

TIRZ #4 North Beach

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1. What is a TIRZ?

- ▶ **TIRZ is short for a Tax Increment Reinvestment Zone.** A TIRZ is a geographic area designated by a municipality or county, governed by Texas Tax Code Chapter 311; “*Tax Increment Financing.*”
- ▶ A TIRZ project jumpstarts development to get things moving faster and, ultimately, **to generate new tax revenue.**
- ▶ **Tax increment financing is not a new tax;** instead, it redirects future ad valorem tax growth from within the zone to pay for eligible public improvements within the same zone.

Exhibit A - Zone Boundaries and Land Use



The 435+ acre TIRZ #4 on North Beach Boundary

What is a TIRZ?

Section 311.005 of the Texas Tax Code provides that: (a) To be designated as a reinvestment zone, an area must:

- (1) substantially arrest or impair the sound growth of the municipality or county designating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use; or...
- (2) be predominantly open or undeveloped and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality or county; or...
- (3) be in a federally assisted new community located in the municipality or county or in an area immediately adjacent to a federally assisted new community; or be an area described in a petition requesting that the area be designated as a reinvestment zone

Local TIRZ Examples

Current Nueces County TIRZ:

City of Corpus Christi TIRZ #2: (Island)

- ▶ Created in 2000, 1930 acres.

City of Corpus Christi TIRZ #3: (Downtown)

- ▶ Created in 2008, 856 acres.

City of Robstown TIRZ #2:

- ▶ Created in 2012, 879 acres.

City of Ingleside TIRZ #1:

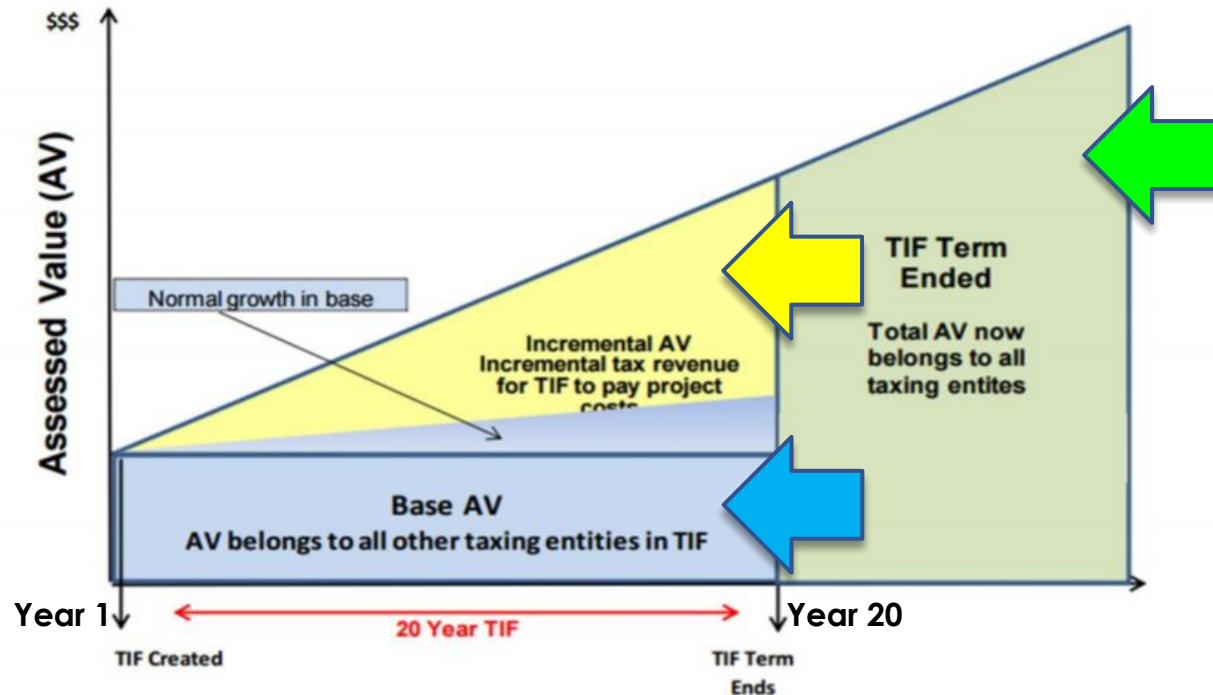
- ▶ Created in 2014, 1280.255 acres.

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How does a TIRZ work?



How It Works



Shows normal or market driven portion of TIF growth versus total including developer's investment

Base AV: (Base Assessed Value)

Current revenue continues to Nueces County and all participating entities throughout the entire term. In this case, 20 yrs.

Incremental AV: (Incremental Assessed Value)

Incremental growth in valuations of real property within the TIRZ creates tax revenue for TIF and pays for eligible project costs.

Total AV: (Total Assessed Value)

Upon TIF Term ending, the Total Assessed Value now belongs to all taxing entities in perpetuity.

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Benefits of a TIRZ?

The Benefits of a TIRZ include:

- ▶ **Builds and/or maintains needed public infrastructure** in blighted areas lacking adequate development to attract businesses, or private investment; and...
- ▶ Encourages development, thereby **increasing property values and long-term property tax collections**; and...
- ▶ Reduces the cost and risks to private development by providing reimbursement for eligible **public improvements**.

Why create a TIRZ on North Beach?

With approximately \$200 million of property value on North Beach, **only approximately \$68.1 million is taxable; your ad valorem tax revenue per acre is very low. North Beach needs increased density.**

- ▶ The City of Corpus Christi and the Port of Corpus Christi are the two largest landowners on North Beach; both entities are non-taxable and do not create ad valorem revenue for taxing units/entities.
- ▶ **The annual ad valorem generated in 2018 for each taxing unit/entity is only:**
 - ▶ **City of Corpus Christi:** $\$68,143,105 \times \text{Tax rate of } \$0.62624 = \text{\$426,755.74}$
 - ▶ **Nueces County:** $\$68,143,105 \times \text{Tax rate of } \$0.309189 = \text{\$210,690.98}$
 - ▶ **Del Mar College:** $\$68,143,105 \times \text{Tax rate of } \$0.281855 = \text{\$192,064.75}$
- ▶ **2018 TOTAL:** Only **\\$829,531.91** is generated from the entire TIRZ area of over 435 acres on North Beach. This translates to less than \$1,950 ad valorem/acre.

Why create a TIRZ on North Beach?

Timing is everything

- ▶ The new La Vista Pointe “Lighthouse” seaside village project, **already under construction**, is the largest private investment on North Beach since 1981.
- ▶ The La Vista Pointe is a \$24 million project that will **increase the taxable value by approximately 35%!**
- ▶ It is rare to have a major impact project such as La Vista Pointe under construction to prove up early funding for the TIRZ incremental assessed value. **The time to create TIRZ #4 on North Beach is now.**
- ▶ The highly successful City of Corpus Christi Downtown TIRZ #3, did not have a \$24 million project underway when the City, County, and Del Mar partnered together and fully committed to the creation of TIRZ #3 in 2008/2009.





* The view heading south towards North Beach from Portland, Texas



* The view heading south looking west on North Beach



CORPUS CHRISTI
1852

Why create a TIRZ on North Beach?

The TIRZ #4 will be able to do the following:

- ▶ **North Beach needs maintenance.** The TIRZ #4 on North Beach will primarily maintain public facilities to a much higher standard than today. Beach maintenance and accessibility improvements, public right-of-way mowing, public restroom maintenance, lighting improvements, wayfinding/signage, and more...
- ▶ **North Beach needs increased density by supporting structured parking.** As North Beach grows, parking will be a major problem. Thinking ahead and creating density not only helps generate higher tax revenue per capita, but also helps the Texas State Aquarium, USS Lexington, future Amusement Parks, and Private developments to build structured parking.
- ▶ **North Beach needs increased public safety and quicker response times.** When the new Harbor Bridge is completed, the closest Fire Station responding to North Beach will be on #3 on Morgan Avenue. This increased distance greatly slows response times. With over 800,000 visitors already showing up each year, increased public safety coverage is a necessity moving forward.











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Next Steps: The Creation process

Current Progress & What happens next?

- ▶ The Corpus Christi City Council voted April 9th, 2019 unanimously to support a motion of direction led by City Councilman Everett Roy, seconded by City Councilman Rudy Garza which included: **“Direct staff for the legal department to pursue the creation of TIRZ #4 on North Beach.”**
- ▶ The North Beach Infrastructure Task Force has provided the City of Corpus Christi its feasibility and financial analysis of the 400+ taxable properties, including 20 year valuation projections at no cost.
- ▶ We, the North Beach Infrastructure Task Force, dozens of volunteers and many supporters, are encouraged by the commitment to understand the need already made by **Corpus Christi City Manager Peter Zanoni**, his **Chief of Staff Michael Rodriguez**, **Engineer Jerry Shoemaker**, and the exceptional detailed work by **Arlene Medrano** in moving forward with its creation. There are many who are working on this within the city, however these four have really stepped up and shown their level of expertise.
- ▶ **With your support of this resolution today, instilling confidence; we anticipate the City holding a Public Hearing with presentation to City Council by city staff recommending to create TIRZ #4 on North Beach in the next 30-45 days.**

Next Steps: The creation process

The 8 Steps to the City Creating a TIRZ:

- **Prepare a Preliminary Financing Plan**
(At or near completion)
- **City publishes the hearing notice**
(We anticipate very soon)
- **City holds a public hearing**
(We anticipate 30-45 days)
- **City designates a reinvestment zone**
(Draft Boundary is defined)
- **City prepares a project plan and a financing plan** (At or near completion)
- **Contribution to the tax increment fund by other taxing units**
- **Implement tax increment financing**
(Including establishing a TIRZ Board)
- **Submit annual reports**





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