

Clearfork Phase II

Economic Development Department
May 16, 2023

Site Located at NEQ Edwards Ranch Rd and Clearfork Main St



Project Background

- Project follows successful completion of Clearfork Phase I
 - First proposed in 2014, completed in 2018
 - \$300 million mixed-use development
 - Supported by 15-year 380, granting up to 80% of incremental property and sales taxes, capped at \$48,000,000 (\$7.7 million paid to-date)
 - Plans for eventual future phases (undetermined timeline)
- Plans for second phase of development accelerated by opportunity to secure key anchor tenants

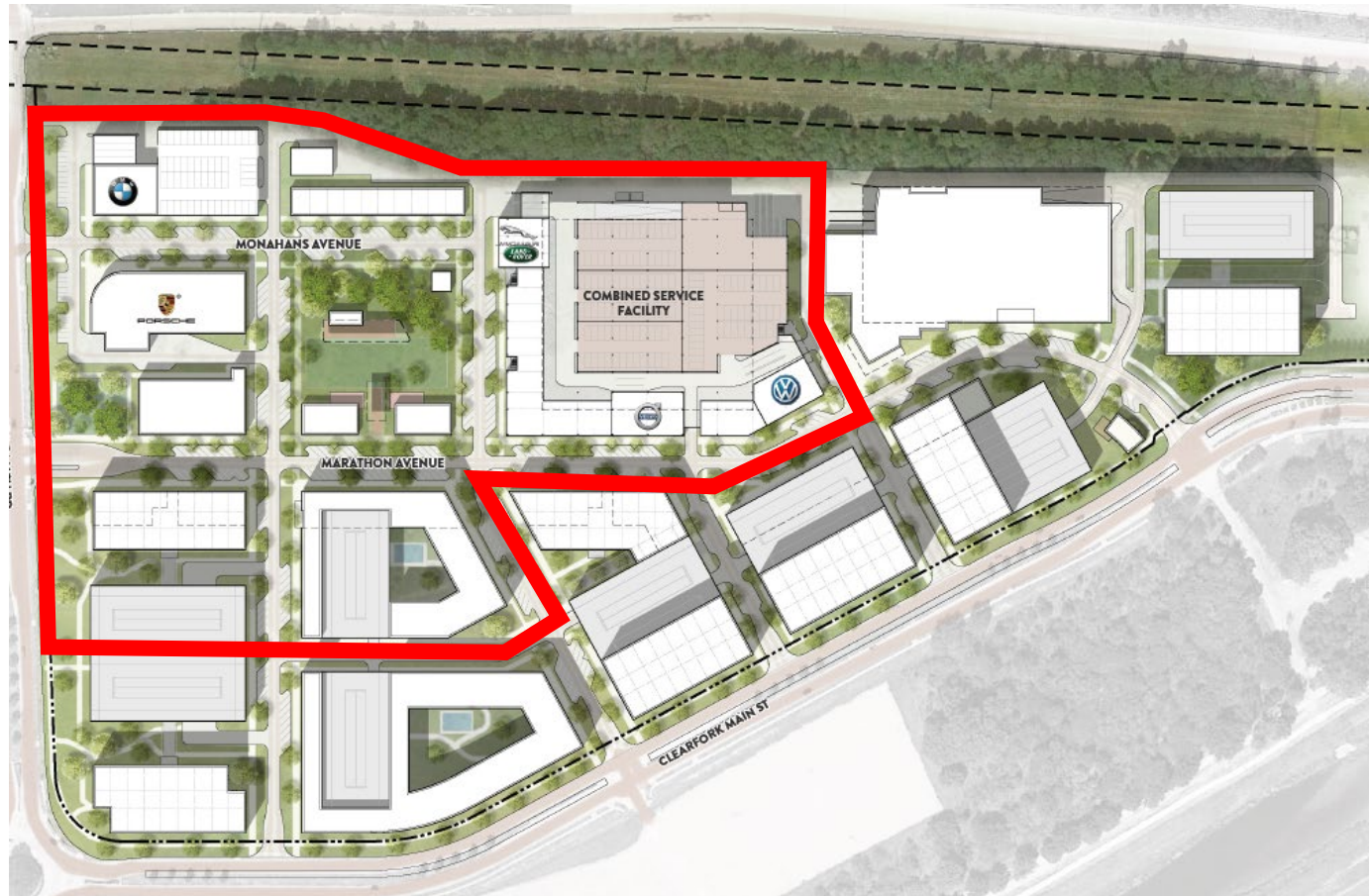
Proposed Project

- Approx. **\$400 million** mixed-use development on 25 acres
 - Consists of commercial (office and retail), multi-family, and mixed-use automobile showrooms with in-garage service centers
 - Project represents only a partial development of overall 50-acre site at NEQ Clearfork Main St. and Edwards Ranch Rd
 - Remaining development anticipated that will be accelerated by proposed project (estimated to equal \$800 million - \$1 billion combined)
- Cost of building automobile showrooms and service centers in a mixed-use urban form based around parking garage results in **\$22.4 million gap** versus traditional surface parking design
- Proposed anchor tenants are pivotal to Phase II moving forward in the near-to-mid term (overall project is not viable without the anchors)

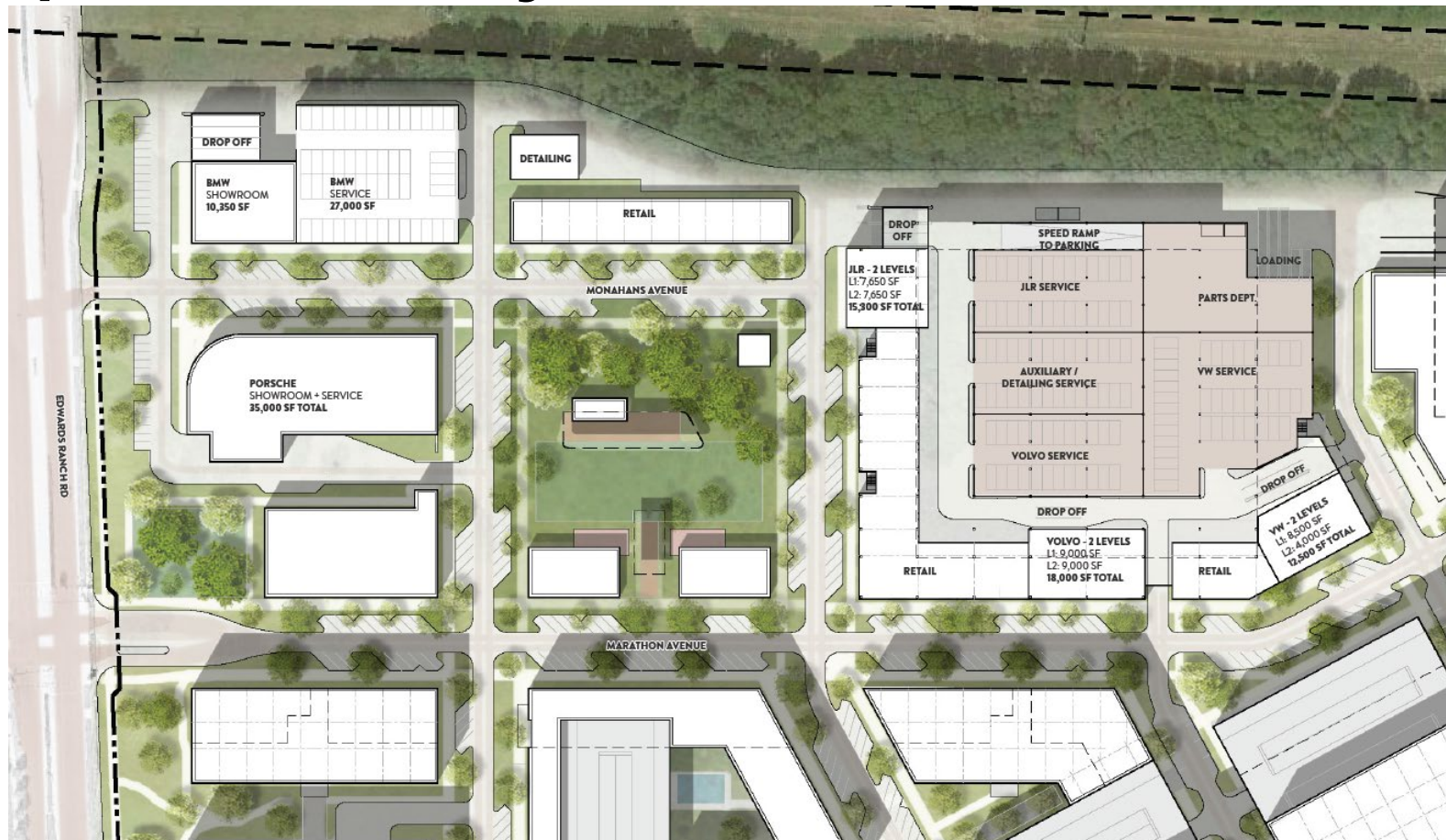
Proposed Project (overall site plan)



