



COUNCIL MINUTES

March 22, 2012

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 March 22, 2012 at 7:34 a.m.

COUNCIL PRESENT

Scott Smith
Alex Finter
Christopher Glover
Dina Higgins
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith welcomed a number of visitors from Mesa's Sister City Burnaby, British Columbia, Canada who were visiting Mesa not only to learn more about the community, but also Arizona as a whole.

1-a. Hear a presentation, discuss and provide direction on the proposed transit-oriented development project at the existing La Mesita property.

Assistant to the City Manager Natalie Lewis stated that the purpose of this item was to review two of the three projects submitted by developers that the Council has agreed to negotiate with in good faith regarding their Low Income Housing Tax Credit proposals. She stated that today, staff would discuss the La Mesita property and the Escobedo project (Item 1-b) and noted that at the March 29, 2012 Study Session, the Mesa Housing Associates' project would be presented to the Council.

Ms. Lewis displayed a PowerPoint presentation (**See Attachment 1**) and briefly discussed the purpose of the Low Income Housing Tax Credit Program. She explained that rather than providing a direct subsidy to investors, the program encourages private capital investment in the development of rental housing by providing a credit to offset an investor's Federal income tax liability. Ms. Lewis noted that the Arizona Department of Housing (ADOH) is responsible for identifying qualified projects and allocating the available funds in the State.

Mr. Lewis advised that in 2012, 31 proposals Statewide were submitted to ADOH in five categories including Supportive Housing, Rural, Tribal, Non-Profit and General. (See Page 3 of

Attachment 1) She remarked that this year, approximately \$14 million is available in Federal tax credit funds, and said that on an annual basis, the ADOH selects one Supportive Housing, two Rural and two Tribal applications to receive funding. Ms. Lewis pointed out that at least 15% of the total dollars must be allocated to non-profit organizations. She added that conservatively speaking, approximately \$7 million could be allocated to the above-referenced four categories, which would leave the remaining \$7 million to be allocated to four or five projects in the General category.

Ms. Lewis, in addition, reported that this year, the ADOH added a new Job Creation category, which allows an applicant to earn up to 35 points. She explained that in order for the applicants to receive those points, it was necessary that they meet specific timelines. She briefly reviewed a document titled "Applicant's Key Milestones," which outlines those dates. (See Pages 5 and 6 of Attachment 1)

Mayor Smith commented that in reviewing the Key Milestones, there was a requirement that by May 1st, the applicants must provide evidence of submitting their 100% building/engineering plans to the City. He questioned how such efforts could possibly be accomplished in a mere five weeks.

Ms. Lewis responded that A New Leaf has been working with an architect on the plans for the La Mesita proposal for quite some time. She also stated that with respect to the Escobedo project, the developer has conducted significant public outreach to solicit design ideas from the neighborhood.

Responding to a question from Mayor Smith, City Manager Christopher Brady clarified that it was staff's goal to have the development agreements for the two proposals substantially completed prior to the developers' submittal of their respective site plan and final plat. He added that since two of the three developments occur on City-owned property, staff would defer to the Council with respect to the developments that take place on those sites.

Planning Director John Wesley commented that last night, the Planning & Zoning Board (P&Z) recommended approval of the La Mesita proposal. He noted that the item would be included on the April 23, 2012 Council meeting agenda for action with respect to a rezoning and site plan. Mr. Wesley also stated that on April 4, 2012, the Design Review Board (DRB) will address certain design issues in terms of aesthetics to the building. He acknowledged that there is "a tight timeframe" with regard to the case, but assured the Council that staff has been working with the developer since the beginning of the year. He added that the developer is working at risk in an effort to meet certain timeframes, including submitting the building/engineering plans by May 1st.

Mr. Wesley pointed out that regarding the Escobedo project, there were no requirements for any City processes, although it may be necessary for the Board of Adjustment to address certain parking requirements. He explained that the Mesa Housing Associates' project will be considered by P&Z at the Board's April 18, 2012 meeting, followed by DRB's review later that month.

Mr. Brady remarked that one of the reasons staff is here today and will come back next Thursday with the other proposal is to seek direction from the Council, who represent "the owners" of the two City-owned properties (i.e., the citizens of Mesa) as staff negotiates, among

other things, the development agreements, the configuration of the properties, and the phasing of the developments.

Ms. Lewis indicated that a lead staff member has been identified for each of the three proposals. She stated that over the last few weeks, those individuals have met with the respective developers to gain a better understanding of the proposals and to determine what is required of the City.

Assistant to the City Manager Trisha Sorensen, project lead for the La Mesita proposal, displayed a PowerPoint presentation (**See Attachment 2**) and reviewed an aerial map containing two boxes that illustrated the location of the property. (See Page 2 of Attachment 2) She noted that the southern-most box was the portion of the property that would be redeveloped first. Ms. Sorensen explained that the facility, located at 2254 West Main Street, is currently used by A New Leaf for transitional/emergency housing.

Ms. Sorensen briefly discussed the La Mesita proposal (See Page 3 of Attachment 2) and stated that A New Leaf would raze four existing buildings on the southern portion of the site, while continuing to use the buildings on the northern portion of the site for emergency housing and daycare. She added that the redevelopment would include the construction of three four-story, mixed-use buildings to accommodate 80 rental units.

Mr. Wesley reiterated that on March 21, 2012, the proposal went before P&Z, which recommended approval of the project. He explained that for several months, staff has worked closely with the applicant by utilizing the Central Main Street Plan's design objectives with respect to future light rail along Main Street. Mr. Wesley stated that the applicant has created a project which, in staff's opinion, will enhance the Main Street corridor and establish a Transit-Oriented Development (TOD) approach in the area, by bringing the four-story buildings closer to the street and creating a plaza nearby.

Ms. Sorensen highlighted a series of contributions that A New Leaf requested that the City make with respect to the La Mesita proposal. (See Page 7 of Attachment 2) She stated that A New Leaf was requesting a \$1.5 million deferred loan (0% interest rate and payable in Year 40) from the City to support the project financially. Ms. Sorensen pointed out that A New Leaf owns approximately 8 acres of land adjacent to Monterrey Park and commented that the City was currently conducting an appraisal of the property. She said that it might be possible to do an exchange, wherein the City would give \$1.5 million to the non-profit for the La Mesita project and the City would acquire the property. Ms. Sorensen added that pending completion of the appraisal, staff would make a presentation to the Council regarding the appraisal.

Ms. Sorensen, in addition, advised that A New Leaf was requesting 30 Section 8 project-based vouchers and said that the City was working with the non-profit in this regard since it did not have a pool of 30 vouchers available at this time. She indicated that in the next week, an expert in project-based vouchers will assist staff to formulate a plan with respect to this process. Ms. Sorensen assured the Council that staff was confident that they could access the 30 project-based vouchers within a one-year timeframe in order to accommodate the La Mesita project.

Discussion ensued relative to the difference between Section 8 vouchers and project-based vouchers; that the City currently has 1,500 Section 8 vouchers, of which it can use 20% for

project-based vouchers; and that Section 8 vouchers “go with the recipient” to any qualifying housing unit, while project-based vouchers “go with the project.”

1-b. Hear a presentation, discuss and provide direction on the proposed housing development by Gorman/Save the Family/West Mesa Community Development Corporation for the City-owned Escobedo property.

Development and Sustainability Department Director Christine Zielonka, project lead for the Escobedo proposal, addressed the Council. She displayed a PowerPoint presentation (**See Attachment 3**) and reviewed an architectural rendering of one of the proposed brownstone units that would front onto University Drive. (See Page 2 of Attachment 3) She stated that at the April 4, 2012 DRB meeting, the City, as the property owner of the site, would work with the applicant to fine tune the design of the units.

In response to a question from Mayor Smith, Ms. Zielonka clarified that the housing units, even with the “step-up” design in the front of the buildings, would also be accessible from the back in order to comply with the Americans with Disabilities Act. (ADA).

Ms. Zielonka pointed out that this was a two-phase proposal (See Page 3 of Attachment 3), with the first phase including the construction of approximately 70 units north of University and east of Hibbert, and requiring ADOH housing funds. (See Page 14 of Attachment 3)

Ms. Zielonka advised that the non-profit campus, consisting of United Way, Save the Family and Helen’s Hope Chest, was situated on the south side of University, and said its development would “straddle” both phases. She noted that it was her understanding that the improvements in the area would be minimal in Phase 1, and that no vertical construction or demolition of the existing building would occur. Ms. Zielonka also remarked that the eventual building on the south side of University would be contingent upon the developer receiving future year tax allocations. She added that if the developer was awarded ADOH housing funds on June 1, 2012, the company would begin Phase 1 of the project and then apply next year for additional funds for Phase 2, which would include vertical construction of the non-profit offices south of University.

Ms. Zielonka further clarified that the existing units at Escobedo, which are a component of the Phase 2 improvements, would not be demolished as part of Phase 1, but rather left in place until the developer received tax financing for the subsequent phase. She noted, however, that the units included as part of Phase 1 would be demolished and reconstructed.

Mayor Smith commented that it was his understanding that one of the primary reasons for including the area south of University in the proposal was so that the developer could qualify for additional points by the project being located within half a mile of light rail. He questioned how the developer could go back and apply for Phase 2 funding when the property is outside the half mile requirement.

Councilmember Richins pointed out that the ADOH changes the Qualified Allocation Plan every year and said that next year, there might not be a half mile requirement.

Mayor Smith stated that if the developer was successful with Phase 1, he would assume that the ADOH would want to fund a successful Phase 2. He commented, however, that there was no guarantee that might happen.

Councilmember Richins confirmed Mayor Smith's statement.

Vice Mayor Somers inquired if it was a bit disingenuous for the developer to include a small piece of property south of University for office buildings in order to qualify the project when 90% of the site is outside of the half mile.

Councilmember Richins responded that it would be up to the ADOH to make that determination. He noted that it has been his suspicion all along that the ADOH would not qualify the property within the half mile for the reason Vice Mayor Somers raised, but noted that it might.

Jacki Taylor, Chief Executive Officer of Save the Family, addressed the Council and stated that the parties do not believe they are being disingenuous and would like the proposal to be as competitive as possible. She stated that the parties have completed some preliminary scoring and believe that a Phase 2 project would score equally as strong as Phase 1.

Responding to a question from Mayor Smith, Brian Swanton, representing Gorman & Company, clarified that the parties' scoring analysis of Phase 1 and Phase 2 are mutually exclusive of one another. He acknowledged that there were allocation risks for Phase 2, but stated that because of the size of the Escobedo site, it was anticipated that the project would be built in two phases. Mr. Swanton also remarked that the ADOH caps the funding allocation at \$1.5 million per year/per project, equating to approximately \$13 million in equity.

Discussion ensued relative to the fact that all of the infrastructure costs, the undergrounding of utilities, and the upgrading of water/sewer lines are included in the project budget; that because Phase 1 is larger in size and scope, it would have greater infrastructure/front-load expenses; and that Gorman aggressively lobbies the State each year to craft a Qualified Application Plan that is in the best interest of its non-profit/local government partners.

