



CAPITAL CITY DEVELOPMENT CORPORATION

# Gateway East Urban Renewal Area Eligibility Report

**FINAL REPORT** | August 8, 2018



CAPITAL CITY DEVELOPMENT CORPORATION  
**GATEWAY EAST URBAN RENEWAL AREA  
ELIGIBILITY REPORT**

August 8, 2018

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Gateway East Urban Renewal Area Eligibility Study

Table of Contents

SECTION	PAGE
1. Executive Summary.....	1
2. Study Area Background .....	5
3. Existing Conditions .....	8
4. Conclusion .....	27
Appendix: Limitations of Engagement.....	28

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# 1. Executive Summary

SB Friedman Development Advisors ("SB Friedman") has prepared this preliminary Eligibility Study (the "Study") for the proposed Gateway East Urban Renewal Area ("Study Area") for the Capital City Development Corporation ("CCDC" or "Agency") pursuant to the Idaho Urban Renewal Law of 1965, Title 50, Chapter 20, Idaho Code (the "Law"), and the Local Economic Development Act, Title 50, Chapter 29, Idaho Code (the "Act"), collectively the "Urban Renewal Law."

Urban Renewal Law provides for different eligibility factors and required findings and tests for Improved Land (defined below) versus Open Land (or "Open Area")(defined below). It is our understanding that Open Land under the Urban Renewal Law means agricultural or forest lands and/or a predominately undeveloped, open area. In part due to the large number of undeveloped or partially developed areas within the Study Area, there are a handful of undeveloped parcels which could be construed as either Open Land or Improved Land. In order to definitively demonstrate the Study Area is eligible for designation as an Urban Renewal Area ("URA"), SB Friedman divided the parcels into the following three classifications:

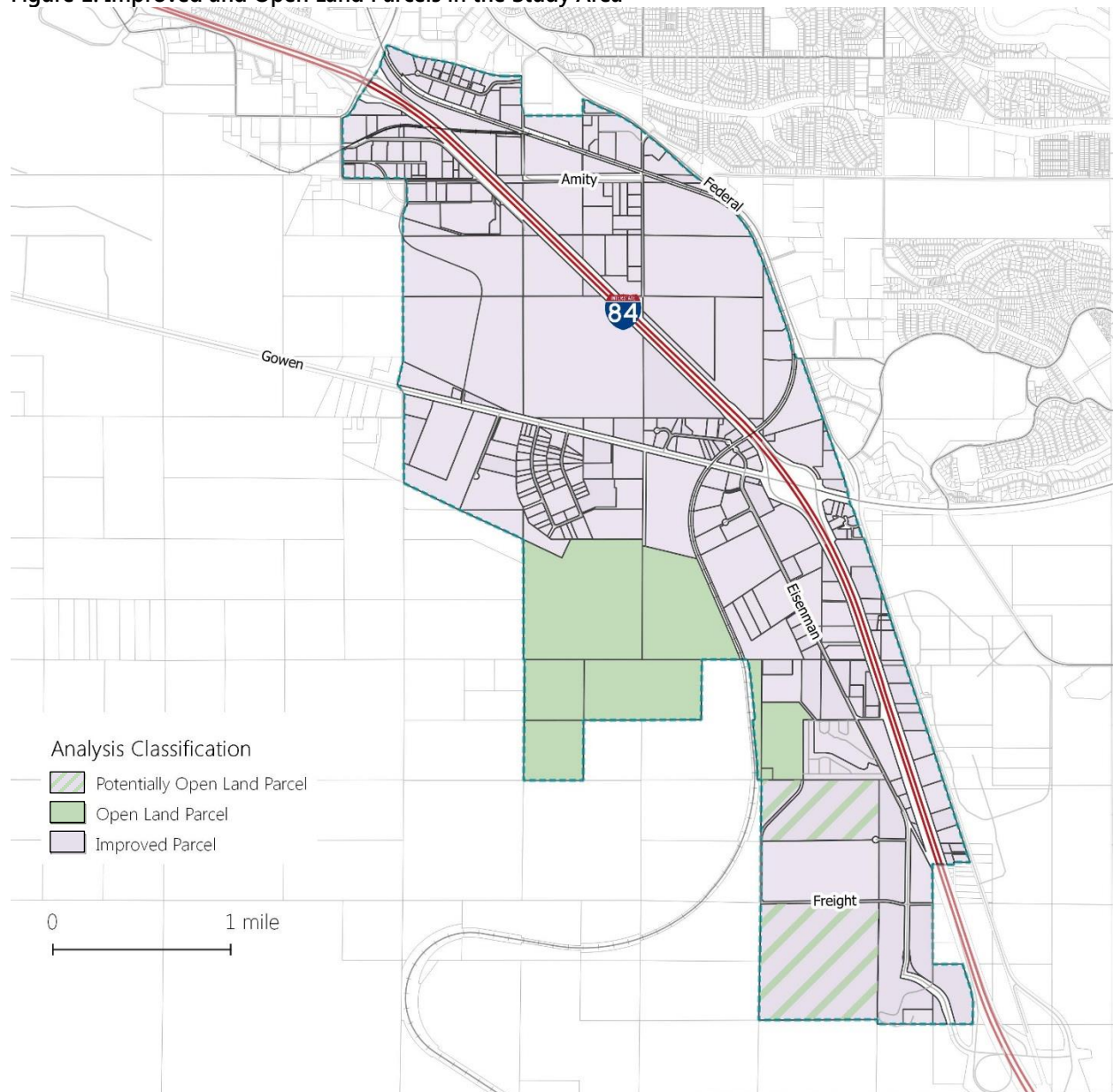
- **Improved Parcels** | includes both:
  - Developed, Improved Parcels | Developed parcels within existing industrial parks or along the Study Area commercial corridors; and
  - Undeveloped, Improved Parcels | Undeveloped parcels in existing industrial parks, or adjacent to existing development.
- **Open Land Parcels (OLPs)** | Large undeveloped, vacant parcels without street or utility access.
- **Potentially Open Land Parcels (POLPs)** | Undeveloped parcels with lot characteristics comparable to those of an Open Land parcel but which have street access or utilities.

For analysis purposes, POLPs have been included in both the Improved Parcels and OLP categories. Thus:

- 1) The Improved analysis includes all Improved Parcels and POLPs.
- 2) The Open Land analysis includes all POLPs and OLPs.

**Figure 1** demarcates parcels as Improved or Open Land and calls out the three POLPs included in both analyses.

Figure 1: Improved and Open Land Parcels in the Study Area



Source: CCDC, SB Friedman, City of Boise

## Summary Conclusions

This Study documents the conditions in the Study Area which support the finding that the Study Area is “deteriorating.”

**IMPROVED** - SB Friedman finds the following three criteria for a deteriorating area to be meaningfully present and reasonably distributed throughout Improved Parcels within the Study Area:

1. The presence of a substantial number of deteriorated or deteriorating structures;
2. Predominance of defective or inadequate street layout; and
3. Deterioration of site or other improvements.

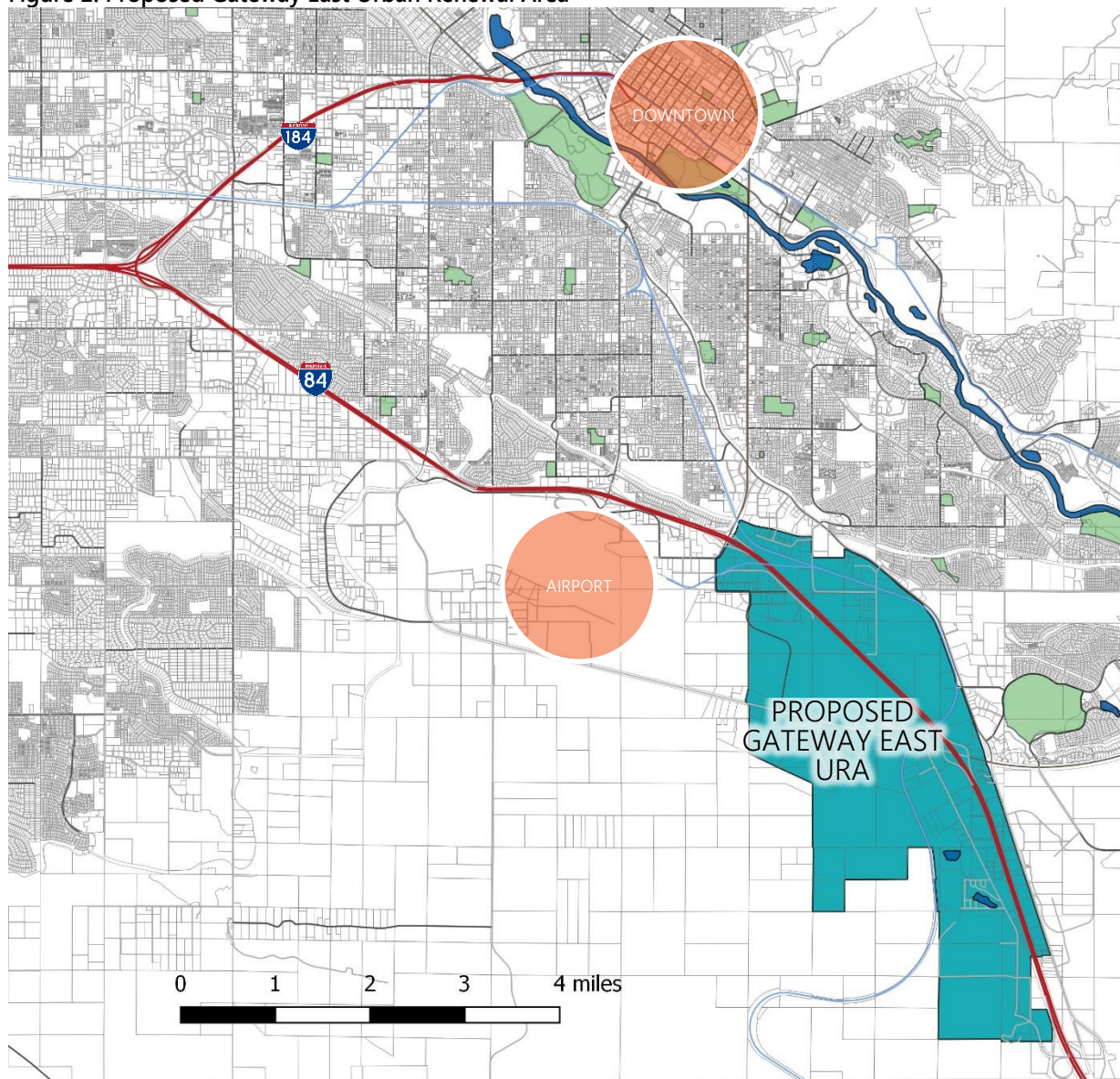
**OPEN LAND** - SB Friedman also found the Obsolete Platting criterion for a deteriorating area to be meaningfully present and reasonably distributed throughout Open Land parcels within the Study Area.

