

Memorandum



DATE June 4, 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 **Southwest Center Mall Redevelopment**

On Monday, June 7, 2010, the Economic Development Committee will be briefed on the Southwest Center Mall Redevelopment.

Briefing material is attached.

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



A. J. 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

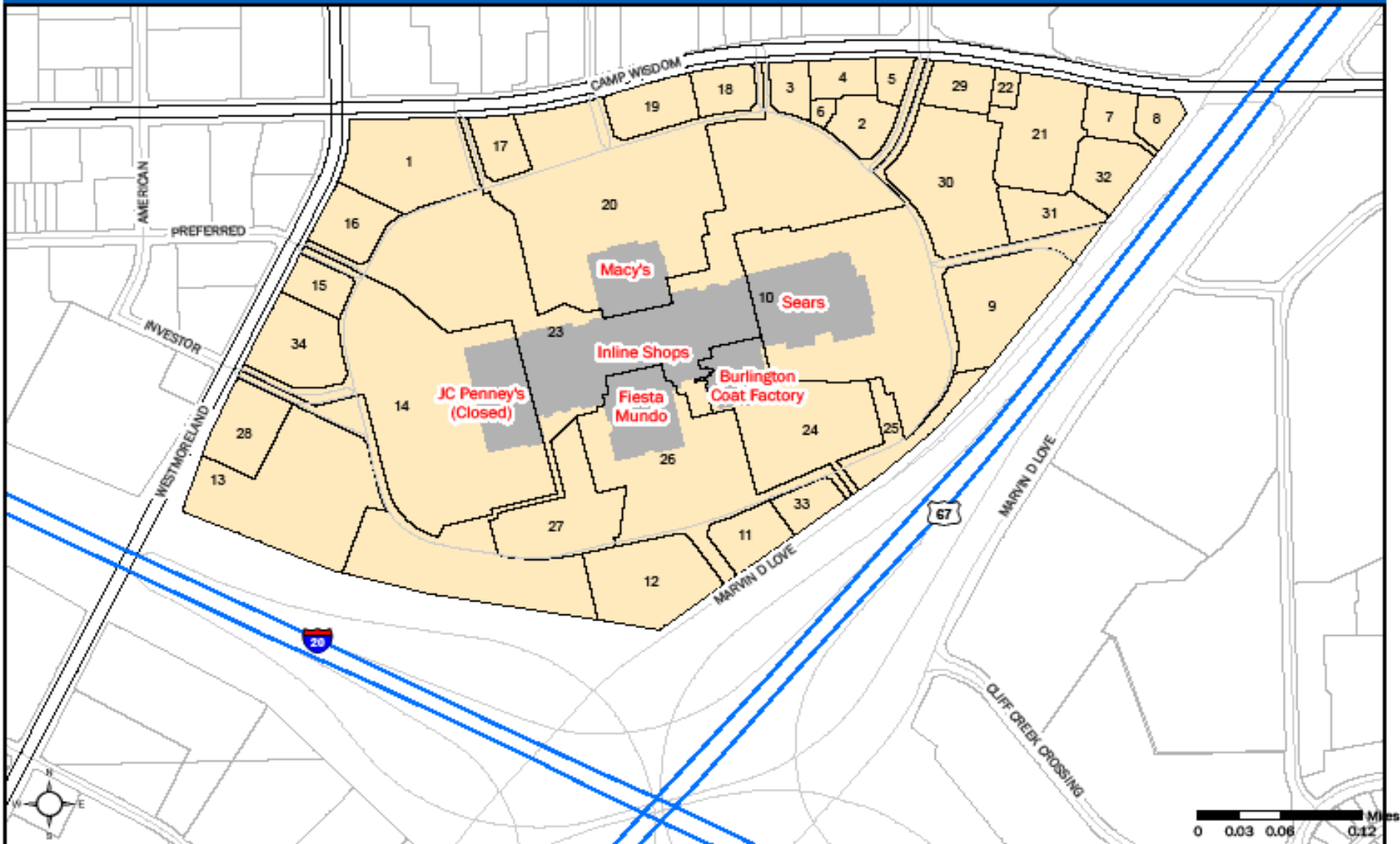
Southwest Center Mall Redevelopment

Economic Development Committee
June 7, 2010





SWC Mall Parcels



City of Dallas - Office of Economic Development



Research & Information Division
 (214) 670-1685
<http://www.Dallas-EcoDev.org>

Created 10/23/2007, Updated 6/3/2010 - 07-10-22 Jim Greenwalt, TCG

Legend

- | | | |
|-------------|-------------------|----------------|
| City Limits | Freeway | Major Arterial |
| Study Area | Primary Highway | Minor Arterial |
| Parcels | Secondary Highway | Private |
| | | Ramp |

Source: Parcel Data - Dallas Central Appraisal District, 2007; Else - City of Dallas, 2007

Property Information

- Anchors:
 - Burlington Coat Factory 105,389 sf
 - Fiesta Mundo (fmr Dillard's) 100,916 sf
 - Macy's (fmr Foley's) 152,200 sf
 - JC Penney (vacant) 216,104 sf
 - Sears 205,153 sf
 - Total Anchor Bldgs 779,762 sf
- Mall Shops 345,518 sf
- Total 1,128,280 sf

Property Value Information

(in Millions \$ - Source: DCAD)

	Land	Improvements	Total
Mall Property	\$4.179	\$2.720	\$6.899
Penney's	\$2.050	\$0.019	\$2.069
Fiesta Mundo	\$2.480	\$0.131	\$2.611
Sears	\$2.875	\$3.115	\$5.99
Burlington	\$1.224	\$1.740	\$2.964
Macy's	\$2.894	\$1.905	\$4.799
Total Tax Value	\$15.702M	\$9.63M	\$25.332M

Review of Task Force and ULI Panel

- **Southern Dallas Task Force Southwest Oak Cliff Work Team** identified redevelopment of **Southwest Center Mall** as their **top priority**
- In 2009, a nine member Advisory Services Panel spent **five (5) days in Dallas** examining Southwest Center Mall
 - The **market**: too **weak** to **justify private investment** in redevelopment **without public investment**.
 - Site: There are **six major property owners: Independent and Interdependent**.
 - There really is **no existing vision or comprehensive redevelopment plan**.
 - The **community strongly supports** revitalization of the property as a community resource, but no consensus on mixture of uses.
 - The site has **poor access**, limiting its market potential.
 - There are **community concerns about the City's commitment** to help with revitalization.
 - **Limited window** to keep SWC Mall as a viable retail site; immediate action needed.
 - **Anchor stores may abandon** the mall soon if nothing is done

Post ULI Activity

- **Madison Capital** formed **joint venture** with **CityView Commercial** (real estate arm of Jimmy Jazz) as owner of in-line store mall property.
 - Opens dialogue with City and community leaders – participates in townhall meeting
 - Proactive initiatives directed toward re-tenanting and stabilization of existing in-line stores (130,000 sf of new leases signed)
 - Jimmy Jazz operates over 200 stores in 18 states with over 5 million s.f. of retail space
 - Fiesta Mundo (multi-event entertainment center) under construction at former **Dillard's property** with planned opening in September 2010.
- City Council approved \$97,200 **option to purchase** in December which expires on June 9.
 - Sales price - not exceed fair market value as established by independent appraisals, but capped at \$2,061,000 price (current DCAD value \$2,069,00)
 - Environmental clean-up estimated at \$300,000 to \$400,000

Review of Recent Activity

- Discussions with potential redevelopment partners **have not resulted in an immediate redevelopment opportunity** or an identifiable short term solution for the JC Penney site.
- Consequently, staff engaged in **parallel conversations with** CityView Commercial as a partner to acquire the JC Penney property and continue pursuit of redevelopment opportunities for the site.
- CityView requested consideration of a **redevelopment strategy** for the in-line store area (common mall area) in addition to a strategy for JC Penney property.
 - CityView has sought City assistance with capital and tenant improvements in the mall as part of any deal related to the JC Penney site
 - Initial discussions would provide the City a carried interest in the JC Penney property with an opportunity to recapture its investment upon redevelopment or sale **but the City would not be in the Shopping Center business**

Update Since May 2010

- **New information** has come to light impacting redevelopment opportunities at Southwest Center Mall which **warrants considering a new approach** for the City.
- Staff seeks the Committee's guidance and recommends discussing this matter in executive session pursuant to Sections 551.087 and 551.072 of the Texas Open Meeting Act to deliberate: (1) the offer of economic incentives and (2) the purchase of real property associated with redevelopment of property at Southwest Center Mall including the former JC Penney property."

Executive Session