

**TIF Increment Allocation Policy  
Oak Cliff Gateway TIF District  
Approved by the TIF Board May 14, 2010  
Amended September 21, 2012  
Amended October 23, 2014**

It is important for the City of Dallas to encourage as many projects as possible in the Oak Cliff Gateway TIF District (the "Oak Cliff Gateway TIF" or "District"). In that spirit, Oak Cliff Gateway TIF funds will be allocated to Developers (defined below) proportionately, based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District, after repayment of pre-existing development agreements.

**Definitions:**

**Project (TIF-eligible)** - development or redevelopment that adds taxable real property value at a particular site or is a space or facility of public benefit such as open space, trails or cultural facilities. A Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

**Developer** – A person or entity that has completed all requirements for a TIF-eligible Project as set out in the fully executed development agreement for the Project.

**Related Project/Developer** – if a Developer or a Developer's affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have at least 50% ownership in any Related Project. These requirements will be further specified in a development agreement where applicable.

Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or demolished structures.
- Redevelopment or major modification of an existing building if this results in an increased taxable value of 50% or more of the original building or any increase in the floor area of an original building if the expansion is over 50% for residential projects, over 65% for mixed-use projects, and over 75% for office/showroom projects.

**Total Increment** – the annual amount of increment deposited into the Oak Cliff Gateway TIF District fund from the participating jurisdictions.

**Administrative Expenses** – the City will take a share of TIF revenue from this District for the amount it bills to the District for costs necessary for administration of the TIF District program, which may include charges from other departments, each year.

**District-Wide Improvements** – 15% of the OCG Increment (until expiration of the OCG Sub-district; thereafter, starting in 2028, 15% of the Bishop/Jefferson Increment) will be set aside for District-Wide Improvements, defined as 1) improvements that are not specific to a single development site, such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks; 2) utility burial and/or streetscape

improvements at any location in the District as approved by the Board; and 3) improvements or Projects that help to spur additional development in an under-served area of the District. District-Wide Improvements may be in any area of the District.

**Individual Increment** – the portion of the increment that a Project or Related Project creates each year

**OCG Shared Increment** – the OCG Increment less (1) Administrative Expenses, (2) a set-aside for District-Wide Improvements if applicable, and (3) the sum of the Individual Increments of all eligible Projects in the Oak Cliff Gateway Sub-district.

**Bishop/Jefferson Shared Increment** – the Bishop/Jefferson Increment less the sum of the Individual Increments of all Projects in the Bishop/Jefferson Sub-district

**Available Cash** - cash in the Oak Cliff Gateway TIF fund that is not already allocated, encumbered, or otherwise set aside for other purposes.

**Procedure:**

The District was amended in 2014 to create two sub-districts, each to create and reimburse its own increment, with a few board-approved exceptions. Therefore, a Project in the Oak Cliff Gateway Sub-district will be eligible for reimbursement from funds created within the Oak Cliff Gateway Sub-district, and a Project in the Bishop/Jefferson Sub-district will be eligible for reimbursement from funds created within the Bishop/Jefferson Sub-district. Administrative Expenses will be paid entirely from the Oak Cliff Gateway Sub-district until the Oak Cliff Gateway Sub-district expires.

Annually, after the Total Increment has been deposited in the TIF fund, the fund will pay or set aside Administrative Expenses and the amount allocated for District-Wide Improvements (as described below). After Administrative Expenses and any District-Wide Improvement allocations have been paid or set aside, Developers approved for TIF funding from the Oak Cliff Gateway TIF will be eligible to receive their Individual Increment.

In addition to their Individual Increment, Developers will be eligible to receive a portion of any Shared Increment from within their sub-district. The Shared Increment allotted to an eligible Developer shall be a ratio of an eligible Developer's Individual Increment to the sum of the Individual Increments for all Projects eligible for reimbursement in that sub-district for that year.

Dallas Central Appraisal District (DCAD) certified values for each tax year, including the base year for the District, will be the data source used to determine values for the increment allocation procedure. Shared Increment will be allocated only to Projects that have been completed by May 1<sup>st</sup> of a given year, as evidenced by City approval of all supporting documents required in the development agreement. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Projects completed after May 1 will be eligible for TIF funding upon completion of all supporting documents provided that 1) unallocated increment revenue (Cash Available) is available in the District fund and 2) no other projects are complete.

## **Pre-existing Agreements**

The Oak Cliff Gateway TIF District has two pre-existing development agreements. This Increment Allocation Policy does not affect the following development agreement:

- Development agreement for 1335 North Zang Boulevard, Zang Triangle, approved by City Council on November 9, 2009, by Resolutions Nos. 09-2816 and 09-2817. This Project shall be reimbursed according to its development agreement, which states the Developer is eligible for its own Individual Increment and 100% of the Shared Increment after administrative expenses only.

This increment allocation policy clarifies the funding allocation for the following development agreement:

Development agreement for 323 and 333 East Greenbriar Lane, Alexan Trinity, approved by City Council on November 14, 2012 by Resolutions 12-2783 and 12-2784. This project (when complete) shall be reimbursed according to its development agreement, which states the developer is eligible for increment per the Increment Allocation Policy in place at the time. Accordingly, upon completion, Alexan Trinity will be eligible for its own Individual Increment until Zang Triangle is completely reimbursed. Thereafter, until Alexan Trinity is completely reimbursed, Alexan Trinity will be eligible for its own Individual Increment plus a pro rata share of the OCG Shared Increment.

Each Project approved after the adoption of this increment policy will be eligible for its own Individual Increment. Developers will be eligible to receive a portion of any Shared Increment from their respective sub-district after Zang Triangle's agreement is satisfied.

For example, a Project in the Oak Cliff Gateway Sub-District (OCG) will be eligible for its own Individual Increment until Zang Triangle is completely reimbursed. After that point, the OCG Project will be eligible for its own Individual Increment plus a pro-rata portion of any Shared Increment created within the OCG Sub-district. Likewise, a Project in the Bishop/Jefferson Sub-district will be eligible for its own Individual Increment until Zang Triangle is completely reimbursed. After that point, the Bishop/Jefferson project will be eligible for its own Individual Increment plus a pro-rata portion of any Shared Increment created within the Bishop/Jefferson Sub-district only.

Please see Attachment A for examples of the increment allocation process for these pre-existing development agreements and future development projects receiving TIF funding in the future.

## **District-Wide Improvement Set-Aside**

The TIF Board will set aside 15% of the Oak Cliff Gateway Increment for District-Wide Improvements after administrative expenses and obligations to Zang Triangle have been satisfied. Specific improvement projects are to be determined and the amount of this set aside will be reviewed annually based on updated financial projections and District needs. After the termination of the Oak Cliff Gateway Sub-district, 15% of the Bishop/Jefferson Sub-district will be set aside for District-Wide Improvements.

## **Catalyst Priority Project**

The Bishop Arts Village Phase I project is being viewed as an important catalyst project for the Bishop/Jefferson Sub-district. As such it will be eligible for the following:

- Its own Individual Increment
- Its pro-rata share of Bishop/Jefferson Shared Increment per this allocation policy (after Zang Triangle is reimbursed)
- Up to 2/3 of the District Wide Set Aside (after Zang Triangle is reimbursed) until the Bishop Arts Village Phase I project is fully reimbursed.

### **Notes:**

In general, the assignment of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the TIF fund. However, upon completion of a Project, developers are eligible to be reimbursed for TIF eligible expenditures from Available Cash currently in the TIF fund, if any.

If the appraised value of the remaining property in the District decreases in value despite new development and as additional TIF Projects are approved and completed, the TIF subsidy for Projects that year may be reduced or unpaid. Similarly, if the sum of (1) Administrative Expenses, (2) District-Wide Improvements, and (3) the sum of the Individual Increments is greater than the Total Increment, then the Individual Increments shall be allotted on a proportional basis based on the ratio of each Developer's Individual Increment to the sum of the Individual Increments for that year. If there is no revenue available after Administrative Expenses and the District Wide Set Aside, there will be no increment payments that year.

At its discretion, the Oak Cliff Gateway TIF Board may make modifications or corrections to this Policy to increase its effectiveness.

## Attachment A – Sample Illustration of Increment Allocation Process

<b>Example 1 - Zang Triangle</b>			
OCG Sub-district		Bishop/Jefferson Sub-district (no projects)	
Total Increment*	\$1,000,000	Bishop/Jefferson Increment*	\$0
Administrative Expenses	\$75,000		
Zang Triangle	\$925,000		
Cash available	\$0		

\*all increment (minus admin and other projects' Individual Increment) flows to Zang Triangle until it is completely reimbursed

<b>Example 2 – Zang, OCG Project B, and Bishop/Jefferson Project 1</b>			
OCG Sub-district		Bishop/Jefferson Sub-district	
Total Increment*	\$1,000,000	Project 1 Individual Increment	\$175,000
Administrative Expenses	\$75,000		
Project B Individual Increment	\$80,000		
Zang Triangle	\$845,000		
Cash available	\$0		

\*all increment (minus admin and other projects' Individual Increment) flows to Zang Triangle until it is completely reimbursed

<b>Example 3 - OCG Project B and Bishop/Jefferson Project 1</b>			
OCG Sub-district		Bishop/Jefferson Sub-district	
OCG Increment	\$1,000,000	Bishop/Jefferson Increment	\$225,000
Administrative Expenses	\$75,000	Project 1 Individual Increment	\$175,000
District Wide Improvements	\$150,000	Project 1 Shared Increment	\$50,000
Project B's Individual Increment	\$80,000		
Project B's portion of shared	\$695,000		
Cash available	\$0	Cash available	\$0

<b>Example 4 - Project OCG Project B and C and Bishop/Jefferson Project 1 and 2</b>			
OCG Sub-district		Bishop/Jefferson Sub-district	
Total Increment	\$1,000,000	Bishop/Jefferson Increment	\$500,000
Administrative Expenses	\$75,000	Project 1 Individual Increment	\$175,000
District Wide Improvements	\$150,000	Project 2 Individual Increment	\$175,000
Project B's Individual Increment	\$80,000	Project 1 Shared Increment	\$75,000
Project C's Individual Increment	\$160,000	Project 2 Shared Increment	\$75,000
Project B's portion of shared*	\$181,900		
Project C's portion of shared*	\$353,100	Cash available	\$0

\*Project C is worth more than Project B in this example

Project 2 is worth the same as Project 1 in this example