

Memorandum

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CITY OF DALLAS

CITY SECRETARY
DALLAS, TEXAS

DATE August 1, 2014

TO Members of the Economic Development Committee
Rick Callahan, (Vice-Chair), Jerry R. Allen, Scott Griggs, Adam Medrano, Lee Kleinman

SUBJECT **Economic Development Committee**
Monday August 4, 2014, 9:00 – 10:30 a.m.
1500 Marilla Street, City Hall, Room 6ES, Dallas, Texas 75201

AGENDA

1. Approval of June 16, 2014 Minutes of the Economic Development Committee
2. Cedar Branch Townhouse and Bridge Project
Southwestern Medical TIF District
Karl Zavitkovsky, Director
Office of Economic Development
(Estimated time 20 minutes)
3. Upcoming agenda items
 - Active Network, LLC-Lanyon
 - Omnitrac, LLC
 - Mid Elm Lofts (City Center TIF District) RREAF Holdings (Mid Elm), LLC


Tennell Atkins, Chair
Economic Development Committee

C: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa Rios, City Secretary
Warren M.S. Ernst, City Attorney
Judge Daniel Solis, Administrative Judge Municipal Court
Craig Kinton, City Auditor
Shawn Williams, Interim Public Information Officer
Ryan S. Evans, Interim 1st Assistant City Manager
Forest Turner, Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Mgr.
Jeanne Chipperfield, CFO, OFS
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED
Elsa Cantu, Assistant to the CMO & Mayor and Council

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed session may be held if the discussion on any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested to the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The Purchase, exchange, lease or value of real property, if the deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if deliberation in an Open Meeting would have a detrimental affect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving appointments, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment or specific occasions for implementation of security personnel or device. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meeting Act.

Economic Development Committee **DRAFT**

Meeting Record

June 16, 2014

The Economic Development Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Office of Economic Development, Staff Coordinator at 214-670-1686.

Meeting Date: June 16, 2014 **Meeting Start time:** 9:02 AM

Committee Members Present:

Tennell Atkins
Rick Callahan
Jerry R. Allen
Adam Medrano
Lee Kleinman
Scott Griggs

Staff Present:

Ryan Evans, Interim First Assistant City Manager, City Managers Office
Karl Zavitkovsky, Director, Office of Economic Development
David Cossum, Interim Director, Sustainable Development & Construction
J Hammond Perot, Assistant Director, Office of Economic Development
Tamara Leak, Senior Coordinator, Office of Economic Development

Other Council Members Present:

Other Presenters:

Kyle Vinson, Senior Portfolio Manager, Cushman Wakefield
Geoff Meyer, Senior Director, Hines

1. Approval of May 19, 2014 Minutes of the Economic Development Committee

Presenter(s):

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: Mr. Allen

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

2. Digital Billboard Review

Presenter(s): David Cossum, Interim Director, Sustainable Development & Construction

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

Follow-up (if necessary):

3. Public/Private Partnership Program

Presenter (s): J. Hammond, Assistant Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Medrano

Item passed unanimously: X

Item passed on a divided vote:

Item failed unanimously:

Item failed on a divided vote:

• **Follow-up (if necessary):**

4. Cedar Branch Townhouse and Bridge Projects Southwestern TIF District

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Not Action Taken

Motion made by:

Motion seconded by:

Item passed unanimously: _____

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary): Motion made by Chair to move this item to the August 4, 2014 Meeting

5. Upcoming Items

Amendment to the Development Agreement with DFM Developer Ltd. For the Farmers Market Redevelopment, Phase I Project

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allen

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Victory Park Two-Way Traffic and Parking Directional Signage Development Agreement (Sports Arena TIF District) Victory Park UST Joint Venture I, L.P.

Presenter(s): Karl Zavitkovsky, Director Office of Economic Development

Action Taken/Committee Recommendation(s): No Action Taken

Motion made by: Mr. Medrano

Motion seconded by: Mr. Kleinman

Item passed unanimously: _____

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

DHL Master Land Holding, LLC/Hines, Inc.

Presenter(s): J Hammond Perot, Assistant Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Allens

Motion seconded by: Mr. Kleinman

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

June 16, 2014

ED – Committee Meeting 3 of 3

Hatcher Station Village Modifications Related to 1) Public/Private Partnership Agreement and 2) Forgivable Loan Agreement

Presenter(s): Karl Zavitkovsky, Director, Office of Economic Development

Action Taken/Committee Recommendation(s): Motion made to recommend item to full council for approval

Motion made by: Mr. Kleinman

Motion seconded by: Mr. Medrano

Item passed unanimously: X

Item passed on a divided vote: _____

Item failed unanimously: _____

Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 10:32 AM

Approved By: _____

Memorandum



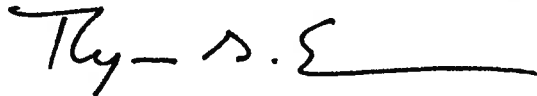
DATE August 1, 2014

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District**

On Monday August 4, 2014, you will be briefed on Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District. A copy of the briefing is attached.

Please let me know if you have any questions.



Ryan S. Evans,
Interim First Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Forest E. Turner, Assistant City Manager
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Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED

Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District

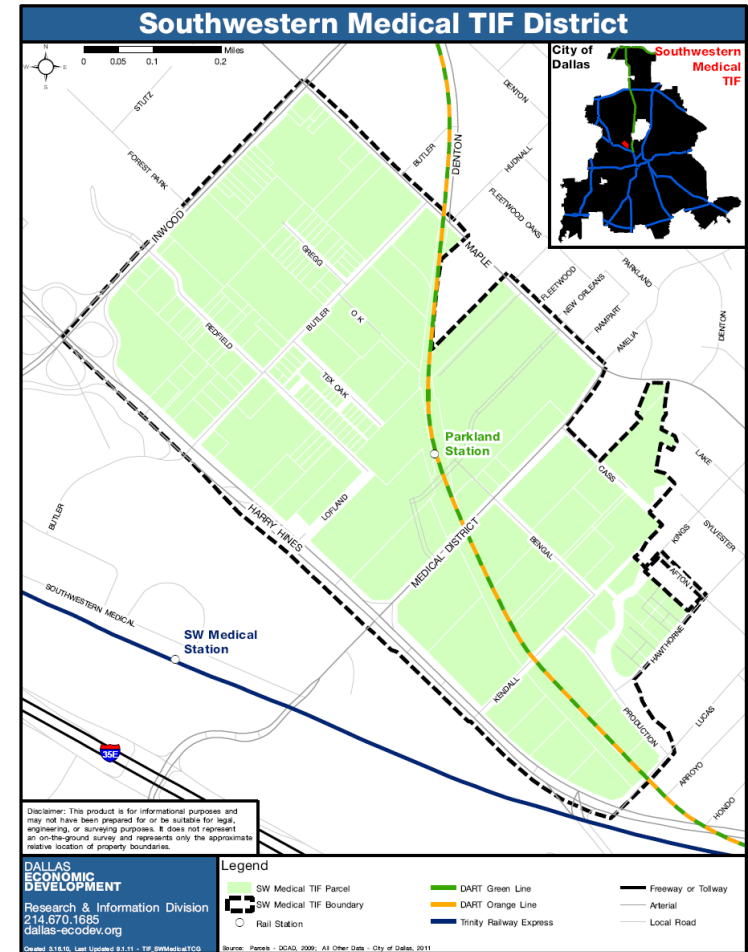
Economic Development Committee
August 4, 2014

Purpose

- Review TIF funding request for Cedar Branch Townhome and Bridge Projects in the Southwestern Medical TIF District
- Discuss implementation of a Pilot Program which involves using TIF funds to support mixed income, for-sale housing
- Seek Economic Development Committee approval for City Council consideration of related items on August 13, 2014

Southwestern Medical TIF District: Background

- Created April 27, 2005
- Located approximately 2.5 miles northwest of downtown, in area bounded by Stemmons Freeway between Harry Hines Boulevard, Inwood Road and Maple Avenue
- Adjacent to Southwestern Medical District, a 390 acre employment center including UT Southwestern Medical Center, Parkland Health and Hospital System, and Children's Medical Center



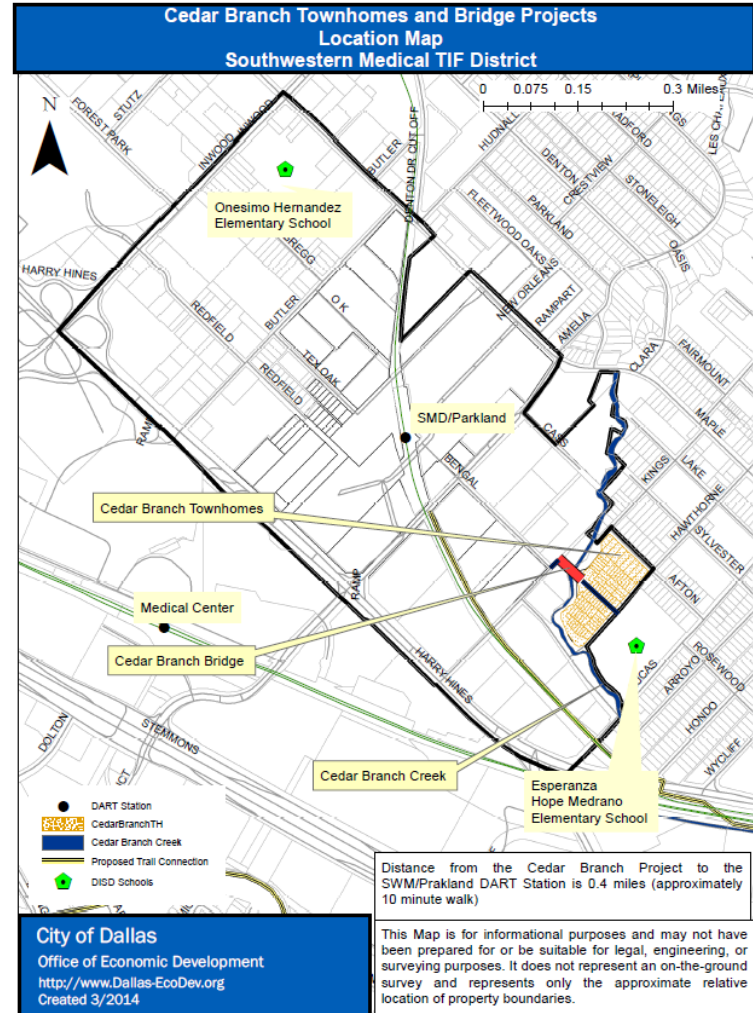
Southwestern Medical TIF District: Background (continued)

- Southwestern Medical District scheduled to terminate on December 31, 2027 (including collection of the 2027 increment in calendar year 2028) or when the approximately \$49.9 million in incremental revenue is collected (see Appendices 1 and 2).



Cedar Branch Project

- Cedar Branch Project consists of:
 - 112 Townhomes – 89 market rate/23 affordable
 - Bridge connecting Hawthorne Avenue to Parkland light rail station
- Located at the corner of Production Drive and Hawthorne Avenue (see map on right)
- Texas Intownhomes LLC, managed by Frank Liu will complete the Cedar Branch Projects. Liu is an award winning townhome developer, with projects in Houston and Dallas (see Appendix 10). Recent work includes Farmers Market Square Townhomes, adjacent to the Dallas Farmers Market.



Cedar Branch Townhomes

- Project Description: 112 townhomes/2 phases
 - 89 market rate homes
 - price range from \$300,000 to \$400,000
 - 23 affordable homes (20% of the total units)
 - Sold to the Qualified Buyers at \$150,000
 - TIF subsidy of \$150,000 per home offsets difference between market and affordable sales price
- Provides high quality, well designed, for-sale housing to moderate income families
- Well situated site – close to employment center & light rail station; 2.5 miles from downtown Dallas
- Estimated project cost - \$39M
- Construction Start – 12/31/15
- Project Completion – 12/31/17
- Financing – 100% Developer Equity



TIF Affordable Housing Policy

- All Active TIFs have an Affordable Housing component
- Applies to residential or residential mixed-use projects receiving TIF assistance (10% Downtown, 20% Citywide; residents must not exceed 80% of AMI for a period of 15 years)
- Implementation of affordability requirements for multi family rental projects is straight forward
- Utilization of TIF assistance to support for-sale housing is more complex
 - Developer unwilling to assume risk
 - Delayed sales (high volume business)
 - High subsidy requirements
 - Deed restriction/compliance monitoring
- Austin's Mueller Airport Development provides successful for-sale mixed-income support model
- Cedar Branch Townhomes Project an ideal Pilot Program for Dallas
 - Experienced Developer
 - Available TIF funds
 - Proximity to job center and light rail station
 - Located in mixed income environment

Cedar Branch Townhomes TIF Funding Request

Cedar Branch Townhomes TIF reimbursement:

- (1) Public Infrastructure expenditure not to exceed \$2,888,366
 - Public improvement costs - paving, streetscape and pedestrian lighting – **typical TIF reimbursement for infrastructure that benefits community as a whole**
- (2) Pilot Program - TIF Grant to allow Developer to provide Affordable For-Sale Housing – **modeled after Austin program**
 - City to subsidize affordable homes and place lien on homes to require resale to future income qualified buyers.
 - Phase II subsidy for affordable homes contingent on successful sale of Phase I product
 - Total TIF reimbursements for affordable homes not to exceed **\$5,010,000** (see Appendix 6) – **a portion of this amount potentially not spent (if developer sells homes to qualified buyers) or reimbursed by home sales (if City sells properties)**
 - Southwestern Medical TIF District has accumulated funds which are available to offset the difference between market rate and affordable sales price (see Appendix 7)

Cedar Branch Townhomes TIF Budget

<u>Cedar Branch TH Public Improvements and Affordable Housing</u>		
Public Improvements:	Amount	Amount
Environmental	\$10,000	
Demolition	\$600,000	
Paving /Streetscape, water, sanitary and sewer	\$975,000	
Landscaping and Pedestrian Facilities	\$608,366	
Utility	\$695,000	
TIF funding for the Public Improvements		\$2,888,366
TIF Grant for Affordable Housing*		\$5,010,000
TIF funding up to		\$7,898,366

*Note: The Maximum Affordable Housing expenditure is \$5,010,000 (See Appendix 6):

Developer sells Phase I affordable homes – receives grant of \$150,000 per home	\$1,650,000
City purchases 12 townhomes (Phase II @ \$280,000/home	<u>\$3,360,000</u>
Total	\$5,010,000

Cedar Branch Townhomes Project Elevations Hawthorne Avenue



Cedar Branch Townhomes Project

Location of the Affordable Homes

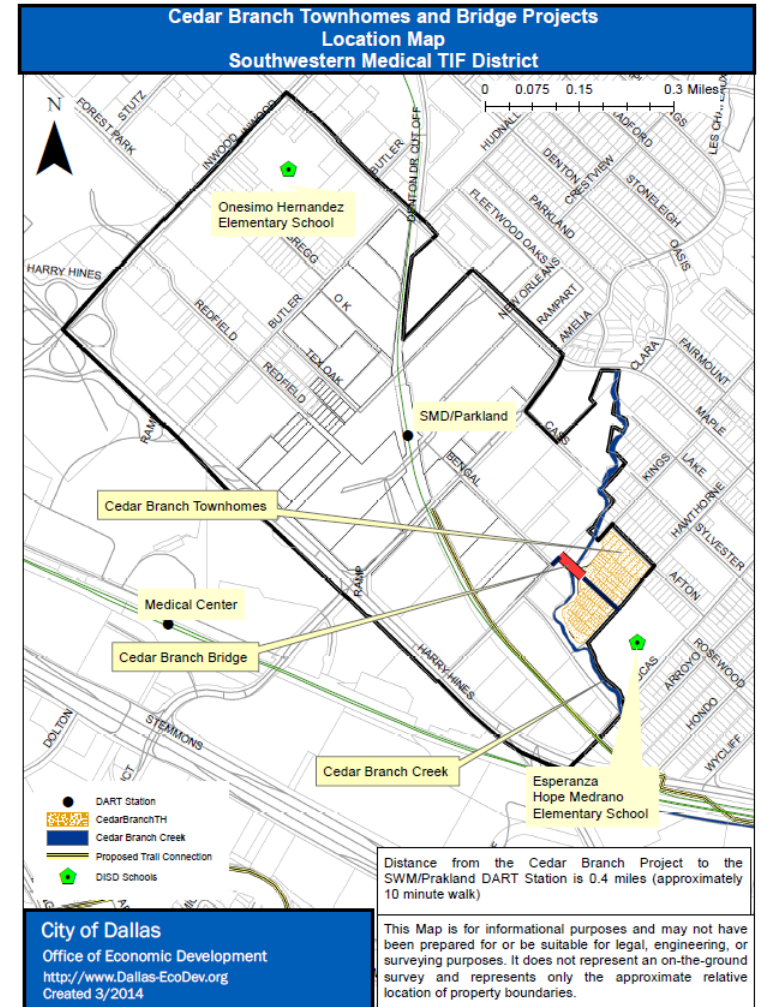
Hawthorne Avenue



Affordable units scattered throughout site

Cedar Branch Bridge

- Cedar Branch Bridge provides connectivity with neighborhood south of creek and employment center/DART light rail station
- Construction of the Bridge may require a small parcel of land (City currently owns most of the ROW for the bridge)
- Public dedication of the bridge after completion



Cedar Branch Bridge TIF Funding

- Public infrastructure expenditure in an amount not to exceed \$826,500 for bridge and potentially a small amount of additional right-of-way
- City owns right-of-way for bridge. Final design work is needed to determine if a small amount of additional right-of-way will be needed (some additional funding for land is included in the budget below)

Cedar Branch Public Improvement Cost	
Acquisition Costs	\$100,000
Infrastructure cost	\$566,500
Architects/Engineers/Consultants Total	\$100,000
Legal & Accounting	\$10,000
Soft cost and contingency	\$50,000
	\$826,500

Note: Developer is responsible for maintaining the Cedar Branch Bridge for 20 years from the time of completion.

Cedar Branch Bridge



Cedar Branch Townhomes

Affordable For-Sale Home Pilot Program

- Pilot Project modeled after successful program implemented at Austin's Mueller Airport site (see Appendix 11)
- It will be used to evaluate the City's ability to promote for-sale, affordable housing in projects utilizing future TIF reimbursements as part of mixed-income neighborhood near transit and employment opportunities
- If any affordable units do not sell within 3 months of Green Tag issuance, City has option to purchase at \$280,000 per unit and re-market to Qualified Buyers. If Developer fails to sell Phase I affordable units, no eligibility for Phase II subsidy
- To minimize City risk, if Phase I affordable units do not sell, City may waive option to purchase Phase II affordable units
- Southwestern Medical District Funds (on hand) will be used to purchase affordable units if developer unsuccessful in selling units – rare case where a TIF District has surplus, unallocated funds
- Affordable units are deed restricted so that they can only be sold to qualified buyers for period of 20 years from initial sale. City will retain a lien on the property to insure compliance.
- Since initial purchase is below market rate, appreciation on re-sale prices of the units will be limited
- OED will seek assistance from lenders and the Dallas Housing Finance Corporation to identify Qualified Buyers
- OED responsible for ongoing program monitoring and implementation

Cedar Branch Townhomes Project Phasing/Commitments

Cedar Branch Townhomes Project - Phasing:

- Phase I (11 affordable/39 market rate townhomes) and related public improvements:
 - OED and Developer will jointly promote the program and develop a list of potential qualified buyers
 - OED, DHFC and lenders will verify income levels of potential buyers and prepare a list of pre-qualified buyers
 - Developer will market affordable homes to pre-qualified buyers
 - If Developer cannot sell affordable homes to the pre-qualified buyer (3 months from Green Tag date), City of Dallas will buy the units (at \$280,000/home using available funding from Southwestern Medical TIF District and re-sell the homes to buyers from pre-qualified list)
 - (Note: follows successful implementation model developed for Mueller redevelopment)

Cedar Branch Townhomes

Project Phasing/Commitments (cont.)

- Phase II (12 affordable/50 market rate townhomes) and related public improvements:
 - Funding subsidy for Phase II affordable homes contingent on sale of Phase I affordable homes. This is pilot program. If Phase I units are not marketable, program will be discontinued
 - Developer will use list of pre-qualified buyers to market Phase II homes
 - If Developer cannot sell affordable homes to qualified buyers (3 months from Green Tag date), City of Dallas has option of buying the units (using available funding from Southwestern Medical TIF District)
 - **If City is unwilling to buy the Phase II homes**, Developer can sell the homes at market rate and no TIF funding will be provided for Phase II affordable housing

Affordable For-Sale Home Pilot Program Definitions

- **Qualified Buyer** means a household or individual with income at or below 80% of area median income (AMI) for the Dallas area standard Metropolitan Statistical Area, adjusted for household size, as determined annually by the Department of Housing and Urban Development (additional requirements are included in Appendix 8)
- **Affordability Period** is 20 years and begins on date that deed transferring title from Developer to initial Qualified Buyer is recorded. Affordability Period will be enforced by deed restrictions filed on each of Affordable Home lots.

Affordable For-Sale Home Pilot Program Clarifications

- Affordable Sales Price for the Cedar Branch Townhomes is \$150,000 initially
- Sales price is deed-restricted and City will attach lien to property limiting re-sale
- Affordable units may be sold
 - No appreciation in value allowed if home re-sold within 12 months
 - Required to resell home to qualified buyer – lenders, OED, DHFC will assist in providing list of potential buyers
 - (Note: resale process mirrors successful implementation of similar program in Mueller redevelopment)

Affordable For-Sale Home Pilot Program Clarifications

- TIF Grant offsets the initial the difference between market rate (\$300,000) and affordable sale price (\$150,000)
 - Lien filed by City of Dallas against each of Affordable Homes in amount of TIF Subsidy
 - No payments are required to be made by any Qualified Buyer with respect to TIF Lien
 - After the affordable period (20 years) TIF Lien is released
 - Affordable Homes HOA fees will be set at half the amount of HOA fees for market rate units (Developer is responsible for restrictions)
 - City of Dallas will notify Dallas Central Appraisal District of Deed Restrictions on homes upon initial sale
 - Qualified buyer will need to work with the Dallas Central Appraisal District to insure appraised value of the property reflects restricted sales price mandated by deed restrictions (DCAD has indicated that deed restrictions limiting resale value, will reduce appraised property value for these units)
 - Developer would not build homes without a City “Buy-Back” provision

Mixed Income For-Sale Housing Pilot Program Benefits

- Facilitates mixed-income housing development in close proximity to major employment area (Medical District) with light rail access (Parkland station)
- Provides opportunity for moderate income professionals (teachers, police, firemen, medical professionals) to purchase high quality homes at an affordable price, with long term investment upside
- Limited Risk:
 - Based on successful Austin program model
 - Experienced, high quality Developer
 - If Developer fails to sell Phase I units to Qualified Buyers, program discontinued

Previous & Recommended Actions

- Peer Review Committee reviewed Conceptual Site Plan and Renderings for Cedar Branch Townhomes Project
- On June 4, 2014, Southwestern Medical TIF Board of Directors reviewed and approved recommendation for TIF funding for Cedar Branch Project (Townhomes and Bridge)
- **Recommended Action:** Approval of a development agreement with IntownHomes LLC. to:
 1. Facilitate Cedar Branch Townhomes project and Pilot Program related to the provision of affordable, for-sale homes, in an amount not to exceed \$7,898,366
 2. Reimburse the Developer for the construction of Cedar Branch Bridge, in an amount not to exceed \$826,500.

- Appendices

Appendix 1: Southwestern Medical TIF Budget

Southwestern Medical TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated**	Balance**
Paving, streetscape, utilities, public-use improvements, design & engineering	\$18,346,136	\$0	\$18,346,136
Environmental remediation and demolition	\$5,181,912	\$0	\$5,181,912
Utility burial	\$9,559,075	\$0	\$9,559,075
Economic Development Grant	\$14,953,805	\$0	\$14,953,805
Administration and implementation***	\$1,809,418	\$207,889	\$1,601,529
Total Project Costs	\$49,850,346	\$207,889	\$49,642,457
<p>* Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ** Includes money expended and committed for existing and future projects including interest accrued on advanced funds as of the end of FY2013. *** TIF administration fee include funds expended or committed through FY 2013.</p>			

Appendix 2: Southwestern Medical TIF District Increment Projection Chart

Tax Year	Property Value Estimate Existing	Property Value Estimate New Projects	Property Value Total	Property Value	Property Value	Anticipated Captured Value	TIF Contribution City of Dallas	TIF Contribution Dallas County	Total TIF Contribution	TOTAL
				Growth Annual	Growth Cumulative					TIF Fund 2006 NPV @ 4.00%
Base 2005	\$20,936,690	\$0	\$20,936,690							
1 2006	\$21,250,740	\$0	\$23,719,720	13.3%	13.3%	\$2,783,030	\$0	\$0	\$0	\$0
2 2007	\$24,075,516	\$30,951,000	\$40,179,430	69.4%	91.9%	\$19,242,740	\$0	\$0	\$0	\$0
Adjustment to base		\$46,474,364								
New Base Value		\$67,411,054								
3 2008	\$87,256,485	\$0	\$65,570,940	63.2%	213.2%	\$44,634,250	\$267,057	\$55,837	\$322,893	\$287,051
4 2009	\$120,888,531	\$0	\$120,888,531	84.4%	477.4%	\$53,477,477	\$318,029		\$318,029	\$287,051
County			\$120,881,681					\$64,672	\$382,701	
5 2010	\$126,280,275	\$0	\$125,601,603	3.9%	499.9%	\$58,190,549	\$372,960		\$372,960	\$614,186
County			\$125,596,603					\$76,240	\$449,201	
6 2011	\$109,399,401	\$10,609,000	\$109,399,401	-12.9%	422.5%	\$41,988,347	\$266,860		\$266,860	\$983,396
County			\$109,394,401					\$47,062	\$313,923	
7 2012	\$139,196,520	\$0	\$127,779,825	16.8%	510.3%	\$60,368,771	\$384,911		\$384,911	\$1,231,494
County			\$127,774,825			\$60,363,771		\$80,709	\$465,621	
8 2013	\$152,408,068	\$0	\$152,408,068	19.3%	627.9%	\$84,997,014	\$541,941	\$113,645	\$655,586	\$2,064,358
9 2014	\$154,694,189	\$36,167,264	\$190,861,453	25.2%	811.6%	\$123,450,399	\$787,120	\$165,059	\$952,179	\$2,733,346
10 2015	\$193,724,375	\$85,971,765	\$279,696,141	46.5%	1235.9%	\$212,285,087	\$1,353,530	\$283,836	\$1,637,365	\$3,839,491
11 2016	\$283,891,583	\$43,167,343	\$327,058,926	16.9%	1462.1%	\$259,647,872	\$1,655,515	\$347,162	\$2,002,677	\$5,140,392
12 2017	\$331,964,809	\$121,609,928	\$453,574,737	38.7%	2066.4%	\$386,163,683	\$2,462,180	\$516,320	\$2,978,500	\$7,000,754
13 2018	\$460,378,358	\$59,758,873	\$520,137,231	14.7%	2384.3%	\$452,726,177	\$2,886,582	\$605,318	\$3,491,900	\$9,097,899
14 2019	\$527,939,290	\$63,164,070	\$591,103,359	13.6%	2723.3%	\$523,692,305	\$3,339,062	\$700,203	\$4,039,265	\$11,430,474
15 2020	\$599,969,910	\$47,756,069	\$647,725,978	9.6%	2993.7%	\$580,314,924	\$3,700,088	\$775,910	\$4,475,998	\$13,915,836
16 2021	\$657,441,868	\$42,772,827	\$700,214,695	8.1%	3244.4%	\$632,803,641	\$4,034,756	\$846,090	\$4,880,846	\$16,521,760
17 2022	\$710,717,915	\$44,056,011	\$754,773,926	7.8%	3505.0%	\$687,362,872	\$4,382,626	\$919,039	\$5,301,664	\$19,243,493
18 2023	\$766,095,535	\$45,377,692	\$811,473,227	7.5%	3775.8%	\$744,062,173	\$4,744,140	\$994,848	\$5,738,989	\$22,076,419
19 2024	\$823,645,325	\$0	\$823,645,325	1.5%	3834.0%	\$756,234,271	\$4,821,750	\$1,011,123	\$5,832,873	\$24,844,948
20 2025	\$836,000,005	\$0	\$836,000,005	1.5%	3893.0%	\$768,588,951	\$4,900,523	\$1,027,642	\$5,928,165	\$27,550,485
21 2026	\$848,540,005	\$0	\$848,540,005	1.5%	3952.9%	\$781,128,951	\$0	\$0	\$0	\$27,550,485
22 2027	\$861,268,105	\$0	\$861,268,105	1.5%	4013.7%	\$793,857,051	\$0	\$0	\$0	\$27,550,485
2028	\$874,187,127	\$0	\$874,187,127	1.5%	4075.4%	\$806,776,073	\$0	\$0	\$0	\$27,550,485
2029	\$887,299,934	\$0	\$887,299,934	1.5%	4138.0%	\$819,888,880	\$0	\$0	\$0	\$27,550,485
2030	\$900,609,433	\$0	\$900,609,433	1.5%	4201.6%	\$833,198,379	\$0	\$0	\$0	\$27,550,485
2031	\$914,118,574	\$0	\$914,118,574	1.5%	4266.1%	\$846,707,520	\$0	\$0	\$0	\$27,550,485
2032	\$927,830,353	\$0	\$927,830,353	1.5%	4331.6%	\$860,419,299	\$0	\$0	\$0	\$27,550,485
TOTAL During TIF		\$631,361,841				\$41,219,630	\$8,630,716	\$49,850,346		\$27,550,485

Appendix 3: Cedar Branch Townhomes Project Summary

Square footage	200,000 sf
Required private investment for the project - acquisition, design costs, and infrastructure improvements	\$25,000,000
Total project cost including actual investment, land acquisition, all soft costs, debt expenses, etc.	\$39,000,000
Construction Costs per square foot	\$195
Average sale price of the Townhomes	\$350,000
TIF funding (for infrastructure and affordable homes)	\$7,893,666
Return on Cost with TIF reimbursement	8%
Return on Cost without TIF reimbursement	-9%
% TIF Funds to required project cost	20%
% TIF Funds to total project cost	31.5%
Construction Start Date	December 31, 2015
Project Completion	December 31, 2017
Funding Source	100% Developer Equity

Appendix 4: Cedar Branch Townhomes Project Pro-Forma

Incentives Requested				
TIF related reimbursements (requested)				\$ 2,888,366
Historic tax credits (if any)				\$ -
Other grants (if any)	% affordable housing	23 homes	\$270,000-15000	\$ 2,760,000
Total Incentives requested				\$ 5,648,366
Analysis:				
TIF as % of total costs				17.4%
Total cost PSF (all costs)				\$ 136
Hard construction only PSF				\$ 103
Finance Costs:				
Net Interest			4.00%	\$ 1,299,449
Loan Commitment Fee	1.00%	of Loan Amount		\$ 324,862
Interest Expenses & Loan Fees		of Total Costs		\$ 50,000
Total Finance				\$ 1,674,311
Income Analysis				
Projected ROI				
Income				
Sales Income		300k*88 units	150k*23 units	\$ 31,170,000
Subsidy income (ex: TIF Reimbursement)				\$ 5,648,366
Gross Income (exclusive of sales expenses)				\$ 36,818,366
Expenses				
Cost of Sales				\$ 32,489,225
Other Costs (specify)				\$ 1,674,311
Total Expenses				\$ 34,163,536
Net Income without TIF Reimbursement				\$ (2,993,536)
Net Income with TIF Reimbursement				\$ 2,654,830
Return on Cost without TIF Reimbursement				-9%
Return on Cost with TIF Reimbursement				8%

Note: Cedar Branch Townhomes price will range between \$300,000 to \$400,000. Based on the future market conditions (2017). Return on cost for the market rate units calculations are based on a \$315,000 sales price per unit.

Appendix 5: Cedar Branch Townhomes Project Requirements for TIF Funding

1. Begin construction - December 31, 2015;
2. Build a minimum of 100 townhomes/200,000 square feet minimum for residential use by December 31, 2019;
3. Description of Phases for Project:
 - **Phase I:** Construction of a minimum of 50 townhomes (85,000 square feet/minimum investment of \$10,000,000) and completion of all public improvement associated with the Cedar Branch Townhomes Project;
 - **Phase II:** Construction of balance of 100 townhomes (balance of minimum 200,000 square feet of residential space and the balance of minimum investment of \$25,000,000);
4. Invest a minimum of \$25,000,000 (validated by post construction audit of expenditures) for property acquisition cost (entire site) and hard and soft costs related to the construction of Cedar Branch Townhomes by December 31, 2019;
5. Complete Phase I by December 31, 2017 and Phase II by December 31, 2019;
6. Complete the infrastructure improvements associated with the Cedar Branch Townhomes Project and obtain a final certificate of acceptance for 50 townhomes by the Department of Public Works and Transportation by December 31, 2017;
7. Execute an operating and maintenance agreement for the public infrastructure improvements associated with the project by December 31, 2017, for a period of 20 years (2017 – 2037);

Appendix 5: Cedar Branch Townhomes Project Requirements for TIF Funding (continued)

9. Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) for the TIF reimbursable improvements and a goal of ten percent (10%) of total private expenditure for the private improvement construction, and meet all reporting requirement for each;
10. Submit quarterly (once in every three months, starting from the construction start date) project status reports to the OED Staff, from August 31, 2014;
11. Market the townhomes pursuant to an affirmative fair housing marketing plan approved by the City;
12. Construct public and private improvements that conform design and materials shown in elevations and site plans approved by OED staff and the City of Dallas Design Studio, subjected to the zoning changes, if any;
13. Mixed Income Housing Requirements: A TIF Grant in an amount of \$150,000 per affordable unit up to \$3,450,000 will be available to offset the cost of affordable units (20%). Developer will provide a detailed description of affordable units and the market rate units within the Cedar Branch Townhomes Project ;
14. If required, the project deadline will be extended up to 6 months by the Director of Office of Economic Development upon recommendation from the Southwestern Medical TIF District Board.

Appendix 6: Affordable Homes Sale Scenarios

- Best case scenario: City will reimburse Developer for selling the 23 Affordable Homes to Qualified Buyers (\$150,000 per townhome) \$3,450,000.
- Worst case scenario: In Phase I, City will reimburse Developer for selling the 11 Affordable Homes to Qualified Buyers (11 units at \$150,000 per townhome - \$1,650,000) and in Phase II, City buys 12 Affordable Homes (12 townhomes at \$280,000 - \$3,360,000) - \$5,010,000. If needed (based on market conditions) City may sell units at a reduced price.

Appendix 7: Funding source for the Cedar Branch Townhomes Project

Funding to purchase Phase I (11) units	Amount
Southwestern Medical TIF Funds as of September 30,2013	\$1,624,779
Increment Collection (2014 through 2015)	\$1,605,066
Total collections as of December 31, 2015	\$3,229,845
Required funding to buy 11 townhomes by December 31, 2015 (worst case scenario)	\$3,080,000

Funding to purchase Phase II (12) units	Amount
Remaining funds after buying Phase I units	\$149,845
Increment collection (2016-2017)	\$2,765,750
Sale proceedings from Phase 1 units	\$1,650,000
Total collections as of December 31, 2017 and potential sale proceeds	\$4,565,595
Required funding to buy 12 townhomes by December 31, 20 17 (worst case scenario)	\$3,360,000

Increment collection from 2018 will be used to reimburse for the Cedar Branch Infrastructure Improvement cost (\$2,888,366).

*Note: The Maximum expenditure for Affordable Housing is \$5,010,000

Developer sells initial 11 affordable homes – receives grant of \$150,000 per home	\$1,650,000
City purchase s12 townhomes (Ph. II @ \$280,000/home	<u>\$3,360,000</u>
Total	\$5,010,000

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing

Qualified Buyer Required to:

- Annually submit the following documents to Director of OED:
 - A copy of two utility bills
 - A written statement confirming that the Qualified Buyer is occupying the Affordable Home as his/her primary residence.
- If Qualified Buyer moves from, sells, transfers, or conveys its Affordable Home during the Affordability Period, it must sell, transfer or convey the Affordable Home only upon approval of the Director of Economic Development (ED)

Affordability Period is 20 years and begins on date that deed transferring title from Developer to initial Qualified Buyer is recorded. Affordability Period will be enforced by deed restrictions filed on each of Affordable Home lots.

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

- Affordable Homes can be resold only to Qualified Buyers (80% of AMI) during the Affordability Period (20 years)
- Responsibility of each Qualified Buyer to notify prospective purchasers of the existence of Affordability Period and deed restrictions, as well as requirement that purchaser of any Affordable Home assume the TIF Lien.
- Proceeds of resale:
 - First, proceeds must be used to pay first lien holder's balance
 - Second, proceeds must be used to pay all of seller's closing costs, such as broker fees, escrow fees, and other title company expenses. For purposes of this section, term "closing costs" does not include any taxes, insurance, or HOA fees paid by seller at closing
 - Finally, any remaining proceeds are divided equally between seller and City. Any payment received by City will be applied to the TIF Lien balance

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

Qualified Buyer means a household or individual with income at or below 80% of area median income (AMI) for the Dallas area standard Metropolitan Statistical Area, adjusted for household size, as determined annually by the Department of Housing and Urban Development.

Qualified Buyer requirements:

- Principal residence (not rental or investment property)
- U.S. citizen or permanent legal resident
- Complete a group or face-to-face homebuyer education
- Qualify for loan from a private lender
- Valid will and confirm whom City should contact in event of Qualified Buyer's death

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

- Affordable Homes shall be materially similar to market rate homes
- Affordable Homes shall be dispersed throughout the development, and shall not be segregated into a particular section of the development
- Work with Dallas Housing Finance Corporation to locate prospective buyers and qualify them as Qualified Buyers.
- Begin marketing the Affordable Homes as soon as construction permit is issued
- Sell all Affordable Homes to the Qualified Buyers
- If any Affordable Homes remain unsold 3 months after Green Tag is issued, Developer must submit to City, in writing, a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers. In such scenario, the Director of the Office of Economic Development can choose one of following options:
 - City of Dallas and/or the Dallas Housing Finance Corporation shall have the option to purchase the home from the Developer for the Affordable Sales Price. Existing Southwestern Medical TIF Funds will be used to buy the affordable homes.
 - Developer shall pay all closing costs associated with such transaction.
- Impose recorded restrictions ensuring that HOA fees for Affordable Homes are no more than half the amount of HOA fees for market rate units.

