Legislation Details (With Text)

File #:	21-939	**Name:**	
Type:	Ordinance	**Status:**	Passed
File created:	9/14/2021	**In control:**	City Council
On agenda:	9/27/2021	**Final action:**	9/27/2021
Title:	Approval of the second and final reading of an ordinance designating a geographic area within the City of New Braunfels as a reinvestment zone for tax increment financing purposes pursuant to Chapter 311 of the Texas Tax Code to be known as Tax Increment Reinvestment Zone Number Three (3), City of New Braunfels; describing the property parcels included in the zone; containing findings and provisions related to the creation of the zone; providing a date for the termination of the zone; providing that the zone take effect immediately upon passage of the ordinance; providing a severability clause; providing for publication; and declaring an effective date.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Draft Preliminary and Project Plan, 2. Ordinance & Exhibits		

Date	Ver.	Action By	Action	Result
9/27/2021	1	City Council	approved	Pass

Presenter/Contact
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SUBJECT:
Approval of the second and final reading of an ordinance designating a geographic area within the City of New Braunfels as a reinvestment zone for tax increment financing purposes pursuant to Chapter 311 of the Texas Tax Code to be known as Tax Increment Reinvestment Zone Number Three (3), City of New Braunfels; describing the property parcels included in the zone; containing findings and provisions related to the creation of the zone; providing a date for the termination of the zone; providing that the zone take effect immediately upon passage of the ordinance; providing a severability clause; providing for publication; and declaring an effective date.

DEPARTMENT: Economic and Community Development

COUNCIL DISTRICTS: 1, 5, 6

ISSUE:
The proposed ordinance would create a Tax Increment Reinvestment Zone (TIRZ) Number 3 in the Downtown area for a 25-year period. The TIRZ would allow the City to use the incremental increase in property taxes above the base (2021) year collections for designated improvements in the zone area. A TIRZ works to capture a portion of the new tax revenue occurring with in the defined zone and then making this “Tax Increment Fund” available to assist in financing identified projects. Projects and methods of payment are identified in the attached Preliminary Project and Finance Plan. The proposed TIRZ #3 will cover approximately 182.91 acres (including rights of way). The 2021 baseline taxable property value of the TIRZ is approximately $168M and a

map is included in the Preliminary Project and Financing Plan. The Plan fulfills the legal requirements of designating a TIRZ, which are located in Chapter 311 of the State of Texas Tax Code. Notice of the public hearing was published on August 28, 2021 in the Herald-Zeitung, which requires notice at least seven days prior to the public hearing.

The 2010 Downtown Implementation Plan identified the need for a permanent funding source to finance Downtown projects and revitalization activities and fund public improvements. The 2017 Economic Development Strategic Plan identifies Improving the Quality of Place and implementing the 2010 Downtown Plan as key strategies to foster the City's economic growth and support the quality of life for citizens.

The majority of potential TIRZ revenue would be used to upgrade and improve public infrastructure such as roadways, public utilities, sidewalks, and other pedestrian and bicycling facilities. The Preliminary Project and Finance Plan also allocates potential revenue to economic development activities such as historic preservation façade grants, environmental remediation, and fire safety improvements and parking improvements.

The Preliminary Project and Finance Plan calls for 85% of the City's property tax to be directed into the TIRZ fund for a 25-year period. No other entities are contributing a portion of their tax increment into the fund and no sales tax is proposed to be directed into the fund.

TIRZ boundaries, increment percentages, and project and finance plans can be amended with action by the TIRZ Board and City Council. The City Council, after adopting the Preliminary Project and Finance Plan and ordinance, will consider adoption of a final project plan and appoint seven (7) members to the mandated TIRZ #3 Board.

The current City Council action establishes the TIRZ boundaries, establishes the initial incremental percentages to the TIRZ fund, and forecasts the anticipated revenues and project expenditures. No commitments or obligations to expend project funds or fund projects or initiatives identified in the Preliminary Project and Finance Plan are being considered as part of tonight's action.

FISCAL IMPACT:
Over a 25-year term, the TIRZ is anticipated to generate approximately $14.8M in total City property tax for Downtown improvements as specified in the Preliminary Project and Finance Plan.

COMMITTEE RECOMMENDATION:
The New Braunfels Downtown Board met on January 19, 2021 and recommended approval.

STAFF RECOMMENDATION:
Staff recommends approval.