



City Council Report

Date: March 19, 2020
To: Mayor & Council
Through: Christopher J. Brady, City Manager
From: William J. Jabjiniak, Economic Development Director
David Packard, Management Assistant II
Subject: Renewal of the Central Business District Designation

Purpose and Recommendation

Mesa's Central Business District (CBD) encompasses six square miles and comprises the Town Center, Southwest, West and East Redevelopment Areas (RDAs). In September 2017, Mesa's CBD was most recently expanded. In 2019, Arizona Revised Statutes (ARS) §42-6209 was amended to require that all communities review CBD's designated before September 30, 2018 and either renew, modify or terminate the designation prior to October 1, 2020.

City Staff has been working with the project's consultant, Matrix Design Group, over the past six months to reassess the parcels in Mesa's CBD, as required by ARS §42-6209. Based on the results of the reassessment, the Office of Economic Development recommends that Mesa City Council renew the CBD designation.

Background

A Central Business District (CBD) is a single and continuous geographical area that is designated by City Council. Properties located within a CBD can qualify for various economic development incentives including, but not limited to, the Government Property Lease Excise Tax (GPLET). Within Mesa's CBD, there are smaller areas with unique redevelopment needs, known as redevelopment areas (RDAs). Cities are permitted to have multiple RDA's, but only one CBD.

Mesa's CBD was originally designated in 1999 with the creation of the Town Center RDA. Mesa's CBD expanded to encompass the additions of the Southwest RDA (2016), East RDA (2017), and West RDA (2017). In all, Mesa's CBD encompasses six square miles, primarily consisting of commercial properties. The CBD area extends to Gilbert Road to the east, US 60 to the south, the Tempe Canal to the west, and Rio Salado Parkway to the north (see attached 'Mesa's Central Business District').

In 2019, the Arizona legislature amended Arizona Revised Statute §42-6209.F, which governs CBD's, now stating that before October 1, 2020:

- Each city shall review the designation of each slum or blighted area that was originally designated before September 30, 2018. This requirement includes Mesa's CBD, as it was most recently modified in 2017.
- The city shall either renew, modify, or terminate the designation.
- If renewed or modified, the slum or blighted area designation is subject to subsequent reviews on a ten-year cycle.
- If failed to renew, the slum or blighted designation automatically terminates on September 30, 2025, or five years after any subsequent review.

Discussion

The Office of Economic Development (OED) contracted recently with the consultant, Matrix Design Group, to designate the East and West RDA's and expand Mesa's CBD, which were adopted by City Council in September 2017. Considering this recent experience, as well as the legislation's short timeframe, OED found it advantageous to again partner with Matrix Design Group to perform this review of Mesa's CBD.

Work on the project began in October 2019. During the project, Matrix assessed the parcels in Mesa's CBD for the following blight factors, identified in ARS §36-1471:

- Inadequate street layout
- Faulty lot layout
- Unsanitary or unsafe conditions
- Deterioration of site or other improvements
- Diversity of ownership
- Tax delinquencies
- Defective or unusual title conditions
- Obsolete subdivision platting
- Conditions that endanger life or property

Matrix performed a field assessment of visual blight conditions between December 3 and December 10, 2019. If the parcel was identified as containing one or more blight conditions, the surveyor recorded the property as blighted with a description and photograph of the blight condition. The field assessment data was validated through a survey of 2019 aerial imagery provided on the Maricopa County Assessor's website and Google Maps. Other non-visual blight conditions, including properties with delinquent taxes, active code violations, and a prevalence of crime were also assessed by reviewing data provided by the Maricopa County Treasurer's Office, Mesa's Code Compliance Division, and Mesa's Police Department.

The overall parcel review demonstrated that a substantial number of blight factors exist in the Mesa CBD. There were 4,567 out of 8,260 parcels, or 55.3%, that were considered blighted for at least one blight factor, as well as 68.7% of the total land area was determined to be blighted.

Pursuant to this review of blighted areas in Mesa's CBD, the City must either renew,

modify, or terminate the blighted area designation, according to ARS §42-6209. The OED recommends that the City Council renew the blight designation in the CBD and maintain redevelopment authority, as that is in the resident's best interest of public health, safety, morals, and welfare.

Alternatives

An alternative would be to not renew the CBD designation. By choosing this alternative, Mesa's blighted area designation automatically terminates after September 30, 2025. Without the renewed designation, projects will be permanently disqualified from redevelopment incentives and benefits such as the Government Property Lease Excise Tax (GPLET). This alternative would limit OED's effectiveness.

Fiscal Impact

The renewal of the CBD designation does not obligate the City to any additional expenditures. Any future redevelopment projects seeking to take advantage of the CBD redevelopment benefits will be assessed on a case-by-case basis.

Coordinated With

Economic Development has coordinated with the City Attorney's Office and received information during the project from the Maricopa County Treasurer's Office, the City of Mesa Code Compliance Division and the City of Mesa Police Department.

Mesa's Central Business District:

