



Legislation Details (With Text)

File #: 20-1844 **Version:** 1 **Name:**

Type: CONSENT AGENDA **Status:** Approved as an Individual Item

File created: 9/17/2020 **In control:** Office of Economic Development

On agenda: 10/13/2020 **Final action:** 10/13/2020

Title: Authorize amendments to Resolution 20-0225, previously authorized on January 22, 2020, for a development agreement with HW Commerce Office LP and/or its affiliates ("Developer") for The Stack Deep Ellum Project ("Project") located in Tax Increment Financing Reinvestment Zone Number Twelve ("Deep Ellum TIF District") to: (1) amend the private investment allowances; and (2) as consideration, increase the Project's minimum required private investment and minimum required total leasable square footage - Financing: No cost consideration to the City

Sponsors:

Indexes: 2

Code sections:

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

| Date | Ver. | Action By | Action | Result |
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: October 13, 2020

COUNCIL DISTRICT(S): 2

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize amendments to Resolution 20-0225, previously authorized on January 22, 2020, for a development agreement with HW Commerce Office LP and/or its affiliates ("Developer") for The Stack Deep Ellum Project ("Project") located in Tax Increment Financing Reinvestment Zone Number Twelve ("Deep Ellum TIF District") to: **(1)** amend the private investment allowances; and **(2)** as consideration, increase the Project's minimum required private investment and minimum required total leasable square footage - Financing: No cost consideration to the City

BACKGROUND

On January 22, 2020, City Council authorized the City Manager to execute a development agreement with Developer in an amount not to exceed \$2,576,125.00, payable from current and future Deep Ellum TIF District Funds, in consideration of the Project on property currently addressed at 2700, 2712, and 2718 Commerce Street in the Deep Ellum TIF District by Resolution No. 20-0225.

HW Commerce Office LP, a Texas limited partnership led by Hines, with equity investment from Westdale Properties and Canadian investor Ivanhoé Cambridge, is well underway with construction of the 16-level mixed-use Project. HW Commerce Office LP has invested \$47.7 million in the Project to date. The Project is 56% complete. The development team recently announced a number of wellness and safety enhancements with the goal of providing a touchless tenant experience. These include touchless vehicular entry/exit paths via toll tag readers, touchless main building and elevator lobby entry/exits, and RFID elevator access such that any tenant can move from home to desk using a completely touchless pathway. The building is also designed with a focus on outdoor space, including a 10th floor amenity level with roll up glass doors and open-air balconies on all typical office floors. Other enhancements include fresh air exchanges at 30% above code and antimicrobial UV lights in air conditioning equipment.

Since City Council's authorization of the development agreement in January 2020, City staff and the Developer have been working diligently to finalize and execute the development agreement.

In that process, it was realized that the private investment definition provided in Resolution No. 20-0225 does not clearly identify expenditures that can be included/cannot be included towards the required investment minimum. This amendment provides such detail.

Further, as approved, the required minimum private investment would necessitate 100% of the tenant improvement expenditures to be complete before any tax increment financing (TIF) payments are made. Another condition of TIF payment is that a minimum of 50% of the office and retail space is occupied. Therefore, as approved, the required tenant improvement expenditures far exceed the required minimum occupancy. Amending Resolution No. 20-0225 to allow additional valid private expenditures (site acquisition/contribution and professional fees) to be included will align the required minimum investment with the required minimum occupancy. By refining the private investment allowances, the Developer can also increase the required minimum investment.

As construction has progressed, the anticipated total square footage has increased, with the office space going from 195,000 square feet to 200,000 square feet and the leasable retail space going from 15,000 square feet to 14,600 square feet.

ESTIMATED SCHEDULE OF PROJECT

| | |
|-----------------------|---------------|
| Began Construction | December 2019 |
| Complete Construction | March 2022 |

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 22, 2005, City Council held a public hearing and authorized the establishment of Tax Increment Financing Reinvestment Zone Number Twelve (Deep Ellum TIF District) by Resolution No. 05-1971; Ordinance No. 26043, as amended.

On April 12, 2006, City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Deep Ellum TIF District by Resolution No. 06-1077; Ordinance No. 26304, as amended.

On September 10, 2014, City Council held a public hearing and amended the Project Plan and Reinvestment Zone Financing Plan for the Deep Ellum TIF District by Resolution No. 14-1519;

Ordinance No. 29469.

On January 22, 2020, City Council authorized the City Manager to execute a development agreement with HW Commerce Office LP and/or its affiliates (“Developer”) in an amount not to exceed \$2,576,125.00, payable from current and future Deep Ellum TIF District Funds, in consideration of The Stack Deep Ellum Project (“Project”) on property currently addressed at 2700, 2712, and 2718 Commerce Street in Tax Increment Financing Reinvestment Zone Number Twelve (“Deep Ellum TIF District”) by Resolution No. 20-0225.

On September 29, 2020, the Deep Ellum TIF District Board of Directors reviewed the proposed amendments to Resolution No. 20-0225.

Information regarding this item will be provided to the Economic Development Committee on October 5, 2020.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

HW Commerce Office LP

Ben Brewer, Managing Director

MAP

Attached