Councilwoman Higgins voiced concern that Phase 1 did not include the demolition of the Phase 2 housing units, which could create safety and environmental issues for the children living in the area. She stated that she would prefer that those structures be removed in Phase 1.

Councilmember Richins stated that this was an example of the "inefficiency of bureaucracy" due to the fact that the ADOH sets up the point allocation wherein a developer has to be able to demolish something in Phase 2 in order to receive additional points. He added that it would be interesting to discuss this issue with the ADOH to make them understand that such a point system perpetuates blight in a community just so a developer can claim more points in their tax credit application the following year.

Mr. Swanton commented that if all goes as planned, Phase 1 of the project would be under construction in November of this year. He explained that the goal would be for Gorman to apply for Phase 2 tax credit funding on March 1, 2013, and if the company was successful, Phase 2 construction would commence prior to the completion of Phase 1. Mr. Swanton added that he has also spoken with staff regarding the possible installation of some type of graphical fence wraps around the non-demolished buildings.

In response to concerns expressed by Vice Mayor Somers regarding the remediation of the lead and asbestos inside the old Escobedo housing units, Ms. Zielonka indicated that staff has evaluated the buildings and painted the outside of the structures to encapsulate the lead-based paint. She stated, in addition, that the highly hazardous asbestos on the inside of the buildings has been removed and noted that the structures are safe at this time.

Environmental and Sustainability Deputy Director Scott Bouchie reported that prior to the demolition of the buildings at Escobedo, the City would conduct a Toxicity Characteristic Leaching Procedure (TCLP), in which samplings of the building materials are collected to identify that they are not considered hazardous waste. He explained that in addition to the asbestos, the buildings also contain floor tiles, mastic and other small materials (i.e., duct tape, sealants) and said it would be necessary to remove any materials that could become friable during the demolition process.

Mr. Bouchie further advised that with respect to the other materials, the City would work with Maricopa County to perform a demolition in place, which is similar to dust control, except a surfactant is added to the water to prevent emissions from coming off of the site. He pointed out that the entity conducting the demolition would be required to enlist the services of an oversight consultant to ensure that the company is in compliance with the law. Mr. Bouchie added that the buildings would be demolished and “burrito wrapped” in plastic and taken to an asbestos landfill for disposal.

In response to a question from Mayor Smith, Mr. Swanton explained that with respect to the Phase 1 demotion, Gorman has included the costs of all infrastructure improvements, asbestos abatement/demolition of the buildings in the project budget if the City was willing “to bring the land to the table.”

Mayor Smith commented that he wanted to make it perfectly clear that the procedure outlined by Mr. Bouchie would only be implemented if the City demolished the old Escobedo housing units. He also stressed that the City was not anticipating doing so at this time.

Mr. Bouchie confirmed that the current condition of the Escobedo property does not present a hazard from an environmental standpoint and said that no action was required by the City.

Mr. Brady indicated that the Council was short on time this morning and said that staff was seeking direction from them with respect to several issues, including that the City would, in fact, incur certain infrastructure costs, and that the developer was requesting control of the site for three to four years with no guarantee of funding or performance.

Ms. Zielonka reported that it was her understanding that the developer would be given exclusive development rights beginning when the development agreement is approved in July through the next three to four years. She said that the developer also requires site control of the land, which could constitute either the sale, the official transfer of the use of the land, or a long-term lease. Ms. Zielonka noted that it was staff’s recommendation that the City enter into a long-term lease, which includes performance metrics, and also that the City retain the right as Master Developer.

Mayor Smith suggested that staff also consider an option to purchase which, in his opinion, was more secure for both parties than a purchase agreement.

Ms. Zielonka further remarked that in order to protect the City's interests, staff was also considering the option that the final transfer of the land would not occur until the completion of Phase 2. She added that staff was seeking clear direction from the Council in this regard.

Responding to a question from Mayor Smith, Ms. Zielonka clarified that the developer was considering the possibility of pursuing a lease-to-own concept, with an option to own the housing units after 15 years.

Extensive discussion ensued relative to the fact that Save the Family Foundation received a substantial donation from an individual who wanted the funds to be invested in full architectural drawings for the Escobedo project; that "in the tax credit world," a developer typically does not "take an architectural risk" until after an allocation of credits has been made; that this year, the ADOH requires that a developer have 100% permit-ready plans by May 1, 2012, even though the agency will not award funding until June 1st; and that on June 1st, Gorman will have \$300,000 to \$400,000 invested in this project, as well as months of community outreach and a plan that is supported by the neighborhood.

Mr. Swanton commented that if Gorman was unable to obtain the tax credit financing, it would be a shame to walk away from the project. He pointed out that he has had projects that he has received funding for in the first round and others where it has been necessary to apply three or four times in order to obtain funding.

Mr. Swanton, in addition, asked for some flexibility from the City with respect to performance measurements concerning the construction timeline, since the proposal is a complex, two-phase project and will bring in nearly \$30 million in private equity. He said that securing such equity through tax credits was a very competitive/capital intensive process, which was the reason for asking that the time horizon be extended.

Councilmember Finter stressed the importance of the Council and the City protecting the holdings of the citizens of Mesa. He also voiced concern that the developer may perform on Phase 1, but fail to maintain the same performance standards during Phase 2 and still have site control of the land.

Ms. Zielonka responded that a key point that will need to be addressed between the parties, and included in the development agreement, is the issue of equity relative to what the City is giving, in terms of the value of the land, and what the developer is providing with respect to improvements.

Mr. Brady restated that the question is: What would the City receive in return for the value of the exclusivity (site control) of the land that the developer would receive?

Mayor Smith commented that the City was basically becoming a partner in the project and had legal issues related to whether it can throw land into a project. He stated that he assumed it would be necessary for the City to receive some sort of value in return, but noted that he had no idea how such value would be determined.

Ms. Zielonka concurred with Mayor Smith's comment and said that staff had identified that as a key issue that staff and legal counsel are addressing with the developer.

Mayor Smith requested that the issue be more clearly defined before the Council moves forward in this process.

Responding to a question from Mayor Smith, Mr. Swanton stated that with respect to the issue of site control, in his opinion it would be fair and reasonable for the City to consider giving the developer “two bites of the apple” for each phase (i.e., 2 years for Phase 1; 2 years for Phase 2).

Mayor Smith restated that after two years, if the developer was not successful in obtaining tax credit financing after two attempts, “the whole thing goes away.” He noted, however, that if Gorman receives Phase 1 funding, the company would receive “two bites” at Phase 2.

Councilmember Richins noted that there were two applicants for the Escobedo redevelopment and said that the second developer brought some strong ideas to the table. He stated that he would not oppose allowing other developers to submit proposals with respect to Phase 2 in order to create a more competitive process.

Mayor Smith commented that it would seem that Phase 2 would have to conform to the design of Phase 1.

Councilmember Richins expressed support for the Gorman project, but suggested that having additional market competition for Phase 2 raises the bar for everybody.

Mayor Smith commented that although he does not disagree with Councilmember Richins, because Gorman has “stepped up” and is taking an investment risk now, in his opinion, the developer should merit “the first shot” at Phase 2.

Responding to a series of questions from Councilmember Richins, Mr. Swanton clarified that the projects for Phase 1 and Phase 2 would each be required to perform independently and financially as a stand-alone. He pointed out that issues arise when there are two phases of a project with different development partners that have competing management/leasing operations. Mr. Swanton added that with respect to the Escobedo proposal, in his opinion, it would not be advisable to have different developers and added that Gorman’s proposal always focused on the construction of 124 units.

Additional discussion ensued relative to the difficulty developers experience in trying to obtain financing for market-rate (tax credit rent) projects.

Mayor Smith stated that he liked the idea of the “two bites of the apple,” which was really 14-month exclusivity on Phase 1. He noted that if the developer was successful with Phase 1, there would be approximately 24-month exclusivity on Phase 2.

Councilmember Finter stated that if the City used the same model for this project as it did for Riverview, it would be performance-based options.

Mr. Brady acknowledged that the developer was attempting to maximize Phase 1, which includes “the best properties” of the site. He stated that if Gorman did not perform on Phase 2, and it was necessary for the City to seek proposals from other developers, that could be somewhat problematic. Mr. Brady recognized that the developer was taking significant financial

risks with regard to the proposal, but pointed out that the City was also at risk of “having nothing happen in Phase 2,” which could result in the property being a liability for the City. He said that the fact the land is being requested at no cost makes the City a significant partner and added that it was imperative that the developer meet the City part way.

Mayor Smith clarified that with respect to the Escobedo project, the City needs to take some of the risk because its objective is not to maximize its return on the investment, but rather to create a quality project that builds up the neighborhood. He stressed the importance of the developer and the City sharing the risk since the property was not one in which a developer was willing to come in and take a market risk, since the market risk was excessive.

Councilmember Richins stated that the ADOH’s Qualified Allocation Plan will include specific language regarding the definition of site control. He commented that while the Council may think that a performance-based option sounds good at today’s meeting, if it does not meet the definition of site control, the City will not be able to proceed in that direction.

Mr. Brady stated that it was his understanding that the Council was not interested in the City not having any recourse for lack of performance by the developer.

Mayor Smith commented that the Council requested that staff consider other options with respect to the issue of site control, research the ADOH’s definition of the term, and bring back various alternatives that the Council can decide as a policy matter. He noted that that if control means giving up total control, the Council may not be inclined to do so.

Mayor Smith thanked staff for the comprehensive presentation.

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

2-a. Audit, Finance and Enterprise Committee meeting held February 27, 2012

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

Carried unanimously.

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

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

4. Scheduling of meetings and general information.

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

Thursday, March 29, 2012, 7:30 a.m. – Study Session

5. Items from citizens present.

There were no items from citizens present.

6. Adjournment.

Without objection, the Study Session adjourned at 8:43 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, 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 March 2012. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

pag
(attachments – 3)



Low Income Housing Tax Credits Proposal Updates

City Council Study Session

March 2012



Purpose

Low Income Housing Tax Credit Program

- Rather than direct subsidy, encourages private capital investment in the development of rental housing by providing a credit to offset an investor's federal income tax liability.
 - Arizona Department of Housing is responsible for identifying qualified projects and allocating available funds in Arizona.

2012 Overview

- **31 proposals statewide submitted.**
- **Five categories:**
 - Supportive Housing (La Mesita only)
 - Rural (11)
 - Tribal (1)
 - Non-Profit (Escobedo at Verde Vista + 6)
 - General (Residences on Center Street + 10)

2012 Overview

- **Approx. \$14M available**
 - One supportive housing, two rural and two tribal applications receive funding each year.
 - At least 15 percent of total dollars must go to non-profits.
 - Conservative Math – about \$7M goes to these applications. Leaves \$7M to be allocated to 4 or 5 projects in general category of the 11 submitted.

Applicant's Key Milestones

- **May 1:**
 - City-approved Site Plan and Final Plats (or equivalent) due
 - Evidence of submittal to City of 100% building/engineering plans
- **July 16:**
 - Evidence of Site Ownership due by applicant
 - Property deed, executed lease

Note: To meet this timeline, final draft development and lease/purchase agreements would need to be considered by Council June.

