

Fiscal Impact of new Development, and Eisenhower East Land Use Analysis & Proposed Amendments (Blocks 4, 5, 6a, 20)

City Council Work Session
May 23, 2017

Fiscal Impact of New Development

- **Background:** City staff and AEDP collaborated with TischlerBise Inc. a nationally recognized firm to develop a fiscal impact analysis model and fiscal impact ratios



- Planning & Zoning
- Management and Budget
- Finance
- Real Estate Assessments



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Fiscal Impact of New Development

Purpose:

- Improve understanding of “economic sustainability”
- How land use policy/development impacts City’s fiscal position
- Estimate net impact to the General Fund for different classes of property (residential, commercial, industrial, etc.).
- To analyze revenues generated by different types of development in relation to city services needed to support that development (police, fire, schools, etc).



Fiscal Impact of New Development

Fiscal Impact Ratios: New development pays for itself

* net revenue (after City expenses) divided by gross revenue

Land Use	Fiscal Impact Ratio*	1999 Fiscal Impact Ratio
Single Family Detached	70%	40%
Townhouse	67%	
Multifamily	62%	
Retail (general)	84%	87%
Retail (restaurant)	89%	
Hotel	93%	93.5%
Office	88%	83%
Industrial	78%	---

For every dollar in tax revenues from multifamily residential projects, 38 cents are needed to provide government services to directly support the use and 62 cents are available for general budget needs.

Fiscal Impact of New Development

Sample applications of the model and ratios:

- Testing the fiscal sustainability of small area plans
- Determining the fiscal impact of individual development projects
- Examining the fiscal impacts from land use conversions

Eisenhower East

- SAP adopted in 2003: “balanced” land uses 50/50
- Market trends have changed, particularly with office
- Requested amendments for Blocks 4 and 5, Block 6a, and Block 20
- Small population impedes retail growth and overall sense of place
- Land Use Analysis: What does “balance” mean today?

