

City of Houston, Texas, Ordinance No. 2011 - 977

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF THE FIFTH WARD REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER EIGHTEEN, CITY OF HOUSTON, TEXAS (FIFTH WARD ZONE); APPROVING THE FISCAL YEAR 2012 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2012-2016 CAPITAL IMPROVEMENT PROJECTS BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the Fifth Ward Redevelopment Authority ("Authority"), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Eighteen, City of Houston, Texas ("Zone"), has submitted an Operating Budget for Fiscal Year 2012 ("Operating Budget") and a five-year Capital Improvement Projects Budget for Fiscal Years 2012-2016 ("CIP Budget," and, collectively with the Operating Budget, "Budgets") to the City Council for approval pursuant to an interlocal agreement among the City, the Authority, and the Zone approved by Ordinance No. 2007-849 on July 18, 2007 ("Tri-Party Agreement"); and

WHEREAS, the City designated the Zone on July 21, 1999 by Ordinance No. 99-766, as amended by Ordinance No. 2001-404 approved on May 9, 2001, over a certain area within the City ("Original Area") and annexed additional area into the Zone by Ordinance No. 2008-765 approved on September 3, 2008 ("Annexed Area"); and

WHEREAS, the Budget is based on the following revenue assumptions:

1. The Tax Year 2011 Projected Captured Appraised Value of \$24,924,854.00 which is based on the most current certified property tax roll of the Harris County Appraisal District property values in the Zone as of April 15, 2011; and

2. The tax increment is calculated based on applying the following to the Captured Appraised Value:

a. a City tax rate of \$0.63875/\$100 appraised value of property in the Zone; and

b. an Houston Independent School District ("HISD") tax rate of \$0.96/\$100 appraised value of property in the Original Area which reflects the HISD participation rate specified in the interlocal agreement among HISD, the City, and the Zone approved by Ordinance No. 1999-913 ("HISD Agreement"); and

3. The tax increment is calculated based on applying the following to the Captured Appraised Value:

a. a City tax collection rate of 82.5% in the Original Area;

b. a City tax collection rate of 95.0% in the Annexed Area;

c. an HISD tax collection rate of 83.3% in the Original Area; and

WHEREAS, the Budgets are also based on the following assumptions:

1. Capital improvements for Fiscal Years 2012-2016 include approximately \$650,000.00 for land acquisition required for the construction of affordable housing and project funding for the Deluxe Theater; and

2. The timely implementation of capital improvement projects in the Budget may require the Authority to incur debt; and

3. Amounts will be paid from the HISD Tax Increment Participation in the manner prescribed by the HISD Agreement; and

4. The type and amount of coverage for all forms of insurance will be reasonable and appropriate according to the circumstances of the Zone, and the Zone and the Authority will pursue the most cost-effective means of obtaining coverage, including but not limited to, competitive bidding; and

5. One-third (1/3) of all tax increments paid by the City into the Tax Increment Fund of the Zone will be used for the provision of affordable housing; and

6. The Authority may receive grants from the state and federal agencies during Fiscal Year 2012, and may receive grants from other sources, which may require the Authority to pay a local match; and

WHEREAS, the City Council desires to approve the Budgets; **NOW, THEREFORE,**
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the City Council takes cognizance of the fact that in order to implement the Project Plan and Reinvestment Zone Financing Plan for the Zone, and to make adjustments occasioned by events transpiring during the year, the Authority may need to transfer funds from one Line Item of Project Costs shown on Exhibit "A" to another.

Unless approved by the City Council, the Authority may only transfer funds: (1) as needed for Debt Service; and (2) from one Line Item of Project Costs to another, provided that the aggregate of such transfers does not exceed the lesser of Four Hundred Thousand Dollars (\$400,000) or five percent (5%) of the Project Costs during Fiscal Year 2012. Subject to

the foregoing, the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Authority.

Section 3. That the CIP Budget attached hereto as Exhibit "B" is hereby approved for the Zone.

Section 4. That one-third (1/3) of the tax increments paid by the City into the Tax Increment Fund of the Zone shall be returned annually to the City for the provision of affordable housing.

Section 5. That the Authority is authorized to spend any grant money not reflected in the Budget that it receives during Fiscal Year 2012 in the manner prescribed by law. In the event that the Authority is required to pay a matching share of any such grant, the Authority, after consultation with and approval by the Director of the City's Finance Department, may spend an amount not to exceed ten percent (10%) of the Budget for such match.

Section 6. That the Director of the Finance Department is directed to assist the Authority in identifying a cost-efficient method for financing public infrastructure consistent with financing principles used by the City.

Section 7. That not later than the end of Fiscal Year 2013, the Director of the City's Finance Department (or any successor with the responsibility of preparing a budget for the Zone) shall determine the amount of money necessary to (1) complete and pay for the estimated costs of all projects listed in the Project Plan and Reinvestment Zone Financing Plan of the Zone; (2) pay any tax increment bonds or notes issued for the Zone; and (3) pay any other obligations of the Zone. If the Director's analysis shows that more revenues will be available than necessary to make the payments described in the

preceding sentence, the Director shall initiate the process to reduce the portion of the tax increment produced by the City and paid into the Tax Increment Fund of the Zone pursuant to applicable law.

Section 8. That not later than March 31, 2012, the Zone and the Authority shall, in cooperation with City representatives: (1) identify surplus funds in the Authority's Fiscal Year 2012 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2012 Operating Budget for the Authority approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable to development and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts established by the City or may provide for direct payment by the Authority for the purpose. The Zone and the Authority shall consider amendments to the Zone Project Plan and Reinvestment Zone Financing Plan that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 9. That the approval of these Budgets is contingent upon receipt by the Director of the Finance Department of a document signed by the Administrator of the Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than \$1,000.00
Category II	At least \$1,000.00 but less than \$10,000.00
Category III	At least \$10,000.00 but less than \$50,000.00
Category IV	At least \$50,000.00 but less than \$100,000.00
Category V	At least \$100,000.00 but less than \$500,000.00
Category VI	At least \$500,000.00 but less than \$1,000,000.00
Category VII	\$1,000,000.00 or more

Section 10. 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 16th day of November, 2011

APPROVED this _____ day of _____, 2011

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is NOV 22 2011.



City Secretary

(Prepared by Legal Department
 (DRC:drc August 3, 2011)
 (Requested by Kelly Dowe, Director, Finance Department)
 (L.D. File No. 0619900061031)

Donna Capps *ch*
 Assistant City Attorney

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AYE	NO	
		ABSENT-OUT OF CITY CITY BUSINESS
		MAYOR PARKER
....	COUNCIL MEMBERS
✓		STARDIG
✓		JOHNSON
		ABSENT-OUT OF CITY ON PERSONAL BUSINESS
		GLUTTERBUCK
		ABSENT-OUT OF CITY CITY BUSINESS
		ADAMS
		ABSENT-CITY BUSINESS
		SULLIVAN
✓		HOANG
✓		PENNINGTON
✓		VICE MAYOR PRO TEM PRESIDING
		GONZALEZ
✓		RODRIGUEZ
✓		COSTELLO
✓		LOVELL
		ABSENT-OUT OF CITY ON PERSONAL BUSINESS
		NORIEGA
✓		BRADFORD
✓		JONES
CAPTION	ADOPTED	

EXHIBIT "A"

**Fiscal Year 2012 Operating Budget for
Fifth Ward Redevelopment Authority**

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET PROFILE

Fund Summary
 Fund Name: **Fifth Ward Redevelopment Authority**
 TIRZ: **18**
 Fund Number: **7566/64**

P R O J E C T I V E	Base Year:		1999
	Base Year Taxable Value:	\$	21,543,150
	Projected Taxable Value (TY2011):	\$	46,468,004
	Current Taxable Value (TY2010):	\$	47,113,509
	Acres:		498.97 acres
	Administrator (Contact):		Kathy Peyton Fifth Ward CDC
	Contact Number:		713-674-0175

