

CITY OF FORT WORTH

NEIGHBORHOOD EMPOWERMENT ZONE (NEZ) TAX ABATEMENT POLICY AND BASIC INCENTIVES

I. GENERAL PURPOSE AND OBJECTIVES

Chapter 378 of the Texas Local Government Code allows a municipality to create a Neighborhood Empowerment Zone (NEZ) when a "...municipality determines that the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing, in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone."

The City, by adopting the following NEZ Tax Abatement Policy and Basic Incentives, will promote affordable housing and economic development in Neighborhood Empowerment Zones. NEZ incentives will not be granted after the NEZ expires as defined in the resolution designating the NEZ. For each NEZ, the City Council may approve additional terms and incentives as permitted by Chapter 378 of the Texas Local Government Code or by City Council resolution. However, any tax abatement awarded before the expiration of a NEZ shall carry its full term according to its tax abatement agreement approved by the City Council.

As mandated by state law, the property tax abatement under this policy applies to the owners of real property. Nothing in the policy shall be construed as an obligation by the City of Fort Worth to approve any tax abatement application.

II. DEFINITIONS

"Abatement or Tax Abatement" means a full or partial exemption from City of Fort Worth ad valorem taxes on eligible real and personal property located in a NEZ for a specified period on the difference between (i) the amount of increase in the appraised value (as reflected on the certified tax roll of the appropriate county appraisal district) resulting from improvements begun after the execution of a written Tax Abatement Agreement and (ii) the appraised value of such real estate prior to execution of a written Tax Abatement Agreement (as reflected on the most recent certified tax roll of the appropriate county appraisal district for the year prior to the date on which the Tax Abatement Agreement was executed).

"Affordable Units" means affordable to persons earning less than 80% Area Median Family Income (AMFI) as defined by U.S. Department of Housing and Urban Development (HUD) for single family housing and under 60% AMFI as defined by HUD for rental and multi-family.

"Base Value" is the value of the Real Property Improvements, excluding land, as determined by the Tarrant County Appraisal District, during the year rehabilitation occurs.

"Building Standards Commission" is the commission created under Sec. 7-77, Article IV. Minimum Building Standards Code of the Fort Worth City Code.

"Capital Investment" includes only Real Property Improvements such as new facilities and structures, site improvements, facility expansion, and facility modernization. Capital Investment does NOT include land acquisition costs and/or any existing improvements, or personal property (such as machinery, equipment, and/or supplies and inventory).

"City of Fort Worth Tax Abatement Policy Statement" means the policy adopted by City Council.

"Commercial/Industrial Development Project" is a development project which proposes to construct or rehabilitate commercial/industrial facilities on property that is ~~(or meets the requirements to be) zoned commercial, industrial or mixed use as defined by the City of Fort Worth Zoning Ordinance.~~ in compliance with the Zoning Classification or the Future land use in the Comprehensive Plan.

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"Community Facility Development Project" is a development project which proposes to construct or rehabilitate community facilities on property that ~~allows such use as defined by the City of Fort Worth Zoning Ordinance.~~ in compliance with the Zoning Classification or the Future land use in the Comprehensive Plan.

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"Eligible Rehabilitation" includes only physical improvements to Real Property Improvements. Eligible Rehabilitation does NOT include personal property (such as furniture, appliances, equipment, and/or supplies).

"Gross Floor Area" is measured by taking the outside dimensions of the building at each floor level, except that portion of the basement used only for utilities or storage, and any areas within the building used for off-street parking.

"Minimum Building Standards Code" is Article IV of the Fort Worth City Code adopted pursuant to Texas Local Government Code, Chapters 54 and 214.

"Minority Business Enterprise (MBE)" and "Women Business Enterprise (WBE)" is a minority or woman owned business that has received certification as either a certified MBE or certified WBE by either the North Texas Regional Certification Agency (NTRCA) or the Texas Department of Transportation (TxDot), Highway Division.

"Mixed-Use Development Project" is a development project which proposes to construct or rehabilitate mixed-use facilities in which residential uses constitute 20 percent or more of the total gross floor area, and office, eating and entertainment, and/or retail sales and service uses constitute 10 percent or more of the total gross floor area and is on property that is ~~(or meets the requirements to be) zoned mixed use as described by the City of Fort Worth Zoning Ordinance.~~ in compliance with the Zoning Classification or the Future land use in the Comprehensive Plan.

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"Multi-family Development Project" is a development project which proposes to construct or rehabilitate 3 or more multi-family residential living units on a property that is ~~(or meets the requirements to be) zoned multi-family or mixed use as defined by the City of Fort Worth~~

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~~Zoning Ordinance~~, in compliance with the Zoning Classification or the Future land use in the Comprehensive Plan.

“New Construction” is a newly constructed habitable structure improvement requiring a permanent foundation. This excludes accessory structures such as sheds and incidental out buildings.

“Primary Residence” is the residence that has a Homestead Exemption on file with Tarrant County Appraisal District.

“Project” means a “Residential Project”, “Commercial/Industrial Development Project”, “Community Facility Development Project”, “Mixed-Use Development Project”, or a “Multi-family Development Project.”

“Real Property Improvements” – means a habitable structure as defined by the Fort Worth Building Code.

“Reinvestment Zone” is an area designated as such by the City of Fort Worth in accordance with the Property Redevelopment and Tax Abatement Act codified in Chapter 312 of the Texas Tax Code, or an area designated as an enterprise zone pursuant to the Texas Enterprise Zone Act, codified in Chapter 2303 of the Texas Government Code.

“Residential Project” – means less than 3 residential units.

III. MUNICIPAL PROPERTY TAX ABATEMENTS

A. RESIDENTIAL PROPERTIES LOCATED IN A NEZ- FULL ABATEMENT FOR 5 YEARS

1. For residential property purchased before NEZ designation, a homeowner shall be eligible to apply for a tax abatement by meeting the following:
 - a. Property is owner-occupied and the primary residence of the homeowner prior to the final NEZ designation. Homeowner shall provide proof of ownership by a warranty deed, affidavit of heirship, or a probated will, and shall show proof of primary residence by homestead exemption; and
 - b. Property is rehabilitated after NEZ designation and City Council approval of the tax abatement;
 - c. Homeowner must perform Eligible Rehabilitation on the property after NEZ designation equal to or in excess of 30% of the Base Value of the Real Property Improvements; and
 - d. Property is not in a tax-delinquent status when the abatement application is submitted.
2. For residential property purchased after NEZ designation, a homeowner shall be eligible to apply for a tax abatement by meeting the following:
 - a. Real Property Improvements are constructed or rehabilitated after NEZ designation and City Council approval of the tax abatement;

- b. Property is owner-occupied and is the primary residence of the homeowner. Homeowner shall provide proof of ownership by a warranty deed, affidavit of heirship, or a probated will, and shall show proof of primary residence by homestead exemption;
- c. For rehabilitated Real Property Improvements, Eligible Rehabilitation costs on the Real Property Improvements shall be equal to or in excess of 30% of the Base Value of the Real Property Improvements. The seller or owner shall provide the City information to support rehabilitation costs;
- d. Property is not in a tax-delinquent status when the abatement application is submitted; and
- ~~e. Property is in conformance with the City of Fort Worth Zoning Ordinance however, a property use that is legal non-conforming shall not be eligible to receive a tax abatement.~~

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- 3. For investor owned single family property, an investor shall be eligible to apply for a tax abatement by meeting the following:
 - a. Real Property Improvements are constructed or rehabilitated after NEZ designation and City Council approval of the tax abatement;
 - b. For rehabilitated Real Property Improvements, Eligible Rehabilitation costs on the Real Property Improvements shall be equal to or in excess of 30% of the Base Value of the Real Property Improvements;
 - c. Property is not in a tax-delinquent status when the abatement application is submitted; and
 - d. Property is in conformance with the City of Fort Worth Zoning Ordinance.

B. MULTI-FAMILY DEVELOPMENT PROJECTS LOCATED IN A NEZ

- 1. 100% Abatement for 5 years.

If an applicant applies for a tax abatement agreement with a term of five years or less, this section shall apply.

Abatements for multi-family development projects for up to 5 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

In order to be eligible for a property tax abatement upon completion, a newly constructed or rehabilitated multi-family development project in a NEZ must satisfy the following:

At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. City Council may waive or reduce the 20% affordability requirement on a case-by-case basis. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments; and

- (a) For a multi-family development project constructed after NEZ designation, the project must provide at least five (5) residential living units OR have a minimum Capital Investment of \$200,000; or
- (b) For a rehabilitation project, the Real Property Improvements must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements. Such Eligible Rehabilitation costs must come from the rehabilitation of at least five (5) residential living units or a minimum Capital Investment of \$200,000.

2. 1%-100% Abatement of City Ad Valorem taxes up to 10 years

If an applicant applies for a tax abatement agreement with a term of more than five years, this section shall apply.

Abatements for multi-family development projects for up to 10 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

Years 1 through 5 of the Tax Abatement Agreement

Multi-family projects shall be eligible for 100% abatement of City ad valorem taxes for years one through five of the Tax Abatement Agreement upon the satisfaction of the following:

At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. City Council may waive or reduce the 20% affordability requirement on a case-by-case basis. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments; and

- a. For a multi-family development project constructed after NEZ designation, the project must provide at least five (5) residential living units OR have a minimum Capital Investment of \$200,000; or
- b. For a rehabilitation project, the Real Property Improvements must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements. Such Eligible Rehabilitation costs must come from the rehabilitation of at least five (5) residential living units or a minimum Capital Investment of \$200,000.

