

# **MONTROSE MANAGEMENT DISTRICT**

**2023 – 2037**

**DRAFT SERVICE, IMPROVEMENT, and ASSESSMENT PLAN**

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## **INTRODUCTION**

This Service, Improvement, and Assessment Plan (the “Plan”) sets forth objectives to be met, programs to be enacted, and services to be rendered within the Montrose Management District (the “District”) over the next fifteen years for the benefit of its property owners. In addition, this Plan outlines costs and a provides a funding proposal designed to successfully execute the Plan.

## **ADOPTION OF A PLAN**

The District’s primary goals are to improve the quality of life within its boundary and enhance economic opportunities, thereby generating higher property values, and an overall return on investment for its property owners. This Plan outlines proposed programs and services that will allow the District to achieve its stated goals. It also offers the Board of Directors the flexibility needed to adapt the Plan over time as conditions within the District evolve.

With the District, property owners and businesses intend to:

- Organize themselves to pursue common goals
- Provide for and maintain the safety and aesthetic appeal of the community, allowing the area to be attractive for investment and business
- Attract and/or supplement, where needed, necessary government and private capital investment, services, and improvements.
- Render continuous, focused, professional management of the community’s needs.
- Provide a funding mechanism that allows all property owners to share costs equitably.

Over the next fifteen years, the District’s Board of Directors will pursue these goals through a variety of programs and projects including the following:

1. Public Safety & Security
2. Maintenance & Enhancement
3. Economic Development

## Public Safety & Security

An increased sense of safety directly and positively impacts the profitability of local businesses and the perception of the community. To accomplish its goals the District will take a proactive role in both coordination and support for the existing safety efforts of law enforcement agencies within its boundary, advocate for the community's security needs with appropriate city, county, state, and federal agencies, as well as help facilitate the deployment of resources to areas that show a statistical need for additional attention.

**GOAL: Promote a positive image through focused crime reduction, prevention through education and awareness, increased security presence, and coordination of targeted security efforts.**

### Programs and projects may include:

- Compile and maintain crime data in the area, and utilize the data to implement targeted crime reduction programs
- Identify existing conditions conducive to crime and provide focused attention on their mitigation
- Implement proactive patrols on key commercial corridors
- Work with local public safety agencies to deploy additional mobile surveillance security cameras and Automatic License Plate Recognition ("ALPR") cameras in strategic locations within the community
- Develop and implement programs to assist property owners with graffiti and litter abatement
- Develop a plan with applicable stakeholders and organizations to supplement and maintain consistent street lighting in public areas
- Develop and implement an RCR Apartment Security Stabilization & Crime Prevention Program
- Cooperate with public safety agencies and private security organizations to establish Positive Interaction Programs for property owners and community residents
- Sponsor safety awareness programs and activities for property owners and community residents
- Develop, implement, and promote programs and educational opportunities that effect crime prevention through environmental design of commercial properties
- Develop and implement new Homeless Outreach Programs and/or supplement existing programs within the community

### Public Safety Agency and Private Security Organization Partners may include:

- Houston Police Department
- Harris County Constable's Office
- Houston I. S. D. Police Department

- METRO Police Department
- Rice & St. Thomas University Police Departments
- Houston Fire Department
- Harris County Attorney's Office
- Harris County District Attorney's Office
- Houston Apartment Association
- Crime Stoppers Houston
- Private Security Companies

## **Maintenance & Enhancement**

There are entities implementing a number of public improvement projects within the District's boundary including, Tax Increment Reinvestment Zone No. 27, Montrose (TIRZ 27). Many of these improvements include added value enhancements such as medians and streetscape improvements, that will require long term maintenance upon completion. The District could partner with TIRZ 27 and other entities allowing for enhanced implementation of projects and long term maintenance. These enhancements allow for projects to be designed appropriately to meet the needs and character of the area and add to the overall safety and aesthetic appeal of the community.

**GOAL: Collaborate with entities and stakeholders including TIRZ 27 to address long term maintenance and enhancement of public improvements and spaces.**

### **Programs and projects may include:**

- Collaborate with other stakeholders and entities in design and implementation of public improvement projects.
- Maintain improvements implemented by other entities including TIRZ 27. Such projects may include esplanade and streetscape improvements along major corridors such as Montrose Blvd., W. Alabama St, and Westheimer Rd.
- Supplement right-of-way maintenance activities performed by the City of Houston and other parties, including mowing services, trash pickup, and bandit sign removal if needed.

## **Business & Economic Development**

To complement other programs within the Plan aimed at increasing property values, attracting investment, and supporting area businesses, the District will take a proactive role in the development of economic and promotional initiatives, will coordinate these efforts with other public economic development organizations, and will have staff available to promote the community to those considering the District for a business or investment opportunity.

**GOAL:**                    **Implement programs that highlight and promote the community’s history and unique character and encourage preservation, revitalization, and new business development.**

**Programs and projects may include:**

- Develop an economic development strategy for the District.
- Build attraction for the area from a visitor and investment standpoint through improvements and programs that could include branding, website development, media promotions and coordination with other organizations.
- Support existing and potential business owners through initiatives that could include local business grants or and data research.

## **Project Administration**

**GOAL:**                    **Provide effective, efficient support services to District programs, including Public Safety & Security, Maintenance & Enhancement, and Economic Development.**

**Staff will:**

- Respond to the day-to-day needs of the District while initiating plans for long-term stability and growth.
- Utilize human and financial resources in an efficient manner to accomplish the Plan’s goals, advocate for the District’s fair share of city, county, state, and federal services, and accurately reflect the costs of providing services in each program area through a carefully monitored cost allocation system.
- Conduct annual financial audits that protect the financial integrity of the District and help ensure the most efficient use of resources.
- 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.
- Maintain an efficient level of project management to ensure the fullest utilization of all available resources.
- 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.
- Establish District website to allow transparency associated with District functions including plans, budget, and security and project updates.

## FIFTEEN-YEAR SERVICE BUDGET

The District will provide funding to the three program areas, as well as project administration, per the chart 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 allocation 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, Improvement, and Assessment Plan.

<b>Program Area</b>	<b>Projected Average Annual Expenditure</b>	<b>Projected Fifteen-Year Total</b>	<b>Percentage</b>
Public Safety & Security	\$1,299,981	\$19,499,715	60%
Maintenance & Beautification	\$216,663	\$3,249,945	10%
Economic Development	\$216,663	\$3,249,945	10%
Project Administration	\$324,995	\$4,874,925	15%
Reserve	\$108,331	\$1,624,965	5%
<b>Total</b>	<b>\$2,166,635</b>	<b>\$32,499,495</b>	<b>100%</b>

## ASSESSMENT PLAN

Under this proposed Service, Improvement, and Assessment Plan, the District will assess the land and improvements of commercial property owners within the District's boundaries to provide funding for the projects within the major program areas outlined, as well as project administration. The assessment for each year of the Service, Improvement, and Assessment Plan is proposed to not exceed \$0.09 for each \$100 of value based on the taxable property value as certified by the Harris County Appraisal District (HCAD) for that calendar year. Services and improvements are intended to be provided on a pay-as-you-go basis with assessments collected to fund projects.

### MORE DETAILED INFORMATION ON THE SERVICE, IMPROVEMENT and ASSESSMENT 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. High-rise buildings over 4 levels will be assessed based on an average of 4 levels of assessed valuation (i.e., a 20-story building with an assessed valuation of \$20 million will be assessed based on \$4 million in valuation). The following property will be exempt from assessment: single-family detached residential, single-family residential mixed use (business and residence) if the residential valuation represents 60% or more of the total valuation, multi-family complexes of 25 units or fewer, condominiums, municipalities, counties, other political subdivisions, entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, public utilities, and recreational property or scenic use property that meets the requirements of Section 375.163, Texas Local Government Code. Equipment and inventory are not subject to assessment.

**Annual Budgets and Assessment Rates.** The Board of Directors will annually evaluate the need for and advisability of the services authorized under this Service, Improvement, and Assessment Plan to determine the specific projects within the Service, Improvement, and Assessment Plan that will be undertaken the following year. The Board will then set and approve a budget for the following year consistent with the annual 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 fifteen years in length, it is probable that the service needs in each of the program areas will change, particularly as District objectives are met. Therefore, this Service, Improvement, and Assessment Plan allows the Board of Directors the flexibility to apply the assessment revenue to the major categories of each program area, as well as project administration, in varying percentages.

The District proposes to set the initial rate of assessment at \$0.09 per \$100 valuation for each year of the Plan based on the taxable property value as certified by HCAD with respect to that calendar year. The assessment will be made after the District's tax rolls are certified by HCAD each year to generate funds for implementation of the *Service, Improvement, and Assessment 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 \$1M in any given year would pay an assessment of \$900 to fund projects in the following year with a \$0.09 rate of assessment.

**Assessment Rate Increases.** Pursuant to this *Service, Improvement, and Assessment Plan*, the District Board of Directors is proposing a one-time assessment due and payable on an annual basis over the fifteen-year life of the Plan.

**Cap on the Amount of Individual Property Assessments.** 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, Improvement, and Assessment Plan, plus any value added by new construction on such property so designated by HCAD.

**Basis for Assessment.** In each year of the plan, the assessment will be based on the HCAD 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 so designated by HCAD 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 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 any inflation during the fifteen-year period and allow the District to provide most, if not all, of the services contemplated herein. If revenues exceed projections, the Board may allocate those additional revenues to each program category.

Assessments would become 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 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 located on the page following the next section.

**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 owner's association representing property subject to assessment by the District may petition the District's Board for a credit against a District assessment if 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 by the Board 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.

## **MUNICIPAL MANAGEMENT DISTRICTS Q & A**

**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.

**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.

**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.

**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 is led with the district's board requesting such services.

**Who runs the district?** Management districts are administered by a volunteer 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's 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.

**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.

**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.

## **GET INVOLVED**

**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.

**Board of Directors.** If you are interested in becoming involved with this growing and unique district, please consider attending meetings, volunteering, or applying for a position on the Montrose Board of Directors by contacting Susan Hill at [SHill@HawesHill.com](mailto:SHill@HawesHill.com)

