

City of Houston, Texas, Ordinance No. 2006-1110

AN ORDINANCE APPROVING A THIRD AMENDED PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER SEVEN, CITY OF HOUSTON, TEXAS (OLD SPANISH TRAIL / ALMEDA CORRIDORS); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY

WHEREAS, by City Ordinance No. 97-478, the City Council of the City of Houston (the "City") created Reinvestment Zone Number Seven, City of Houston, Texas (the "Zone") pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Code"), for the purposes of redevelopment in the Old Spanish Trail / Almeda Corridors area of the City; and

WHEREAS, the Board of Directors of the Zone adopted and the City approved, by City Ordinance No. 97-539, the Project Plan and Reinvestment Zone Financing Plan for the Zone; the Board of Directors of the Zone adopted and the City Council approved, by City Ordinance No. 98-1146, an Amended Project Plan and Reinvestment Zone Financing Plan; and the Board of Directors of Zone adopted and the City Council approved, by City Ordinance No. 1999-829, a Second Amended Project Plan and Reinvestment Zone Financing Plan (as amended, the "Plan"); and

WHEREAS, Section 311.011 of the Code authorizes the Board of Directors of the Zone to adopt an amendment to the Plan, and such amendment takes effect upon approval of the City Council of the City; and

WHEREAS, the Board of Directors of the Zone, at its October 16, 2006 board meeting, considered and adopted a Third Amended Project Plan and Reinvestment

Zone Financing Plan (the "Third Amendment"), and requested City Council approval of the Third Amendment; and

WHEREAS, before the Board of Directors of the Zone may implement the Third Amendment, the City Council must approve the Third Amendment; and

WHEREAS, the Third Amendment includes additional projects, reallocation of certain costs for projects not yet completed in the Plan, and an increase in the total estimated project costs for the Zone; and

WHEREAS, to implement the Third Amendment, the Zone's Board of Directors may approve adjustments of estimated project costs and reallocate costs among line items listed in the Third Amendment, however, the total costs incurred for projects may not exceed the amount necessary to complete and pay for the actual costs of all projects listed in the Third Amendment; and

WHEREAS, a public hearing on the Third Amendment is required to be held by the provisions of Section 311.011 of the Code; and

WHEREAS, the City Council finds that notice of the public hearing was published in a newspaper of general circulation within the City in the time and manner required by law; and

WHEREAS, the City Council conducted a public hearing on the proposed Third Amendment on November 8, 2005; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Third Amendment, its benefits to the City and the property within the Zone, and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Third Amendment, its benefits to the City and the property within the Zone, and the concept of tax increment financing; and

WHEREAS, the City desires to approve the Third Amendment; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. Findings. That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Approval of the Third Amendment. That the Third Amendment is hereby approved and adopted and the Plan is hereby amended as follows:

- A. By substituting the title page and table of contents (unnumbered pages) attached hereto as Exhibit "A" for the title page and table of contents (unnumbered pages) in the Plan;
- B. By substituting pages 1R-R and 2R-R attached hereto as Exhibit "B" for pages 1-R and 2-R in the Plan;
- C. By inserting Map 2A attached hereto as Exhibit "C" between Map 2 and page 6 in the Plan; and
- D. By substituting pages 11R-R and 12R-R attached hereto as Exhibit "D" for pages 11-R and 12-R in the Plan.

The Third Amendment is hereby determined to be feasible and is approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Third Amendment.

Section 3. Distribution to Taxing Units. That the City Secretary is directed to provide copies of the Third Amendment to each taxing unit levying ad valorem taxes in the Zone.

Section 4. Severability. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 5. That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

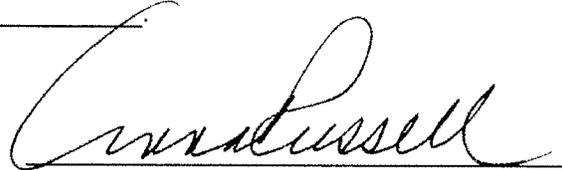
Section 6. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 8th day of November, 2006.

APPROVED this _____ day of _____, 2006.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is NOV 14 2006.



