



Audit of Tax Increment Financing (TIF) Districts

December 30, 2025

Mark S. Swann, City Auditor

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Executive Summary

The City of Dallas (City) Tax Increment Financing program is an economic development incentive program utilized by the City to revitalize under-performing real estate throughout the city. The Office of Economic Development administers this program under the guidelines of the Texas Tax Code, Chapter 311, Tax Increment Financing Act and the City of Dallas Economic Development Incentive Policy.

To encourage private development participation in the tax increment financing districts, the City agrees to disburse a portion of the incremental property tax revenue created by a development back to developer at agreed-upon milestones and/or at project completion. Disbursement is contingent upon the availability of tax increment financing revenue collected from the corresponding tax increment financing district.

As of Fiscal Year 2024, the City has created 21 tax increment financing districts with 18 still active. Tax increment financing expenditures (or allocations) totaling \$1.4 billion have generated over \$27 billion in added or anticipated real property value.

The objectives for the audit were to determine if the City's tax increment financing districts: (1) were operating in compliance with State and City requirements; (2) performance measures are defined and evaluated; and (3) funding is increasing affordable and mixed-income housing.

The scope for this audit included the operations of both active and inactive tax increment financing districts during Fiscal Years 2023–2024.

Objectives and Conclusions

1. Are the City's tax increment financing districts operating in compliance with State and City requirements for their operations and transparency?

Generally, Yes. The City's tax increment financing districts are operated in compliance with State and City requirements. However, minor observations were noted and verbally communicated to the Office of Economic Development management.

2. Are performance measurements defined for tax increment financing districts (individually or collectively)? If so, are they periodically evaluated to determine the success of the reinvestment zone?

Yes. Individual performance measurements have been defined and customized for each tax increment financing district. Progress is annually evaluated and reported in the Tax Increment Financing Annual Report.

3. Is funding from the tax increment financing districts increasing affordable and mixed-income housing? If so, by how much?

Yes. As of Fiscal Year 2024, approximately 53,401 total residential units have been developed in the tax increment financing districts. Approximately 5,988 of those residential units have been developed with financial support from the City of Dallas tax increment financing district funds, of which 1,898 residential units have been designated as affordable residential units. The owners of residential properties developed with tax increment financing district funding support are also required to submit written documentation of compliance with City mixed-income housing policies throughout the affordability period (a minimum of 15 years) to ensure the completed residential units remain affordable.

Recommendations

No reportable observations or recommendations.

Background

Day to day administration of the tax increment financing districts is assigned to the Catalytic Development division of the Office of Economic Development. As of Fiscal Year 2024, the City of Dallas has created 21 tax increment financing districts and 18 are currently active. See **Exhibit 1**.

Each tax increment financing district has its own reinvestment zone board of directors (appointed by the participating jurisdictions), which makes recommendations to the City Council on decisions to create, expand, extend and terminate tax increment financing districts. Final approval by City Council ordinance or resolution is required. Tax increment financing districts cease operations at the established termination date (unless extended) or sooner if the approved budget has been expended.

Office of Economic Development staff prepare the tax increment financing revenue calculation on an annual basis using property tax data from the various tax appraisal districts and the county tax offices. The captured value for each tax increment financing district is calculated (difference between the base year and current year property tax values) and then multiplied by the participating jurisdiction's tax rate and participation rate.

The tax increment financing district billed amounts are submitted to the county tax offices for payment and are based on actual tax levies collected from property owners in the district. The levies collected represent current year taxes owed, and prior year taxes owed but not paid due to late protests or delinquent accounts. The county tax offices then remit the billed amounts to the City via check by the established due date.

In January 2023, the City approved the creation of the Infrastructure Investment Fund to further address deficient infrastructures in neighborhoods throughout the City. The program is funded annually by monies collected from expired tax increment financing districts. The monies are collected for 10 years (from each expired district) with an option to extend the collection for another 5 years upon City Council approval.

Exhibit 1: Fiscal Year 2023-2024 Tax Increment Financing Taxable Values

Tax Increment Financing District	Initial (Base) Taxable Value	2023 Final Taxable Value	2024 Certified Taxable Value	2023 vs. 2024 (% Change)	Initial vs. 2024 (% Change)
Tax increment financing districts created between 1988-1998					
State-Thomas ¹	\$47,506,802	\$906,747,283	\$965,952,689	6.5	1,933.3
Cityplace Area ¹	45,065,342	1,621,925,395	1,711,039,214	5.5	3,696.8
Oak Cliff Gateway (all sub-districts)	281,915,535	1,472,958,414	1,650,391,423	12.0	485.4
Cedars ¹	35,300,760	368,749,838	431,408,490	17.0	1,122.1
City Center (all sub-districts) ²	674,751,494	1,984,502,749	2,308,858,750	16.3	242.2
Farmers Market (Zone A-C)	35,714,091	641,893,320	640,051,148	-0.3	1,692.2
Sports Arena (all sub-districts)	63,730,369	2,173,509,025	2,289,334,298	5.3	3,492.2
Subtotal	1,183,984,393	9,170,286,024	9,997,036,012	9.0	744.4
Tax increment financing districts created after 2005					
Design District (all subdistricts)	\$281,873,753	\$1,327,133,891	\$1,362,397,439	2.7	383.3
Vickery Meadow (Zone A-B)	164,779,090	650,917,404	662,146,342	1.7	301.8
Southwestern Medical (all subdistricts)	67,411,054	414,030,832	429,053,229	3.6	536.5
Downtown Connection (Zone A-B)	587,152,367	7,152,833,084	7,822,404,603	9.4	1,232.3
Deep Ellum (Zone A-C)	189,162,613	1,397,595,195	1,484,311,274	6.2	684.7
Grand Park South (Zone A-B)	79,064,576	165,068,817	187,811,558	13.8	137.5
Skillman Corridor	361,814,671	1,493,091,512	1,610,231,086	7.8	345.0
Fort Worth Avenue	558,406,007	1,313,715,704	1,491,858,425	13.6	167.2
Davis Garden (Zone A-B)	137,834,597	539,500,504	588,353,749	9.1	326.9
TOD (all subdistricts)	201,998,111	846,552,333	884,035,202	4.4	337.6
Maple-Mockingbird (Zone A-B)	184,005,009	982,211,506	1,110,253,603	13.0	503.4
Cypress Waters	71,317	1,135,287,638	1,219,813,623	7.4	1,710,310.7

Tax Increment Financing District	Initial (Base) Taxable Value	2023 Final Taxable Value	2024 Certified Taxable Value	2023 vs. 2024 (% Change)	Initial vs. 2024 (% Change)
Mall Area Redevelopment (<i>all subdistricts</i>)	176,287,080	404,118,390	434,040,002	7.4	146.2
University (<i>all subdistricts</i>)	49,774,442	420,394,567	463,625,272	10.3	831.5
Subtotal	3,039,634,687	18,242,451,377	19,750,335,407	8.3	549.8
Total of all districts	\$4,223,619,080	\$27,412,737,401	\$29,747,371,419	8.5	604.3

Source: Office of Economic Development, Fiscal Year 2023-2024 tax increment financing district annual reports ¹. All dollar values are rounded for ease of reading.

¹ Notes: (1) State-Thomas, Cityplace area, and Cedars tax increment financing districts have expired and are no longer officially reporting. (2) The City Center sub-district of the City Center tax increment finance district expired in 2022; however, the Lamar Corridor/West End sub-district is still active. Tax increment financing districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base year (i.e. Zone B). Several tax increment financing districts have been amended to add sub-districts that may have different base years.

Methodology

The audit methodology included: (1) interviewing personnel from the Office of Economic Development; (2) reviewing policies and procedures, and state and local compliance requirements; and (3) performing various analyses. In addition, all five components of *Standards for Internal Control in the Federal Government* were considered.

Government Auditing Standards Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our audit objectives.

Report Classification

Final Report – For Public Use

This report is a product of the Office of the City Auditor and is issued in accordance with the Texas Public Information Act (Texas Government Code, Chapter 552).

Major Contributors

Jonathan Goonan—Senior Auditor, CPA, CIA

Carron Perry—Engagement Manager, CIA

Acknowledgement Letter(s)

See next page(s)

Memorandum



DATE: December 24, 2025

TO: Mark S. Swann – City Auditor

SUBJECT: Response to Audit of Tax Increment Financing (TIF) Districts

This letter acknowledges that the City Manager's Office received the *Audit of Tax Increment Financing Districts (TIFs)*.

The City's tax increment financing districts are a well-managed and effective development incentive program that has revitalized blighted areas of the City, provided approximately 1,898 affordable and mixed-income housing units, and expanded the property tax base that funds vital government services. Thus far, the City's tax increment financing districts have yielded an estimated return on investment exceeding 1,800%.

We appreciate the professionalism and hard work of the City Auditor and his staff, and are pleased the audit was able to conclude:

- The City's tax increment financing districts are operated in compliance with State and City requirements;
- Performance measurements are defined and customized for each district; and
- Funding from the tax increment financing districts has helped create approximately 5,988 residential units, of which 1,898 residential units have been designated as affordable units.

Please let me know if you need additional information.

Service First, Now!

Kimberly B. Tolbert
City Manager

C: Jack Ireland, Chief Financial Officer
Robin Bentley, Assistant City Manager
Kevin Spath, Director, Office of Economic Development