

RESOLUTION NO. 21-2021

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, APPROVING THE ABILENE NEIGHBORHOOD EMPOWERMENT ZONE NO.1 (NEZ) REPORT

WHEREAS, on May 10, 2018 the Abilene City Council adopted Resolution 78-2018 creating the Abilene Neighborhood Empowerment Zone No. 1 (NEZ) pursuant to Chapter 378 of the Texas Local Government Code; and

WHEREAS, the NEZ offers certain economic development incentives to promote and encourage new private business development and the redevelopment and development of new construction of affordable and market rate housing options within the NEZ; and

WHEREAS, the City of Abilene has historically been supportive of housing tax credit applications from private developers to the Texas Department of Housing and Community Development (TDHCA) for new multi-family housing developments; and

WHEREAS, the City of Abilene has identified a need to adopt a supplemental report to augment Resolution 78-2018 in order to enhance the competitiveness of future housing tax credit applications submitted to TDHCA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE:

PART 1. That the City of Abilene approve the document presented as "Exhibit A."

PART 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Abilene, and it is accordingly so resolved.

ADOPTED this 11th day of February 2021.

ATTEST:


Shawna Atkinson, City Secretary


Anthony Williams, Mayor

APPROVED:


Stanley E. Smith, City Attorney



Abilene Neighborhood Empowerment Zone No. 1 (NEZ)

The following document is intended to outline the history and characteristics of the revitalization area known as Abilene Neighborhood Empowerment Zone No. 1 (NEZ), identify specific revitalization strategies undertaken by the City of Abilene in the creation of the NEZ, outline the administrative procedures and incentives for the Infill Development Incentive Program to fund its objectives and strategies, and confirm that this area is considered an important revitalization area by the City.

The creation of the NEZ and the incentives that go along with it are good examples of local community revitalization planning. Issues identified within the NEZ boundaries were identified by the City through observation, research, and an open public process. Economic development incentives were subsequently created to address identified issues.

NEZ Background and Creation

In 2009, City Council directed staff to develop an "Infill Development Area" to focus on stabilizing older areas of the City that had experienced disinvestment. Resolution 1-2009 adopted by City Council on January 22, 2009 created and designated an "Infill Development Area" for the purpose of providing a development incentive, in the form of building and planning related fee reductions, to encourage development and redevelopment within designated infill areas. (Appendix A)

Early in 2018, City Council directed staff to create a new "Infill Development Incentive Program" to encourage the investment of private resources in productive business enterprises and single and multi-family housing units in historic and economically distressed areas of the city. On May 10, 2018, City Council adopted Resolution 78-2018 which repealed Resolution 1-2009. A key component of Resolution 78-2018 was the creation of a "Neighborhood Empowerment Zone" (NEZ) to offer certain economic development incentives promoting and encouraging new private business development, and the remodeling and new construction of affordable market rate housing options for the City's historic and economically distressed areas.

NEZ incentives include property tax abatements, refunds of municipal sales tax, city participation in the cost of providing water and/or sewer line extensions. (Appendix B) Created pursuant to Chapter 378 of the Texas Local Government Code, the purpose of a Neighborhood Empowerment Zone (NEZ) is to create or rehabilitate affordable housing; increase economic development; or increase the quality of social services, education, or public safety in the zone. (Appendix C)

Administrative Procedures and Incentives

Resolution 78-2018 established administrative procedures and specified incentives for eligible development and redevelopment projects proposed within the NEZ.

