

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
NEIGHBORHOOD ACTION DEPARTMENT**

**TO:** Mayor and City Council

**THRU:** Terry M. Brechtel, City Manager

**FROM:** David D. Garza, Director, Neighborhood Action Department

**COPIES:** Jelynn LeBlanc Burley; Milo Nitschke; Andrew Martin; file

**SUBJECT:** Resolution of Intent to use Tax Increment Financing (TIF) for the Mission Creek, Rainbow Hills, and Patton Heights projects

**DATE:** November 14, 2002

**SUMMARY AND RECOMMENDATION**

This item expresses the City Council's intent to create tax increment financing reinvestment zones to finance public improvements for three separate projects. Approval of this resolution would authorize initiation of the process to designate TIF reinvestment zones by providing for written notices of the City's intent to all affected taxing entities. The projects include:

- A. Mission Creek (District 3);
- B. Rainbow Hills (District 4); and
- C. Patton Heights (District 4).

It is important to note that approval of this resolution only initiates the process for the creation of the proposed reinvestment zones. In the coming months, staff will continue to perform all necessary analyses to determine the viability and eligibility of the projects and the revenues generated by the tax increments. This action does not, in any way, obligate the City to actually create the proposed reinvestment zones; nor does it financially obligate the City or other taxing entities. This resolution allows the City to continue the process to structure financing; conduct project reviews; and return with Development Agreements and Preliminary Financing Plans for the TIF projects.

Staff recommends approval.

**BACKGROUND INFORMATION**

On October 24, 2002, City Council adopted improvements to the Tax Increment Financing (TIF) Program that included new *Guidelines and Criteria for the use of TIF* as an incentive tool. The TIF Guidelines are expressly intended to encourage inner-city revitalization and development.

In July of 2002, the City Clerk received an application from HLH Development, LP for the Mission Creek project for the use of TIF. The project is located inside Loop 410 and south of Highway 90 in City Council District 3. Some of the proposed public improvements for the Mission Creek project include streets, drainage, sidewalks, a nature park and a public playground

construction of 440 single-family homes with an average sales price of \$75,000. This project meets target areas in TIF Guidelines since it is located south of Highway 90 and inside Loop 410.

In August of 2002, the City Clerk received an application from West Pond Apts. Ltd, and West Pond Unit 2 Ltd. for the Rainbow Hills project for the use of TIF. The project is located outside Loop 410 and north of Highway 90 in City Council District 4. Some of the proposed public improvements for the Rainbow Hills project include streets, drainage, and sidewalks. The project estimates 90 single-family homes and 320 multi-family homes. The average single-family home sales price is estimated at \$89,500. This project does not meet the target areas set out in the TIF Guidelines since it is located outside Loop 410 and north of Highway 90; however, it meets the goal of creating affordable housing outside Loop 410 and north of Highway 90.

In August of 2002, the City Clerks office also received an application from the Regent Asset Management Company for the Patton Heights project for the use of TIF. The project is located inside Loop 410 and South of Highway 90 in City Council District 4. Some of the proposed public improvements for the Patton Heights project include streets, sidewalks, drainage, and a 1.4-acre park site. The project estimates 373 Single-family homes with an average home price of \$89,000. This project meets the target areas set out in the TIF Guidelines since it is located inside Loop 410 and south of Highway 90.

On October 24, 2002, the City Council approved revisions to the TIF Guidelines. The ordinance requires all pending applications to be processed in accordance with the revised provisions. These three projects are considered "pending" since they have not been designated as a Tax Increment Reinvestment Zone. City staff has notified the developers of the amendments to the guidelines and they have been advised of these new revisions.

## **POLICY ANALYSIS**

The applications received for the creation of the proposed TIF reinvestment zones should meet the following criteria set forth in the adopted *Guidelines and Criteria for the use of TIF*.

- ☐ Submission of appropriate non-refundable Application fee
- ☐ Demonstrate financial wherewithal to meet project costs and complete project (i.e. financial statement, complete Sources and Uses budget, Letter of Credit from Bank)
- ☐ Submit a completed market feasibility study approved by the City
- ☐ Submit a cost benefit analysis
- ☐ Identify gap in financing for project
- ☐ Delineate in detail, the developer contribution for proposed financial structure
- ☐ Identify proposed security, collateralization, or credit enhancement
- ☐ Demonstrate commitment to the quality of development, the project area, and project completion
- ☐ Submit detailed pro formas for the proposed project, including secured participation levels from each taxing entity.
- ☐ Submit a Phase I Environmental Site Assessment of the proposed area in accordance with guidelines stated in Section I. M of these guidelines.
- ☐ Demonstrate previous experience developing similar scale and type of project
- ☐ Submit a detailed listing of public improvements with estimated costs (eligibility of said list is contingent upon City approval)
- ☐ Submit a schedule indicating timing of public improvements (i.e. commencement and completion dates) Have secured commitments from other taxing entities to participate

in proposed TIF project, specific to term and participation percentage, in the form of a letter of support from the respective elected or board official(s) of the taxing entity.

- ☐ Agree to pay for reasonable professional fees retained by the City related to the project.
- ☐ Completion of City of San Antonio's Ethics Disclosure form

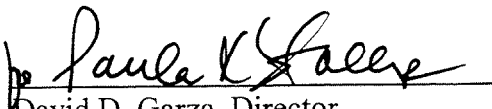
Upon approval of this resolution, City staff will notify the affected taxing entities in writing and provide a presentation on the proposed project(s). Staff will perform a full review and analysis to confirm the viability of the project and financing plan and the revenues generated by the proposed tax increments. In addition, a preliminary reinvestment zone finance plan will be developed from the applications. The preliminary financing plan will address a number of scenarios, including TIF participation by other taxing entities.

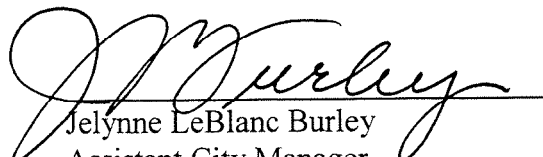
#### **FISCAL IMPACT**

Approval of this resolution initiates the TIF process, and as such, this action will not have a direct financial impact.

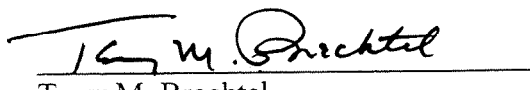
#### **COORDINATION**

This item has been coordinated with the City Attorney's Office. The Housing and Neighborhood Action Team was briefed on October 23, 2002 and received favorable review. The Urban Affairs Committee reviewed this item on November 6, 2002 and recommended approval.

  
David D. Garza, Director  
Neighborhood Action

  
Jelynn LeBlanc Burley  
Assistant City Manager

Approved:

  
Terry M. Brechtel  
City Manager