

Memorandum



CITY OF DALLAS

DATE July 30, 2010

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 The Reserve on the North Campus Streetscape Improvement Project –
Maple/Mockingbird TIF District

Attached is the briefing material on the Reserve on the North Campus Streetscape Improvement project – Maple/Mockingbird TIF District to be presented to the Economic Development Committee on Monday, August 2, 2010.

Please contact me if you need additional information.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', with a large, sweeping flourish extending to the left.

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, Jr., 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 of Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

The Reserve on the North Campus Streetscape Improvement Project Maple/Mockingbird TIF District

Economic Development Committee

August 2, 2010



Office of Economic Development
WWW.DALLAS-ECODEV.ORG

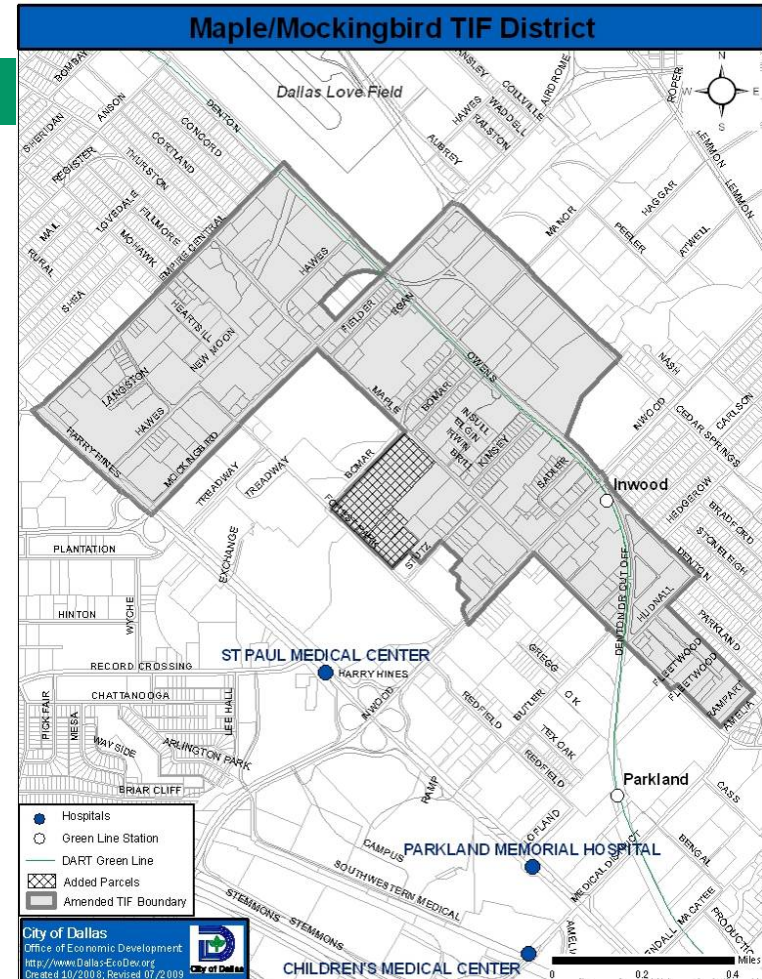


Purpose

- ◆ Review the Reserve on the North Campus Streetscape Improvement project proposal for TIF funding in the Maple/Mockingbird TIF District.
- ◆ Obtain Economic Development Committee approval for consideration of the project by City Council on August 25, 2010

Maple/Mockingbird TIF District: *Background*

- ◆ The Maple/Mockingbird TIF District was created December 2008
- ◆ In 2009, the district's boundary was amended to add 19 acres of property adjacent to the district
- ◆ The District will expire December 31, 2023, or when approximately \$56 million in TIF increment has been collected
- ◆ The district was established to encourage 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 to the southwest.



