

# Memorandum



CITY OF DALLAS

DATE January 3, 2025

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

**Upcoming Agenda Item: A public hearing to receive comments regarding the adoption of an amended City of Dallas Economic Development Incentive Policy for the period January 1, 2025 through December 31, 2026, and, at the close of the public hearing, authorize the adoption of the Economic Development Incentive Policy for the public purpose of promoting economic and community development and stimulating business and commercial activity in the City of Dallas (the “City”), effective from January 1, 2025 to through December 31, 2026**

On January 8, 2025, City Council will hold a public hearing to receive comments regarding recommended amendments and updates to the City of Dallas Economic Development Incentive Policy (Incentive Policy) for the period January 1, 2025, through December 31, 2026, and, at the close of the public hearing, authorize the adoption of the Economic Development Incentive Policy for the purpose of promoting economic growth and stimulate business activity in Dallas.

On December 2, 2024, the Economic Development Committee was briefed regarding the recommended amendments and updates to the Incentive Policy (redline attached as **Exhibit A**). The recommended amendments and updates include:

- 1) addition of a Small Business Program, including (a) a city-wide Small Business Assistance Program and (b) City Council-directed Small Business Programs,
- 2) addition of an Innovation Program
- 3) amendment of the South Dallas/Fair Park Opportunity Fund Program Statement
- 4) amendment of the Southern Dallas Investment Fund Program Statement
- 5) amendment of Neighborhood Empowerment Zone #9 and Neighborhood Zone #10,
- 6) amendment of the Community Development Plan to reduce the number of jobs required to be created by a non-profit from 25 to 10 in alignment with the other negotiated incentives program requirements, and
- 7) general clean-up and minor/technical corrections.

DATE **January 3, 2024**

SUBJECT **Upcoming Agenda Item: A public hearing to receive comments regarding the adoption of an amended City of Dallas Economic Development Incentive Policy for the period January 1, 2025 through December 31, 2026, and, at the close of the public hearing, authorize the adoption of the Economic Development Incentive Policy for the public purpose of promoting economic and community development and stimulating business and commercial activity in the City of Dallas (the "City"), effective from January 1, 2025 to through December 31, 2026**

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Upon City Council adoption of the amended Incentive Policy, Office of Economic Development staff will go live with an update of the Office of Economic Development website to reflect these changes. Specifically, the small business webpage will be updated (<https://dallasecocodev.org/691/Small-Business>) to include marketing flyers explaining the new Small Business Assistance Program and Innovation Program, applications for the new programs, as well as staff contact information for any questions. Additionally, the incentive inquiry tool (<https://dallasecocodev-economicdevelopment.app.transform.civicplus.com/forms/31186>) will be updated to include the Small Business Assistance Program.

Staff will also include information about the amended Incentive Policy, including the new programs and updates, in the January e-newsletter of the Office of Economic Development and will continue to hold the monthly [virtual office hour](#) meetings to answer any questions about all programs administered by the Office of Economic Development.

Should you have any questions, please contact Kevin Spath, Director (I), Office of Economic Development, at (214) 670-1691.

Service First, Now!



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Assistant City Manager (I)

c: Kimberly Bizer Tolbert, City Manager (I)  
Tammy Palomino, City Attorney  
Mark Swann, City Auditor  
Billierae Johnson, City Secretary  
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Donzell Gipson, Assistant City Manager (I)  
Jack Ireland, Chief Financial Officer  
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)  
Directors and Assistant Directors

# Exhibit A

## City of Dallas Economic Development Incentive Policy

*Adopted as Resolution No. 23-0220 on January 25, 2023*

*Amended by Resolution No. 24-0435 on March 27, 2024*

*Amended by Resolution No. 25-XXXX on January XX, 2025*

### I. ECONOMIC DEVELOPMENT INCENTIVE POLICY PURPOSE

The Dallas City Council unanimously adopted a new Economic Development Policy (EDP) in May 2021. The ~~new policy~~ EDP sets out clear policy goals focused on fostering economic growth and social progress for all residents. This ~~Economic Development Incentive P~~olicy (~~Incentive Policy~~) is intended to align with equitable economic development policy priorities specified in the EDP. This ~~document~~ ~~Incentive Policy~~ replaces the Public/Private Partnership Program - Guidelines and Criteria adopted by ~~City~~ Council on June 8, 2022, by Resolution No. 22-0901; the Tax Increment Finance (TIF) Policy adopted by ~~City~~ Council on June 17, 2015, by Resolution No. 15-1144; and the Public Improvement District (PID) Policy adopted by ~~City~~ Council on March 25, 2020, by Resolution No. 20-0496. This ~~Incentive P~~olicy applies to incentive applications received on or after January 1, 2023.

The following incentive programs support job growth, create new tax revenue, attract and retain businesses, and expand the City's tax base, all while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- Availability of affordable housing units;
- High-quality jobs that provide opportunities for all;
- Investment in Southern Dallas and other distressed or low- and moderate- income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities.

The City's economic incentive toolkit provides assistance to help achieve the public purpose advanced by a project and to catalyze investment that would not occur, or would not occur on the same timeline or at the same scope, but for the addition of the incentive. To support the "but for" argument, any jobs created or investments made prior to ~~contract agreement~~ execution do not count toward minimum requirements of this policy. Tools may be combined to achieve a public purpose.

### II. TARGET AREAS

The City acknowledges the historic disinvestment that has shaped Dallas, and therefore seeks to prioritize equitable economic development in underserved areas. This policy directs certain

programs and incentives toward designated Target Areas<sup>1</sup> (see **Exhibit A**) with the goal of increasing investment in Southern Dallas and other distressed areas and as a signal to the market as to where the City wants to prioritize investment.

Target Areas align with the State of Texas designated Enterprise Zones, which are census block groups designated as distressed areas in alignment with the most recent federal decennial ~~census~~[Census](#). In accordance with Section 2303.101 of the Texas Government Code, a block group automatically qualifies for designation as an ~~enterprise~~[Enterprise zone](#) ~~Zone~~ if it (1) has a poverty rate of at least 20 percent; (2) is designated by the federal government as a renewal community, a federal empowerment zone, or a federal enterprise community; (3) is located in a distressed county, meaning that the county has a poverty rate above 15.4 percent, in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate, and that has an unemployment rate that has remained above 4.9 percent during the preceding five years; or (4) is inside the boundaries of a defense base.

For purposes of the as-of-right tax abatement incentive program described in **Section III, Subsection 1**, Target Areas are also deemed a zone for purposes of Chapter 378 of the Texas Local Government Code.

### III. INCENTIVE PROGRAMS

The Office of Economic Development ([OED](#)) offers [and administers](#) the Incentive Programs outlined in this **Section III**. Applicants must provide a certificate of account status from the Texas Comptroller of Public Accounts demonstrating that the applicant is compliant with State of Texas regulations and be current on all taxes. OED reserves the right to reject applications from applicants (including applicants' affiliates, subsidiaries, and other legal entities with materially similar ownership, membership, or controlling interests) who have filed for bankruptcy in the past five years or have previously defaulted on any City of Dallas incentive agreement. The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Each ~~proposal~~[application](#) will be analyzed to ensure that the incentive serves a public purpose and provides a public benefit in conformance with ~~this the appropriate~~[program statements](#) and state law. OED reserves the right to reject any incentive application. OED also reserves the right to refer a by-right tax abatement application to the City Council for approval by resolution

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<sup>1</sup> Target Areas are defined as state-designated enterprise zones, and may be searched online [here](#). A map of the Target Areas as of the date of adoption of this policy is attached as **Exhibit A**.

if OED has questions about whether the project use is incompatible with surrounding neighborhood uses, or if the project has the potential to create an undesirable outcome such as a negative environmental impact; a use that could deter future economic development; a noise violation, noxious odor, or other nuisance; an overconcentration of one use; etc.

Financial awards must be documented in a written agreement, approved as to form by the City Attorney, to allow the City to: (1) ensure that the incentives accomplish a public purpose; (2) retain public control over the funds to ensure that the public purpose is accomplished and to protect the public's investment; and (3) ensure that the City receives a return benefit.<sup>2</sup> OED will work with the City Attorney's Office to identify ancillary instruments required to accompany each incentive agreement, such as a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney's Office. OED may not, as part of an incentive agreement, waive the City's legislative, governmental, or police power.

### **1. As-of-Right Tax Abatements in Targeted Areas**

In accordance with Chapter 312 of the Texas Tax Code, **Section III, Subsections 1 and 2.1** will serve as the City of Dallas's adopted guidelines and criteria governing tax abatement agreements and as evidence that the City elects to participate in tax abatements. For purposes of Chapter 312, the term of Section III, Subsections 1 and 2.1 is two years beginning on January 1, 2025~~3~~, and ending on December 31, 202~~6~~<sup>4</sup>, which may be renewed by [City Council](#) in the manner outlined in that Chapter.

Temporary abatements of net new real property or business personal property taxes are available for job creation projects and real estate development projects that advance the City's economic development goals. Tax abatements may be awarded either as a by-right incentive as described in this section, or as a Negotiated Incentive as described in **Section III, Subsection 2.1**.

Projects located in Target Areas, but not in a TIF District, that meet the criteria described below will be eligible to apply for an as-of-right tax abatement. The as-of-right tax abatement is intended to catalyze real estate development and job creation in traditionally underserved areas by offering a simplified and streamlined process.

To be eligible for a ten-year, 90 percent abatement of net new City of Dallas real property taxes or a five-year, 90 percent abatement of net new City of Dallas business personal property taxes (type of tax abated dependent on applicant preference), a project must meet all of the following criteria:

- Submit an application for an as-of-right tax abatement
- Be located in a Target Area

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<sup>2</sup> Tex. Mun. League Intergovernmental Risk Pool v. Tex. Workers' Comp. Comm'n, 74 S.W.3d 377, 384 (Tex. 2002).

- Have a total project budget of \$25 million or less, plus one of the following:
  - Capital expenditures<sup>3</sup> of at least \$2 million; or
  - Creation of at least 10 full-time jobs or retention of at least 25 full-time jobs<sup>4</sup>
- Ensure that all full-time jobs (created and retained) must pay a minimum wage not less than the hourly rate determined by the [MIT Living Wage Calculator](#) for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement (“**Living Wage**”)<sup>5</sup>
- For a real estate development project, must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs<sup>6</sup> [and comply with minimum mixed-income housing requirements.](#)<sup>7</sup>
- Fulfills public purpose of creating Living Wage jobs and/or growing the City tax base
- Does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant<sup>8</sup> and provides relocation assistance for all displaced tenants in an amount acceptable to OED<sup>9</sup>; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council. If a project results in the direct

<sup>3</sup> For purposes of this policy, “capital expenditures” exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

<sup>4</sup> For purposes of this policy, “full-time jobs” refer to jobs that are scheduled to work a minimum of 35 hours each week and that provide healthcare benefits. Full-time jobs are permanent positions and do not include interns, temporary works, consultants, etc.

<sup>5</sup> Projects that advance specific public purposes identified by OED may be exempt from the Living Wage requirement, such as full-service grocery stores in low-income, low-access (LILA) Census tracts as determined by the U.S. Department of Agriculture. See [USDA Atlas](#) for 2019 LILA tracts. Waivers of the Living Wage requirement will be stated in the City Council resolution approving the incentive agreement.

<sup>6</sup> More information about the City of Dallas M/WBE program is available [here](#).

<sup>7</sup> [Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney.](#)

<sup>8</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>9</sup> Relocation assistance is intended to cover actual moving costs for the displaced tenant plus any security deposits required by the new landlord.

displacement of people from residential units or the demolition or repurposing of residential units, it requires approval by resolution of the City Council.

As-of-right tax abatements require approval by administrative action (except where City Council approval is specifically required as described above) and an executed tax abatement agreement approved as to form by the City Attorney's Office. Abatements are only assignable in whole and may not be assigned to multiple entities. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

Throughout the term of the tax abatement agreement, the annual abatement is contingent upon annual compliance with the agreement. All tax abatements begin on January 1 of the calendar year that immediately follows execution of the agreement, unless otherwise specified in the agreement.

If an as-of-right applicant finds that the tax abatement award described above is insufficient to fill a project's financial gap, the applicant may apply for a Negotiated Incentive, as described in **Section III, Subsection 2**.

## ***2. Negotiated Incentives (Tax Abatement, Loans, and Grants)***

Negotiated Incentives are available for (1) projects with a total budget greater than \$25 million; (2) projects located outside of Target Areas; (3) projects for which an as-of-right tax abatement is insufficient to fill the financial gap; (4) projects that comply with the Community Development Plan attached as **Exhibit D**; [\(5\) projects that comply with the Innovation Program attached as Exhibit F](#).

An applicant for Negotiated Incentives must submit a complete incentive application (available on the OED website [here](#)) with a ~~cashier's check~~, money order, ~~or cashier's check~~ wire transfer in the amount of the underwriting fee noted in the application. The applicant's project will undergo either real estate development underwriting review or business development impact analysis, as appropriate, to determine the source, incentive amount, and terms of any award package. Negotiated Incentive offers may include abatements, loans, and/or grants.

Once the City and applicant have negotiated and executed a term sheet, the Negotiated Incentives may be approved by resolution or administrative action, as described below:

- Incentive offers valued at or below \$1 million for projects inside Target Areas will be approved by administrative action.

- Incentive offers valued at or below \$1 million that are made to M/WBE developers<sup>10</sup> or community developers<sup>11</sup> throughout the city will be approved by administrative action.
- All other incentive offers must be approved by resolution of the City Council.

OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

All incentives, regardless of approval method, must be documented in a written incentive agreement approved as to form by the City Attorney’s Office, and payment or abatement is contingent upon compliance with the incentive agreement throughout the term. Unless otherwise specified in the agreement, all tax abatements begin on January 1 of the calendar year following execution of the agreement. OED will establish interest rates, repayment schedules, loan security and prioritization, and all other terms and conditions for loan and grant awards, which will be documented in an incentive agreement, accompanied by any ancillary security instruments as deemed necessary by the City Attorney’s Office. These security instruments may include a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney’s Office. The City may not, as part of an incentive agreement, waive the City’s legislative, governmental, or police power. By entering into an incentive agreement, the developer consents to all requirements imposed by the City.

Within 10 business days of the administrative action or Council resolution approving a Negotiated Incentive for a real estate development project, the applicant must deliver to OED a cashier’s check, money order, or wire to be escrowed with the OED to cover the costs of any outside legal counsel retained to represent the City with regard to negotiating and/or drafting development agreements, loan documents, promissory notes, property management agreements, deeds of trust, ground leases, deed restrictions, subordination agreements, intercreditor agreements, financial documents, or any other item identified as necessary by the City Attorney’s Office for the applicant’s project. Failure to timely deliver the funds may result in revocation of the incentive offer.

The amount of the escrow will be determined based on the chart below:

Total Incentive Award	Amount of Escrow
< \$1 Million	N/A, project will be managed by City Attorney’s Office
\$1 Million to \$5 Million	\$30,000

<sup>10</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women’s Business Council – Southwest.

<sup>11</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.



\$5 Million to \$15 Million	\$50,000
Greater than \$15 Million	\$75,000

If there is a balance in the escrow fund on the date that the incentive agreement is executed by all parties, the OED will refund the balance. If all escrowed funds have been used and there are legal fees owed to outside legal counsel on the date that the incentive agreement is to be executed by all parties, the applicant must directly pay such [legal fees](#) ~~costs~~ [for outside legal counsel](#) prior to the City’s execution of the agreement. If the incentive agreement is not executed for any reason, the applicant must still pay ~~such~~ [the](#) legal fees for outside legal counsel. In no event shall an applicant be obligated to pay an amount for the City’s outside legal counsel that exceeds the greater of \$100,000 or 0.5% of the total incentive amount awarded.

### 2.1 Negotiated Tax Abatements

Projects must meet baseline criteria described below and must demonstrate a financial need and/or positive fiscal impact to be eligible for a tax abatement.

Baseline criteria for consideration for tax abatements are as follows:

- *Business development projects:*
  - Generate positive fiscal return-on-investment, with the net present value of project revenues to the City outweighing the incentive amount, as verified by OED or a third-party consultant
  - Incentivized jobs (created or retained) pay a Living Wage
  - Create at least 10 permanent full-time-equivalent (FTE) jobs, or retain at least 25 FTE jobs
  - Capital expenditures of at least \$2 million
  
- *Real estate development projects:*
  - Verified capital financing gap, as verified by OED or third-party underwriter
  - Jobs hired directly by primary developer receiving incentive award pay a Living Wage
  - Capital expenditure of at least \$2 million
  - Must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs

- Project does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant<sup>12</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

While underwriting/gap analysis or fiscal impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing incentive award packages may include, but are not limited to:

- *Business and community development projects:*
  - Workforce development partnerships
  - Local hiring requirements
  - Job accessibility and pathways for advancement
  - Quality of jobs, including wages and benefits
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- *Real estate development projects:*
  - Provision of mixed-income housing beyond minimum requirements<sup>13</sup>
  - M/WBE participation beyond existing good faith effort minimum requirements
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but

<sup>12</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>13</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney. Each TIF District’s Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney.

are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.

- Connection to existing transit and promotion of transit-oriented development that increases transit access
- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

## **2.2 Community and Economic Development Loans and Grants**

This **Section III, Subsection 2.2** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Previously created Chapter 380 programs such as the Dallas Economic Development Affordable Housing Program, the Targeted Neighborhood Enhancement Program, and the Dallas Housing Resource Catalog: Programs, Corporations, Compliance & Funding Tools (carried out pursuant to the Dallas Housing Policy 2033) remain in effect. **Section III, Subsection 2.2** and **Exhibit D** shall serve as a community development program as required by Chapter 373 of the Texas Local Government Code.

Pursuant to Chapter 380 of the Texas Local Government Code, for-profit developers applying for a Negotiated Incentive [or small business owners applying for Small Business assistance](#) must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. Projects that satisfy the public purposes outlined in Chapter 373 of the Texas Local Government Code may be eligible for a loan or grant as allowed under that chapter. These projects must support the City's goals for economic development and community benefits, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas
- Creating or retaining jobs for low- and moderate-income communities
- Improving housing and economic conditions of low- and moderate-income communities
- Improving public health conditions of low- and moderate-income communities
- Creation of affordable housing outside of Target Areas
- Other public purposes as outlined in Chapters 373 and 380

Where OED determines a need to provide a deeper incentive award beyond an abatement, OED may layer loans and/or grants with the abatement award. Projects that qualify for a tax abatement, including by-right abatements in Target Areas, may also apply for additional awards in the form of loans or grants. When there is agreement between OED and the applicant that a tax abatement is of no or limited value to a project, OED may offer loans and/or grants instead

of an abatement. Applications being evaluated for a grant or loan may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

Baseline criteria for consideration for loans/grants are as follows:

- *Business Development projects:*
  - Must either:
    - create 50 permanent full-time equivalent (FTE) jobs
    - for projects located in a Target Area, create 10 FTE jobs and document a minimum capital investment of \$2 million, or
    - retain at least 100 FTE jobs and document a minimum capital investment of \$2 million
  - Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
  - Incentivized jobs (created and retained) must pay a Living Wage
  
- *Community Development or Neighborhood Revitalization projects:*
  - Be led by a community based non-profit developer<sup>14</sup>
  - Must either:
    - Create 25 permanent full-time jobs that pay a Living Wage or
    - Document a minimum capital investment of \$2 million, and any jobs hired directly by the primary developer receiving the incentive must pay a Living Wage
  - Comply with the Community Development Plan attached as **Exhibit D**
  
- *Community Impact projects*
  - Limited to projects that meet a specific community need, such as grocery stores, senior-care facilities, child-care facilities, and health-care facilities. Other project types may be considered if applicant demonstrates a defined service gap.
  - Create 15 permanent full-time jobs with an average salary equivalent to or greater than the Living Wage
  - Must document a minimum capital investment of \$2 million<sup>15</sup>
  - Comply with the Community Development Plan attached as **Exhibit D**

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<sup>14</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

<sup>15</sup> Capital expenditures exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

➤ *Real Estate Development projects:*

- Must document a minimum capital investment of \$2 million
- Demonstrate a capital financing gap, as verified by OED or a third-party underwriter
- Jobs hired directly by the primary developer receiving the incentive award must pay a Living Wage
- Make a good faith effort to comply with the City's M/WBE 32% participation goal for hard construction costs

➤ Innovation projects:

- Applicants must be a Dallas-based for-profit or tax exempt non-profit organization that is registered with the Texas Secretary of State and has received a determination of tax-exempt status from the Internal Revenue Service (if a non-profit)
- Must agree to:
  - Directly or indirectly create 25 permanent full-time jobs that pay a living wage; and
  - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas; or
  - Document a venture capital or other fund raise of \$2 million;
- Generate a positive fiscal return on investment, as verified by OED or a third-party consultant; and
- Comply with the Innovation Program attached as Exhibit F

While underwriting/gap analysis or impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing award packages include, but are not limited to:

➤ Business, ~~and~~ community development, and innovation projects:

- Workforce development partnerships
- Local hiring requirements
- Job accessibility and pathways for advancement
- Quality of jobs, including wages and benefits
- Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.

➤ *Real estate development projects:*

- Provision of mixed-income housing beyond minimum requirements<sup>16</sup>
- M/WBE participation beyond existing good faith effort minimum requirements
- Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- Connection to existing transit and promotion of transit-oriented development that increases transit access
- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

### 3. Small Business Programs

The City recognizes the importance that small business has on enhancing the Dallas economy, creating vibrant neighborhoods, providing economic opportunities and generating job opportunities. The Small Business Assistance Program is offered to assist small businesses as they grow and move into Dallas physical locations. This **Section III, Subsection 3** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Pursuant to Chapter 380 of the Texas Local Government Code, for-profit small business owners applying for Small Business Assistance Program must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. These projects must support the City's goals for economic development, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas

When there is agreement between OED and the applicant that a Small Business Assistance Program incentive is of no or limited value to a project, the applicant may submit an application for Small Business Negotiated Incentives. Any application submitted for Small Business Negotiated Incentives will undergo a formal underwriting process, similar to the process for Negotiated Incentives (**Section III, Subsection 2**), and funds may be awarded as a loan and/or a grant. Applications being evaluated for Small Business incentives may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

<sup>16</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney. Each TIF District's Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney.

### **3.1 Small Business Assistance Program**

- Applicant must be a Dallas-based for-profit entity that is registered with the Texas Secretary of State
- For projects within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$150,000 but not exceeding \$2,000,000
  - Demonstrate 75% of total project costs committed from non-City funding source(s)
  - Otherwise comply with Small Business Assistance Program attached as Exhibit E
- For projects not within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$250,000 but not exceeding \$2,000,000
  - Demonstrate 75% of total project costs committed from non-City funding source(s)
  - Otherwise comply with Small Business Assistance Program attached as Exhibit E
- For projects that meet the minimum standards above and defined in Exhibit E, the Small Business Assistance Program shall provide a reimbursable grant of 15% of the total project cost
- For projects that meet Living Wage<sup>17</sup> job creation and retention thresholds, this reimbursable grant shall be 25% of the total project costs
- All applicants seeking small business assistance funding must submit a Small Business Assistance Application
- Small Business Assistance Program agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney's Office. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

Commented [LH1]: added

### **3.2 City Council District-specific Small Business Programs**

From time to time, City Council members may have identified discretionary funds for their individual Council Districts and for which they desire to create targeted Small Business programs to enhance small business opportunities in specific parts or the entirety of one or more Council Districts. These programs may include but are not limited to façade improvement programs on

<sup>17</sup> Full time jobs created shall pay a minimum wage not less than the hourly rate determined by the MIT Living Wage Calculator for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement.

[commercial corridors, food truck programs, and neighborhood retail programs. Upon City Council approval of a program statement, any of these specific programs shall be included as part of the Economic Development Incentive Policy in Exhibit G and implemented in accordance with the specific program statement.](#)

#### ***43. Predevelopment Assistance Fund***

The Predevelopment Assistance Fund supports M/WBE developers<sup>18</sup> and community developers, given historic difficulties these types of firms have faced in accessing City resources and City incentive programs.<sup>19</sup> The program provides loans during the pre-development process, to help link developers with vital flexible capital to enable project feasibility. Loan amounts will be determined on a case-by-case basis according to developer need and project scope but shall not exceed \$50,000.

On an annual basis, OED will dedicate \$100,000 from which to make loans to qualified applicants. Unused funds will carry forward to the next year. To be eligible, applicants must have demonstrated experience with the type of project for which they seek funding and must document control of the project site through a deed, lease, or option to buy or lease.

Applicants may apply for pre-development loans to be used for the following categories of expenses:

- Market studies and financial feasibility analysis
- Site assessment (e.g., environmental tests and structural assessments) completed by vendors with appropriate licenses and credentials
- Design work (architecture and engineering) completed by vendors with appropriate licenses and credentials
- Similar third-party pre-development expenses approved by the Office of Economic Development

The amount of the loan will be based on written estimates of cost from pre-development vendors who are properly licensed for and experienced in the type of work described in the proposal. Loan funds may only be used to pay for actual incurred costs of such pre-development work. If the actual incurred cost is less than the estimated cost, such overage must be repaid to the City within 30 days of borrower's payment to the vendor. Borrower must maintain

<sup>18</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women's Business Council – Southwest.

<sup>19</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.



documentation of each expense paid from the Loan funds in a form acceptable to OED and will submit copies of such documentation to the OED quarterly.

Pre-Development Loans are interest-free and mature on the earlier of (1) the closing date of construction financing for the project, or (2) 12 months from the date of payment by the City. Pre-Development Loans must be secured by a first lien deed of trust filed in the relevant county's real property records against property owned by the borrower valued in an amount equal to or greater than the predevelopment loan amount, and/or by a personal guarantee from the principal of the borrower along with documentation that the borrower controls assets valued in an amount equal to or greater than the predevelopment loan amount. A borrower may only have one outstanding pre-development loan at a time. Complete applications will be [processed reviewed](#) in the order they are received [and processed by Administrative Action](#).

Developers who receive pre-development assistance from OED and are successful in advancing their planned development project will be eligible to apply for tax abatements, loans, and/or grants as described above to support the development of the project.

#### **4. Infrastructure Investment Fund**

Historically disadvantaged communities in Dallas are 2 to 3.5 times more likely to have highly deficient infrastructure than high-income neighborhoods.<sup>20</sup> The City's EDP explicitly recognizes this disparity and sets goals around addressing these existing deficiencies. The Infrastructure Investment Fund (IIF) assists in closing the infrastructure gap between Dallas' richest and poorest neighborhoods by directing infrastructure funding to areas most in need.

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. Funds can be used for (1) loans or grants to support third-party projects that grow the tax base and/or create Living Wage jobs in a Target Area, and (2) City-led projects that implement a City or community plan in a Target Area or otherwise prepare neighborhoods and properties in Target Areas for anticipated future economic development. Funds may be spent outside of Target Areas only with a  $\frac{3}{4}$  vote of the City Council.

Eligible infrastructure investments (including necessary design and engineering costs) may include, but are not limited to:

- Programs that mitigate displacement of low-income households as a result of new investment and market-rate development
- Water/sewer connections and stormwater management projects
- Public parks and greenspace

<sup>20</sup> [What are Infrastructure Deserts? Why Do They Matter?](#) (2022).

- Streetscape enhancements and sidewalk improvements, including ADA accessibility improvements and lighting infrastructure
- Transit enhancements including electronic vehicle infrastructure
- Demolition
- Land acquisition by the City
- Renewable energy generation and storage
- Environmental study (all phases as well as mold, lead, and asbestos) and remediation
- Internet connectivity, broadband access, and other telecommunications infrastructure
- Other projects as approved by the Office of Economic Development

Ineligible costs include third-party working capital or operating and maintenance funding, third-party land acquisition, any expense to be incurred for work or property outside of a Target Area, and work that will not foreseeably further the goals of this Policy and the EDP. If a third-party project is located outside of a TIF district, the private party must comply with any applicable public bidding requirements.

The IIF, administered by OED, is capitalized by ongoing collection of windfall funds from expiring TIF districts. For a period of 10 years after a TIF district expires, the value of the total annual increment contributed by the City in the TIF district's last year will be earmarked within the General Fund into the IIF. At the end of the initial 10-year period (and any extension period), City Council will review and can vote to extend this funding stream for additional 5-year periods.

Projects may apply for loans and grants from the IIF using the same application form as a Negotiated Incentive under **Section III, Subsection 2**.

#### **5. Tax Increment Finance Districts**

Tax Increment Finance (TIF) districts, also known as Tax Increment Reinvestment Zones (TIRZ) are governed by Chapter 311 of the Texas Tax Code. In creating a TIF district, the City establishes a base tax value for a designated geographic area and reinvests a portion of the incremental growth in the tax base. TIF districts do not create an additional tax. Creation of new TIF districts as well as extensions and expansions of existing TIF districts will comply with the TIF Policy, attached as **Exhibit B**.

#### **6. Public Improvement Districts**

The Public Improvement District (PID) program allows for groups of property owners to request special property tax assessments for the provision of services above typical City of Dallas levels. Working with City staff, each PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. To learn more about existing

PID districts or to contact PID staff, please visit <https://www.dallasecodev.org/245/Public-Improvement-Districts>. The PID policy is attached as **Exhibit C**.

### **7. New Markets Tax Credits**

Congress created the New Market Tax Credits (NMTC) program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury, administers the NMTC program. The NMTC program funds commercial, industrial, community facility, and mixed-use real estate projects in qualifying low-income communities. NMTCs can subsidize approximately 15% to 20% of a project's capital needs, usually in the form of low-interest, forgivable debt.

In 2009, the City created the Dallas Development Fund (DDF) to oversee the NMTC program within the City of Dallas. As of October 2022, DDF has received \$240 million in NMTC allocation that has supported more than 20 projects throughout Dallas. DDF maintains its own 501(c)(3) designation and is overseen by a separate board of directors. DDF accepts applications for projects on a rolling basis. More information is available [here](#).

### **8. Section 108**

The federal HUD Section 108 Loan Guarantee Program provides Community Development Block Grant (CDBG) recipients the ability to leverage their annual grant allocation to access low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects. The Office of Economic Development administers existing Section 108 loans issued by the City's Department of Housing and Neighborhood Revitalization. OED is working to develop a new program statement for the City of Dallas Section 108 program which will be brought to City Council for approval at a future date.

### **9. Property Assessed Clean Energy**

The City's Property Assessed Clean Energy (PACE) program enables third-party financing for a variety of rehabilitation and redevelopment projects that increase efficiency by reducing onsite energy usage, reducing onsite water usage, and generating onsite energy. The PACE financing is offset by water/energy savings and is secured by a City assessment. More information is available [here](#).

The City will not support PACE applications for a project with a residential component that results in the direct displacement of residents unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant<sup>21</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

### **10. South Dallas/Fair Park Opportunity Fund**

The South Dallas/Fair Park Opportunity Fund (originally known as the South Dallas/Fair Park Trust Fund) was established by City Council in 1989 to develop a strategy to invest funds generated by Fair Park into the surrounding community. Since 1989, there have been numerous changes to the funding, policies, and purpose of what is now called the South Dallas/Fair Park Opportunity Fund (SDFPOF).

In coordination with the South Dallas/Fair Park Opportunity Fund board, the SDFPOF provides loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park. The SDFPOF will only issue loans and grants to businesses located within, relocating to, or serving a population of which at least 90% are residents of the following Census tracts (2020 Census): 25, 27.03, 37, 115, 203, 208 and 209.

The SDFPOF provides funds under two programs: Economic Development and Human Development, each with its own eligibility criteria and goals. More information on the programs and requirements is available [here](#). The program statement is available [here](#).

### **11. Neighborhood Empowerment Zones 9 and 10**

In 2019, the City Council approved two Neighborhood Empowerment Zones (NEZ) for the City of Dallas. These zones, NEZ #9 and NEZ #10, were created for specific areas where additional economic development tools could prove beneficial to commercial properties and small businesses.

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<sup>21</sup> The term "comparable replacement dwelling" means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities, facilities, services, and the displaced person's place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant's current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant's choosing.

A NEZ, as outlined in Chapter 378 of the Texas Local Government Code, must promote any of the following:

- An increase in the economic development in the zone
- An increase in the quality of social services, education, or public safety for residents of the zone
- Creation and/or rehabilitation of affordable housing in the zone

More information on NEZ 9 is available here and more information on NEZ 10 is available here.

### **12. Southern Dallas Investment Fund**

City Council initially authorized the Southern Dallas Investment Fund (the Fund), via Resolution 19-0803 in May 2019, to promote local economic development and stimulate business and commercial activity in the City, pursuant to Texas Local Government Code, Chapter 380. The purpose of the Fund is to provide grants (Grant Funds) to support economic development projects as authorized by the City of Dallas Economic Development Incentive Policy located in southern Dallas for eligible capital expenditures. For purposes of this program statement, the term "southern Dallas" refers to the geographical boundaries within Dallas city limits on the west, south and east. The northern border is the Trinity River west of downtown and Interstate 30 south and east of downtown. The Fund is administered by the Office of Economic Development. The program statement is available here.

## **IV. OTHER PROGRAMS AND SOURCES OF SUPPORT**

~~1. **City of Dallas Small Business Center.** The City's Small Business Center (SBC) offers technical assistance, workforce development programming, and business support funds to meet the needs of small businesses and entrepreneurs working in Dallas. Details on SBC programs is available via the SBC's website, [www.sourcedallas.org](http://www.sourcedallas.org).~~

~~Applicants that do not meet job creation, retention, and/or capital expenditure minimums for Office of Economic Development incentive programs as stipulated by the specific program requirements in this policy will be referred to the Small Business Center.~~

~~The Small Business Center also leads projects in need of tenanting assistance and projects located in geographies covered by SBC's place-based target funds, including the South Dallas Fair Park Opportunity Fund service area ([more information here](#)) and Neighborhood Empowerment Zones #9 and #10 ([more information here](#)). The SBC will also handle all applicants in need of technical assistance and working capital.~~

**2-1. City of Dallas Housing and ~~Neighborhood Revitalization~~Community Development**

**Department** The Department of Housing & Neighborhood Revitalization is charged with investing in the development and preservation of mixed-income and affordable housing. Through federal entitlement grants, local funds, bond funds and other housing development tools, the Department supports renters, homeowners, and homebuyers in finding, maintaining, and staying in their homes. On March 27, 2024, City Council established, as a public purpose related to economic development, the creation and preservation of affordable housing, increasing the availability of affordable housing, and reduction of substandard or deteriorating structures throughout the City. Accordingly, the programs under the Dallas Housing Resource Catalog, carried out in accordance with the Dallas Housing Policy 2033, are programs for purposes of awarding incentives under Chapter 380 of the Texas Local Government Code. For information about Housing incentives, visit the department's website [here](#).

**3-2. City of Dallas Historic Preservation Incentives** The Planning ~~and~~ ~~and~~ ~~Urban Design~~Development Department administers the City's Historic Tax Exemption Program, which incentivizes property owners in the rehabilitation of historic properties. These incentives consist of tax exemptions for the rehabilitation of a historic structure. To qualify, the property must be designated as a City of Dallas Landmark or be a contributing property within a Landmark District. For information about this incentive, visit the department's website [here](#).

**4-3. Dallas County** Dallas County provides strategic tax abatements, participates in tax increment finance (TIF) districts, nominates projects for the Texas enterprise zone program, and supports the formation of foreign trade zones. Learn more about Dallas County economic development incentives [here](#).

**5-4. State of Texas** The State of Texas supports a variety of programs to help further economic development within the State. Office of Economic Development staff are experts in navigating the state programs and applications and can assist companies and site selectors interested in state incentives. If a state incentive requires local support, the complete application, including exhibits, for state incentives shall be received by OED at least 30 days prior to the submittal of application to the State. Learn more about State of Texas incentives [here](#).

**6-5. Conveyance of City-Owned Property.** Occasionally OED will offer city-owned property for sale or lease to promote the goals of the EDP and this policy. City-owned properties may be conveyed to developers under one of several legal authorities, each of which require the approval of the City Council:

- a. **Chapter 272 of the Texas Local Government Code.** As a general rule, OED will utilize a public solicitation process when offering city-owned property for development. This will ensure that all interested parties have an opportunity to participate and will secure the most beneficial public use for the citizens of Dallas. If applicable, OED may utilize Section 272.001(b)(6) which authorizes conveyance of land that is located in a TIF district that the city desires to have developed under the TIF district’s project plan.
- b. **Section 253.0125 of the Texas Local Government Code.** This statute allows the City to convey property to a party with which it has entered into a Chapter 380 agreement, the consideration for which is the economic development use of the property. OED may recommend conveyance of a property under this statute in the following circumstances:
  - i. If a property has been offered for conveyance via a public solicitation process in the past five years and the solicitation failed to receive any responses.
  - ii. If a property has been offered for conveyance via a public solicitation process at least twice in the past 10 years, but negotiations with respondents have not led to an executed development agreement.
  - iii. If OED is recommending conveyance of a property to the City of Dallas Economic Development Corporation.
  - iv. If a City-owned property has environmental contamination, substandard structures, or other factors that significantly impair the developability of the site and/or make a market-rate conveyance to a developer unlikely.
  - v. If the property is to be conveyed as part of a [City](#) Council-approved program.

## V. CONCLUSION

This Economic Development Incentive Policy ~~will take~~took effect on January 1, 2023. Substantive updates to ~~the this Incentive P~~olicy require City Council approval and statutorily required public hearings. Staff may make minor edits to the Incentive P~~olicy~~, such as updating links or clarifying process or text, without City Council approval. The most current Incentive P~~olicy~~ will always be posted and available on the Office of Economic Development [website](#).

## EXHIBIT A

### TARGET AREA MAP

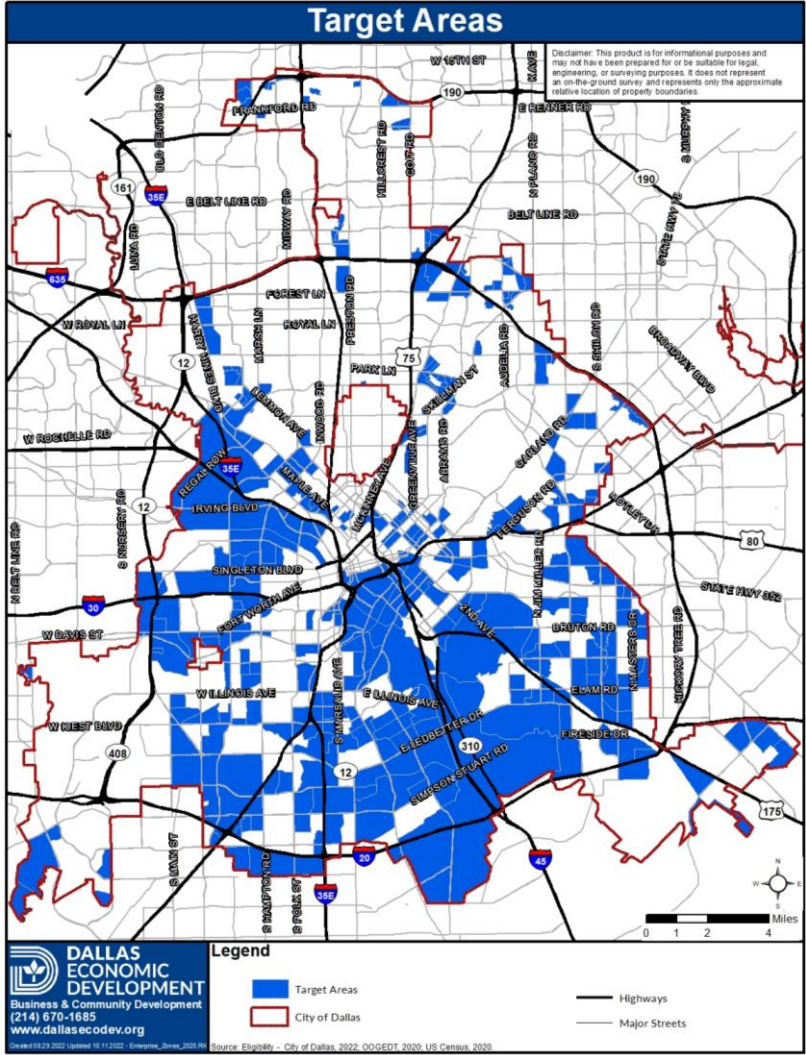
Target Areas align with the State of Texas Enterprise Zone designations<sup>22</sup>. These zones are re-evaluated as part of the decennial Census. The map is searchable by address [here](#).

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<sup>22</sup> State of Texas Enterprise Zone Program [FAQ](#)





## EXHIBIT B



### CITY OF DALLAS TAX INCREMENT FINANCE (TIF) POLICY

**CRITERIA FOR EVALUATING PROPOSED TIF DISTRICTS.** TIF districts created after the date of this Policy must comply with Chapter 311 of the Texas Tax Code, as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that creation of a new TIF district complies with the then-current Financial Management and Performance Criteria (FMPC) adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the creation of a new TIF district. This requirement ensures that TIF districts are not created prematurely and that the proposed term of the TIF district maximizes collection of increment to support redevelopment.
3. **MIXED-INCOME HOUSING:** The TIF district's project plan and financing plan will require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A

be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.

- f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.
  - g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.
  - h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
  5. **NEIGHBORHOOD PRESERVATION:** If the TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
  6. **URBAN DESIGN:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
  7. **M/WBE:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
  8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
  9. **TERM AND PARTICIPATION:** New TIF districts will not have an initial term of more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new TIF districts will be determined by staff based on an evaluation of the anticipated need in the TIF district but will not exceed 90%.

### CRITERIA FOR EVALUATING PROPOSED EXPANSION OR EXTENSION OF TIF DISTRICTS

TIF districts expanded by 10% or more of the then-current TIF district's boundary or TIF districts extended after the date of this Policy must comply with Chapter 311 of the Texas Tax Code as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that expansion or extension of a TIF district complies with the then-current FMPC adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the expansion or extension of the TIF district.
3. **MIXED-INCOME HOUSING:** The amendment of the TIF district's project plan and financing plan must require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.

- f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.
  - g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.
  - h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the amended TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
  5. **NEIGHBORHOOD PRESERVATION:** If an expanded or extended TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's amended project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
  6. **URBAN DESIGN:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
  7. **M/WBE:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
  8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
  9. **TERM AND PARTICIPATION:** TIF district terms may be extended by no more than 15 years. Any extension of the term of a TIF district will be accompanied by a reduction in the City participation in the TIF district. The City's participation rate for any extension term will be

a minimum of 30% lower than the rate at the time of the extension, unless otherwise approved by Council. New sub-districts shall have an initial term of no more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new sub-districts will be determined by staff based on an evaluation of the anticipated need in the sub-district but will not exceed 90%.

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## EXHIBIT C

### CITY OF DALLAS PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

The City of Dallas supports the use of PIDs to address public needs or supplemental services identified by property owners. PIDs in Dallas will be allowed to fund any item provided by Chapter 372 of the Texas Local Government Code, as petitioned by the property owners.

#### PETITIONS

In new and renewing commercial or mixed-use district PIDs, the City will require that Owners representing (1) at least 60% of the value and (2) 60% of all record Owners or 60% of land area, support the creation of a new or renewing PID. Waivers to City's 60% threshold criteria shall only be authorized by a vote of a three-quarters majority of the Dallas City Council. Neither staff nor City council have the authority to approve exceptions to the state's petition threshold.

In new or renewing single-family PIDs (defined as areas with a minimum of 30% of land area dedicated to detached single-family housing), the City will require that Owners representing (1) at least 66.7% of the value and (2) 66.7% of all record Owners or 66.7% of land area, support the creation of a new PID.

Petitions will not be required to be notarized. Staff will verify that the person signing the petition is the owner and has the authority to sign. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if staff is made aware of any disagreement among owners of community property those petitions will not be counted."

The deadline to submit petitions for new or renewing PIDs is February 1. Signatures are generally must be gathered between October 1 and February 1. -The deadline to submit written consent forms from hotel owners for an expansion of the Dallas Tourism PID is February 1.

#### ASSESSMENTS AND ALLOWABLE COSTS

1. PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
2. PIDs in Dallas will be allowed to fund any item provided by state law.
3. PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City. Public improvement districts in the City of Dallas shall incur no bonded indebtedness.
4. Administrative expenses for a PID, excluding costs for City staff administration, shall not exceed 15% of the total budget in any year.
5. A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b) of the Texas Local Government Code.
6. Upon council approval of creation or renewal of a PID, City staff will file the ordinance creating or renewing the PID and a Notice of Assessment Form with the Dallas County Clerks' office or other relevant deed records so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller on the date of closing. This practice will not involve separately recording documents for each parcel within a PID.
7. Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the current term of the Downtown Improvement District. The City will review participation in the Downtown Improvement District on renewal.

#### APPLICATION REQUIREMENTS

1. An application fee of \$15,000 will be required for all new or renewing PIDs ~~and for requests by DTPID for expansions~~. This fee is regulatory in character, so it approximates staff costs of administering the PID program. The fee will be used to pay for direct expenditures and to compensate the Office of Economic Development for staff time associated with PID creation and renewal. If the City costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant unless the renewal or creation of the PID is successful in which case the remainder will be retained to cover City administrative expenses incurred throughout the PID's term including publication of legal notices, mailings, staff time in overseeing and monitoring the district, and any other related expense. The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.
2. A PID application for creating or renewing a PID shall include a current list of properties and tax roll. City staff will assist in this process in coordination with the PID management organization and DCAD.



3. PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property or properties included in the District. This practice will not require the applicant to provide property surveys.
4. A PID application for creating or renewing a PID shall include a section that clearly identifies the proposed benefit of the PID to the property owners within the PID boundary and to the City as a whole and also any required evidence of insurance coverage.
5. Proposed PIDs are required to notify all property owners and host at least one public meeting with all the property owners within the area. Written notice must be sent by postal mail at least 15 days prior to the meeting date.

#### **DISTRICT MANAGEMENT**

Each management entity for a PID (“PID Management entity”) shall submit quarterly reports of all PID activities and expenditures; an annual independent audit of all PID expenditures; an annual Form 990; a copy of the management entity’s governance documents and policies; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice which must be sent by postal mail to all property owners in the PID at least two weeks prior to this meeting date to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process.

