

UNIVERSITY TIF DISTRICT FY 2019-2020 Annual Report



City of Dallas

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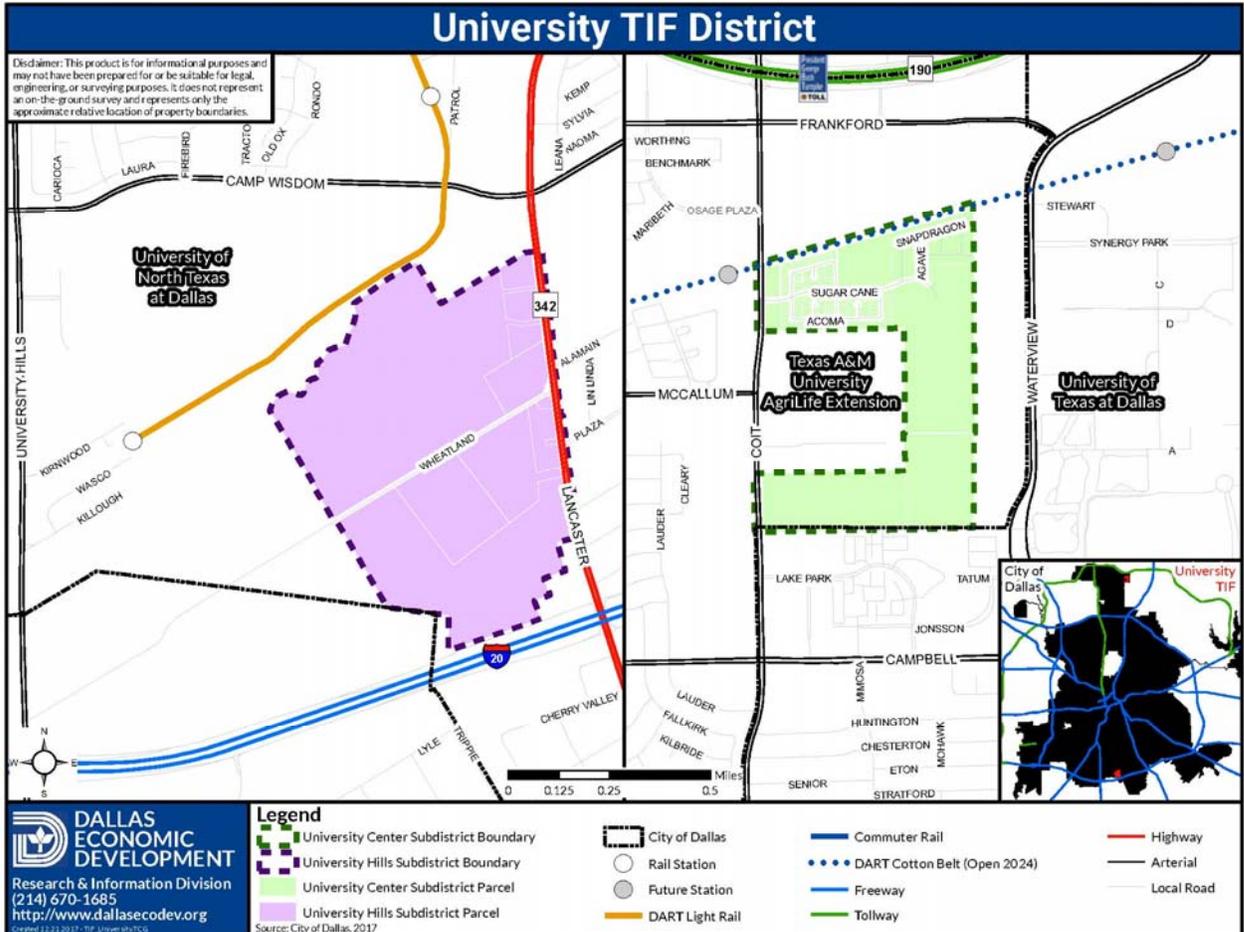
October 1, 2019 to September 30, 2020

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Front cover shows examples of new homes in the University Place residential development in the University Center Sub-District.

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 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 (i.e. driven by property owners). 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 presented in a draft final 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 2019-2020, staff began work on a final Plan with the TIF District Board of Directors (Board). In September 2020, the Board adopted the By-Laws for the University TIF District and forwarded a recommendation of approval to the City Council. As of September 30, 2020, the approval of the By-Laws and the Plan were pending City Council approval in late 2020.

Staff continued discussions with Centurion American Development Group (CADG) on plans for a multi-phased, mixed-use development in the University Hills Sub-District. New single-family development in the University Center Sub-District has progressed as shown in the following table.

University TIF District Projects¹						
Projects Within TIF District Not Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF	Approx. Value²	TIF Investment
University Place single-family homes	New subdivisions in University Center Sub-District	2018-2021	Phased completion	497 homes complete 107 homes under construction	\$230,510,721	\$0
Total				497 residential units complete 107 units under construction	\$230,510,721	\$0
¹ All information updated as of September 30, 2020. ² Based upon DCAD and CCAD assessed value of completed homes and estimate for those under construction.						

Value and Increment Revenue Summary

The base value of the zone 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 District’s assessed 2020 taxable value was \$247,916,651 and varies for other taxing jurisdictions due to exemption levels. This represents an increase of \$198,142,209 or 398% over the base year (2017) value. The TIF District anticipates collecting approximately \$1,384,360 in City incremental tax revenue in 2021 for tax year 2020.

Objectives, Programs, and Success Indicators

The final University TIF District Project Plan and Reinvestment Zone Financing Plan is not yet adopted. The following development goals and objectives for the TIF District were included in the draft final 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 District.

Taxable value in the District has increased \$198,142,209 over the base year (representing 29% of the goal).

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

To-date, 497 residential units have been completed and another 107 units are under construction (representing 76% of the goal).

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

Conceptual plans for development in the University Hills Sub-District have been under review for potential phasing of development to coincide with necessary infrastructure improvements.



A conceptual rendering of an amenity center as part of future University Hills development.

- 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 fund revenues over the 30-year life of the District.

Total collection of TIF fund revenues (including estimated collection for this year) = \$2,275,978 (1.7% of goal).



University Center Sub-District development

Year-End Summary of Meetings and Council Items

The University TIF District Board of Directors had one meeting (one special called meeting) during FY 2019-2020. 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 2019-2020, the Board members were (FY 2019-2020 Board meetings attended):

- Position 1: Ronald Corcoran - City representative (1 of 1 meeting)
- Position 2: Trevor Knollinger - City representative (1 of 1 meeting)
- Position 3: Christopher Zielke - City representative (1 of 1 meeting)
- Position 4: Karla Beth Saucedo - City representative (1 of 1 meeting)
- Position 5: Adam Brenner - City representative (1 of 1 meeting)
- Position 6: Erick Furlan Fanini - City representative (*appointed after the end of FY 2019-2020*)

During FY 2019-2020, the City Council acted on one item associated with the University TIF District:

- On February 26, 2020, the City Council approved Resolution Number 20-0350 accepting the FY 2018-2019 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Twenty-One, (University TIF District) 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.

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 final Project Plan and Reinvestment Zone Financing Plan. The University TIF District was established in December 2017 and began collecting City increment for tax year 2018. To date, only administrative costs have been allocated to-date. A final Project Plan and Reinvestment Zone Financing Plan was in draft form at the end of the fiscal year with approval anticipated in late 2020. The draft Plan estimates for TIF public improvement expenditures a total of \$133 million (\$55.9 million net present value) as shown below:

University TIF District			
Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated	Balance
University Center Sub-District:			
Landscape, Trails, Open Space	\$4,430,280	\$0	\$4,430,280
University Hills Sub-District:			
Public infrastructure improvements			
Public open space/parks			
Economic Development Grants	\$114,387,889	\$0	\$114,387,889
Affordable Housing	\$8,394,728	\$0	\$8,394,728
Administration and implementation ²	\$5,948,799	\$101,719	\$5,847,080
Total Project Costs	\$133,161,696	\$101,719	\$133,059,977
<small>¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.²TIF administration costs shown are expended through FY 2019-2020.</small>			

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 Preliminary Project Plan and Reinvestment Zone Financing Plan.</i>	

FY 2020 - 2021 Work Program

The FY 2020 - 2021 work program for the University TIF District includes:

- Adoption of the final Project Plan and Reinvestment Zone Financing Plan.
- Consideration/adoption of several policies for the TIF District, including Grant Program Guidelines, Mixed-Income Housing Guidelines, Urban Design Guidelines, and an Increment Allocation Policy.
- 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 Centurion American Development Group for one or more phases of a University Hills TIF incentive application.
- 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, 2020 (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:

\$4,771 Interest Income	
\$748,964 Ad Valorem Taxes (Collected in FY 2019-2020 based on 2019 Final Tax Roll)	
\$753,735 Total Revenue	

2. Amount and purpose of expenditures from the fund:

\$79,115 Administrative Expense - FY 2018-2019 (\$31,062) & FY 2019-2020 (\$48,053)	
\$0 Non-Capital Outlay	
\$0 Capital outlay	
\$0 Additional Subsidy in Form of Grant (in lieu of interest expense)	
\$79,115 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 2020*	Base Year 2017 Value	Est. Captured Value 2020
City of Dallas - University Center Sub-District	\$242,079,401	\$44,523,105	\$197,556,296
City of Dallas - University Hills Sub-District	\$5,837,250	\$5,251,337	\$585,913

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 final TIF Plan and County Court Order.

*Based on Certified Taxable Value. The final values will be determined on February 01, 2021.

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 2020 Increment**
City of Dallas - University Center Sub District	0.69867	\$1,380,267
City of Dallas - University Hills Sub District	0.69867	\$4,094
Total for all Jurisdictions	<u>\$1.39734</u>	<u>\$1,384,360</u>

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 2020 tax year is \$1,384,360. For the 2019 tax year, the Zone received \$748,964 in tax increment revenues.

City of Dallas, Texas
University Tax Increment Financing District Fund
Balance Sheet as of September 30, 2020 (Unaudited)
With Comparative Totals for September 30, 2019, 2018, and 2017 (Audited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets:				
Pooled cash and cash equivalents	\$874,203	\$143,331	\$0	\$0
Interest receivable	\$691	\$155	\$0	\$0
Total assets	<u>\$874,894</u>	<u>\$143,487</u>	<u>\$0</u>	<u>\$0</u>
Liabilities and Fund Balance (Deficit):				
Liabilities:				
Accounts and contracts payable	\$0	\$0	\$0	\$0
Due to other funds	\$79,391	\$22,604	\$0	\$0
Total liabilities	<u>\$79,391</u>	<u>\$22,604</u>	<u>\$0</u>	<u>\$0</u>
Fund Balance (Deficit):				
Fund Balance (Deficit)	\$795,503	\$120,883	\$0	\$0
Total Liabilities and Fund Equity	<u>\$874,894</u>	<u>\$143,487</u>	<u>\$0</u>	<u>\$0</u>

University Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
As of September 30, 2020 (Unaudited)
With Comparative Totals for September 30, 2019, 2018, and 2017 (Audited)

	<u>ITD</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenues:					
Tax increment-Governmental	\$891,618	\$748,964	\$142,654	\$0	\$0
Tax increment-Intergovernmental	\$0	\$0	\$0	\$0	\$0
Interest income	\$3,943	\$3,226	\$717	\$0	\$0
Net increase (decrease) in fair value of investments	\$1,661	\$1,545	\$116	\$0	\$0
Total revenues	<u>\$897,222</u>	<u>\$753,735</u>	<u>\$143,487</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:					
Administrative expenses	\$101,719	\$79,115	\$22,604	\$0	\$0
Non-Capital Outlay	\$0	\$0	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0
Total expenditures	<u>\$101,719</u>	<u>\$79,115</u>	<u>\$22,604</u>	<u>\$0</u>	<u>\$0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$795,503</u>	<u>\$674,620</u>	<u>\$120,883</u>	<u>\$0</u>	<u>\$0</u>
Fund balance (Deficit) at beginning of year					
as previously reported	\$0	\$120,883	\$0	\$0	\$0
Fund balance (Deficit) at beginning of year,					
as restated	<u>\$0</u>	<u>\$120,883</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Fund balance (deficit) at end of year					
	<u>\$795,503</u>	<u>\$795,503</u>	<u>\$120,883</u>	<u>\$0</u>	<u>\$0</u>

Note: Fiscal Year 2019-2020 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, 2020

1. The measurement focus used for the TIF 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 TIF'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 Financial Plan permits expenditures not to exceed \$5,948,799 over the life of the TIF 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. All project costs resulting in capital improvements that are owned by the City are capitalized by the City.
6. "Due to general fund" amount of \$79,391 at September 30, 2020 represents the TIF administration costs for the fiscal year 2017-2018 (\$276) and 2018-2019 (\$31,062) and 2019-2020 (\$48,053) that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds.