

AN ORDINANCE **2017-03-09-0164**

**APPROVING THE AMENDED PROJECT PLAN FOR TAX INCREMENT
REINVESTMENT ZONE NUMBER ELEVEN, CITY OF SAN ANTONIO,
TEXAS KNOWN AS THE INNER CITY TIRZ.**

* * * * *

WHEREAS, in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311 (“the Act”), City Council through Ordinance No. 93101 designated the Inner City Tax Increment Reinvestment Zone (the “Zone”), located in City Council Districts 1, 2, and 5; and

WHEREAS, the Board of Directors (“Board”) of the Inner City TIRZ and the City have amended the TIRZ Project Plan (the “Plan”) from time to time as necessary and convenient; and

WHEREAS, since December 2013 when the Plan was last amended pursuant to Ordinance No. 2013-12-05-0871, the City and the Board have identified and approved new economic development projects and boundary amendments to ameliorate conditions within the Zone and areas adjacent; and

WHEREAS, on February 10, 2017, in accordance with the Act, the Board adopted Resolution T11 2017-02-10-17-06R approving the Amended Project Plan, set out in **Exhibit A**; and

WHEREAS, notice of the public hearing at which City Council would consider approval of the Amended Project Plan was posted in accordance with Sections 311.003 and 311.011 of the Act; and

WHEREAS, the public hearing was conducted during the same meeting at which this Ordinance was passed and both the hearing and the meeting were open to the public and public notice was provided as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The Inner City TIRZ Amended Project Plan, set out in **Exhibit A**, and as approved by Board Resolution T11 2017-02-10-17-06R, set out in **Exhibit B**, is hereby adopted.

SECTION 2. This Ordinance shall be effective upon passage by eight affirmative votes; otherwise it shall be effective on the tenth day after passage.

PASSED AND APPROVED this 9th day of March, 2017.

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

Andrew Segovia, City Attorney

Agenda Item:	23 (in consent vote: 7, 8, 9, 10, 11, 13, 14, 15, 16, 18, 21, 23, 25A, 25B)						
Date:	03/09/2017						
Time:	09:47:49 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance approving the Inner City Tax Increment Reinvestment Zone #11 Amended Project Plan. [Peter Zanoni, Deputy City Manager; Bridgett White, Director, Planning]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				
Alan Warrick	District 2		x				x
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

EXHIBIT A

City of San Antonio

Tax Increment Reinvestment Zone Number 11
City of San Antonio, Texas

Inner City TIRZ



PROJECT PLAN

Approved:
May 24, 2001

Amended:
December 18, 2003
September 2, 2004
June 30, 2005
August 25, 2005
December 15, 2005
March 2, 2006
September 4, 2008
February 12, 2009
December 16, 2010
March 10, 2011
March 1, 2012
August 2, 2012
November 8, 2012
December 5, 2013
March 9, 2017

PROJECT PLAN

Tax Increment Reinvestment Zone Number 11

Section 1: Project Overview

The Inner City Tax Increment Reinvestment Zone Number 11 (TIRZ) can provide the financing needed to develop public improvements and support economic development activities associated with revitalization within the Inner City TIRZ Boundary. This Project Plan describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property,
- (3) Proposed improvements and property uses,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

The Inner City TIRZ was designated by City Council on December 14, 2000 through Ordinance 93101. The preliminary TIRZ Project and Finance Plans were approved by City Council on May 24, 2001 through Ordinance 94006. Since then the Project and Finance Plans have been amended on numerous occasions to accommodate changes to the TIRZ project list and boundaries. A list of these amendments are shown on the cover page.

