

CITY OF FORT WORTH

POLICY STATEMENT ON THE CREATION AND ELIMINATION OF LOCAL NEIGHBORHOOD EMPOWERMENT ZONE (NEZ)

I. GENERAL PURPOSE AND OBJECTIVES

- A. A Neighborhood Empowerment Zone (NEZ) must be established for the public purpose of increasing public health, safety, and welfare of the citizens of Fort Worth in accordance with Chapter 378 of the Texas Local Government Code (“Statute”).
- B. NEZs must promote:
 - 1. The creation of affordable 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 in the zone; or
 - 4. The rehabilitation of affordable housing in the zone.

II. CREATION OF A NEIGHBORHOOD EMPOWERMENT ZONE (NEZ)

- A. **Adoption by the City Council.** The City Council shall create a NEZ by adopting a Resolution that will contain:
 - 1. The determination that the proposed NEZ meets the requirements in I.B. above;
 - 2. A description of the NEZ boundaries;
 - 3. A finding that the creation of the NEZ benefits and is for the public purpose of increasing the public health, safety and welfare of the people of Fort Worth; and
 - 4. A finding that the creation of the NEZ satisfies the requirements of Sec. 312.202 of the Tax Code – Criteria for Reinvestment Zone (Attachment A).

B. Local Selection Criteria

In order for a Neighborhood Empowerment Zone to be designated by the City Council, the proposed Neighborhood Empowerment Zone area must meet the following criteria:

- 1. In accordance with Chapter 378 of the Texas Local Government Code, the proposed Neighborhood Empowerment Zone must promote:
 - a. The creation of affordable housing in the zone;
 - b. An increase in economic development in the zone;
 - c. An increase in the quality of social services, education, or public safety provided to residents in the zone; or
 - d. The rehabilitation of affordable housing in the zone.
- 2. A NEZ shall be at least 75% Community Development Block Grant (CDBG)-eligible. ~~or 50% within the central city, as defined by M&C G-12976.~~
 - a. A NEZ should be bounded by clearly defined boundaries (streets, railroads, creeks or other logical boundaries).

- b. A NEZ may encompass an existing neighborhood or several neighborhoods.
 - c. The population in a NEZ shall not be more than 6,000 or the NEZ area shall be no larger than 1.5 square miles at the time of designation.
- 2. If a proposed NEZ boundary includes an urban village as defined in the 2002 Comprehensive Plan, a logical, defensible area of the urban village as determined by the City of Fort Worth must be zoned mixed-use. Eligible mixed-use zoning classifications include: “MU-1” Low Intensity Mixed-Use District, “MU-2” High Intensity Mixed-Use District, and a compatible “PD” Planned Development District as defined in the City of Fort Worth Zoning Ordinance.
- 3. Meet the criteria for a Reinvestment Zone as attached in Exhibit A.

C. Selection Process

- 1. Based on the requirements and criteria set forth above, City staff will identify areas eligible for NEZ designation. The City Council may select one or more NEZs from staff recommendation. Eligible areas may also apply for NEZ designation.
- 2. Upon determination of one or more NEZs, the City Council shall specify the incentives for each NEZ based on City staff’s recommendation.
- 3. The City Council may appoint an Advisory Committee for each NEZ to be composed of representatives from neighborhood groups in the NEZ, non-profit organizations, foundations, private businesses, educational and faith institutions to provide advice in the implementation of the NEZ.

III. INCENTIVES

The City Council shall specify the incentives for each NEZ in the resolution creating such NEZ. The following are the incentives that may be provided in the NEZ:

A. Incentives to be Considered for Each NEZ in Accordance with the Statute:

- 1. Waive or adopt fees related to the construction or rehabilitation of buildings in the zone, including fees related to the inspection of buildings and impact fees.
- 2. Waive of City of Fort Worth liens.
- 3. ~~Enter into agreements for a period not more than 10 years for sales tax refunds or abatement of municipal sales tax on sales made in the zone.~~
- 4. Enter into agreements abating municipal property tax on property in the zone for a period not more than 5 years. ~~subject to the duration limits of Sec. 312.204 of the Tax Code (10 years).~~

~~In addition, tax abatement and refund agreements for economic or housing development projects, mixed-use projects and businesses must ensure that the applicant shall:~~

- ~~1. Hire Fort Worth residents for an agreed upon percentage of new full-time jobs to be created as a result of abatement or refund;~~
- ~~2. Commit to hire an agreed upon percentage of NEZ residents for all new jobs created as a result of the project;~~
- ~~3. Utilize companies located in Fort Worth and the NEZ for an agreed upon percentage of the total costs of construction and supply and service contracts; and~~

- ~~4. Utilize minority and women owned business enterprises (MWBE) for an agreed upon percentage of the total costs for construction and supply and service contracts in the manner provided in the City of Fort Worth's MWBE ordinance (Ordinance No. 11923, as amended).~~

B. Other Incentives

The following incentives may also be available on a case by case basis to housing and economic development projects or businesses, homebuyers or homeowners, or specified areas within the NEZ qualified for these programs:

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

C. Existing Incentives and Funding

If the NEZ or a section thereof overlays with areas designated as state or federal enterprise zone, Model Blocks, or other special districts, all incentives and funding available under these districts remain applicable.

D. Additional Criteria for the Woodhaven Neighborhood Empowerment Zone

If a Project is located in the Woodhaven Neighborhood Empowerment Zone, in order to be considered "eligible" to apply for any incentive available 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.

IV. ~~IV.~~ TERMINATION AND BOUNDARY REVISION OF A NEZ

A. A NEZ area will be terminated when the value of the property inside the NEZ area is 100% or greater of the value of the property located inside loop 820 and outside the NEZ area.

B. The boundary of a NEZ area will be evaluated and possibly adjusted if the NEZ property values are 50% or greater than the value of the properties located inside loop 820 and outside the NEZ area. Any area added to a NEZ must meet the creation guidelines.

C. Property values in each NEZ area will be reviewed every five years.

V. ADMINISTRATION

The City Manager is authorized to develop the administrative and procedural guidelines in the implementation of this policy.

VI. AMENDMENTS TO THE POLICY

The City Council may amend this policy from time to time to further the purposes and objectives of the Statute.

Attachment A

Sec. 312.202. Criteria for Reinvestment Zone.

- (a) To be designated as a reinvestment zone under this subchapter, an area must:
- (1) substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - (A) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
 - (B) the predominance of defective or inadequate sidewalks or streets;
 - (C) faulty size, adequacy, accessibility, or usefulness of lots;
 - (D) unsanitary or unsafe conditions;
 - (E) the deterioration of site or other improvements;
 - (F) tax or special assessment delinquency exceeding the fair value of the land;
 - (G) defective or unusual conditions of title;
 - (H) conditions that endanger life or property by fire or other cause; or
 - (I) any combination of these factors;
 - (2) be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;
 - (3) be in a federally assisted new community located in a home-rule municipality or in an area immediately adjacent to a federally assisted new community located in a home-rule municipality;
 - (4) be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);
 - (5) encompass signs, billboards, or other outdoor advertising structures designated by the governing body of the municipality for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the municipality, which the legislature declares to be a public purpose; or
 - (6) be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.
- (b) For purposes of this section, a federally assisted new community is a federally assisted area:

(1) that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.); and

(2) a portion of which has received grants under Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5307) made pursuant to the authority created by that section for grants in behalf of new communities assisted under Title VII of the Housing and Urban Development Act of 1970 or Title IV of the Housing and Urban Development Act of 1968 or in behalf of new community projects assisted under Title X of the National Housing Act (12 U.S.C. Section 1749aa et seq.). Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 2, Sec. 14.09(a), eff. Aug. 28, 1989; Acts 1989, 71st Leg., ch. 1106, Sec. 29, eff. Aug. 28, 1989.