



Legislation Text

File #: 22-2752, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: December 14, 2022
COUNCIL DISTRICT(S): 2, 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

An ordinance amending the Project Plan and Reinvestment Zone Financing Plan (“Plan”) for Tax Increment Reinvestment Zone Number Five, the City Center Tax Increment Financing (“TIF”) District (the “TIF District” or the “Zone”) to: **(1)** acknowledge scheduled termination of the City Center Sub-district on December 31, 2022; **(2)** shift the estimated expenditures among budget categories and further define budget category allowances; and **(3)** make corresponding modifications to the Plan to reflect these amendments and findings - Financing: No cost consideration to the City

BACKGROUND

In accordance with Chapter 311 of the Texas Tax Code (“TIF Act”), the TIF District Board of Directors (“TIF Board”) of the zone at any time may adopt an amendment to the project plan and reinvestment zone financing plan consistent with the requirements and limitations of the TIF Act. An amendment takes effect on approval by the governing body of the municipality.

In 2012, the TIF Board and City Council approved amendments to the TIF District Plan to extend the City Center Sub-district of the City Center TIF District to December 31, 2022, create the Lamar Corridor/West End Sub-district, increase the City Center TIF District budget to \$151,968,546, and provide four “set-aside” budget categories in addition to the development/redevelopment budget line item. Per the 2012 Plan amendment, a portion of each year’s increment was to be set-aside for potential project expenditures in the following categories: (1) Affordable Housing, (2) Ground Floor Retail Activation, (3) Parking and (4) District-Wide Improvements. Since that time, funds have been accruing into each set-aside, and a portion of the funds have been spent/committed (and the parking allocations have been recovered through lease revenue).

Staff now proposes to re-allocate the set-asides to focus on affordable housing and district-wide improvements. The Plan amendment shifts the existing set-aside funds and anticipates the placement of 2022 tax year increment (the last year of City Center Sub-district collection) within the TIF District fund. The Plan amendment also provides greater detail as to how the affordable housing and district-wide initiative set-asides can be allocated in accordance with the TIF Act and the goals

and objectives of the Plan. These details include, but are not limited to, specifying that affordable housing funds may be deployed to projects within the downtown freeway loop that reserve a portion of the project units as affordable and have a verified financial gap. In the district-wide improvement category, the Plan amendment specifies that such funds may be used for mobility-related infrastructure projects and pedestrian linkages/open space connecting and enhancing the greater city center.

The Plan amendment confirms the scheduled termination of the original boundary of the City Center TIF District (known as the City Center Sub-district) which was created in 1996. The anticipated windfall to the City's general fund in Fiscal Year 2024 from the sunset of the City Center Sub-district is projected to be approximately \$6.65 million, beginning with 2023 tax year values (2024 collections).

The TIF District budget remains unchanged as it will continue to be utilized in the Lamar Corridor/West End Sub-district and to support initiatives that benefit the Zone through the existing December 31, 2037 term. The Plan amendment does not alter the previously approved estimated TIF District budget but shifts available and projected TIF District funds among budget categories to better align with existing and updated Plan goals and objectives. The Plan amendment provides more detailed descriptions of the allowable use of funds in the budget categories to ensure funding allocation that benefits the TIF District.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 26, 1996, City Council authorized the establishment of the Zone in accordance with the Tax Increment Financing Act, as amended, V.T.C.A Texas Tax Code, Chapter 311 to promote development and redevelopment in the Zone through the use of tax increment financing by Ordinance No. 22802, as amended.

On February 12, 1997, City Council approved the Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 23034, as amended.

On November 14, 2012, City Council in accordance with the Tax Increment Financing Act, as amended, V.T.C.A Texas Tax Code, (Chapter 311), called a public hearing to be held on December 12, 2012, to hear citizen comments and concerns regarding the proposed City Center TIF District amendments and amended Project Plan and Reinvestment Zone Financing Plan by Resolution No. 12-2780. That public hearing was duly held and closed.

On December 12, 2012, City Council authorized amendments to the City Center TIF District and the Project Plan and Reinvestment Zone Financing Plan for the City Center TIF District to: (1) create two sub-districts within the City Center TIF District: (a) City Center Sub-district (original district boundary) and (b) Lamar Corridor/West End Sub-district; (2) Increase the geographic area of the City Center TIF District to add approximately 27.14 acres to create the Lamar Corridor/West End Sub-district; (3) Extend the current termination date of the City Center TIF District from December 31, 2012, to December 31, 2022, for the City Center Sub-district and establish a termination date for the Lamar Corridor/West End Sub-district of December 31, 2037; (4) decrease the percentage of tax increment contributed by the City of Dallas during the extended term of the TIF District and establish other taxing jurisdictions participation percentages; (5) Increase the City Center TIF District's budget from \$87,567,717 total dollars to \$151,968,546 total dollars, an increase of \$76,272,293; and (6) make

corresponding modifications to the City Center TIF District boundary, budget and Project Plan and Reinvestment Zone Financing Plan by Ordinance No. 28865.

On August 28, 2013, City Council in accordance with the Tax Increment Financing Act, as amended, V.T.C.A Texas Tax Code, (Chapter 311), called a public hearing to be held on September 11, 2013, to hear citizen comments and concerns regarding the proposed City Center TIF District amendments and amended Project Plan and Reinvestment Zone Financing Plan by Resolution No. 13-1434. That public hearing was duly held and closed.

On September 11, 2013, City Council authorized amendments to the City Center TIF District and the Project Plan and Reinvestment Zone Financing Plan for the City Center TIF District to: (1) amend the City Center Sub-district's boundary to remove a portion of the property addressed as 350 North St. Paul Street, approximately 4,950 square feet; (2) amend the City Center Sub-district's boundary to add the property addressed as 600 South Harwood Street, approximately 19,471 square feet; and (3) make corresponding modifications to the City Center TIF District boundary map, and Project Plan and Reinvestment Zone Financing Plan and any other necessary adjustments to implement the Plan amendments by Ordinance No. 29142.

On November 12, 2014, City Council held a public hearing to receive comments on boundary amendments to the City Center TIF District to: (1) remove certain properties from the City Center Sub-district of the Zone, thereby reducing the tax increment base of the City Center Sub-district and increasing city general fund contributions to the Zone over the remaining term; and (2) make such other corresponding adjustments to the ordinances creating the Zone and approving the Project Plan and Reinvestment Zone Financing Plan, Ordinance Nos. 22802 and 23034, approved on June 26, 1996 and February 17, 1997, respectively, necessary to accommodate the boundary amendments by Ordinance No. 29542.

On December 12, 2018, City Council authorized amending the Project Plan and Reinvestment Zone Financing Plan to: (1) allow an amount not to exceed \$424,528 of the Affordable Housing Set-Aside Funds to be used outside of the boundaries of the Zone and the greater downtown area and (2) make corresponding modifications to the Project Plan and Reinvestment Zone Financing Plan by Ordinance 31060.

On June 23, 2021, City Council authorizing an ordinance amending the Project Plan and Reinvestment Zone Financing Plan to approve the TIF Board's finding that Klyde Warren Park is an area of public assembly and that TIF District funds from the District-Wide Improvement budget category may be used for the Phase 2 expansion of Klyde Warren Park ("KWP2") because it is a project benefitting the Zone and because such expansion is necessary or convenient to the creation of the Zone or to the implementation of the Project Plan and Reinvestment Zone Financing Plan by Resolution No. 21-1146,

On September 22, 2022, the TIF Board approved forwarding to City Council an amendment to the Project Plan and Reinvestment Zone Financing Plan to acknowledge the scheduled termination of the City Center Sub-district on December 31, 2022, shift the estimated expenditures among the budget categories, and further define budget category allowances.

Information about this item will be provided to the Economic Development Committee on December 5, 2022.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached