



Chandler Infill Incentive Plan

Note: Approved by City Council on February 26, 2009, Resolution No. 4250

The Arizona Revised Statutes §9-499.10 enables cities and towns to establish infill incentive districts and adopt an infill incentive plan to encourage redevelopment in the district. Further, State Statutes require that each city identify, in its General Plan, specific policies to promote infill development and locations where such development should be encouraged. As such, the 2008 Chandler General Plan, in its vision for maintaining a sustainable city, sets forth the following policies:

- Encourage infill projects that improve the quality of life in older neighborhoods by contributing amenities, appearance enhancements, and reinvestment.
- Promote sustainable development by planning for a balance of land uses, higher densities, taller buildings, and mixed-use developments in select downtown, growth area or transportation corridor locations.
- Provide quality affordable housing by encouraging higher density, innovative redevelopment strategies, and protecting and preserving older residential neighborhoods.
- Support a sustainable amount of commercial development by taking full advantage of the major shift in transportation planning toward mass transit, increasing the population to provide the needed critical mass, encouraging the redevelopment of struggling commercial centers with residential or mixed-use, and encouraging pedestrian and bicycle connections.

To this end, the Chandler Infill Incentive Plan seeks to implement the goals, policies and objectives of the General Plan, and encourage redevelopment in the Infill Incentive District (see Attachment A) through a variety of development incentives as provided for by State Statutes. Specific eligibility criteria and incentives are addressed in two separate sections, the Commercial Reinvestment Program and the Single-Family Infill Program.

SECTION 1. COMMERCIAL REINVESTMENT PROGRAM

Background

The City of Chandler has experienced increasingly strong retail development over the past decade with the development of major commercial hubs, including Chandler Fashion Center, Chandler Pavilions, Casa Paloma and Crossroads Towne Center. As these centers become major magnets for tenants and other ancillary uses, older existing shopping centers have experienced higher vacancy rates caused by increased competition, tenant relocations, small business closures, and the significant costs necessary to upgrade older buildings to meet current market standards.

Intent and Purpose of the Program

The primary intent of the Commercial Reinvestment Program is to encourage private redevelopment of older existing commercial centers within a designated area, specifically northeastern portions of the City. Potential redevelopment projects include, but are not limited to, those centers that have exhibited vacancy rates higher than City-wide averages and/or centers that are located at intersections with a significant amount of competing commercial development.

The primary purpose of the program is to provide financial incentives for projects that redevelop all or a significant portion of an existing commercial site, and introduce new and/or additional uses. City participation in these projects is anticipated to be in the form of reimbursements for costs such as the demolition of existing commercial space and/or for providing the public infrastructure necessary to accommodate a new use on the site.

While the primary intent of the program is the private redevelopment of existing retail centers, projects that upgrade the appearance of older existing retail centers and lower retail vacancy rates in the community may be considered as part of the program. Proposals to renovate existing space in order to retain or secure a quality tenant (i.e. first to the Phoenix metro area and/or a significant tax revenue generator) or that will result in a mixed-use project will be given priority over other projects that simply propose renovations to existing commercial space.

The program's focus on the redevelopment of existing sites recognizes that some of the City's older commercial sites may no longer represent the highest and best use of the property, and that redevelopment of these sites may have significant positive impacts on the community, including:

- decreasing the supply of available commercial square footage, thereby increasing demand for the remaining commercial space;
- encouraging the renovation and/or redevelopment of surrounding properties which would spur new economic activity;
- bringing new residents and/or daytime employees to older commercial areas, which would support the remaining commercial properties; and
- providing additional office space which may provide the opportunity to recruit new jobs to the City.

Section 1.1. Eligibility Criteria and General Requirements

Any applicant wishing to qualify for reimbursement of costs, as outlined in Section II of this policy, must submit a Commercial Reinvestment Program Application¹ to the Economic Development Director. The application shall include a description of the project being proposed (describes the project and the mix of uses, how the project meets current market demands, and the potential impacts and benefits to the surrounding neighborhoods), phasing plans if any, anticipated date of completion, total cost estimates and the amount of reimbursement(s) requested, proposed renovation plans and an assessment of how the project proposed meets the following eligibility criteria and general requirements:

¹ *The Commercial Reinvestment Program Application may be submitted prior to, or in conjunction with, an application seeking building permit approval, or with an application seeking rezoning/preliminary development plan approval.*

