

Memorandum



CITY OF DALLAS

DATE April 18, 2019

TO Honorable Members of the Quality of Life, Arts & Culture Committee: Sandy Greyson (Chair), Mark Clayton (Vice Chair), Rickey D. Callahan, Jennifer S. Gates, Scott Griggs, B. Adam McGough, Omar Narvaez

SUBJECT **Proposed Neighborhood Empowerment Zone #9**

On Monday, April 22, 2019, you will be briefed on the Proposed Neighborhood Empowerment Zone #9.

The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in blue ink, appearing to read 'Joey Zapata'.

Joey Zapata
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (I)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Proposed Neighborhood Empowerment Zone #9

Quality of Life, Arts & Culture Committee
April 22, 2019

Courtney Pogue, Director
Office of Economic Development
City of Dallas



Overview

- Definition of Neighborhood Empowerment Zone (NEZ)
- Purpose for Creation of NEZ
- Analysis of Area Under Consideration
- Proposed NEZ #9 and Pilot Program
- Staff Recommendation
- Next Steps



Definition of Neighborhood Empowerment Zones (NEZ)

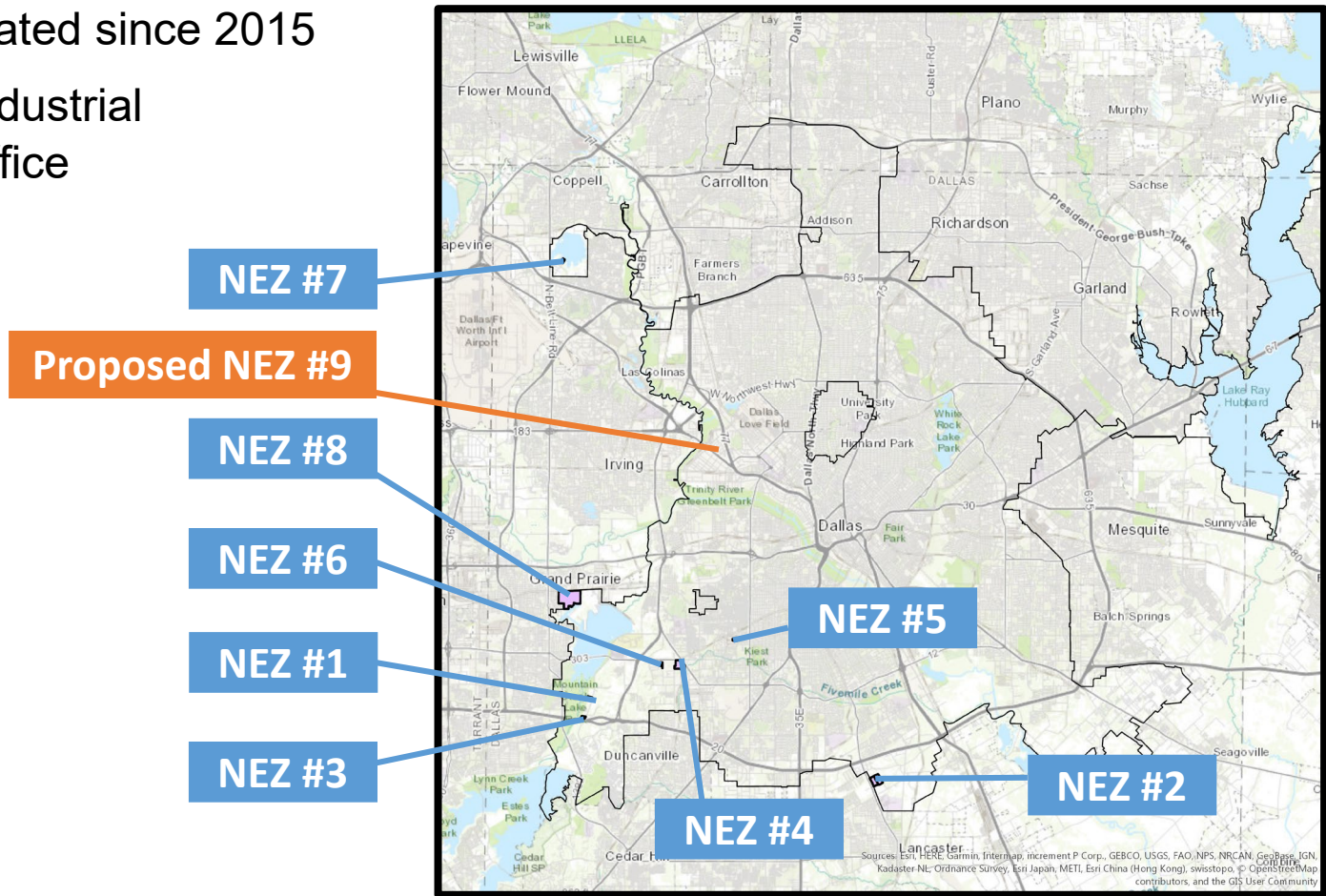
- Chapter 378 of the Texas Local Government Code provides for the creation of Neighborhood Empowerment Zones (NEZs)
- NEZs must promote any of the following:
 - An increase in economic development in the zone
 - An increase in the quality of social services, education, or public safety for residents of the zone
 - Creation and/or rehabilitation of affordable housing in the zone
- A municipality may create a NEZ by adopting a resolution that:
 - Describes boundaries of the zone
 - Determines that the zone promotes any of the four items listed above
 - Finds that the creation of the zone benefits and is for the public purpose of increasing public health, safety and welfare of persons in the municipality
 - Finds that the zone satisfies requirements of Section 312.202 of the Tax Code (Property Redevelopment and Tax Abatement Act)



