

Memorandum



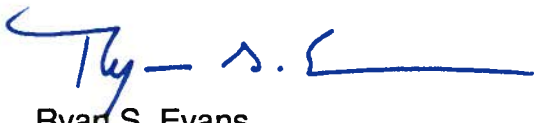
DATE: April 4, 2014

TO: **Members of the Economic Development Committee:**
Tennell Atkins (Chair), Rick Callahan (Vice Chair), Scott Griggs, Adam Medrano,
Jerry R. Allen, Lee Kleinman

SUBJECT: **Proposed Mall Area Redevelopment TIF District**

On Monday, April 7, 2014, the Economic Development Committee will be briefed on the proposed Mall Area Redevelopment TIF District. A copy of the briefing is attached.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans
Interim First Assistant City Manager

C: The Honorable Mayor and Members of the City Council
A.C. Gonzalez, City Manager
Warren M. S. Ernst, City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Mall Area Redevelopment TIF District Proposal



Economic Development Committee
April 7, 2014

**DALLAS
ECONOMIC
DEVELOPMENT**



Purpose

- Provide background for each redevelopment area
- Provide overview of proposal for new TIF district
- Seek Economic Development Committee's approval for City Council's consideration on April 23, 2014 of a resolution to call a public hearing on May 14, 2014

Background

- Redevelopment/revitalization of the Valley View Center Mall area and of the Southwest Center Mall area are high City Council priorities (forwardDallas! Comprehensive Plan, City Council Strategic Plan, GrowSouth Initiative).
- Anticipated catalyst development projects in the Valley View area planned on sites owned by Beck Ventures, Diversion Capital, EF Properties, and Slosburg/Richdale Group will generate needed early increment and momentum.
- A portion of increment generated in this area can be used to encourage new development in the Southwest Center Mall area.

Background

- The proposed Mall Area Redevelopment TIF District comprises two non-contiguous sub-districts:
 - the Montfort-IH 635 Sub-District for the Valley View Center Mall area in northern Dallas
 - the Westmoreland-IH 20 Sub-District for the Southwest Center Mall area in southern Dallas
- The proposed TIF district represents the City's effort to establish a funding mechanism in order to stimulate private investment and sustain the orderly redevelopment and revitalization of two commercial core assets while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.

Background

- Originally (40-50 years ago), these malls were created with complex configurations of super-blocks, private land ownership, and reciprocal easement agreements that bound multiple owners together.
- Over the last 10-15 years, as market conditions have changed drastically, these inflexible configurations have heavily burdened each mall and have significantly hindered market adaptation.
- As a result, these mall areas are challenged by ever-increasing obsolescence (economic and physical), and, without public participation, revitalization and redevelopment of these areas is extremely difficult.

Background: Montfort-IH 635 Sub-District

The proposed TIF district:

- is recommended by and consistent with the Galleria-Valley View Area Plan adopted by City Council in May 2013,
- will serve as a long-term funding tool to help implement the shared vision for the area, and
- will leverage other implementation tools (PD 887 form-based zoning and Thoroughfare Plan amendment) approved by City Council in June 2013.



Background: Montfort-IH 635 Sub-District

Vision for the Valley View Center Mall area:

- anchored by a large central park;
- higher density mixed use development with vibrant retail, office, and entertainment uses, as well as mixed housing choices;
- connected by an integrated network of walkable streets and open spaces, and
- eventually linked to the Dallas Area Rapid Transit (DART) light rail network via an underground line connecting the existing Red Line with the proposed Cotton Belt Line.

Two key opportunities identified in the Area Plan are:

- to break down the super blocks into pedestrian-scale developable parcels, and
- to provide a community-scale central park with the potential to serve as a regional destination that will also support local residents, workers, and visitors, making up for a severe lack of open space in the area.

Background: Montfort-IH 635 Sub-District

Illustrative Vision
for the Galleria-
Valley View Area



Background: Montfort-IH 635 Sub-District

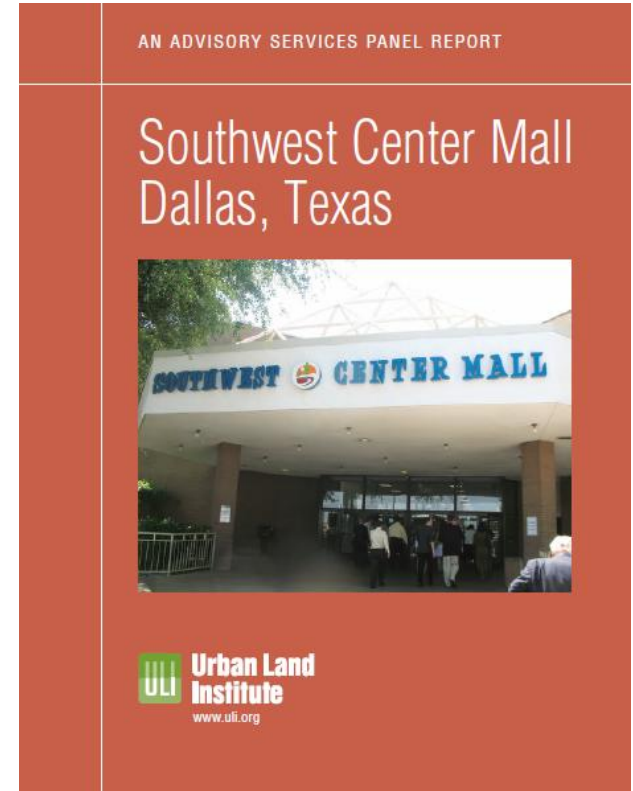
Vision for the Galleria-Valley View Area



Background: Westmoreland-IH 20 Sub-District

The proposed TIF district:

- is recommended by and consistent with the ULI Advisory Services Panel report sponsored by the City in 2009, and
- will serve as a long-term funding tool to help implement many of the report's recommendations over time.

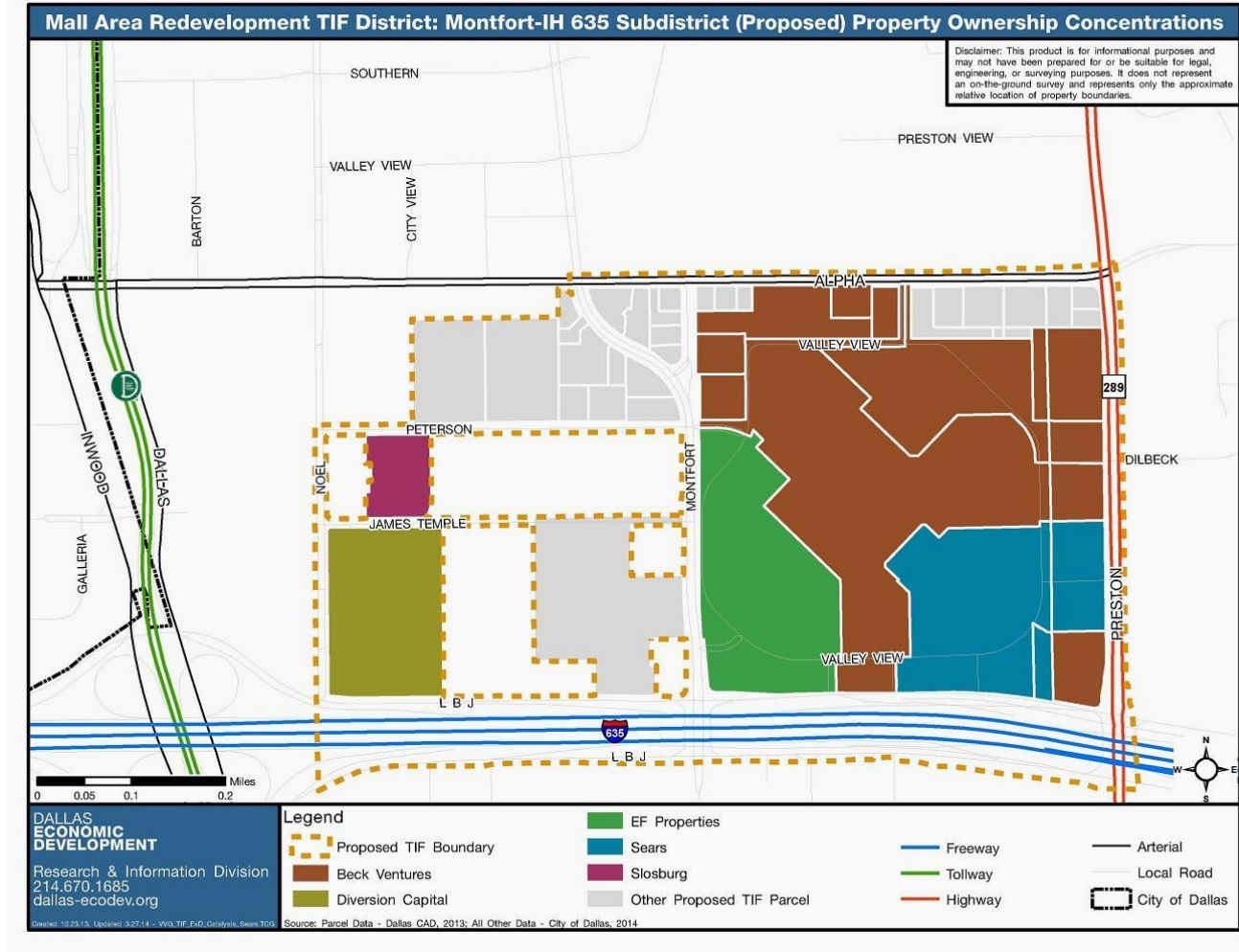


Background: Westmoreland-IH 20 Sub-District

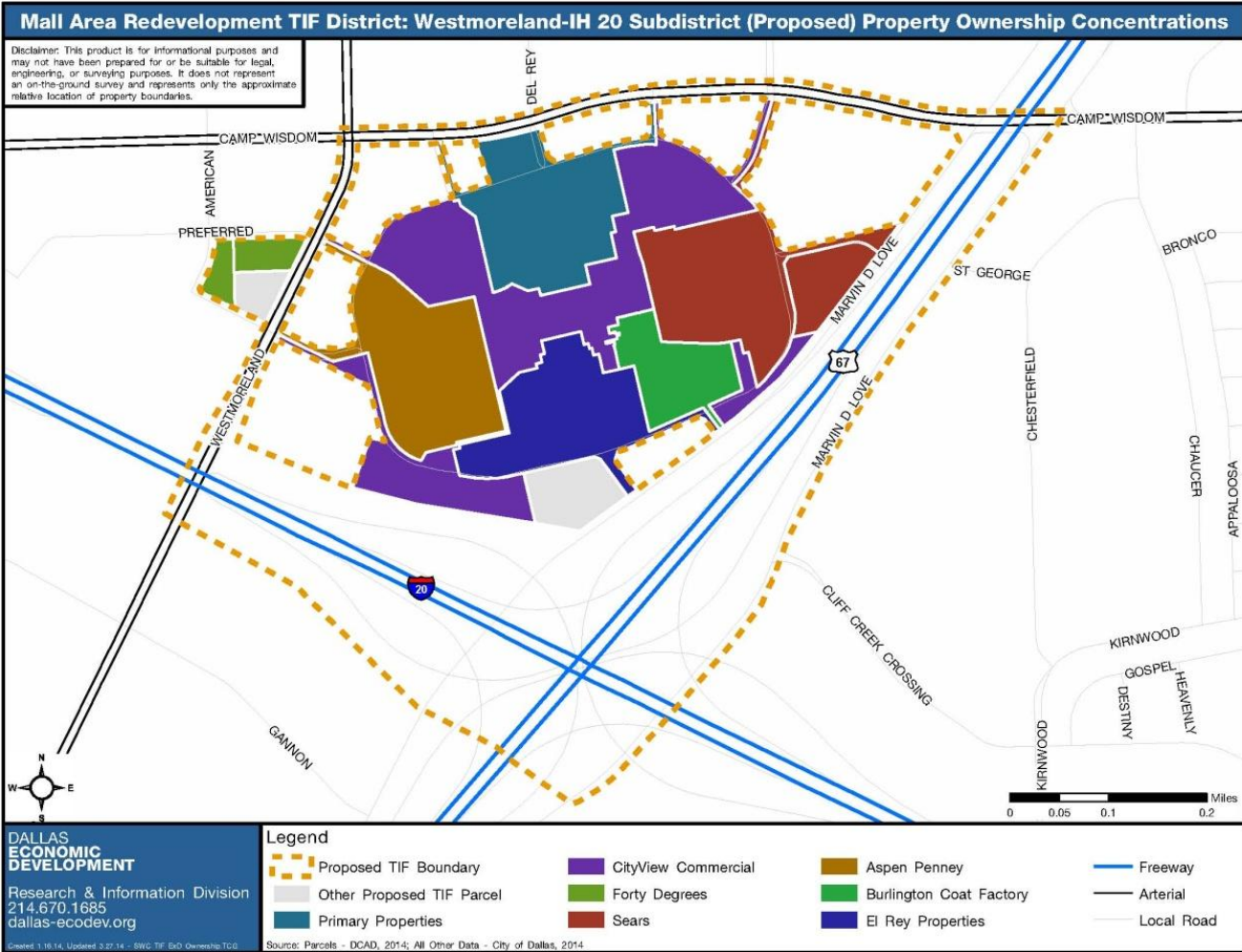
Vision for the Southwest Center Mall area:

- higher density mixed use redevelopment with residential, retail, office, entertainment, and community uses,
- area-wide rezoning and thoroughfare plan amendments consistent with the vision,
- coordination with TxDOT to improve freeway access,
- City support in helping to close funding gaps and push forward projects that might not otherwise succeed,
- City support in land assembly and developer recruitment, and
- continued City assistance with public infrastructure improvements in the area (network of new internal streets, new streetscape on existing perimeter streets, new central open space, etc.).

Montfort-IH 635 Sub-District Concentration of Key Property Owners



Westmoreland-IH 20 Sub-District Concentration of Key Property Owners



Preliminary Plan Goals

- Goal 1** -- To create additional taxable value attributed to new private investment in projects in the Montfort-IH 635 Sub-District totaling approximately \$3.9 billion in total dollars over the 30-year life of the Sub-District.
- Goal 2** -- To create additional taxable value attributed to new private investment in projects in the Westmoreland-IH 20 Sub-District totaling approximately \$295 million in total dollars over the 30-year life of the Sub-District.
- Goal 3** -- To attract new higher density private development in the Montfort-IH 635 Sub-District totaling approximately 707,870 square feet of new retail space; 72,991 square feet of renovated movie theater space; 3,987,022 square feet of new office space; 957 new hotel rooms; and 7,674 new residential units (including apartments and condominiums).
- Goal 4** -- To attract new higher density private development in the Westmoreland-IH 20 Sub-District totaling approximately 140,000 square feet of new retail space; 45,000 square feet of movie theater space; 70,000 square feet of new office space; 80 new hotel rooms; and 1,620 new residential units (including apartments and townhomes).

Preliminary Plan Goals

Goal 5 -- To encourage the sustainable redevelopment of properties including and around two obsolete shopping malls in a manner in which negative fiscal impacts for the remainder of the City are limited and a walkable development pattern is achieved that is a net benefit to the City from a fiscal, land use, and quality of life standpoint.

Goal 6 -- To increase public open space in the District.

Goal 7 -- To generate \$432.5 million (net present value of \$182.9 million in 2014 dollars) in TIF fund revenues over the 30-year life of the District.

