



Tax Increment Reinvestment Zone Number One (Downtown TIRZ) Amendment

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City Council
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Downtown TIRZ Background

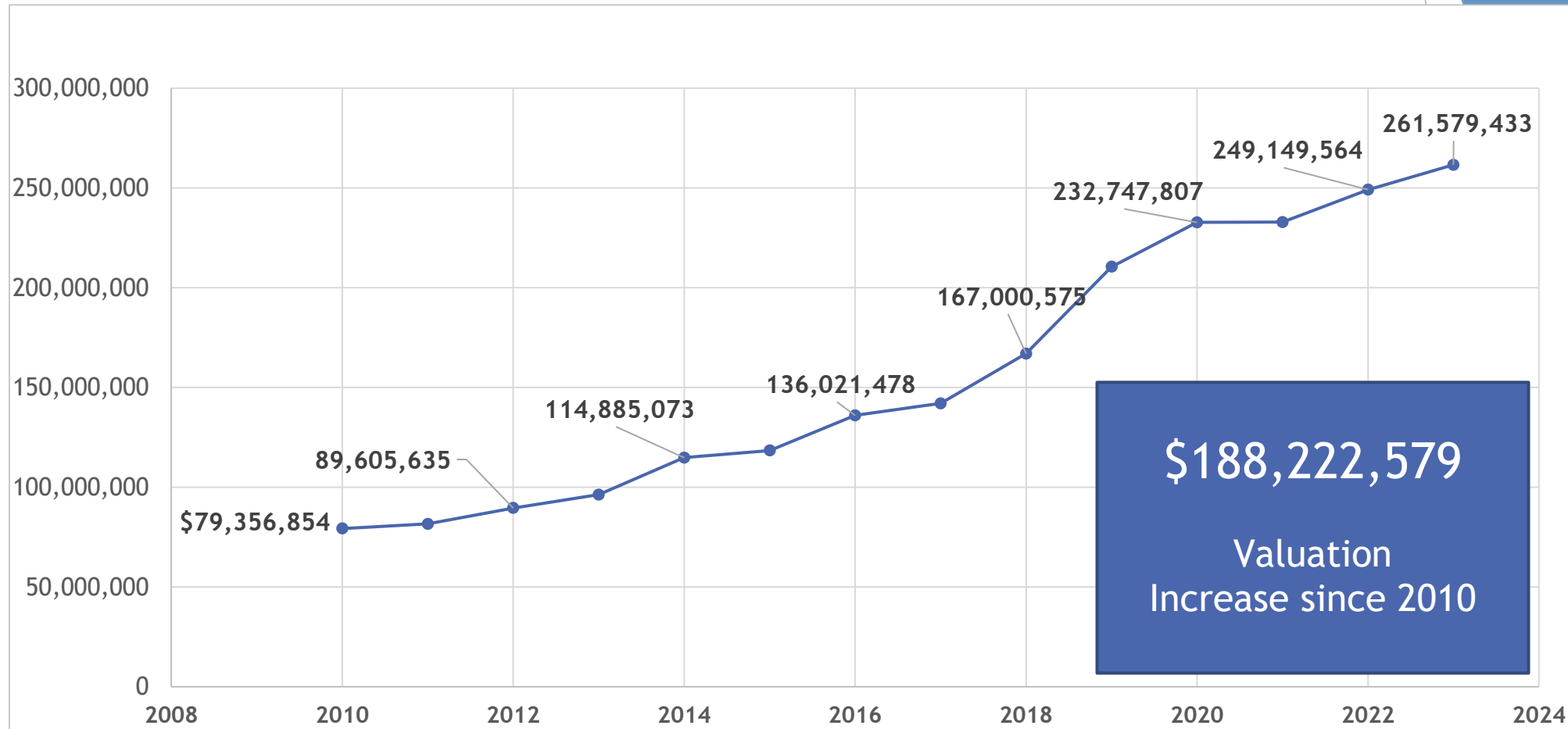
- ▶ The Downtown TIRZ was created on Dec. 10, 2010.
- ▶ In 2019, the City was approached by multiple developers with interest in pursuing projects inside the Downtown TIRZ. Staff retained TXP, Inc. to evaluate the TIRZ's performance and financials to determine how to best prioritize TIRZ funds for future projects.
- ▶ In November 2022, the Downtown TIRZ Board recommended the City engage a consultant to assist with updating and amending the TIRZ project and financing plan which includes boundary and term considerations.
- ▶ In May 2023, the Amendment was presented to City Council. Direction was provided for staff to postpone the amendment.
- ▶ In September 2024, the Downtown Master Plan was approved by City Council which includes project and funding recommendations for Downtown and expansion of the TIRZ.
- ▶ September 25, 2024: Amendment was presented to TIRZ Board.

