



MEMORANDUM

DATE: September 26, 2023
For October 12, 2023 Hearing

A handwritten signature in blue ink that reads "Kristina Swallow".

TO: John Iurino
Zoning Examiner

FROM: Kristina Swallow, Director
Planning & Development Services

SUBJECT: MAJOR AMENDMENT TO MAIN GATE URBAN OVERLAY DISTRICT (MGD) - PLANNING & DEVELOPMENT SERVICES REPORT
TP-MOD-0723-000021– Capstone Speedway/Euclid Mixed-Use (Ward 6)

Issue – This is a request by Noel J. Griemsman, Senior Urban Planner for The Law Offices of Snell & Wilmer, on behalf of the property owners LMLN Properties LLC, LFBR LLC, SARR Investments LLC, Ro Bro LLC, 1030 N Euclid Avenue LLC, and Bingham Restoration Tuc LLC, to amend the Main Gate District Urban Overlay District (MGD). The amendment to the MGD (see Appendix A for proposed MGD text amendment) proposes to allow a mixed-use development, which include student housing, workforce housing, and may include some retail uses, with a range of heights from 24 feet along Euclid Av., stepping up to the east to 48 and 74 feet in total. The project is an assembly of eight parcels at the southeast corner of Speedway Bl. and Euclid Av., conforming a total of 1.45 acres (see Case Location Map).

Currently, the MGD permits a range of heights to 40 and 56 feet along Speedway Bl., and 40 feet along Euclid Av. The project proposes a range of heights from 24 feet along Euclid Av. and Speedway Bl., stepping up to the east to 48 and 74 feet in total. Those heights are consistent with policy provided by the *West University Neighborhood Plan (WUNP)*, which contemplated a step-down approach from six to four stories across the site.

Planning & Development Services Recommendation – The Planning & Development Services Department recommends approval of the proposed amendment, subject to the attached preliminary conditions.

Background Information

Existing Land Use: Single-family residential

Existing Zoning Descriptions:

Historic Urban Residential Zone (HR-1) – This zone provides for urban, low density, single-family, residential development, together with schools, parks, and other public services. These properties need to comply with the requirements specified in the Historic Preservation Zone (HPZ).

Historic Urban Residential Zone (HR-2) – Provides for urban, medium density, single-family and multifamily, residential development, together with schools, parks, and other public services. These properties need to comply with the requirements specified in the Historic Preservation Zone (HPZ).

Historic Urban Residential Zone (HR-3) – Provides for urban, high density, residential development and other uses compatible with adjoining residential uses. These properties need to comply with the requirements specified in the Historic Preservation Zone (HPZ).

Adjacent Zones and Land Uses:

North: Zoned O-3; financial services use, across from Speedway Bl.

South: Zoned HR-3 and HO-3; duplex and educational use

West: Zoned HR-1; religious use and single-family residences

East: Zoned UC-1; group dwellings

Previous Cases on the Property:

On August 9, 2016, Mayor and Council authorized the amendment of the MGD (C9-12-01) to restrict the construction of balconies on group dwellings within the MGD.

February 28, 2012, Mayor and Council held a public hearing on the MGD rezoning. Public hearing was closed and Ordinance 10968 creating the MGD, adopted by a vote of 6-1 (Vice-Mayor Uhlich dissenting).

On December 13, 2011, the Mayor and Council adopted Resolution No. 21835 and 21836 which amended the *UAP* and the *WUNP*.

On December 5, 2011, the Mayor and Council initiated a rezoning of properties within the Transition Area to support and guide transit-oriented development.

On June 28, 2011, the Mayor and Council initiated amendments to the *West University Neighborhood Plan (WUNP)* to facilitate transit-oriented development in the Transition Area (a sub area of the WUNP).

Related Cases:

To accommodate the proposed mixed-use development, the applicant is requesting, under the Activity numbers below, the relocation and rehabilitation of five (5) single-family residences, the rehabilitation of two (2) other single-family residences to remain on site to become workforce housing units, and the demolition of one adobe structure single-family residence. These structures are contributors to the West University National Register Historic District and will need the authorization by the Mayor and Council, pending this request for amendment to the MGD (see Appendix B for proposed relocations and demolition of existing historic structures).

Historic structures proposed to be relocated:

T21BU00511 (HPZ 22-053), 812 E Speedway Bl
T21BU00512 (HPZ 22-054), 814 E Speedway Bl
T21BU00513 (HPZ 22-055), 818 E Speedway Bl
T21BU00509 (HPZ 22-057), 1040-1050 N Euclid Av
T21BU00508 (HPZ 22-058), 1036 N Euclid Av

Relocation sites:

SD-0723-00074, 548 E 1st St
SD-0723-00075, 926 N 2nd Av
SD-0723-00076, 930 N 2nd Av

Historic structure proposed to be demolished:

T21BU00510 (HPZ 22-056), 1052 N Euclid Av

Historic structures proposed to remain on site:

1024 N Euclid Av
1030 N Euclid Av

Project Background – The applicant is seeking to develop the site with mixed-use community with 114 new housing units for students, 30 workforce housing apartments, and 3,000 square feet of community focused retail space, with a range of heights from 24 feet along Euclid Av., stepping up to the east to 48 and 74 feet in total. The applicant is also proposing the relocation/rehabilitation of 5 existing contributors away from the project’s site, the rehabilitation of two contributors that are to remain on the southwest corner of the site, and the demolition of one adobe structure due to poor structural conditions. The applicant has corresponded with the Arizona State Historic Preservation Office (SHPO) and the relocated structures will maintain their contributing status at the new location.

Public Outreach – The applicant held an Open House on February 27, 2023, and a formal neighborhood meeting on April 27, 2023. A third Open House was held on September 27, 2023. Documentation and details are included in the application packet.

Applicant’s Request – The amendment to the MGD (see Attachment A for proposed MGD text amendment) to allow a mixed-use development with a range of heights from 24 feet along Speedway Bl. and Euclid Av., stepping up to the east to 48 and 74 feet in total. The project is an assembly of eight parcels at the southeast corner of Speedway Bl. and Euclid Av., conforming a total of 1.45 acres.

Planning Considerations – The *Unified Development Code (UDC)* requires all Urban Overlay District (UOD) zones, which include the Main Gate District Urban Overlay (MGD) to conform to *Plan Tucson*, the *University Area Plan (UAP)* and the *West University Neighborhood Plan (WUNP)*.

Land Use Plan Compliance – *Plan Tucson*, the *City of Tucson General and Sustainability Plan*, helps guide decisions that shape and affect Tucson such as housing, jobs, land use, transportation, water and energy resources. Specific Plans, such as the *University Area Plan (UAP)*, and the *West University Neighborhood Plan (WUNP)*, intend to advance the implementation of *Plan Tucson* through more detailed policy direction. This MGD amendment proposal conforms to *Plan Tucson*, the *University Area Plan (UAP)*, and the *West University Neighborhood Plan (WUNP)*.

Plan Tucson designates the project site as part of the Existing Neighborhoods building block. Existing Neighborhoods are primarily developed and largely built-out residential neighborhoods and commercial districts in which minimal new development and redevelopment is expected in the next several decades. The goal is to maintain the character of these neighborhoods, while accommodating some new development and redevelopment and encouraging reinvestment and new services and amenities that contribute further to neighborhood stability. *Plan Tucson* policies (*LT3 and LT13*) support development opportunities where residential, commercial, and employment are closely located, including close proximity to transit. Development should offer multi-modal transportation choices, potential to develop moderate to higher density residential, and allow for parking management and reduction that can encourage the use of transit, bicycles, and walking as a regular choice. *Plan Tucson* policy LT16 encourages the reduction of required motor vehicle parking areas with an increase of bicycle facilities for both residential and commercial projects. *Plan Tucson* policy LT4 calls for development projects to take into account view sheds and sensitivity to surrounding areas. *Plan Tucson* policy LT28.2.3 acknowledges that high density residential development is generally appropriate where primary vehicular access is provided to an arterial and is directed away from the interior of low-density residential areas, along arterials.

The *UAP* places the project site within the “West University Transition Area”, while its Land Use map places the site within the Moderate/High Density Residential land use category. *UAP* goals support pedestrian-oriented areas and new residential development around the University of Arizona, including the Main Gate area and University Bl., and encourage uses that continue the vitality of the area. The *UAP* supports mix use development that carefully integrates residential and nonresidential development in areas which are predominantly high density residential or nonresidential, under the guidance of the General Design Guidelines included in the *UAP* (policy 3.D). Also, the *UAP* encourages the retention of contributing historic buildings and viable residential structures by including them as integral components of new development, and supports new development on the perimeter of residential areas which serves to protect and enhance the quality of life for neighborhood residents (policies 2.3, 3A.2, 3.A.3).

The [WUNP](#) promotes transit-oriented infill development in the “Transition Area” , in which the project site is located, specifically in Area 1, Subarea A (policy 2.A). Building height is allowed as shown on Maps 4A and 4B of the *WUNP*, which range from 4 and 6 stories (policy 2.B.1). Transit-oriented Design Guidelines are included for the Transition Area, focused on creating an urban neighborhood with residential and non-residential uses, and a multi-modal emphasis that is comfortable for pedestrians. The *WUNP* also indicates that demolition of a contributing structure must undergo Historic Preservation Zone (HPZ) demolition process prior to using the MGD zoning option (policy 2.C.1).

The [Main Gate Urban Overlay District](#) (MGD) document implements the *WUNP* Transition Area policies, yet allows flexibility to accommodate creative solutions to design and development issues. The MGD has similarities to a Planned Area Development (PAD) document and allows land uses that are tailored for transit-oriented development, with the ability to exclude those uses not appropriate for this district. Building heights can be varied in specific locations. The MGD design requirements are modeled on the *WUNP* Transition Area design guidelines. The MGD document provides incentives for restoration and adaptive re-use of historic structures. The MGD Design Review Committee is established to review various historic and design issues.

The MGD identifies the project site within “Area 1”, Speedway Subarea (parcels of project site facing Speedway Bl.), and Euclid Subarea (parcels of project site facing Euclid Av.). For the parcels in the Speedway Subarea, the MGD limits heights to 3 stories and 40 feet for the most western parcel, and 4 stories and 56 feet for the other 2 parcels fronting Speedway Bl. (MGD Section D-2.d). For the project site’s parcels facing Euclid Av., the MGD restricts building heights to a maximum of 40 feet, if the building, in the evaluation of the City of Tucson Historic Preservation Officer (HPO), meets the Secretary of Interior’s Standards for Treatment of Historic Buildings and the project does not cause an existing building or structure to be de-listed from the National Register of Historic Places (MGD section D-3.b).

Design Considerations

Land Use Compatibility – The site is surrounded by a variety of land uses, which include financial services, religious services, student housing, single-family residences and educational. The proposed mixed-use development includes student housing, workforce housing, and retail spaces on the ground floor along Speedway Bl. As proposed by the applicant, the project provides a transition between the existing student housing high rises to the east and the historic neighborhood to the west of the site, demonstrating conformance with policy direction established by [Plan Tucson](#), the [University Area Plan \(UAP\)](#), and the [West University Neighborhood Plan \(WUAP\)](#), which support new higher density residential development along arterial streets on the perimeter of residential areas that is compatible with the surrounding scale, density and character. The project with the proposed density and heights could not be accommodated in the underlying HR-1, HR-2 and HR-3 zoning, but the [Main Gate Urban Overlay District](#) (MGD) is a zoning tool for redevelopment that would allow the proposed development as long as its design meets the design criteria established by the MGD. However, the MGD limits heights along Speedway Bl. in the project site to 40 and 56 feet, and along Euclid Av. to 40 feet (MGD Sections D-2.d, D-3.b, and Figure 8).

Design Compatibility – The Design Compatibility Report and the proposed preliminary development plan include compliance with MGD’s height transitions and vertical setbacks of stair-stepping building heights back from the street, breaking up the mass of the building with a tiered 2/4/6 story approach, a defined gathering space at the corner of Speedway Bl. and Euclid Av., a storefront design along Speedway Bl. and the corner of Speedway Bl. and Euclid Av., main lobby entrance and retail access along Speedway Bl. wrapping the corner on Euclid Av., transitioning into a “townhouse” style frontage along Euclid Av., all complementing the pedestrian experience at the street level.

Both vertical setbacks and building massing meet with requirements of the MGD, helping establish a transition between the existing student housing high rises to the east and the historic neighborhood to the west of the project site. The inclusion and the rehabilitation of the two existing contributors at the southwest corner of the site help maintain the scale and historic context. Parking will be provided in 83-space parking structure located behind the proposed buildings, with all vehicular access off the alleyway to the east. The fitness center is located in the mezzanine, in the interior to the building, and the pool and other amenities will be located on the second floor, wrapped with residential units, on the top of the parking garage and mezzanine. There are no rooftop amenities nor resident access to the roof. The preliminary landscape plan includes canopy trees and other vegetation around the buildings. If the requested amendment to the MGD is approved, a Design Package will need to be submitted as part of the MGD design review process.

Road Improvements/Vehicular Access/Transit – Speedway Bl. and Euclid Av. are designated arterials by the [*Major Streets and Routes*](#) (MS&R) *Plan*. The project proposes all vehicular access and a pick-up/drop-off zone along the alleyway to the east, which is proposed to be widened from 16 to 20 feet. There are a number of fixed bus routes on Speedway Bl. and Euclid Av., a sheltered bus stop immediately east of the site, and the streetcar and UA campus are within a short walking distance.

In the Design Compatibility Report, the applicant is proposing a dedication of required right-of-way to widen Euclid Av. to add a longer right-turn lane to add capacity to the Speedway/Euclid intersection as well as improve safety by removing a short and sharp turn movement as exists today. Also, a new curb, gutter and sidewalks with wider widths are proposed. In the Spring of 2023, Capstone and the West University Neighborhood Association formed an agreement where Capstone is committed to funding up to 2,245 linear feet of new sidewalk and 17 ADA ramps in the neighborhood. The Department of Transportation and Mobility will be reviewing the proposed locations of these infrastructure improvements.

Historic Preservation - The MGD discourages demolition of contributors to the West University National Register Historic District. The applicant is proposing to rehabilitate two contributors that are to remain on the southwest corner of the site for workforce housing, the relocation/rehabilitation of five (5) existing contributors away from the project’s site, and the demolition of one (1) adobe structure due to poor structural conditions. The MGD requires these relocations and demolition to be reviewed by the West University Historic Advisory Board (WUHAB) and the Tucson-Pima County Historical Commission’s Plans Review Subcommittee (PRS) prior to approval by the Mayor and Council (MGD Sections C-18.a.2, C-18.e, D-2c, D-3b). The WUZAB reviewed the proposed relocations/demolition on 8/16/2022 and 9/20/2022, and recommended denial to the Mayor and

Council. On 10/27/2022 the PRS recommended approval (see Attachment B – Legal Action Reports and proposed relocations and demolition of existing historic structures). The relocation sites still need review by WUZAB and PRS. Mayor and Council is scheduled to review the proposed relocations/demolition at the same time it considers this proposed MGD amendment. The site and building plans or the relocated structures will also need to go through a review process by WUHAB and PRS.

Conclusion –The proposed amendment of the MGD provides a transition between the existing student housing high rises to the east and the historic neighborhood to the west of the project site, is compatible with existing surrounding land uses, and it is in compliance with *Plan Tucson*, the *University Area Plan* and the *West University Neighborhood Plan*. The proposed relocation/rehabilitation of historic structures to other locations within the West University Neighborhood will be considered by the Mayor and Council. Subject to compliance with the attached preliminary conditions, approval of the requested amendment is recommended.

Attachment A – Proposed MGD text amendment.

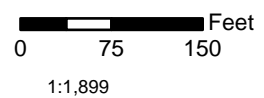
Attachment B – Legal Action Reports and proposed relocations and demolition of existing historic structures.

TP-MOD-0723-000021 - Capstone Speedway/Euclid Mixed Use

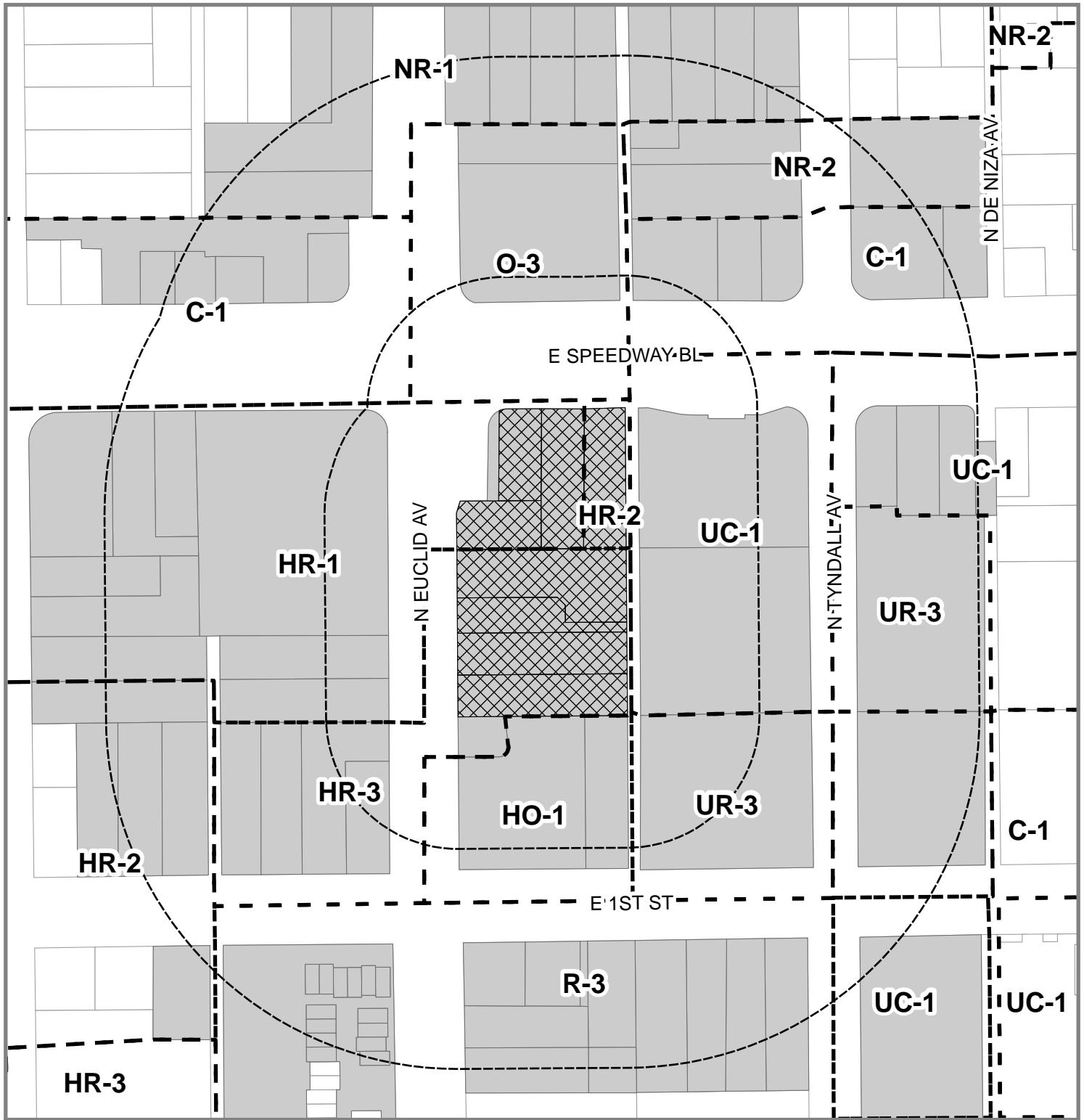





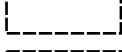
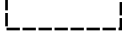
 Area of Rezoning

Address: 1024 N EUCLID AV
Base Maps: Twp. 1403 Range 1402 Sec. 07
Ward(s): 6

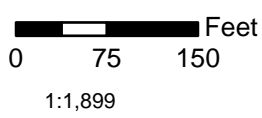


TP-MOD-0723-000021 - Capstone Speedway/Euclid Mixed Use



-  Area of Rezoning
-  Zone Boundaries
-  Properties Notified
-  400' Notification Area
-  Protest Area (150 ft. Radius)

Address: 1024 N EUCLID AV
 Base Maps: Twp. 1403 Range 1402 Sec. 07
 Ward(s): 6



CITY OF TUCSON PUBLIC HEARING NOTICE

The Zoning Examiner will hold a public hearing on **October 12, 2023 at or after 6:00 P.M.** to consider a major amendment to the Main Gate Urban Overlay District (MGD) to allow a maximum building height of 74 feet for a proposed mixed-use development proposal at the location indicated below. Copies of the proposed request can be obtained from the City of Tucson Planning & Development Services Department Rezoning Section, located at 201 North Stone, Tucson, Arizona. If you have any questions, please contact the Rezoning Section at 520-791-5550.

MEETING NOTE: Due to the impacts of the COVID-19 pandemic, which have prompted declarations of a public health emergency at the local, state and federal levels, this meeting will be conducted using measures to protect public health. This meeting will be held remotely through technological means, as permitted under Arizona law. These measures are in place to limit the need for members of the public to participate in large public gatherings, while ensuring that the discussions, deliberations, and actions of the Zoning Examiner are transparent and conducted openly.

IN-PERSON ATTENDANCE BY MEMBERS OF THE PUBLIC WILL BE PROHIBITED.

The Zoning Examiner, on behalf of the Mayor and Council, conducts a public hearing and considers testimony for each rezoning in the City of Tucson. The Zoning Examiner may impose reasonable limitations on the number of speakers and the length of the testimony.

After the Public Hearing, the Zoning Examiner issues written reports with findings of fact and a recommendation. A preliminary report is issued five working days after the close of the public hearing. A final report is issued 14 days after the close of the public hearing and transmitted to the Mayor and Council. Any person may request a public hearing before Mayor and Council provided the written appeal is filed with the City Clerk within 14 days after the close of the Zoning Examiner's public hearing. The Mayor and Council make the final decision on all rezoning requests.

Please join the Zoning Examiner hearing from your computer, tablet, or smartphone. Members of the public may view, listen to, and participate in the hearing online by going to the Zoning Examiner website and clicking "Join Meeting" at the top of the page. The Zoning Examiner website may be accessed at the following location: **www.tucsonaz.gov/Departments/Planning-Development-Services/Public-Meetings-Boards-Committees-Commissions/Zoning-Examiner**.

You can also dial in using your phone.

United States: **+1 346-248-7799** Conference ID: **824 9464 9853#** Passcode: **281408**

If you encounter difficulty accessing the hearing, please send an email to TucsonRezoning@tucsonaz.gov for technical assistance.

The public has the following options to provide comment to the Zoning Examiner:

- 1) Members of the public may submit written comments prior to the hearing by sending an email to TucsonRezoning@tucsonaz.gov. The email should include the Zoning Examiner public hearing date, the case number or name, and your name. **Written comments must be received no later than 5:00 pm October 11, 2023.**
- 2) Individuals wishing to speak during the hearing may join the hearing via teleconference and should submit a written request to TucsonRezoning@tucsonaz.gov. **Written request should be received by no later than 5:00 pm October 11, 2023.** The email should include the Zoning Examiner public hearing date, your name, and the phone number you will use for the teleconference. The phone number provided will be used to identify the individual when/if being called upon to speak during the public hearing by the Zoning Examiner. Individuals wishing to speak but who did not submit a prior written request will be provided instructions by the Zoning Examiner at the time of the hearing on how to provide comments.

You may speak in favor or in opposition to the rezoning during the public hearing. You may also submit a written approval or protest.

Case: TP-MOD-0723-000021 – Capstone Speedway/Euclid Mixed-Use (Ward 6)

Requested Change: Major amendment of Main Gate Urban Overlay District (MGD) to allow a maximum building height of 74 feet for a mixed-use development.

Location: 818 East Speedway Blvd., at the southeast intersection of Speedway Blvd. and Euclid Ave.

Proposed Development: Construction of 114-unit, 418-bed student housing community, 30 workforce apartment homes, and 3,050 square feet of commercial/retail space.

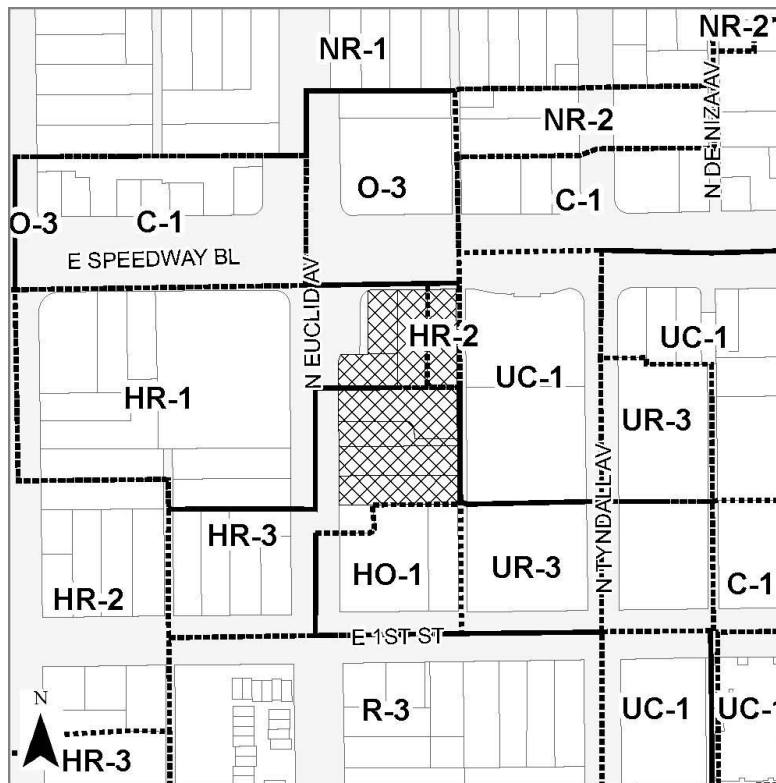
Notificación de Audiencia Pública del Examinador de Zonificación

Para oír y tomar en consideración el siguiente caso: TP-MOD-0723-000021 – Capstone Speedway/Euclid Mixed-Use (Ward 6)

Cambio de Zonificación Solicitada: Enmienda mayor al texto del documento del Distrito Main Gate, para permitir una altura máxima de construcción de 74 pies para un desarrollo de usos del suelo mixtos.

Ubicación: 818 East Speedway Blvd., en la intersección sureste de las calles Speedway Blvd. Y Euclid Ave.

Desarrollo Propuesto: Construcción de 114 apartamentos para estudiantes con 418 recámaras, 30 viviendas para trabajadores, y 3,050 pies cuadrados de espacio comercial.



TP-MOD-0723-000021

PUBLISH: September 26, 2023 1/8 page display ad. Territorial



MEMORANDUM

DATE: September 26, 2023

TO: File

FROM: Rezoning Section

SUBJECT: Certification of Mail Out of Zoning Examiner Public Hearing Notice on Rezoning Site

MGD TEXT AMENDMENT CASE NAME:

TP-MOD-0723-000021 – Capstone Speedway/Euclid Mixed-Use

This serves to place on record the fact that, on September 26, 2023, María Gayosso mailed notice of the Zoning Examiner's June 29, 2023 public hearing for MGD text amendment case TP-MOD-0723-000021, a minimum of fifteen (15) days prior to the public hearing.

