

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 5, 2024

24-0013

ECONOMIC DEVELOPMENT COMMITTEE
CITY COUNCIL CHAMBER, CITY HALL/VIDEO CONFERENCE
MAYOR PRO TEM TENNELL ATKINS, PRESIDING

PRESENT: [6] Atkins, Narvaez (**1:20 p.m.), Arnold, Bazaldua, Stewart (**1:06 p.m.),
Ridley

ABSENT: [1] West

The meeting was called to order at 1:05 p.m. with a quorum of the committee present.

The meeting agenda, posted in accordance with Chapter 551, "OPEN MEETINGS," of the Texas Government Code, was presented.

After all business properly brought before the committee had been considered, the meeting adjourned at 2:53 p.m.

Chair

ATTEST:

City Secretary Staff

Date Approved

The agenda is attached to the minutes of this meeting as EXHIBIT A.

The actions taken on each matter considered by the committee are attached to the minutes of this meeting as EXHIBIT B.

The briefing materials are attached to the minutes of this meeting as EXHIBIT C.

**** Note: Indicates arrival time after meeting called to order/reconvened.**

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 5, 2024

EXHIBIT A

RECEIVED

2024 FEB -1 PM 4:14

**CITY SECRETARY
DALLAS, TEXAS**

City of Dallas

*1500 Marilla Street,
Council Chambers, 6th Floor
Dallas, Texas 75201*

Public Notice

2 4 0 1 2 4

POSTED CITY SECRETARY
DALLAS, TX



Economic Development Committee

February 5, 2024

1:00 PM

2023 CITY COUNCIL APPOINTMENTS

COUNCIL COMMITTEE	
ECONOMIC DEVELOPMENT Atkins (C), Narvaez (VC), Arnold, Bazaldua, Ridely, Stewart, West	GOVERNMENT PERFORMANCE AND FINANCIAL MANAGEMENT West (C), Blackmon (VC), Mendelsohn, Moreno, Resendez
HOUSING AND HOMELESSNESS SOLUTIONS Moreno (C), Mendelsohn (VC), Gracey, West, Willis	PARKS, TRAILS, AND THE ENVIRONMENT Stewart (C), Moreno (VC), Arnold, Bazaldua, Blackmon, Narvaez, West
PUBLIC SAFETY Mendelsohn (C), Stewart (VC), Atkins, Moreno, Willis	QUALITY OF LIFE, ARTS, AND CULTURE Bazaldua (C), Resendez (VC), Blackmon, Gracey, Ridely, Schultz, Willis
TRANSPORTATION AND INFRASTRUCTURE Narvaez (C), Gracey (VC), Atkins, Mendelsohn, Resendez, Schultz, Stewart	WORKFORCE, EDUCATION, AND EQUITY Schultz (C), Arnold (VC), Bazaldua, Blackmon, Resendez, Ridley, Willis
AD HOC COMMITTEE ON ADMINISTRATIVE AFFAIRS Atkins (C), Mendelsohn, Moreno,	AD HOC COMMITTEE ON GENERAL INVESTIGATING AND ETHICS Mendelsohn (C), Gracey, Johnson, Schultz, Stewart
AD HOC JUDICIAL NOMINATIONS Ridley (C), Resendez, West	AD HOC LEGISLATIVE AFFAIRS Mendelsohn (C), Atkins, Gracey, Narvaez, Stewart
AD HOC COMMITTEE ON PENSIONS Atkins (C), Blackmon, Mendelsohn, Moreno, Resendez, Stewart, West, Willis	AD HOC COMMITTEE ON PROFESSIONAL SPORTS RECRUITMENT AND RETENTION Gracey (C), Blackmon, Johnson, Moreno, Narvaez, Resendez, Schultz

(C) – Chair, (VC) – Vice Chair

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

General Information

The Dallas Council Committees regularly meet on Mondays beginning at 9:00 a.m. and 1:00 p.m. in the Council Chambers, 6th floor, City Hall, 1500 Marilla. Council Committee agenda meetings are broadcast live on bit.ly/cityofdallastv and on Time Warner City Cable Channel 16.

Sign interpreters are available upon request with a 48-hour advance notice by calling (214) 670-5208 V/TDD. The City of Dallas is committed to compliance with the Americans with Disabilities Act. **The Council agenda is available in alternative formats upon request.**

If you have any questions about this agenda or comments or complaints about city services, call 311.

Rules of Courtesy

City Council meetings bring together citizens of many varied interests and ideas. To insure fairness and orderly meetings, the Council has adopted rules of courtesy which apply to all members of the Council, administrative staff, news media, citizens and visitors. These procedures provide:

- That no one shall delay or interrupt the proceedings, or refuse to obey the orders of the presiding officer.
- All persons should refrain from private conversation, eating, drinking and smoking while in the Council Chamber.
- Posters or placards must remain outside the Council Chamber.
- No cellular phones or audible beepers allowed in Council Chamber while City Council is in session.

"Citizens and other visitors attending City Council meetings shall observe the same rules of propriety, decorum and good conduct applicable to members of the City Council. Any person making personal, impertinent, profane or slanderous remarks or who becomes boisterous while addressing the City Council or while attending the City Council meeting shall be removed from the room if the sergeant-at-arms is so directed by the presiding officer, and the person shall be barred from further audience before the City Council during that session of the City Council. If the presiding officer fails to act, any member of the City Council may move to require enforcement of the rules, and the affirmative vote of a majority of the City Council shall require the presiding officer to act." Section 3.3(c) of the City Council Rules of Procedure.

Información General

Los Comités del Concejo de la Ciudad de Dallas se reúnen regularmente los lunes en la Cámara del consejo en el sexto piso del Ayuntamiento, 1500 Marilla, a partir de las 9:00 a.m. y la 1:00 p.m. Las reuniones de la agenda del Comité del Consejo se transmiten en vivo por la estación de bit.ly/cityofdallastv y por cablevisión en la estación *Time Warner City Cable* Canal 16.

Intérpretes para personas con impedimentos auditivos están disponibles si lo solicita con 48 horas de anticipación llamando al (214) 670-5208 (aparato auditivo V/TDD). La Ciudad de Dallas se esfuerza por cumplir con el decreto que protege a las personas con impedimentos, *Americans with Disabilities Act*. **La agenda del Ayuntamiento está disponible en formatos alternos si lo solicita.**

Si tiene preguntas sobre esta agenda, o si desea hacer comentarios o presentar quejas con respecto a servicios de la Ciudad, llame al 311.

Reglas de Cortesía

Las asambleas del Ayuntamiento Municipal reúnen a ciudadanos de diversos intereses e ideologías. Para asegurar la imparcialidad y el orden durante las asambleas, el Ayuntamiento ha adoptado ciertas reglas de cortesía que aplican a todos los miembros del Ayuntamiento, al personal administrativo, personal de los medios de comunicación, a los ciudadanos, y a visitantes. Estos reglamentos establecen lo siguiente:

- Ninguna persona retrasará o interrumpirá los procedimientos, o se negará a obedecer las órdenes del oficial que preside la asamblea.
- Todas las personas deben abstenerse de entablar conversaciones, comer, beber y fumar dentro de la cámara del Ayuntamiento.
- Anuncios y pancartas deben permanecer fuera de la cámara del Ayuntamiento.
- No se permite usar teléfonos celulares o enlaces electrónicos (*paggers*) audibles en la cámara del Ayuntamiento durante audiencias del Ayuntamiento Municipal

"Los ciudadanos y visitantes presentes durante las asambleas del Ayuntamiento Municipal deben de obedecer las mismas reglas de comportamiento, decoro y buena conducta que se aplican a los miembros del Ayuntamiento Municipal. Cualquier persona que haga comentarios impertinentes, utilice vocabulario obsceno o difamatorio, o que al dirigirse al Ayuntamiento lo haga en forma escandalosa, o si causa disturbio durante la asamblea del Ayuntamiento Municipal, será expulsada de la cámara si el oficial que este presidiendo la asamblea así lo ordena. Además, se le prohibirá continuar participando en la audiencia ante el Ayuntamiento Municipal. Si el oficial que preside la asamblea no toma acción, cualquier otro miembro del Ayuntamiento Municipal puede tomar medidas para hacer cumplir las reglas establecidas, y el voto afirmativo de la mayoría del Ayuntamiento Municipal precisará al oficial que este presidiendo la sesión a tomar acción." Según la sección 3.3 (c) de las reglas de procedimientos del Ayuntamiento.

Handgun Prohibition Notice for Meetings of Governmental Entities

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistol oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

"Pursuant to Section 46.03, Penal Code (places weapons prohibited), a person may not carry a firearm or other weapon into any open meeting on this property."

"De conformidad con la Sección 46.03, Código Penal (coloca armas prohibidas), una persona no puede llevar un arma de fuego u otra arma a ninguna reunión abierta en esta propiedad."

The City Council Economic Development Committee meeting will be held by videoconference and in the Council Chambers, 6th Floor at City Hall. The public may attend the meeting virtually; however, City Hall is available for those wishing to attend the meeting in person.

The following videoconference link is available to the public to listen to the meeting and Public Affairs and Outreach will also stream the City Council Economic Development Committee meeting on Spectrum Cable Channels 16 (English) and 95 (Spanish) and at bit.ly/cityofdallastv.

<https://dallascityhall.webex.com/dallascityhall/j.php?MTID=m8ac001a1e90d3256bcb25df89c3ede11>

Call to Order

MINUTES

- A. [24-446](#) Approval of the January 9, 2024 Economic Development Committee Meeting Minutes

Attachments: [Minutes](#)

BRIEFING ITEMS

- B. [24-447](#) Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan Update
[Rosa Fleming, Director, Convention and Event Services]

Attachments: [Presentation](#)

- C. [24-448](#) Development Services Monthly Technology and Metrics Review
[Andrew Espinoza, Director/Chief Building Official, Development Services]

Attachments: [Presentation](#)

BRIEFING MEMORANDUMS

- D. [24-450](#) FY 2022-2023 Tax Increment Financing (TIF) District Annual Reports
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

- E. [24-451](#) Deep Ellum TIF District: Proposed Plan Amendment
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

- F. [24-452](#) Lancaster-Corning Retail Development Project, currently addressed as
3011 -
3039 South Lancaster Road, in the TOD TIF District
[Kevin Spath, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

UPCOMING AGENDA ITEMS

- G. [24-453](#) Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction
for Nexus Recovery Center located at 8733 La Prada Drive
[Heather Lepaske, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

- H. [24-454](#) Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction
for the Resource Center Medical Campus located at 2603 Inwood Road
[Heather Lepaske, Assistant Director, Office of Economic Development]

Attachments: [Memorandum](#)

ADJOURNMENT

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 5, 2024

EXHIBIT B

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 5, 2024

Item A: Approval of the January 9, 2024 Economic Development Committee Meeting Minutes

Councilmember Bazaldua moved to adopt the minutes as presented.

Motion seconded by Councilmember Ridley and unanimously adopted. (Narvaez, Bazaldua, Stewart absent when vote taken; West absent)

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 5, 2024

BRIEFING ITEMS

Item B: Kay Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan Update

The following individuals briefed the committee on the item:

- Rosa Fleming, Director, Convention and Event Services;
- Anthony Lopez, General Manager, OVG360;
- Craig Davis, President & CEO, OVG360;
- Robert Perez, Assistant City Manager, City Manager's Office;
- Michael Morris, Director of Transportation, NCTCOG;
- Kristian Teleki, Sr., Vice President, Inspire Dallas; and
- Ghassan Khanharli, Ph.D., P.E., Director, Department of Transportation

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 5, 2024

BRIEFING ITEMS

Item C: Development Services Technology and Metrics Update

The following individuals briefed the committee on the item:

- Andrew Espinoza, Director/Chief Building Official, Development Services; and
- Vernon Young, Assistant Director, Development Services

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 5, 2024

BRIEFING MEMOS

Item D: FY 2022-2023 Tax Increment Financing (TIF) District Annual Reports

Item E: Deep Ellum TIF District: Proposed Plan Amendment

Item F: Lancaster-Corning Retail Development Project, currently addressed as 3011 3039
South Lancaster Road, in the TOD TIF District

The committee discussed the items.

OFFICIAL ACTION OF THE CITY COUNCIL COMMITTEE

FEBRUARY 5, 2024

UPCOMING AGENDA ITEMS

Item G: Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for Nexus Recovery Center located at 8733 La Prada Drive

Item H: Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for the Resource Center Medical Campus located at 2603 Inwood Road

The committee discussed the items.

MINUTES OF THE CITY COUNCIL COMMITTEE
MONDAY, FEBRUARY 5, 2024

EXHIBIT C



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-447

Item #: B.

Key Bailey Hutchison Convention Center Dallas (KBHCCD) Master Plan Update
[Rosa Fleming, Director, Convention and Event Services]



City of Dallas

Kay Bailey Hutchison Convention Center Dallas Master Plan

Convention Center Component Update

**Economic Development Committee
February 5, 2024**

Rosa Fleming, Director of Convention and Event Services

Ghassan Khankarli, Ph.D., P.E., Director of Transportation

Majed Al-Ghafry, P.E., Assistant City Manager

Robert M. Perez, Ph.D., Assistant City Manager

Michael Morris, Director of Transportation – NCTCOG

Kristian Teleki, Sr. Vice President, Development – Inspire Dallas

Craig Davis, President and CEO – Visit Dallas

Anthony Lopez, General Manager, OVG360 – KBHCCD

Purpose



Provide an update to the Economic Development Committee about the Kay Bailey Hutchison Convention Center expansion including updates about:

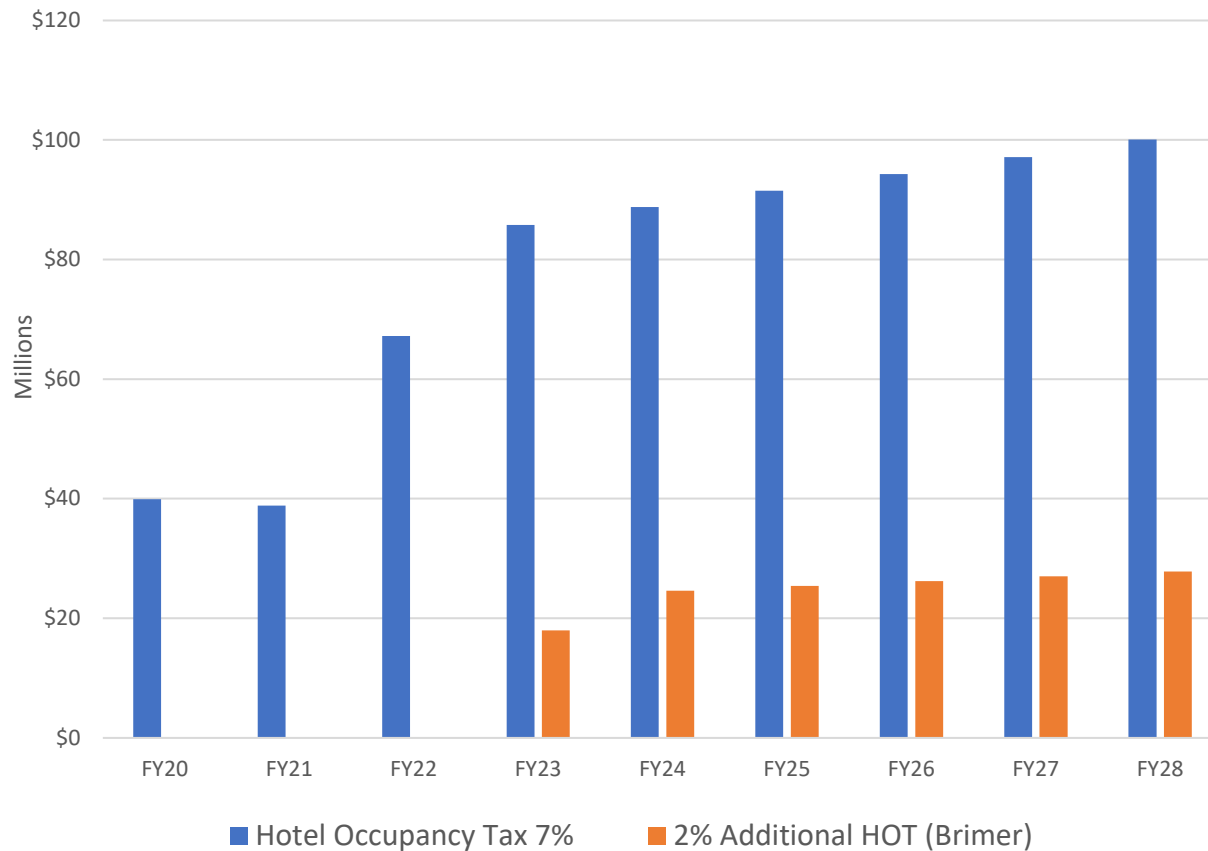
- Event revenue and hotel-related tax performance
- Convention center expansion and construction conflicts
- Community and stakeholder engagement
- Interactions with transportation initiatives



