

**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; Lou Lendman; Andrew Martin; file

**SUBJECT:** **REVISIONS TO TAX INCREMENT FINANCING PROGRAM**

**DATE:** October 24, 2002

**SUMMARY AND RECOMMENDATION**

This ordinance would amend the City's Tax Increment Financing (TIF) Guidelines as amended and approved by ordinance number 92710 on October 12, 2000. This ordinance would also establish one central TIF Unit within the Neighborhood Action Department to administer all residential and commercial TIF projects, as well as approve a schedule of fees for the application and processing of all TIF Applications and the administration of Reinvestment Zones. The ordinance would approve a budget and staffing complement for the TIF Unit for a first-year cost of \$432,350 and amend the FY 2002-2003 Adopted Budget. This ordinance would also amend the City Code of the City of San Antonio, Texas, Chapter 6, Buildings, Article XII, Section 6-301 by adding a new subparagraph (b)(5) to include Tax Increment Financing in a Tax Increment Reinvestment Zone established in accordance with the Tax Increment Financing Act.

Staff is also recommending an implementation plan which includes:

- Continue acceptance of TIF applications with a prioritization plan on processing of new TIF applications from October 1 – December 31, 2002;
- Assess the proposed fees for any applications presented for Resolution of Intent after October 1, 2002;
- Create and hold education workshops for internal and external customers; and
- Staffing of specialized TIF unit to support proposed process revision.

Staff is recommending approval of this item.

## **BACKGROUND INFORMATION**

In 1998, City Council adopted guidelines and established the TIF program in accordance with a Community Revitalization Action Group (CRAG) recommendation. The Tax Increment Financing Program is an incentive tool to redevelopment, governed by the TIF Act (Chapter 311 of the Texas Tax Code), that local governments can use to publicly finance needed residential and commercial improvements and enhance infrastructure within a defined area, called a Tax Increment Reinvestment Zone (TIRZ). The TIF Act specifies that areas to be designated as a TIRZ must be economically distressed, unproductive, underdeveloped, or blighted, and impair the City's growth because of those factors. Cities may not designate an area as a TIRZ, solely for the purpose of encouraging future development in that area.

CRAG identified, and City adopted in the TIF Guidelines, target areas for TIRZs as those primarily inside Loop 410 and south of Highway 90. Each taxing unit that levies taxes against the property contributes future tax revenues to a TIF Fund which is used to repay developers for the cost of infrastructure improvements. Original participating taxing entities included the City, Bexar County, Alamo Community College District, University Health System, and local school districts. Statutory changes penalize local school districts from further participation in a TIF. Current participating taxing entities include the City, Bexar County, and the Alamo Community College District. TIF Guideline Revisions adopted by City Council in September 1998 (Ordinance 92552) and amended in October 2000 (Ordinance 92710) expired on September 30, 2002.

## **POLICY ANALYSIS**

The proposed revisions to the TIF Program include amendments to the TIF guidelines, a new proposed TIF process, as well as a proposed staffing plan. City staff sent thirty-five invitations to current TIF developers as well as a random sampling of developers provided by the Greater San Antonio Builder's Association and held two meetings to discuss the proposed revisions. This dialogue provided a good opportunity to receive feedback for improving the program. Furthermore, the following revisions are proposed in an effort to pursue higher standards for projects assisted through city programs.

The redline version of the TIF Guidelines indicating the amendments is included as Attachment A. The major revisions to the Guidelines include:

1. All future TIF developments should adhere to the Universal Design Policy adopted by the City Council in April 2002.
2. No TIF projects will be accepted where all or part of the proposed project boundaries fall over the Edwards Aquifer Recharge Zone.
3. Mixed-use requirements whereby if a TIF projects exceed 20 acres, then at least twelve percent (12%) of the gross land area must be utilized for retail, service, civic, office, or parks uses. These guidelines exist for Traditional Neighborhood Developments as described in the Uniform Development Code and the Master Plan.
4. Construction and operating costs of new facilities may be funded through a pledge from a monetary contribution by the developer of a TIF project. These costs as well as the pro-rata share and timing of payments for the additional public services would be negotiated in the development agreement.
5. Uses permitted within the C-2 zoning district located within a TIF shall have a maximum front setback of 35 feet unless the proposed commercial development fronts on an expressway

- identified in the City's Major Thoroughfare Plan. Building shall also contain ground level windows.
6. Street connectivity ratio shall not be less than 1.6. The UDC set a minimum standard of 1.2 for street connectivity. A perfect street grid has a connectivity ratio of 2.0. Given typical lot sizes and the number of houses constructed in a TIF, the developments need greater connectivity to ease traffic burdens. A topographical variance would be considered if, in order to reach the required street connectivity ratio, the street layout would require a street to exceed a grade of 12 percent.
  7. Blocks shall have an average length not exceeding 600 feet, with no block exceeding 800 feet. The City's Master Plan & UDC supports policies to encourage the submittal of Traditional Neighborhood Developments (TNDs).
  8. City may elect to terminate a TIRZ if 50% of the housing and/or commercial construction projected for years 1, 2, & 3, from date TIRZ is created, is incomplete. Infrastructure construction does not count toward construction schedule, only housing and commercial units. The zone may also be terminated if any default of the terms contained in the Development Agreement that is not cured within the 90-day time frame contained in such agreement.
  9. Option for developer to request preliminary plan review process meeting with appropriate City Staff prior to submitting a TIF application. This meeting will provide an opportunity to discuss requirements in the TIF application and process. If requested, the meeting will cost developer \$75 per hour and will be scheduled through the Neighborhood Action Department TIF Unit.
  10. An amendment to the non-reimbursable, non-refundable application fee for all applications is included in the revisions. The proposed \$3,000 fee is to support administration costs of initial review for completeness, internal review processes (HNAT and City Council Urban Affairs), and preparation of the City Council's consideration of a Resolution of Intent.
  11. A new \$31,000 processing fee is proposed with the changes in the TIF Program. This fee is to be paid by developer 10 days after the Council has approved a Resolution of Intent. This fee is reimbursable with TIF funds and would be used to support processing requirements, scrub team coordination, participating taxing entity presentations, designation of zone, zone plans and financial and legal document preparations and negotiations.
  12. The administrative fees will be used to support the ongoing annual monitoring activities required for each TIRZ, which include staffing TIRZ Board meetings. The proposed administrative fee policy is as follows:
    - **First year revenues received only:** 10% of total projected revenues for each newly created TIRZ or \$75,000, whichever is the lesser of the two. These revenues will be divided among all participating taxing entities.
    - **2nd year revenues received thru end of TIRZ:** 5% of annual projected revenues or \$50,000, whichever is the lesser of the two.
  13. The guidelines would not provide for any waiver of processing fees due to the fact that all TIF projects require same workload.

