



# City of San Antonio

## Legislation Details (With Text)

**File #:** 13-1056

**Type:** Miscellaneous Item

**In control:** City Council A Session

**On agenda:** 12/5/2013

**Title:** An Ordinance authorizing a boundary amendment and term extension for Tax Increment Reinvestment Zone Number Eleven known as the Inner City TIRZ and requisite amendments to the Project and Finance Plans. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning and Community Development]

**Sponsors:**

**Indexes:** TIRZ 11 Inner City

**Code sections:**

**Attachments:** 1. T11 Proposed Boundary Map 20131112, 2. T11-Inner City 2012 Project Plan Final 20131205, 3. Draft Ordinance, 4. Ordinance 2013-12-05-0871

Date	Ver.	Action By	Action	Result
12/5/2013	1	City Council A Session		

**DEPARTMENT:** Planning and Community Development

**DEPARTMENT HEAD:** John Dugan

**COUNCIL DISTRICTS IMPACTED:** 1, 2, 5

### SUBJECT:

An Ordinance authorizing a boundary amendment and term extension for Tax Increment Reinvestment Zone Number Eleven known as the Inner City TIRZ and requisite amendments to the Project and Finance Plans.

### SUMMARY:

City Council is being asked to authorize an amendment to the boundary of the Inner City TIRZ and to extend the term of the TIRZ an additional 10 years to September 30, 2025. These changes will need to be reflected in the amended Project and Finance Plans for the TIRZ.

### BACKGROUND INFORMATION:

Chapter 311 of the Texas Tax Code (the TIF Act) authorizes the governing body of a municipality or a county to promote reinvestment and redevelopment in a defined geographic area by designating it a Tax Increment Reinvestment Zone (TIRZ). TIRZ # 11, the Inner City TIRZ, was designated by City Council in December 2000 to support redevelopment and public infrastructure improvements within the TIRZ boundary which is primarily located on the City's near Eastside.

On October 25, 2013 the Inner City TIRZ Board of Directors authorized amendments to the TIRZ boundary adding 727 parcels totaling 539.66 acres (see attached map) and extending the term of the TIRZ an additional 10 years to September 30, 2025. The City's current participation rate of 100% will not change. The proposed boundary changes and term extension are based upon recommendations from a subcommittee that was established by the Inner City TIRZ Board in August of 2013.

The Boundary Subcommittee met on September 24, 2013 and October 18, 2013 and directed staff to draft proposed changes to the boundary and term with the intention of continuing the success of the Inner City TIRZ which has funded over \$12 million public improvements within the TIRZ since designation in 2000 and to continue promoting development and redevelopment that would not occur solely through private investment in the reasonable foreseeable future.

Specifically, the subcommittee directed staff to include commercial corridors that would enable the TIRZ to support future developments occurring in the following areas: the Wheatley Choice Neighborhood; the Redberry Estates property; AT&T Parkway; St. Phillips College; The Martin Luther King corridor and the Houston Street corridor.

The TIF Act allows a TIRZ Board, with the approval of the municipality, to amend the boundaries of a TIRZ provided that "(no) more than 30 percent of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes." In accordance with Section 311.006 of the TIF Statute, property is used for residential purposes if it is occupied by a house having fewer than five living units, and the appraised value is determined according to the most recent appraisal rolls of the municipality. The proposed new boundary has residential percentage of 12%, well within the statutory limitation (see Proposed New Boundary table).

**Proposed New Boundary**

	Parcels	Acres
Total Parcels	3545	2333.83
Public Parcels	398	-733.99
		1599.84
Residential Parcels	1316	190.70
Residential Percentage		12%

**ISSUE:**

Section 311.007 of the Texas Property Tax Code establishes the requirements for changing boundaries and changing the term of an existing zone. The statute establishes that the boundary of an existing zone may be reduced or enlarged and the term may be extended by ordinance of the governing body of the municipality following a public hearing.

This item is a request to City Council for consideration of an ordinance to amend the boundary of the Inner City TIRZ by adding 727 new parcels and extending the term of the TIRZ by 10 years to September 30, 2025. The boundary amendment and term extension were both unanimously approved by the Inner City TIRZ Board of Directors on October 25, 2013.

Approval of this item will set the base value of any added parcels to the value of those parcels on January 1, 2013. Any value above the base value accrued after January 1, 2013 will be set aside into the Inner City TIRZ fund. The funds set aside will be used to pay for public improvements in the zone with the intention of attracting reinvestment which will increase the TIRZ's tax value. If approved, these changes will be added into the Project and Finance Plans for the TIRZ.

#### **ALTERNATIVES:**

City Council could decide not to approve the proposed amendments to the boundary and term. If the term were not extended the Inner City TIRZ would dissolve on September 30<sup>th</sup>, 2015.

#### **FISCAL IMPACT:**

With the approval of these proposed boundary amendments, the Inner City TIRZ fund will begin to capture tax value on improvements and growth occurring above the base value established on January 1, 2013 for those parcels added to the zone. In addition, if the proposed term extension is approved, the Inner City TIRZ fund will continue to capture tax value on improvements within the entire TIRZ at the current participation rate of 100% for an additional ten years until September 30, 2025.

Tax increment generated from any captured value will be used to fund public improvements within the zone as described in the Final Project and Finance Plans. At the expiration of the TIRZ, any additional tax value realized through the life of the TIRZ will be added to the tax rolls through the new investment stimulated through the public improvements in the zone.

#### **RECOMMENDATION:**

City Staff concurs with the decision of the Inner City TIRZ Board of Directors and recommends approval of the proposed boundary amendments, term extension and related amendments to the Project and Finance Plans.