



CITY OF TEMPE REQUEST FOR COUNCIL ACTION

Meeting Date: 9/7/2023
Agenda Item: 8A1

ACTION: Adopt a resolution authorizing the City Manager, or Designee, to execute a Development Agreement with Guina Affiliated Developers, LLC and Desert Viking-Danelle Plaza, or city-approved nominee, for the development of approximately fourteen (14) acres of land at Danelle Plaza located at the southwest corner of Mill Avenue and Southern Road. (Resolution No. R2023.134)

FISCAL IMPACT: The cost to the City for this Agreement is estimated to be approximately \$20,000 to \$30,000. Sufficient budget appropriation for the anticipated expenditures have been appropriated in the General Fund, Economic Development Office, cost center 1232 (Econ Dev Contracts + Exclusions), as part of the fiscal year 2023-24 adopted budget.

RECOMMENDATION: Adopt Resolution No. R2023.134.

BACKGROUND INFORMATION: On August 24, 2022, the City issued a Request for Qualifications (RFQ) for the development and disposition of City-owned property at Danelle Plaza. On September 22, 2022, Council awarded the RFQ to Guina Affiliated Developers, LLC and Desert Viking-Danelle Plaza (collectively, "Developers") and authorized staff to negotiate terms of a development agreement with Developers.

Collectively, the City and Developers own the majority of parcels within Danelle Plaza, which is currently governed by a declaration of easements, covenants, restrictions, liens, and charges under the Arizona Condominium Act (A.R.S. § 33-1201, et seq.) (the "Declaration").

Developers seek to develop a mixed-use project with multifamily market rate, workforce, and affordable residential units, ground floor retail, restaurant, and other hospitality amenities (the "Project"). As part of the Project, Developers intend to provide various public benefits, including affordable housing and public art.

While Project planning is underway, final plans for development of the Project will require the parties to address the Declaration

This Resolution would enable the City Manager or Designee to sign a development agreement including the following terms:

- City and Developers will jointly pursue legal options to address the Declaration.
- City and Developers will contract with an appraiser to determine the fair market value of the City's Property and negotiate a purchase price to be paid by means of a land swap, cash payment, and/or other considerations in support of the Project (Note: actual conveyance of any City Property will be conditioned on additional Council action).
- Developers will provide "Public Benefits" as part of the Project, which shall, at a minimum, include a) a percentage of affordable housing units secured by a restrictive covenant ("Restrictive Covenant"), and b) significant public art throughout the Property.

- City will consider allowing Developer certain exceptions and modifications to the City's Zoning and Development Code in areas that may include signage, parking, a Quiet Zone, and encroachment permits.
- City will evaluate the possibility of providing a rebate of construction sales taxes and excise sales taxes and/or other consideration if supported by an economic impact study and public benefit analysis.
- Financial details regarding the project (including the fair market value of City Property, value of public benefits to be conferred, and value of potential tax rebates to Developers)

Developers shall execute one or more Development Agreements with the City by no later than December 1, 2023.

ATTACHMENTS:

1. DANELLE RESOLUION FINAL.DOCX

STAFF CONTACT(S): Josh Rutherford, Economic Development Special Project Administrator, (480) 350-8813; Maria Laughner

Department Director: Jeff Tamulevich, Community Development Director/Interim Economic Development Director

Legal review by: Sam Arrowsmith, Assistant City Attorney

Prepared by: Josh Rutherford, Economic Development Special Project Administrator