stored outdoors along the street.

Table 4-5.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
3. Unsanitary or unsafe conditions	273	22.8%	85.6	19.1%



4. Deterioration of Site or Other Improvements

Deterioration of site or other improvements includes physical property conditions that detract from the overall appearance. Parcels were determined to be blighted if they contained the following indicators:

- General deterioration from age and weathering
- Unmaintained property
- Major repairs unattended
- Broken windows

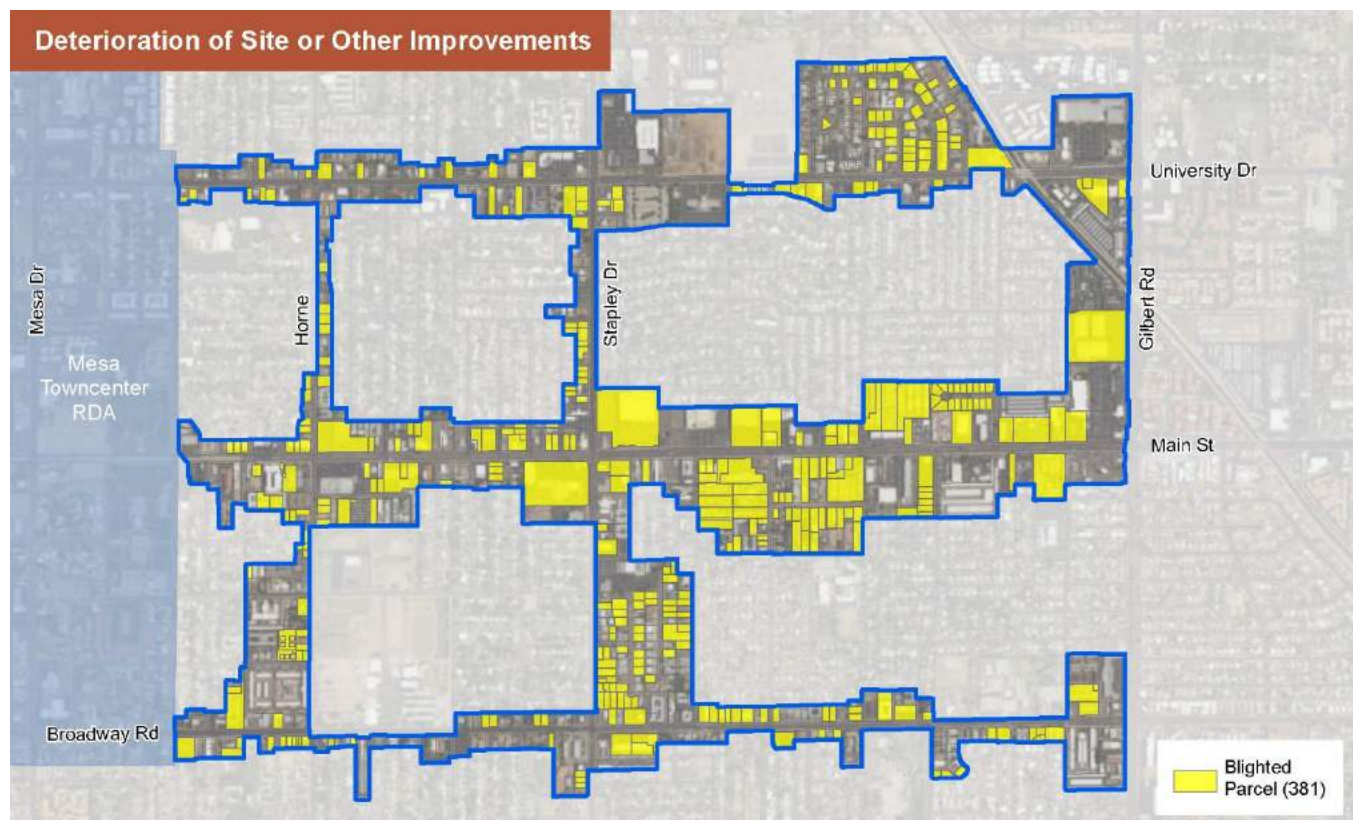
The East Mesa RDA contains 31.9% of parcels and 34.4% of acres that were determined to be blighted due to deterioration or site or other improvements.



Property is unmaintained and has major repairs unattended to the window.

Table 4-6.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
4. Deterioration of site	381	31.9%	154.4	34.4%



5. Diversity of Ownership

Diversity of ownership includes buildings that are split between two or more parcels with different property owners, making it difficult to redevelop structures. Parcels were determined to be blighted if they contained the following indicators:

- Single structures split between multiple parcels and property owners

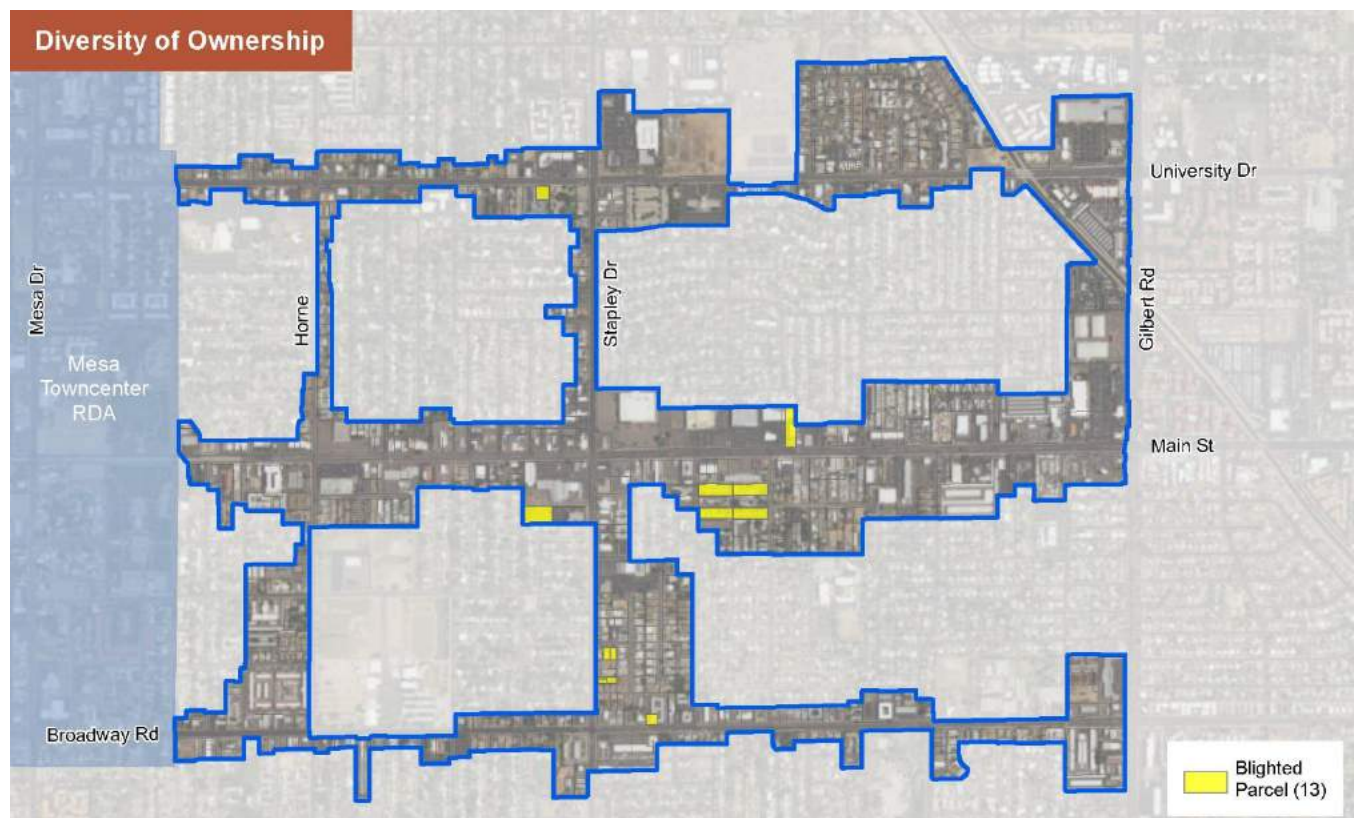
The East Mesa RDA contains 1.1% of parcels and 1.6% of acres that were determined to be blighted due to a diversity of ownership.



Building is split between two parcels, each with a different property owner.

Table 4-7.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
5. Diversity of ownership	13	1.1%	7.0	1.6%



6. Improper or Obsolete Subdivision Platting

Improper or obsolete subdivision platting includes areas that are poorly subdivided, making proper development difficult. Parcels were determined to be blighted if they contained the following indicators:

- Unproductive and / or obsolete parcels
- Inadequate size or location of parcel in relation to street layout and / or land use

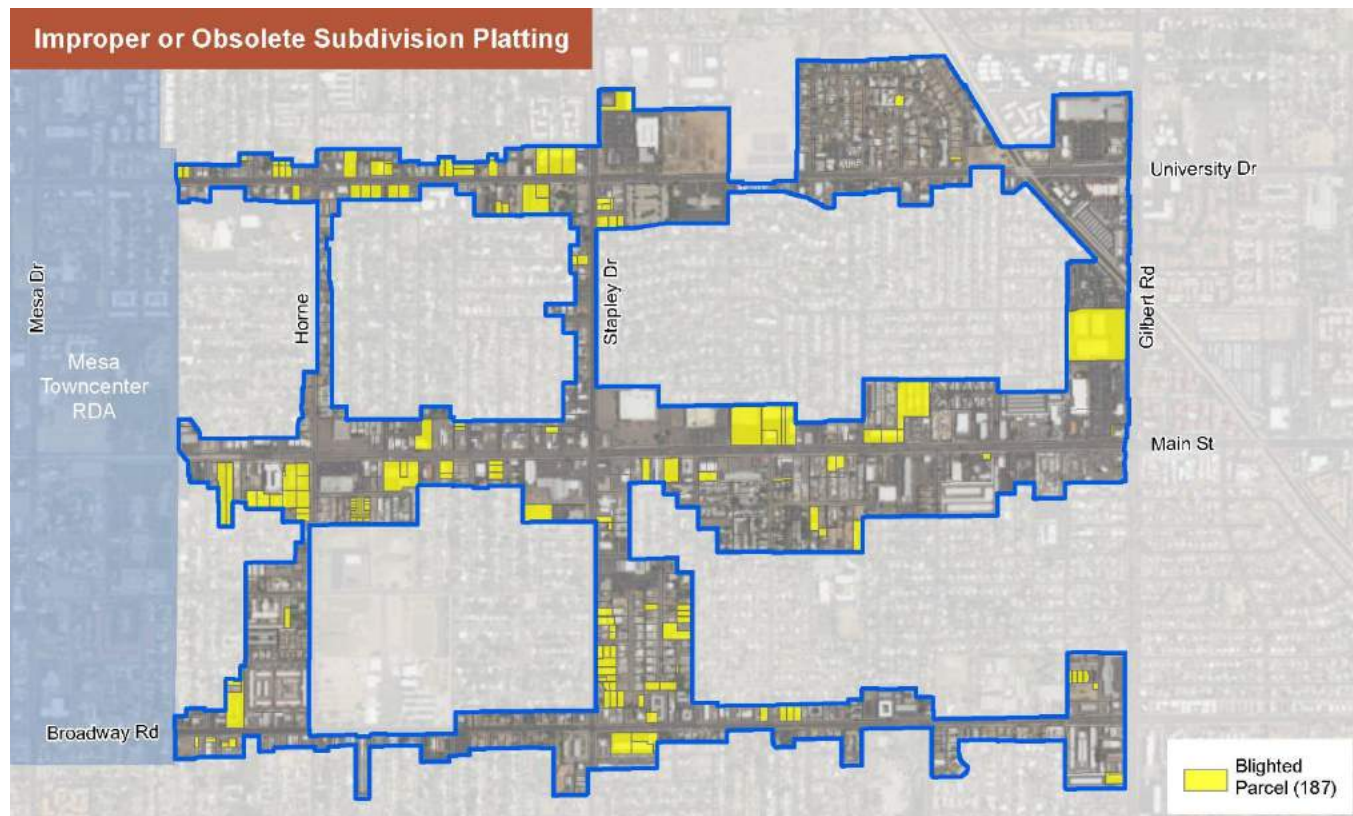
The East Mesa RDA contains 15.6% of parcels and 13.6% of acres that were determined to be blighted due to a diversity of ownership.



