

Funding Source	Focus/ Use	Requirements		Funding Rules	Other Rules	Advantages	Limitations
		Government	Private				
4A Sales Tax	Citywide Economic Development	City must be in a county of under 500,000 people, in a county over 500,000 with if city's population is below 50,000, or part of the city is in another county that is below 500,000.	Must be basic city infrastructure, research facilities, transportation, military bases, corporate headquarters, water facilities, warehouses, and job training programs	Revenue limited to half cent sales tax	City can donate land, provide loans, give grant to developer. Deal must include clawback provision from developer if project fails.	A permanent funding source covering the entire city with limited number of restrictions and taxes a more popular source of revenue than property taxes	Required to create non-retail jobs. This source of taxes is shared with other programs, especially mass transit, strict limits on use for retail projects, cannot be used for parks & entertainment facilities.
4B Sales Tax	Citywide Community Development	All cities are eligible	Everything allowed for 4A Sales Tax plus sports stadiums, parks, convention centers, entertainment projects, public safety, retail developments, and affordable housing.	Revenue limited to half cent sales tax	Can donate land, provide loans, give grant to developer. Deal must include clawback provision from developer if project fails.	A permanent funding source covering the entire city with even fewer restrictions than a 4A tax and taxes a more acceptable source. 4B taxes can be paired with 4A taxes.	Source of taxes shared with other programs, especially mass transit
Brownfields Economic Development Initiative (BEDI)	Redevelopment of abandoned industrial and commercial facilities	The Brownfield site must be in an area with low to moderate incomes or benefit people with low to moderate incomes	The land must be used for economic development of some sort, not land banking.	\$2 million per grant from US HUD	Must be paired with Section 108 Loan Guarantee and receive approval from local Community Block Grant Entitlement Agency	Federal funds to improve the quality of the site, does not have to be paid back.	Subject to federal government approval, requires extensive documentation, and development and cleanup must happen together.
Community Development Block Grants (CDBG)	Eliminating poverty and urban blight	Cities with over 50,000 people and counties with over 200,000 people automatically qualify for an amount set by a formula. Small cities and counties have to apply to receive funding	At least 70% of grant must be used to improve infrastructure in low to moderate income areas, and can not be for regular government business.	Based on funding formula for city/ county/ state.	Plan for funds must be submitted to US HUD for approval.	Many large and medium size cities automatically qualify. They are only required to inform HUD how they spent the money.	Subject to federal government approval, and requires documentation of expenditures.
HOME Investment Partnerships Program	Create affordable housing for low income people	Must qualify for Community Development Block Grant (CDBG)	Funding must be directed at people with incomes below a specified level to be used for rental assistance or down payment assistance.	Formula amount if it is above \$500,000 or smaller sub-grants from state	Must be affordable for 20 years, have a maximum selling price and maximum subsidy per unit, and the city must contribute 25% of the cost	Federal funds to increase availability of affordable housing, does not have to be paid back.	Subject to federal government approval, requires extensive documentation, can not be used for luxury housing or people earning over 80% of median income of the area.
Municipal Development District (MDD)	Economic Development for entire city and its extraterritorial jurisdiction or specific neighborhood	District is created by a general election inside the proposed district	Funds can be spent on anything that a 4B sales tax is spent on, plus convention center, civic center, or convention center hotel	Sales tax of up to half cent within district.	Boundaries automatically adjust to changes in city limits	It allows for the widest possible tax base, does not take money away from the general fund, and has very few restrictions	Shares the funds with other uses of sales tax, especially mass transit, requires a general election to create and raise tax rate
Municipal Management District (MMD)	Permanent political entity for a specific neighborhood with taxing powers.	Created by either an act of the state legislature or by application to the Texas Commission on Environmental Quality (TCEQ).	A MMD can fund anything that a city can fund out of its general fund, including police, streets, parks, etc	Can raise revenue through a property tax, a special assessment, or an impact fees.	City is required to maintain same level of service to district. District can raise bonds backed by just the district.	City is not liable for bond debt and does not pull money out of general fund.	Property in district is liable for bond debt.
Neighborhood Empowerment Zone	Promoting improved quality of life in a single neighborhood	Must show how the creation of a zone will promote affordable housing, economic development, or improved quality of government services in an ordinance.	Any project must create affordable housing, increase economic development, or improve public safety in the zone to receive the benefits.	City can waive or adopt fees related permitting, waive taxes, and forgive liens	Can only waive taxes for a maximum of 10 years	It has a simple structure with few financial commitments to the city. City maintains complete control of the district.	Limited to subsidizing developments up to the amount of taxes and fees paid and removes funds from the general fund.
Public Improvement District (PID)	Ongoing public improvements in specific area	Can only be created by a petition by the owners of a majority of either property value, land parcels, or acreage in the area. The city can turn down petition.	PIDs can be used for paying for public infrastructure, maintenance, services, or amenities in a development.	No maximum except 10% must come from assessment on property in district.	Area can be in the Extraterritorial Jurisdiction (ETJ) of a city, and budget must be approved by city.	It does not divert general tax revenue, allows for a continuous program for maintaining a specific area with few limits on use and can be managed by neighborhood association.	It places an additional tax burden on development. It requires majority of the district to agree on an additional tax.

Section 108 Loan Guarantee Program	To increase economic activity in distressed areas.	Must qualify for Community Development Block Grant (CDBG)	Funds must be used to build public infrastructure or rehabilitate low income housing	Guarantee can be up to 5 times the municipality's CDB Grant	Loans must be backed by assets or future CDBG funds and be repaid in a maximum of 20 years.	Guarantee will allow for a lower interest rate on the loans and allow affordable developments to be built	Subject to federal government approval, requires extensive documentation, and municipality bears the risk of default.
Section 380 Grants	Promoting Economic Development	City can provide a loan or grant to developer or fund the use of city personnel and equipment. Each grant is set up individually by passing an ordinance.	Must show that project will promote economic development and sign a contract between developer and the city that requires repayment if targets are not met.	There is typically no maximum length of time or amount for a 380 grant or tax rebate.	Can donate land to independent non-profit for economic development, expenses come from General Fund	It does not require setting up a new layer of government, additional taxes, or holding an election.	It takes money out of the general fund and requires that the city and developer sign a contract with a payback clause
Sustainable Development Call for Projects	Infrastructure for Mixed-use projects in North Texas	Must be a public-private partnership and include infrastructure close to private development. Applicants must submit complete applications during a competitive Call for Projects (CFP) that occurs approximately every three years.	Private developer must agree to build vertical development within the time frame required. Development must mix uses in a way that encourages walking and mass transit usage.	Maximum of \$3 million for an infrastructure project, and \$300,000 for each planning project.	City is required to contribute an addition 20% local match. The NCTCOG manages the funds and reimburses public partners.	City and developer can lower their expenses, higher tax rates not required, in kind match is allowed.	Funds are provided on reimbursement basis and only available every 3 years. Project must be ready to start at the time of Notice to proceed and utilize funding in less than 3 years.
Tax Abatement	Economic Development	Cities can exempt the increased value of real estate, personal property, and inventory through abatement & taxes. City is only required to pass an ordinance for each abatement.	Developer must submit application for abatement every year in order to receive the abatement. Generally require that the project meets economic development goals.	Up to 100% of the increased value of the property over a maximum of 10 years.	If requirements are broken, abatement ends. Most requirements are set by the local government.	It is simple to start, no new tax entities created, few requirements by state, little risk to city.	Subsidy limited to the increased value of the property and is paid over the life of the agreement. Revenue is diverted from general fund
Tax Increment Finance (TIF)/Tax Increment Reinvestment Zone (TIRZ)	Economic Development in specific area	Can not exceed 15% of tax base, need a declaration that area would not develop without help, other agencies can participate, only 10% of land can be residential, and must have a master plan for district's revenue.	Must be consistent with master plan.	from additional property or sales tax revenue generated by development above the base amount.	Can not issue debt without approval of city, and can not raise a tax on the district. Other agencies can participate. Lifespan of up to 20 years.	It is created by city ordinance, does not increase tax burden within development, lacks many of the restrictions that limit city spending, can only use additional revenue, and board appointed by city council.	Directs tax revenue from general fund to single neighborhood, district is limited to 10% residential and less than 15% of the city's tax base at the time its created. City will have to cover any debt short fall.
Transportation Reinvestment Zone (TRZ)	Focused on transportation projects, establish a pass through transportation project for TRZ	Need a declaration that area is under developed, public hearing, establish zone, and advelorum tax increment account.	N/A	Cites and Counties can establish TRZs with a termination period	Surplus funds may be used for other transportation projects in or outside zone	Cites and Counties are eligible. Municipalities and Counties would keep half the revenue earned through the TRZ to be used for any purpose within the TRZ.	The other half would be deposited to a fund within the state treasury, earmarked for use within the specific municipality or county and spent on future pass-through financing projects within the municipality or county.