

Memorandum



CITY OF DALLAS

DATE May 30, 2025

TO Honorable Members of the City Council Economic Development Committee: Tennell Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Chad West, Adam Bazaldua, Paul Ridley, and Kathy Stewart

SUBJECT **Upcoming Agenda Item: Amendments to Resolution No. 24-0356 previously approved by City Council on February 28, 2024 related to the Lancaster-Corning Retail Development Project at 3011-3039 South Lancaster Road**

On June 11, 2025, staff will seek City Council authorization of amendments to Resolution No. 24-0356 previously approved by City Council on February 28, 2024 authorizing a tax increment financing ("TIF") development agreement and all other necessary documents with UCR Development Services LLC and/or its affiliates ("Developer") in an amount not to exceed \$1,778,000 ("TIF Subsidy"), related to the Lancaster-Corning Retail Development Project ("Project") on property currently addressed as 3011 through 3039 South Lancaster Road ("Property") to:

- 1) change the City's economic development incentive funding from a TIF development agreement sourced from the TOD TIF District Fund to a Chapter 380 economic development grant agreement ("Grant") sourced from the ECO (I) Fund (2017 General Obligation Bond Fund);
- 2) increase the City's economic development incentive by \$817,901 from an amount not to exceed \$1,778,000 to an amount not to exceed \$2,595,901;
- 3) amend the minimum project requirements by (a) reducing the required minimum gross square footage from 11,000 square feet to 4,900 square feet, (b) adding specific requirements for the new ground-up construction of two (2) build-to-suit buildings (core and shell only) specifically including a minimum 2,900 gross square foot build-to-suit building for Frost Bank ("Building A") and a minimum 2,000 gross square foot build-to-suit building for Wingfield's Breakfast and Burger ("Building B");
- 4) reduce Developer's required minimum investment from \$4,000,000 to \$2,700,000;
- 5) extend Developer's deadline to close on the acquisition of the Property from June 30, 2024 to December 31, 2025;
- 6) extend Developer's deadline to replat the Property, if necessary, and obtain a building permit for the Project from December 31, 2025 to December 31, 2026;

- 7) extend Developer's deadline to complete construction of the minimum project requirements from December 31, 2027 to December 31, 2028;
- 8) clarify that Building A and Building B shall be completed by Developer to a ready-for-tenant-finish-out condition by the December 31, 2028 deadline instead of to an occupiable condition; and

in consideration,

- 9) increase the Developer's good faith effort goal for participation by certified Minority/Women-Owned Business Enterprises ("M/WBEs") for all hard construction expenditures from 40% to 50%;
- 10) add a good faith effort goal of 50% city of Dallas residents hired for the opening of Frost Bank and the opening of Wingfield's Breakfast and Burger; and
- 11) add a requirement that Developer execute a minimum 10-year lease to secure Wingfield's Breakfast and Burger as the tenant for Building B.

Background

On May 26, 2022, the City issued a Request for Proposals (RFP) for commercial development of approximately 1.5 acres of vacant City-owned property addressed as 3011-3039 South Lancaster Road generally located at the northwest corner of South Lancaster Road and East Corning Avenue ("Property").

On October 26, 2022, by Council Resolution No. 22-1638, pursuant to the RFP, City Council authorized the selection of UCR Development Services LLC and/or its affiliates ("Developer"), proposer of the most advantageous proposal of three.

On February 28, 2024, by Council Resolution No. 24-0356, City Council authorized a TIF development agreement with Developer in an amount not to exceed \$1,778,000 ("TIF Subsidy"), payable from current and future TOD TIF District funds, in consideration of the Lancaster-Corning Retail Development Project.

The Developer has not yet executed the development agreement. However, the Developer has been acting in good faith to navigate substantive challenges during the predevelopment phase, including multiple revisions to the conceptual site plan to accommodate prospective tenant requests and the departure of a national credit tenant, which posed difficulties in securing strong financing for the Project.

In the past two months, the Developer has successfully restructured the Project, including sources, uses, site layout, and commitments from two anchor tenants. As a result, the Developer is ready to move forward to deliver the Project, assuming City Council authorization of the amendments listed in this memo, including (1) increasing the City's economic development incentive by \$817,901 from an amount not to exceed \$1,778,000 to an amount not to exceed \$2,595,901, and (2) changing the City's economic development incentive funding from a TIF Subsidy sourced from the TOD TIF District Fund to a Chapter 380 economic development grant ("Grant") sourced from the Council District 4 allocation of Proposition I (Economic Development/Housing) 2017 General Obligation Bond Funds.

As restructured, the Project will consist of:

- Developer's acquisition of the Property from the City at the "as is" fair market value.
- Developer's design and new ground-up construction of two (2) free-standing buildings totaling approximately 5,051 gross square feet, including:
 - Building A: approximately 2,959 gross square foot build-to-suit building (core and shell only) with a drive-through specifically for Frost Bank
 - Building B: approximately 2,092 gross square foot build-to-suit building (core and shell only) with a drive-through specifically for Wingfield's Breakfast and Burger
- Developer's design and construction of all site improvements including grading, paving, utilities, parking improvements, irrigation, landscaping, hardscaping, lighting, and perimeter streetscape improvements.

The total cost of the restructured Project (including tenant improvement costs and furniture/fixture/equipment/technology/systems costs of Frost Bank and Wingfield's Breakfast and Burger) is an estimated \$8,387,489.

Should you have any questions, please contact Kevin Spath, Director (I), in the Office of Economic Development, at (214) 670-1691 or kevin.spath@dallas.gov.

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Robin Bentley
Assistant City Manager

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Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety

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