



COUNCIL MINUTES

February 22, 2016

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 22, 2016 at 4:47 p.m.

COUNCIL PRESENT

John Giles
Alex Finter
Dennis Kavanaugh
David Luna
Dave Richins
Kevin Thompson

COUNCIL ABSENT

Christopher Glover

OFFICERS PRESENT

Christopher Brady
Jim Smith
Dee Ann Mickelsen

Mayor Giles excused Councilmember Glover from the entire meeting.

1. Review items on the agenda for the February 22, 2016 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: None

2-a. Hear a presentation, discuss, and provide direction on the City's FY 2016/17 HOME Investment Partnerships (HOME) funding application for the Mesa Artspace Lofts project in the amount of \$500,000.

Housing and Community Development Director Liz Morales and Housing and Revitalization Administrator Ray Thimesch addressed the Council relative to this agenda item.

Ms. Morales displayed a PowerPoint presentation (**See Attachment 1**) and provided a short synopsis of a funding application to the City of Mesa for the use of HOME Investment Partnerships (HOME) monies. She reported that the U.S. Department of Housing and Urban Development (HUD), through the HOME Program, allocates funds by formula to eligible state and local governments in an effort to expand affordable housing; provide a critical funding gap tool to ensure affordable and quality development; strengthen public/private partnerships; and leverage federal funding investments.

Ms. Morales briefly reviewed the City's timeline with respect to the HOME Low Income Housing Tax Credit (LIHTC) application process. (See Page 3 of Attachment 1) She explained that

March 1, 2016 is the deadline for the submission of the LIHTC application, which is administered by the Arizona Department of Housing (ADOH).

Ms. Morales stated that the City received applications from Mesa Artspace Lofts and Encore on Macdonald, of which the latter was withdrawn at the developer's request. She pointed out that both applications were consistent with the City of Mesa's Consolidated Plan.

Ms. Morales further discussed the key elements of the Mesa Artspace Lofts application. (See Page 5 of Attachment 1) She cited, for example, that the development would include 50 live/work units for artists, veterans who are artists, and their families. She added that the HOME funding request was in the amount of \$500,000.

Ms. Morales, in addition, commented that staff was seeking the Council's direction to provide conditional approval of funding to Mesa Artspace Lofts for \$500,000. She said that pending Council approval, a letter of support would be provided to the ADOH as part of the LIHTC application process. She indicated that in addition to receiving such funding, it was also necessary that the applicant comply with a number of federal requirements.

Responding to a question from Councilmember Richins, Ms. Morales clarified that the \$500,000 was set aside in the City's Consolidated Plan for the purpose of rental development.

Jen Duff, a Mesa resident, expressed support for the Mesa Artspace Loft's funding application. She stated that not only would the Artspace development serve as a catalyst for creating density in downtown Mesa, but also that it conforms to the Central Main Plan.

Vice Mayor Kavanaugh commented that he would hope his fellow Councilmembers would continue to support the Mesa Artspace Lofts project, which initially began in 2012. He also pointed out that Artspace has been very deliberate in terms of surveying the community and conducting significant outreach in the downtown area.

It was moved by Councilmember Luna, seconded by Vice Mayor Kavanaugh, to approve an award of \$500,000 in HOME funds to Mesa Artspace Lofts, conditioned upon Artspace receiving Fiscal Year 2016/17 Arizona Low Income Housing Tax Credits and also meeting HOME requirements.

Mayor Giles declared the motion carried unanimously by those present.

Mayor Giles thanked staff for the presentation.

2-b. Hear a presentation, discuss, and provide direction on a Main Street Facade Improvement Pilot Program.

Manager of Downtown Transformation Jeff McVay introduced Office of Management and Budget Associate I Jeff Robbins, who was prepared to assist with the presentation.

Mr. McVay displayed a PowerPoint presentation (**See Attachment 2**) and reported that during the creation of the City of Mesa's Central Main Plan, one of the key projects identified was the removal of the colonnades in downtown Mesa. He explained that the proposal was reaffirmed by the Downtown Visioning Committee and ultimately received Council approval.

Mr. McVay stated that with respect to the removal of the colonnades, concerns have been

raised that the facades located behind the structures may have been neglected for more than 20 years. He noted that individuals have inquired what steps could be taken to ensure that the removal of the colonnades would not create a worse situation than what currently exists.

Mr. McVay commented that staff would propose to create a Main Street Façade Improvement Pilot Program, which would be designed to catalyze reinvestment efforts in downtown Mesa, improve the public space and the quality of the existing building stock. He said that such efforts could potentially attract new businesses to the area, increase property values and generate sales tax revenue.

Mr. Robbins addressed the Council and reported that in conducting research with regard to the proposed pilot program, staff has solicited feedback from neighboring communities, as well as nationwide, relative to their respective façade improvement programs. He briefly reviewed some of the findings as follows:

- Many of the façade improvement programs have been in existence for decades
- The programs generally result in a 2:1 or 4:1 return on public/private investments
- That such programs create “a catalyst effect” on the surrounding neighborhoods

Mr. Robbins, in addition, displayed a series of photographs illustrating examples of façade improvements in Dayton, Ohio, Escondido, California and Knoxville, Tennessee. (See Pages 3, 4 and 5 respectively of Attachment 2) He also discussed the benefits of such improvements and a breakdown of the public/private investments in each community.

Mr. McVay referenced a document titled “Benefits of Façade Improvements: Economic Development.” (See Page 6 of Attachment 2) He cited, by way of illustration, that the project located at 106 Depot, Knoxville, Tennessee reflects a “Pre-Façade Appraisal” cost of \$84,140 as compared to a “Post-Façade Appraisal” cost of \$12.4 million. He acknowledged that the 14,685% increase in the value of that property was an extreme example, but does, in fact, demonstrate what can occur with such a program.

Mr. Robbins further reviewed a chart depicting a qualitative analysis of 24 downtown storefront improvements in 24 Wisconsin communities. (See Page 21 of Attachment 2)

Mr. McVay stated that it was interesting to note that during the construction of light rail in downtown Mesa, improvements were made to the rear façades of some of the buildings along Main Street in an effort to activate foot traffic at those businesses.

Discussion ensued relative to the fact that between Country Club and Mesa Drives, 14 Main Street properties are eligible for historic designation; that many more properties have a historic quality to be rediscovered; and that staff has identified a target area for the façade improvement pilot program, which is bounded by Center Street to the east, Robson to the west, the alley to the north of Main Street and the alley to the south of Main Street. (See Page 9 of Attachment 2)

Mr. McVay highlighted the property eligibility criteria, ineligible properties, eligible activities, and ineligible activities for façade improvements. (See Pages 10, 11, 12 and 13 respectively of Attachment 2)

Mr. McVay reported that staff would propose a two-phase approach for the pilot program, at a total cost of \$90,000. (See Page 15 of Attachment 2) He stated that Phase I, which is budgeted for \$15,000, would include the design of the projects. He explained that three properties would

qualify under the pilot program (i.e., \$5,000 each). He also noted that Phase II would entail the construction of the projects, with a maximum grant amount of \$25,000 for each of the three projects. He further commented that in addition to the \$90,000 for the project, the cost for the removal of the colonnades, which are owned by the City, would equate to \$175 per linear foot.

Mr. McVay also remarked that staff intends to explore alternative funding options through grants or partner agencies. He explained that staff would prefer to avoid obtaining federal grant dollars, which entails extensive reporting requirements and might dissuade property owners from participating in the program.

Additional discussion ensued relative to Phase I of the program, which would include up to a \$5,000 reimbursable grant for the conceptual design; that the City would create a list of design professionals and establish set fees for their work; that the property owners participating in the program could work with those designers; that the design work would include conceptual design, construction documents and cost estimating services; that the information from the design would be used in Phase II during the actual construction; that the maximum \$25,000 grant would require a 25% match of the total project cost; that the façade improvements on buildings that would be eligible for historic designation and enhance the historic architecture are not required to provide a match; that the City would require three construction bids; that bids within ten percent of the cost estimate are eligible; that participants must apply for, receive and follow all construction permitting requirements; that construction would begin within six months of bid acceptance; and that 25% of the grant would be held back until the project was accepted and moved forward.

Mr. McVay, in addition, briefly outlined the reimbursement process. (See Page 18 of Attachment 2) He noted that the City would require a five-year façade easement on the property as a condition of reimbursement. He also said that should a project exceed the \$25,000 maximum cost, the property owner could receive a low-interest loan from the Neighborhood Economic Development Corporation (NEDCO) for the costs that exceed that amount.

Vice Mayor Kavanaugh remarked that over the years, he has visited many communities across the country that have invested in their downtown areas in a similar manner to what staff is proposing. He noted that such investments in those communities have provided a significant rate of return. He added that the proposed façade improvement program contains many safeguards and incentives in order to ensure its success in downtown Mesa.

Responding to a question from Councilmember Luna, Mr. McVay clarified that as part of the design phase, staff would propose to obtain renderings and conceptual designs from the applicants. He explained that the Design Review Board, which has architectural review and authority for the City, would review and approve such designs.

In response to a question from Councilmember Thompson, City Manager Christopher Brady stated that the City would utilize operating cash to fund the pilot program as opposed to issuing debt. He noted that if the Council were interested in moving this proposal forward, he would suggest that staff include this item in the upcoming budget discussions and prioritize it in the context of the entire City.

Mayor Giles commented that the City owns and is required to maintain the colonnades. He inquired whether the replacement of the colonnades would be owned by the City or the property owner.

Mr. McVay responded that staff was uncertain what the solution for the replacement of the colonnades would be. He recognized that everyone agrees that the shade provided by the colonnades is beneficial to the pedestrians walking in the downtown area. He acknowledged that there are many solutions that could achieve a comparable amount of shade, such as a structural shade attached to the building or enhanced landscaping. He explained that in the case of a structural shade, that element would be attached to the building and the responsibility of the property owner.

Further discussion ensued relative to the fact that staff recently conducted an open house in order to solicit feedback and interest from the downtown property owners within the project area; and that three property owners, who represent 15 properties, were in support of moving forward with the project.

Councilmember Richins offered a number of suggestions for staff to consider with respect to this item including, but not limited to: signage; the sign permitting code; allowing different colors to be introduced in the downtown area; the placement of outdoor seating in order to provide appropriate shading; and ensuring that the owners of the properties, as well as the businesses that lease those spaces, are in agreement with respect to the façade improvements.

Councilmember Finter stated that he appreciated this item being discussed in the context of the budget discussions. He commented that in his opinion, if the City were facing a tough budget cycle, he would not necessarily consider this item as a funding priority.

Mayor Giles thanked staff for the presentation and said that he looked forward to hearing more about this item in the context of the upcoming budget discussions.

2-c. Hear a presentation, discuss, and provide direction on responses to a Request for Proposals for the development of two acres on the southeast corner of 1st Avenue and Macdonald.

Manager of Downtown Transformation Jeff McVay displayed a PowerPoint presentation (**See Attachment 3**) and reported that on February 4, 2016, staff was asked to release a Request for Proposals (RFP) for the site that was formerly going to house the Goldwater Library. He explained that when the Memorandum of Understanding (MOU) between the City and the Goldwater Library expired, development interest on the site became quite substantial. He stated that the purpose of the RFP was to gauge interest in a residential development, with the ability to incorporate mixed-use elements as well. He added that the RFP closed on February 18, 2016.

Mr. McVay briefly highlighted a proposal from Mesa Housing Associates II, LLC (See Page 2 of Attachment 3), a two-acre site that would include 95 residential units. The total investment of the proposal is \$18.3 million. He stated that the development contains two separate components that would move forward at the same time as follows:

- Encore on Macdonald, a 1.5 acre site, consisting of 71 affordable senior residential units; five-story building; \$15.5 million total investment. The request is that the City provide the land to the developer at zero cost. The project would be included as part of a Low Income Housing Tax Credit (LIHTC) application, which is due on March 1, 2016. (See Page 3 of Attachment 3)
- Residences on First, a 0.05 acre site, including 24 market rate residential units; three-story building; a total investment of \$2.8 million. The request is for Government Property Lease Excise Tax (GPLET) financing. (See Page 4 of Attachment 3)

Mr. McVay also reviewed a proposal from Cardinal Capital Management, Inc. as follows:

- 1.9 acre site, 120 market rate residential units; ground level retail along 1st Avenue; two four-story buildings; a total investment of \$22.5 million. The request is for GPLET financing (15 year term). (See Pages 5 and 6 of Attachment 3)

Mr. McVay concluded his presentation by stating that staff was seeking Council direction whether to enter into negotiations with one of the developers or to consider alternative options.

Responding to a question from Councilmember Richins, Mr. McVay clarified that to the best of his knowledge, Cardinal Capital Management, Inc. has not constructed any market rate housing projects in the Phoenix metro area. He noted, however, that last fall when he visited his home in Wisconsin, he had the opportunity to view a similar project developed by Cardinal Capital, which he found to be a high quality development.

Councilmember Richins commented that the City has a known developer with a proven track record of attractive architecture and well-designed buildings that is proposing a LIHTC project and a limited number of market rate units. He noted, on the other hand, that the other developer has constructed only affordable housing in the Valley.

Mr. McVay stated that he failed to mention that the City received a third proposal from artHAUS projects, but indicated that it was submitted a day after the RFP closed. He explained that artHAUS is a local market rate apartment developer that has designed several projects in the Phoenix metro area. He added that the proposal was for 150 to 200 units, with the developer requesting GPLET financing.

Vice Mayor Kavanaugh remarked that Cardinal Capital has a good reputation for building affordable housing. He stated that its proposal for market rate housing is very interesting and positive. He noted, however, that Cardinal Capital owns other property in downtown Mesa and was surprised and would have expected to see the proposal in question come in for that particular site.

In response to a series of questions from Mayor Giles, Mr. McVay clarified that staff received feedback from several other developers who would have liked the opportunity to respond to the RFP, but stated that the short turnaround time was insufficient to submit a completed proposal. He added that the majority of those entities were proposing market rate housing projects.

Mayor Giles acknowledged Encore on First as a well-designed and high quality project, which provides low income housing for seniors in the downtown area. He commented, however, that for the past year and a half, he has met with real estate developers who are interested in building a LIHTC project along the light rail. He explained that his response to those individuals has been that he was not in support of such projects and stressed the importance of creating more diversity in Mesa's housing stock. He also remarked that he would hate to see nearly a square block of City property devoted to 55-plus low income housing, particularly when there is interest from several developers to construct market rate housing projects.

Councilmember Luna expressed support for the Encore proposal and commented that it does, in fact, reflect housing diversity. He added that there is some urgency in addressing this matter due to the LIHTC application submittal deadline of March 1, 2016.

Mr. McVay pointed out that if the Council moves forward with the Encore proposal, staff would

need such direction very soon in order to come back to the February 25, 2016 Study Session with what is necessary for the developer to submit its LIHTC application.

Councilmember Finter indicated that he was supportive of the market rate housing proposal since it would be the first in downtown Mesa. He also recognized Charles Huellmantel, the developer of Encore on First, and noted that during the economic recession, he took a great risk to come to downtown Mesa and complete that project. He noted that in the future, he would prefer that the Council not be required to make an "either/or" decision, as in this case. He added that if the Council moves forward with the Encore proposal, he would suggest that efforts be made to find a site for the Cardinal Capital project, which would provide the diversity of market rate housing in the downtown area.

