

Mayor and Council Communication

DATE: 11/14/23

M&C FILE NUMBER: M&C 23-0947

LOG NAME: 19NEZ1615EHATTIE

SUBJECT

(CD 8) Authorize Execution of a Five-Year Tax Abatement Agreement with Cultivated Holdings, LLC for the Construction of a Single-Family Dwelling of Approximately 1,289 Square Feet and Having a Cost of at Least \$146,650.00 on Property Located at 1615 E. Hattie Street, in the Historic Southside Neighborhood and within Neighborhood Empowerment Zone and Reinvestment Zone Area Six

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a five-year Tax Abatement Agreement with Cultivated Holdings, LLC for the construction of a single-family dwelling of approximately 1,289 square feet and having a cost of at least \$146,650.00 on property located at 1615 E. Hattie Street, in the Historic Southside neighborhood and within Neighborhood Empowerment Zone and Reinvestment Zone Area Six; and
2. Find that the terms of, and the property subject to, the Tax Abatement Agreement meet the criteria and guidelines set forth in the Neighborhood Empowerment Zone Program Basic Incentives and Tax Abatement Policy.

DISCUSSION:

Cultivated Holdings, LLC, (Property Owner) is the owner of the property described as Lot 14, Block 3, Glenwood Addition, an addition to the City of Fort Worth, Tarrant County, Texas, according to the Plat thereof, recorded in Volume 63, Page 76, Plat Records, Tarrant County, Texas, located at 1615 E. Hattie Street, Fort Worth, Texas. The property is located in the Historic Southside neighborhood and within Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owner plans to invest an estimated amount of \$146,650.00 to construct a single-family residence of approximately 1,289 square feet (Project). The Project will be sold to a homeowner to be used as a primary residence.

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 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 \$329,900.00.

The Property Owner received a Certificate of Appropriateness from the Historic & Cultural Landmarks Commission for the Project on January 18, 2022.

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 2025 at the estimated pre-improvement value as defined by the Tarrant Appraisal District (TAD) in October 2023 for the property as follows:

| | |
|--|--------------------|
| Pre-Improvement TAD Value of Improvements | \$ 0.00 |
| Pre-Improvement Estimated Value of Land | \$18,750.00 |
| Total Pre-Improvement Estimated Value | \$18,750.00 |

The municipal property tax on the improved value of the Project after construction based on the capped value, is estimated in the amount of \$2,218.58 per year, for a total amount of \$11,092.90 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 each year up to the capped value.

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

This property is located in COUNCIL DISTRICT 8.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, a loss of an estimated \$11,092.90 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.

Submitted for City Manager's Office by: Fernando Costa 6122

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