

Memorandum



DATE June 15, 2018

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 deadline extension for the 211 North Ervay redevelopment project to extend the certificate of occupancy and completion date from December 31, 2016 to October 31, 2018 and as additional consideration for the extension, enhance the street work to include removal of the existing ramp and loading area - Financing: No cost consideration to the City

Summary

Authorize a deadline extension for the 211 North Ervay redevelopment project to extend the Certificate of Occupancy and completion date from December 31, 2016 to October 31, 2018, and, as additional consideration for the extension, enhance the street work to include removal of the existing ramp and loading area.

Background

On June 12, 2013, City Council approved Resolution No. 13-0989 authorizing a development agreement with Alterra 211 N. Ervay, LLC for redevelopment of the building addressed as 211 N. Ervay and dedicated TIF funding in amount not to exceed \$2,000,000 for the redevelopment project. The project includes restoration of the building's historic façade, renovation of the vacant building's office space, ground floor retail/restaurant space and completion of streetscape improvements.

On May 27, 2015, City Council approved Resolution No. 15-0940 authorizing a deadline extension for the 211 North Ervay redevelopment project to extend the Certificate of Occupancy and construction completion date from July 31, 2014 to December 31, 2016.

The 211 N. Ervay building was completed prior to the December 31, 2016 deadline. However, the streetscape work that the developer, now ALT-211 North Ervay Manager, Inc, committed to has not been constructed. ALT-211 North Ervay Manager, Inc was responsible for widening the sidewalks on Elm Street as part of the TIF requirements. The sidewalk widening and streetscape enhancement work was made possible by a January 2015 City Council amendment to the Central Business District Vehicle Circulation Plan, downtown's thoroughfare plan, to reduce Elm Street from Houston Street to Cesar Chavez Boulevard from a five-lane one-way westbound street to a four-lane one-way westbound street. This change allows property owners

on the north side of Elm Street to widen their sidewalks creating an enhanced pedestrian environment.

On May 3, 2018, the Office of Economic Development received a request to complete this last remaining TIF obligation. The letter stated that over the past two years the 211 N. Ervay building owner had a dispute with one of their retail tenant, Koleksiyon furniture store, regarding the proposed sidewalk widening which would create a bulb-out on Elm Street. Koleksiyon has been using the frontage on Elm Street for deliveries and the tenant argued that the changes would adversely impact store operations. After many discussions about the bulb-out and how to improve store operations, ALT-211 North Ervay Manager, Inc, decided to make additional improvements to the sidewalk and remove the ramp and steps by the store front to be at the same grade as the bulb-out. This additional improvement provides better accessibility to the store and clears the pedestrian walkway. Given that the additional improvements have finally resolved the matter, the developer is now in a position to complete the Elm Street bulb-out.

The ground floor retail is 100% occupied and the office space is currently 55% occupied (vacancy has increased 15% since Tech Wildcatters and FortWork left the building).

The developer is requesting an extension of the project's completion deadline from December 31, 2016 to October 30, 2018 in order to complete the sidewalk improvements including removal of the ramp and steps.

On May 10, 2018, the City Center TIF District Board of Directors reviewed and recommended approval of an extension of the Certificate of Occupancy and project completion deadlines for 211 N. Ervay to complete the street work, from December 31, 2016 to October 31, 2018, and, as additional consideration for the extension, enhancement of the street work to include removal of the existing ramp and loading area.

Issue

In accordance with the executed development agreement, the completion date for the 211 N. Ervay project was December 2016. Required streetscape work has not been completed by the deadline established in the TIF agreement due to a dispute between the developer and a tenant.

Alternatives

City Council may choose to deny the extension, which would result in termination of the TIF agreement.

Financing

No Cost Consideration to the City. \$2,000,000 in TIF funds were approved for this project in 2013.

Coordination

Staff coordinated with the ALT-211 North Ervay Manager, Inc, the City Center TIF District Board of Directors, the City Design Studio, and City Attorney's Office.

Recommendation

Staff recommends that the Economic Development and Housing Committee recommend approval of the 211 N. Ervay deadline extension to full council.

Should you have any questions, please contact me at (214) 671-5257.



Raquel Favela
Chief of Economic Development & Neighborhood Services

- c: The Honorable Mayor and the Members of City Council Jon Fortune, Assistant City Manager
 T.C. Broadnax, City Manager Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
 Larry Casto, City Attorney Joey Zapata, Assistant City Manager
 Craig D. Kinton, City Auditor M. Elizabeth Reich, Chief Financial Officer
 Billerae Johnson, City Secretary Nadia Chandler Hardy, Chief of Community Services
 Daniel F. Solis, Administrative Judge Theresa O'Donnell, Chief of Resilience
 Kimberly Bizzor Tolbert, Chief of Staff to the City Manager Directors and Assistant Directors
 Majed A. Al-Ghafry, Assistant City Manager