

Mayor and Council Communication

DATE: 01/12/21

M&C FILE NUMBER: M&C 21-0003

LOG NAME: 19NEZ5322PINSON

SUBJECT

(CD 5) Authorize Execution of a Five-Year Tax Abatement Agreement with Candelario Olmos and Yadira Rodriguez for the Construction of a Single-Family Dwelling of Approximately 3,882 Square Feet and Having a Cost of at Least \$362,800.00 on Property Located at 5322 Pinson Street, in the Stop Six Sunrise Neighborhood and Within Neighborhood Empowerment Zone and Reinvestment Zone Area 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 Candelario Olmos and Yadira Rodriguez for the construction of a single-family dwelling of approximately 3,882 square feet and having a cost of at least \$362,800.00 on property located at 5322 Pinson Street, in the Stop Six Sunrise Neighborhood and within Neighborhood Empowerment Zone and Reinvestment Zone Area Six, in accordance with the Neighborhood Empowerment Zone Program Basic Incentives and Tax Abatement Policy.

DISCUSSION:

Candelario Olmos and Yadira Rodriguez (Property Owners) are the owners of the property described as Lots 1 & 2, Block 9, Sunrise Addition, an addition to the City of Fort Worth, according to the plat recorded in Volume 964, Page 437, Plat Records, Tarrant County, Texas, at 5322 Pinson Street, Fort Worth, Texas. The property is located within the Stop Six Sunrise neighborhood and within Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owners plan to invest an estimated amount of \$362,800.00 to construct a single-family residence of approximately 3,882 square feet (Project). The Project will be used as the homeowner's primary residence.

The Neighborhood Services Department reviewed the application and certified that the Property Owners and Project met the eligibility criteria to receive a NEZ Municipal Property Tax Abatement. The NEZ Basic Incentives include 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. Residential owner occupied tax abatements are capped at the annual median home value as reported by the National Association of Realtors for Tarrant County. This value is updated annually and is currently \$218,583.00.

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 December 2020 for the property as follows:

Pre-Improvement TAD Value of Improvements	\$ 0.00
Pre-Improvement Estimated Value of Land	\$40,000.00
Total Pre-Improvement Estimated Value	\$40,000.00

The municipal property tax on the improved value of the Project after construction using the capped value is estimated in the amount of \$1,633.91 per year, for a total amount of \$8,169.55 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.

In the event of a sale of this property, the Agreement may be assigned to a new Property Owner's first mortgage or a new Property Owner as a primary residence. All other assignments must be approved by the City Council.

This property is located in COUNCIL DISTRICT 5.

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 upon final approval of the Tax Abatement Agreement, a loss of an estimated \$8,169.55 in property tax revenue may occur over the 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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