



City of San Antonio

Agenda Memorandum

File Number:19-8694

Agenda Item Number: 34A.

Agenda Date: 12/5/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT:

An Ordinance approving designation of petition-initiated Thea Meadows Tax Increment Reinvestment Zone (TIRZ) Number 36, located in City Council District 3, for a term of approximately 35 years with City's participation level of 85% in accordance with the provisions of the Tax Increment Finance (TIF) Act, Chapter 311 of the Texas Tax Code.

SUMMARY:

After a public hearing, City Council is asked to approve an Ordinance designating approximately 88.8 acres of property to be known as Thea Meadows Tax Increment Reinvestment Zone (TIRZ) Number 36 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 mixed-income housing that would not occur solely through private investment in the reasonably foreseeable future. The neighborhood will be comprised of 393 detached single family homes, 50% of which will be affordable to families earning 80% to 120% of Area Median Income (AMI). 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, approve the Development Agreement in substantial final form, and create a Tax Increment Finance fund for the zone.

BACKGROUND INFORMATION:

On March 15, 2019, SA Insignia, LLC petitioned the City pursuant to the provisions of Chapter 311 of the Texas Tax Code. SA Insignia, LLC requested City Council establish within the City a reinvestment zone, located at 3500, 3615, and 3623 South W.W. White Road, over an area of land described by Lot and Block or

Survey and by Bexar County Appraisal District Account Number in the attached Exhibit A and further described on the map attached hereto as Exhibit B.

The owner and developer of the property to be included in the petition-initiated TIRZ is SA Insignia, LLC. 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 3 (see Exhibit B), and is devoted to residential activities.

The neighborhood will be comprised of approximately 393 detached single family homes with 50% of the homes priced below 120% AMI.

Unit Type	Percentage of Units	AMI	Sales Price
Single Family	25%	80%	\$145K - \$169K
Single Family	25%	80% - 120%	\$170K - \$200K
Single Family	50%	>120%	> \$200K

ISSUE:

The Thea Meadows TIRZ 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 5, 2019, the City Council, at a meeting open to the public, will ask to approve the creation of the reinvestment zone and its benefits to the City and to the property in the proposed zone. At this meeting, the public will be 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 approximately 35 years with the term beginning December 5, 2019 and shall terminate no later than September 30, 2054 with the City's participation level of 85%.

The TIF Act requires that the City Council establish a reinvestment zone Board of Directors when designating a TIRZ. The Thea Meadows Board shall consist of nine (9) members. 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 D) and a Development Agreement in substantial final form. After designation, City staff will work with participating taxing entities and the TIRZ Board to finalize the Finance Plan and create the Project Plan for City Council consideration.

City Council consideration is requested for the approval of the designation of TIRZ Number 36 for a term of approximately 35 years with the City's participation level of 85%, a preliminary Finance Plan, and a Development Agreement in substantial final form.

ALTERNATIVES:

City Council could decide not to designate petition-initiated Thea Meadows TIRZ Number 36 which would negatively affect the ability of SA Insignia, LLC to develop the property for construction of mixed-income

single family homes.

FISCAL IMPACT:

This ordinance approves the designation of petition-initiated Thea Meadows Tax Increment Reinvestment Zone (TIRZ) Number 36 for a term of approximately 35 years with City's participation level of 85% in accordance with the provisions of the Tax Increment Finance (TIF) Act, Chapter 311 of the Texas Tax Code to be located in City Council District 3.

The tax year 2019 base taxable value is approximately \$1,626,370. The projected year-end Assessed Value for tax year 2053 is \$77,224,500, which creates a Captured Taxable Value of approximately \$75,598,131. The project anticipates the construction of 393 detached single family homes that will add value to the TIRZ.

The developer shall receive up to a maximum reimbursement of \$19,390,205 for Public Improvements and up to a maximum reimbursement of \$2,916,000 for associated financial costs.

The only participating taxing entity in the TIRZ is the City. The participation level for the City is \$0.558270 per \$100 valuation at 85% participation level. The forecasted tax increment revenues are listed in TABLE A. The term of the zone expires on September 30, 2054 and may be terminated earlier once the City has deposited its respective maximum dollar amount or reached its maximum length of contribution as described in Table A.

Table A - TIRZ Contributions

Participating Taxing Entity	Maximum Dollar Contribution
City of San Antonio	\$23,886,205

* The preliminary Finance Plan is based on the City's participation. The City will not be financially obligated until execution of the legal documents.

There is no immediate fiscal impact to the City's General Fund. The future taxes collected on the captured taxable value of parcels within the newly designated Thea Meadows TIRZ will be deposited in the Thea Meadows TIRZ fund to be used for eligible expenses within the TIRZ boundary.

RECOMMENDATION:

Staff recommends that the City Council officially designate petition-initiated Thea Meadows Tax Increment Reinvestment Zone Number 36, City of San Antonio, Texas, 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 approximately 35 years with an effective start date of December 5, 2019 and termination date no later than September 30, 2054, approve the Development Agreement in substantial final form, the preliminary Finance Plan, and the establishment of a Tax Increment Fund.