Maple/Mockingbird TIF District: TIF Budget

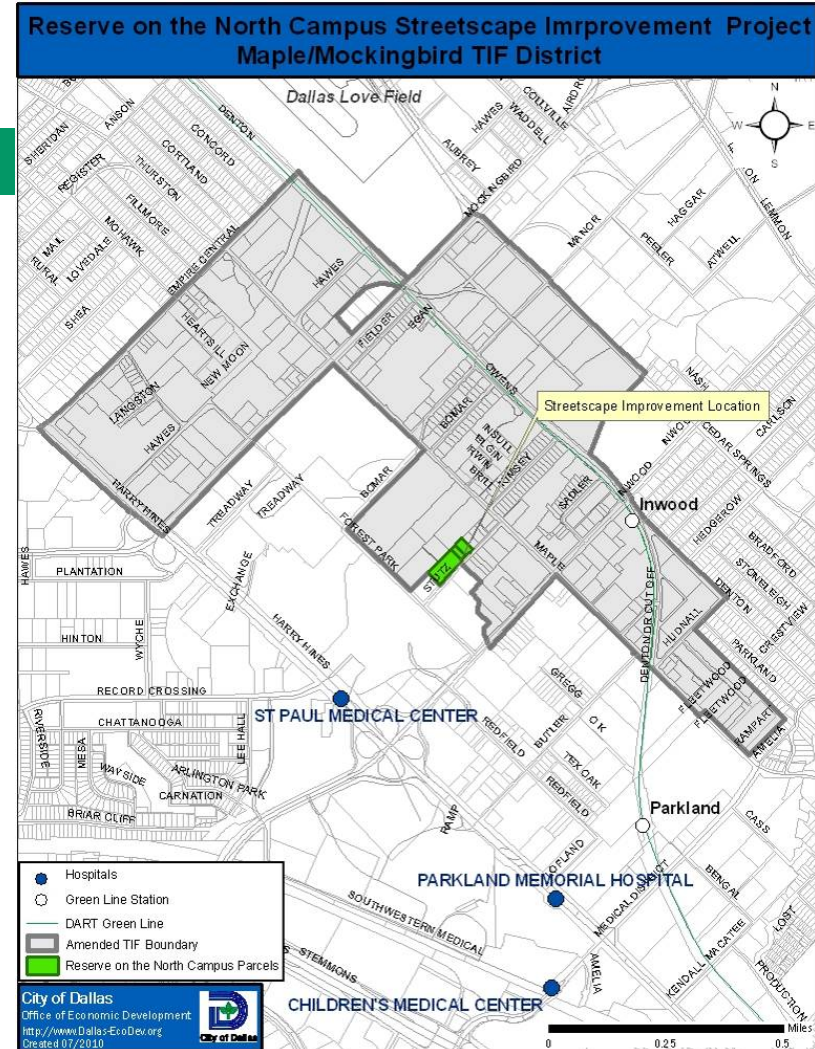
Maple/Mockingbird TIF District Projected Increment Revenue of Retire TIF Fund Obligations			
Category	TIF Budget¹	Allocated	Balance
Infrastructure/Utility Improvements - design and engineering; street paving construction and resurfacing; utility improvement, relocation and burial; streetscape; open space	\$31,377,605	\$0	\$31,377,605
Environmental Remediation and Demolition	\$4,468,330	\$0	\$4,468,330
Affordable Housing	\$8,440,179	\$0	\$8,440,179
Retail/High Density Grant Program	\$8,052,923	\$0	\$8,052,923
Administration and Implementation²	\$2,830,683	\$31,247	\$2,799,436
Total Project Costs	\$55,169,721	\$31,247	\$55,138,473

¹Budge shown in total dollars. TIF Project Plan shows the budget in Net Present Value.
²Administrative costs are pending until increment collection begins in 2010.

Reserve on the North Campus Streetscape Improvement Project

◆ Project Location

- The project is on Stutz Road, south of Maple Avenue – 2303 Stutz Road
- The project site is ½ block from the University of Texas North Campus Moncrief Cancer Center and the T. Boone Pickens Research Tower
- The proposed public improvements are directly adjacent to a town home project called the Reserve on the Campus



Reserve on the North Campus Streetscape Improvement Project (continued)

