



Legislation Text

File #: 24-531, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: February 28, 2024
COUNCIL DISTRICT(S): 4
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a tax increment financing ("TIF") development agreement and all other necessary documents in an amount not to exceed \$1,778,000.00 ("TIF Subsidy") payable from current and future Transit-Oriented Development ("TOD") TIF District funds with UCR Development Services LLC and/or its affiliates, in consideration of the Lancaster-Corning Retail Development Project on property currently addressed at 3011 through 3039 South Lancaster Road in Tax Increment Financing Reinvestment Zone Number Seventeen ("TOD TIF District") - Not to exceed \$1,778,000.00 - Financing: TOD TIF District Fund (subject to annual appropriations from tax increments)

BACKGROUND

The Project is proposed to include the new ground-up development of three free-standing retail/restaurant buildings totaling approximately 11,640 gross square feet located on approximately 1.5 acres of vacant land (currently owned by the City of Dallas) currently addressed as 3011 through 3039 South Lancaster Road ("Property"). The Property is generally located at the northwest corner of South Lancaster Road and Corning Avenue and previously contained a City library which has since been demolished. The Property fronts on South Lancaster Road, a commercial corridor in southern Dallas, and is approximately 1.0 mile north of the Dallas VA Medical Center. DART's Kiest Station (blue light rail line) is located approximately 900 feet to the south of the Property. The Property's current zoning classification is CR (Community Retail). The Property is located in a Target Area pursuant to the City's Economic Development Policy and Incentives Policy.

In 2021, the Property was included in Phase 1 of the City's (Department of Housing & Neighborhood Revitalization) 1,000 Unit Housing Challenge Request For Proposals (RFP), but the City did not receive any proposals for the Property.

On May 26, 2022, the City (Office of Economic Development) issued a RFP for commercial development of the Property. On July 8, 2022, the RFP closed with the City having received three proposals.

On October 26, 2022, the City Council authorized the selection of the UCR Development Services LLC and/or its affiliates (“Developer”), proposer of the most advantageous proposal of three by Resolution No. 22-1638. Also, on October 26, 2022, the City Council authorized the execution of a right-of-entry agreement and negotiation of a development agreement with the Developer, incorporating the selected conceptual proposal and including the sale of the Property for a price no less than fair market value (sale proceeds to be deposited into the General Fund) by Resolution No. 22-1639.

Over the past year, the Office of Economic Development has been coordinating extensively with the Developer to refine the selected concept and work through an incentive application. The scope of the Project is summarized as follows:

- Developer’s acquisition of the Property from the City at the “as is” fair market value
- Developer’s design and new ground-up construction of three free-standing retail/restaurant buildings totaling approximately 11,640 gross square feet, including:
 - Building A: approximately 3,000 gross square foot 1-story single-tenant building with drive-through (build-to-suit for Frost Bank)
 - Building B: approximately 6,361 gross square foot 1-story multi-tenant building
 - Building C: approximately 2,279 gross square foot 1-story single-tenant building with drive-through
- Developer’s design and construction of site improvements including grading, paving, utilities, parking improvements (including approximately 69 surface parking spaces), irrigation, landscaping, hardscaping, lighting, and perimeter streetscape improvements.

The total Project cost is estimated at approximately \$5,548,754.00, comprised of the following components: (i) property acquisition \$259,407.00, (ii) hard costs of approximately \$3,985,527.00, and (iii) soft cost of approximately \$1,303,820.00.

The Lancaster-Corning Retail Development Project (“Project”) was reviewed by the City’s Urban Design Peer Review Panel (“Panel”) on August 25, 2023, and efforts by the Developer were applauded for bringing meaningful community retail development to this location. The Developer provided a written response to the City’s Planning and Urban Design Department in December 2023 and will continue to collaborate with Office of Economic and Planning and Urban Design Department staff to accommodate the UDPRP recommendations to the maximum extent practicable.

In consultation with the City’s independent outside underwriter, staff reviewed the Developer’s incentive application and structured the proposed incentive of \$1,778,000.00 (“TIF Subsidy”) as gap financing to make the proposed Project financially feasible. On January 16, 2024, 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 \$1,778,000.00 is anticipated to be deployed from the TOD TIF District according to the following budget categories: (i) public infrastructure improvements \$337,987.00 and (ii) grant \$1,440,013.00.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction December 2024
Complete Construction March 2026

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 10, 2008, the City Council authorized the establishment of the TOD TIF District by Resolution No. 08-3392; and Ordinance No. 27432, as amended.

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

On January 23, 2024, the TOD TIF District Board of Directors reviewed the proposed Project and unanimously recommended City Council authorization of a development agreement with the Developer in an amount not to exceed \$1,778,000.00.

[The Economic Development Committee was briefed by memorandum regarding this matter on February 5, 2024. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=12640951&GUID=D9A7F823-2B66-4EDA-B3F2-8A931FE31B7B>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12640951&GUID=D9A7F823-2B66-4EDA-B3F2-8A931FE31B7B)

FISCAL INFORMATION

| Fund | FY 2024 | FY 2025 | Future Years |
|-----------------------|---------|---------|----------------|
| TOD TIF District Fund | \$0.00 | \$0.00 | \$1,778,000.00 |

OWNER

UCR Development Services LLC

Don Bouvier, Managing Member