

Mayor and Council Communication

DATE: 09/14/21

M&C FILE NUMBER: M&C 21-0663

LOG NAME: 193113WAYSIDE

SUBJECT

(CD 9) Authorize Execution of a Five-Year Tax Abatement Agreement with RAIMG, LLC, for the Construction of a Two-Story Mixed-Use Building Consisting of First Floor Office Space and Two Second Floor Apartments, with a Total of Approximately 3718 Square Feet, having a Cost of at Least \$691,083.00 on Property Located at 3113 Wayside Avenue in Neighborhood Empowerment Zone and Reinvestment Zone 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 RAIMG, LLC, for the construction of a two-story mixed-use building consisting of first floor office space and two second floor apartments, with a total of approximately 3718 square feet, at a cost of at least \$691,083.00 on property located at 3113 Wayside Avenue in Neighborhood Empowerment Zone and Reinvestment Zone Six, in accordance with the Neighborhood Empowerment Zone Tax Abatement Policy and Basic Incentives.

DISCUSSION:

RAIMG, LLC (Property Owner) is the owner of the property described as Lot 4, Block 5, Byers and McCart Addition, an addition to the City of Fort Worth, Tarrant County, Texas, according to the Plat thereof recorded in Volume 310, Page 27, Plat Records of Tarrant County, Texas at 3113 Wayside Avenue, Fort Worth, Texas. The property is located in Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owner plans to invest an estimated amount of \$691,083.00 to construct a two-story mixed-use building with first floor office space and two second floor apartments, having a total of approximately 3718 square feet (Project). The Neighborhood Services Department reviewed the application and certified that the Property Owner and Project met the eligibility criteria to receive a NEZ Municipal Property Tax Abatement. The NEZ Basic Incentives includes 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.

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 2023 at the estimated pre-improvement value, as defined by the Tarrant Appraisal District (TAD) in 2021, after demolition of the existing building so the pre-improvement value for tax abatement purposes will be \$0.00

Pre-Improvement TAD Value of Improvements	\$ 0.00
Pre-Improvement Estimated Value of Land	\$37,500.00
Total Pre-Improvement Estimated Value	\$37,500.00

The municipal property tax on the improved value of Project after construction is estimated in the amount of \$5,062.18 per year for a total amount of \$25,310.90 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.

The Agreement may be assigned to an affiliate of the Property Owner without formal consent of the City Council. If the property is sold to a new owner, other than an affiliate, the Agreement may be assigned only with City Council approval and provided that the new owner meets all of the eligibility criteria as stated in the NEZ Tax Abatement Policy and Basic Incentives.

This property is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, a loss of an estimated \$25,310.90 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.

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