

Memorandum



DATE March 15, 2019

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **1712 Commerce Street Redevelopment Project – Deadline Extension Request**

Summary

Authorize the first amendment to the development agreement with Supreme Bright Dallas II, LLC, Supreme Bright Dallas Parking, LLC and 1712 Commerce TIF, Inc., (collectively, the “Developer”) for the 1712 Commerce Street Redevelopment Project in the Downtown Connection TIF District, authorized by City Council on May 27, 2015, by Resolution No. 15-0987 to: (1) extend the certificate of occupancy and project completion deadlines for the project, from January 1, 2018, to July 1, 2019; and (2) as consideration for the requested amendment, increase the minimum private investment for the project from \$42,000,000 to \$43,500,000

Background

On May 27, 2015, City Council authorized a development agreement, between the City of Dallas (“City”) and Developer and committed a TIF subsidy in the amount of \$10,500,000 for the 1712 Commerce Street Redevelopment Project. The project included converting the 1712 Commerce building into a dual-branded hotel with 244 rooms (Residence Inn 121 rooms; AC Hotel by Marriott 123 rooms). The hotel opened October 12, 2017. Construction of a parking garage to support the 1712 Commerce building and 1700 Commerce building (also owned by the Developer) was a material component of the TIF project.

On September 27, 2017, an unidentified individual set fire to the parking garage under construction. The fire lasted over an hour causing extensive damage to the garage. Specialized testing was required to determine the extent of damage to the concrete structure that had been completed and how much of the structure would have to be demolished and reconstructed. Testing was completed and a report outlining the remediation process was issued January 26, 2018. The report required demolition and reconstruction of two floors of the garage and additional repairs to be completed after the steel and concrete construction of all floors is complete. After receiving the report, the Developer re-negotiated the principal construction contracts for the project and re-construction commenced on April 1, 2018. Demolition of damaged areas was

completed on September 30, 2018. The Developer anticipates completing construction by July of 2019.

As a result of the fire, completion of the garage was delayed significantly, and the Developer has requested an extension of the project's completion deadlines from January 1, 2018 to July 1, 2019. As consideration for the extension request, the Developer has agreed to increase the minimum private investment for the project from \$42,000,000 to \$43,500,000.

Alternatives

City Council may choose to deny the extension. If the request is denied, the project would be in default, and TIF funding for the project may be lost.

Financing

No Cost Consideration to the City. The TIF subsidy of \$10,500,000 was approved by City Council in 2015.

Coordination

Staff coordinated with the Developer, Downtown Connection TIF District Board of Directors and City Attorney's Office.

Recommendation

Staff recommends the Economic Development and Housing Committee recommend approval of an extension of the certificate of occupancy and project completion deadlines for the 1712 Commerce Street Redevelopment Project, from January 1, 2018, to July 1, 2019 to full council.

Should you have any questions, please contact me at (214) 670-1696.

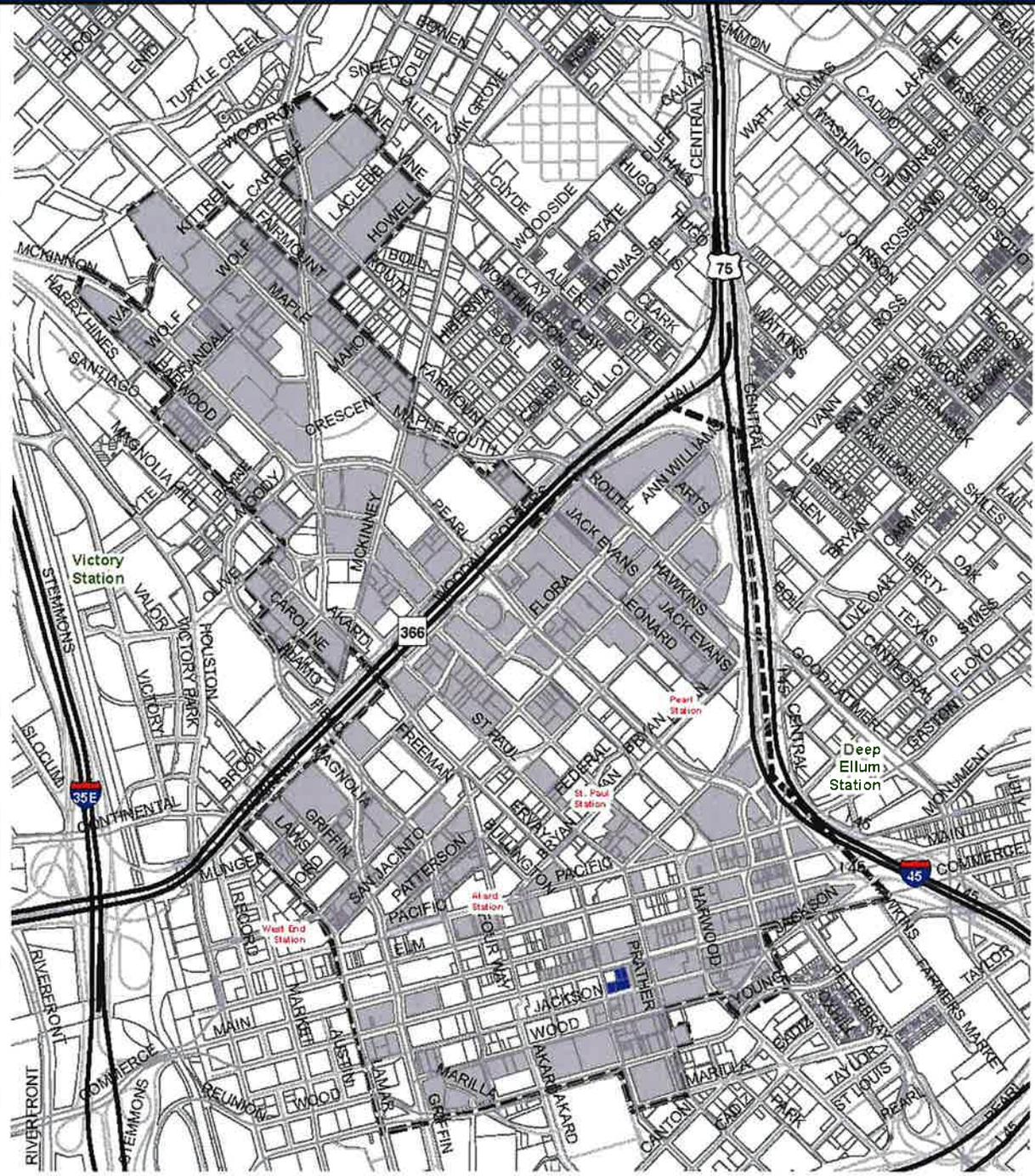


Courtney Pogue, Director
Office of Economic Development

c: Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
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Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

1712 Commerce Redevelopment Project



City of Dallas
 Office of Economic Development



Area Redevelopment Division
<http://www.Dallas-EcoDev.org>

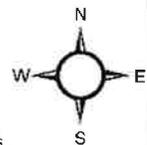
Created 3/2015

Legend

- 1712 Commerce Hotel Project
- Downtown Connection TIF Boundary
- Downtown Connection TIF Parcels
- Properties Outside of TIF

Exhibit A

- Rail Station
- DART Red Line
- DART Blue Line
- DART Green Line
- DART Orange Line
- Trinity Railway Express



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TO The Honorable Members of the Economic Development & Housing Committee: Tennell Atkins, (Chair), Rickey D. Callahan, (Vice-Chair), Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Authorize a two-year service contract to administer Workforce Readiness, Placement, and Retention Programs**

On March 18, 2019 the Economic Development and Housing Committee will consider the authorization of a two-year service contract to administer a Workforce Readiness, Placement, and Retention Program to provide career pathways training with Oak Cliff Empowered, Inc. in the amount of \$374,493.

Summary

This item authorizes the approval of a two-year service contract with Oak Cliff Empowered, Inc. to administer a Workforce Readiness, Placement, and Retention Program to provide career pathways training for young adults in the health care field. Total contract amount is \$374,493 and Oak Cliff Empowered, Inc.'s total program amount is \$1,122,144.

Background

The City of Dallas authorized \$1.5 million for four contracts for the Workforce Readiness, Employment, and Retention Pilot Program by resolution No. 17-0766 on May 10, 2017. The intent of the Workforce Program is to fund an integrated continuum of neighborhood organizations, educational institutions, and employers who can train and prepare low income, targeted groups (formerly incarcerated, out-of-school youth, and single parents) for placement in permanent career opportunities in growing industries within the City of Dallas.

On May 10, 2017 four awards were made under the 2016 RFCSP for a total of \$1.5 million; however, only two organizations, City Square and Serve West Dallas remain under contract. Habitat for Humanity never executed a contract, and Transformance Inc. defaulted under the terms of the agreement; the funds associated with these contracts have been reprogrammed to support the proposed workforce training program cohort.

From the initial cohort, Serve West Dallas and its collaborating partners, El Centro, Mountain view, Anthem Strong Families, and Baylor, Scott, and White administers a Healthcare Career training program and support services to out-of-school youth. To date, fifty-one (51) students have completed the initial job readiness training, twenty-eight (with a goal of 45) are now employed as Patient Care Technicians with a placement rate of 40%. Twelve students have been employed for six months with ten students passing their state certification exam. Twenty-five (25) are currently enrolled in training at El Centro and Mountain View and will be placed in permanent employment with Baylor within the next 1-4 months.

City Square provides a Construction Career Pathway program to formerly incarcerated Dallas residents. Program participants complete an 8-week pre-apprenticeship construction training in trades such as welding, electrical, and plumbing at Northlake Community College. To date, CitySquare has trained 113 individuals, 60 have obtained pre-apprenticeship certifications and are permanently employed by partnering construction companies with a placement rate of 67%. Thirty (30) individuals have maintained employment for a minimum of six months. City square will train and place an additional 30 individuals within the next 4 months.

In September 2018 the City of Dallas issued a Request for Competitively Sealed Proposals (RFCSP) seeking proposals for two additional cohort-based, certificate-earning, career-pathways job training programs, with the intent to provide up to \$750,000 of remaining program funds to two community-based, non-profit organizations to offer cohort-based, career pathway training, employment, and retention programs designed to prepare unemployed and under-employed low-income residents for career opportunities in a regional high demand industry. The City intends to provide two awards under this solicitation: one that focuses on a targeted population of the formerly incarcerated and one that serves a general population. At this time, the City is prepared to move forward on the general population award.

The Office of Procurement services received seven proposals from solicitation number BTZ1825 for the general population category. The most advantageous proposer and recommended vendor is Oak Cliff Empowered Inc. Oak Cliff Empowered Inc. provides a Patient Care Technician Training and other stackable credentials to unemployed and underemployed with 50% being single-parents or between the ages of 18 to 24. Collaborating partners include Dallas County Community College District, and Methodist Health System.

Authorize a two-year service contract to administer Workforce Readiness, Placement, and Retention Programs

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The scoring of the proposals is as follows:

General Population		
Bidder	Address	Score
Oak Cliff Empowered, Inc	1001 North Bishop Dallas, Texas 75208	92.60
Goodwill Industries of Dallas, Inc	3020 N. Westmoreland Road Dallas, Texas 75212	79.80
Vickery Meadow Learning Center dba Literacy Achieves	4144 N. Central Expressway Dallas, Texas 75204	68.00
Community Council of Greater Dallas	1341 W. Mockingbird Lane Dallas, Texas 75247	62.40
Year UP-Dallas/Fort Worth	701 Elm Street Dallas, Texas 75202	59.60
Zan W. Holmes Jr. Community Outreach Center	2606 Martin Luther King Boulevard Dallas, Texas 75215	57.80
The Avenue Proactive Resource Center	3010 Morgan Drive Dallas, Texas 75241	42.20

Alternatives

Without the City's approval, the expansion of Oak Cliff Empowered, Inc.'s services will not take place.

Financing

Public/Private Partnership Funds - \$374,493

Coordination

Office of Community Cares, Financial Services and Fair Housing served on the review committee.

Recommendation

Staff recommends approval of an item authorizing a two-year service contract to administer a Workforce Readiness, Placement, and Retention Program to provide career pathways training with Oak Cliff Empowered, Inc. in the amount of \$374,493.

