

Memorandum



CITY OF DALLAS

DATE January 31, 2025

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

SUBJECT **Upcoming Agenda Items: FY 2023-2024 Tax Increment Financing (TIF) District
Annual Reports**

On February 26, 2025, staff will seek City Council acceptance of the FY 2023-2024 annual reports for the City's eighteen (18) tax increment reinvestment zones (also known as Tax Increment Financing (TIF) districts) that were active during FY 2023-2024. State law (Tax Increment Financing Act, Section 311.016 of the Tax Code) requires that the City submit an annual report on the status of each reinvestment zone it has created to the Chief Executive Officer of each taxing unit that levies taxes on real property in the zone as well as to the State Comptroller.

This memorandum contains a summary of activity in:

(1) TIF districts (and sub-districts) that *expired prior to FY 2023-2024* (State-Thomas TIF District expired at end of 2008; Cityplace Area TIF District expired at end of 2012, Cedars TIF District expired at end of 2022; and City Center Sub-district of the City Center TIF District expired at end of 2022), and

(2) TIF districts (and sub-districts) that were *active during FY 2023-2024*.

Growth in real property values compared to the base year of all TIF districts (expired and active) was strong. Overall taxable real property value in TIF districts increased 8.5% (\$2,334,634,018) from last year comparable to a 9.3% increase for the City as a whole. TIF districts with the largest percentage increases over last year include Cedars (17%) and City Center (16.3%).

Since the inception of each TIF district through 2024, the aggregated real property value growth in the TIF districts is 604.3%. For the TIF districts created between 1988 and 1998, overall value has grown 744.4%. For TIF districts created after 2005, overall value has grown 549.8%. Among those TIF districts created after 2005 with the greatest real property value growth since inception are Cypress Waters (1,710,310.7%); Downtown Connection (1,232.3%); and University (831.5%).

Since the inception of each TIF district through 2024, total TIF expenditures or allocations of \$1.4 billion have leveraged over \$27 billion in added or anticipated real property value in TIF districts. Each TIF dollar committed leverages \$19 in capital investment (not including increased sales tax, hotel/motel taxes and business personal property taxes) and also results in increased taxes paid to the various taxing jurisdictions, including the

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Dallas Independent School District (DISD). Based on 2024 certified values, staff estimates that nearly \$233 million in additional taxes will be paid in 2024 to DISD due to increased property values in Dallas TIF districts.

TIF District	Initial (Base) Taxable Value	2023 Final Taxable Value	2024 Certified Taxable Value	2023 vs 2024 (% Change)	Initial vs 2024 (% Change)
TIF Districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$906,747,283	\$965,952,689	6.5%	1933.3%
Cityplace Area ¹	\$45,065,342	\$1,621,925,395	\$1,711,039,214	5.5%	3696.8%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$281,915,535	\$1,472,958,414	\$1,650,391,423	12.0%	485.4%
Cedars ¹	\$35,300,760	\$368,749,838	\$431,408,490	17.0%	1122.1%
City Center (<i>all sub-districts</i>) ²	\$674,751,494	\$1,984,502,749	\$2,308,858,750	16.3%	242.2%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$641,893,320	\$640,051,148	-0.3%	1692.2%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$2,173,509,025	\$2,289,334,298	5.3%	3492.2%
Subtotal	\$1,183,984,393	\$9,170,286,024	\$9,997,036,012	9.0%	744.4%
TIF Districts created after 2005					
Design District (<i>all subdistricts</i>)	\$281,873,753	\$1,327,133,891	\$1,362,397,439	2.7%	383.3%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$650,917,404	\$662,146,342	1.7%	301.8%
Southwestern Medical (<i>all subdistricts</i>)	\$67,411,054	\$414,030,832	\$429,053,229	3.6%	536.5%
Downtown Connection (<i>Zone A-B</i>)	\$587,152,367	\$7,152,833,084	\$7,822,404,603	9.4%	1232.3%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$1,397,595,195	\$1,484,311,274	6.2%	684.7%
Grand Park South (<i>Zone A-B</i>)	\$79,064,576	\$165,068,817	\$187,811,558	13.8%	137.5%
Skillman Corridor	\$361,814,671	\$1,493,091,512	\$1,610,231,086	7.8%	345.0%
Fort Worth Avenue	\$558,406,007	\$1,313,715,704	\$1,491,858,425	13.6%	167.2%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$539,500,504	\$588,353,749	9.1%	326.9%
TOD (<i>all subdistricts</i>)	\$201,998,111	\$846,552,333	\$884,035,202	4.4%	337.6%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$982,211,506	\$1,110,253,603	13.0%	503.4%
Cypress Waters	\$71,317	\$1,135,287,638	\$1,219,813,623	7.4%	1710310.7%
Mall Area Redevelopment (<i>all subdistricts</i>)	\$176,287,080	\$404,118,390	\$434,040,002	7.4%	146.2%
University (<i>all subdistricts</i>)	\$49,774,442	\$420,394,567	\$463,625,272	10.3%	831.5%
Subtotal	\$3,039,634,687	\$18,242,451,377	\$19,750,335,407	8.3%	549.8%
Total All TIF Districts	\$4,223,619,080	\$27,412,737,401	\$29,747,371,419	8.5%	604.3%

