



The University of Texas at Austin

Entrepreneurship and Community
Development Clinic

School of Law

TAX INCREMENT FINANCING

An Advocate's Toolbox

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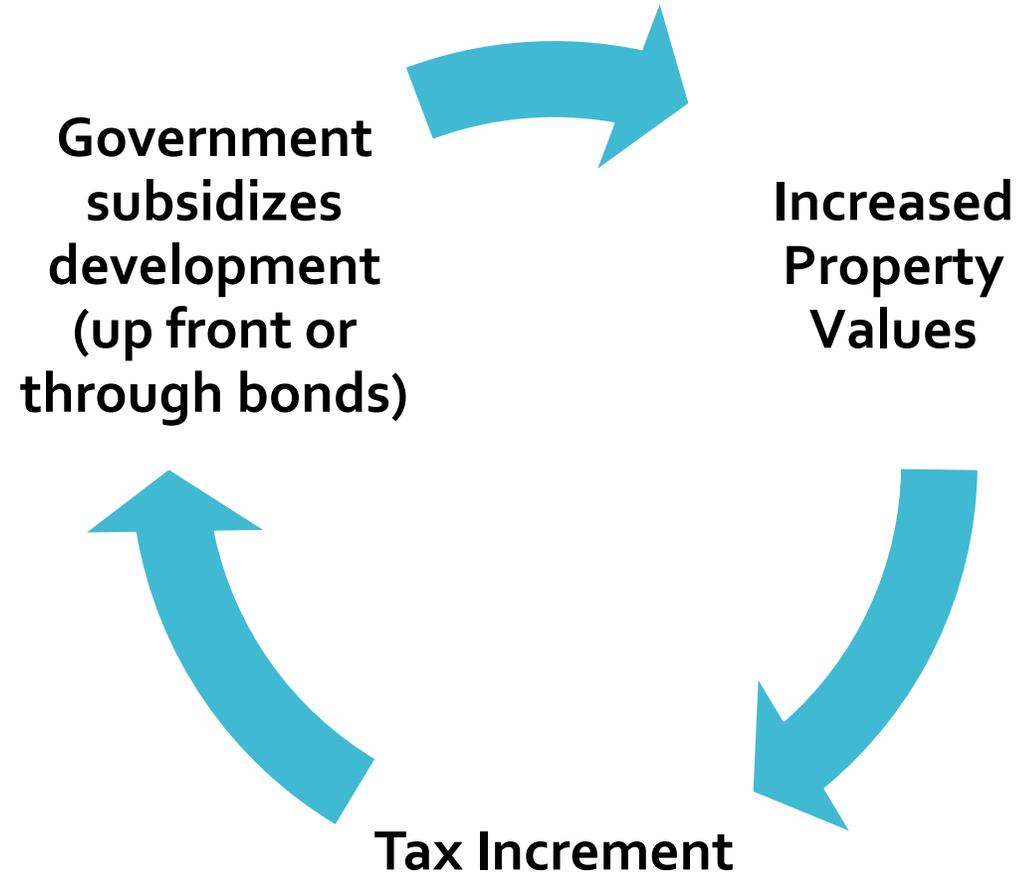
Outline

- Overview of TIFs and how they work
- Texas TIF law
- Areas of advocacy
- Case studies of TIFs in Texas
- Discussion and questions

Texas Local Subsidy Programs for Economic Development

- Tax increment financing, Chapter 311, Property Tax Code
 - Available in reinvestment zones
- Tax abatements, Chapter 312, Property Tax Code
 - Available in reinvestment zones (often created in tandem with a Chapter 311 reinvestment zone)
- Chapter 380 agreements, Local Government Code
 - Typically entail a rebate of sales or property taxes in exchange for economic development commitments (e.g., creating new jobs, new construction)

How TIFs Work

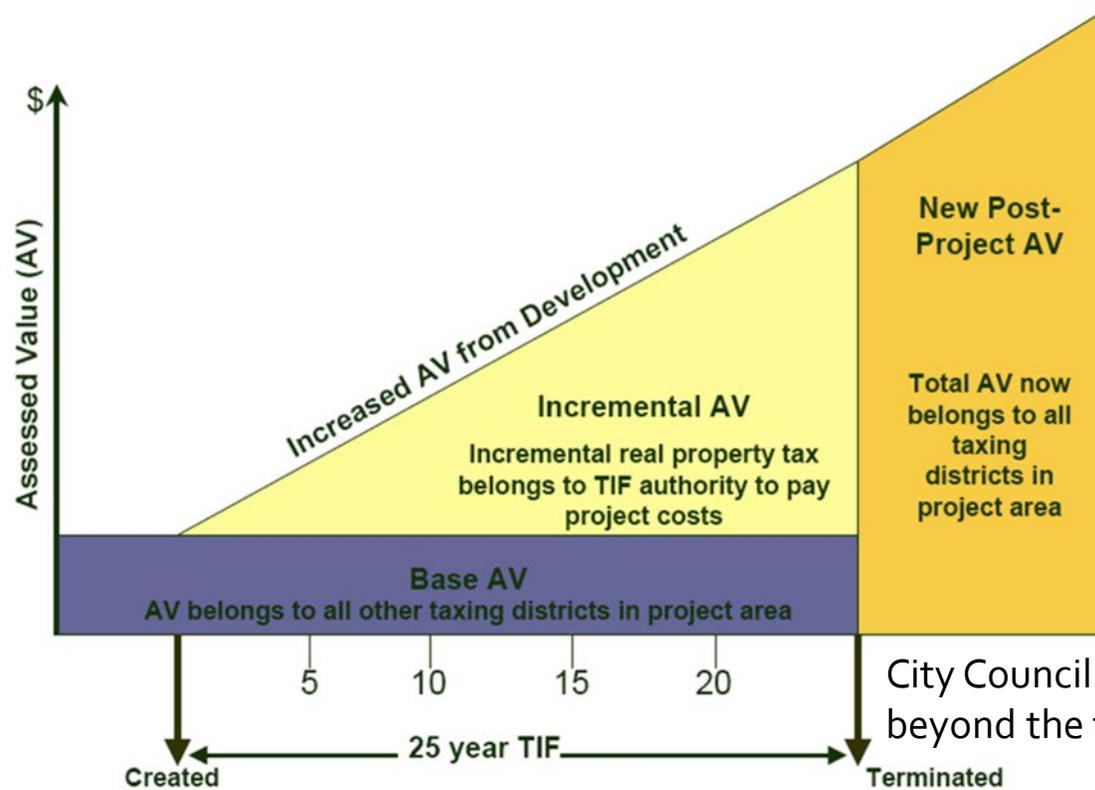


Overview of TIFs

- **Tax increment financing** (TIFs) = tool that allows cities and counties to capture tax revenue from growth in **Tax Increment Reinvestment Zones** (TIRZs).
- When a TIRZ is created: Existing assessed value of property in the TIRZ is set as the baseline. As assessed value increases in future years, the taxes on the increase over the baseline (= “increment”) is redirected out of the city’s general fund into the TIF fund for the zone.
- TIF funds can be used for:
 - Project costs that benefit the zone (costs of public works, public improvements, programs, and other projects benefiting the zone).
 - Certain costs can be outside the zone: public infrastructure, affordable housing, and areas of public assembly.
- Typical length of a TIRZ is 30 years.

How TIFs Work

Tax Increment Financing – How It Works



How TIFs Work

2008
(TIRZ Created)



