Memorandum

DATE  May 16, 2014

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT Cliff View Project – Fort Worth Avenue TIF District

On Monday, May 19, 2014, the Economic Development Committee will be briefed on the Cliff View Project – Fort Worth Avenue TIF District.

Briefing material is attached

Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
   A. C. Gonzalez, City Manager
   Rosa Rios, City Secretary
   Warren M.S. Ernst, City Attorney
   Judge Daniel Solis, Administrative Judge Municipal Court
   Craig Kinton, City Auditor
   Shawn Williams, Interim Public Information Officer
   Ryan S. Evans, Interim 1st Assistant City Manager
   Forest Turner, Assistant City Manager
   Jill A. Jordan, P.E., Assistant City Manager
   Joey Zapata, Assistant City Manager
   Charles M. Cato, Interim Assistant City Manager
   Theresa O'Donnell, Interim Assistant City Mgr.
   Jeanne Chipperfield, Chief Financial Officer, Office of Financial Services
   Shawn Williams, Interim Public Information Officer
   Karl Zavitkovsky, Director, Office of Economic Development
   J. Hammond Perot, Assistant Director, Office of Economic Development
   Elsa Cantu, Assistant to the City Manager Office and Mayor and Council
Cliff View
Fort Worth Avenue TIF District
Economic Development Committee
May 19, 2014
Purpose

• Discuss the Cliff View project in the Fort Worth Avenue TIF District

• Obtain Economic Development Committee’s approval for consideration of the project by City Council on May 28, 2014
Fort Worth Avenue TIF District

Background

- The Fort Worth Avenue TIF District was created June 13, 2007.
- The district’s purpose is to create a more sustainable mix of residential property in the corridor and to take advantage of underdeveloped land parcels near downtown Dallas.
- Property value in the district is up $27.7M since inception, a 32% increase.
Cliff View

Location Map

• Project is located northwest of the intersection of Sylvan Avenue and Fort Worth Avenue and northwest of the Belmont Hotel.

• 4 acre development site is currently vacant and covered with small trees and brush.
Cliff View

Project Summary

- Proposed Cliff View development:
  - Minimum of 250,000 square feet of residential space (approximately 318 units).
  - Estimated total project cost is $43 million.
  - Mixed income housing: 80% of the units will be market rate; 20% of units to meet affordable housing criteria for families making 80% of the Area Median Family Income).
  - On-site amenities: bike parking, open plaza space, a pool courtyard, and connections to nearby trails.
  - Includes integrated storm water management techniques.
Cliff View

Project Summary

- Continues development of new, mixed-income apartments in the Fort Worth Avenue/West Commerce area. Its residential population will help to support other commercial properties in this corridor: Belmont Hotel, Smoke restaurant, Metro Paws Animal Clinic, and Sylvan | Thirty.
Cliff View

*Project Design – site plan*

- Site is currently vacant and covered with trees and brush.
- Public amenities:
  - wide sidewalks
  - street trees
  - public plaza spaces
  - connections to a nearby trail.
- TIF funding will be used for
  - infrastructure
  - streetscape
  - park and open space improvements
  - environmental remediation
  - support of mixed income housing.
Cliff View

*Project Design*

- Development provides a variety of unit sizes and types.
- Buildings range from two stories to seven stories.
- Buildings and the parking garage are nestled into the hill to minimize the impact on the adjacent neighborhood.
Cliff View

Project Design

- View looking northwest up Seale Street
Cliff View
*Project Design*

- View looking northwest across Ormsby Street.
Cliff View
Project Design

Before and after images of Seale Street facing downtown.
Cliff View

Project Design

• The project includes a pool deck with downtown views.
Cliff View
Project Design

