

Memorandum



DATE October 31, 2014

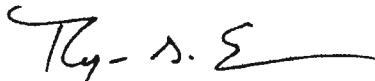
TO Members of the Economic Development Committee: Tennell Atkins (Chair),
Rick Callahan (Vice Chair), Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Design District TIF Alexan Riveredge**

On Monday, November 3, 2014, the Economic Development Committee will be briefed on proposed the proposed Alexan Riveredge Project – Design District TIF District.

Briefing material is attached.

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



Ryan S. Evans
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
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Design District TIF: Alexan Riveredge

Economic Development Committee
November 3, 2014

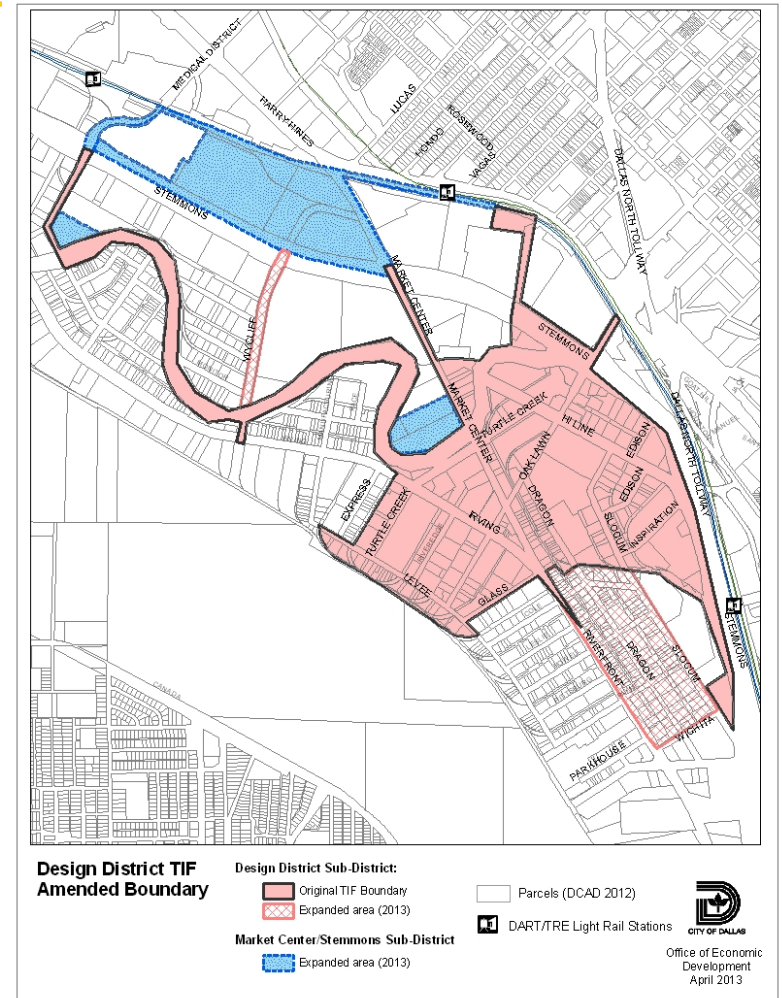


Purpose

- Review Alexan Riveredge proposal for funding in Design District TIF.
- Obtain Economic Development Committee approval for consideration of this item by City Council on November 12, 2014.

Design District TIF District: *Background*

- Design District TIF created in 2005.
- Comprehensive boundary and plan amendment approved by Council on June 12, 2013.
- Amended district includes two sub-districts:
 - **Design District Sub-District** – original boundary of the TIF District plus additional property along the Slocum, Dragon Street, and Riverfront Blvd. corridors (original shown in the solid coral and added property in hatched coral pattern)
 - **Market Center/Stemmons Sub-District** – encompasses the former Dallas Apparel Mart site and additional properties (shown in blue pattern)



Design District TIF District: *Background (con't)*

- Created to assist in conversion of industrial and warehouse district to a unique urban neighborhood to:
 - Take advantage of the expanding DART light rail system
 - Improve access to the Trinity River and quality of development adjacent to Trinity/Stemmons Corridor.
- Recent district expansion incorporates the former Dallas Apparel Mart site:
 - Proposed for redevelopment by Market Center Land, L.P., (“MCL”), an affiliate of Crow Holdings.
 - Potential for office and hotel development opportunities.
- District will expire December 31, 2027, or when approximately \$132 million in TIF increment collected.

