



City of Dallas

Downtown Connection TIF District Plan Amendment &

One Newpark Project

a catalyst mixed-use and mixed-income development

Economic Development Committee

May 2, 2022

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Office of Economic Development

Presentation Overview



- Background
- Staff Recommendation for Downtown Connection TIF District Plan Amendments
- Proposed One Newpark Project
- Staff Recommendation for One Newpark Project
- TIF Board and Downtown Dallas Development Authority Recommendation
- Next Steps
- Appendices



Background: Downtown Connection TIF District



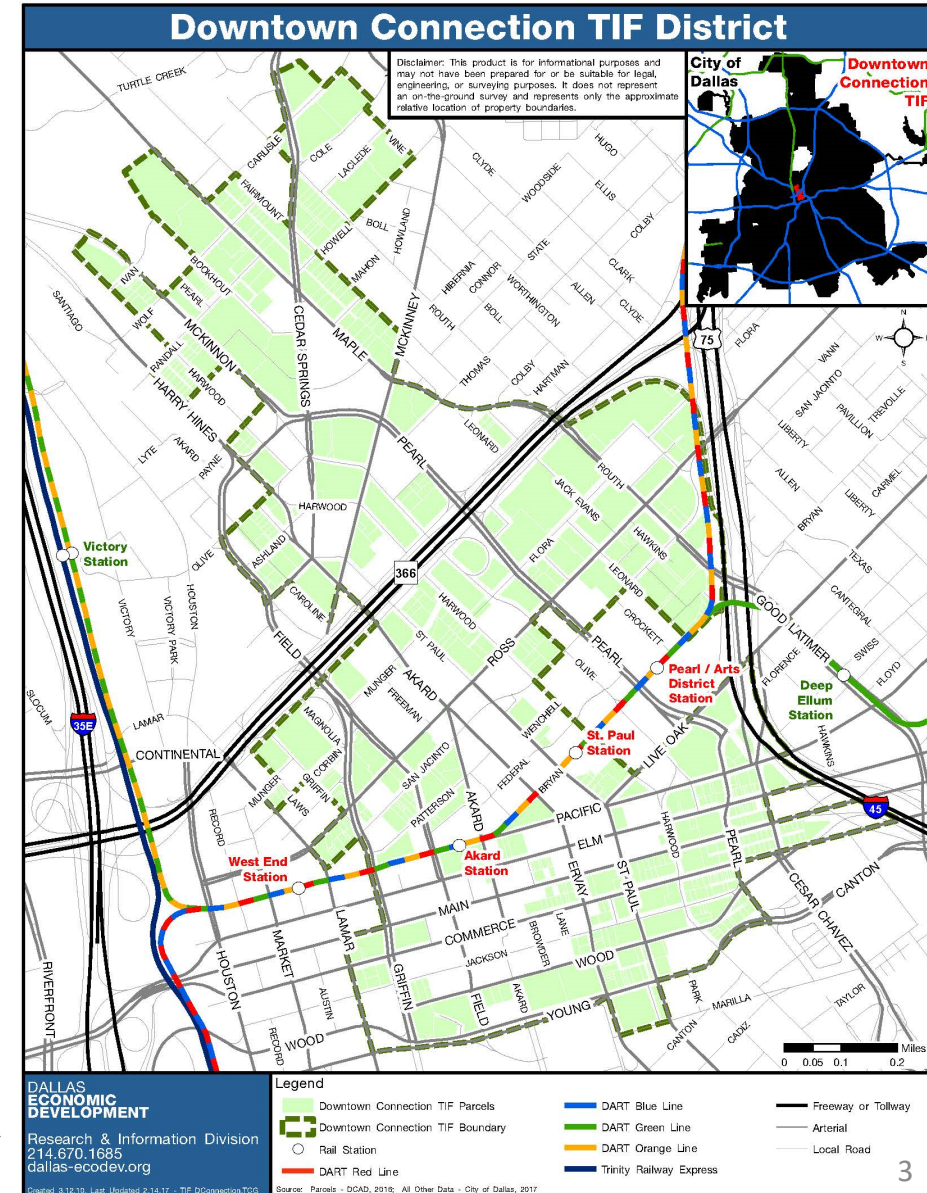
Initiated in 2005 by property owner petition to:

- Create a fund for public capital improvements in the core of downtown essential for redevelopment of vacant/historic buildings, underutilized vacant and surface parking lots
- Create a downtown neighborhood with more residents, greater density and critical mass of development

Downtown Dallas Development Authority (DDDA), a Local Government Corporation, was also created in 2005 to:

- Support implementation of the Downtown Connection TIF District's Project Plan and Reinvestment Zone Financing Plan
- Issue two series of tax increment contract revenue bonds to support the District's catalyst project – the Mercantile Block, Lone Star Gas Lofts Complex, and Continental building
- See **Appendix A** for more information on DDDA bond sales and repayment

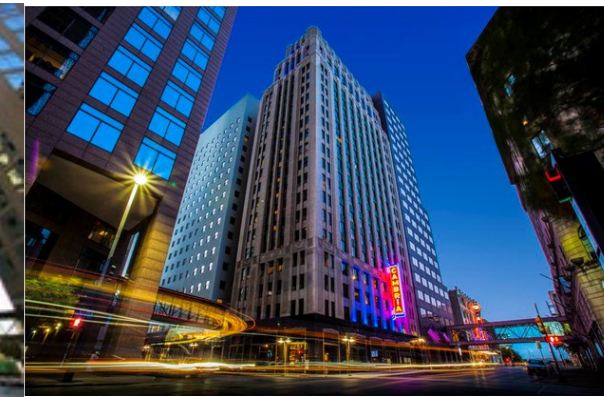
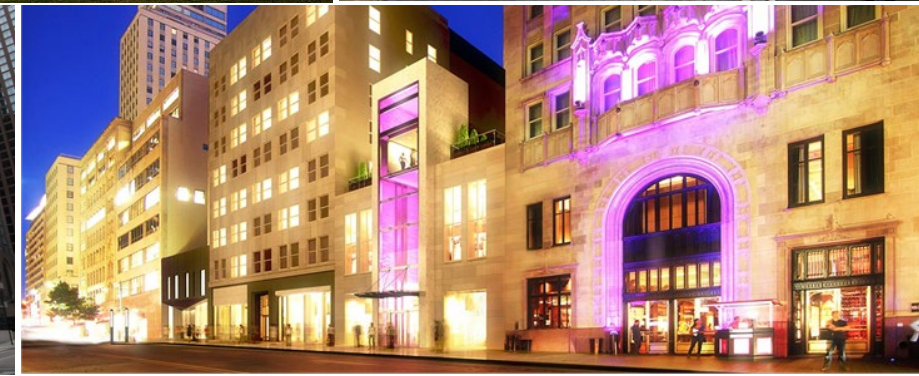
District expires on December 31, 2035 or when \$231.6 million Net Present Value (approximately \$454.7 million total dollars) is collected



Background: Downtown Connection TIF District



- District's 2021 certified DCAD value is approx. \$5.9 billion, an increase of \$5.3 billion (941.4%) from the District's adjusted base year value of \$564.9 million
- District has directly supported the conversion and adaptive reuse of over 6.5 million square feet of vacant, obsolete, and/or historic office buildings in the downtown core into:
 - 1,893 residential units, inclusive of 342 affordable units (18%)
 - 1,186 hotel rooms
 - 223,631 square feet of retail space
 - 562,969 square feet of office



Background: Downtown Connection TIF District



Current Budget Capacity of TIF District

- Currently, District's budget does not have the capacity to support new projects
- Explosive growth in the Uptown portion of the District, coupled with quicker-than-projected repurposing of vacant buildings downtown have caused the District to collect more increment sooner than originally projected
- District is anticipated to meet its current budget cap in 2026, 9 years earlier than the 2035 termination date and maturity date of the TIF revenue bonds supported by the District
- Early termination of the District would result in the following:
 - Not collecting enough increment to pay current developer obligations or fund retirement of outstanding bond debt
 - No source of funds to support the full implementation of the District's goals and objectives which included redevelopment of surface parking and vacant lots in the District (See next slide)

Downtown Connection TIF District Current Projected Increment Revenues to Retire TIF Fund Obligations			
	A	B	A - B
Category	Estimated Total Dollar TIF Budget	Allocated ³	Estimated Total Dollar Balance
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$0
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$222,501,427	\$241,411,191	(\$18,909,764)
Uptown/Downtown connection improvements	\$0	\$0	\$0
Park and plaza design and acquisition	\$2,945,081	\$0	\$2,945,081
Affordable Housing²	\$3,000,000	\$3,000,000	\$0
Retail Initiative/Streetscape Improvements	\$1,985,000	\$459,845	\$1,525,155
Downtown Area Plan	\$515,000	\$512,464	\$2,536
Administration and Implementation	\$5,398,268	\$2,069,268	\$3,329,000
Debt Service (Interest Only)	\$150,363,000	\$150,363,000	\$0
Total Project Costs	\$454,707,775	\$465,815,767	(\$11,107,992)
¹ TIF Budget shown above in total dollars; TIF Project Plan shows the budget in net present value			
² The Affordable Housing line item has been reduced by the amount of money allocated to the Continental and 411 N. Akard TIF projects			
³ The Allocated total shown for the Redevelopment of Vacant/Underutilized Downtown Building line item reflects the total TIF District's commitment to projects currently in the Reimbursement Queue			

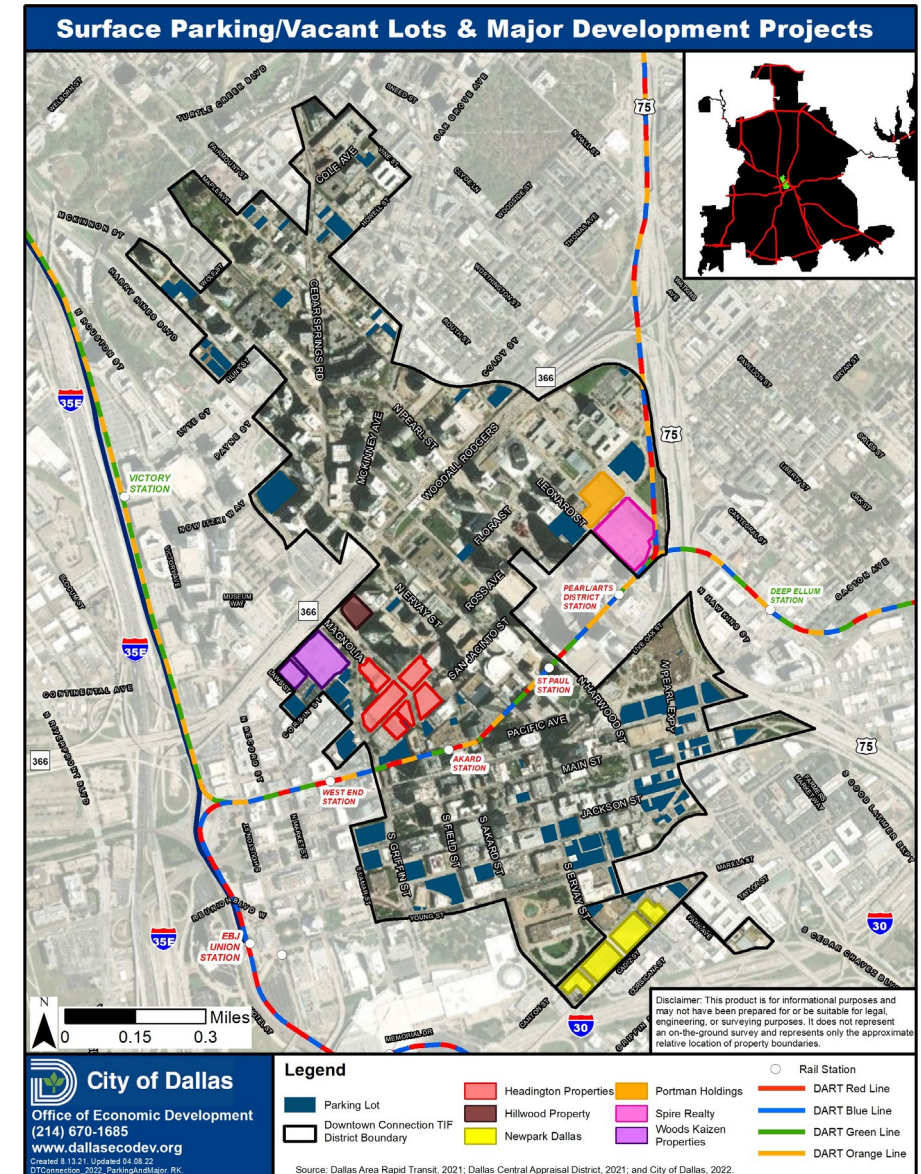


Background: Downtown Connection TIF District



New Development in the District

- The next phase of development in downtown Dallas will be redevelopment of existing surface parking and vacant lots with new ground-up construction
- Currently there are approx. 77 acres of surface parking lots and vacant lots in the Downtown Connection TIF District, resulting in gaps in the fabric of downtown
- Of the 77 acres, over 30 acres of surface parking and vacant lots have been announced for potential redevelopment
- Increasing density on these underutilized parcels will require significant public investment (e.g. roadway, water, sewer, storm drainage, sidewalks, lighting, mixed-income housing, etc.)



Staff Recommendation for Plan Amendments



To address the District's current lack of budget capacity and provide a mechanism to support future downtown development, Staff recommends the following amendments to the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan ("Plan"):

- Increase geographic area of the District (i.e. expand boundary)
- Create two sub-districts within the District
- Increase and restructure the District's current budget
- Establish a termination date for the new sub-district
- Establish a separate budget for the new sub-district
- Establish City participation rate for the new sub-district
- Request Dallas County participation in new sub-district
- Make corresponding modifications to the District's Plan



Staff Recommendation: Plan Amendments

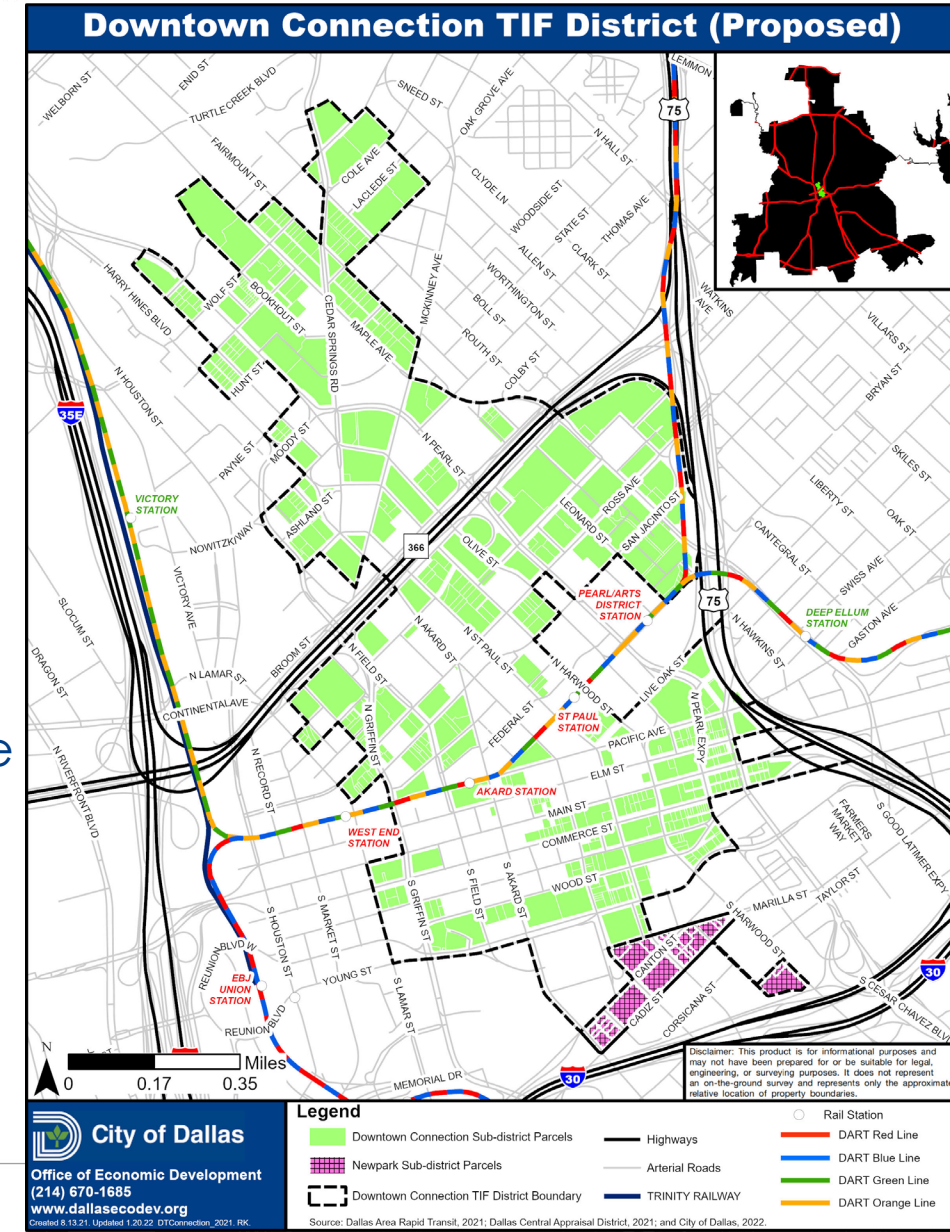


Boundary Expansion

- existing District is 266.5 acres
- proposing to expand the boundary to include an additional 14.2 acres (parcels shown in purple on map)
- 2021 certified DCAD taxable value of the added area is \$21,609,710

Create Two Sub-districts

- Downtown Connection Sub-district (existing Downtown Connection TIF District boundary: shown in green on map)
- Newpark Sub-district (14.2 acres to be added: shown in purple on map)
 - The Newpark Sub-district will support the proposed Newpark Dallas, a multi-phased, mixed-use development (See **Appendix B**)
- Separate TIF budgets for each Sub-district





Staff Recommendation: Plan Amendments

Downtown Connection Sub-district Budget

- Sub-district's total budget will increase from \$231.6 million Net Present Value (NPV) to \$402.9 million NPV
- The \$171.3 million NPV increase in the Downtown Connection Sub-district's budget will provide a source of funding to support:
 - Significant expenditures for environmental remediation, demolition, utility and roadway infrastructure improvements required to redevelop surface parking lots and vacant lots throughout the sub-district
 - Mixed-income housing in High Opportunity Area
 - Redevelopment of Fire Station #18 (660 N. Griffin St.) – a line item supporting relocation and/or reconstruction of this fire station has been added to the budget
 - Continued debt service payments on the District's bonds in later years of the District without diverting increment needed to pay outstanding project obligations or assist new redevelopment projects in the sub-district

Downtown Connection TIF District Budget 2022 Amendment				
Category	Current NPV Budget (2006) ¹	Estimated Total Dollars TIF Budget ²	Amended NPV Budget (2006)	Amended Estimated Total Dollars TIF Budget
Catalyst Projects: - Environmental remediation, demolition, historic façade, restoration, street/utility improvements & streetscape improvements, land acquisition, and non project costs, including, but not limited to machinery, equipment, materials and supplies	\$68,000,000	\$68,000,000	\$68,000,000	\$68,000,000
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, TIF grants, affordable housing	\$152,653,168	\$0	\$239,255,247	\$629,007,549
Uptown/Downtown connection improvements³	\$0	\$0	\$0	\$0
Park and plaza design and acquisition	\$1,500,000	\$2,945,081	\$1,500,000	\$3,943,535
Affordable Housing⁴	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Ground Floor Activation/Streetscape Improvements⁴	\$1,985,000	\$1,985,000	\$1,985,000	\$1,985,000
Downtown Area Plan⁴	\$515,000	\$515,000	\$515,000	\$515,000
Public Safety Building (replace Fire Station #18)	\$0	\$0	\$5,146,398	\$13,530,000
Administration and Implementation	\$3,940,386	\$7,736,503	\$3,940,386	\$10,359,365
TIF Bonds		\$150,363,000	\$79,555,857	\$206,972,265
Total Project Costs	\$231,593,554	\$454,707,775	\$402,897,888	\$937,312,714
¹ Current and Amended values discounted to 2006 dollars at 5% discount rate.				
² Current and Amended Total Dollar values are estimated based on annual TIF District value, project costs, increment collections and Debt Service schedules. These values will fluctuate annually.				
³ Funds allocated to this line item have been reprogrammed to the Redevelopment line item.				
⁴ Funds for the Affordable Housing, Ground Floor Activation/Streetscape Improvements and Downtown Area Plan line items are in cash.				





