

ECONOMIC DEVELOPMENT & HOUSING COMMITTEE
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2017 AUG 31 PM 1:33

CITY SECRETARY
DALLAS, TEXAS

TUESDAY, SEPTEMBER 5, 2017
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA STREET
DALLAS, TEXAS 75201
9:00 A.M. – 10:30 A.M.

Chair, Councilmember Tennell Atkins
Vice-Chair, Councilmember Rickey D. Callahan
Councilmember Lee M. Kleinman
Councilmember Scott Griggs
Councilmember Casey Thomas, II
Councilmember B. Adam McGough
Councilmember Mark Clayton
Councilmember Kevin Felder
Councilmember Omar Narvaez

Call to Order

1. Approval of August 21, 2017 Economic Development & Housing Committee Minutes

BRIEFINGS

2. Fair Chance Hiring
Beverly Davis, Assistant Director
Fair Housing & Human Rights
3. Lakeridge Project – Skillman Corridor TIF District
Robin Bentley, Interim Director
Office of Economic Development

Adjourn



Tennell Atkins, Chair
Economic Development & Housing Committee

EXECUTIVE SESSION NOTICE

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

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]

Handgun Prohibition Notice for Meetings Of Governmental Entities

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista. "

Economic Development & Housing Committee

Meeting Record August 21, 2017

The Economic Development & Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Committee Coordinator at 214-670-3906 or 214-670-1686.

Meeting Date: August 21, 2017

Meeting Start time: 9:00 A.M.

<p>Committee Members Present: Tennell Atkins (Chair) Rickey D. Callahan (Vice-Chair) Lee M. Kleinman Scott Griggs Casey Thomas, II B. Adam McGough Mark Clayton Kevin Felder Omar Narvaez</p> <p>Other Council Members Present: Dwayne R. Caraway</p> <p>Committee Members Absent</p>	<p>Staff Present: Raquel Favela, Chief of Economic Development & Neighborhood Services David Noguera, Director-Housing & Neighborhood Revitalization Robin Bentley, Interim Director-Office of Economic Development Karl Stundins, Office of Economic Development Beverly Davis, Assistant Director-Fair Housing & Human Rights Don Knight, Senior Asst. City Attorney-City Attorney's Office David Cossum, Director-Sustainable Development & Construction Ashley Eubanks, Assistant Director- Sustainable Development & Construction</p>
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AGENDA:

Housing Committee Meeting Called to Order by CM Tennell Atkins

- Approval of August 7, 2017 Economic Development Minutes & Housing Committee Meeting**
Presenter(s): CM Tennell Atkins

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

Motion made by: CM Rickey D. Callahan	Motion seconded by: CM Casey Thomas, II
Item passed unanimously: <u>X</u>	Item passed on a divided vote: <u> </u>
Item failed unanimously: <u> </u>	Item failed on a divided vote: <u> </u>

Follow-up (if necessary):

- Fiscal Year 2017-18 Annual Budget Briefing**
Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood/Robin Bentley, Interim Director of Office of Economic Development/David Noguera, Director of Housing & Neighborhood Revitalization

Information Only: X

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

Motion made by: <u> </u>	Motion seconded by: <u> </u>
Item passed unanimously: <u> </u>	Item passed on a divided vote: <u> </u>
Item failed unanimously: <u> </u>	Item failed on a divided vote: <u> </u>

Follow-up (if necessary):

3. **Discuss amendments to the FY 17-18 Budget and make recommendations**
Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood/Robin Bentley, Interim Director of Office of Economic Development/David Noguera, Director of Housing and Neighborhood Revitalization

Information Only: X

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

4. **Revisions to the ROW Management Ordinance For Wireless Providers**
Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood Services/David Cossum, Director of Sustainable/Ashley Eubanks, Assistant Director of Sustainable Development & Construction/Don Knight, Senior Assistant City Attorney/David Noguera, Director of Housing & Neighborhood Revitalization

Information Only: __

Action Taken/Committee Recommendation(s): Motion made to move forward to full Council

Motion made by: Rickey D. Callahan	Motion seconded by: Casey Thomas, II
Opposed by: Lee M. Kleinman	Opposed by: B. Adam McGough
Item passed unanimously: _____	Item passed on a divided vote: <u>X</u>
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Information Only: __

5. **Relocation-Chapter 39A Code Amendment**
Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood Services/David Cossum, Director of Sustainable Development & Construction/Ashley Eubanks, Assistant Director of Sustainable Development & Construction/David Noguera, Director of Housing & Neighborhood Revitalization

Information Only: X

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

6. Overview of Dallas TIF Program

Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood Services/Robin Bentley, Interim Director of Economic Development/Karl Stundins, Manager, Office of Economic Development/David Noguera, Director of Housing & Neighborhood Revitalization

