

Mayor and Council Communication

DATE: 06/11/24

M&C FILE NUMBER: M&C 24-0477

LOG NAME: 19NEZBOUNDARIES2024

SUBJECT

(CD 2, CD 3, CD 5, CD 6, CD 8, CD 9 and CD 11) Conduct Public Hearing, Adopt Resolution Designating Certain Areas as Neighborhood Empowerment Zone Areas One through Eight and Adopt Ordinance Establishing Fort Worth Neighborhood Empowerment Reinvestment Zones No. 1R through 8R

(PUBLIC HEARING - a. Report of City Staff - Sarah Odle; b. Public Comment; c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public hearing regarding the establishment of Fort Worth Neighborhood Empowerment Reinvestment Zones No. 1R through 8R;
2. Adopt the attached Resolution designating certain areas as Neighborhood Empowerment Zone Areas One through Eight; and
3. Adopt the attached Ordinance establishing Fort Worth Neighborhood Empowerment Reinvestment Zones No. 1R through 8R, pursuant to the Texas Property Redevelopment and Tax Abatement Act, Tax Code, Chapter 312.

DISCUSSION:

In 2018, the City Council directed Neighborhood Services staff to conduct a comprehensive study of the Neighborhood Empowerment Zone (NEZ) program to determine the feasibility of maintaining, modifying or eliminating certain NEZ areas within the City. Throughout the year several meetings were held with various community stakeholders to receive input on the NEZ program. Multiple reports on the study and stakeholder input were presented to the City Council.

In January 2019, after final input from the City Council and community stakeholders, the City Council adopted amendments to the NEZ Program Policy and administration processes and changes to the boundaries of the NEZ areas.

These amendments included reviewing NEZ areas every 5 years to coincide with the renewal of the Neighborhood Empowerment Reinvestment Zones (NERZ) and re-establishing eligibility criteria to create and terminate NEZ areas. NEZ areas One through Six expired on January 29, 2024, which was the end of the 5 year period. New NEZ areas are proposed and are described on the attached resolution and meet the following designation requirements under the City's NEZ policy and Chapter 378 of the Texas Local Government Code:

- Promotes the creation of affordable housing in the zone;
- Promotes an increase in economic development in the zone;
- Promotes an increase in the quality of social services, education, or public safety provided to residents in the zone; or the rehabilitation of affordable housing in the zone;
- Meets the criteria for a reinvestment Zone;
- Be 100% Community Development Block Grant (CDBG) eligible;
- Be bounded by clearly defined boundaries (streets, railroads, creeks or other logical boundaries);
- May encompass an existing neighborhood or several neighborhoods;
- Have a concentration of population at or below poverty level;
- Have a low median household income and per capita income;
- Contain a predominance of substandard homes/aged housing stock;
- Have a higher than average vacancy rate;
- Have a higher than average rate of crimes against persons or property;
- Have low commercial permit values; and
- May contain areas targeted for revitalization.

One of the incentives a municipality can provide in a NEZ, in accordance with Chapter 378, Texas Local Government Code, is an abatement of municipal property taxes for properties in a NEZ. In order to grant a tax abatement, the NEZ area would need to be designated as a reinvestment zone in accordance with Chapter 312 of the Texas Tax Code.

Eight new NERZ areas are proposed and are described on the attached ordinance and meet the following designation requirements in accordance with Chapter 312 of the Texas Tax Code. Only areas no longer CDBG eligible were removed. Additional neighborhood areas now CDBG eligible were added to the original Six NEZ areas and two new NEZ areas were added that encompass the City's Revitalization Target Areas. The eight NERZ areas will be reviewed every five years in conjunction with their corresponding NEZs. NEZ and NERZ areas no longer meeting the creation guidelines will be terminated. Any area added to an existing NEZ must meet the creation guidelines.

NERZ Area	Meets Criteria for Reinvestment Zone Sec 312.202(a) (1)	Meets Criteria for Reinvestment Zone Sec 312.202(a) (2)	Meets Criteria for Reinvestment Zone Sec 312.202(a)(6)
1R	X	X	X
2R	X		X
3R	X	X	X
4R	X	X	X
5R	X		X
6R	X	X	X
7R	X	X	X
8R	X	X	X

This M&C does not request approval of a contract with a business entity.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of these recommendations will have no material effect on City funds.

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