



Legislation Details (With Text)

File #: 20-303 **Version:** 1 **Name:**

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

File created: 2/5/2020 **In control:** Office of Economic Development

On agenda: 2/26/2020 **Final action:** 2/26/2020

Title: Authorize the following: (1) a conditional grant agreement with EmDev Fund, LLC or an affiliate thereof (“Developer”) for the development of the AT LAST! Project located at 405 East Overton Road, Dallas, Texas 75216 in an amount not to exceed \$400,000.00; and (2) an increase in appropriations in an amount not to exceed \$400,000.00 in the ECO (I) Fund - Not to exceed \$400,000.00 - Financing: ECO (I) Fund (2017 General Obligation Bond Fund)

Sponsors:

Indexes: 4

Code sections:

Attachments: 1. Map, 2. Resolution, 3. Exhibit A

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: February 26, 2020

COUNCIL DISTRICT(S): 4

DEPARTMENT: Office of Economic Development

EXECUTIVE: Michael Mendoza

SUBJECT

Authorize the following: **(1)** a conditional grant agreement with EmDev Fund, LLC or an affiliate thereof (“Developer”) for the development of the AT LAST! Project located at 405 East Overton Road, Dallas, Texas 75216 in an amount not to exceed \$400,000.00; and **(2)** an increase in appropriations in an amount not to exceed \$400,000.00 in the ECO (I) Fund - Not to exceed \$400,000.00 - Financing: ECO (I) Fund (2017 General Obligation Bond Fund)

BACKGROUND

Several months ago, EmDev Fund, LLC submitted an incentive application to the City of Dallas for the development of the AT LAST! Project (“the Project”) - an urban boarding experience located at 405 East Overton Road, Dallas, Texas 75216. The property is a four-acre vacant parcel that is an important part of a rejuvenated area on Overton Road across from the new South Oak Cliff High School.

The Developer's vision for the Project is: (1) to convert a dumping ground into an urban boarding school concept in the South Oak Cliff community, providing impoverished elementary school-aged students with the same educational resources and tools during the home life portion of the school day from 3:30 p.m. in the afternoon to 8:00 a.m. the next morning-as enjoyed by kids from more affluent families, and (2) to integrate recreation and a park into the portion of the creek that runs through the property.

EmDev Fund, LLC is a real estate investment and development entity created in 2017 that will build the Project and lease to AT LAST! to operate the boarding school aimed at: (1) improving educational outcomes for the children, and (2) creating jobs for college students at Paul Quinn College and University of North Texas (UNT)- Dallas along with senior citizens on fixed incomes within 2 miles of AT LAST! who will act as facilitators.

The overall Project shall be completed in three (3) phases, involving the construction of three houses with dorm rooms for school-aged kids. A ceremonial ground-breaking ceremony for House 1 occurred during late 2019. The estimated construction costs for Phase I (House 1) is \$1,518,508.00. The philanthropic community has been supportive to provide sponsors for approximately \$1,100,000.00 necessary to construct House 1.

The \$400,000.00 gap represents the approximate amount of funding required to complete the site improvements for all three houses (i.e. the site work necessary for all three houses is done most efficiently if completed in conjunction with the construction of House 1).

Phase 1 will involve constructing the site improvements and building House 1 (approximately 5,500 square feet) and executing AT LAST!'s program while allowing 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 for 16 Scholars-In-Residence.

Phase II will involve the development and construction of building House 2 (approximately 15,000 square feet), which will serve 82 Scholars-In-Residence and is planned to be completed in Fall 2023. Phase III will involve the development and construction of building House 3 (approximately 15,000 square feet), which will also serve 82 Scholars-In-Residence and is planned to be completed in Spring 2024. With a complete build-out, approximately 180 total Scholars-In-Residence are planned to be served by the three houses.

In the context of the City's Market Value Analysis, the proposed Project is located on a non-residential tract and has proximity to residential market types G, H, and I. Market types G, H, and I reflect a weak residential real estate market in Dallas.

Pursuant to the City's Public/Private Partnership Program ("P/PPP") Guidelines and Criteria (effective for the period January 1, 2020 through December 31, 2020), the proposed Project is located in a Target Area. With Phase I of the Project having an estimated investment of \$1.5 million, the Project meets the minimum eligibility criteria requirements for a project in a Target Area.

The recommended incentive is \$400,000.00 in 2017 General Obligation Bond Funds (Economic Development/Housing Proposition I - District #4 allocation) to be deployed as a conditional grant. The

grant will be payable upon the completion of the Phase I of Project which shall be defined as House 1 having a final Certificate of Occupancy ("CO") and AT LAST! operating in the entire space of House 1.

The grant shall be payable as a reimbursement for eligible expenses actually incurred during the construction of House 1 (including site work) or to pay down a bridge loan (or other credit facility) established to pay such expenses. The grant agreement shall require House 1 to be operated as an urban boarding experience for no less than three years.

City Council approval of this item will authorize the City Manager to execute the conditional grant agreement and related documents with the Developer.

Key terms of the conditional grant agreement include the following:

- (a) The Developer shall provide evidence of its fundraising strategy and pipeline for the Project prior to execution of the grant agreement.
- (b) 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.
- (c) The Developer shall complete the construction for Phase I of the Project and obtain the final Certificate of Occupancy ("CO") for House 1 by June 30, 2022. City funding shall only be used for development and construction of House 1 and site improvements.
- (d) The Developer shall document a minimum required initial investment of \$850,000.00 excluding acquisition. Eligible expenses shall include hard construction costs, permits, furniture/fixtures/equipment, survey, architect/engineer fees, environmental assessment/remediation, insurance, and site work. City funding shall not be used for developer or operational fees. Only costs incurred after June 30, 2019 will be eligible to count toward the minimum investment.
- (e) The Project shall include the development of a minimum of one 5,000 square foot building and associated site work for the property.
- (f) Prior to payment of the grant, the Developer shall provide three years of financial statements for EmDev Fund, LLC (and affiliates) and its tenant(s).
- (g) Upon stabilization of the Project as determined by the City, in its sole discretion. The Developer shall cause its tenant(s) to operate an urban boarding facility for a period of no less than three years.
- (h) Upon stabilization of the Project and within three years, the Developer via the tenancy shall create no fewer than twelve 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 jobs shall be maintained for three years.
- (i) The Developer via the tenancy shall ensure that no fewer than eight students per year and

no fewer than 24 students over the three 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.

- (j) The Developer via the tenancy shall ensure that no fewer than eight boarding school slots are available to students from the following the zip codes: 75216, 75217, 75215, 75241, 75210.
- (k) All employees hired after the date of the City Council authorization of the grant agreement shall be paid a minimum starting hourly wage of \$15.00 per hour (excluding overtime, tips, bonuses, and benefits).
- (l) City shall provide 2017 General Obligation Bond Funds in an amount not to exceed \$400,000.00 from Proposition I (Economic Development and Housing) for gap financing to support the development of the Project. The general obligation bond funds shall be awarded and deployed in the form of a conditional grant secured by a performance lien deed of trust. City's lien shall be subordinate only to the senior construction/permanent lender.
- (m) Developer shall submit Project plans for design review and approval by the City's Department of Planning and Urban Design staff and the Director of the Office of Economic Development ("OED") Director.
- (n) At least 90 calendar days prior to commencement of operations of House 1, the proposed management group must be submitted for review and approval by the Director of the OED to consider acceptance based on the management group's comparable experience managing other educational, commercial, or mixed-use projects (such approval not being unreasonably withheld).
- (o) The Developer shall make a good faith effort to comply with the City's Business Inclusion and Development goal of 25% participation by certified Minority/Women-owned Business Enterprises for all hard construction expenditures on the Project and meet all reporting requirements.
- (p) The Developer via the tenancy shall obtain a Child Care License from the Texas Department of Family and Protective Services within 180 days of execution of the grant agreement. To obtain a license, the Developer must obtain a Certificate of Training and pass an inspection. The Developer shall remain in good standing during the term of the contract.
- (q) The Developer via the tenancy shall pass the necessary state inspections within 180 days of being issued a final CO.
- (r) The Developer shall provide written annual reports to the Office of Economic Development on the progress in complying with the conditions of the grant agreement including a certified annual occupancy report for the Project and tenant documentation for annual operating budget, certified public accountant prepared financial statements, a copy of Form 990 or equivalent documentation, student enrollment and job creation requirements of the grant agreement. To obtain a license, the Developer shall remain in good standing during the term of the contract.

- (s) The Director of the OED may, at his sole discretion, extend any date specified herein for a period up to 12 months.
- (t) Access to the 405 East Overton Road shall be provided to allow for inspection by City officials to ensure that the improvements and investments are made according to the specifications and terms of the grant agreement.
- (u) The Developer has agreed that it will not seek any City Office of Economic Development funding for operations of Phase I of this Project. Furthermore, if the Developer does not perform any term of the conditional grant, Developer may not seek additional City funding for Phase I of this Project for three years.

ESTIMATED SCHEDULE OF PROJECT

Begin Phase I Construction December 2020
Complete Phase 1 Construction June 2022

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee was briefed regarding this matter on February 3, 2020.

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
ECO (I) Fund (2017 General Obligation Bond Fund)	\$400,000.00	\$0.00	\$0.00

OWNER/DEVELOPER

EmDev Fund, LLC or an affiliate, a Texas limited liability company

Randy A. Bowman, Member

MAP

Attached