

Flower Mound willing to bet on future to spur growth

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By KEVIN KRAUSE / The Dallas Morning News

Flower Mound wants to create the town's first tax increment reinvestment zone to attract development to the FM2499 corridor south of Highland Village.

The area has older roads and infrastructure and has not attracted development like other parts of town. The proposed boundaries of the 1,465-acre reinvestment zone include the area of FM2499, mostly between FM1171 and FM407.

Council member Paul Stone said it was the town's first area of planned development zoning.

"It hasn't developed as anticipated," he said. "This is to create the ability to create more tax base."

Tax increment financing, or TIF, uses future tax revenue for improvements to an area in need.

This week, the town began the lengthy 10-step process by passing a resolution of its intent to establish the TIF. A public hearing is tentatively scheduled for September.

Larry Cline, a town consultant, said any increase in tax revenue caused by new development and higher land value is paid into a fund that is used to finance public improvements in the reinvestment zone.

Taxing entities can contribute to the fund a portion or all of the added tax revenue that comes from an increase in property values because of the improvements.

In Flower Mound, base property values will be set as of Jan. 1, 2005. Anything above that in January 2006 will go into the TIF fund. It will be in effect for 20 years.

"It does not involve new or greater taxes on new or existing development or forgiveness of taxes," Mr. Cline said.

The town anticipates \$48.7 million worth of projects for the zone, including improvements to eight streets, a park, and hike and bike trails. It also includes \$30 million for a Town Hall expansion, a senior citizen activity center and a performing arts auditorium.

Mr. Cline said he anticipates \$951 million worth of new development as a result of infrastructure improvements over the next 20 years. The town is hoping to attract commercial and residential projects to the area.

Local projects that have benefited from TIFs include the Grapevine Mills Mall, the Southlake Town Square, Lewisville's Old Town and the Shops at Willow Bend in Plano.

Currently, 31 Texas cities use TIFs, according to the state comptroller's office, including Arlington, Dallas, Fort Worth, Frisco, Grapevine, Keller, Lewisville, North Richland Hills and Southlake.

Cities that use them are required to report it but not all do, a comptroller spokeswoman said. In 2003, 37 cities used TIFs. Most had fewer than 50,000 residents, according to a comptroller's office report.

TIFs have been widely praised for rehabilitating aging neighborhoods without raising taxes. However, some worry that cities might use their eminent-domain power to relocate residents in order to accommodate developers' plans.

In 2003, the El Paso City Council voted to eliminate the city's two TIFs for a new health institute and downtown improvements. Many residents opposed the TIFs because of concerns that the city would take their property under eminent domain and sell it to businesses.

In 1995, Fort Worth created a TIF for land it annexed for the Texas Motor Speedway. The Fort Worth Sports Authority, which owns the speedway, later condemned about 25 homes to make way for the track.

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