CITY OF TEMPE REVISED
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 11/03/2016
Agenda Item: 6C5

ACTION: Hold the second and final public hearing to adopt an ordinance approving the sale of City-owned land and authorizing the Mayor (or his designee) to execute a development and disposition agreement, deeds, a land and improvements lease, a memorandum of lease and additional documents with Eastline Land Ventures, LLC with respect to the project to be constructed along Apache Boulevard from Smith Road to River Drive. (Ordinance No. O2016.59)

FISCAL IMPACT: The City will convey the City-owned land to Eastline Land Ventures, LLC at the price stated in the development and disposition agreement (development agreement). The development agreement provides for a 15-year government property lease with no abatement of the Government Property Lease Excise Tax. The development agreement also provides for the sale of City-owned land and right-of-way within the project area.

RECOMMENDATION: Adopt Ordinance No. O2016.59.

BACKGROUND INFORMATION: At the October 27, 2016 Regular Council Meeting, the issue of adding a recycling provision to the Eastline Development and Disposition Agreement (DDA) was raised. The City owns approximately 1.4 acres, in three separate parcels, adjacent to portions of the proposed project— an urban village that includes for-sale and rental residential dwelling units, community gathering spaces, and neighborhood-serving retail space in a community to be known as "Eastline Village." Pursuant to Resolution No. R2016.15, the City selected Eastline Land Ventures, LLC (Developer) as the best qualified to successfully develop the City property and authorized staff to negotiate a development agreement.

The current development plan calls for the Developer to build approximately 21,641 square feet of commercial space, a 15,940 square foot plaza, 10 for-sale units and 440 condominium grade multifamily units prior to May 1, 2020 (Phase I). The commercial space must be fifty-percent (50%) occupied by the third (3rd) anniversary of execution of the Government Property Lease or the developer will be required to pay $2,000 per month in additional rent to the City. The agreement also requires the Developer to build for sale units in future phases of the project, including townhome style units fronting Lemon Street.

The development agreement also requires DMB to prepare and process for approval prior to execution of the Government Property Lease, a condominium plat designating each dwelling unit in Phase I as a separate condominium unit. Following approval by the City, the approved plat will be held in escrow with irrevocable instructions to record same no sooner than the ninth (9th) anniversary of the date of issuance of the certificate of occupancy for the improvements and thereafter on the expiration or termination of any Government Property Lease.

Additional items include the requirement that the developer install and maintain of right-of-way landscaping along River Drive, from Apache Boulevard to Lemon Street, a purchase option for City-owned lots within the project and cost sharing related to the upsizing of city-owned water/sewer infrastructure.

ATTACHMENTS: Ordinance, Development and Disposition Agreement

STAFF CONTACT(S): Alex Smith, Deputy Community Development Director – Special Projects, (480) 350-2708

Department Director: Jeff Tamulevich, Interim Community Development Director
Legal review by: Cynthia McCoy, Assistant City Attorney
Prepared by: Larry Schmalz, Real Estate Development Supervisor