Parcels were subdivided in such a way that does not provide any street frontage or sufficient access to a public roadway.

Table 4-8.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
6. Improper or obsolete subdivision platting	187	15.6%	61.0	13.6%



7. Conditions that Endanger Life or Property

Conditions that endanger life or property includes properties that contain conditions that pose threats to life or properties by fire, contamination, or other causes. Parcels were determined to be blighted if they contained the following indicators:

- Abandoned vehicles
- Excessive junk
- Code violations
- Blocked entrances
- Vacant buildings
- Structural damage
- High crime rates
- Overcrowding

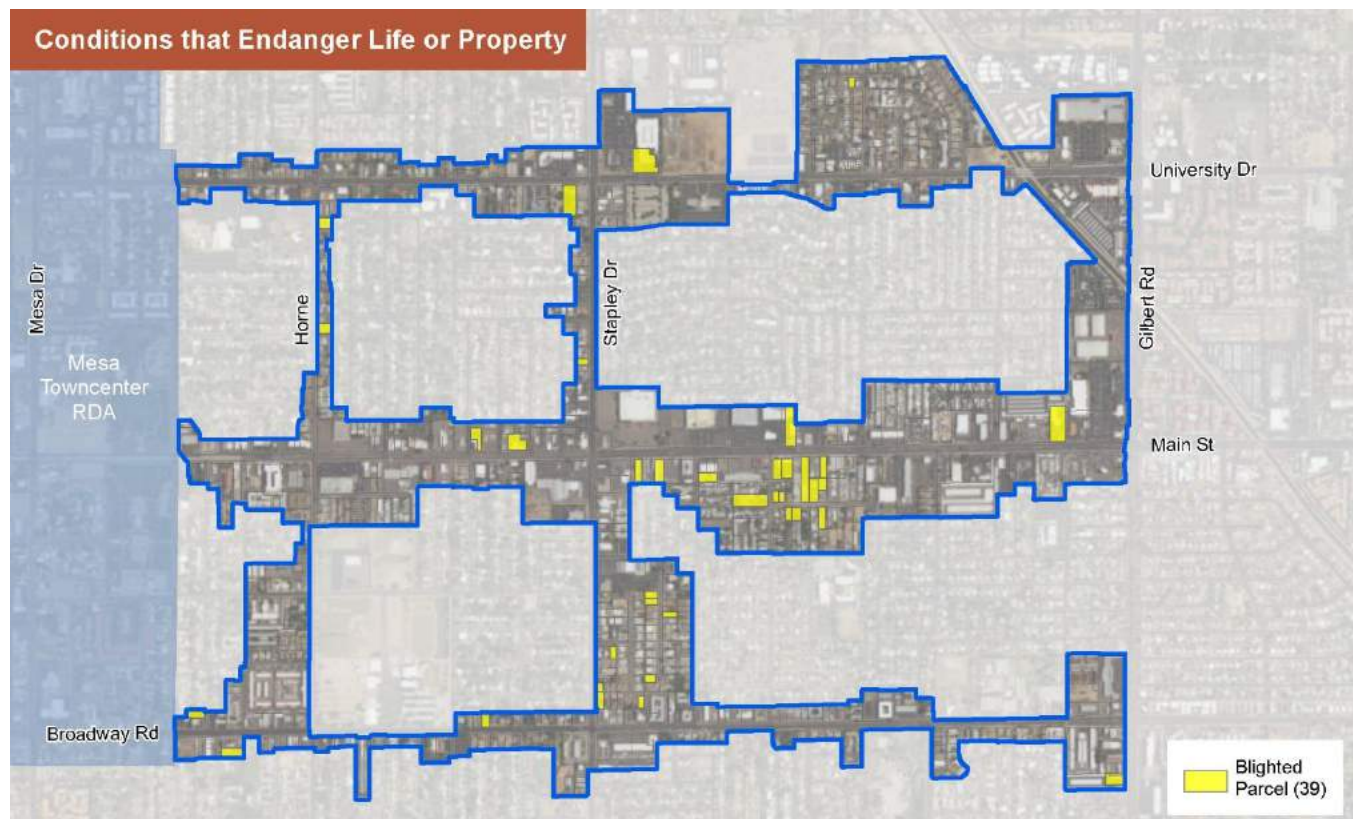
The East Mesa RDA contains 3.3% of parcels and 3.3% of acres that were determined to be blighted due to conditions that endanger life or property.



Example of a severely damaged, partially collapsed, unstable roof.

Table 4-9.

Blight Factor	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
7. Conditions that endanger life or property	39	3.3%	14.9	3.3%



Additional characteristics that endanger life or property are excessive code violations and crime rates that are substantially above the city average. Code compliance violations and crime rates were collected, analyzed, and mapped at the Census Tract level. Disproportionate amount of code compliance violations and crime rates are an additional indicator of blight that endangers life and / or property. Code compliance and crime statistics in the East Mesa RDA were compared to the City of Mesa as a whole. The East Mesa RDA data includes the eight census tracts that overlap the study area. These eight Census Tracts are:

- | | |
|-----------|-----------|
| ■ 4208 | ■ 4216.01 |
| ■ 4209.02 | ■ 4216.02 |
| ■ 4215.01 | ■ 4218.02 |
| ■ 4215.02 | ■ 4219.02 |