Neighborhood Empowerment Zones (NEZs)

8 NEZs created since 2015

- 7 industrial
- 1 office



Purpose for Creation of NEZ

- NEZ is a flexible tool to implement an economic development program for a particular area of the city
- Create pilot program to encourage increased economic development in the NEZ
 - Stimulate business and commercial activity
 - Retain and grow existing smaller businesses (light industrial; office uses)
 - Retain and create jobs
 - Increase occupancy of buildings (office)
 - Encourage reinvestment in existing building stock
 - Incentivize workforce development/job training programs
- Uses excluded from consideration for incentives within the program: retail uses; sexually oriented businesses; bars, liquor stores; pawn shops; truck stops; body piercing studios; tattoo studios

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Analysis of Area Under Consideration

- Target Area under the City's Public/Private Partnership Program
- Approximately 390 acres
- 183 DCAD property accounts
- Existing non-residential land uses:
 - Office
 - Data center
 - Distribution/warehouse
 - Storage/warehouse
 - Hotel/motel
 - Retail

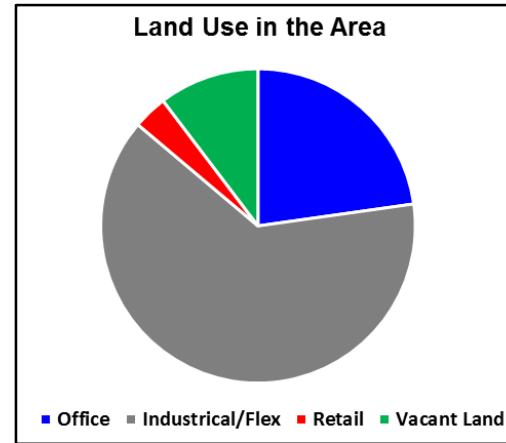
Source: Dallas Central Appraisal District



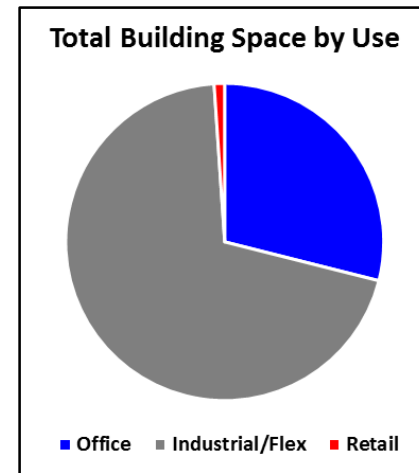
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Analysis of Area Under Consideration

- Breakdown of Land Use
 - Office – 89 acres
 - Industrial/Flex – 247 acres
 - Retail – 14 acres
 - Vacant Land – 40 acres

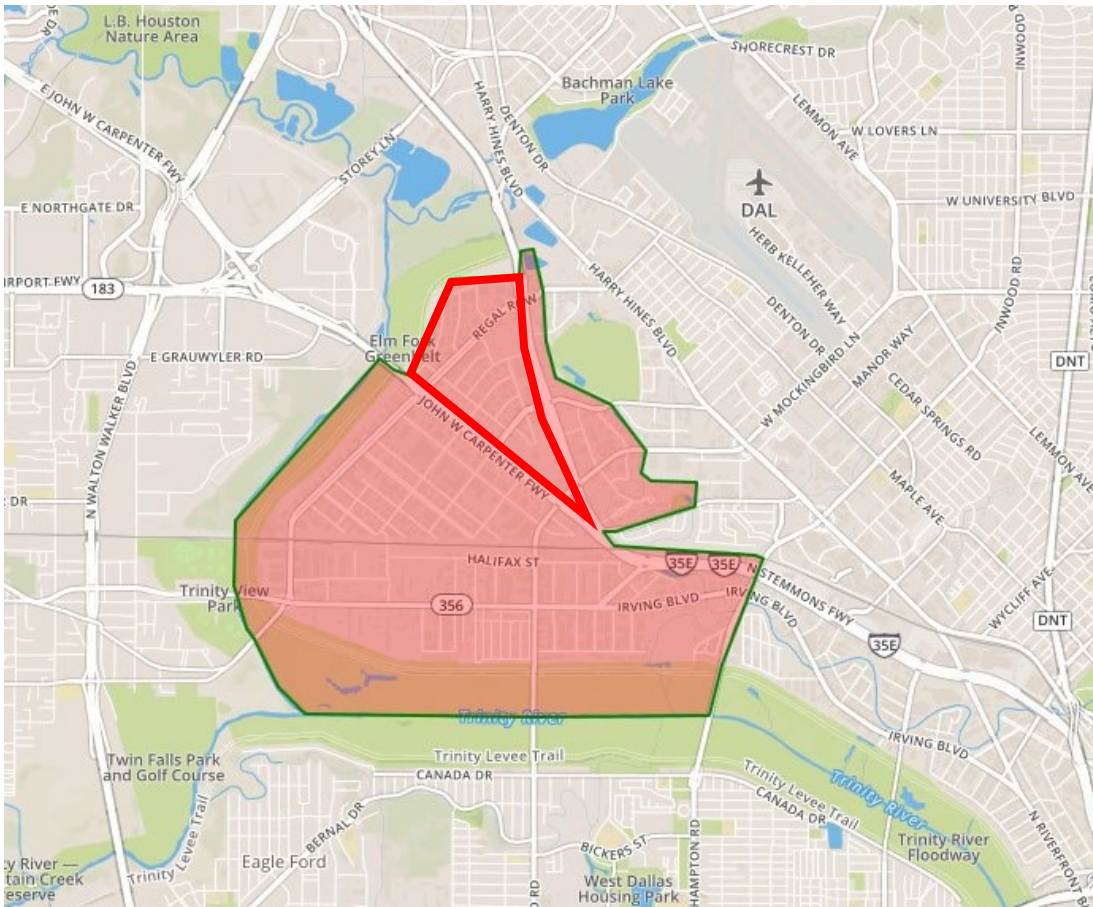


- Breakdown of Building Space
 - Office – total 2,040,821 square feet
 - Industrial/Flex – total 4,937,303 square feet
 - Retail – total 75,449 square feet (fast food)



Source: CoStar

Analysis of Area Under Consideration



- For analysis of data related to population, unemployment rate, and median household income, zip code 75257 (pink colored area) can be used as a proxy for the area under consideration (outlined in red)

Analysis of Area Under Consideration

Population		
Year	Zip Code 75247	City of Dallas
2011	447	1,196,258
2012	509	1,207,202
2013	546	1,222,167
2014	538	1,240,985
2015	629	1,260,688
2016	661	1,278,433
2017	712	1,300,122

Source: JobsEQ, March 2019

Unemployment Rate (%)		
Year	Zip Code 75247	City of Dallas
2011	45.1%	8.5%
2012	60.3%	9.0%
2013	61.1%	9.4%
2014	17.5%	8.9%
2015	41.1%	7.8%
2016	32.4%	6.8%
2017	46.6%	5.9%

Source: JobsEQ, March 2019; BLS

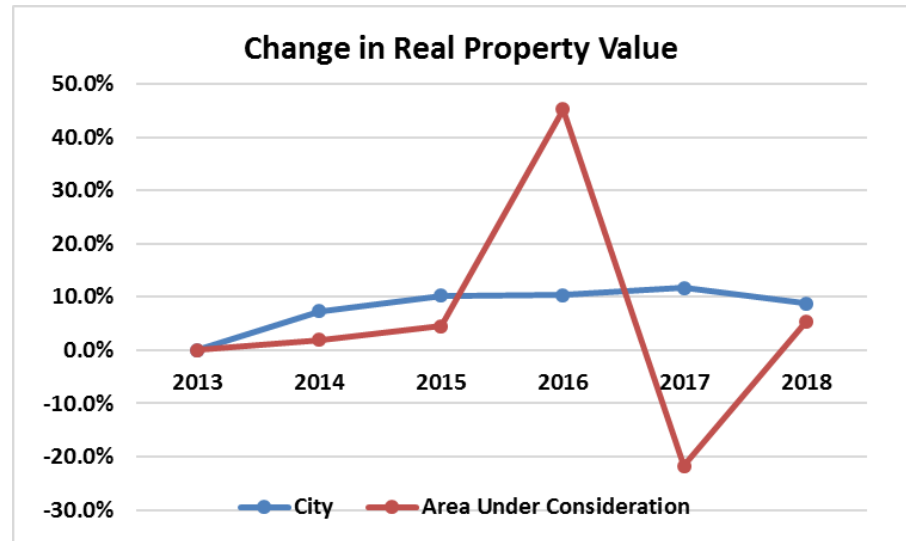
Median Household Income		
Year	Zip Code 75247	City of Dallas
2011	23,026	42,259
2012	22,606	42,436
2013	23,793	42,846
2014	17,426	43,359
2015	15,179	43,781
2016	16,227	45,215
2017	16,886	47,285

Source: JobsEQ, March 2019

Analysis of Area Under Consideration

Real Property Value				
Year	Area Under Consideration		City	
	Property Value	% Change	Property Value	% Change
2013	\$212,289,953	0.0%	\$32,700,000,000	0.0%
2014	\$216,420,141	1.9%	\$35,100,000,000	7.3%
2015	\$226,101,969	4.5%	\$38,700,000,000	10.3%
2016	\$328,426,560	45.3%	\$42,700,000,000	10.3%
2017	\$256,870,835	-21.8%	\$47,700,000,000	11.7%
2018	\$270,348,243	5.2%	\$51,900,000,000	8.8%

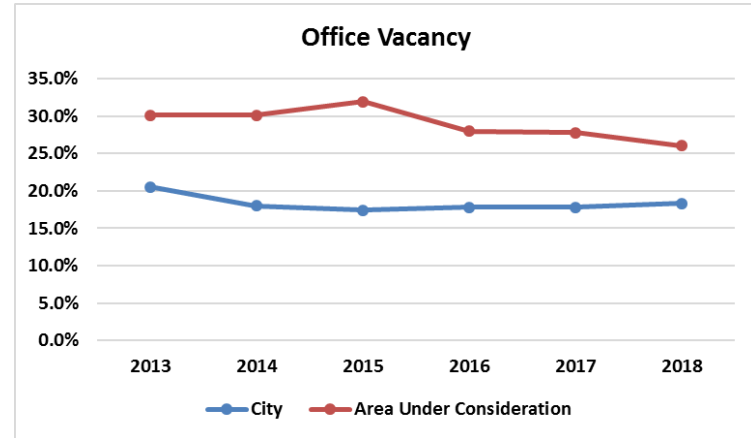
Source: DCAD; City of Dallas FY 2018 CAFR



Analysis of Area Under Consideration

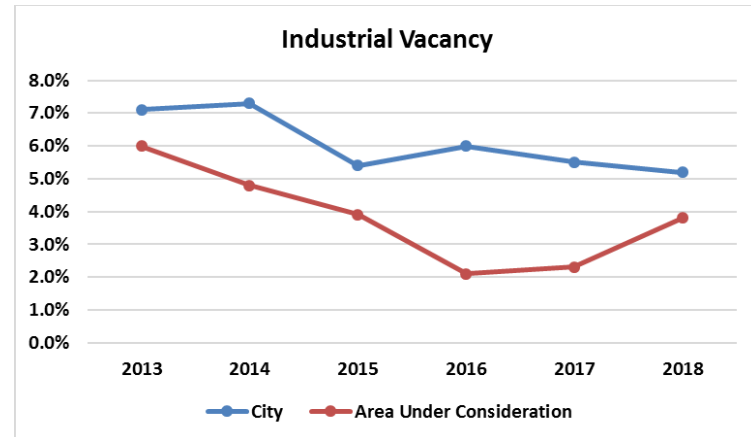
Office Vacancy (%)		
Year	Area Under Consideration	City of Dallas
2013	30.1%	20.5%
2014	30.1%	18.0%
2015	31.9%	17.4%
2016	28.0%	17.8%
2017	27.8%	17.8%
2018	26.0%	18.3%

Source: JobsEQ, March 2019; City of Dallas FY 2018 CAFR



Industrial Vacancy (%)		
Year	Area Under Consideration	City of Dallas
2013	6.0%	7.1%
2014	4.8%	7.3%
2015	3.9%	5.4%
2016	2.1%	6.0%
2017	2.3%	5.5%
2018	3.8%	5.2%

Source: JobsEQ, March 2019; City of Dallas FY 2018 CAFR



Analysis of Area Under Consideration

Total Number of Businesses			
	Area Under Consideration (Proposed NEZ #9)	Zip Code 75247	City of Dallas
Total	427	2,560	76,300
Percentage	0.6%	3.4%	100.0%

Source: ReferenceUSA, March 2019; JobsEQ, March 2019; City of Dallas Office of Economic Development

Total Number of Jobs			
	Area Under Consideration (Proposed NEZ #9)	Zip Code 75247	City of Dallas
Total	8,412	53,121	970,554
Percentage	0.9%	5.5%	100.0%

Source: ReferenceUSA, March 2019; JobsEQ, March 2019; City of Dallas Office of Economic Development

Analysis of Area Under Consideration

Top 25 Employers in Proposed NEZ #9

Company Name	Address	Product/Service	Jobs
Helping Loans	8585 N Stemmons Fwy	Consumer Lending	1,001
Smith Protective Svc Inc	8918 John W Carpenter Fwy	Security Guards & Patrol Services	300
Allied Marketing	1555 Regal Row	Marketing Consulting Services	200
US Cotton LLC	8500 John W Carpenter Fwy	Fiber Yarn & Thread Mills	200
Safeguard Business Systems Inc	8585 N Stemmons Fwy # 600n	Stationery & Office Supplies Merchant Wholesalers	130
Cott Beverages USA	1100 Empire Central Pl	Other Grocery & Related Products Merchant Whlsrs	120
Reina & Bates Immigration Law	1140 Empire Central Dr # 300	Offices Of Lawyers	110
Prestonwood Landscape SVC LLC	1366 Round Table Dr	Landscaping Services	100
VITAS Hospice Svc	8585 N Stemmons Fwy # 700s	General Medical & Surgical Hospitals	100
Enterprise Truck Rental	8200 John W Carpenter Fwy	Truck, Utility Trailer & Rv Rental & Leasing	80
Hi Tech Electric Inc	1181 Empire Central Dr	Electrical Contr & Other Wiring Installation Contr	80
New Generation Mechanical	1133 Empire Central Dr	Electrical Contr & Other Wiring Installation Contr	80
Immediate Resource	1555 Regal Row	Womens Children/Infnt Clothing/Acces Mrchnt Whlsrs	75
US Census Bureau	8585 N Stemmons Fwy # 800s	Legislative Bodies	75
G & C Direct	1275 Profit Dr	Direct Mail Advertising	67
Atlantis Trading Corp	1555 Regal Row	Women's Clothing Stores	65
B & B Graphic Finishing Svc	8930 Governors Row	Special Die & Tool, Die Set, Jig & Fixture Mfg	65
Double E Inc	1261 Profit Dr	Industrial Machinery & Equipment Merchant Whlsrs	65
Driving Momentum USA Inc	1140 Empire Central Dr	Employment Placement Agencies	65
A C Horn & Co Sheet Metal	1269 Majesty Dr	Conveyor & Conveying Equipment Manufacturing	60
Golden Mattress	1240 Titan Dr	Mattress Manufacturing	60
IMI Hydronic Engineering Inc	8908 Governors Row	Industrial Valve Manufacturing	60
Allscripts LLC	1111 W Mockingbird Ln	Nursing Care Facilities (Skilled Nursing Fclts)	50
Pinnacle Marble & Granite	1151 Empire Central Dr	Wood Kitchen Cabinet & Countertop Manufacturing	50
Salvation Army	8787 N Stemmons Fwy # 800	Other Individual & Family Services	50

Source: ReferenceUSA, March 2019













Analysis of Area Under Consideration

- Area is comprised entirely of non-residential tracts and is generally surrounded by non-residential tracts
- Some residential market types E, F, G, and H to the east and southeast



MVA Market Types/Categories

	A		F
	B		G
	C		H
	D		I
	E		NA

Proposed NEZ #9 and Pilot Program

- Within this proposed zone, minimum project eligibility requirements:
 - Create/retain at least 10 jobs; or
 - Provide at least \$250,000 of private investment
- Incentive tools to be specifically marketed to property owners and businesses within the zone (considered on a case-by-case basis based on specifics of each project & incentive application)
 - Real property tax abatement: up to 90% for 10 years
 - Business personal property tax abatement: up to 50% for 5 years
 - Chapter 380 grant and loans
 - Incentives for workforce development/job training (e.g. businesses within the zone that may hire and retain graduates from Salvation Army's workforce training program)
 - Other tools specifically marketed to the zone (public improvement district; New Markets Tax Credits; Property Assessed Clean Energy (PACE); state incentives)
- Staff will review progress of NEZ #9 and present updates to the Economic Development and Housing Committee

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Staff Recommendation

- Creation of Neighborhood Empowerment Zone #9, pursuant to Chapter 378 of the Texas Local Government Code to promote and increase economic development in the zone
- Creation of a pilot economic development program specifically tailored for the zone (as described on slide 15)



Next Steps

- Economic Development and Housing Committee meeting on May 6, 2019
- City Council meeting on May 8, 2019



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