



City of Dallas

Mockingbird Station East

a mixed-income transit-oriented development project in the
TOD TIF District

Economic Development Committee
February 7, 2022

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

Presentation Overview



- Background
- Proposed Project
- Staff Recommendation
- Next Steps

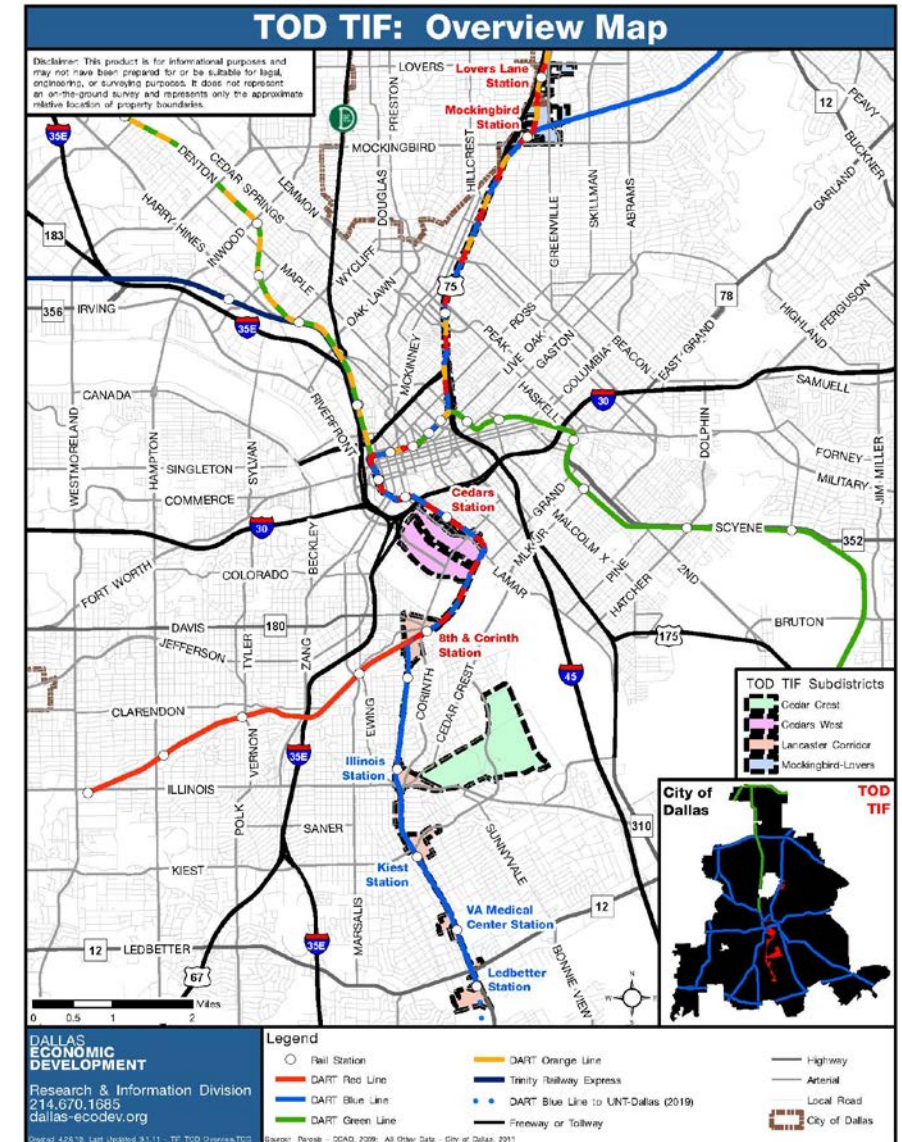
- Appendix





Background: TOD TIF District

- created December 10, 2008 to encourage dense and pedestrian-friendly transit-oriented development (TOD) around DART stations in the central portion of the City, help create a series of unique destinations, and foster the construction of facilities beneficial to the DART light rail system.
- 4 Sub-Districts:
 - Mockingbird/Lovers Lane
 - Cedars West
 - Lancaster Corridor (includes the 8th & Corinth, Illinois, Kiest, VA Medical Center, and Ledbetter DART station areas)
 - Cedar Crest
- City's first "barbell" TIF district structure, providing a mechanism to allow for increment sharing to enhance funding for more distressed areas to jump start catalyst projects such as Lancaster Urban Village (**40% of the increment generated by the Mockingbird/Lovers Lane Sub-District and 10% of the increment generated by the Cedars West Sub-District is annually transferred to the Lancaster Corridor Sub-District**)
- although the TOD TIF District has mixed-income requirements for any residential development projects or mixed-use development projects with residential components that apply for TIF funding assistance, no projects in the Mockingbird/Lovers Lane Sub-District have applied for TIF funding (i.e. all 1,449 units developed in Mockingbird/Lovers Sub-District since 2008 are market rate)