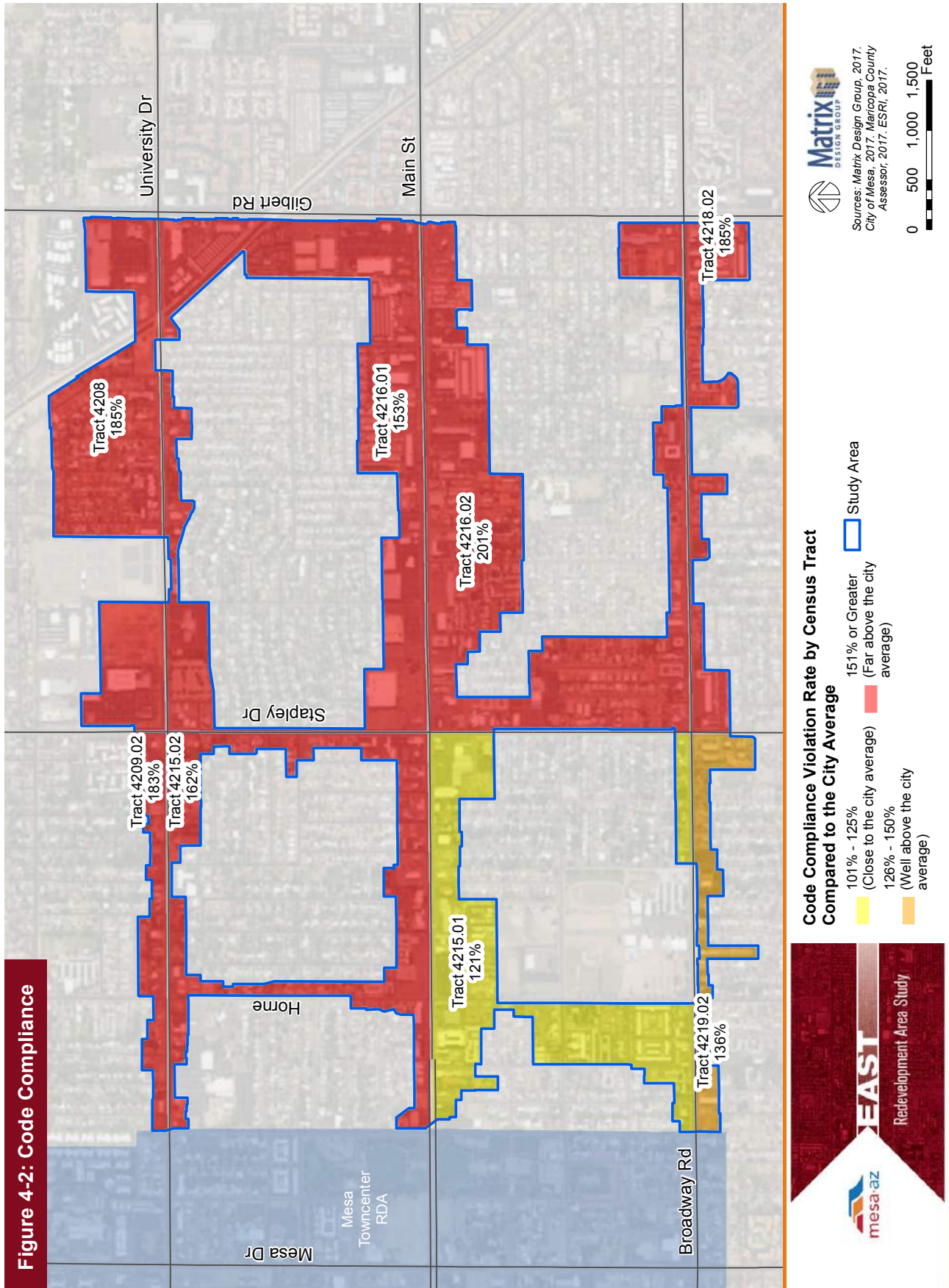
Code Compliance

Code compliance data was collected from the City of Mesa for the years 2012 to 2016. The data was provided as the number of code violations by Census Tract for the Mesa East RDA. To compare code compliance violation rates between the City of Mesa as a whole and the East RDA study area, population totals were pulled from the U.S. Census Bureau to calculate the number of code compliance violations per 1,000 residents. The City of Mesa's 2016 population was obtained from Maricopa Association of Governments' Municipality Population and Housing Unit Update 2016. The total population for the eight Census Tracts was estimated based on the average annual growth rate between 2010 and 2015 (2%).

Figure 4-2 maps the five-year average (2012-2016) code compliance violations for each individual Census Tract within the East Mesa RDA. The percentages represent the comparison between the code compliance violations for each individual Census Tract and the city-wide average. The map shows:

- All eight Census Tracts on average experienced greater code compliance violations than the City of Mesa as a whole.
- Six out of eight Census Tracts are described as "far above the city average," meaning they averaged over 50% greater code compliance violations when compared to the city-wide average.
- One Census Tract (4216.02) averaged more than double the number of code compliance violations than the City of Mesa as a whole.

Although no additional parcels were determined to be blighted due to the number code compliance violations, the data helps validate the field survey results detailed in Section 4.



Crime Statistics

Uniform Crime Reporting (UCR) data between 2012 and 2016 was gathered from the City of Mesa Police Department. Crime statistics were provided at the Census Tract level for the Mesa East RDA. To compare crime rates between the City of Mesa as a whole and the East RDA study area, population totals were pulled from the U.S. Census Bureau to calculate the number of crimes per 1,000 residents. The City of Mesa's 2016 population was obtained from Maricopa Association of Governments' Municipality Population and Housing Unit Update 2016. The total population for the eight Census Tracts was estimated based on the average annual growth rate between 2010 and 2015 (2%).

Table 4-3 compares crime statistics between the City of Mesa as a whole and the East RDA study area. Although total crimes and the crime rate per 1,000 residents in the City of Mesa has generally decreased between 2012 and 2016, the East RDA study area had a 7.6% higher average crime rate over that five-year time span than the City of Mesa as a whole. The East RDA study area had a slightly higher crime rate than the overall City of Mesa for four of the last five years. Crime is not considered a blighting condition for the East Mesa RDA.

