

**NOTICE OF MEETING OF THE TIRZ BOARD OF THE
CITY OF NAVASOTA, TEXAS
JANUARY 23, 2023**

Notice is hereby given that a Special Meeting of the TIRZ Board of the City of Navasota will be held on the 23rd of January, 2023 at 4:30 PM at the City Hall in the City Council Chambers, Room No. 161, located at 200 E. McAlpine Street, Navasota, Texas 77868 , at which time the following subjects will be considered, to wit:

To watch the TIRZ Board meeting live please visit the City of Navasota's Youtube here:
<https://www.youtube.com/channel/UCItnx7BQt0TCIYJRiZ14g5w>

- 1 Call to Order.
- 2 Invocation
Pledge of Allegiance
- 3 Consideration and possible action on appointing a Chairperson and Vice Chairperson for the City of Navasota Tax Increment Re-investment Zone One.
- 4 Consideration and possible action on approving the Final Project and Finance Plan for the City of Navasota Tax Increment Re-investment Zone One.
- 5 Adjourn.

DATED THIS THE 19TH OF JANUARY, 2023

/JW/

BY: JASON WEEKS, CITY MANAGER

I, the undersigned authority, do hereby certify that the above notice of meeting of the TIRZ Board of the CITY OF NAVASOTA, is a true and correct copy of said notice and that I posted a true and correct copy of said notice in the glass bulletin board, in the foyer, on the south side of the Municipal Building as well as in the bulletin board on the north side of the Municipal Building of the City of Navasota, Texas, a place convenient and readily accessible to the general public at all times, and said notice was posted on January 19, 2023 at 10:12 AM and will remain posted continuously for at least 72 hours preceding the scheduled time of said meeting. Agendas may be viewed at www.navasotatx.gov.

The City Council reserves the right to convene in Executive Session at any time deemed necessary for the consideration of confidential matters under the Texas Government Code, Sections 551.071-551.089.

DATED THIS

/SMH/

BY: SUSIE M. HOMEYER, CITY SECRETARY

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (936) 825-6475 OR (936) 825-6408 OR BY FAX AT (936) 825-2403.



REQUEST FOR TIRZ BOARD AGENDA ITEM #3

Agenda Date Requested: <u>January 23, 2023</u>	Appropriation
Requested By: <u>Jason Weeks, City Manager</u>	Source of Funds: <u>N/A</u>
Department: <u>Administration</u>	Account Number: <u>N/A</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance	Amount Budgeted: <u>N/A</u>
	Amount Requested: <u>N/A</u>
	Budgeted Item: <input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: None

AGENDA ITEM #3

Consideration and possible action on appointing a Chairperson and Vice Chairperson for the City of Navasota Tax Increment Re-investment Zone One.

SUMMARY & RECOMMENDATION

On June 27, 2022, at a Special City Council meeting, City Council heard from David Hawes with Hawes Hill Group as he provided an overview of Tax Increment Financing Zones (TIRZs), Public Improvement Districts (PIDs), and Municipal Utility Districts (MUDs). City Council provided staff direction to move forward with the creation of Navasota's first TIRZ. On July 25th, City Council approved a contract agreement with Hawes Hill & Associates to assist the City in creating a TIRZ. Then on September 12th, City Council discussed the setting boundaries for the creation of the Navasota Tax Increment Reinvestment Zone (TIRZ) #1 for the City of Navasota.

The proposed TIRZ #1 Project Plan & Financing Plan has identified \$22 million in possible project costs that outline goals, priorities, and projects for the TIRZ:

- Infrastructure (\$10 million) - Support commercial and residential development through coordination of public infrastructure improvements including water, sewer, drainage, and detention. Most of the Zone lies within the City's ETJ and over 90%, consists of undeveloped land. As growth pressures continue to increase in the area, development of this land will transition over time to higher intensity uses. To support these uses and the viability of new residential and commercial development, infrastructure improvements will be needed, including roadways, water, sewer, natural gas, wastewater treatment plant, drainage, and detention. The TIRZ can serve as a tool to facilitate the coordination of infrastructure needs with property owners and developers, and the annexation of properties into the City Limits. This can be accomplished through the funding

of public infrastructure and/or developer reimbursement agreements and incentives.

- Mobility & Connectivity (\$10 million) - Enhance mobility options allowing for efficient and safe access through and within the area. As the area develops to higher intensity uses, mobility options to travel through the area will be important to support new development, including new or expanded roadways and pedestrian and/or bike facilities.
- Parks, Recreation, and Public Facilities (\$1.5 million) - Enhance parks and recreation opportunities that add to the quality of life and economic vitality of the City. As growth continues to occur east of the city and new residential communities develop, having adequate parks, recreational and other public facilities will be important to the community's economic vitality and in attracting residents and businesses to the area.
- Economic Development (\$500,000) - Incentivize projects that promote redevelopment of the community and enhance economic development opportunities consistent with the community's goals and priorities. To stimulate and accelerate redevelopment within the TIRZ, the TIRZ desires to establish an economic development program that would directly incentivize private enterprise that affect the TIRZ and serve as a catalyst for other business developments. Examples of how the program would be used include funding for business development and retention, business loss mitigation, economic development grants to catalyze investments, such as Agreements under Chapter 380 of the Texas Local Government Code, and matching grants to provide leverage for other economic development funds.

The City Council authorized the Board of Directors to elect from its members a vice-chairman and such other officers as the Board of Directors sees fit. On November 28, 2022 City Council appointed the City Council to act as the Board of Directors for the Navasota TIRZ #1 via Ordinance 1010-22. At the first meeting for the TIRZ Number One, the Board shall elect a Chairperson and Vice Chairperson. Therefore, staff recommends the TIRZ Board formally appoint a Chairperson and Vice Chairperson.

ACTION REQUIRED BY TIRZ BOARD

Appoint a Chairperson and Vice Chairperson for the City of Navasota Tax Increment Re-investment Zone One.

Approved for the TIRZ Board meeting agenda



Jason B. Weeks, City Manager

1/17/23

Date



REQUEST FOR TIRZ BOARD AGENDA ITEM #4

<p>Agenda Date Requested: <u>January 23, 2023</u></p> <p>Requested By: <u>Jason Weeks, City Manager</u></p> <p>Department: <u>Administration</u></p> <p><input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance</p>	<table border="1" style="width: 100%; border-collapse: collapse;"><thead><tr><th colspan="2" style="text-align: center;">Appropriation</th></tr></thead><tbody><tr><td>Source of Funds:</td><td><u>N/A</u></td></tr><tr><td>Account Number:</td><td><u>N/A</u></td></tr><tr><td>Amount Budgeted:</td><td><u>N/A</u></td></tr><tr><td>Amount Requested:</td><td><u>N/A</u></td></tr><tr><td>Budgeted Item:</td><td><input type="radio"/> Yes <input checked="" type="radio"/> No</td></tr></tbody></table>	Appropriation		Source of Funds:	<u>N/A</u>	Account Number:	<u>N/A</u>	Amount Budgeted:	<u>N/A</u>	Amount Requested:	<u>N/A</u>	Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No
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Account Number:	<u>N/A</u>												
Amount Budgeted:	<u>N/A</u>												
Amount Requested:	<u>N/A</u>												
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No												

Exhibits: Final TIRZ #1 Project & Finance Plan

AGENDA ITEM #4

Consideration and possible action on approving the Final Project & Finance Plan for the City of Navasota Tax Increment Re-investment Zone One.

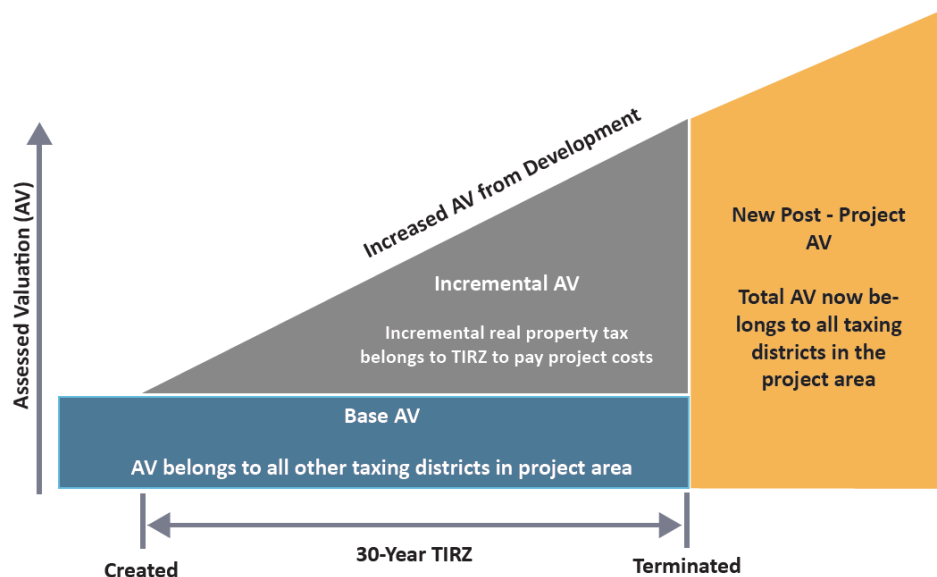
SUMMARY & RECOMMENDATION

On June 27, 2022, at a Special City Council meeting, City Council heard from David Hawes with Hawes Hill Group as he provided an overview of Tax Increment Financing Zones (TIRZs), Public Improvement Districts (PIDs), and Municipal Utility Districts (MUDs). City Council provided staff direction to move forward with the creation of Navasota's first TIRZ. On July 25th, City Council approved a contract agreement with Hawes Hill & Associates to assist the City in creating a TIRZ. Then on September 12th, City Council discussed the setting boundaries for the creation of the Navasota Tax Increment Reinvestment Zone (TIRZ) #1 for the City of Navasota. Staff has been working with Hawes Hill & Associates to finalize the boundary map, boundary descriptions, and the preliminary project plan & financing plan.

What is a TIRZ?