Information Only: X

Action Taken/Committee Recommendation(s): No 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)

7. HUD Recertification of Dallas Fair Housing Office

Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood Services/Beverly Davis, Assistant Director of Fair Housing & Human Rights/David Noguera, Director of Housing & Neighborhood Revitalization/Robin Bentley, Interim Director of Economic Development

Information Only:

Action Taken/Committee Recommendation(s): Motion made to move forward to full Council

Motion made by: CM Rickey D. Callahan	Motion seconded by: CM Kevin Felder
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

8. Upcoming Agenda Items

September 13, 2017

- A. Authorize an amendment to Resolution No. 16-1094, previously approved on June 22, 2016, with Southfair Community Development Corporation, a certified Community Housing Development Organization, for a housing development loan in the amount of \$112,000 to (1) increase the number of units from two to six; (2) increase the amount of funding from \$112,000 to \$712,000; and (3) extend the loan agreement from June 30, 2017 to August 31, 2018 to complete construction of six affordable single family homes located in the 2800-2900 block of South Boulevard- Not to exceed \$600,000- Financing: 2004-05 HOME Investment Partnership Program Funds (\$23,741), 2005-06 HOME Investment Partnership Program Funds (\$141,936), 2006-07 HOME Investment Partnership Program Funds (\$19,999), 2009-10 HOME Investment Partnership Program Funds (\$384,777), 2010-11 HOME Investment Partnership Program Funds (\$9,551) and 2013-14 HOME Investment Partnership Program Funds (519,996)

- B. Authorize an amendment to Resolution No. 16-0391, previously approved on February 24, 2016, to extend the loan agreement with Southfair Community Development Corporation, a certified Community Housing Development Organization, in the amount of \$290,000 from June 22, 2017 to June 22, 2018 to complete construction of four affordable single family homes for the Townhomes Project located at 2825 South Boulevard • Financing: No cost consideration to the City

**Housing Committee
August 21, 2017
Meeting Record**

- C. Authorize (1) the first of four twelve-month renewal options to the contract with PeopleFund to administer the Community Development Block Grant (CDBG) Business Revolving Loan Program, for the purpose of serving and making loans to area businesses and creating and/or retaining jobs for low-to-moderate income persons, in accordance with Department of Housing and Urban Development (HUD) regulations; and (2) any unexpended balances of program income from prior contract years be rolled over to continue the Business Revolving Loan Program • Financing: No cost consideration to the City
- D. GrowSouth Neighborhood Challenge Grant Program Statement Revision
- E. Fair Chance Hiring

Action Taken/Committee Recommendation(s): Motion made to move forward to full Council with Items A and B.

Motion made by: CM Kevin Felder	Motion seconded by: CM Mark Clayton
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Action Taken/Committee Recommendation(s): Motion made to move forward to full Council with Item C.

Motion made by: CM Rickey D. Callahan	Motion seconded by: CM Mark Clayton
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Action Taken/Committee Recommendation(s): Motion made to move forward to full Council with Item D.

Motion made by: CM Rickey D. Callahan	Motion seconded by: CM Kevin Felder
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Action Taken/Committee Recommendation(s): Item will be deferred until September 5, 2017.

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)

Meeting Adjourned: _____ **11:00** **A.M.**

Approved By _____

Memorandum



CITY OF DALLAS

DATE August 30, 2017

TO Economic Development and Housing Committee:
Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Scott Griggs, Casey Thomas, II,
B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Fair Chance Hiring**

DEPARTMENT:

Fair Housing and Human Rights Office

SUMMARY

On Tuesday, September 5, 2017, you will be briefed on Fair Chance Hiring. The purpose of the briefing is to present options for implementation of a Fair Chance Hiring Policy within the City of Dallas that will reduce barriers to employment for job seekers with criminal histories.

BACKGROUND INFORMATION

The Dallas City Council was briefed on Ban the Box and Fair Chance Hiring by Human Resources on June 2, 2016. Ban the Box removes criminal history from the job application and delays criminal background inquiries to later in the hiring process. Fair Chance Hiring requires employers to conduct an individual assessment to determine job relatedness of a conviction, time passed since the conviction and consideration of other mitigating information in assessing a job candidate's qualifications and fitness for a position. Staff was directed at that time to investigate the possibility of developing a policy or ordinance that would provide protection to job seekers with criminal histories within the City of Dallas. The Economic Development Committee was briefed on Fair Chance Hiring on April 17, 2017. The Economic Development and Housing Committee was briefed on August 21, 2017 and requested an additional briefing for September 5, 2017.

