



City of Las Vegas

Agenda Item No.: 92.

**AGENDA SUMMARY PAGE PLANNING & DEVELOPMENT
CITY COUNCIL MEETING OF: JULY 16, 2008**

DEPARTMENT: PLANNING & DEVELOPMENT
DIRECTOR: M. MARGO WHEELER

Consent Discussion

SUBJECT:
VAR-2796 - VARIANCE - PUBLIC HEARING - OWNER: CITY OF LAS VEGAS -
APPLICANT: ALPHA OMEGA STUDENT CENTER - Request for a Variance TO ALLOW 640
PARKING SPACES WHERE 596 SPACES ARE REQUIRED on 13.36 acres on the west side of
DeCatur Boulevard approximately 750 feet south of Vegas Drive (APN 138-25-503-006, 138-25-
516-001 through 003 and a portion of 138-25-515-001 through 064), C-1 (Limited Commercial)
and R-3 (Medium Density Residential) Zones, Ward 5 (Barlow). The Planning Commission (7-0
vote) and staff recommend APPROVAL

PROTESTS RECEIVED BEFORE:

APPROVALS RECEIVED BEFORE:

Planning Commission Mtg.	2	Planning Commission Mtg.	9
City Council Meeting	6	City Council Meeting	9

RECOMMENDATION:

The Planning Commission (7-0 vote) and staff recommend APPROVAL, subject to conditions.

BACKUP DOCUMENTATION:

1. Location and Aerial Maps
2. Conditions and Staff Report
3. Supporting Documentation
4. Photos
5. Justification Letter
6. Protest and Support Postcards
7. Submitted after Final Agenda Protest/Support Postcards
8. Submitted at Meeting Financial Report by William Bayne for Items 92-95, 34, 50, 58 and
Redevelopment Agency Item 9 and Recordation Notices of Planning Action and Conditions of
Approval for Items 92 through 95
9. Backup Referenced from the 06-12-08 Planning Commission Meeting Item 21

Motion made by RICKI Y. BARLOW to Approve subject to conditions

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, LARRY BROWN, OSCAR B. GOODMAN,
GARY REESE, STEVE WOLFSON, STEVEN D. ROSS; (Against-None); (Abstain-None);
(Did Not Vote-None); (Excused-None)

NOTE: COUNCILMAN BARLOW participated via telephone conference call.

Minutes:
MAYOR GOODMAN declared the Public Hearing open for Items 92-95.

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At DEPUTY CITY ATTORNEY TERI PONTICELLOS request, MAYOR GOODMAN recalled the 7/16/2008 Redevelopment Agency (RDA) meeting, so that this discussion can be incorporated under Item 9 as well.

MICHAEL McDONALD, Alpha Omega Strategies, 4908 Carmen Boulevard, appeared with BRUCE BAYNE, 851 South Rampart Boulevard, No. 150 and thanked COUNCILMAN BARLOW for participating in the discussion.

Utilizing the overhead, DEPUTY CITY MANAGER ORLANDO SANCHEZ, gave a brief overview of the project. The subject site is the old World World site, which has been a blighted area for over eight years. The development consists of three components: a) 65,000 square feet for commercial space, b) 13,200 square feet will be a grey shell fire station and c) 416 units for affordable senior housing. In addition, parking spaces will be provided per Code, and there will be a neighborhood park.

The commercial development represents 13 percent of the total value of development, which is approximately 10 million of the 77 million dollars. This will be the first mixed-use development combining high-rise affordable housing with a new retail commercial center as part of an overall neighborhood redevelopment strategy. Federal, state and local governments are in position to provide funding subsidies to support the development of affordable housing due to restricted rents making it very difficult, if not impossible, for the private development community to successfully build these projects. The economic downturn, stagnant underwriting and lending practices have created instability in the financial markets. Bond and tax credit yields have diminished resulting in a continuing widening funding gap. In order to close this funding gap, the City has reserved its portion of the private activity bonds, is proposing the allocation of \$416,000 in HOME funds and is proposing \$10,000,000 through a medium-term obligation bond to be repaid in future RDA 18 percent Set-Aside Funds over five years. The City's financial commitment to the affordable housing development will equate to 40 percent of the cost; the State Housing Division will provide 49 percent of the cost, and Alpha Omega Strategies will pledge 85 percent of their developers fee or 14 percent of the cost. Total estimated funding is \$67,793,354.

MR. SANCHEZ continued by stating that the sale price of the land is the same price as the previous appraisal, \$6,500,000. Funds will be placed in escrow for the fire station and will remain in escrow. The agreement is protected by way of a second deed of trust. In addition to meeting the City's eight priorities, the funding sources are to provide incentives for affordable housing opportunities.

COUNCILMAN REESE questioned the number of seniors desiring this type of housing, while recognizing the need for additional housing for seniors. TIM WHITRIGHT, Neighborhood Development Manager, responded there are approximately 41,600 senior households. Of that number, 200 are on a waiting list for just a single development. The 416 proposed units will assist 10 percent of those seniors.

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SCOTT ADAMS, Operations Officer of RDA and Director of Business Development, appeared and clarified what the requests are for Council to approve at this meeting: a) the sale of the subject property, which is related to Item 9 under Redevelopment Agency and Item 50 under City Council, b) a certain amount of City financing to be made available for this project and c) the entitlements the applicant is seeking.

