

**Mayor's Office of
Economic Development**

Tax Abatement Program

Economic Development Committee

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Tax Abatement Ordinance Renewal

Tax Abatement Program

TX Tax Code Chapter 312

- Chapter 312 of Texas Tax Code gives authority to cities to enter into tax abatement agreements
- Ordinance establishes economic development guidelines and criteria used to encourage companies to invest in Houston, to retain businesses, and to incentivize projects that align with the City's development priorities
- Abatements of property taxes are available for up to 90% of the value, for a maximum term of 10 years
- State law requires cities' tax abatement ordinances to expire after 2 years

Tax Abatement Ordinance History

Chapter 44 Article IV

- Program first established in 1988 (Ord. 1988-104)
- Ord. 2011-1167 (December 14, 2011)
 - Refurbishment of an existing buildings to LEED standards may be eligible for abatements depending on level of certification. Competitive siting evidence submission required only if the applicant is considering an alternative location for the project.
- Ord. 2014-245 (March 26, 2014)
 - Allow property owners to apply for tax abatement on new improvements located on a demolished site or major renovations of an existing deteriorating and abandoned structure

Tax Abatement Ordinance History

Chapter 44 Article IV

- Ord. 2016-252 (March 30, 2016)
 - Provide favorable consideration for applications that include community benefits, including but not limited to: mid-skill jobs, reentry jobs, internships for low-income students and workforce and/or housing
 - Ord. 2018-391 (May 16, 2018)
 - Require companies to commit to at least one (1) community benefit as a term of agreement. Allow tax abatement on inventory for Logistic and Distribution related projects. Explore a reduction or variance on current requirements such as job creation and minimum investment to maximize use of program in complete communities.
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Tax Abatement Ordinance History

Chapter 44 Article IV

- Ord. 2020-424 (May 13, 2020)
 - Established special eligibility and community benefit requirements for properties located within Qualified Opportunity Zone Census Tracts
- Ord. 2020-1091 (December 16, 2020)
 - Created the Green Stormwater Infrastructure abatement and increased the percentage of property value eligible to be abated for LEED abatements
- Ord. 2022-344 (May 4, 2022)
 - Readopted the tax abatement ordinance with no material changes

Tax Abatement Ordinance Renewal 2024

Chapter 44 Article IV

- Ordinance 2022-344 renewed current tax abatement program through May 19, 2024
 - Economic Development abatement
 - Brownfield Development abatement
 - LEED tax abatement
 - Green Stormwater Infrastructure abatement
 - Deteriorated/Demolished Property abatement
 - Proposed 2024 ordinance renewal includes amendments to language in the current Green Stormwater Infrastructure abatement (Sec. 44-132)
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Tax Abatement Ordinance Renewal 2024

Proposed Changes

- **Change name of Sec. 44-132**
 - Propose rephrasing from “*Green Stormwater Infrastructure*” to “*Low Impact Development*”
 - “*Low Impact Development*” better aligns with industry terminology, the language expressed in the City’s design manual, and clarifies the types of improvements eligible for abatement under this section

Council Action Timeline

