



Legislation Details (With Text)

File #: 24-1772 **Version:** 1 **Name:**
Type: CONSENT AGENDA **Status:** Approved
File created: 5/22/2024 **In control:** Office of Economic Development
On agenda: 6/12/2024 **Final action:**
Title: Authorize a Chapter 380 Economic Development Grant Agreement and all other necessary documents with Low Ervay, LLC and/or its affiliates ("Developer") in an amount not to exceed \$1,854,995.00 payable from the Economic Development (3) Fund (2012 General Obligation Bond Funds) in consideration of the Power & Light Mixed-Income Redevelopment Project ("Project") on property to be addressed as 2220 S. Ervay Street, Dallas, Texas 75215 and to assist with the extraordinary cost of required off-site wastewater infrastructure improvements for the Project - Not to exceed \$1,854,995.00 - Financing: 2012 General Obligation Bond Funds

Sponsors:

Indexes: 2

Code sections:

Attachments: 1. Resolution, 2. Exhibit A, 3. Exhibit B, 4. Exhibit C, 5. Exhibit D, 6. Exhibit E, 7. Exhibit F

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic Development

AGENDA DATE: June 12, 2024

COUNCIL DISTRICT(S): 2

DEPARTMENT: Office of Economic Development

EXECUTIVE: Robin Bentley

SUBJECT

Authorize a Chapter 380 Economic Development Grant Agreement and all other necessary documents with Low Ervay, LLC and/or its affiliates ("Developer") in an amount not to exceed \$1,854,995.00 payable from the Economic Development (3) Fund (2012 General Obligation Bond Funds) in consideration of the Power & Light Mixed-Income Redevelopment Project ("Project") on property to be addressed as 2220 S. Ervay Street, Dallas, Texas 75215 and to assist with the extraordinary cost of required off-site wastewater infrastructure improvements for the Project - Not to exceed \$1,854,995.00 - Financing: 2012 General Obligation Bond Funds

BACKGROUND

In September 2023, the City Council authorized the Dallas Public Facility Corporation ("PFC") to provide a 60-year tax exemption (initial term) for The Cedars Project. The Cedars Project includes two separate mixed-income multi-family developments: (1) Marcus at Cedars, a 4-story multi-family building with 76 mixed-income units; and (2) Power & Light at Cedars, a 5-story multi-family building with 310 mixed-income units. The Cedars Project will provide a total of 380 units, of which a minimum of 40% of the units shall be set aside and leased solely to those households earning a maximum of 80% of the Area Median Income (AMI) and a minimum of 10% of the units shall be set

aside and leased solely to those households earning a maximum of 60% of AMI.

In the months following the City Council's approval of the PFC tax exemption for The Cedars Project, the Developer was informed that the existing off-site wastewater infrastructure in Ervay Street could not support the Power & Light portion of The Cedars Project. The existing wastewater infrastructure is between 70 and 100+ years old and only has the capacity to support The Marcus at Cedars portion of The Cedars Project. Consequently, the Developer must now design and construct an off-site wastewater improvement (approximately 3,000 linear feet located in Ervay Street generally from Kelly Avenue to Gano Street) that will provide the capacity necessary to support the Power & Light Mixed-Income Redevelopment Project as well as future development activity within the 60-acre sewershed. The unanticipated off-site wastewater infrastructure cost rendered the Power & Light Mixed-Income Redevelopment Project financially infeasible even with the PFC tax exemption.

As a result, Developer applied to the City's Office of Economic Development (OED) for an additional City incentive to close the Project's financing gap created by the off-site wastewater infrastructure requirement.

After evaluating the Developer's development incentive application and consulting with OED's independent outside underwriter, OED staff proposes an economic development grant agreement ("Grant") in a total amount not to exceed \$1,854,995.00 to facilitate the Power & Light Redevelopment Project and to assist with the extraordinary cost of the required off-site wastewater infrastructure improvements. The Grant shall be sourced from tax-exempt bond proceeds from the City's 2012 General Obligation Bond Program (Proposition 3-Economic Development/Housing) and shall be payable from one or more bond funds in accordance with the City's policies. The Grant amount paid to Developer will be limited to the design cost and hard construction cost of the off-site wastewater improvement actually incurred by Developer, less the actual participation by Dallas Water Utilities in the qualifying hard construction cost of the off-site wastewater infrastructure improvement pursuant to and in accordance with Chapter 49 of Dallas City Code. The Grant shall be payable in one lump-sum upon completion and acceptance of the Project, including acceptance of the off-site wastewater infrastructure improvements by the City. In addition to being necessary for the Developer to complete the new ground-up development of a 5-story, 310-unit mixed-income multi-family building, Developer's delivery of the off-site wastewater infrastructure improvements (approximately 3,000 linear feet of new wastewater line ranging from 10" to 21" in size) will also result in a substantial increase in wastewater capacity to support redevelopment on the other 56 acres (317 parcels) of the sewershed. The public benefit to the other 56 acres of the sewershed shall be the City's consideration for the proposed Grant.

The total estimated cost of the Power & Light Redevelopment Project increased from \$80,573,278.00 to \$83,573,278.00 as a result of the unanticipated requirement to include off-site wastewater infrastructure improvements in the Project's scope.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	December 2025
Complete Construction	December 2028

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 27, 2023, the Dallas Public Facility Corporation Board of Directors approved the negotiation and execution of a term sheet with Savoy Equity Partners, LLC.

On September 13, 2023, the City Council authorized the Dallas Public Facility Corporation to (1) acquire, develop, and own The Cedars, a mixed-income, multifamily development to be located at 2000 and 2220 South Ervay Street (Project); and (2) enter into a seventy-five-year lease agreement with Savoy Equity Partners, LLC or its affiliate for the development of the Project by Resolution No. 23-1221.

[Information about this item was provided to t](#)The Economic Development Committee ~~will be briefed by memorandum regarding this matter~~ on June 3, 2024.

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
Economic & S. Area of City Transit-Oriented Development Fund (2012 General Obligation Bond Fund)	\$0.00	\$0.00	\$ 6,902.00
Economic Development and Housing Development Program Fund (2012 General Obligation Bond Fund)	\$0.00	\$0.00	\$1,848,093.00
Total	\$0.00	\$0.00	\$1,854,995.00

OWNER

Low Ervay, LLC (dba Savoy Equity Partners)

Barrett Linburg, Manager

MAP

Attached