

# Memorandum



DATE January 3, 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 **Flora Lofts Project – Downtown Connection/City Center TIF Districts**

On Monday, January 6, 2014, the Economic Development Committee will be briefed on the Flora Lofts Project – Downtown Connection/City Center TIF Districts.

Briefing material is attached.

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, Interim City Manager  
Rosa Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Judge Daniel Solis, Administrative Judge Municipal Court  
Craig Kinton, City Auditor  
Frank Libro, Public Information Officer  
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

**Flora Lofts Project**  
*Downtown Connection/City Center TIF Districts*

Economic Development Committee  
January 6, 2014

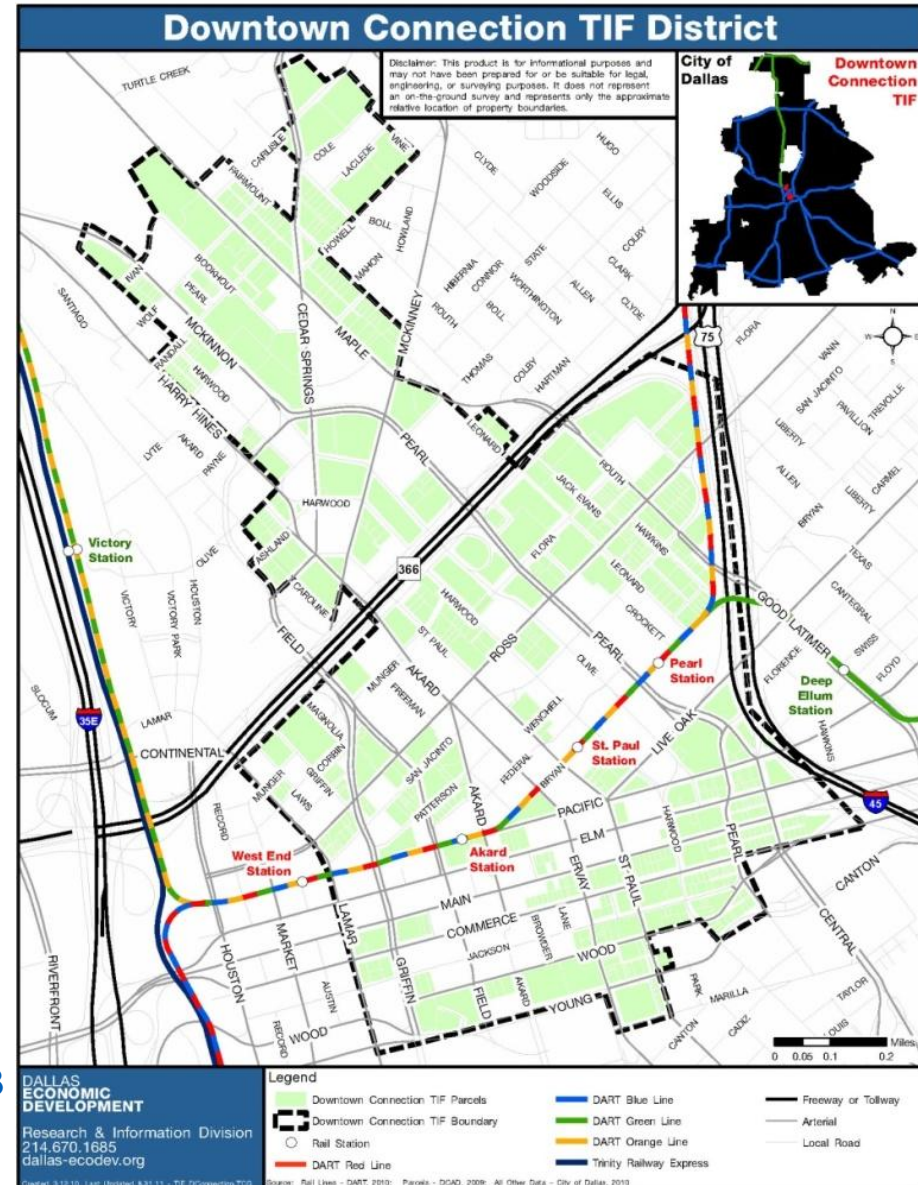
# Purpose

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- Provide background information on Downtown Connection TIF District
- Review the Flora Lofts Project
- Obtain Economic Development Committee's approval for consideration of the project by City Council on January 22, 2014

# Downtown Connection TIF District Background

- Created June 2005
- Project Plan and Reinvestment Zone Financing Plan originally approved August 2005, amended May 2013 to increase budget for district
- Expires December 31, 2035, or when approximately \$514.9 million in TIF increment has been collected (NPV of \$231.6 million)
- Established to fund projects creating a greater density/critical mass of development within an expanded Downtown core with focus on strengthening connectivity to/between the core and growing downtown areas





# Flora Lofts Project

## *Location Map*

- Located in the Downtown Connection TIF District
- Located in the Arts District with close proximity to City of Dallas public investments



# Flora Lofts Project

## *Project Description*

- **Mixed use project:**
  - **Residential for local working artists – 39 Affordable Units & 7 Market Rate Units**
    - 4 Units at 30% AMFI
    - 10 Units at 50% AMFI
    - 25 Units at 60% AMFI
  - **Ground Floor Retail – 8K square feet**
  - **Underground Parking Garage – 215 parking spaces**
    - Affordable Residential – 30 parking spaces
    - Market Rate Residential – 16 parking spaces
    - Leasable Spaces - 169
  - **Surface Parking – 55 parking spaces** (in addition to parking garage spaces)
- **Project Cost: \$24,527,802**
- **Start Construction: 05/2014**
- **Complete Construction: 12/2015**
- **Design Review: Design Peer Review Panel (03/22/2013) reviewed and approved design of project**
- **Low Income Housing Tax Credits: The project has been approved for tax credits for the residential portion of the project**

# Flora Lofts Project

## *Project Design*



# Flora Lofts Project

## *Project Sponsorship* – Arts District Properties, Ltd

- **GRAHAM GREENE** AIA has engaged, over the last 30 years, in the ownership and investment of complex multi use developments consisting of mixed income housing, urban retail and educational facilities. He has been a primary catalyst for and held a majority ownership in the realization of over 1 million square feet of high density urban development in Dallas, Texas. Each project is conceived to fit a unique situation or specialized need where the standard production oriented developers have shown little interest.
- **GRADY (BUDDY) JORDAN JR.** Real estate investor/developer for more than 40 years in DFW and Oklahoma. Former tax CPA & Management Consultant (Coopers & Lybrand). Developed more than 3 million square feet of commercial and residential space. Currently active in development of 1701 Canton, 508 Park, 515 Park, Las Colinas Equestrian Center. Charitable/Civic engagements include – Elder of First Presbyterian Church, Director of Interfaith Housing Coalition, Director of North Texas Education Finance Corp.
- **JOHN WESLEY MILLER** is a CPA with an extensive real estate background. He began his public accounting career with Price Waterhouse and Ernst & Young (5 years in audit and tax departments.) Mr. Miller has been self employed since 1993 and currently serves on two Dallas TIF boards (Deep Ellum and Farmers Market). Previous experiences include development and management of suburban office buildings, (250,000sf), adaptive reuse of historic buildings in an urban setting (over 700 residential units), loan workout and management of troubled loans (loan portfolio management of \$1,000,000,000), multiple aspects of operational management of REO assets (\$500,000,000), operation oversight of Arts District parking (10+ years).



# Flora Lofts Project

## *Project Funding Sources and Uses*

Sources	Amount	%	Uses
Private Equity	\$5,485,925	22%	Land Value and Construction
Low Income Housing Tax Credits	\$5,000,000	20%	Construction
City of Dallas Home Funds Loan	\$1,100,000	5%	Construction
Construction Loan	\$12,941,877	53%	Construction
<b>\$24,527,802</b>			

# Flora Lofts Project

## *Proposed TIF Funding*

- Proposed TIF funding will provide inexpensive public parking for cultural district/park patrons in an optimal location within the Arts District
- City will enter into a lease of spaces in the parking garage in an amount not to exceed \$2M
- Independent appraisals were conducted to establish fair market rental rate for the lease
- The appraisals support a rental rate of \$200/space/month
- At this rate, the City will lease 50 parking spaces for 15 years in the garage
- These spaces will provide short-term public parking spaces at a reduced rate in the Arts District
- The City will make annual payments to the owner
- Lease payments will be funded from the City Center TIF District's Parking Initiative budget line item
- Sharing of revenue generated by City leased spaces is being negotiated with Owner

# Flora Lofts Project

## *TIF Board Funding Recommendation*

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- On May 9, 2013, the City Center TIF District Board of Directors reviewed and approved TIF funding to lease parking spaces in the parking garage component of the Flora Lofts Project in an amount not to exceed \$2,000,000.

# Flora Lofts Project

## *Highlights of TIF Funding Conditions*

- Minimum private investment of \$12,000,000 for construction and construction related soft costs for residential and parking garage components of Project
- Minimum 30,000 square feet of residential space (approximately 37 units)
- Minimum 5,000 square feet of retail and office space
- Minimum 85,000 square feet of below ground parking (approximately 200 parking spaces)
- City will lease 50 spaces in the parking structure
- Lease term 15 years
- Total amount of TIF funding shall not exceed \$2M
- City will make annual lease payment on or by July 1<sup>st</sup>
- City leased spaces shall serve transient/public parking, excluding office, valet, special event contract parking and resident parking
- Owner shall fund all maintenance and operating expenses for the garage, including security
- Start construction and/or demolition by September 30, 2014
- Obtain Certificate of Occupancy (CO) by December 31, 2015

# Flora Lofts Project

## *Highlights of TIF Funding Conditions (Continued)*

- Obtain final acceptance of public infrastructure improvements from the Public Works and Transportation Department by December 31, 2015
- Operating and Maintenance agreement for public infrastructure improvements December 31, 2015, for 20 years
- Mixed Income Housing: A minimum of 10% of the Project's total residential units must meet District's Mixed Income Housing Guidelines (85% of units are affordable)



# Strategic Importance of Proposed Project

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- Provides affordable housing for artists in the Arts District
- Provides inexpensive short term public parking for cultural district/park patrons at a convenient location within the Arts District
- Provides parking solutions for under parked buildings in the Arts District

# Recommendation

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- Staff requests ECO Committee's approval of consideration of a lease agreement with Arts District Properties, Ltd. for parking spaces in the parking garage component of the Flora Lofts project by City Council at their January 22, 2014 Council meeting.

# APPENDICES

# Appendix A: Project Requirements/Other Information

Flora Lofts Project Facts	
Minimum Residential Space (required)	305,000 s.f. Approx. 37 Units
Affordable Housing Units Provided	37 Units
Market Rate Units Provided	9 Units
Minimum Retail Space	5,000 s.f.
Minimum Parking Space	85,000 s.f. 200 spaces
Required Private Investment (construction hard and soft costs)	Min. \$12,000,000
Expected Total Project Cost	\$24,527,802
Cost of Parking Garage (construction hard and soft costs)	\$10,336,126
TIF Funding	\$2,000,000
% TIF funds to total project cost	8.15%
Deadline to Obtain Building Permit	May 31, 2014
Deadline to Obtain Final CO	December 31, 2015





# Appendix C: Flora Lofts Project

## *Development Team – Examples of Work*

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- **1900 Elm / Titche-Goettinger Building**  
230,000sf / 130 Residential Lofts, Retail and Parking
- **1901 Main / Dallas Universities Center Higher Education Facility**  
450,000sf Adaptive Reuse of Commercial Property into Higher Education Facility
- **3311 Elm / 3300 Main / 3401 Commerce**  
320,000sf / 140 Historic Residential Live/Work Loft Units / Parking
- **3200 Main Street**
- **60,000sf Mixed-Use Building / 61 Residential Live/Work Loft Units, Retail, Theater and Parking**
- **Hillcrest House HIV / Shelter + Care SRO Housing**
- **43,000sf / 70 Units Permanent Supportive Housing / Parking**
- **Prince of Wales / Life Net Center / SRO Residential Hotel**  
35,000sf / 63 Units Permanent Supportive Housing / Parking