



City of Dallas

**2024 Community
Bond Task Force
Subcommittee Meeting #2**

**Community Bond Task Force
Economic Development, Housing
& Homeless Solutions
Subcommittee
May 25, 2023**

Robin Bentley, Director
Office of Economic Development

Overview



- What is unique about OED's utilization of bond funds?
- Project evaluation criteria for OED
- Prior bond propositions
- Examples of prior bond-funded projects
- Options for the 2024 proposition
- Next step



What is unique about OED's utilization of bond funds?



Other "Infrastructure" Departments

- ❑ Bond funds are **used by the City only**
- ❑ Specific projects identified in **Needs Inventory well in advance of bond election**
- ❑ Specific project funding award amount is based on **procured price** for the project, and the City pays for 100% of the project cost

Office of Economic Development

- ❑ Bond funds are **used by the City and by private developers/businesses (through agreements)**
- ❑ Specific projects **not identified in advance of bond election**
- ❑ Availability of bond funding allows City to **capitalize on moments of opportunity in the market**
- ❑ **Robust criteria** utilized by OED to evaluate specific projects for possible bond funding (see next slide)

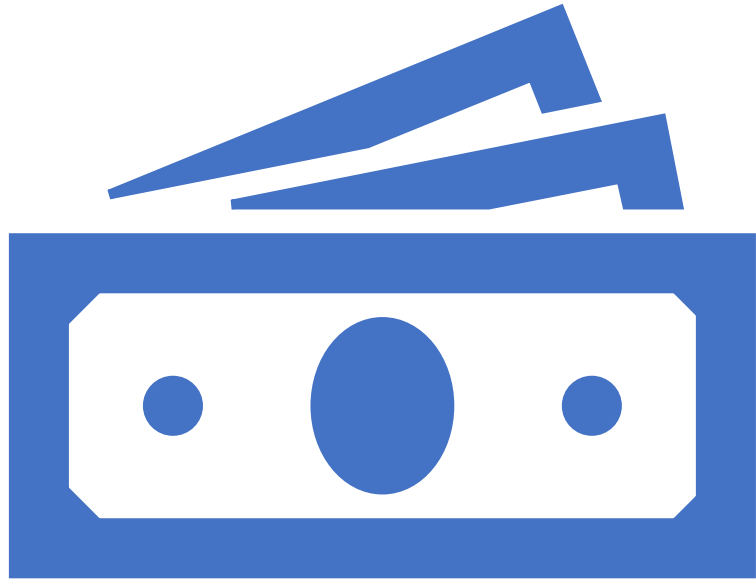


Project Evaluation Criteria for OED



- Alignment with City's **Economic Development Policy 2022-2032**
- Compliance with language in **voter-approved bond proposition**
- Compliance with City's **Economic Development Incentives Policy**
- Eligibility under **Chapter 380 Economic Development Program** or **Chapter 373 Community Development Program**
- Extent to which the project **leverages direct and indirect private (and non-City public) investment**
- Extent to which the project **maximizes public benefits**
- Fiscal Impact Analysis (business and community development projects)**
- Underwriting/gap analysis (real estate development projects)**
- Bond funding to private developer/business must be structured as grant (not loan) per IRS regulations**
- Bond funding must be for capitalized costs only (not for working capital, operating, or maintenance)**





Prior Bond Propositions

2006 Proposition 8: \$41,495,000



- for southern Dallas and transit-oriented development areas
- direct investment in public infrastructure that promotes economic development, or leveraged investment through City's economic development and housing programs (grant agreements with private developers/businesses)
- internal allocations between OED and Housing Dept (\$21,495,000 for OED; \$20,000,000 for Housing Dept)
- most of OED's internal allocation was targeted for light industrial and logistics development in southern sector (IIPOD; Pinnacle Park; Stoneridge; Mountain Creek business parks)



