

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

ORDINANCE

**DESIGNATING THE SOMERSET GROVE TAX INCREMENT
REINVESTMENT ZONE (“TIRZ”), A PETITION-INITIATED TIRZ TO
BE NAMED TAX INCREMENT REINVESTMENT ZONE NUMBER
THIRTY-EIGHT, SOMERSET GROVE, CITY OF SAN ANTONIO,
TEXAS, LOCATED ON THE SOUTH WEST SIDE OF SAN ANTONIO
GENERALLY LOCATED AT 9300 IH-35 SOUTH AND 9400 SOMERSET
ROAD AND IN COUNCIL DISTRICT 4, AUTHORIZING THE CREATION
OF A SEVEN (7) MEMBER BOARD OF DIRECTORS, ESTABLISHING
THE EFFECTIVE START DATE AND TERMINATION DATE,
APPROVING THE PRELIMINARY FINANCE PLAN, AND
ESTABLISHING A TAX INCREMENT FUND.**

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WHEREAS, tax increment financing is an economic and community development tool authorized by the Tax Increment Financing Act, Texas Tax Code, Chapter 311 (“TIF Act”), used 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, on April 2021, Lennar Homes of Texas Land and Construction, Ltd. a private, for profit company, petitioned the City pursuant to the provisions of Chapter 311, Texas Tax Code, to establish within the City a Tax Increment Reinvestment Zone, to be named Somerset Grove, generally located at 9300 IH-35 South and 9400 Somerset Road in San Antonio, Texas and within Council District 4; and

WHEREAS, the property that comprises the Somerset Grove TIRZ 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

WHEREAS, the property that comprises the Somerset Grove TIRZ is an area described in a petition requesting that the area be designated as a reinvestment zone; and

WHEREAS, the petition was submitted to the governing body of the City of San Antonio by the owners of the property, Lennar Homes of Texas Land and Construction, Ltd., who constitute at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for Bexar County; and

WHEREAS, the proposed TIRZ is comprised of multiple tracts with a total of approximately 129 acres with the TIRZ divided into two parcels by IH-35 and approximately bounded by Somerset Road, IH-35, and private farmland on the northwest, southwest, and southeast sides; and

WHEREAS, the neighborhood to be developed within the TIRZ, owned and developed by Lennar Homes of Texas Land and Construction, Ltd. will be known as the Somerset Grove Project and will be a residential community consisting of approximately 602 single family homes with a community park and open space; and

WHEREAS, City of San Antonio (“City”) staff examined Lennar Homes of Texas Land and Construction, Ltd.’s proposal for a new TIRZ and the Somerset Grove Project and found that there is a demonstrated need for development and revitalization of the Somerset Grove area that would significantly benefit from a dedicated TIRZ, enhance the value of the real property in the zone and be of general benefit to the City; and

WHEREAS, the Preliminary Reinvestment Zone Financing Plan for the proposed Somerset Grove TIRZ is for an approximate 25-year term with the City of San Antonio as a participating taxing entity; and

WHEREAS, the City desires to approve the payment of 85% of available City incremental ad valorem taxes generated from new improvements in the TIRZ into the Tax Increment Fund; and

WHEREAS, the proposed Somerset Grove TIRZ designation does not financially obligate the City; and

WHEREAS, any future developer recognizes that there is no guarantee that the value of the property in the proposed Somerset Grove TIRZ will increase, that any increases in value are dependent upon many factors which are not within the City’s control, and that there is no guarantee of any tax increment, as that term is defined in the TIF Act; and

WHEREAS, the proposed Somerset Grove TIRZ is statutorily eligible to be designated in accordance with the TIF Act and shall take effect immediately upon passage of this Ordinance and terminate on September 30, 2046; and

WHEREAS, the City Council authorizes the City Manager to approve the creation of a seven (7) member board of directors, to approve the preliminary finance plan, to approve the term of the TIRZ, and to designate the TIRZ; and

WHEREAS, it is officially found and determined that a 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 and Chapter 311, Texas Tax Code; **NOW THEREFORE:**

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

SECTION 1. DESIGNATING THE AREA AS TIRZ #38. The area is located in City Council District 4 on the southwest side of San Antonio approximately 129 acres with the TIRZ divided into two parcels by IH-35 and approximately bounded by Somerset Road, IH-35, and private farmland on the northwest, southwest, and southeast sides with the boundaries more specifically

described in Section 5 below, and officially assigned the name in Section 8 below, is designated a Tax Increment Reinvestment Zone.

