

Mayor and Council Communication

DATE: 05/05/20

M&C FILE NUMBER: M&C 20-0289

LOG NAME: 19NEZ5225COX

SUBJECT

Authorize Execution of a Five-Year Tax Abatement Agreement with Kimberly E.D. Bass for the Construction of a Single-Family Dwelling of Approximately 2,515 Square Feet and Having a Cost of at Least \$315,000.00 on Property Located at 5225 Cox Street, in the Stop Six Sunrise Neighborhood and Within Neighborhood Empowerment Zone and Reinvestment Zone Area Six (COUNCIL DISTRICT 5) (Continued from a Previous Week)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Five-Year Tax Abatement Agreement with Kimberly E.D. Bass for the construction of a single-family dwelling of approximately 2,515 square feet and having a cost of at least \$315,000.00 on property located at 5225 Cox Street, in the Stop Six Sunrise Neighborhood and within Neighborhood Empowerment Zone and Reinvestment Zone Area Six, in accordance with the Neighborhood Empowerment Zone Program Basic Incentives and Tax Abatement Policy.

DISCUSSION:

Kimberly E.D. Bass (Property Owner) is the owner of the property described as the East 1/2 of Lot 10, Block 14, Sunrise Addition, an addition to the City of Fort Worth, according to the Plat recorded in Volume 1634, Page 560, Deed Records, Tarrant County, Texas, at 5225 Cox Street, Fort Worth, Texas. The property is located within the Stop Six Sunrise neighborhood and within Neighborhood Empowerment Zone (NEZ) Area Six.

The Property Owner plans to invest an estimated amount of \$315,000.00 to construct a single-family residence of approximately 2,515 square feet (Project). The Project will be used as the homeowner's 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 \$203,964.00.

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 December 2019 for the property as follows:

Pre-Improvement TAD Value of Improvements	\$ 0.00
Pre-Improvement Estimated Value of Land	\$20,000.00
Total Pre-Improvement Estimated Value	\$20,000.00

The municipal property tax on the improved value of the Project after construction using the capped value is estimated in the amount of \$1,524.63 per year, for a total amount of \$7,623.15 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.

In the event of a sale of this property, the Tax Abatement 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 5.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, a loss of an estimated \$7,623.15 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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