- Typical street.
# Cliff View

## Project Funding Sources and Uses

### Sources and Uses

#### Uses

<table>
<thead>
<tr>
<th>Private Costs</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Land Acquisition</td>
<td>$2,900,000</td>
<td>7%</td>
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<tr>
<td>Site work/demolition</td>
<td>$1,236,852</td>
<td>3%</td>
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<tr>
<td>General construction/improvements/garage</td>
<td>$31,985,226</td>
<td>74%</td>
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<tr>
<td>Streetscape/utilities/demo/park</td>
<td>$2,225,837</td>
<td>5%</td>
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<tr>
<td>Total Soft Costs</td>
<td>$4,835,245</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Total Development Costs</strong></td>
<td><strong>$43,183,160</strong></td>
<td></td>
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</table>

### Sources

<table>
<thead>
<tr>
<th>Estimated Funding Sources</th>
<th>Amount</th>
<th>%</th>
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<tbody>
<tr>
<td>Construction loan</td>
<td>$28,071,246</td>
<td>65%</td>
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<tr>
<td>Equity</td>
<td>$15,111,914</td>
<td>35%</td>
</tr>
<tr>
<td><strong>Total development funding (total sources)</strong></td>
<td><strong>$43,183,160</strong></td>
<td>100%</td>
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</table>
Cliff View

*Proposed TIF Funding*

- The recommended TIF funding for the project is $4,650,000
- The funding will be used for infrastructure improvements, improvements to the adjacent Stafford Park, environmental remediation, and mixed income housing costs.

<table>
<thead>
<tr>
<th>Category</th>
<th>Staff Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public infrastructure improvements</td>
<td>$2,275,837</td>
</tr>
<tr>
<td>paving, streetscape, water/wastewater, storm sewer, utility burial/relocation, and land acquisition</td>
<td></td>
</tr>
<tr>
<td>Parks, open space, trails, and gateways</td>
<td>$75,000</td>
</tr>
<tr>
<td>Environmental Remediation and Demolition</td>
<td>$25,000</td>
</tr>
<tr>
<td>Mixed Income Housing</td>
<td>$2,274,163</td>
</tr>
<tr>
<td>Total</td>
<td>$4,650,000</td>
</tr>
</tbody>
</table>
Cliff View

*TIF Board Funding Recommendation*

- On April 15, 2014, the Fort Worth Avenue TIF District board of directors reviewed the project and approved TIF funding in an amount not to exceed $4,650,000.
Recommendation

• Staff requests ECO Committee’s approval of consideration of a development agreement with Henry S. Miller and/or its affiliates for $4,650,000 in support of the Cliff View project by City Council at their May 28, 2014 Council meeting.
APPENDICES
Appendix A: Highlights of TIF Funding Conditions

• Minimum private investment of $30,000,000 for land acquisition, site preparation, hard costs, and related design/engineering soft costs.
• Minimum 250,000 square feet of residential space (approximately 318 units)
• For 15 years a minimum of 20% of the units will be affordable to families at 80% of the area median income.
• Owner shall fund all maintenance and operating expenses for the non-standard public improvements.
• Owner shall comply with business inclusion and development goals and affirmative fair housing goals.
• Start construction by December 31, 2014
• Obtain Certificate of Occupancy (CO) by December 31, 2016
Appendix B: Project Requirements/Other Information

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total square footage required</td>
<td>250,000 square feet of residential space</td>
</tr>
<tr>
<td>Consulting/Developer fee and reimbursables</td>
<td>$1,213,500</td>
</tr>
<tr>
<td>Required private investment – site acquisition, site preparation, and hard costs of construction</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.</td>
<td>$43,183,160</td>
</tr>
<tr>
<td>TIF funding</td>
<td>$4,650,000</td>
</tr>
<tr>
<td>PPP funding</td>
<td>$0</td>
</tr>
<tr>
<td>% TIF and PPP funds to total project cost</td>
<td>10.9%</td>
</tr>
<tr>
<td>Rate of return without TIF funds</td>
<td>6.0%</td>
</tr>
<tr>
<td>Rate of return with TIF funds</td>
<td>6.8%</td>
</tr>
<tr>
<td>Deadline to purchase properties</td>
<td>n/a</td>
</tr>
<tr>
<td>Deadline to obtain permits</td>
<td>December 2014</td>
</tr>
<tr>
<td>Deadline to complete construction</td>
<td>December 2016</td>
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</tbody>
</table>
Appendix C: Cliff View