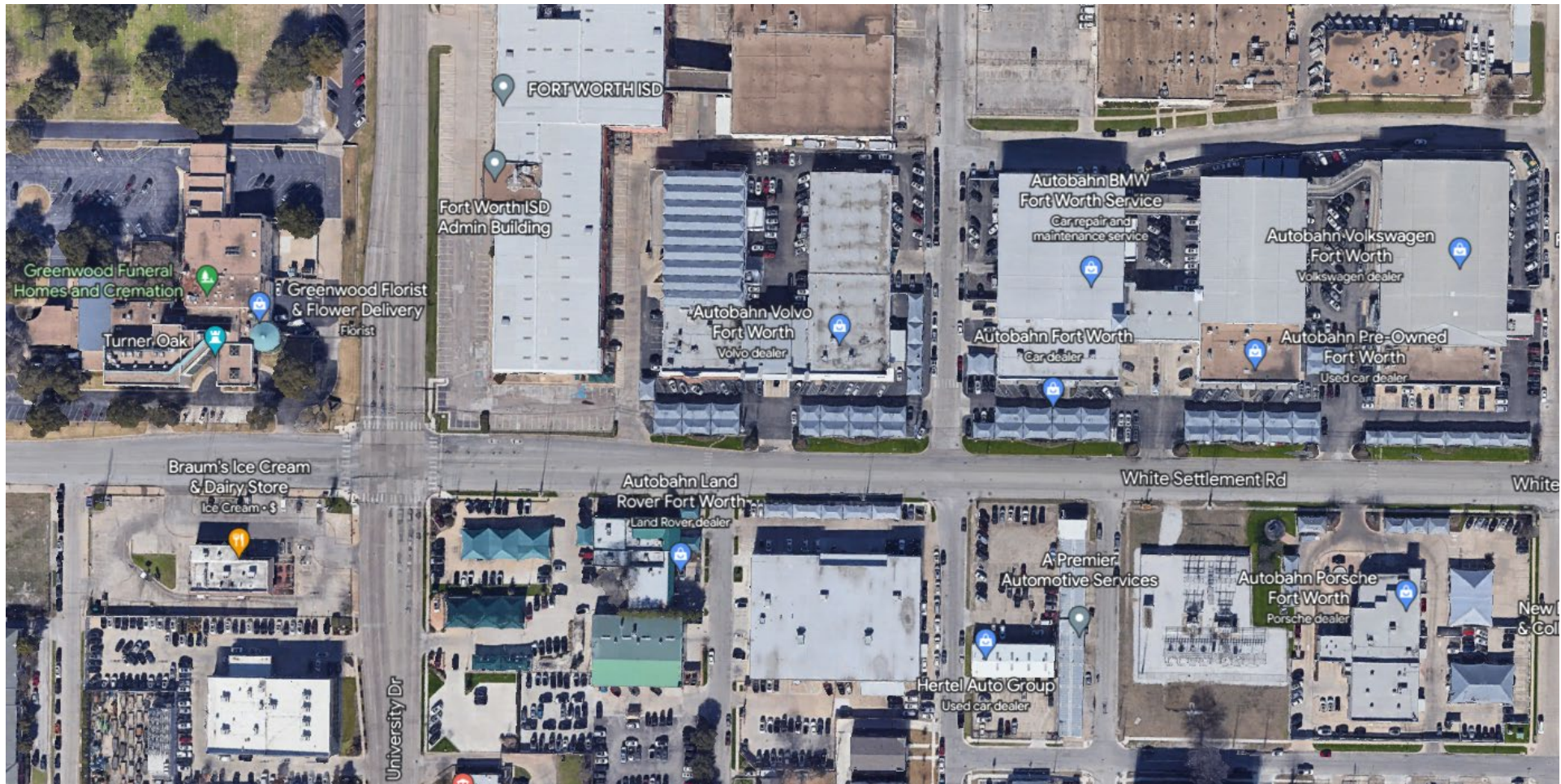
Proposed Project (initial site plan for proposed Phase II)



Proposed Project (initial site plan)



Planned Relocation of Autobahn Fort Worth Dealerships / Service Centers





Proposed Project



Proposed Project





Proposed Project



Impact of Autobahn Relocation

- \$12.9 M current appraised value of Autobahn improvements near White Settlement Rd.
 - Consists full collection of dealerships currently in place
 - City receives approx. \$92,000 in annual ad valorem taxes from these properties
 - City receives approx. \$132,000 in annual sales tax from Autobahn
- Relocation of Autobahn expected to have some impact to property appraisal of existing site, but unlocks strong development potential for that location
- Proposed Autobahn component of Clearfork Ph. II equals approx. \$124 M
 - 30% of total cost of Clearfork Ph. II (reflects higher cost of urban mixed-use design)
- Less impactful as a source of revenue than as a driver of new development

Proposed Project

- **\$350 million** mixed-use development on 25 acres
 - \$275 million Hard Construction Costs
- **Phase II-A** of New Project (by 12/31/2026):
 - 150,000 sq.ft. new commercial space (retail, office, or combination)
 - 200,000 sq.ft. new automobile showroom and service space
 - 1,750 space parking garage
 - Min. \$225 million total development costs (Min. \$150 million hard costs)
- **Phase II-B** of New Project (by 12/31/2028):
 - 150,000 sq.ft. new commercial space (retail, office, or combination)
 - 350 new multi-family units
 - Min. \$350 million total development costs (Min. \$275 million hard costs)
 - Failure to meet Phase II-B commitments results in reduction of proposed incentive by 20%
- Min. 15% hard and soft costs to Business Equity Firms (BEF)



Recommended Incentives

15-year 380 based on up to 80% of incremental M&O ad valorem

- Total grants capped at \$22,000,000 (est. \$14,257,327 NPV)
- Grants to exclude increment from multi-family portions of project
- Failure to deliver Phase II-B results in reduction of 20% from max annual grant

Maximum Grant with Corresponding Commitments

Developer Commitment	Max EDPA Grant (% of incremental M&O)	
	Years 1-2	Years 3-15
Phase II-A Development – Min. \$250 M and Ph. I CO by 12/31/2026	70%	50%
Phase II-B Development – Min. \$375 M and Ph. II CO by 12/31/2028	-	20%
15% BEF Commitment	10%	10%
TOTAL	80%	80%



Development Summary

- Private Investment

- \$350,000,000 in Real property
- \$275,000,000 in Hard Costs
- 15% BEF

- Development Minimums

Ph. I

- Min. 150,000 sq.ft. Commercial
- Min. 200,000 sq.ft. Auto Showroom/Service
- Min. \$225 million total development costs

Ph. II

- Min. 100,000 sq.ft. Commercial
- Min. 350 multi-family units
- Min. \$350 million total development costs
(or reduction of 380 rate by 20%)

- Private/Public Ratio

(based on max. estimate / cap)

- | | |
|-----------------------------|--------------|
| • Total Grants Paid (gross) | \$22,000,000 |
| • Total Grants Paid (NPV) | \$14,257,327 |
| • City Participation | 5.1% |
| • Est. P:P Ratio (NPV) | 17.0:1 |

EDPA

- CFW Tax Revenue (15 yr. projection)

- | | |
|--|------------------|
| • Proposed EDPA | 15-yr 80% on M&O |
| <i>(effectively 60% of overall incremental property taxes)</i> | |
| • New Property Tax | \$ 14,964,679 |
| • New Sales Tax | \$ 10,064,769 |
| • Net New Taxes | \$ 25,029,447 |
| • Payback Period | 5.0 years |

Recommendation/Next Steps

- Enter into an Economic Development Program Agreement with Cassco Land Company
- M&C for City Council consideration to approve EDPA on May 23rd

Thank you.

Questions?

