

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, NOVEMBER 6, 2023

23-0013

ECONOMIC DEVELOPMENT COMMITTEE
CITY COUNCIL CHAMBER, CITY HALL/VIDEO CONFERENCE
MAYOR PRO TEM TENNELL ATKINS, PRESIDING

PRESENT: [7] Atkins, Narvaez (**1:23 p.m.), West, Arnold, *Bazaldua, Stewart, Ridley

ABSENT: [0]

The meeting was called to order at 1:01 p.m. with a quorum of the committee present.

The meeting agenda, posted in accordance with Chapter 551, "OPEN MEETINGS," of the Texas Government Code, was presented.

After all business properly brought before the committee had been considered, the meeting adjourned at 2:54 p.m.

Chair

ATTEST:

City Secretary Staff

Date Approved

The agenda is attached to the minutes of this meeting as EXHIBIT A.

The actions taken on each matter considered by the committee are attached to the minutes of this meeting as EXHIBIT B.

The briefing materials are attached to the minutes of this meeting as EXHIBIT C.

***Note: Members of the Committee participated in this meeting by video conference.**

**** Note: Indicates arrival time after meeting called to order/reconvened.**

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, NOVEMBER 6, 2023

EXHIBIT A

RECEIVED

2023 NOV-3 AM 11:11

**CITY SECRETARY
DALLAS, TEXAS**

City of Dallas

*1500 Marilla Street,
Council Chambers, 6th Floor
Dallas, Texas 75201*

Public Notice

230980

POSTED CITY SECRETARY
DALLAS, TX



Economic Development Committee

November 6, 2023

1:00 PM

2023 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Narvaez (VC), Arnold, Bazaldua, Ridley, Stewart, West	GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT West (C), Blackmon (VC), Mendelsohn, Moreno, Resendez
HOUSING AND HOMELESSNESS SOLUTIONS Moreno (C), Mendelsohn (VC), Gracey, West, Willis	PARKS, TRAILS, AND THE ENVIRONMENT Stewart (C), Moreno (VC), Arnold, Bazaldua, Blackmon, Narvaez, West
PUBLIC SAFETY Mendelsohn (C), Stewart (VC), Atkins, Moreno, Willis	QUALITY OF LIFE, ARTS, AND CULTURE Bazaldua (C), Resendez (VC), Blackmon, Gracey, Ridley, Schultz, Willis
TRANSPORTATION AND INFRASTRUCTURE Narvaez (C), Gracey (VC), Atkins, Mendelsohn, Resendez, Schultz, Stewart	WORKFORCE, EDUCATION, AND EQUITY Schultz (C), Arnold (VC), Bazaldua, Blackmon, Resendez, Ridley, Willis
AD HOC COMMITTEE ON ADMINISTRATIVE AFFAIRS Atkins (C), Mendelsohn, Moreno,	AD HOC COMMITTEE ON GENERAL INVESTIGATING AND ETHICS Mendelsohn (C), Gracey, Johnson, Schultz, Stewart
AD HOC COMMITTEE ON JUDICIAL NOMINATIONS Ridley (C), Resendez, West	AD HOC COMMITTEE ON LEGISLATIVE AFFAIRS Mendelsohn (C), Atkins, Gracey, Narvaez, Stewart
AD HOC COMMITTEE ON PENSIONS Atkins (C), Blackmon, Mendelsohn, Moreno, Resendez, Stewart, West, Willis	AD HOC COMMITTEE ON PROFESSIONAL SPORTS RECRUITMENT AND RETENTION Gracey (C), Blackmon, Johnson, Moreno, Narvaez, Resendez, Schultz

(C) – Chair, (VC) – Vice Chair

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

General Information

The Dallas Council Committees regularly meet on Mondays beginning at 9:00 a.m. and 1:00 p.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council Committee agenda meetings are broadcast live on bit.ly/cityofdallastv and on Time Warner City Cable Channel 16.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

Los Comités del Concejo de la Ciudad de Dallas se reúnen regularmente los lunes en la Cámara del consejo en el sexto piso del Ayuntamiento, 1500 Marilla, a partir de las 9:00 a.m. y la 1:00 p.m. Las reuniones de la agenda del Comité del Consejo se transmiten en vivo por la estación de bit.ly/cityofdallastv y por cablevisión en la estación *Time Warner City Cable Canal 16*.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que este presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

"Pursuant to Section 46.03, Penal Code (places weapons prohibited), a person may not carry a firearm or other weapon into any open meeting on this property."

"De conformidad con la Sección 46.03, Código Penal (coloca armas prohibidas), una persona no puede llevar un arma de fuego u otra arma a ninguna reunión abierta en esta propiedad."

The City Council Economic Development Committee meeting will be held by videoconference and in the Council Chambers, 6th Floor at City Hall.

The public may attend the meeting virtually; however, City Hall is available for those wishing to attend the meeting in person.

The following videoconference link is available to the public to listen to the meeting and Public Affairs and Outreach will also stream the Economic Development Committee on Spectrum Cable Channel 95 and bit.ly/cityofdallastv:

WebEx Link:

Call to Order

MINUTES

- A. [23-2872](#) Approval of the October 2, 2023 Economic Development Committee Meeting Minutes

Attachments: [Minutes](#)

BRIEFING ITEMS

- B. [23-2873](#) Development Services Monthly Technology and Metrics Review
[Andrew Espinoza, Development Services]

Attachments: [Memorandum](#)

- C. [23-2874](#) Fort Worth Avenue TIF District: Proposed Plan Amendment and Proposed Funding for Vista at Kessler/Stevens, a grocery-anchored retail redevelopment project
[Kevin Spath, Assistant Director, Economic Development]

Attachments: [Presentation](#)

BRIEFING MEMOS

- D. [23-2875](#) City of Dallas Property Assessed Clean Energy (PACE) Program Update
[Kevin Spath, Office of Economic Development]

Attachments: [Presentation](#)

UPCOMING AGENDA ITEMS

- E. [23-2876](#) Upcoming Agenda Item Regarding an Amendment to the Agreement with Island Rock Holdings, LLC for the Longhorn Ballroom Redevelopment Project authorizing the Director of the Office of Economic Development to approve assignment of construction of the public infrastructure improvements
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

- F. [23-2877](#) Upcoming Agenda Item Regarding Request for 12-Month Extension of Completion Date for Chapter 380 Grant Agreement with The Golden S.E.E.D.S Foundation
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, NOVEMBER 6, 2023

EXHIBIT B

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

NOVEMBER 6, 2023

Item 1: Approval of the November 6, 2023 Economic Development Committee Meeting
Minutes

No action taken.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

NOVEMBER 6, 2023

BRIEFING ITEMS

Item B: Development Services Monthly Technology and Metrics Review

The following individuals briefed the committee on the item:

- Andrew Espinoza, Director/Chief Building Official, Development Services;
- Vernon Young, Assistant Director, Development Services; and
- Donald Dixson, Deputy Building Official, Development Services

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

NOVEMBER 6, 2023

BRIEFING ITEMS

Item C: Fort Worth Avenue TIF District: Proposed Plan Amendment and Proposed Funding for Vista at Kessler/Stevens, a grocery-anchored retail redevelopment project

The following individuals briefed the committee on the item:

- Kevin Spath, Assistant Director, Office of Economic Development; and
- Robin Bentley, Director, Office of Economic Development

Councilmember West moved to forward the item to city council with the following change:

- add a local artist inspired staircase elements leading off of Fort Worth Avenue into the pedestrian zone.

Motion seconded by Councilmember Narvaez and unanimously adopted.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

NOVEMBER 6, 2023

BRIEFING MEMOS

Item D: City of Dallas Property Assessed Clean Energy (PACE) Program Update

The committee discussed the item.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

NOVEMBER 6, 2023

UPCOMING AGENDA ITEMS

Item E: Upcoming Agenda Item Regarding an Amendment to the Agreement with Island Rock Holdings, LLC for the Longhorn Ballroom Redevelopment Project

Item F: Upcoming Agenda Item Regarding Request for 12-Month Extension of Completion Date for Chapter 380 Grant Agreement with The Golden S.E.E.D.S Foundation

The committee discussed the items.

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, NOVEMBER 6, 2023

EXHIBIT C

Memorandum



CITY OF DALLAS

DATE November 1, 2023
TO Honorable Mayor Pro Tem Atkins, Vice Chair Omar Narvaez, Carolyn King Arnold, Adam Bazaldua, Paul Ridley, Kathy Stewart, Chad West
SUBJECT **Economic Development Updates- Fee Study for Building Permit Fees for the Development Services Department**

This Memo serves as clarification to the Economic Development Committee Chairman as it relates the Final Draft Fee Study contracted with MGT Consulting of America, LLC. The Development Services Department (DSD) intends to brief the Committee on the progress of the fee study as part of the overall briefing for the Development Services Monthly Technology and Metrics Review agenda item on November 6, 2023, then provide an agenda item to fully brief the fee study to the Economic Development Committee on December 4, 2023, before taking it to full City Council on December 13, 2023, for adoption.

Should you have any questions please contact Andrew Espinoza, Director/Chief Building Official of Development Services at (214) 542-1227 or andres.espinoza@dallas.gov.

A handwritten signature in blue ink, appearing to read 'M. Al-Ghafry'.

Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors



City of Dallas

Development Services Monthly Technology and Metrics Review

**Economic Development
Committee
November 6, 2023**

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas

Presentation Overview



- Technology
- Metrics
- Fee Study
- Commercial Permit Dashboard
- Hiring and Recruitment
- Next Steps



Technology



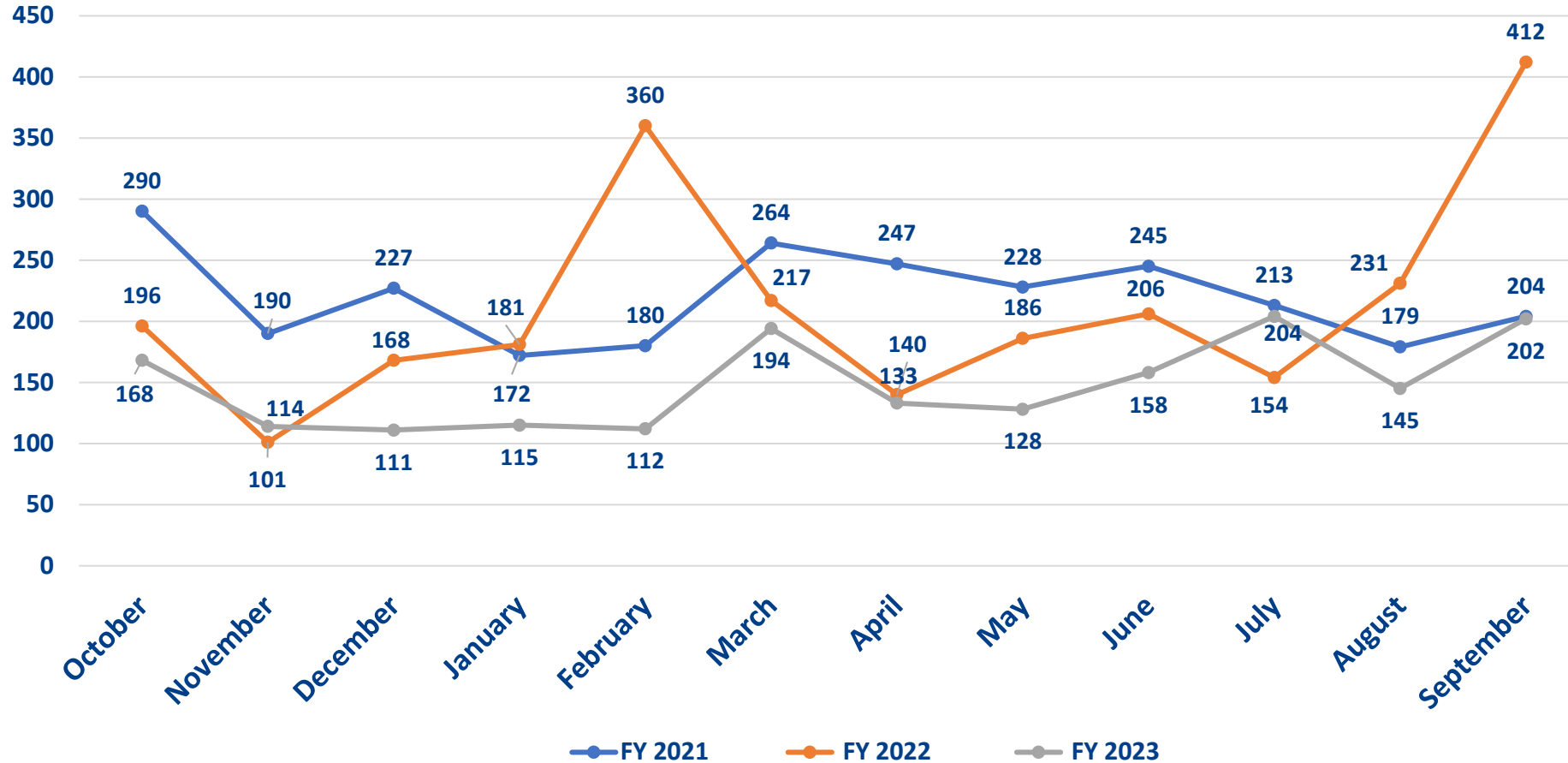
- The implementation project for the new Land Management system is in its 5th month of progress and is on schedule.
- As of October 13, 2023, DSD continues to meet established milestones and scheduling timelines.
 - DSD will continue to partner with ITS leadership to request support with data validation and conversion.



Residential Permit Volume



New Single Family Permits Created



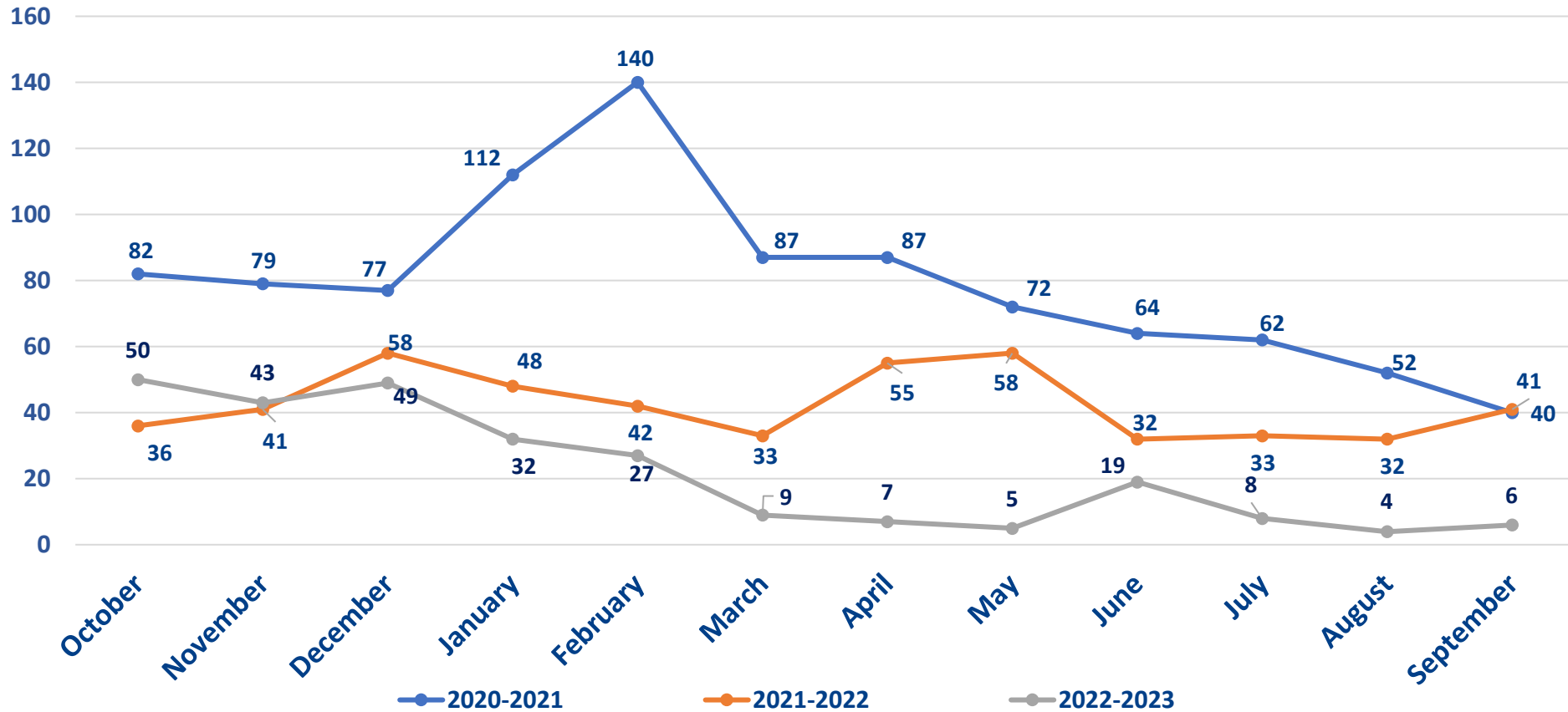
New Single-Family permits increased from 145 to 202 from the previous month (39% increase). 180 New Single-Family permits issued. Median number of days to issue increased from 4 to 6 days. A total of 56 RSVP permits were issued the same day.



