

Mayor/Council Priorities 2018-2021

Continuing the Conversation

Presented by Carol Mitten, City Administrator, to the Committee of the Whole
November 13, 2018

Tonight I would like to continue the conversation we started three weeks ago about resource allocation and Mayor/Council Priorities. What I want to share with you tonight will (I hope) provide a critical reference point not only for the discussion of Mayor/Council Priorities, but also for the upcoming discussion of development opportunities that will be before you in the next two months and following those – the FY20 budget.

The City of Urbana has a structural deficit. You have heard Mayor Marlin and Finance Director Elizabeth Hannan explain this many times. It bears repeating that a structural deficit results when on-going expenditures outpace on-going revenues. This is not a cyclical problem that will solve itself with time. The City is taking specific actions to address it.

There are multiple long-term approaches to solving a structural deficit. One of the steps we have committed to long-term is a growth strategy: growing our tax base. However, in the short-term we have taken a number of cost-saving steps outlined in our budget document and will continue to do so. These steps can't continue indefinitely without undesirable service reductions that will actually undermine our growth strategy.

You've seen this graphic before (see attached map) showing that more than one-quarter of the city's land area is exempt from property tax. This stems from our role as the Champaign County Seat and all county facilities, home of the University of Illinois campus, two regional medical centers, a closed landfill, and many other educational, government, and educational properties. In order to offset that property tax revenue loss – and remain competitive regionally – we need to add value to the remaining taxable properties. We will do that by thoughtfully promoting 1) new development where possible and 2) reasonable in-fill development.

In the weeks to come, there will be announcements of new developments, some of which will require financial support from the City. You will have to decide what you want to invest in – how you want to build on the 'foundation for the future'. Let me run through some of those developments.

First, we will have the Development Agreement for 200 S. Vine Street. If approved by the Council, this project will be the first new residential development in downtown Urbana in 13 years. At our average household size of 2.2 persons, it will bring almost 100 new residents downtown to where they can shop, work, and recreate all without getting in a car if they so choose. It is the kind of development that reflects the values of Urbana for living downtown and in a sustainable community.

There is also a City-owned site in play. The location must remain confidential at this time. This site may become the subject of an affordable housing proposal by an experienced affordable housing developer that would bring another 35 units of housing downtown, including some live/work spaces for artists and a community arts space. That would be another 77 new residents downtown.

There are also a few projects in the works that are notable because they will NOT require investment from the City beyond our standard grant offerings. Last week, you voted to approve the annexation of the land under contract to Trinitas for the Union Gardens development. Through that action and the earlier rezoning, you expanded our overall land area of taxable property by 8 acres, enabled a project that will increase the value of the underlying property significantly, and you set the stage for several hundred new residents (226 units) to complement the existing activity in northwest Urbana and add their buying power to the demand for goods and services in that area.

Last week, you also approved the rezoning of several parcels of land at the corner of University Avenue and Race Street. Although the identity of the eventual user remains confidential, we expect a new retail entity to be located there, which will add to the vitality of downtown and the adjacent park areas and increase the property tax base and sales tax receipts.

Finally, several major infrastructure projects will support and enhance these new housing developments as well as commercial activity. These include the reconstruction of Green St. from Lincoln Avenue to Race St. as part of the MCORE project. Green St. will become the main connection between campus and downtown Urbana and deliver people to the doorstep of Lincoln Square. University Avenue will be resurfaced. Many safety upgrades also will be made to this important corridor between Wright St. and Maple St. The new lighting, sidewalks and crosswalks will greatly enhance connectivity between downtown and the rest of the community. We also have received a grant to study the feasibility of extending the Kickapoo Rail Trail from east Urbana through the city to Lincoln Avenue. This trail will increase connectivity, enhance recreational and tourism opportunities, and promote health and wellness.

I highlight these projects (both private and public investments) for a couple of reasons. First, Urbana is becoming an increasingly desirable place to open a business and to live – but the economics of new development (particularly market-rate residential) are still tenuous. We may need to incentivize some new development, but our constrained resources mean we have to be selective in doing so. (The Landmark Hotel is certainly an example of that.) Second, I think the level of activity downtown is especially promising and provides an important opportunity. Third, a number of these projects are moving forward because they are occurring on city-owned property. Although we are still subject to changes in overall market conditions and competitive forces, eliminating uncertainty and leveraging our assets where we can will help us be more successful. It also helps that moving properties onto the tax rolls in a TIF District can produce increment for reinvestment.

When we discussed council priorities three weeks ago, you seemed interested in taking on one priority at a time and considering the necessary resource reallocation in order to really move the needle. You asked me for a recommendation of what we should tackle first. When I look at the Mayor/Council Priorities through the lens that I just described – that is, promising growth is taking place (much of it in downtown), some of which is free of incentives, but tax revenues still need to increase before our structural deficit is cured – I focus on which of the priorities is most likely to advance that growth. For me, there is no question that Priority #1 is the first priority we should take on.

Priority #1, just to refresh everyone's memory, is:

With consideration of the downtown as a whole, initiate and plan for transformation of the Lincoln Square site into a destination. The 2012 Downtown Plan's Vision Statement is as valid today as it was then:

Downtown Urbana is the heart of our city. It is built at a human scale and embraces the historic urban fabric, while also promoting a high quality of compatible new building development in appropriate locations. It is an economically vibrant environment with welcoming public spaces and an active arts and culture scene. Downtown is accessible to all and well connected to surrounding neighborhoods and to the University. The mix of businesses, residences and other attractions in our downtown helps to promote sustainable, healthy lifestyles.

The Downtown Plan is a good foundation to build on (allowing for some modifications for six years of intervening reality). The authors of the Plan tried to tie implementation of the Plan to a list of priorities for TIF spending.

I would argue that the success of that approach was uneven, because the priorities were too numerous and the expectations about revenues too generous. The Plan also left (largely) unanswered a series of questions that are important for us to be able to answer very soon, if not immediately.

Here are some of the key issues that were identified in the Downtown Plan and the questions they raise for me:

- “Downtown needs better **interconnectivity**” (the Plan specifically addresses connections between the farmer’s market and Main Street and between other activity generators – like the Library – and the rest of downtown)
 - What is the best location/configuration for the farmer’s market?
 - How can dynamic, urban pedestrian connections be built through Lincoln Square Mall?
 - What is the best location for the future MTD transit facility such that it will benefit residents and business owners in Urbana?
- “A related issue affecting downtown is a **lack of critical mass**...[including] **lack of housing** units within downtown proper”
 - How can we support greater residential density in Downtown Urbana?
 - Specifically, which sites are appropriate/targeted for residential development?
 - When will we have design standards that ensure the pedestrian experience is desirable for street-level retail and uses that activate the public realm?
- “Downtown Urbana also could benefit from more **vibrant public spaces**”
 - Again, the location of the farmer’s market informs this area of need. Can the farmer’s market space be designed to create a flexible public space that can be used any day of the week, any time of day?
 - Do the investments in various public spaces reflect the strong need to activate those spaces as much as possible? (E.g., access to electricity, parking, restrooms)
 - Again – so we have design standards that protect the public realm?

Before I go further, let me repeat Priority #1: **With consideration of the downtown as a whole, initiate and plan for transformation of the Lincoln Square site into a destination.** The nine block area that comprises the Lincoln Square site is THE single-most important opportunity we have to 1) address interconnectivity Downtown, 2) develop a critical mass of various land uses, but especially residential, Downtown, and 3) create an iconic new public realm in Downtown Urbana.

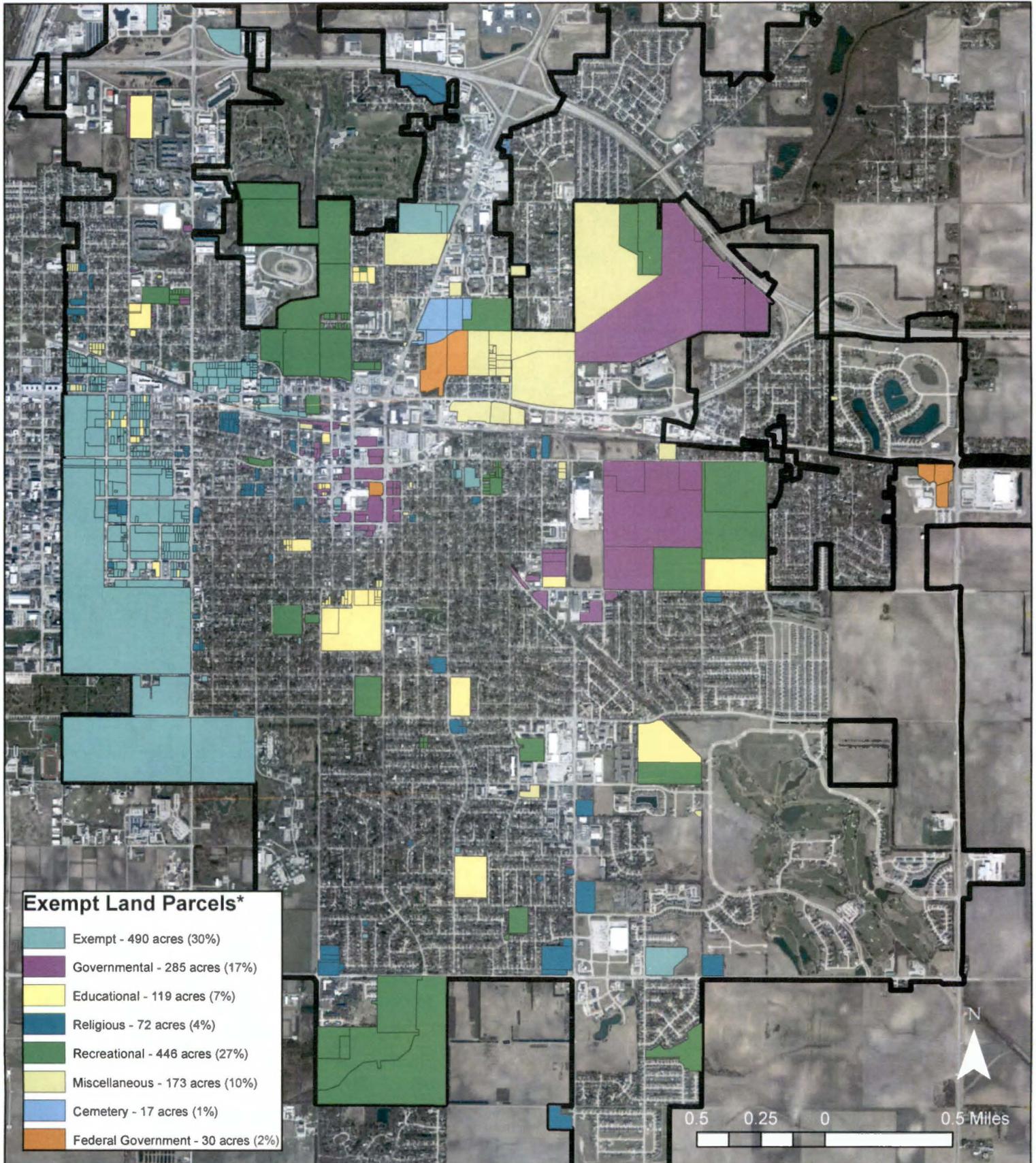
So, why should *this* investment be top priority at this time?

- We have the opportunity to build on the “**What’s in Your Square**” visioning process. (*No one is interested in preserving the status quo.*)
- The **City of Urbana Facilities Master Planning process** will provide critical information regarding City-owned sites in Downtown. (*The Master Plan needs to both inform and respond to on-going planning/economic development activities Downtown.*)
- A visioning process is about to begin for the **Market at the Square** – and that process needs to allow for a fulsome exploration of all configurations that could be possible for the Market going forward. (*The outcome of that process will impact Lincoln Square.*)
- A **Parking Study** was recently completed for Downtown that shows a significant surplus of parking spaces. (*Surface parking lots should be prime targets for new development.*)
- The **parking agreement with the owner of Lincoln Square Mall** for the City-owned lots south of the Mall expire in 2034. (*Fifteen years is not too soon to begin planning for the changes possible once that agreement expires.*)
- The MTD is very keen to identify an option for their **downtown Urbana transit facility**. (*We have to plan for the most appropriate site or they may acquire a parcel of land and move forward based on current – rather than future-oriented – planning.*)
- We have to **focus our future TIF expenditures** directly (albeit not exclusively) on building EAV. (*Our budget situation demands that we place more explicit emphasis on getting tangible financial results.*)
- Champaign County appears to be moving toward **re-locating all downtown jail services** and administrative offices to the facility in east Urbana, thus freeing the county-owned site on Main St. (*The potential for this site has not been specifically considered in previous planning efforts.*)

What I would like your support to do is: 1) make Priority #1 the first priority you want to address in a non-routine way and 2) seriously entertain a proposal to be developed by staff to leverage all the efforts I just enumerated by reallocating resources to move the needle on this critical and timely opportunity.

Tax Exempt Land of Urbana as of 11/09/2018

Prepared by William Andresen & Marcus Ricci



Total Urbana Acreage: 6,361

Fully Exempt Acreage: 1,636 (26% of Urbana)

*Percentage shown is of Total of Exempt Parcel Acreage

Partially Exempt Acreage: 17 (1% of Exempt)