

Memorandum



CITY OF DALLAS

DATE August 18, 2014

Members of the Economic Development Committee:

TO Tennell Atkins (Chair), Rick Callahan (Vice Chair), Adam Medrano, Scott Griggs, Lee Kleinman, Jerry R. Allen

SUBJECT **Deep Ellum TIF District – Plan Amendment**

On Monday, August 18, 2014, the Economic Development Committee will be briefed on the Deep Ellum TIF District – Plan Amendment to aid redevelopment of historic core area.

Briefing material is attached.

Should you have any questions or concerns, please contact me at (214) 671-9837.

A handwritten signature in blue ink, appearing to read 'Ry - S. Evans'.

Ryan S. Evans
First Assistant City Manager

c: A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager

Joey Zapata, Assistant City Manager
Charles M. Cato, (I) Assistant City Manager
Theresa O'Donnell, (I) Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, (I) Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Deep Ellum TIF District – Plan Amendment

Economic Development Committee
August 18, 2014

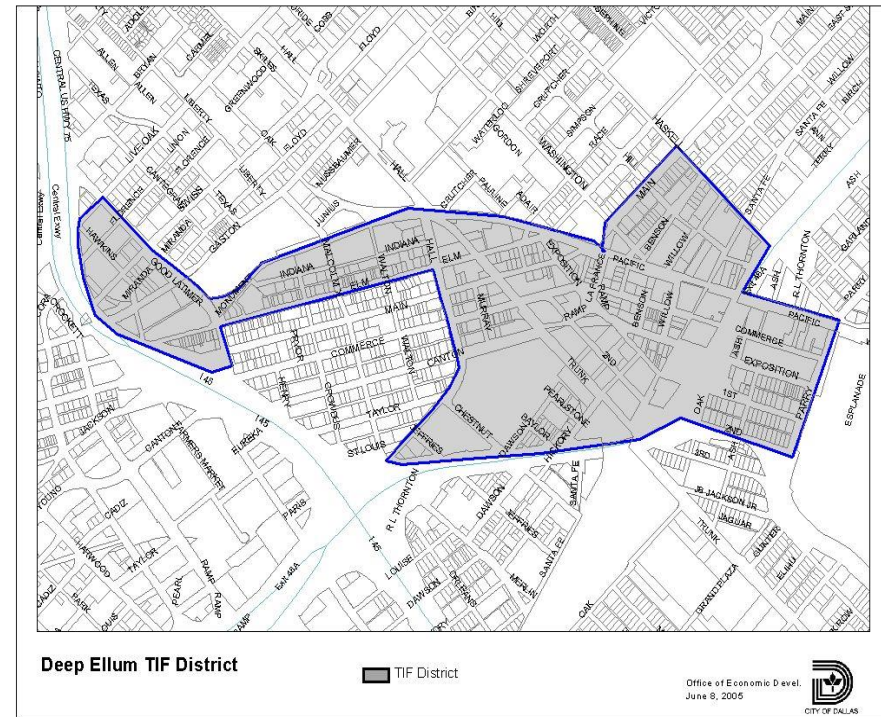


Purpose

- Provide background and update on the Deep Ellum TIF District
- Review Plan Amendment for the District
- Provide overview of upcoming TIF Projects
- Obtain Economic Development Committee's Approval for Consideration by City Council of the following:
 - Call a Public Hearing on August 27, 2014 (required to amend Deep Ellum TIF District Plan)
 - Hold Public Hearing on September 10, 2014; and
 - At close of Public Hearing, approve Proposed Plan Amendment

Deep Ellum TIF District: Background

- Created in 2006 with a budget of \$51,706,392 (\$27,162,083 NPV)
- Initial Term 22 Years (Through 2027)
- Created to assist in redeveloping the area into a more diversified, pedestrian friendly, mixed-use neighborhood and improve the urban fabric and connections between Central Expressway and Fair Park.
- Taxing Jurisdiction Participation Rates and Estimated Contribution (in estimated total dollars)
 - **City** – Participation Rate is 85%
\$46,912,330 – estimated total collections
 - **County** – Participation Rate is 55%
\$4,794,062- estimated total collections



Original Deep Ellum TIF Boundary

Deep Ellum TIF District: Redevelopment Projects to date



Olympia Arts



Reel FX



The Ambrose

CONCEPT	APPROXIMATE LOCATION	ESTIMATED COMPLETION	ESTIMATED SIZE (SF)	ESTIMATED VALUE (\$/SF)	ESTIMATED TOTAL VALUE	BASE VALUE	INCREASED VALUE
Commerce Street Lofts	Commerce/Exposition	2007	18,000	\$109	\$1,960,130	\$325,000	\$1,635,130
Bill Reed Building	First/Canton	2008	50,000	\$70	\$3,500,000	\$700,000	\$2,800,000
The Ambrose (lofts and retail)	Indianan/Malcolm X	2008	240,000	\$135	\$32,350,000	\$1,100,000	\$31,250,000
Olympia Arts	Eastside/Hill	2008	18,000	\$100	\$1,807,570	\$100,000	\$1,707,570
Sandbar (restaurant infill)	317 S 2nd Ave	2013	3,000	\$167	\$975,000	\$503,208	\$471,792
Reel FX	301 N Crowdus	2015	101,720	\$85	\$8,646,200	\$5,358,840	\$3,287,360
City Lights Ph I	Live Oak & Good Latimer	2015	425,000	\$75	\$31,887,000	\$2,533,900	\$29,353,100
Total							\$70,504,952

Deep Ellum TIF District: *Issues*

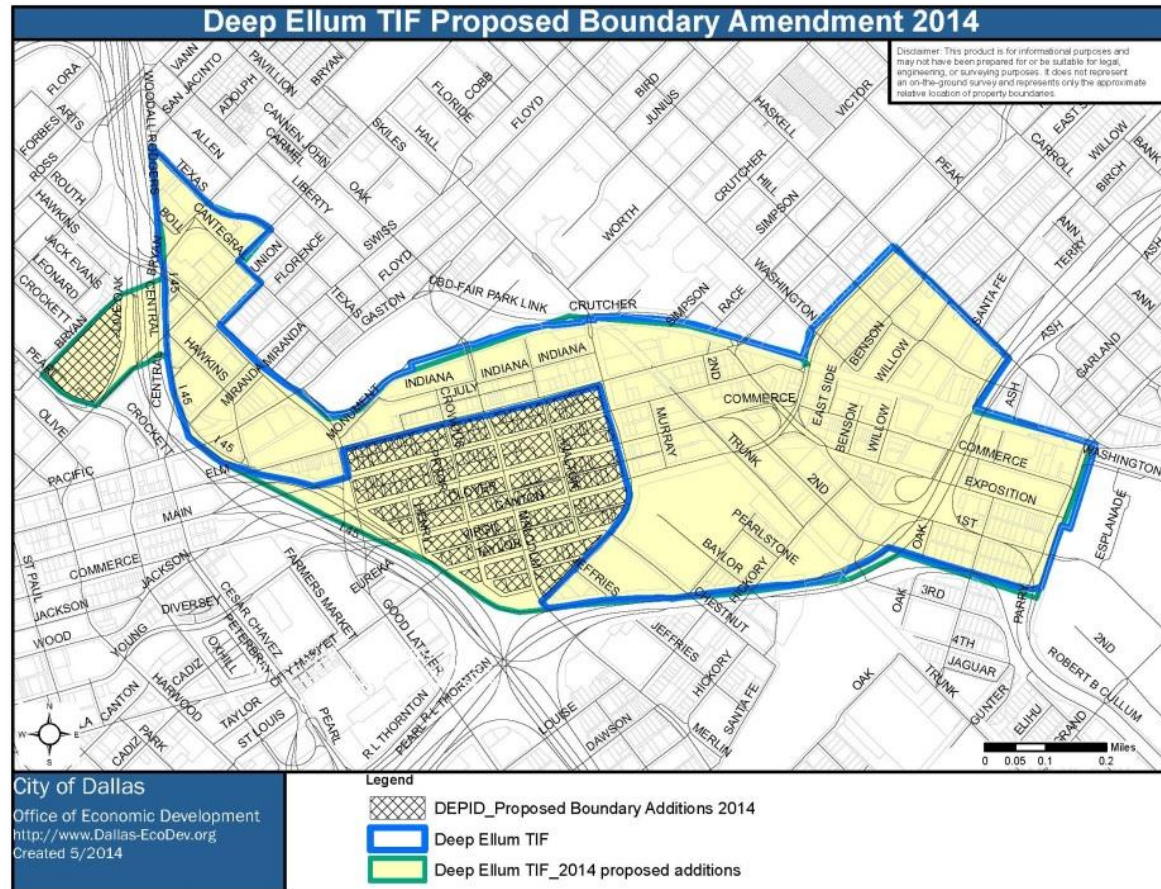
- **Cost of redevelopment** in the Deep Ellum core area is an obstacle
- **Structures with deferred maintenance** - many of the commercial structures in the District were developed prior to World War II; others built more recently lack architecture detail
- Until recently – **lack of consolidated ownership of property**
- **Deteriorated infrastructure** - inadequate sidewalks and streets, aging utility lines and storm water facilities, faulty lot layouts and platting, unsanitary or unsafe conditions, and deteriorated site improvements
- **Long blocks** – inhibit pedestrian access between Elm, Main and Commerce Streets
- **Parking issues** – not convenient for all business locations, variety of private owners, differing rates and rules for each lot
- **High commercial vacancy rates** – (now improving)
- **Lack of catalyst development** and overall redevelopment plan for Deep Ellum core
- **Inadequate connections** to downtown, Farmers Market area, Fair Park and Arts District

Deep Ellum TIF District: Plan Amendment – Summary

Amend Deep Ellum TIF District boundary to include an additional 51.0 acres:

- Core area of Deep Ellum – Main, Commerce and Elm Streets between IH-45 and Hall Street; and
- Old Dallas High School site (Crozier Tech)

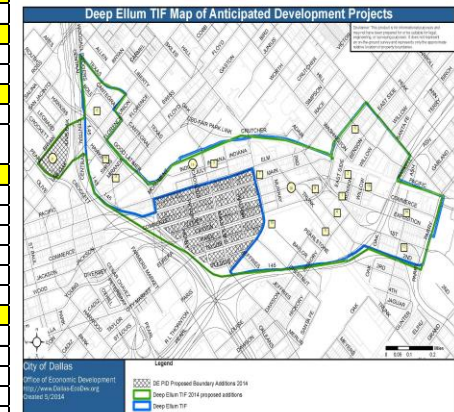
Amend Deep Ellum TIF District Plan to increase project budget by approximately \$6M



Deep Ellum TIF District: Plan Amendment – Revised Redevelopment Projects

The proposed plan amendment is projected to encourage an additional \$50M in private investment in the Deep Ellum core and \$42M on the Old Dallas High School site

CONCEPT	APPROXIMATE LOCATION	ESTIMATED COMPLETION	ESTIMATED SIZE (SF)	ESTIMATED VALUE (\$/SF)	ESTIMATED TOTAL VALUE	BASE VALUE	INCREASED VALUE	SITE #
Deep Ellum - Rohman	Varies	2015	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
Old Dallas High School site	Live Oak & Pearl	2016	350,000	\$120	\$42,000,000	\$1,000,000	\$41,000,000	21
Deep Ellum Core	Varies	2016	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
City Lights Ph II	Live Oak & Good Latimer	2017	332,000	\$89	\$29,548,000	\$2,967,590	\$26,580,410	6
Deep Ellum Core	Varies	2017	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
Continental Gin (school)	3309 Elm (Continental Gin)	2017	60,000	\$80	\$4,800,000	\$500,000	\$4,300,000	7
Lofts, retail	Good Latimer/Swiss/Pacific	2017	420,000	\$90	\$37,800,000	\$2,500,000	\$35,300,000	
Deep Ellum Core	Varies	2018	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
Loft residences	Exposition/Commerce	2018	100,000	\$80	\$8,000,000	\$1,500,000	\$6,500,000	14
Knights of Pythias Building & surrounding site	Knights of Pythias Building Elm @ Good-Latimer	2019	500,000	\$120	\$60,000,000	\$3,000,000	\$57,000,000	11
Deep Ellum Core	Varies	2019	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
City Lights Ph III	Live Oak & Good Latimer	2019	210,000	\$89	\$18,690,000	\$1,878,240	\$16,811,760	6
Mixed-Use	Pacific/Hawkins	2019	200,000	\$89	\$17,800,000	\$2,267,320	\$15,532,680	13
Mixed-use	Unspecified infill	2019	100,000	\$90	\$9,000,000	\$1,500,000	\$7,500,000	13
First Dr. Pepper Building	Second/Hickory/Trunk/Canton	2019	110,000	\$70	\$7,700,000	\$700,000	\$7,000,000	9
Residences	Unspecified infill	2020	100,000	\$80	\$8,000,000	\$1,500,000	\$6,500,000	14
Service Center Site	Varies	2020	125,000	\$120	\$15,000,000	\$0	\$15,000,000	15
Deep Ellum Core	Varies	2020	50,000	\$100	\$5,000,000	\$1,000,000	\$4,000,000	20
Mixed-use	Parry/First	2020	100,000	\$90	\$9,000,000	\$1,500,000	\$7,500,000	13
Benson Willow Townhomes	3917 Willow/3900-3916 Benson	2020	120,000	\$120	\$14,400,000	\$800,000	\$13,600,000	
Lofts	Pacific/Good Latimer	2021	200,000	\$100	\$20,000,000	\$904,520	\$19,095,480	6
Service Center Site	Varies	2021	125,000	\$120	\$15,000,000	\$0	\$15,000,000	15
Small upscale boutique hotel	Elm/Main/Hall/Trunk	2021	130,000	\$120	\$15,600,000	\$2,000,000	\$13,600,000	12
Residences	Eastside/Hill	2021	60,000	\$80	\$4,800,000	\$1,000,000	\$3,800,000	14
Office	unspecified infill	2021	90,000	\$50	\$4,500,000	\$3,863,810	\$636,190	
Service Center Site	Varies	2022	125,000	\$120	\$15,000,000	\$0	\$15,000,000	13
Mixed-use	Unspecified infill	2022	200,000	\$105	\$21,000,000	\$1,500,000	\$19,500,000	
Service Center Site	Varies	2023	450,000	\$120	\$54,000,000	\$0	\$54,000,000	15
Upscale retail and food service	Unspecified infill	2023	100,000	\$100	\$10,000,000	\$1,500,000	\$8,500,000	16
Sum of projects			4,607,000		\$471,638,000	\$38,381,480	\$433,256,520	