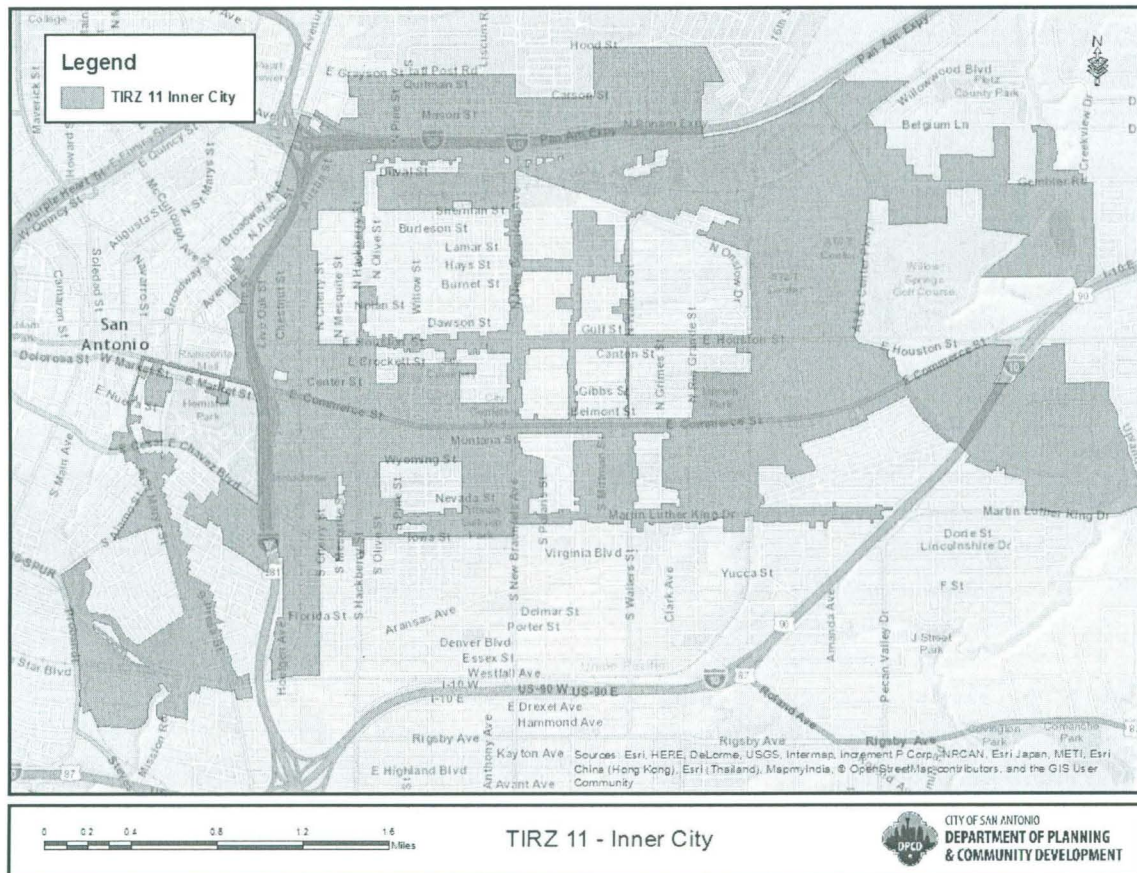
The City of San Antonio uses Tax Increment Financing to encourage development in areas where it is desired but is not being provided by traditional market mechanisms or other city incentives. Through TIF, the City intends to achieve goals and objectives established in City adopted plans and policies and to support projects that increases diversity of uses and decreases income segregation. Public investment in TIRZ, using tax increment as a financing mechanism, stimulates private sector investment in areas of the City that would not otherwise attract market interest.

The Inner City TIRZ, throughout its history, has supported a wide variety of projects. These projects include; historic renovations, public facilities, healthcare services, infrastructure improvements, economic development projects, multifamily housing, single family housing and social capital projects. For a descriptive list of the TIRZ supported projects see Section 3 "Proposed improvements and property uses".

The City of San Antonio is the only Taxing Entity contributing tax increment to the Inner City TIRZ at a rate of 100%. However, the Inner City TIRZ Board has, throughout its history, maintained strong representation from other public and private entities impacted by the work of the TIRZ. This representation includes members of City Council, Board Members from Bexar County, the Alamo Community College District, San Antonio Independent School District, the San Antonio Spurs Foundation and numerous other business and community leaders. The City of San Antonio is represented through the participation of City Council members from Districts 1, 2, and 5.

Section 2: Existing Uses and Conditions

The Inner City TIRZ is located in the center and the eastern quadrant of the City of San Antonio, inside Loop 410, primarily south of Interstate Highway 35, north of Interstate Highway 10, and straddling both sides of Interstate Highway 37. The geographic area of the zone covers approximately 5.53 square miles or 3,540 acres which includes 4,903 tax parcels representing approximately 2,734 parcel acres. Over the life of the TIRZ the boundary has been amended 8 times both adding and removing parcels.



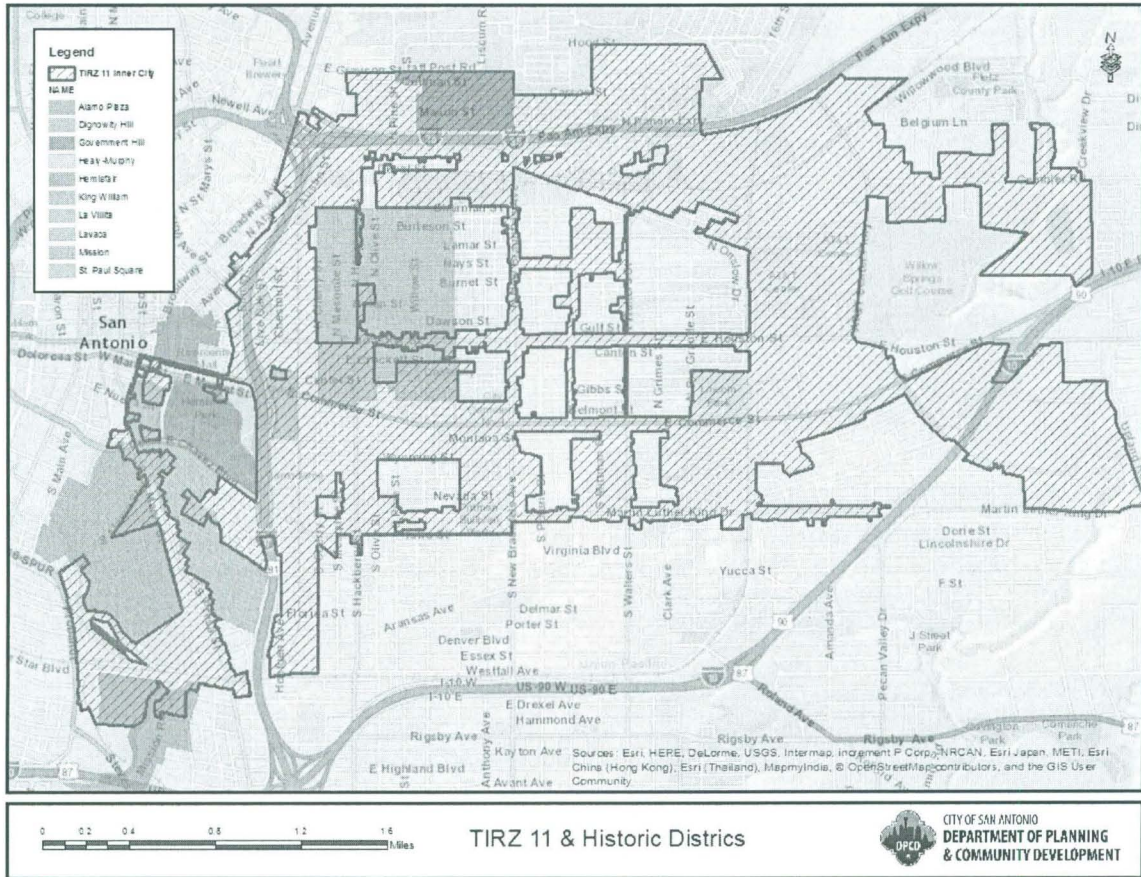
Urban Setting

Due to its size and location, the zone contains a wide variety of neighborhoods, business and entertainment districts that are broadly representative of the City's development history. The zone also includes several key landmarks such as the Riverwalk, Alamodome, the AT&T Center, and Sunset Station.

Much of the area can be described as historically underserved, which is evidenced by significant slum and blight. The majority of the TIRZ activity to date has been targeted to alleviate these circumstances, to improve the living conditions of the community, and to improve the environment for future development.

Historic Districts

Because of its proximity to the center of San Antonio, portions of the Inner City TIRZ boundary overlaps several historic districts including; the Lavaca neighborhood, St. Paul’s Square, Alamo Plaza, the Healy Murphy district, the Dignowity Hill Neighborhood, Government Hill, Hemisfair, the King William Neighborhood, the Mission District and La Villita.

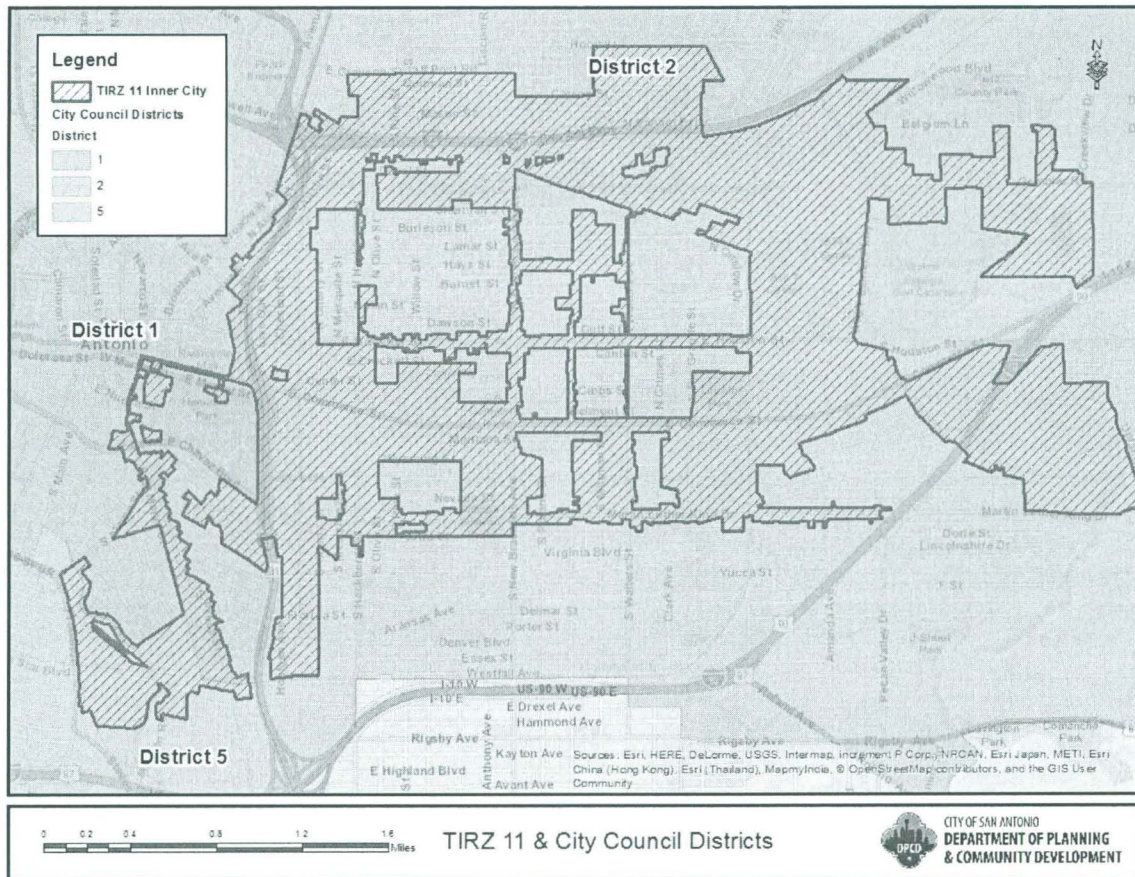


School District(s)

The Inner City TIRZ is located entirely within the boundary of the San Antonio Independent School District.

City Council Representation

The Inner City TIRZ boundary overlaps three City Council Districts. The vast majority of the TIRZ area lies within City Council District 2. Additionally, a small portion of the zone also lies with the City Council Districts 1 and 5 boundaries. As such, Council Districts 1 and 5 are apportioned one TIRZ Board seat each, with the remaining 13 seats allocated to District 2.



Neighborhood Associations

The neighborhood association for the area include: Lone Star, King William, Lavaca, Downtown, Historic Gardens, Nevada Street, Coliseum Oaks, Coliseum Willow Park, Jefferson Heights, Harvard Place/Eastlawn, Government Hill, and Dignowity Hill.

Zoning

Because of its size and the gerrymandering nature of its boundary, the Inner City TIRZ includes a wide variety of zoning districts. As would be expected, much of the area in and adjacent to downtown is zoned Downtown District (D). The southern portion of the boundary around the Lone Star area and the area immediately south of Interstate Highway 35 included a significant number of parcels zoned Industrial District (I). While several of the primary corridors in the TIRZ include Commercial (C) zoning it is generally interspersed with differing types of single family and multifamily residential zoning (R4, RM4 and MF33). Additional zoning types include Arts and Entertainment Districts (AE) and Infill Development Zoning (IDZ). Overlay districts impacting the TIRZ include Historic Overlays (H) and River Improvement District Overlays (RIO). Detailed information regarding zoning of specific areas can be obtained through the Development Services Department.

Section 3: Proposed Improvements and Property Uses

The Inner City TIRZ is a City Initiated TIRZ and does not have a singular developer. Because of this, projects supported by the TIRZ come from many different sources, serve different needs within the zone and are, for the most part, unique and unrelated. Throughout the life of the TIRZ, the Board has utilized several different methods to identify projects including “Requests for Proposals” (RFP) and “Requests for Applications” (RFA). More recently, the Board has received funding requests from developers and others throughout the calendar year by allowing “out of cycle” requests. Through the use of out of cycle requests, the Board has created a flexible funding environment that enables developers to request funding when it is needed as opposed to meeting an arbitrary timeline. Because of the significant volume of development activity occurring within the Inner City boundary, the need for periodic RFPs or RFAs is not necessary. However, the TIRZ Board will always have final approval regarding the process to solicit new projects.

All projects considered by the TIRZ Board are first evaluated by staff. Once staff makes a recommendation regarding the project, then the developer is allowed to make a presentation to the Board for consideration. Once approved by the Board, all project developers must enter into a contractual agreement with the Board and the City that stipulates the scope of work, eligible project costs, the maximum amount of TIRZ funding at project completion and other requirements. Each agreement then requires TIRZ Board and City Council approval. All new projects will be added to the Project Plan and Finance Plans upon final approval of the TIRZ Board and City Council.

Other Economic Development Tools in Use

Chapter 380 of the Local Government Code

380 Economic Development Grant and Loan Agreements, are authorized under Chapter 380 of the Local Government Code. Under the statute, “the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making loans and grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality.”

This statute has enabled the TIRZ and the City to provide incentives to many of the following economic development projects by promising the repayment of future tax revenue generated by the projects over a set period of time, typically fifteen years. By using this tool, the TIRZ board is able to incentivize projects with the future tax increment generated by those projects.

Center City Housing Incentive Policy (CCHIP)

On June 21st, 2012, City Council adopted the Center City Housing Incentive Policy which provides greater incentives to housing projects within the targeted growth areas identified in the Downtown Strategic Framework Plan and prioritizes the urban core. The Policy

established an as-of-right housing incentive system for housing in the Center City. It was re-evaluated for extension after four (4) years with changes approved by City Council on June 16, 2016 and subsequently by the TIRZ Board on August 12, 2016. The revised policy expires June 30, 2018.

A key component of the CCHIP provides Real Property Tax Reimbursement Grants to multi-family rental or for sale projects within the area. The City's real property tax increment generated as a result of the Project is the funding source of the Grant. The Grant will be disbursed over a 10 or 15 year period which is determined by the location of the Project or the type of project.

Active and Potential Projects Approved by the TIRZ Board for Funding

Project Name	Funding Amount	Funding Type	Termination Date
1130 Broadway	\$3,196,505.00	Tax Reimbursement *	12-31-2031
Alamo Beer Microbrew	\$449,000.00	Tax Reimbursement	12-31-2029
Broadway Underpass	\$1,000,000.00	Direct Reimbursement	TBD
Cedar Street Townhomes	\$515,939.00	Tax Reimbursement *	12-31-2032
Center City Lofts	\$307,779.00	Tax Reimbursement *	12-31-2033
Chelsea's Catering	\$233,907.00	Direct Reimbursement	9-30-2025
Collaborative Homes (Sunglo Townhomes)	\$518,000.00	Direct Reimbursement	9-30-2017
Echo East Land Procurement	\$800,000.00	Direct Reimbursement	TBD
Elan Riverwalk	\$3,805,384.00	Tax Reimbursement *	9-30-2031
Essex Modern City	TBD	Direct Reimbursement	TBD
Historic Marker Project	TBD	Direct Reimbursement	TBD
Lotus Project	TBD	Direct Reimbursement	TBD
MLK Garden Homes	\$300,000.00	Direct Reimbursement	TBD
Red Berry	TBD	Direct Reimbursement	TBD
Victoria Commons Multi Family	\$1,500,000.00	Direct Reimbursement	TBD
St. Philips Student Housing	TBD	Direct Reimbursement	TBD

Sterling Building	\$385,000.00	Direct Reimbursement	TBD
Good Samaritan VOTC	\$950,000.00	Direct Reimbursement	9-30-2025
VTCC Project	\$972,000.00	Direct Reimbursement	TBD
Wheatly Choice Neighborhood Set Aside	\$300,000.00	Direct Reimbursement	TBD

Note: * Denotes a CCHIP Project.

Section 4: Proposed Changes to Municipal Ordinances

There are no anticipated changes to Municipal Ordinances as a result of this plan.

Section 5: Estimated non-project costs

Estimated non-project costs will include administrative fees for the City of San Antonio. The City's administrative costs will be \$120,000.00 for each year beginning in FY 2016 throughout the life of the TIRZ. Increases to the City's administrative fees may be amended as needed with approval from the Inner City TIRZ Board and City Council through approved amendments to this plan.

Section 6: Relocation of persons to be displaced

At this time it is not anticipated that any of the projects identified in this Project Plan will require the relocation or displacement of persons.

EXHIBIT B

T11 2017-02-10-17-06R

RESOLUTION BY THE BOARD OF DIRECTORS ("BOARD") OF TAX INCREMENT REINVESTMENT ZONE NUMBER ELEVEN, CITY OF SAN ANTONIO, TEXAS, KNOWN AS THE INNER CITY TAX INCREMENT ZONE ("TIRZ"), TO APPROVE AND ADOPT THE PROJECT PLAN FOR THE TIRZ.

* * * * *

WHEREAS, the City and the Board recognize the importance of their continued role in economic development, community development, planning and urban design in accordance with the Tax Increment Financing Act, Texas Tax Code, Chapter 311, of the Texas Tax Code ("the Act"); and

WHEREAS, City Staff has prepared and amended the Project Plan for Inner City TIRZ in accordance with the Act, and as necessary to facilitate the added TIRZ Projects; and

WHEREAS, on February 10, 2017, considered and approved a Resolution to adopt the Amended Project Plan, attached hereto as Exhibit A, and in accordance with the Act; **NOW THEREFORE:**

BE IT RESOLVED BY THE BOARD:

SECTION 1. The recitals set out above are adopted in their entirety.

SECTION 2. The Board authorizes the City to take actions consistent with the terms stated in the attached Project Plan (Exhibit A), and contingent upon City Council approval.

SECTION 3: The Board acknowledges that subsequent approval by City Council is required.

PASSED AND APPROVED this 10th day of February, 2017.



City Councilman Alan E. Warrick II
Presiding Officer

APPROVED AS TO FORM:



Alma Rosa Lozano
Assistant City Attorney