THE QUIET REVOLUTION

The Growing Role of Municipal Management Districts in Houston

A Report from Blueprint Houston

February 2013
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This report was made possible by

Financial support from the Houston Endowment Inc.
The time and participation of municipal management district professionals
Map exhibits by Hawes Hill Calderon LLC
The information presented in this report is based upon surveys and interviews with seventeen of the nineteen active MMDs inside of Houston in late 2011 (twenty-two have been created, but three are not yet active) with some additional information provided for the two active MMDs for which complete information was not available. As a result, the totals presented in this report are approximate but quite close to actual totals, which also vary from year to year. Several more MMDs are in the creation stage, pre-planning stage or are otherwise inactive, and several are currently expanding to serve larger areas. There is no fixed bottom line for MMDs but rather a moving target as MMDs include more areas of Houston, a larger portion of Houston’s tax base, and a wider range of services and improvements with a greater impact on the city.

Six of the MMDs that participated in the survey are administered by Hawes, Hill Calderon, LLP. David Hawes serves on the Board of Directors of Blueprint Houston as do Bob Eury of the Downtown District and Rebecca Reyna of the Greater Northside District. While these individuals participated in the survey and interviews, and like other Blueprint Houston directors were asked to review the report as a document produced by Blueprint Houston, they had no control over the production of this report or its editorial content. Guy Hagstette, a Blueprint Houston director and the report’s primary author, worked for the Downtown District from 1992 to 2005.

While representatives of many MMDs participated in the report’s interviews, meetings and survey, no MMD has provided funding or endorsed this report, the information it contains, or its recommendations.
FOREWORD

The mission of Blueprint Houston is to assure the creation of a General Plan for the City of Houston based on citizens’ visions, values and goals.

A “general plan” can mean many things. This report focuses on an oft-forgotten benefit of a general plan - as a clearly-communicated strategic plan that transcends campaign promises and sets a long-term vision for the city. Like a corporation that communicates its business plan with shareholders, a city can maximize value for its citizens and offer the quality of life they desire by engaging them in an ongoing dialogue about their city’s future and then marshalling resources toward desired long-term outcomes.

This is not to say that Houston has no business plan – the city has survived fiscally for more than 175 years and clearly operates with various business plans for its public services, and in election season, two-way communication between elected officials and citizens is abundant. But beyond the biennial promises to keep taxes low, to put more cops on the street, to protect neighborhoods, to fix potholes – where are the multiple longer-term policies and investments discussed, weighed, prioritized and coordinated? How can citizens participate in establishing our city’s long-term strategic goals?

For much of Houston’s history, the long-term plan was clear – the city would grow by annexing recently-developed areas just outside the city limits and by allowing private market forces to allocate resources for our citizens. State laws were passed; municipal utility districts were enabled; the nation’s largest extra-territorial jurisdiction was created; a major thoroughfare plan was adopted; and impediments to new growth and development were minimized to ensure that this long-term strategy could be achieved. While this earlier strategic plan’s longer-term implications remain unclear, the City of Houston achieved its objectives with help from the booming energy, trade and health care sectors, and at the close of the 20th century, Houston had grown to 579 square miles and almost two million people.

Now, times have changed, and Houston can no longer grow by simply and quickly annexing new development. Problems faced by other cities for decades - fiscal imbalances, an under-productive tax base, declining neighborhoods, high development costs, aging infrastructure and buildings, conflicting desires among diverse voters – have become far more apparent. And for the first time in its history, Houston is being seriously challenged as the economic center of our region, not just for housing, nor even for retail, but for the primary job centers that are the lifeblood of any city’s long-term prosperity.

Houston needs a new strategic plan as powerful as the one that faded with the twentieth century, and to succeed, it will require maximizing every resource Houston can harness. This paper explores one such resource that has quietly emerged over the past quarter century – the municipal management district (MMD). It is a powerful and classic Houston story – of stakeholders taking their communities’ fates into their own hands and addressing problems squarely. Houston has benefitted from their work in terms of stabilized tax bases, job retention and growth, and improved neighborhoods. Until recently, this has all occurred with the City of Houston almost being a bystander, but the city now must view these independent governments as close allies. It must build their successes and their contributions into its strategic plan, its general plan, for recapturing our city’s traditional focus on long-term growth and prosperity for our citizens. There are also lessons Houston can learn from how MMDs go about their business and gain support for their initiatives as the city seeks to reinvent itself for a new millennium.
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1. EXECUTIVE SUMMARY

RECOMMENDATIONS

Beyond the facts and figures about Houston’s individual municipal management districts (MMDs), there is a bigger story—they represent a major asset for our community as it seeks to adapt to a changing world. Historically, Houston grew by expanding outward, but continuation of this strategic approach to our city’s growth is unlikely. MMDs can play a key role in a new strategy focused on economic growth and development from within the city—if we can recognize that the world has changed and focus on Houston’s new challenges and opportunities.
EXHIBIT 1: MMDs within the City of Houston
Many Houstonians are not aware of the work of municipal management districts (MMDs) and of their growing importance to our city. By adding an increased level of services beyond what city government can provide, MMDs are making a real difference as Houston evolves into a multi-dimensional global city. In fact, a discussion about governance in Houston that excludes MMDs will lead to misguided conclusions about our city in the 21st century. The outcomes and style of work of MMDs also could be a model for a “Houston style of planning” that serves the visions, values and goals of our citizens.

Since the first MMD was created 25 years ago, a quiet revolution has unfolded as a score of MMDs has emerged within Houston. Houston’s MMDs are local governments independent of any city or county and with specific powers granted by the State Legislature. Today, MMDs play a profoundly important role in Houston’s quality of life, economic health and tax base because they augment, rather than replace, city services. The first MMDs were created to provide services within Houston’s major activity centers, but their reach has expanded to central city and outlying communities, also. Because Houston’s MMDs have been created by individual state legislation, each is somewhat unique. This report categorizes Houston’s MMDs by the type of area they serve – major activity centers, neighborhood commercial corridors and redevelopment zones.

MMDs exist because property owners agree to pay a new tax or assessment to address issues of common concern. The funds generated by the tax or assessment are typically (but not always) allocated based on a service plan (or service and improvement plan) that extends over a period of years, just as a general plan can serve as a longer-term strategic plan for a city. Ongoing stakeholder involvement is essential, and an MMD can cease to operate due to lack of funds if this support is lost. Instead, MMDs have evolved to provide an ever-wider range of services as their stakeholders have grown more comfortable with this new form of local government. Nineteen active MMDs provide services that augment city services for an aggregate cost of less than 2% of the City of Houston’s General Fund budget. Three more MMDs within Houston have been created but were not yet operating at the time of this report.

This report focuses on the nineteen active MMDs within the city limits of Houston, which have developed a wide range of effective services and improvement programs that deserve the attention and support of Houstonians. They also coordinate with city government, and the pairing of an MMD’s locally-based knowledge and stakeholder support with the City’s considerable resources can result in remarkable progress in terms of economic development, crime reduction, sanitation, quality of life and truly balanced capital investments in the public realm.

MMDs typically focus on commercial and multi-family properties; only one MMD assesses single family homeowners (at their request). Their services focus on public safety, economic development, marketing and promotion, multi-modal transportation, landscaping, cleanliness and planning. About half of Houston’s MMDs also assess (or tax) properties for capital improvements, such as improved sidewalk areas in conjunction with roadway projects funded by other agencies, entry markers, median landscaping and overhead utility removal. Assessments or taxes range from $0.045/$100 to just over $0.15/$100 of property value. By comparison, the City of Houston’s ad valorem tax rate is about $0.64/$100. These taxes and assessments fund annual operating budgets that range from less than $400,000 to over $6,000,000. When Harris County and school taxes are also considered, the added tax burden of MMDs is modest.

Even with an overall record of success and support, MMDs have had their fair share of controversy focused on the actual level of stakeholder support for their assessments and the fair distribution of services provided by funding from only certain types of property owners. Thus far, MMDs have proven to be remarkably committed to their communities, but future success will require that this high level of commitment be maintained among future leaders.

In the sixteen months it took to produce this report, MMDs and the City of Houston were increasing their coordination, but more can be done. Blueprint Houston recommends that elected state officials, the MMD community and the City of Houston consider the following ideas intended to maximize the benefits of MMDs for Houstonians and their potential as collaborative partners for the City of Houston:

**The State of Texas should increase the long-term effectiveness of and support for MMDs:**

**Creation Process:** While MMDs can be created through the TCEQ, most are created by the State Legislature, and its notice requirements should be strengthened so stakeholders are aware of what is happening in Austin. The special conditions in major activity centers also should be noted because their MMD legislation often serves as a model for new MMDs in other parts of the city where the patterns of property ownership are often very different.
MMD Boundaries: Criteria for the geographic and economic composition of each MMD could better ensure that stakeholders with common interests are included. This could reduce confusing situations, such as the recent creation of an MMD that overlaps with a pre-existing MMD, and rationalize boundaries so small areas are not isolated between areas that are served by MMDs.

Transparency: The State should clarify its administrative oversight of MMDs with regard to reporting and audit review to ensure that MMD public reports are filed and readily available to our citizens through state government in addition to the MMDs themselves.

Areas without an MMD: The State should not go too far with MMDs. MMDs work when there is strong support from within the community and compelling conditions that need to be addressed. Some areas of the city, such as those with consistent deed restrictions and little commercial development, probably do not need an MMD.

Ongoing State Review: The State Legislature should periodically review the work and effectiveness of MMDs. The “Special Report Prepared for the Texas Senate Intergovernmental Relations Committee” at the request of Senator Royce West is the most recent review (see appendix).

MMDs can enhance their overall effectiveness:

Capacity Building: The MMD community would benefit from capacity-building where more-established MMDs provide mentoring and guidance to smaller, newer MMDs. This should include more effort to share best practices among MMDs and even could include an “MMD college.” A recent workshop sponsored by the Westchase District is an excellent example of this idea.

Collaborative Training: Together and individually, MMDs should focus on how to work with city and county government. Engaging city and county staff in this process would help forge more consistent understanding of MMDs within city and county government.

Better Advance Coordination: Before making plans to modify City streets, MMDs should first establish strong ongoing communications with the appropriate departments and involve them in early planning discussions.

Integrated Planning: The City is working to assemble an electronic data bases of plans. MMDs should secure the technical ability to add their plans to the City’s electronic data base. Some progress is being made; for instance, City staff is training East End MMD staff to do just this. In addition, MMDs could benefit from working with corporations, which usually have excellent in-house planning experts.

Transparency: Each MMD should have a clear policy for open records requests, which is of utmost importance in maintaining citizen trust and emphasize outreach to all stakeholders rather than only the minimum required by their enabling legislation.

The City of Houston has challenges that a strategy for growth involving MMDs could help address:

Partners for Growth: In the 20th century, the City of Houston grew through annexation of municipal utility districts (MUDs). The city now can maximize its potential for growth from within by working with the MUD’s cousin, the MMD, in (1) major activity centers where one half million of Houston’s primary jobs are located, (2) districts that combine home and workplaces in neighborhood commercial corridors that are the backbone of our city’s urban fabric, and (3) areas primed for major transformation that can diversify the city’s portfolio of live/work environments and optimize its long-term tax base growth.

Capital Investments: In addition to ongoing capital improvements by Tax Increment Reinvestment Zones (TIRZs) and the Capital Improvements Program (CIP), Rebuild Houston is going to result in massive investment in much-needed street and drainage improvements. Decisions about each project’s scope have planning, up-front cost and long-term maintenance implications, and the role of MMDs in these projects should not be an after-thought left to individual project managers. By policy, MMDs should be partners in the planning, funding and implementation of Rebuild Houston and of all capital investments in their areas. Collaborative prioritization of projects based on the needs in each area and thoughtfully planned allocation of City-MMD responsibilities can best address multiple needs and constituencies for maximum benefit to the city.
Facilitating Coordination with MMDs: With so much economic development and city tax base growth possible in areas served by MMDs, the City should collaborate with MMDs in an ongoing, constructive and flexible manner within a general, non-bureaucratic policy context that respects their independent status. Despite concerns among some MMDs to the contrary, the City has no plans to reduce city services in areas served by MMDs. Beyond this wise policy, the City should seek to maximize the effectiveness and benefits of its services and capital investments through true, ongoing collaboration with MMDs.

City Staff: A consistent city policy can guide its staff as they interact with MMDs, be it HPD, Public Works & Engineering, Solid Waste, Neighborhoods or the Planning & Development Department. This should encourage city staff to engage with MMDs as partners rather than as adversaries. To truly achieve this level of engagement, all parties seem to agree that the City needs more staff capacity to interact with MMDs. The Office of the Mayor’s well-regarded senior staff is stretched too thin, and additional staff positions focused on MMDs could assist with communications and ongoing collaboration. MMDs focus on economic development through a broad range of services, and the Office of the Mayor’s economic development team also tends to look at the “whole” rather than the “parts.”

Grant Applications: The City of Houston is growing more adept at competing for private, state and federal grants to fund its capital projects, an arena where MMDs have an excellent track record. Having already moved beyond viewing MMDs as competitors, the City should develop a forward-looking strategy and planning framework for grants that regularly engage MMDs as partners. This will increase Houston’s chances for grant awards because most funders include a requirement that individual grants be part of a larger strategy and planning context. The City’s recent federal TIGER grant award for trails is an excellent example of this approach.

The work of MMDs can help set the stage for a strategic general plan for Houston in the 21st Century:

MMDs and a General Plan for Houston: Blueprint Houston is developing an outline for a new type of general plan for the 21st century and will be making a proposal to the City. Based on the results of this report, it appears that such a plan would benefit from the involvement of citizens through super-neighborhoods and businesses through MMDs as long-term growth priorities and policies are developed as part of that plan. Based on MMD input, the City should focus on (i) a strategic vision and broad policy cont-
Strategic Redevelopment: MMDs have been essential partners in areas targeted for transformation because they can assume costs and long-term obligations associated with new public improvements that the City of Houston cannot. The City should encourage creation of MMDs in areas primed for redevelopment, and it also could support creation of MMDs in its extra-territorial jurisdiction to provide services and improvements that better prepare those areas for annexation.

An Antidote to Term Limits: To encourage long-term thinking among elected officials constrained by strict term limits, mayoral candidates could develop the equivalent of six-year plans for their hoped-for term in office that are similar to the multi-year service plans that guide most MMDs. These proposals would include specifics in outline form, such as allocation of resources, specific program priorities, and meaningful economic development objectives in a format established by an objective and respected civic organization, such as the League of Women Voters, and then emphasized during debates and other campaign events. These outline proposals could form the basis for a detailed update to Houston’s general plan that reflects the newly-elected mayor’s mandate. Voters could benchmark progress against the original six-year outline proposal in subsequent elections, and these outlines could even help city staff gauge how their individual responsibilities fit into a larger strategic plan for the City of Houston.

Moving Forward toward a True General Plan: The most striking part of the MMD story is that property owners have agreed to a new tax or assessment to address issues of common concern. But the story does not end there— they also can “pull the plug” if things are not working out, resulting in a real focus by MMDs on continued stakeholder engagement. Houston could test the benefits of a general plan using the same approach by stipulating a period of time and committing to citizen-stakeholder engagement, in part through participation of MMDs, TIRZs and super-neighbors. If the general plan does not produce measurable benefits by the end of the stipulated time period, citizens could pull the plug.
2. INTRODUCTION

- What is a Municipal Management District (MMD)?
- General Categories of MMDs
- History of MMDs
## EXHIBIT 2: AREAS SERVED BY MMDS

<table>
<thead>
<tr>
<th>MANAGEMENT DISTRICT</th>
<th>SIZE</th>
<th>TAX BASE</th>
<th>PROPERTIES</th>
<th>CREATED</th>
<th>1st SERVICES</th>
<th>EXPANDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>(HCID = Harris County Improvement District)</td>
<td>(sq. miles)</td>
<td>($1,000's)</td>
<td>(records)</td>
<td>(year)</td>
<td>(years)</td>
<td></td>
</tr>
<tr>
<td><strong>Total (excludes Inactive MMDs)</strong></td>
<td>197.89</td>
<td>32,276,332</td>
<td>25,847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major Activity Centers</strong></td>
<td>22.70</td>
<td>17,208,007</td>
<td>4,490</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Houston Downtown Management District</td>
<td>1.84</td>
<td>6,297,000</td>
<td>2,061</td>
<td>1995</td>
<td>1996</td>
<td>1999</td>
</tr>
<tr>
<td>Uptown Houston District (HCID #1)</td>
<td>0.78</td>
<td>3,535,211</td>
<td>1,186</td>
<td>1987</td>
<td>1988</td>
<td>1991/1993</td>
</tr>
<tr>
<td>Greenspoint District</td>
<td>12.19</td>
<td>1,861,036</td>
<td>700</td>
<td>1991</td>
<td>1991</td>
<td>None</td>
</tr>
<tr>
<td>Memorial City Management District</td>
<td>1.33</td>
<td>1,100,000</td>
<td>NA</td>
<td>1999</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Energy Corridor District</td>
<td>2.34</td>
<td>1,654,760</td>
<td>143</td>
<td>2001</td>
<td>2001</td>
<td>2011</td>
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<tr>
<td><strong>Neighborhood Commercial Corridors</strong></td>
<td>172.12</td>
<td>11,909,385</td>
<td>17,263</td>
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<tr>
<td>Greater East End Management District</td>
<td>16.00</td>
<td>1,103,800</td>
<td>3,516</td>
<td>1999</td>
<td>2000</td>
<td>None</td>
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<tr>
<td>Greater Northside Management District</td>
<td>24.00</td>
<td>1,100,000</td>
<td>4,934</td>
<td>NA</td>
<td>2006</td>
<td>None</td>
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<tr>
<td>Greater Southeast Management District</td>
<td>29.69</td>
<td>1,147,809</td>
<td>NA</td>
<td>2001</td>
<td>2004</td>
<td>None</td>
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<tr>
<td>Montrose Management District (HCIDs #6 &amp; #11)</td>
<td>3.01</td>
<td>1,043,394</td>
<td>1,667</td>
<td>2006</td>
<td>2007</td>
<td>2010</td>
</tr>
<tr>
<td>Spring Branch Management District</td>
<td>21.70</td>
<td>2,248,939</td>
<td>1,432</td>
<td>2003</td>
<td>2006</td>
<td>2005</td>
</tr>
<tr>
<td>Near Northwest Management District</td>
<td>16.00</td>
<td>884,470</td>
<td>1,600</td>
<td>2001</td>
<td>2005</td>
<td>None</td>
</tr>
<tr>
<td>Brays Oaks Management District (HCID #5)</td>
<td>15.00</td>
<td>1,130,867</td>
<td>702</td>
<td>2005</td>
<td>2006</td>
<td>2011</td>
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<tr>
<td>Greater Sharpstown Management District</td>
<td>13.63</td>
<td>1,670,843</td>
<td>961</td>
<td>2005</td>
<td>2006</td>
<td>None</td>
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<tr>
<td>International Management District</td>
<td>11.50</td>
<td>1,146,564</td>
<td>1,114</td>
<td>2007</td>
<td>2009</td>
<td>None</td>
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<tr>
<td>Five Corners Improvement District (HCID #10)</td>
<td>21.60</td>
<td>432,699</td>
<td>1,337</td>
<td>2007</td>
<td>2011</td>
<td>2011</td>
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<tr>
<td><strong>Redevelopment Zones</strong></td>
<td>3.07</td>
<td>3,158,940</td>
<td>4,094</td>
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<tr>
<td>Upper Kirby Management District (HCID #3)</td>
<td>0.80</td>
<td>1,697,983</td>
<td>638</td>
<td>1997</td>
<td>1998</td>
<td>2001</td>
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<td>Midtown Management District</td>
<td>0.96</td>
<td>1,156,957</td>
<td>2,956</td>
<td>1999</td>
<td>2000</td>
<td>None</td>
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<td>East Downtown Management District</td>
<td>1.30</td>
<td>304,000</td>
<td>500</td>
<td>1999</td>
<td>2000</td>
<td>None</td>
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<tr>
<td><strong>Inactive Districts</strong>*</td>
<td>14.59</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Hobby Area Management District (HCID #9)*</td>
<td>14.59</td>
<td>1,622,131</td>
<td></td>
<td>2009</td>
<td></td>
<td></td>
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<tr>
<td>Near Northside Management District*</td>
<td>NA</td>
<td>NA</td>
<td></td>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gulfton Management District*</td>
<td>NA</td>
<td></td>
<td></td>
<td>2011</td>
<td></td>
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</tr>
</tbody>
</table>

* Not included in survey totals
What is a Municipal Management District?

Municipal Management Districts (MMDs) are a type of special purpose district created by the Texas Legislature, and as such, they are “creatures of the state”, not of the City of Houston. At the most basic level, MMDs are created to supplement city services, not replace them. Each district has been individually created by legislation supported by a state representative and/or senator that grants that district certain powers under the transportation, water or other codes contained in state law. Most MMDs are funded by an assessment on properties within the district, but some are empowered to levy an ad valorem tax or a sales tax. Because a large majority of MMDs levy an assessment, this term, as used in this report, means both an assessment or an MMD tax. Each MMD is established with a specific boundary and an initial board of directors; however, before it can begin its work, most MMDs must develop a service plan tied to an assessment, which then must be approved by a certain number of the MMD’s assessment payers. The threshold for approval varies somewhat but is typically around fifty of the property owners who are being assessed or a majority of taxable value.

State law allows for creation of MMDs through the Texas Commission on Environmental Quality (TCEQ), but all of the MMDs in Houston have been created by special legislation sponsored our state elected officials, and each bill can provide for a blend of powers and authority for each MMD that enables it to address specific issues of concern to that area of the state. Over the past dozen years or so, this refinement of MMD powers has grown more sophisticated as elected officials and professionals have come to fully understand their potential. The starting point for MMDs is Chapter 375 of Texas law, which governs local government corporations, but each bill can draw from the economic development code, transportation code and water code as well.

The water code governs municipal utility districts (MUDs), which were created by the state in the mid-twentieth century as a tool to foster suburban development and the orderly annexation of those areas by adjacent municipalities. Houston absorbed scores of MUDs as it grew through annexation in the second half of the last century. While MMDs are not designed to be absorbed or taken over by the City, they too have the potential to be a powerful tool for the city’s long-term growth from within the city, and importantly, the City of Houston is involved in MMDs as it is MUDs. Generally, it approves the creation of each MMD and nominations of new MMD directors as board terms expire.

General Types

The State of Texas has created almost one hundred MMDs with twenty-two being within the corporate limits of Houston (Exhibits 1 & 2) and another four are located outside the city but in Houston’s extra-territorial jurisdiction (ETJ). This report focuses on the nineteen active MMDs within Houston (three of the twenty-two had been created but were not yet active when this report was produced). Because each MMD is uniquely created, there are many variations in size, powers, purpose and governance, but this report categorizes MMDs by the areas they serve:

Major Activity Center: An area dominated by high-rise buildings and other commercial property with a predominance of office and retail uses along with apartment complexes in certain districts. The impetus for their creation is focused on economic development. Downtown, Uptown, Westchase, Greenspoint, Memorial City and the Energy Corridor are in this category.

Neighborhood Commercial Corridor: An area of the city that is a mix of residential neighborhoods, commercial corridors along the area’s major thoroughfares and sometimes industrial properties. Typically, commercial properties and, in most cases, apartment complexes pay the assessment while single family homeowners do not. The goal is often stabilization and economic improvement of declining and under-performing commercial corridors to assist with an overall neighborhood preservation agenda. The Greater East End, Greater Northside, Greater Southeast, Montrose, Spring Branch, Sharpstown, International, Brays Oaks, Five Corners and Near Northwest districts are examples of this MMD type. Three other MMDs in this category had been created but were not yet active when this report was produced. The Gulfton, Hobby and Near Northside districts are not included in this report’s statistics for that reason.
Redevelopment Zone: Districts created in evolving areas of the city where a primary goal is significant transformation from existing conditions. These districts provide services as do city-created tax increment zones covering roughly the same areas (this also is true of some MMDs in the other categories). The East Downtown, Upper Kirby and Midtown districts are in this category.

History
MMDs emerged during Houston’s last economic crisis – the oil bust of the 1980s. Harris County Improvement District #1 in Uptown Houston was created in 1987 to provide new services city government was unable to provide in the Galleria area. It was the first such district in Texas, and it established Houston as a “hotbed” for this new type of local government. Then in coordination with their elected state representatives, five other major activity centers in Houston gained approval for their own MMD, with downtown securing a city-sponsored public improvement district (PID) in 1991 that the state replaced with an MMD in 1995. Today, almost all of Houston’s largest major activity centers are served by an MMD. The success of MMDs in major activity centers was noted by elected state representatives and locally-based stakeholders, and a parallel drive to create MMDs in other areas of the city was on, beginning with the Upper Kirby District in 1997 and then the Greater East End, East Downtown and Midtown Management Districts in 1999. Since then, each legislative session generally creates or expands several MMDs in various areas of the city.

MMDs are an outgrowth of a long-standing strategy by the State of Texas to foster creation of special purpose districts in order to advance investments and services of strategic importance to the state as a whole. MMDs are also part of a national and international story involving the creation of “business improvement districts” (BIDs), generally in older downtown areas. Today, almost every U.S. city can claim at least one BID, but only New York City rivals Houston in terms of the number and variety of this type of district-based governance and improvement vehicle.

A key distinction between the national and international history of BIDs and the Texas story of MMDs has been the evolution of MMDs as creatures of the state, not the city. In Texas, a PID can be created by a city in a manner very similar to a BID, and this occurred in downtown and Sharpstown. But even these PID’s have been superseded by MMDs covering even larger areas but with the same general goals. This preference for independent governmental entities rather than PIDs more directly tied to the City of Houston is consistent with the successful use of the MMD’s cousin, the MUD, to achieve similar objectives within Houston’s extraterritorial jurisdiction.

The history of MMDs is not without controversy. Lawsuits have been filed (and then settled) challenging the legitimacy of certain MMDs, their petition processes, and important procedural issues. Generally, the complaints focus on (i) the service plan and assessment petition process, which usually requires a minimum number of petitions, but not a majority of assessment payers, for approval, or (ii) the provision of services to assessment payers when certain property owners (generally single-family homeowners) are not required to pay. Another concern is MMDs allow the “haves” to take care of themselves by supplementing city services, leaving the “have nots” to rely on only city services. The success of MMDs in several less affluent areas of the city has mitigated this last concern.

Today, about 34% of the city’s land area is served by an active MMD. When one considers that MMDs are generally focused on commercial areas (with few or no deed restricted subdivisions covered), this is a remarkable statistic given how much of Houston’s area consists of deed restricted subdivisions. In the central city, the ratio is higher. For example, more than 40% of Houston within Loop 610 is within an active MMD, but that total approaches 50% when the Texas Medical Center, Rice University, River Oaks, and Memorial Park, all large areas with other forms of governance, are excluded from the calculation.
3. OVERVIEW

- The Basics
- Impetus for Creation and Stakeholder Engagement
- Scope of Services
- Budgets and Organizational Structure
- Relationship with Residents
THE BASICS

Introduction

Houston is a big city, in fact about the largest in geographic area that continues to be governed by the traditional model of city government. For instance, the sprawling City of Los Angeles is less than 75% the area of Houston, and Dallas is less than 60%. Given Houston’s unusual size, it is not surprising that a form of local government that can focus more attentively on the specific conditions in different areas of the city has grown so quickly over the past quarter century.

MMDs dominate Houston’s central city and are located in areas to its southwest, northwest and north. Northeast Houston just got its first MMD, but the large west Houston area where so many deed restricted subdivisions are concentrated only has three MMDs serving major activity centers of limited size. The large number of MMDs in southwest Houston can be attributed to the high concentration of aging apartment complexes in that area of the city. The size of MMDs range from less than one square mile to almost thirty square miles, and the tax bases they represent range from $300,000,000 to over $6,000,000,000. Altogether, 198 square miles or 34% of the city’s land area lie within an active MMD, and properties with a total value of just under $33,000,000,000 or 25% of the city’s tax base are assessed to fund MMD operations. Approximately 19 square miles of the city lie within three recently-created but far inactive MMD’s. It is important to note that the tax bases of MMDs in neighborhood commercial corridors are less than that of the area within their boundaries because single-family residential properties and sometimes multi-family properties are excluded.

The combined annual operating budget of the nineteen active MMDs is almost $42,000,000, and in 2011, over $26,000,000 also was being invested in capital improvements, mostly on streets and in parks owned by the City of Houston. These are seemingly large numbers, but they pale in comparison to the City of Houston’s budget. The average tax or assessment rate is around $0.12 per $100 of valuation or less than 20% of the city’s tax rate, which is about $0.64 per $100 of valuation. It is important to note that city taxes only represent about one quarter of the typical tax bill once Harris County, school district and community college tax rates are included. No MMD assesses or taxes public property, churches or other property exempt from ad valorem (property) taxes.

MMDs tend to serve commercial areas, and unlike city government, most do not focus on residential properties. No property owners in deed restricted detached single family subdivisions within Houston pay an MMD assessment. Condominiums are considered single family residences for tax purposes in general, and several thousand condominiums and hundreds of townhomes in a few MMDs pay an assessment. On the other hand, multi-family properties, which are defined by the Harris County Appraisal District as commercial property, usually are assessed, and because of this, several hundred thousand Houstonians live in more than 75,000 dwelling units that help fund MMDs.

Houston has a legacy of strong civic clubs serving single family areas, and MMDs are a response to challenges that commercial and mixed use areas face that sound very similar to those faced by civic clubs – safety, cleanliness, property values, streetscapes and area identity – with the important additional priorities of economic development and marketing/promotion. MMDs work to address the most basic of real estate issues that any homebuyer knows by heart. “You are buying a neighborhood, not a house.” “Focus on curb appeal.” And of course “location, location, location,” which translates to a focus on transportation and access.

MMDs serve diverse areas of the city, and grand totals and averages can be misleading. This report provides aggregate information for MMDs that provide services in three categories plus summary comments about one MMD that is adjacent to Houston and within its ETJ as described on the following pages.

1. Some cities in Alaska and Florida encompass large areas with a much smaller population than Houston
2. There are many ways to measure Houston’s geographic area. This statistic is based on the approximate land area of Houston proper (about 579 square miles), which excludes the water area of Lake Houston. Ongoing annexations have increased the city’s land area modestly, and including “limited purpose” and other special annexation areas can push the total above 660 square miles.
3. Houston’s real property tax base in 2011 was just below $120 billion and personal property another $20 billion.
4. There are detached single family homes in the few MMDs that assess or tax single-family homes, but they are in areas without deed restrictions.
Major Activity Centers

There are MMDs serving six of the eight largest major activity centers within Houston. They serve almost 23 square miles of Houston and over $17,000,000,000 of the city’s tax base (or about 11% of the tax base in 3.5% of the city’s area). There are three outliers. At 12 square miles, Greenspoint constitutes over half of the total area served by MMDs in major activity centers, and with Greenspoint excluded, the average area served by each MMD drops to about 2 square miles. With over $6,000,000,000 of tax base, downtown represents over 40% of the cited tax base total, and Uptown’s tax base is another $3,500,000,000. With downtown and Uptown excluded, the other MMDs each capture about $1,800,000,000 of the city’s tax base. It is worth noting that downtown represents 4% of the city’s ad valorem tax base but only 0.3% (0.003) of the city’s area. This high ratio of taxable value to geographic area is true for each of the MMDs in this category, which means Houston simply cannot neglect these areas of concentrated economic activity and city property tax revenues (note that each also generates considerable sales tax and other forms of city revenue as well).

The Uptown Houston District was the first MMD in Texas, created in 1987, and the Energy Corridor District was the most recent in this category, created in 2001 and expanded in 2011. The Downtown District began its life as a city-sponsored public improvement district (PID) in 1991 that served less than half of the area inside the downtown free-way loop. The State of Texas created an MMD serving downtown in 1995 and then expanded it in 1999, covering all of downtown in the process. The downtown PID is no longer active as the MMD has expanded its range and scope of services.

Major activity centers are areas with a dense concentration of commercial properties and economic activity. About one half million high-paying jobs are concentrated in these locations along with a sizable portion of the city’s tax base. Most of the office towers and hotels that Houstonians know best are located in these areas along with two successful retail centers, the Galleria and Memorial City Mall. These areas also are gaining a wider mix of uses as Houstonians move into lofts in downtown, high-rises in Uptown and a growing range of rental and for-sale residential properties in the other MMDs.

The trend in these major activity centers is generally positive, and many credit the work of the MMDs as being a critical factor in these successes. As an example, the Downtown District’s tax base in 1995 when the MMD was created was $2,600,000,000, and today is $6,200,000,000. That increase alone generates an additional $23,000,000 in ad valorem tax revenue for Houston.

5 Greenway Plaza has unified ownership, and the Texas Medical Center has an older form of collective governance.
6 The increased tax revenue is already adjusted for the 1999 expansion of the district’s boundaries.
Neighborhood Commercial Corridors

Ten active MMDs covering a total area within Houston of 172 square miles consist of areas with a mix of single-family and multi-family residential, commercial and some industrial properties. While the districts are large, extensive areas of single family homes and tax-exempt properties are not assessed and therefore do not get services from these MMDs. In addition, several MMDs do not assess multi-family properties either.

Because most commercial businesses, industries and even apartment complexes in these areas tend to be located along major thoroughfares and other busier streets, these MMDs focus their services along these commercial corridors and other areas with concentrations of assessment-paying properties. The conditions in these districts are more diverse than the major activity centers, ranging from historic central city communities to areas of the city that were on the suburban fringe as recently as the 1980s. Six of the ten MMDs in this category are administered by Hawes Hill Calderon LLP, an economic development and planning consultant based in Houston. At the time this report was produced, there were three recently-created but inactive MMDs, one near Hobby Airport, another covering the “Near Northside” area inside Loop 610 and on either side of US 59-North (east of Jensen Drive and west of Lockwood), and a new MMD focused on the Gulfton area and its large concentration of multi-family apartment complexes.

The Greater East End Management District was the first in this category of MMD to be created in 1999. Like many of these areas of the city, it had a long and proud history of community activism and a very active chamber of commerce and community-based non-profits. This organizational infrastructure made emulation of the MMDs in the major activity centers easier and helped establish a model for other areas of the city facing similar challenges. West Montrose is the most recent active district, created by the State Legislature in 2009, but it has effectively merged with the slightly older East Montrose District. In recent years, the boundaries of successful MMDs also have been expanded. In the 2011 legislative session, the Brays Oaks MMD in southwest Houston, and Five Corners MMD in south Houston expanded significantly.

The average size of the ten MMDs that are in this category is much larger than the size of MMDs serving major activity centers, and this average of almost 17 square miles is held down by the merged Montrose Management District, which is an outlier at only 3 square miles. The other MMDs in this category range in size from 10 square miles to 30 square miles, but these large numbers could be considered deceptive because the MMDs only provide services in the non-residential areas within each district. This dichotomy in assessments and services is a fundamental aspect of the history of these MMDs. A case can be made that in many of these areas residents have done their part through civic clubs and other means to hold their own while declining conditions in adjacent commercial corridors have stacked the odds overwhelmingly against their being able to preserve and enhance their communities. The addition of an MMD into the mix addresses this imbalance and provides a means for conditions throughout an area to be addressed at the same time. Of course, Houston as a whole benefits as well because declining neighborhoods mean a declining tax base, weakening social fabric, increasing crime, and further flight from the city for those who can escape.

