

Mayor and Council Communication

DATE: 01/12/21

M&C FILE NUMBER: M&C 21-0001

LOG NAME: 19NEZ5005PARKERHENDERSON

SUBJECT

(CD 5) Authorize Execution of a Five-Year Tax Abatement Agreement with Granite Village Creek, LLC, for the Construction of an Industrial Warehouse Building with a Total of Approximately 605,441 Square Feet for the Distribution of Retail Goods and Light Manufacturing, having a Cost of at Least \$19,842,000.00 on Property Located at 5005 Parker Henderson Road in Neighborhood Empowerment Zone and Reinvestment Zone Six (Continued from a Previous Meeting)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a five-year Tax Abatement Agreement with Granite Village Creek, LLC, for the construction of an industrial warehouse building with a total of approximately 605,441 square feet for the distribution of retail goods and light manufacturing, having a cost of at least \$19,842,000.00 on property located at 5005 Parker Henderson Road in Neighborhood Empowerment Zone and Reinvestment Zone Six, in accordance with the Neighborhood Empowerment Zone Tax Abatement Policy and Basic Incentives.

DISCUSSION:

Granite Village Creek, LLC (Property Owner) is the owner of the property described as Abstract 104, Tract 4 MJ Brittain Survey, in the City of Fort Worth, Tarrant County, Texas, as recorded in Volume 10128, Page 2303, Deed Records of Tarrant County, Texas at 5005 Parker Henderson Road, Fort Worth, Texas. The property is located in Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owner plans to invest an estimated amount of \$19,842,000.00 to construct an industrial building for the distribution of retail goods and light manufacturing with a total of approximately 605,441 square feet (Project). The Neighborhood Services Department reviewed the application and certified that the Property Owner and Project met the eligibility criteria to receive a NEZ Municipal Property Tax Abatement. The NEZ Basic Incentives includes a five-year Municipal Property Tax Abatement on the increased value of improvements to the qualified owner of any new construction or rehabilitation within the NEZ.

Upon execution of the Tax Abatement Agreement (Agreement), the total assessed value of the improvements used for calculating municipal property tax will be frozen for a period of five years starting January 2022 at the estimated pre-improvement value as defined by the Tarrant Appraisal District (TAD) in November 2020 the property as follows:

Pre-Improvement TAD Value of Improvements	\$ 0.00
Pre-Improvement Estimated Value of Land	<u>\$575,700.00</u>
Total Pre-Improvement Estimated Value	\$575,700.00

The municipal property tax on the improved value of Project after construction is estimated in the amount of \$148,318.95 per year for a total amount of \$741,594.75 over the five-year period. However, this estimate may differ from the actual tax abatement value, which will be calculated based on the TAD appraised value of the property.

The Agreement may be assigned to an affiliate of the Property Owner without formal consent of the City Council. If the property is sold to a new owner, other than an affiliate, the Agreement may be assigned only with City Council approval and provided that the new owner meets all of the eligibility criteria as stated in the NEZ Tax Abatement Policy and Basic Incentives.

This property is located in COUNCIL DISTRICT 5.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, a loss of an estimated \$741,594.75 in property tax revenue may occur over the next five year period. This reduction in revenue will be incorporated into the long term financial forecast upon the Tax Abatement being officially granted.

Submitted for City Manager's Office by: Fernando Costa 6122

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