

Wednesday, April 23, 2025  
9:00 AM

City Hall Annex - 135 W. Ellison,  
Second Floor, Economic  
Development Conference Room  
Burleson, TX 76028

1. **CALL TO ORDER**

2. **CITIZEN APPEARANCES**

Each person in attendance who desires to speak to the Committee on an item NOT posted on the agenda, shall speak during this section. A speaker card must be filled out and turned in to the City Secretary prior to addressing the Committee. Each speaker will be allowed three minutes to speak.

Each person in attendance who desires to speak on an item posted on the agenda shall speak when the item is called forward for consideration.

3. **GENERAL**

A. Consider and take action on the minutes from the April 16, 2025 Council Policy and Valuation Committee meeting. (*Staff Contact: Monica Solko, Deputy City Secretary*)

4. **REPORTS AND PRESENTATIONS**

A. Receive a report, hold a discussion, and make possible recommendations regarding a neighborhood empowerment zone (NEZ) program, criteria and incentives. (*Staff Contact: Tony McIlwain, AICP, CFM, Development Services Director*)

B. Receive a report, hold a discussion, and make possible recommendations regarding a new master policy for Municipal Utility Districts and Municipal Management Districts. (*Staff Contact: Tony McIlwain, AICP, CFM, Development Services Director*)

5. **REQUESTS FOR FUTURE AGENDA ITEMS AND REPORTS**

6. **RECESS INTO EXECUTIVE SESSION**

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

**Pending or Contemplated Litigation or to Seek the Advice of the City Attorney  
Pursuant to Section 551.071**

7. **ADJOURN**

**Richard Abernethy**

Administrative Services | Director of Administrative Services

Email: [rabernethy@burlesontx.com](mailto:rabernethy@burlesontx.com)

Phone: 817-426-9662

**CERTIFICATE**

I hereby certify that the above agenda was posted on this the 16th of April 2025, by 6:00 p.m., on the official bulletin board at the Burleson City Hall, 141 W. Renfro, Burleson, Texas.



Amanda Campos

City Secretary

**ACCESSIBILITY STATEMENT**

The Burleson City Hall Annex is wheelchair accessible. The entry ramp is located in the front of the building, accessible from Warren St. Accessible parking spaces are also available in the Warren St. parking lot. Sign interpretative services for meetings must be made 48 hours in advance of the meeting. Call the A.D.A. Coordinator at 817-426-9600, or TDD 1-800-735-2989.

---

## Council Policy and Valuation Committee

**DEPARTMENT:** City Secretary's Office  
**FROM:** Monica Solko, Deputy City Secretary  
**MEETING:** April 23, 2025

---

**SUBJECT:**

Consider and take possible action of the minutes from the April 16, 2025 Council Policy and Valuation committee meeting. *(Staff Contact: Monica Solko, Deputy City Secretary)*

**SUMMARY:**

The Council Policy and Valuation committee duly and legally met on April 16, 2025 for a regular meeting.

**OPTIONS:**

Committee may approve the minutes as presented or approve with amendments.

**RECOMMENDATION:**

Approve.

**STAFF CONTACT:**

Monica Solko, TRMC  
Deputy City Secretary  
[msolko@burlesontx.com](mailto:msolko@burlesontx.com)  
817-426-9682

## COUNCIL POLICY & VALUATION COUNCIL COMMITTEE

April 16, 2025  
DRAFT MINUTES

### Council present:

Dan McClendon, Chair  
Larry Scott  
Adam Russell

### Council Absent:

### Staff present

Tommy Ludwig, City Manager  
Harlan Jefferson, Deputy City Manager  
Eric Oscarson, Deputy City Manager  
Amanda Campos, City Secretary  
Monica Solko, Deputy City Secretary

### **1. CALL TO ORDER – Time: 9:00 a.m.**

Chair Dan McClendon called the meeting to order. **Time: 9:01 a.m.**

### **2. CITIZEN APPEARANCES**

- None.

### **3. GENERAL**

- A. Consider approval of the minutes from the January 22, 2025 Council Policy and Valuation Committee meeting. (Staff Contact: Monica Solko, Deputy City Secretary)**

Motion made by Adam Russell and seconded by Larry Scott to approve.

Motion passed 3-0.

### **4. REPORTS AND PRESENTATIONS**

- A. Review, discuss and make possible recommendation to the city council on amendments to City Council Policy #17. Establishing City Council Rules of Procedure for City Council meetings. (Staff Contact: Amanda Campos, City Secretary)**

Amanda Campos, City Secretary, reported on Council Policy #17 to the committee.

*Dan McClendon stepped out of the room at 9:12 a.m. and returned at 9:15 a.m.*

Changes included:

I. AUTHORITY – no changes

II. MEETING AGENDAS

- a. Preparation and posting of: The City Manager is responsible for creating the agenda and agenda packet materials for City Council meetings. The City Secretary is responsible for posting the agenda ~~and distributing agenda packets to the City Council.~~
- b. Placing items on the agenda:
  - i. No changes
  - ii. Notify the City Manager, in writing, of the request ~~at least ten (10)~~ **3 business days prior** to ~~any regularly scheduled~~ City Council meeting **posting date.**
- c. Agenda Packet
  - i. Contents – no changes
  - ii. Distribution – In most cases, the agenda packet should be made available to the City Council at least 5 (five) calendar days prior to the regularly scheduled City Council meeting. **If changes to the agenda packet are made after distribution to City Council, email packet directly to City Council and update packet online.**
- d. Agenda item Pages – no changes
- e. Consent Agenda Items – No changes. Reminder: that the City Council should verbally state items to be added or removed to the consent agenda during meeting.
- f. Councilmember's Obligations to be Prepared in Advance – no changes

III. COUNCIL MEETINGS: RULES, PROCEDURES AND CONDUCT

- a. Presiding Officer – no changes
- b. Burleson Rules of Order – will bring back to discuss
- c. Executive Session (Closed Session) – no changes
- d. Annual Meeting Calendar – no changes
- e. Citizen Appearances – no changes
- Speaker Rules – no changes
- f. Speakers at council meetings – no changes

IV. COUNCIL MEETINGS: ORDER OF BUSINESS

- a. Regular Session – no changes
  - i. Call to Order – no changes
    - 1. Roll call or state quorum is present – no change, reminder to state
    - 2. State date and time – no change, reminder to state
    - 3. Invocation – no change
    - 4. Pledge of Allegiance – United States ~~and Texas~~
  - ii. Public Presentations - combine under one line item proclamations and presentations
  - iii. Community interest items – no changes
  - iv. Items to be continued or withdrawn – no changes

- v. Items to be withdrawn from Consent Agenda for separate discussion or items to be added to the consent agenda – no changes
- vi. Citizen Appearance – no changes
- vii. Consent Action Agenda – no changes
- viii. General Action Items – no changes
- ix. Reports – no changes
- x. City council request for future items or reports – no changes
- xi. Executive Session (if needed) – no changes
- xii. Adjourn – no changes

#### V. BURLESON RULES OF ORDER

- a. Presiding Officer – No changes
- b. Motion – no changes
- c. Point of Order – no changes
- d. Point of Information – no changes
- e. Call to Question – no changes
- f. Public Hearing – no changes
- g. Table – no changes
- h. Adjourn – no changes
- i. Executive Session
  - i. No changes
  - ii. Any member of the Council present may request to convert into executive
  - iii. City Manager, Deputy City Manager, City Secretary, Deputy City Secretary **or their designee** may request Council convene into executive session.
  - iv. No changes
  - v. No changes

#### VI. MAYOR/MAYOR PRO TEM – No changes

#### VII. AUDIO/VIDEO USE – No changes

After a brief discussion and questions, the committee would like the minor changes to be brought to the full council for consideration.

#### **B. Receive a report, and make possible recommendations to the full city council regarding all the boards, commissions, and committees of the city. (*Staff Contact: Amanda Campos, City Secretary*)**

Amanda Campos, City Secretary reported on the boards, commissions and committees of the city to the committee.

Discussion included what boards, commissions or committees should follow the Texas Open Meetings Act (TOMA), what would constitute as a quorum if not required by TOMA, has the board fulfilled their purpose, could some be combined and what types of items should be brought to each for recommendations.

Advisory Committee on People with Disabilities:

- Not subject to TOMA requirements
- At least 4 members make up a quorum
- Would allow for virtual meetings

Animal Shelter Advisory Committee:

- Not subject to TOMA requirements
- At least 4 members make up a quorum
- Would allow for virtual meetings

Boren Property Advisory Council:

- Not subject to TOMA requirements
- Would allow for virtual meetings

Building Codes and Standards Board:

- Look into NCTCOG board or interlocal joint board with nearby city
- Will bring back more information on state requirements for further discussion

Cemetery Advisory Board:

- Combine into a new board.

Citizens Public Art Committee:

- Board has met its purpose and will end on December 12, 2025 per Resolution CSO#4058-12-2022.
  - Goal was to create Art Master Plan, which will brought for council consideration in June. The plan also states that a review committee will review the public art.
- Combine into a new board.

Park Board:

- Subject to TOMA requirements
- Also serves as Tree Board
- Rename to Parks and Recreation Board

## **RECESS AND BACK TO ORDER**

Chair Dan McClendon recessed for a short break at 10:28 a.m. and called the meeting back to order at 10:36 a.m.

Ms. Campos continued discussion in Park Board and Citizens Public Art Committee

Create a New Board:

- Name: Public Spaces & Cultural Heritage Committee
  - Not subject to TOMA requirements
  - Cemetery Board members to serve on new board
  - Consists of 9 members (4 for a quorum)
  - Encompass: Cemetery Board, Citizens Public Art Committee, and Senior Citizens Advisory

Old Town Development Standards Committee:

- Subject to TOMA requirements
- Currently review right-of-way use agreement in Old Town
- Expand their role to review more items in Old Town (will ask legal to review)

Library Board:

- Subject to TOMA requirements
- No changes

Planning and Zoning Commission:

- Subject to TOMA requirements
- Add another item under Purpose to address the zoning responsibilities

Board of Adjustment:

- Subject to TOMA requirements
- No changes

Capital Improvements Advisory Committee:

- Subject to TOMA requirements
- No changes

Library Board:

- Subject to TOMA requirements
- No changes

The committee discussed example of items to be brought forward to each for discussion and recommendation should consists of capital improvement projects, design ranking, no budgetary items or no fees.

