TAX INCREMENT REINVESTMENT ZONES

The City of Houston accomplishes a portion of its Capital Improvement Program through a financing mechanism called a Tax Increment Reinvestment Zone, or "TIRZ". Each of the City's twenty-two TIRZ share common characteristics:

- Each zone is created by action of City Council pursuant to a financing plan embedded in a City Ordinance
- Each zone has defined geographical boundaries
- At the time each zone is created, the property taxes due to the City based on the current valuation of the property within the zone is "frozen" and for the life of the zone, any incremental property tax revenue resulting from revaluation of property is dedicated to public improvements within the zone
- Each TIRZ has a board of directors that is responsible for its activities
- Each TIRZ has a termination date incorporated into the ordinance that created it.

A TIRZ may issue tax-exempt bonds to accomplish its developmental mission. Such bonds are backed by the expectation of future tax increments, or the amount of property taxes that exceed the "frozen" amount at the time of the creation of the TIRZ. The bonds issued by the TIRZ must be approved by the City Council. Although there is no legal obligation on the part of the City to repay the TIRZ bonds, if, for example, the projected increment is less than predicted, the City has a strong interest in maintaining financially health TIRZ districts.

Each TIRZ may have participation by Harris County and/or an independent school district, who likewise allow the incremental portion of their property tax revenue to be used for projects within the zone. County and school district participation in the zone is not a requirement of its establishment.

In certain TIRZ (those with at least 10% of land value in residential use), there is a requirement that one third of the incremental tax revenue be set aside for affordable housing, as determined by the City Council and administered by the City's Housing and Community Development Department. These funds may be used for projects within, and without, the district that generated the tax increment.

The following pages provide a summary of each of the City's twenty-two TIRZ. Prior to budget adoption, financial information on each zone will be included in this document.
LAMAR TERRACE/ST. GEORGE PLACE (TIRZ #1)

The Lamar Terrace Zone was created through a petition process by City Council on December 12, 1990 and has a forty-year life. The Project Plan and Financing Plan provided for a bond issuance in 1992 totaling $2,220,000 to cover the cost of improvements to the zone, including demolition, paving, drainage, waterlines, sanitary sewers, street lighting, perimeter fencing, and landscaping. In FY2000, Council approved the sale of Certificates of Obligation totaling $5.3 million to fund infrastructure improvements on the zone's west side, and to reimburse a developer for costs associated with infrastructure improvements on the zone's east side. In FY2002, the St. George Place Redevelopment Authority issued $3.6 million in Refunding Bonds, which were used to pay all debt associated with the initial bond sale and a portion of the redevelopment authority’s bank debt. Two thirds of the tax increment revenue generated by this TIRZ is used to repay the bond indebtedness; the remaining one-third is set-aside for affordable housing. To-date, approximately 303 single family homes have been constructed in the zone. In FY2005, set aside revenues for low-income housing will be approximately $482,230. The authority will continue to eliminate outstanding debt associated with infrastructure improvements.

MIDTOWN REDEVELOPMENT AUTHORITY (TIRZ #2)

The Midtown Zone was created through a petition process in December 1994, subsequently expanded in 1999, and has a thirty-year life. In 1996, City Council created the Midtown Redevelopment Authority (MRA). The plan provides for infrastructure improvements to support development of single and multi-family housing, commercial development, redevelopment of Main Street, land assemblage, park improvements, and educational facilities. In December 1998, City Council authorized the MRA to issue up to $16 million in bonds and notes, and subsequently increased this level to $26 million in June 2000. The total reimbursable TIRZ cost for all improvements is projected to be $236 million. In FY2002, the MRA sold $17 million in bonds, and in FY2004 the MRA sold $13.5 million in bonds. The affordable housing set-aside financed through the proceeds of the third sale is $3,036,907. The Authority plans to sell an additional $20 million in bonds in FY2005, with an affordable housing set-aside financed through the proceeds of $5,385,567.

In FY2002, the MRA, using a combination of tax increment revenue and a $1.11 million U.S. Economic Development Administration Public Works Grant, completed the first phase of the Houston Technology Center, a high-technology business incubator. In FY2003, EDA awarded the City and MRA an additional $1.5 million grant to construct the second phase of HTC. Construction is expected to begin in FY2005.