Residential Permit Turnaround Times



Residential New Single Family Permits-Staff Time Median Days (calendar days) to Issue YTD Comparison



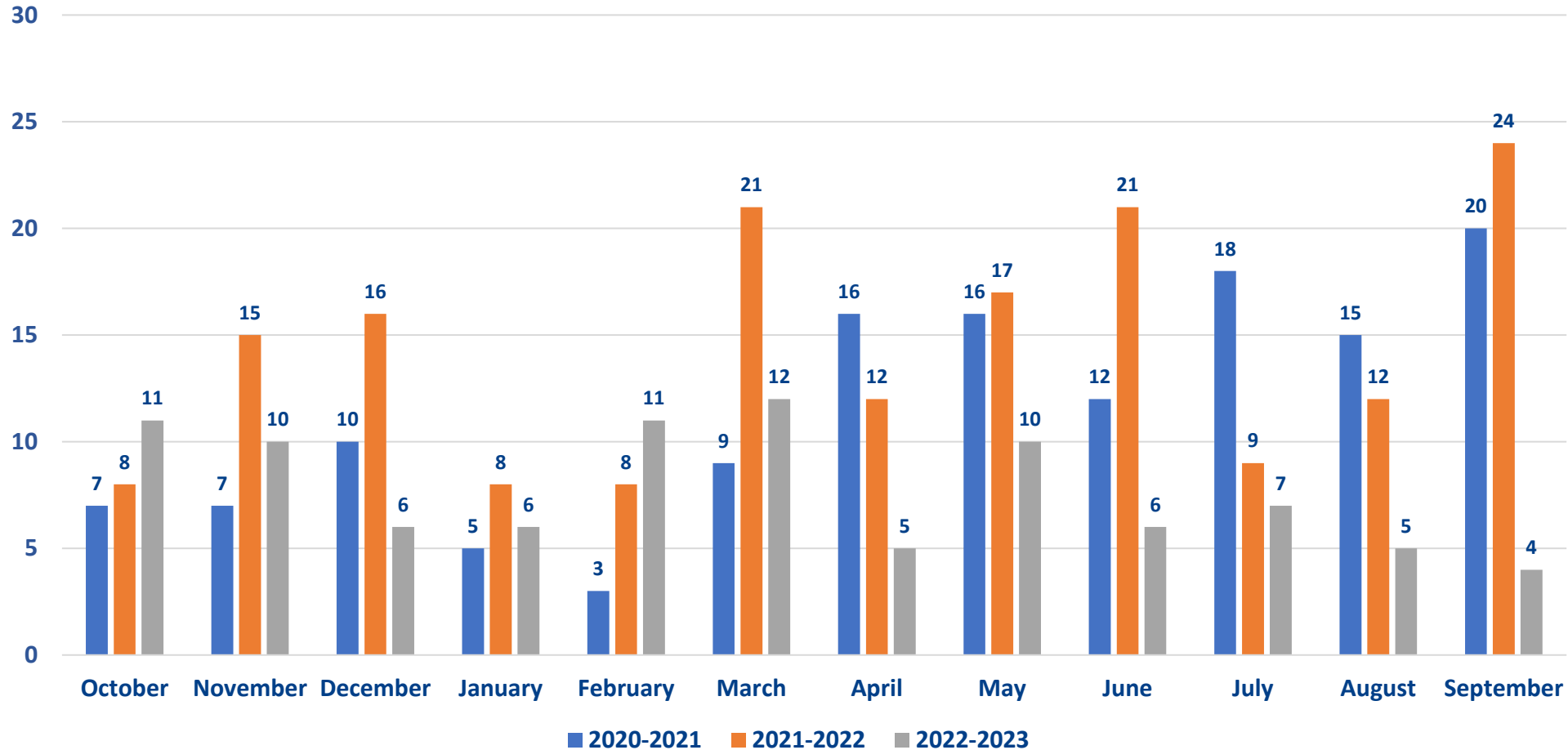
All submitted permit applications met the initial review times 100% of the time in accordance with the Departmental performance goals.



Commercial Permit Volume



New Commercial Project Permit Volume



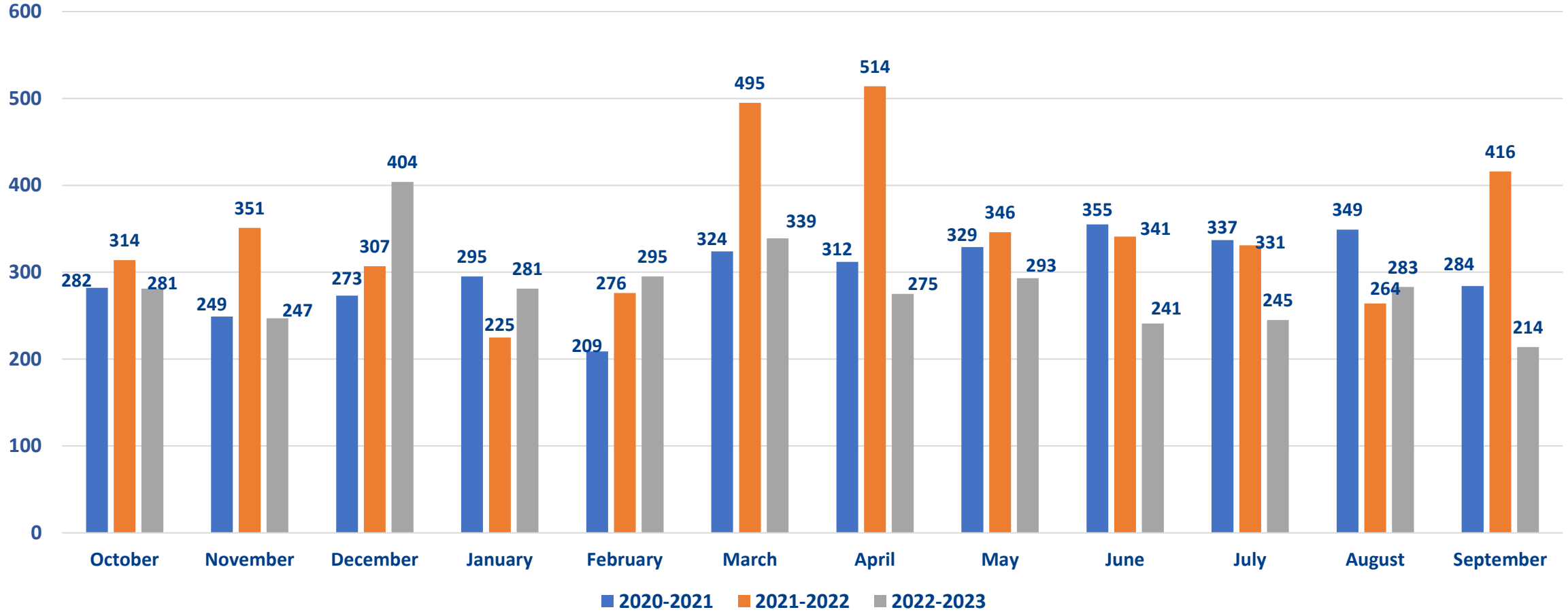
The Department received 22 complex commercial QTeam projects. 31 minor commercial QTeam projects were received and were issued the Same Day.



Commercial Remodel Permit Volume



Commercial Remodel Master Permit Volume



Commercial Dashboard



- Commercial Dashboard has been soft launched internally and is being evaluated.
 - Stagnant or stale submittals are impacting the accuracy.
 - Commercial projects are being submitted via paper and PDOX.
 - Assist customers with completion or cancellation.
 - Dashboard demo with development stakeholders.
 - Projected external launch January 2024.



Commercial Dashboard



- DSD process improvements necessary to prevent future occurrences.
 - Progressively move towards online submittals only.
 - Progressively move towards accepting permits that are properly platted and zoned.
 - Eliminate redundancies and simplify the permitting process overall.
 - Update the Dallas Developer Guide and create a simplified Dallas Developer “User” Guide.
 - Internal updates for all DSD divisions
 - Coordinate with joint Departments (DWU, PBW, TRN, PUD, HOU, DFR)



Metrics & Report Card FY2022/2023 Totals



New Commercial Permits/Additions
386

Commercial Remodel Permits
3,398

Q-Team Commercial Permits
333

Minor Q-Team Commercial Permits
174

New Residential Homes
1,795

Residential Addition/Remodel Homes
4,744



Estimated Construction Valuation Economic Impact
\$5.1 Billion



Metrics & Report Card FY2022/2023 Totals



FY2022/2023

- Commercial Prescreen (1 Day)
- Commercial Initial Review (10 Days)
- Q Team Initial Review (4 Days)
- Residential Prescreen (2 Days)
- Residential Initial Review (8 Days)
- Engineering Prescreen (1 Day)
- Engineering Initial Review (12 Days WW, 35 Days P/D, 32 Days TRN)

FY 2021/2022

- Commercial Prescreen (24 Days)
- Commercial Initial Review (12 Days)
- Q Team Initial Review (7 Days)
- Residential Prescreen (17 Days)
- Residential Initial Review (17 Days)
- Engineering Prescreen (NA)
- Engineering Initial Review (16 Days WW, 32 Days P/D, 24 Days TRN)

Permitting Percentage Reduction Times

- Commercial Prescreen-95%
- Commercial Initial Review-12%
- QTeam Initial Review-43%
- Residential Prescreen-88%
- Residential Initial Review-53%
- Wastewater Initial Review-25%

Permitting Percentage Increase Times

- Paving and Drainage Initial Review-9%
- Transportation Initial Review-25%



Fee Study



Initial Fee Study Findings

- Current Development Fees are not consolidated.
- Found throughout Development Codes and others in the Building Codes.
- Currently DSD only collects 55% of cost of services rendered.
- 40 service processes DSD currently does not charge a fee.
- Current fees are significantly less than surrounding Cities.

Division	Cost	Current Revenue	Current Subsidy
Inspections & Plan Review	\$41,623,673	\$24,227,138 (58%)	\$17,396,535 (42%)
Engineering	\$5,823,111	\$2,268,294 (39%)	\$3,554,818 (61%)
GIS	\$784,100	\$22,150 (3%)	\$763,950 (97%)
Subdivision	\$1,873,983	1,271,517 (68%)	\$602,466 (32%)
Total	\$50,106,867	\$27,789,098 (55%)	\$22,317,769 (45%)



Fee Study



- Final DRAFT Stakeholder outreach and communication with development community
 - Dallas Home Builders Association-August 3rd, 2023
 - Development Advisory Committee-August 15th, 2023
 - Economic Development Committee-September 5th, 2023 & November 6th, 2023
 - Texas Real Estate Council-October 5th, 2023
 - Dallas Home Builders Association-October 17th, 2023
 - Development Advisory Committee, October 20th, 2023
 - City Council Memo/Share DRAFT, October 27th, 2023
 - Constant Contact, October 27th, 2023
 - Economic Development November 6th, 2023
 - American Institute of Architects, November 2023
 - Dallas Independent School Districts, November 2023
 - Hispanic/Black Contractors Association, November 2023
 - Construction Contractors Association, November 2023
 - Fire Contractors, November 2023
 - Ordinance for Council Vote, December 2023
 - Go Live, January 31st, 2024
 - **NOTE: DSD will recommend a 3 Year Implementation Plan**



Hiring and Recruitment



Position Title	Vacancies	Position Title	Vacancies
00701 - Engineer Assistant I	1	31032 - Inspector III - Plumbing	1
00702 - Senior Engineer	2	31037 - Inspector III - Zoning	2
06206 - Sanitarian	1	31129 - Supervisor - Survey	1
16404 - Senior Plans Examiner	10	31238 - Manager - Development	2
24112 - Intern - Development Services Engineering	8	32209 - Executive Secretary	1
28043 - Senior Planner	1	32405 - Administrative Specialist I	1
31012 - Supervisor - Building Inspections Development Services	2	32406 - Administrative Specialist II	3
31013 - Part-Time Flex-Inspector (Plumbing)	8	36533 - Senior Geographic Information System Support Technician	1
31014 - Part-Time Flex-Inspector (HVAC)	7	40021 - Records Technician I - Development Services	1
31015 - Senior Plans Examiner - Building Inspection	3	42001 - Permit Clerk	7
31017 - Senior Plans Examiner - Plumbing	2	42002 - Senior Permit Clerk	2
31022 - Senior Inspector - Plumbing	1	42003 - Permit Technician	1
31023 - Inspector III - Building Inspection	4	48607 - Senior Training Specialist	1
31025 - Lead Inspector - Multidiscipline	1		
31031 - Inspector III - Electrical	3	Total Vacancies	78

The Society for Human Resource Management (SHRM) reports the National Average Days to Hire is 44 days. DSD is currently at 47 days.

NOTE: 25 additional positions were budgeted for DSD FY2023/2024



Next Steps



- Continue Fee Study stakeholder outreach communications-
November 2023
- DSD Hiring Fair-November 2023
- Finalize Dallas Developer Guide – December 2023
- Finalize Dallas Developer “User” Guide – December 2023
- Launch Commercial Permitting Dashboard – December 2023
- Draft Ordinance for Council Consideration-December 2023





City of Dallas

Development Services Monthly Technology and Metrics Review

**Economic Development
Committee
November 6, 2023**

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas



City of Dallas

Fort Worth Avenue TIF District

**Proposed Plan Amendment and
Proposed Funding for Vista at Kessler/Stevens Project,
a grocery-anchored retail redevelopment project**

**Economic Development Committee
November 6, 2023**

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Overview



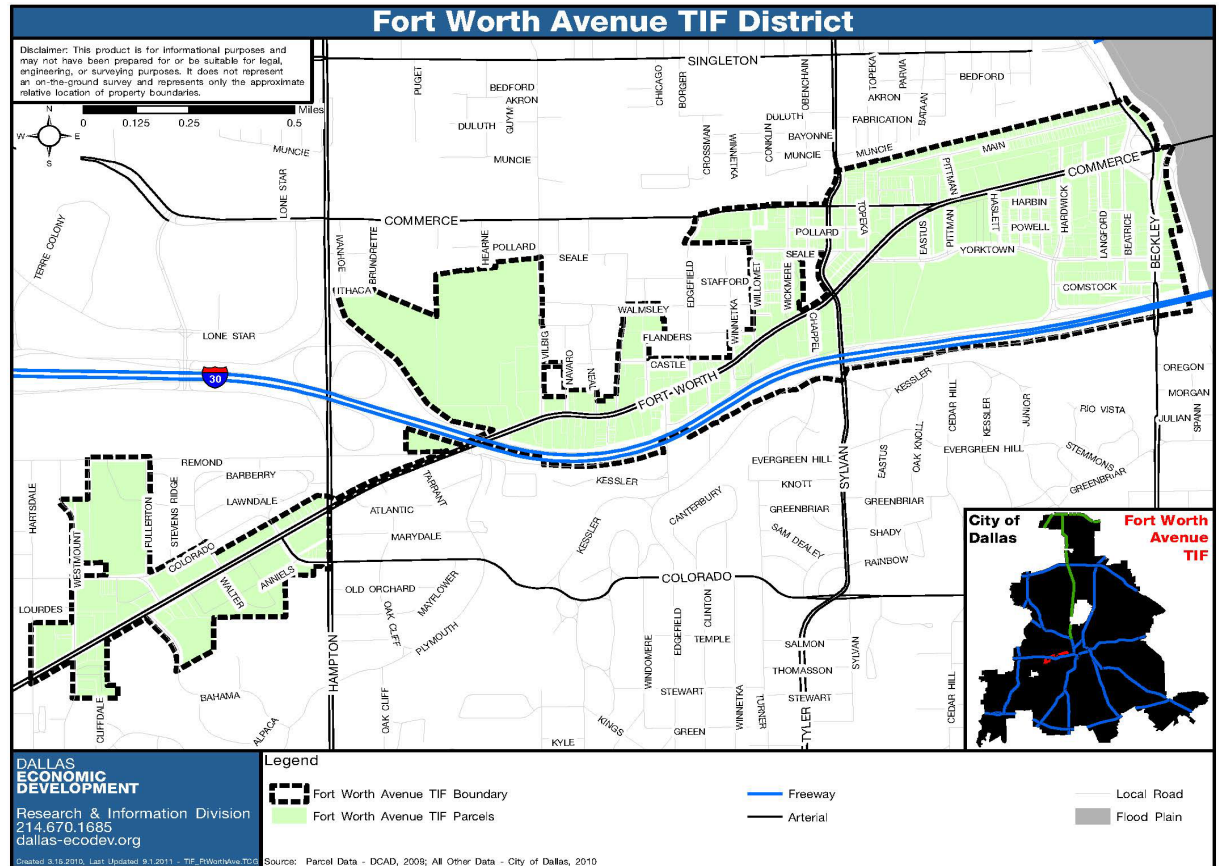
- Fort Worth Avenue TIF District Plan
 - Background
 - Proposed Plan Amendment
 - Staff Recommendation
- Vista at Kessler/Stevens Project
 - Background
 - Proposed Funding for Project
 - Staff Recommendation
- TIF District Board Action and Next Steps
- Appendix



Background: Fort Worth Avenue TIF District



- Fort Worth Avenue TIF District established in 2007
- Scheduled to terminate December 31, 2029
- Current jurisdiction participation
 - City:
 - 0% in 2008
 - 55% in 2009 and 2010
 - 70% in 2011 through 2013
 - 85% in 2014 through 2020
 - 70% in 2021 and 2022
 - 55% in 2023 through 2029
 - County:
 - 55% in 2009 through 2028
- 448 acres



