



City of Las Vegas

Agenda Item No.: 6.

AGENDA SUMMARY PAGE
REDEVELOPMENT AGENCY MEETING OF: APRIL 18, 2012

DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT
DIRECTOR: WILLIAM ARENT

SUBJECT: Public hearing for possible action on a joint Disposition and Development Agreement between the City of Las Vegas, City of Las Vegas Redevelopment Agency and Vegas 1-Decatur, LLC, regarding the possible lease of real property located along Laurelhurst and Westmoreland Drives and 1501 Decatur Boulevard to Vegas 1-Decatur, LLC, for the construction of mixed-income and age-restricted housing in Ward 5 (Barlow) [NOTE: This item is related to RDA Item 7 (RA-5-2012) and Council Items 59, 60 and 64 (R-35-2012)]

Fiscal Impact

- No Impact
- Augmentation Required
- Budget Funds Available

Amount:

Funding Source:

Dept./Division: Economic and Urban Development/Neighborhood Development

PURPOSE/BACKGROUND:

Vegas 1-Decatur, LLC, proposes to develop 196 units of mixed-income and age-restricted housing units on the vacant land along Laurelhurst and Westmoreland Drives, Assessors Parcel Numbers (APNs) 138-25-504-001 / 138-25-504-002 and 1501 North Decatur Boulevard, APN 138-25-518-002. The development will be constructed in three separate phases with Phase I consisting of 60 units, Phase II - 72 units, and Phase III - 64 units.

RECOMMENDATION:

Staff recommends Denial; but if approved, staff recommends the conditions stipulated in the Disposition and Development Agreement and to authorize the Mayor and staff to execute any documents related thereto.

BACKUP DOCUMENTATION:

Submitted at Meeting - Proposed Revision to Lease Agreement for Item 6 and Section B Executive Summary, Project Development Information, Public Purpose Impact Analysis and Attachment B - Low-Income Housing Tax Credits Comparative Analysis, 2009-2012 by Frank Hawkins and PowerPoint Presentation by Staff for Items 6 and 7

Motion made by RICKI Y. BARLOW to Approve the agreement as amended with direction to staff regarding a possible lease/purchase agreement

Passed For: 6; Against: 1; Abstain: 0; Did Not Vote: 0; Excused: 0

RICKI Y. BARLOW, LOIS TARKANIAN, CAROLYN G. GOODMAN, STAVROS S. ANTHONY, STEVEN D. ROSS, BOB BEERS; (Against-BOB COFFIN); (Abstain-None); (Did Not Vote-None); (Excused-None)

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Minutes:

BILL ARENT, Director of Economic and Urban Development, reviewed a PowerPoint presentation as it played on overhead monitors.

In response to CHAIR GOODMAN, MR. ARENT identified the City of Las Vegas' parcel running parallel to the proposed development site.

MEMBER COFFIN expressed concern that he had nothing in writing from the developers. He had asked them for additional information, but only received an email from them at 8:25 a.m. the morning of the meeting. MR. ARENT explained that there is a tentative contract but the developer will be speaking to provide clarification and discuss their plans.

MEMBER BEERS received clarification that the current market value on this parcel is approximately \$1.5 million, which is significantly less than the investment made by the City.

MEMBER BARLOW clarified for the public that the City purchased the land and began investing in the property as a means of revitalization. Like many Nevada property owners, the City got caught in the economic downturn. MEMBER COFFIN stated it should not be thought of as a loss when the land is being developed.

MEMBER BEERS questioned differences between private and governmental accounting standards that regulate the recording of the property value loss. EXECUTIVE DIRECTOR ELIZABETH FRETWELL stated she did not have that information at the moment, but could research it and report back. CHAIR GOODMAN stated the issue of accounting methods was irrelevant to the matter at hand.

MR. ARENT clarified for CHAIR GOODMAN how the smaller L-shaped parcel was acquired. He also explained there was an error on the related City Council Agenda Item 59 identifying Redevelopment Agency set-aside funds as \$3.5 million instead of \$2.8 million. MR. ARENT then read several amendments for the record.

MEMBER ANTHONY stated this is a tough area to develop due to the fact that some parcels are county owned, others are city owned, and some are privately owned. It is necessary for the City to partner with a private developer in order to see some revitalization for the area.

MEMBER COFFIN received clarification from MR. ARENT on the different funding sources making up the set-aside and HOME funds. MR. ARENT confirmed that every item pertaining to this development, including those on the City Council Agenda, will be voted on and the deadlines pertaining to the spending of these funds explained. MEMBER COFFIN questioned if funds can be spent on existing units and was told by MR. ARENT that there are a lot of programs and money going into the redevelopment of existing units, but there is a set budget for the development of new construction.

MEMBER ROSS provided a brief history of this area, expressed concern that nothing is happening there, and he does not believe anything will happen unless it is initiated by the City.

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MEMBER ROSS received confirmation from MR. ARENT that there are existing conditions built in to the contract to safeguard the City's assets by assigning control of the project to the City. MEMBER ROSS questioned when the developers were told that staff would be recommending denial at which time MR. ARENT provided further clarification on the process. MEMBER ROSS stated the Board Members need to be cognizant of the changing economy and the number of Baby Boomers reaching retirement without the means to support themselves. The developers need to be given the opportunity to prove themselves and the City needs to cut its losses on the parcel.

MICHAEL MCDONALD, Vegas 1-Decatur, LLC, pointed out that many of the safeguards and conditions were suggested by the applicants and not by staff. He sought the best developer and found, in FRANK HAWKINS, an experienced developer with a 100 percent track record who is also a pillar of his community.

MR. HAWKINS reviewed a site development plan displayed on the overhead monitor and rebutted several items presented by staff.

MEMBER COFFIN received confirmation from MR. HAWKINS that although he is not currently a partner, he is vested in the property and intends to be a partner in phases two and three. MEMBER TARKANIAN provided some additional clarification on the state funding preventing MR. HAWKINS from being a partner in the first phase.

MEMBER ANTHONY received confirmation from MR. HAWKINS that his prior 14 projects were successful and similar to the proposed development. MR. HAWKINS discussed some of the State's statistics on senior housing and confirmed for MEMBER ANTHONY that construction is ready to proceed.

In response to CHAIR GOODMAN, MR. HAWKINS stated he is not concerned with deadlines and is focused on the end goal of building affordable housing. MR. HAWKINS expressed concern that staff's presentation indicating an additional \$1.8 million would be required as a capital contribution by the developer had not been previously disclosed. MR. ARENT provided some history on the purpose of that condition.

MEMBER ROSS questioned if the developers would be able to do whatever they want with the property if they purchased it, but MR. ARENT explained it depended on the wants of the Board. MEMBER ROSS stated the residents of that area deserve to have development and EXECUTIVE DIRECTOR FRETWELL explained that a purchase agreement had not been presented to her prior to this morning. A lease purchase or sale option will likely delay the project.

CHAIR GOODMAN had MR. HAWKINS confirm he would like to move forward with the added lease option but does not want to do anything to cause a delay given the tight timeline. Both he and MR. MCDONALD are committed to completing this project.

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MR. HAWKINS pointed out how difficult it is to correlate costs when there is not a clear breakdown of amenity costs as determined by staff. MR. ARENT clarified some of the methods used to determine costs, but MR. HAWKINS argued it is impossible to accurately compare apples to oranges.

MR. HAWKINS confirmed for MEMBER TARKANIAN that every unit is low-income, affordable housing. But, MR. ARENT stated his understanding was that 20 of the units would not be subject to income limits.

TODD FARLOW, Las Vegas resident, indicated that if the bank can be bailed out, then so can a developer.

MEMBER BARLOW had MR. ARENT briefly discuss the purpose of the Redevelopment Agency and the legislation regulating how redevelopment area funds are sourced and used. MR. ARENT then provided a summary of his presentation for the Councilman.

MR. HAWKINS stated that according to his copy of the report all 60 units are classified as affordable housing units, making the subsidized rate approximately \$65,000. CITY MANAGER FRETWELL stated MR. HAWKINS did a good job of explaining how difficult the process of determining costs can be difficult. The question today is not to determine an appropriate level of funding, but to decide if this subsidy is necessary for meeting the direction of the project.

MEMBER BARLOW stressed the needs of his community and the responsibilities of the City to take care of its residents.

MEMBER COFFIN reiterated his concern on the lack of documentation provided by the developers. CHAIR GOODMAN reminded the Board that this information and the dialogue between the developers and staff was presented as far back as six or seven months ago. She hoped Board Members would identify lack of documentation at staff meetings instead of waiting for the day of the Council meeting. MR. HAWKINS stated they had reached out to MEMBER COFFIN and explained the only new information is the market information. All other documents discussed today had been presented to staff some time ago.

MEMBER BARLOW thanked MR. ARENT for his professionalism in presenting all of the facts for the Board to make educated decisions.

MEMBER COFFIN provided an explanation for his vote against the item.

MEMBER TARKANIAN expressed concern with the amount of time this project has already taken and admonished the developers to get this done quickly.

By way of reading the next item, CHAIR GOODMAN declared the Public Hearing closed.