

Memorandum



DATE July 31, 2009

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

SUBJECT **Orleans at La Reunion - Development Agreement – Fort Worth Avenue TIF District - Agenda Item, August 12, 2009.**

Orleans at La Reunion is the next phase of the La Reunion Town Center project, a mixed use project that marks the first substantial redevelopment effort in the Fort Worth Avenue TIF District.

This action will authorize a development agreement with La Reunion Towncenter, LLC and/or its affiliates to allocate funding to support (1) demolition of the southern portion of the Colorado Place Apartments, and (2) construction of the Orleans at La Reunion.

The Orleans at La Reunion, along with the previously approved Fairways at La Reunion, Courtyards at La Reunion, and Brazos Bank building, is part of a larger La Reunion Town Center redevelopment effort that will contain approximately 700 apartments, 70,000 square feet of retail and office space, and 35 town homes at build out. La Reunion Town Center will feature environmentally friendly, native landscaping, and will serve as a model for native, “green” landscaping for the corridor. This La Reunion Town Center project is also envisioned to include a connection to the Coombs Creek Trail.

The funding request for the Orleans at La Reunion includes the following components:

1. Demolition of the southern portion of the Colorado Place Apartments

This funding request will include demolition, environmental remediation, and site clearance for all of the buildings of the Colorado Place Apartments on the southern side of Fort Worth Avenue.

2. The Orleans at La Reunion - 2300 Fort Worth Avenue

The Orleans at La Reunion is an approximately 220 unit, 5-story multi-family and retail building. The building will total approximately 220,000 square feet.

This project will be the next stage in 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, street trees, native landscaping, improved facades, a community garden, plaza and landscaped space, and a slip road along Fort Worth Avenue. 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 use of the previously created 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 69% of the TIF funds will be used to upgrade public infrastructure, build a community garden and trail connections, and fund environmental remediation. The grant funding will be used to off-set part of the cost of the structured parking.

Category	Staff Recommended Amount
Public infrastructure improvements paving, streetscape, water/wastewater, storm sewer, utility burial/relocation, and land acquisition	\$1,135,000
Environmental remediation and demolition	\$1,200,000
Parks, open space, and trails	\$925,000
Economic development grant	\$1,440,000
Total	\$4,700,000
Expenditures may be shifted from one TIF-eligible category to another as long as the total amount of TIF funding does not exceed \$4,700,000.	

No TIF funding, including grant-funded elements of the project, will become payable until the demolition work and the construction of the Orleans at La Reunion development is completed, and 25% of all retail space must be leased or pre-leased before any TIF funds will be released to La Reunion Towncenter, 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 180,000 square feet of residential space and 20,000 square feet of commercial space including retail, office, residential amenity, and/or live/work space. The required minimum private investment under the agreement is \$25,000,000 for property acquisition costs, site preparation, and hard costs for construction.

The developer 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 may consider recommending a TIF bond sale at a future date, if it is in the best financial interests of the City. Bond financing would be based on the City and County portion of tax increment generated by the project; debt service payments would be constant based on this tax increment. Any amount of TIF incentive not covered by bond financing would be paid when other increment is available. Grant funding would 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 Orleans at La Reunion project.

Project summary:

Total square footage and units required	20,000 sf retail (minimum) 180,000 sf residential (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	\$25,000,000
Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.	\$31,895,993
TIF funding	\$4,700,000
% TIF funds to total project cost	15.0%
Rate of return with TIF funds	6.39%
Rate of return without TIF funds or other public assistance	5.45%
Deadline to purchase properties	Colorado Place land purchased January 18, 2007
Deadline to obtain permits	April 2010
Deadline to complete demolition	July 2010
Deadline to complete construction	April 2012

Square footage breakdown

Residential space	195,332
Retail/restaurant/office	24,433
Club room	1176
Total	220,941

Schedule of Project

Begin Construction	April 2010
Complete Demolition	July 2010
Complete Construction	April 2012

Owner

La Reunion Towncenter, LLC
and its affiliates

Todd Seib
Manager

Developer

La Reunion Towncenter, LLC
and its affiliates

Todd Seib
Manager

Fiscal Information

\$4,700,000 Fort Worth Avenue TIF District Funds

Council District(s)

