



Legislation Details (With Text)

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File created: 9/1/2022 **In control:** Office of Economic Development

On agenda: 9/28/2022 **Final action:**

Title: Authorize a tax increment financing (TIF) development agreement and all other necessary documents with Island Rock Holdings, LLC and/or its affiliates in an amount not to exceed \$2,100,000.00, payable from future TOD TIF District funds ("TIF Subsidy") and a Chapter 380 economic development grant agreement with Island Rock Holdings, LLC and/ or its affiliates in an amount not to exceed \$2,050,000.00 (\$250,000.00 payable from Equity Revitalization Capital Fund and \$1,800,000.00 payable from 2012 General Obligation Bond Fund) in accordance with the City's Public/Private Partnership Program ("380 Grant"), in consideration of the Longhorn Ballroom Redevelopment Project ("Project") on property currently addressed as 200 Corinth Street and 2202-2222 Riverfront Boulevard in Tax Increment Financing Reinvestment Zone Number Seventeen (TOD TIF District) - Not to exceed \$4,150,000.00 - Financing: Equity Revitalization Capital Fund (\$250,000.00), Economic Development & Housing Development Program (2012 General Obligation Bond Fund) (\$1,800,000.00) and TOD TIF District Fund (\$2,100,000.00) (subject to annual appropriations from tax increments)

Sponsors:

Indexes: 2

Code sections:

Attachments: 1. Map, 2. Resolution, 3. Exhibit A, 4. Exhibit B, 5. Exhibit C1, 6. Exhibit C2, 7. Exhibit D

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

AGENDA DATE: September 28, 2022

COUNCIL DISTRICT(S): 2

DEPARTMENT: Office of Economic Development

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a tax increment financing (TIF) development agreement and all other necessary documents with Island Rock Holdings, LLC and/or its affiliates in an amount not to exceed \$2,100,000.00, payable from future TOD TIF District funds ("TIF Subsidy") and a Chapter 380 economic development grant agreement with Island Rock Holdings, LLC and/ or its affiliates in an amount not to exceed \$2,050,000.00 (\$250,000.00 payable from Equity Revitalization Capital Fund and \$1,800,000.00 payable from 2012 General Obligation Bond Fund) in accordance with the City's Public/Private Partnership Program ("380 Grant"), in consideration of the Longhorn Ballroom Redevelopment Project ("Project") on property currently addressed as 200 Corinth Street and 2202-2222 Riverfront Boulevard in Tax Increment Financing Reinvestment Zone Number Seventeen (TOD TIF District) - Not to exceed \$4,150,000.00 - Financing: Equity Revitalization Capital Fund

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BACKGROUND

The Longhorn Ballroom was built in 1950 and was an iconic music venue for decades. In addition to the main ballroom building, a second building used for a variety of purposes is part of the property. The Longhorn Ballroom is unique in character and contributes to the cultural significance of the city. The “Longhorn Ballroom” sign was designated as a landmark sign in 1984 by Ordinance 18516. Since the 1990s, the property has been underutilized and has fallen into disrepair. In 2017, Texas Monthly called the Longhorn Ballroom “Texas’s Most Historic Music Venue.”

In 2017, City Council authorized an economic development grant agreement up to \$500,000.00 with S&D Longhorn Partners, LLC (a previous owner) to revitalize the property in two phases and restore operations of the main ballroom building as a music/event venue. The first phase of improvements/requirements was completed, the ballroom became operational again as a music venue, and \$156,000.00 in grant funds were disbursed. In 2019, S&D Longhorn Partners, LLC entered bankruptcy, and the ballroom closed. Over the past two years, the property has been vacant again, subject to vandalism, burglary, and theft.

Over the past year, the Office of Economic Development has been coordinating with Edwin Cabaniss on his proposal to rehabilitate, revitalize, and re-operationalize both the Longhorn Ballroom and the overall site. Mr. Cabaniss has comparable experience with the Kessler Theater in Dallas and the Heights Theater in Houston.

Mr. Cabaniss, through a special purpose entity called Island Rock Holdings, LLC (“Developer”), is proposing the Longhorn Ballroom Redevelopment Project (the “Project”) on property currently addressed as 200 Corinth Street and 2202-2222 Riverfront Boulevard within the Cedars West Sub-District of the TOD TIF District. The Developer is also in the process of pursuing listing of the entire property on the National Register of Historic Places. In May 2022, City Council approved zoning (a new sub-district with modified development standards in Planned Development 784, the Trinity River Corridor Special Purpose District) to allow for the proposed Project.

The Project site is approximately 4.5 acres. The Developer has recently acquired 200 Corinth Street and 2022-2222 Riverfront Boulevard and has a contract to acquire adjacent property at 418 Corinth Street, potentially adding an additional 0.969 acres to the Project site. The proposed scope of the Project includes four components:

- 1) Various interior improvements to the approximately 30,052 square foot existing Longhorn Ballroom building (“Building #1”), including structural; mechanical; electrical; plumbing; lighting; heating, ventilation and air-conditioning (HVAC); fire alarm/sprinkler; security system; finish-out;
- 2) Various exterior and interior improvements to the approximately 20,351 square feet existing mixed-use commercial building (“Building #2”), including structural; mechanical; electrical; plumbing; lighting; HVAC; fire alarm/sprinkler; finish-out; façade restoration;
- 3) Site improvements to include the courtyard/parking lot and creation of a new approximately 2-acre outdoor “backyard” event space, including grading, paving, parking, irrigation, landscape, hardscape, retaining wall, fencing, gates, lighting); and

- 4) Public infrastructure improvements and streetscape improvements along the Project's Corinth Street frontage and at the intersection of Corinth Street and Riverfront Boulevard.

The total Project cost is estimated at \$14,319,327.00 comprised of the following components: (i) site acquisition cost of 200 Corinth and 2022-2222 Riverfront of \$5,600,000.00 (to include cash purchase price or, if Project real estate is contributed to Developer in trade for equity in the Developer entity, the fair market value of the Project real estate as evidenced by 3rd party MAI-certified appraisal) plus any delinquent real property taxes paid incidental to site acquisition, (ii) site acquisition cost of 418 Corinth of \$2,183,550.00, (iii) public infrastructure improvements of \$1,393,385.00, (iv) hard construction costs of approximately \$3,332,204.00, (v) general conditions and contingency of approximately \$831,972.00 (vi) soft costs and professional fees of approximately \$763,370.00, and (vii) developer fee of approximately \$214,846.00.

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") on October 22, 2021, and the Developer made changes to the Project's design to accommodate recommendations by the Panel.

In consultation with the City's independent outside underwriter, staff reviewed the Developer's incentive application and structured the proposed incentive as gap financing to make the Project financially feasible. On August 24, 2022, Developer accepted the proposed incentive, and the associated terms and conditions were accepted in an executed Letter of Intent. The Resolution accompanying this agenda item contains the detailed terms and conditions of the proposed incentive and agreement.

Pursuant to the City's Public/Private Partnership Program Guidelines and Criteria (effective for the period July 1, 2022 through December 31, 2022), the Project is located in a non-target area; however, the Project meets the minimum eligibility criteria in a non-target area based on a Project investment exceeding \$5 million.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	October 2022
Complete Construction	June 2026

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 10, 2008, City Council held a public hearing and authorized the establishment of Tax Increment Financing Reinvestment Zone Number Seventeen, the TOD TIF District by Resolution No. 08-3392; Ordinance No. 27432, as amended.

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

On August 30, 2022, the TOD TIF District Board of Directors reviewed and unanimously recommended City Council authorization of a development agreement with Island Rock Holdings, LLC and/or its affiliates in an amount not to exceed \$4,150,000.00.

The Economic Development Committee was briefed memorandum regarding this matter on September 6, 2022. <<https://cityofdallas.legistar.com/View.ashx?M=F&ID=10506791&GUID=3C31C3DB-F762-4517-81B4-D2D85332A8F6>>

FISCAL INFORMATION

Fund	FY 2022	FY 2023	Future Years
TOD TIF District Fund	\$0.00	\$ 0.00	\$2,100,000.00
Equity Revitalization Capital Fund	\$0.00	\$250,000.00	\$ 0.00
Economic Development & Housing Development Program (2012 General Obligation Bond Fund)	\$0.00	\$775,000.00	\$1,025,000.00
Total	\$0.00	\$1,025,000.00	\$3,125,000.00

OWNER/DEVELOPER

Island Rock Holdings, LLC

Edwin Cabaniss, Managing Member

MAP

Attached