

Memorandum



CITY OF DALLAS

DATE January 30, 2020

TO The Honorable Members of the Economic Development Committee:
Tennell Atkins (Chair), David Blewett (Vice-Chair), Jennifer Staubach Gates,
Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **FY 2018-2019 Tax Increment Finance (TIF) District Annual Reports**

On February 26, 2020, City Council will be asked to approve the FY 2018-2019 annual reports for the City's nineteen active tax increment reinvestment zones (also known as TIF districts).

State law (Tax Increment Financing Act, Chapter 311 of the Tax Code) requires that the City submit an annual report on the status of each reinvestment zone it has created to the Chief Executive Officer of each taxing unit that levies taxes on real property in the zone as well as to the State Comptroller.

This memorandum contains a summary of activity in all twenty-one TIF districts, including the State-Thomas TIF District (which sunset in 2008) and the Cityplace Area TIF District (which sunset in 2012). The impact of these retired TIF districts is significant; therefore, data continues to be included in the annual report summary.

Growth in real property values compared to the base year of the TIF districts was strong. Overall taxable real property value in TIF districts increased 11.8% (\$2,045,391,445) from last year compared to an 8.3% increase for the City as a whole. TIF districts with the largest increases over last year include: University TIF (123.2%); Deep Ellum (32.3%); Cedars (31.8%); and Cypress Waters (26.0%).

Since the inception of each TIF district through 2019, the aggregated real property value growth in the TIF districts is 409.8%. For the seven TIF districts created between 1988 and 1998, overall value has grown 531.6%. For TIF districts created after 2005, overall value has grown 358.2%. Among those TIF districts with the greatest real property value growth since inception are Cypress Waters (756747.6%); Downtown Connection (769.6%); and Fort Worth Avenue (369.8%).

Total TIF expenditures or allocations of \$1.19 billion have leveraged over \$17.3 billion in added or anticipated real property value in TIF districts since the inception of each TIF district. For every TIF dollar committed, \$14.56 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and business personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). For fiscal year 2018-2019, staff estimates that over \$189 million in additional taxes will be paid to DISD due to increased property values in Dallas TIF districts.

Growth in Real Property Value in all TIF Districts from Inception to 2019

TIF District	Initial (Base)	2018 Taxable Value	2019 Taxable Value	2018 vs 2019 (% Change)	Initial vs 2019 (% Change)
TIF Districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$709,285,625	\$722,139,932	1.8%	1420.1%
Cityplace Area ²	\$45,065,342	\$1,238,174,558	\$1,351,672,750	9.2%	2899.4%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$145,852,742	\$520,554,359	\$653,308,603	25.5%	347.9%
Cedars	\$35,300,760	\$190,131,264	\$250,585,066	31.8%	609.9%
City Center (<i>all sub-districts</i>)	\$674,751,494	\$1,580,662,169	\$1,721,985,219	8.9%	155.2%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$405,030,944	\$438,051,692	8.2%	1126.6%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$1,366,597,639	\$1,480,578,703	8.3%	2223.2%
Subtotal	\$1,047,921,600	\$6,010,436,558	\$6,618,321,965	10.1%	531.6%
TIF Districts created after 2005					
Design District (<i>all subdistricts</i>)	\$281,873,753	\$835,479,830	\$919,731,692	10.1%	226.3%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$523,492,290	\$546,792,670	4.5%	231.8%
Southwestern Medical (<i>Zone A-B</i>)	\$67,411,054	\$265,238,523	\$297,730,146	12.2%	341.7%
Downtown Connection (<i>Zone A-B</i>)	\$564,917,317	\$4,305,186,757	\$4,912,368,289	14.1%	769.6%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$564,122,812	\$746,341,773	32.3%	294.6%
Grand Park South	\$44,850,019	\$68,780,676	\$69,278,383	0.7%	54.5%
Skillman Corridor	\$335,957,311	\$839,952,530	\$938,065,231	11.7%	179.2%
Fort Worth Avenue	\$86,133,447	\$378,339,723	\$427,928,395	13.1%	396.8%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$290,409,472	\$326,801,189	12.5%	137.1%
TOD TIF (<i>all subdistricts</i>)	\$202,074,521	\$495,478,622	\$530,354,450	7.0%	162.5%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$602,492,876	\$693,226,001	15.1%	276.7%
Cypress Waters	\$71,317	\$428,249,247	\$539,761,036	26.0%	756747.6%
Mall Area Redevelopment TIF (<i>all subdistricts</i>)	\$168,357,630	\$244,631,867	\$242,369,940	-0.9%	44.0%
University TIF (<i>all subdistricts</i>)	\$49,774,442	\$71,939,933	\$160,552,001	123.2%	222.6%
Subtotal	\$2,477,202,120	\$9,913,795,158	\$11,351,301,196	14.5%	358.2%
Total All Districts	\$3,525,123,720	\$15,924,231,716	\$17,969,623,161	11.8%	409.8%

Notes: State-Thomas¹ and Cityplace Area² have legally expired and are no longer officially reporting. Districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base year (i.e. Zone B) Several TIF districts have been amended to add sub-districts that may have different base years.

Although most growth in new taxable value in TIF districts is captured to fund public improvements in those TIF districts, there has been some added benefit to the City's general fund. TIF districts created since 2005 and some older TIF districts, as amended, have varied City participation during the term of the TIF district ranging from 55-90% of total new taxes and some have delayed tax increment collection in the initial years, allowing some new growth into the City's general fund.

Estimates for the current tax year 2019 (fiscal year 2019-2020) total TIF tax increment are shown below and include both the estimated City contribution and any contributions from other participating taxing jurisdictions. Generally, for older TIF districts, there was more participation from other taxing entities; whereas, those TIF districts created or amended since 2005 have primarily had only City and County participation.

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
2019 Total Increment ¹	\$43,132,003	\$57,238,702	\$100,370,706
2019 (City) Increment ²	\$37,029,177	\$47,708,573	\$84,737,750
2019 new City General Fund ³	\$4,865,944	\$32,475,208	\$37,341,152

¹ Total increment is estimated TIF collections for all participating taxing jurisdictions.
² City Increment is the estimated City contribution to the TIF Funds.
³ New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF Funds (includes estimated annual revenue from State-Thomas & Cityplace Area, now expired)

TIF districts have also been catalysts for improving the real estate market in areas that were lagging, drawing new residents into the City’s core and DART station areas, and creating new mixed-use neighborhoods. As of FY 2018-2019, approximately 39,206 new residential units were completed in the City’s twenty-one TIF districts (including State-Thomas and Cityplace Area). An additional 5,490 units are under construction, and another 1,812 units are planned. Over 16 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 2.5 million square feet of commercial space is under construction, and another 1.9 million square feet of space is planned. New hotel construction includes 6,026 completed rooms. An additional 833 hotel rooms are under construction, and another 514 hotel rooms are planned.

The following table summarizes new development in downtown and non-downtown TIF districts. The two downtown TIF districts, City Center and Downtown Connection, comprised 21.2% of constructed or planned residential units, 43.3% of commercial space and 69.8% of completed or planned hotel rooms

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIF districts	Non-Downtown TIF districts	Total All TIF districts
Residential Units			
Completed	8,390	30,216	38,606
Under Construction	760	4,730	5,490
Planned	600	1,212	1,812
Resid. Total	9,750	36,158	45,908
Commercial (retail, office, other com.) Square Footage			
Completed	7,748,566	9,155,035	16,903,601
Under Construction	280,000	2,284,106	2,564,106
Planned	1,257,282	718,761	1,976,043
Com. Total	9,285,848	12,157,902	21,443,750
Hotel Rooms			
Completed	4,747	1,279	6,026
Under Construction	401	432	833
Planned	0	514	514
Hotel Total	5,148	2,225	7,373

Construction activity in TIF districts is on-going. Major TIF-related projects that completed construction in FY 2018-2019, with a combined value over \$510 million, are shown in the following table and took place in several TIF districts.

