



# City of San Antonio

## Agenda Memorandum

**File Number:**21-3536

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**Agenda Item Number:** 16.

**Agenda Date:** 5/13/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP, Director

**COUNCIL DISTRICTS IMPACTED:** 3

### **SUBJECT:**

An ordinance approving designation of petition-initiated Nabors Tax Increment Reinvestment Zone (TIRZ) Number Thirty-Seven, Nabors TIRZ #37, located at 11625 Old Corpus Christi Highway in southeast San Antonio in Council District 3, for a term of 25 years with City's participation level at 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 203 acres of property to be known as Nabors Tax Increment Reinvestment Zone (TIRZ) Number 37, Nabors TIRZ #37, in accordance with the provisions of the TIF Act, Chapter 311 of the Texas Tax Code. The purpose of creating a Tax Increment Reinvestment Zone is to promote development that would not occur solely through private investment in the reasonably foreseeable future. The development will consist of 637 single family homes on 120 acres, 340 multi-family units on 15 acres, 8 acres for retail, 50 acres for industrial, and 18 acres of open space and drainage. Sixty-two percent (62%) of the single-family homes 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, and create a Tax Increment Finance fund for the zone.

### **BACKGROUND INFORMATION:**

In February 2021, 2020 FI Nabors, LLC-as subsidiary of Bitterblue Development-petitioned the City pursuant to the provisions of Chapter 311 of the Texas Tax Code. 2020 FI Nabors, LLC requests City Council establish within the City a reinvestment zone, located at 11625 Old Corpus Christi Highway in Council District 3.

The owner and developer of the property to be included in the petition-initiated TIRZ is 2020 FI Nabors, LLC. The owner and developer of property constitutes at least fifty percent (50%) 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 of San Antonio in Council District 3.

The Development shall consist of approximately 120 acres dedicated to single family residential that will include approximately 637 lots with both single and two-story homes with two-car garages. Fifteen acres will be dedicated to multi-family residential that will include approximately 340 units. The Development will also include approximately eighteen acres of open space, fifty acres of an industrial tract for a data center, and eight acres of neighborhood retail. Seventy-five (75) single family homes, or 12% will be priced no greater than 100% AMI, three hundred and nineteen single family homes (319) or 50% will be priced no greater than 120% AMI, and two hundred and forty-three single family homes (243), or 38% may be priced above 120% AMI.

Pursuant to Section 311.005(a)(4) of the Tax Increment Finance (TIF) Act, Chapter 311 of the Texas Tax Code, the City has the authority to create a petition-initiated Tax Increment Reinvestment Zone (TIRZ) in order to promote the development or redevelopment of an area if the City determines that development or redevelopment would not occur solely through private investment in the reasonable foreseeable future.

## **ISSUE:**

The Nabors 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 May 13, 2021, the City Council, at a meeting open to the public, will consider 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 25 years with the term beginning May 13, 2021 and shall terminate no later than September 30, 2046 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 Nabors Board shall consist of seven (7) 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. 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 37 for a term of approximately 25 years with the City's participation level of 85%, and a preliminary Finance Plan.

## **ALTERNATIVES:**

City Council could decide not to designate petition-initiated Nabors TIRZ Number 37 which would negatively affect the ability of 2020 FI Nabors, LLC to develop the property for construction of mixed-income single family homes.

## **FISCAL IMPACT:**

This ordinance approves the designation of petition-initiated Nabors Tax Increment Reinvestment Zone (TIRZ) Number 37 for a term of approximately 25 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 2021 base taxable value is approximately \$4,298,170. The projected year-end Assessed Value for tax year 2045 is \$178,192,212, which creates a Captured Taxable Value of approximately \$173,894,042. The development anticipates the construction of 637 detached single-family homes, 340 multi-family residential units, retail space, and commercial space that will add value to the TIRZ.

The developer shall receive up to a maximum reimbursement of \$17,817,075 for Public Improvements.

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, 2046 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	\$18,947,075

\* 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 Nabors TIRZ will be deposited in the Nabors TIRZ fund to be used for eligible expenses within the TIRZ boundary.

## RECOMMENDATION:

Staff recommends that the City Council officially designate petition-initiated Nabors Tax Increment Reinvestment Zone Number 37, City of San Antonio, Texas, describe the boundaries of the zone, create a seven (7) member Board of Directors for the zone to be appointed by Participating Taxing Entities at a later date, establish the term of approximately 25 years with an effective start date of May 13, 2021 and termination date no later than September 30, 2046, approve the preliminary Finance Plan, and the establishment of a Tax Increment Fund.