

Design District TIF District FY 2021-2022 Annual Report



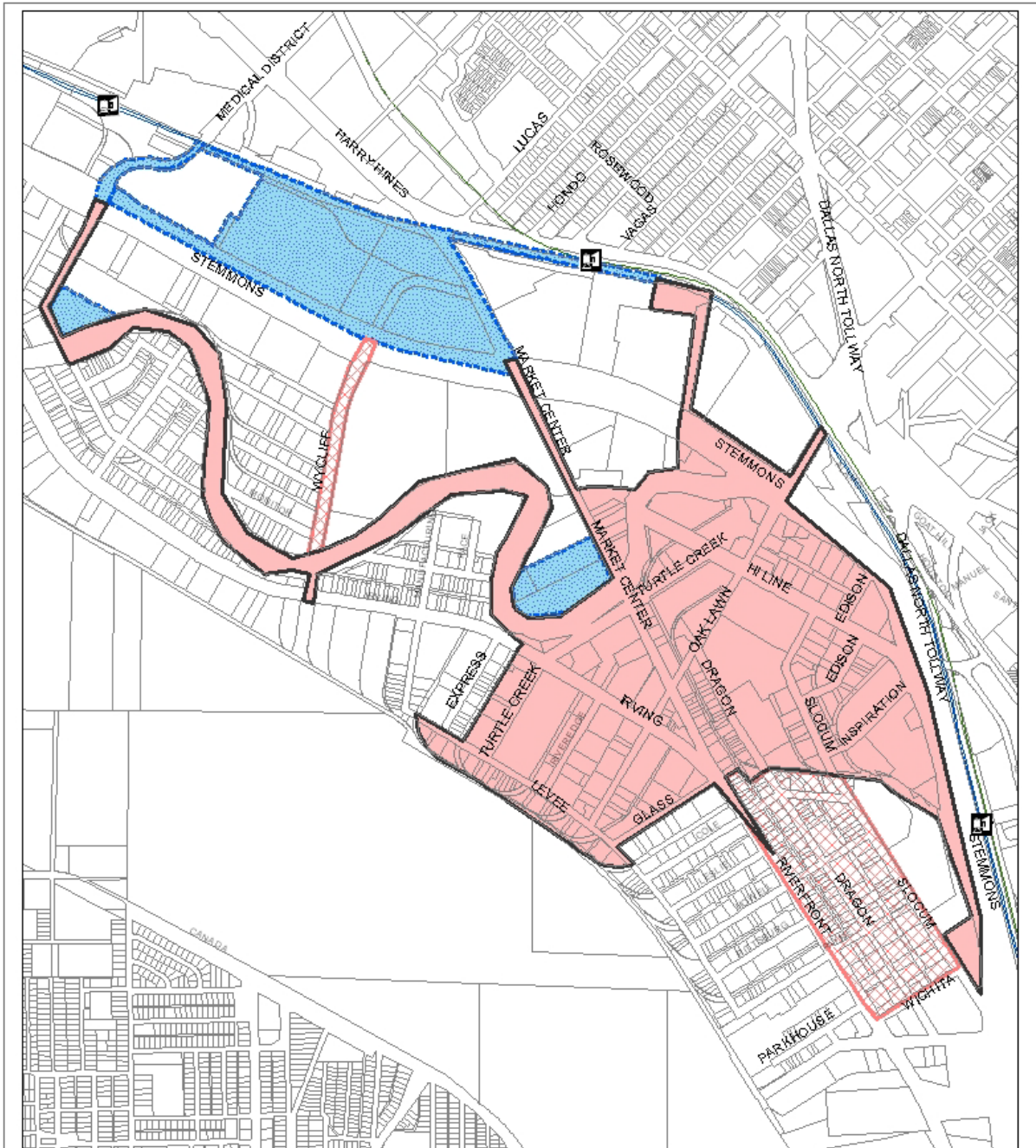
City of Dallas

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October 1, 2021 to September 30, 2022

Reinvestment Zone Number Eight Tax Increment Financing District



Design District TIF Amended Boundary

Design District Sub-District:

- Original TIF Boundary
- Expanded area (2013)

Market Center/Stemmons Sub-District

- Expanded area (2013)

Parcels (DCAD 2012)

1 DART/TRE Light Rail Stations



Office of Economic Development
April 2013

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Front cover shows a view from the Trinity Strand Trail looking toward the Urby Apartments (left) and Virgin Hotel (right).

Mission Statement

The mission of the Design District TIF District is to provide a source of funding for public infrastructure improvements that will assist in redeveloping an industrial and warehouse district to take full advantage of the expanding DART light rail system, to promote transit oriented development, and to improve access to the Trinity River and the quality of development adjacent to the Trinity Corridor. The Design District TIF District duration began on January 1, 2006 and will terminate on December 31, 2027, (including collection of the 2027 increment in calendar year 2028 and any related matters to be concluded in 2028).

TIF District Accomplishments

Dallas City Council established the Design District TIF District by Ordinance Number 26021 on June 8, 2005. The TIF District was established to assist in the transformation of the old Stemmons Industrial area into a diversified, pedestrian friendly, mixed-use neighborhood near the heart of Downtown Dallas. The Design District TIF Board adopted the Project Plan and Reinvestment Zone Financing Plan in 2006.

In February 2009, the TIF District Board adopted a “Design District TIF Strategic Implementation Plan” to guide the next phases of development and improvements in the District.

The first TIF District-funded project, “1525 Turtle Creek at the District” (recently purchased by BV Design Multifamily), was completed in 2010 and included extensive public improvements along Hi Line Drive, Oak Lawn Avenue, and Turtle Creek Boulevard.