Background: TOD TIF District



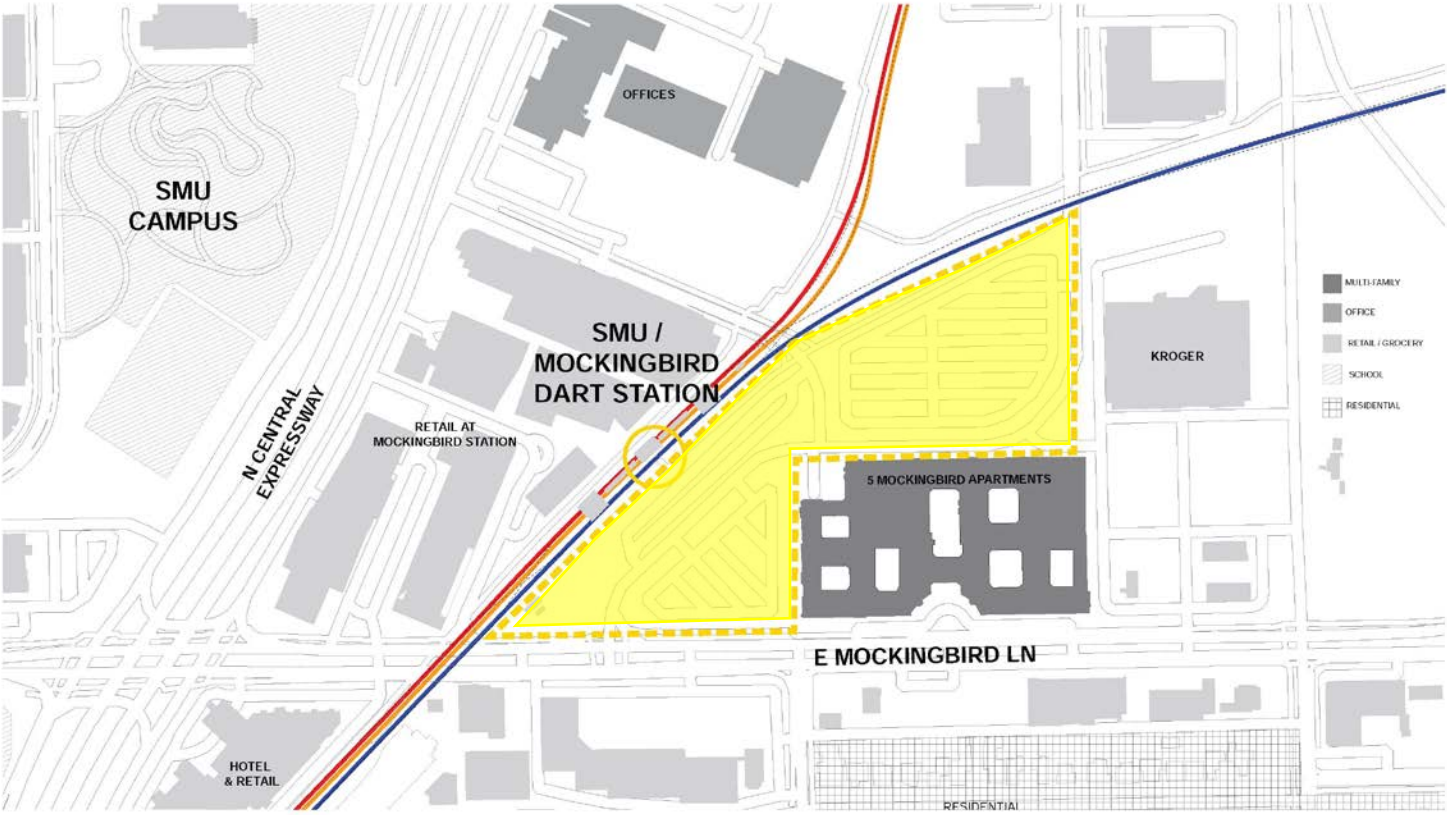
- Linking light rail station areas facilitates tax increment sharing to help stimulate Lancaster Corridor development by providing additional project subsidies to the Lancaster Corridor from a portion of increment transferred from the Mockingbird/Lovers and Cedars West Sub-Districts.

TIF Project & Financing Plan - Estimated Increment Generation & Allocation by Sub-District during 30-year term

Sub-District	Property Value Estimate - New Development	Increment Generated (NPV)	Estimated TIF Budget Allocation (NPV 2009 dollars)
Lancaster Corridor	\$171,203,800	\$13,197,448	\$49,781,005
Cedar Crest	\$325,976,685	\$25,834,552	\$25,326,728
Mockingbird - Lovers	\$839,888,351	\$76,557,143	\$30,020,910
Cedars West	\$1,094,082,000	\$69,588,554	\$54,576,532
Affordable Housing (all sub-districts)	---	---	\$21,832,521
Administration	---	---	\$3,640,000
Total		\$185,177,697	\$185,177,697



Background: Location of Project



CONTEXT MAP

TCC Mockingbird Station East
Dallas, Texas



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Mockingbird Station East (the "Project") is located at 5465 East Mockingbird Lane (yellow highlighted area above) in City Council District 14 in the Mockingbird/Lovers Lane Sub-district of the TOD TIF District



Background: DART's Developer Selection Process



- In July 2016, the Dallas Area Rapid Transit (DART) Board approved the engagement of Cushman & Wakefield of Texas, Inc. for real estate services in connection with evaluation of the Project site.
- In October 2016, DART issued a Request for Proposals (RFP) for the Project site.
- In January 2018, following a review/selection process, the DART Board approved Trammell Crow Company and a non-binding term sheet to negotiate a ground lease and development agreement.
- In November 2019, the lease and development agreement was approved by the DART Board.
- The Project site is owned by DART, and Developer is working in partnership with DART through a 99-year ground lease to redevelop the 16-acre site into a mixed-use transit-oriented development.
- The current use of the site is primarily a 725-space surface parking lot.
- The focus of the development plan has been to fulfill the needs and goals of DART and the TOD TIF District vision through place-making, good urban design, higher and better land uses, increased DART ridership, and mixed-income housing in high opportunity area.



Proposed Project: Summary



Project Developer: Trammell Crow Company Development, LLC (“Developer”) a Delaware limited partnership and/or its assigns will, directly or indirectly, control the Project.

Project Summary: In early 2021, Developer submitted an incentive application to the Office of Economic Development for the Mockingbird Station East (the “Project”)

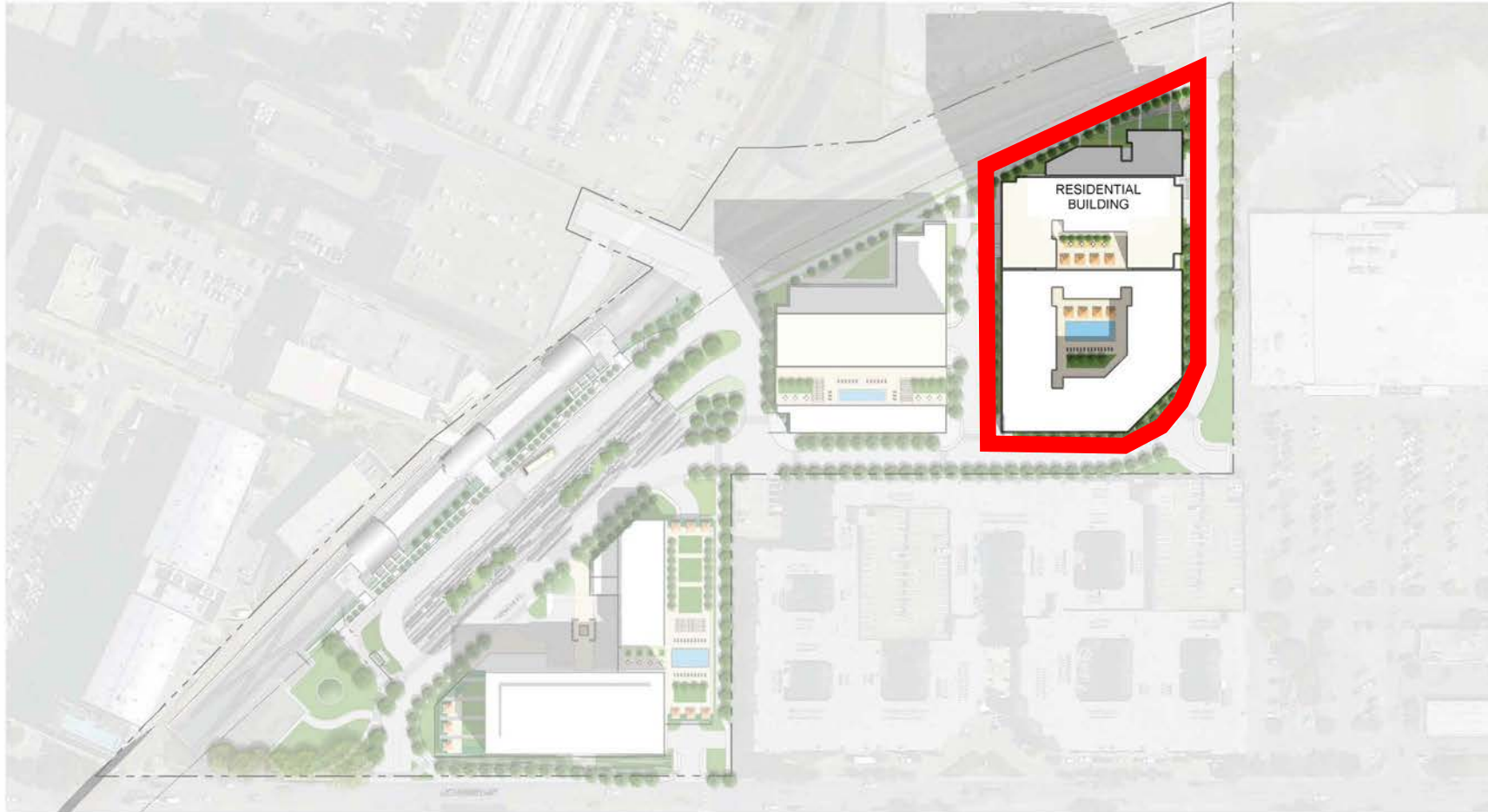
- approximately 429-unit mixed-income multi-family residential building (20% of the units will be affordable at 80% AMFI in compliance with the Mixed-Income Housing Guidelines of the TOD TIF District) with its own integrated structured parking garage along with extensive public infrastructure and streetscape improvements.
- total Project cost estimated at \$117.3 million.
- In addition, separate and apart from consideration of the TIF Subsidy, pursuant to the agreement between Developer and DART, a new underground public parking garage (approximately 500 spaces, 3-levels) is to be constructed by the Developer and owned/operated by DART.

	RESID UNITS
Affordable Units	86
Market Rate	343
Total Units	429

Bedroom Type	RESID UNITS
1 Bedroom	324
2 Bedroom	105
Total Units	429



Proposed Project: Site Plan



PHASING DIAGRAM - RESIDENTIAL BUILDING

TCC Mockingbird Station East
Dallas, Texas

Trammell Crow Company

HIGH STREET
RESIDENTIAL

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Proposed Project: Elevations



RESIDENTIAL BUILDING

TCC Mockingbird Station East
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Trammell Crow Company

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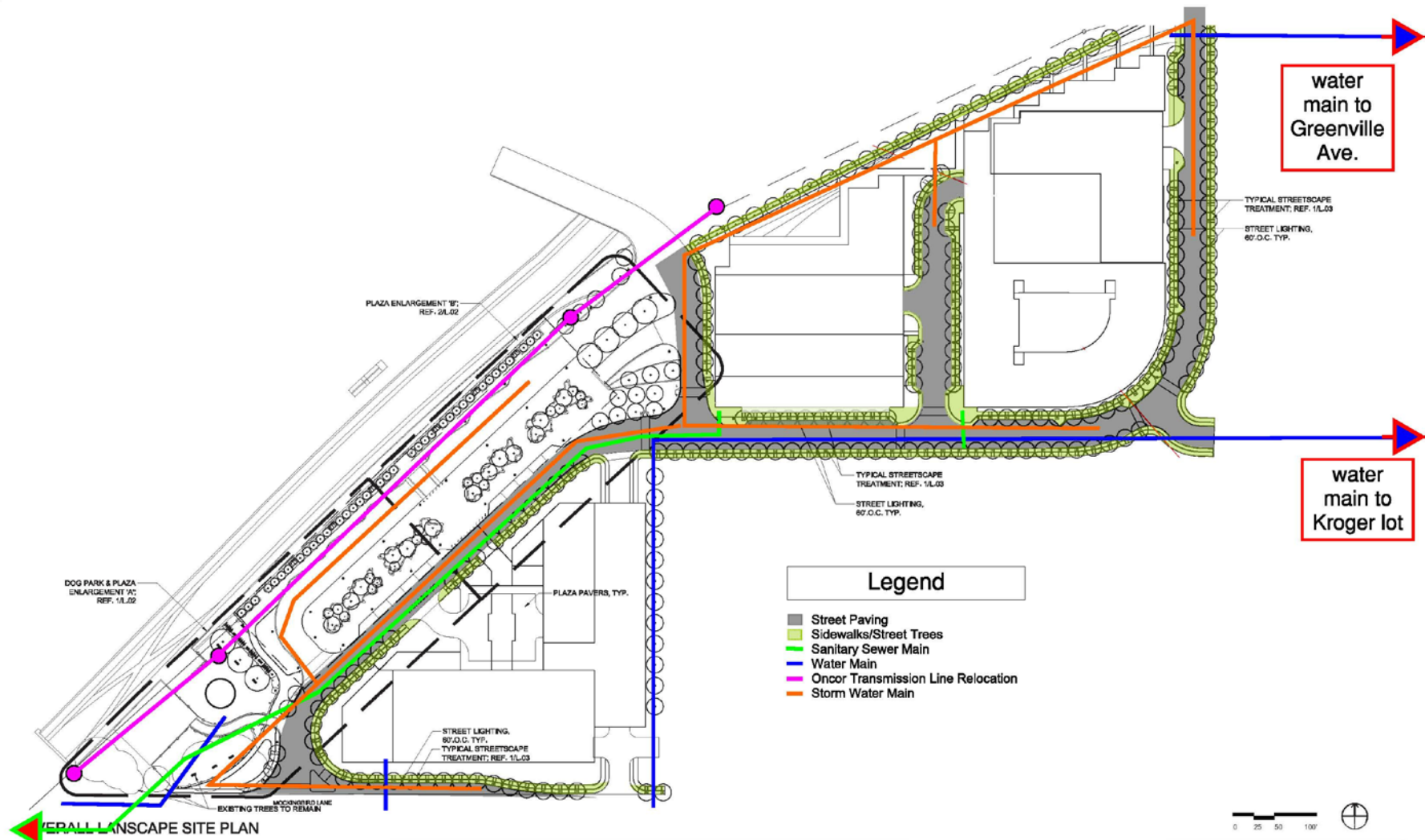
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Proposed Project: Public Infrastructure