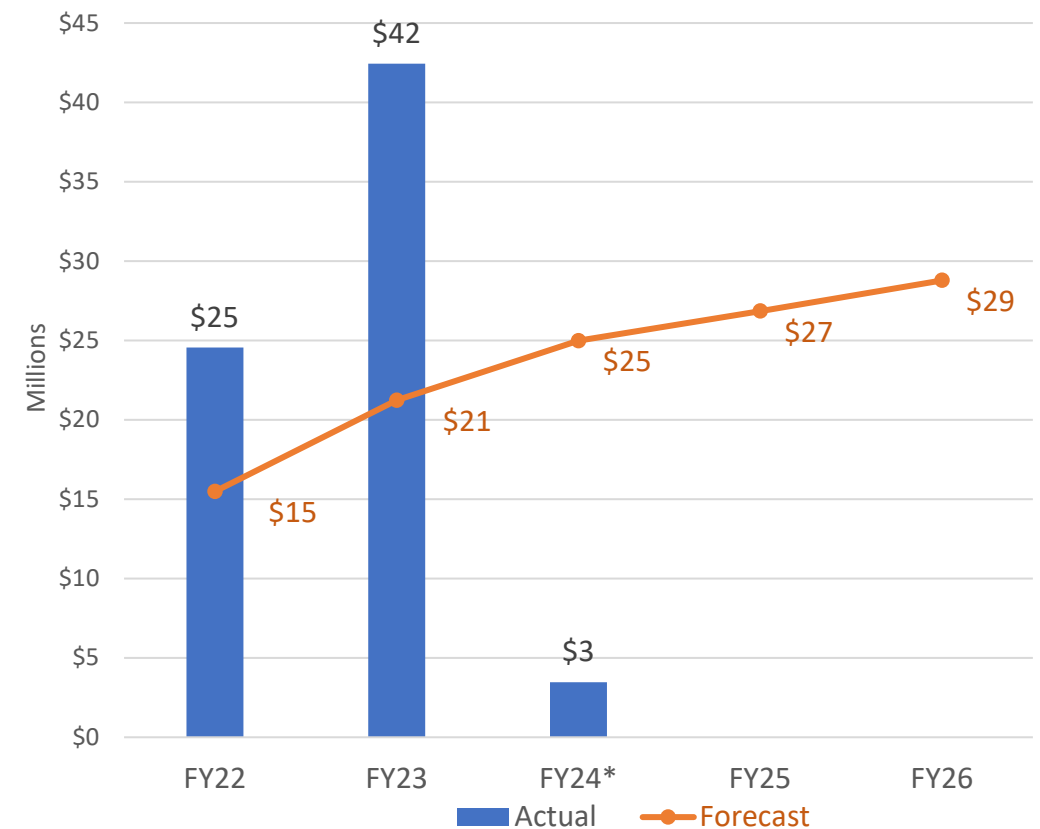
Hotel Occupancy Tax and PFZ Performance



HOT Performance



PFZ Revenue vs. Forecast



*Estimate for October 2023 (1 month of FY24 actuals) at time of briefing

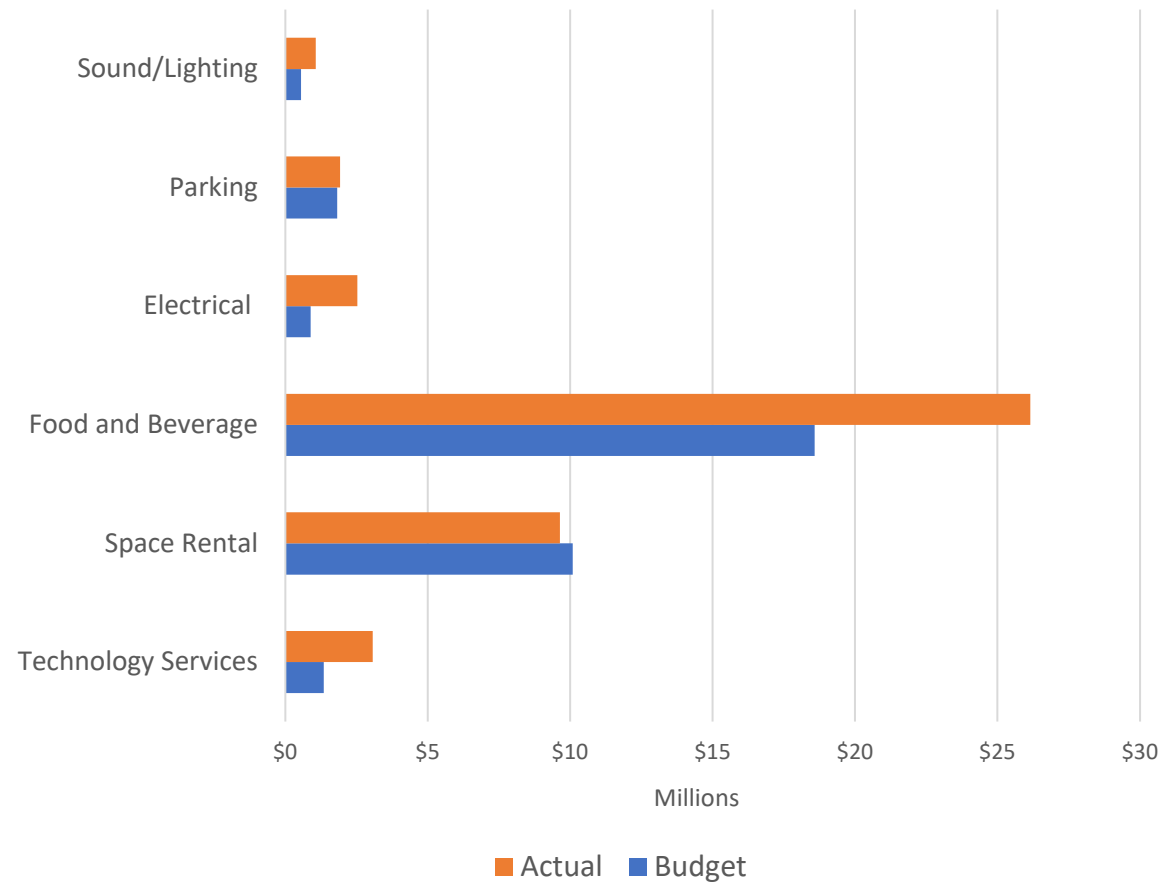


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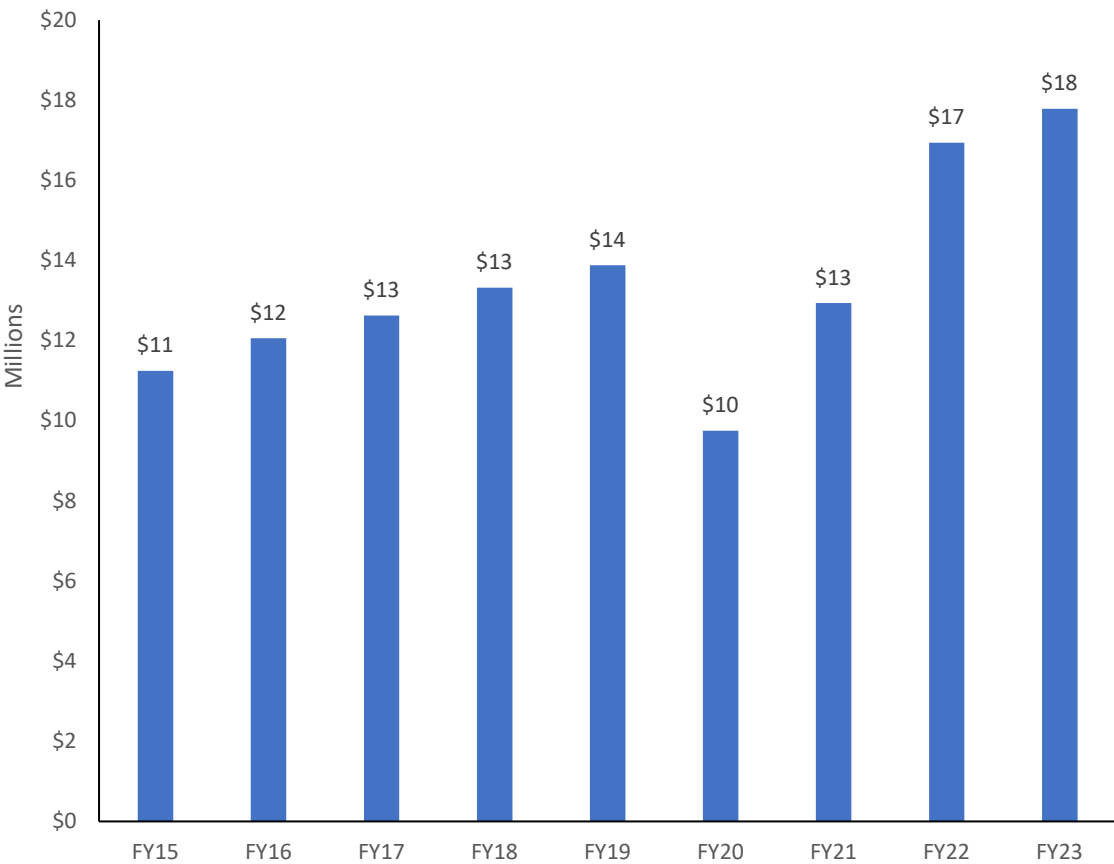
Event Revenues and ABT



Comparison of Budgeted Event Revenue vs Actual



Alcohol & Beverage Tax Collections



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Convention Activity at KBHCCD 2029 and Beyond



- 41 Definite Bookings
 - \$649M Direct Spending
 - \$1B Economic Impact
- 96 New Opportunities
 - \$1.6B Potential Direct Spending
 - \$2.5B Potential Economic Impact





From Concept to Implementation



- Concepts will be advanced to design
- Designs will be consistent with Master Plan goals
- Designs will respond to potential conflicts
- Stakeholder and partner suggestions inform design and functionality



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Streetscape



- Main streetscape facing downtown is a crucial aspect of the West of Lamar concept
- Entrance plays a critical role in reconnecting and enhancing the urban experience along Lamar Street and Botham Jean Boulevard



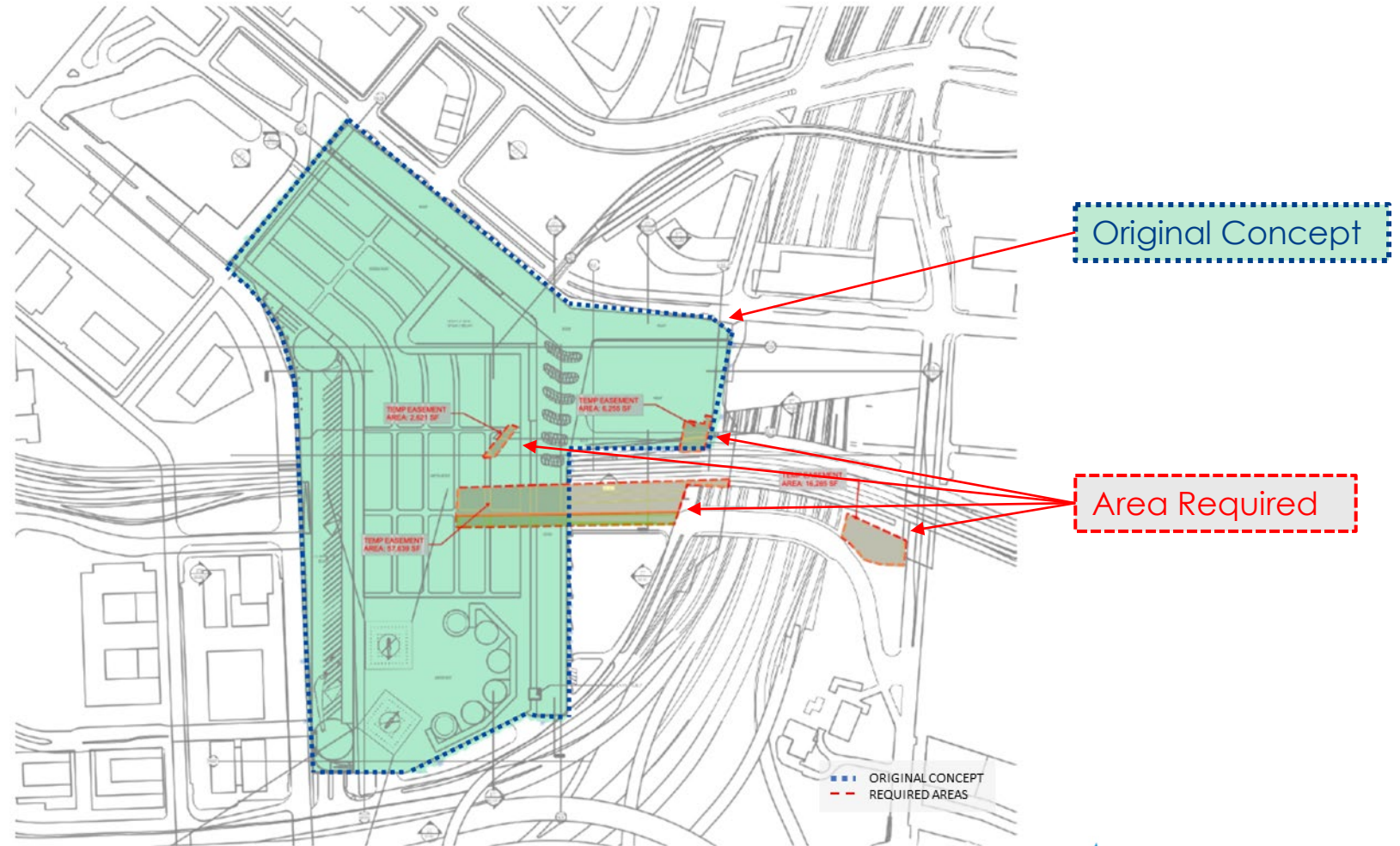
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Original Concept and Accommodations