Staff Recommendation: Plan Amendments

Newpark Sub-district Budget

- Sub-district's total budget of \$90.3 million NPV will provide a source of funding to support:
 - Significant expenditures for environmental remediation, demolition, utility and roadway infrastructure improvements required to redevelop surface parking lots, vacant and underutilized lots throughout the sub-district
 - High density, mixed-use development projects
 - Mixed-income housing
 - Redevelopment of Fire Station #4 (816 S. Akard St.) – a line item supporting relocation/construction of this fire station is included in the budget

Newpark Sub-district Improvements Budget		
Category	NPV Budget ¹ (2022)	Estimated Total Dollar TIF Budget ²
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots - <i>Environmental remediation, interior/exterior demolition, historic façade restoration, street/utility improvements, land acquisition, streetscape</i>	\$19,778,349	\$49,000,000
Public Safety Building <i>(replace Fire Station #4)</i>	\$5,461,246	\$13,530,000
Economic Development TIF Grant - <i>High density mixed-use development projects, mixed-income housing</i>	\$63,273,208	\$156,756,626
Administration and Implementation	\$1,816,379	\$4,500,000
Total Project Costs	\$90,329,182	\$223,786,626
¹ NPV Budget values discounted to 2022 dollars at 5% discount rate.		
² Estimated Total Dollar values reflect estimated total collections over the life of the sub-district. These values will fluctuate annually.		



Staff Recommendation: Plan Amendments



Terms

Downtown Connection Sub-district

- No change (30-year term, ending December 31, 2035)

Newpark Sub-district

- 30-year term (beginning January 1, 2022 and ending December 31, 2052)

Participation of Taxing Entities

Downtown Connection Sub-district

- City's participation: No change (90%)
- Dallas County's participation: Ended in 2020 (55%)

Newpark Sub-district

- City's participation: 90% for 30 years
- Dallas County will be requested to participate: 55% for 20 years beginning in Year 5 (2027)



Staff Recommendation: Plan Amendments

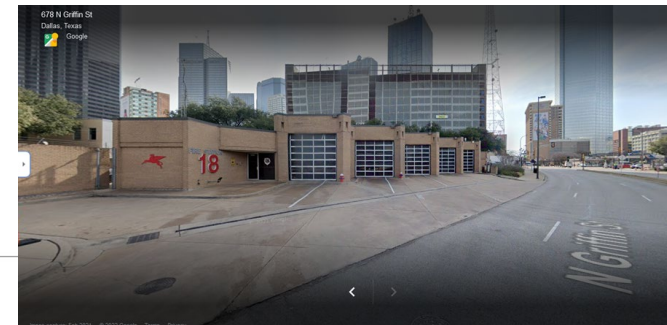
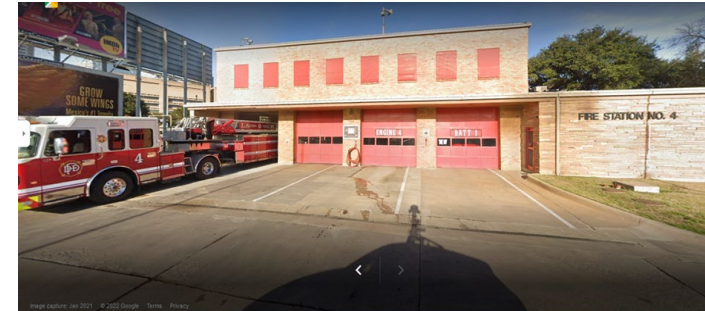


Mixed-Income Housing

- Critically important that mixed-income housing is provided as part of the proposed District expansion and development
- As part of the Plan Amendments, new ground-up construction projects with a residential component will be required to provide 20% of units to renters earning at/below 80% AMFI
- Redevelopment of existing buildings to include a residential component will continue to be required to provide 10% of units to renters earning at/below 80% AMFI
- Each sub-districts' budget has significant capacity to incentivize mixed-income housing

TIF Funding for Replacement of Aging Fire Stations Downtown

- Each sub-district's budget includes a line item to support relocation and/or reconstruction of downtown fire stations located near major redevelopment sites
- If fire station sites (Fire Station #18 and #4) or any other City-owned properties are purchased by a private developer for residential redevelopment, 30% of those residential units will be required to be provided to renters earning at/below 80% AMFI





Staff Recommendation: Plan Amendments

Strategic and Contextual Importance of Plan Amendments

- Encourages and supports continued growth of underutilized parts of downtown
- Supports development of additional mixed-income housing downtown and uptown
- Anticipated private development will fill in gaps in the urban fabric by redeveloping surface parking and vacant lots
- Provides a non-General Fund source of funding to support the upgrade of public infrastructure needed to support future development projects
- Provides a non-General Fund source of funding to replace two antiquated Dallas Fire Rescue stations in downtown
- Complements planned City investment in the redesigned Kay Bailey Hutchinson Convention Center, DISD's investment in a downtown school, TXDOT's investment in the redesigned I-30 Canyon Project, and Dallas College's interest in investing in a new Downtown campus



Staff Recommendation: Plan Amendments



Strategic and Contextual Importance of Plan Amendments

- Public investment (estimated \$2 billion) in the redesigned Kay Bailey Hutchinson Convention Center
 - February 2022: City Council selected Option 3C – West of Lamar
 - Option 3C – West of Lamar:
 - Builds new convention center with expanded footprint, meeting space and convention service offerings with large, elevated ballrooms
 - Opens Griffin and Lamar streets to natural light
 - Releases east of Lamar for future development

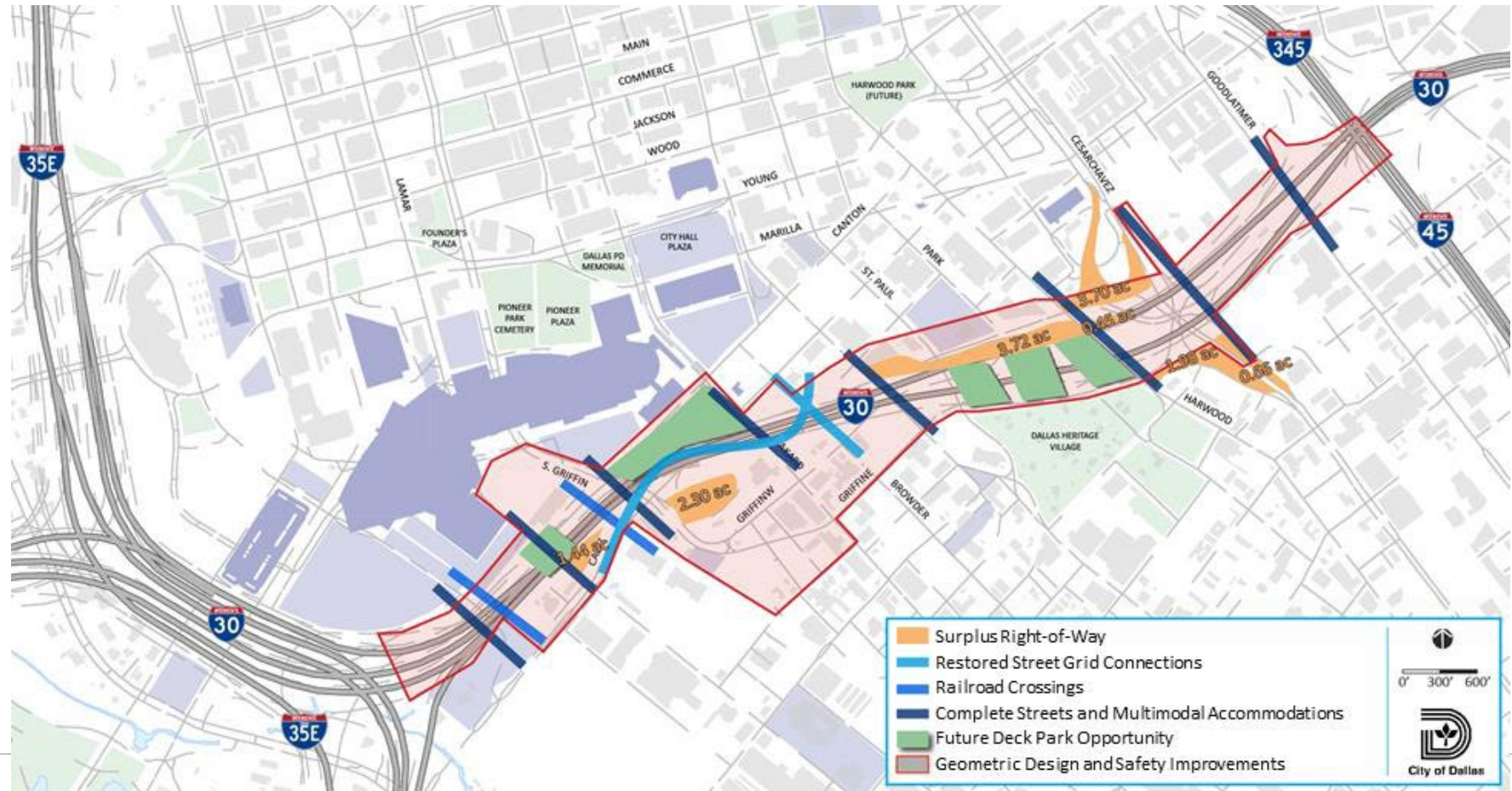




Staff Recommendation: Plan Amendments

Strategic and Contextual Importance of Plan Amendments

- TXDOT's \$564.7 million (\$418.7 million committed funding) investment in the redesigned I-30 Canyon Project (Illustrative Plan below is subject to change)