A tax increment reinvestment zone (TIRZ) is a financing tool enabled by the Texas Legislature with the adoption of Chapter 311 of the Texas Tax Code. A TIRZ is a tool that can be used to pay for public improvements to encourage development and/or redevelopment of an area and attract private investment. Cities may create a TIRZ where conditions exist that substantially impair an area's sound growth and where development or redevelopment is not likely to occur but for public infrastructure enhancements financed by a TIRZ. Upon creation of the Zone, the total appraised value of real property located within its boundaries is established for the year in which it was created. This is known as the base value. As development occurs in the Zone due to the provision of new infrastructure, the value of real property increases. This additional value above the base is known as the increment. It is set aside to finance infrastructure

improvements within the Zone. Once all projects are completed, or after a defined period, the TIRZ is dissolved. During the life of the Zone, the city and other participating taxing jurisdictions collect tax revenue on the base value of the Zone. When the Zone is dissolved, the city and other participating taxing jurisdictions receive the benefit of the full increment value created by new development.



The proposed TIRZ boundary is approximately +/- 2,890 acres and is located within both Navasota's corporate limits, as well as its ETJ. The Zone is largely bounded by State Highway 6 to the west, Navasota's ETJ limit to the east, FM 3090 to the north, and State Highway 105 / TX-515 Spur and County Road 446 to the south. Approximately 274 acres lies near the northwest corner of the State Highway 6 / TX-515 Spur intersection, and approximately 30 acres lies at the southwest corner of the State Highway 6 / FM 3090 intersection. Most of the Zone is located within the City's ETJ and is undeveloped or in agricultural use. The tax increment associated with this TIRZ will consist of contributions from the city, at a rate of 50% of its tax rate. The proposed life of the TIRZ is 30-years (2022 to 2052).

The proposed TIRZ #1 Project Plan & Financing Plan has identified \$22 million in possible project costs that outline goals, priorities, and projects for the TIRZ:

- Infrastructure (\$10 million) - Support commercial and residential development through coordination of public infrastructure improvements including water, sewer, drainage, and detention. Most of the Zone lies within the City's ETJ and over 90%, consists of undeveloped land. As growth pressures continue to increase in the area, development of this land will transition over time to higher intensity uses. To support these uses and the viability of new residential and commercial development, infrastructure improvements will be needed, including roadways, water, sewer, natural gas, wastewater treatment plant, drainage, and detention. The TIRZ can serve as a tool to facilitate the coordination of infrastructure needs with property owners and developers, and the annexation of properties into the City Limits. This can be accomplished through the funding

of public infrastructure and/or developer reimbursement agreements and incentives.

- Mobility & Connectivity (\$10 million) - Enhance mobility options allowing for efficient and safe access through and within the area. As the area develops to higher intensity uses, mobility options to travel through the area will be important to support new development, including new or expanded roadways and pedestrian and/or bike facilities.
- Parks, Recreation, and Public Facilities (\$1.5 million) - Enhance parks and recreation opportunities that add to the quality of life and economic vitality of the City. As growth continues to occur east of the city and new residential communities develop, having adequate parks, recreational and other public facilities will be important to the community's economic vitality and in attracting residents and businesses to the area.
- Economic Development (\$500,000) - Incentivize projects that promote redevelopment of the community and enhance economic development opportunities consistent with the community's goals and priorities. To stimulate and accelerate redevelopment within the TIRZ, the TIRZ desires to establish an economic development program that would directly incentivize private enterprise that affect the TIRZ and serve as a catalyst for other business developments. Examples of how the program would be used include funding for business development and retention, business loss mitigation, economic development grants to catalyze investments, such as Agreements under Chapter 380 of the Texas Local Government Code, and matching grants to provide leverage for other economic development funds.

The Board of Directors shall prepare or cause to be prepared and adopt a project plan and a reinvestment zone financing plan for the Zone as described in Section 311.011, Texas Tax Code, and shall submit such plans to City Council for its approval. Staff recommends the TIRZ Board approve the Final Project & Finance Plan for the Navasota Tax Increment Re-investment Zone Number One. At the January 23rd regular City Council meeting, City Council will consider acting on this item as well.

ACTION REQUIRED BY TIRZ BOARD

Approve the Final Project & Finance Plan for the City of Navasota Tax Increment Re-investment Zone One.

Approved for the TIRZ Board meeting agenda



Jason B. Weeks, City Manager

1/17/23

Date



Tax Increment Reinvestment Zone No. 1

Final Project Plan & Financing Plan

City of Navasota, Texas

**PREPARED BY:
HAWES HILL & ASSOCIATES**

January 2023

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TIRZ Concept

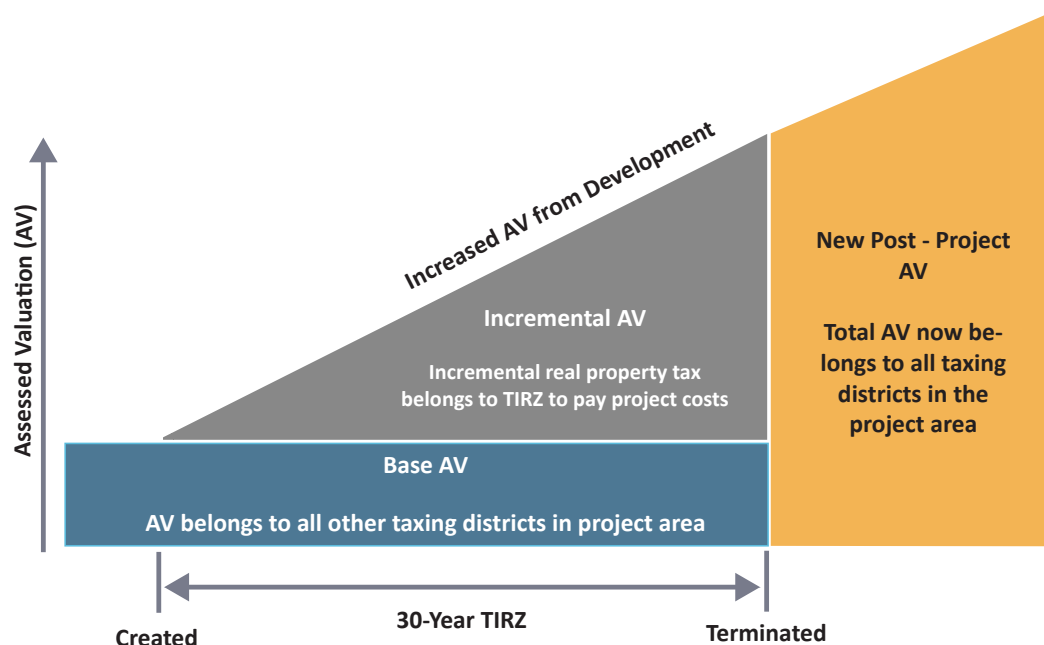
A tax increment reinvestment zone (TIRZ) is a financing tool enabled by the Texas Legislature with the adoption of Chapter 311 of the Texas Tax Code. A TIRZ is a tool that can be used to pay for public improvements to encourage development and/or redevelopment of an area and attract private investment.

Cities may create a TIRZ where conditions exist that substantially impair an area's sound growth and where development or redevelopment is not likely to occur but for public infrastructure enhancements financed by a TIRZ.

Upon creation of the Zone, the total appraised value of real property located within its boundaries is established for the year in which it was created. This is known as the base value. As development occurs in the Zone due to the provision of new infrastructure, the value of real property increases.

This additional value above the base is known as the increment. It is set aside to finance infrastructure improvements within the Zone. Once all projects are completed, or after a defined period of time, the TIRZ is dissolved.

During the life of the Zone, the city and other participating taxing jurisdictions collect tax revenue on the base value of the Zone. When the Zone is dissolved, the city and other participating taxing jurisdictions receive the benefit of the full increment value created by new development.



Introduction

Purpose

This document constitutes the Final Project Plan and Reinvestment Zone Financing Plan for Tax Increment Reinvestment Zone Number One, Navasota, Texas as required by Chapter 311, Texas Tax Code. This document details the specific projects proposed to address existing conditions in the area as well as the method and means to finance them.

The purpose of the tax increment reinvestment zone (the “Zone”) is to finance construction of public facilities and infrastructure necessary to catalyze residential and commercial development and redevelopment, thereby increasing property values and revenues within the Zone boundaries. Expenditures associated with the design and construction of public facilities and infrastructure, as well as other specific project related costs, will be funded by tax increment revenues derived from increases in property values following new development/redevelopment. Zone activities may include, but are not limited to, public infrastructure improvements including water, sewer and drainage, stormwater detention, mobility improvements, land acquisition, creation of public spaces and facilities, streetscape/corridor improvements, trails and pedestrian amenities, and support for initiatives and projects that further the economic goals and priorities of the City.

