



AGENDA ITEM 6B

Prepared by:
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Prepared For: Planning Commission

A. Agenda Item: Discuss standard of review for Rezoning and Special Use Permit 'Matters to be Considered' item J regarding economic impact.

B. Background:

A text amendment in Spring of '04 revised the Golden Criteria to include five (5) additional criteria, all above and beyond what was required by the Golden case. These criteria addressed impacts to the adjacent road network, environment, the local economy, and the ability to provide services. The amendments to what are now the 'Matters to be Considered' have worked well since their adoption, save one. Staff has been unable to make adequate findings and recommendations on the "economic impact of the proposed use on the community" criteria. The Planning Commission, particularly in regards to the Olathe Medical Center rezoning, has been unsatisfied with the lack of findings and neutral recommendations on this criteria from staff.

C. Research:

The Cities of Overland Park and Olathe have the exact same criteria on economic impact as De Soto; they are likely where we derived our language. After speaking with planners in both cities, it is clear that they have adopted the same 'no findings, no recommendation' policy on this criteria. They, Mary Hunter with Overland Park and Mark Coin with Olathe, see no need to begin evaluating economic impact, even for particularly large commercial projects. Instead, economic analysis is exclusively used for projects requesting TIF or other tax abatements. This process generally takes place *after* the rezoning or special use permit approval.

The Kansas Dept. of Revenue has a cost benefit model that Cities are statutorily required to use in forming TIF districts, approving tax abatements, etc. It is possible for the State's model to work for our applications, except for an extremely slow turnaround, typically taking several months for a report to be issued.

Staff contacted Tom Kaleko with Springsted Associates, the City's financial consulting firm. Springsted most recently produced a cost benefit analysis for the Blacktop Paving project. Kaleko reported that they could build an Excel model for a one-time expense of several thousand dollars. Staff would give applicants questionnaires in order to 'fill in the blanks' for the model, and ultimately derive the impacts of their business development.



Staff foresees several problems with this scenario, besides the up-front cost. Consideration of rezonings must be extended to all of the uses allowed in the proposed district, not just those that are thought to be on the horizon for the property. Also, if the model were applied to residential rezonings, particularly for the lower density residential districts, we know that the findings would be negative. Low to moderately dense subdivisions do not pay for themselves. A number of studies (albeit in other parts of the country) have shown that development fees would need to be in the tens of thousands for them to do so.

D. Recommendation:

It is staff's recommendation that the Commission direct staff to either: (a) initiate a text amendment to remove the economic impact criteria from the Matters to be Considered, or (b) research potential legal implications and poll the Council on their interest in paying for a cost benefit model.

End of Report