2012 Proposition 3: \$55,000,000



- for southern Dallas and transit-oriented development areas
- direct investment in public infrastructure that promotes economic development, or leveraged investment through City's economic development and housing programs (grant agreements with private developers/businesses)
- internal allocation between OED and Housing Dept (\$35,000,000 for OED; \$20,000,000 for Housing Dept)
- \$5,000,000 of OED's allocation was targeted for UNT-Dallas area
- \$10,000,000 of OED's allocation was targeted for The Canyon area



2017 Bond Proposition I: \$55,400,000



- shared between Office of Economic Development and Housing Dept (but no internal allocation between the two departments)
- “discretionary” allocations across 11 City Council districts and a city-wide allocation for Mayor (see details on next slide)

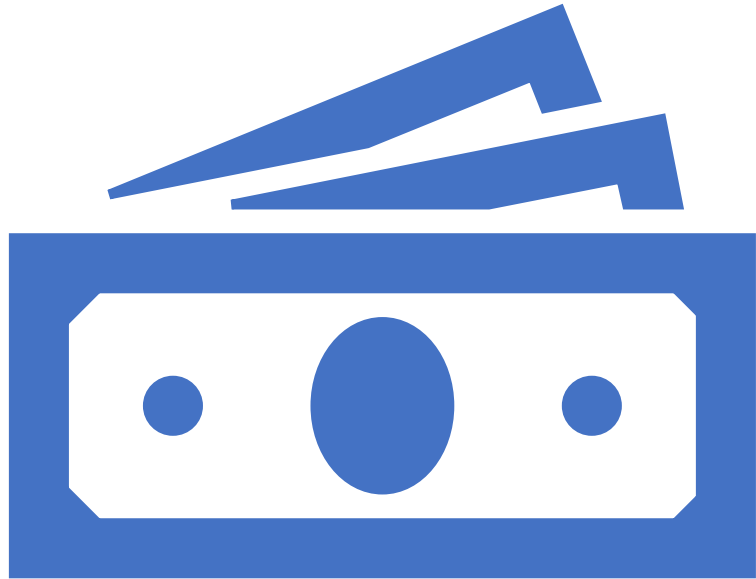


2017 Bond Proposition I



Council District	2017 Prop I Allocation	Uncommitted Balance as of 4/25/23	Percentage Uncommitted as of 4/25/23
1	\$3,000,000	\$1,175,190	39%
2	\$500,000	\$500,000	100%
3	\$5,400,000	\$537,391	10%
4	\$10,000,000	\$8,022,564	80%
5	\$3,000,000	\$1,858,504	62%
6	\$2,000,000	\$1,558,000	78%
7	\$10,000,000	\$1,480,220	15%
8	\$7,000,000	\$1,359,847	19%
9	\$ -	\$ -	0%
10	\$3,000,000	\$3,000,000	100%
11	\$3,000,000	\$ -	0%
12	\$3,000,000	\$ -	0%
13	\$ -	\$ -	0%
14	\$ -	\$ -	0%
Mayor	\$5,500,000	\$ -	0%
TOTAL	\$55,400,000	\$19,491,716	35%





Examples of Prior Bond-Funded Economic Development Projects

International Inland Port of Dallas (IIPOD)



Master-planned intermodal and logistics district providing direct access to three major interstate highways (over 7,500 acres and 5 cities)

- **INVESTMENT:** approx. \$40 million in bond funds (2006; 2012) invested for infrastructure and economic development incentives
- **OUTCOME:** a catalyst for southern Dallas investment, job growth, and expansion of tax base:
 - current estimate in Dallas portion: more than 15 million square feet of building improvements, 6,300+ jobs, \$400+ million taxable value



RedBird Mall Redevelopment



- **INVESTMENT:** approx. \$15 million bond funds (2006; 2012; 2017) as part of \$45 million in total incentives to support redevelopment
- **OUTCOME:** Attracted over \$300 million in high-quality retail, medical, office, lodging, and residential development and 2,000+ jobs for southern Dallas residents, including:
 - Parkland Hospital, UT Southwestern Medical Center; Children's
 - Tom Thumb grocery store
 - Palladium RedBird apartments



