

Fredericksburg, Texas Tax Increment Reinvestment Zone



December 3, 2024

Presentation by



WHAT IS A TIRZ?

“Tax Increment Reinvestment Zone”

- A common economic development tool to incentivize both development and *redevelopment*.
- A TIRZ is **NOT A NEW TAX**.
- Establishes a “base tax value” for an area
- Reallocates the additional ad valorem property taxes (increment) in the zone to fund eligible projects.
- Not risky – money stays with City



Who Benefits

Business Owners – enhanced parking, public improvements make area more inviting, promotes development, encourages new customers

City of Fredericksburg – Funding for infrastructure projects (parking, sidewalk, pedestrian bridge) and increase in property values.

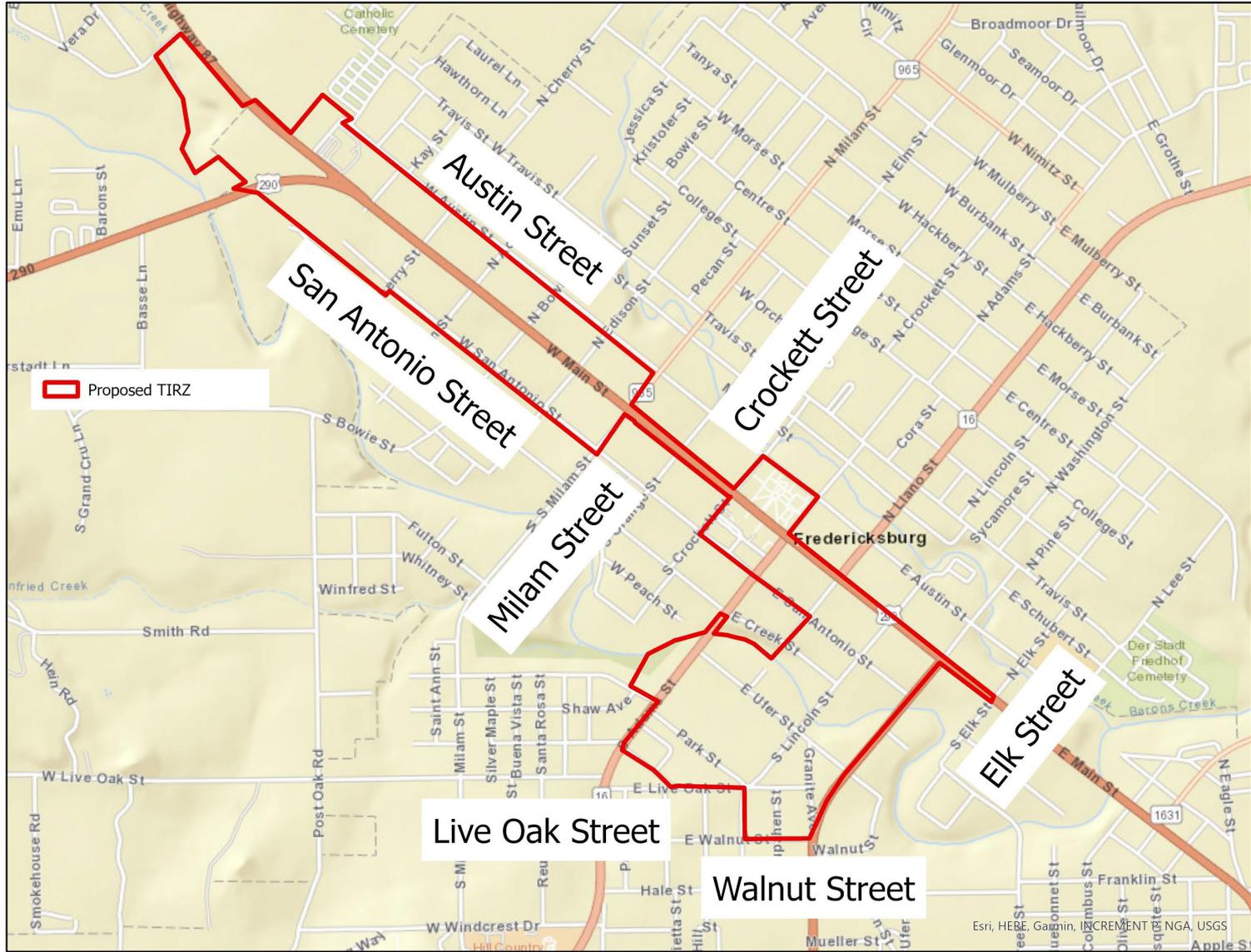
Local residents – enhanced pedestrian safety, increased opportunities for local shopping and dining, increased sales tax “buys down” property tax



FREDERICKSBURG – SENSE OF PLACE



Potential Downtown TIRZ



Fredericksburg Downtown TIRZ



Potential Downtown TIRZ

Land Use	Parcels	Acres	City (\$2024)
A – Single Family	103	35.30	\$67,060,093
C – Vacant Lot	25	16.00	\$4,977,890
City	11	17.58	\$0
County	2	1.74	\$0
E – Farm and Ranch	4	13.71	\$2,525,340
F- Commercial	198	99.70	\$209,587,983
J – Utilities	1	0.69	\$1,101,350
Post Office	1	5.17	\$0
Religious	10	4.04	\$0
State	1	0.11	\$0
Exempt	5	1.81	\$0
Grand Total Base Value	363	196.15	\$285,252,656



Potential TIRZ Projects

<u>Project</u>	<u>Category</u>	<u>Costs</u>
Public Restrooms (ex. West Main, Golden Blocks, Warehouse Dist)	Public Works	\$300,000 to \$400,000 for each restroom facility
Relocate overhead utilities along West Main	Public Works	\$6,000,000 to \$8,000,000
Utility upgrades at Peanut Factory	Public Works	TBD
Wayfinding signage	Public Works	TBD
ADA accessible sidewalks	Public Works	\$50 per foot
Lighting to match Golden Blocks	Public Works	\$1,000,000
Surface or structured parking (ex. Old Fair Park and Peanut Factory)	Public Works	\$25,000 per spot
Lighting at Old Fair Park	Parks	\$450,000 to \$500,000
Public Art		
Trash Can		
Signage		



Llano Street @ San Antonio St 4 – Way Stop

Missing:

Sense of Place

Directional Signage for Pedestrian Bridge
Public Art

Safety

Flashing Crosswalk for Pedestrians
Lighting



New Llano Street Pedestrian Bridge

Missing:

Safety

Signage

Trash Cans

Sense of Place

Art

Landscaping



New Llano Street Pedestrian Bridge

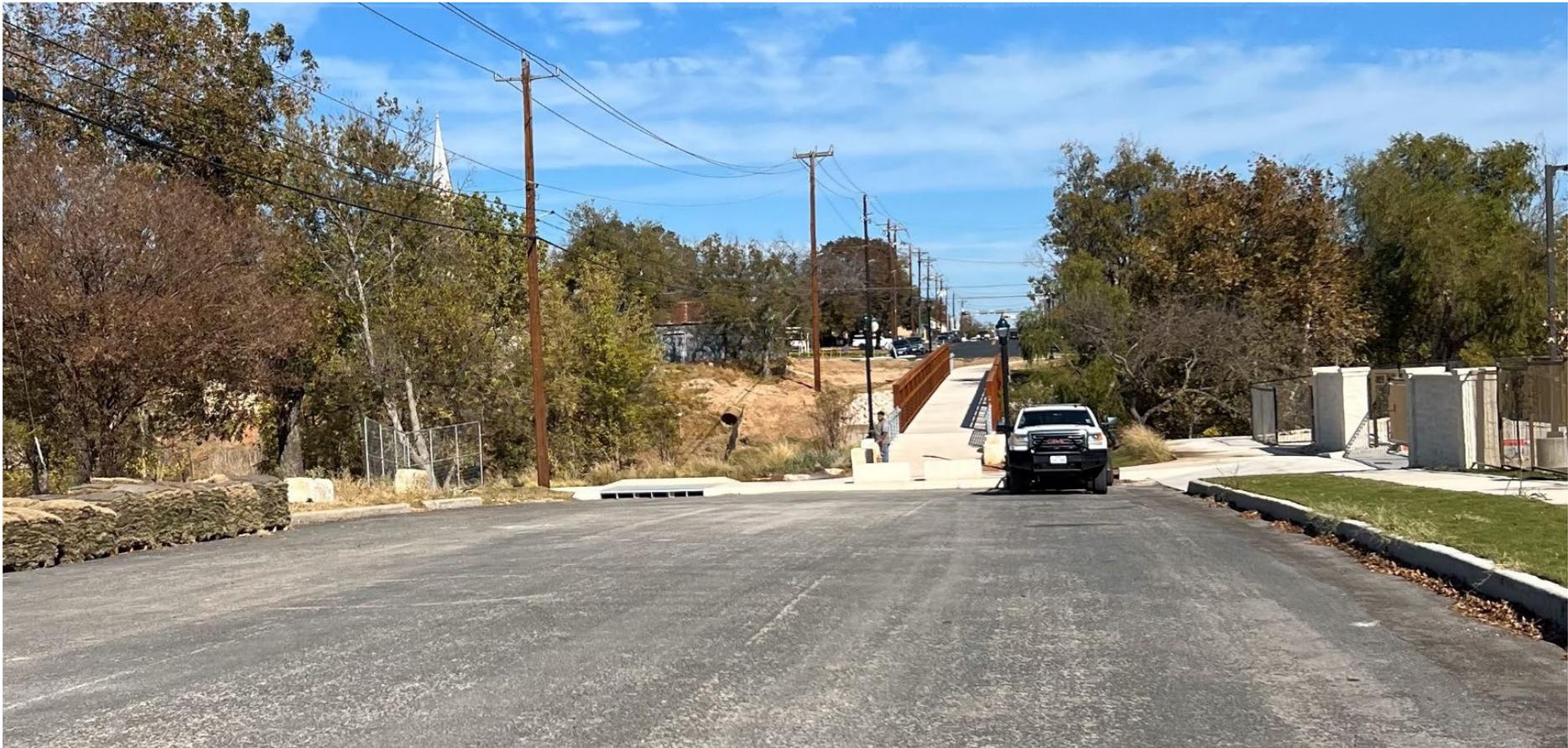
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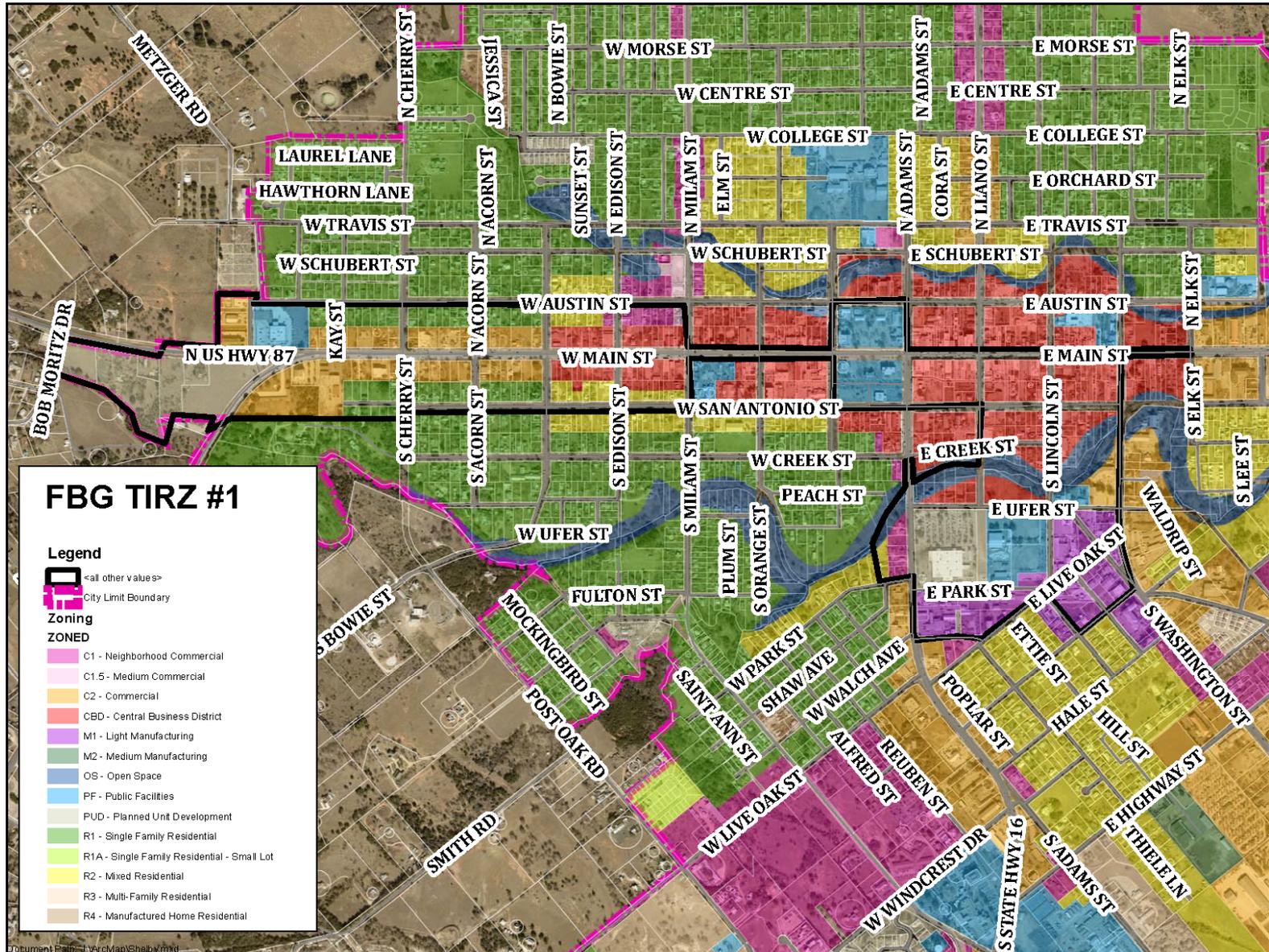
Trash Cans

Art

Sense of Place



Potential Downtown TIRZ



Potential Downtown TIRZ

Percentage of Increment directed to TIRZ and General Fund over 25 years

**assumes 3% property value increase year over year and current tax rate

<u>Contribution (City Only)</u>				
	25%	50%	75%	100%
TIRZ	\$5,010,658	\$10,021,317	\$15,031,975	\$20,042,634
General Fund	\$15,031,975	\$10,021,317	\$5,010,658	\$0
Total (25 Years)	\$20,042,634	\$20,042,634	\$20,042,634	\$20,042,634



Cumulative TIRZ Revenue

	<u>TIRZ Contribution</u>			
	25%	50%	75%	100%
Year 5	\$397,279	\$794,557	\$1,191,836	\$1,589,115
Year 10	\$1,155,303	\$2,310,607	\$3,465,910	\$4,621,213
Year 15	\$2,150,670	\$4,301,339	\$6,452,009	\$8,602,679
Year 20	\$3,421,180	\$6,842,361	\$10,263,541	\$13,684,721
Year 25 (Total)	\$5,010,658	\$10,021,317	\$15,031,975	\$20,042,634

**assumes 3% property value increase and current tax rate



Next Steps to Creating a TIRZ/TIF

1. Prepare a preliminary reinvestment zone financing plan
2. Publish the hearing notice at least 7 days before hearing
3. Hold a public hearing December 17
4. Designation of TIRZ boundary by City
5. City designates zone by ordinance or order
 - Create Board of Directors (Minimum 5 and Max 15)
 - Participating taxing entities are represented on Board
6. Prepare project plan and financing plan
7. Collect the tax increment (Jan 2026)
8. Board of Directors makes recommendations to the governing body



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