Deep Ellum TIF District: Plan Amendment – Increase TIF Budget

- The District’s budget will increase from \$51,706,392 to \$57,641,077
- Chart below shows the original Deep Ellum TIF budget, funds committed to date, recommended changes to the budget by category, and the new recommended budget

Category	TIF Budget	Committed Funds	Estimated Change	Revised TIF Budget
Water, Wastewater, Storm & Off-site Utility Replacement	\$2,375,243	\$138,183	\$22,706	\$2,397,949
Paving, Streetscape & Lighting	\$27,617,732	\$616,634	\$264,014	\$27,881,747
Open Spaces & Trails	\$2,685,057	\$42,884	\$25,668	\$2,710,725
Façade Restoration/Environmental Remediation/Demolition	\$4,730,815	\$307,288	\$5,890,541	\$10,621,356
Environmental Remediation & Demolition	\$401,089	\$0	-\$401,089	\$0
Latino Cultural Center Improvements	\$9,518,120	\$0	\$90,989	\$9,609,109
Administration and implementation	\$4,378,335	\$208,715	\$41,855	\$4,420,190
Total Project Costs	\$51,706,392	\$1,313,704	\$5,934,685	\$57,641,077

Deep Ellum TIF District:

Plan Amendment – Total Impact of Plan Amendment

- **Cumulative increased property value is expected to reach approximately \$883 million** during the 22-year term of the TIF District (See Appendix A)
 - Includes approximately \$545 million in increased taxable value attributable to new private investment; and
 - \$338 million in increased taxable value due to property appreciation.
- Projections assume City participation at 85% of the new property taxes created in the TIF District through 2017 and Dallas County at a 55% participation rate
- **DISD, DCCCD and DCHD** are not anticipated to participate in the extended term of the District

Deep Ellum TIF District:

Proposed Plan Amendment - Rationale

- To provide approximately \$6M in additional funding to help reduce the cost of redevelopment in the Deep Ellum core area
 - Enables property owners to address physical needs of older/outdated buildings in the area
 - Addresses deteriorated infrastructure - inadequate sidewalks and streets, aging utility lines and storm water facilities, faulty lot layouts and platting, unsanitary or unsafe conditions, and deteriorated site improvements
 - Provides mid-block connections between Elm, Main and Commerce Streets
- To create potential funding source to help encourage redevelopment of Old Dallas High School site
- To address parking issues, potentially in combination with future bond funding
- To help address inadequate connections to downtown, Farmers Market and Fair Park areas through redevelopment of Deep Ellum core area
- To improve marketability of commercial properties through improved infrastructure and consolidated property ownership
- To attract catalyst development in the Deep Ellum core area