TxDOT / Union
Pacific Railroad
Area Required



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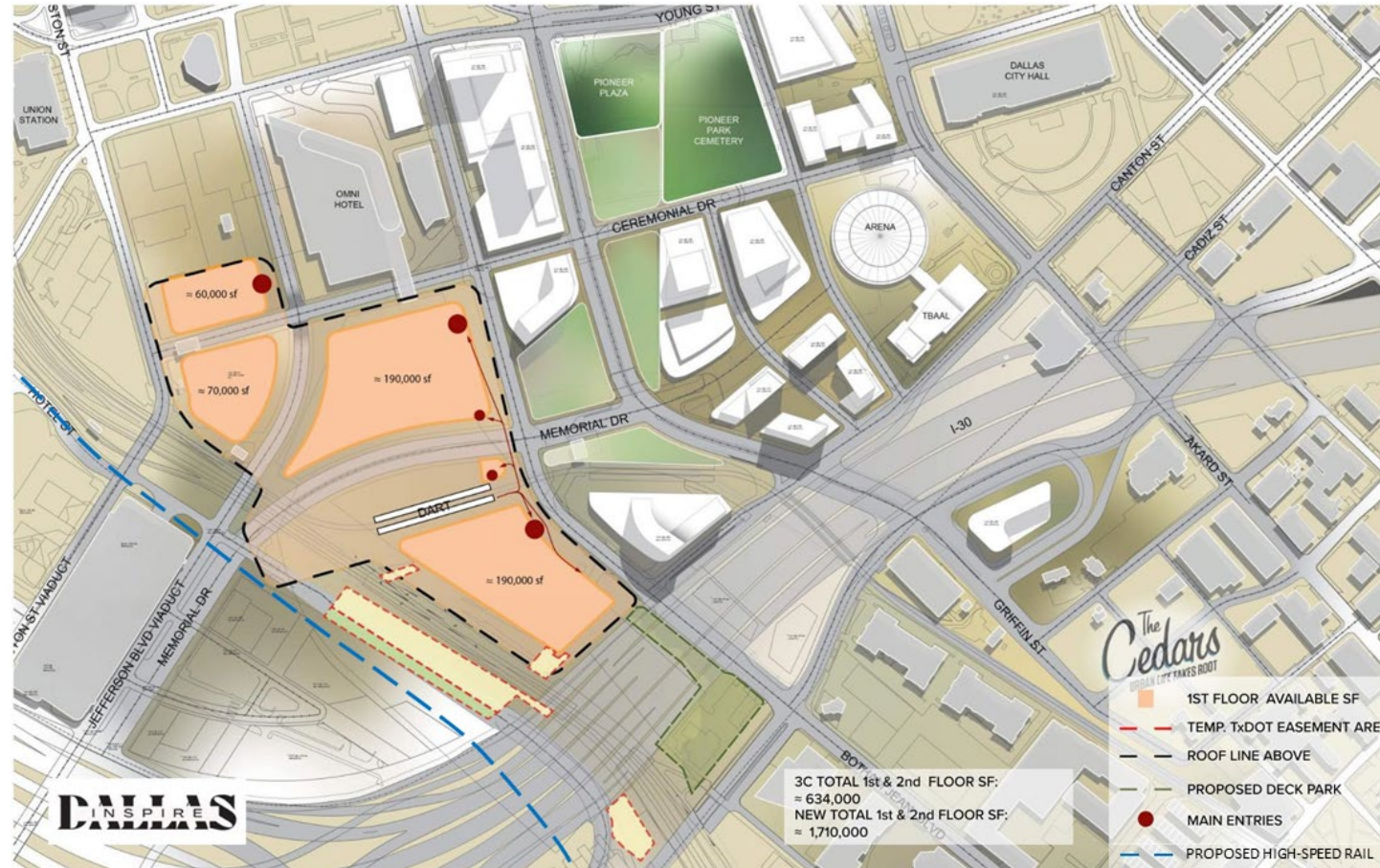
Program Requirements



BUILDING PROGRAM SUMMARY			
	<u>Current</u>		<u>Planned</u>
Exhibition Halls:	724,000	→	800,000
Ballrooms:	65,000	→	170,000
Largest Ballroom:	27,000	→	105,000
Meeting Room:	100,000	→	260,000
Parking:	2,000	→	2,000



Reorientation – 1st Floor

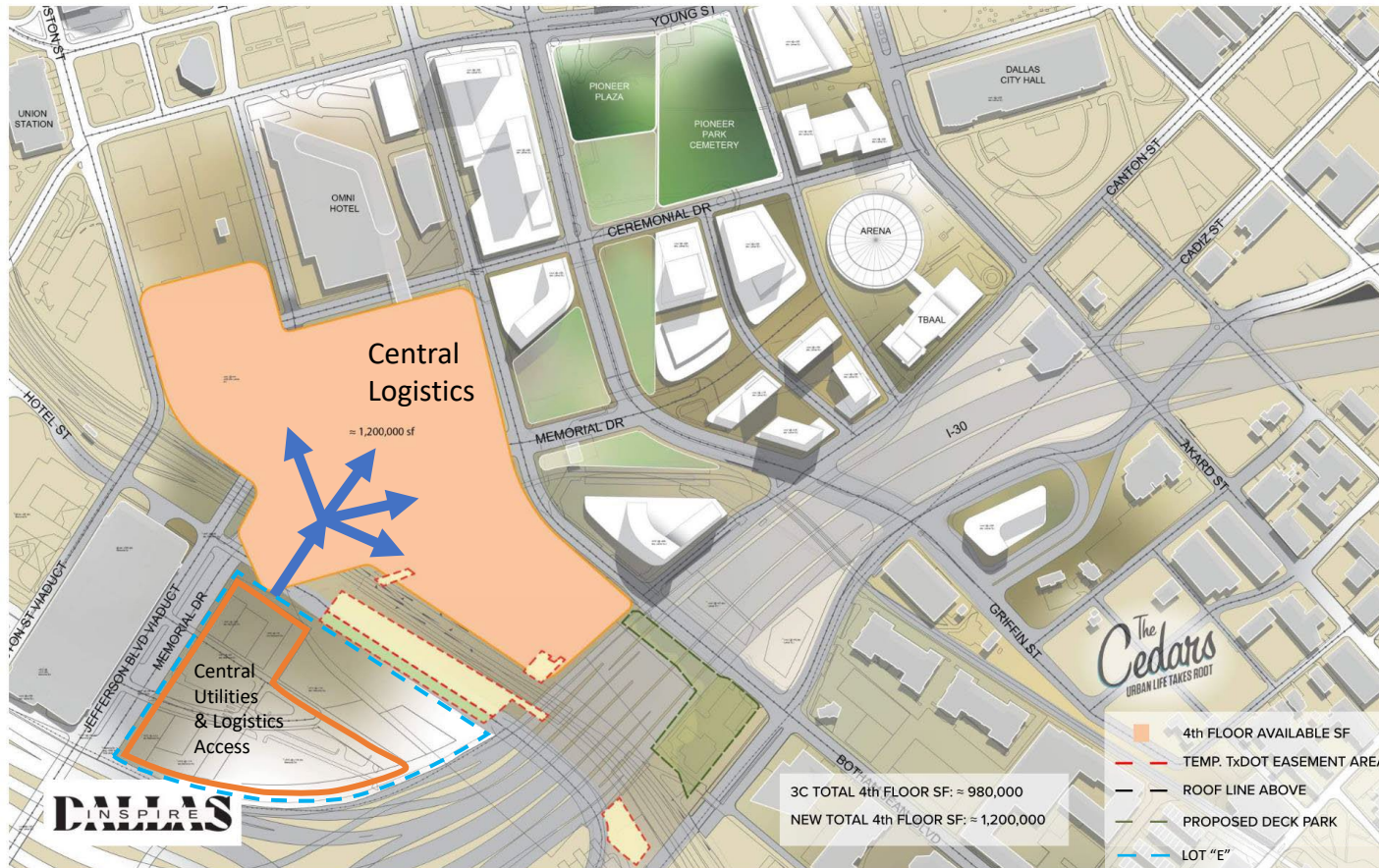


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Reorientation – 2nd and Upper Floors



Reorientation – Logistics



- Existing overbuild above the Union Pacific Railroad (UPRR) and Dallas Area Rapid Transit (DART) rail lines must be preserved
- Overbuild and reorientation of facility provides connectivity to Lot "E"
- Lot "E" connectivity will enhance the facility's functionality in the following areas:
 - Logistics
 - Marshaling
 - Potential parking solutions
 - Central plant location





Interaction with Transportation Initiatives



- Rail District
 - Significant discussion surrounding the Eddie Bernice Johnson Union Station as a multi-modal transportation hub
- Coordination with TxDOT
 - Key aspect of our transportation strategy
 - Included multiple meetings and discussions about the I-30 Canyon and shared space
- Collaboration with DART
 - Preservation of the Convention Center Station or alignment near its current location

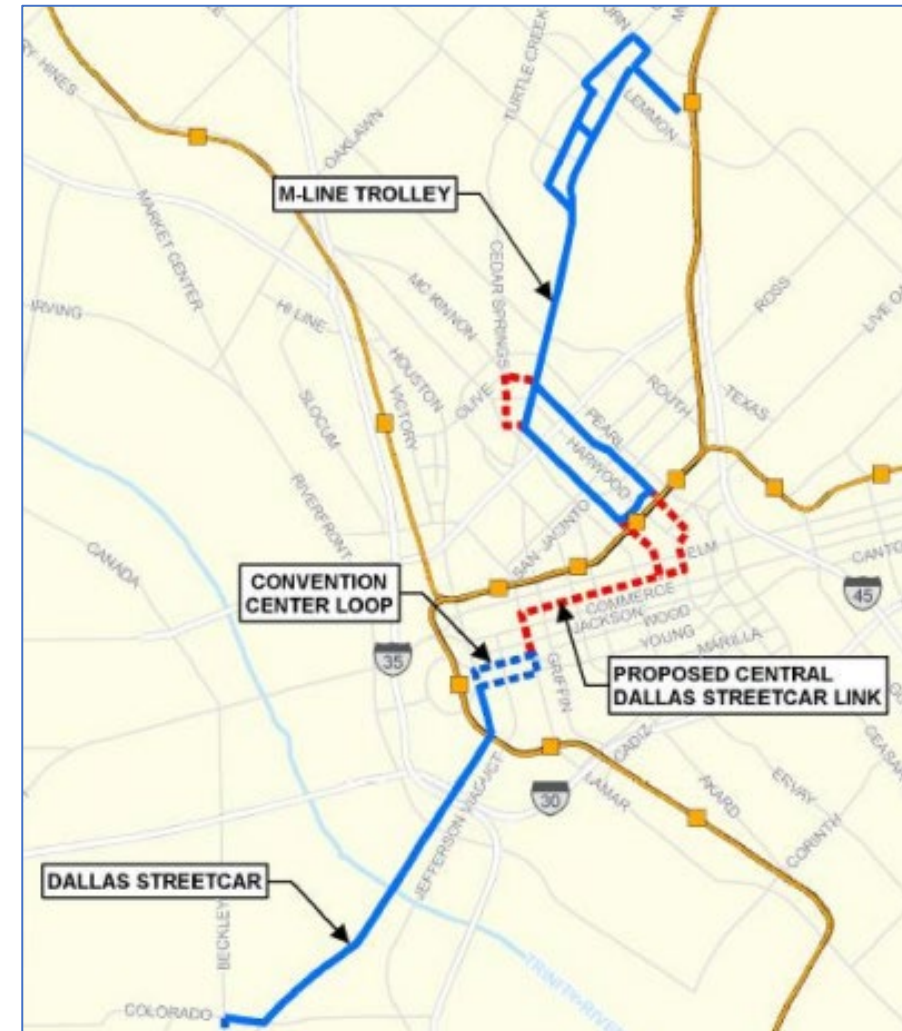




Interaction with Transportation Initiatives



- Dallas Streetcar Expansion
 - Streetcar Central Link being evaluated to connect the M-Line Trolley and Dallas Streetcar
 - Future expansions could connect other destinations



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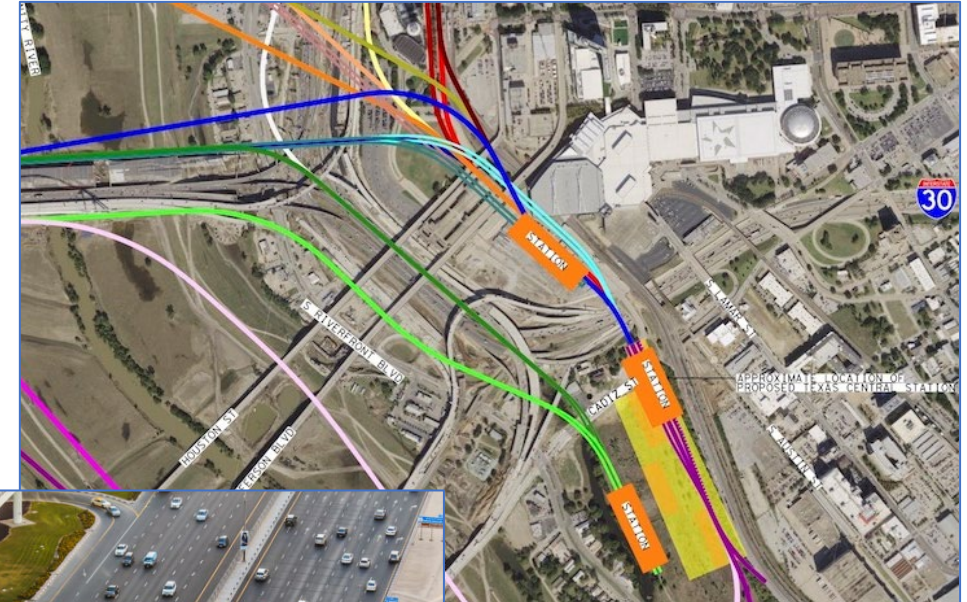
Interaction with Transportation Initiatives



- High-Speed Rail Initiatives

- Ft. Worth to Dallas
- Dallas to Houston
- HSR station south of I-30 in The Cedars
- Working with the NCTCOG on a vision for an elevated walkway/people mover over I-30 to connect:
 - KBHCCD
 - HSR Station
 - EBJ Union Station
 - Other properties and development

NCTCOG-Evaluated Alignments of the Ft. Worth to Dallas HSR in Downtown Dallas



Dubai Mall Elevated Footbridge from Burj Khalifa Metro Station



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Community and Stakeholder Engagement



Since September 13, 2023, Inspire Dallas and City of Dallas have participated in 31 meetings, engaging key stakeholders and contributing to community dialogues





Community and Stakeholder Engagement



Website Redesign and Launch of Splash Page

- Launch of Website Splash Page (February 5, 2024):
 - Stakeholders may subscribe and to receive future updates
- Future Development of the Full Website:
 - The full website will include interactive elements, real-time information, a feedback mechanism, and educational resources
 - DallasCCMasterPlan.com aims to enhance public engagement, provide comprehensive project information, and foster community involvement





Deck Park Planning

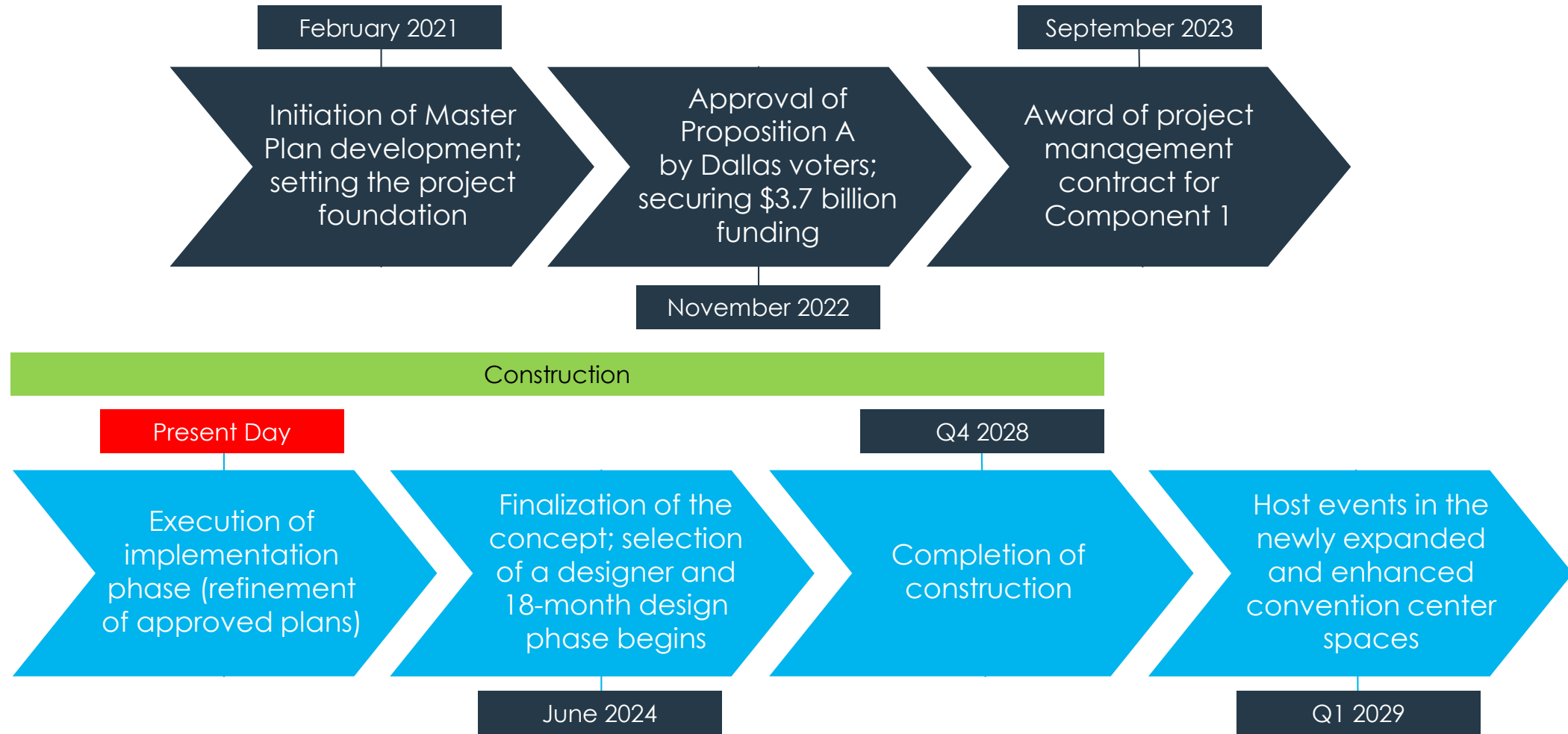


- Currently in discussions with TxDOT to plan and design the deck park
- Achieve connectivity to The Cedars and South Dallas through multi-modal transportation options, including micro-mobility
- Timelines dictated by IH-30 project and TxDOT



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Updated Proposed Timeline



Note: All dates are indicative. For planning purposes only. To be verified with further work product.



Staff Recommendations



Request that the Economic Development Committee move to advance staff recommendations to a full City Council briefing on March 6 with the goal of moving the proposed reorientation to design and pre-construction thereafter.



Next Steps



- CES and Inspire Dallas will further refine programing and facility layout concepts
- Initial cost estimates will be developed for further scope refinements to be included in design
- Business development activities will begin to connect potential opportunities with local MWBE firms for all phases of upcoming work and to advance project's equity goals including mentorship and capacity building initiatives
- Inspire Dallas will provide Project Management Plan to the City for review and approval
- RFQ for design contract will be issued including City Council direction for West of Lamar Concept, and integration of Master Plan Goals
- RFQ will be drafted for Construction Manager at Risk (CMAR) contract to be issued later in 2024





City of Dallas

Kay Bailey Hutchison Convention Center Dallas Master Plan

Convention Center Component Update

**Economic Development Committee
February 5, 2024**

Rosa Fleming, Director of Convention and Event Services

Ghassan Khankarli, Ph.D., P.E., Director of Transportation

Majed Al-Ghafry, P.E., Assistant City Manager

Robert M. Perez, Ph.D., Assistant City Manager

Michael Morris, Director of Transportation – NCTCOG

Kristian Teleki, Sr. Vice President, Development – Inspire Dallas

Craig Davis, President and CEO – Visit Dallas

Anthony Lopez, General Manager, OVG360 – KBHCCD



Appendix



Community and Stakeholder Engagement



Meeting	Q3			Q4			Q1		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
1 KBHCCD Project Kickoff Meeting									
2 KBHCCD Master Plan Transition and Early Implementation Meeting									
3 Union Station and Connectivity									
4 Inspire Dallas Information Transition									
5 DDI Board of Governors Meeting									
6 IH-30 Canyon with TxDOT									
7 KBHCCD Weekly Project Meeting									
8 FIFA meeting									
9 Vertipoint meeting									
10 KBHCCD Weekly Project Meeting									
11 Smart City Expo in Barcelona									
12 Rail District Stakeholders Meeting									
13 City of Dallas Stakeholders Meeting									
14 KBHCCD Weekly Project Meeting									
15 KBHCCD Weekly Project Meeting									
16 KBHCCD Weekly Project Meeting									
17 Federal community impact discussion									
18 City Manager Briefing									
19 Condensed External Stakeholders Meeting									
20 Meeting with TxDOT in Mesquite re: shared access agreement									
21 Regional Transportation Committee									
22 KBHCCD Weekly Project Meeting									
23 KBHCCD Weekly Project Meeting									
24 Transportation Committee									
25 Rail District Stakeholders Meeting									
26 KBHCCD Weekly Project Meeting									
27 Communications Meeting									
28 City Manager Briefing									
29 KBHCCD Weekly Project Meeting									
30 Economic Development Committee Briefing									
31 Council Meeting Update on KBHCCD									



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City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-448

Item #: C.

Development Services Monthly Technology and Metrics Review
[Andrew Espinoza, Director/Chief Building Official, Development Services]



City of Dallas

Development Services Monthly Technology and Metrics Review

**Economic Development
Committee
February 5, 2024**

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas

Presentation Overview



- Metrics
- Technology
- Hiring and Recruitment
- Program Updates
- 7800 N Stemmons
- Next Steps



Metrics



- December 2023-Residential New Single-Family permit submittals increased from **142** to **185**.
- A **30%** increase from previous month.
- **153** New Single-Family permits were issued.
- A total of **39** RSVP permits issued the SAME DAY.
- The Department issued permits within **2** days for the month of December.
- **13** New Commercial, **13** Commercial Additions, **205** Commercial Remodels, **12** Complex Commercial Q-Team projects.
- **27** Minor Commercial Q-Team permits issued SAME DAY.
- All new commercial/remodels initial reviews were performed within **13** days.



Technology



- Data cleansing on stale permits continues.
- Launch of Commercial Dashboard March 2024.
- Partnering with ITS and vendor to update proposed permit fee increases.
 - Phase I: This phase includes approximately forty (40) existing fees and is reflective of the most common and highest volume permit types-February 2024.
 - Phase II: This phase includes approximately one hundred and twenty-five (125) fees. This phase is projected to be completed by March 1, 2024.
 - Phase III: This phase includes approximately forty (40) newly proposed fees. This phase is projected to be completed by mid to late-March 2024.
- Continue hosting Lunch and Learn ProjectDox training sessions to transition to 100% online plan review submittals by March 1, 2024.



Hiring and Recruitment



Job Classifications	Vacancies
00701 - Engineer Assistant I	1
00703 - Senior Engineer	1
02520 - Project Coordinator I	2
02527 - Project Coordinator - Development	3
06206 - Sanitarian	1
16404 - Senior Plans Examiner	7
16408 - Senior Inspector - Zoning	1
16415 - Arborist	1
18012 - Senior Accounting Technician	1
18034 - Senior Departmental Budget Analyst	1
20180 - Compliance Coordinator	1
24112 - Intern - Development Services Engineering	3
28044 - Chief Planner	2
31012 - Supervisor - Development Services	7
31013 - Part-Time Flex-Inspector (Plumbing)/(HVAC)	14
31015 - Senior Plans Examiner - Building Inspection	4
31019 - Senior Inspector - Building Inspection	2
31021 - Senior Inspector - Electrical	2
31022 - Senior Inspector - Plumbing	3
31023 - Inspector III's - Building Inspection	9
31248 - Manager - Survey	1
31289 - Engineering Program Administrator	1
32405 - Administrative Specialist I/II	3
36533 - Senior Geographic Information System Support Technician	1
40021 - Records Technician I - Development Services	1
42001 - Permit Clerk	3
Total Vacancies as of 1/23/24	76



Program Updates-Engineering Q-Team



- DSD is implementing the Engineering Q-Team to help facilitate “Same Day” review and approval of engineering plans for qualifying projects.
- Review model will mimic the current Q-Team reviews where design professionals and City staff meet and review projects for compliance and identify design deficiencies to be corrected on the spot.
- Stakeholder presentation and feedback is scheduled for February 15, 2024.
- DSD intends to launch the program on March 1, 2024.



Program Updates-Self-Certification



- Qualifying projects would include:
 - Building, Fire, Mechanical, Plumbing, Electrical plan review
 - New Single-Family (duplex) projects
 - All square footage sizes
 - Minor commercial finish outs
 - Less than 3,000 square feet
 - Business and Mercantile Occupancies
 - Minor commercial remodel projects
 - Less than 5,000 square feet
 - Business and Mercantile Occupancies
- *NOTE: Zoning/Conservation/Flood plain reviews, inspections, appeals, performed by City staff*



Program Updates-2024 Code Updates



DSD operates under the International Code Council (ICC) Building and Fire Related Codes with Dallas Amendments and the NFPA National Electric Code (NEC)

- ICC Codes on a reoccurring three (3) cycle
- Department is establishing calendar Code Amendment Process
 - DSD proposed adoption date Summer 2025
- DSD will partner with Dallas Fire and Rescue on Fire Code Amendments
- DSD has participated in the North Central Texas Council of Governments NEC 2023 Code Amendment Process and is currently working on finalizing Dallas Electrical Code. The NEC is published on a reoccurring three (3) year cycle
 - Public review process is scheduled for Spring of 2024
 - DSD proposed adoption date of Summer of 2024



7800 N Stemmons



- DSD continues transition move to the “One Stop”
 - Phase II week of January 15, 2024, and teams included
 - Residential Plan Review/RSVP Team
 - Minor Commercial Plan Review/2nd QTeam
 - Budget/Procurement Teams
 - Hiring and Recruitment Teams
 - Phase III Week of February 16th, 2024
 - Permit Counter
 - Call Center
 - Zoning Consultation Team





Next Steps

- Finalize Self-Certification Program-January 2024
- Complete Phase III move to 7800 N Stemmons-February 2024
- DSD Recruitment Fair-February 2024
- Transition to online commercial permits-March 2024
- Implement Engineering Q-Team-March 2024
- Finalize permit fee adjustment in POSSE software system-April 2024





City of Dallas

Development Services Monthly Technology and Metrics Review

**Economic Development
Committee
February 5, 2024**

Andrew Espinoza, Director/Chief Building Official
Development Services
City of Dallas

Appendix A Fee Study Outreach



- Dallas Home Builders Association-August 3rd, 2023
- Development Advisory Committee-August 15th, 2023
- Economic Development Committee-September 5th, 2023 & November 6th, 2023
- Texas Real Estate Council-October 5th, 2023
- Dallas Home Builders Association-October 17th, 2023
- Development Advisory Committee, October 20th, 2023
- City Council Memo-October 27th, 2023
- Dallas Independent School District-November 1st, 2023
- Rescom Fire Contractors-November 3rd, 2023
- Economic Development Committee-November 6th, 2023
- Building Owners and Managers Association-November 9th, 2023
- Fire Contractors Association-November 13th, 2023
- Professional Engineering Community-November 16th, 2023
- Professional Surveying Community-November 16th, 2023
- National Fire Sprinkler Association-November 28th, 2023
- Dallas Home Builders Association-December 12th, 2023
- Construction Contractors Association-December 28th, 2023
- Regional Black Contractors Association-January 5th, 2024
- Texas Real Estate Council-January 8th, 2024
- American Institute of Architects, Dallas-January 9th, 2024
- Regional Hispanic Contractors Association-January 11th, 2024
- Update to Reginal Hispanic Contractors Association–January 16th, 2024
- Construction Contractors Association-January 25th, 2024
- Development Advisory Committee-February 9th, 2024
- Dallas Home Builders Association-February 13th, 2024
- ***NOTE: DSD has reextended multiple engagement opportunities to all stakeholders.***





City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-450

Item #: D.

FY 2022-2023 Tax Increment Financing (TIF) District Annual Reports
[Kevin Spath, Assistant Director, Office of Economic Development]

Memorandum



CITY OF DALLAS

DATE February 5, 2024

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, and Chad West

SUBJECT **FY 2022-2023 Tax Increment Financing (TIF) District Annual Reports**

On February 28, 2024, City Council will be asked to accept the FY 2022-2023 annual reports for the City's nineteen (19) tax increment reinvestment zones (also known as Tax Increment Financing (TIF) districts) that were active during FY 2022-2023. State law (Tax Increment Financing Act, Section 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:

- (1) TIF districts/sub-districts that *expired prior to FY 2022-2023* (State-Thomas TIF District expired at end of 2008; Cityplace Area TIF District expired at end of 2012),
- (2) TIF districts/sub-districts that were *active during a portion of FY 2022-2023 but also expired during FY 2022-2023* (Cedars TIF District expired at end of 2022; City Center Sub-district of the City Center TIF District expired at end of 2022), and
- (3) TIF districts/sub-districts that were *active during FY 2022-2023 and are scheduled to expire in the future*.

Growth in real property values compared to the base year of all TIF districts (expired and active) was strong. Overall taxable real property value in TIF districts increased 11.5% (\$2,812,585,268) from last year comparable to a 10% increase for the City as a whole. TIF districts with the largest percentage increases over last year include University (29.8%); Cypress Waters (26.2%); Mall Area Redevelopment (20.6%); and Oak Cliff Gateway (17.3%).

Since the inception of each TIF district through 2023, the aggregated real property value growth in the TIF districts is 630.3%. For the TIF districts created between 1988 and 1998, overall value has grown 687.8%. For TIF districts created after 2005, overall value has grown 607.3%. Among those TIF districts created after 2005 with the greatest real property value growth since inception are Cypress Waters (1,596,189.6%); Downtown Connection (1,126.6%); and Fort Worth Avenue (878.1%).

Since the inception of each TIF district through 2023, total TIF expenditures or allocations of \$1.44 billion have leveraged over \$26.4 billion in added or anticipated real property

value in TIF districts. Each TIF dollar committed leverages \$18.4 in capital investment (not including increased sales tax, hotel/motel taxes and business personal property taxes) and also results in increased taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). Based on 2023 certified values, staff estimates that nearly \$238 million in additional taxes will be paid in 2024 to DISD due to increased property values in Dallas TIF districts.

TIF District	Initial (Base) Taxable Value	2022 Final Taxable Value	2023 Certified Taxable Value	2022 vs 2023 (% Change)	Initial vs 2023 (% Change)
TIF Districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$820,759,126	\$906,747,283	10.5%	1808.7%
Cityplace Area ¹	\$45,065,342	\$1,509,523,317	\$1,621,925,395	7.4%	3499.1%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$276,610,939	\$1,254,879,962	\$1,472,479,873	17.3%	432.3%
Cedars ¹	\$35,300,760	\$338,481,483	\$377,040,898	11.4%	968.1%
City Center (<i>all sub-districts</i>) ²	\$674,751,494	\$1,928,207,204	\$2,077,264,541	7.7%	207.9%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$566,353,877	\$643,672,696	13.7%	1702.3%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$1,996,809,714	\$2,186,136,199	9.5%	3330.3%
Subtotal	\$1,178,679,797	\$8,415,014,683	\$9,285,266,885	10.3%	687.8%
TIF Districts created after 2005					
Design District (<i>all subdistricts</i>)	\$281,873,753	\$1,150,168,084	\$1,327,863,801	15.4%	371.1%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$627,797,510	\$654,184,310	4.2%	297.0%
Southwestern Medical (<i>all subdistricts</i>)	\$67,411,054	\$378,169,237	\$418,087,964	10.6%	520.2%
Downtown Connection (<i>Zone A-B</i>)	\$587,187,867	\$6,522,467,407	\$7,202,310,948	10.4%	1126.6%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$1,296,360,369	\$1,420,880,416	9.6%	651.1%
Grand Park South (<i>Zone A-B</i>)	\$79,064,576	\$147,263,416	\$166,967,845	13.4%	111.2%
Skillman Corridor	\$335,957,311	\$1,274,552,434	\$1,478,872,021	16.0%	340.2%
Fort Worth Avenue	\$86,133,447	\$780,337,546	\$842,482,994	8.0%	878.1%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$502,026,303	\$552,813,766	10.1%	301.1%
TOD (<i>all subdistricts</i>)	\$201,998,111	\$800,716,543	\$847,288,913	5.8%	319.5%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$881,761,273	\$984,377,888	11.6%	435.0%
Cypress Waters	\$71,317	\$902,094,577	\$1,138,425,870	26.2%	1596189.6%
Mall Area Redevelopment (<i>all subdistricts</i>)	\$176,287,080	\$335,399,640	\$404,452,430	20.6%	129.4%
University (<i>all subdistricts</i>)	\$49,774,442	\$343,363,566	\$445,801,805	29.8%	795.6%
Subtotal	\$2,541,540,267	\$15,942,477,905	\$17,884,810,971	12.2%	603.7%
Total All TIF Districts	\$3,720,220,064	\$24,357,492,588	\$27,170,077,856	11.5%	630.3%

Notes: (1) State-Thomas, Cityplace Area, and Cedars TIF districts have expired and are no longer officially reporting.
(2) The City Center Sub-district (expired in 2022) of the City Center TIF District; however, the Lamar Corridor/West End Sub-district is still active.
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 investments in those TIF districts, there is 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 2023 (fiscal year 2023-2024) 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
2023 Total Increment ¹	\$45,431,827	\$91,405,254	\$136,837,081
2023 (City) Increment ²	\$45,191,653	\$79,095,241	\$124,286,893
2023 new City General Fund ³	\$13,794,096	\$34,439,614	\$48,233,710

¹ Total increment is estimated TIF district collections for all participating taxing jurisdictions.