The finding that the Study Area is eligible must be made by the City Council of the City of Boise (the “City Council”) as part of the approval process for a URA.

Upon adoption of a resolution finding that the Study Area is a deteriorating area, CCDC will create an Urban Renewal Plan (the “Plan”) for the proposed district. Following plan approval by the CCDC Board of Commissioners, the Boise City Planning and Zoning Commission (the “Commission”) would review the Plan and decide on its conformance with the City’s Comprehensive Plan. If the Plan is in conformance, the City Council would then hold a public hearing prior to which all the affected taxing entities can provide comment on the proposed Plan. City Council then must elect to either approve the Plan and create a corresponding Revenue Allocation Area, by ordinance, or elect not to approve the proposed Gateway URA.



Figure 2: Proposed Gateway East Urban Renewal Area



Source: CCDC, SB Friedman, City of Boise

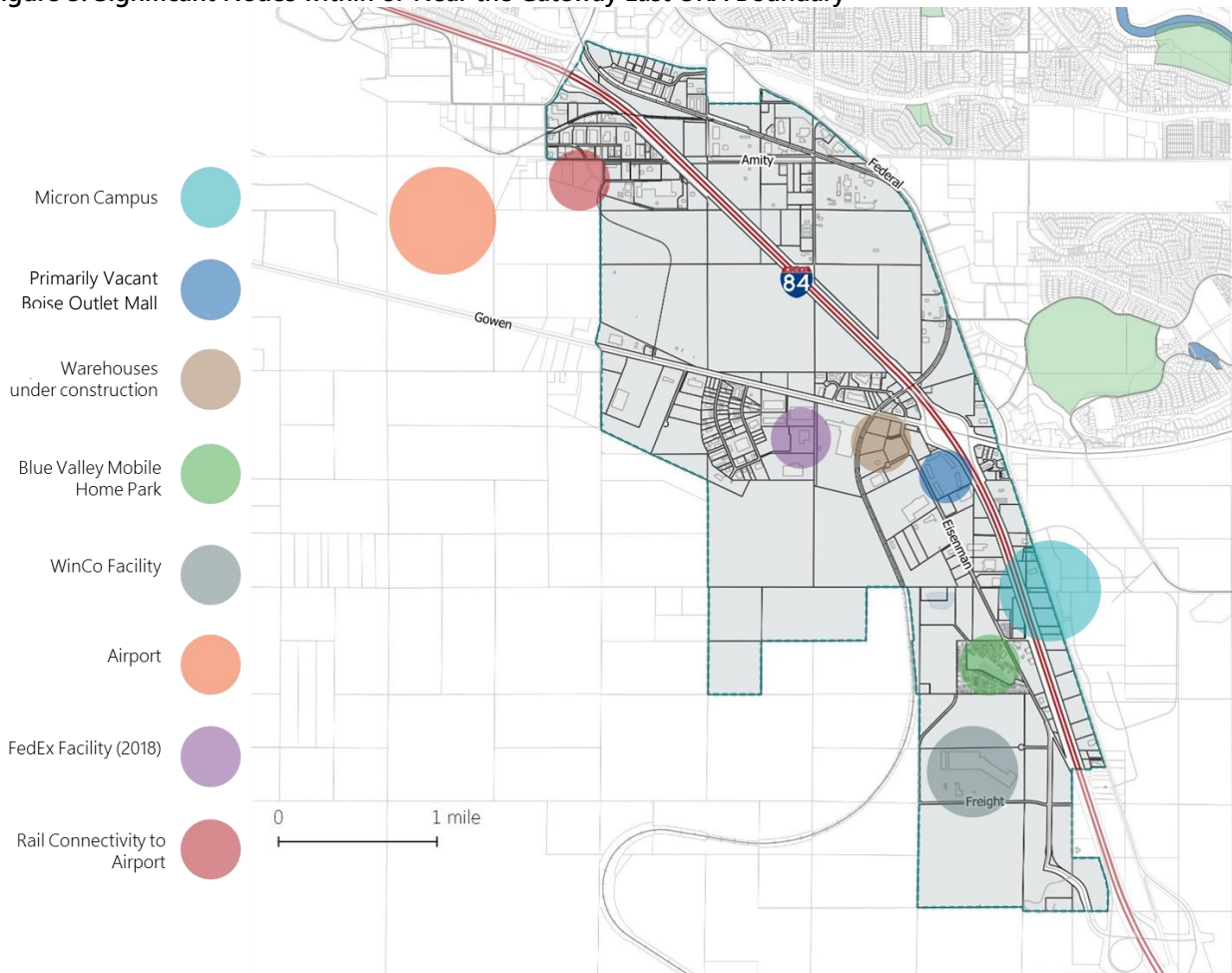
## 2. Study Area Background

### Introduction

The Study Area encompasses approximately 3,260 acres of land along the Interstate 84 ("I-84") corridor. Portions of the Study Area have been previously considered for URA eligibility. In 2011, the City adopted Blueprint Boise – a comprehensive plan to guide development. Blueprint Boise included more specific planning and development goals for smaller "Planning Areas." The Study Area is located in parts of two Planning Areas, the Airport Planning Area on the southwest side of I-84 and the Southeast Planning Area to the east side of I-84.

Within the Study Area there are 346 parcels, approximately half of which are developed industrial parcels. The remaining Improved Parcels with vertical development have institutional, hospitality or retail land uses.

**Figure 3: Significant Nodes within or Near the Gateway East URA Boundary**



Source: SB Friedman, City of Boise, CCDC



There are several significant nodes within the Study Area. The majority of the northwest portion of the Study Area borders the Boise Airport. The southwest corner of the Study Area is primarily undeveloped or Open Land, adjacent to an existing at-grade rail line managed by Watco Companies. The rail line extends into the north end of the Study Area and is frequently adjacent to active industrial properties. Major industrial tenants include FedEx, WinCo and Shopko.

Blueprint Boise established the following planning standards/policies to work toward within the Airport and Southeast Planning Areas in order to help address some of the larger planning challenges within the area:

- Accommodate a range of manufacturing and open-storage uses in industrial areas east, west and south of the Boise Airport (AP-CNN 1.2a);
- Encourage industrial and airport-related development south of the third runway in conjunction with the extension of Lake Hazel Road and Orchard Street and the construction of a secondary road network (AP-CNN 1.2b);
- Limit commercial uses in areas designated for industrial to accessory retail services intended to serve employees in the immediate area (AP-CNN 1.4);
- Recognize the Boise Airport as a major gateway to Boise and the State of Idaho (AP-NC 1);
- Reserve the area surrounding current Micron facilities for future high-tech industrial expansion (SE-CNN 1.2);
- Protect the Federal Way industrial area for heavy industrial uses (SE-CNN 1.3); and
- Explore opportunities to provide transit service to the Micron facility and other activity centers in the Southeast (SE-C 1.2).

Nearly all of the Study Area has a future land use designation of industrial. There are a limited number of parcels near the Gowen/Eisenman intersection designated as commercial which are adjacent to the I-84 interchange.

## Reasons for Selection of the Project Area

The City is interested in developing and/or redeveloping portions of the Study Area to facilitate the development of light industrial, research and development, technology and manufacturing uses, as well as related commercial uses. Recent industrial development has primarily occurred in adjacent communities despite the availability of land within the Study Area. A URA could provide the funding required to initiate the key capital improvements to attract development on sites within the Study Area.

The Study Area is also of interest for a URA because of its position as the gateway to Boise from the southeast. The City has expressed an interest in creating a more attractive gateway. City gateways should provide visual cues that convey to passengers an entrance or departure from a municipality. Gateways have the added benefit of increasing city identity which can build awareness of development opportunities through the city periphery.

## Previous Eligibility Initiatives

In 2001, an eligibility study was conducted for the southeast end of the current Study Area. The report concluded that the Study Area was deteriorated/deteriorating and eligible for a URA. However, the City Council did not elect to approve the URA at that time.

Leland Consulting Group also conducted a market study for a previous proposed URA boundary in the early 2000s. That study found that the region offers a competitive advantage for several manufacturing industries in addition to transportation and recreation sectors. The report also concluded that the Study Area was most suitable for manufacturing, warehousing and distribution uses but noted the Study Area lacks the infrastructure and developable lots sized appropriately for new development.

