

TIRZ #2 Renewal



TIRZ #2 Presentation
June 10, 2019



Local Economic Development Toolbox

- Economic Development Agreements
 - Ch 380 Local Government Code
- Tax Abatements
 - Ch 312 Tax Code
- Type A and Type B Sales Tax
 - Ch 501, 504, 505 Local Government Code
- Industrial Districts
 - Ch 42 Local Government Code
- Tax Increment Financing
 - Ch 311 Tax Code



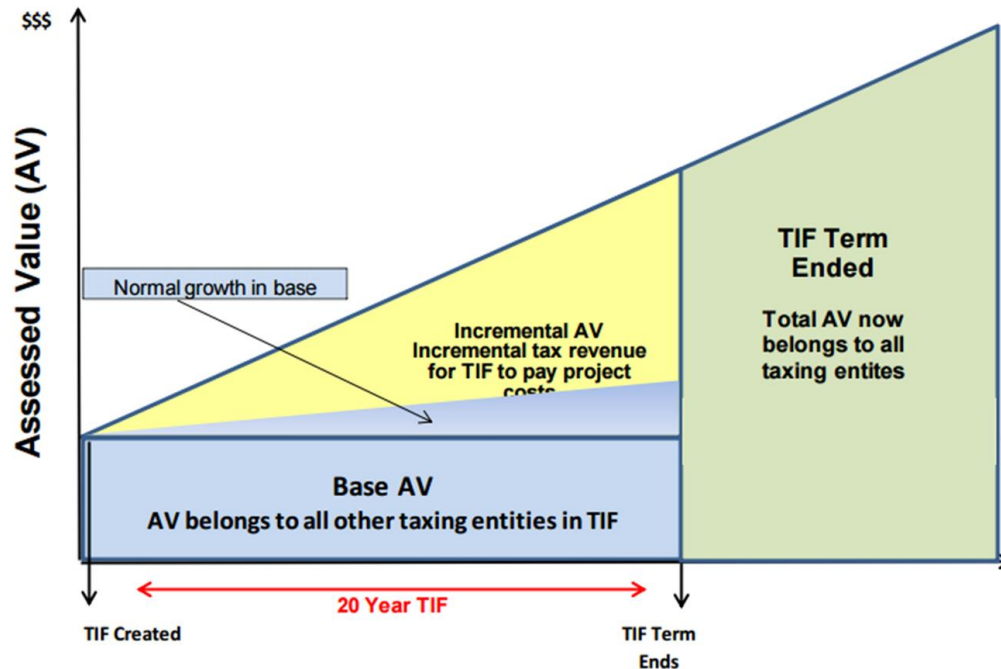


Tax Increment Financing

- Tool that allows local governments to finance needed structural improvements and enhanced infrastructure in a designated area.
 - Improvements to area support and promote viability of existing businesses and attract new businesses.
 - Cost of improvements is repaid with future tax revenues on the increment (increased value of the property in the Zone).
 - Each taxing entity determines which percentage of its increment to dedicate to the fund. The city or county creating the Zone may dedicate all or some percentage of its increment by ordinance. Other taxing entities may contribute by entering into an agreement with the city or county.
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How It Works



Shows normal or market driven portion of TIF growth versus total including developer's investment



Current Island TIF

- TIRZ #2 (Island)
 - Created in 2000
 - Expires in 2022
 - Used for infrastructure projects on the Island, primarily at or near the Packery Channel



TIRZ Requirements

- Section 311.005 of the Texas Tax Code provides that:
 - (a) To be designated as a reinvestment zone, an area must:
 - (1) substantially arrest or impair the sound growth of the municipality or county designating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use . . .
 - (2) be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county;
 - (3) be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; or
 - (4) be an area described in a petition requesting that the area be designated as a reinvestment zone . . .
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Complete

	Date Completed	Action
✓	August 21, 2018	Direction from TIRZ #2 Board to proceed with study
✓	October 1, 2019	Funds for Feasibility Study Approved
✓	November 12, 2018	Hired CDS
✓	May 2019	Completed Feasibility Study



Next Steps

Goal Date	Status or Note	Action
July 31	All but #3 are complete.	Update financing plan 1. Economic feasibility study 2. Determine boundary of TIRZ #2 renewal and prepare necessary maps 3. Preliminary list of projects and estimated project costs 4. Determine duration of TIRZ #2 renewal and estimated appraised value for each year
July 31	All entities are on the TIRZ 2 Board. Will send formal letter notification.	Receive commitments or responses from other taxing entities
August 13	Must be 7 days before hearing	Publish notice of hearing on extension of TIRZ
August 20		Hold public hearing & City Council First Reading for extension
August 27		City Council Second Reading Ordinance for extension
September 10		TIRZ #2 Board approves <i>final</i> project and financing plan for City Council approval
September 17		City Council First Reading Ordinance
September 24		City Council Second Reading Ordinance



Contents of Financing Plan (1 of 2)

1. Detailed list of the estimated project costs of the zone, including administrative expenses
 2. List of proposed kind, number and location of all public works or public improvements to be financed by the zone
 3. Economic feasibility study and finding that the plan is economically feasible
 4. Estimated amount of bonded indebtedness
 5. Estimated time when related costs or monetary obligations are to be incurred
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Contents of Financing Plan

(2 of 2)

6. Description of the methods for financing project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit
 7. Current total appraised value of taxable real property in the zone
 8. Estimated captured appraised value of the zone during each year of its existence
 9. Duration of the zone
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Contents of Project Plan

1. A description and map showing existing uses and condition of real property within the zone and proposed uses of that property
 2. Proposed changes to zoning ordinances, the master plan of the city, building codes or other municipal ordinances or subdivision rules and regulations of the county
 3. A list of estimated non-project costs
 4. A statement of the method for relocating persons who will be displaced, if any, as a result of implementation of the plan
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