

Memorandum



CITY OF DALLAS

DATE May 26, 2026

TO Honorable Members of the City Council Economic Development Committee: Jesse Moreno (Chair), Paul Ridley (Vice Chair), Lorie Blair, Laura Cadena, Zarin Gracey, Bill Roth, Chad West

SUBJECT **Upcoming Agenda Item: Authorize (1) the establishment of a City Council District 5 Exterior Improvement Grant Program for Commercial Properties in accordance with the Program Statement (Exhibit A) for economic development grants of up to \$100,000 to eligible small businesses in City Council District 5 to support building facade improvements and other exterior capital improvements to commercial properties in City Council District 5; (2) the rescission of the pilot economic development program established on June 12, 2019 specifically for Neighborhood Empowerment Zone No. 10 (“NEZ No. 10”), and (3) the reallocation of \$950,000 from the NEZ No. 10 economic development program to the District 5 Exterior Improvement Grant Program for Commercial Properties**

On June 24, 2026, the City Council will consider a resolution to authorize (1) the establishment of a City Council District 5 Exterior Improvement Grant Program for Commercial Properties (“Program”) in accordance with the Program Statement (**Exhibit A**) for economic development grants of up to \$100,000.00 to eligible small businesses in Dallas to support building facade improvements and other exterior capital improvements to commercial properties in City Council District 5; (2) the rescission of the pilot economic development program established on June 12, 2019 specifically for Neighborhood Empowerment Zone No. 10, and (3) the reallocation of \$950,000 from the NEZ No. 10 economic development program to the District 5 Exterior Improvement Grant Program for Commercial Properties.

The City of Dallas Economic Development Incentive Policy adopted by City Council on January 25, 2023, by Resolution No. 23-0220, as amended by Resolution No. 25-0162 on January 22, 2025, authorizes the establishment of City Council District-specific Small Business Programs (Section 3.2). Section 3.2 of the Incentive Policy enables City Council members to create targeted small business programs to enhance small business opportunities in specific parts or the entirety of one or more City Council Districts, provided they have identified discretionary funds to support such a program. Upon City Council approval of a program statement, the program becomes part of the City’s Economic Development Incentive Policy.

City Council member Jaime Resendez (District 5) has identified \$950,000 in discretionary funds from the 2017 General Obligation Bond Program (Proposition I: Economic Development) to be used to support the creation and implementation of the Program. These funds are currently allocated to the NEZ No. 10 pilot economic development program and would be reallocated to this new Program. The purpose of the

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Program is to provide grants ("Grant Funds") to commercial properties for permanent capital improvements that enhance economic vitality, increase taxable property values, and stimulate private investment within City Council District 5 (District 5).

Projects may include permanent building façade improvements, hardscape site improvements, streetscape improvements, beautification and accessibility improvements such as benches, trash receptacles, and bike racks when permanently affixed as part of a capital project, American with Disabilities Act of 1990 (ADA) improvements and building envelope/energy efficiency improvements. Only permanent capital improvements are allowed; routine maintenance and repairs are not permitted. Eligible Capital Expenditures are defined as the costs of constructing or producing permanent structural alterations or additions to tangible real property that materially enhance its value, adapt it to new or improved uses, or extend its useful life.

City grant funding of up to \$100,000 per project will be offered on a reimbursement basis, provided that grantees provide a private match of at least 50%.

All projects must comply with the Program Statement (attached as **Exhibit A**), be submitted by or with the consent of the property owner and be located in District 5. The Office of Economic Development will administer this program. Complete applications will be considered in the order they are received, and the application will be available beginning June 30, 2026. Funds will be available until expended, and applications will be processed on a first-come, first-serve basis upon receipt of a complete application. Incomplete applications will be returned to the applicant with an opportunity for resubmittal. All funding awards will be deployed as grant agreements executed by the City Manager through an Administrative Action.

Should you have any questions, please contact Heather Lepaska, Deputy Director, Office of Economic Development, at (214) 670-1222 or Heather.Lepaska@dallas.gov.

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Service First, Now!



Robin Bentley
Assistant City Manager

Kimberly Bizer Tolbert, City Manager
Bertram Vandenberg, City Attorney (I)
Mamatha Sparks, City Auditor (I)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Baron Eliason, Inspector General (I)
Dominique Artis, Chief of Public Safety

Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Ahmad Goree, Chief of Staff to the City Manager
John Johnson, Chief of Real Estate
Directors and Assistant Directors

EXHIBIT A
CITY COUNCIL DISTRICT 5
EXTERIOR IMPROVEMENT GRANT PROGRAM
FOR COMMERCIAL PROPERTIES

PROGRAM STATEMENT

PURPOSE

The City Council hereby adopts and establishes the City Council District 5 Exterior Improvement Grant Program for Commercial Properties ("Program") pursuant to Texas Local Government Code Chapter 380 and Proposition I of the City's 2017 Bond Program, which authorized the use of bond proceeds for projects that promote local economic development in the City. The purpose of the Program is to provide grants ("Grant Funds") for permanent capital improvements to commercial properties that enhance economic vitality, increase taxable property values, and stimulate private investment within Council District 5 ("District 5"). The City Council expressly finds that this Program directly promotes economic development and serves a valid public purpose consistent with Proposition I's authorizing language and the City of Dallas Economic Development Incentive Policy Section 3.2 (City Council District-specific Small Business Programs). For purposes of this Program Statement, the term "District 5" means the geographical boundaries of City Council District 5 and the term "Commercial Properties" means existing buildings that are currently operating with an approved commercial use or located on property where commercial activity is permitted under applicable zoning regulations under the Dallas Development Code. bond, statutory, and audit requirements.

FUNDING

The Program's initial funding shall be \$950,000.00 in 2017 General Obligation Bond funds (Proposition I: Economic Development) (specifically allocated to City Council District 5), which authorized bonds for "the purpose of providing funds for promoting economic development throughout the city" and "through the city's programs for economic development and housing including [...] making grants of bond proceeds and otherwise providing assistance for private commercial, industrial, retail, residential and mixed-use development, neighborhood revitalization projects, and mixed income development." Accordingly, all Grant Funds using 2017 general obligation bond funds must comply with the City's 2017 Capital Bond Program, Texas Local Government Code Chapter 380, all applicable City policies and ordinances, state law, and all federal requirements, including the Internal Revenue Code, U.S. Treasury regulations, and other applicable laws, rulings, and guidance.

SMALL BUSINESS DEVELOPMENT

An applicant located in District 5 that receives Grant Funds must use them for eligible exterior capital expenditures to stimulate business growth and commercial activity in District 5, such as building façade improvements, hardscape improvements, streetscape improvements, and building envelope/energy efficiency improvements. Expenses related to routine maintenance and repairs are not permitted.

Eligible Participants

To be eligible to receive Grant Funds, an entity must apply and qualify for economic development grant funding under the Program as authorized by the current City of Dallas Economic Development Incentive Policy and as administered by the Office of Economic Development. Applicants shall be for-profit businesses.

Grant Funds shall not be awarded to an entity if the property contains businesses that require a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a payday lender, a body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code.

Grant Funds shall not be awarded to an entity that has outstanding City liens or tax liens, that is party to a lawsuit against the City, that has filed for bankruptcy in the previous 5 years, that is currently in default under any other agreement with the City, or that has, in the previous 5 years, been party to a contract with the City that was terminated due to default. All expenditures for services will be subject to state and local procurement laws.

Applicants may be property owners or tenants; however, if the applicant is a tenant, the property owner must also sign the Program application.

Eligible Expenses

An entity that receives Grant Funds must use the funds solely for eligible permanent capital expenditures (as defined for tax purposes) that: (1) directly stimulate business and commercial activity and/or (2) increase taxable real property value within Dallas ("Eligible Capital Expenditures"). Eligible Capital Expenditures are defined as the costs of constructing or producing permanent structural alterations or additions to tangible real property that materially enhance its value, adapt it to new or improved uses, or extend its useful life. All funded improvements must qualify as capital expenditures under applicable federal tax law and Proposition I bond requirements. Routine maintenance, repairs, temporary enhancements, or cosmetic upgrades that do not constitute permanent capital improvements are not eligible. Each proposed expenditure must also comply with Dallas Development Code and other applicable City, state, and federal laws.

Examples of Eligible Capital Expenditures include but are not limited to:

- Permanent façade improvements and enhancements such as masonry, siding, windows, doors, and lighting fixtures permanently affixed to the building. Stand-

alone painting or signage replacement that is not part of a broader renovation is not eligible.

- Hardscape site improvements such as new or replacement fencing, full parking lot reconstruction or resurfacing. Routine patching or restriping alone is not eligible.
- Permanent art installations affixed to real property and intended to remain for the useful life of the structure when part of a larger permanent infrastructure project.
- Streetscape/site improvements including sidewalks, lighting, and integrated landscaping that form part of a capital project.
- Tree planting only when part of a larger permanent infrastructure or redevelopment project.
- Beautification and accessibility improvements such as benches, trash receptacles, and bike racks when permanently affixed as part of a capital project.
- American with Disabilities Act of 1990 (ADA) improvements
- Environmental efficiency/building envelope improvements (green roofs, energy efficient windows and lighting, integrating renewable energy sources)

Award Size and Matching Requirements

The maximum award under the Program is \$100,000. All City awards will be paid on a reimbursable basis and require a private funding match of at least 50%.

Application and Award

The Program application will be available on the Office of Economic Development website on or after June 30, 2026. Funds will be available until expended, and applications will be processed on a first-come, first-serve basis upon receipt of a complete application. Incomplete applications will be returned to the applicant with an opportunity for resubmittal. All awards will be deployed as grant agreements executed by the City Manager through an Administrative Action.

Post-Award Requirements

Grant Funds recipients must document code compliance, maintenance of improvements, and other requirements as specified by an executed grant agreement for the compliance term as defined by the grant agreement.

AUDIT, COMPLIANCE, AND CLAWBACK REQUIREMENTS

Documentation and Recordkeeping

Each recipient of Grant Funds (“Participant”) shall maintain complete and accurate records demonstrating that all expenditures are used solely for eligible capital improvements consistent with this Program, Proposition I bond purposes, and Chapter 380 of the Texas Local Government Code. Such records must include

invoices, contracts, construction documentation, payment evidence, permits, photographs, and any other supporting materials sufficient to verify the capital nature, scope, and location of the improvements.

Transparency and Audit Access

Participants shall make all project and expenditure records available to the City, its auditors, the City's bond counsel, and any state or federal agency upon request for verification of compliance with applicable laws, tax regulations, and bond requirements. The City may conduct random or targeted audits of any Participant to ensure compliance.

Certification of Use of Funds

Upon project completion, each Participant must submit a Project Completion Report certifying that all Grant Funds were expended for eligible capital improvements as defined by this Program and attaching supporting documentation. The Office of Economic Development shall review and approve the report prior to final reimbursement or project closeout.

Default and Repayment

A Participant shall be deemed in default if it:

- Uses funds for ineligible or non-capital purposes;
- Fails to complete the approved improvements;
- Fails to maintain improvements during the compliance term;
- Misrepresents information in its application or reports; or
- Otherwise violates any term of its executed grant agreement.

In the event of default, the City may terminate the grant, require repayment of all or a portion of funds disbursed, and/or pursue any other remedy available under law or contract.

Clawback Provision

If, at any time during the compliance term, the City determines that the Participant has violated program terms or that the project no longer serves the public purpose or

economic development objectives identified under Proposition I, the City may recapture and recover all Grant Funds previously awarded (“Clawback”), together with any applicable interest or penalties as provided by the grant agreement.

Retention and Audit Period

All records and documentation must be retained by the Participant for at least five (5) years after the expiration of the grant agreement or final audit, whichever is later. The City reserves the right to conduct compliance reviews or audits during this period.