

Mayor and Council Communication

DATE: 06/09/26

M&C FILE NUMBER: M&C 26-0489

LOG NAME: 1717SECOPANTHERISLAND

SUBJECT

(CD 2) Authorize Execution of an Economic Development Program Agreement with Seco Enterprises, LLC, or an Affiliate, for the Construction of a New Mixed-Use Development Generally Located Between North Main Street, North Commerce Street and NE 4th Street

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of an Economic Development Program Agreement with Seco Enterprises, LLC, or an affiliate, for the construction of a new mixed-use development generally located between North Main Street, North Commerce Street and NE 4th Street;
2. Authorize the waiver of Transportation Impact Fees related to the construction of a new mixed-use development generally located between North Main Street, North Commerce Street and NE 4th Street in an amount consistent with the land use assumptions for the development (an estimated amount not to exceed \$2,000,000.00); find that the waiver of fees serves a public purpose; and that adequate controls will be in place in the Economic Development Program Agreement to ensure the public purpose is met; and
3. Find that the terms and conditions of the Economic Development Program Agreement, as outlined below and in the Agreement, constitute a custom-designed economic development program, as recommended by the most recently adopted Comprehensive Plan and consistent with the City's Economic Development Policy Program for Grants as Authorized by Chapter 380, Texas Local Government Code;

DISCUSSION:

The purpose of this Mayor and Council Communication is to authorize execution of an Economic Development Program Agreement (Agreement) with Seco Enterprises, LLC, or an Affiliate (Developer), for the construction of a new mixed-use development generally located between North Main Street, North Commerce Street and NE 4th Street.

Developer intends to develop property generally located between North Main Street, North Commerce Street and NE 4th Street (Project Site) as a mixed-use development featuring a minimum 12-story building containing 290 multifamily units, 9,000 square feet of retail, and various public improvements as more specifically described and required below (Project).

Developer Commitments:

As part of the proposed Agreement, the Developer would commit to completing the Project in accordance with the following minimums:

- Minimum Total Development Costs of \$100,000,000
- Minimum \$75,000,000 Hard Construction Costs
- Minimum 30% of Total Development Costs expended with Small Businesses, subject to availability, as provided for by City Ordinance No. 27832-08-2025 (Small Business Commitment)
- Minimum 290 new multifamily rental residential units in a building with a minimum of 12 stories
- Minimum 9,000 square feet of new retail space
- Required completion date of no later than December 31, 2030 (Completion Deadline).

Additionally, the Developer would commit, either as part of the Agreement, or by a separate agreement between the City and Developer (Development Agreement) or between the Developer and Tarrant Regional Water District (TRWD Agreement) to fulfill certain requirements relating to public improvements at or adjacent to the Project Site that include the following:

- Design, construct, and dedicate to the City any necessary pedestrian access from the canal paseo, to the North Main Street Canal 'C' bridge and from the Commerce Street sidewalk to the canal paseo (as specifically described in the Agreement, Development Agreement, or TRWD Agreement)
- Design and construct sidewalk, parkway, and drainage improvements on adjacent streets that are not constructed by City
- Design and construct the Project in such a manner that places electrical utility services at the Project Site below ground level
- Install water quality device(s) on the Project Site per TRWD's requirements.

City Commitments:

In support of the development of the Project, the City would provide up to 10 annual grants (Grants) for a total combined amount up to but not to exceed \$10,000,000 (Program Cap). The Grants will be funded in whole or in part by 80% of the incremental City property taxes generated by the Project for the term of the Agreement, which will be withheld from City contributions to Tax Increment Reinvestment Zone Number Nine as permitted by City Ordinance No. 15797. Additional funds necessary for the the payment of the Grants may be funded by the City's Economic Development Initiatives Fund (EDIF). Each annual Grant will be capped at an amount equal to the difference between the actual net operating income (NOI) of the Project for the preceding operating year and the NOI needed to achieve a target yield-on-cost of 6.5% but no more than \$1,000,000 in any

year of the Agreement (Annual Cap). The Grants will be subject to a proportional reduction as more specifically provided for in the Agreement if the Project's apartment rental rates exceed projections.

If Total Development Costs or Hard Construction Costs fail to meet the minimum investment requirements provided above and the difference between such costs and actual costs is less than or equal to 10%, the value of any Grants payable by City under the Agreement will be reduced proportionately, as will the Annual Cap and Program Cap, and if the difference exceeds 10%, the Agreement will be in default resulting in a forfeiture of the Grants. If the Developer does not meet the Small Business Commitment, subject to the terms of the Agreement, the Program Cap will be reduced by 10%. Failure by the Developer to meet other requirements associated with the Project will result in penalties provided for in the Agreement that may include a reduction or forfeiture of the Grants.

The Developer will be permitted to collaterally assign (in such form as is reasonably agreed upon by Developer and City in the Agreement) the Agreement to its lender and, subject to the approval of the City Manager which will not be unreasonably withheld, the Developer will be permitted to assign the Agreement to any non-Affiliate third-party following Project completion.

By approval of this M&C, the City Council finds that the waiver of the transportation impact fees related to the Project in an estimated amount not to exceed \$2,000,000.00 serves a public purpose by stimulating commercial activity and promoting economic development within the City. Adequate contractual controls will be included in the Agreement to ensure such public purpose is carried out.

Affordable Housing Support

In addition to the Grants described above and pursuant to the City's Economic Development Program Policy, the Project will earn up to 10 annual grants that are equal to 5% of the incremental City taxes on real and/or business personal property associated with the Project, with such grants to be paid to the Fort Worth Housing Finance Corporation for the purpose of promoting the development or provision of affordable housing, at all times striving to deliver such affordable housing in close proximity to the Project (Affordable Housing Grant). At no time may the combined value of an Affordable Housing Grant and any other grant payable under the Agreement that is based on the incremental value of City real personal Property taxes exceed 85% of such taxes.

This project is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the transportation impact fees waiver, a loss of an estimated amount up to \$2,000,000.00 in Transportation Impact Fee Service Area PI will occur. This reduction in revenue will be incorporated upon the waiver being officially granted.

Submitted for City Manager's Office by: Dana Burghdoff 8018

Originating Business Unit Head: Jessica Rogers 2663

Additional Information Contact: Michael Hennig 6024