

# Memorandum



DATE March 29, 2013

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Ann Margolin (Vice Chair), Jerry R. Allen, Sheffie Kadane, Monica Alonzo

SUBJECT **Maple/Mockingbird TIF District – Maple Station Project & Grant Program**

On Monday, April 1, 2013, the Economic Development Committee will be briefed on the Maple/Mockingbird TIF District – Maple Station Project and Grant Program.

Briefing material is attached.

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



Ryan S. Evans  
Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa Rios, City Secretary  
Tom Perkins Jr., City Attorney  
Craig Kinton, City Auditor  
Judge Daniel Solis, Administrative Judge Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Stephanie Pegues-Cooper, Assistant to the City Manager

# Maple/Mockingbird TIF District *Maple Station Project & Grant Program*

Economic Development Committee  
April 1, 2013



Office of Economic Development  
[WWW.DALLAS-ECODEV.ORG](http://WWW.DALLAS-ECODEV.ORG)

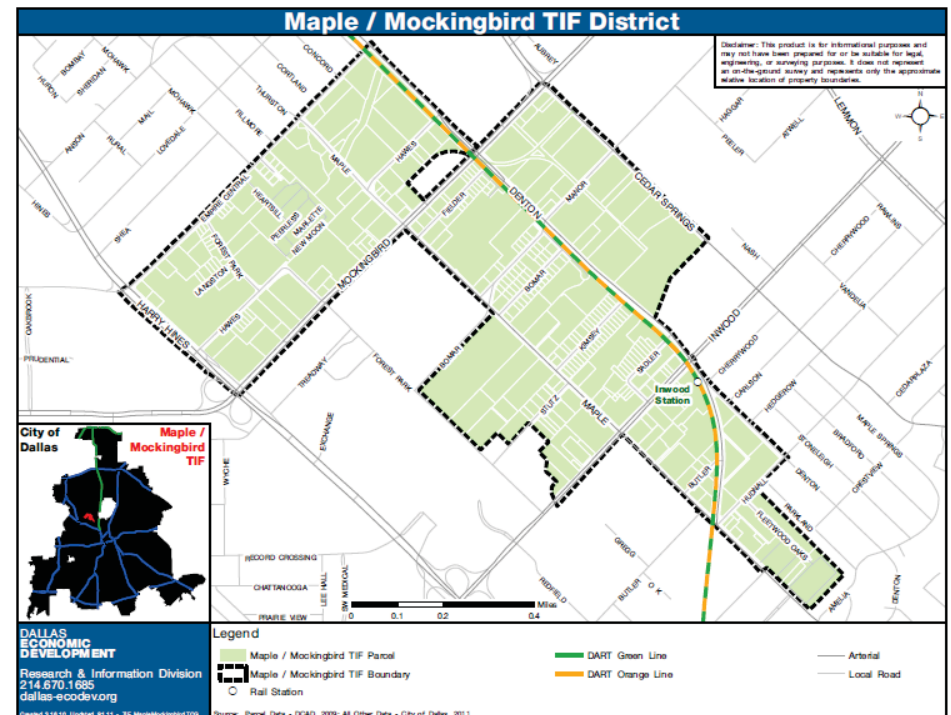


# Purpose

- ◆ Provide background information on Maple/Mockingbird TIF District
- ◆ Review the Maple Station Project
- ◆ Review the Maple/Mockingbird TIF Grant Program
- ◆ Obtain Economic Development Committee's approval for consideration of the establishment of the Grant program and Maple Station project by City Council on April 10, 2013

# Maple/Mockingbird TIF District *Background*

- ◆ Created in December 2008
- ◆ Project Plan and Reinvestment Zone Financing Plan approved September 2009
- ◆ Expires on December 31, 2033, or when \$58 million in TIF increment has been collected (NPV of \$27.88 million)
- ◆ The District as created to take full advantage of the expanding DART light rail system and area resources such as Love Field Airport and the Southwestern Medical District



