

UNIVERSITY TIF DISTRICT FY 2017-2018 Annual Report



City of Dallas

Office of Economic Development
1500 Marilla Street, 2CN
Dallas, Texas 75201
(214) 670-1685
www.dallasecdev.org

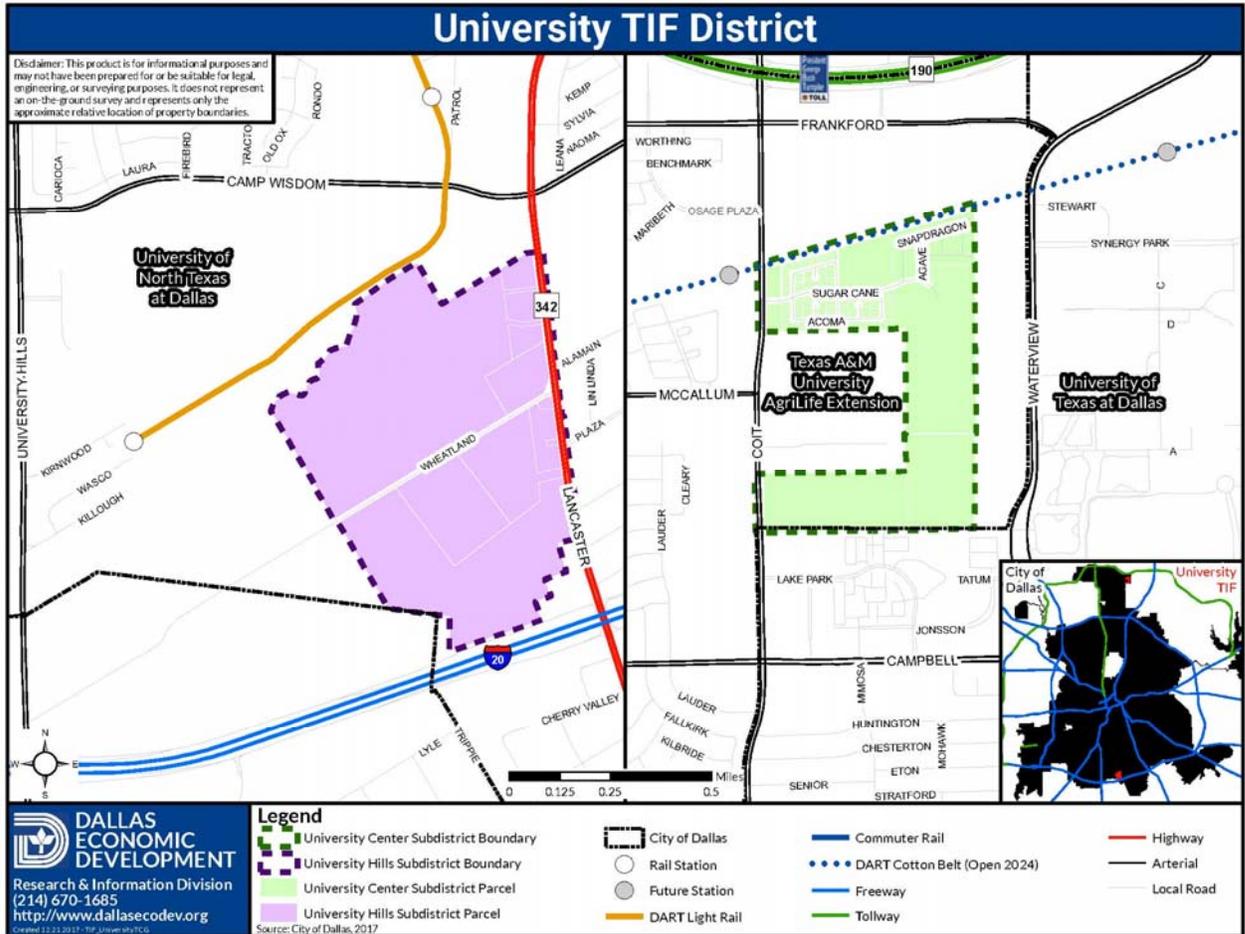
October 1, 2017 to September 30, 2018

Table of Contents

Table of Contents.....	2
District Map	3
Mission Statement.....	4
District Accomplishments	4
Value and Increment Revenue Summary.....	5
Objectives, Programs, and Success Indicators	5
Year-End Summary of Meetings and Council Items.....	7
Budget and Spending Status.....	7
FY 2018 - 2019 Work Program	9
Appendix: Financials	10

Front cover shows a conceptual rendering of an amenity center as part of future University Hills development.

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 potential 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 is some 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 potential 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.

Based on a preliminary plan, the City's participation is 90% from 2018 through 2047. Dallas County's participation is anticipated to be 0% for the first two years and then 65% for 20 years (2020 through 2039) for the University Hills Sub-District only or until the District is terminated. Appointments to a University TIF District Board of Directors and the adoption of a final TIF Project Plan are pending.

Staff has had ongoing 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 begun 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	2017-2018	105 homes complete; 41 under const.	105 homes complete	\$19,003,048	\$0
Total				105 residential units Complete 41 units under construction	\$19,003,048	\$0
¹ All information updated as of September 30, 2018. ² Based upon improvement value of completed homes.						

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 County 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 2018 City taxable value was \$73,676,958 and varies for other taxing jurisdictions due to exemption levels. This represents an increase of \$23,902,516 or 48% over the base year (2017) value. The TIF District anticipates collecting approximately \$167,086 in City incremental tax revenue for tax year 2018.

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 preliminary 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 totaling approximately \$649 million in total dollars over the 30-year life of the Sub-District.
- Goal 2: To attract new private development in the University Center Sub-District totaling approximately 806 new residential units.

- Goal 3: To diversify retail, residential, and commercial uses in the District.
- Goal 4: To create an over 250-acre mixed-use development in the University Hills Sub-District.
- Goal 5: To encourage the development of properties in close proximity to mass transit and institutes of higher education.
- Goal 6: To create a model for exceptional development standards in terms of its complexity, scope, design, environmental sensitivity, and connectivity
- Goal 7: To generate approximately \$75.9 million (NPV) in TIF fund revenues over the 30-year life of the District.

The following specific objectives set the framework for the planned public improvements within the TIF District:

- Provide funding to build a street and circulation network in the District to enhance traffic flow, reduce congestion, provide greater accessibility, and disaggregate the existing super-blocks into a more pedestrian-scaled environment that can develop incrementally.
- Improve existing and construct new infrastructure (on-site and off-site) for the District, including roadways, storm water drainage, water distribution/wastewater collection lines, burial of overhead utilities, and unified wayfinding to support redevelopment.
- Improve the pedestrian environment in the District through sidewalk, landscaping, lighting and other related streetscape features.
- To increase recreational opportunities and connections to trails and open space in the District.
- Encourage creation of new residential, retail, office, and mixed-use developments to complement the District.
- Blend traditional multi-family and single-family neighborhoods with commercial and retail areas. It will be designed with strict architectural guidelines to ensure quality and excellence while emphasizing aesthetics, human comfort and the creation of a sense of place.

Year-End Summary of Meetings and Council Items

On November 8, 2017, the City Council approved Resolution Number 17-1774 authorizing (1) a public hearing to be held on December 13, 2017, to receive comments to consider the designation of a Tax Increment Financing Reinvestment Zone for the University TIF District under the authority of the Tax Increment Financing Act; and, at the close of the hearing (2) consideration of an ordinance designating the University TIF District.

On December 13, 2017, the City Council held a public hearing and approved Ordinance Number 30733 authorizing the establishment of Tax Increment Financing Reinvestment Zone Number Twenty-One (University TIF District).

The City of Dallas and Dallas County are the only taxing jurisdictions anticipated to participate in this TIF District. Participation of Dallas County (potentially only in the University Hills Sub-District) will require the approval of the County Commissioners Court, and final terms of the County's contributions of tax increment will be set forth in an interlocal agreement between the City and the County.

Since the University TIF District Board of Directors was not appointed there were no meetings in fiscal year 2017-2018.

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.

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 did not collect or allocate any revenue in FY 2017 - 2018. While a final Project Plan and Reinvestment Zone Financing Plan has not yet been adopted, preliminary estimates for TIF public improvements total \$164.8 million (\$75.9 million net present value). The preliminary budget for the TIF District is below:

University TIF District			
Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget¹	Allocated	Balance
University Center Sub-District:			
Landscape, Trails, Open Space	\$5,116,979	\$0	\$5,116,979
University Hills Sub-District:			
Public infrastructure improvements	\$141,014,517	\$0	\$141,014,517
Public open space/parks			
Economic Development Grants			
Affordable Housing	\$10,855,975	\$0	\$10,855,975
Administration and implementation ²	\$7,816,302	\$23,466	\$7,792,836
Total Project Costs	\$164,803,773	\$23,466	\$164,780,307
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ² TIF administration costs shown are expended or committed through FY 2018.			

University TIF District Project Plan Budget	
Category	TIF NPV Budget*
University Center Sub-District:	
Landscape, Trails, Open Space	\$2,356,757
University Hills Sub-District:	
Public infrastructure improvements	
Public open space/parks	
Economic Development Grants	\$64,947,882
Affordable Housing	\$5,000,000
Administration and implementation ²	\$3,600,000
Total	\$75,904,639
<i>* Based on Preliminary Project Plan and Reinvestment Zone Financing Plan.</i>	

FY 2018 - 2019 Work Program

The FY 2018 - 2019 work program for the University TIF District includes:

- Consideration of any potential TIF District boundary amendments and adoption of the final Project Plan and Reinvestment Zone Financing Plan.
- Consideration/adoption of several policies for the TIF District, including By-Laws, 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 project proposal.
- Coordination with Dallas County on TIF participation/interlocal agreement.

Appendix: Financials

City of Dallas, Texas
University Tax Increment Financing District Fund
Reinvestment Zone Number Twenty One
As of September 30, 2018 (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:

\$0 Interest Income
<u> \$0 Ad Valorem Taxes (Collected in FY 18 based on 2017 Final Tax Roll)</u>
<u> \$0 Total Revenue</u>

2. Amount and purpose of expenditures from the fund:

\$0 Administrative Expense
\$0 Non-Capital Outlay
\$0 Capital outlay
<u> \$0 Additional Subsidy in Form of Grant (in lieu of interest expense)</u>
<u> \$0 Total Expenditures</u>

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 2018*	Base Year 2017 Value	Est. Captured Value 2018
City of Dallas - University Center Sub-District	\$67,898,728	\$44,523,105	\$23,375,623
City of Dallas - University Hills Sub-District	\$5,778,230	\$5,251,337	\$526,893
Dallas County - University Center Sub-District [^]	\$14,520,720	\$14,520,720	\$0
Dallas County - University Hills Sub-District	\$5,778,230	\$5,251,337	\$526,893

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.

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

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 2018 Increment**
City of Dallas - University Center Sub District	0.69903	\$163,403
City of Dallas - University Hills Sub District	0.69903	\$3,683
Dallas County-University Hills Sub District	0.24310	\$0
Total for all Jurisdictions	\$1.64116	\$167,086

**Dallas County does not participate in the zone till 2020 (for the University Hills Sub-District only).

Participation rates for City of Dallas and Dallas County is as follows:

<u>City of Dallas</u> 90% for tax years 2018-2047	<u>Dallas County- University Hills Sub Dist</u> <u>Assumption</u> 65% for tax years 2020-2039
--	---

B. The total amount of estimated tax increment to be billed for the 2018 tax year is \$167,086. For the 2017 tax year, (base year) the Zone did not receive tax increment revenues.

City of Dallas, Texas
University Tax Increment Financing District Fund
Balance Sheet as of September 30, 2018 (Unaudited)

	<u>2018</u>	<u>2017</u>
Assets:		
Pooled cash and cash equivalents	\$0	\$0
Interest receivable	\$0	\$0
	<hr/>	<hr/>
Total assets	\$0	\$0
	<hr/> <hr/>	<hr/> <hr/>
Liabilities and Fund Balance (Deficit):		
Liabilities:		
Accounts and contracts payable	\$0	\$0
Due to other funds	\$23,466	\$0
	<hr/>	<hr/>
Total liabilities	\$23,466	\$0
	<hr/>	<hr/>
Fund Balance (Deficit):		
Fund Balance (Deficit)	\$0	\$0
	<hr/>	<hr/>
Total Liabilities and Fund Equity	\$23,466	\$0
	<hr/> <hr/>	<hr/> <hr/>

University Tax Increment Financing District Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
As of September 30, 2018 (Unaudited)

	<u>ITD</u>	<u>2018</u>	<u>2017</u>
Revenues:			
Tax increment-Governmental	\$0	\$0	\$0
Tax increment-Intergovernmental	\$0	\$0	\$0
Interest income	\$0	\$0	\$0
Net increase (decrease) in fair value of investments	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Total revenues	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Expenditures:			
Administrative expenses	\$0	\$0	\$0
Non-Capital Outlay	\$0	\$0	\$0
Capital outlay	\$0	\$0	\$0
Interest and fiscal charges	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Total expenditures	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues over Expenditures	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Fund balance (Deficit) at beginning of year as previously reported	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Fund balance (Deficit) at beginning of year, as restated	\$0	\$0	\$0
	<hr/>	<hr/>	<hr/>
Fund balance (deficit) at end of year	\$0	\$0	\$0
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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
University 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 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 \$7,816,302 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 \$23,465.70 at September 30, 2018 represents the TIF administration costs for the fiscal year 2018 that have been earned but will be reimbursed to the General Fund in future years based on the availability of TIF funds.