

AGENDA

SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF COTTONWOOD, ARIZONA, TO BE HELD FEBRUARY 27, 2024, AT 5:00 PM., AT THE COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

- I. CALL TO ORDER
- II. ROLL CALL
- III. ITEMS FOR DISCUSSION, CONSIDERATION, AND POSSIBLE LEGAL ACTION:

- 1. SET AN EXECUTIVE SESSION

DISCUSSION OF ISSUES RELATED TO PENDING AND POTENTIAL LITIGATION ASSOCIATED WITH THE GILA RIVER ADJUDICATION AND OTHER LEGAL ISSUES REGARDING THE CITY'S WATER SUPPLY.

Upon a public majority vote of the members constituting a quorum, the Council may hold an executive session with regard to item III which is not open to the public for the following purposes: A.R.S. § 38-431.03(A)(3)--Discussion or consultation for legal advice with the attorney or attorney's of the public body; A.R.S. § 38-431.03(A)(4)-Discussion or consultation with the attorney of the public body in order to consider its position and instruct its attorney regarding the public body's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation; A.R.S. § 38-431.03(A)(7)--Discussions or consultations with designated representatives of the public body in order to consider its position and instruct its representatives regarding negotiations for the purchase, sale or lease of real property.

- 2. DISCUSSION AND POSSIBLE DIRECTION TO STAFF RELATED TO THE PROPOSED VERDE PLAZA 2 DEVELOPMENT AND ITS APPLICATION FOR COMPETITIVE LOW-INCOME HOUSING TAX CREDITS.

- IV. ADJOURNMENT

The Cottonwood Council Chambers is accessible to the disabled in accordance with Federal 504 and ADA laws. Those with needs for special typeface print or hearing devices may request these from the City Clerk (TDD 634-5526.) All requests must be made 24 hours prior to the meeting.

Members of the City Council will attend either in person or by telephone conference call.

City of Cottonwood, Arizona
City Council Agenda Communication



 Print

Meeting Date:	February 27, 2024
Subject:	Verde Plaza 2 - The construction of an additional 58 units on City-owned parcel 406-42-170K at 126 S 7th St.
Department:	Housing Department
From:	Shannon Boone, Housing Manager

REQUESTED ACTION

Discussion and direction to staff regarding negotiating and drafting a proposed land lease option and form of commitment for local gap financing and/or other financial support from the City for consideration and possible approval at a future Council meeting before April 1, 2024.

SUGGESTED MOTION

If the Council desires to approve this item the suggested motion is:

"I move to direct staff to negotiate and draft a proposed land lease option and form of commitment for local gap financing and/or other financial support from the City for the Verde Plaza 2 project for consideration and possible approval at a future Council meeting before April 1, 2024."

BACKGROUND

In March of 2022, City Council was presented with a similar proposal to support a Low-Income Housing Tax Credit (LIHTC) application by Colorado-based developer, Terra Realty and Management, DBA Verde Plaza Associates of Cottonwood, LLC. The developer achieved needed zoning and was awarded the LIHTCs as well as a \$250,000 loan from the City and other funding sources to support the renovation of the existing Verde Plaza Apartments and the addition of 18 new units. Under the terms of the LIHTC program and the Arizona Department of Housing (ADOH) these units are guaranteed to be affordable to households earning at or below 60% of the Area Median Income (AMI) for 30 years. Renovation and construction of those units is now underway. No residents were displaced during renovations and new units are coming online now.

The developer has agreed to construct 58 units of new apartment housing on the adjacent city-owned parcel to expand the Verde Plaza Apartments. These new units would also be affordable and restricted to households earning at or below 60% AMI for 30 years. The ADOH 2024-2025 LIHTC Qualified Allocation Plan (QAP) provides a similar funding opportunity this year. Applications require site control of the land for the proposed development, the highly competitive LIHTC applications are scored on several criteria, one of which is demonstrated local government support.

The completed LIHTC application is due April 1, and the developer needs assurances from the City of Cottonwood to continue with expensive and time-consuming background reports for the application.

JUSTIFICATION/BENEFITS/ISSUES

To ensure the highest scoring LIHTC application possible, the land lease and loan from the City are recommended by the City's Housing Manager. The demand for housing in this price range is evidenced by the waiting list for the current Verde Plaza units and supported by the Verde Valley Housing Needs Assessment of 2021. Nearly 25% of Cottonwood households earn at or below 60% AMI, yet only two remaining low-income housing apartment complexes provide such affordability - the Verde Plaza and Mingus Point.

COST/FUNDING SOURCE

Funding for the proposed gap financing would come from budget reserves allocated for affordable housing.

ATTACHMENTS:

File Name	Description	Type
No Attachments Available		