



CDFA Texas Webinar: Driving Economic Development with TIRZ

Welcome

The Broadcast will begin at 10:30 AM (Central)

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CDFA Texas Webinar: Driving Economic Development with TIRZ

Cayla Matsumoto

Director of Education
Council of Development Finance Agencies
Columbus, OH

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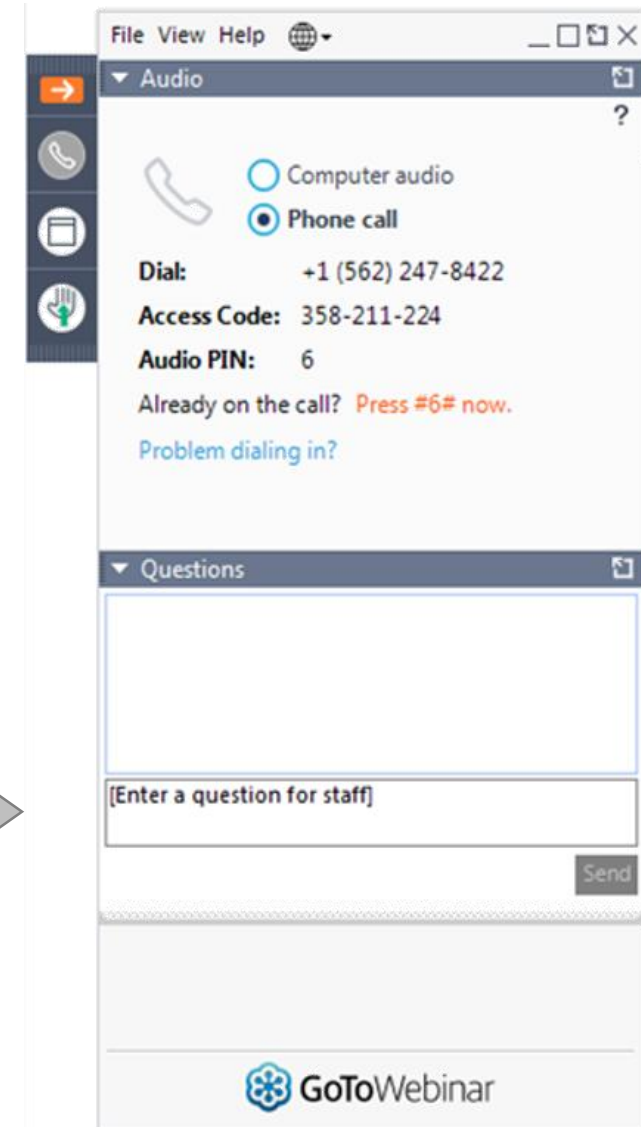
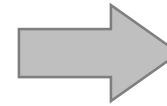


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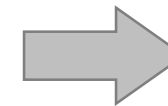


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Using your telephone will give you better audio quality.



Submit your questions to the panelists here.



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Technical Difficulties?

Contact Candace Frank at
614-705-1300 or
cfrank@cdfa.net

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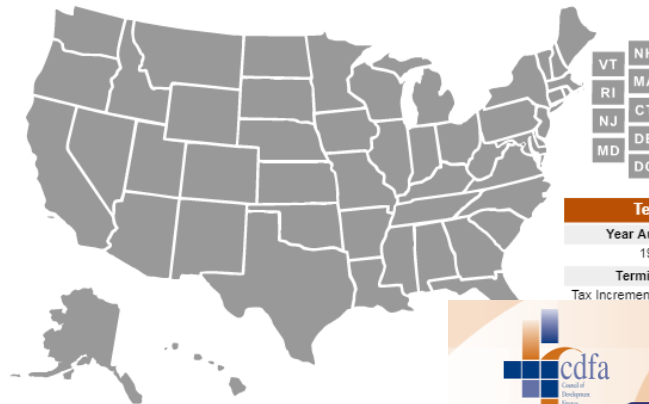
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TIF State-By-State Map

This research was made possible through the generous support of Stifel Nicolaus & Company, Inc.

STIFEL

Hover over a state to see selected data. Click a state to see complete data below.