Credit: RedBird Dallas



RedBird Mall Redevelopment



Tom Thumb at The Shops at RedBird

- **INVESTMENT:** \$3.5 million in bond funds (2006; 2017) as part of \$5.8 million incentive package to facilitate approx. \$20 million development project
- **OUTCOME:** 50,000 SF full-service grocery store will bring fresh food options to food desert and create over 90 jobs



AT LAST! (405 E. Overton Road)

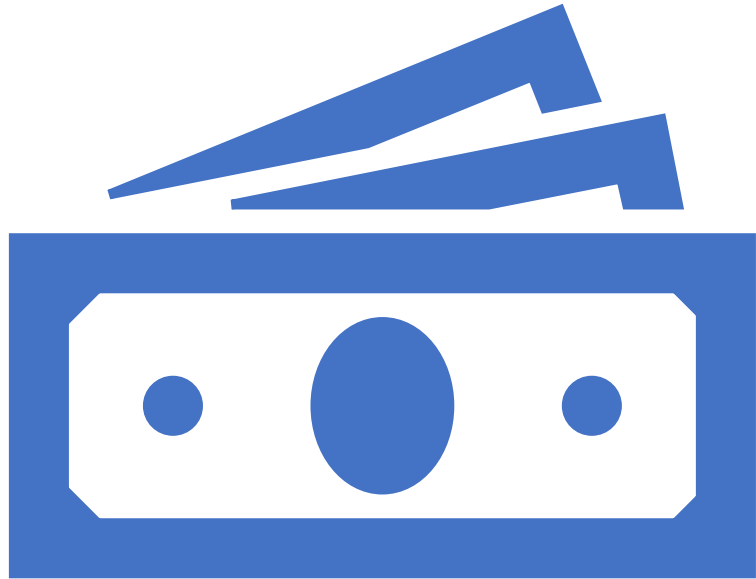


INVESTMENT: \$400,000 in bond funds (2017) as grant incentive to facilitate approx. \$2 million development project



OUTCOME: construction of site improvements and House #1 (5,000 SF) providing free urban boarding experience for elementary school-aged students from the South Oak Cliff area





Options for the 2024 Economic Development Bond Proposition

**\$100 million allocation
proposed by Bond Office
(10% of \$1 billion bonding
capacity)**

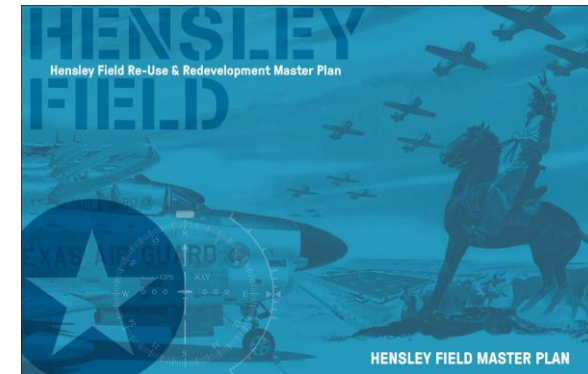


OPTION 1 (Recommended Option): Focus on Catalytic Development Areas

- Relatively large development/redevelopment areas projected to have substantial citywide economic impact. Early City investment prepares the area and creates a "gravitational pull" for private investment
- Based on City-adopted areas plans and other strategic initiatives, these development areas have known sizeable funding needs for public infrastructure, park facilities, and gap financing for private development that will support and promote future economic development and housing

BENEFIT: Investment in implementation of a few large transformative development areas will spur much greater economic outcomes than scattering funds around the city

CONCERN: Bond funding allocation would not be equally distributed across Council districts



OPTION 1 (Recommended Option): Focus on Catalytic Development Areas



Area #1: Hensley Field

Implementation of the Hensley Field Master Plan adopted by City Council in December 2023 will transform 738-acre site of former Dallas Naval Air Station in southwestern part of city into a walkable mixed-use, mixed-income community

- 3.7 million SF of commercial uses
- 6,800 residential units (30% affordable)
- Phase 1 net costs estimated for site preparation and infrastructure: \$46 million

