

City of Houston, Texas, Ordinance No. 2011 - 980

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF THE LELAND WOODS REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER TWENTY-TWO, CITY OF HOUSTON, TEXAS (LELAND WOODS ZONE); APPROVING THE FISCAL YEAR 2012 OPERATING BUDGET FOR THE AUTHORITY; CONTAINING FINDINGS AND OTHERS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the Leland Woods Redevelopment Authority ("Authority"), a local government corporation acting on behalf of the City in connection with Reinvestment Zone Number Twenty-Two, City of Houston, Texas ("Zone"), has submitted an Operating Budget for Fiscal Year 2012 ("Budget") to the City Council for approval pursuant to the interlocal agreement among the City, the Authority, and the Zone approved by Ordinance No. 2007-1293; and

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

1. the Tax Year 2011 Projected Captured Appraised Value of \$2,187,735 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 a City tax rate of \$0.63875/\$100 appraised value of property in the Zone to the Captured Appraised Value; and

3. a tax collection rate of 100% for the City; and

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

1. The Authority may receive grants from 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

2. The type and amount of coverage for all forms of insurance will be reasonable and appropriate under 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

WHEREAS, the City Council desires to approve the Budget; **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 transfer funds only: (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 \$400,000 or 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 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 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 Finance Department, may spend an amount not to exceed 10% of the Budget for such match.

Section 4. 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 5. 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 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 the approval of this Budget is contingent upon receipt by the Director of the Finance Department of a document signed by the Administrator of the Authority and/or 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 8. 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 Donna Capps)
(DRC:drc November 10, 2011) Assistant City Attorney
(Requested by Andy Icken, Chief Development Officer)
(L.D. File No. 0610300217022)

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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	

REVIEW
DATE: NOV 22 2011

EXHIBIT "A"
OPERATING BUDGET

P R O F I L E	Base Year:		2003
	Base Year Taxable Value:	\$	730,340
	Projected Taxable Value (TY2011):	\$	2,918,075
	Current Taxable Value (TY2010):	\$	2,973,015
	Acres:		80 acres
	Administrator (Contact):		City of Houston Economic Development
Contact Number:		713-837-7828	

N A R R A T I V E	Zone Purpose:
	To provide at least partial funding for new basic infrastructure (water, sanitary sewer, storm sewer, streets, major thoroughfare sound barriers, and public open space/recreation facilities) for a new affordability-priced single-family residential subdivision in northeast Houston that will consist of 373 homes.
	Accomplishments in FY11 (Projects Underway):
	The City is actively soliciting developers to purchase land in the Leland Woods subdivision and develop into Affordable Housing.

P R O J E C T		Cumulative Expenses (to 6/30/10)		
		Total Plan		Variance
	Capital Projects:			
	Public Infrastructure	\$ 6,089,985	\$ -	\$ 6,089,985
	Landscaping/Sound Barrier/Sidewalk	449,500	-	449,500
	Land Cost	-	873,787	(873,787)
	Total Capital Projects	\$ 6,539,485	\$ 873,787	\$ 5,665,698
	Affordable Housing	-	-	-
	Education Facilities	-	-	-
	Financing Costs	1,800,000	-	1,800,000
	Administration Costs	165,000	31,198	133,802
	Creation Costs	53,000	12,728	40,272
	Total Project Plan	\$ 8,557,485	\$ 917,713	\$ 7,639,772

D E B T	Additional Financial Data	FY2011 Budget	FY2011 Estimate	FY2012 Budget
		<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: Leland Woods Redevelopment Authority
 TIRZ: 22
 Fund Number: 7570/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing (1)	\$ 114,363	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds (2)	\$ 15,751	\$ 120,768	\$ 89,326
Beginning Fund Balance	\$ 130,114	\$ 120,768	\$ 89,326
City tax revenue	\$ 25,773	\$ 18,740	\$ 13,972
ISD tax revenue	\$ -	\$ -	\$ -
County tax revenue	\$ -	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 25,773	\$ 18,740	\$ 13,972
	\$ -	\$ -	\$ -
Miscellaneous revenue	\$ -	\$ -	\$ -
COH TIRZ Interest	\$ 559	\$ 689	\$ 384
Other Interest Income	\$ 559	\$ 689	\$ 384
	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Special assessment bond proceeds	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Proceeds from bank loan	\$ -	\$ -	\$ -
TOTAL AVAILABLE RESOURCES	\$ 156,446	\$ 140,197	\$ 103,682

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary
 Fund Name: Leland Woods Redevelopment Authority
 TIRZ: 22
 Fund Number: 7570/64

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
EXPENSES			
Accounting	\$ 5,300	\$ 21,629	\$ 5,100
Administration Consultant	\$ -	\$ 9,370	\$ 8,750
Administration Salaries & Benefits	\$ -	\$ -	\$ -
Auditor	\$ 12,000	\$ 12,000	\$ 9,000
Financial Advisor	\$ -	\$ -	\$ -
Insurance	\$ 1,795	\$ 1,569	\$ 1,795
Office Expenses	\$ 200	\$ 100	\$ 200
Property Maintenance	\$ -	\$ -	\$ 10,000
TIRZ Administration and Overhead	\$ 19,295	\$ 44,668	\$ 34,845
Construction Audit	\$ -	\$ -	\$ -
Engineering Consultants	\$ -	\$ -	\$ -
Legal	\$ 5,000	\$ 5,266	\$ 9,000
Program and Project Consultants	\$ 5,000	\$ 5,266	\$ 9,000
Management consulting services (2)	\$ 24,295	\$ 49,934	\$ 43,845
Capital Expenditures (See CIP Schedule)	\$ 90,000	\$ -	\$ -
TIRZ Capital Expenditures	\$ 90,000	\$ -	\$ -
Developer Reimbursements	\$ -	\$ -	\$ -
Developer / Project Reimbursements	\$ -	\$ -	\$ -
Loan debt service	\$ -	\$ -	\$ -
Principal	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -
Other Debt Items	\$ -	\$ -	\$ -
Property Settlement / Closing	\$ -	\$ -	\$ -
Taxes owed	\$ -	\$ -	\$ -
System debt service	\$ -	\$ -	\$ -
TOTAL PROJECT COSTS	\$ 114,295	\$ 49,934	\$ 43,845
Payment/transfer to ISD - educational facilities			
Administration Fees:			
City	\$ 1,289	\$ 937	\$ 699
County	\$ -	\$ -	\$ -
ISD	\$ -	\$ -	\$ -
Affordable Housing:			
City	\$ -	\$ -	\$ -
ISD to City of Houston	\$ -	\$ -	\$ -
Transfer to Harris County	\$ -	\$ -	\$ -
Municipal Services (Payable to COH)	\$ -	\$ -	\$ -
Total Transfers	\$ 1,289	\$ 937	\$ 699
Total Budget	\$ 115,584	\$ 50,871	\$ 44,544
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing (1)	24,363	-	-
RESTRICTED Funds - Bond Debt Service	-	-	-
UNRESTRICTED Funds	16,499	89,326	59,138
Total Ending Fund Balance	\$ 40,862	\$ 89,326	\$ 59,138
Total Budget & Ending Fund Balance	\$ 156,446	\$ 140,197	\$ 103,682

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 20 and the Harris County Appraisal District's tax year 2011 projections by property use category.

(1) Funding from City's TIRZ Affordable Housing funds to assume ownership of land from Builders CDC, pay remaining taxes and development costs/land planning study.

(2) Leland Woods Redevelopment Authority I pays the Administrative Expenses of both RA I & RA II.