◆ Project Description

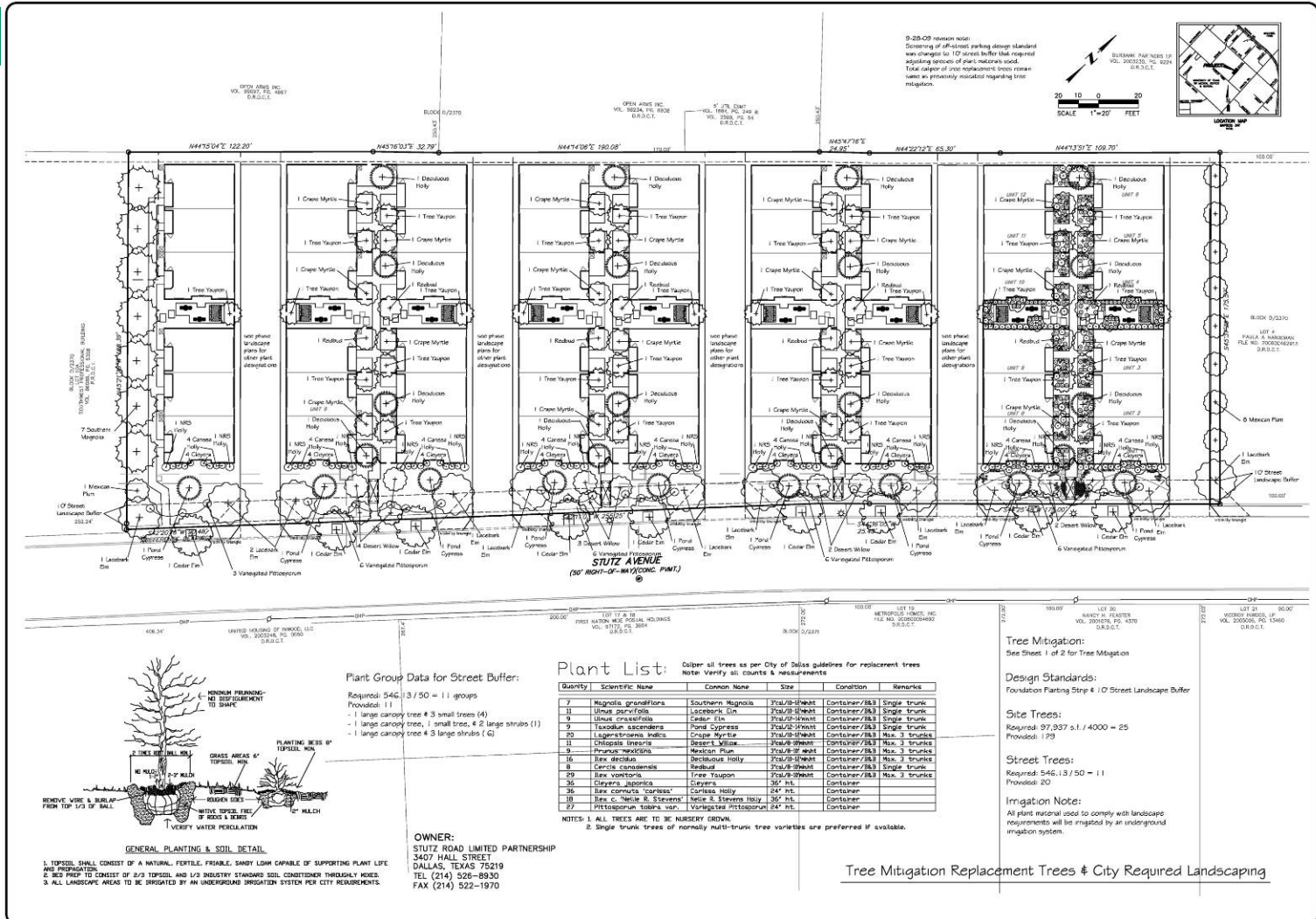
- The Maple/Mockingbird TIF Board recommended funding of the proposed streetscape project because improvements beyond the minimum requirements of the City Code would not be constructed without TIF assistance
- Public improvements will include
 - Minimum 10' wide sidewalk
 - Street trees
 - Pedestrian lighting
- The improvements are consistent with the long term vision of the TIF District
- This will be the first public improvement project for the District and will set the standard for future district wide improvements

Reserve on the Campus Townhome Project

◆ Project Description

- 54 town home (for-sale) units
- 1,772 square feet is the average size of the units
- Target sale price for the units is \$250,000
- Anticipated build out date is December 2011
- For-sale housing projects developed within TIF Districts receiving TIF funding have been minimal because it is difficult to create provisions for permanent affordable housing
- As a result, these types of projects are unable to satisfy the 20% affordable housing requirement for all TIF Districts
- This is the case with the for-sale town home development adjacent to the proposed streetscape project
- The town home project will not receive any TIF funding

Reserve on the North Campus Streetscape Improvement Project - Site/Landscape Plan



VZRR
 Van Zandt Resources
 Landscape Architecture
 Dallas, Texas 75226
 214.897.0195
 www.vanzandr.com

Scale: 1" = 20' FEET

Project: Reserve on the North Campus Streetscape Improvement Project

Sheet: 2 of 2

Job No.: 0718

Reserve on the North Campus Streetscape Improvement Project - Proposed TIF Funding

