

COURT ORDER

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ORDER NO: 2011 1264

DATE: August 2, 2011

STATE OF TEXAS §  
COUNTY OF DALLAS §

BE IT REMEMBERED, at a regular meeting of the Commissioners Court of Dallas County, Texas, held on August 2, 2011, on motion made by John Wiley Price, Comm. District #3, and seconded by Mike Cantrell, Comm. District #2, the following Order was adopted:

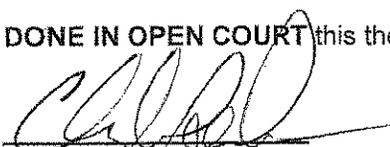
WHEREAS, on June 14 and July 5, 2011, the Dallas County Commissioners Court was briefed on a series of proposed revisions to the County's tax increment finance (TIF) policy which is authorized under Court Order 99-2014; and

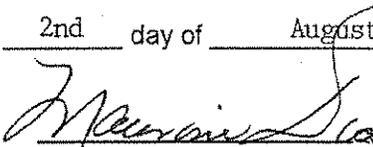
WHEREAS, the proposed revisions update the current policy so that it takes into account changes in State law, the experience that has been gained in the fifteen years since the policy was adopted, and present economic conditions; and

WHEREAS, these proposed revisions, which will improve the County's TIF policy, is consistent with the County's strategic plan which specifically recommends that the County seek to become the destination of choice for businesses and residents and that the County utilize tax incentives to facilitate the redevelopment of targeted areas.

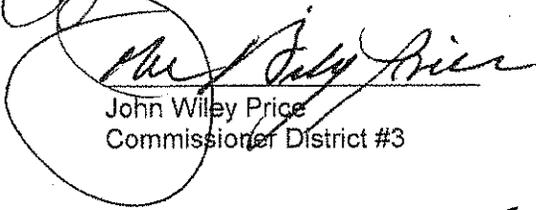
IT IS THEREFORE, ORDERED, ADJUDGED and DECREED that the Dallas County Commissioners Court adopts the attached tax increment finance (TIF) policy, that it shall replace the policy that was previously authorized under Court Order 99-2014, and that it shall govern the consideration of all TIF requests received by the County.

DONE IN OPEN COURT this the 2nd day of August, 2011

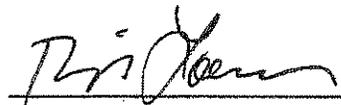
  
Clay Lewis Jenkins  
County Judge

  
Maurine Dickey  
Commissioner District #1

  
Mike Cantrell  
Commissioner District #2

  
John Wiley Price  
Commissioner District #3

  
Dr. Elba Garcia  
Commissioner District #4

Recommended by: 

# DALLAS COUNTY TAX INCREMENT FINANCE POLICY

## I. INTRODUCTION

Texas counties are authorized under Chapter 311 of the Tax Code to create and/or to participate in tax increment finance (TIF) districts. To help ensure that all TIF district creation/participation requests are consistently reviewed and that only the most effective and appropriate districts are selected for creation/participation, the following policy has been adopted. It shall govern the consideration of all TIF district requests received by Dallas County. It does not apply to the Dallas County Hospital District, which generally does not participate in TIF districts, nor does it apply to other local entities such as the Dallas County Community College District and the Dallas County School Board over which the County has no jurisdiction.

## II. TAX INCREMENT FINANCE OBJECTIVES

Tax increment finance shall only be used if it will generate meaningful investment within a distressed area; substantially increase the level, type, and rate of development within a non-distressed area; produce a project with regional economic implications; or create affordable/moderately-priced single-family housing.

## III. DEFINITIONS

**Distressed area:** The area within a TIF district is considered to be "distressed" if it meets three of the four following criteria:

- The assessed valuation of the city in which the district is located grew at a rate during the last five years that is less than the rate at which the County grew;
- No more than 60% of the land in the district (excluding public parks) is vacant/undeveloped;
- The percentage of housing contained in the district's census tract(s) that was built before 1960 is greater than the County average; and/or
- The district is located in an area that is defined as being distressed under the County's tax abatement policy.

