

# Mayor and Council Communication

DATE: 09/21/21

M&C FILE NUMBER: M&C 21-0711

LOG NAME: 192740LIPSCOMB

**SUBJECT**

(CD 9) Authorize Execution of a Five-Year Tax Abatement Agreement with STLMP, LLC for the Rehabilitation of a One Story Commercial Building for use as a Shopping Center with Office and Retail Space, with a total of Approximately 22,580 Square Feet, Having a Cost of at Least \$878,438.00 on Property Located at 2740 Lipscomb Street in Neighborhood Empowerment Zone and Reinvestment Zone Area Six (Continued from Previous Meeting)

**RECOMMENDATION:**

It is recommended that the City Council authorize the execution of a Five-Year Tax Abatement Agreement with STLMP, LLC for the rehabilitation of a one story commercial building for use as a shopping center with office and retail space, with a total of approximately 22,580 square feet, having a cost of at least \$878,438.00 on property located at 2740 Lipscomb Street in Neighborhood Empowerment Zone and Reinvestment Zone Area Six, in accordance with the Neighborhood Empowerment Zone Tax Abatement Policy and Basic Incentives.

**DISCUSSION:**

STLMP, LLC, (Property Owner) is the owner of the property described as Block 7, Lots 13 through 17, 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, together with that portion of Cantey Street and Lipscomb Street conveyed to Mrs. J.J. Nutt and Mrs. Lillian B. Howry by the City of Fort Worth in Deed dated 03/28/1966 and recorded in Volume 4200, Page 539, Real Property Records, Tarrant County, Texas at 2740 Lipscomb 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 \$878,438.00 for the rehabilitation of a commercial building which is approximately 22,580 square feet for use as a shopping center with office and retail space (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	\$447,653.00
Pre-Improvement Estimated Value of Land	\$102,347.00
<b>Total Pre-Improvement Estimated Value</b>	<b>\$550,000.00</b>

The municipal property tax on the improved value of Project after completion is estimated in the amount of \$6,434.56 per year for a total amount of \$32,172.80 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 Tax Abatement Agreement, a loss of an estimated \$32,172.80 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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