Mr. McVay stated that the Council could choose not to move forward with either proposal, which would enable staff to re-release the RFP.

Mayor Giles commented that he would prefer that the RFP be re-released.

Councilmember Thompson remarked that although he has always been a proponent of market rate housing, as opposed to affordable housing, the Encore developer is a known quantity who designs quality products. He said that he would not want the RFP to be re-released, and would support the Encore proposal. He further suggested that the City sell more of its property in order to accommodate market rate housing projects in the downtown area.

Mayor Giles stated that he received speaker cards from several citizens and invited them to come forward and address the Council.

Mike Wright, a Mesa resident representing the Action Neighborhood Alliance, stated that the group has studied the issue of low income housing and learned that west Mesa has more than its share of that type of housing stock. He voiced opposition to bringing more low income housing into the area, especially since market rate housing apartment developers have expressed an interest in the recent RFP. He added that he would urge the City to extend the time for developers to submit additional RFP proposals.

Fred Arnett, a Mesa resident and Constable for the West Mesa Justice Precinct, spoke regarding the significant number of evictions he is required to perform, many of which occur at low income housing properties. He stressed the importance of the City considering and investigating all offers for the property in question and urged the Council to proceed with caution in this regard.

Councilmember Richins suggested that it might be appropriate for the Housing and Community Development staff to meet with the members of the Action Neighborhood Alliance to provide them a better understanding of the City and the landlord's accountability relative to Section 8 and LIHTC projects.

Janice Gennevois, a resident of the Glenwood/Wilbur Historic District, stated that Mesa has never been more poised than it is now to entertain different types of housing options other than low income housing developments. She stated she and her neighbors would like to see owner-occupied residential development which, in turn, could build stability in the downtown area.

Vice Mayor Kavanaugh stressed the importance of focusing on the specifics of the project. He explained that the proposal, which is located near the light rail line, is an affordable housing

development for seniors who may still be employed, going to school or volunteering in the community. He pointed out that the project is not for families and would not have a measurable impact on schools or criminal activity. He further commented that the beauty of this project is that it includes not only affordable housing for seniors, but also market rate units, which blends a variety of housing types. He added that he would oppose cancelling the RFP, which would be unfair to the developers who have submitted responses and whose information is now public.

Councilmember Richins expressed support for the Encore proposal which, in his opinion, is a well-designed and visually pleasing development and includes affordable housing for seniors. He stated that the City would have an easy time of defending LIHTC projects in downtown Mesa due to the fact that they are not overly dense or clustered. He recognized the Action Neighborhood Alliance for their interest in this item, but pointed out that the developer has been working with the community for a long time. He added that he was not convinced that Cardinal Capital was doing anything but trying to “knock Encore out of the project,” especially since Cardinal Capital owns property across the street. He suggested that if Cardinal Capital wanted to move forward with its proposed project, it could have done so on that site.

City Manager Christopher Brady stated that he wanted to confirm that for those Councilmembers who were supportive of Encore LIHTC project, which must be completed quickly, per state requirements, that everyone understood that when the City negotiates the development agreement, that there is performance on the market rate units as well. He stated that he would suspect that development would occur sometime in the future, but reiterated that it was necessary for the City to have the ability to make sure that is delivered.

Mayor Giles confirmed Mr. Brady’s statement. He also indicated that City Attorney Jim Smith provided him the appropriate wording for a motion to read into the record if the Council moves forward with the Encore project. He explained that since it is a mixed-use project with market rate and tax credit, the City could encounter certain legal challenges if it gifted the property to a non-tax credit proposal.

Mayor Giles stated the following language: Is there a motion to move forward with negotiations regarding the Encore proposal.

Mr. Brady confirmed that the City will be negotiating with the developer. He clarified, however, that in order to assist the developer in meeting the LIHTC application deadline of March 1, 2016, it would be necessary for the Council to make a decision within the week.

Mayor Giles commented that if the Council moves forward with the Encore proposal, it is likely that the matter would come back to the Council at the February 25, 2016 Study Session, given that such negotiations would occur between now and Thursday.

Mr. Brady noted that such negotiations would occur just for the development agreement.

Mr. Smith pointed out that both proposals offered the GPLET financing mechanism and in order to do that, there are certain notice requirements that cannot happen before the end of this week or even within the month. He said that it was necessary to “simplify the deal” in order to bring it back to the Council. He explained that staff has thought through this process, regardless of which decision the Council makes today, and drafted a generic form, which would enable the City to move forward with either proposal on a very expedited basis.

Mr. Brady suggested that whatever the City grants on the low income housing tax credits, that

such action must be somehow coupled with the performance of the market rate housing.

Mayor Giles reiterated that he was bothered by the sense of urgency with respect to this matter and is “somewhat manufactured to get a favorable outcome for this particular applicant.” He also commented that the City owns very few “strategic properties” in the downtown area and the site in question is one of those.

Councilmember Richins said that he would like to dispel the notion that this case has occurred on a very compressed timeframe. He noted that the City has had the proposal from the developer for several months and commented that the only thing that “artificially squeezed this timeframe” was the Mayor’s decision to go out for an RFP in a two-week timeframe.

Mayor Giles stated that he and Councilmember Richins would agree to disagree with their respective positions. He acknowledged that per his insistence, the RFP process was done very quickly, but suggested that such a process was better than not going out for an RFP and just gifting property to somebody without going through any sort of vetting process. He added that in his opinion, that “does not pass the smell test.”

It was moved by Councilmember Richins, seconded by Councilmember Luna, that the City move forward and open negotiations with Encore.

Upon tabulation of votes, it showed:

AYES – Kavanaugh-Luna-Richins-Thompson
NAYS – Giles-Finter
ABSENT – Glover

Mayor Giles declared the motion carried by majority vote of those present.

3. Acknowledge receipt of minutes of various boards and committees.

- 3-a. Transportation Advisory Board Meeting held on December 15, 2015.
- 3-b. Sustainability and Transportation Committee meeting held on January 28, 2016.
- 3-c. Early Childhood Education Task Force meeting held on January 15, 2016.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Luna, that receipt of the above-listed minutes be acknowledged.

Mayor Giles declared the motion carried unanimously by those present.

4. Hear reports on meetings and/or conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, February 25, 2016, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 6:02 p.m.

JOHN GILES, MAYOR

ATTEST:

DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 22nd day of February, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

pag
(attachments – 3)



HOME Investment

FY2016-17

Low-Income Housing Tax Credit

Funding Applications

City Council Study Session

February 22, 2016

HOME Program Purpose

HUD allocates funds by formula to eligible state and local governments to:

- Expand affordable housing
- Provide critical funding gap tool to ensure affordable and quality development
- Strengthen public-private partnerships
- Leverage federal funding investment (\$1 = \$4)

Timeline

HOME Low-Income Housing Tax Credit (LIHTC)

- Nov. 19: Council approved 2016 HOME funding and process (\$500k for HOME Rental).
- Nov. 30: HOME applications opened
- Dec. 21: LIHTC/HOME applications received
- Jan. 7: Housing and Community Dev. Advisory Board
- Feb. 22: City Council final funding direction
- Mar. 1: State LIHTC applications due

2016-2017 LIHTC Applications

- Two Applications Received:
 - Mesa Artspace Lofts
 - ENCORE on Macdonald
(Withdrawn at developer's request)
- Both projects consistent with the approved Consolidated Plan.