Proposed Allocation: \$40 million



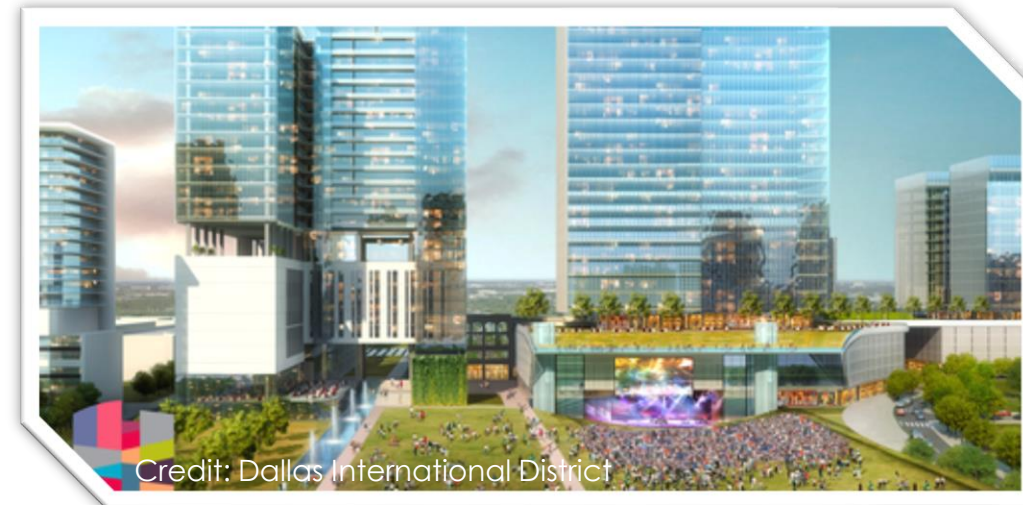
OPTION 1 (Recommended Option): Focus on Catalytic Development Areas



Area #2: International District

- 450-acre mega-site redevelopment opportunity (focus of several City Council strategic plans)
- Valley View-Galleria Area Plan (2013)
- planned mixed-use; mixed-income; high-density; multi-cultural; walkable (downtown in north Dallas)
- to be anchored by 20-acre central park (local and regional destination)
 - 8,000 residential units
 - 4 million SF office
 - 10,000+ jobs
 - 1,000+ hotel rooms
- **central park can catalyze 40:1 return on park investment for City** (source: 2016 study by HR&A Advisors, Verdunity, and Trust for Public Land: "Economic Value and Benchmarking Study of Dallas Park System")

Proposed Allocation: \$20 million





OPTION 1 (Recommended Option): Focus on Catalytic Development Areas

Area #3: UNT Dallas area

- 1,800 undeveloped acres surrounding UNT Dallas campus and DART station
- lacks basic infrastructure and faces an unproven real estate market
- UNT-Dallas Area Plan (2009)
- master-planned; mixed-use; mixed-income
 - 1.5 million SF of commercial
 - 1,500+ apartments
 - hundreds of single-family homes
 - 50 acres of green space including an open space town center
- Previous bond funding allocation has helped (Wheatland Rd; water; wastewater) but much more is needed for infrastructure and incentives

Proposed Allocation: \$20 Million





OPTION 1 (Recommended Option): Focus on Catalytic Development Areas

Area #4: Pleasant Grove

18 acres of undeveloped City-owned property at 220, 230, 240, 318 N. St. Augustine Road