Staff Recommendation: Plan Amendments



Strategic and Contextual Importance of Plan Amendments

- DISD's \$95 million investment in a downtown school
 - 2020 Bond Program approved by voters
 - January 2021, DISD Board of Trustees authorized design-build construction of a downtown school site
 - June 2021, DISD Board of Trustees authorized negotiations and entering into a contract with a development team to design-build a downtown campus in an amount not to exceed \$95 million
- Dallas College's \$535 million investment in a downtown campus including student housing
 - 2019 Bond Program approved by voters





Staff Recommendation: Plan Amendments

Strategic and Contextual Importance of Plan Amendments

Downtown Connection Sub-district

- Facilitates over \$3.7 billion in private investment over remaining term of sub-district
 - Taxable value increase from \$5.9 billion in 2021 to \$11.6 billion in 2035
 - At termination, approx. \$85 million in tax revenue is projected to annually flow to the General Fund
- Over the remaining term of this Sub-district, approximately \$157.1 million is projected to flow to the General Fund

Newpark Sub-district

- Facilitates approx. \$1.5 billion in private investment over the proposed term of sub-district
 - Taxable value increase from \$21.6 million in 2021 to \$1.7 billion in 2052
 - In 2021, approx. \$106,000 flowed to the General Fund and will continue to flow to the General Fund annually over the term of the Newpark Sub-district
 - At termination, approx. \$13.6 million in tax revenue is projected to annually flow to the General Fund
- Cumulatively, approx. \$27.2 million is projected to flow to General Fund during the term of this Sub-district



One Newpark: Project Summary

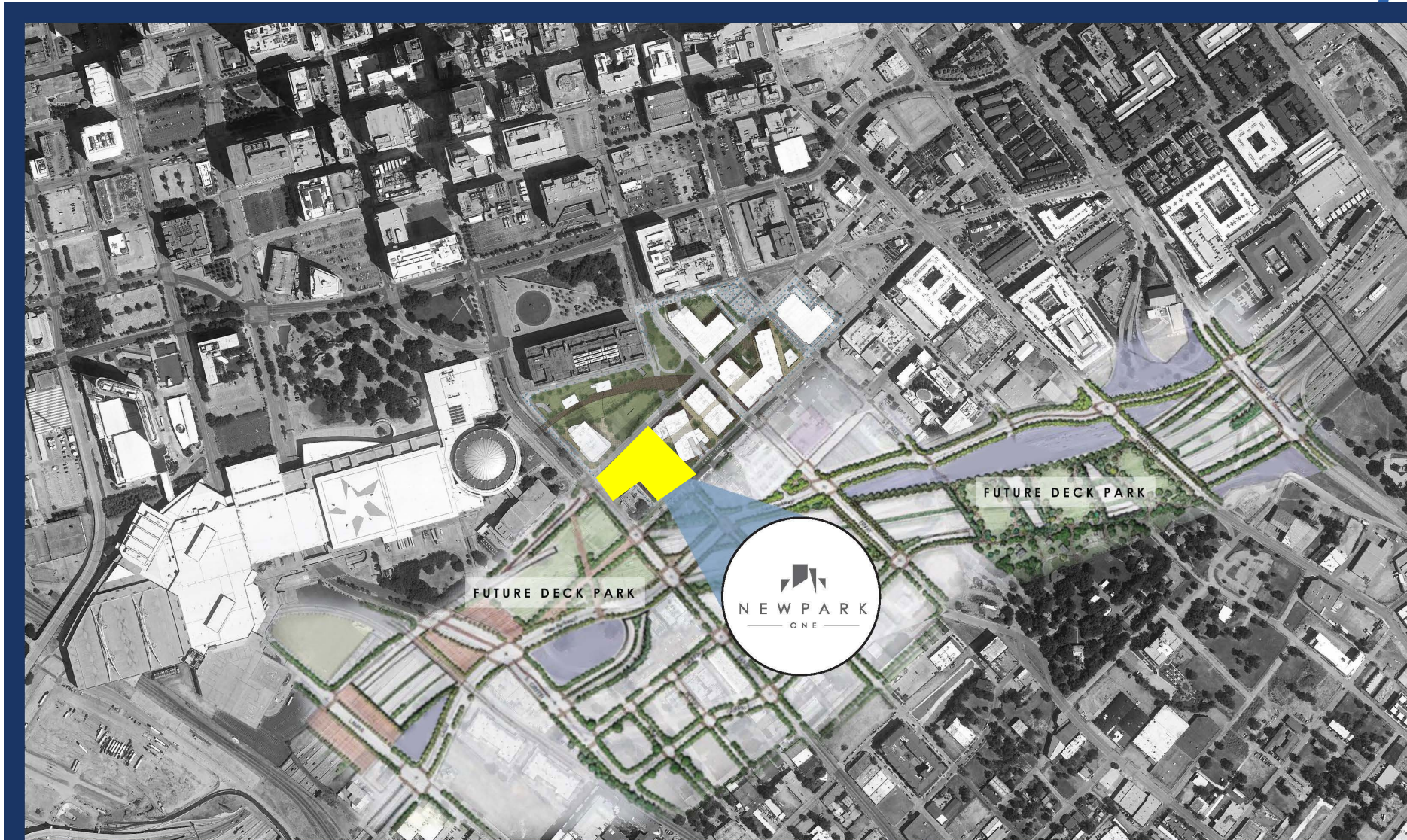


- **Project Developer:** One Newpark GP, LLC, a Texas limited liability company and/or its assigns will, directly or indirectly, control the One Newpark development project.
- **Project Summary:** In 2021, Developer submitted an incentive application to the Office of Economic Development for the One Newpark redevelopment project (“Project”), first phase of the master-planned Newpark Dallas development (See **Appendix B**)
 - a 38-floor, 1,345,845 square foot mixed-use, mixed-income tower to be constructed on 1.7 acres at southeast corner of Canton and Akard, south of City Hall
 - tower will include:
 - below-grade parking (3 levels)
 - street-level retail
 - above-grade parking (floors 3 through 8)
 - office component (floors 9 through 15)
 - 245-key hotel component (floors 17 through 23)
 - 268-unit multi-family component (top 15 floors)
 - 20% of units (54 units) will be set aside for households earning at/below 80% AMFI
 - total project cost: approximately \$378.7 million

Residential Unit Mix		
Bedroom Type	Units	%
Studio	26	10%
1Bd 1Ba	175	65%
2Bd 2Ba	67	25%
Total Units	268	100%



