

**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 Hunters Pond 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 Hunters Pond development project in City Council District 3 of the limited purpose annexation area. 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 TIF project.

Staff recommends approval of this resolution.

**BACKGROUND INFORMATION**

On January 8, 2004, the City Council amended the *Guidelines and Criteria for the use of TIF* as an incentive tool. All pending applications were directed to re-apply for TIF. Applicants with pending applications were invited to re-apply for TIF. On June 30, 2004, the City Clerk received a TIF application from Hunters Pond, LLP for the Hunters Pond

project. On July 15, 2004 the City notified the applicant of outstanding items in their application, to which the applicant responded by August 4, 2004.

The project site is located outside SW Loop 410 near Zarzamora Road in City Council District 3. Some of the proposed public improvements for the Hunters Pond project include site work, storm water pollution prevention, streets, drainage, sewer, water, street lights, retention pond, park improvements, street trees, and sidewalks. The proposed project estimates the construction of 460 single-family units with an initial home price range of \$86,000 to \$129,000 to be completed over 5 phases through the year 2009.

In order for a project to be designated as a reinvestment zone, the property must be located within the city limits of San Antonio. The project is currently located in the limited purpose annexation area. The developer has submitted a petition for voluntary annexation which will be reviewed in conjunction with the evaluation of the proposed TIF project.

### **POLICY ANALYSIS**

Staff has conducted a preliminary review of the Application for the creation of the proposed tax increment reinvestment zone based on whether the proposed project meets 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 (G): Voluntary Annexation (This section describes how proposed projects seeking both TIF and Voluntary Annexation should proceed.)
  - The Voluntary Annexation process evaluation will begin upon passage of this proposed resolution.
- ❑ 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.)
  - The proposed project would enhance the current housing stock and market activity, promoting the development of market-rate homes. The proposed project would also provide expanded options to homebuyers by offering an urban mix of townhomes, garden homes, duplexes and single-family homes.
  - The investment in this area may act as a catalyst to encourage an increase in the population. The project proposes to add \$48,960,000 in development value to the proposed site.
- ❑ Section I (K): Demonstration of Need for Public Assistance (This section asks the applicant to demonstrate that project would not occur without public assistance.)
  - TIRZ revenues were utilized as an additional level of security to secure financing and related loans for this proposed project.
  - TIF is also required to finance the planning and construction of a range of housing products that the market alone will not provide in the foreseeable future. Existing development in the area is limited to single-family subdivisions and strip commercial development. The project's Urban Development (UD) Zoning

will provide area residents with new housing options and additional recreational opportunities.

- 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 census tract itself) is predominantly open, consisting of vacant, agricultural, or partially developed land.
  - The project's census tract reflects a high level of poverty: 42.4% living below poverty, in contrast with the City average of 17.3%. The larger project area (including neighboring census tracts) can similarly be described as high-poverty, with a rate of 30.5%.
  - The percentage of people without a high school degree is high (43.7%) relative to the City average of 24.9%.
  - Applicant also provides general information about a slower rate of housing construction and development in general.
- Section VI (B): Project Location
  - This proposed project is located within the Primary Target Area (defined as CRAG, Empowerment Zone, Neighborhood Commercial Revitalization, and South Side Initiative areas), which allows the City to participate up to 100% and for a term up to 25 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 proposed project.)
  - Project is being designed in accordance with Urban Development District.
- Section VIII (B): Content of Application (This section asks whether the application includes: application fee, general description of public & private improvements, a map, property description, field notes, financial pro formas, description of how the proposed project will contribute to revitalization, a written demonstration of how TIF is needed, timelines for proposed improvements, market feasibility study, and 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 TIF tool 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.

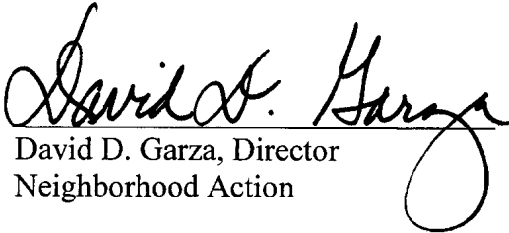
### **FISCAL IMPACT**

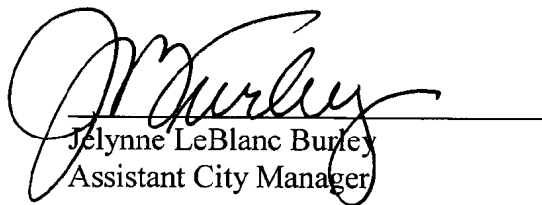
Approval of this resolution initiates the TIF process and does not have a direct financial impact to the General Fund. A full review and analysis of TIF proposal and petition for full purpose annexation is still required to confirm the viability of this financing approach and the revenues generated by 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 to be paid 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

  
Jélynne LeBlanc Burley  
Assistant City Manager

  
Terry M. Brechtel  
City Manager