

“Exhibit A”

WEST 2ND SOUTH AREA
URBAN RENEWAL ELIGIBILITY REPORT

PREPARED FOR THE
REXBURG REDEVELOPMENT AGENCY

BY
HARLAN W. MANN
CONSULTANT

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WEST 2ND SOUTH AREA URBAN RENEWAL ELIGIBILITY REPORT

BACKGROUND

Preparation of this report was authorized by the Rexburg Redevelopment Agency (“Agency”) in May 2008. This report will provide the technical support for the first step in planning an urban renewal project. That first step is a policy decision by the Mayor and City Council to designate a specific area as deteriorated or deteriorating and to authorize preparation of an urban renewal plan for that area or as an amendment to the existing Downtown Urban Renewal Plan.

An area immediately south of South 1st West between South 1st West and South 2nd West is the focus of this proposed renewal area. It is generally bounded by West 1st South on the North, South 1st West on the east, the properties front on West 2nd South on the South, and South 2nd West on the west.

Idaho Code Section 50-2008(a) states:

An urban renewal project for an urban renewal area shall not be planned or initiated unless the local governing body has, by resolution, determined such area to be a deteriorated area or a deteriorating area or a combination thereof and designated such area as appropriate for an urban renewal project.

As previously discussed, Step One in planning a new renewal project is a resolution by the Rexburg City Council (“City Council”) making certain findings about a specific geographic area. This resolution would also authorize the Agency to prepare an urban renewal plan for the area. The attached definitions of *deteriorating area* and *urban renewal project* are very pertinent to this step and are the focus of this report.

Step Two in the renewal planning process is action by the Agency to prepare an urban renewal plan and recommend its approval to the City Council. Said plan could be freestanding or an amendment to the existing Downtown Urban Renewal Plan.

The City Council initiates Step Three by referring the plan to the Planning and Zoning Commission and setting a public hearing on the plan. Step Three is completed by a Planning and Zoning Commission finding that the urban renewal plan conforms to the City's Comprehensive Plan.

Step Four is the adoption of a City Council ordinance approving the plan, after a public hearing.

DISCUSSION

This report focuses on whether the West 2nd South area, as previously described and as outlined on the attached map, qualifies as a deteriorating area pursuant to Idaho Code Section 50-2018(9) and as a deteriorated area pursuant to Section 50-2903(8)(b) under virtually identical definitions. A copy of this joint definition is attached. The first statutory reference is from the basic urban renewal statute, while the second comes from the Local Economic Development Act.

The report will also discuss why the area is appropriate for an urban renewal project.

A. Present Conditions

The attached definition of *deteriorating area* and *deteriorated area* [Idaho Code §§ 50-2018(9) and 50-2903(8)(b)] lists ten different conditions that may be present in such an area, with the tenth being the catch-all "any combination of such factors." The presence of these conditions was documented by a field trip on June 11 and 12, 2008, contacts with various City and County officials, and assessor file information. Then the area and its public infrastructure were evaluated, and the numbers that correspond to the applicable characteristics in the definition were placed at the appropriate locations on the attached map. This is the same process that was followed for the other urban renewal project areas in Rexburg.

B. Deteriorating/Deteriorated Area Characteristics

The following is a listing of conditions found in the areas by their corresponding numbers in the definition and a brief explanation of that condition and how it was evaluated and identified:

1. (1) A substantial number of deteriorated or deteriorating structures. There are a number of structures in the West 2nd South area since the entire area has been previously developed. Currently the predominant land use in the one-block plus is single-family residential. There are several commercial buildings at corner locations, three apartment buildings, and church parking lot. Most of the single family structures are rentals and are older. A group of 25 parcels had an average assessed value of \$125,268. In general, the properties appear to be well-maintained, especially at the street frontages on South 1st West and South 2nd West. However, when you review all the structures from the rear, there are more signs of deterioration.

Besides the signs of physical deterioration seen in the structures, there is also an age factor to consider. Estimates from a large property owner in the area show 10 of 17 structures to be 60 to 100 years old. There were three in the 60's, four in the 70's, two in the 80's and one at 100.

Clearly there are a substantial number of deteriorated or deteriorating structures in the area. If you define a deteriorated structure as one that has reached the end of its useful life and needs to be torn down, then I saw no deteriorated structures but many deteriorating ones. Therefore, the number "1" is placed at several locations on each of the applicable street frontages in the area to indicate the presence of a substantial number of deteriorating structures.

2. (2) Predominance of defective or inadequate street layout. The West 2nd South area has the standard street layout found elsewhere in downtown Rexburg. It is not considered defective or inadequate.

3. (3) Faulty lot layout in relation to size, adequacy, accessibility, or usefulness. The West 2nd South area consists of mostly small single-family residential parcels. As such, these lots are too small and inadequate for new mixed-use development. Therefore, the number “3” placed at several locations in the area indicates the presence of this characteristic.

4. (4) Insanitary or unsafe conditions. There are several conditions existing within the proposed renewal area that apply to this characteristic. Typical insanitary conditions include excessive amounts of junk, trash, and weeds in violation of City sanitation codes. Another insanitary condition occurs in areas that lack sanitary sewers or where the sanitary sewer system has insufficient capacity. Neither of these conditions applies to the West 2nd South area.

The West 2nd South area has several unsafe conditions. The City Public Works staff reports that the current street lighting system is limited to intersections and is inadequate for the planned future commercial uses. Therefore, the number “4SL” is placed on each of the streets in the area to indicate that unsafe condition. Another unsafe condition exists at the intersection of South 2nd West and West 2nd where the traffic signal needs to be upgraded to handle increased traffic.

5. (5) Deterioration of site and other improvements. Site improvements include parking lots, fences, and landscaping areas, basically things other than structures that make up a developed property. The term “other improvements” is the place where public improvements such as streets, sidewalks, curbs, gutters, bridges, storm drains, parks, water mains, sanitary sewers, and public facilities such as swimming pools and public buildings are included. When the number 5 appears on the map in a street right-of-way it denotes those streets are deteriorated. West 2nd South and South 1st West have this designation because of their condition.

6. (6) Diversity of ownership. Typically this characteristic is present when an area that needs to be redeveloped because of older, rundown buildings is divided into a number of different ownerships. It could also occur where existing businesses are hindered in expanding

because of the number of adjacent property ownerships. Multiple ownerships are more difficult for developers to assemble. Most of the properties in the West 2nd South area have been acquired by one owner, so this characteristic does not apply

7. (7) Tax and special assessment delinquency exceeding the fair value of the land.

This characteristic does not apply to the West 2nd South area.

8. (8) Defective and unusual conditions of title. These conditions have not been found in the West 2nd South area.

9. (9) The existence of conditions which endanger life or property by fire and other causes. The primary focus of this characteristic is inadequate fire protection facilities, particularly water mains to serve projected new development and to provide improved service to existing apartments south of the Site. The existing water mains in West 1st South need to be upgraded to solve this problem. Therefore, a number “9F” appears on the map in that street to indicate a lack of adequate fire protection facilities.

10. (10) Any combination of such factors. This number is placed at locations where two or more of the other characteristics are present.

D. Effects of Present Conditions

1. (a) Results in economic underdevelopment of the area. Field review and aerial photography confirm the current underdeveloped status of the area, largely in single-family residential.

2. (b) Substantially impairs or arrests the sound growth of a municipality. The West 2nd South area has experienced slower growth than many other areas of the community. More public infrastructure is needed to serve the expanded higher density future development in the area. When the City is unable to meet infrastructure needs over an extended period of time, there is less incentive for the private sector to invest in new development. Thus, the sound growth of the City is adversely affected.

3. (c) Retards the provision of housing accommodations or (d) constitutes an economic or social liability. With the exception of the three apartment buildings, the properties in this area are producing minimal property taxes. In addition, when the public infrastructure serving an area is inadequate, that also causes a problem for the city. Therefore, such areas tend to become an economic liability for the city.

4. (e) And is a menace to the public health, safety, morals, or welfare in its present condition or use. The previous discussion established that this area has had slow growth and, as a result, has become a modest economic liability. In addition, the inadequate fire protection facilities create a safety problem in the area. Accordingly, these conditions represent a menace or threat to the public welfare or prosperity and safety of the community.

E. Appropriateness of the Area for an Urban Renewal Project

The second part of the City Council's determination is the policy decision of whether or not the area is appropriate for an urban renewal project. Note that part of the definition of an urban renewal project includes, "undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated and deteriorating areas."

This area has public infrastructure problems, and a recent development proposal for the area identified the need for a public parking structure to serve higher density development. Such a parking structure could be built by the city if funds were available. Preparation and approval of an urban renewal plan for the area would give the city an additional resource, revenue allocation financing, to help solve the public financing problem for a public parking structure in the area. Other Idaho cities have used revenue allocation financing for public parking facilities, including structures.

In effect, property taxes generated by new development within the area could be used by the Redevelopment Agency to finance the needed public improvements and facilities to

encourage more development. Finally, the new developments would also generate additional jobs that would, in turn, benefit residents of the community.

CONCLUSION

This report concludes that the West 2nd South area described in this report is a deteriorating and deteriorated area characterized by inadequate public infrastructure and is appropriate for an urban renewal project.

Attachments

DEFINITION OF DETERIORATING AREA, IDAHO CODE § 50-2018(9)
AND DETERIORATED AREA, IDAHO CODE § 50-2903(8)(b)

A deteriorating or deteriorated area is any area which by reason of the presence of (1) a substantial number of deteriorated or deteriorating structures; (2) predominance of defective or inadequate street layout; (3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness; (4) insanitary or unsafe conditions; (5) deterioration of site or other improvements; (6) diversity of ownership; (7) tax or special assessment delinquency exceeding the fair value of the land; (8) defective or unusual conditions of title; (9) the existence of conditions which endanger life or property by fire and other causes; or (10) any combination of such factors, (a) (results in economic underdevelopment of the area);¹ (b) substantially impairs or arrests the sound growth of a municipality; (c) retards the provision of housing accommodations; or (d) constitutes an economic or social liability; and (e) is a menace to the public health, safety, morals, or welfare in its present condition or use; provided, that if such deteriorating area consists of open land the conditions contained in the proviso in Idaho Code Section 50-2008(d) shall apply.² Provided, however, this definition shall not apply to any agricultural operation, as defined in Section 22-4502(1), Idaho Code, absent the consent of the owner of the agricultural operation, except for an agricultural operation that has not been used for three (3) consecutive years.³

¹This appears only in the revenue allocation statute.

²This appears only in the urban renewal statute.

³ This proviso was added to the urban renewal statute in 2006 by House Bill 735, as amended.
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DEFINITION OF URBAN RENEWAL PROJECT, IDAHO CODE § 50-2018(10)

“Urban renewal project” may include undertakings and activities of a municipality in an urban renewal area for the elimination of deteriorated or deteriorating areas and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof in accordance with an urban renewal plan. Such undertakings and activities may include:

- (a) acquisition of a deteriorated area or a deteriorating area or portion thereof;
- (b) demolition and removal of buildings and improvements;
- (c) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, off-street parking facilities, public facilities or buildings and other improvements necessary for carrying out in the urban renewal area the urban renewal objectives of this act in accordance with the urban renewal plan;
- (d) disposition of any property acquired in the urban renewal area (including sale, initial leasing or retention by the agency itself) at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;
- (e) carrying out plans for a program of voluntary or compulsory repair and rehabilitation of building or other improvements in accordance with the urban renewal plan;
- (f) acquisition of real property in the urban renewal area which, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;
- (g) acquisition of any other real property in the urban renewal area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities;
- (h) lending or investing federal funds; and
- (i) construction of foundations, platforms and other like structural forms.