ISSUE

Job seekers with criminal histories face severe challenges obtaining employment especially when they are screened out based on criminal history alone. Research indicates that employment is the most important factor in reducing recidivism. A Fair Chance Hiring Policy will provide more job opportunities.

ALTERNATIVES

Based on the information collected, staff identified three options for City Council Consideration: (1) A resolution of support for Fair Chance Hiring; (2) A comprehensive ordinance covering most employers within the City; and (3) A resolution covering vendors, contractors and suppliers who do business with the City.

DATE August 30, 2017
SUBJECT Fair Chance Hiring

COORDINATION

In conducting the research and developing the proposals for a Fair Chance Ordinance, Fair Housing and Human Rights staff coordinated with Human Resources, Civil Service, City Attorney's Office, Business Procurement and Development and The Office of Business Diversity. Fair Housing will partner with City Departments to develop a marketing campaign for the new policy.

RECOMMENDATION

Staff recommends that City Council adopt an ordinance that requires contractors, vendors and suppliers who do business with the City to adopt Fair Chance Hiring Guidelines.

FISCAL IMPACT

No additional cost consideration for the recommended option.

ATTACHMENTS

A copy of the Fair Chance is attached for your review. Please let me know if you have questions or need additional information.



Raquel Favela
Chief of Economic Development & Neighborhood Services

c: The Honorable Mayor and the Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Fair Chance Hiring

**Economic Development
and Housing Committee,
September 5, 2017**

**Beverly Davis, Assistant
Director, Fair Housing and
Human Rights Office**



City of Dallas

Background

- The City removed general criminal history questions from employment applications for civilian positions in 2007
 - Criminal background checks are conducted after making a contingent offer of employment
 - The City still has criminal history questions on employment applications for sworn positions
- In May 2015 City Council approved the revised standards for criminal convictions for laborers and truck drivers
 - Prior to change, 57% of applicants for laborer/truck driver positions were disqualified based on the criminal convictions matrix
 - Currently losing 20% of applicants

Background

- Dallas City Council was briefed on Ban The Box and Fair Chance Hiring by Human Resources on June 2, 2016
- Economic Development Committee was briefed on Fair Chance Hiring on April 17, 2017
- Economic Development and Housing Committee was briefed on Ban The Box and Fair Chance Hiring on August 21, 2017
 - Requested an additional briefing on 9/5/2017

Purpose

- To present options for implementation of a Fair Chance Hiring initiative within the City of Dallas that will reduce barriers to employment for job seekers with criminal histories

Overview and Definitions

- Ban the Box

- Removes the conviction history on job applications and delays criminal background inquiries to later in the hiring process

- Fair Chance Hiring

- Incorporates EEOC's arrest and conviction records guidelines which requires employers to consider:
 - Job relatedness of a conviction
 - Time passed from the conviction, and
 - Mitigating circumstances or evidence of rehabilitation

- Goal of Fair Chance Hiring is to increase employment opportunity and reduce recidivism

Overview

- Seventy (70) Million adults in the U.S (about one in three American Adults) have a criminal record
- Since 1980, the rate of imprisonment in the United States has tripled
- The United States has the highest incarceration rate in the world

Overview

- Nationwide, over 150 cities and counties have adopted Ban the Box
- There are a total of 25 states representing nearly every region of the country that have taken action to implement Ban the Box:
 - California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Missouri, Nebraska, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Vermont, Virginia, and Wisconsin

• Source: www.nelp.org/content/uploads/Ban-the-Box-Fair-Chance-State-and-Local-Guide.pdf

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Rationale For Policy Development

- Economic Growth
- Public Safety
- Greater Opportunity for Job Seekers
- Human Rights Initiative

Economic Growth

- Removing job barriers boosts the economy
 - Economists have estimated that because people with felony records and the formerly incarcerated have poor prospects in the labor market, the nation's gross domestic product in 2014 was reduced by an estimated \$78 to \$87 billion

Public Safety

- Employing the formerly incarcerated individuals improves public safety
 - A 2011 study of the formerly incarcerated found that employment was the single most important influence on decreasing recidivism, and that two years after release, nearly twice as many employed people with records had avoided another brush with the law than their unemployed counterparts
 - An examination of a national experimental public work program for the formerly incarcerated found that even marginal employment opportunities were effective in reducing illegal activity and arrest for those over 27 years of age

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Greater Opportunity for Job Seekers

- Potential Hires are not screened out for positions where they have the requisite skills to be successful
- Enlarges the pool of available applicants to fill positions
- Creates opportunity to partner with non-profits and agencies involved in job training

Human Rights Initiative

- Provides opportunity for those with criminal history to mainstream back into society
- Recognizes the worth and value of each person regardless of criminal history
- Recognizes that each community has a role in assisting with the rehabilitation of those with a criminal history

Consideration for City Resolution or Ordinance

- Scope of Policy or Ordinance
 - Who is covered?
 - What is covered?
 - Exemptions
 - How is it enforced?
 - Resources for enforcement
 - Education and outreach
- Overview of Fair Chance Hiring Laws in Texas
- Current City Initiatives and Partnerships

List of All Ban the Box & Fair-Chance Laws and Policies in Texas

Location	Employers:			Background checks only for some positions	Background check only after conditional offer or finalists selected	EEOC criteria	Notice of denial (N); Copy of record (C); Appeal or complaint (A)
	Private	Vendors	Public				
TEXAS							
152. Austin	X	X	X	X	X	X	N, A
153. Dallas County			X			X	A
154. San Antonio			X		X	X	
155. Travis County			X	X	X	X	

Sources: <http://www.nelp.org/content/uploads/Ban-the-Box-Fair-Chance-State-and-Local-Guide.pdf>

City of Austin Ordinance

- The City of Austin adopted a Fair Chance Ordinance on March 24, 2016 with the following provisions:
 - Covers private employers with 15 or more employees
 - Criminal history cannot be an automatic disqualification from consideration for a covered job
 - Employer cannot solicit criminal history or consider criminal history unless the employer has first made a conditional employment offer to an individual
 - An employer who takes adverse action against an individual based on the individual's criminal history must inform the individual in writing that the adverse action was based on criminal history

City of Austin Ordinance

- Employers who fail to cease a violation by the 10th day after a violation are liable for a civil penalty of up to \$500.00
- For the first violation, an employer may elect to take a class and receive a warning
- Complaint must be filed within 90 days of the adverse action
- Ordinance Effective April 4, 2016
- Largest Employers (State of Texas and U.T. Austin) are exempt from the ordinance

City of Austin Ordinance

- The City of Austin created 3 new positions and funded a marketing campaign with a FY17 budget of \$363,822
 - Equal Employment and Fair Housing Investigator – Annual Salary (including benefits) \$92,075
 - Business Process Consultant, Sr. – Annual Salary (including benefits) \$124,221
 - Administrative Specialist – Annual Salary (including benefits) \$72,526
- Marketing campaign for outreach and education
\$75,000

City of Austin Ordinance

- The City of Austin has received 3 complaints since the passing of the Ordinance, and they are still under review
- Ordinance has not led to significant complaint activity

City of San Antonio

- On December 7, 2016, the San Antonio City Council Governance Committee supported a staff recommendation to remove all questions about criminal history from the civilian job application
- After receiving background check results, human resources staff conduct an individualized assessment, considering:
 - job relatedness of a conviction
 - offense level
 - time elapsed
 - mitigating circumstances
 - rehabilitation evidence

Texas Counties with Fair Chance Hiring Guidelines

- Travis County (Administrative policy applies to county):
 - Background check only after applicant selected for hire
 - Background checks only required for some positions
 - Incorporates EEOC criteria in individualized assessment
- Dallas County, TX (Administrative policy applies to county) :
 - Incorporates EEOC criteria in individualized assessment
 - Right to appeal denial of employment

City Initiatives that Support Fair Chance Hiring

- Council awarded a 1.5 million contract for workforce readiness, placement and retention on May 10, 2017
 - Targeted populations include formerly incarcerated
 - Nonprofit Partners include: City Square, Habitat for Humanity, Serve West Dallas and Transformance

City Initiatives that Support Fair Chance Hiring

- Contract with DOORs(Unlocking Doors to Reduce Recidivism)
 - Collects and report evidence-based data regarding re-entry rates and recidivism
 - Conducts assessments on clients with criminal backgrounds referred by the City of Dallas, Homeless Services Program; and
 - Assist ex-offenders to gain employment and housing referrals before release from incarceration
 - \$50,000 General Fund Contract

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Options for Consideration

1. Resolution of support for Fair Chance Hiring
2. Resolution covering City Vendors, Contractors and Suppliers
3. Ordinance covering most employers within the City of Dallas

Resolution of Support

- City Council Resolution that would contain the following provisions:
 - Encourage all employers to remove questions on criminal history from job applications
 - Adopt Fair Chance Hiring guidelines practices that incorporate EEOC guidelines on the use of criminal records in employment screening
 - Remove barriers that prevent qualified applicants with criminal histories from being hired

Resolution For Vendors, Contractors and Suppliers

- Requires Fair Chance Hiring as a condition of contracting with the City of Dallas
- Incorporates in request for bid and proposal
- Incorporates in final contract language
- Requires annual certification that Fair Chance Hiring guidelines are being followed