Plan Amendment

Benefits – Potential Catalyst Project

Deep Ellum Crossroads –

- **Owner assembled 22 sites in Deep Ellum core** – Properties located on both the north and south sides of the 2600 and 2700 blocks of Main Street, as 2646 Elm, 2653 Commerce, and the parking lots at 2703, 2705, and 2711 Commerce
- **Buildings have varied redevelopment needs**
 - Historic red--brick buildings constructed between the 1920s and 1940s set tone for district and require sensitive renovations
 - Concrete masonry block buildings built between the 1960s and 1970s may require major renovation
 - Several are currently vacant, and are in need of repair and restoration
- **Owner developed comprehensive redevelopment plan for area, subject to City financial help**
 - New tenancing plan
 - More mid-block cut-through spaces
 - Plaza-like, multi-use north/south streets become more pedestrian and retail oriented
 - Added landscaping and lighting
 - Comprehensive parking strategy
- **Estimated private investment - \$15M**



Before and after plans – (above) Mid-block cut-through and (below) streetscape and building improvements



Plan Amendment

Benefits – Potential Catalyst Project (cont.)



Plan Amendment

Benefits – Potential Catalyst Project (cont.)

CONTEXT

42 DEEP ELLUM CONTROLLED PROPERTIES

Buildings

Street Address	Nickname	Building Area
1. 2609 Elm St.	Subway	2,500 SF
2. 2613 Elm St.	Stonedeck	2,500 SF
3. 2801 Elm St.	Hotel	7,882 SF
4. 2614 Elm St.	Rudberg	4,500 SF
5. 2640 Elm St.	Twille	4,000 SF
6. 2646 Elm St.	Click's - Elm	3,600 SF
7. 2649 Main St.	Click's - Main	3,844 SF
8. 2625 Main St.	BrainDead	5,262 SF
9. 2635 Main St.	Man Cave	5,328 SF
10. 2639 Main St.	Lula B's	7,033 SF
11. 2701 Main St.	Golden Eagle	9,722 SF
12. 2803 Main St.	Blind Lemon	9,594 SF
13. 2600 Main St.	Coppertank	13,000 SF
14. 2604 Main St.	Tiggers/Blue Cloud	7,332 SF
15. 2626 Main St.	Ad-Libs	4,500 SF
16. 2642 Main St.	Atwell	5,256 SF
17. 2646 Main St.	Nash/Life of Riley	5,000 SF
18. 2650 Main St.	Taboo Tattoo/Kettle	5,000 SF
19. 2656 Main St.	Corner	5,066 SF
20. 2631 Commerce St.	Diner	5,000 SF
21. 2645 Commerce St.	Comedy House	5,000 SF
22. 2651 Commerce St.	Skylight	5,066 SF
23. 2653 Commerce St.	Henderson Kitchen	3,895 SF
24. 2702 Main St.	Pecan Lodge	5,408 SF
25. 2708 Main St.	Lambeth	5,000 SF
26. 2810 Main St.	Gordon	4,940 SF
27. 2816 Main St.	Dance Lady	5,000 SF

Lots

Street Address	Nickname	Lot Area
A. 2806 Elm St.	Blind Lemon Lot	4,875 SF
B. 2607 Main St.	Baker-Main Lot	17,600 SF
C. 2647 Main St.	Lula B's Lot	5,050 SF
D. 2653 Main St.	Click's Lot	3,000 SF
E. 2611 Commerce St.	Coppertank Lot	5,000 SF
F. 2630 Main St.	Ad-Libs Lot	5,000 SF
G. 2642 Main St.	Atwell Lot	9,350 SF
H. 2625 Commerce St.	Baker-Commerce Lot	10,000 SF
I. 2629 Commerce St.	Free Lot	5,000 SF
J. 2633 Commerce St.	EBS Lot	5,000 SF
K. 2603 Commerce St.	Forberg Lot	10,000 SF
L. 2711 Commerce St.	Lambeth Lot	5,000 SF
M. 2806 Main St.	Gordon Lot	5,000 SF



Deep Ellum TIF District: *Plan Amendment Benefits*

- **Encourages reinvestment in the core buildings and venues that give Deep Ellum and the southeastern section of downtown its identity**
- **Stimulates redevelopment and increased development density on key sites surrounding the core, such as the Union Bankers parcel**
- **Extends private development to the eastern portion of the downtown area**
- **Assists with development or lease of parking facilities within the core area of Deep Ellum to better serve this entertainment/dining venues in the area**