One Newpark: Project Location

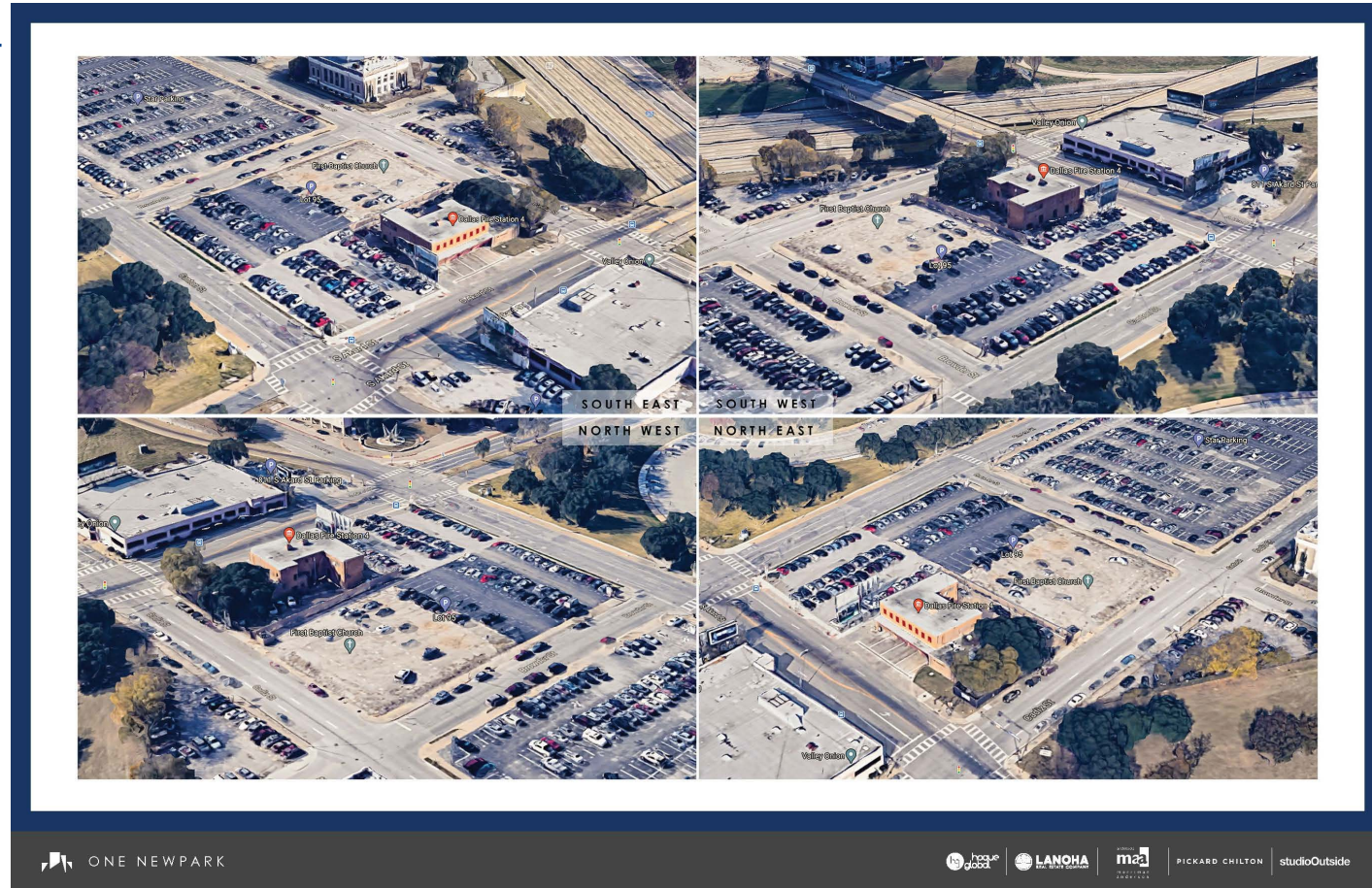


One Newpark: Project Site



Existing Conditions

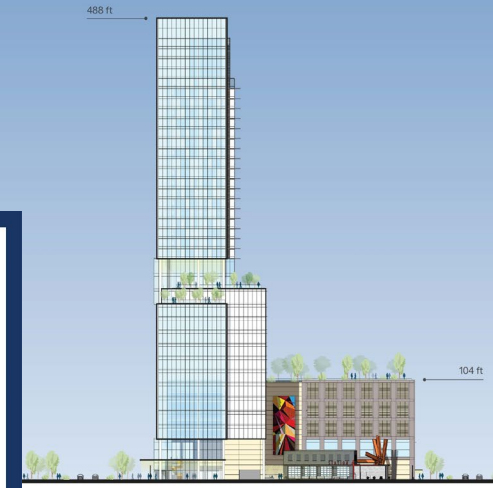
- Project site is approximately 1.7 acres of land currently used as surface parking lots:
 - 808 S. Akard Street
 - 801, 807, 809 and 817 Browder Street
 - 1404 Canton Street
 - a portion of 1600 Canton Street
- Project site's zoning is CA-1 (A) Central Area 1



One Newpark: Site Plan and Elevations



CANTON STREET VIEW



S. AKARD STREET VIEW



CADIZ STREET VIEW



BROWDER STREET VIEW

One Newpark: Renderings



ONE NEWPARK

hague global LANOHA m2a PICKARD CHILTON studioOutside



ONE NEWPARK

hague global LANOHA m2a PICKARD CHILTON studioOutside



One Newpark: Project Budget



Uses		
<u>Land/Building:</u>	Amount	Percent
Land Cost (Acquisition) - <i>per As-Is Appraisal</i>	\$ 6,270,000	
ROW Abandonment Fee	\$ 3,038,325	
Total Land Acquisition	\$ 9,308,325	2.5%
<u>Hard Costs:</u>		
Sitework	\$ 2,304,931	
Building construction costs	\$ 213,170,839	
Garage construction costs	\$ 48,541,872	
Tenant Improvements	\$ 21,261,310	
Hard cost contingency	\$ 11,972,758	
Off-Site Improvements:	\$ 4,000,000	
Other hard costs (FF&E/Hotel OS&E)	\$ 10,040,000	
Total Hard Costs (total construction)	\$ 311,291,710	82.2%
<u>Soft Costs:</u>		
Marketing expenses, advertising, etc.	\$ 500,000	
Architects/Engineers/Consultants	\$ 8,010,500	
Legal & Accounting	\$ 1,873,763	
Loan expenses(origination fee and debt initerest to BE)	\$ 21,494,534	
Other soft costs (Permits/testing/inspections/broker commissions/loss to break even)	\$ 17,044,217	
Soft cost contingency	\$ 642,440	
Total Soft Costs	\$ 49,565,454	13.1%
<u>Developer Fee:</u>		
Developer Fee	\$ 8,550,617	2.3%
Total Development Costs	\$ 378,716,106	100.0%

Sources	Amount	Percent
Construction Loan	\$246,165,469	65%
Equity	\$132,550,637	35%
Total Sources	\$378,716,106	100%



Staff Recommendation: TIF/PPP Funding



Staff recommends authorization of a Development Agreement and all other necessary documents with One Newpark GP, LLC and/or its affiliates and a City Subsidy in a total amount not to exceed \$95,500,000 from the following sources:

Public/Private Partnership (PPP) Fund

- up to \$3,500,000 in the form of an economic development grant sourced from the City's PPP Fund (**"PPP Grant"**) to offset expenditures made by the Developer for City development fees such as right-of-way abandonment, permitting, plan review, and inspection fees

Newpark Sub-district of the Downtown Connection TIF District

- up to \$92,000,000 sourced from **future** tax increment in the Newpark Sub-district of the Downtown Connection TIF District (**"TIF Subsidy"**) for:
 - repayment of PPP Grant back to PPP Fund (\$3.5 million)
 - reimbursement of costs (actual expenditures) for TIF-eligible demolition activities, infrastructure/utility improvements, streetscape improvements, wayfinding and signage, including expenditures for design and engineering of these improvements
 - reimbursement of costs (actual expenditures) for TIF-eligible off-site public infrastructure/utility improvements including expenditures for design and engineering of these improvements
 - economic development grant for high density, mixed-use development and mixed-income housing



Staff Recommendation: TIF/PPP Funding



- TIF Subsidy exceeds the amount of increment projected to be generated by the One Newpark project (\$65.8 million over 30 years)
- For the Developer to receive the full TIF Subsidy offered to facilitate One Newpark, vertical development of other properties (i.e. future phases) within the proposed Newpark Dallas development must occur to accelerate the increase in property value and increment collection

PPP Grant	Amount
Grant to offset expenditures made by the Developer for City development fees such as right-of-way abandonment, permitting, plan review, and inspection fees	\$3,500,000
TIF Subsidy Category	Amount
Redevelopment of Vacant/Underutilized Downtown Buildings, Underdeveloped Parcels, Surface Parking Lots	
Environmental Remediation/Demolition	\$2,304,931
Street/Utility Improvements	\$2,000,000
Streetscape Improvements	\$2,000,000
Economic Development TIF Grant (includes PPP Grant Repayment)	\$85,695,069
TIF SUBSIDY	\$92,000,000
TOTAL CITY SUBSIDY	\$95,500,000



Staff Recommendation: Conditions of PPP Grant



PPP Grant. A single subsidy payment in the form of a grant in an amount equal to the total City Expenses for the Project, but not to exceed \$3,500,000 from the City's PPP Fund shall be paid to the Developer upon Developer's submission of documentation and Office of Economic Development's verification that the following have occurred:

- Developer shall close construction financing for the Project prior to or contemporaneously with the City's execution of a development agreement with the Developer. Developer shall submit financing documentation to the City.
- Prior to City's execution of a development agreement, Developer shall execute a hotel franchise agreement with a national hotel brand acceptable to the Director of the Office of Economic Development ("Director") in his or her sole discretion.
- City Council approval of an expansion of the boundary of the Downtown Connection TIF District to create the Newpark Sub-district that will encompass all Newpark Dallas parcels as well as two parcels located on the northwest corner of South Harwood Street and Interstate 30 addressed as 1103 S. Harwood Street and 1900 St. Louis Street
- Developer shall obtain a building permit by December 31, 2024. A grading permit does not constitute meeting this requirement.
- City Council approval of the Developer's Browder Street abandonment request. See **Appendix C**



Staff Recommendation: Conditions of PPP Grant



PPP Grant Conditions continued

- As a condition of the City's abandonment of the portion of Browder Street between Canton Street to the north and Cadiz Street to the south, Developer shall dedicate a public access easement with a minimum average width of 18', where at no point along the easement the width is less than 12' wide along the abandoned right-of-way prior to the Completion Deadline. The easement shall include a minimum 8' wide continuous, unobstructed accessible path connecting Cadiz Street to Canton Street.
- Developer shall provide documentation evidencing Developer's payment to the City of:
 - i. any funds required by the Real Estate Division of the City's Public Works Department for the abandonment fee associated with the Developer's request of the City to abandon the portion of Browder Street located between Canton Street to the north and Cadiz Street to the south (See **Appendix D**), and
 - ii. any development-related fees imposed by the City on Developer for planning and constructing the Project, including but not limited to development permit fees, plan review fees, building permit fees, parkland fees, and inspection fees.



Staff Recommendation: Conditions of TIF Subsidy



TIF Subsidy. Annual TIF payments from the Newpark Sub-district totaling an amount not to exceed \$92,000,000 inclusive of (1) \$3,500,000 to be paid back to the City's PPP Fund upon completion of the Project, and (2) \$88,500,000 to be paid to the Developer upon Developer's submission of documentation and Office of Economic Development's verification that the following have occurred:

- Developer shall incur (or cause to be incurred) and provide documentation evidencing a minimum of \$310,000,000 in Private Investment Expenditures for construction of the Project, including, on and off-site infrastructure improvements, site amenities, building finish-out/furnishings, and professional fees (e.g. architecture, engineering, landscape architecture, interior design).
- Developer shall complete construction of a minimum of 800,000 square feet of residential, office, retail and hotel space associated with the Project by December 31, 2027
- Prior to the initial payment of the TIF Subsidy, Developer shall provide evidence of the following:
 - 50% of the street level retail space is leased and occupied;
 - 50% of the office space is leased to one or more unaffiliated third-parties and copies of the executed lease(s) have been provided to the Director; and
 - the hotel is open and operational
- Within 12 months of the initial payment of the TIF Subsidy, Developer must commence tenant finish-out construction for at least 50% of the office space.