Improvements to Almeda Road were possible because the Southeast Management District committed to pay for maintenance of improved street lighting, crosswalk pavers and sidewalk areas.
With the exception of Montrose, every one of the districts served by MMDs in this category face these challenges of economic decline. As a result, the taxable value of their commercial corridors is relatively low compared to the city as a whole. The total tax base for the commercial corridors in these districts was $11,800,000,000 in 2011, which is about 75% of the total for the six MMDs serving major activity centers occupying far less geographic area. However, it is important to note that conditions along the neighborhood commercial corridors served by these MMDs influence the tax values of adjacent and far larger residential areas.

While economic activity and the tax base have typically declined in these areas prior to the formation of these MMDs, the trend is up in the MMDs that have been at work the longest. The Greater East End had a tax base of $867,000,000 in 1999 when it started its work, and in 2011 its tax base was $1,103,000,000. This growth rate of 27% over 12 years reverses decades of declining conditions in the East End.
Redevelopment Zones

Three MMDs are operating in areas of the city where there is a consensus in favor of transformation rather than reversing decline. The total area of the city served by these MMDs is just over three square miles with each MMD representing a small area with relatively uniform characteristics. The tax base they represent has grown considerably to $3,240,000,000, which is about four times the average tax base per square mile for the city as a whole. The East Downtown and Midtown districts were created to serve quite old industrial and commercial areas with a limited number of pre-existing single family residences while the Upper Kirby District is focused on a 518-acre area from Westheimer to Bissonnet that has two primary north-south corridors (Kirby Drive and Buffalo Speedway) and several intersecting corridors.

The absence of large, established residential communities in Midtown and East Downtown led to a different dynamic focused on redevelopment while Upper Kirby, with its car dealerships, car washes, gas stations and other low density uses, was clearly under-performing in an area of the city with some of the city’s strongest socio-economic demographics and traffic patterns. After years of efforts by its older membership-based organization, their elected officials took note of their small area and its potential for dynamic economic redevelopment and created the Upper Kirby District in 1997. The East Downtown and Midtown MMDs followed in 1999.

The history of these districts would be incomplete without also discussing the City of Houston’s decisions at roughly the same times to create tax increment reinvestment zones (TIRZs) in these areas as a tool to help revitalize and redevelop blighted and otherwise under-performing properties. The combination of the MMDs and the TIRZs in these areas resulted in a great deal of progress and some interesting precedents that Houston should consider as it plans and builds for the future. It is important to note that other MMDs also do their work alongside city-sponsored TIRZs, and this combination of organizations is addressed in Chapter 4.

An MMD adds an additional assessment to a property owner’s tax bills that does not affect the tax revenues flowing to the city, but this is not the case with a TIRZ. After establishing a designated area, a TIRZ redirects increases in ad valorem tax revenues generated above those in a “base” or initial year into a dedicated account that can fund infrastructure and other public improvements needed to induce new development in that same area. During the life of a TIRZ, the city’s coffers see minimal tax revenue growth7, but each TIRZ also largely relieves the City of the burden of major capital projects in those areas. This is important to note as the tax bases of these MMDs are considered. They have grown by leaps and bounds, but their positive impact on the city’s short-term fiscal condition is minimal because the increased tax revenues are redirected to each TIRZ to fund public improvements and replace badly-deteriorated infrastructure. Each TIRZ has a limited life, and after each expires, the city’s coffers will reap all of the increased revenues. In the meantime, the city as a whole does benefit from improving conditions, more attractive options for citizens and businesses, and increased sales tax revenues.

7 Mayor White sought and got changes to TIRZ laws that provide for some of the increased revenues to flow back to the city’s general fund to pay for increased city services that are needed as redevelopment occurs.
The tax bases of these districts range from $300,000,000 to over $1,700,000,000 for a total of just over $3,200,000,000, but the real story is the increase in these numbers. While East Downtown (EaDo) with its new soccer stadium is only now starting to take off, Midtown had a tax base of $420,182,163 in 2000, only 34% of 2012’s total of $1,214,654,431 (1% of that total is not yet certified). Upper Kirby’s tax base was $367,448,977 in 1997 while today it is $1,779,018,352, an increase of almost five times in less than 15 years. In both cases, the important role of the TIRZ in those increases should not be under-estimated, but each MMD plays a role as well. Infrastructure improvements needed to induce higher-value investments often involve ongoing maintenance obligations such as enhanced street lighting and streetscapes that are beyond what the City of Houston can obligate itself to perform and fund. Instead, the MMD obligates itself thereby allowing the investment to occur without burdening the City of Houston with non-routine infrastructure maintenance (see Chapter 4).

MMDs in Houston’s Extraterritorial Jurisdiction

This report is focused on MMDs within Houston, but there is one MMD located outside of Houston that warrants mentioning because its existence is tied to the legacy of Houston’s extraordinary use of the State of Texas’ original annexation laws dating from the mid-20th century. The East Aldine District shares a boundary with Houston on the north side and lies within Houston’s extraterritorial jurisdiction (ETJ – see Exhibit 3). An ETJ is a geographic area outside of a Texas municipality’s boundaries that under state law only that municipality can annex, with the state’s largest cities able to establish an ETJ of up to five miles outside their city limits or until its bumps up against the ETJ of another municipality. The idea was that each city would eventually annex areas within its ETJ as those areas developed.

More than one half century ago, Houston seized the opportunity created by this far-reaching state law by annexing into the city proper ten-foot wide strips extending out the region’s radial freeways and then claiming five miles to either side of those strips as its ETJ. This strategy meant that Houston did not have to provide any services within those strips because they were within the freeway right-of-way, but at the same time, Houston could capture the growth of vast areas of the region within its ETJ. Houston’s ETJ now covers 1,312 square miles, about twice the size of the area inside the city limits, making the area governed in some manner by Houston development ordinances almost 2,000 square miles. To many, it was a brilliant move that ensured the long-term growth prospects for Houston, but for others, it created a bitter regional political environment because smaller peripheral cities were locked into smaller ETJ’s partially or completely surrounded by Houston’s ETJ. But there is no doubt that creating this large ETJ has brought some measure of order to regional growth because municipal utility districts (MUD’s) within Houston’s ETJ have some city oversight; the city’s major thoroughfare plan applies within its ETJ; and development regulations like subdivision platting requirements, infrastructure engineering review, and the billboard ordinance apply in the ETJ. It is worth noting that the state does not grant counties the same level of ordinance-making powers as home-rule cities so Harris County could not pass a billboard ordinance without specific state legislation, which would be heavily opposed by vested state-wide interests.

After recent changes to state annexation laws that make it more difficult for Houston to annex much more of its ETJ, part of Houston’s general plan should address how it will deal with its enormous ETJ because these areas are now somewhat in limbo, originally intended to become part of Houston someday. The East Aldine District offers one instructive example about how to address the situation, at least for the near-term.

The East Aldine area is south of Bush Intercontinental Airport between the Hardy Tollroad and the Eastex Freeway. Its northern boundary almost reaches Beltway 8 but avoids the commercial property fronting that freeway, and its southern boundary abuts Houston’s city limits. Many areas to the north of Aldine were annexed by Houston, but Houston “skipped over” this area because of its semi-rural qualities and poor infrastructure. Its taxable values were very low, and its infrastructure needed major investment – many areas lacked functioning water or sanitary sewer systems. To include an area like this within the city would mean other areas of the city would have to subsidize expensive infrastructure investments that are typically made by a MUD and then amortized by that MUD’s taxpayers.
Houston’s decision to skip over Aldine was not an anomaly because Houston generally would determine if “the numbers” worked (tax revenues exceed service and infrastructure liabilities) before annexing an area, which is exactly how the State’s annexation laws anticipated the system would work.

While this situation made fiscal sense for Houston, thousands of citizens in this area seemed doomed indefinitely to almost third world conditions. Fortunately, growing expertise in the field of MMDs and some creative thinking resulted in a new form of MMD for the area. Instead of funding from ad valorem taxes, which would be minimal, the East Aldine MMD takes advantage of the area’s location outside of Houston and captures the 1% sales tax collected by cities in Texas but not in areas outside of cities. This provided a funding stream that could then be used to match grant funding from state and federal programs targeted on improving the lives of disadvantaged communities. Because an MMD is a local government, it qualifies as the local funding and implementation sponsor for these grants, a role non-profit organizations and other non-governmental entities cannot play.

It is important to note that the city or county could just as easily pursue grants from these same programs, but the board of directors and administration of the East Aldine MMD\(^8\) were keenly focused on and aware of the needs of this area. This focus and awareness were key advantages, and the MMD has enjoyed real success in attracting grant funds to improve conditions. Today, $30,000,000 of major water and sanitary system improvements are under way in cooperation with the City of Houston; roadway improvements are being made in cooperation with Harris County; and parks are being developed that can tie into the city’s park system. And while East Aldine is not in Houston, it is in Harris County so the MMD maximized the services that Harris County can provide. For instance, the MMD helped fund a facility that the Sheriff’s Department was planning anyway, and its location in the area has dramatically expanded the presence of law enforcement. In another example, the MMD is now working with Lone Star College on a 60-acre campus next to the City’s Keith-Weiss Park. As an indicator of initial success, the sales tax-based budget of the MMD has grown from $880,000 to $3,400,000 since the MMD began its work. This does not mean that major new development is imminent, but important infrastructure improvements and public facilities are finally addressing fundamental needs of these long-suffering citizens. As infrastructure continues to be upgraded, perhaps it will make fiscal sense for Houston to annex the area and provide a full range of city services someday.

\(^8\) The East Aldine MMD is administered by a private consulting firm that also administers a number of other MMDs, Hawes Hill Calderon, LLP.
EXHIBIT 3: Map of MMDs including Houston’s ETJ and MMDs in the ETJ
IMPETUS FOR CREATION & STAKEHOLDER ENGAGEMENT

State Interest in the Creation of MMDs

The State of Texas has a long history of using special purpose districts to foster growth and prosperity. In the middle of the 20th century, municipal utility districts (MUDs) and water districts unleashed decades of suburban expansion in unincorporated areas outside of Texas cities where there was not a tax base or public financing vehicle available to fund the infrastructure required to support such growth. While much of the attention of the state has been focused on suburban and rural economic development, Texas’ cities are too large to ignore, and the decline of large swaths of our cities affects the state’s tax base and the cost of its services.

Blueprint Houston spoke with two state representatives who have been instrumental in the evolution of MMDs in Houston. State Representative Garnet Coleman of District 147 in south central Houston has sponsored, created and has been actively involved in numerous MMDs in his district, including Downtown, Midtown, East Downtown, the Greater Southeast districts and a recent and still inactive district near Hobby Airport. State Representative Jim Murphy of District 133 in west Houston helped create the Westchase District as a private citizen before he was elected to public office and oversees its operations when he is not in Austin. One is a Democrat and the other a Republican, and each can find reasons why MMDs should be a part of their approach to providing governmental services in Texas.

Both see needs in their district that are not being met, and they see the benefits of creating MMDs at the state level. In each case, economic development was a driving concern, and the more active and focused approach made possible by an MMD seemed a better strategy than the “one size fits all” policies often adopted by the City of Houston. MMDs also ensured that resources raised within the community stayed within the community. State Representative Garnet Coleman sponsored the legislation that created the Downtown District and quickly realized the potential of this new form of local governance. In his words, “If a tool is good for one place, it is good for another.” He also saw the ability to strengthen the social fabric, change the face of communities and bring professional staff resources to underserved communities in his district through creation of several MMDs that could focus on conditions that local civic clubs and non-profits were not able to tackle – especially along neighborhood commercial corridors that had not been the focus of community-building previously. Since being elected State Representative, Jim Murphy has studied allocation of city services, noting that the Westchase area is being underserved, a problem that an MMD can help address. Both state officials believe it is appropriate for the City of Houston to collaborate with MMDs, but both also say that MMDs should remain independent of city government.

Typically, MMDs are created by specific legislation sponsored by the local state representative. Chapter 375 provides for the creation of an MMD by petition to the Texas Commission on Environmental Quality (TCEQ), but working with the district’s state representative has proven to be far quicker. The TCEQ-created MMDs also have pre-set powers while MMDs created by legislation can have a blend of powers under various chapters of the state code that can best address the needs and conditions in its area.

Downtown’s Market Square Park, where the Downtown District augments City maintenance of special improvements by TIRZ #3/DRA.
Local Impetus for Creation

Houston’s MMDs are products of a collaboration between local stakeholders and their elected state representatives. While the latter focus on issues of concern to the state as a whole and to their entire district, many local stakeholders first focus on how much an MMD is going to cost them and whether the MMD will enhance the value of their property and/or their business. Independent of the specific conditions that led to the creation of each MMD, the City of Houston should take note that in tax-averse Houston stakeholders willingly increased their tax burden (often through assessments) to tackle the challenges in their communities. This fact alone underscores just how serious things have become in many areas of our city. And those serious conditions do not just affect those individual areas; they affect the city as a whole and the tax base that generates resources available to and the challenges confronting its city government. By providing desired services, MMDs also have reduced pressure on both city and county government to provide such services funded by increases in everyone’s taxes.

Almost without exception, MMD representatives cited economic development as the initial impetus behind creation of their MMD – crime was increasing, the physical conditions were reducing the appeal of the area, getting to the area to conduct business was growing more difficult, and as a result, property values and economic activity were declining or at risk. In each case, a consensus emerged that collective action was needed, in the earlier cases slowly and more quickly as the track record of MMDs became established.

The early cases involved major activity centers, which typically had in place membership-based area associations that promoted their interests – Central Houston, Inc. in downtown, the Uptown Houston Association in the Galleria area and the North Houston Association around Greenspoint are a few examples. Times were tough in the late 1980s and early 1990s, and the methods used by these associations, which focused on voluntary contributions to individual initiatives, were becoming less effective because the contributors were few while the benefits were ever more wide spread. In addition, the resources made possible by this approach were not healthy enough to really tackle the big challenges confronting these areas. An MMD, vetted and created at the state level, was seen as a way to address these challenges in a fair and equitable manner. The process then repeated itself in other areas of the city as the MMD was translated to address the same challenges as they presented themselves outside of the major activity centers.

If there is a theme for this process, it is the emergence from the area’s grassroots of an individual or group that is the “local champion” willing to work tirelessly for the creation of the MMD and then stick around to be sure that it is effective. But this is not always been the case, and for some MMDs, the absence of deep community support and home-grown local champions has allowed purely political considerations and/or local opponents to drive the process, creating an environment where controversy and acrimony have more potential to dominate community discourse. Even with local champions, the approval process is not easy. In several cases, it took four years from the year an MMD was created by the State of Texas to gain petition approval from affected stakeholders and start providing services.

The challenge of the petition process is the difficulty of finding the true owner, or owners in the case of jointly-owned property, to sign the petition on behalf of a property. For example, a property manager may wish to support the petitioning effort but cannot produce a petition executed by the owner(s) in a timely manner. As a result, it may take months or even years just to obtain signatures of fifty owners.

This circumstance and the fact that proposed MMDs grew larger in geographic area to include thousands of owners of record, led to the petitioning requirement of owners of a majority of taxable value and/or fifty owners (or in some recent cases, twenty-five owners) who will pay the assessment.
City Council Involvement

As with MUDs, the City of Houston must approve the creation of an MMD. In a number of cases, an MMD’s creation was the result of a collaboration between a city council-member and a state representative while in others the City’s approval of the MMD occurred after its creation in Austin. Independent of the circumstances leading to its creation, an MMD is most effective when it can pair its initiatives and limited resources with the City, which has much greater resources and considerable authority under state law to get things done. As a result, most MMDs work closely with both their city councilmember, representatives from the Mayor’s Office and individual city departments. MMDs that lie partly in the ETJ cite the same kind of relationships with Harris County.

In some cases, the involvement of multiple politicians at the local and state level can lead to friction and problems in the rough and tumble world of Texas politics, but these politicians are elected representatives of the citizens of an area and are a critical factor in providing any public services. Blueprint Houston learned that these political dynamics can be advantageous – if there is deep and strong support for the MMD from within the community that can help temper the more political instincts of their elected officials during the heat of debate about issues.

Stakeholder Priorities at Inception

The perception among some is that MMDs are created to focus on “fluff,” but when asked about their stakeholders’ priorities during Blueprint Houston’s survey of MMDs, the top priorities among all MMDs were public safety and economic development. Marketing and promotion is third, and rounding out the top five priorities for all MMDs are transportation and “permanent physical improvements to the public realm.”

Surprisingly, “clean and green”, which is one of the highest profile activities among MMDs ranks toward the bottom. Also, “permanent physical improvements to the public realm” ranks higher, at third, for neighborhood commercial corridors, which should not be a surprise given the poor physical conditions in large areas of Houston. For major activity centers, long-range planning ranks fourth among priorities, which is probably due to their stakeholders’ longer-term view of their real estate holdings.

It is important to note that each MMD focuses on many of the same priorities but with its own services that are in response to the specific conditions in that area, arguing against a “one size fits all” strategy for a city as large as Houston. As a result, “clean and green” programs could be a large part of an MMD’s budget even though it is a low stakeholder priority because it is viewed as the most effective strategy for economic development. The same is true for long-range planning. When queried by Blueprint Houston about how one MMD could focus so much energy on planning activities when it is a low stakeholder priority, an MMD executive explained the difference between ends and means. Stakeholder priorities are ends, but the most effective means to those ends begin with good planning that underpins the effective use of scarce MMD funding.

Ongoing Involvement of Stakeholders

Each MMD is overseen by a board of directors, and in each, the great majority of these directors are stakeholders (assessment/taxpayers) from within the MMD’s boundaries. Each piece of MMD legislation establishes an initial board of directors, which is another result of the collaboration between local stakeholders and their state representative, but directors also have fixed terms of service. Typically (but not always), replacement directors are nominated by an MMD board and confirmed by City Council. This process had become routine, but the administration of Mayor Parker initiated a more active stance by the City on this issue in mid-2011, which establishes certain criteria for nominated directors to ensure that each board is balanced and has a majority of representatives from properties paying for the MMD. In most cases, each board also establishes work groups and task forces on which other stakeholders can serve, and these groups often serve as a “farm system” for potential new directors and a means to get non-assessment-paying residents and other citizens involved in an MMD’s work. Finally, as governing bodies of local governments, MMD boards must comply with the state’s open meetings and open records laws, which assist in creating transparency for MMD governance.
The service plans that govern the work of most MMDs and the assessments that pay for that work are for a specified time period. As a result, the MMD must periodically engage stakeholders who pay the assessment or tax in order to garner support for a renewed service plan and assessment/tax. This establishes a mindset among all working on the MMD’s behalf to be cognizant of stakeholder input. Interestingly, the probable average of service plan cycles 15 years ago was five years, and this remains the cycle for several MMDs; however, as stakeholders have grown more comfortable with the value created by MMD services, these service plan and assessment cycles have lengthened over time. Today, Greenspoint’s cycle is 25 years, indicating a high level of confidence in the work of that MMD, and over half of the MMDs in Houston have service plan and assessment cycles of at least 10 years.

MMDs also use a variety of other vehicles to maintain open lines of communication with stakeholders. By far the most popular form of communication is the newsletter (in print or electronic form), but survey forms are a close second with a clear objective of continually gauging the priorities of stakeholders. More traditional town hall meetings are used by about 1/3 of MMDs. For instance, the Downtown District holds annual “town hall meetings” as it begins work on its annual budget. Luncheons also are held, but a local area association is often responsible for this type of event. While the Greater East End Management District and Downtown District are active in many arenas, the Greater East End Chamber of Commerce and Central Houston, Inc. organize luncheons in their respective areas of Houston. Finally, it is clear that social media (Twitter, Facebook, etc.) are an up and coming form of communication with half of the MMDs citing this method in the Blueprint Houston survey.

All of this effort does not mean stakeholder engagement is easy. Many MMD representatives told stories of special meetings where only four people showed up. This is understandable given that the stakeholders tend to be business people who work hard during the day and leave for home at night. This challenge tends to be highest in areas where MMD and stakeholder staffs are thin. Critics and detractors are an important factor as well, and MMD representatives described the process of engaging critics as sometimes “ugly.” Still, Blueprint Houston found that MMD staffs do anything but ignore them. In many cases, they cited efforts to go the extra mile to provide services offering value to these critics’ properties, whether that be cleaning up a trash-filled lot next door, cleaning the sidewalks on their street or working on programs to promote their business along with others in the district. In several cases, MMDs invited vocal critics to join their boards so their concerns could be channeled in a more positive direction.

As a general observation, most (but not all) of the strongest MMDs, whether they be in major activity centers or local communities, appear to be teamed with other organizations that also represent stakeholders, such as a local chamber of commerce, business area association or resident-based association. This seems to broaden the outlook of the MMD, provide a focal point for feedback and positive criticism, and extends the reach of the MMD through those organizations’ memberships. MMDs with these kinds of deep roots in the community appear to be better able to survive inevitable differences among stakeholders. The Near Northwest District refers to a “three-legged stool,” which in its case consists of the MMD, the area’s Super-Neighborhood and the Greater Inwood Partnership, a resident-based area association consisting of 33 civic clubs that was heavily involved in the creation of the MMD.

Many MMDs outsource anti-graffiti work to the Greater East End MMD, promoting efficient delivery of services and earned income for that MMD.

9 The Uptown Houston District and Upper Kirby District do not operate with a multi-year service plan because they levy an ad valorem tax rather than an assessment.
Ability to Modify or Terminate Services

Because the MMD is a new type of local governance even today, the ability to terminate the creature if it turns into a monster is a critical ingredient in gaining the support of many stakeholders. Once an MMD is created, it exists until the state terminates it - at least on paper. But in reality, almost all MMDs cannot function if they are not authorized to levy an assessment. In other words, if assessment-payers do not authorize a new service plan and assessment at the end of a service plan cycle, the MMD has no funding to continue its work. Most MMDs must obtain the permission of a designated number of assessment-payers in order to renew the assessment and update the service plan. If that approval is not obtained, the MMD is effectively terminated. No cases of an MMD being terminated were reported to Blueprint Houston.

One point of friction with regard to MMDs is defining a level of support for an MMD’s initial assessment and then for each renewal. Looked at from a state-wide context, the ability of the State Legislature to levy an assessment or tax on Texans has never been challenged. As unpopular as such a move may be, the State Legislature has levied numerous taxes without subjecting those decisions to a majority vote of those paying the tax. In the case of MMDs, the state takes a more cautious approach by requiring confirmation that there is support at the local level. The rub is that usually the threshold for this confirmation is not a simple majority. There are many reasons for this, including how to define “majority” in the case of commercial property – is it based on the number of parcels, the geographic area, the taxable value or some other metric? While the requirements vary among MMDs, the threshold is often a minimum of fifty assessment-paying property owners or more than 50% of the total assessment-paying tax base. This issue has been a key source of controversy associated with MMDs, and it is discussed further in Chapter 5.
SCOPE OF SERVICES

Several MMD representatives described their most important service to their stakeholders as “pestering people to death” to ensure that problems are addressed and promises are kept. This behind-the-scenes “quiet” role of an MMD can be summarized as “being there” and “remaining vigilant” during work hours when stakeholders are preoccupied with their own businesses. Blueprint Houston found a general aversion to claiming credit for an MMD’s contributions to progress resulting from these efforts and other services, one reason the MMD (r)evolution has been a quiet one.

Blueprint Houston did not ask for each MMD’s budget, but we did discuss services with each MMD during follow-up interviews. The range and creativity of their programs was impressive. As mentioned in the previous section, it may not be immediately obvious how an MMD’s services tie to its stakeholder priorities – e.g. “clean and green” programs often are created to assist with economic development.

This section provides an overview and sampling of most services except planning and capital improvements, which are described in Chapter 4. The next section of this chapter overviews budgets and assessment/tax rates, and the appendix provides the service plans for several MMDs.

Public Safety and Security

As with their adjacent residential areas, public safety is one of the two top priorities for almost all MMDs. In many cases, an MMD funds the same constable patrols that are deployed by nearby civic clubs, and the wide use of this service is a testament to its effectiveness. But the services do not stop there. Many MMDs establish a partnership with HPD and conduct periodic information-sharing meetings among local HPD units and stakeholders. Wisely, residents are often included because crime does not stop at fence lines. The Upper Kirby District more directly works with nearby residential areas by allowing them to voluntarily participate financially in the Upper Kirby police patrols, which is a more cost-effective way to deploy such patrol services for all parties. The Greater Southeast District funds a bike officer program, which they tout as not only a crime-fighting tool but also a much better way for law enforcement to engage with citizens (people are more inclined to talk to an officer on a bike than in a police car). It is able to extend this service into residential areas through partial dedication of the local TIRZ’s municipal services funding for this purpose. The Downtown District deploys “public safety guides” who can assist the general public while also serving as “eyes and ears” for HPD. The East Downtown Management District was planning its first-ever National Night Out in cooperation with HPD as a way to engage owners, businesses and residents in its public safety efforts. Finally, the Brays Oaks District even funds an after-school bus program to help transport middle school students to recreation facilities to provide an alternative to hanging out on the street until their parents get home from work.

Poorly-managed or abandoned apartment complexes and strips centers with nightclubs are often hot spots for crime, and several MMDs have targeted these properties with special programs. These range from helping apartment managers set up background check systems for potential tenants to funding and installing mobile camera units at properties experiencing high rates of crime to assist HPD in identifying perpetrators. In cases where a carrot does not work, some MMDs work to intimidate “bad apples” in conjunction with inspections and citations from the City of Houston. Taking this approach one step further, three MMDs have banded together to fund a County Attorney staff person who can focus on irresponsible commercial property and apartment owners. When all else fails, MMDs can provide community support and other assistance to the City of Houston as it works to demolish properties that are beyond repair or find new investors and funding for...
complexes that need major upgrades. The Near Northwest District has provided such assistance, but importantly, its work was not focused only on a few problematic properties but on a larger goal of repositioning the area by making these properties available for coordinated new development and public amenities.

If there is a theme, it is the pairing of the local knowledge and contacts that an MMD can provide with the authority and expertise of law enforcement whether it be HPD arresting criminals, the Neighborhoods Department going after violators of property codes, or the County Attorney’s office targeting more wide-spread trends. The results can be very impressive. The Brays Oaks MMD (which was known as Fondren Southwest a decade ago) has focused on crime reduction in partnership with HPD, and its crime rate is now well-below the city-wide average.

**Economic Development**

This report emphasizes that many MMDs provide services to achieve economic development objectives even though they may not look like traditional economic development programs. Like residents, businesses will move out of an area that has serious crime problems or trash-filled eyesores, and provision of these types of basic services requires a large portion of MMD funding. But MMDs can get very creative with the limited funds that can be allocated to other services tied more directly to economic development. An example would be the Near Northwest District, which has a sizable industrial base. In addition to working with business owners on CPTED strategies (crime prevention through environmental design) to reduce the crime rate, it has sponsored job fairs to help connect local businesses with qualified local residents who want jobs and coffees where business people can meet each other (often for the first time) and learn about who can provide services or supplies cost-effectively because they are nearby.

MMDs serving major activity centers typically consider economic development to be one of their top priorities, and with so many large and sophisticated real estate owners funding their services, these MMDs can develop a wide range of programs. But they too tend to focus on the day-to-day issues facing businesses in their areas. For instance, traffic congestion is a challenge for the Uptown Houston District (Galleria area) so the MMD monitors traffic via cameras in its own traffic center to quickly identify problems and then deploys teams to assist in addressing those problems quickly. The Downtown District contracts with Central Houston, Inc., created in the early 1980s because of concerns about retention and recruitment of major businesses in downtown, and its funds supplement Central Houston’s to provide professional expertise, high-quality information and other materials that help sell downtown as a whole rather than each individual property. The Greenspoint District conducted a visioning process with its stakeholders that identified Greenspoint as an “International Business District.” This strategy is now guiding its economic development efforts that include marketing trips to targeted cities and countries and focused coordination with existing international businesses located in the area.

Many other MMDs serving neighborhood commercial corridors focus on building the level of general business activity, the true bread and butter of economic development, while also seeking to set the stage for new investment in the area. As an example, the Greater East End Management District tracks the number of businesses in its district, which has grown from 2,400 in 1999 to 3,502 in 2011. Furthermore, some MMDs, like Midtown, do not have a business organization as a partner for various initiatives, and they are interested in building that capacity, potentially in-house.

There is a more fundamental role that MMDs play, which ties back to the point about professional services that was made by State Representative Coleman. If an area has an MMD, then there is an office, a telephone number, a website and a professional that an owner having a problem, an investor interested in the area, or a business seeking to relocate can contact for information. This simple fact cannot be over-emphasized when considering the role of an MMD in the economic development of an area. Interestingly, when Blueprint Houston asked whether each MMD “worked with developers to facilitate projects within their district,” all but two responded with an unequivocated “yes” and another said “sometimes,” a positive response rate in excess of 90%. 
Marketing & Promotion

Often it is hard to distinguish how marketing and promotion differ from economic development because these activities are so closely related in commercial areas. It is instructive that Houston’s first MMD, the Uptown Houston District, got its start in response to discussions about how to fund the area’s first annual display of Christmas trees on Post Oak Boulevard, which is both a civic service that has created a holiday tradition for Houston and a promotional program to drive sales in Houston’s retail mecca. The MMDs serving neighborhood commercial corridors do not have funding at that level, but they can partner to support farmers markets, art fairs in parks, coordinated art gallery openings and smaller-scale holiday events. Midtown’s art festival in Baldwin Park not only promoted the arts but also changed minds and hearts about the area’s potential. The historic park had fallen into disrepair and was a haven for drug use and other criminal activity, but a Midtown TIRZ-sponsored project had transformed the park. The problem was nobody knew about it. In addition to providing ongoing funds for the park’s maintenance, the MMD wanted to change attitudes about the park through the festival.

At the most basic level, most MMDs have focused on identifying their areas through special street signage in partnership with the City of Houston. These signs placed at every major intersection continually remind people that they are “somewhere” and that there is someone minding the store, thus quietly and continually promoting the district as a place to invest and do business. But the goals of many MMDs go beyond simply letting people know where they are. Like Greenspoint with its efforts to brand itself as an international business district, the East Downtown Management District rebranded the district’s overall image in 2008 as “EaDo, the Art and Soul of Houston,” and it is now working on a streetscape identity program. The Greater Northside Management District is searching for ways to brand its area in a way that is authentic and respectful of its residential neighborhoods.

Newly Designed Newsletter!

Promoting the District as a... Great Place to Call Home!

The Brays Oaks Management District, like most MMDs, actively promote their area as a great place to live, work and operate a business.
Transportation

Good access is critical for economic activity, and many MMDs are actively involved in improving their multi-modal transportation infrastructure and services. When asked what public agencies they partner with regularly, eleven MMDs listed METRO, ten listed TxDOT and six listed the City’s Public Works & Engineering Department in their response.

Because of the huge scale of funding involved, the role of an MMD in this arena is often as an advocate and partner with larger regional agencies such as TxDOT, METRO, Harris County and the City of Houston. In these cases, they serve a role that civic clubs often play – establishing a consensus among affected stakeholders and then acting as a partner that has extensive knowledge of local conditions and sensitivities as the larger agencies pursue work in the MMD’s service area. Examples include the extensive support and groundwork laid by Uptown Houston as TxDOT rebuilt the West Loop and the Harris County Tollroad Authority built the Westpark Tollroad. In Uptown’s case, this also included funding for infrastructure while construction was happening that will allow for a future light rail tunnel connecting the Westpark Corridor to Post Oak Boulevard. The Westchase District heavily supported the Westpark Tollway, also. The Greenspoint District has played a similar role for the North Belt, North Freeway and Hardy Tollroad. The Downtown District took on the difficult role of convincing downtown property owners and businesses that it was in their long-term interest to endure six years of major road construction before METRO would commit to the more transformative components of the Downtown -Midtown Transit Streets Project in the mid-1990s. That MMD once again laid the groundwork in downtown for METRO’s Red Line on Main Street and the new Harrisburg and Southeast light rail lines under construction in downtown today.

While MMDs in major activity centers rank transportation as a higher priority than MMDs in neighborhood commercial corridors, almost every MMD deals with transportation to some extent. The interests of MMDs in neighborhood commercial corridors are in many ways broader because they focus both on getting people to businesses and on getting residents to jobs. Outside of the major activity centers, the Greater East End Management District is partnering with METRO on the Harrisburg Line while the Greater Southeast District is focusing on the Southeast Line. The Near Northwest District goes further – its entire service plan extends to 2025 because that is the estimated completion date for the U.S. 290 reconstruction project, for which its stakeholders want this MMD to be their representative and advocate.

The Energy Corridor District provides shuttles and supports a bikeway network to offer alternatives to the automobile.
Clean and Green

As important as the services described above are, nothing beats “clean and green” programs for their high visibility, which can be very important in retaining the support of assessment payers. Often MMDs are known for their signature clean and green programs because they are highly visible and do so much to improve an area’s curb appeal. The medians on Post Oak Boulevard and along Richmond Avenue in Westchase are spectacular and really set the tone for those areas. The same is true for Spring Branch where medians on major thoroughfares in the district are being transformed from forgettable strips of sparse grass to centerpieces for that district’s revitalization. The Downtown District maintains new trees along rebuilt streets, Main Street’s medians, the fountain at Main Street Square, and Market Square Park. This MMD also deploys crews in bright blue and yellow uniforms to eliminate litter and offers full trash service to small businesses to prevent illegal garbage disposal on downtown sidewalks. In other areas of town, the work is quieter. MMDs clean vacant lots loaded with trash and debris, remove graffiti, and plant and maintain trees along sidewalks, at entry points and in parks.

Blueprint Houston’s survey results belie the underlying fundamental importance of these services. One MMD representative referred to public safety, basic maintenance/litter removal and graffiti removal as their “holy trinity.” Interestingly, this MMD is one of six that contracts with the Greater East End District for graffiti removal services because the latter MMD developed an early and well-deserved reputation for its expertise related to this vexing challenge. Many programs focus on streets and sidewalks, which are public property where MMDs clearly can conduct clean and green programs. In neighborhood commercial corridors, private vacant lots and buildings are a major challenge, and more than one MMD representative wished for more authority to enter such properties to clean them up without the permission of an often-out-of-state owner and then to be able to file a lien on the property to pay for such work.

The work does not stop with streets, sidewalks and vacant lots however. The Midtown Management District spent $66,000 of its own funds clearing streets after Hurricane Ike while the City worked in other areas. Other MMDs provided a similar boost to city efforts to clean up after the storm, but Midtown’s active homeowners who lived in the district and paid its assessment probably insisted that this emergency service be a very high priority. Like Downtown, Midtown now has an emergency response plan in place to deal with storms and other disasters.

Planning and Capital Improvements

Planning and capital improvements are both services offered by many if not most MMDs. See Chapter 4.
BUDGETS AND ORGANIZATIONAL STRUCTURE

With a combined total that is equal to less than 2% of the City of Houston’s budget for general services, MMD budgets are modest, but it is important to keep in mind the value added by an MMD’s understanding of the complex dynamics within its area and its ability to focus on its area keenly enough to attract attention, investment and support for improvements. Rather than focus on the limited dollars at the disposal of MMDs, the City of Houston should be seeking ways to collaborate with MMDs to get more bang for its buck in areas like public safety. An understanding of the general resources available to MMDs is important to an overall understanding of the quiet (r)evolution that MMDs represent.

Assessments and Taxes

For an individual property owner, whether they be a small business owner or the owner of a downtown tower, the assessment or tax paid to an MMD is real money that could be invested elsewhere. As one would expect, this caps the level of MMD taxes and assessments. Not surprisingly, MMDs in major activity centers assess or tax at a slightly higher rate than those in neighborhood commercial corridors, an average of over $0.11 per $100 valuation versus less than $0.11. Redevelopment zones vary from the low to the high end of the overall range based on their unique conditions. The lowest assessments are $0.045 per $100 while the highest are $0.15 per $100.

It is fair to ask if this higher tax burden places properties within an MMD at a competitive disadvantage to properties outside of an MMD. First, when considered as a part of the overall tax burden for properties within Houston, the average MMD assessment/tax represents about 4% of the total ad valorem tax burden. When compared with properties outside of Houston, the situation is different. Some properties avoid city taxes and city services altogether by locating in undeveloped areas of the county, but many businesses outside of cities are within MUDs, which often have higher taxes than those in cities. MMDs also are not a Houston-only phenomenon, and many of the most successful peripheral cities and communities also have created an MMD or other form of special district with taxing power to further their area’s economic competitiveness. The real question, which is important from a legal perspective as well, is whether the value created by an MMD is greater than its cost, and the successful track record of MMDs in gaining support for renewing their assessment and services plans appears to answer this question. Interestingly, the Energy Corridor MMD surveyed apartment rents for nearby complexes that are inside and outside their service area and found rents were consistently higher for locations where MMD services were provided – a specific example of added value to the owners of those complexes.

Why do some MMDs levy a tax while others levy an assessment? As is the case concerning many other issues, each MMD is the product of local stakeholders and political leaders who weigh the merits of each approach for their area’s needs. If it is a tax, then the MMD can simply become another taxing unit like the City, County and school districts. With this approach, the Harris County Appraisal District’s (HCAD’s) property valuations can be used as they are for the other jurisdictions, reducing confusion for the taxpayers and complications for others involved. On the other hand, an assessment offers more flexibility for each MMD. Some then use another service to establish the property values in their districts, but others take things further. For instance, the Downtown District’s assessment technically is a single sum over a five year period tied to the initial year’s valuations. Assessment payers then pay 1/5 of that amount each year. While this sounds complicated, it prevents radical year-to-year ups and downs in revenues, which can happen in downtown with its relatively small number of valuable office towers that see big changes in tax valuations because of constantly changing occupancy and rental rates.

10 Excludes the City’s capital improvement program and enterprise funds like aviation and the water system.
### EXHIBIT 4: BUDGETS AND ASSESSMENT/TAX RATES

#### MANAGEMENT DISTRICT
(ONLY ACTIVE MMDs)

<table>
<thead>
<tr>
<th>District</th>
<th>2011 Operating (HCID)</th>
<th>2011 Operating Grant/Other</th>
<th>2011 Capital (HCID)</th>
<th>2011 Capital Grant/Other</th>
<th>Service Assessment Plan Cycle or Tax Rate ($/100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Active MMD's</td>
<td>34,882,660</td>
<td>6,965,023</td>
<td>17,737,822</td>
<td>8,412,355</td>
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<td>Major Activity Centers</td>
<td>17,919,577</td>
<td>2,022,893</td>
<td>10,734,372</td>
<td>3,560,000</td>
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<td>Houston Downtown Management District</td>
<td>6,473,053</td>
<td>1,001,990</td>
<td>1,794,372</td>
<td>3,360,000</td>
<td>0.1350</td>
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<td>Uptown Houston District (HCID #1)</td>
<td>3,800,000</td>
<td>0</td>
<td>8,900,000</td>
<td>0</td>
<td>None</td>
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<td>Westchase District</td>
<td>2,480,000</td>
<td>575,000</td>
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<td>Greenspoint District</td>
<td>2,871,764</td>
<td>48,758</td>
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<td>0</td>
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<td>Memorial City Management District</td>
<td>640,000</td>
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<td>Energy Corridor District</td>
<td>1,654,760</td>
<td>397,145</td>
<td>40,000</td>
<td>200,000</td>
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<td>Neighborhood Commercial Corridors</td>
<td>12,727,313</td>
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<td>Greater East End Management District</td>
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<td>600,000</td>
<td>803,000</td>
<td>850,000</td>
<td>Varies</td>
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<td>Greater Northside Management District</td>
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<td>10</td>
<td>0.1000</td>
</tr>
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<td>Greater Southeast Management District</td>
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<td>10</td>
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<td>Montrose Management District (HCID's #6 &amp; #11)</td>
<td>1,441,909</td>
<td>0</td>
<td>125,000</td>
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<td>Spring Branch Management District</td>
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<td>Near Northwest Management District</td>
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<td>Greater Sharpstown Management District</td>
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<td>International Management District</td>
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<td>400,000</td>
<td>2,372,355</td>
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<td>Five Corners Improvement District (HCID #10)</td>
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<td>0</td>
<td>12</td>
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<td>Redevelopment Zones</td>
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<td>356,120</td>
<td>3,428,483</td>
<td>1,630,000</td>
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<td>Upper Kirby Management District (HCID #3)</td>
<td>2,537,300</td>
<td>303,500</td>
<td>3,428,483</td>
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<td>Midtown Management District</td>
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<td>Total Invested Since Creation</td>
<td>289,768,579</td>
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Operating Budgets 198,404,526
Transportation Services 5,250,872
Leveraged Funding for Transportation Services 7,173,782
Investment in Public Realm 78,939,399
Annual Operating Budgets

Smaller MMD annual budgets are around $1,000,000 per year, enough to fund a small office-based staff, some outsourced programs such as constable patrols, trash removal program, an anti-graffiti program, and a few other special services. The Five Corners District is an outlier with its annual budget of $440,000, which is perhaps one of several reasons why its boundaries were enlarged by the state legislature in 2011 to include more taxable property. The best-funded districts have budgets in the range of $3,000,000, and all of these are located in major activity centers. With its tax base of over six billion dollars, the Downtown District is an outlier with an annual operating budget of over $6,000,000.11 Of course, it provides those services in an enormously complex and diverse environment.

In aggregate, the total operating budgets for all MMDs that are funded by assessments or taxes is about $35,000,000. But MMDs do not stop there. With outside funding from grants, special programs, partnerships and earned income (such as the Greater East End District’s anti-graffiti services) included, the total is almost $42,000,000. In other words, MMDs have been able to leverage local funding an extra 20% by going after any number of grant programs and other funding opportunities.

Annual Capital Budgets

Not quite half of MMDs also have a capital improvements budget that funds permanent physical improvements, and their assessments and taxes funded almost $18,000,000 in capital improvements in 2011.12 Half of this total was in Uptown, which is undergoing an extensive street reconstruction program in partnership with that area’s TIRZ (the TIRZ funds the basic improvements while the MMD funds the upgrades and special items). At about $3,500,000, the Upper Kirby District’s tax-funded capital budget was the second highest and was used for upgraded investments in the TIRZ-funded reconstruction of Kirby Drive, including pedestrian improvements and relocation of overhead utilities underground. The Downtown District has an annual assessment-funded capital budget of just under $1,800,000, which typically is leveraged with funding from other agencies and sources for ongoing improvements in the downtown area. For instance, its capital budget was $5,150,000 with non-assessment outside funding included while the Upper Kirby District’s total capital budget was just over $5,000,000 with its outside funding included. But neighborhood commercial corridors fund capital improvements as well – to the tune of over $3,500,000 in assessment-based funds in 2011 alone. An interesting example is the Greater East End, which had a surplus account due to one-time conditions that it carefully guarded until a special opportunity arose. It was able to use these funds as the local match for grants to fund once-in-a-lifetime improvements along the Harrisburg light rail line. Altogether, MMDs have directly paid for about $80,000,000 of permanent physical improvements to the public realm over the past quarter century – improvements that all Houstonians own and enjoy.

The strategy of leveraging funding is especially common among MMDs for capital improvements. Many examples were given of MMDs participating in street projects to add special improvements while the basic street is rebuilt by a TIRZ or other public agency. The Downtown District also took advantage of transit improvements by levying its first capital assessment in the mid-1990s so it could fund special improvements as METRO rebuilt many downtown streets. In 2011, the total of this type of leveraged funding was over $8,000,000, but the total varies from year to year as major projects begin and end. MMDs cited a phenomenal total of almost $1,000,000,000 in leveraged investments over the past quarter century.13 The vast majority of this leveraged investment was in the major activity centers. An example is METRO’s Downtown-Midtown Transit Streets Project, a $200,000,000 street reconstruction program designed to allow the regional bus system to function better. It could very well have been stopped in its tracks had the Downtown District not convinced its stakeholders to support the program and also to leverage that basic street and transit program with MMD-sponsored additional amenities that served downtown needs.

11 The Downtown District’s capital improvements funded by its assessment are not in this total.
12 This total is for funding generated by MMD assessments and taxes and excludes outside funding.
13 It is very difficult to verify each claim, but the point is valid – MMDs leverage their funding into major benefits for their areas and the entire city.
Organizational Structure

The range of annual operating budgets is a clear indication that MMDs must approach their organizational structure in different ways. With its sizable budget, the Downtown District can afford, and in fact needs, a sizable in-house staff. But many other MMDs have budgets that are 1/6 the size of downtown’s, and they have adopted varying approaches to getting the most bang for the buck. Outsourcing is a common approach. As has already been mentioned, Hawes Hill Calderon LLP administers six MMDs inside of Houston, all in neighborhood commercial corridors. But there are other MMDs that outsource their capital improvement projects, management or administrative tasks to others as well.

The Upper Kirby District has a small in-house staff, but it has outsourced its ambitious capital improvement program, being implemented with a TIRZ it also administers, to the Goodman Corporation for project planning and the Gunda Corporation for project management. The East Downtown District, which is small geographically and has limited resources due a small tax base, has tried several outsourcing strategies as it seeks to maximize its limited resources for programs that assessment payers can see.
RELATIONSHIP WITH RESIDENTS

MMDs are somewhat unique among local governments. In most cases, local governments focus on the tax-paying residents who vote in local elections. Because commercial properties and businesses do not have the vote, their voices are often discounted during elections and in other civic dialogue. Cities ignore the contributions of commercial properties and businesses at their peril because of the enormous tax base they represent and the jobs and economic vitality they bring.

On the other hand, MMDs focus almost solely on commercial areas, and their stakeholders are not voters per se but rather the commercial property assessment/taxpayers. In the same manner, MMDs ignore residents at their peril because the vast majority of Houston consists of residential development housing millions of citizens. MMDs cannot ignore this important context and influence on the ultimate success of their areas. The impact of residents also can be quite direct as they are the patrons for the businesses that occupy the commercial properties that fund an MMD.

The MMD-resident dynamic has been simplest in major activity centers, which do not tend to have many homeowners within their boundaries and only a modest mix of multi-family residents, but this is changing. Downtown now has over 2,700 dwelling units with a growing residential population; how these residents are organized so their voice is heard is an important issue. Unlike most other districts, condominium owners pay assessments in downtown and are a sizable portion of the residential population, and they participate actively in the service planning process. Managers of rental properties also actively participate as well as their tenants. Super-Neighborhood 61 recently became active, and it claims downtown as part of its area.

The harder challenge is managing the relationships with nearby residential areas that may not be as excited about transportation improvements needed to serve a major activity center or economic development in the form of dense projects that can loom over homes. In the central city and with downtown in particular, gentrification and rising land prices in surrounding areas present yet another challenge.

In neighborhood commercial corridors, there are two dynamics. In the center of un-zoned Houston where deed-restricted residential areas are rare, commercial and residential uses are mixed to varying degrees. This can make it harder for the MMD to limit its services to only commercial properties, but the evidence is they try. MMDs in outlying areas tend to consist of older but still deed-restricted residential areas, often with strong civic clubs that are diligent about protecting their interests, that lie behind commercial strips along major thoroughfares and collectors. Their history is often a rough one with residents battling “absentee landlords” and deteriorating conditions along those corridors. A leader of one such MMD explained the view of that area’s residents, which is “that is it about time” the commercial properties started pulling their own weight in their area. The homeowners had been paying civic club dues and hiring constable patrols for years while they watched conditions along nearby commercial corridors and in apartment complexes steadily grow worse.

In areas focused on transformation, a good working relationship with residents is essential. The Upper Kirby District draws a careful line between working with developers and advocating on their behalf. The MMD is focused on getting the best development possible within its boundaries, but it also understands that others may desire other outcomes altogether. Along with its cooperative efforts to provide services in residential areas, the Upper Kirby District places a very high priority on its good relationship with nearby residents. In fact, it created a non-profit foundation that receives donations to support projects and programs that serve residents.

In almost every case, MMDs strive to include residents on their boards while being careful to not cede control of the organization to people who do not pay the assessment, in some cases by identifying business-owners who also are residents. Often, the outside political pressure is to include more residents not fewer because, of course, residents vote. This is the reason for the City’s guidelines that, independent of other legislated board composition requirements, a majority of each MMD’s board should be assessment/tax payers.
MMDs also place residents on task forces where they can participate in issues of concern to them. In addition, 2/3 of all MMDs listed City-sponsored super-neighborhoods, civic clubs and resident-based area associations as “partners” in their work with the percentage being far higher in neighborhood commercial corridors than in major activity centers. These partnerships are often formed over issues of common concern such as public safety, but the relationships can remain quite informal. Many of those interviewed emphasized the groundwork and trust-building that is required to establish a good working relationship between organizations that represent different ends of the spectrum of urban life. Often this trust is between leaders, not groups. As one MMD leader stated, a quiet phone call can be a better means of communicating and promoting understanding than a large formal meeting – if that foundation of trust is in place.

Especially in neighborhood commercial corridors where residents and the commercial properties funding an MMD are each part of one larger area, an interesting dynamic has emerged. If common ground can be established (it seems this usually happens eventually), then each organization can contribute based on its strengths. While many MMDs have a strong working relationship with the City’s elected officials and staff, super-neighborhoods and civic clubs, representing votes in a city election, can get the attention of the city in ways an MMD simply cannot. But they do not have much money nor a professional staff. Because MMDs often have the latter, they can advocate for a mutual position at inevitable daytime meetings and even provide the 20% local match that is required for certain grants that the City and residents may want to pursue but for which they have no funding. This grant funding can then fund improvements in both the commercial and residential areas. Even the day-to-day operations of an MMD are helpful to residents as debris-filled vacant lots and littered streets near their homes are cleaned up; however, there have been some misunderstandings from residents who cannot understand why an MMD stops services at the edge of their non-assessment-paying residential community.

There are exceptions to these general rules, and Midtown is the clearest example. Historically, Midtown developed as a high-end residential area more than 100 years ago that then declined and in most areas saw commercial encroachments. When the Midtown Management District was being created, the remaining small population of single-family homeowners volunteered to be assessed because they wanted the MMD’s help in tackling issues of highest concern to them, such as problematic bars. Everyone also realized that including the value of these homes in what was a small tax base dominated by vacant lots and empty buildings would provide more resources for efforts to transform the area in the early years. Today, the participation of Midtown’s hundreds of home owners continues to influence the MMD’s work, and 9 out of 17 directors live in Midtown (some also have businesses there). One indication of the MMD’s role serving residents is there is no active city-sponsored super-neighborhood council in Midtown. While the track record of MMD creation indicates that it is tough to get home owners to support being assessed, Midtown’s experience offers a successful alternative model.

Midtown is the only MMD that assesses detached single family homes, and the district’s residents are very involved in the MMD.
4. PLANNING & CAPITAL PROJECTS

- Service Plans
- Approaches to General Planning
- Capital Improvements
## EXHIBIT 5: PLANNING, TIRZ AND CAPITAL PROJECTS

<table>
<thead>
<tr>
<th>MANAGEMENT DISTRICT</th>
<th>VISION PLAN</th>
<th>LIVABLE CENTERS PLAN</th>
<th>TIRZ IN DISTRICT</th>
<th>TIRZ ADMIN.</th>
<th>SAMPLE CAPITAL PROJECTS</th>
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</thead>
<tbody>
<tr>
<td>(HCID = Harris County Improvement District)</td>
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</tbody>
</table>

### Major Activity Centers

- **Houston Downtown Management District**
  - Yes
  - Yes
  - Portion of Area
  - By MMD
  - Transit streets, Main St Square, wayfinding signs

- **Uptown Houston District (HCID #1)**
  - Yes
  - Infrastructures
  - All of Area*
  - By MMD
  - Stainless steel archs, signals, ped. Lighting

- **Westchase District**
  - Yes

- **Greenspoint District**
  - Yes
  - Most of Area
  - By Others

- **Memorial City Management District**
  - NA
  - All of Area*
  - By MMD
  - Katy Fwy Enhancements

- **Energy Corridor District**
  - NA
  - Yes
  - Portion of Area
  - By Others

### Neighborhood Commercial Corridors

- **Greater East End Management District**
  - Yes
  - Yes
  - Portion of Area
  - By Others
  - Railroad underpasses, Harrisburg light rail corridor

- **Greater Northside Management District**
  - Starting
  - Small Area
  - By Others
  - Almeda (maintenance only)

- **Greater Southeast Management District**
  - Montrose Management District (HCID's #6 & #11)
  - Yes
  - Starting
  - Small Area
  - By Others

- **Spring Branch Management District**
  - Yes

- **Near Northwest Management District**
  - Yes
  - Yes
  - By Others
  - Street medians & signs, Long Point streetscape

- **Brays Oaks Management District (HCID #5)**
  - Yes

- **Greater Sharpstown Management District**
  - Yes
  - Starting
  - Small Area
  - By Others

- **International Management District**
  - Yes

- **Five Corners Improvement District (HCID #10)**
  - Yes
  - Small Area

### Redevelopment Zones

- **Upper Kirby Management District (HCID #3)**
  - Yes
  - All of Area*
  - By MMD
  - Kirby Dr. Streetscape, Buffalo Spwy powerlines

- **Midtown Management District**
  - By TIRZ
  - Yes
  - All of Area*
  - By Others

- **East Downtown Management District**
  - Yes
  - All of Area*
  - By Others

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* Substantially all of the MMD's service area.
PLANNING AND MMDs

According to the rankings of MMD stakeholders, planning is a fairly low priority and capital improvements are only ranked a bit higher – that is until you speak to MMD representatives and dig deeper. If an MMD levies an assessment instead of a tax, it is mandated by the State to create a service plan, and many MMDs create many other plans over time. But this is planning with a purpose – a means to an end, or ends. Most generally, the end or goal is economic development and in some cases social enrichment. MMDs generally consider their over-arching goals only to be achievable through combined and often complex initiatives that focus on public safety, quality of life, transportation, aesthetics, flooding, capital investments and a host of other issues in a long-term, coordinated manner. And it takes a long-term and coordinated service plan to achieve those goals.

Planning is a means to an end, not the end itself, and stakeholders are focused on the end results. Getting there is the responsibility of the professional staffs, and planning for them is almost always essential. David Hawes, whose firm administers six MMDs in Houston, warns that MMDs should resist the pressure to act too quickly. Despite the East Aldine area’s dire conditions that needed to be addressed, Hawes Hill Calderon worked with that MMD’s board of directors for eight months to develop a plan to tackle those conditions effectively over a period of time. For each of its MMDs, the firm establishes long-range planning as its number 1 priority initially and then revisits that plan periodically to update it. This is certainly true for service plans, which must be updated, but it is often true for other plans as well. Two of the older MMDs, the Greenspoint District and the Downtown District, can point to several iterations of plans that have been updated several times as progress is made and conditions change.

Jason McLemore, formerly of the Greater Southeast District, views a plan as a form of disciplined thinking - if there is no plan, then decisions are based solely on personal preferences. This view of a plan’s role in an organization’s ongoing work treats a plan not as a strait-jacket but rather as a decision-making tool. Individual decisions, whether they be an annual budget or a specific program, can be framed within a larger context and a broader set of goals. This means those decisions can consider not only the problem immediately at hand but also how that decision can help toward multiple longer-term objectives.

As a result, MMDs dedicate resources to planning efforts despite its low status as a stakeholder priority. When asked to estimate the full time equivalent (FTE) staff positions dedicated to planning, MMDs in neighborhood commercial corridors and redevelopment zones listed 1 and 1.73 FTE on average respectively for their small office staffs. Major activity center MMDs that answered this question (four of six did so) listed an average FTE allocation to various forms of planning of 3.63 FTE. It is important to note that generally MMDs have a high percentage of their staff members participate in planning, so generally these are not dedicated positions but rather part-time allocations of many staff members.

Several MMD representatives spoke of challenges in working with city government on planning, and City representatives also described challenges. The most fundamental challenge is the nature of the work of MMD and city staffs. Because of their small size, limited resources and specific area of focus, MMD staffs tend to focus on the whole picture within their area while city employees usually specialize in individual issues for the entire city. Because of its size, the City also requires more time to make decisions and adopt plans. Beyond these basic issues, city planning policies and public works street standards, which like most city policies tend to be “one size fits all,” often complicate MMD initiatives, which tend to be focused on their districts’ specific conditions and the optimal ways to best address them.
Service Plans

Service plans guide the work of almost all MMDs, and they represent a contract with assessment-payers about how the funds they provide will be used. Each service plan is for the life of a specifically-approved assessment, typically 5 – 25 years with an average of about 10 years for all MMDs in Houston. While the format of service plans varies from MMD to MMD, generally a service plan is a holistic view of all the priorities and services of an MMD over a period that is longer than one budget cycle. It can provide benchmarks against which to measure an MMD’s effectiveness over time, a clear delineation of priorities and strategies that in combination are designed to meet certain objectives, a template for annual budgeting, and a contract with assessment-payers that summarizes the work of the MMD. Sample service plans from the Downtown District and the Brays Oaks Management District, representing different ends of the spectrum of MMDs, are provided in the appendix.

The longer time-frame of a service plan is important because, even within an MMD’s service area, most issues cannot be addressed in one year. Turning even a smaller aircraft carrier can take a long time, and any of us can lose sight of progress or trends in the meantime. Because service plans are tied directly to allocation of revenues, the service plan also helps “connect the dots” between where money is spent and how well the resulting services are performing to address fundamental goals over time. The longer time horizon also encourages longer-term thinking because the information and context for that thinking are not one year’s budget. Because of its role as a contract with assessment-payers, the service plan also helps secure support among this important constituency by explaining in black and white how and where their money is going to be spent over the period of the assessment that they are approving. Then at the end of that same time period, the service plan is there to serve as a benchmark for what has been accomplished with those resources, helping to inform the dialogue among stakeholders as to whether and how the MMD should proceed during the next service plan and assessment cycle.

It is important to note that service plans are not the land use plans that many people think of when they think about cities and planning. They are really strategic plans and business plans for these local governments that are not dissimilar in function to the business plans of many well-run companies. Service plans also represent a starting point for more general planning by MMDs, which comes in many shapes and sizes. These additional planning efforts are described next.
Approaches to General Planning

During Blueprint Houston’s interviews with MMD representatives, many different reasons were cited for going beyond the strategic/business plan provided by a service plan. There was no one theme, but many interviewees made the same general observation — they were filling a void that simply had to be addressed for their area to move forward. Beyond the fundamentals of public safety and cleanliness, progress could not be made without coming to some kind of consensus about how progress would be defined for that community. All kinds of changes could be implemented, but if those changes did not represent progress for those stakeholders, then the efforts behind those changes could be wasted or even counter-productive. It also was clear that MMDs treat their plans as tools, considering them to be more like frameworks for long-term and coordinated decision-making rather than strait-jackets.

The progress MMDs have in mind is practical progress, but the planning vehicles used to move forward come in many different forms. It is worth noting that most MMD representatives observed that the City of Houston uses few if any of these planning approaches, but there was some ambivalence about whether they would want the City of Houston actively planning their areas. One representative stated half-jokingly that “planning is so important that the private sector won’t let the City do it.”

Vision Plan

One common approach to planning among MMDs is the vision plan. The intent of this approach is to establish overall goals for an area of town in order to generate excitement and attract new investment. In Jim Murphy’s words, this is the plan as a “sales tool,” and The Westchase Long Range Plan focused on an introduction of mixed uses and greenbelts along waterways that changed the way many people viewed the area’s potential, winning several awards along the way. Often, these plans are short on specifics, but they set the stage for quick action should an opportunity arise, and they form the basis for follow-up plans and projects. If an MMD has achieved consensus about how an area should evolve generally, and a project comes along that could help get them there, an MMD is better able to mobilize its forces to seize that opportunity. Greenspoint undertook a visioning process similar to those undertaken by the Center for Houston’s Future that resulted in its new economic development strategy while the Downtown District has produced several iterations of plans focused on downtown as a mixed-use “24-hour city” for “live, work & play.” The highest-profile vision plans are for major activity centers, but MMDs in other areas produce them as well. The Near Northwest District has an exciting plan for both its commercial corridor along Antoine Drive and for White Oak Bayou and other green spaces that is the product of a joint effort with the Houston-Galveston Area Council, City of Houston, the Urban Land Institute and other public agencies. Even small MMDs like EaDo support visionary plans, in its case for the Sister Cities Promenade, which is an effort focused on extending the benefits of the new soccer stadium deeper into the district. In contrast, several people observed that Houston has no vision plan that it can use to sell the city.

The Near Northwest District has produced an ambitious plan to create green space along White Oak Bayou, new commercial and retail development along Antoine, and new residential projects to replace deteriorated residential properties.
Plans as a Tool to Secure Funding

Even with an exciting vision plan in place for Westchase, Jim Murphy notes that “then you have to bird-dog to get the money,” and MMD representatives focus on plans as a tool to secure funding. The need for certain types of public improvements identified in the plan can help break down complex issues into identifiable tasks and focus work on possible funding sources. In turn, governmental programs and philanthropic foundations often rank grant applications tied to an overall plan higher. A plan also can provide the technical basis for big projects, which was the case in Uptown after they produced a $400,000 signal study that led to funding in excess of $15,000,000 for signal upgrades. When asked why the Greater Northside was gearing up to conduct a Livable Centers Plan, Rebecca Reyna’s answer was simple – “plans are a route to more funding.”

And this seems to be true with nine MMDs having participated in H-GAC’s Livable Centers Program. The Greater East End District and Upper Kirby District along with the Uptown District were the first to do so, and as a result, each was able to secure $5,000,000 of federal funding for street and sidewalk improvements. The federal government is now requiring that there be a plan in place for most of its funding assistance programs, and Livable Centers Plans meet that criterion. Because MMDs qualify for federal funding as local governments, many are now seeking their own federal grants based on their own plans and their own “letter of no prejudice.” The emerging federal stance that requires a plan should not be considered a political issue as even the most conservative investor would be concerned if a company had no business plan to guide the use of the funds they were investing.

Another sign of the success of MMDs, which also has been a source of friction with the City of Houston in the past, has been the number of federal grants MMDs have been awarded for planning initiatives and capital improvements. Constant efforts to leverage their limited funds, the ability of MMDs to focus intensely on a specific area’s needs, and their willingness to create a planning context for their projects allow them to very effectively and actively pursue available federal and other funding. As the City of Houston focused more on grants, it found it was competing with Houston’s MMDs, and in at least one case, an MMD proceeded with planning related to a Livable Centers Grant with no input from the City whatsoever. A city-imposed truce of sorts has been called with the City requiring its prior approval of MMD grant applications before they will be processed by the Houston-Galveston Area Council (H-GAC). With so much transportation funding in the region bypassing the City of Houston altogether, some have observed that the City and the MMDs have expended valuable time and energy fighting over pocket change. The City and other entities have established better working relationships recently, and the recent federal TIGER grant award for trails is evidence of the benefits of this approach. It is worth noting that many believe Houston’s poor long-term track record in securing certain types of grants is because Houston has no overall plan that can guide its staff’s efforts, match identified priorities with potential funding sources, and improve Houston’s ranking in its competition with the cities that do have a general plan.

Community Empowerment

Houston is a big place, and City Hall can be a long, long way away – either in reality or in perception—and if the City of Houston were more active in planning, the reaction could very well be that it was imposing “top down” planning on the community. As State Representative Garnet Coleman states, “everything should not be filtered through City Hall.” In his view, all plans have a bias of some sort, and plans for local communities should have a neighborhood bias. This is especially true for MMDs that are seeking economic development and social enrichment for residents of the area. As one MMD representative of a central city MMD stated, this results in a balancing act between improving the community and avoiding gentrification. In striking that balance, the Greater East End District is working on a holistic approach to affordable housing with both the non-profit Avenue CDC and the City’s Department of Housing and Community Development. Diane Schenke praises the approach of both entities with which the MMD is working. As a result, plans produced by MMDs in cooperation with other community-based organizations can help empower that community to better tackle challenges and assume a bit more control over the area’s destiny.

13 H-GAC is our regional metropolitan planning organization that distributes federal funds for many transportation, air quality and other environmental programs. The Livable Centers Program targets areas that have could take advantage of multi-modal transportation to support mixed-use urban districts.

14 A letter of no prejudice from the federal government that establishes the organization’s plan and associated projects as qualifying for federal funding. Once issued, the organization can more easily obtain federal grants for their qualifying projects.
Public Infrastructure Planning

In most cases, the most likely funding that can be secured as a result of a plan is for public infrastructure, such as parks, sidewalks, bike trails or transit improvements. This basic fact of life is combined with another - that MMDs have no authority to regulate or guide private development. As a practical matter, many plans produced by MMDs consequently focus on the public realm and infrastructure. Often, these plans are driven by real-world needs – traffic in Uptown, flooding along Greens Bayou in Greenspoint, or parks and open space in the Third Ward. In addition to the hunt for funding, these plans can cause specific actions to be taken by MMDs, such as the Greenspoint District’s organizational and financial support for the Greens Bayou Task Force, a non-profit organization that has begun advocating for improvements to the entire Green’s Bayou watershed. In other cases, an MMD may sponsor improvements to a park or a gateway marker at an entry point into the district.

In many cases, the funding and issues included in an MMD’s plan are beyond what an MMD can accomplish on its own. These costly needs are usually addressed in regional transportation, flood management or green space plans, and as a result, MMDs engage with regional agencies to advocate for improvements in their areas and inclusion of projects that serve their area. MMDs also attempt to coordinate multiple large and small projects impacting their stakeholders being implemented by the City and regional agencies. For instance, less than one decade ago, downtown was experiencing two projects that were rebuilding several dozen streets, light rail construction on Main Street, a major storm sewer project under another street, and reconstruction of the Pierce Elevated, Spur 527 and the inner segment of the Southwest Freeway - all within a period of a few years. After a serious case of “be careful what you wish for,” the Downtown District had to mobilize itself to coordinate this work to help downtown survive all of this good news. In an approach similar to downtown’s during those years, the Greenspoint District has instituted an Infrastructure Coordinating Committee where it convenes the agencies involved to discuss their projects and to be sure schedules are coordinated. When this type of effort is missing, basic needs can get missed and projects can really inconvenience citizens and businesses. The Greater East End has lamented lack of early coordination about sidewalks along light rail routes, which are going to be too narrow to support transit activity and hoped-for development.

The Greater East End Management District has focused on partnering with METRO on the Harrisburg light rail line.
Cooperative and Regional Planning

Blueprint Houston discussed whether each MMD worked jointly with other MMDs on issues of common concern. There is no formalized framework for such joint efforts, but individuals active in MMDs do know each other and trade notes as the numerous contracts with the Greater East End District for graffiti removal attest. The survey results confirm this with nine of nineteen active MMDs stating they regularly work with other MMDs and another three responding they do so occasionally. In the area of planning, it is more common for MMDs to work jointly with larger regional transportation and flood management agencies so the MMD plans conform to the plans of these large and well-funded agencies. In addition, many MMDs ask for other individuals from outside the area to participate in their planning efforts to help balance the plan and extend the plan’s reach outside of the MMD’s boundaries.

MMDs do plan cooperatively under the right circumstances. One recent example is a Livable Centers Plan for the east side of downtown (the area surrounding the convention center and Discovery Green) and the west edge of EaDo on the other side of U.S. 59 (the area surrounding the new BBVACompass soccer stadium). The starting premise was that the urban fabric does not start and stop at MMD boundaries or even freeways. In this case, the plan looked at conditions in both MMDs together to best identify the potential for new economic activity, transportation, amenities and other public services with the convention center and the new soccer stadium being primary factors in the planning effort. During the interviews, a few other examples were cited of desirable joint efforts of this type that were unlikely to happen because of problematic politics.

The Westchase District, Memorial City District, Energy Corridor District (all MMDs), the City and H-GAC are embarking on one of the most promising planning efforts Blueprint Houston identified during the survey and interviews. These entities are jointly sponsoring a sub-regional plan for west Houston that will assess regional systems, such as transportation, from an overall perspective down to how such systems relate to the urban fabric and economic potential within each MMD’s service area. The City’s Department of Public Works & Engineering is providing some of the matching funds and is providing overall project management. All of Houston will benefit from this exciting partnership, and hopefully it can serve as a model for similar efforts.
CAPITAL IMPROVEMENTS

Because of their high costs and long-term implications for maintenance and operations, capital improvements require extensive planning. Even the City of Houston, which has no general plan as the term is used by other cities, has a capital improvement plan and program (CIP) that is updated annually with input from citizens.\textsuperscript{15}

During Blueprint Houston’s interviews with MMD executives, we were continually reminded that MMDs are not set up to make major investments in capital improvements. The level of funding required for this type of capital improvement program is usually not affordable for MMD assessment/taxpayers when they also pay school district, county and city ad valorem taxes. But this inherent limitation does not mean that MMDs play no role at all in making permanent improvements to Houston’s public realm.

Joint Efforts with Tax Increment Reinvestment Zones

The City of Houston has established a TIRZ that overlaps with the area served by thirteen of nineteen areas served by an active MMD (there are TIRZs in other areas, also), and in some cases, the MMD administers the TIRZ. In summary, the City creates a TIRZ in an area to incent new private investment by committing through the TIRZ to upgrade public infrastructure, using the tax revenues generated by that new development to fund the infrastructure. It is important to note that the City has organized its TIRZ program based on non-city entities that administer each TIRZ. This means contracting with an already-existing MMD often is the best way to maximize both the efficiency and effectiveness of that TIRZ in delivering infrastructure that best serves both the new development and that area of the city in general.

Several MMD interviewees touted the benefits of an MMD participating in the TIRZ process because it can bring detailed local knowledge to decision-making. This works best when this local knowledge is paired with consistent city plans and policies that can guide the TIRZ’s work as well. While much progress has been made, one MMD representative compared the status of City planning and policies for TIRZs to the City’s capital improvement program (CIP) before the rules and process were standardized by Mayor Fred Hofeinz in the late 1970’s. A greater understanding of the benefits of pairing TIRZs with MMDs appears to be emerging among the City’s senior staff. One MMD representative explained that the TIRZ in their area was only approved because there was an MMD in place to partner on improvements and maintenance, but this same person observed that, while most have begun to understand TIRZs, many in the rank and file of city government “have no idea what an MMD is or what to do with them.”

Even when the TIRZ is investing large sums of capital improvements in an area, the MMD typically provides more than just administration. Most TIRZ projects are street and park projects, and the City of Houston also requires MMD funding for the incremental increase in the initial capital cost of upgraded infrastructure that is beyond what the City typically funds, often focused on street lighting and sidewalk upgrades. And the MMD also is required to maintain upgraded public infrastructure that the City of Houston cannot maintain on its own. For instance, the City will pay for the cost of street lighting at a standard level, but an MMD must pay the up-front cost to upgrade those street lights to nicer poles and then pay the ongoing higher electric bills for higher levels of street lighting. Without an MMD, street pavers, sidewalk landscaping and enhanced lighting simply are not going to happen in a city that experiences constant budget challenges. This forces coordinated decision-making between a TIRZ and MMD about the extent that planned infrastructure will be enhanced to support new development. Because this type of improvement has become quite common in areas seeking to attract higher-quality development, the City of Houston has adopted fairly standard agreements to cover upgraded capital improvements and their ongoing maintenance.

Beyond this role as a funding and maintenance partner for capital improvements, MMDs also are aware that few issues stir up stakeholders more than street construction. As a result, MMDs also really focus on communications with area businesses and residents during construction projects – even those the MMD is not helping sponsor.

\textsuperscript{15} While the City of Houston is to be commended for using the CIP, a general plan with clear long-term growth and redevelopment goals and policies could more effectively guide the CIP’s allocation of city investments.
Even with planning processes and policies that still may need work, the results are impressive. One only need to drive down Almeda Road in the Greater Southeast District, Kirby Drive in the Upper Kirby District, Post Oak Boulevard or San Felipe Road in Uptown, or any number of downtown streets to see the tangible results of these partnerships between the City, its TIRZs and MMDs. The TIRZ in each case funded basic street, signal and landscaping work while the MMD funded upgrades like the stainless steel arches in Uptown, the pedestrian lights along Kirby, the wayfinding systems and higher levels of street lighting in downtown, and the pavers and upgraded street lighting on Almeda. In another example, the Houston Parks & Recreation Department still mows grass and pays the water and electric bills at the newly-improved Market Square Park that the Downtown Redevelopment Authority (TIRZ #3) funded, but litter removal and maintenance of the flower beds, dog runs and fountains as well as capital replacement costs are the responsibility of the Downtown District.

**MMD-Funded Capital Improvements**

The general rule is that MMDs are not in the capital improvements business, but there are exceptions. In fact, the value of public infrastructure improvements funded directly by MMD assessments and taxes is over $80,000,000 with most of those improvements being made to streets, sidewalks and parks owned by the citizens of Houston. Over 80% of this total was in major activity centers, and Uptown Houston’s investment in public infrastructure, such as its signature stainless steel arches and intersection treatments, represents more than half of the total. Downtown, which has a specific assessment to fund capital improvements, represents another 25% of the total. But the story does not end there. The Spring Branch District has funded $3,500,000 of physical improvements while the Greater East End Management District has funded $2,500,000 of improvements as it has sought to improve railroad underpasses and other entries into its large district plus enhancements to the Harrisburg light rail corridor. Other MMDs also have invested in excess of $1,000,000 on permanent physical improvements.

While some efforts like Uptown’s stainless steel arches are go-it-alone affairs, most MMD capital investments are highly leveraged because they are part of larger infrastructure projects funded by the City, a TIRZ or transportation agencies like METRO. And this makes sense because creating a more attractive project is relatively inexpensive in terms of up-front costs compared to the massive amounts of public funding that literally can be buried underground as part of a typical street project. In many cities including Houston, the historical resistance to including these amenities has been less about these relatively modest up-front costs and more about long-term maintenance, and MMDs have this side of the issue covered as well. This is why Houstonians are seeing more and more upgraded streetscapes.

![The Westchase District’s investments in median landscaping and entry markers are excellent examples of the capital investments of many MMDs.](image)
EXHIBIT 6

TAX INCREMENT REINVESTMENT ZONES AND MANAGEMENT DISTRICTS IN HOUSTON

1. ST. GEORGE PLACE
2. MIDTOWN
3. MARKET SQUARE
4. VILLAGE ENCLAVES
5. MEMORIAL HEIGHTS
6. EASTSIDE
7. O. S. TALMADA
8. GULF RATE
9. SOUTH POST OAK
10. LAKE HOUSTON
11. GREENSPOINT
12. CITY PARK
13. OLD SIXTH WARD
14. FOURTH WARD
15. EAST DOWNTOWN
16. UPTOWN
17. MEMORIAL CITY
18. FIFTH WARD
19. UPPER KIRBY
20. SOUTHWEST HOUSTON
21. HARDY/NEAR NORTHSIDE
22. LELAND WOODS

Data Sources: HCAD, July 2012; City of Houston, Oct. 2011
Map Source: Hawes Hill Calderon LLP | July 2012
5. **THE CASE AGAINST MMDS**
No one likes to pay taxes, and when people perceive that there is an unlevel playing field, favoritism or self-dealing going on, the emotions run even higher. In general, Blueprint Houston found case after case of inspiring success during its interviews with MMD representatives, but MMDs have been the focus of controversies as well. In fact, lawsuits have been filed (and settled) and petitions have been submitted to void the establishment of an assessment and service plan. There are both practical and philosophical reasons why MMDs have been opposed.

The City Versus MMDs

In the case of MMDs, there are some who feel that if services are needed, then they should be provided by city government. In fact, in some cities, some of these services are provided by city governments, but the more important point is that in Houston, they are not. In addition to being unusually large, Houston has relied historically more than most cities on a low-service / low tax model of local government to the point that a City Charter provision limits the tax rate supporting general services to $0.50/$100. For several decades, the City of Houston has remained just below this limit. The low tax / low service model still appears to work well for some, but the emergence of MMDs indicates that many others want more government services than the City of Houston is willing or able to offer. Of course, some also argue that the presence of MMDs lets the City “off the hook” and relieves it from any pressure to build up its capacity to move beyond the low service model, perpetuating the need for MMDs.

A variation in this form of philosophical opposition is that it is unfair to offer a “better government” to those who can afford to pay for it, which means that influential constituencies will not be as inclined to fight for better city services for everyone. This leaves poor communities who cannot afford an MMD stuck with an under-funded city government that cannot meet their needs. Today, about half of MMDs provide services in areas of the city that are not affluent, which would seem to address this concern.

Some also argue that MMDs lead to less coordinated delivery of local public services because MMDs are creatures of the State of Texas rather than the City of Houston. Some interviewees explained that one reason there are not more MMDs in other Texas cities is because those cities more actively opposed their creation while Houston did not. This argument is a classic one focused on efficiencies gained by having one entity provide services (with less concern about the effects of a monopoly in any arena), but it also seems to be a moot point because there are nineteen active MMDs in Houston that in all likelihood are not going away. As is observed elsewhere in the report, MMDs also can focus far more keenly on the conditions and needs of specific communities in this city of over 600 square miles as opposed to the “one size fits all” approach that seems to be the only acceptable framework for city services and development policies. When considering better coordination and more efficient delivery of services, we should start with the reality as it exists today, not 25 or 100 years ago.

Majority Rules

The level of support MMDs must garner to institute and then renew an assessment/tax and service plan also has been criticized. This argument is based on “majority rules” because it strikes many as unfair that a group of twenty-five or fifty owners that may not constitute a majority of owners in an MMD can be the basis for an assessment/tax and service plan. While the Legislature establishes the threshold, there is valid room to question acting on the will of a limited number of owners when there may be thousands of owners to be assessed by an MMD. As a point of comparison, the thresholds for Houston's MMDs are different than the State’s Chapter 372 requirement for a city-sponsored PID – (1) a majority of taxable value and (2) a majority of (a) the owners of record or (b) the owners of a majority of the area of taxable real property.

While there is valid room to question the threshold for approval of the service plan and assessment, the situation is not as clear-cut as when the taxpayers are voters, and there is an election instead of a petition. This report describes the unusual nature of MMDs, which typically only assess/tax commercial properties instead of the residents who are the voters for other units of government. As a result, absentee owners are the norm for these commercial properties, and their unwillingness to act (or even notice declining conditions) lies at the very heart of the problem in many urban areas. If the petition process hands these many owners who are doing the least an effective veto, little can be done to reverse an area’s decline. Furthermore, there is a high proportion of out-of-state or even out-of-country commercial property owners who may not have even been to Houston and a higher proportion of properties owned by syndicates and other joint ownerships that are difficult to identify much less contact. Finally, how do you define a majority of commercial properties?
It appears the Legislature has considered the nature of ownership of assessment-paying properties in MMDs. Declining conditions are a threat to the state’s tax base, its communities and its economy, and the Legislature has designed an assessment and service plan adoption process for MMDs that is not easy but also gives them a chance to respond to declining conditions.

Taken in a larger context, our elected state officials pass laws all the time that tax or impose fees on classes of people without the majority support of those being taxed – whether they be architects seeking to register to practice in Texas, drivers registering their automobiles, or hotel patrons paying local hotel taxes. In the case of MMDs, our state officials have required a minimum level of support to institute and then continue an MMD’s assessment/tax and service plan. Architects, drivers and hotel patrons would love to have such a deal. The process also does not begin and end with adoption of a service plan and assessment because opponents can be parties to the hearings related to the levying of assessments, protest the proposed assessment, or seek redress in the state legislature.

Still, many Americans are focused on the majority of people involved, whether this accurately represents the conditions in an area or not, and the perceived lack of majority support can make a potent case against MMDs.

Practical Opposition

Another common basis for controversy is a bit more practical. A property owner or business, which may not be inclined to support MMDs for philosophical reasons, also believes that they are not getting services or value equal to their tax bill. This is not so hard to understand when one considers that MMDs can cover dozens of square miles with budgets of only one or two million dollars. There is not going to be a police patrol car passing by daily or a pothole crew seen on the commute to work. It gets even harder when a property may be on the edge of an area, somewhat of an anomaly in that area’s overall mix, and/or of higher than average value. This can mean that the MMD’s services are not very visible; they may appear irrelevant to that property’s business prospects; and/or the property is paying a larger than average share of the MMDs costs – a pretty tough mix in terms of securing support from that property owner. Of course, the argument against this position is that no property is an island, especially in a city like Houston, and if the surrounding area continues to deteriorate, then that property will eventually be affected by spreading blight or more pervasive crime just like everyone else. The resulting response is they need to do their share for the area.

In other cases, the selective nature of assessing properties leads to problems, especially in mixed areas where commercial and multi-family properties are highly mixed with non-deed-restricted single-family properties that do not pay the assessment. In some of these areas, ongoing controversies often pit one property class against another, and sometimes an MMD is formed in response to perceived problems being created by a certain class of properties, whether it be strip centers that have problem nightclubs or small and/or poorly maintained multi-family properties. Cries of “slumlords” may very well be legitimate, or they may simply mask a desire to penalize certain kinds of properties and classes of people because they are no longer welcome.

Redress

The system does allow the majority to correct a situation where an MMD is against the will of the stakeholders. This form of redress focuses on the state elected official who was responsible for the state legislation that created the MMD. If that legislation is truly not popular, then voters can throw the elected official out of office in the next election. In the case of MMDs, this usually can be accomplished by voting out the state representative who supported the MMD because other elected state officials will usually defer to a local representative on issues affecting only his/her district. A variation on this theme happened once when an outlying part of the Greater Southeast District within the legislative district of a state representative was removed by state legislation sponsored by him. He listened to his constituents who were unhappy with the MMD that another state representative had sponsored and acted accordingly, demonstrating that those opposed to an MMD have the same access to redress as citizens in other situations. But the story does not end there. Conditions in the area carved out of the Greater Southeast District quickly deteriorated; this state representative lost the next election; and the original boundaries of the MMD were restored by the newly-elected state representative in the next legislative session.
We often forget that we have chosen the republic, not democracy, as our form of government, and we elect representatives to govern on our behalf within parameters set by our state and federal constitutions. MMDs are a product of our representatives working on the behalf of their constituents to protect and promote their health, safety and welfare (the “police powers” enumerated in our constitutions). If the MMD is not supported by a state representative’s constituents, then the solution is at the ballot box. Often, discussions about MMDs focus on the local conditions and stakeholders, but it is very important to remember that, like all local governments, MMDs are created by the State to further State objectives, and they can be terminated by the State if they do not reflect the will of the people of the State of Texas.

State Oversight

Texans want and expect their local and state governments to be administered in an ethical manner. In the case of MMDs, there is little to no oversight of MMDs at an administrative level. The problem is the Texas Department of Environmental Quality (TCEQ), the state administering agency charged with oversight of MMDs, has few resources to do so. MMDs are required to file annual audits with TCEQ, but this is not really enforced. With 25 years of MMD experience, there has not been a situation of administrative malfeasance where the role of a state oversight entity might be required. However, if such a situation did arise, the absence of TCEQ’s involvement puts the impetus for corrective action in the hands of elected officials. Given how closely some local and state officials work with MMDs, there could be a perception or reality that these officials were involved in the problem. Support for MMDs could be enhanced if effective review and oversight procedures were clearly in place and funded.

The Future

Controversies surrounding MMDs could grow beyond a few isolated instances if the quality of services being provided by MMDs declines from the generally high level found today. Blueprint Houston met with a diverse collection of professionals who generally grew up in their community and who are working extraordinarily hard to bring back an area that they care for deeply. But the MMD bench is not necessarily deep, and as these pioneers retire, it will be very important to ensure that their replacements do not view their work as simply a means to earn a paycheck. Blueprint Houston did hear some concerns during its interviews about certain situations creating a black eye for all MMDs, and some sort of oversight vehicle or standardized criteria may be needed to ensure the highest standards of governance and the most equitable geographic composition of future MMDs.
APPENDIX

- Special Report Prepared for:
  The Texas Senate Intergovernmental Relations Committee

- Sample MMD Service Plans
  Downtown District
  Brays Oaks Management District
Municipal Management Districts Created by Special Law

Codes and Statutes Cited as Authorities for Powers

A Special Report prepared for the Texas Senate Intergovernmental Relations Committee

Senator Royce West
Chairman
Texas Constitution

The following sections of the Constitution are cited as authorities for all special districts whose enabling statutes are contained in Subtitle C. Development, Improvement, and Management, Special District Local Laws Code

Sec. 52. COUNTIES, CITIES OR OTHER POLITICAL CORPORATIONS OR SUBDIVISIONS; LENDING CREDIT; GRANTS; BONDS.

This section of the Constitution allows the Legislature to empower county and local government entities, including special purpose districts, to issue bonds or lend their credit with a vote of qualified voters within the entities’ boundaries to:

- Improve rivers, creeks, and streams to prevent overflows and permit navigation or irrigation
- Construct and maintain lakes, reservoirs, dams, canals and waterways for the purposes of irrigation, drainage or navigation
- Construct, maintain and operate macadamized, graveled or paved roads and turnpikes
- Engage in fire-fighting activities and issue bonds or otherwise lend its credit for fire-fighting purposes
- Invest funds as authorized by law

Sec. 52-a. LOAN OR GRANT OF PUBLIC MONEY FOR ECONOMIC DEVELOPMENT.

This section allows the Legislature to provide for the creation of programs and the making of loans and grants of public money to:

- develop and diversify of the state’s economy
- eliminate unemployment or underemployment
- stimulate agricultural innovation
- foster the growth of enterprises based on agriculture
- develop or expand transportation or commerce

Loans or grants for such economic development programs payable from ad valorem taxes must be approved by a majority of registered voters eligible to vote on the issue.

Sec. 59. CONSERVATION AND DEVELOPMENT OF NATURAL RESOURCES AND PARKS AND RECREATIONAL FACILITIES; CONSERVATION AND RECLAMATION DISTRICTS.

- The Legislature shall pass laws to preserve, conserve and develop of all the State’s natural resources, develop parks and recreational facilities, reclaim and irrigate arid, semiarid and other lands, reclaim and drain lands needing drainage, conserve and develop forests, water and hydro-electric power, and navigation of inland and coastal waters.
- The Legislature may create conservation and reclamation districts to carry out these purposes with the authority to incur debt, issue bonds, levy and collect taxes with voter approval.
- A conservation and reclamation district created under this section to perform any or all of the purposes of this section may engage in fire-fighting activities and may issue bonds or other indebtedness for fire-fighting purposes.
In addition to the sections outlined above, the following section of the Constitution applies only to Lake View Management and Development District in Henderson County.

Sec. 52-b. LOAN OF STATE'S CREDIT OR GRANT OF PUBLIC MONEY FOR TOLL ROAD PURPOSES.

The Legislature shall have no power or authority to in any manner lend the credit of the State or grant any public money to, or assume any indebtedness, present or future, bonded or otherwise, of any individual, person, firm, partnership, association, corporation, public corporation, public agency, or political subdivision of the State, or anyone else, which is now or hereafter authorized to construct, maintain or operate toll roads and turnpikes within this State except that the Legislature may authorize the Texas Department of Transportation to expend, grant, or loan money, from any source available, for the acquisition, construction, maintenance, or operation of turnpikes, toll roads, and toll bridges.
Chapter 375. Municipal Management Districts in General

85 of 89* special purpose districts whose enabling statutes are contained in Subtitle C. Development, Improvement, and Management, Special District Local Laws Code cite Chapter 375 of the Local Government Code as authority for certain powers, operating rules and procedures, etc. Except as otherwise provided in each district's unique enabling statute, all of Chapter 375 apply.

* Note: Temple Health and Bioscience Economic Development District, Espada Development District, Padre Island Gateway Municipal Management District, and Maverick Improvement District of Palo Alto County are the only Subtitle C districts that do not include reference to Chapter 375 as a source for powers.

SUBCHAPTER E. POWERS AND DUTIES

§ 375.091. General powers and duties

- Rights, powers, privileges, authority and functions conferred by the general law of Texas applicable to conservation and reclamation districts created under Article XVI, Section 59, of the Texas Constitution, including those conferred by Chapter 54, Water Code
- Power to contract and manage its affairs and funds for any corporate purpose in accordance with Chapter 54, Water Code.
- Rights, powers, privileges, authority and functions of road districts and road utility districts created pursuant to Article III, Section 52, of the Texas Constitution, including
  - Power to levy ad valorem taxes for the construction, maintenance and operation of macadamized, graveled, or paved roads and turnpikes, or in aid thereof.
  - Power to levy ad valorem taxes to provide for mass transit systems in the manner and subject to the limitations provided in Art. III, Sec. 52, and Art. III, Section 52-a of the Constitution
- Powers conferred by Chapters 365 and 441, Transportation Code

§ 375.092. Specific powers

- Powers necessary or convenient to carry out and effect the purposes and provisions of Ch. 375
- Perpetual succession
- Sue and be sued, institute and prosecute suits without giving security for costs, and appeal from a judgment without giving supersedeas or cost bond
- Incur liabilities, borrow money on terms and conditions, issue notes, bonds, or other obligations
- Acquire by grant, purchase, gift, devise, lease, or otherwise, and hold, use, sell, lease, or dispose of real and personal property, and licenses, patents, rights, and interests necessary, convenient or useful for the full exercise of its powers
- Acquire, construct, complete, develop, own, operate, and maintain permanent improvements and to provide services inside and outside boundaries
- Enter into agreements with a person or entity, public or private, for joint use of facilities, installations or property
- Establish and maintain reasonable, nondiscriminatory rates, fares, tolls, charges, rents, or other fees or compensation for the use of the improvements constructed, operated, or maintained
• Enter contracts, leases, agreements with and accept grants and loans from the federal government, its departments and agencies; the state government and its agencies; counties; municipalities and political subdivisions; public or private corporations, including a nonprofit corporation created by the district’s board; and, other persons. Further, the district may perform all acts necessary for the full exercise of the powers vested in it on terms and conditions and for the term deemed advisable by the board.
• Acquire property under conditional sales contracts, leases, equipment trust certificates, or any other form of contract or trust agreement
• Sell, lease, convey, or otherwise dispose of any of its rights, interests, or properties that are not needed for, or in the case of leases, not inconsistent with, the efficient operations and maintenance of the district’s improvements. Further, a district may sell, lease, or otherwise dispose of any surplus material or personal or real property not needed
• Lease projects or any part of a project to or contract for the use or operation of the projects or any part of a project by any operator
• Conduct hearings and take testimony and proof, under oath or affirmation, at public hearings, on any matter necessary to carry out the purposes of this chapter.
• Procure and pay premiums for insurance of any type in amounts the board considers necessary and advisable.
• Do anything necessary, convenient, or desirable to carry out the powers expressly granted or implied in Ch. 375

§ 375.092. Use and Alteration of Public Ways

A district is entitled (with written consent and at its sole expense) to:

• Use streets, alleys, roads, highways, and other public ways.
• Relocate, raise, reroute, change the grade of, and alter the construction of any of the following, whether publicly or privately owned, if necessary or useful in the construction, reconstruction, repair, maintenance and operation of the system:
  ○ Street
  ○ Alley
  ○ Highway
  ○ Road
  ○ Railroad
  ○ Electric lines and facilities
  ○ Telegraph and telephone properties and facilities
  ○ Pipelines and facilities
  ○ Conduits and facilities
  ○ Other property
• Enter reimbursement agreements with owners of any of the above who wish to carry out alterations with their own personnel or contractors
• District must pay damages caused by alterations

§ 375.094. No Eminent Domain Power

A district may not exercise the power of eminent domain.

SUBCHAPTER F. ASSESSMENTS.

§ 375.111. General Powers Relating to Assessments

A district has the power to:

• Undertake improvement projects and services that confer a special benefit on all or a definable part of the district
- Levy and collect special assessments on property in that area, based on benefit conferred, to pay for all or part of the project or services
- Provide improvements and services to an area outside the district’s boundaries

§ 375.112 Specific Powers Relating to Assessments

An improvement project or services may include the construction, acquisition, improvement, relocation, operation, maintenance, or provision of the following:

- Landscaping
- Lighting, banners and signs
- Streets and sidewalks
- Pedestrian skywalks, crosswalks, and tunnels
- Seawalls
- Marinas
- Drainage and navigation improvements
- Pedestrian malls
- Solid waste, water, sewer, and power facilities, including electrical, gas, steam, cogeneration, and chilled water facilities
- Parks, plazas, lakes, rivers, bayous, ponds, and recreation and scenic areas
- Historical areas
- Fountains
- Works of art
- Off-street parking facilities, bus terminals, heliports, and mass transit systems
- Cost of demolition in connection with providing improvement project
- Other improvements similar to the items on this list
- Acquisition of real property (or any interest in real property) in connection with an improvement, project, or services authorized by this chapter; Chapter 54, Water Code; or Chapter 365 or 441, Transportation Code
- Special supplemental services for advertising, economic development, promotion of the district, health and sanitation, public safety, maintenance, security, business recruitment, development, elimination or relief of traffic congestion, recreation and cultural enhancement
- Expenses incurred in the establishment, administration, maintenance, and operation of the district or any of its improvements, projects or services

An improvement project on two or more streets or two or more types of improvements may be included in one proceeding and financed as one improvement project.

SUBCHAPTER G. IMPACT FEES.

The district is empowered to:

- Impose impact fees to pay for the cost of providing improvements it is authorized to provide, including mass transit systems
- Allow impact fees to be paid in periodic installments
- Charge interest for installments and penalties for failure to make timely payment
- Levy an amount to cover delinquencies and collection expenses
Chapter 380. Miscellaneous Provisions Relation to Municipal Planning and Development

Ch. 380 endows certain special purpose districts with the same authority municipalities have to establish economic development programs, make loans and grants of public money for economic development purposes, and apply for federal matching funds.

The following districts cite Chapter 380 as authority for these powers:

(1) Harris County Improvement District #4 (Energy Corridor)  (17) Pflugerville Municipal Management District #1
(2) Harris County Improvement District #1 (Uptown)       (18) Dickinson Management District
(3) Downtown Midland Management District                (19) League City Improvement District
(4) Fall Creek Management District                      (20) Harris County Improvement District #9
(5) Harborside Management District                      (21) Viridian Municipal Management District
(6) Lake View Management and Development District in Henderson County
(7) Sienna Plantation Management District                (22) Travis County Improvement District #1
(8) Harris County Improvement District #5 (Brays Oaks)   (23) Aliana Management District
(9) West Fort Bend Management District                  (24) Padre Island Gateway Municipal Management District
(10) Las Damas Management District                      (25) Cypress Waters Municipal Management District
(11) Towne Lake Management District                     (26) Country Place Management District
(12) Spectrum Management District                        (27) Alden Lake Management District
(13) Galveston County Management District #1             (28) Waller Town Center Management District
(14) NASA Area Management District                       (29) Harris County Improvement District #18
(15) East Montgomery County Improvement District         (30) Harris County Improvement District #13
(16) Greater Sharpstown Management District             (31) Harris County Improvement District #14

Special note: The Old Town Spring Improvement District has authority under §380.002 only.

§380.001. Economic Development Programs

A district has power to:

- Establish and administer one or more programs to promote local or state economic development and stimulate business and commercial activity, including those for making loans and grants of public money and providing personnel and services of the district
- Use district personnel to administer the program(s)
- Contract with the federal government, state, political subdivision of the state, a nonprofit organization or any other entity to provide program administration
- Accept contributions, gifts or other resources to develop and administer the program(s)

§380.002. Economic Development Grants by Certain Municipalities

A district has power to:

- Create programs to grant public money to any 501(c)(3) organization for the following public purposes
  - Development and diversification of the economy
  - Elimination of unemployment or underemployment
  - Development or expansion of commerce
- Grant public money to a development corporation created under the Development Corporation Act via contract for the same public purposes
- Uses funds derived from any lawful source for these programs and grants, except bonds or obligations payable from ad valorem taxes

§380.003. Application for Matching Funds from Federal Government

- A district may provide matching funds for a federal program requiring state matching funds if a state agency declines or does not fully participate in the match

Chapter 394. Housing Finance Corporations in Municipalities and Counties (Texas Housing Finance Corporations Act)

Ch. 394 provides for the means to finance the cost of residential ownership and development of affordable housing.

Enabling legislation confers the powers of a housing finance corporation on the following special purposes districts only:

(1) Houston Downtown Management District
(2) Harris County Improvement District #3 (Upper Kirby)
(3) East Downtown Management District
(4) Midtown Management District
(5) Harris County Municipal Management District #1 (Memorial City)
(6) Near Northwest Management District
(7) Harris County Improvement District #4 (Energy Corridor)
(8) Greater Southeast Management District
(9) Frisco Square Management District
(10) Baybrook Management District
(11) Buffalo Bayou Management District
(12) Downtown Midland Management District
(13) Fall Creek Management District
(14) Great Southwest Improvement District
(15) Harborside Management District
(16) Sienna Plantation Management District
(17) Spring Branch Area Community Improvement District
(18) Harris County Improvement District #5 (Brays Oaks)
(19) West Fort Bend Management District
(20) Spectrum Management District
(21) Galveston County Management District #1
(22) NASA Area Management District
(23) Harris County Improvement District #6 (East Montrose)
(24) Harris County Improvement District #7 (Fourth Ward)
(25) Dickinson Management District
(26) Harris County Improvement District #9 (Hobby Area)
(27) Harris County Improvement District #10 ("Five Corners" and 10-B)
(28) Harris County Improvement District #11 (West Montrose)
(29) Harris County Improvement District #21
(30) Harris County Improvement District #20

SUBCHAPTER D. CORPORATE POWERS.

§ 394.032. General Powers

- Make contracts and other instruments necessary or convenient to the exercise of powers under this chapter
- Incur liabilities
- Borrow money
- Issue notes, bonds and other obligations
- Secure any of its obligations by the mortgage or pledge of all or part of the [district’s] property, franchises and income
- Plan, research, study, development and promote the establishment of residential development
- Make donations for the public welfare or for charitable, scientific or educational purposes
• Enter into contracts to perform services for any other housing finance corporation or any individual or entity acting on behalf of such, or with respect to residential development, any housing authority, nonprofit enterprise or similar entity
• Delegate to the Texas Department of Housing and Community Affairs the authority to act on its behalf in financing, refinancing, acquisition, leasing, ownership, improvement, and disposal of home mortgages or residential developments, within and outside the jurisdiction of the district, including its authority to issue bonds for those purposes

§ 394.036. Acceptance of Financial Assistance

• Apply for and accept, on its own behalf or that of another person, advances, loans, grants, contributions, guarantees, rent supplements, mortgage assistance and other forms of financial assistance from the federal government, the state, a county, a municipality or any other public or quasi-public body, corporation, or foundation, or from any other public or private source

§ 394.037. Bonds

• Issue bonds to defray in whole or in part the following:
  o Development costs of residential development
  o Costs of purchasing or funding home mortgages, or by selling lender commitments including the costs of studies and surveys, insurance premiums, financial advisory services, mortgage banking services, administrative services, underwriting fees, legal services, accounting services, and marketing services incurred in connection with the issuance and sale of bonds, including bond interest reserve accounts, capitalized interest accounts, and trustee, custodian, and rating agency fees
  o Any other costs associated with providing affordable housing and associated integral facilities
• Pledge all or part of its revenues, receipts or resources, including those from residential development or home mortgages, to the payment of the bonds as well as interest and any redemption premiums; may refund bonds in whole or in part

§ 394.038. Acquisition of Shares or Obligations

• Purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, employ, mortgage, lend, pledge, sell, or otherwise dispose of, and otherwise use and deal in and with
  o Shares and other interests in or obligations of domestic or foreign corporations, whether profit or nonprofit, associations, partnerships, or individuals
  o Direct or indirect obligations of the United States or of any other government, state, political subdivision of a state, territory, government district, or any instrumentality of such a governmental entity

§ 394.039. Specific Powers Relating to Financial and Property Transactions

• Lend money, invest and invest its funds, take and hold real or personal property as security for the payment of loaned or invested funds
• Mortgage, pledge, or grant security interests in any residential development, home mortgage, note, or other property in favor of the holders of bonds issued for those items
• Purchase, receive, lease, or otherwise acquire, own, hold, improve, use, or deal in and with real or personal property or interests in that property, wherever the property is located as required by the purposes of the district or as donated to the district
• Sell, convey, mortgage, pledge, lease, exchange, transfer, and otherwise dispose of all or part of its property and assets
§ 394.040. Transactions with Lending Institutions

- Make, contract to make, and enter into advance commitments to make home mortgages originated, administered, and serviced by lending institutions, including paying for services rendered under such contracts
- Acquire, contract to acquire, and enter into advance commitments to acquire by assignment or other means, home mortgages owned by lending institutions
- Require a lending institution to offer evidence of compliance with standards and requirements the district sets for mortgages or loans
- Require lending institutions receiving loans from a district to use substantially all of the net proceeds to make home mortgages in an aggregate principal amount substantially equal to the loan's net proceeds
- Require such loans to be fully secured, to the extent they are not secured by home mortgages, in the same manner as public funds of local governments

§ 394.041. Standards for Mortgages or Loans

A district may set standards and requirements applicable to making or purchasing home mortgages or making loans to lending institutions, including those related to:

- Time within which lending institutions must make commitments and disbursements for home mortgages
- Location and other characteristics of homes financed by home mortgages
- Terms of home mortgages made or acquired
- Representations and warranties of lending institutions confirming compliance with standards and requirements
- Restrictions on interest rates and other terms of home mortgages or on the return realized on mortgages by lending institutions
- Type and amount of collateral required on a loan from the district
- Other related matters the district considers relevant

§ 394.042. Disposal of Residential Developments or Home Mortgages

- A district may sell and convey any residential development or home mortgage as provided in the resolution relating to the issuance of bonds
- A district may rent, lease, sell or otherwise dispose of any residential development or home mortgages or lend sufficient funds to any person to defray development costs or costs of purchasing mortgages

Title 12, Planning and Development, Subtitle C1, Additional Planning and Development Provisions Applying to More Than One Type of Local Government -- The Development Corporation Act of 1979 [formerly Texas Revised Civil Statutes Article 5190.6]
In 2007, the 80th Legislature authorized the codification of planning and development civil statutes. Under HB 2278 (80th Leg., R.S.), the Development Corporation Act of 1979 was codified in the Local Government Code, effective April 1, 2009. The Act now comprises Subtitle C1, which spans Chapters 501 through 507 of the Local Government Code. These chapters describe general powers for development corporations and define certain types of development corporations as Type A, Type B, the Texas Small Business Industrial Development Corporation, county alliance corporations, and spaceport development corporations. The majority of special law districts cite one or more chapters from Subtitle C1 as authority for particular economic development powers and structures.

The following districts cite the Development Corporation Act of 1979 in its entirety (all of Subtitle C1, Local Government Code):

1. Greater Greenspoint Management District (also cites Chapter 505 separately)
2. Old Town Spring Improvement District
3. East Montgomery County Improvement District

One district is empowered to create development corporations under Chapter 504 (Type A) or Chapter 505 (Type B):

1. Pflugerville Municipal Management District #1

The following districts are limited to the creation of Type B corporations (Chapter 505):

1. Houston Downtown Management District
2. Westchase District
3. First Colony Management District
4. Harris County Improvement District #3 (Upper Kirby)
5. Harris County Improvement District #2 (Richmond Avenue)
6. Greater East End Management District
7. East Downtown Management District
8. Midtown Management District
9. Harris County Municipal Management District #1 (Memorial City)
10. Near Northwest Management District
11. Greater Northside Management District
12. Frisco Square Management District
13. Aldine Improvement District
14. Baybrook Management District
15. Buffalo Bayou Management District
16. Downtown Management District
17. Fall Creek Management District
18. Great Southwest Improvement District
19. Harborside Management District
20. Lake View Management and Development District in Henderson County
21. Sienna Plantation Management District
22. Spring Branch Area Community Improvement District
23. Harris County Improvement District #5 (Brays Oaks)
24. West Fort Bend Management District
25. Pearland Municipal Management District
26. Towne Lake Management District
27. Spectrum Management District
28. Galveston County Management District #1
29. NASA Area Management District
30. Harris County Improvement District #6 (East Montrose)
31. Harris County Improvement District #7
32. Tomillo Management District
33. Airline Improvement District
34. Harris County Improvement District #8
35. Greater Sharpstown Management District
36. Triple Creek Municipal Management District
37. Dickinson Management District
38. League City Improvement District
39. Galveston Grand Beach Management District
40. Harris County Improvement District #9 (Hobby Area)
41. Harris County Improvement District #10 (Sunnyside/Five Corners)
42. Viridian Municipal Management District
43. Travis County Improvement District #1
44. Aliana Management District
45. Padre Island Gateway Municipal Management District
46. Chambers County Improvement District
47. Country Place Management District
48. Alden Lake Management District
49. Waller Town Center Management District
50. Harris County Improvement District #11
51. Harris County Improvement District #18
52. Harris County Improvement District #13
53. Harris County Improvement District #14
54. Harris County Improvement District #15
55. Guadalupe County Development and Management District
56. Harris County Improvement District #16
57. Harris County Improvement District #17
58. Harris County Improvement District #21
59. Harris County Improvement District #20
Chapter 501. Provisions Governing Development Corporations

§ 501.054 General Powers, Privileges and Functions

A development corporation has:

- the powers, privileges and functions of a nonprofit corporation incorporated under the Texas Non-Profit Corporation Act (also Section 1.008, Texas Nonprofit Corporation Law, Business Organizations Code) -- except to the extent that the TNPCA may conflict with Subtitle C1, in which case Subtitle C1 prevails.
- powers necessary to carry out powers provided in sections:
  - 501.059 -- adopt corporate seal
  - 501.060 -- sue/be sued
  - 501.064 -- adopt/amend bylaws
  - 501.153-501.155 -- lease or sell a project, convey property to higher education institute; make secured or unsecured loans to finance a project
  - 501.159 -- acquire or undertake projects of another corporation if requested by the corporation or is governing unit
  - 501.201(a) -- issue bonds to finance a project
  - 501.208 -- secure bonds with a pledge of revenues and receipts
  - 501.209 -- secure bonds with a trust agreement
  - 501.214 -- sell or exchange bonds for property, labor, services, material or equipment comprising a project or incidental to a project’s acquisition
  - 501.402 -- terminate corporation on completion of its purpose
- Powers necessary to effect the purpose for which the corporation is organized, subject to the control of the governing body of the unit authorizing its creation.

Chapter 502. Provisions Applicable to Type A and Type B Corporations

This section outlines certain limitations on Type A and Type B corporations, including training requirements for professional administrators and others, reporting requirements, etc. It also authorizes either corporation to spend tax revenue as follows:

§ 501.052 Use of Tax Revenue for Mass Transit-Related Facilities

- Power to expend tax revenues for developing, improving, maintaining, and expanding commuter rail, light rail or motor bus facilities.

Chapter 504. Type A Corporations

Chapter 504 authorizes the creation of industrial development corporations ("Type A") funded by a sales and use tax with the following general powers and duties:

- Power to expend the proceeds of an economic development sales tax for projects with the following primary purposes:
  - Carry out an industrial development program or object
  - Assist with the development or operation of an economic development program or objective consistent with this chapter
- Powers of a nonprofit corporation under the Texas Nonprofit Corporation Act
- Power to sell, lease and make secured and unsecured loans, sue and be sued
- Duty to comply with Texas Open Meetings Act and Public Information Act
- Limited eminent domain power (must be approved by city council)
- Limited Tort Claims Act Protection (considered a governmental entity for the purposes of this Act only)
- Limited power to own or operate a project (generally, as a lessor, seller or lender unless the project is part of a military facility that is or has been closed or realigned)
- Ability to undertake Type B corporation projects if approved by the voters of the municipality
- Requirement to expend sales tax revenues with business enterprises only according to a contract or other arrangement, such as a written performance agreement, to assure that funds are used for intended purposes. Performance agreements must include
  - Schedule of additional payroll or jobs to be created or retained
  - Amount of capital investment to be made by the business enterprise
  - Terms of repayment if business fails to perform as specified
  - Guarantee not to hire undocumented workers

Chapter 505. Type B Corporations

Chapter 505 authorizes the creation of economic development corporations funded by a sales and use tax to undertake projects described in Chapter 501, including job training and recycling facilities. In addition, Type B corporations have the power to undertake a wide variety of projects as follows:

- Professional and amateur sports (including children’s sports), athletic, entertainment, tourist, convention and public park purposes and events (stadiums, ball parks, auditoriums, amphitheaters, concert halls, parks and park facilities, open space improvements, museums, exhibition facilities,
- Related store, restaurant, concession and automobile parking facilities
- Related transportation facilities, related roads, streets, water and sewer facilities
- Projects that promote the development and expansion of affordable housing
- Development or improvement of water supply facilities, including dams, transmission lines, well field development and other water supply alternatives
- Development and institution of water conservation programs, such as incentives to install water-saving plumbing fixtures, educational programs, brush control programs and programs to replace malfunctioning or leaking water lines and other facilities
- Projects related to business enterprises that create or retain primary jobs, including those that provide public safety facilities, streets, roads, drainage, demolition of existing structures, general municipally owned improvements, improvements or facilities related to such a project under this section
- Any project that in the board’s opinion promotes or develops new or expanded business enterprises that create or retain primary jobs.
- Projects necessary to clean up contaminated property if authorized by voters

Miscellaneous Chapters of the Local Government Code

The following chapters of the Local Government Code are cited in the enabling statutes of a small number of municipal management districts noted below with each.

Chapter 231. County Zoning Authority

This chapter allows counties to adopt zoning regulations in certain limited areas, including Padre Island, Amistad Recreation Area, military zones, certain lakes and historical areas. The enabling statute of the Lake View
Management and Development District in Henderson County allows the county, at the district's request, to exercise zoning powers within the district's boundaries, with the district's board serving as the Planning Commission.

Chapter 325. Sports Facility District Established by County

This statute allows counties to create sports facilities districts authorized to apply for, accept, receive and administer grants, gifts, loans, and funds from any source to finance and build sports facilities. Such a district has the right of eminent domain and must exercise it according to Chapter 21 of the Property Code. Spectrum Management District (Pearland) cites this authority in its enabling statute.

Chapter 372. Improvement Districts in Municipalities and Counties

The following districts are empowered to create public improvement districts (PIDs) within their boundaries:

1. Lake View Management and Development District in Henderson County
2. Padre Island Gateway Municipal Management District
3. Viridian Municipal Management District
4. Triple Creek Municipal Management District
5. Trinity River West Municipal Management District
6. Cypress Water Municipal Management District
7. North Oak Cliff Municipal Management District
8. Guadalupe County Development and Management District

Projects undertaken by public improvement districts are financed by an assessment on taxable real property and may include the following, either singly or in combination according to an approved PID service plan:

- Landscaping
- Erection of fountains, distinctive lighting and signs
- Acquiring, constructing improving, widening, narrowing closing or rerouting of sidewalks or streets or other roadways and their rights of way
- Construction or improvement of pedestrian malls
- Acquisition, installation of pieces of art
- Acquisition, construction or improvement of libraries
- Acquisitions, construction, or improvement of off-street parking facilities
- Acquisition construction, improvement or rerouting of mass transportation facilities
- Acquisition, construction or improvement of water, wastewater, or drainage facilities or improvements
- Establishment or improvement of parks
- Projects similar to those just listed
- Acquisition of real property in connection with an authorized improvement
- Special supplemental services for improvement, promotion of the district, including advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation and cultural enhancement
- Payment of expenses in establishing, administering and operating the district
- Development, rehabilitation or expansion of affordable housing

Chapter 377. Municipal Development Districts

League City Improvement District has the powers given to a municipal development district, including the power to own, operate, acquire, construct, lease, improve or maintain a project. Powers include:

- Any act necessary to exercise the district’s powers
- Acceptance of a loan or grant from a department, agency of the U.S., from a department, agency or political subdivision of the State, or a public or private person
- Employment of necessary personnel
- Adoption of rules to govern the operation of the district and its employees and property
- Ability to contract with a public or private person to plan, acquire, establish, develop, construct or renovate a development project
- Ability to issue bonds and other obligations to pay for a development project
- Power to impose a sales and use tax to fund authorized projects

Chapter 381. County Growth and Development

_Tornillo Management District_ and _Aliana Management District_ are authorized to issue bonds or other obligations payable wholly or partly from revenue from obtained via economic development agreements with a county that engages in community and economic development projects allowed under this Chapter.

Chapter 382. Improvement Districts in Certain Counties

This chapter empowers _Lake View Management and Development District in Henderson County_ to create a public improvement district (PID) to carry out an economic development project in a county, or wholly or partly in the extra-territorial jurisdiction of a municipality in the county. A district created via Chapter 381 has all the powers and duties of a _county development district_ described in Chapter 383, a _road district_ under Section 52, Article III of the Constitution and a municipality or county under Chapter 372. 003(b)(9), Chapter 380 or 381 of the Local Government Code.

A district may finance its services and improvements by:

- assessment
- ad valorem tax
- sales and use tax
- hotel occupancy tax

Chapter 383. County Development Districts

_Maverick Improvement District of Palo Pinto County_ has the powers of a county development district provided by this chapter, including:

- Acquiring and disposing of projects
- Powers of a municipal management district created under Chapter 375
- Power to provide for general promotion and tourist advertising of the district
- Power to conduct a marketing program to attract visitors, including ability to enter contract for professional services to accomplish the same
- Power to sue, be sued
- Power of eminent domain necessary to provide water/sewer services for an authorized project
- Ability to borrow money, issue bonds for projects, pay administrative and operating expenses, and related purposes
- Impose a sales and use tax with voter approval
Transportation Code

Chapter 431. Texas Transportation Corporation Act

Ch. 431 permits the creation of (1) a nonprofit local government corporation to promote and develop transportation facilities and systems, or (2) a nonprofit local government corporation to aid and act on behalf of a local government to accomplish any governmental purpose of that unit.

Enabling statutes for the following districts allow them to create separate Texas transportation or local government corporations with powers outlined in Chapter 431.

The following municipal management districts cite Chapter 431 as a source for powers:

(1) Houston Downtown Management District
(2) Westchase District
(3) Greater Greenspoint Management District
(4) First Colony Management District
(5) Harris County Improvement District #3 (Upper Kirby)
(6) Harris County Improvement District #2 (Richmond Avenue)
(7) Greater East End Management District
(8) East Downtown Management District
(9) Midtown Management District
(10) Harris County Municipal Management District #1 (Memorial City)
(11) Near Northwest Management District
(12) Greater Northside Management District
(13) Harris County Improvement District #4 (Energy Corridor)
(14) Greater Southeast Management District
(15) Frisco Square Management District
(16) Aldine Improvement District
(17) Harris County Improvement District #1 (Uptown)
(18) Baybrook Management District
(19) Downtown Midland Management District
(20) Fall Creek Management District
(21) Great Southwest Improvement District
(22) Harborside Management District
(23) Sienna Plantation Management District
(24) Spring Branch Area Community Improvement District
(25) Temple Health and Bioscience Economic Development
(26) Harris County Improvement District #5 (Brays Oaks)
(27) West Fort Bend Management District

(28) Pearland Municipal Management District #1
(29) Towne Lake Management District
(30) Spectrum Management District
(31) Galveston County Management District #1
(32) NASA Area Management District
(33) Harris County Improvement District #6 (East Montrose)
(34) Harris County Improvement District #7
(35) Airline Improvement District
(36) Harris County Improvement District #8
(37) Greater Sharpstown Management District
(38) Pflugerville Municipal Management District #1
(39) Dickinson Management District
(40) League City Improvement District
(41) Galveston Grand Beach Management District
(42) Chambers-Liberty Counties Improvement District
(43) Harris County Improvement District #9 (Hobby)
(44) Harris County Improvement District #10 (Five Corners)
(45) Chambers County Improvement District
(46) Country Place Management District
(47) Alden Lake Management District
(48) Waller Town Center Management District
(49) Harris County Improvement District #11
(50) Harris County Improvement District #18
(51) Harris County Improvement District #12
(52) Harris County Improvement District #13
(53) Harris County Improvement District #14
(54) Harris County Improvement District #15
(55) Harris County Improvement District #16
(56) Harris County Improvement District #21
(57) Harris County Improvement District #20

Subchapter C. Corporate Powers

Powers granted to Texas transportation corporations created under Chapter 431 are:
• The same as those granted to a Texas nonprofit corporation by the Texas Non-Profit Corporation Act
• To promote and develop new and expanded transportation facilities and systems
• To work directly with property owners, local and state government units, and elected officials to support an activities required to promote/develop a transportation facility or system
• Receive contributions of real property or cash to acquire rights-of-way or design a transportation facility/system; establish a formula for allocating costs among donors for services provided
• Perform preliminary and final alignment studies
• Borrow money to cover operating expenses and project costs; issue bonds and notes
• Employ administrative staff, hire public relations consultants, engineers, et al., to develop plans and documents necessary for designing projects
• Make presentations and disseminate information regarding transportation projects

Subchapter D. Local Government Corporations

Powers granted to local government corporations created according to Chapter 431 are:

• The same as those granted to a Texas nonprofit corporation by the Texas Non-Profit Corporation Act
• Powers of a corporation authorized for creation under the Texas Transportation Corporation Act
• Power to contract with any political subdivision in the state

Chapter 441. Road Utility Districts

Contained in Title 6 of the Transportation Code, which deals with Roadways, this chapter permits the creation of a district to construct, acquire or improve a

1. road facility (a graveled or paved road or tollway that serves as an arterial or main feeder road)
2. a property, easement or works constructed, required or improved and necessary to aid in the improvement of a river, creek, stream to prevent overflow and construction and maintenance of a pool, lake, reservoir, dam, canal or waterway for the purpose of drainage if these works are necessary for the construction, acquisition or improvement of a road.

These districts refer to Chapter 441 for powers:

(1) Harborside Management District
(2) Harris County Road Improvement District #1
(3) Harris County Road Improvement District #2
(4) Katy Towne Center Development District
(5) Lake View Management and Development District in Henderson County
(6) Waller County Road Improvement District #1
(7) Harris County Improvement District #8
(8) Triple Creek Municipal Management District
(9) Chambers County Improvement District #1
(10) Galveston Grand Beach Management District
(11) Chambers-Liberty Counties Improvement District
(12) Viridian Municipal Management District
(13) Kennedale Towncenter Development District
(14) Trinity River West Municipal Management District
(15) Harris County Improvement District #11
(16) North Oak Cliff Municipal Management District
(17) Harris County Improvement District #21
(18) Harris County Improvement District #22

§ 441.101. General Powers and Duties

• Acquire a road facility, acquire property for a road facility and construct or improve a road facility inside or outside district boundaries
• Provide financing for a road facility or for its construction, acquisition, or improvement
• Advise any person, consult, cooperate or enter an agreement with any person
• Apply for, accept, receive, and administer a gift, loan, grant, or money from any source
- Reimburse a private entity for money spent to construct a road or improvement that has been or will be dedicated or transferred to public use
- Purchase a road or improvement constructed by a private entity
- Exercise other powers and duties to accomplish the district’s purposes
- Contract with any person to carry out powers and duties
- Assume a contract or other obligation of a previous owner of a road facility or property acquired by the district and perform the contract or obligation, if the contract was created through competitive bidding as described in Subchapter B, Chapter 271, Local Government Code
- Sue and be sued
- Issue and sell bonds; issue bond anticipation notes
- Impose taxes to pay principal and interest on district bonds and expenses for assessing and collecting taxes
- Impose a maintenance tax for the district’s operating expenses if approved in an election
- Adopt and enforce fees to operate the district and secure bonds

Ch. 257. Road Districts

Chapter 257 is part of Title 6, Roadways, Subtitle C, County Roads and Bridges. It specifies that a county commissioner’s precinct or justice precinct operating under road bond law (Chapter 1471, Government Code) or a road district created by a county within such a precinct is a body corporate and may sue or be sued in the same manner as a county. The county commissioner of the precinct is the ex officio road superintendent. County Commissioners Court must approve contracts valued $50 or more.

These districts refer to Chapter 257 for powers:

(1) Harris County Road Improvement District #1
(2) Harris County Road Improvement District #2
(3) Katy Town Centre Development District
(4) Lake View Management and Development District in Henderson County
(5) Waller County Road Improvement District #1
(6) Harris County Improvement District #8
(7) Chambers-Liberty counties Improvement District
(8) Harris County Improvement District #10
(9) Kenneth Towncenter Development District
(10) Harris County Improvement District #11
(11) Harris County Improvement District #21
(12) Harris County Improvement District #22

§ 257.003 Acquisition of Road

- If construction was carried out by procedures substantially conforming to those required for a county, construction was performed according to the county’s road standards and rules, and the road or improvement was not opened for public use or accepted before the district agreed to reimbursement or purchase, a road district may:
  - Reimburse a private person for money spent to construct a road or improvement that has or will be dedicated, transferred to public use
  - Purchase a road or improvement constructed by a private person
- County commissioners court must approve contracts for road construction if costs are to be reimbursed or if road will be purchased from a private person.
- A road district may purchase or take over an improved road previously constructed by a county or another road district

Ch. 284. Causeways, Bridges, Tunnels, Turnpikes, Ferries, and Highways in Certain Counties

The Chapter empowers a county with a population of 50,000+ and bordering the Gulf of Mexico, its bays or inlets, a county with a population of at least 1.5 million, a county adjacent to one with 1.5 million population, a county bordering Mexico, or a Chapter 431 local government corporation to undertake construction and operation of certain authorized projects.
Only **Harborside Management District** cites Chapter 284 for powers.

§ 284.003 Project Authorized; Construction, Operation and Cost

A county or local government corporation may:

- Construct, acquire, improve, operate, maintain or pool a project located in the county, inside or outside the county, or in one or more counties adjacent to the county.
- Authorized projects include the following:
  - Causeway, bridge, tunnel, turnpike, highway, ferry or any combination of these, including any necessary overpass, underpass, interchange, entrance plaza, toll house, service station, approach, fixture and accessory plus equipment designated as part of the project
  - Necessary administration, storage or other buildings designated as part of the project
  - Property rights, easements and related interests acquired
  - Turnpike projects or systems as defined by §370.003
- Issue tax bonds, revenue bonds or a combination of both to finance construction, acquisition or improvement of a project.
- Impose tolls or charges authorized by this chapter.
- Construct a bridge over a deepwater navigation channel (must not hinder maritime transportation).
- Construct, acquire, operate a ferry across a deepwater navigation channel.
- Exercise the powers of a regional mobility authority operating under Chapter 370 in connection with a project.
- Enter into a comprehensive development agreement with a private entity to design, develop, finance, construct, maintain, repair, operate, extend or expand a proposed or existing project.
- Authorize the use or pledge of surplus revenue to pay or finance the costs of a project for the study, design, construction, maintenance, repair or operation of roads, streets, highways or other related facilities that are not part of a project under this chapter.
- Use any county property for a project under this chapter.
- Use and access state highway right-of-way according to §228.011 and §228.0111.
- Accept federal or state loans, gifts, grants, or contributions to carry out and maintain a project.
- Enter into agreements with the state and federal governments to carry out a project.
Water Code

Most special law municipal management districts cite all or parts of either Chapters 49 or 54 of the Water Code or both chapters for powers and procedures required to Annex and exclude territory from district boundaries, hold elections, and provide certain services.

Chapter 49 Provisions Applicable to All Districts

Ch. 49 provides general rules and procedures for the creation and operation of any special purpose district created under Sections 52(b)(1) and (2), Article III, or section 59, Article XVI, Texas Constitution, except for navigation districts, port authorities, and conservation and reclamation districts created pursuant to Article 8280-141, VTCS, or under Chapter 36 of the Water Code, unless the special legislation creating them states that this chapter applies.

The following districts cite Chapter 49:

(1) First Colony Management District
(2) Harris County Improvement District #3 (Upper Kirby)
(3) Midtown Management District
(4) Harris County Municipal Management District #1
(5) Old Town Spring Improvement District
(6) Aldine Improvement District
(7) Harris County Improvement District #1
(8) Baybrook Management District
(9) Buffalo Bayou Management District
(10) Downtown Midland Management District
(11) Fall Creek Management District
(12) Great Southwest Improvement District
(13) Harborside Management District
(14) Harris County Road Improvement District #1
(15) Harris County Road Improvement District #2
(16) Katy Towne Centre Development District
(17) Lake View Management and Development District
(18) Spring Branch Area Community Improvement District
(19) Waller County Road Improvement District #1
(20) Espada Development District
(21) Harris County Improvement District #5 (Brays Oaks)
(22) West Fort Bend Management District
(23) Las Damas Management District
(24) West Ranch Management District
(25) Pearland Municipal Management District #1
(26) Towne Lake Management District
(27) Spectrum Management District
(28) Galveston County Management District #1
(29) NASA Area Management District
(30) Harris County Improvement District #6
(31) Harris County Improvement District #7
(32) Tomillo Management District
(33) East Montgomery County Improvement District
(34) Airline Improvement District
(35) Harris County Improvement District #8
(36) International Management District
(37) Greater Sharpstown Management District
(38) Triple Creek Municipal Management District
(39) Pflugerville Municipal Management District
(40) Dickinson Management District
(41) Chambers County Improvement District #1
(42) League City Improvement District
(43) Chambers-Liberty Counties Improvement District
(44) Harris County Improvement District #9 (East Montrose)
(45) Harris County Improvement District #10 (Five Corners)
(46) Viridian Municipal Management District
(47) Travis County Improvement District
(48) Aliana Management District
(49) Kennedale Towncenter Development District
(50) Padre Island Gateway Municipal Management District
(51) Maverick Improvement District of Palo Pinto County
(52) Trinity River West Municipal Management District
(53) Chambers County Improvement District
(54) Cypress Water Municipal Management District
(55) Country Place Management District
(56) Alden Lake Management District
(57) Waller Town Center Management District
(58) Harris County Improvement District #11
(59) Harris County Improvement District #18
(60) Harris County Improvement District #12
(61) Harris County Improvement District #13
(62) Harris County Improvement District #14
(63) Harris County Improvement District #15
(64) North Oak Cliff Municipal Management District
(65) Prosper Management District
(66) Guadalupe County Development and Management District
(67) Harris County Improvement District #16
(68) Harris County Improvement District #17
(69) Harris County Improvement District #21
(70) Harris County Improvement District #20

Subchapter H. Powers and Duties

A district:

- Has functions, powers, authority, rights, and duties necessary to accomplish the purposes for which it was created or the purposes authorized by the constitution, this code, or any other law
- May purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all land, works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation or the purposes authorized by this code or any other law
- Districts authorized by law to engage in drainage or flood control activities may adopt a master drainage plan, including rules relating to the plan and design criteria for drainage channels, facilities, and flood control improvements, rules for construction, and reasonable procedures for enforcement
- May adopt and enforce all necessary charges, mandatory fees, or rentals, in addition to taxes, for providing or making available any district facility or service, including fire-fighting activities
- May require a deposit for any services or facilities furnished and the district may or may not provide that the deposit will bear interest
- May discontinue any or all facilities or services to prevent an abuse or to enforce payment of an unpaid charge, fee, or rental due the district, including taxes that have been delinquent for not less than six months
- May pledge its utility revenues for the payment of principal and interest on bonds
- May charge an impact fee, standby fee, or assessment
- May accept a credit card for payment of fees and charges
- May establish different charges, fees, rentals, or deposits among classes of customers that are based on any factor the district considers appropriate (e.g., nonprofits, rental housing, builders, etc.)
- Enter into contracts with private persons and public and private entities
- May provide services where there are none to areas outside the district boundaries that are in the vicinity of or contiguous to the district
- May contract for or employ its own peace officers or reserve peace officers with power to make arrests
- May acquire land, materials, waste grounds, easements, rights-of-way, equipment, contract or permit rights or interests, including a certificate of convenience and necessity, contractual rights to use capacity in facilities and to acquire facilities and other property, real or personal, necessary to accomplish the district’s purposes
- May acquire all or part of existing facilities
- May use existing public rights-of-way without having to provide surety or a bond
- May enter any public or private property within its boundaries or adjacent to any reservoir or other property owned by the district at any reasonable time in order to inspect and investigate conditions relating to water quality or compliance with any rule, regulation, permit, or other order of the district
- May acquire by condemnation any land, easements, or other property inside or outside the district boundaries
- May act jointly with public or private persons or entities within Texas or the United States to accomplish its purposes
- May accept grants, gifts, advances, loans, gratuities

Subchapter J

Subchapter J allows districts to annex or exclude land from district boundaries and to provide or withhold services as a result of annexation or exclusion. Annexations and exclusions are subject to petition and public hearing procedures detailed in the subchapter.
Ch.54 Municipal Utility Districts

Municipal utility districts are created

- to control, store, preserve and distribute storm water and floodwater, the water of rivers and streams for irrigation, power, and all other useful purposes
- to reclaim and irrigate arid, semiarid, and other land needing irrigation
- to reclaim and drain overflowed land and other land needing drainage
- to conserve and develop forests, water, and hydroelectric power
- to provide for navigation of its inland and coastal water
- to control, abate and change of any shortage or harmful excess of water
- to protect preserve and restore the purity and sanitary condition of water within the state
- to preserve of all natural resources of the state

The following districts cite Chapter 54:

(1) Greater Greenspoint Management District
(2) Harris County Road Improvement District #1
(3) Harris County Road Improvement District #2
(4) Katy Towne Centre Development District
(5) Lakeview Management and Development District in Henderson County
(6) Sienna Plantation Management District
(7) Waller County Road Improvement District #1
(8) Pearland Municipal Management District #1
(9) Tombillo Management District
(10) Triple Creek Municipal Management District
(11) Chambers County Improvement District #1
(12) Chambers-Liberty Counties Improvement District
(13) Harris County Improvement District #10 (Five Corners)
(14) Viridian Municipal Management District
(15) Travis County Improvement District #1
(16) Alana Management District
(17) Kemah District
(18) Padre Island Gateway Municipal Management District
(19) Maverick Improvement District of Palo Pinto County
(20) Chambers County Improvement District
(21) Country Place Management District
(22) Alden Lake Management District
(23) Waller Town Center Management District
(24) Harris County Improvement District #11
(25) Harris County Improvement District #18
(26) Harris County Improvement District #12
(27) Harris County Improvement District #13
(28) Harris County Improvement District #14
(29) Harris County Improvement District #15
(30) North Oak Cliff Municipal Management District
(31) Prosper Management District #1
(32) Galveston County Development and Management District
(33) Harris County Improvement District #16
(34) Harris County Improvement District #17
(35) Harris County Improvement District #21
(36) Harris County Improvement District #20
(37) Cypress Water Municipal Management District
(38) Trinity West Municipal Management District

§442.201 Powers and duties:

A district has the:

- Functions, powers, authority, rights, and duties which will permit accomplishment of its purposes
- Power to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend inside and outside its boundaries any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish its purposes, including all works, improvements, facilities, plants, equipment, and appliances incident, helpful, or necessary to:
  - Supply water for municipal uses, domestic uses, power, and commercial purposes and all other beneficial uses or controls
- Collect, transport, process, dispose of, and control all domestic, industrial, or communal wastes whether in fluid, solid, or composite state
- Gather, conduct, divert, and control local storm water or other local harmful excesses of water in a district
- Irrigate the land in a district
- Alter land elevation in a district where it is needed
- Navigate coastal and inland waters of the district
- Provide parks and recreational facilities for the inhabitants in the district, subject to the provisions of Chapter 49
- Adopt and enforce reasonable rules and regulations to maintain safety and sanitation, prevent waste or unauthorized use, regulate privileges on any district land or easements, provide and regulate a safe and adequate freshwater distribution system
- May petition the TCEQ to acquire road powers
- May enforce real property deed restrictions in order to sustain the taxable property values of the district
- May purchase, install and maintain street and security lighting within public rights-of-way and utility easements
- Undertake street repairs and maintenance within the district
- Issue bonds with voter approval
- Levy an ad valorem tax to pay for bonds
- A district comprising 1,500 acres or more may define certain areas for particular services, facilities or improvements that do not benefit the entire district

Ch. 60 Navigation Districts

Navigation districts have an array of powers, including those required to administer and operate the district, finance and undertake improvement projects, regulate and enforce rules and ordinances on the use of waterways and facilities under the district’s control, and the power to enter into contracts with the United States government or other districts on projects of common interest.

Only two districts, Harborside Management District and Chambers County Improvement District #1, cite Chapter 60 of the Water Code as a source of authority.

A navigation district has the power to:

- Construct turning, storage, or yacht basins, harbors, or any facilities for development and utilization of a waterway project for navigation purposes or in aid of navigation purposes
- Contract with any person, foreign or domestic, required to operate and develop the district’s ports and waterways.
- Own or lease dredges and other equipment for the construction or maintenance of projects.
- Borrow or receive money or levy taxes for the purpose of building tugs, barges, scows, dredges, pile drivers, or other floating equipment for use on water under the jurisdiction of the district or water necessarily adjunctive to the use of the district
- Lease for oil, gas, and minerals rights-of-way, spoil grounds, spoil basins, or any other land owned by a navigation district if it does not interfere with use of or obstruct any natural or artificial waterway of the district used for navigation purposes
- Sell or lease all or any part of district land owned except that lands or flats heretofore purchased from the State of Texas under Article 8225, Revised Civil Statutes of Texas, 1925, or granted by the State of Texas in any general or special act, may be sold only to the State of Texas or exchanged with the State of Texas for other lands or exchanged for adjacent littoral and as authorized by Section 61.117 of this code.
- Have absolute control over channels or other waterways within the corporate limits of the district and turning basins, yacht basins, and storage basins; may prevent or remove any obstructions of these facilities and fix proper fees, charges, and tolls for their use.

- The commission of a district which owns, operates, and maintains wharves, docks, piers, sheds, warehouses, and other similar terminal facilities not located inside the boundaries of any incorporated city, town, or village may pass, amend, and repeal any ordinance, rule, or police regulation which is not contrary to the constitution or laws of this state and which is necessary to protect the property and to promote the health, safety, and general welfare of persons using the property.

- Establish and use a promotion and development fund to market district services and compete effectively with private ports and facilities as well as those of other states.
Government Code

Ch. 791 Interlocal Cooperation Contracts

The purpose of this chapter, called the Interlocal Cooperation Act, is to allow units of local government to contract with and among themselves and with state government to maximize efficiency and effectiveness.

The following districts cite Chapter 791:

(1) Westchase District
(2) Midtown Management District
(3) Baybrook Management District
(4) Downtown Midland Management District
(5) Fall Creek Management District
(6) Great Southwest Improvement District
(7) Harborside Management District
(8) Harris County Road Improvement District #1
(9) Harris County Road Improvement District #2
(10) Katy Towne Center Development District
(11) Sienna Plantation Management District
(12) Spring Branch Area Community Improvement District
(13) Waller County Road Improvement District #1
(14) Espada Development District
(15) Harris County Improvement District #5 (Brays Oaks)
(16) West Fort Bend Management District
(17) Las Damas Management District
(18) West Ranch Management District
(19) Pearland Municipal Management District #1
(20) Towne Lake Management District
(21) Spectrum Management District
(22) Galveston County Management District #1
(23) NASA Area Management District
(24) Harris County Improvement District #8
(25) Greater Sharpstown Management District
(26) League City Improvement District
(27) Galveston Grand Beach Management District
(28) Chambers-Liberty Counties Improvement District
(29) Harris County Improvement District #10 (Fiver Corners)
(30) Travis County Improvement District #1
(31) Kennedale Town Center Development District
(32) Maverick Improvement District of Palo Pinto County
(33) Chambers County Improvement District
(34) Country Place Management District
(35) Alden Lake Management District
(36) Waller Town Center Management District
(37) Harris County Improvement District #11
(38) Harris County Improvement District #18
(39) Harris County Improvement District #12
(40) Harris County Improvement District #13
(41) Harris County Improvement District #14
(42) Harris County Improvement District #15
(43) Harris County Improvement District #16
(44) Harris County Improvement District #21
(45) Harris County Improvement District #20

Subchapter A. General Provisions and Subchapter B. General Interlocal Contracting Authority lay out definitions and general rules and procedures for interlocal contract arrangements.

A District may:

- contract or agree with another local government, state agency, or a federally recognized Indian tribe whose reservation is located within Texas to perform governmental functions and services, including
  - police protection and detention services
  - fire protection
  - streets, roads, and drainage
  - public health and welfare
  - parks and recreation
  - library and museum services
  - records center services
  - waste disposal
Subchapter B. Specific Interlocal Contracting Authorities describes and provides procedures for interlocal agreements that deal with the following:

- Regional correctional and jail facilities
- State criminal justice facilities
- Community corrections facilities
- Purchasing
- Water supply and wastewater treatment facilities
- Emergency assistance
- Joint payment of road construction and improvements
- Regional records centers
- Health care and hospital services
- Transportation infrastructure
- Construction, improvement and repair of municipal streets
- Construction, maintenance and operation of facilities on the state highway system
- Relief highway routes around certain municipalities

Ch. 1371 Obligations for Certain Public Improvements

Chapter 1371 defines and describes the types of public improvements and the entities that may undertake them and provides them the authority to enter into credit agreements for project financing. The chapter outlines also procedures, rules and limitations.

Three districts cite Chapter 1371 for authority to enter into credit agreements:

1. Padre Island Gateway Municipal Management District
2. Cypress Waters Municipal Management District
3. Guadalupe County Development and Management District

A governing body may issue, sell and deliver an obligation to:

- finance a project cost
- refund an obligation issued in connection with an eligible project
- finance all or part of a payment owed or to be owed on
  - the establishment of a credit agreement
  - the settlement or termination, at maturity or otherwise, of a credit agreement, whether the settlement or termination occur at the option of the issuer or the other party to the credit agreement or by operation of the terms of the credit agreement.

Eligible public improvements include:

- acquisition or construction of or an improvement, addition, or extension to a public works, including a capital asset or facility incident and related to the operation, maintenance, or administration of a
property or facility for generating electric power and energy, fuel acquisition or the developing or transporting power, energy, or fuel

property or a facility for a public transportation system, such as a building, terminal, garage, shop, or other structure, rolling stock, equipment, or another facility for mass public transportation

a vehicle parking area or a facility necessary to provide access of persons and vehicles to a station, terminal, yard, car, or bus, or for the protection or environmental enhancement of a facility for mass public transportation

property or a facility for a port facility, a wharf or dock, a warehouse, grain elevator, or other storage facility, a bunkering facility, port-related railroad or bridge, floating plant or facility, lightening facility, cargo handling facility, towing facility, or any other facility or aid incident to or useful in the operation of a port facility

- a causeway, bridge, tunnel, turnpike, highway, or combination of those facilities, including:
  - a necessary overpass, underpass, interchange, entrance plaza, tollhouse, service station, approach, fixture, accessory, or item of equipment, or a storage, administration, or other necessary building
  - a property right or other interest acquired in connection with those facilities

- a public improvement owned by a county that serves the purpose of attracting visitors and tourists to the county, including a civic center, auditorium, exhibition hall, coliseum, stadium, or parking area

- a project for which there exists authorized but unissued obligations approved by a majority of the voters of the county or for which the issuer is authorized to issue other indebtedness payable from ad valorem taxes

- a project for which an issuer is authorized to issue revenue bonds secured, in whole or in part, by revenue derived from or related to student loans

- an approved venue project under Chapter 334 or 335, Local Government Code.

Chap. 1509. Obligations for Other Municipal Purposes

Chapter 1509 provides municipalities the authority to issue bonds for the purpose of creating public improvements. Districts that cite this chapter use it to establish their equivalency to municipalities described in the chapter.

The following districts cite Chapter 1509:

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<thead>
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<tbody>
<tr>
<td>(1)</td>
<td>Old Town Spring Improvement District</td>
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<tr>
<td>(2)</td>
<td>Lake View Management and Development District in Henderson County</td>
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<tr>
<td>(3)</td>
<td>East Montgomery County Improvement District</td>
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<td>(4)</td>
<td>Victoria Municipal Management District</td>
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<td>(5)</td>
<td>Aliana Management District</td>
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<td>(6)</td>
<td>Padre Island Gateway Municipal Management District</td>
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<td>(7)</td>
<td>Prosper Management District</td>
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<tr>
<td>(8)</td>
<td>Harris County Improvement District #1</td>
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</tbody>
</table>

In general, this statute allows a municipality to issue bonds to:

- acquire land and construct or acquire a building or other facility for the purpose of leasing the land, building, or other facility to:
  - a political subdivision or state agency for public use
  - an individual, private corporation, or other private entity for use in manufacturing or another commercial activity
  - if the municipality is a defense community as defined by Section 397.001, Local Government Code, the federal government to enhance the military value of a military facility located in or near the defense community.
  - an institution of higher education
- own and operate or lease a farmer's market
- own and operate a garbage reclamation project
- own and operate a portion of a toll bridge over the Rio Grande River
Ch. 2303 Enterprise Zones

This chapter, the “Texas Enterprise Zone Act,” establishes a process that clearly identifies severely distressed areas of the state and provides incentives by state and local government to induce private investment in those areas by removing unnecessary governmental regulatory barriers to economic growth and to provide tax incentives and economic development program benefits.

The following districts cite Chapter 2303 as its authority to take advantage of the Texas Enterprise Zone Program. This program allows the district to nominate a company as an enterprise project to become eligible for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created or retained at the qualified business site.

| (1) Westchase District |
| (2) Greater Greenspoint Management District |
| (3) Harris County Improvement District #4 (Energy Corridor) |
| (4) Frisco Square Management District |
| (5) Baybrook Management District |
| (6) Buffalo Bayou Management District |
| (7) Downtown Midland Management District |
| (8) Fall Creek Management District |
| (9) Harborside Management District |
| (10) Sienna Plantation Management District |
| (11) Las Colinas Management District |
| (12) West I-10 Management District |
| (13) Pearland Municipal Management District #1 |
| (14) Towne Lake Management District |
| (15) Spectrum Management District |
| (16) Galveston County Management District #1 |
| (17) NASA Area Management District |
| (18) International Management District |
| (19) Greater Sharpstown Management District |
| (20) Pflugerville Municipal Management District #1 |
| (21) Dickinson Management District #1 |
| (22) League City Improvement District |
| (23) Galveston Grand Beach Management District |
| (24) Yiridian Municipal Management District |
| (25) Travis County Improvement District #1 |
| (26) Padre Island Gateway Municipal Management District |
| (27) Trinity River West Municipal Management District |
| (28) Chambers County Improvement District #2 |
| (29) Kaufman County Parks Improvement District |
| (30) Cypress Waters Municipal Management District |
| (31) Country Place Management District |
| (32) Alden Lake Management District |
| (33) Waller Town Center Management District |
| (34) Harris County Improvement District #18 |
| (35) Harris County Improvement District #12 |
| (36) Harris County Improvement District #13 |
| (37) Harris County Improvement District #14 |
| (38) Harris County Improvement District #15 |
| (39) North Oak Cliff Municipal Management District |
| (40) Prosper Management District |
| (41) Guadalupe County Development and Management District |
| (42) Harris County Improvement District #16 |
| (43) Harris County Improvement District #17 |
Tax Code

Ch.151. Limited Sales, Excise and Use Tax

This chapter, entitled the Texas “Limited Sales, Excise and Use Tax Act,” defines taxable goods and services that are subject to the state’s 6.25% sales, use and excise tax and enumerates procedures for payment and collection, penalties for failure to pay, and other provisions for administering the tax.

Spectrum Management District cites Chapter 151 as its authority for definitions of words and phrases used in its enabling legislation regarding sales and use taxes.

Ch. 311. Tax Increment Financing Act

This act empowers a county to designate a contiguous geographic area in the county or a municipality to designate a contiguous or noncontiguous geographic area that is in the corporate limits of the municipality, in the extraterritorial jurisdiction of the municipality, or in both to be a reinvestment zone to promote development or redevelopment of the area if the county or municipality determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. The designation of an area that is wholly or partly located in the extraterritorial jurisdiction of a municipality is not affected by a subsequent annexation of real property in the reinvestment zone by the municipality.

These districts cite Chapter 311 as authority for all or parts of their territories to be included in or to be allowed to participate in tax increment reinvestment zones.

1. Houston Downtown Management District
2. Westchase District
3. Greater Greenspoint Management District
4. First Colony Management District
5. Harris County Improvement District #3 (Upper Kirby)
6. Harris County Improvement District #4 (Energy Corridor)
7. Frisco Square Management District
8. Aldine Improvement District
9. Baybrook Management District
10. Buffalo Bayou Management District
11. Downtown Midland Management District
12. Fall Creek Management District
13. Harborside Management District
14. Katy Towne Centre Development District
15. Sicana Plantation Management District
16. Harris County Improvement District #5 (Brays Oaks)
17. West Fort Bend Management District
18. Las Damas Management District
19. West Ranch Management District
20. Pearland Municipal Management District #1
21. Towne Lake Management District
22. Spectrum Management District
23. Galveston County Management District #1
24. NASA Area Management District
25. Harris County Improvement District #6 (East Montrose)
26. Harris County Improvement District #7
27. International Management District
28. Greater Sharpstown Management District
29. Pflugerville Municipal Management District #1
30. Dickinson Management District #1
31. League City Improvement District
32. Galveston Grand Beach Management District
33. Harris County Improvement District #9 (Hobby Area)
34. Viridian Municipal Management District
35. Travis County Improvement District #1
36. Padre Island Gateway Municipal Management District
37. Trinity River West Municipal Management District
38. Chambers County Improvement District #2
39. Kaufman County Parks Improvement District
40. Cypress Waters Municipal Management District
41. Country Place Management District
42. Alden Lake Management District
43. Waller Town Center Management District
Ch. 312 Property Redevelopment and Tax Abatement Act

This statute allows taxing units, following established guidelines and criteria, to grant property tax abatements for the purposes of redevelopment in designated areas, reinvestment zones and enterprizes zones.

The enabling statutes for the following districts allow any or all of the district territory to be included in a tax abatement reinvestment zone created under this chapter:

(1) Houston Downtown Management District
(2) Westchase District
(3) Greater Greenspoint Management District
(4) First Colony Management District
(5) Harris County Improvement District #4 (Energy Corridor)
(6) Frisco Square Management District
(7) Baybrook Management District
(8) Buffalo Bayou Management District
(9) Downtown Midland Management District
(10) Fall Creek Management District
(11) Harborside Management District
(12) Sienna Plantation Management District
(13) West Fort Bend Management District
(14) Las Damas Management District
(15) West Ranch Management District
(16) Pearland Municipal Management District #1
(17) Towne Lake Management District
(18) Spectrum Management District
(19) Galveston County Management District #1
(20) NASA Area Management District
(21) International Management District
(22) Greater Sharpstown Management District
(23) Pflugerville Municipal Management District #1
(24) Dickinson Management District #1
(25) League City Improvement District
(26) Galveston Grand Beach Management District
(27) Viridian Municipal Management District
(28) Travis County Improvement District #1
(29) Padre Island Gateway Municipal Management District
(30) Trinity River West Municipal Management District
(31) Chambers County Improvement District #2
(32) Kaufman County Parks Improvement District
(33) Cypress Waters Municipal Management District
(34) Country Place Management District
(35) Alden Lake Management District
(36) Waller Town Center Management District
(37) Harris County Improvement District #18
(38) Harris County Improvement District #12
(39) Harris County Improvement District #13
(40) Harris County Improvement District #14
(41) Harris County Improvement District #15
(42) North Oak Cliff Municipal Management District
(43) Prosper Management District
(44) Guadalupe County Development and Management District
(45) Harris County Improvement District #16
(46) Harris County Improvement District #17

Ch. 321 Municipal Sales and Use Tax Act and Chapter 323 County Sales and Use Tax Act

Those districts financed by the available portion of the maximum allowable sales and use tax (up to 2%, depending on the rate of taxes collected by municipalities and other eligible authorities) cite these two chapters of the Tax Code in their enabling legislation for definitions, procedures, computation, collection, enforcement, and related administrative matters.

These districts cite Chapter 321:

(1) Spectrum Management District
(2) Tomillo Management District
Old Town Spring Improvement District, located in Montgomery County, cites Chapter 323.

Ch. 351 Municipal Hotel Occupancy Taxes and Chapter 352 County Hotel Occupancy Taxes

The hotel occupancy tax is imposed on the price paid for a hotel room. Revenues collected in this way are to be expended on activities that promote tourism and the hotel and convention industry, sporting events in which the majority of participants are tourists, and upgrading publicly owned sports facilities.

The following districts have the authority to impose a municipal hotel occupancy tax according to the procedures and rules enumerated in Chapter 351:

(1) Tomnilo Management District
(2) East Montgomery County Improvement District
(3) Driftwood Economic Development District
(4) Travis County Improvement District #1
(5) Aliana Management District
(6) Harris County Improvement District #18
(7) Harris County Improvement District #17

Ch. 352 applies to these districts

(1) Lake View Management and Development District in Henderson County
(2) Las Damas Management District
(3) East Montgomery County Improvement District
(4) Maverick Improvement District of Palo Pinto County
Miscellaneous Statutes Applicable to Certain Special Law Districts

Natural Resources Code, Ch. 221  Wetland Mitigation

Harris County Municipal Management District #1 cites Chapter 221 as authority to be considered an “eligible political subdivision” for the purposes of establishing or maintaining a wetland mitigation bank and undertaking mitigation projects and programs.

Powers provided in Chapter 221 include:

- authorizing or making a continuing study of wetland areas and wetland mitigation programs
- engaging in a wetland mitigation program and adopting and enforcing permanent land use and control measures on land the subdivision owns or on a mitigation bank
- consulting with, providing information to, and entering into an agreement with a federal agency to identify and publish information about wetland areas
- cooperating with a federal or state agency in connection with a study or investigation regarding the adequacy of a local measure with respect to a federal or state wetland program
- improving the long-range management or use of wetland or a wetland mitigation bank
- purchasing, leasing, condemning (except for land owned by a public utility), or otherwise acquiring property inside or outside the eligible political subdivision that is necessary for a wetland mitigation bank or buffer zone and, as necessary, improving the land or other property as a wetland mitigation bank, including any adjacent buffer zone, to comply with a federal requirement
- requesting or receiving aid from a federal or state agency or an eligible political subdivision
- purchasing, selling, or contracting to purchase or sell a mitigation credit in a mitigation bank
- incurring a liability or borrowing money on terms approved by the governing body of the subdivision
- acquiring, holding, using, selling, leasing, or disposing of real or personal property, including a license, patent, right, or interest, that is necessary, convenient, or useful for the full exercise of a power under this chapter
- contracting with any operator to use or operate any part of a mitigation bank
- procuring any type of insurance and paying an insurance premium in an amount considered necessary or advisable

Property Code, Chapter 21  Eminent Domain

The enabling statute for Lake View Management and Development District in Henderson County empowers it to use eminent domain within its boundaries for any public purpose and outside its boundaries to construct, acquire, operate, repair, or maintain a water supply line or sanitary sewer line. In exercising this power, the district must follow the procedures detailed in Chapter 21.
Las Damas Management District may exercise the powers given to an agricultural development district created under Chapter 60, the Texas Agricultural Development District Act. The act provides incentives to promote the development of agricultural facilities and operations.

General powers and duties of an agricultural development district are:

- Those necessary or desirable to carry out a power or duty expressly or implicitly granted to the district under this chapter
- Own or implement more than one project
- Merge with another district or districts provided that the board of each district agrees to the merger.
- Perform acts necessary to carry out the purposes of this chapter
- Make payments in lieu of taxes to a school district or county
- May enter into an installment purchase contract to acquire goods or services for the district

Specific powers include engaging in activities that:

- Foster the growth of agricultural enterprises
- Stimulate innovation in agricultural enterprises
- Seek to eliminate unemployment or underemployment in the state
- Develop or expand transportation resources for agricultural purposes
- Promote all agricultural enterprises, facilities, and services of the district
- Encourage the maintenance and conservation of soil and water in the district
- Acquire, design, construct, and operate an agricultural enterprise
- Expand, develop, and diversify production, processing, marketing, and export of Texas agricultural products
- Acquire property as necessary, including vehicles, farm equipment, and other machinery and related facilities for the harvesting, processing, storage, packaging, distribution, and transportation of agricultural products or by-products
- Encourage the transportation and distribution of the district's agricultural products through the development and operation of transportation structures, including railroads, toll roads, and private roads
- Cooperate and contract with any navigation district on any area of mutual interest
- Make an agreement with any person for any district purpose, including an agreement:
  - to acquire, construct, operate, or maintain an agricultural enterprise
  - with a municipality or county to provide law enforcement services in the district on a fee basis
  - under a qualified management contract for the operation of an agricultural facility
  - accept a donation, grant, or loan from any person
- Contract to implement a district project or assist the district in providing a service authorized by this chapter. A contract under this subsection may provide:
  - for payment from a district assessment or other revenue
  - that an assessment or other revenue collected from a district project, or from a person using or purchasing a commodity or service from a district project, may be paid or rebated to the district
- Acquire or dispose of property in any manner, including by conveyance, mortgage or lease as lessor or lessee
- Exercise the power of eminent domain for the purpose of acquiring an agricultural facility in order to own, operate, or maintain its functional capabilities or the land on which an agricultural facility is to be built, if the land will be owned by the district. The use of the land may be the subject of a lease agreement entered into by the district
- May conduct or pay for research for agricultural purposes
• May annex or exclude land from its boundaries
• May exercise any of its powers outside the boundaries of the district, except the power to impose assessments and the power of eminent domain, if the board determines that there is a benefit to the district in exercising that power.

VTCS Article 6550c  Rural Rail Transportation Districts

The enabling statute for Chambers County Improvement District #1 claims all the rights, powers and privileges conferred on a Rural Rail Transportation District.

A district may:
• Acquire by grant, purchase, gift, devise, lease, or otherwise and may hold, use, sell, lease, or dispose of real and personal property, licenses, patents, rights, and interests necessary, convenient, or useful for the full exercise of any of its powers under this Act
• Plan, acquire, construct, complete, develop, own, operate, and maintain rail facilities inside or outside the district
• With the consent of any municipality, county, or other political subdivision may use streets, alleys, roads, highways, and other public ways of any municipality, county, or other political subdivision
• May relocate, raise, reroute, change the grade of, or alter, at the expense of the district, the construction of any street, alley, highway, road, railroad, electric lines and facilities, telegraph and telephone properties and facilities, pipelines and facilities, conduits and facilities, and other properties, whether publicly or privately owned, as necessary or useful in the construction, reconstruction, repair, maintenance, and operation of rail facilities
• May purchase any land, property rights, right-of-way, franchises, easements, and other interests in land considered necessary for the acquisition, construction, or operation of any rail facility on such terms and at such price as agreed to between the district and the owner and may take title in the name of the district
• Has the right of eminent domain to acquire lands in fee simple and any interest less than fee simple in, on, under, or above lands, including, without limitation, easements, rights-of-way, rights of use of airspace or subsurface space. The right may not be exercised in a manner that would unduly interfere with interstate commerce
• May enter into agreements with any other public utility, private utility, communication system, common carrier, or transportation system for the joint use of its facilities, installations, or properties within or outside the district and establish through routes, joint fares, and, subject to approval of any tariff regulating body having jurisdiction, divisions of tariffs
• May adopt rules to govern the operation of the district, its employees, the rail facilities, service provided by the district, and any other necessary matter concerning its purposes, including rules regarding health, safety, alcohol or beverage service, food service, and telephone and utility services, to protect the health, safety, and general welfare of the state
• May enter into joint ownership agreements with any person
• Shall establish and maintain rents or other compensation for the use of the facilities of the system acquired, constructed, operated, regulated, or maintained by the district that are reasonable and nondiscriminatory and, together with grants received by the district, are sufficient to produce revenues adequate:
  o to pay all expenses necessary to the operation and maintenance of the properties and facilities of the district
  o to pay the interest on and principal of all bonds issued by the district
  o to fulfill the terms of any agreements made with the holders of bonds or with any person in their behalf
• May make contracts, leases, and agreements with, and accept grants and loans from the United States of America, its departments and agencies, the state, its agencies, and political subdivisions, and public or private corporations and persons
• May acquire rolling stock or other property under conditional sales contracts, leases, equipment trust certificates, or any other form of contract or trust agreement
• May sell, lease, convey, or otherwise dispose of any of its rights, interests, or properties not needed for or, in the case of leases, not inconsistent with the efficient operation and maintenance of the system and may sell, lease, or otherwise dispose of any surplus materials or personal or real property not needed for its requirements
• May adopt rules and regulations governing the use, operation, and maintenance of the system and shall determine all routings and change them whenever the board considers it advisable
• May lease the rail facilities or any part to, or contract for the use or operation of the rail facilities or any part by, any operator. A district shall encourage to the maximum extent practicable the participation of private enterprise in the operation of rail facilities.
• May contract with any county or other political subdivision of the state for the district to provide rail transportation services to any area outside the boundaries of the district on such terms and conditions as may be agreed to by the parties
Houston Downtown Management District

2011-2015 Service and Improvement Plan and Assessment Plan

November 11, 2010
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Houston Downtown Management District
2011-2015 Service and Improvement Plan and Assessment Plan
November 11, 2010

Preface
This document sets forth the goals to be achieved, services rendered and improvements made in support of the goals, the costs, and a proposal for funding these within the 1,173-acre area of the District. It applies to a time period beginning January 1, 2011 and ending December 31, 2015. It follows a plan adopted by the board of directors of the Downtown District in November 2005. This proposed plan was adopted only after 1) valid signed petitions in support were received from at least 50% of owners of taxable value and/or 50 persons owning property within the District; 2) a public hearing was held on October 21, 2010; and, 3) by Order of the Board of Directors on November 11, 2010.

Introduction
The Houston Downtown Management District and its predecessor, the Houston Downtown Public Improvement District, have been in operation for 18 years. During this time, downtown has experienced an exciting renaissance and a remarkable economic rebound. Today more Houston region residents as well as visitors are seeing downtown as more than a workplace. Downtown is now a place to live, visit, enjoy the arts, learn, worship and to recreate. The numbers since 1995 are most impressive:

- $4.4 billion of construction has been completed and another $1 billion is under construction for a total of $5.5 billion of redevelopment activity in over 129 public and private projects.
- Over 2,700 residential lofts and apartment units are opened, under construction or in development in over 30 projects.
- The number of restaurants in downtown now approaches 300 including those at tunnel and street level.
- Retail space has increased by 380,000 square feet to 2,700,000 square feet, an increase of 16%.
- 2,919 hotel rooms in 12 projects have been or are being added bringing total rooms to 5,024 in 16 properties, and total room revenue has increased by over 200%.
- 4.9 million square feet of new Class A office space has been or is being constructed.
- $500 million of infrastructure improvements by the City of Houston, Downtown Redevelopment Authority/ TIRZ#3, METRO, TxDOT and the Downtown District include the reconstruction of 23 streets. Over 75% of all blocks in downtown have had some level of streetscape improvement, one of the most dramatic transformations of its kind in the nation.
- 9,166 garage and lot parking spaces were added to an inventory of 91,000. The Cotswold Project and the Southeast Streetscape Project added 1,500 on-street spaces to an inventory of 4,500.
The District’s role in this transformation has been significant. Highlights of the District’s functions include:

Planning, Design and Construction:

- In concert with the plans above, the District leads the redesign and partners in funding and construction of downtown’s new streetscapes involving thus far over 377 blocks. The District reconstructed streetscapes on 43 blocks. Under contract with the City, the District managed the planning, development and construction of the Cotswold and Southeast Streetscape Projects including some 148 blocks. It partnered with METRO, the Main Street Market Square Redevelopment Authority and Central Houston, to facilitate the redevelopment of 186 blocks of Main Street and the Downtown Transit Streets. Presently, it is assisting coordination of the Southeast Corridor LRT improvements on Texas, Hamilton, Capitol and Rusk.
- The District assists others with renewal of parks and open space including planning for Discovery Green, construction of Buffalo Bayou access, and currently redevelopment of Market Square (with funding from the Downtown Development Authority/ TIRZ#3).
- Constructing such a transformation has impacts, and the District facilitates coordination and communication of this activity in order to ease these impacts.

Cleaning, Beautification, Wayfinding, Safety and Operations:

- The District provides for the cleaning and care of downtown’s sidewalks and streetscapes thereby reducing litter levels by over 80 percent.
- The District now cares for over 1,500 new street trees, flower planters and beds and other landscaping as well as operating a street banner program that is part of the dramatic transformation of downtown’s pedestrian environment.
- The District installed and cares for an attractive and functional wayfinding system that starts on the freeways and continues to kiosks on the sidewalks and into tunnel connections.
- The District designed and supports the operation of a street light system that has significantly increased the quality of lighting on downtown’s sidewalks.
- The District partners in coordinating security efforts to keep annual crimes at a level approximately one-third of the high level experienced in the 1980s. It also now plays a central role in emergency preparedness and response coordination.
• The District collaborates in the creation of a number of ordinances and regulations that address the improvement of downtown’s quality of place.
• The District collaborates in significant changes now in progress related to housing and services for the homeless.

Economic and Business Development:
• The District and its predecessor played a catalytic role in property redevelopment efforts including The Rice, the Humble Building, the Transit-to-Tunnel Superstop (1000 Main), the convention center hotel (the Hilton Americas), The Downtown Aquarium, Minute Maid Park, Toyota Center, Houston Pavilions and numerous smaller projects. It facilitated the creation of the Main Street Market Square Tax Increment Reinvestment Zone (TIRZ#3) and the Downtown Development Authority.
• The District partners in a Downtown Business Development Program to attract and retain major employment, residential and retail activity. Downtown benefits greatly from significant past downtown relocations such as Dynegy, Continental Airlines, Chevron, Total and others.

Public Relations, Promotion and Communications:
• The District engages in significant promotional, marketing and communications activities to maintain top-of-mind awareness of downtown and its significant assets including multiple public relations campaigns. With partners it developed and maintains a web portal, downtown magazine, a weekly e-blast, video presentations, audio tours and other collaterals.
• The District plays a key role in coordinated festive holiday celebrations and decorations and major special events such as Super Bowl XXXVIII, the 75th Major League Baseball All Star Game, the NBA All Star Game and, coming in 2011 and 2016, the NCAA Final Four.
• The District serves as the ongoing source of information about downtown that is accessed through maps, newsletters, e-mails, the downtown web portal (www.downtownhouston.org) and other channels.

The thrust of the Downtown District’s 1996-2000 and 2001-2005 Service & Improvement Plans was to serve as the facilitator and catalyst for the planned redevelopment of downtown. Clearly, this has been achieved. In the 2006-2010 Service & Improvement Plan, the District focused on improving the operation of this “new downtown” to provide a safe, comfortable and pleasurable pedestrian experience for the resident, worker and visitor alike while marketing downtown’s assets and continuing development progress. Input from property owners and managers shows more work is required to achieve this outcome.
In response, more resources in the proposed 2011-2015 Service & Improvement Plan are dedicated to operating, maintaining and enhancing downtown’s streetscapes. It is based on the results of surveys and focus group meetings. It assumes the level of benefits (services and improvements) provided to properties across the District will be in proportion to the assessments received from properties. The assessment rate will be the same for all properties within the District’s boundaries.

Summary of the 2011-2015 Plan
In the pages which follow, services and capital improvements are proposed that continue the substantial revitalization presently under way while addressing new challenges as downtown experiences higher levels of activity resulting from success. Since inception, the District has focused on improving downtown’s quality of life. This focus remains a cornerstone of the 2011-2015 Plan. The total expense of services and improvements increases relative to the 2006-2010 Plan; however, the maximum assessment rate will remain the same at $0.135. The capital improvements assessment rate will increase slightly over the previous Plan rate to a maximum of $.0285/ $100 of assessed value, and operating will decrease to a maximum of $.1065/$100. Debt is not anticipated as improvements can be made on a pay-as-you-go basis. The District Board believes these rates will not put downtown at a competitive disadvantage with other activity centers. In fact it will allow downtown to be even more competitive.

The chart below summarizes the 2011-2015 Plan goals and related operating and capital expenditures.

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Operating</th>
<th>Capital</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Annual</td>
<td>Five year total</td>
</tr>
<tr>
<td>I. Safe, clean &amp; comfortable</td>
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<td>$16,525,000</td>
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<tr>
<td>II. Charming &amp; inviting public realm</td>
<td>$1,140,000</td>
<td>$5,700,000</td>
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<tr>
<td>III. Accessible to region/ easy to get around</td>
<td>$1,620,000</td>
<td>$8,100,000</td>
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<tr>
<td>IV. Vibrant, sustainable mixed use place</td>
<td>$395,000</td>
<td>$1,975,000</td>
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<tr>
<td>V. Vision &amp; offerings understood by all</td>
<td>$927,000</td>
<td>$4,635,000</td>
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<tr>
<td>VI. Governance &amp; service known for excellence</td>
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<tr>
<td>Total Expense</td>
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</table>

<table>
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<th>Revenue</th>
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<td></td>
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<tr>
<td>Net assessment revenue*</td>
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<td>Other Income</td>
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<tr>
<td>Total Revenue</td>
<td>$8,032,590</td>
<td>$40,162,952</td>
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* Based on 2010 certified assessed taxable value of land and improvements in District. Number shown based on estimate of 2010 assessed value of $6,321,000 and rates of a maximum of $.1065 per $100 for operating (services) and a maximum of $.0285 per $100 for capital improvements. The rates for services and capital improvements...
will be determined annually by the Board of Directors based on 2010 certified taxable values unless amended after a hearing, and will at no time exceed $.1065 and $.0285 per $100, respectively.

**Opportunities and Needs to Be Addressed by the Plan**

There is no doubt downtown has undergone a remarkable economic and physical transformation, the desired outcome of the District’s earlier Service & Improvement Plans. The positive news is so much redevelopment has occurred. The challenge is much work remains to make the experience of those who live, work and visit downtown match a universally held vision of downtown as an exciting work, entertainment and living place which is sustainable in ever changing markets. Surveys, focus groups, field research and work by District Board task forces indicate a number of needs and opportunities which are summarized as follows.

- There is a strong perception of an increase in the number of homeless and street people with a resultant increase in street solicitation. This combined with a perceived lack of security presence and substandard lighting at night results in pedestrian discomfort.
- While progress has been made on the cleanliness and maintenance of the public realm, there are places and times where there are further needs to be addressed.
- Street fixtures and landscaping installed over the past decade show signs of aging and need to be carefully maintained and/or replaced.
- The downtown pedestrian experience should be seamlessly amenable, charming, comfortable and interesting, especially in key areas such as the Dallas Street convention corridor, the shopping core at Main Street Square, Main Street, the Historic District and the Theater District. People should feel motivated to walk, a unique quality of downtown.
- It must be convenient and economical to access downtown by personal vehicle and transit from the entire region ideally seven days per week.
- Places of activity within and adjacent to downtown should be understandably and conveniently connected by multiple means of circulation including walking, transit and taxis.
- On and off-street parking policies and practices result in restrictions and pricing that impede the incidental user of downtown to shop, visit a resident or just take in the scene.
- Recent improvements have ensured downtown is the place to be for employers and employees alike. These assets should be marketed.
- Downtown is proving to be a desirable living place, but more diverse residential options are needed as well as supporting retail, services, recreation and neighborhood amenities. Market barriers for more development should be overcome.
- Recent hotel and convention facility development significantly increase the
importance of downtown as a place to visit. Yet these guests require a seamless, pleasurable experience to make downtown a frequent visitor destination.

- With the opening of the Houston Pavilions, there are signs of increased retail opportunities needing to be capitalized upon. To do so, challenges such as retail mix, parking, a comfortable pedestrian realm, and marketing must be addressed.
- Newly developed properties provide an exciting feel to downtown. Yet these properties are separated from each other by a patchwork of properties needing upgrading. Continuity of redevelopment of vacant or underused property is needed as well as excellence of design.
- Downtown properties have made excellent progress on energy efficiency, recycling and increasing awareness of being more sustainable. Downtown has an opportunity to be a regional and national model for sustainability.
- The Downtown District has facilitated the Downtown Development Framework plan for revitalization. As progress is made, continued planning should envision the next stages of downtown’s development including new residential, mixed use neighborhoods, a vital retail core and seamless connections to adjacent neighborhoods. Equally important, progress must continue to be made on significant public projects envisioned in the plan.
- Downtown’s offerings have increased immensely. There is a need to communicate these to those living within downtown, the central city, the region and outside of the region.

**Vision of the Plan**

Downtown will be the accessible, vibrant and livable center of the most sustainable urban region in America.

**Mission of the Plan**

Plan, manage, maintain and redevelop downtown to make it an inviting, accessible, livable, and perpetually active urban place.

**Plan Goals:**

Six broad goals drive the plan with sub-goals for each:

**Goal 1:** Downtown feels comfortable and safe at all times
- Continue collaboration to maintain low crime rate
- Reduce presence of homeless and street person population
- Downtown’s sidewalks are comfortably lighted
- Downtown is noted for its cleanliness and well-kept appearance
- Conditions of disorder are removed
- Prepared for and respond to emergencies
Goal 2: Public realm that is charming, inviting, beautiful and celebrates the life of the city
- Make key pedestrian streets inviting
- Managed, programmed and delightful public spaces
- Place of civic celebration

Goal 3: Accessible to entire region all of the time and easy to get around
- Effective transit access from more places, more hours of the day
- Convenient, multiple means of circulation without personal vehicle
- Easy to find way around
- Connected neighborhoods and districts inside and outside of downtown
- Convenient, managed, understandable parking

Goal 4: Vibrant, sustainable mixed use place
- Best place to work in region
- Exciting neighborhoods to live in
- Competitive shopping place
- A remarkable destination for visitors

Goal 5: Downtown’s vision and offerings are understood by all
- Marketing downtown to region
- Promote ease of using downtown
- Vision plan/ development framework for future understood by all
- Tools to assist continued redevelopment
- Information source to support continued development, investment and marketing of downtown

Goal 6: District governance and service known for excellence
- Board and administration: engage stakeholders in decisions
- Communicate to owners, tenants and other about District
- Preservation of assets: build appropriate capital replacement reserves
Proposed Services and Improvements

Goal 1. Downtown feels safe and comfortable at all times.

1a. Continue collaboration to maintain low crime rate.

(Context: The Houston Police Department Special Operations Division, based at the Downtown Police Center located in the George R. Brown Convention Center, provides the primary police patrol of downtown. Other entities including METRO Transit Police, Harris County Sheriff’s Department and the University of Houston Downtown Campus Police also have a presence in the District in addition to private security.)

Action: Provide on-street coordination function to rapidly resolve problems, assist police in the enforcement of ordinances and coordinate service within high pedestrian use areas such as the Dallas convention corridor, Main Street, Texas Avenue and the Historic District. District public safety guides would monitor conditions, interface with members of the public, know applicable laws, coordinate communications, serve as complainants, maintain condition records, facilitate conflict resolution, and generally do that which is required to obtain a pleasant, well-managed environment.

Operating: $400,000 (annual expenditure)/ $2,000,000 (five year total expenditure)

Action: Facilitate public safety communications, monitoring of crime and unlawful activity, public awareness activities and overall progress on reduction of criminal activity among the multiple law enforcement agencies, private properties and citizens within downtown.

Operating: $45,000/ $225,000

1b. Reduce presence on downtown’s sidewalks of the homeless and street persons.

(Context: Homeless housing and services are provided by a number of public and non-profit entities and are coordinated through the Coalition for the Homeless. Funding from federal sources flows through both Harris County and the City. The District is a participant in conducting homeless strategy planning.)
**Action:** Working with the Houston Police Department, the Coalition for the Homeless, housing and service providers, implement a coordinated outreach, rapid re-housing and case management program to reduce the number of homeless individuals on the street.

*Operating:* $200,000/ $1,000,000

**Action:** Educate downtown employees, visitors and residents on giving money to humanitarian causes rather than giving to street solicitors.

*Operating:* $10,000/ $50,000

1c. Downtown’s sidewalks are comfortably lighted.

*(Context: The Downtown District collaborated with the City and CenterPoint Energy to create and implement a street lighting master plan for the District which increases the quality and amount of lighting on the streets and sidewalks. An agreement between the City and the District requires the District pay for the increase of cost over the lower amount that would be paid if the city-wide standard for lighting were applied. Further research finds even with these upgrades, lighting of sidewalks in high pedestrian use areas is needed to provide a comfortable experience.)*

**Action:** Maintain the District’s share in operating the Downtown Street Lighting Plan as it is implemented. Assure street light outage rates remain at acceptable levels.

*Operating:* $270,000/ $1,350,000

**Action:** Continue to implement the Downtown Street Lighting Plan in partnership with economic development and infrastructure projects.

*Operating:* $25,000/ $125,000  
*Capital:* $500,000 (five year total)

1d. Downtown is noted for its cleanliness and well-kept appearance.

*(Context: While not relieving adjacent property owners of their responsibilities for repair and maintenance of sidewalks, the District addresses sidewalk conditions, especially in high traffic areas. The District’s Street Team patrol sweeps and washes the sidewalks in the District. The City partners with the District in a program of trash receptacle tipping in order to improve cleanliness. The District and the City have an operating agreement whereby the District has the responsibility to maintain most of the new streetscape improvements made in the Transit Streets, Cotswold, Southeast Streetscape and Main Street projects. This responsibility includes street trees, ground cover plantings, flowerbeds, planters, and hedges. This is in addition to grass*
thoroughfares in other locations the District mows. Parks & Recreation maintains existing street trees.)

**Action:** Provide sweeping and washing of sidewalks especially in high usage areas.  
*Operating: $1,050,000/ $5,250,000*

**Action:** Continue District’s trash collection program involving tipping of City receptacles on the sidewalks and a private subscription trash collection primarily for small, street-level businesses.  
*Operating: $290,000/$1,450,000*

**Action:** Provide attentive repairs to streets and sidewalks on an ongoing basis. This includes special attention to maintaining the special concrete pavers and brick pavements.  
*Operating: $125,000/$625,000*  
*Capital: $500,000*

**Action:** Aggressively maintain landscaping installed under the Transit Streets, Cotswold, Southeast Sidewalks, the District’s Sidewalks to Standard, gateways and Main Street programs. Also ensure uniform, timely maintenance of landscaping in thoroughfares and street rights-of-way within the District including street tree pruning and replacement, grass and weed mowing, and care of tree understory areas.  
*Operating: $575,000/ $2,875,000*  
*Capital: $100,000*

**Action:** Provide effective and efficient bases of operation for the District’s services in meeting the cleaning, landscaping, maintenance and repair needs within. This includes an operations center, warehouse and storage yard.  
*Operating: $190,000/ $950,000*  
*Capital: $50,000*

1e. Downtown signs of disorder are removed.

*(The conditions of vacant, underused or poorly managed properties add discontinuity and discomfort to the seamless pedestrian experience. While City code and ordinance enforcement may correct some situations, there is a need for a more proactive effort in obtaining the seamlessly pleasant pedestrian experience.)*

**Action:** In key corridors ensure façades are clean, repaired and temporarily vacant space has an inviting look. This includes ensuring codes are enforced.  
*Operating: $55,000/ $275,000*  
*Capital: $250,000*
1f. Prepare for and respond to emergencies.