N A R R A T I V E	Zone Purpose:
	To establish a framework and create conditions for redevelopment to occur that will stabilize a declining tax base, establish the basis for a consistency of land uses and strengthen the character of residential and commercial properties.
	Accomplishments in FY11 (Projects Underway):
	TIRZ 18 has completed the Housing Study and Supportive Services which act as a road map for development potential in the Fifth Ward and along the TIRZ boundaries. The findings were presented in a report February 2011. Members of the TIRZ 18 board solicited the support of HUD and other national departments to integrate the plans and outcomes of the study into a global plan for the 5th Ward that could increase funding opportunities and development for the area.
	At the end of fiscal year 2011, the TIRZ will have acquired approximately 20 parcels that will further development within the zone, reimburse the TIRZ at 100% of costs plus maintenance, and enhance the housing currently available within the zone and revenue generating projects outside the TIRZ to further support TIRZ activities.
	In conjunction with community partners, signature projects included in the study are already in the development or pre-development stages and a significant investment in land acquisition will continue to support retail development in the community.
When and where possible, TIRZ 18 will take advantage of opportunities outside of the Fifth Ward that will provide revenue opportunities to grow the TIRZ funding and promote the furtherance affordable housing and economic development.	
The HGAC, TIRZ 18 Bike and Pedestrian Study commenced with a kick-off meeting April 2011.	

		Cumulative Expenses		
		Total Plan	(to 6/30/10)	Variance
P R O J E C T I V E	Capital Projects:			
	Land Assemble & Historic Preservation	\$ 1,750,000		\$ 1,750,000
	Roadway/Sidewalk Construction	2,550,000	24,118	2,525,882
	Water/Sewer Construction	30,000	26,813	3,187
	Brownfield Remediation	500,000		500,000
	Demolition	400,000		400,000
	Parks/Recreation	800,000		800,000
	Gateway Improvements	300,000		300,000
	Streetscape/Landscaping/Lighting	350,000	51,730	298,270
	Bus Shelters	80,000		80,000
	Lyons Avenue Improvements	5,000,000	-	5,000,000
	Developer Reimbursement	1,500,000	-	1,500,000
	Total Capital Projects	\$ 13,260,000	\$ 102,661	\$ 13,157,339
	Affordable Housing	4,000,000		4,000,000
	Education Facilities	2,952,463	374,302	2,578,161
Financing Costs	6,100,000		6,100,000	
Administration & Creation Costs	1,620,000	552,331	1,067,669	
Total Project Plan	\$ 27,932,463	\$ 1,029,294	\$ 26,903,169	

	Additional Financial Data	FY2011 Budget	FY2011 Estimate	FY2012 Budget
	D E B T	<u>Debt Service</u>	\$ -	\$ -
Principal		\$ -	\$ -	\$ -
Interest		\$ -	\$ -	\$ -
		Balance as of 6/30/10	Projected Balance as of 6/30/11	Projected Balance as of 6/30/12
<u>Year End Outstanding (Principal)</u>				
Bond Debt			\$ -	\$ -
Bank Loan			\$ -	\$ -
Developer Agreement			\$ -	\$ -
Other			\$ -	\$ -

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
 Fund Name: Fifth Ward Redevelopment Authority
 TIRZ: 18
 Fund Number: 7566/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ 579,724	\$ 603,506	\$ 457,480
Beginning Fund Balance	\$ 579,724	\$ 603,506	\$ 457,480
City tax revenue	\$ 118,516	\$ 155,632	\$ 131,298
ISD tax revenue	\$ 188,606	\$ 220,256	\$ 183,551
County tax revenue	\$ -	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 307,122	\$ 375,888	\$ 314,849
Proceeds from Land Sales	\$ -	\$ 2,250	\$ 300,000
Miscellaneous revenue	\$ -	\$ 2,250	\$ 300,000
COH TIRZ Interest	\$ 809	\$ 809	\$ 812
Interest Income	\$ 3,212	\$ 3,212	\$ 3,212
Interest Income	\$ 4,021	\$ 4,021	\$ 4,024
	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -
Choice Neighborhood Planning Grant (HUD)			\$ 300,000
Houston/Galveston Area Council (HGAC) - Transit Study	\$ 75,000	\$ 75,000	\$ -
Grant Proceeds	\$ 75,000	\$ 75,000	\$ 300,000
	\$ -	\$ -	\$ -
Special assessment bond proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Proceeds from bank loan	\$ -	\$ -	\$ -
TOTAL AVAILABLE RESOURCES	\$ 965,867	\$ 1,060,665	\$ 1,376,353

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
 Fund Name: Fifth Ward Redevelopment Authority
 TIRZ: 18
 Fund Number: 7566/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
EXPENDITURES			
Accounting	\$ 6,000	\$ 6,000	\$ 6,000
Administration Consultant	\$ 16,900	\$ 16,900	\$ 16,900
Administration Salaries & Benefits	\$ 20,000	\$ 20,000	\$ 20,000
Auditor	\$ 5,500	\$ 5,500	\$ 5,500
Insurance	\$ 1,000	\$ 1,000	\$ 1,000
Office Expenses	\$ 6,000	\$ 6,060	\$ 6,000
Property Account Management	\$ 1,800	\$ 1,800	\$ 1,800
TIRZ Administration and Overhead	\$ 57,200	\$ 57,260	\$ 57,200
Affordable Housing and Choice Neighborhood Consultants	\$ 60,000	\$ 60,000	\$ 310,000
Legal	\$ 15,000	\$ 15,000	\$ 25,000
Construction Audit	\$ -	\$ -	\$ -
HUD Choice Neighborhood Planning Grant	\$ -	\$ -	\$ 37,500
HGAC Pedestrian and Transit Study Match	\$ 37,500	\$ 37,500	\$ 37,500
Program and Project Consultants	\$ 112,500	\$ 112,500	\$ 410,000
Management consulting services	\$ 169,700	\$ 169,760	\$ 467,200
Capital Expenditures (See CIP Schedule)	\$ 275,000	\$ 275,000	\$ 650,000
TIRZ Capital Expenditures	\$ 275,000	\$ 275,000	\$ 650,000
	\$ -	\$ -	\$ -
Developer/Project Reimbursements	\$ -	\$ -	\$ -
System Debt Service	\$ -	\$ -	\$ -
TOTAL PROJECT COSTS	\$ 444,700	\$ 444,760	\$ 1,117,200
Payment/transfer to ISD - educational facilities	\$ 63,061	\$ 73,766	\$ 61,532
Administration Fees:			
City	\$ 5,926	\$ 7,782	\$ 6,565
County	\$ -	\$ -	\$ -
ISD	\$ 25,000	\$ 25,000	\$ 25,000
Affordable Housing:			
City	\$ 39,505	\$ 51,877	\$ 43,766
ISD to City of Houston	\$ -	\$ -	\$ -
Transfer to Harris County	\$ -	\$ -	\$ -
Municipal Services (Payable to COH)	\$ -	\$ -	\$ -
Total Transfers	\$ 133,492	\$ 158,425	\$ 136,863
Total Budget	\$ 578,192	\$ 603,185	\$ 1,254,063
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ 387,675	\$ 457,480	\$ 122,291
Total Ending Fund Balance	\$ 387,675	\$ 457,480	\$ 122,291
Total Budget & Ending Fund Balance	\$ 965,867	\$ 1,060,665	\$ 1,376,353

Notes:

The TY10/FY11 Estimate for incremental property tax revenue and transfers from the City of Houston, all ISDs, Harris County, and Community Colleges is based on the Harris County Tax Office collections report dated April 2011.

The TY11/FY12 Budget for incremental property tax revenue and transfers is based on the TY10 Harris County Tax Office collections report dated April 2011 and the Harris County Appraisal District's tax year 2011 projections by property use category.

EXHIBIT "B"

**Fiscal Years 2012-2016 Capital Improvement Projects Budget for
Fifth Ward Zone**

2012 - 2016 CAPITAL IMPROVEMENT PLAN
 TIRZ No. 18 - Fifth Ward Redevelopment Authority
 CIP by Project

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Council District	CIP No.	Project	Fiscal Year Planned Appropriations										Cumulative Total (To Date)			
			Through 2009	Projected 2010	2011	2012	2013	2014	2015	FY11 - FY15 Total						
0	T-1801	LAND ACQUISITION - Affordable Housing	\$ -	\$ 275,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	400,000	675,000
0	T-1802	Deluxe Theater	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	250,000	250,000
Totals			-	275,000	650,000	-	-	-	-	-	-	-	-	650,000	925,000	

2012 - 2016 CAPITAL IMPROVEMENT PLAN
 TIRZ No. 18 - Fifth Ward Redevelopment Authority
 CIP by Sources of Funds

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Source of Funds	Fiscal Year Planned Appropriations										Cumulative Total (To Date)	
	Through 2009	Projected 2010	2011	2012	2013	2014	2015	FY11 - FY15 Total				
TIRZ No. 18												
TIRZ funds	-	275,000	650,000	-	-	-	-	-	-	-	650,000	925,000
Revenue bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from bank loan	-	-	-	-	-	-	-	-	-	-	-	-
Developer Advance/Reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
City of Houston	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Project Total	-	275,000	650,000	-	-	-	-	-	-	-	650,000	925,000

Project:	LAND ACQUISITION - Affordable Housing		City Council District		Key Map:		WBS.:		T-1801		
			Location: B, H		Geo. Ref.:						
			Served: B, H		Neighborhood: 55						
Description:	Conversion of vacant and deteriorating properties to Affordable Housing.										
Justification:	Lack of adequate Affordable Housing stock constrains the ability to develop and redevelop the neighborhood. Without assistance the community will continue to fall behind other sectors of the City.										
			Operating and Maintenance Costs: (\$ Thousands)								
			2012	2013	2014	2015	2016	Total			
Personnel			-	-	-	-	-	-	-		
Supplies			-	-	-	-	-	-	-		
Svcs. & Chgs.			-	-	-	-	-	-	-		
Capital Outlay			-	-	-	-	-	-	-		
Total			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		
FTEs			-	-	-	-	-	-	-		

Fiscal Year Planned Expenditures

Project Allocation	Projected Expenses thru 6/30/10	2011 Budget	2011 Estimate	2012	2013	2014	2015	2016	FY12 - FY16 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	10,000	-	-	-	-	\$ 10,000	\$ 10,000
2 Acquisition	-	275,000	275,000	275,000	-	-	-	-	\$ 275,000	\$ 550,000
3 Design	-	-	-	75,000	-	-	-	-	\$ 75,000	\$ 75,000
4 Construction	-	-	-	-	-	-	-	-	\$ -	\$ -
5 Equipment	-	-	-	-	-	-	-	-	\$ -	\$ -
6 Close-Out	-	-	-	-	-	-	-	-	\$ -	\$ -
7 Other	-	-	-	40,000	-	-	-	-	\$ 40,000	\$ 40,000
Other Sub-Total:	-	-	-	40,000	-	-	-	-	\$ 40,000	\$ 40,000
Total Allocations	\$ -	\$ 275,000	\$ 275,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 675,000
Source of Funds										
TIRZ Increment Revenue	-	275,000	275,000	400,000	-	-	-	-	\$ 400,000	\$ 675,000
TIRZ Increment Bond Funds	-	-	-	-	-	-	-	-	\$ -	\$ -
Grant Funds	-	-	-	-	-	-	-	-	\$ -	\$ -
Total Funds	\$ -	\$ 275,000	\$ 275,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ 675,000

