

Grand Park South TIF District FY 2017-2018 Annual Report



City of Dallas

Office of Economic Development
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October 1, 2017 to September 30, 2018

Reinvestment Zone Number Thirteen Tax Increment Financing District

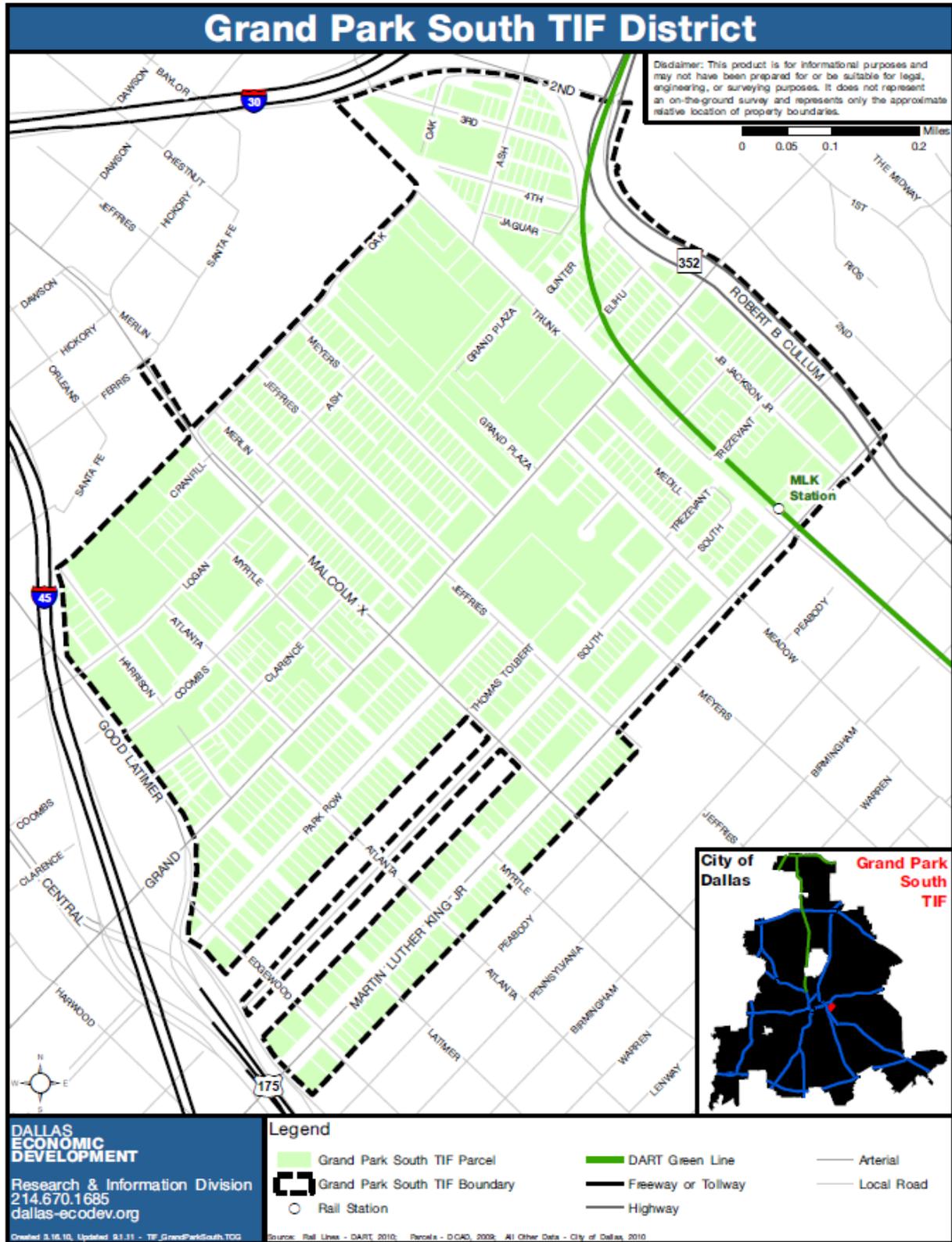


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Mission Statement

The mission of the Grand Park South TIF District is to provide a source of funding for public infrastructure improvements necessary to enhance the real estate market for the Grand Park South TIF District area. The Grand Park South TIF District represents the outgrowth of the City of Dallas' effort to provide a model for redeveloping a former residential area in decline to take full advantage of the expanding DART light rail system, to promote transit oriented development in the historical context of the neighborhood, to implement appropriate urban design standards, and to improve the quality of development south of downtown.

The Dallas City Council established the Grand Park South TIF District by Ordinance Number 26147 on October 26, 2005. The Grand Park South District took effect on January 1, 2006 and is scheduled to terminate on December 31, 2035 (including collection of the 2035 increment in calendar year 2036 and any related matters to be concluded in 2036) or when the budget of \$29.8 million (2006 dollars) has been collected. The City of Dallas and Dallas County are the two participating jurisdictions. The City's participation is 90%, and the County's participation is 65%.

District Accomplishments

The Grand Park South TIF District is composed of neighborhoods to the south of Fair Park including the Al Lipscomb Way, Martin Luther King, Jr. Boulevard, and Malcolm X Boulevard corridors. The district exhibits deteriorated structures, inadequate sidewalks and streets, faulty lot layouts, unsanitary or unsafe conditions, and deteriorated site improvements. These conditions substantially arrest or impair the sound growth of the City and property within the area. The district's strengths include the following:

- Proximity to downtown
- Adjacency to Fair Park
- J.B. Jackson Transit Center which includes DART's Green Line MLK Station
- South Boulevard – Park Row Historic District
- Includes the intersection of Malcolm X and Martin Luther King, Jr. Boulevards, one of only a few such intersections in the country.



Hall Family Apartments - Located at 3221 Elihu Street



Billy Earl Dade Middle School - 2727 Al Lipscomb Way



DART's Green Line MLK Station

Current Development Status in the District Grand Park South TIF District Projects

Grand Park South TIF District – Past, Current and Anticipated Projects¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Units ²	Status	Year Complete	Approx. Investment ³	TIF Investment ⁴
n/a						
<p>¹ All information updated as of September 30, 2018.</p> <p>² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.</p> <p>³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF district for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.</p> <p>⁴ TBD indicates that development agreement has not yet been adopted and TIF investment is yet to be determined.</p>						
Grand Park South TIF District – Past, Current and Anticipated Projects¹						
Projects Within TIF District Not Utilizing TIF Funding						
Project	Location	Units and/or size ²	Status	Year Complete	Approx. Investment ³	TIF Investment ⁴
Fair Park Estates, Phase I	Malcolm X Boulevard and Park Row Avenue	30 Houses	30 units completed as of 2014	2014	\$3,574,640	\$0
Fair Park Estates, Phase II		2 Houses, 4 Townhomes	2 Single Family Homes and 4 townhomes completed in 2017 (4 SF Planned for 2018)	2017	\$41,270	\$0
Phase I – Hall Family Mixed-use Project	3223 Elihu Street	38 apartments	Complete	Phase 1 – Complete, Rest of Project - TBD	\$4,086,880	\$0
O'Reilly Auto Parts	3109 MLK Jr. Boulevard	6,000 sf	Complete	2013	\$920,000	\$0
Billy Earl Dade Middle School	2727 Al Lipscomb Way	213,616 sf	Complete	2013	\$32,182,840 (Non-Taxable)	\$0
Total (TIF and Non TIF)					\$8,622,790	
38 Apartments, 32 residential single family houses, and 4 Townhomes Completed					\$41,270	
4 single family houses					Planned	
213,616 SF Middle School					\$32,182,840 (Non-Taxable)	
<p>¹ All information updated as of September 30, 2018.</p> <p>² Based upon either the TIF application or required minimum stated in the development agreement. May be updated for completed projects based on actual unit mix and square footage.</p>						

³ Based upon 1) market value of comparable projects for anticipated projects, 2) private investment stated in the development agreement for projects that are approved or under construction, or 3) DCAD market value for completed projects (unless project has not yet been assessed). Values may not be fully captured by the TIF district for redevelopment projects once pre-existing value and/or the demolition of structures is netted out.

⁴ TBD indicates that development agreement has not yet been adopted and TIF investment is yet to be determined.

Mixed Income Housing Summary

Successful development efforts support a variety of housing options. Accordingly, twenty percent (20%) of all housing units in projects using direct site-specific TIF funding assistance are subject to the City's and County's established criteria for mixed income housing. In this District, there are no TIF funded residential projects.