Assessed Value: \$1,500,000
Taxes Owed: \$30,000

General Fund: \$30,000
TIF: \$0

2019

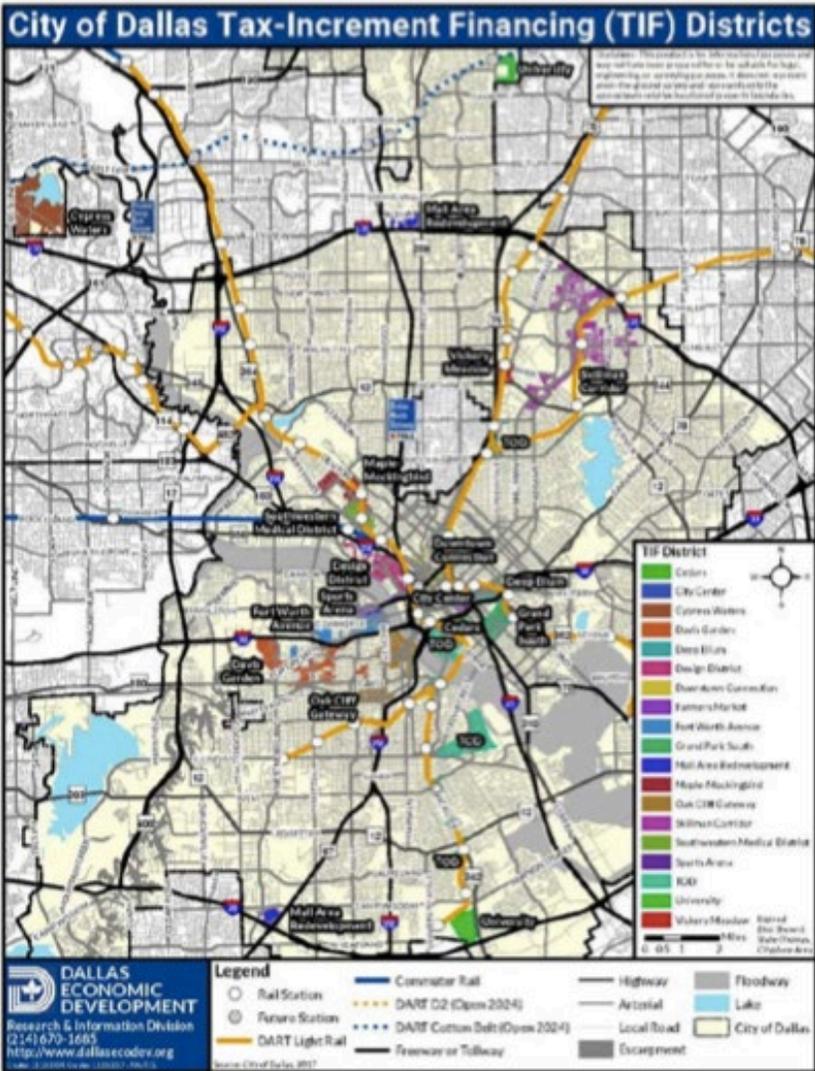


Assessed Value: \$4,000,000
Taxes Owed: \$80,000

General Fund: \$30,000
TIF: \$50,000

City of Dallas

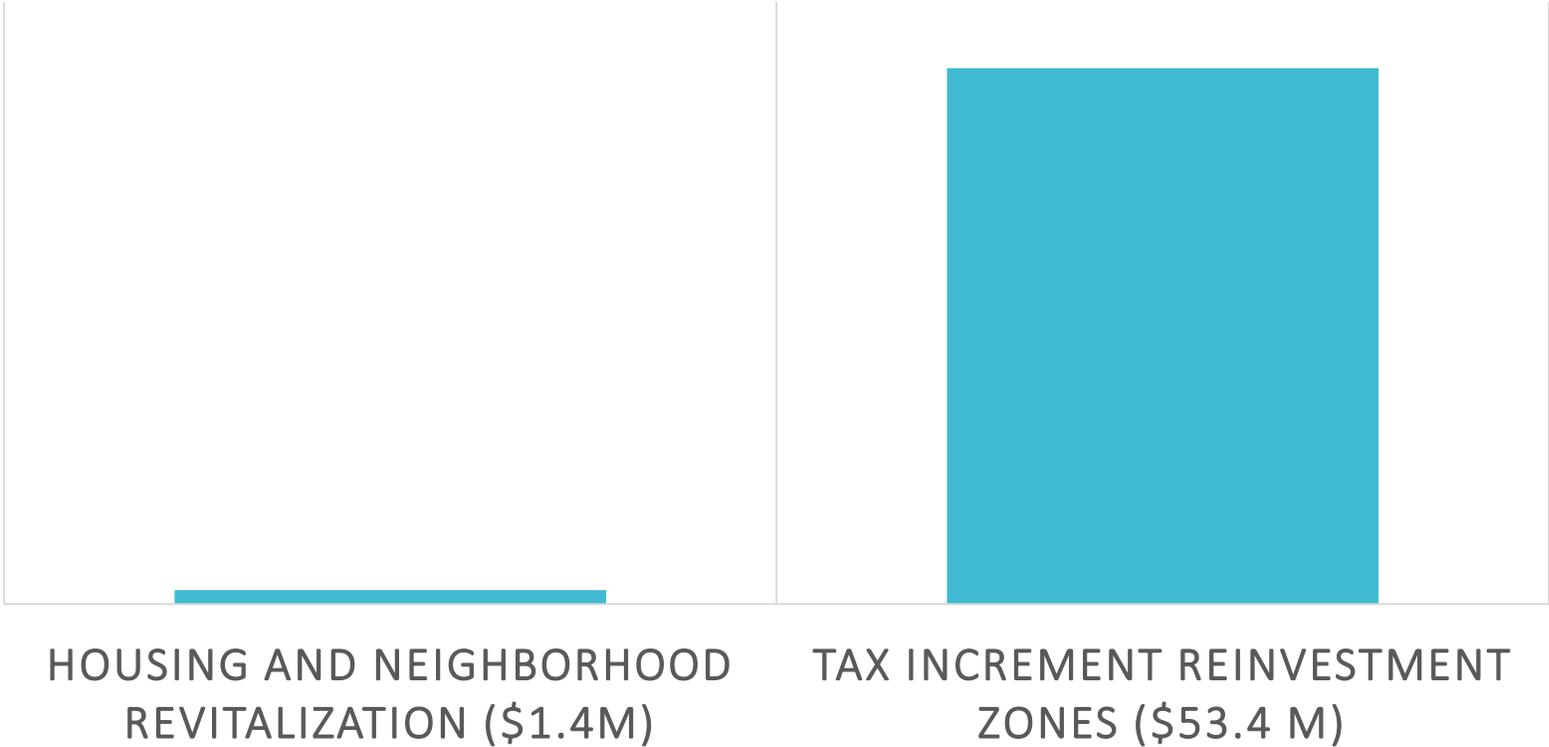
How TIFs
Work: Dallas
example



18 active TIF districts
with combined project
budgets of \$2.9+ billion

City of Dallas

CITY OF DALLAS FY 2018-19 BUDGET (CITY FUNDS)

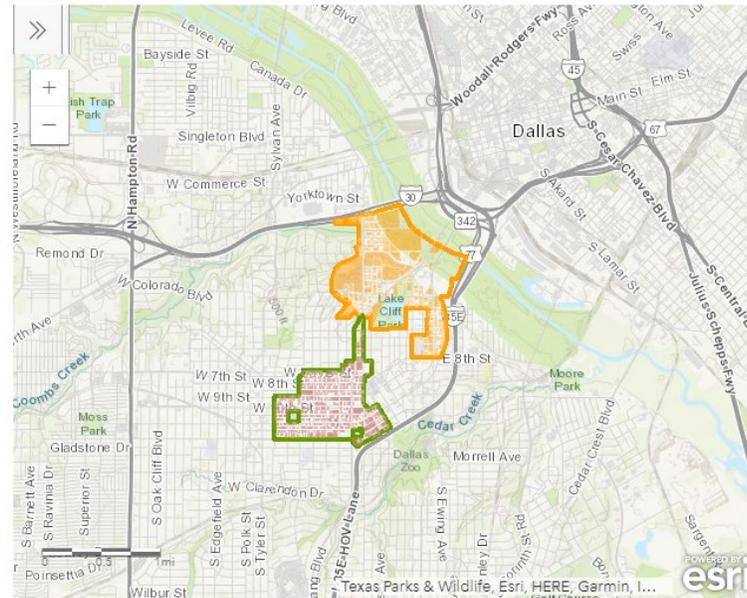


How TIFs
Work: Dallas
example

How TIFs Work: Dallas example

City of Dallas: Oak Cliff Gateway TIF

Oak Cliff Gateway TIF District Map



- Historically African-American neighborhood
- Currently one of the fastest gentrifying areas in Dallas
- 52-year TIRZ; 1992-2044
- To date: \$34 million in city TIF subsidies + \$67.4 million in other government subsidies

How TIFs Work: Dallas example

City of Dallas: Oak Cliff Gateway TIF

15

Oak Cliff Gateway TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget ¹	Allocated	Balance
Oak Cliff Gateway Sub-district: <ul style="list-style-type: none"> • Public Infrastructure Improvements <i>including Streets, Streetscape, Water, Wastewater, Utility Burial</i> • Façade Improvements • Environmental Remediation and Demolition • Pedestrian Linkages/Lighting • Economic Development Grants 	\$34,158,098	\$18,319,760	\$15,838,338
Bishop/Jefferson Sub-district: <ul style="list-style-type: none"> • Public Infrastructure Improvements <i>including Streets, Streetscape, Water, Wastewater, Utility Burial</i> • Façade Improvements • Environmental Remediation and Demolition • Pedestrian Linkages/Lighting • Economic Development Grants 	\$32,320,901	\$16,250,000	\$16,070,901
Educational/Training Facilities	\$753,221	\$0	\$753,221
Administration and implementation ²	\$2,809,986	\$1,034,221	\$1,775,765
Total Project Costs	\$70,038,314	\$35,603,981	\$34,434,333

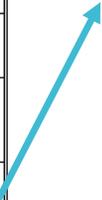
¹ Budget shown above in current dollars; TIF Project Plan shows the budget in net present value.
² TIF administration costs shown are expended or committed through FY 2018.