Appendix 9: Affordable Housing Grant Requirements

Affordable Housing Grant: (\$5,010,000):

Phase I (11 affordable units)

- If any Affordable Homes remain unsold 3 months after issuance of the Green Tag, Developer must submit to City in writing a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers.
- City of Dallas or Dallas Housing Finance Corporation shall have the option to purchase some of or all of the affordable units from the Developer: (i) each Affordable Units at \$280,000 per unit; and (ii) Developer shall pay all closing costs associated with such transaction. City of Dallas or the Dallas Housing Finance Corporation will attempt to find Qualified Buyers and sell these units.

Phase II (12 affordable units)

- If any Affordable Homes remain unsold 3 months after issuance of Green Tag, Developer must submit to the City in writing a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers.
- City of Dallas or the Dallas Housing Finance Corporation shall have the option to purchase some of or all of the affordable units from the Developer: (i) each Affordable Units at \$280,000 per unit; and (ii) Developer shall pay all closing costs associated with such transaction. City of Dallas or the Dallas Housing Finance Corporation will attempt to find Qualified Buyers and sell these units.
- If the City is not willing to buy the Affordable Homes from the Developer, then:
 - ❑ Developer can sell these units at market rate.
 - ❑ If Developer sells some of affordable units at the Affordable Sales Price
 - ❑ Developer shall receive \$150,000 per affordable units sold.

Note: Southwestern Medical TIF funds will be used to purchase the affordable homes. Developer will be reimbursed at the closing of each unit to the Qualified Buyer.

Appendix 9: Cedar Branch Bridge Project Requirements for TIF Funding

1. Begin property acquisition process by December 31, 2014 as evidenced by good faith offer letters to the property owners;
2. Acquire property for no more than fair market value, if Developer cannot buy the property at fair market value;
3. Complete a post construction audit to show the total project investment up to \$826,500;
4. Obtain approval from the Urban Design Peer Review Committee on the Cedar Branch Bridge design;
5. Construct public improvements that conform in design and materials shown in elevations and site plans approved by Public Works and Transportation, OED staff and the City of Dallas Design Studio;
6. Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) for the TIF reimbursable improvements, the Owner shall make a good faith effort to achieve the 25% goal;
7. Dedicate the bridge to the City (at no cost), in a form acceptable to City, after its completion. The non standard improvements associated with the bridge will be maintained by the Developer for a period of 20 years from the date of completion of the bridge;
8. Participate in ongoing progress meetings with OED, PW&T and Real Estate Staff;
9. Construct bridge that conform in design and materials shown in renderings and specifications approved by OED staff, PWT staff and the City of Dallas Design Studio;
10. Submit quarterly (once in every three months, starting from the construction start date) project status reports to the OED Staff (see Exhibit A for format);
11. Complete construction of the bridge and its associated public improvements by December 31, 2019; and
12. Cedar Branch Bridge will be a public bridge (open to the public 24/7).

Appendix 10: Texas Intownhomes LLC

Frank Liu

Frank Liu founded Lovett Homes in 1980. He has 34 years of experience in commercial/residential developments, completed more than 3,000 residential homes and developed over 70 retail, industrial buildings.

Professional Activities

- Lovett Homes – Founded 1980 , Residential Urban Real Estate
- InTownHomes, Ltd. – Founded 2003 - Residential Urban Real Estate
- Lovett Commercial
- Sage Interests, Inc. – Founded 1995 - Commercial Real Estate Development

Awards

- 2011 ULI Development Distinction Award – 1st Place
- Rice University Lovett College Distinctive Associate of 2011

Education, Credentials and Community Involvement

- Rice University – BS Civil Engineering, 1978
- Rice University – Advisory Director of Asian Studies Program
- Rice University – Community Associate at Lovett College
- Spring Branch Revitalization Association, ex-President
- Mayor Anise Parker 2010 – one of the co-chairs of the Transition Team
- Congress for New Urbanism Houston – Founding Board of Trustee

Appendix 10: Texas Intownhomes LLC (continued)



Texas Intownhomes
LLC., Development
near Dallas Farmers
Market

Interior Pictures



Appendix 11: Austin's Mueller Redevelopment

Program Highlights

Investment in workforce housing at Mueller has grown to more than **\$17 million and 238 affordable homes**, during the six-year of operations for the Mueller Affordable Housing Program.

“It’s a good story of promises made and promises kept,” said longtime advocate and Mueller Foundation board member Jim Walker. “The goal of making 25 percent of all Mueller homes available to those who earn 80 percent or less than the median family income (MFI) is a goal being met. This \$17 million milestone translates to 272 working families in Central East Austin who have successfully qualified for and purchased a home at Mueller.”

Progress to date

\$17,003,717 million in value has been captured to ensure home affordability;

238 affordable homes have been sold;

272 working individuals and families served;

Sustained affordability with **24 re-sales of affordable homes**;

Exceeding stated goal of 25% of home sales at 80% median family income (MFI), currently performing at:

2% at 41-49% MFI

8% at 50-59% MFI

24% at 60-69% MFI

59% at 70-80% MFI

7% at 81-120% MF

Phase III at Mueller will include **97 new affordable homes and 14 unsold/available**.

Appendix 11: Austin's Mueller Redevelopment

THE AUSTIN CHRONICLE

<http://www.austinchronicle.com/news/2007-03-23/458463/>

Developing Stories: Pioneering at Mueller

Affordable Housing Ready for Takeoff

BY KATHERINE GREGOR, MARCH 23, 2007, NEWS

Did you ever hear of sweet Betsy from Pike,

Who crossed to the old airport with her husband, Ike,

With three stars for Green Building, onward through the fog,

A bus pass, Ikea couch, and an old yeller dog?

For inner-city pioneers priced out of Downtown condos, Mueller – the new community on the site of Austin's former municipal airport – could offer an affordable abode that beats the pine tar off a log cabin. Homesteaders adventurous enough to settle this new territory can register – through April 30 – to become one of the "Mueller Pioneers," the first 340 households to stake a claim at Mueller. Already, more than 4,500 Austinites enticed by the future New Urbanist community – on a 711-acre site east of I-35 near 51st Street that today looks like, well, an abandoned airport – have registered to receive information about possibly living at Mueller. Eventually, the development will include more than 4,000 homes, parks and trails, a hospital and doctors, a school, shopping, offices, employers, and hopefully rail transit. Appropriate to the Mueller Pioneer concept promoted by master developer Catellus, folks long on gumption but short on cash can stake a claim at Mueller, too, thanks to its affordable-housing program.

In all, about 2,200 homes will be built for sale at Mueller (pronounced "miller") over the next decade or so. The market-rate housing in phase one is priced from the \$180,000s for a 900-square-foot home, to the \$600,000s for a 3,700-square-foot home. For that you also could get a swanky new condo Downtown. But as Austin's largest public-private venture, Mueller serves the public interest by providing 25% "affordable housing" reserved for households of lower-than-median income. That translates to 550 affordable-program homes over time. In addition, Mueller is planned for 2,400 rental units, again with 25% reserved for families of (even more) modest means. The guarantees of affordability are written into the Master Development Agreement between the city of Austin and Catellus Development Corporation. Mueller is particularly significant because it represents the single largest addition to the city's stock of new affordable housing, according to Margaret Shaw in the Neighborhood Housing and Community Development office. As such, and given the city's huge public investment at Mueller, its affordable-housing program is relevant to all Austinites – rich, poor, or slacker.

In phase one, the 71 affordable-program residences at Mueller will be built by David Weekley Homes in two styles: attached row houses, and detached yard houses, with two or three bedrooms. To ensure a truly income-integrated community, the affordable-program homes will be sprinkled throughout the development. David Weekley also is building and selling market-rate housing right across the street, said Weekley's Jim Rado, providing every incentive to make the affordable-program homes of equal quality and indistinguishable from the

Appendix 11: Austin's Mueller Redevelopment(continued)

Affordability is a key element in the Mueller vision. The Mueller master plan calls for more than 1,150 of Mueller's new homes (25% of the total) to be affordable to families with lower than median incomes. The homes, both for sale and for rent, will be fully integrated into the neighborhood, enhancing its vitality and sense of community. Mueller's affordable homes program will feature:

- Affordable home choices that include yard houses, row houses, Mueller Houses, condominiums and rental apartments all mixed in throughout the community
- Affordable for-sale homes will be available for households with incomes at or below 80% Austin median family income (MFI); these homes will be part of each development phase and integrated into the community
- Affordable for-rent homes will be available for households with incomes at or below 60% MFI; these will include both units integrated with market-rate housing as well as stand-alone projects for seniors and families; at least 10% of the units in every Mueller multi-family development are planned to be affordable
- As of March 2007, the 80% MFI in Austin/Round Rock for a family of two is \$45,500 and for a family of four is \$56,900
- Affordable homes will have the same architectural quality and aesthetics of the market rate units
- An innovative shared-equity program to help ensure longer and deeper affordability at Mueller



Appendix 11: Austin's Mueller Redevelopment (continued)



The ambitious effort to redevelop Robert Mueller Municipal Airport (700 acre) into a mixed-use urban village in the heart of the city has helped Austin chart new directions. Mueller is envisioned as a sustainable community that is meeting extensive goals in housing and economic development. The award-winning Mueller master plan and the innovative Master Development Agreement with Catellus Development Group and the City of Austin are the culmination of decades of community planning efforts from visionary neighbors and active citizens.

Source:

<http://www.muelleraustin.com>



Memorandum



DATE August 1, 2014

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs,
Lee Kleinman, Jerry R. Allen

SUBJECT **Active Network, LLC - Lanyon – Council Agenda August 13, 2014**

BACKGROUND

On Wednesday, August 13, 2014, City Council will be asked to consider economic development incentives for Active Network, LLC. For the past several months, City staff have negotiated with representatives of Active Network, LLC and its affiliate Lanyon, regarding the potential relocation of the two affiliates' corporate headquarters from San Diego, California to 717 Harwood Street (KPMG Centre) in downtown Dallas.

