



PROJECT AND FINANCING
PLAN
TAX INCREMENT
REINVESTMENT ZONE
NUMBER 3
CITY OF JERSEY VILLAGE

APPROVED BY TIRZ 3 BOARD
AUGUST 10, 2021

APPROVED BY CITY COUNCIL
ORDINANCE NUMBER 2021-36
SEPTEMBER 20, 2021

Contents

Introduction	3
Map 1: Location of Proposed Tax Increment Reinvestment Zone	3
Benefits of the District	4
Preliminary Project Plan.....	4
Existing Uses and Conditions	5
Figure 1: Current Land Uses.....	5
Map 2: Existing Uses and conditions of land within and around the TIRZ.	6
Map 3: The existing land use zoning within the TIRZ.....	6
Ordinance Changes	8
Non-Project Costs	8
Method of Relocation	8
Preliminary Financing Plan.....	8
Financial Plan Narrative	8
Estimated Project Costs	8
Kind, Number and Location of Proposed Public Improvements.....	9
Economic Feasibility.....	9
Estimate of Bonded Indebtedness To Be Incurred	9
Estimated Time When Monetary Obligations Are To Be Incurred	10
Methods and Sources of Financing.....	10
Duration of Zone	11
Current Appraised Value of Taxable Real Property	11
Estimated Captured Appraised Value By Year	11

Introduction

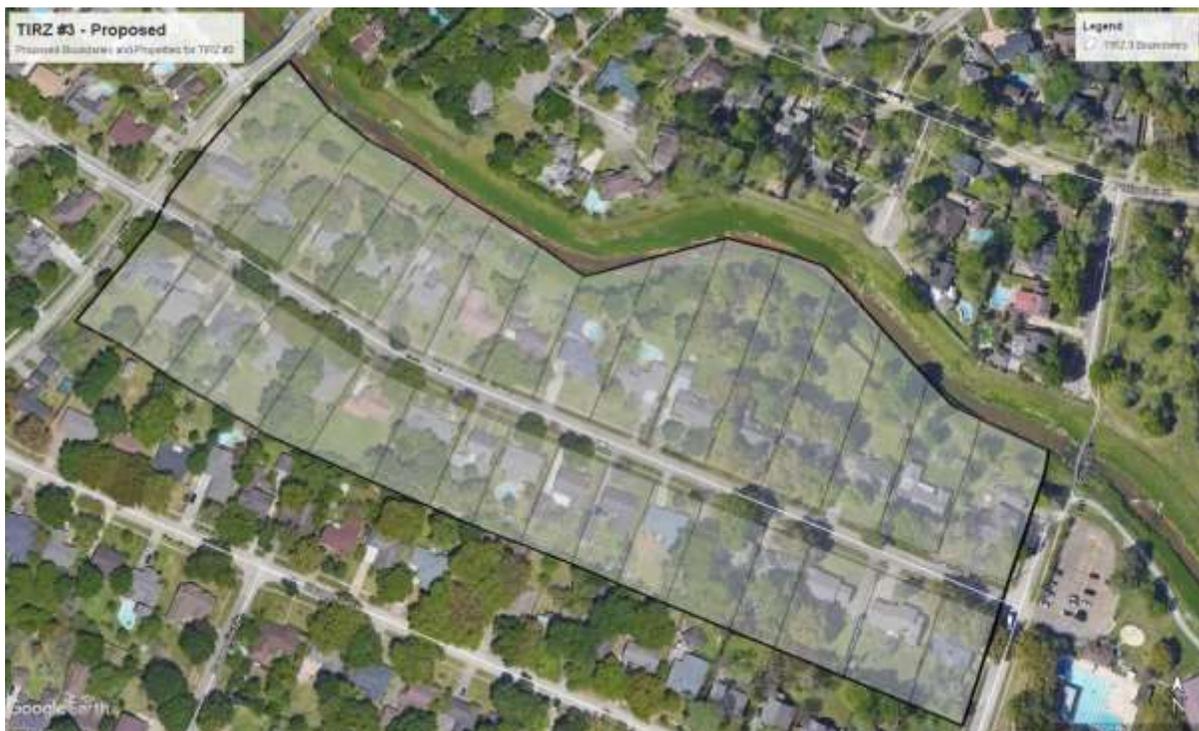
The City of Jersey Village (the “City”) incorporated in 1956, and is located in northwest Harris County. The current population of the city is 7,935. The City is approximately 90% built out. The City has experienced several devastating flood events since 1998. One of the areas that has experienced repetitive flood events is the area of Jersey Drive from Equador Street to Lakeview Drive.

In 2017 the City adopted a Long-Term Flood Recovery Plan. This plan looked at numerous ways the City could work to reduce the damage of future flood events. The City is currently undertaking several activities to reduce future flooding, including home elevations from FEMA Funding.

FEMA grants are a very competitive grant. If the grant application is awarded it can still take a year or more for the money to arrive with the city for the work to be done. There are currently over 130 homes the City is working to remove from the flood plain. FEMA Grants for elevations are preferable to buyouts, as a buyout requires the land to be green space in perpetuity.

Given the length of time it will be for home elevation grants to reach all homes, the home owners of Jersey Drive have submitted a petition to the City requesting a TIRZ to be created to assist with flood mitigation, namely buyouts, on their street. The TIRZ would help to facilitate the sale of property from the current owners, so the homes could be demolished, and new homes could be built on the lots that would be above the flood plain. This would bring about flood mitigation for property owners more quickly than working with federal funding. It would also allow for the property to continue to provide great homes for future generations of families in Jersey Village.

Map 1: Location of Proposed Tax Increment Reinvestment Zone
The proposed boundaries of the TIRZ are depicted below.



Benefits of the District

The creation of this proposed TIRZ District allows the City of Jersey Village to benefit from homes being removed from the flood plain and new homes being constructed that are above the flood plain. In addition, this will also likely spur the redevelopment of nearby areas.

The City is proposing to capture 100% of the taxable real property incremental revenues being created within the TIRZ, during the lifetime of the District which is proposed for 20 years.

Preliminary Project Plan

This Preliminary Project Plan and Reinvestment Zone Financing Plan (“The Plan”) has been prepared in accordance with the requirements of Chapter 311.011 of the Texas Tax Code and outlines the improvements to be funded and implemented by the proposed Tax Increment Reinvestment Zone Number 3, City of Jersey Village, Texas.

There are also several benefits to the city, other local taxing jurisdictions, and tax payers in general that will be accomplished with this TIRZ. One of those benefits is achieving some of the Comprehensive Plan Goals, which include:

- Invest in infrastructure, activities, and opportunities that will revitalize the highway 290 corridor to maximize its visual appeal, sense of place, and economic value.
- Promote infill and redevelopment of vacant or underutilized parcels.
- Ensure there are provisions for meeting and satisfying the needs of resident and potential residents with a variety of single family homes.
- Continue efforts to implement the Long-Term Flood Recovery Plan and mitigate future flooding in the city.

Other benefits for the City include:

- Enhances the City’s tax base.
- Provides tool to partner with private developers to construct improvements.

Existing Uses and Conditions

The table below, based on information from the Comp Plan, details the existing land uses and the percentages of their respective areas within the City.

Figure 1: Current Land Uses

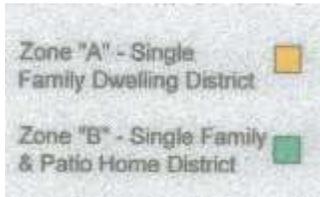
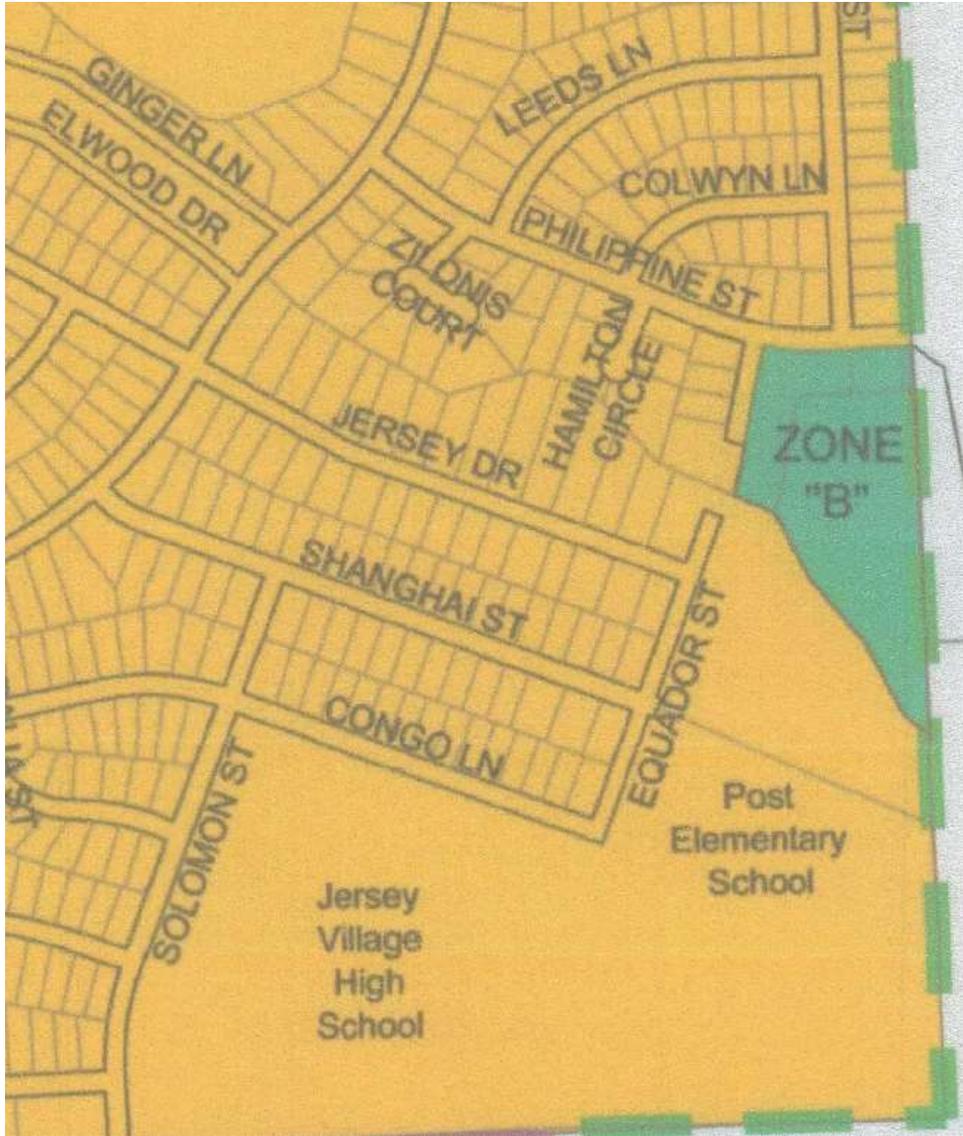
Land Use	City Limits		ETJ	
	Acres	Percent	Acres	Percent
Single Family	683	30.2%	15	2.1%
Multi-Family	88	3.9%	0	0.0%
Townhome	21	0.9%	0	0.0%
Manufactured	-	0.0%	25	3.6%
Total Residential	792	35.0%	40	5.7%
Parks and Open Space	83	3.7%	0	0.0%
Public/Semi-Public	180	8.0%	11	1.6%
Private Recreation	134	5.9%	0	0.0%
Retail	44	1.9%	2	0.3%
Office	28	1.2%	0	0.0%
Commercial	182	8.1%	198	28.1%
Industrial	74	3.3%	302	42.9%
Detention Pond/Lake	98	4.3%	5	0.7%
Right-of-Way	446	19.8%	28	4.0%
Railroad Right-of-Way	27	1.2%	0	0.0%
Nonresidential	1,296	57.4%	546	77.6%
Vacant	170.00	7.5%	118	16.8%
Total Acres	2,258		704	

On the following pages are maps that show the existing uses and land conditions of the proposed TIRZ area, along with the current zoning of the area.

Map 2: Existing Uses and conditions of land within and around the TIRZ.



Map 3: The existing land use zoning within the TIRZ.



Ordinance Changes

There are no contemplated changes to the City's Code of Ordinances or Comprehensive Plan.

Non-Project Costs

Non-Project Costs will consist of unreimbursed costs of public rights-of way, utility upgrades, and other private investment. The projects which are expected to result from the TIRZ include new home constructions in the area. The total value of such projects can reasonably be projected to total more than \$6 million at TIRZ end.

Method of Relocation

Relocation of utilities or roadways is not anticipated in this TIRZ. However, if relocation becomes necessary and in instances where appropriate, costs associated with such relocation may, on a case-by-case basis, be considered as eligible project costs, as determined by the Board of Directors of the TIRZ. In addition, the TIRZ Board and City will consider and utilize such other methods as are available, cost effective, and efficient to aid in the relocation with due weight being given to the availability of tax increments to pay related costs.

Preliminary Financing Plan

Financial Plan Narrative

The City views its participation in this TIRZ as a necessary flood mitigation effort. The cost of the redevelopment within the proposed Zone will be a public private partnership. Such partnerships have been successful for several other projects in Jersey Village and around the state. The TIRZ is intended to provide a mechanism for the purchase and sale of property and land to achieve the goal of removing homes from the flood plain and redevelopment of the property with new homes being constructed above the flood plain.

The TIRZ will likely not be self-sufficient at the onset and will require some financial contribution from the city general fund to facilitate the initial purchase and remediation of property. Any proceeds from the sale of any property would go into the TIRZ Fund.

However, it is anticipated that after some homes are redeveloped with assistance from the TIRZ, the market may prove these redevelopments to be successful without TIRZ assistance.

Estimated Project Costs

The City of Jersey Village is proposing the following preliminary Financial Plan, which is presented below. The dollar amounts are approximate estimates based upon assumptions that can be made of how many properties it is anticipated the TIRZ may purchase and resell. Purchases prices would be determined on a case by case basis with each individual property owner. At this time there is an estimated 31 properties that might be purchased.

Proposed Budget	Amount	Category	Authorized By Tax Code
Property Acquisition	\$9,300,000	Capital Costs	311.002(1)(A)
Demolition of existing buildings	\$775,000	Capital Costs	311.002(1)(A)
Administration Costs	\$93,000	Professional Services	311.002(1)(D)
Total	\$10,168,000		

Administration costs are anticipated to be costs for an outside company to handle the Increased Cost of Compliance paperwork. By using Increased Cost of Compliance funding through Flood Insurance the demolition costs associated with the properties could be covered.

The project costs should be adjusted to actual acquisition and demolition costs when the projects occur.

A potential break down by year for the project costs is as follows:

TIRZ Year	Year	Acquisition of Property	Demolition of Existing Buildings	Professional Services	Number of Properties
1	2021	\$ 1,200,000	\$ 100,000	\$12,000	4
2	2022	\$ 1,200,000	\$ 100,000	\$12,000	4
3	2023	\$ 1,200,000	\$ 100,000	\$12,000	4
4	2024	\$ 1,200,000	\$ 100,000	\$12,000	4
5	2025	\$ 1,200,000	\$ 100,000	\$12,000	4
6	2026	\$ 1,200,000	\$ 100,000	\$12,000	4
7	2027	\$ 1,200,000	\$ 100,000	\$12,000	4
8	2028	\$ 900 ,000	\$ 75,000	\$9,000	3
Totals		\$ 9,300,000	\$ 775,000	\$ 93,000	31

In addition to the projects described above projects that are eligible pursuant to the Texas Tax Code shall also be considered eligible project costs. The TIRZ will fund project costs at the discretion and approval of the Board of Directors of the TIRZ.

Kind, Number and Location of Proposed Public Improvements

There are no public improvements that are anticipated at this time.

Economic Feasibility

Currently the estimated project costs for the TIRZ are \$10,168,000. The City is proposing to use 100% of the incremental increase of the Tax Rate for the entire 20 year life of the TIRZ.

As shown in the section below entitled “Methods and Sources of Financing” the revenues listed there would match the estimated project costs.

It is anticipated that after some homes are redeveloped with assistance from the TIRZ, the market may prove these redevelopments to be successful without TIRZ assistance.

Estimate of Bonded Indebtedness To Be Incurred

While it is not anticipated to be necessary, bonds, notes or other obligations may be issued to yield net

proceeds sufficient to pay all or a portion of the eligible project costs and related professional fees that are currently estimated at, but are not limited to, \$6,190,000. The City, at its sole discretion, may issue or cause to be issued bonds, notes, or other obligations, including but not limited to revolving loan funds from the state, secured by tax increment revenues, the proceeds of which could be used to pay for or reimburse Project Costs, including public improvements, capitalized interest, professional fees, developer interest and costs of issuance of the bonds.

Estimated Time When Monetary Obligations Are To Be Incurred

Bond issuances or other obligations, if necessary, will occur at appropriate times as determined by the City and the City's Financial Advisor. Project Costs, administrative costs, and costs related to the creation and organization of the TIRZ may be paid from the issuance of bonds or directly from tax increment revenue.

Methods and Sources of Financing

One source of revenue for the TIRZ will be ad valorem property taxes generated on the annual incremental value above the base year value. The City of Jersey Village will participate at 100% of the increment for the duration of the TIRZ.

A second source of funding for the TIRZ would be from the sale of land. After property is acquired and existing homes removed the lots would be sold for development. The proceeds of these sales, estimated to be \$2,270,000, would go into the TIRZ.

A third source of funding for the TIRZ would come from utilizing the Increased Cost of Compliance funding that is available through the National Flood Insurance Program. It is estimated this would be \$775,000 and would cover the demolition costs of the district.

The other source of funding for the TIRZ would be appropriations from the General Fund. Based upon estimated costs and other revenues, the Zone would require appropriations totaling \$6,228,374. However, it is anticipated that after some homes are redeveloped with assistance from the TIRZ, the market may prove these redevelopments to be successful without TIRZ assistance. This would mean less funding is required from the General Fund.

To ensure timely completion of the projects, both pay-as-you-go and various methods of financing may be utilized. These include:

- Bonds or Notes. Tax-exempt tax bonds or notes, which could use the increment generated, may be issued to fund improvements.
- Other Public Funds. To the extent permitted by any applicable program the City may utilize loan proceeds from state revolving loan funds such as, but not limited to, the Flood Infrastructure Fund, Clean Water State Revolving Loan Fund, and the Texas Water Development Fund.
- Direct Reimbursements. Projects that are closely related to particular private development projects or public infrastructure programs of public agencies, municipalities, and authorities may be financed through reimbursement agreements with a developer, public agency, municipality, or authority using a direct payment annually from the TIRZ increment fund.

- Other private financing. Some projects may be financed on a short-term basis through private financial institutions.
- Grants/Other Public Funds. To the extent permitted by law, efforts will be made to leverage TIRZ funds with other public funds and economic development tools.

Duration of Zone

It is being proposed that the Zone be established for a period of 20 years. As such, the final year of tax increment revenues being captured would be in 2041. Therefore, the zone would terminate on December 31, 2041.

Current Appraised Value of Taxable Real Property

Based on the 2020 Harris County Appraisal District certified tax roll, the base year value of the TIRZ is \$7,325,124.

Estimated Captured Appraised Value By Year

The tables on the following page shows the Captured Appraised Value and the resulting revenue from the City.

To come up with these numbers it was assumed that 4 homes would be torn down each year starting in year one, with a building assessed value of \$131,000 which is the average value in the Zone. This goes for years 1-7. In year 8 it was assumed 3 homes, as this plan assumes 31 total homes being acquired.

Starting in year two we assumed 4 new homes existing at an average improvement value of \$400,000. This goes for years 2-8. In year 9 it was assumed 3 homes, as this plan assumes 31 total homes being acquired.

The Exemption rate is assumed to be 23% of the total property value. This assumes an increase of the homestead exemption rate to 20%, and also factors in 3% for the Over 65 and other exemptions that some homeowners may have. This is based upon the existing exemptions as per the 2020 Certified Values.

This plan also assumes a 1% appreciation rate each year for the properties.

As is shown the first year the Zone would not generate revenue, due to 4 homes no longer being there and new homes not yet built which means they are not yet taxable.

Jersey Village TIRZ #3

TIRZ Base Year	Assessed Value	Taxes Collected
2020	\$7,325,124	\$ 41,999

TIRZ Year	Year	Projected Annual Assessed Value	Estimated New Value Added/(Lost)	Gross New Taxes Collected
1	2021	\$ 6,874,375	\$ (524,000)	\$ -
2	2022	\$ 8,019,119	\$ 1,076,000	\$ 2,673
3	2023	\$ 9,175,310	\$ 1,076,000	\$ 9,114
4	2024	\$ 10,343,063	\$ 1,076,000	\$ 15,619
5	2025	\$ 11,522,494	\$ 1,076,000	\$ 22,189
6	2026	\$ 12,713,719	\$ 1,076,000	\$ 28,825
7	2027	\$ 13,916,856	\$ 1,076,000	\$ 35,527
8	2028	\$ 15,132,025	\$ 1,076,000	\$ 42,297
9	2029	\$ 16,490,345	\$ 1,207,000	\$ 49,864
10	2030	\$ 17,855,248	\$ 1,200,000	\$ 57,467
11	2031	\$ 18,033,801		\$ 58,462
12	2032	\$ 18,214,139		\$ 59,466
13	2033	\$ 18,396,280		\$ 60,481
14	2034	\$ 18,580,243		\$ 61,506
15	2035	\$ 18,766,045		\$ 62,541
16	2036	\$ 18,953,706		\$ 63,586
17	2037	\$ 19,143,243		\$ 64,642
18	2038	\$ 19,334,675		\$ 65,708
19	2039	\$ 19,528,022		\$ 66,786
20	2040	\$ 19,723,302		\$ 67,873

Total Taxes Collected For TIRZ	\$ 894,626
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Assumptions	
Tax Rate (per hundred)	0.723466
Exemption Rate	23%
Annual Appreciation of District	1%