

# Mayor and Council Communication

**DATE:** 08/13/24

**M&C FILE NUMBER:** M&C 24-0686

**LOG NAME:** 17BERRY STALCUP CH. 380

## **SUBJECT**

(CD 5) Authorize an Economic Development Program Agreement Between Berry Stalcup Redevelopment Partners, LLC and the City of Fort Worth to Provide a Grant of \$753,538.00 from the Economic Development Initiatives Fund and Up to 80% of Real Property Taxes for a Development Project Located at 5401 E. Berry Street and 5425 E. Berry Street

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## **RECOMMENDATION:**

It is recommended that the City Council authorize an Economic Development Program Agreement between Berry Stalcup Redevelopment Partners, LLC and the City of Fort Worth to provide a grant of up to \$753,538.00 from the Economic Development Initiatives Fund and up to 80% of real property taxes for a development project located at 5401 E. Berry Street and 5425 E. Berry Street.

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## **DISCUSSION:**

The Fort Worth Local Development Corporation (LDC) owns a site that is the former Dairy Queen property comprised of approximately 3.5 acres located at 5401 E. Berry St. and 5425 E. Berry St., adjacent to the Stop Six redevelopment project.

Staff has been working with local area developers to structure a deal for the development of the aforementioned properties. On January 4, 2021, a City-issued second round for Request for Expression of Interest (RFEI) was released and three submissions were received. A decision committee met to review the submissions and selected two developers to work together--Legacy Construction Solutions, Inc. and Innovan Neighborhoods, LLC (Berry Stalcup Redevelopment Partners, LLC).

Developer voluntarily commits to expend or cause to be expended at least 15% of all construction costs (Hard and Soft) for the Project as defined in Chapter 20, Article X of the City Code. Failure to meet this commitment will not constitute a default, but will result in a 10% reduction of any purchase price payable by City to Developer as discussed below.

If approved, this project would provide 34 townhouses (ranging from 1,140 sq. ft. to 1,800 sq. ft.) and at least 7 live/work units. Townhouses/Units will consist of:

- 12 affordable units--significantly below Housing and Urban Development (HUD) income limits for families at 80% of AMI (Area Median Income); currently projected at or below \$300,000.00 each
- 22 market-rate townhomes--currently projected at \$350,000.00 each
- A minimum of 7 live/work units--(with an aggregate of 17,000 sq. ft. of gross commercial/retail space) currently projected at or below \$470,000.00 each

All townhomes and units will be for sale.

This project is projected to begin in 2025 and will be delivered in the following phases:

- Land Acquisition (Conveyed upon execution of Development Agreement): Land will be purchased at fair-market value (FMV) as determined by an appraisal obtained by the City/LDC.
- Phase I: Infrastructure (Begin no later than August 31, 2025)
- Phase II: Townhomes (14)--Begin within four months of completion of Phase I
- Phase III: Townhomes (14)--Begin within four months of completion of Phase II
- Phase IV: Townhomes (6) and Live/Work Units (A minimum of 7)--Begin within four months of completion of Phase III

The Economic Development Initiatives Fund will be impacted by \$753,538.00. The Chapter 380 agreement associated with this project will impact future budgets by up to 80% of incremental real property taxes. In order to facilitate the development, the Fort Worth Local Development Corporation has allocated \$3,210,822.00 from the Catalytic Development Fund for a total incentive value of \$4,606,948.00

This project lies in District 5 and is within a Revitalization Target Area.

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## **FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2024 and Fiscal Year 2025 Budget. Any effect on expenditures and revenues will be budgeted in future Fiscal Years.

**Submitted for City Manager's Office by:** William Johnson 5806

**Originating Business Unit Head:** Robert Sturns 2663

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Expedited