

Mayor and Council Communication

DATE: 08/20/19

M&C FILE NUMBER: M&C 19-0062

LOG NAME: 062ND QUARTER HSTE VERIFICATION - BEFORE MAY 1

SUBJECT

Verify Completion of Rehabilitation Projects for the Historic and Cultural Landmark Properties Located at 2004 Washington Avenue, 1328 5th Avenue, 1221 Clara Street, and 2717 Avenue B and Declare said Properties to be Entitled to a Historic Site Tax Exemption (COUNCIL DISTRICTS 8 and 9)

RECOMMENDATION:

It is recommended that the City Council:

1. Verify completion of rehabilitation projects for Historic and Cultural Landmark properties located at 2004 Washington Avenue, 1328 5th Avenue, 1221 Clara Street, and 2717 Avenue B; 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 2004 Washington Avenue, 1328 5th Avenue, 1221 Clara Street, and 2717 Avenue B (collectively, Properties) and declare said Properties to be entitled to the Historic Site Tax Exemption set forth below. The historic site tax exemption applications for each of these properties were 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 under Chapter 4.401 of the City Code, 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 structure 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 structure 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 structure 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 terms 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 projects are 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 application and verified completion of their 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 it satisfies 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
2004 Washington Ave.	2017	\$50,000	\$35,368	N	\$85,368	\$10,610	\$38,798	4/8/18	8/7/18	6/10/18
1328 5th Ave.	2017	\$50,000	\$51,254	Y	\$81,004	\$15,376	\$25,728	6/11/18	8/7/18	6/10/19

1221 Clara St.	2016	\$150,000	\$144,690	Y	\$235,752	\$43,407	\$155,661	11/13/17	2/13/18	6/10/19
2717 Avenue B	2016	\$13,750	\$223,775	N	\$237,525	\$67,132	\$1,702,344	6/12/17	8/1/17	6/10/19

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

These properties are located in COUNCIL DISTRICTS 8 and 9.

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

FISCAL INFORMATION / CERTIFICATION:

Upon final approval of the Historic Tax Exemption-Verification applications, the Director of Finance certifies that a loss of an estimated \$148,071 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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