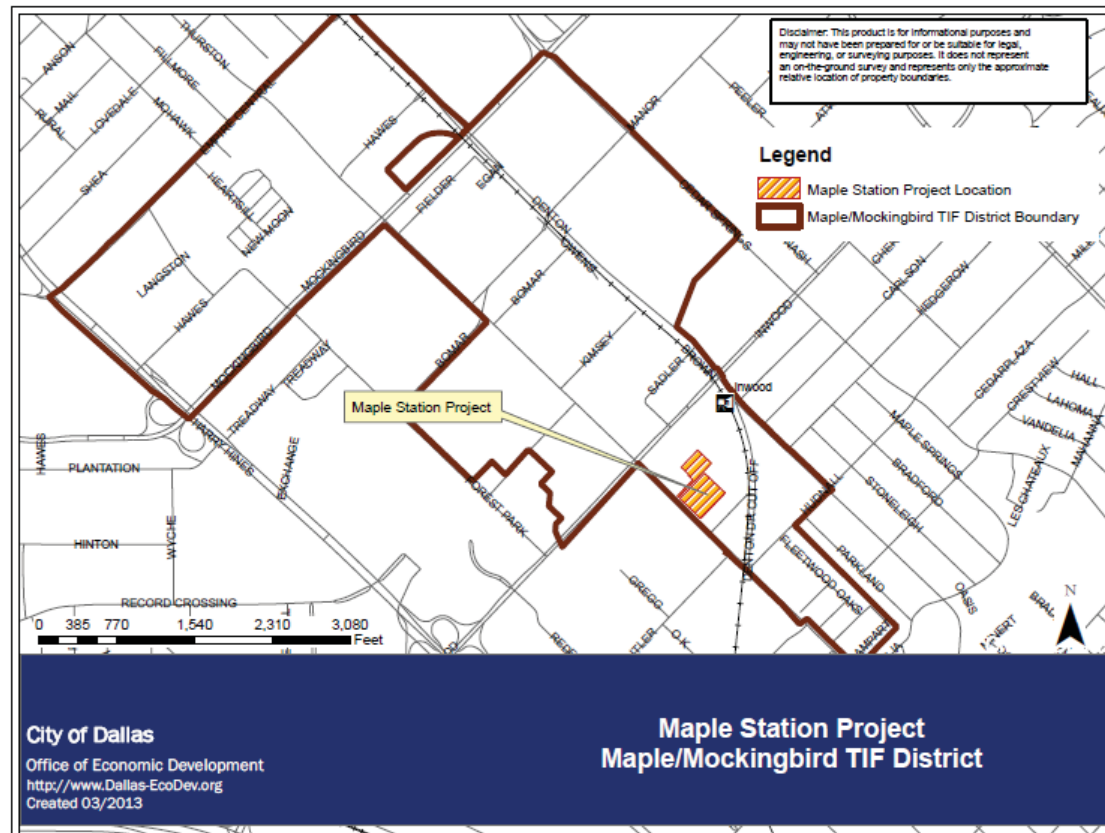
# Maple/Mockingbird TIF District

## TIF Budget

Maple/Mockingbird TIF District			
Projected Increment Revenue To Retire TIF Fund Obligations			
Category	TIF Budget <sup>1</sup>	Allocated	Balance
Infrastructure/Utility Improvements - design and engineering; street paving construction and resurfacing; utility improvement, relocation and burial; streetscape; open space	\$33,226,915	\$0	\$33,226,915
Environmental Remediation and Demolition	\$4,731,681	\$0	\$4,731,681
Affordable Housing	\$8,937,619	\$0	\$8,937,619
Retail/High Density Grant Program	\$8,527,540	\$0	\$8,527,540
Administration and Implementation <sup>2</sup>	\$2,997,516	\$109,488	\$2,888,023
<b>Total Project Costs</b>	<b>\$58,421,271</b>	<b>\$109,488</b>	<b>\$58,311,783</b>

<sup>1</sup>Budget shown in total dollars. TIF Project Plan shows the budget in Net Present Value.  
<sup>2</sup> TIF administration fee include funds expended of committed through FY 2012.

# Maple Station Project *Location Map*



# Maple Station Project Description

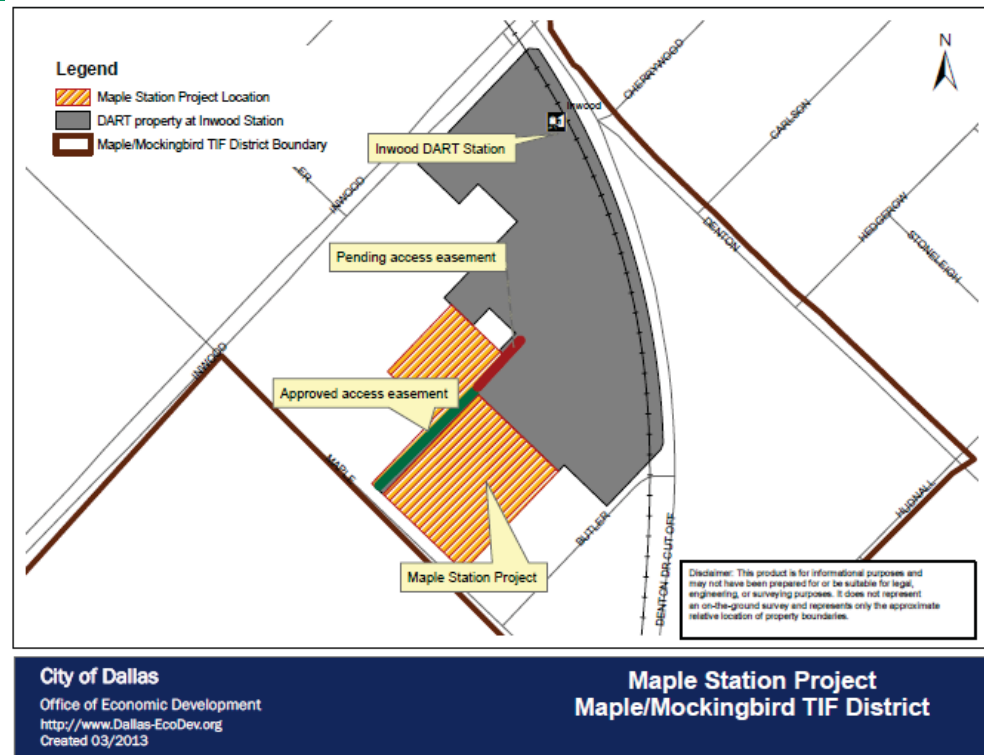
- ◆ Maple Station project is located at 5252 Maple Avenue
- ◆ First TIF project in the Maple/Mockingbird TIF District
- ◆ The project plans for 249 residential units
- ◆ 20% of units will be Approximately 52 affordable units (20% of the units).
- ◆ The total estimated private cost of the project is \$36.2 million
- ◆ TIF incentives recommended for the project: \$8,000,000
- ◆ City Design Studio reviewed and approved the design for the Maple Station project (Appendix E)



Landscape Plan

# Maple Station Project *Description (continued)*

- ◆ Maple Station project, a transit oriented development near the Inwood DART light rail station
- ◆ Developer is closely working with the DART to obtain access easement
- ◆ This will provide pedestrian connectivity to the DART light rail station from Maple Avenue as shown in the map





# Maple Station Project Elevation



# Maple Station Project Elevation (continued)



# Maple Station Project

## *Funding Sources and Uses*

Funding Source	Amount		Use
Wood Partners Equity/EB5	\$12,657,005	35%	Acquisition and Construction
Capital One Bank Loan	\$23,600,000	65%	Construction
<b>Total</b>	<b>\$36,257,005</b>		

# Maple Station Project

## *Proposed TIF Funding*

- ◆ TIF funding for public improvements and TIF Grant funds are critical for completion of the project.
- ◆ TIF funds proposed will reimburse the costs of infrastructure and utility improvements, providing affordable housing and TIF Grant as shown below:

Description	Amount
Infrastructure and utility improvements	\$945,000
Environmental remediation and demolition	\$315,000
Affordable housing (offset the cost of providing rental units at a lower rate)	\$4,400,000
TIF Grant (offset cost of higher density development)	\$2,340,000
<b>TIF Request</b>	<b>8,000,000</b>

# Maple Station Project

## *TIF Board Funding Recommendations*

- ◆ March 25, 2013, the Maple/Mockingbird TIF District Board of Directors reviewed and approved :
  - Adopted the Maple/Mockingbird TIF District Grant Program to implement the Maple/Mockingbird TIF District Project Plan and Reinvestment Zone Financing Plan; and
  - A Development Agreement with WP West Development Enterprises, LLC., and/or its affiliate Alta Maple Station LP., for TIF reimbursement not to exceed \$8,000,000.