During FY 2011-2012, the TIF District Board approved by-law amendments to reflect changes in state law for TIF District Board composition recognizing that only taxing jurisdictions that participate financially can have representation and a change in the TIF District-funded project design review process to have that function undertaken as part of the City Design Studio Peer Review Panel. The TIF District Board also approved a set of master design guidelines and mixed-income housing guidelines.

A development agreement with Texas Security Bank for the Turtle Creek Median district-wide improvement project dedicated up to \$116,356 in TIF District funds for median and signage improvements along Turtle Creek Boulevard from Irving Boulevard to Market Center Boulevard. The median project was completed in 2013.

Also approved in FY 2011-2012 was a development agreement with Friends of the Trinity Strand Trail to dedicate up to \$400,000 for the design and engineering of the Trinity Strand Trail Soft Surface Trail Design Project. The design study was completed in mid-2014; however, the construction phase has not moved forward.

During FY 2012-2013, an expansion of the TIF District and Plan amendment was approved by Ordinance Number 29037 to create two sub-districts within the Design District TIF District: (a) Design District Sub-District (original district boundary plus additional property along Slocum/Dragon Streets and Riverfront Boulevard) and (b) Market Center/Stemmons Sub-District (an expansion area to facilitate the redevelopment of the Dallas Apparel Mart site). A development agreement was also approved for the Proton Treatment Center project; however, the Proton Treatment Center project did not move forward, and TIF development agreement authorization expired in December 2015.

During FY 2013-2014, the TIF District Board adopted a set of “Guidelines for Wayfinding and Gateway Signage” to encourage consistency with signage improvements whether as a district-wide improvement or in conjunction with a development project.

In FY 2014-2015, a development agreement for the Alexan Riveredge project dedicated up to \$7,800,000 in TIF District funding for public infrastructure and an economic development grant in support of the project. The development was completed in 2017.

In FY 2018-2019, a development agreement for the Virgin Hotel Infrastructure Project was approved for up to \$3,622,885 in TIF District funding for streetscape and trail related public improvements.

In FY 2019-2020, a development agreement for the Cabana Hotel Redevelopment Project was approved for up to \$15,500,000 in TIF District funding. The TIF District Board also recommended up to \$7,000,000 in current and future TIF District funding for the design and construction of the Trinity Strand Trail Hi-Line Span Project. The Project’s design phase utilizing existing TIF District funds was approved by City Council in September 2019.

During FY 2020-2021 and FY 2021-2022, the design phase for the Trinity Strand Trail Hi-Line Span Project was ongoing with consultant updates provided to the TIF District Board. Staff also continued to monitor existing and pending developments.

Projects within the TIF District completed, under construction or in the development stage to date are shown in the table below.

Design District TIF District Projects¹						
Projects Within TIF District Utilizing TIF District Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF²	Approx. Value³	TIF Investment⁴
1525 Turtle Creek at the District (now <i>BV Design Multifamily</i> ⁷)	1900 Hi Line Drive	2010	Complete	214 residential units	\$42,315,000	\$4,402,000*
Alexan Riveredge (now Apex Design District) ⁸	120 Turtle Creek Blvd.	2017	Complete	309 residential units	\$62,415,000	\$7,800,000
Virgin Hotel & Infrastructure Project (Dunhill Partners)	1445 Turtle Creek Blvd.	2019 (Hotel) 2020-2023 (Infrast.)	Partially complete	268 hotel rooms	\$55,500,000	\$3,622,885
Cabana Hotel Redevelopment Project	899 N. Stemmons Fwy.	2025	Planned	264 hotel rooms	\$47,000,000	\$15,500,000
Subtotal				523 units; 532 hotel rooms	\$207,230,000	\$31,324,885
Projects Within TIF District Not Utilizing TIF District Funding⁵						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value	TIF Investment
International on Turtle Creek	150 Turtle Creek Blvd.	2006	Complete	157,640 square feet showroom & retail space	\$21,495,000	\$0
Trinity Lofts & Work/Live Showrooms	1403 Slocum St. & 1430 Dragon St.	2007	Complete	~92 units & 28,063 square feet showroom (164,030 square feet total)	\$22,432,670	\$0
Alta Design District	1531 Inspiration Dr.	2009	Complete	309 residential units	\$61,250,000	\$0
Alexan Design District (now Camden Design District)	1551 Oak Lawn Ave.	2009	Complete	355 residential units	\$64,360,350	\$0
Green Zone, arts venue (now closed)	161 Riveredge Dr.	2008	Complete	2,520 square feet performance space	\$1,421,260	\$0
Dallas Contemporary ⁶	161 Glass St.	2010	Complete	6,000 square feet office space & 11,000 square feet gallery space for Center; & 22,000 square feet office/retail for tenants	\$2,214,900	\$0
1400 Hi Line	1400 Hi Line Dr.	2012	Complete	314 residential units; 29,000 square feet retail	\$87,000,000	\$0

