

# Memorandum



CITY OF DALLAS

DATE February 3, 2023

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

SUBJECT **FY 2021-2022 Tax Increment Financing (TIF) District Annual Reports**

On February 22, 2023, the City Council will be asked to accept the FY 2021-2022 annual reports for the City's nineteen tax increment reinvestment zones (also known as Tax Increment Financing (TIF) districts) that were active during the fiscal year.

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 (21) TIF districts, including the State-Thomas TIF District (which sunsetted in 2008) and the Cityplace Area TIF District (which sunsetted in 2012). The impact of these two retired TIF districts is significant; therefore, data for these two retired TIF districts continue 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 15% (\$3,263,509,540) from last year which was comparable to a 15% increase for the City as a whole. TIF districts with the largest percentage increases over last year include Mall Area Redevelopment (42.3%); Fort Worth Avenue (34.8%); University (31.3%); and Oak Cliff Gateway (30.2%).

Since the inception of each TIF district through 2022, the aggregated real property value growth in the TIF districts is 583.3%. For the seven (7) TIF districts created between 1988 and 1998, overall value has grown 693.3%. For the fourteen (14) TIF districts created after 2005, overall value has grown 537.6%. Among those TIF districts created after 2005 with the greatest real property value growth since inception are Cypress Waters (1,269,422.9%); Downtown Connection (1,059.5%); and Fort Worth Avenue (814.6%).

Since the inception of each TIF district through 2022, total TIF expenditures or allocations of \$1.47 billion have leveraged over \$24.2 billion in added or anticipated real property value in TIF districts. Each TIF dollar committed leverages \$16.45 in private investment not including 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 2022 certified values, staff

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estimates that over \$246 million in additional taxes will be paid in 2023 to DISD due to increased property values in Dallas TIF districts.

### Growth in Real Property Value in all TIF Districts from Inception to 2022

TIF District	Initial (Base) Taxable Value	2021 Final Taxable Value	2022 Certified Taxable Value	2021 vs 2022 (% Change)	Initial vs 2022 (% Change)
<b>TIF Districts created between 1988-1998</b>					
State-Thomas <sup>1</sup>	\$47,506,802	\$773,368,056	\$820,759,126	6.1%	1627.7%
Cityplace Area <sup>2</sup>	\$45,065,342	\$1,487,296,871	\$1,509,523,317	1.5%	3249.6%
Oak Cliff Gateway ( <i>all sub-districts</i> )	\$145,852,742	\$866,874,736	\$1,128,369,241	30.2%	673.6%
Cedars	\$35,300,760	\$313,083,873	\$345,751,684	10.4%	879.4%
City Center ( <i>all sub-districts</i> )	\$674,751,494	\$1,698,516,978	\$1,940,139,196	14.2%	187.5%
Farmers Market ( <i>Zone A-C</i> )	\$35,714,091	\$453,560,716	\$570,004,677	25.7%	1496.0%
Sports Arena ( <i>all sub-districts</i> )	\$63,730,369	\$1,753,785,865	\$1,998,420,667	13.9%	3035.7%
<b>Subtotal</b>	\$1,047,921,600	\$7,346,487,095	\$8,312,967,908	13.2%	693.3%
<b>TIF Districts created after 2005</b>					
Design District ( <i>all subdistricts</i> )	\$281,873,753	\$971,657,032	\$1,171,036,248	20.5%	315.4%
Vickery Meadow ( <i>Zone A-B</i> )	\$164,779,090	\$565,537,263	\$630,320,920	11.5%	282.5%
Southwestern Medical ( <i>all subdistricts</i> )	\$67,411,054	\$317,476,340	\$378,135,328	19.1%	460.9%
Downtown Connection ( <i>Zone A-B</i> )	\$564,917,317	\$5,867,464,280	\$6,550,354,904	11.6%	1059.5%
Deep Ellum ( <i>Zone A-C</i> )	\$189,162,613	\$1,035,445,177	\$1,299,865,564	25.5%	587.2%
Grand Park South ( <i>Zone A-B</i> )	\$79,064,576	\$122,654,731	\$147,828,848	20.5%	87.0%
Skillman Corridor	\$335,957,311	\$1,085,230,318	\$1,283,913,304	18.3%	282.2%
Fort Worth Avenue	\$86,133,447	\$584,463,644	\$787,737,250	34.8%	814.6%
Davis Garden ( <i>Zone A-B</i> )	\$137,834,597	\$399,415,635	\$505,430,879	26.5%	266.7%
TOD ( <i>all subdistricts</i> )	\$201,998,111	\$715,923,852	\$802,246,764	12.1%	297.2%
Maple-Mockingbird ( <i>Zone A-B</i> )	\$184,005,009	\$785,836,932	\$900,488,327	14.6%	389.4%
Cypress Waters	\$71,317	\$801,453,237	\$905,385,627	13.0%	1269422.9%
Mall Area Redevelopment ( <i>all subdistricts</i> )	\$176,287,080	\$236,218,920	\$336,219,640	42.3%	90.7%
University ( <i>all subdistricts</i> )	\$49,774,442	\$277,486,551	\$364,329,036	31.3%	632.0%
<b>Subtotal</b>	\$2,519,269,717	\$13,766,263,912	\$16,063,292,639	16.7%	537.6%
<b>Total All TIF Districts</b>	\$3,567,191,317	\$21,112,751,007	\$24,376,260,547	15.5%	583.3%

Notes: State-Thomas<sup>1</sup> and Cityplace Area<sup>2</sup> have expired and are no longer officially reporting.  
 TIF 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 investments 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 2022 (fiscal year 2022-2023) total 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 TIF Districts	Non-Downtown TIF Districts	Total All TIF Districts
2022 Total Increment <sup>1</sup>	\$47,862,201	\$85,115,865	\$132,978,066
2022 (City) Increment <sup>2</sup>	\$47,862,201	\$71,772,335	\$119,634,536
2022 new City General Fund <sup>3</sup>	\$6,214,454	\$29,345,048	\$35,559,502

<sup>1</sup> Total increment is estimated TIF district collections for all participating taxing jurisdictions.  
<sup>2</sup> City Increment is the estimated City contribution to the TIF district funds.  
<sup>3</sup> 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 2021-2022, approximately 47,651 new residential units have been completed in the City’s twenty-one (21) TIF districts (including State-Thomas and Cityplace Area). An additional 5,896 units are under construction, and another 3,391 units are planned. Nearly 21 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Almost 1.5 million square feet of commercial space is under construction, and another \$1.6 million square feet of space is planned. New hotel construction includes 6,840 completed rooms. An additional 283 hotel rooms are under construction, and another 923 hotel rooms are planned.

The following table summarizes new development in downtown and non-downtown TIF districts. The two (2) downtown TIF districts, City Center and Downtown Connection, comprised 20% of all residential units (completed, under construction, and planned), 44% of all commercial space (completed, under construction, and planned), and 71% of all hotel rooms (completed, under construction, and planned).

**New Residential and Commercial Development in TIF Districts**

<b>Development</b>	<b>City Center &amp; Downtown Connection TIF districts</b>	<b>Non-Downtown TIF districts</b>	<b>Total All TIF districts</b>
<b>Residential Units</b>			
Completed	9,698	37,953	47,651
Under Construction	583	5,313	5,896
Planned	1,168	2,223	3,391
<b>Residential Total</b>	<b>11,449</b>	<b>45,489</b>	<b>56,938</b>
<b>Commercial (retail, office, other com.) Square Footage</b>			
Completed	9,801,633	11,188,854	20,990,487
Under Construction	0	1,458,075	1,458,075
Planned	718,831	895,585	1,614,416
<b>Commercial Total</b>	<b>10,520,464</b>	<b>13,542,514</b>	<b>24,062,978</b>
<b>Hotel Rooms</b>			
Completed	5,189	1,651	6,840
Under Construction	283	0	283
Planned	245	678	923
<b>Hotel Total</b>	<b>5,717</b>	<b>2,329</b>	<b>8,046</b>

Construction activity in TIF districts is on-going. In FY 2021-2022, City Council authorized seven (7) TIF district-funded development agreements shown below. The projects are anticipated to have a value or investment of over \$777 million at completion.

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Project	TIF District	Description	Value ^	TIF District Investment
One Newpark**	Downtown Connection	268 resid. units (20% or 54 affordable units); 44,574 sf retail; 224,257 sf office; 245 hotel rooms	\$379,300,000	\$92,000,000
Pearl Lofts	Farmers Market	100 resid. units (30% or 30 affordable units); 5,585 sf office	\$27,000,000	\$6,544,249
Courtyard and Residence Inn by Marriott**	Mall Area Redevelopment	164 hotel rooms	\$23,000,000	\$1,788,126
Oak Lawn Place	Maple-Mockingbird	84 resid. units (100% affordable units)	\$14,280,000	\$5,414,006
Mockingbird Station East Phase I	TOD	429 resid. units (20% or 86 affordable units)	\$117,342,796	\$29,000,000
Longhorn Ballroom Revopement**	TOD	45,000 sf entertainment/com. space & 2-acre outdoor event space	\$10,000,000	\$2,100,000
University Hills Ph I**(1)(2)	University	790 resid. units; 80,000 sf retail/office	\$207,000,000	\$31,410,966

*^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 also includes non-TIF district incentives.*

*(1) University Hills Phase I includes provisions for 20% of multi-family rental units to meet TIF program mixed-income housing requirements and homebuilders of for-sale single-family units to partner with the City to encourage homebuyers to seek income-qualifying homebuyer assistance.*

*(2) University Hills Phase I, TIF district funding includes an additional grant in lieu of interest.*

In addition, City Council approved seven (7) items authorizing TIF district funds totaling \$4.8 million for direct investments in the following public projects:

- Rosemont Safe Routes to School supplemental engineering design services (Davis Garden TIF District): \$194,400
- Pearl Improvement Project (Farmers Market TIF District): \$285,650
- Public street lighting improvement project (Grand Park South TIF District): \$500,000
- Support of Dallas Streetcar FY 2021-2022 Operations and Maintenance (Oak Cliff Gateway TIF District): \$475,000
- Zang Plaza public open space project (Oak Cliff Gateway TIF District): \$1,500,000
- Public street lighting improvement project (Skillman Corridor TIF District): \$572,000
- Pond dredging in Watercrest Park at Lake Highlands Town Center (Skillman Corridor TIF District): \$1,200,700

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## **TIF District Plan Amendments**

During FY 2021-2022, the City Council approved amendments of the Project Plan and Reinvestment Zone Financing Plan (Plan) for three (3) TIF districts. In December 2021, the Plan for the Grand Park South TIF District was expanded by approximately 151 acres to include the Forest District neighborhood. Also, in December 2021, the Plan for the Mall Area Redevelopment TIF District was expanded to include 15.6 acres in the Westmoreland IH20 Sub-District. In June 2022, the Plan for the Downtown Connection TIF District was amended to add approximately 14.2 acres to create the Newpark Sub-District, increase the TIF District's budget, and make related Plan modifications.

## **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 (sunsetted in 2008) and Cityplace Area TIF District (sunsetted in 2012) have been success stories from 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 (2) TIF districts. Based on available 2022 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$773 million (1,628%), and the property value growth in the Cityplace Area TIF District has exceeded \$1.4 billion (3,250%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$16.7 million to the City's general fund for tax year 2022.

## **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:

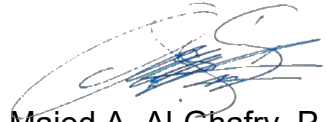
- Map of the TIF district
- Mission Statement
- Accomplishments to-date
- Project Status: Type and amount of new development by project including private investment, new residential units, commercial space created, TIF District investment, completion (or expected completion) date
- Other TIF district-wide initiatives, where applicable
- Mixed-Income Housing Summary
- Taxable value and increment revenue summary, including the captured appraised value for the TIF District and the expected increment collection
- Objectives and Success Indicators for the TIF district

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- Summary of City Council actions related to the TIF district
- TIF district Project Plan budget status – projected increment revenues to retire TIF District fund obligations, expenditures, and the total plan budget
- Minority/Women-owned Business Enterprise (M/WBE) participation in TIF District-funded development agreements
- Bond sales and repayment, where applicable
- Work program for next fiscal year

From December 2022 through January 2023, the Boards of Directors for fifteen (15) of the TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Boards of Directors of the Maple/Mockingbird TIF District, Southwestern Medical TIF District, and the University TIF District do not currently have the minimum of five (5) appointed members to convene a meeting. Additionally, a meeting of the Board of Directors of the Fort Worth Avenue TIF District was scheduled; however, the meeting was not actually held due to failure to achieve a quorum. Therefore, the annual reports for the Maple/Mockingbird TIF District, Southwestern Medical TIF District, Fort Worth Avenue TIF District, and University TIF District are being forwarded to the City Council 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.

Should you have any questions, please contact Kevin Spath, Assistant Director, Office of Economic Development at [kevin.spath@dallas.gov](mailto:kevin.spath@dallas.gov) or (214) 670-1691.



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Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Deputy City Manager  
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Dr. Robert Perez, Assistant City Manager  
Carl Simpson, Assistant City Manager  
Jack Ireland, Chief Financial Officer  
Genesis D. Gavino, Chief of Staff to the City Manager  
Directors and Assistant Directors