

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Marichelle Samples, Director Economic Development & Tourism

DATE: October 20, 2025

SUBJECT: **Approval of a First Amended and Restated Economic Development and Utility Participation Agreement Between the City of Lewisville, Old Town Lewisville Tenant I, LP, and Old Town Lewisville Tenant II, LP, and Authorization for the City Manager, or Her Designee, to Execute the Agreement.**

BACKGROUND

On December 18, 2023, the City Council approved an Economic Development and Utility Participation Agreement (the “EDUP Agreement”) with Old Town Lewisville Tenant I, LP and Old Town Lewisville Tenant II, LP (the “Developer”) to facilitate construction of The Standard at Old Town, a two-phase, 600-unit affordable multifamily housing project at approximately 701 East Main Street (the “Project”).

The Project, owned by the Lewisville PFC (“LPFC”) and leased to the Developer, will deliver a mix of market-rate and income-restricted units and includes major public infrastructure improvements such as new rights-of-way and utility upgrades. Unit distribution will include:

- 3% restricted to households at or below 50% AMI
- 7% restricted to households at or below 60% AMI
- 41% restricted to households at or below 80% AMI
- 49% market rate

As part of the Project, the Developer will construct approximately 3.6 acres of right-of-way, which will be dedicated to the City upon completion. Improvements include oversizing water, sanitary sewer, and stormwater utilities and extending sanitary sewer service to support both the Project and the east side of Old Town. These upgrades will enhance capacity, increase the value of surrounding properties, and support future redevelopment opportunities.

Because LPFC holds the Project in fee simple, it is eligible for a 100% property tax exemption and a sales tax exemption. Following execution of the original agreement, City staff and the Developer identified additional sanitary sewer capacity needs and regional detention needs for Old Town to support Old Town’s future build-out. To address this, the City and Developer negotiated a First Amended and Restated Agreement incorporating expanded infrastructure participation and clarifying provisions. The Project is currently under construction.

ANALYSIS

Since execution of the EDUP Agreement, the Developer and City staff have been working closely to determine the needs for additional sanitary sewer capacity and oversizing to accommodate future build-out in Old Town and a regional detention solution.

The First Amended and Restated Economic Development and Utility Participation Agreement (the “Amended and Restated Agreement”) makes the following material changes from the original:

Utility and Sanitary Sewer Improvements

- The Amended and Restated Agreement establishes a not-to-exceed reimbursement amount of \$2,000,000 for the actual costs of the improvements. The City Manager can approve increases up to an additional \$350,000 to account for potential price increases. While these costs were contemplated in the original agreement, it did not specify a maximum amount. The reimbursement also covers pro-rata fees required for the Developer to connect to existing sanitary sewer infrastructure.

Developer’s Investment

- The Developer will provide an additional \$2,000,000 in minimum capital investment (for a total of \$152,000,000 in capital investment).
- The Developer secured ten (10) public easements on behalf of the City to facilitate oversizing and extension of the sanitary sewer line, incurring \$137,500 to acquire the Kent-Anderson Properties, LLC easement.

Project Phasing and Deadlines

The Amended and Restated Agreement extends the original commencement and completion dates. Delays were due to the time it took to negotiate the ten (10) easements.

- Phase I (257 units): Commencement extended from March 31, 2025, to June 30, 2025.
- Phase II (343 units): Commencement deadline remains January 31, 2027, but will automatically extend if the regional stormwater detention solution is not yet complete.
- As in the original agreement, both phases must be completed within three years of commencement.

Design of the Regional Detention Solution

The City is in the process of designing regional detention for the area. Because the Project is already under construction and Phase II will require access to detention, the Developer will coordinate with the City to ensure the facility adequately serves the Project, as well as the east side of Old Town.

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Economic Development Incentives

In consideration of the Developer's additional \$2,000,000 investment, assistance with easement acquisition, utility oversizing, and participation in detention design, the City will provide:

- A \$70,000 grant, a waiver of Phase II, and reimbursement of Phase I engineering site plan fees (engineering site plan fees for both phases are estimated to be \$102,632); and
- Reimbursement of up to \$2,000,000 for actual costs of the utility and sewer improvements, consistent with what was contemplated in the original agreement. The Amended and Restated Agreement now establishes a not-to-exceed amount based on updated cost information and allows the City Manager to approve increases up to an additional \$350,000 to account for potential price increases.

The Amended and Restated Agreement ensures sufficient utility capacity for Old Town redevelopment, provides clear timelines and safeguards for the project, and strengthens the City's ability to enforce compliance while maintaining its commitment to affordability and infrastructure expansion.

The components of this project, including the establishment of the street grid and regional infrastructure to support development on the east side of Old Town, represent a significant advancement toward achieving the vision set forth in the Lewisville 2025 Vision Plan and the Old Town TOD Master Plan. This project is also consistent with the City Council's strategic focus area on affordable housing and will stimulate further development and foster growth in the surrounding area.

CITY STAFF'S RECOMMENDATION

That the City Council approve the first amended and restated agreement and authorize the City Manager, or her designee, to execute the agreement as set forth in the caption above.