The estimated costs associated with the implementation and approval of a TIF application total \$35,021. The estimated cost associated with each step is as follows:

- Step 1: \$3,153 (Application Submittal and Resolution of Intent)
- Step 2: \$7,813 (Scrub Team Review and Presentations to the other taxing entities)
- Step 3: \$11,807 (Designation of Zone, Creation of Board, Establishing of TIF Fund)
- Step 4: \$10,542 (Adoption of Final Project and Financing Plan)
- Step 5: \$1,706 (Execution of legal agreements)

The TIF Staffing plan proposes an increase in TIF staffing for a total complement of 8.5 FTEs in FY 03. The benefits of the new TIF staffing unit include:

- Improved management and monitoring of existing TIRZ
- Increased number of new processed applications to a minimum of 8 per year
- Improved processing time of applications (4 months average – if there are no development issues)
- Refocused development in targeted areas using City incentive tools
- Increased quality of developments by requiring higher development standards
- Improved responsiveness and customer service

### **FISCAL IMPACT**

Staff is proposing to increase and implement new revenues to support the proposed TIF staffing unit which will provide for a more effective TIF program. The proposed revenues include \$3,000 per application submitted; new \$31,000 processing fee per project upon approval of the Resolution of Intent by City Council. The proposed revenues also include projected administrative fees to be received during FY 03. The following summarizes the proposed FY 03 and projected FY 04 revenues and expenditures:

	FY 03	FY 04
Beginning Balance	\$0	\$31,682
Projected Revenue <sup>1</sup>	\$312,000	\$332,000
Adopted Budget Improvements	\$100,000	<del>\$100,000</del>
Proposed One-time Budget Transfer for Existing Position	\$52,031	\$0
Total	\$464,031	\$463,682 <sup>3</sup>
Proposed Personnel Complement (8 FTEs) <sup>2</sup>	\$432,350	\$452,927
Gross Ending Balance	\$31,682	\$10,755

<sup>1</sup> Assumes 8 applications processed in FY 03 and FY 04

<sup>2</sup> Includes One-time costs and 10-months funding for 7 new FTEs, plus costs associated with 1 existing position

<sup>3</sup> Assumes full year funding for all 8.5 FTEs administering TIF Program (no cost associated with .5 FTE in Finance)


The proposed staffing complement includes the addition of 7 new FTE's in FY 03 for a first year cost of \$380,319 (10-months salary of \$340,658 plus one-time expenses of \$39,661). The total budget for the TIF Unit for FY 03 is \$432,350, this includes the transfer of the existing position and one-time funding into the proposed TIF Fund in the amount of \$52,031. For FY 04, all costs associated with the 8 FTEs will be funded through the proposed TIF Revenues. With this addition, one existing Special Projects Coordinator would be dedicated to HARP and Affordable Showcase of Homes Programs. The personnel complement and budget for the proposed TIF Unit is included as Attachment B.

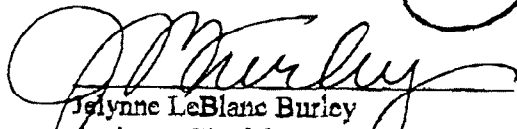
Current TIF projects which have been approved by the City Council will maintain existing administrative fees as negotiated and indicated in the development and interlocal agreements. TIF

projects yet to have a Resolution of Intent approved by the City Council will be subject to proposed fees and guidelines, including new application, processing and administrative fees.

**COORDINATION**

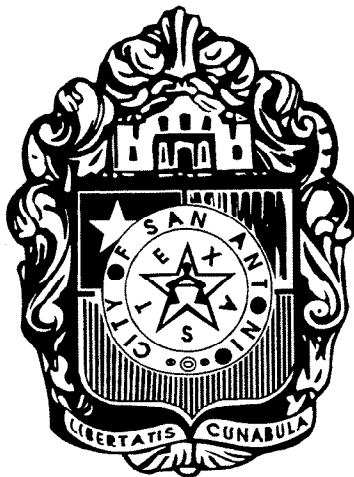
This item has been coordinated with Finance, Public Works, Parks and Recreation, Development Services, Fire, Environmental Services, Planning, the Office of Management and Budget, and the City Attorney's Office. The Housing & Neighborhood Action Team was briefed on the project September 18, 2002. Management Team was briefed on September 24, 2002 and October 8, 2002. This item was presented to the Urban Affairs Committee October 15, 2002 and received favorable review.

  
David D. Garza, Director  
Neighborhood Action

  
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Terry M. Brechtel  
City Manager

City of San Antonio, Texas



**20002002**  
Tax Increment Financing (TIF)  
and Reinvestment Zone  
Guidelines and Criteria

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## CITY OF SAN ANTONIO GUIDELINES AND CRITERIA FOR TAX INCREMENT FINANCING (TIF) AND REINVESTMENT ZONES

### **Policy Statement:**

*The City of San Antonio is dedicated to the revitalization of inner-city neighborhoods and commercial districts, particularly in those areas located inside Loop 410 and south of Highway 90, by using a tiered system of incentive tools, such as Tax Increment Financing (TIF). A TIF project should act as an economic stimulus to the surrounding areas. By leveraging private investment for certain types of development within a targeted area, TIF can be a tool used to assist in financing needed public improvements and enhancing infrastructure. An Application for Redevelopment will be made available in order to consider a suitable incentive package comprised of one or more incentive tools of which TIF may be included for a proposed revitalization project.*

### **SECTION I. INTRODUCTION AND PROGRAM OVERVIEW**

- A. Local Authority.** The City of San Antonio adopted these guidelines by Ordinance No. 92552— on September 21, 2000, and amended the guidelines on October 12, 2000 by Ordinance No. 92710 to serve as policy direction to City staff, and interested parties regarding the Application for Redevelopment specifically related to Tax Increment Financing (TIF) to support certain types of development in targeted areas of the city in conjunction with reinvestment zones designated following either (1) submission of an Application for Redevelopment to the City pursuant to these guidelines, or (2) upon petition of a property owner under Section 311.005 (a)(5) of the Texas Tax Code. As such, any Tax Increment Reinvestment Zones (TIRZ) created under the 1998 Guidelines and Criteria adopted by Ordinance #88196 effective through August 31, 1999, are governed under said Guidelines.
- B. Statutory Authority.** Under authority of Chapter 311 et seq. of the Texas Tax Code (Refer to APPENDIX C), only municipalities are permitted to establish Reinvestment Zones for the purpose of TIF.
- C. Goals and Objectives of City.** The City of San Antonio may use TIF, along with other incentive tools, to finance needed public improvements and enhance infrastructure within a targeted area. It is the intention of the City to use TIF, as one of many incentive tools, for the primary purpose of encouraging inner-city revitalization within Loop 410 and those areas south of Highway 90 by leveraging private investment for certain types of development activities that support Master Plan policies.
- D. Eligible Development and Locations.** The following may be eligible for consideration for the use of TIF:



Eligible Types of Development	
<b>Type A: Residential development projects.</b> For either single-family and/or multi-family residential uses.	<del>Targeted areas only and some high employment areas. (Refer to Section V. of these Guidelines)</del>
<b>Type B: Business parks for Targeted Industries.</b> New construction or renovation of offices with at least 50% of space pre-leased.	<del>Areas located within Loop IH 410 and areas outside of Loop 410 which are south of U.S. Highway 90.</del>
<b>Type C: Office development.</b> New construction or renovation of offices with at least 50% of office space pre-leased.	<del>Areas located within Loop IH 410 and areas outside of Loop 410 which are south of U.S. Highway 90.</del>
<b>Type D: Retail/Commercial development.</b> New construction or renovation of offices with at least 50% of space pre-leased.	<del>Areas located within Loop IH 410 and areas outside of Loop 410 which are south of U.S. Highway 90.</del>