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Comprehensive Ordinance Covering Most Employers

- Requires commitment of significant City Resources for Enforcement
- No Proven Model of Effectiveness
- Costs Appear to Outweigh Benefits

Recommendation

- Adopt a resolution that requires contractors, vendors and suppliers who do business with the City to adopt Fair Chance Hiring guidelines
- Require Annual Certification of Fair Chance Hiring guidelines
- Partner with Business Groups and Non-Profits to promote Fair Chance Hiring
- Market new policy in cooperation with other city departments including Business Procurement, Economic Development and Office of Business Diversity

Next Steps

- Adoption of resolution by City Council

Fair Chance Hiring

**Economic Development
and Housing Committee,
September 5, 2017**

**Beverly Davis, Assistant
Director, Fair Housing and
Human Rights Office**



City of Dallas

Memorandum



CITY OF DALLAS

DATE August 31, 2017

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

SUBJECT **Lakeridge Project – Skillman Corridor TIF District**

On Tuesday, September 5, 2017, you will be briefed on the Lakeridge Project in the Skillman Corridor TIF District. The briefing materials are attached for your review.

Summary

NADG/SHOP Lakeridge LP is proposing to revitalize a retail center on the southeast corner of Walnut Hill Lane and Audelia Road. The developer will renovate the retail buildings and add outdoor patio space, pedestrian walkways, and a pocket park. The project's total investment is expected to exceed \$26 million, and the renovation is scheduled for completion by December 31, 2018.

Background

The Skillman Corridor TIF District was created in 2005 to encourage, among other things, "redevelopment of structurally obsolete apartment complexes and retail centers. In 2009, the TIF Board adopted a Strategic Implementation Plan which identified five priority areas to target development and TIF incentives. One of those priority areas was Walnut Hill Lane at Audelia Road. The Lakeridge retail center has been underutilized with a lack of pedestrian connections and the prior owner's deferred maintenance have resulted in significant vacant space that is un-leasable without upgrades.

Issue

Without TIF incentives, the developer can only financially commit to basic building upgrades and would not implement amenities and pedestrian connections for an enhanced center. The tenant mix would be impacted, making it difficult to attract local restaurants and other unique tenants.

Alternatives

Staff reviewed other incentive programs and the TIF program was determined to be the best fit for the project needs. Additional programs such as Property Assessed Clean Energy (PACE) may also be explored.

Fiscal Impact

The developer has requested a TIF incentive in the amount of \$4,500,630 that will be reimbursed from future TIF revenues.

Departments/Committee Coordination

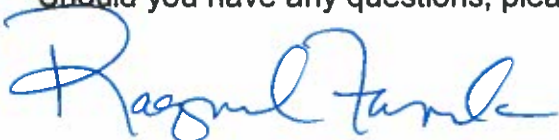
On May 26, 2017, the Urban Design Peer Review Panel (UDPRP) reviewed the project and provided recommendations.

The Skillman Corridor TIF Board will consider the proposal on Thursday, August 31, 2017.

Staff Recommendation

Staff recommends that the City of Dallas enter a development agreement with NADG/SHOP Lakeridge LP for the amount requested. With Committee approval, an item will be placed on the City Council agenda for September 27, 2017.

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



Raquel Favela
Chief of Economic Development & Neighborhood Services

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

Lakeridge Project – Skillman Corridor TIF District

**Economic Development and
Housing Committee
September 5, 2017**

**Robin Bentley, Interim Director
Office of Economic Development
City of Dallas**



Presentation Overview

- Background/History
- Purpose
- Lakeridge Project TIF Proposal
- Proposed Action



Background/History

- 2005 - Skillman Corridor TIF District was created
- Purpose of District was to encourage, among other things, “redevelopment of structurally obsolete apartment complexes and retail centers”
- 2009 - TIF board adopted a *Strategic Implementation Plan* which identified five priority areas to target development and TIF incentives. One of those priority areas was Walnut Hill Lane at Audelia Road.