Avant Apartments	1955 Market Center Blvd.	2013	Complete	301 residential units	\$48,473,260	\$0
Renaissance Hotel Conference Center expansion	2222 N. Stemmons Frwy.	2014	Complete	50,000 square feet meeting space	\$11,700,000	\$0
Alta Strand	1931 Market Center Blvd.	2017	Complete	400 residential units	\$75,100,000	\$0
Movement Dallas	141 Glass St.	2022	Complete	42,000 square feet of rock climbing, yoga, and fitness space	\$1,867,000	\$0
Urby Phase I - apartments	1930 Hi Line Drive	2023	Under construction	383 residential units	\$85,000,000	\$0
Thirteen Thirty Three	1333 Oak Lawn Ave.	2023	Under construction	125,660 square feet office	\$45,783,000	\$0
RiverEdgeDD	155 Riveredge	2024	Under construction	135,415 square feet office; 10,110 square feet retail	\$53,000,000	\$0
Urby Phase II - apartments	1930 Hi Line Drive	2025	Planned	364 residential units	\$81,000,000	\$0
Hotel/Apartments (HN Capital Partners)	1645 & 1700 Stemmons Frwy.	2026	Planned	250 hotel rooms; 250 apartments	\$70,000,000	\$0
Office Tower (HN Capital Partners)	1605 & 1615 N. Stemmons Frwy.	2027	Planned	240,000 square feet office space	\$75,000,000	\$0
Subtotal				2,768 units; 266,813 square feet retail/showroom; 13,520 square feet gallery/arts venue; 559,075 square feet office; 50,000 square feet hotel space; 250 hotel rooms	\$807,097,440	\$0
Projects Utilizing and Not Utilizing TIF District Funding						
Total				3,291 residential units; 266,813 square feet retail/showroom; 13,520 square feet gallery/arts; 559,075 square feet office; 50,000 square feet hotel space; 782 hotel rooms	\$1,014,327,440	\$31,324,885

- 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) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF District for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.
- 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 interest not shown.
- ⁵ Selected significant projects included.
- ⁶ Tax-exempt property. Amount shown is approximate investment in improvements.
- ⁷ Per the TIF program requirements when the development agreement was executed, the project provided 20% of units as affordable during the time period December 2009 – December 2012.
- ⁸ Per TIF program mixed-income housing requirement, the project will provide at least 20% affordable units for 15 years.

Mixed-Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF district funding assistance are subject to the City’s and County’s established criteria for mixed-income housing. In this TIF District, as part of TIF District funding, a total of 523 units have been built to-date, and 62 are currently set-aside as affordable. 1525 Turtle Creek at the District had previously included 43 affordable units from 2009 to 2012; however, there was a provision in the agreement allowing a buyout of the remaining affordability period. The buyout totaled \$524,600, and those funds been dedicated towards offsetting the cost of affordable units for the Alexan Riveredge project in the TIF District. The buyout option is no longer included in TIF development agreements, and deed restriction provisions are now being added to secure affordable housing for a 15-year period.

A total of 2,294 residential units have been completed overall. Another 997 units are under construction or planned without any TIF district subsidy anticipated.



Urby Apartments Phase I nearing completion at 1930 Hi Line Drive

TIF District Initiatives

The City and community partners have been engaged in several district-wide initiatives to create trail connections and other public improvements described in more detail below. The Trinity Strand Trail (formerly known as the Old Trinity Trail) Master Plan improvements are an integral part of attracting new mixed-use development in the Trinity River corridor and creating a vibrant neighborhood with recreational opportunities in the Design District area.

Two trailheads are complete at Hi Line Drive (by the river channel and the Turtle Creek Plaza and trailhead along Turtle Creek Boulevard between Market Center and Irving Boulevards). A Phase 1 2.5-mile concrete trail (main/spine trail) running along the old Trinity River from Stemmons Freeway to Medical District Drive opened in 2015. In addition, \$400,000 in TIF District funds were utilized for the design of a soft surface trail that would parallel the Phase I concrete trail on the opposite banks. Those plans were completed in mid-2014.

The Hi-Line Drive pedestrian improvement project was completed in 2009. The project was funded through the North Central Texas Council of Governments (NCTCOG)'s Regional Transportation Council's 2006 Sustainable Development (SD) Program. The improvements were constructed concurrently with public improvements as part of the "1525 Turtle Creek at the District" project. As part of the TIF development agreement, \$207,447 in local match funds leveraged \$829,789 in grant funds for a total project cost of \$1,037,236.

The Edison/Hi Line/Stemmons/Rail Transit Underpass Connection project was completed in 2013. The \$1.4 million pedestrian improvement project was part of the 2009-2010 North Central Texas Council of Governments (NCTCOG) Sustainable Development (SD) Program. PM Realty Group was the private sponsor with the 1400 Hi Line mixed-use development and provided the 20% local match, \$287,766 of the total project cost of \$1.4 million. The public infrastructure improvements included pedestrian and crosswalk improvements along Edison Street between Stemmons Freeway and Hi Line Drive, along southbound Stemmons frontage road and improvements to the underpass of Hi Line Drive under Stemmons Freeway. These improvements built on the 2006 SD Hi Line Drive improvements to create a stronger connection to the Victory DART Light Rail and TRE train stations and further enhance the gateway from downtown/Victory into the Design District.

The Friends of the Trinity Strand Trail is working with the City to implement Phase 2 connecting to the medical center area.

As a result of ongoing collaboration among City staff, the Friends of the Trinity Strand Trail, the Circuit Trail Conservancy, and Dallas County, the Trinity Strand Trail Hi-Line Span Project is in the design phase with a scope that includes a pedestrian bridge from the Hi Line Drive trailhead across the meanders and a mini connector trail on the western banks to Irving Boulevard.

District Initiatives				
Activity	Scope	Status	Investment	Source
<p>Trinity Strand Trail Master Plan. Public/private partnership including the non-profit Friends of the Trinity Strand Trail.</p> <p>Trinity Strand Trail Master Plan continued</p>	<p>To create a fully assessable hike, bike, and jogging trail system along the course of the original Trinity River as it winds northwest of downtown. Approximately 7.8 miles. Total cost estimated at \$30 million. Phase 1 includes 2.5 miles of concrete trail from Stemmons Freeway to Farrington Drive, connecting to the Trinity River via Sylvan Ave.</p> <p>Phase 2 includes connection to the medical center area including a shared-use path from the existing Trinity Strand Trail at the intersection of Market Center Blvd. and Turtle Creek Blvd. to Inwood/Love Field DART station.</p>	<p><i>Underway.</i> The Master Plan for Trinity Strand Trail was adopted in December 2004 by the Dallas' Park & Recreation Board. City bond funds are committed, and private fundraising continues.</p> <p>Construction began in 2013 on Phase 1, 2.5 miles of concrete trail and was completed in 2015. The trailhead at Turtle Creek Plaza was completed in May 2010 and the Hi Line trailhead was completed summer 2009.</p> <p>2012 bond funds allocated are for design and construction of a trail segment between IH35/Oak Lawn and Inwood Road. Phase 2 of the trail was awarded TXDOT Transportation Alternatives funding in 2017 (<i>with 2012 bond funds as a local match</i>). Completion scheduled for spring 2023.</p> <p>TIF District funding for the design of a soft surface trail to parallel the Ph I concrete trail was approved in FY 12 and the design completed in 2014.</p>	\$1 million for design and match for federal funds.	2003 Bond Program
			\$2.5 million for trail development	2006 Bond Program
			\$3.36 million for trail design & construction	2012 Bond Program
			\$4,536,039 (<i>required local match \$1,134,010 part of City bond funds</i>)	NCTCOG funds – Regional Toll Revenue (RTR) initiative
			\$5 million	TXDOT Transportation Alternatives funding
			\$1.1 million additional funds raised. Land donations valued at \$4.2 million will benefit and assist with linkage of the Trinity Strand and Katy Trails	Individuals and foundations, including Eugene McDermott and Hoblitzelle Foundations and Texas Parks and Wildlife grant
			TIF District funding up to \$400,000 from district wide improvement funds.	TIF District funds

<p>Turtle Creek Boulevard Public Improvements</p>	<p>Design and construction of street paving, storm drainage, water and wastewater improvements on Turtle Creek Blvd. from Market Center Blvd. to Levee St.</p>	<p><i>Completed in fall 2009.</i></p>	<p>\$3,587,746</p>	<p>2003 Bond Funds & Water Utilities Capital Funds</p>
<p>Regional Transportation Council (RTC) Sustainable Development Program – Design District TIF Walking/Bike Improvements</p>	<p>Pedestrian improvements will be constructed along Hi-Line Dr. between Stemmons Frwy. & the Trinity Meanders</p>	<p><i>Complete.</i> Funding approved by the RTC in 2006. Interlocal Agreement approved by City Council, June 2008. Improvements completed summer 2009</p>	<p>\$1,037,236 total includes: \$829,789 \$207,447</p>	<p>RTC funds TIF District funds</p>
<p>Regional Transportation Council (RTC) 2009-10 Sustainable Development Program – Edison/Hi Line/ Stemmons/Rail Transit Underpass Connection</p>	<p>Pedestrian improvements along Edison St. between Stemmons Frwy. and Hi Line Dr. and along Stemmons frontage and Hi Line passing under Stemmons Freeway toward the Victory DART Light Rail & TRE stations.</p>	<p>Project was selected by the RTC in June 2010. <i>Construction was completed in 2013.</i></p>	<p>\$1,438,829 total includes: \$1,151,063 \$287,766</p>	<p>RTC funds Private local match</p>
<p>Trinity River Corridor Project</p>	<p>Multi-faceted project involving transportation, flood protection, and recreational improvements. Several projects are adjacent or close to the TIF district (<i>shown on the right</i>)</p>	<p><i>Complete:</i> Margaret Hunt Hill Bridge Sylvan Bridge (2014) Riverfront Blvd improv. (2014-17) Continental Bridge pedestrian/bike (2014)</p>	<p>\$120 million \$42 million \$42 million \$10.6 million</p>	<p>Multiple funding sources incl. private TXDOT City/County/NCTCOG City/private</p>
<p>Trinity Strand Trail Hi-Line Span Project</p>	<p>The Project scope includes engineering/design services for two segments 1) a pedestrian bridge at the end of Hi Line Drive from the existing trail head crossing the</p>	<p>Design contract approved September 2020. Design began in 2021 with anticipated completion in 2023. The timing of construction will be</p>	<p>\$631,225 (design) \$6,368,775 (probable construction cost)</p>	<p>Existing Design District TIF district-wide set-aside funds Future Design District TIF District funds</p>

