

Memorandum



DATE February 17, 2011

TO Members of the Economic Development Committee:
Ron Natinsky (Chair), Tennell Atkins (Vice-Chair), Dwaine Caraway, Jerry R. Allen, Sheffie Kadane, Linda Koop, Ann Margolin, and Steve Salazar

SUBJECT **Summary of FY 2010 Activity in Dallas TIF Districts – TIF Annual Report Items, February 23, 2023 Council Agenda**

Background

During FY 2010 most of the seventeen (17) TIF Districts experienced increased activity; however, property value growth compared to prior years in many districts continues to be negatively impacted by the economy. Growth in property values compared to the base year of the districts is still very strong. Overall taxable real property value in TIF Districts increased by 1.2% (\$70,595,494) from last year compared to a 4.2% decline for the City as a whole. Five of seventeen districts increased in value over last year with the largest increases in Fort Worth Avenue, 5.5%; Design District, 4.6%; Southwestern Medical, 4.5%; Downtown Connection, 2.3%; and Davis Garden, 2.2%.

Overall TIF District property value growth since inception thru 2010 is 92.4%. For the six TIF Districts created between 1988 and 1998, overall value has grown by 133%. The State-Thomas TIF, since it is officially closed, is excluded from the district totals. As of 2010, the property value growth in State-Thomas TIF exceeded \$339 million or 714% from inception.

The Sports Arena TIF District had the highest rate of overall growth rate, 2,654% above the base year. The Cityplace TIF District, now maturing, had a 934% increase from the base year. Newer TIF Districts created after 2005, had an overall value growth of 72%. Among those that had the highest increases were the Downtown Connection (174%), Vickery Meadow (96.2%), and Design District (95.8%) TIF Districts.

Total TIF expenditures or allocations of \$549 million leveraged over \$4.8 billion in added or anticipated property value in TIF Districts since the inception of each TIF District. For every TIF dollar committed, \$9 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). We estimate the amount of additional taxes paid to DISD for increased property value in Dallas TIF Districts is nearly \$31 million for the fiscal year 2010 alone.

TIF District Property Value Growth from Inception to 2010

TIF District	Initial (Base)	2009 Taxable Value	2010 Taxable Value	2009 vs 2010 (% Change)	Initial vs 2010 (% Change)
TIF Districts created between 1988-1998					
Cityplace	\$45,065,342	\$475,212,083	\$465,877,751	-2.0%	933.8%
Oak Cliff Gateway	\$38,570,128	\$104,589,616	\$99,454,586	-4.9%	157.9%
Cedars	\$35,300,760	\$87,846,392	\$82,076,573	-6.6%	132.5%
City Center	\$866,044,996	\$1,250,305,641	\$1,192,207,047	-4.6%	37.7%
Farmers Market	\$27,706,851	\$107,234,681	\$103,812,469	-3.2%	274.7%
Sports Arena	\$16,423,773	\$502,380,963	\$452,278,039	-10.0%	2653.8%
Subtotal	\$1,029,111,850	\$2,527,569,376	\$2,395,706,465	-5.2%	132.8%
TIF Districts created after 2005					
Design District	\$141,852,062	\$265,554,293	\$277,681,275	4.6%	95.8%
Vickery Meadow	\$161,270,320	\$333,379,592	\$316,464,010	-5.1%	96.2%
Southwestern Medical (Zone A-B)	\$67,411,054	\$120,888,531	\$126,280,275	4.5%	87.3%
Downtown Connection (Zone A-B)	\$564,917,317	\$1,512,292,589	\$1,546,421,036	2.3%	173.7%
Deep Ellum (Zone A-B)	\$113,885,770	\$163,916,711	\$151,970,751	-7.3%	33.4%
Grand Park South	\$44,850,019	\$53,016,806	\$50,818,993	-4.1%	13.3%
Skillman Corridor	\$335,957,311	\$412,642,619	\$403,965,705	-2.1%	20.2%
Fort Worth Avenue	\$86,133,447	\$97,671,825	\$103,068,602	5.5%	19.7%
Davis Garden (Zone A-B)	\$137,834,597	\$156,040,688	\$159,534,343	2.2%	15.7%
TOD TIF (all subdistricts)	\$201,052,231	–	\$195,677,517	n/a	-2.7%
Maple-Mockingbird	\$184,005,009	\$189,047,915	\$175,027,467	-7.4%	-4.9%
Subtotal	\$2,039,169,137	\$3,304,451,569	\$3,506,909,974	6.1%	72.0%
Total All Districts	\$3,068,280,987	\$5,832,020,945	\$5,902,616,439	1.2%	92.4%

Notes: State-Thomas TIF legally expired 12/2008 and no longer officially reporting
 Cityplace TIF no longer collecting increment with 2009 tax year
 Districts with Zone A & B reflect original boundary (Zone A) plus accounts added with different base yr (Zone B)
 TOD TIF boundary was amended substantially making comparisons between 2009 and 2010 values difficult.

