



Frostwood Community Improvement Association

July 22, 2022

Chair and board of directors
Tax Increment Reinvestment Zone 17
By hand-delivery

Dear Chair Givens and board members:

At the request of Frostwood flood chair Bruce Nichols, the Frostwood board of directors voted unanimously July 12 to endorse extension of the life of TIRZ 17 to finance planned projects of direct benefit to Frostwood and surrounding neighborhoods and to endorse expansion of TIRZ 17 if the City desires that as part of granting a life-extension. Here's the approved resolution.

"The Frostwood board supports TIRZ 17's request that the City extend its life past 2029 to fund planned projects, and if the City needs TIRZ 17 to expand as part of a life extension, the Frostwood board supports the proposed annexations."

Attached is Bruce's essay justifying the endorsement.

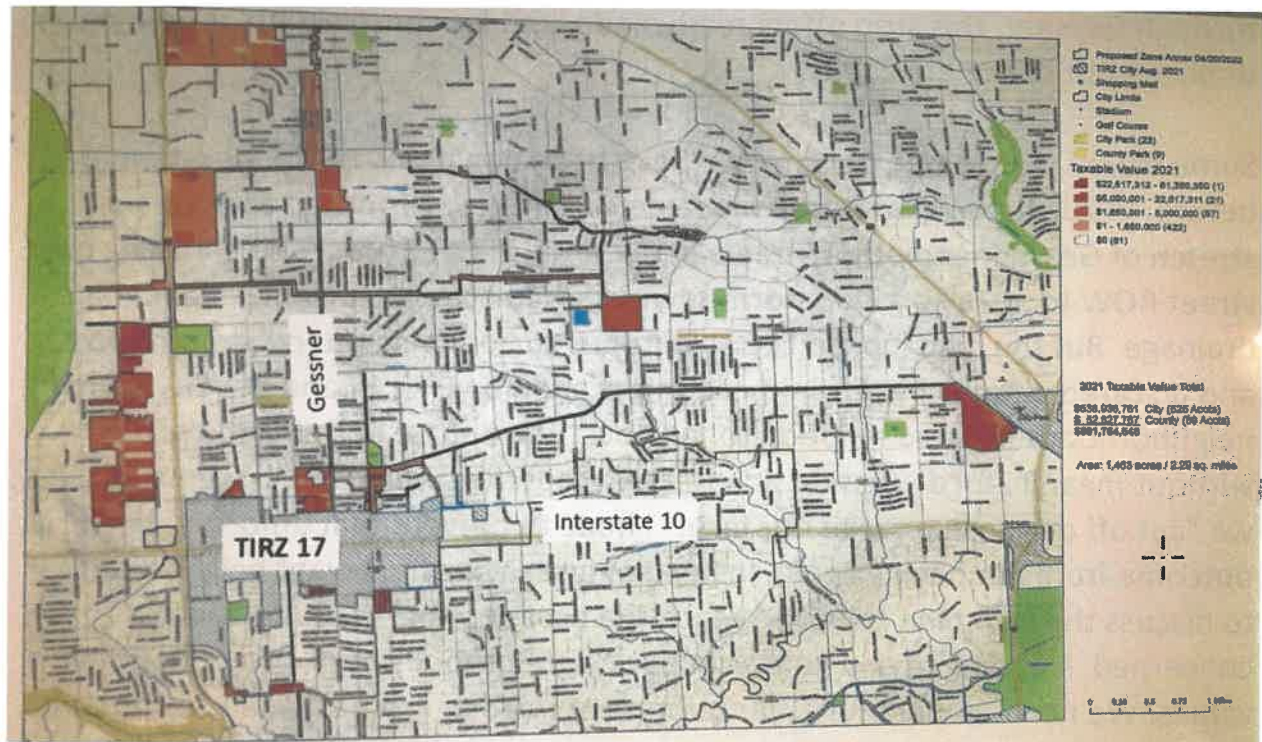
Sincerely,

Dave Burkepile

President, Frostwood Community Improvement Association.

Bruce Nichols, Frostwood flood committee chair for the past seven years, urges the board to formally endorse TIRZ 17's proposed life-extension and expansion.

TIRZ 17 and the City are negotiating the extension of TIRZ 17's 30-year life and expansion of its boundaries. For the TIRZ, the primary goal is life-extension to be able to fund all of its proposed projects, which include drainage improvement for Frostwood and neighborhoods around us. TIRZ 17 needs more time to pay off bonds it needs to issue to finance planned work. The City, for reasons of its own, has proposed expansion as well as life extension. The City has to approve both extension and expansion of TIRZ 17. Roll-out of the twin proposals has been less than perfect, with expansion coming up first, presumably to be followed by life-extension. A map of the possible annexations is below. This is not the final answer, just pieces of land identified as candidates for annexation. The existing TIRZ is in the blue hash-marked area in the lower left corner. Possible additions are the brown areas plus a few narrow rights-of-way such as Gessner Road, Long Point Road, Brickhouse Gully and the portion of a Centerpoint high-voltage transmission line from Hollister Road westward to Addicks Dam.



This looks like a crazy patchwork, mostly north of I-10 with a few patches in our area. But my understanding is that this plan is a result of compromise. I am told that Spring Branch Management District wanted to create a new TIRZ north of I-

10. The City said no, that there already are two-dozen TIRZes and there will be no more. However, the City said, maybe Spring Branch's needs could be met by expanding TIRZ 17 while granting it a life-extension. The patchwork reflects the fact that TIRZes annex only commercial areas that promise to yield sharply higher property values (and new tax revenue) when improved. As for the street, power line and ditch rights-of-way (ROW) proposed for annexation, TIRZes can only do work within their legal boundaries. So, if a road, a ditch or a power-line easement needs improving, its ROW has to be annexed into the TIRZ. No private property is included in such "strip" annexations. Of particular interest to Frostwood is proposed annexation of Benignus from Perthshire southward to Memorial. This stretch of road currently has no storm sewer but relies on roadside ditches for drainage. To mitigate repeated flooding along Benignus, TIRZ 17 is studying lowering, curb-and-guttering and storm-sewering the road. Also of interest to surrounding neighborhoods as well as to Frostwood is proposed annexation into TIRZ 17 of a 50-foot-wide, city-owned strip of land running southward from Memorial to Buffalo Bayou, between Tealwood and Paul Revere. In combination with TIRZ 17's proposed improvement of Memorial from Tallowood eastward through Gessner, this strip offers readymade land for construction of new storm drainage out of our area.

Some of you may remember that we have been down this TIRZ annexation road before. In 2014, our neighborhoods rejected TIRZ 17's proposed annexation of a stretch of Gessner and other streets in our area. TIRZ 17 proposed annexing only street ROW to install big-box storm sewers to replace our currently inadequate drainage. But the map looked like an octopus surrounding our neighborhoods, and it scared people. Insufficient communication by TIRZ 17 and the City with the neighborhoods allowed emotion to take over the debate and sink the plan without meaningful discussion. In effect, because we were ill-informed and angry, we "cut off our nose to spite our face." I hope to prevent that unfortunate outcome from happening again. Instead of just saying no, I want neighborhoods to discuss the new plan calmly to reach the best possible outcome for all concerned. Flooding of any houses in our neighborhoods hurts all of our home values. We need to work together to prevent flooding from stigmatizing our area.

To homeowners who fear the effects of expanding and extending the life of TIRZ 17, I understand. But please listen to your brain at least as much as your heart. There's good in this plan. It just hasn't been widely explained, and unconstructive

voices have taken advantage of the lack of public information to fire the first shots via blogs and email. We all love our quality of life, and we want to protect it. But we are part of a vibrant, ever-changing community; we cannot stop change, so the more realistic approach is to try to shape it to our advantage. I don't want sources of misinformation to have the last word, because I want residential neighborhoods to make the best possible use of the opportunity TIRZ 17 offers us. TIRZ 17, in the simplest terms, is a pot of money that by law has to be spent in our area; if TIRZ 17 goes away, that pot of money goes back to the City of Houston's general revenue fund. Do you think the City will spend it out here?

We are now more than 20 years through the initially planned life of TIRZ 17. Under its current leadership, the property tax valuation of the Memorial City area has quintupled. Only the City of Houston froze its tax take at 1999 levels, as required to create the TIRZ. Harris County and Spring Branch ISD did not participate. As a result, tax revenues to the county and SBISD have soared because of TIRZ 17. And the convenience of living in our area has been greatly enhanced, with the addition of medical facilities, retail stores, restaurants and other services.

Below is some additional background, some history to explain how we got here. Feel free to skip ahead if you already know these parts of this story.

First, what is a TIRZ and how does it work? The acronym stands for Tax Increment Reinvestment Zone. Under state law authorizing TIRZes, a taxing jurisdiction such as the City of Houston can identify and map an area that would benefit from redevelopment. The jurisdiction then temporarily freezes its property tax take from that area at the date of TIRZ creation. After that date, increases in value, and the "incremental" revenues that result, go back into the TIRZ to fund borrowing to improve infrastructure and encourage redevelopment. By law, TIRZes have a limited life, typically 30 years, and at expiration of the TIRZ, the incremental revenue goes back to the City to spend whenever, wherever and however City officials choose.

Second, TIRZ 17 was created in 1999 because organizers recognized Memorial City Mall was at serious risk of declining. Before you laugh, remember what the area looked like before TIRZ 17 was created. Streets and drainage were inadequate. Areas along both the north and south sides of I-10 were under-

developed, even blighted. Without corrective action, there would have been uncoordinated, poorly planned commercial development on the edge of our residential areas, and that could have -- most likely would have -- become a drag on our home values. Do you think we as homeowners would be better off if the Memorial City area declined and became more like, say, Greenspoint or Sharpstown?

In the 1990s, there was outspoken neighborhood opposition to creation of TIRZ 17, partly because the main creator -- MetroNational, owner of Memorial City Mall -- was perceived to be a bad neighbor of residential areas. This was largely MetroNational's fault because in the 1970s, the company jumped across Barryknoll into Memorial Hollow-Memorial Forest to build three office buildings at the corner of Barryknoll and Gessner. Until then, Barryknoll had been a natural buffer between homeowners and commercial development. But MetroNational crossed that line. It made homeowners think that MetroNational and its creation, TIRZ 17, would not respect residential neighborhoods, even though those neighborhoods are essential to the Mall's success. After those office buildings were built, one homeowner across Gessner had to sue for damages because the mirror effect of the glass-walled towers on the afternoon sun overheated his home and made it impossible to keep cool. More recently, there was the embarrassing episode of expanding the Conrad Sauer detention facility on the northside of I-10. In that incident, the engineer working for both TIRZ 17 and MetroNational overstated how much detention the project would add. That made the project look more attractive from a cost-benefit standpoint than it really was, so the TIRZ ended up paying for more detention than it actually got. TIRZ 17 fired the engineer, but already had made the deal. So, the TIRZ has moved on, though the incident reinforced its commitment to careful evaluation of drainage projects and other improvements. Meanwhile, MetroNational has made friendlier noises. Though its focus is still commercial, it has acknowledged that the health of the Mall depends to large degree on the health of neighborhoods around it.

But for a while after TIRZ 17 was created, relations with neighboring homeowners went from bad to worse. TIRZ 17 critics flooded public meetings and relentlessly attacked commercial developers. The original TIRZ 17 board, many of whom worked for MetroNational, responded inappropriately to this challenge, occasionally speaking rudely to the already angered homeowners. Something had to change or the whole area was going downhill. TIRZ 17 vs. homeowners had

turned into a sort of "circular firing squad." So, starting in 2010, Mayor Annise Parker took action, replacing unpopular board members. By 2012, she'd replaced all board members from MetroNational. She added two unofficial neighborhood representatives and made Wycliffe Road homeowner activist Ann Givens chair of the TIRZ 17 board. Since then, TIRZ 17 has taken major steps to improve relations with homeowners. The board has physically turned itself around at meetings so that it faces the audience; originally, the board met with its back to the audience. It has installed a microphone system to make sure everyone can hear. It has created a website to share information about what it has done and is doing. It holds its meetings via Zoom as well as in-person so that people can view online if they cannot attend. TIRZ 17 invites public comment at the start of each meeting, often responding quickly to valid concerns. It is the most transparent TIRZ in Houston. TIRZ 17 is still in favor of growth and friendly to developers. But now It's much more responsive to its homeowner neighbors.

One major factor in improved relations with homeowners has been a strong commitment to improving drainage to reduce the risk of flooding in residential neighborhoods around TIRZ 17. This approach corrects a major failure of the City of Houston. Our City has always encouraged growth, but it has never adequately upgraded streets, storm sewers and other infrastructure to accommodate expanding commercial development. As a result, neighborhoods around commercial areas have suffered. TIRZ 17's accomplishments in trying to overcome that City failing have been impressive. TIRZ 17 has adopted a policy of putting big-box stormsewers under any streets it rebuilds. The latest project is Memorial Drive between Beltway 8 and Tallowood to be finished early next year; Phase II of this project -- awaiting funding -- takes those new big-box sewers, a smoother street and better sidewalks all the way to Gessner. And plans are well-advanced for a major detention facility south of I-10 to protect residential neighborhoods from stormwater runoff from commercial areas. That facility would be fed by big-box stormsewers running under Barryknoll and Kingsride, between us and Memorial City, to intercept increased commercial runoff into neighborhoods. To the north of I-10, after being rebuffed in 2014 by neighborhoods south of I-10, TIRZ 17 has built major detention facilities and plans a major expansion of a big one on Briar Branch Creek behind Costco. TIRZ 17 installed a system of "straws" -- improved stormsewers under residential streets -- feeding into Briar Branch Creek.. The TIRZ also rebuilt North Gessner, Lumpkin Road and created Mathewson Lane, all with improved drainage underneath.

Do you think the City of Houston would have done any of this work in the absence of TIRZ 17? The city long has recognized that the revenue cap voters imposed on the city decades ago makes adequate public works-capital improvements more difficult. Thus, our awful streets and inadequate stormwater management. So, a supplement had to be found to stretch our public works dollars. That workaround is TIRZes. They are not limited by the revenue cap and can borrow money and carry out projects as long as their incremental revenue supports the financing, planning and construction.

It's indisputable that there's a better way to run public works in a major city such as Houston. But instead of trying to re-invent the wheel, which could take forever and never happen, we need to try to work with the system we have, which in our case is TIRZ 17. The main idea is to get projects we want, not to win an argument over the failings of our municipal government. Again, we all love our quality of life and want to protect it, but just saying "no" is not a serious option. Instead, what we need to say is something like, "this is interesting, let's talk about it." More than once in recent years, the current TIRZ 17 board has altered plans in response to suggestions or criticism from neighboring homeowners. So, let's try to work with TIRZ 17 instead of against it to enhance our area.