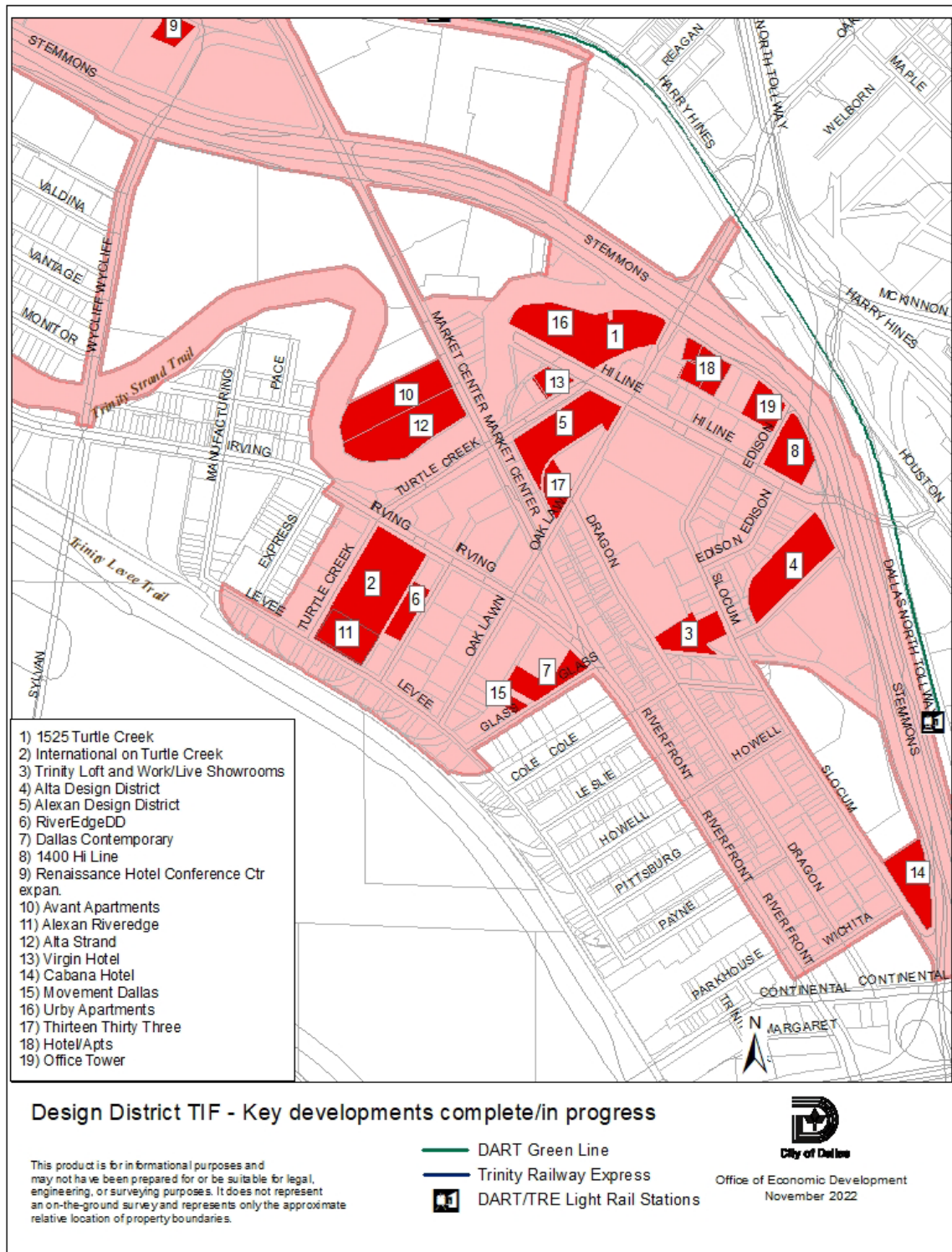
	<p>meanders and a trail segment along the western bank to Market Center Boulevard and 2) a trail segment from Market Center Boulevard to Irving Boulevard.</p> <p>The Project will connect to other existing and planned trail projects including the enhanced trail along Hi Line Drive and Circuit Trail Conservancy's planned connection from Irving Boulevard into the Levee Street Corridor.</p>	<p>determined by the outcome of the design process and the availability of current/future TIF funds.</p>		
<p>Hi Line Connector Trail</p>	<p>The Project includes a 1-mile pedestrian/bike trail that will connect the KATY Trail to the Trinity Strand Trail. The future trail will serve both the Sports Arena (Victory) and Design District areas.</p>	<p>Circuit Trail Conservancy (CTC) is leading the project. Design completed.</p> <p>Award of a construction contract is pending.</p>	<p>\$22.2 million total project cost</p> <p>\$10.6 million</p>	<p>In 2019, the City executed a development and funding agreement with the Circuit Trail Conservancy (CTC) to implement the remaining undeveloped 11 miles of The Loop, comprised of the Hi Line Connector, Trinity Forest Spine Trail (North and South), the Trinity Gateway, and Trinity Skyline Trail Links.</p> <p>Multiple funding sources are part of the overall CTC agreement including City of Dallas 2017 Proposition B (Parks proposition) Bond Funds; Texas Department of Transportation (TXDOT) through the North Central Texas Council of Governments, and private funds</p>

			\$11.6 million	Sports Arena TIF District Funds (approved in 2021) for the Hi Line Connector Trail
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Hi Line Drive median improvements setting the stage to connect with the future Hi Line Connector and Trinity Strand Trail Hi Line Span projects

TIF District Development Project Map



Value and Increment Summary

The Design District TIF District's assessed 2022 taxable value was \$1,171,036,248 for the TIF District as amended in 2013. This represents an increase of \$889,162,495 or 315% over the base years (2005 and 2013) value and an increase of 20% over last year's final value. For the individual sub-districts, the Design District Sub-District 2022 taxable value was \$964,225,548, an increase of 397% of the base year, and the Market Center/Stemmons Sub-District taxable value was \$206,810,700 an increase of 135% over the base year.

The TIF District anticipates collecting approximately \$6,995,235 in incremental tax revenue in 2023 for tax year 2022.

Objectives, Programs, and Success Indicators

The Design District Project Plan and Reinvestment Zone Financing Plan was adopted in April 2006 and amended in June 2013. Among the goals of the Plan are:

- To create additional taxable value attributed to new private investment in projects in the Design District TIF District totaling approximately \$1 billion.
Over \$1 billion in new investment is completed, underway or planned (100% of the goal)
- To attract new private development in the District totaling approximately 1.4 million square feet of retail/showroom/gallery space, 500,000 square feet of office space, 550 hotel rooms, and 4,500 new residential units.

Approximately 3,291 residential units, 266,813 square feet of new or upgraded retail/showroom space, 13,520 square feet of gallery/arts space, 559,075 square feet of office space, and 782 hotel rooms are completed, under construction or planned. (73% of the residential goal, 20% of the retail goal, exceeding the office goal by 12%, and exceeding the hotel room goal by 42%.

Movement Dallas - rock climbing, yoga, and fitness facility at 141 Glass Street



- To reach ridership at the future DART Market Center light rail station averaging 2,500 riders per weekday by 2017.



