

What's (all) Wrong With the \$300 Million Tax Giveaway known as the South Central Waterfront TIRZ

I. The SCWF TIRZ Makes Austin Unaffordable for Everyone

Diverting \$300 million of future property tax revenue into a special fund sequestered primarily for the private benefit of wealthy South Central Waterfront property owners translates directly into tax increases and/or lost public services for every other Austin taxpayer.

A council vote to transfer \$300 million to the SCWF developers means the council believes their needs are more important than their constituents' needs for parks, libraries, and other services. Council cannot claim they care about taxes or affordability while handing out hundreds of millions in developer welfare.

II. Fits Common Pattern of Tax-Increment Finance Abuse

Academics, journalists, and activists have documented the abuse of TIF financing to bankroll luxury, upscale development while the intended beneficiaries in blighted urban areas suffer. This [Houston Chronicle story from October](#) about TIRZ abuse in Houston speaks directly to the SCWF TIRZ tax giveaways to subsidize ultra-luxury development by and for the ultra-rich. [Read more about TIF abuse in Chicago here](#) and [in Iowa here](#). The SCWF TIRZ would take this abuse to new extremes; if approved it will be the poster child of welfare for the rich. And it will set a precedent for every other private developer to demand tax subsidies for their projects.

III. Makes Taxpayers Pay for Private Benefits

Don't be fooled or confused by the constant refrain of "affordable housing."

Most of the taxpayer funds flowing into the SCWF TIRZ would pay for standard private costs that every other developer must pay for on their own. The affordable housing should be required—not paid for by taxpayers—in exchange for the massive increase in development entitlements from 660,000 sq. ft. to 3.6 msf.

Perhaps most offensive is the demand by the Statesman PUD owners, the billionaire Cox family of Atlanta and their Endeavor partners that taxpayers pay for their private \$71 million 4,000 car garage and up to \$74 million for internal streets. (Documented on pages 21 and 23 of [this City consultant memo](#).)

IV. Violates the South Central Waterfront Vision Plan

The [approved 2016 South Central Waterfront Vision Plan](#) called for expanded park land on Lady Bird Lake, including 9.6 acres of lake front property on the Statesman PUD property based in part on required construction setbacks from the lake. The SCWF plan contemplated \$63 million in public benefits, to be paid for by either a "public improvement district," or PID, meaning the landowners who primarily benefit from the enhanced public park and other facilities pay for it, or a TIRZ, where taxpayers pay the cost. It also called for substantial increases in development entitlements – but not the downtown-scale of upzoning that makes the properties even more valuable.

Now the whole plan has changed: taxpayers, not developers, now pay through the TIRZ; we get less than half of the 9.6 acres of water park land on the Statesman property; the PUD developers get much greater entitlements (3.6 million square feet v. 2.2 MSF in the plan); the budget has ballooned from \$63 million to over \$300 million; taxpayer now pay for standard private developer facilities; and most of the affordable housing would be paid for by taxpayers, not as dedicated affordable housing required from developers granted much greater development rights.

V. It's illegal; it violates the required "but for" test and invites more expensive litigation

Texas Tax Code Section 311.003(a) provides that a Tax Increment Reinvestment Zone (TIRZ) may only be created:

. . .“if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future.”

It is obvious to the naked eye that central Austin is booming with skyscraper and other construction without taxpayer subsidies. Property within the TIRZ itself has already developed (the “Snoopy PUD”) without subsidies with more on the way.

The whole premise of the “EPS” memo -- that the Statesman PUD and other TIRZ property owners cannot scratch out a profit without taking handouts from taxpayers – is absurd. The whole thing is based on flawed data and analysis provided by the developers. The ultra-luxury development will happen because of the massive upzoning and not because of taxpayer giveaways padding the profits.

VI. It's Both Too Late and Too Early

The 2016 SCWF Vision Plan called for a “regulating plan” that would implement the Vision Plan through uniform development standards, including height, density, park dedication, etc. However, no regulating plan was adopted. Now each property is being developed as its own special deal through PUD zoning. Almost all opportunity for a meaningful regulating plan has been lost.

Yet now council proposes to fund the SCWF TIRZ on a vote set for December 1, 2022 after calling for a regulating plan to be drafted by next year. Any such ‘regulating plan’ would really be a “deregulating plan,” as council is poised to approve a special deal on each SCWF property. **It's all backwards – and it all adds up to a gigantic taxpayer giveaway to the wealthiest property owners in Texas while cheating the public out of park land and lake protections.**

The Cox Family, worth \$41 billion, doesn't need our hard-earned tax dollars to make their Statesman PUD profitable. Those dollars need to stay in the general fund to help all of Austin stay affordable, safe, and sustainable.