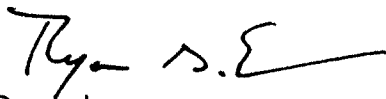
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STAFF

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

AC 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

Judge C. Victor Lander, Judiciary

Ryan S. Evans, First Assistant City Manager

Forest Turner, 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

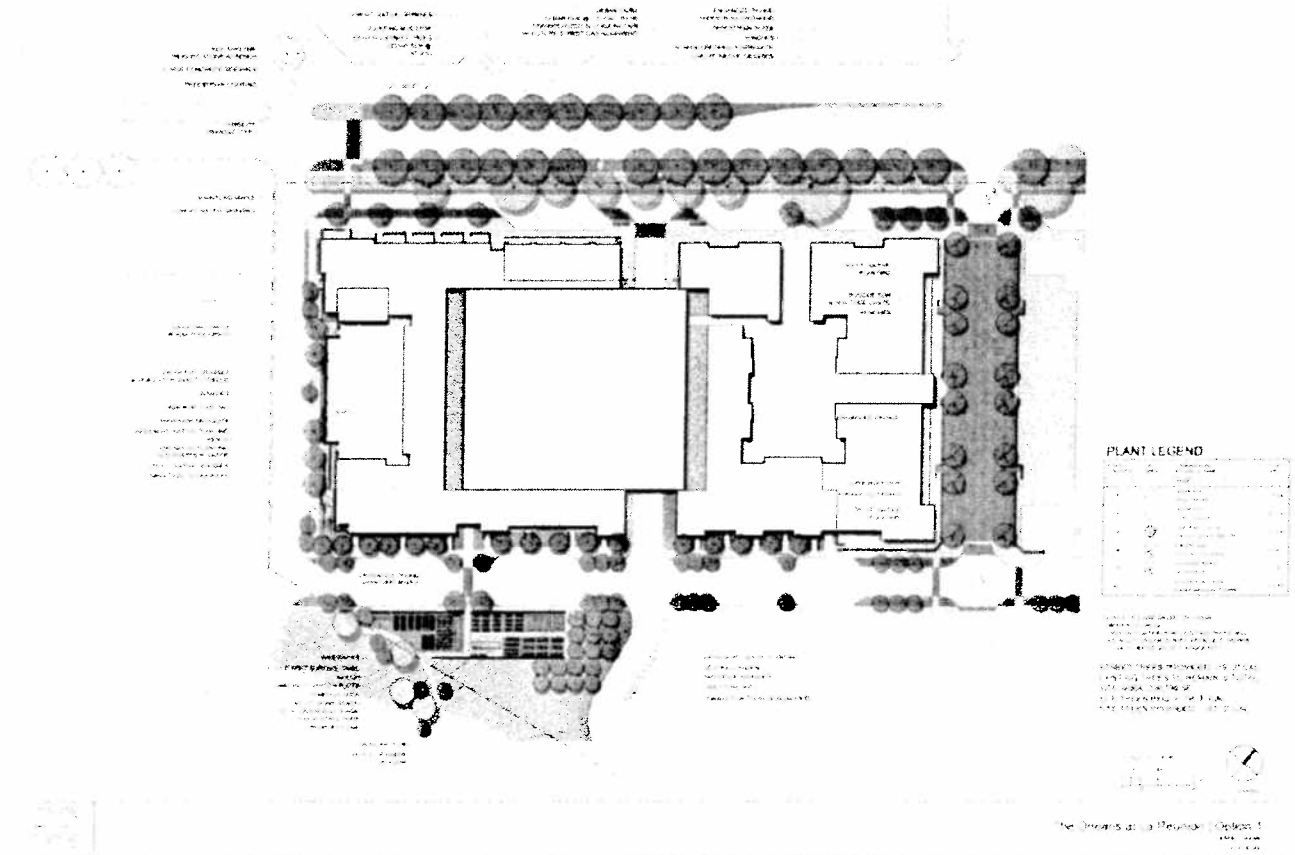
Hammond Perot, Assistant Director, Office of Economic Development

Helena Stevens-Thompson, Assistant to the City Manager

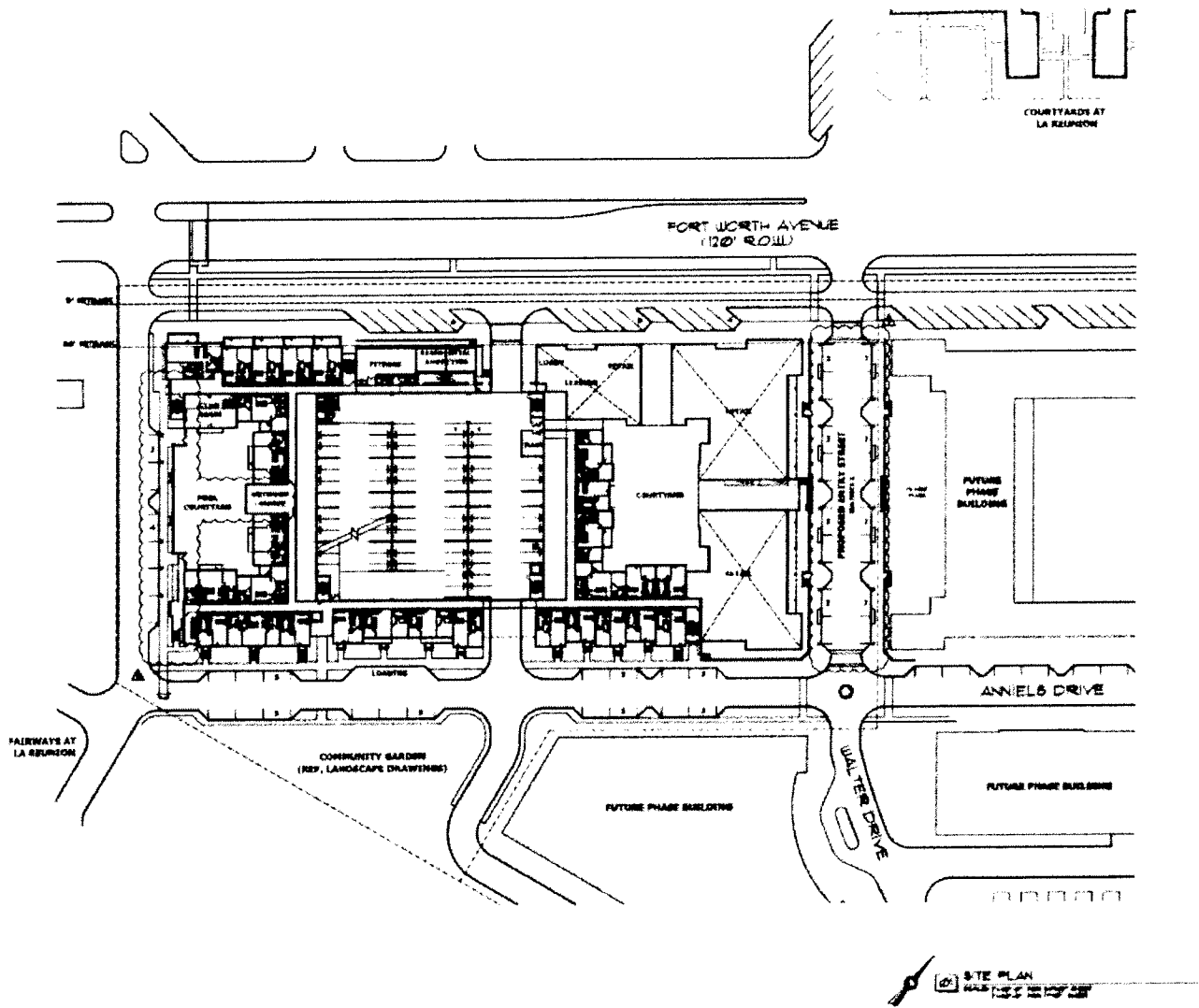
Orleans at La Reunion conceptual elevation:

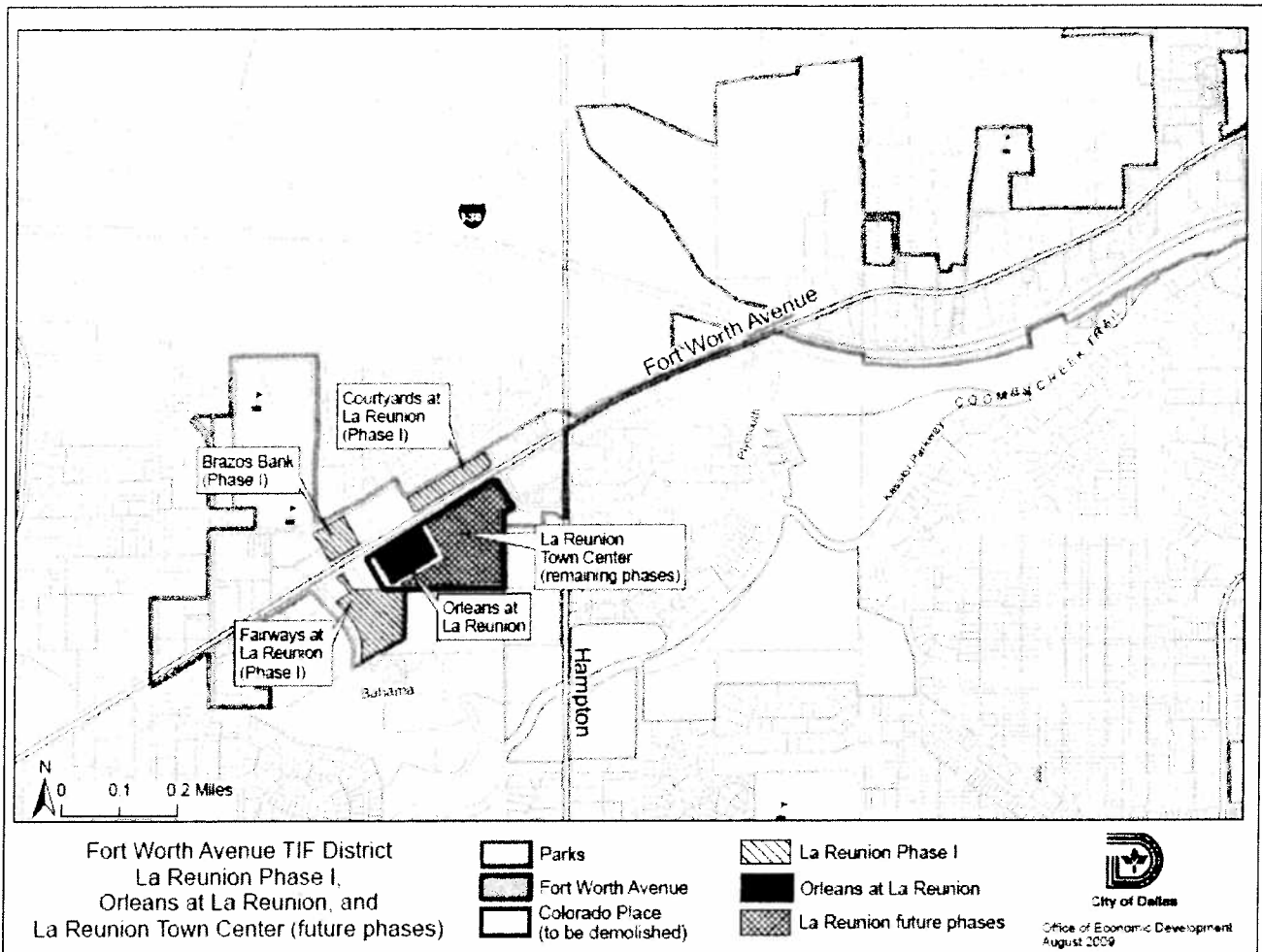


Orleans at La Reunion landscaping:



Orleans at La Reunion site plan:





Memorandum



CITY OF DALLAS

DATE July 31, 2009

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

SUBJECT **Call and Hold a Public Hearing to consider a boundary amendment of TIF Reinvestment Zone Number Eighteen Maple/Mockingbird TIF District August 26, 2009 and September 23, 2009 Council Agenda**

A public hearing is required any time the boundaries or budget of an existing TIF District are expanded. As such, this action authorizes a public hearing to be held on September 23, 2009, to receive citizen's comments on a boundary amendment of the TIF Reinvestment Zone Number Eighteen (Maple/Mockingbird TIF District).