Current Downtown TIRZ Parameters

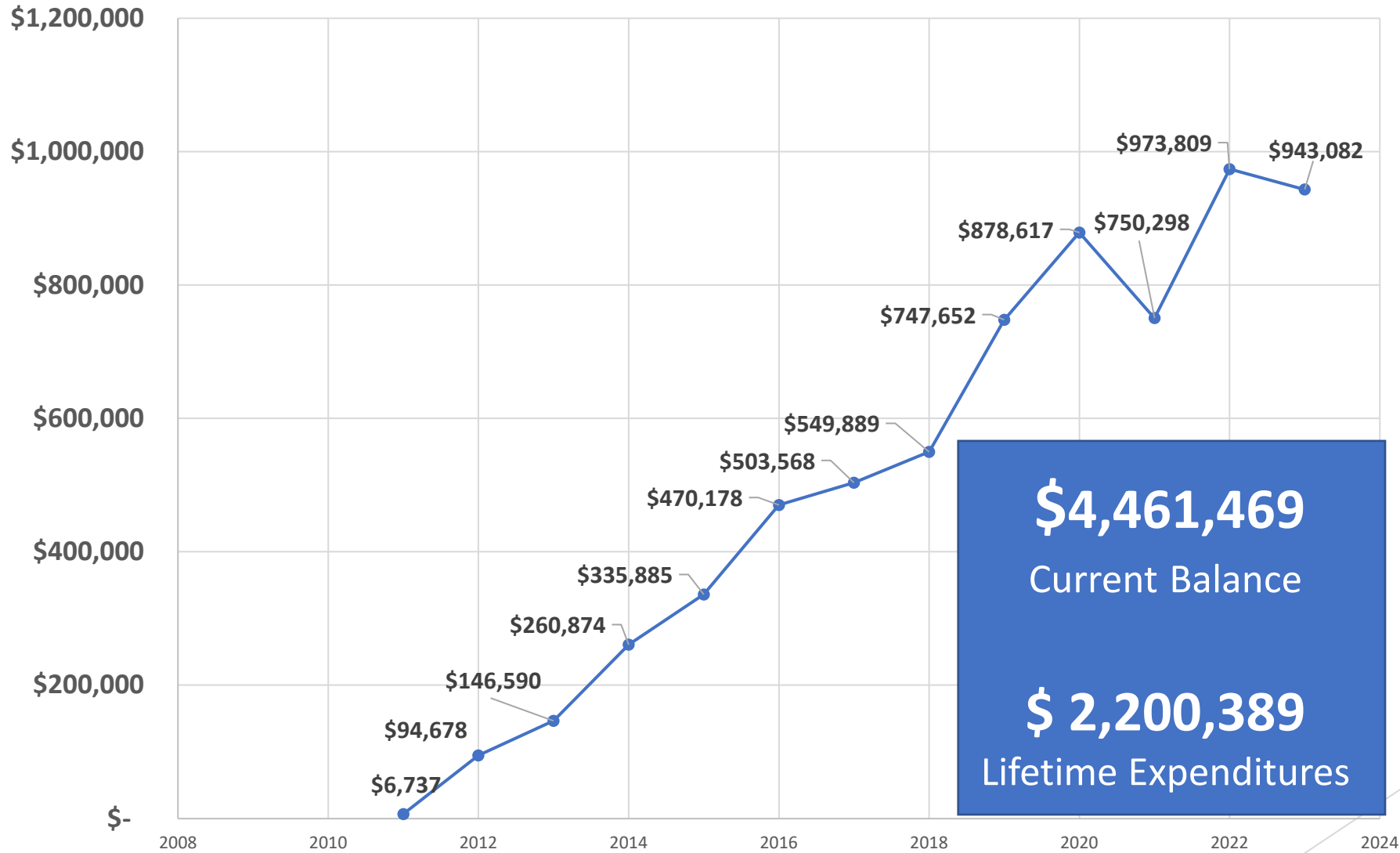
- ▶ Term: January 1, 2011, through January 1, 2039; or when the revenue of \$24.8M has been reached.
- ▶ Taxing Entity Participants: City of Denton
 - ▶ 100% Years 1-5
 - ▶ 95% Years 6-10
 - ▶ 90% Years 11-20
 - ▶ 85% Years 21-30
- ▶ Boundary: Approximately 226 acres (Exhibit 3)
- ▶ Base Value: \$79.4 million in 2010
- ▶ Project Plan Categories:

<u>PROJECT</u>	<u>ESTIMATED COST, \$M</u>
Parking / Transportation	8.0
Complete Streets	7.9
Support for Downtown Projects	4.9
Utility / Drainage Improvements	4.0
TOTAL	24.8

TIRZ Certified Tax Values 2010-2023



TIRZ Fund Increment 2010-2023



Expenditures

DOWNTOWN REINVESTMENT GRANTS

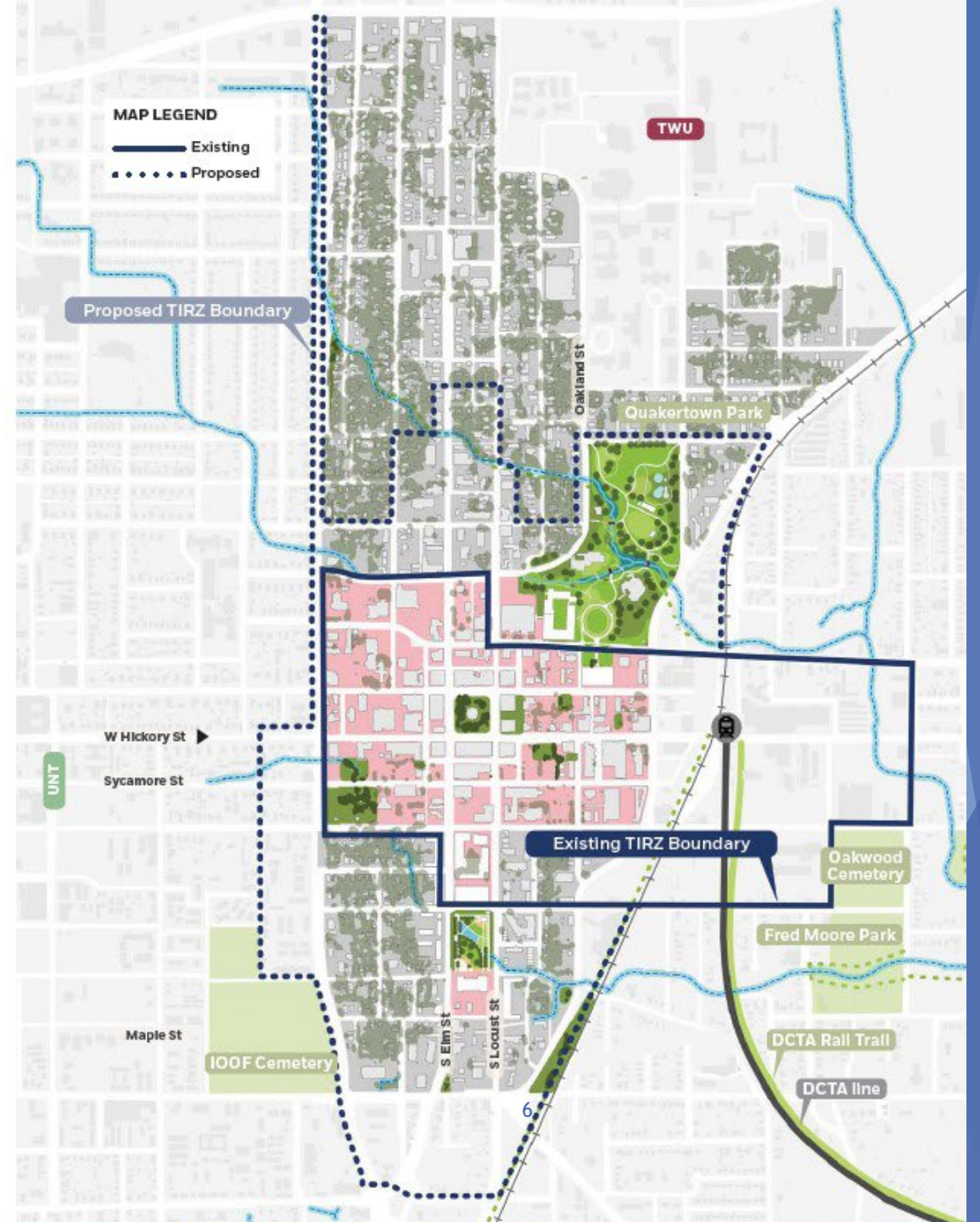
- Three Wishes Gifts
- Salvage Secondhand Shoppe
- One Way Investments
- Salon NV
- Chestnut Tree
- Denton Community Theater
- Steve's Wine Bar
- Robert Moses
- Bullseye Invest/Holdings
- Little d Property LLC

OTHER DEVELOPMENTS

- Railyard Partners
- Mews Street Study
- Capital Projects (\$1.4M)

Proposed Amendment

- ▶ The Downtown Master Plan identified the importance of Denton's Downtown character and identity.
- ▶ The current TIRZ covers a limited area.
- ▶ The City of Denton has limited funding tools to incentivize development & catalyst projects.
- ▶ Catalyst projects were identified beyond the current boundary and expanding the boundary can provide dedicated funding to make strategic progress in implementing the Downtown plan.
- ▶ New boundaries would allow for more investment in the greater Downtown area.



PROPOSED TIRZ AMENDMENT CONTINUED

- City Council to consider recommending approval of expanding the boundaries to include “TIRZ 1A”
- If approved, new boundaries would have a 2024 base
- Termination of the Zone extended to December 31, 2039 (with the final year’s tax increment to be collected by September 1, 2040)
- Amended Project and Financing Plan has been prepared, and includes updates to the:
 - Boundaries
 - Revenue Projections
 - Project Costs

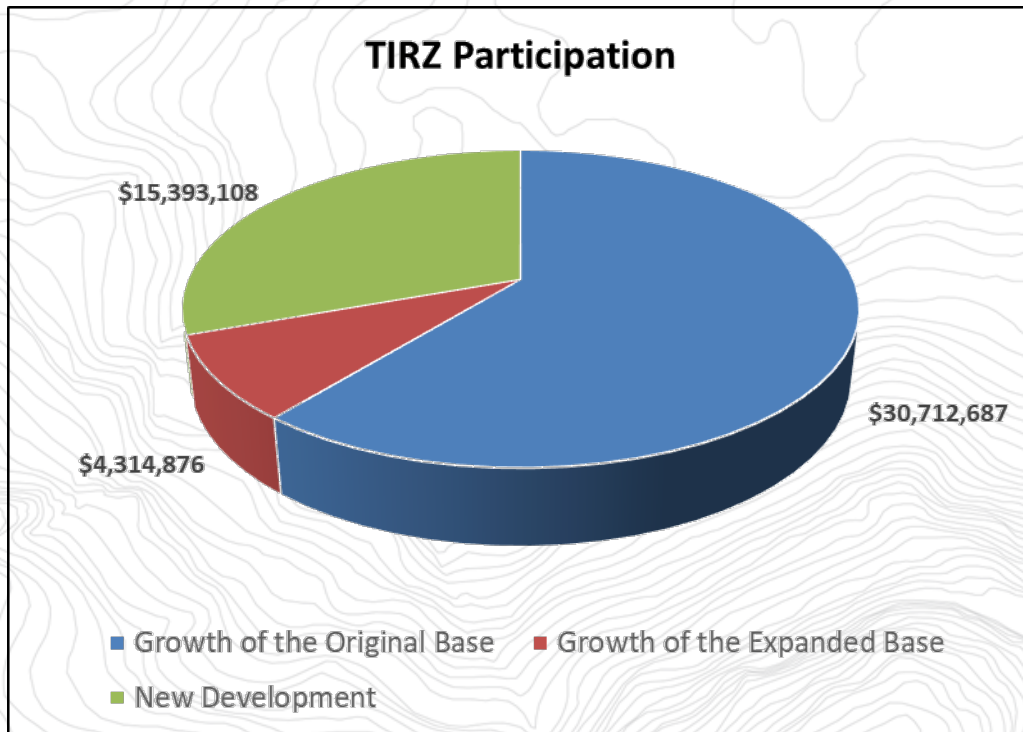
AMENDED PROJECT AND FINANCING PLAN

	Square Feet	Units	Projected Completion Date	Taxable Value PSF/Unit	Incremental Value	Sales PSF	Total Sales
TIRZ #1							
Hotel		130	2028	\$125,000	\$16,250,000		\$0
Retail	15,000		2028	\$250	\$3,750,000	\$200	\$3,000,000
Retail	26,000		2029	\$250	\$6,500,000	\$200	\$5,200,000
Retail	23,958		2028	\$250	\$5,989,500	\$200	\$4,791,600
Multifamily		124	2027	\$200,000	\$24,800,000		\$0
Hotel		225	2030	\$125,000	\$28,125,000		\$0
Multifamily		60	2026	\$200,000	\$12,000,000		\$0
Multifamily		215	2028	\$200,000	\$43,000,000		\$0
Multifamily		210	2030	\$200,000	\$42,000,000		\$0
Theater	11,000		2026	\$150	\$1,650,000	\$200	\$2,200,000
Total					\$184,064,500		\$15,191,600

- Based on input from the City staff, updated project development includes a mix of uses including commercial (retail and hotel) and residential (multifamily)
- \$184 Million in Anticipated Development is projected to generate \$50.4 Million in TIRZ Revenue to fund the Project Costs

AMENDED PROJECT AND FINANCING PLAN

Taxing Jurisdictions	Total Taxes Generated	TIRZ Participation	Net Benefit
City of Denton	\$58,665,954	\$50,420,671	\$8,245,283
Denton County	\$17,944,593	\$0	\$17,944,593
Denton ISD	\$110,766,524	\$0	\$110,766,524
DCTA	\$1,311,244	\$0	\$1,311,244
Total	\$188,688,315	\$50,420,671	\$136,956,400



AMENDED PROJECT AND FINANCING PLAN

Proposed Project Costs - TIRZ #1		
Water Facilities and Improvements	\$ 1,260,517	2.5%
Sanitary Sewer Facilities and Improvements	\$ 1,260,517	2.5%
Storm Water Facilities and Improvements	\$ 1,260,517	2.5%
Transit/Parking Improvements	\$ 5,042,067	10.0%
Street and Intersection Improvements	\$ 7,563,101	15.0%
Open Space, Park and Recreation Facilities and Improvements, Public Facilities and Improvements	\$ 7,563,101	15.0%
Economic Development Grants	\$ 25,210,335	50.0%
Administrative Costs	\$ 1,260,517	2.5%
Total	\$ 50,420,671	100.0%

- \$50,420,671 is an estimate of incremental revenue over the term of the TIRZ (2040) based upon growth and development assumptions
- The \$50,420,671 anticipated project cost total amount is a cap on expenditures that shall not be exceeded. Any increase would require a separate amendment to the project and financing plan
- Savings from one line item may be applied to a cost increase in another line item.
- It is anticipated that the individual TIRZ project costs will be evaluated on a case-by-case basis consistent with Chapter 311, Section 311.002, and brought forward to the TIRZ Board and City Council for consideration.

Next Steps

- ▶ **December 3, 2024: City Council Meeting**
 - ▶ Public Hearing & Consideration – Ordinance amending the Creation Ordinance
- ▶ **December 4, 2024: TIRZ Board Meeting**
 - ▶ Recommend approval of the Amended Project and Financing Plan
- ▶ **December 17, 2024: City Council Meeting**
 - ▶ Consideration - Ordinance approving the final Amended Project and Financing Plan

Options

- ▶ 1. Proceed with Amending the TIRZ Boundary and Term
- ▶ 2. Do Not Proceed

Questions?