- The applicant must be an owner, or an owner’s representative, of an existing retail center² in Chandler located one half (1/2) mile or further east of the Loop 101 Price Freeway centerline, and north of the centerline of Pecos Road, except for the area designated for the Downtown Improvement Fund located in Downtown Chandler. It is important to note that while the western boundary of the Chandler Infill Incentive Plan is the Loop 101 Price Freeway, the Commercial Reinvestment Program portion of the plan does not include any commercial development within one-half mile of the Loop 101 Price Freeway.
- The vacancy rate within the particular retail center must be at least fifty (50) percent higher than the overall average vacancy rate³ for retail centers City-wide or the retail center must be a minimum of fifteen (15) years old.
- The property owner must meet a minimum one-to-one (1:1) or greater funding ratio of private investment to public reimbursement.
- The mix of uses proposed for the project must demonstrate compatibility with adjoining uses and surrounding neighborhoods.
- The property owner will be responsible for obtaining all building permits, meeting applicable building and zoning codes and obtaining all additional licenses or permits.
- For any project to be granted the reimbursements provided in Section 1.2 of this policy, the applicant shall enter into an agreement with the City, in a form to be approved by the City Attorney, to ensure that the project will be developed for the purposes stated by the applicant, in conformance with this policy. Said agreement shall be subject to approval by the Mayor and City Council.
- Project intensity, quality, or aesthetic details shall not be determined or otherwise be affected by this program, or by any agreement as may be approved by the Mayor and Council. Rather, such elements shall be determined by the requirements set forth by existing zoning, or by any zoning approval as may subsequently be granted by the Mayor and Council, and by the applicable requirements of City development codes.
- Whether submitting for rezoning and/or the agreement, an applicant’s compliance with all of the eligibility criteria and general requirements as set forth herein for the Commercial Reinvestment Program, shall not assure that such approvals will necessarily be granted by Council.

Section 1.2. Reimbursements

For those projects that meet the program’s primary intent to stimulate the redevelopment of existing commercial space to include new and/or an additional mix of uses, the structure and level of reimbursement will be determined by the amount of private investment proposed and the overall benefit to be derived by the City as a result of the project.

² For purposes of this policy, the term “retail center” shall mean either a multi-suite building of any size floor area where at least sixty percent (60%) of the floor area is designed for retail occupancies or a single tenant building intended for retail use, but in all cases excluding convenience stores and gas stations.

³ As kept by the City of Chandler Economic Development Department.

It is important to note that while the renovation of existing space will be considered, the primary purpose of the project is to redevelop existing space. Proposals that contemplate the renovation of existing space will be expected to meet stringent conditions, including the following:

- All renovations should meet current City development standards.
- The renovated center should provide marketable enhancements over the current center. This may include the addition of new square footage or a redesign that makes the existing square footage more functional.
- All owners of the center will be expected to participate in renovating their space in order to provide a cohesive appearance.
- A retail market study that demonstrates the long-term viability of the center should be provided along with the program application.

The following improvements are ineligible for reimbursements:

- Improvements to residential structures, unless part of an approved reuse project.
- Title reports and legal fees.
- Acquisition of land or buildings.
- Expenses incurred prior to Commercial Reinvestment Program approval.

Pending the availability of funding each year, reimbursements may be paid by the City at such time as the construction/renovations/upgrades are completed and the project is cleared for occupancy, from an account specifically designated for this purpose, as part of the annual City budget.

Given the prospect of competition for the funds that may be authorized each year for this program, City staff shall prioritize projects that redevelop existing commercial sites, for as long as funds remain available.⁴

Within thirty (30) days or less from receiving clearance for building occupancy, the applicant must submit a letter to the Economic Development Director, or designee, requesting the reimbursement for the costs specified in the agreement, as approved by the Mayor and Council. Upon receipt of the letter and subsequently verifying that clearances for occupancy have been granted with no remaining issues regarding compliance or completion, the Director or designee shall forward a request to the City Accounting Division to release a check payable to the developer for reimbursement of the costs approved by Council, per the agreement.

⁴ Immediately upon approval of the agreement by the Mayor and Council, the Director or designee shall encumber funds for the cost of reimbursements specified in the agreement, provided that sufficient funds are available from the designated City account. The encumbrance shall remain for the period specified in the agreement, after which time those funds would become available for other applications.

Section 1.3. Program Administration

The Economic Development Division will primarily administer the Commercial Reinvestment Program. Economic Development staff will coordinate the application and review process with assistance from Planning and Development and other City staff. Recommendations will be made by staff to City Council based upon the merits of the proposals submitted under the program. For approved applications, staff will monitor construction activities and authorize the release of funds, according to the provisions of the program and the approved agreement.