Background: Fort Worth Avenue TIF District



- 2023 DCAD taxable value is \$842.5 million, an increase of 878.1% from the (2007) base year taxable value of \$86.1 million
- Significant projects within the TIF District have created the following (includes completed and under construction projects):
 - 2,935 residential units (31.1% of TIF District Plan goal)
 - 205,138 square feet of commercial/retail space (19.8% of TIF District Plan goal)
- Two TIF District-funded projects, totaling \$3,316,000 million in TIF District funding, have been completed to date
 - Metro Paws Animal Hospital (4,006 SF veterinary office/hospital)
 - Sylvan I 30 (201 apartment units with 40 dedicated as affordable and 48,609 SF retail/restaurant space)
- One TIF District-funded project (\$7,678,873) is nearing completion
 - Villas (Mariposa) at Western Heights (130 apartment units with 104 dedicated as affordable)
- TIF District has also dedicated district-wide funds to co-sponsor The Collective, for a total amount of \$824,063 (bike and pedestrian improvements on Fort Worth Avenue, Colorado Blvd, Plymouth Road and Bahama Drive)



Background: Fort Worth Avenue TIF District



- The 2007 TIF District Plan anticipated \$69.5 million net present value (NPV) in increment and a budget to match that amount of collections
- With only 6 years remaining of the 22-year term of the TIF District, only \$13.2 million in incremental revenue (NPV), 19% of the budget, has been generated



Proposed Plan Amendment: Basic Objectives



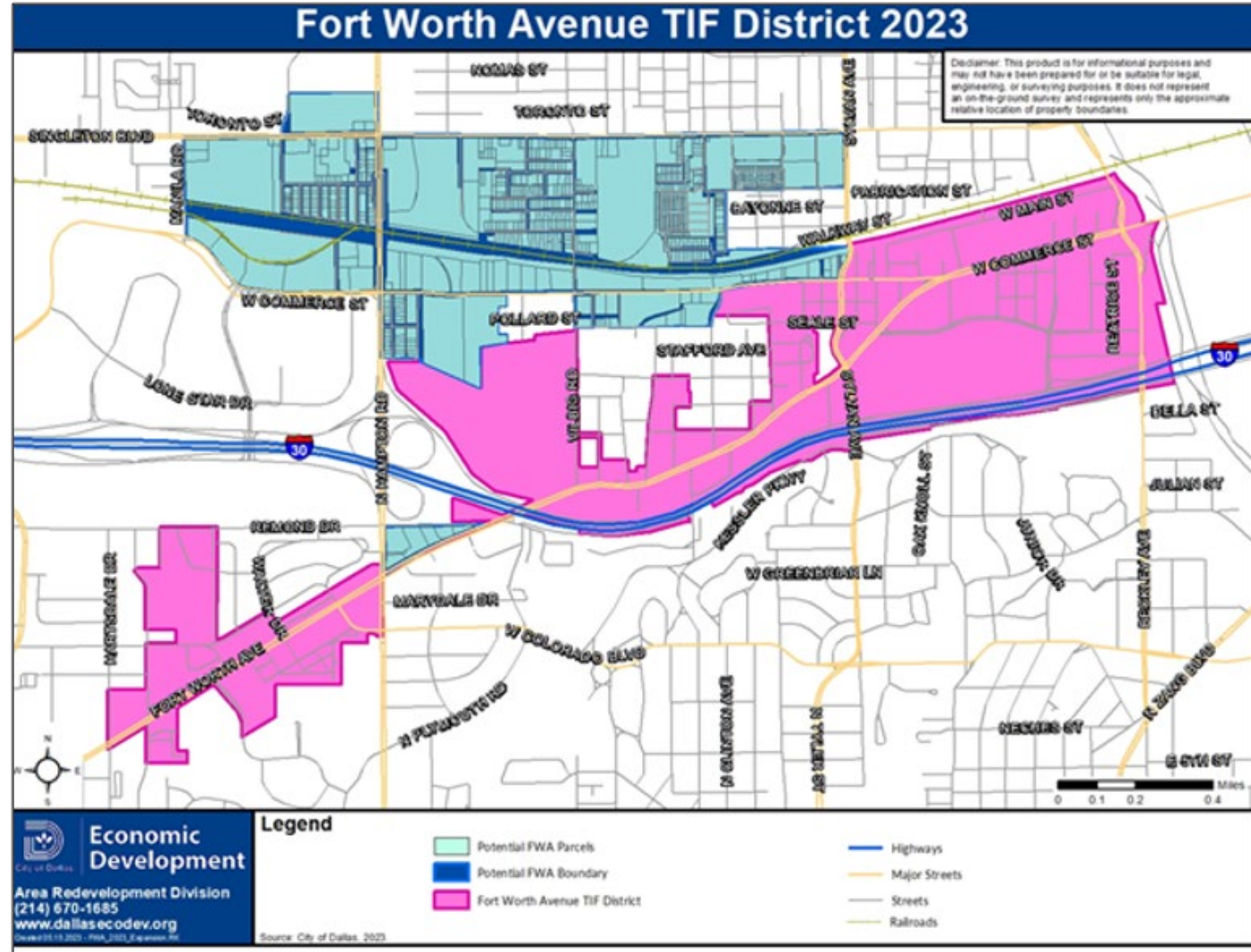
- Provide funding capacity for **programs addressing homeowner stabilization, home repair, and displacement mitigation**
- Provide funding capacity to **support district-wide initiatives including substantial public infrastructure and public facility needs (i.e. fire station)**
- Include in the TIF District boundary and provide funding capacity for gap funding for **redevelopment projects on vacant/underutilized properties**, including property currently needing TIF District funding (Vista at Kessler/Stevens Project) as well as several properties along West Commerce where properties are ripening for conversion from industrial to mixed-income housing and boutique office



Proposed Plan Amendment: Boundary Amendment



- Amend the TIF District boundary to **add 372 acres** (shown in blue), extending the District to the west, along West Commerce Street and Singleton Boulevard, to west of North Hampton Road, primarily to Manila Road, and also incorporate 6 properties north of Fort Worth Avenue and south of Remond Drive, east of North Hampton Road
- Amendment would expand the boundary by 83%



Proposed Plan Amendment: City Participation



- Plan Amendment proposes to keep City participation rate at 70% for 2023-2029 rather than decreasing it to 55%
- Current DCAD taxable value (2023) of the properties to be added to TIF District is \$441,587,081
- By expanding TIF District boundary and leveling City's participation in the TIF District, **Plan Amendment attempts to allow sufficient tax increment to be collected so that TIF District budget capacity is maximized and the TIF District's Plan can be more fully implemented by December 31, 2029 termination**



Proposed Plan Amendment: Budget Category Changes to Align with Objectives



- Add homeowner stabilization, home repair, and displacement mitigation to Affordable Housing Budget Category
 - Provide budget capacity for programs administered by City's Department of Housing & Neighborhood Revitalization (HNR) and/or to future HNR programs
 - TIF District may provide source of funds for programs benefitting eligible homeowners and residents of nearby neighborhoods to:
 - Support home improvement and repair programs
 - Support homebuyer assistance programs (e.g. down payment assistance, closing cost assistance, principal reduction, interest rate reduction, term extension)
 - Support emergency assistance programs (for residents at risk of being displaced from fires, floods, tornadoes, or other events)



Proposed Plan Amendment: Budget Category Changes to Align with Objectives



- Reconfigure budget categories including consolidating environmental remediation, demolition and façade restoration to "Redevelopment/Development Project" expenditures and specifying public facilities as eligible district-wide improvements
- As allowed by Chapter 311 of the Texas Tax Code, Plan will expressly acknowledge that TIF District funds may be used in or out of the District boundary, if proposed improvements (affordable housing, areas of public assembly, and/or infrastructure) benefit the Zone
- **Proposed Plan Amendment shifts budget capacity among budget categories but does NOT change the total TIF District budget or termination date**



Proposed Plan Amendment: Budget Category Reallocation to Align with Objectives



Category	Estimated TIF Expenditure (2008 dollars)	Estimated TIF Expenditure (actual)*	Allocated (actual)*	Estimated Balance (actual)*
Public Infrastructure Improvements paving, streetscape, water/wastewater, storm sewer, utility burial/relocation, project based open space , and land acquisition	\$12,259,794 Currently \$37,259,794	\$31,198,643	\$1,062,563	\$30,136,080
Affordable Housing, including Homeowner Stabilization, Home Repair and Displacement Mitigation	\$15,000,000 Currently \$5,000,000	\$38,171,900	\$7,678,874	\$30,493,026
Redevelopment/Development Projects (previously 2 budget categories - Environmental remediation & demolition, and façade restoration)	\$10,000,000 Currently \$9,000,000	\$25,447,933	\$0	\$25,447,933
Parks, Open Space, Trails, Gateways and other District-Wide Improvements including public facilities (ie. fire station)	\$15,000,000 Currently \$6,000,000	\$38,171,900	\$250,000	\$37,921,900
Economic Development Grants	\$15,000,000 Currently \$10,000,000	\$38,171,900	\$2,500,000	\$35,671,900
Administration and Implementation	\$2,200,000	\$5,598,545	\$738,971	\$4,859,574
Total Project Costs	\$69,459,794	\$176,760,821	\$12,230,408	\$164,530,413

* All values discounted to 2008 dollars at 5% annually. Actual expenditure value will depend on timing of project cost.

Notes: Changes from original/current budget shown in red

10% of annual increment to be dedicated to homeowner stabilization initiatives



Staff Recommendation: Fort Worth Avenue TIF District Plan



Amend the Fort Worth Avenue TIF District to meet Plan objectives by:

- 1) Increasing the boundary by approximately 372 acres
- 2) Maintaining 70% City participation in the TIF District through the remaining term of the TIF District
- 3) Redefining and reallocating budget categories:
 - a) Add homeowner stabilization, home repair, and displacement mitigation to Affordable Housing budget category
 - b) Reconfigure budget categories including consolidating environmental remediation, demolition and façade restoration budget categories to "Redevelopment/Development Project" expenditures
 - c) Specify public facilities as eligible district-wide improvements
 - d) As allowed by Chapter 311 of the Texas Tax Code, expressly acknowledge that TIF District funds may be used in or out of the District boundary, if proposed improvements (affordable housing, areas of public assembly, and/or infrastructure) benefit the Zone
 - e) Shift allocation of budget capacity among budget categories (but not change the total budget or termination date)





Vista at Kessler/Stevens Project

a grocery-anchored retail redevelopment project



Background: Location of Project



Northeast corner of Fort Worth Avenue and Hampton Road currently addressed as 1340 N. Hampton Road and 2045 Fort Worth Avenue in City Council District 1

The property is proposed to be added to the Fort Worth Avenue TIF District boundary
Zoning approved March 8, 2023 (Ordinance No. 32411)



Background: Existing Conditions



4.3 acres Project site includes existing 36,889 square feet of obsolete structures to be remediated and demolished



Proposed Project: Summary



Project Developer: WD FW Avenue Partners, LP and Columbus Trail-94, Ltd (collectively “Vista” or “Developer”)

Project Summary: In mid-2022, Developer submitted an incentive application to the City of Dallas Office of Economic Development for Vista at Kessler/Stevens (the “Project”)

- Environmental remediation and demolition of 2 existing buildings (totaling 36,889 square feet)
- New ground-up construction of three buildings:
 - Building #1 (to be constructed by Developer): approximately 23,350 square foot 1-story build-to-suit building for Sprouts Farmers Market Grocer
 - Building #2 (to be constructed by Developer): approximately 6,700 square foot 1-story speculative multi-tenant retail building
 - Building #3 (to be constructed and owned by others pursuant to a ground lease with Developer): approximately 2,500 square foot 1-story building
- New publicly accessible green space (approximately 3,500 square feet)
- Various site improvements including grading, paving, utilities, parking improvements, irrigation, landscape, hardscape, lighting and perimeter streetscape improvements

Total Project cost: estimated \$21.2 million



Proposed Project: Urban Design



- In May 2023, after City Council approval of the zoning, the City's Urban Design Peer Review Panel ("UDPRP") reviewed the Project
- UDPRP provided the following recommendations:
 - Encourage material selection for pedestrian paths that cross vehicular traffic guard against heavy truck-use damage without compromising the overall design aesthetic
 - Attention be given to sidewalk condition on Hampton Road
 - Examine ADA ramps accessing the site at Fort Worth Ave and the open space (including location of pedestrian path and the parking layout)
 - Design the open space to activate the surrounding uses and incorporate trees, lighting, entry stair and pergola
 - Use of permeable paving throughout the parking lot, where possible, including adjacent to open space, to accommodate sustainable drainage and water capture opportunities
 - Encourage incorporating shading components to enhance the planned bike parking facilities
- As a result, Developer made changes to accommodate UDPRP's recommendations



Proposed Project: Renderings



Sprouts | Scene 01
SOUTH DALLAS, TX

DESIGN REPRESENTATION ONLY - NOT FOR CONSTRUCTION

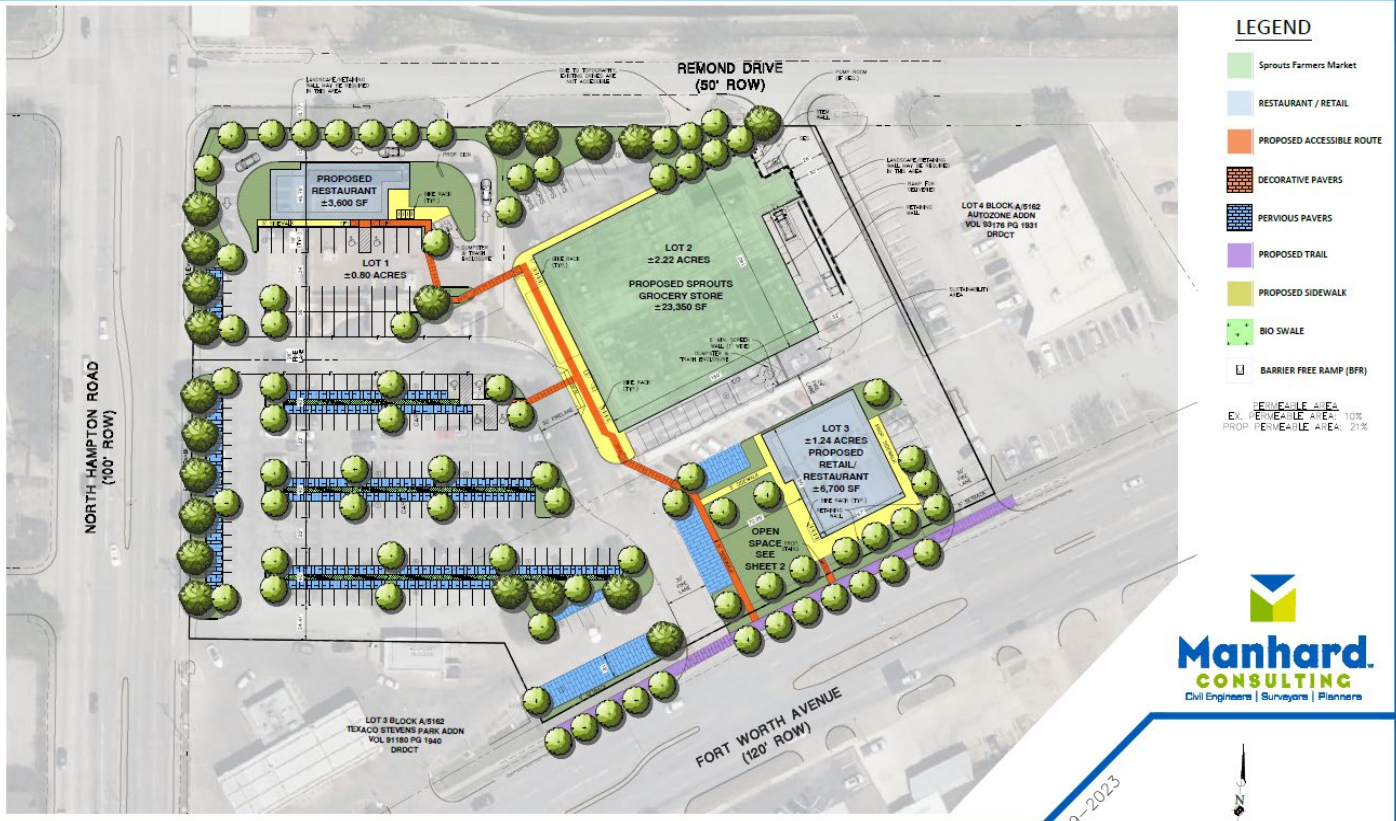
The images provided throughout this package are a representation of the design intent. The images may not reflect variations in color, tone, hue, tint, shading, materials, textures, content, form, style and construction variations. All images and artwork associated provided should be reviewed by the client with their print and/or production vendors and adjusted as needed during the proof and shop drawing submittals. These client-approved drawings take precedence and provide final direction for design, printing and production.

2

10/21/2022



Proposed Project: Site Plan



- LEGEND**
- Sprouts Farmers Market
 - RESTAURANT / RETAIL
 - PROPOSED ACCESSIBLE ROUTE
 - DECORATIVE PAVERS
 - PERVIOUS PAVERS
 - PROPOSED TRAIL
 - PROPOSED SIDEWALK
 - BIO SWALE
 - BARRIER FREE RAMP (BFR)
- PERMEABLE AREA: 10%
EX. PERMEABLE AREA: 10%
PROP. PERMEABLE AREA: 21%



ISSUED: 06-09-2023

SHEET 1

VERSION 1

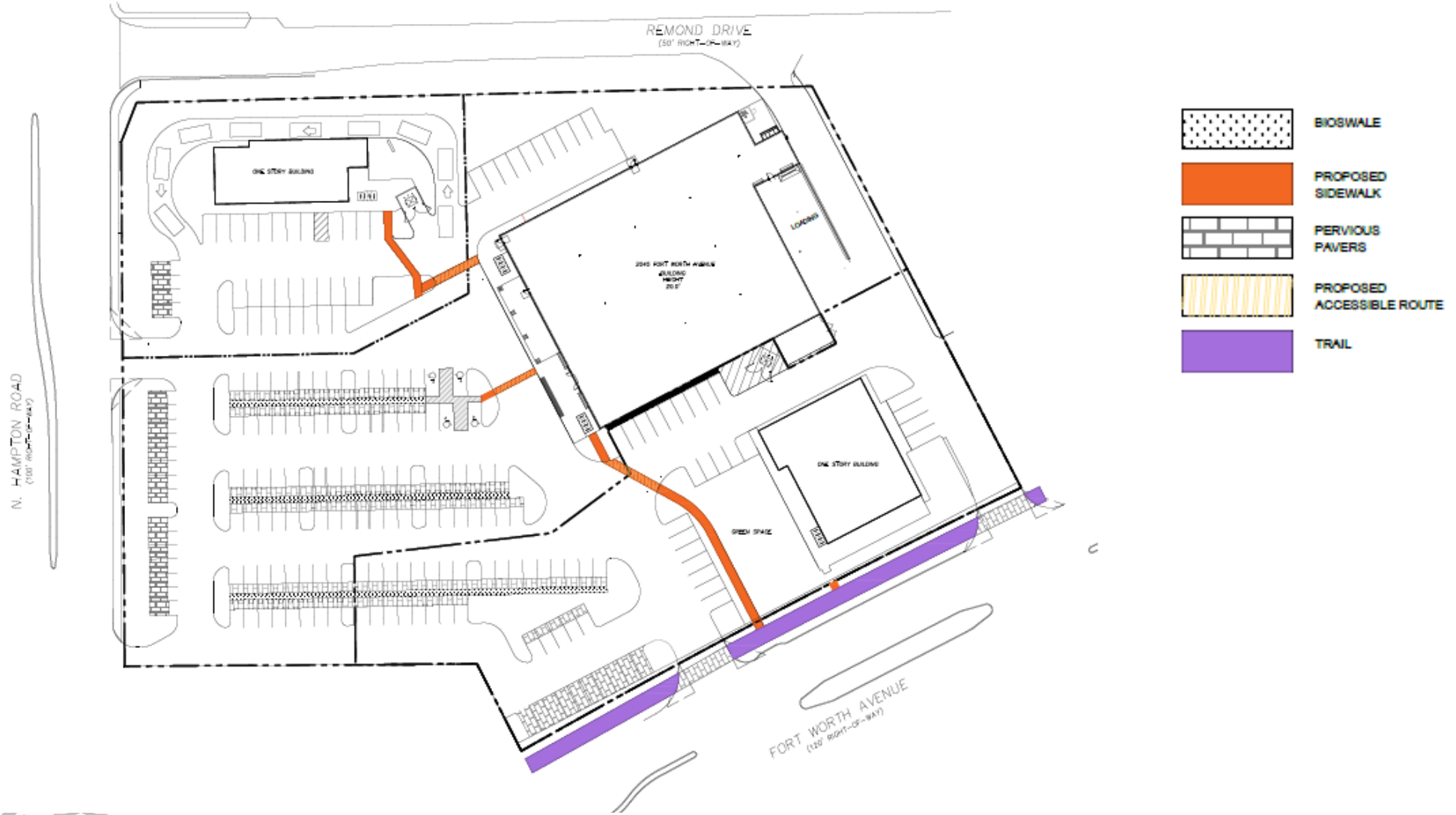
Much of the Project site plan is dictated by the zoning approved as Subdistrict 3D of PD 714 including, but not limited to, the following provisions:

- Permeable pavers required in parking spaces with bioswales between rows where two rows of parking abut
- For a structure with a floor area less than 10,000 sf, maximum front yard may be increased to 75 feet, if a patio or open space is provided between sidewalk and front building façade (min 400 SF and include primary building entrance)
- Drive-in or drive-through may not be located within 200 feet of Fort Worth Avenue frontage with access to exterior sidewalk
- Minimum of 30% of street-facing façade must be transparent or painted art for general merchandise or food store greater than 3,500 SF
- Driveways and sidewalk intersection must be clearly marked by colored concrete or patterned or stamped brick pavers
- Pedestrian pathway must be clearly marked and directly connecting the exterior sidewalks with entrance to each retail structure (over 10,000 square feet) and any paths must include a trellis, canopy, awning or tree planted every 30 feet

SPROUTS
HAMPTON RD & FORT WORTH AVE - DALLAS, TX
SITE EXHIBIT



Proposed Project: Pedestrian Site Accessibility and Stormwater Improvements



Proposed Project: Budget (Uses)



Uses	Amount	Percent
Acquisition (appraised value)	\$6,690,000	32%
Site Preparation including infrastructure and demolition costs	\$3,889,156	18%
Hard Construction Costs (building construction, finish out, site amenities), contingency	\$7,476,025	35%
Professional Fee (including but not limited to A&E, testing, permits, survey)	\$719,336	3%
Soft Costs (including but not limited to finance costs, legal fees, taxes)	\$1,761,984	8%
Developer Fee	\$677,411	3%
TOTAL COSTS	\$21,213,912	100%



Proposed Project: Budget (Sources)



Sources	Amount	Percent
Bank Loan	\$8,336,661	39%
Developer Equity	\$3,837,251	18%
Equity in form of land contribution	\$2,740,000	13%
City Subsidy	\$6,300,000	30%
TOTAL COSTS	\$21,213,912	100%



Staff Recommendation: City Subsidy



- Authorize a development agreement with WD FW Avenue Partners, LP and Columbus Trail-94, Ltd (“Developer”) and/or its affiliates in an amount not to exceed **\$6,300,000** as gap funding to make the Project financially feasible
- **City Subsidy comprised of:**
 - 1) An **economic development grant (Grant)** in an amount not to exceed **\$1,175,189** payable in **one installment sourced from the City’s 2017 general obligation bond program (Council District 1 discretionary allocation of Economic Development Proposition I)**
 - 2) A **TIF Subsidy in an amount not to exceed \$5,124,811** as follows:

TIF Eligible Expenditure Categories	Amount
Demolition and/or Environmental Remediation	\$400,000
Public Infrastructure Improvements and Open Space	\$1,600,000
TIF Grant	\$3,124,811
TOTAL TIF SUBSIDY - amount not to exceed	\$5,124,811



Staff Recommendation: Conditions



The Project shall include, at minimum, the following:

1. Environmental remediation and demolition of two existing buildings totaling approximately 36,889 square feet
 2. Site improvements including grading, paving, utilities, parking improvements, irrigation, landscape, hardscape, lighting, and perimeter streetscape improvements
 3. New ground-up construction of Building #1 (minimum 23,000 square foot build-to-suit building to be leased by Sprouts Farmers Market Grocer)
 4. New ground-up construction of Building #2 (minimum 6,000 square foot speculative multi-tenant retail building)
 5. New ground-up construction of Building #3 (minimum 2,500 square foot building to be constructed by others pursuant to a ground lease with Developer), and
 6. New construction of a minimum 3,500 square foot publicly accessible green space
- Developer will execute a minimum **15-year lease to secure Sprouts Farmers Market Grocery Store** in Building #1



Staff Recommendation: Conditions



- Developer will incur (or cause to be incurred) and provide documentation evidencing a **minimum of \$15,000,000 in private improvements** in the Project, including site acquisition, site preparation including infrastructure, demolition and site amenities, building construction/finish-out, and professional fees
- Developer will obtain a **building permit by December 31, 2024**
- Construction of the Project, including associated public improvements/streetscape improvements, will be complete and occupiable by **September 30, 2026** as evidenced by letter of acceptance, certificate of completion, or similar documentation from the City
 - The Sprouts Farmers Market Grocery Store will be open to the public and open for daily operations by **September 30, 2026**
- Developer will provide evidence of the following **occupancy prior to City Subsidy and during five-year compliance period:**
 - Building #1 is leased and occupied by Sprouts Farmers Market Grocer
 - Building #2 is a minimum 51% leased and occupied
 - Building #3 is constructed and a minimum 100% occupied



Staff Recommendation: Conditions



- The **proposed management entity for the Project must be submitted at least three months prior to Project completion for review by the Director** of the Office of Economic Development to consider acceptance
- Developer will execute a **20-year Operating and Maintenance Agreement** for all **non-standard public improvements** prior to payment
- Developer will make a good faith effort to comply with City's Business Inclusion and Development ("BID") **goal of 40% participation by certified Minority/Women-owned Business Enterprises ("M/WBE")** for **all hard construction expenditures** of the Project and meet all reporting requirements
- Until the Project has passed final building inspection and all required paperwork for payment has been submitted, Developer will submit to the Office of Economic Development **quarterly status reports** for ongoing work on the Project as well as public improvements
- Developer will construct the Project (public and private improvements) in **substantial conformance with the conceptual site plan and conceptual renderings approved by the City's Planning and Urban Design Department, addressing the comments provided by the Urban Design Peer Review Panel**; allowable minor modifications may include those required for compliance with development regulations



Staff Recommendation: Conditions



- For all permanent employment opportunities created by operation of the Sprouts Farmers Market Grocery Store, Developer shall submit **a written plan describing how Developer and Sprouts will use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas with a goal of 40% Dallas residents.** At a minimum, the written plan shall describe how local recruitment will be targeted through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources
- **After approval of the TIF District Board and Director of the Office of Economic Development, Project deadlines may be extended up to 12 months**



Staff Recommendation



City Subsidy in an amount not to exceed \$6,300,000 as gap funding for the Vista at Kessler/Stevens Project as follows:

- 1) An economic development grant (Grant) in an amount not to exceed \$1,175,189 sourced from the City's 2017 general obligation bond program (Council District 1 discretionary allocation of Economic Development Proposition I)
- 2) A TIF Subsidy in an amount not to exceed \$5,124,811



TIF District Board Action and Next Steps



October 10, 2023: Fort Worth Avenue TIF District Board of Directors reviewed and unanimously approved the amendments to the Project Plan and Reinvestment Zone Financing Plan and unanimously recommended approval of a TIF Subsidy in an amount not to exceed \$5,124,811 (\$6,300,000 total City Subsidy) as gap funding for the Vista at Kessler/Stevens Project

October 25, 2023: City Council authorized a public hearing to be held on November 8, 2023 to receive comments on the proposed amendments to the Fort Worth Avenue TIF District Project Plan and Reinvestment Zone Financing Plan

November 8, 2023: City Council to (1) hold a public hearing to receive public comments, and at the close of the public hearing, consider approval of an ordinance to amend the Fort Worth Avenue TIF District Project Plan and Reinvestment Zone Financing Plan, and (2) consider approval of resolution to authorize a City Subsidy not to exceed \$6,300,000 and associated development agreement for Vista at Kessler/Stevens Project



Appendix



Appendix A: Existing Conditions of Proposed Expansion Area

Appendix B: State TIF Law and City's Financial Management Performance Criteria (FMPC)

Appendix C: Economic Development Incentive Policy

Appendix D: TREC Community Driven Growth: A Roadmap to Dallas Equitable Development - West Dallas Census Tract 205

Appendix E: Project Development Team

Appendix F: Projected Taxable Value

Appendix G: Fort Worth Avenue TIF District Plan and Policy

Appendix H: Underwriting

Appendix I: U.S. Department of Agriculture Food Access Data



Appendix A: Existing Conditions of Proposed Expansion Area



Proposed expansion of TIF District boundary includes areas with:

- Vacant and/or deteriorated structures
- Deteriorating public infrastructure and facilities
- Noxious uses in the form of heavy industry
- Threat of homeowner displacement caused by development pressure



Appendix B: State TIF Law and City's FMPC Criteria



State TIF Law: total value of taxable real property in all TIF districts (including the proposed TIF district expansion) cannot exceed 25% of the total value of taxable real property in entire City

- As of September 2023, with proposed expansion of the Fort Worth Avenue TIF District: 13.35%

City FMPC: total value of taxable real property in all TIF districts (including the proposed TIF District expansion) plus the total value of taxable real property and business personal property in all active tax abatement reinvestment zones cannot exceed 15% of the total value of taxable real property and business personal property in entire City

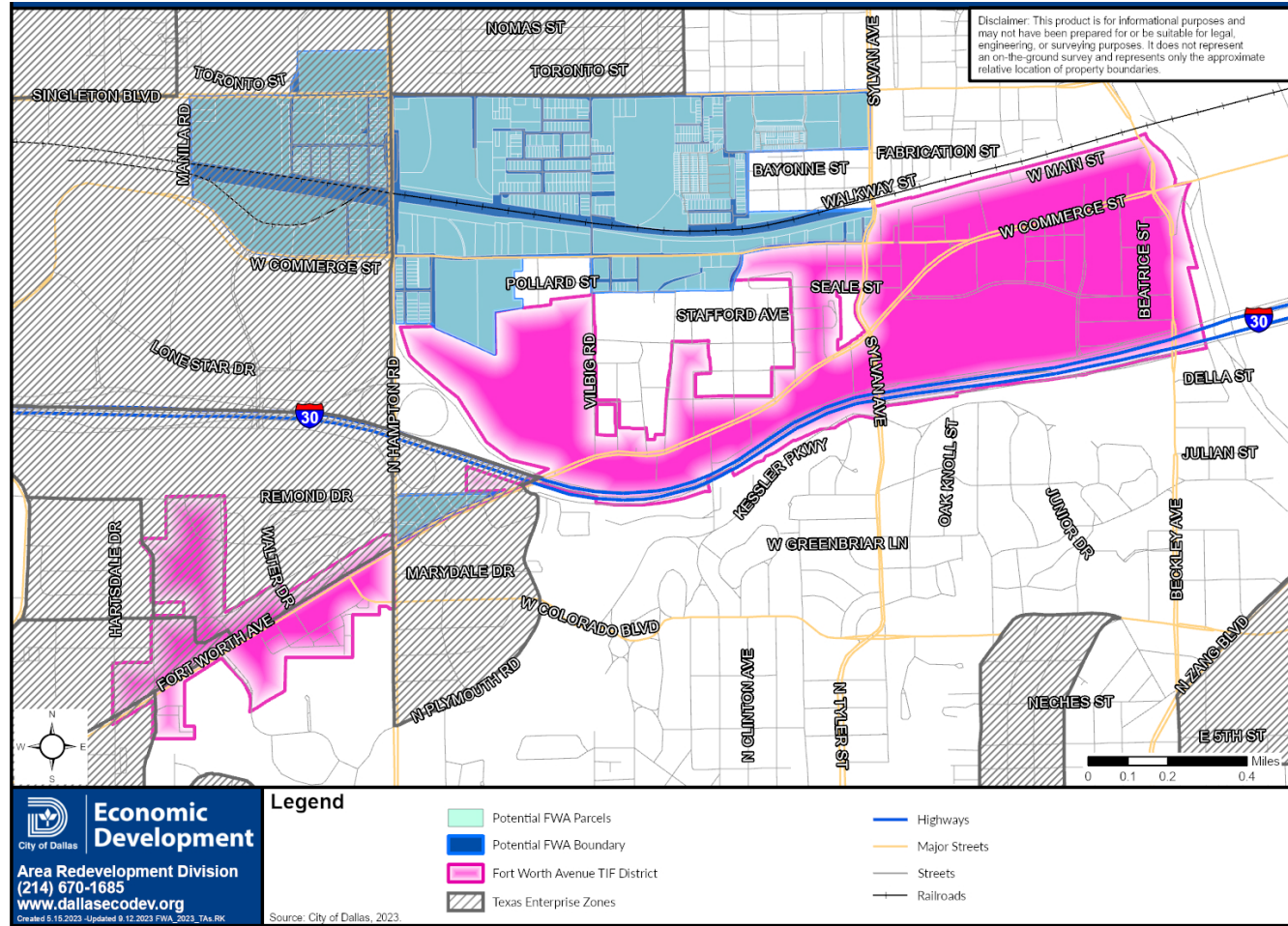
- As of September 2023, with proposed expansion of the Fort Worth Avenue TIF District: 12.07%



Appendix C: Economic Development Incentive Policy



City's Target Areas



Appendix C: Economic Development Incentive Policy



In accordance with the City's Economic Development Incentive Policy, TIF Districts expanded by 10% or more must comply with the following:

1. FMPC (see Appendix B for compliance)
2. Minimum \$50 million in new investment over 5 years: market development along Singleton coupled with several potential public/private partnerships are anticipated to exceed the investment threshold
3. Projects with residential component seeking TIF funding shall comply with mixed-income housing requirements: Fort Worth Avenue TIF District mixed-income housing guidelines in place since 2011 and all TIF District-funded projects meet requirements
4. Increment sharing: the original boundary has had modest investment which will provide capacity throughout the TIF District while the expanded portion of the TIF District is experiencing some market investment which will also provide capacity for areas in need throughout the TIF District
5. Neighborhood preservation: a budget line item is proposed to address the needs of existing homeowners and help to mitigate displacement

All other expansion criteria are in current TIF District Plan



Appendix D: TREC Community Driven Growth: A Roadmap to Dallas Equitable Development - West Dallas Census Tract 205



TREC Executive Summary findings related to development:

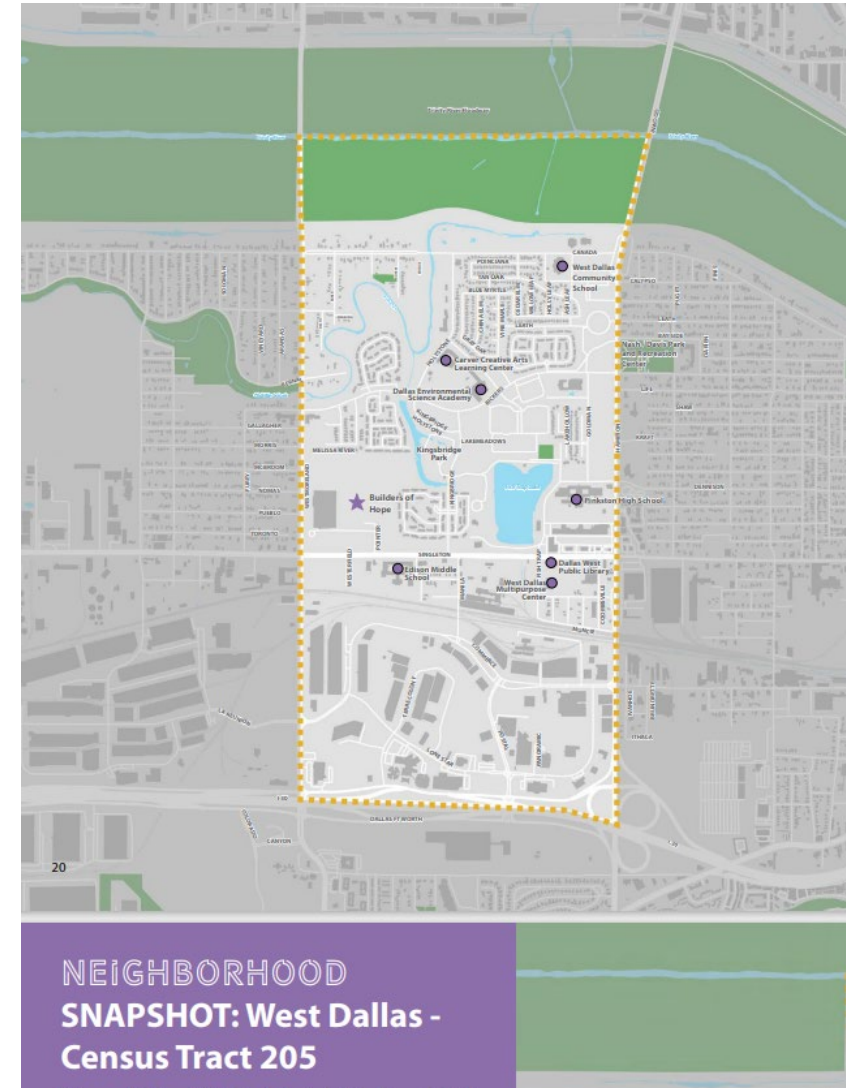
- Need for housing rehabilitation
- Need to better manage new development to ensure residents are not displaced, and that housing in the community continues to be financially accessible to very low-, low-, and moderate-income households
- Facilitate the relocation of industrial uses

Development-related survey results:

- Suggestions to address concerns included neighborhood retail, particularly fresh and healthy food options, infrastructure such as sidewalks, pollution, and maintaining neighborhood affordability

Challenges:

- Lack of affordable home ownership options
- Proximity to industrial properties
- Residents not benefitting from development



Appendix E: Project Development Team



Role	Party Name
Developer Entity	WD FW Avenue Partners, LP and Columbus Trail-94, Ltd (collectively "Vista")
Developer Staff	S.J. Hurley, IV (CEO) and Colton Wright (President)
Architect	BRR Architects
Contractor	To be determined
Construction Lender	Inwood Bank (intended lender)
Legal	Glast, Phillips & Murray

Vista has an established and proven track record of redeveloping vacant and/or dilapidated retail properties in DFW and economic development partnerships with the City of Dallas

- Example: Alta Vista Shopping Center anchored by El Rio Grande Latin Market located at 3035 N. Buckner



Appendix F : Projected Taxable Value



- Current (2023) taxable value of the real property per DCAD: \$2,480,000 (\$18,245 annual City taxes)
- Projected post-completion taxable value: \$17,050,000 (\$125,437 projected annual City taxes assuming 2023 tax rate)



Appendix G: Fort Worth Avenue TIF District Plan and Policy



- Vista at Kessler/Stevens Project meets the goals and objectives of the Fort Worth Avenue TIF District Plan including:
 - To attract new higher density private development in the Fort Worth Avenue TIF District totaling approximately 1,033,910 square feet of retail space (199,392 square feet of retail and restaurant space has been completed within the TIF District to date, representing 19.3% of the goal)
 - To diversify retail and commercial uses in the TIF District
- Vista at Kessler/Stevens Project is eligible for Fort Worth Avenue TIF District Grant Program



Appendix H: Underwriting



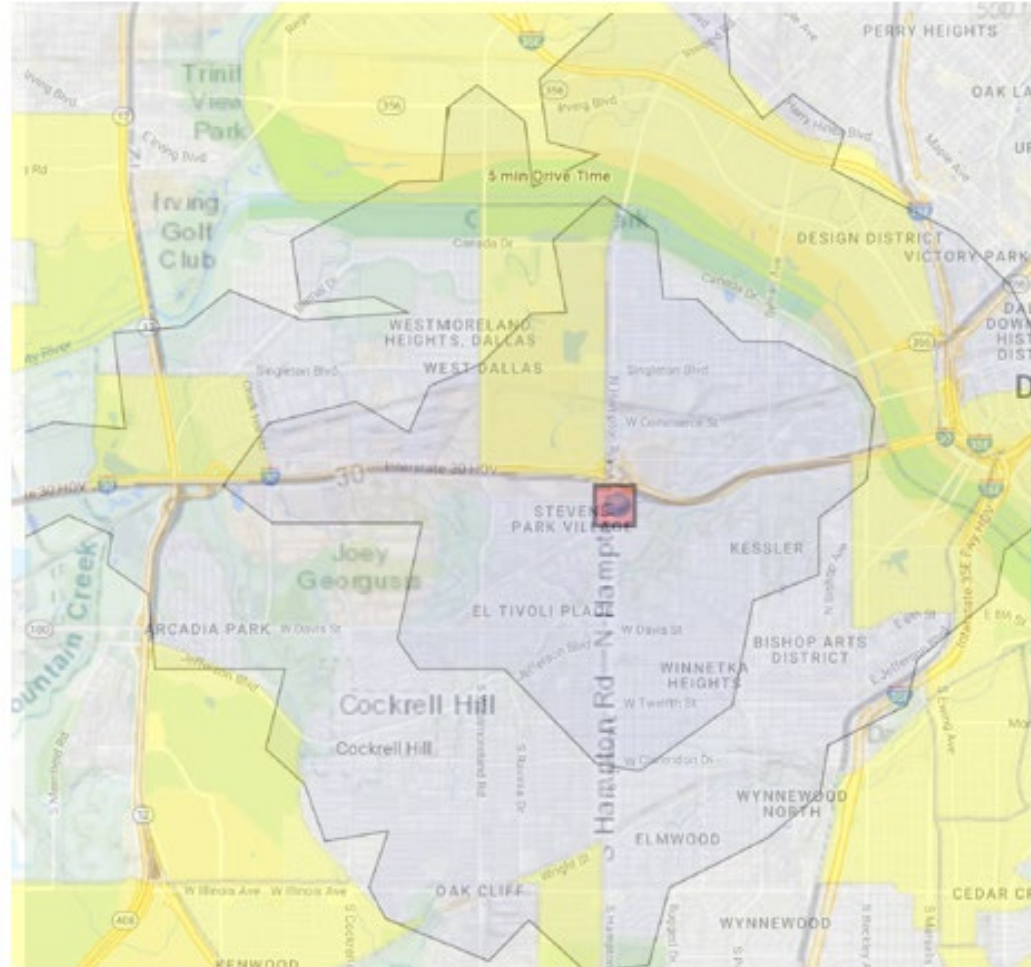
- Developer's incentive application requested \$6,500,000 in City subsidy
- National Development Council (NDC), under contract with the City, conducted independent underwriting of the incentive application
- Conclusions of independent underwriting:
 - **Development team:** Highly qualified; experienced
 - **Equity investors:** Sufficient financial strength to carry out project
 - **Debt capacity of Project:** Project likely does not have additional debt capacity beyond estimated \$8,336,661 loan
 - **Appraisal and Market Study:** Applicant's assumptions are consistent with information presented
 - **Cost estimates of Project:** Hard construction costs are \$220 per square foot which appear reasonable compared to other projects. Soft costs are a reasonable 28% of hard costs
 - **Rationale for subsidy based on Costs:** Project costs are reasonable; Project costs are higher than what is projected can be raised via debt and equity; Project provides desired grocery store and open space along Fort Worth Avenue
 - **Rational for subsidy based on Returns:** Main driver of gap is 7.4% target yield on cost and open space (as required by City) in lieu of additional revenue generating uses



Appendix I: U.S. Department of Agriculture Food Access Data



Sprouts' trade area assessment included 5-minute and 10-minute drive times (shown in map)



- Location of Sprouts Farmers Market Grocer
- Low Income and Low Access Using Vehicle Access: Low-income census tract where more than 100 housing units do not have a vehicle and are more than $\frac{1}{2}$ mile from the nearest supermarket, or a significant number or share of residents are more than 20 miles from the nearest supermarket.





City of Dallas

Fort Worth Avenue TIF District

**Proposed Plan Amendment and
Proposed Funding for Vista at Kessler/Stevens Project,
a grocery-anchored retail redevelopment project**

**Economic Development Committee
November 6, 2023**

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development



City of Dallas

Update: City of Dallas Property Assessed Clean Energy (PACE) Program

**Economic Development Committee
November 6, 2023**

Kevin Spath, AICP, HDFP, EDFP
Assistant Director
Office of Economic Development

Overview



- Background
- City of Dallas Property Assessed Clean Energy (PACE) Program
- Proposed Changes
- Next Steps

- Appendices



Background: Timeline



2013	City supports Texas PACE Act (Ch. 399 Local Gov't Code); signed into law June 14, 2013
2013/2014	City participates in statewide PACE in a Box Working Groups & NCTCOG discussions about possible regional program
2015	City adopts Resolution of Intent to establish PACE Program (based on PACE in a Box model); initiates competitive procurement process to solicit a third-party Program Administrator
2016	City establishes first City-enacted PACE Program in Texas; selects Texas PACE Authority (TPA) as Program Administrator through competitive procurement
2017	City closes first PACE project (\$24M PACE financing); largest PACE project in Texas at the time
2020	City adopts first Comprehensive Environmental and Climate Action Plan (CECAP); identifies PACE Program as specific action to help achieve Goal 1 (increase energy efficiency of existing buildings) and Goal 2 (ensure affordable access to renewable energy)
2022	City closes tenth PACE project (\$40M PACE financing); was the largest PACE project in Texas



Background: Texas Local Govt Code Chapter 399



Property Assessed Clean Energy (PACE) Act

- Authorizes municipalities and counties in Texas to work with **private** sector lenders and property owners to finance qualified improvements using **contractual assessments voluntarily imposed on the property** by the owner. In exchange for funds provided by a private lender to pay for the improvement, the property owner voluntarily request that the local government place an assessment secured with a senior lien on the property until the assessment is paid in full.
- After the passage of the PACE Act in June of 2013, a non-profit business association called Keeping PACE in Texas organized a coalition of more than 130 stakeholders, made up of capital providers, property owners, contractors, industry trade associations, and local government authorities. Together they created uniform standards, documentation, and best practices for PACE financing programs in Texas. The user-friendly toolkit was coined "PACE in a Box."
- Texas PACE Authority administers the uniform "PACE in a Box" program model as a public service on behalf of local governments and is funded through user fees and grants. The model has been unanimously adopted by every local government establishing a TX-PACE Program in Texas.



Background: What is PACE?



TEXAS **P**ROPERTY **A**SSESSED **C**LEAN **E**NERGY (FINANCING)

A simple way of paying for capital projects with no money out of pocket

- What: Long term, low cost 100% **PRIVATE** financing for energy efficiency, water conservation and **distributed generation** projects
- Where: **Commercial** (including non-profit), **industrial** (manufacturing/agricultural) and **multi-family** (5+units) **properties**
- How: Repaid via special property assessment over the useful life of the improvements
- Voluntary
 - Open Market



Background: Eligible Improvements



Measures that reduce energy or water usage or generate energy onsite

Energy

- High efficiency HVAC (AC/chillers, boilers, furnaces, air handlers)
- High efficiency lighting upgrades
- Energy management systems and controls
- Building envelope improvements
- Renewable/DG energy systems
- Mechanical system modernization
- Air cooled systems to water or geothermal cooled systems
- Fuel switching
- Combustion and burner upgrades
- Heat recovery and steam traps

Water

- High efficiency water heating systems
- Water conservation systems
- Wastewater recovery and reuse systems
- Alternate, on-site sources of water (A/C condensate, rainwater, RO reject water, foundation drain water, etc.)
- On-site improvements to accommodate reclaimed water use
- Water management systems and controls (indoor and outdoor)
- High efficiency irrigation equipment

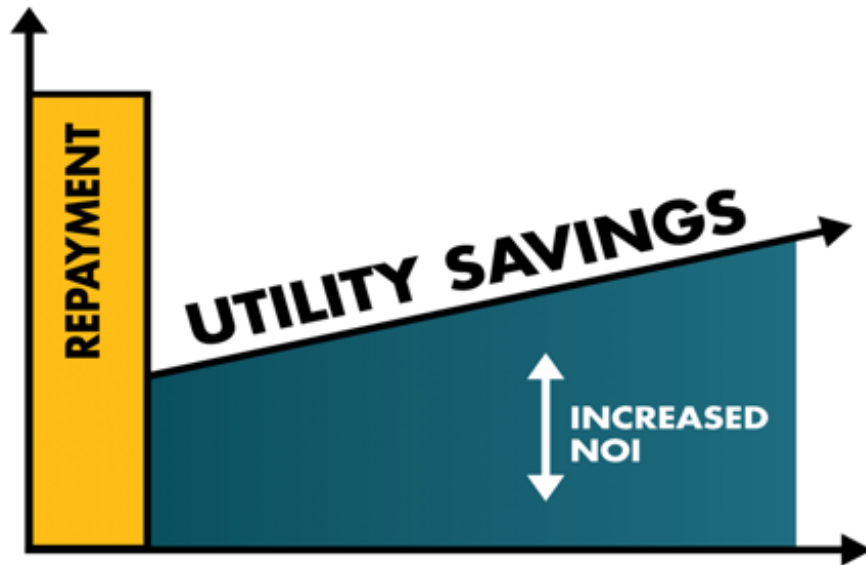


Background: Why PACE?



Improves Assets – Budget Neutral/Cashflow Positive
Lowers Utility Usage/Costs
Increases Net Operating Income

Conventional



PACE



Background: Financial Impact of PACE



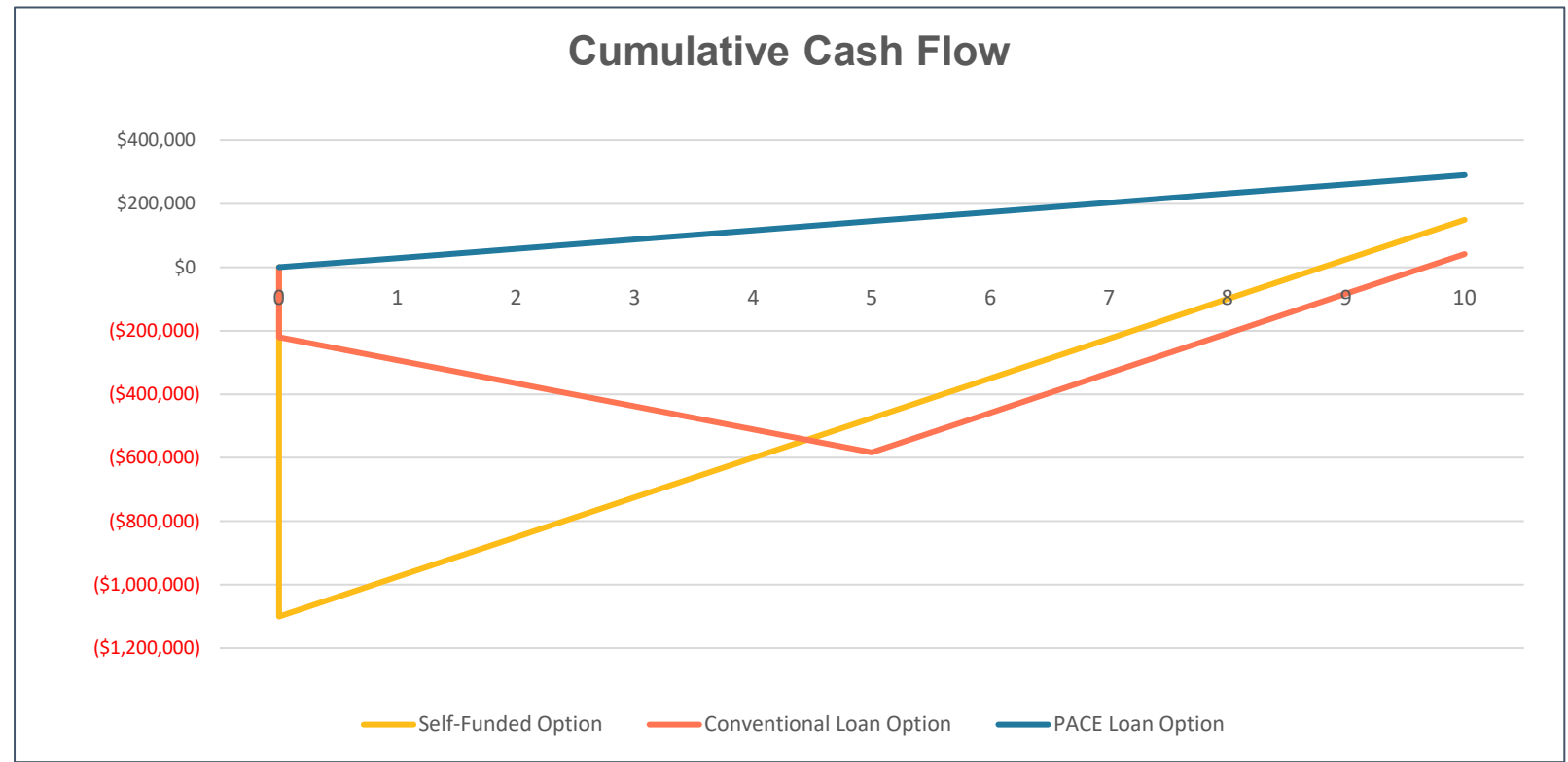
- Increases property value with no capital investment by owner
- Generates positive cash flow immediately

Example

Efficiency Upgrade: \$1.1M

Savings: \$125K/yr

Project Cost	\$1,100,000
Term	20 Yrs @6%
Annual Pmt	(\$95,903)
Avg Annual Savings	\$125,000
NOI Impact	\$29,097
Value Impact (@7.5%)	\$296,629



Background: Helps Overcome Investment Barriers



Investment Barrier	TX-PACE Solution
Upfront capital	No upfront capital needed
Short financing term / long ROI	Funded up to life of equipment (20 years+)
Lack of funding	100% financing – not a personal or business loan
Landlord / tenant split incentives	Can be passed to tenants
Short-term ownership	Stays with the land - is transferred upon sale



Background: Third-Party Program Administrator



Timeline

- May 11, 2016: Following a competitive procurement process, City Council authorized a one-year service contract with Texas PACE Authority, along with four one-year renewal options, to administer the City of Dallas PACE Program.
- October 13, 2021: Following a second competitive procurement process, City Council authorized a three-year service contract with Texas PACE Authority, including two one-year renewal options, to administer the City of Dallas PACE Program.

Texas PACE Authority

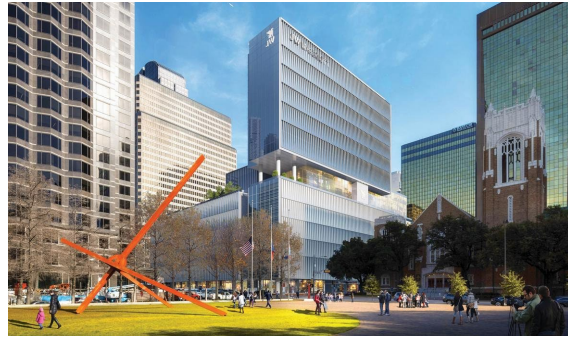
- Texas PACE Authority is a non-profit organization that advances Property Assessed Clean Energy (PACE) projects in Texas by administering a uniform commercial and industrial PACE Program on behalf of local governments. This model approach ensures local governments can establish an effective TX-PACE Program quickly and economically, providing a tool for property owners to invest in more efficient infrastructure.
- Texas PACE Authority is committed to expand this vibrant program to every region in Texas, working with all parties (property owners, contractors, lenders, and local governments) to bring energy and water improvements that are both economically sound and environmentally friendly.
- **To-date, Texas PACE Authority has facilitated TX-PACE financing for 81 projects within the State of Texas resulting in a total investment of over \$455 million. Projects facilitated by the City of Dallas PACE Program constitute over a quarter (26%) of the total investment with \$122.9 million invested in the city of Dallas.**
- Texas PACE Authority is funded by administrative fees paid by the property owners and foundation grants.



Dallas PACE Program: Projects



Continental Gin



JW Marriott Hotel

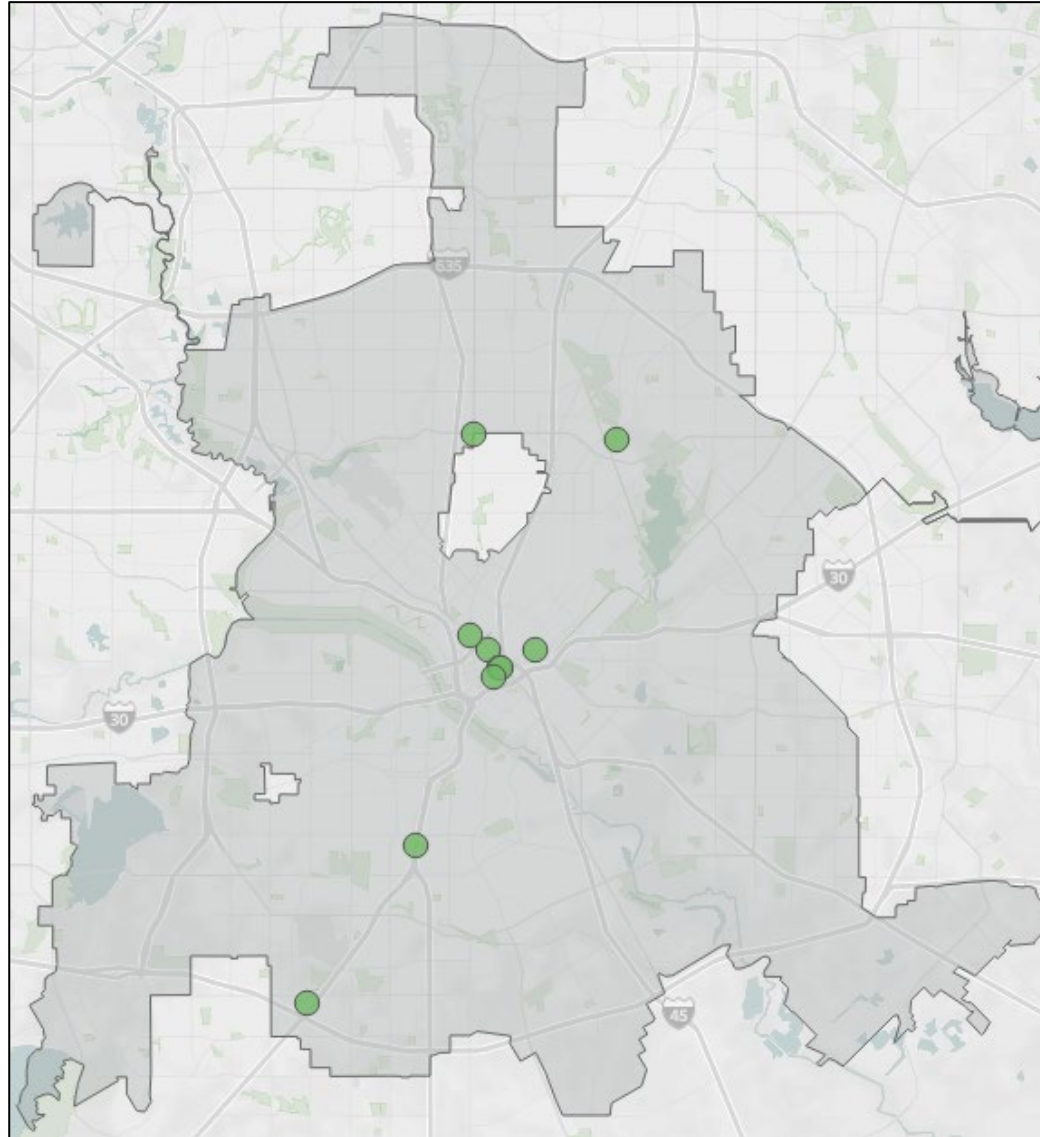


Red Bird Mall Redevelopment

Project	PACE Financing	Property Type	Estimated Jobs Created	CO2 Avoided (tonnes)	Annual electricity savings (kWh)	Annual Natural Gas savings (BTU/yr)	Annual Water Savings (Gal/yr)
Butler Brothers	\$ 23,912,325	Mixed Use	193	3,507	6,691,648	460	692
Dallas Paint and Body	\$ 74,140	Garage	1	21	40,572		
Continental Gin	\$ 5,250,000	Mixed Use	72	1,318	1,398,812	11,124	515
JW Marriott	\$ 5,059,884	Hospitality - Hotel	55	252	448,135	350	577
RedBird Mall	\$ 3,350,000	Mixed Use	40	351	673,784		3,420
6510 Abrams Road	\$ 496,383	Office	6	310	596,499		
8411 Preston Road	\$ 2,925,880	Mixed Use - Office, Retail	41	943	1,813,002		
Jackson Street Garage 2021	\$ 5,140,163	Garage	66	266	511,524		
Jackson Street Apartments	\$ 26,859,837	Mixed Use- Multifamily, Retail	347	1,254	2,258,432	1,485	4,967
Hotel Swexan	\$ 39,873,850	Hospitality - Hotel	516	730	1,209,598	1,900	420,500
Total	\$ 112,942,462	10	1,337	8,952	15,642,006	15,319	430,671



Dallas PACE Program: Project Map



Dallas PACE Program: Report



- Originally adopted by City Council in 2016
- Required by Texas Local Gov't Code Section 399.009
- The Report provides:
 - background of the Program,
 - description of PACE financing and its benefits,
 - the role of the Program Administrator, and
 - components and mechanics of the Program
- The Report includes template legal documents utilized in all Dallas PACE transactions:
 - owner contract
 - lender contract, and
 - notice of assessment lien
- Staff and Program Administrator are now proposing necessary updates to the Dallas PACE Program Report



Proposed Changes to Program Report



Updating language in the Program Report and template legal documents to comply with the following changes (All changes have been reviewed by the City Attorney's Office):

1. The Keeping PACE in Texas model program, PACE in a Box, was updated in 2022 by volunteer stakeholders in the Technical Standards Working Group and the Underwriting Working Group. Their updates to the model program made new construction and refinancing projects easier to qualify for TX-PACE financing.
2. HUD approval of TPA as administrator of PACE projects on HUD and FHA multifamily properties. In December of 2022, HUD authorized the use of PACE financing for HUD and FHA multifamily properties in regions where TPA is the Program Administrator. HUD's approval is the culmination of a 6-year TPA effort.
3. Refining internal processes regarding City staff's administration of the Dallas PACE Program and coordination with the City's outside Program Administrator.
4. Removal of City of Dallas administrative fees for future projects as part of the Dallas PACE Program transactional closing process.



Next Steps



December 13, 2023: City Council to consider authorizing updated Program Report and associated template legal documents



Appendices



- Appendix A: Keeping PACE in Texas (PACE in A Box Model)
- Appendix B: PACE Program Details
- Appendix C: Dallas Projects
- Appendix D: Market Conditions & Program Marketing



Appendix A: Keeping PACE in Texas (PACE in A Box Model)



PACE in A Box Model

The model plug and play program contains consumer protection underwriting and technical best practices and model documents. "PACE in a Box" has minimal impact on government staff, adds no additional cost to the general taxpayer or burden to the treasury, and is administered by a nonprofit that does not compete with the private sector. Developed as a turn-key model program that would enable local governments in Texas to establish user-friendly, cost-effective and sustainable PACE programs based on uniform state-wide standards, guidelines and documentation.

- Features:
 - Role of the Administrator
 - Loan to Assessed Value Underwriting Guidance
 - Guidance regarding PACE in a Box Savings to Investment Ratios from the Underwriting, Technical, Financial Platform and Education, Training and Marketing Working Groups regarding:
 - Application of PACE to construction of additions, new facility on lot with existing facility, and tear down and rebuilds on developed lots;
 - Measuring savings for construction of additions, new facility on a lot with existing facility, and tear down and rebuilds on developed lots;
 - Savings to investment ratio calculation;
 - Look back policy; and
 - Amending the model lender consent for to include a line for the maximum annual installment amount authorized by the mortgage holder.



Appendix A: Keeping PACE in Texas (PACE in A Box Model)



PACE in A Box - Recent Updates

The Keeping PACE in Texas' Underwriting Working Group's 2022 feedback and improvement process in which stakeholders worked together to address two key issues – the statutory interpretation of “intent” and “undeveloped lots” in the Texas PACE Act.

- Intent
 - Recommended that the design of a qualified project is treated as evidence that a qualified measure is “intended to decrease water or energy consumption or demand, including a product, device, or interacting group of products or devices on the customer's side of the meter that uses energy technology to generate electricity, provide thermal energy, or regulate temperature” as required under chapter 399.102(3). The required project design may be submitted as drawings, plans, or equipment specifications. The PACE qualified measures must be listed and identified with the corresponding page numbers of the design submission on which information about the qualified measures appears.
 - Refinancing of PACE projects can occur up to 24 months after the date on which the last qualified measure was installed, provided all other PACE in a Box underwriting and technical standards are satisfied. The Savings to Investment Ratio (SIR) is calculated from the beginning of the refinancing. The life of equipment calculation for all qualified measures should be measured from the date on which the last qualified measure was installed.
- Undeveloped Lots
 - The Underwriting Working Group identified the definition of “improvement” as real property in the Texas Tax Code Section 1.04(3)(A) and (B) to be appropriate guidance for determining whether a property is “developed” and eligible for financing under the Texas PACE Act. Under the Tax Code, the Appraisal District in each county identifies taxable real property, including any “improvement” as defined by the tax code and determines the taxable value of real property.
 - This guidance recommends that property on which an improvement has been recognized by the Appraisal District in accordance with Section 1.04(3) of the Tax Code be considered developed property under the PACE Act and therefore not prohibited by Chapter 399.004(b)(1). Such determination may rely on Appraisal District documentation from prior years. Property on which no improvement is or was acknowledged by an Appraisal District is an undeveloped lot or lot undergoing development on which PACE financing may not be imposed under the Texas PACE Act Chapter 399.004(b)(1). Property Owners can qualify undeveloped property as eligible for a PACE assessment by adding an improvement to the property that is or will be recognized by the Appraisal District.
 - Appraisal Districts update property records annually. Written recognition from an Appraisal District that a property has been improved with confirmation that it intends to update a property's records on the next annual update serves as evidence that the property is developed and not subject to Chapter 300.004(b)(1).



Appendix B: PACE Program Details



City of Dallas Economic Development Incentive Policy

Effective January 1, 2023 through December 31, 2024
Adopted as Resolution No. 23-0220 on January 25, 2023

I. ECONOMIC DEVELOPMENT INCENTIVE POLICY PURPOSE

The Dallas City Council unanimously adopted a new Economic Development Policy (EDP) in May 2021. The new policy sets out clear policy goals focused on fostering economic growth and social progress for all residents. The Office of Economic Development's (OED) current incentive policies were created prior to adoption of the EDP. Therefore, OED incentive programs are being updated to align with equitable economic development policy priorities specified in the EDP. This document replaces the Public/Private Partnership Program - Guidelines and Criteria adopted by Council on June 8, 2022 by Resolution No. 22-0901; the Tax Increment Finance (TIF) Policy adopted by Council on June 17, 2015 by Resolution No. 15-1144; and the Public Improvement District (PID) Policy adopted by Council on March 25, 2020 by Resolution No. 20-0496. This policy applies to incentive applications received on or after January 1, 2023.

The following incentive programs support job growth, create new tax revenue, attract and retain businesses, and expand the City's tax base, all while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- High-quality jobs that provide opportunities for all;
- Investment in Southern Dallas and other distressed or low- and moderate- income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities.

The City's economic incentive toolkit provides assistance to help achieve the public purpose advanced by a project and to catalyze investment that would not occur, or would not occur on the same timeline or at the same scope, but for the addition of the incentive. To support the "but for" argument, any jobs created or investments made prior to contract execution do not counting toward minimum requirements of this policy. Tools may be combined to achieve a public purpose.

II. TARGET AREAS

The City acknowledges the historic disinvestment that has shaped Dallas, and therefore seeks to prioritize equitable economic development in underserved areas. This policy directs certain programs and incentives toward designated Target Areas¹ (see **Exhibit A**) with the goal of

¹ Target Areas are defined as state-designated enterprise zones, and may be searched online [here](#). A map of the Target Areas as of the date of adoption of this policy is attached as **Exhibit A**.

Economic Development Incentive Policy - Section III, Subsection 9

- The City's Property Assessed Clean Energy (PACE) Program enables third-party financing for a variety of rehabilitation and redevelopment projects that increase efficiency by reducing onsite energy usage, reducing onsite water usage, and generating onsite energy. The PACE financing is offset by water/energy savings and is secured by a City assessment.
- The City will not support PACE applications for a project with a residential component that results in the direct displacement of residents unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.



Appendix B: PACE Program Details



Administrative Fees

- Texas PACE Authority (TPA) administers the Dallas PACE Program at **no cost to the City**. TPA is partially funded by administrative fees paid by the property owners as part of the PACE financing closing process. TPA's fee structure does not include any additional fees charged by the City of Dallas.
- Since establishment, the Dallas PACE Program has imposed the following City administrative fee (tiered by project size):

City Administrative Fee (Calculated as % of PACE Assessment)	Project Size
0.25%	\$250,000 to \$499,999.99
0.50%	\$500,000 to \$999,999.99
0.75%	\$1,000,000 and above
No additional charges for projects under \$250,000 or for non-profit borrowers, regardless of project size.	

