



# City of Phoenix

## Downtown Redevelopment Area GPLET Application Process Guide and Application

### SECTION I - INTRODUCTION

#### A. Overview

The Government Property Lease Excise Tax (GPLET) is an economic development tool available to Arizona cities to incentivize development or redevelopment in specific areas. The City of Phoenix (City) has identified the [Downtown Redevelopment Area and the Central Business District](#), outlined in red, as the primary area in which private landowners may apply for GPLET.

GPLET was authorized in 1996 and is memorialized in Arizona Revised Statutes Title 42, Chapter 6, Article 5. GPLET allows ownership of property to be transferred from a private entity to the City. Although government-owned property is not subject to property tax, GPLET provides for the collection of taxes from private entities that lease government property through an excise tax.

GPLET helps solve the financial gap for infill development challenges, which may include increased design and development costs, entitlement processes and environmental issues, as well as land assemblage.

Granting GPLET to private landowners encourages redevelopment; creates jobs, spending, and tax revenues; enhances property values and capitalizes on existing public infrastructure; and generates excise taxes greater than prior property taxes while the property is being leased from the City.

The following outline identifies the major steps involved in applying for GPLET. Questions should be directed to 602-262-5040.

#### B. City's Vision

The City's goal is to grant GPLET to assist with the private development, financing, construction and management of urban and mixed-use development and redevelopment projects in downtown Phoenix to further implement its strategic downtown vision, enhance its public transportation system and maximize the return on the \$4 billion in public and private capital invested in downtown Phoenix over the past decade.

### C. Definitions

- **Applicant:** The development team, including key individuals and companies responsible for completing the project as outlined in the application.
- **Authorized Representative:** The individual representing the applicant who has the authority to contractually bind the applicant, and who will serve as the single point of contact during the application process.
- **Contracting Entity:** The applicant's legal entity that will enter into contracts with the City to develop the project under the terms outlined in a negotiated Letter of Intent. The Contracting Entity must be authorized to transact business in the State of Arizona and be in good standing prior to City Council consideration of any resulting contracts.
- **Letter of Intent (LOI):** Preliminary document that outlines business terms between the City and an applicant for GPLET and is the basis for recommendations to the City Council and the subsequent contracts between the City and the applicant.
- **Project:** The final intended development product such as an office tower or multi-family residential complex including all associated improvements.

### D. Development Parameters

This section lists specific development criteria that must be addressed in applications. Applicants should review all referenced documents in their entirety. It is the City's desire that an applicant will develop, finance and construct a project that:

1. Creates an urban and/or mixed-use development or redevelopment project in downtown Phoenix that capitalizes on its prominent urban location and is consistent with the [Downtown Strategic Plan](#), the [Downtown Code](#), and all other applicable regulations, guidelines and adopted plans, including the [Complete Streets Program](#), the [Bicycle Master Plan](#), the [Tree and Shade Master Plan](#) and the [Accessibility Requirements for Residential Occupancies Guideline](#).
2. Provides an innovative, high quality design that is aesthetically and functionally compatible with surrounding development. The form and design should create functional and appropriate transitions to buildings adjacent to the site.
3. Creates enhanced street-level amenities promoting walkability for pedestrians, and if applicable, with direct connections to adjacent bus and light rail transit stops, as well as pedestrian and bicycle paths.
4. Is consistent with the Downtown Code zoning and all other applicable regulations, guidelines, adopted plans and the City's goals and objectives for the area. Transit-oriented development (TOD) concepts should be a focus for projects adjacent to transit facilities. TOD provides a mix of compatible and complementary land uses that facilitate urban living and are supportive of transit which may include: office,

commercial/retail, restaurant, residential, structured parking, civic space or other compatible urban uses. The project should meet goals identified in the Downtown Strategic Vision and Blueprint for the Future, notably creating housing alternatives, net new jobs and business opportunities. Visit the Planning and Development Department's listing of Studies and Land Use Plans and Planning Publications online at [phoenix.gov/pdd/devcode](http://phoenix.gov/pdd/devcode).

5. Complies with the required percentage of Type A accessible units for new multi-family dwelling units within one-quarter (1/4) mile of a light rail transit station, if residential uses are a part of the proposed project (see Section 1103.1.9.3 of the Phoenix Building Code).
6. Applications that include a rental residential use should include a minimum of 10% of the units, in a proportional mix of unit types, for workforce housing. A workforce housing unit means a rental residential apartment unit that will be made available for lease exclusively to households that demonstrate current income of less than or equal to 80% of the Area Median Income Limits (AMI) annually published by the [U.S. Department of Housing and Urban Development \(HUD\) for the Phoenix-Mesa-Scottsdale, AZ Metropolitan Statistical Area \(MSA\)](#). For purposes of calculating rental rates, the monthly rent for a workforce housing unit may not exceed 30% of the Income Limit for the respective household size divided by 12 and will be adjusted annually based on changes to the MSA listed above.
7. Is initiated and completed within a reasonable time period acceptable to the City. It is the City's desire that projects will be completed in the shortest time frame possible. Applications should outline strategies to mitigate any potential adverse impacts to residents and nearby businesses during the development stage of the project.
8. Contains business terms that provide tangible public benefits, including structured parking, high density (if residential is proposed) and maximizes lot coverage. Applications should request minimal City assistance and provide maximum return to the Community. The City may have capacity to further participate in projects that create a significant amount of public benefit, such as public infrastructure above and beyond what is necessary for the project. However, there is currently no identified or guaranteed City funding for projects submitted through this process.
9. Clearly describes the method of property control or acquisition.
10. Is supported by the community and adjacent neighborhoods. There are several neighborhood and community organizations in downtown Phoenix. A summary of community input should be included in the application. Visit the [Neighborhood Services Department's website](#) to search for active neighborhood groups registered with the City.

## **SECTION II – APPLICANT INSTRUCTIONS**

Applicants must follow the following instructions to be considered for GPLET assistance.

### **Step 1: Development Assistance Intake Meeting Request**

GPLET assistance applicants must complete and submit a Development Assistance Intake Meeting Request form, which can be found at [phoenix.gov/gplet](http://phoenix.gov/gplet), along with a brief executive summary of the proposed project (2-page limit).

Upon receiving a completed Development Assistance Intake Meeting Request form, City staff will review the form for completeness and adherence to preliminary criteria. If the form is complete and meets preliminary criteria, a Development Assistance Intake Meeting will be scheduled. If the form is not complete and/or does not meet preliminary criteria, the applicant will be notified by telephone of the items that are missing or do not meet the preliminary criteria, and the Development Assistance Intake Meeting Request will be denied in writing.

### **Step 2: Development Assistance Intake Meeting**

City staff will request the applicant bring any available site plans or renderings to the Development Assistance Intake Meeting. During the Development Assistance Intake Meeting, City staff will review the information submitted through the Intake Meeting Request with the applicant and provide the applicant with contact information for neighborhood association in the vicinity of the proposed project.

### **Step 3: GPLET Application**

Applicants should only submit their applications after a Development Assistance Intake Meeting has been conducted and outreach to neighborhood associations has occurred.

#### **A. Application Format**

Each applicant must submit the following:

- One original application
- Three color copies of the application
- One electronic copy of the application in native format

Applications must be submitted to the Community and Economic Development Department, 200 W. Washington Street, 20<sup>th</sup> floor, Phoenix, AZ 85003, Attn: GPLET Application Office.

## **B. Application Format**

Applications must be typewritten, compiled and tabbed as described below in a loose-lead three-ring binder, with each page of the application numbered. Applications must be limited to 25 double-sided pages of letter size paper.

### 1. Tab 1 – General Information

- a. Applicant Questionnaire
- b. Executive Summary of Proposed Project

### 2. Tab 2 – Development Team’s Qualifications

Detail and describe the proposed development team and demonstrate a track record of successfully financing, developing, completing and managing comparable projects, locally and nationally.

- Clearly identify the key individuals, companies and organizational structure of proposer.
- Clearly identify roles and responsibilities of all development team members.
- Cite proposer’s experience with other successful development projects, include roles and responsibilities for these projects’ team members, in addition to providing contact information for references for these other projects.

### 3. Tab 3 – Applicant’s Financial Capacity

Provide clear and compelling information to demonstrate proposer’s financial capacity to execute and complete the project successfully.

- Describe a clear strategy to fund all project costs.
- Specify and clearly describe all sources, types and amounts of equity, financing, grants and other funding sources for the proposed project.
- Provide documentation from potential lenders of interest in the property.
- Cite other projects in which the proposed equity/financing/granting entities have successfully worked with the proposer.
- Provide evidence of a history of project financing for prior projects.
- If tax credits are part of the proposed financing plan, provide evidence of experience in applying for and being awarded tax credits.

### 4. Tab 4 – Description and Clear Scope/Scale of Proposed Project

Provide project details, a conceptual access and circulation plan and describe the proposed project’s compatibility to the area and adjacent uses.

- Clearly detail and define the project including:
- Provide a conceptual site plan and building elevations (color recommended). Identify any applicable phasing on the drawings.

- Describe the utilization of the site, and if all or only portions of the site will be incorporated.
- Describe how the project will exist in context with adjacent buildings, public amenities and other uses.
- Provide circulation plan(s) showing transit, vehicular, bicycle and pedestrian access and circulation within and around the site, for the various existing and proposed users.

5. Tab 5 – Community Outreach Efforts

Provide evidence of outreach to the community, including:

- A list of neighborhood association meetings attended and a summary of supportive and opposing viewpoints shared by community members at those meetings.
- Community input incorporated into proposed project.
- Community input that was not incorporated into proposed project and an explanation of why it was not incorporated.
- Any community support letters.

6. Tab 6 – Business Plan

Sufficiently detail and include a reasonable project budget and pro forma, in addition to demonstrating the proposed project’s viability and details for the operation and management of the project after completion of construction.

- Provide research/market demand data.
- Provide details on how the proposer intends to utilize the project site and in what form of control of the site, or portion thereof, the project requires.
- Demonstrate committed and qualified tenants/buyers/operators for the completed project.
- Clearly detail and define the project’s development costs, including all construction costs, soft costs and contingencies.
- Clearly detail and define project’s operating pro forma, including all revenues, expenses, debt service, taxes, and other assessments for the same number of years for which City assistance is requested.
- Provide reasonable assumptions for all costs and revenues.

7. Tab 7 – Proposed GPLET Lease Terms and Public Benefits

While GPLET is intended to bridge the financial gap for infill development challenges, the City must receive equal or greater benefit from any GPLET assistance granted. Applicant must:

- Clearly detail the term of the proposed GPLET lease, including: years of abatement, total number of lease years, commencement and termination dates, annual excise payments.

- Describe the economic, fiscal, employment and other tangible public benefits generated by the proposed project. Qualitative public benefits such as social or historic preservation goals may be included as support to the well-defined quantitative benefits.

The requested level of financial assistance must fill a clearly described financial gap in the proposed project. **Failure to clearly describe the financial gap will result in rejection of the application.**

#### 8. Tab 8 – Consistency with Adopted Plans and Ordinances

Explain how the proposed project is consistent with adopted City plans and ordinances, in addition to other external community documents consistent with City policies.

- Explain how the proposed project is consistent with the Development Parameters described in **Section I D**.
- Explain why the proposed project is a unique, urban and/or mixed-use development or redevelopment project.
- Describe how the proposed project will create housing alternatives (if applicable), net new jobs and business opportunities.

#### 9. Tab 9 – Project Timeline

Provide a comprehensive schedule with major milestones that addresses all phases of planning, entitlements, design, plan review, permits, construction and occupancy. Applicants should commit to a reasonable project time frame.

- Use reasonable assumptions.
- Provide details on phasing, if applicable.
- Provide a construction mitigation plan that identifies potential challenges that neighboring businesses and residents may experience during the development and operating periods, and propose viable mitigation plans.

### **Step 4: GPLET Application Review**

Upon receiving a GPLET Application, the City staff will perform a preliminary review of the application. If the application is complete and meets preliminary criteria, the application will be forwarded to a GPLET Review Panel and a review meeting will be scheduled. If the application is incomplete or does not meet preliminary criteria: the applicant will be notified by telephone of the items that are missing or do not meet the preliminary criteria, and the GPLET Application will be rejected in writing.

During the review meeting, a GPLET Review Panel comprised of City staff and community members will review the GPLET Application on a pass/fail basis. If the application passes the GPLET Review Panel, the applicant will be notified and next steps will ensue. If the application fails the GPLET Review Panel, the applicant will be notified

in writing and the packet will be filed and maintained in accordance with the City's Records Retention Policy.

### **Step 5: Negotiations**

If a GPLET Application passes the GPLET Review Panel and is accepted by the Community and Economic Development Director, City staff will negotiate an LOI with the applicant.

### **Step 6: Public Meeting**

Once an LOI has been executed, City staff will schedule a public meeting at which the community will be invited to learn more about the proposed project from the applicant. City staff will mail meeting notices to neighborhood associations, affected school districts, and adjacent property owners and City water customers within 300 feet of the proposed project. The cost of preparing and mailing these notices is included in the application fee.

### **Subsequent Steps**

City staff will:

- Prepare and distribute GPLET notices for taxing jurisdictions.
- Submit the negotiated business terms to the applicable City Council Subcommittee for recommendation for approval.
- Submit the negotiated business terms for the City Council's approval.
- Develop all subsequent contracts to be executed by the City and the applicant.

