

City of Houston, Texas, Ordinance No. 1999- 827

AN ORDINANCE APPROVING THE FIRST AMENDMENT OF THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER THIRTEEN, CITY OF HOUSTON, TEXAS (OLD SIXTH WARD); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, by City of Houston Ordinance No. 98-1256, adopted December 22, 1998, the City created Reinvestment Zone Number Thirteen, City of Houston, Texas (the "Old Sixth Ward Zone") pursuant to Chapter 311 of the Texas Tax Code (the "Code") for the purposes of redevelopment in the area of the City generally referred to as the Old Sixth Ward area; and

WHEREAS, the Board of Directors of the Old Sixth Ward Zone has adopted and recommended, and the City has approved, by City of Houston Ordinance No. 1999-0794, adopted July 28, 1999, the Project Plan and Reinvestment Zone Financing Plan (the "Plans") for the Old Sixth Ward Zone; and

WHEREAS, Chapter 311 of the Code authorizes the amendment of the Plans; and

WHEREAS, the Board of Directors of the Old Sixth Ward Zone, at its August 9, 1999, board meeting, considered and adopted proposed amendments to the Plans (the "Amendments"), and recommended the Amendments for approval by the City Council; and

WHEREAS, before the Board of Directors of the Old Sixth Ward Zone may implement the Amendments, the City Council must approve the Amendments; and

WHEREAS, the Plans, as amended by the Amendments, continue to provide that one-third of the tax increment is dedicated to providing low-income housing during the term of the Old Sixth Ward Zone; and

WHEREAS, a public hearing on the Amendments is required to be held by the provisions of Section 311.011 of the Code; and

WHEREAS, the City Council finds that notice of the public hearing was published in a newspaper of general circulation within the City in the time and manner required by law; and

WHEREAS, the City Council conducted a public hearing on the proposed Amendments on August 11, 1999; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Amendments and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Amendments and the concept of tax increment financing; **NOW, THEREFORE,**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Project Plan and the Reinvestment Zone Financing Plan approved by City of Houston Ordinance No. 1999-0794, passed and adopted on July 28, 1999, are hereby amended as follows:

- A. By substituting page 2R attached hereto as Exhibit "1" for page 2 in the Plans;
- B. By substituting page 5R attached hereto as Exhibit "2" for page 5 in the Plans;
- C. By substituting page 6R attached hereto as Exhibit "3" for page 6 in the Plans;
- D. By substituting page 7R attached hereto as Exhibit "4" for page 7 in the Plans; and
- E. By substituting Table B-1: Old Sixth Ward TIRZ Revenue Schedule, attached hereto as Exhibit "5" for Table B: Old Sixth Ward TIRZ Revenue Schedule in the Plans.

The Plans as so amended (the "Amended Plans") are hereby determined to be feasible and are approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Amended Plans.

Section 3. That the City Secretary is directed to provide copies of the Amended Plans to each taxing unit levying ad valorem taxes in the Old Sixth Ward Zone.

Section 4. That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 5. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 17th day of August, 1999.

APPROVED this _____ day of _____, 1999.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is AUG 17 1999

Cynthia Russell
 City Secretary

(Prepared by Legal Dept. *DAI* *Neil Anth Moss*)
 (MAM/mam 08/10/99) Assistant City Attorney
 (Requested by Robert M. Litke, Director, Planning and Development)
 (L. D. File No. 61-98038-04)

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AYE	NO	
/		MAYOR BROWN
••••	••••	COUNCIL MEMBERS
/		TATRO
/		YARBROUGH
/		WONG
/		BONEY
/		TODD
/		DRISCOLL
/		KELLEY
ABSENT-ON PERSONAL BUSINESS		FRAGA
/		CASTILLO
ABSENT-OUT OF CITY ON PERSONAL BUSINESS		PARKER
ABSENT-ON PERSONAL BUSINESS		ROACH
ABSENT-OUT OF CITY CITY BUSINESS		SANCHEZ
ABSENT		BELL
ABSENT		ROBINSON
CAPTION	ADOPTED	

- Four new townhomes are being constructed at 1800 Memorial Drive. The units will be four stories in height and approximately 2,400 square feet each. The units are anticipated to be complete in the Spring of 2000. The resulting property value increase is anticipated to be approximately \$1.3 million.

In addition to the projects noted above, several homes annually are being built or renovated resulting in significant increases in property values.

Educational Facility Improvements

- Physical improvements to the historic Dow School at 1900 Kane Street which houses MECA (Multi-Cultural Education Counseling through the Arts) programs is expected to cost approximately \$428,000 to be paid for using Houston Independent School District (HISD) funds which are not retained by HISD; and
- Projects related to the construction and or renovation and financing of educational facilities is expected to cost approximately \$4,426,691.

Educational facilities improvements will be as provided in Chapter 311 of the State of Texas and may be located inside or outside of the Old Sixth Ward Zone pursuant thereto.

Affordable Housing Improvements

- Since the Old Sixth Ward Zone was created based on petitions of property owners constituting more than 50% of the assessed value of property in the Zone, one-third of the tax increment revenues of the Zone will be directed to fund affordable housing projects in the Zone, which are estimated to be approximately \$6,865,965 over the life of the Zone.

Affordable housing improvements represent one-third of total tax increment of the Zone dedicated to the provision of affordable housing, which may be provided inside or outside of the Zone pursuant to Chapter 331 of the State of Texas Tax Code.

Expenditures associated with the certain design, construction and financing of planned improvements, and other specific project related costs, may be funded by tax increment revenue derived from increases in property taxes throughout the duration of the Old Sixth Ward Zone.

II. PROPOSED CHANGES OF ZONING ORDINANCES, MASTER PLAN OF THE CITY, BUILDING CODES, AND OTHER CITY ORDINANCES

The Board of Directors of the Old Sixth Ward Zone envisions the adoption of land use regulations within the Old Sixth Ward Zone for the purpose of protecting and maintaining the historic character of the neighborhood. Land use regulations may be recommended by the Old Sixth Ward Zone Board of Directors to the City Council. There are no other proposed changes of any City ordinances, master plan, or building

Educational Facility Improvements

- Physical improvements to the historic Dow School at 1900 Kane Street which houses MECA (Multi-Cultural Education Counseling through the Arts) programs is expected to cost approximately \$428,000 to be paid for using Houston Independent School District (HISD) funds which are not retained by HISD; and
- Projects related to the construction and or renovation and financing of educational facilities either in or outside the Zone is expected to cost approximately \$4,426,691.

Educational facilities improvements will be as provided in Chapter 311 of the State of Texas and may be located inside or outside of the Old Sixth Ward Zone pursuant thereto.

Affordable Housing Improvements

- Since the Old Sixth Ward Zone was created based on petitions of property owners constituting more than 50% of the assessed value of property in the Zone, one-third of the tax increment revenues of the Zone will be directed to fund affordable housing projects in the Zone, which are estimated to be approximately \$6,865,965 over the life of the Zone.

Affordable housing improvements represent one-third of total tax increment of the TIRZ dedicated to the provision of affordable housing, which may be provided inside or outside of the TIRZ pursuant to Chapter 331 of the State of Texas Tax Code.

II. A STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PROPOSED PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

Public Improvements (non-education project costs)

- Parkland purchase and park development;
- Water, sewer, and storm drainage improvements, and street/curb/sidewalk reconstruction;
- Affordable housing assistance for affordable housing within the Sixth Ward Zone;
- Revolving fund for acquisition and preservation of historic structures within the Old Sixth Ward Zone;
- Installation of new historically appropriate street lights and street signs;
- Environmental testing and remediation at Washington Courtyards project;
- Streetscape improvements in street rights-of-way.

Public Improvements (education-related project costs)

- Physical improvements to the historic Dow School at 1900 Kane Street which houses MECA (Multi-Cultural Education Counseling through the Arts) programs is expected to cost approximately \$428,000 to be paid for using Houston Independent School District (HISD) funds which are not retained by HISD; and
- Projects related to the construction and or renovation and financing of educational facilities is expected to cost approximately \$4,426,691.

III. ECONOMIC FEASIBILITY STUDY

An economic feasibility study for the Washington Courtyards (2505 Washington Avenue) project is attached as Appendix A.

IV. ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

The estimated amount of bonded indebtedness to be incurred is detailed in Table B.

V. THE TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

The time when related costs or monetary obligations are to be incurred is a function of the availability of Zone revenues. Table B shows the time when Zone funds are expected to be available to pay project costs.

VI. A DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS

Description of the Methods of Financing:

In accordance with 311.015 of the Tax Increment Financing Act, the City may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs on behalf of the Old Sixth Ward Zone. Upon creation of a Redevelopment Authority for the Zone, the Authority may be authorized to incur debt and issue debt or obligations to satisfy developer reimbursements for eligible project costs. If such bonds are issued, bond proceeds shall be used to provide for the project related costs outlined in this plan. When appropriate, developers will advance project related costs and be reimbursed through the issuance of tax increment bonds or from increment revenues of the Zone.

Expenditures associated with the design, construction and financing of the planned public improvements, and other project related costs, will be funded by tax increment revenue derived from increases in property values. It is anticipated that for public improvements which are required as part of a private development project, the developer will construct and fund the public improvements subject to reimbursement

from tax increment revenues pursuant to a "developer reimbursement agreement" between the developer, the Zone, and the Sixth Ward Redevelopment Authority.

Sources of Tax Increment Revenue:

Table A is the build-out projection and the annual captured appraised value of new development projects. Table B depicts the Old Sixth Ward Zone revenue schedule with City, County, and Houston Independent School District participation.

Percentage of Increment Dedicated to the Zone:

The percentage of tax value increment dedicated to the Zone is:

TAXING UNIT*	CURRENT TAX RATE	% OF TOTAL	% OF PARTICIPATION
City of Houston	\$0.6650/\$100 valuation	26%	100%
Harris County	\$0.4166/\$100 valuation	16%	100%
Houston I.S.D.	\$1.4590/\$100 valuation	58%	100%

* Each taxing unit is participating at 100%. The above tax rates reflect each taxing units current approved rates. Jurisdictional participation level may vary depending on Interlocal Agreements.

Tax Increment Fund:

The City of Houston will establish and maintain the tax increment fund. The City will deposit an amount of money into the tax increment fund equal to the City's ad valorem tax revenues collected from the taxable property in the Old Sixth Ward Zone less the tax increment base revenue. The City will deposit revenues derived from other taxing jurisdictions participating in the Old Sixth Ward Zone into the tax increment fund, in accordance with the conditions of an agreement with each jurisdiction's participation.

VII. THE TOTAL APPRAISED VALUE OF TAXABLE PROPERTY IN THE ZONE

The total appraised value of taxable property in the Old Sixth Ward Zone at the time the Old Sixth Ward Zone was created in 1998 was approximately \$36.2 million.

VIII. THE ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE

The estimated appraised value of property in the Old Sixth Ward Zone during the existence of the Old Sixth Ward Zone is shown in Table B.

IX. DURATION OF THE ZONE

The duration of the Old Sixth Ward Zone is thirty (30) years.

OLD SIXTH WARD REVENUE SCHEDULE

Tax Roll Jan 1	Cumulative Incremental Assessed Valuation	Non-Ed. City Tax Rate	Non-Ed. County Tax Rate	Non-Ed. HISD Tax Rate	Education HISD Tax Rate	Non-Ed. City Zone Collections at 97%	Non-Ed. County Zone Collections at 97%	Non-Ed. HISD Zone Collections at 97%	Education HISD Zone Collections at 97%	Total Non-Education Available Revenue	Cumulative Non-Education Available Revenue	Total Affordable Housing Revenue
1999	4,950,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 21,287	\$ 13,335	\$ 20,486	\$ 26,216	\$ 55,108	\$ 55,108	40,662
2000	8,738,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 37,576	\$ 23,540	\$ 36,164	\$ 46,278	\$ 97,280	\$ 152,389	71,779
2001	14,122,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 60,729	\$ 38,045	\$ 58,446	\$ 74,793	\$ 157,220	\$ 309,609	116,007
2002	15,202,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 65,374	\$ 40,954	\$ 62,916	\$ 80,513	\$ 169,244	\$ 478,853	124,878
2003	16,378,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 70,431	\$ 44,123	\$ 67,783	\$ 86,741	\$ 182,336	\$ 661,190	134,539
2004	17,650,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 75,901	\$ 47,549	\$ 73,047	\$ 93,478	\$ 196,498	\$ 857,687	144,988
2005	19,018,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 81,784	\$ 51,235	\$ 78,709	\$ 100,723	\$ 211,728	\$ 1,069,415	156,225
2006	20,482,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 88,079	\$ 55,179	\$ 84,768	\$ 108,477	\$ 228,026	\$ 1,297,441	168,252
2007	22,042,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 94,788	\$ 59,381	\$ 91,224	\$ 116,739	\$ 245,394	\$ 1,542,835	181,066
2008	23,602,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 101,496	\$ 63,584	\$ 97,681	\$ 125,001	\$ 262,761	\$ 1,805,597	193,881
2009	24,562,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 105,625	\$ 66,170	\$ 101,654	\$ 130,085	\$ 273,449	\$ 2,079,046	201,767
2010	25,522,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 109,753	\$ 68,757	\$ 105,627	\$ 135,170	\$ 284,137	\$ 2,363,182	209,653
2011	26,482,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 113,881	\$ 71,343	\$ 109,600	\$ 140,254	\$ 294,824	\$ 2,658,007	217,539
2012	27,442,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 118,010	\$ 73,929	\$ 113,573	\$ 145,338	\$ 305,512	\$ 2,963,519	225,425
2013	28,402,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 122,138	\$ 76,515	\$ 117,546	\$ 150,423	\$ 316,200	\$ 3,279,719	233,311
2014	29,362,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 126,266	\$ 79,102	\$ 121,520	\$ 155,507	\$ 326,888	\$ 3,606,606	241,197
2015	30,322,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 130,395	\$ 81,688	\$ 125,493	\$ 160,591	\$ 337,575	\$ 3,944,182	249,083
2016	31,282,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 134,523	\$ 84,274	\$ 129,466	\$ 165,676	\$ 348,263	\$ 4,292,445	256,969
2017	32,242,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 138,651	\$ 86,860	\$ 133,439	\$ 170,760	\$ 358,951	\$ 4,651,395	264,855
2018	33,202,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 142,780	\$ 89,447	\$ 137,412	\$ 175,844	\$ 369,638	\$ 5,021,034	272,741
2019	34,162,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 146,908	\$ 92,033	\$ 141,385	\$ 180,929	\$ 380,326	\$ 5,401,360	280,627
2020	35,122,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 151,036	\$ 94,619	\$ 145,358	\$ 186,013	\$ 391,014	\$ 5,792,373	288,513
2021	36,082,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 155,165	\$ 97,205	\$ 149,331	\$ 191,097	\$ 401,701	\$ 6,194,075	296,399
2022	37,042,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 159,293	\$ 99,792	\$ 153,304	\$ 196,182	\$ 412,389	\$ 6,606,464	304,285
2023	38,002,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 163,421	\$ 102,378	\$ 157,278	\$ 201,266	\$ 423,077	\$ 7,029,540	312,171
2024	38,962,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 167,550	\$ 104,964	\$ 161,251	\$ 206,351	\$ 433,764	\$ 7,463,305	320,058
2025	39,922,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 171,678	\$ 107,550	\$ 165,224	\$ 211,435	\$ 444,452	\$ 7,907,757	327,944
2026	40,882,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 175,806	\$ 110,137	\$ 169,197	\$ 216,519	\$ 455,140	\$ 8,362,897	335,830
2027	41,842,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 179,935	\$ 112,723	\$ 173,170	\$ 221,604	\$ 465,828	\$ 8,828,724	343,716
2028	42,802,000	\$ 0.6650	\$ 0.4166	\$ 0.640	\$ 0.819	\$ 184,063	\$ 115,309	\$ 177,143	\$ 226,688	\$ 476,515	\$ 9,305,240	351,602
						\$ 3,594,322	\$ 2,251,721	\$ 3,459,197	\$ 4,428,891	\$ 9,305,240		\$ 6,865,965

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: An Ordinance Amending the Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Houston, Texas (Old Sixth Ward TIRZ)

Category #

Page 1 of 1

Agenda Item#

FROM: (Department or other point of origin):

Origination Date

Agenda Date

Planning & Development Department

DIRECTOR'S SIGNATURE:



Council Districts affected:
District H – Felix Fraga

For additional information contact:

Robert M. Litke Phone: 837-7708
Bill Calderon Phone: 837-7787

Date and identification of prior authorizing Council Action: Ord. 98-1256, Dec. 22, 1998; and Ord. 99-0794, July 28, 1999

RECOMMENDATION: (Summary)

That City Council adopt an ordinance amending the project plan and reinvestment zone financing plan for Reinvestment Zone Number Thirteen, City of Houston, Texas, also known as the Old Sixth Ward tax increment reinvestment zone (TIRZ).

Amount of Funding:

Not Applicable

F & A Budget:

SOURCE OF FUNDING: General Fund Grant Fund Enterprise Fund

Other (Specify)

SPECIFIC EXPLANATION:

On July 28, 1999, City Council adopted an ordinance approving the project plan and reinvestment zone financing plan for TIRZ Number Thirteen. After due consideration, the Board of Directors of the Zone adopted certain changes to the project plan and reinvestment zone financing plan for consideration and approval by City Council. These changes, summarized below, are minor in nature and intended to increase the overall rate of participation in the TIRZ by the Houston Independent School District (HISD) from their proposed rate of \$0.96/\$100 value to the maximum rate of \$1.45/\$100 value. This change will also increase the total amount of revenue dedicated for educational facilities project costs from \$2.6 million to \$3.9 million over the life of the zone.

Project and Reinvestment Zone Financing Plan changes include:

- Increasing the total amount of revenue dedicated for educational facilities project costs from \$2.6 million to \$3.9 million during the life of the zone on pages 2, 5 and 6.
- Adding a revised increment schedule (Table B) which reflects the increased rate of participation by HISD and the larger educational facilities improvements set aside which results from the new rate of participation.

cc: Agenda Director Anna Russell Anthony Hall

REQUIRED AUTHORIZATION

F&A Director: