



## **AGENDA MEMORANDUM**

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting January 26, 2021

**DATE:** January 13, 2021

**TO:** Peter Zaroni, City Manager

**FROM:** Alyssa Barrera Mason, Executive Director, CCDMD  
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<p><b>Approval of an Update to the New Commercial Tenant Finish-Out &amp; Chaparral Street Property Improvement Programs</b></p>
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**CAPTION:**

Motion amending the project and financing plans for Reinvestment Zone No. 3 to expand the Chaparral Street Property Improvement Program to include N. Mesquite Street, renaming said program the "Vacant Building Rehab Program," and amending the New Commercial Tenant Finish Out Program to allow administrative approval by the City Manager or designee of certain grants not to exceed \$10,000.00.

**SUMMARY:**

This motion authorizes administrative approval for the New Commercial Tenant Finish-Out Program up to \$10,000 and expands the Chaparral Street Property Improvement Program to N. Mesquite Street. This would allow for the facilitation of micro-retail projects and expand the eligible properties under the Chaparral Street Program.

**BACKGROUND AND FINDINGS:**

The City of Corpus Christi created Tax Increment Reinvestment Zone #3 in 2008, to assist in the redevelopment of the City's greater downtown area. Authorized by Chapter 311 of the Texas Tax Code, this tool allows governments to designate a portion of tax increment to finance improvements to promote development of a defined area, called a "Reinvestment Zone." Using development cost data, market demand data, and the Traffic and Planning Analysis, the City and the DMD worked together to develop five incentive programs to drive new investment, to support small business, activate vacant buildings and increase housing supply.

Since 2016 when these programs were developed, the TIRZ #3 has utilized these programs to leverage approximately \$10 Million in incentives with over \$168 Million in project development. In that short amount of time, property values for these developments have increased nearly \$35

Million and are expected to significantly increase over the next few years as valuations catch up to the larger and more recent developments in addition to projects currently under construction.

To improve facilitation of downtown development projects, the DMD is proposing the following modifications to existing programs:

- Establish administrative approval process for the **New Commercial Tenant Finish-Out Program for micro-retail applicants for a grant up to \$10,000**. A “typical” micro-tenant occupies less than 1,500 SF and has a project cost of less than \$50,000. Due to the success of the administrative approval process for the Streetscape Program and the now quarterly meetings of the TIRZ #3 Board, this would be an effective tool to move small projects forward without the need to call a special session. Administrative approval requires approval from the DMD Executive Director, DMD Economic Development Manager, City attorney and City finance; and City Manager or designee signature.
- Expand the **Chaparral Street Property Improvement Program to Mesquite Street and retitle “Vacant Building Rehab Program.”** The existing program was created to encourage specific types of development and activate vacant buildings along Chaparral Street which is identified as a Main Street for Downtown. While Chaparral Street is still a strong focus, the DMD has identified property owners along Mesquite Street that are interested in activating their vacant buildings where this program would facilitate that redevelopment. The proposed new boundary for both streets would include N Chaparral from Coopers Alley to I-37 and N Mesquite from Coopers Alley to I-37.

#### **ALTERNATIVES:**

The Board could not approve these program updates and keep the programs as-is. The Board could also limit the dollar amount of the administrative approval for the New Tenant Program. The Board could place a different boundary for the Chaparral Street Program.

#### **FINANCIAL IMPACT:**

There is no financial impact associated with this item. The funding source for these programs are from the TIRZ #3 New Commercial Tenant Finish-Out Program and Chaparral Street Property Improvement Program. The budget for the New Tenant Program is \$100,000 and for the Chaparral Street Program is \$200,000.

#### **Funding Detail:**

Fund: 1112 – TIF #3  
Organization/Activity: 10277 – New Commercial Tenant Finish Out  
10276 – Chaparral St. Property Improvement  
Mission Element: 707 – Economic Development  
Project # (CIP Only): N/A  
Account: 540450 -Reimbursement to Developers

#### **RECOMMENDATION:**

Staff recommends approving these updates to the New Tenant and Chaparral Street Program. The administrative approval of the New Tenant Program for micro-retail applicants will facilitate small projects quickly and will not require these business owners to wait for each quarterly meeting to proceed with their work. Expanding the Chaparral Street Program will facilitate the redevelopment of targeted vacant buildings on N. Mesquite.

**LIST OF SUPPORTING DOCUMENTS:**

Incentives Overview 2021

Incentives Update PPT