## **SECTION III – ADDITIONAL INFORMATION**

### **A. Materials Submitted**

All materials submitted by applicants shall become the property of the City and become a matter of public record available for review pursuant to Arizona State law. Each applicant shall mark any information submitted as part of its application that the applicant deems confidential or proprietary (collectively Confidential Information). If the City receives a request to review or disclose such Confidential Information, the City will provide the applicant written notice of the request to allow the applicant the opportunity to obtain a court order to prevent the disclosure or review of such Confidential Information. The applicant must obtain and deliver to the City a court order within seven calendar days of the date of the City's written notice. If no court order is issued and received by the City within the 7-day period, the City may disclose or allow the review of such Confidential Information.

### **B. Negotiations**

Upon receipt of the GPLET Review Panel's recommendation, City staff may negotiate business terms with an applicant. The commencement of negotiations does not commit the City to accept all of the terms of the application and negotiations may be terminated by the City at any time. These negotiations may result in minor or material



changes to the application, including both the business terms and the proposed project. Successful negotiations will result in an LOI and contract. Negotiated business terms will be subject to City Council approval. Following required approvals, agreements addressing business terms and performance benchmarks will be entered into between the parties.

### **C. Community Outreach and Support**

Community outreach is a critical element to this process. An applicant must conduct community outreach prior to submitting a GPLET Application and must demonstrate community support for the proposed project in its application packet. Applicants recommended by the GPLET Review Panel must conduct additional community outreach between the execution of the LOI and City Council approval of the business terms.

### **D. Standard Contract Provisions**

The submission of an application constitutes the acknowledgement of the applicant that any contract resulting from this process will be prepared by the City. The submission of an application shall further constitute the agreement of the applicant that it will not insist on the use of standard contracts, documents or forms, and that it waives any demand for the use of its standard contracts. Pursuant to the City Charter, the language of the agreement to be executed will be drafted under the supervision of the City Attorney and shall be the controlling document.

#### **1. Indemnification**

Approved applicants shall indemnify, defend, save and hold harmless the City and its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of proposer or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by proposer from and against any and all claims. It is agreed applicant will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. Incorporated into any agreement that is entered into with the City will be the requirement that the applicant, at its sole cost and expense, shall and does hereby indemnify,

defend and hold the City harmless from and against any challenge, whether administrative, judicial or otherwise, by any person or entity, to the City's execution or performance under said agreement, which indemnification shall survive the expiration or earlier termination of said agreement.

## **2. Insurance Requirements**

An approved applicant shall procure and maintain until all of its obligations have been discharged, including any warranty periods under the future agreements are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the applicant, its agents, representatives, employees or subcontractors. Insurance requirement will be outlined within the agreements negotiated between the City and an approved applicant.

## **3. Legal Worker Requirements**

The City is prohibited by A.R.S. § 41-4401 from awarding an agreement to any entity that fails, or whose subcontractors fail, to comply with A.R.S. § 23-214(A). Therefore, applicant agrees by submitting an application that:

1. Applicant, its contracting entity, and each subcontractor it uses warrants compliance with all federal immigration laws and regulations that relate to their employees and their compliance with § 23-214(A).
2. A breach of a warranty under paragraph 1 shall be deemed a material breach of the agreement and is subject to penalties up to and including termination of the agreement.
3. The City retains the legal right to inspect the papers of the applicant, its contracting entity, or subcontractor employee(s) that work(s) on this agreement to ensure compliance with the warranty under paragraph 1.

## **4. Applicable Law**

Any and all disputes arising under any agreement to be negotiated hereunder or out of a GPLET application shall be governed according to the laws of the State of Arizona, and the applicant shall agree that the venue for any such action brought to enforce provisions of the contract shall be in the State of Arizona.

## **5. Organization Employment Disclaimer**

Any agreement entered into as the result of this process will not constitute, create, give rise to or otherwise recognize an agreement or relationship, partnership or formal business organization of any kind between the City and the applicant, and the rights and obligations of the parties shall only be those expressly set forth therein. An approved applicant will be required to agree, as

part of any agreement entered into as the result hereof, that no person supplied by it in the performance of the agreement is an employee of the City, and further agree that no rights of the City's Civil Service, Retirement or Personnel Rules accrue to any such persons. Any contracting party shall have the total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation and occupational disease compensation insurance unemployment compensation, other benefits and taxes and premiums appurtenant thereto concerning such persons provided by such party in the performance of the agreement, and shall save and hold the City harmless with respect thereto.