

# Memorandum



CITY OF DALLAS

DATE February 5, 2024

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 **FY 2022-2023 Tax Increment Financing (TIF) District Annual Reports**

On February 28, 2024, City Council will be asked to accept the FY 2022-2023 annual reports for the City's nineteen (19) tax increment reinvestment zones (also known as Tax Increment Financing (TIF) districts) that were active during FY 2022-2023. 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/sub-districts that *expired prior to FY 2022-2023* (State-Thomas TIF District expired at end of 2008; Cityplace Area TIF District expired at end of 2012),
- (2) TIF districts/sub-districts that were *active during a portion of FY 2022-2023 but also expired during FY 2022-2023* (Cedars TIF District expired at end of 2022; City Center Sub-district of the City Center TIF District expired at end of 2022), and
- (3) TIF districts/sub-districts that were *active during FY 2022-2023 and are scheduled to expire in the future*.

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 11.5% (\$2,812,585,268) from last year comparable to a 10% increase for the City as a whole. TIF districts with the largest percentage increases over last year include University (29.8%); Cypress Waters (26.2%); Mall Area Redevelopment (20.6%); and Oak Cliff Gateway (17.3%).

Since the inception of each TIF district through 2023, the aggregated real property value growth in the TIF districts is 630.3%. For the TIF districts created between 1988 and 1998, overall value has grown 687.8%. For TIF districts created after 2005, overall value has grown 607.3%. Among those TIF districts created after 2005 with the greatest real property value growth since inception are Cypress Waters (1,596,189.6%); Downtown Connection (1,126.6%); and Fort Worth Avenue (878.1%).

Since the inception of each TIF district through 2023, total TIF expenditures or allocations of \$1.44 billion have leveraged over \$26.4 billion in added or anticipated real property

value in TIF districts. Each TIF dollar committed leverages \$18.4 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 Dallas Independent School District (DISD). Based on 2023 certified values, staff estimates that nearly \$238 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	2022 Final Taxable Value	2023 Certified Taxable Value	2022 vs 2023 (% Change)	Initial vs 2023 (% Change)
<b>TIF Districts created between 1988-1998</b>					
State-Thomas <sup>1</sup>	\$47,506,802	\$820,759,126	\$906,747,283	10.5%	1808.7%
Cityplace Area <sup>1</sup>	\$45,065,342	\$1,509,523,317	\$1,621,925,395	7.4%	3499.1%
Oak Cliff Gateway ( <i>all sub-districts</i> )	\$276,610,939	\$1,254,879,962	\$1,472,479,873	17.3%	432.3%
Cedars <sup>1</sup>	\$35,300,760	\$338,481,483	\$377,040,898	11.4%	968.1%
City Center ( <i>all sub-districts</i> ) <sup>2</sup>	\$674,751,494	\$1,928,207,204	\$2,077,264,541	7.7%	207.9%
Farmers Market ( <i>Zone A-C</i> )	\$35,714,091	\$566,353,877	\$643,672,696	13.7%	1702.3%
Sports Arena ( <i>all sub-districts</i> )	\$63,730,369	\$1,996,809,714	\$2,186,136,199	9.5%	3330.3%
<b>Subtotal</b>	<b>\$1,178,679,797</b>	<b>\$8,415,014,683</b>	<b>\$9,285,266,885</b>	<b>10.3%</b>	<b>687.8%</b>
<b>TIF Districts created after 2005</b>					
Design District ( <i>all subdistricts</i> )	\$281,873,753	\$1,150,168,084	\$1,327,863,801	15.4%	371.1%
Vickery Meadow ( <i>Zone A-B</i> )	\$164,779,090	\$627,797,510	\$654,184,310	4.2%	297.0%
Southwestern Medical ( <i>all subdistricts</i> )	\$67,411,054	\$378,169,237	\$418,087,964	10.6%	520.2%
Downtown Connection ( <i>Zone A-B</i> )	\$587,187,867	\$6,522,467,407	\$7,202,310,948	10.4%	1126.6%
Deep Ellum ( <i>Zone A-C</i> )	\$189,162,613	\$1,296,360,369	\$1,420,880,416	9.6%	651.1%
Grand Park South ( <i>Zone A-B</i> )	\$79,064,576	\$147,263,416	\$166,967,845	13.4%	111.2%
Skillman Corridor	\$335,957,311	\$1,274,552,434	\$1,478,872,021	16.0%	340.2%
Fort Worth Avenue	\$86,133,447	\$780,337,546	\$842,482,994	8.0%	878.1%
Davis Garden ( <i>Zone A-B</i> )	\$137,834,597	\$502,026,303	\$552,813,766	10.1%	301.1%
TOD ( <i>all subdistricts</i> )	\$201,998,111	\$800,716,543	\$847,288,913	5.8%	319.5%
Maple-Mockingbird ( <i>Zone A-B</i> )	\$184,005,009	\$881,761,273	\$984,377,888	11.6%	435.0%
Cypress Waters	\$71,317	\$902,094,577	\$1,138,425,870	26.2%	1596189.6%
Mall Area Redevelopment ( <i>all subdistricts</i> )	\$176,287,080	\$335,399,640	\$404,452,430	20.6%	129.4%
University ( <i>all subdistricts</i> )	\$49,774,442	\$343,363,566	\$445,801,805	29.8%	795.6%
<b>Subtotal</b>	<b>\$2,541,540,267</b>	<b>\$15,942,477,905</b>	<b>\$17,884,810,971</b>	<b>12.2%</b>	<b>603.7%</b>
<b>Total All TIF Districts</b>	<b>\$3,720,220,064</b>	<b>\$24,357,492,588</b>	<b>\$27,170,077,856</b>	<b>11.5%</b>	<b>630.3%</b>

