



ECIDA POLICY COMMITTEE

Adaptive Reuse Policy

Adopted November 26, 2008

Recent local real estate market surveys have indicated that the region's real estate market continues to be dually challenged by old outdated structures which are considered functionally obsolete and a flat relatively low cost market for real estate. This is particularly problematic with the existing building inventory in the urban core office market and regionally in the industrial building inventory. Some estimates place the obsolescence level of the existing industrial building inventory at as much as 50%.

These structures present unique challenges to development and adversely impact the economic viability of the neighborhoods and districts surrounding them by contributing to:

- Slum and blight
- Public safety concerns
- Environmental concerns
- Depression of local real estate values
- Economic viability issues for infill development\

In an effort to advance a regional strategy for development consistent with the Framework for Regional Growth, that outlines a growth, development and investment plan for the region, the ECIDA shall pursue an **Adaptive Reuse Strategy** that encourages the redevelopment of old structures or sites for new purposes consistent with this plan.

This represents a shift in development focus of the ECIDA to assuming an active role in building and site development in targeted areas and for specific purposes in the county.

Adaptive Reuse is the process of adapting old structures or sites for new purposes.

Adaptive Reuse Projects present unique challenges to development by private market activity, among these are:

- Higher costs associated with development of sites and structures
 - Environmental Remediation Issues
 - Building Code Issues
 - Physical Development Costs
- Local real estate values that do not support increased upfront development costs

These structures also present many governmental and regional growth issues for the county.

- Public safety concerns from abandoned and deteriorating structures
- Significant costs to local governments for demolition or remediation of sites and buildings that end up in public ownership through abandonment or tax delinquency
- Increased public infrastructure costs associated with new site and building development

Current ECIDA and the Countywide IDA Policy make the use of IDA benefits problematic and difficult to use in Adaptive reuse projects.

- Present policy and state law focus on end use(s) of projects which may not be fully known in adaptive reuse scenarios
- Many adaptive reuse projects are large floor plate structures which typically have a mix of uses making project eligibility determinations difficult
- Market rate housing has been a component of many of the adaptive reuse projects in the urban core

The adoption of a proactive Adaptive Reuse Policy and strategy will create many benefits to the region, including:

- Redevelopment of blighted sites and or structures
- Promoting infill development that utilizes existing public infrastructure, controlling costs for local government support of infrastructure
- Supporting the Framework for Regional Growth Plan
- Creating new economic activity at difficult sites and buildings, helping to eliminate neighborhood slum and blight
- Promoting a green redevelopment strategy, recycling existing buildings and sites
- Helping maintain neighborhood fabric and historic nature of area structures

In implementing an Adaptive Reuse Policy the ECIDA will create a scoring system to evaluate projects for adaptive reuse utilizing evaluation criteria that will include:

Required Criteria:

1. Age of structure, structure must be at least 20 years old and present functional challenges to redevelopment
2. Structure has been vacant or underutilized for a minimum of 3 years
 - a. Underutilized being defined as a minimum of 50% of the rentable square footage of the structure being vacant, or structure being utilized for a use for which the structure was not designed or intended for.
3. Structure is not generating significant rental income
 - a. Significant rental income defined as 50% or less than the market rate income average for that property class.
4. Project is in compliance with the investment and growth criteria of the Framework for Regional Growth plan

5. Demonstrated evidence of financial obstacle to development without ECIDA or other public assistance
 - a. Submission of cash flow projections documenting costs, expenses and revenues indicating a below average return on investment rate as compared to regional industry averages.
6. Demonstrated support of local government entities

Other Factors to be considered:

7. Structure or site presents significant public safety hazard and or environmental remediation costs
8. Site or structure is located in a distressed census tract
9. Structure presents significant costs associated with building code issues associated with new development making the project financially unfeasible per item#5 above
10. Site or structure is presently delinquent in property tax payments

A report will be prepared and presented to the ECIDA board which will evaluate each project on the above cited criteria, for review and determination of project eligibility and assistance by the ECIDA Board of Directors.

***All adaptive reuse projects must comply with existing state law and Countywide IDA eligibility requirements.**

Pursuant to this policy, adaptive reuse projects with the exception of the present Hotel restrictions may include eligibility uses that are presently not considered for ECIDA assistance under non-adaptive reuse project scenarios, i.e. certain retail uses and market rate housing.