

City of Houston, Texas, Ordinance No. 2011 - 966

**AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF REINVESTMENT ZONE NUMBER FOUR, CITY OF HOUSTON, TEXAS (VILLAGE ENCLAVES ZONE); APPROVING THE FISCAL YEAR 2012 OPERATING BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.**

\* \* \* \* \*

**WHEREAS**, in 1996, the City created Reinvestment Zone Number Four, City of Houston, Texas (the "Zone"), as approved by Ordinance No. 96-1014, and in 1997, enlarged the boundaries of the Zone, as approved by Ordinance No. 97-479; and

**WHEREAS**, pursuant to that certain agreement among the City, the Zone, and the Houston Independent School District ("HISD"), approved by Ordinance No. 97-565 (the "HISD Agreement"), HISD has financed the construction of certain educational facilities within the Zone; and

**WHEREAS**, pursuant to the HISD Agreement, two-thirds (2/3) of all HISD and City tax increments paid into the Tax Increment Fund for the Zone shall be used to pay School Facilities Debt in an amount not to exceed \$45,000,000 plus the cost of financing, after the payment of Developer Debt, School Support Expenses (if any), and Administrative Expenses, as those terms are defined in the HISD Agreement; and

**WHEREAS**, pursuant to Chapter 311 of the Texas Tax Code, one-third (1/3) of all tax increments paid into the Tax Increment Fund for the Zone shall be dedicated to

the provision of affordable housing; and

**WHEREAS**, the City's Finance Department has submitted to the City Council a Fiscal Year 2012 Operating Budget for the Zone (the "Budget") that the City Council desires to approve; and

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

1. the Tax Year 2011 uncertified Captured Appraised Value of \$819,389,285 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 uncertified Captured Appraised Value:

a. A City tax rate of \$.63875/\$100 appraised value of property in the Zone; and

b. A Houston Independent School District ("HISD") tax rate of \$1.15670/100 appraised value of property in the Zone, which reflects the HISD participation rate specified in that certain agreement among HISD, the City, and the Zone approved by Ordinance No. 1997-565 (the "HISD Agreement"); and

4. The tax collection rate is 99.1% for the City and 99.1% for HISD for the area originally included in the original Zone when it was created in 1996 ("Original Area"), and the tax collection rate is 96.9% for the City and 96.3% for HISD for the area added to the Zone in 1997 ("Annexed Area"); and

5. The HISD tax increment for the Original Area is based on the uncertified Captured Appraised Value for Tax Year 2011 shown in the Project Plan and Reinvestment Zone Financing Plan for the Zone, and the HISD increment for the

Annexed Area is based on the uncertified Captured Appraised Value for Tax Year 2011 shown in the Project Plan and Reinvestment Zone Financing Plan for the Zone; and

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

1. Amounts will be paid from the HISD Tax Increment Participation in the manner prescribed by the HISD Agreement;
2. One-third (1/3) of all tax increments paid by HISD and the City into the Tax Increment Fund of the Zone will be set aside for the provision of affordable housing;
3. All Developer Debt has been paid; and
4. The type and amount of coverage for all forms of insurance will be reasonable and appropriate under the circumstances of the Zone. The Zone will pursue the most cost-effective means of obtaining coverage, including, but not limited to, competitive bidding;

**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 Budget attached hereto as Exhibit "A" is hereby approved for the Zone.

**Section 3.** That one-third (1/3) of the tax increments paid by HISD and the City into the Tax Increment Fund of the Zone shall be paid annually into City Fund 2409 for the provision of affordable housing.

**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 service the remaining debt of the Zone. If the Director's analysis shows that more tax increments will be available than necessary to satisfy the remaining obligations of the debt, the Director shall initiate the process to reduce the City's participation in the Zone.