SECTION 2. The Public Infrastructure Improvements and related capital costs for the Somerset Grove Project is privately funded and eligible expenses will be reimbursed by the Tax Increment Reinvestment Zone (TIRZ) and will not impact the City's General fund.

SECTION 3. Funding for any projects through the Somerset Grove TIRZ #38 will be subject to future City Council approval for the duration of this designation. The future taxes collected on the captured taxable value of parcels within the newly designated Somerset Grove TIRZ will be deposited in Fund Somerset Grove TIRZ #38 to be used for eligible expenses within the TIRZ boundary.

SECTION 4. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 5. DESCRIPTION OF THE BOUNDARIES OF TIRZ #38. Attached as **Exhibit A** (Boundary Map), incorporated by reference for all purposes is a description of TIRZ #38 boundaries.

SECTION 6. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR TIRZ #38. City Council shall appoint a Board of Directors for the proposed Somerset Grove TIRZ, which shall be eligible under the TIF Act and shall be comprised of a seven (7) member Board of Directors, whom shall exercise all the rights, powers, and duties as provided for by the TIF Act and authorized by City Council. The Board of Directors for the proposed Somerset Grove shall not exceed a total of seven (7) members.

SECTION 7. EFFECTIVE DATE AND TERMINATION DATE OF TIRZ #38. TIRZ #38 shall take effect immediately upon passage of this Ordinance and continue until its termination date of September 30, 2046, or earlier as determined by City Council and evidenced by the passage of an Ordinance.

SECTION 8. ASSIGNING A NAME TO TIRZ #38. The TIRZ is assigned the name, "REINVESTMENT ZONE NUMBER THIRTY-EIGHT, CITY OF SAN ANTONIO, TEXAS" (SOMERSET GROVE TIRZ #38).

SECTION 9. TAX INCREMENT BASE OF TIRZ #38. The Tax Increment Base for the Somerset Grove TIRZ is the total taxable value of all real property taxable by the City and located in the TIRZ, determined as of January 1, 2021, the year in which the TIRZ was designated.

SECTION 10. ESTABLISHMENT OF A TAX INCREMENT FUND FOR TIRZ #38. There is created and established in the depository bank of the City, a fund to be called the

“REINVESTMENT ZONE NUMBER THIRTY-EIGHT, 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 11. FINDINGS. The City finds and declares that: (1) improvements in the TIRZ #38 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 #38 area meets the requirements of Section 311.005 of the TIF Act, as the area within the boundaries:

- (1) 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
- (2) is in an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located.

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

- (1) proposed TIRZ is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;
- (2) proposed TIRZ does not contain more than 25% of the total appraised value of taxable real property in the City and in the industrial districts created by the City; and,
- (3) development or redevelopment within the boundaries of the proposed TIRZ will not occur solely through private investment in the reasonably foreseeable future.

SECTION 12. FINANCIAL IMPACT OF TIRZ #38. This action designates a Tax Increment Reinvestment Zone, however does not, in any way, financially obligate the City. The assumptions of the anticipated costs and revenues are outlined in the preliminary Finance Plan which referenced in Section 13. The City will be financially obliged upon the approval by City Council of a Final Project and Finance Plan and upon execution of related Development Agreements, Inter-local Agreements, or other legal documents.

SECTION 13. APPROVAL OF PRELIMINARY FINANCE PLAN FOR TIRZ #38. In accordance with the Act, City staff has prepared, and City Council hereby finds that the plan is economically feasible, and approves, a preliminary Finance Plan, a copy of which is attached as **Exhibit B** and incorporated by reference for all purposes.

SECTION 14. CITY TIF GUIDELINES. City Council acknowledges that Somerset Grove TIRZ #38 shall meet the guidelines for designation as a TIRZ under the City's 2015 TIF Policies which are incorporated by reference herein in its entirety for all purposes.

SECTION 15. INCORPORATION OF RECITALS. The statements set forth in the recitals of this Ordinance are true and correct and are incorporated as part of this Ordinance.

SECTION 16. ORDINANCE EFFECTIVE DATE. This Ordinance shall become effective upon its passage by eight affirmative votes; otherwise it shall be effective on the tenth day after passage in accordance with Section 311.004 of the TIF Act.

PASSED AND APPROVED this 17th day of June, 2021.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Tina J. Flores, City Clerk

Andrew Segovia, City Attorney

EXHIBIT A

DRAFT

EXHIBIT B

DRAFT

EXHIBIT C

DRAFT