- City Administrative Fee has been collected at project financing closing and received/deposited by the City of Dallas Office of Economic Development.
- **The Office of Economic Development is now proposing to remove the City Administrative Fee to further support future projects and remain competitive with other local TX-PACE Programs.**



Appendix B: PACE Program Details



Implementing the Texas PACE Act

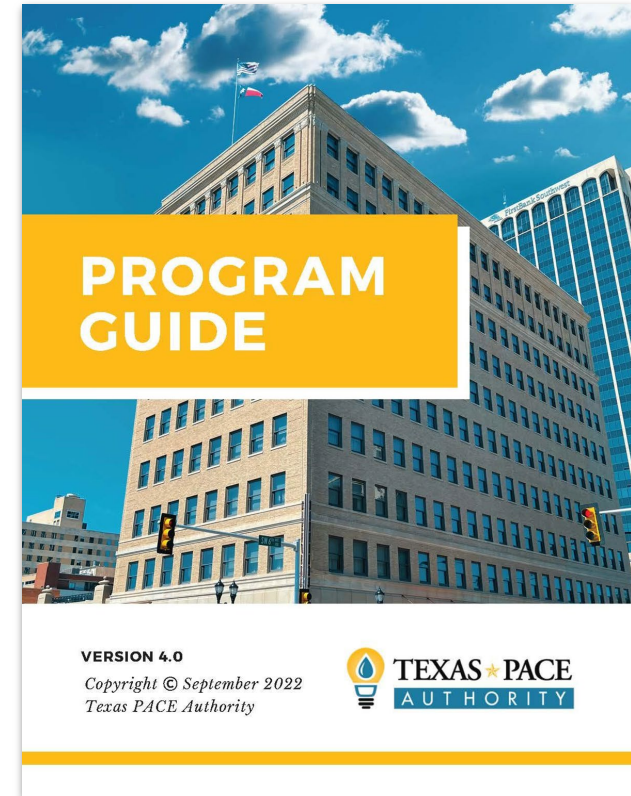


STATUTE (GENERAL)



RULES (SPECIFIC)

GUIDELINES (DETAILED)



Appendix B: PACE Program Details



The PACE Process

- A property owner (Commercial (including non-profit), industrial (manufacturing/agricultural) and multi-family (5+units) properties):
 - Finds a Contractor
 - Selects a Project
 - Identifies a Lender, and
 - Applies to the PACE Program via Texas PACE Authority
- If the property owner, building, and project all meet PACE requirements:
 - The owner signs a contract with the City of Dallas, which places a senior lien on the property
 - The lender provides funding
 - The contractor completes the project, and
 - The City of Dallas provides annual notice of the assessment to the property owner. Property owners provide payments directly to the lender as set out in the financing documents.



Appendix B: PACE Program Details



PACE Qualifications

- Property Qualifications
 - A property owner (Commercial (including non-profit), industrial (manufacturing/agricultural) and multi-family (5+units) properties)
 - Real property located within the City of Dallas (PACE Region)
 - Privately owned
 - Developed property
 - Undeveloped lots can be developed prior to the use of PACE for new construction. A property on which an improvement has been recognized by an Appraisal District under the Texas Property Tax Code is considered developed for purposes of the Texas PACE Act.
- Owner Qualifications
 - Property owners must demonstrate an ability to pay
 - Legal owners of the property
 - All owners must agree to and voluntarily request the PACE assessment
 - Current on mortgage and property tax payments
 - Property title not in dispute
 - Property owners must use PACE to:
 - Purchase directly the equipment and materials necessary for the installation or modification of a qualified improvement
 - Contract directly, including through lease, power purchase agreement, or other services contract for the installation or modification of a qualified improvement.



Appendix B: PACE Program Details



Project Qualifications (Cont.)

- Permanent & fixed to real property
- Must involve:
 - Decrease water or energy consumption or demand
 - Includes projects on the customer's side of the meter that utilize energy technology to:
 - Generate electricity
 - Provide thermal energy
 - Regulate temperature
- Subject to Third Party Review of projected savings



Appendix B: PACE Program Details



Eligible Projects

SIR = Savings / Investment (**1 or greater to qualify for PACE**)

Savings – Total energy/water \$ savings over the life of the project/assessment

Investment – Total amount of assessment (financing amount)

***Utility incentives can reduce/create headroom for additional measures**

Example: HVAC and Lighting improvements

Project Cost - \$1,000,000 (including financing costs)

(Utility Incentives - \$50,000)

Project Savings - \$950,000 over 20-year period

Savings	<u>\$950,000</u>	
Investment(net)	\$950,000	= SIR 1



Appendix B: PACE Program Details



PACE Assessment

- 100% private financing repaid via a special assessment over the useful life of the improvements
 - Voluntary
 - Open Market
- Assessment Amount
 - Set at no more than 25% Loan to Assessed Value Ratio (LTV). The Program Administrator may waive the assessed LTV and approve a variance up to 25% of the market value of the property as complete.
 - May include: Cost of materials and labor, permit fees, inspection fees, lender's fees, program application and administrative fees, project development and engineering fees, independent third party review fees, including verification fees, legal, consulting, and other fees on an actual cost basis, and any other fees or cost that may be incurred by the Property Owner incident to the installation, medication, or improvement on a specific or pro rata basis.
- Assessment length
 - The length of the assessment must be long enough to create a Savings to Investment Ratio of greater than one (utility savings exceed the assessment) over the life of the assessment
 - Term length cannot exceed the projected useful life of the improvement



Appendix B: PACE Program Details



Texas PACE Authority's Project Development Process



Appendix B: PACE Program Details



Key Underwriting Criteria

- Savings to Investment Ratio (SIR)
 - SIR > 1 required
 - Utility/Operating Savings >50%
 - Financial Savings < 50%
 - Owner buydown not to exceed 50% of total investment
- Loan to Value (LTV)
 - PACE financing can be up to 25% of CAD-assessed property value
 - Variance for market value/as stabilized basis
- Mortgage Holder Consent
 - Senior lender must consent to PACE assessment (if applicable)



Appendix B: PACE Program Details



Energy/Water Analysis

All projects require energy/water analysis conforming to TPA's Technical Standards

- Performed by owner, contractor or engineer
- 2 Key Components:
 - Baseline Analysis
 - Projected Savings Analysis
- Energy/ Water Assessment Report
- Approved by Independent Third-Party Reviewer (ITPR)
 - Texas Licensed PE



Appendix C: Dallas Projects



Butler Brothers Building

500 S. Ervay

Measures:

- HVAC
- Lighting
- Insulation, roof
- Windows
- Plumbing fixtures

PACE Assessment Total:

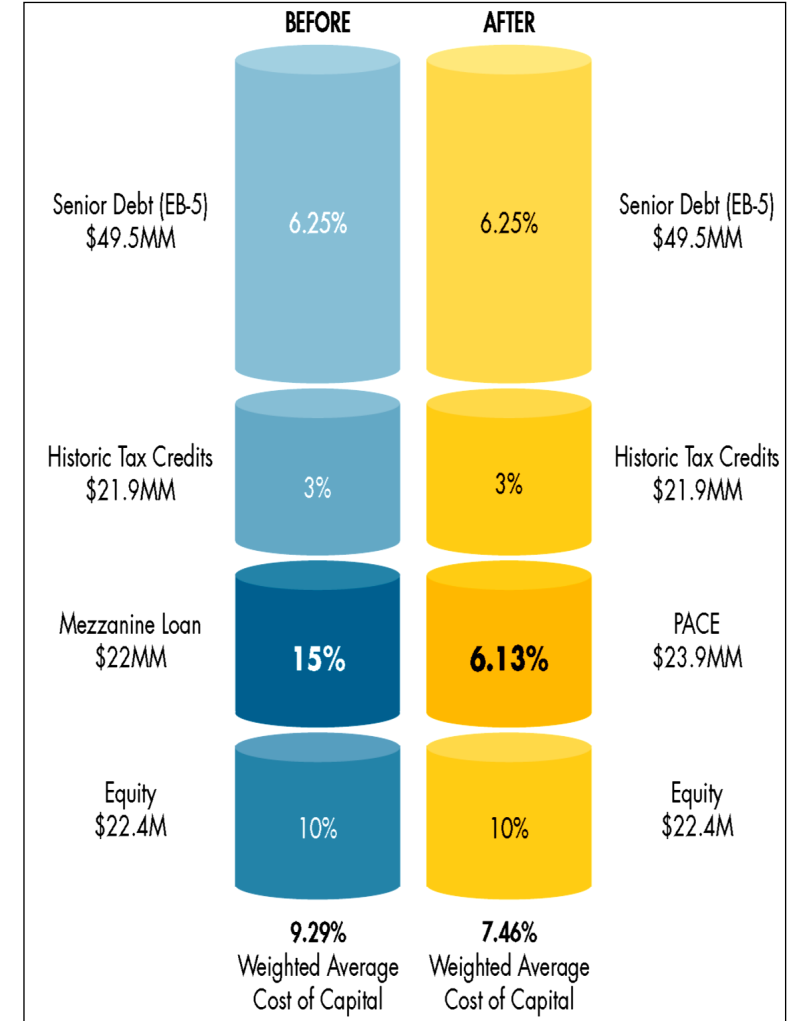
- \$23.9 million

Projected Annual Utility Savings:

- Electric: 6.6 million kWh
- Water: 700K gallons

Total project cost: \$125 million

Breakdown of Financing	
Before	
• \$116 million	
• 9.29% cost of capital	
After	
• w/\$24 million PACE loan	
• \$118 million	
• 7.46% cost of capital (-20%)	



Appendix C: Dallas Projects



Dallas Paint & Body

410 W. Elmore Avenue

Measures

- LED Lighting
- Solar PV

Assessment Total:

- \$74,000

Projected Annual Utility Savings:

- 92% Reduction in Electric Consumption



Appendix C: Dallas Projects



Continental Gin Building

3309 Elm Street

Measures

- Roofing
- Glass/Glazing
- Mechanical/HVAC
- Lighting
- Solar PV
- Exterior Walls
- Elevators

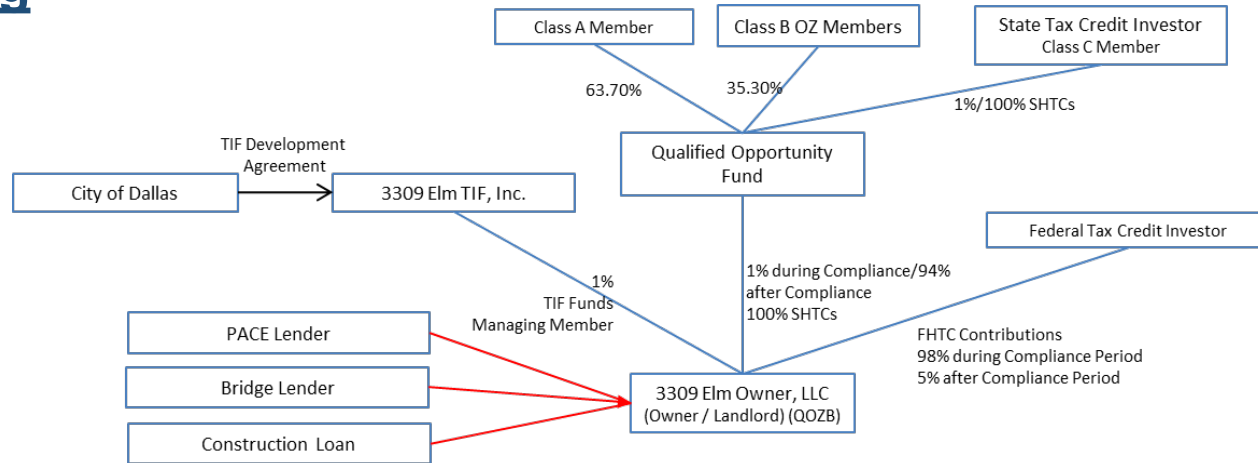
Assessment Total:

- \$5 million

Projected Annual Utility Savings:

- Electric: 1.4M kWh
- Water: 500 Kgal

Total Project Cost: \$37 million



Source		
Sponsor Equity	\$ 7,000,000	18.79%
Federal Investor Equity	\$ 4,056,282	10.89%
State Investor Equity	\$ 5,236,925	14.06%
3309 Elm TIF, Inc. (TIF Contributions)*	\$ 1,000	0.00%
PACE Lender	\$ 5,250,000	14.10%
Frontier State Bank	\$ 12,500,000	33.56%
3309 Elm Developer, LLC (Sponsor DDF Loan)	\$ 3,200,000	8.59%
Subtotal	\$ 37,244,207	
Use		
Acquisition	\$ 3,307,462	
Soft Costs	\$ 5,554,086	
Hard Costs	\$ 24,182,659	
Deferred Developer Fee	\$ 3,200,000	
Operating & Debt Reserve	\$ 1,000,000	
Subtotal	\$ 37,244,207	

*City of Dallas TIF Grant of \$3,000,000 to be paid by City from 2021 through 2026



Appendix C: Dallas Projects



Reimagine Red Bird

3662 W. Camp Wisdom Road

Measures

- HVAC
- Lighting
- Plumbing

Assessment Total:

- \$3.35 million

Projected Annual Utility Savings:

- 673,784 kWh
- 3,420,000 gallons water

Total Project Cost: \$200 million



Appendix C: Dallas Projects



White Rock Tower

6510 Abrams Road

Measures

- HVAC

Assessment Total:

- \$493,449

Projected Annual Utility Savings:

- 596,499 kWh
- 310 metric tons CO2



Appendix C: Dallas Projects



Preston Financial Center

8411 Preston Road

Measures

- HVAC
- Lighting
- Plumbing
- Wall/Roof Replacement
- Glazing
- Irrigation
- IAQ Technology

PACE Assessment Total:

- \$2.9 million

Projected Annual Utility Savings:

- 1,813,002 kWh
- 943.43 metric tons CO2



Appendix C: Dallas Projects



Jackson Street Apartments & Garage

2031-2200 Jackson Street

Measures

- Electrical/ Lighting
- Mechanical/Plumbing
- Lighting
- HVAC
- Plumbing
- Water Conservation

PACE Assessment Total:

- Garage: \$5.1 million
- Apartments: \$26.8 million

Projected Annual Utility Savings:

- 2,769,956 kWh
- 4,967 gallons of water
- 1,520 metric tons CO2

Total Project Cost: \$67 million +
*under construction



Appendix C: Dallas Projects



JW Marriott Hotel

2000 Ross Avenue

Measures

- Building Envelope
- HVAC
- Interior/Exterior Lighting
- Plumbing
- Elevator

PACE Assessment Total:

- \$5 million

Projected Annual Utility Savings:

- 250 metric tons CO2
- 448,000 kWh
- 557,000 gallons of water

Total Project Cost: \$130 million



Appendix C: Dallas Projects



Hôtel Swexan

2575 McKinnon Street

Measures

- HVAC
- Plumbing
- Building Envelope
- Glass Curtain Wall
- Elevators

PACE Assessment Total:

- \$39.8 million

Projected Annual Utility Savings:

- 1,200,000 kWh
- 420,500 gallons of water

Total Project Cost: \$186 million



Appendix D: Market Conditions & Program Marketing



Dallas PACE Program Marketing

- Marketing of the Dallas PACE Program is provided directly by the Office of Economic Development and Texas PACE Authority (TPA), the PACE Program Administrator.
- To date, TPA has focused on developing a network of lenders, deal originators, contractors, and services providers familiar with PACE to raise awareness and market the Dallas PACE Program. Specifically, TPA conducts targeted outreach with three categories of potential PACE stakeholders in the Dallas area;
 - Economic development and Chamber of Commerce organizations, to continue to reach the local business communities; and
 - Property owners, commercial/industrial real estate community, and building operators; and
 - Underserved communities, including non-profits and minority-owned businesses
- TPA is also responsible for creating the content and providing updates for a PACE Program website which contains the following: list of eligible lenders, list of third-party reviews, application form/instructions, the most current version of the PACE in a Box Technical Standards Manual and related materials, City of Dallas specific information, and the Program Report.
- **Since the Program's establishment in 2016, TPA has:**
 - **Attended and/or participated in over 300 local events promoting PACE**
 - **Responded to over 1,000 emails/calls concerning the Dallas PACE Program**
 - **Received an average of 130 unique visitors to the Dallas PACE Program webpage on a quarterly basis**