A total of 38 apartments, 32 residential single-family houses, and 4 townhomes have been completed overall. Another 4 units are under construction or planned without any TIF subsidy or affordable units anticipated. Additional units with other incentives may be under development in the area.

Value and Increment Revenue Summary

The Grand Park South TIF District's assessed 2018 taxable value was \$67,319,056. Compared to previous years, the value increased as a result of the addition new houses in the Fair Park Estates built by the Southfair Community Development Corporation and apartments built by Urban Mixed Use LLC. This represents an increase of \$22,469,037 (50%) from the 2005 base year value of \$44,850,019 and an increase of \$4,525,845 (7.0%) from the previous year. The current year's value is higher than the previous year's value, resulting in total increment revenue billing in in 2018 of approximately \$157,065.

Objectives, Programs and Success Indicators

The Grand Park South Final Project Plan and Reinvestment Zone Financing Plan was adopted on October 26, 2005 by City Ordinance Number 26773. The plan's defined development goals are provided below:

- Create additional taxable value attributed to new private investment in projects in the Grand Park South TIF District totaling approximately \$579 million.

Property values in the TIF district have begun to increase slowly since its creation. This is the result of the increased values for new offices occupied by the Social Security Administration on 2528 Martin Luther King, Jr and to the Eban Village Apartments at 2710 Jeffries Street as well as new housing completed in Fair Park Estates and new apartments built by Urban Mixed Use LLC. The project by Urban Mixed Use LLC at 3223 Elihu Street added \$3,075,560 to the value of the district.

DISD's acquisition of property for the new Billy Earl Dade Middle School in the district resulted in a loss of taxable value for the district. The school opened during the 2013-2014 school year.

The new O'Reilly's Auto Parts at 3109 Martin Luther King Boulevard was completed in 2016. Two Podners expanded their existing restaurant and added a retail strip to the site for multiple tenants. Golden Chick restaurant at 1230 Robert B. Cullum Boulevard held their grand opening in August 2016.

- Encourage transit-oriented development within the district. This includes the creation of a new town center in proximity to DART's MLK Green Line station while providing access and connections to the station that will allow ridership to exceed over 2,400 per day by 2015.

The Green Line's MLK and Fair Park stations, which have been open since September 2009, is expected to entice transit-oriented development throughout the district.

- Attract new private development in the district totaling approximately 2,400 residential units by 2035, including development of new single-family homes, mid-rise residential, such as town homes, and higher density residential near the MLK Green Line station, while preserving and restoring historic single-family residences.

Upon its completion, the Fair Park Estates project, located at 3221 Elihu Street, will result in 40 residential units. To date, 36 of the project's units have been completed. An additional four units are being added in FY 2018. Urban Mixed Use LLC also completed in 2016 the first phase of a mixed-use project, constructing 36 multifamily residential units (3.00%). The project consists of approximately 6 acres located adjacent to Fair Park, generally bound by Park Row, Trunk Avenue, the DART line, Elihu Street and JB Jackson Boulevard. The envisioned development plan has four phases consisting of 240 apartments (180 - two bed/two bath and 60 - 1 bed/1 bath) and 40,000 square feet of commercial space comprised of 14,500 square feet of retail, 17,500 square feet of restaurants and 8,000 square feet of office space. The focus of all four phases will be the close proximity of building facades to the street to promote pedestrian, sidewalk and storefront interaction. Phase I has been completed with a total of 36 Apartments. Another key feature is enhanced walkways along Al Lipscomb Way, Park Row, Elihu Street, the DART line and Trunk Avenue creating an inviting, pleasant atmosphere for access to the MLK DART Station. Walkway enhancements include new 6'-10' wide sidewalks, lighting, benches, and landscaping. The remaining 3 phases are still planned, with construction to be determined.

- Diversify housing options within the district by providing various types of housing, including town home, multi-family, and single-family projects, at a range of price points including approximately 20% of new units at or below 80% of Area Median Income (AMI), 60% of new units at market rate, and 20% of new units above market rate. Replace existing multi-family housing stock in substandard condition (approximately 500 units) with new residential development at 60% of Area Median Income. Expand homeownership opportunities in the district.

There is an ongoing effort to provide a variety of housing options within the Grand Park South TIF District, especially needed market rate housing.