Project Proforma

**PROJECT DESCRIPTION:** Cliff View

**SITE AREA:** 4 acres

**NUMBER OF FLOORS/STORIES:** up to 7

**BUILDING AREA (g.s.f.):** 166,991

**CONSTRUCTION PERIOD:** 2 years

**ANTICIPATED CONSTR START DATE:** December 2014

<table>
<thead>
<tr>
<th>Cliff View</th>
<th>SF</th>
<th># of Units</th>
<th>Total SF</th>
<th>$ per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>279,775</td>
<td>318</td>
<td>880</td>
<td>$1.42</td>
</tr>
</tbody>
</table>

**Income (Annual)**
- Residential Rental Income: $4,761,792
- plus misc income: $198,432
- plus commercial space: $0
- less vacancy: ($324,200)
- less expenses: ($2,028,057)
- NOI (w/o TIF): $2,607,967

**Total Project Cost (incl. public costs):** $43,183,160

**CITY ASSISTANCE (current $):** $4,650,000

**Total Project Cost (with City $):** $38,533,160

<table>
<thead>
<tr>
<th>Return on Cost Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOI/Total Project Costs</td>
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<tr>
<td>Return on Cost (no City $): 6.04%</td>
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<tr>
<td>Return on Cost (with City $): 6.77%</td>
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</table>

**Project Costs**
- Acquisition & demolition: $2,900,000
- Hard Cost: $33,222,078
- Soft Cost: $4,835,245
- Public costs: $2,225,837

**Total Project Cost (incl. public):** $43,183,160
Appendix D: Henry S. Miller

experience

- Established 1914
- Full service commercial real estate company
- Development Group specializes in the development of commercial, multifamily and single family land
- Developed several million square feet of property in D/FW
- Significant projects/developments Highland Park Village, Preston Royal Shopping Center, and Parkside Towns in Richardson
Appendix E: Fort Worth Avenue  
*Budget in Current Dollars (including Cliff View)*

<table>
<thead>
<tr>
<th>Category</th>
<th>TIF Budget</th>
<th>Allocated</th>
<th>Balance</th>
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<tr>
<td>Public infrastructure improvements: paving,</td>
<td>$82,504,055</td>
<td>$2,832,746</td>
<td>$79,671,309</td>
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<tr>
<td>streetscape, water/wastewater, storm sewer,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>utility burial/relocation, and land acquisition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable housing</td>
<td>$11,071,459</td>
<td>$2,274,163</td>
<td>$8,797,296</td>
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<tr>
<td>Environmental remediation &amp; demolition</td>
<td>$13,285,751</td>
<td>$25,000</td>
<td>$13,260,751</td>
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<tr>
<td>Parks, open space, trails, and gateways</td>
<td>$13,285,751</td>
<td>$325,000</td>
<td>$12,960,751</td>
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<tr>
<td>Façade restoration</td>
<td>$6,642,875</td>
<td>$0</td>
<td>$6,642,875</td>
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<tr>
<td>Economic development grants</td>
<td>$22,142,919</td>
<td>$2,500,000</td>
<td>$19,642,919</td>
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<td>Administration and implementation</td>
<td>$4,334,643</td>
<td>$292,848</td>
<td>$4,041,795</td>
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<tr>
<td><strong>Total project costs</strong></td>
<td><strong>$153,267,454</strong></td>
<td><strong>$8,249,757</strong></td>
<td><strong>$145,017,697</strong></td>
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</table>

*Budget shown above in current dollars, updated yearly; TIF Project Plan shows the budget in net present value. Values above do not include interest payments or receipts.*