

UNIVERSITY TIF DISTRICT FY 2021-2022 Annual Report



City of Dallas

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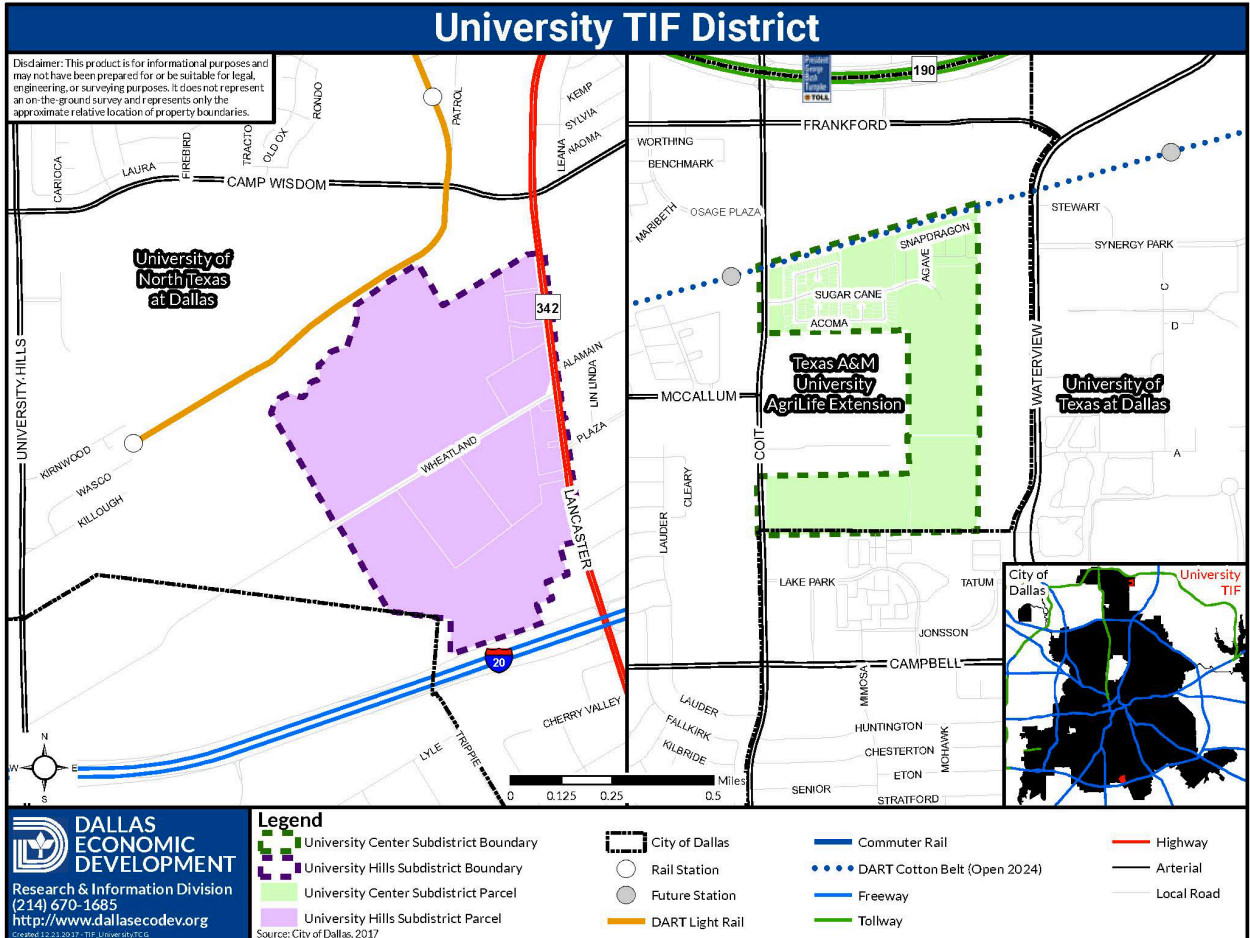
October 1, 2021 to September 30, 2022

Table of Contents

Table of Contents.....	2
TIF District Map.....	3
Mission Statement.....	4
TIF District Accomplishments.....	4
Value and Increment Revenue Summary.....	5
Objectives, Programs, and Success Indicators.....	5
Year-End Summary of Meetings and Council Items.....	7
Budget and Spending Status.....	7
FY 2022 - 2023 Work Program.....	9
Appendix: Financials.....	10

Front cover shows a conceptual rendering of the Phase I University Hills development.

University TIF District Map Reinvestment Zone Number Twenty-One



Mission Statement

The University Tax Increment Financing District (TIF District) represents an effort to establish a funding mechanism to stimulate private investment and development in Dallas' southern sector and provide public amenities including trail connections in northern Dallas while taking advantage of each area's strategic regional location adjacent to major universities and transportation corridors.

As allowed by Chapter 311 of the Texas Tax Code, the TIF District comprises two non-contiguous sub-districts — the University Center Sub-District in northern Dallas adjacent to the University of Texas at Dallas and Texas A&M AgriLife Research and Extension Center and the University Hills Sub-District in southern Dallas adjacent to the University of North Texas at Dallas.

The TIF District will provide for public open space improvements including connections to universities and future rail transit in the northern sub-district while providing for a significant share of its increment to be transferred to the southern sub-district to catalyze new residential and commercial development in an area lacking basic infrastructure and facing an unproven real estate market.

TIF District Accomplishments

Dallas City Council established the University TIF District by Ordinance Number 30733 on December 13, 2017.

The University TIF District was initiated by petition of property owners in both sub-districts. There was common ownership in both sub-districts.

The University Center Sub-District is generally located east of Coit Road, west of Waterview Parkway, and south of the Dallas Area Rapid Transit (DART) rail line (future Cotton Belt Line of the DART Rail System). The University Hills Sub-District is generally located north of Interstate Highway 20 (Lyndon B. Johnson Freeway), west of Lancaster Road, and south of the DART rail line.

The City's participation is 90% from 2018 through 2047. A potential scenario for Dallas County participation (for the University Hills Sub-District only) has been included in the Project Plan and Reinvestment Zone Financing Plan (the "Plan") that forecasts County participation at sixty-five percent (65%) for twenty (20) years in tax years 2025-2044, pending formal approval by the Dallas County Commissioners Court at a later date.

During FY 2020-2021, the University TIF District Board of Directors ("Board") adopted the Project Plan and Reinvestment Zone Financing Plan and By-Laws. These items were also approved by City Council.

During FY 2021-2022, the TIF District Board approved grant program guidelines and an increment allocation policy for the TIF District. In June 2022, the TIF District Board

recommended and City Council approved a development agreement with I-20 Lancaster Development, LLC (an affiliate of Hoque Global) for a City subsidy not to exceed \$34,210,966 comprised of up to \$2,800,000 in the form of an economic development grant payable from the City’s Public/Private Partnership and up to \$31,410,966 plus an additional grant in lieu of interest payable from future University TIF District funds in consideration of the University Hills Phase I Project on property generally bounded by Interstate Highway 20 (Lyndon B. Johnson Freeway), Lancaster Road, and the DART rail line and within the University Hills Sub-District of the University TIF District.

New development completed, under construction or planned in the TIF District is shown in the following table.

University TIF District Projects¹						
Projects Within TIF District Utilizing TIF District Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF District Investment⁴
University Hills Phase I ⁵	Property bounded by Interstate Highway 20, Lancaster Road, and the DART rail line.	Multi-phased development including significant public infrastructure	Planned	240 single-family attached townhomes; 300 single-family detached homes; 250 multi-family residential units; 80,000 square feet of retail/office space.	\$207,000,000	\$31,410,966*
Subtotal				790 resid. units; 80,000 sf retail/office	\$207,000,000	\$31,410,966*
Projects Within TIF District Not Utilizing TIF District Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF District Investment
University Place single-family homes	New subdivisions in University Center Sub-District	2018-2022	Phased completion	715 single-family homes complete 37 single-family homes under construction	\$344,669,206	\$0
Subtotal				715 resid. units complete 37 resid. units under construction	\$344,669,206	\$0
Projects Utilizing and Not Utilizing TIF District Funding						
Total				715 resid. units complete 37 resid. units under construction 790 resid. units planned	\$551,919,206	\$31,410,966*

¹ All information updated as of September 30, 2022.
² Based upon either the incentive application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.
³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) Based upon DCAD and CCAD taxable value of completed homes and estimate for those under construction.
⁴ Principal amount not to be exceeded per the development agreement. TBD indicates that development agreement has not yet been adopted. Asterisk indicates investment also includes a grant in lieu of interest.
⁵ Includes other incentives not shown. Contact City of Dallas Office of Economic Development for more information.

Value and Increment Revenue Summary

The base value of the TIF District is the total appraised value of all taxable real property in the TIF District as determined by the Dallas Central Appraisal District and the Collin Central Appraisal District in the 2017 certified roll. The TIF District’s base value was \$49,774,442 (approximately \$44,523,105 in the University Center Sub-District and approximately \$5,251,337 in the University Hills Sub-District).

The TIF District’s assessed 2022 taxable value was \$364,329,036 and varies for other taxing jurisdictions due to exemption levels. This represents an increase of \$314,554,594 or 632% over the base year (2017) value. The TIF District anticipates collecting approximately \$2,111,353 in City incremental tax revenue in 2022 for tax year 2022.

Objectives, Programs, and Success Indicators

The University TIF District Project Plan and Reinvestment Zone Financing Plan was adopted in December 2020. The following development goals and objectives for the TIF District are included in the Project Plan and Reinvestment Zone Financing Plan:

- Goal 1: To create additional taxable value attributed to new private investment in projects in the University TIF District totaling approximately \$685 million in total dollars over the 30-year life of the TIF District.

Taxable value in the TIF District has increased \$314,554,594 over the base year (representing 46% of the goal).

- Goal 2: To attract new private development in the University Center Sub-District totaling approximately 795 new residential units.

To-date, 715 residential units have been completed and another 37 units are under construction (representing 94% of the goal).

- Goal 3: To diversify retail, residential, and commercial uses in the TIF District.

To-date, a mix of traditional single-family and townhome units have been

built in the University Center Sub-District. Conceptual plans for development in the University Hills Sub-District include a range of for-sale and rental residential units along with retail and supporting commercial uses.

- Goal 4: To create an over 250-acre mixed-use development in the University Hills Sub-District.

Phase I of the University Hills development is planned to include 240 single-family attached townhomes, 300 single-family detached homes, 250 multi-family residential units, and 80,000 square feet of retail/office space.

City bond program investments in major public infrastructure in the area are already underway that will provide a foundation for development in the TIF District as well as the greater University Hills area.



Councilmember Tennell Atkins addressing attendees at the September 1, 2022 groundbreaking for University Hills area water/wastewater improvements.



Groundbreaking attendees included State Senator Royce West and Bob Mong, President of UNT Dallas.

- Goal 5: To encourage the development of properties in close proximity to mass transit and institutes of higher education.

To-date, residential development has occurred in the University Center Sub-District near the University of Texas at Dallas and Texas A&M AgriLife Research and Extension Center and the future Cotton Belt (Silver Line) of the DART Rail System. There are conceptual plans for development in the University Hills Sub-District in proximity to the University of North Texas (UNT) Dallas campus and the DART Blue Line's UNT Rail Station.

- Goal 6: To generate approximately \$55.9 million (NPV) (estimated \$133 million in total dollars, to be adjusted annually) in TIF District fund revenues over the 30-year life of the TIF District.

Total collection of TIF District fund revenues (including estimated collection for this year) = \$5,946,485 (11% of goal).



University Center Sub-District development – community amenities

Year-End Summary of Meetings and Council Items

The University TIF District Board of Directors had two meetings during FY 2021-2022. The Board can consist of up to nine (9) members, including six (6) City of Dallas appointees, one (1) appointee by the State Senators Office in whose district the University Hills Sub-District is located, one (1) appointee by the State Representatives Office in whose district the University Hills Sub-District is located, and one (1) Dallas County appointee; however, the County's appointment of a Board member cannot occur until after the County's approval of an interlocal agreement with the City to participate in the TIF District. During FY 2021-2022, the Board members were (FY 2021-2022 Board meetings attended):

- Position 1: Ronald Corcoran - City representative (0 of 2 meetings)
- Position 2: Trevor Knollinger - City representative (2 of 2 meetings)
- Position 3: Christopher Zielke - City representative (2 of 2 meetings)
- Position 4: Karla Beth Saucedo, Chair - City representative (2 of 2 meetings)
- Position 5: Adam Brenner, Vice-Chair - City representative (2 of 2 meetings)
- Position 6: Erick Furlan Fanini - City representative (2 of 2 meetings)

During FY 2021-2022, City Council acted on two items associated with the University TIF District:

- On February 23, 2022, Resolution Number 22-0396 accepted the FY 2020-2021 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Twenty-One, (University TIF District) and authorized the City Manager to submit the annual report to the Chief Executive Officer of each taxing jurisdiction that levies taxes on real property in the TIF District, and to the State Comptroller, as required by state law.
- On June 22, 2022, Resolution Number 22-1008 authorized a development agreement (“Agreement”) and all other necessary documents with I-20 Lancaster Development, LLC and/or its affiliates for a City Subsidy in an amount not to exceed \$34,210,966 comprised of (1) an amount not to exceed \$2,800,000 in the form of an economic development grant payable from the City’s Public/Private Partnership Fund (“PPP Grant”); and (2) an amount not to exceed \$31,410,966 plus an additional grant in lieu of interest payable from future University TIF District funds (“TIF Subsidy”) in consideration of the University Hills Phase I Project on property generally bounded by Interstate Highway 20 (Lyndon B. Johnson Freeway), Lancaster Road, and the DART rail line in Tax Increment Financing Reinvestment Zone Number Twenty One (University TIF District) - Financing: Public/Private Partnership Fund (\$2,800,000) and University TIF District Fund (\$31,410,966) (subject to annual appropriations from tax increments).

Budget and Spending Status

Each TIF District establishes a budget for the public improvement expenditures necessary to support private investment in the district in the Project Plan and Reinvestment Zone Financing Plan. The current TIF District budget is shown below:

University TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
University Center Sub-District:			
Landscape, Trails, Open Space	\$4,367,389	\$0	\$4,367,389
University Hills Sub-District:			
Public infrastructure improvements	\$112,764,079	\$31,410,966	\$81,353,113
Public open space/parks			
Economic Development Grants			
Affordable Housing	\$8,275,560	\$0	\$8,275,560
Administration and implementation ²	\$5,864,352	\$196,416	\$5,667,936
Total Project Costs	\$131,271,379	\$31,607,382	\$99,663,998
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ² TIF administration costs shown are expended through FY 2021-2022.			
² Allocated amount provides for a grant in lieu of interest that will begin to accrue once certain agreement milestones are complete.			

University TIF District Project Plan Budget	
Category	TIF NPV Budget*
University Center Sub-District: Landscape, Trails, Open Space	\$1,861,838
University Hills Sub-District: Public infrastructure improvements Public open space/parks Economic Development Grants	\$48,071,841
Affordable Housing	\$3,527,909
Administration and implementation ²	\$2,500,000
Total	\$55,961,588
<i>* Based on Final Project Plan and Reinvestment Zone Financing Plan.</i>	

FY 2022 - 2023 Work Program

The FY 2022 - 2023 work program for the University TIF District includes:

- Consideration/adoption of several policies for the TIF District, including Mixed-Income Housing Guidelines and Urban Design Guidelines.
- Coordination and staff support for City-initiated public infrastructure projects in/near the TIF District, including bond-funded street improvements and wastewater improvements.
- Coordination efforts with Hoque Global on the University Hills Phase I development
- Coordination with Dallas County on TIF District participation/interlocal agreement.

Appendix: Financials

City of Dallas, Texas
University Tax Increment Financing District Fund
Reinvestment Zone Number Twenty One
As of September 30, 2022 (Unaudited)

Chapter 311.016 of V.C.T.A. requires the following information as part of the annual report on the status of the TIF District. Information is contained in detail on the attached financial statements.

1. Amount and source of revenue in the tax increment fund established for the zone:

	(\$57,633) Interest Income	
	\$1,563,180	Ad Valorem Taxes (Collected in FY 2021-2022 based on 2021 Final Tax Roll)
	\$1,505,547	Total Revenue

2. Amount and purpose of expenditures from the fund:

	\$50,333	Administrative Expense - TIF admin cost for FY 2021-2022
	\$0	Non-Capital Outlay
	\$0	Capital outlay
	\$0	Additional Subsidy in Form of Grant (in lieu of interest expense)
	\$50,333	Total Expenditures

3. Amount of Principal and Interest due-on outstanding indebtedness:

- a. The zone did not have any bonded indebtedness at fiscal year end.

4. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2022*	Base Year 2017 Value	Est. Captured Value 2022
City of Dallas - University Center Sub-District	\$358,485,226	\$44,523,105	\$313,962,121
City of Dallas - University Hills Sub-District	\$5,843,810	\$5,251,337	\$592,473

Taxable value shown for participating taxing jurisdictions. *Dallas County is not anticipated to contribute increment in the University Center Sub-District. In addition a portion of the University Center Sub-District is located in Collin County; however, no financial participation is anticipated.*

Dallas County participation in the University Hills Sub-District is pending adoption of a County Court Order.

*Based on Certified Taxable Value. The final values will be determined on February 01, 2023.

a. The Zone authorized a development agreement with I-20 Lancaster Development, LLC for the "University Hills Phase I" project in an amount not to exceed \$31,410,966 plus an additional grant in lieu of interest. Payments will begin upon completion of all obligations and upon availability of TIF funds.

5. Captured appraised value by the municipality and other taxing units, the total amount of the tax increment received, and any additional information necessary to demonstrate compliance with the tax increment financing plan adopted by the governing body of the municipality:

A. Estimated tax increment shared by the municipality and other participating taxing jurisdictions:

Taxing Jurisdiction	Assessment Per \$100	Estimated 2022 Increment**
City of Dallas - University Center Sub District	0.67122	\$2,107,377
City of Dallas - University Hills Sub District	0.67122	\$3,977
Total for all Jurisdictions	\$1.34244	\$2,111,353

Participation rates for City of Dallas is as follows:

City of Dallas
90% for tax years 2018-2047

B. The total amount of estimated tax increment to be billed for the 2022 tax year is \$2,111,353. For the 2021 tax year, the Zone received \$1,563,180 in tax increment revenues.

City of Dallas, Texas
University Tax Increment Financing District Fund
Balance Sheet as of September 30, 2022 (Unaudited)
With Comparative Totals for September 30, 2021, 2020, 2019, and 2018 (Audited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assets:					
Pooled cash and cash equivalents	\$3,756,373	\$2,256,542	\$874,203	\$143,331	\$0
Interest receivable	\$6,182	\$465	\$691	\$155	\$0
Total assets	\$3,762,554	\$2,257,007	\$874,894	\$143,487	\$0
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Due to other funds	\$172,977	\$122,644	\$79,391	\$22,604	\$0
Total liabilities	\$172,977	\$122,644	\$79,391	\$22,604	\$0
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$3,589,577	\$2,134,363	\$795,503	\$120,883	\$0
Total Liabilities and Fund Equity	\$3,762,554	\$2,257,007	\$874,894	\$143,487	\$0

University Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
As of September 30, 2022 (Unaudited)
With Comparative Totals for September 30, 2021, 2020, 2019, and 2018 (Audited)

	<u>ITD</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Tax increment-Governmental	\$3,835,132	\$1,563,180	\$1,380,333	\$748,964	\$142,654	\$0
Tax increment-Intergovernmental	\$0	\$0	\$0	\$0	\$0	\$0
Interest income	\$25,730	\$17,366	\$4,421	\$3,226	\$717	\$0
Net increase (decrease) in fair value of investments	(\$74,869)	(\$74,999)	(\$1,531)	\$1,545	\$116	\$0
Total revenues	\$3,785,993	\$1,505,547	\$1,383,224	\$753,735	\$143,487	\$0
Expenditures:						
Administrative expenses	\$196,416	\$50,333	\$44,364	\$79,115	\$22,604	\$0
Non-Capital Outlay	\$0	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$196,416	\$50,333	\$44,364	\$79,115	\$22,604	\$0
Excess (Deficiency) of Revenues over Expenditures	\$3,589,577	\$1,455,214	\$1,338,859	\$674,620	\$120,883	\$0
Fund balance (Deficit) at beginning of year						
as previously reported	\$0	\$2,134,363	\$795,503	\$120,883	\$0	\$0
Fund balance (Deficit) at beginning of year,						
as restated	\$0	\$2,134,363	\$795,503	\$120,883	\$0	\$0
Fund balance (deficit) at end of year	\$3,589,577	\$3,589,577	\$2,134,363	\$795,503	\$120,883	\$0

Note: Fiscal Year 2021-2022 unaudited financial statements are based on preliminary close numbers and are subject to review by the City Controller's Office prior to approval by the City Council. In case of any material changes, TIF board will be provided with the updated financial statements.

City of Dallas, Texas
University Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2022
(Unaudited)

1. The measurement focus used for the Zone fund is a flow of financial resources. The financial statements are prepared using the modified accrual basis of accounting. Under the modified accrual basis of accounting, tax increment revenues and interest are recognized as revenue when they become both "measurable" and "available" to finance expenditures of the current period. Expenditures are recognized when the liability is incurred.
2. State statute requires that each taxing jurisdiction remit its ad valorem taxes to the Zone by May 1 of each year (remittance to occur no more than 90 days after taxes for the jurisdiction become delinquent).
3. The Zone's cash balances are invested in the City's investment pool and include amounts in demand deposits as well as short-term investments. Pooled investments and short-term non-pooled investments are treated as cash equivalents. Investment income on the pooled investments is prorated monthly based upon the average daily cash balance in each fund.
4. The Zone's Financing Plan permits expenditures not to exceed \$5,864,352 over the life of the Zone to reimburse the City for administrative costs. Any future remittance for administrative expenses would come from excess cash as tax increment revenue increases as a result of increased assessed values.
5. "Due to general fund" amount of \$172,977 on September 30, 2022 represents the Zone administration costs for the fiscal year 2018-2019 (\$30,227), 2019-2020 (\$48,053), 2020-2021 (44,364), and 2021-2022 (\$50,333) that have been earned but will be reimbursed to the General Fund in future years based on the availability of Zone funds. Note that these administrative costs do not include billing to other City departments.
6. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.