Signature:  Date: *September 26, 2023*

Attachment: copy of mailing list

cc: Zoning Examiner

PARCEL	MAIL1	MAIL2	MAIL3	MAIL4	MAIL5	ZIP
	115044070 GOODMAN MICHAEL ALLEN	430 E LEE ST	TUCSON AZ			85705
	115044300 BIG FISH MARLIN REVOC FAMILY TR	ATTN: MARLIN J & VICKY M BOCKTING TR	PO BOX 17 TUCSON AZ			85731
	115044310 REICHEL ERIC A & AMY E CP/RS	1129 N TYNDALL AVE	TUCSON AZ			85719
	115044320 WILT KRISTEN R	840 E HELEN ST	TUCSON AZ			85719
	115044340 FRANCEV KIMBERLY K	834 E HELEN ST	TUCSON AZ			85719
	115044350 RODRIGUEZ FERNANDO J & DAY GLORIA J	LIVING TR	824 E HELE TUCSON AZ			85719
	115044360 RODRIGUEZ FERNANDO J & DAY GLORIA J LIVING	820 E HELEN ST	TUCSON AZ			85719
	115044370 ACCETTA RANDOLPH	2416 E 4TH ST	TUCSON AZ			85719
	115044380 UNITED STATES REALTY HOLDINGS LLC	PO BOX 64324	TUCSON AZ			85728
11504439A	VANTAGE WEST CREDIT UNION	PO BOX 15115	TUCSON AZ			85708
	115044410 BLUE UNIVERSITY HOMES LLC	2455 N CAMPBELL AVE	TUCSON AZ			85719
	115044420 ARIZONA REAL ASSET MANAGEMENT LLC	4775 N CAMINO ANTONIO	TUCSON AZ			85718
	115044630 LINDO COURT ENTERPRISES LLLP	6700 N ORACLE RD STE 504	TUCSON AZ			85704
	115044660 CORE TUCSON JIB LLC	1643 N MILWAUKEE AVE APT 5	CHICAGO IL			60647
11504467A	MCAZ REAL ESTATE VENTURES I LLC	4619 ARCOLA AVE	TOLUCA LAKE CA			91602
11504469A	LEE FAMILY PROPERTY MGMT LLP 71% & LEE	GREGORY & JULIE FAMILY REVOC TR 29%	PO BOX 65 TUCSON AZ			85728
11504480A	VESPER SLY IVY LLC 61.089% ET AL	595 MADISON AVE FL 37	NEW YORK, NY			1002
11504492A	NORTH AMERICAN ISLAMIC TRUST INC	901 E 1ST ST	TUCSON AZ			85719
11504500C	CORE TUCSON SPEEDWAY LLC	1643 N MILWAUKEE AVE UNIT 5	CHICAGO IL			60647
11504503A	LFBR LLC	PO BOX 40933	TUCSON AZ			85717
11504504A	LMLN PROPERTIES LLC	2618 E DEVON ST	TUCSON AZ			85716
11504507A	LFBR LIMITED PARTNERSHIP	PO BOX 40933	TUCSON AZ			85717
11504508A	SARR INVESTMENTS LLC	6761 E TANQUE VERDE RD STE 7	TUCSON AZ			85715
11504508B	RO BRO LLC	6761 E TANQUE VERDE STE 7	TUCSON AZ			85715
11504509A	BREIT SH URBANE LLC	222 S RIVERSIDE PLAZA STE 2000	CHICAGO IL			60606
	115045120 1030 N EUCLID AVENUE LLC	2270 KALAKAUA AVE AP	HONOLULU HI			96815
	115045150 BINGHAM RESTORATION TUC LLC	8338 E KAEL ST	MESA AZ			8507
11504516A	MARSHALL CHARITABLE FOUNDATION	814 E UNIVERSITY BLVD	TUCSON AZ			85719
11504516B	ARIZONA BOARD OF REGENTS	220 W 6TH ST PO BOX 210300	TUCSON AZ			85719
11504520B	HUB PROPCO LLC	50 S STEELE ST STE 600	DENVER CO			80209
11504525C	FIRST CHRISTIAN CHURCH	740 E SPEEDWAY BLVD	TUCSON AZ			85719
11504531C	KAUFMAN ASHER & NICHOLS CATHERINE ANN C	1030 N 1ST AVE	TUCSON AZ			85719
	115045350 NICHOLS CATHERINE ANN	4556 N FLECHA DR	TUCSON AZ			85718
	115045360 VAN HULSE CAMIL FOUNDATION	3044 W COTTONWOOD LN	PHOENIX AZ			85045
	115045370 1025 N EUCLID LLC	420 E OREGON AVE	PHOENIX AZ			85012
	115045380 CITY OF TUCSON	ATTN: HOUSING AND COMMUNITY DEVELOPMENT	PO BOX 27 TUCSON AZ			85726
	115045410 VALADEZ LUIS ENRIQUE & SYLVIA ROSALES CP/R	707 E 1ST ST	TUCSON AZ			85719
	115045420 BAHAY LLC	5720 E 8TH ST	TUCSON AZ			85711
	115045440 KEEN SUEY GEE & DEANNA L SUN PING GEE	6326 N VIA LOMAS DE PALOMA	TUCSON AZ			85718
	115045450 KS & DL GEE TR	ATTN: KEEN SUEY & DEANNA LUM SUN	PING GEE T 6326 N VIA TUCSON A			85718
	115045460 GOULD FAMILY PROPERTIES VIII LLC	8571 E HILLWOOD LN	TUCSON AZ			85750
	115045480 GOULD FAMILY PROPERTIES VIII LLC	PO BOX 36163	TUCSON AZ			85740
	115045540 O MALLEY ROBERT F	1616 E EDISON ST	TUCSON AZ			85719
	115045800 ARIZONA BOARD OF REGENTS	220 W 6TH STREET PO BOX 210300	TUCSON AZ			85721
	115046360 GOODMAN MICHAEL	430 E LEE ST	TUCSON AZ			85705
	115046660 RULNEY FAMILY TR	11583 N MONIKA LEIGH PL	TUCSON AZ			85737
	115046670 FAJARDO OLIVARES JUAN & FAJARDO NADIA CP	941 N EUCLID AVE UNIT 125	TUCSON AZ			85719
	115046680 SKINNER LIVING TR	ATTN: KENNETH C & GAYLE L SKINNER TR	783 PEPPEI PRESCOTT AZ			86305
	115046690 JL PROPERTIES I LLC	13213 W COLTER ST	LITCHFIELD PARK AZ			85340
	115046700 SANDOVAL JOINT TR	ATTN: JONATHAN & MEGAN SANDOVAL TR	1878 E WA GILBERT AZ			85298
	115046710 PIKOWSKI JENNIFER M	317 S ELMWOOD AVE	OAK PARK IL			60302
	115046720 TRAN PAUL T & VANESSA E CP/RS	2321 E MEWS RD	GILBERT AZ			85298
	115046730 ROJAS FRANCISCO MARTIN & COLLEEN MARIE C	961 N EUCLID AVE UNIT 131	TUCSON AZ			85719
	115046740 TMSI RUSH TR	ATTN: THOMAS M & SANDRA I RUSH TR	12620 S AV YUMA AZ			85365
	115046750 MKJC PROPERTIES LLC	2184 W GLADE CREEK ST	MERIDIAN ID			83646
	115046760 EVEN CONCEPT ENTERPRISE LTD	502 E ROGER RD	TUCSON AZ			85705
	115046770 AHMAD SUHAIL & QURESHI ABIDA M CP/RS	9894 N RABWA PL	TUCSON AZ			85742
	115046780 QUIS STEPHEN R & JENNIFER P CP/RS	951 N EUCLID AVE UNIT 136	TUCSON AZ			85719
	115046790 DOLDOLEA-NACION SUSAN & NACION	CHRISTOPHER M JT/RS	951 N EUCL TUCSON AZ			85719
	115047100 ONDO EMMANUEL PATRICK ONDO	941 N EUCLID APT 224	TUCSON AZ			85719
	115047120 CABRERA MARIELA & CABRERA KARIELA & CABR	GOMEZ DANIEL	941 N EUCL TUCSON AZ			85719
	115047130 VUUA WILDCATS 227 LLC	6440 N MESA VIEW DR	TUCSON AZ			85718
	115047140 TUCSON LOUNGE LLC	3331 MERRIMAC DR	SAN JOSE CA			95117
	115047150 CANELAS ELIZABETH & LOPEZ JOAQUIN CP/RS	547 FAIR OAKS AVE	OAK PARK IL			60302
	115047160 REDHAIR MICHAEL & ETHEL H CP/RS	961 N EUCLID AVE UNIT 230	TUCSON AZ			85719
	115047170 LAWSON CHRISTOPHER & VINCENT GRANT CP/R	905 LAGUNA ST	SAN FRANCISCO CA			94115
	115047180 GIL LISA & ALEXANDER CHRISTINE R JT/RS	931 N EUCLID AVE UNIT 232	TUCSON AZ			85719
	115047190 JD REALTY LLC	1050 WHATLEYS MILL LN	GREENSBORO GA			30642
	115047200 IRAR TR	FBO HERVE BRELAY ACCT 3602654	100 PRINGI WALNUT CREEK CA			94596
	115047210 MC KEARNEY JOANNE	8644 N FOUNTAIN GRASS AVE	TUCSON AZ			85743
	115047220 KUHNE JOANN	1436 AARHUS DR	SOLVANG CA			93463
	115047230 TRACY COOK IRA LLC 50% & MONICA	WINNEBALD IRA LLC 50%	3127 W LA PHOENIX AZ			85086
	115047310 931 EUCLID LLC	ATTN: CADDEN COMMUNITY MANAGEMENT	1870 W PR TUCSON AZ			85705
12404097C	TYNDALL AVENUE STUDENT HOUSING LLC	ATTN: HEITMAN CAPITAL MANAGEMENT LLC	191 N WAC CHICAGO IL			60606

Name	Address	City, State, Zip
Regina Romero - Mayor	255 W. Alameda ST	Tucson, AZ 85701
Stacey Plassmann - N.A. - Rincon Heights	11440 E 10th St	Tucson, AZ 85719
Gayle Hartmann - N.A. - Sam Hughes	2224 E 4th St	Tucson, AZ 85719
Betsey Besserick - N.A. - West University	P.O. Box 42825	Tucson, AZ 85733
Mike Attwood - N.A. - North University	PO Box 40394	Tucson, AZ 85717
Nancy Robins - N.A. - Pie Allen	801 E 7th St	Tucson, AZ 85719
Hannah Louie (Co-President) - N.A. - Miles	1234 E 12th St	Tucson, AZ 85719
Matthew "Grady" Bautista - N.A. - Barrio San Ar	530 S Star Ave	Tucson, AZ 85719
Alice Roe - N.A. - Blenman-Elm	P.O. Box 42092	Tucson, AZ 85733
Logan Havens - N.A. - Feldman's	414 E Drachman St	Tucson, AZ 85705
Faffs Riederer - N.A. - Dunbar Spring	901 N 13th Ave #105	Tucson, AZ 85705
Bob Freitas (Co-Pres) - N.A. - El Presidio	423 N Main Ave	Tucson, AZ 85701
William Nelson - N.A. - El Cortez Heights	510 E Sahuaro St	Tucson, AZ 85705
Colleen Nichols - N.A. - Jefferson Park	P.O Box 41243	Tucson, AZ 85717
Sarah Studd (Co-Pres) - N.A. - Mountain First Av	1131 E Mitchell St	Tucson, AZ 85719
Nicole Woodard - N.A. - Sugar Hill (formerly No	2150 N 4th Ave #2104	Tucson, AZ 85705
Mike McGary - N.A. - Downtown Neighborhood	111 S Church, Apt #504	Tucson, AZ 85701
Kristina Scholz - N.A. - Bronx Park	201 W Adams St	Tucson, AZ 85705
Bill Craig - N.A. - Sam Hughes	PO Box 42931	Tucson, AZ 85733
Henry Werchan - N.A. - West University	PO Box 42825	Tucson, AZ 85733
Aaron Paxton - N.A. - North University	PO Box 40394	Tucson, AZ 85717
Pat Homan - N.A. - Pie Allen	850 E. 7th St	Tucson, AZ 85719
Robert McLane (Co-President) - N.A. - Miles	1724 E Miles St	Tucson, AZ 85719
Alan Myklebust - N.A. - Blenman-Elm	P.O. Box 42092	Tucson, AZ 85733
Holly Bryant - N.A. - Feldman's	1302 N 4th Ave	Tucson, AZ 85705
Patricia Gehlen - N.A. - Jefferson Park	P.O. Box 41243	Tucson, AZ 85717
Rodney Frable - N.A. - Mountain First Avenue	2671 N Santa Rita Ave	Tucson, AZ 85719
Jack Anderson - N.A. - Sugar Hill (formerly Nortl	PO Box 40551	Tucson, AZ 85717
John Dodge - N.A. - Bronx Park	201 W Adams St	Tucson, AZ 85705
Laura Tabili - N.A. - Rincon Heights	116 N Mountain Ave	Tucson, AZ 85719
Gayle Hartmann - N.A. - Sam Hughes	PO Box 42931	Tucson, AZ 85733
David Zippis - N.A. - West University	P.O. Box 42825	Tucson, AZ 85733
Elisabeth Morgan - N.A. - North University	1315 E. Mabel St.	Tucson, AZ 85719
Sean DeMars - N.A. - Miles	1621 E 12th St	Tucson, AZ 85719
Patrice Lange - N.A. - Blenman-Elm	PO Box 42022	Tucson, AZ 85733
Beau Peterson - N.A. - Feldman's	1315 N 4th Ave	Tucson, AZ 85705
Christy Stewart - N.A. - Dunbar Spring	39 W 2nd St	Tucson, AZ 85705
Mary Jo Curtin - N.A. - El Presidio	233 N Main Ave	Tucson, AZ 85701
Jonathan Tullis - N.A. - Iron Horse	216 N 1st Ave	Tucson, AZ
Laurel-Heather Mildren - N.A. - Jefferson Park	P.O. Box 41243	Tucson, AZ 85717
Michael Gozan - N.A. - Mountain First Avenue	1131 E Mitchell St	Tucson, AZ 85719
Kathryn Carroll (Co-Sec) - N.A. - Sugar Hill (form	203 E Linden St	Tucson, AZ 85705
Monica Woods - N.A. - Bronx Park	201 W Adams St	Tucson, AZ 85705
Kevin Dahl - Ward 3	1510 E. Grant RD	Tucson, AZ 85719
Steve C. Kozachik - Ward 6	3202 E. 1st ST	Tucson, AZ 85716
Lane Santa Cruz - Ward 1	940 W. Alameda ST	Tucson, AZ 85745
Richard G. Fimbres - Ward 5	4300 S. Park AV	Tucson, AZ 85714

D-3 Euclid Sub-area. The Euclid Sub-area is comprised of lots with the following tax codes: 115-04- 506A (506A), 115-04- 516B (516B) 115-04- 508A (508A), 115-04- 508B (508B), 115-04- 5120 (5120), 115-04- 5150 (5150).

