

Memorandum



CITY OF DALLAS

DATE February 12, 2010

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

SUBJECT **Authorize a public hearing to be held on April 14, 2010 on a proposed boundary amendment to the TOD TIF District, March 10, 2010 Council Agenda**

Background

A public hearing is required any time the boundaries or budget of an existing TIF District is expanded. As such, this action authorizes a public hearing to be held on April 14, 2010, to hear comments on the removal of certain properties and expansion of the boundary of the TOD TIF District.

The geographic area of the TIF District is proposed to be amended as shown on the map in Exhibit A and further described in Exhibit B. The boundary amendment will address the removal of office and hotel properties that were included in the original boundary; however, are not anticipated to redevelop in the foreseeable future and have resulted in a significant decline in taxable value for the district. Boundary expansions have targeted sites with development potential in the various sub-districts. The proposed amendment includes:

- Removal from the boundary of five properties in the Mockingbird Sub-District located at 4849 and 4925 Greenville Avenue and 6070, 6116, and 6688 North Central Expressway.
- The addition of property in the Mockingbird Sub-District located at 5936 East Lovers Lane, 4530 Greenville Avenue and properties along the eastern frontage of Greenville Avenue between Milton Street and University Boulevard.
- The addition of several properties in the Cedars West Sub-District located in the block bounded by Lamar Street, Cadiz Street, MKT Railroad, and R.L. Thornton Freeway; and the block bounded by Wall Street, Parker Street, Gould Street, and Corinth Street.
- Move the properties located in the existing boundary at the 8th and Corinth DART station area from the Cedars West Sub-District to the Lancaster Sub-District along with the addition of property to the 8th and Corinth DART station area located south of the existing boundary to the east and south of Fran Way between Corinth Street and Fayette Street/creek bed.
- The addition of a new sub-district "Cedar Crest Sub-District" generally bounded by Southerland Avenue, Kiest Boulevard, Rector Street, MKT Railroad, Van Cleave Drive, Magna Vista Drive, Old Bonnie View Road, Sutter Street, Illinois Avenue, and Ozona Street.
- The addition of properties in the Ledbetter DART station area located at the northeast corner of Lancaster Road and Ledbetter Drive, and the DART station property along with primarily vacant land along the western side of Lancaster Road, Denley Drive, Arden Road, and Wagon Wheels Trail.

The TOD TIF District was created by Ordinance No. 27432 on December 10, 2008, to provide a source of funding for public infrastructure improvements that will help create a series of unique destinations, as well as foster the construction of structures or facilities that will be useful or beneficial to the development of transit stations along the DART light rail system in the central portion of the City.

Redevelopment of the Lancaster Corridor and encouragement of transit-oriented development (TOD's) around DART stations are top City priorities. Linkage of areas proximate to the Lovers Lane/Mockingbird, Cedars West/8th & Corinth, and Lancaster Corridor transit stations via the DART Rail Lines facilitates higher density urban development in all areas and permits tax increment sharing to occur.

On January 20, 2010, the TOD TIF District Board of Directors discussed and recommended approval of a boundary amendment for the TOD TIF District as described in the attached exhibits.

At the close of the public hearing on April 14, 2010, City Council will consider an ordinance authorizing the amendment to the TIF District boundary and a separate item is anticipated to approve the Final TIF Project and Reinvestment Zone Financing Plan for the District.

Financing

No cost consideration to the City.

Recommendation

Staff recommends approval. Should you have any questions, please contact me at (214) 670-3314.

