



# South Central Waterfront TIRZ Work Session

August 30, 2022

# Agenda

1. Council Q&A Responses
2. Regulating Plan Schedule



# Question One

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**What level of FAR entitlement in the SCW would it take to provide economic incentive for properties to redevelop and fund the community benefits (public realm and affordable housing) identified by staff and desired by Council?**

- Original development capability and value projections were based on data from the SCW Vision Plan developed by EcoNorthwest
- CMR analysis notes 8.5 million SCW square feet potential in Table 35
- Table 35 and SCW proportional capture rate are basis for TIRZ estimates
- Without updated square feet potential, CMR cannot provide calculations necessary to answer this question
- Analysis will require a new parcel-by-parcel test scenario proforma

# Question Two

**What might be the increase in TIRZ revenue for the SCW if the “tipping” parcels were allowed to develop at an 8:1 FAR rather than be limited to no more than 200 feet in height (except for one, up to 400 foot limited tract) as was assumed in the current TIRZ Test Scenario analysis?**

	46% / Original*	58% / SCW Vision Updated*	63% / 8:1 FAR*
<b>Cumulative Revenue</b>	\$167.2M	\$246.5M	\$333.0M
<b>Est. Debt Capacity***</b>	\$104.0M	\$153.3M	\$207.5M

\* 46%, 58%, and 63% contributions are based on contributing only that property tax revenue associated with the “but for” value growth and less the revenue dedicated to Project Connect/Austin Transit Partnership.

\*\*\* Debt capacity is calculated based on entire total revenue estimate. This amount will be reduced once accounting for any cash contributions required for administration and other needs of the TIRZ.

Assumptions: All calculations include River South; “Updated” includes use of certified taxable value and tax rate for FY23 that flows through the remaining years.

# Question Three

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**If this were to happen, and assuming the council continues to obtain the 3.5% increase in revenues as allowed by State law, would the creation of the SCW TIRZ result in any loss of general revenue funds?**

- To avoid loss of general revenues, the TIRZ must be structured in a manner that captures only “but for” value
- The TIRZ will have an adverse impact on the General Fund and tax rate if it captures any property value growth that would have occurred irrespective of the TIRZ/TIF-funding projects

# Question Four

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**If general revenue is kept constant, how might a revenue increased SCW TIRZ impact the property tax rate and burden for the typical homeowner taxpayer?**

- If the TIRZ results in new value that would not have occurred but for the public investment, then during the existence of the TIRZ, there is no impact on tax rate or tax burden of the typical homeowner.
- Upon closure of the TIRZ, the added value generated by the TIRZ will result in a somewhat lower tax rate and tax burden for the typical homeowner.

# Question Five

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**If the City desires the SCW to generate as much ad valorem tax and sales tax revenue as possible, and as much community benefit as possible (e.g., affordable housing, park land, users of transit, etc.), is there a certain level of capital infrastructure that has to be built (street grid/roads, utilities, etc.)?**

- Staff estimated approximately \$277M in public improvements needed for the Vision Plan as illustrated in Exhibit D of the Tax Increment Reinvestment Zone Preliminary Project and Financing Plan adopted by Council on December 20, 2021.
- This figure is now estimated to be much higher based on current market conditions.

# Question Six

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**If the needed capital infrastructure is not funded with a TIRZ and/or a bond, will it be funded by property owners and developers? If not, what level of infrastructure will occur and what kind or level of development would occur and what ad valorem and sales tax revenue and community benefit (affordable housing, park land, users of transit, etc.) would be associated with that kind or level of development?**

- If the capital infrastructure is not funded with a TIRZ and/or bond, the property owners would fund the capital infrastructure to the extent that the current code requires.
- The South Central Waterfront Vision Framework Plan contemplates a "Baseline" scenario (pg. 12) that illustrates the amount of development that would occur given existing conditions.
- Should Council adopt a Regulating Plan, this would be an alternative pathway for the private sector to fund capital infrastructure.
- Financial Toolkit Sources
  - Private Funding: Development Bonus Fees, Public Improvement District, Philanthropy (Conservancy)
  - Public Funding: Tax Increment Financing, CIP, Bonds, Parking, Affordable Housing Subsidies



# Regulating Plan Schedule

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- South Central Waterfront Advisory Board 9/19/22
  - Presentation and review of bonus program calibration
  - Presentation of SCW Regulating Plan
- South Central Waterfront Advisory Board 10/17/22
  - Votes/makes recommendation on Regulating Plan
- Codes and Ordinances Joint Committee 10/19/22
  - Presentation of SCW Regulating Plan and draft language
  - Ordinance/language amendments
- Planning Commission 11/8/22
  - Presentation of SCW Regulating Plan and draft ordinance
  - Ordinance amendments
- Council 12/1/22
  - Presentation of SCW Regulating Plan and draft ordinance
  - Ordinance amendments



# Questions and Discussion