Preliminary Plan Objectives

- Provide funding for the acquisition of land for a central community park (referred to in the adopted Area Plan as “Midtown Commons”) to provide open space, recreational opportunities, and cultural amenities to the Montfort-IH 635 Sub-District while also increasing land values and attracting new residential and office development.
- Direct the Montfort-IH 635 Sub-District’s overall development through the application of design guidelines for public improvements and private development consistent with the regulations set forth in PD 887, as amended.
- Provide funding to build a street and circulation network in the Montfort-IH 635 Sub-District to enhance traffic flow, reduce congestion, provide greater accessibility, and disaggregate the existing super-blocks into a more pedestrian-scaled environment that can redevelop incrementally.

Preliminary Plan Objectives

- Improve infrastructure in the Montfort-IH 635 Sub-District, including roadways, storm water drainage, water distribution/wastewater collection lines, and burial of overhead utilities to support redevelopment in the sub-district.
- Improve the pedestrian environment through sidewalk, landscaping, lighting and other related streetscape features.
- Provide funding to support an economic development grants program for the Montfort-IH 635 and Westmoreland-IH 20 Sub-Districts.
- Encourage mixed income housing throughout both areas.

Preliminary Financing Plan

- Per the 2013 certified tax roll, the “base” appraised value of taxable real property of the proposed TIF district is approximately \$162.2 million (\$142.7 million in the Montfort-IH 635 Sub-District and \$19.6 million in the Westmoreland-IH 20 Sub-District). Note: the “base” value will be adjusted to reflect the 2014 certified tax roll (as of January 1, 2014) when it becomes available from DCAD in August 2014.
- Over the 30-year life of the proposed TIF district, the additional appraised value of taxable real property attributed to new private investment is projected at approximately \$4.2 billion (\$3.9 billion in the Montfort-IH 635 Sub-District and \$295 million in the Westmoreland-IH 20 Sub-District).
- City participation is proposed to be 0% in 2015; 90% from 2016 through 2042; 75% in 2043; and 55% in 2044.
- Dallas County participation is anticipated at 0% for the first five years and then at least 55% for 20 years (2020 through 2039).

TIF Budget Allocation by Sub-District

The budget allocation reflects tax increment sharing, with 10% (after administrative costs) of the annual increment generated in the Montfort-IH 635 Sub-District being allocated toward redevelopment in the Westmoreland-IH 20 Sub-District.

	Captured Appraised Value--New Development	Increment Generated to TIF Fund*	Estimated TIF Budget Allocation*
Montfort-IH 635 Sub-District	\$3,931,199,920	\$399,732,434	\$360,127,000
Westmoreland-IH 20 Sub-District	\$295,434,768	\$32,718,272	\$72,323,706
Total	\$4,226,634,687	\$432,450,706	\$432,450,706
* total dollars			

TIF Budget Expenditures by Category

The estimated Project Plan Improvements include approximately \$432.5 million in the TIF-eligible categories listed below:

Entire District

- Administration and Implementation: \$7.68 million

Montfort-IH 635 Sub-District (see Appendix slides 37-42 for more information)

- Infrastructure Improvements: \$167.4 million
- Grants for Economic Development: \$118.1 million
- Set Aside for Land Acquisition for Central Open Space: \$70.9 million
- Set Aside for the Westmoreland-IH 20 Sub-District: \$39.6 million

Westmoreland-IH 20 Sub-District (see Appendix slides 43-44 for more information)

- Grants for Economic Development: \$68.3 million (includes \$39.6 million from Montfort-IH 635 Sub-District)

Complies with State Law and City FMPC Policy

- State law: the total value of taxable real property in existing and proposed TIF zones cannot exceed 25% of total value of taxable real property in entire City.
- Will be at approximately 10% with this proposed TIF zone.
- City FMPC policy: the total value of taxable real property in all active and proposed TIF zones plus the total value of taxable real property and business personal property in all active Tax Abatement Reinvestment Zones cannot exceed 10% of the total taxable value (all real and business personal property) of entire City.
- Will be at approximately 8.87% with this proposed TIF zone.

Summary of Key Benefits to the City

- Provides funding mechanism to stimulate private investment and sustain the orderly redevelopment and revitalization of two commercial core assets while taking advantage of each area's strategic regional location at the crossroads of key transportation corridors.
- Supports redevelopment of the Southwest Center Mall area, a key focus of the GrowSouth Initiative.
- Over the 30-year TIF term, the total new City real property, BPP, hotel occupancy, and sales taxes (\$695 million) generated by the TIF district exceeds the amount of City real property tax (\$386 million) invested in the TIF fund (i.e. net benefit to City = \$309 million).

Summary of Key Benefits to the City

- In each year of the TIF term, the direct monetary benefits to the City (from real property, BPP, hotel occupancy, and sales tax) are projected to exceed the amount of City real property tax revenue invested in the TIF district.
- After the TIF term expires, it will take approximately 9 years for the City to “recapture” the amount of real property tax revenue that had been invested in the TIF district.

Recommendation & Next Steps

- The Mall Area Redevelopment TIF District Preliminary Project Plan and Reinvestment Zone Financing Plan is feasible.
- Moving forward with the creation of the Mall Area Redevelopment TIF District is recommended.
- April 23, 2014: City Council to consider a resolution to call a public hearing on May 14, 2014.
- May 14, 2014: City Council to hold a public hearing and consider an ordinance to create the Mall Area Redevelopment TIF District.

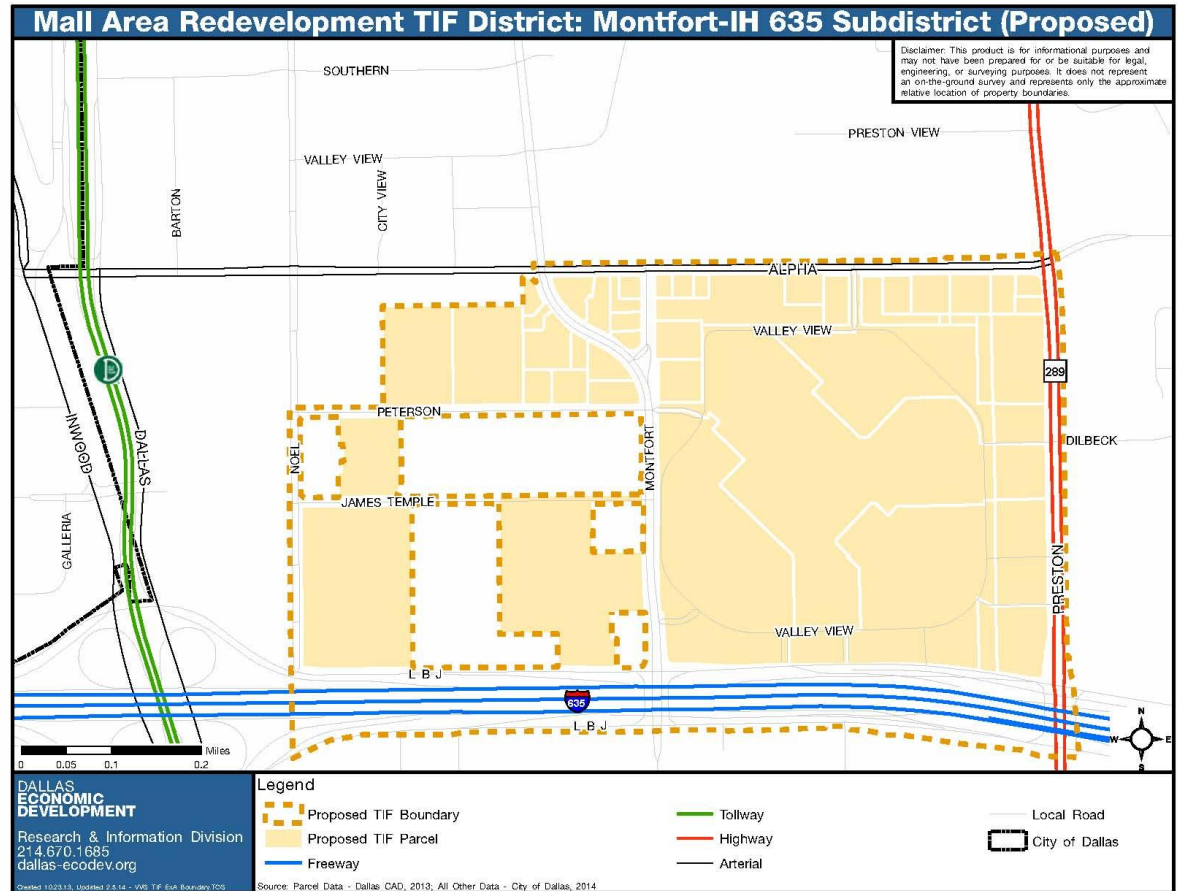
Mall Area Redevelopment TIF District Proposal

APPENDIX

Montfort-IH 635 Sub-District Boundary Map

generally bounded by Alpha Road, Preston Road, Noel Road, and Interstate Highway 635 (LBJ Freeway).

173.9 acres (not including rights-of-way)



Montfort-IH 635 Sub-District

Existing Conditions

- Inadequate sidewalk & street layout
- Faulty lot layout
- Vacant land
- Vacant and/or deteriorated structures
- Deteriorating public infrastructure
- Lack of parks and open space



Montfort-IH 635 Sub-District Projected Development Schedule

- ◆ 7,674 residential units (apartments and condos)
- ◆ 707,870 square feet of retail space
- ◆ 72,991 square feet of renovated movie theater
- ◆ 3,987,022 square feet of office space
- ◆ 957 hotel rooms

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Multi-Family Residential (Condo)		Retail	Movie Theater	Office	Hotel	
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet
Base	2014									
1	2015	0	0	0	0	0	0	0	0	0
2	2016	0	0	0	0	0	0	0	0	0
3	2017	335	371,850	0	0	133,350	0	0	0	0
4	2018	250	277,500	0	0	0	72,991	242,000	0	0
5	2019	521	578,310	0	0	0	0	0	0	0
6	2020	0	0	0	0	0	0	0	0	0
7	2021	0	0	0	0	50,000	0	0	273	372,254
8	2022	0	0	0	0	50,000	0	0	0	0
9	2023	500	555,000	0	0	0	0	350,000	0	0
10	2024	305	338,550	0	0	0	0	0	0	0
11	2025	0	0	0	0	0	0	0	0	0
12	2026	0	0	0	0	0	0	0	0	0
13	2027	400	444,000	200	228,000	100,000	0	350,000	0	0
14	2028	962	1,067,820	242	275,880	15,000	0	0	0	0
15	2029	0	0	0	0	0	0	908,000	0	0
16	2030	636	705,960	0	0	217,520	0	0	684	775,600
17	2031	0	0	200	228,000	0	0	0	0	0
18	2032	0	0	210	239,400	0	0	552,666	0	0
19	2033	300	333,000	0	0	0	0	0	0	0
20	2034	600	666,000	0	0	0	0	552,666	0	0
21	2035	0	0	274	312,360	0	0	0	0	0
22	2036	512	568,320	0	0	0	0	0	0	0
23	2037	0	0	227	258,780	0	0	0	0	0
24	2038	0	0	0	0	35,500	0	552,666	0	0
25	2039	0	0	0	0	35,500	0	0	0	0
26	2040	500	555,000	0	0	35,500	0	479,024	0	0
27	2041	500	555,000	0	0	35,500	0	0	0	0
28	2042	0	0	0	0	0	0	0	0	0
29	2043	0	0	0	0	0	0	0	0	0
30	2044	0	0	0	0	0	0	0	0	0
Totals		6,321	7,016,310	1,353	1,542,420	707,870	72,991	3,987,022	957	1,147,854

Montfort-IH 635 Sub-District Catalyst Development Concept (Beck Ventures)



Montfort-IH 635 Sub-District Catalyst Development Concept (Diversion Capital LLC)



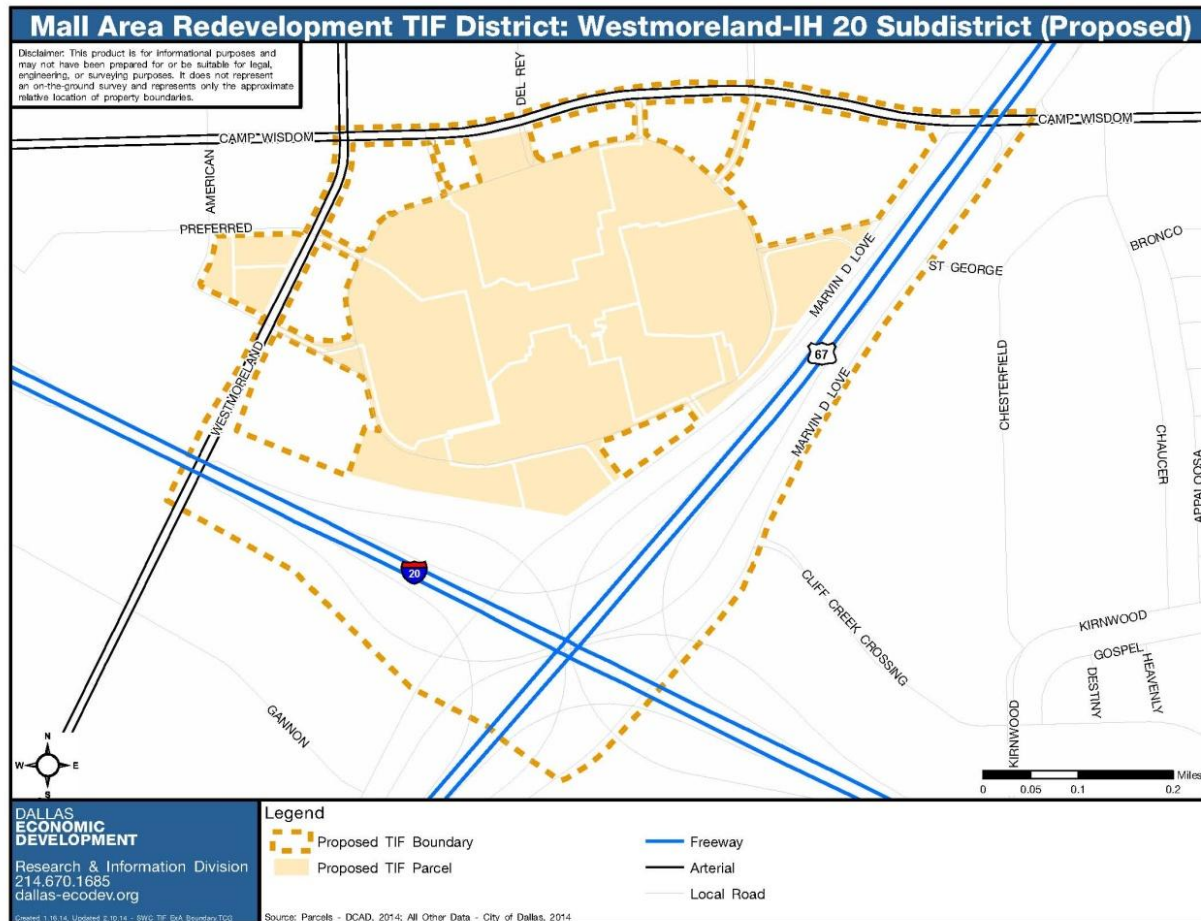
Montfort-IH 635 Sub-District Catalyst Development Concept (EF Properties)



Westmoreland-IH 20 Sub-District Boundary Map

generally bounded by Westmoreland Road, Camp Wisdom Road, Highway 67, and Interstate Highway 20 (LBJ Freeway).

96.6 acres (not including rights-of-way)



Westmoreland-IH 20 Sub-District Existing Conditions

- Inadequate sidewalk & street layout
- Faulty lot layout
- Vacant land
- Vacant and/or deteriorated structures
- Deteriorating public infrastructure
- Lack of parks and open space



Westmoreland-IH 20 Sub-District Projected Development Schedule

- ◆ 1,620 residential units (apartments and townhomes)
- ◆ 140,000 square feet of retail space
- ◆ 45,000 square feet of movie theater
- ◆ 70,000 square feet of office space
- ◆ 80 hotel rooms

TIF Zone Year	Completed During the Single Year Prior to January 1,	Multi-Family Residential (Rental)		Single Family Residential (Townhome)		Retail	Movie Theater	Office	Hotel	
		Units	Square Feet	Units	Square Feet	Square Feet	Square Feet	Square Feet	Rooms	Square Feet
Base	2014									
1	2015	0	0	0	0	0	0	0	0	0
2	2016	0	0	0	0	0	0	0	0	0
3	2017	0	0	0	0	0	0	0	0	0
4	2018	0	0	0	0	0	0	0	0	0
5	2019	0	0	0	0	0	0	0	0	0
6	2020	0	0	0	0	0	0	0	0	0
7	2021	200	220,000	0	0	20,000	0	10,000	0	0
8	2022	0	0	0	0	0	0	0	0	0
9	2023	0	0	0	0	40,000	0	0	0	0
10	2024	0	0	0	0	0	45,000	0	0	0
11	2025	300	330,000	0	0	0	0	0	0	0
12	2026	0	0	15	33,000	0	0	0	0	0
13	2027	0	0	15	33,000	0	0	0	80	49,600
14	2028	0	0	20	44,000	20,000	0	0	0	0
15	2029	300	330,000	30	66,000	0	0	0	0	0
16	2030	0	0	20	44,000	0	0	20,000	0	0
17	2031	300	330,000	15	33,000	0	0	0	0	0
18	2032	0	0	5	11,000	20,000	0	0	0	0
19	2033	200	220,000	0	0	0	0	0	0	0
20	2034	0	0	0	0	0	0	0	0	0
21	2035	0	0	0	0	0	0	0	0	0
22	2036	0	0	0	0	20,000	0	20,000	0	0
23	2037	0	0	0	0	0	0	0	0	0
24	2038	200	220,000	0	0	0	0	0	0	0
25	2039	0	0	0	0	0	0	0	0	0
26	2040	0	0	0	0	20,000	0	0	0	0
27	2041	0	0	0	0	0	0	0	0	0
28	2042	0	0	0	0	0	0	20,000	0	0
29	2043	0	0	0	0	0	0	0	0	0
30	2044	0	0	0	0	0	0	0	0	0
Totals		1,500	1,650,000	120	264,000	140,000	45,000	70,000	80	49,600

Development Plan (estimated private investment >\$5 billion)

Montfort-IH 635 Sub-District

- 7,674 residential units (apartments and condos)
- 707,870 square feet of retail space
- 72,991 square feet of renovated movie theater
- 3,987,022 square feet of office space
- 957 hotel rooms
- Anticipated additional taxable value is \$3.9 billion

Westmoreland-IH 20 Sub-District

- 1,620 residential units (apartments and townhomes)
- 140,000 square feet of retail space
- 45,000 square feet of movie theater
- 70,000 square feet of office space
- 80 hotel rooms
- Anticipated additional taxable value is \$295 million

TIF Increment Projection Chart

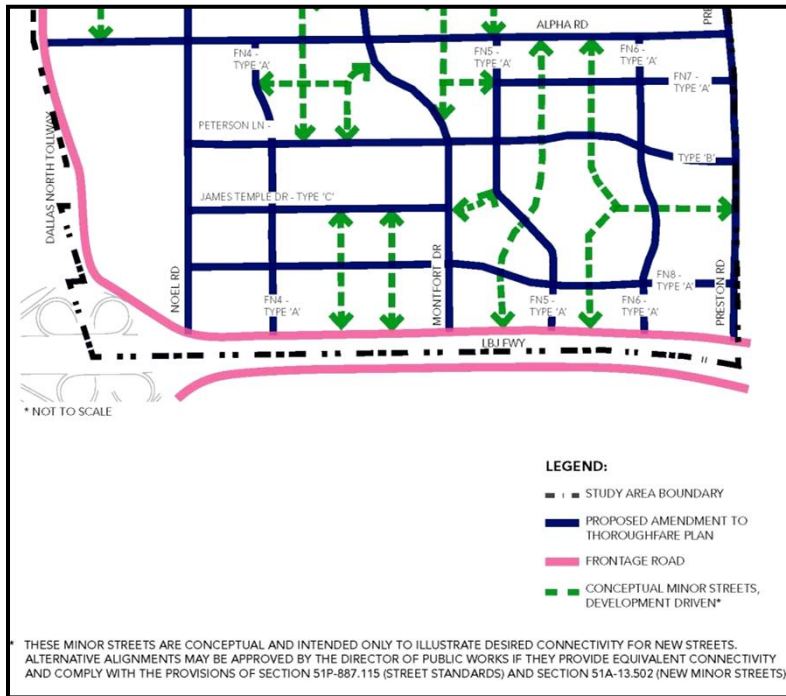
Tax Year	Captured			City of Dallas				Dallas County				TOTAL Tax Increment Revenue to TIF Fund (City and County)
	Appraised Value Montfort-IH 635 Sub-District	Appraised Value Westmoreland-IH 20 Sub-District	Appraised Value Sub-Districts Combined	City Real Property Tax Increment	% of City Tax Increment to TIF Fund	City Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)	County Real Property Tax Increment	% of County Tax Increment to TIF Fund	County Tax Increment to TIF Fund	Cumulative to TIF Fund NPV (2014 dollars)	
Base 2014	\$0	\$0	\$0	\$0	0%	\$0	\$0	\$0	0%	\$0	\$0	\$0
1 2015	\$1,426,955	\$195,708	\$1,622,663	\$12,933	0%	\$0	\$0	\$3,945	0%	\$0	\$0	\$0
2 2016	\$2,868,179	\$393,373	\$3,261,553	\$25,995	90%	\$23,395	\$20,798	\$7,929	0%	\$0	\$0	\$23,395
3 2017	\$79,719,397	\$593,015	\$80,312,412	\$640,090	90%	\$576,081	\$513,235	\$195,239	0%	\$0	\$0	\$576,081
4 2018	\$173,038,713	\$794,653	\$173,833,366	\$1,385,452	90%	\$1,246,907	\$1,538,101	\$422,589	0%	\$0	\$0	\$1,246,907
5 2019	\$269,942,006	\$998,308	\$270,940,314	\$2,159,394	90%	\$1,943,455	\$3,074,042	\$658,656	0%	\$0	\$0	\$1,943,455
6 2020	\$274,068,381	\$1,203,999	\$275,272,380	\$2,193,921	90%	\$1,974,529	\$4,574,521	\$669,187	55%	\$368,053	\$279,690	\$2,342,582
7 2021	\$346,583,257	\$24,513,334	\$371,096,591	\$2,957,640	90%	\$2,661,876	\$6,519,528	\$902,136	55%	\$496,175	\$642,240	\$3,158,051
8 2022	\$353,636,548	\$24,954,175	\$378,590,723	\$3,017,368	90%	\$2,715,631	\$8,427,494	\$920,354	55%	\$506,195	\$997,886	\$3,221,826
9 2023	\$526,345,658	\$27,975,975	\$554,321,634	\$4,417,943	90%	\$3,976,149	\$11,113,638	\$1,347,556	55%	\$741,156	\$1,498,584	\$4,717,305
10 2024	\$594,118,749	\$33,147,920	\$627,266,669	\$4,999,315	90%	\$4,499,384	\$14,036,352	\$1,524,885	55%	\$838,687	\$2,043,379	\$5,338,071
11 2025	\$601,486,892	\$68,854,223	\$670,341,115	\$5,342,619	90%	\$4,808,357	\$17,039,638	\$1,629,599	55%	\$896,280	\$2,603,193	\$5,704,636
12 2026	\$608,928,715	\$71,484,296	\$680,413,011	\$5,422,892	90%	\$4,880,603	\$19,970,801	\$1,654,084	55%	\$909,746	\$3,149,563	\$5,790,349
13 2027	\$866,607,498	\$78,590,966	\$945,198,464	\$7,533,232	90%	\$6,779,909	\$23,886,029	\$2,297,777	55%	\$1,263,778	\$3,879,363	\$8,043,686
14 2028	\$1,194,472,054	\$84,854,642	\$1,279,326,696	\$10,196,234	90%	\$9,176,610	\$28,981,475	\$3,110,043	55%	\$1,710,524	\$4,829,156	\$10,887,134
15 2029	\$1,405,435,491	\$132,436,804	\$1,537,872,295	\$12,256,842	90%	\$11,031,158	\$34,871,101	\$3,738,568	55%	\$2,056,212	\$5,926,984	\$13,087,370
16 2030	\$1,801,875,528	\$139,617,980	\$1,941,493,509	\$15,473,703	90%	\$13,926,333	\$42,020,507	\$4,719,771	55%	\$2,595,874	\$7,259,636	\$16,522,207
17 2031	\$1,885,580,176	\$187,018,153	\$2,072,598,329	\$16,518,609	90%	\$14,866,748	\$49,359,152	\$5,038,487	55%	\$2,771,168	\$8,627,563	\$17,637,915
18 2032	\$2,112,335,353	\$191,418,051	\$2,303,753,404	\$18,360,915	90%	\$16,524,823	\$57,202,534	\$5,600,425	55%	\$3,080,233	\$10,089,572	\$19,605,057
19 2033	\$2,214,637,303	\$222,911,917	\$2,437,549,219	\$19,427,267	90%	\$17,484,541	\$65,182,250	\$5,925,682	55%	\$3,259,125	\$11,576,994	\$20,743,666
20 2034	\$2,555,462,356	\$225,336,744	\$2,780,799,100	\$22,162,969	90%	\$19,946,672	\$73,935,520	\$6,760,123	55%	\$3,718,067	\$13,208,607	\$23,664,739
21 2035	\$2,685,378,925	\$227,785,820	\$2,913,164,744	\$23,217,923	90%	\$20,896,131	\$82,752,755	\$7,081,903	55%	\$3,895,047	\$14,852,143	\$24,791,178
22 2036	\$2,868,930,228	\$234,485,190	\$3,103,415,418	\$24,734,221	90%	\$22,260,799	\$91,784,548	\$7,544,403	55%	\$4,149,422	\$16,535,673	\$26,410,220
23 2037	\$2,988,389,675	\$237,025,750	\$3,225,415,425	\$25,706,561	90%	\$23,135,905	\$100,810,361	\$7,840,985	55%	\$4,312,542	\$18,218,088	\$27,448,447
24 2038	\$3,184,829,781	\$273,815,783	\$3,458,645,564	\$27,565,405	90%	\$24,808,865	\$110,116,583	\$8,407,967	55%	\$4,624,382	\$19,952,771	\$29,433,247
25 2039	\$3,220,564,698	\$276,749,649	\$3,497,314,347	\$27,873,595	90%	\$25,086,236	\$119,164,918	\$8,501,971	55%	\$4,676,084	\$21,639,385	\$29,762,320
26 2040	\$3,586,226,890	\$281,363,415	\$3,867,590,305	\$30,824,695	90%	\$27,742,225	\$128,786,381	\$9,402,112	0%	\$0	\$21,639,385	\$27,742,225
27 2041	\$3,811,387,258	\$284,372,757	\$4,095,760,015	\$32,643,207	90%	\$29,378,887	\$138,583,578	\$9,956,793	0%	\$0	\$21,639,385	\$29,378,887
28 2042	\$3,850,928,086	\$289,227,913	\$4,140,155,999	\$32,997,043	90%	\$29,697,339	\$148,106,072	\$10,064,719	0%	\$0	\$21,639,385	\$29,697,339
29 2043	\$3,890,864,322	\$292,315,901	\$4,183,180,222	\$33,339,946	75%	\$25,004,960	\$155,815,568	\$10,169,311	0%	\$0	\$21,639,385	\$25,004,960
30 2044	\$3,931,199,920	\$295,434,768	\$4,226,634,687	\$33,686,278	55%	\$18,527,453	\$161,308,221	\$10,274,949	0%	\$0	\$21,639,385	\$18,527,453
Total for years 1-30				\$447,094,207		\$385,581,958		\$136,372,148		\$46,868,748		\$432,450,706
NPV @ 4%				\$184,840,230		\$161,308,221		\$56,379,749		\$21,639,385		\$182,947,606

TIF Budget Expenditures by Category

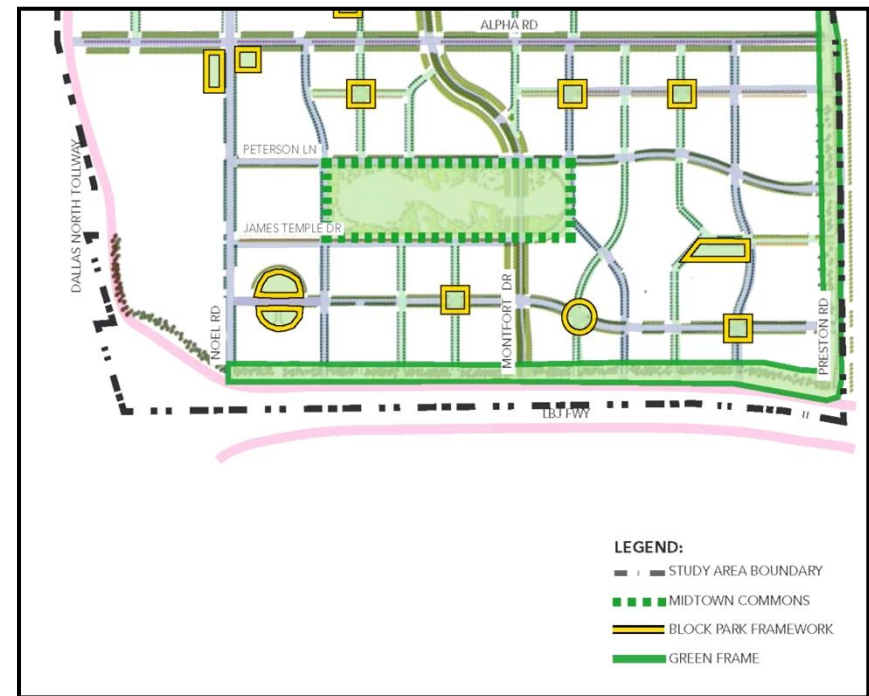
Category	Estimated TIF Expenditure (NPV-2014 dollars)*	Estimated TIF Expenditure (Total)**
Montfort-IH 635 Sub-District		
Infrastructure Improvements	\$70,804,842	\$167,368,158
Grants for Economic Development	\$49,990,321	\$118,166,889
Set Aside to Acquire Land for Sub-District-Wide Public Open Space***	\$30,000,000	\$70,913,861
Set Aside to Share with the Westmoreland-IH 20 Sub-District	\$16,755,018	\$39,605,434
Sub-District Total Project Costs	\$167,550,181	\$396,054,342
Westmoreland-IH 20 Sub-District		
Grants for Economic Development	\$12,147,425	\$28,714,028
Sub-District Total Project Costs	\$12,147,425	\$28,714,028
Administration and Implementation****	\$3,250,000	\$7,682,335
Total Project Costs	\$182,947,606	\$432,450,706
<p>* All values discounted to 2014 dollars at 4% annually. Actual expenditure values will depend on timing of project cost incurrence.</p> <p>** All values are estimated expenditures based on annual TIF project costs and debt service schedules. These values depend on timing of projects and will fluctuate.</p> <p>*** Includes land acquisition and associated costs; does not include design, construction, maintenance, or operating/programming costs.</p> <p>**** Admin is estimated at \$100,000 per year, plus \$250,000 cost already incurred for the 2012-2013 Valley View-Galleria Area Planning Study.</p>		

