

February 23, 2022

**WHEREAS**, the City recognizes the importance of its role in local economic development; and

**WHEREAS**, the City has established Tax Increment Financing Reinvestment Zone Number Seventeen (TOD TIF District or District) and established a Board of Directors for the District to promote development or redevelopment of Transit-Oriented Development (TOD) sites pursuant to Ordinance No. 27432, as amended, authorized by the City Council on December 10, 2008, as authorized by the TIF Act, Chapter 311 of the Texas Tax Code, as amended; and

**WHEREAS**, on April 14, 2010, City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan for the TOD TIF District by Resolution No. 10-0915; Ordinance No. 27854, as amended; and

**WHEREAS**, on January 21, 2022, the TOD TIF District Board of Directors reviewed the proposed Mockingbird Station East mixed-income and transit-oriented development project ("Project") and recommended City Council authorization of a development agreement with Trammell Crow Company Development, LLC ("Developer") and/or its affiliates, in an amount not to exceed \$29,000,000.00; and

**WHEREAS**, the Economic Development Committee was briefed regarding this Project on February 7, 2022; and

**WHEREAS**, to further implement the TOD TIF District Project Plan and Reinvestment Zone Financing Plan, the City desires to enter into a development agreement with Trammell Crow Company Development, LLC and/or its affiliates in an amount not to exceed \$29,000,000.00 ("TIF Subsidy"), payable from current and future TOD TIF District Funds, in consideration of the Mockingbird Station East mixed-income and transit-oriented development project on property currently located at 5465 East Mockingbird Lane, Dallas, Texas 75206.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

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**SECTION 1.** That the City Manager is hereby authorized to execute a development agreement, and all other necessary documents with Trammell Crow Company Development, LLC (“Developer”) and/or its affiliates, in an amount not to exceed \$29,000,000.00, payable from current and future TOD TIF District Funds, in consideration of the Mockingbird Station East mixed-income and transit-oriented development project (“Project”) on property currently addressed at 5465 East Mockingbird Lane, Dallas, Texas 75206 in Tax Increment Financing Reinvestment Zone Number Seventeen (“TOD TIF District”), approved as to form by the City Attorney, thereby confirming the TOD TIF District Board of Director’s dedication of current and future tax increment revenues, in an amount not to exceed \$29,000,000.00 as shown in **Exhibit A**.

**SECTION 2.** That the facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.

**SECTION 3.** That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$29,000,000.00 to Trammell Crow Company, LLC and/or its affiliates from the TOD TIF District Fund (subject to current and future appropriations from tax increments), as follows:

TOD TIF District Fund Fund 0062, Department ECO, Unit W817 Activity TODD, Object 3095, Program TODTIF0004 Encumbrance/Contract No. ECO-2022-00018595 Vendor VC24486	\$ 90,000.00
TOD TIF District Fund Fund 0062, Department ECO, Unit W817 Activity TODD, Object 4599, Program TODTIF0004 Encumbrance/Contract No. ECO-2022-00018595 Vendor VC24486	\$11,791,642.00
TOD TIF District Fund Fund 0062, Department ECO, Unit W817 Activity TODD, Object 3016, Program TODTIF0004 Encumbrance/Contract No. ECO-2022-00018595 Vendor VC24486	<u>\$17,118,358.00</u>
Total amount not to exceed	\$29,000,000.00

**SECTION 4.** That the Developer shall design, fund and/or construct the Project and related public infrastructure improvements on and adjacent to property currently addressed at 5465 East Mockingbird Lane in the TOD TIF District as described in SECTION 7 and in substantial conformance with **Exhibit B1 and B2**.

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**SECTION 5.** That nothing in this resolution shall be construed to require the City to approve payment from any source of City funds other than the TOD TIF District Fund and/or Tax Increment Bonds. Any funds expended under the development agreement that remain unpaid upon termination of the TOD TIF District, due to lack or unavailability of TOD TIF District Funds, shall no longer be considered project costs of the TOD TIF District or the City, and the obligation of the TOD TIF District to pay Developer shall automatically expire.

**SECTION 6.** That in addition to the conditions set out in the sections above, the development agreement is hereby expressly made subject to all of the following contingencies which must be performed or occur:

- A. Developer shall incur (or cause to be incurred) and provide documentation evidencing a minimum of \$90,000,000.00 in Investment Expenditures (Exhibit A) for the Project, including the sum of all costs for site acquisition, demolition, off-site infrastructure on-site preparation, building construction/finish-out/furnishings, and professional fees (e.g. architecture, engineering, landscape architecture, interior design, surveying, environmental remediation). Construction management costs may be considered an Investment Expenditure if services are directly related to ensuring the quality of the construction of the Project and are performed by an independent and unaffiliated third-party. Construction management costs must be evidenced by invoices with detailed descriptions of services performed. Developer fees, legal fees, marketing fees, financing fees, leasing commissions, carrying costs, reserves, operating deficits through stabilization and other similar costs shall not be considered an Investment Expenditure. With the exception of site acquisition, professional fees, environmental assessments and other eligible due diligence costs, no expenditures made prior to City Council approval may count towards minimum investment.
- B. The Project shall include a minimum of 340,000 leasable square feet of residential space.
- C. A minimum of 20% of the units (“Affordable Units”, inclusive of the below referenced voucher units) shall be set aside and leased solely to those households earning a maximum of 80% of the Area Median Income (AMI) for a minimum of 15 years (the “Affordability Period”). The TOD TIF District Mixed Income Housing Guidelines (“Guidelines”) (**Exhibit C**) shall be followed except where the specific requirements for this Project are more restrictive than the Guidelines. In addition, the affordable units shall be dispersed by unit type and location throughout the property. The affordability requirement shall be impressed upon the property by deed restriction for the Affordability Period.

**SECTION 6.** (continued)

After the Project's completion as defined in Section 7G herein and throughout the Affordability Period, Developer shall monitor and submit semi-annual reports to the Director of the Office of Economic Development ("Director") on the status of its compliance with the requirements of the Project's Affordability. Developer shall submit written certification and documentation of compliance. Reporting forms and frequency may be modified at City's discretion.

- D. Developer shall complete an Affirmative Fair Housing Marketing Plan and market the residential units pursuant to the Affirmative Fair Housing Marketing Plan.
- E. Developer shall abide by Ordinance 30246, approved by Resolution 16-1760, which requires that "multifamily housing accommodations that benefit from a financial award approved by the city council on or after the effective date of this ordinance [October 26, 2016] shall set aside at least half of the Affordable Units (10 percent of the dwelling units) and solely lease those dwelling units to holders of housing vouchers, including vouchers directly or indirectly funded by the federal government, for a minimum of 15 years from the date of the initial issuance of the housing accommodation's certificate of occupancy". Should Ordinance 30246 and Chapter 20A of the Dallas City Code be amended prior to the Project's certificate of occupancy date, Developer shall abide by such amended requirements. Additionally, Developer agrees that it will not discriminate against potential renters on the basis of source of income, including federal housing vouchers. Prior to the Project's completion as defined in Section 7G herein, this requirement shall be impressed upon the property by deed restriction.
- F. Developer shall obtain a building permit by December 31, 2024. A foundation permit may constitute meeting the obligation of this requirement. A demolition permit or grading permit does not constitute meeting the obligation of this requirement.
- G. Construction of the Project, including associated public improvements and streetscape improvements, shall be complete, and all portions of the building shall be occupiable by December 31, 2026 as evidenced by certificate of occupancy, letter of acceptance, certificate of completion, and/or similar documentation from the City.
- H. Prior to completion of the Project and at no cost to City, Developer shall provide public access easements, deed restrictions, or other instruments reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the Project remain in non-City ownership.

**SECTION 6.** (continued)

- I. The proposed management group for the Project must be submitted at least three months prior to Project completion for review by the Director to consider acceptance based on the management entity's comparable experience managing other multi-family properties, such approval not being unreasonably withheld.
- J. Developer shall execute an Operating and Maintenance Agreement for all non-standard TIF eligible improvements for twenty (20) years. The terms and conditions of the Operating and Maintenance Agreement are binding upon the successors and assigns of all parties hereto and may be assignable, subject to Director approval, in whole or in part, to a new owner of all or a portion of the Project. Owner shall remain responsible for the maintenance of the Non-Standard Public Improvements for a term of twenty (20) years even if Owner chooses to forgo the TIF Subsidy or is not paid the TIF Subsidy as a result of default.
- K. Developer shall make a good faith effort to comply with City's Business Inclusion and Development ("BID") goal of 40% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all hard construction expenditures on the Project and meet all reporting requirements.
- L. Until the Project has passed final building inspection and all required paperwork documenting Project completion has been submitted to the Office of Economic Development, Developer shall submit to the Office of Economic Development quarterly status reports for ongoing work on the Project (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the Council approval date.