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 2023 (fiscal year 2023-2024) 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
2023 Total Increment <sup>1</sup>	\$45,431,827	\$91,405,254	\$136,837,081
2023 (City) Increment <sup>2</sup>	\$45,191,653	\$79,095,241	\$124,286,893
2023 new City General Fund <sup>3</sup>	\$13,794,096	\$34,439,614	\$48,233,710

<sup>1</sup> Total increment is estimated TIF district collections for all participating taxing jurisdictions.  
<sup>2</sup> City Increment is the estimated City contribution to the TIF district funds.  
<sup>3</sup> 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 2022-2023, approximately 50,767 new residential units have been completed in the City’s twenty-one (21) TIF districts (including expired TIF districts and sub-districts). An additional 3,953 units are under construction, and another 4,201 units are planned. Over 21 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 960,000 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 659 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), 44% of all commercial space (completed, under construction, and planned), and 73% 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
<b>Residential Units</b>			
Completed	9,698	41,069	50,767
Under Construction	583	3,370	3,953
Planned	1,168	3,033	4,201
<b>Residential Total</b>	<b>11,449</b>	<b>47,472</b>	<b>58,921</b>
<b>Commercial (retail, office, other com.) Square Footage</b>			
Completed	9,801,633	11,714,980	21,516,613
Under Construction	0	960,770	960,770
Planned	718,831	815,421	1,534,252
<b>Commercial Total</b>	<b>10,520,464</b>	<b>13,491,171</b>	<b>24,011,635</b>
<b>Hotel Rooms</b>			
Completed	5,477	1,651	7,128
Under Construction	0	0	0
Planned	245	414	659
<b>Hotel Total</b>	<b>5,722</b>	<b>2,065</b>	<b>7,787</b>

Construction activity in TIF districts is on-going. In FY 2022-2023, City Council authorized three (3) TIF district-funded development agreements shown below. The projects are anticipated to have a value or investment of over \$87 million at completion.

Project	TIF District	Description	Value^	TIF District Investment
Agreement with the Dallas County Heritage Society (Old City Park)	Cedars	Restoration of the Blum House and the Rall House	\$1,200,000	\$650,000
Cabana Design District: mixed-income, multi-family development	Design District	160 resid. units (40% or 64 affordable units)	\$83,000,000	\$41,000,000
Legacy of Hope DFW	Grand Park South	15,153 sf medical office	\$3,600,000	\$2,308,210

<sup>^</sup>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

In addition, City Council approved seven (7) items authorizing TIF district funds totaling over \$19 million for direct investments in the following public projects:

- Akard Street Sidewalk Improvement Project (Cedars TIF District): \$500,000
- Akard Street Traffic Signal Improvement Project (Cedars TIF District): \$2,000,000
- I-30 Canyon Redesign Betterments Project (Cedars TIF District): \$8,400,000
- Harwood Park (City Center TIF District): \$2,600,000
- Signalization upgrades and pedestrian improvements at the intersection of Fort Worth Avenue and Bahama Drive as part of The Collective Sustainable Development Infrastructure Project (Fort Worth Avenue TIF District): \$327,500
- Design and construction of new City park and multi-purpose facility at the northwest corner of Forest Lane and Audelia Road (Forest/Audelia Project) (Skillman Corridor TIF District): \$5,551,590
- Rosemont Safe Routes to School Project supplemental design/engineering costs (Davis Garden TIF District): \$50,500

### **TIF District Plan Amendments**

During FY 2022-2023, City Council approved amendments of the Project Plan and Reinvestment Zone Financing Plan (Plan) for three (3) TIF districts:

- In November 2022, the Plan for the Oak Cliff Gateway TIF District was amended to add approximately 244 acres, including expanding the Bishop/Jefferson Sub-District and creating a new Clarendon/Beckley/Kiest Sub-District along with modifications to the budget.
- In June 2023, the Plan for the Oak Cliff Gateway TIF District was amended to add approximately 7 acres to the Bishop/Jefferson Sub-District and 11 acres to the Clarendon/Beckley/Kiest Sub-District.
- In March 2023, the Plan for the Skillman Corridor TIF District was amended to add approximately 34 acres along Audelia Road from LBJ Freeway (IH-635) to Forest Lane.
- In June 2023, the Plan for the City Center TIF District was amended to acknowledge the scheduled termination of the City Center sub-district on December 31, 2022 and make related modifications.

### **Expired TIF 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. Both the State-Thomas TIF District (expired in 2008) and Cityplace Area TIF District (expired in 2012) have been success stories from both an economic and place-making perspective. Over 6,300 residential units and 743,000 square feet of commercial space had been completed in the two TIF districts. Based on available 2023 data, the property value growth since inception in the State-Thomas TIF District has exceeded \$859 million (1,809%), and the property value growth in the Cityplace Area TIF District has exceeded \$1.5 billion (3,499%). Together, the State-Thomas TIF District and the Cityplace Area TIF District will contribute an estimated \$17.9 million to the City’s general fund for tax year 2023.

### **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 into the IIF. For the initial year of the IIF, \$5,987,811 was approved by City Council in the FY 2023-2024 General Fund budget to be transferred in late Spring 2024 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
- Accomplishments to-date
- 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

From December 2023 through January 2024, the Board of Directors for sixteen (16) of the active TIF districts met, reviewed, and voted to recommend the annual reports for City Council approval. The Board of Directors of the Southwestern Medical TIF District and the Board of Directors of the University TIF District do not currently have the minimum five (5) appointed members to convene a meeting; therefore, the annual reports for the Southwestern Medical TIF District and the University TIF District are being forwarded to City Council without a Board recommendation. In addition, the Cedars TIF District expired at the end of 2022 but will have a final annual report for this past fiscal year (FY 2022-2023). 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.

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



**Majed A. Al-Ghafry, P.E.**  
**Assistant City Manager**

c: Tammy Palomino, City Attorney  
Mark Swann, City Auditor  
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Preston Robinson, Administrative Judge  
Kimberly Bizzor Tolbert, Deputy City Manager  
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Dr. Robert Perez, Assistant City Manager  
Jack Ireland, Chief Financial Officer  
Genesis D. Gavino, Chief of Staff to the City Manager  
Directors and Assistant Directors