

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

**TO:** Mayor and City Council

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

**THROUGH:** Terry M. Brechtel; City Manager

**COPIES:** Jelynn LeBlanc Burley; J. Rolando Bono; Milo Nitschke; Andrew Martin; file

**SUBJECT:** Resolution of Intent to Consider the use of Tax Increment Financing (TIF) for the Foster Meadow Project

**DATE:** September 23, 2004

**SUMMARY AND RECOMMENDATION**

This item is a resolution expressing the City of San Antonio's intent to consider creating a tax increment reinvestment zone to finance public improvements in support of the Foster Meadow development project located in City Council District 2. Approval of this resolution would authorize the initiation of the process for consideration of designation of the tax increment reinvestment zone by providing written notices of the City's intent to all affected taxing entities.

This resolution only initiates the process for the creation of the proposed reinvestment zone. Upon passage of this resolution of intent, staff is authorized to request an appointee from each taxing entity for the purpose of discussing each project. Staff is also authorized to call and hold meetings with representatives of each taxing entity. Staff will conduct a full programmatic review and analysis to determine the viability of the project and the projected revenues generated by the tax increments. This action does not, in any way, obligate the City to designate the proposed reinvestment zone; nor does it financially obligate the City or other taxing entities. This resolution allows the staff to continue the process to structure financing and conduct project reviews for the proposed tax increment finance project.

Staff recommends approval of this resolution.

**BACKGROUND INFORMATION**

In September of 2002, the City Clerk first received a TIF application from En Seguido, Ltd. for the Foster Meadow project. On October 24, 2002, the City Council amended the TIF

*Program Guidelines and Criteria.* Staff was reviewing the Foster Meadow project application when staff received direction to amend the 2002 TIF Guidelines and suspend work on the pending applications.

On January 8, 2004, the City Council amended the *Guidelines and Criteria for the use of TIF* as an incentive tool. Applicants with pending applications were invited to re-apply for TIF. Foster Meadow was required to re-apply and did so on June 30, 2004. On July 15, 2004 the City notified the applicant of outstanding items in their application, to which the applicant responded by August 4, 2004. Staff has been working with the developer to submit all the necessary information to proceed with the process.

The proposed project site is located outside Loop 410 and south of Highway 90 in City Council District 2. Some of the proposed public improvements for the Foster Meadow project include: site work, streets and approaches, drainage, sewer, water, sidewalks, street lights/traffic signals, street signs, utilities, reconstruction of the existing Foster Meadow Road, open space improvements, and hike & bike trails. The proposed project estimates the construction of 977 single-family units, 300 multifamily units, and 288,000 square feet of retail to be completed in 14 phases through the year 2015. The initial single-family home price range is \$85,000 - \$92,500.

### **POLICY ANALYSIS**

Staff has conducted a preliminary review of the application for the creation of the proposed tax increment reinvestment zone to determine whether the proposed project satisfies the criteria for a Reinvestment Zone as outlined in the TIF Act (Texas Tax Code, Section 311.005, Criteria for Reinvestment Zone) and the eligibility requirements in the current TIF Guidelines.

The applicant has substantially complied with the eligibility criteria as summarized below:

- Section I (J): Demonstration of Community Revitalization Impact (This section asks the applicant to describe how the planned investment will contribute to revitalization activities in the parcels and the surrounding area.)
  - Applicant states that the population in the primary market area is experiencing a dramatic slow-down compared to the period from 1990-2000. The projected population growth is also projected to be lower than the City's. The Foster Meadows project will help reverse these trends.
  - Applicant also states that the proposed project would enhance the current housing stock and market activity, promoting the development of both affordable and market-rate single-family homes. The proposed TIF would also finance major reconstruction of the main thoroughfare, Foster Meadow Road, and the construction of a regional park with substantial improvements.
  - The investment in this area may act as a catalyst to encourage an increase in the population. The project proposes to add \$160,440,661 in development value to the proposed site.