Staff Recommendation: Conditions of TIF Subsidy



TIF Subsidy Conditions continued

- After initial payment of the TIF Subsidy, Developer, for a period of 15 years thereafter, shall immediately notify City in writing if any occupancy falls below the minimum occupancy requirements described above
- A minimum of twenty percent (20%) of the residential units constructed as part of the Project shall meet the affordability requirements of the Downtown Connection TIF District (reduced rental rate for households earning at or below 80% of the Area Median Income for a minimum of 15 years) – inclusive of the below voucher units referenced below
- Developer shall abide by Ordinance 30246, approved by Resolution 16-1760, which requires “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 10 percent (10%) of the dwelling units and solely lease those dwelling units to holders of housing vouchers
- Developer shall execute deed restrictions, by the date of the certificate of occupancy for the residential portion of the Project, and record such executed deed restrictions in the Official Real Property Records of Dallas County to ensure that the property will comply with the mixed-income housing and voucher requirements, as well as the source of income non-discrimination requirement
- Developer shall complete an Affirmative Fair Housing Marketing Plan and submit to the Fair Housing division of the City’s Office of Equity and Inclusion for review and approval and market the residential component of the Project pursuant to approved marketing plan



Staff Recommendation: Conditions of TIF Subsidy



TIF Subsidy Conditions continued

- Developer shall complete and obtain a letter of acceptance or similar documentation issued by the City, which may include a green tag issued from the Public Works Department for any public infrastructure improvements associated with the Project by June 30, 2028
- Prior to Project completion, Developer shall execute a 20-year Operating and Maintenance Agreement for any Non-Standard Public Improvements associated with the Project, and if necessary, obtain a license from City for the purpose of maintaining any improvements in the public right-of-way
- Developer shall make a good faith effort to comply with the City's Business and Workforce Inclusion's goal of 32% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all hard construction expenditures on the Project and meet all reporting requirements
- 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)
- The Director may authorize minor modifications to the Project, including, but not limited to, adjustment of the square footage of each component of the building, and may, after approval and recommendation of the TIF District Board, authorize an extension of the Project deadlines up to 12 months.



Staff Recommendation: Conditions of TIF Subsidy



TIF Subsidy Conditions continued

- For all permanent employment opportunities created by operation of the Project, and prior to commencing any hiring activities and the initial payment of the TIF Subsidy, Developer shall submit to the City a written plan describing how Developer or property management group will use and document best efforts to recruit and hire residents of the city of Dallas. At a minimum, the written plan shall describe how local recruitment will be targeted through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources.
- The City's Public/Private Partnership Fund will receive 50% of increment generated within the Newpark Sub-district until the PPP Grant is repaid in full, after which 100% of increment generated in the Newpark Sub-district will flow to the Developer.



TIF Board and DDDA Recommendation



- **April 29, 2022:** The Downtown Connection TIF District Board of Directors and Downtown Dallas Development Authority (DDDA) reviewed the proposed Downtown Connection TIF District Plan amendments and recommended approval
- **April 29, 2022:** The Downtown Connection TIF District Board of Directors reviewed the proposed One Newpark project and recommended approval of a development agreement and a City subsidy in amount not-to-exceed \$95,500,000



Next Steps



- **June 8, 2022:** City Council will call a public hearing to be held on June 22, 2022 to consider the proposed Plan amendments
- **June 22, 2022:** City Council will conduct a public hearing to receive citizen comments on the proposed Plan amendments and, at the close of the public hearing, consider approval of the Plan amendments
- **June 22, 2022:** If the proposed Plan amendments are approved, City Council will, at the same meeting, consider a development agreement and City Subsidy for the One Newpark project
- **June 22, 2022:** If the proposed amendments and One Newpark development agreement and City Subsidy are approved, City Council will, at the same meeting, consider the Developer's Browder Street abandonment request



Appendices



Appendix A: DDDA Background and TIF Bonds Repayment Status

Appendix B: Newpark Dallas

Appendix C: Browder Street Abandonment Request Map

Appendix D: One Newpark Underwriting Report Summary

Appendix E: One Newpark Development Team

Appendix F: Tax Increment Projection: Downtown Connection Sub-district

Appendix G: Tax Increment Projection: Newpark Sub-district

Appendix H: State TIF Law and City's Financial Management Performance Criteria (FMPC)



Appendix A

DDDA Background and TIF Bonds Repayment Status



- **June 8, 2005, City Council:**
 - Created the Downtown Connection TIF District (TIRZ Eleven) by Ordinance No. 26020
 - Established the DDDA to aid, assist and act on behalf of the City in the performance of the City's governmental and proprietary functions with respect to TIRZ Eleven and the City Center TIF District (TIRZ Five) under Chapter 431 of the Texas Transportation Code
 - Approved the DDDA's Articles of Incorporation and authorized the City Manager to file the articles with the Secretary of State
 - Approved the DDDA's by-laws by Resolution No. 05-1755
- **August 29, 2005, City Council:**
 - Authorized the execution of a Tri-Party Agreement by and among the City, TIRZ Eleven, and the DDDA, effective as of March 8, 2006 by Resolution No. 05-2545
 - In the agreement the City delegated to the DDDA certain duties and responsibilities with respect to TIRZ Eleven, including, but not limited to, the power to issue, sell or deliver its bonds, notes or other obligations in accordance with the terms of the Tri-Party Agreement
 - Adopted the Downtown Connection TIF District Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 26096
 - Adopted a Chapter 380 Program whereby the City may make economic development loans or grants from City general funds or from tax increment revenues to TIRZ Eleven or to the DDDA in furtherance of implementing the Project and Financing Plan
 - Authorized a Development Agreement with Forest City for the Mercantile Complex, the Continental Building and the Atmos Complex by Resolution No. 05-2545



Appendix A (continued)

DDDA Background and TIF Bonds Repayment Status



- **March 8, 2006**, City Council:
 - Authorized the issuance and sale of up to \$51,000,000 in Downtown Dallas Development Authority Contract Tax Increment Revenue Bonds for the Mercantile project improvements;
 - Approved the Preliminary Official Statement, Trust Indenture and Bond Resolution; and,
 - Enacted other relating provisions by Resolution No. 06-0873
- **October 10, 2007**, City Council:
 - Authorized the issuance and sale of up to \$30,000,000 in Downtown Dallas Development Authority Contract Tax Increment Revenue Bonds for the Mercantile project improvements;
 - Approved the Preliminary Official Statement and Bond Resolution; and
 - Enacted other relating provisions by Resolution No. 07-2993

For both issuances, the issuer was DDDA and the Credit Pledge was:

- (1) Downtown Connection TIF District increment; or
- (2) City of Dallas General Fund annual appropriation, if increment accrual is insufficient

Downtown Connection TIF Tax Increment Financing District Fund
Status of DDDA Bonds and Repayment
As of September 30, 2021

Project	Bond Sales	Principal & Interest	Total Paid (P & I)	Balance Due
Mercantile	Series 2006 (\$50,605,343)	\$139,671,210	\$38,188,793	\$101,482,417
Mercantile	Series 2007 (\$28,950,514)	\$67,301,055	\$32,010,516	\$35,290,539
Total		\$206,972,265	\$70,199,309	\$136,772,956