# Maple Station Project

## *Conditions of Funding*

- ◆ Begin construction by December 31, 2013;
- ◆ Build approximately 249 units containing a minimum of 200,000 square feet for residential space by December 31, 2015;
- ◆ Invest a minimum of \$32,700,000 for property acquisition cost (entire site), soft costs and hard costs for construction of the Maple Station Project by December 31, 2015;
- ◆ Complete a post construction audit to show the total project investment of \$32,700,000;
- ◆ Complete the infrastructure improvements associated with the Maple Station Project and obtain a final certificate of acceptance for such improvements from the Department of Public Works and Transportation by December 31, 2015;
- ◆ Execute an operating and maintenance agreement for the non-standard public infrastructure improvements associated with the project prior to their required completion for a term ending December 31, 2035;
- ◆ Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) for the TIF reimbursable improvements, the Owner shall make a good faith effort to achieve a goal of certified Minority/Women-owned Business Enterprise (M/WBE);

# Maple Station Project

## *Conditions of Funding (Continued)*

- ◆ Submit quarterly (once in every three months, starting from the date of Council approval) project status reports to the OED Staff;
- ◆ Market the residential units pursuant to an affirmative fair housing marketing plan approved by the City for a period of fifteen years (2015-2030);
- ◆ Construct public and private improvements that conform in design and materials shown in elevations and site plans approved by OED staff and the City of Dallas Design Studio, subject to zoning changes, if any;
- ◆ Conform to the Mixed-Income Housing Requirements: The funding for the project is based on meeting the affordable housing requirement of 20% of all units meeting the affordability requirements at 80% or less of the median family income for the Dallas area;
- ◆ Affordable units must be available for fifteen years (from the date of project stabilization).; and
- ◆ If required, the project deadlines can be extended up to 6 months by the Director of Office of Economic Development upon recommendation from the Maple/Mockingbird TIF District Board.

# Maple/Mockingbird TIF Grant Program

- ◆ Establish the Maple/Mocking TIF District Grant Program pursuant to Chapter 311 of the Texas Tax Code, to implement the Project Plan and Reinvestment Zone Financing Plan (“Final Plan”) for the Maple/Mocking Tax Increment Financing District (“District”). The purpose of the Grant Program is to:
  1. development and diversification of the economy;
  2. development or expansion of residential, transportation, business, and commercial activity;
  3. creation of a broader mix of residential property types;
  4. elimination of unemployment and underemployment;
  5. encourage higher density development within the district; and
  6. public infrastructure improvements that enhance pedestrian connections and DART light rail transit station access within the District.



# Maple/Mockingbird TIF Grant Program

The Grant Program includes three general categories:

- ◆ **High Density Developments:** TIF funded loans or grants may be used to offset the cost of constructing or operating a structured parking facility in high density developments within the Maple/Mocking TIF District
- ◆ **Transit-Oriented Developments:** TIF funded loans or grants may be used to encourage mixed-use, mixed-income, transit-oriented development, including development that provides additional linkages to DART station
- ◆ **Retail/Medical Research Developments:** TIF funded loans or grants may be used to encourage retail/ medical research developments within the Maple/Mocking TIF District

# Recommendation

**Staff requests ECO Committee approval for Council**

**Consideration of :**

- ◆ Establish the Maple/Mockingbird TIF District Grant Program; and
- ◆ A Development Agreement with WP West Development Enterprises, LLC., and/or its affiliate Alta Maple Station LP., for TIF reimbursement not to exceed \$8,000,000.



# ◆ APPENDIX

# Appendix A: Project Requirements/Other Information

Square footage	200,000 sf
Required private investment for the project - acquisition, design costs, and infrastructure improvements	\$32,700,000
Total project cost including actual investment, land acquisition, all soft costs, debt expenses, etc.	\$32,700,000
Average size of the units	604 square feet
Average approximate rent for market rate units	\$1,180 @ \$1.95 per square foot
Average approximate rent for the affordable units	\$842 @\$1.39 per square foot
TIF funding	\$8,000,000
Return on Cost with TIF reimbursement	6.98%
Return on Cost without TIF reimbursement	9.24%
% TIF Funds to required project cost	24%
Construction Start Date	December 31, 2013
Project Completion	December 31, 2015

# Appendix B: Maple Station Project Proforma

Rental				
PROJECT DESCRIPTION:	Maple Station Project			
SITE AREA:	3.43			
NUMBER OF FLOORS/STORIES:	4			
BUILDING AREA (g.s.f.):	213,000			
CONSTRUCTION PERIOD:	July 2013 - December 2014			
ANTICIPATED CONSTR START DATE:	1-Jul-13			
Note: Use 5-year average for income assumptions				
<b>Residential Unit Breakdown</b>	<b>SF</b>	<b># of Units</b>	<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg	853	250	213,000	\$19.89
<b>Hotel Room Breakdown</b>	<b>SF</b>	<b># of Rooms</b>	<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg	0	0	0	\$0
<b>Office Breakdown</b>	<b>SF</b>		<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg	0	0	0	\$0
<b>Retail Breakdown (exclude % profit)</b>			<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg			0	\$0
<b>Other Income:</b>	<b>SF</b>		<b>Total SF</b>	<b>\$ per SF</b>
Total/Avg	0		0	\$0
<b>Project Costs</b>			<b>Income (Annual)</b>	
Hard Cost	\$25,200,000		1) Apartments	\$4,237,440
Soft Cost	\$2,300,000		2) N/A	\$0
Acquisition	\$5,200,000		- Vacancy @ 7.3%	\$309,469
<b>Total Project Cost (no City \$)</b>	<b>\$32,700,000</b>		- Utilites, insur, taxes	\$1,645,186
			- Transfer Fee/afford	\$0
<b>Total Project Cost without City \$</b>	<b>\$32,700,000</b>		<b>NOI</b>	<b>\$2,282,784</b>
<b>CITY ASSISTANCE (current \$)</b>	<b>\$8,000,000</b>			
<b>Total Project Cost (with City \$)</b>	<b>\$24,700,000</b>			
<b>Return on Cost Analysis</b>				
<b>NOI/Total Project Costs</b>				
Return on Cost (no City \$)	6.98%			
Return on Cost (with City \$)	9.24%			

# Appendix C: Maple Station Project *Development Team*

- ◆ **C. Todd McCulloch, Director** - Todd McCulloch is a development director with responsibility for Wood Partners' Texas operations. He has been actively involved in the origination, finance and development of more than 2,100 multifamily units valued in excess of \$325 million
- ◆ **Ryan Miller, Associate** - Ryan Miller is responsible for growing the development pipeline in North Texas and Austin
- ◆ **Gil Dominy, Director of Construction** - Dominy is a Director, oversees construction and performance in Texas and Colorado, where he has supervised the construction of more than 6,000 units

# Appendix D: Maple/Mockingbird TIF Increment Chart

Maple/Mockingbird TIF District Projected TIF Increment Schedule												
Tax Year		Property Value Estimate (1% Appreciation)	Property Value Estimate New Development	Property Value Total	Cumulative Prop Val Growth	Anticipated Captured Value	Part'n Rate City	TIF Contribution City	Part'n Rate County	TIF Contribution Dallas County	Total TIF Contribution	TOTAL TIF 2008 NPV @ 5.00%
Base	2008	\$177,555,019		\$177,555,019								
Adj to Base		\$6,449,990		\$6,449,990								
New Base	2009	\$184,005,009		\$184,005,009								
1	2009	\$184,005,009	\$0	\$189,047,915	6.5%	\$11,492,896	70%	\$60,169	0%	\$0	\$60,169	\$57,304
2	2010	\$174,369,775	\$0	\$174,369,775	-5.2%	(\$9,635,234)	70%	\$0	0%	\$0	\$0	\$0
3	2011	\$170,250,969	\$0	\$185,074,829	0.6%	\$1,069,820	70%	\$0	55%	\$0	\$0	\$0
4	2012	\$178,338,196	\$0	\$178,338,196	-3.1%	(\$5,666,813)	85%	\$0	55%	\$0	\$0	\$0
5	2013	\$180,121,578	\$52,254,240	\$232,375,818	26.3%	\$48,370,809	85%	\$327,688	55%	\$64,674	\$392,362	\$364,730
6	2014	\$234,699,576	\$52,254,240	\$286,953,816	55.9%	\$102,948,807	85%	\$697,427	55%	\$137,648	\$835,074	\$987,875
7	2015	\$289,823,354	\$30,003,300	\$319,826,654	73.8%	\$135,821,645	85%	\$920,124	55%	\$181,600	\$1,101,724	\$1,770,850
8	2016	\$323,024,921	\$61,000,800	\$384,025,721	108.7%	\$200,020,712	85%	\$1,355,040	55%	\$267,438	\$1,622,478	\$2,869,007
9	2017	\$387,865,978	\$111,000,800	\$498,866,778	171.1%	\$314,861,769	85%	\$2,133,031	55%	\$420,986	\$2,554,017	\$4,515,349
10	2018	\$503,855,446	\$50,900,000	\$554,755,446	201.5%	\$370,750,437	85%	\$2,511,649	55%	\$495,712	\$3,007,361	\$6,361,607
11	2019	\$560,303,000	\$50,000,000	\$610,303,000	231.7%	\$426,297,991	85%	\$2,887,956	55%	\$569,982	\$3,457,937	\$8,383,392
12	2020	\$616,406,030	\$0	\$616,406,030	235.0%	\$432,401,021	85%	\$2,929,301	55%	\$578,142	\$3,507,443	\$10,336,467
13	2021	\$622,570,091	\$0	\$622,570,091	238.3%	\$438,565,082	85%	\$2,971,059	55%	\$586,383	\$3,557,443	\$12,223,055
14	2022	\$628,795,792	\$0	\$628,795,792	241.7%	\$444,790,783	85%	\$3,013,235	55%	\$594,708	\$3,607,943	\$14,045,311
15	2023	\$635,083,749	\$2,438,088	\$637,521,837	246.5%	\$453,516,828	85%	\$3,072,350	55%	\$606,375	\$3,678,724	\$15,814,840
16	2024	\$643,897,056	\$0	\$643,897,056	249.9%	\$459,892,047	85%	\$3,115,539	55%	\$614,899	\$3,730,437	\$17,523,797
17	2025	\$650,336,026	\$0	\$650,336,026	253.4%	\$466,331,017	85%	\$3,159,159	55%	\$623,508	\$3,782,667	\$19,174,162
18	2026	\$656,839,387	\$0	\$656,839,387	257.0%	\$472,834,378	85%	\$3,203,216	55%	\$632,203	\$3,835,420	\$20,767,858
19	2027	\$663,407,780	\$0	\$663,407,780	260.5%	\$479,402,771	70%	\$2,674,588	55%	\$640,985	\$3,315,574	\$22,079,943
20	2028	\$670,041,858	\$0	\$670,041,858	264.1%	\$486,036,849	70%	\$2,711,600	55%	\$649,856	\$3,361,455	\$23,346,840
21	2029	\$676,742,277	\$0	\$676,742,277	267.8%	\$492,737,268	70%	\$2,748,981	55%	\$658,814	\$3,407,796	\$24,570,042
22	2030	\$683,509,700	\$0	\$683,509,700	271.5%	\$499,504,691	70%	\$2,786,737	55%	\$667,863	\$3,454,599	\$25,750,997
23	2031	\$690,344,797	\$0	\$690,344,797	275.2%	\$506,339,788	70%	\$2,824,870	0%	\$0	\$2,824,870	\$26,670,693
24	2032	\$697,248,245	\$0	\$697,248,245	278.9%	\$513,243,236	70%	\$2,863,384	0%	\$0	\$2,863,384	\$27,558,537
25	2033	\$704,220,727	\$0	\$704,220,727	282.7%	\$520,215,718	70%	\$751,215	0%	\$0	\$751,215	\$27,780,373
		\$409,851,468						\$49,718,317		\$8,991,775	\$58,710,092	
2009 NPV								\$23,403,224		\$4,377,149	\$27,780,373	
								84.684%		15.316%		



# Appendix E: CityDesign Studio *Urban Design Comments*

## Key Area Considerations

1. **Creating pedestrian oriented access to area light rail** - Light rail access is key to the growth potential of this area. Any direct pedestrian link should be celebrated and treated in a way that connects current and future development to light rail stations through a complete, active, and pedestrian friendly streetscape.
2. **Area connectivity and reintroduction of streets** - The reintroduction of connectivity and streets should be a consideration in the design of any area project. Enhanced and complete streetscapes and enhanced crosswalks better connect DART station to surrounding neighborhood and encourage activity, economic development and pedestrianism.
3. **Development should set up successful pedestrian relationships with future adjacent development sites** - Development proposals should be designed in a way that helps to set up direct relationships through site design and building form to adjacent properties.
4. **Area development should create direct pedestrian linkages at street level that set up the pattern for future development** - Careful consideration should be made to understand larger scale connectors from individual developments sites to the surrounding city. Development proposals should be designed in a way that sets up new connectors at street level and strengthen the pedestrian connectivity of the entire neighborhood. All development proposals should be seen as instrumental pieces of the larger pedestrian patterns and connection opportunities of the surrounding neighborhood and city.