Abilene Neighborhood Empowerment Zone

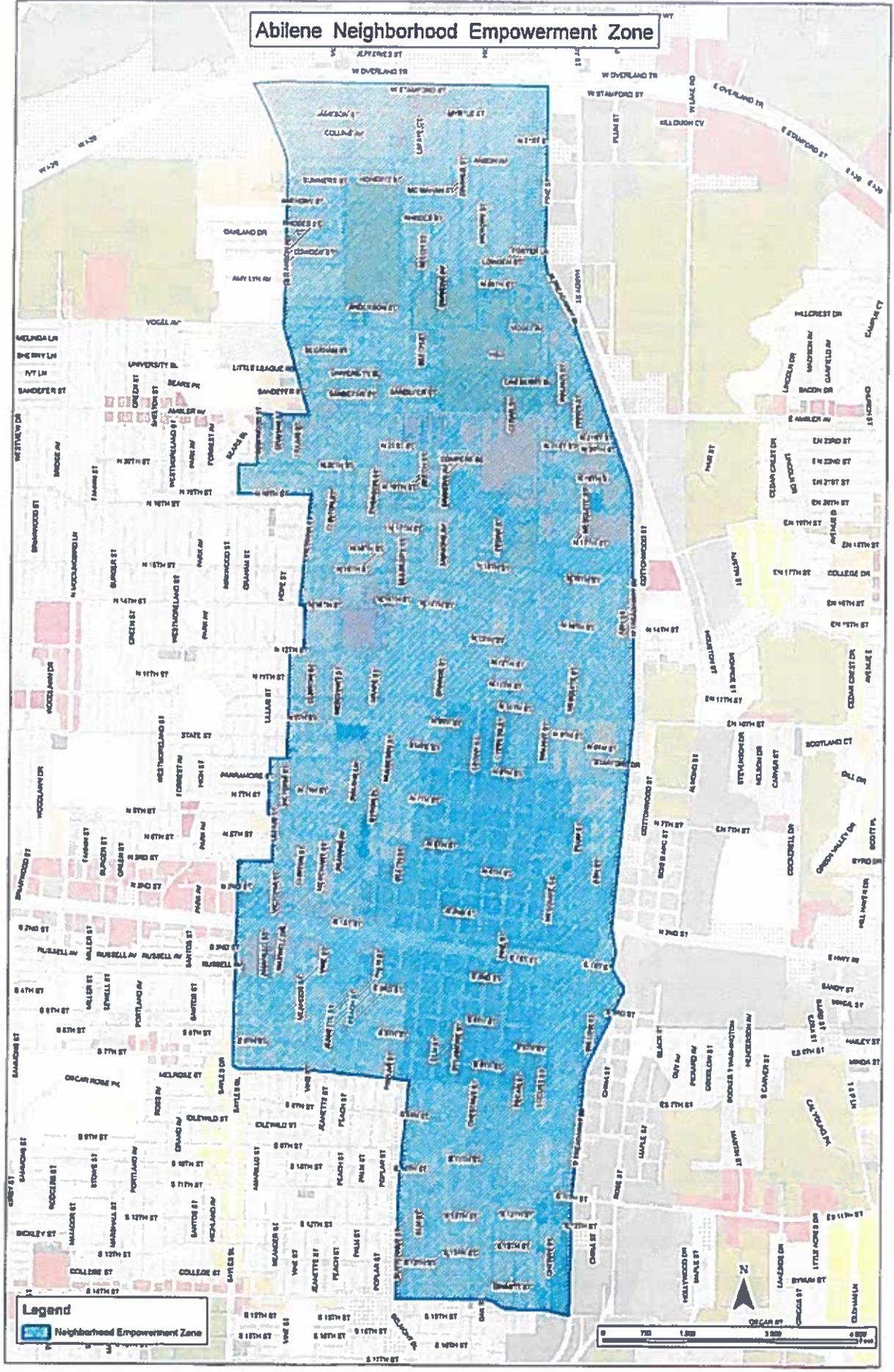


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The City authorized the City Manager or his or her designee to negotiate agreements offering the following economic development incentives, provided that any agreements using the incentives authorized and set forth must be adopted by an affirmative vote of four or more members of the City Council before it can be effective.

1. The City may enter into agreements for a period of not more than ten years for the purpose of benefiting the zone, refunds of municipal sales tax on sales made within the zone, and
2. The City may enter into agreements abating municipal property taxes on property within the Zone subject to the duration limits of Section 312.204 of the Tax Code; and
3. The City may set baseline performance standards, such as the Energy Star Program as developed by the Department of Energy, to encourage the use of alternative building materials that address concerns relating to the environment or to the building costs, maintenance, or energy consumption; and
4. The City may participate in up to 50% of the cost of water or sewer line extensions necessary to serve property being developed within the Zone; and
5. The City may choose to authorize these incentives through a Chapter 380 Economic Development agreement.

The following incentives may be authorized by the City Manager or his or her designee without further Council action:

1. Waive or reduce fees related to the construction or remodel of buildings in the Zone, including fees related to the inspection of buildings or impact fees; and
2. Authorize the provision of roll-off containers and associated haul-on, haul-off and tipping charges at the City's actual cost; and
3. Waive or reduce sewer and water tap fees; and
4. Waive or reduce zoning application fees.

Development Projects within the NEZ Area

Numerous projects within the NEZ have been undertaken and completed using various funding mechanisms and incentive programs, including the Downtown Abilene Tax Increment Finance District (TIF) which generated nearly \$15 million in revenue, 2009 Infill Development Area (permit and fee reductions), 2015 bond projects, Abilene Neighborhood Empowerment Zone No. 1 (NEZ), and the Tax Increment Reinvestment Zone No. 2, which encompasses a portion of the NEZ area. The majority of incentives provided through the NEZ program have been reductions or waivers of development-related permit and application fees.

Public Outreach

Both the Comprehensive Plan and the establishment of the NEZ included public input opportunities for the public and specific affected neighborhoods to express their views.

EXHIBIT A

Comprehensive Plan Outreach

Over the course of eighteen months, the City engaged a diverse group of citizens from throughout the community in a collaborative planning process. Neighborhood representatives, interest groups, business and development interests, City staff, members of the Planning and Zoning Commission and City Council, and the general public were all involved at various levels in developing the Plan.

Throughout the process, a twenty-three member Steering Committee helped shape the Future Land Use and Development Plan and its supporting policies. The Steering Committee was composed of a broad spectrum of community interests including representatives from neighborhood, business, education, civic, and development organizations.

The Committee met in a series of six workshops between September 2001 and February 2003 to provide input, recommendations, and feedback as the plan evolved. The general public received project information and provided input into the planning process through a variety of means, including public workshops, surveys, newspaper articles and editorials, a project information booth at downtown art walk, billboards, and a project web site. The project web site at www.abilenecompplan.com was maintained and regularly updated with all major work products available on the site for review. It also offered a forum for citizens to discuss land use and planning issues on-line. With the breadth of citizen input, the Abilene community has created a living document that will serve as a guide for improvement and as a source of inspiration.

NEZ Outreach

With regard to the input for the NEZ, City staff developed the boundary of NEZ with public input as required by statute after notice was published in the newspaper and holding a public hearing. The public also had the opportunity to give input at the City Council meetings when the Infill Development Areas were created in 2009 and the NEZ and the associated infill program were created in 2018. The public was also given the opportunity to comment on this document.

NEZ Area Characteristics

Abilene has a diverse collection of neighborhoods. Those in the northern and central part of the city are older and these areas face distinctly different challenges than their counterparts in newer areas of the City.

