

City of Houston, Texas, Ordinance No. 2008-976

AN ORDINANCE APPROVING THE SECOND AMENDMENT OF THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER NINETEEN, CITY OF HOUSTON, TEXAS (UPPER KIRBY ZONE); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

City Ordinance No. 1999-767 adopted July 21, 1999, the City Council of the City of Houston, Texas (the "City") created Reinvestment Zone Number Nineteen, City of Houston, Texas (the "Zone") pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Code") for the purposes of development and redevelopment in the area of the City generally referred to as the Upper Kirby area; and

WHEREAS, the Board of Directors of the Zone adopted, and the City approved, by Ordinance No. 1999-773, the Project Plan and Reinvestment Zone Financing Plan for the Zone (the "Plans");

WHEREAS, Chapter 311 of the Code authorizes the Board of Directors of the Zone to adopt an amendment to the Plans, which amendment becomes effective upon approval by the City Council; and

WHEREAS, the Board of Directors of the Zone adopted and recommended the first Amended Project Plan and Reinvestment Zone Financing Plan for the Zone which the City Council approved on January 31, 2007 by Ordinance No. 2007-140; and

WHEREAS, the Board of Directors of the Zone, at its September 24, 2008 board meeting, considered and adopted another set of proposed amendments to the Plans (the "Second Amendment"), and recommended the Second Amendment for approval by the City Council; and

WHEREAS, before the Board of Directors of the Zone may implement the Second Amendment, the City Council must approve the Second Amendments; 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 October 29, 2008; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Second Amendment and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Second Amendment and the concept of tax increment financing; and

WHEREAS, the City desires to approve the Second 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 Amendment. That the Second Amendment is hereby approved and adopted and the Plans are hereby amended as follows:

- A. By substituting the title page (unnumbered page) attached hereto as Exhibit "A" for the title page (unnumbered page) in the Plans;
- B. By substituting page 2-R2 attached hereto as Exhibit "B" for page 2 in the Plans;
- C. By substituting page 6-R2 attached hereto as Exhibit "C" for page 6 in the Plans;
- D. By substituting page 16-R2 attached hereto as Exhibit "D" for page 16 in the Plans;
- E. By substituting pages 21-R2 through 24-R2 attached hereto as Exhibit "E" for pages 21, 22, 23R, and 24R in the Plans; and
- F. By substituting pages 28-R2 through 33-R2 attached hereto as Exhibit "F" for pages 28, 29, 30R, 31R, 32R, and 33R in the Plans.

The Second 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 Second Amendment.

Section 3. 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 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 that sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, 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

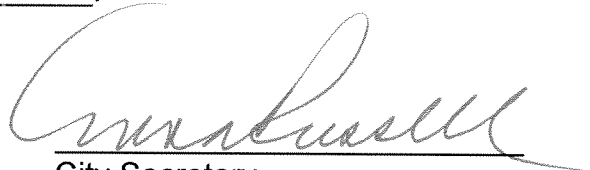
its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 5th day of November, 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 OCT 1 1 2008.



City Secretary

(Prepared by Legal Dept. Donna R. Capps ^{for DFM})
(DRC:drc 10/22/08) Assistant City Attorney
(Requested by Michelle Mitchell, Director, Finance Department)
(L. D. File No. 0619900057032)

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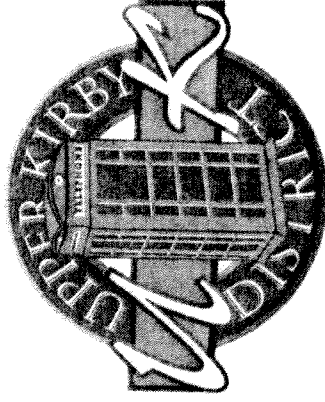
CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: OCT 1 1 2008

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

EXHIBIT "A"

TAX INCREMENT REINVESTMENT ZONE NUMBER NINETEEN,
CITY OF HOUSTON
(UPPER KIRBY ZONE)

AMENDED PROJECT PLAN AND REINVESTMENT ZONE
FINANCING PLAN (SECOND AMENDMENT)



Amended By:
GUNDA CORPORATION, INC.

September 24, 2008

Original Document Prepared By:
Hawes, Hill & Patterson Consultants, L.L.P.

On Behalf of:
UPPER KIRBY REDEVELOPMENT AUTHORITY

EXHIBIT "B"

VII.	THE CURRENT TOTAL APPRAISED VALUE OF TAXABLE REAL PROPERTY IN THE ZONE	33
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EXHIBIT "C"

c. Inadequate or absent infrastructure.

Certain areas within the Zone are subject to extreme street flooding. This is due to an inadequate storm sewer system. This flooding impedes traffic flow and causes congestion.

d. Unsanitary or unsafe conditions, and conditions that endanger life or property by fire or other cause.

Unsafe conditions exist because of the extreme traffic congestion. Pedestrian and vehicular traffic are at risk because of an inadequate sidewalk-mobility system, overburdened intersections, lack of safe pedestrian crossings, continued storm sewer flooding, unsanitary and unsafe conditions at Levy Park. Also, continued and extreme traffic congestion impairs emergency vehicle access within the Zone, resulting in increased risk to life and property.

2. The property in the Upper Kirby Zone will not reach its highest and best uses because of the prevailing conditions. Thus, continued development in the zone will not occur solely through private investment in the reasonably foreseeable future. The infrastructure improvements in this Plan will significantly enhance the value of all taxable real property in the Zone and will be of general benefit to the City.

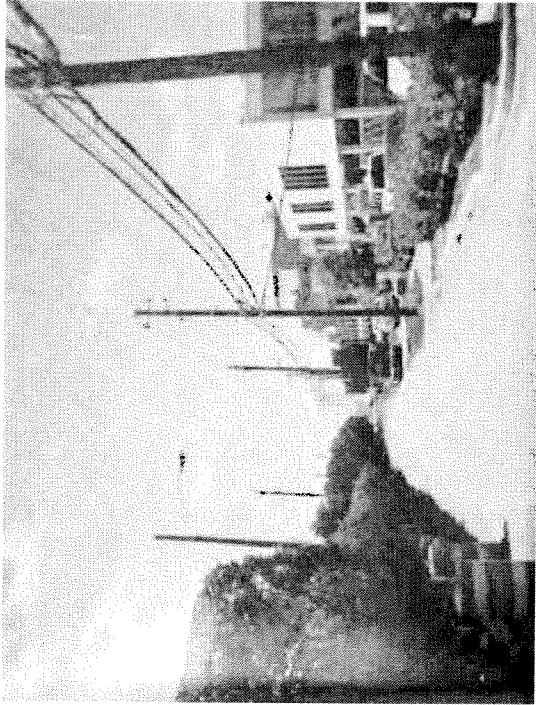
In summary, the area is subject to the following problems:

- extreme traffic congestion
- deficient traffic infrastructure
- deficient storm sewer infrastructure
- inadequate or absent sidewalk infrastructure
- limited secondary street network that does not provide assistance in alleviating traffic problems
- lack of pedestrian and vehicular health safety and welfare
- substandard and underutilized park that is a haven for homeless
- lack of community facilities within the Zone

All of these issues hamper this community's ability to compete in the marketplace.

EXHIBIT "D"

The following pictures show narrow secondary streets that do not support traffic flow and are absent of sidewalks and adequate storm drainage.



Inadequate Community Facilities

Currently there is no community civic complex in the Upper Kirby District and surrounding urban neighborhoods where families and individuals of all ages can congregate, where nonprofits have room to provide much needed services and where citizens can go for community-based initiatives. The nearest City of Houston Community Center is the River Oaks facility, a 1,922 square-foot, two-room building that is closed on the weekends.

The construction of the Upper Kirby Civic Complex will ameliorate the condition by providing community facilities. It will expand Levy Park from a 5.2 acre City of Houston park to a 10.5 acre site. The complex will provide Houston's inner city urban neighborhoods with expanded recreational opportunities for all ages. The theater, community meeting space and plaza will be utilized by arts groups and local schools as well as a venue for lectures and civic forums.

EXHIBIT "E"

IV. STATEMENT OF METHOD OF RELOCATING PERSONS TO BE DISPLACED AS A RESULT OF IMPLEMENTING THE PLAN

This Zone Project Plan calls for the redevelopment of existing properties. 2903 Richmond Avenue, 2925 Richmond Avenue, and 3700 Wakeforest Street are properties that will ultimately become the new Upper Kirby Civic Complex. The 2903 and 2925 Richmond properties are vacant buildings. As such, no displacement of property owners and or residents from these properties is anticipated. The 3700 Wakeforest property is a 101 unit apartment complex constructed in 1963. 99 units are currently temporarily occupied pursuant to a phase-out plan already imposed by the existing property owner. Under the plan, the remaining tenants have agreed to relocate within 1 to 4 months (depending on the size of the unit) after the receipt of written notice from the existing property owner. All tenants are given free rent for at least one month.

REINVESTMENT ZONE FINANCING PLAN

I. A DETAILED LIST DESCRIBING THE ESTIMATED PROJECT COSTS OF THE ZONE, INCLUDING ADMINISTRATIVE EXPENSES

Table A lists the estimated project costs for the Zone. It is anticipated that the infrastructure improvement costs will include financing costs associated with the projects. Line item amounts may be adjusted with approval of the Zone Board of Directors, as long as total infrastructure project costs do not exceed the Financing Plan Budget.

It is anticipated that the Houston Independent School District (HISD) will expend approximately \$5.6 million for education related project costs. As provided for in Chapter 311, Texas Tax Code and its participation agreement between the City, Upper Kirby Zone and HISD, the District may expend one-third of its total tax participation for educational purposes.

Table A
Upper Kirby Zone Project Costs

Non-Education Project Costs	Estimated Costs	Costs through 06/30/08	Remaining Costs
I. Utility System Improvements			
Storm Drainage Improvement	\$ 30,600,000	\$ 647,194	\$ 29,952,806
Subtotal	\$ 30,600,000	\$ 647,194	\$ 29,952,806
II. Traffic Mobility Improvements			
Traffic Operational improvements	\$ 880,000	\$ 300,000	\$ 580,000
Pedestrian Improvements	\$ 1,250,000	\$ 50,000	\$ 1,200,000
Street Paving Projects	\$ 37,000,000	\$ 982,500	\$ 36,017,500
Subtotal	\$ 39,130,000	\$ 1,332,500	\$ 37,797,500
III. Public Recreation/Public Service Improvements			
Levy Park Improvements	\$ 950,000	\$ 933,167	\$ 16,833
Upper Kirby Wayfinding Project	\$ 100,000	\$ 100,363	\$ 0
Urban Corridor Improvements	\$ 5,870,000	\$ 0	\$ 5,870,000
Upper Kirby Civic Complex	\$ 12,400,000	\$ 0	\$ 12,400,000
Subtotal	\$ 19,320,000	\$ 1,033,530	\$ 18,286,833
IV. Other Costs			
Operations for duration of Zone (15 Years)	\$ 1,590,529	\$ 641,916	\$ 948,613
Zone Creation	\$ 210,000	\$ 206,742	\$ 0
Financing Costs*	\$ 4,600,000	\$ 0	\$ 4,600,000
Subtotal	\$ 6,400,529	\$ 848,658	\$ 5,548,613
Total Non-Education Project Costs	\$ 95,450,529	\$ 3,861,882	\$ 91,585,752
Education Project Costs			
Costs associated with the construction/reconstruction of educational facilities	\$ 5,572,812	\$ 2,709,555	\$ 2,863,257
Total Education Project Costs	\$ 5,572,812	\$ 2,709,555	\$ 2,863,257
TOTAL	\$ 101,023,341	\$ 6,571,437	\$ 94,449,009

*Financing Costs shown are approximate only. Actual financial costs may vary significantly depending upon market conditions and project financing requirements.

II. STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

Non-Education Project Costs

1. Decrease occurrence of flooding in the area
 - Replace 5 non-functional inlets in the project area.
 - Construct storm sewer trunk lines along Kirby, Richmond, Westheimer, Greenbriar and Shepherd.
 - Construct laterals along the neighborhood streets to feed in to the trunkline.
2. Improve traffic flow
 - Reconstruct Kirby Drive as a six-lane divided roadway to the current City of Houston standards.
 - Widen Buffalo Speedway to a six-lane facility from US 59 to Bissonnet.
 - Reconstruct Wakeforest from Richmond to US 59 as a collector street to current City of Houston Standards.
 - Construct eastbound right turn lane and improve existing left-turn bays at Richmond/Weslayan intersection.
 - Optimize traffic signal timing in the project area. Improve existing turn lanes and add turn lanes at critical locations.
 - Approximately 10,850 feet of sidewalks will be constructed to facilitate safe walking experience for pedestrians.
3. Improve and provide additional public recreation and service facilities
 - Renovate City of Houston Levy Park with new facilities
 - Wayfinding signs help drivers with directions
 - Acquire property for Upper Kirby Civic Complex

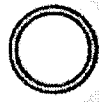
Education Project Costs

1. Provide for the construction/reconstruction of educational facilities.

The following maps show the location of the public works for the Zone.

EXHIBIT "F"

UPPER KIRBY CIVIC COMPLEX



III. ECONOMIC FEASIBILITY STUDY

In 1998, the District commissioned the urban planning firm of Hawes Hill & Patterson Consultants to complete a Master Plan for the entire District. The Master Plan and Opportunities Study (attached) describes the existing conditions of the district and formulates an action plan to implement the visions for this community. In addition, funding mechanisms are identified.

As part of the master planning process, a series of developer roundtable discussions were held with property owners, developers, property managers and others. Public officials, including State Representative Debra Danburg, City Councilwoman Martha Wong and representatives from the City Planning Department Neighborhood Services Division also attended the meetings. Public discussion centered around improvements needed to public works/infrastructure, traffic, beautification/aesthetics, quality of life, development incentives that would maximize the improvement of the area, and accomplish the vision for the future of the community. The District Master Plan and Opportunities Study is attached as Appendix A.

IV. THE ESTIMATED AMOUNT OF BONDED INDEBTEDNESS TO BE INCURRED

No bonded indebtedness is anticipated to be incurred by the Zone or Authority. However, short-term financing will be required. The methods of financing are described in Section VI.

V. THE TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS ARE TO BE INCURRED

The time when related costs or monetary obligations are to be incurred is a function of the availability of Zone revenues. Schedule C shows the time when Zone funds are expected to be available to pay project costs.

VI. DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS, INCLUDING THE PERCENTAGE OF TAX INCREMENT TO BE DERIVED FROM THE PROPERTY TAXES OF EACH TAXING UNIT THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE

Description of the methods of financing:

Short-term commercial bank financing will be used to pay for project costs using pledge of future tax increment revenues and assets of the Authority. Additional funds are anticipated from the City of Houston and federal grants for co-participation on some of the projects.

Sources of Tax Increment Revenue:

The purpose of the Zone is to provide the necessary public improvements to support and sustain new and existing development. Table B below shows the Tax Increment Revenue through tax year 2007. Table C shows the projected Tax Increment Revenue from 2008 through 2014.

Table B
Previous Tax Increment Revenue

Tax Year	Projected Increased Taxable Valuation	Total Non-Education TIRZ Collections
1999	\$0	\$0
2000	\$105,799,480	\$692,630
2001	\$166,462,110	\$1,089,747
2002	\$193,614,240	\$1,267,002
2003	\$237,578,480	\$1,552,405
2004	\$252,919,440	\$1,636,086
2005	\$301,305,018	\$1,881,511
2006		\$3,242,734
2007		\$4,631,294
Total Collections		\$15,993,409

Table C below shows the projected assessed valuations during the development/build-out period and depicts the Zone revenue schedule with City and Houston Independent School District (HISD).

Table C
Tax Increment Revenue Schedule

Tax Year	Taxroll	1999 Base Taxroll	Projected Increased Taxable Valuation	Dedicated City Tax Rate	Dedicated HISD Tax Rate	Non-Education City TIRZ Collections	Non-Education HISD TIRZ Collections	Education HISD TIRZ Collections	City Admin Fee	Total Non-Education TIRZ Collections
2008	1,463,338,135	683,628,290	\$779,709,845	\$0.6375	\$0.960	\$4,970,650	\$777,184	\$388,592	\$273,533	\$5,474,302
2009	1,614,188,351	683,628,290	\$930,560,061	\$0.6375	\$0.960	\$5,932,320	\$777,184	\$388,592	\$321,616	\$6,387,888
2010	1,869,826,827	683,628,290	\$1,186,198,537	\$0.6375	\$0.960	\$7,562,016	\$777,184	\$388,592	\$403,101	\$7,936,099
2011	2,064,969,034	683,628,290	\$1,381,340,744	\$0.6375	\$0.960	\$8,806,047	\$777,184	\$388,592	\$465,302	\$9,117,929
2012	2,157,892,641	683,628,290	\$1,474,264,351	\$0.6375	\$0.960	\$9,398,435	\$777,184	\$388,592	\$494,922	\$9,680,697
2013	2,254,997,809	683,628,290	\$1,571,369,519	\$0.6375	\$0.960	\$10,017,481	\$777,184	\$388,592	\$525,874	\$10,268,791
2014	2,356,472,711	683,628,290	\$1,672,844,421	\$0.6375	\$0.960	\$10,664,383	\$777,184	\$388,592	\$558,219	\$10,883,348
Total Collections						\$57,351,333	\$5,440,288	\$2,720,144	\$3,042,567	\$59,749,054

Note: Estimated taxbase increase due to Gables & 2727 Kirby Developments is \$85M for TY 2009, \$183M for TY 2010 and \$111M for TY 2011.

Assumed 4.5% growth in taxroll per year

Table D
Percentage of Increment Dedicated to the Zone

TAXING UNIT	DEDICATED TAX RATE	% OF TOTAL PARTICIPATION
City of Houston	\$0.6450/\$100 valuation	40%
Houston I.S.D.	\$0.9600/\$100 valuation	60%
TOTAL	\$1.6050/\$100 valuation	100%

VII. THE BASE APPRAISED VALUE OF TAXABLE REAL PROPERTY IN THE ZONE

The base appraised value in the Zone is approximately \$ 683,628,290. The current appraised value in the Zone is approximately \$1,463,338,135.

VIII. THE ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE

Current development plans will add another \$268M in the Years 2009 and 2010. An increase of 4.5% per year is assumed to count for increased property values. Table C shows the annual captured appraised value of these new improvements or increases in value of pre-existing property during the build-out period.

IX. DURATION OF THE ZONE

The duration of the Zone is 15 years. The termination date of the Zone is December 31, 2014.