Notes: (1) State-Thomas, Cityplace Area, and Cedars TIF districts have expired and are no longer officially reporting.
(2) The City Center Sub-district (expired in 2022) of the City Center TIF District; however, the Lamar Corridor/West End Sub-district is still active.
TIF districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base year (i.e. Zone B)
Several TIF districts have been amended to add sub-districts that may have different base years.

Although most growth in new taxable value in TIF districts is captured to fund public investments in those TIF districts, there is added benefit to the City's general fund. TIF districts created since 2005 and some older TIF districts, as amended, have varied City participation during the term of the TIF district ranging from 55-90% of total new taxes, and some of those TIF districts have delayed tax increment collection in the initial years, allowing some new growth into the City's general fund. Estimates for the current tax year 2024 (fiscal year 2024-2025) total tax increment are shown below and include both the estimated City contribution and any contributions from other participating taxing jurisdictions. Generally, for older TIF districts, there was more participation from other taxing entities; whereas, TIF districts created or amended since 2005 have primarily had only City and County participation.

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIF Districts	Non-Downtown TIF Districts	Total All TIF Districts
2024 Total Increment ¹	\$47,393,570	\$95,039,972	\$142,433,542
2024 (City) Increment ²	\$47,393,570	\$81,763,906	\$129,157,476
2024 new City General Fund ³	\$15,108,806	\$35,599,601	\$50,708,407

¹ Total increment is estimated TIF district collections for all participating taxing jurisdictions. Some districts may only have City participation in the current year (total increment may be the same as City).

² City Increment is the estimated City contribution to the TIF district funds.

³ New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF districts (includes estimated annual revenue from expired districts or sub-districts)

TIF districts have also been catalysts for improving the real estate market in areas that were lagging, thereby drawing new residents into the City's core and near DART station areas and creating new mixed-use neighborhoods. As of FY 2023-2024, approximately 53,401 new residential units have been completed in the City's twenty-one (21) TIF districts (including expired TIF districts and sub-districts). An additional 3,700 units are under construction, and another 3,714 units are planned. Over 22 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 880,000 square feet of commercial space is under construction, and another 1.5 million square feet of space is planned. New hotel construction includes 7,128 completed rooms. An additional 495 hotel rooms are planned.

The following table summarizes new development in downtown and non-downtown TIF districts. The two downtown TIF districts, City Center and Downtown Connection,

comprised 19% of all residential units (completed, under construction, and planned), 43% of all commercial space (completed, under construction, and planned), and 75% of all hotel rooms (completed, under construction, and planned).

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIF districts	Non-Downtown TIF districts	Total All TIF districts
Residential Units			
Completed	9,698	43,703	53,401
Under Construction	583	3,117	3,700
Planned	1,168	2,546	3,714
Residential Total	11,449	49,366	60,815
Commercial (<i>retail, office, other com.</i>) Square Footage			
Completed	9,801,633	12,306,871	22,108,504
Under Construction	0	880,135	880,135
Planned	718,831	788,321	1,507,152
Commercial Total	10,520,464	13,975,327	24,495,791
Hotel Rooms			
Completed	5,477	1,651	7,128
Under Construction	0	0	0
Planned	245	250	495
Hotel Total	5,722	1,901	7,623

Construction activity in TIF districts is on-going. In FY 2023-2024, City Council authorized two (2) TIF district-funded development agreements shown below. The development projects are anticipated to have a value or investment of over \$20.5 million at completion.

Project	TIF District	Description	Value^	TIF District Investment
Vista at Kessler/Stevens Retail Redevelopment Project	Fort Worth Avenue	32,550 SF retail, including grocer	\$15,000,000	\$5,124,811
Lancaster- Corning Retail Development Project	TOD	11,000 SF retail	\$5,548,755	\$1,778,000

^Values reflect current DCAD market value for completed projects; estimated value for those planned; minimum required investment in the agreement; or estimated costs for public (non-taxable) projects

City Council also authorized amendments to existing agreements related to:

- implementation of paid parking in the Farmers Market Public Parking Garage (Farmers Market TIF District)
- Reimagine Redbird Redevelopment Project (Mall Area Redevelopment TIF District)
- Longhorn Ballroom Redevelopment Project (TOD TIF District)

In addition, City Council approved one item authorizing TIF district funds totaling \$287,499 for direct investment in the following public project:

- Traffic signal and pedestrian improvements at Fort Worth Avenue and Bahama Drive for The Collective Sustainable Development Infrastructure Project (Fort Worth Avenue TIF District): \$287,499

