

City of Austin
Colony Park Sustainable Community
Tax Increment Reinvestment Zone No. 20

Preliminary Project and Financing Plan

November 3, 2022

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Executive Summary

The City of Austin proposes to create Tax Reinvestment Zone (TIRZ) Number Twenty to finance the construction of public improvements for the Colony Park Sustainable Community (the “Project”). The proposed zone is to be located on Loyola Lane between Johnny Morris Road and Decker Lane in the East Travis County Market Area. The Colony Park Sustainable Community council-approved master plan strives to provide a mix of housing (single family and multifamily), commercial space, a transit center, and a town center. The area suffers from inadequate street and public utility infrastructure, and due to its size, location, and physical characteristics, development will not effectively occur solely through private investment in the foreseeable future. Proposed public improvements include new and refurbished public multi-modal roadways, regional water quality and drainage infrastructure, public water, wastewater, and electrical utilities, streetscapes, parks, trails, and open spaces.

The total current estimated cost for the public improvements is \$257,000,000. The Reinvestment Zone will pay for only a portion of these public improvement costs. Over half of the cost of the improvements will be funded by recapturing a projected \$155 million in land sale revenue. The remaining \$102 million includes City participation in Tax Increment Financing (TIF), Capital Improvement Program (CIP) funds, anticipated affordable housing bonds, and a developer administered Public Improvement District (PID). This funding will provide long-term investments in public infrastructure (electric, water/wastewater, and drainage), parks, trails, open space, and affordable housing.

Section 1: Introduction

1.1 Authority

The City of Austin, Texas, a Texas home-rule municipality (the “City”) has the authority under Chapter 311, Texas Tax Code, Tax Increment Financing act, as amended (the “Act”) to designate a contiguous or noncontiguous geographic area within the corporate limits or extraterritorial jurisdiction (“ETJ”) of the City as a tax increment reinvestment zone to promote development or redevelopment of the area. For a zone to qualify under the Act, the governing body of the City (the “City Council”) must determine that development or redevelopment within the zone would not occur solely through private investment in the reasonably foreseeable future, that the zone is feasible, and that creation of the zone is in the best interest of the City and the property in the zone. The purpose of the zone is to facilitate such development or redevelopment by financing the costs of public works, public improvements, programs, and other projects benefiting the zone, plus other costs incidental to those expenditures, all of which are authorized by the Act.

1.2 Eligibility Requirements

An area is eligible under the Act to be designated as a tax increment reinvestment zone if it either (1) substantially arrests or impairs the sound growth of the municipality designating the Zone, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition, or (2) is predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City, (3) is in a federally assisted new community located in the City or in an area immediately adjacent to a federally assisted new community, or (4) is in an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the City by the owners of property constituting at least 50% of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located. The City cannot, however, designate a zone if more than 30% of the property in the proposed zone, excluding property that is publicly owned, is used for residential purposes, or if the total appraised value of taxable real property in the proposed zone and in existing reinvestment zones exceeds 25% of the total appraised value of taxable real property in the City and in industrial districts created by the City. The area proposed meets this criterion as shown below.

	Proposed Zone	Statutory Maximum
Residential % of Zone	0%	30%
% of City’s Taxable Value	0%	25%

1.3 Proposed Zone

The City Council intends to create a tax increment reinvestment zone to be known as “*Reinvestment Zone Number Twenty, City of Austin*” (the “Zone”) that includes approximately 211 acres of City-owned land as depicted in **Exhibit A** and described via parcel listing in **Exhibit B** (the “Property”). The Property is currently a Planned Unit Development (PUD) zoning district, allowing commercial, mixed-use/mixed income residential, and civic/institutional uses. The Property suffers from inadequate infrastructure (streets, public utilities, parks) and other factors, and due to its size, location, and physical

characteristics, development will not effectively occur solely through private investment in the foreseeable future. Portions of the Property substantially impair and arrest the sound growth of the City because it is predominately unproductive or underdeveloped due to factors such as the lack and aging of public infrastructure and the need for economic incentive to attract development to the Zone to provide long-term economic benefits including, but not limited to, increased real property tax base for all taxing units in the Zone. If the public improvements, and other projects are financed as contemplated by this Preliminary Plan, the City envisions that the Property will be developed to take full advantage of the opportunity to bring to the City quality development.

1.4 Preliminary Plan and Hearing

Before the City Council adopts the ordinance designating the Zone, the City Council must prepare a preliminary reinvestment zone financing plan in accordance with the Act and hold a public hearing on the creation of the proposed Zone and its benefits to the City and to the Property, at which public hearing interested persons are given the opportunity to speak for and against the creation of the proposed Zone, the boundaries of the proposed Zone and the concept of tax increment financing, and at which hearing the owners of the Property will be given a reasonable opportunity to protest the inclusion of their Property in the proposed Zone. The requirement of the Act for a preliminary reinvestment zone financing plan is satisfied by the Reinvestment Zone Number Twenty, City of Austin, Preliminary Project and Finance Plan dated November 3, 2022 (the “Preliminary Plan”), the purpose of which is to describe, in general terms, the public improvements that will be undertaken and financed by the Zone. How such public improvements and projects will be undertaken and financed will be determined by the Final Plan and by the TIRZ Agreement (both described in this document), which require approval by the Board and by the City Council.

1.5 Creation of the Zone

Upon the closing of the above referenced public hearing, the City Council may adopt Ordinance No. _____ (the “TIRZ Creation Ordinance”) in accordance with the Act creating the Zone if (1) upon findings by the City Council that development or redevelopment of the Property would not occur solely through private investment in the reasonably foreseeable future, (2) that the Zone is feasible, (3) that public improvements in the Zone will significantly enhance the value of the taxable real property in the Zone and will be of general benefit to the City, and (4) that the Property substantially arrests and impairs the sound growth of the City, constitutes an economic liability, and is a menace to the public health, safety, morals, or welfare in its present condition, and therefore meets the eligibility requirements of the Act. Among other provisions required by the Act, council will appoint a Board of Directors for the Zone (the “Board”).

1.6 Board Recommendations

After the creation of the Zone, the Board will review this Preliminary Plan and approve and recommend to the City Council (1) a *“Reinvestment Zone Number Twenty, City of Austin, Final Project and Finance Plan”* (the “Final Plan”) and (2) an agreement between the Board and the City (the “TIRZ Agreement”) pursuant to which the City will contribute a portion of its ad valorem tax increment within the Zone (the “Tax Increment”) into a tax increment fund created by the City and segregated from all other funds of the City (the “TIRZ Fund”) to pay, in accordance with the Final Plan, the costs of public improvements and other projects benefiting the Zone.

1.7 Council Action

The City Council will take into consideration the recommendations of the Board and will consider approval of the Final Plan and TIRZ Agreement. If the TIRZ Agreement is approved, the City Council will authorize and direct its execution.

Section 2: Description and Maps

2.1 Existing Uses and Conditions

The Property is currently located within the corporate limits of the City and is zoned as commercial, mixed-use, residential, and civic uses. The Property is being redeveloped because of inadequate infrastructure (streets, public utilities, parks) and other factors substantially impair or arrest the sound growth of the municipality. Development will require extensive public infrastructure that will not be provided solely through private investment in the foreseeable future. A map of the Property and the proposed Zone is shown in **Exhibit A**.

2.2 Proposed Uses

The proposed uses of the Property include residential (single-family, multifamily, and live/work), ground floor commercial, institutional/civic/office space, retail and commercial space, parks and trails, and community gardens. Additional detail can be found in the Colony Park Sustainable Communities Master Plan and Design Guidelines found here: <http://www.austintexas.gov/edims/document.cfm?id=223245>. More recent proposals for the land use is documented in the Colony Park Exclusive Negotiating Agreement Phase 1 Report located here: https://www.austintexas.gov/sites/default/files/files/EDD/Colony%20Park%20ENA%20Ph%201_final_exhibits_small.pdf.

2.3 Parcel Identification

The parcels identified on **Exhibit B** provide sufficient detail to identify with ordinary and reasonable certainty the territory included in the Zone.

Section 3: Proposed Changes to Ordinances, Plans, Codes, Rules, Regulations

The Property is wholly located in the corporate limits of the City and is subject to the City's zoning regulation. The City has exclusive jurisdiction over the subdivision and platting of the property within the Property and the design, construction, installation, and inspection of water, sewer, drainage, roadway, and other public infrastructure. A Planned Unit Development (PUD) amendment will be submitted for Council approval. Any additional revisions to ordinances, plans, codes, rules, and regulations will be contemplated as needed. **Exhibit C** illustrates the anticipated PUD amendment.

Section 4: Relocation of Displaced Persons

No persons will be displaced and in need of relocation due to the creation of the Zone or implementation of the Final Plan.

Section 5: Estimated Non-Project Costs

The Project is necessary to facilitate the development of this strategically located property approximately eight miles northeast of downtown Austin. A variety of City infrastructure must be constructed before vertical development can occur. Anticipated redevelopment within the TIF will be accomplished by third-party users and developers after infrastructure construction has been completed for the various project sections. Non-project costs are those development items that will be funded by Master Development revenues (land sale proceeds or other revenues) and are necessary for the successful implementation of the Project. No tax increment reimbursement is provided for non-project costs. The current estimate for non-project costs is \$35 million. Non-project cost items may include project administration fees, marketing and public relations, and developer return. **Exhibit G** contains additional information on non-project costs.

Section 6: Proposed Public Improvements

6.1 Categories of Public Improvements

The proposed public improvements to be financed by the Zone include roadway and drainage improvements, streetscapes, open spaces (parks, trails, plazas), utilities, green infrastructure, and reclaimed water and other miscellaneous and soft costs, as further described in **Exhibit D** (the “Public Improvements/Project Costs”). All Public Improvements shall be designed and constructed in accordance with all applicable City standards and shall otherwise be inspected, approved, and accepted by the City. At the City's option, the Public Improvements may be expanded to include any other category of improvements authorized by the Act.

6.2 Locations of Public Improvements

The estimated locations of the proposed Public Improvements are illustrated in **Exhibit C** and described in more detail in the Colony Park Exclusive Negotiating Agreement Phase 1 Report located here: https://www.austintexas.gov/sites/default/files/files/EDD/Colony%20Park%20ENA%20Ph%201_final_exhibits_small.pdf.

Section 7: Estimated Project Costs

7.1 Project Costs

The total costs for projects in the Zone are estimated to be \$257,000,000, as shown in **Exhibit D**.

7.2 Estimated Costs of Public Improvements

The estimated costs of the Public Improvements (the “Public Improvement Costs”) within the Zone are \$257,000,000, as shown in **Exhibit D**.

7.3 Estimated Administrative and Bonded Indebtedness Costs

The estimated costs for administration of the Zone shall be the actual, direct costs paid or incurred by or on behalf of the City to administer the Zone (the “Administrative Costs”). The Administrative Costs include the costs of professional services, including those for planning, engineering, and legal services paid by or on behalf of the City. The Administrative Costs also include organizational costs, the cost of publicizing the creation of the Zone, and the cost of implementing the project plan for the Zone paid by

or on behalf of the City that are directly related to the administration of the Zone. The Administrative Costs shall be paid each year from the City's operating budget.

Section 8: Economic Feasibility

For purposes of this Preliminary Plan, economic feasibility has been evaluated over the term of the Zone by Capitol Market Research, Inc. The evaluation focuses on the development potential and anticipated future assessed values within the Zone through 2042. The TIRZ Analysis estimated that during the term of the Zone, new development will generate approximately \$90 million in gross real property tax revenue, a portion of which will be contributed to the TIRZ Fund. The estimated property valuations and TIRZ analysis are included in **Exhibit E**. Based on the foregoing, the feasibility of the Zone has been demonstrated.

Section 9: Estimated Bonded Indebtedness

The zone will incur no bonded indebtedness.

Section 10: Appraised Value

10.1 Current Appraised Value

The current total value of taxable real property in the Zone is \$0, which represents the Tax Increment Base, (the "Tax Increment Base") of the Property and is determined by the Travis Central Appraisal District in accordance with Section 311.012(c) of the Act.

10.2 Estimated Captured Appraised Value

The amount of the Tax Increment for a year during the term of the Zone is the amount of property taxes levied and collected by the City for that year on the captured appraised value of the Property less the Tax Increment Base of the Property, (the "Captured Appraised Value"). The Tax Increment Base of the Property is the total taxable value of the Property for the year in which the Zone was designated, as described in **Section 10.1** above. It is estimated that upon expiration of the term of the Zone, the total Captured Appraised Value of taxable real property in the Zone will be \$987,719,086. The actual Captured Appraised Value, as certified by the Travis Central Appraisal District will, for each year, be used to calculate annual payment by the City into the TIRZ Fund pursuant to the Final Plan.

Section 11: Method of Financing

The City will deposit into the tax increment fund an amount equal to 90% of the property tax revenues collected against the Captured Appraised Value.

The City will use a combination of land sale revenue, cash financing, department capital budget funds, TIRZ funds, affordable housing bonds, fee waivers, and developer administered Public Improvement District (PID) funds.

Section 12: Duration of the Zone, Termination

12.1 Duration

The stated term of the Zone shall commence on the creation of the Zone and shall continue no later than December 31, 2043.

12.2 Termination

The Zone will terminate prior to the expiration of its stated term if the necessary contribution of TIRZ revenues has been collected into the TIRZ Fund and has been distributed according to the Final Plan. If, upon expiration of the stated term of the Zone, the contribution of TIRZ revenues has not been collected into the TIRZ Fund, the City shall have no obligation to pay the shortfall and the term shall not be extended. The provisions of this section shall be included in the TIRZ Agreement. Nothing in this section is intended to prevent the City from extending the term of the Zone in accordance with the Act.

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Exhibit A: Boundary Map

Colony Park



- Colony Park Boundary
- Parcels
- Railroad

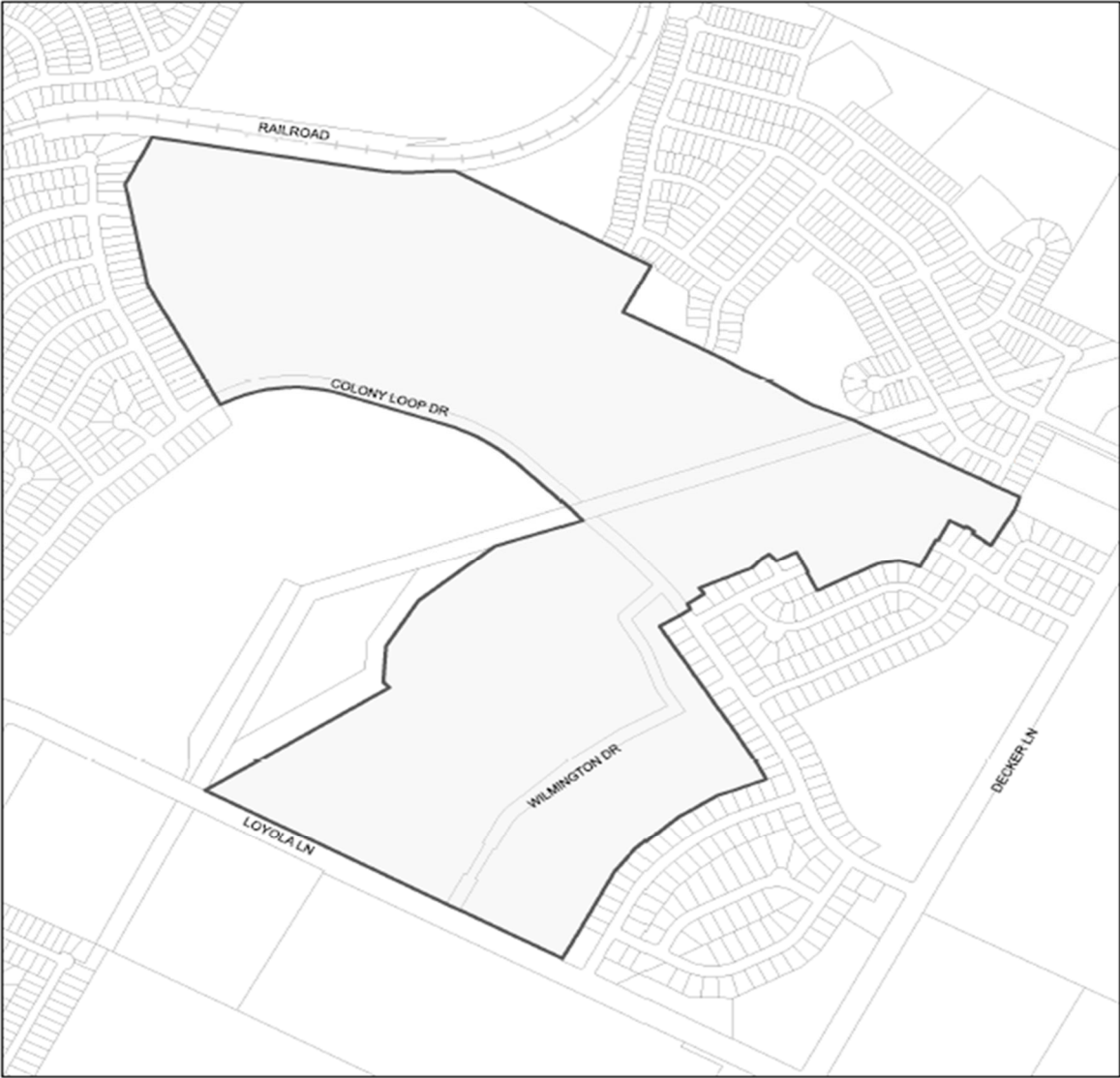
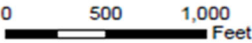


