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CITY SECRETARY  
DALLAS, TEXAS

## City of Dallas

1500 Marilla Street, Room 6ES  
Dallas, Texas 75201



### Economic Development Committee

February 3, 2020

1:00 PM

## **2019 CITY COUNCIL APPOINTMENTS**

<b>COUNCIL COMMITTEE</b>	
<b>ECONOMIC DEVELOPMENT</b> Atkins (C), Blewett (VC), Gates, McGough, Narvaez, Resendez, West	<b>ENVIRONMENT AND SUSTAINABILITY</b> Narvaez (C), Atkins (VC), Blackmon, Blewett, Gates
<b>GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT</b> Gates (C), Mendelsohn (VC), Arnold, Bazaldua, Kleinman, Narvaez, Thomas	<b>HOUSING AND HOMELESSNESS SOLUTIONS</b> West (C), Thomas (VC), Arnold, Blackmon, Kleinman, Mendelsohn, Resendez
<b>PUBLIC SAFETY</b> McGough (C), Arnold (VC), Bazaldua, Blewett, Medrano, Mendelsohn, Thomas	<b>QUALITY OF LIFE, ARTS, AND CULTURE</b> Arnold (C), Gates (VC), Atkins, Narvaez, West
<b>TRANSPORTATION AND INFRASTRUCTURE</b> Kleinman (C), Medrano, (VC), Atkins, Bazaldua, Blewett, McGough, West	<b>WORKFORCE, EDUCATION, AND EQUITY</b> Thomas (C), Resendez (VC), Blackmon, Kleinman, Medrano
<b>AD HOC JUDICIAL NOMINATING COMMITTEE</b> McGough (C), Blewett, Mendelsohn, Narvaez, West	<b>AD HOC ADMINISTRATIVE AFFAIRS</b> Kleinman (C), Arnold, Atkins, Gates, Resendez

(C) – Chair, (VC) – Vice Chair, (L) – Liaison

### **Handgun Prohibition Notice for Meetings of Governmental Entities**

"Pursuant to Section [30.06](#), Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección [30.06](#) del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section [30.07](#), Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección [30.07](#) del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

**Call to Order**

Community Review Panel Introduction

**MINUTES**

1. [20-211](#) Approval of the January 6, 2020 Economic Development Committee Meeting Minutes

**Attachments:** [Minutes](#)

**BRIEFING ITEMS**

- A. [20-204](#) At Last! - The Urban Boarding School Experience  
[Courtney Pogue, Director, Office of Economic Development]
- B. [20-205](#) Proposed creation of the Dallas Public Facility Corporation, under Chapter 303 of the Texas Local Government Code, the Public Facility Corporation  
[Avis F. Chaisson, Assistant Director, Office of Economic Development]

**Attachments:** [Presentation](#)

**Attachments:** [Presentation](#)

**BRIEFING BY MEMORANDUM**

- C. [20-209](#) Tax Increment Financing District FY 2018-2019 Annual Reports  
[Kevin Spath, Assistant Director, Office of Economic Development]
- D. [20-210](#) Amendments to Development Loan Agreements with the City of Dallas Housing Finance Corporation and 2400 Bryan Street, LLC for a Mixed-Use and Mixed-Income Multifamily Residential Development to be Located at 2400 Bryan Street  
[Avis F. Chaisson, Assistant Director, Office of Economic Development]

**Attachments:** [Memo](#)

**ADJOURNMENT**

**EXECUTIVE SESSION NOTICE**

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-211

**Item #:** 1.

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Approval of the January 6, 2020 Economic Development Committee Meeting Minutes

# Economic Development Meeting Record

The Economic Development Committee meetings are recorded. Agenda materials are available online at [www.dallascityhall.com](http://www.dallascityhall.com). Recordings may be reviewed/copied by contacting the Economic Development Committee Coordinator at 214-670-1686

**Meeting Date:** January 6, 2020

**Convened:** 1:02 p.m.

**Adjourned:** 1:50 p.m.

**Committee Members Present:**

Tennell Atkins, Chair  
David Blewett, Vice Chair  
Chad West  
Jennifer S. Gates  
Omar Narvaez  
Jaime Resendez

**Committee Members Absent:**

B. Adam McGough

**Other Council Members Present:**

Carolyn King Arnold

**Presenters:**

Michael Mendoza, Chief Eco. Dev. & Neighborhood Services  
Courtney Pogue, Director, Office of Economic Development  
Kevin Spath, Assistant Director, Office of Economic Development  
Dorcy Clark, Manager, Office of Economic Development

## AGENDA

Call to Order (1:07 p.m.)

**\*Before the presentations were presented, the Chair asked Chris Caso to come up and discuss the Chapter VI. The City Manager and Chapter III. City Council**

**1. Approval of the November 4, 2019 Meeting Minutes**

**Presenter(s):** Tennell Atkins, Chair

**Action Taken/Committee Recommendation(s):** A motion was made to approve the minutes for the December 2, 2019 Economic Development Committee meeting.

Motion made by: Chad West  
Item passed unanimously: X  
Item failed unanimously:

Motion seconded by: Jamie Resendez  
Item passed on a divided vote:  
Item failed on a divided vote:

**2. The Stack Deep Ellum Project (Deep Ellum TIF District)**

**Presenter(s):** Kevin Spath, Assistant Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** A motion was made to move this item to Council for approval by Omar Narvaez and second by Chad West

**3. Deliberate the offer of a financial or other incentive to a business prospect ("Project Vega") that the City seeks to locate/relocate within the City and with which the city is conducting economic development negotiation (Sec. 551.087 T.O.M.A.) Executive Session went into recess at 1:24 pm**

**Open Session resumed at 1:37pm**

**Presenter(s):** Robin Bentley, Assistant Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** A motion was made to move this item to Council for approval by Omar Narvaez and second by David Blewett

**4. Red Bird Mall redevelopment (New Markets Tax Credit Transaction and Amendment to TIF/ Chapter 380 Agreement)**

**Presenter(s):** Kevin Spath, Assistant Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** A motion was made to move this item to Council for approval by Omar Narvaez and second by Chad West

**5. Follow Up to the December 18, 2019 Economic Development Strategic Plan - Next Steps**

**Presenter(s):** Courtney Pogue, Director, Office of Economic Development

**Action Taken/Committee Recommendation(s):** No action taken

Adjourn (1:50 p.m.)

**APPROVED BY:**

**ATTESTED BY:**

**Tennell Atkins, Chair  
Economic Development Committee**

**Della Lowe, Coordinator  
Economic Development Committee**



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-204

**Item #:** A.

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At Last! - The Urban Boarding School Experience  
[Courtney Pogue, Director, Office of Economic Development]



# **AT LAST! – An urban boarding experience**

**Economic Development  
Committee  
February 3, 2020**

**Courtney Pogue, Director  
Office of Economic Development  
City of Dallas**



# Presentation Overview

- Background
- Proposed Project
- Staff Recommendation
- Next Steps



# Background

- For the past 6 months, OED staff has been in discussions with EmDev, LLC and urban investor/developer, Randy Bowman regarding the development of an urban boarding school concept in the South Oak Cliff Community that will be called AT LAST!
- AT LAST! is an “urban boarding experience” (providing impoverished elementary school-aged students with the same educational resources and tools during the home life portion of the school day—from 3:30pm in the afternoon to 8:00am the next morning—as enjoyed by kids from more affluent families).
- This building will be located at 405 E. Overton across from the new South Oak Cliff High School (City Council District 4).

# Background

Mr. Bowman purchased the property (405 E. Overton Road) in 2017 and has developed it from a 4-acre dumping ground to an important part of a rejuvenated area on Overton Road.

The developer's vision is to convert the 4-acre dumping ground into: (i) An “urban boarding experience” (providing impoverished elementary school-aged kids with the same educational resources and tools during the home/life portion of the school day—from 3:30 in the afternoon to 8:00 the next morning—as enjoyed by kids from more affluent families). (ii) Integrate recreation and a park into the portion of the creek that runs through the property.

On full execution, the 300th-through-400th block of Overton Road—moving east-to-west—would bring education, recreation and healthcare (via Parkland's Bluit-Flowers Clinic) to an impoverished portion of South Oak Cliff. From a north-south perspective, the developer's vision creates the only connection point between the City's investment in the Honey Springs-Cedar Crest Trail and Overton Road in the stretch from Beckley Avenue and Michigan Avenue.

# Background

**Executive Summary—Proposed Development:** The development on the project will involve the construction of 3 houses with dorm rooms for school aged kids on @ 2.25 acres of land. A ceremonial groundbreaking ceremony for House 1 occurred during late 2019. The total construction costs for Phase I (House 1) —per the proposal from the contractor—will be @\$1,518,508. The philanthropic community has been supportive to provide sponsors for approximately \$1.1M necessary to construct House 1. The \$400,000 gap represents the approximate amount required to complete the Site Work for all three houses, and the Site Work for all three houses is done most efficiently if it is all completed at the same time in conjunction with the construction of House 1.

**Project Schedule & Phasing:** The project, upon completion, will feature three residences out of which AT LAST! will operate its Urban Boarding Experience, providing supplemental educational resources and tools for 16 Scholars-In-Residence in House 1 (@5,600 sq ft), an additional 82 Scholars-In-Residence in House 2 (@15,000 sq ft), and another 82 Scholars-In-Residence in House 3 (@15,000 sq ft). Total Scholars-In-Residence served by the three houses comprising the project will be @180.

# Background - Timeline

The overall project shall be completed in 3 phases: Phase 1 involves building House 1 and executing AT LAST!'s program and allow for sufficient time to become stabilized. House 1 is scheduled to be completed in Summer/Fall 2020, and AT LAST! staff and volunteers will receive training during the same timeframe. AT LAST! is scheduled to begin serving families in the winter of 2020.

Phase 2 begins with House 2's construction. Phase 2 will take a full 12 months to complete construction of House 2. House 2 is scheduled to be completed in Fall 2023. Added staff and volunteers will receive training that month, and the plan is to begin to serve 82 additional Scholars-In-Residence in August 2023.

Phase 3 which entails the development of House 3, which will be substantially similar in size to House 2 begins upon the completion/stabilization of Phase 2. The construction period will also last approximately 12 months and is scheduled to deliver in Spring 2024. AT LAST! will then provide training to additional staff and prepare to begin serving another 82 Scholars-In-Residence.

# Background

EmDev Fund, LLC is a real estate investment and development entity created in 2017. It is not an operating company, and is comprised of its member, Randy A. Bowman.

## Development Team

Entity	Activity
EmDev Fund, LLC	Developer/Project Sponsor
AT LAST!	Tenant
K&L Gates	Project Attorney
Pacheco Koch Consulting Engineers	Project Engineering
Baldwin Associates	Zoning
Architecture Demarest	Architect
Crimson Builders	General Contractor
Dement Designs	Interior Designs
Balfour Beatty	Construction Manager

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# Proposed Project

- Development of a 5,500 square foot facility (Phase 1)
- Total estimated investment: \$1.5 million (Phase 1)
- The developer is seeking a \$400K conditional grant from the city of Dallas.
- Total estimated job creation: 17 jobs for Phase 1
- The project is directly across the new South Oak Cliff High School that opened in January 2020.
- The developer plans to have 2 additional phases related to the project.





# Proposed Project - Property

Overview:	EmDev Fund, LLC
Location:	405 E. Overton Road, Dallas, TX 75216
Land SF:	2.25 acres
Improved SF:	5,700 SF (Phase I)
Property Type (Year Built):	Boarding School/New 2020
Tenancy:	AT LAST! – 100%
Comments:	The property is owned 100% by EmDev Fund, LLC, a limited liability corporation organized under the laws of the State of Texas.

# Proposed Project - Budget

Project Budget	Item
Acquisition	\$100,000
Construction	\$785,000
Permits	\$4,000
FFE	\$20,000
Survey	\$5,000
A&E	\$142,700
Legal	\$3,000
Environmental/Other	\$28,500
Insurance	\$12,308
Site Work	\$418,000
TOTAL	\$1,518,508

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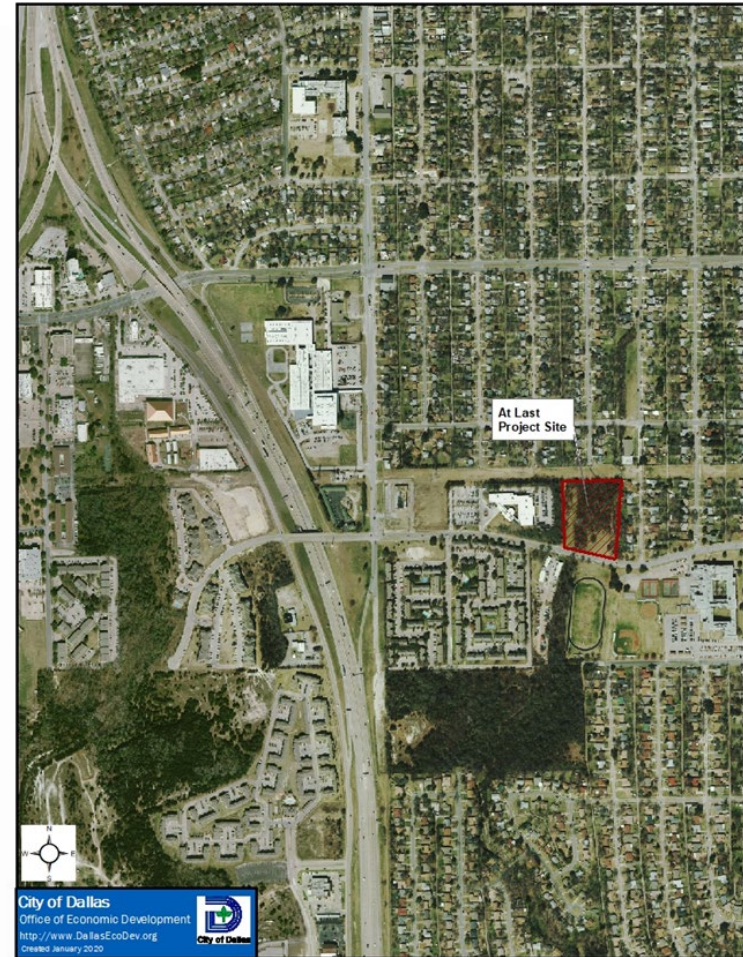
# Proposed Project – Sources

Project Sources	Item
Equity/Donors	\$1,118,508
City of Dallas Grant/Bank Bridge Loan	\$400,000
TOTAL	\$1,518,508

- EmDev, LLC plans to secure a short-term bridge loan (Texas Capital) to finance the project during the construction. The project cannot support long-term conventional debt due to the limited cash flow from the \$22,800 per annum ground lease between EmDev, LLC and AT LAST!
- The City's grant will be utilized to fund site improvements.

# Proposed Project - Location

<b>Property Address:</b>	405 E Overton Road Dallas, TX 75216			
<b>Zoning:</b>	(MF-2 (A)) – Multi-Family – Zoning has been verified			
<b>City Service Area:</b>	South East			
<b>Major Access Routes:</b>	Overton Road, Keist Blvd, Marsalis Avenue and I-35E			
<b>Demographics:</b>	<b>Population</b>	<b>75216</b>	<b>Dallas</b>	<b>Texas</b>
	2018 Population	52,895	1,300,122	27,419,612
	Per Capita Income	\$13,027	\$31,260	\$28,985
	Median Household Income	\$25,763	\$47,285	\$57,051
	Median Household Value	\$61,400	\$154,000	\$151,500
	Unemployment Rate	9.3%	3.0%	3.3%
	Labor Force Participation Rate	51.1%	68.3%	64.4%
	No HS Diploma	34.5%	24.1%	16.1%
	BS Degree Holders	5.3%	20.2%	19.2%
	Poverty Level	37.3%	21.8%	16.0%
	Households SNAP	35.3%	15.4%	12.7%
	Households with No Vehicle	18.4%	9.6%	5.5%



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# Proposed Project – Rendering

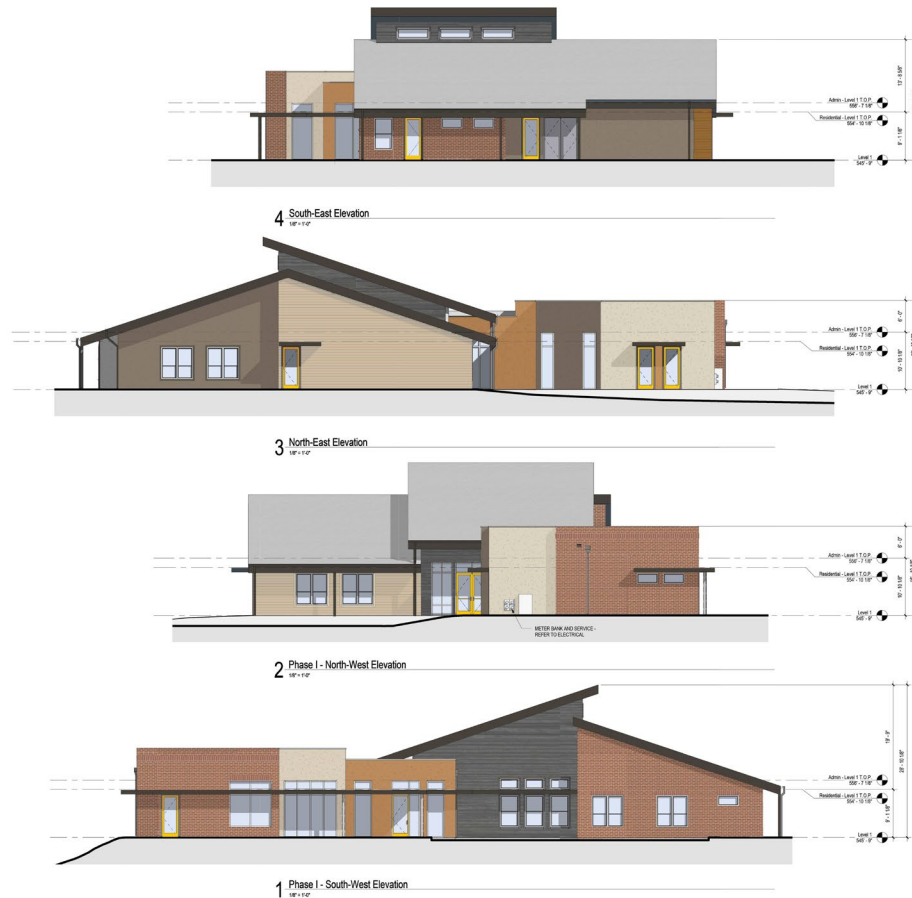


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*Economic and Neighborhood Vitality*



# Proposed Project – Elevations



**BUILDING ELEVATIONS**

1/8" = 1'-0"

BUILDING ELEVATION LEGEND	
	STUCCO ST-1 COLOR 1 - SANDY WOOD SHED
	STUCCO ST-2 COLOR 2 - SANDY WOOD SHED
	STUCCO ST-3 COLOR 3 - SANDY WOOD SHED
	PAVED CONCRETE SLAB FC-1 COLOR 1 - WOODSTONE CONCRETE GRAY
	PAVED CONCRETE SLAB FC-2 COLOR 2 - SANDY WOOD SHED
	BRICK LUMBER BR-1 COLOR 1 - SANDY WOOD SHED
	PAVED TRAIL COLLAR COL-1 COLOR 1 - SANDY WOOD SHED
	ACCENT COLOR ACC-1 COLOR 1 - SANDY WOOD SHED
	SPRINKLER RISER ROOF SR-1 COLOR 1 - SANDY WOOD SHED
NOTE: TRY TO MATCH ADJACENT MATERIALS	
KEY PLAN	

**HYBRID HOME**

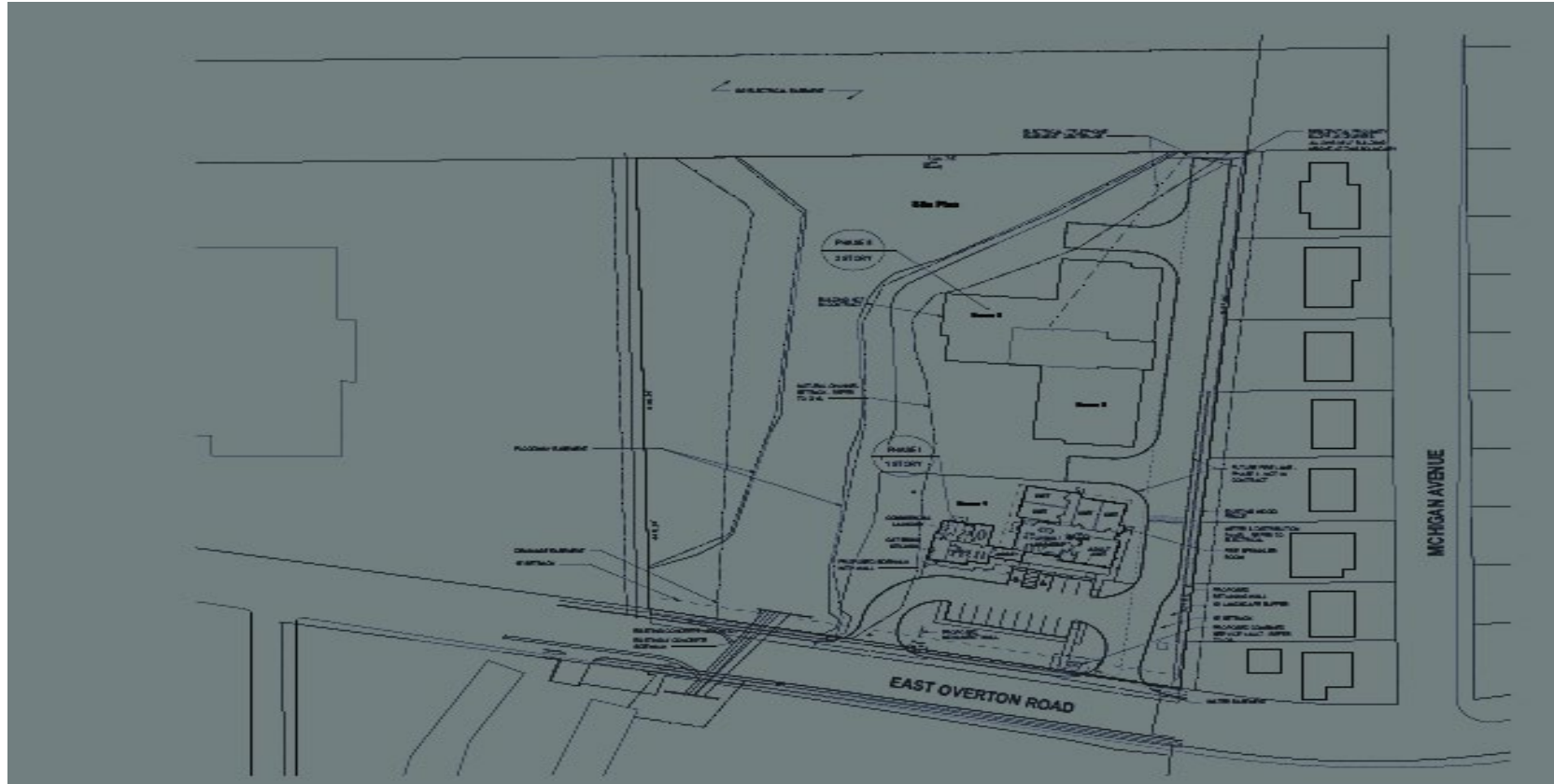
DALLAS, TEXAS  
04/19/18



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**ARCHITECTURE DEMAREST**  
2323 Yarbrough Street, Suite 100, Dallas, Texas 75207 • T: 214.743.8855 • F: 214.743.8860

# Proposed Project – Site Plan

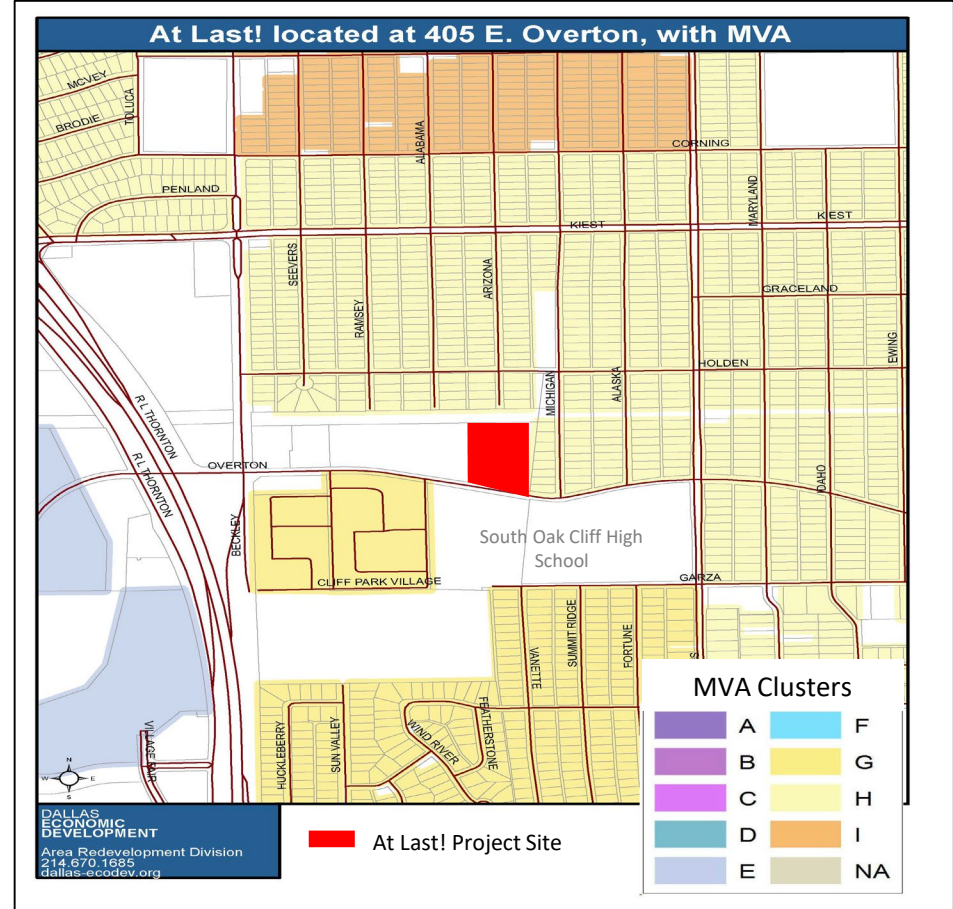


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# Proposed Project – MVA MAP

## Market Value Analysis (MVA)

- The Market Value Analysis (MVA) is a tool to assist residents and policy-makers to more precisely target intervention strategies in weak residential markets and support sustainable growth in stronger residential markets
- The proposed project is located on a non-residential tract and has close proximity to residential market type H. Market type H reflects a weak residential real estate market in Dallas
- Overton Park (Cliff Park Village) Apartments, **market type G**, is a nearby 360-unit apartment complex built circa 1985
- The new South Oak Cliff High School is directly across the street from the Project site







# Proposed Project - Tenancy

AT LAST! is an Urban Boarding Experience designed to deliver educational resources and tools to impoverished elementary school children, its residential component involves serving as supplemental housing for those children. From a functional standpoint, four Scholars-In-Residence will reside in each suite. They will arrive on Sunday afternoons for the upcoming school week and will return to the AT LAST! residence after school each day until Friday. On Fridays, the Scholars-In-Residence return to their homes and families, and then return again on Sunday afternoon. From a financial perspective, no family or Scholar-In-Residence pays rent or a fee to participate in AT LAST!.

AT LAST! will improve educational outcomes for impoverished elementary school children and create jobs for (a) college students in at PQC and UNT-Dallas, and (b) senior citizens on fixed incomes within 2 miles of AT LAST! That will act as facilitators.

The lease between the EmDev, LLC and AT LAST! was negotiated in an arm's length transaction with each party represented by different outside lawyers.

# Proposed Project - Tenancy

## **Supervision and Security Procedures:**

AT LAST! has created a Security Advisory Board comprised of law enforcement professionals. Their responsibility will be to advise on facility & non-facility operational and security elements needed to conduct operations within each residential facility.

Staffing—Supervision & Security. Every Overnight stage (Midnight-to-0600) involving AT LAST! operations in House 1 will involve two (2) Overnight Counsellors positioned at the intersection of the 2 hallways where the Scholars-In-Residence sleep. The Counsellors are no more than twenty (20) feet from the door of the room of any Scholar-In-Residence, and they can see the doorways of each room. Also present in the residence will be the House Mom, whose room is forty (40) feet from the Counsellors.

Beyond Staffing—Multi-Pronged Approach to Supervision & Security. AT LAST! plans a multi-pronged approach to ensuring the safety and security of its Scholars-In-Residence. On an ongoing basis, the Security Advisory Board will review and comment upon the base elements of the policies and practices, including the following: Design, Operations, Programming, and Technology.

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# Proposed Project - Tenancy

AT LAST! will have a Child Care License issued by the Texas Department of Family and Protective Services. In order to obtain it, AT LAST! must comply with a two-step process: (1) Obtain a Certificate of Training from the Texas Dept of Fam & Protective Services relevant to operating a Child Care Facility, and (2) pass an inspection by the Department. Inspection by the Department is not scheduled until the construction of the facility is complete. All faculty, counselors, and employees of AT LAST! Will be subjected to extensive background check. The projected annual Operating Budget for House 1 is \$700K-to-\$850K. The jobs and descriptions for House 1 are listed below:

JOB CATEGORIES	BRIEF DESCRIPTION	# In House	# Cumul-atively
Grandma Morning (0600-0800)	Awaken kids & get them off to school. Retirees from surrounding neighborhood.	3	3
Receptionist (0900-to-1700)	Answers calls. 1 <sup>st</sup> impressions ambassadors.	1	1
House Mom (1500-to-2300)	Establisher of the House's Culture.	1	1
Security (1500-to-2300)	In-House & On-Property protection.	1	1
Executive Function Counsellors (1500-to-1900)	Developing executive function w/in SIRs.	3	3
Learning-To-Learn Counsellors (1500-to-1900)	Developing proficiency in skill of learning w/in SIRs.	3	3
Evening Transition Counsellors (1900-to-2400)	Monitoring transition into socialization & downtime.	3	3
Overnight Transition Counsellors (2400-to-0600)	Resource & comforting presence for SIRs who awaken during night.	2	2
DAY TOTALS		17	17

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# Proposed Project - Tenancy

## **First of its kind:**

AT LAST!'s model (and “urban boarding experience” for elementary school-aged kids) does not exist elsewhere. It represents actual innovation, and thus has the capacity to improve educational outcomes. There are, however, concepts in adjacent spaces that AT LAST! has learned from: SEED (an urban boarding school originated in Washington, DC), and Boys Hope Girls Hope (an urban boarding experience that focuses on high school students and is “college prep” in its approach

# Proposed Project - Tenancy

## **Selection Process for Admission:**

AT LAST! has 16 slots to offer and will select the children for those slots by use of a lottery admissions system. The children selected for those slots are AT LAST!'s "Scholars-In-Residence."

AT LAST!'s lottery system will be weighted to favor those who:

1. Qualify for free and reduced lunch
2. Live within (by order of preference)
  - a. 2 miles of the location of AT LAST!'s
  - b. 2.1-to-5 miles of the location of AT LAST!'s
  - c. 5.1 miles of the location of AT LAST!'s
3. Are entering 3rd, 4th or 5th grade in August 2020.

Families will be informed about AT LAST! through a number of channels:

1. Conducting Info Sessions at the elementary schools that are within Zones a & b
2. Working collaboratively with the Principal/Community Liaison at South Oak Cliff High School
3. Working collaboratively with community organizations located within Zones a & b
4. Conducting Info Sessions at churches located in Zones a & b
5. Social Media
6. Working collaboratively with the DCCCD to inform its Workforce Development and Adult Education students about AT LAST!

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# Proposed Project - Tenancy

## Insurance for Tenant:

The insurance required by the state regulatory body that will license AT LAST! is a policy providing liability insurance covering \$300,000 for each occurrence of negligence (Chapter 748, Title 26, Health and Human Services, Part 1, Texas Health and Human Services Commission, Section 748.151(6)). AT LAST! will exceed that minimum standard (with coverage of either \$500,000 or \$1,000,000).

In addition, AT LAST! currently has the following coverages:

- 1) Builder's Risk (\$1,500,000)
- 2) D&O Liability (\$1,000,000)
- 3) Employment Practices (\$1,000,000)
- 4) Fiduciary Liability (\$1,000,000)
- 5) Workplace Violence (\$1,000,000)
- 6) Internet Liability (\$1,000,000)

AT LAST! will also secure Property Insurance upon completion of House 1.

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# Staff Recommendation

## Incentive Summary

- **Recommended Incentive:** \$400,000 in 2017 general obligation bond funds (Economic Development Prop. I – District #4 Discretionary Funds) as a conditional grant. The grant will be payable upon the completion of the project which shall be defined as having a final certificate of occupancy and AT LAST! is operating in the entire space for Phase I.
- The Grant shall be payable as a reimbursement for eligible expenses actually incurred during the construction of building 1 (including site work) or to pay down a bridge loan (or other credit facility) established to pay such expenses, and shall only be paid after a final certificate of occupancy and the building is open. The grant shall require the developer/operator to operate the facility for no less than three (3) years.



# Staff Recommendation

## Incentive Summary

- Pursuant to the P/PPP Guidelines and Criteria (effective for the period January 1, 2020 through December 31, 2020), the proposed development is located in a Target Area. The project meets the minimum eligibility criteria of the program by providing an investment greater than \$1 million (\$1.5 million for Phase I).

# Staff Recommendation

## Incentive Summary – City Requirements

- Minimum required investment: \$850,000 excluding acquisition.
- The Project shall include the development of one (1) building approximately 5,700 square foot building and sitework at 405 E. Overton Road, Dallas, TX, 75216.
- The Developer shall obtain building permit(s) for the Project by December 31, 2020. Demolition permits and/or foundation permits shall not fulfill this requirement.
- Developer shall complete the construction of the Project and obtain the final Certificate of Occupancy (CO) buildings by June 30, 2022.
- The Developer shall solidify its fundraising strategy and its funding for the project prior to the City Council approval.
- Prior to City Council consideration, the Developer shall provide three (3) years of financial statements for EmDev and AT LAST!.
- Upon the stabilization of the Project, the Developer shall cause AT LAST! to operate the Project's "urban boarding experience" for a period of no less than three (3) years.

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# Staff Recommendation

## Incentive Summary – City Requirements

- The project via the tenancy of AT LAST! shall create no less than twelve (12) full-time jobs (or full-time job equivalents) of which 51% (7 employees) shall be hired from low to moderate income census tracts in the City of Dallas or the following zip codes 75216, 75217, 75215, 75241 and 75210.
- The developer via AT LAST! shall ensure that no less than eight (8) students per year and no less than forty (40) over the three (3) year compliance period are provided basic, age-appropriate workforce development skills in the form of introduction to subject matters related to workforce development, career exposure, and career education for high-demand industries such as technology, coding, and health care.
- The developer via AT LAST shall ensure that no less than eight (8) slots are available to students from the following the zip codes: 75216, 75217, 75215, 75241, 75210.
- All employees after the date of the City Council authorization of the proposed incentive agreement shall be paid a minimum starting hourly wage of \$15.00 per hour (excluding overtime, tips, bonuses, and benefits).

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# Staff Recommendation

## Incentive Summary – City Requirements

- The Developer shall make a good faith effort to comply with the City's Business Inclusion and Development ("BID") goal of 25% participation by certified M/WBE for all hard construction expenditures on the Project and meet all reporting requirements."
- AT LAST! will obtain a Certificate of Training from Texas Dept of Family & Protective Services within 180 days of execution of the grant agreement
- AT LAST! will pass the necessary state inspections within 180 days of being issued a final certificate of occupancy

# Staff Recommendation

## Incentive Summary – City Requirements

The Developer shall meet all annual reporting requirements including:

1. Certified Annual Occupancy Report for the Project
2. AT LAST shall furnish an annual operating budget during the three (3) year compliance period
3. Annual CPA prepared financial statements for AT LAST!.
4. The developer shall provide an annual copy of the Form 990 for AT LAST during the three (3) year compliance period.
5. Provide an annual certification that twelve (12) students per year were enrolled at AT LAST! and received its programming.
6. Provide an annual certification relating to the number of full-time jobs (or full-time job equivalents) created and/or existing as a result of the project and ensure that seven (7) jobs were filled by individuals from low to moderate census tracts or high unemployment zip codes.
7. An annual report shall be provided regarding the enrollment of AT LAST!

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# Next Steps

- With Committee approval, an agenda item will be placed on the City Council voting agenda for March 25, 2020

# **AT LAST! – An urban boarding experience**

**Economic Development  
Committee  
February 3, 2020**

**Courtney Pogue, Director  
Office of Economic Development  
City of Dallas**





# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-205

**Item #:** B.

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Proposed creation of the Dallas Public Facility Corporation, under Chapter 303 of the Texas Local Government Code, the Public Facility Corporation  
[Avis F. Chaisson, Assistant Director, Office of Economic Development]



# **Proposed Creation of the Dallas Public Facility Corporation**

**Economic Development Committee  
February 3, 2020**

**Avis F. Chaisson, Assistant Director  
Office of Economic Development  
City of Dallas**



# Presentation Overview

- Issue
- Potential Tool for Housing and Economic Development
- Background and Process
- The San Antonio Housing Trust
- Proposed Structure and Purpose of Dallas Public Facility Corporation
- Case Studies
- Recommendation and Next Steps
- Appendices

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# Issue

- **May 2018:** City Council **adopted** the first Comprehensive Housing Policy (**CHP**) data driven policy based on a Market Value Analysis (**MVA**) commissioned by Reinvestment Fund
- **CHP established 3 Broad Goals:**
  1. **Create** and **maintain** affordable housing units throughout Dallas
  2. Promote **greater** fair housing choices
  3. **Overcome** patterns of segregation and concentrations of poverty through incentives and requirements
- **Geographic Focus:** Adoption of **15** Reinvestment Strategy Areas (**RSAs**); **3** Types:
  1. Redevelopment
  2. Stabilization
  3. Emerging Markets

# Issue – cont'd

## Redevelopment Areas (4)

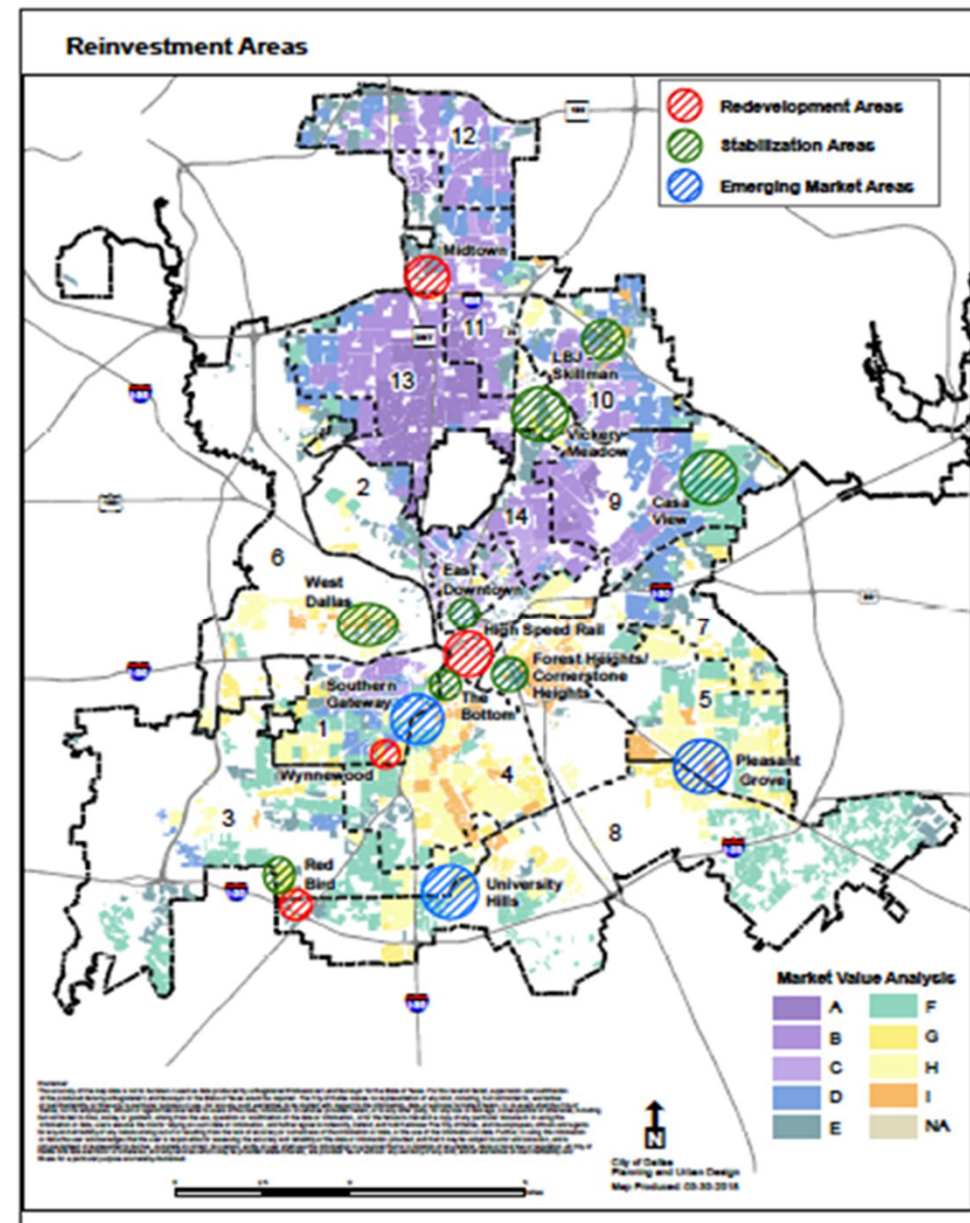
- Catalytic project scheduled to occur within the next 12 months that is supported by a third-party, independent market analysis. Project must include new housing production with affordable units offered for sale or rent to a mix of income bands.

## Stabilization Areas (8)

- Weaker real estate markets (**G,H,I**) surrounded by stronger markets (**A-E**), and, as such, are at risk of displacement based on market conditions and scheduled redevelopment projects. New development and preservation of existing housing stock is prioritized.

## Emerging Market Areas (3)

- A blend of middle markets (**C,D,E**) with mostly **G,H,I** markets. Needs intensive environmental enhancements, public infrastructure assessments and corrective plans, code enforcement, master planning and formalized neighborhood organizations to be prepared for real estate investment. Preservation of existing housing stock is prioritized.



# Issue – cont'd

- Shortage of **20,000** units of rental and for sale housing at a range of income bands **30%-120%** of Area Median Income (**AMI**)
- Established **annual** production **goals** to housing shortage along with tools to address

Homeownership	% Total Units		HUD Area Median Income Dallas Metro	% Total Units	Rental
933	55%	Market Rate	120%	40%	587
1120			100%		587
1307	45%	Extremely Low, Very Low, Low Income	80%	60%	733
373			60%		440
			50%		293
			30%		293
Total: 3,733					Total: 2,933



# Issue – cont'd

- **Barriers** to providing quality, affordable and workforce housing with access to **opportunity** or for area **redevelopment** include but are not limited:
  - X Land costs too **high**;
  - X Lack of **adequate** infrastructure;
  - X Environmental **remediation**; and
  - X No proven **market** for residential development
- Leads to **gap** under either the development sources and uses or **impacts** the operating proforma

# Issue – cont'd

The most important number in real estate development is net operating income (**NOI**). NOI is the amount of cash flow or **revenue** available after expenses, debt service, etc. and is an indicator of lending potential for a development

## Development Subsidy vs. Operating Subsidy

- Development subsidy or **gap financing** is needed when a development cannot move forward, after maximizing **debt capacity**, and there is still a gap in sources needed to complete the development compared to the uses
- Operating subsidy is assistance such as **tax exemptions**, rental subsidies or vouchers to offset the **loss** in potential revenue that would have otherwise been generated by a development
- In both instances, developers can **increase** borrowing capacity and fill a gap
- **Proposed** use of the PFC for the City would be as an **operating subsidy**

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Issue – cont’d

OPERATING PROFORMA

LINE ITEM		COST
GROSS RENT		\$100,000
OPERATING EXPENSES	Taxes	(\$20,000)
	Insurance	(\$5,000)
	Maintenance	(\$5,000)
	Administration	(\$20,000)
NET OPERATING INCOME		\$50,000
DEBT SERVICE*		(\$25,000)
CASH FLOW BEFORE TAXES		\$25,000
DEPRECIATION		(\$15,000)
TAXABLE INCOME		\$10,000
X 35% TAX BRACKET		(\$3,500)
NET REVENUE		\$6,500

\*Could include gap assistance from the City.



# Potential Tool for Housing and Economic Development

- Public Facility Corporation (**PFCs**) are used as a **tool** to **create mixed income** residential housing in areas where there is **not** an existing market for housing or **difficult** to produce/develop workforce or housing for the “**missing middle**” (Income bands **80% - 120%** of AMI)
- PFCs through the **introduction** of a **mix** of workforce and market rate units (typically **50%** of the total units) **serve** as:
  - ✓ **Catalyst** for other high quality **Class A** residential development; or
  - ✓ Economic development due to additional rooftops and households with **higher** incomes needed to **attract** retail

# Background and Process

- **December 2, 2019:** Presented the proposed **creation** of a PFC for the City at the Economic Development Committee (**EDC**); however, the item was delayed for staff to address questions raised by EDC members
- Series of stakeholder **input** meetings held at the Meadows Conference and hosted by the Housing Policy Taskforce and City staff to **address** questions and **establish** a guide or priorities on how the PFC could be **best utilized** as a tool for the City of Dallas

DATE	TIME
Friday, January 17, 2020	10:30 AM – 12:00 PM
Thursday, January 23, 2020	10:30 AM – 12:00 AM
Friday, January 24, 2020	1:30 PM – 3:00 PM

# Background and Process – cont'd

- **39** attendees including for profit and nonprofit developers, housing advocates, and attorneys
- Staff **provided** an overview of PFCs, proposed **structure** of Dallas PFC, **guide** for the use of the tool, and proposed **partnership** structure
- Feedback **received**:
  - ✓ Include mix of income bands and not limit all units at **80%** of AMI
  - ✓ Do **not** cap IRR;
  - ✓ Compliance and income verification to **ensure** meeting workforce housing requirements and housing families;
  - ✓ Transparent fee structure for **3<sup>rd</sup>**-party fees to close transactions;
  - ✓ **Fair Housing**: How does the tool impact the City's requirement to provide greater fair housing choice?;
  - ✓ Consider Stabilization RSAs; and
  - ✓ Nondisclosure Agreements

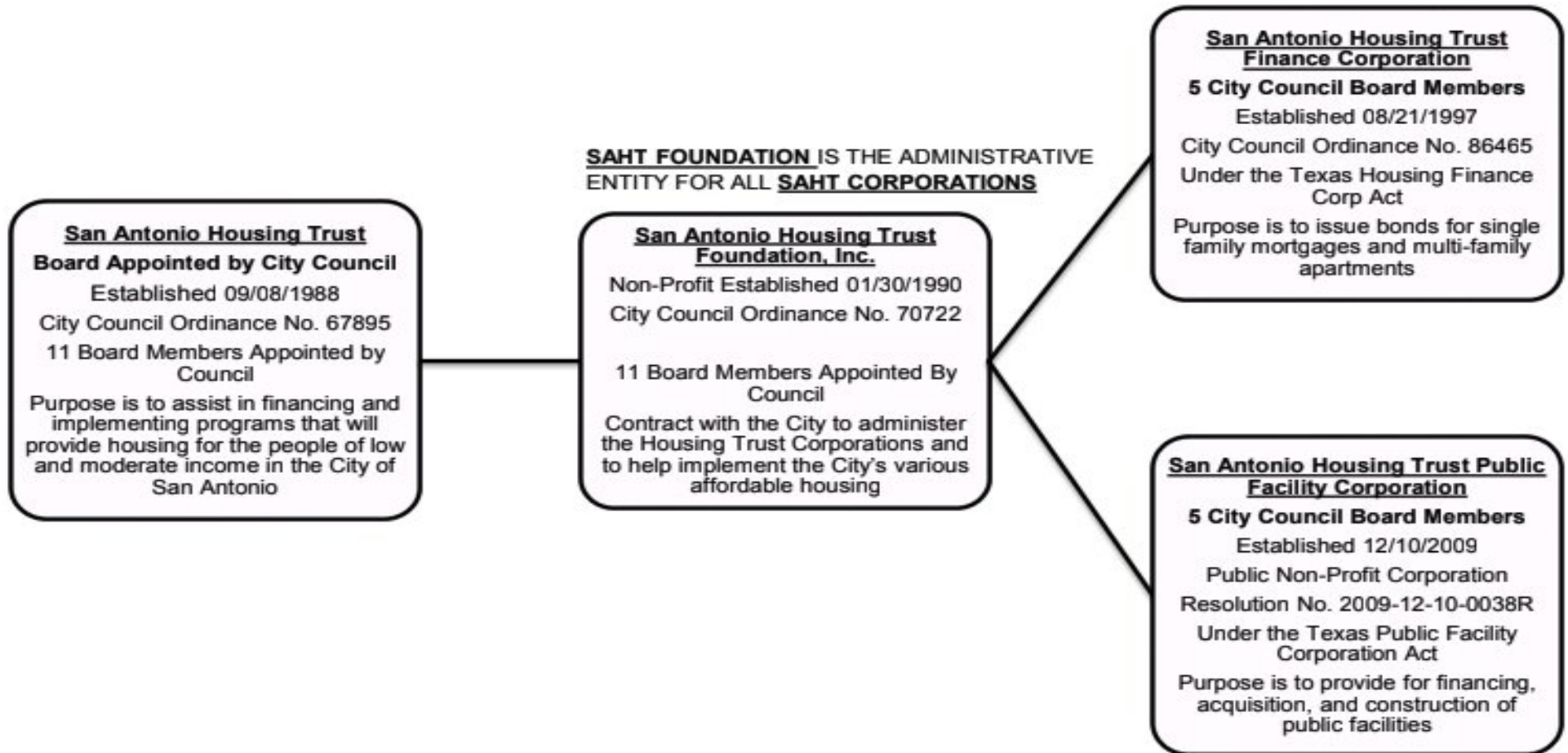
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# The San Antonio Housing Trust (SAHT)

- **1989** SAHT is capitalized with **\$10,000,000**
- In **2009**, City of San Antonio created the San Antonio Housing Trust PFC (**SAHTPFC**) to serve as tool to **create** affordable housing and accomplish the City's **revitalization** goals
- SAHTPFC is **administered** by the San Antonio Housing Trust Foundation; and currently, **5** City Councilmembers serve on the Board
- Use PFC to **partner** with developers on tax credit developments and PFC deals with mixed income housing

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# The San Antonio Housing Trust (SAHT) – cont'd



# The San Antonio Housing Trust (SAHT) – cont'd

- Under the **proposed** DPFC structure, SAHTFPFC has mixed income developments as follows:
  - ✓ **4** Completed;
  - ✓ **5** Under construction; and
  - ✓ **4** In pipeline
- According to **2018** financial audit, SAHTFPFC, primary source of **revenue** are **developer fees (\$1,021,049)** associated with the construction of public facilities
- Currently, considering **restructure** for Board and development of **policies** for greater transparency

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# Structure of Dallas PFC

- **Board of Directors: 15** members to be appointed by City Council
  - **3** Councilmembers as incorporators and initial directors and to serve on board
  - **Officers** – President, Vice President, Secretary, and Treasurer\* (\*Will be a City employee)
  - **Term:** Directors may not serve more than **6** years and can be removed without cause; Officers can not serve for a term of more than **3** years
  - Certain provisions of Chapter **8** of Dallas City Code will apply to the Board such as Section **8-1.4**, “Qualification Considerations in Appointments to Boards,”; Article IV, Section **8-14**, “Financial Interest,” and Article V, “Code of Conduct;”

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# Structure of Dallas PFC – cont'd

- City **staff** to serve as **liaisons** in capacity of General Manager and Assistant General Manager to assist with management of operations
- Meetings will be held in accordance with the Texas Open Meetings Act and agendas shall be posted to the City Secretary's Office **72** hours prior to the meeting
- Overall structure and specific requirements as required by the Act, are in the **Articles of Incorporation** and **Bylaws**

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# Public Purpose of Dallas PFC

- To assist the City in meeting its **production goals** established under the Comprehensive Housing Policy:
  - ✓ Develop housing for the “**missing middle**” or workforce housing.
  - ✓ Focus on areas of opportunity and as a tool for redevelopment
  - ✓ Deconcentrate poverty and provide greater fair housing choice
- Affordability mix dependent upon **market** and **location**, but no less than **30%** affordable and no more than **50%** with the remaining at market\*

**\*The Act only requires the occupancy and set aside requirement for certain housing authority-created PFCs for multifamily residential developments**

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# Public Purpose of Dallas PFC – cont'd

## ■ Area of Opportunity

- ✓ **A,B,C** markets only under MVA
- ✓ Redevelopment RSA
- ✓ Area with **20%** poverty rate or less
- ✓ TODs
- ✓ TIFs (Determine if **developer subsidy** or **operating subsidy** is needed to fill gap)

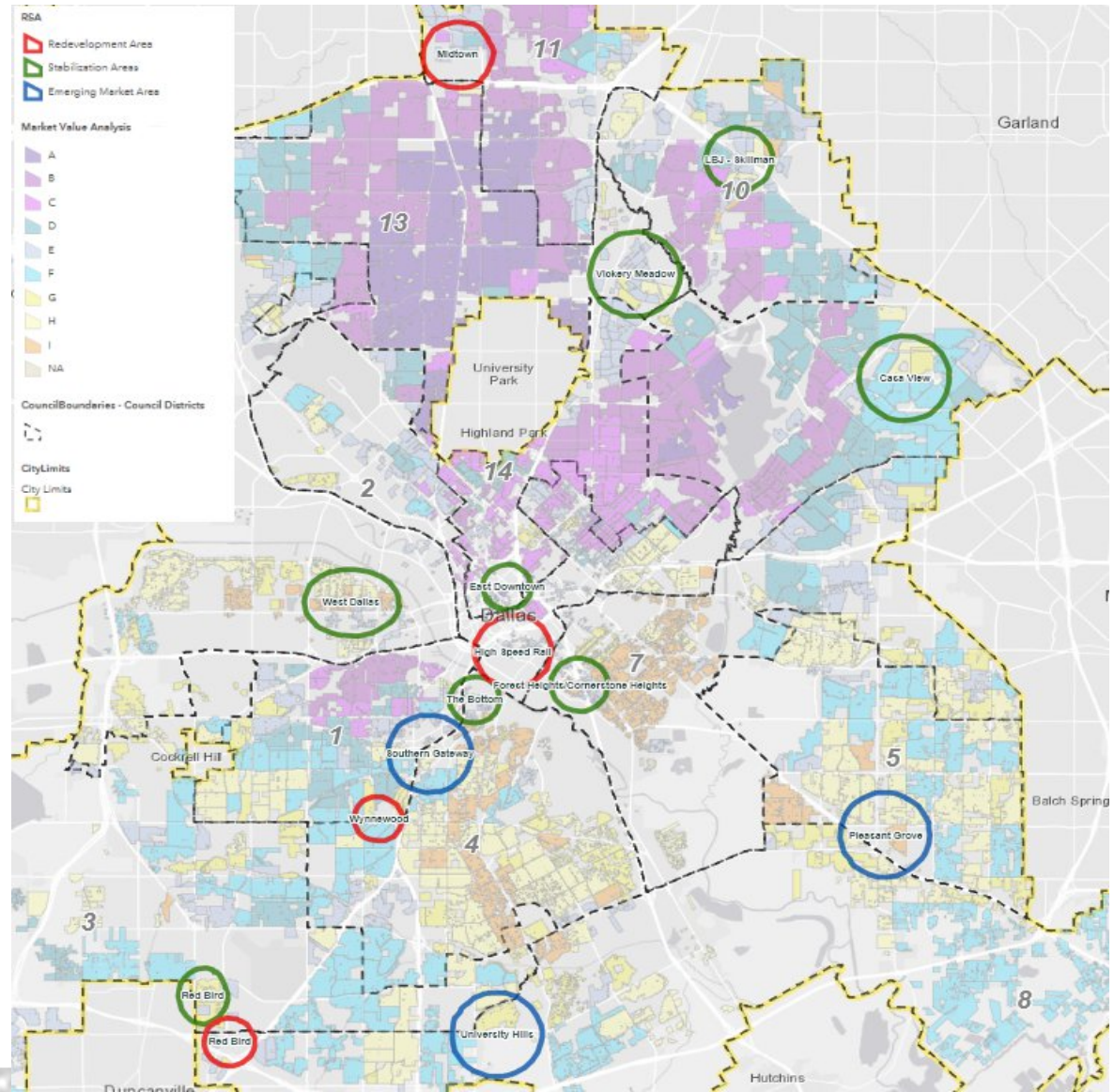
## ■ Affordability Mix (Income Band Range)

- ✓ **50%** of the units to be reserved for individuals or families whose income is **80%** or less than the AMI. The remaining units must be market rate

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# Public Purpose of Dallas PFC – cont'd

## City-wide Map with MVA and RSAs

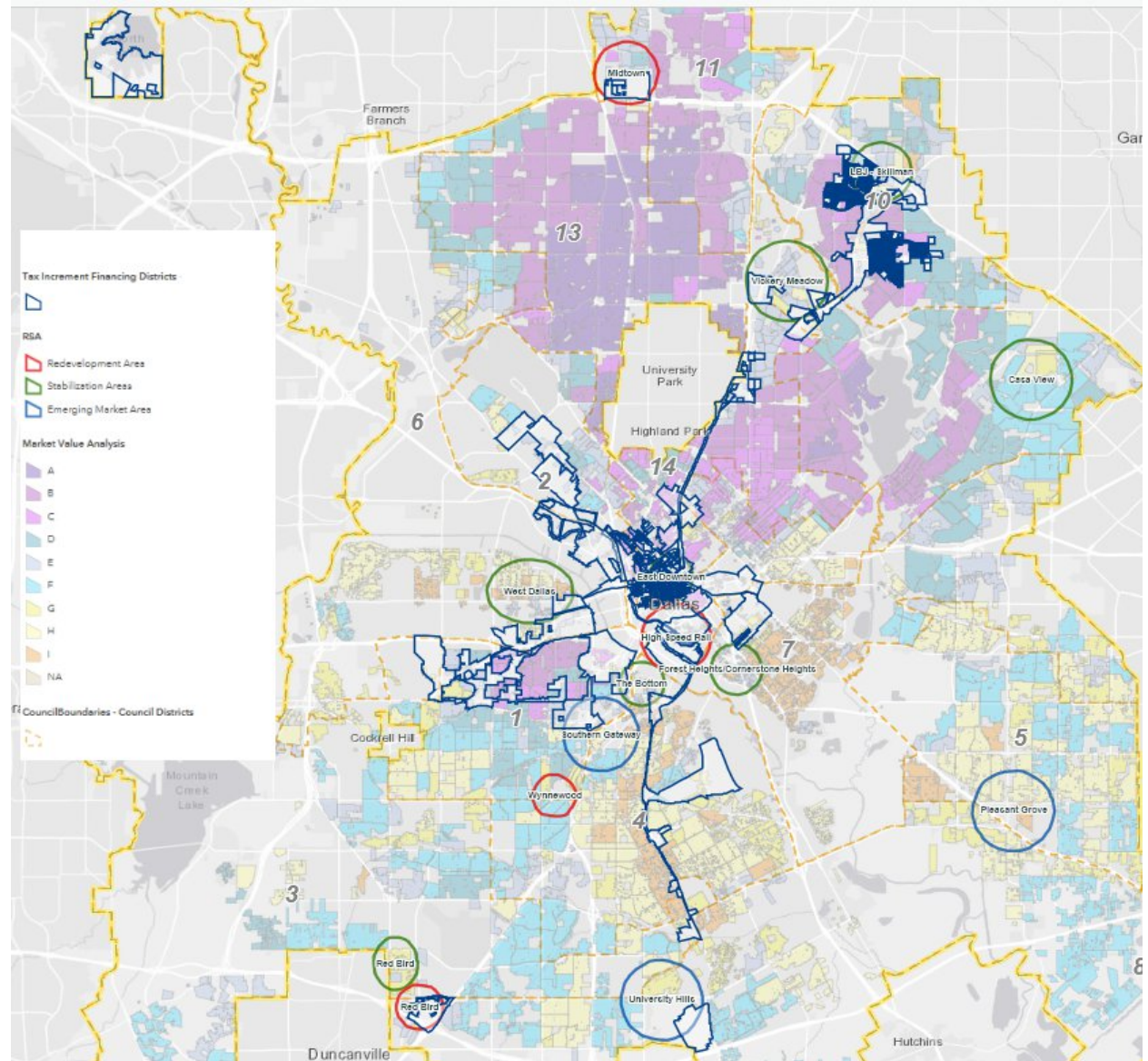


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# Public Purpose of Dallas PFC – cont'd

## City-wide Map with MVA, RSAs, and TIFs

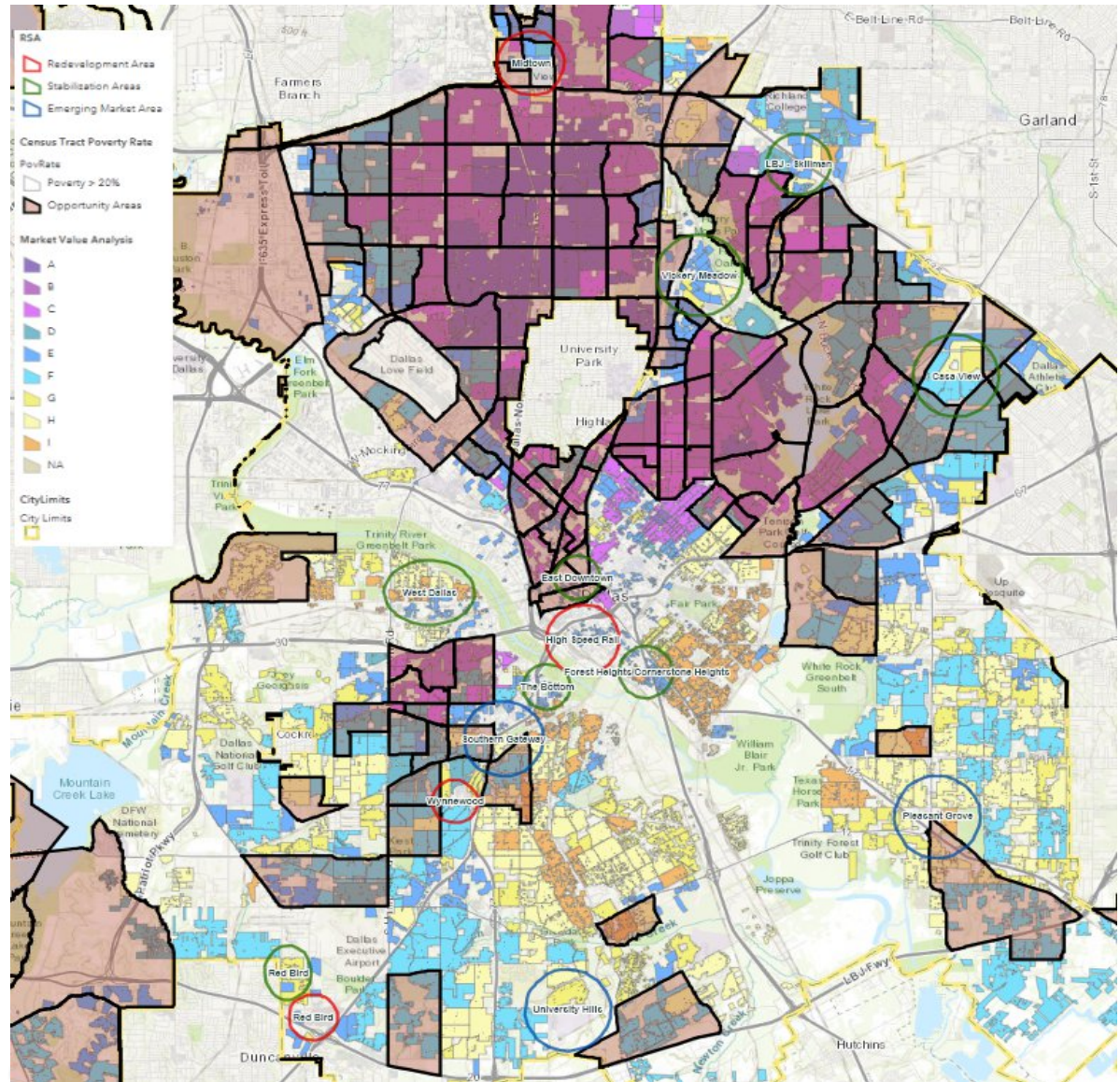


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# Public Purpose of Dallas PFC – cont'd

**City-wide Map  
with MVA,  
RSAs, and  
Census Tracts  
with Poverty  
Rate < 20%**



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# Public Purpose of Dallas PFC – cont'd

## ■ Redevelopment

- ✓ Emerging RSA where there is other **investment** including from the City
- ✓ Opportunity Zones (**OZs**)
- ✓ R/ECAP Areas
- ✓ TODs
- ✓ TIFs (Determine if **developer subsidy** or **operating subsidy** is needed to fill gap)

## ■ Affordability Mix

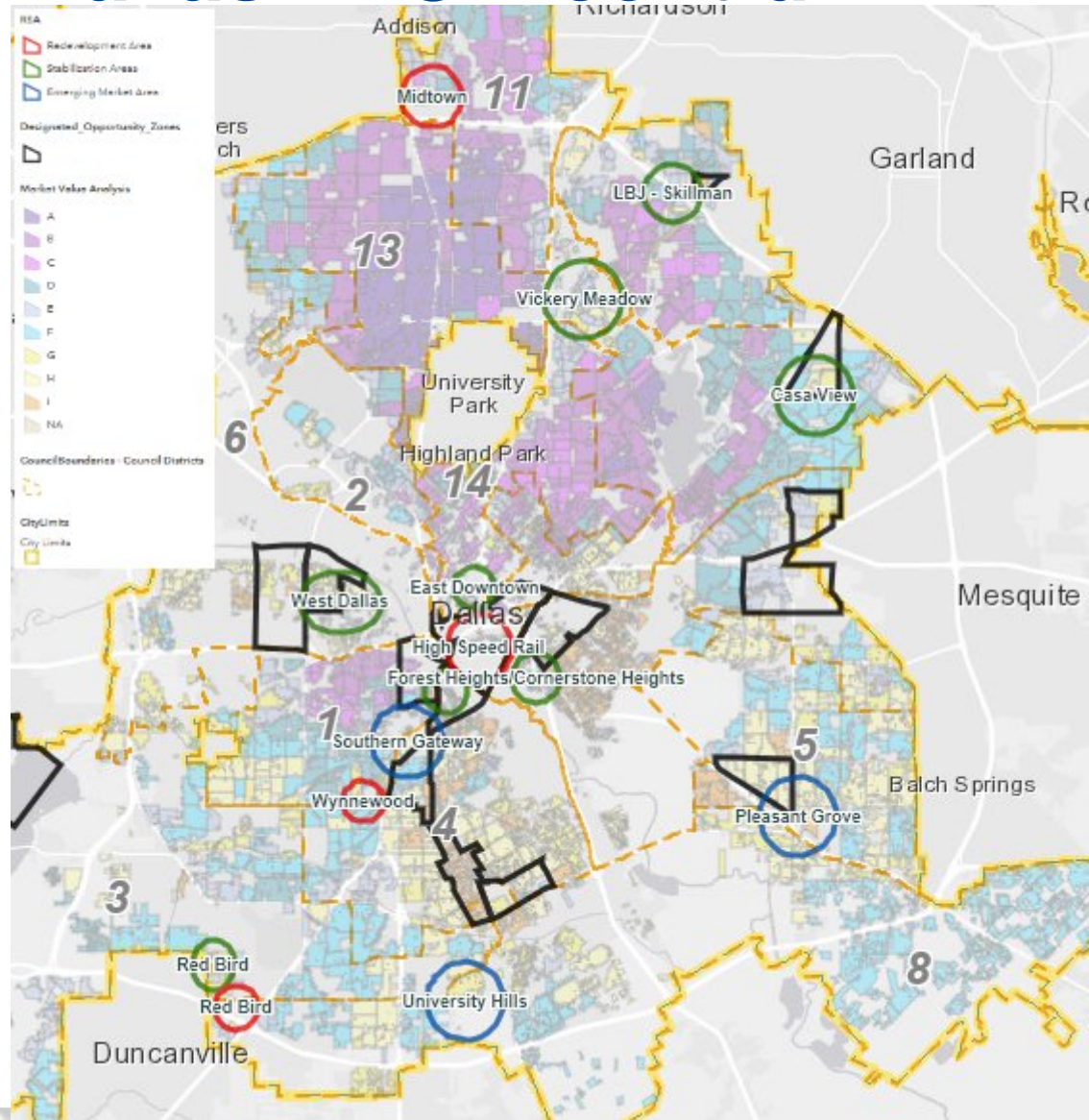
- ✓ No less than **30%** of the total units set aside for households at **80%** or below of AMI; the remaining units **market rate**

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# Public Purpose of Dallas PFC – cont'd

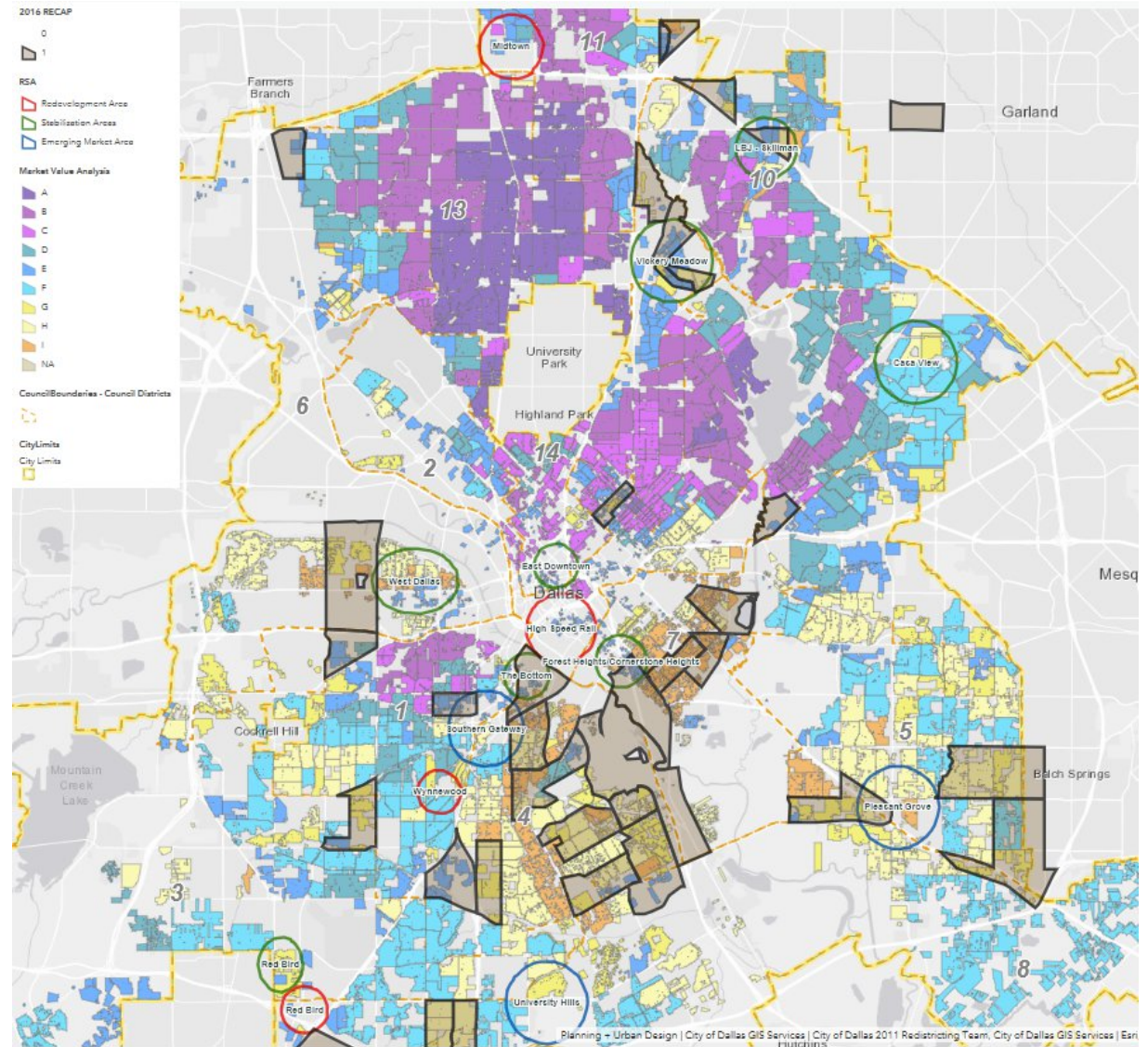
## City-wide Map with MVA, RSA, and OZs



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# Public Purpose of Dallas PFC – cont'd

## City-wide Map with MVA, RSA, and R/ECAP Areas



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*Economic and Neighborhood Vitality*



# Public Purpose of Dallas PFC – cont'd

## Partnership Structure:

- Transaction/Closing Fee: **\$200,000 - \$225,000**
- Cash flow split **15%-25% or annual fee (includes share of sales proceeds and transfer)** dependent upon income bands served
  - ✓ For instance, if target **deeper** income bands; then; DPFC would accept **lower** cash flow split to provide rental subsidies;
- Minimum **experience** requirements and background verification
- Letters of commitment **must** be provided from lenders and equity investors **prior** to consideration

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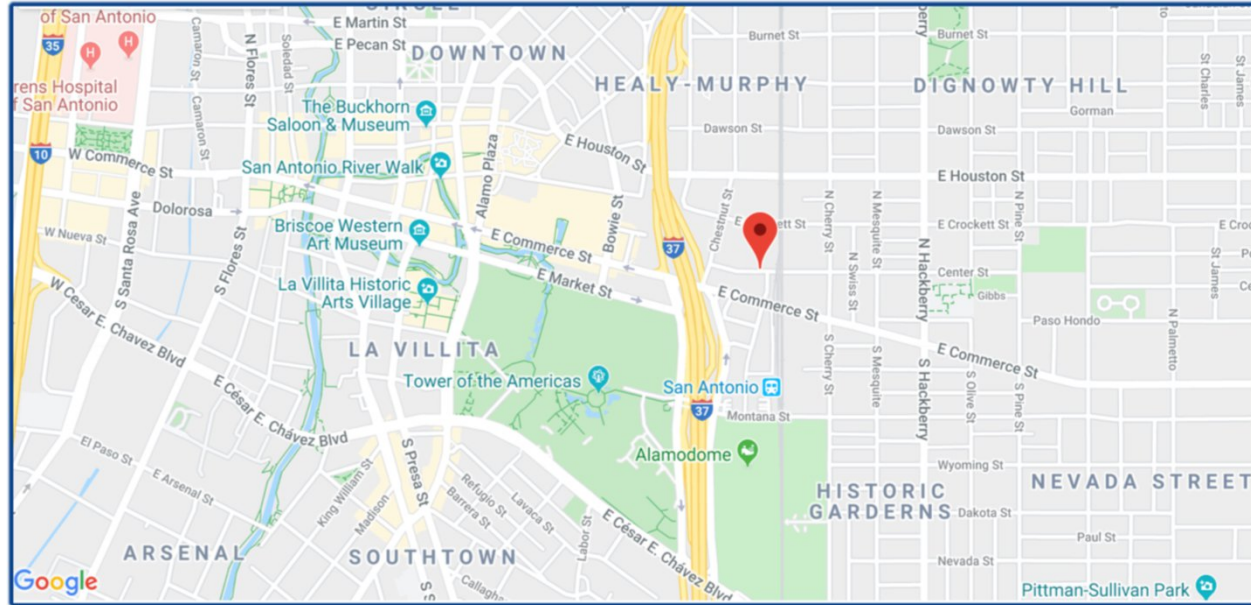
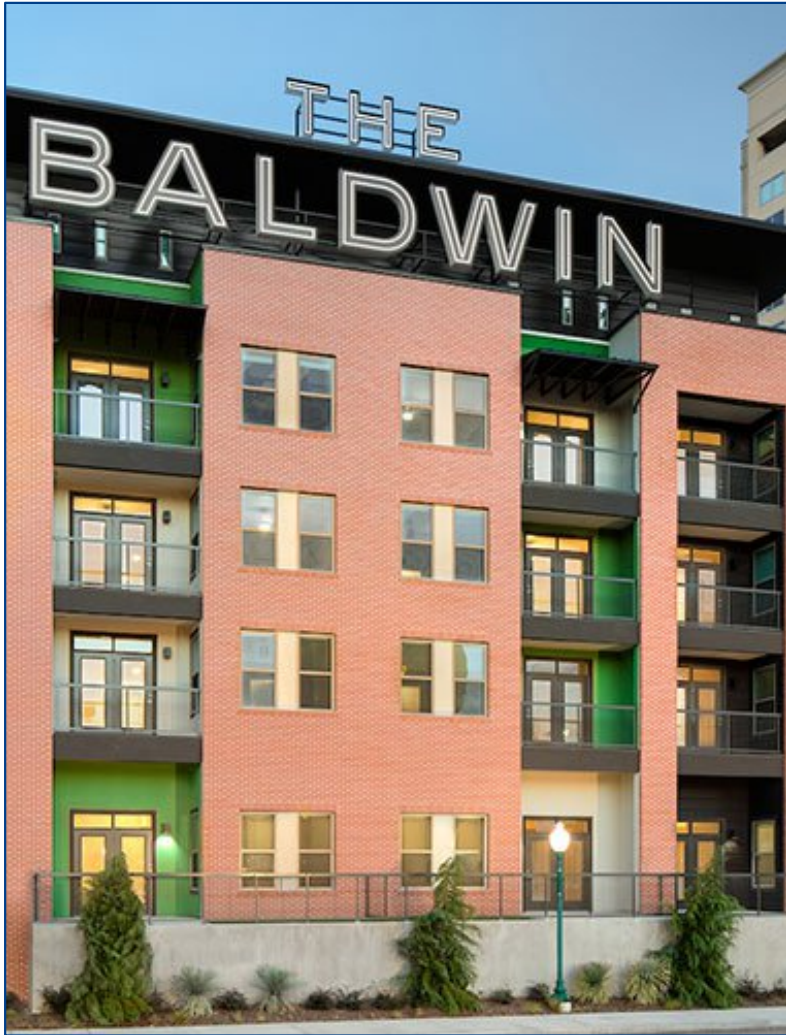
# Public Purpose of Dallas PFC – cont'd

- Other proposed **recommendations** based on **feedback** from stakeholder input sessions:
  - ✓ **Incorporate** in the bylaws that the tool should **only** be used in the instance a development could not move forward “**but for**” the operating subsidy the tax exemption would provide by offsetting the loss of rental revenue or cash flow to provide workforce housing at income bands **80%** of AMI and below
  - ✓ Include in DPFC bylaws that the **net revenue** generated by the DPFC be **utilized** for the purpose of furthering the City’s affordable housing goals; and
  - ✓ Add Chapter **20A** of City Code requirements for voucher holders

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# Case Studies

## ✓ The Baldwin @ St. Paul Square – San Antonio, Texas



80% AMI	Market Rate	Total Units	Development Costs
136	135	271	\$48,433,744

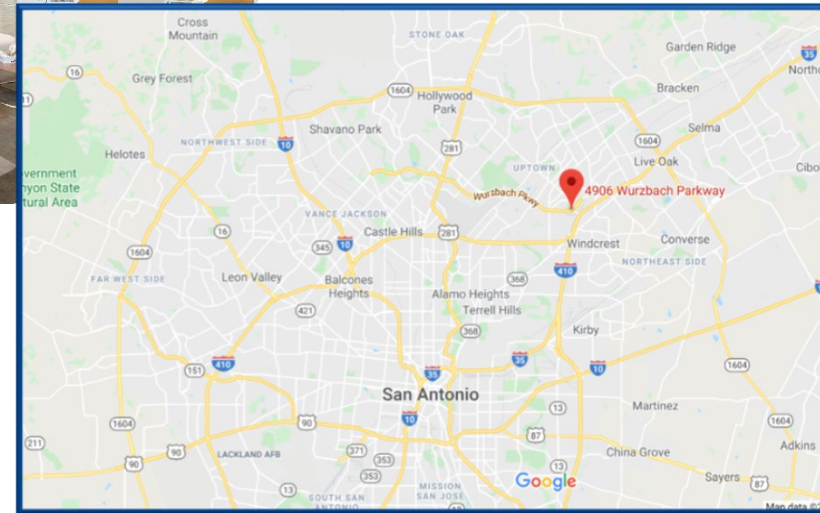


# Case Studies – cont'd

## ✓ The Upton @ Longhorn Quarry – San Antonio, Texas



80% AMI	Market Rate	Total Units	Development Costs
156	149	305	\$38,187,121



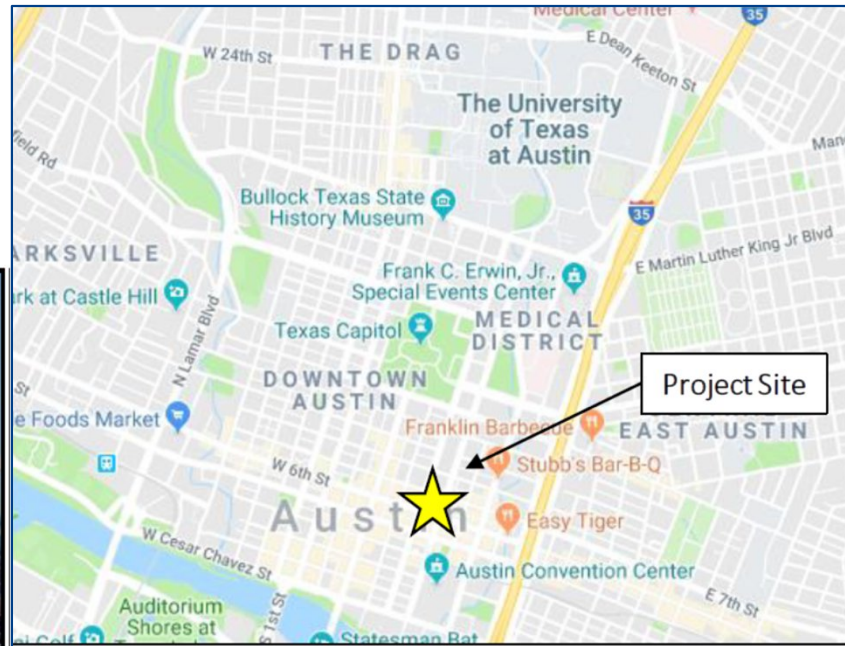
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*Economic and Neighborhood Vitality*



# Case Studies cont'd

## ✓ Block 87 – Austin, Texas



**342 unit residential tower with 330,000 SF of office space and 14,000 SF of ground floor retail**

AFFORDABILITY SUMMARY		
Max Income Band	Number of Units	% of Property
80% AMI	154	45%
140% AMI	154	45%
Market	34	10%
<b>Totals</b>	<b>342</b>	<b>100%</b>

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# Recommendation and Next Steps

- Staff **recommends** that the Economic Development Committee approve the creation of the Dallas Public Facility Corporation
- **February 26:** If recommended by this Committee, the item would move forward for full City Council **consideration** on the City Council agenda including the staff recommended DPFC Articles of Incorporation and Bylaws
- The Articles of Incorporation would be **filed** with the Texas Secretary of State if City Council **approves** the creation
- **March/April 2020:** City Council appointments to DPFC
- **May 2020: 1st** potential PFC Board of Directors meeting

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# **Proposed Creation of the Dallas Public Facility Corporation**

**Economic Development Committee  
February 3, 2020**

**Avis F. Chaisson, Assistant Director  
Office of Economic Development  
City of Dallas**





# Appendices

- A. Legal Authority for Public Facility Corporation (**PFC**)
- B. What is a PFC?
- C. Housing Finance Corporations (**HFC**) vs. PFCs
- D. Powers and Duties of Texas PFCs
- E. Risks and Benefits of PFCs



# Appendix A - Legal Authority

- Authorized under Chapter **303** of the Texas Local Government Code, the Public Facility Corporation Act authorizes the City to create one or more nonmember, nonprofit, public facility corporations (**PFC**) to act on behalf of the City (**Sponsor**)
- The purpose of the Act is to **create** and **use** PFCs with the broadest possible powers to **finance** or to **provide** for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of **public facilities** in an orderly, planned manner and at the lowest possible borrowing costs

# Appendix A - Legal Requirements

- To **create** a PFC, the City Council, as the governing body of the Sponsor, **must**:
  1. Determine that it is in the **public interest** and to the **benefit** of its residents and the citizens of the Texas that a corporation be created to finance, refinance, or provide the costs of public facilities; and
  2. **Authorize** and **approve** the creation of the PFC on behalf of the Sponsor and approve the PFC's proposed Articles of Incorporation and Bylaws

# Appendix B - What is a PFC?

- A PFC is a nonmember, nonstock, nonprofit public facility corporation separate from the creating Sponsor but acting on the Sponsor's behalf pursuant to the Act
- In addition to municipalities, the Act authorizes counties, school districts, **housing authorities**, and special districts such as hospital districts and junior college districts to create PFCs
- PFC's board must be **appointed** by the governing body of the sponsor
  - Members of the **governing body** or **employees** of the sponsor are eligible to serve on the board as directors
  - Board members have the same **immunity** from liability as the sponsor's governing body
- Board meetings must be **open** to the public and are subject to the **Texas Open Meetings Act**

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# Appendix B - What is a PFC? – cont'd

- PFCs have been used by other jurisdictions to develop a variety of public facilities including **workforce housing**
- Public facilities can include the following:
  - ✓ Real, personal, or mixed property – **Mixed income** housing, student housing, hotels, downtown developments, etc.
  - ✓ Property devoted or to be devoted for **public use** – Parks, parking garages, conference facilities, etc.
- PFCs own the **land** and the **improvements** and may enter into **agreements** with private entities for the development and use of such land and improvements

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# Appendix B - What is a PFC? – cont'd

- Generally, PFCs as public nonprofit corporations are **not** subject to taxation, including sales tax
- Public facilities owned or leased by the a PFC are **tax exempt** as authorized under the Act
- On a case by case basis and **subject to predetermination**, a private user may be considered an owner of a PFC-owned facility for tax exemption purposes
- The tax exemption benefit to the user could provide **flexibility** and a **viable** mechanism to assist in the mitigation of costs associated with the development and construction of a public facility

# Appendix C - PFCs vs. HFCs

Entity	PFC	HFC
<b>Authorization</b>	Chapter 303	Chapter 394
<b>Assets</b>	Own land and improvements	Own land only
<b>Lease</b>	Land and improvements to user	Land to owner of improvements
<b>Property Tax Exemption</b>	<p>By statute*</p> <p>*PFC will be a part of user entity to receipt revenue such as cash flow (<b>15%-20% or annual fee</b>; after return of equity)</p> <ul style="list-style-type: none"> <li>✓ <b>\$250,000</b> closing fee</li> <li>✓ Percentage of proceeds from sales and transfer</li> </ul>	<p>Must have <b>equitable</b> title:</p> <ul style="list-style-type: none"> <li>✓ <b>100%</b> sole member of the general partner of the owner of the improvements (DCAD)</li> <li>✓ Right of first refusal to <b>purchase</b> improvements</li> </ul>
<b>Gap Assistance</b>	<b>No</b> , tax exemption could fill financing gap along with private equity	<b>Yes</b> , primarily partner with housing tax credits developers and typically require soft financing
<b>Income Bands</b>	<b>50%</b> of units for households with incomes <b>80%</b> or below the AMI; <b>50%</b> remaining units are market rate	Address households with incomes <b>60%</b> or below the AMI; can go up to <b>80%</b> with income averaging

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# Appendix D -Powers and Duties of Texas PFCs

- The Sponsor can **create** a PFC to:
  1. Issue bonds under the Act, including bonds to purchase City obligations;
  2. Finance public facilities on behalf of the City; and
  3. Loan the proceeds of the obligations to other entities to accomplish the purposes of the Sponsor; and
- The Sponsor can **use** the PFC to:
  1. Acquire, construct, rehabilitate, renovate, repair, equip, furnish, or place in service public facilities; or
  2. Issue bonds on the City's behalf to finance the costs of public facilities



# Appendix D - Powers and Duties of Texas PFCs

- Other **powers** and **duties** of PFCs include:
  - ✓ Lending;
  - ✓ Investing;
  - ✓ Borrowing Money;
  - ✓ Accepting, Granting or Mortgaging a Public Facility;
  - ✓ Entering into Contracts (including agreements with private entities); and
  - ✓ Incurring Liability



# Appendix E - Risks

- Does **not** increase the City's tax base. However, staff would underwrite deals to determine if the tax exemption is no longer vital and look at payment in lieu of taxes (**PILOT**) arrangements
- Development may not make **projected** projects; however, there is no investment requirement by the PFC
- Development entity may default on lender and equity obligations which could result in failure of the public facility and any applicable recourse by the lender or equity provider

# Appendix E - Benefits

- ✓ **No** investment required by the PFC outside of tax benefit which can be leveraged to invest in a critical need; housing
- ✓ PFC would **not** assume the risk of construction, operations, or debt of any development
- ✓ Development entity would be required to raise equity and secure financing
- ✓ Would **require** design requirements; unit set asides, tenant services
- ✓ **Catalyst** for other Class A development or economic development
- ✓ Potentially **minimize** Not In My Back Yard (**NIMBY**) issues
- ✓ **Net revenue** earned from development can be used to **fund** programs and/or projects for the benefit of the City

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# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-209

**Item #:** C.

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Tax Increment Financing District FY 2018-2019 Annual Reports  
[Kevin Spath, Assistant Director, Office of Economic Development]

# Memorandum



CITY OF DALLAS

DATE January 30, 2020

TO The Honorable Members of the Economic Development Committee:  
Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates,  
Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **FY 2018-2019 Tax Increment Finance (TIF) District Annual Reports**

On February 26, 2020, City Council will be asked to approve the FY 2018-2019 annual reports for the City's nineteen active tax increment reinvestment zones (also known as TIF districts).

State law (Tax Increment Financing Act, Chapter 311 of the Tax Code) requires that the City submit an annual report on the status of each reinvestment zone it has created to the Chief Executive Officer of each taxing unit that levies taxes on real property in the zone as well as to the State Comptroller.

This memorandum contains a summary of activity in all twenty-one TIF districts, including the State-Thomas TIF District (which sunset in 2008) and the Cityplace Area TIF District (which sunset in 2012). The impact of these retired TIF districts is significant; therefore, data continues to be included in the annual report summary.

Growth in real property values compared to the base year of the TIF districts was strong. Overall taxable real property value in TIF districts increased 11.8% (\$2,045,391,445) from last year compared to an 8.3% increase for the City as a whole. TIF districts with the largest increases over last year include: University TIF (123.2%); Deep Ellum (32.3%); Cedars (31.8%); and Cypress Waters (26.0%).

Since the inception of each TIF district through 2019, the aggregated real property value growth in the TIF districts is 409.8%. For the seven TIF districts created between 1988 and 1998, overall value has grown 531.6%. For TIF districts created after 2005, overall value has grown 358.2%. Among those TIF districts with the greatest real property value growth since inception are Cypress Waters (756747.6%); Downtown Connection (769.6%); and Fort Worth Avenue (369.8%).

Total TIF expenditures or allocations of \$1.19 billion have leveraged over \$17.3 billion in added or anticipated real property value in TIF districts since the inception of each TIF district. For every TIF dollar committed, \$14.56 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and business personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). For fiscal year 2018-2019, staff estimates that over \$189 million in additional taxes will be paid to DISD due to increased property values in Dallas TIF districts.

DATE January 30, 2020  
 SUBJECT SUBJECT

## Growth in Real Property Value in all TIF Districts from Inception to 2019

TIF District	Initial (Base)	2018 Taxable Value	2019 Taxable Value	2018 vs 2019 (% Change)	Initial vs 2019 (% Change)
<b>TIF Districts created between 1988-1998</b>					
State-Thomas <sup>1</sup>	\$47,506,802	\$709,285,625	\$722,139,932	1.8%	1420.1%
Cityplace Area <sup>2</sup>	\$45,065,342	\$1,238,174,558	\$1,351,672,750	9.2%	2899.4%
Oak Cliff Gateway ( <i>all sub-districts</i> )	\$145,852,742	\$520,554,359	\$653,308,603	25.5%	347.9%
Cedars	\$35,300,760	\$190,131,264	\$250,585,066	31.8%	609.9%
City Center ( <i>all sub-districts</i> )	\$674,751,494	\$1,580,662,169	\$1,721,985,219	8.9%	155.2%
Farmers Market ( <i>Zone A-C</i> )	\$35,714,091	\$405,030,944	\$438,051,692	8.2%	1126.6%
Sports Arena ( <i>all sub-districts</i> )	\$63,730,369	\$1,366,597,639	\$1,480,578,703	8.3%	2223.2%
<b>Subtotal</b>	\$1,047,921,600	\$6,010,436,558	\$6,618,321,965	10.1%	531.6%
<b>TIF Districts created after 2005</b>					
Design District ( <i>all subdistricts</i> )	\$281,873,753	\$835,479,830	\$919,731,692	10.1%	226.3%
Vickery Meadow ( <i>Zone A-B</i> )	\$164,779,090	\$523,492,290	\$546,792,670	4.5%	231.8%
Southwestern Medical ( <i>Zone A-B</i> )	\$67,411,054	\$265,238,523	\$297,730,146	12.2%	341.7%
Downtown Connection ( <i>Zone A-B</i> )	\$564,917,317	\$4,305,186,757	\$4,912,368,289	14.1%	769.6%
Deep Ellum ( <i>Zone A-C</i> )	\$189,162,613	\$564,122,812	\$746,341,773	32.3%	294.6%
Grand Park South	\$44,850,019	\$68,780,676	\$69,278,383	0.7%	54.5%
Skillman Corridor	\$335,957,311	\$839,952,530	\$938,065,231	11.7%	179.2%
Fort Worth Avenue	\$86,133,447	\$378,339,723	\$427,928,395	13.1%	396.8%
Davis Garden ( <i>Zone A-B</i> )	\$137,834,597	\$290,409,472	\$326,801,189	12.5%	137.1%
TOD TIF ( <i>all subdistricts</i> )	\$202,074,521	\$495,478,622	\$530,354,450	7.0%	162.5%
Maple-Mockingbird ( <i>Zone A-B</i> )	\$184,005,009	\$602,492,876	\$693,226,001	15.1%	276.7%
Cypress Waters	\$71,317	\$428,249,247	\$539,761,036	26.0%	756747.6%
Mall Area Redevelopment TIF ( <i>all subdistricts</i> )	\$168,357,630	\$244,631,867	\$242,369,940	-0.9%	44.0%
University TIF ( <i>all subdistricts</i> )	\$49,774,442	\$71,939,933	\$160,552,001	123.2%	222.6%
<b>Subtotal</b>	\$2,477,202,120	\$9,913,795,158	\$11,351,301,196	14.5%	358.2%
<b>Total All Districts</b>	<b>\$3,525,123,720</b>	<b>\$15,924,231,716</b>	<b>\$17,969,623,161</b>	<b>11.8%</b>	<b>409.8%</b>

Notes: State-Thomas<sup>1</sup> and Cityplace Area<sup>2</sup> have legally expired and are no longer officially reporting.  
 Districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base year (i.e. Zone B)  
 Several TIF districts have been amended to add sub-districts that may have different base years.

Although most growth in new taxable value in TIF districts is captured to fund public improvements in those TIF districts, there has been some added benefit to the City's general fund. TIF districts created since 2005 and some older TIF districts, as amended, have varied City participation during the term of the TIF district ranging from 55-90% of total new taxes and some have delayed tax increment collection in the initial years, allowing some new growth into the City's general fund.

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Estimates for the current tax year 2019 (fiscal year 2019-2020) total TIF tax increment are shown below and include both the estimated City contribution and any contributions from other participating taxing jurisdictions. Generally, for older TIF districts, there was more participation from other taxing entities; whereas, those TIF districts created or amended since 2005 have primarily had only City and County participation.

**Estimated TIF District Increment Collection and Added General Fund Revenue**

<b>Tax Year</b>	<b>City Center &amp; Downtown Connection TIFs</b>	<b>Non-Downtown TIFs</b>	<b>Total All Districts</b>
2019 Total Increment <sup>1</sup>	\$43,132,003	\$57,238,702	\$100,370,706
2019 (City) Increment <sup>2</sup>	\$37,029,177	\$47,708,573	\$84,737,750
2019 new City General Fund <sup>3</sup>	\$4,865,944	\$32,475,208	\$37,341,152

<sup>1</sup> Total increment is estimated TIF collections for all participating taxing jurisdictions.

<sup>2</sup> City Increment is the estimated City contribution to the TIF Funds.

<sup>3</sup> New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF Funds (includes estimated annual revenue from State-Thomas & Cityplace Area, now expired)

TIF districts have also been catalysts for improving the real estate market in areas that were lagging, drawing new residents into the City's core and DART station areas, and creating new mixed-use neighborhoods. As of FY 2018-2019, approximately 39,206 new residential units were completed in the City's twenty-one TIF districts (including State-Thomas and Cityplace Area). An additional 5,490 units are under construction, and another 1,812 units are planned. Over 16 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 2.5 million square feet of commercial space is under construction, and another 1.9 million square feet of space is planned. New hotel construction includes 6,026 completed rooms. An additional 833 hotel rooms are under construction, and another 514 hotel rooms are planned.

The following table summarizes new development in downtown and non-downtown TIF districts. The two downtown TIF districts, City Center and Downtown Connection, comprised 21.2% of constructed or planned residential units, 43.3% of commercial space and 69.8% of completed or planned hotel rooms

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**New Residential and Commercial Development in TIF Districts**

<b>Development</b>	<b>City Center &amp; Downtown Connection TIF districts</b>	<b>Non-Downtown TIF districts</b>	<b>Total All TIF districts</b>
<b>Residential Units</b>			
Completed	8,390	30,216	38,606
Under Construction	760	4,730	5,490
Planned	600	1,212	1,812
<b>Resid. Total</b>	<b>9,750</b>	<b>36,158</b>	<b>45,908</b>
<b>Commercial (<i>retail, office, other com.</i>) Square Footage</b>			
Completed	7,748,566	9,155,035	16,903,601
Under Construction	280,000	2,284,106	2,564,106
Planned	1,257,282	718,761	1,976,043
<b>Com. Total</b>	<b>9,285,848</b>	<b>12,157,902</b>	<b>21,443,750</b>
<b>Hotel Rooms</b>			
Completed	4,747	1,279	6,026
Under Construction	401	432	833
Planned	0	514	514
<b>Hotel Total</b>	<b>5,148</b>	<b>2,225</b>	<b>7,373</b>

Construction activity in TIF districts is on-going. Major TIF-related projects that completed construction in FY 2018-2019, with a combined value over \$510 million, are shown in the following table and took place in several TIF districts.

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### Major TIF-Related Projects Completed in FY 2018-2019

Project	District	Description	Value^	TIF Investment
Mid Elm Lofts	City Center	29 resid. units; 17,736 sf retail	\$18,000,000	\$3,900,000
Corgan-Crescent Addition	City Center	95,000 sf office	\$32,410,000	\$875,000
Nokia of America	Cypress Waters	250,000 sf office	\$20,926,930	\$0
1712 Commerce	Downtown Connection	244 hotel rooms; 16,428 sf retail	\$22,575,000	\$10,500,000
The Union	Downtown Connection	309 resid. units; 417,000 sf office; 87,000 sf retail	\$105,130,060	\$0
2000 Ross Avenue	Downtown Connection	200 hotel rooms; 400 resid. units; 26,000 sf retail	\$58,000,000	\$0
Harwood No. 10	Downtown Connection	220,548 sf office; 14,000 sf retail	\$60,610,370	\$0
Farmers Market Redevel. Phase II	Farmers Market	Shed 1 Project (room for 119 stalls/20,000 sf), Shed 2 (24,148 sf retail + 6,310 restaurant) Shed 3 and 4 (Harvest Lofts) (240 apts, 16,000 sf retail, parking for project and public); Taylor Street (60 apts, 25,000 sf commercial and Futsal Projects	\$62,887,820	\$19,668,027
Magnolia on Pollard	Fort Worth Ave	60 resid. units	\$5,976,180	\$0
Manhattan Beer Co.	Fort Worth Ave	10,000 sf retail	\$374,190	\$0
Victor Prosper ( <i>Bishop Arts Station</i> )	Oak Cliff Gateway	216 resid. units; 27,302 sf retail	\$45,001,820	\$11,250,000
Bishop Arts Ph I ( <i>Exxir Capital</i> )	Oak Cliff Gateway	28,212 sf retail/restaurant	\$5,616,260	\$0
Novel Bishop Arts	Oak Cliff Gateway	302 resid. Units; 22,572 sf retail	\$34,293,490	\$0
Highpoint Crossing	Skillman Corridor	181,993 sf retail	\$32,538,970	\$0
Costco Business Center	Vickery Meadow	135,780 sf retail	\$5,889,510	\$0

^Values reflect current DCAD market value for completed projects or estimated value for those planned  
 City Council also authorized four TIF development agreements and three other incentive agreements in FY 2018-2019 in the TIF districts shown below. The projects are anticipated to have a value over \$187 million at completion



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### Major TIF-Related Projects Approved in FY 2018-2019

Project	District	Description	Value^	TIF Investment
Dallas Heritage Village	Cedars	5,180 sf flex space	n/a	\$650,000
Adolphus Tower Redevelopment Project	City Center	6,000 sf retail	\$17,700,000	\$2,247,605
Virgin Hotel Infrastructure Project	Design District	268 hotel rooms & streetscape/trail connection	\$69,000,000	\$3,622,885
Continental Gin Redevelopment Project	Deep Ellum	45,000 sf office; 5,000 sf retail	\$15,500,000	\$3,000,000
2400 Bryan	Deep Ellum	217 resid. units; 10,000 sf retail	\$50,409,542	0**
Palladium at Redbird	Mall Area Redevelopment	300 resid. units	\$30,000,000	0**
Renovation of former Urban League Building at 4315 S. Lancaster	TOD	23,777 sf office; 3,484 sf retail	\$4,400,000	0**

*^Values reflect current DCAD market value for completed projects or estimated value for those planned*

*\*\*Non-TIF incentives.*

### Retired TIF Districts

TIF districts are intended to boost real estate markets and grow the City's tax base. The City of Dallas has also been successful in promoting strong urban design and encouraging the creation of unique neighborhoods as part of the TIF program. Both the State-Thomas TIF District (sunset in 2008) and Cityplace Area TIF District (sunset in 2012) have been success stories from both an economic and place-making perspective. Over 6,300 residential units and 743,000 square feet of commercial space had been completed in the two TIF districts. Based on available 2019 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$674 million (1,420%), and the property value growth in the Cityplace TIF District has exceeded \$1.3 billion (2,899%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$15.4 million to the City's general fund for tax year 2019.

### Annual Reports

State law requires the preparation of an annual report for each TIF district that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress/status of each TIF district, staff has created an individual report that includes additional information. Each annual report includes the following information:

- Map of the TIF district
- Mission Statement
- Accomplishments to-date

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- Project Status – Type and amount of new development by project including private investment, new residential units, commercial space created, TIF investment, completion (or expected completion) date
- Other TIF district-wide initiatives, where applicable
- Mixed-Income Housing Summary
- Taxable value and increment revenue summary – what are the captured appraised value for the District and the expected increment collection
- Objectives and Success Indicators for the TIF district
- Summary of City Council actions related to the TIF district
- TIF district Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF development agreements
- Bond sales and repayment, where applicable
- FY 2019-2020 work program

From December 2019 through January 2020, the Board of Directors for seventeen of the TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Davis Garden TIF District Board held a meeting and reviewed the annual report, but, in the absence of a quorum, no official action was taken. The University TIF District does not currently have an appointed Board. Therefore, the annual reports for the Davis Garden TIF District and the University TIF District are being forwarded to City Council without a Board recommendation. State law does not require that the Board approve the annual report prior to City Council. Upon approval by City Council, staff will submit the annual reports to the other taxing jurisdictions participating financially in each TIF district and to the State Comptroller.

### **FISCAL INFORMATION**

No cost consideration to the City.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at (214) 670-1691.



Michael Mendoza  
Chief of Economic Development and Neighborhood Services

c: Chris Caso, City Attorney (Interim)  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizar Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager  
Michael Mendoza, Chief of Economic Development and Neighborhood Services  
M. Elizabeth Reich, Chief Financial Officer  
Laila Alequresh, Chief Innovation Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors



# City of Dallas

1500 Marilla Street  
Dallas, Texas 75201

## Agenda Information Sheet

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**File #:** 20-210

**Item #:** D.

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Amendments to Development Loan Agreements with the City of Dallas Housing Finance Corporation and 2400 Bryan Street, LLC for a Mixed-Use and Mixed-Income Multifamily Residential Development to be Located at 2400 Bryan Street

[Avis F. Chaisson, Assistant Director, Office of Economic Development]

# Memorandum



CITY OF DALLAS

DATE February 3, 2020

TO The Honorable Members of the Economic Development Committee:  
Tennell Atkins, (Chair), David Blewett, (Vice-Chair), Jennifer Staubach Gates,  
Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Amendments to Development Loan Agreements with the City of Dallas Housing Finance Corporation and 2400 Bryan Street, LLC for a Mixed-Use and Mixed-Income Multifamily Residential Development to be Located at 2400 Bryan Street**

On February 12, 2020, subject to recommendation by the Economic Development Committee, City Council would consider an amendment to extend the loan maturity for **two (2)** City of Dallas (City) loans for the 2400 Bryan Street development.

## **BACKGROUND**

On February 27, 2019, City Council authorized a development loan and conditional grant agreement with 2400 Bryan Street, LLC (Borrower) or its affiliate to develop a **15-story** mixed-use development with approximately **10,000** square feet of retail space and a mixed-income multifamily rental residential with **217** units in downtown by Resolution No. 19-0360. The retail space will include an early childhood education or childcare facility. The proposed development includes structured parking with approximately **312** spaces. Planned amenities for the development include a multipurpose room with fitness center and swimming pool. RMGM Bryan Street, LLC or RMGM Developers, LLC, both affiliates of Matthews Southwest, Inc. (MSW) will serve as the developer for the development. MSW redeveloped the historic Old Dallas High School in partnership with the City using TIF funds from Deep Ellum TIF District which is adjacent to the proposed development.

On June 12, 2019, City Council authorized a first amendment to Resolution No. 19-0360 to amend the development loan amount to **\$6,000,000.00** to Borrower, to authorize a development loan agreement with the City of Dallas Housing Finance Corporation (DHFC) in an amount not to exceed **\$7,026,943.00**, to allow the closing of the loans and grant to occur prior to closing on the equity and all other financing for the development, to allow Borrower and DHFC to be reimbursed for costs associated to acquisition at closing, and to allow the City to maintain no less than a **3rd** lien position by Resolution No. 19-0943.

On September 25, 2019, City Council authorized a second amendment to Resolution No. 19-0360, as amended, and the first amendment to the development loan agreement with the DHFC to remove the permanent repayment guaranty requirement of RMGM Bryan Street, LLC, the guarantor, to add the requirement that the City only be added as an additional obligee on the payment and performance bonds furnished by Borrower to its senior construction lender; if allowed by the permanent lender, and to add a **\$45,000,000.00** minimum investment requirement by Resolution No. 19-1509.

On November 13, 2019, City Council authorized the third amendment to Resolution No. **19-0360**, and the second amendment to the development loan with DHFC to: (1) authorize a conditional grant agreement in an amount not to exceed **\$973,057.00** in 2012 General Obligation Bond Funds with a nonprofit entity, subject to approval by the Director of the Office Economic Development, allow the nonprofit entity to assign certain obligations under conditional grant agreement to Borrower and for the loan to be collaterally assigned to the City; (2) clarify that the loans with the DHFC and Borrower shall be nonrecourse; (3) that the City shall maintain no less than **4th** lien position, subordinate only to a senior construction lender for a loan in a greater amount; (4) in the event of an uncured default by the Borrower and DHFC, the City's remedies shall be limited to foreclosure only; in such instance, the City cannot sue Borrower and DHFC for repayment of the loan and will not be entitled to damages and/or deficiency judgments; and (5) increase the voucher unit set aside, as required in Chapter **20A** of the Dallas City Code, from **10%** to **15%** as additional consideration by Resolution No. 19-1770.

### **ISSUE**

Under the original terms authorized by Council on February 27, 2019, the term for the City's loans were intended to be coterminous with the senior permanent lender, Freddie Mac, but the term sheet defined coterminous as **15** years from the beginning of the date of the City's loan documents and ending on the maturity date defined in the loan documents. However, during review and comment of the City's loan documents by Freddie Mac it was noted that the City's loan cannot mature earlier than the senior lender.

Freddie Mac requires subordinate debt, which City Council authorized the City's loans to be subordinate to the senior lender, to not mature any earlier than **6** months after the loan maturity of its loan. In order to close the transaction timely and resolve the issue, which closing occurred not later than January 31, 2020, staff added the following language to the City's loan documents:

*"The final payment date shall be: i) **15th** anniversary date from the conversion date plus **6** months or ii) **6** months from the maturity date of the senior lender note, whichever is later. The Final Payment Date is subject to City Council ratification and approval. If City Council does not ratify and approve the final payment date, described above, the final payment date shall be the **15th** anniversary date from the effective date of the loan documents."*

This item is a ratification for the amendments of the City's loan maturity as defined above to meet Freddie Mac's requirements for subordinate debt and to include the increase in the minimum investment requirement by DHFC and 2400 Bryan Street, LLC from \$45,000,000.00 to \$45,500,000.00 as consideration for the loan maturity extension.

### **RECOMMENDATION**

Staff recommends the ratification and approval of the amendments to both the CDBG development loan agreement and the P/PP development loan agreement to extend the maturity since it was the intent to have the City's loans be subordinate and coterminous



with the senior permanent lender and it's a Freddie Mac requirement for subordinate debt and to include the increase in the minimum investment requirement by DHFC and 2400 Bryan Street, LLC from \$45,000,000.00 to \$45,500,000.00 as consideration for the loan maturity extension.

If you have questions about the amendment to the development loan agreements related to the 2400 Bryan Street development, please contact Avis F. Chaisson, Assistant Director, Office of Economic Development at 214-670-5110.



Michael A. Mendoza  
Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (Interim)  
Mark Swan, City Auditor  
Billieae Johnson, City Secretary  
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