

COUNCIL MINUTES

February 28, 2019

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 28, 2019 at 8:08 a.m.

COUNCIL PRESENT

John Giles
Mark Freeman
Jennifer Duff
Francisco Heredia
David Luna
Kevin Thompson
Jeremy Whittaker

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

1. Review items on the agenda for the March 4, 2019 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

In response to a question posed by Councilmember Thompson, Purchasing Administrator Matt Bauer explained that for item 3-h (**Three-Year Term Contract with Two Years of Renewal Options for Dust Palliative/Stabilizer Product and Installation for the Transportation Department (Single Response)(Citywide)**) the City sent a Request for Proposal to over 1,000 registered vendors and the only respondent was EarthCare Consultants. He added Maricopa County also has a contract with EarthCare Consultants and the City's rates are similar to that of the County's.

2-a. Hear a presentation, discuss, and provide direction for a letter of support for the Low-Income Housing Tax Credit (LIHTC) application to the Arizona Department of Housing (ADOH) for "Broadway & Hawes Senior Housing Development in Mesa"; and if the LIHTC project is supported, provide a conditional approval of \$500,000 in HOME funding.

Housing and Community Development Director Liz Morales introduced Community Revitalization Coordinator Rachelni Marna and displayed a PowerPoint presentation. (**See Attachment 1**) She advised the Low-Income Housing Tax Credit (LIHTC) program was established by the U.S. Department of Housing and Urban Development (HUD) to provide funding for low-income housing projects. She added the tax credits are allocated to the Arizona State Housing Finance Agency

at the Arizona Department of Housing (ADOH) and ADOH is the agency that sets the guidelines, reviews the applications and allocates the tax credits locally. She explained individuals that earn no more than 60% of the area median income are eligible for LIHTC housing.

Ms. Morales reviewed a LIHTC project that is requesting \$500,000 in HOME funding. She advised the housing development will be located on 8.7 acres and the targeted market are seniors that can live without assisted living. She added the developer submitted the application with a 4% tax credit, which requires the developer to finance more of the project. She reported the request for \$500,000 in HOME funding is to fill the gap in financing. (See Page 2 of Attachment 1)

In response to a question by Councilmember Luna, Ms. Morales advised it is not unusual for HOME funds to be approved for the use of a LIHTC project. She added most successful applicants of LIHTC have also received HOME funds from the City in the past.

Ms. Morales highlighted the development team for the project. She explained the developer, Dominion, has over 30,000 units throughout the United States and 90% of their portfolio is affordable housing projects. She added the total development cost for this project is over \$55 million; \$21 million projected to be tax credits and approximately \$31 million of private financing. (See Page 3 of Attachment 1)

Ms. Morales detailed the two projects that are requesting HOME funds. She advised it is anticipated that both projects will receive the funding that was requested, and the City will still have HOME funds available to provide down payment assistance for homeownership and tenant based rental assistance to residents. (See Page 5 of Attachment 1)

In response to a question posed by Vice Mayor Freeman, Mr. Marna advised once the City receives the HOME funds from HUD, the City has 24 months to commit those funds to projects.

Ms. Morales added if the \$500,000 in HOME funds is awarded to the developer the project should be completed within two years.

In response to a question posed by Councilmember Luna, Ms. Morales reported census tracts have shown that there is a need for LIHTC developments in East Mesa. She added part of the application process is the developer submitting a market study demonstrating the need for low-income housing in the proposed area and also meeting transit requirements.

Councilmember Luna requested a representative of Dominion provide additional information on the proposed development.

Peter Nelson, Development Associate with Dominion, Inc., advised Dominion has built approximately 12 senior independent-living developments. He advised each complex includes a private van to transport residents to the grocery store or local events. He reported the van system would also be incorporated with the proposed property.

In response to a question posed by Councilmember Luna, Mr. Nelson advised the complex will have over 100,000 square feet of amenity space, which includes a pool with cabanas, bocce ball and cornhole, as well as a club room, theater room, library, and craft area.

Mayor Giles and Councilmember Luna expressed support for the proposed project.

Mayor Giles commented that the area where the development will be located is surrounded by county islands, mobile homes, construction that is deteriorating, and a \$55 million complex would be a good fit to start revitalizing the area.

In response to a question posed by Councilmember Whittaker, Ms. Morales advised it is up to Council to decide how HOME funds are to be distributed throughout the community and in the past HOME funds have been used to acquire and rehabilitate properties for single-family homeowners.

Mr. Marna added that the average cost to rehabilitate a property is approximately \$125,000.

It was moved by Vice Mayor Freeman, seconded by Councilmember Luna, that staff's recommendations be approved.

Upon tabulation of votes, it showed:

AYES: Giles-Freeman-Duff-Heredia-Luna-Thompson-Whittaker

NAYES: None

Carried unanimously.

Mayor Giles thanked staff for the presentation.

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 schedule of meetings is as follows:

Monday, March 4, 2019, 4:00 p.m. – Audit, Finance & Enterprise Committee Meeting

Monday, March 4, 2019, 5:15 p.m. – Study Session

Monday, March 4, 2019, 5:45 p.m. – Regular Council Meeting

Mayor Giles acknowledged Shey Roberds, who is a student at Hermosa Vista Elementary School and shadowing Mayor Giles throughout the day.

6. Adjournment.

Without objection, the Study Session adjourned at 8:34 a.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 28th day of February, 2019. I further certify that the meeting was duly called and held and that a quorum was present.

DEE ANN MICKELSEN, CITY CLERK

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(Attachments – 1)

Low Income Housing Tax Credit Projects (LIHTC) & Application for HOME Funding

Presenter: Liz Morales
February 28, 2019

BROADWAY & HAWES SENIOR HOUSING

- Requesting \$500K in HOME Funds
- 237 units
- Target Market: Seniors
- Project location: 307 South Hawes Road, Mesa AZ
- Units will serve households of 40% to 60% of the AMI
- Rents range from \$648 for a 1BR/1BA & up to \$1,139 for a 3BR/2BA

DEVELOPMENT TEAM

Developer – Mesa Leased Housing
Development Associates I, LP

Contractor - TBD

Architect – Todd & Associates, Inc.

Engineer -Hunter Engineering

Property Management – Dominion Arizona
Management Services

Attorney – Winthrop & Weinstine

CONSISTENCY WITH CONSOLIDATED PLAN

Project is consistent with the 2015 - 2019
Consolidated Plan

95% of the development reserved for
households earning at/below 60% of AMI

Target Preference: Affordable Senior / Elderly

HCDAB Review and Scoring - Received 27/30
pts

REQUEST FOR HOME FUNDS

- Mesa Leased Housing Associates, LP - \$500,000
- CPLC Mesa Royale Development - \$1,000,000*

HOME Funding Available:

- 18/19 \$500,000
- 19/20 \$837,000

** CPLC Proposal review is still in progress for HOME funds*

LOW INCOME HOUSING TAX CREDIT PROJECTS (LIHTC) & APPLICATION FOR HOME FUNDING

- Questions?