

# Berry-Stalcup Project

Proposed mixed-use housing/live-work units in underdeveloped area in East Fort Worth that will provide affordable housing and retail in a target revitalization area

August 6, 2024

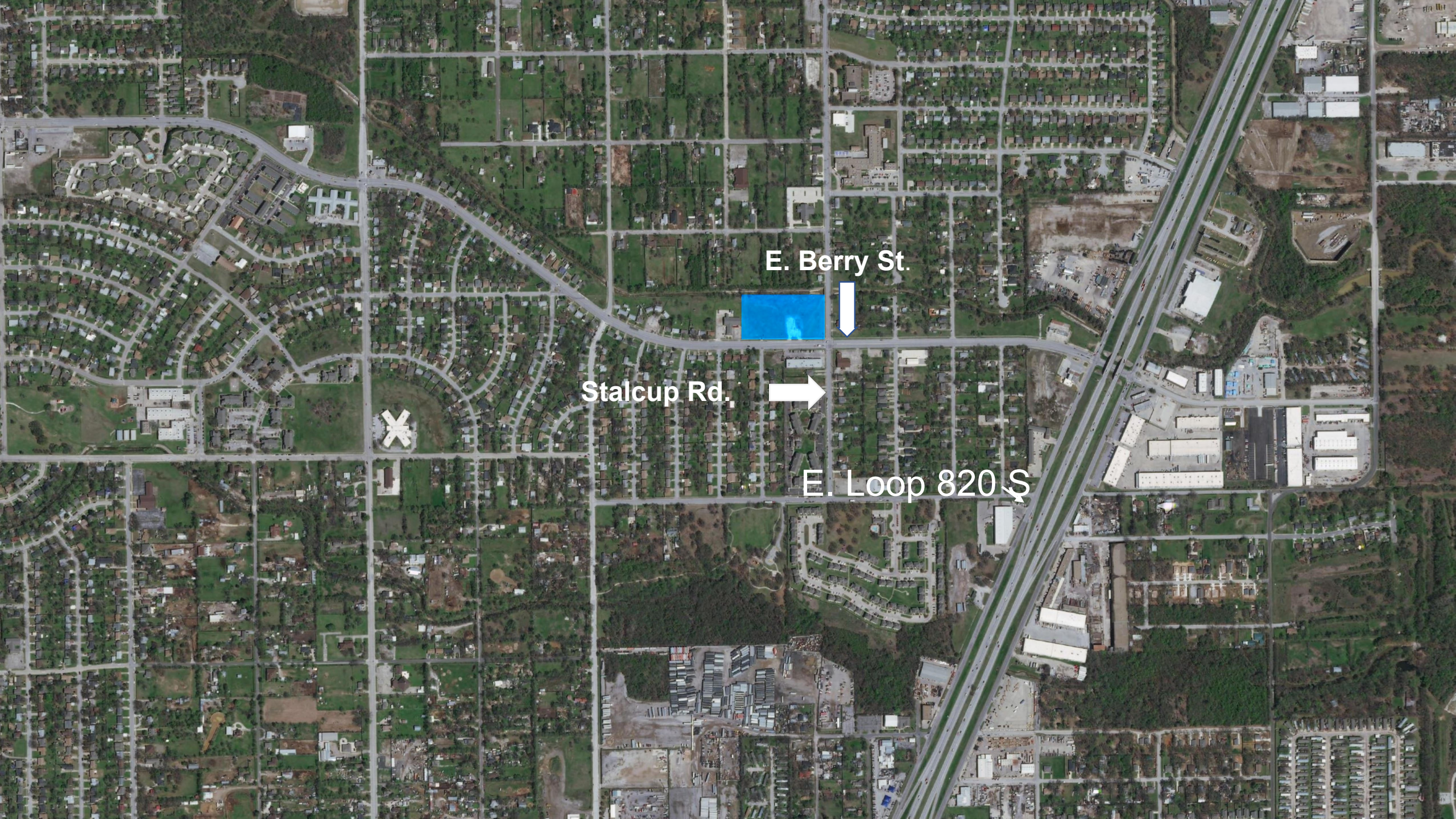
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# History/Overview

- The LDC owns a site that is the former Dairy Queen property comprised of approximately 3.5 acres and is adjacent to the Stop Six Redevelopment project.
- Staff has been working with local area developers to structure a deal for the development of the properties located at **5401 E. Berry Street and 5425 E. Berry Street.**
- A City-issued second round for Request for Expression of Interest (RFEI) was released on January 4, 2021 for the aforementioned properties, where three submissions were received.
- A decision committee met to review the submissions and selected two developers to work together—Legacy Construction Solutions, Inc. and Innovan Neighborhoods, LLC.
- This project lies in **District 5** and is within a **Revitalization Target Area.**