MARKET SQUARE (TIRZ #3)

The Market Square Zone was created by City Council on December 19, 1995, subsequently expanded by 275 acres along Main St., and has a thirty-year life. The zone was originally created to finance the acquisition of the Rice Hotel. The Project Plan and Financing Plan provides for a total projected reimbursable cost of $34 million for acquisition and rehabilitation of the Rice Hotel, streetscape enhancements, Main St. transit enhancements, and pedestrian and parking facilities. The Houston Housing Finance Corporation (HHFC) entered into an agreement with the TIRZ to provide capital for acquisition and rehabilitation of the Rice Hotel. Pursuant to an agreement with HHFC, the TIRZ will make annual payments to HHFC of $750,000 until the loan is repaid.

In FY1999, Council approved the creation of the Main Street - Market Square Redevelopment Authority. In FY2002, the Authority issued $12.8 million in bonds to fund costs associated with the Main Street redevelopment. FY2003 efforts focused on the Main Street enhancements and working with METRO to enhance the Super Stops for the Light Rail Line. The Authority has funded approximately $10 million in street enhancements to the Light Rail project.
THE VILLAGE ENCLAVE (TIRZ #4)

The Village Enclaves Zone, located east of Hwy. 6, and bisected by Briar Forest Dr., was created through a petition process by City Council on October 01, 1996 and has a twenty-year life. Subsequently, the zone was expanded by City initiative on May 07, 1997. The purpose of the zone is to facilitate residential and commercial development and to finance the construction of the Westside High School, a shared-use high school facility. To date, approximately 258 single-family homes have been constructed in the zone, and a 4,000+ unit multi-family project. In FY2005, set aside revenues for low-income housing will be approximately $1,404,667. Infrastructure projects in the zone have been completed.

MEMORIAL HEIGHTS REDEVELOPMENT AUTH. (TIRZ #5)

The Memorial-Heights Zone was created by City Council on December 18, 1996, and has a twenty-year life. In January 1998, City Council created the Memorial-Heights Redevelopment Authority. The Project Plan and Financing Plan calls for the development of a mixed-use residential and supporting commercial development. The TIRZ will finance infrastructure improvements, including water, wastewater, storm sewer, lighting, streetscape enhancements, Spotts Park improvements, and access to a pedestrian walkway along Buffalo Bayou. Projected reimbursable TIRZ costs are estimated to be $17.8 million. Infrastructure projects in the zone are near completion. To date more than 1,400 units of multi-family housing, and approximately 150 single-family units have been developed in the zone in addition to a retail strip center anchored by a Walgreens.

EASTSIDE/OLD GALVESTON/HOWARD) (TIRZ #6)

The Eastside Zone, located at Old Galveston and Howard Rd., was created by City Council on 01/15/97, and has a thirty-year life. The Project Plan and Financing Plan provides for a financing vehicle to construct Cesar Chavez High School, a shared use facility. The total projected reimbursable TIRZ costs for capital construction, related site improvements and financing are estimated to be $76 million. The City and County tax increment revenue will be used to reimburse costs associated with the redevelopment of the infrastructure, while HISD's increment, coupled with lease payments made by HISD on the facility will reimburse the capital construction costs associated with the high school. To date, this zone has not generated any tax increments and the zones' current value is below the base value.

OLD SPANISH TRAIL/ALMEDA CORRIDORS (TIRZ #7)

The Old Spanish Trail/Almeda Corridors Zone was created by City Council on 05/07/97, and has a thirty-year life. City Council approved an expansion of the zone and amendments to the Project Plan and Reinvestment Zone Financing Plan on 12/09/98. City Council also approved a subsequent amendment to the plan in August 1999. The Project Plan and Reinvestment Zone Financing Plan provides for capital costs of approximately $18 million associated with the redevelopment of Almeda, OST, and Griggs Road corridors. In FY1999, City Council created the OST/Almeda Corridors Redevelopment Authority.

In FY2001, the City Council approved a $5.8 million CIP street reconstruction project for Almeda Road (from Alabama to Hermann Drive). During FY 01-02, the Authority funded related street enhancements for Almeda Road (e.g., street pavers and landscaping treatments) through the zone's tax increment revenue and completed the work during FY2003. In FY2002, City Council also authorized the Redevelopment Authority to issue up to $12 million dollars in bonds and subsequently sold $8.25 million in tax increment contract revenue bonds. In FY2005, the City and the Authority begin the design and construction of $1,568,657 in pedestrian-related transportation enhancements (e.g., sidewalks, tree planting, and landscaping) along the OST and Griggs Rd. commercial corridors, of which the Authority will contribute 20% pursuant to a TXDOT Statewide Transportation Enhancement Award (STEP). The Authority anticipates issuing $8,000,000 in bonds for zone-related capital improvements in FY2005, subject to City Council approval.
GULFGATE REDEVELOPMENT AUTHORITY (TIRZ #8)

The Gulfgate Zone was created by City Council on 12/10/97, and has a thirty-year life. In December 1997, City Council created the Gulfgate Redevelopment Authority (GRA). In December 1997, City Council approved a Loan Agreement between the Houston Housing Finance Corporation (HHFC) and the developer for $1,600,000 for the acquisition of Gulfgate Mall. HHFC provided up to $950,000 in additional capital, and owns a 50% interest in the entity created to co-own the mall. The tax increment revenue from the redevelopment project will repay outstanding loans. The total redevelopment cost for the regional power center is estimated at $50 million.

In FY2000, City Council approved an annexation of approximately 185-acres, west of Woodridge St., and increased the zone’s project costs by $4.6 million for infrastructure improvements, and added HISD educational facilities costs. Major projects that are completed or under construction include name brand discount stores, a Home Depot, a Lowe’s Home Improvement, an HEB Grocery Store, and two multi-family apartment projects. In FY2005, the City and the Authority will begin the design and construction of 6,025,936 in streetscape, and pedestrian-related transportation enhancements, including the renovation of a pedestrian bridge across Loop 610 South, of which the Authority will contribute a 20% match pursuant to a TXDOT Statewide Transportation Enhancement Award (STEP).

SOUTH POST OAK (TIRZ #9)

The South Post Oak Zone, located near South Post Oak Road and Westpark, was created through a petition process by City Council on 12/17/97, and has a twenty-five year life. The total projected TIRZ cost of all improvements is estimated to be $6 million, with the Zone and Redevelopment Authority contractually obligated to reimburse Pyramid Builders, an entity of Pyramid CDC. Pyramid Builders is developing the 450 single-family unit Corinthian Pointe development and financing the infrastructure for the project through a bank loan from JP Morgan Chase Bank.

The project plan calls for the development of approximately 247-acres, of which 105 acres will be for single-family use, including a one-acre neighborhood park, and supporting commercial development. In FY 00, Council approved the creation of the South Post Oak Redevelopment Authority. The project plan calls for 80% (or 360 units) of the homes to be sold at an “affordable” price range. To-date, the project has created $28 million in residential value. Approximately 425 single-family units have been constructed. The third phase and final phase of Corinthian Pointe is currently under construction.

LAKE HOUSTON (TIRZ #10)

The Lake Houston Zone, located adjacent to Lake Houston in the Kingwood area, was created by City Council on 12/23/97 and has a thirty-year life. The zone includes approximately 1,351 acres. The Project Plan and Financing Plan currently provides for the development of some 1,479 single-family units with supporting commercial properties. In FY 00, Council approved an annexation of 428 acres into the zone, and in August 1999, the zone's project plan was amended to increase Humble ISD's participation rate. The Zone will reimburse over $31 million in developer costs for water, wastewater and drainage facilities.

To-date, approximately 497 single family homes have been constructed. In FY2002, the City issued public improvement bonds using the authorized but unissued MUD debt from previously annexed MUDs, consistent with the terms of the City’s 1996 Kingwood annexation agreement. Proceeds from the bond sale are being used to reimburse Friendswood and Kingwood Partners for costs associated with the construction of drainage infrastructure in the zone as they complete the work. Increments generated by these developments will be used to pay back the bonds. In FY2003, City Council created the Lake Houston Redevelopment Authority to work with the TIRZ Board to implement the Project Plan and Financing Plan.
GREENSPoint (TIRZ #11)

The Greenspoint Zone was created by City Council on 08/26/98, and has a 30-year life. The zone was created to assist in redevelopment efforts for Greenspoint Mall, the Airline Dr. corridor, renovation or development of multi-family housing. Project costs are estimated at $62.3 million and will include roadway and bridge construction streetscape and park improvements, community facilities, and infrastructure to support residential/commercial development. New construction and redevelopment is expected to increase the taxable appraised value within the zone by $532.4 million. In FY2000, City Council created the Greater Greenspoint Redevelopment Authority (GRA). In FY2003, the Redevelopment Authority issued $20 million in bonds, which were used to pay developer reimbursements and fund various capital improvements (street, trails and park projects) in the zone.

CITY PARK (TIRZ #12)

The City Park Zone is located between West 11th St. and West 18th St., along the East T.C. Jester and White Oak Bayou right-of-way. This zone was created by City Council on 12/02/98 for a period of thirty years. Major infrastructure improvements include the construction of East T.C. Jester Blvd., a major thoroughfare and the development of a little league baseball field complex, slated for completion in FY2004. Other infrastructure improvements include the reconstruction of the West 18th St. and East T.C. Jester Blvd. intersection, and the reconstruction and completion of Bevis St.