EXHIBIT A

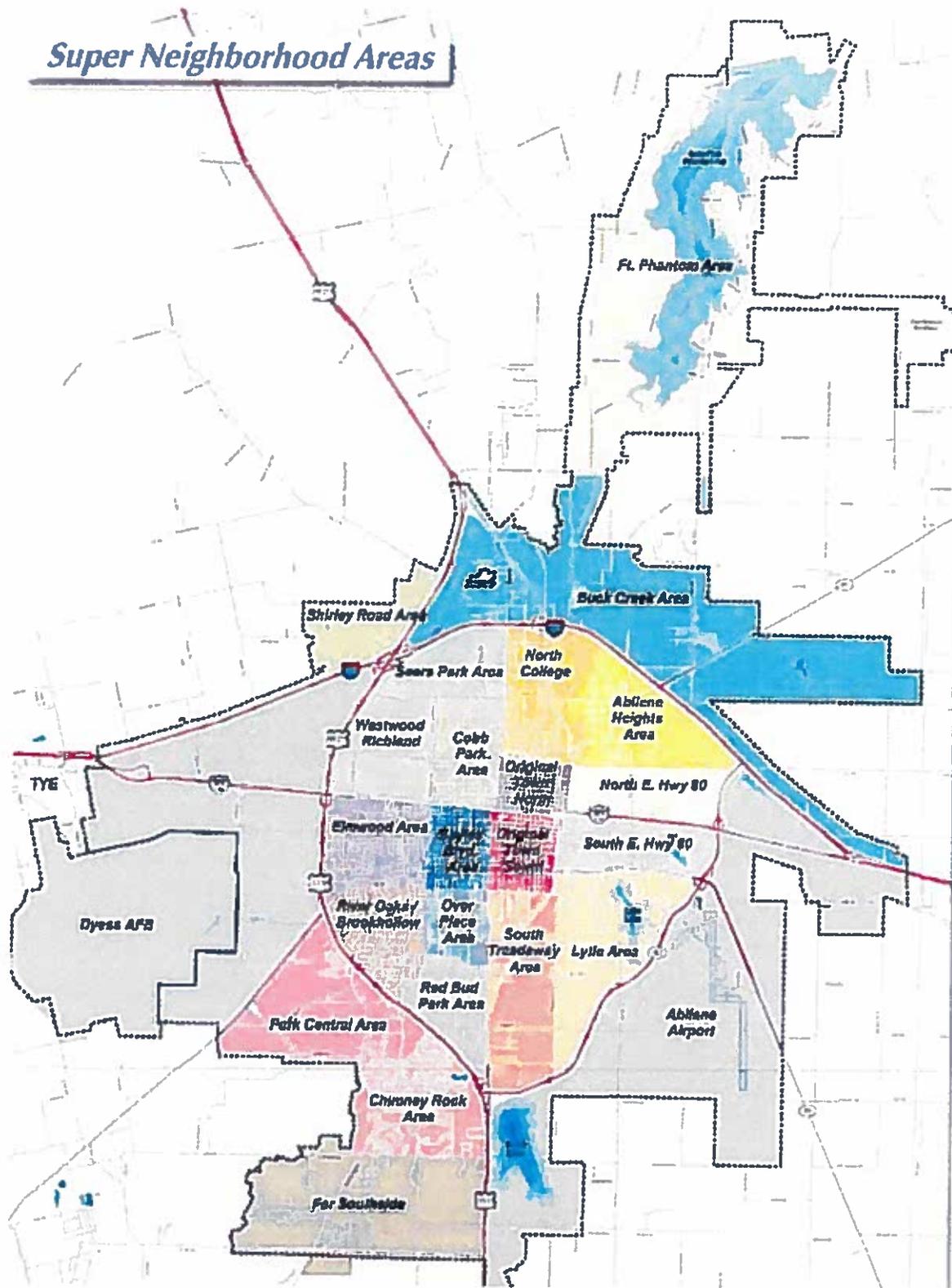


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Abilene's 2004 Comprehensive Plan identified specific neighborhoods within the City, established three classifications of defining categories for these neighborhoods, and provided strategies to address problematic issues relative to their needs.

The NEZ is located in an area that was once known as Original Town South, Original Town North, and North College. The 2004 Comprehensive Plan designated these areas as "Established Redeveloping Neighborhoods," areas that were once vital, experienced decline through the years, and are now experiencing revitalization.

Those "Established Redeveloping Neighborhoods" referenced in the 2004 Comprehensive Plan are described below:

Abilene is a city with many unique older neighborhoods. Some have retained their character and aged gracefully. Others, however, have become run-down with deteriorating housing stock. Vacant houses, lots and boarded structures exacerbate crime problems, deter businesses from locating in older neighborhoods, and perpetuate a cycle of decline.

In order to change the momentum from decline to revitalization, City policies propose a multifaceted approach to the revitalization of mature neighborhoods. Policies specifically focus on stabilizing neighborhoods by improving infrastructure, such as streets, schools and parks, housing conditions, and ensuring that Abilene citizens have an opportunity to live in the type of dwelling and location of choice. If an entire block of homes, along with adjacent facilities can be improved, the odds for preserving the neighborhood as a desirable place to live are greatly enhanced.

To achieve this end, the City should concentrate its efforts on whole neighborhoods rather than isolated units. Stable neighborhoods encourage residents to maintain, upgrade, build, and buy housing resulting in a sound, diverse housing stock.

The NEZ area created in Resolution 78-2018 meets the requirements of a NEZ outlined per Section 312.202 of the Texas Government Code (Appendix D), which includes the following characteristics:

- Meets the criteria for a Reinvestment Zone;
- Be 100% Community Development Block Grant ("CDBG") eligible;
- Be bounded by clearly defined boundaries (streets, railroads, creeks or other logical boundaries);
- May encompass an existing neighborhood or several neighborhoods;
- Have a concentration of population at or below poverty level;
- Have a low median household income and per capita income;

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- Contain a predominance of substandard homes/aged housing stock;
- Have a higher than average vacancy rate;
- Have a higher than average rate of crimes against persons or property;
- Have low commercial permit values; and
- May contain areas targeted for revitalization.

In addition to the 2004 Comprehensive Plan, the City has undertaken various planning efforts within the current NEZ boundaries. These plans include the Master Plan for South Downtown Abilene, the Abilene Center City Growth and Development Plan, and the Carver Neighborhood Plan. The Carver Neighborhood is located within the North College Super Neighborhood Area. These documents outlined in greater detail existing conditions within the NEZ area.

...many of the single-family homes were fifty years old and most property owners did not have the financial means to maintain them, although they had occupied the homes for at least twenty years...The remaining residential properties were owned by absentee landlords who rented their houses to various individuals. Through the years these houses have been neglected and slowly suffered from deterioration until they were no longer habitable according to city building standards.

Vacant land has become a prominent feature of the neighborhood, as more houses have been neglected, condemned and consequently demolished by the city. These lots are owned by private individuals, churches and the city. Ultimately, these vacant properties could play a key role in revitalization.

-page 10 Carver Neighborhood Plan (2011)

Street lighting is of major concern, as it relates directly to safety. Some existing lights are not functioning at full capacity and there are areas in the neighborhood that need additional street lights.... Sidewalks are in need of repair in many areas, particularly near Woodson Elementary School. Adequate and safe sidewalks help provide a walkable, cohesive neighborhood.... Storm water run-off is a problem every time it rains heavily. Neighbors would like to have this problem solved, as the flowing water floods their streets and yards hampering access to their properties.