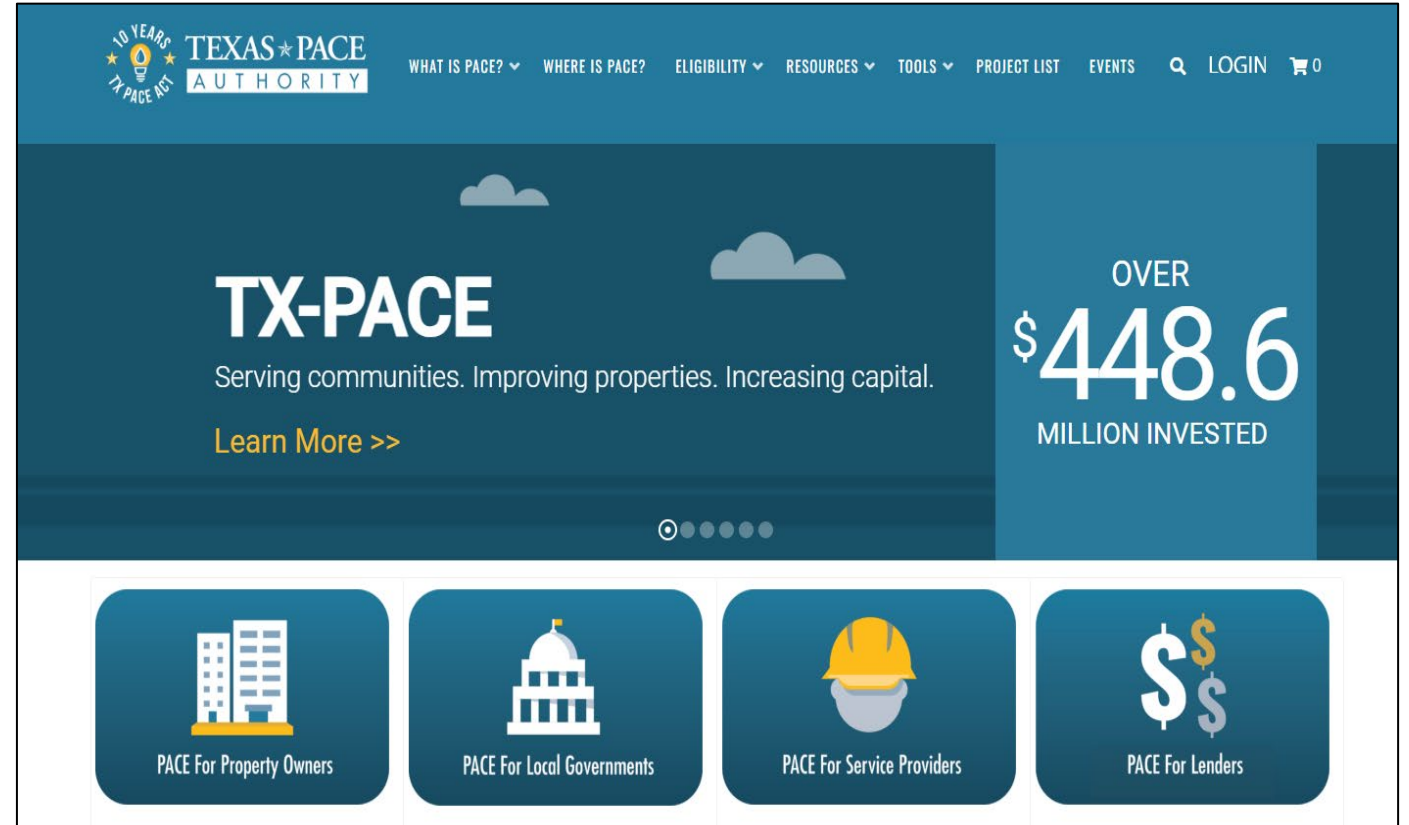


Appendix D: Market Conditions & Program Marketing



TX-PACE Program Website – Texas PACE Authority

- <https://www.texaspaceauthority.org/>
- Website Provides:
 - Overview of Tx-PACE financing
 - PACE Documents
 - Application Form/Instructions
 - Lists of Eligible Lenders, Contractors, and Independent Third-Party Reviewers
 - PACE Project List
 - PACE in a Box Technical Standards Manual and related materials,
 - Resources & FAQs
 - **City of Dallas Specific Information**
<https://www.texaspaceauthority.org/city-of-dallas/>

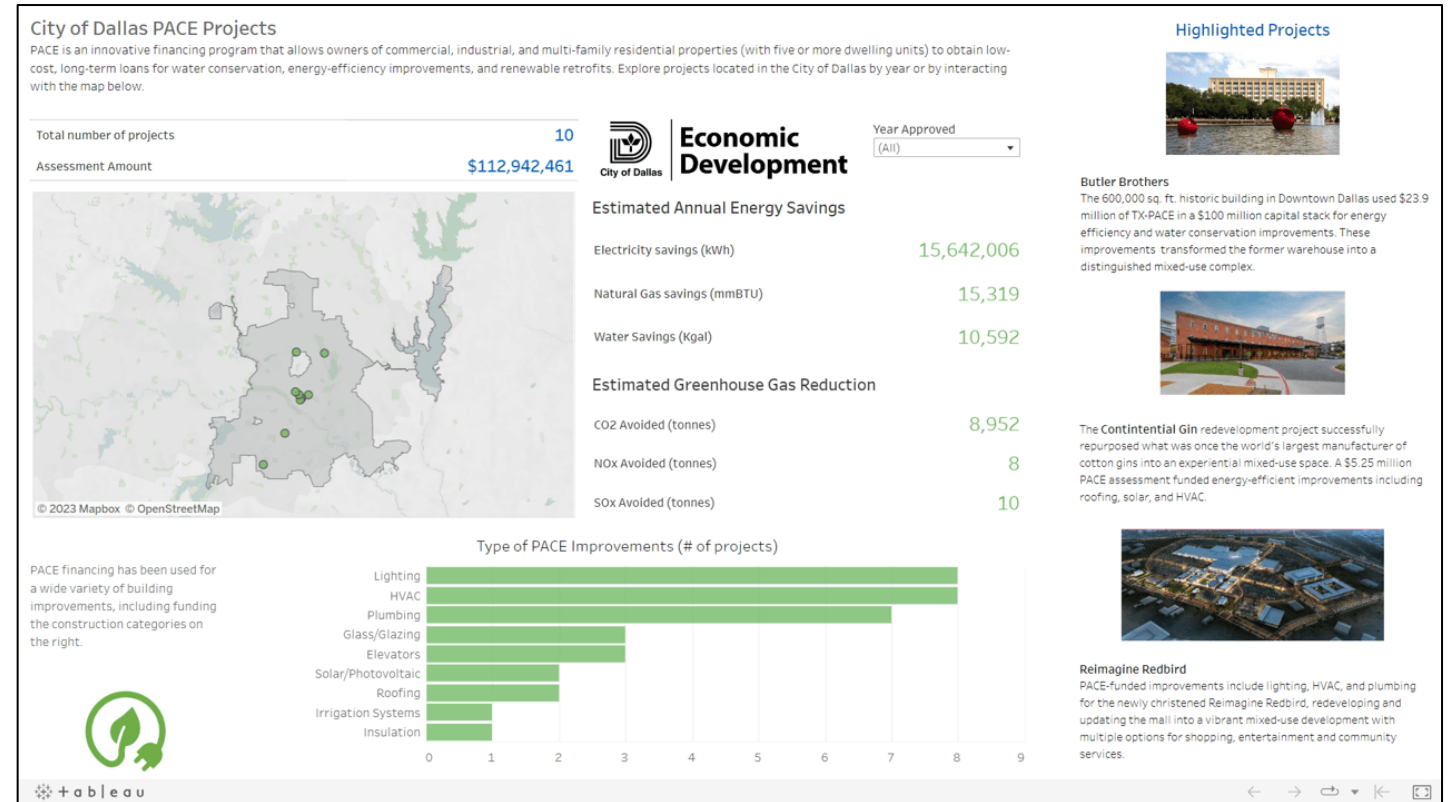


Appendix D: Market Conditions & Program Marketing



Dallas PACE Program Webpage – Office of Economic Development

- <https://www.dallasecodev.org/260/Property-Assessed-Clean-Energy-PACE>
- Webpage Provides:
 - Overview of the Dallas PACE Program
 - Dallas PACE Program Report
 - TX-PACE Documents
 - Case Studies & Promotional Flyers
 - **NEW: PACE Projects Dashboard**




Appendix D: Market Conditions & Program Marketing




Market Conditions

- In 2022, the U.S. Department of Energy (DOE) released the DOE Market Assessment tool to help PACE regions and stakeholders identify opportunities to use PACE financing to improve commercial building stock.
- The report is specifically customized to provide the City of Dallas with relevant data, estimations, and analysis to inform PACE Program implementation. The tool has broad applications beyond PACE and is intended to support state and local decisions related to a multitude of building-sector energy policies and programs.
- **The City of Dallas PACE Program utilizes this report as a method of analyzing the outlook and potential of PACE financing within the city.**
 - According to the report, the DOE estimates the City of Dallas possesses a building stock of 12,508 properties with potential retrofit costs and a Savings to Investment Ratio greater than 1.
 - Among the properties, an estimated \$1.4 billion in project costs are eligible for PACE financing, resulting in a potential lifetime gross savings of approximately \$2 billion.
 - Analysis excludes enclosed malls, inpatient healthcare, laboratories, and multi-family properties, which collectively account for 48% of the total commercial and multi-family floor area in Dallas.

Prepared by



TEXAS PACE
AUTHORITY



Pacific
Northwest
NATIONAL LABORATORY


PNNL-SA-158435

Energy and Building Market Assessment Commercial PACE Application

Dallas, Texas
September 2022

Pacific Northwest National Laboratory
Kevin Keene – kevin.keene@pnnl.gov

Prepared in support of the U.S. Department of Energy's
Commercial PACE Working Group



U.S. DEPARTMENT OF
ENERGY

Prepared for the U.S. Department of Energy
under Contract DE-AC05-76RL01830



Appendix D: Market Conditions & Program Marketing



Dallas PACE Program: Potential for Aging Multi-Family Properties

- Estimated 1,600+ multi-family properties built before 1990 that are Class B or C located within the city of Dallas. (150,000+ units)
- On December 23, 2022, the Federal Department of Housing and Urban Development (HUD) authorized Texas PACE Authority's PACE Programs to include TX-PACE energy and water-saving investment in HUD and Federal Housing Administration (FHA) multi-family properties
 - Adding PACE eligibility to HUD and FHA multi-family properties can dramatically increase investment in sustainable multi-family properties and help critical projects get fully funded
 - Potential projects must be compliant with additional HUD underwriting requirements
 - Expected to lead to more opportunities to partner with HUD or FHA backed multi-family properties in need of revitalization
 - Allows the Office of Economic Development to cast a wider net to identify PACE-eligible properties





City of Dallas

Update: City of Dallas Property Assessed Clean Energy (PACE) Program

**Economic Development Committee
November 6, 2023**

Kevin Spath, AICP, HDFFP, EDFP
Assistant Director
Office of Economic Development

Memorandum



CITY OF DALLAS

DATE November 3, 2023

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, and Chad West

SUBJECT **Upcoming Agenda Item Regarding an Amendment to the Agreement with Island
Rock Holdings, LLC for the Longhorn Ballroom Redevelopment Project**

On September 28, 2022, City Council authorized a tax increment financing (TIF) development and Chapter 380 grant agreement (Agreement) with Island Rock Holdings, LLC (Developer) for a City Subsidy in a total amount not to exceed \$4,150,000 by Resolution No. 22-1463 for the Longhorn Ballroom Redevelopment Project (Project).

The City Subsidy is comprised of a TIF Subsidy in an amount not to exceed \$2,100,000 (payable from future TOD TIF District funds) and an economic development grant (Grant) in an amount not to exceed \$2,050,000 (\$250,000 payable from Equity Revitalization Capital Fund and \$1,800,000 payable from 2012 General Obligation Bond Fund).

The scope of the Project includes 4 components:

- (1) Various interior improvements to the approximately 30,052 square foot existing Longhorn Ballroom building ("Building #1"), including structural; mechanical; electrical; plumbing; lighting; heating, ventilation and air-conditioning (HVAC); fire alarm/sprinkler; security system; finish-out;
- (2) Various exterior and interior improvements to the approximately 20,351 square feet existing mixed-use commercial building ("Building #2"), including structural; mechanical; electrical; plumbing; lighting; heating, ventilation and air-conditioning (HVAC); fire alarm/sprinkler; finish-out; façade restoration;
- (3) Site improvements to include the courtyard/parking lot and creation of a new approximately 2-acre outdoor "backyard" event space, including grading, paving, parking, irrigation, landscape, hardscape, retaining wall, fencing, gates, lighting); and
- (4) Public infrastructure improvements and streetscape improvements along the Project's Corinth Street frontage and at the intersection of Corinth Street and Riverfront Boulevard.

DATE November 3, 2023
SUBJECT **Upcoming Agenda Item Regarding an Amendment to the Agreement with Island Rock Holdings, LLC for the Longhorn Ballroom Redevelopment Project**
PAGE **2 of 3**

To date, the Developer has completed Project component #1 (renovation of the Longhorn Ballroom known as “Building #1”). The Developer is also in the process of completing Project component #2 (renovation of the adjacent building known as “Building #2”) as well as Project component #3 (site improvements).

Specifically regarding Project component #4 (public infrastructure and streetscape improvements), as the Developer’s engineering design of the public infrastructure and streetscape improvements has progressed in recent months, the Developer has coordinated extensively with staff from the City’s Department of Public Works and the Department of Transportation. This coordination has resulted in the City determining the need for a broader scope of public infrastructure improvements in the area (i.e. above and beyond what the Developer was originally planning). As a result, the City’s Department of Public Works and Department of Transportation are now proposing a collaborative arrangement with the Developer for the design and construction of the broader scope of public infrastructure improvements.

With this collaborative arrangement, staff is recommending that the Developer perform the engineering design work for the broader scope of public infrastructure and streetscape improvements and provide the engineering design to the City’s Department of Public Works and the Department of Transportation. The broader scope is anticipated to include but is not limited to back-of-curb streetscape (lighting; sidewalk; landscaping) along the Corinth Street frontage; new curb and “transition lane” along Corinth Street frontage; intersection geometry adjustments (some new curb/gutter/pavement/ADA improvements) and a new traffic signal at the Corinth Street and Riverfront Boulevard intersection. Upon receiving the engineering design from the Developer, the City will then bid/construct the broader scope of public infrastructure and streetscape improvements.

The Developer will be reimbursed for the engineering design work (estimated to range from \$400,000 to \$450,000) from the \$2.1 million TIF Subsidy previously authorized with the Agreement, and the remaining unexpended portion of the TIF Subsidy (approximately \$1.7 million) will be assigned to the City’s Department of Public Works and/or Department of Transportation to be deployed for the construction of the public infrastructure improvements.

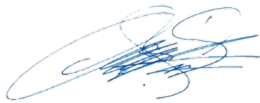
To facilitate this collaborative arrangement between the City and the Developer, an amendment to the Agreement is now needed to allow the Director of the Office of Economic Development to approve an assignment of the construction of Project component #4 and the remaining unexpended portion of the TIF Subsidy (net of costs incurred by Developer for the engineering design of Project component #4) to the City’s Department of Public Works and/or Department of Transportation.

DATE November 3, 2023
SUBJECT **Upcoming Agenda Item Regarding an Amendment to the Agreement with Island Rock Holdings, LLC for the Longhorn Ballroom Redevelopment Project**
PAGE **3 of 3**

On October 30, 2023, the TOD TIF District Board of Directors reviewed the proposed amendment and unanimously recommended City Council approval.

On December 13, 2023, staff will seek City Council approval of an amendment to the Agreement to allow the Director of the Office of Economic Development to approve an assignment of the construction of Project component #4 and the remaining unexpended portion of the TIF Subsidy (net of costs incurred by Developer for the engineering design of Project component #4) to the City's Department of Public Works and/or Department of Transportation.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at (214) 670-1691 or email: kevin.spath@dallas.gov.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

Memorandum



CITY OF DALLAS

DATE November 3, 2023

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, and Chad West

SUBJECT **Upcoming Agenda Item Regarding Request for 12-Month Extension of Completion
Date for Chapter 380 Grant Agreement with The Golden S.E.E.D.S Foundation**

On May 22, 2019, City Council authorized adoption of the Targeted Neighborhood Enhancement Program Statement and a Chapter 380 economic development grant agreement (“Agreement”) with The Golden S.E.E.D.S Foundation (“Grantee”) in an amount not to exceed \$500,000 by Resolution No. 18-0802. The Agreement provides for the reimbursement of capital costs associated with neighborhood enhancements and improvements in The Bottom neighborhood. Per the Agreement, improvements may include art installations, street sign toppers, neighborhood entry signage and other unifying signage, landscaping enhancements, lighting, and other improvements that enhance safety, neighborhood identity, or aesthetics of the neighborhood.

In 2022, pursuant to the Agreement, the Grantee completed pedestrian-scale street lighting and street sign toppers in The Bottom. On January 18, 2023, reimbursement of \$128,118.26 was paid by the City to the Grantee for the completed improvements. Therefore, the grant has an unexpended balance of \$371,881.74.

On March 23, 2023, per Section 9 (Successors and Assigns) of the Agreement, the Grantee submitted a request to the Director of the Office of Economic Development to assign the unexpended grant balance to the City’s Park and Recreation Department to be specifically deployed into neighborhood enhancements and improvements in Eloise Lundy Park located in The Bottom neighborhood.

The Director of the Office of Economic Development is willing to approve the requested assignment because the Park and Recreation Department is already in the design phase of an upcoming project to improve Eloise Lundy Park. The Director of the Park and Recreation Department is willing to accept the assignment of the unexpended grant balance of \$371,881.74 to specifically expand and enhance the scope of the City’s upcoming improvement project for Eloise Lundy Park, but the Director of the Park and Recreation Department is requesting a 12-month extension of the Completion Date in the Agreement (from December 31, 2023 to December 31, 2024) to more closely align the Completion Date in the Agreement with the Park and Recreation Department’s anticipated construction schedule for the Eloise Lundy Park improvement project.

DATE November 3, 2023
SUBJECT **Upcoming Agenda Item Regarding Request for 12-Month Extension of Completion Date for Chapter 380 Grant Agreement with The Golden S.E.E.D.S Foundation**
PAGE **2 of 2**

On December 13, 2023, staff will seek City Council approval of the 12-month extension of the Completion Date as requested by the Director of the Park and Recreation Department.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at (214) 670-1691 or email: kevin.spath@dallas.gov



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