

## COUNCIL MINUTES

January 22, 2015

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 January 22, 2015 at 7:56 a.m.

### COUNCIL PRESENT

Alex Finter  
Christopher Glover  
Dennis Kavanaugh  
David Luna  
Dave Richins  
Kevin Thompson

### COUNCIL ABSENT

John Giles

### OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Dee Ann Mickelsen

Vice Mayor Kavanaugh excused Mayor Giles from the entire meeting.

#### 1. Review items on the agenda for the January 26, 2015 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 deleted from the consent agenda: None

#### 2-a. Hear a presentation, discuss and provide direction relating to the Housing and Community Development Funding Recommendations for: HOME Investment Partnerships Program, FY 2015/16 Projects and Allocations Prior Year Funds and Allocations Methodology for Awards with Reduced Funding.

Assistant Police Chief John Meza displayed a PowerPoint presentation **(See Attachment 1)** and reported on the listed funding of the rental projects, home buyer program funding and home buyer assistance funding approved in September 2014.

Chief Meza stated that staff is seeking final approval of staff recommendations for HOME rental funding. He explained that for FY 15/16 staff is anticipating a 5% to 10% reduction in HOME funding. He further remarked that the technical review and rating system has changed from a percentage point to a straight points scoring process.

Chief Meza displayed a chart titled "HOME FY15/16 Tax Credit Applications for Funding" that includes the applications that staff has recommended for funding. (See Page 5 of Attachment 1)

He pointed out that Mesa Artspace did not attend portions of the presentation process and are therefore receiving a recommendation for zero funding.

Ms. Albright explained the eligible Housing and Urban Development (HUD) requirements for funding. (See Page 6 of Attachment 1)

In response to a question from Councilmember Luna, Ms. Albright stated that support letters will be ready by the March 1<sup>st</sup> deadline and then submitted to HUD in May.

Ms. Albright continued with her presentation and briefly highlighted the methodology and options for possible reductions. (See Page 7 of Attachment 1) She pointed out that all of the projects could have a portion of each request granted, if full funding levels are received. She added that if there is a 10% reduction, all projects could be supported with Sycamore Station and El Rancho receiving the minimum of 2% to earn City participation points in their tax credit application. She noted that the Community and Cultural Development Committee voted in support of Staff's recommendation with a vote of 2-1 with Councilmember Richins voting against. She stated that staff is recommending approval of this process only for FY15/16, as this is an annual competitive process.

Councilmember Richins commented that the new method will improve the process and allow applications to be submitted on time and allow projects to receive City participation points.

Ms. Albright stated that staff is seeking the Council's direction in identifying the projects and funding allocations.

Councilmember Richins indicated his support for affordable quality housing and commended La Mesita Phase III for a well-managed project, which also accommodates specific clientele. He also commended the project at El Rancho for the redevelopment of the hotel site on Main Street. He stated opposition to the Hub at Mesa Lofts and Sycamore Station and added that it's the "right project with the wrong financing" and that low income housing tax credit financing does not allow for student housing and market rate rentals. He explained that based on apartment stock in the area, market rate and low income housing tax credit apartments are close together and do not add value to the area.

Councilmember Finter stated that he has received feedback related to Sycamore Station and the large concentration of these projects and indicated support for the La Mesita Phase III and El Rancho Apartments Phase II projects.

It was moved by Councilmember Luna, seconded by Councilmember Finter, that staff be directed to submit pre-award commitment letters to La Mesita Phase III and El Rancho Apartments Phase II.

Vice Mayor Kavanaugh declared the motion carried unanimously by those present.

Vice Mayor Kavanaugh stated that the next action is to recommend commitment letters to the Hub at Mesa Lofts and Sycamore Station. He indicated support for both projects and noted that Sycamore Station, which was started in 2008, has had highly regarded developers committed to working with the City. He added that the Sycamore Station area will be of importance due to light rail that would bring additional market rate housing to the area.

Vice Mayor Kavanaugh also commented that due to concerns from citizens about the impact this could have on Mesa schools, he requested that Mesa Public Schools provide information on the adverse impact the Sycamore Station project could have on Webster School. He explained that Mesa Public Schools reported that Sycamore Station would have no adverse impact on Webster School. He added that the Hub at Mesa Lofts would attract professionals such as police officers, teachers and other young professionals to the community and stated that he would like to see both projects move forward.

It was moved by Councilmember Luna, seconded by Councilmember Glover, that staff be directed to submit pre-award commitment letters to the Hub at Mesa Lofts and Sycamore Station.

Upon tabulation of votes, it showed:

AYES –Glover-Kavanaugh-Luna  
NAY – Finter-Richins-Thompson

Vice Mayor Kavanaugh declared the motion failed.

In response to a question from Vice-Mayor Kavanaugh, City Attorney Debbie Spinner clarified that a member that voted no would need to make a motion for reconsideration within the next two weeks.

Councilmember Glover asked if unused funds could be reallocated to fund Artspace initiatives.

Ms. Albright responded that funds will be available in next year's application process.

In response to a question from Councilmember Finter, Assistant to the City Manager Natalie Lewis stated that Mesa ArtSpace will apply for tax credit funds next year in order to allow time for additional fundraising initiatives.

Vice Mayor Kavanaugh thanked staff for the presentation.

3. Information pertaining to the current Job Order Contracting projects.

(The Council did not discuss this item.)

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

- 4-a. Parks and Recreation Advisory Board meeting held on November 12, 2014. This item was continued.
- 4-b. Economic Development Advisory Board meeting held on December 2, 2014.
- 4-c. Downtown Vision Committee meetings held on September 30, October 14, October 28 and December 3, 2014.

It was moved by Councilmember Glover, seconded by Councilmember Luna, that receipt of the above-listed minutes, with the exception of Item 4-a, be acknowledged.

Vice Mayor Kavanaugh declared the motion carried unanimously by those present.

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

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

6. Scheduling of meetings and general information.

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

Tuesday, January 22, 2015, 7:30 a.m. – Coffee with Councilmember Kavanaugh

Saturday, January 24, 2015, 10:00 a.m. – Mesa Historic Home Tour

Monday, January 26, 2015, 5:45 p.m. – Regular Council Meeting

7. Adjournment.

Without objection, the Study Session adjourned at 8:17 a.m.

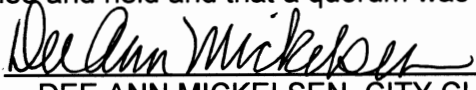
  
\_\_\_\_\_  
JOHN GILES, MAYOR

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 22<sup>nd</sup> day of January, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

  
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DEE ANN MICKELSEN, CITY CLERK

abg  
(Attachment 1)

# **HOME Investment Partnership (HOME) Program – For Rental Housing Requests**



City Council Study Session – January 22, 2015

## **Council Approved funding**

- \$1,210,893 rental projects (can also go to a CHDO doing rental)
- \$300,000 (apx 30%) for a CHDO to offer home buyer program (required 15% - \$148,500)
- \$80,000 for a Home buyer assistances program

# Mesa Funding Cycles

Program	2012/13	2013/14	2014/15	2015/16
HOME	\$944,491	\$907,559	\$993,434	\$990,000

**Anticipated at least a 5 to 10 % reduction in HOME federal funding for FY 2015/16**



## Purpose and Process

- Finalize funding recommendations for HOME rental funding for Council approval.
- Technical review and rating by staff weighted at **70pts** of total score.
- Review and presentation score weighted at **30pts** from Housing and Community Development Advisory Board.
- Total available score is **100 points**.



# HOME FY 2015/16 Tax Credit Applications for Funding

(Staff recommendations assumes level funding)

Funding Source	Applications / Project Name	Request	Staff Recommend
HOME (Rental)	La Mesita Phase III	\$250,000	\$250,000
HOME (Rental)	The Hub at Mesa Lofts	\$350,000	\$350,000
HOME (Rental)	El Rancho Apartments Phase II	\$300,000	\$255,000 (85% of request)
HOME (Rental)	Sycamore Station	\$365,800	\$274,350 (75% of request)
HOME (Rental)	Mesa ArtSpace	\$500,000	\$0
HOME	Subtotal	\$1,765,800	\$1,129,350

# HUD requirements

## HUD Requirements:

- Can only fund what subsidy layering and financial review outline is needed
- Must complete environmental assessment prior to any contracts
- Must comply with all other federal pre-award requirements prior to contract
- Contract completion constitutes official award

# Methodology for possible funding reduction scenario

## Staff Recommendation:

- Upon a reduction, reduce two lowest rated commitments to 2% needed for City participation points.
- Reduction to come from Rental Housing allocation and not CHDO homeowner funding
- Fully fund projects awarded 2015/16 LIHTC should only a few be approved

# Community & Cultural

## Development Recommendations:

Supported Staff Recommendation (2-1 vote – Richins voting nay):

- Award approved for only 2015/16 tax credit successful projects
- Support all projects with full funding should three or less receive 2015/16 LIHTC
- Support staff recommended methodology for funding should HOME grant be reduced by HUD



# Questions and Discussion