**Regional economic implications:** A TIF district is considered to possess regional economic implications if it will create a major sports/cultural/recreational venue, generate at least 1000 new full-time permanent manufacturing or technology-related

jobs within three years of the adoption of the TIF district's final project/finance plan, or create at least 250 new full-time permanent jobs within three years of the adoption of the TIF district's final project/finance plan if the district is located in a census tract with a median family income that is no greater than 150% of the poverty level for a family of four.

#### **IV. GENERAL REQUIREMENTS**

Dallas County will consider creating and/or participating in a TIF district only when one of the aforementioned TIF objectives and all of the following applicable conditions are first met:

- (1) The district meets the eligibility criteria contained in Chapter 311.005 (a) (1) and (2) of the Tax Code.
- (2) The district will generate an increase in the County's property tax base of at least \$15 million within three years of the approval of the district's final project/finance plan.
- (3) Present value analysis indicates that the additional tax revenue benefits that the district will generate for the County will at least equal, within a reasonable period of time, the cost of the incremental revenues that the County would forego.
- (4) All proposed TIF districts and/or any TIF participation Court Orders or agreements between the County and the relevant city shall have sufficient safeguards in place in the event that the proposed development does not take place. Such safeguards shall include, but not be limited to, automatic TIF district/County participation termination provisions, requiring the developer to initially fund the public improvements/tying the repayment of these improvements to generated increment, requiring some acceptable form of financial security from the developer, or scheduling public improvements after the private development has begun.
- (5) Residential projects using direct site-specific TIF assistance must either have at least twenty percent of the produced housing be affordable (as defined by HUD) to low/moderate income people or propose an alternative affordable housing option that is satisfactory to the County. Such alternative options may include, but not be limited to, providing funding for an affordable housing fund or providing affordable housing elsewhere within the district or within the immediate area. Determining what is a satisfactory affordable housing alternative is solely at the County's discretion.

In the event that a city wishes to proceed with a residential TIF project that is unable to appropriately satisfy this requirement, it may do so. However, it cannot utilize any County-provided increment for this purpose.

- (6) The district does not involve the relocation of an existing firm or facility from one Dallas County municipality to another Dallas County municipality unless this move has the formal approval of the original host city.
- (7) If a firm/developer requests the creation of a TIF district, it certifies that it is an Equal Opportunity Employer.

A proposed TIF district will be considered by Dallas County only after it meets the aforementioned provisions of this policy. However, meeting these provisions only qualifies the TIF proposal for consideration; it does not obligate the County to create and/or participate in a TIF district.

## **V. COUNTY TIF DISTRICT APPROVAL/PARTICIPATION**

The Dallas County Commissioners Court will be responsible for determining whether Dallas County creates and/or participates in any given TIF district.

For TIF districts that meet the general requirements of this policy, the County may provide as much as 35% of its annual increment. This level of participation will be known as the "base" level of participation.

This "base" level of participation may be increased by "blocks" of as much as an additional 10% for each of the following significant features that a TIF district possesses:

- (1) The district is located within a distressed area;
- (2) The district will generate, within a twenty-year period, an increase in the property tax base that is at least eight times the total cost (including debt service) of the district's proposed public improvements;
- (3) The district is exclusively dedicated to producing single-family housing, and it creates at least 450 homes, of which at least 35% of the housing is affordable to households earning no more than 80% of the area's median income for a family of three and of which at least 70% of the housing costs no more than 85% of the Dallas area maximum FHA single-family loan limit;
- (4) The district will facilitate the use of alternative forms of transportation either by containing a trolley line, a commuter/light rail station or a bus

transit center, by providing funding for the operation of a trolley line, or the design/construction of a trolley/commuter/light rail line, a rail station/bus transit center, or a trail that is contained in the County's trail plan or that will connect to a trail within the County's trail plan;

- (5) The district possesses regional economic implications; and/or
- (6) Participation by the County at the requested level will shorten the period of time needed to finance the proposed public improvements by at least two years.

The maximum level at which the County/Hospital District will financially participate in any TIF district, regardless of how many of the aforementioned significant features a district may possess, is 75%.

In addition to the limitations previously outlined within this policy, tax increment provided by the County cannot be used for public art, public improvements that a city, other governmental entity, or private company was already obligated to provide before a TIF district was formally contemplated, the construction of golf courses, an equity interest in any development, or the purchase of existing public improvements. Accordingly, in calculating the amount of increment that the County may provide, this figure shall be reduced by the County's pro-rata share of the projected cost of any improvement or activity that is not consistent with this policy.

The maximum length of time that the County will financially participate in a TIF district is twenty years. However, once a TIF district with County participation becomes operational, the County may extend its participation and financially participate in a district for a total period of up to twenty-five years if the TIF district is located in a distressed area, if the TIF district has significantly under-performed because of changes in the economy and has no reasonable chance of achieving its original financial projections before the County's current participation expires, and if there are pending projects that will increase the district's assessed valuation by at least \$100 million over the next five years and that would not otherwise occur without an extension.

In determining whether to create a TIF district and/or the level and the duration of any County financial participation in a TIF district, the Commissioners Court will consider such factors as the TIF district area's present condition, the increase in the local property tax base that is expected to occur with or without the district, the impact that County participation will have on the financing of public improvements, the factors (if applicable) associated with having the County considering creating the district rather than the local city, the impact that the TIF district will have on transportation and on the cost of providing County services, the amount of new sales tax and hotel tax revenue that will be generated by the district, the extent to which the city contributes these new revenues to the district, the extent to which the city and the other taxing jurisdictions participate in the district, the location and the boundaries of the proposed district, the

nature and the level of investment that is projected to occur, the existence of any ready developers and pending projects, the availability of other financing mechanisms, the likelihood of other development occurring within the area, the appropriateness of the proposed public improvements and financing plan, and the feasibility of the proposed development.

## **VI. APPLICATION PROCESS**

Dallas County will consider creating and/or participating in a TIF project on a case-by case basis when the request is made in writing to the County's Director of Planning & Development (411 Street, 3<sup>rd</sup> floor, Dallas, Texas, 75202) and when the request is accompanied by all of the information outlined below which will be used to evaluate the TIF request:

- (1) An explanation of why the TIF district and tax increment financing is needed.
- (2) An explanation, if applicable, of why the County is being asked to create the TIF district and not the city.
- (3) The estimated life of the TIF district and a description of the proposed private sector development, its investment level, and its implementation schedule.
- (4) The submission of either a detailed financial forecast of what growth will occur in the proposed district if the district is not created/does not become operational or the assessed valuations of the proposed district for each of the past five years.
- (5) A description of what public improvements will be undertaken, how they will be funded, and how these improvements relate to the area's barriers to growth.
- (6) A description of the level and duration of tax increment financing that is being requested from each taxing entity.
- (7) A detailed description of anticipated annual TIF district revenues, costs, increments, and debt service requirements.
- (8) An explanation of the district's financial and economic growth assumptions.
- (9) A description of the district's impact on the local economy and the County's property tax base and, if applicable, a description of the

number/types of new permanent jobs to be created and the projected payroll and/or the number/types of housing units to be created and the projected sales/rental prices for each type of housing.

- (10) The results of present value analysis which show in what year the additional tax revenue benefits to the County will equal or exceed the incremental revenues that the County will forego.
- (11) A copy of a map which clearly illustrates the location and the boundaries of the TIF district.
- (12) The amount of acreage and the current total of assessed valuation contained within the district.
- (13) A copy of any existing marketing/feasibility study.
- (14) A description of the developer's/firm's background, its record at undertaking similar projects, the background of its major principals, its relocation/expansion history over the past fifteen years, its financial condition over the past five years, and its source of financing for this project.
- (15) An explanation, if applicable, of how the district will revitalize economically distressed areas and/or provide employment for the chronically unemployed.
- (16) A discussion of how the district avoids, addresses, and/or alleviates displacement and environmental concerns.
- (17) The name, mailing address, email address, and telephone number of a contact person.
- (18) Any other information that may be requested.