D-3.a The MGD zoning option is not available to a property that would result in the following: (i) the demolition of a contributing property; (ii) a modification including alteration, addition, and partial demolition of a contributing property that in the evaluation of the City of Tucson Historic Preservation Officer (HPO) does not meet the Secretary of Interior's Standards for Treatment of Historic Buildings and would cause a building or structure to be de-listed from the National Register of Historic Places. Appeals of the HPO's decision can be made to the State Historic Preservation Officer.

D-3.b The MGD zoning option may be used for the re-use of existing buildings and for a new building up to 40 feet in height with the following conditions: (i) the building, in the evaluation of the City of Tucson Historic Preservation Officer (HPO), meets the Secretary of Interior's Standards for Treatment of Historic Buildings and the project does not cause an existing building or structure to be de-listed from the National Register of Historic Places. Appeals of the HPO's decision can be made to the State Historic Preservation Officer.

D-4 Tyndall Sub-area is comprised of lots with the following tax codes: (i) the northern lots - 115-04- 502A, (502A) 115-04- 500A (500A), 115-04- 498A (498A) 115-04- 4990 (4990) , (ii) the central lots - 115-04- 5090 (5090), 115-04-5140 (5140), and (iii) the southern lots - 115-04-5240 (5240) and 115-04-520A (520A).

D-4.a Building Heights Building heights shall apply to the lots as following: (i) 502A, 500A, 498A, and 4990 not to exceed four stories or 56'; (ii) 5090 and 5140 not to exceed six stores or 84'; and (iii) 5240 and 520A not to exceed 8 stories or 90'.

D-4.b Special Bulk Reduction Plan. The Design Review Committee may approve a special bulk reduction plan using step backs and other criteria for buildings along the west side of Tyndall Avenue. There will be a finding to assure the historic buildings to the west are considered in the design. Bulk reduction on other sides of the building may be less than is required in Section C-17 and the provisions of Section C-18.g should be taken into consideration in the plan. However, the corner of First Street and Tyndall Avenue should be designed using urban design best practices for pedestrian-oriented street corners.

D-5 Speedway and Euclid Master Redevelopment Plan. In the event a development proposal for a single unified redevelopment of all of the Speedway and Euclid subarea parcels (excluding university owned 115-04-516b) is proposed (the "Redevelopment Plan"), the following standards shall apply:

D-5.a The MGD zoning option may be used and all provisions apply, except as modified below.

D-5.b The Redevelopment Plan shall provide for (i) no more than one (1) West University Historic District ("WUHD") contributing structure being demolished, (ii) at least five (5) WUHD contributing structures being relocated within the WUHD and retaining contributing status to WUHD as approved by the City of Tucson Historic Preservation Officer ("HPO"), and (iii) re-use on site or relocation within WUHD of any additional WUHD contributing structures, subject to HPO approval. Any HPO decision is appealable to the State Historic Preservation Officer. Approvals shall comply with section C-18.

D-5.c Contributing structures currently on site to be relocated shall be restored per the Secretary of Interior Standards once relocated. The two contributing structures that are to remain on site shall be protected and monitored for adverse impacts during construction of the new buildings.

D-5.d Redevelopment Plan shall allow for no greater than 74 feet in total building height, subject to height restrictions of 24 feet and 48 feet as shown in Figure 8.B.

D-5.e Height and mass transitions and bulk reduction provisions of section C-17 apply. In addition to those minimum standards, the redevelopment plan shall include:

- (i) A setback of 6 feet at the top of the second floor for 77% of the building frontage along Euclid
- (ii) A setback of 32 feet at the top of the fourth floor for 75% of the building frontage along Euclid
- (iii) A setback of 4 feet at the top of the second floor or no higher than 18 feet for 66% of the building frontage along Speedway
- (iv) A setback of 55 feet at the top of the fourth floor or no higher than 39 feet for 19% of the building frontage along Speedway
- (v) A corner setback of no less than 28 feet in depth from Speedway and 19 feet in depth from Euclid to be placed at the southeast corner of the intersection of Speedway and Euclid at the top of the second floor or no higher than 18 feet.

D-5.f The Redevelopment Plan shall provide for a two story townhome like elevation with ground floor units having direct access to the sidewalk along Euclid for the frontage area required to be setback per section D-5.c. This area of the structure shall be utilized for residential purposes; commercial and/or retail uses are not permitted to be located in this area.

D-5.g Active outdoor resident amenities (such as swimming pools) shall be located so that they are not visible from Euclid, such as placement within an interior location to place building mass, walls and/or units between such features and Euclid, with a specific design intent to reduce noise and visual impacts for properties to the west.

D-5.h Buildings with frontage on Speedway Boulevard or Euclid Avenue used for Residential Use may or may not include some live-work and non-residential uses as permitted in Section C-2.a. The ground units along Speedway Bl. and at the corner of Speedway Bl. and Euclid Av. shall have storefront style doors and windows to enhance the pedestrian environment.

~~D-5~~ 6 Design Review Committee Role. The Design Review Committee shall review Area 1 projects for compliance with Section D and the MGD zoning options in compliance with Section B-2.d. The DRC may add special conditions to an approval to assure compliance with the intent of the MGD.

~~D-6~~ 7 Conflicting Requirements. In the case of a conflict with other parts of the MGD development document and Area 1 requirements, the requirements of Section D shall apply.

Figure 8.A

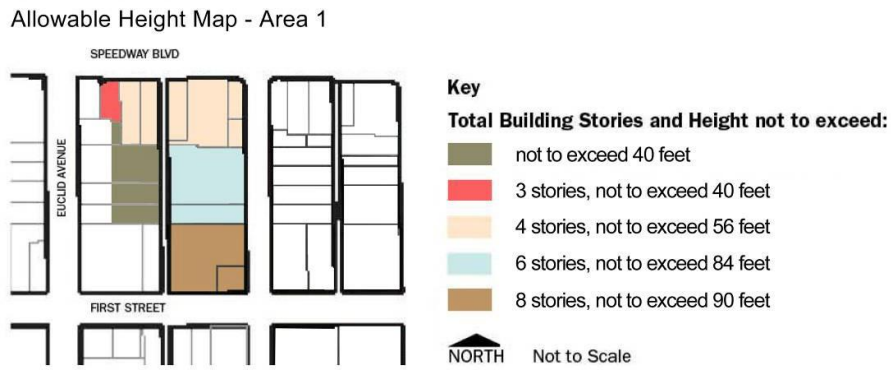


Figure 8.B

Allowable Height Map: Area 1





West University Historic Zone Advisory Board
Tuesday, September 20, 2022, at 6:00PM
Virtual Meeting
Meeting Minutes/Legal Action Report

1. Call to Order/Roll Call

Meeting Opened 6:03 pm

Meeting Secretary: Hazelbaker

Board Members Attending: Sarah Fajardo, Darci Hazelbaker, Rick McDonnell (chair), Rachel Serra and Betsy Besenick-Larson. Damon Turner joined at 6:06

Guests: John Ash, Roger Brevoort, Jodie Brown (COT PDSD), Mark Buckingham, Jayme Fabe, Maria Gayosso (COT PDSD), Noel Griemsmann, William Hubbard, Joel Ireland, Samuel Ireland, Jason Jones, Bert Kempfert, Bill Mackey, Davis Maxwell, Chris Mooney, Barbara Quade, Doug Rohe, Marcellus Rusk, Ken Scoville, Scott Soelter, Ty Utton

2. Approval of Minutes – August 16, 2022

Serra motioned to approve, Seconded by McDonnell. Motion approved 4-1 by roll call. Hazelbaker abstained.

3. Call to Audience

Brown read letter from Ken Scoville regarding item 5a.

4. Tucson Pima County Historical Commission Separation Update

Brown stated that it is still on hold and there is no date proposed for Mayor and Council

5. Reviews

a. Capstone Project

HPZ 22-053, 812 E Speedway (T21BU00511)

HPZ 22-054, 814 E Speedway (T21BU00512)

HPZ 22-055, 818 E Speedway (T21BU00513)

HPZ 22-056, 1052 N Euclid (T21BU00510)

HPZ 22-057, 1040-1050 N Euclid (T21BU00509)

HPZ 22-058, 1036 N Euclid (T21BU00508)

Relocation/demolition of 6 houses for proposed new construction.

Full Review/Contributing Resources

Noel Griemsmann, on behalf of Capstone, started the conversation regarding the relocation plan and economic viability.

Griemsmann asked Mark Buckingham from Wolfe House and Building Movers to present the process and experience of moving homes. Buckingham stated that the houses to be relocated will be a cakewalk – they have moved houses in worse condition previously. Buckingham explained the process of moving the homes with accompanying slides of homes Wolfe has previously relocated – using lifts and dollies to move them down the road, in a slow walk. Questions were opened to the Board members.

Serra enquired about the route and if one has been determined to move the houses. Buckingham stated he has not mapped the route but has walked it. McDonnell asked about the steps and order of operations that need to have in place to move the homes. Buckingham stated that it would be drawn up by an engineer. Porches would be rebuilt, some fireplaces would need to be removed and rebuilt. Serra asked if the foundation needed to be in place prior to moving and Buckingham stated that the footers need to be in place prior to being moved. The houses will be resting on steel structure until the stem wall is in place. That ensures the foundation will fit like a glove. Then the framework will be lowered, and the steel removed.

Hazelbaker asked who is responsible if the homes have issues making it to the new site. Samuel Ireland stated that until the houses make it to the site, they are the responsibility of Capstone. Once they land, they will be the responsibility of the property owner.

Hazelbaker asked about soils engineering for site, Rusk stated that they will be engineered as part of a plan to engineer the footings and foundations.

McDonnell asked if the packet we have received is the current plan for the scope of the work. Rusk stated that it is. McDonnell asked if the scope of work is what we are being asked to approve, Griemsmann stated that it is.

Are there any additional questions for the Buckingham? Board stated None.

According to McDonnell 818 ½ E Speedway is on the City of Tucson's Inventory as a contributing property. Rusk stated that he was also not aware of this information either. McDonnell asked Jody Brown to clarify that it is on the GIS as a contributing property. Scott Soetler stated that it was an automotive building and then turned into an apartment.

Regarding the Adobe at 1052 N. Euclid Griemsmann stated that the structural engineer looked at the building and found significant fire damage. The engineer felt that the lack of integrity with the roof would require a significant amount of work and effort to relocate it. Brevoort stated that is also will be significant. McDonnell stated the question is not only about moving it, what about preserving it and protecting it. Griemsmann stated that in trying to plan around the structures, it unfortunately sits right in the middle of it and it's impractical to work around it. Griemsmann feels that the effort to rehab it and renovate it would be too significant. Sam Ireland asked about the 2 that are not going to be moved, they are favorable to stay in place due to their location. Rusk stated that the

adobe is cost prohibitive to renovate it – no systems in place to continue to update.

Hazelbaker stated that the relocation of these structures is not complying with the MGUOP and that additional opportunities exist for these homes rather than relocating them – they could be moved farther back from Speedway and Euclid, used for commercial purposes and are a gateway to the zone.

Griemsmann stated that he feels that they have done the most that they can to meet the goal.

Samuel Ireland stated that student housing has a market need.

Turner commented that in the end that rules and regulations are in place for reasonable economic use, and properties should not be allowed to be demolished and neglected – Turner is concerned about Demolition by neglect and setting a precedent in the neighborhood.

Jayne Fabe would like to speak on behalf of the sellers, and the existing conditions and put together as a whole they have more value. The current owners that own them don't have the funds to renovate them.

Serra doesn't feel that they are site specific, and that putting them into the fabric of the neighborhood so that they can be used and part of the community and have the historic integrity. Betsy Besenick-Larson asked about the two that will remain and how will those fit in? Serra stated that they fit in better due to their proximity to the additional houses around them.

Ireland asked if the houses that remain will become community spaces or what will happen to them. Griemsmann stated that they are still in process to be determined how they will fit into the project.

Serra stated that we should be recognize that there is currently a team in place that is willing to invest in relocating them.

Besenick – Larson asked if we need to be thinking about the precedent we are setting. Her house was unlivable at one point, would we have demolished it? Do we need to be concerned about the message that it sends – letting properties become run down so they can be demolished? Serra stated that we are keeping the inventory, and the issue is more about the inventory and the message it sends.

Turner stated that it is fair to be concerned about the future viability of the precedent. He is most concerned of the demolition of the Adobe structure – demolition by neglect.

McDonnell stated that the items the board has to consider compared to the totality of the project. We need to make a motion. Fajardo stated that her concern is that we allow the homes to be moved and demolished and then there is a vacant lot. McDonnell stated that nothing will move until all phases are approved.

In the interest of time, McDonnell stated that we need to make some motions on the individual homes. Brown stated that we need to vote on them separately - include the address and the HPZ number and if you are approving relocation.

Soelter stated that he wanted to direct everyone to the West University plan, Soelter was dropped from the call. Fabe stated that there hasn't been an analysis of the deferred maintenance, once tower went up it became impossible to lease.

Turner stated that the maintenance is included in the document, we are not being asked to evaluate financial hardship.

HPZ 22-055, 818 E Speedway (T21BU00513) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

HPZ 22-053, 812 E Speedway (T21BU00511) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

HPZ 22-054, 814 E Speedway (T21BU00512) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

HPZ 22-056, 1052 N Euclid (T21BU00510) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

HPZ 22-057, 1040-1050 N Euclid (T21BU00509) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

HPZ 22-058, 1036 N Euclid (T21BU00508) Turner motioned to deny what is being proposed due to that evidence is not being shown that it's an economic financial hardship and setting a precedent of demolition by neglect. Hazelbaker seconded. Motion approved 5-1.

b. HPZ 22-069, 612 E 1st Street (T22SA00209)

Construction of two porches.

Full Review/Contributing Resource

Rusk presented the proposal of 612 E. 1st Street - proposed replacement of a back porch and side porch. Light grey shingles to match existing, columns to match existing. Rusk showed precedents in the neighborhood. The proposed side porch will have similar wood painted columns. Site context and property inventory was also presented. McDonnell asked about the location of the side porch – Rusk stated that it will be on the east side. Turner asked about the

choice of metal material selection, Rusk stated that the simplest solution is a flat roof. Serra stated it will appear as a flat roof; Rusk stated that it will be painted to match the shingle color. Serra asked about the roof plan. Rusk stated it's a complicated roof plan, so the metal makes the most sense.

Turner made a motion to approve as presented. Serra seconded. unanimous approval 6-0.

c. HPZ 22-071, 626 N 6th Avenue (T22SA00419.T21DV00835)

Replacement of 8 windows and garage door.
Full Review/Contributing Resource

McDonnell stated that work has been done, and it did not go thru review. The Board is now looking at what Mackey is presenting as work to be done for approval. Mackey stated that Mooney did not know that this was a violation, and he has put together a set of documents to walk us thru the work. The owner replaced 10 or so deteriorating windows, turned a window into a door on the East façade, and infilled a garage door opening. The windows that were replaced were a vinyl material.

Turner asked Mackey to clarify the property. The Bungalow was built in 1925. The new building was built and is also contributing. The development zone is eclectic. Mackey walked us thru the windows and doors that were replaced. The West façade you can see that a window was extended down to the ground to make a door. The garage door on the West side was enclosed with wood and painted, the outline is still visible.

Mooney stated that he is very sorry that he had replaced the windows and he had no idea that he violated the guidelines.

Turner asked about how we should be voting. Brown stated that we are to be voting on as if its proposed. The violations on the addition, that might potentially be non-contributing feel less of an issue. McDonnell agreed.

Mackey asked about the process – it's a tough one to make a decision on when the work has been done. Hazelbaker stated that there have been violations in the past that the board has rejected in the past for vinyl windows.

Mackey wants to understand the procedure, what happens if everyone denies it. Brown stated that if everyone denies it then it will be a code violation, and it could end up in court. Brown added that once you are issued a decision letter, Owner has a 14-day appeal period once the letter comes from the planning director.

Discussion among the Board and what the precedent would be set if we allow this to happen. There is a reason that we are asked to look at this as if the work hasn't been done.

Turner motions to approve with the following exceptions – the vinyl windows are to be replaced with an acceptable material allowed in the guidelines, as well as the windows that have been altered to be brought back to their original size and proportion.

Turner made a motion to approve as presented. Serra seconded. unanimous approval 6-0.

6. Staff Updates - Information Only

Brown stated that the city's new permitting system will be going live on October 31, 2022. The week prior the city of Tucson will not be accepting any new permits unless they are an emergency issue

7. Future Agenda Items

None.

8. Adjournment

Turner motioned to adjourn. Hazelbaker seconded.
Motion approved unanimously by roll call, 6-0. Meeting adjourned at 8:19 pm.

Rick McDonnell, Chair / Darci Hazelbaker, Secretary

2022

Tucson-Pima County Historical Commission
Plans Review Subcommittee

LEGAL ACTION REPORT/Minutes

Wednesday, October 27, 2022

Pursuant to safe practices during the COVID-19 pandemic, all in-person meetings are cancelled until further notice. This meeting was held virtually to allow for healthy practices and social distancing. The meeting was accessible at provided link to allow for participating virtually and/or calling in.

Note: A recording of the entire meeting (audio/video) can be accessed at <https://www.youtube.com/playlist?list=PLUfRGd7RxAUv6rMbRNEurjg1iY8N4ZALR>

1. Call to Order and Roll Call

Meeting called to order at 1:02 P.M., and per roll call, a quorum was established.

Commissioners Present: Terry Majewski (Chair), Carol Griffith, Joel Ireland, Jan Mulder, Savannah McDonald, and Rikki Riojas

Commissioners Excused/Joined Late: none

Applicants/Public Present: John Ash, Roger Brevoort, Mark Buckingham, Noel Griemsmann, Paul Iezzi, Samuel Ireland, Matthew Janssen, Burt Kempfert, Parker Kinzer, Chuck Martin, Mike Maeoritz, Davis Maxwell, Marcellus Rusk, and Ken Scoville

Staff Present: Jodie Brown, Michael Taku, and Maria Gayosso (all PSDS)

2. Approval of the Legal Action Report/Minutes for the Meeting of October 19, 2022

Motion: It was moved by Commissioner Griffith to approve the Legal Action Report/Minutes for the meeting of October 19, 2022, as submitted.

Commissioner McDonald seconded the motion.

The motion passed unanimously by a roll call vote of 6-0.

3. Historic Preservation Zone Review Cases

UDC Section 5.8/TSM 9-02.0.0/Historic District Design Guidelines/Revised Secretary of the Interior's Standards and Guidelines

3a. Capstone Project

HPZ 22-053, 812 E. Speedway (T21BU00511)

HPZ 22-054, 814 E. Speedway (T21BU00512)

HPZ 22-055, 818 E. Speedway (T21BU00513)

HPZ 22-056, 1052 N. Euclid (T21BU00510)
HPZ 22-057, 1040-1050 N. Euclid (T21BU00509)
HPZ 22-058, 1036 N. Euclid (T21BU00508)

Relocation/demolition of 6 houses for proposed new construction.
Full Review/West University Historic Preservation Zone
Contributing Resources/Rehabilitation Standards

Commissioner Ireland recused and left the meeting at 1:05 P.M.

Item 6 on the agenda was taken out of order and heard here. Chair Majewski asked Staff Brown to read the 10 public comments received by the deadline into the record.

[Note: In the comments received, the total number of buildings to be relocated/rehabilitated is variously referred to as five or seven, with one to be actually demolished and not relocated. The case heard on 10/27/22 was only for **six** buildings, as noted above. Capstone plans to acquire two additional buildings to the south of the proposed developed, but they are not part of the 10/27/22 relocation/demolition discussion. A summary of the 10 comments is included here, but they can be heard in their entirety in the YouTube recording of the meeting (see above for link).]

The first comment was from Anita C. Nicdao, who commented on what she felt was inappropriate review of the Capstone project at the 9/20/22 meeting of the West University Historic Zone Advisory Board. In her opinion, the Capstone project should be approved as initially presented, with all but one of homes to be relocated elsewhere in the West University [Historic Preservation Zone (HPZ)], remaining as contributing properties after the relocation. She noted that the house at 1052 N. Euclid to be demolished and not relocated was “already lost” due to the negligence of a former owner. She urged the Plans Review Subcommittee (PRS) to approve Capstone’s plan, as it was positive for historic preservation. The second comment was from Samuel Nohe Ireland, a resident of the West University HPZ. Mr. Ireland explained the project and his father Joel Ireland’s role in Capstone’s plan for relocating 5 of the 6 buildings. He spoke about the state of disrepair of the buildings in their current location and pointed out that the bungalows have lost their original residential context and are becoming increasingly difficult to rent as housing. Mr. Joel Ireland will be able to restore them to their original condition in a new location. Mention was made of other historic properties being moved in Tucson in order to save them. He noted the diverse population in the West University neighborhood and that the interests of all of these stakeholders should be considered.

Mr. Ireland attached seven additional letters of support for the relocation, all from residents who live in historic homes themselves: Jay Quade and Barbra Quade, Ford N. Burkhart and Carolyn Niethammer, Greg Stoner, Terry O’Sullivan, David Diamond and Diane Diamond, Kurt E. Mosley, and Anne Hoffman. All of these comments stressed the blighted and neglected condition of the buildings in their current location and supported the plan to relocate and rehabilitate them within the HPZ, where their contributing statuses in the West University HPZ would be retained. The majority of these comments supported the Capstone proposal for relocation and rehabilitation of five of the six properties and felt it was a unique

opportunity that should be seized, although two (Mosley and Hoffman) felt that the student housing to be built on the university side of Euclid was not appropriate. Note that Mr. Mosley referenced “pictures and maps” in his letter, but there were no attachments sent with his letter.

The final comment read into the record was from Ken Scoville. Mr. Scoville noted that the Capstone proposal is subject to the Mayor and Council–approved Main Gate District (MGD) Overlay Zone adopted on 2/28/12, specifically sections A-4, B-2.e, C-2.a, C-18, and D and provided a Historic Properties Map from page 4 of the MGD Overlay, noting that Area 1 is critical for review by PRS. He pointed out in reference to D-2.e that regarding demolitions of contributing properties, the required economic hardship analysis must consider potential changes of use available to the contributing property under the MGD zoning option and be not limited to the existing use. He notes that the economic hardship analysis done by Capstone must include the incentives spelled out in Section D-2.c, which include a different use for the historic residential property and the new construction available with the greater heights indicated in the map overlap. He feels that given these incentives, a case for economic hardship appears difficult to justify. Noting that the current owners of the properties under consideration (who are using demolition by neglect to justify their demolition) could easily sell these properties to a new buyer who would value the incentives in the overlay, the fact that Capstone will move all of the properties except one is incidental to the issues spelled out in Section D-2.c and should not be considered. He states that all of the requirements of Section D-2.c still apply, even under the traditional HPZ process for demolition.

Staff Brown then noted that the West University Historic Zone Advisory Board heard the case twice, once on 8/16/22 when they continued the case, and again on 9/20/22, when they denied the demolition request 5-1. [Note that relocating a historic property from its original location is also considered demolition.] They denied because they felt there was a lack of evidence for economic hardship and that it was setting a precedent for demolition by neglect.

Prior to the presentation by Capstone, PRS members asked questions. Commissioner McDonald ask if PRS will be seeing the exact same presentation that the West University Historic Zone Advisory Board saw. Capstone representatives noted that it has been updated to address the economic hardship issue, but the bulk of the presentation is the same. Commissioner Mulder asked if presenters could indicate when new material is being presented. Commissioner Riojas asked if Capstone has purchased and owns the properties, and they said the properties are under contract. Commissioner Mulder said that two of the letters attached to Samuel Ireland’s letter supported moving the houses but did not support student housing. [Note: As summarized above, the seven public comments that were attached to Mr. Ireland’s letter all endorsed relocation of the properties, and of the six of seven letters that mentioned student housing, two (Mosley and Hoffman) felt that the student housing to be built on the university side of Euclid was not appropriate. Copies of these letters can be obtained from Staff Brown, upon request.] Commissioner Mulder wants to hear from Capstone about comprehensive adaptive reuse of the site and why it isn’t working for them as an option.

Chair Majewski noted to Staff Brown that at least one Tucson–Pima County Historical Commission member is concerned that it seems like the standard demolition process required by code is not being followed. Staff Brown explained that there are two parallel processes that are being followed for this project: the entitlements process and the permitting process. The project is currently in the entitlements process, and the applicants have to get Mayor and Council approval. Then the applicants will come through permitting. She noted that she had provided a schematic of this process to PRS members prior to this meeting. At this stage, applicants are giving general heights and locations for the development. When they go through the permitting process, they will be giving specifics. Chair Majewski noted that the process appears different because we're dealing with the entitlement aspect first. Are we hearing the relocation/demolition proposal now simply to bolster their case? Staff Brown noted that we will also see the particulars of the [rehabilitation of] the moved homes as part of the permitting process. Chair Majewski asked – what about a buffer zone that keeps getting mentioned? Staff Brown noted that there is no buffer zone. The applicants are trying to change the MGD overlay through a text amendment to allow for greater heights in their development. Commissioner Mulder asked about whether public and neighborhood meetings will be held during this concurrent process. Noel Griemsmann from Capstone addressed this and noted that community work has started independent of the process. They will be back with more details on community outreach plans. The text amendment and historic house relocation will be presented together at Mayor and Council. Commissioner Mulder noted that their outreach plan is segmented – we've heard from people next to the Ireland property but not from people next to the redevelopment. Mr. Griemsmann said that Commissioner Mulder's statement is a fair one. Commissioner Riojas asked about the other high-rise buildings near the proposed development and whether they got a text amendment. Mr. Griemsmann responded that the West University Neighborhood Plan anticipated greater heights and that the HPZ ends at the alley.

Commissioner Griffith wanted a clarification again on the number of homes to be moved. There are six total. Five are to be moved, and one is to be demolished (1052 N. Euclid). Staff Brown noted that Capstone has acquired two additional properties to the south of the proposed development, but these properties are not part of today's case. However, that is why some of the public comments referred to seven properties to be "saved" (five relocated, two remaining in original locations). Commissioner Mulder asked about the two houses to the south – weren't they intended to be transitional? Mr. Griemsmann noted that the West University Neighborhood Plan and the MGD Overlay are contradictory regarding allowable heights. The neighborhood plan allows for more height and density in the area of proposed development. The Capstone designs are respecting the neighborhood plan [the sought-after text amendment would bring aspects of the MGD Overlay into sync with the neighborhood plan]. Commissioner Griffith asked if modifying the MGD Overlay would make it consistent with the neighborhood plan. Chair Majewski asked if PRS could qualify a motion based on contingency (depending on what Mayor and Council decide regarding Capstone's "asks"). Staff Brown said she didn't see why not.

A presentation on the project was made by Mr. Griemsmann and Mike Maeoritz, also from Capstone. In their introductory comments, they noted that they want

our permission [note that PRS only makes recommendations and does not give “permission”] to relocate five homes and demolish one [reminder that relocation is also considered demolition and has to be considered as a demolition]. Capstone will return to PRS with additional requests [as part of the permitting process]. They discussed two possible sites for moving properties – one over a mile away from their current location and not in the HPZ. The other, preferred site is more centrally located within the HPZ. They presented on the history of figuring out if buildings were moved would they maintain integrity and their contributing status (documentation from the City of Tucson Historic Preservation Officer [Brown] [10/4/21], the Arizona Historic Sites Review Committee [11/5/21], and the Keeper of the National Register of Historic Places [1/14/22]).

The Capstone presenters mentioned community outreach that was conducted pre-Covid (letters but also verbal feedback from canvassing and phone calls). Capstone visited 978 total homes; 267 supported, 69 were neutral, 23 opposed. They made 13 phone calls. Of these, 2 supported, 2 were neutral, 9 opposed. They will be continuing outreach as they get into the entitlement process. The top three community interest items from the previous outreach are: street-front retail (coffee shop, food, etc.), gated security entry, and on-site security. They noted their continuing willingness to involve everyone in the community.

The presenters noted that they are going to preserve, rehabilitate, and incorporate two single-family homes to the south of the originally proposed development area into their plan. They want to figure out what makes sense in terms of the West University Neighborhood Plan – their conceptual plan is guided by that plan. There will be more height behind (east), and the stepping back is shown in the conceptual plan. Capstone noted that the company that will do the moving (Wolfe House & Building Movers, LLC) has extensive experience with moving buildings of all sizes. Mark Buckingham from the moving firm was available for any questions regarding the move. Capstone then briefly summarized the scope of the move and subsequent rehabilitation.

Capstone then presented on the budget for relocation and rehabilitation. They also noted why they are keeping the two homes to the house of the originally proposed project – they came in late in the game, and it makes more sense given their location in the transitional area to the south.

Why are they actually demolishing one of the six residences? They presented briefly on the results of the structural analysis and talked about the economics regarding the to-be-demolished residence and also in relation to the other residences under consideration for relocation. They stated that the homes are becoming functionally obsolete due to context changes. The adjacent area around this property has changed dramatically over the past 100 years.

Capstone presented a case study on the relocation of residences that occurred as part of the Broadway widening. The Capstone property at Speedway and Euclid is very different in terms of lot size and access (limited locations for driveways). The lots are oddly shaped, narrow, and individually owned. There are considerations related to the traffic turn lane considerations at the southeast corner of Speedway and Euclid. The situation is not good for commercial (retail) adaptive reuse of the properties because of the access and parking issues.

Capstone reiterated their “asks” for today: “permission” to relocate five and demolish one of the six buildings. If they receive “permission” [read “positive recommendation” from PRS], they will move the buildings and rehabilitate the exteriors. Other steps regarding the project will take place in the future, and they will return to PRS as part of the permitting process.

Once Capstone completed their presentation, discussion ensued among PRS members.

Chair Majewski asked if we will be asked to approve the demolition again as part of the permitting process. Staff Brown indicated that today is PRS’s one chance at weighing in on the demolition (recall that moving from the original location is considered demolition). Ms. Brown also noted that Mayor and Council will vote at the same (yet-to-be-scheduled) meeting both on demolition and on the modification to the MGD overlay, allowing Capstone to build at the heights desired.

Marcellus Rusk of Hahn Architecture (representing Joel Ireland) asked about the replacement plan that is usually required when demolition of a contributing property in an HPZ is requested. Staff Brown noted that code requires a replacement plan. No permit to demolish would be issued until the replacement plan is approved.

Chair Majewski spoke regarding the economic hardship arguments made by Capstone, particularly noting the change in context of this area of the West University HPZ. Staff Brown noted that the Arizona State Historic Preservation Office is not necessarily in favor of the move/relocation. They simply weighed in on whether the five of six buildings to be moved would maintain their contributing status (yes) in the HPZ. Chair Majewski then welcomed comments from PRS members.

Commissioner Mulder noted that a case has been made that it would not be feasible to keep the buildings to be relocated/demolished as single-family homes, but what about adaptive reuse? Why can’t the adobe house be rehabilitated and used adaptively. Furthermore, she didn’t feel that Capstone presented a convincing economic hardship argument. In her opinion, they did not present a comprehensive evaluation of adaptive reuse for the entire site; rather they provided an assessment of rehabilitating individual residences.

Commissioner Griffith spoke in favor of the project. She noted that moving the five buildings and rehabilitating them increases their survivability. The area where they are currently located cannot support single-family housing adaptive reuse of the five. In her opinion, this is a win-win situation. She pointed out that historic preservation requires balancing development and preservation. Chair Majewski noted that the houses rented to students in the West University area have generally been poorly maintained over the past 30–50 years.

Commissioner McDonald noted that she agrees with Commissioner Griffith based on the realities of the situation. She appreciates the available opportunity of centrally located property where the five buildings can be relocated. She definitely wants to be opportunistic about that availability. She looks forward to

reviewing the project during the permitting process and also noted that she favors seeing the original orientations of the moved buildings to remain when they are relocated.

Chair Majewski asked who will own the properties after they are purchased by Capstone. Davis Maxwell of Capstone explained the ownership structure. Capstone will buy and relocate homes. Then Joel Ireland will own the homes, as they are on his property. Then Mr. Ireland will draw down from funds provided by Capstone for the exterior rehabilitation.

Commissioner Riojas noted that she is in agreement with Commissioners Griffith and McDonald and commented that the way the area has been developed makes it unrealistic to rent out homes as student housing or for families to live in them. She would rather see the homes moved and rehabilitated to a point where people can live in them again, rather to have them continue to deteriorate. She appreciates the investment in the homes and the fact that they [the five] are being moved. Of course, she does not want to see an adobe house demolished but understands the realities of the situation that has evolved over the last 20 years with the university.

Staff Brown and Capstone clarified that Capstone is providing funds for the relocation of the five buildings and exterior renovation, but interior work is up to Joel Ireland.

Commissioner Mulder had a concern about how these funds would be handled. She would like some reassurance that even if the Capstone project falls through the moved houses would still be rehabilitated and not just surrounded by a chain-link fence. While she's sympathetic to the points that have been made and how we got to this point, the part that troubles her is that she feels that Capstone really hasn't shown (and this is why she can't vote in favor) and made a good case for why they can't do more adaptive reuse involving the five buildings to be moved. She suggests including something in a motion to ask them to look at more adaptive reuse possibilities. Staff Brown asked if she was thinking of continuing the case?

Commissioner Mulder replied that continuing would be okay too. She noted that Capstone has said they have looked at the site comprehensively for adaptive reuse, but she feels we haven't seen that.

Commissioner Griffith disagreed and said she feels we need to look at what they've presented. Staff Brown reminded us that the demolition will not come back to PRS. Commissioner Griffith said we just need to vote on what's been presented and decide whether or not we're in favor and let them move forward.

Commissioner Riojas asked about the adaptive reuse of the two additional properties to the south of the originally proposed development area. Capstone replied that their plan is to adaptively reuse those two buildings, and this reuse is being programmed into the project.

Chair Majewski asked: "So you won't be coming back to demolish those"?

Capstone replied that there is no intention to demolish those two properties. Instead, they will be rehabilitating them. They noted that they have looked at adaptively reusing the other properties. But they are located on busy streets and have no driveways or access. Any adaptive reuse for commercial purposes would need parking, and there's no room for that. So they really don't think they can be adaptively reused. Commissioner Griffith believes there is a certain amount of parking needed for adaptive reuse projects, and Capstone noted that she is correct. Code does require this, but the exact amount of parking required for commercial uses is not known. Businesses need parking – this is a standard market issue.

Commissioner Griffith notes that the adaptive reuse parking issues were covered in today's presentation and that the discussion answers part of the question of whether or not the buildings could be adaptively reused.

Commissioner Mulder heard in the discussion that individual owners would have a problem getting together to redevelop the area. She noted that Capstone didn't really address aggregating the property and doing some other construction with the adaptive reuse. They focused on the difficulties of adaptive reuse of individual buildings and noted it would be too expensive and would not be feasible from an access standpoint. They didn't really address the aggregating they are doing for this development.

Commissioner Riojas disagreed and said she felt that this issue was covered when they talked about the Broadway example. The Broadway area was a linear strip, unlike the parcel we have here.

Commissioner Griffith noted that another positive thing is that the relocation will provide infill within the HPZ. The streetscape will be improved. Staff Brown noted that the relocation fills in one vacant lot. She reminded PRS that any plans for exterior work will come back through PRS.

Chair Majewski noted that there are six properties listed under this agenda item, and so we have the five properties to be relocated and the one property to be demolished. She asked where 1040–1050 N. Euclid is on the map. Marcellus Rusk responded, and Capstone showed a map with the correct moving locations.

Chair Majewski asked what kind of caveats might be included in a motion, if any. She asked Staff Brown if there will be a decision letter. Staff Brown replied that a staff report will be written. Chair Majewski asked if PRS's concerns could be included in the staff report. Staff Brown said that she would have the opportunity to review and edit the staff report. Chair Majewski noted that she feels it is important to note that the houses to be relocated/demolished are in a high-traffic area. She asked if someone was willing to make a tentative motion, and PRS members discussed possible caveats. Commissioner Riojas asked if she needed to list all of the properties, and Chair Majewski said yes, the motion needs to be explicit. Commissioner Riojas mentioned that a motion might say that we recommend approval on the condition of relocation and exterior rehabilitation funded by Capstone. Anything else? Chair Majewski suggested the

motion might be prefaced with “While we regret” language referring to the changes in the context of the area.

Action was taken.

Motion: It was moved by Commissioner Riojas: while we regret the changes to the landscape that have resulted in a tough decision regarding the preservation of these properties, so removed from their original landscape, the Plans Review Subcommittee, in the matter of HPZ 20-053 through HPZ 22-058, recommends approval on the condition of relocation and exterior rehabilitation, funded by Capstone on the following properties: 812 E. Speedway, 814 E. Speedway, 1036 N. Euclid, 1040 through 1050 N. Euclid, and 818 E. Speedway, with the demolition of 1052 N. Euclid, with the understanding that due to the degradation of the structure, it cannot be safely moved.

Commissioner Griffith seconded the motion. The motion was modified with the approval of the mover and seconder.

Modified Motion: It was moved by Commissioner Riojas: while we regret the changes to the landscape that have resulted in a tough decision regarding the preservation of these properties, so removed from their original landscape, the Plans Review Subcommittee, in the matter of HPZ 20-053 through HPZ 22-058, recommends approval [of the demolition of 6 properties in their original location, five of which will be moved and relocated, and one which will be demolished and not relocated or rehabilitated] on the condition of relocation and exterior rehabilitation, funded by Capstone on the following properties: 812 E. Speedway, 814 E. Speedway, 1036 N. Euclid, 1040 through 1050 N. Euclid, and 818 E. Speedway, with the demolition of 1052 N. Euclid, with the understanding that due to the degradation of the structure, it cannot be safely moved.

The modified motion passed by a roll call vote of 4-1. (Chair Majewski and Commissioners Griffith, McDonald, and Riojas voted aye; Commissioner Mulder voted nay; Commissioner Ireland had recused from this case, was not present, and did not vote.)

Chair Majewski asked Staff Brown about the next steps in this case. Ms. Brown replied that it is in a holding pattern until the MDG Overlay amendment is prepared. When that is ready, the case will be docketed on the same Mayor and Council agenda along with the demolition. Chair Majewski asked Staff Brown to notify PRS, even though we won't be weighing in as the commission or subcommittee on the MDG amendment. She said yes, but reminded us that as individuals we can comment.

[Note: Commissioner Ireland rejoined the meeting at 3:27.]

4. Task Force on Inclusivity Recommendations

4a. Discussion on Best Practices for Naming of City- and County-Owned Physical Assets Discussion

The goal is to have a revised version of the best-practices document for discussion at the 11/17/22 meeting of the subcommittee that could then be ready for the December full commission meeting. Once a revised version is ready, Chair Majewski will share with Commissioners Griffith and Riojas prior to full discussion by PRS. Pima County preservation staff will be invited to the 11/17/22 meeting.

5. Current Issues for Information/Discussion

5a. Minor Reviews

No minor reviews have been conducted since 10/19/22. Staff Taku will be reaching out to PRS members to schedule the next minor reviews.

5b. Appeals

Staff Taku noted that there are no current appeals.

5c. Zoning Violations

Staff Taku noted that there are ongoing and pending cases being worked on for compliance and/or in the review process, and that staff is working with their zoning violation code enforcement liaison. He noted that the fence in the Armory Park HPZ at 327 E. 13th Street that was a zoning violation will now come to PRS as a full review.

5d. Review Process Issues

Staff Brown noted that the new city permit system will come online on 10/31/22.

6. Summary of Public Comments (Information Only)

Per the chair's request, the 10 public comments received by the deadline were read into the record at the beginning of case 3a.

7. Future Agenda Items for Upcoming Meetings

Staff Brown noted that cases for the 11/10/22 agenda will include 33 S. 5th Ave. for window modification on the west and east facades of the Rialto Theatre, an accessory dwelling unit in the Barrio Historico HPZ, construction of a playground in the Fort Lowell HPZ, and a courtesy review of an expansion at the Fox Theatre at 1 West Congress. On 11/17/22, the agenda will include a project in West University and likely a project from another HPZ, and review of the Best Practices for Naming of City- and County-Owned Physical Assets document.

The next scheduled meetings will be November 10, 2022, and November 17, 2022. Because the fourth Thursday of the month is Thanksgiving Day, the second meeting of November will be held on November 17. PRS meetings to be conducted virtually until further notice.

8. **Adjournment**

Meeting adjourned at 3:40 P.M.

1036 N. Euclid Avenue
APN: 115-04-508B
RoBro, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

This situation is a bit unusual in that the structure is proposed for relocation, rehabilitation and preservation as a residential dwelling within the West University Neighborhood Historic District.

This application is for the relocation of five (5) of the six (6) historically contributing structures (one was not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 1036 N. Euclid Avenue, as one of the five (5) contributing structures.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

\$157,385.00 (2021 FCV)

\$175,749.00 (2021 FCV)

2. Real estate taxes for the previous two years.

\$1,036.33 (2019)

\$1,050.09 (2020)

Note: 2021 tax amount is not yet publicly available.

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

06/25/2012 – Deed Recorded at PCR Sequence#: 20121770026

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

As of 12/31/2020 the outstanding debt on the property was reported to be approximately \$100,000.00. Monthly principal and interest payments for 2019 were reported to be \$802.00. The same for 2020 were reported to be \$809.07. Debt service payments over the last 2 calendar years were approximately total \$19,332.84.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. While the economic performance of the property suggests that the existing improvements do add contributory value to the property, reliable market demonstration indicate an alternative use will likely put the property to a higher and better use. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers’ accommodation”.

Of these legal uses few, if any, are physically possible due to the property site containing only 5,669sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7 parcel assemblage (the property and 6 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit I.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
1036 N Euclid Ave	115045088	1920	1,200	3	1	Occupied	2	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Fair to Average	Evap & FAG - Fair	Original - Fair	Unknown Age - Poor

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Original - Fair	Original - Fair	Fair	Mixed material in fair condition	Fair condition	Various eras in fair condition

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation of the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical, plumbing and mechanical systems. That estimate alone for this building is \$210,000 to \$300,000.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations. The exterior rehabilitation costs are budgeted at \$160,000. The scope of work is more detailed in the

relocation plan.

In summary, the necessary interior investment and the exterior investment to return this structure to a marketable condition in today's rental/sales market is estimated to be \$460,000.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the property for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	14,400.00	13,200.00
Operating Expenses		
Real Estate Taxes	1,025.00	1,043.00
Utilities	852.00	882.00
Insurance	521.00	482.00
Maintenance & Repairs	1,373.00	1,602.00
Landscaping	0.00	0.00
Miscellaneous	627.00	0.00
Management	0.00	0.00
Total Operating Expenses	4,398.00	4,009.00
Net Operating Income	10,002.00	9,191.00

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the owner has primarily relied on internet based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going forward these channels may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low cost student housing market sector.

In summary, the historically contributing structure is nearing the end of its useful life, the area around it has changed in character dramatically and Euclid Avenue being less than 20 feet from the front porch.

Relocation of this structure as proposed will place it in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the home to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcel contains 5,669sf and is improved with a single-family residence that was originally constructed in 1920 and is reported to contain 1,200sf of living area. The overall condition of the property is considered good to fair.

Market Value – As Is: Based on the property as it presently exists, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$150.00 to \$180.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison approach to value, ranges from \$180,000.00 to \$215,000.00, rounded.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore, the estimated market value of the property – as if vacant commercial land, ranges from \$170,000.00 to \$200,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore, the estimated market value of the property – as if vacant commercial land, ranges from \$735,000.00 to \$990,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1 the property was listed with NAI Horizon, along with 6 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the property has been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$907,510.65 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,000,000. This minimum total sale price has since been increased to be \$6,375,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$797,983.51 (\$140.76/sf of total site area) of the total minimum sales price is allocated to the property. The escrow related to this transaction is expected to close in late 2022.

1040–1042 N. Euclid Avenue
APN: 115-04-508A
SARR, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

This situation is a bit unusual in that the structure is proposed for relocation, rehabilitation and preservation as a residential dwelling within the West University Neighborhood Historic District.

This application is for the relocation of five (5) of the six (6) historically contributing structures (one was not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 1040-1042 N. Euclid Avenue, as one of the five (5) contributing structures.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

\$385,216.00 (2021 FCV)

\$385,216.00 (2022 FCV)

2. Real estate taxes for the previous two years.

\$4,355.76 (2019)

\$4,413.95 (2020)

Note: 2021 tax amount is not yet publicly available.

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

09/1983 – Deed Recorded at PCR#: Unknown

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

The property is free and clear of any debt.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. While the economic performance of the property suggests that the existing improvements do add contributory value to the property, reliable market demonstration indicate an alternative use will likely put the property to a higher and better use. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers’ accommodation”.

Of these legal uses few, if any, are physically possible due to the property site containing only 12,618sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7 parcel assemblage (the property and 6 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit 1.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
1040 N Euclid Ave	11504508A	1920	1,460	2	2	Occupied	2	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Fair to Average	Evap & FAG - Fair	Original - Fair	Unknown Age - Poor

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Original - Fair	Original - Fair	Fair	Mixed material in fair condition	Fair condition	Various eras in fair condition

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical, plumbing and mechanical systems. That estimate alone for this building is \$255,500 to \$365,000.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations. The exterior rehabilitation costs are budgeted at \$160,000. The scope of work is more detailed in the relocation plan.

In summary, the necessary interior investment and the exterior investment to return this structure to a marketable condition in today’s rental/sales market is estimated to be

\$525,000.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the property for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	40,792.00	40,285.00
Operating Expenses		
Real Estate Taxes	4,355.76	4,414.00
Utilities	3,969.67	4,134.00
Insurance	1,584.00	1,422.00
Maintenance & Repairs	6,754.43	4,746.00
Landscaping	1,610.00	1,565.00
Miscellaneous	5,348.99	5,859.00
Management	0.00	0.00
Total Operating Expenses	23,622.85	22,140.00
Net Operating Income	17,169.15	18,145.00

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the owner has primarily relied on internet based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going forward these channels may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low cost student housing market sector.

In summary, the historically contributing structure is nearing the end of its useful life, the area around it has changed in character dramatically and with Euclid Avenue being less than 20 feet from the front porch.

Relocation of this structure as proposed will place it in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the duplex to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcel contains 12,618sf and is improved with a duplex that was originally constructed in 1920 and is reported to contain 1,460sf of living area. Additionally, in what would have been the rear yard area of the single-family residence there are two identical duplex units, each reported to contain 1,100sf, that were originally constructed in 1957 and 1960. The overall condition of the property is considered good to fair.

Market Value – As Is: Based on the property as it presently exists, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$150.00 to \$180.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison approach to value, ranges from \$585,000.00 to \$695,000.00, rounded.

Based on the income producing performance of the property is important to note that the total income and operating expenses reported earlier include rental income from and operating expenses associated with two other non-contributing duplexes that are sited on the same parcel. Regardless, since the entire property cannot be physically or legally split all reported income and expenses will be considered in this analysis. Based on the total net income from the property real estate investment activity provides reasonable demonstration that the estimated market value of the property – as is, based on the income approach to value, ranges from \$640,000.00 to \$685,000.00.

Reconciling the two approaches used indicates an estimated market value of the property – as is, ranges from \$640,000.00 to \$695,000.00.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore, the estimated market value of the property – as if vacant commercial land, based on the sales comparison approach, ranges from \$380,000.00 to \$440,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value

for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore the estimated market value of the property – as if vacant commercial land, ranges, sales comparison approach, from \$1,640,000.00 to \$2,210,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1, the property was listed with NAI Horizon, along with 6 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the property has been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$2,019,927.58 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,000,000. This minimum total sale price has since been increased to be \$6,375,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$1,776,143.21 (140.76/sf of total site area) of the total minimum sales price is allocated to the property. The escrow related to this transaction is expected to close in late 2022.

1052 North Euclid Avenue
APN: 115-04-506A & 115-04-507A
LFBR, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

The larger project application is for the relocation of five (5) of the six (6) contributing structures (however, this structure is not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 818 E. Speedway Boulevard, the one structure that is not movable and is well past its economically useful life.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

115-04-506A:

\$118,119.00 (2021 FCV)
\$135,831.00 (2022 FCV)

115-04-507A: (Note – Remnant Parcel from Roadway Widening)

\$2,001.00 (2021 FCV)
\$2,001.00 (2022 FCV)

115-04-506A & 115-04-507A:

\$120,120.00 (2021 FCV)
\$137,832.00 (2022 FCV)

2. Real estate taxes for the previous two years.

115-04-506A:

\$1,522.87 (2019)
\$1,543.15 (2020)

115-04-507A: (Note – Remnant Parcel from Roadway Widening)

\$46.00 (2019)
\$44.38 (2020)

115-04-506A & 115-04-507A:

\$1,568.87 (2019)

\$1,587.53 (2020)

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

03/02/1994 – Deed Recorded at PCR#: 9740/818 (115-04-506A)

11/20/1987 – Deed Recorded at PCR#: 8166/1558 (115-04-507A)

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

The property is free and clear of any debt.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. In fact, the economic performance of the property and reliable market demonstration indicate that the existing improvements on the property not only do not contribute to the value of the property, they most likely detract from the value of the property. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a

combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers' accommodation".

Of these legal uses few, if any, are physically possible due to the property site containing only 6,498sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7 parcel assemblage (the property and 6 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit 1.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
1052 N Euclid Ave	11504506A	1917	884	1	1	Vacant	N/A	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Very Poor	Evap & Wall Heat - Very Poor	Original - Fair	Unknown Age - Very Poor

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Unfinished - Very Poor	Unfinished	Unfinished	None	Poor condition	None

Other Comments/Info

Structure is uninhabitable and connected to any utilities.

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation of the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical, plumbing and mechanical systems. That estimate alone for this building is \$154,700 to \$221,000.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations.

This adobe structure has significant damage to its structural integrity, with adobe walls having been cut for electrical service installation, evidence of termite infestation within the structure (including the adobe itself, which contains straw) as well as serious structural integrity concerns. Because this structure is immovable and identified for demolition, a full estimate of the costs to correct these deficiencies was not made. However, given the conditions of the structure of the building, it is unlikely that a feasible “fix” to these serious defects is possible.

In summary, in addition to the necessary interior investment of \$154k to \$221k, as well as the undefined exterior investment to return this structure to a marketable condition in today’s rental/sales market (other structures are budgeted at \$160,000), the structure has serious structural flaws and likely future support failures (of unknown repair costs) that result in an inability of the owner to restore this structure to active use.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the property for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	0.00	0.00
Operating Expenses		
Real Estate Taxes	1,568.87	1,587.53
Utilities	0.00	0.00
Insurance	687.00	711.53
Maintenance & Repairs	500.00	0.00
Landscaping	250.00	150.00
Miscellaneous	35.00	35.00
Management	0.00	0.00
Total Operating Expenses	3,040.87	2,484.06
Net Operating Income	-3,040.87	-2,484.06

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the one upside to the Speedway Boulevard frontage is that posting a "For Rent" sign has traditionally been effective in attracting prospective tenants. More recently the owner has also relied on internet-based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going marketing methods may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low-cost student housing market sector.

In summary, the historically contributing structure has reached the end of its useful life, the area around it has changed in character dramatically and with Euclid Avenue being less than 20 feet from the front porch. Relocation of this structure as proposed will place it in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the home to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcel contains 6,498sf and is improved with a single-family residence that was originally constructed in 1917 and is reported to contain 884sf of living area. The overall condition of the property is considered very poor and uninhabitable.

Market Value – As Is: Based on the property as it presently exists, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$100.00 to \$120.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison, ranges from \$90,000 to \$105,000.00, rounded.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore, the estimated market value of the property – as if vacant commercial land, based on the sales comparison approach, ranges from \$195,000.00 to \$230,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore the estimated market value of the property – as if vacant commercial land, based on sales comparison approach, ranges from \$845,000.00 to \$1,140,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1 the property was listed with NAI Horizon, along with 6 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the property has been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$1,040,219.48 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,375,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$914,675.75 (140.76/sf of total site area) of the total sales price is allocated to the property. The escrow related to this transaction is expected to close in late 2022.

812 East Speedway Boulevard

APN: 115-04-505A

LMLN, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

This situation is a bit unusual in that the structure is proposed for relocation, rehabilitation and preservation as a residential dwelling within the West University Neighborhood Historic District.

This application is for the relocation of five (5) of the six (6) contributing structures (one was not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 812 E. Speedway Boulevard, as one of the five (5) contributing structures.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

812 E. Speedway Boulevard:

\$137,135.00 (2021 FCV)

\$151,097.00 (2022 FCV)

2. Real estate taxes for the previous two years.

812 E. Speedway Boulevard:

\$1,809.08 (2019)

\$1,833.11 (2020)

Note: 2021 tax amount is not yet publicly available.

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

03/22/1989 – Deed Recorded at PCR#: 8499/669

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

The property is free and clear of any debt.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. In fact the economic performance of the property and reliable market demonstration indicate that the existing improvements on the property not only do not contribute to the value of the property, they most likely detract from the value of the property. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers’ accommodation”.

Of these legal uses few, if any, are physically possible due to the property sites containing only 12,736sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7-parcel assemblage (the property and 5 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit 1.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
812 E Speedway	11504505A	1917	936	2	1	Month-to-Month	2	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Fair	Evap & FAG - Fair	Original - Fair	Unknown Age - Fair

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Original - Fair	Original - Fair	Fair	Mixed material in poor to fair condition	Fair condition	Various eras in poor to fair condition

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation of the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical,

plumbing and mechanical systems. That estimate alone for this building is \$163,800 to \$234,000.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations. The exterior rehabilitation costs are budgeted at \$160,000. The scope of work is more detailed in the relocation plan.

In summary, the necessary interior investment and the exterior investment to return this structure to a marketable condition in today's rental/sales market is estimated to be up to \$394,000.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the properties for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	15,600.00	15,600.00
Operating Expenses		
Real Estate Taxes	4,034.66	4,106.52
Utilities	0.00	47.39
Insurance	812.00	862.00
Maintenance & Repairs	1,196.90	1,288.75
Landscaping	660.00	350.00
Miscellaneous	1,069.40	1,036.80
Management	0.00	0.00
Total Operating Expenses	7,772.96	7,691.46
Net Operating Income	7,827.04	7,908.54

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the one upside to the Speedway Boulevard frontage is that posting a "For Rent" sign has traditionally been effective in attracting prospective tenants. More recently the owner has also relied on internet based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going marketing methods may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low cost student housing market sector.

In summary, the historically contributing structures have reached the end of their useful life, the area around them have changed in character dramatically and with Speedway Boulevard being less than 20 feet from the front porches. To add emphasis to this, in the case of 812 E. Speedway Boulevard, vehicles have demolished the front porch of the structure twice in the last 17 years.

Relocation of these structures as proposed will place them in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the homes to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcels contain 5,017sf and 7,715sf for a combined land area of 12,736sf. The parcels are improved with two single family residences. At 812 E. Speedway Boulevard the improvements were originally constructed in 1917 and are reported to contain 936sf of living area. At 814 E. Speedway Boulevard the improvements were originally constructed in 1907 and are reported to contain 1,175sf of living area. The overall condition of both structures is considered fair to poor due to notable signs of exterior and interior deferred maintenance.

Market Value – As Is: Based on the properties as they presently exist, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$160.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison approach, ranges from \$275,000.00 to \$340,000.00, rounded.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the properties will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the properties, demonstrate a range of value for the properties that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore, the estimated market value of the properties – as if vacant commercial land, based on the sales comparison approach, ranges from \$380,000.00 to \$445,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the properties will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore, the estimated market value of the properties – as if vacant commercial land, based on the sales comparison approach, ranges from \$1,655,000.00 to \$2,230,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1, the properties were listed with NAI Horizon, along with 5 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the properties have been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the properties' contribution to the total site area of the larger assembled parcel, approximately \$2,038,817.37 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,000,000. This minimum total sale price has since been increased to be \$6,375,000. Based on the properties' contribution to the total site area of the larger assembled parcel, approximately \$ 1,792,753.21 (140.76/sf of total site area) of the total minimum sales price is allocated to the properties. The escrow related to this transaction is expected to close in late 2022.

814 East Speedway Boulevard

APN: 115-04-504A

LMLN, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

This situation is a bit unusual in that the structure is proposed for relocation, rehabilitation and preservation as a residential dwelling within the West University Neighborhood Historic District.

This application is for the relocation of five (5) of the six (6) contributing structures (one was not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 814 E. Speedway Boulevard, as one of the five (5) contributing structures.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

814 E. Speedway Boulevard:

\$167,931.00 (2021 FCV)

\$186,048.00 (2022 FCV)

2. Real estate taxes for the previous two years.

814 E. Speedway Boulevard:

\$2,270.25 (2019)

\$2,300.62 (2020)

Note: 2021 tax amount is not yet publicly available.

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

03/22/1989 – Deed Recorded at PCR#: 8499/669

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

The property is free and clear of any debt.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. In fact the economic performance of the property and reliable market demonstration indicate that the existing improvements on the property not only do not contribute to the value of the property, they most likely detract from the value of the property. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers’ accommodation”.

Of these legal uses few, if any, are physically possible due to the property sites containing only 12,736sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7-parcel assemblage (the property and 5 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit 1.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
814 E Speedway	11504504A	1907	1,175	2	1	Month-to-Month	2	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Fair	Evap & FAG - Fair	Original - Fair	Unknown Age - Fair

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Original - Fair	Original - Fair	Fair	Mixed material in poor to fair condition	Fair condition	Various eras in poor to fair condition

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation of the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical, plumbing and mechanical systems. That estimate alone for this building is \$205,625 to \$293,750.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations. The exterior rehabilitation costs are budgeted at \$160,000. The scope of work is more detailed in the relocation plan.

In summary, the necessary interior investment and the exterior investment to return this structure to a marketable condition in today's rental/sales market is estimated to be \$453,750.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the properties for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	15,600.00	15,600.00
Operating Expenses		
Real Estate Taxes	4,034.66	4,106.52
Utilities	0.00	47.39
Insurance	812.00	862.00
Maintenance & Repairs	1,196.90	1,288.75
Landscaping	660.00	350.00
Miscellaneous	1,069.40	1,036.80
Management	0.00	0.00
Total Operating Expenses	7,772.96	7,691.46
Net Operating Income	7,827.04	7,908.54

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the one upside to the Speedway Boulevard frontage is that posting a "For Rent" sign has traditionally been effective in attracting prospective tenants. More recently the owner has also relied on internet based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going marketing methods may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low cost student housing market sector.

In summary, the historically contributing structures have reached the end of their useful life, the area around them have changed in character dramatically and with Speedway Boulevard being less than 20 feet from the front porches. To add emphasis to this, in the case of 812 E. Speedway Boulevard, vehicles have demolished the front porch of the structure twice in the last 17 years.

Relocation of these structures as proposed will place them in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the homes to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcels contain 5,017sf and 7,715sf for a combined land area of 12,736sf. The parcels are improved with two single family residences. At 812 E. Speedway Boulevard the improvements were originally constructed in 1917 and are reported to contain 936sf of living area. At 814 E. Speedway Boulevard the improvements were originally constructed in 1907 and are reported to contain 1,175sf of living area. The overall condition of both structures is considered fair to poor due to notable signs of exterior and interior deferred maintenance.

Market Value – As Is: Based on the properties as they presently exist, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$160.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison approach, ranges from \$275,000.00 to \$340,000.00, rounded.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the properties will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the properties, demonstrate a range of value for the properties that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore, the estimated market value of the properties – as if vacant commercial land, based on the sales comparison approach, ranges from \$380,000.00 to \$445,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the properties will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore, the estimated market value of the properties – as if vacant commercial land, based on the sales comparison approach, ranges from \$1,655,000.00 to \$2,230,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1, the properties were listed with NAI Horizon, along with 5 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the properties have been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the properties' contribution to the total site area of the larger assembled parcel, approximately \$2,038,817.37 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,000,000. This minimum total sale price has since been increased to be \$6,375,000. Based on the properties' contribution to the total site area of the larger assembled parcel, approximately \$ 1,792,753.21 (140.76/sf of total site area) of the total minimum sales price is allocated to the properties. The escrow related to this transaction is expected to close in late 2022.

818 East Speedway Boulevard

APN: 115-04-503A

LFBR, L.L.C.

Reasonable Economic Use Statement

March 2022



The following is intended to provide a summary of the information requested by Zoning Ordinance Section 5.8.10.E.2 regarding documentation of a lack of reasonable use of the property and the need for the relocation of the structure to permit redevelopment of the subject property for economically viable use.

This situation is a bit unusual in that the structure is proposed for relocation, rehabilitation and preservation as a residential dwelling within the West University Neighborhood Historic District.

This application is for the relocation of five (5) of the six (6) contributing structures (one was not salvageable). The following provides the summary responses to the standard questions regarding reasonable economic use requested by the Zoning Ordinance as it relates specifically to 818 E. Speedway Boulevard, as one of the five (5) contributing structures.

Section 5.8.10.E.2.a asks the following:

1. The assessed value of the land and improvements thereon according to the two most recent assessments.

\$192,242.00 (2020 FCV)

\$198,009.00 (2021 FCV)

2. Real estate taxes for the previous two years.

\$2,686.72 (2019)

\$2,722.63 (2020)

3. The date of purchase of the property or other means of acquisition of title, such as by gift or inheritance.

03/22/1989 – Deed Recorded at PCR#: 8499/669

Note – Under contract to purchase by Applicant Capstone

4. Annual debt service, if any, for the previous two years.

The property is free and clear of any debt.

5. All appraisals obtained within the previous two years by the owner or applicant in connection with the purchase, financing, ensuring, or ownership of property.

No formal appraisals have been commissioned by owner. A real estate broker opinion of value is included in Exhibit 1.

6. Any listing of the property for sale or rent, price asked, and offers received, if any.

See Exhibit 2.

7. Any consideration by the owner as to profitable adaptive uses for the property.

As concluded herein the present use of the property as a residential rental property is not the highest and best use of the property. In fact, the economic performance of the property and reliable market demonstration indicate that the existing improvements on the property not only do not contribute to the value of the property, they most likely detract from the value of the property. Therefore, it has been necessary for the owners to consider alternative uses for the property.

The nationally and industry recognized Appraisal Institute defines “highest and best use” as being the: “reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.”

According to the West University Neighborhood Plan the property is located in the “West University Transition Zone”. As such legal uses of the property are stated to be: “Administrative and professional offices, alcoholic beverage services (including micro-breweries), civic assembly, cultural uses, day care/child care, educational uses, educational use-post secondary, entertainment uses (including theaters), financial services, food and beverage sales, general merchandise sales, instructional school, lodging, medical services (out-patient), mixed use (a combination of residential and other uses in this list), parking, personal services, residential (attached), residential (multi-family) and travelers’ accommodation”.

Of these legal uses few, if any, are physically possible due to the property site containing only 7,768sf. Therefore, an essential component of any highest best use of the property will involve the property being assembled with adjacent parcels in order to create an assembled parcel large enough to accommodate some or all of the legally permissible land uses. Consequently, the property has been and is now being presented to the market as a part of a 7 parcel assemblage (the property and 6 other similarly undersized parcels) with the assemblage containing approximately 45,289sf. As such all, or most, of the legal uses can now be accommodated and therefore considered.

While all of the legal and physically possible alternative land uses for the property are appropriately supported by surrounding land use patterns and are considered to be financially feasible to varying degrees, the stand out alternative land use of the property that results in the highest value is putting the property, as part of the above mentioned assemblage, to use as a student housing site that will address the growing long term demand for student housing that is the result of increasing enrollment at the University of Arizona and the retirement and/or obsolescence of older student housing inventories.

8. The current fair market value of the property as determined by at least two independent appraisals.

Please see Item 5 above and Exhibit 1.

9. An estimate of rehabilitation cost to restore the structure to active use.

In its current location, the structure is not a long-term viable single-family residence. The condition of the home is generalized as follows:

Address	APN	Year Built	Square Footage	# of Bedrooms	# of Bathrooms	Leased? - if so, term in months	# of Residents	Students or Market Tenant?
818 E Speedway	11504503A	1929	1,606	2	1	Vacant	N/A	Market

Systems Conditions			
Electrical	Mechanical	Plumbing	Roofing
Original - Poor	Evap & Gravity Air - Poor	Original - Fair	Unknown Age - Poor

Aesthetic Conditions					
Kitchen	Bathroom(s)	Bedroom(s)	Flooring	Paint	Lighting
Original - Poor to Fair	Original - Poor	Poor	Mixed material all in poor condition	Poor condition	Various eras in poor to fair condition

The investment required to return the structure to a “marketable” condition for single-family use (i.e. modern appliances, finishes and fixtures expected for market rate tenants or buyers) as well as necessary upgrades of the infrastructure of the building is beyond the value of the building on a retail return and/or sales return basis (basically, these costs are more than the value of the structure, making them economically unfeasible).

While a building specific assessment is beyond the scope of this statement, a generalized estimate cost for rehabilitation the structure based on discussions with professionals that have worked on similar projects (a single-family historic home rehab to market condition) is estimated at \$175 to \$250 a square foot. That would exclude finishes (such as paint, fixtures, and flooring) and is only to modernize the building for structural, electrical, plumbing and mechanical systems. That estimate alone for this building is \$281,050 to \$401,500.

In addition to the internal upgrades required above, the exterior of the structure needs significant investment to bring it up to current market expectations. The exterior rehabilitation costs are budgeted at \$160,000. The scope of work is more detailed in the relocation plan.

In summary, the necessary interior investment and the exterior investment to return this structure to a marketable condition in today’s rental/sales market is estimated to be

\$561,500.

10. Not applicable (waiver provisions).

In addition, because this is an income producing rental building, the additional questions below also apply, Section 5.8.10.E.2.b:

1. Annual gross income from the property for the previous two years.

See below.

2. Itemized operating and maintenance expenses for the previous two years, including proof that adequate and competent management procedures were followed.

	2019	2020
Total Gross Income	16,320.00	0.00
Operating Expenses		
Real Estate Taxes	2,657.32	2,722.63
Utilities	67.00	73.00
Insurance	1,156.00	1,197.27
Maintenance & Repairs	1,317.00	750.69
Landscaping	600.00	360.00
Miscellaneous	232.00	266.80
Management	3,600.00	0.00
Total Operating Expenses	9,629.32	5,370.39
Net Operating Income	6,690.68	-5,370.39

3. Annual cash flow, if any, for the previous two years.

See above.

4. Proof that efforts have been made by the owner to obtain a reasonable return on investment based on previous service.

As presently improved, when vacant, the property owner has marketed the property for residential rental use. Considering the close proximity to the University of Arizona the property has traditionally been occupied by students or lower paid University of Arizona faculty and/or staff. In the context of the property as a residential rental property, the one upside to the Speedway Boulevard frontage is that posting a "For Rent" sign has traditionally been effective in attracting prospective tenants. More recently the owner has also relied on internet-based channels such as Craig's List, RentLinx, Zillow, HotPads, etc. Going marketing methods may prove to be less effective because of the loss of any remaining privacy/aesthetic character of the property related to the development of the immediately adjacent high density student housing projects and an increasing supply of more suitably sited alternatives in the moderate to low cost student housing market sector.

In summary, the historically contributing structure has reached the end of its useful life, the area around it has changed in character dramatically and with Speedway Boulevard being less than 20 feet from the front porch. Relocation of this structure as proposed will place it in an interior neighborhood location within the West University Neighborhood Historic District (WUNHD) which will increase the economic feasibility of rehabilitation/restoration and thereby perpetuating the continued residential use of the improvements and the contributing nature of the home to the WUNHD and the greater Tucson community.

Exhibit 1 – Property Value

As part of the presenting the property to the market as is described in Exhibit 2 which follows, the value of the property was evaluated by NAI Horizon, a national commercial brokerage company with an office in Tucson, Arizona. Based on this evaluation the following assessments and conclusions were communicated:

Property Description: According to public record the property parcel contains 7,768sf and is improved with a single-family residence that was originally constructed in 1929 and is reported to contain 1,606sf of living area. The overall condition of the property is considered fair to poor due to multiple signs of exterior and interior deferred maintenance.

Market Value – As Is: Based on the property as it presently exists, relevant recent sales transactions involving comparable properties, after adjustments for differences in age, condition, living area size, parcel area and general and specific location when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$160.00 per square foot of living area. Therefore, the estimated market value of the property – as is, based on the sales comparison, ranges from \$210,000.00 to \$255,000.00, rounded.

Market Value – As If Vacant Commercial Land: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel large enough to be considered suitable for commercial uses, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$30.00 to \$35.00 per square foot of site area. Therefore the estimated market value of the property – as if vacant commercial land, based on the sales comparison approach, ranges from \$233,000.00 to \$270,000.00, rounded.

Market Value – Put To Highest And Best Use: Based on the underlying assumption that the property will be assembled with adjacent parcels in order to create a market viable vacant parcel put to its highest and best use as a student housing site, relevant recent sales transactions involving comparable properties, after adjustments for parcel area, general and specific location and influences by surrounding land uses when compared to the property, demonstrate a range of value for the property that is approximately equal to \$130.00 to \$175.00 per square foot of site area. Therefore the estimated market value of the property – as if vacant commercial land, based on sales comparison approach, ranges from \$1,010,000.00 to \$1,360,000.00, rounded.

Exhibit 2 – Evidence of Listings/Marketing

Based on the value analysis provided in Exhibit 1 the property was listed with NAI Horizon, along with 6 other adjacent parcels, in August of 2016 and presented to the market since then as a potential student housing site. As a result of this market exposure the property has been in escrow twice. The first fully executed purchase and sale agreement was entered into in May of 2017 with a well-qualified national student housing developer with the escrow being opened with a total sales price of \$7,250,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$1,243,524.92 (\$160.08/sf of site area) of the total sales price was allocated to the property. The escrow was canceled and the transaction did not close.

The second fully executed purchase and sale agreement is still in escrow and is with another well-qualified national student housing developer. The escrow was opened in July of 2018 with a minimum total sales price of \$6,375,000. Based on the property's contribution to the total site area of the larger assembled parcel, approximately \$1,093,444.32 (140.76/sf of total site area) of the total sales price is allocated to the property. The escrow related to this transaction is expected to close in late 2022.