

Memorandum



DATE January 23, 2009

TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Mitchell Rasansky and Steve Salazar

SUBJECT **Fort Worth Ave. TIF District/Amendment to Project Plan and La Reunion Phase I- Development Agreement - Agenda Item, January 28, 2009.**

These related items are needed to provide TIF funding for Phase I of La Reunion Town Center, a mixed use project that marks the first substantial redevelopment effort in the Fort Worth Avenue TIF District.

Specifically, these actions will (1) amend the Fort Worth Avenue Final Plan to modify the language to allow for more flexibility in the grant program; (2) adopt a Fort Worth Avenue TIF District Grant Program to allow the use of TIF grant funds for the La Reunion projects; and (3) authorize a development agreement with Fairways at La Reunion, LLC and its affiliates to allocate funding for the La Reunion Phase I project.

This project is the first phase of a larger redevelopment effort that will contain approximately 500 apartments, 70,000 square feet of retail and office space, and 35 town homes at build out. The La Reunion Town Center project is also envisioned to include a connection to the Coombs Creek Trail.

La Reunion Phase I will consist of three separate private improvements: 1) construction of a new independent living community; 2) redevelopment of a currently vacant bank building into 12,000 square feet of restaurant and retail space; and 3) rehabilitation of 64 for-rent residential units. Together, the three portions of La Reunion Phase I will include approximately 220,000 square feet of multi-family and retail space. All three portions of La Reunion Phase I will feature environmentally friendly, native landscaping, and will serve as a model for native, "green" landscaping for the corridor. The total anticipated private investment, including acquisition, hard, and soft costs is approximately \$37,000,000.

This project includes the following components:

1. The Fairways at La Reunion - 2600 Bahama Drive

The currently vacant site of the former Bronco Bowl parking lot will include construction of an approximately 198 unit, 4-story multi-family building to be rented at market rate to seniors as an independent living community. The building will total approximately 162,276 square feet.

2. The Brazos Bank Building - 2505 Fort Worth Avenue

This will include rehabilitation of an approximately 12,000 square foot bank building to be leased as a bank, restaurant, and other retail.

3. The Courtyards at La Reunion - 2201 Fort Worth Avenue

This will include significant upgrades to approximately 64 multi-family units originally built in 1949. The five renovated 2-story buildings will total approximately 48,184 square feet. This project will include four live/work units.

This project will be the first development in the Fort Worth Avenue TIF District. In order to set a high standard for future development in the district, staff and the TIF board negotiated wide sidewalks, bike racks, street trees, native landscaping, improved facades, additional plaza and landscaped space, reduced driveway widths, and additional connections to transit stops. TIF reimbursements from future incremental revenue will be used to reimburse the developer for these and other highly visible improvements that benefit the district as a whole.

This project requires the creation of a TIF Grant Program. The Grant Program allows more flexibility in the use of TIF funds. This is needed due to project complexity and recent changes in national financial markets. Approximately 33% of the TIF funds will be used to upgrade public infrastructure and fund environmental remediation.

Category	Staff Recommended Amount
Public infrastructure improvements paving, streetscape, water/wastewater, storm sewer, utility burial/relocation, and land acquisition	\$1,128,877
Environmental remediation and demolition	\$985,000
Economic development grant	\$4,386,123
Total	\$6,500,000
Expenditures may be shifted from one TIF-eligible category to another as long as the total amount of TIF funding does not exceed \$6,500,000.	

The project is not financially viable without the grant. No TIF funding will become payable until the La Reunion Phase I development is completed, and 25% of all retail space must be leased or pre-leased before any TIF funds will be released to Fairways at La Reunion, LLC. The City will enact and implement controls sufficient to ensure that any grant funds provided will be used to fulfill the public purposes of the Fort Worth Avenue Grant Program.

In addition, the development agreement requires a minimum of at least 250 new or renovated residential units and 12,000 square feet of commercial space including retail, office, and/or live/work space. The required minimum private investment under the agreement is \$30,000,000 for property acquisition costs, site preparation, and hard costs for construction.

Fairways at La Reunion, LLC will fund infrastructure and Grant-eligible improvements up front and will be reimbursed solely from the Fort Worth Avenue TIF District Fund, and/or Tax Increment Bonds, not City general funds or other City bond funds, and only to the extent Fort Worth Avenue TIF District funds are available.

Subject to independent City Council approval and City financial policies, staff will consider recommending a TIF bond sale at a future date, if it is in the best financial interests of the City. Bond financing will be based on the City and County portion of tax increment generated by the project; debt service payments will be constant based on this tax increment. Any amount of TIF incentive not covered by bond financing will be paid when other increment is available. Grant funding will come only from City funds.

