



# CULDESAC

## Ground Lease, Purchase, and Development Agreement Update

City Council Study Session  
August 28, 2025

**Jeff McVay**

Manager of Urban Transformation

**Jimmy Cerracchio**

Downtown Transformation Project Manager

**Ryan Johnson**

Culdesac CEO & Co-founder



**October 2023:** Culdesac selected through Request for Proposal process

**Goal:** Develop a vibrant and active mixed-use neighborhood with public amenities that complements adjacent neighborhoods and supports downtown

**Appraisals:** Culdesac and City have completed “as-is” land appraisals

Culdesac: \$11.65/SF

Approximately \$9.7M

City: \$13.44/SF

Approximately \$11.2M

**MOU:** Approved April 4, 2024 and in effect until September 15, 2025



# ABOUT CULDESAC





# \* Culdesac

We build cities for people that prioritize community,  
mobility, and open space



The Culdesac team is led by Arizona locals  
and industry veterans



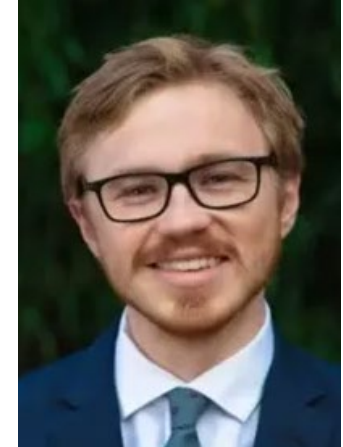
**Ryan Johnson,**  
CEO & Co-founder



**Caroline Lerner  
Perel,**  
Chief Investment Officer



**Erin Boyd,**  
Head of External  
Partnerships



**James Graef,**  
Chief of Staff, Urban  
Design



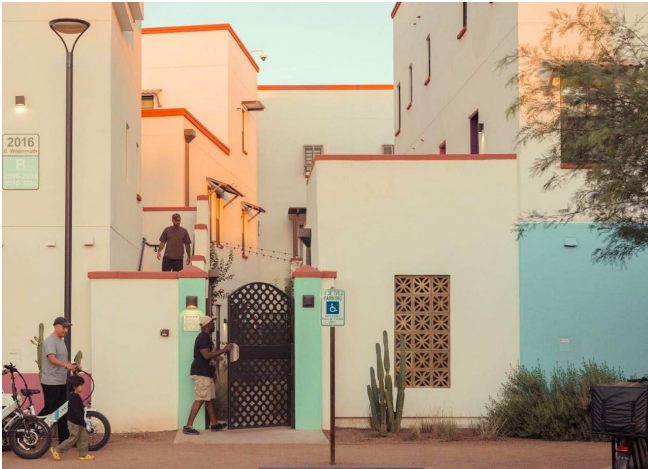
**Sarah Zou,**  
Head of Development  
and Acquisitions



**Zach Schultz,**  
Investments

# We partner with cities to develop large and small scale projects that prioritize local community, mobility, and open space

## Culdesac Tempe Tempe, Arizona



*P1 & P2 stabilized, 760 units + comm<sup>1</sup>*

Market rate **for rent** apartments, **retail**, **micro retail**, night **market**, farmers market, **highly amenitized**, abundant **open space**, art program

## Pocket Neighborhoods Atlanta, Georgia



*Under const., 41 for-sale units*

**Workforce for-sale** townhomes, **innovative, affordable, flex live/work** units that can host light retail and other light business uses

## Culdesac Mesa Mesa, Arizona



*In design, 1000 units + comm*

Market rate **for-sale** townhomes / condominiums, market rate **for rent** apartments in latter phases , **retail**, **micro retail**, and **abundant open space**

<sup>1</sup> at the completion of phase 5



# **CULDESAC MESA PROPOSAL**

✧ In Mesa, a new chapter  
begins for Culdesac ✧





Site 17: a key node of Greater Phoenix along the light rail corridor





# Developing Site 17 hand-in-hand with the city and the community

## Key project details submitted to the city in RFP

- 1,000 residential units across the site
- 25 - 50K retail square footage<sup>1</sup>
- 25 - 50K amenity square footage

<sup>1</sup>All commercial/retail space will be employment space for businesses and retailers. Residential Units will also include live-work units that can be used for employment



## Feedback since RFP

- A bold, energetic vision
- Quality homeownership opportunities
- Right-sized parking
- Small business / entrepreneur support



# Painting the vision: **Site 17**

**A key node of Greater Phoenix along the light rail corridor and steps away from Downtown Mesa, Site 17 has an opportunity to transform into a remarkable, car-lite hub with home ownership opportunities that pushes sustainability, grows talent, and sets the standard as a leading neighborhood development in Arizona.**

# Culdesac Mesa will offer quality, infill homeownership opportunities adjacent to Downtown on Site 17

Strong ties enabled by  
**homeownership**



Example: Homeownership across price points in the first phase allows for new demographics to put down roots

**Quality urban design**, with attention to detail



Example: Cohesive, human-scale design that evokes a sense of character and belonging

**Sustainable lifestyle** aided by integrated features



Example: Pedestrian oriented, mixed-use development that promotes reductions in air and noise pollution

**Vibrant retail** that will add to Downtown Mesa



Example: New townhome live / work unit layout allows space for services not already offered downtown



# Homeownership opportunities that promote long-lasting community

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## First Phase

- **For-sale 2- and 3-bedroom townhomes**
- **Fee simple sales**
- **Dedicated parking spots**
- **Flexible commercial spaces** that foster a sense of community (e.g. wellness studio and boutique shops)

## Future Phases

- **Additional unit types** (e.g. studio, 1-bed, 2-bed, and 3-bed)
- **Varying ownership structures** (e.g. for-sale townhomes / condominiums, for-rent apartments)





# Quality urban design inspiration that draws from desert modern and historical Spanish influences

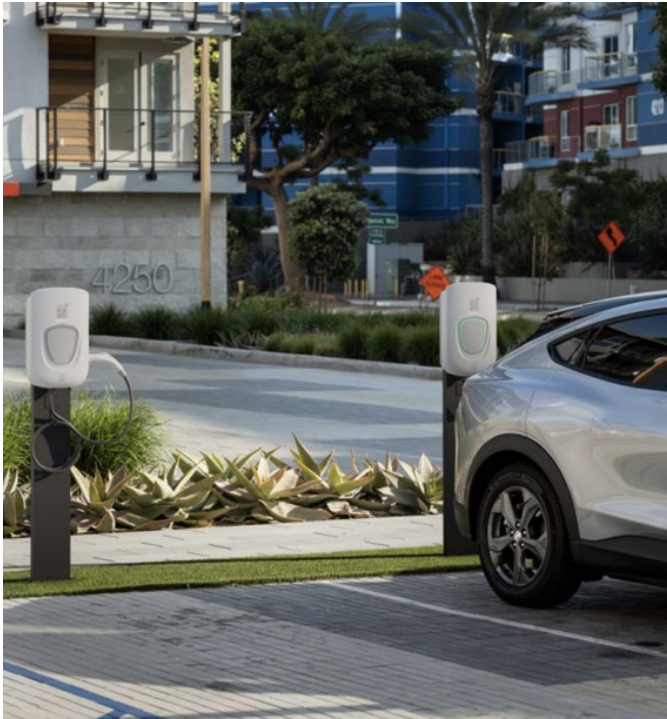


Above precedent developments are showcased as design inspiration only



# Sustainable lifestyle for a more comfortable and healthy neighborhood

**Sustainable amenities available  
for residents**



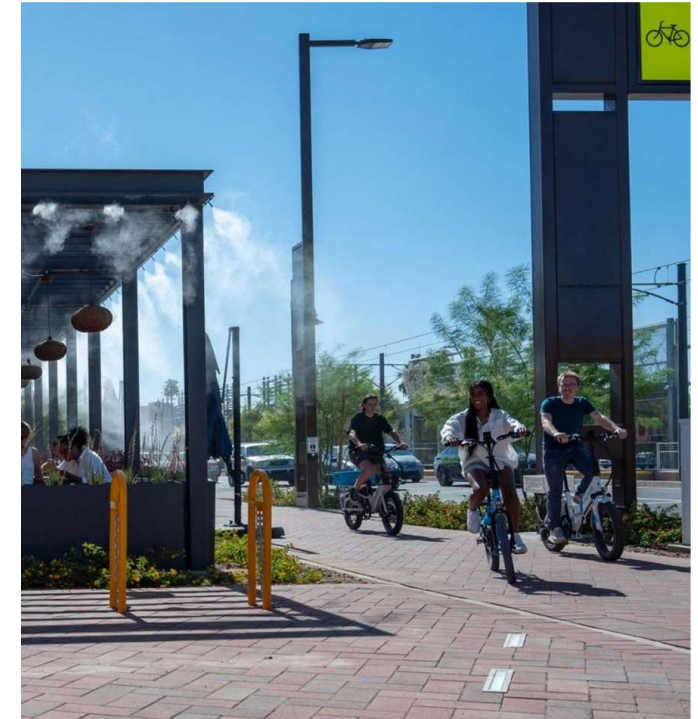
Example: Electric vehicle and solar  
adaptable construction

**Desert adaptive design makes  
indoor / outdoor living reality**



Example: Thoughtful design that  
reduces heat island effect

**A better quality of life for  
residents and neighbors**



Example: Pedestrian and bike lanes that  
reduce air and noise pollution



# Vibrant retail in a range of commercial spaces from pop-up tables to live/work, micro-retail, and larger anchor stores



Pop-up spaces, tables, and booths at regular markets



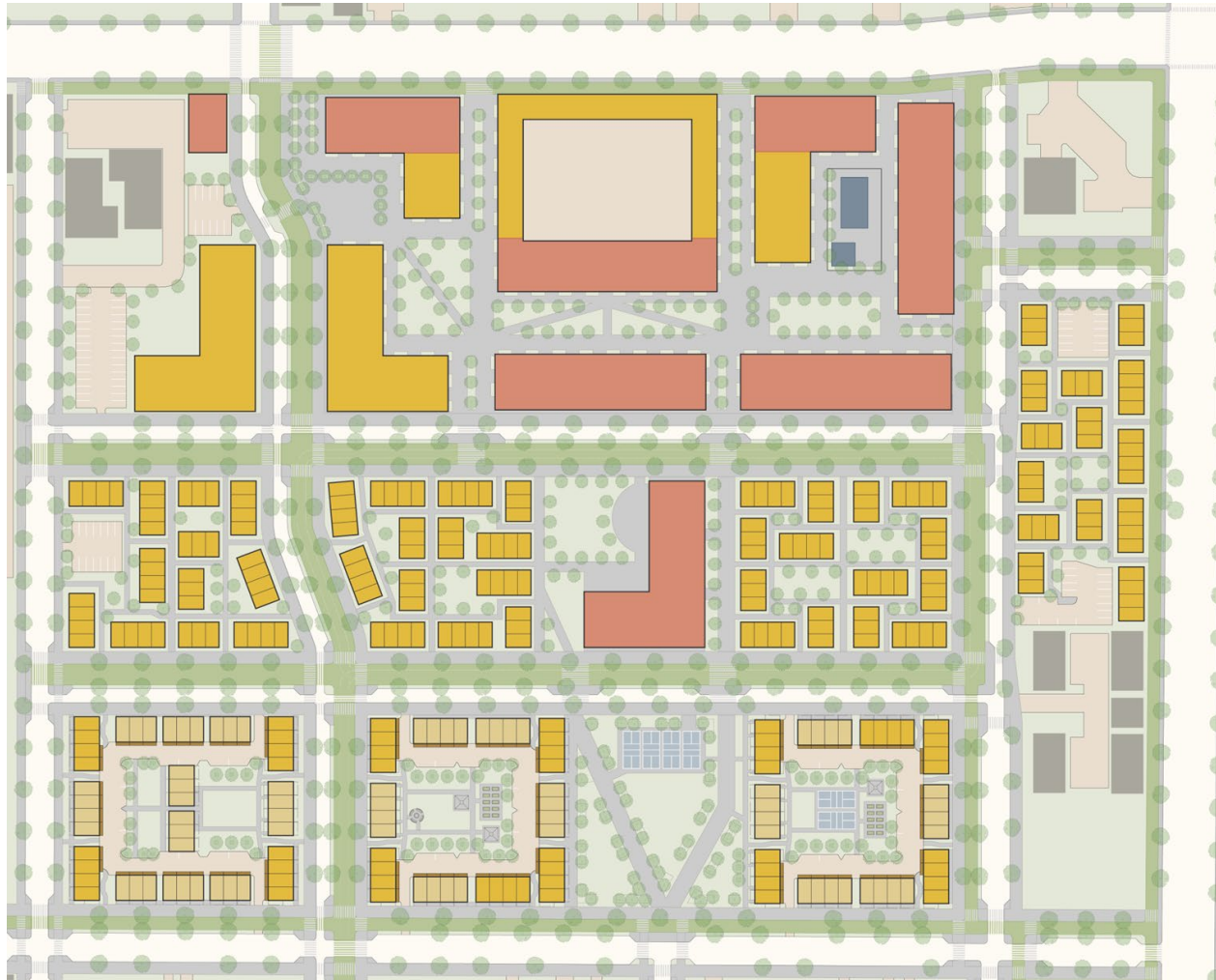
Right-sized, flexible spaces for emerging entrepreneurs



Larger spaces for unique anchor tenants (i.e., dining, entertainment, shopping)



We're excited to develop 1,000 residential units, a strong retail program, and vibrant open space



Site plan is conceptual and will change

~1000

Residential Units<sup>1</sup>

800 - 1000

Parking Spaces<sup>2</sup>

25k-50k

Commercial/Retail SF<sup>1</sup>

25k-50k

Residential amenity SF

Ground floor:



Residential

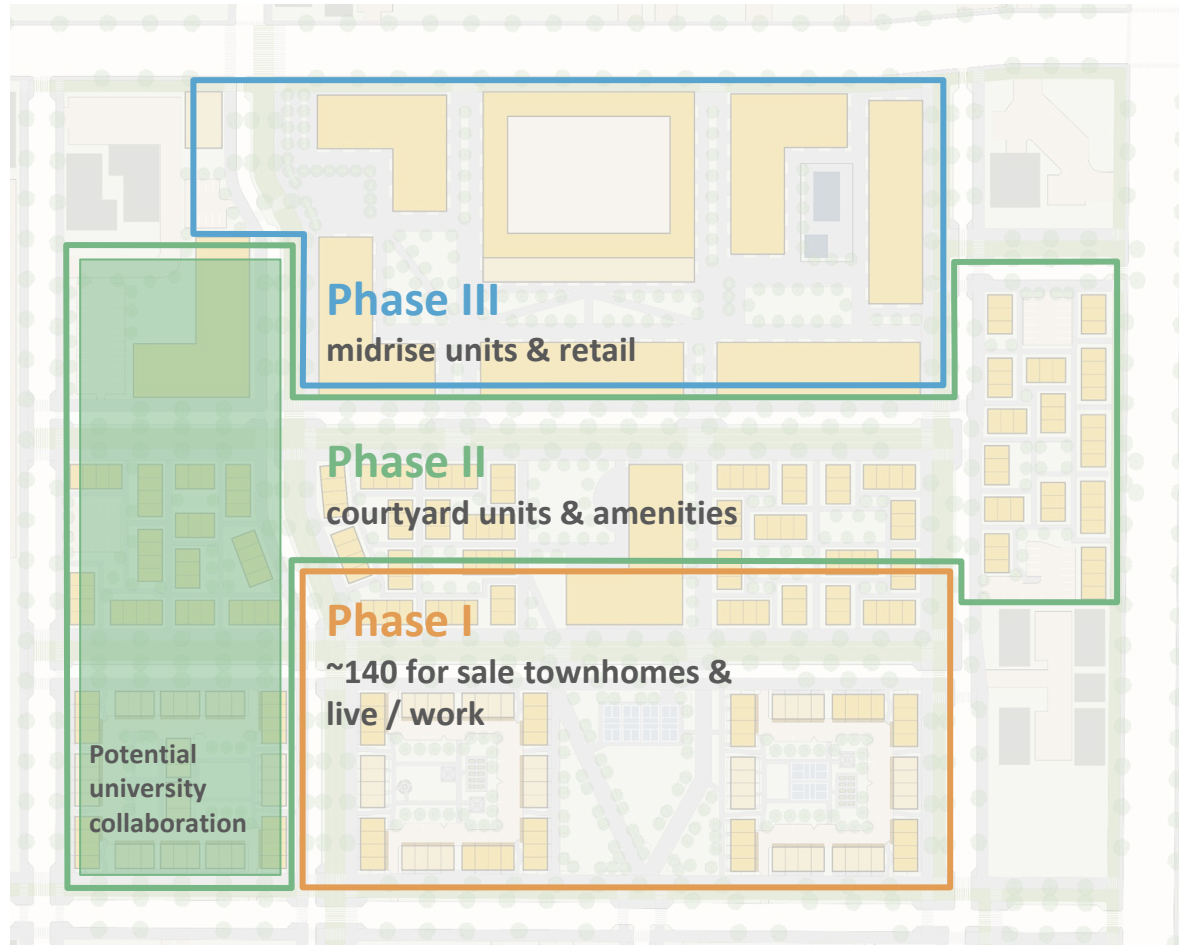


Retail and amenity space

<sup>1</sup> All commercial/retail space will be employment space for businesses and retailers. Residential Units will also include live-work units that can be used for employment

<sup>2</sup> Parking ratio in Phase 1 will be a 1:1, with varying ratios in future phases. Total parking spaces will include both on-street and off-street parking.

# 3 phases of land acquisition and development



250 ft 

Site plan is conceptual and will change

## Phase I - Southern Edge:

- ▶ Immediate activation with cart/food truck program, pop-up plaza, and mobility hub
- ▶ Catalyze via lower density (10-20 dua), for-sale townhomes, and flexible commercial spaces, some of Culdesac Tempe's most-wanted rentals

## Phase II - Center:

- ▶ Neighborhood hub may include university collaboration, grocery, coffee, and gym
- ▶ Build momentum via additional townhomes and missing middle, courtyard product (30-50 dua)

## Phase III - Northern Edge:

- ▶ Full commercial suite with restaurants, bike shop, and coworking
- ▶ Fulfill increased demand through midrises with ground floor retail and amenities (60-120 dua)





# Culdesac

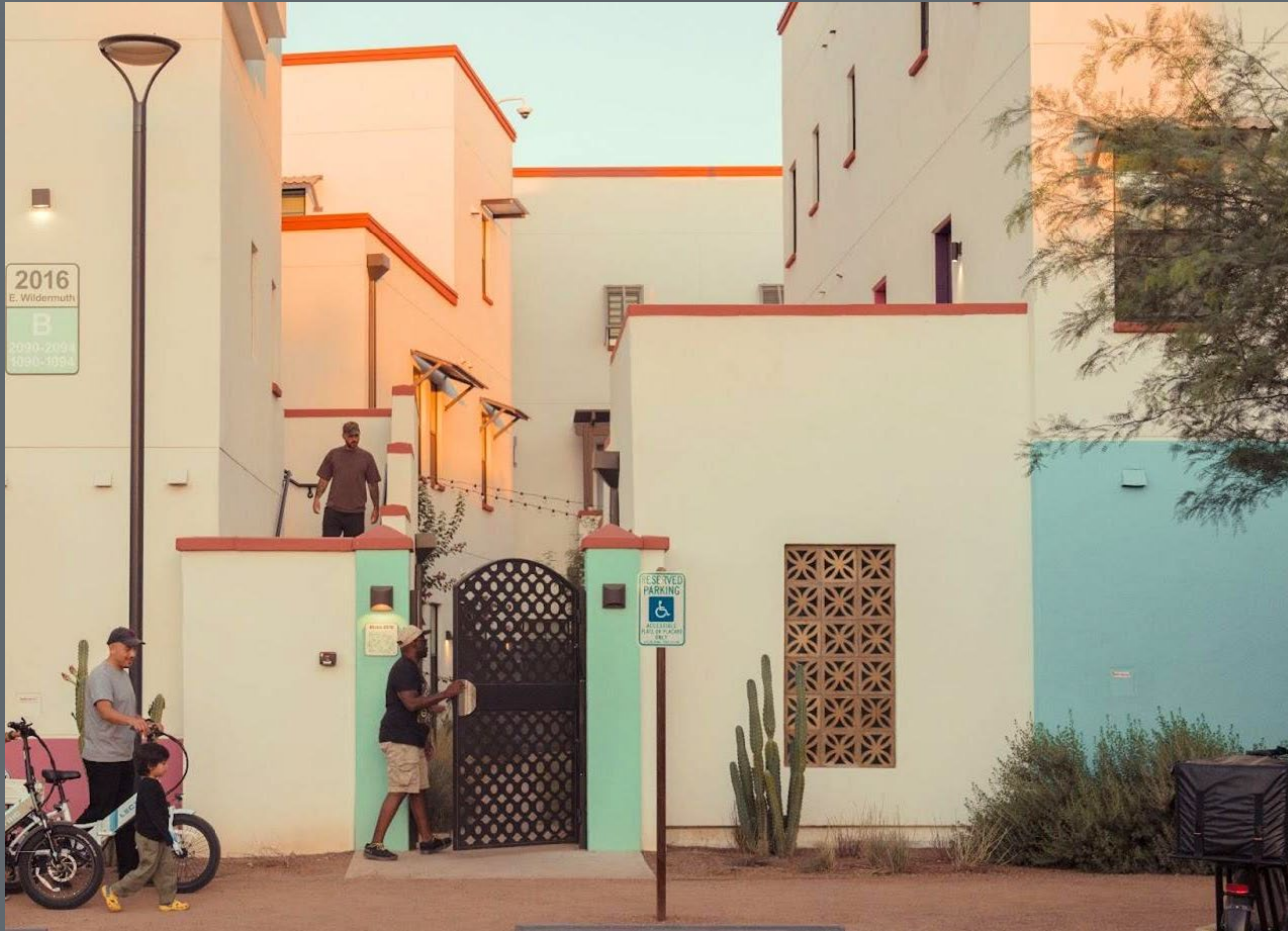
[culdesac.com](https://culdesac.com)



- Lease for entire site
- Term – 50 years
  - During term, tenant must maintain site
- \$15,000 flat rent prior to commencement of construction (\$5,000 per phase)
- \$5,000/year rent for as long as construction is taking place
- If failure to construct as required by lease, rent goes to market rate







## **Commencement of construction:**

- Phase 1 – within 24 months of effective date of lease
- Phase 2 – within 48 months of effective date of lease
- Phase 3 – within 72 months of effective date of lease
- Commencement of construction of private improvements before closing of each phase

## Completion of Construction

- Public improvements for each phase within 24 months of commencement of construction
- Private improvements for each phase within 24 months of commencement of construction
- City Manager may extend any compliance date for a period not to exceed 45 days (max 3 extensions)









## Structure of Sale

- Terms applicable to each Phase
  - Sale dependent on:
    - Zoning entitlements and subdivision plat
    - Building permits for construction obtained
    - Development Agreement executed and recorded against property
    - Access and Park Easements executed and recorded against property
- Option Terms: Phase 1
  - \$100,000 option payment to seller at effective date of lease
  - Options expires after 36 months
  - Ability to extend option term by 6 months at discretion of City Manager



