

Mayor and Council Communication

DATE: 09/10/19

M&C FILE NUMBER: M&C 19-0148

LOG NAME: 19RACESTREETPROJECTAMENDMENT

SUBJECT

Authorize Amendment to Neighborhood Empowerment Zone Tax Abatement Agreement (City Secretary Contract No. 48635) with 2925 Race, LLC, to Amend the Terms of the Abatement to Allow the Abatement Beginning Date to Coincide with the First Year of the Compliance Auditing Term (COUNCIL DISTRICT 9) (Continued from a Previous Week)

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute an Amendment to Tax Abatement Agreement (City Secretary Contract No. 48635) with 2925 Race, LLC, to amend the Terms of the Abatement to allow the Abatement Beginning Date to coincide with the Compliance Auditing Term.

DISCUSSION:

On August 2, 2016, the Fort Worth City Council authorized approval of a ten-year tax abatement with 2925 Race LLC through the Neighborhood Empowerment Zone Program, by Mayor and Council Communication (M&C C-27846). The City entered into the Abatement Agreement (City Secretary Contract Nos. 48635 & 48635-CA1) with subsequent assignment to Criterion Race Street I, LLC (Owner). The Terms of the Agreement include a Compliance Auditing Term which starts January 1 of the year following the year in which a final certificate of occupancy is issued for the Required Improvements. The Abatement Beginning Date starts January 1 of the year following the year that the Compliance Auditing Term begins. Since the final certificate of occupancy was issued in 2019, compliance with the current contract would have the Compliance Auditing Term start January 1, 2020 and the Tax Abatement would start January 1, 2021.

The Compliance Auditing Term generally gives the Owner time to lease set aside units which would be required in the Agreement. However, the Owner opted to pay an annual sum equal to \$200.00 for each rental residential unit located on the Premises to the Fort Worth Housing Finance Corporation (FWHFC) and has requested the Compliance Auditing Term and Abatement Beginning Date to coincide. This would change the start of the abatement and the annual payment to the FWHFC to January 1, 2020. All other terms of the contract will remain the same.

This project is located in Council District 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations an estimated \$1,971,530.00 in property taxes will be abated over the ten year period from 2020-2029. This amount will be included in the City's ten year financial forecast.

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