



City of Dallas

Deep Ellum TIF District Proposed Plan Amendment

**Economic Development Committee
February 5, 2024**

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Overview



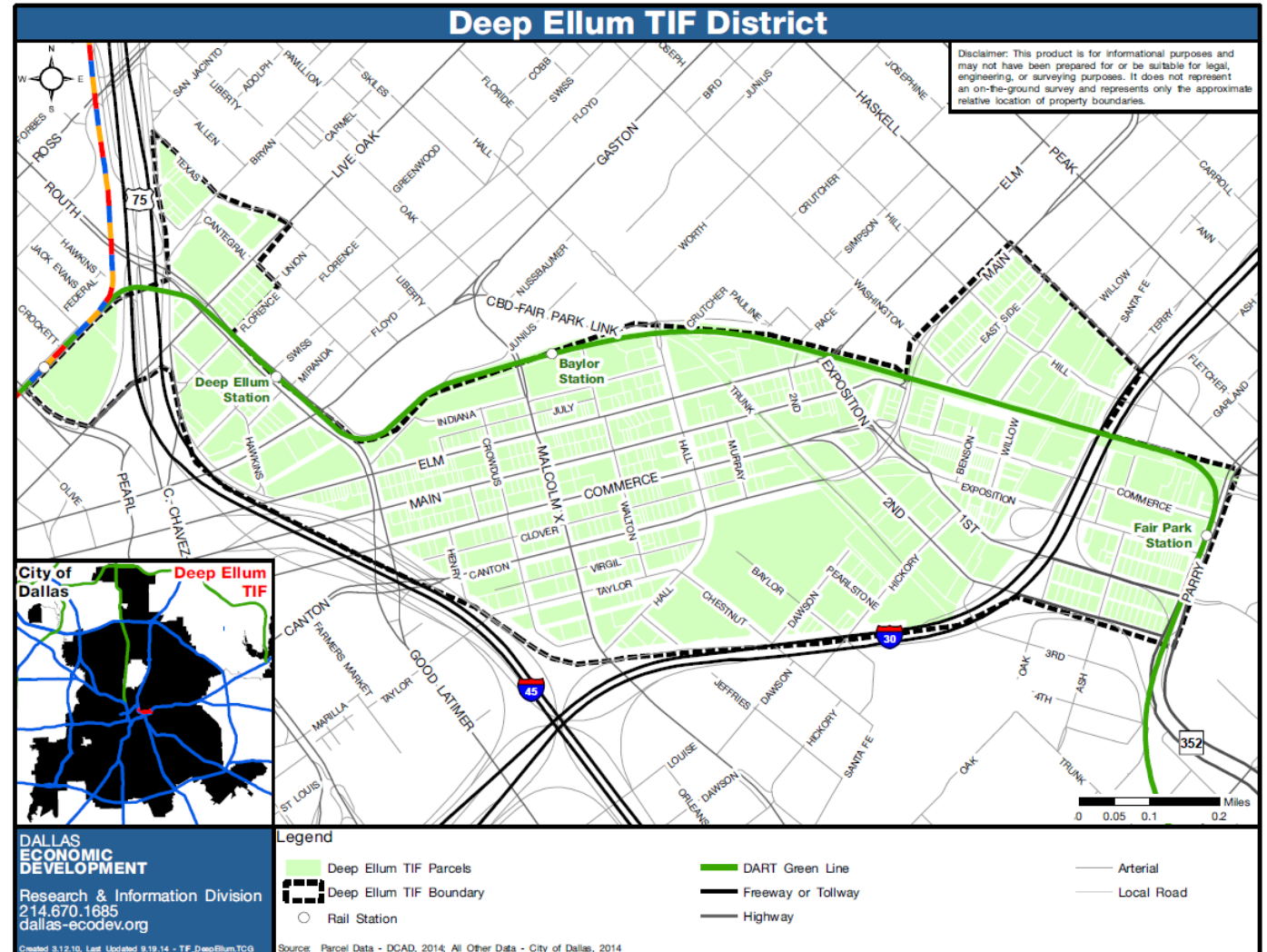
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Background: Deep Ellum TIF District



- 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

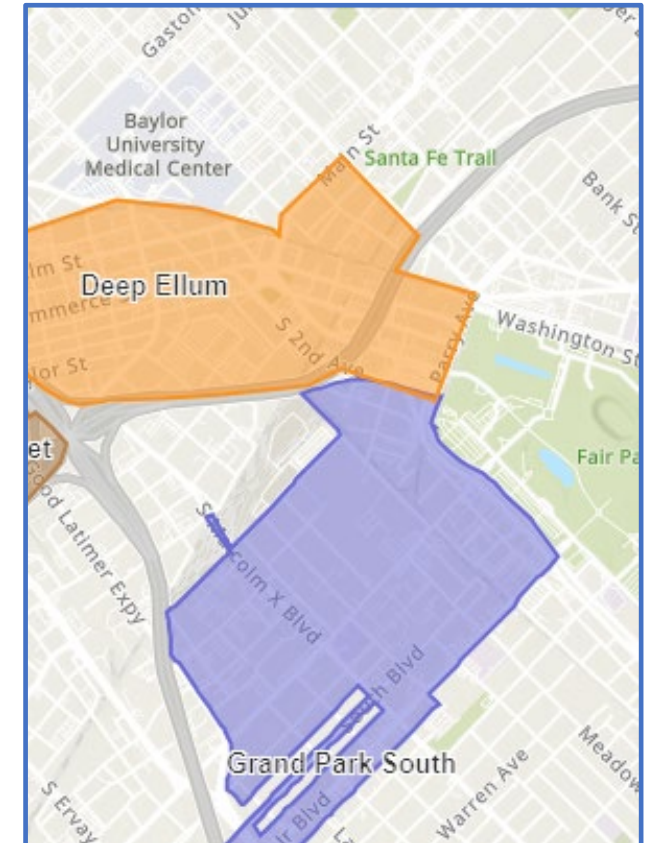


Proposed Plan Amendment: Increase Budget



- **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 INFRAST 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

* 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.





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





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