



Legislation Details (With Text)

**File #:** 23-1531      **Version:** 1      **Name:**

**Type:** ITEMS FOR INDIVIDUAL CONSIDERATION      **Status:** Approved

**File created:** 5/26/2023      **In control:** Office of Economic Development

**On agenda:** 6/14/2023      **Final action:**

**Title:** Authorize a development agreement and all other necessary documents with Vector Studies LLC and/or its affiliates in an amount not to exceed \$2,308,210.00, payable from current and future Grand Park South TIF District funds, in consideration of the Legacy of Hope DFW redevelopment project on property currently addressed at 2516 Martin Luther King Jr. Boulevard in Tax Increment Financing Reinvestment Zone Number Thirteen (Grand Park South TIF District) - Not to exceed \$2,308,210.00 - Financing: Grand Park South TIF District Fund (subject to annual appropriations from tax increments)

**Sponsors:**

**Indexes:** 7

**Code sections:**

**Attachments:** 1. Map, 2. Resolution, 3. Exhibit A, 4. Exhibit B, 5. Exhibit C1\_C2, 6. Exhibit D

Date	Ver.	Action By	Action	Result
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**STRATEGIC PRIORITY:** Economic Development

**AGENDA DATE:** June 14, 2023

**COUNCIL DISTRICT(S):** 7

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** Majed Al-Ghafry

**SUBJECT**

Authorize a development agreement and all other necessary documents with Vector Studies LLC and/or its affiliates in an amount not to exceed \$2,308,210.00, payable from current and future Grand Park South TIF District funds, in consideration of the Legacy of Hope DFW redevelopment project on property currently addressed at 2516 Martin Luther King Jr. Boulevard in Tax Increment Financing Reinvestment Zone Number Thirteen (Grand Park South TIF District) - Not to exceed \$2,308,210.00 - Financing: Grand Park South TIF District Fund (subject to annual appropriations from tax increments)

**BACKGROUND**

The Legacy of Hope DFW Project ("Project") at 2516 Martin Luther King Jr Boulevard will include major renovation of an approximately 15,153 square foot vacant building on approximately 0.72 acres into a Class A healthcare facility that will provide top quality care and services in private medical and dental practices. The Project site is located in a Medically Underserved Area (MUA) as characterized by the Health Resources and Services Administration (HRSA).

In the early 1960's, a group of doctors and businessmen purchased the site at 2516 Forest Avenue (now known as Martin Luther King Jr Boulevard) with the desire to build the Forest Avenue Hospital to serve the unmet needs of the growing Black population of South Dallas. At that time, opportunities for Black doctors to practice in Dallas' white hospitals were non-existent, and many of the white hospitals would not care for Black patients.

Established in 1964, the Forest Avenue Hospital was a proud and vital part of the South Dallas community. The Forest Avenue Hospital provided quality medical care to residents of the South Dallas community. Over the years, the facility went through various iterations and finally closed in 1984. Since the property has been vacant for several years, a major renovation of the building and site is now needed to re-operationalize the property as the Legacy of Hope DFW Project.

Over the past several years, the Office of Economic Development has been coordinating with Dr. Michelle Morgan in her development of a Project proposal and incentive application. Dr. Morgan, through a special purpose entity called Vector Studies, LLC ("Developer") will undertake the following proposed scope of the Project:

- 1) Various interior improvements to the building including demolition of the one-story addition; structural repair; electrical; plumbing; lighting; heating, ventilation and air-conditioning (HVAC); fire alarm/sprinkler; security system; common area enhancements; and
- 2) Various exterior improvements to the building including windows, façade restoration, roof, etc.; and
- 3) Site improvements including grading; paving (including ADA barrier free ramps); utilities; parking improvements; irrigation; landscape; hardscape; lighting; and
- 4) Streetscape improvements along the Project's Martin Luther King Jr Blvd frontage.

The total Project cost is estimated at approximately \$4,729,313.00, comprised of the following components: (i) property acquisition \$200,000.00, (ii) sitework costs of approximately \$210,925.00, (iii) hard costs of approximately \$2,709,724.00, (iv) soft cost of approximately \$659,133.00, (v) tenant improvement costs of approximately \$829,531.00, and (vi) carrying costs of approximately \$120,000.00.

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") on April 28, 2023. The Developer has accommodated some of the Panel's advice and will continue to collaborate with staff to accommodate the Panel's advice to the maximum extent practical.

In consultation with the City's independent outside underwriter, staff reviewed the Developer's incentive application and structured the proposed incentive ("TIF Subsidy") of \$2,308,210.00 as gap financing to make the proposed Project financially feasible. On February 22, 2023, the Developer accepted the proposed TIF Subsidy and the associated terms and conditions in an executed Letter of Intent. The Resolution accompanying this agenda item contains the detailed terms and conditions of

the proposed TIF Subsidy and development agreement.

Staff's recommended TIF Subsidy of \$2,308,210.00 is anticipated to be deployed from the Grand Park South TIF District according to the following budget categories: (i) environmental remediation and demolition \$88,613.00, (ii) public infrastructure improvements \$100,000.00, (iii) façade restoration \$233,945, and (iv) grant \$1,885,652.00.

**ESTIMATED SCHEDULE OF PROJECT**

Begin Construction            December 2024  
Complete Construction      December 2026

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On October 26, 2005, City Council held a public hearing and authorized the establishment of Tax Increment Financing Reinvestment Zone Number Thirteen, the Grand Park South TIF District by Resolution No. 05-3066; Ordinance No. 26147, as amended.

On June 13, 2007, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Grand Park South TIF District by Resolution No. 07-1738; Ordinance No. 26773; as amended.

On May 15, 2023, the Grand Park South TIF District Board of Directors reviewed the proposed Legacy of Hope DFW redevelopment project and unanimously recommended City Council authorization of a development agreement with Vector Studies, LLC and/or its affiliates in an amount not to exceed \$2,308,210.00.

[The Economic Development Committee was briefed memorandum regarding this matter on June 6, 2023. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=10506791&GUID=3C31C3DB-F762-4517-81B4-D2D85332A8F6>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=10506791&GUID=3C31C3DB-F762-4517-81B4-D2D85332A8F6)

**FISCAL INFORMATION**

Fund	FY 2023	FY 2024	Future Years
Grand Park South TIF District Fund	\$0.00	\$1,061,106.00	\$1,247,104.00

**OWNER/DEVELOPER**

**Vector Studies, LLC**

Dr. Michelle Morgan, Managing Member

**MAP**

Attached