

Memorandum



DATE January 29, 2021

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 2019-2020 Tax Increment Financing (TIF) District Annual Reports**

On February 24, 2021, City Council will be asked to approve the FY 2019-2020 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 13.1% (\$2,491,105,701) from last year compared to a 5.6% increase for the City as a whole. TIF districts with the largest increases over last year include: University TIF (55.3%); Cypress Waters (39.7%); Cedars (24.8%); and Fort Worth Avenue (23.2%).

Since the inception of each TIF district through 2020, the aggregated real property value growth in the TIF districts is 475%. For the seven TIF districts created between 1988 and 1998, overall value has grown 602.5%. For TIF districts created after 2005, overall value has grown 421.1%. Among those TIF districts with the greatest real property value growth since inception are Cypress Waters (1051490.6%); Downtown Connection (875%); and Fort Worth Avenue (509.1%).

Since the inception of each TIF district through 2020, total TIF expenditures or allocations of \$1.22 billion have leveraged over \$19.4 billion in added or anticipated real property value in TIF districts. Each TIF dollar committed leverages \$15.87 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 2020 certified values, staff estimates that over \$217 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 2020

TIF District	Initial (Base)	2019 Taxable Value	2020 Taxable Value	2019 vs 2020 (% Change)	Initial vs 2020 (% Change)
TIF Districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$722,139,932	\$773,368,056	7.1%	1527.9%
Cityplace Area ²	\$45,065,342	\$1,351,672,750	\$1,487,296,871	10.0%	3200.3%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$145,852,742	\$651,376,957	\$783,274,473	20.2%	437.0%
Cedars	\$35,300,760	\$248,559,051	\$310,217,128	24.8%	778.8%
City Center (<i>all sub-districts</i>)	\$674,751,494	\$1,677,792,311	\$1,881,799,588	12.2%	178.9%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$422,749,385	\$449,109,734	6.2%	1157.5%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$1,474,776,618	\$1,676,707,189	13.7%	2530.9%
Subtotal	\$1,047,921,600	\$6,549,067,004	\$7,361,773,039	12.4%	602.5%
TIF Districts created after 2005					
Design District (<i>all sub-districts</i>)	\$281,873,753	\$916,631,692	\$993,472,320	8.4%	252.5%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$529,267,670	\$565,515,300	6.8%	243.2%
Southwestern Medical (<i>Zone A-B</i>)	\$67,411,054	\$293,739,616	\$311,573,782	6.1%	362.2%
Downtown Connection (<i>Zone A-B</i>)	\$564,917,317	\$4,877,367,675	\$5,511,331,639	13.0%	875.6%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$743,848,002	\$851,152,013	14.4%	350.0%
Grand Park South	\$44,850,019	\$69,143,005	\$81,058,427	17.2%	80.7%
Skillman Corridor	\$335,957,311	\$892,998,712	\$1,039,028,328	16.4%	209.3%
Fort Worth Avenue	\$86,133,447	\$425,977,043	\$524,639,547	23.2%	509.1%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$325,346,468	\$358,849,474	10.3%	160.3%
TOD (<i>all sub-districts</i>)	\$202,074,521	\$526,038,089	\$636,349,775	21.0%	214.9%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$690,001,453	\$760,049,301	10.2%	313.1%
Cypress Waters	\$71,317	\$536,961,036	\$749,962,844	39.7%	1051490.6%
Mall Area Redevelopment (<i>all sub-districts</i>)	\$168,357,630	\$242,316,160	\$276,816,270	14.2%	64.4%
University (<i>all sub-districts</i>)	\$49,774,442	\$159,679,384	\$247,916,651	55.3%	398.1%
Subtotal	\$2,477,202,120	\$11,229,316,005	\$12,907,715,671	14.9%	421.1%
Total All Districts	\$3,525,123,720	\$17,778,383,009	\$20,269,488,710	13.1%	475.0%

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 2020 (fiscal year 2020-2021) 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
2020 Total Increment ¹	\$42,466,127	\$67,944,200	\$110,410,327
2020 (City) Increment ²	\$42,211,147	\$56,837,765	\$99,048,912
2020 new City General Fund ³	\$5,558,181	\$25,379,412	\$30,937,593

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 2019-2020, approximately 41,347 new residential units were completed in the City’s twenty-one TIF districts (including State-Thomas and Cityplace Area). An additional 5,206 units are under construction, and another 608 units are planned. Over 17 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 3.5 million square feet of commercial space is under construction, and another 1.9 million square feet of space is planned. New hotel construction includes 6,458 completed rooms. An additional 401 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 20.6% of constructed or planned residential units, 40.9% 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	8,990	32,357	41,347
Under Construction	708	4,498	5,206
Planned	0	608	608
Residential Total	9,698	37,463	47,161
Commercial (retail, office, other com.) Square Footage			
Completed	7,780,848	9,413,374	17,194,222
Under Construction	270,000	3,260,174	3,530,174
Planned	1,235,000	719,000	1,954,000
Commercial Total	9,285,848	13,392,548	22,678,396
Hotel Rooms			
Completed	4,747	1,711	6,458
Under Construction	401	0	401
Planned	0	514	514
Hotel Total	5,148	2,225	7,373

Construction activity in TIF districts is on-going. City Council authorized six TIF development agreements in FY 2019-2020 in the TIF districts shown below. The projects are anticipated to have a value or investment of over \$326 million at completion.

TIF-Related Projects Approved in FY 2019-2020

Project	District	Description	Value [^]	TIF Investment
Cypress Waters Public Safety Building/Fire Station 58	Cypress Waters	16,800 sf public bldg	\$12,300,000	\$12,300,000
The Stack	Deep Ellum	200,000 sf office, 14,600 sf retail	\$106,175,579	\$2,576,125
Cabana Hotel Redevelopment	Design District	264 hotel rooms	\$47,000,000	\$15,500,000
Villas at Western Heights	Fort Worth Avenue	130 resid. units	\$30,458,473	\$7,678,874
Reimagine Red Bird (<i>substantial amendment</i>)**	Mall Area	Renovation 600,000 sf retail; new construction 100,000 sf retail	\$130,000,000 (<i>increased from \$116M</i>)	\$15,600,000
Hogg Elementary School Improvements	Oak Cliff Gateway	Streetscape, ornamental fencing, and a pedestrian path	\$785,000	\$785,000

[^]Values reflect current DCAD market value for completed projects; estimated value for those planned; minimum required investment in the agreement; or estimated costs for public (non-taxable) projects

**Project includes non-TIF incentives.

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 2020 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$726 million (1,528%), and the property value growth in the Cityplace Area TIF District has exceeded \$1.4 billion (3,200%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$16.8 million to the City's general fund for tax year 2020.

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 2020 through January 2021, the Board of Directors for all nineteen of the TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. 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.



Dr. Eric A. Johnson

Chief of Economic Development and Neighborhood Services

T.C Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors