

**CITY OF SAN ANTONIO
NEIGHBORHOOD ACTION DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council

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

SUBJECT: Resolution of Intent to consider the use of Tax Increment Financing for the Medio Creek Development Project

DATE: September 8, 2005

SUMMARY AND RECOMMENDATIONS

This item is a resolution expressing the City of San Antonio's intent to consider creating a Tax Increment Reinvestment Zone (TIRZ) known as Medio Creek located in City Council District 4. Approval of this resolution initiates the statutory process for the consideration of a Tax Increment Reinvestment Zone designation. In accordance with the requirements of the Tax Increment Financing Act (Tax Code, Chapter 311, the "TIF Act"), this resolution authorizes staff to request an appointee from each taxing entity for the purpose of discussing each project and 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 zone and the projected revenues generated by the project. This action does not, in any way, obligate the City to designate the proposed TIRZ, 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 TIRZ.

Staff recommends approval of this resolution.

BACKGROUND INFORMATION

On June 30, 2005, the City Clerk received an application for the use of TIF from Miam Enterprize Management, LLC, petitioning for the creation of a TIRZ for the Medio Creek development project. On July 15, 2005, the City notified the applicant of outstanding items in their application, to which the applicant responded on August 2, 2005. The application is substantially complete; however staff may request additional information as part of the full programmatic review. The proposed zone is located in City Council District 4 outside Loop 410, south of Interstate 35 and south of Fischer Road. See map attached.

DEMONSTRATION OF COMMUNITY REVITALIZATION IMPACT

Section I (J) of the TIF Guidelines requires a description of how the proposed investment will contribute to revitalization activities in the area and a demonstration of how the project achieves the objectives of the City's Master Plan, Southside Initiative and/or the CRAG.

- The TIRZ will implement the recommendations of a concerted planning effort originally known as the Southside Initiative and now identified as City South.
- The TIRZ will support the development of a residential neighborhood that will serve the demand that will be created by the development of the Texas A&M campus and the Toyota manufacturing site.
- Opportunities exist to improve regional infrastructure on Fischer Road.
- The project proposes to increase the base value from \$27,240 to \$82,966,740 after improvements in the TIRZ.

DEMONSTRATION OF NEED FOR PUBLIC ASSISTANCE

Section I (K) of the TIF Guidelines requires a demonstration that the proposed project would not occur without public assistance in the form of the creation of a TIRZ.

- The applicant has submitted a copy of a bank letter indicating that the bank may be interested in financing the project, but needed more details of the TIF project. Staff will request further information demonstrating the need for public assistance as part of the full programmatic review.
- A site visit conducted by the staff found no construction on site or within a quarter mile radius.
- The proposed site currently lacks sewer infrastructure that needs to be extended under and east of IH 35. Without investing and constructing the public infrastructure, the project will probably not happen within the foreseeable future.
- The lack of infrastructure and housing construction, along with the demographics in the area make it difficult to encourage new housing development. For example, the population of this Census Tract only grew by 489 persons from 1990-2000; the per capita income is only \$12,388 compared to \$20,458 for the City as a whole.

CRITERIA FOR DESIGNATION OF A REINVESTMENT ZONE

Section IV of the TIF Guidelines requires an analysis of how the area of the proposed TIRZ meets statutory criteria for designation as a TIRZ.

- The area of the proposed Medio Creek TIRZ meets 311.005(a)(1) criteria by constituting an economic or social liability and being a menace to public health, safety, morals, or welfare in its present condition and use because of the presence of unsanitary or unsafe conditions.
- The proposed boundaries of the Medio Creek TIRZ are completely within Census tract 161200. Data from the 2000 Census indicates that this Census tract suffers from a higher level of poverty (20.1%) than the City's average of 17.3%. The percentage of people without a high school degree is also higher (35.8%) than the City average of 24.9%. These Census figures indicate conditions that constitute an economic or social liability for the sake of 311.005(a)(1) criteria.

- The area of the proposed Medio Creek TIRZ also meets 311.005(a)(2) criteria by being predominantly open and, because of obsolete platting, deterioration of structures or site improvements.
- While property values in the City of San Antonio have appreciated 44% from 1999 to 2004, the area of the proposed TIRZ has appreciated at a comparable lower rate of 33%. These property value appreciation figures are indicative of the conditions that substantially impair or arrest the sound growth of the municipality for the sake of 311.005(a)(2) criteria.

URBAN DESIGN

Section VI (C) of the TIF Guidelines requires that the development comply with one of the nine non-conventional Use Patterns or Special Districts as defined in the City's Unified Development Code.

- The developer proposes to construct the project in accordance with the Urban Development District requirements.
- This TIRZ will implement any changes in development standards resulting from the recent City South Master Planning Process.

Each Application for Redevelopment requesting the TIF tool will be evaluated by various City departments to assess the viability of the proposed zone. Upon full review, staff will determine whether the project merits the assistance of TIF. At such time, preliminary Project and Finance Plans will accompany staff recommendation to City Council for consideration of designation of the TIRZ. 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 TIRZ. The process for designation takes an average of 4 – 6 months.

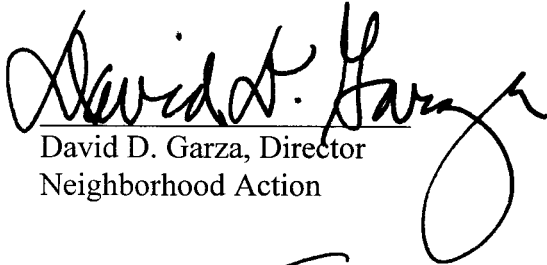
FISCAL IMPACT

With the approval of the proposed resolution, the applicant is required to submit a \$31,000 processing fee as required by the TIF Guidelines. The fee is 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.

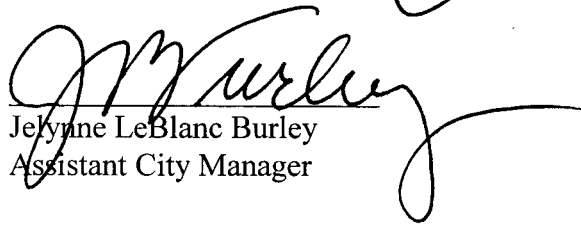
Approval of this resolution initiates the TIF process, and as such, this action will not have a direct financial impact to the General Fund. A full review and analysis is still required to confirm the viability of this financing approach as well as the projected revenues generated by the proposed tax increments. A preliminary TIRZ 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 eligible taxing entities.

COORDINATION

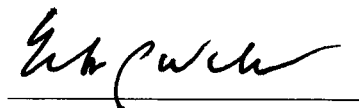
This item has been coordinated with the City Attorney's Office.



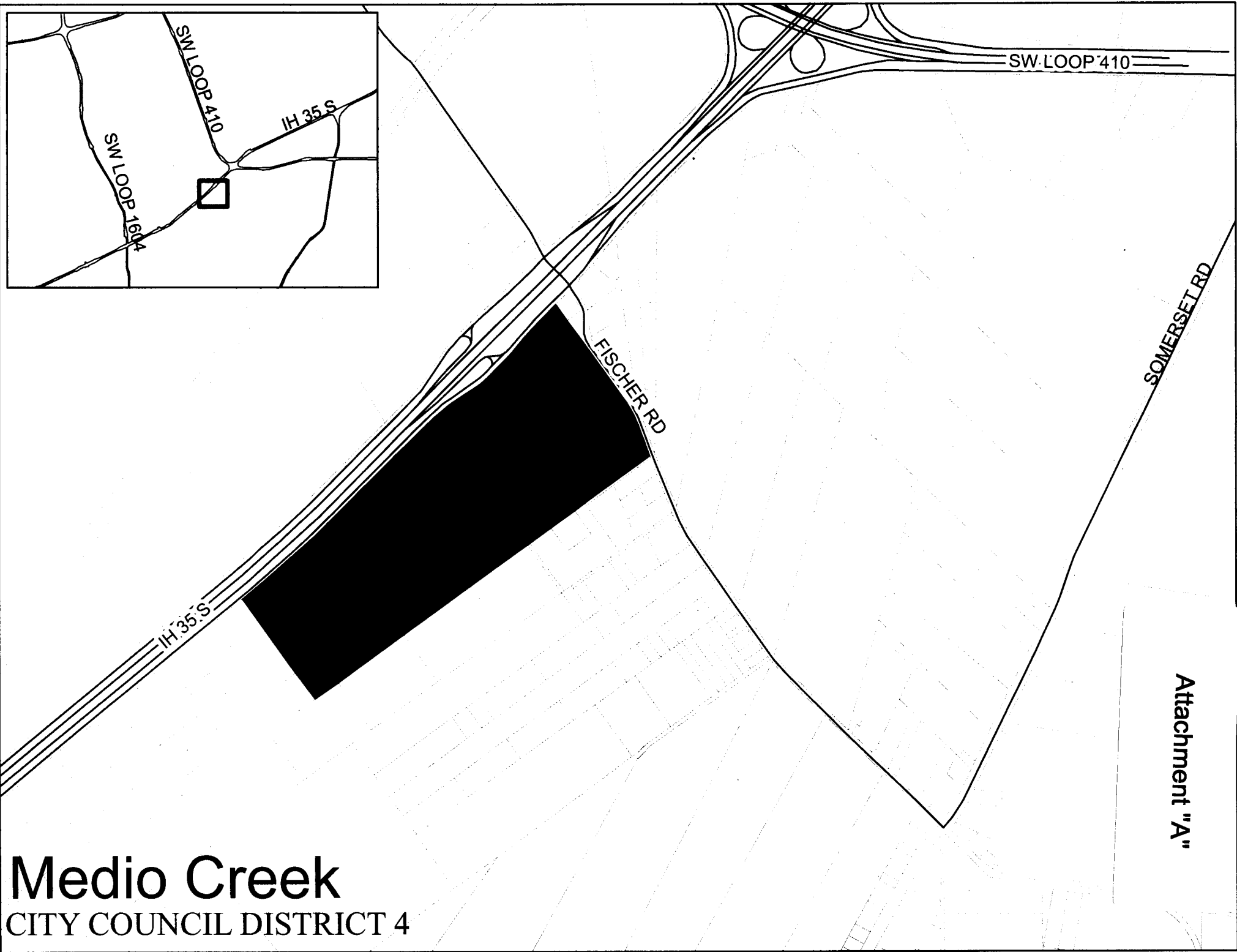
David D. Garza, Director
Neighborhood Action



Jelynn LeBlanc Burley
Assistant City Manager



† J. Rolando Bono
City Manager



Medio Creek
CITY COUNCIL DISTRICT 4

Attachment "A"