



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 23, 2019
SUBJECT: Consider Resolution No. 2019-038 setting a public hearing under Section 311.003 of the Texas Tax Code for the creation of a Tax Increment Reinvestment Zone within the City of North Richland Hills, Texas; and authorizing the issuance of notice by the City Secretary of North Richland Hills, Texas regarding the public hearing.
PRESENTER: Mark Hindman, City Manager

SUMMARY:

City Council is being asked to consider a resolution that sets forth the public hearing process for the designation of a Tax Increment Reinvestment Zone in the area located around the City Hall property.

GENERAL DESCRIPTION:

The city has been approached by Centurion American Development Group (CADG) for a mixed-use development around the City Hall property. The current owner, La Verne Butterfield, L.P. is under contract to sell 52.873 acres to CADG. The development, proposed as City Point, is a mixed-use project with single-family residential, multi-family residential, commercial business and hospitality uses.

In order to enhance the quality and expedite the timing of the development, the city was asked to establish a Public Improvement District (PID) through a petition filed by the property owner. Under the authority of Chapter 372 of the Texas Local Government Code, a PID allows the city to levy a special assessment against properties within the district to pay for public improvements to the properties within the district.

On September 9, 2019, City Council held a public hearing and authorized the creation of the City Point PID. The public improvements consist of streets, sidewalks, street lighting, off-street parking, water lines, sewer lines, drainage improvements and public open space with an estimated cost not to exceed \$15,000,000, and be paid out over a 30-year period.

While the city is not obligated to provide any funds to finance the public improvements, the city may wish to consider the establishment of a Tax Increment Reinvestment Zone (Reinvestment Zone) to assist in offsetting a portion of the PID's assessment. A Reinvestment Zone is a special zone designated by a City or County under the authority of Section 311 of the Texas Tax Code.

According to Section 311.005, certain criteria must be met in order for a zone to be eligible. The area surrounding City Hall is the former location of North Hills Mall.



Demolished in 2007, staff has determined that the potential zone is eligible as it substantially impairs the sound growth of the city by remaining undeveloped from obsolete platting, the deterioration of site improvements and other factors.

Through a Reinvestment Zone, the city could utilize a common public financing method called Tax Increment Financing (TIF). A TIF commits a portion of future real estate tax revenue increases from properties within the Reinvestment Zone for a certain period of time, which in this case could be used to offset a portion of the annual assessment within the City Point PID.

Prior to considering the establishment of a Reinvestment Zone, the City Council must hold a public hearing with notice given in a newspaper of general circulation in the city no later than the 7th day before the date of the hearing in accordance with Section 311.003 of the act. In order to hold the aforementioned public hearing, City Council must first approve a resolution that sets forth the public hearing process.

RECOMMENDATION:

Approve Resolution No. 2019-038.