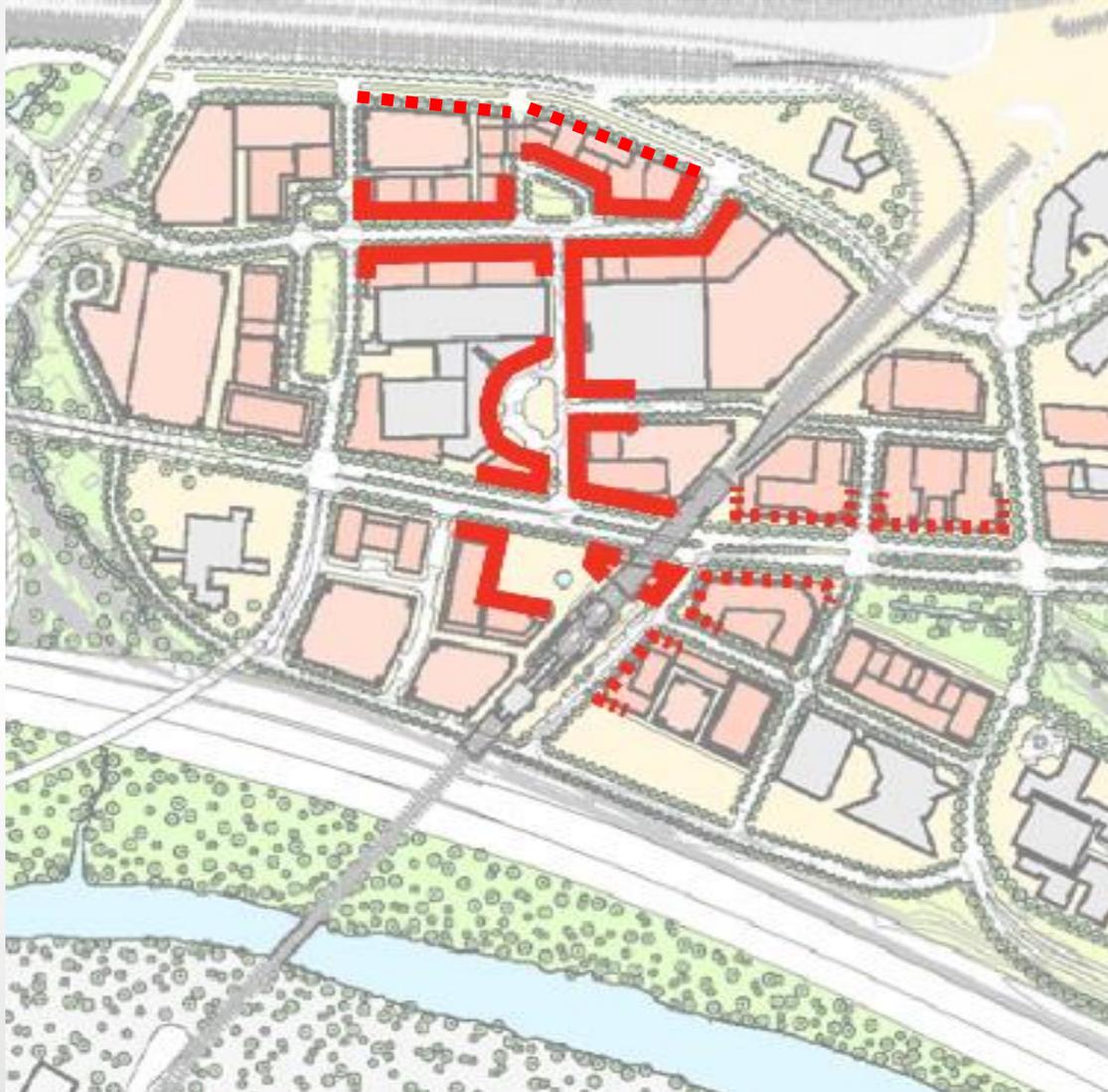




Land Use Analysis

- Still balanced, new metric.
 - People instead of Square Feet
 - 4 to 5 employees/1,000 sf
 - +/- 1.5 residents/1,000 sf (multifamily, metro-adjacent)
- Work and home are merging/mixing.
- Repurpose/reinvest in obsolete office buildings.
- Placemaking and clustering retail.
- Office wants retail; residential brings retail.
- Organized retail management and programming.

