

# **Update on Revision to Waller Creek Tax Increment Reinvestment Zone (TIRZ) #17**

*City Council  
February 27, 2018*

# Waller Creek: *Council Direction*

## *Resolution 20170928-052*

“That the City Council wishes the City Manager to continue the staff process to expand temporally the Waller Creek Tax Increment Finance Zone (TIF) temporal expansion. At the required TIF briefing or soon thereafter, the City Manager should delineate the proposed roles and responsibilities of the City of Austin, Waller Creek Local Government Corporation, and the Waller Creek Conservancy. Further, City Council requests the City Manager investigate and present viable options for a public improvement district or other funding mechanism for area properties to pay for the maintenance and operation of the associated chain of parks.”

# Today's Discussion

3



Economic Look at Downtown

Waller Creek TIRZ #17 History

Waller Creek Plan

TIRZ #17 Revision Framework

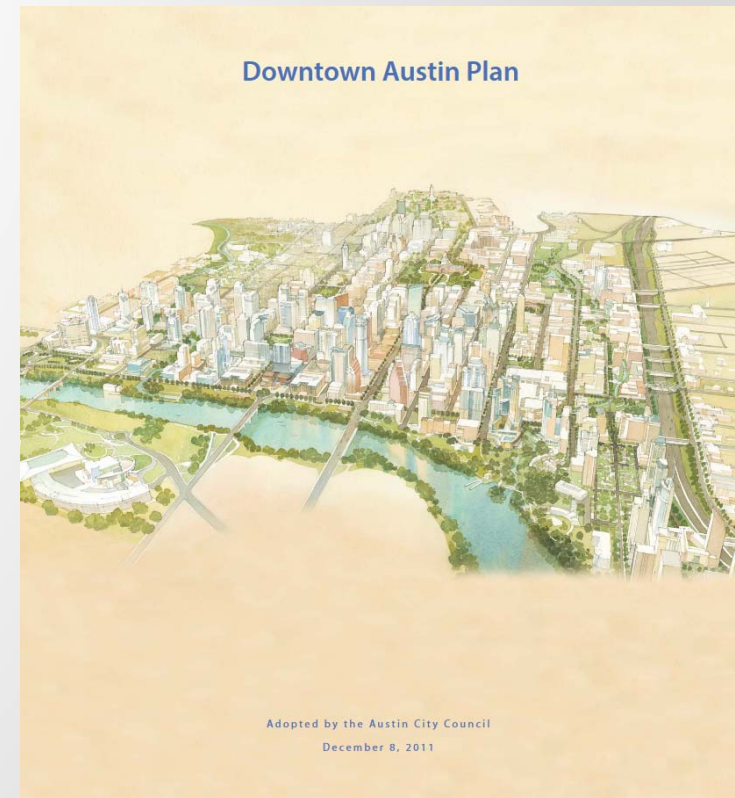
Next Steps / Calendar

## ECONOMIC LOOK AT DOWNTOWN

# Downtown: *Austin's Master Plan*

## *The Vision*

- A dense and livable pattern of development that supports a vibrant day and night-time environment
- Parks and public spaces that instill a unique sense of place and community
- A beloved fabric of historic places, buildings and landscapes
- A variety of districts and destinations that support the creative expression of its citizenry
- A “green” necklace of trails
- An array of innovative businesses – small and large – that are attracted to the Downtown by its rich human capital and unique sense of place



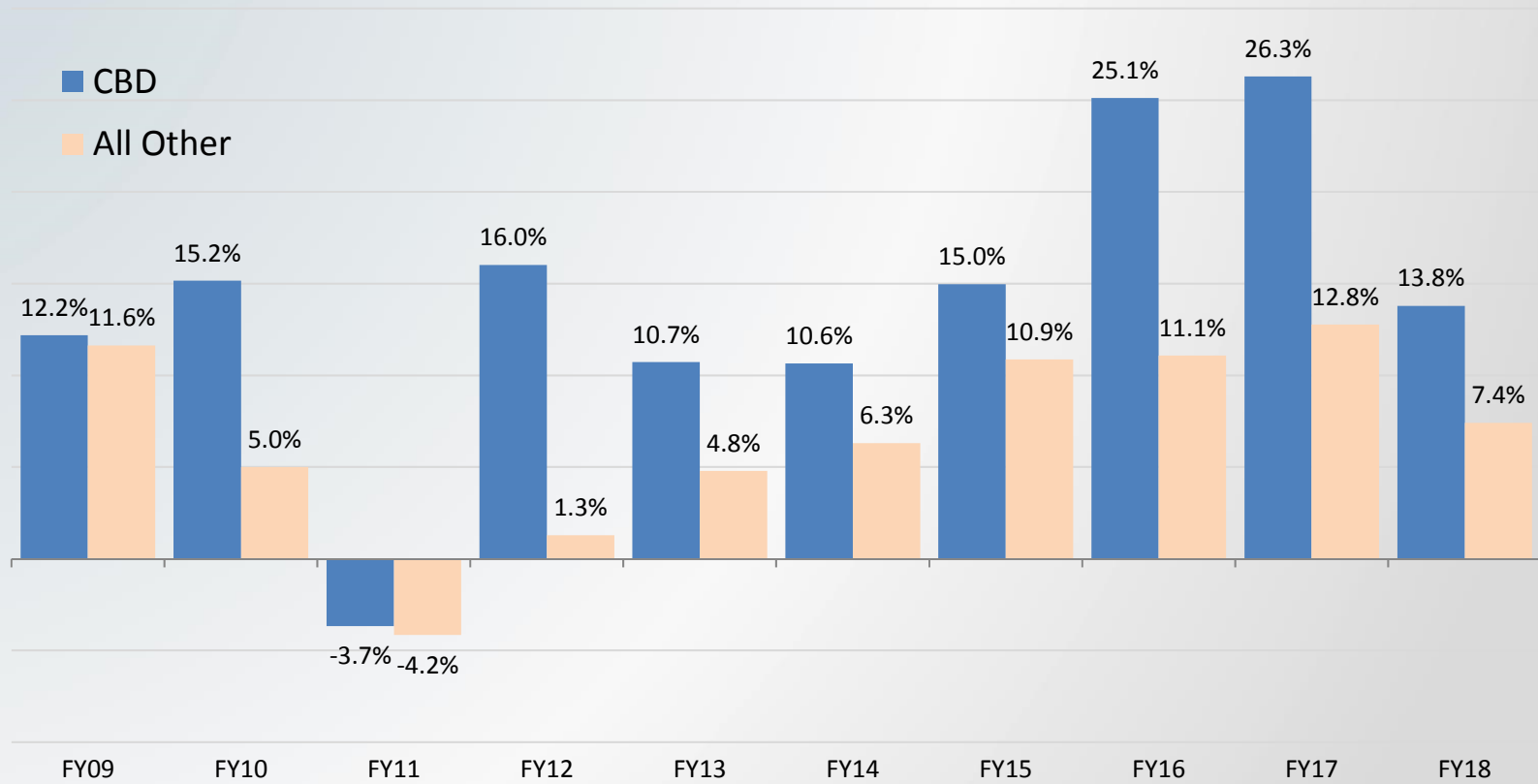
# Downtown: *Austin's Experience*

***Austin has a strong track record over last 15 years of investing in our Downtown ... throughout all the downtown districts***

- City has consciously fostered this growth through the regulatory environment, infrastructure spending, and investment in catalytic projects that all reinforce each other
  - City Hall / 2<sup>nd</sup> Street District
  - Republic Square
  - Metro Rail
  - Sidewalks, Great Streets, Bikelanes
  - Opening up of Street Grid in Green & Seaholm Districts
  - **Waller Creek Tunnel**
  - Cultural Facilities: MACC, Mexic-Arte, Blanton Museum, Bob Bullock Museum, New Central Library
- Significant increase in housing units in downtown
  - Additional 7,000 units built; from 2,000 to 9,000
- Growth in office has been significant, +2.5 m square ft.



# Downtown: *Assessed Valuation Growth*





# Downtown: *Influence on Tax Revenue*

- Growth in Central Business District (CBD) positively impacts property tax revenue and the tax rate
  - In 2008, annual growth in Assessed Valuation was similar CBD and non-CBD base; 12.3% vs. 13.7%
  - **Since then, CBD values have increased 265%, vs 89% for non-CBD tax base**
  - CBD values have grown at 13.8% over last 10 years vs 6.6% for non-CBD properties
  - CBD share of overall tax base has nearly doubled; now at \$12 billion
- Higher tax revenue associated with this accelerated growth in CBD
  - If CBD had grown at same rate as non-CBD, City would have foregone \$92 million over the last decade
  - FY18 impact is \$25.1 million or over 2 cents on the tax rate
  - Other taxing entities also benefit from CBD growth

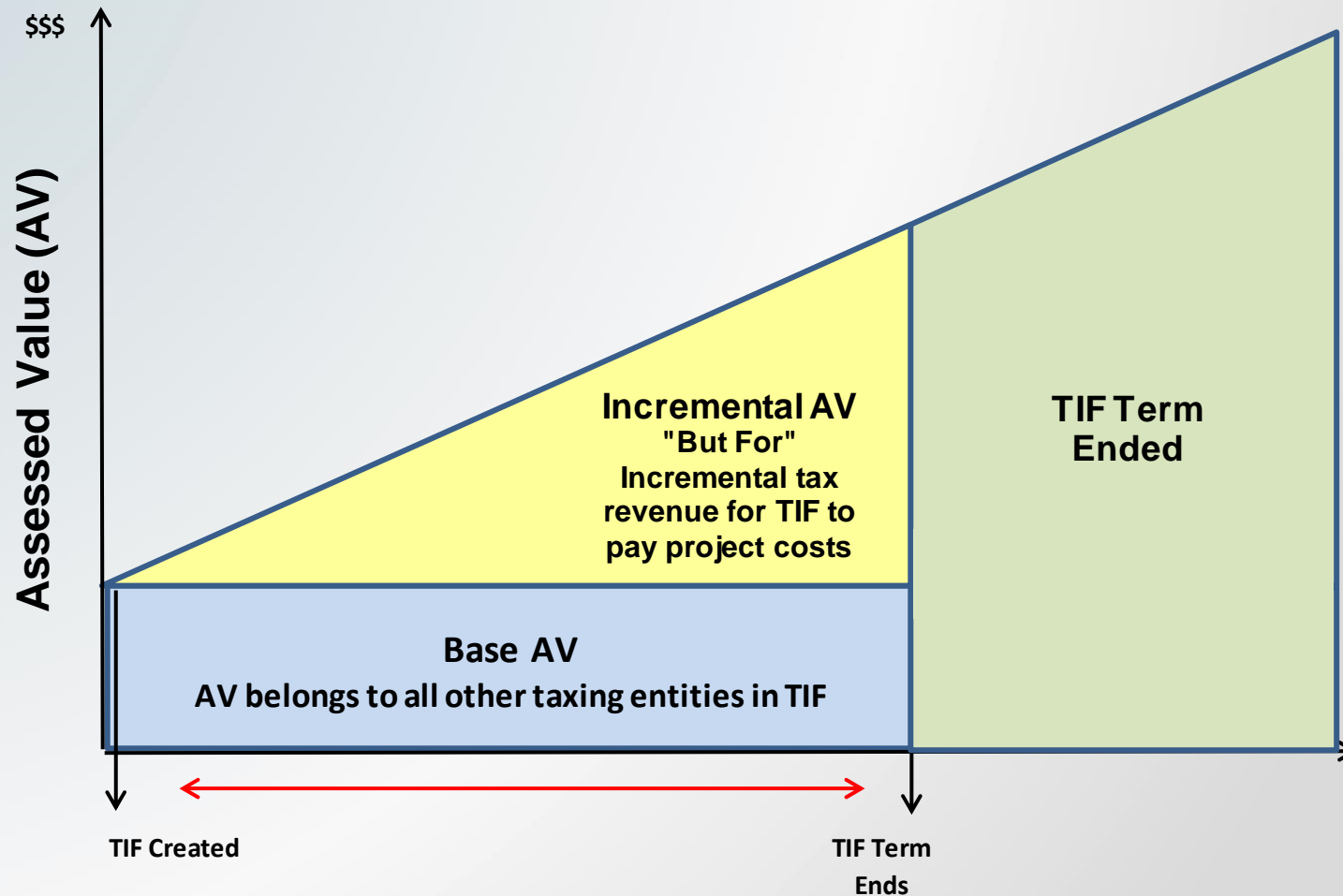


## WALLER CREEK TIRZ #17 HISTORY

# Tax Increment Financing: a “101”

- Popular financing tool to encourage economic development within a defined geographic area or zone
- **TIRZ (Tax Increment Reinvestment Zone)** - Texas Tax Code
- Purpose is to set aside property tax revenues due to assessed valuation growth in zone to use for specific purposes in zone
  - Usually public investments that stimulate economic development
  - Value above “base year” is captured
- In Texas, a city or county may designate a reinvestment zone

# Tax Increment Financing: a “101”



# Tax Increment Financing: *Legislation*

*Texas Enabling Legislation: Chapter 311 of the Tax Code*

- TIF (Tax Increment Financing)
  - Tool for financing public improvements in blighted or underdeveloped areas identified as reinvestment zones
- **TIRZ (Tax Increment Reinvestment Zone)**
  - No more than 30% of zone total assessed value (AV) is residential, excluding publicly owned property
  - No more than 25% of tax base may be in TIRZ zones
  - City or County authorized to designate
- Process for zone creation includes public participation
- **Requires TIRZ project plan and financing plan**
- Authority to pledge tax increment fund as security for bonds
- Powers and duties of **TIRZ Board of Directors**

## 13

- [illegible]



2007

2018

# Waller Creek TIRZ #17: *History*

- Base year is 2007
- City of Austin and Travis County both participate in TIRZ #17
  - City: 100% of incremental revenue
  - County: 50% of incremental revenue
- TIRZ duration is 20 years – through 2027
- Annual incremental TIRZ revenue supports \$106 million in debt for tunnel project
  - Issued by City
  - Four bond issuances over four years (FY12 – FY15)
  - **Term of debt ends in 2040**

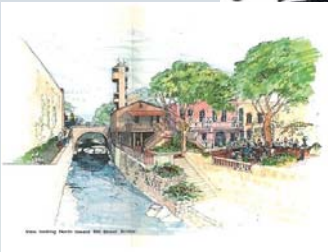
Waller Creek (TIRZ #17)	
Base Year	2007
TIRZ Duration	Through 2027
COA Capture %	100%
Travis County Capture %	50%
Debt Issued (by City)	\$106 million
Debt Term Ends	2040

## WALLER CREEK PLAN

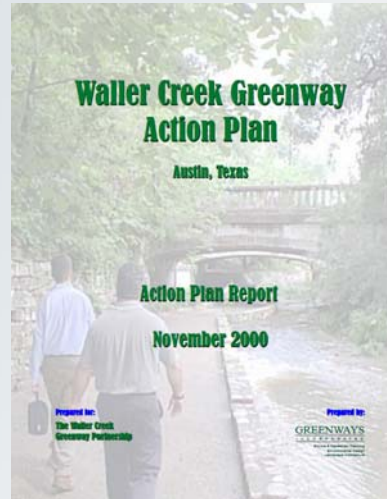


# Waller Creek: *A History of Planning*

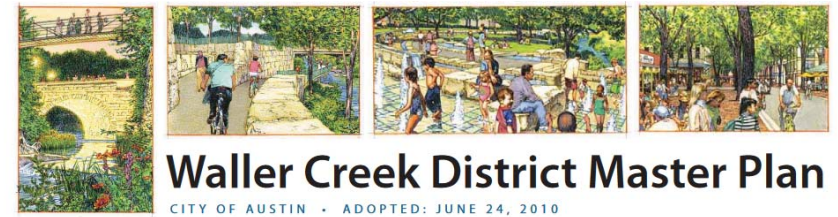
16



1975  
Waller Creek  
Development  
Plan



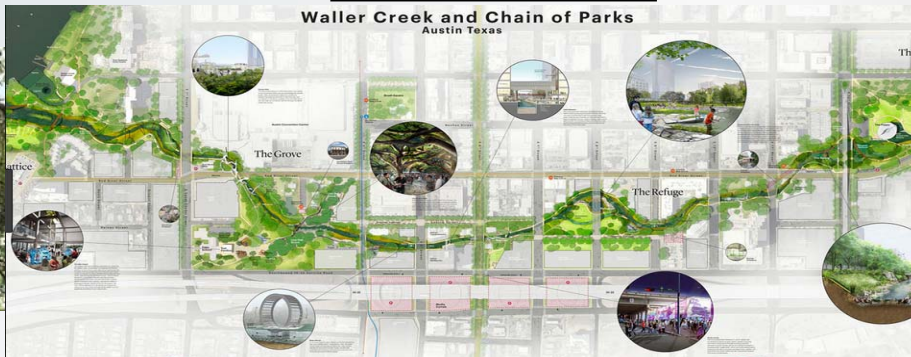
2000  
Waller Creek Greenway  
Partnership



2008-2010  
Waller Creek District Master Plan



2012-2013  
Waller Design Plan



2014 - 2015  
Waller Creek Corridor  
Framework Plan

# Waller Creek: *A Chain of Parks*

17

- A connected trail network with over 3 miles of trails
  - Accessible trails for park users of all ages and abilities
  - Off-street bike/ped infrastructure improving safety
- Improvement of existing parks and creation of new parks
  - more than 30 acres of public land into destination parks
- Ecological restoration of creek and adjacent land
  - Restoration of failing creek infrastructure
  - Focus on sustainability and environmental restoration of creek ecology and habitat



# Waller Creek Conservancy: *Background*

- Founded in 2010 as a 501c3 non-profit
- Dedicated to restoring and improving the parks, trails, and public open spaces around Waller Creek between Lady Bird Lake and 15th Street
- Public-Private Partner with the City of Austin
- Directed a 2012 international design competition and extensive community engagement process that resulted in **Waller Creek Design Plan**
- Committed to creating parks and trails that are accessible and engaging for Austin's diverse and vibrant community





# Waller Creek: *Community Benefits*

19

- An environmental restoration project
  - Waller Creek provides greater access to nature for all Austinites
  - Programs will engage families and children with green space; an area of need in our City
- A place to highlight Austin's diverse and vibrant culture
  - Waller Creek will be a place to feature dynamic cultural programs, connecting locals and visitors with the best of Austin's art, food, and entertainment
- Parks build community
  - Waller Creek will be a democratic space that is inviting to all residents, free and open to the public facilitating interaction and engagement
  - 300,000 Austinites live within five miles



# Waller Creek: *A Partnership*

20

*July 2011*

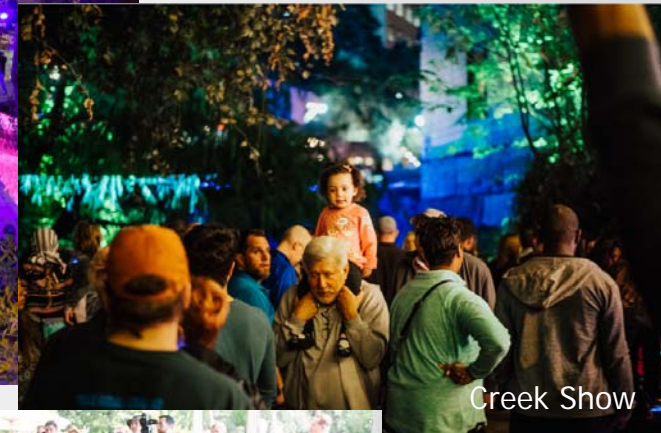
- Local Government Corporation (LGC) created, governing body for
- Waller Creek District

*April 2014*

- City of Austin and Waller Creek Conservancy sign a **Joint Development Agreement (JDA)**

*June 2015*

- Creek Corridor Framework Plan completed



Creek Show



Waterloo Park Groundbreaking

## TIRZ #17 REVISION FRAMEWORK

# Waller Creek: *Financing the Plan*



Waterloo Park Area

The Refuge

The Narrows

Palm Park

Creek Delta

Capital: \$250 M

O&M: \$110 M

**Participation Levels**  
Private: Public  
1:1

	Capital	O&M
<b><u>Private</u></b>		
Donations	✓	✓
Earned Revenue		✓
Property Owners (PID)		✓
<b><u>Public</u></b>		
2012 Bonds / Other Debt	✓	
<b>TIRZ #17 – New Debt</b>	✓	



# Framework: *Terms of Partnership*

## City

- Extend the Term of TIRZ #17 from 2028 to 2040
- Additional value created by the development of the parks
- City would take this extra value and issue debt to participate in funding of parks
  - Maximum commitment amount of \$110 million
  - Funding would occur over time as projects move forward in “project groups”
    - Aligned with private funding
    - Expected 8-10 year implementation
- **Validation of value projections prior to any new appropriation / issuances of bonds**

# Framework: *Terms of Partnership*

## Waller Creek Conservancy

- Fundraising thresholds for Capital and O&M
  - Similar to other national models
  - Participation funding levels in accordance “project group” schedule / sequencing
- Waller Creek Conservancy / Downtown Austin Alliance

## Partnership

- Update Joint Development Agreement
  - Participation framework
  - Roles & responsibilities refresh

## Next Steps / Action Items

# TIRZ #17 Revision: *Additional Work*

26

- Complete and finalize
  - TIRZ market real estate analysis
  - Participation funding plan
  - City financing model
  - Updates/amendments to Joint Development Agreement

# TIRZ #17 Revision: *Calendar*

- April 24<sup>th</sup>
  - Present Amendment to TIRZ #17 Financing Plan & Project Plan
  - Present revisions to City / Waller Creek Conservancy Joint Development Agreement
- April 26<sup>th</sup>
  - Council Action Item to Set Public Hearing
  - Appointments to TIRZ # 17 Board
- May 10<sup>th</sup> – Potential Action Items
  - City Council and TIRZ #17 Board on Amendment to TIRZ #17
  - Revisions to Joint Development Agreement
  - Budget Amendment to fund City's participation in initial "project group"

## QUESTIONS