



City of Olympia

City Hall
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Meeting Agenda City Council

Tuesday, October 28, 2014

5:30 PM

Room 207

Special Study Session

1. **ROLL CALL**

2. **BUSINESS ITEMS**

2.A [14-1045](#) Community Renewal Area (CRA) Process - Next Steps

Attachments: [CRA CERC 10 28 2014 Process Summary.IV](#)

[CRA FAQ 10.21.2014](#)

[CRA Principles](#)

3. **ADJOURNMENT**

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City of Olympia

City Council

Community Renewal Area (CRA) Process - Next Steps

Agenda Date: 10/28/2014
Agenda Item Number: 2.A
File Number:14-1045

Type: work session **Version:** 1 **Status:** Study Session

Title

Community Renewal Area (CRA) Process - Next Steps

Recommended Action

City Manager Recommendation:

Consider Community and Economic Revitalization Committee (CERC) recommendations to move forward with the creation of a CRA.

Report

Issue:

The CERC committee reviewed the attached Community Renewal Area Process Summary (**Attachment 1**) at its October 21, 2014 committee meeting and recommends the process included therein for City Council consideration as a means for moving forward with the CRA process.

Staff Contact:

Keith Stahley, Director Community Planning and Development Department 360.753.8227

Presenter(s):

Keith Stahley, Director Community Planning and Development Department
Jay Reich, Pacifica Law Group
Lorelei Juntune, Senior Planner ECONorthwest

Background and Analysis:

At City Council's August 30th retreat, City Council expressed a desire to move forward with the creation of a CRA in downtown Olympia.

The CERC, Staff and the consultant team have continued to explore options for moving the CRA forward and will be present to discuss the approach included in **Attachment 1**.

The timeline for the process has several milestones, which are listed below. The entire process will likely take approximately ten to twelve months.

- CRA Open House
- Council Passes Resolution establishing a CRA

- NDC conduct a Community Redevelopment Finance Symposium
- RFP/Q drafted and released
- Conduct Respondent Conference
- RFP/Q proposal(s) selected
- Development of CRA Plan and developer agreements
- Adopt CRA Plan and developer agreements

Additional information provided for City Council's use includes an updated Frequently Asked Questions List (**Attachment 2**) and Isthmus Development Principles (**Attachment 3**).

Options:

1. Consider the outline of the Community Renewal Area process presented in **Attachment 1** and provide feedback and direction to staff to bring a final draft back to City Council for its approval.
2. Consider the outline of the Community Renewal Area process presented in **Attachment 1** and refer it back to the CERC for further deliberation and development.

Financial Impact:

Public participation is limited to one open house type meeting in the current CRA Project Scope of Work. The RFP process outlined in Attachment 1 is outside the scope of the existing contract and will require an amendment to the contract. National Development Corporation is not currently under contract with the City. A contract with NDC would be required to move forward with this process as contemplated. A contract with NDC will be necessary regardless of where City Council decides to go with the CRA process to support the Grow Olympia Fund. Detailed cost information will be available at the City Council meeting.

MOVING FORWARD WITH CRA

Context

City leadership has given significant attention to important social, environmental, and built environment issues affecting Downtown Olympia through initiatives such as the downtown project, walking patrol, alley lighting, public art, and the shoreline master program. Investments such as the new City Hall, Hands on Children's Museum, and Percival Landing renovations further emphasize commitments to a revitalized downtown. These efforts have contributed to a new sense of optimism in downtown best exemplified by the number of new housing units that are under construction.

The Community Renewal Act provides the City with new tools to pair with the Grow Olympia Fund to encourage private sector participation in downtown renewal and to shape development in furtherance of the City's goals of creating a safe and welcoming downtown for all and increasing commerce and private investment. A Community Renewal Area (CRA) is a means to increase commercial activity in the downtown and stabilize the City's revenue base by encouraging and ensuring quality development through public/private partnerships. Economic development should not compromise social, environmental, and urban design goals, but must be a complementary and necessary part of a larger strategic vision for the City's future. Without this economic development component, the City may have the vision for a vibrant downtown but will lack the means to carry it out.