Active Network is a technology company that develops the behind the scenes event tracking software that powers over 55,000 organizations worldwide and 90 million transactions annually. The company automates and simplifies events for organizers. It has built the largest network of events and organizations to make the world a more active place. The software serves the private, not-profit, religious and government in scheduling and tracking events. If you have registered for a marathon or booked a TX campsite, you have likely used their software.

Lanyon is a leading hospitality solutions provider connecting corporations, hotels, serviced apartments and travel intermediaries in the largest online global hospitality marketplace. Lanyon's solutions are used by over 900 corporations and 350 hospitality brands representing over 98,000 properties. Lanyon was acquired by Vista Equity Partners, a leading private equity firm focused on investments in software and technology-enabled services, in January 2013.

The project will result in approximately 1,000 new jobs in downtown Dallas, a 10-year lease of a combined minimum of 200,000 square feet and a minimum investment of approximately \$3,000,000. In order to encourage Active Network to locate its headquarters and that of Lanyon in downtown Dallas, City staff proposes an Economic Development Grant of no more than \$1,000,000, to be paid to Active Network, LLC in installments according to the following table.

Number of New Jobs Created	Total Jobs Onsite	Average Annual Salary	Deadline	Grant Installment
300	300	\$60,000	On or before December 31, 2015	\$300,000
400	700	\$60,000	On or before December 31, 2016	\$400,000
150	850	\$60,000	On or before December 31, 2017	\$150,000
150	1,000	\$60,000	On or before December 31, 2018	\$150,000

In consideration of the proposed incentives, The Active Network and Lanyon will invest a minimum of \$2,000,000 in leasehold improvements related to a minimum 10-year lease on a minimum 200,000 square feet of office space at 717 N. Harwood Street, invest a minimum of \$1,000,000 in business personal property and cause a minimum of 300 full time jobs to be created by December 31, 2015. Additionally, the companies will add a combined minimum 400 additional jobs by the end of 2016, another 150 jobs by December 31, 2017 and another 150 jobs to be created by December 31, 2018 (total of 1,000 new jobs).

The ten-year net fiscal impact of the proposed development after incentives is \$11,785,448. The twenty-year net fiscal impact of the proposed development after incentives is \$37,405,155. This project complies with the Public/Private Program guidelines in that it involves the creation of more than 100 jobs at this Downtown site.

In addition to the City of Dallas assistance, the project has been awarded a Texas Enterprise Fund (TEF) grant of \$8,600,000.

Owner

Active Network, LLC
 Ms. Sejal Pietrzak, Chief Administration Officer

Staff

J. Hammond Perot, Assistant Director
 Christopher O'Brien, Sr. Coordinator

Active Network - Lanyon
August 1, 2014
Page 3 of 3

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Shawn Williams, Interim Public Information
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Proposed Project Information Worksheet Economic Development Committee

A. Project Summary/Assumptions

City Council District	2	
Project/Company Name	Active Network - Lanyon	
Project Location	717 N. Harwood Street	
Project Type	Headquarters	
Facilities (Square Feet)	200,000	
Construction Schedule	Begin	1-Sep-14
	Complete	31-Dec-18
Private Improvement Investment	Real Property	\$2,000,000
	Business Property	\$1,000,000
Jobs	Created	1000
	Retained	NA
Average Wage Rate	Salary	\$72,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$1,000,000

B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	1000	6,225,401,583	1000	18,455,971,545
Indirect and Induced Impact*	800	4,980,321,266	800	14,764,777,236
Total Impact	1800	11,205,722,849	1800	33,220,748,781

C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	28,429,296	72,613,914
Total City GF Service Costs	15,643,848	34,208,759
Net Impact Before Incentives	12,785,448	38,405,155
City Incentives	1,000,000	1,000,000
Net City Fiscal Impact	11,785,448	37,405,155

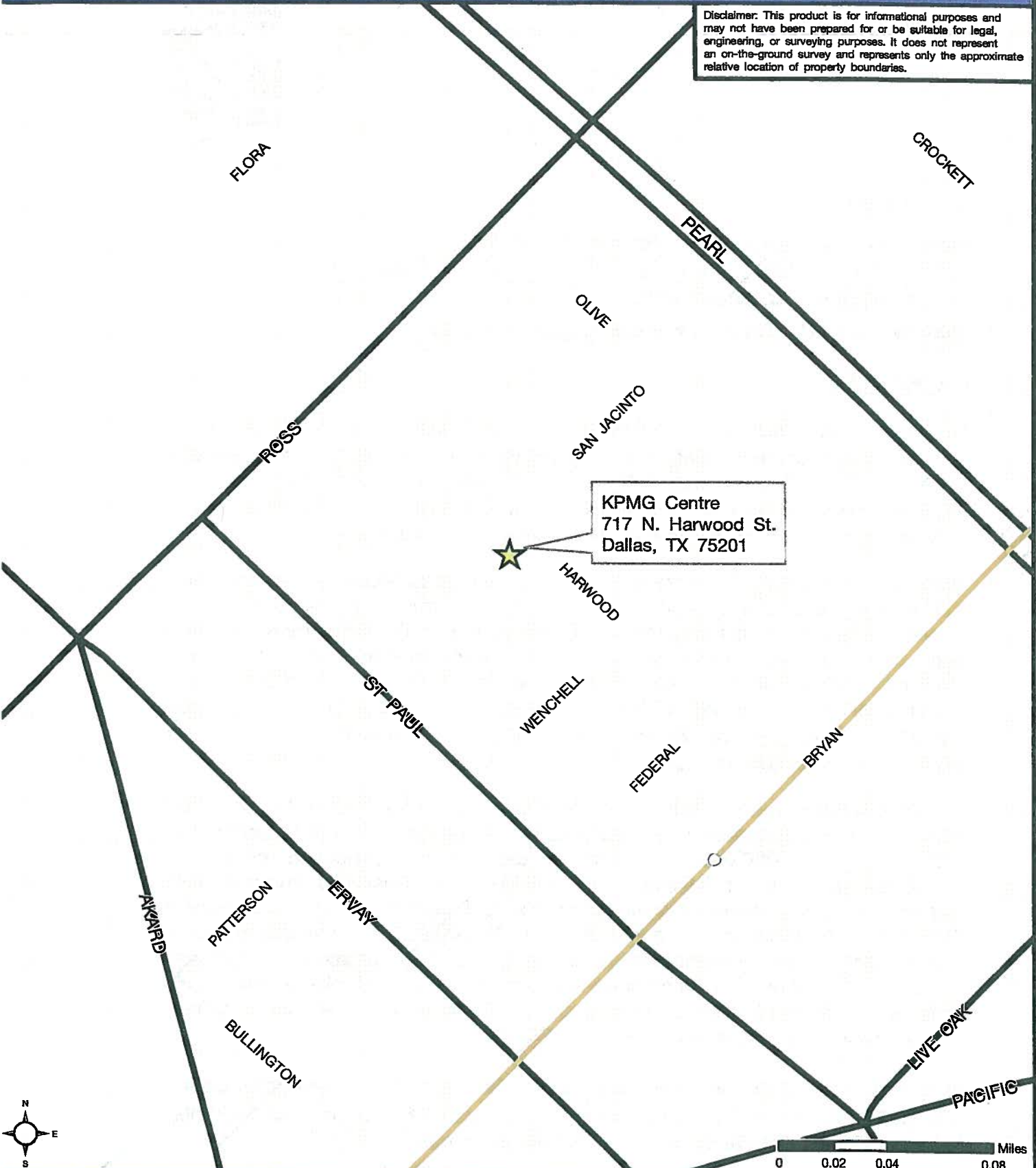
* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 192,313	N/A
Dallas County	\$ 37,965	N/A
DCCCD	\$ 18,705	N/A
Parkland Hospital	\$ 41,400	N/A
DART	\$ -	N/A

Active Networks, LLC

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



KPMG Centre
717 N. Harwood St.
Dallas, TX 75201

ALLAS ECONOMIC DEVELOPMENT
Research & Information Division
972.414.1685
allas-ecodev.org

Legend

- Rail Station
- DART Light Rail
- Arterial
- Local Road

Source: City of Dallas, 2014

Memorandum



DATE August 1, 2014

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs, Lee Kleinman, Jerry R. Allen

SUBJECT **Omnitracs, LLC – Council Agenda August 13, 2014**

BACKGROUND

On Wednesday, August 13, 2014, City Council will be asked to consider economic development incentives for Omnitracs, LLC. For the past several months, City staff have negotiated with representatives of, Omnitracs, LLC regarding the potential relocation of its corporate headquarters from San Diego, California to 717 Harwood Street (KPMG Centre) in downtown Dallas.

Omnitracs has provided integrated fleet management applications, services and platforms to transportation and logistics companies around the world for nearly 25 years. Omnitracs delivers end-to-end solutions to help fleets improve safety and compliance, fuel management, mobile asset management, operational efficiency, driver retention and customer service. It tailors fleet management solutions to meet the needs of for-hire and private fleet operations of all sizes and with requirements ranging from basic compliance management to the most sophisticated business intelligence.

The project will result in a minimum of 450 new jobs in downtown Dallas, a 10-year lease of approximately 100,000 square feet and a minimum investment of approximately \$3,000,000. In consideration of the proposed incentives, Omnitracs will invest a minimum of \$2,000,000 in leasehold improvements related to a ten-year lease on a minimum of 90,000 square feet of office space at 717 Harwood Street, invest a minimum of \$1,000,000 in business personal property and cause a minimum of 200 full time jobs to be created by December 31, 2015. Additionally, the company will add 150 additional jobs by the end of 2016 and another 100 jobs by the end of 2017 (total of 450 new jobs). The new jobs will have an average annual wage of \$50,000.

In order to encourage Omnitracs to locate its headquarters in downtown Dallas, City staff proposes an Economic Development Grant of no more than \$450,000, to be paid in installments according to the following table:

Number of <u>New</u> Jobs Created	Total Jobs Onsite	Average Annual Salary	Grant Installment	Deadline
200	200	\$50,000	\$200,000	On or before December 31, 2015
150	350	\$50,000	\$150,000	On or before December 31, 2016
100	450	\$50,000	\$100,000	On or before December 31, 2016

The ten-year net fiscal impact of the proposed development after incentives is \$5,093,965. The twenty-year net fiscal impact of the proposed development after incentives is \$16,069,569. This project complies with the Public/Private Program guidelines in that it involves the creation of more than 100 jobs at this Downtown site.

In addition to the City of Dallas assistance, the project has been awarded a Texas Enterprise Fund (TEF) grant of \$3,900,000.

Owner

Courtland Group, LLC
John Napper, President

Staff

J. Hammond Perot, Assistant Director
Christopher O'Brien, Sr. Coordinator

Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, Interim City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor

Omnitracs
August 1, 2014
Page 3 of 3

Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Shawn Williams, Interim Public Information
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Proposed Project Information Worksheet Economic Development Committee

A. Project Summary/Assumptions

City Council District	2	
Project/Company Name	Omnitracs	
Project Location	717 N. Harwood Street	
Project Type	Headquarters	
Facilities (Square Feet)	100,000	
Construction Schedule	Begin	1-Sep-14
	Complete	31-Dec-17
Private Improvement Investment	Real Property	\$2,000,000
	Business Property	\$1,000,000
Jobs	Created	450
	Retained	NA
Average Wage Rate	Salary	\$70,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$450,000

B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	450	4,378,000,000	450	9,878,000,000
Indirect and Induced Impact*	360	3,502,400,000	360	7,902,400,000
Total Impact	810	7,880,400,000	810	17,780,400,000

C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	12,833,632	32,139,550
Total City GF Service Costs	7,289,667	15,619,981
Net Impact Before Incentives	5,543,965	16,519,569
City Incentives	450,000	450,000
Net City Fiscal Impact	5,093,965	16,069,569

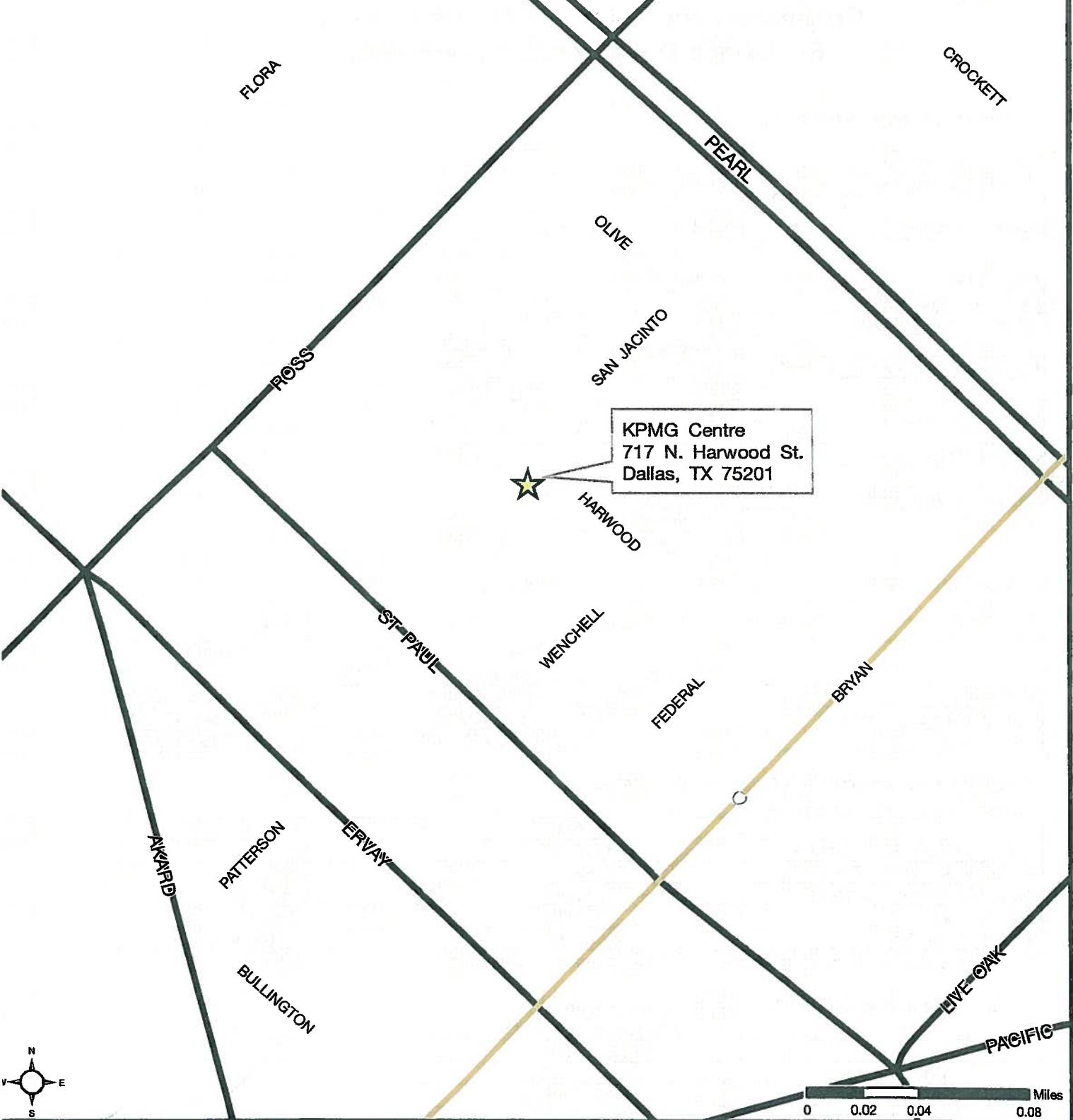
* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 128,209	N/A
Dallas County	\$ 25,310	N/A
DCCCD	\$ 12,470	N/A
Parkland Hospital	\$ 27,600	N/A
DART	\$ -	N/A

Omnitracs, LLC

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



KPMG Centre
717 N. Harwood St.
Dallas, TX 75201

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Research & Information Division
214.670.1685
dallas-ecodev.org
Created: 7/14/2014 10:14:07 AM, Chris O'Brien_OT:CG

Legend

- Rail Station
- DART Light Rail
- Arterial
- Local Road

Source: City of Dallas, 2014

Memorandum



DATE August 1, 2014

TO Members of the Economic Development Committee:
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano,
Lee Kleinman, Jerry R. Allen, Scott Griggs

SUBJECT **Mid Elm Lofts Project (City Center TIF District), RREAF Holdings (Mid Elm), LLC**

On August 13, 2014, City Council will be asked to consider authorization of a development agreement with RREAF Holdings (Mid Elm), LLC and TIF funding in an amount not to exceed \$3,900,000 for the Mid Elm Lofts redevelopment project. The proposed Mid Elm Lofts project is the rehabilitation and redevelopment of the buildings addressed as 1512, 1514, and 1516 Elm Street in the City Center TIF District. All buildings were originally built in the early 1900s and are currently vacant and have not been fully active for more than a decade. As a result of water damage and overall neglect, the buildings are in danger of becoming structurally and financially irreparable without significant support.

The proposed project will convert the historic buildings into approximately 28,628 square feet of residential space and approximately 17,736 square feet of retail space.

When completed, the buildings will be compromised of:

- 1516 Elm:
 - Residential – Approximately 16 lofts
 - Retail - approximately 12,792 square feet featuring
 - 5,498 square feet for ground floor and mezzanine restaurant
 - 4,600 square feet for basement restaurant/bar
 - 2,694 square feet for rooftop restaurant/wine bar
 - A rooftop deck will feature amenities for the residential units including a fire pit, water feature, and a barbeque area.
- 1512/1514 Elm:
 - Residential – Approximately 9 lofts
 - Retail – 3,255 square feet for ground floor retail and 1,689 square feet for basement retail in 1514 Elm

The total project cost is \$18,900,000. The total amount of TIF funding recommended for the project is \$3,900,000. A portion of the total TIF funding, \$1,642,000, will reimburse streetscape and utility improvements. The remaining TIF funding, \$2,258,000 is in the form of an Economic Development TIF Grant to make the project viable. The developer will also pursue Federal and State

City Center TIF District
August 1, 2014
Page 2

Historic Tax Credits, as well as a Historic Tax Abatement for the project. The project would not occur, but for TIF funding.

Renovation of these buildings adds to the number of redevelopment projects underway on Elm Street and saves some of the oldest buildings in the City. The project also removes the last remaining vacant buildings on a block bounded by Stone Street and Campisi's to the east and Akard Street to the west.

Fiscal Information

\$3,900,000 – City Center TIF District Funds

Estimated Schedule of Project

Begin Construction: December 2014
Complete Construction: June 2016

Developer

RREAF Holdings (Mid Elm), LLC
Scott Remphrey, Managing Member

Attachments

Location Map
Additional Project Information
Development Agreement Contents/Project Funding Conditions
Project Pictures and Renderings

Should you have any questions, please contact me at (214) 670-3296.



