City of San Antonio

Agenda Memorandum

File Number: 18-6243

Agenda Item Number: 43.

Agenda Date: 12/13/2018

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 4

SUBJECT:

Public hearing and consideration of an Ordinance approving designation of petition initiated Tarasco Gardens Tax Increment Reinvestment Zone (TIRZ) Number 35 for 25.80 years in accordance with the provisions of the TIF Act, Chapter 311 of the Texas Tax Code to be located in City Council District 4.

SUMMARY:

After a public hearing, City Council is asked to consider an Ordinance designating approximately 11.295 acres of property to be known as Tarasco Gardens Tax Increment Reinvestment Zone (TIRZ) Number 35 in accordance with the provisions of the TIF Act, Chapter 311 of the Texas Tax Code. The purpose of the petition initiated TIRZ is to promote the development of affordable housing that would not occur solely through private investment in the reasonably foreseeable future. The neighborhood will be comprised of 60 Detached Single Family houses. This item will officially designate and name the reinvestment zone, describe the boundaries of the zone, create a Board of Directors for the zone, establish effective start and termination dates for the zone, present the preliminary finance plan, and create a Tax Increment Finance fund for the zone.

BACKGROUND INFORMATION:

On July 11, 2018, Alamo Area Mutual Housing Association Inc. (AAMHA) DBA Alamo Community Group (ACG) petitioned the City pursuant to the provisions of Chapter 311, Texas Tax Code. AAMHA requested the City Council establish within the City a reinvestment zone, located at 505 Tarasco Street, over an area of land described by Lot and Block or Survey and by Bexar County Appraisal District Account Number in the attached Exhibit I and further described on the map attached hereto as Exhibit I.

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The owner and developer of the property to be included in the petition initiated TIRZ is Alamo Area Mutual Housing Association Inc., a local Non Profit. The owner and developer of property constitutes 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. The area proposed to be included in the Zone lies entirely within the corporate limits of the City in Council District 4 (see Exhibit I, Boundary Map) and is devoted to residential activities.

The neighborhood will be comprised of 100% mixed income housing units with 60 Detached Single Family houses. The homes are to be sold to families either with an income no greater than 80% area median income or no greater than 120% area median income, attached hereto as Exhibit IV, as determined each year by the U.S. Department of Housing and Urban Development (HUD). The proposed Zone is located on the west side of San Antonio in the northwest corner of the intersection of Interstate Highway Loop 410 and US Highway 90 in City Council District 4. More specifically, the property is bounded on the north by Zabra Street, on the east by Tarasco Street, on the west by Tomar Drive, and on the south by Cable Drive, as illustrated in Exhibit I.

This item is being presented to and discussed by the Council Comprehensive Plan Committee on Wednesday, December 12, 2018.

ISSUE:

The Tarasco Gardens TIF application is in compliance with the TIF Program policy and meets the requirements outlined in the TIF Act. In accordance with City Code, Chapter 6, Article XII, the project must comply with the Universal Design Policy.

On December 13, 2018, the City held a public hearing on the creation of the zone and its benefits to the City and to property in the proposed zone. At the hearing interested persons were afforded the opportunity to speak for or against the creation of the zone, its boundaries, or the concept of tax increment financing.

The petition initiated TIRZ will exist for 25.80 years with the term beginning December 13, 2018 and shall terminate no later than September 30, 2044.

The TIF Act requires that the City Council establish a reinvestment zone Board of Directors when designating a TIRZ. The Tarasco Gardens Board shall consist of nine (9) members. City appointees will be required to comply with all policies related to City Boards and Commissions to the extent there is no conflict with the TIF Act.

City staff has prepared a Preliminary Finance Plan (Exhibit II). After designation, City staff will work with participating taxing entities and the TIRZ Board to finalize the Finance Plan, create the Project Plan, Development Agreement and any Inter-Local Agreements for City Council consideration.

ALTERNATIVES:

City Council could decide not to designate petition initiated Tarasco Gardens TIRZ #35 which would negatively affect the ability of AAMHA to develop the property for construction of single family detached affordable housing.

FISCAL IMPACT:

The tax year 2018 base taxable value is approximately $419,210.00. The projected Year -End Assessed Value for tax year 2043 is $10,614,499.00, which creates a Captured Taxable Value of approximately $10,195,289.00. The project anticipates the construction of 60 single family detached houses that will add value to the TIRZ.

The total Public Improvement Infrastructure capital costs are estimated at $2,025,815.00 over the proposed 25.80 year term of the TIRZ. The Tarasco Gardens Development has two funding sources, Ordinance 2017-11-09-0895 authorized the allocation of funding up to $600,000.00 from Home Investment Partnership Program ("HOME") and up to $1,425,815.00 of eligible expenses will be reimbursed by the TIRZ.

The Public Infrastructure Improvements and related capital costs include streets and approaches, sidewalks, drainage, water off-site, sewer off-site, CPS Energy & street lights, sewer on-site, water on-site, Storm Water Pollution Prevention ("SWPP"), engineering/platting fees, project management, project contingency, geotechnical & phase one environmental assessment, and formation expense.

The participating taxing entities in the Preliminary Finance Plan are the City of San Antonio, Bexar County (tentative), and the San Antonio River Authority (tentative). The participating levels of each taxing entity include City of San Antonio at $0.558270 per $100 valuation at 100% participation level; Bexar County (tentative) at $0.236250 per $100 valuation at 100% of Operation and Maintenance portion participation level; and San Antonio River Authority (tentative) at $0.018580 per $100 valuation at 100% participation level. The participation of these taxing entities is forecasted to produce total tax increment revenues as listed in TABLE A. The term of the zone expires on or before September 30, 2044.

The TIRZ collections for this project shall not extend beyond September 30, 2044 and may be terminated earlier once each taxing entity has deposited its respective maximum dollar amount or reached its maximum length of contribution as described in Table A. The table is based on 100% participation and a maximum contribution end date of September 30, 2044 for each Participating Entity.

TABLE A - TIRZ Contributions

Participating Taxing Entities	Maximum Dollar Contribution
City of San Antonio	$1,266,608.11
Bexar County	$536,006.17
San Antonio River Authority	$42,154.47
Maximum Contribution Amount	$1,844,768.75

* The Preliminary Finance Plan is based on the City of San Antonio, Bexar County and the San Antonio River Authority participation. The Participating Entities would not be financially obligated until execution of the legal documents.

RECOMMENDATION:

Staff recommends that the City Council officially designate petition initiated Tax Increment Reinvestment Zone Number 35, City of San Antonio, Texas "Tarasco Gardens", describe the boundaries of the zone, create a nine (9) member Board of Directors for the zone to be appointed by Participating Taxing Entities at a later date, establish the term of 25.80 years with an effective start date of December 13, 2018 and termination date no later than September 30, 2044 for the zone, approve Preliminary Finance Plan including the establishment of a tax increment fund.