



# INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON



## THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON, ARIZONA – PROPERTY DEVELOPMENT COMMITTEE MEETING

**Tuesday, August 23rd, 2022**  
**3:00 p.m.**

The public is invited to join the Authority’s Board meeting on-line via Zoom:  
<https://us06web.zoom.us/j/87210899570>

Meeting ID: 872 1089 9570  
One tap mobile  
+1669-444-9171 US

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### Meeting Minutes

#### Present

#### Absent

Board Members:

Judy Clinco  
Moniqua Lane  
Sharayah Jimenez

Staff & Advisors:

Andrea (“Dre”) Thompson, CEO  
Wendy McBroom, Operations Coordinator  
Austin Schwartz, Director of Real Estate and Finance

**Open Meeting:** Pursuant to **Arizona Revised Statutes Section 38-431.02**, notice is hereby given to the general public and to the members of the Authority’s Board of Directors that the Authority will hold a virtual meeting open to the public via Zoom to discuss, consider and take legal action on the following Agenda items:

### August 23rd, 2022

	ITEM	ACTION TAKEN / TO BE TAKEN
1	<p><b>Call to Order and Committee Purpose:</b></p> <p>The property development committee is tasked to evaluate real estate and development opportunities to generate perpetual sources of revenue for the</p>	<p>The meeting was called to order at <b>3:16pm.</b></p>

	<p>organization in line with our mission, vision and strategic plans.</p> <ul style="list-style-type: none"> <li>● It was agreed that the above statement will hold as the new committee purpose statement.</li> </ul>	
<p><b>2</b></p>	<p><b>Discuss 450 N Main Property Potential:</b> Proposal from Habitat for Humanity to collaborate on developing affordable housing.</p> <p>The committee reviewed a brief of the 450 N Main property, which summarized the property details, including land size, restrictions and zoning. It was discovered that there are some zoning issues - C2, C3 and C4, that limit how high property can be built on the land. The easement on the property is not predicted to cause a barrier, based on additional research and title review, conducted by staff.</p> <p>There are three options for the direction of the property:</p> <ol style="list-style-type: none"> <li>1. Simple sale of the land. <ul style="list-style-type: none"> <li>● Net profit of \$300,000 (this amount was disputed, based on the level of expense accrued by the IDA to remediate easement and floodplain issues and demolition of the existing building)</li> </ul> </li> <li>2. The Tucson IDA develops the land as a Sole Developer. A proposed strategy was discussed, including; <ul style="list-style-type: none"> <li>● The IDA would put out an RFP, find architects, and apply for public and private funding opportunities.</li> <li>● Using a rough proforma, the staff developed some figures to estimate the revenue and cost for development, using a model of high-density. In this model, IDA annual revenue could be in excess of \$400,000.</li> <li>● At the densest development option, the IDA could build twelve (12) 1 bedrooms, ten (10) 2 bedrooms and one (1) commercial unit. All residential properties would be 120% AMI.</li> <li>● This development project would cost a total of \$7.2 million, but it was clarified that the Tucson IDA would not have to pay for the entire project out of pocket. Out of pocket expenses are expected to be \$1.3 million at this densest development option.</li> <li>● In this model, the organization could be revenue positive after 6 years.</li> <li>● It was stated that this property is also in an opportunity zone, so we could add this tool to our capital stack.</li> <li>● The timeline for this project was discussed and it was stated that it would take 18-24 months for permitting and pre-developing, and the timeframe from there depends on if the IDA brings on partners for this project. Overall time frame: 3-5 years until the IDA would start receiving revenue from this project</li> </ul> </li> <li>3. Co-Development for the Property <ul style="list-style-type: none"> <li>● The Tucson IDA is currently in discussion with a Habitat for Humanity, a potential Co-Developer for 450 N Main</li> <li>● Pros of working with Habitat for Humanity: <ul style="list-style-type: none"> <li>■ Working with Habitat for Humanity will allow us to reduce the cost of building and reduce design costs</li> <li>■ They would be a good long-term strategic partner for the Tucson IDA</li> <li>■ The Presidio Neighborhood is supportive of using the property for opportunities for homeownership</li> <li>■ They use environmentally sustainable materials</li> </ul> </li> <li>● Considerations for this Partnership <ul style="list-style-type: none"> <li>■ This is an innovative project, therefore there are limited examples of similar projects of this nature</li> <li>■ They require some units to be for sale, as opposed to in a land</li> </ul> </li> </ul> </li> </ol>	<p>None</p>

	<p>trust, which may cause some restrictions on the design process.</p> <p>Discussion:</p> <ul style="list-style-type: none"> <li>• It was brought up that it may not be realistic for the Tucson IDA to engage in sole development, putting \$1.3 Million of the organization's own funds towards this project may not be reasonable financially.</li> <li>• It was discussed that it may be beneficial to open an RFP process to increase transparency and opportunities for additional developers interested in partnering. There may be other private investors who would be willing to co-develop with the Tucson IDA, who do not have restrictions on needing to have some pieces for sale like Habitat for Humanity does.</li> <li>• It was discussed that the staff should clarify the parameters of how a co-development would be structured, to fully understand the implications on the organization. The Tucson IDA is going to continue the conversation of co-development with Habitat for Humanity and explore outside options</li> </ul>	
<b>3</b>	<p><b>Pre-development Accelerator Conversation:</b> Discuss potential for IDA involvement in pre-development projects.</p> <ul style="list-style-type: none"> <li>• This item was tabled, due to limited time to discuss.</li> </ul>	None
<b>4</b>	<p><b>Conflict of Interest:</b> Discuss strategies and policies and procedures that can be implemented to handle conflicts of interest.</p> <ul style="list-style-type: none"> <li>• It was stated that the Tucson IDA has multiple property developers on the board and while the organization currently employs best practices for conflict of interest as part of the Board engagement, it was suggested that additional policies and procedures could be explored to even further enhance transparency as it relates to development.</li> <li>• It was suggested to bring this item to the full board for discussion, after the staff develops some options and suggestions.</li> </ul>	None
<b>5</b>	<b>Call to the Public</b>	None
<b>6</b>	<b>Adjourn</b>	There being no further business, the chair adjourned the meeting at <b>4:04PM</b>

Submitted by:  
Wendy McBroom  
Operations Coordinator, Tucson IDA