Strengthening Town Center Retail

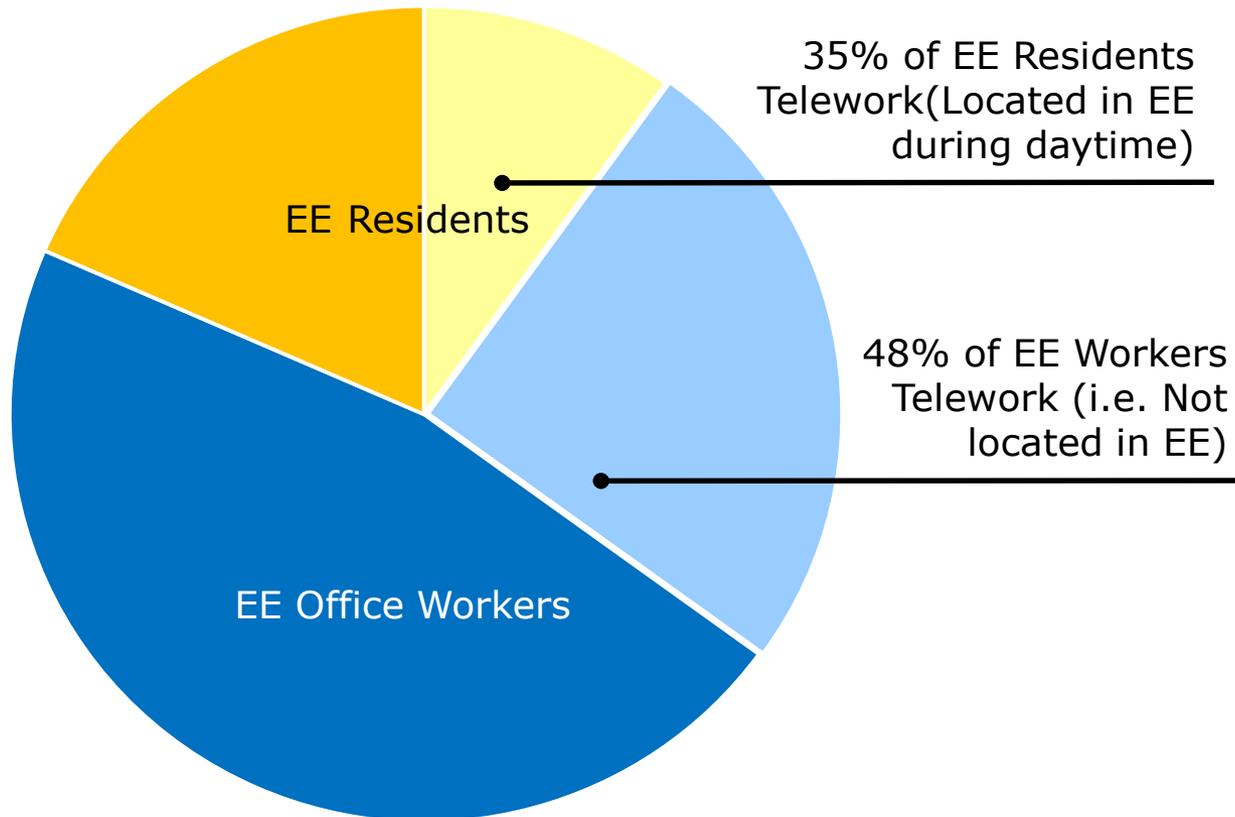


— Retail focus on Mandeville Lane and Swamp Fox Road

- - - Additional approved/optional retail

Teleworking: Merging Work and Home

Proposed Residents/Workers Teleworking (Occupancy)

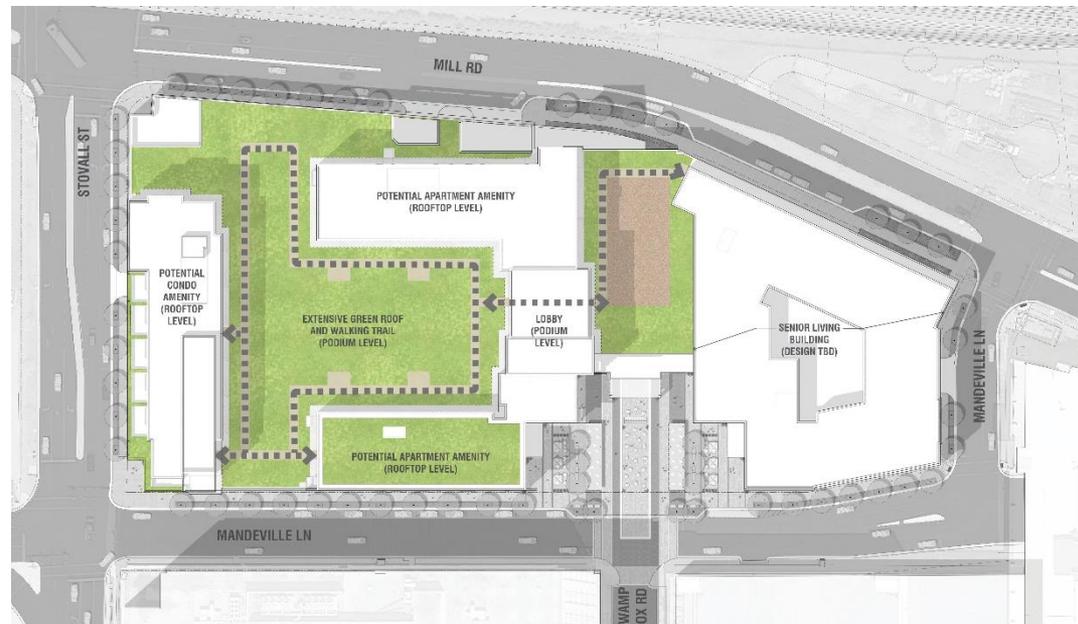


* **Resident Occupancy** is based on 1.5 people per 1000 sf;

* **Worker Occupancy** is based on 4 people per 1000 sf

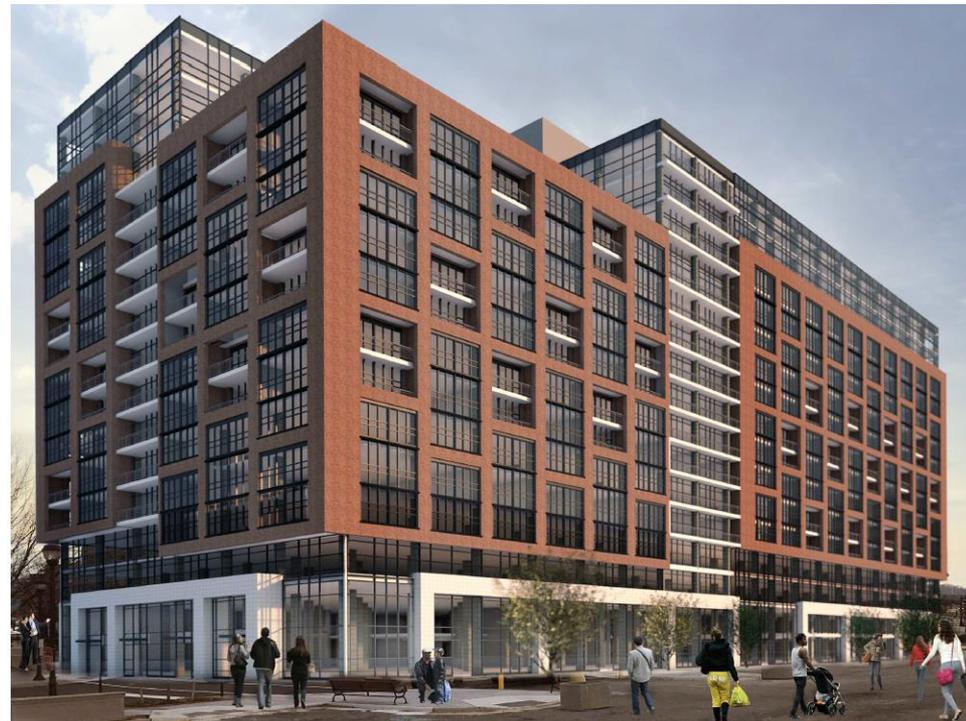
Blocks 4 & 5 Proposal

- Convert ~420,000 SF of office to residential use
- Increase retail from 61,000 to 220,000 SF
- Increase amount of development from ~790,000 SF to 975,000 SF
- ~1,600 parking spaces in four levels (~550,000 SF)