In FY2003, City Council approved an ordinance increasing City Park Redevelopment Authority’s authorization to issue notes from $1 million to $2 million. Major projects that have been completed include a 308 multi-family unit project, retail development, and sixty-three Perry Homes townhomes.

OLD SIXTH WARD (TIRZ #13)

The Old Sixth Ward Zone was created through a petition process by City Council on 12/22/98, and has a life of thirty years. Improvements to be financed by the zone include street and drainage reconstruction, streetscape improvements, and the acquisition and preservation of historic properties. Residential development projects are expected to increase appraised values by $34 million. In FY2001, City Council created the Old Sixth Ward Redevelopment Authority. In FY2004, the City of Houston acquired the Dow School, with the RA financing the acquisition, to preserve this historic structure. The building will be conveyed to MECA for use as a multicultural educational facility. In FY2005, City set aside revenues for low-income housing will be approximately $165,433.

FOURTH WARD REDEVELOPMENT AUTHORITY (TIRZ #14)

The Fourth Ward Zone was created through a petition process by City Council on 6/9/99, for a thirty-year period, and covers 109 acres. The project plan calls for the development of 2,200 housing units, consisting of approximately 550 affordable homes and rental units for families and senior citizens, and 1,700 market rate single-family and multi-family units, with supporting commercial/retail uses. Reimbursable project costs totaling $21.9 million include storm and sanitary sewers, paving, streetlights, parks, streetscapes, and other project cost including historic preservation and property acquisition. The Fourth Ward Redevelopment Authority was created in FY2000 to facilitate in the redevelopment of the area. One-third of the tax increment revenue is directed to affordable housing. In FY2005, City set aside revenues for low-income housing will be approximately $473,234.

Over 70 affordable housing homes were built in the area as well as many market rate homes. To-date, approximately 372 single family homes have been constructed in the zone. The focus for FY05 is street and utility improvements, and community planning for the zone. The Federal Reserve Bank (FRB) is currently under construction and is projected to have a completion value of $90 million. Camden Development is expected to also break ground in FY 05 on a luxury apartment project.
EAST DOWNTOWN REINVESTMENT ZONE (TIRZ #15)

The East Downtown zone was created by City Council on 7/7/99 for a thirty-year period, and covers a 66-acre area east of the CBD, U.S. Hwy. 59, and Minute Maid Field, in the City’s original Chinatown area. Infrastructure improvement project costs are estimated to be $47 million and include street and sidewalk improvements, water, sanitary sewer, and storm sewer improvements, parking facilities, and brownfields remediation. It is anticipated that commercial and residential development within the zone will increase appraised values by $158.8 million. Completed major projects include the Lofts at the Ballpark Apartments (375 units); and Stanford Development Lofts. The Herrin Lofts project is currently under renovation. In FY2003, HNTB Corp., and Economic Research Associates completed a comprehensive infrastructure, urban, design, and economic development opportunities study that made recommendations for the prioritization of infrastructure construction and development opportunities.

UPTOWN DEVELOPMENT AUTHORITY (TIRZ #16)

The Uptown Zone was created through a petition process and approved by City Council on 7/7/99. The zone includes 1,010 acres of developed land in the City’s Galleria area. The project plan calls for major public infrastructure improvements that include widening and improving existing streets, creating a street grid system by constructing 15 lane-miles of new streets, developing a parking management program that includes the construction of new parking facilities, creating a pedestrian friendly environment, and improving access to the transit system. Total project costs are estimated at $235 million. New development in the proposed zone is expected to increase taxable property values in the zone by $1.1 billion. In FY2000, City Council approved the creation of the Uptown Development Authority.

In FY2001, the Development Authority sold over $14 million in bonds to finance work on the zone’s transportation infrastructure. Slightly more than $3.7 million in proceeds from this bond sale were forwarded to the City for use in the City’s affordable housing program. In FY2002, The Development Authority sold over $10 million in bonds to continue the financing of the zone’s transportation infrastructure. The City’s affordable housing program received $3 million in proceeds from this bond sale. In FY2003, City Council approved an increase in the Development Authority’s bond authorization from $25 million to $60 million. In FY2004, the Development Authority issued $9 million in bonds to continue financing mobility projects, and $4.5 million in bonds to support the City’s affordable housing program. The Authority anticipates issuing $15 million in bonds in FY2005, subject to City Council approval.

MEMORIAL CITY (TIRZ #17)

The Memorial City zone was created by City Council on 7/21/99, and includes 988 acres of developed and undeveloped land, bisected by the Katy Freeway, in the Memorial City Mall and Town & Country Mall area. An estimated $97 million is planned for proposed road and street improvements, traffic signalization improvements, water/sewer/drainage improvements, safety walls, walkways and noise attenuation improvements. Over $1 billion in new development is projected during its thirty-year duration. Redevelopment at Memorial City Mall is currently on-going. In FY2003, W.P. Moore & Associates completed detailed studies on traffic and transportation, and drainage and made recommendations for the prioritization of capital improvements to be undertaken by the zone. In FY2003, City Council approved the creation of the Memorial City Redevelopment Authority. The Authority anticipates receiving TxDOT project funding in FY2005, with a local match contribution from the TIRZ, to reconstruct the Gessner Dr. segment, south of I-10. The Authority anticipates issuing $11 million in bonds in FY2005 to financing transportation and drainage improvements, subject to City Council approval.
FIFTH WARD REINVESTMENT ZONE (TIRZ #18)

The Fifth Ward Zone was created by City Council on July 21, 1999 and is bisected by Lyons Avenue and I-10 East. Infrastructure development costs are estimated at $6.9 million and consist of street and sidewalk improvements, water and sanitary sewer improvements, street lights, parks and streetscape improvements, brownfields remediation, historic preservation and property acquisition. The total projected investment is estimated at $36.6 million during the thirty-year life of the zone. In FY2001, City Council approved the creation of the Fifth Ward Redevelopment Authority. No improvements have been constructed to-date.

UPPER KIRBY REINVESTMENT ZONE (TIRZ #19)

The Upper Kirby Zone was created by City Council on July 21, 1999 and includes 515 acres of land in the Upper Kirby (Kirby Drive) area from San Felipe to Bissonnet. The project plan calls for $10.6 million in improvements to the existing storm drainage system, creating traffic turn lanes and bus turnouts on major thoroughfares, constructing esplanades on Kirby Drive, reconstructing West Alabama and South Shepherd Streets and widening Wakeforest Street, improving the sidewalks and pedestrian crosswalks, and renovating Levy Park. New development in the zone is estimated to increase taxable property values by $121.4 million during the fifteen-year life of the zone. In FY2002, the Upper Kirby Redevelopment Authority was approved by City Council. Phase I of Levy Park was completed in FY2003, and Phase II is expected to be completed in FY2005. The storm drainage and street improvements are slated to begin in FY2004.

SOUTHWEST HOUSTON REINVESTMENT ZONE (TIRZ #20)

The Southwest Houston Zone was created on December 15, 1999 and includes 2,052 acres of land in southwest Houston in the Sharpstown Mall/US Hwy 59/Beltway 8 area. The plan anticipates the development of approximately 2 million sq. ft. of new commercial development, including retail, office, and warehouse developments. The plan also provides for infrastructure improvements that will assist with the repurposing of Sharpstown Mall, and calls for $41.6 million in infrastructure improvements to support development along the commercial corridors in the Sharpstown Mall area that include the replacement of water lines, storm and sanitary sewers, street paving and transportation improvements, and streetlights. The plan projects an increase in total taxable value of $264.6 million at the end of the thirty-year life of the zone.

Additional zone improvements planned for the area include a park, landscaping and tree relocation, and streetscape improvements. In FY2001, City Council approved the creation of the Southwest Houston Redevelopment Authority. In FY2003, City Council authorized the Redevelopment Authority to issue up to $13.2 million in bonds for zone improvements.

HARDY/NEAR NORTHSIDE TIRZ (#21) AND LELAND WOODS TIRZ (#22)

In December 2003, City Council approved the creation of two new tax increment reinvestment zones: Hardy/Near Northside TIRZ (No. 21), and Leland Woods TIRZ (No. 22). The 242 acre Hardy/Near Northside zone is located immediately north of the Central Business District, bisected by North Main, and is centered around the old Union Pacific rail yard. Hardy Yard Partners plans to redevelop the 43-acre site as a high quality urban mixed-use development project that will be the catalyst for development throughout the full TIRZ. The 80-acre Leland Woods TIRZ is located in northeast Houston near Homestead Road & East Little York. The affordable housing development is a partnership of the Greater Houston Builders Association (GHBA), GHBA CDC, Fannie Mae and the City of Houston. The TIRZ will facilitate the development of 385 affordable single-family units.