



Economic Development

TIRZ Development Program

September , 2013

Presented by:
Andy Icken – Chief Development Officer
Gwendolyn Tillotson – Deputy Director Economic
Development



Tax Increment Reinvestment Zones

General Information

- *Governed by Chapter 311 of the Texas Local Gov't Code*
- *Allows for the construction of public infrastructure, improvements and park projects*
- *Captures incremental property growth and equivalent revenue from an established base year available to fund projects within the defined geographic boundary of the zone*
- *TIRZs are created either by petition or through action initiated by the City*
 - ❖ *Petitioned zones are statutorily required to set aside 1/3 of the revenue generated and collected for affordable housing initiatives*
- *City has 25 active TIRZ's*
 - ❖ *TIRZ No. 25 (Hiram Clarke) is newly created*
 - ❖ *TIRZ No. 4 (Village Enclave) is pending termination*

Tax Increment Reinvestment Zones

Advantages to the City

- *Only economic development program currently utilized that gives the city access to tax dollars from other taxing entities*
 - ❖ *Legislative change in 1999 precludes ISD's from further participating in TIRZs*
 - ❖ *Those TIRZ's with HISD participation prior to 1999 are still allowed to participate through the original termination date within the original boundary of the zone*
 - ❖ *Property annexed into the zone after 1999 does not include revenue from ISD's*
- *The revenue generated is used to:*
 - ❖ *Fund public projects within the city*
 - ❖ *Support affordable housing projects and programs*
 - ❖ *Pay a 5% maintenance fee back to the general fund*
- *The public infrastructure becomes assets to the City*
 - ❖ *Other entities contribute to City assets*
- *Multiple city departments benefit from the TIRZ projects*
- *Complements PWE CIP Projects*

Departments Benefitted by TIRZ CIP Projects (5 year plan)

COH Department Benefitted	FY2013 Estimate	FY2014 Budget	FY2015	FY2016	FY2017	FY2018	Cumulative Total
Public Works & Engineering	\$ 56,850,110	\$ 75,043,125	\$ 85,863,106	\$ 90,930,030	\$ 87,410,011	\$ 57,218,763	\$ 453,315,145
Parks & Recreation	\$ 7,432,498	\$ 34,510,337	\$ 34,830,792	\$ 14,683,015	\$ 8,895,000	\$ 12,685,000	\$ 113,036,642
Housing & Community Development	\$ 6,595,330	\$ 7,190,000	\$ 2,000,000	\$ 5,000,000	\$ 3,500,000	\$ -	\$ 24,285,330
Cultural/Public Facilities	\$ 165,000	\$ 13,850,000	\$ 2,800,000	\$ 8,000,000	\$ 7,900,000	\$ 7,800,000	\$ 40,515,000
Library	\$ 217,378	\$ 7,815,473	\$ -	\$ -	\$ -	\$ -	\$ 8,032,851
Fire	\$ 225	\$ 6,700,000	\$ 1,200,000	\$ 1,000,000	\$ -	\$ -	\$ 8,900,225
	\$ 71,260,541	\$ 145,108,935	\$ 126,693,898	\$ 119,613,045	\$ 107,705,011	\$ 77,703,763	\$ 648,085,193

Annual Revenue Impact from City Funds

\$60,052,113

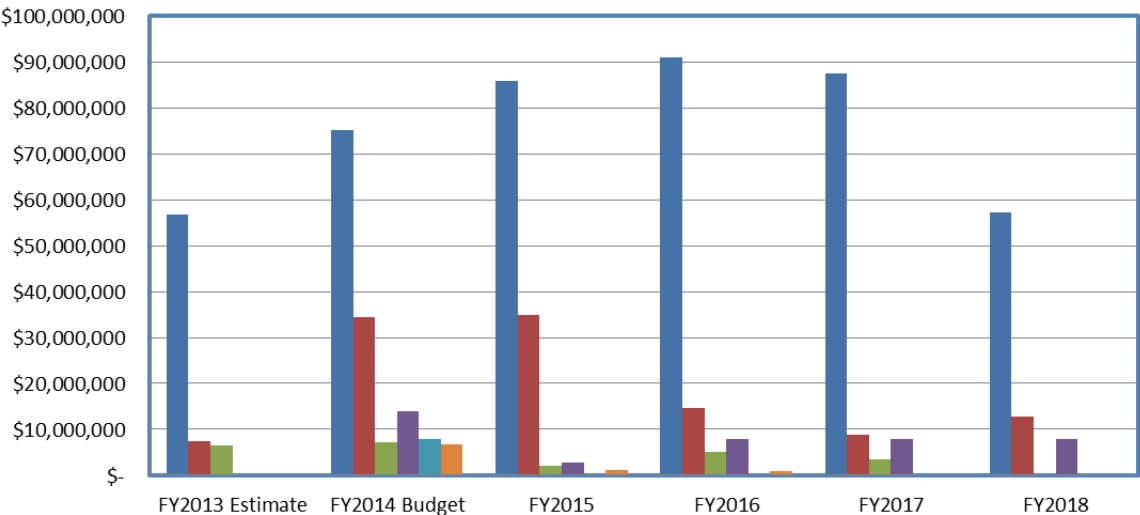
\$78,134,965

Project Categories
Street and Sidewalk Improvements
Traffic and Public Safety Improvements
Parks and Hike and Bike Trails
New Buildings and renovation of existing buildings
Preservation of historic facades of public/private buildings
Garage and Parking Facilities
Professional Services/Operation and Maintenance Costs

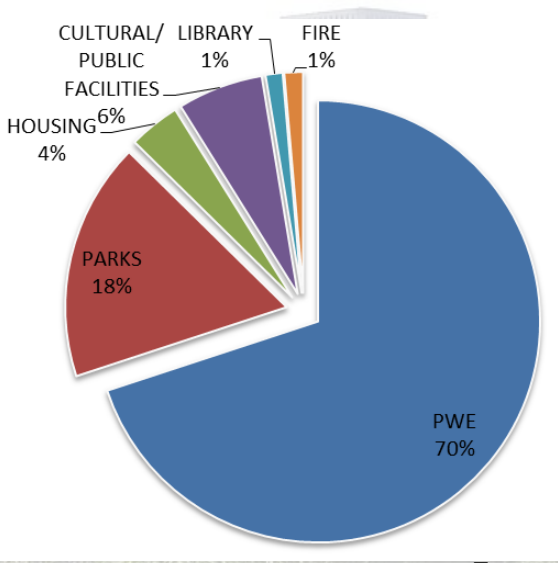
Acquisition and Construction of improvements are allowable TIRZ costs

City of Houston

CIP Project Value per City Department (5-year plan)



- Public Works & Engineering
- Parks & Recreation
- Housing & Community Development
- Cultural/Public Facilities
- Library
- Fire

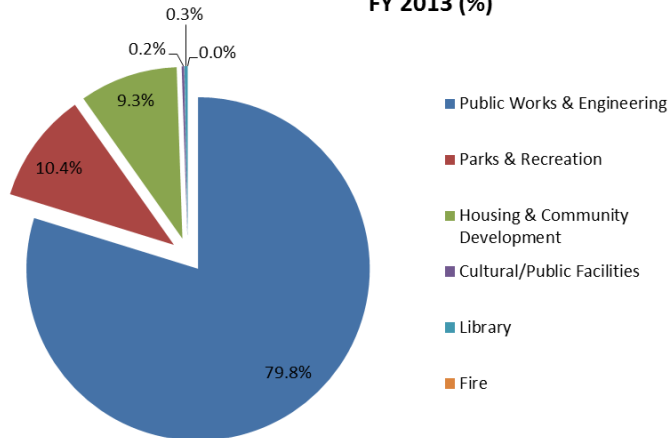


City of Houston

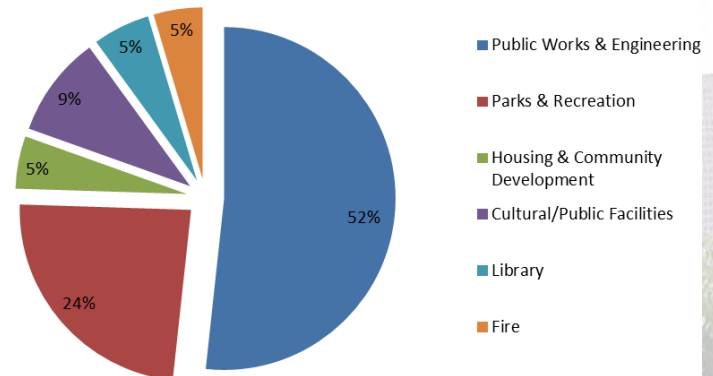
CIP Project Value per City Department (FY 13 and Budget FY 14)

Department	FY2013 Estimate	FY 2013 %	FY2014 Estimate	FY 2014 %
Public Works & Engineering	\$ 56,850,110	79.8%	\$ 75,043,125	51.7%
Parks & Recreation	\$ 7,432,498	10.4%	\$ 34,510,337	23.8%
Housing & Community Development	\$ 6,595,330	9.3%	\$ 7,190,000	5.0%
Cultural/Public Facilities	\$ 165,000	0.2%	\$ 13,850,000	9.5%
Library	\$ 217,378	0.3%	\$ 7,815,473	5.4%
Fire	\$ 225	0.0%	\$ 6,700,000	4.6%
	\$ 71,260,541	100.0%	\$ 145,108,935	100.0%

FY 2013 (%)



FY 2014 (%)



City of Houston

Sample Increment Proceeds by Jurisdiction

Fiscal Year 2013

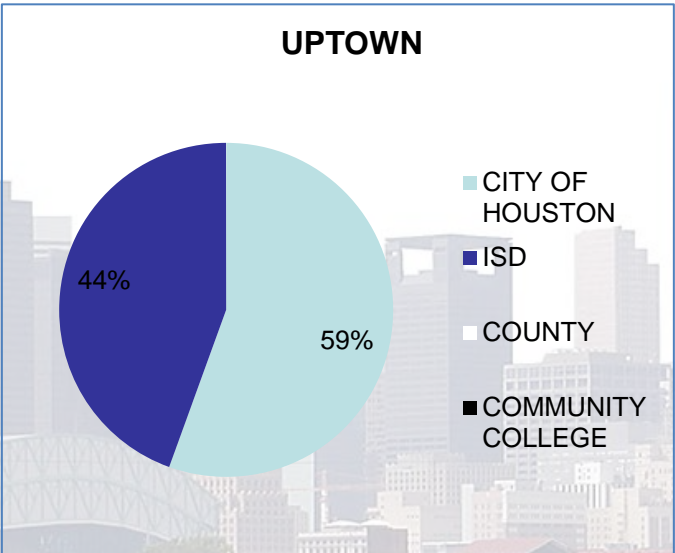
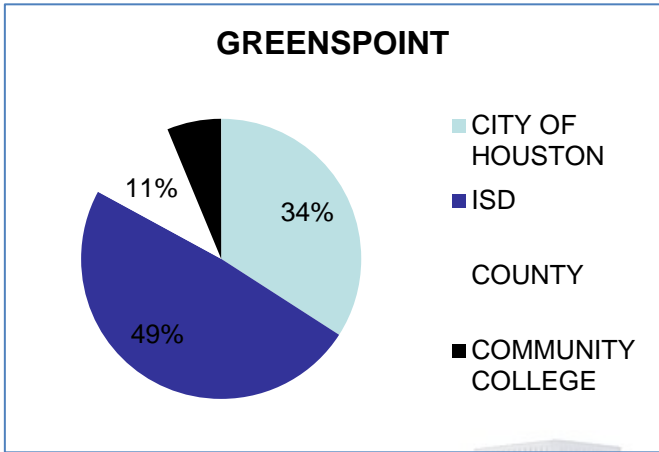
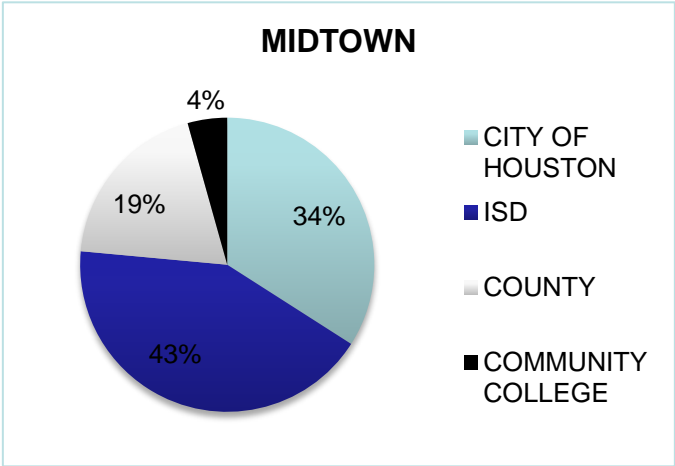
SAMPLE INCREMENT PROCEEDS BY JURISDICTION (Fiscal Year 2013) TIRZ 2 (MIDTOWN), TIRZ 11 (GREENSPPOINT) AND TIRZ 16 UPTOWN						
TIRZ NO.	NAME	CITY OF HOUSTON	ISD	COUNTY	COMMUNITY COLLEGE	TOTAL
2	Midtown	\$ 6,551,050	\$ 8,162,054	\$ 3,692,027	\$ 836,071	\$ 19,241,202
11	Greater Greenspoint	\$ 2,783,393	\$ 3,985,081	\$ 881,436	\$ 510,734	\$ 8,160,644
16	Uptown	\$ 14,484,044	\$ 11,593,388	\$ -	\$ -	\$ 26,077,433
		\$ 23,818,488	\$ 23,740,523	\$ 4,573,463	\$ 1,346,805	\$ 53,479,278

- *TIRZ leverages city increment revenue with other taxing entities*
- *More than 55% of the TIRZ revenue is from other taxing entities for the three selected zones*

City of Houston

Sample Increment Proceeds Percentage Allocation

Percentage Allocation of Revenue Source

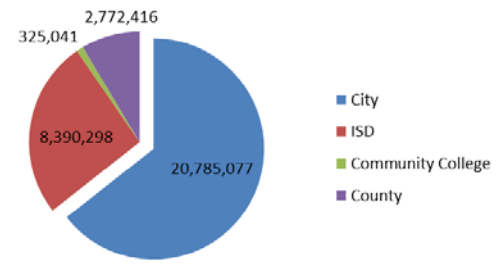


City of Houston

Economic Development Division

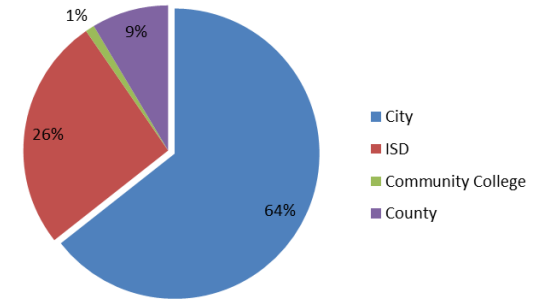
Debt Service

**FY2013 Debt Service Payments
Attributable to All Jurisdictions**



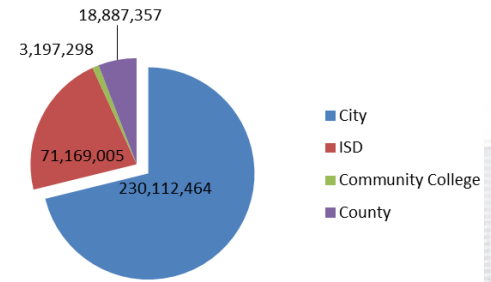
*ratio of net increment attributable to taxing jurisdiction x FY13 total projected debt service payments

**FY13 Debt Service Payments
Attributable to All Jurisdictions**



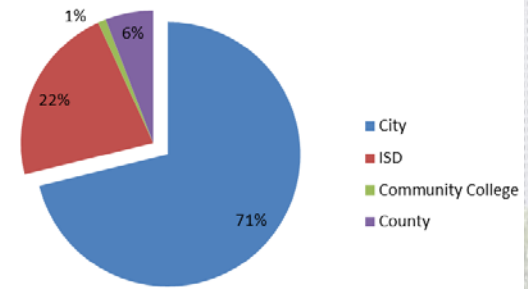
*ratio of net increment attributable to taxing jurisdiction x FY13 total projected debt service payments

**TIRZ Debt Obligation - All
Jurisdictions (In Total)**



*ratio of net increment attributable to taxing jurisdiction x total principal debt obligation

**TIRZ Debt Obligation - All
Jurisdictions (In Total)**

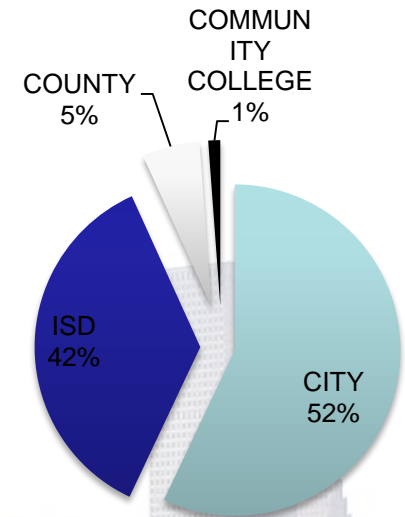


*ratio of net increment attributable to taxing jurisdiction x total principal debt obligation

City of Houston

INCREMENT DISTRIBUTION BY JURISDICTION ALL ZONES (FY13 Estimates)

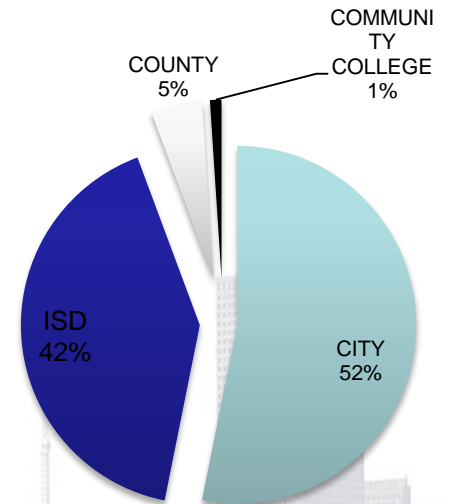
TIRZ NO.	NAME	CITY OF HOUSTON	ISD	COUNTY	COMMUNITY COLLEGE	TOTAL
1	St Georges Place	\$ 1,275,593	\$ 1,198,337	\$ -	\$ -	\$ 2,473,930
2	Midtown	\$ 6,551,050	\$ 8,162,054	\$ 3,692,027	\$ 836,071	\$ 19,241,202
3	Main Street/ Market Square	\$ 5,925,029	\$ 4,850,793	\$ 595,458	\$ -	\$ 11,371,280
4	Village Enclave	\$ 2,689,502	\$ 4,994,791	\$ -	\$ -	\$ 7,684,293
5	Memorial Heights	\$ 2,014,797	\$ 929,895	\$ -	\$ -	\$ 2,944,692
6	Eastside	\$ 682,288	\$ 1,234,209	\$ -	\$ -	\$ 1,916,496
7	OST/Almeda	\$ 5,135,023	\$ 1,610,249	\$ -	\$ -	\$ 6,745,272
8	Gulfgate	\$ 405,920	\$ 672,425	\$ 257,949	\$ -	\$ 1,336,294
9	South Post Oak	\$ 301,837	\$ 673,325	\$ 180,040	\$ -	\$ 1,155,202
10	Lake Houston	\$ 3,206,973	\$ 8,034,373	\$ -	\$ -	\$ 11,241,346
11	Greater Greenspoint	\$ 2,783,393	\$ 3,985,081	\$ 881,436	\$ 510,734	\$ 8,160,644
12	City Park	\$ 316,225	\$ 410,426	\$ -	\$ -	\$ 726,651
13	Old Sixth Ward	\$ 810,533	\$ 318,004	\$ -	\$ -	\$ 1,128,536
14	Fourth Ward	\$ 1,301,342	\$ 2,272,360	\$ -	\$ -	\$ 3,573,703
15	East Downtown	\$ 1,120,750	\$ 1,069,379	\$ 396,223	\$ -	\$ 2,586,351
16	Uptown	\$ 14,484,044	\$ 11,593,388	\$ -	\$ -	\$ 26,077,433
17	Memorial City	\$ 8,015,509	\$ -	\$ -	\$ -	\$ 8,015,509
18	Fifth Ward	\$ 159,466	\$ 199,187	\$ -	\$ -	\$ 358,653
19	Upper Kirby	\$ 6,402,006	\$ 1,168,746	\$ -	\$ -	\$ 7,570,752
20	Southwest Houston	\$ 5,042,912	\$ -	\$ -	\$ -	\$ 5,042,912
21	Hardy Place	\$ 249,307	\$ -	\$ -	\$ -	\$ 249,307
22	Leland Woods	\$ 12,955	\$ -	\$ -	\$ -	\$ 12,955
23	Harrisburg	\$ 18,755	\$ -	\$ -	\$ -	\$ 18,755
		\$ 68,905,211	\$ 53,377,021	\$ 6,003,133	\$ 1,346,805	\$ 129,632,169
	Less: Affordable Housing	\$ 2,061,101	\$ 2,675,345	\$ 59,433		\$ 4,795,879
	Administrative Fee	\$ 3,329,947	\$ 450,000	\$ 227,272	\$ 50,000	\$ 4,057,219
	Educational Transfers		\$ 24,842,681			\$ 24,842,681
	TIRZ Distribution	\$ 63,514,163	\$ 25,408,995	\$ 5,716,428	\$ 1,296,805	\$ 95,936,390
	FY2013 Net outflow from City	\$ 63,514,163				
	FY2013 Net Inflow to City	\$ (3,462,050)				
	Net Outflow from City	\$ 60,052,113				



City of Houston

INCREMENT DISTRIBUTION BY JURISDICTION ALL ZONES (FY14 Projection)

TIRZ NO.	NAME	CITY OF HOUSTON	ISD	COUNTY	COMMUNITY COLLEGE	TOTAL
1	St Georges Place	\$ 1,351,493	\$ 1,244,347	\$ -	\$ -	\$ 2,595,840
2	Midtown	\$ 7,569,841	\$ 8,824,768	\$ 4,283,815	\$ 962,634	\$ 21,641,058
3	Main Street/ Market Square	\$ 9,046,907	\$ 5,112,362	\$ 799,429	\$ -	\$ 14,958,698
4	Village Enclave	\$ -	\$ -	\$ -	\$ -	\$ -
5	Memorial Heights	\$ 2,533,832	\$ 940,210	\$ -	\$ -	\$ 3,474,042
6	Eastside	\$ 1,934,496	\$ 3,499,712	\$ -	\$ -	\$ 5,434,207
7	OST/Almeda	\$ 5,914,502	\$ 1,576,075	\$ -	\$ -	\$ 7,490,576
8	Gulfgate	\$ 501,928	\$ 834,606	\$ 318,277	\$ -	\$ 1,654,811
9	South Post Oak	\$ 293,476	\$ 461,991	\$ 166,360	\$ -	\$ 921,827
10	Lake Houston	\$ 3,468,847	\$ 8,593,724	\$ -	\$ -	\$ 12,062,571
11	Greater Greenspoint	\$ 4,196,570	\$ 5,630,380	\$ 1,341,915	\$ 804,195	\$ 11,973,060
12	City Park	\$ 359,862	\$ 407,659	\$ -	\$ -	\$ 767,521
13	Old Sixth Ward	\$ 1,017,461	\$ 323,253	\$ -	\$ -	\$ 1,340,713
14	Fourth Ward	\$ 1,523,172	\$ 2,316,216	\$ -	\$ -	\$ 3,839,389
15	East Downtown	\$ 1,335,196	\$ 1,216,894	\$ 527,505	\$ -	\$ 3,079,595
16	Uptown	\$ 18,912,602	\$ 12,267,838	\$ -	\$ -	\$ 31,180,440
17	Memorial City	\$ 10,170,258	\$ -	\$ -	\$ -	\$ 10,170,258
18	Fifth Ward	\$ 224,251	\$ 281,225	\$ -	\$ -	\$ 505,476
19	Upper Kirby	\$ 8,136,188	\$ 1,160,703	\$ -	\$ -	\$ 9,296,891
20	Southwest Houston	\$ 6,722,252	\$ -	\$ -	\$ -	\$ 6,722,252
21	Hardy Place	\$ 521,551	\$ -	\$ -	\$ -	\$ 521,551
22	Leland Woods	\$ 12,497	\$ -	\$ -	\$ -	\$ 12,497
23	Harrisburg (2011)	\$ 317,114	\$ -	\$ -	\$ -	\$ 317,114
24	Greater Houston (2012)	\$ 108,978	\$ -	\$ 799,977	\$ -	\$ 908,955
		\$ 86,173,274	\$ 54,691,962	\$ 8,237,279	\$ 1,766,828	\$ 150,869,344
	Less: Affordable Housing	\$ 1,471,226	\$ 1,294,605			\$ 2,765,831
	Administrative Fee	\$ 4,412,192	\$ 425,000	\$ 270,076	\$ 65,210	\$ 5,172,478
	Educational Transfers		\$ 24,841,819			\$ 24,841,819
	TIRZ Distribution	\$ 80,289,856	\$ 28,130,538	\$ 7,967,203	\$ 1,701,618	\$ 118,089,216
	FY2013 Net outflow from City	\$ 80,289,856				
	FY2013 Net Inflow to City	\$ (2,054,891)				
	Net Outflow from City	\$ 78,234,965				



City of Houston

Economic Development Division

Fiscal Year 2014 Sample Budget Template

TIRZ 1 St Georges Place			
	FY2012 Actual	FY2013 Estimate	FY2014 Budget
Beginning Balance	1,676,472	1,667,649	1,831,566
City	1,275,431	1,275,593	1,351,493
ISD	1,152,390	1,198,337	1,244,347
ISD - Pass Through	442,413	-	-
Increment Revenues	2,870,234	2,473,930	2,595,840
Interest Income	11,770	7,171	6,902
TOTAL RESOURCES	4,558,476	4,148,750	4,434,307
ISD Education Set-Aside	344,835	358,205	371,603
ISD Education Set-Aside - Pass Through	294,942	-	-
Affordable Housing			
City	425,143	425,198	450,498
ISD	531,601	399,446	414,782
Municipal Services			
Administrative Fees			
City	63,772	63,780	67,575
ISD	25,000	25,000	25,000
Transfers	1,685,293	1,271,629	1,329,458
Management Consulting Fees	148,193	137,013	117,784
Debt Service	951,735	739,168	1,012,607
TOTAL EXPENSES	2,785,221	2,147,810	2,459,849
Developer Agreements	-	-	-
Capital Projects	105,606	169,375	396,570
TOTAL PROJECTS	105,606	169,375	396,570
ENDING FUND BALANCE	1,667,649	1,831,566	1,577,888

Tax Increment Reinvestment Zones

Required Action

- *Zone liaisons have submitted final versions of FY14 Budgets*
- *Conducting Final Review of FY14 Budgets (Internal Staff Review)*
- *Schedule meetings with District Council members as requested*
- *City Council Action Approving the FY14 Budgets*
 - ❖ *Agenda date to be determined*