



# City of San Antonio

## Agenda Memorandum

### File Number:

---

**Agenda Item Number:** 16

**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 3

**SUBJECT:**

Designation of petition initiated Lone Oak TIRZ #40

**SUMMARY:**

This item approves the designation of petition-initiated Lone Oak Tax Increment Reinvestment Zone (TIRZ) Number Forty, located at the northwest quadrant of Loop 1604 and IH-37 South in Council District 3, for a term of 25 years with City's participation level at 85% in accordance with the provisions of the Tax Increment Finance Act, Chapter 311 of the Texas Tax Code, authorizes the creation of a seven member board of directors, establishes an effective start date and termination date, approves the preliminary finance plan, and establishes a tax increment fund.

**BACKGROUND INFORMATION:**

In October 2022, VT Lone Oak Development Company, LLC petitioned the City pursuant to the provisions of Chapter 311 of the Texas Tax Code. VT Lone Oak Development Company, LLC requested the City establish a Tax Increment Reinvestment Zone (TIRZ) located at the northwest quadrant of Loop 1604 and IH-37 South in Council District 3

The owner and developer of the property to be included in the petition initiated TIRZ is VT Lone Oak Development Company, LLC. The owner and developer of the property constitutes at least

fifty percent (50%) of the appraised value of the property in the area according to the most recent certified appraisal roll for Bexar County. The area proposed to be included in the Zone lies entirely within the corporate limits of the City of San Antonio in Council District 3.

Pursuant to Section 311.005(a)(4) of the Tax Increment Finance (TIF) Act, Chapter 311 of the Texas Tax Code, the City has the authority to create a petition-initiated Tax Increment Reinvestment Zone to promote the development or redevelopment of an area if the City determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future.

After a public hearing, City Council is asked to approve an Ordinance designating approximately 245 acres of property to be known as Lone Oak Tax Increment Reinvestment Zone (TIRZ) Number 40 (Lone Oak TIRZ #40), in accordance with the provisions of the TIF Act, Chapter 311 of the Texas Tax Code.

This item will officially designate and name the reinvestment zone, describe the zone boundaries, create a Board of Directors, establish effective start and termination dates, present the preliminary Finance Plan, and create a Tax Increment Finance fund for the zone.

The Development will consist of 957 single family market rate homes on approximately 245 acres, The average home price is projected to be \$275,000 with homes starting at \$260,000. The Development will include a park and other green space for community residents.

#### **ISSUE:**

The Lone Oak TIRZ application is in compliance with the TIF Program policy and meets the requirements outlined in the TIF Act. In accordance with City Code, Chapter 6, Article XII, the project must comply with the Universal Design Policy.

On January 12, 2023, the City Council, at a meeting open to the public, will consider the creation of the reinvestment zone and its benefits to the City and to the property in the proposed zone. At this meeting, the public will be afforded the opportunity to speak for or against the creation of the zone, its boundaries, or the concept of tax increment financing.

The petition initiated TIRZ will exist for approximately 25 years with the term beginning January 13, 2023 and shall terminate no later than September 30, 2048 with the City's participation level of 85%.

The TIF Act requires that the City Council establish a reinvestment zone Board of Directors when designating a TIRZ. The Lone Oak Board shall consist of seven (7) members. Appointees will be required to comply with all policies related to City Boards and Commissions to the extent there is no conflict with the TIF Act.

After designation, City staff will work with participating taxing entities and the TIRZ Board to finalize the Development Agreement, Finance Plan and create the Project Plan for City Council consideration.

City Council consideration is requested for the approval of the designation of Lone Oak TIRZ #40 for a term of approximately 25 years with the City's participation level of 85% and a preliminary Finance Plan.

**ALTERNATIVES:**

City Council could decide not to designate petition-initiated Lone Oak TIRZ #40 which would negatively affect the ability of VT Lone Oak Development Company, LLC to develop the property for construction of single-family homes.

**FISCAL IMPACT:**

This ordinance approves the designation of petition-initiated Lone Oak Tax Increment Reinvestment Zone (TIRZ) Number 40 for a term of approximately 25 years with City's participation level of 85% in accordance with the provisions of the Tax Increment Finance (TIF) Act, Chapter 311 of the Texas Tax Code. The City's maximum dollar contribution is \$48,805,362.

There is no immediate fiscal impact to the City's General Fund. The future taxes collected on the captured taxable value of parcels within the newly designated Lone Oak TIRZ will be deposited in the Lone Oak TIRZ fund to be used for eligible expenses within the TIRZ boundary.

**RECOMMENDATION:**

Staff recommends that the City Council officially designate petition-initiated Lone Oak Tax Increment Reinvestment Zone #40, City of San Antonio, Texas, describe the boundaries of the zone, create a seven member Board of Directors for the zone to be appointed by the City at a later date, establish the term of approximately 25 years with an effective start date of January 13, 2023 and termination date no later than September 30, 2048, approve the preliminary Finance Plan and establish a Tax Increment Fund.