Following the market study, Idaho Power led a Site Readiness Evaluation effort for portions of the Study Area. That study reaffirmed development limitations mentioned in the market report, including:

- Large sites with varying degrees of access to the Watco rail line;
- A lack of understanding of the costs associated with improving rail access for new developments;
- High costs required to expand natural gas and water utilities; and
- The difficulty of development adjacent to an airport given site restrictions.

While portions of the Study Area have seen development since these studies were completed, there are large portions of the Study Area which still have similar development limitations. In addition, the envisioned 'gateway' concept has yet to be realized despite rapid growth elsewhere in Boise.

## 3. Existing Conditions

### Existing Land Use within the Study Area

The Study Area is a roughly 3,260-acre area with portions located in both the Airport and Southeast planning areas. The City, through planning documents such as Blueprint Boise and the Airport Master Plan, has expressed an interest in the area continuing to serve as a major industrial hub. The intent is to expand industrial capacity in the Study Area, allowing for a limited amount of supplemental office and retail growth, as well. The Airport Master Plan states there should be an effort to “avoid encroachment from non-industrial uses, such as residential, to protect Boise Airport operations and minimize future conflicts” (AP-5).

SB Friedman conducted fieldwork to document current land uses within the Study Area. Major land uses, and subcategories where appropriate, are as follows:

#### IMPROVED

1. **Industrial/Flex** – as the Study Area is predominately industrial, SB Friedman further categorized industrial sites into the following three categories:
  - a. Developed – 174 parcels have buildings or structures typical of industrial land uses; commonly distribution facilities, manufacturing plants or storage sheds. The Study Area also includes several truck repair facilities.
  - b. Parking – 33 parcels exclusively serve as parking. The parking parcels are primarily private parking for outdoor truck and vehicle storage, but also include more traditional parking lots.
  - c. Undeveloped Land – 92 parcels are unimproved sites with no private investment to date, likely to be developed as industrial.
2. **Office** – five parcels are currently used as office disassociated from an industrial use.
3. **Hotel** – there is one hotel within the Study Area on a single parcel.
4. **Public/Private Institutional** – six parcels are designated for institutional uses; a recently developed fire station, several City owned parcels near the Boise Airport and a substation on Gowen Road.
5. **Retail** – Retail uses are currently located on 13 parcels. Retail has been recently developed at the north end of Eisenman Road and appears to be performing well. However, the Boise Factory Outlet on S Eisenman Road is the largest retail center and is predominately vacant.
6. **Residential** – three parcels have residential land uses including the 200-unit Blue Valley mobile home park.
7. **Right-of-Way** – eight parcels are right-of-way (ROW). For the purpose of our analysis, ROW parcels were excluded from all percentage calculations.
8. **POLP** – three parcels are POLPs located on the west side of the Study Area near the rail line, as addressed in greater detail above.

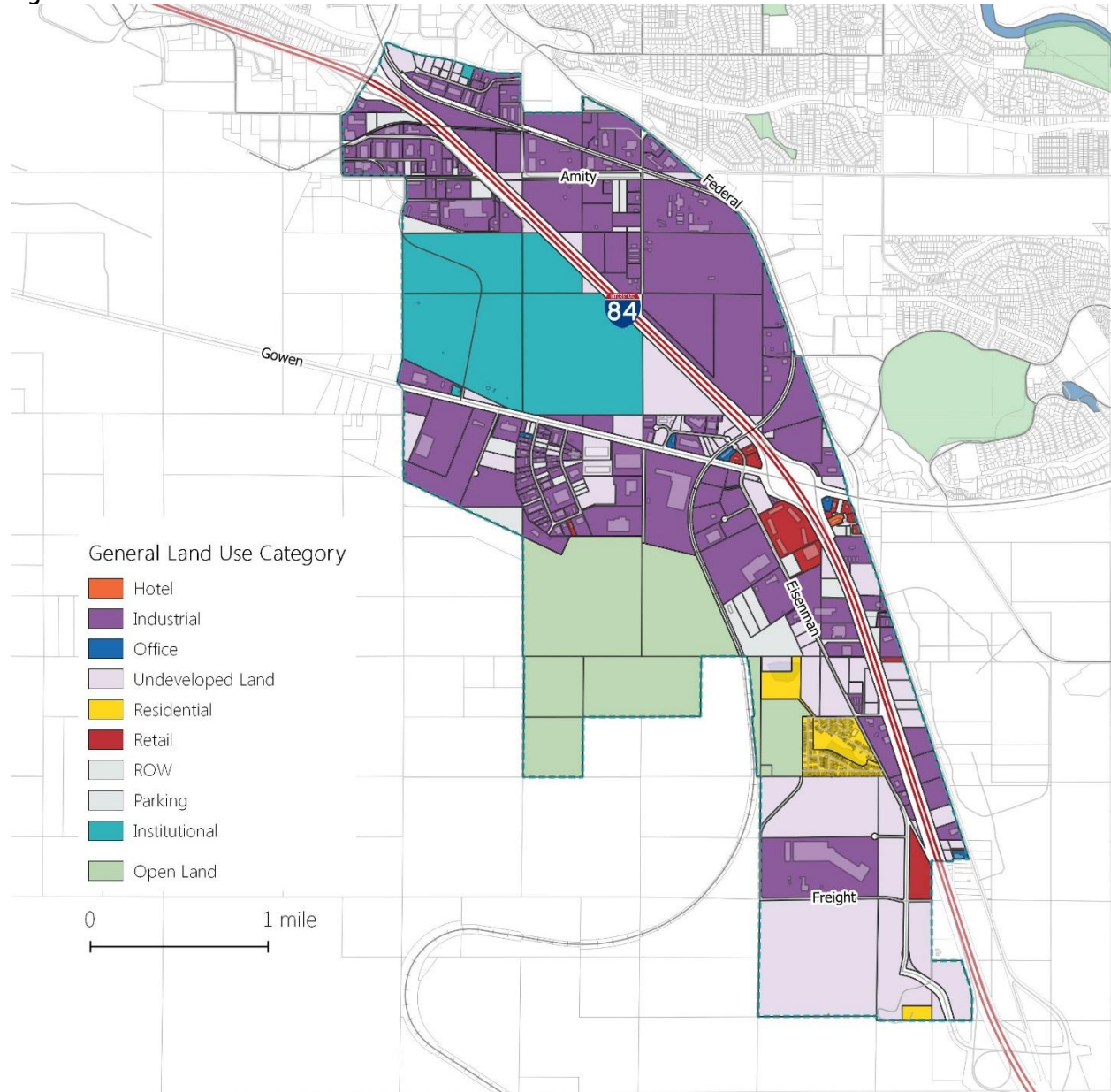
#### OPEN LAND

1. **POLP** – three parcels are POLPs, as addressed above.
2. **OLP** – eight parcels on the west side of the Study Area were classified as Open Land, as addressed above.

Idaho Code Sections 50-2018(8) and 50-2903(8)(f) state that, to be included within a URA, parcels involving “agricultural operations” as defined in Idaho Code Section 22-4502(11) or “forest lands” as defined in Idaho Code Section 63-1701(4) require the consent of the property owner. Parcels within the Open Land classification

do not appear to be actively used as an agricultural operation. However, SB Friedman assumes CCDC will either [1] ensure the absence of an agricultural operation or [2] acquire the necessary landowner consent for any land classified as an agricultural operation. Figure 4 maps observed land use.

**Figure 4: SB Friedman Observed Land Use**



Source: CCDC, City of Boise, SB Friedman

## Improved Parcels

### REQUIRED FINDINGS AND DEFINITION OF DETERIORATED/DETERIORATING

Idaho Code Section 50-2008(a) states that “[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 deteriorating area or a combination thereof and designated such area as appropriate for an urban renewal project.”

The Urban Renewal Law includes definitions for a deteriorated area or a deteriorating area. These definitions include lists of criteria, one or more of which must be met in an area for it to qualify for an urban renewal project. These criteria are in Idaho Code Sections 50-2018(8) and (9) and Section 50-2903(8) and are listed below.

#### 1. Deteriorated Area

Idaho Code Section 50-2018(8) and Idaho Code Section 50-2903(8)(a) define a deteriorated area as an area in which there is a predominance of buildings or improvements, whether residential or non-residential, which by reasons of:

- a) Dilapidation;
- b) Deterioration;
- c) Age or obsolescence;
- d) Inadequate provision for ventilation, light, air, sanitation or open spaces;
- e) High density of population and overcrowding;
- f) Existence of conditions which endanger life or property by fire and other causes; or
- g) Any combination of such factors;

is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime and is detrimental to the public health, safety morals or welfare.

#### 2. Deteriorating Area

Idaho Code Section 50-2018(9) and Idaho Code Section 50-2903(8)(b) define a deteriorating area as one, which by reason of:

- a) The presence of a substantial number of deteriorated or deteriorating structures;
- b) Predominance of defective or inadequate street layout;
- c) Faulty lot layout in relation to size, adequacy, accessibility or usefulness;
- d) Insanitary or unsafe conditions;
- e) Deterioration of site or other improvements;
- f) Diversity of ownership;
- g) Tax or special assessment delinquency exceeding the fair value of the land;
- h) Defective or unusual conditions of title;
- i) Existence of conditions which endanger life or property by fire and other causes; or
- j) Any combination of such factors;



substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability, and is a menace to the public health, safety, morals or welfare in its present condition and use.

## EVIDENCE OF A DETERIORATING AREA

Based on our preliminary research, deterioration of site improvements appears very close to meeting the “predominance” standard required for a Deteriorated Area. However, given the marginal nature of this preliminary finding, we have elected to pursue the Deteriorating Area eligibility finding in this Study. Of the nine eligibility factors for a Deteriorating Area, we have identified three to be meaningfully present and reasonably distributed within the Study Area. We have also identified another three criteria (faulty lot layout in relation to size, adequacy, accessibility or usefulness; insanitary or unsafe conditions; and conditions which endanger life or property by fire and other causes) to be present within the Study Area, however not present to our standard of meaningfully present and reasonably distributed. Each of the meaningfully present criteria and evidence are detailed below.

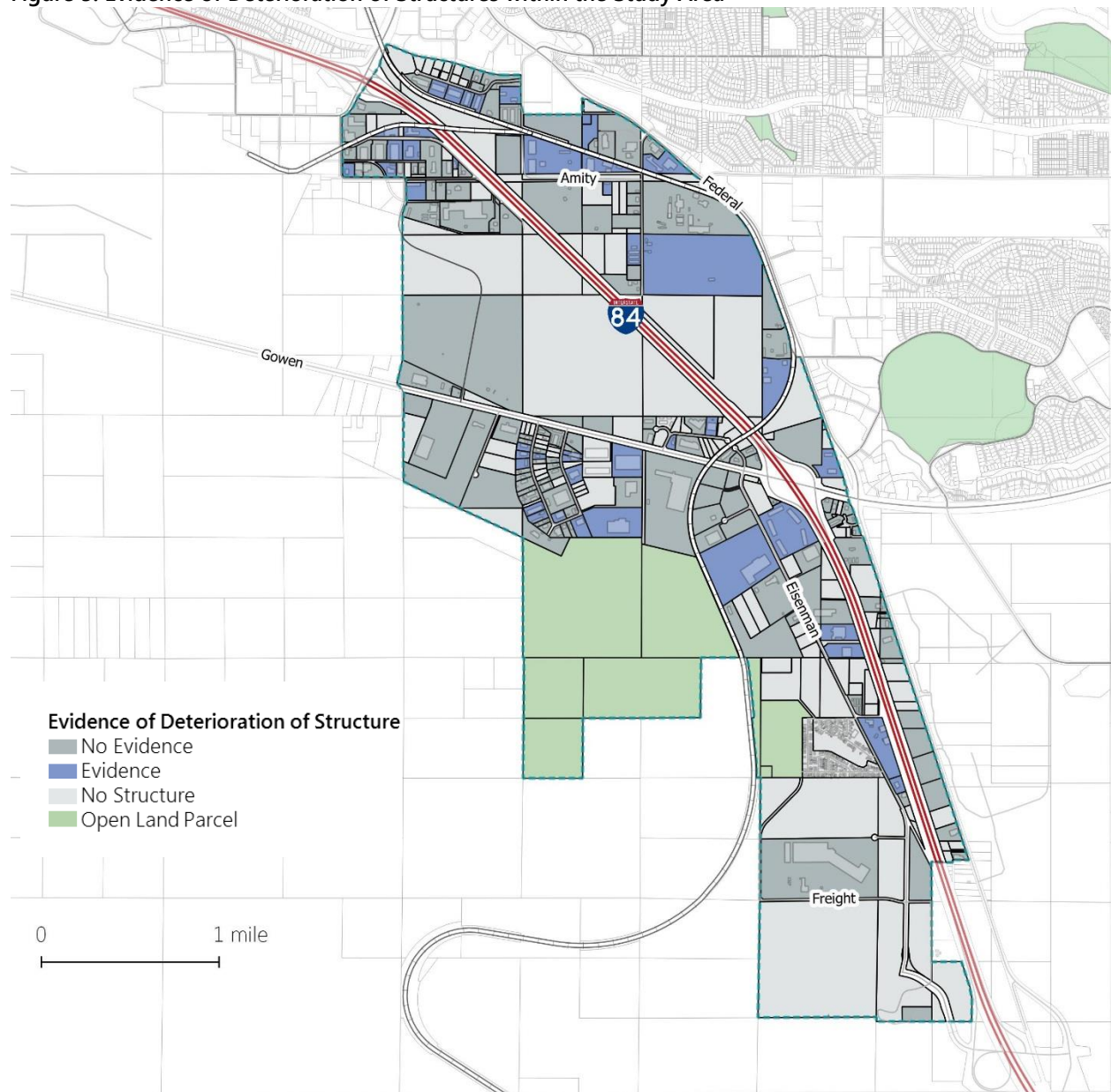
### 1. A SUBSTANTIAL NUMBER OF DETERIORATED OR DETERIORATING STRUCTURES

In order to evaluate deterioration of structures within the Study Area, fieldwork was conducted on a parcel by parcel basis. To be identified as a “deteriorating” structure, a structure must have shown deterioration beyond issues that could be remedied with routine maintenance. Common factors SB Friedman found to make the determination that a structure is deteriorating included:

- Fascia damage
- Holes in siding
- Damaged or missing shingles
- Cracked or damaged windows
- Broken foundation
- Significant water damage

Of the 179 parcels with at least one structure observed on site in the Study Area, 53 (30%) exhibited signs of deterioration. **Figure 5** below highlights the parcels on which a deteriorating structure is located.

Based on field evidence, we find deteriorating structures to be meaningfully present and reasonably distributed throughout the Study Area. Therefore, the Study Area meets the urban renewal eligibility standard of “a substantial number of deteriorated or deteriorating structures.”

**Figure 5: Evidence of Deterioration of Structures within the Study Area**

Source: CCDC, City of Boise, SB Friedman

## 2. PREDOMINANCE OF DEFECTIVE OR INADEQUATE STREET LAYOUT

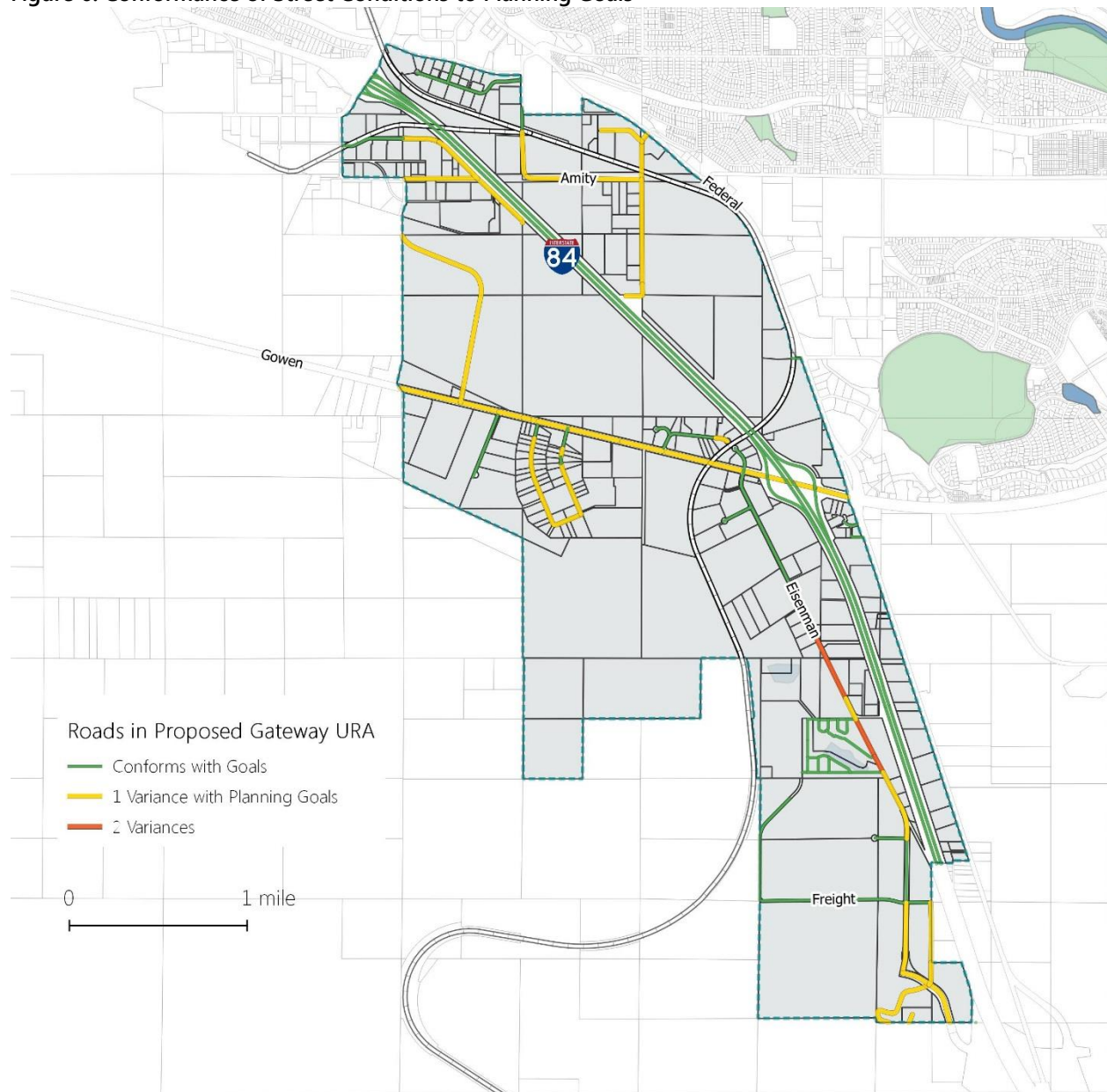
A finding of predominance of a defective or inadequate street layout can be made based on an evaluation of three criteria: the overall condition of the existing street layout, the appropriateness of such a layout, and overall connectivity of streets within the Study Area.

There are over 20 miles of roadway within the Study Area, which generally fall into three categories: interstate, industrial arterial and industrial collector/local roads. Streets in Boise are predominately controlled by the Ada County Highway District (ACHD). Thus, in order to evaluate whether the streets in the Study Area were inadequate or defective, we compared current roadway conditions against ACHD standards. The 2009 Livable

Street Design Guide (the "2009 Report") prepared by the ACHD articulates street guidelines for each of the major road typologies. For the purpose of evaluating the adequacy of street layout in the Study Area, SB Friedman compared each street segment in the Study Area against the 2009 Report standards by type:

1. **Industrial Arterial Roads.** Roads expected to be posted for a maximum of 45 miles per hour (MPH) with two lanes in each direction plus a center lane. Sidewalks should be required on at least one side of the road.
2. **Industrial Collector/Local Roads.** Speed limit should be posted for a maximum of 35 MPH, with one lane in each direction and sidewalks on at least one side of the road.

We analyzed all the linear feet of roadway within the Study Area and evaluated them against policy guidance. We have assumed that all interstate road segments conform to City and State planning goals.

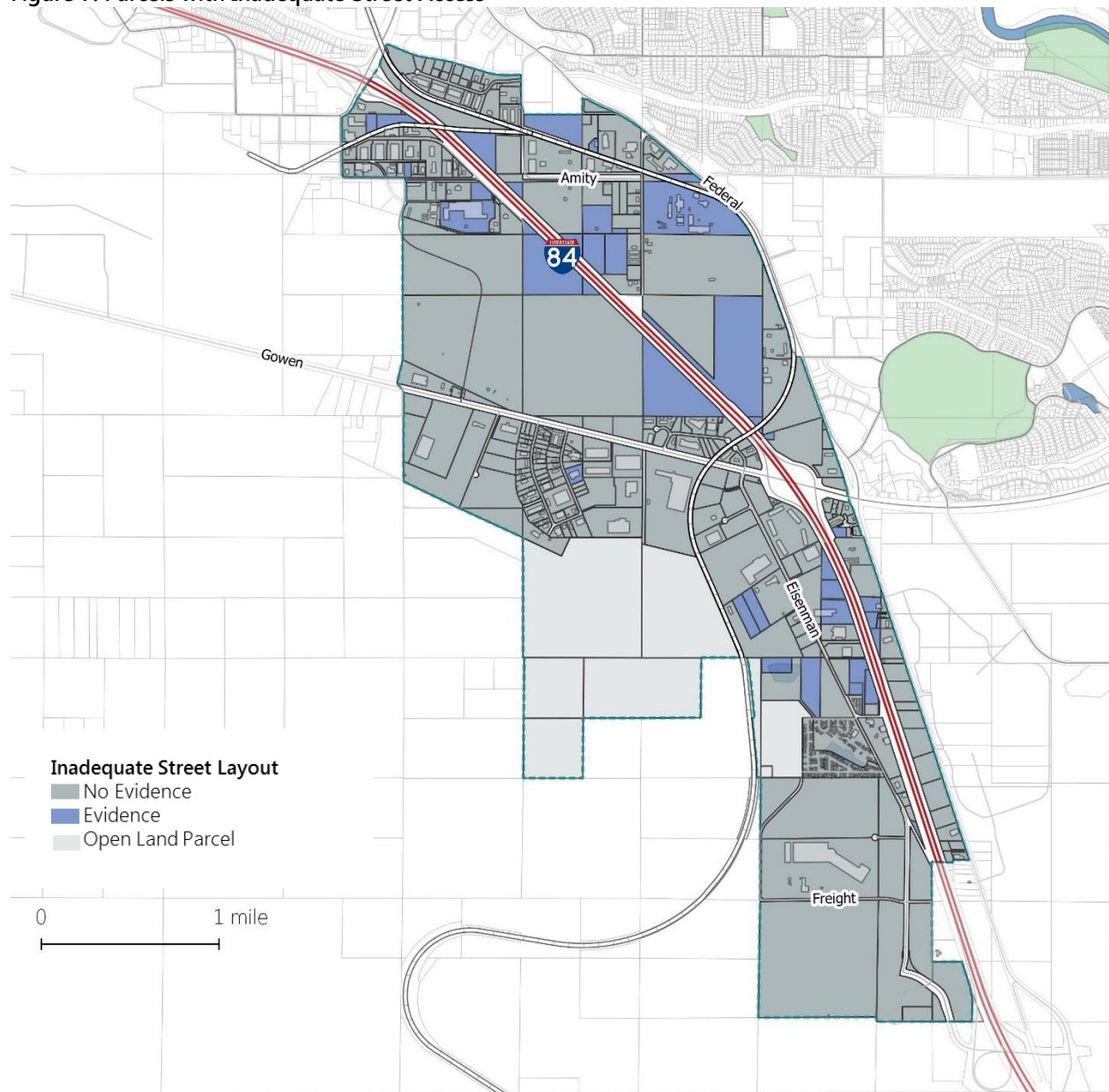
**Figure 6: Conformance of Street Conditions to Planning Goals**

Source: ACHD, CCDC, City of Boise, SB Friedman

SB Friedman found that only 65% of the linear feet met both the road width and sidewalk availability planning goals articulated in the 2009 Report. Additionally, 26% of the street length is lacking a sidewalk on either side of the road and 11% of the street length is not adequately wide enough to accommodate industrial uses on the road typology. **Figure 6** above is a map displaying each of the street segments with conformance to planning goals symbolized.

Predominance of inadequate street layout was also evaluated on a parcel by parcel basis. Parcels without access to public roads within the Study Area are commonly the result of being located adjacent to I-84 or only accessible through another private parcel. Of the 330 improved parcels included in the analysis, 48 (15%) have inadequate street access. Parcels without proper access to public streets are noted in **Figure 7**.



**Figure 7: Parcels with Inadequate Street Access**

Source: CCDC, City of Boise, SB Friedman

SB Friedman finds inadequate street layout to be meaningfully present and reasonably distributed throughout the Study Area. The finding is based on evidence of unmet street design standards across 35% of the linear street length and lack of connectivity to 15% of the parcels within the Study Area. Therefore, the Study Area meets the urban renewal eligibility standard of “predominance of defective or inadequate street layout.”

### 3. DETERIORATION OF SITE OR OTHER IMPROVEMENTS

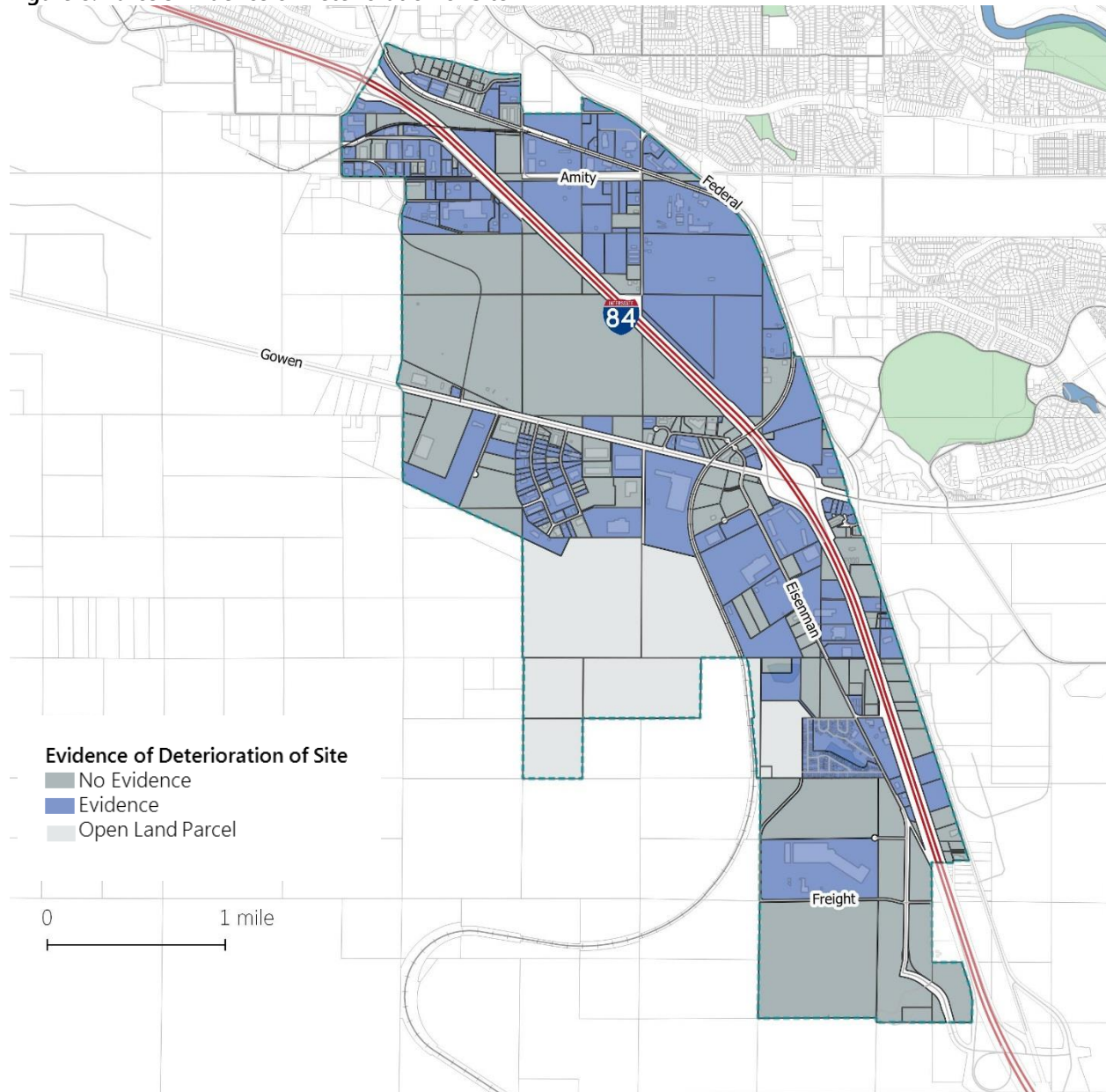
Parcels were found to be deteriorating if issues requiring repairs beyond normal maintenance were observed. The most commonly observed findings include the following:



- Cracked pavement or sidewalks
- Fencing deterioration (e.g., rot, missing panels)
- Lots which require extensive site improvements (e.g., unpaved/unkept gravel parking lots)
- Lack of – or damaged – physical infrastructure (e.g., curbs, sidewalks, paving)
- Deterioration of the rail line intersecting the parcel

Of the 330 improved parcels in the Study Area, 166 (50%) exhibited site deterioration. **Figure 8** shows the distribution of parcels identified as exhibiting site deterioration.

**Figure 8: Parcels Evidence of Deterioration of Site**



Source: CCDC, City of Boise, SB Friedman

SB Friedman further explored the deterioration of the Study Area by evaluating railroad crossings on a district-wide basis in addition to the parcel-by-parcel basis. There are 21 railroad crossings within the Study Area. According to a 2003 COMPASS Rail Corridor Evaluation Study, all non-concrete public crossings were planned to be replaced with safer, more durable concrete panels. **Figure 9** and **Figure 10** illustrate the difference between unimproved (asphalt) and improved (concrete panel) railroad crossings in the Study Area.

**Figure 9: Unimproved Railroad Crossing**



**Figure 10: Improved Railroad Crossing**



Source: SB Friedman

Of the 21 railroad crossings in the Study Area, 11 are unimproved without concrete panel crossings; indicating a majority remain deteriorating and in need of replacement.

Based on field evidence of individual parcels and an analysis of railroad upgrades, we find site deterioration to be meaningfully present and reasonably distributed throughout the Study Area. Therefore, the Study Area meets the urban renewal eligibility standard of “deterioration of site or other improvements.”

## OVERALL CRITERIA CONCLUSIONS

As described above, three of the nine potential criteria for finding a ‘deteriorating area’ were found present within the Study Area:

1. The presence of a substantial number of deteriorated or deteriorating structures;
2. Predominance of defective or inadequate street layout; and
3. Deterioration of site or other improvements.

In addition to the findings of one or more eligibility factor, Urban Renewal Law requires that this factor(s) result in adverse consequences for the Study Area. The next section addresses this aspect of URA eligibility.

## Improved Parcels

### ECONOMIC UNDERUTILIZATION: OTHER EVIDENCE OF A DETERIORATING AREA

Urban Renewal Law requires that a two-part test be passed to establish eligibility. The first part requires the finding of at least one eligibility factor – of the nine possible – be present within the Study Area. As noted above, SB Friedman requires for a factor to be found present, it must be meaningfully present and reasonably distributed throughout the Study Area. The second requirement for determining eligibility is demonstrating

the finding of deterioration also “substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public.”

SB Friedman evaluated the economic and social liability impacts of the Study Area by analyzing vacancy and underdevelopment of parcels within the Study Area and evaluating development inhibitors.

## ECONOMIC & SOCIAL LIABILITY

In order to assess whether the Study Area represents an economic liability, we analyzed parcel underutilization. Underutilization of parcels were considered for both undeveloped land and currently vacant buildings:

### 1. Undeveloped Land within the Study Area

Of the 330 parcels included in the improved analysis, 101 have no private development and limited public infrastructure. The majority of those parcels are in platted industrial subdivisions and are either currently on the market or assumed to be available for sale/development in the future. There are two characteristics of the undeveloped parcels:

- **Parcels which are within existing industrial parks** | There are 92 parcels which are generally within existing industrial parks and are reasonably sized for development. These parcels are likely undeveloped because of lack of necessary utilities or market strength.
- **Parcels which are in primarily undeveloped areas** | There are 9 parcels which have limited access and/or are not reasonably sized for industrial development. These parcels are also predominately not connected to utilities and face significant challenges for development.

The large undeveloped areas have proven to be a significant development challenge even as investor interest has risen in Boise over the last five years. Investors are seeking development-ready sites in well-performing corridors. Further preparing undeveloped property by providing access to sewer and other utilities can help close development deals and attract investors. SB Friedman found that 22 of the parcels (22%) are considered outside of the city sewer availability region. The parcels without sewer availability account for 24% of the developable land area.

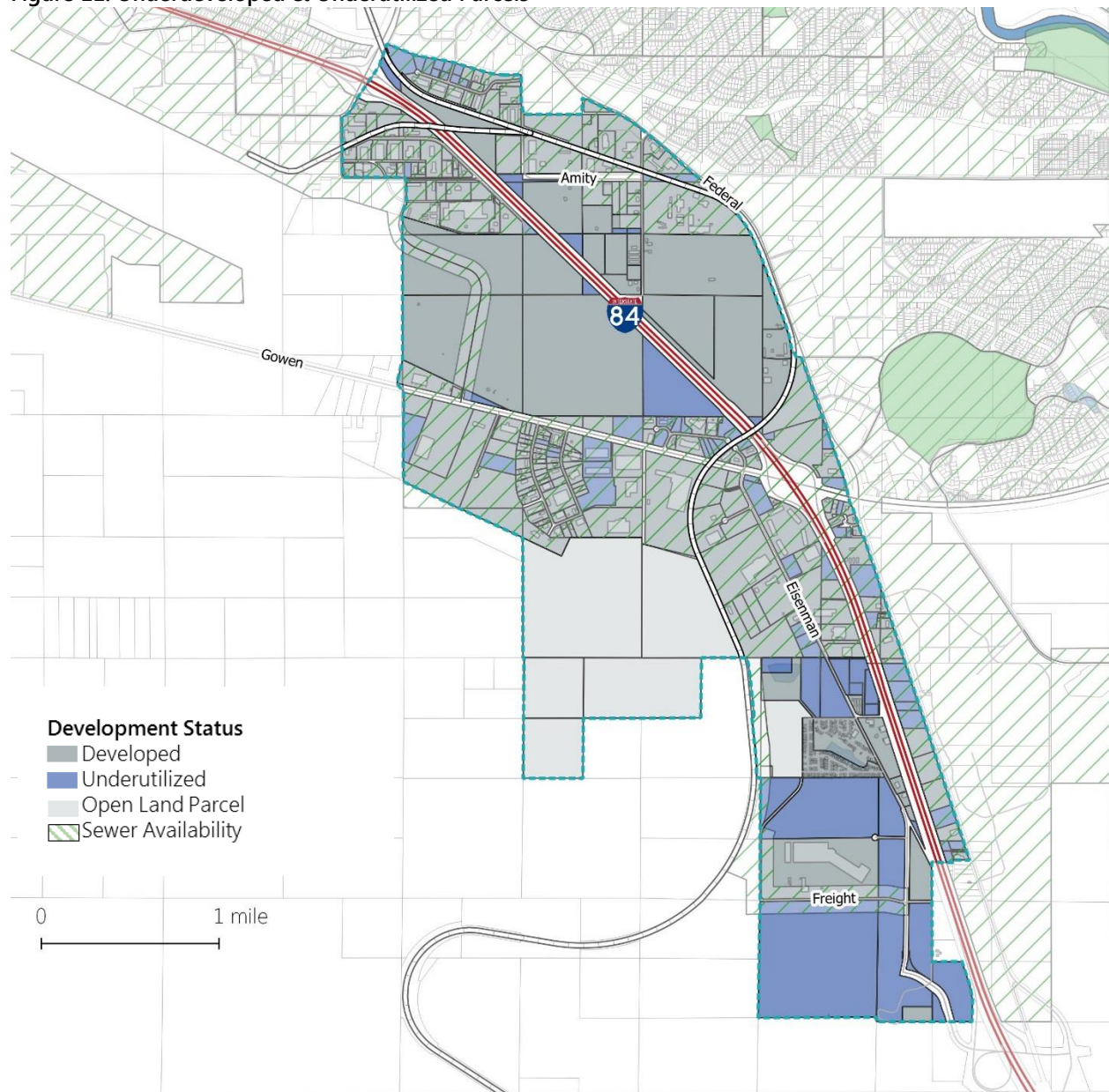
### 2. Substantially Vacant Buildings within the Study Area

A significant redevelopment challenge within the Study Area is high vacancy (>50%) of the Boise Outlet Mall, which has experienced a 38% reduction in taxable value over the last 15 years. The 22-acre site is the only significant retail agglomeration within the Study Area and has seen a steady decline in value. When listed for sale in 2015, the Boise Outlets site was marketed for either government, call center, or retail uses, or for total redevelopment to potential buyers.

Industrial occupancy remains strong within the Study Area. There are a handful of properties currently leasing space, however that is expected in normal market.

**Figure 11** on the following page includes all parcels considered underdeveloped with a sewer accessibility overlay to convey the lack of utilities available on large development sites throughout.



**Figure 11: Underdeveloped & Underutilized Parcels**

Source: City of Boise, CCDC, SB Friedman

SB Friedman finds the Study Area to be an economic liability due to the high percentage of underutilized parcels and lack of connectivity to utilities required for development.

Our research indicates that key aspects of the built environment (parcel size and condition, street network and access to utilities) are inconsistent with the planning goals and strategies the City has articulated for the Study Area. It is important to continue to work toward the City's vision for the Study Area – to create a substantial industrial corridor in Boise, which will serve as an identifiable gateway from the southeast.

In addition, the desired street network is currently incomplete within the Study Area. While Gowen and Eisenman Roads provide access to large industrial corridors, the City has planned to expand development

capacity with the extension of Lake Hazel Road through the Study Area for nearly two decades. An ACHD Alignment Study for the Lake Hazel Expansion suggested the new throughway could facilitate “industrial uses north of the Lake Hazel Road corridor and residential or mixed-use development south of the corridor.” Despite the support of multiple governmental/planning agencies, including ACHD, COMPASS and the City of Boise the Lake Hazel Expansion is yet to be realized. In the event the expansion does occur, an existing URA can help ensure development remains consistent with planning goals.

SB Friedman concludes the Study Area constitutes a social liability as it continues to deviate from planning goals articulated for the area.

According to Urban Renewal Law, the Study Area must exhibit factors which indicate the area is deteriorating and those factors must have adverse consequences. SB Friedman finds the deterioration factors present have adverse consequences resulting in an economic and social liability.

The following section focuses on the evaluation of the eligibility of the Open Land parcels in the Study Area.



## Open Land Parcels

As previously mentioned, parcels considered Open Land have different eligibility criteria. The following is analysis of the 11 parcels in the Study Area considered to be Open Land or Potentially Open Land.

### REQUIRED FINDINGS AND DEFINITION OF DETERIORATING

There are three sections within the Idaho Code that address Open Land:

1. Idaho Code Section 50-2903(8)(c) identifies eligibility criteria for Open Land and states any area which is predominately open and which because of:

1. Obsolete platting;
2. Diversity of ownership; or
3. Deterioration of structures or improvements; or

otherwise results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality, is considered a "deteriorating area" and eligible for urban renewal projects.

2. Idaho Code Section 50-2018(9) states if a "deteriorating area consists of open land the conditions contained in the proviso in section 50-2008(d), Idaho Code, shall apply." See also, Idaho Code Section 50-2903(8)(c).

3. Idaho Code Section 50-2008(d) states if an urban renewal area consists of Open Land to be acquired by the urban renewal agency, such area shall not be so acquired unless:

1. If it is to be developed for residential uses, the local governing body shall determine:
  - a. A shortage of housing of sound standards and design which is decent, safe and sanitary exists in the municipality;
  - b. The need for housing accommodations has been or will be increased as a result of the clearance of slums in other areas;
  - c. The conditions of blight in the area and shortage of decent, safe and sanitary housing cause or contribute to an increase in and spread of disease and crime constitute a menace to the public health, safety, morals or welfare; and
  - d. The acquisition of the area for residential uses is an integral part of and essential to the program of the municipality.
2. If it is to be developed for nonresidential uses, the local governing body shall determine:
  - a. Such non-residential uses are necessary and appropriate to facilitate the proper growth and development of the community in accordance with sound planning standards and local community objectives.

For both residential and nonresidential land uses acquisition by the urban renewal agency may be allowed if the area exhibits one or more of the following:

1. Defective of unusual conditions of title;
2. Diversity of ownership;
3. Tax delinquency;
4. Improper subdivision;
5. Outmoded street patterns;
6. Deterioration of site;
7. Economic disuse;
8. Unsuitable topography or faulty lot layout;
9. The need for correlation of the area with other areas of a municipality by streets and modern traffic requirements; or

Other conditions that retard the development of the area.

## EVIDENCE OF A DETERIORATING AREA

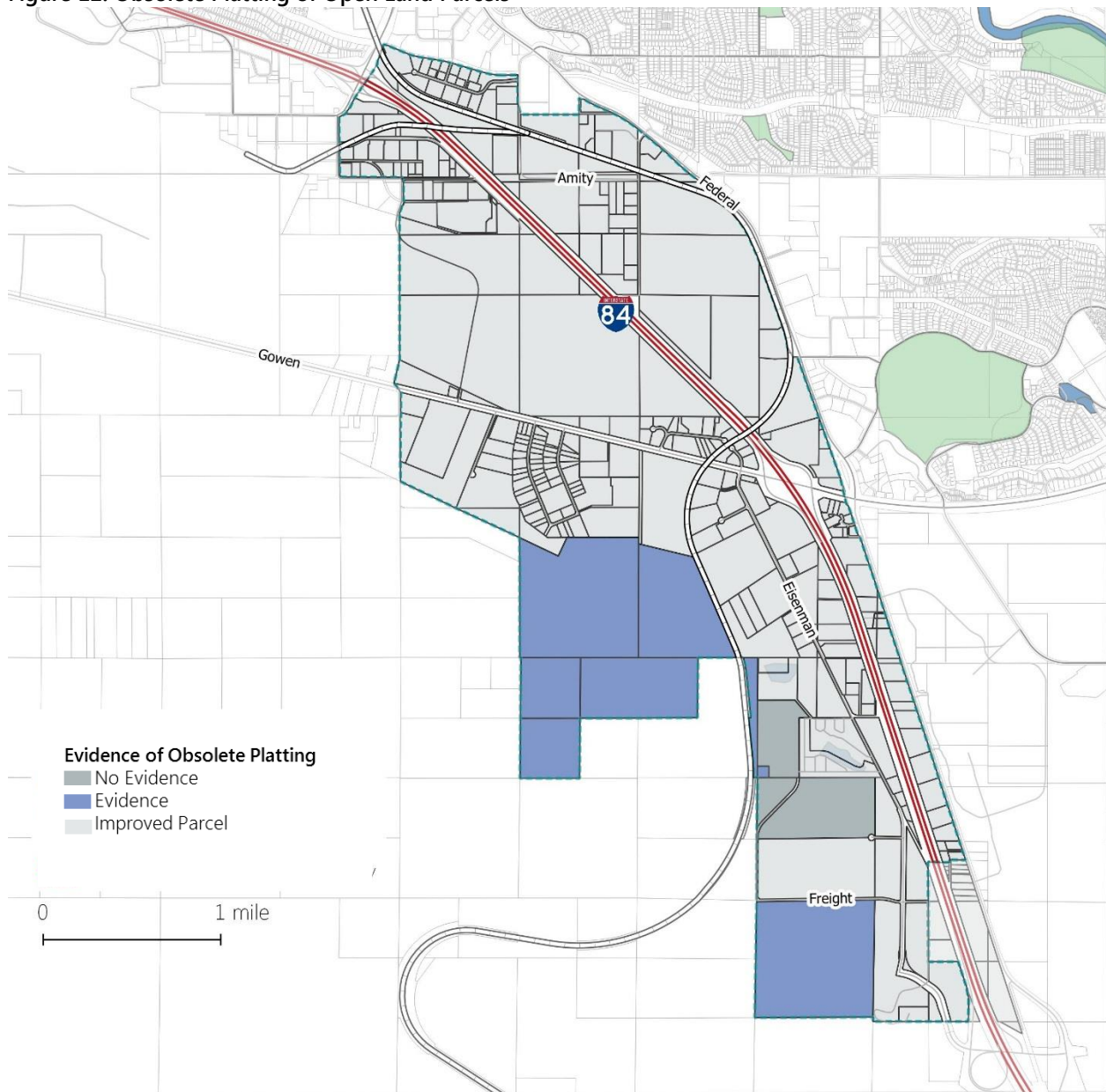
Idaho Code Section 50-2903(8)(c) is the only section which explicitly addresses eligibility criteria for Open Land parcels during the eligibility process, though there are references to Open Land in Idaho Code Section 50-2018(9) and Section 50-2008(d). Of the three eligibility factors for Open Land cited in Idaho Code Section 50-2903(8)(c), SB Friedman has identified one to be meaningfully present and reasonably distributed within the 11 Study Area Open Land Parcels.

### 1. OBSOLETE PLATTING

In order to evaluate obsolete platting of Open Land parcels, SB Friedman assessed parcel size and accessibility. To be identified as having “obsolete platting,” a parcel needed to have one or more of the following characteristics:

- Too small to typically develop without land assembly;
- Lack of street connectivity; or
- Too large to typically develop without subdivision.

Of the 11 Open Land parcels, eight (73%) exhibited obsolete platting. **Figure 12** shows the distribution of parcels identified as exhibiting obsolete platting. Based on this evidence, we find obsolete platting to be meaningfully present and reasonably distributed throughout the Open Land parcels. Therefore, the Open Land parcels meet the urban renewal eligibility standard of “obsolete platting.”

**Figure 12: Obsolete Platting of Open Land Parcels**

Source: City of Boise, CCDC, SB Friedman

## OVERALL CRITERIA CONCLUSIONS FOR URA ELIGIBILITY

As described above, one of the three potential criteria for urban renewal eligibility was found present within the Open Land parcels:

1. Obsolete platting

In addition to the finding of one or more eligibility factors, Idaho Code Section 50-2903(8)(c) requires that this factor result in adverse consequences for the Study Area. The finding of adverse consequences will be addressed in the following section.

