

## The Industrial Development of the City of Tucson, Arizona 2012 Annual Report

### MISSION

The Industrial Development Authority of the City of Tucson, Arizona (the “**Tucson IDA**”) is a non-profit corporation, which has been designated by statute as a political subdivision of the State of Arizona. Tucson IDA receives no public funds, grant support or donations from any source, operating solely on revenues generated from its community activities. Tucson IDA’s mission includes issuing private activity bonds for qualified borrowers, assisting first time home buyers via mortgage revenue bond and mortgage credit certificate programs, and providing direct loans for Tucson community development projects.

The IDA has **4** stated goals:

- 1) **Economic Development.** The IDA will promote and assist in the rehabilitation, expansion and development of business and industry. The intent is to create and maintain jobs to assure an improved standard of living and an increase in the prosperity of all residents of the City of Tucson. The IDA will place an emphasis on new and expanding businesses where sources of traditional capital are not available.
- 2) **Affordable Housing.** The IDA will assist in the financing, rehabilitation and development of affordable housing and promote homeownership opportunities with an emphasis on the residents of the City of Tucson.
- 3) **Downtown, Neighborhood, and Community Development.** The IDA will promote and assist projects designed to enhance, revitalize and rehabilitate the cultural, social, economic, historical and physical resources of the downtown, lower income neighborhoods, in-fill projects, and of the broader Tucson community.
- 4) **Sustaining and Fiscally Sound Investments.** The IDA will participate in self-sustaining and fiscally sound investments commensurate with the risk and community interests.

The IDA’s Board of Directors have been advised that the funds under their control are “**public funds**” and as a result they have a duty to be good stewards of those funds, which requires some level of diligence.

The IDA has **4** stated objectives for **FY12-13**:

At the Special Meeting (Board Retreat) of the Board of Directors held on **April 30, 2012**, the following **FY12-13** Goals were identified:

**Goal #1** - Implement a Taxable Program (to maintain consistency in the market).

**Goal #2** - Collaborative Goal: Work with the City of Tucson and Pima County to have a consistently available down payment assistance program.

**Goal #3** - Maintain and develop plans for existing Real Estate: **1)** Block 175 Parking Lot, **2)** Stone/Council Parking Lot, **3)** 450 N. Main Avenue.

**Goal #4** - Research the feasibility, pros & cons of being certified as a Community Development Financial Institution (“CDFI”) / Community Development Enterprise (“CDE”).

## 2012 ACCOMPLISHMENTS:

- 1) Implement a Taxable Program (to maintain consistency in the market).
  - \* The Joint Pima/Tucson **2012** Taxable Program known as: Pima Tucson Homebuyer's Solution Program was launched **December 18, 2012**. The qualifying income limit for the program is **\$68,885** and each loan will have **4%** down payment / closing cost assistance.
- 2) Collaborative Goal: Work with the City of Tucson and Pima County to have a consistently available down payment assistance program.
  - \* The Pima Tucson Homebuyer's Solution Program, referenced above, provides each qualifying homebuyer with **4%** down payment / closing cost assistance.
- 3) Maintain and develop plans for existing Real Estate: 1) Block 175 Parking Lot, 2) Stone/Council Parking Lot, 3) 450 N. Main Avenue.
  - \* Signage and Pay Station has been installed at the Block **175** Parking Lot.
  - \* A Lease Agreement, between the Authority and Dinnerware Artspace ("tenant"), for **450** N. Main Avenue was executed.
  - \* Archeological testing at Block **175** and the Stone/Council Parking lots has been completed.
  - \* The archeological clearance quote of approximately **\$900,000** for Block **175** is a legal requirement based on City ordinance in order to get a permit however not based on State law. Information regarding the potential for development of **Block 175** is to be finalized.
  - \* Redevelopment Summaries for: **1) Block 175**, and **2) Block 174** (Stone/Council Parking Lot) were provided by the Authority's Counsel at the **November 8, 2012** Regular Meeting.
  - \* Noted: The Stone/Council parking lot has potential for development, based on its proximity to the new Pima County Courthouse, although it too has an archeological component of approximately **\$220,000**.
- 4) Research the feasibility, pros & cons of being certified as a Community Development Financial Institution ("CDFI") / Community Development Enterprise ("CDE").
  - \* The Authority's Counsel reviewed the reasons to consider becoming a CDFI and noted that the Authority cannot do it alone as an Industrial Development Authority because it is a political subdivision of the State of Arizona and CDFI status requires participation from target markets; additionally the Authority cannot receive more than **50%** revenue from a government entity and in this case, the Authority would be considered a government entity.
  - \* It was noted that proceeding would be a lengthy and timely process to assemble Boards and noted that it may be useful to look at the CDFI map guide demographic mapping tool by address (census driven). The Authority's Counsel stated that he will forward information completed by the Lotzar Law Firm and will provide a primer that summarizes the research.

It was the consensus of the Board to proceed.

5) General Overall Goal - Maintain a strong relationship with City of Tucson through support of: 1) Housing Trust Fund, 2) Downtown Development, and 3) Warehouse triangle district.

- \* The Economic Development Office of the City of Tucson has completed design of two new brochures: Business Incentives and Assistance and the Tucson Community Development Loan Fund (TCDLF) aka HUD Section **108** Program.
  - \* HUD Section **108** Program Financial Agreements between the City of Tucson and the Authority have been negotiated and signed.
  - \* **April, 2012** - City of Tucson received HUD Approval of the City's HUD Section **108** Program.
  - \* **April 12, 2012** - the Authority hired an Executive Director ("ED") to guide the development and implementation of business and investment strategies, and opportunities for partnerships primarily in the City of Tucson. The ED established relationships with the Mayor and Council, key city staff as well as representatives of non-profit agencies and the private sector.
- NOTE:** The ED resigned in September **2012**; the process to revise job title/description will commence after the New Year (**2013**).
- \* The Authority is leasing **450** N. Main Avenue to Dinnerware Artspace (a local non-profit art organization).
  - \* The Authority is a participating lender in loans to the following downtown Tucson businesses:
    1. Thunder Canyon Brewery (loan closed: **June 28, 2012**)
    2. Wavelab Downtown, LLC (loan closed: **September 25, 2012**)
  - \* The Authority's activities / accomplishments were presented at the **October 23, 2012** Mayor & Council Study Session.

**SINGLE FAMILY FIRST TIME HOMEBUYER PROGRAM** offered by the Authority:

**2011 Single Family Mortgage Credit Certificate Program ("MCC"):** The MCC Program, available to qualifying first time homebuyers, is designed to reduce the homebuyer's federal income tax liability by providing a dollar-for-dollar federal tax credit equal to **20%** of the annual interest paid on a home mortgage. The homebuyer receives this benefit every year for as long as they remain in the home purchased.

**2011 Mortgage Credit Certificate Program – (1/1/2011 to 12/31/2013)**

**Totals as of 12/31/2012:**

Program Activity:		Female HH		
2011 MCC's issued:	21	Asian	2	
Average Household Size:	1.57	African Am.	0	
Average Household Income: \$	41,455.36	Hispanic	4	
Average Loan Amount:	\$112,807.29	White	15	1
Average Purchase Price:	\$120,236.19	Am. Indian	0	
80% or below AMI:	76.19%	Other	0	

**Total 2011 MCC Program Amount Issued 1/1/2011 to 12/31/2012: \$2,368,953.00**