The geographic area of the TIF District is proposed to be increased to include three additional parcels contiguous to the existing boundary of the District; one of which is a 14 acre site located at the northeast intersection of Forest Park Road and Bomar Avenue. This parcel currently houses an existing industrial facility that has been identified for future redevelopment. As a result of including this site in the TIF District, a land use that could serve as a deterrent to the redevelopment of adjacent properties would be eliminated. The remaining two parcels contain office buildings with construction dates of 1965 and 1981 and are adjacent to the 14 acre industrial site.

These three properties were not originally included in the District's boundaries due to the existing businesses in operation and the likelihood of their relocation and redevelopment. However, since the creation of the District, redevelopment of the largest site has been proposed and included in the final plan for the District. As a result of the change in the market conditions of the area, it is necessary that these properties be included in the Maple/Mockingbird TIF District. Further description and detailed explanation of the proposed boundary amendment is provided on pages 4 through 6.

The Maple/Mockingbird TIF District was created by Ordinance No. 27435 on December 10, 2008, and is located southwest of Love Field Airport, northwest of the Southwestern Medical Center. The Maple/Mockingbird Tax Increment Financing (TIF) District is intended to create a funding source to encourage the redevelopment of obsolete multi-family and commercial buildings, inadequate retail centers, and underutilized industrial facilities in the area between Love Field Airport and the Medical District (including UT Southwestern Medical, Parkland and Children's Hospitals). Anticipated redevelopment within the District will provide denser, pedestrian-oriented residential development, expanded retail opportunities and support for existing medial related uses, while taking advantage of Dart's expanding light rail system.

On August 5, 2009, the Maple/Mockingbird TIF District Board of Directors discussed and recommended approval of a boundary amendment of the Maple/Mockingbird TIF District to include three additional properties.

At the close of the public hearing on September 23, 2009, City Council will consider an amendment to the Maple/Mockingbird TIF District boundary, as well as a separate item to approve the Final TIF Project and Reinvestment Zone Financing Plan for the District.

STAFF

Karl Stundins, Manager, Area Redevelopment Division
Tamara L. Leak, Economic Development Analyst

RECOMMENDATION

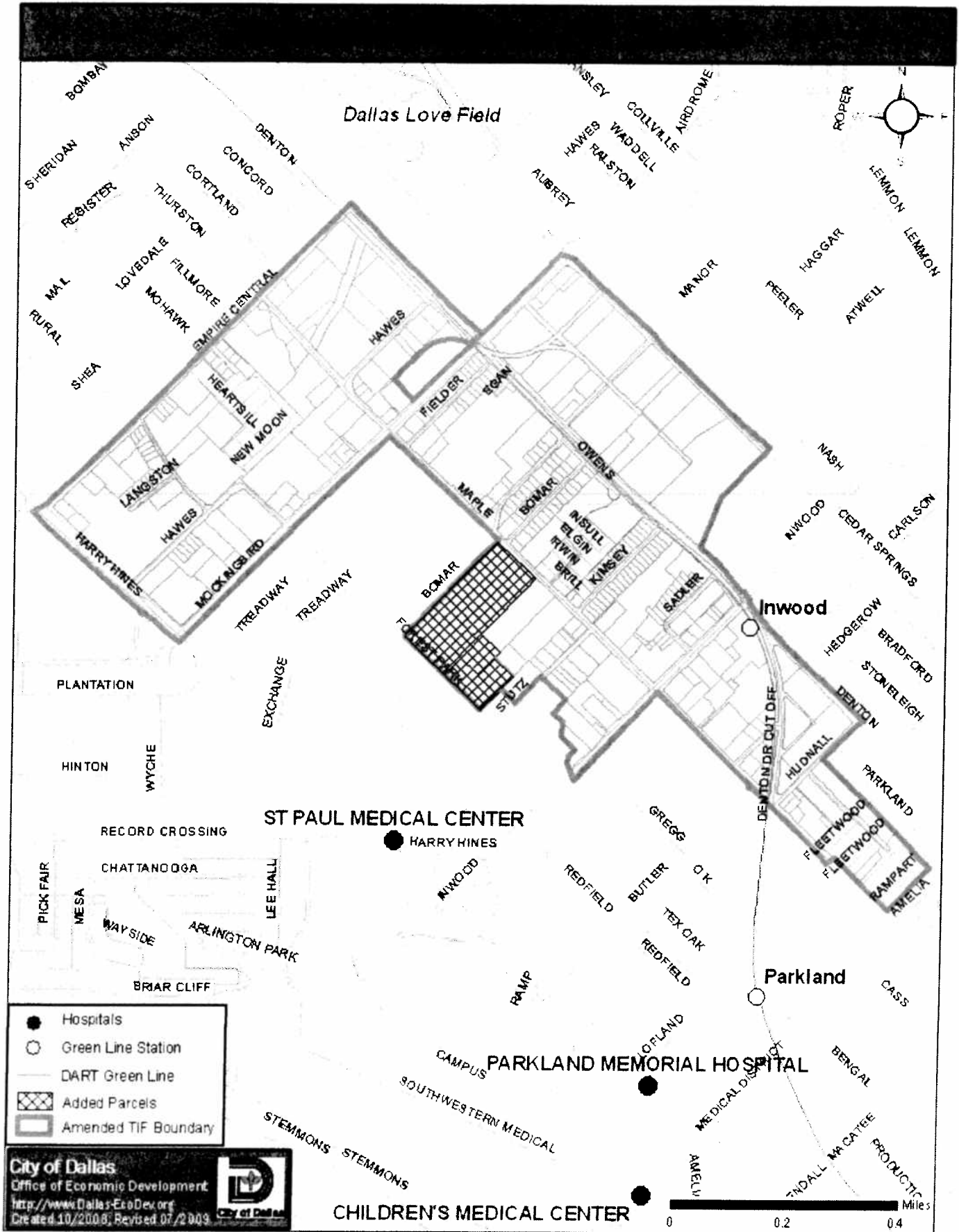
Staff recommends approval.

