

MIDTOWN MANAGEMENT DISTRICT

FREQUENTLY ASKED QUESTIONS

1. What is the purpose of a Management District?

The Midtown Management District was created to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety and the public welfare in the Midtown area.

The District was created to supplement the services provided by the City and the County and was not intended to relieve the City or the County from providing services to the area.

2. When and how was the Midtown Management District created?

The District was created in 1999 by the 76th Texas Legislature.

3. What are the boundaries of the District?

The District is generally located south of Downtown, east of the Montrose/4th Ward area, west of the Third Ward area and north of the Museum District and Texas Medical Center.

4. What is the District's assessment rate? What is the assessed value of property in the District that is subject to assessment.

The 2004 assessment rate was \$0.1181 per \$100 of valuation. The Board proposes to set the 2005 assessment rate at \$0.1181 per \$100 of valuation. The assessed value for 2004 was \$750,559,423. The Harris County Appraisal District has not released certified appraised values for 2005.

5. How is the assessment determined?

Assessments are based on appraised value as determined by the Harris County Appraisal District.

6. Is there a cap on the assessment rate?

For the new Ten-Year Service Plan, the Board proposes to cap the assessment rate at \$0.15 per \$100 of valuation.

7. How many times in the last 5 years has the District increased the assessment rate?

The District's assessment rate was \$0.1125 per \$100 of valuation for 2000 – 2003. In 2004, the Board increased the rate to \$0.1181 per \$100 of valuation.

8. Who is subject to assessment?

Both residential and commercial properties are subject to assessment.

9. Who is exempt from assessment?

Properties owned by non-profit organizations, churches, governmental entities, and utilities are exempt from assessment.

The District exempts from assessment 20% of the appraised value of all homesteads. The District exempts from assessment \$15,000 of the appraised value of residences of disabled individuals and individuals who are 65 years or older. The District grants a complete exemption to the owners of single family detached residences who are 65 years or older.

10. What is the difference between the District and the Tax Increment Reinvestment Zone?

A Tax Increment Reinvestment Zone (TIRZ) is a special district created by the City to help finance the cost of redeveloping an area that would not otherwise attract significant private investment in development in the foreseeable future. Reinvestment Zone Number 2 (the Midtown TIRZ) was created in 1995. A TIRZ does not levy taxes; rather a portion of the ad valorem taxes generated within the boundaries of the TIRZ by the City, the County and HISD are returned to the TIRZ to finance the costs of certain public improvements. Some projects financed by the Midtown TIRZ include: new Midtown street signs, new street lights, the Midtown Park, street and sidewalk reconstruction, and reimbursements to developers for upgrades to new sidewalks, landscaping, irrigation and streetscape.

The Midtown TIRZ has a separate 9 member board of directors which is appointed by the City, County and HISD. The TIRZ will be dissolved in 2025.

11. How do I calculate my assessment bill?

If you own a home worth \$100,000 that has a homestead exemption, you would calculate your bill as follows:

$\$100,000 \text{ minus } 20\% \text{ homestead exemption} = \$80,000 \text{ divided by } \$100 = \$800$
 $\text{multiplied by } \$0.1181 = \94.48

12. When are assessments due?

Assessments are due on January 31, the same date that property taxes are due. Assessments are subject to penalties and interest if they are delinquent just like ad valorem taxes levied by the county or the city.

13. Does the assessment create a lien on my property?

Yes, the assessment creates a lien on your property in the same manner as ad valorem taxes levied by the county, city or school district creates a lien on your property. Just like ad valorem taxes, the assessment is a personal liability of the person who owns or acquires the property on January 1 of the year for which the assessment is imposed. The District's lien is subordinate to the lien for county, school district or city ad valorem taxes.

14. What is the District's current budget?

The District's 2004 budget (October 1, 2004 – September 30, 2005) consists of \$778,789 in assessment revenues and \$775,992 in expenses.

15. Does the District have audited financial statements?

The District has audited financial statements prepared annually.

16. What are some of the District's projects?

Some of the District's projects include:

- Houston Police Department bike patrols
- 3 Harris County Deputy Constables dedicated to patrolling Midtown
- HPD Lieutenant serves as security coordinator for the District
- Street sweeping, tree pruning and fertilization, Pick-Up and Pedal neighborhood clean-up project
- Maintenance of the Midtown Park at Bagby and Gray, Baldwin Park and Peggy Point Plaza Park
- Payment of increased electricity costs associated with new street lights installed by the TIRZ
- New Midtown street signs
- Maintenance of street signs, landscaping and irrigation along Main Street from Pierce Elevated to Palm Street
- Publication of the Midtown newsletter; Midtown webpage, www.houstonmidtown.com

17. How large is the District's staff?

The District has one full time employee, the Managing Director. The Executive Director of the Midtown TIRZ is also the executive director of the District. Additionally, the 5 staff members of the Midtown TIRZ devote a portion of their time to the District's activities.

18. How are board members selected? Are they elected?

Directors are not elected. The initial members of the Board of Directors were appointed by the Texas Legislature when the District was created. Upon expiration of the directors' terms, subsequent board members are appointed by the Mayor and City Council from persons recommended by the Board of Directors. The Board may fill a vacancy for the remainder of an unexpired term.

19. How large is the Board of Directors and how long are the terms?

There are 17 members of the board of directors. Directors serve staggered terms of four years, with eight directors' terms expiring on June 1 of an odd-numbered year and nine directors' terms expiring on June 1 of the following odd-numbered years.

20. What are the qualifications to serve as a board member? Are directors compensated?

To be qualified to serve on the Board of Directors, a person must be at least 18 years old and: (1) a resident of the District; (2) own property in the District; (3) own stock in a corporate owner of property in the District; (4) own a beneficial interest in a trust that owns property in the District; or (5) an agent, employee or tenant of a person covered by (2), (3) or (4). Directors receive no compensation.

21. Does the District have Articles of Incorporation or Bylaws?

No, the District is not a corporation and therefore it does not have Articles of Incorporation or Bylaws.

22. What statutes govern the operation of the Management District?

The Management District operates under the authority granted by Chapter 3809, Special District Local Laws Code (formerly Chapter 376, Subchapter I, Local Government Code) and Chapter 375, Local Government Code.

23. What happens after today's public hearing?

The Hearing Examiners will prepare a report to the entire board summarizing the hearing and making recommendations regarding the approval of the new service plan and the levy of an assessment.

24. When and where does the Board of Directors of the District meet? Are meetings open to the public?

The Board meets on the first Wednesday of the month at the District's offices, 3401 Louisiana, Suite 355 at 11:00 a.m. Meetings are open to the public and the agendas are posted on the District's webpage, www.houstonmidtown.com.

25. How can I get involved with the District?

The District encourages and welcomes residents, tenants and property owners to participate in the various activities of the District. If you are interested in serving on the Board of Directors, please forward your resume to the District's Managing Director. Non-board members may also serve on one of the District's three committees: Marketing, Visual Services and Improvements and Public Safety.