

# Memorandum



DATE October 31, 2017

TO The Honorable Members of the Economic Development & Housing Committee:  
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,  
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,  
Omar Narvaez

SUBJECT **Proposed University Hills Briefing**

On Monday, November 6, 2017, you will be briefed on proposed creation of the University TIF District. The briefing materials are attached for your review.

## Summary

Centurion American Development Group (CADG) has submitted a petition requesting the creation of a tax increment finance (TIF) district. The petition was signed by property owners constituting over 50% of the appraised value of the proposed district, in conformance with state law. The proposed University TIF District includes two non-contiguous sub-districts near university facilities in Dallas. The northern University Center sub-district is adjacent to the University of Texas at Dallas and the Texas A&M AgriLife Research and Extension Center. The southern University Hills sub-district is adjacent to the University of North Texas at Dallas. The proposed TIF district would provide for public open space improvements including connections to universities.

## Issue

The value of real estate and business personal property in existing reinvestment zones exceeds the City's Financial Management and Performance Criteria. The FMPC criteria states that no new reinvestment zone can be created if the real estate and abated BPP value in existing districts exceeds 10% of the total real estate and BPP value of the City. The current percentage is 10.25%, and creation of this petitioned TIF would push the percentage to 10.3%.

## Alternatives

Council could deny the petition, could approve the petition with a waiver of the FMPC cap, could approve in conjunction with an amendment to the FMPC cap criteria, or could deny the petition but expand another existing TIF to encompass the petitioned area.

## Fiscal Impact

Over a 30-year term, the preliminary estimated budget of the petitioned TIF totals \$79 million (NPV). TIF subsidies are dependent on developer performance of all contractual obligations and on the availability of future increment.

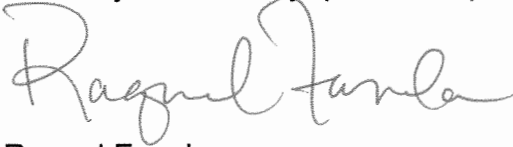
#### Departments/Committee Coordination

Office of Economic Development staff has had ongoing coordination with Dallas Water Utilities and Mobility and Street Services departments as part of infrastructure considerations for the area.

#### Staff Recommendation

With Committee approval, an item will be placed on the City Council agenda for November 8, 2017 to set a public hearing to consider the creation of the TIF district on December 13, 2017.

Should you have any questions, please contact me at (214) 671-5257.



**Raquel Favela**  
Chief of Economic Development & Neighborhood Services

c: The Honorable Mayor and the Members of City Council	Jon Fortune, Assistant City Manager
T.C. Broadnax, City Manager	Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Larry Casto, City Attorney	Joey Zapata, Assistant City Manager
Craig D. Kinton, City Auditor	M. Elizabeth Reich, Chief Financial Officer
Biliera Johnson, City Secretary (Interim)	Nadia Chandler Hardy, Chief of Community Services
Daniel F. Solis, Administrative Judge	Theresa O'Donnell, Chief of Resilience
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager	Directors and Assistant Directors
Majed A. Al-Ghafry, Assistant City Manager	

# Proposed University TIF District

**Economic Development and  
Housing Committee  
November 6, 2017**

**Robin Bentley, Assistant Director  
Office of Economic Development  
City of Dallas**



# Presentation Overview

- Background/History
- Purpose
- University TIF Proposal
- Proposed Action



# Background/History

- Texas Tax Code 311.005(a)(4) permits owners of property constituting at least 50% of the appraised value of the proposed area to submit a petition requesting that the area be designated a reinvestment zone.
- On October 11, 2017, the City received a petition to create a tax increment reinvestment zone. The petition was instigated by Centurion American Development Group. Staff has verified that owners representing 81.9% of the appraised value of the proposed area signed the petition.
- The petitioners proposed creating a non-contiguous TIF district that would link vacant developable land near university facilities in Dallas.

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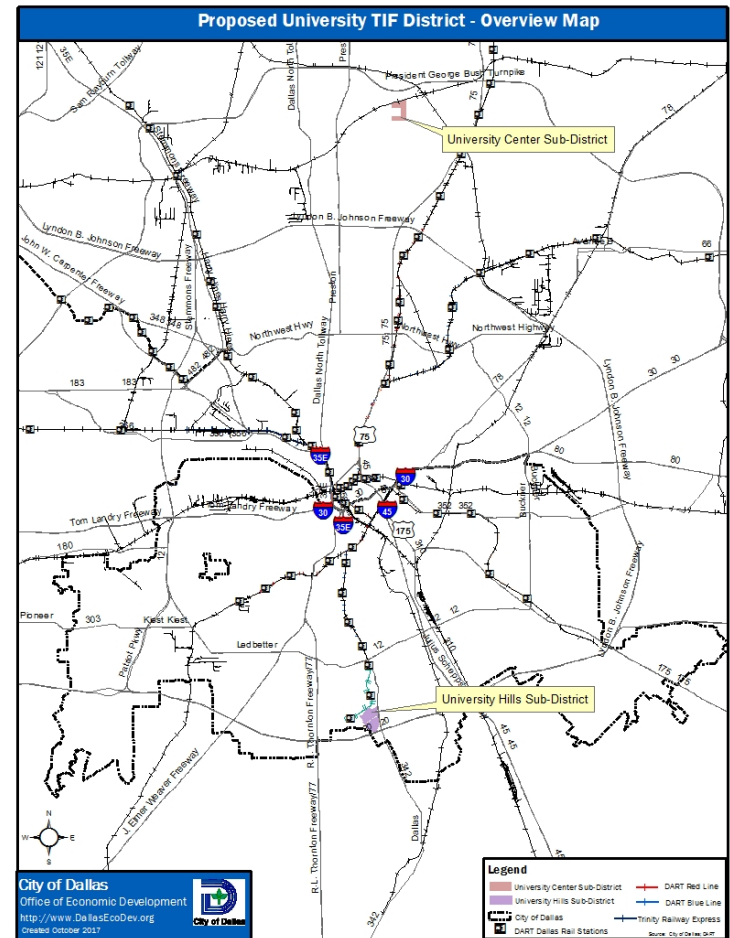
# Purpose

- Review the proposed University TIF District.
- Obtain Economic Development and Housing Committee approval to set a public hearing and consideration of this item by City Council on December 13, 2017.



