

**To the Mayor and Members of the City Council****June 21, 2022**

Page 1 of 2

SUBJECT: LANCASTER-LAMAR MIXED-USE DEVELOPMENT UPDATE AND M&C AMENDMENT

On January 26, 2021, the City Council approved M&C 21-0073 authorizing execution of a ground lease with L2L-Lancaster, LLC, or an affiliate (Developer) for approximately 1.447 acres of vacant city-owned property (City Property) on a portion of the block bounded by Lancaster Avenue, Lamar Street, 13th Street and Taylor Street (Project Site) 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. Approval of the M&C followed authorization by the Board of the Lancaster TIF (TIF Board) to enter into an agreement supporting the development of a new \$50 million mixed-use development with 390-space parking garage (Project).

Proposed as an 8-story, 100,000 square foot project consisting of office and residential uses, the Project represented an opportunity to advance the City's strategy to promote new, walkable mixed-use development on Lancaster Avenue along undeveloped portions of former I-30 right-of-way. The undeveloped land along the north side of Lancaster Avenue is challenged by limited depths and other constraints. At the time of approval, the Project was driven by a major prospective office tenant which would occupy much of the building. Impacts from the COVID-19 pandemic led the office tenant to reevaluate its plans for a new office, leading to a significant redesign of the Project.

On September 1, 2021, the TIF Board amended its authorization for support of the Project to revise certain requirements, including reducing the minimum private investment to \$40 million, revising the Project completion deadline to December 31, 2024, and changing the requirement of providing a 185-parking space easement so that the Project must now provide a minimum of 100 structured parking spaces for public use on evenings and weekends for a period of at least ten years. The TIF Board also reduced the authorized amount of TIF funds to be delivered to the Project (from \$4.2 million to \$3.2 million) based on a proposed restructuring of the terms of conveyance of the City Property and reflecting the reduced value of the project's tax increment.

By amendment of M&C 21-0073, it is proposed that the Project be revised for consistency with the TIF agreement to be a minimum \$40 million mixed-use development constructed on the Project Site and that the authorized ground lease with option to purchase (subject to requirement of a 185-space parking easement) be eliminated in favor of a fee simple purchase by Developer of the City Property through a purchase and sale agreement (Purchase Agreement). All property conveyed in association with the Project will be subject to one or more deeds of trust to ensure satisfactory development of the properties (Deed of Trust) and that any failure to meet the terms established will result in the forfeiture of the applicable property and its return to City ownership. It is further proposed that the City enter into an Economic Development Program Agreement to provide a one-time grant equal to up to \$1,000,000.00 and not to exceed the purchase price of the City Property under the Purchase Agreement subject to successful completion of the Project (380 Grant). The 380 grant would be supported solely by cash proceeds

**To the Mayor and Members of the City Council****June 21, 2022**

Page 2 of 2

**SUBJECT: LANCASTER-LAMAR MIXED-USE DEVELOPMENT UPDATE AND
M&C AMENDMENT**

from the sale of property and is necessary given the increased up-front cash requirements for the development while also reflecting accelerated value received by the City versus longer-term usage of a parking easement. It is also proposed that any proceeds resulting from the sale of property under the Purchase Agreement net of the 380 Grant be deposited into the Economic Development Initiatives Fund for use in promoting economic development in Downtown Fort Worth.

Staff recommends amending M&C 21-0073 and authorizing the City to enter into the Purchase Agreement, Deed of Trust, and Economic Development Program Agreement as outlined above. An M&C will be placed on the June 28, 2022 agenda for City Council consideration with the recommendation to amending M&C 21-0073 and authorizing the City to enter into the Purchase Agreement, Deed of Trust, and Economic Development Program Agreement as outlined above.

For further questions, please contact Robert Sturns, Director of the Economic Development Department, at 817-392-2663.

David Cooke
City Manager