



DALLAS COUNTY
COMMISSIONERS COURT
DEPARTMENT OF PLANNING & DEVELOPMENT

December 6, 2024

TO: Commissioners Court

FROM: Luis Tamayo, Director of Planning & Development

SUBJECT: 2024 Tax Increment Finance Districts Status Report

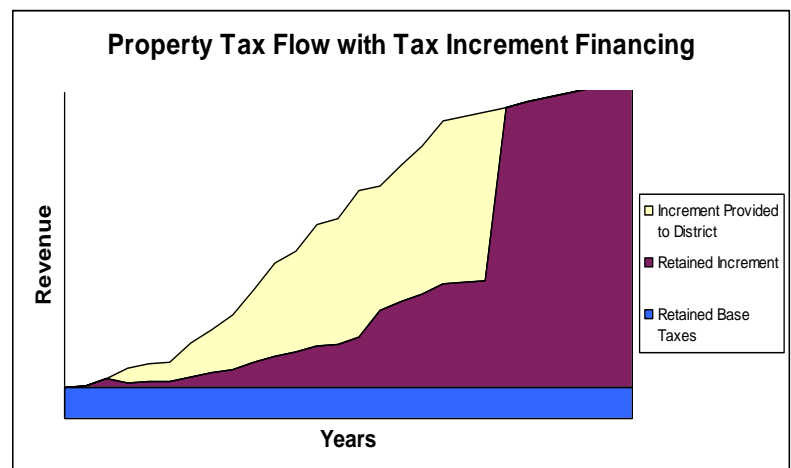
BACKGROUND

Dallas County first began financially participating in tax increment finance (TIF) districts in 1989 and has now participated in twenty-nine such districts. So that the County can determine the effectiveness of this economic development tool, staff annually prepares a report on the performance of the districts. What follows below is a report outlining the 2024 status of all past and current TIF districts.

DESCRIPTION OF TAX INCREMENT FINANCING

Tax increment financing involves delineating a specific geographic area (i.e., a "TIF district") and having taxing entities allocate to this district some or all of any increase in tax revenue that results beyond a base level when the area's assessed valuation increases (i.e., "tax increment"). This increment is used to either directly finance certain activities and public improvements (drainage, utilities, streetscape, historic façade renovation, demolition, environmental remediation, parks, affordable housing, streets, etc.) or to reimburse developers who have undertaken such activities. Dallas County uses a formal policy to determine whether to participate in a TIF district, and if so, at what level.

Under the County's current TIF policy, the County will only participate in a TIF district if it either encourages development in a blighted/distressed area or will substantially enhance the level of development that would not have otherwise occurred within a non-distressed area. The County will provide up to 75% of its increment to an eligible district, and prior to 2002, the Hospital District also participated in such districts.



Property-owners within a TIF district continue to pay all of their applicable taxes, and the County only financially contributes to a TIF district when the district's property values increase. Because of this, the County's opportunity costs of participating in a district are very limited. If a district is not successful, the district will collect the same amount of revenue it would have whether the district was in place or not. Conversely, if a district *is* successful, then the County, because it retains about one-half of the new increment generated, immediately begins receiving additional tax revenue.

2024 TIF PARTICIPATION ACTIVITY

In 2024, the County financially participated in twenty-three TIF districts. These districts are as follows:

Carrollton TIF #1	(Carrollton)	Grand Park South	(Dallas)
West End/City Center	(Dallas)	Irving Boulevard TIF#2	(Irving)
Cypress Waters	(Dallas)	Maple-Mockingbird	(Dallas)
Transit-Oriented Development	(Dallas)	Oak Cliff Gateway	(Dallas)
Davis Garden	(Dallas)	N. Central Expressway TIF#1	(Richardson)
Deep Ellum	(Dallas)	Skillman Corridor	(Dallas)
Design District	(Dallas)	Southwestern Medical	(Dallas)
Downtown Connection	(Dallas)	Sports Arena	(Dallas)
Downtown Garland	(Garland)	University District	(Dallas)
Fort Worth Avenue	(Dallas)	Vickery Meadow	(Dallas)
Farmers Market	(Dallas)	Cedar Hill	(Cedar Hill)
I-30 Corridor/Bass Pro Zone#2	(Garland)		

Changes in 2024 include the conclusion of County participation in one TIF district and participation in a new TIF district. Participation has ended in the Downtown Garland TIF. Starting January 1, 2024, tax year, the County will begin participating in the Cedar Hill TIF #1, with first payments in 2025.

Each of these areas were designed to spur new development that might not otherwise happen without the districts, and almost all these districts have sought to create high-quality, high-density communities not typically associated with the Dallas area.

IMPACT ON FINANCE

For the twenty-three districts the County participated in, performance and the impact on the County's finances was positive. In 2024, the total value (market value) of the property in these districts increased by \$3.4 billion from \$34.0 billion in 2023 to \$37.4 billion in 2024. This represents an increase of 10 percent. This is a decrease in growth compared to the 11.7 percent growth from 2022 to 2023. This growth rate is similar, however to the County's taxable value increase of 10 percent.

In terms of increment over their initial base, last year the active TIF districts generated \$24.0 billion. This is \$1.7 billion over the 2023 figure of \$22.3 billion. This is a growth rate of 9.7percent in revenue generation. Nine districts generated over \$1 billion in increment. These are the Dallas Downtown Connection (\$7.2 billion), Dallas Sports Arena (\$1.9 billion), Dallas City Center TIF (\$1.6 billion),

Richardson TIF#1 (\$1.5 billion), Dallas Deep Ellum TIF (\$1.3 billion) Skillman Corridor (\$1.2 billion), Dallas' Oak Cliff Gateway (\$1.3 billion), Cypress Waters (\$1.2 billion), and the Dallas Design District (\$1.1 billion).

The table below shows, by year, the number of active districts, valuation increases generated by these districts, and the portion of the County's tax base the districts represent.

REVIEW OF ACTIVE TIF DISTRICTS WITH DALLAS COUNTY FINANCIAL PARTICIPATION			
Year	# Active Districts	AV Increase Generated by Active Districts	TIF-Generated AV Increase as % of Tax Base
2005	10	\$1.0 billion	0.7%
2006	10	\$1.3 billion	0.9%
2007	12	\$2.5 billion	1.6%
2008	19	\$3.7 billion	2.2%
2009	19	\$2.6 billion	1.6%
2010	19	\$2.3 billion	1.5%
2011	20	\$2.3 billion	1.5%
2012	21	\$2.7 billion	1.7%
2013	24	\$4.2 billion	2.6%
2014	25	\$5.1 billion	2.9%
2015	24	\$6.4 billion	3.4%
2016	24	\$8.0 billion	3.9%
2017	24	\$9.8 billion	4.4%
2018	24	\$11.5 billion	4.7%
2019	24	\$13.1 billion	4.9%
2020	24	\$15.1 billion	5.7%
2021	23	\$16.1 billion	6.1%
2022	23	\$19.7 billion	6.8%
2023	23	\$22.3 billion	5.9%
2024	23	\$24.4 billion	6.7%
Source: Dallas County Appraisal District TIF reports and annual certification letter.			

Both the increase in assessed valuation generated by the TIF districts and the amount of the County's tax base contained within these districts increased during 2005-2008 because of the growth that was experienced by districts like City Center, Cityplace, and the Sports Arena (these districts each saw their assessed valuations increase by \$250 million-\$330 million during this timeframe). These figures then primarily declined after 2008 because of the economy and because the County's initial participation in the Cityplace and the Sports Arena districts ended. They have since increased because of the resurgence of the local economy and the corresponding performance of many of the districts and because the County has chosen to participate in some new TIF districts (i.e., Cypress Waters, Design District, etc.).

EVALUATING TIF DISTRICT PERFORMANCE

Attached to this update is a more detailed report on the performance of each of the districts in which the County participated in 2024. Although no longer tracked, also included in this report is historic information about the districts and sub-districts in which the County previously participated.

In terms of performance from 2023 to 2024, we can categorize the districts into three categories, depending on how they compared to the increase in values in the County as a whole: Low increase, Solid growth, and Exceptional growth.

Low increase – These districts grew at a rate below half of the County’s 10 percent growth from 2023 to 2024. There were three such districts: the Vickery Meadow TIF in Dallas, the Southwestern Medical TIF in Dallas, and the Design District TIF in Dallas.

Solid growth – These make up the majority of the TIF districts (16 of the 23) with County participation. Growth in these districts ranged from 5.3 percent to 18.2 percent. The average increase in assessed values of these districts is 9.4 percent. Generally, these are either these larger, older districts that previously saw solid to exceptional growth and are still growing steadily or are newer districts with parts that are doing well but areas of little growth. Solid growth districts include the following: Deep Ellum, Dallas TOD TIF District, University of TIF District, Sports Arena TIF Dallas, Cypress Waters – Dallas, Downtown Connection, Richardson TIF #1, Skillman Corridor, Davis Garden – Dallas, Downtown Garland TIF #1, Dallas Farmers Market, Carrollton TIF #1, Maple Mockingbird – Dallas, and Garland Zone #2.

Exceptional Growth – The values of these three districts grew at over twice the rate of the County’s rate, that is, over 20.0 percent growth. In the case of a number of these districts, large projects have catapulted value growth. This includes districts such as the Fort Worth Avenue - Dallas (23.5% increase), and Grand Park South (24.1% increase), and Irving TIF #2 (25.2%).

CONCLUSION

The County’s participation in TIF districts featuring a mix of commercial development and high-quality housing is allowing the County to significantly increase property values, help redevelop older areas, and create higher-density/mixed-use development that is typically not associated with the Dallas area. That it has been able to do so is critical to the County’s future as it seeks to attract new residents, retain residents that might otherwise move to a “newer” suburb in an adjacent county, and adapt to new economic trends and population patterns.

attachment

cc: Darryl Martin, Administrator
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Joe Mayer, Hospital District