² City Increment is the estimated City contribution to the TIF district 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 expired districts or sub-districts)

TIF districts have also been catalysts for improving the real estate market in areas that were lagging, thereby drawing new residents into the City's core and near DART station areas and creating new mixed-use neighborhoods. As of FY 2022-2023, approximately 50,767 new residential units have been completed in the City's twenty-one (21) TIF districts (including expired TIF districts and sub-districts). An additional 3,953 units are under construction, and another 4,201 units are planned. Over 21 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 960,000 square feet of commercial space is under construction, and another 1.5 million square feet of space is planned. New hotel construction includes 7,128 completed rooms. An additional 659 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 all residential units (completed, under construction, and planned), 44% of all commercial space (completed, under construction, and planned), and 73% of all hotel rooms (completed, under construction, and planned).

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	9,698	41,069	50,767
Under Construction	583	3,370	3,953
Planned	1,168	3,033	4,201
Residential Total	11,449	47,472	58,921
Commercial (retail, office, other com.) Square Footage			
Completed	9,801,633	11,714,980	21,516,613
Under Construction	0	960,770	960,770
Planned	718,831	815,421	1,534,252
Commercial Total	10,520,464	13,491,171	24,011,635
Hotel Rooms			
Completed	5,477	1,651	7,128
Under Construction	0	0	0
Planned	245	414	659
Hotel Total	5,722	2,065	7,787

Construction activity in TIF districts is on-going. In FY 2022-2023, City Council authorized three (3) TIF district-funded development agreements shown below. The projects are anticipated to have a value or investment of over \$87 million at completion.

Project	TIF District	Description	Value^	TIF District Investment
Agreement with the Dallas County Heritage Society (Old City Park)	Cedars	Restoration of the Blum House and the Rall House	\$1,200,000	\$650,000
Cabana Design District: mixed-income, multi-family development	Design District	160 resid. units (40% or 64 affordable units)	\$83,000,000	\$41,000,000
Legacy of Hope DFW	Grand Park South	15,153 sf medical office	\$3,600,000	\$2,308,210

^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

In addition, City Council approved seven (7) items authorizing TIF district funds totaling over \$19 million for direct investments in the following public projects:

- Akard Street Sidewalk Improvement Project (Cedars TIF District): \$500,000
- Akard Street Traffic Signal Improvement Project (Cedars TIF District): \$2,000,000
- I-30 Canyon Redesign Betterments Project (Cedars TIF District): \$8,400,000
- Harwood Park (City Center TIF District): \$2,600,000
- Signalization upgrades and pedestrian improvements at the intersection of Fort Worth Avenue and Bahama Drive as part of The Collective Sustainable Development Infrastructure Project (Fort Worth Avenue TIF District): \$327,500
- Design and construction of new City park and multi-purpose facility at the northwest corner of Forest Lane and Audelia Road (Forest/Audelia Project) (Skillman Corridor TIF District): \$5,551,590
- Rosemont Safe Routes to School Project supplemental design/engineering costs (Davis Garden TIF District): \$50,500

TIF District Plan Amendments

During FY 2022-2023, City Council approved amendments of the Project Plan and Reinvestment Zone Financing Plan (Plan) for three (3) TIF districts:

- In November 2022, the Plan for the Oak Cliff Gateway TIF District was amended to add approximately 244 acres, including expanding the Bishop/Jefferson Sub-District and creating a new Clarendon/Beckley/Kiest Sub-District along with modifications to the budget.
- In June 2023, the Plan for the Oak Cliff Gateway TIF District was amended to add approximately 7 acres to the Bishop/Jefferson Sub-District and 11 acres to the Clarendon/Beckley/Kiest Sub-District.
- In March 2023, the Plan for the Skillman Corridor TIF District was amended to add approximately 34 acres along Audelia Road from LBJ Freeway (IH-635) to Forest Lane.
- In June 2023, the Plan for the City Center TIF District was amended to acknowledge the scheduled termination of the City Center sub-district on December 31, 2022 and make related modifications.

Expired TIF Districts

TIF districts are long-term economic development 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 (expired in 2008) and Cityplace Area TIF District (expired 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 2023 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$859 million (1,809%), and the property value growth in the Cityplace Area TIF District has exceeded \$1.5 billion (3,499%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$17.9 million to the City's general fund for tax year 2023.

Infrastructure Investment Fund

Pursuant to the City of Dallas Economic Development Incentive Policy, adopted by City Council Resolution No. 23-0220 on January 23, 2023, the Infrastructure Investment Fund (IIF) was created. The goal of the IIF is to use funds to make targeted investments in infrastructure that further a specific area plan and/or to work with private partners to realize private investment and drive new economic activity in historically underserved areas. The IIF, administered by Office of Economic Development, is capitalized by ongoing collection of windfall funds from expiring TIF districts or sub-districts. For a period of ten (10) years after a TIF district or sub-district expires, the value of the total annual increment contributed by the City in the TIF district's or sub-district's last year is to be earmarked within the General Fund into the IIF. For the initial year of the IIF, \$5,987,811 was approved by City Council in the FY 2023-2024 General Fund budget to be transferred in late Spring 2024 to the IIF (from the expired Cedars TIF District and the expired City Center Sub-district of the City Center TIF District).

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
- 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 2023 through January 2024, the Board of Directors for sixteen (16) of the active TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Board of Directors of the Southwestern Medical TIF District and the Board of Directors of the University TIF District do not currently have the minimum five (5) appointed members to convene a meeting; therefore, the annual reports for the Southwestern Medical TIF District and the University TIF District are being forwarded to City Council without a Board recommendation. In addition, the Cedars TIF District expired at the end of 2022 but will have a final annual report for this past fiscal year (FY 2022-2023). 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 (214) 670-1691.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

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



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-451

Item #: E.

Deep Ellum TIF District: Proposed Plan Amendment
[Kevin Spath, Assistant Director, Office of Economic Development]



City of Dallas

Deep Ellum TIF District

Proposed Plan Amendment

Economic Development Committee
February 5, 2024

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

Overview



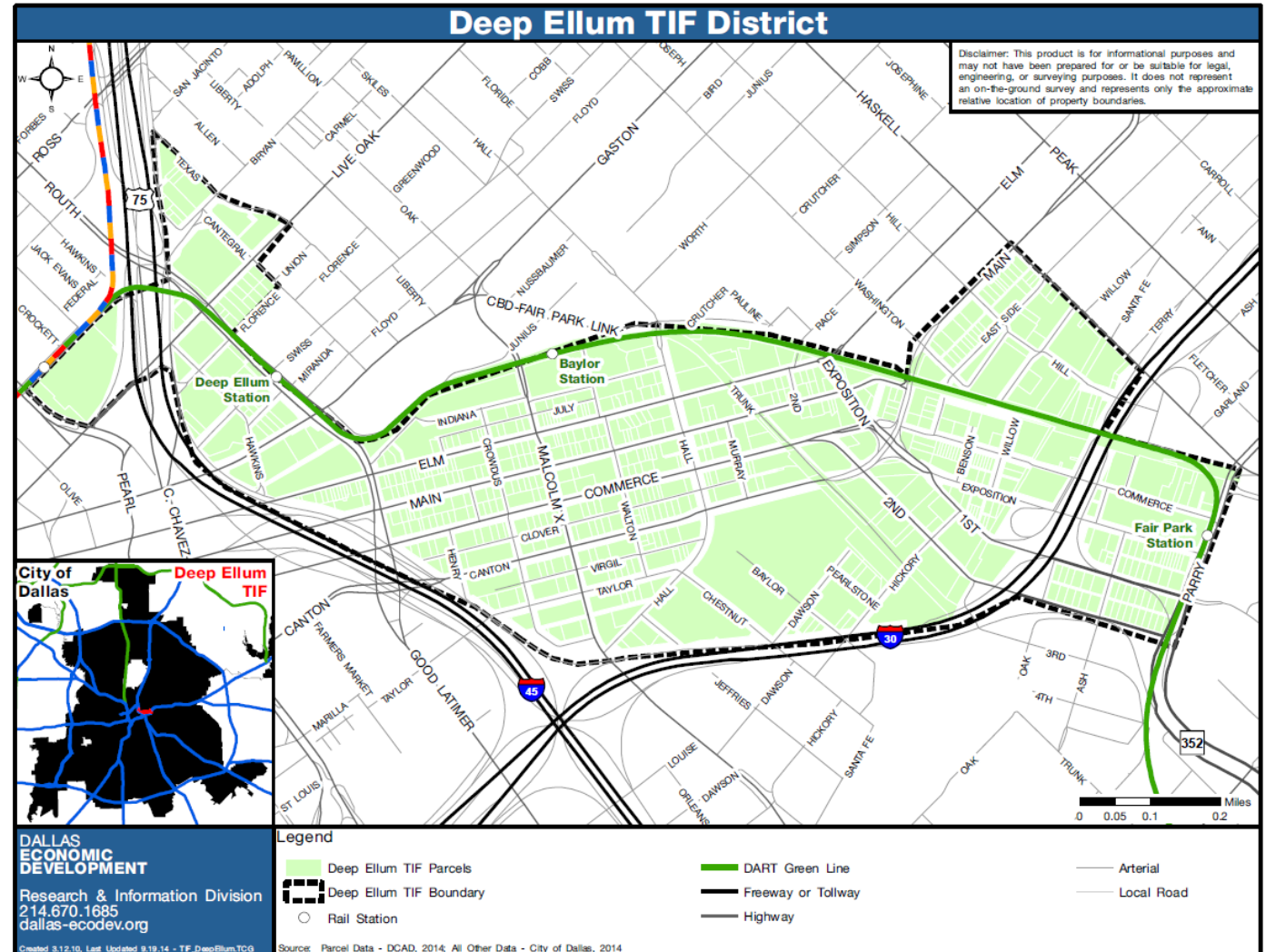
- Background
- Proposed Plan Amendment
- Staff Recommendation
- Next Steps
- Appendix



Background: Deep Ellum TIF District



- Deep Ellum TIF District established in 2005
- Scheduled to terminate December 31, 2027
- 252 acres
- Current jurisdiction participation
 - City: 85%
 - County: 55% (reached contribution cap in 2021)



Background: Deep Ellum TIF District



- 2023 DCAD taxable value is \$1.42 billion, an increase of 651% from the 2014 adjusted base year taxable value of \$189.2 million, accounting for **\$1.23 billion in captured value**
- The current Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan (“Plan”) anticipates \$30 million Net Present Value (NPV) in increment and a budget to match that amount of collections (current budget shown in Appendix A)
 - To date, \$19.32 million NPV has been collected (64% of the current budget cap)
 - The Deep Ellum TIF District has experienced strong property value growth (average growth between 2017 and 2023 was 21%) which will lead to reaching the budget cap early
 - It is anticipated that the budget cap will be reached by 2025
- In contrast, the abutting Grand Park South TIF District, which was also created in 2005, has experienced only **\$87 million in captured value** and is unlikely to reach its TIF Plan budget cap within the existing term (December 31, 2035 scheduled termination)



Background: Deep Ellum TIF District



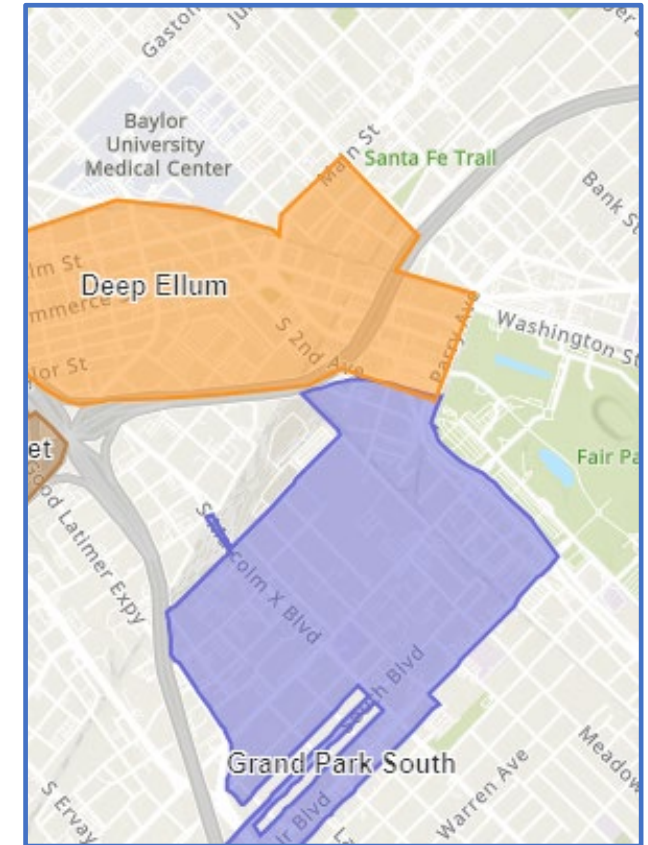
- Six TIF District funded projects, totaling \$14.56 million in TIF District funding, have been completed to-date
 - These six projects have produced 451,554 square feet of office space, 54,235 square feet of commercial/retail space and no residential units
- TIF District has also allocated \$35,498 in District-Wide funds as part of the Bark Park Central and Central Core Connector (2012 bike initiative)
- Stakeholders within Deep Ellum and adjacent neighborhood to the south desire to implement the Plans of the Deep Ellum and Grand Park South TIF Districts and to ensure that infrastructure needs and concerns about housing affordability, as well as housing displacement in the neighborhoods around Fair Park, are addressed



Proposed Plan Amendment: Increase Budget



- **Increase the budget from \$30 million NPV to \$46.4 million NPV**
 - The proposed Plan Amendment is intended to increase the budget capacity of the Deep Ellum TIF District while **keeping the December 31, 2027 termination date unchanged**
 - It is anticipated that projects within the Deep Ellum TIF District and surrounding neighborhood, particularly the Grand Park South area, will benefit by additional funding support
- **Proposed Plan Amendment provides funding capacity to:**
 - Fund **close-out projects** including implementing cultural identification initiatives within the Deep Ellum TIF District
 - Fund **homeowner stabilization and implement mixed-income housing** in and surrounding the Deep Ellum TIF District
 - Fund **areas of public assembly (ie. parks/open space)** in and out of the Deep Ellum TIF District
 - **Assist neighborhoods adjacent to the south**, improving infrastructure and reconnecting neighborhoods



Proposed Plan Amendment: Use of Funds



- The goals can be accomplished by utilizing Deep Ellum TIF District increment generated between 2023 collections and termination (2027) as follows:
 - 1. Retaining 60% of Deep Ellum TIF District's annual increment and adjusting budget categories for Deep Ellum TIF District projects/initiatives**
 - A. New mixed-income housing projects in and around the Deep Ellum TIF District
 - B. Redirect funds initially intended for public parking to serve the Latino Cultural Center to be redefined for use towards District-Wide Improvements including cultural areas or facilities (potentially for Latino Cultural Center and Cultural Trail)
 - C. Redirect increment to provide additional funding for Deep Ellum district-wide improvements
 - 2. Transferring 20% of Deep Ellum TIF District's annual increment to the City's Department of Housing and Neighborhood Revitalization to support programs addressing homeowner stabilization, home repair, and displacement mitigation as well as possible mixed-income housing development intended for use in the Grand Park South area**
 - 3. Set Aside 20% of Deep Ellum TIF District's annual increment to support Grand Park South area infrastructure improvements and public assembly (ie. parks/open space) initiatives**



Proposed Plan Amendment: Use of Funds to Support Grand Park South Area Infrastructure Improvements and Public Assembly



- Public or private entities could initiate consideration of (i.e. submit application for) Deep Ellum TIF District funding for potential infrastructure or public assembly projects that support the Grand Park South area
- Once vetted by Office of Economic Development Staff, it is anticipated that the two TIF District Board of Directors would meet jointly to be briefed on possible deployment of TIF District funds, and the Deep Ellum TIF District Board of Directors would take action (be the voting body) to recommend funding and forward a recommendation to City Council, guided by Grand Park South TIF District Board Member input



Proposed Plan Amendment: TIF District Budget



<u>Budget Category (2023 Amendment)</u>	TIF Budget, beginning 2023 (NPV)	ESTIMATED TOTAL BUDGET (IN CURRENT \$)	ALLOCATED (AS OF 2023)	ESTIMATED REMAINDER BUDGET
Water, Wastewater, Storm & Off-site Utility Replacement	\$1,500,000	\$3,022,718	\$1,813,183	\$1,209,535
Paving, Streetscape & Lighting	\$3,000,000	\$6,045,436	\$2,309,759	\$3,735,677
District-Wide Improvements (Open Space, Trails & Areas of Public Assembly including Cultural Area or Facility Improvements); Public Parking	\$15,000,000	\$30,227,179	\$122,998	\$30,104,181
Façade Restoration/Environmental Remediation & Demolition	\$5,500,000	\$11,083,299	\$10,167,824	\$915,475
Affordable Housing	\$5,763,952	\$11,615,202	\$0	\$11,615,202
Transfer to Housing Department for Affordable Housing, including Homeowner Stabilization, Home Repair and Displacement Mitigation for Grand Park South area	\$6,672,064	\$13,445,178	\$0	\$13,445,178
Set Aside for Infrastructure Improvements and Areas of Public Assembly in Grand Park South area	\$6,672,064	\$13,445,178	\$0	\$13,445,178
Administration and Implementation	\$2,300,000	\$4,634,834	\$717,686	\$3,917,148
Total Project Costs	\$46,408,080	\$93,519,023	\$15,131,450	\$78,387,573

See Appendix A for existing/current budget



Proposed Plan Amendment: Benefits



Assuming Deep Ellum TIF District values continue to grow at the historic average rate of approximately 20% per year, the proposed Plan Amendment is projected to:

- A. Provide \$66.6 million in budget capacity (current dollars) (\$15.1 million spent; \$11.2 million cash on hand through 2022 + \$40.3 million future increment including 2023 collections) for Deep Ellum close-out projects (Appendix B)*
- B. Provide \$26.9 million of increment for housing stabilization, infrastructure, and areas of public assembly, as allowed by state law, in the Grand Park South area*

Year of TIF District	Tax Year	Property Value Estimate	Anticipated Captured Value	TIF Increment	TRANSFER TO HOUSING (GPS Stabiliz & Mitig) 20%	SET ASIDE FOR INFRASTR AND PUBLIC ASSEMBLY IN GPS Area (20%)	RETAIN IN DE TIF DISTRICT 60%
17	2022	\$1,296,360,369	\$1,107,197,756	\$7,018,859	\$1,403,772	\$1,403,772	\$4,211,315
18	2023	\$1,420,880,416	\$1,231,717,803	\$7,702,486	\$1,540,497	\$1,540,497	\$4,621,491
19	2024	\$1,705,056,499	\$1,515,893,886	\$9,479,567	\$1,895,913	\$1,895,913	\$5,687,740
20	2025	\$2,046,067,799	\$1,856,905,186	\$11,612,064	\$2,322,413	\$2,322,413	\$6,967,238
21	2026	\$2,455,281,359	\$2,266,118,746	\$14,171,060	\$2,834,212	\$2,834,212	\$8,502,636
22	2027	\$2,946,337,631	\$2,757,175,018	\$17,241,856	\$3,448,371	\$3,448,371	\$10,345,114
				TOTALS:	\$13,445,178	\$13,445,178	\$40,335,535

* Limitation to Transfers/Dedication of Funds outside Deep Ellum TIF District: In any given year, if Deep Ellum TIF District real property value does not increase more than 5.0% from the previous year, only 20% (total; 10% each) will be transferred/dedicated rather than 40%. Once the Deep Ellum TIF District has accrued \$29.3 million (total dollars) in increment beginning with 2022 real property values (2023 increment), then this limitation will be removed



Staff Recommendation: Deep Ellum TIF District Plan



Amend the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan to increase the budget (capacity) from \$30 million NPV to \$46.4 million NPV to utilize as follows:

1. Retain 60% of Deep Ellum TIF District's annual increment and adjust budget categories for Deep Ellum TIF District projects/initiatives
2. Transfer 20% of Deep Ellum TIF District's annual increment to the City's Department of Housing and Neighborhood Revitalization to support programs addressing homeowner stabilization, home repair, and displacement mitigation as well as possible mixed-income housing development intended for use in the Grand Park South area
3. Set Aside 20% of Deep Ellum TIF District's annual increment to support Grand Park South area infrastructure improvements and public assembly (ie. parks/open space) initiatives



TIF District Board Action and Next Steps



December 5, 2023: Deep Ellum TIF District Board of Directors reviewed and unanimously approved the amendments to the Project Plan and Reinvestment Zone Financing Plan

February 14, 2024: City Council to authorize a public hearing to be held on February 28, 2024 to receive comments on the proposed amendments to the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan

February 28, 2024: City Council to hold a public hearing to receive public comments, and at the close of the public hearing, consider approval of an ordinance to amend the Deep Ellum TIF District Project Plan and Reinvestment Zone Financing Plan



Deep Ellum TIF District Project Plan Budget	
Category	TIF Budget*
Water, Wastewater, Storm & Off-site Utility Replacement	\$1,247,748
Paving Streetscape & Lighting	\$14,507,977
Open Space & Trails	\$1,410,498
Façade Restoration/Environmental Remediation & Demolition	\$5,526,712
Latino Cultural Center Area Improvements	\$5,000,000
Administration and Implementation	\$2,300,000
Total Project Costs (excluding interest)	\$29,992,935
<p>* As approved in the Project Plan and Reinvestment Zone Financing Plan as amended September 10, 2014. Note: TIF Board may amend Project Plan budget with City Council approval.</p>	

Appendix B



Anticipated list of desired Deep Ellum close-out projects

Project	Amount	Status
Canton Bike Lane Connecting Sante Fe & Downtown	\$ 3,000,000	Proposed
I-345 Deck Contribution	\$ 10,000,000	Initial Planning w/ TXDOT & NCTCOG
I-30 Deck Contribution	\$ 10,000,000	Initial Planning w/ TXDOT & NCTCOG
Crowdus Pedestrian Plaza	\$ 1,000,000	Desgined & Needs Construction Funds
Potential Mixed-Income Housing Projects	\$ 10,000,000	Awaiting Applications
Dallas Cultural Trail & District ID Signs Construction	\$ 5,000,000	Initial Planning w/ Neighboring Areas
Dallas Cultural Trail & District ID Signs Design	\$ 200,000	Initial Planning w/ Neighboring Areas
Total	\$ 39,200,000	

Note: Excludes additional private development/redevelopment projects, administrative costs, and other unforeseen projects/initiatives that meet the TIF District's goals and objectives





City of Dallas

Deep Ellum TIF District

Proposed Plan Amendment

Economic Development Committee
February 5, 2024

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-452

Item #: F.

Lancaster-Corning Retail Development Project, currently addressed as 3011 -
3039 South Lancaster Road, in the TOD TIF District
[Kevin Spath, Assistant Director, Office of Economic Development]



City of Dallas

Lancaster-Corning Retail Development Project

in the Lancaster Corridor Sub-District of the TOD TIF District

**Economic Development Committee
February 5, 2024**

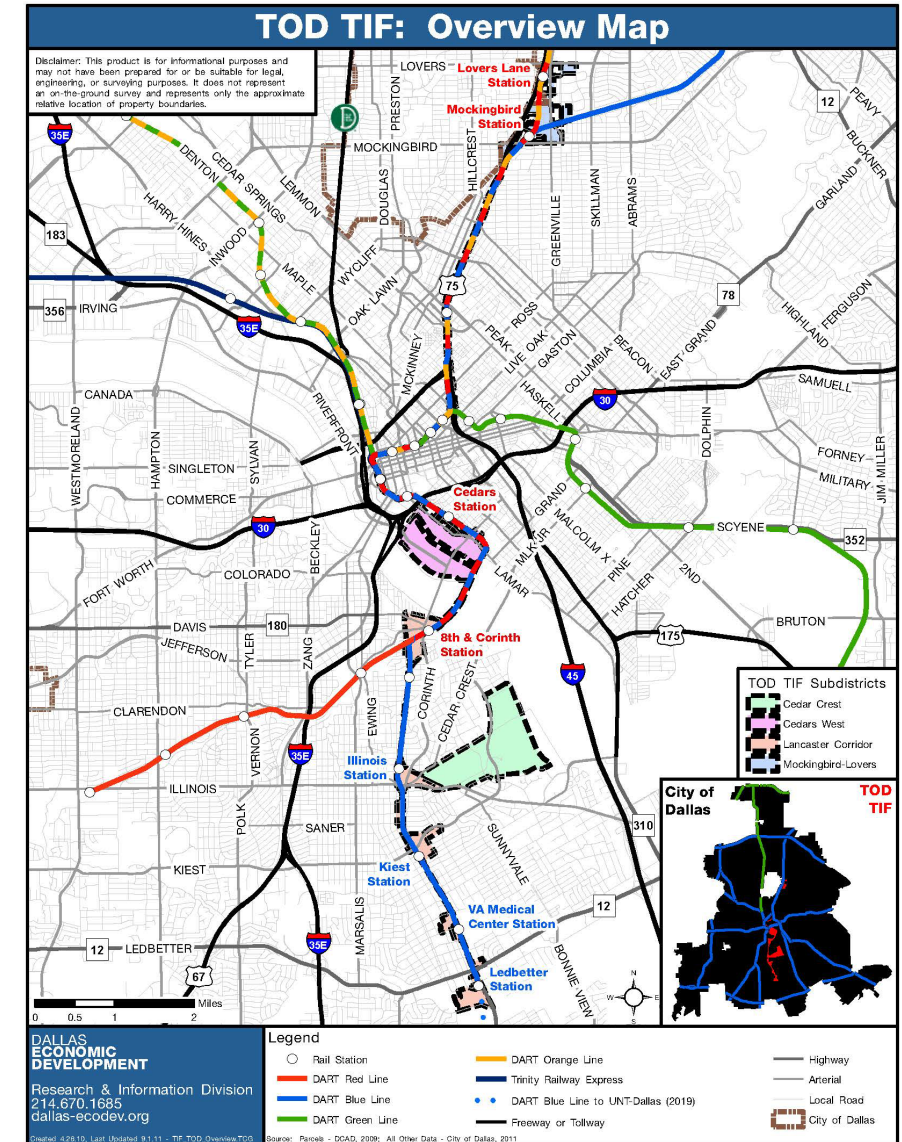
Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development

- Background
- Proposed Project
- Staff Recommendation
- TOD TIF District Board Recommendation and Next Step
- Appendix



Background: TOD TIF District

- Established December 10, 2008 to encourage dense and pedestrian-friendly transit-oriented development (TOD) around DART stations in the central portion of the City, help create a series of unique destinations, and foster the construction of facilities beneficial to the DART light rail system.
- 4 Sub-Districts:
 - Mockingbird/Lovers Lane
 - Cedars West
 - Lancaster Corridor (includes the 8th & Corinth, Illinois, Kiest, VA Medical Center, and Ledbetter DART station areas)
 - Cedar Crest
- City's first "barbell" TIF district structure, providing a mechanism to allow for increment sharing to enhance funding for more distressed areas to jump start catalyst projects such as Lancaster Urban Village (**40% of the increment generated by the Mockingbird/Lovers Lane Sub-District and 10% of the increment generated by the Cedars West Sub-District is annually transferred to the Lancaster Corridor Sub-District**)



Background: TOD TIF District



- Linking light rail station areas facilitates tax increment sharing to help stimulate Lancaster Corridor development by providing additional project subsidies to the Lancaster Corridor from a portion of increment transferred from the Mockingbird/Lovers and Cedars West Sub-Districts.

**TIF Project & Financing Plan - Estimated Increment Generation & Allocation
by Sub-District during 30-year term**

Sub-District	Property Value Estimate - New Development	Increment Generated (NPV)	Estimated TIF Budget Allocation (NPV 2009 dollars)
Lancaster Corridor	\$171,203,800	\$13,197,448	\$49,781,005
Cedar Crest	\$325,976,685	\$25,834,552	\$25,326,728
Mockingbird - Lovers	\$839,888,351	\$76,557,143	\$30,020,910
Cedars West	\$1,094,082,000	\$69,588,554	\$54,576,532
Affordable Housing (all sub-districts)	---	---	\$21,832,521
Administration	---	---	\$3,640,000
Total		\$185,177,697	\$185,177,697



Background: Property History



- Property (approximately 1.5 acres) is City-owned vacant land (former home of Lancaster-Kiest Branch Library) currently addressed as 3011 – 3039 South Lancaster Road. Existing zoning: CR (Community Retail).
- In 2021, the Property was included in the City's (Housing Department) 1,000 Unit Housing Challenge RFP (Phase 1) but did not receive any proposals.
- On May 26, 2022, the City (Office of Economic Development) issued an RFP (City Solicitation BVZ22-00019439) for commercial development of the Property.
- In the RFP, City sought commercial development proposals that could achieve the following objectives:
 - Applies an urban design approach that complements the scale and character of the surrounding area, while respecting the existing context, features, assets, and elements
 - Aligns with the City's (a) conceptual site plan for the site and (b) plans, policies, and goals including those established by the ForwardDallas Comprehensive Plan, the Lancaster Corridor Station Area Plan, the TOD TIF District Project Plan, and Urban Design Guidelines for Projects Located in City of Dallas TIF Districts
 - Leverages the City's financial investment for development of the Property in a public-private partnership while respecting the vitality and quality of the surrounding neighborhood with priority given to projects that include sit-down restaurant uses, and/or include a retail use (e.g., bank) that is underrepresented in the neighborhood surrounding the Property



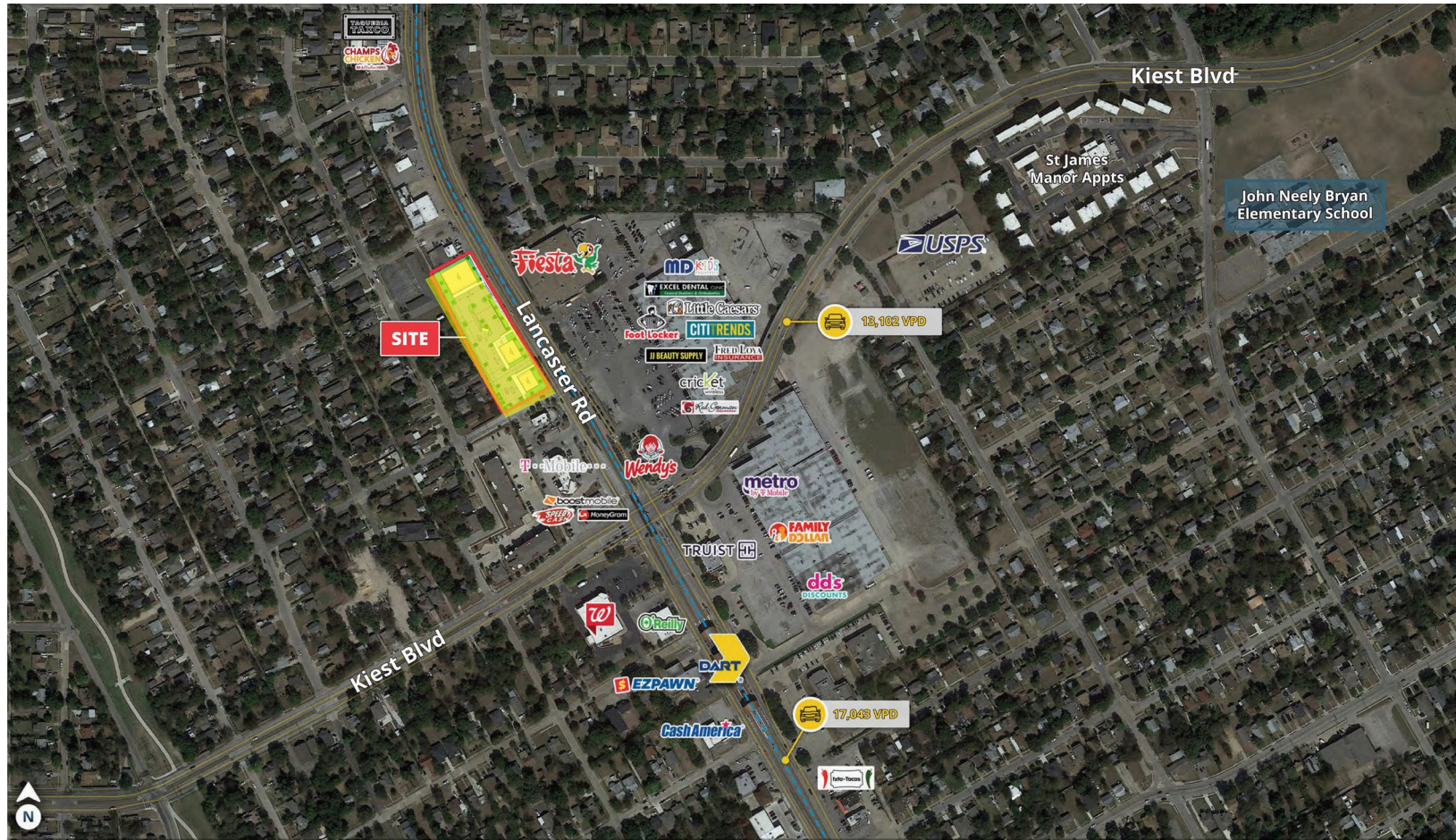
Background: Property History



- On July 8, 2022, the RFP closed with the City having received three proposals.
- On October 26, 2022, by Resolution No. 22-1638, City Council authorized selection of UCR Development Services LLC (Developer), proposer of the most advantageous proposal of three.
- Also on October 26, 2022, by Resolution No. 22-1639, City Council authorized execution of a right-of-entry agreement and negotiation of a development agreement with Developer incorporating the selected conceptual proposal and including the sale of the Property for a price no less than fair market value (sale proceeds to be deposited in General Fund).



Background: Location of Project



Project is located at the northwest corner of South Lancaster Road and Corning Avenue (yellow highlighted area above) in City Council District 4 in the Lancaster Corridor Sub-District of the TOD TIF District



Proposed Project: Summary



Project Developer: UCR Development Services LLC (“Developer”) a Texas limited liability company and/or its affiliates or assigns will directly or indirectly control the Project.

Project Summary

- Developer’s acquisition of the Property from the City at the “as is” fair market value
- Developer’s new ground-up construction of three free-standing retail/restaurant buildings totaling approximately 11,640 gross square feet, including:
 - Building A: approximately 3,000 gross square foot 1-story single-tenant building with drive-through (build-to-suit for Frost Bank)
 - Building B: approximately 6,361 gross square foot 1-story multi-tenant building
 - Building C: approximately 2,279 gross square foot 1-story single-tenant building with drive-through
- Developer’s construction of site improvements including grading, paving, utilities, parking improvements (including approximately 69 parking spaces), irrigation, landscaping, hardscaping, lighting, and perimeter streetscape improvements
- Total Project cost: estimated \$5,548,754
 - Property acquisition approximately \$259,407
 - Hard costs approximately \$3,985,527
 - Soft costs approximately \$1,303,820



Proposed Project: Conceptual Site Plan



Proposed Project: Conceptual Elevations



Building A



Building A



Building B



Building B

Elevations – Front View
3011-3039 S Lancaster Rd
Dallas, TX

Elevations – Street View
3011-3039 S Lancaster Rd
Dallas, TX

GSD ARCHITECTS
UCR
DEVELOPMENT



Proposed Project: Urban Design



- In August 2023, the City's Urban Design Peer Review Panel ("UDPRP") reviewed the Project and applauded the Developer's efforts to bring meaningful community retail development to this location.
- UDPRP recommendations:
 - Exploration of the potential for a City reduction in required parking and using the platting and easement process to gain buildable square footage.
 - Further design thought given to the parking lot and consideration of possibly eliminating south driveway on Lancaster Road.
 - Improved building placement (closer to the street) along Lancaster Road and parking configuration that enhances the pedestrian experience.
 - Updated site/landscape plan to bring activity to Lancaster Road and capitalize on proximity to DART bus and rail and the Cedar Crest Trail nearby.
- **As a result, Developer provided a written response in December 2023 and will continue to collaborate with OED and PUD staff to accommodate the UDPRP recommendations to the maximum extent practicable.**



Proposed Project: Budget



USES	AMOUNT	PERCENT	INVESTMENT EXPENDITURE (Eligible towards minimum investment requirement)
Acquisition	\$259,407	4%	\$259,407
On-Site Improvements	\$950,472	17%	\$950,472
Off-Site Improvements	\$307,987	6%	\$307,987
Building (Hard) Construction Costs	\$2,368,399	43%	\$2,368,399
Contingency (9%)	\$477,198	9%	
Professional Fees	\$276,406	5%	\$276,406
Construction Finance	\$276,861	5%	
Permanent Finance	\$0	0	
Soft Costs	\$392,893	7%	
Reserves	\$0	0	
Developer Fee	\$239,132	4%	
Total Uses	\$5,548,755	100%	\$4,162,671



Proposed Project: Sources



Sources	Amount	Percent
Bank Loan	\$3,159,049	57%
Investor Equity	\$611,705	11%
TIF Subsidy	\$1,778,000	32%
Total Sources	\$5,548,754	100%



Staff Recommendation: TIF Funding



- On January 16, 2024, staff executed a Letter of Intent for a development agreement with Developer which includes a recommended TIF Subsidy in a total amount not to exceed **\$1,778,000 as gap financing** to support the Project. The TIF Subsidy shall be payable upon completion of the Project and upon Developer’s satisfaction of all terms and conditions in the development agreement.
- The budget shown below outlines the anticipated TIF Subsidy in accordance with the established budget in the TOD TIF District Project Plan and Reinvestment Zone Financing Plan.

Category	Amount
Public Infrastructure Improvements	\$337,987
Grant	\$1,440,013
TOTAL TIF SUBSIDY – amount not to exceed	\$1,778,000

Note: The TIF Subsidy sourced from the TOD TIF District Fund could be less if final (actual documented) costs for the public improvements are less or if adequate tax increment does not accrue to the TIF District Fund.

Funds may be shifted from one category to another as long as the total amount of TIF Subsidy does not exceed \$1,778,000; however, the Grant component shall be limited to \$1,500,000. No interest shall accrue on any portion of the TIF Subsidy.



Staff Recommendation: Conditions



- Minimum Investment Requirement. Developer shall incur (or cause to be incurred) and provide documentation evidencing a **minimum of \$4,000,000 in eligible Investment Expenditures** in the Project, including site acquisition, environmental remediation, demolition, off-site infrastructure, sitework, building construction/finish-out, and professional fees (e.g. architecture, engineering, landscape architecture, interior design, surveying, environmental remediation).
- Minimum Project Requirements. Project shall include Developer's **acquisition of the Property and development of a minimum of 11,000 gross square feet of retail/restaurant space.**
- Property Acquisition Deadline. Developer shall **close on the acquisition of Property at the “as is” fair market value by June 30, 2024.**
- Building Permit Deadline. Developer shall **replat the Property** pursuant to all city and state regulations and **obtain a building permit for the Project (including all buildings) by December 31, 2025.**
- Completion Deadline. **Construction of the Project, including associated public improvements/streetscape improvements, shall be complete, and all portions of the building(s) shall be occupiable by December 31, 2027,** as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of completion, and/or similar documentation from the City.



Staff Recommendation: Conditions



- Public Access to Infrastructure Not Owned by City. Prior to completion of the Project and at no cost to City, Developer shall **provide public access easements, deed restrictions, or other instruments** reasonably acceptable to the Director if any street and utility infrastructure improvements associated with the Project remain in non-City ownership but require public access
- Property Management. The **proposed property management group** for the Project must be submitted at least three months prior to Project completion for review by the Director of the Office of Economic Development to consider acceptance based on the management entity's comparable experience managing other comparable properties, such approval not being unreasonably withheld
- Operating and Maintenance Agreement. If applicable, and prior to Project Completion, Developer shall execute a **20-year Operating and Maintenance Agreement** for any Non-Standard Public Improvements associated with the Project
- Business Inclusion. Developer shall make a good faith effort to comply with City's Business Inclusion and Development ("BID") **goal of 40% participation by certified Minority/Women-owned Business Enterprises ("M/WBE")** for **all hard construction expenditures** of the Project and meet all reporting requirements



Staff Recommendation: Conditions



- Quarterly Reporting. Until all buildings in the Project have passed final building inspection and all required paperwork documenting Project completion has been submitted to the Office of Economic Development, Developer shall submit to the Office of Economic Development **quarterly status reports** for ongoing work on the Project (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the City Council approval date.
- Urban Design. Following a review of the Project's preliminary conceptual drawings and renderings on August 25, 2023, the City's **Urban Design Peer Review Panel (UDPRP)** provided advice (see Slide 11). On December 5, 2023, Developer submitted a written response to the City's Planning and Urban Design Department ("PUD") staff. **Prior to the City's execution of a development agreement with the Developer, the Developer shall submit revised conceptual drawings and renderings to PUD staff for final review. The revised conceptual drawings and renderings shall be attached as exhibits to the development agreement.** Prior to the submittal of construction plans to the City's Development Services Department as part of a building permit application, Developer shall submit a set of the construction plans to PUD staff for a final staff review to ensure that the Project will be constructed in substantial conformance with the revised conceptual drawings and renderings accepted by PUD. PUD staff shall complete the final staff review within 10 business days of submission by Developer.



Staff Recommendation: Conditions



- Local Hiring. For all permanent employment opportunities created by operation of the Project, Developer shall submit to the City **a written plan describing (1) how Developer or its property management group shall use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas and (2) how Developer or its property management group shall cause tenants of all buildings in the Project to use and document commercially reasonable efforts to recruit and hire residents of the city of Dallas.** At a minimum, the written plan shall describe how Developer, its property management group, and/or tenants will target local recruitment through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources. The plan shall be subject to approval by the Director of the Office of Economic Development.
- Modifications. If the Developer desires to make modifications to the Project which will prevent the Developer from substantially complying with the design advice contained in Slide 11, then the Developer shall request the Director's approval for such design modifications prior to making them. In his or her sole discretion, the Director may refer any proposed design modifications to the TIF Board and/or UDPRP if the proposed design modifications materially affect the Project. **The Director shall approve any modifications to the Project necessitated by requirements imposed by applicable law or regulations administered by the City,** including, but not limited to, those required for compliance with development regulations administered by the City. In addition, the **Director of the Office of Economic Development may, after approval and recommendation of the TOD TIF District Board, authorize an extension of the Project deadlines up to 12 months.**



Staff Recommendation: Conditions



- Minimum Lease. Prior to or contemporaneously with the City's execution of a development agreement, the Developer shall execute a **minimum 10-year lease to secure Frost Bank as an anchor tenant**.
- Minimum Occupancy. Prior to the City's disbursement of any portion of the TIF Subsidy, the Developer shall provide evidence of the following:
 - Frost Bank is open to the public and has commenced daily operations
 - A minimum of 51% of the remaining rentable building area not leased and occupied by Frost Bank is leased and occupied by other tenants
- Specific Uses Not Allowed. During the term of the development agreement, the following uses are not allowed on the Property:
 - pawn shop
 - sexually oriented business
 - payday lender
 - indoor commercial amusement/recreation
 - auto service center
 - car wash
 - alcoholic beverage establishment
 - motor vehicle fueling station
 - liquor store



Staff Recommendation: Conditions



- Post-Construction Audit and Possible Reduction in TIF Subsidy. Following completion of the Project and being placed in service, the **City shall conduct a post-construction audit** to review detailed information evidencing the Developer's actual costs incurred to deliver the Project. **For every \$100,000 in actual costs incurred below the estimated total cost of \$5,548,755, the City shall reduce the TIF Subsidy (in the Grant category) by \$30,000.** The City agrees to complete such audit within three (3) months of City's receipt of all necessary supporting documentation from Developer.



TOD TIF District Board of Directors Recommendation and Next Step



- January 23, 2024: TOD TIF District Board of Directors reviewed and unanimously recommended for City Council approval as recommended by staff
- February 28, 2024: City Council



Appendix: Development Team



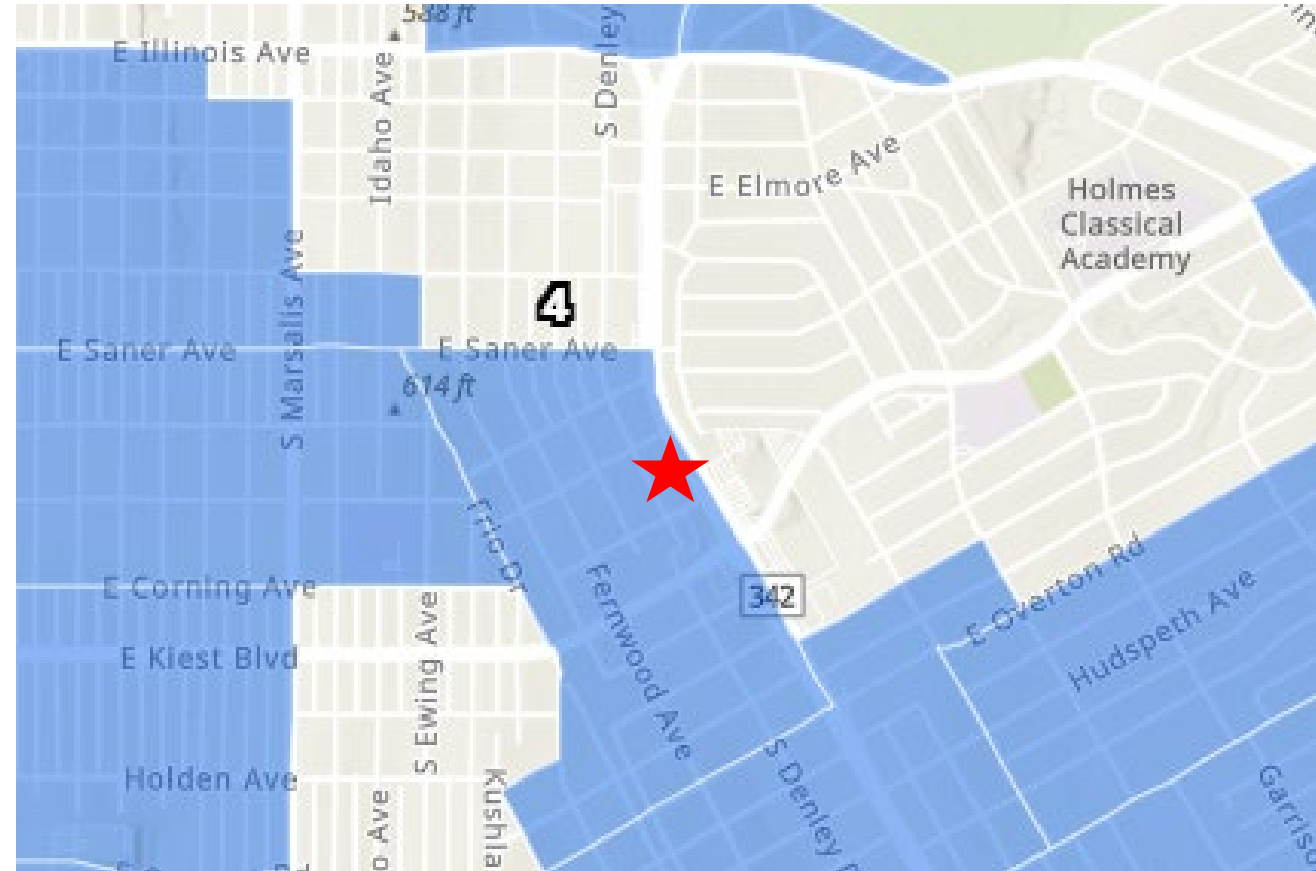
Role	Party Name
Developer/Primary Contact	Don Bouvier, UCR Development Services LLC
Architect	GSO Architects
Engineer	ClayMoore Engineering
General Contractor	TBD
Property Management	TBD



Appendix: Target Area



- Project is in a Target Area pursuant to the City's Economic Development Policy and Incentives Policy (depicted in blue color on the map)
- Target Areas align with the state's Enterprise Zones and are block groups within the City where the poverty rate exceeds 20% based on the last decennial census (2020)



 Target Areas



Appendix: TOD TIF District Budget



Category	Estimated TIF Expenditures (Current dollars)	Allocated to Date	Pending Allocation for Lancaster-Corning Retail Project	Balance
Lancaster Corridor Sub-district				
*Public Infrastructure Improvements				
*Environmental remediation & demolition				
*Parks, open space, trails, gateways				
*Façade restoration				
*Grants for high density projects				
*Transit related improvements	\$123,434,123	\$4,215,673	\$1,778,000	\$117,440,450
Cedar Crest Sub-district				
*Public Infrastructure Improvements				
*Environmental remediation & demolition				
*Parks, open space, trails, gateways				
*Façade restoration				
*Grants for high density projects				
*Transit related improvements	\$56,863,171	\$0		\$56,863,171
Mockingbird/Lovers Lane Sub-district				
*Public Infrastructure Improvements				
*Environmental remediation & demolition				
*Parks, open space, trails, gateways				
*Façade restoration				
*Grants for high density projects				
*Transit related improvements	\$70,472,628	\$19,920,416		\$50,552,212
Cedars (West) Sub-district				
*Public Infrastructure Improvements				
*Environmental remediation & demolition				
*Parks, open space, trails, gateways				
*Façade restoration				
*Grants for high density projects				
*Transit related improvements	\$141,237,006	\$3,505,000		\$137,732,006
Affordable Housing	\$52,890,940	\$13,756,184		\$39,134,756
Administration and Implementation	\$8,920,617	\$749,374		\$8,171,243
Total Project Costs	\$453,818,485	\$42,146,647	\$1,778,000	\$409,893,838
<i>Budget shown in total dollars. TIF Plan shows budget in net present value (NPV)</i>				



Appendix: Projected Tax Increment



- Pursuant to the TOD TIF District Increment Allocation Policy, the Project will be eligible to receive payments from the Lancaster Corridor Sub-District current/future revenue which includes increment generated by the project, any unallocated increment from within the sub-district, as well as revenue that is transferred from the Mockingbird/Lovers Lane and Cedars West sub-districts pursuant to the Policy.
- Based on current available Lancaster Sub-District revenue, the full amount of the TIF Subsidy for the Project will be available for disbursement upon Developer's completion and satisfaction of all agreement requirements.



Appendix: Projected Taxable Value



- Current taxable value: \$0 (Property is tax-exempt)
- Projected post-completion taxable value: \$2,153,400



Appendix: TOD TIF District Project Plan



- Project meets the **goals and objectives of the TOD TIF District Project Plan (Lancaster Sub-district)**, including:
 - To create additional taxable value attributable to new private development projects
 - To attract upgraded retail space
 - To encourage development projects that will increase DART ridership at rail stations
 - To diversify retail and commercial uses in the District
- Project is eligible for a TIF Grant under the TOD TIF District Grant Program



Appendix: Underwriting



- Developer's amended incentive application requested \$2,000,000 in TIF Subsidy
- Grow America [formerly National Development Council (NDC)], under contract with the City, conducted independent underwriting of the incentive application.
- Conclusions of independent underwriting:
 - **Development team:** highly qualified and experienced; was reviewed and selected as part of City RFP process
 - **Financial capacity:** Developer's capacity was reviewed as part of the City RFP process; strong interest in the Project garnered by Frost Bank in consideration of a construction/permanent loan (and as a tenant) as evidenced in letter provided by the financial institution
 - **Permanent debt capacity of Project:** Grow America finds the Project's debt capacity to be maximized; Frost Bank strongly interested as both the construction and permanent lender
 - **Appraisal/Market Study:** Developer's assumptions are consistent with information presented in the appraisal
 - **Cost estimates of Project:** estimated hard costs are reasonable for this type of development in the current market; soft costs are at the higher end of the expected range; construction costs could be higher than projected since the estimates do not represent contracted prices
 - **Rationale for TIF Subsidy based on returns:** TIF Subsidy is projected to result in a yield on cost that is slightly less than the Project's desired 9.5% rate; the estimated capitalization rate for the Project is 7.5%, meaning the Project does not exceed a yield on cost of cap rate + 2% (typically demanded for projects in distressed sub-markets)





City of Dallas

Lancaster-Corning Retail Development Project

in the Lancaster Corridor Sub-District of the TOD TIF District

**Economic Development Committee
February 5, 2024**

Kevin Spath, AICP, EDFP, HDFP
Assistant Director
Office of Economic Development



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-453

Item #: G.

Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for Nexus Recovery Center located at 8733 La Prada Drive
[Heather Lepeska, Assistant Director, Office of Economic Development]

Memorandum



DATE February 5, 2024

CITY OF DALLAS

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, Chad West

SUBJECT **Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for
Nexus Recovery Center located at 8733 La Prada Drive**

On February 28, 2024, the City Council will be asked to consider a resolution authorizing a New Markets Tax Credit (NMTC) transaction between Nexus Recovery Center (Nexus), the Dallas Development Fund (DDF) and Truist Community Capital, LLC for a construction project located at 8733 La Prada Drive, Dallas.

In 2009, the City of Dallas authorized the creation of DDF, a non-profit Community Development Entity (CDE) to apply for NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund and to manage awarded NMTC allocations. DDF was most recently awarded \$55 million in the 2021 allocation cycle, and previously has been awarded a total of \$185 million in allocation from the 2009, 2012 and 2014, 2017 cycles. DDF has closed \$201 million in allocation to date.

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program, and serve as the subsidy to the project in the NMTC transaction. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a 7-year credit allowance period.

On January 11, 2024, the DDF Board of Directors considered and approved a NMTC transaction between DDF, Truist Community Capital, LLC (Truist), and the beneficiary, the Nexus. This NMTC transaction will use up to \$7 million of DDF's 2021 NMTC allocation of \$55 million. Truist, as the tax credit investor, is anticipated to provide approximately \$2.2 million in NMTC equity (gross) to support DDF's \$7 million allocation. Truist, through a related entity, Truist Community Development Enterprises, LLC will also provide up to \$2.5 million in allocation, bringing the total NMTC equity to \$3 million.

This Project supports the construction of the Doswell Medical Building, a new 9,530-square-foot facility to house admissions, medical detox, psychiatric services, and medication assisted treatment programs on its 11-acre campus in East Dallas, as part of a broader campus redevelopment. The new building will include 16 detoxification beds (increase from 12 existing) with an adjacent nursing station, group counseling spaces, state-of-the-art medical exam rooms, office space, new admissions area, and a commons area.

The Project will provide more than 1,900 low-income women annually—a 33% increase over current service levels-- with integrated programs to support their long-term substance use disorder recovery, including medical detox, medication assisted treatment, and co-occurring psychiatric substance disorders services.

Specific services include the following:

- **Medical Detox Program.** Through the program, clients receive 24/7 monitoring, medication, and care from licensed vocational nurses to manage withdrawal symptoms, which can be life threatening. Clients work daily with detox-specific counselors, and Nexus provides motivational interviewing to help clients develop a comprehensive recovery program, including relapse and overdose prevention plans, to ensure long-term recovery.
- **Medication Assisted Treatment.** Understanding that substance use disorder is a chronic disease that can physically, chemically, and permanently alter the brain, Nexus provides medications in combination with counseling and behavioral therapies for the treatment of some substance use disorders. Women enrolled in Nexus' Medication Assisted Treatment program while pregnant, even in the late stages of pregnancy, have dramatically improved birth outcomes.
- **Co-Occurring Psychiatric Substance Disorders Services.** Nexus' unique treatment of substance use disorder includes meeting a woman where she is in her recovery journey and addressing all barriers to recovery. Nexus's medical providers offer psychiatric evaluations and medication management to address co-occurring psychiatric disorders. Nexus' counselors provide evidence-based treatment and counseling to treat co-occurring disorders and any trauma that may underly an individual's substance abuse.

The Project site is located at 8733 La Prada Drive in Dallas, TX. The Project falls within Census Tract 48113012302, which is NMTC-qualified based and considered "severely distressed" per the CDFI fund based on a poverty rate of 38.6% and a median family income 41% of AMI (2016-2020 American Community Survey).

Nexus has limited cashflow to service traditional debt, therefore NMTC funding is a critical source to allow this Project to proceed. Nexus relies on reimbursements from the State of Texas, whose rates have not increased since 2010. Without the subsidy generated from DDF's NMTC allocation, Nexus would be forced to delay the Project. This project is the first of a major capital campaign that will support a broader multi-phase campus redevelopment.

DATE February 5, 2024

SUBJECT **Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for Nexus Recovery Center located at 8733 La Prada Drive**

PAGE **3 of 3**

The estimated project budget is below:

Sources		Uses	
DDF B Note	\$ 2,211,300	Land	\$ 285,000
Truist B Note	\$ 789,750	Hard Costs (plus design)	\$ 6,485,992
Bridge Loan / Capital Campaign	\$ 5,884,273	Soft Costs	
Cash on Hand / Spend To Date	\$ 1,189,580	Soft Costs Outside GMP	\$ 625,527
		FF&E	\$ 294,357
		Other Soft Costs	\$ 500,000
		Owners Contingency	\$ 451,676
		Other Costs (Acct, Inspections, Interest)	\$ 80,073
		Estimated Base Project Costs	\$ 8,722,625
		Estimated Total Closing Costs	\$ 625,000
		DDF Reserves Ongoing Fees	\$ 297,375
		DDF At Close Fees	\$ 280,000
		Bridge Loan Interest	\$ 149,903
Total	\$ 10,074,903	Total	\$ 10,074,903

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development, at robin.bentley@dallas.gov or 214.670.1685.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
 Tammy Palomino, City Attorney
 Mark Swann, City Auditor
 Bilierae Johnson, City Secretary
 Preston Robinson, Administrative Judge
 Kimberly Bizzor 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



City of Dallas

1500 Marilla Street
Council Chambers, 6th Floor
Dallas, Texas 75201

Agenda Information Sheet

File #: 24-454

Item #: H.

Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for the Resource Center Medical Campus located at 2603 Inwood Road
[Heather Lepeska, Assistant Director, Office of Economic Development]

Memorandum



CITY OF DALLAS

DATE February 5, 2024

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Adam Bazaldua, Paul
Ridley, Kathy Stewart, Chad West

SUBJECT **Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for the
Resource Center Medical Campus located at 2603 Inwood Road**

On February 28, 2024, the City Council will be asked to consider a resolution authorizing a New Markets Tax Credit (NMTC) transaction between Resource Center, the Dallas Development Fund (DDF) and Regions Community Investments, LLC for a rehabilitation project located at 2603 Inwood Road to turn that facility into a health campus.

In 2009, the City of Dallas authorized the creation of DDF, a non-profit Community Development Entity (CDE) to apply for NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund and to manage awarded NMTC allocations. DDF was most recently awarded \$55 million in the 2021 allocation cycle, and previously has been awarded a total of \$185 million in allocation from the 2009, 2012 and 2014, 2017 cycles. DDF has closed \$201 million in allocation to date.

The NMTC program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program, and serve as the subsidy to the project in the NMTC transaction. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a 7-year credit allowance period.

On January 11, 2024, the DDF Board of Directors considered and approved a NMTC transaction between DDF, Regions Community Investments, LLC (Regions), and the beneficiary, the Resource Center. This NMTC transaction will use up to \$7 million of DDF's 2021 NMTC allocation of \$55 million. Regions, as the tax credit investor, is anticipated to provide approximately \$2.2 million in NMTC equity (gross) to support DDF's \$7 million allocation.

This Project supports the renovation of 20,000-square-foot building and into a new health campus focused on LGBTQIA+ clients. The Project will include twelve exam rooms and two consultation rooms for the organization's primary care and HIV prevention and treatment services, a food pantry and dining hall, and offices and meeting rooms for its client services.

The Project will serve 3,200+ individuals with a variety of health services addressing the needs of the LGBTQIA+ community, including primary healthcare, HIV testing and

treatment, outpatient medical care, food pantry access, congregate meals program, insurance assistance, and case management. By consolidating health services at one location, Resource Center reduces barriers and provides a seamless experience for clients.

Primary services include the following:

- **Primary Healthcare.** The new facility will triple the organization’s primary care capacity. Comprehensive services include well-women exams, annual physicals, internal medicine, immunizations, smoking cessation programs, diabetes and hypertension treatment, HIV and STI testing and treatment. The clinic will also provide gender-affirming primary care services for gender-diverse, transgender, and nonbinary individuals.
- **HIV Client Services.** Resource Center will provide case management, food pantry access and congregate meals, insurance assistance, outpatient medical care, and specialized oral health care to low-income, HIV positive individuals.

The Project site is located at 2603 Inwood Road in Dallas, TX. The Project falls within Census Tract 4811300406, which is NMTC-qualified based on a median family income 61.5% of the area median income (2011-2015 American Community Survey) and considered highly distressed per the CDFI fund based on its location within the Maple-Mockingbird TIF District, a Major Disaster Declaration area, and a USDA Low-Income, Low-Access area.

NMTC funding is a critical source to allow the project to proceed as scheduled. Without the subsidy generated from DDF’s NMTC allocation, Resource Center would have to direct more of its fundraising toward construction expenses, slowing any potential programmatic growth or expansion of critical health services. Moreover, the need for NMTC has become more pronounced over the last year as the commercial real estate market in Dallas softened and reduced the potential sale price for the existing healthcare facility that will be sold and be a permanent funding source for this Project.

The estimated project budget is below:

Sources		
NMTC Gross Equity (before any fees)	\$	2,238,600
Acquisition (Prior Spend; Veritex Loan)	\$	5,900,000
PRI Loan/Cash (At Close)	\$	1,048,178
PRI Loan/Cash (Post Close)	\$	125,000
Total	\$	9,311,778

DATE February 5, 2024
SUBJECT **Upcoming Agenda Item Regarding a New Markets Tax Credit Transaction for the Resource Center Medical Campus located at 2603 Inwood Road**
PAGE **3 of 3**

Uses		
Acquisition	\$	5,900,000
Hard Costs	\$	1,823,697
Soft Costs	\$	352,344
Furniture	\$	75,000
AV, Security, Data	\$	50,000
Owner's Contingency (10% hard costs)	\$	182,370
Total Base Project Costs (before NMTC costs)	\$	8,383,411
Construction Period Interest (estimated)	\$	22,867
At Close Fees	\$	280,000
Ongoing Fee Reserve	\$	275,500
Closing Costs (estimated)	\$	350,000
Total NMTC Costs	\$	928,367
Total	\$	9,311,778

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development, at robin.bentley@dallas.gov or 214.670.1685.



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