



Legislation Text

File #: 23-2708, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: November 8, 2023
COUNCIL DISTRICT(S): 1
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 \$5,124,811.00 ("TIF Subsidy") payable from current and future Fort Worth Avenue TIF District funds and a Chapter 380 economic development grant agreement in an amount not to exceed \$1,175,189.00 ("Grant") payable from 2017 General Obligation Bond Funds (Proposition I City Council District 1 discretionary allocation) with WD FW Avenue Partners, L.P. and Columbus Trail-94, Ltd. and/or its affiliates, in consideration of the Vista at Kessler/Stevens Retail Redevelopment Project ("Project") on property currently addressed as 1340 North Hampton Road and 2045 Fort Worth Avenue in Tax Increment Financing Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District) - Total not to exceed \$6,300,000.00 - Financing: Fort Worth Avenue TIF District Fund (\$5,124,811.00) (subject to annual appropriations from tax increments) and ECO (I) Fund (2017 General Obligation Bond Funds) (\$1,175,189.00)

BACKGROUND

In 2022, WD FW Avenue Partners, L.P. and Columbus Trails-94, Ltd. (collectively "Vista" or "Developer") submitted an incentive application to the Office of Economic Development for gap funding to support the proposed Vista at Kessler/Stevens Retail Development Project ("Project"), a grocery-anchored retail redevelopment project located on approximately 4.4 acres at the northeast corner of Fort Worth Avenue and North Hampton Road. The Project is planned to include:

1. Environmental remediation and demolition of two existing obsolete buildings (totaling approximately 36,889 square feet)
2. Various site improvements (grading, paving, utilities, parking improvements, irrigation, landscape, hardscape; lighting) and perimeter streetscape improvements
3. New publicly accessible green space (approximately 3,500 square feet)
4. New ground-up construction of three buildings:
 - a) Building #1 (to be constructed by Developer): approximately 23,350 square foot one-story build-to-suit building for Sprouts Farmers Market Grocer

- b) Building #2 (to be constructed by Developer): approximately 6,700 square foot one-story speculative multi-tenant retail building, and
- c) Building #3 (to be constructed and owned by others pursuant to a ground lease with Developer): approximately 2,500 square foot one-story building.

The total Project cost is estimated at \$21,213,912.00 comprised of the following components: (i) site acquisition cost of \$6,690,000.00 (appraised value), (ii) hard costs of approximately \$11,365,181.00 (including site improvements), and (iii) professional fees and soft costs of approximately \$3,158,731.00 (including developer fee). Developer's total Project cost does not include the design and construction of Building #3. Additionally, Developer's total Project cost does not include furniture, fixtures, equipment, machinery, or inventory for any tenants.

The certified 2023 taxable value of the Property is \$2,480,000.00 (Dallas Central Appraisal District). Upon completion of the Project, the taxable value of the Property is projected to be approximately \$17,050,000.00 (according to the Project appraisal).

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") on May 26, 2023, and the Developer made changes to the Project's design to accommodate recommendations by the Panel.

Pursuant to the City's Economic Development Incentive Policy (effective for the period January 1, 2023 through December 31, 2024), the Project is located in a Target Area.

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 14, 2023, 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.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	December 2024
Complete Construction	September 2026

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 13, 2007, the City Council authorized the establishment of Reinvestment Zone Number Fifteen, the Fort Worth Avenue TIF District by Ordinance No. 26798.

On March 26, 2008, the City Council authorized the Project Plan and Reinvestment Zone Financing Plan (the "TIF District Plan" or "Plan") for the Fort Worth Avenue TIF District by Ordinance No. 27129.

On January 28, 2009, the City Council approved amendments to the TIF District Plan to shift funds among budget categories, create an economic development grant budget category, and correct the 2007 base value by Ordinance No. 27463.

On October 10, 2023, the Fort Worth Avenue TIF District Board of Directors unanimously recommended City Council approval of the proposed amendments to the TIF District Plan and unanimously recommended approval of the proposed incentive and associated agreement to support the Project.

[The Economic Development Committee was briefed regarding this matter on November 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 2024	FY 2025	Future Years
Fort Worth Avenue TIF District Fund	\$0.00	\$0.00	\$5,124,811.00
ECO (I) Fund (2017 General Obligation Bond Funds)	\$0.00	\$0.00	\$1,175,189.00
Total	\$0.00	\$0.00	\$6,300,000.00

OWNER/DEVELOPER

WD FW Avenue Partners, L.P. and Columbus Trail-94, Ltd.

S.J. Hurley, IV, Chief Executive Officer
Colton Wright, President

MAP

Attached