Applicant's Key Milestones

- **October 18:**
 - Applicant's draft equity closing documents due
 - Civil engineering and building permits due to allow construction to commence
- **November 1:**
 - Construction must be commenced (and certified by architect).
- **December 31, 2013:**
 - Certificate of Occupancy must be received.

Low Income Housing Tax Credits Proposal Updates

La Mesita

Escobedo at Vista Verde

March 2012

La Mesita A New Leaf

Site:

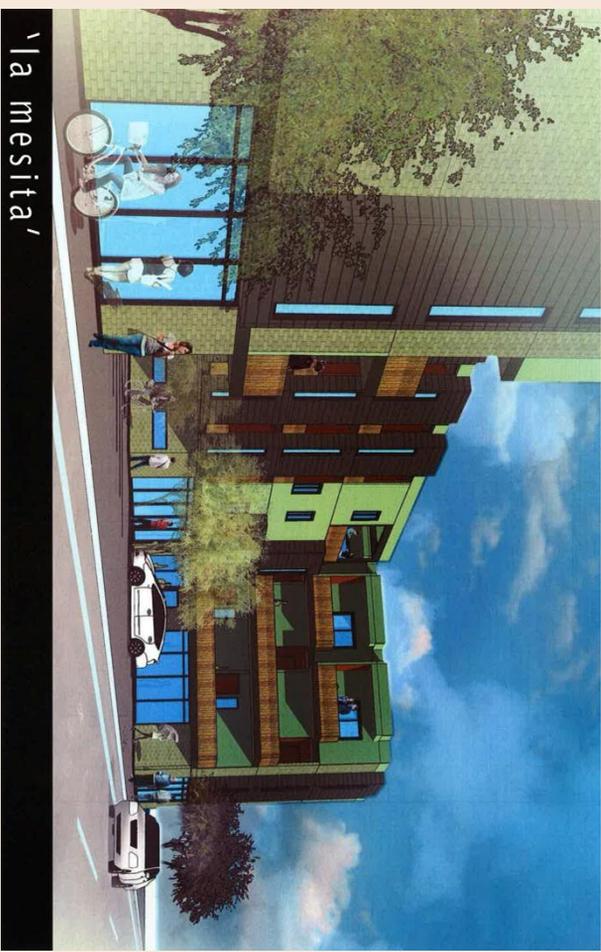
- 2254 West Main Street
- District 3
- Currently used by A New Leaf for Transitional / Emergency Housing
- Land Use - Mixed-Use Residential
- Requesting to redevelop 1.8 acres of 3.4 acre site





La Mesita Proposal

- Continue to use buildings on northern portion of site for emergency housing and daycare
- Raze 4 existing buildings on southern portion of site
- Redevelopment to include three 4 story mixed-use buildings - **80 rental units**
- On-site amenities:
 - Clubhouse
 - Theater/game room
 - Pool
 - Picnic Area
 - Ramada's
 - Possible Community Garden





La Mesita Proposal

- Project is being designed to meet LEED for Home Gold standard
- **Project went before Planning and Zoning Board on March 21st**
 - Requested Council Use Permits to:
 - Continue to operate a Social Service facility in the RM-4 zoning district
 - Permit multiple-residence as part of mixed-use development within the GC Zoning District that exceeds 25 du/acre and has less than 40% of the gross floor area devoted to non-residential use
 - Requested Bonus Intensity Zone (BIZ) Overlay
- Applicant will make a **Design Review Application** - anticipated work session on **April 4th**



La Mesita Proposal

- Applicant has completed a Citizen Participation Plan
- Applicant held one community meeting:
 - 5 attendees
 - No substantial issues presented
- City of Mesa Planning has received no inquiries on the project
- **Staff Analysis**
 - La Mesita will provide a high quality workforce housing development in proximity to light rail and public transit that justifies increased residential densities
 - Sufficient justification provided for requested CUPs and BIZ overlay



La Mesita Proposal

Staff recommended approval to Planning and Zoning Board subject to the following conditions:

- Compliance with the basic development as described in the project narrative and as shown on the site plan submitted
- Compliance with all requirements of staff Design Review
- Compliance with all City development codes and regulations

Requires Council hearing by April 23



La Mesita

Requested City Contributions

1. \$1,500,000 Deferred Loan with 40 year amortization and term and 0% interest rate, due and payable in Year 40
2. Minimum of 30 Section 8 Project Based Vouchers for a term of 15 years
3. Zoning Verification
4. Expedited City review of Site Plan
5. Expedited City review of civil engineering and building plans

Low Income Housing Tax Credits Proposal Updates

Escobedo at Vista Verde

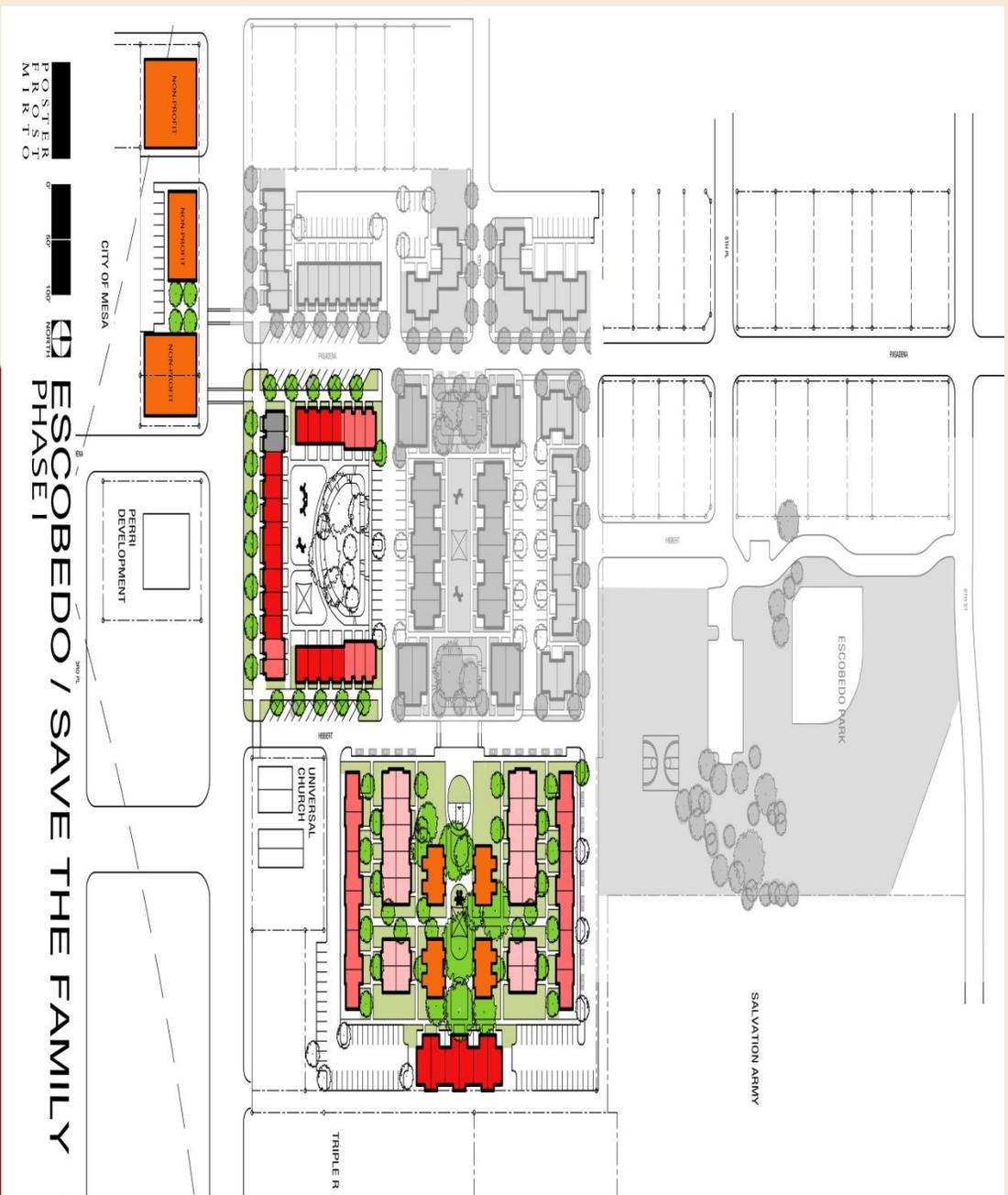
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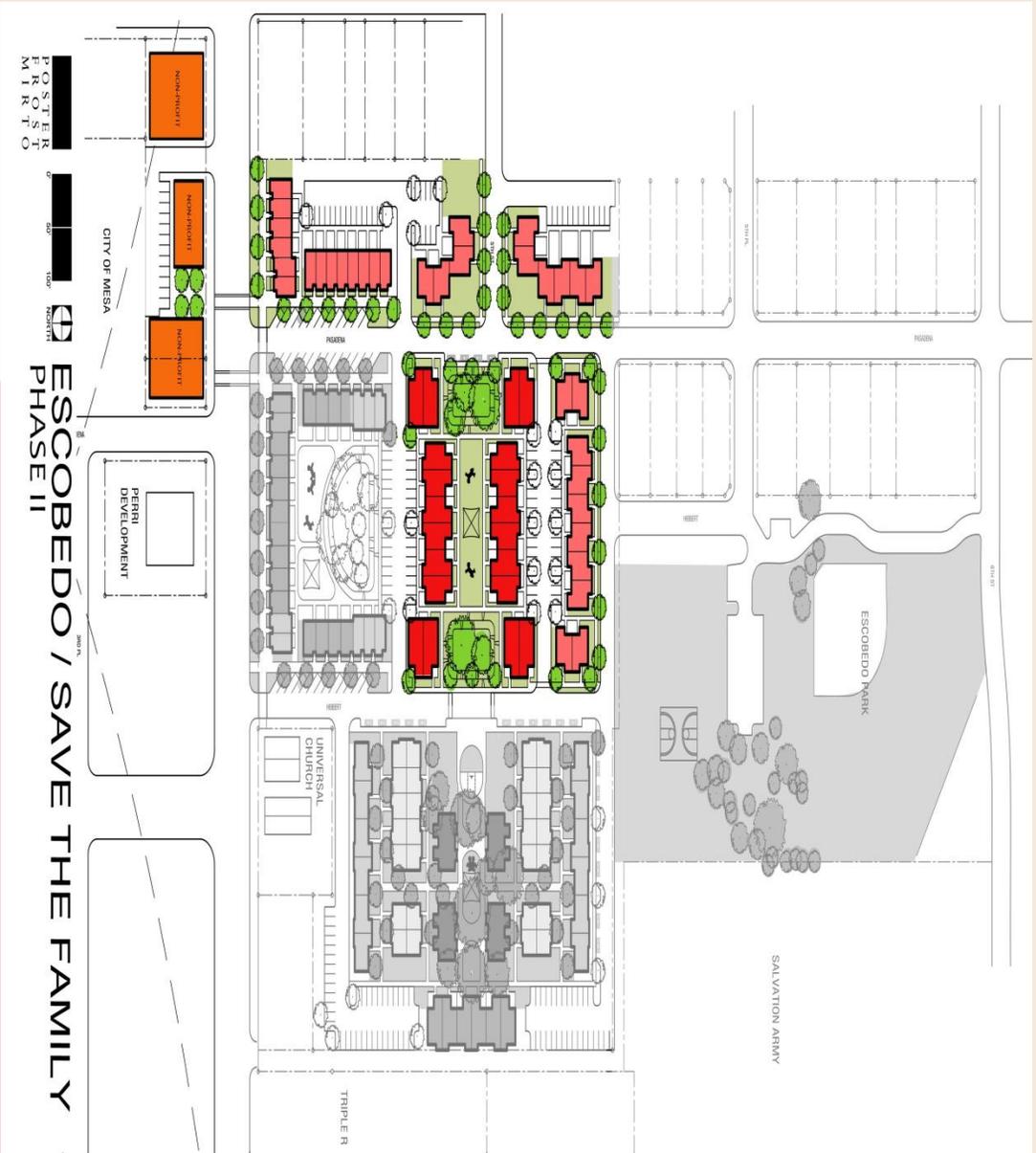
ESCOBEDO AT VERDE VISTA REDEVELOPMENT PROPOSAL



Two Phase Multi Year Proposal

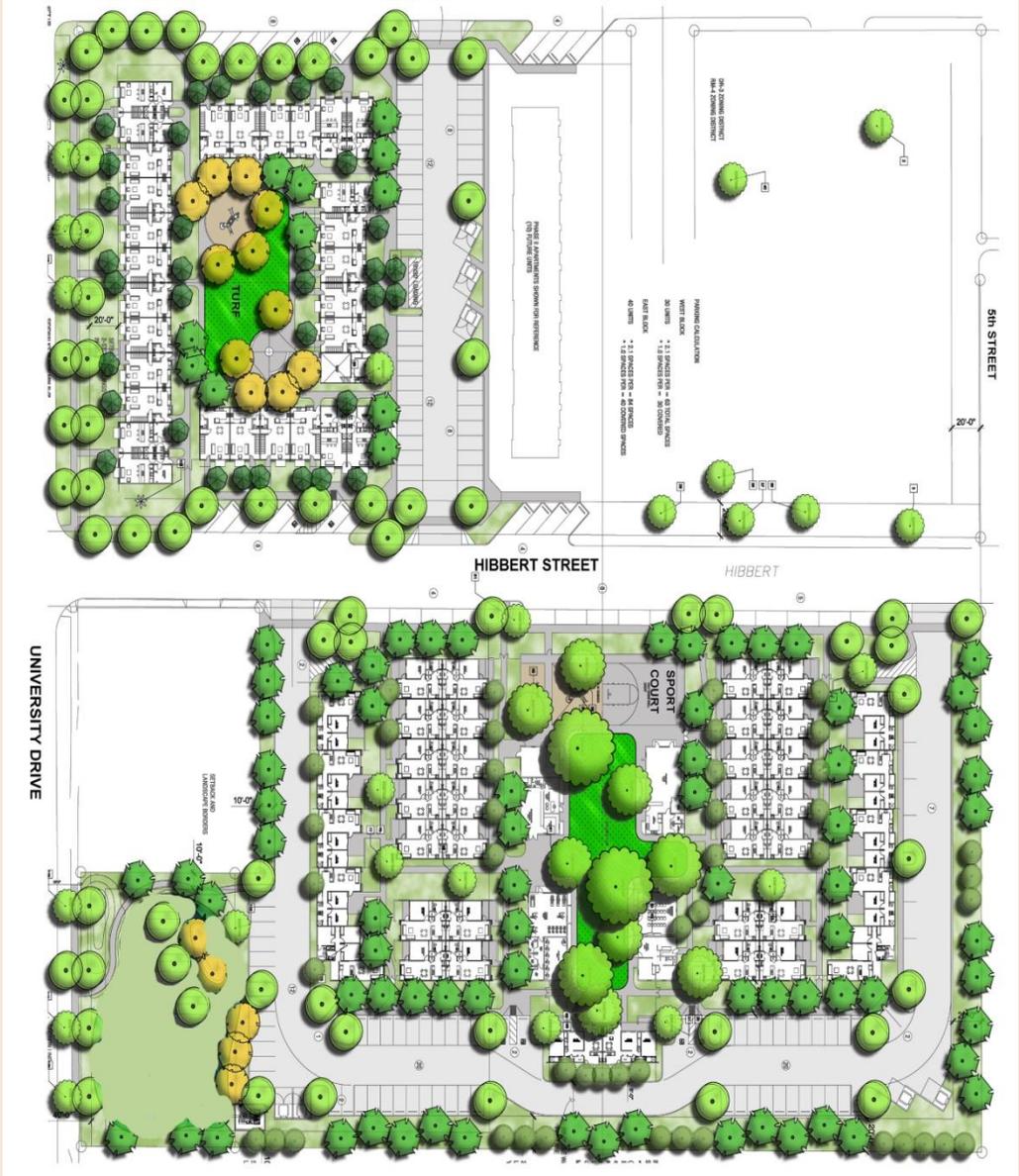


Phase 2





Conceptual Landscaping





Preservation of 4 Existing Units: Draft Rendering





Corner of University and Hibbert



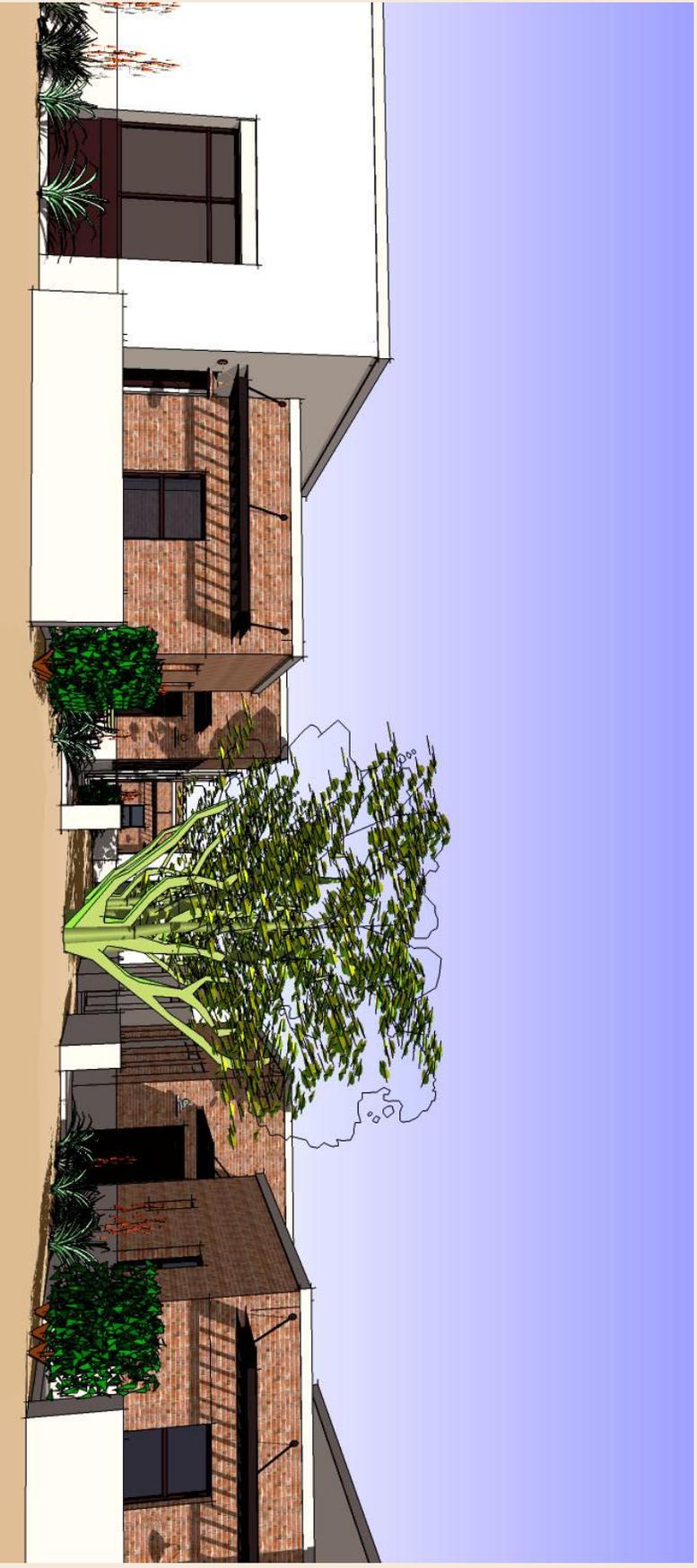
Recent Renderings: Interior Units



Interior Units



Interior Units



Facing University



Facing University



Redevelopment Proposal

- **Two Phase Project**
 - Phase 1: Current Tax Credit Funding Year
 - Phase 2: Subsequent Year Applications
- **Phase 1 does not currently include significant redevelopment of parcels South of University**
- **Developer is requesting control of site for several years with no guarantee of funding or performance – 3-4 years**

Phase 1 Proposal

- **Approximately 70 units: N. of University and E. of Hibbert**
- **No vertical construction of Non-profit offices S. of University**
- **Renovation of the 4 historical units**
- **Does not include demolition of Phase 2 units**
- **Requires ADOH Housing Funds**



Phase 2 Proposal

- **Vertical construction of non-profit offices and incubator south of University**
- **Demolition of remaining units N. of University except 4 historical units that will be renovated**
- **54 new single and two story residences**

City Costs

- **Donate, Sale or Long-term lease requested**
 - Staff recommendation: Lease with performance requirements and a lease rate to be determined
 - City to remain as Master Developer until completion of Phase 2
 - Details to be worked out over the next 30 days



BENEFIT TO THE CITY

Value or benefit the City is receiving in return for any consideration received for the property

- City would negotiate the lease rate based on benefits the City would receive under terms of the lease
- Performance by the Developer will be required in the Development Agreement and the Lease
- Value to the City of residential units vs. non-profit offices S. of University
- Must be a value to the City in exchange for the value of the land or lease

Potential City Costs: Phase 1 and 2

- **Infrastructure Improvements in City ROW**
 - Water and Wastewater: replace all existing
 - Gas: abandonment
 - Electric: replace and underground
 - Street: Rehab of Hibbert and Pasadena, possible improvement to University including pedestrian crossings
- **Total Infrastructure Estimate: \$1.45 Million**
- **Land Appraisal: verbal on 3/28/12**



ESCOBEDO REDEVELOPMENT PROPOSAL: Phase 1

Private Tax Credit Equity	\$13,198,680
Perm Loan Financing	\$ 465,250
Az. Housing Funds (ADOH)	\$ 726,041
TOTAL:	\$14,389,971



Escobedo Development Proposal

Phase 2: Tentative

Tax Credit Equity	\$5,939,406
Perm Loan Financing	\$ 365,250
Az. Housing Funds (ADOH)	\$ 500,000
Total Phase 2 Tentative	\$6,804,656



Escobedo Redevelopment Proposal

Questions/Direction