

City of Houston, Texas, Ordinance No. 2008-95

AN ORDINANCE APPROVING THE SECOND AMENDMENT TO THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER SIXTEEN, CITY OF HOUSTON, TEXAS (UPTOWN ZONE); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; DETERMINING THE PORTION OF TAX INCREMENT THE CITY WILL PAY FROM THE AREA ANNEXED INTO THE ZONE; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, by City Ordinance No. 1999-709, adopted on July 7, 1999, the City Council of the City of Houston (the "City") created Reinvestment Zone Number Sixteen, 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 area of the City generally referred to as the Uptown area; and

WHEREAS, the Board of Directors of the Zone adopted and the City approved, by City Ordinance No. 1999-758, adopted on July 21, 1999, the Project Plan and Reinvestment Zone Financing Plan for the Zone; and

WHEREAS, the Board of Directors of the Zone adopted and the City approved, by City Ordinance No. 2003-476, adopted on May 21, 2003, the First Amendment to the Project Plan and Reinvestment Zone Financing Plan for the Zone (as amended, the "Project Plan and Reinvestment Zone Financing Plan"); and

WHEREAS, Section 311.011 of the Code authorizes the Board of Directors of the Zone to adopt an amendment to its project 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 January 29, 2008 board meeting, considered and adopted a Second Amendment to the Project Plan and Reinvestment Zone Financing Plan (the "Second Amendment"), and requested City Council approval of the Amendment; and

WHEREAS, the Board of Directors of the Zone, at its January 29, 2008 board meeting, approved the annexation of an additional area into the Zone (the "Annexed Area") and has requested City Council approval of the annexation; and

WHEREAS, the Second Amendment includes projects for the Annexed Area as well as for the original area of the Zone; and

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

WHEREAS, a public hearing on the Second 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 Second Amendment on January 23, 2008; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Second Amendment and the enlargement of the boundaries of the Zone; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Second Amendment and the enlargement of the boundaries of the Zone; and

WHEREAS, the City gave reasonable opportunity for the owners of property in the area proposed for inclusion in the Zone to protest the inclusion of such properties in the Zone; and

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

WHEREAS, the City desires to establish its level of participation in the Annexed Area approved by the City pursuant to City Ordinance No. 2008-_____ ¹; **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 Amendment. That the Project Plan and the Reinvestment Zone Financing Plan dated July 1999, as amended by the First Amendment to the Project Plan and Reinvestment Zone Financing Plan approved by City Ordinance No. 2003-476, adopted on May 21, 2003, is hereby amended by the "Second Amendment to the Project Plan and Reinvestment Zone Financing Plan" attached to this Ordinance as Exhibit "A". The Second Amendment is hereby determined to be feasible and is approved. The appropriate officials of the City are

¹ Ordinance number of the ordinance enlarging the boundary of the zone to be inserted by the City Secretary.

authorized to take all steps reasonably necessary to implement the Second Amendment.

Section 3. Approval of the City's Level of Participation in the Expanded Zone.

That the City will participate in the Annexed Area by contributing tax increment to the tax increment fund for the Zone from taxes levied and collected by the City at the rate and in the amount reflected in the Second Amendment, beginning January 1, 2008.

Section 4. Distribution to Taxing Units. That the City Secretary is directed to provide copies of the Second Amendment to each taxing unit levying ad valorem taxes in the Zone.

Section 5. Severability. That 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 6. 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 7. That 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 6th day of February, 2008.

APPROVED this _____ day of _____, 2008.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is FEB 12 2008.



City Secretary

(Prepared by Legal Dept. TERORAH F. 1/1/08)
(DFM/dfm February 5, 2008) (Senior Assistant City Attorney)
(Requested by Michelle Mitchell, Director, Department of Finance)
(L.D. File No. 0619000600038)
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CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: FEB 12 2008

AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
✓		ADAMS
✓		SULLIVAN
✓		KHAN
✓		HOLM
✓		GARCIA
✓		RODRIGUEZ
✓		BROWN
✓		LOVELL
✓		NORIEGA
✓		GREEN
✓		JONES
CAPTION	ADOPTED	

Exhibit A

Second Amendment to Project Plan and Reinvestment Zone Financing Plan

Reinvestment Zone Number Sixteen,
City of Houston, Texas
(Uptown Houston TIRZ)

**SECOND AMENDMENT:
Project Plan
And Reinvestment Zone
Financing Plan**

Submitted by:
Uptown Development Authority
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Houston, Texas 77056
(713) 621-2011

January 2008

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This is the Second Amendment to the Project and Financing Plan for Reinvestment Zone #16 and is supplemental to the existing Project and Financing Plan.

OVERVIEW

Reinvestment Zone #16, City of Houston, Texas, also known as the Uptown TIRZ, was created by Ordinance No. 1999-709, dated July 7, 1999, and the City of Houston (the "City") approved the Project Plan and Reinvestment Zone Financing Plan (the "Plan") by Ordinance No. 1999-758, dated July 20, 1999.

First Amendment:

Subsequently, by Ordinance No. 2003-476, dated May 21, 2003, the City approved the first Plan amendment, which added certain proposed improvements and estimated project costs to the Plan by inserting the following items into the Plan:

- 1) Page 24: Add the words "and related utilities" in order to clarify utility work that is performed in conjunction with street work and other mobility improvements, including tie-in work performed along IH Loop 610 West.
- 2) Page 26: Add the intersection of Post Oak Boulevard at the Westpark Tollway to the *Local Mobility Improvement Program* map. This project was not included in the original *Local Mobility Improvement Program* because the Westpark Tollway had not yet been formalized and the actual intersecting streets were unknown at the time the Plan was approved.
- 3) Page 26: Add the IH Loop 610 West right of way, which is inside of the Zone, to the *Local Mobility Improvement Program* map. This amendment allowed the Uptown Development Authority to work with the Texas Department of Transportation on storm sewer relief projects during the widening of the IH 610 West Loop.

Second Amendment:

This Second Amendment, approved by the Uptown Development Authority (UDA) Board of Directors and the Uptown TIRZ Board of Directors, provides for the annexation of territory generally bounded by Post Oak Lane, Tilbury, Uptown Park Boulevard and South Wynden and more particularly shown on Exhibits A & B (the "Annexed Area"). The Annexed Area has several of the same characteristics as property in the existing Uptown TIRZ as detailed on pages 13-21 of the original Plan. Additionally, Owners of property constituting at least fifty percent (50%) of the appraised value of the property in the Annexed Area according to the most recent certified appraisal roll for Harris County executed and submitted to the City a petition requesting that the Annexed Area be included in the Uptown TIRZ. The Annexed Area includes North and South Wynden,

Huntley Street and adjacent properties to be redeveloped (refer to maps in Exhibits A & B). The present and existing uses of the Annexed Area are detailed in Exhibit C.

The major project to be accomplished in the Annexed Area is the reconstruction of North and South Wynden and the construction of Huntley Street (the "Wynden/Huntley Project"). This Second Amendment adds the Wynden/Huntley Project to the Plan's list of proposed improvements and estimated project costs of the Local Mobility Improvement Program. The reconstruction of North and South Wynden will provide a two lane roadway including sidewalks, landscaping, lighting, storm drainage and intermittent parking within the existing sixty (60) feet right-of-way. In addition, Huntley Street will be constructed as a single eastbound through lane connecting N/S Wynden to Uptown Park Boulevard. The project will improve local access and construct internal grid streets, reducing burdens on key intersections. The Wynden/Huntley project is shown on the map in Exhibit B.

The Wynden/Huntley Project has an estimated total cost of \$5,500,000. It is expected that the developer will bear fifty percent of this cost as a non-project cost; thus the estimated project cost payable by the Uptown TIRZ is \$2,750,000 plus financing costs.

The Wynden/Huntley Project is planned to be a private/public partnership. The key points are as follows:

- The Developer will fund the total cost of the Wynden/Huntley Project;
- The Uptown TIRZ will reimburse the Developer for fifty-percent (50%) of the total cost of the Project plus interest from the Tax Increment generated in the Annexed Area; and
- The Uptown TIRZ and the UDA will manage the design and construction of the Wynden/Huntley Project.

This Second Amendment also provides for the acquisition and development of parks and public space (the "Park Project") within the original Uptown TIRZ boundaries to be added to the Plan's list of proposed improvements and estimated project costs of the Local Mobility Improvement Program. The proposed location of the Park Project is shown on the map in Exhibit A.

The Park Project will be a cooperative effort by several entities. The Uptown TIRZ will pay a maximum of \$2,500,000 or thirty percent (30%) of the cost of the Park Project, whichever is less. The remainder of the purchase price will be paid by other public and/or private entities and is a non-project cost.

One-third of the tax increments of the Uptown TIRZ, including tax increments generated in the Annexed Area, will be used to provide affordable housing as required by Chapter 311 of the Tax Code. As permitted by Chapter 311, Tax Code, the affordable housing improvements may be located inside or outside the Uptown TIRZ. Due to the inclusion

of the Annexed Area, this Second Amendment increases the total estimated affordable housing project costs by \$2 million.

A portion of the tax increments of the Uptown TIRZ, including tax increments generated in the Annexed Area, will be used to provide for the City's administration of the Uptown TIRZ, pursuant to the "Tri-Party Agreement" between the City, the Uptown TIRZ and the Uptown Development Authority. Due to the inclusion of the Annexed Area, this Second Amendment increases the total estimated administration costs by \$750,000.

Financial Plan / Economic Feasibility Study:

A review of forecast development in the Annexed Area found that, at build out, the private improvements will be valued at \$459,000,000. A conservative estimate of the value over the next five to ten years is placed at \$203,900,000. Refer to Exhibit E for more detailed information. The projected tax increment generated on this conservative estimate of value in the Annexed Area is sufficient to support the Wynden/Huntley Project.

Tax increment generated in the original area of the Uptown TIRZ is sufficient to support the Park Project.

Other Project Plan Provisions:

Reinvestment Zone Duration: When initially created by the City on July 7, 1999, the term of the Uptown TIRZ was established at 30 years. No change is proposed to the existing zone duration.

City Participation in the Annexed Area: The duration of the City's participation in the Annexed Area of the Uptown TIRZ shall be until the tax increment revenue deposited into the tax increment fund of the Uptown TIRZ by the City from the City's full tax rate levied against the captured appraised value in the Annexed Area and made available to the Local Mobility Improvement Program has equaled \$3,620,000, exclusive of City administration costs and affordable housing project costs as defined in the Uptown TIRZ's and UDA's Tri-Party Agreement with the City. At that time, the City shall no longer participate in the Annexed Area.

Estimated Bonded Indebtedness: The Plan estimates the use of \$205 million in bond proceeds for the Local Mobility Improvement Program. This Second Amendment increases this estimate of bonded indebtedness for the projects described herein by \$5 million.

Relocating Persons: No displacement or relocation of residents is anticipated based on the implementation of this Second Amendment.

Municipal Ordinances: No changes to City codes or ordinances are proposed in this Second Amendment to the Plan.

Sources of Revenue / Taxing Jurisdiction Participation: This Second Amendment assumes no participation in the Annexed Area by HISD and the City's participation in the Annexed Area is limited as previously described.

Timing of Project Costs and Monetary Obligations: The project costs of the Wynden/Huntley Project and the Park Project will be paid in conjunction with the payment of the other project costs described in the Plan, and bonds, notes or other obligations may be issued accordingly.

Methods of Financing: No changes to the methods of financing described in the Plan are made by this Second Amendment.

Current Total Appraised Value: The base year value for the Annexed Area is the certified appraised value as of January 1, 2008. A current estimate of the base year value is shown on the chart in Exhibit G.

Estimated Captured Appraised Value: An estimate of the captured appraised value of the Annexed Area during each year of the Uptown TIRZ's existence is shown on the chart in Exhibit G.

Exhibit A

City of Houston TIRZ #16 - Uptown Houston
Current and Proposed Boundaries

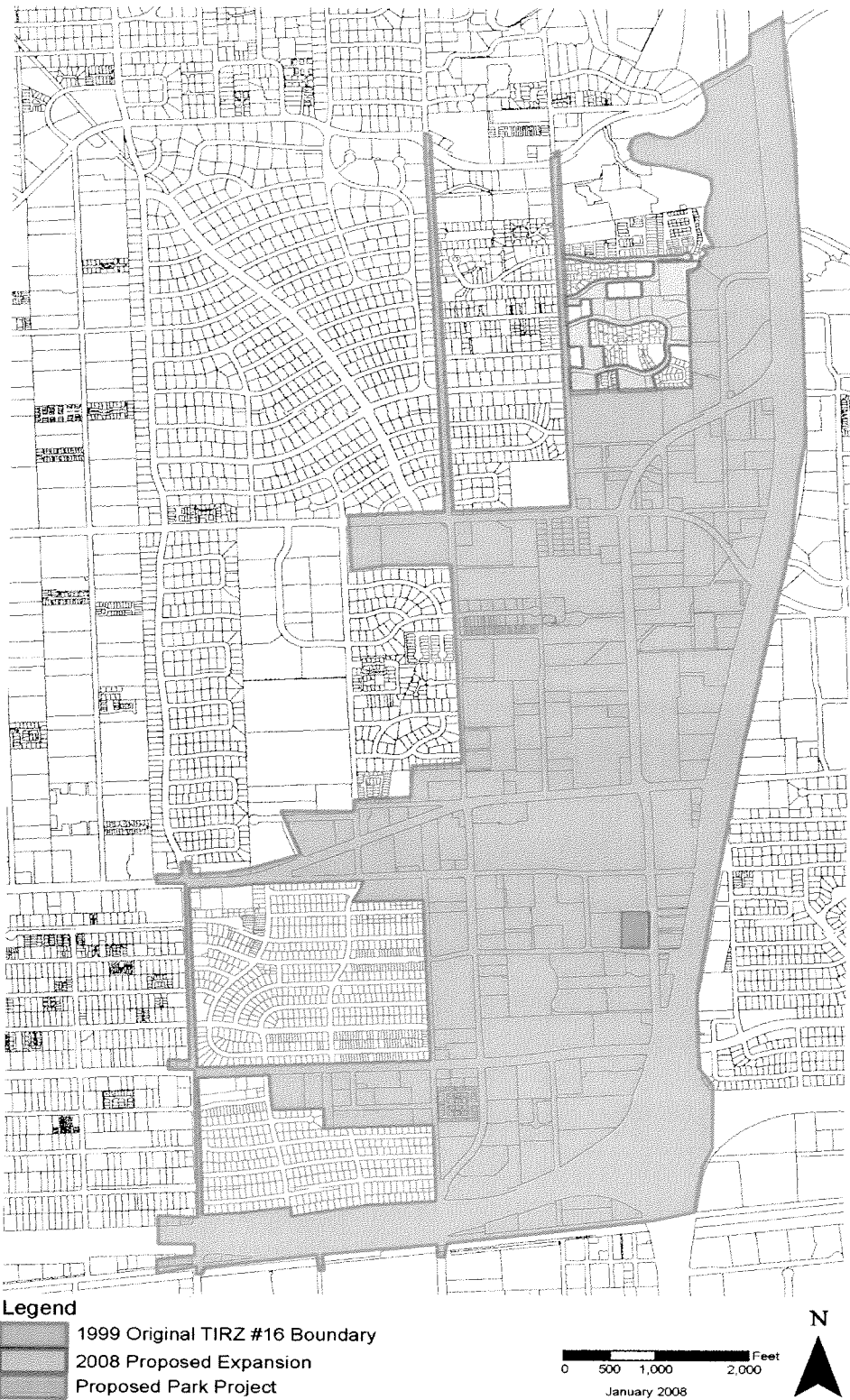


Exhibit B

City of Houston TIRZ #16 - Uptown Houston Current and Proposed Boundaries - DETAIL

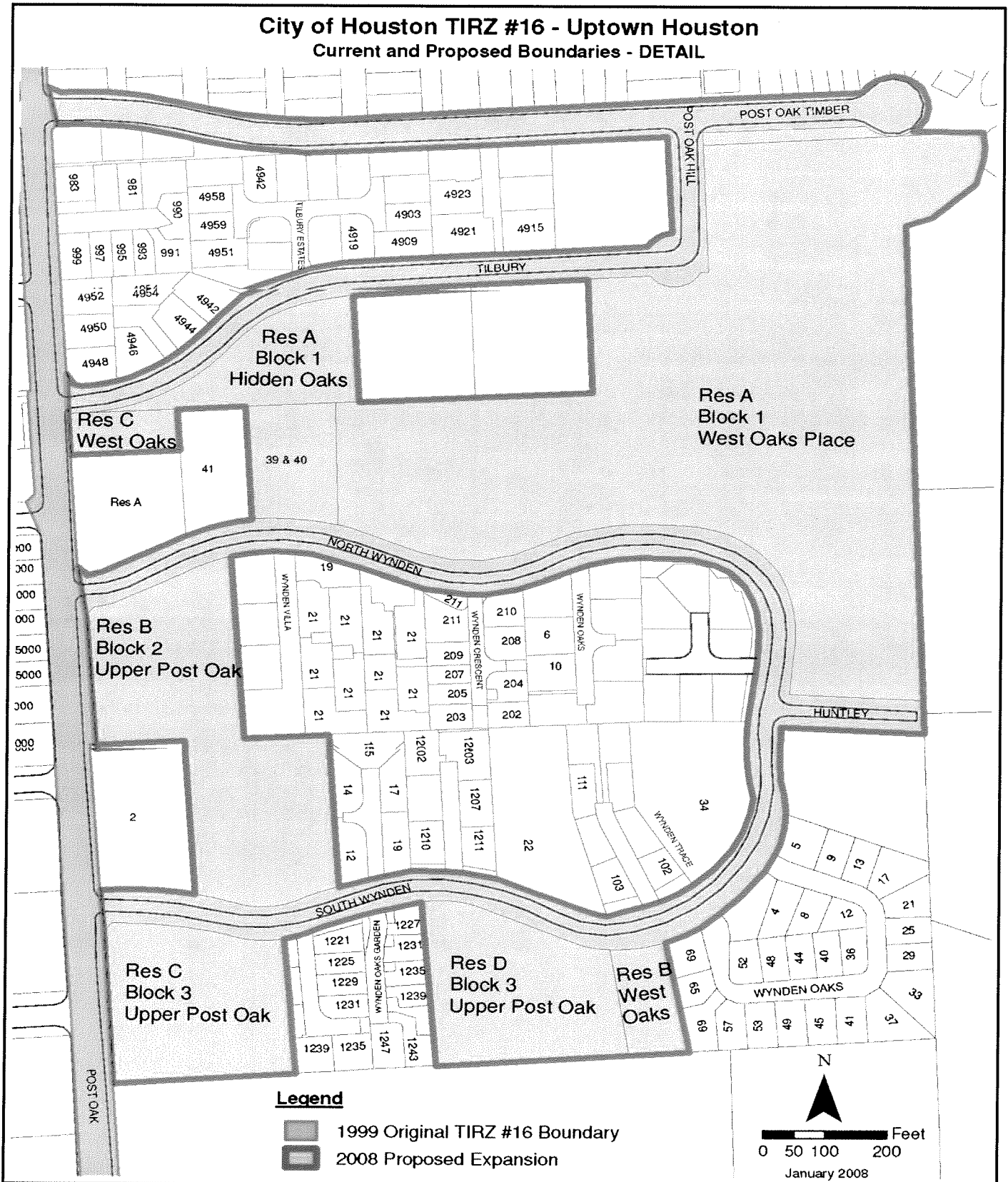


Exhibit C Existing and Projected Uses In the Annexed Area

The tracts identified below correlate to the tracts shown on the map in Exhibit B and thus identify the existing and projected uses of the tracts on the map in Exhibit B.

Tract Description	Existing Use¹	Projected Use
Reserve A Block 1, Hidden Oaks	Residential	Residential
Reserve C, West Oaks	Residential	Residential
Tracts 39 & 40	Residential	Residential
Reserve A, Block 1, West Oaks Place	Residential	Residential / Office
Reserve B, Block 2, Upper Post Oak	Parking Lot/ Residential	Residential
Reserve C, Block 3 Upper Post Oak	Residential	Residential
Reserve D, Block 3 Upper Post Oak	Residential	Residential
Reserve B West Oaks	Cemetery	Cemetery

¹ The tracts labeled "residential" are occupied by a house having fewer than five living units; however in one instance the house is used for commercial purposes as an office and in other instances the houses are vacant.

Exhibit D
Cost Estimate
North / South Wynden and Huntley Construction

Infrastructure Costs: Roadway and Utility Costs		
Huntley	\$2,883,277	
N/S Wynden	\$465,804	
Subtotal		\$3,349,081
Landscaping Costs: Streetscape Schematic Design Costs		
Huntley + N/S Wynden	\$1,234,072	
Subtotal		\$1,234,072
Project Cost		\$4,583,154
Contingency		\$916,846
Total Estimated Project Cost		\$5,500,000

Exhibit E Development Forecast

Over the next ten years, developers have indicated that they intend to make significant investment in the Annexed Area. The projected value of the ultimate build-out scenario is \$459,000,000.

The table below describes a conservative development forecast based upon a portion of their development programs. **The total estimated additional valuation is \$203,900,000.**

Development	Description	Estimated Value	Estimated Opening Date
<i>Developer A</i>			
Phase 4	54,000 sf office, 4 floors	\$ 8,100,000	November 2009
Phase 1A	162 residential units, 28 floors	\$ 72,900,000	September 2011
Phase 1B	162 residential units, 28 floors	\$ 72,900,000	July 2014
<i>Developer B</i>			
Tract 27	100 residential units, 20 floors	\$ 50,000,000	December 2010

Exhibit F

Estimated City Tax Increment Participation In the Annexed Area

As described in this Second Amendment, the City will participate in the Annexed Area of the Uptown TIRZ by contributing \$3,620,000 to the Uptown TIRZ Local Mobility Improvement Program. This is the estimated amount of funds necessary for the Wynden/Huntley Project based upon the following assumptions: (i) the Developer will pay the Total Costs of the Wynden/Huntley Project; (ii) the Uptown TIRZ will reimburse the Developer for fifty percent (50%) of the Total Cost of the Wynden/Huntley Project plus interest at the rate of 4.5% from the tax increment generated in the Annexed Area; (iii) interest will not be paid for a period of more than seven (7) years. Using these assumptions, in addition to assumptions about the rate and value of development in the Annexed Area, the City's participation would be complete in 2017. However, this is a projection only and the City's participation will continue until the contribution of \$3,620,000 is actually made. These assumptions and this projection do not limit the ability of the Uptown TIRZ to pay for or finance the Wynden/Huntley Project, but merely serve as a method for calculating the City's participation in the Annexed Area.

Payment Date	Available TIRZ Increment²	Total Payment (P&I)	Outstanding Balance After Payment
01-Jul-09	\$0	\$0	\$3,619,880
01-Jul-10	\$34,165	\$34,165	\$3,585,715
01-Jul-11	\$238,677	\$238,677	\$3,347,038
30-Jun-12	\$539,078	\$539,078	\$2,807,960
30-Jun-13	\$548,497	\$548,497	\$2,259,463
30-Jun-14	\$558,058	\$558,058	\$1,701,405
30-Jun-15	\$863,250	\$863,250	\$838,155
29-Jun-16	\$877,531	\$838,155	\$0
29-Jun-17	\$892,027	\$0	\$0
Total		\$3,619,880	

² "Available TIRZ Increment" is net of funds used for Affordable Housing Project Costs and City administrative costs, as described in this Second Amendment.

Exhibit G
Projected Captured Appraised Value and Tax Increment
In the Annexed Area

Year	Base Year Value	Current Year Appraised Value	Captured Appraised Value	Total City Tax Increment	City Administrative Costs	Affordable Housing Project Costs	Local Mobility Improvement Program
2008	\$21,924,075	\$21,924,075	\$ -	\$ -	\$ -	\$ -	\$ -
2009	\$21,924,075	\$30,352,936	\$8,428,861	\$53,945	\$2,697	\$17,082	\$34,165
2010	\$21,924,075	\$80,808,230	\$58,884,155	\$376,859	\$18,843	\$119,339	\$238,677
2011	\$21,924,075	\$154,920,354	\$132,996,279	\$851,176	\$42,559	\$269,539	\$539,078
2012	\$21,924,075	\$157,244,159	\$135,320,084	\$866,049	\$43,302	\$274,249	\$548,497
2013	\$21,924,075	\$159,602,821	\$137,678,746	\$881,144	\$44,057	\$279,029	\$558,058
2014	\$21,924,075	\$234,896,864	\$212,972,789	\$1,363,026	\$68,151	\$431,625	\$863,250
2015	\$21,924,075	\$238,420,317	\$216,496,242	\$1,385,576	\$69,279	\$438,766	\$877,531
2016	\$21,924,075	\$241,996,621	\$220,072,546	\$1,408,464	\$70,423	\$446,014	\$892,027
2017	\$21,924,075	\$245,626,571	\$223,702,496	\$1,431,696	\$71,585	\$453,370	\$906,741
2018	\$21,924,075	\$249,310,969	\$227,386,894	\$1,455,276	\$72,764	\$460,837	\$921,675