

Eisenhower West/Landmark Van Dorn Developer Contributions Policy Update

Discussion Item

Planning Commission (March 5, 2024)





Existing EWLVD Contribution Policy (2018)

2018 Policy approved to assist in funding the recommended infrastructure and mitigate impacts of new development.

Catalyst projects pay a lower rate of **\$3.57/sf (2024\$)** to help incentivize redevelopment in the short-to-mid-term.

Catalyst rates are applied to the first **3M** sf of approved development.

Non-catalyst projects pay a higher rate of **\$8.34/sf (2024\$)**.

Per adopted policy, City Council has ability to change contribution rate based on cost of necessary infrastructure and market conditions.



Development Status – Catalyst Phase Nearly Complete

Approximately 2.5M sf has been approved



Approximately 500k sf remains in Catalyst
Phase



If approved today, 70% of the next project
would be subject to the Catalyst rate, 30%
would be subject to the Non-Catalyst rate



Why is a review/ update of the policy needed?

The higher catalyst rate is about to be implemented because approved development has nearly met the 3M sf threshold.

Economic conditions remain a challenge for new development.

Anticipated infrastructure projects have changed due to new funding sources or project adjustments, so total funding is reduced.

Planned future steps to include a comprehensive update for all SAP contribution policies, which will have a full public review process.



| Project | Council approval | SF | Notes | Estimated contribution at time of approval |
|----------------------------------------------------------------------------|------------------|------------------|-----------------------------------------------------|--------------------------------------------|
| Eisenhower Retail (DSUP2020-10022) | 11/14/20 | 9,000 | Not moving forward (\$27K) | |
| Tri Pointe Homes, 4901 Eisenhower Ave (DSUP2020-10035) | 3/13/21 | 314,000 | Under construction | \$965,000 |
| Landmark Overlook, 5999 Stevenson (DSUP2019-0039) | 2/12/22 | 726,000 | In final site plan | \$2,266,000 |
| West End/Landmark Mall Site (Blocks E, G, I, K) (DSUP2022-10015, 16, & 17) | 12/17/22 | 1,500,000 | Max of \$3M per 2021 Landmark Development Agreement | \$3,000,000 |
| Total | | 2,549,000 | | \$6,230,000 |

Projects approved to date with catalyst rate

Contributions received to date: \$0



Approximate Contribution Breakdown

| Site | ~ GSF | Total contribution if based on current thresholds (70% @ \$3.57 and 30% at \$8.34) | Total contribution if based on catalyst rate only (\$3.57) | ~ Difference |
|-----------------|---------|------------------------------------------------------------------------------------|------------------------------------------------------------|--------------|
| Vulcan | 895,000 | \$4,475,895 | \$3,195,150 | \$1,280,745 |
| 5001 Eisenhower | 820,000 | \$4,100,820 | \$2,927,400 | \$1,173,420 |



Staff Proposal

- Raise the catalyst threshold from 3 million to 4 million square feet

Background



- Estimated costs for public improvements \$259M or \$359M (2018\$)
- Recommended improvements were grouped into three categories based on their recommended funding sources and timing.
 - Category 1 improvements \$83M or \$183M (2018\$)
 - Multimodal Bridge or Van Dorn Bridge widening \$151M or \$51M
 - Van Dorn Bridge Pedestrian Improvements \$5.3M
 - Backlick Run Park Improvements \$12M
 - Eisenhower Avenue Straightening/ Realignment \$13M
 - Spot Improvements at various intersections \$2.5M
 - Category 2 improvements \$74M (2018\$)
 - West End Transitway
 - Category 3 improvements \$101M (2018\$)
 - High Street Bridge \$50M
 - Farrington Connector \$51M
- Projected net new square footage from redevelopment: 9M sf

- Policy recommends three sources of funding for the improvements:
 - Developer contributions through new redevelopment of 9M nsf (\$51M)
 - City incremental tax revenue (20%) as budgeted through the CIP (\$38-\$45M)
 - Federal and state grant funding
- Developer contribution amounts were determined by apportioning some of the costs of improvements to the projected net new square footage of 9M nsf
 - Estimated contributions from development \$51M (2018\$)

Note: High Street Bridge superseded by at-grade intersection – per Landmark planning process

Thank you!