Should you have any questions, please contact me at (214) 670-1696.

Authorize a two-year service contract to administer Workforce Readiness, Placement, and Retention Programs

March 15, 2019

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Courtney Pogue, Director
Office of Economic Development

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CITY OF DALLAS

DATE March 15, 2019

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Upcoming Agenda Item – Flora Street Lofts New Applicable Elected Representative (AER) Approval**

Summary

The City of Dallas Housing Finance Corporation (DHFC) Bond Counsel notified staff that an additional approval of an “applicable elected representative” (AER) was required to comply with the public approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), for the issuance of tax-exempt multifamily residential bonds (the “Bonds”) for the Flora Street Lofts development to be located at 2121 Flora Street. Under applicable federal income tax regulations, the Bonds must be issued within one year of the approval by an AER. Once the one-year period expires, a new AER approval must be provided after a public hearing following reasonable public notice. A new public hearing has been held, and City Council, as AER under Section 147(f)(2)(E) of the Code, is being requested to approve the issuance of the Bonds by the DHFC after the new public hearing. On March 27, 2019, this item would be placed on the agenda for consideration by the full City Council.

Background

Flora Street Lofts will include 52 multifamily residential units composed of 6 zero-bedroom, 26 one-bedroom, 18 two-bedroom, and 2 three-bedroom units (the “Development”) for mixed-income families as part of the overall Atelier Tower development which includes market rate residential and retail space. The original AER approval for the Bonds was provided by City Council on March 22, 2017 and was valid through March 21, 2018. A second AER approval was provided by City Council on February 28, 2018 and was valid through February 27, 2019. Given that the Bonds will not be issued until after February 27, 2019, a new AER approval is required. The approval being requested is only for purposes of complying with the public approval requirements of Section 147(f) of the Code, which requires the City Council or other AER to approve the issuance of the Bonds by the DHFC after a public hearing following reasonable public notice.

Originally, the closing of the Bonds was delayed awaiting the Texas Department of Housing and Community Affairs (TDHCA) approval of the 4% housing tax credits. Unfortunately, during that time the time period for the validity of the first AER approval expired. During the validity period of the second AER approval, the equity investor slated to purchase the 4% housing tax credits backed out of the deal, delaying the closing on

the Development. Another equity investor has been identified and would like to close the transaction in April 2019 subject to approval of the investors of the Atelier Tower, which is part of the same development as Flora Street Lofts.

Issue

The Bonds will not be issued until after the expiration of the validity of the second AER approval on February 27, 2019. As a result, a new public hearing must be conducted following reasonable public notice and the issuance of the Bonds approved by an AER. Notice of a new public hearing was published in *The Dallas Morning News* on February 25, 2019. On March 11, 2019, the public hearing was held with no outside participants in attendance, and thus, no comments made.

Alternatives

If no action is taken, the Bonds may not be issued on a tax-exempt basis. Moreover, the Development will be at risk of losing the tax credit allocation.

Fiscal Impact

There is no cost consideration to the City. The Bonds will not be issued by the City of Dallas, thus, there will not be a debt or liability of the City nor will the City's name appear on the Bonds.

Departments/Committee Coordination

On February 22, 2017, City Council approved the issuance of tax-exempt bonds by the DHFC following a public hearing by Resolution No. 17-0377.

On March 22, 2017, City Council authorized the DHFC to issue of tax-exempt bonds for the Development, adopted a resolution of no objection for the Development to TDHCA pursuant to deconcentration factors contained in TDHCA's Qualified Allocation Plan by Resolution No. 17-0533.

On February 28, 2018, City Council approved issuance of tax-exempt bonds by the DHFC in Resolution No. 18-0341.

Information about this item will be provided to the Economic Development and Housing Committee on March 18, 2019.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee support the issuance of the Bonds by the DHFC and acknowledge the new public hearing conducted on March 11, 2019. This item will be placed on the City Council agenda for March 27, 2019.

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Flora Street Lofts New TEFRA Hearing
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Should you have any questions, please contact me at (214) 670-3619.



 David Noguera, Director
Housing and Neighborhood Revitalization

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