The City, together with a Citizens Advisory Committee (CAC) composed of local residents, business owners, and real estate professionals, has been studying the feasibility of establishing a CRA downtown. The study findings indicate that there are opportunities for development in Downtown Olympia, but there are a number of market and other challenges to realizing these opportunities. The study found that properties downtown were blighted and that a CRA is an option for addressing the challenges facing development downtown. In addition, the CAC also agreed that a CRA was a tool the City should consider for helping revitalize downtown.

Process

The next steps for the City Council are to confirm that community renewal work should continue, agree upon a work program for implementing a CRA planning process, and coordinate continued work toward adoption of a CRA resolution and Community Renewal Plan with other important decisions regarding the future of downtown. The recommended approach is for the City Council to establish a Community Renewal Area downtown and then release a request for proposals or qualifications (RFP/Q) to invite private sector participation in downtown renewal.

The following sections outline this process in more detail.

Goals of the Process

- To engage the public and other stakeholders in positive conversations about the future of downtown
- To move forward, build on the momentum of CAC conversations and focus discussion on downtown renewal
- To test specific development outcomes for market feasibility, and determine what the City can contribute to encourage development
- To engage property owners and developers in community-supported downtown investment
- To proceed with the Downtown Master Plan on a separate but coordinated track
- To develop a CRA Plan(s) that is properly vetted and widely understood
- To build trust and support among the citizenry in City decision making and for renewal

Principles for a Community Renewal Plan and RFP/Q process

- Encourage all stakeholders to engage in an open and transparent process, providing a mechanism by which ideas for reinvestment can be evaluated in the context of desired-community outcomes
- Ensure that development supports public goals and values (CAC conversations about development on the Isthmus provide a useful starting point for this conversation)
- Clearly articulate the role that the City can play in supporting private reinvestment
- Ensure that City resources are invested prudently
- Ensure that new development and partnerships positively contribute to the City's fiscal position
- Ensure that development proposals are responsive to the market
- Engage property owners and developers in overcoming blight Downtown

Proposed Next Steps

The CERC evaluated several options for moving forward with a CRA Plan. The CERC's proposed approach is presented here for discussion and consideration. The CERC agreed on this approach because it: (1) moves forward in the near-term to establish the foundation for a CRA Plan; (2) creates a framework that articulates and protects public goals while allowing private partner participation in overcoming blight and stimulating downtown commerce; and (3) creates opportunity for coordination with the downtown planning process without tying the CRA Plan process to a lengthy timeline.

The immediate next step is to draft a resolution for Council consideration that:

- Takes into consideration public input, gathered through an open house style meeting to inform the public, property owners, and other stakeholders about the objectives and benefits of the CRA, to be held prior to adoption of the resolution
- Makes findings of blight and the need for renewal
- Establishes a Community Renewal Area encompassing the downtown (as reflected on the attached map), which identifies City-owned property and prominent redevelopment opportunities
- Authorizes the development of an RFP/Q process for subsequent City Council review and approval that encourages proposals with respect to blighted properties, clusters of properties or small areas such as the Isthmus

The RFP/Q process will invite private sector participation in a public/private partnership with the City that will ensure quality development in furtherance of City goals and values. The review of responses to the RFP/Q will be designed to build trust in the City Council's selection of a partner(s) and will include opportunities for public review of all responses and additional public participation following selection of a preferred partner(s).

Additional decision-making regarding the scope and work plan for the RFP/Q process is needed. Based on the CERC's thinking and consultant/staff input, the following questions require further consideration:

1. Overall approach to solicitation

Recommendation: Proceed with development of RFP/Q to solicit partnership interest from developers, property owners, individuals or interest groups willing to make proposals consistent with City goals and engage in public outreach and interaction. Following the RFP open house, the City Council would select from among respondents a partner or partners to, solicit more detailed design and financial analysis. Consider providing technical assistance (design, financial evaluation) to those selected to provide detailed analysis. Process may result in one or several partners being selected, on one or more sites. Attention should be given to the City's capacity to move forward with more than one site at a time in the selection process.

2. Who makes decisions to select partners?

Recommendation: Council, but based upon advice from a committee that includes CAC members and other stakeholders.

3. Approach to clarifying possible City role and other financial resources?

Recommendation: Consider developing the RFP/Q in conjunction with NDC to identify appropriate alternative financing mechanisms, clarify the City's role in supporting those mechanisms, and recruit potential developers to respond. Identify a set of possible City contributions to public/private partnerships to enhance feasibility (examples: City

property that can be sold, traded or co-developed, contributions to public parking, facilitated permitting, etc.).

4. **What factors might RFP/Q selection criteria include?**

Recommendation: While this will require significant discussion to determine, preliminarily, consideration of respondent approach to and track record in engaging the public in their development process, financial and/or fiscal feasibility, and overall alignment of the development proposal with downtown development goals should be included among the criteria.

Following selection of a partner(s), the City will negotiate possible public/private partnerships in the form of enforceable development agreements for City Council review and approval that will define public and private roles, obligations, and responsibilities. Additional opportunities for public outreach and engagement will be identified through this process.

Ultimately, the City will develop a Community Renewal Plan (CRP) for City Council consideration that may incorporate the proposals from the successful RFP/Q process. Approval of the Community Renewal Plan requires a public hearing prior to City Council approval.

Timeline

The timeline for the process has several milestones, which are listed below. The entire process will likely take approximately ten to twelve months.

- CRA Open House
- Council Passes Resolution establishing a CRA
- NDC conduct a Community Redevelopment Finance Symposium
- RFP/Q drafted and released
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CRA Process Timeline:

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
RFQ/P		Draft and Council review	NDC Finance Seminar		Release and Bidder's Conf		Responses due		Selection		Negotiations		Possible development agreement in place
CRA Resolution and Plan			Council adopts resolution								Draft of Plan	Final Council review	Final Plan adopted
Public Outreach	CRA Open House		Public hearing	NDC Resource fair	Bid Conference			Open house on responses			Public review draft available		Public hearing
Downtown Plan			Scoping							Plan underway			

CRA Process Timeline Detail:

OPTION B		
Inputs needed	Event	Date
Final work plan; description of options	CERC	October 14, 2014
Final work plan; CERC recommended options	City Council	October 28, 2014
Council decision on approach and timeline	Council	November 3, 2014
CRA open house	Public and Stakeholders	week of November 17
First draft of resolution and RFQ/P	CERC	December
Final draft of resolution and RFQ/P	CERC	December/January
Final Council review of resolution and RFQ/P	City Council	January
Develop approach and recruit participants	NDC Public Finance Seminar	January/February
Final RFQ/P	RFQ/P release date	March
Inputs from NDC re: financing; other data re:public contributions	Bidder's conference and resource fair	March
	RFQ/P responses due	May
	Open house to review responses	June
	Successful respondent(s) selected; enter negotiations	July
Draft CRA Plan	CERC	August
	Open House	August
Final draft of CR Plan	CERC	September
Final Council review draft	City Council	October
Final public review draft	City Council	November
Final version of plan	City Council	November

Proposed CRA Boundary





Community Renewal Area FAQs

Olympia's City Council has started the process to consider the creation of a Community Renewal Area (CRA) within Olympia. The City Council feels that a CRA may be one of the tools to help to encourage high quality redevelopment in our downtown.

About Community Renewal

Q: *What is a Community Renewal Area (CRA)? How is it established?*

A: Washington law (RCW 35.81) allows cities to establish a Community Renewal Area through the designation of a geographic area that contains blight and the creation of a Community Renewal Plan for addressing blight in that area. Many Washington cities have used CRA to develop and implement redevelopment plans, including Vancouver, Shoreline, Everett, Bremerton, and Anacortes.

Q: *How is blight defined and how does this relate to downtown Olympia?*

A: Revised Code of Washington 35.81.015 defines blight as:

1. Substantial physical dilapidation, deterioration, defective construction, material, and arrangement and/or age or obsolescence of buildings or improvements, whether residential or nonresidential,
2. Inadequate provision for ventilation, light, proper sanitary facilities, or open spaces;
3. Inappropriate uses of land or buildings;
4. Existence of overcrowding of buildings or structures;
5. Defective or inadequate street layout;
6. Faulty lot layout in relation to size, adequacy, accessibility or usefulness;
7. Excessive land coverage; insanitary or unsafe conditions; deterioration of site;
8. Existence of hazardous soils, substances, or materials;
9. Diversity of ownership;
10. Tax or special assessment delinquency exceeding the fair value of the land;
11. Defective or unusual conditions of title;
12. Improper subdivision or obsolete platting;
13. Existence of persistent and high levels of unemployment or poverty within the area; or
14. The existence of conditions that endanger life or property by fire or other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime; substantially impairs or arrests the sound growth of the municipality or its environs, or retards the provision of housing accommodations; constitutes an economic or social liability; and/or is detrimental, or constitutes a menace, to the public health, safety, welfare, or morals in its present condition and use.

Several of these conditions exist in downtown Olympia including, but not limited to, the existence of buildings that are dilapidated, deteriorated and obsolete and the presence of hazardous soils. Council will need to determine if these conditions constitute a condition of blight. Not all buildings within a CRA need to be blighted, as the impacts of blight extend well beyond the property lines of the blighted property negatively affecting adjoining properties and entire neighborhoods.

Q: *What special powers does community renewal provide?*

A: Once a CRA is established, the city gains a variety of tools designed to help it facilitate renewal. For example, while Washington law typically limits cities from working with private enterprise, under the CRA law, cities are encouraged to partner with private enterprise to rejuvenate the CRA.

Make improvements	Acquire/sell property	Use financial tools
<p>Execute contracts or other instruments</p> <p>Install, construct, reconstruct parks, streets, roads, public utilities, or other facilities</p> <p>Contract with any public or private person for the purpose of carrying out the activities identified in the workable plan</p> <p>Select a developer either before or after land acquisition to pinpoint property acquisition and avoid assembling more parcels than necessary</p>	<p>Buy, lease, or acquire property through the eminent domain process;</p> <p>Sell, lease, or transfer the acquired property, or amount that is not less than its fair value</p>	<p>Borrow/accept financial assistance from the federal government, the state, county, or other public body, or from any public or private source (including fed block grant-backed loans)</p> <p>Make loans or grants for job creation or retention.</p> <p>Form local improvement districts to finance improvements</p> <p>Relocate persons or provide assistance to property owners/tenants affected by the CRP</p> <p>Issue tax exempt, nonrecourse revenue bonds that are backed by the revenues generated by the development to pay for the cost of public improvements in the blighted areas. These bonds are not subjects to the statutory or constitutional debt limits of the municipality.</p>

Q: *What process is the City using to evaluate community renewal in downtown Olympia?*

A: The City has prepared an Investment Strategy report and a Community Renewal Area Feasibility Study to assess the technical feasibility of community renewal in downtown. These studies provide information on findings of blight within downtown, as well as a recommendation for the Council on whether to establish a community renewal plan, and what boundary and governance structure the community renewal area should have. Council will consider these recommendations and should they decide to move forward with a CRA will hold a public hearing after publishing a notice in the newspaper and giving written notice to all property owners.

Q: *Does the CRA change zoning or heights of buildings?*

A: The CRA itself does not change regulations, but provides a set of tools for a city to use for the very limited purpose of bringing about renewal. However, the consulting team assisting in the development of the CRA plan will assess whether the existing development regulations, such as building heights and setbacks, create barriers to the redevelopment of certain blighted properties in Downtown. Should changes be recommended they would be considered through the City's normal planning process.

Q: *Will my property taxes or values increase or decrease as a result of community renewal?*

A: Creating a CRA will not affect property assessments positively or negatively, as it does not guarantee improvement, increase potential, or devalue property. Property taxes and property values will only be affected when and if the area experiences significant improvement through investment or increased tenant activity.

Q: *Are there property rights objections to CRAs?*

A: Two common property rights objections often surface when cities consider using CRAs: the dislocation of residents and the use of condemnation or eminent domain for economic development. At this point in the process, it appears unlikely that the CRA would displace existing residents and City Council has discussed using eminent domain under some limited circumstances, but has not taken a formal position on the use of eminent domain.

Community Renewal in the Olympia Context

Q: *Will the City have a plan for Downtown renewal?*

A. Yes, part of the process of creating a Community Renewal Area is the creation of a Community Renewal plan. The Revised Code of Washington 35.81.015 defines a CRA plan as:

- (a) shall be consistent with the comprehensive plan or parts thereof for the municipality as a whole;

- (b) shall be sufficiently complete to indicate such land acquisition, demolition, and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community renewal area; zoning and planning changes, if any, which may include, among other things, changes related to land uses, densities, and building requirements; and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements;
- (c) shall address the need for replacement housing, within the municipality, where existing housing is lost as a result of the community renewal project undertaken by the municipality under this chapter; and
- (d) may include a plan to address any persistent high levels of unemployment or poverty in the community renewal area.

Q: How does this project relate to past, current, and future planning efforts for Downtown?

The existing and proposed Comprehensive Plan envisions downtown Olympia as a cultural hub and a retail center with a vibrant street-life, a great place to live with a growing and diverse residential population, a great place to visit with access to and views of the shoreline, the Capitol, Capital Lake, the Puget Sound and the Olympic Mountains. With its waterfront, historic buildings, cultural amenities and new City Hall, Hands On Children's Museum, East Bay Plaza and rebuilt Percival Landing Olympia is poised for redevelopment.

As part of the Comprehensive Plan update, the Planning Commission has identified the need for a Downtown Plan. This plan has not yet been scoped or fully defined, however, it may address the broader issues related to downtown such as transportation, urban design, sea level rise, social service provision and other issues beyond the scope of the CRA's objective of the elimination of blight on specific properties. Much of the information developed by the consulting team related to downtown redevelopment characteristics will be foundational to any future planning efforts related to downtown.

Q: What role might the City of Olympia play in the redevelopment of Downtown Olympia?

A: The City can play a greater role in stimulating and targeting high quality growth. Examples may include:

1. Providing consistent guidance and planning for new development in Downtown, through the Downtown Planning Process
2. Designating and funding parks, plazas, and other public open spaces
3. Acquiring private property, razing blighted buildings, developing plans and soliciting redevelopment proposals for private property

4. Planning for and financing major infrastructure improvements
5. Assessing hazardous and contaminated soils and facilitating site cleanup
6. Considering “planned actions” and the creation of special zoning districts.

Q: *Does the City intend to acquire property?*

A: Should the City find it necessary to acquire additional property in downtown as a result of the CRA process, the City would act in the public interest as a typical buyer, using a negotiated purchase agreement wherever possible. The Community Renewal Area Plan would detail what property the city would be interested in acquiring and how the City would repurpose that property. In addition, RCW 35.81 prescribes that cities that acquire property for economic renewal in CRAs need to do so with the intention of returning the property to the private sector as soon as is reasonable.

Next Steps

Q: *Where can I learn more about Community Renewal Areas?*

A: The Municipal Research and Services Center of Washington maintains a webpage with examples of CRA ordinances from Anacortes, Bremerton, Shoreline and Vancouver. It also includes a link to the text of RCW 35.81. [Community Renewal Law \(Formerly Urban Renewal\)](#). Questions can also be directed to Keith Stahley, Community Planning & Development Director at either 360.753.8227 or kstahley@ci.olympia.wa.us.

Q: *Can I follow the progress of the CRA?*

A: On the City of Olympia internet website, updates on the work of the Citizens Advisory Committee are available at [CRA Process Information](#).

Q: *How can I comment on the CRA’s proposal for Downtown Olympia?*

A: The City Council values community input and looks forward to hearing from you on the CRA proposal at scheduled open house meetings, Community and Economic Revitalization Committee Community Renewal Area Meetings, City Council Meetings and public hearings. City staff and elected officials are available to attend meetings and explain the role of the CRA as it relates to the future of our downtown.

Poster Number	Guiding Principle	Number of Votes (Dots)		
1	Create a vibrant mixed use area combining housing, retail, office and park space.	50		
4	Create an extraordinary pedestrian environment, which could include public art, public gathering spaces, outdoor dining, street vendors, performance space, retail and restaurants.	48		
8	Consider how to eliminate blight and stimulate reinvestment.	36		
14	Consider the viability of redevelopment proposals from an economic perspective.	36		
2	Consider the needs of existing businesses and property owners so they can grow and prosper.	33		