Should you have any further questions or concerns, please contact me at (214) 670-3314.

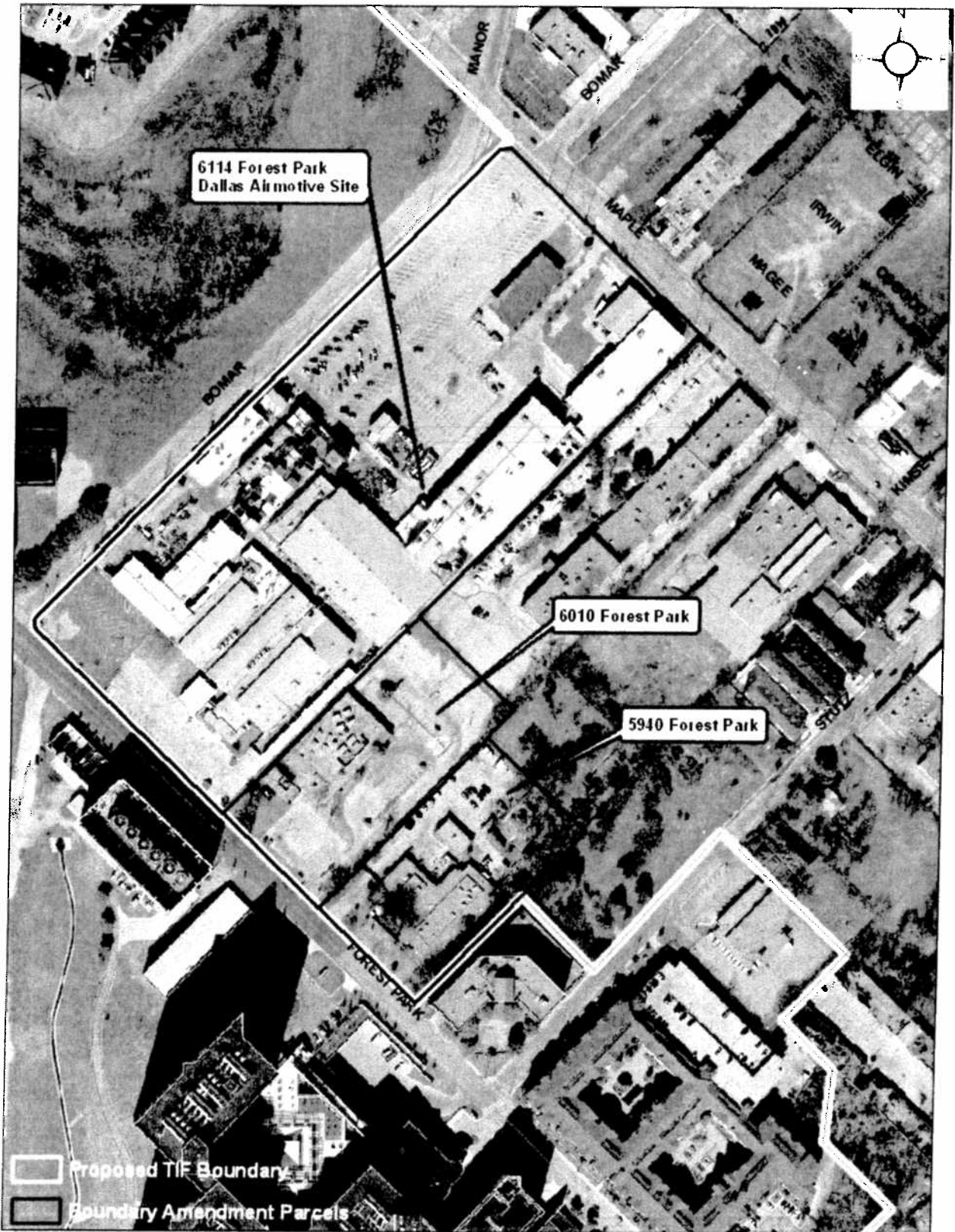

A. C. Gonzalez
Assistant City Manager

Attached
Maple/Mockingbird TIF District Map
Proposed Boundary Amendments

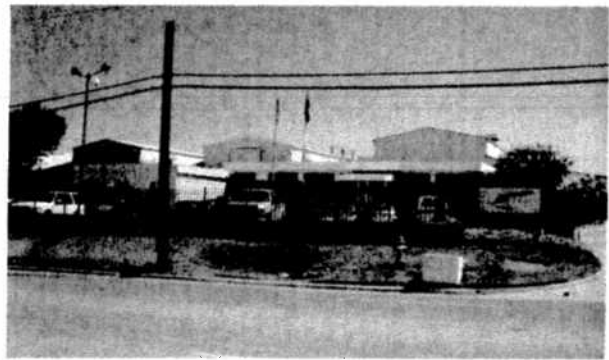
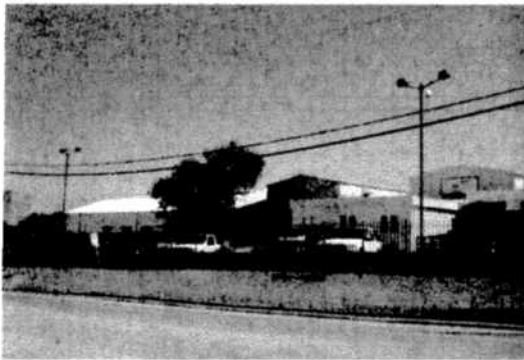
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Helena Stevens-Thompson, Assistant to the City Manager



Three parcels totaling approximately 19 acres in size are proposed to be added to the Maple/Mockingbird TIF District. An aerial of the parcels and a brief description of each parcel are provided below.



- Dallas Airmotive Site
- 14 acres in size
- Turbine engine repair and overhaul operations
- Current land use is not compatible with existing land uses or projected redevelopment in the area
- The property is one of the last singularly owned, large acreage sites in the area
- Demolition and environmental remediation costs for this site could prove to be prohibitive to the redevelopment of the property without any public assistance
- Mixed used development including high density, mixed income residential as well as office and medical related uses are envisioned for this site



2. 6010 Forest Park Road

- 2.8 acres in size
- Medical office building constructed in 1981
- Located across the street from the T. Boone Pickens Biomedical Building

- Redevelopment of this property is possible, given its location and potential redevelopment of the 6114 Forest Park Road site



3. 5940 Forest Park Road

- Bryan's House Site
- 2.5 acres in size
- Office building constructed in 1965
- Located across the street from the T. Boone Pickens Biomedical Building
- Currently the property is tax exempt, but if privately redeveloped the property could be added back to the City's tax roll
- The property will be eligible for public improvement reimbursement to ensure continuity with any new improvements constructed in association with the redevelopment of properties adjacent to this site