City of Dallas: Oak Cliff Gateway TIF

How TIFs Work: Dallas example

Oak Cliff Gateway TIF District Projects ¹						
Projects Within TIF District Utilizing TIF Funding						
Project	Location	Calendar Year Complete	Status	Units/ SF ²	Approx. Value ³	TIF Investment ⁴
Walgreens	1306 North Beckley Avenue	1999	Complete	13,833 SF retail	\$1,489,410	\$34,811
Oak Cliff TIF Infrastructure Project	Greenbriar Lane (Beckley to Zang)	2004	Complete	N/A	N/A	\$2,251,207
Lake Cliff Tower Residential	329 East Colorado Boulevard	2006	Complete	54 units	\$10,230,920	\$4,299,742
Grand Bank Lake Cliff Tower	1300 North Zang Boulevard	2008	Complete	6,822 SF commercial	\$1,978,380	\$0 ⁽⁶⁾
Bishop Colorado Retail Plaza	1222 North Bishop Avenue	2009	Complete	15,720 SF retail	\$4,489,000	\$350,000
Zang Triangle ¹⁰	390 E. Oakenwald	2012	Complete	256 units 3,000 flex	\$35,490,650	\$7,250,000
Oaks Trinity (formerly Alexan Trinity) ¹⁰	323-333 E. Greenbriar Lane	2014	Complete	167 units	\$21,575,000	\$4,000,000
Bishop Arts Ph I ¹⁰	Blocks at Bishop Ave./Melba St./Madison St./9 th St.	2017-2019	Retail partially complete, residential under const.	246 units; 30,000 sf retail; 20,000 art garden	\$34,000,000	\$5,000,000 ⁽⁷⁾
Victor Prosper (Bishop Arts Station) ¹⁰	SW & NW corners of Davis Street & Zang Boulevard	2018-2019	Phased opening - 120 units complete; remainder under const.	216 units; 27,302 sf retail	\$30,000,000	\$11,250,000
Subtotal				939 units 116,677 SF retail/flex/commercial	\$139,253,360	\$34,435,760

Example: Zang Triangle Development



How TIFs Work: Dallas example

City of Dallas: Oak Cliff Gateway TIF Zang Triangle Development

- \$7.2 million in city TIF subsidies for 260-unit apartment complex (\$28k/unit subsidy).
- Market rents:
 - Studio: \$1,100
 - 1-bedroom: \$1,500;
 - 2-bedrooms: \$1700



- 20% of units affordable at 80% AMI for 15 years
- = \$50,000 for 2-person household; \$1,250 for one-bedroom apartment or efficiency
- Vs: Dallas median hhd income = \$43,000

Excerpt from HUD Fair Housing finding letter to City of Dallas, Nov. 22, 2013 (Citing Zang)

The significance of using the 80% AMFI rate is that it functions like market rate rent despite being categorized as affordable. Between October 2009 and January 2010, the City supported numerous projects with this set as the affordable rate.³¹ While 80% is affordable, it is moderate-income housing and does not serve low- or very low-income persons and it does not provide opportunities to the underrepresented population of African Americans, Hispanics, and persons with disabilities in the community. Emphasizing this

TIFs are
Inequitable and
Nontransparent



Houston TIF Disparities

“The TIRZ systems benefits high-dollar commercial areas and essentially ignores poorer neighborhoods that are primarily residential.” –Houston Press, 2015

2014 Revenue Comparison

Uptown TIRZ
\$33 million

5th Ward TIRZ
\$427,000

Total Houston TIRZ revenue: \$30m (2006) → \$136m (2016)

Texas Law, TIRZs, and TIFs

Chapter 311 of the Texas Tax Code, Texas Constitution Article
VII

Creation of a TIRZ

- Two ways to create a TIRZ in Texas:
 - City (or county) adopts at public meeting via an ordinance, or
 - Citizen-led petition by owners of properties constituting at least 50% of the zone's appraised value. § 311.005
- Necessary documents to create TIRZ:
 - Preliminary financing plan, and
 - Preliminary project plan.
- The ordinance designates the initial board of directors, maps out zone boundaries, includes a TIRZ termination date, and discusses how the TIRZ meets statutory criteria.
- Other taxing entities can participate (governing bodies must approve)

Statutory Criteria for Creating TIRZ

- **“But for” test:** City (or county) must determine that TIF investment in the area “would not occur solely through private investment in the reasonably foreseeable future.” § 311.003(a)
- The area must be impairing the growth of the municipality or county due to a § 311.005 “blight” factor, such as:
 - Deteriorating structures,
 - Unsanitary or unsafe conditions, etc.
- For petition TIRZs, no blight requirement. § 311.005(a)(4)

Preliminary Financing Plans

- Before a TIRZ is created, the city council must prepare a preliminary financing plan.
- The financing plan is often created by a developer or petitioner for the TIRZ.

**Schedule 1:
Forecast Flow of Real Property Tax from Plano TIF Zone 3
For Cotton Belt Transit Improvements**

Notes:

This schedule forecasts real property values and tax in Plano TIF Zone 3, drawn to include properties approximately 1/2 mile from two new stations on the Cotton Belt line, but excluding properties in existing TIF Zone 2.
 2018 taxed value is an estimate reflecting the initial certified appraisal roll for 2018, reduced by values of totally exempt properties, 10% annual caps on assessment increases for homestead properties, and reductions due to agricultural valuation, tax abatements and regular homestead exemptions. 2018 taxed value will be slightly reduced by exemptions for over-65, disability and veteran exemptions and tax freezes.
 As tax abatements expire, the 2018 value of an expiring abatement plus an assumed value increase since 2018 has been added to the prior year's estimated total taxed value. Average annual value adjustments are long-term estimates that may vary significantly from year to year.
 The tax rate is assumed constant. Actual rates will be set annually.
 The cumulative value of the total Plano grant to DART for the Cotton Belt project (grants from TIF Zones 2 and 3) is limited to \$12.3 million. If payments from the TIF zones would exceed a cumulative \$12.3 million, funds will be drawn first from TIF Zone 3 to the extent required before drawing funds from TIF Zone 2.

(a) Year	(b) Revenue Based on Taxed Value for Jan. 1.	(c) Collections Transferred to TIF Zone 3 Fund by May 1.	(d) Total Taxed Value, if 2.5% Average Annual Increases After Jan. 1, 2018	(e) Total Annual City Real Property Tax, if \$0.4603 per \$100	(f) Captured Appraised Value (Taxed Value Less 2018 Taxed Value)	(g) City Real Property Tax on Captured Appraised Value	(h) % of Tax on Captured Appraised Value to TIF Zone 3 Fund	(i) Cash to TIF Zone 3 Fund Annual	(j) Cumulative
Base	2018	2019	\$595,060,253	\$2,739,062	\$0	\$0	0%	\$0	\$0
1	2019	2020	\$609,936,759	\$2,807,539	\$14,876,506	\$68,477	50%	\$34,238	\$34,238
2	2020	2021	\$625,185,178	\$2,877,727	\$30,124,925	\$138,665	50%	\$69,333	\$103,571
3	2021	2022	\$640,814,808	\$2,949,671	\$45,754,555	\$210,608	50%	\$105,304	\$208,875
4	2022	2023	\$656,835,178	\$3,023,412	\$61,774,925	\$284,350	50%	\$142,175	\$351,050
5	2023	2024	\$673,256,057	\$3,098,998	\$78,195,804	\$369,935	50%	\$179,968	\$531,018
6	2024	2025	\$690,087,459	\$3,176,473	\$95,027,206	\$437,410	50%	\$218,705	\$749,723
7	2025	2026	\$707,339,645	\$3,255,884	\$112,279,392	\$516,822	50%	\$258,411	\$1,008,134
8	2026	2027	\$725,023,136	\$3,337,281	\$129,962,883	\$598,219	50%	\$299,110	\$1,307,243
9	2027	2028	\$743,148,715	\$3,420,714	\$148,088,482	\$681,651	50%	\$340,826	\$1,648,069
10	2028	2029	\$761,727,433	\$3,506,231	\$166,667,180	\$767,169	50%	\$383,585	\$2,031,653
11	2029	2030	\$780,770,619	\$3,593,887	\$185,710,366	\$854,825	50%	\$427,412	\$2,459,066
12	2030	2031	\$800,289,884	\$3,683,734	\$205,229,631	\$944,672	50%	\$472,336	\$2,931,402
13	2031	2032	\$820,297,131	\$3,775,828	\$225,236,878	\$1,036,765	50%	\$518,383	\$3,449,784
14	2032	2033	\$840,804,559	\$3,870,223	\$245,744,306	\$1,131,161	50%	\$565,581	\$4,015,365
15	2033	2034	\$861,824,673	\$3,968,979	\$266,764,420	\$1,227,917	50%	\$613,958	\$4,629,323
16	2034	2035	\$883,370,290	\$4,066,153	\$288,310,037	\$1,327,091	50%	\$663,546	\$5,292,869
17	2035	2036	\$905,454,547	\$4,167,807	\$310,394,294	\$1,428,745	50%	\$714,372	\$5,007,241
18	2036	2037	\$928,090,911	\$4,272,002	\$333,030,658	\$1,532,940	50%	\$766,470	\$6,773,711

Public Hearing Requirements

A public hearing is required for:

- Creation of a TIRZ (at least one week notice required)
- Adoption of project and finance plans
- Amendment of project and finance plans
 - Increase in project costs
 - Modification to boundaries.
 - Increase in amount of bond indebtedness.
- Increase in duration of the TIRZ

Ordinance Creating the Zone

- The ordinance must contain:
 - The boundaries of the zone,
 - The list of the board of directors,
 - A termination date for TIRZ, and
 - How the zone meets the criteria for creating a TIRZ.
- § 311.004(a)

ORDINANCE NO. 66-2014

AN ORDINANCE DESIGNATING A GEOGRAPHIC AREA WITHIN CITY OF OAK RIDGE NORTH AS REINVESTMENT ZONE NUMBER ONE, CITY OF OAK RIDGE NORTH, TEXAS, FOR TAX INCREMENT FINANCING PURPOSES PURSUANT TO CHAPTER 311 OF THE TEXAS TAX CODE; CREATING A BOARD OF DIRECTORS FOR SUCH ZONE; CONTAINING FINDINGS AND PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND PROVIDING A SEVERABILITY CLAUSE.

