

# Mayor and Council Communication

**DATE:** 01/26/21

**M&C FILE NUMBER:** M&C 21-0073

**LOG NAME:** 17LANCASTERLAMAROFFICE

**SUBJECT**

(CD 9) Authorize Execution of Ground Lease Agreement with Option to Purchase with L2L-Lancaster, LLC, or an Affiliate for Approximately 1.447 Acres of City-Owned Property on a Portion of the Block Bounded by Lancaster Avenue, Lamar Street, 13th Street and Taylor Street and on a Portion of the Block Bounded by Lancaster Avenue, Taylor Street, 13th Street, and Monroe Street

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**RECOMMENDATION:**

It is recommended that the City Council authorize execution of a ground lease with L2L-Lancaster, LLC, or an affiliate for approximately 1.447 acres of city-owned property on a portion of the block bounded by Lancaster Avenue, Lamar Street, 13th Street and Taylor Street and on a portion of the block bounded by Lancaster Avenue, Taylor Street, 13th Street, and Monroe Street with an option to purchase subject to the terms and conditions of the ground lease, in exchange for a parking easement for 185 parking spaces in a to-be-constructed parking garage.

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**DISCUSSION:**

Following the reconfiguration of I-30 along Lancaster Avenue, the City came into possession of former right of way property along the north side of Lancaster Avenue. Much of this property has been promoted for development by the City with the support of Tax Increment Reinvestment Zone Number Eight (TIF 8). This property includes a portion of the block bounded by Lancaster Avenue, Lamar Street, 13th Street and Taylor Street and a portion of the block bounded by Lancaster Avenue, Taylor Street, 13th Street, and Monroe Street (Project Site).

On March 4, 2020, (Res. 8-2020-02), the Board of TIF 8 authorized execution of a TIF Economic Development Program Agreement with L2L-Lancaster, LLC, (Developer) for the construction of a \$50 million, mixed-use office development with a 390 space parking garage (Project) located on the Project Site. The Project Site consists of both publicly and privately owned property and includes approximately 1.447 acres of vacant land owned by the City (City Property). An exhibit of the City Property is attached to this M&C.

The Developer proposes that the City enter into a Ground Lease Agreement with the Developer that will, upon completion of the Project and satisfaction of other Developer commitments, permit the conveyance of the City Property to the Developer in exchange for a permanent 185 space parking easement within the constructed parking garage (authorized under Texas Local Government Code 272.001 (b)(6)). The total cost of development of the parking easement is estimated to be \$4,000,000.00, and the rental value of the parking spaces in the Parking Easement is approximately \$2,817,542.00, both of which exceeds of the value of the City property to be conveyed as appraised at \$2,050,000.00. The conveyance of the property will be subject to the public notice requirement in Chapter XXI, Section Five of The Charter of the City of Fort Worth.

Staff recommends authorizing the City to enter into the Ground Lease Agreement with Option to Purchase, thereby authorizing conveyance of the City property in exchange for the parking easement.

This project is located in COUNCIL DISTRICT 9.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds. Any assets recorded on the City's financial statements associated with this land and building will be adjusted upon approval.

**Submitted for City Manager's Office by:** Jay Chapa 5804

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**Additional Information Contact:** Michael Hennig 6024