

# PROPOSED TAX INCREMENT FINANCING (TIF) REINVESTMENT ZONE BRIEFING

*OCTOBER 27, 2016*

*JESSICA JAMES*

*DIRECTOR OF ECONOMIC DEVELOPMENT*

*LARRY CLINE*

*LARRY CLINE CONSULTING, LLC*

***We are building a vibrant, inclusive community, driven by a commitment to democratic principles and service above self***

The City of Duncannonville



# *History*

- Originated in California during the early 1950's
- Majority of TIF's established since the early 1980's
- Established in Texas in 1981
- Governed by statute—Chapter 311 of Texas Tax Code





# *Concepts*

- A mechanism to finance new public improvements in a designated area, in order to stimulate new private investment.
- Any increase in ad valorem tax revenue (caused by new private investment and higher land values) is paid into a special TIF Fund used to finance public projects in the Zone.
- Any increases in personal property and inventory and sales tax revenue will continue to go to the taxing jurisdiction as always.
- Fair to existing property owners—no forgiveness of taxes for new development.

# *Benefits*

- Does not reduce current revenue going to the General Fund of the City which it depends on for provision of existing services.
- Does not involve additional or increased taxes on existing or new developments to produce revenues to serve as incentives.
- Does not involve forgiveness of taxes.
- Creates an opportunity to include other taxing jurisdictions (not ISD) in providing the tax incentives used for new public infrastructure and revitalization efforts.





## ***Benefits (cont'd)***

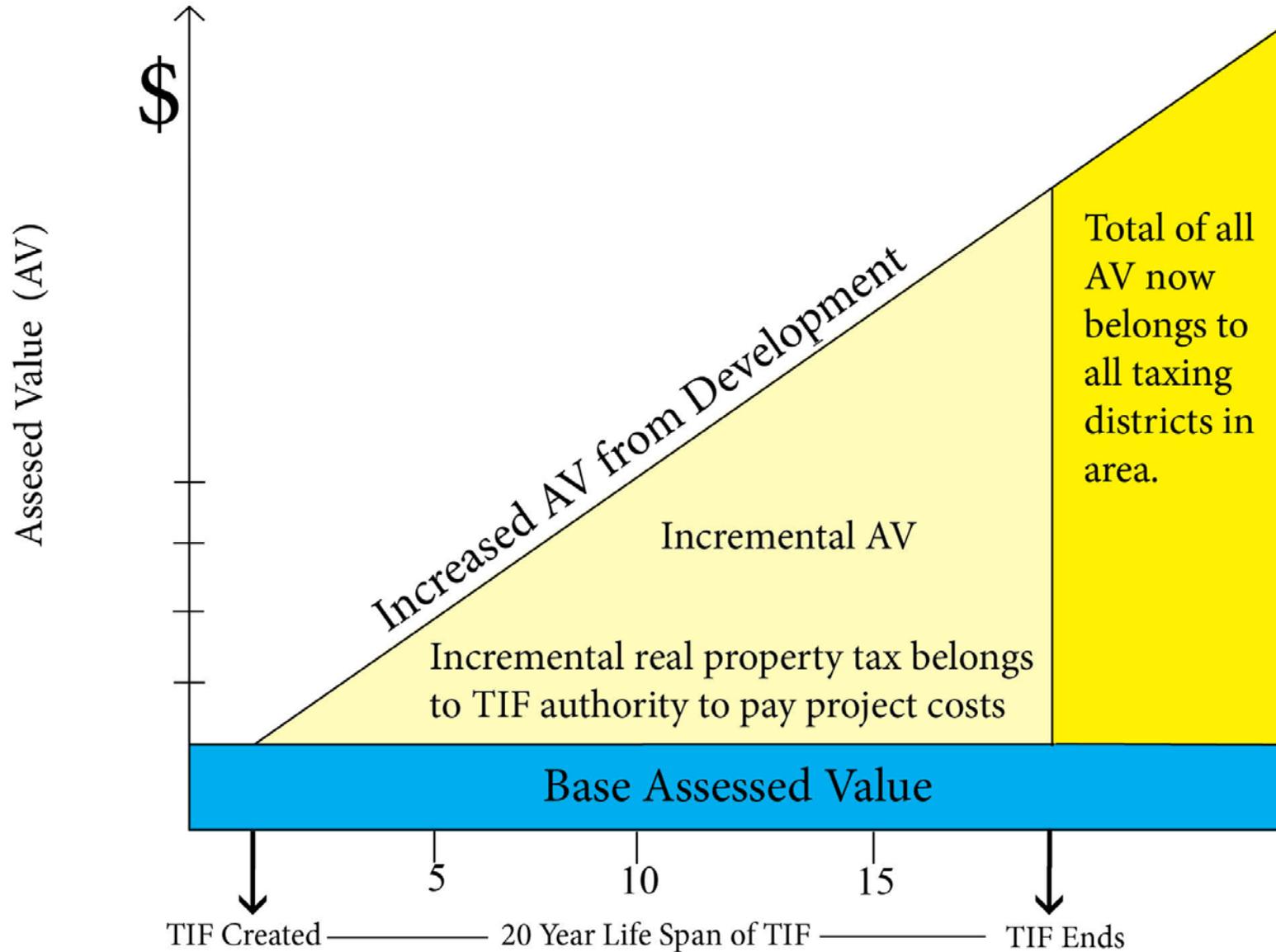
- Typically captures only taxes on real property (land and buildings) -- not business personal property and inventory or sales taxes -- leaving those revenues available to support any increase in general budget costs. However, sales tax may now be added at Council's discretion.
- It is a commitment for a period of years providing a dependable source of economic development funds which can be allocated to stimulate new development and redevelopment over the years.
- It also preserves other economic development funds to be utilized in other areas of the community.
- A TIF allows for reinvestment of tax funds in those areas which created the funds.

# ***TIF's Are Managed by City Council with Advice from the Board of Directors***

- Board is appointed by participating taxing jurisdictions
- It is only a recommending Board
- City Council has final approval authority



# TIF Example



\* Assesed Value Belongs to all taxing districts unless they agree to participate in the TIF.





## *Examples of Some Successful TIFs*

- State-Thomas: Where Uptown is currently located
- Dallas: Cityplace - North of Downtown along Central Express Way
- Mesquite: Town Center
- Lubbock: Between TTU and Downtown
- Dallas: Victory Ave Where American Airlines Center is Located
- Grapevine: Grapevine Mills Mall
- Grapevine: Gaylord Texan
- Grand Prairie: By Joe Pool Lake
- Plano: Willow Bend Mall
- Richardson: City Line Development
- Southlake: Town Center

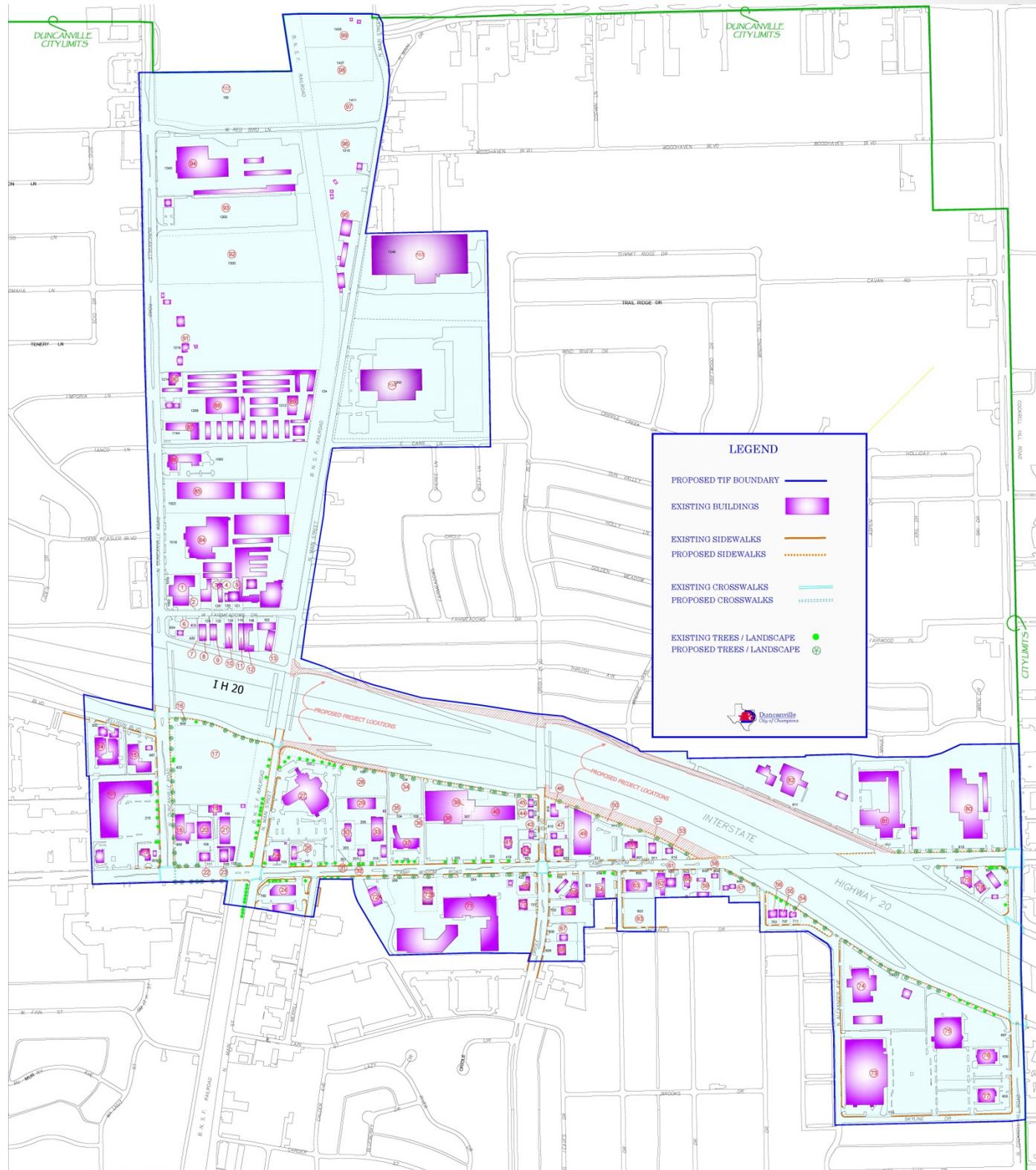
# *Successful TIFs*



# Proposed TIF Area

This area was primarily developed in the 1960's and early 1970's and tracts in the area could be developed (redeveloped) into a higher and better use.

335 Total Acres in  
Proposed TIF



# *State Required Criteria*

Required Criteria By State of Texas Property Tax Code Chapter 311:  
This area arrests or impairs the sound growth of the municipality because of the presence of:

- a substantial number of substandard, deteriorated or deteriorating structures; and
- the predominance of defective or inadequate sidewalks or street layout; and
- faulty lot layout in relation to size, adequacy, accessibility or usefulness; and
- the deterioration of site or other improvements.



# *Examples of How Duncanville Meets Criteria*



High Vacancy Rates



# *Examples of How Duncanville Meets Criteria Cont.*

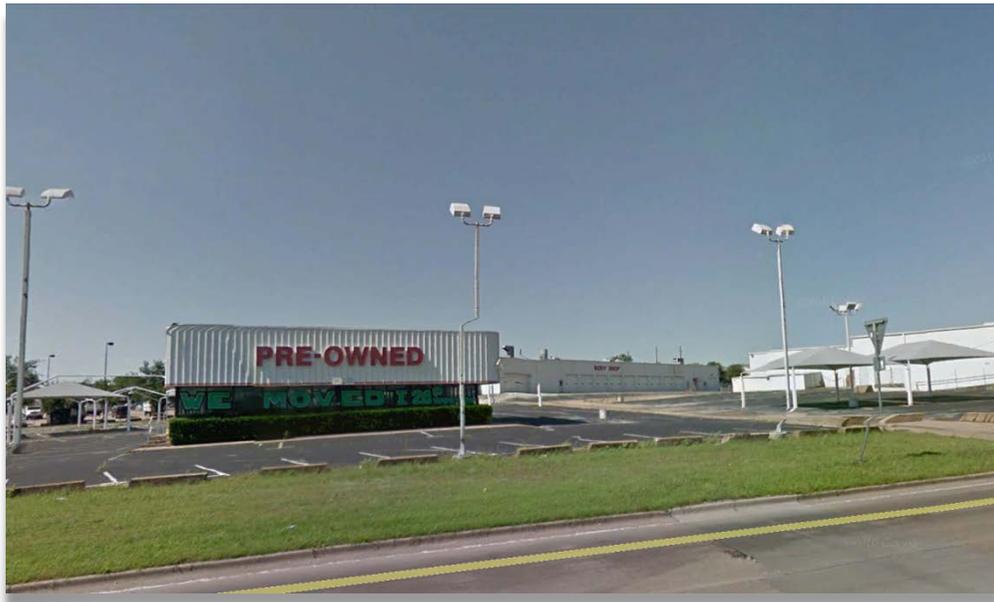
## Deteriorating Sidewalks



# *Examples of How Duncanville Meets Criteria Cont.*



Deteriorating  
Buildings



# *Proposed TIF Projects*

## **Camp Wisdom Area (Cockrell Hill to Main)**

• Property Redevelopment Fund	\$1,000,000
• Intersection Improvements	\$275,000
• Landscaping	\$800,000
• Street Lighting	\$755,000
• Benches / Bike Racks / Trash Cans	\$75,000
• Median Improvements	\$50,000
• Sidewalks	\$300,000
• Monument Entrance Signs (4 Industrial Area & 2 I-20)	\$1,800,000

## **Bridge Improvements & Walking Trails I-20 Corridor**

(Cockrell Hill to Duncanville Rd)

\$2,900,000





# ***Proposed TIF Projects Cont.***

## **North Duncannville Road (Camp Wisdom to Red Bird Lane)**

- Landscaping \$25,000
- Sidewalks \$67,000
- Driveways \$222,000
- Median Improvements \$25,000

## **North Main Street (Camp Wisdom to Red Bird Lane)**

- Sidewalks (West Side of Road) \$230,000
- Driveways \$230,700

**Total of Proposed Projects**

**\$8,754,700**

# ***Additional Projects Identified***

## **Camp Wisdom (Cockrell Hill to Main)**

- Street (Repairing Cuts & Overlay) \$3,000,000
- Water & Waste Water (Replacing Pipe) \$5,000,000
- Camp Wisdom Overhead Power (Relocation) \$3,500,000

**Total of Additional Projects** **\$11,500,000**





# ***TIF Details***

Staff analyzed the area and selected the most likely development and redevelopment areas.

- 12 Areas and Approximately 80 Acres
- Proposed 20-year TIF Life Span
- TIF Revenue Generation – Two Different Approaches Used to Project TIF Income.
  - Conservative Approach
  - Aggressive Approach

# TIF Funding Options

## City Contribution

City Contribution	Projected Revenue - Conservative Approach 20% Lot Coverage & \$100 PPSF	Projected Revenue - Aggressive Approach 25% Lot Coverage & \$150 PPSF
65%	\$3,180,000	\$6,121,000
80%	\$3,914,000	\$7,534,000
100%	\$4,893,000	\$9,418,000

## County Contribution

County Contribution	Projected Revenue - Conservative Approach 20% Lot Coverage & \$100 PPSF	Projected Revenue - Aggressive Approach 25% Lot Coverage & \$150 PPSF
35%	\$554,000	\$1,060,000

**Total of Proposed Projects \$8,754,700**



# ***TIF Funding Options - If Industrial area is not Included***

## **City Contribution**

<b>City Contribution</b>	<b>Projected Revenue - Conservative Approach 20% Lot Coverage &amp; \$100 PPSF</b>	<b>Projected Revenue - Aggressive Approach 25% Lot Coverage &amp; \$150 PPSF</b>
65%	\$1,670,000	\$3,031,000
80%	\$2,055,000	\$3,730,000
100%	\$2,569,000	\$4,663,000

## **County Contribution**

<b>County Contribution</b>	<b>Projected Revenue - Conservative Approach 20% Lot Coverage &amp; \$100 PPSF</b>	<b>Projected Revenue - Aggressive Approach 25% Lot Coverage &amp; \$150 PPSF</b>
35%	\$291,000	\$525,000

**Total of Proposed Projects \$7,955,000**



# *Dallas County TIF's*

- Dallas County Started Participating in TIF's in 1989
- Participated in 27 TIFs
- TIFS Dallas County has Participated in:

Ft. Worth Avenue

Oak Cliff Gateway

Cedars

City Center

Davis Garden

Grand Park South

Deep Ellum

Sports Arena

Cypress Waters

Victory Meadow

Skillman Corridor

Maple-Mockingbird

Farmers Market

Mercer Crossing

Old Farmers Branch

Carrollton

I-30 Entertainment

Downtown Connection

Southwest Medical

I-30 Corridor/ Bass Pro Shop

Downton Garland

Southwest Medical

Transit-Oriented Development



# *Next Steps*

- Get direction from City Council on moving forward with the TIF and what portion of the M&O Tax Rate is the City Council willing to allocate to the TIF
- Preliminary meeting with Dallas County to see if they are willing to participate in the TIF and at what level
- Complete project plan, finance plan, and draft of ordinance creating the TIF
- Provide City Council briefing
- Publish public hearing notice
- City Council holds public hearing and votes on TIF Creation – desired to be done by the end of 2016
- Formal request for participation from Dallas County in the TIF



# Thank You

## Questions?

Jessica James

Economic Development Director

972.780.4997