Texas

Year Authorized

1983

Terminology

Tax Increment Reinvestment

Texas

Year Authorized	1983
State Statute	Chapter 311 of the Texas Tax Code
Link to State Statute	View State Statute
Terminology	Tax Increment Reinvestment Zone
Site Specific TIF Allowed	Yes
Area Wide TIF Allowed	Yes
Eligible Tax Revenue Sources	Tax on Real Property; Sales Tax
May Be Used with Special Assessment Tools	Yes
Eligible Public Costs	Publicly owned infrastructure with way: Public school construction; Public parking structures; Municipality fire stations; Land/building acquisition obligations; Site preparation, demerits; Planning, engineering, and remediation of conditions that constitute a public building.
Eligible Private Costs	Rehab of existing buildings; Private Demolition, site prep, cleanup of agreement, but are subject to claim contaminate private land or build
District Approval Agencies	City; County
Project Approval Agencies	City or County, depending on the
Requirements for District Creation	Blight: Property conditions analysis zone, an area must: 1.) substantial county designating the zone, retain economic or social benefits and be

Tax Increment Finance Resource Center

Tax Increment Finance (TIF) is a mechanism for capturing the future tax benefits of real estate improvements, in order to pay for the present cost of those improvements. TIF is generally used to channel funding toward improvements in distressed or underdeveloped areas where development would not otherwise occur. Tax increment finance is a popular development finance tool generally used to address blight, promote neighborhood stability and inspire district-oriented development.

TIF uses the increased property or sales taxes (increment) generated by new development to finance costs related to the development such as public infrastructure, land acquisition, demolition, and planning. The life of a district can be anywhere from 10-40 years, or enough time to pay back pay back the costs or bonds issued to fund the improvements. The tax increment from a TIF district is created without raising taxes, and also without dipping into the base tax revenues present at the time of adoption. The increment thus becomes a repayment stream for debt used to finance some aspects of what is driving the increase.

Want regular updates on TIF? Subscribe to CDFA's **Tax Increment Finance Update** newsletter.

[Subscribe](#)

TIF State-By-State Map

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Advancing Development Finance Knowledge, Networks & Innovation

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Intro Tax Increment Finance Course

August 9-10, 2018
Pittsburgh, PA

[Register](#)



Overview

Take a deep look at the guiding principles and appropriate practices into focus through a two-day program for developers, public agency representatives, bond issuers, and stakeholders.

Development Finance Certified Professional (DFCP) courses during CDFA Summer School. Complete three courses for the DFCP Program. Join us in Pittsburgh, and more today.

Click on the course name to learn more about the



Summer School: Course Schedule

Tuesday & Wednesday August 7-8, 2018	Thursday & Friday August 9-10, 2018
Intro Bond Finance Course	Intro Revolving Loan Fund Course
Intro Tax Credit Finance Course	Intro Tax Increment Finance Course

Overview

basics of TIF
how to create a TIF
local improvements
-specific vs. district-wide
reach
addressing community buy-in
pricing variations
distinctions and overlays
examples

Who Should Attend?

- Bond Issuers
- Economic Development Professionals
- Community Development Professionals
- Developers
- Broker/Dealers and Underwriters
- Elected Officials
- Government and Nonprofit Finance Officers
- Attorneys
- Accountants
- Financial Advisors
- Policy Makers



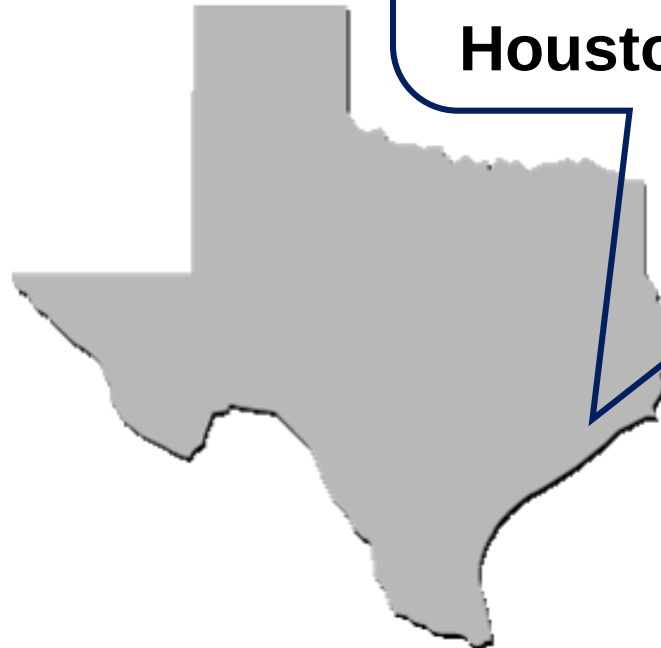
CDFA Texas Webinar: Driving Economic Development with TIRZ