A PID Management entity and its board members, officers (the board and officers of a PID Management entity are called the “Board”), and employees; (the Board and employees of the PID Management entity are called a “PID Management party”) shall comply with the following:

1. PID Management parties will conduct themselves in a manner consistent with sound business and ethical practices.
2. PID Management parties will consider the public interest when determining how to use assessment funds and will only spend assessment funds in accordance with Chapter 372 of the Texas Local Government Code.
3. PID management entities will not contract with any entity or individual with which a PID Management party has a financial interest unless such financial interest is disclosed, the party with the financial interest is absent during any board discussion and vote, and a majority vote of the remaining board members deem the contract in the best entity of the PID.
4. PID management entities will not hire or contract with a board member or any relative (by blood, marriage, or adoption), domestic partner, or business associate of any board member for PID management services or other purposes unless such relationship is disclosed, the party with the relationship is absent during any board discussion and vote, and the remaining board members unanimously deem the action in the best interest of the PID.

5. PID Management will avoid the occurrence of and the appearance of the occurrence of acts of impropriety to ensure public confidence in the PID program.
6. No PID Management party shall have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction, or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties on behalf of the PID unless: a) he or she discloses such an interest, financial or otherwise, direct or indirect to the Board and b) a majority vote of the remaining Board Members without a financial interest (“disinterested board members”) deem by resolution that the contract is commercially reasonable, does not exceed the fair market value of the typical cost of the goods or service, and is in the best interest of the PID. A PID Management party with a conflict of interest due to a financial interest shall disclose the conflict to the Board, abstain from discussion, and leave the room during the Board voting and deliberation of the matter.
7. PID Management will not use their positions, the petitioned services, the assessment funds, or the petition process for personal gain or benefit and will not unduly influence others through any tactics including but not limited to coercion or bullying.
8. PID Management shall comply with this PID policy as well as with the applicable provisions of the Dallas City Code, Chapter 12A and any future amendments to same. In the event of a conflict between this PID policy and Chapter 12A, Chapter 12A will control.
9. Management entities shall -maintain a publicly accessible internet website and ensure the availability via the website of the entity’s contact information; board membership information; name and contact information of its executive director or person that performs those duties; meeting notices; meeting minutes; its annual assessment rate; the adopted service plan budget for preceding two years and current year; most recent financial audit; and information regarding how to file a complaint alleging unethical conduct or a violation of fraud, waste, or abuse of PID assessments with the Inspector General Division of the Dallas City Attorney’s Office.
10. The PID liaison from OED will be invited to all PID board meetings. If the PID is unable to identify its liaison, it may invite the Director of OED.

The City reserves the right to audit the books, records, and practices of PID Management parties at any time. The City may terminate a PID management agreement for cause at any time without notice.

**SPECIAL PURPOSE PIDS**

Special Purpose PIDs may be created by the City to address unique issues, subject to state law petition requirements. The maximum PID assessment in these districts will be determined by the City Council and may be above \$0.15 per \$100 valuation. These PIDs in Dallas will be allowed to fund any item provided by state law. These Districts may be used to address special facility

maintenance and beautification issues. Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

**BOUNDARIES**

1. With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either of those two PIDs, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
2. In general, the boundaries of existing PIDs can be modified during a renewal process (with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the proposed PID area meets the minimum criteria for creation/renewal as described earlier in this Policy.
3. The boundaries of the DTPID include hotels with more than 100 rooms. Any hotels that drop below that room level during the term will be removed from the assessment roll with City Council approval following notice to the City by DTPID. New hotels may be added during the existing term of a PID with City Council approval in accordance with Chapter 372 of the Texas Local Government Code.

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## EXHIBIT D

### COMMUNITY DEVELOPMENT PLAN

#### BACKGROUND

The Texas Community Development Act of 1975, as enacted by Chapter 373 of the Texas Local Government Code authorizes a variety of activities to contribute the development of viable urban communities by expanding economic opportunities for persons of low and moderate income. The legislative finding aligns with the revised incentive programs stemming from the new Economic Development Plan to support job growth, create new tax revenue, and expand the City's tax base, while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- High-quality jobs that provide opportunities for all
- Investment in Southern Dallas and other distressed or low-to-moderate income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities

While the traditional tools of the City's economic development program, including grants, loans and tax abatements as authorized under Chapters 380 and 378 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code, have been successful in supporting larger scale, for-profit projects, the tools are not as well aligned to support projects led by non-profit developers, or that offer additional community benefits. A Chapter 373 Program is proposed to further the revised Economic Development Incentive Policy ("Incentive Policy") and address the gap in existing incentive tools, and expand economic opportunities for persons of low-and-moderate income.

To enact a Chapter 373 program, City Council approved this Community Development Plan ("CDP") on December 14, 2022, as a component of the City Economic Development Incentive Policy. A public hearing on the CDP was held on November 9, 2022.

#### PURPOSE

The purpose of the CDP is to improve living and economic conditions of persons of low and moderate income through the provision of loans and grants to qualified projects that inhibit the deterioration of property; expand and improve the quantity and quality of community services important to the community welfare; improve arrangement of residential, commercial, industrial, recreational, and other necessary activity centers; restore and preserve properties of

special value for historic, architectural, or aesthetic reasons; and/or alleviate physical or economic distress through the stimulation of private investment and community revitalization in slum or blighted areas.

### PROGRAM AREA

Activities carried out under CDP will be limited to the Target Areas defined by the Incentive Policy. These Target Areas are comprised of census tract block groups that have a 20% or greater poverty rate based upon the most recent decennial census federal poverty level information, which indicates predominately low-and-moderate income populations. Within the program area, activities as defined as “Eligible Activities and Project Types” below may occur.

### ELIGIBLE ACTIVITIES

The following elements are eligible for funding provided that the activity would further the purposes of this CDP and meet the eligibility criteria as specified under the “Project Types” section below.

- Rehabilitation of privately-owned property
- Activities that are conducted by public or private entities if the activities are necessary or appropriate to meet the needs and objectives of the CDP, including:
  - acquisition of real property<sup>23</sup>
  - acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, utilities, commercial or industrial buildings or other structures, or other commercial or industrial real property improvements
- Grants to neighborhood-based nonprofit organizations, local development corporations, or similar entities
- Provision of assistance to private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project

### PROJECT TYPES

1. **Community Development Projects** are projects that are led by a community based nonprofit developer<sup>24</sup> and must either 1) create [1025](#) permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must

<sup>23</sup> Land acquisition is an eligible use only as part of a larger project as defined in Project Types. Land acquisition alone is not an eligible activity.

<sup>24</sup> This may include neighborhood-based nonprofit organizations, local development corporations, or similar entities.

demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction costs only; funds are not to be used for programmatic expenses.

2. **Neighborhood Revitalization Projects** are rehabilitation projects that are led by a community based non-profit developer and must either 1) create [1025](#) permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction or rehabilitation costs only; funds are not to be used for programmatic expenses. The City encourages pairing PACE financing with any revitalization project.
3. **Community Impact Project** is a project that meet a specific community need, such as a grocery store, senior-care facility, child-care facility, or health-care facility. Other project types may be considered if applicant demonstrates a defined service gap. Projects must create at least 15 permanent full-time jobs with an average salary (exclusive of overtime, bonuses, or benefits) equivalent or greater to the Living Wage for an individual living in Dallas County and document a minimum capital investment of \$2 million, excluding acquisition costs. City funds may be used for construction or rehabilitation costs only; funds shall not be used for programmatic expenses. The City encourages pairing PACE financing with any rehabilitation project. Funds may be received as a grant and/or a loan.

#### **APPLICATION PROCESS**

All projects receiving funding under the CDP will follow the same application process for Negotiated Incentives as established by the Incentive Policy. All approvals for funding will likewise follow the policies as established by the Incentive Policy.

#### **ADDITIONAL INFORMATION**

The CDP will be administered by the Office of Economic Development, and in accordance with the CDP.

#### **PUBLIC PURPOSE**

All loans and grants must accomplish a public purpose, as required state law. The City Council finds that the project types described herein serve a valid public purpose.

## EXHIBIT E

### SMALL BUSINESS ASSISTANCE PROGRAM

The City's Small Business services include offering technical assistance through monitored referrals to non-City partners and project funding to support the needs of small businesses and entrepreneurs working in Dallas as they transition or improve real estate locations within the City of Dallas. The City will not provide working capital but will refer individuals to Community Development Financial Institutions and banks that provide this type of financing.

#### BACKGROUND AND PURPOSE

Small businesses are defined by the U.S. Small Business Administration (SBA), [www.sba.gov](http://www.sba.gov), as firms that have fewer than 500 employees, but on average have fewer than 20 employees. A small business is deemed to be one which is independently owned and operated and generally is not dominant in its field of operation. Small businesses are vitally important to Dallas and a significant part of Dallas' economy. Approximately 82% of Dallas businesses have fewer than 20 employees; 35% have fewer than five employees.

The recent "Dallas Small Business Ecosystem Assessment,"<sup>25</sup> led by Next Street and sponsored by JPMorgan Chase in 2019, noted "[a]cross the United States there is increasing acknowledgment that historically discriminatory policies have created significant and seemingly intransigent wealth and income gaps. Among several levers used to address these gaps, policymakers and others have found small business development to be a powerful tool to foster inclusive economic growth. Recognizing business ownership as a pathway to economic empowerment, wealth creation, and upward mobility presents an opportunity for cities like Dallas and others across the nation to push for a more inclusive economic future."

To further the growth of small businesses within Dallas, the Small Business Assistance Program (SBAP) is offered to support Dallas small businesses looking to establish or grow their physical footprint within the City of Dallas. With this funding, Dallas hopes to facilitate the establishment and growth of storefront business projects (either leased or owned) that house Dallas small businesses.

#### PROGRAM AREA

Funding is available City-wide.

#### ELIGIBLE PROJECTS AND ACTIVITIES

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<sup>25</sup> <https://www.dallasecodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

The Small Business Assistance Program is intended to catalyze real estate and small business development as well as job creation in traditionally underserved areas by offering lower investment thresholds as well as a simplified and streamlined process for qualified small businesses throughout the City. Eligible applicants are for-profit companies that are registered and in good standing with the State of Texas that are either establishing a Dallas physical location or expanding an existing Dallas-based company (at the same location or new location within the City). Businesses must have 20 or fewer employees. To be considered for funding, the applicant must demonstrate that at least 75% of the total project funding is available either as cash-in-hand or through a third-party lender or investor. The total project cost (outside of real estate acquisition) may not exceed \$2 million. For projects in Target Areas, the minimum required investment outside of real estate costs is \$150,000; for projects in non-Target Areas, the minimum required investment outside of real estate costs is \$250,000. Funds may only be used for expenses as defined in the project budget, must be used for capital improvements, and are provided on a reimbursement basis. Funding agreements will be processed by Administrative Action.

Commented [LH2]: Do we want to require 6 or 12 months of existence? I'm inclined not but asking.

The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Funds will be awarded based on the following criteria:

<u>Base Award</u>	<u>Target Area</u>	<u>Non-Target Area</u>
<u>Minimum Investment</u>	<u>\$150,000</u>	<u>\$250,000</u>
<u>Required match</u>	<u>75% of total project cost</u>	<u>75% of total project cost</u>
<u>Percent of project budget awarded</u>	<u>15%</u>	<u>15%</u>
<u>Maximum award (regardless of project size)</u>	<u>\$300,000</u>	<u>\$100,000</u>
<u>Agreement term</u>	<u>5 years</u>	<u>5 years</u>

<u>Base Award + Job Creation</u>	<u>Target Area</u>	<u>Non-Target Area</u>
<u>Minimum Investment</u>	<u>\$150,000</u>	<u>\$250,000</u>
<u>Required match</u>	<u>75% of total project cost</u>	<u>75% of total project cost</u>
<u>Creation of Living Wage jobs OR</u>	<u>5</u>	<u>10</u>
<u>Retention of Living Wage jobs</u>	<u>10</u>	<u>15</u>
<u>Percent of project budget awarded</u>	<u>25%</u>	<u>25%</u>



<u>Maximum award (regardless of project size)</u>	<u>\$400,000</u>	<u>\$100,000</u>
<u>Agreement term</u>	<u>5 years</u>	<u>5 years</u>

**APPLICATION PROCESS**

All applicants seeking small business assistance funding must submit a Small Business Assistance Application. SBAP agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney’s Office. OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

**ADDITIONAL INFORMATION**

The Small Business Assistance Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

**PUBLIC PURPOSE**

All grants must accomplish a public purpose, as required state law. The City Council finds that the types of Small Business Assistance Program projects described herein serve a valid public purpose.

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## EXHIBIT F

### INNOVATION PROGRAM

#### BACKGROUND AND PURPOSE

In May 2021, the Mayor's Task Force on Innovation and Entrepreneurship released a report with the following findings:

- With nearly double the population of Silicon Valley, Dallas has just 3% of the startup deal activity of Silicon Valley and less than 50% of the deal activity of our neighbors in Austin.
- Venture Capital (VC) investment is 325% greater in Austin than the total VC investment in Dallas.
- Dallas is home to a large corporate presence has become the central mark of the Dallas business community. As we look to [the] future, there must be a combination of massive global organizations that are the bedrock of our economy in partnership with innovative, agile entrepreneurs who will provide the answers for tomorrow.
- Startup businesses<sup>26</sup> are the driving force of homegrown ingenuity and the heartbeat of innovation priming a highly productive and inclusive regional economy for generations of Dallas residents to come.

To further the growth of start-ups and innovation within Dallas, the Innovation Program would support Dallas-based innovation projects to spur and accelerate innovation within Dallas with place-based support. With this funding, Dallas hopes to augment its innovation offerings by supporting projects that offer a combination of physical incubators or space with an effective, proven and capable program partners to create innovation zones with dedicated space, networks and subject area clusters.

Subject area clusters to be supported include the below; other areas may be considered if the applicant demonstrates a need and adequate area resources/partnership for that area cluster.

- Biotech and/or life sciences
- Financial technology
- Artificial Intelligence
- International expansion
- Underrepresented entrepreneurs

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<sup>26</sup> The Mayor's Task Force defines a startup as: "a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable and sustainable high-growth business model."

## **PROGRAM AREA**

Funding is available City-wide.

## **ELIGIBLE PROJECTS AND ACTIVITIES**

Eligible projects will be led by one lead for-profit or non-profit entity (lead entity) that may provide funding to other entities that further the innovation mission of the lead entity. Funding in the form of grants or other economic development assistance (e.g. rent reduction in City-owned facilities) would be available to the lead entity that meet the following criteria, either through activities of the lead entity or the other organizations associated with the lead entity.

- Applicant must be a Dallas-based for-profit or non-profit organization
- Project must:
  - Directly or indirectly create 25 permanent full-time jobs that pay a living wage and
  - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas or
  - Document a venture capital or other fund raise of \$2 million and
- Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
- All office locations for recipients or sub-recipients must be within the City of Dallas

## **APPLICATION PROCESS**

All applicants seeking innovation funding must submit an Innovation Application. Innovation Program agreements require approval by Administrative Action or City Council and an executed economic development agreement approved as to form by the City Attorney's Office. If approved by Administrative Action, OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

## **ADDITIONAL INFORMATION**

The Innovation Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

## **PUBLIC PURPOSE**

All grants and other economic development assistance must accomplish a public purpose, as required state law. The City Council finds that the types of Innovation Program projects described herein serve a valid public purpose.



EXHIBIT G

CITY COUNCIL DISTRICT-SPECIFIC SMALL BUSINESS PROGRAMS

[Placeholder for content-specific program statement(s)]

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# Exhibit A

## City of Dallas Economic Development Incentive Policy

*Adopted as Resolution No. 23-0220 on January 25, 2023*

*Amended by Resolution No. 24-0435 on March 27, 2024*

*Amended by Resolution No. 25-XXXX on January XX, 2025*

### I. ECONOMIC DEVELOPMENT INCENTIVE POLICY PURPOSE

The Dallas City Council unanimously adopted a new Economic Development Policy (EDP) in May 2021. The EDP sets out clear policy goals focused on fostering economic growth and social progress for all residents. This Economic Development Incentive Policy (Incentive Policy) is intended to align with equitable economic development policy priorities specified in the EDP. This Incentive Policy replaces the Public/Private Partnership Program - Guidelines and Criteria adopted by City Council on June 8, 2022, by Resolution No. 22-0901; the Tax Increment Finance (TIF) Policy adopted by City Council on June 17, 2015, by Resolution No. 15-1144; and the Public Improvement District (PID) Policy adopted by City Council on March 25, 2020, by Resolution No. 20-0496. This Incentive Policy applies to incentive applications received on or after January 1, 2023.

The following incentive programs support job growth, create new tax revenue, attract and retain businesses, and expand the City's tax base, all while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- Availability of affordable housing units;
- High-quality jobs that provide opportunities for all;
- Investment in Southern Dallas and other distressed or low- and moderate- income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities.

The City's economic incentive toolkit provides assistance to help achieve the public purpose advanced by a project and to catalyze investment that would not occur, or would not occur on the same timeline or at the same scope, but for the addition of the incentive. To support the "but for" argument, any jobs created or investments made prior to agreement execution do not count toward minimum requirements of this policy. Tools may be combined to achieve a public purpose.

### II. TARGET AREAS

The City acknowledges the historic disinvestment that has shaped Dallas, and therefore seeks to prioritize equitable economic development in underserved areas. This policy directs certain

programs and incentives toward designated Target Areas<sup>1</sup> (see **Exhibit A**) with the goal of increasing investment in Southern Dallas and other distressed areas and as a signal to the market as to where the City wants to prioritize investment.

Target Areas align with the State of Texas designated Enterprise Zones, which are census block groups designated as distressed areas in alignment with the most recent federal decennial Census. In accordance with Section 2303.101 of the Texas Government Code, a block group automatically qualifies for designation as an Enterprise Zone if it (1) has a poverty rate of at least 20 percent; (2) is designated by the federal government as a renewal community, a federal empowerment zone, or a federal enterprise community; (3) is located in a distressed county, meaning that the county has a poverty rate above 15.4 percent, in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate, and that has an unemployment rate that has remained above 4.9 percent during the preceding five years; or (4) is inside the boundaries of a defense base.

For purposes of the as-of-right tax abatement incentive program described in **Section III, Subsection 1**, Target Areas are also deemed a zone for purposes of Chapter 378 of the Texas Local Government Code.

### III. INCENTIVE PROGRAMS

The Office of Economic Development (OED) offers and administers the Incentive Programs outlined in this **Section III**. Applicants must provide a certificate of account status from the Texas Comptroller of Public Accounts demonstrating that the applicant is compliant with State of Texas regulations and be current on all taxes. OED reserves the right to reject applications from applicants (including applicants' affiliates, subsidiaries, and other legal entities with materially similar ownership, membership, or controlling interests) who have filed for bankruptcy in the past five years or have previously defaulted on any City of Dallas incentive agreement. The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Each application will be analyzed to ensure that the incentive serves a public purpose and provides a public benefit in conformance with the appropriate program statement and state law. OED reserves the right to reject any incentive application. OED also reserves the right to refer a by-right tax abatement application to the City Council for approval by resolution if OED has

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<sup>1</sup> Target Areas are defined as state-designated enterprise zones, and may be searched online [here](#). A map of the Target Areas as of the date of adoption of this policy is attached as **Exhibit A**.

questions about whether the project use is incompatible with surrounding neighborhood uses, or if the project has the potential to create an undesirable outcome such as a negative environmental impact; a use that could deter future economic development; a noise violation, noxious odor, or other nuisance; an overconcentration of one use; etc.

Financial awards must be documented in a written agreement, approved as to form by the City Attorney, to allow the City to: (1) ensure that the incentives accomplish a public purpose; (2) retain public control over the funds to ensure that the public purpose is accomplished and to protect the public's investment; and (3) ensure that the City receives a return benefit.<sup>2</sup> OED will work with the City Attorney's Office to identify ancillary instruments required to accompany each incentive agreement, such as a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney's Office. OED may not, as part of an incentive agreement, waive the City's legislative, governmental, or police power.

### ***1. As-of-Right Tax Abatements in Targeted Areas***

In accordance with Chapter 312 of the Texas Tax Code, **Section III, Subsections 1 and 2.1** will serve as the City of Dallas's adopted guidelines and criteria governing tax abatement agreements and as evidence that the City elects to participate in tax abatements. For purposes of Chapter 312, the term of Section III, Subsections 1 and 2.1 is two years beginning on January 1, 2025, and ending on December 31, 2026, which may be renewed by City Council in the manner outlined in that Chapter.

Temporary abatements of net new real property or business personal property taxes are available for job creation projects and real estate development projects that advance the City's economic development goals. Tax abatements may be awarded either as a by-right incentive as described in this section, or as a Negotiated Incentive as described in **Section III, Subsection 2.1**.

Projects located in Target Areas, but not in a TIF District, that meet the criteria described below will be eligible to apply for an as-of-right tax abatement. The as-of-right tax abatement is intended to catalyze real estate development and job creation in traditionally underserved areas by offering a simplified and streamlined process.

To be eligible for a ten-year, 90 percent abatement of net new City of Dallas real property taxes or a five-year, 90 percent abatement of net new City of Dallas business personal property taxes (type of tax abated dependent on applicant preference), a project must meet all of the following criteria:

- Submit an application for an as-of-right tax abatement
- Be located in a Target Area

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<sup>2</sup> Tex. Mun. League Intergovernmental Risk Pool v. Tex. Workers' Comp. Comm'n, 74 S.W.3d 377, 384 (Tex. 2002).

- Have a total project budget of \$25 million or less, plus one of the following:
  - Capital expenditures<sup>3</sup> of at least \$2 million; or
  - Creation of at least 10 full-time jobs or retention of at least 25 full-time jobs<sup>4</sup>
- Ensure that all full-time jobs (created and retained) must pay a minimum wage not less than the hourly rate determined by the [MIT Living Wage Calculator](#) for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement (“**Living Wage**”)<sup>5</sup>
- For a real estate development project, must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs<sup>6</sup> and comply with minimum mixed-income housing requirements.<sup>7</sup>
- Fulfills public purpose of creating Living Wage jobs and/or growing the City tax base
- Does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant<sup>8</sup> and provides relocation assistance for all displaced tenants in an amount acceptable to OED<sup>9</sup>; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council. If a project results in the direct

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<sup>3</sup> For purposes of this policy, “capital expenditures” exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

<sup>4</sup> For purposes of this policy, “full-time jobs” refer to jobs that are scheduled to work a minimum of 35 hours each week and that provide healthcare benefits. Full-time jobs are permanent positions and do not include interns, temporary works, consultants, etc.

<sup>5</sup> Projects that advance specific public purposes identified by OED may be exempt from the Living Wage requirement, such as full-service grocery stores in low-income, low-access (LILA) Census tracts as determined by the U.S. Department of Agriculture. See [USDA Atlas](#) for 2019 LILA tracts. Waivers of the Living Wage requirement will be stated in the City Council resolution approving the incentive agreement.

<sup>6</sup> More information about the City of Dallas M/WBE program is available [here](#).

<sup>7</sup> Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney.

<sup>8</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>9</sup> Relocation assistance is intended to cover actual moving costs for the displaced tenant plus any security deposits required by the new landlord.



displacement of people from residential units or the demolition or repurposing of residential units, it requires approval by resolution of the City Council.

As-of-right tax abatements require approval by administrative action (except where City Council approval is specifically required as described above) and an executed tax abatement agreement approved as to form by the City Attorney's Office. Abatements are only assignable in whole and may not be assigned to multiple entities. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

Throughout the term of the tax abatement agreement, the annual abatement is contingent upon annual compliance with the agreement. All tax abatements begin on January 1 of the calendar year that immediately follows execution of the agreement, unless otherwise specified in the agreement.

If an as-of-right applicant finds that the tax abatement award described above is insufficient to fill a project's financial gap, the applicant may apply for a Negotiated Incentive, as described in **Section III, Subsection 2**.

## ***2. Negotiated Incentives (Tax Abatement, Loans, and Grants)***

Negotiated Incentives are available for (1) projects with a total budget greater than \$25 million; (2) projects located outside of Target Areas; (3) projects for which an as-of-right tax abatement is insufficient to fill the financial gap; (4) projects that comply with the Community Development Plan attached as **Exhibit D**; (5) projects that comply with the Innovation Program attached as **Exhibit F**.

An applicant for Negotiated Incentives must submit a complete incentive application (available on the OED website [here](#)) with a cashier's check, money order or wire transfer in the amount of the underwriting fee noted in the application. The applicant's project will undergo either real estate development underwriting review or business development impact analysis, as appropriate, to determine the source, incentive amount, and terms of any award package. Negotiated Incentive offers may include abatements, loans, and/or grants.

Once the City and applicant have negotiated and executed a term sheet, the Negotiated Incentives may be approved by resolution or administrative action, as described below:

- Incentive offers valued at or below \$1 million for projects inside Target Areas will be approved by administrative action.

- Incentive offers valued at or below \$1 million that are made to M/WBE developers<sup>10</sup> or community developers<sup>11</sup> throughout the city will be approved by administrative action.
- All other incentive offers must be approved by resolution of the City Council.

OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

All incentives, regardless of approval method, must be documented in a written incentive agreement approved as to form by the City Attorney’s Office, and payment or abatement is contingent upon compliance with the incentive agreement throughout the term. Unless otherwise specified in the agreement, all tax abatements begin on January 1 of the calendar year following execution of the agreement. OED will establish interest rates, repayment schedules, loan security and prioritization, and all other terms and conditions for loan and grant awards, which will be documented in an incentive agreement, accompanied by any ancillary security instruments as deemed necessary by the City Attorney’s Office. These security instruments may include a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney’s Office. The City may not, as part of an incentive agreement, waive the City’s legislative, governmental, or police power. By entering into an incentive agreement, the developer consents to all requirements imposed by the City.

Within 10 business days of the administrative action or Council resolution approving a Negotiated Incentive for a real estate development project, the applicant must deliver to OED a cashier’s check, money order, or wire to be escrowed with the OED to cover the costs of any outside legal counsel retained to represent the City with regard to negotiating and/or drafting development agreements, loan documents, promissory notes, property management agreements, deeds of trust, ground leases, deed restrictions, subordination agreements, intercreditor agreements, financial documents, or any other item identified as necessary by the City Attorney’s Office for the applicant’s project. Failure to timely deliver the funds may result in revocation of the incentive offer.

The amount of the escrow will be determined based on the chart below:

Total Incentive Award	Amount of Escrow
< \$1 Million	N/A, project will be managed by City Attorney’s Office
\$1 Million to \$5 Million	\$30,000

<sup>10</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women’s Business Council – Southwest.

<sup>11</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

\$5 Million to \$15 Million	\$50,000
Greater than \$15 Million	\$75,000

If there is a balance in the escrow fund on the date that the incentive agreement is executed by all parties, the OED will refund the balance. If all escrowed funds have been used and there are legal fees owed to outside legal counsel on the date that the incentive agreement is to be executed by all parties, the applicant must directly pay such legal fees for outside legal counsel prior to the City’s execution of the agreement. If the incentive agreement is not executed for any reason, the applicant must still pay such legal fees for outside legal counsel. In no event shall an applicant be obligated to pay an amount for the City’s outside legal counsel that exceeds the greater of \$100,000 or 0.5% of the total incentive amount awarded.

### 2.1 Negotiated Tax Abatements

Projects must meet baseline criteria described below and must demonstrate a financial need and/or positive fiscal impact to be eligible for a tax abatement.

Baseline criteria for consideration for tax abatements are as follows:

- *Business development projects:*
  - Generate positive fiscal return-on-investment, with the net present value of project revenues to the City outweighing the incentive amount, as verified by OED or a third-party consultant
  - Incentivized jobs (created or retained) pay a Living Wage
  - Create at least 10 permanent full-time-equivalent (FTE) jobs, or retain at least 25 FTE jobs
  - Capital expenditures of at least \$2 million
  
- *Real estate development projects:*
  - Verified capital financing gap, as verified by OED or third-party underwriter
  - Jobs hired directly by primary developer receiving incentive award pay a Living Wage
  - Capital expenditure of at least \$2 million
  - Must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs
  - Project does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to

each displaced tenant<sup>12</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

While underwriting/gap analysis or fiscal impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing incentive award packages may include, but are not limited to:

- *Business and community development projects:*
  - Workforce development partnerships
  - Local hiring requirements
  - Job accessibility and pathways for advancement
  - Quality of jobs, including wages and benefits
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
  
- *Real estate development projects:*
  - Provision of mixed-income housing beyond minimum requirements<sup>13</sup>
  - M/WBE participation beyond existing good faith effort minimum requirements
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
  - Connection to existing transit and promotion of transit-oriented development that increases transit access

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<sup>12</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>13</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney. Each TIF District’s Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney.

- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

## 2.2 Community and Economic Development Loans and Grants

This **Section III, Subsection 2.2** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Previously created Chapter 380 programs such as the Dallas Economic Development Affordable Housing Program, the Targeted Neighborhood Enhancement Program, and the Dallas Housing Resource Catalog: Programs, Corporations, Compliance & Funding Tools (carried out pursuant to the Dallas Housing Policy 2033) remain in effect. **Section III, Subsection 2.2** and **Exhibit D** shall serve as a community development program as required by Chapter 373 of the Texas Local Government Code.

Pursuant to Chapter 380 of the Texas Local Government Code, for-profit developers applying for a Negotiated Incentive or small business owners applying for Small Business assistance must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. Projects that satisfy the public purposes outlined in Chapter 373 of the Texas Local Government Code may be eligible for a loan or grant as allowed under that chapter. These projects must support the City's goals for economic development and community benefits, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas
- Creating or retaining jobs for low- and moderate-income communities
- Improving housing and economic conditions of low- and moderate-income communities
- Improving public health conditions of low- and moderate-income communities
- Creation of affordable housing outside of Target Areas
- Other public purposes as outlined in Chapters 373 and 380

Where OED determines a need to provide a deeper incentive award beyond an abatement, OED may layer loans and/or grants with the abatement award. Projects that qualify for a tax abatement, including by-right abatements in Target Areas, may also apply for additional awards in the form of loans or grants. When there is agreement between OED and the applicant that a tax abatement is of no or limited value to a project, OED may offer loans and/or grants instead of an abatement. Applications being evaluated for a grant or loan may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

Baseline criteria for consideration for loans/grants are as follows:

- *Business Development projects:*



- Must either:
    - create 50 permanent full-time equivalent (FTE) jobs
    - for projects located in a Target Area, create 10 FTE jobs and document a minimum capital investment of \$2 million, or
    - retain at least 100 FTE jobs and document a minimum capital investment of \$2 million
  - Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
  - Incentivized jobs (created and retained) must pay a Living Wage
- *Community Development or Neighborhood Revitalization projects:*
- Be led by a community based non-profit developer<sup>14</sup>
  - Must either:
    - Create 25 permanent full-time jobs that pay a Living Wage or
    - Document a minimum capital investment of \$2 million, and any jobs hired directly by the primary developer receiving the incentive must pay a Living Wage
  - Comply with the Community Development Plan attached as **Exhibit D**
- *Community Impact projects*
- Limited to projects that meet a specific community need, such as grocery stores, senior-care facilities, child-care facilities, and health-care facilities. Other project types may be considered if applicant demonstrates a defined service gap.
  - Create 15 permanent full-time jobs with an average salary equivalent to or greater than the Living Wage
  - Must document a minimum capital investment of \$2 million<sup>15</sup>
  - Comply with the Community Development Plan attached as **Exhibit D**
- *Real Estate Development projects:*
- Must document a minimum capital investment of \$2 million
  - Demonstrate a capital financing gap, as verified by OED or a third-party underwriter
  - Jobs hired directly by the primary developer receiving the incentive award must pay a Living Wage

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<sup>14</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

<sup>15</sup> Capital expenditures exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

- Make a good faith effort to comply with the City’s M/WBE 32% participation goal for hard construction costs
- Innovation projects:
  - Applicants must be a Dallas-based for-profit or tax exempt non-profit organization that is registered with the Texas Secretary of State and has received a determination of tax-exempt status from the Internal Revenue Service (if a non-profit)
  - Must agree to:
    - Directly or indirectly create 25 permanent full-time jobs that pay a living wage; and
    - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas; or
    - Document a venture capital or other fund raise of \$2 million;
  - Generate a positive fiscal return on investment, as verified by OED or a third-party consultant; and
  - Comply with the Innovation Program attached as **Exhibit F**

While underwriting/gap analysis or impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing award packages include, but are not limited to:

- *Business, community development, and innovation projects:*
  - Workforce development partnerships
  - Local hiring requirements
  - Job accessibility and pathways for advancement
  - Quality of jobs, including wages and benefits
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- *Real estate development projects:*
  - Provision of mixed-income housing beyond minimum requirements<sup>16</sup>
  - M/WBE participation beyond existing good faith effort minimum requirements

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<sup>16</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney. Each TIF District’s Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney.

- Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- Connection to existing transit and promotion of transit-oriented development that increases transit access
- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

### **3. Small Business Programs**

The City recognizes the importance that small business has on enhancing the Dallas economy, creating vibrant neighborhoods, providing economic opportunities and generating job opportunities. The Small Business Assistance Program is offered to assist small businesses as they grow and move into Dallas physical locations. This **Section III, Subsection 3** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Pursuant to Chapter 380 of the Texas Local Government Code, for-profit small business owners applying for Small Business Assistance Program must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. These projects must support the City's goals for economic development, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas

When there is agreement between OED and the applicant that a Small Business Assistance Program incentive is of no or limited value to a project, the applicant may submit an application for Small Business Negotiated Incentives. Any application submitted for Small Business Negotiated Incentives will undergo a formal underwriting process, similar to the process for [Negotiated Incentives \(Section III, Subsection 2\)](#), and funds may be awarded as a loan and/or a grant. Applications being evaluated for Small Business incentives may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

#### **3.1 Small Business Assistance Program**

- Applicant must be a Dallas-based for-profit entity that is registered with the Texas Secretary of State
- For projects within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$150,000 but not exceeding \$2,000,000



- Demonstrate 75% of total project costs committed from non-City funding source(s)
- Otherwise comply with Small Business Assistance Program attached as **Exhibit E**
- For projects not within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$250,000 but not exceeding \$2,000,000
  - Demonstrate 75% of total project costs committed from non-City funding source(s)
  - Otherwise comply with Small Business Assistance Program attached as **Exhibit E**
- For projects that meet the minimum standards above and defined in **Exhibit E**, the Small Business Assistance Program shall provide a reimbursable grant of 15% of the total project cost
- For projects that meet Living Wage <sup>17</sup> job creation and retention thresholds, this reimbursable grant shall be 25% of the total project costs
- All applicants seeking small business assistance funding must submit a Small Business Assistance Application
- Small Business Assistance Program agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney's Office. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

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### 3.2 City Council District-specific Small Business Programs

From time to time, City Council members may have identified discretionary funds for their individual Council Districts and for which they desire to create targeted Small Business programs to enhance small business opportunities in specific parts or the entirety of one or more Council Districts. These programs may include but are not limited to façade improvement programs on commercial corridors, food truck programs, and neighborhood retail programs. Upon City Council approval of a program statement, any of these specific programs shall be included as part of the Economic Development Incentive Policy in **Exhibit G** and implemented in accordance with the specific program statement.

<sup>17</sup> Full time jobs created shall pay a minimum wage not less than the hourly rate determined by the [MIT Living Wage Calculator](#) for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement.

#### 4. Predevelopment Assistance Fund

The Predevelopment Assistance Fund supports M/WBE developers<sup>18</sup> and community developers, given historic difficulties these types of firms have faced in accessing City resources and City incentive programs.<sup>19</sup> The program provides loans during the pre-development process, to help link developers with vital flexible capital to enable project feasibility. Loan amounts will be determined on a case-by-case basis according to developer need and project scope but shall not exceed \$50,000.

On an annual basis, OED will dedicate \$100,000 from which to make loans to qualified applicants. Unused funds will carry forward to the next year. To be eligible, applicants must have demonstrated experience with the type of project for which they seek funding and must document control of the project site through a deed, lease, or option to buy or lease.

Applicants may apply for pre-development loans to be used for the following categories of expenses:

- Market studies and financial feasibility analysis
- Site assessment (e.g., environmental tests and structural assessments) completed by vendors with appropriate licenses and credentials
- Design work (architecture and engineering) completed by vendors with appropriate licenses and credentials
- Similar third-party pre-development expenses approved by the Office of Economic Development

The amount of the loan will be based on written estimates of cost from pre-development vendors who are properly licensed for and experienced in the type of work described in the proposal. Loan funds may only be used to pay for actual incurred costs of such pre-development work. If the actual incurred cost is less than the estimated cost, such overage must be repaid to the City within 30 days of borrower's payment to the vendor. Borrower must maintain documentation of each expense paid from the Loan funds in a form acceptable to OED and will submit copies of such documentation to the OED quarterly.

Pre-Development Loans are interest-free and mature on the earlier of (1) the closing date of construction financing for the project, or (2) 12 months from the date of payment by the City. Pre-Development Loans must be secured by a first lien deed of trust filed in the relevant county's

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<sup>18</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women's Business Council – Southwest.

<sup>19</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

real property records against property owned by the borrower valued in an amount equal to or greater than the predevelopment loan amount, and/or by a personal guarantee from the principal of the borrower along with documentation that the borrower controls assets valued in an amount equal to or greater than the predevelopment loan amount. A borrower may only have one outstanding pre-development loan at a time. Complete applications will be reviewed in the order they are received and processed by Administrative Action.

Developers who receive pre-development assistance from OED and are successful in advancing their planned development project will be eligible to apply for tax abatements, loans, and/or grants as described above to support the development of the project.

#### **4. Infrastructure Investment Fund**

Historically disadvantaged communities in Dallas are 2 to 3.5 times more likely to have highly deficient infrastructure than high-income neighborhoods.<sup>20</sup> The City's EDP explicitly recognizes this disparity and sets goals around addressing these existing deficiencies. The Infrastructure Investment Fund (IIF) assists in closing the infrastructure gap between Dallas' richest and poorest neighborhoods by directing infrastructure funding to areas most in need.

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. Funds can be used for (1) loans or grants to support third-party projects that grow the tax base and/or create Living Wage jobs in a Target Area, and (2) City-led projects that implement a City or community plan in a Target Area or otherwise prepare neighborhoods and properties in Target Areas for anticipated future economic development. Funds may be spent outside of Target Areas only with a  $\frac{3}{4}$  vote of the City Council.

Eligible infrastructure investments (including necessary design and engineering costs) may include, but are not limited to:

- Programs that mitigate displacement of low-income households as a result of new investment and market-rate development
- Water/sewer connections and stormwater management projects
- Public parks and greenspace
- Streetscape enhancements and sidewalk improvements, including ADA accessibility improvements and lighting infrastructure
- Transit enhancements including electronic vehicle infrastructure
- Demolition
- Land acquisition by the City

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<sup>20</sup> [What are Infrastructure Deserts? Why Do They Matter?](#) (2022).

- Renewable energy generation and storage
- Environmental study (all phases as well as mold, lead, and asbestos) and remediation
- Internet connectivity, broadband access, and other telecommunications infrastructure
- Other projects as approved by the Office of Economic Development

Ineligible costs include third-party working capital or operating and maintenance funding, third-party land acquisition, any expense to be incurred for work or property outside of a Target Area, and work that will not foreseeably further the goals of this Policy and the EDP. If a third-party project is located outside of a TIF district, the private party must comply with any applicable public bidding requirements.

The IIF, administered by OED, is capitalized by ongoing collection of windfall funds from expiring TIF districts. For a period of 10 years after a TIF district expires, the value of the total annual increment contributed by the City in the TIF district's last year will be earmarked within the General Fund into the IIF. At the end of the initial 10-year period (and any extension period), City Council will review and can vote to extend this funding stream for additional 5-year periods.

Projects may apply for loans and grants from the IIF using the same application form as a Negotiated Incentive under **Section III, Subsection 2**.

#### **5. Tax Increment Finance Districts**

Tax Increment Finance (TIF) districts, also known as Tax Increment Reinvestment Zones (TIRZ) are governed by Chapter 311 of the Texas Tax Code. In creating a TIF district, the City establishes a base tax value for a designated geographic area and reinvests a portion of the incremental growth in the tax base. TIF districts do not create an additional tax. Creation of new TIF districts as well as extensions and expansions of existing TIF districts will comply with the TIF Policy, attached as **Exhibit B**.

#### **6. Public Improvement Districts**

The Public Improvement District (PID) program allows for groups of property owners to request special property tax assessments for the provision of services above typical City of Dallas levels. Working with City staff, each PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. To learn more about existing PID districts or to contact PID staff, please visit <https://www.dallascodev.org/245/Public-Improvement-Districts>. The PID policy is attached as **Exhibit C**.

## **7. New Markets Tax Credits**

Congress created the New Market Tax Credits (NMTC) program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury, administers the NMTC program. The NMTC program funds commercial, industrial, community facility, and mixed-use real estate projects in qualifying low-income communities. NMTCs can subsidize approximately 15% to 20% of a project's capital needs, usually in the form of low-interest, forgivable debt.

In 2009, the City created the Dallas Development Fund (DDF) to oversee the NMTC program within the City of Dallas. As of October 2022, DDF has received \$240 million in NMTC allocation that has supported more than 20 projects throughout Dallas. DDF maintains its own 501(c)(3) designation and is overseen by a separate board of directors. DDF accepts applications for projects on a rolling basis. More information is available [here](#).

## **8. Section 108**

The federal HUD Section 108 Loan Guarantee Program provides Community Development Block Grant (CDBG) recipients the ability to leverage their annual grant allocation to access low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects. The Office of Economic Development administers existing Section 108 loans issued by the City's Department of Housing and Neighborhood Revitalization. OED is working to develop a new program statement for the City of Dallas Section 108 program which will be brought to City Council for approval at a future date.

## **9. Property Assessed Clean Energy**

The City's Property Assessed Clean Energy (PACE) program enables third-party financing for a variety of rehabilitation and redevelopment projects that increase efficiency by reducing onsite energy usage, reducing onsite water usage, and generating onsite energy. The PACE financing is offset by water/energy savings and is secured by a City assessment. More information is available [here](#).

The City will not support PACE applications for a project with a residential component that results in the direct displacement of residents unless (1) developer makes at least one comparable

replacement dwelling available to each displaced tenant<sup>21</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

### **10. South Dallas/Fair Park Opportunity Fund**

The South Dallas/Fair Park Opportunity Fund (originally known as the South Dallas/Fair Park Trust Fund) was established by City Council in 1989 to develop a strategy to invest funds generated by Fair Park into the surrounding community. Since 1989, there have been numerous changes to the funding, policies, and purpose of what is now called the South Dallas/Fair Park Opportunity Fund (SDFPOF).

In coordination with the South Dallas/Fair Park Opportunity Fund board, the SDFPOF provides loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park. The SDFPOF will only issue loans and grants to businesses located within, relocating to, or serving a population of which at least 90% are residents of the following Census tracts (2020 Census): 25, 27.03, 37, 115, 203, 208 and 209.

The SDFPOF provides funds under two programs: Economic Development and Human Development, each with its own eligibility criteria and goals. More information on the programs and requirements is available [here](#). The program statement is available [here](#).

### **11. Neighborhood Empowerment Zones 9 and 10**

In 2019, the City Council approved two Neighborhood Empowerment Zones (NEZ) for the City of Dallas. These zones, NEZ #9 and NEZ #10, were created for specific areas where additional economic development tools could prove beneficial to commercial properties and small businesses.

A NEZ, as outlined in Chapter 378 of the Texas Local Government Code, must promote any of the following:

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<sup>21</sup> The term "comparable replacement dwelling" means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities, facilities, services, and the displaced person's place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant's current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant's choosing.

- An increase in the economic development in the zone
- An increase in the quality of social services, education, or public safety for residents of the zone
- Creation and/or rehabilitation of affordable housing in the zone

More information on NEZ 9 is available [here](#) and more information on NEZ 10 is available [here](#).

### **12. Southern Dallas Investment Fund**

City Council initially authorized the Southern Dallas Investment Fund (the Fund), via Resolution 19-0803 in May 2019, to promote local economic development and stimulate business and commercial activity in the City, pursuant to Texas Local Government Code, Chapter 380. The purpose of the Fund is to provide grants (Grant Funds) to support economic development projects as authorized by the City of Dallas Economic Development Incentive Policy located in southern Dallas for eligible capital expenditures. For purposes of this program statement, the term "southern Dallas" refers to the geographical boundaries within Dallas city limits on the west, south and east. The northern border is the Trinity River west of downtown and Interstate 30 south and east of downtown. The Fund is administered by the Office of Economic Development. The program statement is available [here](#).

## **IV. OTHER PROGRAMS AND SOURCES OF SUPPORT**

1. **City of Dallas Housing and Community Development Department** The Department of Housing & Neighborhood Revitalization is charged with investing in the development and preservation of mixed-income and affordable housing. Through federal entitlement grants, local funds, bond funds and other housing development tools, the Department supports renters, homeowners, and homebuyers in finding, maintaining, and staying in their homes. On March 27, 2024, City Council established, as a public purpose related to economic development, the creation and preservation of affordable housing, increasing the availability of affordable housing, and reduction of substandard or deteriorating structures throughout the City. Accordingly, the programs under the Dallas Housing Resource Catalog, carried out in accordance with the Dallas Housing Policy 2033, are programs for purposes of awarding incentives under Chapter 380 of the Texas Local Government Code. For information about Housing incentives, visit the department's website [here](#).
2. **City of Dallas Historic Preservation Incentives** The Planning and Development Department administers the City's Historic Tax Exemption Program, which incentivizes property owners in the rehabilitation of historic properties. These incentives consist of tax exemptions for the rehabilitation of a historic structure. To qualify, the property must be designated as a City of

Dallas Landmark or be a contributing property within a Landmark District. For information about this incentive, visit the department's website [here](#).

