



1

Performance Update for Waller Creek Tax Increment Reinvestment Zone (TIRZ) #17

*Waller Creek Local Government Corporation
December 18, 2020*

Waller Creek TIRZ #17: *History*

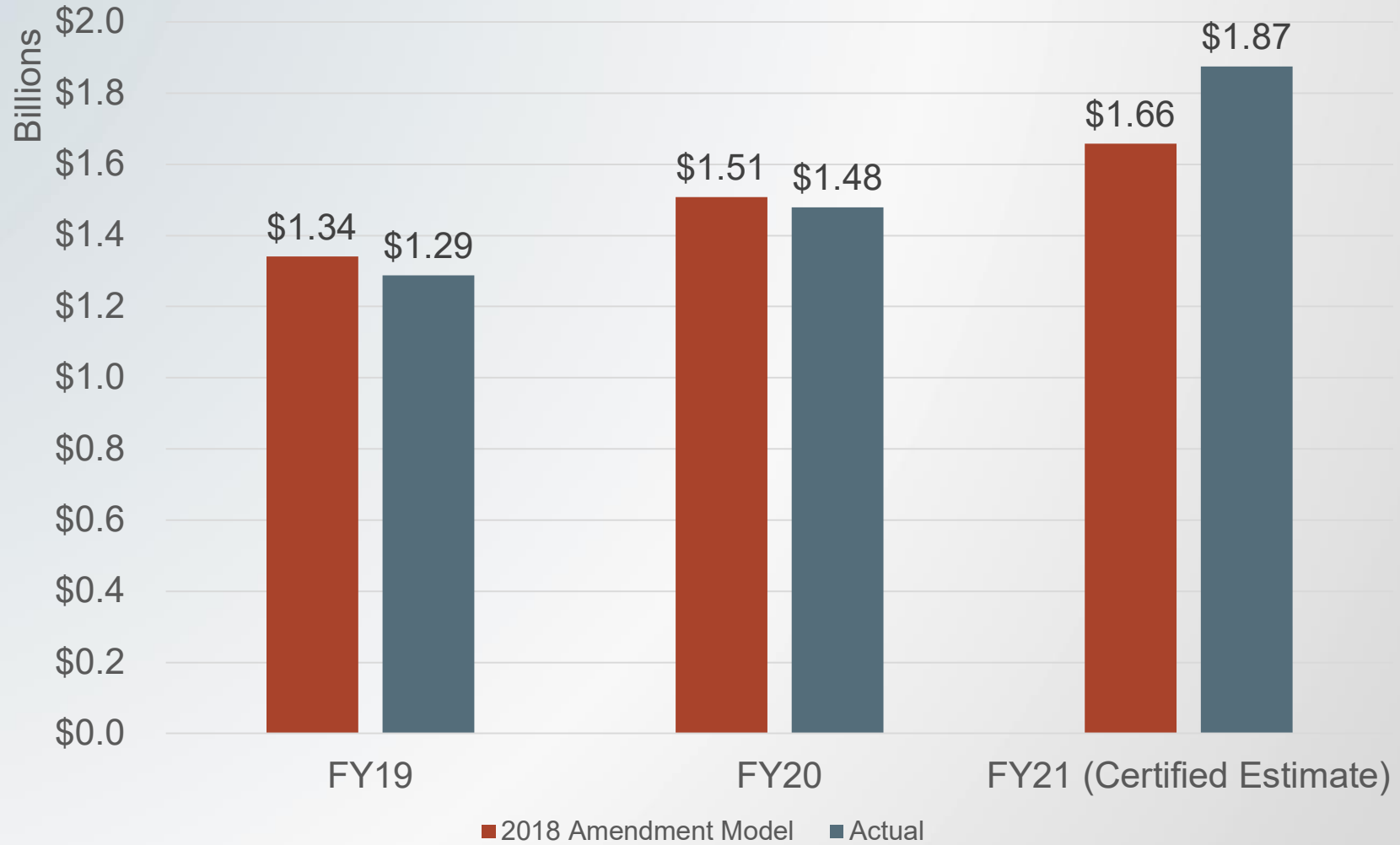
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- Tax Increment Reinvestment Zone (TIRZ) #17
 - Created in 2007, first payments made in FY 2009
 - Amended in 2018 to add park improvements to project and financing plan, extend duration to 33 years – through FY 2041
- City of Austin and Travis County both participate in tunnel project phase, County declined to participate in extension
 - City: 100% of incremental revenue through FY 2041
 - County: 50% of incremental revenue through FY 2028
- Annual incremental TIRZ revenue supports \$106 million in debt for tunnel project and up to \$110 million for park improvements
 - Issued by City
 - Tunnel project: four bond issuances over four years (FY12 – FY15)
 - Parks improvements: four planned issuances over six years (FY19 – FY25)
 - \$15 million issued in 2019 with first debt service payments made in FY20
 - Term of all debt ends by FY 2041

Waller Creek TIRZ #17	
Base Year	2007
TIRZ Duration	Through FY 2041
COA Capture %	100%
Travis County Capture %	50% (through FY 2028)
Debt Issued (by City)	\$121 million to date; Up to an additional \$95 million
Debt Term Ends	FY 2041

