



City of San Antonio

Agenda Memorandum

File Number: 16-4722

Agenda Item Number: 23.

Agenda Date: 10/13/2016

In Control: City Council A Session

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: 1, 2 & 5

SUBJECT:

Public Hearing and consideration of an Ordinance amending the boundary of the Inner City TIRZ by 1,530 parcels to further economic development opportunities within the zone.

SUMMARY:

City Council is being asked to consider an amendment to the boundary of the Inner City TIRZ to support future economic development projects. The proposed amendment includes five separate areas and will add approximately 631 parcel acres (1,530 parcels) to the Inner City TIRZ boundary.

BACKGROUND INFORMATION:

In February and March of 2016, TIF staff received proposals from the District 2 City Council Office and the Precinct 4 Bexar County Commissioner's Office to increase the boundary of the Inner City TIRZ in anticipation of several potential economic development projects on the horizon. Over the following months, staff had several meetings with both the Offices to refine the proposal and conducted additional analysis to ensure compliance with the TIF statute. On August 12, 2016, staff presented the proposal to the Inner City TIRZ Board of Directors who unanimously approved a Resolution authorizing the proposed boundary amendment.

The Inner City TIRZ was designated by City Council on December 14, 2000 through Ordinance 93101. 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. To date, the Inner City TIRZ has collected over \$21 million in tax increment.

The proposed boundary amendment includes five separate geographic areas, each of which are adjacent to the current Inner City boundary. The proposed amendment will add 1,530 new parcels to the Inner City TIRZ boundary and over 631 parcel acres. The total appraised value of the proposed additions based on 2015 Bexar County Appraisal District data is \$115,137,210.00. If approved, the new Inner City TIRZ Boundary will encompass 5,016 parcels covering approximately 2,822 parcel acres.

The five areas are described in the following table:

No.	Area	Parcels	Acres	Total Value 2015
1.	Essex Area	193	63.10	\$18,868,740.00
2.	Montana Street	166	21.83	\$6,544,340.00
3.	Wyoming Street	97	14.05	\$3,689,390.00
4.	Government Hill	1,019	207.08	\$83,046,330.00
5.	MLK Park Areas	55	325.16	\$2,988,410.00
Total		1,530	631.22	\$115,137,210.00

The proposed boundary amendment will capture several potential projects and areas of increasing property values. The potential projects are as follows:

1. Essex Area - proposed mixed use development
2. Montana Street - proposed entertainment district
3. Wyoming Street - proposed entertainment district continuation of Montana Street
4. Government Hill area - increasing values and the Region 20 Education facility
5. MLK Park area - ChildSafe (Children’s Advocacy Center) and adjacent development

Projects within the added areas could be eligible for future TIRZ funding after consideration by the Inner City TIRZ Board of Directors and City Council. Any proposals brought before the TIRZ Board and City Council would be considered on an individual basis. This proposed amendment does not award or guarantee any TIRZ or other City funding.

The current value of the new parcels will be added to the base value of the TIRZ. This amount will continue to be deposited into the City’s General Fund. Increases in property values above the base will be taxed to generate tax increment revenue which will be collected into the Inner City TIRZ fund.

ISSUE:

The TIF Statute, Chapter 311 of the Tax Code, allows for changes to the boundary of a Tax Increment Reinvestment Zone, either reducing or enlarging the boundary, with approval by Ordinance of the governing body that created the zone after a public hearing.

In accordance with Chapter 311.006, “Restrictions on Composition of Reinvestment Zone”, a municipality may not designate a zone (or change the boundaries of an existing zone) if more than 30% of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes. The current residential percentage of Inner City TIRZ is 15%. With the proposed boundary amendments the residential percentage would increase to 21%. The following table describes the composition of the reinvestment zone

with the proposed boundary amendments.

Inner City TIRZ Area & Composition	Current Boundary	Proposed Boundary
Total Acres	2,191.26	2,822.48
Publicly Owned	780.36	1,069.24
Adjusted Acres	1,410.89	1,753.24
Residential Acres	207.37	375.70
Residential %	15%	21%

The proposed boundary amendment meets all statutory requirements.

ALTERNATIVES:

City Council could deny the proposed boundary amendment and choose not to support these potential economic development projects through the Inner City TIRZ. Doing so could prevent these projects from being developed or require the developers to seek funding from other City sources.

FISCAL IMPACT:

This Ordinance authorizes amending the boundary of the Inner City TIRZ #11, adding 1,530 parcels. The proposed Inner City TIRZ boundary amendment does not have a direct impact on the City’s General Fund expenditures. However, beginning in tax year 2017, future tax increment revenues collected on increasing property values in the added parcels will be deposited into the Inner City TIRZ fund. Property tax revenues collected on the area’s 2015 appraised base valuation of \$115,137,210.00 will continue to be deposited into the General Fund.

RECOMMENDATION:

Staff recommends approval of an Ordinance amending the boundary of the Inner City TIRZ, adding 1,530 parcels to further economic development opportunities within the zone.