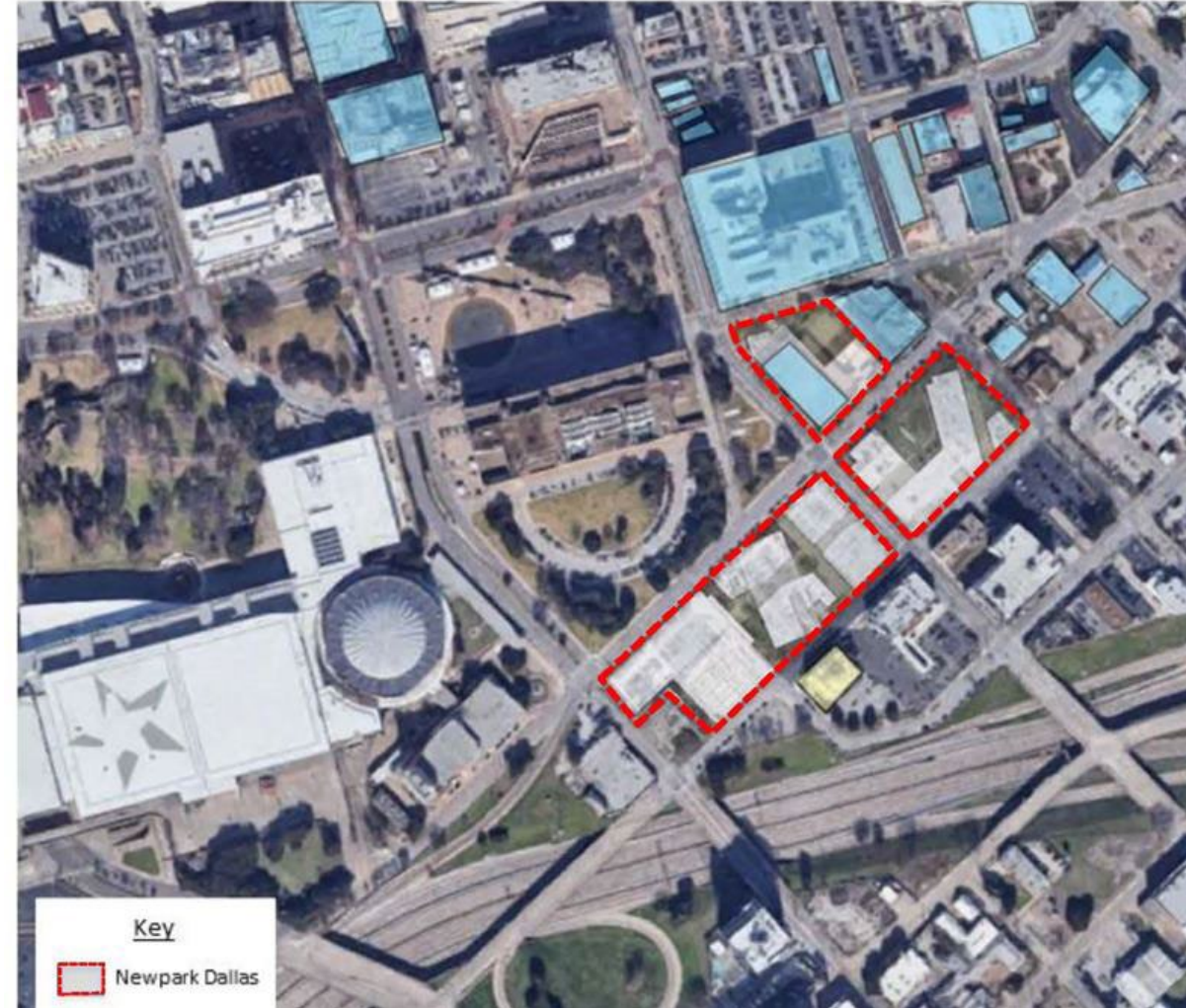
Appendix B

Newpark Dallas



Newpark Dallas

- Phased redevelopment of approx. 5 acres of surface parking lots south of City Hall owned by Hoque Global
- Planned development to include:
 - 1 million square feet of Class A office space
 - 200,000 square feet of retail space
 - thousands of residential units
 - 4-star hotel
- Estimated total private investment: \$1.5+ billion
- Approximately \$872 million in new taxable value is projected to be created at full build-out of Newpark Dallas
- In 2021, Hoque Global submitted a development incentive application requesting:
 - Expansion of the Downtown Connection TIF District boundary to include Newpark Dallas parcels
 - TIF subsidy to support phase one of the project (One Newpark)



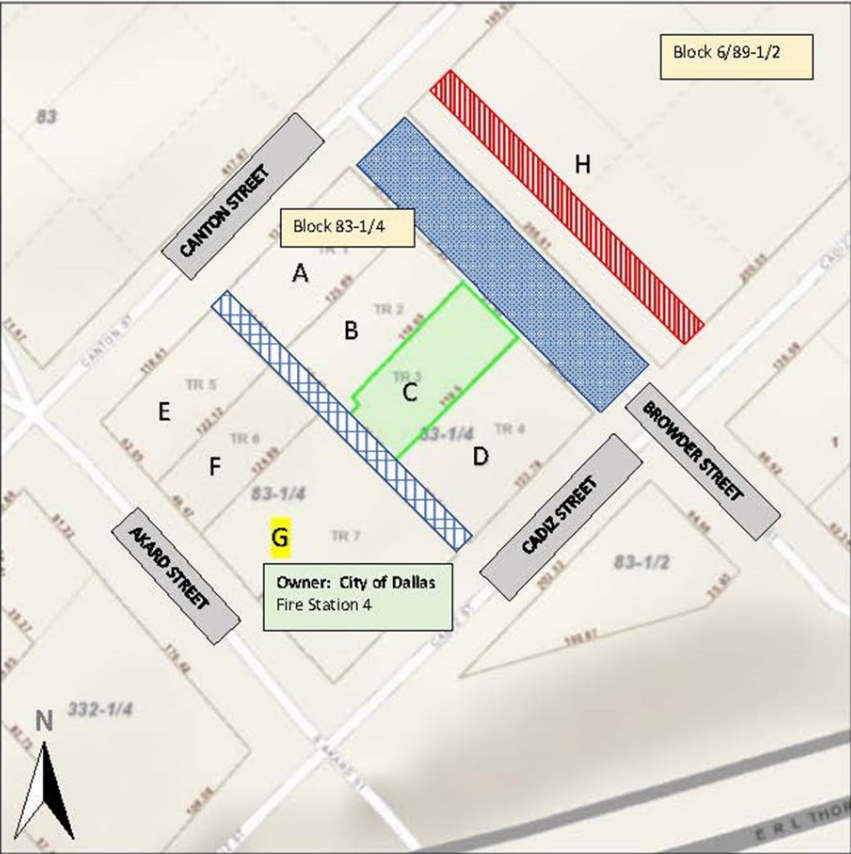
Appendix B (continued)

Newpark Dallas



Appendix C

Browder Street Abandonment Request Map



Log No. 50021

Applicant: Canton Cadiz Phase 1, LLC

Abandonment Areas:

Street



Alley



Dedication Area:



Owner: Canton Cadiz Phase 1, LLC

A – 801 BROWDER STREET – Inst. No. 201600336050

B – 807 BROWDER STREET – Inst. No. 201600336050

C – 809 BROWDER STREET – Inst. No. 201600336054

D – 817 BROWDER STREET – Inst. No. 201600336051

E – 1404 CANTON STREET – Inst. No. 201600336051

F – 808 S AKARD STREET – Inst. No. 201600336051

G – 816 S AKARD STREET – CITY OF DALLAS

H – 1600 CANTON STREET – Inst. No. 201600336048 (Abutting property)



Appendix D

One Newpark Underwriting Report Summary



- Developer's original incentive application requested \$130 million in City subsidy
- National Development Council (NDC), under contract with the City, conducted independent underwriting of the incentive application. Conclusions of independent underwriting:
 - **Development team:** Lanoha Real Estate Company appears highly qualified and experienced to carry out the project
 - **Financial capacity:** Based on the information presented, the partners of the Developer show a more than adequate ability to fund guarantees and take on a project this size
 - **Permanent debt capacity of Project:** Project could support a maximum of \$245 million in permanent debt with proposed City subsidy and, since projects seeking City subsidies are expected to maximize private sector debt, a \$250 million permanent loan amount was used in sizing the upper limit of the City subsidy
 - **Appraisal and Market Study:** Developer's assumptions are consistent with information presented; project appears viable however generates lower than market returns
 - **Cost estimates of Project:** costs reasonable in current market; construction costs could be higher than projected since the figures provided by the Developer do not represent contracted prices
 - **Rationale for City subsidy based on Costs and Returns:** significant infrastructure costs for higher density development, affordable units and low Yield-on-Cost (YoC) returns requiring a subsidy to generate even the lowest of returns. Underwriter concluded a YoC target of 7.79% with City subsidy is reasonable (i.e. no undue enrichment) since the project only reaches the target YoC 10 years after stabilization



Appendix E

One Newpark Development Team



Applicant/Owner	One Newpark, LP – An ownership entity to be established for the purpose of undertaking this project. Limited Partnership consists of: • General Partner: One Newpark GP, LLC - Lanoha Texas 1 NP, LLC - HG One Newpark Member, LLC • Limited Partners – unidentified limited partner investors
Developer	One Newpark GP, LLC
Master Planner	Pickard Chilton
Architect	Merriman Anderson Architects
Landscape Architect	studioOutside
General Contractor	Moss
Property Management	CBRE



