

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED
ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL.**

AN ORDINANCE

**DESIGNATING THE NORTHEAST CORRIDOR, A CITY-INITIATED
TAX INCREMENT REINVESTMENT ZONE (“TIRZ”) TO BE NAMED
TAX INCREMENT REINVESTMENT ZONE NUMBER THIRTY-
THREE, CITY OF SAN ANTONIO, TEXAS, LOCATED IN COUNCIL
DISTRICTS 10 AND 2; AUTHORIZING THE CREATION OF A SEVEN
(7) MEMBER BOARD OF DIRECTORS, ESTABLISHING THE
EFFECTIVE START DATE AND TERMINATION DATE OF THE ZONE,
APPROVING PRELIMINARY PROJECT AND FINANCE PLANS AND
ESTABLISHING A TAX INCREMENT FUND.**

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WHEREAS, Tax Increment Financing (“TIF”) is an economic and community development tool authorized by the Tax Increment Financing Act, Texas Tax Code, Chapter 311 (“TIF Act”), used by the City of San Antonio to promote development or redevelopment in areas where development or redevelopment would not occur solely through private investment in the reasonably foreseeable future; and

WHEREAS, creation of the Northeast Corridor (“NEC”) Tax Increment Reinvestment Zone (TIRZ) was proposed by former District 10 City Councilman Carlton Soules through a Council Consideration Request (CCR) on January 15, 2014 and subsequently was supported by current District 10 Councilman Mike Gallagher; and

WHEREAS, on June 26 2014, City Council adopted the Northeast Corridor Revitalization Plan through Ordinance 2014-06-26-0516 which outlined revitalization goals and strategies for the NEC and recommended the creation of a TIRZ to provide a source of funding for catalytic projects; and

WHEREAS, on August 20, 2014 staff conducted a briefing regarding the proposed TIRZ to the City Council Governance Committee; and

WHEREAS, on September 4, 2014, City Council passed a “Resolution of Intent” (2014-09-04-0029R) expressing its intent to create a new TIRZ for the purpose of financing the cost of redevelopment and encouraging development in this area that would otherwise not attract sufficient market development in a timely manner; and

WHEREAS, the Resolution of Intent authorized staff to schedule a public hearing on the creation of the zone in accordance with the TIF Act, analyze the feasibility of the proposed TIRZ and to develop TIRZ documents including but not limited to preliminary Project and Finance Plans; and

WHEREAS, the proposed NEC TIRZ is statutorily eligible to be designated in accordance with the TIF Act; and

WHEREAS, there is a demonstrated need for development within the proposed boundary which includes a concentration of vacant, neglected and underutilized properties; and

WHEREAS, the proposed TIRZ would implement goals and strategies in the Master Plan Policies, North Sector Plan, RenewSA, and the Northeast Corridor Revitalization Plan; and

WHEREAS, the Northeast Corridor Market Study recommends the use of TIF to offset the increased cost of redevelopment; and

WHEREAS, the proposed NEC TIRZ includes mostly mid-performing real estate markets based on a city-wide analysis of recent development, current rents, current vacancy rates, and rent trajectories; and

WHEREAS, mid-performing real estate markets are the most desirable market-types for pay-as-you-go TIF financing; and

WHEREAS, lower performing real estate markets were included to capture both sides of Perrin Beitel and Nacogdoches Roads and key gateways such as Loop 410 and Perrin Beitel; and

WHEREAS, the proposed TIRZ would leverage incentives provided through the Inner City Reinvestment/Infill Policy (“ICRIP”) Program; and

WHEREAS, the City of San Antonio is currently the only Participating Taxing Entity; and

WHEREAS, the proposed projects to be funded within the NEC TIRZ Number Thirty-Three include gateway and streetscape enhancements, facade improvements, and acquisition and redevelopment of blighted properties; and

WHEREAS, in accordance with Section 311.003 of the TIF Act, before an ordinance is adopted establishing a reinvestment zone a public hearing must be held and a notice of the hearing published, both of which conditions have been met in this circumstance; **NOW THEREFORE:**

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

SECTION 1. DESIGNATING THE AREA AS A TAX INCREMENT REINVESTMENT ZONE. The area located in City Council Districts 10 and 2, consists of approximately 1,056 parcel acres generally along both sides of Perrin Beitel road north of Loop 410 to Thousand Oaks road then continues to the northeast along both sides of Nacogdoches to O’Conner road. The western portion of the boundary extends southwest from the intersection of Perrin Beitel and Naco-Perrin Boulevard along both sides of Naco-Perrin to approximately Wurzbach Parkway then heads to the northwest along the northern edge of Wurzbach Parkway to Wetmore road. At

the intersection of Wurzbach and Wetmore, the boundary heads northeast along the southern edge of Wetmore to Thousand Oaks then follows the southern edge of Thousand Oaks back to Nacogdoches road with the boundaries as more specifically described in Section 2 below, and officially assigned the name in Section 5 below, is designated a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE TIRZ. Attached as **Exhibit A**, incorporated by reference for all purposes is a description of the boundaries of the proposed TIRZ.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE TIRZ. The Northeast Corridor TIRZ will have a Board of Directors consisting of seven (7) members, to be appointed by City Council and will have all the rights, powers, and duties as provided for by the TIF Act and or authorized by City Council.

SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE TIRZ. TIRZ Number Thirty-Three shall take effect immediately upon passage of this Ordinance and continue until its termination date of September 30, 2034, unless otherwise terminated in accordance with Section 311.017 and Section 311.007 of the TIF Act or in accordance with any applicable interlocal agreements, development agreements or the City TIF policies.

SECTION 5. ASSIGNING A NAME TO THE TIRZ. The TIRZ is assigned the name, "REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS."

SECTION 6. TAX INCREMENT BASE. The Tax Increment Base for the TIRZ is the total taxable value of all real property taxable by the City and located in the TIRZ, determined as of January 1, 2014, the year in which the TIRZ was designated.

SECTION 7. ESTABLISHMENT OF A TAX INCREMENT FUND. There is created and established in the depository bank of the City, a fund to be called the "REINVESTMENT ZONE NUMBER THIRTY-THREE, CITY OF SAN ANTONIO, TEXAS TAX INCREMENT FUND." Money in the Tax Increment Fund, from whatever source, may be disbursed from the Tax Increment Fund, invested, and paid as permitted by the TIF Act or by agreements entered into pursuant to the TIF Act, or as otherwise authorized by law.

SECTION 8. FINDINGS. The City finds and declares that: (1) improvements in the TIRZ will significantly enhance the value of all taxable real property in the TIRZ and will be of general benefit to the municipality; and (2) the TIRZ area meets the requirements of Section 311.005 of the TIF Act, as the area within the boundaries:

(A) substantially arrests or impairs the sound growth of the City, retards the provisions of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:

- a. a substantial number of substandard, slum deteriorated or deteriorating structures;
- b. the predominance of defective or inadequate sidewalk or street layout;
- c. faulty layout in relation to size, adequacy, accessibility, or usefulness;
- d. unsanitary or unsafe condition;
- e. the deterioration of site or other improvements;
- f. tax or special assessment delinquency exceeding the fair value of the land;
- g. defective or unusual conditions of title;
- h. conditions that endanger life or property by fire or other cause; or
- i. structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial, or residential purposes during the preceding 12 years, or

(B) is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City; and

The City, pursuant to the requirements of the TIF Act, further finds and declares that:

- (1) the proposed TIRZ is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;
- (2) the proposed TIRZ does not have more than the thirty percent (30%) of the property in the proposed zone, excluding property that is publicly owned, that is used for residential purposes;
- (3) the proposed TIRZ does not contain more than twenty-five (25%) of the total appraised value of taxable real property in the City and in the industrial districts created by the City; and
- (4) development or redevelopment within the boundaries of the proposed TIRZ will not occur solely through private investment in the reasonably foreseeable future.

SECTION 9. FINANCIAL IMPACT. This action designates a Tax Increment Reinvestment Zone, but does not, in any way, financially obligate the City or other taxing entities. The assumptions of the anticipated costs and revenues are outlined in the preliminary Finance Plan which is attached as **Exhibit B** and incorporated by reference for all purposes. The City will be financially obligated upon the approval by City Council of a Final Project and Finance Plan and upon execution of related Development Agreements, Interlocal Agreements, or other legal documents.

SECTION 10. WAIVER OF CITY TIF GUIDELINES. City Council hereby grants a waiver of the guidelines for the designation of a TIRZ set out in the 2008 Tax Increment Financing Program and Implementation Policy and acknowledges that TIRZ Number Thirty-Three will meet the guidelines for designation as a TIRZ under the proposed City 2014 TIF Policies.

SECTION 11. APPROVAL OF PRELIMINARY PROJECT AND FINANCE PLANS. In accordance with the TIF Act, City staff has prepared, and City Council hereby approves, a preliminary Finance Plan and Project Plan, copies of which are attached as Exhibit B and C and incorporated by reference for all purposes.

SECTION 12. ORDINANCE EFFECTIVE DATE. This Ordinance shall become effective immediately upon its passage by eight (8) affirmative votes of the City Council. If less than eight (8) affirmative votes are received, then this Ordinance shall be effective ten (10) days after passage.

PASSED AND APPROVED this 4th day of December, 2014.

M A Y O R
Ivy R. Taylor

ATTEST:

APPROVED AS TO FORM:

Leticia M. Vacek
City Clerk

Martha G. Sepeda
Acting City Attorney