

Mayor and Council Communication

DATE: 10/15/19

M&C FILE NUMBER: M&C 19-0250

LOG NAME: 19NEZ3033HEMPHILL

SUBJECT

Authorize Execution of a Five-Year Tax Abatement Agreement with Berry Theatre, LLC for the Rehabilitation of the Berry Street Theatre for use as an Event Center of Approximately 9,870-Square Feet and Having a Cost of at Least \$1,877,000 on Property Located at 3033 Hemphill Street in the South Hemphill Heights Neighborhood and Neighborhood Empowerment Zone and Reinvestment Zone Area Six (COUNCIL DISTRICT 9) (Continued from a Previous Meeting)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Five-Year Tax Abatement Agreement with Berry Theatre, LLC for the rehabilitation of the Berry Street Theatre for use as an event center of approximately 9,870-square feet on property located at 3033 Hemphill Street in the South Hemphill Heights Neighborhood and Neighborhood Empowerment Zone and Reinvestment Zone Area Six, in accordance with the Neighborhood Empowerment Zone Tax Abatement Policy and Basic Incentives.

DISCUSSION:

Berry Theatre, LLC, (Property Owner) is the owner of the property described as Block 32, Lots 9 and 10, South Hemphill Heights, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat recorded in Volume 106, Page 132, Plat Records, Tarrant County, Texas at 3033 Hemphill Street, Fort Worth, Texas. The property is located within the South Hemphill Heights neighborhood and Neighborhood Empowerment Zone Area Six (NEZ).

The Property Owner plans to invest an estimated amount of \$1,877,000.00 for the rehabilitation of the old Berry Theatre which is approximately 9,870 square feet for use as an event center (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 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 2021 at the estimated pre-improvement value, as defined by the Tarrant Appraisal District (TAD) in 2019, as follows:

Pre-Improvement TAD Value of Improvements	\$95,550.00
Pre-Improvement Estimated Value of Land	\$52,500.00
Total Pre-Improvement Estimated Value	\$148,050.00

The municipal property tax on the improved value of Project after completion is estimated in the amount of \$14,031.00 per year for a total amount of \$70,153.00 over the five-year period. However, this estimate may differ from the actual tax abatement value, which will be calculated based on the Tarrant Appraisal District appraised value of the property.

The Tax Abatement Agreement may be assigned to an affiliate of the property owner without the 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 approval of the above recommendations approximately \$70,153.00 in property taxes will be abated over the five-year period from 2021-2025. This revenue loss will be incorporated into the City's five-year financial forecast.

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

Originating Business Unit Head: Sonia Singleton 5774

Additional Information Contact: Sarah Odle 7316