

Mayor and Council Communication

DATE: 02/14/23

M&C FILE NUMBER: M&C 23-0071

LOG NAME: 193700SOUTHFREEWAY

SUBJECT

(CD 5 / Future CD 11) Authorize Execution of a Five-Year Tax Abatement Agreement with Fomundam Mbuh and Katherine Zama Mbuh and NOAAK Healthcare, LLC for the Construction of a Medical Office Building of Approximately 1,625 Square Feet and Having a Cost of at Least \$364,899.00 on Property Located at 3700 South Freeway, in the Worth Heights 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 Fomundam Mbuh and Katherine Zama Mbuh and NOAAK Healthcare, LLC for the construction of a medical office building of approximately 1,625 square feet and having a cost of at least \$364,899.00 on property located at 3700 South Freeway, in the Worth Heights 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:

Fomundam Mbuh and Katherine Zama Mbuh and NOAAK Healthcare, LLC, (Property Owners) are the owners of the property described as Lot 22, Block 27, Worth Heights Addition, an addition to the City of Fort Worth, Tarrant County, Texas, according to the Plat recorded in Volume 204-A, Pages 149-150, Plat Records, Tarrant County, Texas, located at 3700 South Freeway, Fort Worth, Texas. The property is located in the Worth Heights neighborhood and within Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owners plan to invest an estimated amount of \$364,899.00 to construct a medical office building of approximately 1,625 square feet (Project). The Project will be used as the owner's medical office.

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. Commercial tax abatements within the NEZ are capped at 150 percent of the capital investment.

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 2024 at the estimated pre-improvement value as defined by the Tarrant Appraisal District (TAD) in December 2022 for the property as follows:

Pre-Improvement TAD Value of Improvements	\$ 0.00
Pre-Improvement Estimated Value of Land	\$17,188.00
Total Pre-Improvement Estimated Value	\$17,188.00

The municipal property tax on the improved value of the Project after construction is estimated in the amount of \$2,599.91 per year, $(364,899.00 \times 0.71250)$ for a total amount of \$12,999.55 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 up to the capped value.

The Agreement may be assigned to an affiliate of the Property Owners without 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 Basic Incentives and Tax Abatement Policy.

This property is located in COUNCIL DISTRICT 9 AND FUTURE COUNCIL DISTRICT 11.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, a loss of an estimated \$12,999.55 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.

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