- E. Determining Eligibility.** A staff review committee will evaluate each proposed project on a case-by-case basis, including targeted areas and consideration of possible impacts. If applicable, a staff review committee will then evaluate each application submitted by a prospective developer.
- F. Use of TIF.** Once a Reinvestment Zone has been established in accordance with Chapter 311 and these guidelines, incremental real property taxes resulting from new construction, public improvements, and redevelopment efforts will accrue to the various taxing entities. Participating taxing entities may deposit all, a predetermined portion, or none of the incremental property taxes in a designated TIF Fund for the purpose of financing the planning, design, construction or acquisition of public improvements in the Reinvestment Zone. Although other types of public improvements are permissible under Chapter 311, the City of San Antonio will allow for only certain types of public improvements that meet the definition (Refer to APPENDIX A) of public improvement.
- G. Use of TIF Proceeds.** Incremental real property taxes generated in a designated Reinvestment Zone may be used only to pay for certain types of Eligible Project Costs, public works, and/or public improvements as stated in Section VII of these Guidelines. **TIF proceeds cannot be used to support private purposes.**
- H. Demonstration of Community Revitalization Impact.** It is the intention of the City of San Antonio to use TIF for the purpose of supporting community revitalization and redevelopment projects in targeted areas. As part of the Application for Redevelopment, an applicant must describe how the planned investment will contribute to revitalization activities in the parcel(s) in question and/or the surrounding area of the community. Also, applicant must indicate how the input of nearby neighborhood residents, businesses, and/or schools has been solicited in the project planning process. In all proposed TIF projects, the applicant(s) must make available an independent market feasibility study in order to demonstrate the demand, viability, and capacity for the project. Moreover, the independent market feasibility study should validate absorption rates, estimated values, adjacent property lease space, depressed or blighted area(s), and reference neighborhood plans already established.
- I. Demonstration of Need for Public Assistance.** The City Council by ordinance may designate a contiguous geographic area in its jurisdiction to be a reinvestment zone to promote development or redevelopment of the area if the City Council determines that such development or redevelopment would not occur solely through private investment in the reasonably foreseeable future.
- J. Participation by Other Taxing Entities.** Under Section 311.013 of the Texas Tax Code, other local taxing entities retain the right to determine the amount of the tax increment that each will retain, OR each may decide to retain all of the tax increment. Under these

Guidelines, the City of San Antonio will enter into a written agreement with all participating taxing entities to specify: (1) the conditions for payment of the tax increment into a TIF Fund, (2) the portion of tax increment to be paid by each entity into the TIF Fund, and (3) term of the agreement.

**K. Term of Reinvestment Zone.** ~~It is the intent of the City of San Antonio to minimize the terms of any reinvestment zone in order to capture the incremental increase in taxable property value for the general benefit of the citizenry and to pay for general City services. The duration of a reinvestment zone shall be no longer than one hundred and twenty five percent of the City's General Obligation Debt Management Policy in effect on October 12, 2000. This results in a maximum duration of twenty five years. Any variance beyond this term identified through a cost benefit analysis and resulting from quantitative assessments requires City Council approval. As prescribed under Section 311.017 of the Texas Tax Code, reinvestment zones shall terminate on the earlier of:~~

- 1) termination date designated in the ordinance(s) creating and/or amending the zone; or
- 2) the date on which all project costs and interest have been paid in full.

In addition, the duration of a reinvestment zone should not exceed 25 years from the creation date of the TIRZ. City may elect to terminate a TIRZ if 50% of the housing construction projected for years 1, 2, & 3 from date TIRZ is created is not complete. Infrastructure construction does not count toward construction schedule, only housing units. Any default of the terms contained in the Development Agreement that is not cured within the 90 day time frame contained in the Development Agreement may also result in Zone Termination. In some cases, the City may elect to begin the process to dissolve a TIRZ if fifty percent (50%) of the construction schedule for any three year consecutive period is not complete.

**L. Timeline/Deadline for a TIF process.** ~~The targeted Estimated timeframe to start and complete the TIF process to designate a Reinvestment Zone is four months (4) if there are no development issues at least six (6) months. As such, Applications for Redevelopment must be submitted to the City by June 30 for a reinvestment zone to be established in the same calendar year. Applications for Redevelopment may be submitted to the City after June 30, however, a reinvestment zone will not be established until the following calendar year. (see also Section II of these Guidelines)~~

**M. Criteria for Applicant / Developer and Project Feasibility.**

Before reviewing an Application for Redevelopment, the City will require that applicants / developers desiring TIF must, as part of the application submission, complete the following:

- a) Demonstrate financial wherewithal to meet project costs and complete project (i.e. financial statement, (i.e. financial statement, complete Sources and Uses budget, or Letter of Credit from Bank).
- b) Submit a completed market feasibility study by an outside consultant approved by the City for larger scale projects (500+ single-family units). In smaller scale projects (less than 500 single-family units), the applicant may use the 1999/2000 market study conducted by the San Antonio Housing Trust if project is located within this study's target area, otherwise, a separate market study will be required.
- c) Submit a cost benefit analysis (See Section III – Additional Guidelines)
- d) Identify gap in financing for project
- e) Delineate in detail, the developer equity contribution into project illustrating proposed financial structure
- f) Identify proposed security, collateralization, or credit enhancement

- g) Demonstrate commitment to the quality of development, the project area, and project completion
- h) Submit detailed pro formas for the proposed project, including ~~assumed~~ secured participation levels from each taxing entity.
- i) Submit a Phase I Environmental Site Assessment of the proposed area not older than 2 years in accordance with guidelines set forth in the American Society for Testing and Materials (ASTM), Standard E1527-00, Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process. Contingent upon the findings of the Phase I ESA, City may require completion and submission of a Phase II Subsurface Investigation and environmental remediation, if necessary, in accordance with federal, state and local requirements. The City will also require applicant to assess and submit documentation regarding potential environmental impacts, such as water quality, endangered species, and cultural resources. ~~certified environmental study of proposed area (Phase I only. However, depending on findings, City may require submission of a Phase II study)~~
- j) Submit a preliminary site plan of any proposed parks to include layout of any proposed improvements.
- ~~j)k)~~ Demonstrate previous experience developing similar scale and type of project
- ~~k)l)~~ Submit a detailed listing of public improvements with estimated costs (eligibility of said list is contingent upon City approval)
- ~~h)m)~~ Submit a schedule indicating timing of public improvements (i.e. commencement and completion dates)
- n) 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.
- o) Agree to pay for reasonable professional fees retained by the City related to the project.
- ~~h)p)~~ Completion of City of San Antonio's Ethics Disclosure form

**Before designating a Reinvestment Zone**, the City will require that developer(s) agrees to ~~enter~~ enter into a Development Agreement with the City of San Antonio, agreeing to a minimum of items stated in Section I paragraphs K and M under these Guidelines.

- ~~b) 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.~~
- ~~c) Agree to pay for reasonable professional fees retained by the City related to the project.~~

**N. Definitions.** Some terms used in these Guidelines may be defined in Appendix A.

## **SECTION II. APPLICATION PROCESS APPLICATION PROCESS AND FEES**

### **APPLICATION PROCESS:**

Applications for Redevelopment must be submitted to the City by **June 30** for a reinvestment zone to be established in the same calendar year. Applications for Redevelopment may be submitted to the City after **June 30**, however, a reinvestment zone ~~will~~ may not be considered for establishment until the following calendar year. In addition, applicants must submit at least twelve fifteen (1215) copies of the application. Depending on the exact nature and complexity of a project, estimated timeframe to start and complete the TIF process to designate a reinvestment zone is at least ~~foursix (46)~~ months.

All Applications for Redevelopment and applicable fee(s) should be delivered to the:

**City Clerk's Office  
City of San Antonio  
100 Military Plaza – 2<sup>nd</sup> Floor  
San Antonio, TX 78205**

**A. Application Form.** Applicants desiring ~~the~~ to use TIF along with other incentives to support eligible types of development in targeted areas must fully complete an "Application for Redevelopment" and remit fifteen~~twelve~~ copies and the required application fee, as set forth in Subsection ~~FB~~, below.

**B. Application Review Fee.** A nonrefundable application fee of \$3,000.00 must accompany all Applications for Redevelopment for TIF use. The application fee should be in the form of a check or money order, and made payable to the "City of San Antonio". The application fee is to support administration costs of initial review for completeness, HNAT and Urban Affairs Presentations, and preparation of Resolution of Intent to City Council.

<del>Projects at least 50% made up of single family homes with initial sales prices under affordability ceiling index (currently \$75,000) no more than \$20,000 above the initial</del>	<u>\$1,000.00</u>
<del>Projects made up of single family homes with initial sales prices starting at affordability ceiling index and no more than \$30,000 above the ceiling.</del>	<u>\$2,000.00</u>
<del>Projects made up of multi family residential units with a majority of units whose initial combined rental and expected utilities per unit do not exceed 30% of the gross household income for families that meet the very, low, and moderate income guidelines, as established and modified by the U.S. Department of Housing and Urban Development (HUD).</del>	<u>\$2,000.00</u>
<del>All other projects</del>	<u>\$3,000.00</u>

**C. Pre-Application Review Process.** Developer may request a meeting with appropriate City Staff prior to submitting a TIF application. The meeting will cost developer \$75 per hour and will be scheduled through the Neighborhood Action Department.

**~~B~~.D. Preliminary Review.** City staff will review the application (within 10 working days) to ensure compliance with these Guidelines. If City staff determines that an application does not meet the criteria hereunder, the applicant will be so notified, and the application fee will NOT be refunded, and no further action on the application will occur. (the applicant will have 14 working days to supply any information that is lacking without having to resubmit a new application)

**~~C~~.E. Application Review.** If City staff determines that an application meets these Guidelines, a full financial and programmatic review of the proposed project will occur. This review may be conducted by City staff, an outside agency, or consultant and ~~should~~ includes, at a minimum of said items under Section I paragraph M. This review could culminate into an entirely different finance plan than initially proposed in the application.

**~~D~~.F. Open Records Act.** Upon submission of an Application for Redevelopment, all project information provided to or developed by the City could become "public information," and therefore, may be subject to provisions of the Texas Open Records Act.

**E.G. Other entities.** ~~Following~~ As a part of the application submission and before the expressed intent by the City Council to create a reinvestment zone, ~~and~~ applicant / developer must have secured commitments from other taxing entities to participate in proposed TIF project, specific to term and participation percentage, in the form of an action taken by the respective taxing entity (i.e. Resolution). ~~City staff will forward a preliminary Reinvestment Zone Project and Financing Plan to the other impacted taxing entities. However, applicants / developers should note that each taxing entity could adopt separate guidelines and/or review processes for reinvestment zones. In order to expedite the other agencies' review processes, applicants are required to independently contact the other taxing entities impacted by the proposed TIF project.~~

**F. ~~Application Review Fee.~~** ~~A nonrefundable application fee, according to the schedule below must accompany all Applications for Redevelopment for TIF use. The application fee should be in the form of a check or money order, and made payable to the "City of San Antonio."~~

Projects at least 50% made up of single family homes with initial sales prices <i>under</i> affordability ceiling index (currently \$75,000) no more than \$20,000 above the initial.	\$1,000.00
Projects made up of single family homes with initial sales prices <i>starting at</i> affordability ceiling index and no more than \$30,000 above the ceiling.	\$2,000.00
Projects made up of multi family residential units with a majority of units whose initial combined rental and expected utilities per unit do not exceed 30% of the gross household income for families that meet the very, low, and moderate income guidelines, as established and modified by the U.S. Department of Housing and Urban Development (HUD).	\$2,000.00
All other projects	\$3,000.00

**PROCESSING:**

Upon passage of a Resolution of Intent by the San Antonio City Council, the applicant / developer must remit a Processing Fee in the amount of \$31,000.00 payable to the "City of San Antonio" no later than 10 days after passage said Resolution. This Processing Fee should be in the form of a check or money order, and made payable to the "City of San Antonio". The fee is reimbursable with TIF funds. The fee supports upfront administrative requirements, scrub team coordination, participating taxing entity presentations, designation of zone, zone plans and financial and legal document preparations and negotiations.

**G. ~~Statutory Process.~~** Chapter 311 (Section 311.003) specifies the procedures for designation of a reinvestment zone and participation by other taxing entities. ~~At a minimum, the following steps will be taken for consideration of the use of TIF funds:~~

- ~~1) Application and application fees submitted to City.~~
- ~~2) Preliminary Review conducted by City interdepartmental team/consultant to verify submission of all items stated under Section I, paragraph M.~~
- ~~3) Full financial review conducted by City interdepartmental team/consultant, as required.~~
- ~~4) Prepare Preliminary Project and Financing Plan.~~
- ~~5) Resolution of Intent passed by City Council through presentation of Preliminary Project and Financing Plan.~~
- ~~6) City receipt by applicant/developer of secured commitments from other taxing entities in the form of an action taken by the respective taxing entity (i.e. Resolution) to participate in proposed TIF project.~~

- ~~7) Written notices of City's intent to establish a reinvestment zone must be forwarded to other taxing entities along with preliminary project and financing plan.~~
- ~~8) Not later than the 15<sup>th</sup> day after the date the City notifies other taxing entities of intent to establish a reinvestment zone, each taxing entity that levies real property taxes in proposed reinvestment zone shall designate a representative to meet with the City staff and shall notify the City.~~
- ~~9) Statutory presentations to affected taxing entities on Project and Financing Plan, with written notices of presentations to all affected taxing entities.~~
- ~~10) Informal discussions with other taxing entities.~~
- ~~11) Formal action by other taxing entities intent to participate in TIF reinvestment zone.~~
- ~~12) No later than seven (7) days prior to public hearing date, a notice of the hearing must be published in a local newspaper having general circulation.~~
- ~~13) Public hearing re: creation of a reinvestment zone.~~
- ~~14) Two weeks following public hearing, City staff may recommend to create reinvestment zone and appoint Reinvestment Zone Board of Directors.~~
- ~~15) Reinvestment Zone Board reviews and adopts by laws for Board administration.~~
- ~~16) Reinvestment Zone Board prepares and adopts Final Reinvestment Zone Project and Financing Plan.~~
- ~~17) Final Reinvestment Zone Project and Financing plans are forwarded to affected taxing entities.~~
- ~~18) City Council may approve Final Reinvestment Zone Project and Financing Plan.~~

~~Depending on the exact nature and complexity of a project, estimated timeframe to start and complete the TIF process to designate a reinvestment zone is at least six (6) months.~~

### SECTION III. EVALUTION CRITERIA

Each Application for Redevelopment submitted to the City indicating interest in TIF funding will be evaluated by a team of various departments to analyze the viability of a proposed project. In addition to meeting the criteria set forth in Section I. M. Criteria for Applicant/Developer, the following evaluation criteria, *but not limited to*, will be used to review applications seeking TIF funding:

- ☐ Completed cost benefit analysis
- ☐ Full description and a comprehensive site plan
- ☐ Project proximity to schools, libraries, parks and health facilities
- ☐ Project linkage with other area public improvement projects
- ☐ Project linkage with Neighborhood Commercial Revitalization programs
- ☐ Project plan that addresses any area Code enforcement issues
- ☐ Project impact to area traffic or a detailed traffic plan
- ☐ Project Plan for underground utility conversion
- ☐ Structural and land use assessment
- ☐ Neighborhood action plan
- ☐ Private financial investment
- ☐ Compliance with the City's adopted Universal Design Policy as it relates to the construction of housing units
- ☐ Uses permitted within the C-2 zoning district located within a TIF shall have a maximum front setback of 35 feet unless the proposed commercial development fronts on an expressway identified in the City's Major Thoroughfare Plan.  
Buildings shall contain ground level windows. Higher standards are strived for

projects that involve City funds like a TIF. All commercial uses located within a TIF shall have a maximum front setback of 35 feet. Buildings shall contain ground level fenestration (transparent windows and openings at the street level) conforming to the Commercial Urban Design Standards, Section 35-204 (e) 6 of the Unified Development Code. Commercial uses are uses typically found in the O-1, O-2, NC, C-1 and C-2 zoning districts as well as the following uses: microbrewery, apartments and indoor theaters.

- ☐ Development included within the TIF boundaries must comply with all provisions of the current Unified Development Code.
- ☐ No TIFs will be accepted where all or part of the proposed TIF boundaries fall over the Edwards Aquifer Recharge Zone.

For residential TIFs specifically:

- ☐ Street connectivity ratio shall not be less than 1.6. Higher standards are strived for projects that involve City funds like a TIF. The UDC set a minimum standard of 1.2 for a street connectivity. A perfect street grid has a connectivity ratio of 2.0. Given typical lot sizes and the number of houses constructed in a TIF, the developments need greater connectivity to ease traffic burdens. A topographical variance would be considered if, in order to reach the required street connectivity ratio, the street layout would require a street to exceed a grade of 12 percent. Street connectivity ratio shall not be less than 1.6
- ☐ Blocks shall have an average length not exceeding 600 feet, with no block exceeding 800 feet. The City's Master Plan & UDC supports policies to encourage the submittal of Traditional Neighborhood Developments (TNDs). Higher standards are strived for projects that involve City funds like a TIF. Blocks shall have an average length not exceeding four hundred (400) feet, with no block exceeding seven hundred (700) feet in length.

If the TIF exceeds 20 acres, then at least twelve percent (12%) of the gross land area must be utilized for retail, service, civic, parks or open space uses.

- ☐ If the residential TIF exceeds 20 acres, then at least 12% of the gross land area must be utilized for retail, service, civic, office, or parks uses.  
The use must be located within a quarter (1/4) mile of the TIF boundary measured by the most direct public path of travel. If two of the listed uses meet the distancing requirement, then the mixed use requirement can be waived. If one of the listed uses meets the distancing requirement, then staff will set a percentage, less than 12 percent, for the remaining uses.
- ☐ New homes should be compatible with the adjoining residential areas as defined in Section 35-343 (m) of the Unified Development Code.

Required information for public improvements in Tax Increment Reinvestment Zones:

1. Scope of the proposed project.
2. Project location map.
3. Project layout map.
4. Pavement section.
5. Detailed cost estimate.
6. Roadway construction cost per foot for each section width.

The cost shall include pavement and curbs. If sidewalks and driveways are constructed at the same time with the street construction, the cost for these items shall be included with the cost of roadway.

**Statutory Process.** Chapter 311 (Section 311.003) specifies the procedures for designation of a reinvestment zone and participation by other taxing entities. At a minimum, the following steps will be taken for consideration of the use of TIF funds:

- 1) Application and application fees submitted to City.
- 2) Preliminary Review conducted by City staff ~~interdepartmental team~~/consultant to verify submission of all items stated under Section I, paragraph M.
- 3) Full ~~financial~~ review conducted by City interdepartmental team/consultant, as required.
- 4) Resolution of Intent passed by City Council ~~through presentation of Preliminary Project and Financing Plan.~~
- 5) City receipt by applicant/developer of secured commitments from other taxing entities in the form of an action taken by the respective taxing entity (i.e. Resolution) to participate in proposed TIF project.
- 6) Written notices of City's intent to establish a reinvestment zone must be forwarded to other taxing entities along with preliminary project and financing plan.
- 7) Not later than the 15<sup>th</sup> day after the date the City notifies other taxing entities of intent to establish a reinvestment zone, each taxing entity that levies real property taxes in proposed reinvestment zone shall designate a representative to meet with the City staff and shall notify the City.
- 8) Prepare Preliminary Project and Financing Plan.
- 9) Statutory presentations to affected taxing entities on Project and Financing Plan, with written notices of presentations to all affected taxing entities.
- 10) Informal discussions with other taxing entities.
- 11) Formal action by other taxing entities intent to participate in TIF reinvestment zone.
- 12) No later than seven (7) days prior to public hearing date, a notice of the hearing must be published in a local newspaper having general circulation.
- 13) Public hearing re: creation of a reinvestment zone.
- 14) Two weeks following public hearing, City staff may recommend to create reinvestment zone and appoint Reinvestment Zone Board of Directors.
- 15) Reinvestment Zone Board reviews and adopts by-laws for Board administration.
- 16) Reinvestment Zone Board prepares and adopts Final Reinvestment Zone Project and Financing Plan.
- 17) Final Reinvestment Zone Project and Financing plans are forwarded to affected taxing entities.
- 18) City Council may approve Final Reinvestment Zone Project and Financing Plan.

Depending on the exact nature and complexity of a project, estimated timeframe to start and complete the TIF process to designate a reinvestment zone is at least six (6) months.

#### **SECTION IV. CRITERIA FOR DESIGNATION OF A REINVESTMENT ZONE**



The City of San Antonio must designate, or have already designated, an area as a Reinvestment Zone for TIF to occur. As provided under Section 311.005 of the Texas Tax Code, to be designated as a Reinvestment Zone, an area must:

- A. substantially arrest or impair the sound growth of the municipality creating the zone, OR
- B. retard the provision of housing accommodations, OR
- C. constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
  - 1) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
  - 2) the predominance of defective or inadequate sidewalk and street layout;
  - 3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
  - 4) unsanitary or unsafe conditions;
  - 5) the deterioration of site or other improvements;
  - 6) tax or special assessment delinquency exceeding the fair value of the land;
  - 7) defective or unusual conditions of title; or
  - 8) conditions that endanger life or property by fire or other causes;
- D. Be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality; OR
- E. Be in a federally assisted new community located in the municipality or in an area immediately adjacent to a federally assisted new community ("federally assisted new community" means an area that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act, if a portion of the federally assisted area has received grants under Section 107 (a)(1) of the Housing and Community Development Act of 1974); OR
- F. Be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality by the owners of property constituting 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; OR
- G. Be an area designated as an Enterprise Zone under Chapter 2303 of the Government Code, or as a Defense Economic Readjustment Zone under Chapter 2310.

## **SECTION V. RESTRICTIONS ON COMPOSITION OF REINVESTMENT ZONES**

- A. **Size Limitations.** The City of San Antonio is not permitted under Section 311.006 of the Texas Tax Code to create a reinvestment zone or change the boundaries of an existing reinvestment zone if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds:
  - 1) 15 percent of the total appraised value of taxable real property in the City of San Antonio and industrial districts created by the City of San Antonio;
  - 2) 15 percent of the total appraised value of taxable real property of Bexar County; OR

- 3) 15 percent of the total appraised value of taxable real property of the school district that levies taxes in the proposed reinvestment zone.