-page 17 Carver Neighborhood Plan (2011)

Historic investment in Historic Downtown Abilene along Cedar Street, Cypress Street, Pine Street, and North 1st Street has proven successful as illustrated by high property values. The map to the right illustrates higher property values in the historic downtown area, a direct reflection of the private investment in properties in this area. Most likely, this wouldn't have happened if the City didn't make investments with revenue from the TIF

EXHIBIT A

District. On the other hand, properties in the remainder of the downtown area, including areas in the South Downtown Study Area, have not seen the same City investment nor benefitted from significant private investment.

-Master Plan for South Downtown Abilene p.16 (2010)

The South Downtown District currently contains an intense cluster of government uses, professional offices, and transportation facilities, with some limited amount of convenience retail, dining, warehousing, light manufacturing, open storage, and single- and multi-family housing. The physical condition and use of some buildings and lots in this District, particularly some number of housing units, vacant commercial structures, and open storage lots, are unsightly and in an advanced stage of deterioration, resulting in a significant blighting influence in parts of the district.

-Master Plan for South Downtown Abilene p.26 (2010)

Relevant Objectives and Strategies Applicable to the NEZ

As outlined in the 2004 Comprehensive Plan, areas like those within the current NEZ were identified as “Established Redeveloping Neighborhoods” and had strategies to address local issues that included providing incentives to encourage infill and redevelopment in distressed neighborhoods, and providing financial incentives, such as rehabilitation loans/grants, offsets of development fees, and tax-advantaged project financing. Below are the Objectives and Strategies for the areas within the Established Redeveloping Neighborhoods:

Objective: Promote the revitalization of older neighborhoods that have experienced disinvestment.

Strategy 13: Prepare plans for established redeveloping SNAs (Super Neighborhood Areas) to identify functional needs and to coordinate redevelopment programs and infrastructure improvements.

Strategy 14: Establish performance standards for infill development that respect the scale and character of the neighborhood.

Strategy 15: Provide incentives to encourage infill and redevelopment in distressed neighborhoods. Use the following regulatory and financial tools to leverage additional investment in established redeveloping SNAs and promote homeownership:

- Locally-funded exterior rehabilitation programs to improve the structural and aesthetic condition of existing housing.

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- Area wide zoning reclassifications when consistent with neighborhood redevelopment plans.
- Financial incentives, such as rehabilitation loans/grants, offsets of development fees, and tax-advantaged project financing.
- Federal, state, and local funds to rehabilitate dilapidated residential structures occupied by lower income residents.

Strategy 16: Revise development regulations to include incentives designed to encourage rehabilitation over demolition.

Strategy 17: Apply environmental code enforcement measures in conjunction with the City's community policing program to arrest patterns of decline.

Strategy 18: Where appropriate, use the siting of public facilities in neighborhoods as a catalyst for increased public investment.

Objective: Maintain and support local schools as community assets that are central to the stability of neighborhoods.

Strategy 19: In consultation with the Abilene Independent School District and Wylie Independent School District, devise small-area plans that strengthen the neighborhood-school link with methods designed to:

- Improve walkability.
- Enhance housing location and transportation choices for low-income and minority populations.
- Arrest and stabilize land use transition.
- Increase residential density in proximity to the school.
- Create opportunities for the school to serve the neighborhood in multiple ways.

Strategy 20: Develop small-area plans for neighborhoods with vacant school facilities that will open up new opportunities for compatible productive reuse of the facility and that forge new links between residents and the former school site.

Downtown Areas

Strategy 28: Implement the policies and strategies contained in the Downtown Streetscape Master Plan and related plans.

Strategy 29: Provide regulatory and financial incentives to induce residential development in the downtown area. Locate such development and/or redevelopment at appropriate locations and densities to support existing and future downtown services, employment, and retail uses.

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Strategy 30: Upgrade downtown infrastructure, such as sidewalks, street lighting, and landscaping in a manner that is compatible with the area's historic character.

Strategy 31: Promote land use, transportation, and urban design improvements that will link the Downtown activity center with the Butternut Street corridor and the Hendrick Medical Center/Hardin-Simmons University Activity Center. Work with the property owners, private developers, and neighborhood groups to enhance these linkages.

Conclusion

The historic downtown areas of Abilene, including those within the boundaries of the NEZ, have been identified by numerous planning documents as being priority areas for revitalization. The City's current NEZ program serves as an important tool for use in encouraging infill development within the program area.