Major TIF-Related Projects Completed in FY 2018-2019

Project	District	Description	Value ^	TIF Investment
Mid Elm Lofts	City Center	29 resid. units; 17,736 sf retail	\$18,000,000	\$3,900,000
Corgan-Crescent Addition	City Center	95,000 sf office	\$32,410,000	\$875,000
Nokia of America	Cypress Waters	250,000 sf office	\$20,926,930	\$0
1712 Commerce	Downtown Connection	244 hotel rooms; 16,428 sf retail	\$22,575,000	\$10,500,000
The Union	Downtown Connection	309 resid. units; 417,000 sf office; 87,000 sf retail	\$105,130,060	\$0
2000 Ross Avenue	Downtown Connection	200 hotel rooms; 400 resid. units; 26,000 sf retail	\$58,000,000	\$0
Harwood No. 10	Downtown Connection	220,548 sf office; 14,000 sf retail	\$60,610,370	\$0
Farmers Market Redevel. Phase II	Farmers Market	Shed 1 Project (room for 119 stalls/20,000 sf), Shed 2 (24,148 sf retail + 6,310 restaurant) Shed 3 and 4 (Harvest Lofts) (240 apts, 16,000 sf retail, parking for project and public); Taylor Street (60 apts, 25,000 sf commercial and Futsal Projects	\$62,887,820	\$19,668,027
Magnolia on Pollard	Fort Worth Ave	60 resid. units	\$5,976,180	\$0
Manhattan Beer Co.	Fort Worth Ave	10,000 sf retail	\$374,190	\$0
Victor Prosper (<i>Bishop Arts Station</i>)	Oak Cliff Gateway	216 resid. units; 27,302 sf retail	\$45,001,820	\$11,250,000
Bishop Arts Ph I (<i>Exxir Capital</i>)	Oak Cliff Gateway	28,212 sf retail/restaurant	\$5,616,260	\$0
Novel Bishop Arts	Oak Cliff Gateway	302 resid. Units; 22,572 sf retail	\$34,293,490	\$0
Highpoint Crossing	Skillman Corridor	181,993 sf retail	\$32,538,970	\$0
Costco Business Center	Vickery Meadow	135,780 sf retail	\$5,889,510	\$0

^Values reflect current DCAD market value for completed projects or estimated value for those planned
 City Council also authorized four TIF development agreements and three other incentive agreements in FY 2018-2019 in the TIF districts shown below. The projects are anticipated to have a value over \$187 million at completion

Major TIF-Related Projects Approved in FY 2018-2019

Project	District	Description	Value^	TIF Investment
Dallas Heritage Village	Cedars	5,180 sf flex space	n/a	\$650,000
Adolphus Tower Redevelopment Project	City Center	6,000 sf retail	\$17,700,000	\$2,247,605
Virgin Hotel Infrastructure Project	Design District	268 hotel rooms & streetscape/trail connection	\$69,000,000	\$3,622,885
Continental Gin Redevelopment Project	Deep Ellum	45,000 sf office; 5,000 sf retail	\$15,500,000	\$3,000,000
2400 Bryan	Deep Ellum	217 resid. units; 10,000 sf retail	\$50,409,542	0**
Palladium at Redbird	Mall Area Redevelopment	300 resid. units	\$30,000,000	0**
Renovation of former Urban League Building at 4315 S. Lancaster	TOD	23,777 sf office; 3,484 sf retail	\$4,400,000	0**

*^Values reflect current DCAD market value for completed projects or estimated value for those planned
 **Non-TIF incentives.*

Retired TIF Districts

TIF districts are intended to boost real estate markets and grow the City’s tax base. The City of Dallas has also been successful in promoting strong urban design and encouraging the creation of unique neighborhoods as part of the TIF program. Both the State-Thomas TIF District (sunset in 2008) and Cityplace Area TIF District (sunset in 2012) have been success stories from both an economic and place-making perspective. Over 6,300 residential units and 743,000 square feet of commercial space had been completed in the two TIF districts. Based on available 2019 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$674 million (1,420%), and the property value growth in the Cityplace TIF District has exceeded \$1.3 billion (2,899%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$15.4 million to the City’s general fund for tax year 2019.

Annual Reports

State law requires the preparation of an annual report for each TIF district that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress/status of each TIF district, staff has created an individual report that includes additional information. Each annual report includes the following information:

- Map of the TIF district
- Mission Statement
- Accomplishments to-date

