



## **BOARD OF SUPERVISORS AGENDA ITEM SUMMARY**

Requested Board Meeting Date: 6-18-2013

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### **ITEM SUMMARY, JUSTIFICATION &/or SPECIAL CONSIDERATIONS:**

This Memorandum will have the effect of allocating \$769,518 of 2004 General Obligation Bonds to Gadsden Company LLC, to assist in the construction of 236, transit-oriented, affordable workforce rental units. Bond funds will be allocated subject to Gadsden meeting the Memorandum conditions by the deadline stated in the Memorandum. Bond funds will be used solely for construction of the new housing units, all of which will be designed to serve low-income working households earning less than 80% of area median income. This project is located in the Rio Nuevo District directly adjacent to the new modern street car line, El Rio Health Center and the Mercado San Agustin.

If approved and upon satisfaction of Memorandum conditions, Staff will begin preparation of contract documents; the Board of Supervisors will approve final contract at such time all Memorandum conditions are fulfilled and at a regularly scheduled Board of Supervisor's Meeting.

CONTRACT NUMBER (If applicable):

*OK for  
Gadsden  
C. Dunkelbaug  
6/13/13*

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### **STAFF RECOMMENDATION (S):**

Staff recommends that all four projects be approved.

CORPORATE HEADQUARTERS: \_\_\_\_\_

CLERK OF BOARD USE ONLY: BOX M.G.

ITEM NO.

PIMA COUNTY COST: \$769,518.00 and/or REVENUE TO PIMA COUNTY: \$

FUNDING SOURCE(S): 2004 General Obligation Bond Funding, CIP  
(i.e. General Fund, State Grant Fund, Federal Fund, Stadium D. Fund, etc.)

Advertised Public Hearing:

☐

YES

☒

NO

Board of Supervisors District:

1 ☐

2 ☒

3 ☒

4 ☐

5 ☐

All ☐

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IF APPROVED:

Two Hundred Thirty-six (236) new units of affordable housing will be available to families in Pima County.

IF DENIED:

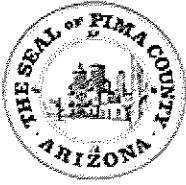
236 low-income working families may not have the opportunity to live in safe, decent rental housing that is affordable.

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DEPARTMENT NAME: Community Development and Neighborhood Conservation

CONTACT PERSON Betty Villegas, Housing Program Manager  
TELEPHONE NO. 243-6744

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## Board of Supervisors Memorandum

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June 18, 2013

**Recommendations from the Pima County Housing Commission for Funding an Affordable Housing Development, the Mission District Block A West End Station Project, with 2004 Affordable Housing General Obligation Bonds Totaling \$769,518**

### REPORT

The Gadsden Company LLC (Gadsden), a local developer has received a recommendation for funding from the Pima County Housing Commission for 2004 General Obligation Bonds for Affordable Housing in the amount of \$769,518 to fund a transit oriented, mixed-use, affordable housing rental development known as the Mission District Block A West End Station (West End Station). This project has received sufficient funding commitments from State, local and private sources, including \$1,885,000 in U.S. Department of Housing and Urban Development (HUD) funding from the City of Tucson's HOME Investment Partnership Program (HOME Program).

### PROJECT BACKGROUND

In addition to HOME Program funds, Gadsden has qualified for an allocation 4% of Low Income Housing Tax Credits (LIHTC) from the State of Arizona. The investment of tax credits provides for equity investment to make the development financially feasible and also secures that the project will remain as affordable housing for at least 30 years.

The West End Station project represents 236 affordable workforce housing units with 220 units targeted to households at or below 60% of Area Median Income (AMI) and 16 units targeted to households at or below 50% of AMI. The planned six-story building has four levels of residential apartments above two levels of parking with 14,750 square feet (SF) of ground level retail and commercial space. The unit mix currently planned is for 65 studio units, 72 one bedroom units and 99 two bedroom units. The studio units will have 484 SF, all one-bedroom units will have 650 SF, and the two bedroom units will range from 787 SF to 1613 SF. The project is being designed to the Tucson Model Energy Code which incorporates many of the U.S. Green Building Council's LEED standards for construction and equipment.

A key component of this development is its location (856 W. Congress St.) at the western terminal of the new light rail system currently under construction that ties together several key employment and shopping areas of the city, including Downtown, 4<sup>th</sup> Avenue, the University of Arizona and the U of A Medical Center. The Regional Transportation Authority (RTA) has already installed the tracks for the light rail system around the site and will also build a streetcar station on the west side of the development. When completed, A 120 passenger streetcar will stop every ten minutes at the West End Station during the day and every 20 minutes during the evening. The streetcar will operate from 6 AM to 2 AM. Also adjacent to the site is the El Rio

Community Health Center and the Mercado San Agustin which has a commercial kitchen, 2 restaurants, the 4 Mile Market and it is the location of the Santa Cruz Farmers Market.

#### Gadsden Company LLC (Gadsden)

Gadsden is local, family-owned company formed to develop real estate holdings in throughout Arizona and in Downtown Tucson. The principal owners of Gadsden collectively have over 30 years of experience developing affordable housing projects and mixed-use and commercial properties throughout the states of Arizona and Nevada. Mr. Dixon, one of Gadsden's key principals, has developed over 16,800 residential units throughout Arizona and was one of the first few developers who began utilizing the Low Income Housing Tax Credit program (LIHTC) in Arizona. Mr. Dixon is currently the managing member of five LIHTC properties that are reserved for households earning no more than 60% of AMI. Additionally the City of Tucson has selected Gadsden as the Master Developer for redevelopment of the 14.3 acre master site located on Congress St. west of the Santa Cruz River, known as the *Convento Neighborhood (which includes the West End Station)*.

#### PROJECT INVESTMENTS – The Development Sources

Bonneville Multifamily Capital (1 <sup>st</sup> Mortgage financing)	21,447,200
LIHTC Equity (sale of the 4% tax credits)	7,307,419
Developer Loan	3,509,623
City of Tucson - HUD HOME Program Funds	1,885,000
Pima County – 2004 General Obligation Bonds	769,518
AZ Department of Housing – HOME Program funds	750,000
Developer Cash (Gadsden)	388,366
Total Sources for Development/Total Development Costs	36,057,126

#### ACTION REQUESTED

The Housing Commission has been informed that the funding from other sources is contingent upon a commitment of county bond revenues and therefore recommends that the Board of Supervisors approve a conditional allocation Pima County 2004 General Obligation Bond funds in an amount not to exceed \$769,518.00. These funds must be used for the development of affordable housing for working families with household incomes at or below 80% AMI at the West End Station. The Pima County Board of Supervisors will approve the final contract at such time all conditions set forth by the Housing Commission and staff are fulfilled, and at the time of a regularly scheduled meeting of the Pima County Board of Supervisors. Specific conditions for funding are as follows:

1. Firm written commitment of funding from all the funding sources identified by Gadsden and set forth above;
2. Satisfaction of conditions noted in the attached Application Summary must be received by County no later than December 31, 2013; and
3. Final project underwriting by staff after receipt of all funding commitments and conditions acknowledges the viability of the project.

If all conditions noted in the Application Summary are not satisfied and written commitments of all other funding sources are not received by December 31, 2013, this funding allocation will expire.

#### DIRECTION TO STAFF

The Pima County Board of Supervisors hereby directs staff to prepare the contract, including all legally binding documents necessary to secure county's interests, to the satisfaction of the County and Applicant, within a reasonable period of time in order to prevent the loss of any other funding sources currently committed to the Project.