Appendix A

2009 Resolution Adopting Infill Development Area

RESOLUTION NO. 1-2009

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE
DESIGNATING AN "INFILL DEVELOPMENT AREA"**

WHEREAS, the City's adopted Comprehensive Plan identifies six guiding principles for future development in the City, three of which encourage and promote the concept of infill development and redevelopment in underutilized areas of the City, particularly in areas where existing infrastructure and services are available to serve that development; and

WHEREAS, the City's Fee Schedule for Planning and Building Permits includes an incentive, in the form of fee reductions, for designated infill areas; and

WHEREAS, the City's Infill Development Strategy proposes to implement other incentive strategies to encourage development and redevelopment in designated infill areas; and

WHEREAS, the Planning and Zoning Commission has determined that a limited number of focused areas and corridors best furthers the City's goals; and

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF ABILENE, TEXAS:**

PART 1: That there is hereby established an Infill Development Area" as defined by the following:

- North Downtown Area bounded by North 10th Street on the north, North Treadaway Blvd on the east, railroad tracks on the south, and Grape Street on the west.
- South Downtown Area bounded by the railroad tracks on the north, South Treadaway Blvd on the east, South 7th Street on the south, and Butternut Street on the west.
- Pine Street Corridor defined as the properties with frontage on Pine Street from North 10th Street to Interstate 20.
- Butternut Street Corridor defined as the properties with frontage on Butternut Street from South 1st Street to South Treadaway Blvd.
- Treadaway Corridor defined as the properties with frontage on Treadaway Blvd from Pine Street to Industrial Blvd.
- Highway 80 Corridor defined as the properties with frontage on US Highway 80/South 1st Street from US Highway 277 to Loop 322 (i.e., inside the "loop").

PART 2: That this Infill Development Area is the designated infill area as referenced on the City's Building and Planning Fee Schedules, which provide for reduced fees in some cases for development permits within this area, as well as for all other infill strategies that are implemented.

PART 3: That the Infill Development Area shall be reviewed annually to monitor progress on the adopted strategies, and may be amended by the City Council upon recommendation of the Planning and Zoning Commission as needed to further the City's goals and strategies for infill development.

ADOPTED this 22nd day of January 2009.

ATTEST:


Danette Dunlap, City Secretary


Norman Archibald, Mayor

APPROVED:


Y. Daniel Santee, II
City Attorney

Appendix B

**2018 Resolution Adopting Neighborhood Empowerment Zone No. 1
and Infill Development Incentive Program**

RESOLUTION NO. 78-2018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, REPEALING RESOLUTION NO. 1-2009, AND CREATING A NEW INFILL DEVELOPMENT INCENTIVE PROGRAM

WHEREAS, the City of Abilene (the "City") desires to encourage the investment of private resources in productive business enterprises and single and multi-family housing units in historic and economically distressed areas of the City; and

WHEREAS, the City desires to increase economic development within historic and economically distressed areas of the City; and

WHEREAS, the City has previously adopted Resolution No. 1-2009 setting forth and infill development program; and

WHEREAS, the City now desires to repeal the current program and create a new program; and

WHEREAS, it is necessary and in the best interest of the City to create the Abilene Neighborhood Empowerment Zone No. 1, (the "Zone") pursuant to Chapter 378 of the Texas Local Government Code; and

WHEREAS, in addition to the creation of the Zone, it is necessary and in the best interest of the City to offer certain economic development incentives to promote and encourage new private business development, and the remodeling and new construction of affordable and market rate housing options for the City's historic and economically distressed areas

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS:

PART 1: That the City designates an area more particularly described and illustrated in "Exhibit A" attached hereto and incorporated herein for designation as the Abilene Neighborhood Empowerment Zone No. 1, and said boundaries shall describe and create the infill development program boundaries.

PART 2: The City Council, as the governing body of the City of Abilene, Texas finds that the creation of the Zone will increase economic development within the Zone, increase the rehabilitation and construction of affordable and market rate housing options within the Zone, and increase the quality of social services, education or public safety provided to the residents of the Zone.

PART 3: The City Council, as the governing body of the City of Abilene, Texas finds that the creation of the Zone benefits and is for the public purpose of increasing the public health, safety and welfare of the persons in the municipality.

PART 4: The City Council, as the governing body of the City of Abilene, Texas finds that the creation of the Zone satisfies the requirements of Section 312.202 of the Tax Code.

PART 5: The City Council as the governing body of the City of Abilene, Texas does hereby create and establish the following economic development incentive program within the Zone and authorizes the City Manager or his or her designee to negotiate agreements offering the following enumerated incentives, provided that any agreement using the incentives authorized and set forth below must be adopted by an affirmative vote of four or more members of the City Council before it can be effective.

1. The City may enter into agreements for a period of not more than ten (10) years, for the purpose of benefiting the zone, refunds of municipal sales tax on sales made within the zone; and
2. The City may enter into agreements abating municipal property taxes on property within the Zone subject to the duration limits of Section 312.204 of the Tax Code; and
3. The City may set baseline performance standards, such as the Energy Star Program as developed by the Department of Energy, to encourage the use of alternative building materials that address concerns relating to the environment or to the building costs, maintenance, or energy consumption; and
4. The City may participate in up to 50% of the cost of water or sewer line extensions necessary to serve property being developed within the Zone; and
5. The City may choose to authorize these incentives through a Chapter 380 Economic Development agreement.

PART 6: The City Council as the governing body of the City of Abilene, Texas does hereby create and establish the following economic development incentive program within the Zone and authorizes the City Manager or his or her designee to negotiate agreements offering the following enumerated incentives without further Council action.

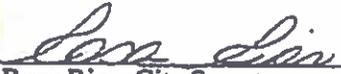
1. The City Manager may waive or reduce fees related to the construction or remodel of buildings in the Zone, including fees related to the inspection of buildings or impact fees; and
2. The City Manager may authorize the provision of roll-off containers and associated haul-on, haul-off and tipping charges at the City's actual cost; and
3. The City Manager may waive or reduce sewer and water tap fees; and
4. The City Manager may waive or reduce zoning application fees.

PART 7: That Resolution No. 1-2009 is hereby repealed in its entirety.

PART 8: That this Resolution takes effect immediately upon its adoption.

ADOPTED this 10th day of May 2018.

ATTEST:



Rosa Rios, City Secretary



Anthony Williams, Mayor

APPROVED:



Stanley Smith, City Attorney

EXHIBIT A

The Abilene Neighborhood Empowerment Zone No. 1 begins at the intersection of South 14th Street and Treadaway Blvd, thence north along Treadaway Blvd to the intersection of Pine Street and Treadaway Blvd, thence north along Pine Street to the intersection of Interstate 20 and Pine Street, thence west along Interstate 20 to the intersection of Old Anson Road and Interstate 20, thence south along Old Anson Road to the intersection of Ambler Avenue and Old Anson Road, thence west along Ambler Avenue to the intersection of Kirkwood Street and Ambler Avenue, thence south along Kirkwood Street to the intersection of North 20th Street and Kirkwood Street, thence west along North 20th Street to the intersection of Kirkwood Street and North 20th Street, thence south along Kirkwood Street to the intersection of North 19th Street and Kirkwood, thence east along North 19th Street to the intersection of Victoria Street and North 19th Street, thence south along Victoria Street to the intersection of North 14th Street and Victoria Street, thence east along North 14th Street to the intersection of Clinton Street and North 14th Street, thence south along Clinton Street to the intersection of North 12th Street and Clinton Street, thence west along North 12th Street to the intersection of Victoria Street and Clinton Street, thence south along Victoria Street to the intersection North 5th Street and Victoria Street, thence west along North 5th Street to the intersection of Lillius Street and North 5th Street, thence south along Lillius Street to the intersection of North 3rd Street and Lillius Street, thence west along North 3rd Street to the intersection of Graham Street and North 3rd Street, thence south along Graham Street to the intersection of North 1st Street and Graham Street, thence south along Sayles Blvd to the intersection of South 7th Street and Sayles Blvd, thence east along South 7th Street to the intersection Butternut Street and South 7th Street, thence south along Butternut Street to the intersection of South 14th Street and Butternut Street, thence east along South 14th Street terminating at the intersection of Treadaway Blvd and South 14th Street.

All properties abutting each boundary street are included within the Zone.

A map of the district is attached and incorporated into this Exhibit "A."

Appendix C

Chapter 378 of the Texas Local Government Code

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE A. MUNICIPAL PLANNING AND DEVELOPMENT

CHAPTER 378. NEIGHBORHOOD EMPOWERMENT ZONE

Sec. 378.001. DEFINITION. In this chapter, "zone" means a neighborhood empowerment zone created by a municipality under this chapter.

Added by Acts 1999, 76th Leg., ch. 305, Sec. 1, eff. May 29, 1999.

Sec. 378.002. CREATION OF ZONE. A municipality may create a neighborhood empowerment zone covering a part of the municipality if the municipality determines the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing, in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone.

Added by Acts 1999, 76th Leg., ch. 305, Sec. 1, eff. May 29, 1999.