The Fort Worth Avenue TIF District Final Plan requires that the incidence and impact of resident displacement be minimized, and compliance with the Plan is a requirement of the development agreement for the La Reunion Phase I project. Existing leases are being honored but tenants have the option to move earlier. Once building permits are issued, Fairways at La Reunion, LLC will work directly with any tenants remaining to provide relocation assistance.

Project summary:

Total square footage and units required	12,000 sf retail (minimum) 250 residential units (minimum)
Developer fee and reimbursable amounts	No developer fee. Developer will receive a share of profits, if any.
Required private investment – site acquisition, site preparation, and hard costs of construction	\$30,000,000
Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.	\$37,326,900
TIF funding	\$6,500,000
% TIF funds to total project cost	18.0%
Rate of return with TIF funds	0.70%
Rate of return without TIF funds or other public assistance	0.58%
Deadline to purchase properties	Courtyards property purchased January 18, 2007 Brazos Bank property purchased June 13, 2007 Fairways land purchased August 1, 2007
Deadline to obtain permits	Fairways and Brazos Bank: June 2009 Courtyards at La Reunion: August 2009
Deadline to complete construction	Fairways and Brazos Bank: December 2010 Courtyards at La Reunion: June 2011

Square footage breakdown

Senior housing/independent living	162,276
Retail/restaurant/office	12,000
Affordable housing & live/work space	48,184
Total	222,460

Schedule of Project

Begin Construction June 2009
 Complete Construction June 2011

Owner

Fairways at La Reunion, LLC
 and its affiliates

Todd Seib
 Manager

Developer

Fairways at La Reunion, LLC
 and its affiliates

Todd Seib
 Manager

Fiscal Information

\$6,500,000 Fort Worth Avenue TIF District Funds

Council District(s)

3

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Pam Veshia, Economic Development Analyst

RECOMMENDATION

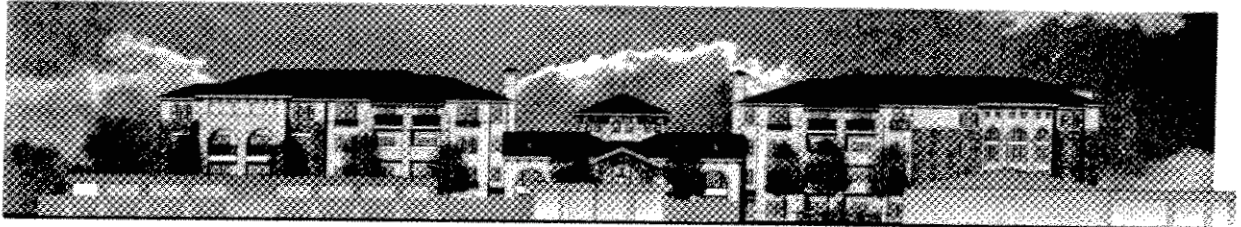
Staff recommends approval. Please contact me if you have any questions.



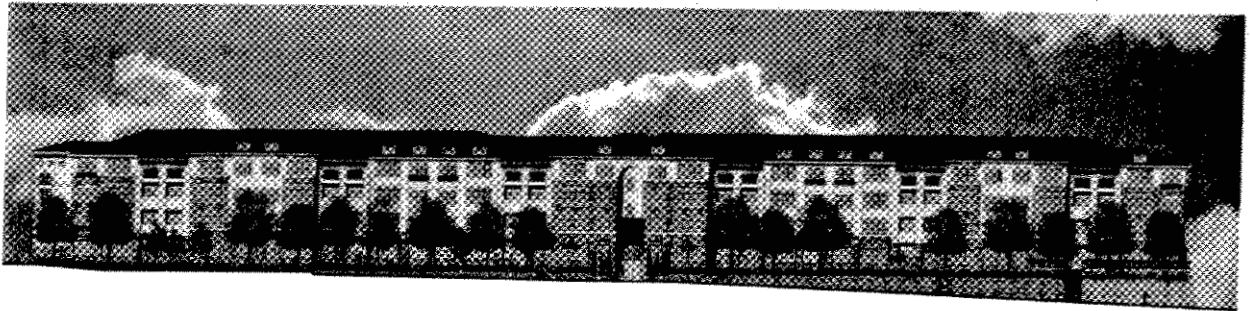
 A. C. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jeanne Chipperfield, Director, Budget & Financial Services
Karl Zavitkovsky Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Fairways at La Reunion elevation:



FT WORTH ELEVATION



BAHAMA DRIVE ELEVATION

Courtyards at La Reunion elevation:



PERSPECTIVE FROM COLORADO BLVD.

Brazos Bank site plan:

