

**Increment Allocation Policy
University TIF District
(Tax Increment Reinvestment Zone Number Twenty One)
Adopted June 2022**

It is important for the City of Dallas to encourage comprehensive, orderly, and sustainable development in the University TIF District (“District”) to achieve the goals outlined in the Project Plan and Reinvestment Zone Financing Plan (“Plan”). Among these goals is to encourage the development of properties near mass transit and institutes of higher education and the creation of a 250-acre mixed-use development in the University Hills Sub-District. In that spirit, District funds will be allocated to help Developers close the gaps needed to achieve new development for the benefit of the District.

Although the University Hills Sub-District is the primary focus for the allocation of tax increment, the TIF Plan budget includes a category for affordable housing to assist in the provision of affordable for-sale and rental housing projects within the District (and potentially outside of the boundaries of the District). Additionally, the budget for the University Center Sub-District includes a category for landscape, parks, open space, and trails.

With the exception of the priority given to the University Hills Phase I catalyst project as described below, generally allocations will be made to Developers proportionally, based on the increment created by a Project (defined in a specific TIF development agreement) and potentially other Related Projects within the District by same Developer or affiliate (if not seeking separate additional District funds) and in accordance with any sub-district-wide set asides and inter-sub-district increment transfer arrangements as described below.

Definitions

Administrative Expenses: necessary costs incurred each year by the City for administration and implementation of the University TIF District Project Plan and Reinvestment Zone Financing Plan. The University Center Sub-District’s portion of the District’s Administrative Expenses will be based on the ratio of the University Center Sub-District Gross Increment to the Total Gross Increment. The University Hills Sub-District’s portion of the District’s Administrative Expenses will be based on the ratio of the University Hills Sub-District Gross Increment to the Total Gross Increment.

Available Cash: money in the District fund that is not already allocated, encumbered, or otherwise set aside for other purposes pursuant to the District’s Project Plan and Reinvestment Zone Financing Plan and pursuant to fully executed TIF development agreements.

Developer: a person or entity that has completed all requirements for a Project as set out in the fully executed TIF development agreement for the Project.

Individual Increment: the portion of a sub-district’s gross increment that a Project (or Related Project) creates each year.

Project (TIF-eligible): development, redevelopment, or rehabilitation that adds taxable real property value at a particular site, or is a space or facility of public benefit such as mixed-income housing, open space, a street, or a cultural facility. To be eligible, the Project must have been approved by City Council for District funds, and all requirements for payment set forth in the Project’s fully executed TIF development agreement must have been satisfied.

Exhibit D

Related Project/Developer: if a Developer or a Developer's affiliate(s) (as defined in a fully executed TIF development agreement) has ownership interest in other development or redevelopment projects in addition to an eligible Project, Developer may request that increment from those Related Project(s) be included in Individual Increment for TIF payment of the eligible Project expenses. These requirements will be further specified in a TIF development agreement where applicable. Related Projects must create new taxable real property value for the District based on the following criteria:

- New development on previously vacant land or in replacement of demolished structures.
- Redevelopment, rehabilitation, or major modification of an existing building if resulting in an increase of 50% or more in the taxable value of the original building.

Sub-District-Wide Public Infrastructure Improvements: improvements not specific to a single development site such as gateways, trails, parks/open space, public facilities, or utility/streetscape improvements benefitting multiple parcels or blocks, regardless of ownership.

Transfer to the Affordable Housing Budget Category: In accordance with the District's Project Plan and Reinvestment Zone Financing Plan, ten percent (10%) of the University Center Net Increment will be annually transferred to an affordable housing budget item that may be utilized both within the District and potentially for city-wide affordable housing programs. The TIF Board has the discretion to set aside available cash accrued to the TIF fund for advance funding of this budget item prior to payment eligibility for University Hills Phase I catalyst project with additional details provided for in a development agreement.

Transfer to the University Hills Sub-District: In accordance with the District's Project Plan and Reinvestment Zone Financing Plan, after the affordable housing transfer and any future Sub-District-Wide Public Improvement Set-Aside for the University Center Sub-District's open space category, the remainder of the University Center Sub-District Net Increment will be annually transferred to the University Hills Sub-District to help facilitate development of the 250-acre University Hills area.

Total Gross Increment: the total annual amount of increment generated within the University Center Sub-District and within the University Hills Sub-District and deposited into the District fund from the participating jurisdictions. Total Gross Increment includes increment attributed to new development as well as increment attributed to the appreciation of values of properties on which new development has not yet occurred.

University Center Sub-District Gross Increment: the annual amount of increment generated within the University Center Sub-District before the Montfort-IH 635 Sub-District's portion of Administrative Expenses has been deducted.

University Hills Sub-District Gross Increment: the annual amount of increment generated within the University Hills Sub-District before the University Hills Sub-District's portion of Administrative Expenses has been deducted.

University Center Sub-District Net Increment: the annual amount of increment generated within the University Center Sub-District after the University Center Sub-District's portion of Administrative Expenses has been deducted.

University Hills Sub-District Net Increment: the annual amount of increment generated within the University Hills Sub-District after the University Hills Sub-District's portion of Administrative Expenses has been deducted.

Exhibit D

University Hills Sub-District Shared Increment: the University Hills Sub-District Net Increment plus the amount transferred from the University Center Sub-District less the sum of the Individual Increments of all Developers of eligible Projects in the University Hills Sub-District.

Catalyst Priority Project – University Hills Phase I:

University Hills Phase I development project (as defined in the project's development agreement) is being viewed as an important seed project for the District and will be designated a catalyst priority project for the purposes of increment allocation and until the obligation is fully paid eligible to receive:

- I. 100% of University Hills Sub-District Net Increment if there are no other TIF eligible projects by non-direct affiliates of developer. Other non-affiliated projects will be eligible to receive their own net increment only until the TIF commitment to University Hills Phase I is fully paid.
- II. 90% of the University Center Sub-District Net Increment.

Note: this Project will not be eligible for TIF payments in a given year unless all contractual obligations of the development agreement are fulfilled by June 1st of that year. If there are delays with the Project start date, approval of other financing sources or project completion, staff and the District's Board of Directors may reconsider the priority status for increment allocation to the University Hills Phase I project.

University Center Sub-District-Wide Improvement Set-Aside:

After administrative expenses, the affordable housing increment transfer, and obligations to the catalyst priority project (described above) have been satisfied, the District's Board of Directors may consider a set-aside toward funding the Sub-District's landscape, parks, trails, and open space category. The potential Set-Aside may be reviewed annually based on updated financial projections and Sub-District needs or project opportunities.

Annual Process (University Center Sub-District)

First, the University Center Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The University Center Sub-District's portion of the District's Administrative Expenses will be paid from the University Center Sub-District Gross Increment based on the ratio of the University Center Sub-District Gross Increment to the Total Gross Increment.

Then, the University Center Sub-District Net Increment will pay or set aside allocations as follows:

- 2) Transfer to the Affordable Housing Budget Category: Ten percent (10%) of the University Center Net Increment will be annually transferred to an affordable housing budget item. The TIF Board has the discretion to set aside available cash accrued to the TIF fund for advance funding of this budget item prior to payment eligibility for University Hills Phase I catalyst project with additional details provided for in a development agreement.

Exhibit D

- 3) Transfer to the University Hills Sub-District**: The remainder of the University Center Sub-District Net Increment will be annually transferred to the University Hills Sub-District to help facilitate development of the 250-acre University Hills area.

**Upon meeting the funding obligation for the University Hills Phase I catalyst project, the District's Board of Directors may evaluate whether to begin a Sub-District-Wide Set-Aside for the University Center Sub-District's landscape, parks, open space, and trails category

Annual Process (University Hills Sub-District)

First, the University Hills Sub-District Gross Increment will pay:

- 1) Administrative Expenses: After the Total Gross Increment has been deposited into the District fund, the City's Administrative Expenses for the District will be reimbursed first in each year of the District. The University Hills Sub-District's portion of the District's Administrative Expenses will be paid from the University Hills Sub-District Gross Increment based on the ratio of the University Hills Sub-District Gross Increment to the Total Gross Increment.

Then, the sum of the University Hills Sub-District Net Increment and the amount transferred from the University Sub-District will be available for disbursement to Developers of eligible Projects in proportion to their Individual Increments pursuant to fully executed TIF development agreements.

General Notes

1. In support of the Plan's goals, any shared increment in each Sub-District may be made available each year first to those Developers entering TIF development agreements to construct catalyst priority projects or to construct residential projects that advance the District's mixed income housing goals.
2. Dallas Central Appraisal District ("DCAD") certified values for each tax year will be the data source used to determine values for the annual increment allocation procedure. In general, the allocation of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the District fund. No increment allocation will be made unless a total Project (or specific phase) is completed and all contractual obligations of the fully executed TIF development agreement are fulfilled by June 1 of a given year, as evidenced by City approval of all supporting documents required in the TIF development agreement. The City's Director of Economic Development will make the final determination in applying future available revenues in the District fund among Projects.
3. If the appraised value of the remaining property in the District decreases despite new development and as additional Projects are approved and completed, TIF funding assistance for Projects that year may be reduced or unpaid. Accrued Administrative Expenses will be reimbursed before increment allocations are made to the other categories. If there is no University Center Sub-District Net Increment remaining after the University Center Sub-District's portion of Administrative Expenses has been paid, then there will be no increment allocations in that sub-district in that year. If there is no University Hills Sub-District Net Increment remaining after the University Hills Sub-District's portion of Administrative Expenses has been paid, then there will be no increment allocations in that sub-district in that year.
4. At its discretion, the District's Board of Directors may make modifications or corrections to this Policy to increase its effectiveness.