s.s. to US-75 East, Dallas, Texas



Proposed Project: Urban Design



- In April 2020, the City's Urban Design Peer Review Panel ("UDPRP") reviewed the Project and applauded Developer's efforts to bring meaningful mixed-use transit-oriented development to this location.
- UDPRP recommendations:
 - Further thought be given to providing a well-marked ADA accessible path to the DART station during construction.
 - Massing and architectural detail and the design of the streetscape be leveraged to enhance the clarity and organization of the site.
 - Further design detail be given to the proposed bus drop-off plaza, Worcola Street, and any future motor court to create a less utilitarian, more functional and pedestrian-friendly space while also helping to improve underground garage access.
 - Barring potential fire code restrictions, suggested reducing the overall width of Worcola Street to reduce travel speeds and allow for a potential sidewalk on the east side.
- **As a result, Developer made changes to accommodate UDPRP's recommendations (see Appendix for more details)**



Proposed Project: Budget



Uses	Amount	Percent
Acquisition	\$1,421,729	1.3%
Demolition	\$90,000	0.1%
On-Site Improvements	\$2,632,095	2.3%
Off-Site Infrastructure	\$10,077,986	7.4%
Building (Hard) Construction Costs	\$81,738,763	69.9%
Contingency	\$8,056,450	7.2%
Professional Fees	\$5,706,520	5.1%
Soft Costs	\$4,059,118	3.6%
Developer Fee	\$3,560,135	3.2%
Total Uses	\$117,342,796	100.0%



Proposed Project: Sources



Sources	Amount	Percent
Construction Loan	\$79,077,727	67%
Investor Equity	\$38,265,068	33%
Total Uses	\$117,342,796	100%



Staff Recommendation: TIF Funding



- Authorize a development agreement and all other necessary documents with Trammell Crow Company Development, LLC and/or its affiliates in an amount not to exceed **\$29,000,000** payable upon completion of the Project and Developer's satisfaction of all terms and conditions in the development agreement

Category	Amount
<i>Mockingbird Sub-District:</i>	
Environmental Remediation and Demolition	\$90,000
Public Infrastructure Improvements	\$11,791,642
Grants for high density projects	\$7,638,774
Affordable Housing	\$9,479,584
TOTAL TIF SUBSIDY – amount not to exceed	\$29,000,000

Note: The TIF Subsidy to the Project could be less if final (actual documented) costs for the demolition and public infrastructure improvements are less or if adequate increment does not accrue to the TIF fund.

Funds may be shifted from one category to another as long as the total amount of TIF funding does not exceed \$29,000,000; however, the affordable housing component (to be deployed as a grant) and grant for high density projects (collectively the "grant component") will be limited to \$21,000,000. No interest shall accrue on any portion of the TIF Subsidy.



Staff Recommendation: TIF Funding



- Pursuant to the TIF District's Increment Allocation Policy:
 - The Project is eligible to receive payments from the 40% of increment retained by the Mockingbird Sub-District; and
 - Payments from the affordable housing TIF district budget line item (funded from increment transfers by the Mockingbird/Lovers Lane and Cedars West Sub-Districts to support projects throughout the TOD TIF District providing affordable housing).
- TIF District's Increment Allocation Policy will continue to provide that **40% of the increment generated by the Mockingbird/Lovers Lane Sub-District and 10% of the increment generated by the Cedars West Sub-District be transferred to the Lancaster Corridor Sub-District.**
- Once completed, the Mockingbird Station East project would transfer approximately \$284,199 annually (estimated cumulative total \$3.6 million over the remaining life of the TIF District) to the Lancaster Corridor Sub-District (in addition to the other transfers based on completed development since the creation of the TOD TIF District).



Staff Recommendation: Conditions



- Developer will invest and document a **minimum of \$90,000,000 in eligible expenditures** in the Project, including site acquisition, off-site infrastructure, on-site preparation, site amenities, building construction/finish-out/furnishings, and professional fees
- Project will include a minimum of **340,000 leasable square feet of residential space**.
- **A minimum of 20% of the units (“Affordable Units”, inclusive of the below referenced voucher units) shall be set aside and leased solely to those households earning a maximum of 80% of the Area Median Income (AMI) for a minimum of 15 years.**
- **At least 10% of the Project’s residential units must be set aside and leased to voucher holders or abide by any amendments to Ordinance 30246 and Chapter 20A**
- Developer will **obtain a building permit by December 31, 2024**; a foundation permit may constitute meeting the obligation of this requirement
- Construction of the Project, including associated public improvements/streetscape improvements, shall be complete, and all portions of the building shall be occupiable by **December 31, 2026**, as evidenced by letter of acceptance, certificate of completion, or similar documentation.



Staff Recommendation: Conditions



- Prior to completion of the Project and at no cost to City, Developer shall **provide public access easements, deed restrictions, or other instruments** reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the Project remain in non-City ownership.
- The **proposed management group** for the Project must be submitted at least three months prior to Project completion for review by the Director to consider acceptance based on the management entity's comparable experience managing other multi-family properties, such approval not being unreasonably withheld
- Developer will execute a **20-year Operating and Maintenance Agreement** for all **non-standard public improvements**
- 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
- Developer shall submit an **Affirmative Fair Housing Marketing Plan** for approval



Staff Recommendation: Conditions



- Until the Project has passed final building inspection and all required paperwork documenting Project completion has been submitted to the Office of Economic Development, Developer shall submit to the Office of Economic Development **quarterly status reports** for ongoing work on the Project (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the Council approval date.
- 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 on April 24, 2020**; allowable minor modifications may include those required for compliance with development regulations
- For all permanent employment opportunities, Developer shall submit **a written plan describing how Developer or property management group will use and document best efforts to recruit and hire residents of the city of Dallas**. 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



Staff Recommendation: Conditions



- **With approval of the TIF Board, the Director of the Office of Economic Development** may authorize minor modifications to the Project, including, but not limited to, a reduction of the minimum square footage requirement of less than fifteen percent, modifications to development mix and/ or design elements in compliance with TOD TIF District Policies and Plans, and an extension of the Project deadlines up to 12 months
- Prior to or contemporaneously with the execution of the TIF development agreement, **Developer shall provide evidence of binding commitments of all other capital sources necessary to complete the Project and the DART parking garage.**



Next Steps



- On January 21, 2022, the TOD TIF District Board of Directors reviewed and unanimously recommended for approval a development agreement and TIF funding for the Mockingbird Station East Project in an amount not to exceed \$29,000,000 as recommended by staff
- An agenda item will be placed on the City Council voting agenda on February 23, 2022



Appendix: Development Team



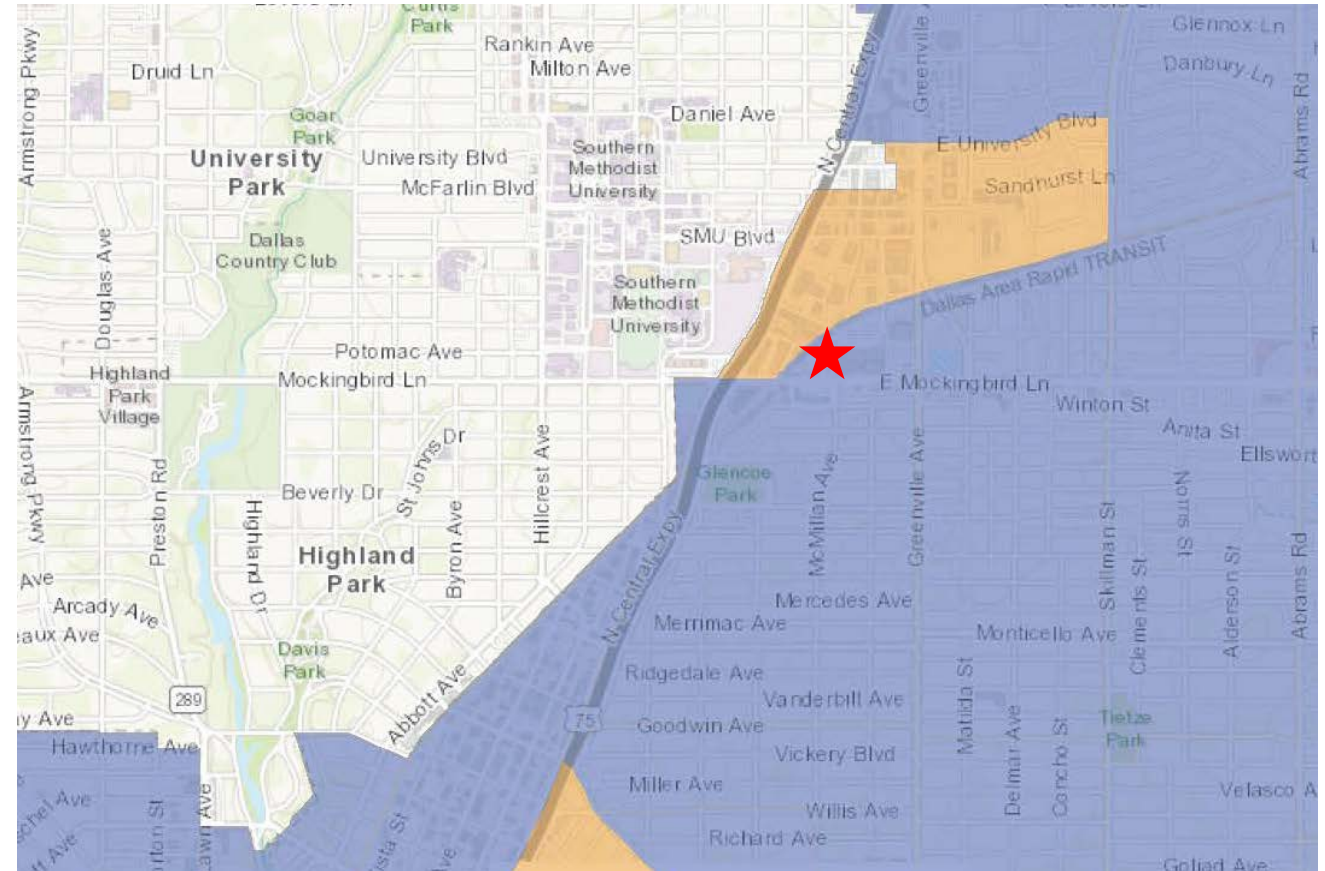
Role	Party Name
Developer/Primary Contact	Trammell Crow Company Development, LLC
Architect	GFF
Engineer	Jacobs
General Contractor	Andres Construction Services LLC
Property Management	TBD