* * * * *

WHEREAS, pursuant to Chapter 311 of the Texas Tax Code, the City may designate a geographic area within the City as a reinvestment zone if the area satisfies the requirements of certain sections of Chapter 311 of the Texas Tax Code; and

Board of Directors: Composition

- The City Council appoints the board of directors. City Council members are not precluded from board membership. (Tex. Gen. Op. GA-0169)
- For a petition-created TIRZ:
 - 9 board members total; all members must own property in the zone or be an employee of someone who owns property in the zone.
- For a city-created TIRZ:
 - At least 5 but no more than 15 board members; all members must reside in the county where the zone is located or the county adjacent.
- All participating taxing units get to appoint a member.
- All other empty seats appointed by the city council.

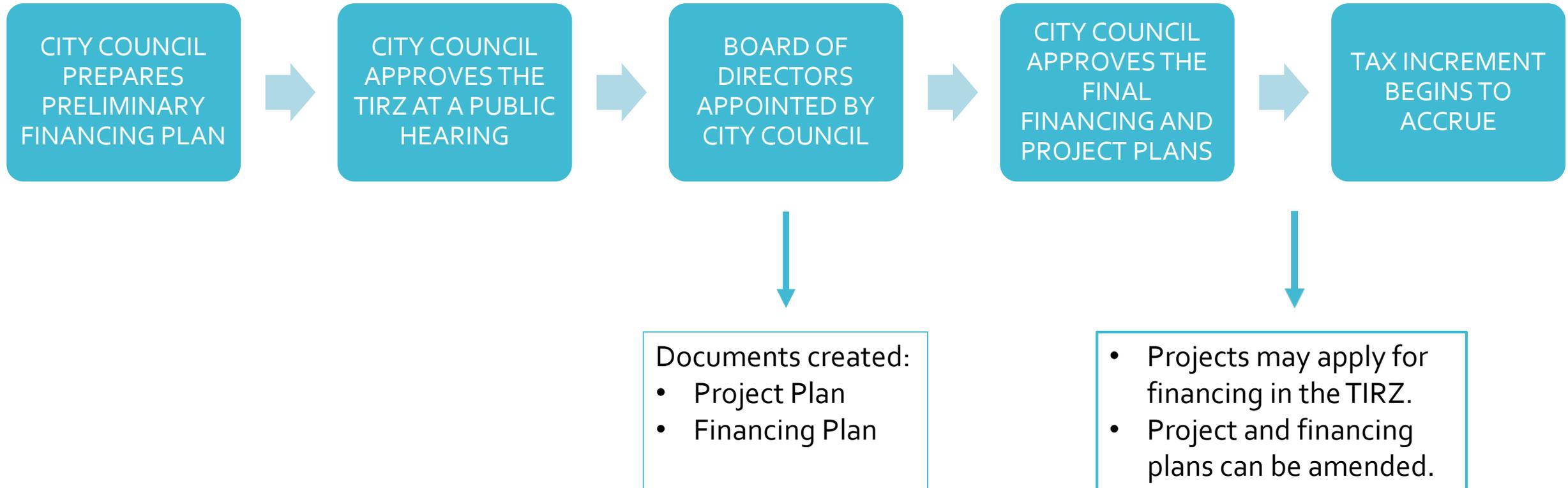
Final Project and Financing Plans

- The board of directors must adopt a project plan and final reinvestment zone financing plan for the TIRZ. The plans must then be approved by the city council.
- The final financing plan must include:
 - A detailed list describing the estimated project costs of the zone, including administrative expenses;
 - A statement listing the proposed kind, number, and location of all public improvements to be financed by the zone;
 - An economic feasibility study;
 - The estimated time when related costs are to be incurred;
 - A description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay for the costs; and
 - The estimated amount of bond indebtedness. § 311.011(c)

Final Project and Financing Plans

- The final **project plan** must include:
 - A map showing existing uses and proposed uses of property in the zone;
 - Any proposed changes of zoning ordinances, the master plan, building codes, or any other ordinances;
 - A list of estimated nonproject costs, and
 - Statement of a method of relocating persons to be displaced, if any, as a result of the project. § 311.011(b)

TIF Creation Timeline

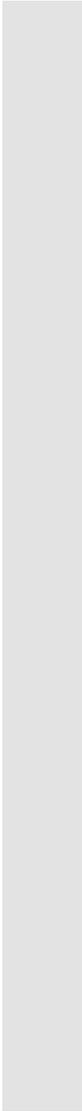


The Tax Increment Fund

- The board of directors or city council can enter into agreements utilizing TIF funds for any project costs that the board or governing body “considers necessary or convenient” to implement the project plan and financing plan. § 311.010(b)
- TIF funds may be used to pay for certain projects outside the zone, including:
 - Public infrastructure,
 - Affordable housing, and
 - Areas of public assembly. § 311.010(b)
- Cities may issue bonds or utilize “Pay as You Go” (reimburse the developer with tax increment).

Disadvantaged Businesses

- **Disadvantaged businesses in a petition-created TIRZ receive preference** when the TIRZ board procures supplies, materials, services, and equipment for the TIRZ. § 311.0101
- The board of a petition-created TIRZ must:
 - **Implement a program targeted to disadvantaged businesses to inform** them of the zone's procurement process and opportunities to participate,
 - Take steps that are necessary to ensure that all disadvantaged businesses are made fully aware of opportunities in the zone. § 311.0101(b).
 - Require contractors to make a “specific showing of how they intend to maximize participation by disadvantaged businesses as subcontractors.” The board must evaluate these actions when selecting prime contractors.
 - **Identify disadvantaged businesses in the county** that provide or have the potential to provide supplies, materials, services, and equipment to the zone; and identify their barriers to participation
 - **Prepare an annual report** listing all contracts by number and dollar amount awarded to disadvantaged businesses, along with other contracts awarded.