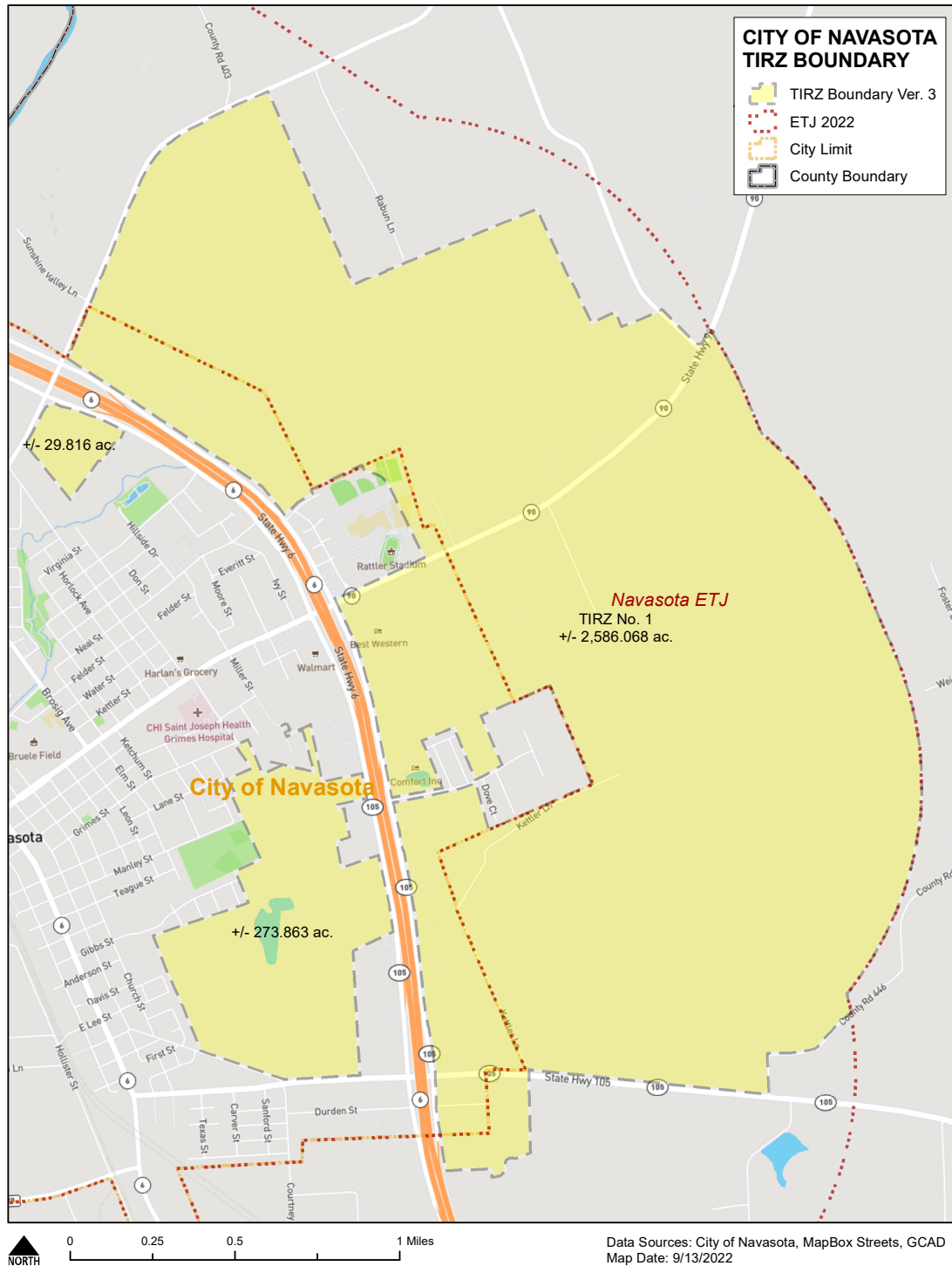
The Zone boundary primarily includes unincorporated properties within the City’s ETJ. The intent of the Zone is to facilitate future residential and commercial development in these areas through the funding of public infrastructure and allow for voluntary annexation of properties into the City Limits. The area is primarily agricultural with limited to no infrastructure including water, sewer, drainage, and roadways. As growth pressures increase in the area, the reinvestment zone can serve as a mechanism to fund needed infrastructure improvements to support future growth, as properties are annexed into the City Limits. The reinvestment zone also serves as a mechanism to support the community’s goals for higher quality development that is compatible with character of the area.

Location

The TIRZ boundary is approximately +/- 2,890 acres and is located within both Navasota's corporate limits, as well as its ETJ. The Zone is largely bounded by State Highway 6 to the west, Navasota's ETJ limit to the east, FM 3090 to the north, and State Highway 105 / TX-515 Spur and County Road 446 to the south. Approximately 274 acres lies near the northwest corner of the State Highway 6 / TX-515 Spur intersection, and approximately 30 acres lies at the southwest corner of the State Highway 6 / FM 3090 intersection. The majority of the Zone is located within the City's ETJ and is undeveloped or in agricultural use.



Location



Goals

The following goals outline priorities and projects for the Zone and are based on needs identified in the Feasibility Report (Exhibit 2) and other plans and studies. The intent of the goals is to identify public projects that would support the City's economic development initiatives and vision for eastern portion of the City and its ETJ.

Infrastructure

Support commercial and residential development through coordination of public infrastructure improvements including water, sewer, drainage and detention.

The majority of the Zone lies within the City's ETJ and over 90%, consists of undeveloped land that is either designated as vacant or used for agriculture purposes. Infrastructure is limited throughout most of the Zone, including access to City water and sewer facilities. As growth pressures continue to increase in the area, development of this land will transition over time to higher intensity uses. To support these uses and the viability of new residential and commercial development, infrastructure improvements will be needed, including roadways, water, sewer, natural gas, wastewater treatment plant, drainage and detention. The TIRZ can serve as a tool to facilitate the coordination of infrastructure needs with property owners and developers, and the annexation of properties into the City Limits. This can be accomplished through the funding of public infrastructure and/or developer reimbursement agreements and incentives. Infrastructure improvements supported by the TIRZ may include roadways, water, sewer, drainage, stormwater management improvements, property acquisition, and site remediation/preparation.

Mobility & Connectivity

Enhance mobility options allowing for efficient and safe access through and within the area.

As the area develops to higher intensity uses, mobility options to travel through the area will be important to support new development, including new or expanded roadways and pedestrian and/or bike facilities. Additional mobility and intersection improvements associated with the SH 249 extension may also be needed, as the extension connects to SH 105 in Navasota. Additionally, strengthening the vitality of existing corridors for commercial use will enhance the economic marketability of the area, whether this is through capacity expansion, safety and intersection improvements or streetscape/median enhancements. TIRZ improvements may include roadway improvements, enhanced intersections, access management, sidewalks, bike improvements, crosswalks, parking, safety improvements, landscaping, pedestrian amenities, lighting, signage/wayfinding and public art.

Parks, Recreation, & Public Facilities

Enhance parks and recreation opportunities that add to the quality of life and economic vitality of the City.

As growth continues to occur east of the City and new residential communities develop, having

Goals

adequate parks, recreational and other public facilities will be important to the community's economic vitality and in attracting residents and businesses to the area. Additionally, trails, bicycle and pedestrian facilities provide not only recreational opportunities but also connect key destinations in the community. Opportunities for TIRZ funded projects could include improvements to existing facilities, development of new parks, green spaces, linear trails, public spaces, and joint use of detention facilities. Public spaces and facilities will attract, support, and enhance the viability of residential, commercial, and retail destinations in the Zone, while potentially fostering innovative economic opportunities. In addition to parks and recreation improvements the TIRZ may fund public facilities including but not limited to a library, community center, civic center, recreation center, and public safety facilities.

Economic Development

Incentivize projects that promote redevelopment of the community and enhance economic development opportunities consistent with the community's goals and priorities.

In order to stimulate and accelerate redevelopment within the TIRZ, the TIRZ desires to establish an economic development program that would directly incentivize private enterprise that affect the TIRZ and serve as a catalyst for other business developments. Examples of how the program would be used include funding for business development and retention, business loss mitigation, economic development grants to catalyze investments, such as Agreements under Chapter 380 of the Texas Local Government Code, and matching grants to provide leverage for other economic development funds. In cases such as those described in this section, an appropriate economic development program would be proposed by the City and/or the TIRZ and approved by both the TIRZ and City Council. Payments made pursuant to this program shall be pursuant to economic development agreements entered into on behalf of the Zone and are considered Project Costs. No grant or loan shall be authorized by the Zone without prior consent of the City.

Authorized Project Costs

The project costs for the Final Project Plan and Financing Plan are detailed in Table 1. Projects include infrastructure improvements, including detention/drainage, water and sewer, mobility improvements, parks, recreation and public facilities, and economic development. The project categories reflect the types of projects supported by the TIRZ; however, actual projects that will be undertaken by the TIRZ will be based on factors including community development priorities, the ability to leverage funds, and available increment.

Non-Project costs are those infrastructure costs that will not be funded or reimbursed by the TIRZ, but will be funded by other parties, such as the City, County, the Texas Department of Transportation, non-profit organizations, or private sources, including developers. Funding identified in Table 1 will be leveraged with other sources to secure Non-Project funding when appropriate and available.

Table 1 - Project Costs

Projects	Costs
Infrastructure	\$10,000,000
Mobility & Connectivity	\$10,000,000
Parks, Recreation & Public Facilities	\$1,500,000
Economic Development	\$500,000
Planning, Admin, Legal	\$500,000
Total	\$22,500,000

Project Plan

This document constitutes the Final Project Plan for Tax Increment Reinvestment Zone Number One, City of Navasota, as required by Chapter 311 of the Texas Tax Code. The purpose of the Zone is to finance improvements that support new development and redevelopment of properties within the Zone.



Existing and Proposed Uses of Land

.....

Texas Tax Code
- 311.011 (B)(1)



Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances

.....

Texas Tax Code
- 311.011 (B)(2)



Estimated Non-Project Costs

.....

Texas Tax Code
- 311.011 (B)(3)



Method of Relocating Persons to Be Displaced, if Any, as a Result of Implementing the Plan

.....

Texas Tax Code
- 311.011 (B)(4)

Existing and Proposed Uses of Land

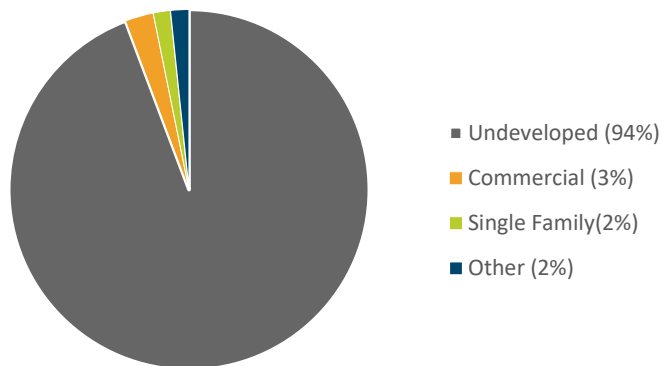
(TEXAS TAX CODE- 311.011(B)(1))

Existing Land Use - Current land uses within the Zone consist primarily of undeveloped uses classified as agricultural, farmland and vacant as shown in Map 2 (page 15). Other uses include commercial and large lot residential development. In terms of taxable value, commercial is the largest use, 61%, followed by undeveloped, 25% and single family residential, 10%. Given that over 94% of the acreage in the Zone is undeveloped, the taxable value is relatively low at just over \$45 million. Existing conditions are further described in Exhibit B.

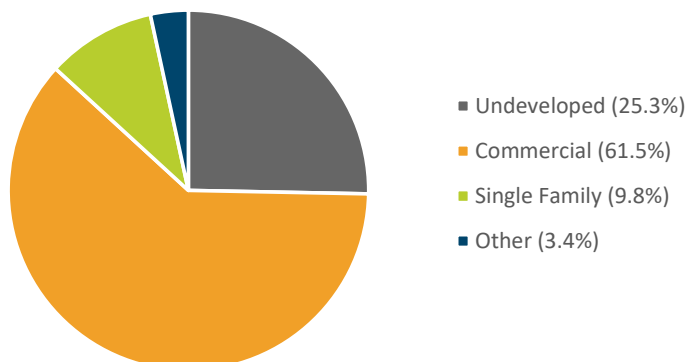
Surrounding Land Use - Land surrounding the Zone includes vacant, large lot residential, public/institutional, and commercial uses.

Proposed Uses - Proposed uses in the Zone are anticipated to include residential, commercial and public uses, including parks and recreation facilities, with decreasing vacant land over time. Retail and commercial uses are anticipated along major corridors in the Zone. Map 3 (page 17) shows proposed uses.

Existing Property Classification, Acreage



Existing Property Classification, Taxable Value



Proposed Changes Of Zoning Ordinances, Master Plan Of Municipality, Building Codes, And Other Municipal Ordinances

(TEXAS TAX CODE - 311.011(B)(2))

All construction will be performed in conformance with the City's existing rules and regulations. There are no proposed changes to any City ordinance, master plan, or building code.

Estimated Non-Project Costs

(TEXAS TAX CODE - 311.011(B)(3))

Non-Project costs are those infrastructure costs that will not be funded or reimbursed by the TIRZ but will be funded by other parties. Funding identified in Table 1 will be leveraged with other sources to secure non-project funding when appropriate and available.

Method Of Relocating Persons To Be Displaced, If Any, As A Result Of Implementing The Plan

(TEXAS TAX CODE - 311.011(B)(4))

It is not anticipated that any residents will be displaced or relocated as a result of this Plan.

Finance Plan

This document constitutes the Final Finance Plan for Tax Increment Reinvestment Zone Number One, City of Navasota as required by Chapter 311 of the Texas Tax Code. The purpose of the Zone is to finance public improvements to support new development and redevelopment in the City and ETJ. Improvements include, but are not limited to, roadways, infrastructure improvements including water, sewer and drainage, trails, streetscape enhancements, and parks and open space improvements.

Funding of projects will occur through available tax increment funds, leveraged with local, state and federal dollars and/or through reimbursement of eligible project costs advanced by private entities/developers.



Estimated Project Costs

.....

Texas Tax Code
- 311.011(C)(1)



Proposed Kind, Number, and Location
of All Proposed Public Works or Public
Improvements to be Financed by the
Zone

.....

Texas Tax Code
- 311.011(C)(2)



Economic Feasibility Study

.....

Texas Tax Code
- 311.011(C)(3)



Estimated Amount of Bond Indebtedness;
Estimated Time When Related Costs or
Monetary Obligations Are Incurred

.....

Texas Tax Code
- 311.011(C)(4),
- 311.011(C)(5)



Methods and Sources of Financing Project
Costs and Percentage of Increment From
Taxing Units Anticipated to Contribute Tax
Increment to the Zone

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Texas Tax Code
- 311.011(C)(6)



Current Total Appraised Value of Taxable
Real Property

.....

Texas Tax Code
- 311.011(C)(7)



Estimated Captured Appraised Value of
Zone During Each Year of Existence

.....

Texas Tax Code
- 311.011(C)(8)



Zone Duration

.....

Texas Tax Code
- 311.011(C)(9)

ESTIMATED PROJECT COSTS

(TEXAS TAX CODE - 311.011(C)(1))

Table 1 details proposed public improvements to be funded utilizing resources from the Zone. As set forth in the Plan, the dollar amounts are approximate and may be amended from time to time by the Board, with the approval of City Council. Any financing costs are a function of project financing needs and will vary with market conditions. Proposed public projects will be located throughout the Zone and along corridors within the TIRZ boundaries.

PROPOSED KIND, NUMBER, AND LOCATION OF ALL PROPOSED PUBLIC WORKS OR PUBLIC IMPROVEMENTS TO BE FINANCED BY THE ZONE

(TEXAS TAX CODE - 311.011(C)(2))

These details are described throughout the Plan and include roadway, drainage, water, sewer, stormwater management, natural gas, streetscape, trails, and parks and recreation facilities improvements. Proposed improvements are identified in Table 1, and all improvements will be located along public rights-of-way and on properties within the Zone boundary, as shown on Map 1.

ECONOMIC FEASIBILITY STUDY

(TEXAS TAX CODE - 311.011(C)(3))

An economic feasibility study was completed for the Zone boundary and is shown in Exhibit 2. Exhibit 1 constitutes incremental revenue estimates for this Plan. The future anticipated revenue of the zone is expected to be sufficient to pay for all project costs.

The Zone and the City find and determine that the Plan is economically feasible.

ESTIMATED AMOUNT OF BOND INDEBTEDNESS; ESTIMATED TIME WHEN RELATED COSTS OR MONETARY OBLIGATIONS INCURRED

(TEXAS TAX CODE - 311.011(C)(4), - 311.011(C)(5)):

Issuance of notes and bonds by the Zone may occur as tax increment revenues allow. The value and timing of the issuance of notes or bonds will correlate to debt capacity as derived from the projects and revenue schedules included in Table 1 and Exhibit 1, as well as actual market conditions for the issue and sale of such notes and bonds.

The time when related costs or monetary obligations are to be incurred is a function of the availability of TIRZ revenues, as shown in Exhibit 1.

METHODS AND SOURCES OF FINANCING PROJECT COSTS AND PERCENTAGE OF INCREMENT FROM TAXING UNITS ANTICIPATED TO CONTRIBUTE TAX INCREMENT TO THE ZONE

(TEXAS TAX CODE - 311.011(C)(6)):

Methods and sources of financing include the issuance of notes and bonds, as well as agreements with developers and other entities for grant funding and partnerships. Leveraging of funds with other entities and grants will be instrumental in realizing projects sooner, participating in larger cost projects and in adding value to projects.

Projects will be implemented through the use of the following strategies:

- Developers could advance funds for qualified projects and be reimbursed through the TIRZ, as revenues are realized through additional increment generated by the development.
- Pay-as-you-go-Projects are implemented on a pay-as-you-go basis, whereby projects are only implemented once enough revenues have been generated to fund design and construction of a project. Tax increment funds may be leveraged with other available funds in implementing projects.
- Issuing debt against the revenue stream of the TIRZ allows projects to be implemented sooner.

Tax increment associated with this Plan will consist of contributions from the City, at a rate of 50 percent of its tax rate.

CURRENT TOTAL APPRAISED VALUE OF TAXABLE REAL PROPERTY

(TEXAS TAX CODE - 311.011(C)(7))

The 2022 value of taxable real property in the Zone is estimated at \$45.5 million.

ESTIMATED CAPTURED APPRAISED VALUE OF ZONE DURING EACH YEAR OF EXISTENCE

(TEXAS TAX CODE - 311.011(C)(8))

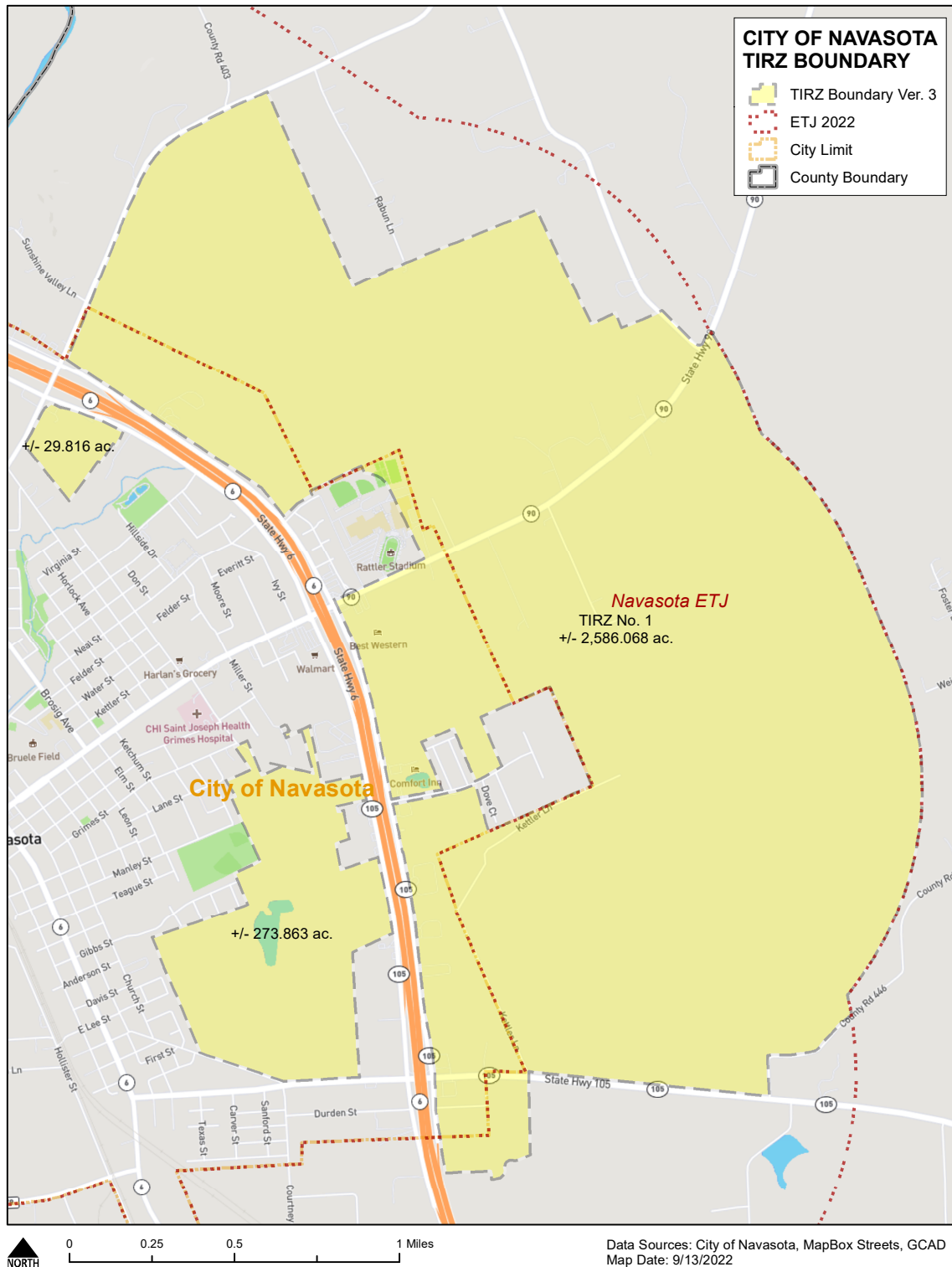
The estimated captured appraised value of the Zone during each remaining year of its existence is contained in Exhibit 1. By 2052, it is estimated the taxable value within the Zone will increase to over \$557 million.