Table 4-10. Crime Statistics from 2012 to 2016

Year	Total Crimes		Crime Per 1,000 Residents		
	City of Mesa	East RDA*	City of Mesa	East RDA*	Difference
2012	15,945	1,211	35.2	39.7	12.9%
2013	14,724	1,078	32.1	34.9	8.7%
2014	15,049	1,149	32.3	34.8	7.6%
2015	13,879	975	29.4	28.0	-4.9%
2016	13,265	1,136	28.4**	32.0***	14.5%
5-Year Average			31.5	33.9	7.6%

Source: City of Mesa Police Department, U.S. Census 2012-2015

*Crime and population data were derived from census tracts and contain area outside the Mesa East RDA study area

**Population data used to calculate crime per 1,000 residents is from the Maricopa Association of Governments 2016

***The annual average growth rate of 2% was used to estimate the 2016 population data for census tracts

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5. Conclusion

EAST

Please see next page

Conclusion

Arizona law grants local government the authority to declare a redevelopment area due to a predominance of blight. Blight, according to Arizona law, includes the following factors:

1. Dominance of defective or inadequate street layout
2. Faulty lot layout in relation to size, adequacy, accessibility or usefulness
3. Unsanitary or unsafe conditions
4. Deterioration of site or other improvements
5. Diversity of ownership
6. Tax or special assessment delinquency exceeding the fair value of the land
7. Defective or unusual conditions of title
8. Improper or obsolete subdivision platting
9. Existence of conditions that endanger life or property by fire and other causes.

Seven of the nine blight factors were carefully assessed during an on-site field survey and aerial survey of each parcel within the East Mesa RDA. This analysis found there were 684 out of 1,196 parcels, or 57.2% that were identified to have at least one blight factor, as well as 51.5% of the total acreage was determined to be blighted. The most common blight factor throughout the East Mesa RDA was deterioration of site, which represented 31.9% of all parcels. Unsanitary or unsafe conditions and improper or obsolete subdivision platting are two other major blight factors identified within the East Mesa RDA, representing 22.8% and 15.6% of all parcels, respectively.

Number of Factors	Number of Parcels	Percent (%) of Parcels	Number of Acres	Percent (%) of Acres
0	512	42.8%	217.7	48.5%
1	394	32.9%	118.8	26.5%
2	202	16.9%	80.1	17.8%
3	52	4.3%	17.3	3.9%
4	27	2.3%	9.9	2.2%
5 or more	9	0.8%	4.8	1.1%
Parcels with at least 1 Blight Factor	684	57.2%	231.0	51.5%

This report shows there is a predominance of blight present in the East Mesa RDA per Arizona Revised Statutes §36-1471 et seq. It is in the opinion of Matrix Design Group that the Mesa City Council could make a finding of blight in the East Mesa RDA study area. Establishing the East Mesa RDA is in the residents' interest of public health, safety, morals and welfare.





For more information contact:

City of Mesa Office of Economic Development • 480-644-2398

Visit the Website at www.MesaAZ.gov/RDA





EAST

Appendix | B

Market Summary

1.1 Background and Analysis Approach

In evaluating the potential impacts of redevelopment in the Mesa East RDA, a number of steps are used to evaluate the East RDA, and to determine what potential benefits might accrue to the City of Mesa as a result of redevelopment. Using the property database information, which relies on the property records from the Maricopa County Assessor as well as property inspection data, the Mesa East RDA was broken into those areas which are considered blighted (based on the Finding of Need) and those properties that are not considered blighted.

Using the blighted properties as the basis for analysis, the properties were segregated based on the land use categories:

- ▶ Category 1 – Commercial;
- ▶ Category 2 – Vacant/Agricultural/Exempt;
- ▶ Category 3 – Owner-Occupied Residential;
- ▶ Category 4 – Rental Residential; and
- ▶ Other – Historic/Railroad.

Using the acreage for each category, a target redevelopment Floor Area Ratio (FAR) was developed. A FAR is calculated by dividing the number of total square feet of development per acre of land (43,560 square feet), and is essentially the level of density to which a property is developed. For example, a property with 4,356 square feet of development on an acre of land would have a FAR of .10 (10%), and a property with 6,534 square feet of development on an acre of land would have an FAR of .15 (15%).

Next, the level of investment in properties was estimated. For vacant properties, an average cost for new construction of commercial/mixed-use buildings is used, based on average construction cost estimates from the Marshall Valuation Service (MVS). MVS is a respected cost estimating service which tracks construction costs for dozens of different building types in more than 300 markets across the United States.

For renovation projects, a percentage of the MVS cost for new construction is utilized. For owner-occupied residential, 25% of the cost of new construction is assumed as the average renovation for a blighted property. For commercial and rental residential properties, an average investment equal to 33% of the average MVS new construction cost is used as the anticipated renovation cost. Using the FAR and anticipated renovation costs, the total investment in an area or location within the East RDA can be estimated.

Construction cost estimates can be used to estimate construction wages and construction jobs as a result of the investments in renovations and additional development. This approach utilizes typical labor expenses as a percentage of project cost to estimate total wages, and uses the average construction wage to determine the number of construction jobs.

Using average square footage per employee as an indicator, total employment can be calculated based on the total square footage as estimated using the FAR for redeveloped properties. Using average wage data from the State of Arizona, total wages can be estimated.

In order to understand the indirect and induced economic activity resulting from increased employment in the area, the US Bureau of Economic Analysis' RIMS-II input-output model was acquired for the Mesa area. RIMS-II provides estimated direct effect multipliers for jobs and wages for a variety of industries, and a subset of these industries are used as the basis for estimating follow-on economic impacts associated with increased business activity in the RDA.

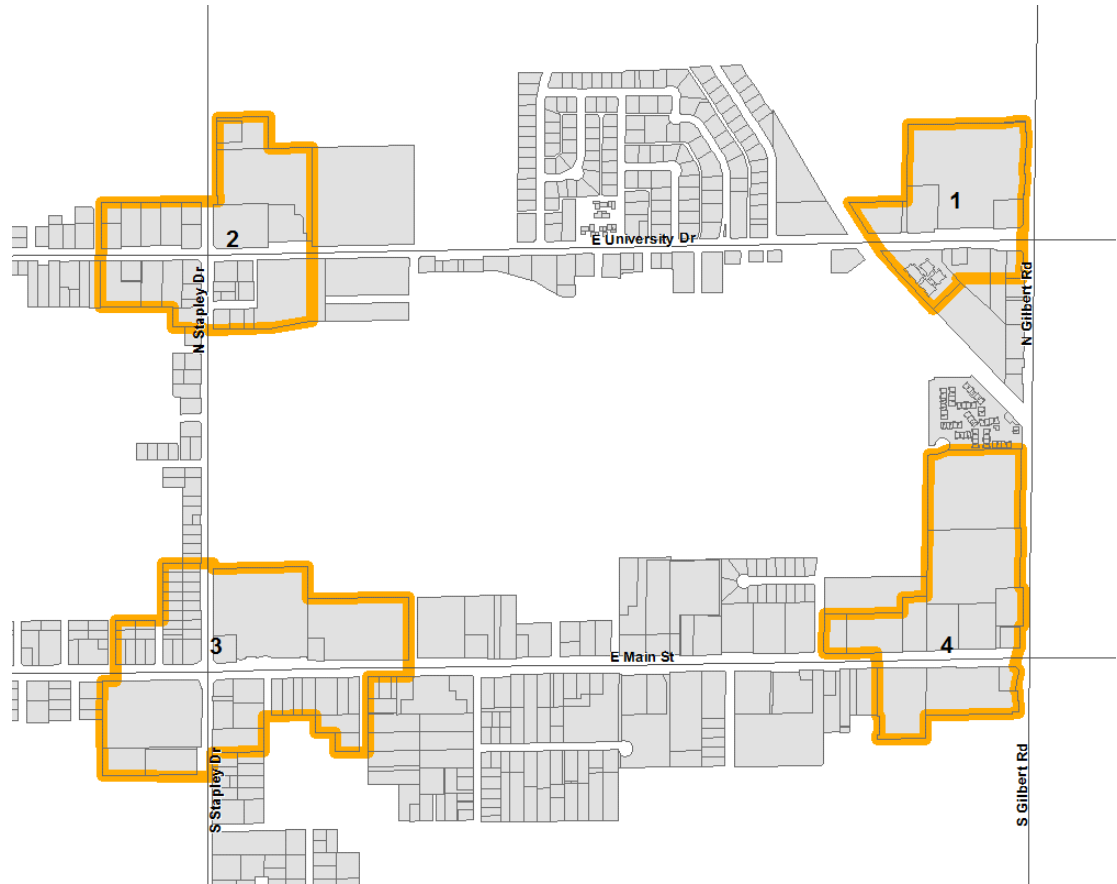
Finally, as part of the evaluation of redevelopment in the commercial areas of the RDA, an estimate of retail square footage is provided together with an estimate of total retail sales.

1.2 Areas of Analysis

Within the East RDA, four areas were identified as likely to see redevelopment activity early in the process, as shown in the graphic on the following page. These include:

- ▶ Focus Area 1 – N. Gilbert Road and E. University Drive;
- ▶ Focus Area 2 – N. Staley Drive and E. University Drive;
- ▶ Focus Area 3 – S. Stapley Drive and E. Main Street; and
- ▶ Focus Area 4 - S. Gilbert Road and E. Main Street.

The analysis provides an overview of the blighted properties in each Focus Area, and provides information regarding the potential impacts of redevelopment in each Focus Area.



Common Analytical Assumptions

The analysis of each Focus Area requires on several common assumptions to estimate the financial impacts of redevelopment. These include:

- ▶ Development densities (FARs) for properties are assumed to be: .287 for Category 1; .2 for Category 2; .16 for Category 3; and .35 for Category 4.
- ▶ Investment for renovation are included at: \$85 per square foot for Category 1; \$200 per square foot for Category 2; \$50 per square foot for Category 3; and \$60 per square foot for Category 4.
- ▶ Expansion/new construction is estimated at: \$250 per square foot for Category 1; \$200 per square foot for Category 2; \$200 per square foot for Category 3; and \$175 per square foot for Category 4.

1.3 Redevelopment Capacity

In order to evaluate the potential impacts associated with redevelopment activities in each Focus Area, the database of properties was evaluated for each Focus Area to identify blighted properties and non-blighted properties. Blighted properties were then sorted by Land Use Category (1 through 4), and the acreage of vacant properties and non-vacant properties was calculated.

Each Focus Area had differing levels of blighted properties. For example, in Focus Area 1, there are a total of 18 properties, but only three blighted properties. In contrast, Focus Area 2 has 24 blighted parcels and just 9 non-blighted parcels.

The Table below provides summary information on the parcels in each Focus Area. The information includes the number of parcels and the assessed value for land, improvements and the total assessed value for blighted and non-blighted properties segregated by Use Category.

Mesa East RDA Four Focus Areas Combined							
		LAND		IMPROVEMENTS		TOTAL	
	Parcels	Full Value	Assessed Value	Full Value	Assessed Value	Full Value	Assessed Value
Non-Blighted Parcels							
LUC 1	44	\$9,225,786	\$1,656,204	\$22,768,644	\$4,095,445	\$31,994,430	\$5,751,649
LUC 2	4	\$1,051,200	\$159,483	\$193,400	\$29,373	\$1,244,600	\$188,856
LUC 3	0	-	-	-	-	-	-
LUC 4	4	\$721,400	\$72,140	\$2,876,000	\$287,600	\$3,597,400	\$359,740
Subtotal	52	\$10,998,386	\$1,887,827	\$25,838,044	\$4,412,418	\$36,836,430	\$6,300,245
Blighted Parcels							
LUC 1	47	\$7,063,500	\$1,270,571	\$13,089,800	\$2,352,568	\$20,153,300	\$3,623,139
LUC 2	11	\$2,342,605	\$351,391	\$3,428,400	\$514,260	\$5,771,005	\$865,651
LUC 3	1	\$10,000	\$1,000	\$40,200	\$4,020	\$50,200	\$5,020
LUC 4	2	\$411,900	\$41,190	\$1,647,900	\$164,790	\$2,059,800	\$205,980
LUC 9	1	\$99,900	\$999	\$294,100	\$2,941	\$394,000	\$3,940
Subtotal	62	\$9,927,905	\$1,665,151	\$18,500,400	\$3,038,579	\$28,428,305	\$4,703,730
Total All Parcels	114	\$20,926,291	\$3,552,978	\$44,338,444	\$7,450,997	\$65,264,735	\$11,003,975

As shown in the Table above, the four Focus Areas include 114 total parcels (62 of which are blighted) and all of the Focus Area parcels have a combined estimated full value of \$65.3 million. The estimated full value for the blighted parcels in the Focus Areas is \$28.4 million.

For each Focus Area, it is necessary to determine the acreage of blighted parcels and the square footage of existing development. With this information, the FAR for each Land Use Category (LUC) can be used to estimate the total supportable square footage of development within each LUC. Subtracting the amount of existing developed square footage in each LUC yields the amount of new construction or expansion that can be supported. Each of the four Focus Areas was evaluated to determine whether and to what extent each area could support additional development based on the Category and the FAR discussed above, and to evaluate what the financial implications of additional development in each Focus Area are.

As shown in the Table below, Focus Area 1 includes 3 blighted parcels. There is one vacant parcel with just 0.4 acres. There are two developed parcels, totaling 1.7 acres. These parcels have just over almost 27,000 square feet of existing development. The FAR of existing developed properties is 0.368, well above the target FAR for LUC 1 of 0.287.

Mesa East RDA Focus Area 1 Analysis					
	Vacant		Developed		
	Parcels	Acres	Parcels	Acres	SF of Development
Blighted Parcels					
LUC 1	-	-	2	1.7	27,213
LUC 2	1	0.4	-	-	-
LUC 3	-	-	-	-	-
LUC 4	-	-	-	-	-
Subtotal	1	0.4	2	1.7	27,213

The Table below illustrates the development capacity for Focus Area 1. As shown in the Table, the existing development in Land Use Category 1 (LUC 1) is already more dense than the target at 36.8% versus the target density of 28.7%. As such, no new development/expansion is anticipated. However, it is anticipated that the existing square footage could benefit from renovation. In LUC 2, small amount of new development could be supported on the available 0.4 acres of vacant land. Overall, Focus Area 1 could see as much as \$3 million in investment between investments in renovations and in limited new development.

Mesa East RDA Focus Area 1					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Blighted Parcels					
Supportable Development (SF)	21,224	3,468	-	-	24,692
Existing Development (SF)	27,213	-	-	-	27,213
Expansion (SF)	-	3,468	-	-	3,468
Renovations (SF)	27,213	-	-	-	27,213
Investment - Expansion	-	\$693,680	-	-	\$693,680
Investment Renovations	\$2,313,105	-	-	-	\$2,313,105
Investment Total	\$2,313,105	\$693,680	-	-	\$3,006,785

Focus Area 2 includes 24 blighted parcels. Ten of the parcels are vacant, and total 3.6 acres for potential development. Fourteen parcels have more than 106,000 square feet of existing development on 7.8 acres. The FAR of the existing developed property is 0.187, lower than the target FAR of 0.287, indicating the ability to support expansion on existing developed parcels.

Mesa East RDA Focus Area 2 Analysis					
	Vacant		Developed		
	Parcels	Acres	Parcels	Acres	SF of Development
Blighted Parcels					
LUC 1	7	2.5	11	5.3	63,689
LUC 2	3	1.1	2	1.2	11,203
LUC 3	0	-	-	-	-
LUC 4	0	-	1	1.4	31,611
Subtotal	10	3.6	14	7.8	106,503

Within Focus Area 2, the total supportable development on the blighted properties is more than 137,000 square feet, while the amount of existing development is just over 106,500. Since the FAR of the developed parcels is 0.313, very limited expansion of existing facilities is anticipated. Renovation of existing facilities could generate more than \$9.5 million. Overall, Focus Area 2 could see almost \$10.1 million in investment.

Mesa East RDA Focus Area 2 Analysis					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Blighted Parcels					
Supportable Development (SF)	96,962	19,893	-	20,719	137,574
Existing Development (SF)	63,689	11,203	-	31,611	106,503
Expansion (SF)	2,186	-	-	-	2,186
Renovations (SF)	63,689	11,203	-	31,611	106,503
Investment - Expansion	\$546,500	-	-	-	\$546,500
Investment Renovations	\$5,413,565	\$2,240,600	-	\$1,896,660	\$9,550,825
Investment Total	\$5,960,065	\$2,240,600	-	\$1,896,660	\$10,097,325

Focus Area 3 has 27 blighted parcels, totaling 21.6 acres. This includes nine vacant parcels totaling 2.6 acres and 18 developed parcels totaling 19 acres. These parcels are developed with almost 255,000 square feet of existing properties. This equates to a FAR of 0.307, above target FAR for each LUC. As such, no expansion of existing properties is anticipated in Focus Area 3.

Mesa East RDA Focus Area 3 Analysis					
	Vacant		Developed		
	Parcels	Acres	Parcels	Acres	SF of Development
Blighted Parcels					
LUC 1	6	1.3	14	11.0	153,627
LUC 2	3	1.3	1	7.3	91,116
LUC 3	0	-	1	0.2	672
LUC 4	0	-	1	0.2	1,395
LUC 9	0	-	1	0.3	7,964
Subtotal	9	2.6	18	19.0	254,774

Focus Area 3 has a substantial amount of existing square footage (more than 246,000 square feet) that could benefit from redevelopment, resulting in as much as \$31.4 million in investment.

Mesa East RDA Focus Area 3 Analysis					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Blighted Parcels					
Supportable Development (SF)	153,946	75,537	1,190	2,604	233,278
Existing Development (SF)	153,627	91,116	672	1,395	246,810
Expansion (SF)	-	-	-	-	-
Renovations (SF)	153,627	91,116	672	1,395	246,810
Investment - Expansion	-	-	-	-	-
Investment Renovations	\$13,058,295	\$18,223,200	\$33,600	\$83,700	\$31,398,795
Investment Total	\$13,058,295	\$18,223,200	\$33,600	\$83,700	\$31,398,795

Focus Area 4 has eight blighted parcels, including two vacant parcels and six developed parcels. The vacant parcels total just 0.12 acres. The developed parcels total 15.2 acres, and are developed with 126,000 square feet – a FAR of .191. This indicates significant capacity to support additional development on those parcels that are already developed.

Mesa East RDA Focus Area 4 Analysis					
	Vacant		Developed		
	Parcels	Acres	Parcels	Acres	SF of Development
Blighted Parcels					
LUC 1	1	0.12	6	15.2	126,140
LUC 2	1	-	-	-	-
LUC 3	0	-	-	-	-
LUC 4	0	-	-	-	-
Subtotal	2	0.12	6	15.2	126,140

Within Focus Area 4, the LUC 1 properties could support more than 65,000 square feet of new construction, in addition to the renovation of more than 126,000 square feet of existing facilities. Total investment is estimated to be \$27.0 million, including \$16.3 million for new facilities and \$10.7 million for renovations.