On January 11, 2012, the City approved 2006 bond funding and the use of CDBG grant funds for Grand Park Place at 3221 Elihu Street to be developed by the Urban Mixed Use LLC. Phase 1 is 36 units, and a building permit was issued August 17, 2012. Phase 1 was completed in 2016.

In Spring 2018, City Council approved a new comprehensive housing policy for the city of Dallas. This policy will impact Grand Park South area by aiming to address housing needs in the area including affordable housing opportunities.

- Grow and diversify retail and commercial uses within the district. Consolidate new retail and other commercial activities to support a new town center in proximity to the MLK Green Line station; create a neighborhood retail center in proximity to the Al Lipscomb Way and Malcolm X Boulevard intersection; enhance retailing opportunities and design through infill development along Martin Luther King, Jr. Boulevard, and, in some cases, convert existing retail and commercial buildings to residential uses. Attract 300,000 square feet of retail space and 150,000 square feet of office or other commercial space in new private development by 2035.

In 2013, O'Reilly Auto Parts opened at 3109 MLK Jr. Boulevard. In 2016, Two Podners expanded their restaurant at 1441 Robert B. Cullum, adding a new retail strip for additional tenants. This reflects the city's goal of retail and commercial activity along Malcolm X Boulevard. The city still aims to increase retail opportunities as the area still suffers from the need for more commercial and retail activity. Also, the City's Complete Streets Initiative has identified Al Lipscomb Way for early implementation of streetscape enhancements such as shared bicycle lanes, enhanced sidewalks and upgraded crosswalks. The Initiative identifies Martin Luther King Jr. Boulevard and Robert B. Cullum Boulevard as mixed-use corridors. South of Martin Luther King, Jr., Robert B. Cullum and Malcolm X Boulevards should transition to residential corridors. The construction of Al Lipscomb Way from Malcom X Boulevard to R.B. Cullum Boulevard which includes paving, drainage, water, streetscape, and pedestrian lighting should be complete by September 2018. The construction of JB Jackson Jr. Blvd from Al Lipscomb Way to Martin Luther King, Jr. Boulevard, which includes

paving, drainage, water, wastewater, streetscape, and pedestrian lighting should be complete by December 2018.

- Expand parks and open space within the district by encouraging the development of both private and public parks and open space, such as pocket parks, plazas, courtyards, and recreation areas, within walking distance (1/4 mile) of new residential development, especially new mid- and high-density residential development.

The construction of Al Lipscomb Way from Malcom X Boulevard to R.B. Cullum Boulevard which includes paving, drainage, water, streetscape, and pedestrian lighting should be complete by April 2019. The construction of JB Jackson Jr. Blvd from Al Lipscomb Way to Martin Luther King, Jr. Boulevard, which includes paving, drainage, water, wastewater, streetscape, and pedestrian lighting should be complete by August 2019.

The 2012 bond program included \$2,449,000 for Complete Streets improvements on Al Lipscomb Way from Robert B. Cullum to Good Latimer Expressway. The project will include enhanced sidewalks and crosswalks, pedestrian lighting, and landscape and irrigation. Engineering design was completed in Winter 2015. Construction is underway and is scheduled to be completed by April 2019.

The 2012 bond program included \$468,900, and the Fair Park Area is contributing \$508,000, for improvements on Martin Luther King, Jr. Boulevard from Robert B. Cullum to S.M. Wright Freeway. The project will include bike route improvements, enhanced sidewalks and crosswalks, pedestrian lighting, landscape and irrigation, and mid-block pedestrian crossings. Engineering design was completed in Winter 2015. Construction was completed Summer 2018.

During FY 2012, the City installed shared lane markings to encourage bicycling on Martin Luther King, Jr. Boulevard from Fair Park to Julius Schepps Freeway. The long term plan is for this shared lane to connect to future bicycle facilities on the Cedar Crest Bridge.

- Generate approximately \$28.1 million (net present value) in increment over 25 years of collection.

The district's assessed property value has increased from its 2005 base year value. It has to date increased 50% from the base year value.

Year-End Summary of Meetings

Effective September 1, 2011, only those taxing units that have approved the payment of all or a portion of the tax increment produced by the unit into the TIF fund for that district may appoint one member to the board. Currently only the City and Dallas County participate financially in the Grand Park South District.