Areas of Advocacy

Potential Areas of Advocacy: Summary

- **At creation of a TIRZ:** Can help shape boundaries, composition of board, goals of TIRZ, policies governing funds, project and financing plans.
- **Getting on the board** ensures that a community-oriented voice is represented on the TIRZ.
- **Watchdog** role over ongoing expenditures makes the TIRZ more accountable.
- **Shaping local TIF policy** to ensure inclusion of social justice considerations in future TIRZs.
- **Advocate for TIRZs** dedicated to truly affordable housing.
- **Challenge systematic inequities and racial injustices** with TIRZ funding across the city

Potential Areas of Advocacy: Advocating with Individual TIF Plans

When individual TIF project and financing plans are put forward, there are a number of areas for potential advocacy, including:

- Affordable housing (onsite affordable units; dedication of \$; voucher acceptance; tenant rights, etc.).
- Worker's rights such as fair wages and safety protections.
- Inclusion of affordable commercial spaces for local businesses.
- MWBE contracts
- Displacement
 - All TIF Project Plans must include a notice if any displacement is going to occur and a plan to relocate displaced persons. § 311.011(b)(4).
 - Many project plans say no displacement will occur. This may not always be accurate.

Getting on the Board

- All taxing entities participating in the TIRZ may appoint a board member, but they are not required to do so.
- The remaining members of the board are appointed by the city council (or county commissioners). § 311.009(a)

Potential Areas of Advocacy: Watchdog Role

- TIRZs are subject to the Texas open meeting and records laws and must submit an annual report (311.016(b)).
- Review the annual reports for:
 - Conflicts of interest (e.g., someone on the board is awarded a project in the district)
 - Conflicts with the TIRZ's project and finance plans
 - Unreasonable expenditures
 - Monitor any affordable housing and disadvantaged business requirements.
 - Dallas audit found noncompliance with AH requirements.
 - HUD Letter of Finding of discrimination against City of Dallas concerning TIFs: HUD rec--TIF properties must accept voucher holders in at least 25% of units
 - Houston Chronicle coverage on Houston's affordable housing set aside
- Attend meetings and hearings regarding the TIRZs.
 - City council meetings and TIRZ board meetings.
 - TIRZ board must meet at least once a year.

Unreasonable Expenditures

- What is the TIF money being spent on?
- Annual reports may not include enough information to scrutinize TIF expenditures, so may need to submit public information requests

Uses of Funds	Parcel A Villa de San Antonio	Parcel B Elderly Apartments	Parcel C Commercial Tract	Parcel D Multi-family Project	Parcel E Lago Vista	Parcel F Apache Creek Linear Park	Parcel G W. Commerce/ Gen. McMullen	Total Infrastructure Improvements
Public Improvements Hard Costs								
Streets, drainage, water & sewer	\$ 551,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 551,000
Telephone & Electric	\$ 32,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,000
Water and Sewer Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sidewalks	\$ -	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Concrete Rip rap	\$ -	\$ -	\$ 5,300	\$ -	\$ -	\$ -	\$ -	\$ 5,300
Linear Park	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 486,655	\$ -	\$ 486,655
Contingency (including drainage impact fees)	\$ 50,250	\$ -	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ 52,250
Platting Fees	\$ 4,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,250
Hard Costs Total	\$ 637,500	\$ -	\$ 13,300	\$ -	\$ -	\$ 486,655	\$ -	\$ 1,137,455
Soft Costs								
Engineering	\$ 87,500	\$ -	\$ 1,700	\$ -	\$ -	\$ -	\$ -	\$ 89,200
Project Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,800
Project Contingency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Site Security	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landscaping Rights- of-way	\$ 25,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Open Space Improvements	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Soft Costs Total	\$ 162,500	\$ -	\$ 6,700	\$ -	\$ -	\$ -	\$ -	\$ 388,000
Total Public Improvements	\$ 800,000	\$ -	\$ 20,000	\$ -	\$ -	\$ 486,655	\$ -	\$ 1,525,455
Legal and Formation Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 800,000	\$ -	\$ 20,000	\$ -	\$ -	\$ 486,655	\$ -	\$ 1,525,455
Total Infrastructure	\$ 1,525,455							

Potential Areas of Advocacy: Local TIF Policy

- Most cities have a policy that governs all TIFs in city. This policy could address a number of important social justice considerations.
- Examples:
 - Affordable housing requirements. Address income targeting, length of affordability terms, family units.
 - Requirements to not discriminate against voucher holders and ban on minimum income policies
 - Enhanced tenant protections. See Austin policy.
 - Worker protections.

Potential Areas of Advocacy: Local TIF Policy

Sample TIF Affordable Housing Policies

- **Dallas:** At least 20% of all housing receiving TIF funding must be affordable to 80% AMI households for 15 years. “Affordable” rents out of reach for most low-income renters (80% Dallas AMI = \$50,000 income for 2-person households; \$1,250 for one-bedroom apartment).
 - Advocacy opportunity: Deeper and longer affordability; units for families with children.
- **San Antonio:** The City “may require” that up to 20% of the proposed housing units in a TIRZ be affordable in accordance with city guidelines (affordable = serving households making a maximum of 60% AMI).
 - Advocacy opp: Make AH mandatory vs optional
- **Fort Worth:** Any residential projects receiving TIF support must set aside a minimum 20% of units as affordable (half for 60% AMI, half for 80%).
- **Houston:** 30% of TIF funds in each petition TIRZ must be used for affordable housing (required by Section 311 of the Tax Code; only applies to Houston; no definition of “affordable”).
 - Advocacy opp: Define affordable housing and create program guidelines. Monitor implementation.

