

Memorandum



CITY OF DALLAS

DATE December 3, 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, Steve Salazar

SUBJECT **Economic Development grant proposal to support emerging development opportunities in North Oak Cliff – Agenda Item, December 8, 2010**

On Monday, December 6, 2010, the Economic Development Committee will be briefed on a proposed economic development grant proposal to support emerging development opportunities in North Oak Cliff.

Briefing material 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

Economic development grant proposal to support emerging development opportunities in North Oak Cliff

Economic Development Committee

December 6, 2010



Office of Economic Development
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Purpose

- ◆ Review the proposed economic development grant agreement in support of the initial phase of the Bishop Arts Village project.
- ◆ Obtain Economic Development Committee approval for consideration of the agreement by City Council on December 8, 2010.

Overview

- ◆ Urban revitalization is underway in the North Oak Cliff area as seen in the success of the Bishop Arts retail district and new businesses throughout North Oak Cliff.
- ◆ The area is still transitioning and City support will be needed to encourage new housing and mixed-use development.



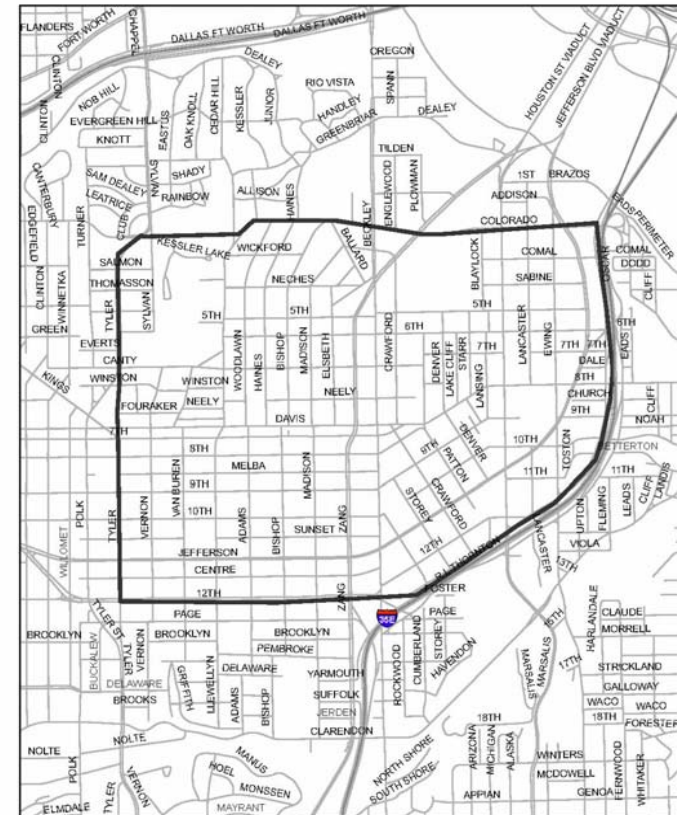
Overview

- ◆ Getting “in front of the market” in emerging areas will allow for more coordinated development.
- ◆ A potential multi-phased project would build on the success of the Bishop Arts District and provide linkages to the Jefferson Boulevard and Davis Street corridors in the conceptual stages.



Bishop Arts Village – Phase I

- ◆ Bishop Arts Village, LLC (an affiliate of Exxir Capital) has already invested \$5 million in property acquisition in the area.
- ◆ The initial phase of a proposed Bishop Arts Village project involves project feasibility evaluation, due diligence, and land assembly.
- ◆ Locations throughout the “garden district area” of North Oak Cliff are being considered.



