

**TOWN OF PRESCOTT VALLEY
REQUEST FOR COUNCIL ACTION
Date: December 2, 2010**

SUBJECT: Agreement Deferring Fees & Charges for Granville Development Company

SUBMITTING DEPARTMENT: Community Development

PREPARED BY: Richard Parker, Community Development Director

AGENDA LOCATION: Comments/Communications , Consent , Work/Study ,
New Business , Public Hearing , Second Reading

ATTACHMENTS: a) Resolution No. 1729 (w/ draft Development Agreement) and exhibits.

SUMMARY/BACKGROUND: As discussed with the Council on October 21, 2010, ARS §9-463.05(B)(3) permits Arizona municipalities to enter into development agreements deferring payment of development impact fees past the issuance of construction permits, with provision for appropriate security. In recent years, the Town has used this option with the developer of multi-unit housing in the Downtown to assist him in obtaining financing through the federal programs involved.

The developer of Granville has now indicated that certain housing products appear to be attracting new buyers in Maricopa County, and might be successful in this area. However, it remains difficult (if not impossible) to receive bank financing for any new construction. Construction of this new housing product would likely require the developer to use cash financing. Although the Town's development impact fees and water/wastewater connection charges only represent about eighty-five hundred dollars (\$8,500) of the total cost per residential unit, paying these fees up front before there is certainty of a buyer adds to the risk involved. If that particular risk were removed, it would at least remove that deterrent from possible construction of this new residential product. At the conclusion of the Work-Study presentation, Council indicated to staff that the minor risk to the Town related to collection of these fees is manageable in light of the potential benefit.

The attached draft development agreement with Granville Development Company proposes that the development impact fees and water/wastewater connection charges for certain new development in Granville be deferred until the point where a Certificate of Occupancy is issued. As risk mitigation, the developer proposes to offer as collateral fully developed lots within the Granville Subdivision, based on an appraised value, in at least the amount of the deferred fees and charges.

OPTIONS ANALYSIS: The Town Council may approve Resolution No. 1729 adopting the proposed development agreement with Granville Development Company, suggest revisions prior to adoption, or decline to approve Resolution No. 1729.

ACTION OPTION: Motion to authorize the Mayor (or, in his absence, the Vice-Mayor) to sign Resolution No. 1729 approving a Development Agreement with Granville Development Company for deferral of fees and charges for certain new development, **OR** Motion not to approve Resolution No. 1729. **VOTE.**

RECOMMENDATION: Staff recommends authorizing signature of Resolution No. 1729 adopting this Development Agreement with Granville Development Company.

FISCAL ANALYSIS: Construction of this new housing product in Granville will not only provide additional desired housing in the area, but also one-time transaction privilege tax revenues to the Town through construction. And, it will potentially provide needed construction employment for citizens in the area.

REVIEWED BY:

Management Services Director _____

Town Clerk _____

Town Attorney _____

Town Manager _____

COUNCIL ACTION:

Approved Denied Tabled/Deferred Assigned Assigned to _____