TIF District Plan Amendments

During FY 2023-2024, City Council authorized amendments to the Project Plan and Reinvestment Zone Financing Plan (Plan) for two (2) TIF districts:

- In November 2023, the Plan for the Fort Worth Avenue TIF District was amended to expand the boundary of the District to the west by approximately 372 acres, maintain 70% City participation in the District for the remaining term, redefine and reallocate budget categories, and make corresponding modifications. The Plan amendment also enabled expansion of the use of the Affordable Housing budget category so that District funds can be used for homeowner stabilization, home repair, and displacement mitigation programs within and surrounding the District.
- In February 2024, the Plan for the Deep Ellum TIF District was amended to increase budget capacity for the District, redefine and reallocate budget categories, and make corresponding modifications. The Plan amendment was designed to provide additional funding capacity to fund close-out projects in the District, fund homeowner stabilization programs and implement mixed-income housing within and outside of the District, fund areas of public assembly (i.e. parks/open space) within and outside of the District, and fund infrastructure improvements in the Grand Park South neighborhoods adjacent to the south.

TIF District Increment Transfer for Homeowner Stabilization Programs

On September 25, 2024, City Council authorized the Chief Financial Officer to annually transfer a portion of tax increment funding from the Oak Cliff Gateway TIF District, Fort

Worth Avenue TIF District, and Deep Ellum TIF District to the City's Department of Housing and Community Development (HOU) to be deployed in the City's homeowner stabilization, home repair, and displacement mitigation programs in transitioning neighborhoods in and adjacent to the Oak Cliff Gateway TIF District, Fort Worth Avenue TIF District, and Deep Ellum TIF District.

During FY 2023-2024, the Office of Economic Development worked in collaboration with HOU, with input from the respective TIF district boards of directors, to determine the most effective approach for the use of these funds and the specific funding area geographies.

For FY 2023-2024, the actual transfer amounts included:

- \$2,546,726 from Oak Cliff Gateway TIF District
- \$912,287 from Fort Worth Avenue TIF District
- \$2,875,875 from Deep Ellum TIF District

Expired TIF Districts/Sub-Districts

TIF districts are long-term economic development tools intended to boost real estate markets and grow the City's tax base. The City of Dallas has also been successful in promoting strong urban design and encouraging the creation of unique neighborhoods as part of the TIF program. The State-Thomas TIF District (expired in 2008), Cityplace Area TIF District (expired in 2012), Cedars (expired 2022), and the City Center Sub-district of the City Center TIF District (expired 2022) have been success stories from both an economic and place-making perspective. Based on available 2024 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$918 million (1,933%), the Cityplace Area TIF District has exceeded \$1.6 billion (3,697%), Cedars has exceeded \$366 million (1,122%), and the City Center Sub-District has exceeded \$1.3 billion (242%). Together, the expired TIF districts/sub-districts will contribute an estimated \$30.8 million to the City's general fund for tax year 2024.

Infrastructure Investment Fund

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

IIF, \$5,987,811 was approved by City Council in the FY 2024-2025 General Fund budget to be transferred in mid-2025 to the IIF (from the expired Cedars TIF District and the expired City Center Sub-district of the City Center TIF District).

Annual Reports

State law requires the preparation of an annual report for each TIF district that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress/status of each TIF district, staff has created an individual report that includes additional information. Each annual report includes the following information:

- Map of the TIF district
- Mission Statement of the TIF district
- Accomplishments to-date of the TIF district
- Project Status: type and amount of new development by project including private investment, new residential units, commercial space created, TIF district investment, completion (or expected completion) date
- Other TIF district-wide initiatives, where applicable
- Mixed-Income Housing Summary
- Taxable value and increment revenue summary, including the captured appraised value for the TIF district and the expected increment collection
- Objectives and Success Indicators for the TIF district
- Summary of City Council actions related to the TIF district
- TIF district Project Plan budget status: projected increment revenues to retire TIF district fund obligations, expenditures, and the total plan budget
- Minority/Women-owned Business Enterprise (M/WBE) participation in TIF district-funded development agreements
- Bond sales and repayment, where applicable
- Work program for next fiscal year
- Annual financial statements of the TIF district

From December 2024 through January 2025, the Board of Directors for thirteen (13) of the active TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Board of Directors of the Deep Ellum, Farmers Market, Mall Area Redevelopment, Southwestern Medical, and University TIF districts do not currently have the minimum five (5) appointed members to convene a meeting; therefore, the annual reports for the Deep Ellum, Farmers Market, Mall Area Redevelopment, Southwestern Medical, and University TIF districts are being forwarded to City Council without a Board recommendation. Upon approval by City Council, staff will submit the annual reports to the other taxing jurisdictions participating financially in each TIF district and to the State Comptroller as required by State law.

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

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