Mesa Artspace Lofts

- 50 live/work units for artists/veteran artists and their families
- 155 South Hibbert
- Households of 40% to 60% of the average median income
- Rents \$385/mos. for a 1BR/1BA & up to \$830/mos. for a 3BR/2BA
- \$500k HOME funding request
- 127.60 total points (out of 135)

Council Direction

- Request Council direction to provide conditional approval of funding to Mesa ArtSpace Lofts for \$500,000
- If Council approves, letter of support will be provided to Arizona Department of Housing for Low Income Housing Tax Credit competition



HOMIE Investment

FY2016-17

Questions

IMPROVEMENT PILOT PROGRAM DOWNTOWN MESA FAÇADE

City Council Study
Session - 2/22/2016

Jeffrey McVay AICP
Manager of Downtown
Transformation

BENEFITS OF FAÇADE IMPROVEMENTS: PRIVATE REINVESTMENT



The Neon Movies:
\$6,305.00 grant
\$18,914.00 total project



St. Clair Lofts:
\$60,000.00 grant
\$435,000.00 total project

- Dayton, Ohio
 - Approx. \$390,000 invested by City in 40 projects (2009-2014)
 - Appox. \$3,000,000 of private investment in façade improvements

BENEFITS OF FAÇADE IMPROVEMENTS: PRIVATE REINVESTMENT



Drapers & Damons:
\$25,000.00 grant
\$81,255.00 total project



- Escondido, California
 - Approx. \$1,050,000 invested by City in 160 projects (1989-2015)
 - Approx. \$10,490,000 of private investment in façade improvements



Cute Cakes:
\$25,000.00 grant
\$348,000.00 total project



BENEFITS OF FAÇADE IMPROVEMENTS: PRIVATE REINVESTMENT



Former JC Penney:
\$235,000.00 grant
\$6,748,000.00 total project

■ Knoxville, Tennessee

- Approx. \$1,250,000 invested by City in 20 projects
- Approx. \$13,475,000 of private investment in façade improvements



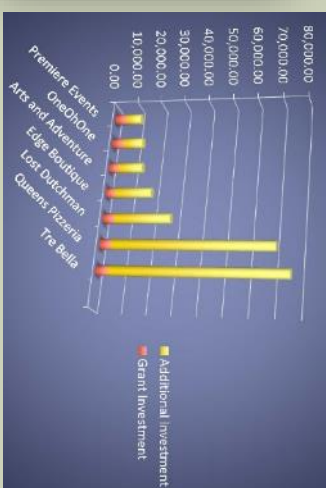
Remedy Coffee Shop:
\$48,000.00 grant
\$59,000.00 total project

BENEFITS OF FAÇADE IMPROVEMENTS: ECONOMIC DEVELOPMENT

Knoxville, Tennessee

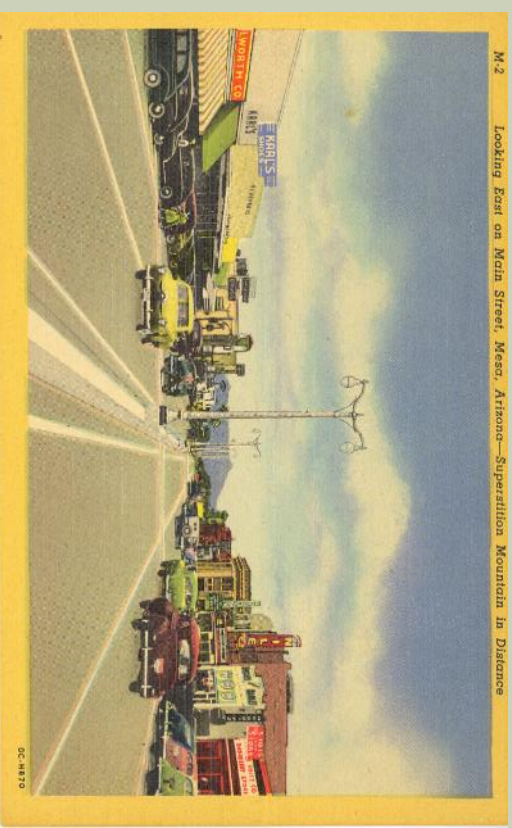
Project Location	Funding Awarded	Leverage Contribution	Owner Contribution	Award-to-Match Ratio	Pre-Facade Appraisal	Post-Facade Appraisal	Percent Change Property Value	Jobs Retained	Jobs Created	Construction Jobs Created	New Businesses Created	New Housing Units
1320 Broadway	\$50,000.00	\$13,123.00	\$0.26	\$0.26	\$75,640.00	\$189,100.00	150%	7	5	5	3	0
104 E. Fifth Ave.	\$50,000.00	\$31,327.00	\$0.63	\$0.63	\$84,920.00	\$212,300.00	150%	0	3	3	1	2
119 S. Central	\$50,000.00	\$21,588.00	\$0.43	\$0.43	\$106,640.00	\$266,600.00	150%	0	3	3	1	1
714 N. Broadway	\$50,000.00	\$40,750.00	\$0.82	\$0.82	\$21,720.00	\$84,300.00	288%	2	0	3	0	0
1828 McCalla Ave.	\$50,000.00	\$8,637.00	\$0.17	\$0.17	\$28,600.00	\$71,500.00	150%	4	1	3	0	0
800 Tyson St.	\$48,000.00	\$10,707.50	\$0.22	\$0.22	\$31,240.00	\$78,100.00	150%	0	2	3	1	0
106 Depot	\$150,000.00	\$6,050,000.00	\$40.33	\$40.33	\$84,140.00	\$12,440,000.00	14685%	0	8	49	1	47
2411 E. Magnolia Ave.	\$36,648.60	\$8,912.10	\$0.24	\$0.24	\$69,240.00	\$148,100.00	114%	3	0	3	0	0
2018 Davenport Rd.	\$50,000.00	\$38,860.00	\$0.78	\$0.78	\$31,760.00	\$89,400.00	181%	2	0	0	0	0
1115 N. Sixth Ave	\$50,000.00	\$33,934.00	\$0.68	\$0.68	\$24,925.00	\$99,700.00	300%	0	2	0	1	0
605 Sevier Ave	\$52,177.42	\$26,889.58	\$0.52	\$0.52	\$89,360.00	\$226,400.00	153%	17	0	2	0	0
309 N. Central	\$50,000.00	\$27,000.00	\$0.54	\$0.54	\$12,725.00	\$139,800.00	999%	0	11	3	1	0
923 N. Central	\$50,000.00	\$238,000.00	\$4.76	\$4.76	\$2,725.00	\$248,700.00	9027%	0	3	5	2	1
505 S. Cooper St	\$46,235.00	\$11,559.00	\$0.25	\$0.25	\$24,440.00	\$61,100.00	150%	1	2	0	1	0
2501 N. Central	\$28,224.87	\$34,421.00	\$1.22	\$1.22	\$47,120.00	\$117,800.00	150%	9	0	0	0	0
1104 McCalla	\$50,000.00	\$99,210.00	\$1.98	\$1.98	\$78,160.00	\$295,400.00	278%	0	7	3	3	16
412,414, & 416 Gay St	\$235,000.00	\$6,512,958.00	\$27.71	\$27.71	\$1,294,200.00	\$11,835,000.00	814%	0	180	27	6	17
210 W. Magnolia	\$50,000.00	\$48,754.00	\$0.98	\$0.98	\$21,880.00	\$94,700.00	333%	0	12	0	1	0
1725 E. Magnolia	\$55,116.85	\$95,773.00	\$1.74	\$1.74	\$23,720.00	\$59,300.00	150%	2	0	3	0	0
1601 Western Ave	\$50,000.00	\$125,156.00	\$2.50	\$2.50	\$191,960.00	\$479,900.00	150%	0	15	7	1	0
Totals	\$1,251,402.74	\$13,477,559.18	\$10.77	\$10.77	\$2,345,115.00	\$27,237,200.00	1061%	47	254	122	23	84