Mesa East RDA Focus Area 4 Analysis					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Blighted Parcels					
Supportable Development (SF)	191,164	-	-	-	191,164
Existing Development (SF)	126,140	-	-	-	126,140
Expansion (SF)	65,024	-	-	-	65,024
Renovations (SF)	126,140	-	-	-	126,140
Investment - Expansion	\$16,256,114	-	-	-	\$16,256,114
Investment Renovations	\$10,721,900	-	-	-	\$10,721,900
Investment Total	\$26,978,014	-	-	-	\$26,978,014

In total, the four Focus Areas could generate as much as \$71.5 million in investment in facilities expansions, renovations and new development. The opportunity is heavily skewed to investments in renovations, given the limited amount of developable land in the Focus Areas. LUC 1 (Commercial) offers the highest potential level of investment, more than \$48 million total, which equates to more than two-thirds of all estimated investment.

Mesa East RDA Total Focus Areas					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Blighted Parcels					
Supportable Development (SF)	463,296	98,899	1,190	23,323	586,709
Existing Development (SF)	370,669	102,319	672	33,006	506,666
Expansion (SF)	67,210	3,468	-	-	70,679
Renovations (SF)	370,669	102,319	672	33,006	506,666
Investment - Expansion	\$16,802,614	\$693,680	-	-	\$17,496,294
Investment Renovations	\$31,506,865	\$20,463,800	\$33,600	\$1,980,360	\$53,984,625
Investment Total	\$48,309,479	\$21,157,480	\$33,600	\$1,980,360	\$71,480,919

1.4 Redevelopment Impacts

Redevelopment within the Focus Areas could generate an estimated \$71 million in investment in renovations and expansions. The Table below summarizes the potential impacts associated with this investment. Assuming an average of 40% of the investments is construction wages, more than \$28.5 million in construction wages would be generated. According to the U.S. Bureau of Labor Statistics, the average construction wage in the Phoenix -Mesa-Scottsdale Metropolitan Statistical Area (MSA) is \$56,576. This indicates that the \$28.5 million in construction wages generated through investment in the Focus Areas could support more than 500 person-years of construction employment.

Mesa East RDA Total Focus Areas					
	LUC 1	LUC 2	LUC 3	LUC 4	Total
Total Investment	\$48,309,479	\$21,157,480	\$33,600	\$1,980,360	\$71,480,919
Construction Labor %	40%	40%	40%	40%	
Construction Wages	\$19,323,791	\$8,462,992	\$13,440	\$792,144	\$28,592,367
Average Construction Wage	\$56,576	\$56,576	\$56,576	\$56,576	-
Construction Jobs	342	150	0	14	505
SF/Job	550	550	-	15,000	-
Direct Jobs	796	192	-	2	991
Average Wage	\$49,504	\$49,504	\$49,504	\$49,504	-
Total Direct Wages	\$39,412,336	\$9,521,635	-	\$108,929	\$49,042,899
Indirect/Induced Jobs Multiplier	1.002	1.002	-	0.622	-
Indirect/Induced Wages Multiplier	0.942	0.942	-	0.723	-
Total Indirect/Induced Jobs	798	193	-	1	992
Total Indirect/Induced Wages	\$37,138,983	\$8,972,416	-	\$78,766	\$46,190,165
Total Jobs	1,594	385	-	4	1,983
Total Wages	\$76,551,318	\$18,494,051	-	\$187,695	\$95,233,064
Retail SF	115,824	24,725	-	5,831	146,380
Retail Sales/SF	\$275	\$275	\$275	\$275	-
Total Retail Sales	\$31,851,598	\$6,799,312	-	\$1,603,477	\$40,254,386

In terms of employment, the Focus Areas can support an estimated 586,000 square feet of development. LUC 1 accounts for the largest portion of this supportable square footage, almost 463,000 square feet. The majority of this square footage should support employment opportunities, as LUC 1 is made up of commercial properties.

The ability of a specific property to support employment is generally driven by the type of use which occurs in the facility. For example, many office-type uses require 150 to 250 square feet per employee. In contrast, warehouse and manufacturing uses can be 1,200 to 1,500 square feet per employee. For purposes of this analysis, a conservative average of 550 square feet per employee is used to estimate impacts. Using an average of 550 square feet per employee, the Focus Areas could support almost 991 jobs. It is important to note that there are a number of existing jobs within existing businesses in the Focus Areas, and as such, all of these 991 jobs would not be net new jobs. Using the MSA's average wage of \$49,504, total wages within the Focus Areas would be more than \$49 million.

In order to understand the spinoff effects of jobs and wages in the Focus Areas, the U.S. Bureau of Economic Analysis' (BEA) economic analysis model, RIMS-II, was used. RIMS-II provides multipliers for indirect/induced impacts of specific industries with specific geographic locations. Indirect and induced impacts occur as money recirculates through the economy. Indirect impacts are generated through businesses spending to acquire goods and services, such as landscaping, advertising, utilities and professional services. Induced impacts occur when employees spend their earnings for things such as rent/mortgage payments, entertainment, vehicle payments and utilities. For this analysis, multipliers for Maricopa County were acquired. Since the Focus Areas are most likely to support retail, service, healthcare, arts, social services and education activities, the RIMS-II multipliers for a group of likely industries/employment sectors were averaged to create a representative multiplier for the Focus Areas.

For the Focus Areas, the indirect/induced jobs multiplier is slightly more than 1.0 – as a result of the 991 jobs in the Focus Areas another 992 indirect/induced jobs can be supported. The \$49 million in direct wages in the Focus Areas will support another \$46.2 million in indirect/ induced wages.

One other area which may be of interest due to the impact on sales taxes is the amount of retail sales activity which could be supported within the Focus Areas. Assuming that 25% the supportable square footage in the Focus Areas is retail space, the Focus Areas would have 146,000 square feet of retail space. At an average sales volume of \$275 per square foot, the Focus Areas would generate more than \$40 million of retail sales annually.

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