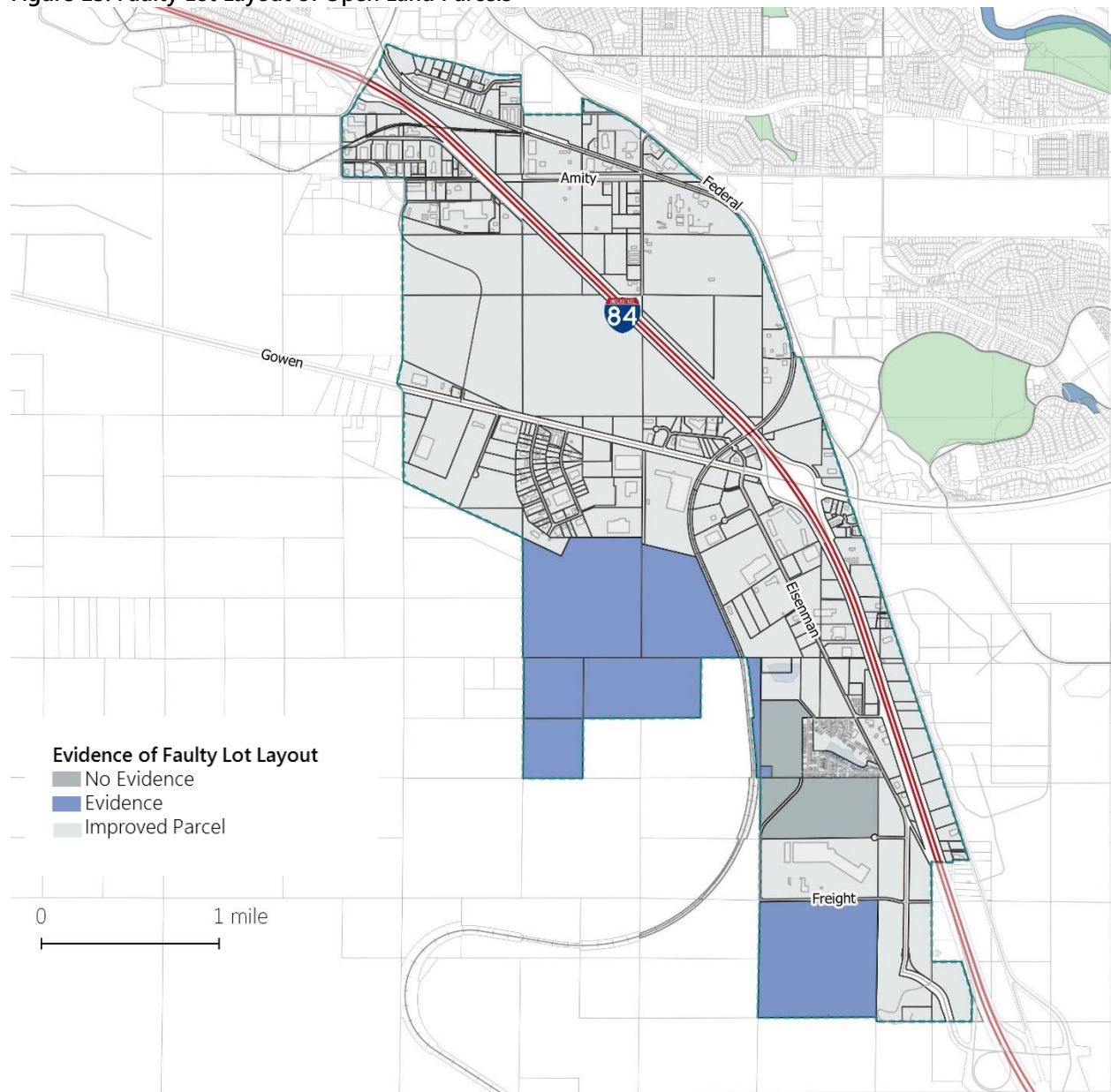
## URBAN RENEWAL AREA OPEN LAND ACQUISITION ELIGIBILITY

Idaho Code Section 50-2008(d) addresses acquisition eligibility criteria for Open Land parcels. Of the nine eligibility criteria, we found two to be meaningfully present across the Open Land parcels:

1. Unsuitable topography or faulty lot layout; and
2. The need for correlation of the area with other areas of a municipality by streets and modern traffic requirements.

### 1. UNSUITABLE TOPOGRAPHY OR FAULTY LOT LAYOUT

Similar to the eligibility criteria for 'Obsolete Platting,' 'Faulty Lot Layout' is evidenced by parcels which are either too small to develop without land assembly, parcels without street access, or parcels which are likely too large to develop without subdivision. Of the 11 Open Land parcels, eight (73%) exhibit characteristics of faulty lot layout. Those parcels are identified in **Figure 13** below. Faulty Lot Layout is found to be meaningfully present and reasonably distributed amongst Open Land parcels in the Study Area.

**Figure 13: Faulty Lot Layout of Open Land Parcels**

Source: City of Boise, CCDC, SB Friedman

## 2. THE NEED FOR CORRELATION OF THE AREA WITH OTHER AREAS OF A MUNICIPALITY BY STREETS AND MODERN TRAFFIC REQUIREMENTS

The Open Land portion of the Study Area is both east and west of an active rail line managed by Watco. The need for correlation of the area with other areas of a municipality by streets and modern traffic requirements is apparent across all five parcels to the west of the rail line, none of which are currently accessible by public right of way. Connectivity to these parcels would require significant public improvements. Additionally, another four parcels directly to the east of the rail line are not currently connected to a public right of way. Due to the lack of accessibility of nine of the 11 Open Land parcels, SB Friedman finds the need for correlation of the area



with other areas of a municipality by streets and modern requirements to be meaningfully present and reasonably distributed throughout the Study Area Open Land parcels.

## **CRITERIA CONCLUSIONS FOR ACQUISITION ELIGIBILITY**

As described above, two of the nine potential criteria for urban renewal acquisition eligibility were found present:

1. Unsuitable topography or faulty lot layout; and
2. The need for correlation of the area with other areas of a municipality by streets and modern traffic requirements.

## **Open Land Parcels**

### **ECONOMIC UNDERDEVELOPMENT OF THE AREA**

The Urban Renewal Law requires that a two-part test be passed for both Urban Renewal Eligibility and Acquisition Eligibility. The first part requires the finding of at least one eligibility factor – of the three or nine (respectively) – be present within the Open Land parcels. The second requirement for determining eligibility is demonstrating the finding of deterioration criteria also results in the economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipality.

SB Friedman evaluated the economic underdevelopment of the Open Land parcels by comparing planning goals against development progress over the last 20 years. Planning documents over the same period – including Blueprint Boise and the ACHD Lake Hazel Alignment Study – reiterate the following goals:

1. Incorporate land uses that will be appropriate and proximate to the rail line in the future as the Boise Airport continues to expand south of Gowen Road; and
2. Expand the Lake Hazel Corridor to alleviate development pressure on Gowen Road.

The Open Land parcels are geographically the closest to the Boise Airport expansion area. These parcels also have no vertical improvement and very little public infrastructure. SB Friedman concludes the parcels are economically underdeveloped. The parcels are well suited for multi-modal development: with access to a rail line, air terminal and the interstate highway system. However, the existing built environment and specifically the lack of connectivity and improper platting – including the absence of the Lake Hazel Corridor – are inhibiting development and resulting in economic underdevelopment.

## 4. Conclusion

### Improved Parcel Conclusions

According to the Urban Renewal Law, in order to qualify for designation as an Urban Renewal Area, an area must exhibit one or more of several factors indicating that the area is either a deteriorated area or a deteriorating area. Further, presence of this factor(s) must have adverse consequences.

SB Friedman finds the following three criteria for a deteriorating area to be meaningfully present and reasonably distributed throughout the Study Area improved parcels:

1. The presence of a substantial number of deteriorated or deteriorating structures;
2. Predominance of defective or inadequate street layout; and
3. Deterioration of site or other improvements.

Furthermore, we find that the Study Area represents an economic and social liability.

As a result, this preliminary Study concludes that the Study Area conforms with Idaho Code Title 50, Chapters 20 and 29, and meets the eligibility standards for designation as a proposed URA.

### Open Land Parcel Conclusions

According to the Urban Renewal Law, in order to qualify for designation as an Urban Renewal Area Open Land must exhibit one or more of the three eligibility criteria and must be underdeveloped.

SB Friedman finds obsolete platting to be meaningfully present and reasonably distributed throughout the Study Area Open Land parcels. Furthermore, we find that Open Land parcels have been underdeveloped over the last 20 years. Thus, SB Friedman concludes that the Open Land parcels are eligible for an Urban Renewal Project under Urban Renewal Law.

SB Friedman, as of the date of this report, also finds 100% of the Open Land parcels to be eligible for acquisition by an urban renewal agency assuming the findings required in Section 50-2008(d)(4) are made. SB Friedman finds faulty lot layout and the need for correlation of the area to existing streets to be present across the Open Land parcels. As a result, SB Friedman concludes the Open Land parcels are currently eligible for acquisition according to Urban Renewal Law.

## Appendix: Limitations of Engagement

Our Study is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. The sources of information and bases of the estimates and assumptions are stated in the Study. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our Study, and the variations may be material.

The terms of this engagement are such that we have no obligation to revise the Study to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include, without limitation, economic growth trends, governmental actions, additional competitive developments, interest rates, and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our Study does not ascertain the legal and regulatory requirements applicable to this project, including zoning, other State and local government regulations, permits, and licenses. No effort has been made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

Furthermore, we have neither evaluated management's effectiveness, nor will we be responsible for future marketing efforts and other management actions upon which actual results will depend.

Our Study is intended solely for your information, for the purpose of establishing a URA.