

# Mayor and Council Communication

**DATE:** 12/17/19

**M&C FILE NUMBER:** M&C 19-0389

**LOG NAME:** 064TH QUARTER HSTE VERIFICATION - BEFORE MAY 1

**SUBJECT**

Verify Completion of the Rehabilitation Projects for the Historic and Cultural Landmark Properties Located at 1831 Fairmount Avenue and 2260 5th Avenue and Declare Said Properties to be Entitled to a Historic Site Tax Exemption (COUNCIL DISTRICT 9)

**RECOMMENDATION:**

It is recommended that the City Council:

1. Verify completion of the rehabilitation projects for the Historic and Cultural Landmark properties located at 1831 Fairmount Avenue and 2260 5th Avenue; and
2. Declare that said properties be entitled to the Historic Site Tax Exemption set forth herein.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to verify completion of the rehabilitation projects for the Historic and Cultural Landmark (HC) properties located at 1831 Fairmount Avenue and 2260 5th Avenue (Properties) and declare said Properties to be entitled to the Historic Site Tax Exemption set forth below. The historic site tax exemption applications for these Properties was submitted prior to May 1, 2018.

Any structure that is designated as HC, or that contributes to a district and the land necessary for access to and use of the structure that is substantially rehabilitated is eligible to receive the following tax exemption, with the intent that the properties receiving the tax exemption will be in the same position in regards to City of Fort Worth taxes for the entire term of the exemption. Substantial rehabilitation consists of rehabilitation at a cost that equals or exceeds the greater of 30 percent of the assessed value of the structure prior to rehabilitation or \$3,000.00. The structures and land described above will have an assessed value for city tax valuation purposes equal to the assessed value of such structure and land for the tax year immediately prior to the commencement of rehabilitation. Any increase in the value of the structures and land in excess of the assessed value for the tax year immediately prior to commencement of their rehabilitation is exempt from city ad valorem taxes. During the term of the historic site tax exemption, the structures and land will receive an exemption in an amount equal to the difference between the following: (1) The City of Fort Worth current-year taxable value after application of any other applicable exemptions, including the homestead exemption; and (2) the City of Fort Worth base-year taxable value after application of any other applicable exemptions, including the homestead exemption.

The term of these tax exemptions are ten years, commencing on the first day of the tax year following the City Council's verification that the rehabilitation project is complete. If, during the ten-year term, the structure or the land is assessed at a lower value than the tax year immediately prior to commencement of the rehabilitation, the lower value will apply. The Historic and Cultural Landmarks Commission (HCLC) reviewed and approved the initial applications and verified completion of the rehabilitation projects for the Properties on the dates set forth in the table below. The initial applications for the Properties were approved by the City Council on the dates set forth below.

The property owners have submitted all required documentation that the Properties have been substantially rehabilitated and staff represents that the Properties have been substantially rehabilitated in accordance with the applicable provisions of the City Code. The table below shows the required expenditures necessary to substantially rehabilitate the Properties and the total amount actually expended by the property owners. The total amount expended on the rehabilitation projects exceeds the required expenditure. Staff recommends that the City Council verify completion of the rehabilitation projects for the Properties because they satisfy all the requirements of the City Code. Upon verification, staff recommends that the City Council declare the Properties to be entitled to the tax exemption, with a 10-year term commencing on the first day of the 2020 tax year.

| Location            | Taxing Year* | Land Value | Improvement (Structure) Value | Homestead Exemption | Base-Year Taxable Value | Required Expenditure | Total Expended | HCLC Initial Approval | City Council Initial Approval | HCLC Verification |
|---------------------|--------------|------------|-------------------------------|---------------------|-------------------------|----------------------|----------------|-----------------------|-------------------------------|-------------------|
| 1831 Fairmount Ave. | 2017         | \$93,750   | \$192,884                     | N                   | \$286,634               | \$57,865             | \$64,600       | 3/12/18               | 4/17/18                       | 10/14/19          |
| 2260 5th Ave.       | 2016         | \$75,000   | \$250,000                     | Y                   | \$260,000               | \$75,000             | \$75,000       | 11/13/17              | 2/13/18                       | 11/11/19          |

\*The taxing year refers to the tax year immediately prior to the commencement of rehabilitation.

The Properties are located in COUNCIL DISTRICT 9.

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

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon final approval of the Historic Tax Exemption-Verification applications, a loss of an estimated \$9,248 in property tax revenue may occur over the 10 year tax abatement period. This reduction in revenue will be incorporated into the long-term financial forecast upon the Historic Tax Exemption being officially granted.

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