- B. Use Limitation.** The City of San Antonio is not permitted under Section 311.006 of the Texas Tax Code to create a reinvestment zone or change the boundaries of an existing reinvestment zone, if more than 10 percent of the property in the proposed zone (or modified zone), excluding publicly-owned property, is used for residential purposes, specifically for houses having fewer than five living units. This does not apply to TIFs established by petition.
- C. Exception to Limitations.** The above use limitation does not apply if a reinvestment zone is designated following submission of a petition, as described above in Section 3.F.

## **SECTION VI. PROJECT ELIGIBILITY FOR REINVESTMENT ZONES**

~~A. Targeted Areas for TIF use.~~ It is the intention of the City of San Antonio to use TIF, along with other incentives, for the primary purpose of encouraging community revitalization primarily within the inner-city, within Loop 410 and areas south of U.S. Highway 90 by leveraging private investment for certain types of development.

**B. City-Initiated Projects.** With the various city priorities and proposed projects, the City is establishing the process of City-initiated TIF projects. Essentially, the City would solicit proposals for assistance with development in a defined/targeted area. The respondents would receive the incentives available through the TIF program in coordination with other respondents to any given project.

**C. Project location.** All proposed TIF-funded projects must be located in the San Antonio city limits for at least one year prior to submission of an application. Furthermore, Projects located over the Edwards Aquifer Recharge Zone will not be considered for TIF-funding. The targeted areas for TIF use are as follows and indicate applicable type of development (See also APPENDIX B MAP):

~~Level 1:~~ City may participate up to 100% in any CRAG and other designated areas within the original San Antonio city limits (see yellow portion of APPENDIX B map). This level applies to **Type A, B, C and D** (see Table in Section I).

~~Level 2:~~ City may participate up to 100% for project outside of Level 1 within Loop 410 (see pink portion of APPENDIX B map). This level applies to **Type A, B, C and D** (see Table in Section I). This level will depend on project's demonstrated need after review by staff.

- **Area 1:** City may participate up to 100% for projects located inside and outside Loop 410 and south of Highway 90 within Loop 1604 and inside the San Antonio City limits, that consists of fifty-one percent (51%) of development dedicated primarily to market rate housing and mixed-use development consistent with the City's Master Plan. This level applies to residential, business park, office, and commercial development.

- **Level 3 Area 2:** City may participate up to 100% for projects that propose and promote developments consistent with the City's Master Plan, such as mixed-income, traditional neighborhood developments (i.e. new urbanism), and affordable housing, located in identified high employment areas outside Loop 410 and north of Highway 90 within Loop 1604 and inside the San Antonio City limits. Projects within this area must have at least fifty percent (50%) or more of the proposed units dedicated to affordable housing (prices not exceeding \$89,000) and constructed throughout development. This level applies only to residential development.

~~Level 4: City may participate up to 100% for projects located outside Loop 410 and south of Highway 90 within Loop 1604 and inside the San Antonio City limits, that consist of primarily market rate housing and mixed use development consistent with the City's Master Plan. This level applies to residential, business park, office, and commercial development.~~

**B.D. Project Status.** Because of the considerable time and resources required to process Applications for Redevelopment, it is the intent of the City of San Antonio to respond to applications for the creation of reinvestment zones for the purpose of TIF **only if** an eligible project is in the advanced stages of development planning, as evidenced by property control and has met criteria as set forth under these Guidelines.

**C.E. Market Feasibility Study.** For all projects that may utilize TIF, interested parties will be required to submit to the City, as a part of the Application for Redevelopment, a market feasibility study. Projects proposing over 500 single-family housing units, the submission of a market feasibility study conducted by an outside consultant approved by the City will be required. Projects proposing less than 500 single-family housing units, the 1999/2000 market study conducted by the San Antonio Housing Trust should be utilized. Furthermore, a market feasibility study must demonstrate, at a minimum, the following:

- Absorption rates
- Comparable sales
- Estimated values
- Current and potential lease space adjacent to property
- Depressed area
- Blighted area
- Reference to neighborhood plans

**F. City Facility Operating Costs.** ~~In projects that may yield / require the construction of a new City facility, such as a Fire Station / Library, the developer must pledge a monetary contribution to the City to offset the costs of operating expenses. Construction, Operating Costs, Pro Rata Share and Timing of Payments will be negotiated in the development agreement.~~

## **SECTION VII. FINANCING AND CONSTRUCTION OF PROJECT AND FINANCING COSTS**

**A. Eligible Project Costs.** Eligible project costs are defined under 311.002 and 311.008 of the Texas Tax Code, and include:

- 1) capital costs
  - actual costs of acquisitions and construction of:
    - ⇒ **public works and public improvements** (e.g., utilities, streets, street lights, water and sewer facilities, pedestrian malls/walkways, parks, flood and drainage facilities, educational facilities, and parking facilities)
    - ⇒ **new public buildings, structures and fixtures**
  - actual costs of acquisition of existing buildings, structures, and fixtures
  - actual costs of acquisition of land and equipment
  - actual costs of clearing and grading of land
  - applicable predevelopment fees

- 2) financing costs

- interest paid to “holders of evidences of indebtedness or other obligations used to pay for project costs”
  - premiums paid over the principal amount of the obligation because of the redemption of the obligations before maturity
- 3) real property assembly costs
- 4) professional service costs for public improvements
- architectural
  - planning
  - engineering
  - legal advice and services subject to City approval
- 5) imputed administrative costs, including reasonable charges of time spent by city employees in connection with the implementation of a project plan and initial start-up costs for other taxing entities.
- 6) relocation costs
- 7) organizational costs
- environmental impact studies or other studies
  - publication and notification costs
  - costs of project plan implementation
- 8) interest before and during construction and for one year after completion, whether or not capitalized
- 9) cost of operating the reinvestment zone and project facilities

**B. Financing of Project Costs.** The City of San Antonio will require applicants or petitioners to arrange and provide other forms of financing for the eligible project costs. Tax increments deposited into the TIF Fund may be used to reimburse a developer over time for contributions made to the City for the construction of eligible project costs on a case-by-case basis, as well as interest and other financing costs associated with the contributions, as approved by the reinvestment zone board and City Council.

**C. Risks to Developer.** ANY CONTRIBUTIONS MADE BY APPLICANT OR OTHER DEVELOPER IN ANTICIPATION OF REIMBURSEMENT FROM TAX INCREMENTS SHALL NOT BE, NOR CONSTRUED TO BE, FINANCIAL OBLIGATIONS OF THE CITY OF SAN ANTONIO, OTHER TAXING ENTITIES, OR APPLICABLE REINVESTMENT ZONE BOARD. DEVELOPER SHALL BEAR ALL RISKS ASSOCIATED WITH REIMBURSEMENT, INCLUDING: INCORRECT ESTIMATES OF TAX INCREMENT, CHANGES IN TAX RATES OR TAX COLLECTIONS, CHANGES IN STATE LAW OR INTERPRETATIONS THEREOF, CHANGES IN MARKET OR ECONOMIC CONDITIONS IMPACTING THE PROJECT, CHANGES IN INTEREST RATES OR CAPITAL MARKETS, CHANGES IN DEVELOPMENT CODES REQUIREMENTS, DEFAULT BY TENANTS, UNANTICIPATED EFFECTS COVERED UNDER LEGAL DOCTRINE OF *FORCE MAJUERE*, AND/OR OTHER UNANTICIPATED FACTORS.

- D. TIF Bonds.** In certain instances and commensurate with the value of the project will the municipality consider the issuance of tax increment bonds. In such cases, risk of default and length of term should be reduced to the greatest extent feasible. Safety factors will be included to minimize risk exposure, including a reserve fund, special covenants, and/or special structuring of the debt repayment schedule. Chapter 311 of the Texas Tax Code limits the term of any TIF bonds to 20 years.
- E. Construction of Public Improvements.** Eligible Project Costs financed through TIF proceeds shall be publicly bid, use prevailing wages, and cause to be constructed by the developer, *unless*: (1) tax increments go toward financing 30 percent or less of the cost for a specific public improvement; and (2) such public improvement is not a building of any sort. Under such a scenario, the private developer could request to construct the public improvement, however, must have City approval. This provision requires compliance with Sections 212.071 and 212.072 of the Local Government Code and similar provisions.
- F. Calculation of Tax Increment.** The amount of a taxing unit's tax increment for a year is the amount of property taxes levied and collected by the unit for that year on the "captured" appraised value of real property taxable by the unit and located in the reinvestment zone. Captured appraised value is the total appraised value of all real property taxable by the unit and located in a reinvestment zone for that year less the total appraised value of taxable real property in the base year (year in which zone was designated by ordinance).
- G. Option to Negotiate Tax Increment.** The City of San Antonio and other local taxing entities reserve the option to jointly or independently negotiate the percent of tax increment deposited in the TIF Fund for any reinvestment zone.
- H. ~~Administration and Operations Costs~~ Imputed Administrative and Operational Costs.** Following the designation of a reinvestment zone, a financing plan must be prepared and adopted by the reinvestment zone board and approved by the City Council. In addition to the capital costs, other costs to be paid from TIRZ revenues include the initial start-up administrative costs of all participating taxing entities. As part of that financing plan, The following describes the City's Administrative Fee Policy, which accounts for reasonable annual administration and operation expenses incurred or anticipated to be incurred by the City of San Antonio or Administrator fees, the City's financial advisor or its consultants may be included as project costs for reimbursement from tax increments. (this policy is has not been finalized at this time.)
- Funds generated by each TIRZ**
- First year Revenues received only: 10% of total projected revenues for each newly created TIRZ or \$75,000, whichever is the lesser of the two. These revenues will be divided among all participating taxing entities.
  - 2nd year Revenues received – end of TIRZ: 5% of projected annual revenues or \$50,000, whichever is the lesser of the two.

## **SECTION VIII. ADDITIONAL GUIDELINES**

- A. Cost-Benefit Analysis.** A cost-benefit analysis relevant to the City of San Antonio must be completed prior to any action on a reinvestment zone requested to support proposed redevelopment projects. The City of San Antonio or its advisor or agent may conduct the analysis in a manner reflective of the current incremental cost-benefit analysis being utilized by the City. The City may choose not to approve the designation of a project or area as a reinvestment zone for the purpose of TIF for which the analysis shows that the costs exceed the benefits.

Furthermore, each Cost-benefit analysis will be reviewed by staff using a Quantitative and Qualitative assessment process in order to identify costs associated with the delivery of city services and the implications of broader community benefits and revitalization goals. In the event, revenue shortfalls are projected for service costs, staff will analyze qualitative benefits of these projects with respect to compatibility with the Master Plan policy, such as: mixed-income, mixed-use, new urbanism concepts, and infill development. If projects do not meet these Master Plan policy goals, further review of the project financing will be undertaken, which may result in one of the following: (1) Greater developer contribution; (2) City reduced participation; and (3) Redefining scope of project.

- B. Content of Application.** The Application for Redevelopment desiring TIF shall consist of a completed current application form accompanied by: (1) appropriate non-refundable application fee; (2) a general description of the new improvements to be undertaken; (3) a descriptive list of the public improvements for which TIF is requested; (4) a list of the kind, number, and location of all proposed improvements (public and private) on the property; (5) a map, property description, and field notes; (6) financial pro formas; (7) a description of how the project will contribute to the revitalization of the parcel and/or surrounding community; (8) a written demonstration of how the TIF is needed for the economic viability of the project, as planned; and (9) a time schedule for undertaking and completing the proposed improvements, (10) a market feasibility study, and (11) a cost benefit analysis and all items under Section I paragraph M and APPENDIX C of these guidelines.

- C. Public Hearing and Notices.** By State law, the governing body of a city may not adopt an ordinance designating a reinvestment zone until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the designation. Notice of the hearing shall be clearly posted or identified on the City Council Agenda at least 7 days prior to the hearing and published in a local newspaper. The presiding officers of eligible jurisdictions shall be notified in writing at least 7 days prior to the hearing. Although, State law allows areas currently designated as either: (1) a federal Empowerment Zone or Enterprise Community, (2) a designated State Enterprise Zone, or (3) a Defense Economic Adjustment Zone which have already received designation as reinvestment zone, a Public Hearing may still be held at the discretion of the City of San Antonio.

- D. Agreement.** In order to enter into an agreement with other taxing entities or private developer related to reinvestment zones for TIF, the City of San Antonio must find that the terms of the proposed agreement meet these Guidelines and Criteria.

- E. Roles and Responsibilities.** The roles and responsibilities of the parties involved with TIF-related projects are as follows:

**City:** To administer the TIF process, which include, but are not limited to; application review and analysis, statutory presentations, TIRZ Board administration, TIF fund

administration, and issue reimbursement(s) for public improvement costs completed and submitted, upon approval of the TIRZ Board.

**TIRZ Board:** To provide direction to TIRZ Board administrator on issues related to respective TIF project and provide accurate and quarterly reports to TIRZ Board administrator (due the first of October, January, April and July or the first business day thereafter) that includes, but are not limited to; copies of publicly bid documents for public improvements, detailed invoices related to project costs, disclosure of any relevant changes in project, ownership, financial stability, or any anticipated assignment. Furthermore, a TIRZ Board must adopt and adhere to by-laws for which it is governed.

- F. Administration.** Reinvestment zone proposals or petitions and applications submitted primarily for **residential** purposes will be reviewed, processed, and coordinated by the City of San Antonio Neighborhood Action Department, other departments, and/or its consultants. Reinvestment zone proposals or petitions submitted for primarily **non-residential** purposes will be reviewed, processed, and coordinated by the City of San Antonio Economic Development Department, other departments, and/or its consultants. The City of San Antonio may act as the administrator of **residential and non-residential** reinvestment zones for the purposes of reviewing compliance with any agreements between the City, other taxing entities and/or developer, as well as, providing tax increments to developers for the purpose of reimbursement for public improvements completed, as approved by the respective TIRZ Board.
- G. Reinvestment Zone Boards.** As required under Chapter 311 of the Texas Tax Code, the City Council will establish a reinvestment zone board of directors for each and every TIF reinvestment zone designated. Other taxing entities may appoint at least one representative to each zone board, and the composition of each reinvestment zone board will comply with provisions of Section 311.009 of said Chapter.
- H. Assignment.** Any agreement entered into between the City of San Antonio and/or a reinvestment zone board with a private developer may be assignable to a new owner only with prior City Council approval.
- I. Severability.** In the event any section, subsection, paragraph, subparagraph, sentence, phrase or work herein is held invalid, illegal, or unenforceable, the balance of these Guidelines shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable.
- J. Effective Date of Guidelines.** These amended Guidelines and Criteria are effective through September 30, 2002. Until that time, these amended Guidelines and Criteria may be amended or repealed only by a vote of a majority of the City Council.
- K. Effective Date of TIRZ:** Each TIRZ will take effect immediately upon passage of ordinance as required under Chapter 311 Section 311.004 of the Texas Tax Code.

