

To the Mayor and Members of the City Council

January 9, 2024

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SUBJECT: PROPOSAL TO AMEND THE NEIGHBORHOOD EMPOWERMENT ZONE BASIC INCENTIVES AND TAX ABATEMENT POLICY SO AS TO REPEAL THE DEVELOPER'S OPTION TO MAKE CERTAIN PAYMENTS IN LIEU OF PROVIDING ON-SITE AFFORDABLE HOUSING

The purpose of this Informal Report is to provide information about an upcoming Mayor & Council Communication (M&C), scheduled to appear on the January 23 City Council agenda, which would amend the Neighborhood Empowerment Zone (NEZ) basic incentives and tax abatement policy so as to repeal the developer's option to make certain payments in lieu of providing on-site affordable housing. The proposed amendment has been recommended by City staff and unanimously endorsed by the City Council's Neighborhood Quality and Revitalization Committee, pursuant to the committee's discussion of various policy options at its meetings in October and December 2023. The amendment would delete section "b" of the current NEZ affordable housing policy as follows.

Current Policy

Multi-family and mixed-use projects must satisfy one of the following:

- a. At least ten percent (10%) of the total residential units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size and at least another ten percent (10%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below sixty percent (60%) of area median income based on family size; or
- b. If specifically permitted by the City Council, in its sole discretion, and as specified in the tax abatement agreement, pay the Fort Worth Housing Finance Corporation an annual sum equal to \$200.00 for each rental residential unit located on the property which is subject to the tax abatement. The Fort Worth Housing Finance Corporation is a housing finance corporation created pursuant to authorization by the City Council of the City of Fort Worth in accordance with Chapter 394, Texas Local Government Code, to assist in the financing of the costs of residential development and ownership for citizens of decent, safe and sanitary housing at affordable prices. An applicant's choice as to whether to commit to an affordable housing set-aside or to an annual payment to the Fort Worth Housing Finance Corporation must be made prior to execution of the tax abatement agreement and may not be changed during the term of the agreement. This annual payment will be due on or before February 1 of each year in which a tax abatement is granted (or such other date that may be agreed to in the tax abatement agreement). Failure to pay the annual payment to the Housing Finance Corporation when due will result in the forfeiture of the entire tax abatement for the tax year in which payment was due. Additional terms and conditions governing this annual payment requirement will be set forth in the tax abatement agreement.

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c. In addition, at least five percent (5%) of the total residential units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and two percent (2%) of the total units constructed must be fully accessible to persons with sensory impairments.

Proposed Policy

Multi-family and mixed-use projects must satisfy the following:

- a. At least ten percent (10%) of the total residential units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size and at least another ten percent (10%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below sixty percent (60%) of area median income based on family size.
- b. In addition, at least five percent (5%) of the total residential units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and two percent (2%) of the total units constructed must be fully accessible to persons with sensory impairments.

If you should have any questions about this proposal, please contact Victor Turner, Neighborhood Services Director, at 817-392-8187.

**David Cooke
City Manager**