- ◆ The enhanced streetscape proposed in the Reserve on the North Campus Streetscape Project would not be developed, but for TIF funding
- ◆ TIF funds for the project would be used to offset the cost of the following improvements:
 - Demolition
 - Streetscape/utilities design and construction

Description	Amount
Environmental Remediation and Demolition	\$14,200
Infrastructure/Utility Improvements – Streetscape (Design and Construction)	\$84,000
Total TIF Funding Request	\$98,200

Reserve on the North Campus Streetscape Improvement Project - *Funding Sources & Uses*

- ◆ Funding Sources and Uses

Funding Source	Amount	Use
Private Equity	\$2,700,000	Land Acquisition and Construction
1 st Mortgage Bank Loan	\$9,102,832	Construction
Total	\$11,802,832	

Reserve on the Campus Town Home and Streetscape Improvement Project Summary

Proposed Reserve on the North Campus Streetscape Improvement Project	
Project Square Footage	≈ 95,688 square feet – 54units
Private Investment <i>(land acquisition, hard and soft costs)</i>	\$11,802,832
Total Project Costs <i>(actual investment, land acquisition, soft costs, debt expenses, etc)</i>	\$12,137,109
TIF Funding	\$98,200
% TIF Funds to Total Project Costs	<1%
Return on Cost with TIF Reimbursement	5.7% <i>(See Appendix 4 for calculation)</i>
Return on Cost without TIF Reimbursement	4.9% <i>(See Appendix 4 for calculation)</i>
Developer Fee	0%
Anticipated Construction Start Date	December 31, 2010
Anticipated Project Completion Date	December 31, 2011



Recommendations

- ◆ The following action is recommended:
 - Approval of a Development Agreement with Reserve at Stutz Road, LLC, for TIF reimbursement for the Reserve on the North Campus Streetscape Improvement Project

◆ Appendices

Appendix 1: Reserve on the North Campus Streetscape Project Budget

Reserve on the North Campus Streetscape Improvement Project Budget	
Private Costs	
Land/Building:	Amount
Land Cost (Acquisition)	\$0
Other Cost (specify)	
Less Pad/Land Sales	
Total Land Acquisition	\$0
Hard Costs:	
Site work	\$0
Building construction costs	\$0
Garage construction costs	
Hard cost contingency	\$0
Other hard costs (specify) Engineering, Erosion Control, Retaining Walls	\$0
Total Hard (total construction)	\$0
Soft Costs:	
Marketing expenses, advertising, etc.	\$0
Architects/Engineers/Consultants Total	\$0
Appraisal, market study, & feasibility	\$0
Legal & Accounting	\$0
Loan expenses	\$0
Title & Closing Costs	\$0
Consulting/Developer Fee & Reimbursable expenses	\$0
Property Taxes	\$0
Security	\$0
Surveys	\$0
Soft cost contingency	\$0
Total Soft Costs	\$0
Public Costs	
Environmental/Demo	
Demolition	
Grading, Erosion Control	\$7,500
Engineering	\$6,700
Total Environmental/Demo	\$14,200
Streetscape/Utilities:	
Streetscape (sidewalk, pavers, tree, tree grates)	\$50,000
Lighting	\$18,000
Other: Contingency	\$4,500
Total Streetscape	\$72,500
Other:	
Construction Management	\$4,500
Permits	\$2,500
Other (describe)	
Total Other	\$7,000
Total Development Costs (private plus public)	\$98,200

Appendix 2: Reserve on the Campus Town Home Project Proforma

The Reserve on the Campus Proforma - Maple/Mockingbird TIF District

PROJECT NAME:	The Reserve on the Campus
PROJECT TYPE:	For Sale Town Homes
SITE AREA:	2.25
NUMBER OF FLOORS/STORIES:	3
CONSTRUCTION START DATE:	May 2010
PROJECT SCHEDULE:	May 2010 - December 2011

<u>Residential Unit Breakdown</u>	<u>Avg. SF</u>	<u># of Units</u>	<u>Total SF</u>	<u>Target Sale Price PSF</u>
For Sale Town Home Units	1,772	54	95,688	\$141
<u>Project Costs</u>			<u>Sales</u>	
Hard Cost	\$8,924,454		Town Homes	\$13,500,000
Soft Cost	\$384,883		- Commission	(742,500)
Land Cost	\$2,489,272		- Title & Closing Fees	(21,712)
Public Cost	\$338,500			
Total Project Costs	\$12,137,109		Net Sales	\$12,735,788
			TIF Assistance	\$98,200