Years 6 through 10 of the Tax Abatement Agreement

Multi-family projects shall be eligible for a 1%-100% abatement of City ad valorem taxes for years six through ten of the Tax Abatement Agreement upon the satisfaction of the following:

- a. At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban

Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments. City Council may waive or reduce the 20% affordability requirement on a case-by-case basis; and

1. For a multi-family development project constructed after NEZ designation, the project must provide at least five (5) residential living units OR have a minimum Capital Investment of \$200,000; or
 2. For a rehabilitation project, the Real Property Improvements must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements. Such Eligible Rehabilitation costs must come from the rehabilitation of at least five (5) residential living units or a minimum Capital Investment of \$200,000.
- b. Any other terms as City Council of the City of Fort Worth deems appropriate, including, but not limited to:
1. utilization of Fort Worth companies for an agreed upon percentage of the total costs for construction contracts;
 2. utilization of certified minority and women owned business enterprises for an agreed upon percentage of the total costs for construction contracts;
 3. property inspection;
 4. commit to hire an agreed upon percentage of Fort Worth residents
 5. commit to hire an agreed upon percentage of Central City residents
 6. landscaping;
 7. tenant selection plans; and
 8. management plans.

C. COMMERCIAL, INDUSTRIAL AND COMMUNITY FACILITIES DEVELOPMENT PROJECTS LOCATED IN A NEZ

1. 100% Abatement of City Ad Valorem taxes for 5 years

If an applicant applies for a tax abatement agreement with a term of five years or less, this section shall apply.

Abatements for Commercial, Industrial and Community Facilities Development Projects for up to 5 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

In order to be eligible for a property tax abatement, a newly constructed or rehabilitated commercial/industrial and community facilities development project in a NEZ must satisfy the following:

- a. A commercial, industrial or a community facilities development project constructed after NEZ designation must have a minimum Capital Investment of \$75,000; or

- b. For a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$75,000, whichever is greater.
2. 1%-100% Abatement of City Ad Valorem taxes up to 10 years

If an applicant applies for a tax abatement agreement with a term of more than five years, this section shall apply.

Abatements agreements for a Commercial, Industrial and Community Facilities Development projects for up to 10 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

Years 1 through 5 of the Tax Abatement Agreement

Commercial, Industrial and Community Facilities Development projects shall be eligible for 100% abatement of City ad valorem taxes for the first five years of the Tax Abatement Agreement upon the satisfaction of the following:

- a. A commercial, industrial or a community facilities development project constructed after NEZ designation must have a minimum Capital Investment of \$75,000; or
- b. For a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$75,000, whichever is greater.

Years 6 through 10 of the Tax Abatement Agreement

Commercial, Industrial and Community Facilities Development projects shall be eligible for 1%-100% abatement of City ad valorem taxes for years six through ten of the Tax Abatement Agreement upon the satisfaction of the following:

- a. A commercial, industrial or a community facilities development project constructed after NEZ designation must have a minimum Capital Investment of \$75,000 and must meet the requirements of subsection (c) below ; or
- b. For a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$75,000, whichever is greater and meet the requirements of subsection (c) below.
- c. Any other terms as City Council of the City of Fort Worth deems appropriate, including, but not limited to:
 - 1. utilization of Fort Worth companies for an agreed upon percentage of the total costs for construction contracts;
 - 2. utilization of certified minority and women owned business enterprises for an agreed upon percentage of the total costs for construction contracts;
 - 3. commit to hire an agreed upon percentage of Fort Worth residents;
 - 4. commit to hire an agreed upon percentage of Central City residents;and

5. landscaping.

D. MIXED-USE DEVELOPMENT PROJECTS LOCATED IN A NEZ

1. 100% Abatement of City Ad Valorem taxes for 5 years

If an applicant applies for a tax abatement agreement with a term of five years or less, this section shall apply.

Abatements for Mixed-Use Development Projects for up to 5 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

In order to be eligible for a property tax abatement, upon completion, a newly constructed or rehabilitated mixed-use development project in a NEZ must satisfy the following:

- a. Residential uses in the project constitute 20 percent or more of the total Gross Floor Area of the project. At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments; and
- b. Office, eating and entertainment, and/or retail sales and service uses in the project constitute 10 percent or more of the total Gross Floor Area of the project; and
 - (1) A mixed-use development project constructed after NEZ designation must have a minimum Capital Investment of \$200,000; or
 - (2) For a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$200,000, whichever is greater.

2. 1%-100% Abatement of City Ad Valorem taxes up to 10 years

If an applicant applies for a tax abatement agreement with a term of more than five years, this section shall apply.

Abatements agreements for a Mixed Use Development projects for up to 10 years are subject to City Council approval. The applicant may apply with the Housing and Economic Development Department for such abatement.

Years 1 through 5 of the Tax Abatement Agreement

Mixed Use Development projects shall be eligible for 100% abatement of City ad valorem taxes for the first five years of the Tax Abatement Agreement upon the satisfaction of the following:

- a. Residential uses in the project constitute 20 percent or more of the total Gross Floor Area of the project. At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments; and
- b. Office, eating and entertainment, and/or retail sales and service uses in the project constitute 10 percent or more of the total Gross Floor Area of the project; and
- c. A new mixed-use development project constructed after NEZ designation must have a minimum Capital Investment of \$200,000; or for a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$200,000, whichever is greater.

Years 6 through 10 of the Tax Abatement Agreement

Mixed Use Development projects shall be eligible for 1-100% abatement of City ad valorem taxes for years six through ten of the Tax Abatement Agreement upon the satisfaction of the following:

- a. Residential uses in the project constitute 20 percent or more of the total Gross Floor Area of the project; At least twenty percent (20%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size. In addition at least 5% of the total units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments; and
- b. Office, eating and entertainment, and/or retail sales and service uses in the project constitute 10 percent or more of the total Gross Floor Area of the project;
- c. A new mixed-use development project constructed after NEZ designation must have a minimum Capital Investment of \$200,000; or for a rehabilitation project, it must be rehabilitated after NEZ designation. Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$200,000, whichever is greater; and

- d. Any other terms as City Council of the City of Fort Worth deems appropriate, including, but not limited to:
 - 1. utilization of Fort Worth companies for an agreed upon percentage of the total costs for construction contracts;
 - 2. utilization of certified minority and women owned business enterprises for an agreed upon percentage of the total costs for construction contracts;
 - 3. property inspection;
 - 4. commit to hire an agreed upon percentage of Fort Worth residents
 - 5. commit to hire an agreed upon percentage of Central City residents
 - 6. landscaping;
 - 7. tenant selection plans; and
 - 8. management plans.

E. ABATEMENT GUIDELINES

- 1. If a NEZ is located in a Tax Increment Financing District, City Council will determine on a case-by-case basis if the tax abatement incentives in Section III will be offered to eligible Projects. Eligible Projects must meet all eligibility requirements specified in Section III.
- 2. A tax abatement shall not be granted for any development project in which a building permit application, excluding grading and/or demolition, has been filed with the City's Planning and Development Department. In addition, the City will not abate taxes on the value of real or personal property for any period of time prior to the year of execution of a Tax Abatement Agreement with the City.

3. Use of Property and Project is in conformance with the City of Fort Worth Zoning Classification or future land use in the Comprehensive Plan however, a property use that is legal non-conforming shall not be eligible to receive a tax abatement Formatted: Bullets and Numbering

3.4. If a Project is located in the Woodhaven Neighborhood Empowerment Zone, in order to be considered "eligible" to apply for a tax abatement under this Policy, the Woodhaven Community Development Corporation and the Woodhaven Neighborhood Association must have submitted a letter of support for the Project to the City of Fort Worth Formatted: Bullets and Numbering

4.5. Tax Abatements for a new construction project will automatically terminate two years after Council approval of the tax abatement if a building permit has not been pulled and a foundation has not been poured. Formatted: Bullets and Numbering

5.6. Tax Abatements for a rehabilitation project will automatically terminate two years after Council approval of the tax abatement if the project is not complete. Formatted: Bullets and Numbering

6.7. In order to be eligible to apply for a tax abatement, the property owner/developer must:

- a. Not be delinquent in paying property taxes for any property owned by the owner/developer, except that an owner/developer may enter into a tax abatement agreement with the city of Fort Worth for a specific Project if:
 - 1. the Project meets NEZ tax abatement criteria; and

2. the applicant is not responsible for the tax delinquency for the Property; and
 3. the applicant enters into an agreement to pay off the taxes under the guidelines permitted under state law; and
 4. the tax abatement shall provide that the agreement shall take effect after the delinquent taxes are paid in full
- b. Not have any City of Fort Worth liens filed against any property owned by the applicant property owner/developer. "Liens" include, but are not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens.

~~7.8.~~ Projects to be constructed on property to be purchased under a contract for deed are not eligible for tax abatements. Formatted: Bullets and Numbering

~~8.9.~~ Once a NEZ property owner of a residential property (including multi-family) in the NEZ satisfies the criteria set forth in Sections III.A, E.1. and E.2. and applies for an abatement, a property owner may enter into a tax abatement agreement with the City of Fort Worth. The tax abatement agreement shall automatically terminate if the property subject to the tax abatement agreement is in violation of the City of Fort Worth's Minimum Building Standards Code and the owner is convicted of such violation. Formatted: Bullets and Numbering

~~10.9.~~ A tax abatement granted under the criteria set forth in Section III. can only be granted once for a property in a NEZ for a maximum term of as specified in the agreement. If a property on which tax is being abated is sold, the City may assign the tax abatement agreement for the remaining term once the new owner submits an application so long as the new owner complies with all of the terms of the tax abatement agreement.⁸ A property owner/developer of a multifamily development, commercial, industrial, community facilities and mixed-use development project in the NEZ who desires a tax abatement under Sections III.B, C or D must:

- a. Satisfy the criteria set forth in Sections III.B, C or D, as applicable, and Sections III.E.1 E.2; and E3. and
- b. File an application with the Housing and Economic Development Department, as applicable; and
- c. The property owner must enter into a tax abatement agreement with the City of Fort Worth. In addition to the other terms of agreement, the tax abatement agreement shall provide that the agreement shall automatically terminate if the owner receives one conviction of a violation of the City of Fort Worth's Minimum Building Standards Code regarding the property subject to the abatement agreement during the term of the tax abatement agreement; and
- d. If a property in the NEZ on which tax is being abated is sold, the new owner may enter into a tax abatement agreement on the property for the remaining term.

~~10.11.~~ If the terms of the tax abatement agreement are not met, the City Council has the right to cancel or amend the abatement agreement. In the event of cancellation, the recapture of abated taxes shall be limited to the year(s) in which the default occurred or continued.

~~14.2.~~ The terms of the agreement shall include the City of Fort Worth's right to: (1) review and verify the applicant's financial statements in each year during the life of the agreement prior to granting a tax abatement in any given year, (2) conduct an on site inspection of the project in each year during the life of the abatement to verify

compliance with the terms of the tax abatement agreement, (3) terminate the agreement if the Project contains or will contain a sexually oriented business (4) terminate the agreement, as determined in City's sole discretion, if the Project contains or will contain a liquor store or package store.

123. Upon completion of construction of the facilities, the City shall no less than annually evaluate each project receiving abatement to insure compliance with the terms of the agreement. Any incidents of non-compliance will be reported to the City Council.

On or before February 1st of every year during the life of the agreement, any individual or entity receiving a tax abatement from the City of Fort Worth shall provide information and documentation which details the property owner's compliance with the terms of the respective agreement and shall certify that the owner is in compliance with each applicable term of the agreement. Failure to report this information and to provide the required certification by the above deadline shall result in cancellation of agreement and any taxes abated in the prior year being due and payable.

134. If a property in the NEZ on which tax is being abated is sold, the new owner may enter into a tax abatement agreement on the property for the remaining term. Any sale, assignment or lease of the property which is not permitted in the tax abatement agreement results in automatic cancellation of the agreement and recapture of any taxes abated after the date on which an unspecified assignment occurred.

F. APPLICATION FEE

1. An application fee of \$25.00 for all basic incentives, excluding tax abatements.
2. The application fee for residential tax abatements governed under Section III.A is \$100.
3. The application fee for multi-family, commercial, industrial, community facilities and mixed-use development projects governed under Sections III.B., C. and D., is one-half of one percent (0.5%) of the proposed Project's Capital Investment, with a \$200 minimum not to exceed \$2,000. The Application Fee shall not be credited or refunded to any party for any reason.

IV. FEE WAIVERS

A. ELIGIBLE RECIPIENTS/PROPERTIES

1. City Council shall determine on a case-by-case basis whether a Project that will contain or contains a liquor store or package store is eligible to apply for a fee waiver.
2. If a Project is located in the Woodhaven Neighborhood Empowerment Zone, in order to be considered "eligible" to apply for a fee waiver under this Policy, the Woodhaven Community Development Corporation and the Woodhaven Neighborhood Association must have submitted a letter of support for the Project to the City of Fort

Worth—however, once the NEZ Plan is submitted for the Woodhaven NEZ, this will no longer be required.3. Projects to be constructed on property to be purchased under a contract for deed are not eligible for development fee waivers.

3. In order for a property owner/developer to be eligible to apply for fee waivers for a Project, the property owner/developer:
 - a. must submit an application to the City;
 - b. must not be delinquent in paying property taxes for any property owned by the owner/developer or applicant;
 - c. must not have any City liens filed against any property owned by the applicant property owner/developer, including but not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens; and
 - d. of a Project that will contain or contains a liquor store, package store or a sexually oriented business has received City Council's determination that the Project is eligible to apply for fee waivers.

4. Use of Property and Project is in conformance with the City of Fort Worth Zoning Classification or future land use in the Comprehensive Plan however, a property use that is legal non-conforming shall not be eligible for certification.

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Approval of the application and waiver of the fees shall not be deemed to be approval of any aspect of the Project. Before construction, the applicant must ensure that the project is located in the correct zoning district.

B. DEVELOPMENT FEES

1. Once the Application for NEZ Incentives has been approved and certified by the City, the following fees for services performed by the City of Fort Worth for Projects in the NEZ are waived for new construction projects or rehabilitation projects that expend at least 30% of the Base Value of the Real Property Improvements on Eligible Rehabilitation costs:
 - a) All Building Permit related Fees (including Plans Review and Inspections) except as stated in IV B. 2. below
 - b) Plat Application Fee (including Concept Plan, Preliminary Plat, Final Plat, Short Form Replat)
 - c) Board of Adjustment Application Fee
 - d) Demolition fee
 - e) Structure Moving Fee
 - f) Community Facilities Agreement (CFA) Application Fee
 - g) Zoning Application Fee
 - h) Street and Utility Easement Vacation Application Fee
 - i) Ordinance Inspection Fees
 - j) Consent/Encroachment Agreement Application Fees
 - k) Transportation Impact Fees
 - l) Urban Forestry Application Fees
 - m) Sign Permit Fees

2. If a permit or application listed in B (1) is expired, the fee to reactivate, renew or reapply shall not be waived. In addition, penalties and extension fees or re-permitting fees will not be waived.
3. Neighborhood Empowerment Zone Fees not waived or reduced:
 - a.) Investigation Fees
 - b.) Plan Revision Fees
 - c.) Change of Record Fees
 - d.) Inspection outside of normal business hours Reinspection Fee
 - e.) Annual Fire Inspection Fees
4. Other development related fees not specified above will be considered for approval by City Council on a case-by-case basis.

C. IMPACT FEES

1. Single family and multi-family residential development projects in the NEZ. Automatic 100% waiver of water and wastewater impact fees will be applied.
2. Commercial, industrial, mixed-use, or community facility development projects in the NEZ.
 - a. Automatic 100% waiver of water and wastewater impact fees up to \$55,000 or equivalent to two 6-inch meters for each commercial, industrial, mixed-use or community facility development project; whichever is less.
 - b. If the project requests an impact fee waiver exceeding \$55,000 or requesting a waiver for larger and/or more than two 6-inch meter exceeding \$55,000, then City Council approval is required. Applicant may request the additional amount of impact fee waiver through the Planning and Development Department.

V. RELEASE OF CITY LIENS

A. ELIGIBLE RECIPIENTS/PROPERTIES

1. Project must be located in a NEZ.
2. City Council shall determine on a case-by-case basis whether a Project that will contain or contains a liquor store or package store is eligible to receive a release of City liens.
3. If a Project is located in the Woodhaven Neighborhood Empowerment Zone, in order to be considered "eligible" to apply for release of city liens under this Policy, the Woodhaven Community Development Corporation and the Woodhaven Neighborhood Association must have submitted a letter of support for the Project to the City of Fort Worth.
4. Projects to be constructed on property to be purchased under a contract for deed are not eligible for any release of City Liens.

5. In order for a property owner/developer to be eligible to apply for a release of city liens contained in Section V.B., C., D., and E. for a Project, the property owner/developer:
 - a. must submit an application to the City;
 - b. must not be delinquent in paying property taxes for any property owned by the owner/developer;
 - c. must not have been subject to a Building Standards Commission's Order of Demolition where the property was demolished within the last five (5) years;
 - d. must not have any City of Fort Worth liens filed against any other property owned by the applicant property owner/developer. "Liens" includes, but is not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens; and
 - e. of a Project that contains or will contain a liquor store, package store or a sexually oriented business has received City Council's determination the Project is eligible to receive a release of City liens.

6. In order for a Rehabilitation Project to qualify for a release of city liens, the owner/developer must spend Eligible Rehabilitation costs on the Property of at least 30% of the Base Value of the Property.

7. Use of Property and Project is in conformance with the City of Fort Worth Zoning Classification or future land use in the Comprehensive Plan however, a property use that is legal non-conforming shall not be eligible for release of City liens.

78. Liens listed in this Policy shall be released once the Project Improvements have been made to the property.

89. Any liens filed after the initial certification of the property shall not be released.

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B. WEED LIENS

The following are eligible to apply for release of weed liens:

1. Single unit owners performing rehabilitation on their properties.
2. Builders or developers constructing new homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing new multi-family, commercial, industrial, mixed-use or community facility development projects.

C. DEMOLITION LIENS

Builders or developers developing or rehabilitating a property for a Project are eligible to apply for release of demolition liens for up to \$30,000. Releases of demolition liens in excess of \$30,000 are subject to City Council approval.

D. BOARD-UP/OPEN STRUCTURE LIENS

The following are eligible to apply for release of board-up/open structure liens:

1. Single unit owners performing rehabilitation on their properties.

2. Builders or developers constructing new single family homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing multi-family, commercial, industrial, mixed-use, or community facility projects.

E. PAVING LIENS

The following are eligible to apply for release of paving liens:

1. Single unit owners performing rehabilitation on their properties.
2. Builders or developers constructing new homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing multi-family, commercial, industrial, mixed-use, or community facility projects.

F. All other City liens will not be waived.

VI. PROCEDURAL STEPS

A. APPLICATION SUBMISSION

1. The applicant for NEZ incentives under Sections III. IV., and V. must complete and submit a City of Fort Worth "Application for NEZ Incentives" and pay the appropriate application fee to the Planning and Development Department, as applicable.
2. The applicant for incentives under Sections III.C.2 and D.2 must also complete and submit a City of Fort Worth "Application for Tax Abatement" and pay the appropriate application fee to the Housing and Economic Development Department. The application fee, review, evaluation and approval will be governed by City of Fort Worth Tax Abatement Policy Statement for Qualifying Development Projects.
3. All NEZ certifications for incentives will expire after five years.
4. NEZ benefits will continue for certified projects (18) eighteen months after a NEZ is terminated or the NEZ boundary changed.

B. CERTIFICATIONS FOR APPLICATIONS UNDER SECTIONS III. IV, AND V

1. The Planning and Development Department will review the application for accuracy and completeness. A complete application must include proof that:
 1. The Project is located in a NEZ;
 2. The Public Notification Process has been completed as stated in section IX;
 3. The project is in compliance with the adopted NEZ plan; and
 4. The Council Member for the district in which the project is located has approved the project.

Once the Planning and Development Department determines that the application is complete, the Planning and Development Department will certify the property

owner/developer's eligibility to receive tax abatements and/or basic incentives based on the criteria set forth in Section III., IV., and V. of this policy, as applicable. Once an applicant's eligibility is certified, the Planning and Development Department will inform appropriate departments administering the incentives. An orientation meeting with City departments and the applicant may be scheduled. The departments include:

- a. Housing and Economic Development Department: property tax abatement for residential properties and multi-family development projects, release of City liens.
- b. Housing and Economic Development Department: property tax abatement for commercial, industrial, community facilities or mixed-use development projects.
- c. Planning and Development Department: development fee waivers and release of City liens.
- d. Water Department: impact fee waivers.
- e. Other appropriate departments, if applicable.

C. APPLICATION REVIEW AND EVALUATION FOR APPLICATIONS

1. Property Tax Abatement for Residential Properties and Multi-family Development Projects

- a. For a completed and certified application for no more than five years of tax abatement, with Council approval, the City Manager shall execute a tax abatement agreement with the applicant.
- b. For a completed and certified multi-family development project application for more than five years of tax abatement:
 - (1) The Housing and Economic Development Department will evaluate a completed and certified application based on:
 - (a) The project's increase in the value of the tax base.
 - (b) Costs to the City (such as infrastructure participation, etc.).
 - (c) Percent of construction contracts committed to:
 - (i) Fort Worth based firms, and
 - (ii) Minority and Women Owned Business Enterprises (M/WBEs).
 - (d) Other items which the City and the applicant may negotiate.
 - (3) Consideration by the City Council
The City Council retains sole authority to approve or deny any tax abatement agreement and is under no obligation to approve any tax abatement application or tax abatement agreement. The City of Fort Worth is under no obligation to provide tax abatement in any amount or value to any applicant.
- c. Effective Date for Approved Agreements

All tax abatements approved by the City Council will become effective on January 1 of the year following the year in which a Certificate of Occupancy (CO) is issued for the qualifying development project (unless otherwise specified in the tax abatement agreement). Unless otherwise specified in the agreement, taxes levied during the construction of the project shall be due and payable.

2. Property Tax Abatement for Commercial, Industrial, Community Facilities, and Mixed-Use Development Projects

- a. For a completed and certified application for no more than five years of tax abatement, with Council approval, the City Manager shall execute a tax abatement agreement with the applicant.
 - b. For a completed and certified application for more than five years of tax abatement:
 - (1) The Housing and Economic Development Department will evaluate a completed and certified application based on:
 - (a) The project's increase in the value of the tax base.
 - (b) Costs to the City (such as infrastructure participation, etc.).
 - (c) Percent of construction contracts committed to:
 - (i) Fort Worth based firms, and
 - (ii) Minority and Women owned Business Enterprises (M/WBEs).
 - (d) Other items which the City and the applicant may negotiate.
 - (2) Consideration by the City Council
 The City Council retains sole authority to approve or deny any tax abatement agreement and is under no obligation to approve any tax abatement application or tax abatement agreement. The City of Fort Worth is under no obligation to provide tax abatement in any amount or value to any applicant.
 - c. Effective Date for Approved Agreements
 All tax abatements approved by the City Council will become effective on January 1 of the year following the year in which a Certificate of Occupancy (CO) is issued for the qualifying development project (unless otherwise specified in the tax abatement agreement). Unless otherwise specified in the agreement, taxes levied during the construction of the project shall be due and payable.
3. Development Fee Waivers
- a. For certified applications of development fee waivers that do not require Council approval, the Planning and Development Department will review the certified applicant's application and grant appropriate incentives.
 - b. For certified applications of development fee waivers that require Council approval, City staff will review the certified applicant's application and make appropriate recommendations to the City Council.
4. Impact Fee Waiver
- a. For certified applications of impact fee waivers that do not require Council approval, the Water Department will review the certified applicant's application and grant appropriate incentives.
 - b. For certified applications of impact fee waivers that require Council approval, the Water Department will review the certified applicant's application and make appropriate recommendations to the City Council.
5. Release of City Liens

For certified applications of release of City liens, the Housing and Economic Development Department will release the appropriate liens on NEZ tax abatement applicants. The Planning & Development Department will release liens on NEZ basic incentives applicants.

VII. REFUND POLICY

In order for an owner/developer of a Project in a NEZ to receive a refund of development fees or impact fees, the conditions set forth in the *Refund of Development and Impact Fee Policy*, attached as Attachment "A", must be satisfied.

VIII. OTHER INCENTIVES

A. The City Council may add the following incentives to a NEZ in the Resolution adopting the NEZ:

1. Municipal sales tax refund
2. Homebuyers assistance
3. Gap financing
4. Land assembly
5. Conveyance of tax foreclosure properties
6. Infrastructure improvements
7. Support for Low Income Housing Tax Credit (LIHTC) applications
8. Land use incentives and zoning/building code exemptions, e.g., mixed-use, density bonus, parking exemption
9. Tax Increment Financing (TIF)
10. Public Improvement District (PID)
11. Tax-exempt bond financing
12. New Model Blocks
13. Loan guarantees
14. Equity investments
15. Other incentives that will effectuate the intent and purposes of NEZ.

IX. Public Notification

a. Subject to subsection (b), in order for an owner/developer to apply to receive any incentives provided for under the NEZ Tax Abatement Policy and Basic Incentives, an owner/developer must meet with the following persons and organizations to discuss the Project:

1. the Council Member for the District the Project is located; and
2. the neighborhood associations or community based organizations registered with the city that are within 300 feet of the proposed Project. The measurement of the distance between the proposed project and Neighborhood Associations or Community Based Organizations shall be along the property lines of the street fronts and from front door to front door, and in direct line across the intersections.

b. Subsection (a) shall be satisfied upon:

1. the owner/developer meeting with the City Council Member for the District the Project is located and the neighborhood associations or community based organizations registered with the city that are within 300 feet of the proposed Project; or

2. meeting with the City Council Member for the District the Project is located and upon the owner/developer providing proof that the owner/developer attempted to meet with the neighborhood associations and the community based organizations registered with the city within 300 feet of where the proposed Project is located and the associations or organizations failed to arrange a meeting with the owner/developer within two weeks of initial contact.
- c. Accepted proof of "attempts to meet" with the registered organizations will be satisfied with the following:
 1. a copy of a certified letter sent to the registered organization describing the project and requesting a meeting and the green card from the post office; or
 2. a copy of the e-mail sent to the registered organization describing the project and requesting a meeting and the response from the organization.

X. Ineligible Projects

The following Projects or Businesses shall not be eligible for any incentives under the City' of Fort Worth's Neighborhood Empowerment Zone (NEZ) Tax Abatement Policy and Basic Incentives:

1. Sexually Oriented Businesses
2. Non-residential mobile structures

XI. Denied Applications

- a. NEZ applications will be denied 30 days after submission if all required documentation is not received by the City.
- b. The applicant will have 90 days after the date of denial to resubmit the NEZ application without paying a new application fee.

REFUND OF DEVELOPMENT AND IMPACT FEES POLICY

Purpose

This refund policy is for the purpose of establishing the conditions under which the City may refund development and impact fees, normally waived through the Neighborhood Empowerment Zone (NEZ).

Applicability

Unless expressly accepted, this policy applies to all development and impact fees waived by the City through the NEZ.

Under the NEZ Tax Abatement Policy and Basic Incentives, City Departments are authorized to waive impact and development fees for qualified projects located in a designated NEZ. The impact fees include only water and sewer impact fees, up to \$55,000 for commercial, industrial, mixed-use or community facilities projects. The development fees that can be waived through the NEZ include:

1. All building permit fees (including Plans Review and Inspections)
2. Plat application fee (including concept plan, preliminary plat, final plat, short form replat)
3. Board of Adjustment application fee
4. Demolition fee
5. Structure moving fee
6. Community Facilities Agreement (CFA) application fee
7. Zoning application fee
8. Street and utility easement vacation application fee.

To take advantage of these waivers, applicants need to obtain a certification letter from the Planning and Development Department.

Conditions for Refunds

The City will consider refunds only when circumstances beyond the developers control prevent them from obtaining the qualification letter from the Planning and Development Department.

A property owner and/or developer may qualify for a refund if the proposed development project meets all criteria to receive a fee waiver under the NEZ Tax Abatement and Basic Incentives Policy and:

- a. The owner and/or developer was not made aware of the NEZ incentives at the time the fees were paid; or
- b. The owner and/or developer was mistakenly told that his/her property was not in a designated NEZ; or

- c. The owner and/or developer has put funds in an escrow account with a City Department while awaiting a decision from the City Council about his/her project;
or
- d. City Council authorizes a City Department to issue a refund to the owner/developer.

Refund Charge

A refund charge will be assessed to help defray administration cost associated with the processing of refund check. The charge shall be 20% of the amount of the refund. This charge will be automatically deducted from the total refund amount.

Statute of Limitations

Any request, action or proceeding concerning the refund of fees normally waived through the NEZ must be filed within ninety days following the date that the fees were paid. An applicant who does not submit a refund request within 90 days of the transaction shall not qualify for a refund.

To obtain a refund the applicant needs to:

- submit a NEZ application to the Planning and Development Department for determination of the eligibility for NEZ fee waivers, and
- submit a written request to the Department in which the fees were paid. Upon receiving a confirmation from the Planning and Development Department that the project meets all NEZ fee waiver criteria, that Department shall process the request based on the qualifications discussed in this policy.

Exemptions

The provisions of this policy do not apply to:

- a. Fees that are not waived through the NEZ program; and
- b. Taxes and special assessments; and
- c. City liens such as mowing, board-up, trash, demolition and paving liens.

An applicant shall not qualify for any refund if:

- a. The applicant was made aware of the NEZ incentives before he/she pays the fees; or
- b. The applicant does not meet the requirements for NEZ incentives at the time he/she paid the fees; or
- c. The applicant paid the fees before the refund policy was put in place; or
- d. The applicant paid the fees before the designation date of the NEZ.

Disclaimer

In the event of any conflict between the City's ordinances or regulations and this policy, such ordinances or regulations shall control. In the event of any conflict between this

policy and other policies or regulations adopted by the City Department issuing the refund, such department policies or regulations shall control. The City reserves the right to deny any or all request for refunds.