

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 01/23/24 M&C FILE NUMBER: M&C 24-0021

LOG NAME: 19NEZAMENDJAN2024

SUBJECT

(ALL) Adopt Resolution to Amend the Neighborhood Empowerment Zone Basic Incentives and Tax Abatement Policy to no Longer Allow Developers an Option to Make Certain Payments in Lieu of Providing On-Site Affordable Housing

RECOMMENDATION:

It is recommended that the City Council adopt the attached Resolution amending Section VI. Municipal Property Tax Abatements of the City's Neighborhood Empowerment Zone Basic Incentives and Tax Abatement Policy to remove a developer's option to make certain payments in lieu of providing on-site affordable housing.

DISCUSSION:

Chapter 312 of the Texas Tax Code authorizes municipalities to designate tax abatement reinvestment zones and to enter into tax abatement agreements only after they elect to become eligible to participate in tax abatement and adopts a tax abatement policy that sets forth guidelines and criteria governing their tax abatement programs. A tax abatement policy adopted by a municipality is effective for two years and, during that time, can only be amended by a vote of 3/4 of the members of the City Council.

The City's Neighborhood Empowerment Zone Basic Incentives and Tax Abatement Policy ("NEZ Policy") requires that any multi-family rental residential development or mixed-use development that includes a multi-family rental residential component must have a percentage of the total residential units set aside exclusively for lease to qualifying households whose adjusted incomes do not exceed the then-current eighty percent (80%) income limits established by the United States Department of Housing and Urban Development (HUD) for the Fort Worth-Arlington HUD Metro Area Fair Market Rents at rents that are affordable to such households, as defined by HUD (an "Affordable Housing Set-Aside Commitment"). In 2014, the City Council voted to allow a developer, with the consent of the City Council in its sole discretion, to pay the Fort Worth Housing Finance Corporation the sum of two-hundred dollars (\$200.00) per rental residential unit in the development, annually for the term of the tax abatement agreement in lieu of committing to the to set aside affordable housing units.

On December 12, 2023, the Neighborhood Services Department made a recommendation to the Neighborhood Quality and Revitalization Committee to remove the option of allowing a developer to pay a sum to the Fort Worth Housing Finance Corporation in lieu of making a specific Affordable Housing Set-Aside Commitment. The committee unanimously agreed to remove the option.

State law requires a vote of 3/4 of the members of the City Council (9 votes) in order to amend a tax abatement policy. Once adopted, the proposed amendments to the NEZ Policy will be effective immediately.

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 approval of this recommendation will have no material effect to City funds.

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

Originating Business Unit Head: Victor Turner 8187

Additional Information Contact: Sarah Odle 7316