



Legislation Text

File #: 22-1137, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 25, 2022
COUNCIL DISTRICT(S): 2
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize a development agreement and an amendment to the Master Agreement, as amended, along with other documents the City deems necessary with 1100 Pearl Street, Inc. ("Developer") and/or its affiliates in an amount not to exceed \$6,544,249.00 payable from future Farmers Market TIF District Funds, in consideration for the design, funding, and construction of the Pearl Lofts Project ("Project") located on property currently addressed as 2100 Jan Pruitt Way ("Project site") in Tax Increment Financing Reinvestment Zone Number Six ("Farmers Market TIF District"), approved as to form by the City Attorney, with such improvements being necessary and convenient to the implementation of the Farmers Market TIF District Project Plan and Reinvestment Zone Financing plan, as amended - Not to exceed \$6,544,249.00 - Financing: Farmers Market TIF District Fund (subject to future appropriations from tax increments)

BACKGROUND

1100 Pearl Street, Inc., a Texas corporation and single purpose entity of Spectrum Properties, which is the master developer of each of the Farmers Market Redevelopment parcels (Shed 1, Shed 2, Harvest Lofts, Taylor Lofts, Futsal), submitted an incentive application to the City of Dallas' Office of Economic Development ("OED") to support the Pearl Lofts Mixed-Use and Mixed-Income Development Project (the "Project").

The Project, which is the last of the Farmers Market Redevelopment parcels to be developed, is being proposed on the site of an existing 15,520 square foot vacant and obsolete structure, currently addressed as 2100 Jan Pruitt Way. The existing structure, which will be removed to construct the Project, previously housed the corporate office of North Texas Food Bank ("NTFB") and, after Project completion, NTFB will move back to the space from their current temporary location.

The Project site, which is approximately 0.96 acres, is planned to include the construction of a 6-level mixed-use and mixed-income building consisting of 5,585 gross square feet (approximately 5,300 net rentable square feet) of office space on the ground floor with the intended tenant of NTFB and 100 apartment units of which 30% will be set aside as affordable to households earning a maximum of 80% Dallas Area Median Family Income. Of the parking spaces being constructed as part of the Project, 25 spaces will be required to be available to the public during evenings and weekends. The total development cost of the Project is estimated to be \$33.2 million.

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") in May 2021 and June 2021, and the

Developer made changes to the Project's design to accommodate recommendations by the Panel.

The OED engaged an independent outside underwriter to extensively review the Project and the Developer's incentive application. Staff, in consultation with the underwriter, structured the proposed TIF Subsidy as gap financing to make the Project financially feasible. The OED negotiated a detailed Letter of Intent with the Developer for an amount not to exceed \$6,544,249.00 ("TIF Subsidy"), payable upon completion of the Project and Developer's satisfaction of all terms and conditions in the agreement. On January 19, 2022, the Developer agreed to and executed the detailed Letter of Intent. The Resolution accompanying this agenda item contains detailed terms and conditions of the agreement.

Staff recommends approval of the TIF Subsidy to be used for TIF eligible expenditures including an Economic Development TIF Grant for high density development, to offset the cost of providing affordable housing and for infrastructure improvements.

City Council's approval of this item will authorize the City Manager to execute a development agreement and an amendment to the Master Agreement as amended, as well as any other related documents.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction December 2022
Complete Construction March 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 27, 1998, City Council authorized the establishment of Tax Increment Financing Reinvestment Zone Number Six, ("Farmers Market TIF District"), in accordance with the Tax Increment Financing Act (Texas Tax Code, Chapter 311) as amended to promote development and redevelopment in the Farmers Market area through the use of tax increment financing by Ordinance No. 23521, as amended.

On August 25, 1999, City Council authorized the Farmers Market TIF District Project Plan and Reinvestment Zone Financing Plan ("Farmers Market TIF District Project Plan") by Ordinance No. 24001.

On February 27, 2013, City Council authorized a Master Agreement with DFM Developer, Ltd. to redevelop the Dallas Farmers Market by Resolution No. 13-0447.

On March 27, 2013, City Council authorized amendments to the Farmers Market Plan, including the expansion of the geographic boundaries of the Farmers Market TIF District to include the Dallas Farmers Market property by Ordinance No. 28951.

On March 27, 2013, City Council authorized the sale of the Property to DF Market pursuant to an exception to the requirements to seek public bids for the sale of City-owned property as set forth in Texas Local Government Code, Section 272.001(b)(6), by Resolution No. 13-0538.

The Economic Development Committee was briefed regarding this matter on February 7, 2022.

On February 17, 2022, the Farmers Market TIF District Board of Directors reviewed the proposed Pearl Lofts Project and recommended tabling the agenda item until the Board had an opportunity to receive neighborhood feedback on the Project.

On February 28, 2022, the Farmers Market TIF District Board of Directors reviewed the proposed Pearl Lofts Project and recommended City Council authorization of a development agreement with 1100 Pearl Street Inc. and/or its affiliates in an amount not to exceed \$6,544,249.00.

FISCAL INFORMATION

Fund	FY 2022	FY 2023	Future Years
Farmers Market TIF District Fund	\$0.00	\$0.00	\$6,544,249.00

OWNER/DEVELOPER

1100 Pearl Street Inc.

Brian Bergersen, Director
2518 Converse Street
Dallas, Texas 75207

MAP

Attached