ZONE DURATION

(TEXAS TAX CODE - 311.011(C)(9))

The Zone will terminate on December 31, 2052. Final TIRZ payments will be received in 2053. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of proposed revenue bonds, notes or other obligations, if any, that all project costs, bonds, and interest on bonds have been paid in full.

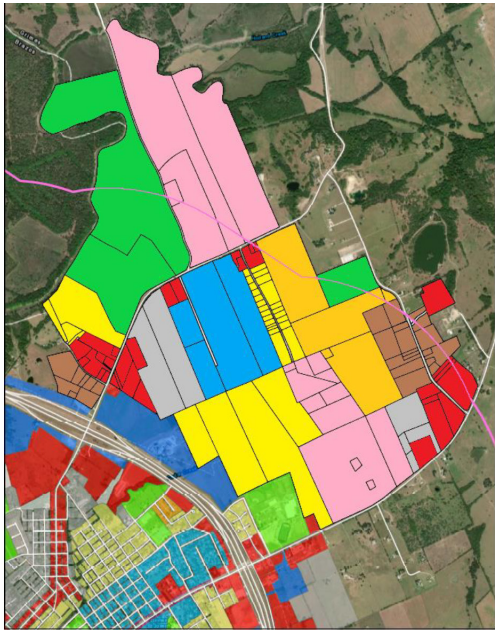
Map 1- Boundary



Map 2 - Property Classification

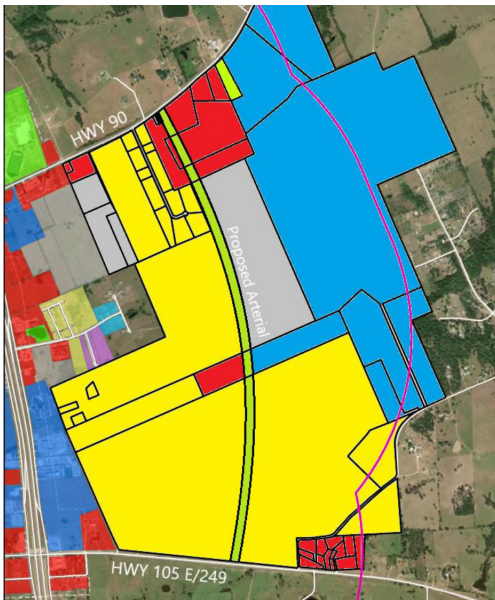


Map 3 - Proposed Uses



FUTURE LAND USES	
Ag/Open Space	
R-1A: Residential 7k	
B-1: General Business	
M-1: Light Industrial	
PU: Public Use	
R-1B: Residential 10k	
R-1C: Residential 2Ac	
R-2: Residential Medium	
R-3: Residential High	

North East ETJ



FUTURE LAND USES	
Ag/Open Space	
R-1A: Residential 7k	
B-1: General Business	
PU: Public Use	
R-1B: Residential 10k	
R-3: Residential High	

East ETJ

Exhibit 1

Taxable Value & Revenues

Projected Assessed Valuation

Tax Year	Base Year Valuation	City Projected Valuation	Projected Valuation City (Increment)
2022	\$ 45,488,600	\$ 45,488,600	\$ -
2023	\$ 45,488,600	\$ 46,853,258	\$ 1,364,658
2024	\$ 45,488,600	\$ 51,258,856	\$ 5,770,256
2025	\$ 45,488,600	\$ 68,296,621	\$ 22,808,021
2026	\$ 45,488,600	\$ 96,595,520	\$ 51,106,920
2027	\$ 45,488,600	\$ 125,743,386	\$ 80,254,786
2028	\$ 45,488,600	\$ 152,015,687	\$ 106,527,087
2029	\$ 45,488,600	\$ 179,076,158	\$ 133,587,558
2030	\$ 45,488,600	\$ 206,948,443	\$ 161,459,843
2031	\$ 45,488,600	\$ 234,156,896	\$ 188,668,296
2032	\$ 45,488,600	\$ 241,181,603	\$ 195,693,003
2033	\$ 45,488,600	\$ 268,417,051	\$ 222,928,451
2034	\$ 45,488,600	\$ 276,469,562	\$ 230,980,962
2035	\$ 45,488,600	\$ 294,763,649	\$ 249,275,049
2036	\$ 45,488,600	\$ 318,606,559	\$ 273,117,959
2037	\$ 45,488,600	\$ 343,164,755	\$ 297,676,155
2038	\$ 45,488,600	\$ 368,459,698	\$ 322,971,098
2039	\$ 45,488,600	\$ 379,513,489	\$ 334,024,889
2040	\$ 45,488,600	\$ 390,898,894	\$ 345,410,294
2041	\$ 45,488,600	\$ 402,625,861	\$ 357,137,261
2042	\$ 45,488,600	\$ 414,704,636	\$ 369,216,036
2043	\$ 45,488,600	\$ 427,145,775	\$ 381,657,175
2044	\$ 45,488,600	\$ 439,960,149	\$ 394,471,549
2045	\$ 45,488,600	\$ 453,158,953	\$ 407,670,353
2046	\$ 45,488,600	\$ 466,753,722	\$ 421,265,122
2047	\$ 45,488,600	\$ 480,756,333	\$ 435,267,733
2048	\$ 45,488,600	\$ 495,179,023	\$ 449,690,423
2049	\$ 45,488,600	\$ 510,034,394	\$ 464,545,794
2050	\$ 45,488,600	\$ 525,335,426	\$ 479,846,826
2051	\$ 45,488,600	\$ 541,095,489	\$ 495,606,889
2052	\$ 45,488,600	\$ 557,328,353	\$ 511,839,753

Projected Revenue

Tax Year	Coll Year	Total Revenues	TIRZ Revenues (50%)
2022	2023	\$ -	\$ -
2023	2024	\$ 7,614	\$ 3,807
2024	2025	\$ 32,193	\$ 16,097
2025	2026	\$ 127,249	\$ 63,625
2026	2027	\$ 285,133	\$ 142,566
2027	2028	\$ 447,753	\$ 223,876
2028	2029	\$ 594,330	\$ 297,165
2029	2030	\$ 745,304	\$ 372,652
2030	2031	\$ 900,807	\$ 450,404
2031	2032	\$ 1,052,607	\$ 526,303
2032	2033	\$ 1,091,799	\$ 545,899
2033	2034	\$ 1,243,749	\$ 621,875
2034	2035	\$ 1,288,675	\$ 644,338
2035	2036	\$ 1,390,740	\$ 695,370
2036	2037	\$ 1,523,763	\$ 761,882
2037	2038	\$ 1,660,777	\$ 830,388
2038	2039	\$ 1,801,901	\$ 900,950
2039	2040	\$ 1,863,572	\$ 931,786
2040	2041	\$ 1,927,092	\$ 963,546
2041	2042	\$ 1,992,519	\$ 996,259
2042	2043	\$ 2,059,908	\$ 1,029,954
2043	2044	\$ 2,129,319	\$ 1,064,659
2044	2045	\$ 2,200,812	\$ 1,100,406
2045	2046	\$ 2,274,450	\$ 1,137,225
2046	2047	\$ 2,350,297	\$ 1,175,149
2047	2048	\$ 2,428,420	\$ 1,214,210
2048	2049	\$ 2,508,886	\$ 1,254,443
2049	2050	\$ 2,591,766	\$ 1,295,883
2050	2051	\$ 2,677,133	\$ 1,338,566
2051	2052	\$ 2,765,060	\$ 1,382,530
2052	2053	\$ 2,855,626	\$ 1,427,813
		\$ 46,819,251	\$ 23,409,626

Notes/Assumptions:

2022 taxable values includes properties within the City & ETJ. Increment will only be generated upon annexation of properties into the City Limits.

Exhibit 2

Existing Conditions & Feasibility

Introduction

This document outlines the existing conditions of the Navasota area and assesses the feasibility of using a tool like tax reinvestment zone financing in catalyzing new development and redevelopment opportunities within the zone boundary. Tax Increment Reinvestment Zones are governed by Chapter 311 of the Texas Tax Code and are created by cities to support development and/or redevelopment of areas that would not otherwise occur in the foreseeable future. There are a number of conditions under which a reinvestment zone can be created, including being predominately open or undeveloped land with limited infrastructure.

Proposed Boundary

The proposed Zone boundary, as shown in Map 1, is approximately 2,890 acres and is located entirely within both Navasota's corporate limits, as well as its ETJ. The Zone is largely bounded by State Highway 6 to the west, Navasota's ETJ limit to the east, FM 3090 to the north, and State Highway 105 / TX-515 Spur and County Road 446 to the south. Approximately 274 acres lies near the northwest corner of the State Highway 6 / TX-515 Spur intersection, and approximately 30 acres lies at the southwest corner of the State Highway 6 / FM 3090 intersection.

In identifying areas appropriate for tax increment financing and drafting the Zone boundary, the following were considered:

- 30% residential limit allowed by State Statute. No more than 30% of the taxable value of the proposed Zone may be classified as residential use. Uses classified as residential with the proposed Zone boundary currently make up just under 10% of taxable value and less than 2% of total acreage. Commercial uses account for the largest percent of taxable value within the proposed Zone, at approximately 61%, while only accounting for roughly 3% of its total acreage. See Map 2.
- Underserved, underutilized, and vacant areas that would benefit from public infrastructure improvements.
- Areas that would generate increment through public improvements including vacant, underdeveloped / underutilized parcels and areas prime for development / redevelopment.
- Approximately 2,692 acres, which reflects 94% of the total acreage in the proposed Zone boundary, consists of largely undeveloped land (Agricultural, Farm and Ranch, and Vacant Lot land uses). See Map 2.
- Properties that have a lower value per acre offer opportunities for redevelopment and added value creation through more intense uses. See Map 3.

Existing Conditions

A review of existing conditions was conducted through windshield surveys, review of previous plans and studies, and data analysis to identify conditions and areas within the Navasota area that would benefit from a tool like Tax Increment Financing. Results of the existing conditions review show that there are a number of conditions and issues that are present within the proposed Zone that impede the sound growth of the area and its ability to reach its full economic potential. These conditions include the following:

Lack of infrastructure including Water & Sewer

With the exception of the acreage west of SH 6, virtually all of the remaining acreage is outside of Navasota's water and sewer service areas, as well as those of any other provider, and existing commercial and residential facilities rely on individual water wells and septic systems. Additionally, 93% of the proposed Zone's area, or 2,642 acres, is currently undeveloped land without major infrastructure and primarily in agricultural use.

Mobility & Connectivity

Approximately 0.25 miles of SH 105 and 1.4 miles of SH 90S fall, both east/west major arterials, fall within the proposed Zone boundary. Apart from these roads, only a small handful of local streets exist within the Zone. These are of insufficient quantity and design to support existing / future development patterns and multiple modes of travel. With the exception of the hard corners at the intersections of SH 6 / SH 105 and SH 6 / SH 90S, there is no existing pedestrian and bicycle paths.

Drainage & Flooding

Regulatory Floodway and 100 Year Floodplain are relatively limited within the proposed Zone as a whole; however, a large portion of the flood hazard areas are concentrated within the non-contiguous +/- 274-acre parcel. See Map 4. Current runoff within the proposed Zone is largely handled by natural drainage features such as creeks, as well as open ditches on local road and along the nearby arterial roadways.



Underutilized Acreage / Vacant Buildings

The proposed Zone is currently bounded by a freeway, SH 6, and major arterial roadways, SH 105 and FM 3090. It is bisected by another Major Arterial roadway, SH 90S. Currently, commercial development within the proposed Zone exists along the SH 6 frontage road and at its intersections. Most of the adjacent frontage along the major arterials within the Zone is agricultural land or occupied by older, single-family residential dwellings that are prime for redevelopment as the area grows and traffic flow along these corridors increases. Reinvestment in these areas will be dependent on public infrastructure improvements including water, sewer, and drainage facilities, as well as potential roadway enhancements. Residential properties that have a lower value per acre offer opportunities for redevelopment and creating added value through more intense uses. Aging buildings / structures offer opportunities for redevelopment.



Demographic & Socioeconomic Overview

An analysis of the demographic makeup and market was conducted to fully understand the patterns, trends, and needs of the community. Data for the demographic overview was collected for the City of Navasota and for Grimes County.

Population & Households : At –A-Glance

The City of Navasota’s population largely consists of young families. Similar to Grimes County, nearly 70% of Navasota’s households are family households, though the Navasota family size is marginally larger. Ethnically, Navasota is significantly more diverse than Grimes County, with a lower White population and higher Black and Hispanic populations than the county as a whole, respectively.

Median Household Income in Navasota is \$59,152, slightly less than that of Grimes County. The city’s population is employed evenly as white collar and blue collar workers within the Services, Retail Trade, and Manufacturing industries. Approximately 36% of the population 25 years+ has a high school diploma as their highest level of education, similar to Grimes County; however, only 14% of Navasota residents hold a Bachelor’s or Graduate degree, less than Grimes County at 18%.

Table 1- 2022 Summary Population Characteristics

	City of Navasota	Grimes County
Population	7,598	29,920
Households	2,762	10,388
HH Average Size	2.72	2.62
Families	1,911	7,232
Average Family Size	3.34	3.18
Median Age	34.9	40.7
Median Household Income	\$59,152	\$63,007
Median Home Value	\$147,119	\$195,553
Business	377	870
Employees	3,418	9,119
Employee / Residential Population Ratio (per 100 Residents)	45	30

Source: ESRI, 2022

Age & Race

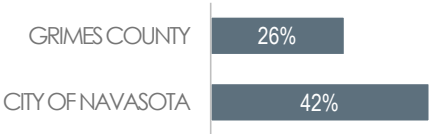
With a median age of 34.7 years and more than 30% of residents under the age of 18, Navasota has a younger population than Grimes County as a whole, which has a median age of 40.7 years and only 23% of residents younger than 18.

In addition to being younger than the surrounding area, the City of Navasota also is more diverse. White residents make up 40% of Navasota while comprising the majority of Grimes County inhabitants. Navasota has twice the relative population of black residents and nearly two thirds the relative population of Hispanic residents than Grimes County.

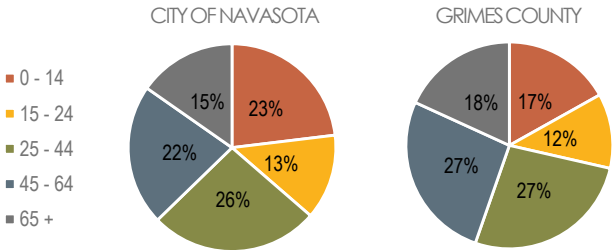
**A Diversity Index of 85.7 translates to a probability of 85.7% that two people randomly chosen from the area's population would belong to different race or ethnic groups.*

Navasota has a Diversity Index* of 85.7, higher than both Grimes County at 73 and the United States as a whole, which in 2020 had a Diversity Index of 65.1.

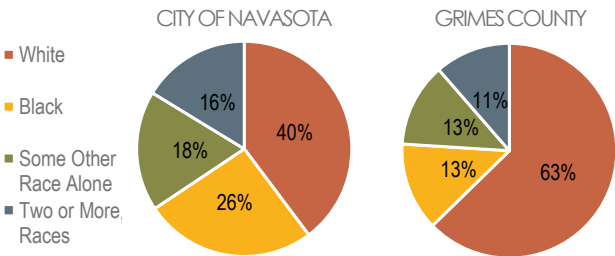
Hispanic Origin



Population by Age



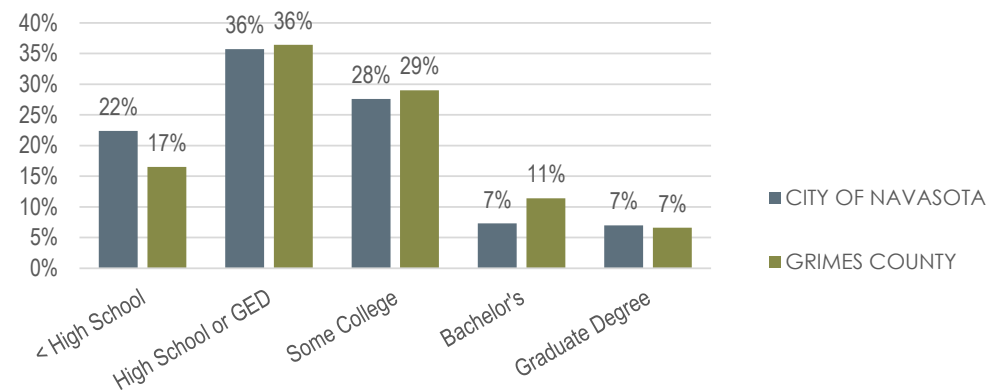
Population by Race



Educational Attainment

In the City of Navasota, 78% of the population aged 25 years or older has a high school degree or higher, slightly less than Grimes County at 83% capture rate for these education segments. Approximately, 14% of Navasota residents hold at least a four-year college degree, versus 18% in Grimes County.

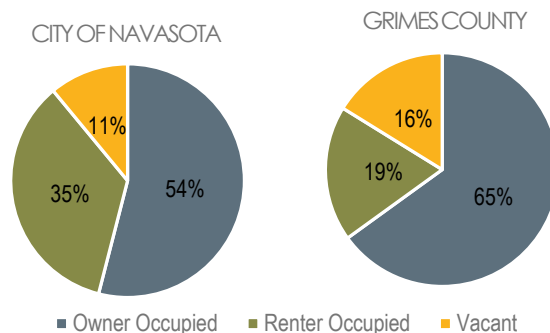
2022 Educational Attainment Ages 25+



Housing

Residential uses in Navasota include clusters of predominantly single-family homes interspersed with mobile homes and multi-family units. 54% of the housing stock is currently owner occupied, while 35% is renter occupied. The median home value is \$147,119, nearly 25% lower than the average home value in Grimes County, \$195,553.

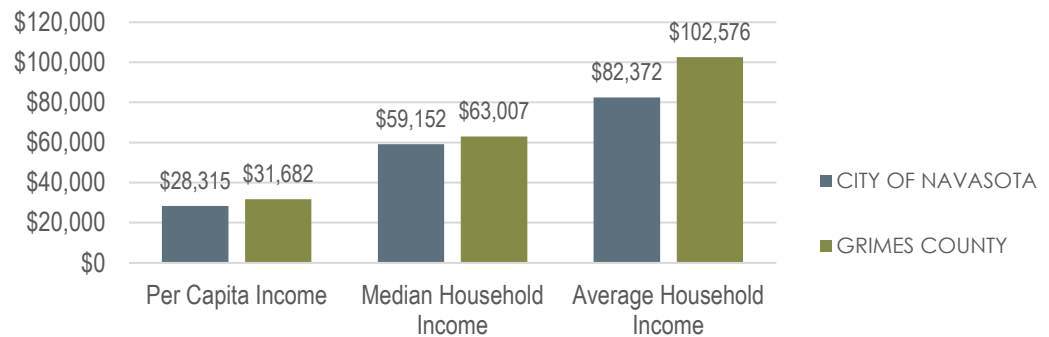
2022 Housing Unit Summary



Income

In 2022, the City of Navasota's Per Capita Income is \$28,315, 11% less than that of Grimes County. Navasota's Median Household Income, \$59,152, is also smaller than that of Grimes County, though by a smaller margin – 6%.

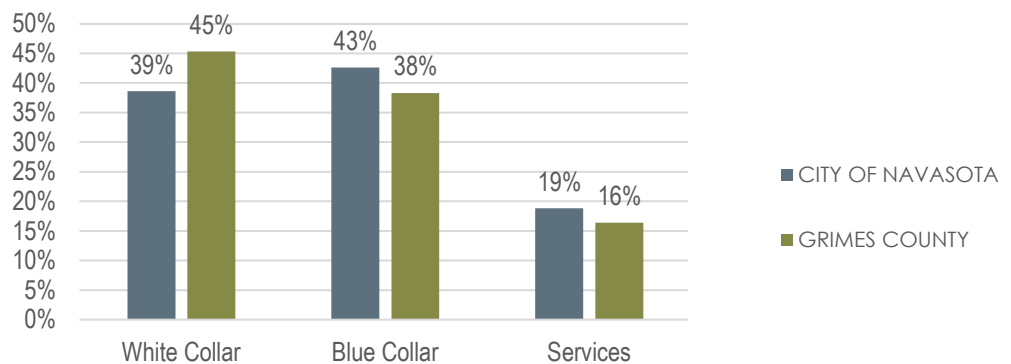
2022 Income



Resident Employment by Occupation

The City currently has 3,267 residents aged 16+ engaged in the labor force, or 95.1% of the total population actively seeking employment. Grimes County falls just short of Navasota with 94.9% of residents in the labor force. Roughly 39% of Navasota residents are employed as White Collar workers with slightly more, 43%, in Blue Collar jobs. The remainder of the City's labor force work in Service occupations. Comparatively, Grimes County has more residents employed in White Collar jobs and less in Blue Collar and Service occupations. White Collar workers in the City are split relatively evenly among Management / Business / Financing, Professional, Sales, and Administrative Support roles. Production and Transportation roles make up the majority of its residents Blue Collar jobs.

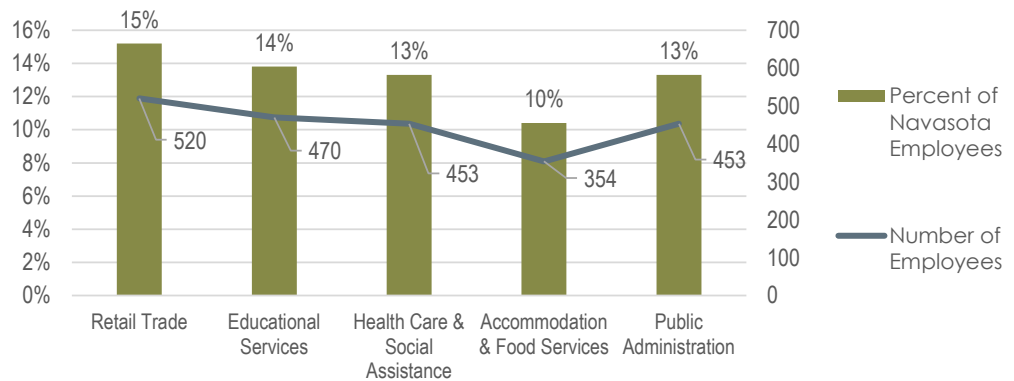
2022 Income Employed Population 16+ by Occupation



Business & Industry

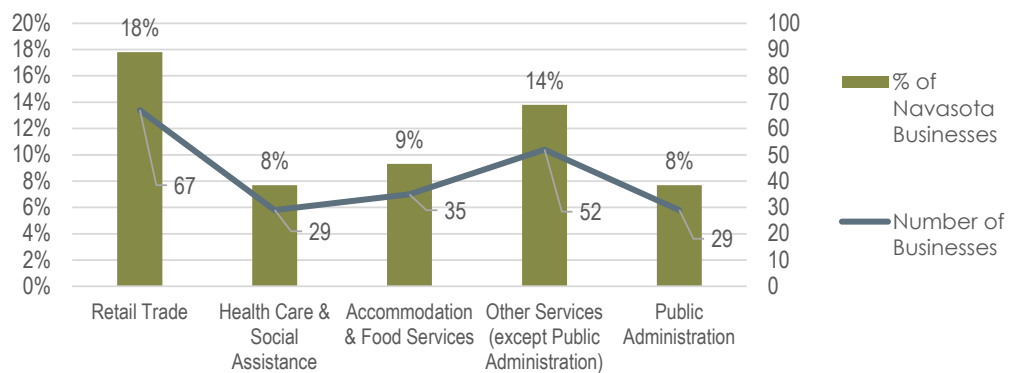
There are approximately 377 businesses in the City of Navasota employing roughly 3,418 individuals. In terms of employment, Retail Trade, Educational Services, Health Care & Social Assistance, Public Administration, and Accommodation & Food Service comprise the top five industries; together they employ 66% of employees within the city, or roughly 2,250 individuals. When looking at business counts, Retail Trade dominates with nearly 18% of Navasota businesses, followed by Other Services*, Accommodation & Food Services, Health Care & Social Assistance, and Public Administration. In total, these industries account for just over 56% of businesses within the city.

Employees by Industry, City of Navasota



Businesses by Industry, City of Navasota

**Other Services includes automotive and commercial / industrial repair & maintenance, personal & household goods repair & maintenance, personal care services, dry cleaning & laundry services, religious organizations, civic & social organizations, etc.*



TIRZ as a Tool

As shown in the existing conditions analysis, the area within the Zone meets many of the conditions required by Chapter 311 for designation as a tax increment reinvestment zone. These conditions include the following:

- Area is predominately open with physical and economic constraints to development
- Defective or inadequate sidewalks, utilities, or street layout
- Faulty lot layout in relation to size, adequacy, accessibility, or usefulness
- Unsanitary or unsafe conditions
- An area's tax base is relatively low

Given these conditions, the area would benefit from utilizing a tool like tax increment financing. There are a number of opportunities for growth and development within the proposed Zone boundary, especially given its proximity to State Highway 6 and the extension of State Highway 249 via State Highway 105. However, the area lacks the necessary infrastructure to support future development and redevelopment. Opportunities for new investment include vacant land, and older and underutilized properties adjacent to major thoroughfares that are prime for redevelopment. Utilizing a tool like a TIRZ would attract public and private investment, providing initial financing for much needed public infrastructure improvements, including water and sewer, trails and recreation facilities, mobility and streetscape enhancements, and other economic development initiatives. Improvements would ultimately be funded from tax increment revenues (captured value) following new residential and commercial development. The development of the Zone to its fullest potential would not be feasible in the near future without the assistance of a tool like a TIRZ.

Potential Projects

Potential projects may include but are not limited to:

- Water, wastewater, natural gas and drainage improvements associated with new commercial and residential developments
- Wastewater treatment plant
- Stormwater management improvements including land acquisition and detention
- Roadway and mobility enhancements and connections
- Value added improvements to State funded projects including the SH 249 extension
- Streetscape enhancements including enhanced intersections, ADA accessibility improvements, sidewalks, crosswalks, pedestrian signals, landscaping, pedestrian amenities, lighting, facade improvements, signage/wayfinding and public art
- Parks, trails and recreation improvements
- Parking and safety improvements

Projected Growth and Revenues

The SH 249 Expansion Project will represent, upon completion, the second major corridor directly linking the City of Navasota and the Houston MSA. A combination of a controlled access tollway and a rural highway, SH 249 will ultimately connect to SH 105 via an elevated interchange roughly 6 miles east of Navasota. TxDOT currently anticipates a 2023 completion. Not only will the Project provide easy, reliable, and aesthetically pleasing access to the Houston MSA for outward-bound daily commuters, but it will provide better access to Navasota for rural and suburban residents living in the commercially underserved quadrant southeast of the city. With enhanced access to the area, combined with increasing growth pressures, the City will be able to capture new development in the eastern portion of the City Limits and ETJ, with the availability of adequate infrastructure. Navasota is already starting to see an increase in both residential and commercial activity in its City Limits and an interest in development in its ETJ.

As part of the feasibility analysis, three revenue scenarios were developed that reflect different assumptions as it relates to the timing of planned projects, growth rates and availability of infrastructure to support future development. Given that the majority of the Zone lies within the City's ETJ, it is assumed that as growth occurs, developments will be annexed into the City Limits. Funding or reimbursement for public infrastructure can serve as a mechanism to allow for voluntary annexation into the City. The purpose of the scenarios is to show the growth potential within the area and demonstrate the financial feasibility of the proposed reinvestment zone.