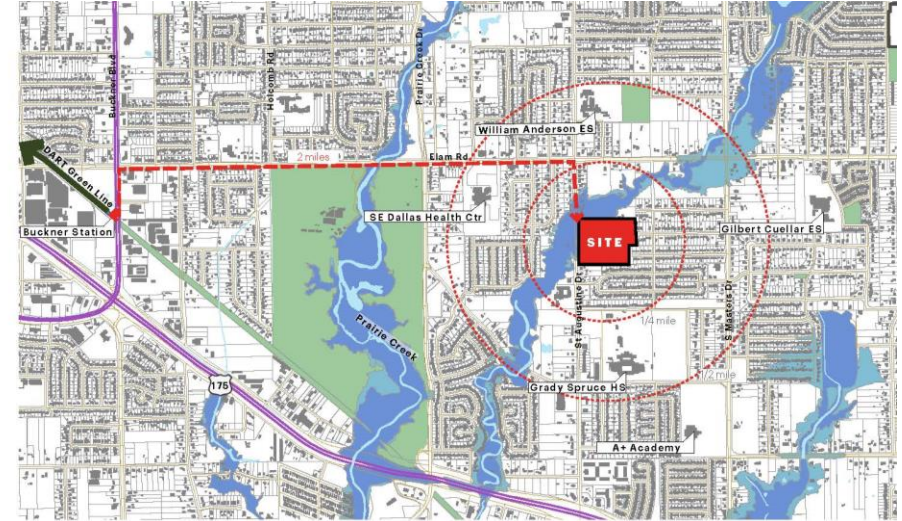
- City leading implementation of Integrated Community Development Project (ICDP) combining healthcare; social services; daycare; arts/culture; education/workforce development; housing; and public green space

18 acres of undeveloped City-owned property at 9500 Bruton Road

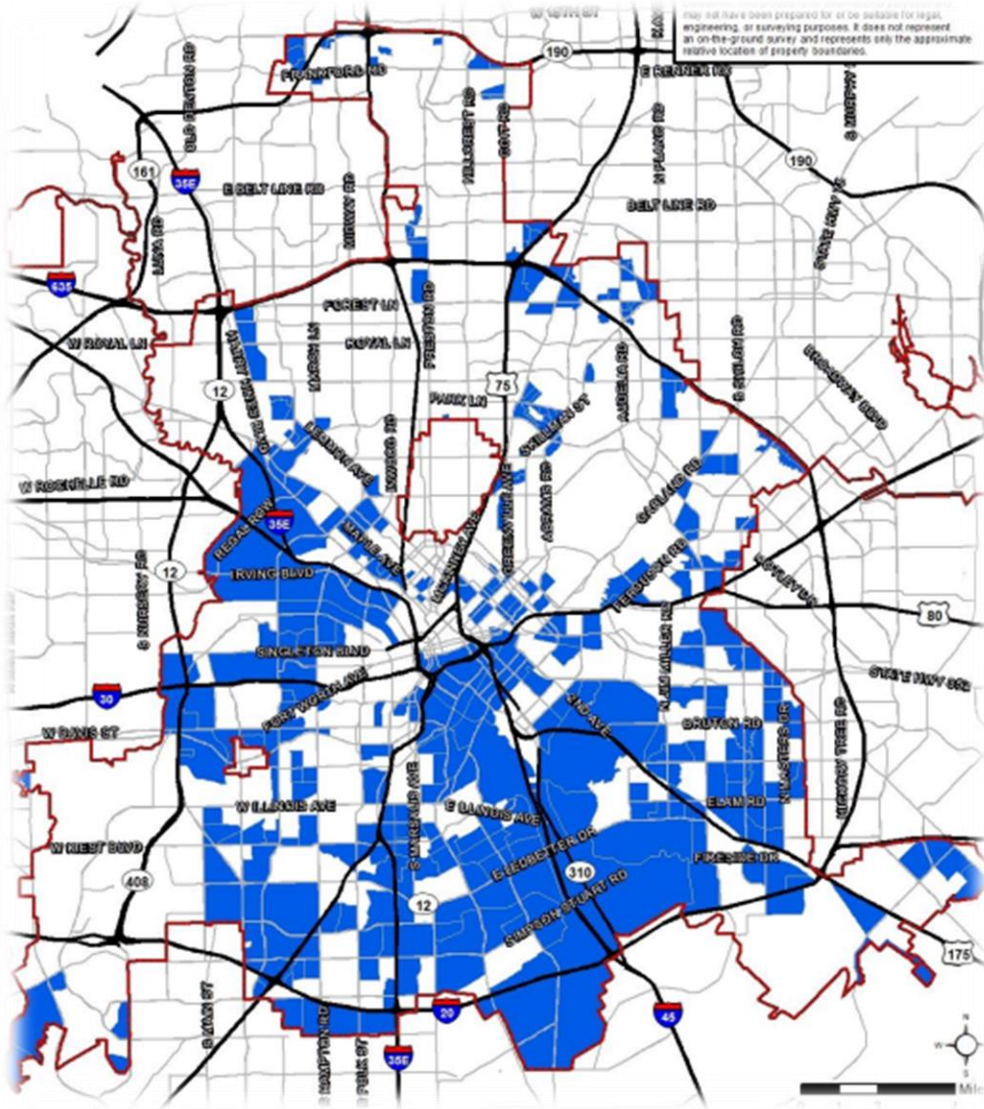
- City leading implementation of new housing development (anticipated to be mostly for-sale housing product types)