BENEFITS OF FAÇADE IMPROVEMENTS: ECONOMIC DEVELOPMENT



BENEFITS OF FAÇADE IMPROVEMENTS: HISTORIC PRESERVATION

- **Between Country Club and Mesa Drive:**
 - 14 Main Street properties are eligible for historic designation
 - Many more have historic quality to be rediscovered
- **National Trust for Historic Preservation's - Dollar & Sense Series Found:**
 - Commercial building improvements resulted in an increase in sales in the year after the improvements were made
 - Sales improvements were sustained for several years,
 - Sales increases exceeded increases in local taxes,
 - The improvements attracted new businesses and shoppers to the target area,
 - Participants were often motivated to make additional improvements (such as to interior spaces or product lines), and
 - Owners/tenants of properties and businesses in surrounding areas were motivated to make improvements



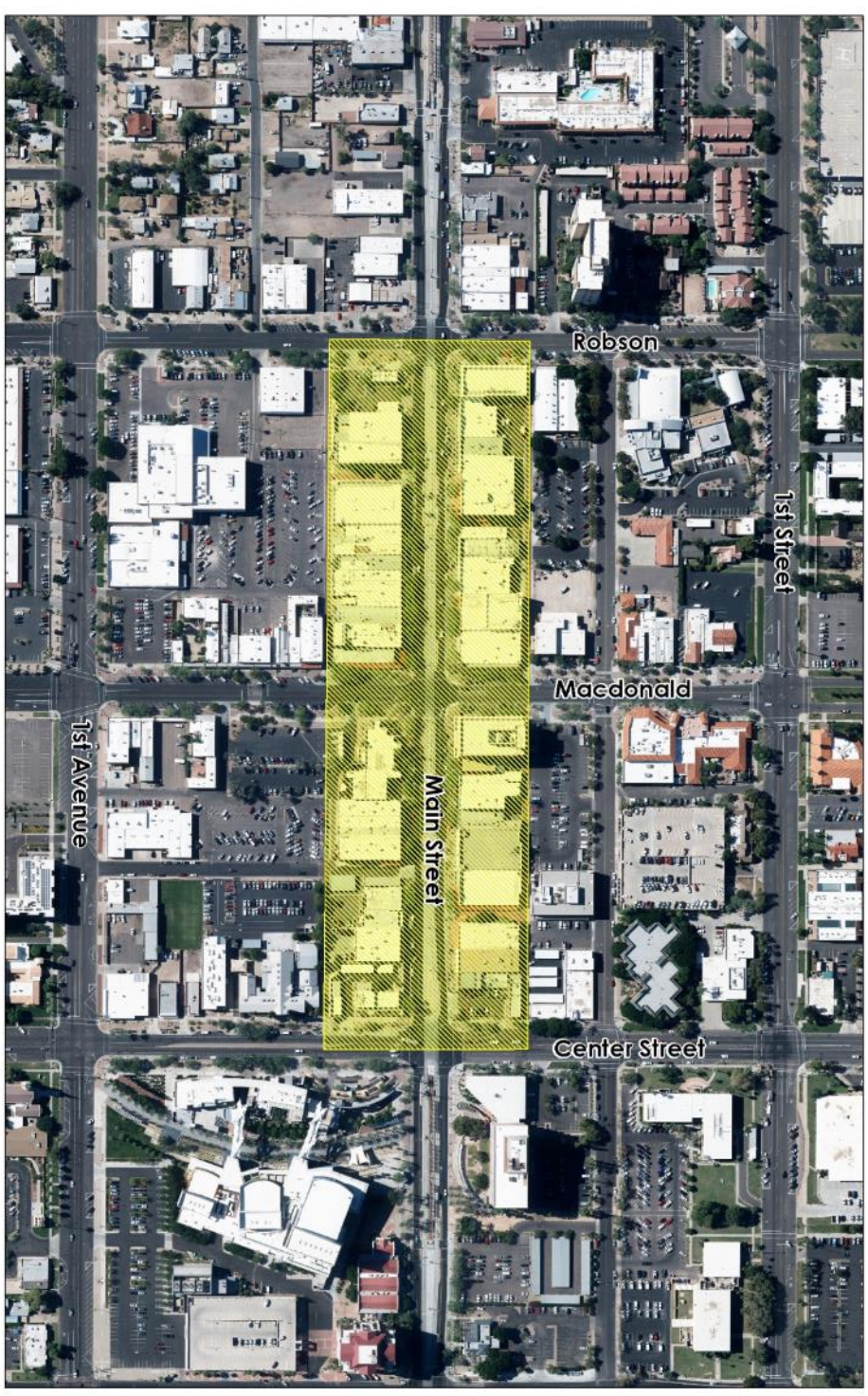
M-2 Looking East on Main Street, Mesa, Arizona—Superstition Mountain in Distance



MAIN STREET LOOKING WEST MESA, ARIZONA

FAÇÇADE IMPROVEMENT TARGET AREA (PILOT)

- Pilot Program Target Area
- North: Alley
- South: Alley
- West: Robson
- East: Center Street



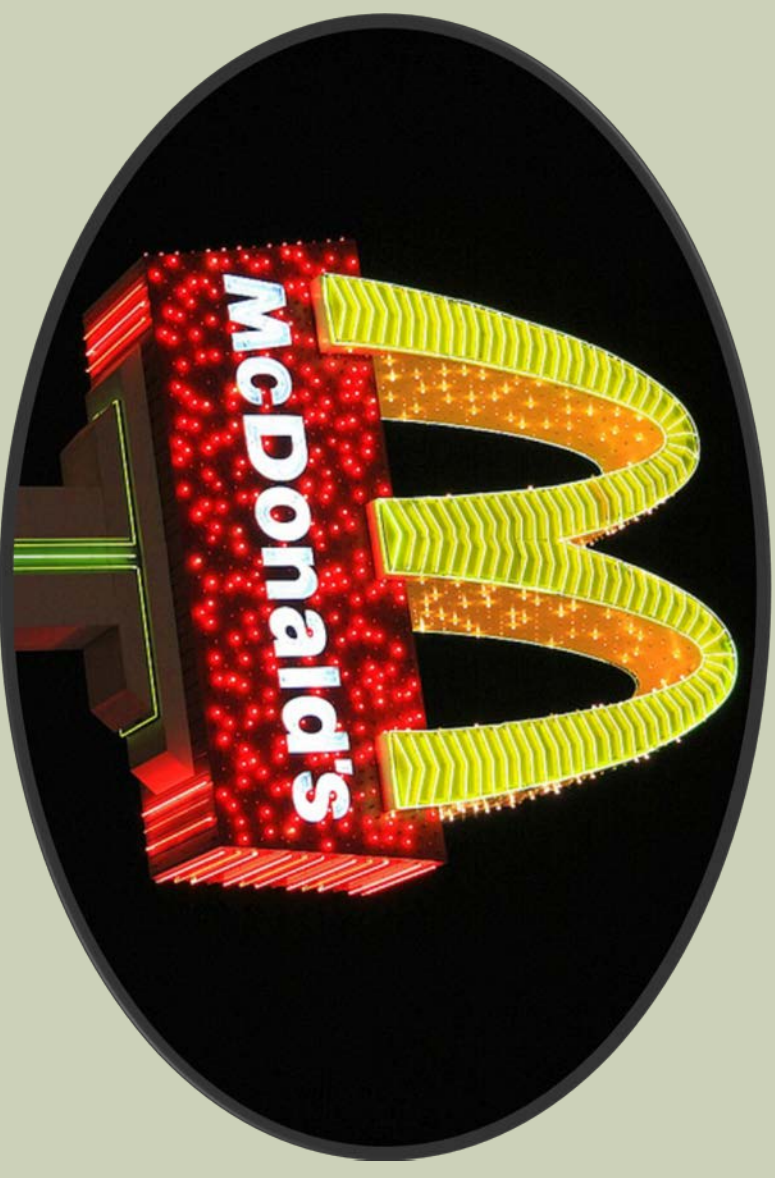
PROPERTY ELIGIBILITY CRITERIA



- Within Façade Improvement Target Area
- Constructed prior to 1980
- Main Street frontage
- Existing colonnade
- Commercial or mixed-use building
- Property owner or tenant with express written consent of property owner
- No delinquent bills, charges, or taxes due to the City
- Project meets all state and local building codes and zoning requirements

INELIGIBLE PROPERTIES

- National franchises or for profit corporations with more than five locations outside of Mesa, unless the corporation is headquartered in Mesa
- Large buildings in excess of 50,000 square feet
- Residential buildings (rental or ownership)
- Church or other religious institutions
- Government owned and occupied buildings



ELIGIBLE ACTIVITIES

(the project must include significant façade improvements that enhance the visual appearance and aesthetic quality of downtown buildings)

- Colonnade replacement with awning, canopy, or other shade solution
- Repair/replace/preserve historically significant architectural details
- Masonry repair and tuckpointing
- Storefront (re)construction
- Exterior painting and stucco
- Permanent exterior lighting
- Permanent exterior signage integrated into the storefront design
- Murals if they are professionally painted, provide an important aesthetic improvement
- In addition to many other activities



INELIGIBLE ACTIVITIES



- Any improvements not visible from the public right-of-way or publicly owned space
- Landscaping and fencing
- Nonvisible mechanical equipment screening
- Interior improvements/remodeling
- Temporary, portable, or non-permanent improvements
- New construction
- Business operations-related costs
- Property acquisition, expansion of building area, or conversion of building use
- Normal maintenance and repair
- City permitting and processing fees
- Roof repair

PROGRAM DETAILS AND OPTIONS

BUDGET

Phase I (Design):

- \$15,000
 - General Fund Budget Request to Council
 - 3 Properties @ \$5,000 each

Phase II (Construction):

- \$75,000
 - General Fund Budget Request to Council
 - 3 Properties @ \$25,000 each

Colonnade Removal:

- \$175 Per Linear Foot (Based on estimate provided by Ron Peters, Historic Streetscapes, PLLC)
 - Removal cost would be in addition to Phase II budget



PHASE I (DESIGN)

Up to \$5,000 reimbursement for conceptual design, final design, and cost estimating services completed by a licensed design professional.



PHASE II (CONSTRUCTION)

Up to \$25,000 grant for eligible façade improvement project costs.

- Match Requirement: 25% of total project cost, up to \$25,000, but not including design fees.
- Façade improvements on buildings that would be eligible for historic designation and which improvements respect and enhance the historic architecture are not required to provide a match.
- Require three construction bids. Bids within 10 percent of the cost estimate are eligible. Bids over 10 percent require sufficient justification to be approved.
- Require participant to apply for, receive, and follow all construction permitting requirements.
- Construction begins within six months of bid acceptance and accepted by within one year of bid acceptance.



PHASE II (CONSTRUCTION)

Reimbursement

- Provide up to five progress reimbursements for eligible expenses and work completed.
- Hold back 25 percent of reimbursement until façade improvements are accepted.
- Require a five year façade easement as condition of reimbursement.
- Partner with NEDCO to provide low- to no-interest loans for the cost of the façade improvements, or the portion of the costs that would be offset by the program.





Knoxville, Tennessee

Project Location	Funding Awarded	Leverage Owner Contribution	Award-to-Match Ratio	Pre-Facade Appraisal	Post-Facade Appraisal	Percent Change Property Value	Jobs Retained	Jobs Created	Construction Jobs Created	New Businesses Created	New Housing Units
1320 Broadway	\$50,000.00	\$13,123.00	\$0.26	\$75,640.00	\$189,100.00	150%	7	5	5	3	0
104 E. Fifth Ave.	\$50,000.00	\$31,327.00	\$0.63	\$84,920.00	\$212,300.00	150%	0	3	3	1	2
119 S. Central	\$50,000.00	\$21,588.00	\$0.43	\$106,640.00	\$266,600.00	150%	0	3	3	1	1
714 N. Broadway	\$50,000.00	\$40,750.00	\$0.82	\$24,720.00	\$84,300.00	288%	2	0	3	0	0
1828 McCalla Ave.	\$50,000.00	\$8,637.00	\$0.17	\$28,600.00	\$71,500.00	150%	4	1	3	0	0
800 Tyson St.	\$48,000.00	\$10,707.50	\$0.22	\$31,240.00	\$78,100.00	150%	0	2	3	1	0
106 Depot	\$150,000.00	\$6,050,000.00	\$40.33	\$84,140.00	\$12,440,000.00	14685%	0	8	49	1	47
2411 E. Magnolia Ave.	\$36,648.60	\$8,912.10	\$0.24	\$69,240.00	\$148,100.00	114%	3	0	3	0	0
2018 Davenport Rd.	\$50,000.00	\$38,860.00	\$0.78	\$31,760.00	\$89,400.00	181%	2	0	0	0	0
1115 N. Sixth Ave	\$50,000.00	\$33,934.00	\$0.68	\$24,925.00	\$99,700.00	300%	0	2	0	1	0
605 Sewler Ave	\$52,177.42	\$26,889.58	\$0.52	\$89,360.00	\$226,400.00	153%	17	0	2	0	0
309 N. Central	\$50,000.00	\$27,000.00	\$0.54	\$12,725.00	\$139,800.00	999%	0	11	3	1	0
923 N. Central	\$50,000.00	\$238,000.00	\$4.76	\$2,725.00	\$248,700.00	9027%	0	3	5	2	1
505 S. Cooper St	\$46,235.00	\$11,559.00	\$0.25	\$24,440.00	\$61,100.00	150%	1	2	0	1	0
2501 N. Central	\$28,224.87	\$34,421.00	\$1.22	\$47,120.00	\$117,800.00	150%	9	7	0	0	0
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Qualitative Analysis of 24 Wisconsin Downtown Storefront Improvements (1999-2014)
University of Wisconsin-Extension/Wisconsin Economic Development Corporation

Project Name - Location	Historic	Year Completed	Project Cost	Economic Benefit	Additional Benefit	Project Name - Location	Historic	Year Completed	Project Cost	Economic Benefit	Additional Benefit
Hotel Stebbins - Algoma	Yes	2010	\$45,000.00	>10% increase in first-time customers	Community interest in urban revitalization	Sequel's - Monroe	Yes	2009	\$7,000.00	15-25% increase in first-time customers (estimated), 10-15%	N/A
Bagels & More - Beloit	Yes	2008	\$25,000.00	>10% increase in first-time customers, 20% increase in	Catalyst for other area improvements	Bemis Bath Shoppe - Sheboygan Falls	Yes	1999	\$645,000.00	Activated vacant building	Catalyst for rehabilitation of four additional buildings
Brocach Irish Pub - Madison	Yes	2004	\$20,000.00	N/A	Owner expanded to two additional locations	Scarlet Garden - Tomahawk	Yes	2007	\$2,500.00	>10% increase in first-time customers, 17% increase in sales (estimated)	N/A
Madison Sourdough - Madison	No	2010	\$30,000.00	Improvements attracted high quality restaurant tenant	Improved pedestrian environment	North Bay Sport - Green Lake	No	2012	\$2,206.00	10-20% increase in first-time customers	Catalyst for other area improvements
Purple Door Ice Cream - Milwaukee	No	2014	\$95,000.00	N/A	Neighborhood serving retail, additional businesses	Colby Abbot Building - Milwaukee	Yes	2010	\$350,000.00	>10% increase in first-time customers, 5% increase in rents (estimated)	In exchange for grant program assistance, provided 5 months of free rent to pop-up retailers
Faye's Pizza - Sheboygan	Yes	2010	\$120,000.00	>10% increase in first-time customers, sales increased	N/A	Tribecca Gallery Café - Watertown	Yes	2012	\$3,900.00	>10% increase in first-time customers, 15% increase in	N/A
Firehouse Pizza - Sheboygan Falls	Yes	1999	\$200,000.00	>25% increase in first-time customers, increased	Catalyst for rehabilitation of four additional buildings	Sam Meyer Insurance - Fond du Lac	Yes	2005	\$28,000.00	2x property value (estimate)	N/A
Eddie's Alehouse - Sun Prairie	Yes	2013	\$30,000.00	>10% increase in first-time customers, 10% increase in sales	N/A	Waukesha Tattoo - Waukesha	No	2010	\$30,000.00	>25% increase in first-time customers	Catalyst for rehabilitation of two additional buildings
Rodeo Saloon - Tomahawk	Yes	2011	\$10,000.00	N/A	Catalyst for rehabilitation of three additional buildings	Leticia Guzman Insurance - Waukesha	Yes	2013	\$2,700.00	Activated vacant building	N/A
Steele Street Floral - Algoma	Yes	2003	\$30,000.00	Increased tourist foot traffic and publicity	N/A	Damen Properties - De Pere	Yes	2008	\$60,000.00	25% increase in first-time customers	N/A
Country Treasures - Chippewa Falls	No	2012	\$130,000.00	>10% increase in first-time customers, 2% increase in sales	Community interest in urban revitalization	Bradley Realty - Menomonee Falls	Yes	2010	\$20,000.00	>25% increase in first-time customers, 30% increase in residential rents	Community interest in urban revitalization
Knitting Room - Fond du Lac	Yes	2008	\$28,000.00	2x property value (estimate)	N/A	Tiny Green Trees - Milwaukee	No	2013	\$10,000.00	Activated vacant building, tax assessment increased \$80,000	Catalyst for other area improvements

1ST AVENUE AND MACDONALD RFP RESPONSE SUMMARY

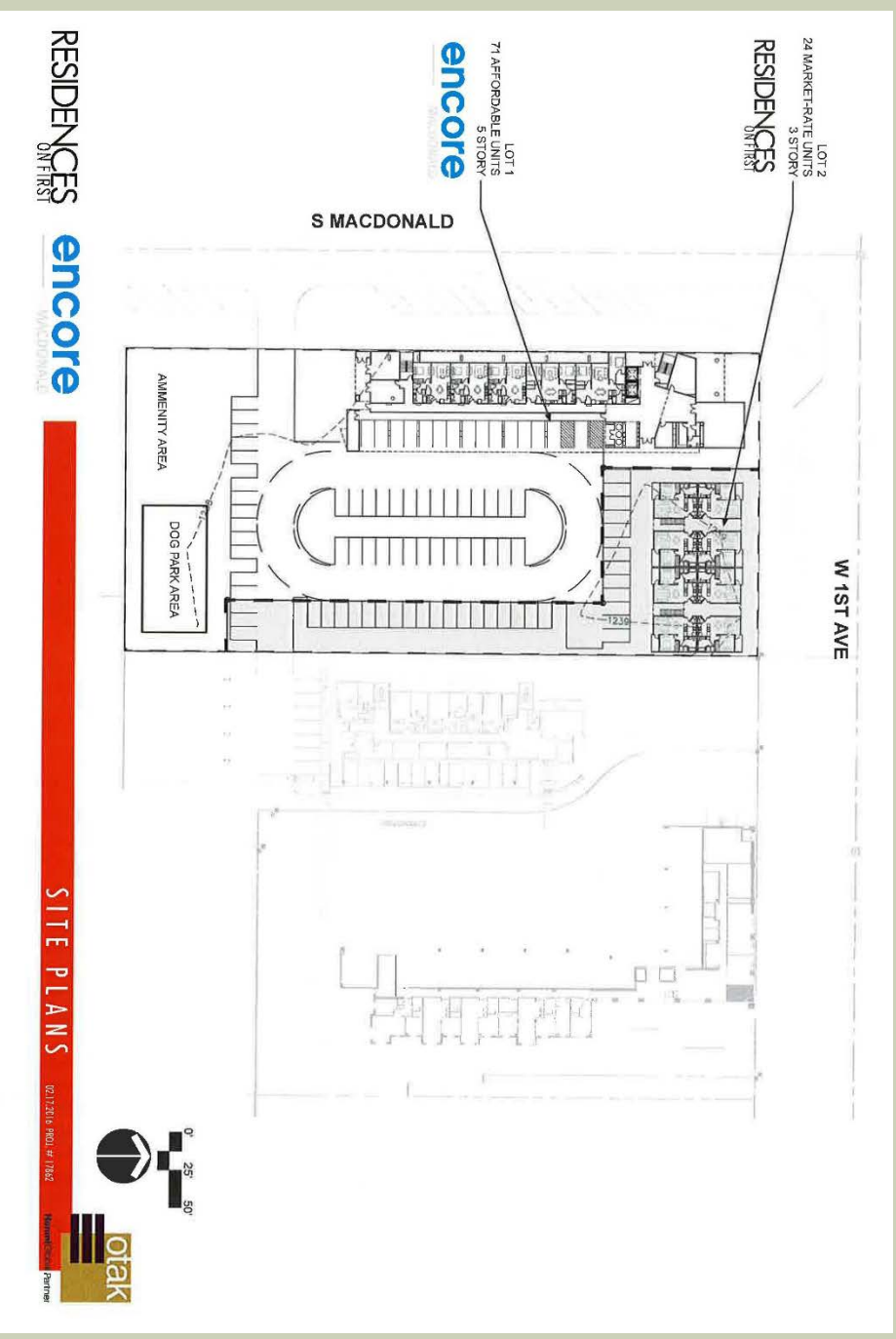
City Council Study
Session - 2/22/2016

Jeffrey McVay AICP
Manager of Downtown
Transformation

MESA HOUSING ASSOCIATES II, LLC

Overview

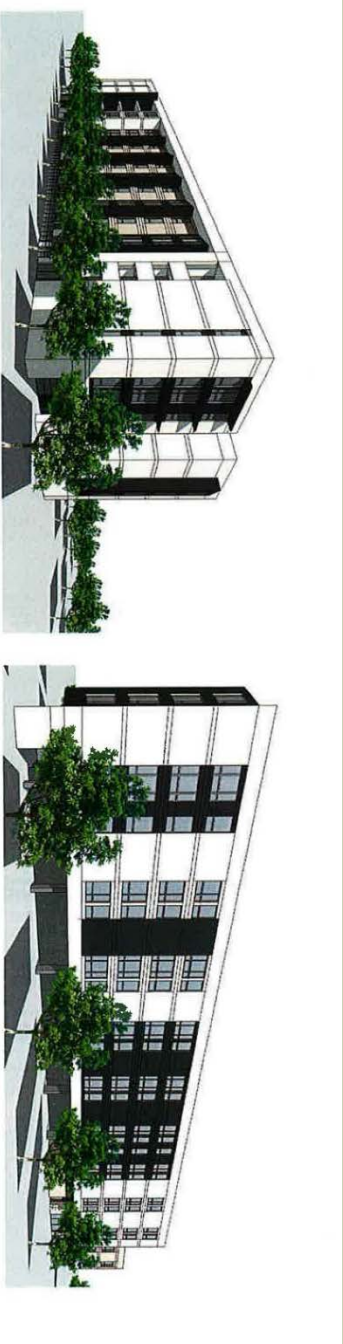
- 1.9± acre site
- 95 total residential units
- 86,100± gross square feet between two buildings
- 86 parking spaces
- Estimated 425 construction jobs and 3 permanent jobs
- \$18,374,180 total investment
- Includes three letters of interest to provide financing
- Appraised land value - \$510K



MESA HOUSING ASSOCIATES II, LLC

Encore on Macdonald

- 1.5± acre site
- 71 affordable senior residential units
- 47 one bedroom and 24 two bedroom
- 5 story, 69,400± square feet building
- 54 parking spaces
- \$15,574,180 total investment
- Requests land at no cost
- LIHTC request due March 1, 2016



encore
MULTIFAMILY

OTAK
PERSPECTIVES

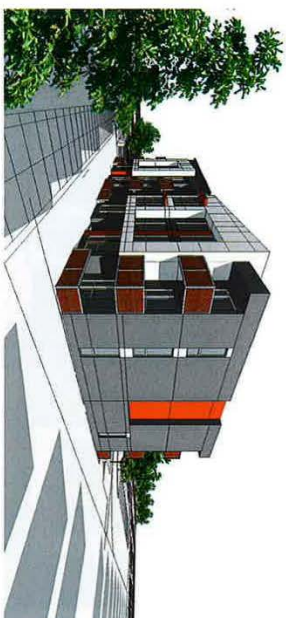
212.764.4801 • 1750



MESA HOUSING ASSOCIATES II, LLC

Residences on First

- 0.5± acre site
- 24 market rate residential units
- 20 one bedroom and 4 two bedroom
- 3 story, 16,600 square foot building
- 32 parking spaces
- \$2,800,000 total investment
- Requests Government Property Lease Excise Tax (GPLET) financing – Details to be determined



VIEW LOOKING SOUTHEAST



VIEW LOOKING NORTHWEST



VIEW LOOKING SOUTHWEST



VIEW LOOKING NORTH

RESIDENCES
ON FIRST

PERSPECTIVES

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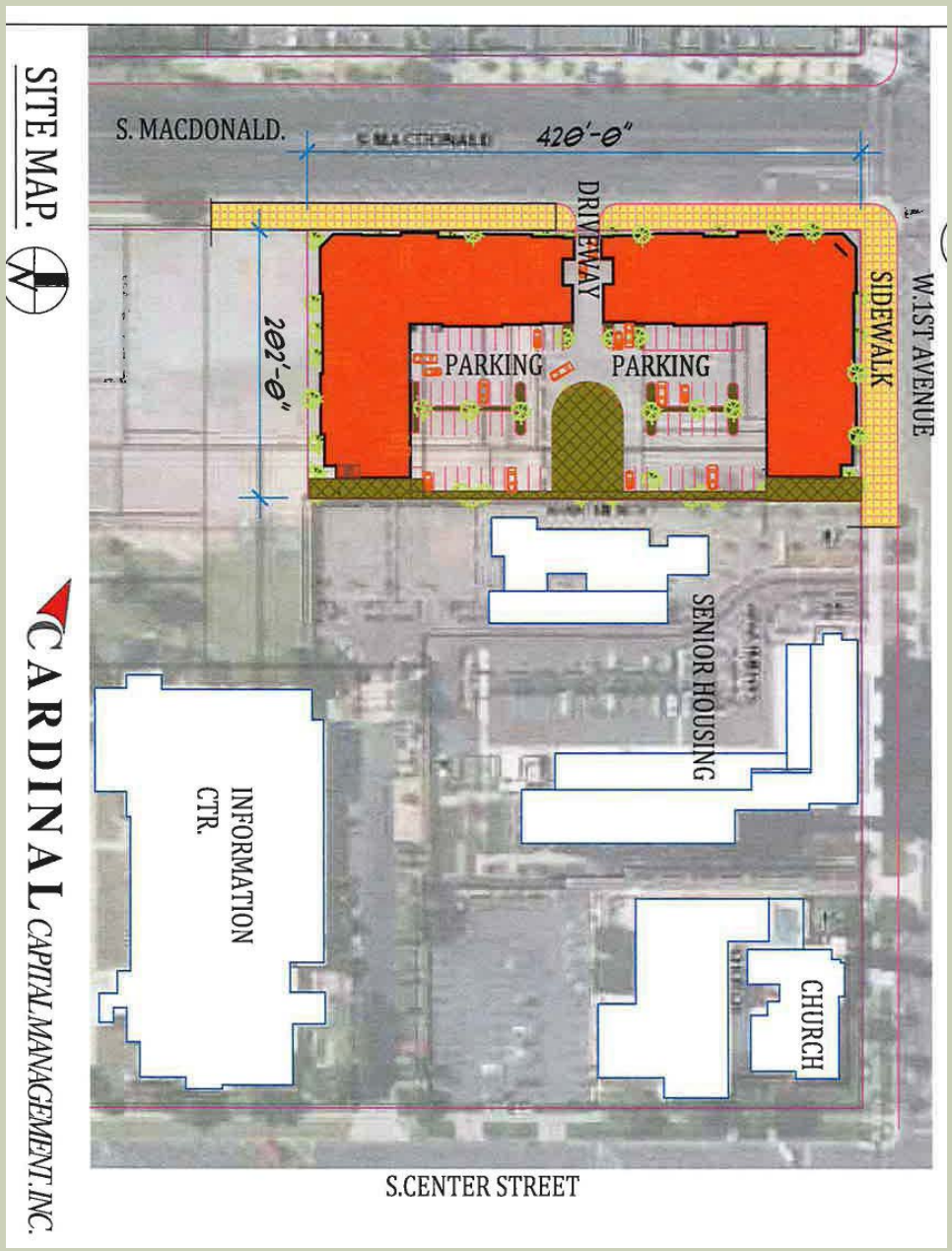
Architectural Partner



CARDINAL CAPITAL MANAGEMENT, INC.

Overview

- 1.9± acre site
- 120 total residential units
- 167,000± gross square feet between two buildings
- 158 parking spaces
- Estimated 335 construction jobs and 30 permanent jobs
- \$22,500,000 total investment
- Includes a letter of interest to provide financing
- Appraised land value - \$510K



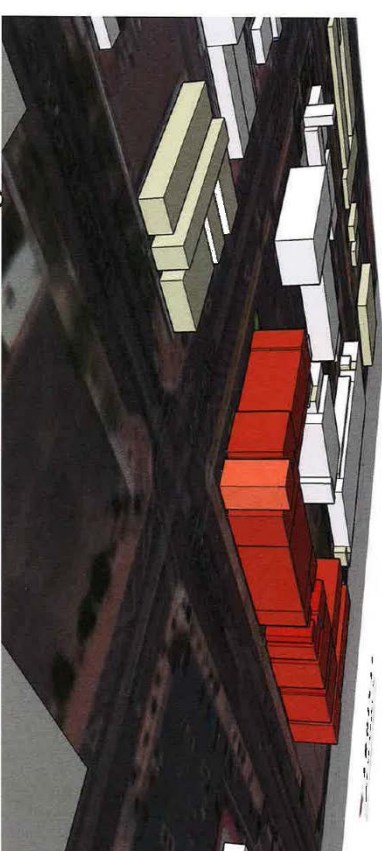
CARDINAL CAPITAL MANAGEMENT, INC.

Development Details

- 1.9± acre site
- 120 market rate residential units
- 60 one bedroom, 48 two bedroom, and 12 three bedroom
- Two 4-story buildings totaling 167,000± square feet
- 10,700± square feet ground level retail along 1st Avenue
- Requests GPLET financing – 15 year term
 - Estimated lease and purchase payments totaling \$468,000



ELEVATION STUDY



S. MACDONALD STREET

STREET STUDY