Garden District Area of North Oak Cliff

□ General area



Economic Development Grant Agreement

- ◆ A proposed Chapter 380 economic development grant in the amount of \$2,000,000 from 2006 General Obligation Bond (Prop 8) Funds would support Phase I of the Bishop Arts Village project.
- ◆ Funds would be used for the acquisition of real property and related due diligence costs.
- ◆ The grant is conditional and subject to the following:
 - Developer agrees to assemble property for future development, conduct due diligence as required, and develop a project scope for Phase II vertical development.
 - The City and Owner will work to finalize the project scope and future phasing upon completion of the above.
 - If the developer does not move ahead with a Phase II vertical development or cannot reach an agreement with the City on the vertical project scope and phasing **by December 31, 2015**.
 - **Developer agrees to give the City collateral property or the cash equivalent equal to the \$2 million City grant.**

Economic Development Grant Agreement continued

- ◆ This conditional grant allows for continued negotiations towards a larger pedestrian oriented village project.
- ◆ Additional incentives will be needed for future phases to support redevelopment costs such as utility upgrades, streetscape and public open space improvements, demolition, and historic façade restoration.



Future Programs to Consider

- ◆ During the course of Phase I, staff and the developer will evaluate the potential to create a tax increment financing district (TIF District).
- ◆ Other financing programs that may be considered include additional general obligation bond funding, the City of Dallas Regional Center (CDRC), New Markets Tax Credits (NMTC), and programs through the City's Housing Department.

Bishop Arts Village, LLC –Background

- ◆ Bishop Arts Village LLC (BAV) has been incorporated in Texas for the sole purpose of developing the Bishop Arts area of North Oak Cliff, Dallas.
- ◆ BAV's principals, designers and city planners share an average experience of over 30 years in all aspects of real estate (acquisition, finance, development, construction, management and syndication) in markets the world over.
- ◆ The BAV team has collectively sponsored, structured or executed real estate transactions, in Europe, Asia and USA, totaling 25 million square feet and approximately \$3 billion in value, involving residential, retail, office, and multifamily (See *Appendix for more background*).

Bishop Arts Village, LLC –Background continued

- ◆ One example of the BAV group members' involvement in a successful public-private partnership includes the Paseo Nuevo project in Santa Barbara, CA.
- ◆ In partnership with the City's Redevelopment Authority, an overall vision was set to create a shopping and gathering destination in a once blighted area of downtown Santa Barbara.



Bishop Arts Village, LLC –Background continued

- ◆ Paseo Nuevo, according to City staff, has been an economic engine for the City of Santa Barbara and property tax revenues in the downtown corridor have continued to grow.
- ◆ The new retail buildings were designed to be integrated into the existing downtown urban fabric.
- ◆ Both residents and tourists visit this destination.



Recommendations

- ◆ The following actions are recommended:
 - Approval of an economic development grant agreement pursuant to Chapter 380 of the Texas Local Government Code in accordance with the City's Public/Private Partnership Program – Business Development Grant Program with Bishop Arts Village, LLC related to the acquisition of real estate and development of property in the City of Dallas.

Appendix

Bishop Arts Village LLC – Additional Background

- ◆ Principals behind the Bishop Arts Village, LLC (BAV) are a family investment trust in partnership with many enterprises, experts, and professionals and have successfully instigated, financed, and invested in a host of projects including buying, renovating, developing real estate, as well as funding, seeding and investing in new ventures. The group has structured over 25 million square feet of real estate transactions around the world with an approximate \$3 billion in value through family-owned vehicles.
- ◆ BAV is also a family investment company which has been formed in the same manner to partner with the best professionals and experts while bringing its own expertise and investment resources to infill neighborhoods in Dallas's southern sector.

Bishop Arts Village LLC – Additional Background continued

- ◆ Notable Development/Re-Development Projects include:
 - Harrow on the Hill – Office Development (Harrow, London, UK)
 - 7 Old Park Lane – Mixed-Use Renovation (Mayfair, London, UK)
 - Paseo Nuevo – Mixed-Use Town Center (Santa Barbara, CA)
 - The Charles – Residential Condo Tower (Upper East Side, NYC, NY)
 - Picachio Ln – High-End Residential (Montecito, CA)
 - Archstone Tech Ridge – Multi-Family (Austin, TX)
- ◆ Other Companies:
 - Blue Rock Real Estate – A national real estate firm (A family corporation)
 - New World Coffee/Einstein Bros – Concept/Funding/IPO/Acquisition/Disposition (639 Coffee/Bagel Franchises - Publically Traded)
 - Vsource Inc. – Venture Capital/BPO/Disposition (Global B2B process outsourcing)