# APPENDIX A

## DEFINITIONS

- A. Public Improvement(s): Permanent improvements that are beneficial and accessible to the general public contingent upon approval by the City.
- B. "Defense Economic Readjustment Zone" is an economic incentive for business recruitment and job creation in adversely impacted defense-dependent communities. The Defense Economic Readjustment Zone Program is a State program modeled after the Texas Enterprise Zone Program. The zone area must be greater than one square mile but less than 20 square miles; be located within an adversely affected defense-dependent community; and have a former or existing military installation account for 50% of its total area. The zone is designated for seven years. The zone is automatically a reinvestment zone.
- C. "Enterprise Zone" is a local-option, economic development tool that allows a community to partner with the State to offer a package of local and state tax and regulatory benefits to new or expanding businesses in distressed areas. More specifically, a zone is a geographic area nominated by a city or county or a combination of cities and/or counties through an application to the State Department of Economic Development. The area must meet at least one of two possible primary distress criteria (high unemployment or population loss) and one of possible eight secondary distress criteria. The area must have a continuous boundary and be at least one square mile in size, but not larger than 10 square miles or 5% of the governing body's/bodies' jurisdiction (up to 20 square miles), whichever is larger. The designation period for a zone is seven years. An enterprise zone is automatically a reinvestment zone.
- D. "Real Property" means land and its improvements.
- E. "Reinvestment Zone" is an area where the city has decided to influence development patterns and attract major investments that will contribute to the development of the city through the use of incentives for specified real property improvements.
- F. "Retail Industry Facility" means buildings and structures, including fixed machinery and equipment, used or to be used for the sale of commodities or goods to ultimate consumers.
- G. "Targeted Industries" are those businesses that the City of San Antonio has identified as desirable businesses that make job-producing investment in the city limits of San Antonio, that diversify the local economy, expand the tax base and create or retain quality jobs. Those businesses include aviation, biotechnology, communications (customer call centers, office operations, fiber optic installations, electronic device manufacturing, etc.), corporate-level headquarters/offices, high technology, information/business services (customer call centers for financial, maintenance, manufacturing, distribution, etc.), manufacturing, research and development, warehousing/distribution, and defense-related operations. See definitions below:



- “Aviation Industry Facility” means buildings and structures within the city limits of San Antonio, including fixed machinery and equipment used or to be used in the operation, maintenance, modification, service, research and development, manufacture, and storage of aircraft or aircraft parts or the sale of aircraft or aircraft parts.
- “Biomedical/Biotech Research Facility” means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production process thereto; may include medical and pharmaceutical products.
- “High-Technology Facility” means buildings and structures, including fixed machinery and equipment, used in the manufacturing of computer equipment, related equipment, pharmaceutical, or communications equipment and other high-technology related Products. Includes such areas as microchip manufacturing and electronic equipment manufacturing.
- “Manufacturing Facility” means building and structures, including fixed machinery and equipment, used or to be used for the mechanical or chemical transformation of materials or substances into new products. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing.
- “Regional Distribution Facility” means buildings and structures, including fixed machinery and equipment, used or to be used primarily to receive, store, service, or distribute goods or materials, where a majority of the goods or services are distributed to points at least 50 miles beyond the San Antonio city limits.
- “Research Facility” means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production process thereto.

# APPENDIX B

## TARGETED AREAS MAP FOR TIF/TIRZs

## APPENDIX C

### APPLICATION FOR REDEVELOPMENT CHECKLIST RELATED TO TIF USE

See Section I. Paragraph M for more details

- ☐ 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 equity contribution into project illustrating 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 ~~assumed~~ 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. ~~certified environmental study of proposed area~~
- ☐ 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

I, (applicant's name) \_\_\_\_\_ hereby certify that I have submitted to the City of San Antonio the above mentioned items as required under the 20002 Tax Increment Financing Guidelines and Criteria.

\_\_\_\_\_  
Name (printed)

AMENDED  
October 12, 2002 |

Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

10/18/02

## Attachment B

### CITY OF SAN ANTONIO NEIGHBORHOOD ACTION DEPARTMENT TAX INCREMENT FINANCING BUDGET FY 2000-2003

ACTIVITY	OBJECT CODE	INDEX CODE	DESCRIPTION	ANNUAL BUDGET FY 03
61-01-06	00-008	NEW	MISCELLANEOUS REVENUE-TIF APPLICATION FEE	\$24,000.00
61-01-06	00-008	NEW	MISCELLANEOUS REVENUE-TIF PROCESSING FEE	\$248,000.00
61-01-06	00-008	NEW	MISCELLANEOUS REVENUE-TIF ADMINISTRATIVE FEE	\$40,000.00
61-01-06	00-008	NEW	MISCELLANEOUS REVENUE-GEN FUND TRANSFER-TIF	\$100,000.00
61-01-06	00-008	NEW	MISCELLANEOUS REVENUE-ONE-TIME GEN FUND TRANSFER	\$52,031.00
		00	<b>TOTAL MISC. REVENUE-TIF</b>	<b>\$464,031.00</b>

OBJECT CODE	INDEX CODE	DESCRIPTION	ANNUAL BUDGET FY 03
61-01-06	01-010	NEW REGULAR SALARIES AND WAGES	\$267,970.00
	01-030	NEW RETIREMENT BENEFITS-SOC.SEC.	\$20,499.71
	01-040	NEW RETIREMENT BENEFITS-TMRS	\$30,602.17
	01-050	NEW FLEXIBLE BENEFITS CONTRIBUTIONS	\$33,538.00
	01-151	NEW LIFE INSURANCE	\$610.97
	01	<b>TOTAL PERSONAL SERVICES</b>	<b>\$353,220.85</b>
	02-110	NEW COMMUNICATIONS	\$5,775.00
	02-112	NEW DIGITAL PAGER SERVICE	\$618.00
	02-113	NEW MAIL AND PARCEL POST SERVICE	\$1,500.00
	02-124	NEW TRAVEL-OFFICIAL	\$3,500.00
	02-128	NEW EDUCATION	\$7,500.00
	02-132	NEW SOFTWARE LICENSING	\$2,800.00
	02-172	NEW AUTOMATIC DATA PROCESSING	\$3,245.00
	02-175	NEW ADVERTISING & PUBLICATION	\$7,000.00
	02-178	NEW MEMBERSHIP DUES AND LICENSES	\$2,000.00
	02-181	NEW BINDING, PRINTING, AND REPRODUCTION	\$5,600.00
	02	<b>TOTAL CONTRACTUAL SERVICES</b>	<b>\$39,538.00</b>
	03-210	NEW OFFICE SUPPLIES	\$8,000.00
	03-243	NEW COMPUTER SOFTWARE	\$3,731.00
	03	<b>TOTAL COMMODITIES</b>	<b>\$11,731.00</b>
	05-360	NEW COMPUTER EQUIPMENT	\$11,300.00
	05-373	NEW MACHINERY AND EQUIPMENT - OTHER	\$827.00
	05-375	NEW FURNITURE AND FIXTURES	\$15,733.00
	05	<b>TOTAL COMMODITIES</b>	<b>\$27,860.00</b>

**TOTAL FY 2003 TIF UNIT BUDGET (SECTION TOTALS) \$432,349.85**

**GROSS ENDING BALANCE \$31,681.15**

#### 61-01-06 PERSONNEL COMPLEMENT

# of Positions	Job Class	Position Title
1	Existing	0865 Special Projects Officer
1	New	0870 Special Projects Coordinator
2	New	0817 Financial Analyst
1	New	0135 Construction Coordinator
1	New	0065 Assistant City Attorney III
1	New	0161 Sr. Planner
1	New	0040 Administrative Assistant I