

Legislation Text

File #: 18-3424, **Version:** 1

Authorize the City Manager to execute a revised Economic Development Program Agreement (Chapter 380 Agreement) with W. A. Ridge Ranch, LLC, extending the date of delivery of lots to the builders from the third quarter of 2015 to the third quarter of 2020, extending the construction date of homes from 2016 to 2019, the completion of home construction by December 31, 2036, and extending the term of the agreement from December 31, 2031, to a term of 22 years from date of execution, and authorizing the City Manager to administer the agreement on behalf of the City.

At the March 5, 2018, City Council meeting, the Council approved an amendment to extend the term of the existing Chapter 380 Economic Development Agreement and the timing on delivery of lots to builders.

Neither party executed this amendment because the owner now requests that the agreement stay with W.A. Ridge Ranch, LLC, and not its subsidiary, White Property Company No. 2, Ltd., as stated in their letter dated February 25, 2018. Only the name has changed; no other terms or conditions change from what the Council approved on March 5.

The agreement already contains an assignment provision and this item, if approved by Council, would authorize the City Manager to approve any assignment in writing.

The City Council originally approved a Chapter 380 Economic Development Agreement with the Ridge Ranch Development Corporation on November 2, 2009. This agreement provided for a series of incentives based upon the appraised value of homes constructed on approximately 750 single-family home lots. The original term of the agreement was 20 years with a termination date of December 31, 2029.

On December 1, 2010, the developer requested a two-year extension of the dates to deliver lots to builders and begin construction. On March 21, 2011, the City Council approved a Chapter 380 Economic Development Agreement, Revised, which extended the date to deliver approximately 150 lots to builders by the third quarter of 2013, and the construction of those homes to begin by 2014, with construction of all homes completed by December 31, 2031. The term of the Chapter 380 agreement was also extended two years for a term of 22 years terminating on December 31, 2031. No other terms and conditions were changed.

On June 28, 2013, the developer requested an additional two-year extension of the revised Chapter 380 agreement due to continued weakness in the local housing market. On August 19, 2013, the City Council approved an amendment extending the date to deliver approximately 150 lots to builders by the third quarter of 2015, and the construction of those homes to begin by 2016, with construction of all homes completed by December 31, 2031. The term of the revised Chapter 380 agreement remained the same, terminating on December 31, 2031. Again, no changes were made to the revised Chapter 380 agreement other than extending dates.

The incentives specified in the revised Chapter 380 agreement are based on property values of homes established by the Dallas Central Appraisal District and that portion of the revised Chapter 380 agreement would not change. The developer would receive a rebate of the City's portion of the ad valorem property taxes

levied on each home up to a maximum incentive cap of \$9,416,000. The value categories of the homes and the percentage of rebate due are as follows:

Category A Homes: Less than \$225,000.00 = 0 percent

Category B Homes: \$225,000.00 - \$240,971.99 = 25 percent

Category C Homes: \$240,972.00 - \$264,649.99 = 50 percent

Category D Homes: \$264,650.00 or greater = 75 percent

Recommended/Desired Action

Authorize the City Manager to execute a Second Amendment to Economic Development Program Agreement, Revised with Ridge Ranch.

Attachment(s)

Letter from the Developer dated February 25, 2018

Proposed Second Amendment to Economic Development Agreement, Revised with Ridge Ranch

Amendment to Economic Development Agreement, Revised with Ridge Ranch

Economic Development Program Agreement, Revised

Drafter

Ted Chinn

Head of Department

Cliff Keheley