

# **Rio Nuevo District Master Plan January 2024- December 2035**

## **EXECUTIVE SUMMARY**

On January 12, 2024, the nine members of the Rio Nuevo District board, staff, and members of the public held a retreat designed to review the Rio Nuevo progress to date and create a path for the next ten years. This document reflects those comments, ideas, and challenges for what the Arizona Auditor General’s most recent audit described as the most successful TIF (Tax Increment Financing) District in the United States.

The PPP (public, private, partnership) version of Rio Nuevo was created in 2012 after the state seized control of the TIF District from the City of Tucson after ten years of mismanagement, off-mission spending, and \$240,000,000 of state dollars wasted on the plans for museums, a Science Center, a Native American village, and a restored convent, all located on the westside landfill, which remains toxic despite the quarter of a billion dollars spent by the early version of Rio Nuevo.

The current version of the Rio Nuevo District has spent a little over \$100,000,000 of state money but has attracted \$1.2 billion of private sector investment which has doubled the tax base for the district geography. In addition, the District has spent \$83,000,000 modernizing the nearly obsolete Tucson Convention Center, which now attracts over 500,000 patrons a year to downtown Tucson’s entertainment and sports complex.

Over the last ten years, most of the focus has been on the 2012 identified drivers of food and music, primary employers, hotels, and mixed-use residential. Rio Nuevo has enabled forty-five new restaurants, revitalized two turn-of-the-century theaters into concert halls, helped open a world-renowned jazz club, rebuilt the concert arena and music hall, supported hundreds of apartment units by creating initiatives to add ground floor retail to multi-family developments, enabled four new

hotels and helped sponsor public events that have attracted over 1,000,000 people to downtown year around.

## **FINANCES**

The District receives approximately 50% of the State sales tax base from our district businesses. That is averaging about \$1,400,000 a month, which allows about \$4,000,000 a year, after debt service and overhead, to be reinvested. At a leverage ratio of ten private sector dollars to one state tax dollar, that is roughly \$45,000,000 between now and 2035 to continue to revitalize our urban core. The current cash on hand represents about one year of revenue over expenses or about \$4,000,000.

While the District can easily support several smaller projects, the wide-open spaces left unattended will require three times the money available to Rio Nuevo over the next several years. The A Mountain landfill remediation alone is priced at \$50,000,000. Several large retail and music venue parcels are available and vacant. Hotels have proven to thrive in downtown Tucson with incentives, and several parcels exist that could attract new hotel brands.

The city is starved for mixed-use housing options and large parcels of land exist within the District boundaries.

The District would need an additional \$100,000,000 to build out the entire TIF boundary. A \$100,000,000 state investment will attract one billion private sector dollars.

## **DEFINED SUB-AREAS**

The current board has divided the TIF geography into four subdivisions, each with unique challenges and opportunities:

### **Downtown**

The primary focus of the current board over the last ten years has been the identifiable and previously substantially boarded-up area known as

downtown Tucson. Bordered by Interstate 10 on the west to Euclid Avenue on the east, stopping at the underpasses at 4th Avenue and 6th Avenue (Toole Avenue and St. Mary's Road), and terminating south at Cushing Street. The downtown core includes the Tucson Convention Center (infamous as an urban renewal project that demolished Tucson's barrio), dozens of early 1900s storefronts, the art deco Fox Tucson Theatre, the turn-of-the-century movie house The Rialto Theatre, the 100-year-old Hotel Congress and adjacent historic train station, and several surface parking lots that have created opportunities for new construction alongside historical stores and bars. Downtown also houses all of Tucson's government complexes- city, county, state, and federal buildings clustered between the Convention Center and the Tucson Museum of Art.

Rio Nuevo has ignored the government quarters and focused on the restoration of Tucson's historical downtown while encouraging and enabling new projects surrounding these early 20<sup>th</sup> century storefronts that became streetcar line frontage when the modern streetcar was installed downtown in 2014. The results have created a unique blend of historical properties next door to modern construction connected by light rail that is unique in the western United States. 85 restaurants, several music venues, four new hotels, and a thousand apartment units have been developed in the last ten years. That has helped downtown Tucson create top 10 rankings in food, music, and urban living. There remain a handful of vacant parcels, a few unrestored buildings, an adaptive plan for the large bus terminal space, and a new bypass parkway around downtown that will eliminate most of the vehicular traffic that cuts through downtown streets to access the freeway. Downtown could be built entirely in the next ten years.

The area west of the Convention Center to the Freeway remains largely undeveloped, save for temporary structures that house the Gem and Mineral Show. While the pattern of ownership in this area hampers development, the Rio Nuevo District should explore a pro-active strategy for this area to bring it back to life.

## **The Westside**

The largest vacant parcels sit at the western end of the TIF boundaries. Over 50 acres of land can be developed along the Santa Cruz River edge, which has been restored to be capable of water flow in the river along downtown when, and if, the toxic landfill (now owned by Rio Nuevo through a land trade with the City of Tucson) can be remediated. This area is home to Tucson's former dump that remains toxic, producing five times the legal limit of methane and hydrochloride- making development extremely expensive. Portions of the landfill have been remediated and developed at a cost of over \$1,000,000 an acre, leaving a necessary budget of approximately \$50,000,000 just to eliminate the toxicity, let alone develop the vacant land. Landfill remediation will not occur without establishing a plan for the vacant westside land that includes economic generators that can support the remediation expense.

This area remains Rio Nuevo's greatest challenge and the largest development opportunity. This area is considered by many as the birthplace of Tucson, settled by the Spanish in the 18th century but occupied for millennia by indigenous people, confirmed by pottery evidence from the Hohokam and pre-Hohokam settlement periods. The City of Tucson recently repatriated the original ten-acre Rio Nuevo site just west of the river to the Tohono O'odham Nation. Pima County owns Mission Garden, the restored garden and farm documented by Father Kino, who led the first European expeditions north from Mexico along the now-dry Santa Cruz River. The 18th-century San Xavier Mission is a few miles upriver. The city owns the 6.5-acre vacant parcels west of the Caterpillar headquarters. Caterpillar was brought to Tucson by a Rio Nuevo grant relocating the company from Illinois creating over \$2 billion of city-wide economic impact. The western terminal of the streetcar is also the site of several successful mixed retail and housing complexes built by Gadsden Development.

## **The Sunshine Mile: Euclid to County Club Road**

The name Sunshine Mile was given to the new automobile-oriented destinations established in the 1950s along Broadway, east of downtown to Country Club Road. Some of Tucson's most notable architects designed mid-century-style stores and office buildings that represented the new fascination with the idea of a shopping plaza: numerous stores, lots of parking- someplace you would drive to and linger.

The city and the Regional Transportation Authority elected to widen Broadway as a major thoroughfare and arterial to downtown from midtown Tucson. Some 60 properties were to be demolished to make way for the widened roadway.

Rio Nuevo convinced the city and the RTA to deed those abandoned properties to the TIF district and allow Rio Nuevo to seed private development to bring this mid-century corridor back to life. The District contracted with Project for Public Places and created a vision and an overlay zoning document, Sunshine Mile Overlay, designed to recreate the 1950s charm that attracted so many diners and shoppers to the Sunshine Mile. A total of 55 bungalow-style properties were saved, including seven bungalows that were lifted out of the new roadway and relocated several feet back from their original location. Several PPP arrangements were created to bring cafes, boutiques, ethnic restaurants, coffee shops, and entertainment venues producing an estimated new revenue stream of over \$20,000,000 annually. Although the Overlay allows for more high-rise development including affordable housing, area residents successfully thwarted most of the high-rise development along this section of Broadway.

### **The Commercial Corridor: County Club Road to Park Place Mall**

This section of Broadway is lined with commercial enterprises, malls, restaurants, big box stores, vacant land, and vastly under-utilized parking in valuable Broadway frontage. Virtually every parcel is built out except for a few expensive development pads that were engineered to house Class A office space.

As mall shopping has changed the surface parking lots around Broadway, malls remain seriously underutilized.

The District is seeing some inbound interest in developing multifamily mid-rise on the mall lots and vacant parcels to support the needs of a changing social demographic that is repurposing large retail-only centers into mixed-use community centers. The potential of mixed-use development, with the possibility of an affordable housing component, warrants exploration. Innovative transportation modes could fuel this development.

The Rio Nuevo District has the opportunity to develop a pro-active strategy for the Country Club to Park Mall Commercial Corridor, similar to their successful strategy in the Sunshine Mile.

## Goals and ideas identified in the retreat.

### **Goal #1: Funding**

Objective: Increase Rio Nuevo funding to complete the urban core mission.

- Work with the legislature to extend the District sunset from 2035 to 2050.
- Research bond debt and commercial bank placement to create immediate cash.
- Seek a onetime appropriation to accelerate PPP development.
- Research and solicit infrastructure dollars controlled by the city and state that could benefit urban development.

### **Goal # 2: Safety**

Objective: Provide a safe environment for Rio Nuevo residents and visitors.

- Continue to contract with the Tucson Police Department for off duty personnel.
- Partner with the Downtown Tucson Partnership to increase the presence of the “Purple Shirts”.
- Meet with merchants, the DTP and police regularly to enhance safety protocols and TPD assignments.

### **Goal #3: Transportation**

Objective: Improve Parking and Transportation

- Increase valet service, especially weekends.
- Work with Park Tucson to develop a phone app that can track available parking spots.
- Research shuttle service, rubber wheel trolleys, rapid transit, with a focus on Broadway
- Consider a subsidy for Uber and Lyft to reduce rates downtown.
- Develop shared parking drop off sites, with visible security.
- Research employee parking adjacent to downtown with a shuttle service.

#### **Goal # 4: Housing**

Objective: Increase housing opportunities in the Rio Nuevo District, serving all levels of income. Focus housing efforts on mixed-use, with the possibility of ground-floor retail.

- Partner with the IDA, city, county, state, and federal government to find resources to incentivize integrated housing (meaning a mix of retail along with market rate, live work and affordable units).
- Identify dormant parcels and underutilized surface parking lots to create RFP activity for mixed use housing.
- Meet with mall owners about partnering to activate unused over-parked parcels.
- Ask the city to reconsider the height incentives on certain Broadway parcels if developed as mixed use, including integrated housing, green energy, multi modal transportation.
- Source gap funding for affordable units.

#### **Goal #5: Tucson Convention Center**

Objective: Continue to upgrade the Tucson Convention Center

- Negotiate with the city for help with the \$15,000,000 of desired upgrades at the TCC, including the renovation of the Leo Rich Theatre.
- Research Certificates of Participation or tax-exempt bonds to help fund TCC projects.
- Create budget for TCC upgrades, next steps, etc., that includes a reliable system to fund and ensure continued maintenance is completed when necessary.
- Masterplan for TCC to include housing, mixed-use, culturally relevant projects.

- Continue and broaden the efforts to tell the cultural story of the Barrio and communities displaced by the development of the TCC.

### **Goal #6: Small Businesses and Funding Equity**

Objective: Enable small businesses to locate in the Rio Nuevo TIF District.

- Create a small seed fund for new ideas, (\$50,000 to \$100,000 grants) and new partners willing to focus on retail and sales tax producing development. Market RN funding to small businesses and create application process.
- Partner with and obtain funding from the IDA, CIC Tucson, Community Foundation, city, county, state and others to allow Rio Nuevo's gift clause exemption to benefit small entrepreneurs.

### **Goal #7: Hotel Development**

Objective: Continue to incentivize hotel development within the Rio Nuevo TIF District boundaries.

- Finalize the agreement with The Obie Companies to develop a boutique hotel at 75 East Broadway.
- Work with the Ronsdadt Transit Center developers to incentivize a new hotel in the center of downtown.
- Hold a district wide open house for hotel operators to view available property.
- Consider another convention center hotel above the Music Hall garage.
- Pursue and support Arizona Hotel upgrade and reopening.

### **Goal #8: Marketing**

Objective: Market and promote downtown and pathways to downtown.

- Create a collaborate marketing plan and budget promoting downtown destinations, events, festivals, and urban living.
- Partner with Visit Tucson to promote their "Urban Desert" strategy.
- Work with merchants and stakeholders to prioritize crowd gathering events.
- Create a downtown calendar.

### **Goal # 9: Park Place Mall and El Con Mall District**

Objective: Develop a strategic plan for Country Club to Park Place, focusing especially on the opportunities.

- Partner with private developers to add additional retail.
- Utilize the GPLET to attract mixed-use housing to the underutilized surface lots around the malls.
- Locate funding partners to create integrated housing opportunities on vacant land around the malls.
- Create a strategic inventory of land, ownership, zoning, and other development opportunities.
- Explore creative zoning ideas to spur development.

### **Goal #10: Restaurant & Retail Development**

Objective: Accelerate food and beverage, and retail projects within the District.

- Monitor and push developers with existing commitments: Indian Trading Post, Tabu, Empire Pizza, Friedman Block, Rocco's, Highwire, Whole Slvce Pizza, Congress Street block, Miss Saigon, Crescent, Sonoran Moonshine, the Bungalow Block, Volvo Site and Roadrunner Coffee.
- Assist with Planning and Development Services to improve the pace of approvals and permits for Rio Nuevo projects.
- Increase on site visits and monitoring of approved projects.
- Look for new restaurant opportunities, available properties, hold an open house for food and beverage prospects, identify restaurant or café to existing properties.
- Continue to fund outdoor dining experiences.
- Look for new retail opportunities downtown.

### **Goal #11: A-Mountain**

Objective: Resolve the A Mountain landfill's toxicity, remediate, and activate the former landfill space.

- Confirm the 2013 toxicology report prohibiting development.
- Work with state DEQ, federal EPA, county, city, tribal leaders, and private developers to find the funding to dredge and haul the toxic, organic material.
- Restore the Santa Cruz flow adjacent to the landfill.
- Advocate for a mixed-use development- residential, open space, wildlife corridors, food, and beverage along with historical displays representing the 4,000 years of history on the site.

- Partner with Mission Garden to finish the project and provide adequate access and parking.
- Partner with the Tohono O’odham nation to develop collaborative uses along the banks of the Santa Cruz River.
- Retain the Project for Public Spaces to create a vision and sense of place for this vacant land, assuming the funds to remediate it can be sourced.

**Goal #12: Staff**

Objective: Increase Rio Nuevo staff.

- Explore the cost benefit of restructuring Rio Nuevo to include a CEO if the conclusion warrants it.
- Consider an architect or contractor as a consultant to conduct on site visits of approved projects.
- Consider maintaining a project manager for the TCC.

**Goal #13: Experiences/Activity**

Objective: Support events downtown.

- Help convert existing properties to live music venues.
- Look for vacant parcels for stand-up music venues between the seating capacity of the Fox, Rialto, Music Hall and the arena.
- Meet with live music promoters to gauge interest and partner opportunities in the urban core.

**Goal #14: Retail/Grocery Development**

Objective: Bring a grocery store(s) to the urban core.

- Finalize agreement with TUSD and private developers to bring a boutique grocery to Plumer and Broadway.
- Help Gibson market expand and modernize.
- Recruit neighborhood grocers, bakeries, wine emporiums, delis, and coffee houses to the TIF region.

**Goal #15: Urban Planning**

Objective: Streamline zoning and merge disparate plans and overlays.

- Meet with city staff and elected members to coordinate multiple overlays.
- Retain a zoning attorney to facilitate a zoning dialogue with

the city, perhaps help write or rewrite.

- Retain the Project for Public Spaces to look at best practices.
- Explore zoning mechanisms to facilitate desired development of the Country Club to Park Mall section of the Rio Nuevo TIF District.
- Buildings and adjacent spaces should be constructed for energy efficiency when feasible. This will lower construction and utility costs while enhancing the customer experience. Include shade canopies with solar on top in parking lots and garages. Offset business's demand charges by decentralizing the power source with renewable energy and battery storage and encourage development that supports the City's Climate Action and Adaptation Plan.