

Mayor and Council Communication

DATE: 10/25/22

M&C FILE NUMBER: M&C 22-0868

LOG NAME: 17VICKERYVILLAGEEDPA

SUBJECT

(CD 9) Authorize the Direct Sale of City Fee-Owned Property Located at 700 West Vickery Boulevard, Fort Worth, Texas for a Total Cost of \$225,000.00 to Vickery Village Development, LLC, or an Affiliate, in Accordance with Section 272.001(b)(6) of the Texas Local Government Code and Authorize Execution of a Economic Development Program Agreement with Vickery Village Development, LLC, or an Affiliate, in an Amount not to Exceed \$225,000 for a Mixed-Use Property Located on, or Adjacent to, 700 and 800 West Vickery Boulevard

RECOMMENDATION:

It is recommended that City Council:

1. Authorize the direct sale of City fee-owned property located at 700 West Vickery Boulevard, Fort Worth, Texas for a Total Cost of \$225,000.00 to Vickery Village Development, LLC, or an affiliate, in accordance with Section 272.001(b)(6) of the Texas Local Government Code; and
 2. Authorize the execution of a Economic Development Program Agreement with Vickery Village Development, LLC, or an affiliate, to provide a grant in an amount not to exceed \$225,000.00 for a mixed-use development located on, or adjacent to, 700 and 800 West Vickery Boulevard.
-

DISCUSSION:

Vickery Village Development, LLC, or an affiliate, ("Developer") is proposing to develop a mixed-use development ("Project") on approximately 5 acres of property located at Vickery Boulevard near Hemphill Street adjacent to Interstate 30 at 700 and 800 W. Vickery ("Site"). The porprtion of the Site located at 700 W. Vickery (approximately .44 acres) is currently owned by the City of Fort Worth ("City").

The Project consists of a minimum 235-unit rental residential complex and a 3,500 square foot restaurant on a location that is currently challenged by several constraints, including the location of stormwater infrastructure, the impact of the adjacent I-30 overpass, and concrete remaining from a previous demolition.

The Site is located within Tax Increment Reinvestment Zone 4 (TIF 4). On August 3, 2022, the TIF 4 Board authorized \$3,300,000.00 to support the Project through the reimbursement of certain costs relating to street, streetscape, and other public improvements.

To facilitate the Project, the City intends to convey to the Developer, the City-owned property located at 700 West Vickery at a fair market value of \$225,000.00, as determined by an appraisal obtained by the City. The proceeds of the sale will be used as a grant to the Developer through an Economic Development Program Agreement ("380 Agreement"). To qualify for the grant under the 380 Agreement ("Grant"), the Developer must spend, or cause to be spent, a minimum of \$40 million on the development of the Project, with certain additional requirements relating to minimum hard costs and business equity spending for the Project. Completion of the Project must occur on or before December 31, 2026 ("Completion Deadline"). In addition to the requirements necessary to earn the Grant, performance by the Developer will be secured by a right of first refusal held by the City and an escrowed amount of \$225,000.00 payable to the City in the event of a Developer default.

Developer Commitments:

- a. Developer must invest at least \$40 million in total development costs (hard and soft construction costs) on the Site by the Completion Deadline, with delivery of at least 235 multifamily units and at least 3,500 square feet of retail or restaurant. Failure to deliver the required multifamily units by the Completion Deadline will be an event of default. Failure to deliver the required retail will result in a proportional reduction of the Grant based on the square footage shortfall of the Project.
- b. On or before the Completion Deadline, Developer must expend or cause to be expended at least \$6,000,000 (hard and soft construction costs) for the Project with business equity frms ("BEF"). Failure to meet the BEF construction spending requirement, will result in a 10% reduction of the maximum Grant amount for the Project.
- c. On or before the date of conveyance of the City-owned property, Developer will place \$225,000 in escrow to secure performance of the Project under the 380 Agreement.

City Commitments:

- a. City will facilitate the sale and conveyance to Developer of 700 West Vickery for the property's fair market value of \$225,000.00, as has been determined by an appraisal obtained by the City, subject to a right of first refusal to be held by the City until the Developer obtains a building permit for the Project.
- b. City will provide to Developer a single, one-time Grant payment equal to the purchase price of the City-owned portion of the Site within 120 days after the successful completion and verification of all obligations described above.

This project is located in COUNCIL DISTRICT 9.

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.

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

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Kelly Baggett 2617

Expedited