3. **Dallas County** Dallas County provides strategic tax abatements, participates in tax increment finance (TIF) districts, nominates projects for the Texas enterprise zone program, and supports the formation of foreign trade zones. Learn more about Dallas County economic development incentives [here](#).
4. **State of Texas** The State of Texas supports a variety of programs to help further economic development within the State. Office of Economic Development staff are experts in navigating the state programs and applications and can assist companies and site selectors interested in state incentives. If a state incentive requires local support, the complete application, including exhibits, for state incentives shall be received by OED at least 30 days prior to the submittal of application to the State. Learn more about State of Texas incentives [here](#).
5. **Conveyance of City-Owned Property.** Occasionally OED will offer city-owned property for sale or lease to promote the goals of the EDP and this policy. City-owned properties may be conveyed to developers under one of several legal authorities, each of which require the approval of the City Council:
  - a. **Chapter 272 of the Texas Local Government Code.** As a general rule, OED will utilize a public solicitation process when offering city-owned property for development. This will ensure that all interested parties have an opportunity to participate and will secure the most beneficial public use for the citizens of Dallas. If applicable, OED may utilize Section 272.001(b)(6) which authorizes conveyance of land that is located in a TIF district that the city desires to have developed under the TIF district's project plan.
  - b. **Section 253.0125 of the Texas Local Government Code.** This statute allows the City to convey property to a party with which it has entered into a Chapter 380 agreement, the consideration for which is the economic development use of the property. OED may recommend conveyance of a property under this statute in the following circumstances:
    - i. If a property has been offered for conveyance via a public solicitation process in the past five years and the solicitation failed to receive any responses.
    - ii. If a property has been offered for conveyance via a public solicitation process at least twice in the past 10 years, but negotiations with respondents have not led to an executed development agreement.
    - iii. If OED is recommending conveyance of a property to the City of Dallas Economic Development Corporation.



- iv. If a City-owned property has environmental contamination, substandard structures, or other factors that significantly impair the developability of the site and/or make a market-rate conveyance to a developer unlikely.
- v. If the property is to be conveyed as part of a City Council-approved program.

## V. CONCLUSION

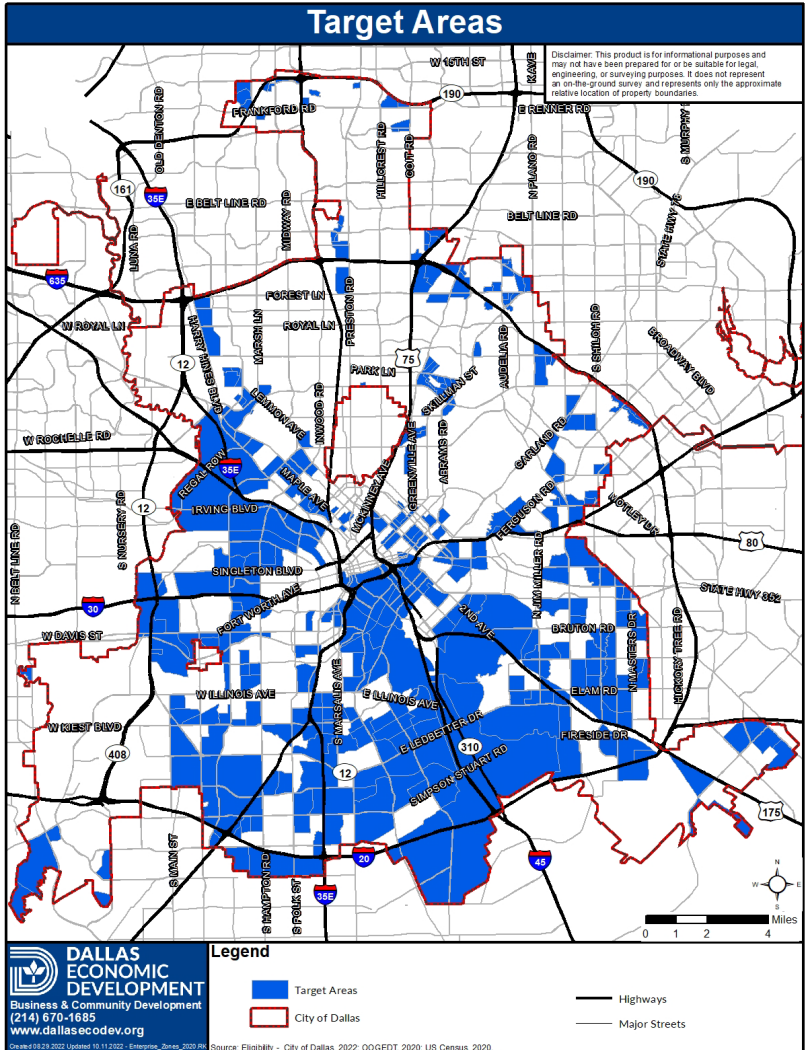
This Economic Development Incentive Policy took effect on January 1, 2023. Substantive updates to this Incentive Policy require City Council approval and statutorily required public hearings. Staff may make minor edits to the Incentive Policy, such as updating links or clarifying process or text, without City Council approval. The most current Incentive Policy will always be posted and available on the Office of Economic Development [website](#).

## EXHIBIT A TARGET AREA MAP

Target Areas align with the State of Texas Enterprise Zone designations<sup>22</sup>. These zones are re-evaluated as part of the decennial Census. The map is searchable by address [here](#).

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<sup>22</sup> State of Texas Enterprise Zone Program [FAQ](#)



## EXHIBIT B

### CITY OF DALLAS TAX INCREMENT FINANCE (TIF) POLICY

**CRITERIA FOR EVALUATING PROPOSED TIF DISTRICTS.** TIF districts created after the date of this Policy must comply with Chapter 311 of the Texas Tax Code, as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that creation of a new TIF district complies with the then-current Financial Management and Performance Criteria (FMPC) adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the creation of a new TIF district. This requirement ensures that TIF districts are not created prematurely and that the proposed term of the TIF district maximizes collection of increment to support redevelopment.
3. **MIXED-INCOME HOUSING:** The TIF district's project plan and financing plan will require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.
  - f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.

- g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.
  - h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
- 4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
- 5. **NEIGHBORHOOD PRESERVATION:** If the TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
- 6. **URBAN DESIGN:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
- 7. **M/WBE:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
- 8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
- 9. **TERM AND PARTICIPATION:** New TIF districts will not have an initial term of more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new TIF districts will be determined by staff based on an evaluation of the anticipated need in the TIF district but will not exceed 90%.

## CRITERIA FOR EVALUATING PROPOSED EXPANSION OR EXTENSION OF TIF DISTRICTS

TIF districts expanded by 10% or more of the then-current TIF district's boundary or TIF districts extended after the date of this Policy must comply with Chapter 311 of the Texas Tax Code as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that expansion or extension of a TIF district complies with the then-current FMPC adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the expansion or extension of the TIF district.
3. **MIXED-INCOME HOUSING:** The amendment of the TIF district's project plan and financing plan must require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.
  - f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.
  - g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive



agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.

- h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the amended TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
5. **NEIGHBORHOOD PRESERVATION:** If an expanded or extended TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's amended project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
6. **URBAN DESIGN:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
7. **M/WBE:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
9. **TERM AND PARTICIPATION:** TIF district terms may be extended by no more than 15 years. Any extension of the term of a TIF district will be accompanied by a reduction in the City participation in the TIF district. The City's participation rate for any extension term will be a minimum of 30% lower than the rate at the time of the extension, unless otherwise approved by Council. New sub-districts shall have an initial term of no more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new sub-districts will be determined by staff based on an evaluation of the anticipated need in the sub-district but will not exceed 90%.

## EXHIBIT C

### CITY OF DALLAS PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

The City of Dallas supports the use of PIDs to address public needs or supplemental services identified by property owners. PIDs in Dallas will be allowed to fund any item provided by Chapter 372 of the Texas Local Government Code, as petitioned by the property owners.

#### PETITIONS

In new and renewing commercial or mixed-use district PIDs, the City will require that Owners representing (1) at least 60% of the value **and** (2) 60% of all record Owners **or** 60% of land area, support the creation of a new or renewing PID. Waivers to City's 60% threshold criteria shall only be authorized by a vote of a three-quarters majority of the Dallas City Council. Neither staff nor City council have the authority to approve exceptions to the state's petition threshold.

In new or renewing single-family PIDs (defined as areas with a minimum of 30% of land area dedicated to detached single-family housing), the City will require that Owners representing (1) at least 66.7% of the value **and** (2) 66.7% of all record Owners **or** 66.7% of land area, support the creation of a new PID.

Petitions will not be required to be notarized. Staff will verify that the person signing the petition is the owner and has the authority to sign. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if staff is made aware of any disagreement among owners of community property those petitions will not be counted."

The deadline to submit petitions for new or renewing PIDs is February 1. Signatures are generally gathered between October 1 and February 1. The deadline to submit written consent forms from hotel owners for an expansion of the Dallas Tourism PID is February 1.

#### ASSESSMENTS AND ALLOWABLE COSTS

1. PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
2. PIDs in Dallas will be allowed to fund any item provided by state law.
3. PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City. Public improvement districts in the City of Dallas shall incur no bonded indebtedness.
4. Administrative expenses for a PID, excluding costs for City staff administration, shall not exceed 15% of the total budget in any year.



5. A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b) of the Texas Local Government Code.
6. Upon council approval of creation or renewal of a PID, City staff will file the ordinance creating or renewing the PID and a Notice of Assessment Form with the Dallas County Clerks' office or other relevant deed records so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller on the date of closing. This practice will not involve separately recording documents for each parcel within a PID.
7. Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the current term of the Downtown Improvement District. The City will review participation in the Downtown Improvement District on renewal.

#### **APPLICATION REQUIREMENTS**

1. An application fee of \$15,000 will be required for all new or renewing PIDs. This fee is regulatory in character, so it approximates staff costs of administering the PID program. The fee will be used to pay for direct expenditures and to compensate the Office of Economic Development for staff time associated with PID creation and renewal. If the City costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant unless the renewal or creation of the PID is successful in which case the remainder will be retained to cover City administrative expenses incurred throughout the PID's term including publication of legal notices, mailings, staff time in overseeing and monitoring the district, and any other related expense. The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.
2. A PID application for creating or renewing a PID shall include a current list of properties and tax roll. City staff will assist in this process in coordination with the PID management organization and DCAD.
3. PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property or properties included in the District. This practice will not require the applicant to provide property surveys.
4. A PID application for creating or renewing a PID shall include a section that clearly identifies the proposed benefit of the PID to the property owners within the PID boundary and to the City as a whole and also any required evidence of insurance coverage.
5. Proposed PIDs are required to notify all property owners and host at least one public

meeting with all the property owners within the area. Written notice must be sent by postal mail at least 15 days prior to the meeting date.

#### **DISTRICT MANAGEMENT**

Each management entity for a PID (“PID Management entity”) shall submit quarterly reports of all PID activities and expenditures; an annual independent audit of all PID expenditures; an annual Form 990; a copy of the management entity’s governance documents and policies; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice which must be sent by postal mail to all property owners in the PID at least two weeks prior to this meeting date to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process.

A PID Management entity and its board members, officers (the board and officers of a PID Management entity are called the “Board”), and employees (the Board and employees of the PID Management entity are called a “PID Management party”) shall comply with the following:

1. PID Management parties will conduct themselves in a manner consistent with sound business and ethical practices.
2. PID Management parties will consider the public interest when determining how to use assessment funds and will only spend assessment funds in accordance with Chapter 372 of the Texas Local Government Code.
3. PID management entities will not contract with any entity or individual with which a PID Management party has a financial interest unless such financial interest is disclosed, the party with the financial interest is absent during any board discussion and vote, and a majority vote of the remaining board members deem the contract in the best entity of the PID.
4. PID management entities will not hire or contract with a board member or any relative (by blood, marriage, or adoption), domestic partner, or business associate of any board member for PID management services or other purposes unless such relationship is disclosed, the party with the relationship is absent during any board discussion and vote, and the remaining board members unanimously deem the action in the best interest of the PID.
5. PID Management will avoid the occurrence of and the appearance of the occurrence of acts of impropriety to ensure public confidence in the PID program.
6. No PID Management party shall have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction, or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties on behalf of the PID unless: a) he or she discloses such an interest, financial or otherwise, direct or indirect to the Board and b) a majority vote of the remaining Board Members without a financial interest (“disinterested board members”) deem by resolution that the contract is

commercially reasonable, does not exceed the fair market value of the typical cost of the goods or service, and is in the best interest of the PID. A PID Management party with a conflict of interest due to a financial interest shall disclose the conflict to the Board, abstain from discussion, and leave the room during the Board voting and deliberation of the matter.

7. PID Management will not use their positions, the petitioned services, the assessment funds, or the petition process for personal gain or benefit and will not unduly influence others through any tactics including but not limited to coercion or bullying.
8. PID Management shall comply with this PID policy as well as with the applicable provisions of the Dallas City Code, Chapter 12A and any future amendments to same. In the event of a conflict between this PID policy and Chapter 12A, Chapter 12A will control.
9. Management entities shall maintain a publicly accessible internet website and ensure the availability via the website of the entity's contact information; board membership information; name and contact information of its executive director or person that performs those duties; meeting notices; meeting minutes; its annual assessment rate; the adopted service plan budget for preceding two years and current year; most recent financial audit; and information regarding how to file a complaint alleging unethical conduct or a violation of fraud, waste, or abuse of PID assessments with the Inspector General Division of the Dallas City Attorney's Office.
10. The PID liaison from OED will be invited to all PID board meetings. If the PID is unable to identify its liaison, it may invite the Director of OED.

The City reserves the right to audit the books, records, and practices of PID Management parties at any time. The City may terminate a PID management agreement for cause at any time without notice.

#### **SPECIAL PURPOSE PIDS**

Special Purpose PIDs may be created by the City to address unique issues, subject to state law petition requirements. The maximum PID assessment in these districts will be determined by the City Council and may be above \$0.15 per \$100 valuation. These PIDs in Dallas will be allowed to fund any item provided by state law. These Districts may be used to address special facility maintenance and beautification issues. Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

#### **BOUNDARIES**

1. With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either of those two PIDs, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
2. In general, the boundaries of existing PIDs can be modified during a renewal process

(with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the proposed PID area meets the minimum criteria for creation/renewal as described earlier in this Policy.

3. The boundaries of the DTPID include hotels with more than 100 rooms. Any hotels that drop below that room level during the term will be removed from the assessment roll with City Council approval following notice to the City by DTPID. New hotels may be added during the existing term of a PID with City Council approval in accordance with Chapter 372 of the Texas Local Government Code.

## EXHIBIT D

### COMMUNITY DEVELOPMENT PLAN

#### BACKGROUND

The Texas Community Development Act of 1975, as enacted by Chapter 373 of the Texas Local Government Code authorizes a variety of activities to contribute the development of viable urban communities by expanding economic opportunities for persons of low and moderate income. The legislative finding aligns with the revised incentive programs stemming from the new Economic Development Plan to support job growth, create new tax revenue, and expand the City's tax base, while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- High-quality jobs that provide opportunities for all
- Investment in Southern Dallas and other distressed or low-to-moderate income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities

While the traditional tools of the City's economic development program, including grants, loans and tax abatements as authorized under Chapters 380 and 378 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code, have been successful in supporting larger scale, for-profit projects, the tools are not as well aligned to support projects led by non-profit developers, or that offer additional community benefits. A Chapter 373 Program is proposed to further the revised Economic Development Incentive Policy ("Incentive Policy") and address the gap in existing incentive tools and expand economic opportunities for persons of low-and-moderate income.

To enact a Chapter 373 program, City Council approved this Community Development Plan ("CDP") on December 14, 2022, as a component of the City Economic Development Incentive Policy. A public hearing on the CDP was held on November 9, 2022.

#### PURPOSE

The purpose of the CDP is to improve living and economic conditions of persons of low and moderate income through the provision of loans and grants to qualified projects that inhibit the deterioration of property; expand and improve the quantity and quality of community services important to the community welfare; improve arrangement of residential, commercial, industrial, recreational, and other necessary activity centers; restore and preserve properties of special value for historic, architectural, or aesthetic reasons; and/or alleviate physical or economic distress through the stimulation of private investment and community revitalization in slum or blighted areas.

## PROGRAM AREA

Activities carried out under CDP will be limited to the Target Areas defined by the Incentive Policy. These Target Areas are comprised of census tract block groups that have a 20% or greater poverty rate based upon the most recent decennial census federal poverty level information, which indicates predominately low-and-moderate income populations. Within the program area, activities as defined as “Eligible Activities and Project Types” below may occur.

## ELIGIBLE ACTIVITIES

The following elements are eligible for funding provided that the activity would further the purposes of this CDP and meet the eligibility criteria as specified under the “Project Types” section below.

- Rehabilitation of privately-owned property
- Activities that are conducted by public or private entities if the activities are necessary or appropriate to meet the needs and objectives of the CDP, including:
  - acquisition of real property<sup>23</sup>
  - acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, utilities, commercial or industrial buildings or other structures, or other commercial or industrial real property improvements
- Grants to neighborhood-based nonprofit organizations, local development corporations, or similar entities
- Provision of assistance to private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project

## PROJECT TYPES

1. **Community Development Projects** are projects that are led by a community based non-profit developer<sup>24</sup> and must either 1) create 10 permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction costs only; funds are not to be used for programmatic expenses.

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<sup>23</sup> Land acquisition is an eligible use only as part of a larger project as defined in Project Types. Land acquisition alone is not an eligible activity.

<sup>24</sup> This may include neighborhood-based nonprofit organizations, local development corporations, or similar entities.

2. **Neighborhood Revitalization Projects** are rehabilitation projects that are led by a community based non-profit developer and must either 1) create 10 permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction or rehabilitation costs only; funds are not to be used for programmatic expenses. The City encourages pairing PACE financing with any revitalization project.
  
3. **Community Impact Project** is a project that meet a specific community need, such as a grocery store, senior-care facility, child-care facility, or health-care facility. Other project types may be considered if applicant demonstrates a defined service gap. Projects must create at least 15 permanent full-time jobs with an average salary (exclusive of overtime, bonuses, or benefits) equivalent or greater to the Living Wage for an individual living in Dallas County and document a minimum capital investment of \$2 million, excluding acquisition costs. City funds may be used for construction or rehabilitation costs only; funds shall not be used for programmatic expenses. The City encourages pairing PACE financing with any rehabilitation project. Funds may be received as a grant and/or a loan.

#### **APPLICATION PROCESS**

All projects receiving funding under the CDP will follow the same application process for Negotiated Incentives as established by the Incentive Policy. All approvals for funding will likewise follow the policies as established by the Incentive Policy.

#### **ADDITIONAL INFORMATION**

The CDP will be administered by the Office of Economic Development, and in accordance with the CDP.

#### **PUBLIC PURPOSE**

All loans and grants must accomplish a public purpose, as required state law. The City Council finds that the project types described herein serve a valid public purpose.

## EXHIBIT E

### SMALL BUSINESS ASSISTANCE PROGRAM

The City's Small Business services include offering technical assistance through monitored referrals to non-City partners and project funding to support the needs of small businesses and entrepreneurs working in Dallas as they transition or improve real estate locations within the City of Dallas. The City will not provide working capital but will refer individuals to Community Development Financial Institutions and banks that provide this type of financing.

#### BACKGROUND AND PURPOSE

Small businesses are defined by the U.S. Small Business Administration (SBA), [www.sba.gov](http://www.sba.gov), as firms that have fewer than 500 employees, but on average have fewer than 20 employees. A small business is deemed to be one which is independently owned and operated and generally is not dominant in its field of operation. Small businesses are vitally important to Dallas and a significant part of Dallas' economy. Approximately 82% of Dallas businesses have fewer than 20 employees; 35% have fewer than five employees.

The recent "Dallas Small Business Ecosystem Assessment,"<sup>25</sup> led by Next Street and sponsored by JPMorgan Chase in 2019, noted "[a]cross the United States there is increasing acknowledgment that historically discriminatory policies have created significant and seemingly intransigent wealth and income gaps. Among several levers used to address these gaps, policymakers and others have found small business development to be a powerful tool to foster inclusive economic growth. Recognizing business ownership as a pathway to economic empowerment, wealth creation, and upward mobility presents an opportunity for cities like Dallas and others across the nation to push for a more inclusive economic future."

To further the growth of small businesses within Dallas, the Small Business Assistance Program (SBAP) is offered to support Dallas small businesses looking to establish or grow their physical footprint within the City of Dallas. With this funding, Dallas hopes to facilitate the establishment and growth of storefront business projects (either leased or owned) that house Dallas small businesses.

#### PROGRAM AREA

Funding is available City-wide.

#### ELIGIBLE PROJECTS AND ACTIVITIES

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<sup>25</sup> <https://www.dallascoddev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>



The Small Business Assistance Program is intended to catalyze real estate and small business development as well as job creation in traditionally underserved areas by offering lower investment thresholds as well as a simplified and streamlined process for qualified small businesses throughout the City. Eligible applicants are for-profit companies that are registered and in good standing with the State of Texas that are either establishing a Dallas physical location or expanding an existing Dallas-based company (at the same location or new location within the City). Businesses must have 20 or fewer employees. To be considered for funding, the applicant must demonstrate that at least 75% of the total project funding is available either as cash-in-hand or through a third-party lender or investor. The total project cost (outside of real estate acquisition) may not exceed \$2 million. For projects in Target Areas, the minimum required investment outside of real estate costs is \$150,000; for projects in non-Target Areas, the minimum required investment outside of real estate costs is \$250,000. Funds may only be used for expenses as defined in the project budget, must be used for capital improvements, and are provided on a reimbursement basis. Funding agreements will be processed by Administrative Action.

Commented [LH2]: Do we want to require 6 or 12 months of existence? I'm inclined not but asking.

The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Funds will be awarded based on the following criteria:

Base Award	Target Area	Non-Target Area
Minimum Investment	\$150,000	\$250,000
Required match	75% of total project cost	75% of total project cost
Percent of project budget awarded	15%	15%
Maximum award (regardless of project size)	\$300,000	\$100,000
Agreement term	5 years	5 years

Base Award + Job Creation	Target Area	Non-Target Area
Minimum Investment	\$150,000	\$250,000
Required match	75% of total project cost	75% of total project cost
Creation of Living Wage jobs OR	5	10
Retention of Living Wage jobs	10	15
Percent of project budget awarded	25%	25%

Maximum award (regardless of project size)	\$400,000	\$100,000
Agreement term	5 years	5 years

**APPLICATION PROCESS**

All applicants seeking small business assistance funding must submit a Small Business Assistance Application. SBAP agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney’s Office. OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

**ADDITIONAL INFORMATION**

The Small Business Assistance Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

**PUBLIC PURPOSE**

All grants must accomplish a public purpose, as required state law. The City Council finds that the types of Small Business Assistance Program projects described herein serve a valid public purpose.

## EXHIBIT F

### INNOVATION PROGRAM

#### BACKGROUND AND PURPOSE

In May 2021, the Mayor’s Task Force on Innovation and Entrepreneurship released a report with the following findings:

- With nearly double the population of Silicon Valley, Dallas has just 3% of the startup deal activity of Silicon Valley and less than 50% of the deal activity of our neighbors in Austin.
- Venture Capital (VC) investment is 325% greater in Austin than the total VC investment in Dallas.
- Dallas is home to a large corporate presence has become the central mark of the Dallas business community. As we look to [the] future, there must be a combination of massive global organizations that are the bedrock of our economy in partnership with innovative, agile entrepreneurs who will provide the answers for tomorrow.
- Startup businesses<sup>26</sup> are the driving force of homegrown ingenuity and the heartbeat of innovation priming a highly productive and inclusive regional economy for generations of Dallas residents to come.

To further the growth of start-ups and innovation within Dallas, the Innovation Program would support Dallas-based innovation projects to spur and accelerate innovation within Dallas with place-based support. With this funding, Dallas hopes to augment its innovation offerings by supporting projects that offer a combination of physical incubators or space with an effective, proven and capable program partners to create innovation zones with dedicated space, networks and subject area clusters.

Subject area clusters to be supported include the below; other areas may be considered if the applicant demonstrates a need and adequate area resources/partnership for that area cluster.

- Biotech and/or life sciences
- Financial technology
- Artificial Intelligence
- International expansion
- Underrepresented entrepreneurs

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<sup>26</sup> The Mayor’s Task Force defines a startup as: “a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable and sustainable high-growth business model.”

## **PROGRAM AREA**

Funding is available City-wide.

## **ELIGIBLE PROJECTS AND ACTIVITIES**

Eligible projects will be led by one lead for-profit or non-profit entity (lead entity) that may provide funding to other entities that further the innovation mission of the lead entity. Funding in the form of grants or other economic development assistance (e.g. rent reduction in City-owned facilities) would be available to the lead entity that meet the following criteria, either through activities of the lead entity or the other organizations associated with the lead entity.

- Applicant must be a Dallas-based for-profit or non-profit organization
- Project must:
  - Directly or indirectly create 25 permanent full-time jobs that pay a living wage and
  - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas or
  - Document a venture capital or other fund raise of \$2 million and
- Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
- All office locations for recipients or sub-recipients must be within the City of Dallas

## **APPLICATION PROCESS**

All applicants seeking innovation funding must submit an Innovation Application. Innovation Program agreements require approval by Administrative Action or City Council and an executed economic development agreement approved as to form by the City Attorney's Office. If approved by Administrative Action, OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

## **ADDITIONAL INFORMATION**

The Innovation Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

## **PUBLIC PURPOSE**

All grants and other economic development assistance must accomplish a public purpose, as required state law. The City Council finds that the types of Innovation Program projects described herein serve a valid public purpose.

**EXHIBIT G**  
**CITY COUNCIL DISTRICT-SPECIFIC SMALL BUSINESS PROGRAMS**

[Placeholder for specific program statement(s)]

# Exhibit A

## City of Dallas Economic Development Incentive Policy

*Adopted as Resolution No. 23-0220 on January 25, 2023*

*Amended by Resolution No. 24-0435 on March 27, 2024*

*Amended by Resolution No. 25-XXXX on January XX, 2025*

### I. ECONOMIC DEVELOPMENT INCENTIVE POLICY PURPOSE

The Dallas City Council unanimously adopted a new Economic Development Policy (EDP) in May 2021. The EDP sets out clear policy goals focused on fostering economic growth and social progress for all residents. This Economic Development Incentive Policy (Incentive Policy) is intended to align with equitable economic development policy priorities specified in the EDP. This Incentive Policy replaces the Public/Private Partnership Program - Guidelines and Criteria adopted by City Council on June 8, 2022, by Resolution No. 22-0901; the Tax Increment Finance (TIF) Policy adopted by City Council on June 17, 2015, by Resolution No. 15-1144; and the Public Improvement District (PID) Policy adopted by City Council on March 25, 2020, by Resolution No. 20-0496. This Incentive Policy applies to incentive applications received on or after January 1, 2023.

The following incentive programs support job growth, create new tax revenue, attract and retain businesses, and expand the City's tax base, all while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- Availability of affordable housing units;
- High-quality jobs that provide opportunities for all;
- Investment in Southern Dallas and other distressed or low- and moderate- income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities.

The City's economic incentive toolkit provides assistance to help achieve the public purpose advanced by a project and to catalyze investment that would not occur, or would not occur on the same timeline or at the same scope, but for the addition of the incentive. To support the "but for" argument, any jobs created or investments made prior to agreement execution do not count toward minimum requirements of this policy. Tools may be combined to achieve a public purpose.

### II. TARGET AREAS

The City acknowledges the historic disinvestment that has shaped Dallas, and therefore seeks to prioritize equitable economic development in underserved areas. This policy directs certain

programs and incentives toward designated Target Areas<sup>1</sup> (see **Exhibit A**) with the goal of increasing investment in Southern Dallas and other distressed areas and as a signal to the market as to where the City wants to prioritize investment.

Target Areas align with the State of Texas designated Enterprise Zones, which are census block groups designated as distressed areas in alignment with the most recent federal decennial Census. In accordance with Section 2303.101 of the Texas Government Code, a block group automatically qualifies for designation as an Enterprise Zone if it (1) has a poverty rate of at least 20 percent; (2) is designated by the federal government as a renewal community, a federal empowerment zone, or a federal enterprise community; (3) is located in a distressed county, meaning that the county has a poverty rate above 15.4 percent, in which at least 25.4 percent of the adult population does not hold a high school diploma or high school equivalency certificate, and that has an unemployment rate that has remained above 4.9 percent during the preceding five years; or (4) is inside the boundaries of a defense base.

For purposes of the as-of-right tax abatement incentive program described in **Section III, Subsection 1**, Target Areas are also deemed a zone for purposes of Chapter 378 of the Texas Local Government Code.

### III. INCENTIVE PROGRAMS

The Office of Economic Development (OED) offers and administers the Incentive Programs outlined in this **Section III**. Applicants must provide a certificate of account status from the Texas Comptroller of Public Accounts demonstrating that the applicant is compliant with State of Texas regulations and be current on all taxes. OED reserves the right to reject applications from applicants (including applicants' affiliates, subsidiaries, and other legal entities with materially similar ownership, membership, or controlling interests) who have filed for bankruptcy in the past five years or have previously defaulted on any City of Dallas incentive agreement. The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Each application will be analyzed to ensure that the incentive serves a public purpose and provides a public benefit in conformance with the appropriate program statement and state law. OED reserves the right to reject any incentive application. OED also reserves the right to refer a by-right tax abatement application to the City Council for approval by resolution if OED has

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<sup>1</sup> Target Areas are defined as state-designated enterprise zones, and may be searched online [here](#). A map of the Target Areas as of the date of adoption of this policy is attached as **Exhibit A**.

questions about whether the project use is incompatible with surrounding neighborhood uses, or if the project has the potential to create an undesirable outcome such as a negative environmental impact; a use that could deter future economic development; a noise violation, noxious odor, or other nuisance; an overconcentration of one use; etc.

Financial awards must be documented in a written agreement, approved as to form by the City Attorney, to allow the City to: (1) ensure that the incentives accomplish a public purpose; (2) retain public control over the funds to ensure that the public purpose is accomplished and to protect the public's investment; and (3) ensure that the City receives a return benefit.<sup>2</sup> OED will work with the City Attorney's Office to identify ancillary instruments required to accompany each incentive agreement, such as a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney's Office. OED may not, as part of an incentive agreement, waive the City's legislative, governmental, or police power.

### ***1. As-of-Right Tax Abatements in Targeted Areas***

In accordance with Chapter 312 of the Texas Tax Code, **Section III, Subsections 1 and 2.1** will serve as the City of Dallas's adopted guidelines and criteria governing tax abatement agreements and as evidence that the City elects to participate in tax abatements. For purposes of Chapter 312, the term of Section III, Subsections 1 and 2.1 is two years beginning on January 1, 2025, and ending on December 31, 2026, which may be renewed by City Council in the manner outlined in that Chapter.

Temporary abatements of net new real property or business personal property taxes are available for job creation projects and real estate development projects that advance the City's economic development goals. Tax abatements may be awarded either as a by-right incentive as described in this section, or as a Negotiated Incentive as described in **Section III, Subsection 2.1**.

Projects located in Target Areas, but not in a TIF District, that meet the criteria described below will be eligible to apply for an as-of-right tax abatement. The as-of-right tax abatement is intended to catalyze real estate development and job creation in traditionally underserved areas by offering a simplified and streamlined process.

To be eligible for a ten-year, 90 percent abatement of net new City of Dallas real property taxes or a five-year, 90 percent abatement of net new City of Dallas business personal property taxes (type of tax abated dependent on applicant preference), a project must meet all of the following criteria:

- Submit an application for an as-of-right tax abatement
- Be located in a Target Area

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<sup>2</sup> Tex. Mun. League Intergovernmental Risk Pool v. Tex. Workers' Comp. Comm'n, 74 S.W.3d 377, 384 (Tex. 2002).



- Have a total project budget of \$25 million or less, plus one of the following:
  - Capital expenditures<sup>3</sup> of at least \$2 million; or
  - Creation of at least 10 full-time jobs or retention of at least 25 full-time jobs<sup>4</sup>
- Ensure that all full-time jobs (created and retained) must pay a minimum wage not less than the hourly rate determined by the [MIT Living Wage Calculator](#) for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement (“**Living Wage**”)<sup>5</sup>
- For a real estate development project, must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs<sup>6</sup> and comply with minimum mixed-income housing requirements.<sup>7</sup>
- Fulfills public purpose of creating Living Wage jobs and/or growing the City tax base
- Does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to each displaced tenant<sup>8</sup> and provides relocation assistance for all displaced tenants in an amount acceptable to OED<sup>9</sup>; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council. If a project results in the direct

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<sup>3</sup> For purposes of this policy, “capital expenditures” exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

<sup>4</sup> For purposes of this policy, “full-time jobs” refer to jobs that are scheduled to work a minimum of 35 hours each week and that provide healthcare benefits. Full-time jobs are permanent positions and do not include interns, temporary works, consultants, etc.

<sup>5</sup> Projects that advance specific public purposes identified by OED may be exempt from the Living Wage requirement, such as full-service grocery stores in low-income, low-access (LILA) Census tracts as determined by the U.S. Department of Agriculture. See [USDA Atlas](#) for 2019 LILA tracts. Waivers of the Living Wage requirement will be stated in the City Council resolution approving the incentive agreement.

<sup>6</sup> More information about the City of Dallas M/WBE program is available [here](#).

<sup>7</sup> Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney.

<sup>8</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>9</sup> Relocation assistance is intended to cover actual moving costs for the displaced tenant plus any security deposits required by the new landlord.

displacement of people from residential units or the demolition or repurposing of residential units, it requires approval by resolution of the City Council.

As-of-right tax abatements require approval by administrative action (except where City Council approval is specifically required as described above) and an executed tax abatement agreement approved as to form by the City Attorney's Office. Abatements are only assignable in whole and may not be assigned to multiple entities. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

Throughout the term of the tax abatement agreement, the annual abatement is contingent upon annual compliance with the agreement. All tax abatements begin on January 1 of the calendar year that immediately follows execution of the agreement, unless otherwise specified in the agreement.

If an as-of-right applicant finds that the tax abatement award described above is insufficient to fill a project's financial gap, the applicant may apply for a Negotiated Incentive, as described in **Section III, Subsection 2**.

## ***2. Negotiated Incentives (Tax Abatement, Loans, and Grants)***

Negotiated Incentives are available for (1) projects with a total budget greater than \$25 million; (2) projects located outside of Target Areas; (3) projects for which an as-of-right tax abatement is insufficient to fill the financial gap; (4) projects that comply with the Community Development Plan attached as **Exhibit D**; (5) projects that comply with the Innovation Program attached as **Exhibit F**.

An applicant for Negotiated Incentives must submit a complete incentive application (available on the OED website [here](#)) with a cashier's check, money order or wire transfer in the amount of the underwriting fee noted in the application. The applicant's project will undergo either real estate development underwriting review or business development impact analysis, as appropriate, to determine the source, incentive amount, and terms of any award package. Negotiated Incentive offers may include abatements, loans, and/or grants.

Once the City and applicant have negotiated and executed a term sheet, the Negotiated Incentives may be approved by resolution or administrative action, as described below:

- Incentive offers valued at or below \$1 million for projects inside Target Areas will be approved by administrative action.

- Incentive offers valued at or below \$1 million that are made to M/WBE developers<sup>10</sup> or community developers<sup>11</sup> throughout the city will be approved by administrative action.
- All other incentive offers must be approved by resolution of the City Council.

OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

All incentives, regardless of approval method, must be documented in a written incentive agreement approved as to form by the City Attorney’s Office, and payment or abatement is contingent upon compliance with the incentive agreement throughout the term. Unless otherwise specified in the agreement, all tax abatements begin on January 1 of the calendar year following execution of the agreement. OED will establish interest rates, repayment schedules, loan security and prioritization, and all other terms and conditions for loan and grant awards, which will be documented in an incentive agreement, accompanied by any ancillary security instruments as deemed necessary by the City Attorney’s Office. These security instruments may include a promissory note, deed of trust, deed restrictions, surety bonds, letters of credit, third-party guarantee, or other instruments, each approved as to form by the City Attorney’s Office. The City may not, as part of an incentive agreement, waive the City’s legislative, governmental, or police power. By entering into an incentive agreement, the developer consents to all requirements imposed by the City.

Within 10 business days of the administrative action or Council resolution approving a Negotiated Incentive for a real estate development project, the applicant must deliver to OED a cashier’s check, money order, or wire to be escrowed with the OED to cover the costs of any outside legal counsel retained to represent the City with regard to negotiating and/or drafting development agreements, loan documents, promissory notes, property management agreements, deeds of trust, ground leases, deed restrictions, subordination agreements, intercreditor agreements, financial documents, or any other item identified as necessary by the City Attorney’s Office for the applicant’s project. Failure to timely deliver the funds may result in revocation of the incentive offer.

The amount of the escrow will be determined based on the chart below:

Total Incentive Award	Amount of Escrow
< \$1 Million	N/A, project will be managed by City Attorney’s Office
\$1 Million to \$5 Million	\$30,000

<sup>10</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women’s Business Council – Southwest.

<sup>11</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

\$5 Million to \$15 Million	\$50,000
Greater than \$15 Million	\$75,000

If there is a balance in the escrow fund on the date that the incentive agreement is executed by all parties, the OED will refund the balance. If all escrowed funds have been used and there are legal fees owed to outside legal counsel on the date that the incentive agreement is to be executed by all parties, the applicant must directly pay such legal fees for outside legal counsel prior to the City’s execution of the agreement. If the incentive agreement is not executed for any reason, the applicant must still pay such legal fees for outside legal counsel. In no event shall an applicant be obligated to pay an amount for the City’s outside legal counsel that exceeds the greater of \$100,000 or 0.5% of the total incentive amount awarded.

### 2.1 Negotiated Tax Abatements

Projects must meet baseline criteria described below and must demonstrate a financial need and/or positive fiscal impact to be eligible for a tax abatement.

Baseline criteria for consideration for tax abatements are as follows:

- *Business development projects:*
  - Generate positive fiscal return-on-investment, with the net present value of project revenues to the City outweighing the incentive amount, as verified by OED or a third-party consultant
  - Incentivized jobs (created or retained) pay a Living Wage
  - Create at least 10 permanent full-time-equivalent (FTE) jobs, or retain at least 25 FTE jobs
  - Capital expenditures of at least \$2 million
  
- *Real estate development projects:*
  - Verified capital financing gap, as verified by OED or third-party underwriter
  - Jobs hired directly by primary developer receiving incentive award pay a Living Wage
  - Capital expenditure of at least \$2 million
  - Must make a good faith effort to comply with the City’s Minority-owned and Women-owned Business Enterprise (M/WBE) participation goal of 32% for hard construction costs
  - Project does not result in the direct displacement of people from residential units or the demolition or repurposing of residential units for a non-residential use unless (1) developer makes at least one comparable replacement dwelling available to

each displaced tenant<sup>12</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

While underwriting/gap analysis or fiscal impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing incentive award packages may include, but are not limited to:

- *Business and community development projects:*
  - Workforce development partnerships
  - Local hiring requirements
  - Job accessibility and pathways for advancement
  - Quality of jobs, including wages and benefits
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
  
- *Real estate development projects:*
  - Provision of mixed-income housing beyond minimum requirements<sup>13</sup>
  - M/WBE participation beyond existing good faith effort minimum requirements
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
  - Connection to existing transit and promotion of transit-oriented development that increases transit access

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<sup>12</sup> The term “comparable replacement dwelling” means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person’s dwelling with respect to public utilities, facilities, services, and the displaced person’s place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant’s current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant’s choosing.

<sup>13</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney. Each TIF District’s Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other another instrument or method approved by the City Attorney.

- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

## 2.2 Community and Economic Development Loans and Grants

This **Section III, Subsection 2.2** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Previously created Chapter 380 programs such as the Dallas Economic Development Affordable Housing Program, the Targeted Neighborhood Enhancement Program, and the Dallas Housing Resource Catalog: Programs, Corporations, Compliance & Funding Tools (carried out pursuant to the Dallas Housing Policy 2033) remain in effect. **Section III, Subsection 2.2** and **Exhibit D** shall serve as a community development program as required by Chapter 373 of the Texas Local Government Code.

Pursuant to Chapter 380 of the Texas Local Government Code, for-profit developers applying for a Negotiated Incentive or small business owners applying for Small Business assistance must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. Projects that satisfy the public purposes outlined in Chapter 373 of the Texas Local Government Code may be eligible for a loan or grant as allowed under that chapter. These projects must support the City's goals for economic development and community benefits, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas
- Creating or retaining jobs for low- and moderate-income communities
- Improving housing and economic conditions of low- and moderate-income communities
- Improving public health conditions of low- and moderate-income communities
- Creation of affordable housing outside of Target Areas
- Other public purposes as outlined in Chapters 373 and 380

Where OED determines a need to provide a deeper incentive award beyond an abatement, OED may layer loans and/or grants with the abatement award. Projects that qualify for a tax abatement, including by-right abatements in Target Areas, may also apply for additional awards in the form of loans or grants. When there is agreement between OED and the applicant that a tax abatement is of no or limited value to a project, OED may offer loans and/or grants instead of an abatement. Applications being evaluated for a grant or loan may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

Baseline criteria for consideration for loans/grants are as follows:

- *Business Development projects:*



- Must either:
    - create 50 permanent full-time equivalent (FTE) jobs
    - for projects located in a Target Area, create 10 FTE jobs and document a minimum capital investment of \$2 million, or
    - retain at least 100 FTE jobs and document a minimum capital investment of \$2 million
  - Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
  - Incentivized jobs (created and retained) must pay a Living Wage
- *Community Development or Neighborhood Revitalization projects:*
- Be led by a community based non-profit developer<sup>14</sup>
  - Must either:
    - Create 25 permanent full-time jobs that pay a Living Wage or
    - Document a minimum capital investment of \$2 million, and any jobs hired directly by the primary developer receiving the incentive must pay a Living Wage
  - Comply with the Community Development Plan attached as **Exhibit D**
- *Community Impact projects*
- Limited to projects that meet a specific community need, such as grocery stores, senior-care facilities, child-care facilities, and health-care facilities. Other project types may be considered if applicant demonstrates a defined service gap.
  - Create 15 permanent full-time jobs with an average salary equivalent to or greater than the Living Wage
  - Must document a minimum capital investment of \$2 million<sup>15</sup>
  - Comply with the Community Development Plan attached as **Exhibit D**
- *Real Estate Development projects:*
- Must document a minimum capital investment of \$2 million
  - Demonstrate a capital financing gap, as verified by OED or a third-party underwriter
  - Jobs hired directly by the primary developer receiving the incentive award must pay a Living Wage

<sup>14</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

<sup>15</sup> Capital expenditures exclude land acquisition costs, attorney fees, broker fees, developer profit line items, and other costs unrelated to construction such as marketing, travel, etc.

- Make a good faith effort to comply with the City’s M/WBE 32% participation goal for hard construction costs
- Innovation projects:
- Applicants must be a Dallas-based for-profit or tax exempt non-profit organization that is registered with the Texas Secretary of State and has received a determination of tax-exempt status from the Internal Revenue Service (if a non-profit)
  - Must agree to:
    - Directly or indirectly create 25 permanent full-time jobs that pay a living wage; and
    - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas; or
    - Document a venture capital or other fund raise of \$2 million;
  - Generate a positive fiscal return on investment, as verified by OED or a third-party consultant; and
  - Comply with the Innovation Program attached as **Exhibit F**

While underwriting/gap analysis or impact analysis are key determinants of an incentive award, OED will also evaluate the public benefits delivered by the applicant when determining the total award package. Public benefits considered by OED in assessing award packages include, but are not limited to:

- *Business, community development, and innovation projects:*
- Workforce development partnerships
  - Local hiring requirements
  - Job accessibility and pathways for advancement
  - Quality of jobs, including wages and benefits
  - Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- *Real estate development projects:*
- Provision of mixed-income housing beyond minimum requirements<sup>16</sup>
  - M/WBE participation beyond existing good faith effort minimum requirements

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<sup>16</sup> Any project with a residential component in a TIF District must include a percentage of units affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney. Each TIF District’s Project and Financing Plan further details affordability requirements for that specific district. Those plans are available [here](#). Projects with a residential component outside of TIF Districts will require developers to restrict 20% of units to be affordable to households with an annual income at or below 80% AMI for a 15-year period of affordability, secured by deed restrictions or other instrument or method approved by the City Attorney.



- Environmental impact and sustainability, including efforts to meet the goals of the Comprehensive Environmental & Climate Action Plan (CECAP). Examples include but are not limited to inclusion of solar panels or other renewable energy sources, inclusion of publicly available electric vehicle chargers, etc.
- Connection to existing transit and promotion of transit-oriented development that increases transit access
- Partnership to provide technical assistance to community developers
- Provision of neighborhood amenities, such as parks, public infrastructure, community centers, and other public benefits included as part of the development

### **3. Small Business Programs**

The City recognizes the importance that small business has on enhancing the Dallas economy, creating vibrant neighborhoods, providing economic opportunities and generating job opportunities. The Small Business Assistance Program is offered to assist small businesses as they grow and move into Dallas physical locations. This **Section III, Subsection 3** shall serve as a City program to promote local economic development and to stimulate business and commercial activity in the City of Dallas, as required by Chapter 380 of the Texas Local Government Code. Pursuant to Chapter 380 of the Texas Local Government Code, for-profit small business owners applying for Small Business Assistance Program must demonstrate that the proposed project will increase the City's tax base, create jobs, or otherwise satisfy the public purpose requirements of the chapter. These projects must support the City's goals for economic development, which include:

- Expanding the City's tax base
- Creating Living Wage jobs
- Increasing investment in Target Areas

When there is agreement between OED and the applicant that a Small Business Assistance Program incentive is of no or limited value to a project, the applicant may submit an application for Small Business Negotiated Incentives. Any application submitted for Small Business Negotiated Incentives will undergo a formal underwriting process, similar to the process for [Negotiated Incentives \(Section III, Subsection 2\)](#), and funds may be awarded as a loan and/or a grant. Applications being evaluated for Small Business incentives may, at the discretion of the OED Director, be required to participate in the City's Urban Design Peer Review Panel.

#### **3.1 Small Business Assistance Program**

- Applicant must be a Dallas-based for-profit entity that is registered with the Texas Secretary of State
- For projects within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$150,000 but not exceeding \$2,000,000

- Demonstrate 75% of total project costs committed from non-City funding source(s)
- Otherwise comply with Small Business Assistance Program attached as **Exhibit E**
- For projects not within a Target Area, must:
  - Document a minimum capital investment (outside of real estate costs) of \$250,000 but not exceeding \$2,000,000
  - Demonstrate 75% of total project costs committed from non-City funding source(s)
  - Otherwise comply with Small Business Assistance Program attached as **Exhibit E**
- For projects that meet the minimum standards above and defined in **Exhibit E**, the Small Business Assistance Program shall provide a reimbursable grant of 15% of the total project cost
- For projects that meet Living Wage <sup>17</sup> job creation and retention thresholds, this reimbursable grant shall be 25% of the total project costs
- All applicants seeking small business assistance funding must submit a Small Business Assistance Application
- Small Business Assistance Program agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney's Office. OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

Commented [LH1]: added

### 3.2 City Council District-specific Small Business Programs

From time to time, City Council members may have identified discretionary funds for their individual Council Districts and for which they desire to create targeted Small Business programs to enhance small business opportunities in specific parts or the entirety of one or more Council Districts. These programs may include but are not limited to façade improvement programs on commercial corridors, food truck programs, and neighborhood retail programs. Upon City Council approval of a program statement, any of these specific programs shall be included as part of the Economic Development Incentive Policy in **Exhibit G** and implemented in accordance with the specific program statement.

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<sup>17</sup> Full time jobs created shall pay a minimum wage not less than the hourly rate determined by the [MIT Living Wage Calculator](#) for an individual living in Dallas County, indexed to and adjusted annually during the term of the incentive agreement.

#### 4. Predevelopment Assistance Fund

The Predevelopment Assistance Fund supports M/WBE developers<sup>18</sup> and community developers, given historic difficulties these types of firms have faced in accessing City resources and City incentive programs.<sup>19</sup> The program provides loans during the pre-development process, to help link developers with vital flexible capital to enable project feasibility. Loan amounts will be determined on a case-by-case basis according to developer need and project scope but shall not exceed \$50,000.

On an annual basis, OED will dedicate \$100,000 from which to make loans to qualified applicants. Unused funds will carry forward to the next year. To be eligible, applicants must have demonstrated experience with the type of project for which they seek funding and must document control of the project site through a deed, lease, or option to buy or lease.

Applicants may apply for pre-development loans to be used for the following categories of expenses:

- Market studies and financial feasibility analysis
- Site assessment (e.g., environmental tests and structural assessments) completed by vendors with appropriate licenses and credentials
- Design work (architecture and engineering) completed by vendors with appropriate licenses and credentials
- Similar third-party pre-development expenses approved by the Office of Economic Development

The amount of the loan will be based on written estimates of cost from pre-development vendors who are properly licensed for and experienced in the type of work described in the proposal. Loan funds may only be used to pay for actual incurred costs of such pre-development work. If the actual incurred cost is less than the estimated cost, such overage must be repaid to the City within 30 days of borrower's payment to the vendor. Borrower must maintain documentation of each expense paid from the Loan funds in a form acceptable to OED and will submit copies of such documentation to the OED quarterly.

Pre-Development Loans are interest-free and mature on the earlier of (1) the closing date of construction financing for the project, or (2) 12 months from the date of payment by the City. Pre-Development Loans must be secured by a first lien deed of trust filed in the relevant county's

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<sup>18</sup> Refers to entities that have been certified (or are in the process of being certified prior to application) as a M/WBE by the North Central Texas Regional Certification Agency, Dallas Fort Worth Minority Business Council, or the Women's Business Council – Southwest.

<sup>19</sup> Community developers, often known as community development corporations, neighborhood development corporations, or community-based organizations, vary in organizational structure and size, but are defined by a mission to serve low-income families and distressed communities, with a focus on real estate development for housing and commercial properties. Community developers, which can include nonprofits and faith-based institutions with real estate assets, develop real estate to meet their community development mission and help improve the quality of life of the communities they serve. See [Texas Association of Community Development Corporations](#) for further information.

real property records against property owned by the borrower valued in an amount equal to or greater than the predevelopment loan amount, and/or by a personal guarantee from the principal of the borrower along with documentation that the borrower controls assets valued in an amount equal to or greater than the predevelopment loan amount. A borrower may only have one outstanding pre-development loan at a time. Complete applications will be reviewed in the order they are received and processed by Administrative Action.

Developers who receive pre-development assistance from OED and are successful in advancing their planned development project will be eligible to apply for tax abatements, loans, and/or grants as described above to support the development of the project.

#### **4. Infrastructure Investment Fund**

Historically disadvantaged communities in Dallas are 2 to 3.5 times more likely to have highly deficient infrastructure than high-income neighborhoods.<sup>20</sup> The City's EDP explicitly recognizes this disparity and sets goals around addressing these existing deficiencies. The Infrastructure Investment Fund (IIF) assists in closing the infrastructure gap between Dallas' richest and poorest neighborhoods by directing infrastructure funding to areas most in need.

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. Funds can be used for (1) loans or grants to support third-party projects that grow the tax base and/or create Living Wage jobs in a Target Area, and (2) City-led projects that implement a City or community plan in a Target Area or otherwise prepare neighborhoods and properties in Target Areas for anticipated future economic development. Funds may be spent outside of Target Areas only with a  $\frac{3}{4}$  vote of the City Council.

Eligible infrastructure investments (including necessary design and engineering costs) may include, but are not limited to:

- Programs that mitigate displacement of low-income households as a result of new investment and market-rate development
- Water/sewer connections and stormwater management projects
- Public parks and greenspace
- Streetscape enhancements and sidewalk improvements, including ADA accessibility improvements and lighting infrastructure
- Transit enhancements including electronic vehicle infrastructure
- Demolition
- Land acquisition by the City

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<sup>20</sup> [What are Infrastructure Deserts? Why Do They Matter?](#) (2022).

- Renewable energy generation and storage
- Environmental study (all phases as well as mold, lead, and asbestos) and remediation
- Internet connectivity, broadband access, and other telecommunications infrastructure
- Other projects as approved by the Office of Economic Development

Ineligible costs include third-party working capital or operating and maintenance funding, third-party land acquisition, any expense to be incurred for work or property outside of a Target Area, and work that will not foreseeably further the goals of this Policy and the EDP. If a third-party project is located outside of a TIF district, the private party must comply with any applicable public bidding requirements.

The IIF, administered by OED, is capitalized by ongoing collection of windfall funds from expiring TIF districts. For a period of 10 years after a TIF district expires, the value of the total annual increment contributed by the City in the TIF district's last year will be earmarked within the General Fund into the IIF. At the end of the initial 10-year period (and any extension period), City Council will review and can vote to extend this funding stream for additional 5-year periods.

Projects may apply for loans and grants from the IIF using the same application form as a Negotiated Incentive under **Section III, Subsection 2**.

#### **5. Tax Increment Finance Districts**

Tax Increment Finance (TIF) districts, also known as Tax Increment Reinvestment Zones (TIRZ) are governed by Chapter 311 of the Texas Tax Code. In creating a TIF district, the City establishes a base tax value for a designated geographic area and reinvests a portion of the incremental growth in the tax base. TIF districts do not create an additional tax. Creation of new TIF districts as well as extensions and expansions of existing TIF districts will comply with the TIF Policy, attached as **Exhibit B**.

#### **6. Public Improvement Districts**

The Public Improvement District (PID) program allows for groups of property owners to request special property tax assessments for the provision of services above typical City of Dallas levels. Working with City staff, each PID may select its own budget and categories based on its goals and needs, subject to Chapter 372 of the Texas Local Government Code. To learn more about existing PID districts or to contact PID staff, please visit <https://www.dallascodev.org/245/Public-Improvement-Districts>. The PID policy is attached as **Exhibit C**.

## **7. New Markets Tax Credits**

Congress created the New Market Tax Credits (NMTC) program in 2000 to incentivize investments that create jobs and provide services in economically disadvantaged areas. The Community Development Financial Institutions (CDFI) Fund, a division of the U.S. Department of Treasury, administers the NMTC program. The NMTC program funds commercial, industrial, community facility, and mixed-use real estate projects in qualifying low-income communities. NMTCs can subsidize approximately 15% to 20% of a project's capital needs, usually in the form of low-interest, forgivable debt.

In 2009, the City created the Dallas Development Fund (DDF) to oversee the NMTC program within the City of Dallas. As of October 2022, DDF has received \$240 million in NMTC allocation that has supported more than 20 projects throughout Dallas. DDF maintains its own 501(c)(3) designation and is overseen by a separate board of directors. DDF accepts applications for projects on a rolling basis. More information is available [here](#).

## **8. Section 108**

The federal HUD Section 108 Loan Guarantee Program provides Community Development Block Grant (CDBG) recipients the ability to leverage their annual grant allocation to access low-cost, flexible financing for economic development, housing, public facility, and infrastructure projects. The Office of Economic Development administers existing Section 108 loans issued by the City's Department of Housing and Neighborhood Revitalization. OED is working to develop a new program statement for the City of Dallas Section 108 program which will be brought to City Council for approval at a future date.

## **9. Property Assessed Clean Energy**

The City's Property Assessed Clean Energy (PACE) program enables third-party financing for a variety of rehabilitation and redevelopment projects that increase efficiency by reducing onsite energy usage, reducing onsite water usage, and generating onsite energy. The PACE financing is offset by water/energy savings and is secured by a City assessment. More information is available [here](#).

The City will not support PACE applications for a project with a residential component that results in the direct displacement of residents unless (1) developer makes at least one comparable

replacement dwelling available to each displaced tenant<sup>21</sup> and provides relocation assistance for all displaced tenants; and (2) if any housing units are to be demolished or removed from residential use, developer either (a) plans to immediately reconstruct or otherwise replace all such units with units of the same type and same or better quality, or (b) proposes an alternate plan that would result in the replacement of the units and such plan is approved by resolution of the City Council.

### **10. South Dallas/Fair Park Opportunity Fund**

The South Dallas/Fair Park Opportunity Fund (originally known as the South Dallas/Fair Park Trust Fund) was established by City Council in 1989 to develop a strategy to invest funds generated by Fair Park into the surrounding community. Since 1989, there have been numerous changes to the funding, policies, and purpose of what is now called the South Dallas/Fair Park Opportunity Fund (SDFPOF).

In coordination with the South Dallas/Fair Park Opportunity Fund board, the SDFPOF provides loans and grants to promote economic development and support human development initiatives in the neighborhoods surrounding Fair Park. The SDFPOF will only issue loans and grants to businesses located within, relocating to, or serving a population of which at least 90% are residents of the following Census tracts (2020 Census): 25, 27.03, 37, 115, 203, 208 and 209.

The SDFPOF provides funds under two programs: Economic Development and Human Development, each with its own eligibility criteria and goals. More information on the programs and requirements is available [here](#). The program statement is available [here](#).

### **11. Neighborhood Empowerment Zones 9 and 10**

In 2019, the City Council approved two Neighborhood Empowerment Zones (NEZ) for the City of Dallas. These zones, NEZ #9 and NEZ #10, were created for specific areas where additional economic development tools could prove beneficial to commercial properties and small businesses.

A NEZ, as outlined in Chapter 378 of the Texas Local Government Code, must promote any of the following:

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<sup>21</sup> The term "comparable replacement dwelling" means any dwelling that is (A) decent, safe, and sanitary; (B) adequate in size to accommodate the occupants; (C) within the financial means of the displaced person; (D) functionally equivalent; (E) in an area not subject to unreasonable adverse environmental conditions; and (F) in a location generally not less desirable than the location of the displaced person's dwelling with respect to public utilities, facilities, services, and the displaced person's place of employment. 42 USC § 4601(10). A comparable replacement dwelling will be considered to have been made available to a tenant, if (1) the tenant is informed of its location in writing; (2) the tenant has sufficient time to negotiate and enter into a purchase agreement or lease for the property prior to displacement from tenant's current residential unit; and (3) the tenant receives relocation assistance in sufficient time to make arrangements to move to the comparable replacement dwelling or another location of tenant's choosing.

- An increase in the economic development in the zone
- An increase in the quality of social services, education, or public safety for residents of the zone
- Creation and/or rehabilitation of affordable housing in the zone

More information on NEZ 9 is available [here](#) and more information on NEZ 10 is available [here](#).

### **12. Southern Dallas Investment Fund**

City Council initially authorized the Southern Dallas Investment Fund (the Fund), via Resolution 19-0803 in May 2019, to promote local economic development and stimulate business and commercial activity in the City, pursuant to Texas Local Government Code, Chapter 380. The purpose of the Fund is to provide grants (Grant Funds) to support economic development projects as authorized by the City of Dallas Economic Development Incentive Policy located in southern Dallas for eligible capital expenditures. For purposes of this program statement, the term "southern Dallas" refers to the geographical boundaries within Dallas city limits on the west, south and east. The northern border is the Trinity River west of downtown and Interstate 30 south and east of downtown. The Fund is administered by the Office of Economic Development. The program statement is available [here](#).

## **IV. OTHER PROGRAMS AND SOURCES OF SUPPORT**

1. **City of Dallas Housing and Community Development Department** The Department of Housing & Neighborhood Revitalization is charged with investing in the development and preservation of mixed-income and affordable housing. Through federal entitlement grants, local funds, bond funds and other housing development tools, the Department supports renters, homeowners, and homebuyers in finding, maintaining, and staying in their homes. On March 27, 2024, City Council established, as a public purpose related to economic development, the creation and preservation of affordable housing, increasing the availability of affordable housing, and reduction of substandard or deteriorating structures throughout the City. Accordingly, the programs under the Dallas Housing Resource Catalog, carried out in accordance with the Dallas Housing Policy 2033, are programs for purposes of awarding incentives under Chapter 380 of the Texas Local Government Code. For information about Housing incentives, visit the department's website [here](#).
2. **City of Dallas Historic Preservation Incentives** The Planning and Development Department administers the City's Historic Tax Exemption Program, which incentivizes property owners in the rehabilitation of historic properties. These incentives consist of tax exemptions for the rehabilitation of a historic structure. To qualify, the property must be designated as a City of



Dallas Landmark or be a contributing property within a Landmark District. For information about this incentive, visit the department's website [here](#).

3. **Dallas County** Dallas County provides strategic tax abatements, participates in tax increment finance (TIF) districts, nominates projects for the Texas enterprise zone program, and supports the formation of foreign trade zones. Learn more about Dallas County economic development incentives [here](#).
4. **State of Texas** The State of Texas supports a variety of programs to help further economic development within the State. Office of Economic Development staff are experts in navigating the state programs and applications and can assist companies and site selectors interested in state incentives. If a state incentive requires local support, the complete application, including exhibits, for state incentives shall be received by OED at least 30 days prior to the submittal of application to the State. Learn more about State of Texas incentives [here](#).
5. **Conveyance of City-Owned Property.** Occasionally OED will offer city-owned property for sale or lease to promote the goals of the EDP and this policy. City-owned properties may be conveyed to developers under one of several legal authorities, each of which require the approval of the City Council:
  - a. **Chapter 272 of the Texas Local Government Code.** As a general rule, OED will utilize a public solicitation process when offering city-owned property for development. This will ensure that all interested parties have an opportunity to participate and will secure the most beneficial public use for the citizens of Dallas. If applicable, OED may utilize Section 272.001(b)(6) which authorizes conveyance of land that is located in a TIF district that the city desires to have developed under the TIF district's project plan.
  - b. **Section 253.0125 of the Texas Local Government Code.** This statute allows the City to convey property to a party with which it has entered into a Chapter 380 agreement, the consideration for which is the economic development use of the property. OED may recommend conveyance of a property under this statute in the following circumstances:
    - i. If a property has been offered for conveyance via a public solicitation process in the past five years and the solicitation failed to receive any responses.
    - ii. If a property has been offered for conveyance via a public solicitation process at least twice in the past 10 years, but negotiations with respondents have not led to an executed development agreement.
    - iii. If OED is recommending conveyance of a property to the City of Dallas Economic Development Corporation.

- iv. If a City-owned property has environmental contamination, substandard structures, or other factors that significantly impair the developability of the site and/or make a market-rate conveyance to a developer unlikely.
- v. If the property is to be conveyed as part of a City Council-approved program.

## V. CONCLUSION

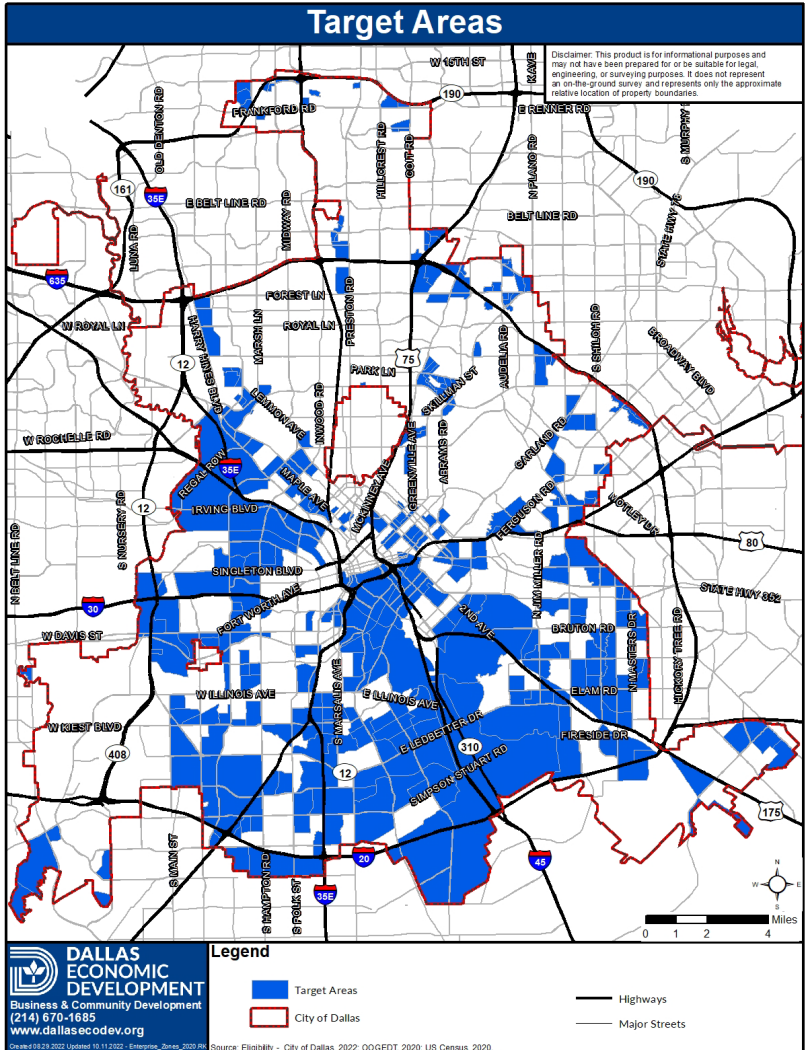
This Economic Development Incentive Policy took effect on January 1, 2023. Substantive updates to this Incentive Policy require City Council approval and statutorily required public hearings. Staff may make minor edits to the Incentive Policy, such as updating links or clarifying process or text, without City Council approval. The most current Incentive Policy will always be posted and available on the Office of Economic Development [website](#).

## EXHIBIT A TARGET AREA MAP

Target Areas align with the State of Texas Enterprise Zone designations<sup>22</sup>. These zones are re-evaluated as part of the decennial Census. The map is searchable by address [here](#).

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<sup>22</sup> State of Texas Enterprise Zone Program [FAQ](#)



## EXHIBIT B

### CITY OF DALLAS TAX INCREMENT FINANCE (TIF) POLICY

**CRITERIA FOR EVALUATING PROPOSED TIF DISTRICTS.** TIF districts created after the date of this Policy must comply with Chapter 311 of the Texas Tax Code, as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that creation of a new TIF district complies with the then-current Financial Management and Performance Criteria (FMPC) adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the creation of a new TIF district. This requirement ensures that TIF districts are not created prematurely and that the proposed term of the TIF district maximizes collection of increment to support redevelopment.
3. **MIXED-INCOME HOUSING:** The TIF district's project plan and financing plan will require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.
  - f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.



- g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.
  - h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
- 4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
- 5. **NEIGHBORHOOD PRESERVATION:** If the TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
- 6. **URBAN DESIGN:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
- 7. **M/WBE:** The TIF district's project plan and financing plan will require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
- 8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
- 9. **TERM AND PARTICIPATION:** New TIF districts will not have an initial term of more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new TIF districts will be determined by staff based on an evaluation of the anticipated need in the TIF district but will not exceed 90%.

## CRITERIA FOR EVALUATING PROPOSED EXPANSION OR EXTENSION OF TIF DISTRICTS

TIF districts expanded by 10% or more of the then-current TIF district's boundary or TIF districts extended after the date of this Policy must comply with Chapter 311 of the Texas Tax Code as well as the additional City requirements below:

1. **FMPC:** Staff must confirm that expansion or extension of a TIF district complies with the then-current FMPC adopted by the City Council.
2. **FUTURE PLANNED DEVELOPMENT:** Staff must determine that a minimum of \$50 million in new investment is reasonably anticipated within 5 years of the expansion or extension of the TIF district.
3. **MIXED-INCOME HOUSING:** The amendment of the TIF district's project plan and financing plan must require that projects with a residential component seeking funding from the TIF district shall comply with the following mixed-income housing requirements:
  - a. A minimum of 20% of the residential units constructed as part of the project shall be leased solely to those households earning a maximum of 80% of the Area Median Family Income determined annually by HUD.
  - b. The income-restricted units shall: (1) be of substantially identical finish-out and materials as market rate units; (2) float within each unit type; (3) not be fixed to specific unit numbers; and (4) not be segregated or concentrated on any one floor or area of the project.
  - c. Tenants occupying the income-restricted units shall not be restricted in any way from common areas or amenities within the project unless such restrictions apply to all tenants.
  - d. The income-restricted units shall be dispersed pro-rata among unit types and sizes. By way of example, if 25% of all units are 3-bedroom units, 25% of income-restricted units should also be 3-bedroom units.
  - e. Projects will comply with Chapter 20A of the Dallas City Code and Ordinance 30246, approved by Resolution 16-1760, as amended by City of Dallas Ordinance 32195, approved by Resolution 22-0743. Should these ordinances or Chapter 20A be further amended prior to the date that a project receives its certificate of occupancy, the project shall abide by such amended terms.
  - f. Developers will not discriminate against potential renters on the basis of source of income, including federal voucher holders.
  - g. Developers will complete an affirmative fair housing marketing plan and submit it to the Fair Housing Division of the Office of Equity and Inclusion for review and approval prior to the project completion deadline stated in the TIF incentive



agreement. Developers must market the residential units pursuant to the approved affirmative fair housing marketing plan.

