

What is a TIRZ and How Does It Work?

Tax Increment Reinvestment Zones (TIRZs) are special zones created by City Council. They are authorized by Chapter 311 of the Texas Tax Code and are governed by a board of directors appointed by the Mayor and confirmed by City Council.

Upon creation of the zone, the base year value of property in the zone is determined. All taxable values above the base value are considered tax increments, and a portion of the resulting incremental tax revenues is available for zone projects.

Zones may invest in Capital Improvement Projects (CIPs), including streets, drainage, water, parks and public facilities, streetscape (sidewalks, lighting, landscaping), parking facilities, and affordable housing. The new infrastructure is maintained by the city (or other entity with city approval).

Zones may only expend tax increments on projects that are included in the project plan and are in the approved annual budget and five-year CIP. Every zone has a project plan that establishes the project priorities of the TIRZ by general categories.

TIRZ 13 Priorities are:

- The reinforcement of retail developments along the Washington Avenue corridor.
- The creation of pedestrian friendly, safe environments through the reconstruction of the pedestrian realm with ample lighting and streetscape amenities.
- Improvements to public streets and utility systems to create an environment that will stimulate investment in retail, residential and multi-family developments.
- Redevelopment and upgrades to public green space, parks and other appropriate recreational facilities.
- Cultural and public facilities, affordable housing and historic preservation. (Note: 33% of the TIRZ increment is dedicated to affordable housing, and these funds are controlled by the city.)
- The complete plan can be found on the City of Houston Web site at <https://www.houstontx.gov/ecodev/tirzdocs/13/projplanA3.pdf>

Only projects that are identified within the project plan can be implemented through the Capital Improvement Plan for the TIRZ. Project Plans are approved by City Council at creation and at any annexation.

Every capital project on the CIP must relate to the Project Plan. The CIP reflects the TIRZ's capital projects for the upcoming five fiscal years.

TIRZ 13 has created a Possible Project List to track all projects within the zone. This list remains open, and projects are added as they are identified. Projects may be identified by the city, studies, the board, residents and businesses in the zone or other governmental entities.

The TIRZ boards evaluates projects based on the project plan, affordability, City of Houston priorities, alignment with Rebuild Houston, input from the public and other programs/plans. The

CIP process is facilitated and managed by the Economic Development Office. The TIRZ proposed CIP must be reviewed and approved by City of Houston Department of Public Works. The TIRZ budget and CIP are placed with the City Council for review and approval.