

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER TO ENTER INTO AN OPTION TO LEASE AND OPTION TO PURCHASE AGREEMENT, A GROUND LEASE, A PURCHASE AND SALE AGREEMENT AND RELATED TRANSACTION DOCUMENTS FOR THE LEASE, SALE, AND DEVELOPMENT OF APPROXIMATELY 0.92 ACRES OF CITY-OWNED PROPERTY GENERALLY LOCATED IN DOWNTOWN MESA, SOUTHWEST OF THE INTERSECTION OF NORTH CENTER STREET AND WEST UNIVERSITY DRIVE, AND AUTHORIZING THE SALE AND TRANSFER OF THE PROPERTY IF THE REQUIRED TERMS OF THE SALE ARE MET.**

WHEREAS, the City of Mesa (“City”) owns approximately 0.92 acres of real property located in downtown Mesa generally located southwest of the intersection of North Center Street and West University Drive representing Maricopa County Assessor Parcel Numbers APNs: 138-59-026, 138-59-027, and 138-59-029 that is legally described in the attached Exhibit A (the “Property”).

WHEREAS, the City’s 2024 Balanced Housing Plan, adopted on October 7, 2024, identified a need for additional housing for individuals and families making less than 50% of the Area Median Income (“AMI”). The Balanced Housing Plan further noted that as the City’s population ages, there will be increased demand for senior-friendly housing with support services; seniors are the fastest growing group of individuals entering homelessness.

WHEREAS, the City purchased the Property with federal funds in 2024 with the intent to facilitate the development of the Property for affordable housing for seniors. The location of the Property is well-suited for affordable senior housing due to the location of a senior center across the street as well as proximity to downtown Mesa and public transit.

WHEREAS, Commonwealth Development Corporation and its affiliates specialize in developing affordable housing projects throughout the United States and have developed several affordable multifamily developments in Arizona. Commonwealth Development Corporation, through its affiliate Helix Apartments, LLC (“Developer”), has represented to the City that it wishes to develop the Property as a new construction housing development that will provide long-term, income-restricted affordable housing units for senior households (“Project”).

WHEREAS, the City would benefit from the development of the Project because it will increase the supply of safe, affordable housing for the City’s low- to moderate-income seniors, therefore reducing the risk of vulnerable seniors entering homelessness. Additionally, the Property has sat vacant for decades, and development of the Property will reduce the public safety risks and code compliance violations associated with vacant properties.

WHEREAS, Developer intends to apply to the Arizona Department of Housing for Low-Income Housing Tax Credits (“LIHTC”) for the Project. The LIHTC program is a federal tax credit program designed to encourage private development of affordable housing projects that would not be economically viable absent the tax credits.

WHEREAS, the LIHTC application process is highly competitive, and an applicant receives extra points for a project on land that is leased from a municipality. Developer requested to have the option to enter into a long-term ground lease with the City for development of the Project on the Property; by doing so, Developer’s application will receive extra points and is more likely to be awarded LIHTC. A long-term ground lease with Developer for the Property would allow for the development of the Project and the City would retain more oversight and control over the development and operation of the Project than it would if Developer owned the Property.

WHEREAS, City and Developer desire to enter into an “Option to Lease and Option to Purchase Agreement” (“Option Agreement”) that would, subject to specified requirements and consideration: (a) grant Developer an exclusive option to enter into a long term ground lease for the Property (“Lease Option”), which may be exercised only if Developer receives a LIHTC award during the 2026 or 2027 LIHTC application cycles; and (b) if the Lease Option is exercised, allow Developer and City to enter into a ground lease for the property (“Ground Lease”) that would include an option for Developer to purchase the Property, subject to certain requirements being met (“Purchase Option”), including the parties entering into a purchase and sale agreement for the Property whereby the City will sell the Property to Developer (“Purchase Agreement”).

WHEREAS, the Option Agreement sets forth material terms of the transaction agreed to by City and Developer, including certain minimum required terms for the Lease Option, Ground Lease, and Purchase Option, that are generally set forth in the Council Report accompanying this Resolution (“Council Report”).

WHEREAS, based on the foregoing and the terms and conditions of the Option Agreement, including the general terms of the Lease Option, Ground Lease, and Purchase Option generally described in the Council Report, the City Council determines that it is appropriate for the City to: (i) enter into the Option Agreement with the Developer for the lease of the Property and, if the prerequisite requirements are satisfied, enter into the Ground Lease for the Property; (ii) if the Ground Lease is entered into by Developer and City, include in the Ground Lease the Purchase Option; and (iii) subject to the terms of an executed Ground Lease and Purchase Agreement, approve the sale and transfer of the Property to Developer.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

Section 1: The City Council approves the City entering into the Option Agreement, Ground Lease, and Purchase Agreement as presented to the City Council.

Section 2: If the terms and conditions for entering into the Ground Lease, as set forth in the Option Agreement, are met, the City Council approves the City entering into the Ground Lease for the lease of the Property.

Section 3: If the terms and conditions for exercise of the Purchase Option are met, and a Purchase Agreement is entered into and its terms are satisfied, the sale and transfer of the Property are approved.

Section 4: The City Manager, or the City Manager’s designee, is authorized to execute the Option Agreement, Ground Lease, and Purchase Agreement on behalf of the City, provided each contains substantially the same material terms as generally described in the Council Report and set forth in the Option Agreement, as well as any other agreements and amendments contemplated therein and necessary to carry out the transactions contemplated thereby (collectively, the “Project Documents”). Additionally, the City Manager, or the City Manager’s designee, is authorized to agree to, execute, and make amendments or modifications to the Project Documents as necessary to carry out their intent or to facilitate development of the Project, provided such amendments or modifications do not materially alter the terms of the Project Documents as presented to the City Council.

Section 5: The City Clerk is authorized and directed to attest to the signature of the City Manager or the City Manager’s designee on all Project Documents.

PASSED AND ADOPTED by the Council of the City of Mesa, Maricopa County, Arizona this 23<sup>rd</sup> day of March, 2026.

\_\_\_\_\_  
Mayor

ATTESTED:

\_\_\_\_\_  
City Clerk

**Exhibit A**

Legal Description of Premises

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA AND IS DESCRIBED AS FOLLOWS:

**PARCEL NO. 1;**

That portion of Lot 1 in Block 54, MESA CITY, according to the plat recorded in Book 23 of Maps, Page 18, records of Maricopa County, Arizona, described as follows:

BEGINNING at a point 150.00 feet West of the Northeast corner of said Lot 1;

Thence West, a distance of 130.00 feet;

Thence South to the South line of said Lot 1;

Thence East, a distance of 130.00 feet;

Thence North to the TRUE POINT OF BEGINNING.

**PARCEL NO. 2:**

The West 51.40 feet of Lot 1 in Block 54, MESA CITY, according to the plat recorded in Book 23 of Maps, Page 18, records of Maricopa County, Arizona, also known as:

Lot 1 in Block 54, Mesa City, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 23 of Maps, Page 18;

EXCEPT the East 280.00 feet thereof.

**PARCEL NO. 3:**

The East 51.40 feet of Lot 2 in Block 54, MESA CITY, according to the plat recorded in Book 3 of Maps, Page 11, records of Maricopa County, Arizona.

NOTE: A plat of MESA recorded in Book 23 of Maps, Page 18, records of Maricopa County, Arizona, purports to show the within described property as a portion of Lot 2 in Block 54, Tract "B", MESA.