The board now consists of places for seven directors: six to be appointed by the City Council and one appointed by Dallas County.

The Board's last meeting was held on December 6, 2010.

Several new members were appointed through the past year:

- Paul Otubu (appointed September 2017)
- Pierre Moton (appointed February 2018)
- Kenneth Martin, Chair (appointed February 2018)
- Jason Brown (appointed September 2018)
- Cassandra Elder (appointed April 2018)
- Charles English (appointed June 2018)

The Grand Park South TIF District by-laws require five members to be appointed and therefore the board was unable to meet during the fiscal year. As of September 30, 2018, six members have been appointed. This allows the board to meet moving forward.

The Dallas City Council approved one item during the fiscal year related to the district. This item is summarized below:

- On February 28, 2018, A resolution accepting the FY 2017-2018 Annual Report on the status of Tax Increment Financing Reinvestment Zone Number Thirteen, (Grand Park South 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 - Financing: No cost consideration to the City

Budget and Spending Status

The district's budget and spending to date are provided below:

Grand Park South TIF District Project Plan Budget (NPV Values)	
Category	TIF Budget (NPV)
Infrastructure Improvements	\$15,219,872
Environmental Remediation	\$7,192,554
Façade Restoration	\$2,226,746
Parks, Open Space, and Signature Entries	\$2,412,308
Grant or Loan Programs	\$1,670,060
Administration and Implementation	\$1,577,279
Total Project Costs (excluding interest)	\$30,298,818
<i>All values discounted to 2006 dollars at 5% annually. Actual expenditure value will depend on timing of the project costs</i>	

Grand Park South TIF District Project Plan Budget Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated**	Balance
Infrastructure Improvements	\$67,297,259	\$0	\$67,297,259
Environmental Remediation	\$6,681,996	\$0	\$6,681,996
Façade Restoration	\$5,011,498	\$0	\$5,011,498
Parks, Open Space, and Signature Entries	\$9,545,711	\$0	\$9,545,711
Grant or Loan Programs	\$1,431,856	\$0	\$1,431,856
Administration and Implementation	\$5,488,783	\$259,670	\$5,229,113
Total Project Costs (excluding interest)	\$95,457,104	\$259,670	\$95,197,434
<i>** Administrative cost is based on actual hours worked on TIF related activities by City staff and related City overhead.</i>			
<i>**Budget shown above in current dollars, updated yearly; TIF Project Plan shows the budget in net present value. Values above do not include interest payments or receipts</i>			

FY 2019 Work Program

The FY 2019 work program for the Grand Park South TIF District includes:

- Encourage development projects within the district
- Approval of an amendment to the Grand Park South TIF District by-laws regarding changes in the composition of the district's board of directors and design review process
- Approval of the City of Dallas Tax Increment Finance Districts Mixed Income Housing Guidelines
- Approval of the City of Dallas TIF Design Review standards for TIF districts
- Approval of an Increment Allocation Policy to the Grand Park TIF District
- Approval of the FY 2017-2018 Annual report

Appendix A: Financials

City of Dallas, Texas
Grand Park South Tax Increment Financing District
Notes to Financial Statements for the Year Ended September 30, 2018

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 Zone'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 \$4,105,732 over the life of the TIF to reimburse the City for administrative costs. The Zone began reimbursing the General Fund for costs incurred through fiscal year 2008-09. 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.

City of Dallas, Texas
Grand Park South Tax Increment Financing District Fund
Balance Sheet as of September 30, 2018 (Unaudited)
With Comparative Totals for September 30, 2017, 2016, 2015, and 2014 (Audited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets:					
Pooled cash and cash equivalents	\$326,259	\$159,707	\$91,793	\$27,924	\$12,534
Interest receivable	\$800	\$411	\$151	\$42	\$21
Total assets	\$327,059	\$160,118	\$91,944	\$27,966	\$12,555
Liabilities and Fund Balance (Deficit):					
Liabilities:					
Accounts and contracts payable	\$0	\$0	\$0	\$0	\$0
Advances from developers	\$0	\$0	\$0	\$0	\$0
Deferred tax revenue	\$0	\$0	\$0	\$0	\$0
Due to general fund	\$0	\$5,822	\$5,822	\$5,822	\$5,822
Total liabilities	\$0	\$5,822	\$5,822	\$5,822	\$5,822
Fund Balance (Deficit):					
Fund Balance (Deficit)	\$327,059	\$154,296	\$86,122	\$22,143	\$6,732
Total Liabilities and Fund Equity	\$327,059	\$160,118	\$91,944	\$27,966	\$12,555
	(\$0)	(\$0)	(\$0)	(\$0)	\$0

Grand Park South Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
For the Period September 30, 2018 (Unaudited)
With Comparative Totals for September 30, 2017, 2016, 2015, and 2014 (Audited)

	<u>ITD</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Tax increment-Governmental	\$489,499	\$157,925	\$61,123	\$72,966	\$20,586	\$0
Tax increment-Intergovernmental	\$90,931	\$30,612	\$17,120	\$10,871	\$1,984	\$0
Interest income	\$7,865	\$3,350	\$1,409	\$656	(\$22)	\$76
Net increase (decrease) in fair value of invest	(\$1,389)	(\$1,114)	(\$438)	\$91	\$74	(\$24)
Total revenues	\$586,907	\$190,773	\$79,215	\$84,584	\$22,622	\$52
Expenditures:						
Administrative expenses	\$259,670	\$17,832	\$11,041	\$20,605	\$7,211	\$7,227
Non-Capital Outlay	\$178	\$178	\$0	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0	\$0	\$0	\$0
Total expenditures	\$259,848	\$18,010	\$11,041	\$20,605	\$7,211	\$7,227
Excess (Deficiency) of Revenues over Expenditures	\$327,059	\$172,763	\$68,174	\$63,978	\$15,411	(\$7,176)
Fund balance (Deficit) at beginning of year as previously reported						
	\$0	\$154,296	\$86,122	\$22,143	\$6,732	\$13,908
Fund balance (Deficit) at beginning of year, as restated						
	\$0	\$154,296	\$86,122	\$22,143	\$6,732	\$13,908
Fund balance (deficit) at end of year	\$327,059	\$327,059	\$154,296	\$86,122	\$22,143	\$6,732

Note: Fiscal year 2017-18 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
Grand Park South Tax Increment Financing District Fund
Reinvestment Zone Number Thirteen
As of September 30, 2018

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:

\$2,236 Interest Income	
<u>\$188,537</u> Ad Valorem Taxes (Collected in FY'2017-18 based on 2017 Final Tax Roll)	
<u>\$190,773</u>	Total Revenue

2. Amount and purpose of expenditures from the fund:

\$17,832 Administrative Expense	
\$178 Non-Capital Outlay - PNV Design Studio cost reimbursement to General Fund	
\$0 Capital outlay	
<u>\$0</u> Additional Subsidy in Form of Grant (in lieu of interest expense)	
<u>\$18,010</u>	Total Expenditures

3. The Zone began reimbursing the General Fund for administrative costs incurred through fiscal year 2008-09.

4. Amount of Principal and Interest due-on outstanding indebtedness:

Grand Park South TIF District has incurred no bonded indebtedness as of September 30, 2018.

5. Tax increment base and current captured appraised value retained by the zone:

Taxing Jurisdiction	Taxable Value 2018*	Base Year 2005 Value	Est. Captured Value 2018**
City of Dallas	\$67,319,056	\$44,850,019	\$22,469,037
Dallas County	\$67,684,886	\$44,850,019	\$22,834,867

*2018 taxable value shown for participating taxing jurisdictions. County values are approximate and will vary slightly from the City value due to different exemption levels.

**Based on Certified Taxable Value. The final values will be determined on February 01, 2019.

6. 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***	Amount of Estimated 2018 Increment
City of Dallas	0.69903	\$157,065
Dallas County	0.15802	\$36,083
Total for all Jurisdictions	<u>\$0.85705</u>	<u>\$193,148</u>

***Participation rates for City of Dallas and Dallas County are 90% for tax years 2007-2026 and 65% for tax years 2007-2021 respectively.

B. The total amount of estimated tax increment to be billed for the 2018 tax year is \$193,148. For the 2017 tax year, increment in the amount of \$188,537 was received.

Appendix B – Financial Obligations Estimated Payoff

The District currently has no outstanding developer obligations.

Appendix C – District-Wide Set Aside Funds

The District currently has No Increment Allocation Policy. A policy is required to establish District-wide Set Aside Funds.