



Legislation Text

File #: 22-1369, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: June 22, 2022
COUNCIL DISTRICT(S): 7
DEPARTMENT: Small Business Center Department
EXECUTIVE: Kimberly Bizer Tolbert

SUBJECT

Authorize **(1)** a Conditional Chapter 380 Economic Development Loan Agreement with MLK Kingdom Complex, LLC (Developer) in an amount not to exceed \$350,000.00 sourced with the South Dallas/Fair Park Opportunity Fund; and **(2)** a [Chapter 380 Conditional Grant Agreement](#) with Developer in an amount [not](#) to exceed \$100,000.00 sourced with the Southern Dallas Investment Fund, for construction costs to develop 3101 Martin Luther King Jr. Blvd. and 2904 Meadow Street of Dallas, Texas into the MLK Wellness Complex and parking - [Total amount not to exceed \\$450,000.00](#)
Financing: South Dallas/Fair Park Opportunity Fund ~~not to exceed~~ \$350,000.00 and 2017 Proposition (I) Bonds Fund ~~not to exceed~~ \$100,000.00 ~~in a combined total amount not to exceed \$450,000.00~~

BACKGROUND

The purpose of the South Dallas/Fair Park Opportunity Fund (Opportunity Fund) as authorized by City Council Resolution No. 18-0922 and Ordinance No. 30905 on June 27, 2018, is to provide loans and grants to promote economic development and support human development initiatives in neighborhoods surrounding Fair Park (service area). Loans or grants are available to support businesses or entities located within, relocating to, or serving a population of which at least 90% are residents of specific census tracts (SDFPOF community). Under the Economic Development program, a project is eligible for funding if it demonstrates that project funding will result in new job creation, job retention, or an increase in the service area tax base. Funding for economic development projects may be provided as a loan, or a combination of a loan and grant payment, provided that the grant payment does not exceed 25% of the total award amount.

The purpose of the Southern Dallas Investment Fund (Investment Fund) as authorized by City Council Resolution No. 19-0803 on May 22, 2019, is to promote local economic development of small businesses in southern Dallas including areas south of I-30 and or the Trinity River in conformance with Chapter 380 of the Texas Local Government Code. The Investment Fund may be used to stimulate business and commercial activity in southern Dallas by supporting small business growth in southern Dallas.

On December 21, 2021, MLK Kingdom Complex, LLC (Developer), a minority, women-owned business purchased the vacant building located at 3101 Martin Luther King Jr. Blvd. and vacant unimproved lot at 2904 Meadow Street to renovate the existing 5,063 square foot vacant building into a wellness center and the unimproved lot into a parking lot (the Project). The single-story building will accommodate three business entities - a 3,000 square foot fitness center, a 1,200 square foot healthy food restaurant, and an 863 sq. ft. office space dedicated to local practitioners to provide health and wellness services. The following tenants of the building have been identified and letters of intent have been executed: G3 Health Club, Jasz LLC, and Kingdom Sandwich.

Based on an initial estimate from the Developer, the total Project cost is \$1,121,608. The Developer has secured a \$511,150 loan from Trinity Capital Bank for property and building acquisition, and owner's equity in the amount of \$160,458. However, a finance gap of \$450,000 remains for the Project.

After consulting with an independent underwriter, National Development Council (NDC), to meet Developer's finance gap, City staff recommends City Council approval of the following: (i) South Dallas/Fair Park Opportunity Fund Chapter 380 Economic Development Loan Agreement with Developer in an amount not to exceed \$350,000; and (ii) a Southern Dallas Investment Fund Grant with Developer for construction costs in an amount not to exceed \$100,000. The permitted construction costs to develop the Project consists of new flooring, framing, windows, doors, roofing, brick repair, electrical, plumbing, HVAC, drywall, painting, fencing, millwork, potential addition of solar panels, and parking/exterior improvements.

This Project meets the criteria of the Economic Development program for the Opportunity Fund as it will create taxable improvements and will potentially create approximately 27 jobs, as well as provide services to the service area. It meets the criteria of the Investment Fund as it will stimulate economic development, increase business activity, and promote commercial growth in southern Dallas.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 23, 2022, the South Dallas Fair Park Opportunity Fund Advisory Board recommended the approval of \$350,000 in SDFPOF funds as a loan for the Project.

On June 6, 2022, the Economic Development Committee will be briefed by memorandum regarding this matter. <<https://cityofdallas.legistar.com/View.ashx?M=F&ID=10575294&GUID=89F58913-B1D3-48AD-A5F2-D356A61BB950>>

FISCAL INFORMATION

Fund	Current Year	Future Years
South Dallas Fair Park Opportunity Fund	\$350,000.00	\$0.00
2017 Proposition (I) Bond Funds	\$100,000.00	\$0.00

Owner/Developer

MLK Kingdom Complex, LLC

Ferrell Fellows, Manager
3900 Willow Street, Suite 100
Dallas, Texas 75226

MAPS

Attached