

# Memorandum




DATE June 3, 2011

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

SUBJECT **Davis Garden TIF District: Amendment for INCAP Phase I Development Agreement & Funding Agreement for Potential North Oak Cliff Streetcar Extension**

On Monday, June 6, 2011, the Economic Development Committee will be briefed on the David Garden TIF District: Amendment for INCAP's Phase I Development Agreement & Funding Agreement for Potential North Oak Cliff Streetcar Extension. A copy of the briefing is attached.

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  
Jeanne Chipperfield, Chief Financial Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
Hammond Perot, Assistant Director, Office of Economic Development  
Helena Stevens-Thompson, Assistant to the City Manager

# **Davis Garden TIF District:**

## **Amendment for INCAP Phase I Development Agreement & Funding Agreement for Potential North Oak Cliff Streetcar Extension**

Economic Development Committee

June 6, 2011



Office of Economic Development  
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# Overview

- ◆ As previously briefed, on June 8, City Council will:
  - consider a request to amend the Davis Garden TIF District Plan to extend the term and financial participation rate for the City and Dallas County and other miscellaneous changes; and
  - consider a TIF Development Agreement related to the development of The Canyon in Oak Cliff in an amount not to exceed \$69.8 million plus a grant in lieu of interest
- ◆ This briefing will focus on two additional items that are scheduled for the City Council agenda on June 22, 2011:
  - a proposed amendment for INCAP's Phase I Development Agreement to allow the developer to deposit \$1 million with the City in lieu of constructing some median/streetscape improvements; and
  - a proposed Development Agreement to allocate future Davis Garden TIF District increment to facilitate the extension of the North Oak Cliff streetcar system and reimburse SLF's obligation to fund \$3M for this purpose over a ten-year period

# Amendment to INCAP's Phase I Development Agreement - Background

- On May 28, 2008, City Council authorized a development agreement with INCAP Master Development, LLC to provide funding for TIF-eligible project costs related to the environmental remediation and demolition of six obsolete apartment complexes there were located throughout the Davis Garden TIF District, and median improvements along Davis Street between Hampton Road and Montclair Avenue

TIF Improvement Category	Amount
Environmental Remediation	\$1,575,612.70
Demolition	\$1,432,633.30
Median Improvements	\$1,000,001.00
<b>TIF Eligible Project Costs</b>	<b>\$4,008,247.00</b>

# Amendment to INCAP's Phase I Development Agreement – Background (cont.)

- ◆ There were two previous amendments to this agreement:
  - On December 9, 2009, City Council authorized an amendment to the development agreement with INCAP Master Development, LLC to extend the completion deadline related to the median improvements to December 31, 2011 and adjust the Davis Garden TIF increment allocation procedures.
  - On December 8, 2010, City Council authorized a second amendment to the development agreement with INCAP Master Development, LLC to extend the completion deadline for the infrastructure improvements to December 31, 2012; add more flexibility in where and how the public infrastructure improvements are used; and assign the TIF contract to Stratford Land Fund III, L.P.

# Amendment to INCAP's Phase I Development Agreement – Background (cont.)

- ◆ The extensions were required due to a variety of factors.
  - Davis Street is a State highway and some issues regarding the ability to complete the planned improvements in a timely manner delayed construction
  - When private development plans changed, staff began looking at alternative improvements that could better benefit the TIF District

# Amendment to INCAP's Phase I Development Agreement – Recommended Proposal

- ◆ During the 12 month extension period the City and developer negotiated the use of the \$1 million that was designated for the project's public infrastructure improvements component
- ◆ City staff ultimately decided that it would rather receive the \$1 million as a contribution from the developer and develop an alternative list of infrastructure improvements for TIF Board and Council consideration

# Amendment to INCAP's Phase I Development Agreement – Recommended Proposal

- ◆ City staff put together a list of projects that could be funded with the \$1 million could be utilized to fund a number of proposed public infrastructure improvements projects throughout the District
  - King's Plaza (Plaza along King's Highway right-of-way at Tyler)
  - Matching funds for NCTCOG grant related to Kessler Theater for streetscape improvements
  - Rosemont Plaza (Plaza extension in Davis/7<sup>th</sup> Street/Rosemont/Montclair area)
  - Rosemont Safe Route (demonstration project to improve bicycle accessibility for Rosemont Elementary Schools)
  - Davis Corridor Bicycle Facility (addition of bicycle facilities along Davis Street/8<sup>th</sup> Street from Trinity River to western city limits)
  - 7<sup>th</sup> Street Bicycle Facility
  - Other Davis Garden TIF District infrastructure improvements related to development of six former apartment sites



# Amendment to INCAP's Phase I Development Agreement – Recommended Proposal

- ◆ The Davis Garden TIF Board will finalize a list of projects over the next few months.
- ◆ The projects will be considered by City Council as part of individual construction contracts.

# Amendment to INCAP's Phase I Development Agreement – Proposal

- A few other minor adjustments to the Development Agreement are recommended to extend the deadlines related to demolition and environmental remediation activities account for a modified construction schedule
  - **Completion of Environmental Remediation and Demolition** – Staff recommends extending this deadline from December 31, 2008 to December 31, 2009. Most of the work in this category was completed prior to the 2008 deadline – some final improvements were completed in early 2009.
  - **Completion of Corrective Action** (Developer shall address all recognized environmental conditions (“RECs”) on the Property and complete demolition of all the project sites in accordance with the procedures and requirements of TCEQ (hereinafter defined) to allow the use of the Property for residential purposes) - Staff recommends extending this deadline from January 31, 2009 to January 31, 2010. Most of the work in this category was completed prior to the 2009 deadline – some final improvements were completed in late 2009.
  - **Environmental Remediation and Demolition Start Construction Date** - Staff recommends extending this deadline from September 30, 2008 to September 30, 2009. Most of the work in this category was started prior to the 2008 deadline – a minor component of the work was initiated in 2009.

# Third Amendment to INCAP's Development Agreement

## ◆ Sources and Uses

- Stratford Land Fund III. L.P.

Funding Source	Amount	Use
Stratford Land Fund III, L.P.	\$1,000,000	Projects Approved by TIF Board and Council
<b>Total Project Cost</b>	<b>\$1,000,000</b>	

# Development Amendment to allow potential TIF Funding of Extension of North Oak Cliff Streetcar System – Background

- SLF III – The Canyon TIF, L.P. (SLF) together or in conjunction with the North Oak Cliff Municipal Management District will be coordinating the project.
  - The North Oak Cliff Streetcar System includes a proposed start-up line that connects Union Station with Methodist Medical Center (corner of North Zang Boulevard and Beckley Avenue)
  - Additional funding commitments are being sought to extend the line to the Davis Garden TIF District
  - A request of \$3 million in total funding, in the form of a TIF grant, is intended to be utilized to leverage other potential capital funding for the project
- SLF has an obligation to fund \$3M prior to December 31, 2022. This agreement allows Davis Garden TIF funds to be used to reimburse these expenditures and allocate funds from the District Wide Improvement Set Aside in the TIF Fund for this purpose, as funds are collected

# Pending Items

- ◆ City Council Agenda - June 8, 2011
  - Public Hearing and Council Consideration of Plan Amendment to the Davis Garden TIF District Final Plan
  - Council's authorization for the establishment of the Davis Garden TIF District Grant Program to implement the Davis Garden TIF District Project Plan and Reinvestment Zone Financing Plan
  - Council's review and consideration of Master Development Agreement with SLF III – The Canyon TIF, L.P for development of The Canyon in an amount not to exceed \$69,808,000 plus a grant in lieu of interest

# Pending Items

- ◆ City Council Agenda - June 22, 2011
  - City Council consideration of a request to amend the INCAP Phase I Development Agreement
  - City Council consideration of a request to authorize a Development Agreement with SLF – III related to a commitment of future TIF revenues to support the potential extension of the North Oak Cliff Streetcar system to the Davis Garden TIF District

# ◆ Appendices

# Appendix 1:

## SLF III – The Canyon in Oak Cliff, L.P.

- ◆ SLF III – The Canyon in Oak Cliff, L.P. is an investment of Stratford Land, a real estate investment fund with holdings throughout the United States. Stratford Land is led by Phillip Wiggins, CEO and founder, and Kevin Watson, President. The contact for The Canyon in Oak Cliff project is Ocie Vest, Sr. Vice President of Entitlements.
- ◆ Stratford Land focuses on high growth corridors in Texas, Arizona, southern California, Colorado and the eastern seaboard from Virginia to Florida. The firm maintains offices in Dallas, Phoenix, Atlanta, and Raleigh with other offices opening soon in Denver and Jacksonville, Florida.



# Appendix 1:

## SLF III – The Canyon in Oak Cliff, L.P. (cont.)

- ◆ Stratford Land creates value by positioning land to its highest and best use. Stratford acquires land in the path of growth, providing innovative structures for land buyers and sellers, and seeks to add value through envisioning, planning, entitlement and pre-development work.
- ◆ In May of 2010, Stratford launched a new \$850 million fund to invest in real estate ventures nationwide. In total, Stratford Land manages investment funds totaling over \$1.2 billion.

# Appendix 2: TIF Revenue Projections

Tax Year (Appraisals for Jan. 1.)	Anticipated Value of New Private Development	DCAD Taxable Real Property Appraisal for City	Captured Appraised Value for City	City Deposit to TIF Fund	County Deposit to TIF Fund	Total Deposits TIF Fund
Base 2007		\$120,395,392	\$0	\$0	\$0	\$0
1 2008		\$146,619,100	\$8,784,503	\$0	\$0	\$0
2 2009		\$156,040,688	\$18,206,091	\$39,705	\$17,915	\$57,620
3 2010		\$159,427,518	\$159,427,518	\$94,653	\$29,724	\$124,377
4 2011		\$159,427,518	\$21,592,921	\$118,660	\$28,490	\$147,150
5 2012	(\$8,460,809)	\$150,966,709	\$13,132,112	\$92,784	\$23,655	\$116,439
6 2013	\$11,835,773	\$165,066,982	\$27,232,385	\$192,408	\$48,978	\$241,386
7 2014	\$81,341,286	\$248,884,273	\$111,049,676	\$784,611	\$199,506	\$984,117
8 2015	\$110,840,547	\$363,458,084	\$225,623,487	\$1,594,121	\$405,269	\$1,999,390
9 2016	\$107,755,271	\$476,665,225	\$338,830,628	\$2,393,976	\$608,578	\$3,002,553
10 2017	\$139,780,391	\$623,595,595	\$485,760,998	\$3,432,098	\$872,450	\$4,304,548
11 2018	\$241,302,693	\$874,252,222	\$736,417,625	\$5,203,089	\$1,322,605	\$6,525,694
12 2019	\$97,089,644	\$984,455,649	\$846,621,052	\$5,981,721	\$1,520,519	\$7,502,240
13 2020	\$187,629,986	\$1,186,852,470	\$1,049,017,873	\$7,411,736	\$1,884,004	\$9,295,740
14 2021	\$238,865,166	\$1,443,520,423	\$1,305,685,826	\$9,225,199	\$2,344,954	\$11,570,153
15 2022	\$0	\$1,465,173,229	\$1,327,338,632	\$9,378,185	\$2,383,841	\$11,762,026
16 2023	\$0	\$1,487,150,828	\$1,349,316,231	\$9,533,466	\$2,423,310	\$11,956,776
17 2024	\$0	\$1,509,458,090	\$1,371,623,493	\$9,691,075	\$2,463,372	\$12,154,447
18 2025	\$0	\$1,532,099,962	\$1,394,265,365	\$9,851,049	\$2,504,034	\$12,355,084
19 2026	\$0	\$1,555,081,461	\$1,417,246,864	\$10,013,423	\$2,545,307	\$12,558,730
20 2027	\$0	\$1,578,407,683	\$1,440,573,086	\$10,178,232	\$2,587,199	\$12,765,431
21 2028	\$0	\$1,602,083,798	\$1,464,249,201	\$10,345,514	\$2,629,718	\$12,975,232
22 2029	\$0	\$1,626,115,055	\$1,488,280,458	\$10,515,304	\$2,672,876	\$13,188,180
23 2030	\$0	\$1,650,506,781	\$1,512,672,184	\$10,687,642	\$2,716,681	\$13,404,323
24 2031	\$0	\$1,675,264,383	\$1,537,429,786	\$10,862,564	\$2,761,144	\$13,623,708
25 2032	\$0	\$1,700,393,349	\$1,562,558,752	\$11,040,110	\$2,806,273	\$13,846,383
26 2033	\$0	\$1,725,899,249	\$1,588,064,652	\$11,220,320	\$2,852,079	\$14,072,399
27 2034	\$0	\$1,751,787,738	\$1,613,953,141	\$11,403,233	\$2,898,572	\$14,301,805
28 2035	\$0	\$1,778,064,554	\$1,640,229,957	\$11,588,889	\$2,945,763	\$14,534,651
29 2036	\$0	\$1,804,735,522	\$1,666,900,925	\$11,777,330	\$2,993,661	\$14,770,991
30 2037	\$0	\$1,831,806,555	\$1,693,971,958	\$11,968,598	\$3,042,278	\$15,010,876
31 2038	\$0	\$1,859,283,653	\$1,721,449,056	\$12,162,735	\$3,091,624	\$15,254,359
32 2039	\$0	\$1,887,172,908	\$1,749,338,311	\$12,359,784	\$0	\$12,359,784
33 2040	\$0	\$1,915,480,501	\$0	\$0	\$0	\$0
34 2041	\$0	\$1,944,212,709	\$0	\$0	\$0	\$0
35 2042	\$0	\$1,973,375,900	\$0	\$0	\$0	\$0
	\$1,207,979,947			\$231,142,213	\$55,624,379	\$286,766,592
	\$740,879,951			\$83,166,845	\$20,491,696	\$103,658,541

Avg. from 2009 through 2039): m 2009 through 2038):

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# Davis Garden TIF District Boundary Map

Sub-District A – The Canyon

Sub-District B – Davis Garden