**Section 5.** That not later than March 31, 2012, the Zone shall, in cooperation with City representatives (1) identify surplus funds in the Zone's Fiscal Year 2012 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2012 Operating Budget for the Zone 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 Zone for the purpose. The Zone shall consider amendments to its 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 approval of this Budget 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 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 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

CAPTION PUBLISHED IN DAILY COURIER  
REVIEW DATE: NOV 22 2011

(Prepared by Legal Department  
 (MFC:mfc November 8, 2011)  
 (Requested by Andrew F. Icken, Chief Development Officer)  
 (L.D. File No. 0619600031023)

*Myzcu* *ck*  
 Assistant City Attorney

G:\LAND\TIRZ\TIRZ 4 Village Enclaves\Budget\FY12 Budget\ORD Budget FY12 TIRZ #04 MFC 11-8-11 FINAL.doc

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

**EXHIBIT "A"**

CITY OF HOUSTON  
 ECONOMIC DEVELOPMENT DIVISION  
 FISCAL YEAR 2012 BUDGET PROFILE

Fund Summary  
 Fund Name: Village Enclaves  
 TIRZ: 04  
 Fund Number: 7552/64

<b>P R O F I L E</b>	<b>Base Year:</b>	1996, expanded in 1997	
	<b>Base Year Taxable Value:</b>	\$	1,055,050
	<b>Projected Taxable Value (TY2011):</b>	\$	64,627,070
	<b>Current Taxable Value (TY2010):</b>	\$	65,475,237
	<b>Acres:</b>	1,189.86 acres	
	<b>Administrator (Contact):</b>	Economic Development	
	<b>Contact Number:</b>	713-837-9287	

<b>N A R R A T I V E</b>	<b>Zone Purpose:</b>
	The purpose of the zone is to facilitate residential and commercial development and to finance the construction of the Westside High School, a shared use high school facility.
	<b>Accomplishments in FY11 (Projects Underway):</b>
	Zone projects complete - processed annual payment to Houston ISD per interlocal agreement for Westside High School facilities.

<b>P R O J E C T  P L A N</b>		<b>Cumulative Expenses</b>		
		<b>Total Plan</b>	<b>(to 6/30/10)</b>	<b>Variance</b>
	<b>Capital Projects:</b>			
	Water Sewer/Impact, Land, Improvements, Utility Lines, Engineering (Developer Agreement)	\$ 1,095,535	\$ 1,364,445	\$ (268,910)
	Interest on Developer Agreement	936,911	360,590	576,321
	<b>Total Capital Projects</b>	\$ 2,032,446	\$ 1,725,035	\$ 307,411
	<b>Affordable Housing</b>	40,500,934	32,366,752	8,134,182
	<b>Education Facilities</b>	45,000,000	64,378,806	(19,378,806)
	<b>Financing Costs</b>	36,920,015	2,754,389	34,165,626
	<b>Administration Costs</b>	167,000	146,730	20,270
	<b>Creation Costs</b>	42,600	26,856	15,744
	<b>Total Project Plan</b>	\$ 124,662,995	\$ 101,398,568	\$ 23,264,427

<b>D E B T</b>	<b>Additional Financial Data</b>	<b>FY2011 Budget</b>	<b>FY2011 Estimate</b>	<b>FY2012 Budget</b>
		<b>Debt Service</b>	\$ -	\$ -
	Principal	\$ -	\$ -	\$ -
	Interest	\$ -	\$ -	\$ -
		<b>Balance as of 6/30/10</b>	<b>Projected Balance as of 6/30/11</b>	<b>Projected Balance as of 6/30/12</b>
	<b>Year End Outstanding (Principal)</b>			
	Bond Debt	\$ -	\$ -	\$ -
	Bank Loan	\$ -	\$ -	\$ -
	Developer Agreement	\$ -	\$ -	\$ -
	Other (Westside High School)	\$ 40,903,913	\$ 25,186,516	\$ 15,768,744