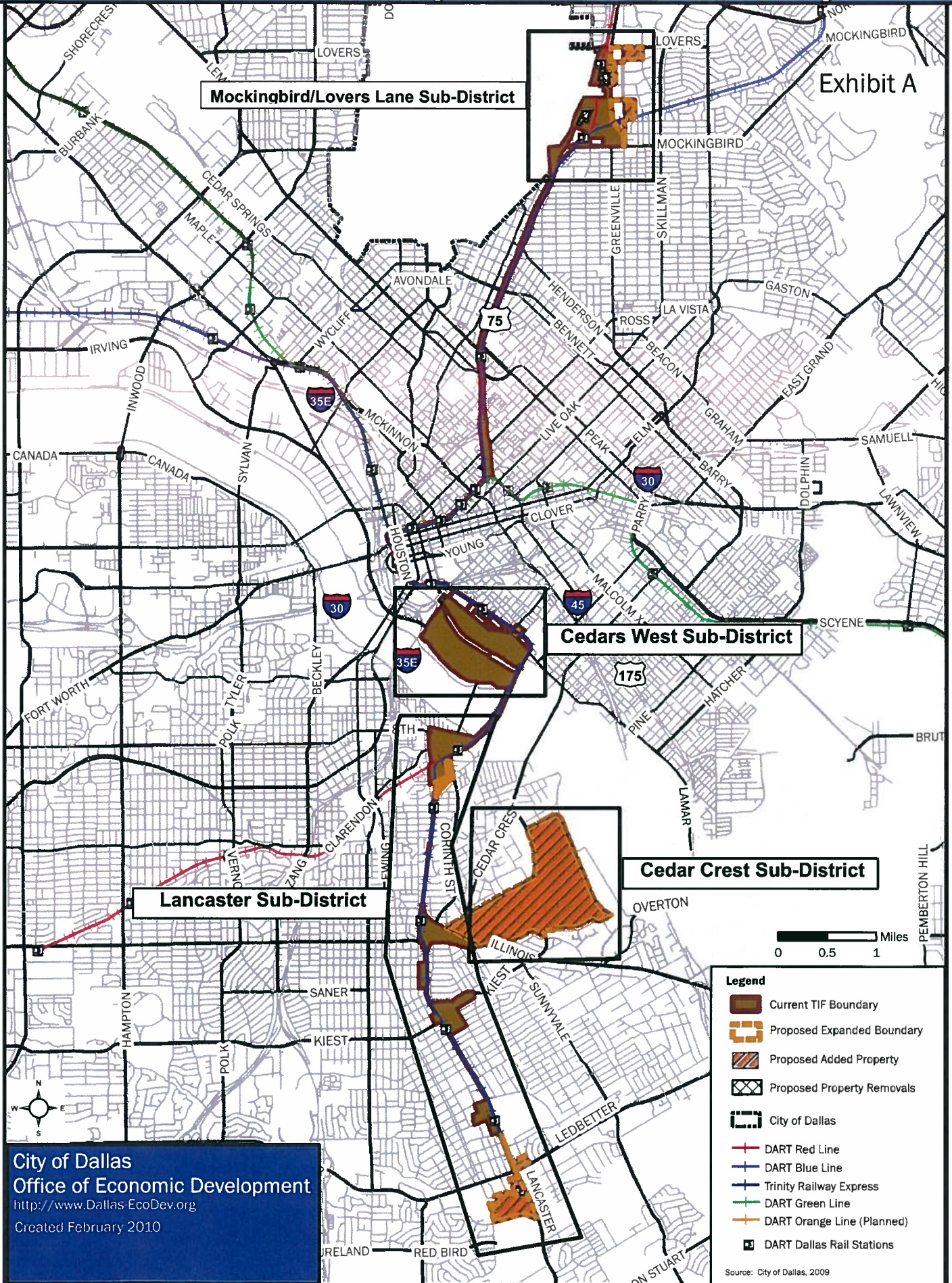


A.C. Gonzalez
Assistant City Manager

- 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, Administrative Judge Municipal Court
 Ryan S. Evans, First Assistant City Manager
 Forest Turner, Assistant City Manager
 Jill A. Jordan P.E., Assistant City Manager
 David Cook, Chief Financial Officer
 Jean Chipperfield, Director, Office of 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

TOD TIF District - Proposed Amended Boundary

Exhibit A



City of Dallas
 Office of Economic Development
<http://www.Dallas-EcoDev.org>
 Created February 2010

Source: City of Dallas, 2009

**Exhibit B
TOD TIF District
Summary of Proposed Boundary Amendment**

The following is a summary of the TOD TIF Board of Directors recommended amendment to the geographic area of the TOD TIF District.

Mockingbird Sub-District

Five properties in the Mockingbird Sub-District are recommended for removal from the boundary. Four of these properties are office buildings and the other is a Radisson Hotel. These properties are not anticipated to redevelop in the near term and the building stock appears stable. With the economic downturn in occupancy levels, the taxable value of these properties declined significantly between the TIF District's base year 2008 and 2009 resulting in a net loss to the TIF District's overall value. Unless the properties are removed it could potentially hinder any capture of tax increment in the initial years of the district even with some new development occurring. The office market is not likely to change in the foreseeable future and if a redevelopment project is proposed the property can be added back into the district with a future amendment.