Appendix F

Tax Increment Projection: Downtown Connection Sub-district



Downtown Connection TIF District										
Projected TIF Increment Schedule										
Tax Year		Total Property Value Estimate ¹	Property Value Growth	Comp. Value Growth	Anticipated Captured Value	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF CITY @ 90%	Tax Increment Revenue into TIF COUNTY @ 55%	Anticipated Increment Revenue	NPV Anticipated Increment Revenue
Base	2005	\$561,696,137								
Adj. Base	2009	\$564,917,317								
1	2006	\$759,033,448	35.13%	35.13%	\$197,337,311	\$1,370,108	\$1,208,059		\$1,438,614	\$1,370,108
County		\$759,016,948			\$197,320,811		\$230,555			
2	2007	\$989,078,707	30.31%	76.09%	\$427,382,570	\$4,450,867	\$2,844,731		\$3,396,536	\$4,450,867
County		\$988,341,787			\$426,645,650		\$551,805			
3	2008	\$1,515,616,786	53.24%	169.83%	\$953,920,649	\$10,691,983	\$6,065,898		\$7,224,872	\$10,691,983
County		\$1,595,047,713			\$1,033,501,376		\$1,158,974			
4	2009	\$1,512,292,589	-0.22%	169.24%	\$947,375,272	\$17,179,939	\$6,768,369		\$7,886,151	\$17,179,939
County		\$1,559,199,640			\$994,432,123		\$1,117,782			
5	2010	\$1,539,047,900	1.77%	174.00%	\$974,130,583	\$23,590,942	\$6,849,382		\$8,182,245	\$23,590,942
County		\$1,583,755,734			\$1,018,988,217		\$1,332,864			
6	2011	\$1,546,807,101	0.50%	175.38%	\$981,889,784	\$29,976,530	\$7,235,640		\$8,557,298	\$29,976,530
County		\$1,589,222,014			\$1,024,304,697		\$1,321,658			
7	2012	\$1,747,004,927	12.94%	211.02%	\$1,182,087,610	\$37,100,585	\$8,408,406		\$10,024,261	\$37,100,585
County		\$1,791,557,491			\$1,226,640,174		\$1,615,855			
8	2013	\$2,151,461,278	23.15%	283.03%	\$1,586,543,961	\$46,190,348	\$11,306,531		\$13,429,720	\$46,190,348
County		\$2,194,764,321			\$1,629,847,004		\$2,123,189			
9	2014	\$2,336,630,090	8.61%	316.00%	\$1,771,712,773	\$55,832,170	\$12,654,259		\$14,957,631	\$55,832,170
County		\$2,384,374,137			\$1,819,456,820		\$2,303,372			
10	2015	\$2,532,268,642	8.37%	350.83%	\$1,967,351,325	\$66,143,943	\$14,209,948		\$16,796,791	\$66,143,943
County		\$2,591,240,060			\$2,026,322,743		\$2,586,843			
11	2016	\$3,009,289,603	18.84%	435.75%	\$2,444,372,286	\$78,059,128	\$17,038,233		\$20,379,009	\$78,059,128
County		\$3,065,147,196			\$2,500,379,679		\$3,340,776			
12	2017	\$3,562,648,652	18.39%	534.27%	\$2,997,731,335	\$92,058,318	\$21,054,866		\$25,140,534	\$92,058,318
County		\$3,620,500,763			\$3,055,583,446		\$4,085,668			
13	2018	\$4,305,186,757	20.84%	666.46%	\$3,740,269,440	\$108,512,523	\$25,946,284		\$31,026,859	\$108,512,523
County		\$4,316,648,978			\$3,557,632,030		\$5,080,574			
14	2019	\$4,877,367,675	13.29%	768.33%	\$4,312,450,358	\$125,227,588	\$30,201,792		\$33,094,684	\$125,227,588
County		\$4,924,721,005			\$3,936,379,218		\$2,892,892			
15	2020	\$5,444,301,395	11.62%	869.26%	\$4,879,384,078	\$141,171,071	\$33,145,357	\$0	\$33,145,357	\$141,171,071
16	2021	\$5,883,074,613	8.06%	947.38%	\$5,318,157,296	\$158,127,051	\$37,012,779	\$0	\$37,012,779	\$158,127,051
17	2022	\$6,177,228,344	5.00%	999.75%	\$5,612,311,027	\$175,168,801	\$39,060,001	\$0	\$39,060,001	\$175,168,801
18	2023	\$6,486,089,761	5.00%	1054.73%	\$5,921,172,444	\$192,292,234	\$41,209,584	\$0	\$41,209,584	\$192,292,234
19	2024	\$6,810,394,249	5.00%	1112.47%	\$6,245,476,932	\$209,493,462	\$43,466,646	\$0	\$43,466,646	\$209,493,462
20	2025	\$7,150,913,961	5.00%	1173.09%	\$6,585,996,644	\$226,768,779	\$45,836,561	\$0	\$45,836,561	\$226,768,779
21	2026	\$7,508,459,659	5.00%	1236.75%	\$6,943,542,342	\$244,114,659	\$48,324,972	\$0	\$48,324,972	\$244,114,659
22	2027	\$7,883,882,642	5.00%	1303.58%	\$7,318,965,325	\$261,527,740	\$50,937,803	\$0	\$50,937,803	\$261,527,740
23	2028	\$8,278,076,774	5.00%	1373.76%	\$7,713,159,457	\$279,004,823	\$53,681,276	\$0	\$53,681,276	\$279,004,823
24	2029	\$8,691,980,613	5.00%	1447.45%	\$8,127,063,296	\$296,542,860	\$56,561,922	\$0	\$56,561,922	\$296,542,860
25	2030	\$9,126,579,644	5.00%	1524.83%	\$8,561,662,327	\$314,138,949	\$59,586,601	\$0	\$59,586,601	\$314,138,949
26	2031	\$9,582,908,626	5.00%	1606.07%	\$9,017,991,309	\$331,790,325	\$62,762,514	\$0	\$62,762,514	\$331,790,325
27	2032	\$10,062,054,057	5.00%	1691.37%	\$9,497,136,740	\$349,494,354	\$66,097,223	\$0	\$66,097,223	\$349,494,354
28	2033	\$10,565,156,760	5.00%	1780.94%	\$10,000,239,443	\$367,248,531	\$69,598,666	\$0	\$69,598,666	\$367,248,531
29	2034	\$11,093,414,598	5.00%	1874.99%	\$10,528,497,281	\$385,050,467	\$73,275,183	\$0	\$73,275,183	\$385,050,467
30	2035	\$11,648,085,328	5.00%	1973.73%	\$11,083,168,011	\$402,897,888	\$77,135,524	\$0	\$77,135,524	\$402,897,888
Total							\$1,029,485,010	\$29,742,807	\$1,059,227,817	\$402,897,888
2006 NPV @ 5%							\$384,184,399	\$18,713,489	\$402,897,888	

Notes:

¹District values in bold print are actual collection amounts for the district, remaining values are projections.

Redline in chart indicates when increment collection would cease if the Downtown Connection Sub-district's budget is not increased



Appendix G

Tax Increment Projection: Newpark Sub-district



							Tax Increment	Tax Increment	Total	Total Tax
		Inc	Property Value	Property Value	Cumulative	Anticipated	Revenue	Revenue	Tax Increment	Increment Rev
	Tax Year	Collected	Estimate	Growth (Annual)	Value Growth	Captured Value	City (90%)	County (55%)	Revenue 90%/55%	2022 NPV
	2022		\$21,609,710	Base Yr Value						
1	2023	2024	\$22,258,001	3.00%	3.00%	\$648,291	\$4,512	\$0	\$4,512	\$4,297
2	2024	2025	\$43,339,470	94.71%	100.56%	\$21,729,760	\$151,233	\$0	\$151,233	\$141,469
3	2025	2026	\$65,053,383	50.10%	201.04%	\$43,443,673	\$302,355	\$0	\$302,355	\$402,655
4	2026	2027	\$230,314,817	254.04%	965.79%	\$208,705,107	\$1,452,525	\$0	\$1,452,525	\$1,597,651
5	2027	2028	\$239,706,916	4.08%	1009.26%	\$218,097,206	\$1,517,891	\$273,434	\$1,791,325	\$3,001,201
6	2028	2029	\$246,898,123	3.00%	1042.53%	\$225,288,413	\$1,567,940	\$282,450	\$1,850,389	\$4,381,990
7	2029	2030	\$491,267,567	98.98%	2173.36%	\$469,657,857	\$3,268,678	\$588,822	\$3,857,500	\$7,123,443
8	2030	2031	\$506,005,594	3.00%	2241.57%	\$484,395,884	\$3,371,250	\$607,299	\$3,978,549	\$9,816,282
9	2031	2032	\$706,810,762	39.68%	3170.80%	\$685,201,052	\$4,768,794	\$859,054	\$5,627,847	\$13,444,042
10	2032	2033	\$728,015,085	3.00%	3268.93%	\$706,405,375	\$4,916,369	\$885,638	\$5,802,008	\$17,005,972
11	2033	2034	\$749,855,537	3.00%	3369.99%	\$728,245,827	\$5,068,372	\$913,020	\$5,981,392	\$20,503,168
12	2034	2035	\$1,009,313,704	34.60%	4570.65%	\$987,703,994	\$6,874,123	\$1,238,309	\$8,112,433	\$25,020,474
13	2035	2036	\$1,039,593,115	3.00%	4710.77%	\$1,017,983,405	\$7,084,859	\$1,276,271	\$8,361,130	\$29,454,560
14	2036	2037	\$1,070,780,908	3.00%	4855.09%	\$1,049,171,198	\$7,301,917	\$1,315,372	\$8,617,289	\$33,806,877
15	2037	2038	\$1,102,904,335	3.00%	5003.74%	\$1,081,294,625	\$7,525,486	\$1,355,646	\$8,881,132	\$38,078,853
16	2038	2039	\$1,135,991,465	3.00%	5156.86%	\$1,114,381,755	\$7,755,763	\$1,397,128	\$9,152,891	\$42,271,898
17	2039	2040	\$1,170,071,209	3.00%	5314.56%	\$1,148,461,499	\$7,992,947	\$1,439,855	\$9,432,802	\$46,387,398
18	2040	2041	\$1,205,173,346	3.00%	5477.00%	\$1,183,563,636	\$8,237,248	\$1,483,863	\$9,721,111	\$50,426,721
19	2041	2042	\$1,241,328,546	3.00%	5644.31%	\$1,219,718,836	\$8,488,877	\$1,529,192	\$10,018,069	\$54,391,211
20	2042	2043	\$1,278,568,402	3.00%	5816.64%	\$1,256,958,692	\$8,748,055	\$1,575,881	\$10,323,936	\$58,282,194
21	2043	2044	\$1,316,925,454	3.00%	5994.14%	\$1,295,315,744	\$9,015,009	\$1,623,970	\$10,638,979	\$62,100,974
22	2044	2045	\$1,356,433,218	3.00%	6176.96%	\$1,334,823,508	\$9,289,971	\$1,673,502	\$10,963,473	\$65,848,836
23	2045	2046	\$1,397,126,215	3.00%	6365.27%	\$1,375,516,505	\$9,573,182	\$1,724,519	\$11,297,702	\$69,527,043
24	2046	2047	\$1,439,040,001	3.00%	6559.23%	\$1,417,430,291	\$9,864,890	\$1,777,068	\$11,641,957	\$73,136,841
25	2047	2048	\$1,482,211,201	3.00%	6759.01%	\$1,460,601,491	\$10,165,348		\$10,165,348	\$76,138,696
26	2048	2049	\$1,526,677,537	3.00%	6964.78%	\$1,505,067,827	\$10,474,821		\$10,474,821	\$79,084,642
27	2049	2050	\$1,572,477,863	3.00%	7176.72%	\$1,550,868,153	\$10,793,577		\$10,793,577	\$81,975,684
28	2050	2051	\$1,619,652,199	3.00%	7395.02%	\$1,598,042,489	\$11,121,896		\$11,121,896	\$84,812,809
29	2051	2052	\$1,668,241,765	3.00%	7619.87%	\$1,646,632,055	\$11,460,065		\$11,460,065	\$87,596,989
30	2052	2053	\$1,718,289,018	3.00%	7851.47%	\$1,696,679,308	\$11,808,379		\$11,808,379	\$90,329,182
30 Years of Collection							\$199,966,333	\$23,820,293	\$223,786,626	



Appendix H

State Law and City's Financial Management Performance Criteria (FMPC)



State Law: the total value of taxable real property in all TIF districts (including the proposed Zone expansion) cannot exceed 25% of the total value of taxable real property in entire City

- With proposed expansion of Downtown Connection TIF District, would be 14.09%

City FMPC: the total value of taxable real property in all TIF districts (including the proposed Zone expansion) plus the total value of taxable real property and business personal property in all active tax abatement reinvestment zones cannot exceed 15% of the total value of taxable real property and business personal property in entire City

- With proposed expansion of Downtown Connection TIF District, would be 12.77%





Downtown Connection TIF District Plan Amendment & One Newpark Project

a catalyst mixed-use and mixed-income development

**Economic Development Committee
May 2, 2022**

Kevin Spath, Assistant Director
Office of Economic Development
City of Dallas