**SECTION 6.** (continued)

- M. The Urban Design Peer Review Panel (“UDPRP”) is an independent group of professional designers selected by the City Manager with expertise in architecture, landscape architecture, engineering, and urban planning. Review by the UDPRP is required for all projects requesting TIF subsidies. Following a formal review of the Project’s preliminary conceptual drawings and renderings on April 24, 2020, the UDPRP provided advice (**see Exhibit B1**). Additional comments and clarifications were made between staff and Developer after the formal review. On November 9, 2020, Developer submitted a final response to the City’s Planning and Urban Design Department (“PUD”) staff with updated conceptual drawings and renderings (**see Exhibit B2**). On November 11, 2020, the PUD staff indicated that the updated conceptual drawings and renderings provided by Developer on November 9, 2020 satisfied the UDPRP’s advice. Prior to building permit submittal to the City’s Sustainable Development and Construction Department, Developer shall submit a set of permit drawings to PUD for a final staff review to ensure that the Project (i.e. public and private improvements) will be constructed in substantial conformance with the approved conceptual drawings and renderings. Allowable minor modifications may include, but are not limited to, those required for compliance with development regulations administered by the City’s Sustainable Development and Construction Department or other City departments.
- N. For all permanent employment opportunities created by operation of the Project, Developer shall submit to the City a written plan describing how Developer or property management group shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas. At a minimum, the written plan shall describe how Developer or property management group will target local recruitment through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources. The plan shall be subject to approval by the Director to ensure that employment opportunities are targeted to Dallas residents and that reasonable efforts are made to promote the hiring of neighborhood residents for any new permanent jobs created.
- O. After approval and recommendation of the TIF Board, the Director may authorize minor modifications to the Project, including, but not limited to, a reduction of the minimum square footage requirement of less than fifteen percent, modifications to development mix and/ or design elements in compliance with TOD TIF District Policies and Plans, and an extension of the Project deadlines up to 12 months.

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**SECTION 7.** That payment of the TIF Subsidy is subject to the availability of tax increment. If the appraised value of the property in the TOD TIF District remains constant or decreases in value from the base year value, the TIF Subsidy for that year may be reduced or unpaid due to the lack of available increment. The TIF Subsidy shall be paid solely from the Tax Increment Fund, if and when tax increments are received and available for such purpose, during the life of the TOD TIF District (including collection of the 2038 tax year increments in calendar year 2039), subject to the limitations on repayment of the TIF Subsidy provided in the development agreement.

**SECTION 8.** That assuming all other conditions for payment have been met, the City of Dallas will administer the payment of the TIF Subsidy for the Project annually, pursuant to the TOD TIF District Increment Allocation Policy attached hereto as **Exhibit D**.

**SECTION 9.** That until completion of the Project, an assignment of the Development Agreement shall only be allowed to an affiliate of Developer with the prior written approval of the Director, not to be unreasonably withheld.

After completion of the Project, Developer may assign its rights or obligations under the Development Agreement to any entity with the prior written approval of the Director.

Any receivables due under the Development Agreement may be assigned by Developer or assignee upon providing the Director with written notice within thirty (30) calendar days of such assignment. Developer and assignee have the right, from time to time, to collaterally assign, pledge, grant a lien or security interest in, or otherwise encumber any of their respective rights, title, interest under the Development Agreement for the benefit of their respective lenders without the consent of, but with written notice to, the Director. The collateral assignment, pledge, grant of lien or security interest, or other encumbrance shall not, however, obligate the lender to perform any obligations or incur any liability under the Development Agreement unless the lender agrees in writing to perform such obligations or incur such liability.

**SECTION 10.** That prior to or contemporaneously with the execution of the TIF development agreement, Developer shall provide evidence of binding commitments of all capital sources necessary to complete the Project and the DART parking garage.

**SECTION 11.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.