

Mayor and Council Communication

DATE: 10/19/21

M&C FILE NUMBER:

LOG NAME: 17EVANSROSEDALE EDPA

SUBJECT

(CD 8) Authorize Execution of an Economic Development Program Agreement with Hoque Global Properties LLC, and/or Related Affiliates, to develop certain properties owned by the City of Fort Worth, Fort Worth Housing Finance Corporation, and Fort Worth Local Development Corporation located in the Evans & Rosedale Urban Village as a mixed-use urban development.

RECOMMENDATION:

It is recommended that the City Council authorize the execution of an Economic Development Program Agreement with Hoque Global Properties LLC, and/or Related Affiliates, to develop certain properties owned by the City of Fort Worth, Fort Worth Housing Finance Corporation, and Fort Worth Local Development Corporation located in the Evans & Rosedale Urban Village as a mixed-use urban development on the terms set forth below in the discussion.

DISCUSSION:

Hoque Global Properties LLC and Related Affiliates (Developer) intend to develop certain properties owned by the City of Fort Worth, Fort Worth Housing Finance Corporation, and Fort Worth Local Development Corporation located in the Evans & Rosedale Urban Village (Project Site) as a mixed-use urban development. The development will include commercial, retail, and residential units, as well as a parking structure and enhancements to the plaza and other public spaces ("Development"), in return for the economic development incentives.

In order to facilitate the Development, the City proposes to enter into an Economic Development Program Agreement (EDPA) with the Company to provide up to 15 annual grants equal to up to 80% of the incremental increase from the City's ad-valorem taxes on the real and business personal property at the Project Site and 80% of the City's available one-cent sales tax attributable to the Project Site (Grants). The combined aggregate value of all EDPA grants will be capped at a gross amount of \$9,000,000.00 (Program Cap). Requirements for payment of the incentive are as described below.

Developer Commitments:

Developer Investment:

I. Developer Construction Commitments

- a. Developer must invest at least \$60 million in total development costs within the boundaries of the Project Site, where a minimum of \$56 million must be **Hard Construction Costs**, with construction starting within 18 months and completion within an additional 36 months from the signing of the required agreements for development of the Development, which includes:
 - i. 292 multifamily units and 28 live/work units
 - ii. 27,000 square feet of retail or office space
 - a. 15,000 square feet of the retail space will be marketed to an urban grocer for up to 12 months past receipt of the Certificate of Occupancy
 - iii. 339 space parking garage
 - iv. enhancements to include the cultural square, linear parks, interactive square, and other public spaces.
- b. **Phase II** - Invest an aggregate of at least \$70 M in Total Development Costs within the boundaries of the Project Site, to include those requirements in Section 1.a. as well as:
 - i. 20 townhomes
- c. Spend 15% of Total Development Costs with contractors that are business equity firms, as defined in the City's ordinance. Failure to meet this requirement will result in a reduction of the Potential Grant by 10%.
- d. Rent no fewer than 20% of all rental residential units as affordable housing, to be comprised of i) 10% of all residential units leased to individuals or families earning at or below 80% of the Area Median Income for the Fort Worth-Arlington region in a given year as established by the U.S. Department of Housing and Urban Development, and ii) 10% of all

residential units leased to individuals or families earning at or below 60% of the Area Median Income. Failure to meet the criteria outlined in Section I.d. shall be an event of default.

Other Developer Commitments:

- a. Demonstrates the financial capacity and commitments to complete the project prior to any land transactions and no later than 6 months after signing of the Definitive Agreements;
- b. Employ or cause to employ a minimum 30 Full-Time Employees on the Property by December 31, 2024, using good faith efforts to hire from the neighborhood areas indicated in the attached "Exhibit A";
- c. The Developer shall hold an initial public community meeting during the time period identified by City, which shall be after the full execution of this Term Sheet by Developer and the City, and continue to hold public community meetings every six months following the initial public meeting, until Phase I of the project is complete. Beginning upon execution of this agreement until Phase I is complete, the Developer shall provide quarterly project status updates to the City to be made public via the City website. The City will not seek approval until the initial community meeting has been held.
- d. Is responsive to and specifically informed by historic and cultural context in designing the buildings and public spaces; and
- e. Developer will also work with the City of Fort Worth to make best efforts to attract a grocer to the Development.
- f. The Developer will pursue a waiver of certain permit and impact fees related to the Development through the Neighborhood Empowerment Zone application process.
- g. The Developer will make best efforts to acquire the property located at 912 Missouri Avenue, Fort Worth, TX 76104 from the private property owner with a conclusion of such efforts no later than March 31, 2022. This is a hard deadline and may only be extended only by action of the City. In the event acquisition of 912 Missouri Avenue, Fort Worth, TX 76104 does not occur, the scope of the Phase I and Phase II construction commitments outlined in Section I.a. and 1.b. may be revised based upon the redesign of the project.

City Commitments:

Economic Development Program Agreement Grants

Pursuant to Section 10, Catalytic Development Project, of the Economic Development Program Policy, enter into an Economic Development Program Agreement that will provide up to fifteen annual grants based on the incremental value of the real and business personal property at the Project Site and 80% of the City's available one-cent sales tax attributable to the Property ("Grants"). The Chapter 380 incentive cap shall be \$8 million (gross) upon completion of the Phase I commitments. If Phase II commitments are achieved, the Chapter 380 incentive cap shall increase to \$9 million (gross).

The amount of the grants will be determined annually and in accordance with the following table.

Company Commitment	Maximum Grants
Real & Business Personal Property Investment (Base Commitment)	65%
15% M/WBE Contractors	10%
30 Full-Time Employees	5%
TOTAL	80%

The grants will begin in the second calendar year following the completion date of the Project, and will be based on the tax year that immediately follows the year in which the completion date occurred. For example, if the Project is completed on December 31, 2024, the grants will be based on the value of property assessed for the 2025 tax year, with the grants paid in calendar year 2026.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2022 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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Expedited