(Context: The lead agencies for emergency coordination are the Harris County and City of Houston Offices of Emergency Management. Since Tropical Storm Allison and 9/11, the District coordinates an ongoing emergency response plan for downtown, and it has a responsibility in the region’s emergency management system.)

**Action:** In concert with the City, regional and federal emergency efforts, maintain and periodically update emergency preparedness and response plan for downtown.
*Operating:* $40,000/ $200,000

**Action:** In concert with building owners and the City, ensure emergency communications in all areas of downtown including the tunnel system.
*Operating:* $30,000/ $150,000

**Goal 2. The public realm is charming, inviting, beautiful, and celebrates the life of the city.**

2a. Make key pedestrian streets inviting.

(Context: Focus groups, surveys, consultant studies and work by the District’s board conclude the overwhelming need to make seamless, delightful pedestrian corridors within downtown connecting the Convention Center/Discovery Green the retail core on Main Street, the Theater District and the Historic District. Compared to previous service plans, this is viewed as a higher priority.)

**Action:** Provide signature seasonal floral displays in key pedestrian pathways and other high visibility locations. This includes maintaining existing floral beds, planters and future hanging baskets in suitable locations.
*Operating:* $215,000/ $1,075,000    **Capital** $50,000

**Action:** Install, operate and maintain special pedestrian lighting in the key corridors including Dallas Street, the shopping core/Main Street, Texas Avenue/Theater District and the Historic District.
*Operating:* $100,000/ $500,000    **Capital** $2,500,000

**Action:** Work with building owners on installing façade lighting that helps to provide lighting to sidewalks in the key pedestrian corridors.
*Operating:* $25,000/ $125,000
Action: Assist owners/tenants in façade and streetscape improvements, especially on key pedestrian corridors including providing façade and streetscape grant incentives.
Operating: $50,000/$250,000  Capital: $500,000

Action: Provide improved landscaped edges to parking lots in key pedestrian corridors.
Operating: $25,000/$125,000  Capital: $500,000

2b. Managed, programmed and delightful public spaces.

(Context: The success of Discovery Green points to the importance of managing key public spaces. The Green is managed by the Discovery Green Conservancy. Parks and plazas in the Theater District are managed by the Convention & Entertainment Facilities Department. Main Street Square in the heart of the shopping district is maintained by the District. Plans call for the District to take the lead in managing the new Market Square Park in the heart of the Historic District as a partner in collaboration with the Parks & Recreation Department, Convention & Entertainment Facilities and the Mayor’s Office of Special Events.)

Action: With assistance from neighbors, maintain fountain at Main Street Square as the signature public place at the heart of downtown’s shopping district.
Operating: $220,000/$1,100,000

Action: Facilitating collaborators, manage the reconstructed Market Square Park as the signature neighborhood place in the heart of the Historic District.
Operating: $130,000/$650,000

Action: Opportunistically, work with collaborators on the redevelopment and management of other key public spaces such as Jones Plaza and Tranquility Park in the heart of the Theater District and Allen’s Landing in the Historic District.
Operating: $25,000/$125,000  Capital: $560,000

2c. Place of civic celebration.

(Context: Downtown’s festive banner program and holiday events/decorations in key pedestrian areas are installed and maintained by the District with support from civic partners and adjacent businesses and owners.)
Action: Provide festive, colorful and interesting displays on key high vehicular/ key pedestrian streets including banners, holiday decorations, window displays and other means. To accomplish this, install, operate and maintain fixtures and lighting.
Operating: $240,000/ $1,200,000

Action: Facilitate with partners a diverse offering of holiday season events which attract participants from inside and outside of the region. Maximize the positive economic impacts of these on downtown’s businesses and institutions.
Operating: $90,000/ $450,000

Action: Collaborate in putting downtown’s best foot forward in hosting major national and international events in our city such as the NCAA Final Four.
Operating: $20,000/ $100,000

Goal 3. Accessible to the entire region all of the time and easy to get around.

3a. Effective transit access from more places, more hours of the day.

(Context: Downtown remains the most densely transit served activity center in the region, and the expansion of METRORail will further enhance this asset. Transit is provided by METRO and the several contract carriers serving residential communities outside the METRO service area.)

Action: Coordinate METRO and other providers’ transit services for downtown employers. Understand unmet service demand and facilitate meeting these demands. Assist in promoting service options to employers.
Operating: $20,000/ $100,000

Action: Communicate expanding number of neighborhoods, activity centers and attractions accessible by METRORail.
Operating: $0 (included in 5b.)

3b. Convenient, multiple means of circulation without personal vehicle.

(Context: In April 2005 METRO discontinued the Downtown Trolley service, the first time since 1983 that downtown has not had a designated circulator. The District has aggressively pursued re-institution of circulator service with the proposed GREENLINK clean fuels demonstration and has secured commitments for federal funds to assist implementation of the service. Taxis are important as well, and better
service within downtown has been achieved through the Six in the City program of flat fares in downtown.)

**Action:** With financial participation from other partners, initiate and operate a circulator system within downtown to fulfill key circulation needs including commuting, business, convention attendee, shopping, dining, and entertainment trips.

*Operating*: $1,370,000/ $6,850,000  
*Capital*: $3,250,000

**Action:** Working with the City and operators facilitate continued improvements to taxi service for trips within downtown.

*Operating*: $10,000/ $50,000

3c. Easy to find way around.

*(Context: The downtown wayfinding system is designed, installed and maintained by the District. This is part of the operating agreement with the City which enabled installation of such a system in the public rights-of-way.)*

**Action:** Expand, refresh and maintain wayfinding system installed under the District’s previous service plans which serves at street, tunnel and skywalk levels.

*Operating*: $50,000/ $250,000  
*Capital*: $725,000

**Action:** Publish wayfinding maps of downtown in multiple media.

*Operating*: $10,000/ $50,000

3d. Connected neighborhoods and districts inside and outside downtown.

**Action:** With METRO and private operators, explore multiple means of connecting adjacent neighborhoods to downtown through light rail, METRO local bus routes and/ or jitney service.

*Operating*: $10,000/ $50,000

**Action:** Improve the quality of pedestrian connections within downtown and to adjacent neighborhoods primarily focusing on newly developing districts including East Downtown and the Northside.

*Operating*: $70,000/ $350,000  
*Capital*: $1,850,000
3e. Convenient, understandable and managed parking.

(Context: Economical, user-friendly parking is near the top of the list of concerns about downtown. The Convention & Entertainment Facilities Department is responsible for garage and lot parking in the Theater District and adjacent to the George R. Brown Convention Center. On-street parking is managed by the Parking Management Division of the City’s Department of Regulatory Affairs. Other parking facilities are owned by Harris County and the Harris County-Houston Sports Authority. Constituting the majority of spaces, other lot and garage parking is owned and operated by the private sector.)

**Action:** Review and facilitate necessary changes to on-street parking policies including those which increase the convenience of downtown shopper parking at a reasonable cost.

*Operating: $5,000/ $25,000*

**Action:** Implement a program of appropriately priced, convenient off-street parking for shoppers.

*Operating: $75,000/ $375,000*

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**Goal 4. Vibrant, sustainable mixed use place.**

4a. Best place to work in region.

(Context: The Greater Houston Partnership is the lead agency for regional business attraction; the City, the County and HISD assist with incentives. The asset management and brokerage community make the deals. Partnering with Central Houston in the Downtown Business Development Program, the District acts as a facilitator to aid in bringing deals to closure and to help retain employers.)

**Action:** Communicate unique assets of a downtown work location to the brokerage community, companies and other potential large and small employers. Also communicate with employers located within downtown.

*Operating: $200,000/ $1,000,000*

**Action:** Work with downtown owners, tenants and employees to make downtown a model for sustainability.

*Operating: $40,000/$200,000*
4b. Exciting neighborhoods to live in.

**Action:** Consistent with newly prepared neighborhood plans for downtown, work to attract more residential development at various price points including finding ways to bridge economic and physical challenges. This includes required market research and analyses.

*Operating:* $30,000/ $150,000

**Action:** In collaboration with other entities, work to expand open space, park & recreational offerings for downtown residents as well as addressing the current functionality of existing spaces.

*Operating:* $20,000/ $100,000

**Action:** Working with others, pursue school/ educational opportunities in or immediately adjacent to downtown to meet the needs of a younger residential population.

*Operating:* $10,000/ $50,000

4c. Competitive shopping place.

**Action:** Complete a core shopping area redevelopment plan defining correctly located, competitive retail space for soft and hard goods retail.

*Operating:* $40,000/ $200,000

**Action:** Assist in the attraction of strategically important retailers including assistance to property owners/ brokers/ existing and potential retailers and possible incentives including forgivable loans for new businesses and catalyst grants. In addition to hard and soft goods retail, this effort also should include businesses that support downtown living.

*Operating:* $25,000/ $125,000  

*Capital:* $1,500,000

4d. A remarkable destination for visitors.

(Context: The Greater Houston Convention & Visitors Bureau, the Convention & Entertainment Facilities Department and hoteliers are downtown’s front line in convention and tourism marketing. The District’s role is making the place desirable and functional for an excellent visitor experience and assistance in communicating downtown’s offerings.)
Action: Test periodically the visitor experience, and work to fix missing or dysfunctional parts of the visitor experience.
Operating: $5,000/ $25,000

Action: Assist in identifying and developing attractions and points of interest that invite people to downtown in the daytime as well as at night.
Operating: $25,000/ $125,000

Goal 5. Downtown’s vision and offerings are understood by all.

5a. Marketing to region.

(Context: The District, in collaboration with other entities including the Convention & Entertainment Facilities Department, the Greater Houston Convention and Visitors Bureau and the Houston Downtown Alliance, is coordinating unified marketing and communications for downtown.)

Action: Continue and enhance coordinated marketing and communication of downtown’s offerings including a regional marketing campaign. Tools supported include a unified web portal, Downtown magazine, e-blasts, video, social media, and other special promotions and communications. Address specific communication needs of downtown/ central city residents.
Operating: $530,000/$2,650,000

Action: Provide ongoing media coordination for downtown. This involves written and electronic general public and industry media as well as other resources.
Operating: $30,000/ $150,000

5b. Promote the ease of using downtown.

Action: Using the tools above, communicate to downtown’s residents and users the diverse offerings as well as useful information on conveniences such as parking, services, etc.
Operating: $25,000/ $125,000

Action: In concert with the City, METRO and other agencies, communicate construction, event and other related temporary street closures to make downtown easier to navigate.
Operating: $10,000/ $50,000
5c. **Vision/development framework for future understood by all.**

(Context: In October 2004, the Houston Downtown Development Framework plan was unveiled as a guide to the next twenty years of downtown’s development including infrastructure projects by TxDOT, METRO, Harris County, the Harris County Toll Road Authority, the City and other public entities. It is time to refresh the plan.)

**Action:** In a collaborative process, update the Downtown Development Framework including area or neighborhood urban development plans for places within the District that are poised for redevelopment.
*Operating:* $130,000/ $650,000

**Action:** Assist in coordinating planning and design for transportation infrastructure: transit, freeways, major thoroughfares, local streets and transportation terminals.
*Operating:* $40,000/ $200,000

**Action:** Assist in planning and design of major public facilities including parks, plazas and open space, modifications to the Buffalo Bayou drainage system, criminal justice facilities, sports facilities, new visitor attractions, arts, cultural and educational facilities.
*Operating:* $30,000/ $150,000

**Action:** Provide technical assistance in planning and design of streetscapes by other entities to ensure the excellent pedestrian experience.
*Operating:* $30,000/ $150,000  
*Capital:* $250,000

5d. **Tools to assist continued redevelopment.**

**Action:** Work with the City, County and other entities to refine existing and create effective new programs, incentives, policies and ordinances to foster continued redevelopment within the District.
*Operating:* $20,000/ $100,000

**Action:** Assist potential projects with understanding the menu of currently available programs, incentives, policies and ordinances.
*Operating:* $22,000/ $110,000
5e. Develop and maintain base information to support future continued development, investment and marketing of downtown.

(Context: The District is the ongoing source for up-to-date information on the physical and economic attributes of downtown. This information supports a number of the goals and actions in this plan.)

**Action:** Keep up-to-date information on the physical attributes of downtown.  
*Operating:* $30,000/ $150,000

**Action:** Maintain information on the office, hospitality, retail, residential, attractions, parking and other markets for downtown including market research as needed.  
*Operating:* $30,000/ $150,000

**Goal 6. District governance and service known for excellence.**

6a. Board and administration: engage stakeholders in the decisions regarding downtown.

**Action:** Successfully engage and support property owner/tenant volunteers and other community and business leaders through the District’s board of directors, committees, task forces and allied organizations to advance these goals and downtown’s betterment. This also encompasses financial, legal, disadvantaged business program and other administrative functions necessary for the lawful and proper functioning of the District.  
*Operating:* $460,000/ $2,300,000

**Action:** Support the general advancement of the Service & Improvement Plan including general expenses not covered in other items of the Service and Improvement Plan.  
*Operating:* $100,000/ $500,000

6b. Communicate to owners, tenants and others about the District.

**Action:** Advance and maintain the District’s own website and other media to assist property owners, tenants and others to understand the functions of the District.  
*Operating:* $15,000/ $75,000
**Action:** Respond to regional and national requests for information about the District itself, history, operations, Service & Improvement Plan, and other aspects of District operations.

*Operating: $2,500/ $12,500*

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6c. Preservation of assets: build appropriate capital replacement reserves.

(Context: The District is now responsible for an inventory of streetscape assets including special paving, street trees, landscaping, special lighting, wayfinding system, benches, trash receptacles, bike racks and other fixtures. As experienced with Hurricane Ike, expedient and effective recovery is a requisite.)

**Action:** Provide insurance and/or self-insure for catastrophic loss and build capital reserve to support a replacement schedule on major capital items maintained by District.

*Operating: $60,000/ $300,000  Capital $700,000*
### Summary of Capital and Operating Expenses & Assessment Revenue

<table>
<thead>
<tr>
<th>Goal 1. Downtown feels comfortable and safe at all times</th>
<th>Operating Avg Annual Expense</th>
<th>5 Yr. Total</th>
<th>Capital Expense</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Collaboration to maintain low crime rate</td>
<td>$400,000</td>
<td>$2,000,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>□ Onstreet coordination function</td>
<td>$45,000</td>
<td>$225,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Security communications and coordination</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$445,000</td>
<td>$2,225,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>1b. Reduced presence of homeless &amp; street persons</td>
<td>$200,000</td>
<td>$1,000,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>□ Work with others to reduce homeless presence</td>
<td>$10,000</td>
<td>$50,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Educate all on social philanthropy vs handouts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$210,000</td>
<td>$1,050,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>1c. Downtown's sidewalks are comfortably lighted</td>
<td>$270,000</td>
<td>$1,350,000</td>
<td>$350,000</td>
<td>2.5%</td>
</tr>
<tr>
<td>□ District operation of Downtown Street Lighting Plan</td>
<td>$25,000</td>
<td>$125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Implement Downtown Street Lighting Plan in economic development &amp; infrastructure projects</td>
<td>$250,000</td>
<td></td>
<td></td>
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<tr>
<td>Subtotal</td>
<td>$295,000</td>
<td>$1,475,000</td>
<td>$350,000</td>
<td>2.5%</td>
</tr>
<tr>
<td>1d. Downtown noted for cleanliness &amp; well-kept appearance</td>
<td>$1,050,000</td>
<td>$5,250,000</td>
<td>$650,000</td>
<td>4.7%</td>
</tr>
<tr>
<td>□ Sweeping and washing of sidewalks</td>
<td>$290,000</td>
<td>$1,450,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Trash collection programs: tipping &amp; subscriptions</td>
<td>$125,000</td>
<td>$625,000</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>□ Attentive repairs to streets &amp; sidewalks</td>
<td>$575,000</td>
<td>$2,875,000</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>□ Aggressive maintenance of all District landscaping</td>
<td>$190,000</td>
<td>$950,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Effective, efficient bases of operation for all services</td>
<td>$250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$2,230,000</td>
<td>$11,150,000</td>
<td>$650,000</td>
<td>4.7%</td>
</tr>
<tr>
<td>1e. Remove conditions of disorder in downtown</td>
<td>$55,000</td>
<td>$275,000</td>
<td>$250,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>□ Vacant spaces have inviting look: façades are clean, repaired and interesting; codes are enforced</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$55,000</td>
<td>$275,000</td>
<td>$250,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>1f. Prepare for and respond to emergencies</td>
<td>$40,000</td>
<td>$200,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>□ With others, maintain up to date downtown emergency response plan</td>
<td>$30,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ With others, ensure working communications in all downtown areas</td>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$70,000</td>
<td>$350,000</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total Goal 1:</td>
<td>$3,305,000</td>
<td>$16,525,000</td>
<td>$1,250,000</td>
<td>9.0%</td>
</tr>
<tr>
<td>Goal 2. Public realm is charming, inviting, beautiful and celebrates the life of the city</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2a. Key pedestrian streets are inviting</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Signature floral displays throughout District</td>
<td>$215,000</td>
<td>$1,075,000</td>
<td>$50,000</td>
<td></td>
</tr>
<tr>
<td>- Special pedestrian lighting in key corridors</td>
<td>$100,000</td>
<td>$500,000</td>
<td>$2,500,000</td>
<td></td>
</tr>
<tr>
<td>- With building owners, provide façade lighting in key pedestrian corridors</td>
<td>$25,000</td>
<td>$125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Assist in retail façade and streetscape improvement</td>
<td>$50,000</td>
<td>$250,000</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>- Improve landscaped edges to parking lots in key areas</td>
<td>$25,000</td>
<td>$125,000</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$415,000</strong></td>
<td><strong>$2,075,000</strong></td>
<td><strong>5.2%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2b. Public spaces: managed, programmed and delightful</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Maintain Main Street Square as signature place</td>
<td>$220,000</td>
<td>$1,100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Manage Market Square Park as signature place</td>
<td>$130,000</td>
<td>$650,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Collaborate on redevelopment and management of other key downtown public spaces</td>
<td>$25,000</td>
<td>$125,000</td>
<td>$560,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$375,000</strong></td>
<td><strong>$1,875,000</strong></td>
<td><strong>4.7%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2c. Place of civic celebration</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Banners, décor, lighting on primary vehicular and pedestrian streets</td>
<td>$240,000</td>
<td>$1,200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Seasonal events which attract others from region and maximize economic impacts</td>
<td>$90,000</td>
<td>$450,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Collaborate in hosting major national &amp; international events</td>
<td>$20,000</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$350,000</strong></td>
<td><strong>$1,750,000</strong></td>
<td><strong>4.4%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Goal 2:</strong></td>
<td><strong>$1,140,000</strong></td>
<td><strong>$5,700,000</strong></td>
<td><strong>14.2%</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal 3. Accessible to entire region all of the time and easy to get around</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3a. Effective transit access: more places, more hours</strong></td>
</tr>
<tr>
<td>- Understand unmet demand; coordinate services; promote METRO &amp; other transit services</td>
</tr>
<tr>
<td>- Communicate expanding number of destinations connected by LRT</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td><strong>3b. Convenient circulation without personal vehicle</strong></td>
</tr>
<tr>
<td>- Operate circulator system</td>
</tr>
<tr>
<td>- Facilitate improved downtown taxi service</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td><strong>3c. Easy to find way around</strong></td>
</tr>
<tr>
<td>- Maintain wayfinding system</td>
</tr>
<tr>
<td>- Publish wayfinding maps in multiple media</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
</tbody>
</table>

| Total Goal 3 | **$4,110,000** | **29.6%** |
## Summary of Capital and Operating Expenses & Assessment Revenue

<table>
<thead>
<tr>
<th>Goal</th>
<th>Objective</th>
<th>Operating Avg Annual Expense</th>
<th>5 Yr. Total</th>
<th>Percent</th>
<th>Capital Expense</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Connect neighborhoods and districts inside/ outside downtown</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Explore multiple means of connection</td>
<td>$10,000</td>
<td>$50,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Improve quality of pedestrian connections</td>
<td>$70,000</td>
<td>$350,000</td>
<td></td>
<td></td>
<td>$2,100,000</td>
<td>15.1%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$80,000</td>
<td>$400,000</td>
<td>1.0%</td>
<td></td>
<td>$2,100,000</td>
<td>15.1%</td>
</tr>
<tr>
<td>3. Convenient, understandable and managed parking</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Facilitate changes to on-street parking policies</td>
<td>$5,000</td>
<td>$25,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Implement off-street parking program for shoppers</td>
<td>$75,000</td>
<td>$375,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$80,000</td>
<td>$400,000</td>
<td>1.0%</td>
<td></td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Goal 3</strong></td>
<td>$1,620,000</td>
<td>$8,100,000</td>
<td>20.2%</td>
<td></td>
<td>$6,075,000</td>
<td>43.8%</td>
</tr>
</tbody>
</table>

### Goal 4. Vibrant, sustainable mixed use place

#### 4a. Best place to work in region
- ☐ Broker, employer and tenant communications for recruitment & retention | $200,000 | $1,000,000 | |
- ☐ Downtown as model for sustainability | $40,000 | $200,000 | |
| **Subtotal** | $240,000 | $1,200,000 | 3.0% | | $0 | 0.0% |

#### 4b. Exciting neighborhoods to live in
- ☐ Attract more residential development at various price points | $30,000 | $150,000 | |
- ☐ Work to expand open space, park and recreational offerings | $20,000 | $100,000 | |
- ☐ Pursue school/ educational opportunities | $10,000 | $50,000 | |
| **Subtotal** | $60,000 | $300,000 | 0.7% | | $0 | 0.0% |

#### 4c. Competitive shopping place
- ☐ Complete core shopping area plan | $40,000 | $200,000 | |
- ☐ Assist in attracting strategically important retailers including use of challenge grants | $25,000 | $125,000 | $1,500,000 |
| **Subtotal** | $65,000 | $325,000 | 0.8% | | $1,500,000 | 10.8% |

#### 4d. Remarkable destination for visitors
- ☐ Test tourist experience and work to address missing parts | $5,000 | $25,000 | |
- ☐ Assist in development of new attractions | $25,000 | $125,000 | |
| **Subtotal** | $30,000 | $150,000 | 0.4% | | $0 | 0.0% |
| **Total Goal 4** | $395,000 | $1,975,000 | 4.9% | | $1,500,000 | 10.8% |
Summary of Capital and Operating Expenses & Assessment Revenue

<table>
<thead>
<tr>
<th>Goal 5. Downtown's vision and offerings understood by all</th>
<th>Operating Avg Annual Expense</th>
<th>5 Yr. Total</th>
<th>Capital Expense</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5a. Market downtown to region</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Coordinated marketing and communication of downtown's offerings including regional campaign-includes all tools and forms of media</td>
<td>$530,000 $2,650,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Provide ongoing media coordination for downtown</td>
<td>$30,000 $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$560,000 $2,800,000</td>
<td>7.0%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>5b. Promote downtown's ease of use</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Use tools to communicate offerings to downtown residents</td>
<td>$25,000 $125,000</td>
<td>0.4%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td>☐ Coordinate and communicate temporary street and lane closures</td>
<td>$10,000 $50,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$35,000 $175,000</td>
<td>0.4%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>5c. Vision plan/ development framework understood by all</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ With others, refresh the Downtown Development Framework including neighborhood plans</td>
<td>$130,000 $650,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Assist in coordinated planning of infrastructure</td>
<td>$40,000 $200,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Assist in planning of major public facilities</td>
<td>$30,000 $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Provide technical assistance in design of new streetscapes</td>
<td>$30,000 $150,000</td>
<td>$250,000</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$230,000 $1,150,000</td>
<td>2.9%</td>
<td>$250,000</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>5d. Tools to assist continued redevelopment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Work with others on changes to existing or new redevelopment programs, incentives, policies and ordinances</td>
<td>$20,000 $100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Help potential new projects understand available programs, incentives, policies and ordinances</td>
<td>$22,000 $110,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$42,000 $210,000</td>
<td>0.5%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>5e. Develop/ maintain information to support development, investment and marketing of downtown</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Maintain database on physical attributes</td>
<td>$30,000 $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Maintain database on downtown's various &quot;markets&quot;</td>
<td>$30,000 $150,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$60,000 $300,000</td>
<td>0.7%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total Goal 5:</strong></td>
<td><strong>$927,000</strong> $4,635,000</td>
<td>11.6%</td>
<td><strong>$250,000</strong></td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Goal 6. District governance and service known for excellence

<table>
<thead>
<tr>
<th>Goal 6. District governance and service known for excellence</th>
<th>Operating Avg Annual Expense</th>
<th>5 Yr. Total</th>
<th>Capital Expense</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6a. Board and administration: engage stakeholders in decision making</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ Complete engagement by all stakeholders in District</td>
<td>$460,000 $2,300,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>☐ General expenses to advance Service &amp; Improvement Plan</td>
<td>$100,000 $500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>$560,000</strong> $2,800,000</td>
<td>7.0%</td>
<td>$0</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
### Summary of Capital and Operating Expenses & Assessment Revenue

<table>
<thead>
<tr>
<th>Operating Avg Annual Expense</th>
<th>5 Yr. Total</th>
<th>Percent</th>
<th>Capital Expense</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>6b. Communications to owners, tenants and others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HDMD website; other communication media</td>
<td>$15,000</td>
<td>$75,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Respond to regional &amp; national information requests</td>
<td>$2,500</td>
<td>$12,500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$17,500</td>
<td>$87,500</td>
<td>0.2%</td>
<td>$0</td>
</tr>
<tr>
<td>6c. Preservation of District's capital assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide insurance or self insure for losses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$60,000</td>
<td>$300,000</td>
<td>0.7%</td>
<td>$700,000</td>
</tr>
<tr>
<td><strong>Total Goal 6:</strong></td>
<td>$637,500</td>
<td>$3,187,500</td>
<td>7.9%</td>
<td>$700,000</td>
</tr>
</tbody>
</table>

| Total Expense | $8,024,500 | $40,122,500 | 100.0% | $13,885,000 | 100.0% |
| Annual capital expense | | | | | $2,777,000 |

<table>
<thead>
<tr>
<th>Annual Assessment Revenue</th>
<th>OPR Annual</th>
<th>OPR 5-Yr</th>
<th>CAP 5-Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessable value (92% of 2009 value)</td>
<td>$6,321,000,000</td>
<td>$6,321,000,000</td>
<td></td>
</tr>
<tr>
<td>Assessment rate</td>
<td>$0.1065</td>
<td>$0.0285</td>
<td></td>
</tr>
<tr>
<td>Gross assessment revenues</td>
<td>$6,731,865</td>
<td>$33,659,325</td>
<td>$9,007,425</td>
</tr>
<tr>
<td>Less amount for adjustments, refunds &amp; non-payments (4%)</td>
<td>$269,275</td>
<td>$1,346,373</td>
<td>$360,297</td>
</tr>
<tr>
<td>Assessment revenue</td>
<td>$6,462,590</td>
<td>$32,312,952</td>
<td>$8,647,128</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue Offsets</th>
<th>OPR Annual</th>
<th>OPR 5-Yr</th>
<th>CAP 5-Yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trash Collection Program subscriptions and bag sales</td>
<td>$100,000</td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td>Main Street Square fountain reimbursement</td>
<td>$60,000</td>
<td>$300,000</td>
<td></td>
</tr>
<tr>
<td>METRO stop cleaning funding</td>
<td>$110,000</td>
<td>$550,000</td>
<td></td>
</tr>
<tr>
<td>Circulation system participation from others</td>
<td>$1,060,000</td>
<td>$5,300,000</td>
<td>$2,770,000</td>
</tr>
<tr>
<td>Connections enhancements- federal grant</td>
<td></td>
<td></td>
<td>$1,200,000</td>
</tr>
<tr>
<td>Main Street lighting participation- TIRZ</td>
<td></td>
<td></td>
<td>$750,000</td>
</tr>
<tr>
<td>Marketing participation from others</td>
<td>$180,000</td>
<td>$900,000</td>
<td></td>
</tr>
<tr>
<td>Market Square income</td>
<td>$20,000</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>Partner funding for refreshing framework</td>
<td>$20,000</td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td>TxDOT grant</td>
<td></td>
<td></td>
<td>$480,000</td>
</tr>
<tr>
<td>Total offsets</td>
<td>$1,550,000</td>
<td>$7,750,000</td>
<td>$5,200,000</td>
</tr>
</tbody>
</table>

| Net operating expense | $6,474,500 | $32,372,500 | |
| Interest | $20,000 | $100,000 | $50,000 |

| Total funds available | $8,032,590 | $40,162,952 | $13,897,128 |
| Revenues in excess (deficit) of expenses | $8,090 | $40,452 | $12,128 |
Assessment Plan

Proposed Assessments

Texas statute stipulates a District shall apportion the cost of improvements or services on the basis of the benefits caused by such improvements or services. This apportionment may be based on front foot, square foot, value or other manner that results in imposing equal shares of the costs on properties similarly benefited. For the services and improvements proposed herein, the District’s Board of Directors recommends apportionment of cost based on the value of land and improvements. Value will be determined on the 2010 certified tax rolls of the Harris County Appraisal District.

For services proposed herein the assessment will be made for a five-year period. The assessment for services will be equal for each of the five years. A rate of $.1065 per $100 of assessed value of land and improvements is recommended for services. This assessment will be based on the year 2010 certified rolls. The actual assessment rate for services will be set annually in accordance with the operating budget and shall at no time exceed $.1065 per $100 of assessed value of land and improvements on the 2010 certified rolls.

An assessment is also recommended for the capital improvements. A capital improvement budget will be adopted each year by the District’s Board of Directors, including projects and capital items proposed herein which are ready to be undertaken. The assessment rate for capital improvements will be set annually in accordance with the capital improvements budget and shall at no time exceed $.0285 per $100 of assessed value of land and improvements on the 2010 certified rolls.

In accordance with Chapter 375 of the Texas Local Government Code, it is proposed the City of Houston’s share of the Service and Improvement Plan would be a continuation of the services and capital improvements it presently provides or has scheduled to provide subject to annual appropriation by City Council. This is and will continue to be established by contract.

Assessments would become due and delinquent and be payable in accordance with the Texas Tax Code. Delinquent payments would bear interest and penalties in accordance with the Texas Tax Code. Assessments would become due on the first of February and become delinquent thereafter. Delinquent payments would bear interest at 1% per month or a portion thereof. Delinquent payments would bear a penalty of 6% for the first month it is delinquent, or fraction thereof, plus 1% for each additional month, or fraction thereof, the assessment remains delinquent to the first day of July following the date of the levy of the assessment; however, an
assessment delinquent on July 1 incurs a total penalty of 12% of the delinquent assessment without regard to the number of months the assessment has been delinquent. On and after July 1, if it is necessary to contract with an attorney for representing the District in enforcing collection of a delinquent assessment, there would be an additional penalty of 20% on the delinquent assessment, interest and penalty.

Assessments will be based on the 2010 certified rolls of the Harris County Appraisal District for taxable, non-excluded properties within the boundaries of the Houston Downtown Management District. The estimated preliminary 2010 value for land and improvements of non-exempt property within the District is $6,321,000,000. For purposes of this plan revenues based on this estimated value are as follows:

<table>
<thead>
<tr>
<th>Services Portion:</th>
<th>Annual</th>
<th>Five-Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross operating expense</td>
<td>$8,024,500</td>
<td>$40,122,500</td>
</tr>
<tr>
<td>Gross assessment @ $.1065/$100</td>
<td>6,731,865</td>
<td>33,659,325</td>
</tr>
<tr>
<td>Less reserve for adjustments (4%)</td>
<td>269,275</td>
<td>1,346,373</td>
</tr>
<tr>
<td>Net Assessment Revenue</td>
<td>$6,462,590</td>
<td>$32,312,952</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>$1,550,000</td>
<td>$7,750,000</td>
</tr>
<tr>
<td>Interest</td>
<td>20,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Total Estimated Revenue</td>
<td>$8,032,590</td>
<td>$40,162,952</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Improvements Portion:</th>
<th>Annual</th>
<th>Five-Year Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum capital expense</td>
<td>$2,727,000</td>
<td>$13,635,000</td>
</tr>
<tr>
<td>Maximum gross assessment @ $.0285/$100</td>
<td>1,801,485</td>
<td>9,007,425</td>
</tr>
<tr>
<td>Less reserve for adjustments (4%)</td>
<td>72,059</td>
<td>360,297</td>
</tr>
<tr>
<td>Net Assessment Revenue</td>
<td>$1,729,425</td>
<td>$8,647,128</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>989,000</td>
<td>4,945,000</td>
</tr>
<tr>
<td>Interest</td>
<td>10,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Estimated Revenue</td>
<td>$2,728,425</td>
<td>$13,642,128</td>
</tr>
</tbody>
</table>

Total proposed maximum assessment rate in any year during the five-year service plan: $0.1350 per $100 of 2010 assessed value of land and improvements.
Taxable real property as shown on the tax rolls of Harris County Appraisal District will be subject to assessment. Except with the consent of the owners thereof, the following classes of property are proposed to be excluded from assessment: (a) property of the City of Houston, property of political subdivisions of the State of Texas and property of the Federal Government used for public purpose; (b) property owned by a church or by a strictly religious society which yields no revenue whatever to such church or society; (c) property used exclusively for school purposes; (d) property owned by an association engaged in promoting the religious, educational, and physical development of children and young men and women operating under a state or national organization of like character and used exclusively and necessarily for such purposes; (e) property owned by institutions of purely public charity; (f) properties owned by public and private utilities located in the public streets of rights-of-way; (g) railroad rights-of-way and property located therein; and (h) property not assessable as a result of Texas Government Code §311.025(a).

Any land and improvements annexed into the District will be added to the District’s assessment roll at the value shown on the rolls of HCAD during the year in which the land and improvements are annexed and added to the rolls of the District. Any new improvements under construction on January 1, 2010, or constructed in the District after January 1, 2010, which increase the valuation of the land and improvements on the tax rolls of HCAD by at least $1,000,000 will be added to the District’s assessment roll at the value shown on the tax rolls of HCAD during the year such improvement is added and valued as a completed improvement on the tax rolls of HCAD. Any substantially rehabilitated improvements under construction on January 1, 2010, or constructed, remodeled, or rehabilitated in the District after January 1, 2010, which increase the valuation of the land and improvements on the tax rolls of HCAD by at least $1,000,000 will be added to the District’s assessment roll at the value shown on the tax rolls of HCAD during the year such improvement is added and valued as a completed or rehabilitated improvement on the tax rolls of HCAD. (A rehabilitation is substantial if the costs of such rehabilitation equal or exceed 25% of the value of the original improvements.) After conducting a public hearing, the Board will prepare a supplemental assessment roll for such property and levy assessments against such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate additional revenue.

A 20% homestead exemption will be provided to a resident who on January 1, 2010 owned and occupied a home as a principal residence, and neither the resident nor a spouse claimed a homestead exemption on any other property in Texas. An exemption from appraised value of $5,000 will be provided to residence homesteads of individuals age 65 or older or are disabled.
Land and improvements which have a special use designation for tax purposes on the tax rolls of HCAD for the year 2010 as (a) agricultural use, (b) timber land use, or (c) recreational, park or service use, will be assessed by the Board of Directors of the District at its designated special use value for so long as it enjoys that special use designation. If land and improvements which have a special use designation is converted to another use and loses its special use designation on the tax roll of HCAD, the Board of Directors of the District will thereafter assess such land and improvements at its full value as shown on the tax rolls of HCAD for the year 2010.
APPENDIX A
HOUSTON DOWNTOWN MANAGEMENT DISTRICT
BOUNDARY DESCRIPTION

1178 acres, more or less, in the J. Austin Survey, Abstract 1, the J.S. Holman Survey, Abstract 323, the O. Smith Survey, Abstract 696, and the J. Wells Survey, Abstract 832, Harris County, Texas, more particularly described as follows:

BEGINNING at the intersection of the center line of the right-of-way of Interstate Highway 10 to the intersection with the west right-of-way line of Interstate Highway 45,

Thence in a southerly direction to the intersection of the west right-of-way line of Interstate Highway 45 with the center line of the right-of-way of Franklin Avenue,

Thence in a southerly direction to the intersection of the west right-of-way line of Interstate Highway 45 with the north right-of-way line of Memorial Drive,

Thence in a westerly direction with the intersection of the north right-of-way line of Memorial Drive to a southerly projection of the center line of the right-of-way of Sabine Street and then with the center line of the right-of-way of Sabine Street,,

Thence in a southerly direction with the southerly projection of the center line of the right-of-way of Sabine Street to the intersection with the center line of the right-of-way of Allen Parkway,

Thence in a southerly direction with the intersection of the center line of the right-of-way of Allen Parkway to the west line of the right-of-way of Heiner Street and southerly and northerly projections thereof,

Thence in an easterly direction with a southerly projection of the west line of the right-of-way of Heiner Street to the intersection with the center line of the right-of-way of W. Dallas Street,

Thence in a southerly direction with the center line of the right-of-way of W. Dallas Street to the intersection with the west line of the right-of-way of Heiner Street and southerly and northerly projections thereof,

Thence in a southeasterly direction with a southerly projection of the west line of the right-of-way of Heiner Street to the intersection with the center line of the right-of-way of Bagby Street,

Thence in a southwesterly direction with the center line of the right-of-way of Bagby Street to the intersection with the center line of the right-of-way of Pierce Avenue,

Thence in a southeasterly direction with the center line of the right-of-way of Pierce Avenue to the intersection with the center line of the right-of-way of U.S. Highway 59,

Thence in a northeasterly direction with the center line of the right-of-way of U.S. Highway 59 to the intersection with the center line of the right-of-way of Interstate Highway 10,

Thence in a westerly direction with the center line of the right-of-way of Interstate Highway 10 to The Point of Beginning, containing 1,178 acres, more or less, including , without limitation, all air space above and all subsurface below said property.
Houston Downtown Management District
District Boundary
Appendix B
2010-2014 Assessment Plan as reflected by the Harris County Appraisal District’s 2010 Certified Tax Roll

This document will be available after Harris County Appraisal District has released its Certified Tax Roll. At that time, the Houston Downtown Management District may provide a copy upon written request addressed to the

Records Management Officer
Houston Downtown Management District
909 Fannin, Suite 1650
Houston, Texas 77010
or at ajd@downtowndistrict.org
2013-2028
SERVICE, IMPROVEMENT & ASSESSMENT PLAN

For the community we serve
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2015-2028 SERVICE AND IMPROVEMENT PLAN AND ASSESSMENT PLAN

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Seven years ago the Brays Oaks community was at a crossroads. Ideally positioned among Houston’s key growth centers -- Downtown, Uptown/Galleria, Westchase, Texas Medical Center, Sugarland, and Missouri City -- the area was burdened with struggling retail centers, poorly maintained apartment properties, and a declining public image. Moreover, the area’s vigorous neighborhoods and rich mix of cultures lacked a common voice. In 2005 inspired by a vision of opportunity and hope, community groups joined together to advocate for the creation of a municipal management district to unify and organize area-wide advancement In May 2005 the 79th Legislature responded and created Harris County Improvement District No. 5, setting the stage for change.

History

Seven years ago the Brays Oaks community was at a crossroads. Ideally positioned among Houston’s key growth centers -- Downtown, Uptown/Galleria, Westchase, Texas Medical Center, Sugarland, and Missouri City -- the area was burdened with struggling retail centers, poorly maintained apartment properties, and a declining public image. Moreover, the area’s vigorous neighborhoods and rich mix of cultures lacked a common voice. In 2005 inspired by a vision of opportunity and hope, community groups joined together to advocate for the creation of a municipal management district to unify and organize area-wide advancement In May 2005 the 79th Legislature responded and created Harris County Improvement District No. 5, setting the stage for change.

The creation and implementation of the initial service plan has enabled the District’s citizens and businesses to come together to:

- attract necessary government and private capital investment, services and improvements, and supplement them where needed.
- render continuous, focused, professional management of the area’s needs.
- provide a funding mechanism that allows all property owners to share costs equitably.
- maintain the District and surrounding areas as a premier place to work, live, and invest.

The District’s Board of Directors has pursued these goals through a variety of programs and projects outlined in the next section. Projects for the first seven years have focused on four areas:

- Public Safety
- Environmental & Urban Design
- Mobility & Transportation
- Economic & Business Development
Public Safety Initiatives & Committees:

**Mobile Surveillance Cameras**
The District began the use of mobile cameras in January 2010. Since that time, the District has been able to track major reductions in crime in and around the areas where they have been located. Mobile surveillance cameras have proven to be an excellent deterrent and investigative tool for our local law enforcement officers. The units have a self-contained digital video recorder (DVR) which local law enforcement can access and retrieve data to aid in their investigations. This initiative along with others led to the District being recognized by Houston City Council’s Public Safety Committee for Excellence in Public Safety in 2010.

**Community Protection Program**
In September 2011, the District entered into an agreement with Harris County Attorney Vince Ryan’s office to hire an assistant county attorney to work on nuisance property issues in the District. Laura Cahill was assigned to the District and reviews crime data and historical judgments in order to prosecute the owners of properties that harbor illegal activities and cause community degradation.

**Public Safety Commity Meetings**
The District hosts a monthly Public Safety Committee meeting. Meetings are held at HPD S. Gessner Station, Community Room, 8605 Westplace Drive @ Gessner. Public Safety Committee meetings are conducted in collaboration with various law enforcement entities throughout the District. Meetings are open to the public and dates are subject to change, please check the District website www.BraysOaksMD.org for times.

**Apartment Life Committee Meetings**
The District’s Multi-Family Initiatives offer a holistic approach to improving our apartment communities featuring components to exchange tenant information, pro-active crime prevention and featured guest speakers who address the concerns of our Multi-Family communities. The District’s Apartment Life Committee is open for membership to multi-family property owners, property managers and the community.

**HPD Partnership**
Early on the District understood the need to partner with the Houston Police Department (HPD) by aiding in the dissemination of notifications of community-related events. The District assists HPD by notifying the community of Police Interaction Program (P.I.P) events and promotion of HPD’s Blue Star Program. In 2010, a joint venture between the District and the HPD Hot Spot team resulted in the capture and prosecution of a prolific graffiti tagger whose defacements had cost the city and neighboring districts over $30,000 in abatement expenditures.

**Crime Mapping /Analytics**
The management district receives a monthly report of all crimes committed in the District. These data are filtered via a Geographical Information System (G.I.S.) and used to identify high crime properties and crime trends. The useful information helps aid in allocating resources and tracking the impact of proactive crime prevention measures.
In November of 2010, the Houston Chronicle reported that Zip Code 77071 (in the heart of the Brays Oaks District) was rated as one of the Top Ten Safest Zip Codes in the City. The only zip code of that distinction outside the 610 loop and inside the Beltway.

Public Safety Highlights:

- Became a member of the City of Houston's Police Advisory Committee.
- Forged new partnerships with HPD command staff down to the local DRT storefront officers.
- Deployed Mobile Surveillance Cameras to reduce crime.
- Recognized as having contributed to the 18% reduction in crime in the District.
- Made over 150 visits to multi-family complexes in the District. Discussed Crime Prevention through Environmental Design (CPTED) with apartment owners, managers and residents.
- Increased outreach to multi-family via partnership with apartment cluster meetings.
- Recognized in 2010 for “Excellence in Public Safety” by Houston City Council’s Public Safety Committee.
- Developed crime statistical analyses which will help HPD identify hotspots and areas of focus in the District.
- Provided after-school bus service for Fondren Middle, Welch Middle, and Westbury High Schools and Milne, Bell and Valley West Elementary schools. The District funds after-school bus services for children who would like to stay for after-school enrichment programs but lack transportation.
Mobility & Transportation

Getting Around Brays Oaks

Mobility Master Plan

The District is working on developing and implementing a transportation/mobility master plan to integrate with existing federal, state, regional, county, and city transportation planning efforts. Other plans include dedicating Hillcroft as a “scenic parkway,” preserving its large median, and discouraging expansion through the surrounding residential area. The District works with other governmental agencies to improve ingress and egress along Beltway 8 and US-59, and enhance access to the corridors and the region as a whole. The District provides resources for transportation and traffic flow studies and uses available resources to assist in certain mobility projects, such as traffic signal timing and driveway consolidation along the corridors.

Mobility & Transportation Highlights:

Advocated on the community’s behalf to see that the intersection at Fondren/S. Braeswood was restored to left-turn capability through new signalization.

Repainted 120 esplanades with safety yellow striping, helping drivers discern the locations of esplanades at night.

Encouraged District residents to participate in METRO’s Adopt-a-Shelter program. As a result all bus shelters in the District are adopted. This program allows volunteers to report litter, graffiti and other blight around shelters to METRO.

Assisted local Super Neighborhood in identifying failing mobility infrastructure and selecting items for submission to the annual Capital Improvement Plan.

PARTNERSHIP WITH METRO:

The District has worked very closely with METRO on dissemination of information about improvements related to the Rail 90A project. The District has become an advocate for the Brays Oaks community in mobility planning and ensuring METRO receives the community’s concerns and suggestions.

Administration

In order to carry out its work, the board contracts with Hawes Hill Calderon LLP, a private professional consulting firm, to provide operations support assistance with planning and management of projects and programs. In addition the board engages independent legal counsel and a certified accounting firm.
The Beautification of Brays Oaks

Environmental and Urban Design Committee
The Environmental and Urban Design Committee is made up of board members, business owners and community stakeholders. The committee vets any expenditure related to landscaping and aesthetic design initiatives which they then report to the full board for consideration. This committee actively works to ensure green space and the District’s landscaping are in good order and well maintained.

Master Parks Plan
The Master Parks Plan for the Brays Oaks Management District creates a clearly defined guide for the future of park facilities development. This plan identifies the existing facilities, the need and desire for improvements and additional facilities, as well as recommendations for specific types of facilities, location, prioritization, estimated costs and funding mechanisms.

Clean-ups / 311 issue policing
The District has organized numerous neighborhood clean-ups throughout the area and actively annotates and reports neighborhood blight to the city via 311.

Graffiti Abatement/Light Surveys
The District is very active in removing the visual blight caused by graffiti. Graffiti abated by the District is color matched and chronicled for HPD investigations. To date the District has abated over 1,500 individual incidents of graffiti. Additionally, street light surveys are performed bi-monthly. Street light outages are reported to CenterPoint Energy for repair.

Esplanade & Beautification
In 2008 the District adopted 41 esplanades through the City of Houston’s Adopt-an-Esplanade Initiative. This was followed up in 2009 with the additional beautification of 30 esplanades fitted with irrigation systems. All are professionally designed landscaping treatments. In 2011, the District adopted an additional 5 esplanades bringing the total adoptions to 76. The District has spent over $620,000 in esplanade beautification since its inception.

Created an Environmental & Urban Design Committee made up of board members, business owners and community stakeholders • Adopted and improved 76 esplanades – improving the attractiveness of the community along the District’s major corridors • Developed a Master Parks plan for park, trails, and green space creation throughout the District • Created a 501(c)(3) for fundraising activities related to creation of two new parks totaling over 25 acres of new green space • Established a litter abatement crew which collected over 15,000 lbs. of litter in 2011 alone • Established a graffiti abatement crew which restored over 4,000 graffiti site locations since inception in 2006.

Porter Services – Litter Abatement / Bandit Sign removal
The Management District has a dedicated crew that picks up litter within the District. In addition to de-littering the crew collects and disposes of bandit signs, mows under-maintained rights-of-way and collects stray shopping carts and returns them to their place of origin.
PR & Marketing

The District’s marketing efforts focus on dissemination of information related to District projects, programs and plans.

Business and Community Events & Festivals
The District supports its community partners in celebrating and recognizing projects. In 2011 the District worked with SWH2000, Super Neighborhood 36, area HISD schools, YES Prep, Westbury Christian, Houston Baptist University, the City of Houston, the City Parks Board, the Turquoise Center, India House and many others to participate in or co-host events. The District also co-hosts a bi-monthly networking breakfast with community stakeholders and elected officials.

Website:
The District has a website, www.BraysOaksMD.org, which highlights events and happenings in our community.

District Newsletters:
The District has a newsletter which showcases not only the District projects and programs, but also highlights our community partners and their work.

Business & Economic Development

The District’s Business and Economic Development Committee is tasked with developing and implementing projects and programs which create new jobs and investment within the community.

Business Retention & Expansion:
A community’s existing businesses create approximately 80% of new jobs. Recognizing this fact, the District has a business retention and expansion program that focuses on educating local businesses on the role the District can play in helping them grow and succeed.

In 2011 the District joined with other area management districts to host the First Annual Real Estate Forum, which drew over 150 commercial and residential real estate brokers from across the Houston area. Attendees learned about the District’s many improvement projects and how management districts can help spread the word about new attractions and economic development opportunities within their boundaries. A short video about the forum is on the District website at www.BrayOaksMD.org. The District is planning several more forums like this for the future.

Supported local community efforts to prevent the construction of new low-income apartment housing in an already saturated market.

Supported efforts to enforce rules and regulations against violators through the Texas Alcoholic Beverage Commission, Texas Building and Standards Commission, and Texas Commission on Environmental Quality.

Co-hosted an informational luncheon for area real estate brokers which drew over 150 attendees.

Co-hosted the Houston Community College Workforce development summit, identifying businesses’ needs for workforce training.
The Business of Brays Oaks

8 Years & Beyond
CONTINUING THE MISSION

Cricket Tournament at the India House
8888 West Bellfort, Houston, TX 77031

For the community we serve
Public Safety
Protecting Brays Oaks

Eight Years & Beyond

Security is more than maintaining an area free of crime, although that is a significant component. It also means the ability to invest comfortably. Whether the issue is personal or financial security, the level of comfort plays a direct role in the sense of an area’s quality of life. The District has focused on improving communication and cooperation with property owners, tenants, and public safety departments in an effort to maintain and enhance the District’s level of public safety. This provides an improved sense of personal security and ensures that the residential and business areas grow and become more vibrant places for employers, employees, and residents alike.

Programs & Projects:

1. Strengthen existing partnerships with local law enforcement agencies to acquire additional funding and provide focused attention on the area’s safety needs; specifically, to control and limit criminal activity, which may include direct District funding for enhanced services.

2. Build upon positive relationships forged between property owners and public safety agencies through the continued sponsorship of safety awareness programs and activities.

3. Continue to advocate for regional security needs with county, city, state, and federal law enforcement agencies on behalf of the property owners.

4. Continue the District’s street light surveys which report inoperative lights to CenterPoint Energy for repair.

5. Maintain the District’s graffiti abatement program to address removal of graffiti and reduce gang activity.

6. Implement the use of high-tech mobile surveillance cameras to deter, prevent and solve crimes in multi-family, commercial shopping plazas and areas identified as having an elevated number of crimes.

7. Work with local law enforcement to increase the visual presence of law enforcement officers and reduce response times to calls for service.

8. Work with Harris County and the City of Houston to address nuisance properties identified through Chapter 125 of the Civil Practice and Remedies Code.

9. Encourage the use of Crime Prevention through Environmental Design (CPTED) standards to reduce crime.

10. Develop a plan and work in cooperation with the City to remove visual blight and deteriorating structures.

11. Encourage apartment owners and managers to screen applicants.

MISSION:

To improve both personal and financial security within the District by creating and maintaining a safe environment in both perception and reality with focused public safety programs.
**Stormwater Control**
*Water Conservation in Brays Oaks*

**MISSION:**
Take maximum advantage of all available resources to create a well-planned stormwater control and conservation system that effectively addresses the current and future needs of the area.

1. Establish a flood land bank program to slow the flow of storm water into area bayous.
2. Educate commercial and residential property owners on measures they can take to slow the flow of storm water from their properties.
3. Educate commercial and residential property owners about the importance of water conservation.
4. Survey the District after heavy rainfall events to identify obstructed or undersized storm drains, ditches and other drainage facilities.
5. Advocate for funding to complete Project Brays, thus reducing flooding in Brays Bayou drainage system.
6. Advocate the redesign of the Chimney Rock drainage ditch.
7. Work with other governmental and environmental organizations to monitor storm water and bayou water quality.

**Education**
*Future of Brays Oaks*

**Programs and Projects:**
1. Encourage community colleges to offer dual college credit for both vocational training and academic subjects.
2. Advocate for replacement of public schools that have major structural problems.
3. Work with local agencies to improve high school and college graduation rates within the District.
4. Be an advocate for high quality vocational training at area high schools.
5. Continue with the District’s funding of after-school buses for students wishing to attend after-school enrichment activities.
6. Promote the establishment of a Houston Community College Campus in the District to serve the higher education and workforce needs of the community.
The District will continue to build upon relationships and partnerships concerning the planned improvements along the METRO, US-59, Beltway 8, and 90A/Main Street corridors. The District will continue to be directly involved in transit service decisions for the area, encouraging decisions that will boost the local economy and bring more customers back to businesses along the District’s major thoroughfares. The District will work with city, county, regional, state, and federal entities to ensure that the area receives the required investment in the construction and maintenance of infrastructure.

**Programs & Projects:**

1. Develop and implement a transportation/mobility master plan for the District and integrate it into existing federal, state, regional, county, and city planning transportation efforts.

2. Maximize opportunities to participate in the creation of transit-oriented development for the District.

3. Work with METRO and the Westbury Community to ensure any negative impacts associated with the 90A rail line are addressed.

4. Work with METRO and the City of Houston to promote the inclusion of rail stops at Fondren, Chimney Rock and the Willow Waterhole as part of the 90A rail project.

5. Work with Harris County Flood Control, Texas Parks & Wildlife and City Council to implement the comprehensive Hike and Bike Trail system component of the District’s Parks Master Plan.

6. Encourage transit development on established commercial corridors.

7. Dedicate Hillcroft as a “scenic parkway,” preserve its large median, and discourage expansion through the surrounding residential area.

8. Work with other governmental agencies to improve ingress and egress along Beltway 8 and US-59, and enhance access to the corridors and the region as a whole.

9. Work with TXDOT and other governmental agencies to minimize or abate traffic and mobility obstructions related to the Ruffino Transfer station.

10. Provide resources for transportation and traffic flow studies and use available resources to assist in certain mobility projects, such as traffic signal timing or driveway consolidation along the corridors.

11. Continue working with existing public, private, and nonprofit entities to ensure that the District is included in long- and short-term transportation and infrastructure planning efforts.

12. Prepare and implement design plans in partnership with TXDOT, HCTRA, and METRO with regard to the aesthetics and overall look of Beltway 8, US-59, and Main Street, overpasses, exit/entry ramps, and landscaping.

13. Work with the City of Houston and other government agencies to designate “no parking at any time” signage in affected areas to prevent road obstructions and traffic congestion.

**MISSION:**

Take maximum advantage of all available resources to create a well-planned transportation system that effectively addresses the current and future mobility needs of the area.
Environmental and urban design provides the foundation for improving how the District looks and works. This aspect of the plan will affect the quality of the business community and influence decisions of potential investors. The District is concerned with improving the appearance and the image of the area, private and public infrastructure needs, and open spaces such as parks and trails. The District will continue work to promote conservation programs, improved streetscapes, and park facilities. Each of these elements add to a “sense of place” and identity. Specifically, the District will act upon and further develop programs to beautify and landscape streets and freeway frontages, reduce visual blight, and promote the Brays Oaks branding which has created a sense of identity for the area. The District will also continue to work with property owners and public entities to coordinate maintenance of setbacks, rights-of-way, and planting.

**MISSION:**
Mobilize resources to enhance the visual appeal of the District and address current and future infrastructure, land development, and open space needs to attract and retain employees and residents, increase values, and facilitate business development.

**Programs & Projects:**

1. Implement the comprehensive Parks Master Plan created by the District. The purpose of the Master Plan is to create a clearly defined guide for the future of park facilities development. This plan identifies the existing facilities, the need and desire for improvements and additional facilities, as well as recommendations for specific types of facilities, location, prioritization, estimated costs and funding mechanisms.

2. Expand the Master Parks Plan to include the Braeburn and Westbury communities.

3. Develop a multi-year tree-planting program and promote the maintenance and protection of existing old growth to create a network of green corridors along roadways.

4. Address water, wastewater, and drainage requirements of the District and continue to advocate for necessary infrastructure improvements through city, county, and state resources.

5. Develop a utility relocation and subsurface plan to reduce visual blight and enhance the appearance of commercial corridors.

6. Promote the District identity, visual continuity, inviting streetscapes and continual improvements in landscaping, street furnishings, signage, sign control, and other visual elements to improve the image and appeal of the commercial community.

7. Establish gateways and reminder monuments in the newly expanded areas to further unify these areas in the District with a “sense of arrival”.

8. Prepare basic District development, renovation, and maintenance guidelines for property owners, managers, and investors to use in evaluating and executing projects.

9. Identify opportunities for mixed use redevelopment.

10. Expand the District’s current litter abatement, bandit sign removal, graffiti abatement, and street light survey services to the newly expanded areas of the District.

11. Improve signage in the District to provide a highly visible, creative way-finding system which adds to the branding and improved look of the area.

12. Encourage pedestrian friendly design in commercial areas.

13. Enhance opportunities for pedestrians and cyclists by coordinating with regional, county and city agencies on capital improvement plans, street and sidewalk standards, bikeways and facilities.
Programs & Projects:

1. Continually improve and enhance the District website to communicate the vision of the Board of Directors to our partners and the public.

2. Utilize social media to enhance communication opportunities.

3. Create district services videos to showcase the projects and programs of the District and community partners.

4. Develop on-line surveys to gauge District performance.

5. Develop on-line shopping and dining services offering coupons and other discounts from area businesses to increase sales.

6. Continue support and sponsorship of community and strategic partner events.

7. Serve as a clearinghouse for businesses and the public regarding area services.

8. Assist with bi-monthly breakfast, volunteer appreciation holiday event and annual candidate’s forum.


 interview questions

1. What are the District’s major goals and objectives?

2. What initiatives are currently underway to promote the District?

3. How does the District measure its success?

4. What are the District’s long-term plans and strategies?

Business & Economic Development

Mission:

Promote and support revitalization of the District, including: improved occupancies for existing retail, office and industrial properties; redevelopment of underutilized facilities; development of vacant properties in highest and best use; and attraction of new educational, cultural and recreational facilities to enhance property values and quality of life.

The District is the focal point for economic development and promotional initiatives and coordinates these activities with other private sector and public economic development organizations at the local and state level. District staff is available to businesses, brokers, and relocation companies to promote the area with speakers, demographic information, and presentations to those considering the District as a future business location. A presentation combining information, statistics, and photographs to acquaint audiences with the District’s many offerings is available for use at business and civic group meetings throughout the region.

Programs & Projects:

1. Boost business opportunities by identifying specific areas of involvement with local chambers of commerce and other business and civic organizations.

2. Provide public relations and marketing support for the District’s mobility and transportation, environmental and urban design, and public safety efforts.

3. Create a baseline inventory of all commercial properties, storefront and office tenants; actively track occupancy, changes in ownership and market values.

4. Create initiatives aimed at increasing occupancy of major retail and commercial centers throughout the District.

5. Create and reinforce positive perception by encouraging new development and redevelopment as well as improving maintenance of existing properties.

6. Establish preferred development standards, with an emphasis on long-term profitability; consider incentives for companies willing to relocate and develop along those criteria.

7. Survey desirable businesses to determine how the District can help them to remain and prosper.

8. Promote and encourage new single-family home development.

9. Encourage appropriate, appealing industrial activity that will ultimately be reflected in increased value and longer term profitability.

10. Encourage and promote shopping and dining destinations in the District.

11. Maintain and increase the number of good quality industrial sites to help create jobs and stimulate the long-term economic well-being of the District.

Mission:

Enhance, support and promote the District’s image, brand and marketing of its services to outside investors, area businesses, the community at-large, strategic partners and visitors.

Through on-line communication avenues such as a District website, Facebook page and Twitter feeds, the District works to transmit the many outstanding attributes of the community. These attributes include: excellent real estate values, outstanding private and public schools and the most culturally diverse and pro-active community in the greater Houston area. The goal of the marketing plan is to promote the District as the ideal place to invest, work, live and visit.
**Administration**

*Organizing Brays Oaks*

**MISSION:**
Provide effective, efficient support services to District programs, including mobility and transportation, environmental and urban design, public safety, and business development at the least possible cost to commercial property owners of the District.

**Programs & Projects:**

1. Respond to the day-to-day needs of the District while initiating plans for long-term stability and growth.

2. Provide for costs incurred related to the recreation and expansion of the District.

3. Utilize human and financial resources in an efficient manner to accomplish the 15-year service and improvement plan.

4. Advocate for the District’s fair share of the city, county, state, and federal services.

5. Accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system.

6. Provide annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of resources.

7. Ensure compliance with the Texas Public Information Act (“Open Records Act”), Open Meetings Act, Public Funds Investment Act, and all other applicable state, federal and local laws and regulations.

8. Maintain an efficient level of office technology to ensure the fullest utilization of all available resources.

9. Monitor, evaluate, and adjust administrative systems and procedures to assure maximum benefit on revenues received by the District from property owner assessments, grants, contracts, and other financial resources.
The District will provide funding to the six major project areas and administration as outlined below. These figures are general projections based on needs and priorities anticipated today. From year to year, as priorities change, this plan provides that the District's Board of Directors will have the flexibility to adjust the application of resources to meet the changing needs of the area.

Each year the District's Board of Directors will re-evaluate the plan, prioritize projects and approve a budget for that year. The following is the projected average annual expenditure for the services authorized under this Service and Improvement Plan.

15 Year Service Plan Budget Totals

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<th>Service Area</th>
<th>Annually</th>
<th>Over 15 years</th>
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<td>Mobility &amp; Transportation</td>
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<tr>
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</tr>
<tr>
<td>Total</td>
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<td>$12,791,022</td>
<td>100%</td>
</tr>
</tbody>
</table>

HPD Patrol Division: 8605 Westplace Drive @ S. Gessner
Assessment Plan

Financing the Vision of Brays Oaks

Under this Service and Improvement Plan, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for projects within the major areas of service outlined. The assessment for each year of the Service and Improvement Plan will be $0.10 for each $100 of value based on the taxable property value as certified by the Harris County Appraisal District (HCAD) with respect to that calendar year. Services and improvements are planned to be provided on a pay-as-you-go basis with assessments made to fund projects.

More Detailed Information on the Service and Improvement Plan...

Property Subject to Assessment.
The property subject to assessment will be the land and improvements of the commercial property owners within the boundaries of the District. The following property will be exempt from assessment: single-family detached residential, duplexes, triplexes, quadraplexes, condominiums, and vacant lots deed restricted for such residential uses; property owned by municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, public utilities; recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code; and property not located within the corporate limits or extraterritorial jurisdiction of the City of Houston.

Yearly Budgets and Assessment Rates.
The Board of Directors will annually evaluate the need for and advisability of the services authorized under this Service and Improvement Plan to determine the specific projects within the Service and Improvement Plan that will be undertaken the following year. The Board will then set and approve a budget for the following year consistent with the yearly plan, taking into consideration the value of the property subject to assessment and the revenue that the assessment rate will produce.

As this plan is 15 years in length, it is probable that the service needs in each of the major categories will change, particularly as District objectives are met. Therefore, this Service and Improvement Plan allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of services in varying percentages.

The District proposes to set the rate of assessment at $0.10 per $100 valuation for each year of the Service and Improvement Plan based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will generate funds for implementation of the Service and Improvement Plan in the following year. The assessment roll will be revised and amended as necessary to accommodate certified valuation changes or additions made by HCAD from time to time. This would mean that a property subject to assessment valued by HCAD at $1 million in any given year would pay an assessment of $1,000 to fund projects in the following year if the rate of assessment were $0.10 per $100 valuation.

Assessment Rate.
The assessment rate for each year of the Service Plan will be $0.10 per $100 of value. The rate may not be increased; however, the Board of Directors may lower the assessment rate for any year.

Cap on the Amount of Individual Assessments.
To protect individual property owners against large increases caused by a dramatic increase in HCAD values during the term of this Service and Improvement Plan, the plan provides that no property may be assessed an amount in any year of this plan that exceeds twice the amount such property was assessed for projects in the first year of the Service and Improvement Plan plus any value added by new construction on such property. Thus, the maximum for which the owner of a property valued at $1 million in 2012 would ever be liable in any year under this Service and Improvement Plan would be $2,000 (2 times the $1,000 assessed in 2012) plus any assessment on new construction added to this property.
**Assessment Plan**

*Financing the Vision of Brays Oaks*

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**Basis for Assessment.**

In each year of the plan, the assessment will be based on the certified taxable value for each property in such year as established by HCAD. This means that an individual property owner’s assessment may vary each year.

**New Construction.**

New construction and any property annexed into the District, if any, will be added to the assessment roll at the value set by HCAD. The Board will prepare a supplemental assessment roll for such property and, after conducting a public hearing, levy assessments on such property for the specific benefits to be received by the services and improvements to be provided by the District. Such new construction in the District and annexations, if any, will generate new revenue. The average expenditures projected above assume a 2% growth in value per year. Over the years, it will also be necessary for the Board of Directors to consider the effects of inflation and to factor it into the District’s budgets. If inflation remains low or values increase more than 2% per year, the Board anticipates the growth in assessment revenue from new construction will cover inflation during the 15 year period and allow the District to provide most, if not all, of the services contemplated hereunder. If revenues exceed projections, the Board may allocate those additional revenues to each program category.

Assessments are due and payable and become delinquent and incur penalties and interest in accordance with the provisions relating to ad valorem taxation contained in the Texas Tax Code. Assessments will also be subject to the recapture provisions, which apply to change in use of agricultural land or other special use designations in accordance with the Texas Tax Code.

The delivery of the services and improvements is anticipated to add value to all properties within the District. The District property owners will be able to collectively leverage greater resources, resulting in increased levels of service and an enhanced public awareness and image for the District. An improved District benefits property owners directly and also the Houston metropolitan region at large. A boundary map of the District is attached.

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**Credit against certain property owners’ association assessments.**

The purposes of the District are served when groups of property owners take upon themselves the goals and functions that would otherwise be carried out by the District. In some instances, the financial efforts of associations of the owners of assessable property in the District duplicate the services or projects of the District, thereby allowing the District to focus its financial efforts on other property. In such event, a property owners association representing property subject to assessment by the District may petition the District’s Board for a credit against a District assessment if and to the degree that such duplication is established to the satisfaction of the Board. The petition must be received on or before 15 days prior to the date the budget for the following year is finalized to allow the Board to accommodate a valid petition. In the alternative, the Board may allow a credit applicable to the entire Plan or the balance thereof. The credit shall be determined calculating the amount of the petitioner’s self-assessment representing the duplicated efforts, and providing a corresponding offset against the applicable District annual assessment.
1. **What is a municipal management district?**
Municipal management districts are political subdivisions of the state created to promote, develop, encourage, and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety, and the public welfare within a defined area.

2. **How is a district created?** The most common method is by special law. Concerned property owners ask their state representative or state senator to sponsor a bill in the Legislature for its creation. Less frequently used is the general law method provided in Chapter 375 of the Texas Local Government Code, which empowers property owners to petition the Texas Commission on Environmental Quality for creation of the district.

3. **Are there many municipal management districts in Texas?** Yes. As of 2011 there have been at least 111 municipal management districts created by the Legislature throughout the State of Texas – over 50 of them in the contiguous counties constituting the greater Houston metropolitan region alone.

4. **Who needs a municipal management district?** Commercial property owners create management districts to enhance a defined business area by financing facilities, infrastructure, and services beyond those provided by the local municipality, county, or state.

5. **How are municipal management districts financed?** Public improvement projects and services may be paid for by a combination of self-imposed property taxes, special assessments, or impact fees upon those properties that benefit from improvements and services. However, the District may not impose taxes, assessments, or fees for projects and services unless a written petition filed with the District’s board requesting such services. The petition must be signed by property owners representing a majority of assessable property value or surface area in the district. In addition districts may be used as a financing mechanism to issue debt on a contract basis with an overlay tax increment reinvestment zone. This mechanism allows for the issuance of debt by a political subdivision of the state and not city debt.

6. **Who runs the district?** Management districts are administered by a board of directors consisting of area commercial property owners or their agents appointed initially by the Legislature. Depending on the district’s enabling legislation, the district board may also include residential property owners. Directors serve four-year staggered terms. As the terms of the initial board members expire, subsequent board members are appointed by the municipality or county governing body based on recommendations from the remaining board.

7. **What does this management district propose to accomplish?** While each district sets its own priorities based on community needs, all may provide supplemental services for advertising, economic development, business recruitment, promotion of health and sanitation, public safety, traffic control, recreation, and cultural enhancement. Management districts may also provide for the construction or maintenance of landscaping, lighting, signs, streets, walkways, drainage, solid waste, water, sewer, power facilities, parks, historic areas, works of art, parking facilities, transit systems, and other similar improvements. In addition, the district can facilitate the financing of infrastructure construction and reconstruction.

8. **How does a management district relate to other government agencies?** One of the primary benefits inherent to management districts is the ability to leverage and maximize public funds through partnerships with other local, state and federal agencies. The management district exists to supplement rather than replace other government agencies.

9. **Is it permanent?** Not necessarily. First, a municipal management district financed by assessments exists only during the period of its approved Service and Improvement Plan and Assessment Plan, typically 7 to 15 years. When the Plans reach their conclusion, the district must go through a new petition process to institute a brand new Service and Improvement Plan and Assessment Plan for another finite period. Essentially, there is a built-in “sunset” provision that determines whether a district may continue to operate another term. Second, a management district may be dissolved at any time by a majority vote of the board, a petition of property owners representing 75 % of the district’s property value or surface area, or a two-thirds majority vote of the municipality in which the district is located.

10. **How can I get involved?** Attend meetings and volunteer. Management districts are subject to the Open Meetings Act, so the public is welcome to all board meetings and may request information on any action taken by the board. Many districts have working committees that welcome participation by the interested public.
Thank you!
If you have any questions, or wish to set up a personal visit with the Brays Oaks Management District to discuss the new Service & Assessment Plan, please call Executive Director, David Hawes at 713.595.1209 or Director of Services, Richard Rodriguez at 713.595.1221.

Thank you for your consideration of this plan.

www.BraysOaksMD.org