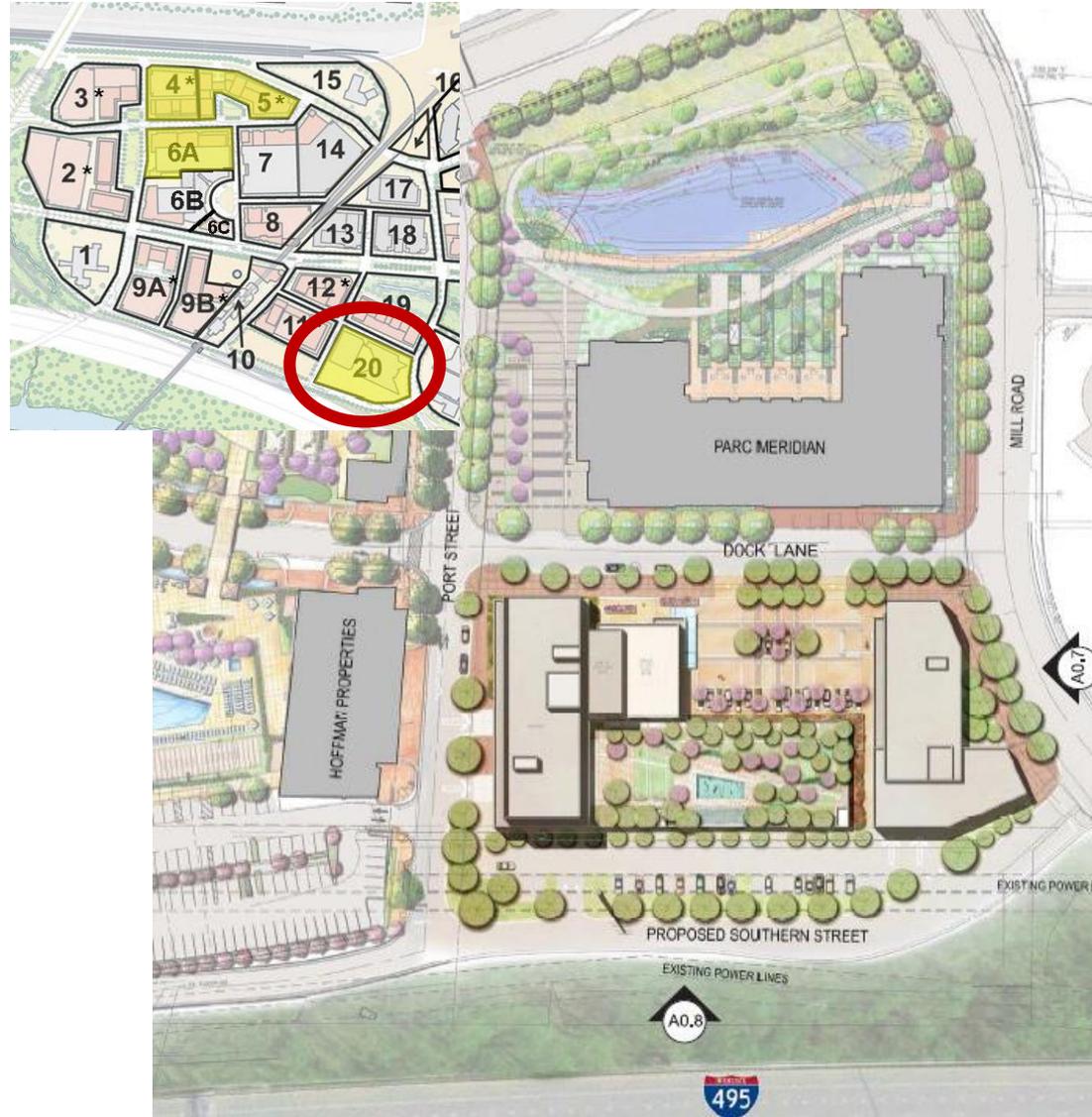
Block 6A Proposal

- Convert existing 660,000 SF office building into a residential building with ground floor retail
- 660,000 SF residential
- Increase the amount of retail to 25,000 SF
- Increase height from 150 to 200 FT



Block 20 Proposal

- Convert 450,000 SF of office to residential use
- Convert 110,000 SF of office to hotel/office
- Increase height from 220 FT to 300 FT



Land Use with Proposed Amendments



-  Office
-  Hotel
-  Residential
-  Open Space
-  Proposed Amendments

Findings

- In EE: “balanced” land use means 2-3 times more residential SF than office.
- Blocks 4/5: retail with anchor and placemaking.
- Block 6a supports double-sided retail; repurpose obsolete office building.
- Block 20: residential supports retail; maintains a commercial use.
- Will improve balance of workers and residents in Eisenhower East.
- Retail management & pop-up uses: more lively day and night environment.

Conclusion & Recommendation: Proposed land use amendments for Blocks 4, 5, 6a, & 20 are consistent with the intent of the Eisenhower East SAP. Staff supports the proposed conversions.

Next Steps

- September 2017: Master Plan Amendments
- Fall 2017: Consideration of Approvals for Blocks 4, 5, 6a, and 20
- January 2020: Eisenhower East SAP Update Phase II (as proposed to be scheduled in long range work program)