Sec. 378.003. ADOPTION OF ZONE. (a) A municipality may create a zone if the governing body of the municipality adopts a resolution containing:

- (1) the determination described by Section 378.002;
- (2) a description of the boundaries of the zone;
- (3) a finding by the governing body that the creation of the zone benefits and is for the public purpose of increasing the public health, safety, and welfare of the persons in the municipality; and
- (4) a finding by the governing body that the creation of the zone satisfies the requirements of Section 312.202, Tax Code.

(b) A municipality may create more than one zone and may include an area in more than one zone.

Added by Acts 1999, 76th Leg., ch. 305, Sec. 1, eff. May 29, 1999.

Sec. 378.004. MUNICIPAL POWERS. In addition to other powers that a municipality may exercise, a municipality may:

- (1) waive or adopt fees related to the construction of buildings in the zone, including fees related to the inspection of buildings and impact fees;
- (2) enter into agreements, for a period of not more than 10 years, for the purpose of benefiting the zone, for refunds of municipal sales tax on sales made in the zone;
- (3) enter into agreements abating municipal property taxes on property in the zone subject to the duration limits of Section 312.204, Tax Code; and

(4) set baseline performance standards, such as the Energy Star Program as developed by the Department of Energy, to encourage the use of alternative building materials that address concerns relating to the environment or to the building costs, maintenance, or energy consumption.

Added by Acts 1999, 76th Leg., ch. 305, Sec. 1, eff. May 29, 1999. Amended by Acts 2001, 77th Leg., ch. 1263, Sec. 5, eff. Sept. 1, 2001.

Appendix D

Sec 312.202 of the Texas Government Code

Sec. 312.2011. ENTERPRISE ZONE. Designation of an area as an enterprise zone under Chapter 2303, Government Code constitutes designation of the area as a reinvestment zone under this subchapter without further hearing or other procedural requirements other than those provided by Chapter 2303, Government Code.

Added by Acts 1989, 71st Leg., ch. 1106, Sec. 28, eff. Aug. 28, 1989. Amended by Acts 1995, 74th Leg., ch. 76, Sec. 5.95(22), eff. Sept. 1, 1995.

Sec. 312.202. CRITERIA FOR REINVESTMENT ZONE. (a) To be designated as a reinvestment zone under this subchapter, an area must:

- (1) substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - (A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
 - (B) the predominance of defective or inadequate sidewalks or streets;
 - (C) faulty size, adequacy, accessibility, or usefulness of lots;
 - (D) unsanitary or unsafe conditions;
 - (E) the deterioration of site or other improvements;
 - (F) tax or special assessment delinquency exceeding the fair value of the land;
 - (G) defective or unusual conditions of title;
 - (H) conditions that endanger life or property by fire or other cause; or
 - (I) any combination of these factors;
- (2) be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;
- (3) be in a federally assisted new community located in a home-rule municipality or in an area immediately adjacent to a federally assisted new community located in a home-rule municipality;
- (4) be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);
- (5) encompass signs, billboards, or other outdoor advertising structures designated by the governing body of the municipality for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the municipality, which the legislature declares to be a public purpose; or
- (6) be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.

(b) For purposes of this section, a federally assisted new community is a federally assisted area:

- (1) that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.); and
- (2) a portion of which has received grants under Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5307) made pursuant to the authority

created by that section for grants in behalf of new communities assisted under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.).

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.09(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1106, Sec. 29, eff. Aug. 28, 1989.

Sec. 312.203. EXPIRATION OF REINVESTMENT ZONE. The designation of a reinvestment zone for residential or commercial-industrial tax abatement expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a reinvestment zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing tax abatement agreement made under this subchapter.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1995, 74th Leg., ch. 985, Sec. 12, eff. Sept. 1, 1995.

Sec. 312.204. MUNICIPAL TAX ABATEMENT AGREEMENT.

(a) The governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner of taxable real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt from taxation a portion of the value of the real property or of tangible personal property located on the real property, or both, for a period not to exceed 10 years, on the condition that the owner of the property make specific improvements or repairs to the property. The governing body of an eligible municipality may agree in writing with the owner of a leasehold interest in tax-exempt real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt a portion of the value of property subject to ad valorem taxation, including the leasehold interest, improvements, or tangible personal property located on the real property, for a period not to exceed 10 years, on the condition that the owner of the leasehold interest make specific improvements or repairs to the real property. A tax abatement agreement under this section is subject to the rights of holders of outstanding bonds of the municipality. An agreement exempting taxable real property or leasehold interests or improvements on tax-exempt real property may provide for the exemption of such taxable interests in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. An agreement exempting tangible personal property located on taxable or tax-exempt real property may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality, including inventory and supplies. In a municipality that has a comprehensive zoning ordinance, an improvement, repair, development, or redevelopment taking place under an agreement under this section must conform to the comprehensive zoning ordinance.