- ❑ Section I (K): Demonstration of Need for Public Assistance (This section asks the applicant to demonstrate that proposed project would not occur without public assistance.)
  - TIF is required to finance the planning and construction of a range of housing and commercial products that the market alone will not provide in the foreseeable future. Existing development in the area is limited to mobile homes, single-family subdivisions, and strip commercial development. The project's Conservation Subdivision Use Pattern will provide area residents with new housing options, additional recreational opportunities, and expanded protection of natural resources.
- ❑ Section IV: Criteria for Designation of a Reinvestment Zone (This section asks the applicant how the proposed project meets the statutory criteria for designation of a reinvestment zone.)
  - The site (and much of the surrounding land) is predominantly open, consisting of vacant, agricultural, or partially developed land.
  - The site is bisected by a 100-year flood plain that poses significant challenges to development.
- ❑ Section VI (B): Project Location
  - The proposed project is located within the Secondary Target Area (defined as inside Loop 410 and outside Loop 410 but south of Highway 90), which allows the City to participate up to 90% and up to a term of 20 years.
  - The proposed project is not located over the Edwards Aquifer Recharge Zone.
- ❑ Section VI (C): Urban Design (This section specifies which of the nine non-conventional Use Patterns or Special Districts will be implemented in this project.)
  - The project proposes to implement the Conservation Subdivision Use Pattern.
- ❑ Section VIII (B): Content of Application (This section asks whether the application includes: Application fee, general description of public and private improvements, a map, property description, field notes, financial pro formas, description of how the project will contribute to revitalization, a written demonstration of how TIF is needed, timelines for proposed improvements, market feasibility study, & cost benefit analysis).
  - Staff has determined that the applicant has submitted a substantially complete application. Further information may be required for full programmatic review.

Each Application for Redevelopment requesting the use of TIF will be evaluated by various City departments to assess the viability of the proposed project. The proposed project must comply with the Unified Development Code, the requirements set forth in the 2004 TIF Guidelines and Criteria, and any other applicable rules and regulations. Upon full review, staff will determine compliance with all relevant eligibility criteria and development standards. A preliminary Project and Finance Plan will accompany staff recommendation to City Council for designation of the reinvestment zone. If new information is discovered during the full programmatic review process that renders the project ineligible for TIF, staff will not recommend proceeding with the project and designating the area as a reinvestment zone. The process for designation takes an average of 4 – 6 months.

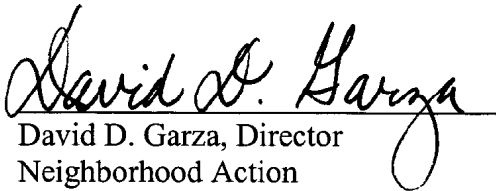
## **FISCAL IMPACT**

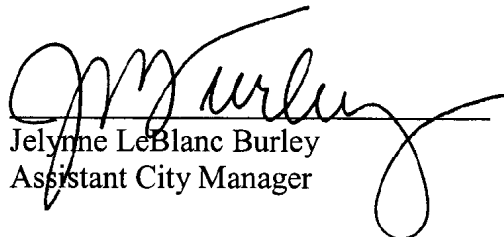
Approval of this resolution initiates the TIF process and does not have a direct financial impact to the General Fund. A full review and analysis is still required to confirm the viability of this financing approach and the revenues generated by the proposed tax increments. A preliminary reinvestment zone finance plan will be developed from the application in fulfillment of statutory requirements. The preliminary finance plan will address a number of scenarios, including TIF participation by other taxing entities.

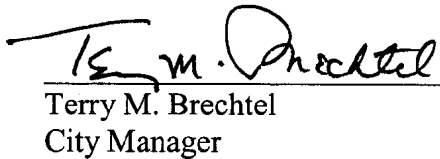
Approved in October 2002, the TIF guidelines require a \$31,000 processing fee upon passage of a Resolution of Intent for a proposed TIF project application. The fee is required within 10 days of approval of the resolution of intent. This fee supports the costs associated with full programmatic review provided by the City staff funded through the TIF Special Revenue Fund. This fee will be applied to the TIF Special Revenue Fund for fiscal year 2003-2004.

## **COORDINATION**

This item has been coordinated with the City Attorney's Office.

  
David D. Garza, Director  
Neighborhood Action

  
Jelynn LeBlanc Burley  
Assistant City Manager

  
Terry M. Brechtel  
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