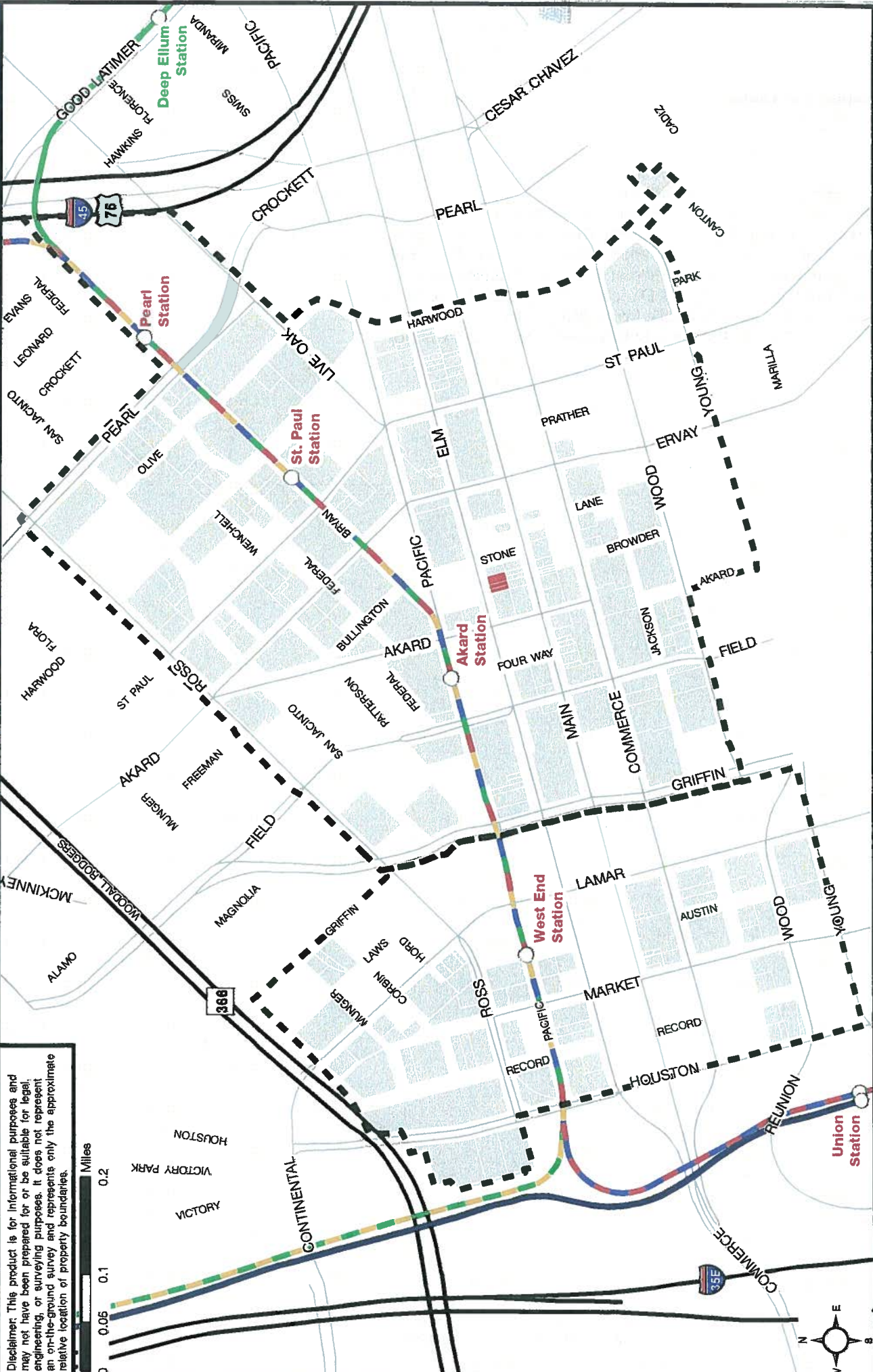
Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager.

City Center TIF District
August 1, 2014
Page 3

Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

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- Trinity Railway Express
- DART Red Line
- DART Blue Line
- DART Green Line
- DART Orange Line
- Freeway or Tollway
- Highway
- Arterial
- Local Road
- Mid-Elm Lofts
- City Center TIF Boundary
- City Center TIF Parcels
- Rail Station

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Source: Parcel Data - Dallas CAD, 2013; All Other Data - City of Dallas, 2014

Project Sources and Uses

Sources	Amount	%	Uses
Private Equity	\$4,725,000	25%	Acquisition and Construction
Loan	\$14,175,000	75%	Construction
\$18,900,000			

TIF Budget

Description	Amount
Public Infrastructure Improvements	
<i>Streetscape Improvements and Utilities</i>	\$1,642,000
Redevelopment/Development Projects	
<i>TIF Grant</i>	\$2,258,000
Total TIF Funding Recommended	\$3,900,000

Project Proforma

Mid Elm Lofts Proforma			
City Center TIF District			
PROJECT DESCRIPTION:		1512, 1514 and 1516 Elm Street	
PROJECT TYPE:		Mixed Use	
CONSTRUCTION START DATE:		December 31, 2014	
PROJECT SCHEDULE:		June 30, 2015	
Residential Units	SF	# of Units	
Total/Avg	31,608	25	
Use Breakdown	SF	Total Leasable SF (entire project)	
Residential	31,608	50,429	
Retail	18,821		
Back of House/Common Area	11,497	Total Existing Bldg SF (Gross)	
		61,926	
Project Costs			
Hard Cost	\$12,271,065		
Soft Cost (less Developer Fee)	\$2,886,935		
Acquisition	\$3,190,000		
Total Project Cost (without City \$)	\$18,348,000		
Total Project Cost	\$18,348,000		
TIF Assistance	\$3,900,000		
Net Cost to Developer (after TIF reimbursement)	\$14,448,000		
Return on Cost Analysis			
NOI/Total Project Costs			
Return on Cost (without City \$)		4.8%	
Return on Cost (with City \$)		6.0%	
		Income	
		Residential Revenue	\$695,079
		Commercial Revenue	\$625,234
		Total Income	\$1,320,313
		Expenses	
		Residential Operating Expense	(\$271,137)
		Commercial Operating Expense	(\$176,515)
		Total Expenses	(\$447,652)
		NOI	\$872,661
Notes : Stabilized rates in 2020; Revenue reflects a residential and commercial vacancy rate of 7% and 5% respectively			

Recommended Contents of the Development Agreement

- A. Minimum private investment of \$13,000,000 for the Project (acquisition, construction and construction related soft costs).

The term "Invest" or "Investment" means the sum of all acquisition costs, construction costs (hard and soft) paid, payable or actually incurred by or on behalf of the Owner, with respect to the Project and the improvements thereon. Construction related soft costs include the following items: architecture and engineering, interior design, construction management (if services are provided by an independent third party other than the developer). Carrying or other similar costs shall not be considered toward this definition of project investment. The owner must provide verification of all expenditures.

- B. Investment shall include a minimum of \$3,900,000 for the following TIF Eligible expenditures associated with the Project:

- a. Environmental Remediation/Demolition – minimum \$200,000
- b. Historic Façade Restoration – minimum \$1,350,000
- c. Ground Floor Retail Space Improvements – minimum \$708,000
- d. Streetscape and Utility Improvements – minimum \$1,642,000

- C. Redevelopment of the Project shall include:

- a. Minimum 25,000 square feet of live/work space; and
- b. Minimum 15,000 square feet of retail/restaurant/commercial space.

- D. Obtain a building and/or demolition permit from the City and start construction for the Project by December 31, 2014;

- E. Obtain a Certificate of Occupancy (CO) for the Project by June 30, 2016;

- F. Obtain final acceptance of public infrastructure improvements associated with the Project, as evidenced by the issuance of a Green Tag from the Public Works and Transportation Department by June 30, 2016, and submit documentation to the Office of Economic Development (the "OED");

- G. Execute an Operating and Maintenance agreement for public infrastructure improvements associated with the Project by June 30, 2016, for a period of 20 years;

- H. A minimum of at least 50% of ground floor space must be occupied prior to TIF Reimbursement;

- I. Prior to City Council consideration, Design Review by the Urban Design Peer Review Panel, an independent group of design, engineering, and/or planning professionals selected by the Dallas City Manager, is required for all City Center TIF District projects. The Project's design plans shall include:

- a. A site plan showing the location of parcel boundaries clearly differentiating publically accessible space form private space.
- b. A pedestrian lighting plan for the site showing existing lighting and location of new pedestrian lighting using lighting acceptable to the City and spaced at approximately 75 feet unless otherwise required by the City's Public Works and Transportation Department. This lighting plan is required for all public and private streets included in the project.
- c. A sidewalk plan for the project. Sidewalks with high anticipated levels of pedestrian traffic shall be designed to accommodate the traffic. The sidewalks

- shall have a minimum 7 foot walking zone and a minimum 3 foot landscaping and lighting zone, where possible. Landscaping and pedestrian lights shall be placed in the area closest to the back of curb for the length of the sidewalk. The plan shall show the location and type of all landscaping materials.
- d. Elevations for all sides of the building visible from the public right of way, focusing on the ground floor.
 - e. Valet plan indicating where the vehicular drop off will be located, if applicable.
 - f. Signage plan for the building.
- J. Mixed Income Housing: A minimum of 10% of the Project's total residential units must meet affordable housing standards in accordance with the District's Mixed Income Housing Guidelines, attached as Exhibit A. These guidelines require, but are not limited to, the following:
- a. Affordable units must be available for a 15 year period (from the date of CO).
 - b. If the total number of affordable units drops below 10%, a 90-day compliance period will be granted, after which the contract may be terminated at any time before compliance is achieved.
 - c. Submit semi-annual reports to the OED Staff (from the date of CO).
- K. Construction of Project shall be in general conformance with design plans approved by the City Center TIF Board of Directors and Dallas City Council;
- L. The Project shall be managed by a management company acceptable to the Director of the OED, such approval not being unreasonably withheld;
- M. Owner shall submit to the Director of the OED a quarterly status report for ongoing work on the project, as well as public improvements. Status reports will be due once every three months after the Council approval date;
- N. Owner shall make a good faith effort to (i) comply with the Business Inclusion and Development ("BID") goal of twenty-five percent (25%) Minority/Women-owned Business Enterprise (M/WBE) participation for TIF reimbursable improvements, and (ii) achieve a goal of 25% certified M/WBE participation for total private improvement construction expenditures for the Project, and meet all reporting requirements for each;
- O. If necessary, the project deadline can be extended up to 6 months, subject to the Office of Economic Development Director's and City Center TIF District Board of Director's approval.
- P. If necessary, Developer may apply a Historic Tax Abatement for the project.