Next Steps

- On August 27, 2014, Call a Public Hearing to be held on September 10, 2014, to consider amendment to Deep Ellum TIF District plan to 1) increase boundaries; 2) increase the budget; and 3) make other related changes
- Hold a Public Hearing on September 10, 2014, to receive citizen comments on proposed amendments to the Deep Ellum TIF District and Project and Reinvestment Zone Financing Plan
- At the close of the Public Hearing, consider approval of the proposed amendments to the Deep Ellum TIF District and Project and Reinvestment Zone Financing Plan

APPENDIX

Appendix A: Proposed Deep Ellum TIF District Increment Chart

		EXHIBIT N Projected TIF Increment Schedule					
Tax Year		Property	Anticipated	TIF	TIF	Total	TOTAL TIF
		Value Total	Captured	Contribution	Contribution	TIF	2006 NPV @
			Value	City of Dallas	Dallas County	Contribution	4%
Base	2005	\$107,990,540					
	Adj Base08	\$113,885,770					
1	2006	\$114,140,302		\$0	\$0	\$0	
2	2007	\$119,293,043	\$11,302,503	\$0	\$0	\$0	
3	2008	\$151,578,174	\$37,692,404	\$269,407	\$59,926	\$329,333	\$292,776
4	2009	\$163,916,711	\$50,030,941	\$322,509	\$70,654	\$393,163	\$628,853
5	2010	\$151,873,281	\$37,987,511	\$257,346	\$68,994	\$326,341	\$897,081
6	2011	\$149,135,375	\$35,249,605	\$239,543	\$65,394	\$304,937	\$1,138,078
7	2012	\$160,159,315	\$46,273,545	\$313,480	\$77,462	\$390,942	\$1,435,161
8	2013	\$169,042,489	\$55,156,719	\$373,659	\$73,747	\$447,406	\$1,762,077
9	2014	\$171,578,126	\$57,692,356	\$390,837	\$77,138	\$467,974	\$2,090,869
10	2015	\$220,446,496	\$106,560,726	\$721,896	\$142,477	\$864,373	\$2,674,809
11	2016	\$274,401,090	\$160,515,320	\$1,087,411	\$214,617	\$1,302,028	\$3,520,581
12	2017	\$393,639,464	\$279,753,694	\$1,895,191	\$374,045	\$2,269,236	\$4,937,939
13	2018	\$418,049,087	\$304,163,317	\$2,060,554	\$406,682	\$2,467,236	\$6,419,697
14	2019	\$589,356,203	\$475,470,433	\$3,221,074	\$635,728	\$3,856,802	\$8,646,904
15	2020	\$690,064,693	\$576,178,923	\$3,903,324	\$770,380	\$4,673,704	\$11,242,046
16	2021	\$709,109,789	\$595,224,019	\$4,032,345	\$795,844	\$4,828,189	\$13,819,856
17	2022	\$795,819,605	\$681,933,835	\$4,619,761	\$911,780	\$5,531,540	\$16,659,601
18	2023	\$939,415,984	\$825,530,214	\$5,592,554	\$256,061	\$5,848,616	\$19,546,642
19	2024	\$953,507,224	\$839,621,454	\$5,688,016	\$0	\$5,688,016	\$22,246,416
20	2025	\$967,809,832	\$853,924,062	\$5,784,909	\$0	\$5,784,909	\$24,886,573
21	2026	\$982,326,980	\$868,441,210	\$5,883,255	\$0	\$5,883,255	\$27,468,343
22	2027	\$997,061,884	\$883,176,114	\$5,983,077	\$0	\$5,983,077	\$29,992,934
23	2028	\$1,012,017,813	\$898,132,043	\$0	\$0	\$27,076,123	\$40,978,430
24	2029	\$1,027,198,080	\$913,312,310	\$0	\$0	\$27,076,123	\$51,541,407
25	2030	\$1,042,606,051	\$928,720,281	\$0	\$0	\$27,076,123	\$61,698,116
26	2031	\$1,058,245,142	\$944,359,372	\$0	\$0	\$27,076,123	\$71,464,182
27	2032	\$1,074,118,819	\$960,233,049	\$0	\$0	\$27,076,123	\$80,854,630
28	2033	\$1,090,230,601	\$976,344,831	\$0	\$0	\$27,076,123	\$89,883,907
29	2034	\$1,106,584,060	\$992,698,290	\$0	\$0	\$27,076,123	\$98,565,904
30	2035	\$1,123,182,821	\$1,009,297,051	\$0	\$0	\$27,076,123	\$106,913,979
TOTAL During TIF				\$52,640,149	\$5,000,928	\$57,641,077	\$29,992,934