Properties Recommended for Removal from TOD TIF District

Owner	Address	Base Taxable	2009 taxable	Change
YPI Energy Square LLC	4849 Greenville Ave	\$28,000,000	\$25,063,000	-\$2,937,000
YPI Energy LLC	4925 Greenville Ave	\$19,317,340	\$18,609,000	-\$708,340
YPI 6688 NCX LLC	6688 N Central Expy.	\$28,355,270	\$26,607,000	-\$1,748,270
Southern Methodist Univ.	6116 N Central Expy.	\$11,400,000	\$9,426,170	-\$1,973,830
AP APH DALLAS LP (Radisson)	6070 N Central Expy.	\$16,000,000	\$14,697,230	-\$1,302,770



Energy Square office buildings



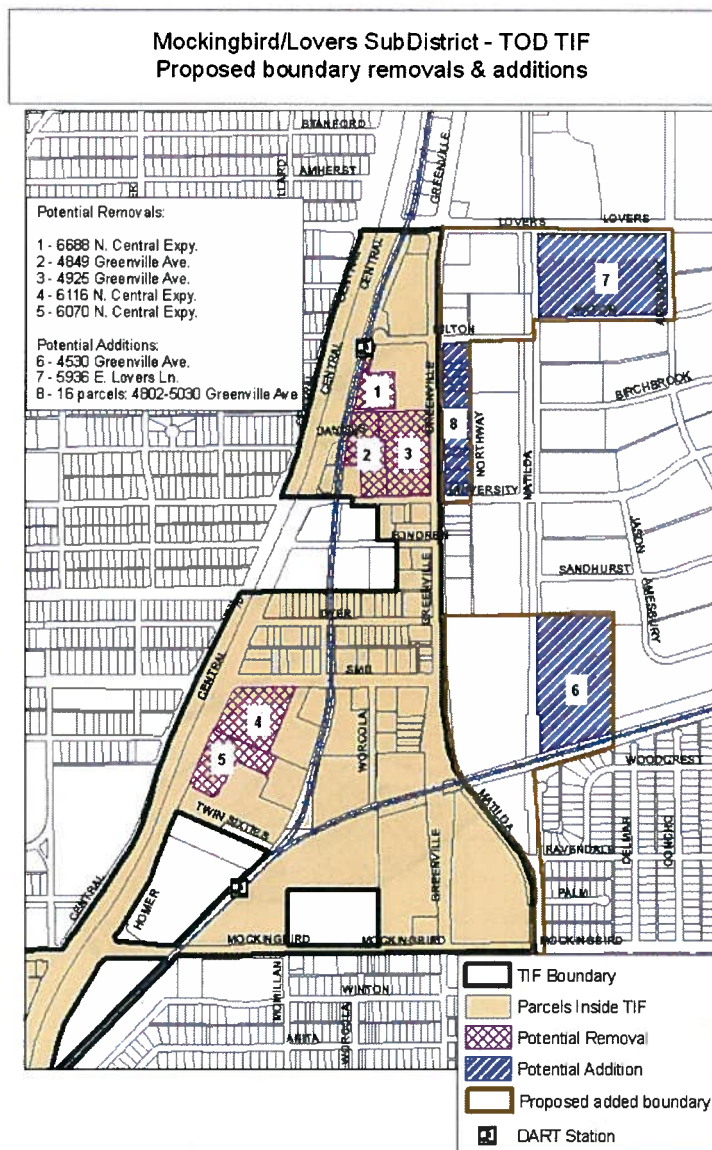
Southern Methodist office building

Two potential development sites in the Mockingbird Sub-District are recommended to be added into the district at 4530 Greenville Ave (owned by TXU) and 5936 E. Lovers Lane (the currently vacant Signature Pointe apartment complex).

Exhibit B – TOD TIF District Summary of Boundary Amendment
Page 2 of 6

The redevelopment of the TXU property was in the original development projections and inadvertently not included in the original boundary. The site is primarily low rise buildings and open land adjacent to the substation property. The Signature Pointe apartment complex has been vacant for two years, was re-zoned for mixed use and is currently being marketed for sale by the lender.

In addition, 16 parcels along the eastern frontage of Greenville Avenue between Milton Street and University Boulevard are recommended for inclusion in the boundary. The block includes vacant retail buildings at both corners and a mixture of older retail and small office properties along the block. There may be a potential redevelopment opportunity if some portion or the entire block is assembled.



Cedars West Sub-District

Matthews Southwest (MSW), developer of South Side on Lamar and major land owner in the Cedars area requested certain properties be added into the TOD TIF District that are part of their development plans. The TIF Board recommended the addition of the requested properties along with adjacent parcels to make contiguous blocks. As shown on the map below properties are located in the block bounded by Lamar Street, Cadiz Street, MKT Railroad, and R.L. Thornton Freeway; and the block bounded by Wall Street, Parker Street, Gould Street, and Corinth Street. Current land uses are primarily warehouse, recycling, and vacant land.

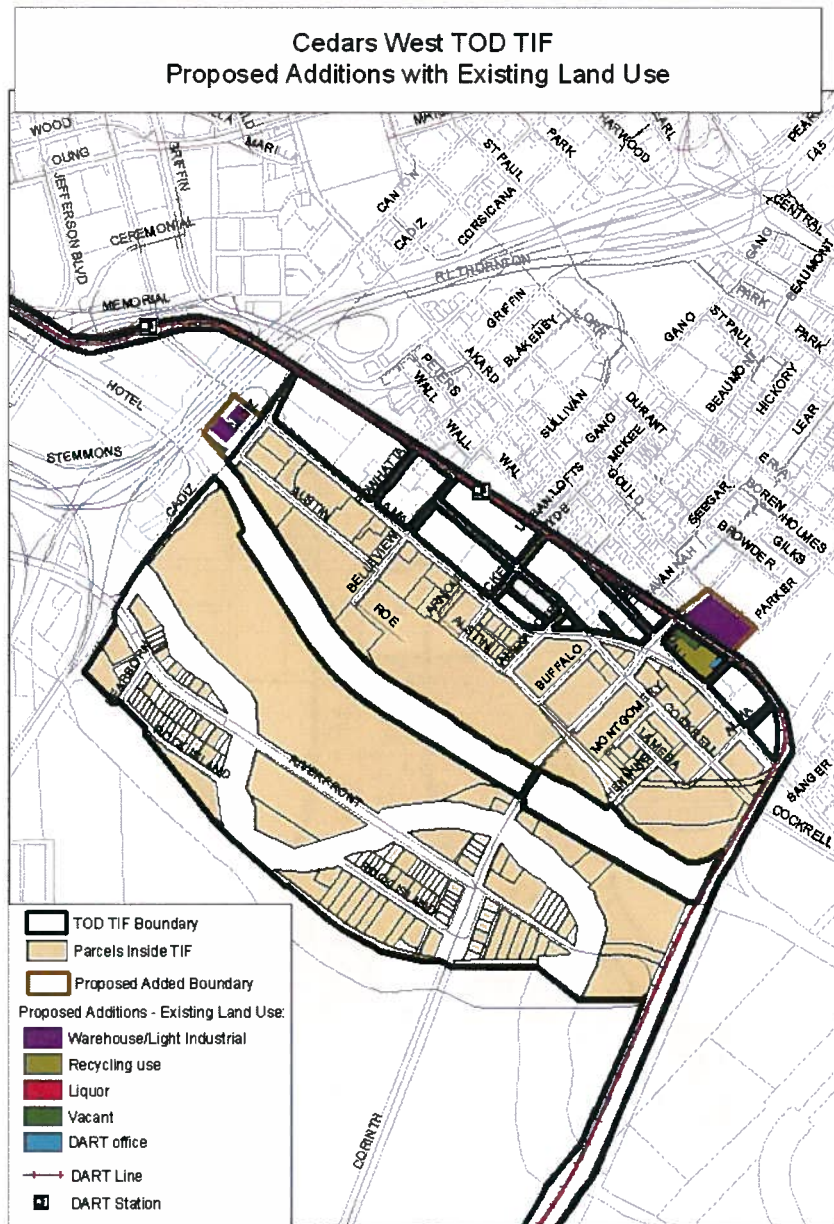
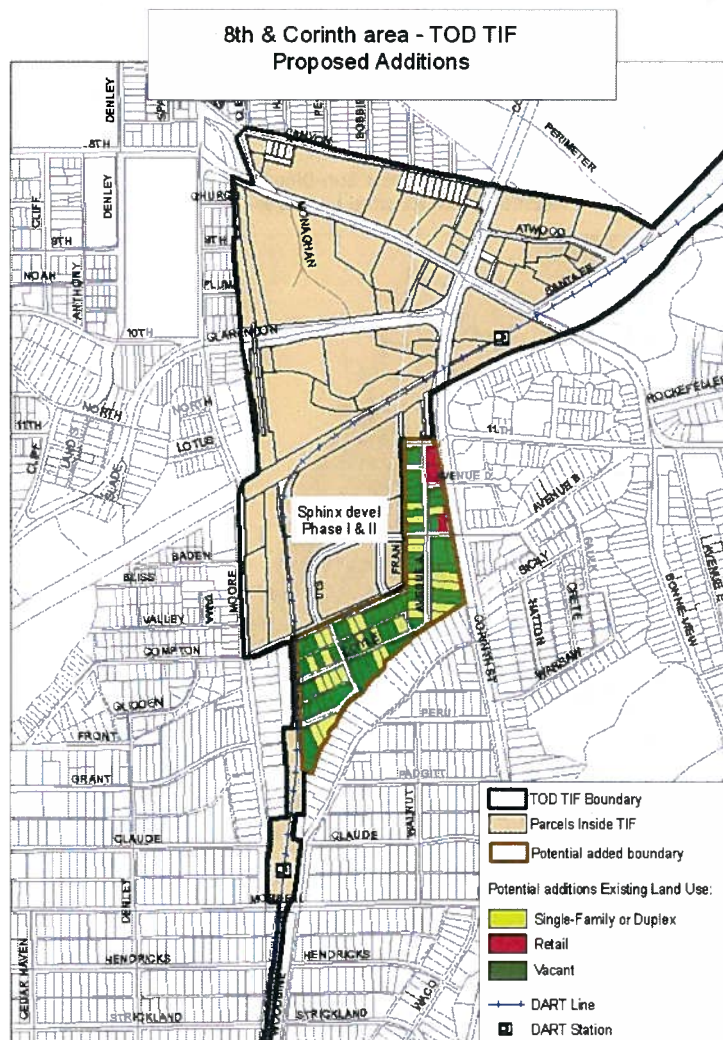


Exhibit B – TOD TIF District Summary of Boundary Amendment
Page 4 of 6

8th & Corinth Station Area (proposed to be included with the Lancaster Sub-District)

Originally the 8th and Corinth DART Station area was included with the Cedars West Sub-District; however, upon further review of ownership patterns there is little common ownership in the two areas and a recognition that developers in the 8th and Corinth area may face similar challenges to that of the Lancaster corridor. This amendment would recognize 8th and Corinth as “part of the southern sector” and shift the properties into the Lancaster Sub-District.

There is also a recommendation to add property to the boundary that is part of the Sphinx Development Corporation’s future planned Compton-Fiji Phase III & IV project. Phase I and II of the project is within the existing boundary. Most of the property is now controlled or under contract by Sphinx. The properties are located south of the existing boundary to the east and south of Fran Way between Corinth Street and Fayette Street/creek bed. The existing land use of the expanded area includes approximately three small retail businesses, scattered vacant lots, and 31 parcels with a single-family or duplex use. Adding these properties would only raise the TIF District’s overall existing single-family percentage to 4.2% (still below the 10% maximum per State Law).

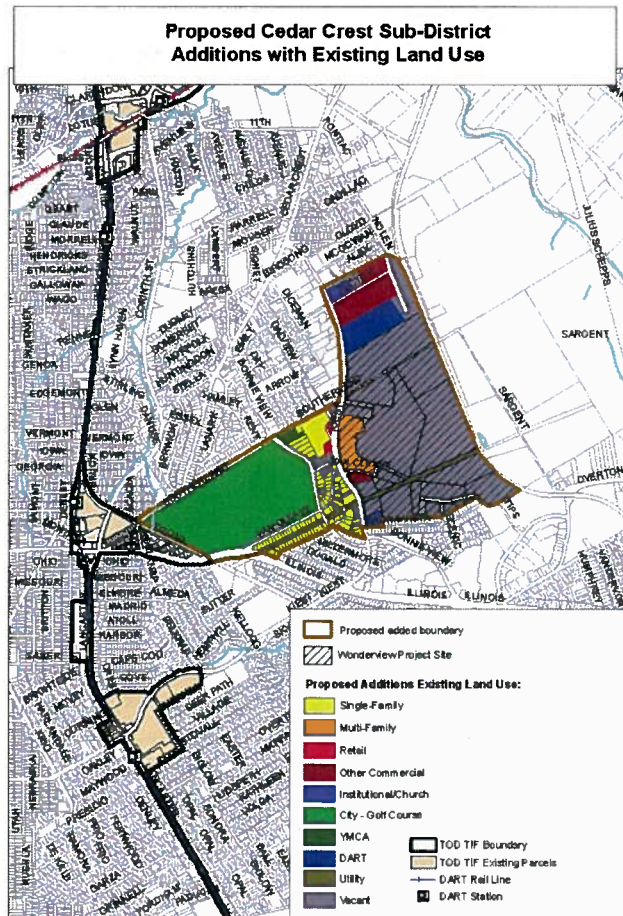


Cedar Crest Sub-District (proposed)

The addition of a new sub-district “Cedar Crest Sub-District” is recommended and generally bounded by Southerland Avenue, Kiest Boulevard, Rector Street, MKT Railroad, Van Cleave Drive, Magna Vista Drive, Old Bonnie View Road, Sutter Street, Illinois Avenue, and Ozona Street.

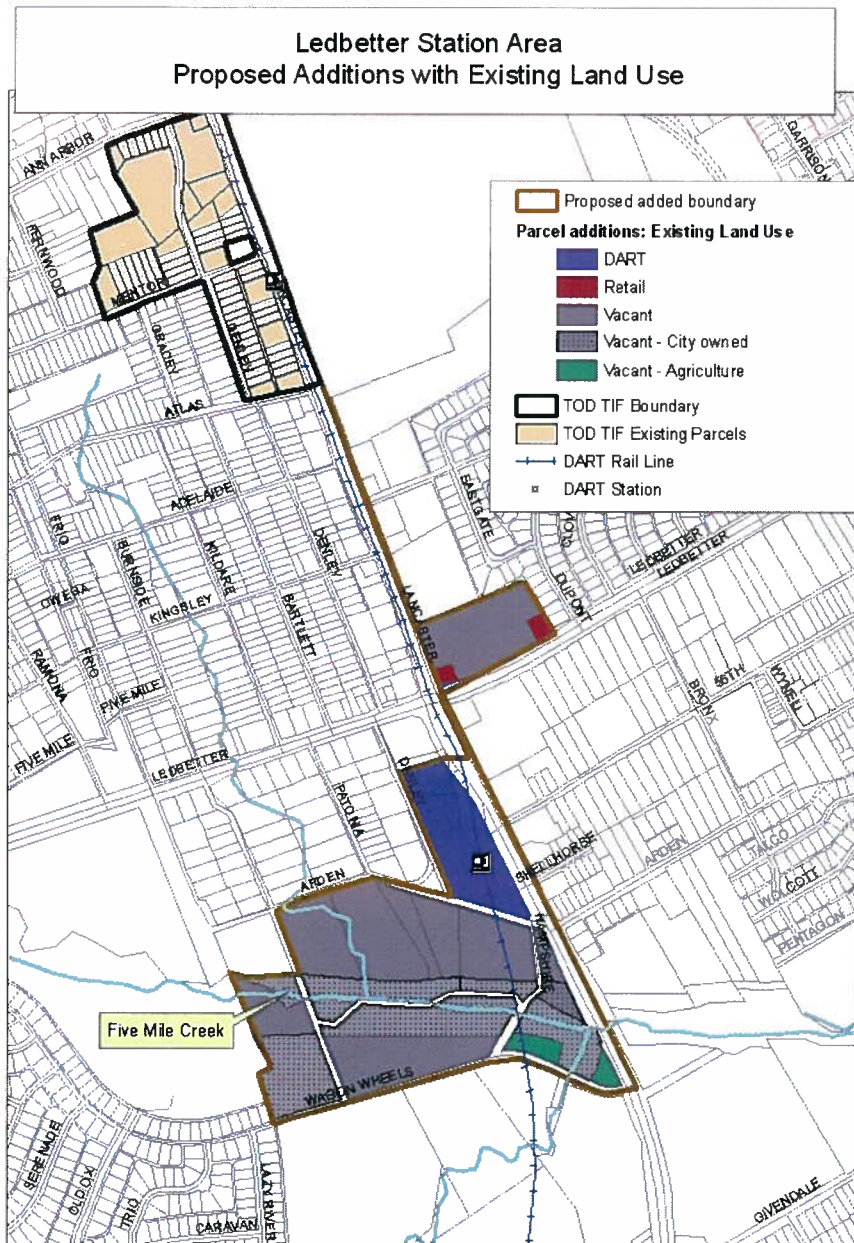
Creating a new Cedar Crest Sub-District would accommodate the addition of “Wonderview”, a 200-acre development that has been master planned for the former Kiest landfill site and adjacent property. Preliminary estimates for the Wonderview project over a 10-year buildout could be in the range of \$200-300 million in new value. As part of the final TIF Plan, staff plans to recommend a budget provision that would create a separate budget category for this area from increment generated primarily by the Wonderview project and not any sharing of increment as part of the revenue sharing outlined in the preliminary TIF Plan between the Mockingbird and Cedars West sub-districts to the Lancaster Sub-District.

Property along Southerland Road, Kiest Boulevard, and the Cedar Crest Golf Course would connect the site to the current TOD TIF District. Based on 2009 DCAD information, the entire expansion area contains 161 parcels including 87 single-family parcels in the area; however, adding these properties along with the additional lots in the 8th and Corinth area would only raise the TIF District’s overall existing single-family percentage to 5.9% (below the 10% maximum per State Law). While the single-family property is not anticipated for redevelopment, including it provides a contiguous connection surrounding the Cedar Crest Golf Course.



Ledbetter Station area (proposed expansion of Lancaster Sub-District)

The Ledbetter Station is currently the last stop on the DART rail blue line; therefore, adding this area would complete the linkage of station areas in this portion of the southern sector. The proposed addition of 24 parcels includes the Ledbetter station, a vacant (former apartment site) on the northeast corner of Lancaster & Ledbetter, and vacant property south of the DART station and adjacent to Five Mile Creek.





CITY OF DALLAS

Memorandum

Date: February 12, 2010

To: City Council Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Ann Margolin, Steve Salazar

Subject: Historic Preservation Tax Incentive – 10 Nonesuch Road

On February 1, 2010 the Landmark Commission recommended approval of a ten year 100% tax exemption for the Stanley Marcus House. The Historic Preservation Tax Incentive Program offers tax exemptions to historic properties that have undergone or are currently undergoing rehabilitation. The Stanley Marcus House, built in 1938, may be the first 'modern style' family house in Dallas and reflects the progressive attitude of Stanley Marcus in art and politics. The Historic Tax Incentive Program was reviewed and approved by the Dallas City Council on November 26, 2007. This application complies with all requirements of that program. The Code requires City Council approval for any exemption over \$50,000. The City Council may approve or deny any portion of the exemption over \$50,000. This request is for approximately \$94,684 over ten years.

An application has been submitted by current owner Mark Lowvorn. The "Endangered Property" exemption allows for up to a 100% exemption of the city portion of the property taxes for up to a ten year period. To qualify for this exemption, the cost of rehabilitation must exceed 25 percent of the pre-rehabilitation value of the structure. The Landmark Commission determined that this application should be treated as an "Endangered Property" because the building was threatened with demolition.

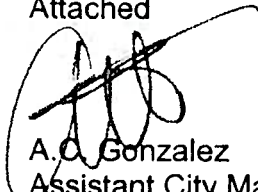
The 2009 DCAD appraised value of the Marcus House is \$1,199,540, with an improvement value of \$265,840 and land value of \$933,700. The applicant is planning on investing approximately \$821,000 into the property. Currently, the building is residential and the applicant has proposed to renovate the historic building for continued use as a residence. Prior to the initiation of the tax exemption, verification of expenditures is required.

FISCAL INFORMATION

Revenue: First year tax revenue foregone estimated at \$9,468 (Estimated revenue foregone over ten years is \$94,684)

MAP

Attached



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
Thomas Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David K. Cook, Chief Financial Officer
Jean Chipperfield, Director, Office of Financial Services
Theresa O'Donnell, Director, Sustainable Development & Construction
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

Memorandum



DATE February 10, 2009

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

SUBJECT **Multi Packaging Solutions Economic Development Grant; Addendum Item,
March 10, 2010**

Background

On Wednesday, March 10, 2010 City Council will be asked to consider an Economic Development Grant in the sum of \$100,000 to retain Multi Packaging Solutions in the City of Dallas. Multi Packaging Solutions, a consumer product packaging producer, located at 13465 Jupiter Road is weighing remodeling their existing space or relocating to another facility outside of Dallas. The proposed renovations would result in an investment of approximately \$800,000 to improve the building and infrastructure and \$500,000 on new business personal property. The project will retain the 212 employees (61 current Dallas residents). The renovations are critical to improve the productivity of the Dallas plant. There are no plans to create new jobs with this project. If the company is unable or unwilling to remain at their existing facility, they will likely relocate out of the city or simply absorb the Dallas production into other facilities around the country. City incentives are considered very important to the company's decision to stay or relocate.

In 2009, Multi Packaging Solutions purchased approximately \$11,000,000 of materials, products and services from companies located in Dallas. If Multi Packaging Solutions elects to close the Dallas facility, \$11,000,000 worth of business for local companies will be greatly reduced, if not eliminated.

Staff recommends approval of an Economic Development Grant of \$100,000.