- h. These mixed-income housing requirements will be secured by deed restriction or by any other method or instrument approved as to form by the City Attorney for a term of 15 years.
4. **INCREMENT SHARING:** To promote equitable development, staff will consider inclusion of a barbell mechanism designed to transfer a portion of captured tax increment from stronger market areas of the TIF district to a specified area identified in the amended TIF district project plan and financing plan where catalytic investment is needed to jumpstart private investment and development. Increment sharing can take the form of non-contiguous or contiguous sub-districts.
5. **NEIGHBORHOOD PRESERVATION:** If an expanded or extended TIF district contains or abuts single-family residential neighborhoods in Target Areas, the TIF district's amended project plan and financing plan must contain a budget line item to address the needs of existing homeowners, such as homeowner stabilization programming, home repair funding, or programs to mitigate residential displacement.
6. **URBAN DESIGN:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with Urban Design Guidelines and/or conform to the recommendations of the City's Urban Design Peer Review Panel.
7. **M/WBE:** If not already included in the TIF district's project plan and financing plan, the TIF district's amended project plan and financing plan must require that all projects seeking funding from the TIF district shall comply with the City's Business Inclusion and Development Plan for all construction costs of the project.
8. **PARTICIPATION OF OTHER TAXING JURISDICTIONS:** Staff will request the participation of Dallas County and other taxing jurisdictions, as appropriate.
9. **TERM AND PARTICIPATION:** TIF district terms may be extended by no more than 15 years. Any extension of the term of a TIF district will be accompanied by a reduction in the City participation in the TIF district. The City's participation rate for any extension term will be a minimum of 30% lower than the rate at the time of the extension, unless otherwise approved by Council. New sub-districts shall have an initial term of no more than 30 years and may be renewed or extended only with the approval of the City Council. City participation in new sub-districts will be determined by staff based on an evaluation of the anticipated need in the sub-district but will not exceed 90%.



## EXHIBIT C

### CITY OF DALLAS PUBLIC IMPROVEMENT DISTRICT (PID) POLICY

The City of Dallas supports the use of PIDs to address public needs or supplemental services identified by property owners. PIDs in Dallas will be allowed to fund any item provided by Chapter 372 of the Texas Local Government Code, as petitioned by the property owners.

#### PETITIONS

In new and renewing commercial or mixed-use district PIDs, the City will require that Owners representing (1) at least 60% of the value **and** (2) 60% of all record Owners **or** 60% of land area, support the creation of a new or renewing PID. Waivers to City's 60% threshold criteria shall only be authorized by a vote of a three-quarters majority of the Dallas City Council. Neither staff nor City council have the authority to approve exceptions to the state's petition threshold.

In new or renewing single-family PIDs (defined as areas with a minimum of 30% of land area dedicated to detached single-family housing), the City will require that Owners representing (1) at least 66.7% of the value **and** (2) 66.7% of all record Owners **or** 66.7% of land area, support the creation of a new PID.

Petitions will not be required to be notarized. Staff will verify that the person signing the petition is the owner and has the authority to sign. PID petitions shall include this additional note: "With respect to community property, the City may accept the signature of a spouse as a representation of both spouses that they support the creation or renewal of the PID absent a separate property agreement. However, if staff is made aware of any disagreement among owners of community property those petitions will not be counted."

The deadline to submit petitions for new or renewing PIDs is February 1. Signatures are generally gathered between October 1 and February 1. The deadline to submit written consent forms from hotel owners for an expansion of the Dallas Tourism PID is February 1.

#### ASSESSMENTS AND ALLOWABLE COSTS

1. PID assessments will be based on a set rate based on total property value. The maximum PID assessment in Dallas shall be \$0.15 per \$100 valuation.
2. PIDs in Dallas will be allowed to fund any item provided by state law.
3. PIDs must be self-sufficient and not adversely impact ordinary service delivery of the City. Public improvement districts in the City of Dallas shall incur no bonded indebtedness.
4. Administrative expenses for a PID, excluding costs for City staff administration, shall not exceed 15% of the total budget in any year.

5. A PID Service Plan shall contain procedures for the termination of the PID without imposing unintended costs on the City of Dallas. A PID cannot be dissolved without a petition from property owners and must be sufficient as for creation or renewal in accordance with Chapter 372, Section 372.005(b) of the Texas Local Government Code.
6. Upon council approval of creation or renewal of a PID, City staff will file the ordinance creating or renewing the PID and a Notice of Assessment Form with the Dallas County Clerks' office or other relevant deed records so that a title company may determine how much of an assessment is owed or paid for each property in the PID each year. This will ensure that a title company can pro-rate the assessments for the year between the buyer and seller in the same way the title company is responsible for calculating and collecting the taxes apportioned between the buyer and seller on the date of closing. This practice will not involve separately recording documents for each parcel within a PID.
7. Property owned by the City of Dallas shall not be subject to assessment by any PID, excluding the current term of the Downtown Improvement District. The City will review participation in the Downtown Improvement District on renewal.

#### **APPLICATION REQUIREMENTS**

1. An application fee of \$15,000 will be required for all new or renewing PIDs. This fee is regulatory in character, so it approximates staff costs of administering the PID program. The fee will be used to pay for direct expenditures and to compensate the Office of Economic Development for staff time associated with PID creation and renewal. If the City costs for this process are less than \$15,000, the remainder will be reimbursed to the PID applicant unless the renewal or creation of the PID is successful in which case the remainder will be retained to cover City administrative expenses incurred throughout the PID's term including publication of legal notices, mailings, staff time in overseeing and monitoring the district, and any other related expense. The application fee will not be counted as part of the 15% maximum for administrative expenses in a PID budget.
2. A PID application for creating or renewing a PID shall include a current list of properties and tax roll. City staff will assist in this process in coordination with the PID management organization and DCAD.
3. PID applications shall include a map acceptable to the Office of Economic Development and a legal or clear description of the property or properties included in the District. This practice will not require the applicant to provide property surveys.
4. A PID application for creating or renewing a PID shall include a section that clearly identifies the proposed benefit of the PID to the property owners within the PID boundary and to the City as a whole and also any required evidence of insurance coverage.
5. Proposed PIDs are required to notify all property owners and host at least one public

meeting with all the property owners within the area. Written notice must be sent by postal mail at least 15 days prior to the meeting date.

#### **DISTRICT MANAGEMENT**

Each management entity for a PID (“PID Management entity”) shall submit quarterly reports of all PID activities and expenditures; an annual independent audit of all PID expenditures; an annual Form 990; a copy of the management entity’s governance documents and policies; and shall hold an annual meeting open to all property owners and held in a public meeting space with written notice which must be sent by postal mail to all property owners in the PID at least two weeks prior to this meeting date to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process.

A PID Management entity and its board members, officers (the board and officers of a PID Management entity are called the “Board”), and employees (the Board and employees of the PID Management entity are called a “PID Management party”) shall comply with the following:

1. PID Management parties will conduct themselves in a manner consistent with sound business and ethical practices.
2. PID Management parties will consider the public interest when determining how to use assessment funds and will only spend assessment funds in accordance with Chapter 372 of the Texas Local Government Code.
3. PID management entities will not contract with any entity or individual with which a PID Management party has a financial interest unless such financial interest is disclosed, the party with the financial interest is absent during any board discussion and vote, and a majority vote of the remaining board members deem the contract in the best entity of the PID.
4. PID management entities will not hire or contract with a board member or any relative (by blood, marriage, or adoption), domestic partner, or business associate of any board member for PID management services or other purposes unless such relationship is disclosed, the party with the relationship is absent during any board discussion and vote, and the remaining board members unanimously deem the action in the best interest of the PID.
5. PID Management will avoid the occurrence of and the appearance of the occurrence of acts of impropriety to ensure public confidence in the PID program.
6. No PID Management party shall have an interest, financial or otherwise, direct or indirect, or engage in any business, transaction, or incur any obligation of any nature which is in conflict with the proper discharge of his or her duties on behalf of the PID unless: a) he or she discloses such an interest, financial or otherwise, direct or indirect to the Board and b) a majority vote of the remaining Board Members without a financial interest (“disinterested board members”) deem by resolution that the contract is

commercially reasonable, does not exceed the fair market value of the typical cost of the goods or service, and is in the best interest of the PID. A PID Management party with a conflict of interest due to a financial interest shall disclose the conflict to the Board, abstain from discussion, and leave the room during the Board voting and deliberation of the matter.

7. PID Management will not use their positions, the petitioned services, the assessment funds, or the petition process for personal gain or benefit and will not unduly influence others through any tactics including but not limited to coercion or bullying.
8. PID Management shall comply with this PID policy as well as with the applicable provisions of the Dallas City Code, Chapter 12A and any future amendments to same. In the event of a conflict between this PID policy and Chapter 12A, Chapter 12A will control.
9. Management entities shall maintain a publicly accessible internet website and ensure the availability via the website of the entity's contact information; board membership information; name and contact information of its executive director or person that performs those duties; meeting notices; meeting minutes; its annual assessment rate; the adopted service plan budget for preceding two years and current year; most recent financial audit; and information regarding how to file a complaint alleging unethical conduct or a violation of fraud, waste, or abuse of PID assessments with the Inspector General Division of the Dallas City Attorney's Office.
10. The PID liaison from OED will be invited to all PID board meetings. If the PID is unable to identify its liaison, it may invite the Director of OED.

The City reserves the right to audit the books, records, and practices of PID Management parties at any time. The City may terminate a PID management agreement for cause at any time without notice.

#### **SPECIAL PURPOSE PIDS**

Special Purpose PIDs may be created by the City to address unique issues, subject to state law petition requirements. The maximum PID assessment in these districts will be determined by the City Council and may be above \$0.15 per \$100 valuation. These PIDs in Dallas will be allowed to fund any item provided by state law. These Districts may be used to address special facility maintenance and beautification issues. Administrative expenses in these districts shall not exceed **10%** of the total budget in any year.

#### **BOUNDARIES**

1. With the exception of Klyde Warren Park and the Tourism PID, and any future modifications to the boundaries of either of those two PIDs, no future PIDs will be allowed to be created that overlap the boundaries of another Dallas PID.
2. In general, the boundaries of existing PIDs can be modified during a renewal process

(with updated map as part of the petition). However, a boundary change during the existing term of a PID may only be considered if a re-petition of the proposed PID area meets the minimum criteria for creation/renewal as described earlier in this Policy.

3. The boundaries of the DTPID include hotels with more than 100 rooms. Any hotels that drop below that room level during the term will be removed from the assessment roll with City Council approval following notice to the City by DTPID. New hotels may be added during the existing term of a PID with City Council approval in accordance with Chapter 372 of the Texas Local Government Code.

## EXHIBIT D

### COMMUNITY DEVELOPMENT PLAN

#### BACKGROUND

The Texas Community Development Act of 1975, as enacted by Chapter 373 of the Texas Local Government Code authorizes a variety of activities to contribute the development of viable urban communities by expanding economic opportunities for persons of low and moderate income. The legislative finding aligns with the revised incentive programs stemming from the new Economic Development Plan to support job growth, create new tax revenue, and expand the City's tax base, while advancing equitable economic development, including a renewed and explicit focus on incentivizing:

- High-quality jobs that provide opportunities for all
- Investment in Southern Dallas and other distressed or low-to-moderate income areas; and
- Racially equitable participation in Dallas's economy and wealth-building opportunities

While the traditional tools of the City's economic development program, including grants, loans and tax abatements as authorized under Chapters 380 and 378 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code, have been successful in supporting larger scale, for-profit projects, the tools are not as well aligned to support projects led by non-profit developers, or that offer additional community benefits. A Chapter 373 Program is proposed to further the revised Economic Development Incentive Policy ("Incentive Policy") and address the gap in existing incentive tools and expand economic opportunities for persons of low-and-moderate income.

To enact a Chapter 373 program, City Council approved this Community Development Plan ("CDP") on December 14, 2022, as a component of the City Economic Development Incentive Policy. A public hearing on the CDP was held on November 9, 2022.

#### PURPOSE

The purpose of the CDP is to improve living and economic conditions of persons of low and moderate income through the provision of loans and grants to qualified projects that inhibit the deterioration of property; expand and improve the quantity and quality of community services important to the community welfare; improve arrangement of residential, commercial, industrial, recreational, and other necessary activity centers; restore and preserve properties of special value for historic, architectural, or aesthetic reasons; and/or alleviate physical or economic distress through the stimulation of private investment and community revitalization in slum or blighted areas.

## PROGRAM AREA

Activities carried out under CDP will be limited to the Target Areas defined by the Incentive Policy. These Target Areas are comprised of census tract block groups that have a 20% or greater poverty rate based upon the most recent decennial census federal poverty level information, which indicates predominately low-and-moderate income populations. Within the program area, activities as defined as “Eligible Activities and Project Types” below may occur.

## ELIGIBLE ACTIVITIES

The following elements are eligible for funding provided that the activity would further the purposes of this CDP and meet the eligibility criteria as specified under the “Project Types” section below.

- Rehabilitation of privately-owned property
- Activities that are conducted by public or private entities if the activities are necessary or appropriate to meet the needs and objectives of the CDP, including:
  - acquisition of real property<sup>23</sup>
  - acquisition, construction, reconstruction, rehabilitation, or installation of public facilities, site improvements, utilities, commercial or industrial buildings or other structures, or other commercial or industrial real property improvements
- Grants to neighborhood-based nonprofit organizations, local development corporations, or similar entities
- Provision of assistance to private, for-profit entities if the assistance is necessary or appropriate to carry out an economic development project

## PROJECT TYPES

1. **Community Development Projects** are projects that are led by a community based non-profit developer<sup>24</sup> and must either 1) create 10 permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction costs only; funds are not to be used for programmatic expenses.

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<sup>23</sup> Land acquisition is an eligible use only as part of a larger project as defined in Project Types. Land acquisition alone is not an eligible activity.

<sup>24</sup> This may include neighborhood-based nonprofit organizations, local development corporations, or similar entities.

2. **Neighborhood Revitalization Projects** are rehabilitation projects that are led by a community based non-profit developer and must either 1) create 10 permanent full-time jobs that pay a Living Wage (exclusive of overtime, bonuses, or benefits), or 2) document a minimum capital investment of \$2 million, excluding acquisition costs, and any jobs created any jobs created directly by the primary developer receiving the incentive must pay a Living Wage. Projects must demonstrate that at least 75% of the total project funding is either in hand or has been pledged. City funds may be used for construction or rehabilitation costs only; funds are not to be used for programmatic expenses. The City encourages pairing PACE financing with any revitalization project.
  
3. **Community Impact Project** is a project that meet a specific community need, such as a grocery store, senior-care facility, child-care facility, or health-care facility. Other project types may be considered if applicant demonstrates a defined service gap. Projects must create at least 15 permanent full-time jobs with an average salary (exclusive of overtime, bonuses, or benefits) equivalent or greater to the Living Wage for an individual living in Dallas County and document a minimum capital investment of \$2 million, excluding acquisition costs. City funds may be used for construction or rehabilitation costs only; funds shall not be used for programmatic expenses. The City encourages pairing PACE financing with any rehabilitation project. Funds may be received as a grant and/or a loan.

#### **APPLICATION PROCESS**

All projects receiving funding under the CDP will follow the same application process for Negotiated Incentives as established by the Incentive Policy. All approvals for funding will likewise follow the policies as established by the Incentive Policy.

#### **ADDITIONAL INFORMATION**

The CDP will be administered by the Office of Economic Development, and in accordance with the CDP.

#### **PUBLIC PURPOSE**

All loans and grants must accomplish a public purpose, as required state law. The City Council finds that the project types described herein serve a valid public purpose.



## EXHIBIT E

### SMALL BUSINESS ASSISTANCE PROGRAM

The City's Small Business services include offering technical assistance through monitored referrals to non-City partners and project funding to support the needs of small businesses and entrepreneurs working in Dallas as they transition or improve real estate locations within the City of Dallas. The City will not provide working capital but will refer individuals to Community Development Financial Institutions and banks that provide this type of financing.

#### BACKGROUND AND PURPOSE

Small businesses are defined by the U.S. Small Business Administration (SBA), [www.sba.gov](http://www.sba.gov), as firms that have fewer than 500 employees, but on average have fewer than 20 employees. A small business is deemed to be one which is independently owned and operated and generally is not dominant in its field of operation. Small businesses are vitally important to Dallas and a significant part of Dallas' economy. Approximately 82% of Dallas businesses have fewer than 20 employees; 35% have fewer than five employees.

The recent "Dallas Small Business Ecosystem Assessment,"<sup>25</sup> led by Next Street and sponsored by JPMorgan Chase in 2019, noted "[a]cross the United States there is increasing acknowledgment that historically discriminatory policies have created significant and seemingly intransigent wealth and income gaps. Among several levers used to address these gaps, policymakers and others have found small business development to be a powerful tool to foster inclusive economic growth. Recognizing business ownership as a pathway to economic empowerment, wealth creation, and upward mobility presents an opportunity for cities like Dallas and others across the nation to push for a more inclusive economic future."

To further the growth of small businesses within Dallas, the Small Business Assistance Program (SBAP) is offered to support Dallas small businesses looking to establish or grow their physical footprint within the City of Dallas. With this funding, Dallas hopes to facilitate the establishment and growth of storefront business projects (either leased or owned) that house Dallas small businesses.

#### PROGRAM AREA

Funding is available City-wide.

#### ELIGIBLE PROJECTS AND ACTIVITIES

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<sup>25</sup> <https://www.dallascodex.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF>

The Small Business Assistance Program is intended to catalyze real estate and small business development as well as job creation in traditionally underserved areas by offering lower investment thresholds as well as a simplified and streamlined process for qualified small businesses throughout the City. Eligible applicants are for-profit companies that are registered and in good standing with the State of Texas that are either establishing a Dallas physical location or expanding an existing Dallas-based company (at the same location or new location within the City). Businesses must have 20 or fewer employees. To be considered for funding, the applicant must demonstrate that at least 75% of the total project funding is available either as cash-in-hand or through a third-party lender or investor. The total project cost (outside of real estate acquisition) may not exceed \$2 million. For projects in Target Areas, the minimum required investment outside of real estate costs is \$150,000; for projects in non-Target Areas, the minimum required investment outside of real estate costs is \$250,000. Funds may only be used for expenses as defined in the project budget, must be used for capital improvements, and are provided on a reimbursement basis. Funding agreements will be processed by Administrative Action.

Commented [LH2]: Do we want to require 6 or 12 months of existence? I'm inclined not but asking.

The following categories of businesses are not eligible for incentive awards: (1) businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, (2) liquor stores, pawn shops, credit access businesses, body piercing studios, or tattoo studios, as those terms are defined by the Dallas Development Code, and (3) other uses incompatible with surrounding neighborhood uses, as determined by OED.

Funds will be awarded based on the following criteria:

Base Award	Target Area	Non-Target Area
Minimum Investment	\$150,000	\$250,000
Required match	75% of total project cost	75% of total project cost
Percent of project budget awarded	15%	15%
Maximum award (regardless of project size)	\$300,000	\$100,000
Agreement term	5 years	5 years

Base Award + Job Creation	Target Area	Non-Target Area
Minimum Investment	\$150,000	\$250,000
Required match	75% of total project cost	75% of total project cost
Creation of Living Wage jobs OR	5	10
Retention of Living Wage jobs	10	15
Percent of project budget awarded	25%	25%

Maximum award (regardless of project size)	\$400,000	\$100,000
Agreement term	5 years	5 years

**APPLICATION PROCESS**

All applicants seeking small business assistance funding must submit a Small Business Assistance Application. SBAP agreements require approval by Administrative Action (unless the OED Director decides in his/her sole discretion that the application should be subject to City Council review and consideration) and an executed grant agreement approved as to form by the City Attorney’s Office. OED will update the City Council’s Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

**ADDITIONAL INFORMATION**

The Small Business Assistance Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

**PUBLIC PURPOSE**

All grants must accomplish a public purpose, as required state law. The City Council finds that the types of Small Business Assistance Program projects described herein serve a valid public purpose.

## EXHIBIT F

### INNOVATION PROGRAM

#### BACKGROUND AND PURPOSE

In May 2021, the Mayor’s Task Force on Innovation and Entrepreneurship released a report with the following findings:

- With nearly double the population of Silicon Valley, Dallas has just 3% of the startup deal activity of Silicon Valley and less than 50% of the deal activity of our neighbors in Austin.
- Venture Capital (VC) investment is 325% greater in Austin than the total VC investment in Dallas.
- Dallas is home to a large corporate presence has become the central mark of the Dallas business community. As we look to [the] future, there must be a combination of massive global organizations that are the bedrock of our economy in partnership with innovative, agile entrepreneurs who will provide the answers for tomorrow.
- Startup businesses<sup>26</sup> are the driving force of homegrown ingenuity and the heartbeat of innovation priming a highly productive and inclusive regional economy for generations of Dallas residents to come.

To further the growth of start-ups and innovation within Dallas, the Innovation Program would support Dallas-based innovation projects to spur and accelerate innovation within Dallas with place-based support. With this funding, Dallas hopes to augment its innovation offerings by supporting projects that offer a combination of physical incubators or space with an effective, proven and capable program partners to create innovation zones with dedicated space, networks and subject area clusters.

Subject area clusters to be supported include the below; other areas may be considered if the applicant demonstrates a need and adequate area resources/partnership for that area cluster.

- Biotech and/or life sciences
- Financial technology
- Artificial Intelligence
- International expansion
- Underrepresented entrepreneurs

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<sup>26</sup> The Mayor’s Task Force defines a startup as: “a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable and sustainable high-growth business model.”

## **PROGRAM AREA**

Funding is available City-wide.

## **ELIGIBLE PROJECTS AND ACTIVITIES**

Eligible projects will be led by one lead for-profit or non-profit entity (lead entity) that may provide funding to other entities that further the innovation mission of the lead entity. Funding in the form of grants or other economic development assistance (e.g. rent reduction in City-owned facilities) would be available to the lead entity that meet the following criteria, either through activities of the lead entity or the other organizations associated with the lead entity.

- Applicant must be a Dallas-based for-profit or non-profit organization
- Project must:
  - Directly or indirectly create 25 permanent full-time jobs that pay a living wage and
  - Document a minimum capital investment (directly or indirectly) of \$2 million in Dallas or
  - Document a venture capital or other fund raise of \$2 million and
- Generate a positive fiscal return on investment, as verified by OED or a third-party consultant
- All office locations for recipients or sub-recipients must be within the City of Dallas

## **APPLICATION PROCESS**

All applicants seeking innovation funding must submit an Innovation Application. Innovation Program agreements require approval by Administrative Action or City Council and an executed economic development agreement approved as to form by the City Attorney's Office. If approved by Administrative Action, OED will update the City Council's Economic Development Committee via a quarterly memo summarizing incentives awarded by Administrative Action.

## **ADDITIONAL INFORMATION**

The Innovation Program will be administered by the Office of Economic Development in accordance with the Economic Development Incentive Policy.

## **PUBLIC PURPOSE**

All grants and other economic development assistance must accomplish a public purpose, as required state law. The City Council finds that the types of Innovation Program projects described herein serve a valid public purpose.

**EXHIBIT G**  
**CITY COUNCIL DISTRICT-SPECIFIC SMALL BUSINESS PROGRAMS**

[Placeholder for specific program statement(s)]