## Structure of Sale

- Option Terms: Phase 2 and 3
  - Option term commences upon closing of previous phase
  - \$100,000 option payment per phase
  - Options expires 24 months after closing of previous phase
  - Ability to extend option term by 6 months at discretion of City Manager
  - Pre-requisites to exercise options
  - Purchase price based on an annual CPI adjustment to agreed upon appraised value
  - Ability to purchase Phases 2 & 3 simultaneously with entitlements and evidence of sufficient financial capacity





## **Reimbursement of land sale proceeds for public improvements**

- Phase 1: 100% of land sale proceeds are available to reimburse for public improvements
- Phase 2: 50% of land sale proceeds are available to reimburse for public improvements
- Phase 3: 35% of land sale proceeds are available to reimburse for public improvements



- Consent to re-platting and entitlements
- Abandonment of Wilbur Road and portions of other street rights-of-way
- Concierge services for zoning and permit entitlement reviews
- Provision of impact fee offsets for previous development on the project property
- Support or co-sponsor application(s) for state or federal grants that support multi-mobility goals of project





## Purchase Price

- Phase 1: \$13.44/SF
  - Total amount based on final platting (approx. \$3,219,955.20)
- Phase 2: \$12.55/SF
  - Total amount based on final platting and annual CPI adjustment (approx. \$3,728,343.96\*)
- Phase 3: \$11.65/SF
  - Total amount based on final platting and annual CPI adjustment (approx. \$3,460,972.68\*)

\*Assumes annual CPI adjustment of 3%



## Separate Development Agreement required for each Phase

- Development Agreements establish Developer and City commitments upon sale of each Phase
- Carrys-forward minimum improvement and compliance date requirements of the Lease
- Includes maintenance provisions





## Developer Obligations

- Minimum 140 for-sale townhomes
  - Mix of 2 & 3 bedroom units
  - 2 & 3 story buildings
  - Option to include live-work units
- Minimum area of publicly accessible open space as approved through planning and zoning entitlements
- Community and mobility amenities as approved through planning and zoning entitlements
- Minimum of 140 off-street parking spaces



## Developer Obligations

- Minimum of 250 units
  - Variety of unit types (studio, 1, 2, & 3 bedroom)
  - Primarily rental, with option to include ownership and student housing
  - Live-work units
- Minimum of 10,000 SF commercial space
- 250 parking spaces
- Minimum area of publicly accessible open space as approved through planning and zoning entitlements
- Community and mobility amenities as approved through planning and zoning entitlements





## Developer Obligations

- Minimum 610 market-rate rental units
- Minimum of 40,000 sq ft commercial space
- Minimum 425 parking spaces
- Minimum area of publicly accessible open space as approved through planning and zoning entitlements
- Community and mobility amenities as approved through planning and zoning entitlements



## Total Developer Obligations

- Private Improvements
  - 1,000 residential units
  - 2-5 story buildings
  - Minimum of 25k SF commercial/retail
  - Minimum of 25k SF residential amenities
  - Plazas, hardscape, and greenspaces
  - 800 parking spaces
- Public Improvements
  - Parks and open space available to public by grant of easement
  - Streetscape improvements to public rights-of-way
  - Mobility improvements
  - Maintenance of enhanced right-of-way improvements, unless otherwise agreed in a future Maintenance Agreement





## City Obligations

- Phase 1
  - Maintenance of standard right-of-way improvements
- Phase 2
  - Re-investment of 50% of land sale proceeds into design and construction of off-site public mobility improvements
  - Maintenance of standard right-of-way improvements
- Phase 3
  - Re-investment of 65% of land sale proceeds into design and construction of off-site public mobility improvements
  - Maintenance of standard right-of-way improvements



## City Council action on Culdesac agreements on September 8th

- Upon City Council action, enter into Ground Lease
- Initiate planning and zoning entitlements