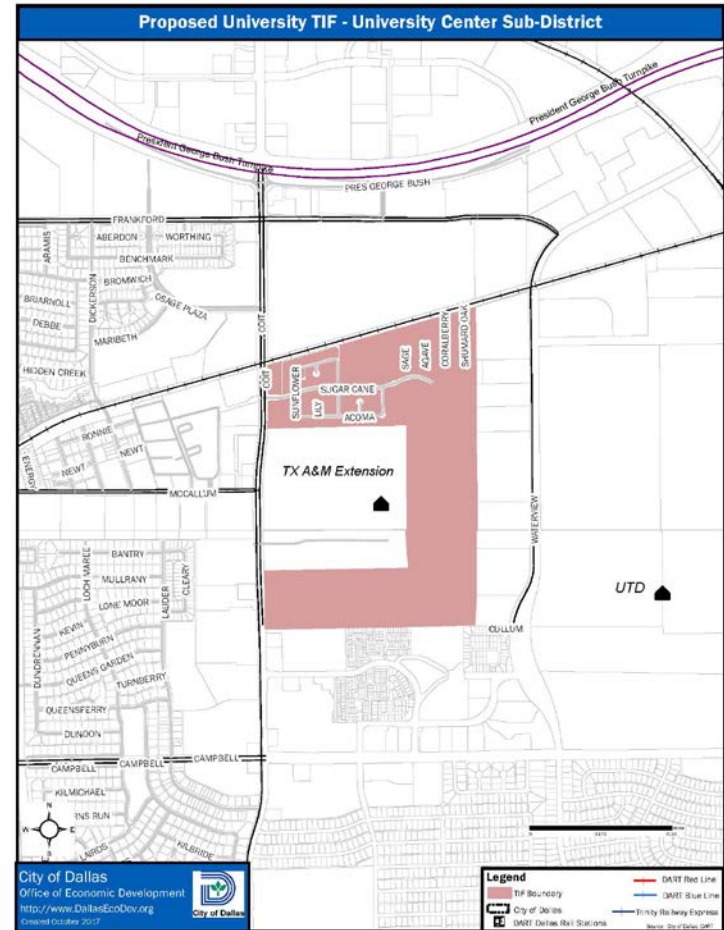
# Proposed University TIF District

- The petitioners proposed two non-contiguous sub-districts adjacent to university facilities:
  - **University Center:** in northern Dallas adjacent to the University of Texas at Dallas and Texas A&M AgriLife Research and Extension Center
  - **University Hills:** in southern Dallas adjacent to the University of North Texas at Dallas.



# University Center Sub-District

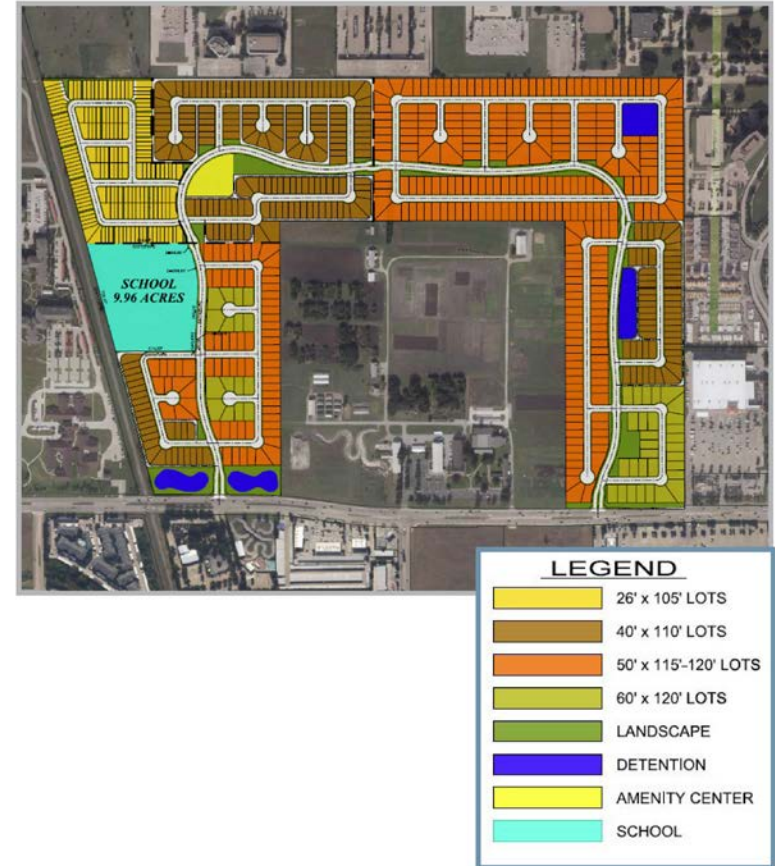
- This sub-district contains approximately 161 acres adjacent to the University of Texas at Dallas and Texas A&M AgriLife Research and Extension Center.
- It is generally located east of Coit Road, west of Waterview Parkway, and south of the DART rail line.
- The site is slated for single family development. Centurion is the majority landowner and has begun selling lots to individual homebuilders.





