

FY 2023-2024 BUDGET QUESTION

Response to Request for Information

DEPARTMENT(S): Financial Services

CBQ NO.: 142

REQUESTED BY: Alter (D5)

DATE REQUESTED: 07/26/2023

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REQUEST: Please provide the current anticipated timeframe when currently active Tax Increment Reinvestment Zones will have paid for their adopted project plans and the remaining revenue can be dedicated for permanent supportive housing or other eligible service expenditures for people experiencing homelessness consistent with financial policy.

RESPONSE:

The City of Austin currently has six active Tax Increment Reinvestment Zones (TIRZ):

- 2nd Street TIRZ #15: TIRZ #15 was created in 2000 pursuant to a negotiated real estate agreement between the City and Computer Sciences Corporation (CSC). It ensures the City dedicates funds annually to maintain 2nd Street District streetscapes and other public improvements to commercial property standards. Unlike other TIRZs, the annual transfer of revenue to the TIRZ #15 fund is not drawn from the incremental property value growth within the TIRZ boundaries. Instead, per its Project and Financing Plan, the General Fund contributes a fixed \$100,000 annually to offset District maintenance and operating costs. The actual costs exceed the \$100,000 transfer each year so there are no remaining revenues in any year. TIRZ #15 is set to expire in 2029.
- Mueller TIRZ #16: TIRZ #16 was created in 2004 pursuant to a negotiated real estate agreement between the City and Catellus LLC. The final debt service payment for the zone will not take place until 2032, thus requiring preservation of the Mueller fund's ending balance until that time. As the development agreement for Mueller nears expiration, staff will diligently follow its close-out steps and requirements and brief Council at the appropriate stages.
- Waller Creek TIRZ #17: TIRZ #17 was originally created in 2008 and later amended in 2011 to fund the design and construction of the Waller Creek Tunnel. The TIRZ was again amended in 2018 to add \$110 million in debt to fund various surface level improvement projects known as the "Chain of Parks" and extend the term of the zone. To date, \$30.4 million has been issued and \$79.6 million remains to be issued. All sales are structured so debt service payments will be complete by the TIRZ termination date of September 30, 2041. The exact schedule for the remaining debt issuances has not been finalized due to ongoing adjustments to the remaining projects schedules. In addition, the project and financing plan anticipated continued transfer of revenues from the Hilton Convention Center Hotel in accordance with the hotel operating agreement to the City's capital budget to support Waller Creek projects. However, due to the pandemic's impact on the hotel industry, those funds are no longer available, thus placing additional pressure on TIRZ revenues to meet the debt service requirements.

- Seaholm TIRZ #18: The project and financing plan for TIRZ #18, created in 2008, includes repurposing the historic Seaholm Power Plant building, constructing a public plaza, and mobility and infrastructure District improvements. No debt was issued for these projects as revenue from District land sales, including the former Green Water Treatment Plant, were sufficient. All projects have been completed but for the bicycle and pedestrian path under the railroad line at Bowie Street (the “Bowie Underpass”). After 18 years, City staff terminated negotiations with Union Pacific Railroad in 2021 when acceptable terms could not be reached. This leaves an appropriated balance of \$6.6 million in the Seaholm Fund, which is set to expire in 2043. Per Resolution 20211014-047, staff plans to make recommendations to Council on disposition of the balances that align with TIRZ #18 goals and meet the City’s tax increment financing financial policies.
- South Central Waterfront TIRZ Zone #19: In December 2022, the City Council approved an amended preliminary project and financing plan for South Central Waterfront TIRZ #19. Development of the final plan is dependent upon the expected regulating plan for the district. Therefore, a projection for completion of the project plan is currently unavailable. Please note, a pending lawsuit may impact the future of the TIRZ and next steps.
- Colony Park TIRZ #20: The Colony Park TIRZ preliminary project and financing plan was adopted in November 2022. The final plan and associated revenue/expenditure schedule will not be brought forward for approval by Council until the development agreement has been negotiated.