



## Legislation Details (With Text)

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<b>On agenda:</b>	3/27/2024			<b>Final action:</b>	
<b>Title:</b>	Authorize amendments to the City of Dallas Economic Development Incentive Policy: (1) necessary to implement the 2024 Economic Development bond proposition; (2) to reflect recent changes to state law; (3) to make minor program updates and add cost recovery provisions; and (4) to implement general updates and clarifications - Financing: No cost consideration to the City				
<b>Sponsors:</b>					
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Date	Ver.	Action By	Action	Result
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**STRATEGIC PRIORITY:** Economic Development

**AGENDA DATE:** March 27, 2024

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Office of Economic Development

**EXECUTIVE:** Majed Al-Ghafry

### SUBJECT

Authorize amendments to the City of Dallas Economic Development Incentive Policy: **(1)** necessary to implement the 2024 Economic Development bond proposition; **(2)** to reflect recent changes to state law; **(3)** to make minor program updates and add cost recovery provisions; and **(4)** to implement general updates and clarifications - Financing: No cost consideration to the City

### BACKGROUND

On January 25, 2023 the City of Dallas (the "City") approved the City of Dallas Economic Development Incentive Policy ("Incentive Policy") to better align the City's economic development incentive toolbox with the newly-adopted Economic Development Policy goals to incentivize and support development throughout the City with a focus on southern Dallas and other underinvested areas.

Staff recommends several amendments to the Incentive Policy:

#### **1. Amendments Required to Implement the 2024 Bond.** To expend funds for affordable

housing under the 2024 Bond Program's Economic Development Proposition, the City must amend the Incentive Policy to acknowledge that the Dallas Housing Resource Catalog: Programs, Corporations, Compliance & Funding Tools, carried out in accordance with the Dallas Housing Policy 2033 is a "program" under Chapter 380 of the Texas Local Government Code.

**2. Amendments Reflecting State Legislative Updates.** During the 88th regular legislative session, Senate Bill 543 amended Chapter 253 of the Texas Local Government Code to add Section 253.0125. This statute allows the City of Dallas to convey property to a party with which it has entered into a Chapter 380 Agreement, and consideration for the conveyance is to use the property in a manner that primarily promotes a public purpose of the city related to economic development. The new state law requires the agreement to include provisions that provide the city with sufficient control to ensure that the public purpose is accomplished and the city receives a return benefit. These requirements codify the three-part test under common law, which is triggered when public purpose serves as consideration for an agreement. A new section in the Incentive Policy clarifies the different authorities under which the Office of Economic Development (OED) may convey property, and when staff may use which authority. All conveyances of city property, regardless of which legal authority is used, require the approval of the City Council.

**3. Minor Program Amendments and Cost Recovery Provisions.**

- a. A lower job threshold has been added for business development projects in Target Areas in an effort to attract increased investment in these areas.
- b. The maximum amount of a Predevelopment Loan has been increased from \$25,000.00 to \$50,000.00. To date, OED has only received one application under this program. Staff recommends increasing the maximum amount to attract more Minority/Women-owned Business Enterprise and community developers to the program.
- c. Underwriting and outside legal counsel cost recovery has been added for large, individually negotiated agreements. In line with current practice, there will be no cost recovery requirements for as of right tax abatements, community development projects, predevelopment loans, business development projects, or other small projects that do not require external underwriting or outside counsel.

**4. General Cleanup and Clarification.** The amendments include several minor clarifications and cleanups.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On October 12, 2022, the City Council authorized a public hearing to be held no earlier than 9:00 a.m. on December 14, 2022, at which time any interested person may appear and speak for or against the adoption of the Incentive Policy for the period January 1, 2023, through January 1, 2025, by Resolution No. 22-1560.

On January 25, 2023, the City Council a public hearing and, at the close of the public hearing, adopted the Incentive Policy by Resolution No. 23-0220.

Information about this item was provided to the Economic Development Committee on March 4, 2024.

**FISCAL INFORMATION**

No cost consideration to the City.