Design District TIF District: *Background (con't)*

- Since 2005, district has grown to include 1,000+ apartments, new restaurants, upgraded showrooms/retailers (approximately \$168 million in new investment completed or planned).
- Annual increment collection \$1 million+ per year.
- Total Budget = \$132 million (see Appendix 1).



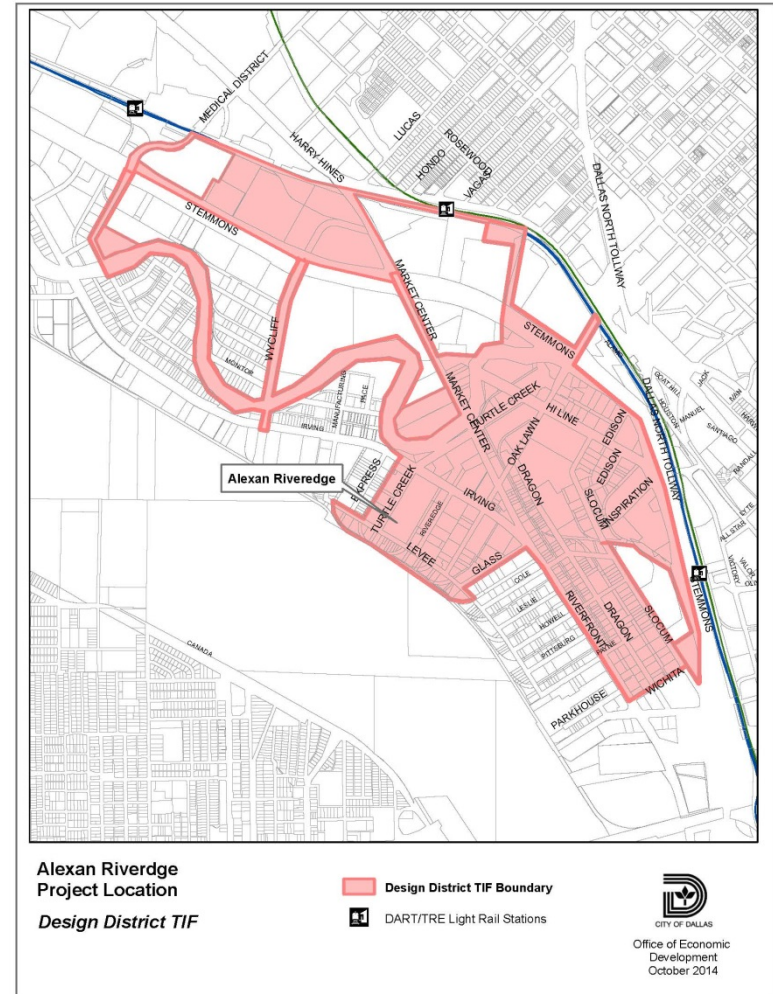
1525 Turtle Creek development



1400 Hi Line development

Alexan Riveredge *Project Location*

- Project is a new development on approximately 2.47 acres of vacant land currently addressed at 150 Turtle Creek Boulevard directly behind the International on Turtle Creek design center with frontage on both Turtle Creek Boulevard and Levee Street.



Alexan Riveredge

Project Description

- Development is first major residential development in southern portion of the TIF district and would be a potential catalyst along Trinity River frontage.
- Project will include 309 residential units in a 5 story urban style project with structured parking (approximately 427 spaces).
- 20% (approximately 63 units) will meet TIF district's affordable housing requirements and be disbursed both spatially within the development and among unit sizes.
- Pedestrian amenities and a future Trinity River Trail connection are also planned.
- Private investment is estimated to exceed \$46 million.

Alexan Riveredge Site Plan



LEGEND

1	PLAZA
2	TERRACE/LEARNING AREA
3	ON-2 STREET PARKING
4	3 DE PARKING
5	P' SIDEWALK
6	PAVEMENT LANDSCAPE
7	APARTMENT ZI (OFF)
8	HANDICAP RAMP ACCESS
9	SECURITY FAYING & BIOPROTECTION AND CROSSWALK
10	2 TREE 1 TREE REFLECTIVITY BY D.C.
11	TRANSFORMER PAD



ALEXAN RIVEREDGE / CONCEPTUAL LANDSCAPE PLAN

Dallas, TX TRAMMELL OWEN RESIDENTIAL 23 Oct 2014



SCALE: 1" = 20'-0"

Alexan Riveredge

Conceptual Elevation



ARCHITECTURE DEMAREST
200 Lakeside Blvd., Suite 1100 Dallas, TX 75244

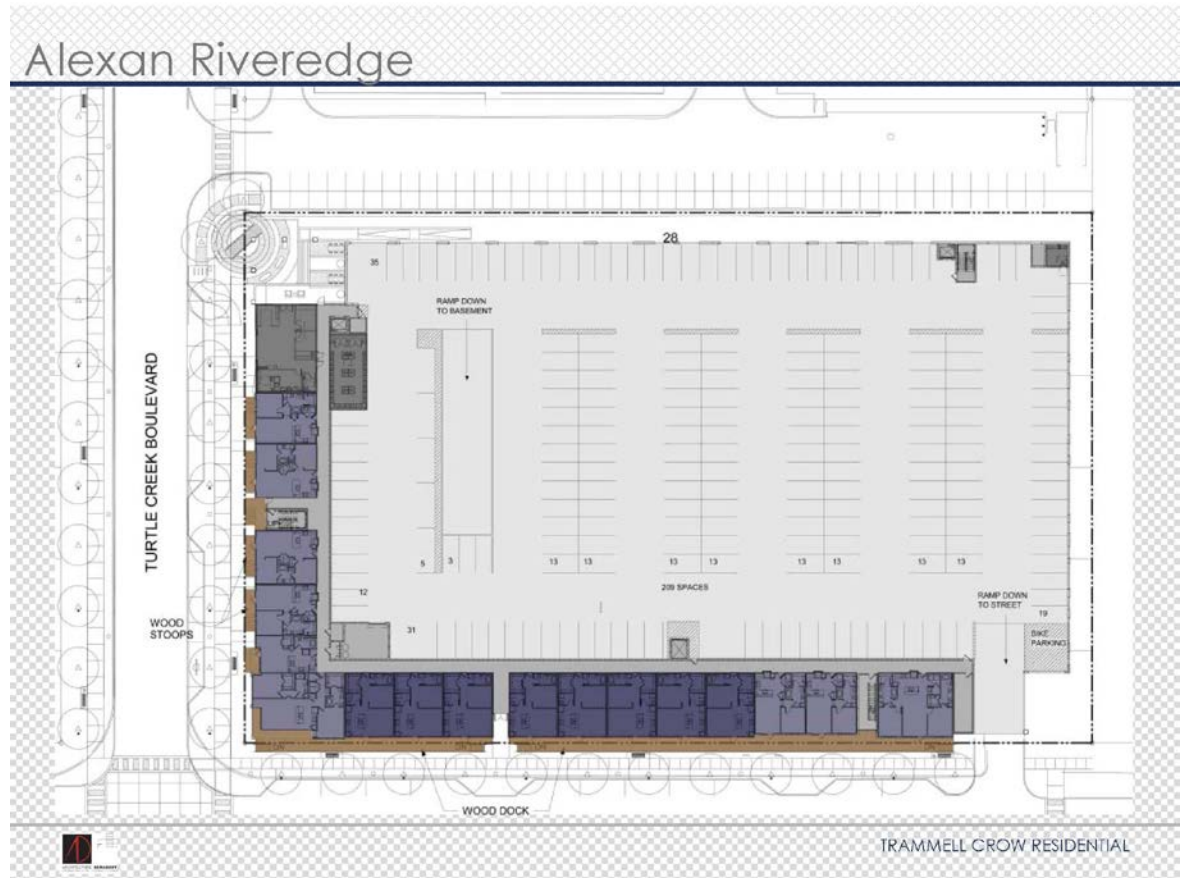
Concept Rendering

Alexan Riveredge
Dallas, Texas

Alexan Riveredge

Design Studio Recommendations

- Encourage ground level units to potentially operate as live-work spaces with public frontage and unified stoop.
- Introduce a “continuous dock” condition along the Levee Street frontage along with an additional pedestrian sidewalk



Alexan Riveredge

Proposed TIF Funding

- Recommended TIF subsidy is an amount up to \$7,800,000 for eligible TIF costs.
- TIF funds for project would be used to offset the cost of the following improvements:
 - Demolition/Environmental Remediation
 - Paving, Streetscape and Utility Improvements
 - A Trinity River trail connection (open space, portals)
 - An economic development grant

TIF Improvement Category	Amount
Design District Sub-District:	
<i>Environmental remediation & demolition</i>	\$81,600
<i>Paving, streetscape & utility improvements</i>	\$1,349,835
<i>Open space, plazas, portals, civic</i>	\$150,000
<i>Economic Development Grant</i>	\$6,218,565
TOTAL TIF REQUEST	\$7,800,000

Alexan Riveredge

Proposed TIF Funding (con't)

- Total TIF funding may be reduced by \$150,000 to \$7,650,000 if an off-site trail connection to the Trinity River corridor (listed under the Open space, plazas, portals, civic sub-category above) is not constructed within a mutually agreed upon timeframe as part of the project or is funded by alternative non-City sources of funding such as North Central Texas Council of Governments (NCTCOG) programs or federal grants.
- Staff will be working in conjunction with the developer to explore options for the trail connection along one or more access points along Levee Street.

Alexan Riveredge

Funding Sources and Uses

Funding Source	Amount		Use
Private Equity	\$16,751,334	35%	Acquisition and Construction
Construction Loan	\$31,109,620	65%	Construction
Total	\$47,860,953		

Alexan Riveredge Summary

Proposed Alexan Riveredge Project	
Project Square Footage	254,911 square feet net residential space
Total Project Costs (<i>acquisition cost, demolition, hard and soft costs, and public infrastructure</i>)	\$47,860,953
TIF Funding	\$7,800,000 maximum
% TIF Funds to Total Project Costs	16.30%
Return on Cost with TIF Reimbursement	7.17%
Return on Cost without TIF Reimbursement	6.00%
Developer Fee	4%
Anticipated Construction Start Date	June 30, 2015
Anticipated Project Completion Date	September 30, 2018

Alexan Riveredge

TIF Board Funding Recommendation

- On October 23, 2014, the Design District TIF Board of Directors reviewed and approved TIF funding for the Alexan Riveredge project in an amount not to exceed \$7,800,000.

Recommendations

- Economic Development Committee recommendation for Council approval of a development agreement for TIF funding.
- Council consideration on November 12, 2014.

Appendices

Appendix 1: Design District TIF Budget

Category	Estimated TIF Expenditure Current Dollars	Allocated	Balance
Design District Sub-District:	\$87,485,550	\$12,518,758	\$74,966,792
Paving & Streetscape			
Wayfinding & District Signage			
Water, Wastewater & Storm			
Open Spaces, Plazas, Portals, Civic			
Environmental Remediation & Demolition			
Utility Burial			
Economic Development Grants			
Market Center/Stemmons Sub-District:	\$33,234,578	\$7,025,000	\$26,209,578
Paving & Streetscape			
Wayfinding & District Signage			
Water, Wastewater & Storm			
Open Spaces, Plazas, Portals, Civic			
Environmental Remediation & Demolition			
Utility Burial			
Economic Development Grants			
Old Trinity Trail	\$7,320,776	\$400,000	\$6,920,776
Administration and implementation	\$4,392,466	\$186,118	\$4,206,348
Total Project Costs, excluding interest	\$132,433,370	\$20,129,876	\$112,303,494
<i>Design and engineering costs may be considered in the above categories.</i>			
<i>*Pending City Council approval of Alexan Riveredge \$7,800,000 included in the above allocation for the Design District Sub-District</i>			

Appendix 2: Alexan Riveredge Pro Forma and Budget

PROJECT DESCRIPTION:		Alexan Riveredge		
SITE AREA:		2		
NUMBER OF FLOORS/STORIES:		5		
BUILDING AREA (g.s.f.):		254,911		
CONSTRUCTION PERIOD:		24 mo		
ANTICIPATED CONSTR START DATE:		06/01/2015		
Alexan Riveredge	SF	# of Units	Total SF	\$ per SF
MF	254,911		254,911	\$187.76
Income (Annual)			Total Project Cost (incl. public costs)	\$47,860,953
Revenue year 2	\$4,949,051		CITY ASSISTANCE (current \$)	\$7,800,000
plus misc income	\$365,448		Total Project Cost (with City \$)	\$40,060,953
plus commercial space	\$0		Return on Cost Analysis	
less vacancy	(\$318,870)		NOI/Total Project Costs	
less expenses	(\$2,122,613)		Return on Cost (no City \$)	6.00%
NOI (w/o TIF)	\$2,873,016		Return on Cost (with City \$)	7.17%
Project Costs				
Acquisition & demolition	\$3,464,501			
Hard Cost	\$34,527,261			
Soft Cost	\$8,287,756			
Public costs	\$1,581,435			
Total Project Cost (incl. public)	\$47,860,953			

Appendix 3: TIF Project Increment Chart

Alexan Riveredge									
Project Only									
Tax Year	Property Value Estimate	Property Value Growth	Total Value change	Anticipated Captured Value City	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV) 4.00%	Participation Rate City	Tax Increment Revenue City (varies)	Tax Increment Revenue County (55%)
2014	\$1,201,736	0.00%	0.00%	\$0	\$0	\$0	90%	\$0	\$0
2015	\$1,207,744	0.50%	0.50%	\$6,009	\$53	\$49	90%	\$43	\$9
2016	\$1,213,783	0.50%	1.00%	\$12,047	\$105	\$142	90%	\$86	\$19
2017	\$1,219,852	0.50%	1.51%	\$18,116	\$159	\$278	90%	\$130	\$29
2018	\$42,167,125	3356.74%	3408.85%	\$40,965,390	\$358,576	\$295,001	90%	\$293,845	\$64,731
2019	\$42,377,961	0.50%	3426.40%	\$41,176,225	\$360,422	\$579,848	90%	\$295,357	\$65,065
2020	\$42,589,851	0.50%	3444.03%	\$41,388,115	\$362,276	\$855,148	90%	\$296,877	\$65,399
2021	\$42,802,800	0.50%	3461.75%	\$41,601,064	\$364,140	\$1,121,222	90%	\$298,404	\$65,736
2022	\$43,016,814	0.50%	3479.56%	\$41,815,078	\$366,014	\$1,378,378	90%	\$299,940	\$66,074
2023	\$43,231,898	0.50%	3497.46%	\$42,030,162	\$367,896	\$1,626,916	90%	\$301,482	\$66,414
2024	\$43,448,057	0.50%	3515.44%	\$42,246,322	\$369,788	\$1,867,123	90%	\$303,033	\$66,756
2025	\$43,665,298	0.50%	3533.52%	\$42,463,562	\$371,690	\$2,099,280	90%	\$304,591	\$67,099
2026	\$43,883,624	0.50%	3551.69%	\$42,681,889	\$373,601	\$2,323,655	90%	\$306,157	\$67,444
2027	\$44,103,042	0.50%	3569.95%	\$42,901,307	\$375,522	\$2,540,509	90%	\$307,731	\$67,790
					\$3,670,242			\$3,007,677	\$662,565
	assumes	0.50% growth							

Appendix 4: Design District Sub-District Increment Chart

PROJECTED TIF INCREMENT SCHEDULE									
Tax Year	Property Value Estimate	Property Value Growth	Comp. Value Growth	Anticipated Captured Value	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF		
							CITY @ 90%	COUNTY @ 55%	
Base	2005	\$141,852,062							
Adj	2013	\$193,949,815							
1	2006	\$161,328,660	13.73%	13.73%	\$19,476,598	\$0	\$0	\$0	\$0
2	2007	\$177,595,830	10.08%	25.20%	\$35,743,768	\$0	\$0	\$0	\$0
3	2008	\$233,718,204	31.60%	64.76%	\$91,866,142	\$673,629	\$598,854	\$566,332	\$107,297
4	2009	\$265,554,293	13.62%	87.21%	\$123,702,231	\$1,005,884	\$1,458,688	\$859,988	\$145,896
5	2010	\$276,848,629	4.25%	95.17%	\$134,996,567	\$1,165,261	\$2,416,448	\$983,504	\$181,758
6	2011	\$274,649,352	-0.79%	93.62%	\$132,797,290	\$1,130,112	\$3,309,592	\$952,555	\$177,557
7	2012	\$307,057,736	11.80%	116.46%	\$165,205,674	\$1,405,909	\$4,377,967	\$1,185,020	\$220,888
8	2013	\$415,101,402	35.19%	192.63%	\$221,151,587	\$1,882,302	\$5,753,346	\$1,586,565	\$295,736
9	2014	\$436,775,044	5.22%	207.91%	\$242,825,229	\$2,066,745	\$7,205,414	\$1,742,030	\$324,715
10	2015	\$480,452,548	10.00%	238.70%	\$286,502,733	\$2,438,443	\$8,852,739	\$2,055,329	\$383,114
11	2016	\$531,475,176	10.62%	274.67%	\$337,525,361	\$2,872,648	\$10,718,756	\$2,421,314	\$451,334
12	2017	\$600,907,235	13.06%	323.62%	\$406,957,420	\$3,463,519	\$12,882,060	\$2,919,351	\$544,168
13	2018	\$673,836,843	12.14%	375.03%	\$479,887,028	\$4,084,153	\$15,334,897	\$3,442,475	\$641,679
14	2019	\$734,274,396	8.97%	417.63%	\$540,324,581	\$4,598,480	\$17,990,404	\$3,875,993	\$722,487
15	2020	\$811,191,971	10.48%	471.86%	\$617,242,156	\$5,253,052	\$20,907,238	\$4,427,723	\$825,329
16	2021	\$876,051,264	8.00%	517.58%	\$682,101,449	\$5,805,008	\$24,006,579	\$4,892,959	\$912,049
17	2022	\$1,030,544,218	17.64%	626.49%	\$836,594,403	\$7,119,751	\$27,661,668	\$6,001,137	\$1,118,614
18	2023	\$1,124,620,422	9.13%	692.81%	\$930,670,607	\$7,920,344	\$31,571,373	\$6,675,945	\$1,244,399
19	2024	\$1,156,489,728	2.83%	715.28%	\$962,539,913	\$8,191,553	\$35,459,432	\$6,904,544	\$1,287,010
20	2025	\$1,268,069,102	9.65%	793.94%	\$1,074,119,287	\$9,141,099	\$39,631,310	\$7,704,903	\$1,436,197
21	2026	\$1,302,090,138	2.68%	817.92%	\$1,108,140,323	\$9,430,620	\$43,769,783	\$7,948,936	\$1,481,685
22	2027	\$1,391,221,490	6.85%	880.76%	\$1,197,271,675	\$8,811,127	\$47,487,686	\$7,210,269	\$1,600,858
Total (2006 - 2027)						\$88,493,129	\$47,487,686	\$74,385,337	\$14,107,793
2006 NPV @ 4%						\$47,487,686	-	\$39,945,506	\$7,542,179

Appendix 5: Market Center/Stemmons Sub-District Increment Chart

PROJECTED TIF INCREMENT SCHEDULE									
Tax Year		Property Value Estimate	Property Value Growth	Comp. Value Growth	Anticipated Captured Value	Anticipated Increment Revenue	Anticipated Accumulated Revenue (NPV)	Tax Increment Revenue into TIF	Tax Increment Revenue into TIF
								CITY @ 90%	COUNTY @ 55%
Base	2013	\$87,958,090							
1	2014	\$106,973,200	21.62%	21.62%	\$19,015,110	\$154,886	\$148,929	\$136,395	\$18,490
2	2015	\$108,577,798	1.50%	23.44%	\$20,619,708	\$167,956	\$304,213	\$147,905	\$20,051
3	2016	\$189,471,907	74.50%	115.41%	\$101,513,817	\$826,871	\$1,039,298	\$728,159	\$98,712
4	2017	\$230,755,739	21.79%	162.35%	\$142,797,649	\$1,163,144	\$2,033,558	\$1,024,288	\$138,856
5	2018	\$300,655,696	30.29%	241.82%	\$212,697,606	\$1,732,507	\$3,457,553	\$1,525,680	\$206,827
6	2019	\$366,957,738	22.05%	317.20%	\$278,999,648	\$2,272,564	\$5,253,593	\$2,001,264	\$271,299
7	2020	\$423,378,882	15.38%	381.34%	\$335,420,792	\$2,732,137	\$7,329,792	\$2,405,973	\$326,163
8	2021	\$429,729,565	1.50%	388.56%	\$341,771,475	\$2,783,865	\$9,363,935	\$2,451,527	\$332,339
9	2022	\$436,175,509	1.50%	395.89%	\$348,217,419	\$2,836,370	\$11,356,732	\$2,497,764	\$338,607
10	2023	\$479,326,424	9.89%	444.95%	\$391,368,334	\$3,187,852	\$13,510,330	\$2,807,285	\$380,567
11	2024	\$486,516,320	1.50%	453.12%	\$398,558,230	\$3,246,416	\$15,619,140	\$2,858,858	\$387,558
12	2025	\$542,917,270	11.59%	517.25%	\$454,959,180	\$3,705,825	\$17,933,787	\$3,263,422	\$442,402
13	2026	\$551,061,029	1.50%	526.50%	\$463,102,939	\$3,772,159	\$20,199,248	\$3,321,837	\$450,321
14	2027	\$559,326,944	1.50%	535.90%	\$471,368,854	\$3,839,488	\$22,416,456	\$3,381,129	\$458,359
Total (2013 - 2027)						\$32,422,038	\$22,416,456	\$28,551,486	\$3,870,551
2013 NPV @ 4%						\$22,416,456	-	\$19,740,374	\$2,676,082

Appendix 6: Alexan Riveredge

Conditions of TIF Funding

- Minimum private investment of \$35 million in the project, including all land and building acquisition, site preparation, and construction hard costs.
- Development of a minimum of 250,000 square feet of residential and/or live/work or flex commercial space.
- At least 20% of the residential units will be affordable for a period of fifteen (15) years and will be disbursed both spatially within the development and among unit sizes.
- The Project shall be marketed pursuant to an Affirmative Fair Housing Marketing Plan approved by the City.

Appendix 6: Alexan Riveredge

Conditions of TIF Funding (con't)

- Obtain a building permit for the construction of the Project by June 30, 2015.
- Provide public access easements (if necessary).
- Obtain final acceptance of the TIF eligible street and infrastructure improvements by September 30, 2018.
- Complete construction and pass final building inspection by September 30, 2018.
- Execute an Operating and Maintenance Agreement for all non-standard TIF eligible improvements by September 30, 2018.

Appendix 6: Alexan Riveredge

Conditions of TIF Funding (con't)

- Owner shall make a good faith effort to comply with a Business Inclusion and Development (“BID”) goal of 25% minority/women-owned business enterprise (M/WBE) for the TIF reimbursable improvements, and 20% certified M/WBE participation for the private improvement construction and meet all reporting requirements for each.
- Submit to the Office of Economic Development a quarterly status report for ongoing work on the project.
- Construct public and private improvements that conform in design and materials to images and site plans approved by the Design District TIF Board of Directors and the Dallas City Design Studio.

Appendix 6: Alexan Riveredge

Conditions of TIF Funding (con't)

- Provide evidence that reasonable efforts were made to promote the hiring of neighborhood residents for any new jobs created.
- If necessary, minor modifications may be approved and/or project deadlines can be extended up to 6 months, subject to the Office of Economic Development Director's and Design District TIF Board approval.

Appendix 7: Maple Multi-Family Development, LLC

- Maple Multi-Family Development, LLC was formed by members of Trammell Crow Residential (TCR):
 - Ken Valach, President
 - Steve Bancroft, Senior Managing Director
 - Matt Enzler, Managing Director
- Representative experience includes the recently completed Alexan Trinity in the Oak Cliff Gateway TIF District along with extensive multi-family development experience.