# City of Fort Worth Planning Alignment

- **Berry/Stalcup Urban Village Master Plan (2007):** The development brings key components of the plan’s recommendations, including the desire for residential and retail options along the primary E. Berry corridor alongside open space amenities, including a linear park connecting future developments. There are opportunities to coordinate public art and commemorate the community history.
- **Economic Development Strategic Plan (2017):** Stop Six is a Tier 2 Target Area of the City of Fort Worth Economic Development Strategic Plan. The development seeks to bring a mixed-used development that can support new and existing businesses along the key Berry/Stalcup corridor.
- **City of Fort Worth 2023 Adopted Comprehensive Plan:** The development meets several goals of the plan, specifically within the target of ‘Developing a Sound Economy’ through Economic Development. Specific to Economic Development, the site is located within a Designated Investment Zone, that is also a planned Urban Village to “serve as a catalyst for public and private investment and support renewed economic activity in the central city, effectively building on the strengths of the area and connecting adjacent neighborhoods.” As a result, this development aligns with the 2017 Economic Development Strategic Plan under the goal of Ensuring Community Vitality.



E. Berry St.



Stalcup Rd.



E. Loop 820



# Project Outline

- Project would provide **34 townhouses** (ranging from 1,140 SF to 1,800 SF) and a minimum of **7 live/work units** on the project site.
  - Townhouses/Units will consist of:
    - 22 market-rate townhomes—*Currently projected at \$350,000*
    - 12 affordable units - *80% of AMI (Area Median Income); currently projected at or below \$300,000*
    - Min. of 7 Live/Work units—*Currently projected at or below \$470,000*
- \*\*All townhomes and units will be for sale**
- Project projected to begin by August of 2025 and delivered in multiple phases.



These documents may not be used for regulatory approval, permit, or construction.

20 March 2023

# Conceptual Imagery

EAST BERRY & STALCUP

# Project Timeline

Project Phase	Timing
<p><b>Land Acquisition:</b> Purchase the land of the Project Site at fair-market value as determined by an appraisal obtained by the City or the Local Development Corporation (FMV = \$886,551)</p>	<p>(Conveyed upon execution of Development Agreement)</p>
<p><b>Phase I:</b> Invest at least \$2.5 M in Total Development Costs (minimum of \$1.8M in Hard Construction Costs) for installation of supporting infrastructure improvements pursuant to a Community Facilities Agreement and 90 surface parking spaces for guest parking and applicable commercial/retail</p>	<p>Begin no later than August 2025 and completed by the earlier of August 2026 or within 12 months of the start of construction</p>
<p><b>Phase II:</b> Invest at least \$3.5 M in Total Development Costs (minimum of \$2.75 M in Hard Construction Costs), for the construction of 14 townhouses ranging from 1,140 to 1,800 square feet with 4 units set aside as affordable housing at or below 80% AMI (Area Median Income)</p>	<p>Begin within four months of completion of Phase I and completed by the earlier of June 2027 or 10 months after start of construction</p>

# Project Timeline

Project Phase	Timing
<p><b>Phase III:</b> Invest at least \$3.5 M in Total Development Costs (minimum of \$2.75 M Hard Construction Costs), for construction of 14 townhouses ranging from 1,140 to 1,800 square feet of gross residential space with 5 affordable housing units at or below 80% of the Area Median Income</p>	<p>Begin within four months of completion of Phase II and completed by the earlier of April 2028 or 10 months after start of construction</p>
<p><b>Phase IV:</b> Invest at least \$6.25 M in Total Development Costs (minimum of \$5.0 M Hard Construction Costs), for construction of 6 townhouses ranging from 1,140 to 1,800 square feet of gross residential space with 3 affordable housing units at or below 80% of the Area Median Income</p> <p>Min. of 7 live/work units with an aggregate of 17,000 square feet of gross commercial/retail space</p>	<p>Begin within 4 months of completion of Phase III and completed by the earlier of February 2029 or within 12 months after start of construction</p>



# Proposed Incentive

- Enter into a Chapter 380 Economic Development Program Agreement (“Agreement”) with Berry Stalcup Redevelopment Partners, LLC, to provide program grants for the development of the properties located at 5401 E. Berry Street and 5425 E. Berry Street
- The program grants will be capped at **\$4,606,948, inclusive of the fair market value of the Project Site**, which may be conveyed from the City to the Developer if certain conditions are met.

# Payment Structure

- **Land Acquisition** (Conveyed upon execution of Development Agreement)—Land will be ***purchased at fair-market value (FMV of \$886,551)***, as determined by an appraisal obtained by the City/LDC.
  - LDC will convey the Project Site to the Developer for its FMV upon closing of the agreement.
  - Developer shall receive a rebate for the purchase of the land within 60 days of sale.
  - Enter into a Deed of Trust to secure performance.
- **Phase I: Infrastructure** (Begin no later than August 31, 2025)
  - ***Payment: Up to \$2,224,599 after completion of infrastructure installation***
- **Phase II: Townhomes (14)** --(Begin within four months of completion of Phase I)
  - ***Payment: Up to \$548,600 after completion of 14 townhomes***
- **Phase III: Townhomes (14)** --(Begin within four months of completion of Phase II)
  - ***Payment: Up to \$523,599 after completion of 14 townhomes***
- **Phase IV: Townhomes (6) and Live/Work Units (Min. of 7)**—(Begin within 4 months of completion of Phase III)
  - ***Payment: Up to \$423,599 after completion of 6 townhomes and min. of 7 live/work units***

# Incentive Funding Sources

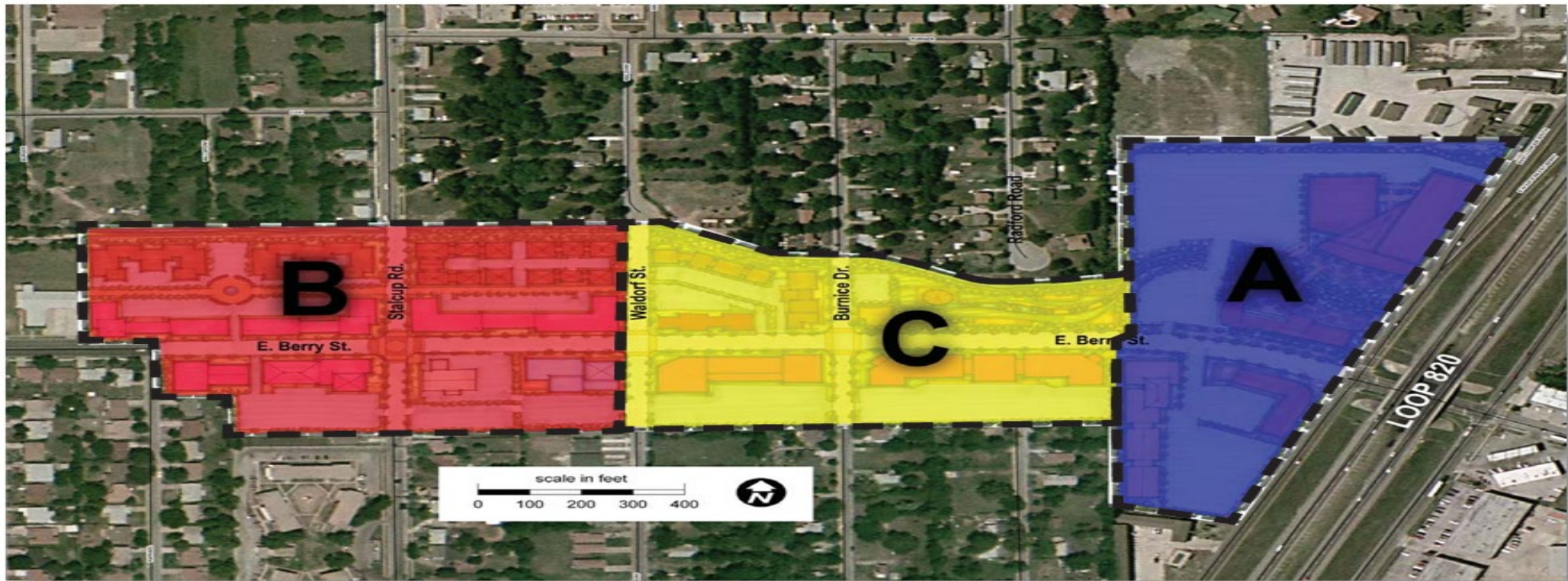
Source of Funding	Amount
Chapter 380 (up to 80% of incremental RP)	\$642,588
Proposed structure would utilize funds from the FWLDC that were set-aside for ground up development, rehabilitation of existing buildings, land assembly and workforce development	\$2,324,271
Economic Development Initiatives Fund	\$753,538
Rebate of Land Purchase via 380 Agreement	\$886,551
<b>TOTAL</b>	<b>\$4,606,948</b>

# Map of Potential Future Development

*(Source: Berry/Stalcup Urban Village Master Plan (2007))*

## Development Opportunities Zones

The concept plan is divided into three zones for the purpose of focusing on the detail of proposed improvements, approximate land area, density, and development potential.





