

Memorandum



DATE February 4, 2022

TO Honorable Members of the Economic Development Committee: Tennell Atkins (Chair), Carolyn King Arnold (Vice-Chair), Adam McGough, Omar Narvaez, Jaime Resendez, Chad West, and Gay Donnell Willis

SUBJECT **FY 2020-2021 Tax Increment Financing (TIF) District Annual Reports**

On February 23, 2022, City Council will be asked to accept the FY 2020-2021 annual reports for the City's nineteen active tax increment reinvestment zones (also known as TIF districts).

State law (Tax Increment Financing Act, Chapter 311.016 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 6% (\$1,183,828,688) from last year compared to a 5.9% increase for the City as a whole. TIF districts with the largest increases over last year include: Deep Ellum (24.8%); TOD (15.2%); University (14.1%); and Oak Cliff Gateway (13.4%).

Since the inception of each TIF district through 2021, the aggregated real property value growth in the TIF districts is 497.8%. For the seven TIF districts created between 1988 and 1998, overall value has grown 592.6%. For TIF districts created after 2005, overall value has grown 457.6%. Among those TIF districts created after 2005 with the greatest real property value growth since inception are Cypress Waters (1148173.4%); Downtown Connection (941.4%); and Fort Worth Avenue (581.6%).

Since the inception of each TIF district through 2021, total TIF expenditures or allocations of \$1.24 billion have leveraged over \$19.8 billion in added or anticipated real property value in TIF districts. Each TIF dollar committed leverages \$15.92 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). Based on 2021 certified values, staff estimates that over \$220 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 2021

TIF District	Initial (Base)	2020 Final Taxable Value	2021 Certified Taxable Value	2020 vs 2021 (% Change)	Initial vs 2021 (% Change)
TIF Districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$773,368,056	\$762,673,432	-1.4%	1505.4%
Cityplace Area ²	\$45,065,342	\$1,487,296,871	\$1,361,960,005	-8.4%	2922.2%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$145,852,742	\$769,907,943	\$872,736,072	13.4%	498.4%
Cedars	\$35,300,760	\$287,741,439	\$322,223,783	12.0%	812.8%
City Center (<i>all sub-districts</i>)	\$674,751,494	\$1,784,667,097	\$1,725,265,374	-3.3%	155.7%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$449,076,087	\$454,754,984	1.3%	1173.3%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$1,614,371,010	\$1,758,094,618	8.9%	2658.6%
Subtotal	\$1,047,921,600	\$7,166,428,503	\$7,257,708,268	1.3%	592.6%
TIF Districts created after 2005					
Design District (<i>all subdistricts</i>)	\$281,873,753	\$963,232,110	\$976,792,902	1.4%	246.5%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$564,517,420	\$566,621,773	0.4%	243.9%
Southwestern Medical (<i>Zone A-B</i>)	\$67,411,054	\$311,566,282	\$323,780,960	3.9%	380.3%
Downtown Connection (<i>Zone A-B</i>)	\$564,917,317	\$5,444,301,395	\$5,883,074,613	8.1%	941.4%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$837,575,214	\$1,045,409,845	24.8%	452.7%
Grand Park South	\$44,850,019	\$79,728,152	\$89,947,011	12.8%	100.6%
Skillman Corridor	\$335,957,311	\$1,035,443,116	\$1,093,827,331	5.6%	225.6%
Fort Worth Avenue	\$86,133,447	\$519,967,961	\$587,057,537	12.9%	581.6%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$359,765,554	\$402,292,235	11.8%	191.9%
TOD (<i>all subdistricts</i>)	\$202,074,521	\$630,182,628	\$725,876,164	15.2%	259.2%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$736,855,075	\$791,571,332	7.4%	330.2%
Cypress Waters	\$71,317	\$748,801,210	\$818,914,167	9.4%	1148173.4%
Mall Area Redevelopment (<i>all subdistricts</i>)	\$168,357,630	\$243,568,890	\$228,289,470	-6.3%	35.6%
University (<i>all subdistricts</i>)	\$49,774,442	\$245,897,115	\$280,495,705	14.1%	463.5%
Subtotal	\$2,477,202,120	\$12,721,402,122	\$13,813,951,045	8.6%	457.6%
Total All Districts	\$3,525,123,720	\$19,887,830,625	\$21,071,659,313	6.0%	497.8%

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 improvement expenditures 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 of those TIF districts 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 2021 (fiscal year 2021-2022) 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, 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
2021 Total Increment ¹	\$43,829,905	\$71,446,349	\$115,276,253
2021 (City) Increment ²	\$43,635,875	\$60,152,726	\$103,788,600
2021 new City General Fund ³	\$5,629,014	\$10,563,949	\$16,192,963

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 Districts (includes estimated annual revenue from State-Thomas & Cityplace Area TIF Districts, 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 2020-2021, approximately 46,561 new residential units were completed in the City's twenty-one TIF districts (including State-Thomas and Cityplace Area). An additional 4,012 units are under construction, and another 473 units are planned. Nearly 20 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Almost 2.5 million square feet of commercial space is under construction, and another 680,247 square feet of space is planned. New hotel construction includes 6,581 completed rooms. An additional 501 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 19% of constructed or planned residential units, 40% of constructed or planned commercial space and 71% 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	9,374	37,187	46,561
Under Construction	324	3,688	4,012
Planned	0	473	473
Residential Total	9,698	41,348	51,046
Commercial (retail, office, other com.) Square Footage			
Completed	9,220,848	10,716,604	19,937,452
Under Construction	65,000	2,423,600	2,488,600
Planned	0	680,257	680,257
Commercial Total	9,285,848	13,820,461	23,106,309
Hotel Rooms			
Completed	4,930	1,651	6,581
Under Construction	501	0	501
Planned	0	514	514
Hotel Total	5,431	2,165	7,596

Construction activity in TIF districts is on-going. In FY 2020-2021, City Council authorized a development agreement for up to \$4,245,232 in Oak Cliff Gateway TIF District funds in support of the Gateway Oak Cliff Mixed-Income Development Project with 230 units and anticipated \$45.9 million investment. City Council also authorized amendments to the Reimagine Redbird Redevelopment Project (Mall Area Redevelopment TIF District) and The Stack Mixed-Use Development Project (Deep Ellum TIF District). In addition, City Council approved four items authorizing TIF district funds totaling \$15.7 million for direct investments in the following public projects:

- Expansion of Klyde Warren Park (City Center TIF District): \$3,000,000
- Acquisition of 5580 Peterson Lane for future park (Mall Area Redevelopment TIF District): \$652,913
- Support of Dallas Streetcar Operations and Maintenance (Oak Cliff Gateway TIF District): \$475,000
- Hi Line Connector Trail Project (Sports Arena TIF District), \$11,562,124.

Retired TIF Districts

TIF districts are long-term tools 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 2021 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$715 million (1,505%), and the property value growth in the Cityplace Area TIF District has exceeded \$1.3 billion (2,992%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$15.7 million to the City's general fund for tax year 2021.

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
- Project Status – Type and amount of new development by project including private investment, new residential units, commercial space created, TIF investment, completion (or expected completion) date
- Other TIF district-wide initiatives, where applicable
- Mixed-Income Housing Summary
- Taxable value and increment revenue summary – what are the captured appraised value for the District and the expected increment collection
- Objectives and Success Indicators for the TIF district
- Summary of City Council actions related to the TIF district
- TIF district Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF development agreements
- Bond sales and repayment, where applicable
- Work program for next fiscal year

From December 2021 through January 2022, the Board of Directors for eighteen of the TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Downtown Connection TIF Board does not currently have the minimum five appointed members to convene a meeting; therefore, the annual report is being forwarded without a Board recommendation. Upon approval by City Council, staff will submit the annual reports to

the other taxing jurisdictions participating financially in each TIF district and to the State Comptroller.

FISCAL INFORMATION

No cost consideration to the City.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at (214) 670-1691.



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