

TIF Increment Allocation Policy
Deep Ellum TIF District
Approved by the TIF Board August 5, 2014
Revised by the TIF Board March 3, 2015

It is important for the City of Dallas to encourage as many projects as possible in the Deep Ellum TIF District (the “Deep Ellum TIF District” or “District”). In that spirit, after priority expenditures that benefit the district as a whole, Deep Ellum TIF District funds will be allocated to Developers proportionately, based on the increment created by the Project (as defined below) and Related Projects/Developers (as defined below) within the District, after payment of administrative expenses.

Definitions:

Project (TIF-eligible) - development or redevelopment that adds taxable real property value at a particular site or is a space or facility of public benefit such as open space, trails or cultural facilities. The Project has been approved for TIF funds and all requirements set forth in the development agreement have been completed.

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

Related Project/Developer – if a Developer or a Developer’s affiliates (as defined in a development agreement) has other development or redevelopment projects in addition to a TIF-eligible Project, increment from those Related Project(s) may be included in Individual Increment for reimbursement of the TIF-eligible Project expenses. A Developer of a TIF-eligible Project must have at least 50% ownership in any Related Project. These requirements will be further specified in a 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 demolished structures.
- Redevelopment or major modification of an existing building if this results in an increased taxable value of 50% or more of the original building or any increase in the floor area of an original building if the expansion is over 50% for residential projects, over 65% for mixed-use projects, and over 75% for office/showroom projects.

Total Increment – the annual amount of increment deposited into the TIF fund from the participating jurisdictions.

Individual Increment – the portion of the increment that a Project or Related Project creates each year.

Net Individual Increment – Individual Increment less the Project’s and/or Related Project’s portion of Administrative Expenses each year. This portion will be based on the ratio of Individual Increment to Total Increment.

Administrative Expenses – the City will take a share of TIF revenue from this District for the amount it bills to the District for costs necessary for administration of the TIF District program, which may include charges from other departments, each year.

District-Wide Improvements – improvements that are not specific to a single development site such as gateways, trails, open space, public facilities, or utility/streetscape improvements benefiting multiple properties or blocks.

Shared Increment – the Total Increment less (1) Administrative Expenses, (2) a set-aside for District-Wide Improvements, (3) Catalyst Project Set-Asides and (4) the sum of the Individual Increments of all eligible Developers.

Available Cash - cash in the Deep Ellum TIF District fund that is not already allocated, encumbered, or otherwise set aside for other purposes.

Procedure:

Annually, after the Total Increment has been deposited in the TIF fund, the fund will pay or set aside Administrative Expenses as a first priority prior to any other funds being allocated. A set-aside for District-Wide improvements will be the second funding priority. These funds are intended to be used for projects benefitting the district as a whole and/or be used to leverage funding from non-TIF related sources. Catalyst Project reimbursement will be the third funding priority. These funds are intended to provide incentives related to the Deep Ellum Core District.

After Administrative Expenses, District-Wide Improvement and Catalyst project allocations have been paid or set aside, Developers approved for TIF funding from the Deep Ellum TIF District will be eligible to receive their Net Individual Increment.

In addition to their Net Individual Increment, Developers will be eligible to receive a portion of any Shared Increment. The Shared Increment allotted to an eligible Developer shall be a ratio of an eligible Developer's Individual Increment to the sum of the Individual Increments for all Projects eligible for reimbursement for that year.

Dallas Central Appraisal District (DCAD) certified values for each tax year will be the data source used to determine values for the increment allocation procedure. However, no increment allocation will be made unless a total Project or specific phase as defined in a development agreement is completed by May 1st of a given year, as evidenced by City approval of all supporting documents required in the development agreement. The City's Director of Economic Development will make the final determination in applying future available revenues in the TIF Fund among Projects.

Pre-existing Agreements

The Deep Ellum TIF District has a previous outstanding agreement related to the Reel FX expansion and related streetscape improvements. Funding exists to cover these reimbursements/expenditures. This agreement will be fully funded prior to implementation of this policy.

District-Wide Improvement Set-Aside

The TIF Board shall set-aside 5% of any Shared increment for District-Wide Improvements after administrative expenses. 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.

Catalyst Projects – Deep Ellum Core increment set-aside

The TIF Board shall set-aside for projects located in the core area of Deep Ellum that make substantial improvements and maintain existing buildings, courtyards and alleys.

A set aside of 10% of any Shared increment shall be allocated to the Deep Ellum Crossroads Project for Catalyst Project reimbursement. This set-aside will be funded after administrative expenses and the District-Wide Set-Aside accounts have been fully funded out of general increment. A set aside of 5% of any Shared increment shall be allocated to the Westdale redevelopment Westdale 2800 DE project. An additional set-aside for the redevelopment of the old Dallas High School/Crozier Tech site shall be capped at 5% of any Shared Increment.

These redevelopment projects will benefit the Deep Ellum area as a whole and provide a model for future redevelopment efforts in the area. The small buildings create a large part of the character of the district as a whole, yet are prohibitively costly to improve. These projects will be eligible to receive their own increment in addition to this set-aside, subject to successful completion of all contractual requirements.

Notes:

In general, the assignment of increment will be done annually, after each participating jurisdiction has deposited its annual increment into the TIF fund. Upon completion of a Project, developers are eligible to be reimbursed for TIF eligible expenditures from Available Cash currently in the TIF fund, if any.

If the appraised value of the remaining property in the TIF District decreases in value despite new development and as additional TIF Projects are approved and completed, the TIF subsidy for Projects that year may be reduced or unpaid. Similarly, if the sum (1) Administrative Expenses, (2) a set-aside for District-Wide Improvements, (3) Catalyst Project Set-Asides and (4) the sum of the Individual Increments of all eligible Developers, then the Individual Increments shall be allotted on a proportional basis based on the ratio of each Developer's Individual Increment to the sum of the Individual Increments for that year. If there is no revenue available after administrative expenses, there will be no increment payments that year.

At its discretion, the Deep Ellum TIF Board may make modifications or corrections to this Policy to increase its effectiveness.