

RESOLUTION NO. 2019-4

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ORANGE COUNTY DRAINAGE DISTRICT REAUTHORIZING, AMENDING AND ESTABLISHING THE GUIDELINES AND CRITERIA FOR TAX ABATEMENT AGREEMENTS FOR USE IN THE DISTRICT'S RESIDENTIAL TAX ABATEMENT PROGRAM TO PROMOTE DEVELOPMENT/REDEVELOPMENT IN CERTAIN AREAS OF THE DISTRICT; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT

WHEREAS, the Board of Directors of the Orange County Drainage District (the "District") desires to promote the development/redevelopment of certain geographic areas within the District and its jurisdiction, specifically the Reinvestment Zones as designated by the City of Vidor, Texas in Ordinance Nos. 1247, 1248, 1249, 1250 and 1251, and in any other ordinances of the City of Vidor.

WHEREAS, the District is authorized to enter into Tax Abatement Agreements for commercial-industrial and residential purposes as authorized by Chapter 312 of the Texas Property Tax Code (the "Code");

WHEREAS, the District previously passed a resolution stating that the District elects to become eligible to participate in tax abatement;

WHEREAS, the District desires to participate in tax abatement for new residential construction and for the expansion or modernization of existing facilities and structures as an economic development tool that serves a public purpose;

WHEREAS, the Code requires the District to establish guidelines and criteria for tax abatement agreements and for the designation of reinvestment zones, which was done by the Board of Directors and established, renewed and/or amended by Resolution dated March 8, 2016, and as amended by Resolution dated January 24, 2018;

WHEREAS, the established guidelines and criteria for tax abatement agreements and designation of reinvestment zones expire after two (2) years, and the District desires to establish, renew and/or amend the guidelines and criteria for tax abatements agreements and for the designation of reinvestment zones for an additional two (2) years;

WHEREAS, the District affirmatively finds that the guidelines and criteria provided herein for tax abatement agreements and for the designation of reinvestment zones are in the best interests of the District, are for the good and will benefit the public, are for a valid purpose and will serve as an economic development tool.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the District that:

1. **Adoption of Recitals.** The District finds that the recitals set forth above are incorporated herein for all purposes and are found to be true and correct.

2. **Section 1.** The District hereby adopts the following Guidelines and Criteria for Tax Abatement Agreements for use in its Residential Tax Abatement Program:

**ORANGE COUNTY DRAINAGE DISTRICT'S
RESIDENTIAL TAX ABATEMENT GUIDELINES AND CRITERIA**

GENERAL PURPOSE AND OBJECTIVES

The Orange County Drainage District (the "District") is committed to an expansion of its tax base, an increase to its population, the promotion of development in the District, and to an ongoing improvement in the quality of life for its residents. As these objectives are generally served by the enhancement and expansion of the local economy, the District will offer residential tax abatements within the Reinvestment Zones designated by the City of Vidor in Ordinances Nos. 1247, 1248, 1249, 1250 and 1251, and in any other ordinances of the City of Vidor (the "Reinvestment Zones") as a stimulus for economic development in the District. The policy of the District is to make residential tax abatement available to new structures and the expansion of existing facilities and structures. Likewise, residential tax abatement is intended for residential structures built upon vacant lots within existing subdivisions as well as within new subdivisions of the District. It is the policy of the District that such tax abatement will be provided in accordance with the procedures and criteria outlined in this document and as permitted by State statute. The guidelines and criteria herein adopted shall expire two (2) years from passage of this Resolution and after December 10, 2021.

These purposes, objectives and policies will be considered, in accordance with state law, on a case-by-case basis in evaluating residential projects for potential tax abatement. This policy applies to owners of real residential property within the designated reinvestment zones and subject to the District's jurisdiction and boundaries. Nothing in these purposes, objectives and policies shall be construed as an obligation by the District to approve any tax abatement application.

The provisions herein are severable, and if any provision or requirement of these guidelines or criteria is declared or found to be illegal or invalid, such illegality or invalidity shall not affect the remaining provisions, since the Board of Directors would have adopted these guidelines and criteria without the incorporation of the portions found to be invalid.

DEFINITION OF TERMS

Act — means the Property Redevelopment and Tax Abatement Act, Texas Tax Code Ann. 312.001, et seq., as amended from time to time.

Agreement — means a contractual agreement between a property owner and the District for the purposes of tax abatement. This shall also mean any agreement between the City of Vidor, Texas and a property owner where the District has, by official action, expressed an intent to

be bound by the terms of the agreement in accordance with Section 312.206(a) of the Texas Property Tax Code.

Applicant — means an owner of real property who requests tax abatement in accordance with these guidelines.

Base Year Value — means the assessed value of eligible property on January 1 preceding the date of execution of the agreement.

Economic Life — means the number of years a property improvement is expected to be in service.

Natural Disaster — means the occurrence of widespread or severe damage, injury, or loss of life or property related to any natural cause, including fire, flood, earthquake, wind, storm, or wave action, that results in a disaster declaration by the governor or a local disaster declaration by the County Judge or the Mayor of the City.

New Structure — means residential improvements made to a property previously undeveloped which is placed into use by means other than or in conjunction with expansion.

Reinvestment Zone — means a contiguous geographic area as designated by the City of Vidor, Texas in Ordinances Nos. 1247, 1248, 1249, 1250 and 1251, or in any other ordinances of the City of Vidor.

Residential Improvements — means the construction of residential building(s), and all the appurtenances thereto, single-family in purpose. This does not include duplexes or multi-family structures.

Total Facility — means all buildings and structures along with the appurtenances thereto.

ELIGIBILITY

All property used as a single-family residence and located within a designated reinvestment zone is eligible for tax abatement, subject to the restrictions set forth herein. A new structure that is slab foundation, or on a foundation that has been certified and approved in writing by a professional engineer, or an expansion of an existing structure where the new structure is on a slab foundation, or on a foundation that has been certified and approved in writing by a professional engineer, anywhere within a designated reinvestment zone with an appraised value in excess of \$15,000.00 may receive abatement. As provided in the Act, abatement may only be granted for the value of eligible property subsequent to and listed in an abatement agreement between the District and the property owner or an agreement between the City of Vidor, Texas and a property owner where the District has, by official action, expressed an intent to be bound by the terms of the agreement in accordance with Section 312.206(a) of the Texas Property Tax Code. Abatement will be granted for residential improvements only.

Eligible Property — Abatement will be extended to the increased value of real estate, buildings, structures, and site improvements along with the appurtenances thereto for properties which are single-family in purpose, subject to the exception provided below. Eligible property does not include the following:

1. Duplexes, apartments and other multi-family structures;
2. Property in tax-delinquent status;
3. Any property owned by an applicant that has a District or the City of Vidor, Texas lien filed against any property owned by the applicant;
4. Any property that has received a tax abatement agreement before;
5. A new structure that is on a foundation, other than a slab foundation, that has not been certified and approved in writing by a professional engineer; and
6. A manufactured home.

Value and Term of Abatement — Upon determination that all requirements for tax abatement have been satisfied by the applicant, the value and terms of the abatement will be for a period of eight (8) years in accordance with the following schedule for the abatement of taxes on the added value above the base year value. Abatement shall be granted effective with the January 1 valuation date immediately following the date of completion of the improvements.

Exceptions for Damage Caused by Natural Disasters – If a Natural Disaster occurs in the District, or the District is impacted by a Natural Disaster, whereby an existing building, structure or site improvement is damaged to an extent that the appraisal valuation as set by the Orange County Appraisal District is lowered or reduced as a result of the damage and/or Natural Disaster, repairs, modifications, alternations, improvements, modernizations, expansions, and the like, restoring the property to its prior condition and value before the Natural Disaster shall not qualify for the abatement of taxes. However, improvements resulting in an increased value of real estate, buildings, structures, and site improvements along with the appurtenances thereto, over and above the prior condition and value before the Natural Disaster can be considered by the District for abatement of taxes as provided under these Guidelines and Criteria.

SCHEDULE OF TAXES ASSESSED

<u>TAX YEAR</u>	<u>ABATEMENT</u>
During construction (up to 2 years maximum)	100%
Year 1 following construction completion	100%
Year 2 following construction completion	100%
Year 3 following construction completion	90%
Year 4 following construction completion	75%
Year 5 following construction completion	60%
Year 6 following construction completion	45%
Year 7 following construction completion	20%

CRITERIA

Any request for tax abatement shall be reviewed for completeness. The District shall determine whether the application satisfies the guidelines and criteria. Tax abatement shall be based upon an evaluation of the following criteria which each applicant will be requested to address in narrative format:

Fiscal Impact

Addition of real property improvements to the tax rolls.

No utility construction by the District would be required other than routine.

Community Impact

The project is compatible with the District's comprehensive plan and will further the best interests of the District under the Tax Abatement Program.

No adverse environmental impact will be created by the project.

PROCEDURES

Any person, partnership, organization, corporation or other entity desiring that the District consider providing tax abatement to encourage location of residential improvements within the District's jurisdiction and boundaries shall be required to comply with the following procedural guidelines:

1. Preliminary Application Steps
 - A. Applicant shall submit an "Application for Tax Abatement" to the District within ten (10) days of submitting its application for a building permit to the City of Vidor, Texas, unless the District, by official action, expresses an intent to be bound by the terms of the agreement between the City of Vidor, Texas and the property owner in accordance with Section 312.206(a) of the Texas Property Tax Code.
 - B. If the applicant does not wish to apply for residential tax abatement at the time that the building permit is issued by the City of Vidor, Texas, the opportunity for residential tax abatement is waived. The staff shall prepare forms necessary to reflect the refusal of an applicant to participate and to document the lack of response by the owner to the written notice. The refusal or waiver to participate in residential tax abatement by the owner or applicant shall be binding on subsequent owners of the real property.
 - C. The District may request applicant to provide substantiation of economic feasibility of the overall project to assist in determining the long-term benefit to the District.
 - D. A complete legal description shall be provided.

- E. Applicant shall complete all forms and information detailed above and submit them to the District.
- 2. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed, either before or after the submission of the application package.

If necessary, applicant will meet with the District to discuss details of the application and prepare for presentation of application to the Board of Directors of the District.
- 3. The application shall include the total capital investment for real property improvements and type of project.
- 4. Consideration of the Application
 - A. The Board of Directors of the District will consider the application at meetings conducted pursuant to the Open Meetings and Property Redevelopment and Tax Abatement Acts. Additional information may be requested as needed.
 - B. The Board of Directors of the District shall consider approval of the terms and conditions of an agreement between the District and the applicant, which governs the administration of the tax abatement.
 - C. Other applicable taxing units or entities may consider offering and entering into a tax abatement agreement with the applicant. However, the District's action in offering and entering into a tax abatement agreement with applicant does not guarantee that any other applicable taxing units or entities will enter into a tax abatement agreement with applicant also.

LEGAL DOCUMENTATION PREPARATION

Unless the District expresses its intent to be bound by the terms of the Agreement between the City of Vidor, Texas, and the property owner in accordance with Section 312.206(a) of the Texas Tax Code, the District will be responsible for drafting the proposed agreement pursuant to the approved Tax Abatement, as well as all associated documentation.

The legal document is to include the following:

- 1. Estimated value of new construction to be abated.
- 2. Percent of value to be abated each year.
- 3. Commencement date and the termination date of abatement.
- 4. Proposed use of the facility, nature of construction, time schedule, map, property description and improvements list as provided in the application.

5. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture and administration.

CERTIFICATION AND REVIEW

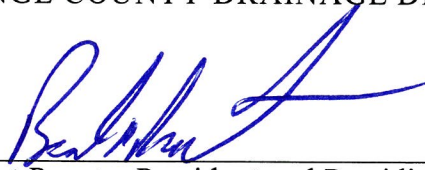
Beginning on or before December 31st of the year, which establishes "Base Year Value" for the agreement, the owner will submit a current Orange County Appraisal District statement that provides an appraisal valuation of the property. After construction is complete, the owner shall provide satisfactory written evidence of the actual costs and value of the improvements (actual costs, appraisal or sales price) along with a current Orange County Appraisal District appraisal (when available).

The property owner will be required to certify annually in writing that it is compliance with the agreement. After the construction is completed, District staff will inspect the project to ensure that it meets all of the requirements in the agreement, and then inform Orange County Appraisal District as to whether the property meets the abatement requirements, or rely upon the City of Vidor, Texas, to do the same.

SECTION 3. It is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place and purpose of said meeting was given as required by law.


PASSED AND APPROVED this the 10th day of December, 2019.

ORANGE COUNTY DRAINAGE DISTRICT

By: 
Brent Peveto, President and Presiding Officer

ATTEST:

By:


Russell Covington, Secretary