This portion of the DART Green Line including the Market Center station opened in December 2010. During the first year of operations average daily ridership was 281. The annualized ridership for FY 2022 is 133,605, according to DART. This represents a 76% increase over the base year (FY 2011) and 43% increase from last year. Average daily ridership is 396, a 43% increase from last year.

Market Center DART Station

Year	Station	Annualized Ridership	Change from Previous Year	Change from Base Year
FY 2011	Market Center	76,100	-	-
FY 2012	Market Center	114,455	50.40%	50.40%
FY 2013	Market Center	146,936	28.80%	93.08%
FY 2014	Market Center	159,901	8.82%	110.12%
FY 2015	Market Center	167,167	4.54%	119.67%
FY 2016	Market Center	171,517	2.60%	125.38%
FY 2017	Market Center	185,315	8.04%	143.51%
FY 2018	Market Center	190,737	2.93%	150.64%
FY 2019	Market Center	189,934	-0.42%	149.58%
FY 2020	Market Center	134,141	-29.38%	76.27%
FY 2021	Market Center	93,128	-30.57%	22.38%
FY 2022	Market Center	133,605	43.46%	75.56%

- To improve the access and connections to the DART light rail system within the Design District TIF District.

Streetscape and open space improvements constructed as part of the approved “1525 Turtle Creek at the District” project have provided more pedestrian accessibility in the northern gateway of the District. Improvements completed in 2013 near Edison Street and Hi Line Drive connecting through the underpass at Stemmons Freeway provide improved access from the District to the Victory DART Light Rail and TRE Stations. The expansion of the TIF District boundary in 2013 has the potential to facilitate future opportunities to connect to multiple stations.

- To support the conversion of the Design District area from industrial and warehousing land uses to a mixed-use, transit-oriented neighborhood that complements the Victory development and the Trinity River Project.

Mixed-use projects like the completed Trinity Lofts redeveloped an 88,000-square foot warehouse/office into 164,030 square feet of residential and showroom space.

Some former showroom buildings or vacant commercial properties have been repurposed for new uses including restaurants, a coffee house, and Bowl Lounge (bowling alley).

- To increase recreational opportunities, public open space and improve connections to the City of Dallas trails and open space system, including the Trinity Strand Trail, in the District.

The Master Plan for the Trinity Strand Trail has been adopted. Two trailheads are now completed at Turtle Creek Plaza along Turtle Creek Boulevard between Market Center and Irving Boulevards and at the western end of Hi Line Drive (by the river channel). Construction of Phase I of the trail from Stemmons Freeway to Medical District Drive was completed and opened in 2015. The design project for a soft surface trail to parallel the Phase I concrete trail was completed in 2014; however, construction did not move forward. A civic plaza at Oak Lawn Avenue and Hi Line Drive was completed as part of the “1525 Turtle Creek at the District” project. Phase 2 that will connect to the medical center area along Market Center Boulevard to the Inwood/Love Field DART station is anticipated to complete construction in 2023.

The Trinity Strand Trail Hi-Line Span Project, currently in design, will further trail connections within the Design District to the west and is an alternative to the prior soft surface trail concept. The Project will also connect to the future Hi Line Connector Trail that will link the Trinity Strand Trail to the Katy Trail.

- To generate approximately \$76.9 million (net present value) in increment over 20 years of collections.

The TIF District’s 2022 total taxable value was \$1,171,036,248. The revised budget figure of \$76.9 million was approved in a 2013 plan amendment, and 2014 was the first year that expanded areas began generating increment. The estimated collection for tax year 2022 is \$6,995,235. Total collections (NPV) are currently 32% of the amended Plan goal.

Year-End Summary of Meetings

The Design District TIF District Board of Directors met three times during the fiscal year from October 1, 2021 to September 30, 2022. The Board approved and forwarded one item to City Council.

The Board, based on amended composition, can consist of up to seven members, including six City of Dallas appointees and one Dallas County appointee. During FY 2021-2022 the Board members were Michael Kutner – City Representative, Vice-Chair (3 of 3 meetings), Carolyn Sortor - City representative (3 of 3 meetings), Nicolas Villalba - City representative (3 of 3 meetings), Pam Dawson - City representative (2 of 3 meetings), Shoncy Raspberry - City representative (1 of 3 meetings), Peter Han – City Representative (*appointed after the last meeting*) and Luis Tamayo - Dallas County Representative (3 of 3 meetings).

During the fiscal year, the City Council approved one item directly associated with the Design District TIF District:

- On February 23, 2022, the City Council approved Resolution Number 22-0383 accepting the FY 2020-2021 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Eight, (Design District TIF District), submitted by the Design District TIF District's Board of Directors, and authorizing 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 District, and to the State Comptroller, as required by state law.

Pending TIF District Items

- Consideration of the FY 2021-2022 TIF District Annual Report and a recommendation to the City Council for approval.

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. Below is the current TIF District budget:

Design District TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated ²	Balance
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$81,756,586	\$31,647,887*	\$50,108,699
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$32,572,854	\$0	\$32,572,854
Trinity Strand Trail	\$7,610,724	\$7,400,000	\$210,724
Administration and implementation ³	\$4,566,434	\$633,017	\$3,933,417
Total Project Costs	\$126,506,598	\$39,680,904	\$86,825,694
¹ Budget shown above in estimated current dollars and based on updated assumptions the maximum budget capacity provided in the TIF Project Plan is unlikely to be reached within the term. TIF Project Plan shows the budget in net present value.			
² Allocated amount includes \$222,896 in interest accrued as of FY 2013 (September 30, 2013). No additional interest has accrued since.			
³ TIF administration costs shown are expended through FY 2021-2022.			

Design District TIF District Project Plan Budget	
Category	TIF NPV Budget*
Design District Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$47,487,686
Market Center/Stemmons Sub-District: Paving & Streetscape Wayfinding & District Signage Water, Wastewater & Storm Open Spaces, Plazas, Portals, Civic Environmental Remediation & Demolition Utility Burial Economic Development Grants	\$23,088,979
Trinity Strand Trail	\$4,000,000
Administration and Implementation	\$2,400,000
Total	\$76,976,666
<i>* As approved in the Project Plan and Reinvestment Zone Financing Plan.</i>	

Design District TIF M/WBE Participation			
Project	Contractor	Total Contract Award Amount	Percentage Minority Participation
Phase I – 1525 Turtle Creek Project development site public improvements	Spoor Electric & KDA Landscapes	\$1,108,021	44.4%
Phase II & III – 1525 Turtle Creek Project district-wide improvements	John Burns Construction Company of Texas & Metheny Landscape Development	\$3,473,759	30.2%
Turtle Creek Median Project	focusEGD & ArtOGrafx	\$100,105	48.5%
Trinity Strand Trail Soft Surface Design Project	Bowman-Melton, Integrated; Environmental Solutions; Di Sciuillo-Terry Stanton & Associates; and Jakan Engineering, PLLC	\$387,495	39.8%
Alexan Riveredge	McPherson Electric, Inc Mission Site Services	\$976,470	56.2%
Virgin Hotel Infrastructure Project	UCS Group LLC	\$3,330,891	44.5%
Total		\$9,376,741	\$3,773,020 (40.2%)

FY 2022-2023 Work Program

The FY 2022-2023 work program includes:

- Continue coordination efforts for implementation of current development projects.
- Continue working with stakeholders to implement the Trinity Strand Trail Hi-Line Span Project and other improvements for connections to trails and open space, signage and other projects benefiting the TIF District.
- Investigate additional sources of funding for the TIF District.

Appendix A – Financials

City of Dallas, Texas
Design District Tax Increment Financing District Fund
Reinvestment Zone Number Eight
As of September 30, 2022

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:

	(374,036) Interest Income
	\$5,713,279 Ad Valorem Taxes (Collected in FY 2021-2022 based on 2021 Final Tax Roll)
	\$5,339,243 Total Revenue

2. Amount and purpose of expenditures from the fund:

	\$48,007 Administrative Expense - TIF admin cost for FY 2021-2022
	\$0 Non-Capital outlay
	\$221,393 Capital outlay for the Trinity Strand Trail Hi-Line Bridge
	\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)
	\$269,400 Total Expenditures

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

Design District TIF District has incurred no bonded indebtedness as of September 30, 2022.

b. The Zone entered into a development agreement with Alta Block 1500, LLC for the development of the "1525 Turtle Creek at the District" project in the TIF in an amount not to exceed \$4,402,000 plus additional subsidy in form of grant (in lieu of interest) on certain public improvements. The developer was fully paid in fiscal year 2014.

c. The Zone authorized a development agreement with Dallas Proton Treatment Center, LLC for the development of the Dallas Proton Treatment Center in an amount not to exceed \$7,025,000; however, the authorization expired in December 2015.

d. The Zone entered into a development agreement with AR Apartments, LLC for the development of the "Alexan Riveredge" project in an amount not to exceed \$7,800,000. The developer was fully paid with the exception of a portion of the subsidy, up to \$150,000, pending a plan for a trail connection that is part of district-wide set aside funds.

e. The Zone entered into a development agreement with DD Dunhill Hotel LLC for the Virgin Hotel Infrastructure project in an amount not to exceed \$3,622,885. A payment of \$2,842,732 was made in fiscal year 2021. The remaining balance of \$780,153 will be disbursed upon the successful completion of Phase II of the Virgin Hotel Infrastructure project.

f. The Zone authorized a development agreement with Cabana Development, LLC for the Cabana Hotel Redevelopment project in an amount not to exceed \$15,500,000. Disbursement is anticipated upon completion.

4 The zone has paid the following obligations from available TIF funds as of September 30, 2022:

Project	Advance	Accrued Add'l	Less	Total (P & I)
	Principal	Subsidy (1)	Payments	Outstanding
1525 Turtle Creek Project	\$4,402,000	\$222,896	\$4,624,896	\$0
Alexan Riveredge Project	\$7,800,000	\$0	\$7,650,000	\$150,000
Virgin Hotel Infrastructure Project	\$3,622,885	\$0	\$2,842,732	\$780,153
Total	\$15,824,885	\$222,896	\$15,117,628	\$930,153

(1) Additional Subsidy in Form of Grant (in lieu of interest expense)

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

Taxing Jurisdiction	Taxable Value 2022 *	Base Year 2005/2013 Value	Est. Captured Value 2022**
City of Dallas - All Sub District	\$1,171,036,248	\$281,873,753	\$889,162,495
Dallas County-Zone A & B	\$964,225,548	\$193,905,663	\$770,319,885
Dallas County-Mkt. Center/Stemmons SD	\$206,810,700	\$87,958,090	\$118,852,610

* 2022 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

** Based on Certified Taxable Values. Final values will be determined on February 01, 2023.

6. 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***	Amount of Estimated 2022 Increment****
City of Dallas	0.67122	\$5,968,236
Dallas County-Zone A & B	0.11987	\$923,385
Dallas County-Mkt. Center/Stemmons SD	0.08718	\$103,614
Total for all Jurisdictions	\$0.87827	\$6,995,235

***City of Dallas participates at 90% for zone A & B for tax years 2008-2027 and 90% for Market Center/Stemmons for tax years 2014-2027. Dallas County participates at 55% for zone A & B for tax years 2008-2027 and 40% for Market Center/Stemmons sub-district for tax years 2014-2027.

****The District began collecting increment in 2009.

B. The total amount of estimated tax increment to be billed for the 2022 tax year is \$6,995,235. For the 2021 tax year, increment in the amount of \$5,713,279 was received.

City of Dallas, Texas
Design District 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	\$24,691,227	\$19,609,967	\$16,971,408	\$11,480,621	\$14,356,774
Interest receivable	\$40,633.53	\$4,043.00	\$13,103.64	\$12,446	\$32,846
Total assets	<u>\$24,731,861</u>	<u>\$19,614,010</u>	<u>\$16,984,512</u>	<u>\$11,493,067</u>	<u>\$14,389,620</u>
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$7,650,000
Due to general fund	\$238,214	\$190,207	\$136,539	\$40,464	\$0
Total liabilities	<u>\$238,214</u>	<u>\$190,207</u>	<u>\$136,539</u>	<u>\$40,464</u>	<u>\$7,650,000</u>
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$24,493,647	\$19,423,803	\$16,847,972	\$11,452,603	\$6,739,620
Total Liabilities and Fund Equity	<u>\$24,731,861</u>	<u>\$19,614,010</u>	<u>\$16,984,512</u>	<u>\$11,493,067</u>	<u>\$14,389,620</u>

Design District Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period 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	\$33,995,031	\$4,872,889	\$4,690,107	\$4,499,584	\$3,807,378	\$3,286,207
Tax increment-Intergovernmental	\$6,170,064	\$840,390	\$827,102	\$863,205	\$728,899	\$593,115
Interest income	\$820,719	\$118,545	\$52,957	\$131,383	\$157,736	\$158,090
Affordable Housing Buyout	\$524,600	\$0	\$0	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	(\$478,404)	(\$492,580)	(\$27,082)	\$38,181	\$60,182	(\$40,075)
Total revenues	<u>\$41,032,010</u>	<u>\$5,339,243</u>	<u>\$5,543,084</u>	<u>\$5,532,353</u>	<u>\$4,754,194</u>	<u>\$3,997,338</u>
Expenditures:						
Administrative expenses	\$633,017	\$48,007	\$53,389	\$136,983	\$41,211	\$0
Non-Capital Outlay	\$6,753,446	\$0	\$0	\$0	\$0	\$6,302,126
Capital outlay	\$8,929,004	\$221,393	\$2,913,865	\$0	\$0	\$1,349,835
Interest and fiscal charges	\$222,896	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$16,538,363</u>	<u>\$269,400</u>	<u>\$2,967,253</u>	<u>\$136,983</u>	<u>\$41,211</u>	<u>\$7,651,961</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$24,493,647</u>	<u>\$5,069,843</u>	<u>\$2,575,831</u>	<u>\$5,395,370</u>	<u>\$4,712,983</u>	<u>(\$3,654,623)</u>
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$19,423,803	\$16,847,972	\$11,452,603	\$6,739,620	\$10,394,243
Fund balance (deficit) at end of year	<u>\$24,493,647</u>	<u>\$24,493,647</u>	<u>\$19,423,803</u>	<u>\$16,847,972</u>	<u>\$11,452,603</u>	<u>\$6,739,620</u>

Note: Fiscal year 2021-22 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
Design District Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2022

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 \$4,566,434 (in current \$) over the life of the Zone to reimburse the City for administrative costs. The Zone began reimbursing the general fund in fiscal year 2009-2010. 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 \$238,214 on September 30, 2022 represents the Zone administration costs for fiscal year 2018-2019 (\$68,461), fiscal year 2019-2020 (\$68,078), fiscal year 2020-2021 (\$53,668), and fiscal year 2021-2022 (\$48,007) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF District 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.

Appendix B – Financial Obligations Estimated Payoff

The Alexan Riveredge project had an obligation for up to \$7,800,000. A portion of the subsidy, \$150,000 is pending a plan for a trail connection that is part of district-wide set aside funds. The \$7,650,000 net obligation was fully paid in FY 2018-2019.

The Virgin Hotel Infrastructure Project has a total obligation for up to \$3,622,885. A payment of \$2,842,732 was made in fiscal year 2021. The remaining balance of \$780,153 will be paid upon the successful completion of Phase II of Project.

The Cabana Hotel Redevelopment Project has a total obligation of up to \$15,500,000. Pending execution of a development agreement and completion of all agreement requirements (anticipated project completion is 2025), current projections estimate the full obligation will be paid upon completion.

Appendix C – District-Wide Set-Aside Funds

The TIF Increment Allocation Policy adopted by the TIF District Board for the Design District TIF District currently provides for 20% of any district increment, after administrative expenses, to be set-aside for District-Wide Improvements. However, if the annual balance in the District-Wide Improvement Set-Aside exceeds \$500,000, the TIF District Board may evaluate whether to reduce this percentage set-aside in any given year. Specific improvement projects are to be determined and the amount of this set aside will be reviewed annually based on updated financial projections and District needs. The TIF District Board shall also have the discretion to release all or part of District-Wide Set-Aside funds towards payment of one or more TIF-eligible projects.

The balance for the District-Wide Set-Aside, as of the end of FY 2021-2022, totals \$7,072,809.45 (*all current funds are committed to projects*). An existing commitment includes \$150,000 set aside for a trail connection as part of the Alexan Riveredge project.

The pending commitment for the Cabana Hotel Redevelopment Project includes up to \$500,000 in off-site district-wide public improvements such as wayfinding signage, gateway and portal improvements, and/or open space with locations to be determined in a collaborative process.

In February 2020, the TIF District Board approved up to \$7,000,000 in current and future District-Wide Set-Aside funds for the design and construction of the Trinity Strand Trail Hi-Line Span Project. The design phase has begun utilizing existing funds in the amount of \$631,225.