City of Las Vegas

AGENDA MEMO

REDEVELOPMENT AGENCY MEETING DATE: April 18, 2012
DEPARTMENT: ECONOMIC AND URBAN DEVELOPMENT
ITEM DESCRIPTION: Discussion for possible action regarding a Resolution finding the proposed Disposition and Development Agreement between the City of Las Vegas, the City of Las Vegas Redevelopment Agency (RDA) and Vegas 1-Decatur, LLC, for vacant land located along Laurelhurst and Westmoreland Drives to be in compliance with the furtherance of the goals and objectives of the Redevelopment Plan - Ward 5 (Barlow) [NOTE: This item is related to RDA Item 6 and Council Items 59, 60 and 64 (R-35-2012)]

Staff recommends Denial, for the reasons listed below. 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.

- **Previous DDA with Alpha Omega Strategies, LLC (Mr. Michael McDonald) was terminated, and all City-related funding rescinded in December 2011, due to nonperformance.**
- **Disclosure of Principals received on April 5th reflects that Vegas 1-Decatur, LLC is wholly owned by Mr. Michael McDonald. Vegas 1-Decatur, LLC, listed Mr. Frank Hawkins background as experience for the project. Mr. Frank Hawkins will serve as a consultant.**
- **The project, which is comprised of all 700 square-feet, one-bedroom, one-bath units, has changed from senior housing to family housing. To comply with State of Nevada Housing Divisions senior housing criteria, 10% of the units must have two-bedrooms.**
- **The project requires $4,619,000 in grants from the City ($1,119,000 HOME funds and $3,500,000 RDA Set-Aside funds) to close current projected funding gap and demonstrate funding capacity for low income housing tax credit application, in exchange for 40 eligible rent-restricted units.**
- **The annual fair market value (FMR) rent benefit for the Laurelhurst / Westmoreland site is $38,971. Once calculated over 75 years and adjusted for net present value, the overall benefit for the Laurelhurst / Westmoreland site is $1,416,964. The FMR rent benefit for the 1501 Decatur site over 75 years will be $2,676,055.**
- **Cost per unit (total development cost / number of funded units) equals $187,749, in addition to benefits of leased land at $1 per year. Citys subsidy per unit equals $115,475 ($4,619,000/40/700) or $165 per square foot.**
- **Vegas 1- Decatur, LLC, is deferring $221,681 or 16.5 % ($221,681/$1,343,220) of its developers fee. When deferred, the developer fee may be used to reduce the amount of required funding while ensuring completion of the project. The 2012 Qualified Allocation Plan for Low-Income Housing Tax Credits (QAP) authorizes that up to 60% of the developer fee may be deferred.**
