

TIRZ 27 – Montrose Tax Increment Reinvestment Zone Montrose Proposed Creation FAQ

1. What is a TIRZ?

Tax Increment Reinvestment Zones (TIRZs) are special areas of the city created, pursuant to state legislation (Chapter 311 of the State of Texas Tax Code), by resident petition or by City Council. A TIRZ creates and extends projects which, in turn, attracts development to these areas. The policy of the administration is to focus these projects on infrastructure and catalyze future economic development.

The City of Houston currently has 24 active TIRZs.

City Council approves all budgets and project plans of every TIRZ in the City of Houston.

2. Do TIRZs involve new taxes?

No. Revenue generated within a TIRZ boundary comes from existing tax revenue.

The City sets the property tax base year at the same time the TIRZ is created. If tax revenue increases above this base “increment”, the revenue is reinvested into the area via approved projects. No new taxes are created, and money that comes from this growth is reinvested into the community.

3. What impact do TIRZs have on the City of Houston budget?

At a TIRZ creation, City Council directs the TIRZ boards to use the increment generated to fulfill project plans that are approved by City Council. Typically, these project plans improve the geographic area designated in the TIRZ. The TIRZ submits an annual budget for implementation of its project plan. All TIRZ budgets are approved, annually, by City Council as are future capital project, and any amendments to project plans.

4. Are TIRZs permanent?

No. Typically, TIRZs have a life of 30 years. City Council approves the creation and life span of a TIRZ. City Council must vote to extend the life of a TIRZ beyond the life originally created.

5. How does a TIRZ differ from a Management District?

TIRZ revenue comes from incremental property tax. Management District funding comes from assessments imposed by the Management District primarily on commercial property. The use of TIRZ incremental revenue is limited to projects defined by Chapter 311 of the State of Texas Tax Code. City Council approves the TIRZ project plan at the creation and as amended. The Management District Board is originally created by the State Legislature. City Council must approve all future appointments to the Management District Board.

6. What type of impact will being included in a TIRZ have on residents/neighborhoods/civic clubs?

TIRZs fund projects within the boundaries of the TIRZ. Those projects may be water and sewer infrastructure repair, street repair, park improvements, curb and sidewalk reconstruction, street lighting, traffic control, landscaping, parking structures, park and green space improvements, and more as allowable by Chapter 311 of the Tax Code.

7. What relationship do TIRZs have to affordable housing?

A TIRZ that is created by petition of the residents is required to set aside 1/3rd of generated revenue for affordable housing. Ten of the 24 TIRZs, whether petition or non-petition created, contribute to affordable housing, either by appropriating funds to the Housing and Community Development Department, or managing its affordable housing program internally.

8. What are 380 agreements and what relationship do TIRZs have to them?

Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity.

All 380 agreements must be approved by City Council. It is the policy of the administration to use these agreements to reimburse the private sector for infrastructure investments approved by City Council. In some cases, City Council has approved some TIRZs to create 380 agreements.

9. What is the rationale behind the boundaries chosen for the proposed Montrose TIRZ?

The Montrose TIRZ boundary was drawn based on three factors:

1. What boundary will fulfill the wishes of the community to repair the infrastructure?
2. What boundary will keep the base taxable value of the TIRZ below \$1 billion
3. What boundary will keep the residential percentage (CH. 311.006(a)(1)) below 25%?

10. What projects have been a suggested focus for the TIRZ?

Through many community stakeholder meetings, we determined that focusing on the Richmond, Montrose, West Alabama, and Westheimer corridors will achieve the goal of improved mobility in the area. There was also an interest shown in focusing on workforce housing.

11. Will area stakeholders have representation on a TIRZ Board?

It is the policy of the administration that the geographic area of a TIRZ is represented by people who have an interest in the area. All board appointments must be approved by City Council.