Bill Calderon

President

**Calderon Economic Development Strategies LLC
Houston, TX**

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C A L D E R O N E C O N O M I C
D E V E L O P M E N T S T R A T E G I E S

CDFA WEBINAR
“DRIVING ECONOMIC DEVELOPMENT WITH TAX
INCREMENT FINANCING”

TIRZs Can Provide Great Flexibility in funding project costs

Ad Valorem Taxes from creating entity—typically a Municipality, and by inter-local agreement with:

- County
- Community College District
- Drainage District
- Municipal Utility Districts
- Emergency Services District
- Public Improvement District
- Municipal Management District

TIRZs Can Provide Great Flexibility in funding continued

Sales tax revenues from:

- Municipalities
- Counties
- Special Purpose Annexation Agreements (SPAs)

TIRZs Can Provide Great Flexibility in funding continued

State and Local grants with TIRZ as a match source.

Transportation COGs when projects are shovel ready.

Local Metropolitan Transportation Organizations.

Private development capital (Traditional model)

The tax increment model contemplates debt.
The most common facilities include:

- Standard Development Reimbursement Agreements
- Inter-local agreements with governmental entities
- Bank notes/loans
- Tax exempt and taxable bonds sold by the creating entity or thru an LGC
- P3 facilities / agreements

Use of Local Government Corporations (Also known as Redevelopment Authorities)

- Creations are authorized by City or County
- Empowered typically by approval of a tri-party agreement
- Facilities can be very flexible
- Use of this mechanism creates an arms-length facility that is not recourse to City
- Recognized by the bond markets
- Bonds sold thru an RA are tax increment contract revenue bonds.

City of Mission TIRZ #1
Mixed Use Residential Commercial

Project: Construction of a 3.5 mile highway to new international port of entry

Mix of Revenues have included:

TIRZ City and County

US Economic Development Agency Grants

State Highway Funds

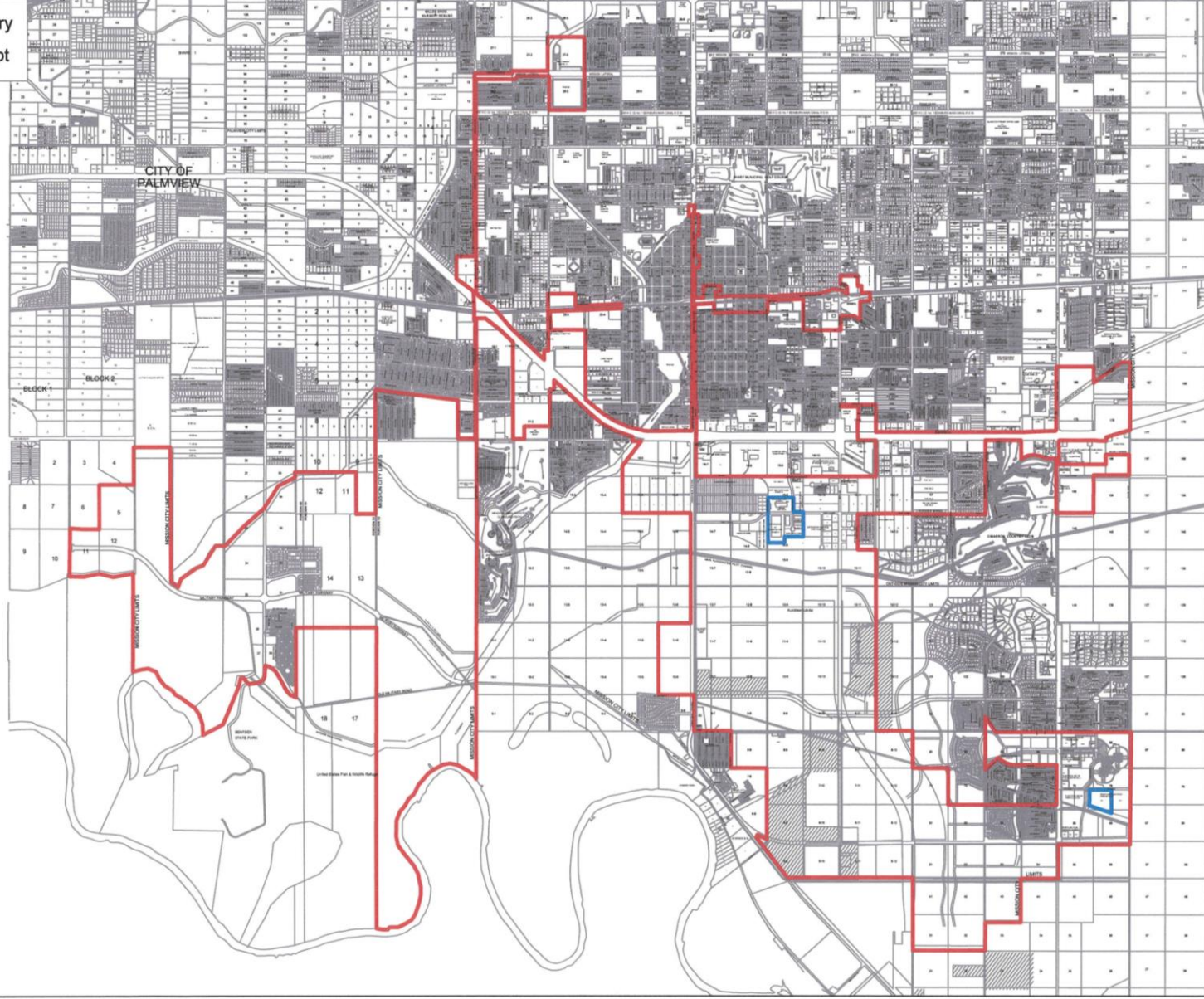
Locally appropriated MPO funds

Land Grants (Hunt Development)

Drainage District participation

Local jurisdictions

- TIRZ Boundary
- Save & Except



RECEIVED
DEC 15 2006
By: *Bill Golden*

HAND DELIVERED
By: Bill Golden

TIRZ #3 — City of Houston
Central Business District Redevelopment

Marriott Hotel Redevelopment of
Humble Oil Building

Mix of Revenues included:

- TIRZ #3 Revenues / 380 style grant of \$4.4 MM including facade easement agreement
- Central Houston Management District Economic Development Grant
- Hotel Occupancy Rebate agreement
- Benefit from the Metro Rail line capital improvements and proximate plat form



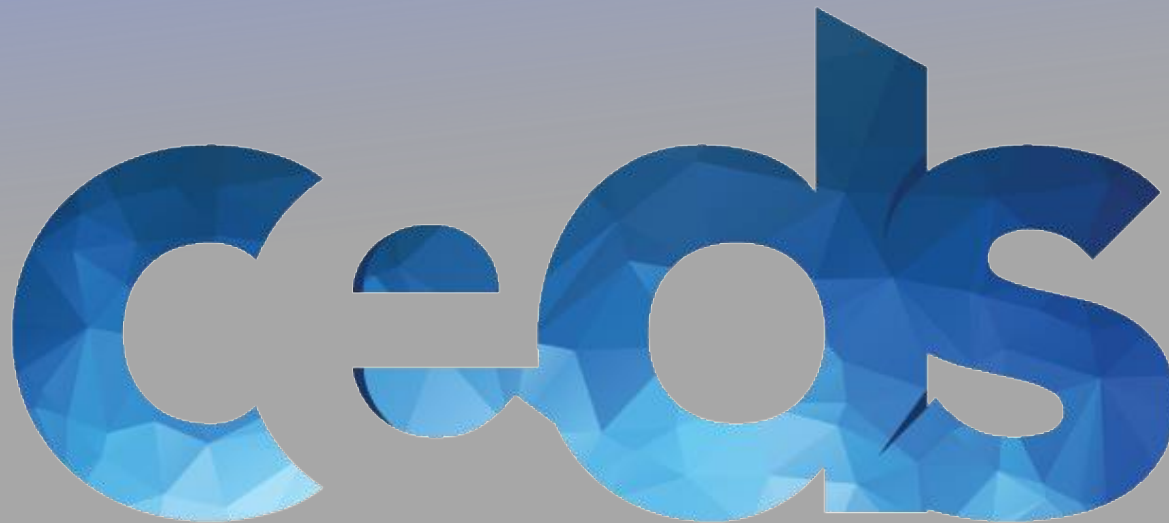
Tax Increment Reinvestment Zones and Municipal Management Districts in Houston

General approach is to have the TIRZ build the public infrastructure,
and have the Municipal Management District maintain it.

Examples include:

- Landscaping and landscape maintenance
- Above Standard surface improvements
- Bus stops
- Rapid Transit lines
- Rail line improvements / platforms / lighting

Q&A, Discussion



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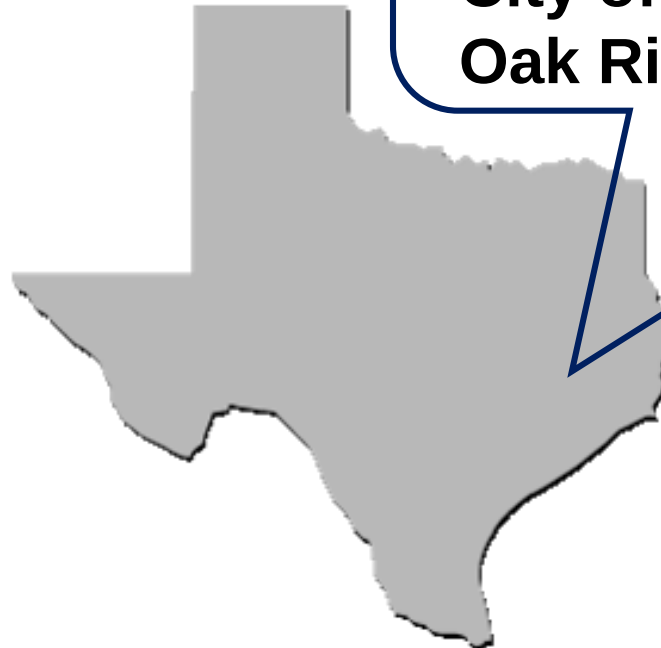


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Heather Neeley

**Director of Economic Development
City of Oak Ridge North
Oak Ridge North, TX**

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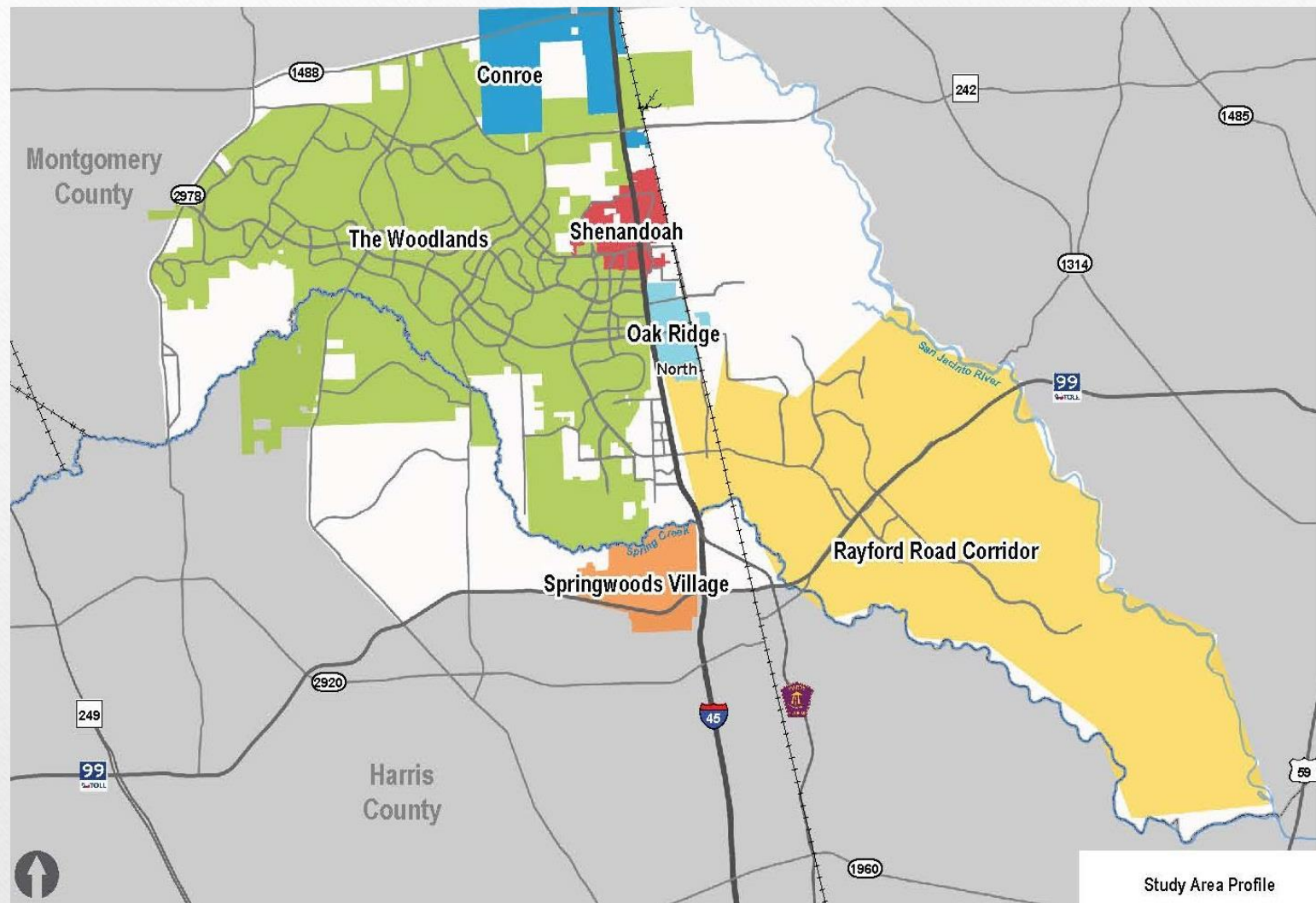
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CITY OF OAK RIDGE NORTH

TIRZ NO. 1

City of Oak Ridge North

- Population 3,040
- 1.5 Square miles
- 400 acres of extraterritorial jurisdiction (ETJ)
- Property Tax raises \$700,000
- Sales Tax raises \$2.1M
- Total revenue all funds - \$5.1M*



Challenges

- Due to its general law status the City cannot annex properties without petitions requesting annexation
- The City's ETJ is comprised of numerous ownerships and as the tracts petition for annexation in a piecemeal fashion, the City has no means of planning and providing the infrastructure to promote the overall quality development in the area
- Low quality and/or sub-standard developments will be an ongoing obstacle to annexation if allowed to continue
- If the City's ETJ is left unincorporated, the burden of providing service to the area will remain with the county

Responding to Challenges

- In order to respond to these challenges the City requested the County enter into a TIRZ:
 - Commercial areas within the City limits and ETJ
 - Allow the City to plan and prepare for the provision of infrastructure to areas within the ETJ

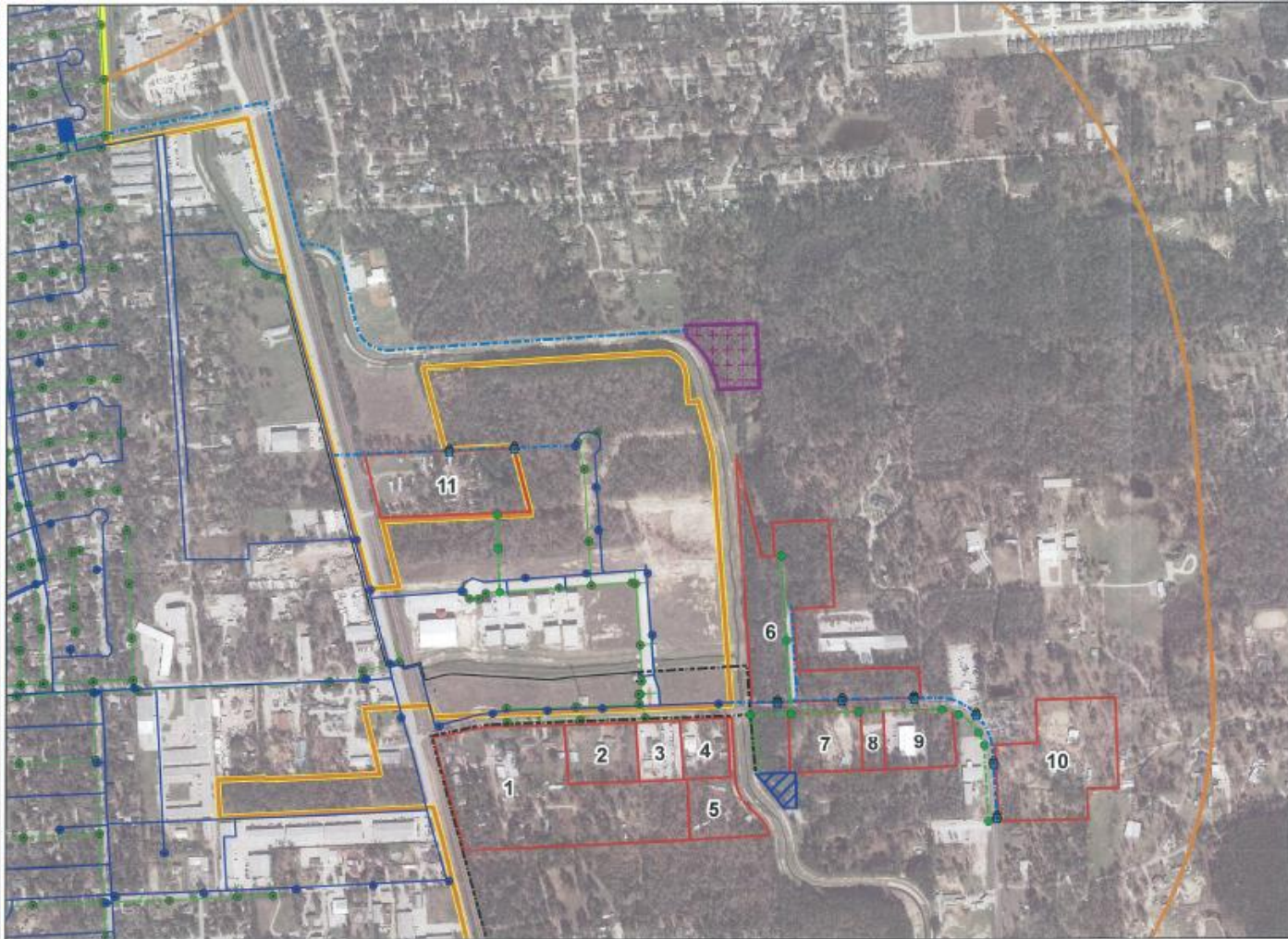
TIRZ Creation

- Interlocal Agreement with Montgomery County
 - City participation at 100% of tax rate over 30 years
 - County participation at 75% of M&O tax rate for 30 years
 - Proposed improvements estimated at \$60million consisting of:
 - Roads
 - Water/sewer/drainage
 - Quality development in the ETJ

Project Plan

- Benefits to local taxing jurisdictions and tax payers and furtherance of the City's goals to be accomplished by the TIRZ include:

Montgomery County	Oak Ridge North
• Provides cost-sharing opportunities for Robinson Road improvements • Offers opportunity to transition long term road maintenance to City • Offers opportunity to transfer other County costs of service to City • Ability to influence quality, timing and type of development in this unincorporated area • Affords ability for planned, interconnected, efficient design and construction of roads and infrastructure • Enhances the County's tax base • Provides tool to partner with private developers to construct improvements	• Achieves a goal of securing the areas adjacent to the City in support of City's property values • Provides ability to influence quality, timing, and type of development in ETJ • Affords ability for planned, interconnected, efficient design and construction of roads and infrastructure • Increases annexation opportunities to reach home rule status • Enhances the City's tax base • Provides cost-sharing opportunities with County participation • Provides tool to partner with private developers to construct improvements



VICINITY MAP
Scale: 1 inch equals 10 miles

LEGEND

- Proposed Fire Hydrant
- Proposed Waterline
- Existing Fire Hydrant
- Existing Waterline
- Proposed Sanitary Manhole
- Proposed Sanitary Sewer
- Proposed Forcemain
- Existing Sanitary Manhole
- Existing Forcemain
- Existing Sanitary Line
- Proposed LR Station Site
- Proposed WP Site (Approx. 2.5 Ac)
- Pamola Water Well No. 3

0 250 500
Feet

*Aerial Imagery from January 2012

CITY OF OAK RIDGE NORTH
MONTGOMERY COUNTY, TEXAS

JONES & CARTER, INC.
ENGINEERS & PLANNERS
2000 West 10th Street, Suite 100, Houston, Texas 77008
(713) 865-1000 Fax (713) 865-1001

EXHIBIT B
PROPOSED UTILITY
EXTENSION
INITIAL PHASE



1 inch equals 500 feet

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Coordinate System: NAD 83 TO N 2011/01 - 4326 1987
Datum Datum: NAD 83 TO N 2011/01 - 4326 1987



Current State of Zone

- As of the last Annual Report:

- Participation Schedule

Jurisdiction	2015 Tax Rate	2016 Tax Rate	% Participation	Duration
City of Oak Ridge North (Total Rate)	\$0.4598/\$100		100%	30 Years
Montgomery County (pending)		\$.3905/100	75%	30 Years

- Increment Generated from Base Year

Taxing Entity	2014 Base Value	2015 Value	2016 Value	Captured Appraised Value (Increment)
City of Oak Ridge North	\$81,579,632	\$99,565,404	\$107,667,164	\$26,087,532
Montgomery County	n/a	\$119,845,536 *base value	\$130,380,141	\$10,534,605

- Tax Increment Revenue Fund Balance by Year

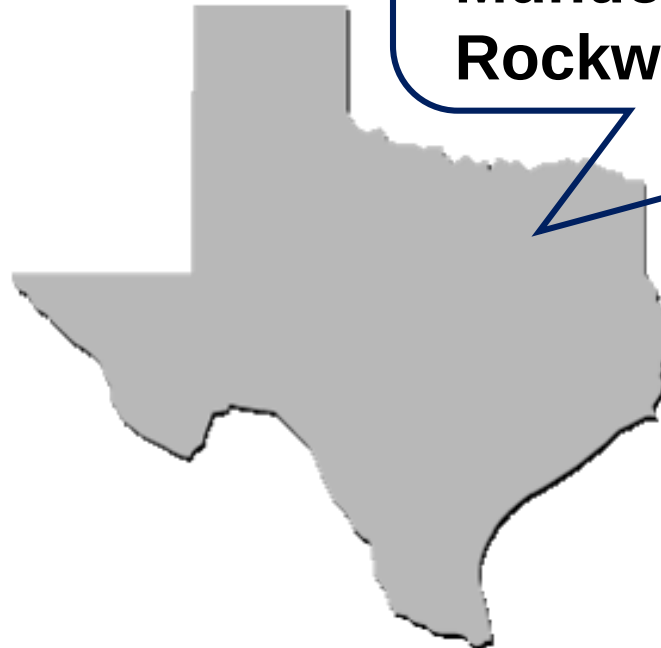
Taxing Entity	2015	2016	2017
City of Oak Ridge North	\$82,121	\$110,553.58	\$-0-
Montgomery County	n/a	\$24,244.35	
Annual Fund Balance	\$82,121	\$216,918.93	\$-0-



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Jason Mundo

Vice President
Mundo and Associates, Inc.
Rockwall, TX



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Successful TIRZ Tips

Jason Mundo, Vice President

Mundo and Associates, Inc.

jason@mundoandassociates.com



Agenda

- Importance of the Private Developer
- Plan Now-Use Specific Infrastructure
- Plan Now- Negotiate Development Agreements
- Anticipate Change in the Plan-Success!



Importance of the Private Developer

- Successful TIRZ are private sector led
- Lead with the commitment of the Private Developer
- You will lose years of incremental tax gains if you seek a developer after the TIRZ is formed
- Prepare the Project Plan and Infrastructure Plan but hold the TIRZ until you have the commitment of the Private Developer
- TIRZ is a financing tool not an incentive



Use Specific Infrastructure

- Avoid the Generalized Public Infrastructure List
- Obtain Opinion of Probable Cost (Estimate) by a Civil Engineer
- Negotiate the Specific Infrastructure Items with the Planning, not after TIRZ approved
- Anticipate different infrastructure requirements/wants per entity (city, city departments, developer, regional partner).
- Hot Texas economy = changing infrastructure costs
- Good Estimates make good projects



Negotiate Dev. Agreements

- No idea is a bad idea. Be creative.
- Participants: City, Developer(s), EDC, County (Counties), others
- Take reasonable risks / Give everyone the opportunity to succeed
- No criticism allowed. You are now teammates for years to come.
- Work the project and get the Deal Right
- Write it Down in an Agreement with the Developer
- Project Plan and Financial Plan is the City Document
- 380 Developers Agreement is the Deal with the Developer



Anticipate Change with the Plan

- Your Adopted Project Plan and Financing Plan will Attract Interest!
- Your Successful Start of the TIRZ will Attract Interest!
- Plan for the Change in your Plan
- Be sure all know the Plan will Change-it's the Sign of Success!
- Know from the Start How to Amend and Change the TIRZ – you want this to happen!
- Email me, I love to talk TIRZ –Jason@mundoandassociates.com





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Questions & Answers



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Upcoming Events

CDFA Federal Financing Webinar Series: U.S. Department of Transportation

April 12, 2018

2:00 PM Eastern

CDFA//BNY Mellon Webcast Series: US vs UK Access to Capital Challenges

April 17, 2018

11:00 AM Eastern

CDFA//BNY Mellon Webcast Series: Community Benefit Agreements – Sparking Development

May 15, 2018

1:00 PM Eastern

Register online at www.cdfa.net

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