Return on Cost Analysis	
<small>(Net Sales-Total Project Costs)/Total Project Costs</small>	
Return on Costs without assistance	4.9%
Return on Cost with assistance	5.7%

Appendix 3: TIF Increment Chart

Maple/Mockingbird TIF District Projected TIF Increment Schedule									
Tax Year		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
Base	2008	\$176,690,019							
Adj to Base		\$6,449,999							
New Base	2009	\$183,140,018							
1	2009	\$189,047,915	7.0%	\$12,357,896	70%	\$64,697	0%	\$0	\$64,697
2	2010	\$175,027,467	-4.4%	(\$8,112,551)	70%	\$0	0%	\$0	\$0
3	2011	\$179,252,879	-2.1%	(\$3,887,139)	70%	\$0	55%	\$0	\$0
4	2012	\$224,285,419	22.5%	\$41,145,401	85%	\$261,567	55%	\$51,619	\$313,187
5	2013	\$286,458,771	56.4%	\$103,318,753	85%	\$656,813	55%	\$129,619	\$786,432
6	2014	\$337,614,013	84.3%	\$154,473,995	85%	\$982,014	55%	\$193,795	\$1,175,810
7	2015	\$444,707,939	142.8%	\$261,567,921	85%	\$1,662,827	55%	\$328,150	\$1,990,977
8	2016	\$521,452,635	184.7%	\$338,312,617	85%	\$2,150,704	55%	\$424,430	\$2,575,135
9	2017	\$561,543,725	206.6%	\$378,403,707	85%	\$2,405,569	55%	\$474,726	\$2,880,296
10	2018	\$578,144,051	215.7%	\$395,004,033	85%	\$2,511,100	55%	\$495,552	\$3,006,653
11	2019	\$586,816,211	220.4%	\$403,676,193	85%	\$2,566,230	55%	\$506,432	\$3,072,663
12	2020	\$595,618,455	225.2%	\$412,478,437	85%	\$2,622,187	55%	\$517,475	\$3,139,663
13	2021	\$604,552,731	230.1%	\$421,412,713	85%	\$2,678,984	55%	\$528,683	\$3,207,668
14	2022	\$613,621,022	235.1%	\$430,481,004	85%	\$2,736,632	55%	\$540,060	\$3,276,693
15	2023	\$622,825,338	240.1%	\$439,685,320	85%	\$2,795,146	55%	\$551,607	\$3,346,753
16	2024	\$632,167,718	245.2%	\$449,027,700	85%	\$2,854,536	55%	\$563,328	\$3,417,865
17	2025	\$641,650,234	250.4%	\$458,510,216	85%	\$2,914,818	55%	\$575,224	\$3,490,043
18	2026	\$651,274,987	255.6%	\$468,134,969	85%	\$2,976,004	55%	\$587,299	\$3,563,303
19	2027	\$661,044,112	261.0%	\$477,904,094	70%	\$2,501,971	55%	\$599,555	\$3,101,526
20	2028	\$670,959,774	266.4%	\$487,819,756	70%	\$2,553,883	55%	\$611,994	\$3,165,878
21	2029	\$681,024,170	271.9%	\$497,884,152	70%	\$2,606,573	55%	\$624,621	\$3,231,194
22	2030	\$691,239,533	277.4%	\$508,099,515	70%	\$2,660,053	55%	\$637,436	\$3,297,490
23	2031	\$701,608,126	283.1%	\$518,468,108	70%	\$2,714,336	0%	\$0	\$2,714,336
24	2032	\$712,132,248	288.8%	\$528,992,230	70%	\$1,406,121	0%	\$0	\$1,406,121
25	2033	\$722,814,231	294.7%	\$539,674,213	0%	\$0	0%	\$0	\$0
						\$47,282,767		\$8,941,605	\$56,224,383
2009 NPV						\$23,295,187		\$4,485,179	\$27,780,373

Appendix 4: Reserve at Stutz, LLC

- ◆ The members of Reserve on Stutz, LLC include William White, Dan Shreimann, and Joe McQuillan
 - Dan Shreimann, President – Practicing tax and real estate attorney and C.P.A. Shreimann has over 25 years of experience in entity formation and structure, tax planning and analysis, tax compliance and litigation, etc.
 - William White, Vice President – Over the past 12 years White has concentrated on “in fill” development throughout eastern and central Dallas. White has experience in design, development and construction of single family homes and town homes. Since 1994, White has completed and sold nearly \$75M in single family subdivision and residences
 - Joe McQuillan, Treasurer – Former Vice Chairman and director of Associates First Capital Corporation (The Associates)