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
<b>RESOURCES</b>			
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ -	\$ -	\$ -
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -
City tax revenue	\$ 4,127,587	\$ 5,512,580	\$ 5,081,458
ISD tax revenue	\$ 8,190,331	\$ 10,132,143	\$ 9,067,490
ISD tax revenue - Pass Through	\$ -	\$ 7,922,047	\$ -
County tax revenue	\$ -	\$ -	\$ -
Community College tax revenue	\$ -	\$ -	\$ -
<b>Incremental property tax revenue</b>	\$ 12,317,918	\$ 23,566,770	\$ 14,148,948
COH TIRZ Interest	\$ 8,828	\$ 31,216	\$ 10,140
<b>Miscellaneous revenue</b>	\$ 8,828	\$ 31,216	\$ 10,140
Interest Income	\$ -	\$ -	\$ -
<b>Other Interest Income</b>	\$ -	\$ -	\$ -
Developer Advances	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -
Special assessment bond proceeds	\$ -	\$ -	\$ -
Proceeds from bank loan	\$ -	\$ -	\$ -
<b>TOTAL AVAILABLE RESOURCES</b>	\$ 12,326,746	\$ 23,597,986	\$ 14,159,088

<b>EXPENDITURES</b>			
Accounting	\$ -	\$ -	\$ -
Administration Consultant	\$ -	\$ -	\$ -
Administration Salaries & Benefits	\$ -	\$ -	\$ -
Auditor	\$ -	\$ -	\$ -
Financial Advisor	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -
Office Expenses	\$ -	\$ -	\$ -
<b>TIRZ Administration and Overhead</b>	\$ -	\$ -	\$ -
Engineering Consultants	\$ -	\$ -	\$ -
Legal	\$ -	\$ -	\$ -
Construction Audit	\$ -	\$ -	\$ -
<b>Program and Project Consultants</b>	\$ -	\$ -	\$ -
<b>Management consulting services</b>	\$ -	\$ -	\$ -
Capital Expenditures (See CIP Schedule)	\$ -	\$ -	\$ -
<b>TIRZ Capital Expenditures</b>	\$ -	\$ -	\$ -
Developer / Project Reimbursements	\$ -	\$ -	\$ -

CITY OF HOUSTON  
 ECONOMIC DEVELOPMENT DIVISION  
 FISCAL YEAR 2012 BUDGET DETAIL

Fund Summary  
 Fund Name: **Village Enclaves**  
 TIRZ: **04**  
 Fund Number: **7552/64**

TIRZ Budget Line Items	FY2011 Budget	FY2011 Estimate	FY2012 Budget
Bond Debt Service			
Principal - Infrastructure	\$ -	\$ -	\$ -
Interest - Infrastructure	\$ -	\$ -	\$ -
Loan debt service			
Principal	\$ -	\$ -	\$ -
Interest	\$ -	\$ -	\$ -
Other Debt Items			
Line of Credit Repayment	\$ -	\$ -	\$ -
Loan fees	\$ -	\$ -	\$ -
<b>System debt service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL PROJECT COSTS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Payment/transfer to ISD - Educational Facilities	\$ 8,195,774	\$ 10,436,031	\$ 9,417,772
Payment/transfer to ISD - Educational Facilities (Pass Through)	\$ -	\$ 5,281,366	\$ -
Administration Fees:			
City (n/a for TIRZ 4)	\$ -	\$ -	\$ -
County	\$ -	\$ -	\$ -
ISD	\$ 25,000	\$ 25,000	\$ 25,000
Affordable Housing:			
City	\$ 1,375,862	\$ 1,837,527	\$ 1,693,819
ISD to City of Houston	\$ 2,730,110	\$ 3,377,381	\$ 3,022,497
ISD to City of Houston - Pass Through	\$ -	\$ 2,640,681	\$ -
Transfer to Harris County	\$ -	\$ -	\$ -
Municipal Services (Payable to COH)	\$ -	\$ -	\$ -
<b>Total Transfers</b>	<b>\$ 12,326,746</b>	<b>\$ 23,597,986</b>	<b>\$ 14,159,088</b>
<b>Total Budget</b>	<b>\$ 12,326,746</b>	<b>\$ 23,597,986</b>	<b>\$ 14,159,088</b>
RESTRICTED Funds - Capital Projects	\$ -	\$ -	\$ -
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
UNRESTRICTED Funds	\$ -	\$ -	\$ -
<b>Total Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Budget &amp; Ending Fund Balance</b>	<b>\$ 12,326,746</b>	<b>\$ 23,597,986</b>	<b>\$ 14,159,088</b>

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.