City Secretary

(Prepared by Legal Dept. DEBORAH F. ALBRECHT)
(dfm:DFM November 7, 2006) Senior Assistant City Attorney
(Requested by Judy Gray Johnson, Director, Finance & Administration Department)
(L. D. File No. 034900130052)
u:\wpfiles\ord\tirz\ost\FinalThirdAmendedProjectPlan.doc

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: NOV 14 2006

AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
✓		EDWARDS
	ABSENT	WISEMAN
✓		KHAN
	ABSENT	HOLM
	ABSENT	GARCIA
	ABSENT	ALVARADO
✓		BROWN
	ABSENT	LOVELL
	ABSENT	SEKULA-GIBBS
	ABSENT	GREEN
✓		BERRY
CAPTION	ADOPTED	

**REINVESTMENT ZONE NUMBER SEVEN,
CITY OF HOUSTON, TEXAS
(OLD SPANISH TRAIL/ALMEDA CORRIDORS)
TAX INCREMENT REINVESTMENT ZONE**

***Third Amended Project Plan and Reinvestment
Zone Financing Plan***

**OST/Almeda Corridors TIRZ Board of Directors
City of Houston**

October 16, 2006

INDEX

Part 1: Overview of Amended Plan 1

 Map 1: OST/Alameda Road Corridors TIRZ No. 7 and Proposed Expansion Area,
 Existing Land Use 4

 Map 2: Development Opportunities/Future Land Use 5

Part 2: Amended Project Plan 6

 Current Site Conditions 6

 Current Economic Activity 9

 Reinvestment Zone Duration 10

 Project Plan Objective and Non-Project Costs 10

 Project Plan Impacts 10

 Land Use 10

 Municipal Ordinances 10

 Tax Rates 11

Part 3: Amended Reinvestment Zone Financing Plan 11

 Project Plan Description 11

 Timing of Related Costs and Methods of Financing Estimated Project Costs 11

 Participation by Other Taxing Units 11

 Proposed Public Works/Public Improvements 11

 Economic Feasibility 13

Appendices 14

Tables

- Table 1, OST/Alameda Corridors TIRZ No. 7 Financing Analysis, Original Zone, Third Amended Plan: 100% Participation by City, County and HISD.
- Table 2, OST/Alameda Corridors TIRZ No. 7 Financing Analysis, 1998 Expansion Area, Third Amended Plan: 100% Participation by City, County and HISD.
- Table 2A, OST/Alameda Corridors TIRZ No. 7 Third Amended Plan, Cash Flow.
- Table 3, OST/Alameda Corridors TIRZ No. 7 Buildout Scenario, Third Amended Plan
- Table 4: OST/Alameda/Third Ward Area Retail Sales Activity 1990 and 1996
- Table 5: OST/Alameda/Third Ward Area Retail Sales by Category 1990 and 1996
- Table 6: OST/Alameda/Third Ward Area Retail Supply Analysis
- Table 7: OST/Alameda Road Corridors – Retail Market Analysis

Table 8: OST/Alameda Corridors TIRZ No. 7: Estimates for Infrastructure Improvements, Amended Plan

Maps

Map 2A: TIRZ #7 Opportunities for Developments & Improvements (April 16, 2004)

Map 3: OST/Alameda/Third Ward Area Selected Building Permit Activity (1992-1996)

Map 4: OST/Alameda/Third Ward Area Residential Demolitions (1992-96)

Map 5: Old Spanish Trail/Alameda Corridors TIRZ Retail Market Area Boundary Map

Map 6: OST/Alameda Corridors TIRZ No. 7 Planned Utility Improvements (Water & Wastewater).

Map 7: OST/Alameda Corridors TIRZ No. 7 Planned Street Improvements

Map 8: OST/Alameda Corridors TIRZ No. 7 Planned Enhancements (Streetscape, Street Lighting, Landscaping).

**REINVESTMENT ZONE NUMBER SEVEN, CITY OF HOUSTON,
TEXAS (OLD SPANISH TRAIL/ALMEDA CORRIDORS)
THIRD AMENDED PROJECT PLAN AND
REINVESTMENT ZONE FINANCING PLAN**

Part 1: Overview

Reinvestment Zone Number Seven, City of Houston, Texas, also known as the Old Spanish Trail/Almeda Corridors Tax Increment Reinvestment Zone (TIRZ) was created by Ordinance No. 97-478 dated May 7, 1997. The City Council approved the Project Plan & Reinvestment Zone Financing Plan by Ordinance No. 97-539 dated May 14, 1997. Subsequently, by Resolution No. 98-29, dated July 15, 1998, the Houston City Council approved the creation of the Old Spanish Trail/Almeda Corridors Redevelopment Authority. The Authority was established to assist the City and the Zone in promoting the common good and general welfare of the OST/Almeda Corridors area, including the boundaries of the zone, as may be amended from time to time. Finally, the Authority is further organized to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City.

The City Council approved the Second Amended Project Plan & Reinvestment Zone Financing Plan by Ordinance No. 1999-829 dated August 11, 1999 which expanded the TIRZ boundaries established in 1997. The expansion squared-off the Almeda Road northern sector (**AREA A & B**), and to include several areas for which owners have requested annexation, including several tracts located west of Almeda Road in the Ewing and Binz St. area (**AREA A**), the Almeda Road corridor south of OST --generally bounded by OST, Almeda Road, Corder St., and Hwy. 288 (**AREA C**), and the City of Houston's Palm Center (City of Houston Small Business Development Corporation) and surrounding Griggs Road commercial corridor (**AREA D**). The expansion area (**A-D**) results in the Zone expanding to 847 acres from the original 455 acres.

The objectives of the TIRZ is to create a necessary public finance tool to encourage investment and stimulate commercial, industrial and residential development in the Old Spanish Trail (OST), Almeda Road, and Griggs Road corridors and to create an investment venue for new construction and the redevelopment of selected sites and to that end, will restore the commercial vitality of the OST, Almeda Road, and Griggs Road corridors

In 1998, the TIRZ Board of Directors approved a development agreement for West MacGregor Estates (WME), 60 single family homes to be developed near Charleston and England Street. The WME project, the first major new single family housing project to be developed in the Third Ward area in forty years, has become a catalyst for revitalization efforts along the OST and Almeda Road corridors. By expanding the boundaries of the existing OST/Almeda Corridors TIRZ, the TIRZ Board

of Directors anticipates stimulating new development along the OST, Almeda, and Griggs Road corridors that has been absent for many years, and otherwise would not occur solely through private means.

The TIRZ will help finance approximately \$23 million of the following kinds of improvements and services needed to support the revitalization of the corridors (Refer to attached Map 1 – TIRZ Current Land Use, Tables 1-2, Financing Analysis, Third Amended Plan, Table 2A Cash Flow Analysis, and Table 3, TIRZ Buildout Scenario, Third Amended Plan).

- Water and wastewater utility improvements
- Street reconstruction and resurfacing/enhancements (street and parking upgrades, sidewalks, lighting)
- Landscaping, design, signage, sound barrier wall, public art
- Land acquisition, demolition, clearance and environmental remediation and
- Park and related park improvements

During its 30-year life, the TIRZ expenditures will be funded by tax increment funds, assuming a City tax rate of (\$0.665 per \$100 valuation), Harris County (\$0.42768 per \$100 valuation) and HISD (\$1.459 per \$100 valuation), generated from new projected development or redevelopment activity within the zone. Through an Interlocal Agreement made by and between the City of Houston, HISD, and Reinvestment Zone No. 7, HISD agrees to participate in the Original Zone boundaries for a period not to exceed 30-years. Negotiations with HISD are underway to determine HISD's participation in the annexed Zone boundaries. Through an interlocal agreement made by and between the City of Houston, Harris County and Reinvestment Zone Number Seven, these entities have agreed to participate in the Original and Annexed areas of the Zone for a period not to exceed twenty (20) years. If the City later determines to issue bonds for the TIRZ, additional City Council approval will be necessary.

New projected development or redevelopment activities (Refer to Map 2, Development Opportunities/Future Land Use and Map 2A TIRZ #7 Public Works & Improvements - Opportunities for Developments & Improvements) will include approximately 1,500 new residential units. Anticipated residential projects include the following:

- West MacGregor Estates (*Under Construction*): 60 SF units, (\$150,000 per unit)
- Gates @ Hermann Apts: 600 MF Units, (\$48 million dollars)
- Morgan Group (229 MF Units, approx. \$65,000 per unit)
- Park @ MacGregor Townhomes: 48 townhomes (approx. \$150,000 per unit)
- Almeda Apts. (Almeda @ Alice): 334 MF units, (approx. \$25 million dollars)
- WDI Inc. (1901 Ewing): 12 townhomes (\$160,000 per unit)
- Binz Gardens (Binz & Chenevert): 5 SF units (approx. \$160,000 per unit)
- Perry Homes (Austin & Prospect St.): 10 townhomes (approx. \$150,000 per unit)
- Il Palazzo Lofts (Calumet & Austin St.): 58 units (approx. \$170,000 per unit)

TIRZ#7 PUBLIC WORKS & IMPROVEMENTS

OST ALAMEDA CORRIDORS REDEVELOPMENT AUTHORITY

EXHIBIT "C"



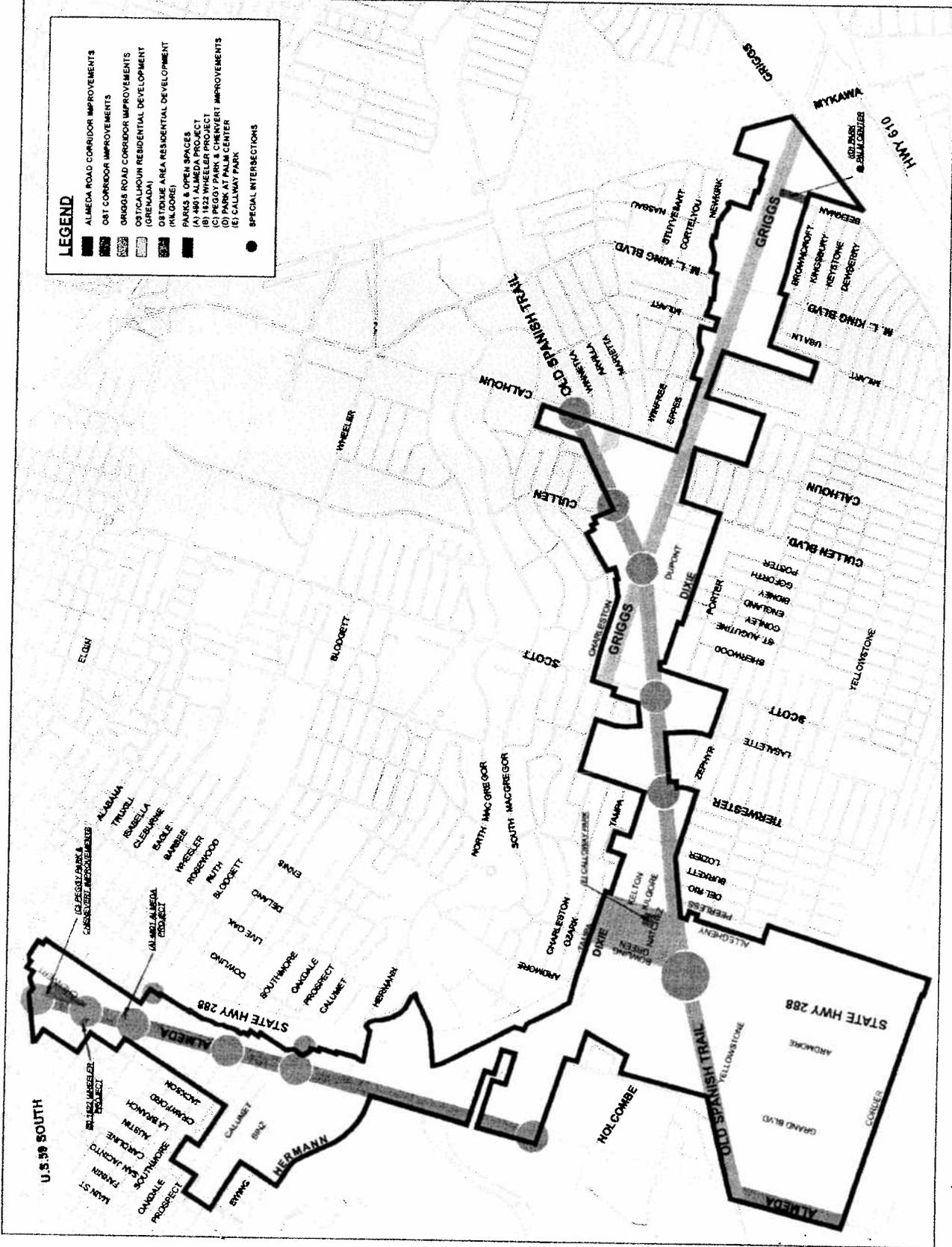
M2L ASSOCIATES INC.
PLANNING & CONSULTING ENGINEERS

MAP 2A TIRZ #7 2006-2010 CIP IMPROVEMENTS



1 inch = 500 feet

- LEGEND**
- ALAMEDA ROAD CORRIDOR IMPROVEMENTS
 - OST CORRIDOR IMPROVEMENTS
 - GRIGGS ROAD CORRIDOR IMPROVEMENTS
 - OST CALHOUN RESIDENTIAL DEVELOPMENT (GRENADA)
 - OST DIXIE AREA RESIDENTIAL DEVELOPMENT (H.LOORE)
 - PARKS & OPEN SPACES
 - (A) 4801 ALAMEDA PROJECT
 - (B) 1922 WHEELER PROJECT
 - (C) PEGGY PARK & CHERRYBERRY IMPROVEMENTS
 - (D) PALM CENTER
 - (E) CALHOUN PARK
 - SPECIAL INTERSECTIONS



Tax Rates: The project plan does not (and cannot) call for increases in tax rates by any governmental unit above those levied on all properties within the jurisdiction of each governmental unit.

Part 3: Reinvestment Zone Financing Plan

Project Plan Description: The base valuation of the original zone is estimated at \$91,881,900. The base valuation of the expansion area is \$76,150,620. The amended project plan (original zone and expansion area) includes \$ 23 million in public improvements to encourage the commercial, industrial and residential revitalization of the zone. Over the 30-year development period, the OST/Alameda Corridors TIRZ is projected to attract \$157.4 million in new taxable ad valorem valuation, generating a cumulative tax increment of \$64.3 million (Refer to Tables 1-3).

Timing of Related Costs and Methods of Financing Estimated Project Costs: During its 30-year life, the TIRZ expenditures will be funded by tax increment funds generated from new projected development or redevelopment activity within the zone (Refer to participation table below). If the City later determines in the future to issue bonds payable from the tax increment fund, additional approval by City Council will be required. The timing when disbursements from the tax increment will occur will be based on the availability of funds in the tax increment account and specific project costs. Private funding, subject to reimbursement from the tax increment fund as revenues are generated, are an additional source of money for plan implementation.

Methods of Financing: During the thirty (30) year life, it is anticipated that the TIRZ will use the following methods of financing:

1. Tax Increment Funds
2. Tax Increment Bonds
3. Short Term Notes
4. Private Funding
5. Grants

Participation by Other Taxing Units: The third amended project plan and reinvestment zone financing plan includes the participation of both Harris County and the Houston Independent School District (HISD). HISD has committed to participate in the zone for a duration not to exceed 30-years. The participation rates are identified as follows:

	Tax Rate/ \$100	% of Total Tax Rate	% of Tax Increments Fund
City	\$0.665	100%	26%
Harris County	\$0.42768	66%	17%
HISD	\$1.459	100%	57%

Proposed Public Works/Public Improvements:

The proposed \$23 million of public improvements for the third amended OST/Alameda Corridors TIRZ No. 7 project plan will include the following project costs which incorporates provisions for schools & educational facilities project costs totaling \$26.3 million. These facilities can be located inside or outside of the zone as provided in Chapter 311 of the Tax Code and as required by the Interlocal Agreement with HISD (Refer to Table 8 and Maps 6-8 for sample projects and cost analyses not included on Map 2A. Refer to Map 2A for the general location of other proposed improvements):

TIRZ NO. 7, THIRD AMENDED PLAN PROPOSED PUBLIC WORKS IMPROVEMENTS		
ITEM	EXISTING PLAN PROJECT COSTS	THIRD AMENDED PLAN PROJECT COSTS
Water Lines	\$433,296	\$ 319,508
Wastewater Lines	\$789,360	\$1,398,015
Street Reconstruction	\$6,431,040	\$ 6,147,489
Street Resurfacing	\$2,616,240	\$ 10,000
Installation of Sidewalks	\$569,400	\$ 866,345
Installation of Street Lights	\$242,500	\$ 390,400
Streetscape Improvements	\$2,227,500	\$5,181,313
Parks & Related Park Improvements		\$3,596,763
Real Property Land Assembly & Site Preparation (e.g., Demolition, Clearance, and Environmental Remediation)	\$5,000,000	\$5,000,000
Total Capital Costs (Rounded)	\$18,300,000	\$ 22,909,833
* School & Educ. Facilities	\$26,260,451	\$26,260,451
Admin. & Zone Operations	\$1,550,000	\$2,706,948
Financing Costs	\$8,924,294	\$8,924,294
Total (Incl. Admin., school facil. And financing costs)	\$55,044,081	\$ 60,801,526

* School & educ. Facilities can be located inside or outside zone.