Exhibit B: Parcel Listing

PARCEL ID	PROPERTY ID	PROPERTY ADDRESS	LEGAL DISCRIPTION	PARCEL ACRES	TIRZ ACRES
0218310508	214121	LOYOLA LN 78724	ABS 4 SUR 19 BURLESON J ACR 9.930	9.93	3.50
0218310513	499906	LOYOLA LN 78724	ABS 4 SUR 19 BURLESON J ACR 199.60	199.60	199.60
0219360406	860783	COLONY LOOP DR 78724	COLONY PARK SUSTAINBALE COMMUNITY INITIATIVE PUD PHS 1 ROW	8.56	8.56

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Exhibit C: Colony Park Sustainable Community Vision Framework Plan



PRELIMINARY CONCEPT
Colony Park - Neighborhood Plan
 Prepared for Colony Park Holdings by McCann Adams Studio
 Draft September 16, 2020

0 100 200 400 Feet

Exhibit D: Public Improvements/Project Costs

INFRASTRUCTURE CATEGORY	TOTAL COSTS	PROJECTED FUNDING SOURCES (Actual funding source allocations may change)					
		LAND SALES	CIP	TIRZ	HOUSING BOND	PID	TOTAL
Roadways, Sidewalks, Bike Lanes	\$ 35 M			\$ 30 M	\$ 5 M*		\$ 35 M
Parks, Trails, Open Space	\$ 33 M	\$ 16 M		\$ 7 M		\$ 10 M	\$ 33 M
Electrical Utility, Street Lighting	\$ 34 M	\$ 26 M		\$ 8 M			\$ 34 M
Water Quality, Drainage Utility	\$ 8 M		\$ 6 M	\$ 2 M			\$ 8 M
Water, Wastewater, Utility	\$ 34 M			\$ 34 M			\$ 34 M
Gas Utility	\$ 3 M	\$ 3 M					\$ 3 M
Mass Grading, Erosion Controls	\$ 19 M	\$ 19 M					\$ 19 M
Retaining Walls, Fencing	\$ 7 M	\$ 7 M					\$ 7 M
Demolition, Excavation	\$ 1 M	\$ 1 M					\$ 1 M
Permits, Fees	\$ 3 M	\$ 3 M					\$ 3 M
Contingency	\$ 25 M	\$ 25 M					\$ 25 M
Est. Capital Expenses	\$ 202 M	\$ 100 M	\$ 6 M	\$ 81 M	\$ 5 M	\$ 10 M	\$ 202 M
Est. Development Expenses	\$ 55 M	\$ 55 M					\$ 55 M
Estimated Total Project Expenses	\$ 257 M	\$ 155 M	\$ 6 M	\$ 81 M	\$ 5 M	\$ 10 M	\$ 257 M
*Housing Bond dollars will be used for roadway/sidewalk infrastructure directly related to affordable housing units.							

Exhibit E: Property Valuation and TIRZ Analysis

Tax Year	Fiscal Year	Existing Value	Projected Cumulative Taxable Value*	Projected Property Tax Revenue	Projected Property Tax increment (90%)
2022	2023	\$ -	\$ -	\$ -	\$ -
2023	2024	\$ -	\$22,277,804	\$106,687	\$96,018
2024	2025	\$ -	\$96,497,727	\$478,297	\$430,467
2025	2026	\$ -	\$180,035,284	\$923,588	\$831,229
2026	2027	\$ -	\$221,767,122	\$1,177,492	\$1,059,743
2027	2028	\$ -	\$303,545,067	\$1,668,109	\$1,501,298
2028	2029	\$ -	\$351,194,743	\$1,997,513	\$1,797,762
2029	2030	\$ -	\$409,024,679	\$2,407,861	\$2,167,075
2030	2031	\$ -	\$509,817,867	\$3,106,257	\$2,795,631
2031	2032	\$ -	\$658,197,215	\$4,150,675	\$3,735,607
2032	2033	\$ -	\$721,323,981	\$4,707,967	\$4,237,170
2033	2034	\$ -	\$757,004,434	\$5,113,777	\$4,602,399
2034	2035	\$ -	\$779,714,567	\$5,451,542	\$4,906,388
2035	2036	\$ -	\$803,106,004	\$5,811,616	\$5,230,455
2036	2037	\$ -	\$827,199,184	\$6,195,473	\$5,575,926
2037	2038	\$ -	\$852,015,160	\$6,604,684	\$5,944,216
2038	2039	\$ -	\$877,575,615	\$7,040,924	\$6,336,831
2039	2040	\$ -	\$903,902,883	\$7,505,977	\$6,755,379
2040	2041	\$ -	\$931,019,970	\$8,001,747	\$7,201,572
2041	2042	\$ -	\$958,950,569	\$8,530,262	\$7,677,236
2042	2043	\$ -	\$987,719,086	\$9,093,686	\$8,184,317
TOTAL	--	--	--	\$90,074,132	\$81,066,719

*Assumes 3% appreciation

Exhibit F: Project and Non-Project Costs

	Estimated Costs
Project Capital Item	May-22
<u>Project Costs Eligible for TIF Reimbursement</u>	
Construction Costs (hard and soft):	
Water, Wastewater, Reclaimed Water, Roadways, Storm Sewers and Erosion Control	\$69,002,118
Demolition	934,052
Grading	6,760,368
Water Quality/Detention Ponds	5,302,975
Landscaping and Amenities	24,837,879
Electric	22,521,354
Other (street lighting, remediation, security, utilities, rehabilitation tower, traffic improvements)	4,096,635
Design, Consulting, Permits, and Fees	28,377,135
Contingencies	40,123,266
Total Construction Hard and Soft Costs	\$201,955,781
Other Project Costs:	
Management Fee (4%)	\$8,078,231
Other Items	4,807,241
Insurance	283,412
Selling, Closing and Bond Guarantee	7,220,916
Inflation	0
Total Other Project Costs	\$20,389,800
Total Project Costs Eligible for TIF Reimbursement	\$222,345,581
<u>Non-Project Costs Required to Complete the Project</u>	
Project Administration and Other Miscellaneous	\$7,449,478
Marketing	4,615,529
Developer Return	23,074,213
Total Non-Project Costs Required to Complete the Project	\$35,139,221
Total Project and Non-Project Costs	\$257,484,802