Although most new taxable value growth in TIF Districts is captured to fund public improvements in those Districts, there has been some added benefit to the City's general fund. The Cityplace TIF District reached its budget cap early, has stopped collecting increment, and is estimated to contribute \$3,353,875 to the City for tax year 2010. New general fund revenue associated with the now closed State-Thomas TIF District is excluded from the totals but is estimated to contribute \$3,080,194 to the City this tax year. Districts created in 2005 and later have varied City participation ranging from 55-90% of total taxes and some have delayed increment collection in the initial years, allowing some new growth into the general fund. Total increment shown below includes both the estimated City contribution and any contributions from other participating taxing jurisdictions. For older TIF districts, there was more participation from other taxing entities whereas those districts created since 2005 have primarily had only City and County participation. Estimated 2010 and projected 2011-2012 increment collection and new general fund revenue is shown below:

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
2010 Total Increment	\$11,026,601	\$13,015,596	\$24,042,197
2010 (City) Increment	\$9,307,116	\$8,208,526	\$17,515,642
2010 new City General Fund	\$1,034,124	\$4,073,503	\$5,107,627
2011 Projected Total Increment	\$11,265,543	\$13,805,358	\$25,070,901
2011 Projected (City) Increment	\$9,508,516	\$8,998,996	\$18,507,513
2011 Projected new City Gen. Fund	\$1,056,502	\$4,215,196	\$5,271,698
2012 Projected Total Increment	\$11,605,535	\$10,896,825	\$22,502,359
2012 Projected (City) Increment	\$9,795,091	\$7,447,340	\$17,242,430
2012 Projected new City Gen.Fund	\$1,088,343	\$4,329,951	\$5,418,295

Total increment is estimated TIF collections for all participating taxing jurisdictions.

City Increment is the estimated City contribution to the TIF Funds.

New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF Funds.

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 2010, approximately 16,841 new residential units were completed in the City's eighteen TIF Districts (including State-Thomas), an additional 732 are under construction, and another 15,386 units are

planned. Over 6.5 million square feet of new or redeveloped retail, office, and other commercial space has been completed in the seventeen TIF Districts. Over 617,000 square feet of commercial space is under construction and another 4.2 million square feet of space is planned. New hotel construction includes 3,069 completed rooms and another 748 rooms planned.

During FY 2010, an estimated 652 dilapidated multi-family units were demolished in the Fort Worth Avenue and Vickery Meadow TIF Districts. In the prior year, 327 dilapidated units were demolished in the Davis Garden TIF District. Redevelopment of the former apartment sites in the Fort Worth Avenue TIF District is part of development plans for the La Reunion multi-phased project and a future library site in the Vickery Meadow TIF District.

The following table summarizes new development in downtown and non-downtown TIF Districts. The two downtown TIFs, City Center and Downtown Connection, comprised 17.6% of constructed or planned residential units, 24% of commercial space and 71% of completed or planned hotel rooms.

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
Residential Units			
Completed	5,180	11,661	16,841
Under Construction	122	610	732
Planned	502	14,884	15,386
Resid. Total	5,804	27,155	32,959
Commercial (retail, office, other com.) Square Footage			
Completed	2,075,845	4,450,465	6,526,310
Under Construction	0	617,895	617,895
Planned	698,225	3,499,293	4,197,518
Com. Total	2,774,070	8,567,653	11,341,723
Hotel Rooms			
Completed	2,691	378	3,069
Under Construction	0	0	0
Planned	32	716	748
Hotel Total	2,723	1,094	3,817

Construction activity in TIF Districts is on-going and despite current economic conditions several new projects are planned and approved for TIF incentives. Major TIF-related projects that completed construction in FY 2010, with a combined value nearly \$358 million are shown in the following table and took place in several districts.

City Council also authorized development agreements for eight new projects in the City's seventeen TIF Districts. These anticipated projects will have an estimated value of \$258 million at completion.

Major TIF-Related Projects Completed or Approved in FY 2010

Project	District	Description	Value^	TIF Investment
Completed in FY 2010				
Alta 1900 Lofts	Design District	214 resid. units	\$22,350,000	\$4,402,000
Santa Fe Lofts IV	Downtown Connection	170 hotel rooms; 4,000 sf retail	\$10,227,540	\$4,296,264
St Ann's Court	Downtown Connection	320,000 sf office	\$48,501,000	\$0
Granite/Gables	Downtown Connection	296 resid. units; 330,000 sf office	\$200,000,000	\$0
CityWalk	Downtown Connection	209 resid. units	\$6,090,040	
The Arts Apartment by JPI	Downtown Connection	228 resid. units	\$39,000,000	\$0
Avalon at Kessler Park	Fort Worth Avenue	198 resid. units	\$22,000,000	\$6,500,000
The Shelby	TOD	55 resid. units; 3,720 sf retail	\$9,491,400	\$0
Approved in FY 2010				
Kessler Theater	Davis Garden	6,300 sf office/retail; 5,100 sf entertainment venue	\$1,358,293	\$199,643
Taylor Farms	Davis Garden	160 resid. units	\$21,691,600	\$2,071,197
Hillside West	Davis Garden	130 resid. units	\$16,635,808	\$1,600,000
Joule Hotel Expansion	Downtown Connection	32 hotel rooms; 20,700 sf retail	\$85,814,000	\$20,658,550
Zang Triangle	Oak Cliff Gateway	256 resid. units; 4,000 sf retail	\$32,000,000	\$5,500,000
Reserve at Stutz Rd	Maple-Mockingbird	54 resid. Units. TIF funding for adjacent streetscape	\$14,000,000	\$98,200
Lancaster Urban Village	TOD	193 resid. units; 14,131 sf retail	\$25,940,028	\$8,492,273

[^]Values reflect current DCAD market value for completed projects or estimated value for those planned

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 of each TIF District, staff has created a report that shows additional information. The reports include the following information:

- Mission Statement for the TIF District
- 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 District-wide initiatives, where applicable
- Map of the TIF District
- Taxable value and increment revenue summary – what is 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 Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF Contracts
- Bond sales and repayment, where applicable
- FY 2011 Work Program

The Annual Reports, upon adoption by City Council, will be submitted to the other taxing jurisdictions participating financially in each District and to the Texas Attorney General and state Comptroller.

Financing

No cost consideration to the City.

Recommendation

Staff recommends City Council approval of all the TIF Annual Reports.

Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Thomas Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director of Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager