



COMMISSIONERS COURT COMMUNICATION

REFERENCE NUMBER _____
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DATE: 05/10/2022

**SUBJECT: APPROVAL OF THREE TAX ABATEMENT AGREEMENTS FOR
THE ARLINGTON COMMONS REDEVELOPMENT PROJECT -
PHASES 1D, II, AND 1B, ARLINGTON**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court consider approval of three requests for Tax Abatement Agreements with Arlington Commons, LLC for the last phases of a redevelopment project which provides for replacement of deteriorating former apartment complexes along East Lamar Boulevard in Arlington with a new multi-phased, mixed-use apartment development, and take action as noted on the following issues:

1. Approve Tarrant County and Tarrant County Hospital District participation with the City of Arlington in the abatement of ad valorem taxes on the eligible real property improvements made by Arlington Commons, LLC for construction of the last three phases - Phases 1D, II, and 1B - for multi-family improvements, for i) a period of ten (10) years, at a maximum abatement percentage of seventy percent (70%) for Tarrant County, and ii) a period of ten (10) years, at a maximum abatement percentage of fifty percent (50%) for Tarrant County Hospital District, as set forth in each of the three separate agreements.
2. Approve a variance from Section III(h)(1) of Tarrant County's Tax Abatement Policy which requires a minimum of twenty-five new full-time jobs, to allow for a minimum of three (3) new full-time jobs for the Phase IB project, two (2) new full-time jobs for the Phase ID project, and three (3) new full-time jobs for the Phase II project.
3. Approve the attached resolutions certifying Tarrant County's agreement to participate with the City of Arlington in the three separate abatements of ad valorem taxes for Arlington Commons, LLC and authorize the execution of the agreements between Tarrant County and Arlington Commons, LLC.

BACKGROUND

Arlington Commons, LLC is in the process of redeveloping approximately twenty-three (23) acres along East Lamar Blvd., between Rolling Hills Country Club and Lincoln Drive. The project includes the demolition and redevelopment of multiple sub-standard former apartment complexes, along with improvements to E. Lamar Blvd. and redevelopment of the area with a multi-phase, mixed-use project that will, in total, provide for the construction of an estimated 1,421 new high-end apartment units. Phase IA, which was approved for tax abatement by the County in 2015, was completed in 2018, bringing online 353 new apartment units. The ten (10) year tax abatement for Phase 1A began in January 2019. Phase 1C, which was approved for tax abatement by the County in 2018, was recently completed, bringing online 358 high-end units, a parking structure, and other amenities. The ten (10) year tax abatement for Phase 1C began this year.

SUBMITTED BY:	Administrator's Office	PREPARED BY: APPROVED BY:	Maegan P. South
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The developer is now prepared to move forward with the last three (3) phases of redevelopment, Phase 1D, II, and 1B, and is requesting County assistance at the same level as the Phase 1A and 1C projects, with County participation in three separate tax abatement agreements each at a maximum of seventy percent (70%) for ten (10) years, and Hospital District participation at a maximum of fifty percent (50%) for ten (10) years for each phase. Phase 1D will provide for the redevelopment of the site into two story - for rent town homes containing 36 apartment units, private parking garage for each unit and a common area courtyard. Phase 1D is expected to commence in 2nd quarter 2022. Phase II will also provide for a four-story wrap structure with 374 units and structured parking. Phase II will commence in 3rd quarter 2022. Phase 1B will complete the Arlington Commons Project and is expected to commence in 1st quarter 2025. This last phase will complete the redevelopment and add 300 high-end units, structured parking, an onsite leasing facility and other amenities.

In addition to incentives and grants provided through a 380 Economic Development Agreement, the City of Arlington has approved a ten (10) year, ninety percent (90%) tax abatement for each of these last three phases of development.

The Criminal District Attorney's Office has approved all three agreements as to form.

FISCAL IMPACT

The current TAD value of the property to be redeveloped in Phase 1D is \$160,538.00, providing annual combined taxes of approximately \$728.00 for the County and Hospital District. The projected capital investment for Phase 1D of Arlington Commons is \$2.5 million. Based on current tax rates, the estimated value of a seventy percent (70%) abatement from the County and a fifty percent (50%) abatement from the Hospital District could be approximately \$68,075.00 over the ten (10) year period (\$40,075.00 - County; \$28,000.00 - Hospital District), depending on the actual market value that the Tarrant Appraisal District places on the complex once constructed. During the same period, new County and Hospital District taxes collected on the new improvements could be over \$4,517.00 annually, or \$45,175.00 over the ten (10) year abatement (\$17,175.00 - County; \$28,000.00 - Hospital District).

The current TAD value of the property to be redeveloped in Phase II is \$601,668.00 providing annual combined taxes of approximately \$2,728.00 for the County and Hospital District. The projected capital investment for Phase II of Arlington Commons is \$7 million. Based on current tax rates, the estimated value of a seventy percent (70%) abatement from the County and a fifty percent (50%) abatement from the Hospital District could be approximately \$190,610.00 over the ten (10) year period (\$112,210.00 - County; \$78,400.00 - Hospital District), depending on the actual market value that the Tarrant Appraisal District places on the complex once constructed. During the same period, new County and Hospital District taxes collected on the new improvements could be over \$12,649.00 annually, or \$126,490.00 over the ten (10) year abatement (\$48,090.00 - County; \$78,400.00 - Hospital District).



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The current TAD value of the property to be redeveloped in Phase 1B is \$513,532.00, providing annual combined taxes of approximately \$2,327.00 for the County and Hospital District. The projected capital investment for Phase 1B of Arlington Commons is \$7 million. Based on current tax rates, the estimated value of a seventy percent (70%) abatement from the County and a fifty percent (50%) abatement from the Hospital District could be approximately \$190,610.00 over the ten (10) year period (\$112,210.00 - County; \$78,400.00 - Hospital District), depending on the actual market value that the Tarrant Appraisal District places on the complex once constructed. During the same period, new County and Hospital District taxes collected on the new improvements could be over \$12,649.00 annually, or \$126,490.00 over the ten (10) year abatement (\$48,090.00 - County; \$78,400.00 - Hospital District).