Appendix: High Opportunity Areas



- Project is in a High Opportunity Area (depicted in blue color on the map)
- A High Opportunity Area within the city of Dallas is where the census tract has a poverty rate of 20% or below
- High Opportunity Areas often have attributes that, based on recent research, appear to have a positive effect on the economic mobility of residents



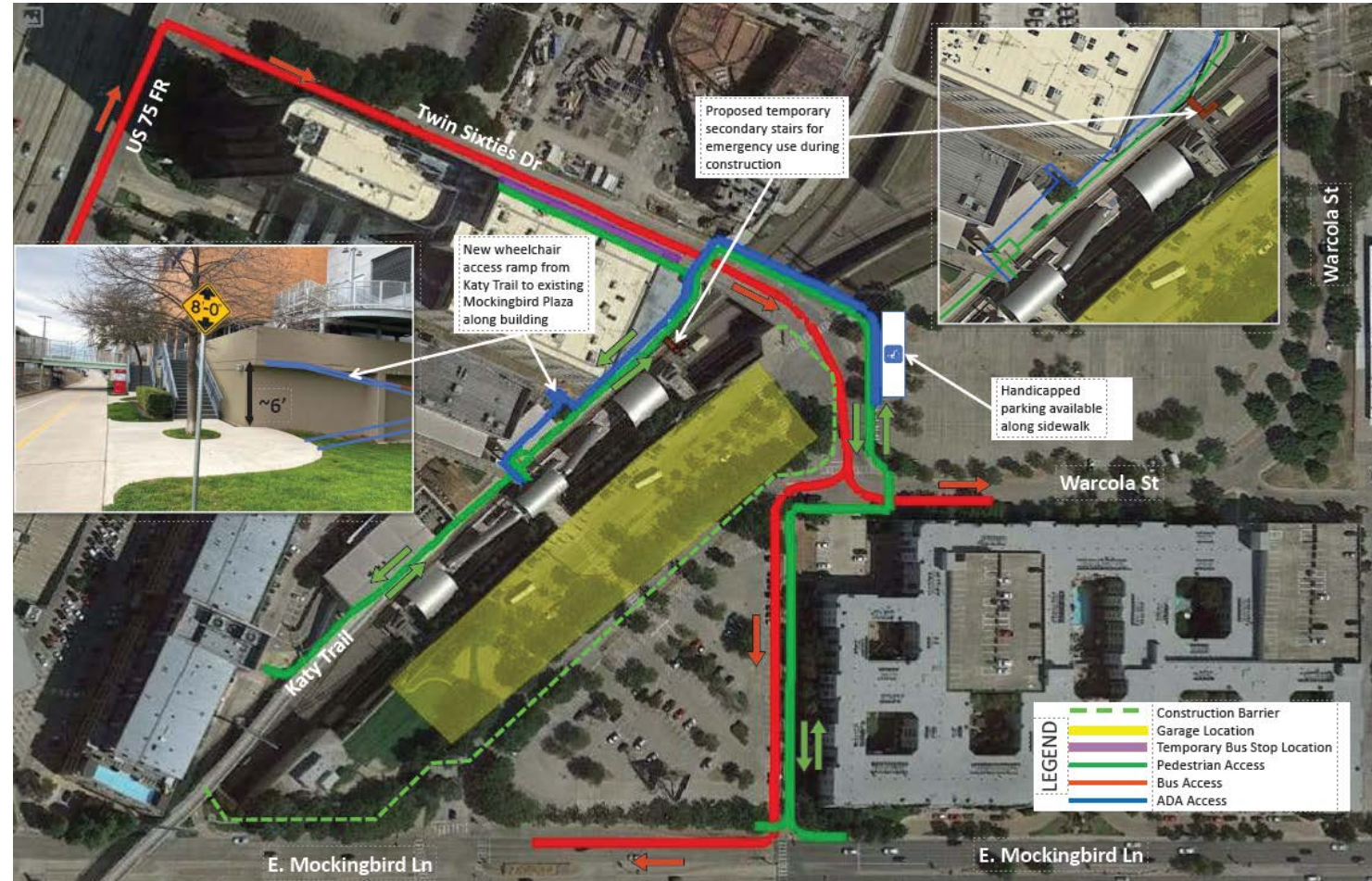
 High Opportunity Areas



Appendix: Urban Design



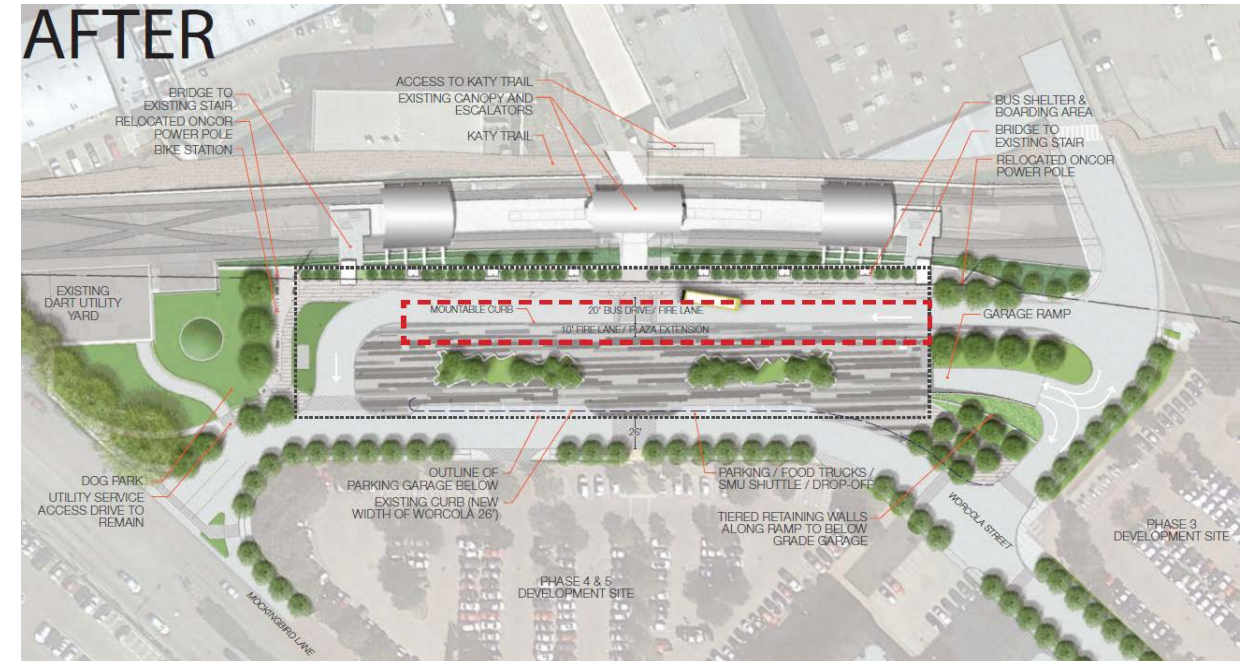
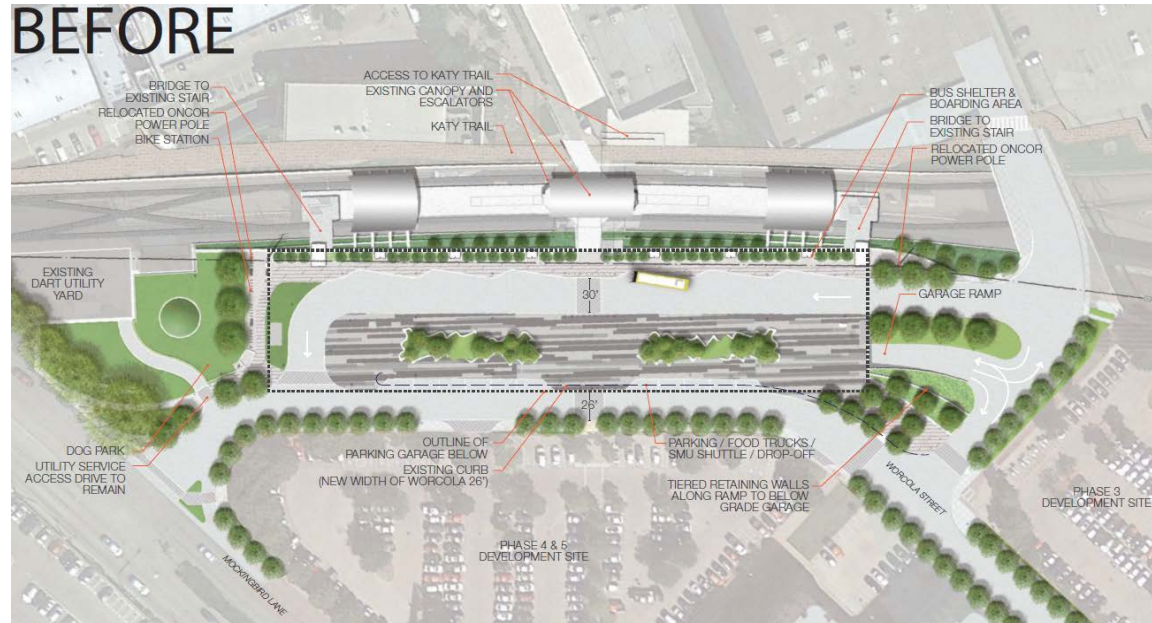
- Developer modified design to respond to UDPRP recommendation for providing a well-marked ADA-accessible path to the station during construction:



Appendix: Urban Design



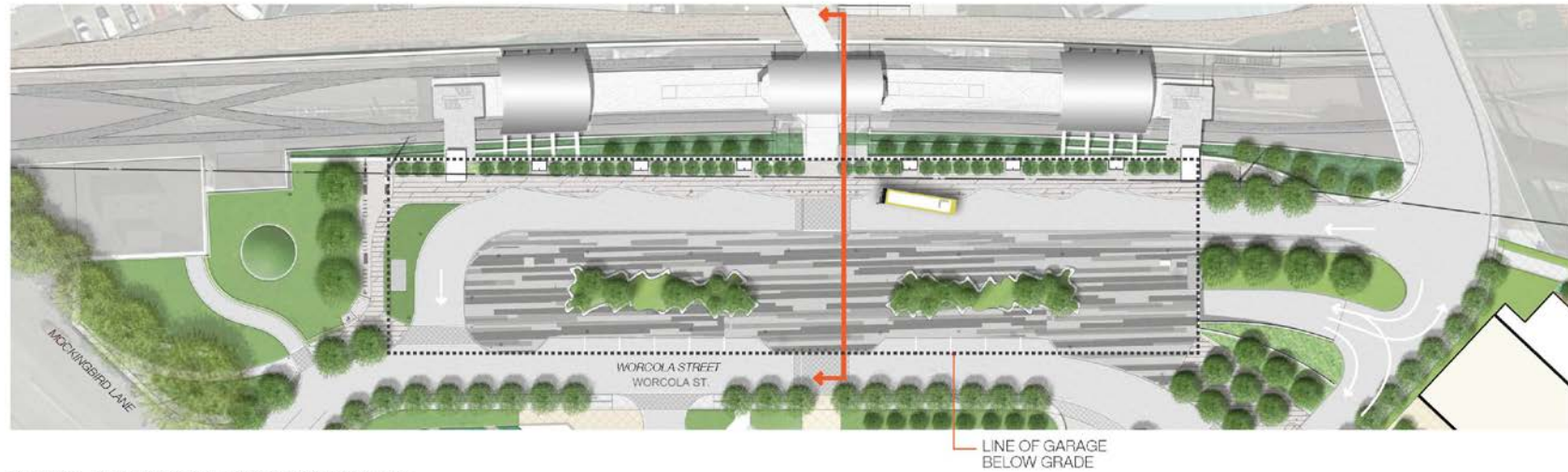
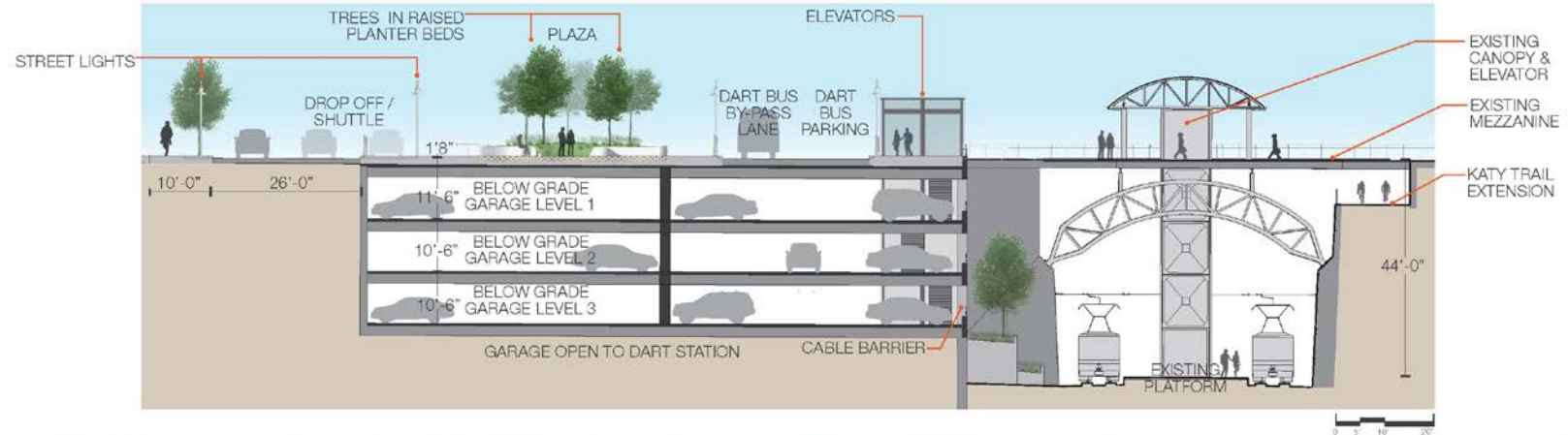
- Developer's design for the bus drop-off plaza was improved by providing a wider enhanced pedestrian connection across Worcola and the bus lane as a continuation of the plaza



Appendix: DART Underground Parking Garage



- In agreement between DART and Developer, DART had committed \$10 million toward cost to construct
- More recent estimated cost to construct is \$24.4 million, leaving a gap of \$14.4 million
- Discussions underway with NCTCOG regarding possible cost-sharing solution



PHASE 1 - BELOW GRADE PARKING STRUCTURE

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Dallas, Texas

Trammell Crow Company

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Appendix: TOD TIF District Budget



Category	Estimated TIF Expenditures (Current dollars)	Allocated to Date	Pending Allocation for Mockingbird Station E Project	Balance
Lancaster Corridor Sub-district *Public Infrastructure Improvements *Environmental remediation & demolition *Parks, open space, trails, gateways *Façade restoration *Grants for high density projects *Transit related improvements	\$120,807,722	\$4,215,673		\$116,592,049
Cedar Crest Sub-district *Public Infrastructure Improvements *Environmental remediation & demolition *Parks, open space, trails, gateways *Façade restoration *Grants for high density projects *Transit related improvements	\$53,545,234	\$0		\$53,545,234
Mockingbird/Lovers Lane Sub-district *Public Infrastructure Improvements *Environmental remediation & demolition *Parks, open space, trails, gateways *Façade restoration *Grants for high density projects *Transit related improvements	\$69,234,489	\$400,000	\$19,520,416	\$49,314,073
Cedars (West) Sub-district *Public Infrastructure Improvements *Environmental remediation & demolition *Parks, open space, trails, gateways *Façade restoration *Grants for high density projects *Transit related improvements	\$138,143,945	\$1,405,000		\$136,738,945
Affordable Housing	\$51,504,529	\$4,276,600	\$9,479,584	\$37,748,345
Administration and Implementation	\$8,686,784	\$577,374		\$8,109,410
Total Project Costs	\$441,922,703	\$10,874,647	\$29,000,000	\$402,048,056
<i>Budget shown in total dollars. TIF Plan shows budget in net present value (NPV)</i>				



Appendix: Projected Tax Increment



- In accordance with the TOD TIF District Increment Allocation Policy, the Project will receive annual payments from the portion of tax increment generated and retained by the Mockingbird/Lovers Lane Sub-district and available future revenue from the affordable housing TIF budget category.
- Based on current projections, the TIF subsidy could be fully paid by calendar year 2033.



Appendix: Underwriting



- Developer's original incentive application requested \$47 million in TIF funding before revisions to the scope of the TIF request.
- National Development Council (NDC), under contract with the City, conducted independent underwriting of the incentive application. The staff recommended TIF subsidy of \$29 million is within a range of gap analysis provided by the underwriter. Conclusions of independent underwriting:
 - **Development team:** highly qualified and experienced to carry out the project
 - **Financial capacity:** Developer is a wholly owned subsidiary of CBRE Group, a publicly traded Fortune 500 and S&P 500 company. CBRE is the world's largest commercial real estate services and investment firm based on 2019 revenue. Developer has sufficient capacity to cover any guarantees.
 - **Permanent debt capacity of Project:** Project could support a maximum of \$55.6 million in permanent debt with proposed City subsidy and, since projects seeking City subsidies are expected to maximize private sector debt, a \$55.6 million permanent loan amount was used in sizing the upper limit of the City subsidy
 - **Appraisal and Market Study:** Developer's assumptions are consistent with information presented; project appears viable
 - **Cost estimates of Project:** costs reasonable in current market; construction costs could be higher than projected since the figures provided by the Developer do not represent contracted prices
 - **Rationale for City subsidy based on Costs and Returns:** significant infrastructure costs for higher density development and affordable units. Developer's Yield on Cost target of 5.79% with City subsidy is reasonable (i.e. no undue enrichment).





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