

## RESOLUTION 2012-22

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF LA FERIA APPROVING THE COMMUNITY REVITALIZATION PLAN AND DESIGNATING THE AREA CONTAINED WITHIN THE BOUNDARIES OF TAX INCREMENT REINVESTMENT ZONE NUMBER ONE, CITY OF LA FERIA NORTH OF US HIGHWAY 83 AS A COMMUNITY REVITALIZATION AREA.**

**WHEREAS**, in the City of La FERIA over Fifty (50%) per cent of the population is at or below the Average Median Family Income (AMFI) of \$24,904 which is less than half of the \$49,445 AMFI for the United States; and

**WHEREAS**, the development, redevelopment or revitalization of affordable, safe and sustainable rental property for families at or below sixty (60) per cent of AMFI is a goal of the City; and

**WHEREAS**, without a Community Revitalization Plan, of which the development of safe affordable rental housing is a major component, the City cannot continue to attract employers to create job opportunities or meet the housing needs of its families; and

**WHEREAS**, the City Commission finds that the rehabilitation of existing substandard rental housing itself cannot meet the rental housing needs of the low to moderate income citizens of the City and that the construction of new affordable rental housing is required in order to address the housing needs of the low to moderate income citizens of the City; and

**WHEREAS**, the construction of new affordable rental housing requires vacant land, which is in abundance within the boundaries of the Tax Increment Reinvestment Zone Number One City of La FERIA in the area north of US Highway 83;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF LA FERIA THAT:**

1. The area within the boundaries of the Tax Increment Reinvestment Zone Number One, City of La FERIA located north of US Highway 83 is hereby designated as a "Community Revitalization Area" to facilitate, promote, rehabilitate and develop affordable rental property as part of the Community Revitalization Plan for the City of La FERIA.
2. The City Manager is hereby authorized to make application and/or enter into any agreement that will facilitate the development, redevelopment or rehabilitation of affordable rental property in such Community Revitalization Area.

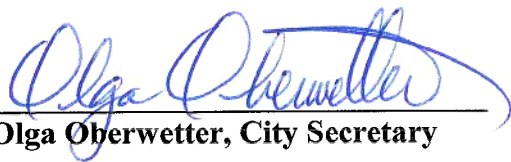
PASSED AND APPROVED THIS THE 28<sup>TH</sup> DAY OF FEBRYARY 2012.

APPROVED:



Steve Brewer, Mayor

ATTEST:



Olga Oberwetter, City Secretary

APPROVED AS TO FORM:



Richard S. Talbert, City Attorney

COMMUNITY REVITALIZATION PLAN  
City of La Feria, Texas  
February 2, 2011

The City of La Feria commissioned a housing study in 2009, a copy of which is attached as Addendum 1 which indicated a need for an additional 49 housing units per year to keep pace with the natural growth of the City of La Feria. The 2010 preliminary census data indicates that the actual housing units in the City of La Feria declined between the 2000 Census and the 2010 Census from 2,486 total units in 2000 to 2,396 in 2010. This loss in housing came primarily from the removal of substandard and dilapidated manufactured housing and housing lost through hurricane damage. A Community Revitalization Plan or program is the only way that the City can begin to meet the needs of the average La Feria family. Since the completion of the study the City has not significantly added to its housing stock and has added no housing that meets the needs of the average La Feria family, Chart 1 indicates this.

The Average Median Family Income (AMFI) for the City of La Feria is less than \$25,000. This means that the average family can spend approximately \$8,000 or \$666.66 per month for housing expenses. Meeting the needs of this population can only be accomplished through the development of new affordable rental housing

Chart 1  
City of La Feria  
Residential Building Permits 2009-2010

- 2009: 1 building, cost: \$224,600
- 2010: 6 buildings, average cost: \$130,500

Source: <http://www.city-data.com/city/La-Feria-Texas.html#ixzz1nQ2LLwYa>

The City is proactively seeking developers of affordable rental housing in order to meet the needs of both its current population and its projected population. Therefore the City is designating all of the vacant land in Tax Increment Reinvestment Zone #1(TIRZ), City of La Feria that lies north of US Highway 83 as a Community Revitalization Area and will seek out affordable housing developers to either partner with or support in the construction of affordable rental housing. There is adequate vacant land for sale in the TIRZ area north of Highway 83 that is priced to support the development of multi-family and single-family rental housing.

**Housing**

**La Feria Texas**

**2009**

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## Introduction

For information about housing the City The City of La Feria has historically relied on Census Data from the Decennial Census, which is conducted every 10 years by the United States Census Bureau, In 2007, in conjunction with the preparation of a Comprehensive Master Plan for the City, a survey was made of each and every dwelling unit in the City. Homes and multifamily units were counted and categorized as to their physical and occupancy status in order to have a clear picture of the amount and condition of the City's housing stock. The plan also addresses what needed to happen within the City in order to have a complete range of housing opportunities for its current residents and to meet the demands of an expanding population. Discrepancies between the housing survey and the 2000 census became apparent as the survey was completed.

## The La Feria Comprehensive Plan

In late 2007 the City of La Feria adopted a Comprehensive Plan, Chapter Four of the plan-addressed housing. An on ground survey was done of all of the housing stock in the city. The occupancy and exterior physical status of every house and multi-family unit was noted. The survey compared its results to the 1990 and 2000 census. The survey reflected the existence of 3,276 housing units in the City. The survey also reflected that 583 housing units were annexed into the City between 2000 and 2007 and a review of residential building permits issued by the City between 2000 and 2007 reflected the addition of 207 residential units. In all 790 housing units were added to the La Feria housing stock over the period 2000-2007. Subtracting these 790 housing units from the 3,276 housing units identified in the study means that the 2000 Census over counted La Feria housing units by 392 units. This can be confirmed by looking at the total vacant housing units shown on the 2000 Census. In 1990 the Census showed 111 total vacant housing units but the 2000 Census showed 902 vacant units. Chart 1 shows the 1990 and 2000 Census and Chart 2 shows the Census data corrected from the survey.

Chart 1

Housing Stock	1990 Census	2000 Census	Percent Change
Population	4,360	6,115	29%
Persons per occupied unit	3.19	3.03	
Total Units	1,571	2,878	45%
Total Occupied	1,075	1,976	46%
Owner Occupied	758	1,496	49%
Renter Occupied	315	480	34%
Total Vacant	111	902	88%

Source: Census 2000, Census Bureau, Department of Commerce

The 2000 Census reflects a 45% increase in the number of housing units in the City, a 46% increase in the number of occupied housing units and an 88% increase in the number of vacant housing units. The increase in population, however, is only 29%. This data would also serve to indicate that there was a mistake in the housing count in the 2000 Census.

Chart 2

1990-2000-2007 HOUSING AND POPULATION STATISTICS (ADJUSTED)

Housing Stock	1990 Census	2000 Census	2000 Census Adjusted	Percent Change	2007 Survey	Percent Change
Population	4,360	6,115	6,115	29%	8,500	28.0%
Persons per occupied unit	3.19	3.03	3.09		2.755	
Total Units	1,571	2,878	2,486	25%	3,276	36.2%
Total Occupied	1,075	1,976	1,976		3,085	35.9%
Owner Occupied	758	1,496	1,496			
Renter Occupied	315	480	480			
Total Vacant	111	902	510	78%	191	41.3%

The following units have been subtracted from 2007 Survey

Occupied Units Annexed 2000-2007	583
Building Permits Issued 2000-2008	207

Source: La Feria Comprehensive Master Plan Exhibit 4-1 and US Census of Housing 1990-2000  
 Building Permits City-Data.com/La-Feria-Texas

The adjusted housing figures reflect a 25 % increase in total housing units which is consistent with the population increase of 29%. Having an accurate picture of the status of the existing housing stock is important for two reasons; 1. In making projections of future housing needs you need an accurate place to start and, 2 when making population projections the number of persons per household needs to be consistent with the number of households in order to project the need for City and County services.

### La Feria Population

Over the past 38 years La Feria has seen a rapidly growing population increasing from 2,446 in 1970 to 8,500 in 2007. Chart 3 reflects that growth.

Chart 3  
La Feria Population

Year	Population	Percent Change	Number Change
1970	2,446		
1980	3,495	42.8%	1,049
1990	4,360	24.7%	865
2000	6,115	40.3%	1,755
2008 est. 1	6,880		
2008 est. 2	8,500	39.0%	2,385

Source: US Decennial Census 2000,  
and La Feria Comprehensive Plan

The 2008 est. 1 number of 6,880 is the natural population growth of the City while the 2008 est.2 includes 1,620 residents annexed into the City between 2000 and 2007.

The 2000 Census showed that 1,387 La Feria residents worked outside the City This number and the growth in population in La Feria reflects that the Rio Grande Valley is an interconnected housing and job market and that a large percentage of the La Feria population prefers to live in La Feria regardless of there place of employment..

### La Feria Population Projections

A strait line projection of future growth through 2025 in La Feria is contained in the addenda. A summary of the projections is reflected in Chart 4.

Chart 4  
Strait Line Population Projections, La Feria Texas  
2008-2025

Year	2008	2010	2015	2020	2025
Population With Annexation	8,500	8,922	9,977	11,032	12,087

The 2008 population includes 1,620 persons annexed into the city between 2000 and 2007. The model assumes an additional 1,620 persons will be annexed into the city between 2008 and 2025.



On average the model predicts a twenty nine and six tenths (29.6%) per cent increase in population between 2008 and 2025 in La Feria. These population projections are well below the historic growth patterns shown in prior year census data. Referring back to Chart 3 the population growth between 1980 and 1990 was 24.7 or rounded up 25 % but the increase between 1970 and 1980 was 42.8% and between 1990 and 2000, 40.3%. For projection purposes it is always better to fall into the lower growth range rather than try to sustain a high rate of growth.

The La Feria Comprehensive Plan completed in 2007 also projected population increases to 2025. The plan forecasted population growth of 10,770 by 2025. The difference between their forecast and the forecast in this study is that the plan assumed no population growth through annexation while this study assumes that the City will continue an annexation policy that protects its borders from encroachment from surrounding Cities extraterritorial jurisdictions.

### **Factors Supporting Population Growth Projections**

The City of La Feria, through its Industrial Development Corporation, has been very aggressive in recruiting business and industry to the City. Averitt Services with approximately thirty-five (35) employees opened in 2008. In 2007 Ben E. Keith a food wholesaler opened with approximately twelve (12) employees and in 2009 B & C Equipment opened in the vacated Hertz Equipment Rental yard with approximately five (5) employees. Hertz Equipment Rental opened its newly expanded facility on Hwy 83 in 2009 with an expanded line of equipment and additional employees. The La Feria Independent School District is the largest employer in the City with a total employee base of 521 for the 2007-2008 school year (the last year for which statistics are available). Over the 10 year period 1998-1999 through 2007-2008 the district reported an increase in total employment of 141 with 39 of these positions being classroom teachers, During this same time period the student population base increased from 2,664 to 3,354, a 20.6% increase. The La Feria Industrial Development Corporation (LFIDC) through its revolving loan fund as well as other sources of revenue continues to aggressively pursue industrial, retail and lodging facilities and is actively working with existing manufactures to expand their output and sales. As mentioned earlier in the report the Valley is an interconnected job and housing market, what this means for La Feria in essence is that what is good for Mercedes or San Benito is also good for La Feria. People in the Valley, with some specific exceptions, will live where there are adequate housing opportunities to meet the needs of their families and work where there are adequate employment opportunities. Often couples live where one works and then the other commutes. The quality of life and quality of schools as well as a wide range of housing opportunities become very important factors in where people live.

### **Projected Housing Needs**

An increase in population of 3,587 over a sixteen year period with an average of 2.8 persons per dwelling unit would indicate the need for an additional 80 dwelling units per year, however, the City also has a need for replacement housing. The housing survey done for the Comprehensive

Plan identified 9 dilapidated houses, 50 substandard vacant homes, 5 substandard vacant manufactured homes and 15 substandard occupied manufactured homes. It is difficult and costly to bring manufactured housing from a substandard to a standard condition so this sector of the La Feria housing stock will continue to decline. This report assumes that over time the substandard occupied homes will be maintained in a livable condition. In order to maintain its housing stock the City will additionally have the need to replace on average 5 houses per year. It is contemplated that over the period 2009 through 2025 the City will annex approximately 1,620 new residents into the City. Dividing the new residents by 2.8 persons per household would result in an additional 578 dwelling units or on average 36 per year. This would indicate that on average the City could absorb 49 additional dwelling units per year through natural population growth. However, this does not address the current housing shortage nor does it address potential demand for housing from on-going City initiatives such as the “Certified Retirement Community” application.

The 2000 Census showed that there were 299 families in La Feria who could live in a home with a value of \$100,000 or greater yet the Census showed that there were only 66 homes in the City valued between \$100,000 and \$149,000. This phenomenon is called “under housed” in other words there is a structural imbalance in the La Feria housing market. It occurs when the availability of housing does not match the needs of residents as they; 1. Have increased income, and 2. Find employment in the City. Chart 5 shows the residential zip code of the City’s two largest employers, the City and the La Feria ISD.

Chart 5  
Residential Zip Codes City of La Feria and La Ferias ISD Employees

City	Zip Code	City of La Feria	La Feria ISD Teachers & Administrators	La Feria ISD Nutrition, Transportation & Maintenance	Per Cent
McAllen	78501		2	1	0.51%
Brownsville	78520/21	1	4		0.84%
Combes	78535		1		0.17%
Donna	78537	1	3	1	0.84%
Edcouch	78538		2		0.34%
Edinburg	78539/40		2		0.34%
Elsa	78543		1		0.17%
Harlingen	78550/51/52/53	12	114	28	26.01%
La Feria	78559	19	203	57	47.13%
La Villa	78562		1		0.17%
Los Indios	78567		1		0.17%
Lyford	78569		3	1	0.68%
Mercedes	78570	17	29	5	8.61%
Olmito	78575		2		0.34%
Pharr	78577	1			0.17%
Raymondville	78580		3		0.51%
Rio Hondo	78583		2		0.34%
San Benito	78586	2	9	1	2.03%
San Juan	78589		1		0.17%
Santa Maria	78592	1	4	2	1.18%
Santa Rosa	78593	2	13	9	4.05%
Sebastian	78594		2		0.34%
Weslaco	78596/99	2	27		4.90%
Totals		58	429	105	100.00%

The source for chart 6 is a survey completed in May 2009 by TIF Services of South Texas.

Almost 50% of the City and School District employees live in La Feria, an additional 26% live in Harlingen and 8.6% live in Mercedes while almost 20% live in other areas of Cameron, Willacy and Hidalgo Counties. Two City employees commute more than 50 minutes a day but 19 ISD employees have that commute. Another way of looking at the availability of a wide range of housing stock would be in employee turnover. Do people look for work where they can reduce their commute time? This is especially important for classroom teachers as their schedules often call for them to work evenings or extended school days While this data is not available from the City it is available for classroom teachers. Chart 6 compares classroom teacher turnover in the San Benito and La Feria School Districts

Chart 6

Classroom Teacher Turnover Rates Selected School District  
Five-Year Period 2003-2004 through 2007-2008

School Year	La Feria	San Benito
2003-2004	12.8%	8.3%
2004-2005	15.8%	11.1%
2005-2006	13.9%	12.6%
2006-2007	12.7%	11.4%
2007-2008	14.6%	9.8%

Source: Texas Education Agency, ACIS Reports

A high classroom teacher turnover rate is generally considered unhealthy as a constant influx of new teachers takes additional administrative time to incorporate and train people in the system and children benefit from the continuity of seeing the same people over time. The 14.6% turnover rate for the 2007-2008 school year resulted in the District having to replace or hire 33 teachers of which were 11 beginning or first year teachers. This turnover rate is caused in part by teachers looking for employment in the place that they live

Over the past two years the LFIDC has created over 50 new jobs in the City, La Feria ISD has hired an additional 29 people and the City has had new retail facilities, (Family Dollar, Valero, Dollar General, etc) open. At the same time the City has issued no new building permits for single-family home construction. The projected housing demand in the City has been established at 49 housing units per year. Over the period 2000 to present the City has issued 207 building permits plus 24 units in the Lion's Villas project. The projected housing demand for the period 2000-2010 is for 490 units leaving the City with an unmet demand for 259 housing units.

## Conclusions

The City of La Feria has been in the unique situation of gaining jobs while not adding market rate and work force housing. Rancho Blanco Estates is the only active “new” Subdivision in the City. It is restricted to homes 1,850 square feet or larger and the lots do not have sewer service adding the cost of a septic system to the final price. Currently homes in Rancho Blanco range in value from \$146,800 to \$225,000 but the lot prices on the remaining lots for sale are over \$40,000 meaning that homes built on those lots will all exceed \$200,000. The need for additional housing units is clear. The Lions Villas are a good example, when the intended market for condominiums did not materialize the developers had no trouble renting the finished units and are finishing out the remaining buildings as rental units. A count of School District employees done when the Zip survey was being accomplished revealed that the District had added an additional 13 employees for the 2008-2009 school year. La Feria will need to proactively seek out single-family and multi-family developers to fill the existing shortage of housing units and to meet the future needs of the City or development will continue to occur just outside the City’s extra territorial jurisdiction and in surrounding communities.