MR. ADAMS gave a brief history of the site and the project while showing diagrams of the site and adjacent property. The agreement involves three parties: Alpha Omega, RDA and the City and consists of the same project previously approved in June 2007. Due to housing credits being inefficient, the developers found themselves with a gap in the project; as a result, there will be a phased release of the subject site. The City has been working with the developer relative to this gap to restructure the project and see it go forward. As a result, the number of proposed units has decreased from 600 to 400, and the proposed square footage of retail space has also been reduced from 100,000 square feet to 64,000 square feet.

Using the diagram, MR. SCOTT pointed out the retail portion of the project, which was indicated in green, and the housing development, which was indicated in blue. The request is to allow the release of the property in phases so the retail portion can begin. The City supports this request as the property has been blight for some time and this development would benefit the neighborhood. The balance of the site will be sold in phases: a high rise component and a low density component. In the end, the City still reserves the same amount of compensation that was previously agreed to. With the escrow process, the developer has to prove their ability to move forward with financing. Subsequent to closing, they will have six months for the start of construction. Thereafter, they will have 24 months to complete construction. If not, there is a re-entry clause within the agreement where the developer can take the property back and/or the retail portion of the project can be developed in phases. The monies going into escrow will be held as security until construction begins on the housing and the fire station. The rear portion of the site will be sold for 3.2 million dollars and under a similar escrow process. The total scope of development is approximately 75 million dollars, which is a significant investment. By starting with the retail portion, it will assist them in the development of the housing portion.

COUNCILMAN BARLOW confirmed with MR. SCOTT that the residential portion is RDA property, and the retail portion is owned by the City. MR. SCOTT explained to COUNCILMAN BARLOW that should the developer not follow through with commitments, the transfer of title will not take place. In addition, the City has a right to re-enter the site. ATTORNEY PONTICELLO added that a quit claim deed will be placed in escrow; the escrow agent would record this deed upon notification by the City if the developer failed to perform. The deed would be signed by the developer beforehand and held in the appropriate office. MR. SCOTT recommended approval of RDA Agenda Items 9 and 50.

MARGO WHEELER, Director of Planning and Development, clarified that this project is not a mixed-use project but a multiple use project.

COUNCILMAN WOLFSON confirmed with MR. McDONALD that the subject site has been vacant for over 15 years. COUNCILMAN WOLFSON emphasized that there have been

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opportunities for the site to be redeveloped but no one has followed through other than this developer.

MR. McDONALD explained that his home address has always been his office address, and he is compelled to continue working at that address for this project. He noted that there are thriving businesses in the area as well as vacant homes. With COUNCILMAN REESES input, he noted that there has only been one other project of this magnitude in the area. He was proud to be a part of such a development team and working alongside MR. BAYNE, SR.

MR. BAYNE, SR. was pleased to present this project and applauded the City staff in their participation and guidance. He has known MR. McDONALD since he was 13 years old and did not want to see him missed. MAYOR GOODMAN recalled MR. BAYNE, SR.'S commitment to seeing this project to fruition, although the investment return would be very little. His reputation speaks for itself, and he understands why MR. BAYNE, SR. would assist MR. McDONALD. The focus is on the betterment of the neighborhood and not monetary gain.

The Mayor is also aware of the difficulty in receiving financing from the bank for residential housing. MR. BAYNE, SR. expressed high regard for the team that has been put together and their confidence in assisting this project will be built. He noted the commercial portion will be simplistic; the lending on the housing portion is complex and an opportunity to overcome challenges. Thus far, the team has managed funds even with the most stringent of guidelines. They are sure they will have bonds on the market for 75 percent, the project will be financed and built. They are offering all the units at 85 percent as construction is taking place.

MAYOR GOODMAN confirmed with MR. ADAMS that the City is not providing monies from the General Fund or taxpayers but from the funding that is received from the federal government.

Given his expertise in economics, WILLIAM BAYNE detailed key points about the developer's intent, financing and this project.

PAUL DEPATE, 804 Bradley Road, managing partner of 633 N. Decatur Blvd., has resided in the area for 25 years. The neighborhood has been in a downward spiral with graffiti and vandalism. This project will benefit the area greatly, and he would like to see the site developed.

TEDDY RUSSELL, Las Vegas resident, believed the City would always be behind in developing senior housing.

Given MR. McDONALD'S relationship with the Council and his having been a previous Council member, the Mayor could understand if there was any opposition to this project. The applicant has promised this will not only be senior affordable housing but will provide services as well as a fire station. In addition, medical assistance will be readily available on site. Moreover, the applicant is taking a blighted area and replacing it with a sparkling development.

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COUNCILMAN BARLOW reiterated previous comments relative to MR. BAYNE, SR. and his reputation of providing great developments and the need for affordable senior housing. In addition, having MR. BAYNES economics expertise was a benefit to the project. The Councilman was also impressed with the developers persistence and their intent to complete the project regardless of the minimal profit.

MR. McDONALD expressed sincere gratification toward many individuals involved in this project, as many have worked tirelessly with persistence.

MAYOR GOODMAN declared the Public Hearing closed for items 92-95.