Project Plan Improvements

Montfort-IH 635 Sub-District



Streets Plan



Open Space Plan

TIF Budget Expenditures: Montfort-IH 635 Sub-District Infrastructure Improvements: \$167.4 million

- **\$35 million** for design and construction of improvements to **existing roads** (Montfort Drive; Noel Road; Peterson Lane; James Temple Drive) as required by the Thoroughfare Plan. Estimated costs include associated grading, paving, and landscape/streetscape. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.
- **\$68.5 million** for design and construction of **new roads** as required by the Thoroughfare Plan and **\$44.9 million** for design and construction of **new minor streets** as required by the zoning regulations of PD 887. Estimated costs include associated grading, paving, storm drainage, intersections, water, wastewater, landscape/streetscape, and gas/power/telecommunications utilities. Right-of-way is to be dedicated to the City as platting occurs with redevelopment.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Infrastructure Improvements: \$167.4 million

- **\$9.5 million** in costs for design, relocation/burial, and eligible upgrade of existing **off-site electric, gas, and telecommunications** infrastructure.
- **\$7.1 million** in costs for design and replacement/upsizing of existing **off-site wastewater** infrastructure as required by Dallas Water Utilities. The estimated costs include the replacement/upsizing of any existing off-site wastewater lines connecting private parcels to the sewershed #1 discharge point located immediately north of LBJ Freeway along the westbound frontage road as well as the replacement/upsizing of the existing off-site wastewater line from the sewershed #1 discharge point to a connection point located generally east of the Dallas North Tollway at Harvest Hill Road.
- **\$2.4 million** in costs for design, fabrication, and installation of unified **wayfinding**.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Grants Program for Economic Development: \$118.1 million

- It is anticipated that a grant program will serve as a flexible tool to help close funding gaps and push forward projects that might not otherwise succeed.
- It is anticipated that TIF grant funding may be used to:
 1. offset the cost incurred by a private developer for complying with the mixed income housing requirements,
 2. offset the financial cost (i.e. interest) incurred by a private developer for providing significant advance funding for a large scale public infrastructure improvement or open space acquisition that benefits multiple parcels by making them ready to support new vertical development, and
 3. offset the cost incurred by a private developer for environmental remediation and demolition of an existing structure when in conjunction with the vertical construction of a new structure to replace it.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Set Aside for Land Acquisition for Sub-District-Wide Central Open Space: \$70.9 million

- A large central open space feature (“Midtown Commons”) is recommended in the Open Space Plan of the Galleria-Valley View Area Plan and is critical to creating higher density urban development in the area.
- Without a large central open space feature, redevelopment potential of the area will be limited.
- Size range: 10-20 acres (ideal size: 15-18 acres)
- The graphical depiction of the large central open space in the Open Space Plan is conceptual—the actual size, location, and configuration is subject to change over time as redevelopment occurs and as land is acquired.

TIF Budget Expenditures: Montfort-IH 635 Sub-District Sub-District-Wide Central Open Space

- \$70.9 million for land acquisition only
- It is acknowledged that many desired expenditures associated with the central open space feature are likely beyond the capacity of TIF funding.
- It is anticipated that other sources of funding will be considered in order to help fund expenditures associated with the design, construction, maintenance, operations, and programming of the central open space. These other sources of funding include but are not limited to:
 - the additional open space requirement of PD 887
 - bonds (City general obligation and certificates of obligation)
 - a public improvement district
 - grants from other governmental entities
 - private philanthropic contributions

TIF Budget Expenditures: Westmoreland-IH 20 Sub-District Grant Program for Economic Development: \$68.3 million

- 10% of the annual tax increment generated by the Montfort-IH 635 Sub-District will be set aside and allocated to the Westmoreland-IH 20 Sub-District. The set aside is an estimated total of \$39.6 million.
- It is anticipated that a grant program of \$68.3 million will serve as a flexible tool to jumpstart initial redevelopment activity, attract quality private development partners, help close funding gaps, and push forward projects that might not otherwise succeed.
- It is acknowledged that some desired expenditures (e.g. freeway access infrastructure improvements) are likely beyond the capacity of TIF funding.
- Nevertheless, it is anticipated that the development momentum made possible by TIF funding will leverage additional funds from other public sources (e.g. City bonds, other governmental entities).

TIF Budget Expenditures: Westmoreland-IH 20 Sub-District Grant Program for Economic Development: \$68.3 million

It is anticipated that TIF grant funding may be used to offset costs related to:

1. the renovation of existing Southwest Center Mall buildings (in-line and/or anchor stores),
2. the retention of existing Southwest Center Mall anchor retailers,
3. the strategic assembly of real property,
4. the active recruitment of potential developers,
5. critical public infrastructure improvements (e.g. open space; streetscape improvements on existing streets; new streets to break down the existing super-blocks; unified wayfinding),
6. site access improvements from adjacent freeways, and
7. the creation of additional planning and implementation tools to further position the area for redevelopment.

TIF District Evaluation Policy

Proposals for new TIF districts in the City of Dallas are evaluated on the following criteria:

➤ **Financial Performance**

- ◆ Taxes generated exceed taxes foregone;
- ◆ Financial participation by other taxing entities;
- ◆ Incentives needed to make redevelopment feasible (review of pro formas and public improvement needs/costs); and
- ◆ Minimum of \$100 million invested within 5 years of adoption

➤ **Public Policy** – the proposed TIF plan provides for:

- ◆ Affordable housing;
- ◆ Strong urban design;
- ◆ Preferential hiring of neighborhood residents;
- ◆ Enhancement of other public investments;
- ◆ Enhancement of core assets of the City of Dallas;
- ◆ Benefits to distressed areas;
- ◆ Adds parks, trails or green space;
- ◆ Fair Share Policy compliance (M/WBE business hiring)

TIF District Evaluation Ranking

Criteria	Points (Max)	Points Scored
Financial		
Total new taxes generated by the District from all revenue sources exceed amount of taxes foregone - Direct monetary benefits to all taxing jurisdictions exceeds public funds invested during term of TIF District; Cash benefits to the City exceeds City expenditures	50	50
Other taxing units participation	15	5
Comprehensive Review of Project Pro Forma - including rental rates, land costs, site analysis, construction costs, other sources of funds and grants, operating expenses and rate of return for the developer	20	10
A minimum of \$100 million in new private investment is planned within 5 years of adoption of TIF District	15	15
Subtotal	100	80
Policy		
Provides affordable housing	10	10
Plan provides Urban Design Guidelines and/or historic preservation guidelines, if applicable	10	10
Provides preferential hiring for neighborhood residents for new jobs created	5	5
Enhances public investments over \$10 million made within last 5 years or expected within the next 5 years (i.e. DART Light Rail System, Trinity River, bond improvements)	20	20
Enhances core assets of City	25	20
Provides direct benefits to distressed areas	20	15
Adds park or green space or to City/County Trail system and provides for ongoing maintenance of these amenities	5	0
Complies with Fair Share Guidelines for private investment.	5	5
Subtotal	100	85
Total : Financial & Policy	200	165

The table shows the ranking of the proposed TIF district based on the City's criteria.

The TIF proposal scored 165 out of 200 possible points. This exceeds the 140 points needed for staff's recommendation.

Financial Performance Evaluation

- Revenues for this TIF district are estimated to be collected in 29 years.
- As a result of the City's participation being up to 90% during the life of the TIF, there will be continuous revenue flow to the City's general fund.
- The City is projected to net approximately \$309 million (NPV \$126 million) in added revenue from real property, BPP, hotel occupancy, and sales taxes during the TIF term.
- Net financial benefits to all taxing jurisdictions from projected increases in real property, BPP, hotel occupancy, and sales taxes is an estimated \$1.485 billion (NPV \$610 million).
- A minimum of \$100 million in new investment is expected to occur within the first 5 years.
- The TIF proposal scored a total of 85 out of 100 possible criteria points.

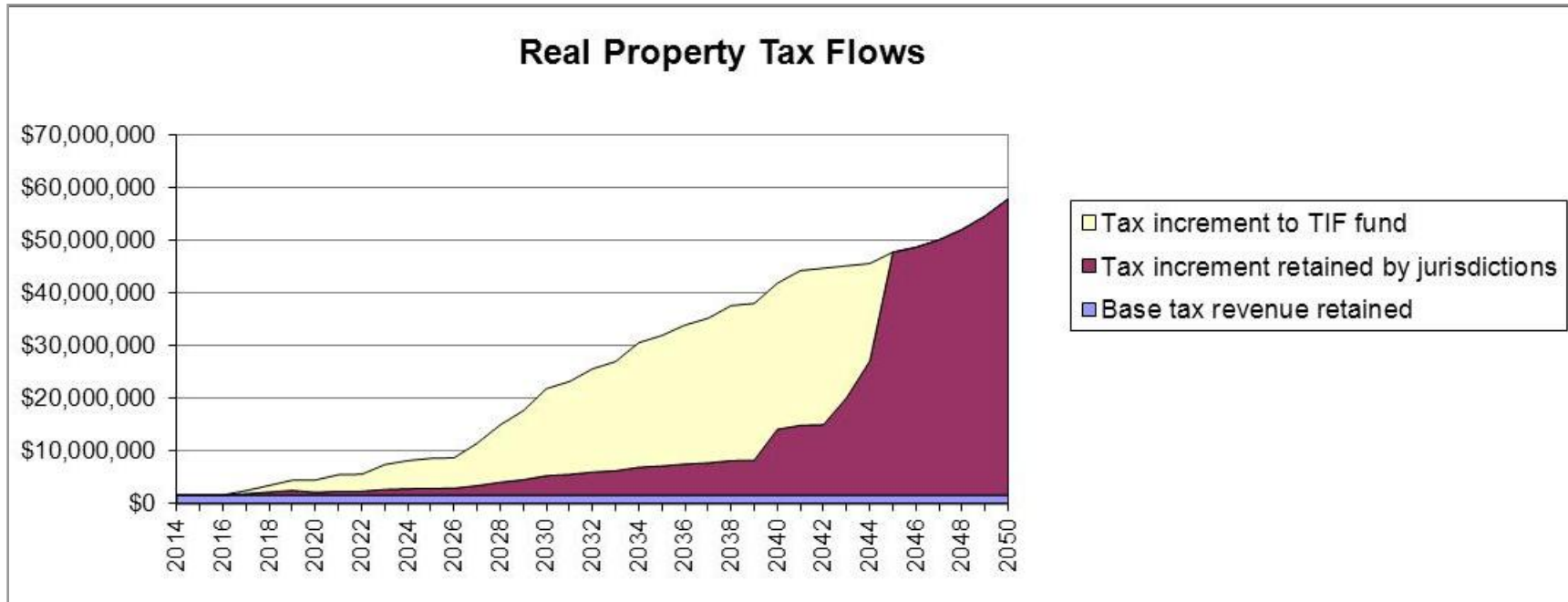
Financial Performance Evaluation

Mall Area Redevelopment TIF District - Financial Summary							
Taxing Jurisdictions	Total Increment Revenues to Taxing Jurisdictions (General Funds) and TIF Fund					Less	Net Benefit
	Real Property Tax Increment	BPP Tax Increment	Sales Tax Increment	Hotel Occupancy Tax Increment	Total Tax Increment	Contribution to TIF Fund	
Participating Jurisdictions							
City of Dallas	\$184,840,230	\$11,476,877	\$31,584,072	\$59,862,595	\$287,763,774	\$161,308,221	\$126,455,553
Dallas County	\$56,379,749	\$3,500,663	-	-	\$59,880,412	\$21,639,385	\$38,241,028
Other Jurisdictions							
DISD	\$297,341,137	\$18,462,148	-	-	\$315,803,285	\$0	\$315,803,285
DCHD	\$64,009,916	\$3,974,427	-	-	\$67,984,343	\$0	\$67,984,343
DCCCD	\$28,920,422	\$1,795,692	-	-	\$30,716,114	\$0	\$30,716,114
DART	-	-	\$31,584,072	-	\$31,584,072	\$0	\$31,584,072
Total	\$631,491,454	\$39,209,807	\$63,168,144	\$59,862,595	\$793,732,000	\$182,947,606	\$610,784,394
% of Total Tax Revenue	79.56%	4.94%	7.96%	7.54%	100.00%		

Notes:

TIF District Term (years)	30	(1) All values are projections and expressed in year 2014 dollars with the exception of windfall values which are expressed in nominal dollars.
Estimated TIF Fund Collection Period (years)	29	(2) The legal TIF life will be set at 30 years. Based on projections, TIF collections will begin in 2016 and continue for 29 years (through 2044), at which time the budget cap of \$173.9 million (2014 dollars) is expected to be reached.
Windfall* to City of Dallas in 2045 (one year after TIF expiration)	\$54,285,295	(3) Projections assume City participation for 29 years at varying rates and County participation for 20 years at 55%.
Windfall** to Dallas County in 2045 (one year after TIF expiration)	\$11,526,112	
		*Windwall for the City of Dallas is defined as total new tax revenue (real property, business personal property, hotel occupancy, and sales) generated as a result of new development in the TIF District in the year after the TIF District expires.
		**Windwall for Dallas County is defined as total new tax revenue (real property and business personal property) generated as a result of new development in the TIF District in the year after the TIF District expires.

Real Property Tax Flows



Public Policy Evaluation

- Achievement of mixed income goals is required for residential projects to be eligible for TIF funding.
- Urban design guidelines will be developed through the TIF board of directors (consistent with PD 887 zoning).
- Preferential hiring of neighborhood residents for new jobs created is incorporated in the TIF plan and will be required in development agreements.
- The TIF district will enhance and leverage the \$2.7 billion LBJ Express highway improvement project (under construction) as well as \$5-6 million in City and County bond funds for Montfort-IH 635 area-wide road improvements and \$4 million in City (DWU) bond funds for Montfort-IH 635 area-wide wastewater improvements (expected in next 3 years).

Public Policy Evaluation

- The TIF district enhances core commercial assets (Galleria-Valley View Mall area and Southwest Center Mall area) located at the crossroads of key transportation corridors (Dallas North Tollway, LBJ Freeway, Highway 67, Preston Road, Westmoreland Road, Camp Wisdom Road, etc.).
- The TIF district provides direct benefits to distressed areas.
- Fair share guidelines for private investment is incorporated in the TIF plan.
- TIF district facilitates the provision of parks and open space.
- The TIF proposal scores a total of 85 out of 100 possible policy criteria points.

State Cap and FMPC Policy Evaluation

- Per state law, the City of Dallas may not designate a tax increment reinvestment zone if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 25% of the total appraised value of taxable real property in the city. Based on the 2013 certified tax roll, the total appraised value of the proposed zone and other existing reinvestment zones is approximately **10%** of the total appraised value of taxable real property in the City of Dallas.
- Per the City of Dallas Financial Management Performance Criteria (FMPC), no reinvestment zone can be created if the total real property tax base of all active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones exceeds 10% of the total tax base (all real and business personal property) of the City. Based on the 2013 certified tax roll, the total real property tax base of all active tax increment reinvestment zones plus the total real property and business personal property tax base of all tax abatement reinvestment zones is approximately **8.87%** of the total tax base (all real and business personal property) of the City.