TIRZ Performance: Taxable Value

3



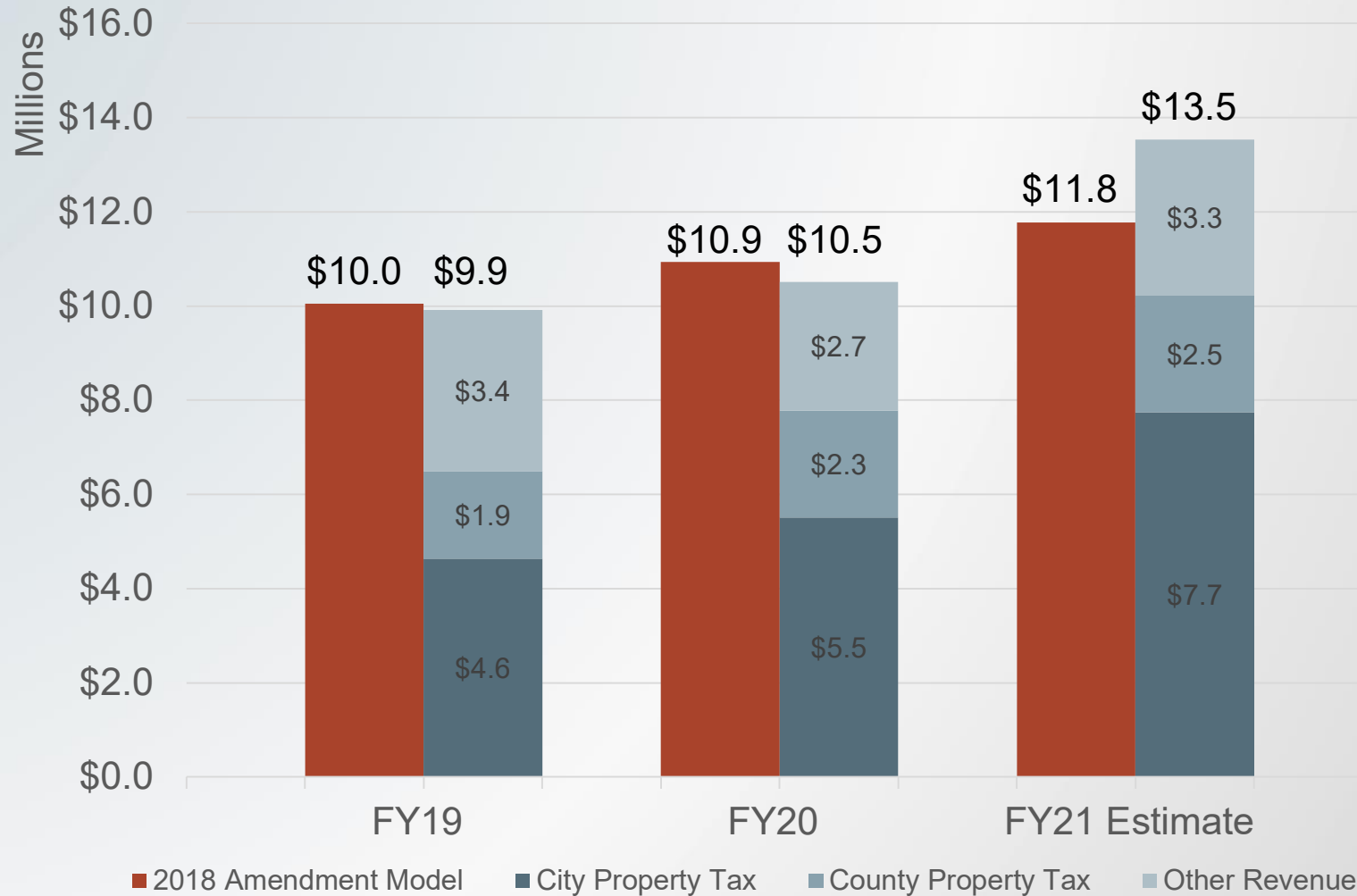
Property Values, Tax Rates, and Revenue

4

- Property tax revenue is a function of both growth in property values and the tax rate approved by the City Council
 - State-mandated cap applies to revenue; tax rate will tend to decline as values increase.
- Voter-approval rate (formerly, the rollback rate) increase factor reduced to 3.5% from 8% beginning in FY21
 - TIRZ revenue projected to increase by more than 3.5% annual rate because values in the zone are expected to grow faster than the City as a whole and due to significant anticipated new development.
 - On its own, stricter revenue cap would moderately reduce projected revenue growth from the TIRZ.
- Tax rate election for Project Connect
 - Tax rate increase approved by voters in November to fund Project Connect will moderately increase revenue captured by TIRZs.
- Impacts of lower revenue caps over the term of the TIRZ mitigated by Project Connect tax increase effective beginning in FY21

TIRZ Performance: Property Tax Revenue

5



Potential COVID-related Impacts

6

- FY21 property tax revenue is derived from values as of January 1, 2020—before the advent of the COVID crisis.
 - Potential impact on FY22 if COVID impacts value as of January 1, 2021.
 - Potential for short-term volatility, but should not jeopardize long-term growth trajectory of property values.
- No evidence of higher delinquency rates in FY20, but this metric will be monitored closely in FY21.
 - Property tax bills due January 31.
 - FY20 property tax collection rate exceeded 99%, but most bills were paid before COVID impact.
 - FY21 budget assumes 97.5% collection rate.

Performance Outlook

7

- COVID-related impacts to property values or tax collections may result in minor short-term volatility, but are not likely to jeopardize the financial health of the TIRZ with its remaining 21-year time horizon.
- State action on revenue caps has flattened the growth curve, but this effect is mitigated by the Project Connect tax increase.
- *Finance staff remain confident that the TIRZ can support the City's commitment to issue up to \$110M in debt in support of park improvements.*

QUESTIONS