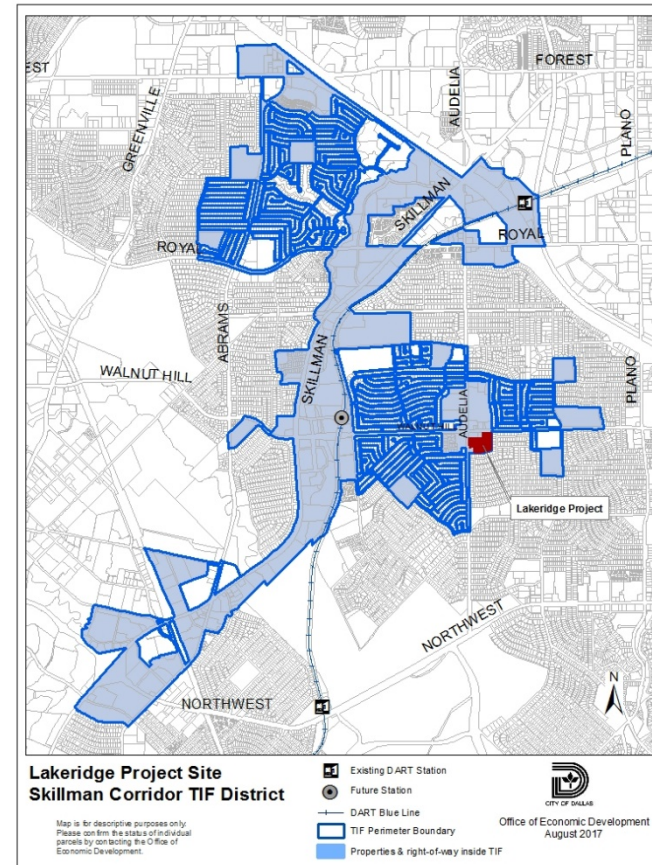
Purpose

- Review the Lakeridge project proposal for TIF funding in the Skillman Corridor TIF District.
- Obtain Economic Development and Housing Committee approval for consideration of this item by City Council on September 27, 2017.



Lakeridge Project – Project Site

- Project Site is located at southeast corner of Walnut Hill Lane and Audelia Road
- Development site excludes existing fast food restaurants and gas station, “outparcels” not controlled by developer.



Lakeridge Project – Project Site



Lakeridge Project - Developer

- Developer is NADG/SHOP Lakeridge LP, a partnership of Dallas-based SHOP Development Company and North American Development Group (NADG)
- SHOP Development Company founding partner Daniel Fuller has over 20 years of experience in the development, operation, and disposition of retail assets
- NADG has developed and managed over 200 shopping centers since 1977 with offices in the U.S and Canada.



Lakeridge Project – Existing Conditions



- Aging, poorly maintained retail strip buildings with large expanses of surface parking
- Outparcels on corners include fast food outlets and a gas station

Lakeridge Project – Existing Conditions



Plain, auto oriented storefronts



Deferred maintenance – vacant space

Lakeridge Project – Existing Conditions



Narrow sidewalks on busy arterial road



Deteriorated site conditions

Lakeridge Project – Project Scope

- Renovation of 90,476 square feet of retail place to include outdoor patios, a pocket park, and pedestrian paths.
- Total investment: \$26,707,821
- TIF Request: \$4,500,630



Lakeridge Project – Site Plan



Lakeridge Project – Conceptual Images



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Lakeridge Project – Conceptual Images



Lakeridge Project – Conceptual Images



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Lakeridge Project – Conceptual Images



Lakeridge Project – Sources & Uses

Funding Source	Amount		Use
Private Equity	\$7,783,399	29%	Acquisition and Construction
Construction Loan	\$14,423,792	54%	Construction
TIF Reimbursement (<i>developer upfront</i>)	\$4,500,630	17%	Construction
Total	\$26,707,821		

Proposed TIF Incentives

- TIF funds for the project would be used to offset the cost of the following improvements:

TIF Budget Category	Amount
Other Skillman Corridor Improvements:	
Environmental remediation & demolition	\$286,799
Street & utility improvements	\$529,500
Streetscape improvements	\$463,271
Economic Development Grant <i>(to offset other costs for an enhanced center, including open space improvements)</i>	\$3,221,060
Total TIF Funding Request	\$4,500,630

Lakeridge Project – Terms Summary

Lakeridge Project	
Minimum commercial space	85,000
Required private investment	\$18,000,000
Deadline to receive building permit	6/30/2018
Deadline to obtain final CO	12/31/2018

Lakeridge Project – Proposed Terms

- Minimum private investment of \$18 million (including land and building acquisition, site preparation, construction hard costs, and costs of the plaza and pocket park, but excluding soft costs).
- Renovation of the project site for a minimum of 85,000 square feet of retail or commercial space including outdoor restaurant space.
- Obtain building permits for the project by June 30, 2018.
- Obtain a certificate of occupancy and a letter of acceptance for the public improvements by December 31, 2018.

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Lakeridge Project – Proposed Terms

- Provide 2,500 minimum square feet of publicly accessible “common open space” in the form of a pocket park and plazas within the private property of the site.
- Execute an Operating and Maintenance Agreement for all non-standard public improvements by December 31, 2018.
- Make good faith efforts to comply with Business Inclusion and Development goals of 25% M/WBE participation for TIF-reimbursable improvements and 25% M/WBE participation for remainder of project construction.
- Submit quarterly status report for ongoing work on project and public improvements.

