



AGENDA MEMORANDUM

First Reading for the City Council Meeting of March 16, 2021
Second Reading for the City Council Meeting of March 23, 2021

DATE: February 24, 2021
TO: Peter Zaroni, City Manager
FROM: Heather Hurlbert, Director of Finance & Business Analysis
heatherh3@cctexas.com
361-826-3227

<p>Ordinance approving Tax Increment Reinvestment Zone (TIRZ) #3 Amended Project and Financing Plan</p>
--

CAPTION:

Ordinance approving the amended Tax Increment Reinvestment Zone #3 Project & Financing Plan approved by the Board of Directors of Reinvestment Zone Number Three, City of Corpus Christi, Texas on January 26, 2021.

SUMMARY:

This Ordinance approves the Sixth Amendment to the Tax Increment Reinvestment Zone #3 Amended Project and Financing Plan, which will incorporate changes to both the Chaparral Street Grant Program to include Mesquite Street in the Marina Arts District and the New Tenant Commercial Finish-Out Grant Program to help expedite micro-grants to small businesses.

BACKGROUND AND FINDINGS:

City staff and staff from the Downtown Management District (DMD) continuously evaluate and seek opportunities to improve the TIRZ #3 Project and Financing Plan to stimulate growth within the TIRZ #3. Since 2016 when five incentive programs were developed, the TIRZ #3 has utilized all five programs to leverage approximately \$10 million in incentives with over \$168 million in project development. In that 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.

The last amendment to the Project and Financing Plan occurred on September 30, 2020 and included changes in the programs to provide more aggressive incentives based upon the remaining rehabilitation hurdles and economics across all five incentive programs.

To improve facilitation of downtown development projects, on January 26, 2021, the Tax Increment Reinvestment Zone #3 Board made a motion to amend the Project and Financing Plan to incorporate the following changes to two of the programs.

1) Chaparral Street Property Improvement Grant Program

- a. Will be renamed the Vacant Building Rehab Program
- b. 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 North Chaparral Street from Coopers Alley to I-37 and North Mesquite Street from Coopers Alley to I-37.

2) New Tenant Commercial Finish-Out Grant Program

- a. The amendment will establish an 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 square feet 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 TIRZ #3 meeting for approval. This program will also be approved by the City Manager, or his designee, and administered by the DMD and City Staff. Approved agreements will be reported to the TIRZ #3 Board at the next Regular Meeting following the award.

ALTERNATIVES:

City Council could choose not to incorporate the sixth amendment to the Project and Financing Plan or make recommended changes.

FISCAL IMPACT:

N/A

Funding Detail:

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Account:	N/A

RECOMMENDATION:

Staff recommends approving the amended Project and Financing Plan.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Amended Project & Financing Plan