Project Details

Project Site: 13465 Jupiter Road

Existing Facility: 96,660 square foot production facility

Jobs: 212

Retention:

- 212 jobs

New Business Personal Property Investment: Approximately \$500,000

Real Property Investment: Approximately \$800,000

City Incentives

\$100,000 Economic Development Grant – Public Private Partnership Program Funds

Proposed Estimated Schedule of the Project

Begin Tenant Improvements	March 2010
Substantial Completion	December 2010

Fiscal Information

\$100,000 Public Private Partnership Funds

Staff

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

Recommendation

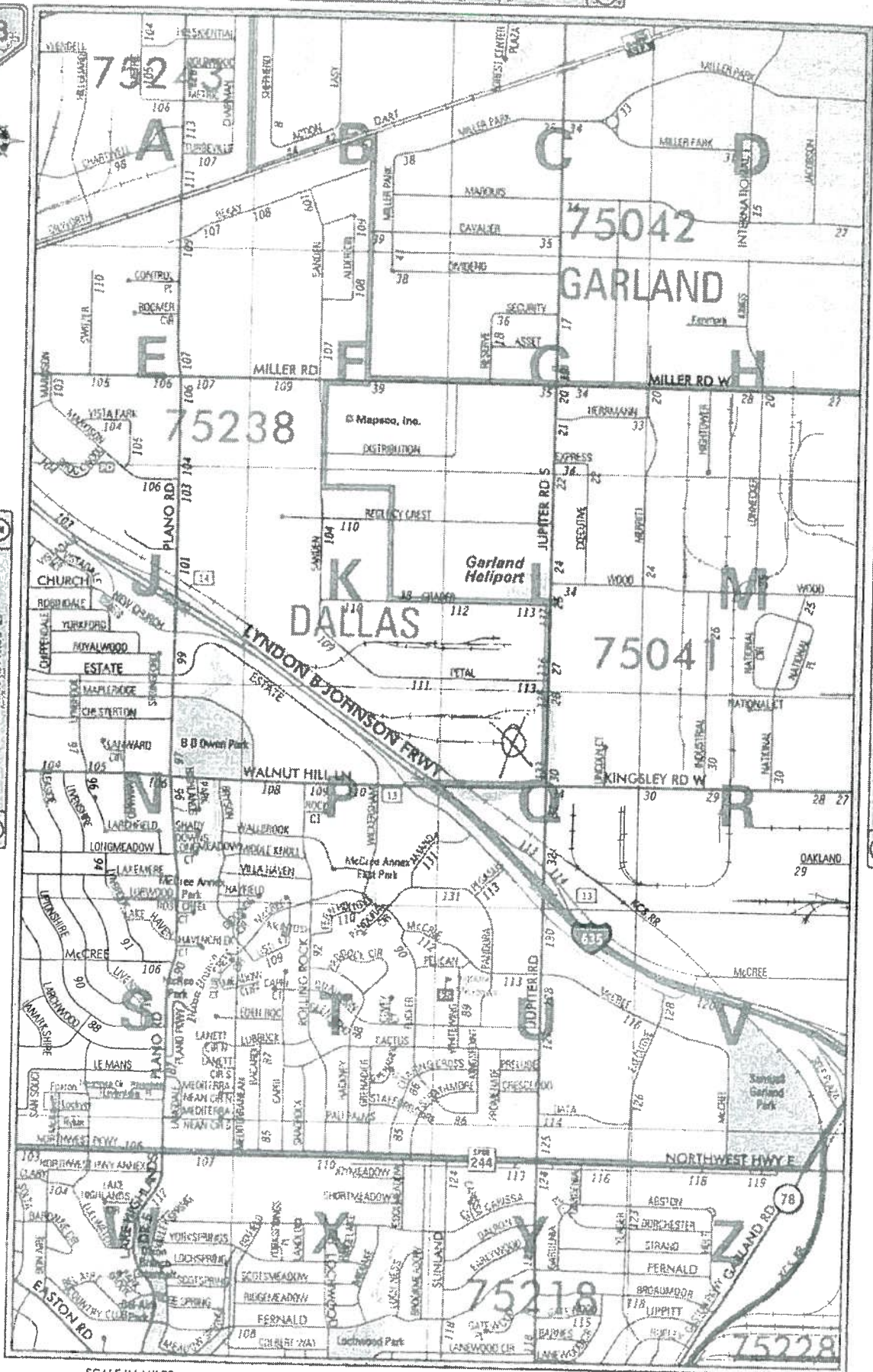
Staff recommends approval of the subject item. Please contact me if you have any questions at 214-670-3314.



A.C. Gonzalez
Assistant City Manager

- C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Ray Robinson, Judiciary
David O. Brown, Interim Assistant City Manager
Ramon F. Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
David Cook, Chief Financial Officer
Maria Alicia Garcia, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Thompson, Assistant to the City Manager

28



CONTINUED ON MAP 27

CONTINUED ON MAP 29