# Catalytic Development Opportunities

*(Source: Berry/Stalcup Urban Village Master Plan (2007))*

## Timing Assumptions

Zone B	3 Years Post Development Start - 55% Discount
Zone C	5 Years Post Development Start - 45% Discount
Zone A	7 Years Post Development Start - 35% Discount

Assessment of Future Value: Berry Stalcup Master Plan (2007)			
Development Zones	Acreage to Develop (Acre)	Acreage to Develop (SF)	Projected Building SF
Zone A	11.44	498,400	137,000
Zone B (Subtracting Berry/Stalcup Site)	6.22	260,810	248,268
Zone C	6.3	274,400	206,000
<b>Zone A</b>			
	<b>Estimated Value</b>	<b>Discount Rate</b>	<b>Projected Value</b>
Land Development	\$6,675,862.07	35%	\$2,336,551.72
New Construction (Residential and Commercial)	\$26,031,330.49	35%	\$9,110,965.67
<b>Zone B</b>			
	<b>Estimated Value</b>	<b>Discount Rate</b>	<b>Projected Value</b>
Land Development	\$3,629,708.22	55%	\$1,996,339.52
New Construction (Residential and Commercial)	\$47,173,331.08	55%	\$25,945,332.09
<b>Zone C</b>			
	<b>Estimated Value</b>	<b>Discount Rate</b>	<b>Projected Value</b>
Land Development	\$ 3,676,392.57	45%	\$1,654,376.66
New Construction (Residential and Commercial)	\$ 39,142,000.59	45%	\$17,613,900.27
<b>Total</b>	<b>\$126,328,625.03</b>		<b>\$58,657,465.94</b>

# Other Potential Catalytic Development Opportunities

<b>Potential Future Redevelopment Opportunities</b>		
<b>Project Description</b>	<b>Proposed Date</b>	<b>Estimated Value</b>
Approx. 46 Affordable Single-Family Homes	2024 -2026	\$12.83 M
Development of mixed/multi-family lakeside development in Stop Six	2027 - 2029	\$16.74 M
Approx. 50 Single-Family Homes	2030	\$13.95 M
Development of a mixed-use project comprised of commercial, residential units, and green space	2031 - 2033	\$99.99 M
<b>TOTAL INVESTMENT VALUE</b>		<b>\$143.5 M</b>

# Fiscal Analysis

## Private Investment

- Est. \$15.75 Million capital investment

## 10-year incentive proposal (EDPA)

- Up to 80% of incremental RP (est. at \$642,588)
- FWLDC Catalytic Fund (est. at \$2.32 M)
- EDIF (est. at \$753,538)
- Land (est. at \$886,551)
- **Total incentive \$4.6 M**

## Private/Public Ratio

Total Incentive value (including land):	<b>\$4.6 M</b>
NPV Incentive	\$4,060,088
City Participation	21.7%
Est. Priv./Pub. Ratio	3.4:1

## CFW Tax Revenue (10 yr. projection)

Total New Taxes (gross)	\$1,228,235
Potential Catalytic Development (gross)	\$1,534,751
<b>Total New Taxes (gross)</b>	<b>\$2,762,986</b>
Total City Cash Flow After Incentives	(\$1,843,962)

**\*These figures are based on the hypothetical catalytic investment**

# Conclusion

- Opportunity to implement City of Fort Worth city and economic development goals for the Berry/Stalcup Urban Village Master Plan (2007), Economic Development Strategic Plan (2017), and City of Fort Worth 2023 Adopted Comprehensive Plan
- Based on the projected development/assumptions, although this project doesn't meet the typical ROI threshold, this project **could be a catalyst** for future development and growth in this underdeveloped area.
- Adapted from the Berry/Stalcup Urban Village Master Plan, a projected \$58.6 M could be invested in this corridor over the next 20 years. Additionally, from local market knowledge, an additional \$143.5 M could be invested.
- Legacy Construction already planning a housing development in the area with an estimated cost of \$7.5 M to \$8.0 M (confirmed by Dev. Services).



# Recommendations

- Consider a resolution to approve the sale of 5401 E. Berry and 5425 E. Berry for Economic Development Program Agreement between the City of Fort Worth and Berry Stalcup Redevelopment Partners, LLC in the amount of \$886,551.
- Consider a resolution to approve an Economic Development Program Agreement for the proposed catalytic development of 5401 E. Berry and 5425 E. Berry in an amount up to \$3,210,822 between the City of Fort Worth and Berry Stalcup Redevelopment Partners, LLC.

# Questions?