SECTION 2. SINGLE-FAMILY INFILL PROGRAM

The Infill Incentive District (see Attachment A) covers many older neighborhoods, in north and central Chandler, including a majority of Chandler's subdivisions built prior to 1980. For years, some of these neighborhoods have been dotted with vacant lots and substandard structures, while most of the new development and investment activity have occurred elsewhere in west and south Chandler. This area has also experienced higher levels of property nuisance and crime, when compared to other areas of the City.⁵

In response, the City has taken several steps in a multi-departmental approach⁶ to address these issues, all with one common goal – neighborhood sustainability. The Residential Infill Program, which was adopted by Mayor and Council in 2001 and amended in 2004, was created to encourage the development of new homes on infill properties. The intent of the Single-Family Infill Program is to encourage the development of new, energy-efficient homes on vacant lots or to replace existing substandard dwelling units within established single-family subdivisions.

Section 2.1. Qualification Criteria

To be considered eligible for the Single-Family Infill Program, the project proposal must comply with all of the following criteria:

- The project site is located within the Infill Incentive District (East of the Price Freeway/Loop 101 centerline, and north of the centerline of Pecos Road. See map, Attachment "A").
- The development proposal is to construct a LEED Certifiable or Energy Star qualified single-family attached or detached dwelling unit that is designed and constructed for owner occupancy.
- The project represents new development of a vacant parcel or lot, or the replacement of an existing unsafe dwelling unit that is not located within a residential subdivision that was platted less than fifteen (15) years ago. Parcels greater than two and a half (2.5) acres that front onto a major arterial street or that are located at the intersection of two major arterial streets shall not be considered eligible for participation in the Single Family Infill Program.

⁵ Attachment "B" Chandler Infill Incentive District Analysis, finds there to be a lack of development and investment activity, a large number of property nuisances, and a high occurrence of crime within the district compared to other areas in the City.

⁶ The Neighborhood Resources Division administers a number of programs and services aimed to assist older neighborhoods, and provides neighborhoods with a convenient and direct link to resources from various City departments. Recognizing the need for reinvestment in older shopping centers/retail establishments, the Commercial Reinvestment Program encourages private redevelopment and reinvestment in targeted existing centers resulting in a sustainable balance of land uses, as well as aesthetical upgrades and lower vacancy rates in the remaining centers. The Chandler Police Department joined the East Valley Gang and Crime Information Fusion Center to share information more efficiently and solve crimes faster.

Section 2.2. General Requirements

In order to be considered for the Single-Family Infill Incentives, projects meeting the qualification criteria above must comply with the following general requirements:

- A written Statement of Intent⁷ must be submitted by the applicant for approval by the Planning & Development Director, herein referred to as the Director. The statement must include a description of the residential project, energy efficiency efforts, development timing, and the anticipated date of completion. The written statement must be accompanied by a site plan, building elevations, and documentation required under Section 2.5 demonstrating the home is Energy Star qualified, LEED certified or LEED certifiable. In addition to providing documentation verifying that the home is Energy Star qualified, applicants requesting a financial incentive for a LEED certifiable project shall also submit a LEED for Homes checklist highlighting the LEED points that the project is intended to meet. Prior to the issuance of any financial incentive, the Director or designee may also require purchase receipts, or other forms of documentation to verify that LEED points were met.⁸
- The developer must enter into an agreement with the City, in a form approved by the City Attorney, to insure that the project will in fact be developed for the purposes stated by the developer, in conformance with this program. The agreement is subject to approval by the Mayor and Council.
- Compliance with all of the qualification criteria and general requirements as set forth herein for Single-Family Infill development, does not assure that such approval(s) will be granted by Council.

Section 2.3. Single-Family Infill Incentives

For a project that meets the qualification criteria and general requirements for Single-Family Infill development as set forth in Sections 2.1 and 2.2 of the Single-Family Infill Program, the City may award the developer one of the following incentives:

- Fifty percent (50%) reimbursement of applicable development fees including impact fees and system development fees may be awarded to an Energy Star qualified new home.⁹ In the event that such development fees are not charged because the development is located on a previously developed property, the City may award the developer a financial amount equal to 50% of the development fees that would have been otherwise charged.
- One-hundred percent (100%) reimbursement of applicable development fees including impact fees and system development fees may be awarded to a project that is LEED certified or Energy Star qualified and LEED certifiable. In the event that such development fees are not charged because the development is located on a previously developed property, the City may award the developer a financial amount equal to 100% of the development fees that would have been otherwise charged.

⁷ The Statement of Intent may be submitted prior to, or in conjunction with, an application seeking rezoning/preliminary development plan/use permit approval, but in all events prior to seeking any building permit approvals.

⁸ The Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ is a third party certification program and nationally accepted benchmark for the design, construction and operation of high performance green buildings. While LEED certification is not required to receive the financial incentive offered through this program, documentation may be required to verify that a sufficient amount of LEED points are met to warrant LEED certification.

⁹ To qualify for the Energy Star label, a home must meet strict guidelines for energy efficiency set by the U.S. Environmental Protection Agency, and must be verified by an independent home energy verification organization.

Section 2.4. Development Standards

In addition to meeting the applicable standards and requirements set forth in City development codes, infill development projects receiving one of the incentives provided in Section 2.3 of the Single-Family Infill Program must also comply with the following:

- Each single-family dwelling unit must include, as standard, all of the following features:
 1. Front yard landscaping consisting of at least two (2) trees 15 gallon in size or larger, plus six (6) shrubs 5 gallon in size or larger, plus ground cover, all being drought tolerant material, with automatic underground irrigation.
 2. Two (2) parking spaces within a garage enclosure, attached or detached, and architecturally integrated.
 3. One hundred twenty (120) sq. ft. enclosed storage area under roof, attached or detached to the dwelling unit (unless such space is available in the garage without displacing a parking space).
 4. Rear yard fully enclosed by a six (6) ft. high masonry wall, with solid gates as necessary.
 5. Copper electrical circuitry throughout the dwelling.
 6. Roofing materials certified by the manufacturer to achieve a twenty-five (25) year life or greater.
- In the event that an applicant proposes a particular infill project that advances the goals and objectives of the General Plan and features innovative or sustainable designs, departures from development standards including those listed above may be considered under a new PAD zoning designation. Justification for such departures may include considerations for project sustainability and use of green building techniques; more efficient use of existing site area and/or City infrastructure; providing residential units consistent with City goals for affordable housing; alternative transportation features and access; and other sustainable development features/characteristics not otherwise enabled under existing City development codes or guidelines.

Section 2.5. Single-Family Infill Program Administration

The Planning and Development Department is responsible for the administration of the Single-Family Infill Program. Planning Department staff shall coordinate the application and review process and present agreements to the Mayor and City Council for review and approval. Staff shall monitor and report activities under this program and recommend program amendments to further the goals and objectives of the program.

For projects replacing an existing unsafe dwelling unit, the Building Official or designee shall verify that such unit meets the conditions of an unsafe structure as defined in the 2006 International Building Code and successor editions as adopted by the Chandler City Council, prior to the demolition of the unit. A project replacing an existing dwelling unit that is not determined to be an unsafe structure shall not be eligible for participation in the Single-Family Infill Program.

The applicant or developer shall be responsible for paying all of the City fees applicable to the project at the time building permits are issued, irrespective of any Council approved agreement providing financial incentives through the Single-Family Infill Program. Developers shall also remain responsible for posting warranty bonds and performance bonds as required by City Code.

Pending the availability of funding each year, financial incentives under this program would be issued by the City when construction is complete, all dwelling units in the project are cleared for occupancy, and additional documentation has been provided by the applicant and verified by Planning staff as follows:

- New homes requesting fifty percent (50%) impact fee reimbursement shall provide documentation from an independent home energy verification organization to verify the new home meets Energy Star guidelines for energy efficiency.
- New homes requesting one hundred percent (100%) impact fee reimbursement shall provide a copy of LEED certification, or documentation that demonstrates the project is Energy Star qualified and LEED certifiable.

The availability of financial incentives is subject to annual approval through the City budget by the Mayor and Council. Further, such incentives may be granted only for as long as the funds remain available from the amount budgeted each year. Given the prospect of competition for whatever funds that may be available for this program, City staff shall administer the financial incentive as equitably as possible, on a first come/first serve basis. The first come/first serve shall be determined by the time and date that the developer's Statement of Intent is received by the Planning and Development Director, either by mail or delivered in person.

Immediately upon approval of the agreement by Mayor and Council, the Director or designee shall issue a purchase order to encumber funds for the financial incentive specified in the agreement. The encumbrance shall remain for an initial period of two years. If construction has not commenced by the end of such period, or if evidence exists that construction will not be completed by the developer identified, or in the manner specified in the approved agreement, the Director or designee may remove the encumbrance to make those funds available for other requests. The Director or designee may extend the encumbrance period for reasons directly related to the project itself, such as project size, scope, degree of difficulty with respect to land acquisition(s), relocations, environmental abatements, and the like, provided however, that the Director or designee finds that the developer is nevertheless making every effort in good faith to complete the project in as timely a manner as possible.