Possible other catalytic developments in Pleasant Grove area, including 7525 Scyene (old Tri-City Hospital), Lake June DART Station, and Buckner DART Station

Proposed Allocation: \$20 million



OPTION 2: Target Areas



City's Economic Development Incentive Policy focuses on attracting investment to **Target Areas** (shown in blue) which are census block groups that have a poverty rate of 20% or more

To align with the Policy, the 2024 proposition could direct all funds to these same Target Areas

BENEFIT

- increase investment in southern Dallas and other areas of historic disinvestment
- signal to the market where the City wants to prioritize investment

CONCERN

- bond funding allocation would not be equally distributed across Council districts
- City may not be able to capitalize on moments of opportunity outside of Target Areas





OPTION 3 (Not Recommended): City Council/Mayor Discretionary Funds

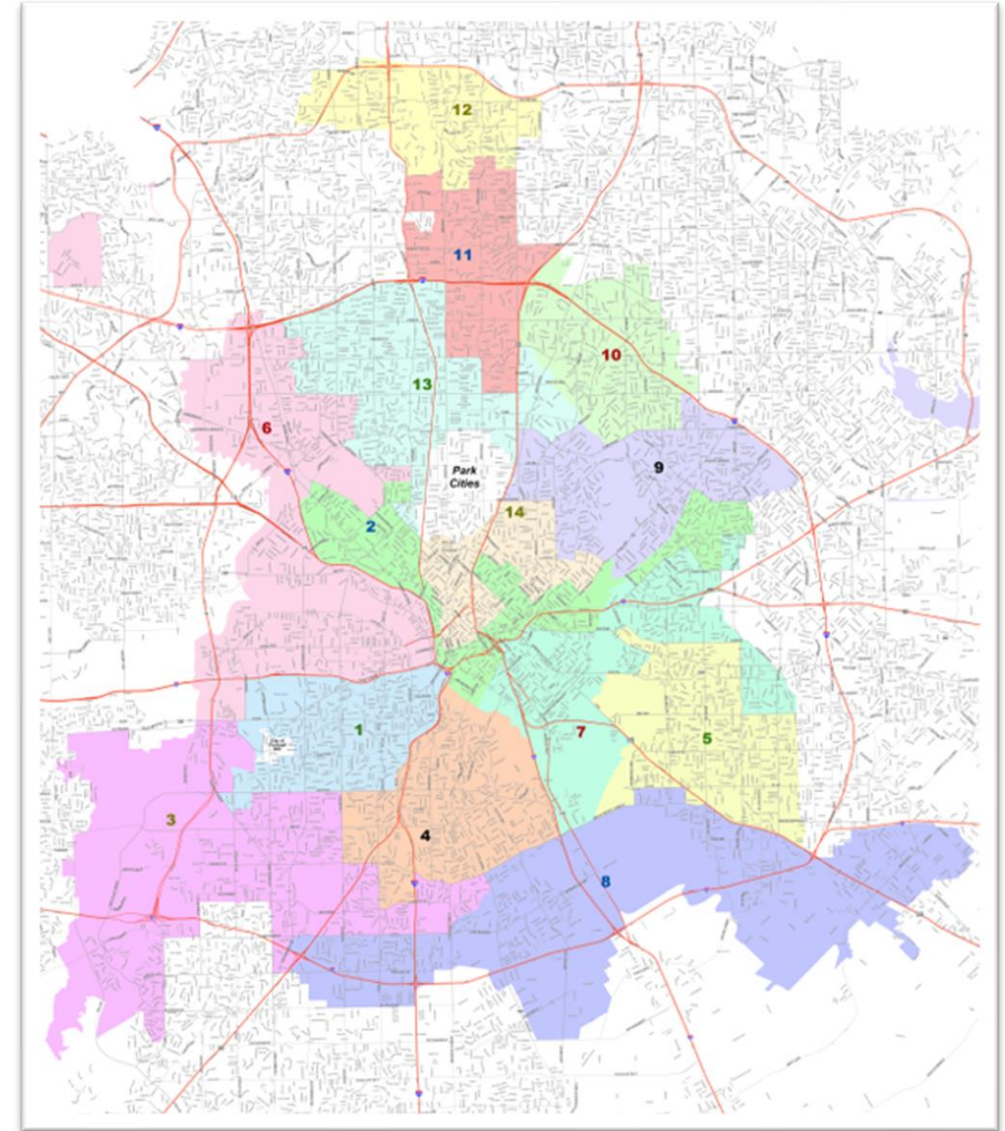
2017 Proposition I was allocated as discretionary funds by Council district (11 Council districts + Mayor)

BENEFITS

- almost all Council districts received an allocation (some substantially more than others)

CONCERNS

- funds are slow to deploy
- political involvement in project selection
- small funding allocation may not be sufficient to deliver a project



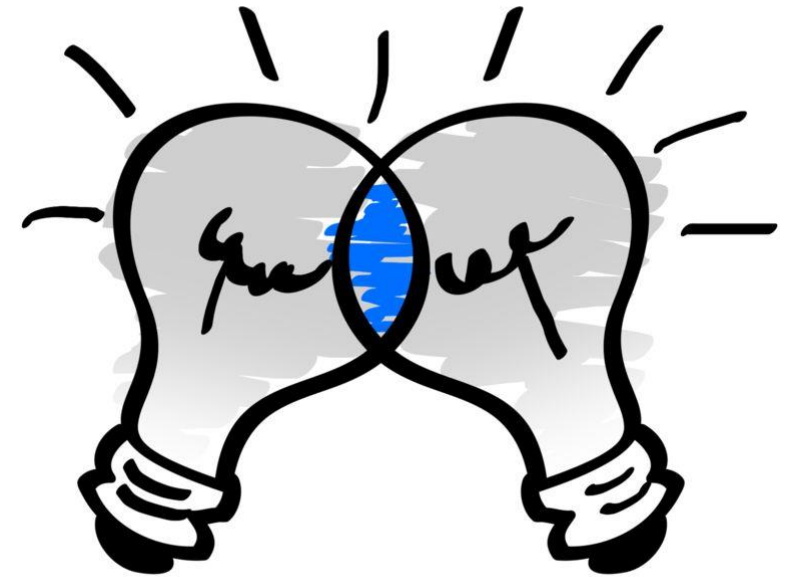
OPTION 4: Combination of Options



Combine allocations for targeted areas or catalytic development areas, plus a discretionary component

If this option is selected, staff would recommend the following allocation:

- Catalytic Projects – 60%
- Target Areas – 20%
- Discretionary Funding – 20%



Next Step



- Economic Development proposition allocation proposed by Bond Office to City Council: **\$100 million**
- Seeking Subcommittee's feedback on allocation approach:
 - Catalytic Development Areas
 - Targeted Areas
 - Council/Mayor discretionary allocations
 - Combination of Options



Economic Development,
Housing, and Homeless
Solutions





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