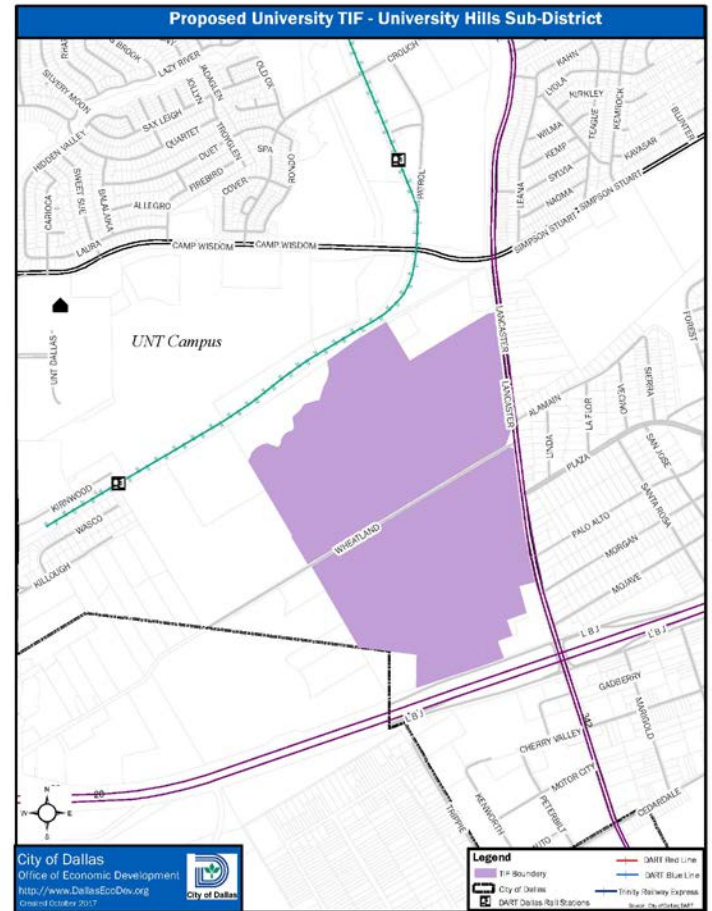
# University Center Sub-District (cont.)

- Planned development includes approximately 806 homes and an amenity center.
- This sub-district is located in Collin County.



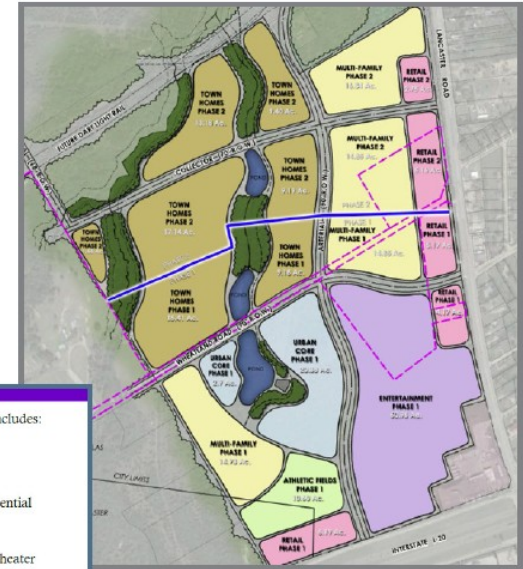
# University Hills Sub-District

- This sub-district contains approximately 303 acres adjacent to the University of North Texas at Dallas.
- The site is proximate to the Camp Wisdom and UNT DART light rail stations.
- It is generally located north of I-20, west of Lancaster Road, and south of the DART rail line.



# University Hills Sub-District (cont.)

- This area is in a strategic southern Dallas location supporting the City's GrowSouth campaign and past planning efforts.
- Planned development includes an entertainment district (hotel, restaurants, retail, chapel, and amphitheater), an indoor sports training facility, townhomes, villas, multi-family residential, and an amenity center.
- This sub-district is located in Dallas County.



- Mixed-Uses**
- Entertainment District which includes:
    - Hotel
    - Village Core Retail
    - Village Core Cluster Residential
    - Restaurants
    - Wedding Chapel & Ampitheater
  - Retail along I-20 and Lancaster Boulevard
  - Professional Quality Indoor Sports Training Facility
  - Townhome Residential
  - Villa Residential
  - Multi-Family Residential
  - Residential Amenity Center with Swimming Pool

# University Hills Sub-District - *Development Concepts*

Townhomes (Alley & Front-loaded)



Villas on 50's (Alley & Front Loaded)



Villas on 40's (Alley & Front Loaded)



Cluster Homes



Row Homes



PROPOSED RESIDENTIAL USES

# University Hills Sub-District - *Development Concepts*

## Amenity Center



AMENITY CENTER WITH SWIMMING POOL



# Preliminary Plan Goals

- **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 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.

# Preliminary Plan Goals

- **Goal 5:** To encourage the development 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 \$75.8 million in TIF fund revenues over the 30-year life of the District.

# Preliminary Financing Plan

- Based on the 2017 certified tax roll, the “base” value of taxable real property in the proposed TIF district is approximately \$49,978,985 (\$44,523,105 in the University Center Sub-District and \$5,455,880 in the University Hills Sub-District).
- Over the 30-year life of the District, additional taxable real property value is projected at \$996.5 million (\$740.4 million in the University Center Sub-District and \$256.1 million in the University Hills Sub-District).



# Preliminary Financing Plan

- The petitioners proposed a 36-year term for the District. Staff is recommending a 30-year term with the following participation rates:
  - City participation is proposed to be 90% from 2018-2047 for both sub-districts.
  - Dallas County participation is anticipated at 0% for 2018-2019 and 65% for 20-years (2020-2039) for the University Hills sub-district only.
  - Collin County participation is being explored for the University Center sub-district and will be reflected in the final TIF plan if an agreement is reached.

# Preliminary TIF Budget

- The estimated Project Plan Improvements include approximately \$75.8 million (NPV) in the TIF-eligible categories listed below:

Sub-District	Preliminary TIF Budget Allocation (NPV 2018 dollars)	Preliminary TIF Budget Allocation Estimated Total Dollars
University Center Sub-District <i>Landscape, Trails, Open Space</i>	\$2,356,757	\$4,873,787
University Hills Sub-District <i>Public infrastructure</i> <i>Public open space/parks</i> <i>Economic Development Grants</i>	\$64,807,623	\$134,022,546
Affordable Housing*	\$5,000,000	\$10,340,029
Administration	\$3,600,000	\$7,444,821
<b>Total</b>	<b>\$75,764,380</b>	<b>\$156,681,184</b>

\*Proposed \$5M affordable housing set-aside from University Center increment. May be used for citywide programs.

# State Law and City FMPC Policy

- **State law:** the total value of taxable real property in existing and proposed reinvestment zones cannot exceed 25% of total value of taxable real property in entire City.
  - With creation of this zone the City will remain at compliance with approximately 11.7% of taxable real property in reinvestment zones.
- **FMPC policy:** the total value of taxable real property in TIF zones plus the total value of taxable real property and business personal property in all Tax Abatement Reinvestment Zones cannot exceed 10% of the total taxable value (all real and business personal property) of entire City.
  - The City is currently at 10.25%. After creation of the University TIF District, the City would be at 10.3%. This proposed TIF zone will require amendment to the FMPC policy or a waiver of this limit.

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# Summary of Benefits to the City

- Provides funding mechanism to stimulate private investment and orderly 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.
- Supports development of the University of North Texas at Dallas area, a key focus of the GrowSouth Initiative.

# Board of Directors

- The board of a petitioned TIF has 9 members:
  - One representative of each participating taxing district other than the City.
  - One designee of the relevant member of the state senate.
  - One designee of the relevant member of the state house of representatives.
  - The City appoints the remaining members, who must be 18 years old and either:
    - An owner of property in the zone, or
    - An employee or agent of a person that owns property in the zone.

# Related Issues

- In the last legislative session, Senate Bill 2244 created a municipal management district (MMD) in the University Hills sub-district.
- Unlike other Dallas MMDs, this was created without prior City consent or input.
- Staff will brief this committee again on December 4 regarding the MMD, and will propose a companion council item to be considered along with the University TIF creation item on December 13. The December 13 council item will seek to conform the University Hills MMD to previously approved MMDs.

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# Next Steps

- On November 8, 2017, City Council to consider a resolution to call a public hearing on December 13, 2017.
- On December 4, 2017, staff to brief this committee on the University Hills MMD.
- On December 13, 2017, City Council to (i) hold a public hearing and consider an ordinance to create the University TIF District, and (ii) consider approval of the University Hills MMD.

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Housing Committee  
November 6, 2017**

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