



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 14

Agenda Date: January 12, 2023

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 1, District 2, District 5

SUBJECT:

Inner City TIRZ Extension and Amended Project and Finance Plans

SUMMARY:

A public hearing and an ordinance extending the Termination Date of the Inner City Tax Increment Reinvestment Zone to September 30, 2035 and amending the Inner City TIRZ Project and Finance Plans to reflect the extended term.

BACKGROUND INFORMATION:

The Inner City TIRZ was designated in 2000 to support redevelopment and public infrastructure improvements within the boundaries of the following three enterprise zones: 1) Enterprise Community Enterprise Zone 2) Eastside Enterprise Zone 3) Southside Enterprise Zone. These areas encompass portions of the City's downtown, east and south sides. In accordance with the Designating Ordinance, the Inner City TIRZ is scheduled to terminate on September 30, 2025. Throughout its history, the Inner City TIRZ has supported a wide variety of projects including historic renovations, public facilities, healthcare services, infrastructure improvements, economic development, multifamily housing, and single-family housing.

From Fiscal Year 2001 to Fiscal Year 2022, the Inner City TIRZ captured approximately

\$59,000,000 in tax increment and is projected to capture an additional \$28,000,000 in increment before its current termination date of September 30, 2025.

With the approaching termination date and in consideration of possible future projects, such as the TRTF Velocity Texas Project, City staff conducted a financial analysis for a ten-year extension of the TIRZ. This analysis projects an estimated \$158,000,000 in total tax increment could be collected during that ten-year extension.

On December 8, 2022, City staff briefed the Inner City TIRZ Board on the proposed ten-year extension.

If approved by City Council, the updated termination date would be September 30, 2035.

ISSUE:

Staff is recommending the termination date of the Inner City TIRZ currently set to expire on September 30, 2025 be extended through September 30, 2035. This will increase capacity in the TIRZ that will be used to finance additional projects to incentivize redevelopment within the Inner City boundaries.

Staff also recommends amendments to the Inner City TIRZ Project and Finance Plans to reflect the extended 10-year term.

The City is the sole taxing entity in the Inner City TIRZ and participates at 100%. Under the Tax Increment Financing Policy approved by City Council on December 15, 2022, the City appoints all 11 members of the Inner City TIRZ Board, including three City Council members. If a taxing unit other than the City that levies taxes on real property in the TIRZ contributes all or part of their tax increment into the TIRZ Fund, that taxing unit may appoint one member to the board.

ALTERNATIVES:

If City Council chooses to not extend the termination date, the Inner City TIRZ will end on September 30, 2025 and the City will lose the opportunity to incentivize development within the boundaries of the Inner City TIRZ with tax increment financing.

FISCAL IMPACT:

The City is the sole taxing entity in the Inner City TIRZ and participates at 100%. The tax increment for the proposed ten-year extension from Fiscal Year 2026 to Fiscal Year 2035 is estimated at \$158,000,000.

RECOMMENDATION:

Staff recommends approval of a ten-year extension for the Inner City TIRZ.