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Lakeridge Project – Proposed Terms

- Comply with approved design images and site plans
- The Director, after approval of the TIF Board, may authorize minor modifications to the project and/or an extension of the project deadlines up to 6 months.
- Provide evidence that reasonable efforts were made to promote the hiring of neighborhood residents for any new jobs created.
- If a minimum of 50% of the commercial space is not occupied within 18 months of the CO date, then the payment of TIF Subsidy shall cease until such occupancy is achieved. If occupancy is not achieved within 24 months of the CO date, the developer will be in default. Once 50% occupancy is obtained, occupancy must continue to be maintained throughout the term of the development agreement.

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Next Steps

- On August 31, 2017, the Skillman Corridor TIF Board of Directors reviewed and recommended TIF funding for the Lakeridge Project
- Recommend Committee approval to forward the item for full Council consideration on September 27, 2017.

Appendix 1 – Skillman Corridor TIF Budget

Skillman Corridor TIF District Projected Increment Revenue to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Skillman/Walnut Hill TOD Town Center: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$46,212,335	\$10,346,800 ³	\$35,865,535
Other Skillman Corridor Improvements: environmental remediation, interior/exterior demolition, street & utility improvements, streetscape, land acquisition, park/plaza design & acquisition, and economic development grants	\$54,892,381	\$6,464,604	\$48,427,777
Relocation Assistance/Student Retention	\$1,000,000	\$0	\$1,000,000
RISD Facility Improvements	\$5,000,000	\$5,000,000	\$0
Administration and implementation³	\$6,117,036	\$401,577	\$5,715,459
Total Project Costs	\$113,221,753	22,212,981	\$91,008,772
<p>1. Budget shown above in total dollars. However, TIF plan shows the budget in net present value. 2. Allocated amount for Other Skillman Corridor category includes a portion as a grant in lieu of interest up to \$457,000; the actual interest accrual is anticipated to be less. Interest accrued as of FY 2014 (September 30, 2014) totals \$13,974.</p> <p>3. TIF administration costs shown are expended or committed through FY 2016. Costs include \$25,000 local match for a NCTCOG grant funded planning study. 4. The local match commitment \$346,800 for the Lake Highlands TOD Connectivity project as a district-wide improvement has been allocated to this budget category.</p>			

Budget shown reflects pending approval of Lakeridge Project TIF Request

Appendix 2 – TIF District Increment Chart

PROJECTED TIF INCREMENT SCHEDULE												
Tax Year	Property Value Estimate	Incremental Property Value New Projects	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 @ 85%	Tax Increment Revenue into TIF COUNTY @ 55%	Tax Increment Revenue RISD @ .30/\$100	
												Base
1	2006	\$335,957,311	\$7,918,871	\$348,915,542	3.86%	3.86%	\$12,958,231	\$0	\$0	\$0	\$0	\$0
2	2007	\$348,915,542	\$11,535,835	\$406,365,462	16.47%	20.96%	\$70,408,151	\$0	\$0	\$0	\$0	\$0
3	2008	\$406,365,462	\$15,096,700	\$440,373,840	8.37%	31.08%	\$104,416,529	\$961,860	\$830,891	\$641,652	\$126,111	\$194,098
4	2009	\$440,373,840	\$0	\$412,642,619	-6.30%	22.83%	\$76,685,308	\$699,616	\$1,406,467	\$486,957	\$72,743	\$139,916
5	2010	\$412,642,619	\$36,000,000	\$400,685,754	-2.90%	19.27%	\$64,728,443	\$490,156	\$1,790,517	\$382,176	\$67,066	\$40,914
6	2011	\$400,685,754	\$20,188,480	\$412,663,658	2.99%	22.83%	\$76,706,347	\$692,107	\$2,306,977	\$560,613	\$107,498	\$23,995
7	2012	\$412,663,658	\$37,868,070	\$448,622,015	8.71%	33.54%	\$112,664,704	\$930,101	\$2,967,983	\$763,247	\$150,577	\$16,277
8	2013	\$448,622,015	\$458,125	\$455,809,470	1.60%	35.67%	\$119,852,159	\$1,000,615	\$3,645,239	\$811,938	\$160,185	\$28,491
9	2014	\$455,809,470	\$34,636,750	\$511,426,994	12.20%	52.23%	\$175,469,683	\$1,624,916	\$4,692,674	\$1,188,719	\$234,530	\$201,667
10	2015	\$511,426,994	\$30,336,300	\$583,355,577	14.06%	73.64%	\$247,398,266	\$2,382,048	\$6,155,045	\$1,676,000	\$330,660	\$375,388
11	2016	\$583,355,577	\$26,835,940	\$655,423,793	12.35%	95.09%	\$319,466,482	\$3,123,144	\$7,981,083	\$2,124,851	\$426,986	\$571,306
12	2017	\$655,423,793	\$11,852,350	\$763,217,519	16.45%	127.18%	\$427,260,208	\$4,238,608	\$10,341,298	\$2,841,814	\$571,857	\$824,936
13	2018	\$763,217,519	\$90,928,000	\$865,593,782	13.41%	157.65%	\$529,636,471	\$5,352,181	\$13,179,674	\$3,522,745	\$708,748	\$1,120,689
14	2019	\$865,593,782	\$49,033,553	\$927,611,242	7.16%	176.11%	\$591,653,931	\$6,022,110	\$16,221,249	\$3,935,238	\$791,676	\$1,295,196
15	2020	\$927,611,242	\$93,301,956	\$1,034,827,366	11.56%	208.02%	\$698,870,055	\$7,188,523	\$19,679,051	\$4,648,359	\$935,037	\$1,605,126
16	2021	\$1,034,827,366	\$44,054,840	\$1,094,404,617	5.76%	225.76%	\$758,447,306	\$7,831,289	\$23,266,655	\$5,044,623	\$1,014,703	\$1,771,963
17	2022	\$1,094,404,617	\$58,653,922	\$1,169,474,608	6.86%	248.10%	\$833,517,297	\$8,644,116	\$27,038,054	\$5,543,932	\$1,115,084	\$1,985,100
18	2023	\$1,169,474,608	\$67,343,315	\$1,254,360,042	7.26%	273.37%	\$918,402,731	\$9,564,617	\$31,012,350	\$6,108,526	\$1,228,589	\$2,227,502
19	2024	\$1,254,360,042	\$90,995,920	\$1,364,171,362	8.75%	306.05%	\$1,028,214,051	\$10,758,827	\$35,269,983	\$6,838,909	\$1,375,420	\$2,544,498
20	2025	\$1,364,171,362	\$15,264,180	\$1,399,898,112	2.62%	316.69%	\$1,063,940,801	\$10,110,005	\$39,080,338	\$7,076,536	\$1,423,198	\$1,610,271
21	2026	\$1,420,896,584	\$0	\$1,420,896,584	1.50%	322.94%	\$1,084,939,273	\$8,667,485	\$42,191,466	\$7,216,202	\$1,451,283	\$0
22	2027	\$1,442,210,033	\$16,683,210	\$1,458,893,243	2.67%	334.25%	\$1,122,935,932	\$8,243,648	\$45,009,556	\$7,468,928	\$774,721	\$0
23	2028	\$1,480,776,641	\$0	\$1,480,776,641	1.50%	340.76%	\$1,144,819,330	\$7,614,480	\$47,488,612	\$7,614,480	\$0	\$0
24	2029	\$1,502,988,291	\$0	\$1,502,988,291	1.50%	347.37%	\$1,167,030,980	\$7,081,302	\$49,684,296	\$7,081,302	\$0	\$0
25	2030	\$1,525,533,115	\$0	\$1,525,533,115	1.50%	354.09%	\$1,189,575,804	\$0	\$49,684,296	\$0	\$0	\$0
26	2031	\$1,548,416,112	\$0	\$1,548,416,112	1.50%	360.90%	\$1,212,458,801	\$0	\$49,684,296	\$0	\$0	\$0
27	2032	\$1,571,642,354	\$0	\$1,571,642,354	1.50%	367.81%	\$1,235,685,043	\$0	\$49,684,296	\$0	\$0	\$0
28	2033	\$1,595,216,989	\$0	\$1,595,216,989	1.50%	374.83%	\$1,259,259,678	\$0	\$0	\$0	\$0	\$0
29	2034	\$1,619,145,244	\$0	\$1,619,145,244	1.50%	381.95%	\$1,283,187,933	\$0	\$0	\$0	\$0	\$0
30	2035	\$1,643,432,423	\$0	\$1,643,432,423	1.50%	389.18%	\$1,307,475,112	\$0	\$0	\$0	\$0	\$0
Total (2006 - 2035)			\$758,986,317					\$113,221,754	-	\$83,577,748	\$13,066,674	\$16,577,332
2006 NPV @ 5%								\$49,684,296	\$49,684,296	\$35,935,988	\$5,993,037	\$7,755,271

Lakeridge Project – Skillman Corridor TIF District

**Economic Development and
Housing Committee
September 5, 2017**

**Robin Bentley, Interim Director
Office of Economic Development
City of Dallas**