Results of the three scenarios are shown in Tables 2 and 3. As shown, projected Taxable Value in 2052 ranges from \$341 million to \$557 million. Projected revenues available for TIRZ projects range from \$14 million to \$23 million.

Table 2 - Taxable Values

	Scenario 1	Scenario 2	Scenario 3
2022	\$45,488,600	\$45,488,600	\$45,488,600
2027	\$107,980,886	\$125,743,386	\$125,743,386
2032	\$188,786,478	\$241,181,603	\$241,181,603
2037	\$218,855,270	\$301,777,937	\$343,164,755
2042	\$253,713,241	\$349,843,339	\$414,704,636
2047	\$294,123,182	\$405,564,313	\$480,756,333
2052	\$340,969,380	\$470,160,193	\$557,328,353

Table 3 - Revenues

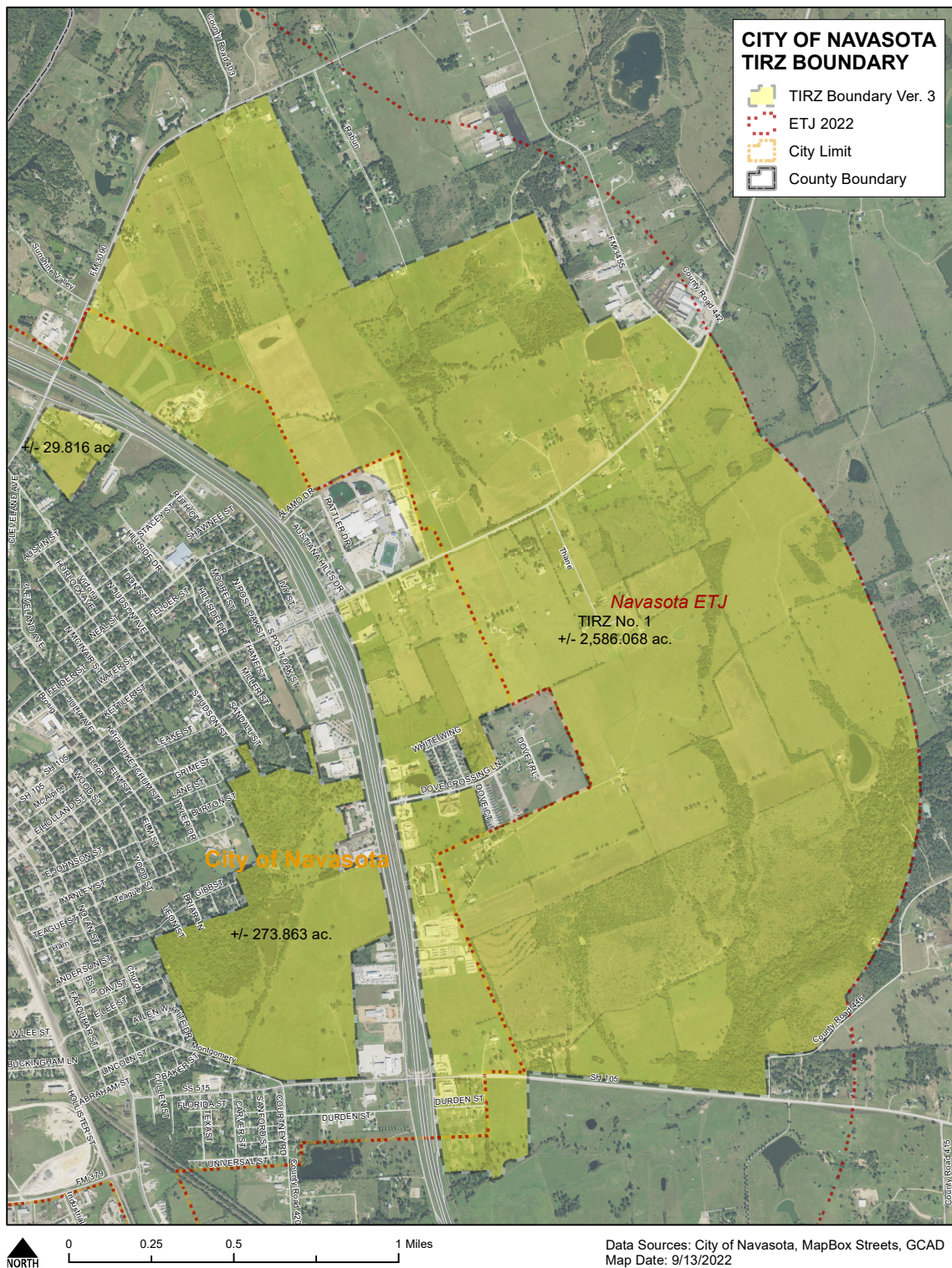
	Scenario 1	Scenario 2	Scenario 3
2022	\$-	\$-	\$-
2027	\$174,327	\$223,876	\$223,876
2032	\$399,739	\$545,899	\$545,899
2037	\$483,618	\$714,937	\$830,388
2042	\$580,857	\$849,019	\$1,029,954
2047	\$693,584	\$1,004,456	\$1,214,210
2052	\$824,264	\$1,184,651	\$1,427,813
Total	\$14,032,045	\$20,175,286	\$23,409,626

There are a number of opportunities for growth and development within the Zone boundaries, particularly given its easy access to major State Highways 6 and 249. Public improvements funded / implemented by the City and other partners would stimulate commercial and residential development and redevelopment within the Zone. Provision of water, sewer, drainage and mobility improvements would support the viability and quality of new development.

Based on values and revenue projections for the scenarios as outlined in this report, revenues generated as a result of capital improvements made by the public in all scenarios would be sufficient to fund certain public infrastructure improvements within the proposed Zone.

The extent and quality of development in the proposed Zone is dependent upon the timing and implementation of public infrastructure projects including water, sewer, drainage, and roadway improvements. A financing tool like a TIRZ can facilitate and expedite new development and investment within the Zone boundaries, providing economic opportunity not only in terms of increased property values and sales tax but also housing, employment, and quality of life amenities for residents and businesses.

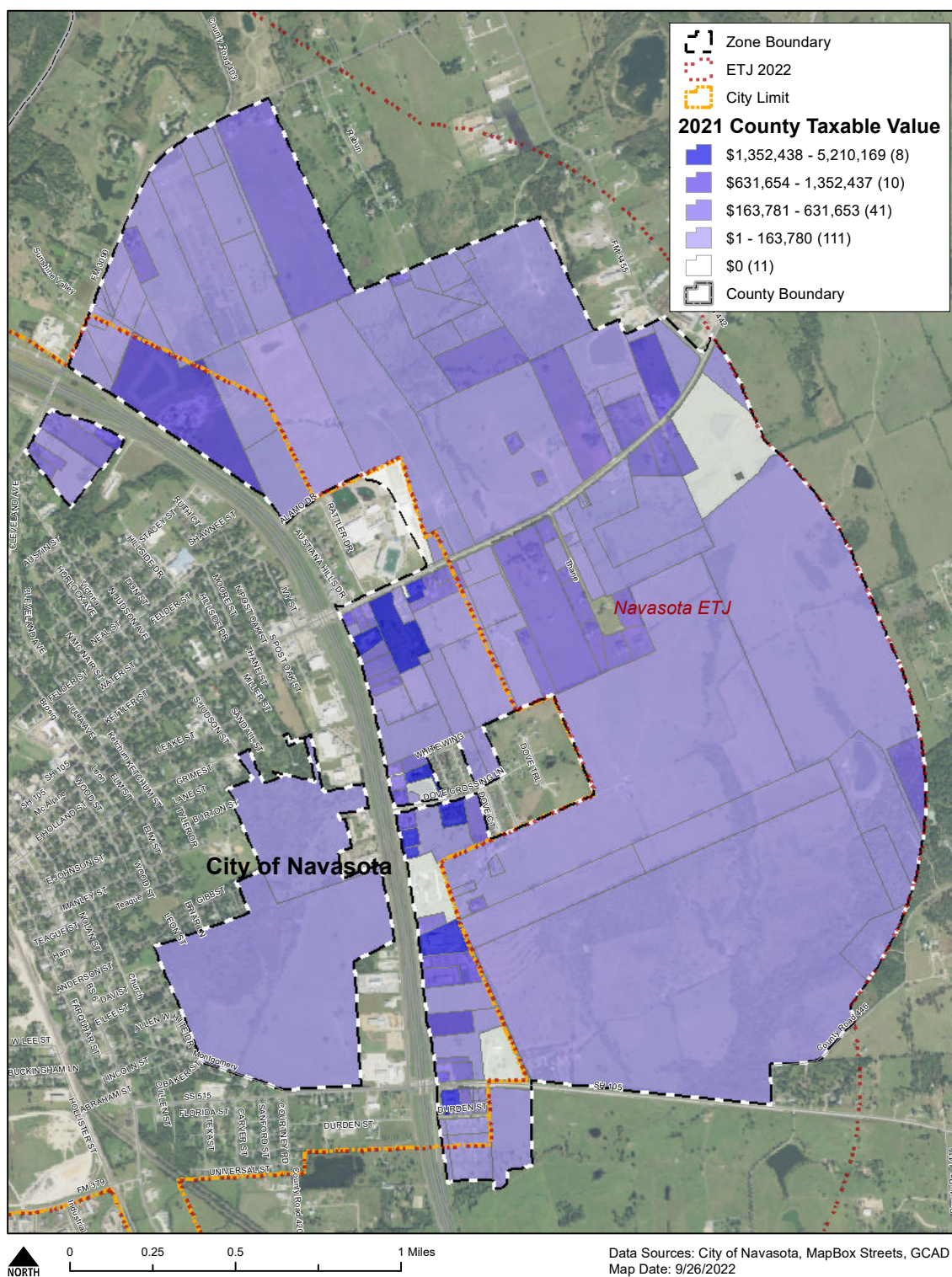
Map 1- Proposed Boundary, Aerial View



Map 2 - Property Classification



Map 3 - Taxable Value



Map 4 - Flood Hazard Areas