Local TIF Policy: Portland, OR

- Portland enacted a 30% affordable housing set aside of TIF Funds (\$152m over five years) citywide; in response to local advocacy campaign.
- N/NE Portland: Advocates got the city to redirect \$100 million TIF funding over 6 years towards addressing displacement and affordable housing.



Potential Area of Advocacy: Petition for a TIRZ to Advance Social Equity Goals

- Can create new TIRZs focused on addressing displacement in gentrifying neighborhoods. 100% of TIRZ funding can be dedicated towards affordable housing and other equitable development goals.
- For example, the Alamo Community Group Community Group successfully petitioned the City of San Antonio to create a TIRZ on the west side of San Antonio to fund public improvements for a new 60-unit single family subdivision of affordable homes.
- Community groups can petition to create a TIRZ pursuant to § 311.005 if they own a significant amount (50%) of land in the area.

Potential Area of Advocacy: Challenge Systemic Inequities with TIRZ Funding

- Policy advocacy to highlight systematic racial and ethnic disparities in expenditures on infrastructure across the city.
- Litigation. Ex) Civil rights [lawsuit](#) filed by Grassroots Collaborative against City of Chicago in April 2019. Lawsuit includes disparate impact claim under Illinois Civil Rights Act.



Case Studies

San Antonio, Dallas, Fort Worth



Dallas: Cedars TIRZ



Cedars TIRZ

- Created in 1993
- Slow to take off.

Overall amount spent:

- \$1.9 million in tax abatements.
- \$6.3 million in TIRZ projects.

Projects include:

- Lorenzo Hotel: \$2.3 million
- 144 Belleview: Low Income Housing tax credit complex; \$1.6 million TIF funds for infrastructure
- Southside Flats: \$1.9m tax abatement for 290 market-rate apartments.



Dallas: Vickery Meadows TIRZ



- Created in 1992
- Two separate areas: Five Points and Park Lane.
- \$73 million total TIF expenditures
- Shops at Park Lane: \$33 million in TIF Funds. 548 market apartments + retail and office space. No affordable units.
- Dedication of \$1 million towards affordable housing in district. Only \$445,000 spent as of 2018.



San Antonio: Midtown TIRZ



- Created in 2008.
- Focused on providing tax breaks (reimbursements) to new market developments
 - \$8.6 million tax abatement and rebate for 10-story office tower for bank (1803 Broadway)
 - \$3.9 million in tax abatement and reimbursement for Brewery South; 223-unit market-rate apartment complex
 - \$3.1 million for 120 9th Street Apartments (rents: \$1,300 to \$5,000 a month)
 - \$3.3 million tax reimbursement for the Cellars apartments (rents: \$2000 to \$14,000 a month)
 - \$2.7 million debt repayment for the Brackenridge Garage
 - \$3.3 million tax reimbursement for the Alamo Manhattan luxury apartments
 - No mention of affordable housing in project plan.
- One affordable housing development: Museum Reach Lofts
 - 94-unit apartment complex. Received \$2.8 million in TIRZ funds.

San Antonio: Houston Street TIRZ



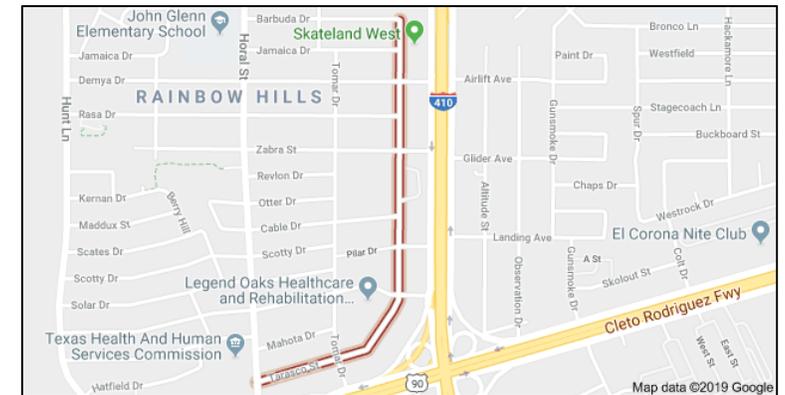
- Created in 1999. Termination extended to 2034.
- Total TIF revenues (1999-2034): \$145 million
- Sample Project Costs:
 - Maverick Apartments: Conversion of affordable federally-subsidized apartments to luxury housing. \$416k tax abatement from TIRZ along with additional tax abatements. TIRZ plan said “no displacement.”
 - Frost Bank Tower: \$3 million for public infrastructure
 - \$15k for new gas lights on the Maverick Distillery Building.
 - Walgreens/Stuart and Kress building renovations.
 - \$6.3 million in parking subsidies for two corporations.
 - \$15 million for police department
 - Potential \$2m in tax abatements for USAA parking lot improvements



San Antonio: Tarasco Gardens TIRZ



- Petition-created TIRZ that will provide 60 affordable homes.
- TIF funded: \$1.3m infrastructure
- Alamo Community Group purchased the land with the help of a loan, and petitioned the city of San Antonio to create the TIRZ.
- Half of the homes will be available for buyers who make 80 percent of AMI, the other half for those up to 120 percent AMI.



Fort Worth: Downtown TIRZ



Established in 1995.

Examples of investments:

- 246-room AC Marriott Hotel on Main Street
 - \$68.5 million investment.
 - TIRZ participation: \$4.1 million (\$3.1 m to pay for electrical vault for hotel)
- 25-story Frost Tower. \$4.8 million for electrical vault and infrastructure work in public right of way
- Downtown Parking
 - TIRZ: \$38 million for parking leases since 1995
 - \$1.5 million parking subsidies in 2018.



Questions and Discussion