Absence Rule (Code of Ordinance, Chapter 2, Section 2-34):

a). Changes:

When a member of any city board or commission is absent for three consecutive meetings, that member may not be qualified for re-appointment or eligible to serve the remainder of their term. Each member is excused if the absence is because of illness or if the member has requested an excused absence from the city council. Excused absences from the city council through the City Secretary's Office, who should first be notified.



## b). Changes:

Any board or commission member shall attend at least 75 percent of the called meetings during the 12 month period between October 1 through September 30. That member may not be qualified for re-appointment or eligible to serve the remainder of their term if the member does not attend at least 75 percent of the called meetings.

## c). No changes

*Adam Russell left the meeting at 11:28 a.m.*

2-31 Appointments, terms; removal; expectations:

Discussion began on the terms. Currently, terms are two full consecutive term (6 years) expect for Planning & Zoning Commission is three full terms (9 years). The committee requested to bring back the item for further discussion.

The committee requested staff to bring back the minor changes and the committee would continue to review and discuss the item further.

**5. BOARD REQUESTS FOR FUTURE AGENDA ITEMS OR REPORTS**

- None.

**6. ADJOURN**

There being no further business Chair Dan McClendon adjourned the meeting.

**Time: 11:40 a.m.**

---

Monica Solko  
Deputy City Secretary

---

## Council Policy and Valuation Committee

**DEPARTMENT:** Development Services

**FROM:** Tony D. McIlwain, Development Services Director

**MEETING:** April 23, 2025

---

**SUBJECT:**

Receive a report, hold a discussion and make possible recommendations regarding a neighborhood empowerment zone (NEZ) program, criteria and incentives. (*Staff Contact: Tony McIlwain, AICP, CFM, Development Services Director*)

**SUMMARY:**

Chapter 378 of the Texas Local Government Code authorizes a municipality to create a neighborhood empowerment zone (NEZ) for the purpose of:

1. The creation of affordable housing, including manufactured housing, in the zone;
2. An increase in economic development in the zone;
3. An increase in the quality of social services, education, or public safety provided to resident of the zone; and
4. The rehabilitation of affordable housing in the zone.

Staff has narrowed the target area to the Hillary-Montclair communities. The presentation details NEZ improvement criteria and incentives from other Texas cities, as well as a comparison against the city's existing BTX Home Improvement Rebate Program.

**RECOMMENDATION:**

Staff recommends that the Committee provide further direction on possible incentives.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

August 21, 2024: Staff provided a briefing to the Committee on NEZs and possible target areas.

**REFERENCE:** N/A

**FISCAL IMPACT:** None

Proposed Expenditure/Revenue: n/a

Account Number(s):

Fund:

Account Description:

**STAFF CONTACT:**

Tony D. McIlwain, AICP, CFM

Development Services

[tmcilwain@burlesontx.com](mailto:tmcilwain@burlesontx.com)

817-426-9684

# Neighborhood Empowerment Zones (NEZ)

---

COUNCIL POLICY AND VALUATION COMMITTEE

APRIL 23, 2025

## Local Government Code (LGC) Chapter 378

---

Local Government Code (LGC) Chapter 378 allows a municipality may create a neighborhood empowerment zone covering a part of the municipality if the municipality determines the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing, in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone.

## NEZ Adoption

---

(a) A municipality may create a zone if the governing body of the municipality adopts a resolution containing:

- (1) the determination described by Section 378.002;
- (2) a description of the boundaries of the zone;
- (3) a finding by the governing body that the creation of the zone benefits and is for the public purpose of increasing the public health, safety, and welfare of the persons in the municipality; and
- (4) a finding by the governing body that the creation of the zone satisfies the requirements of Section 312.202, Tax Code.

(b) A municipality may create more than one zone and may include an area in more than one zone.

# Texas Tax Code Chapter 312

- Tax Code Section 312.202 establishes criteria for reinvestments zones.
- Council must finding that a designated area contains a combination of the following:
  - a substantial number of substandard, slum, deteriorated, or deteriorating structures;
  - the predominance of defective or inadequate sidewalks or streets;
  - faulty size, adequacy, accessibility, or usefulness of lots; unsanitary or unsafe conditions;
  - the deterioration of site or other improvements;
  - tax or special assessment delinquency exceeding the fair value of the land;
  - defective or unusual conditions of title;
  - conditions that endanger life or property by fire or other cause

## Texas Tax Code 312

---

- Additionally, 312.202 lists several other criteria relating to obsolete platting, deteriorating conditions, etc.
- Section 312.204 of the Tax Code only allows exemption on taxation for a portion of the value of the real property or of tangible personal property located on the real property, or both, for a period not to exceed 10 years, on the condition that the owner of the property make specific improvements or repairs to the property.



# Possible Incentives and Benefits

## Example of Incentives

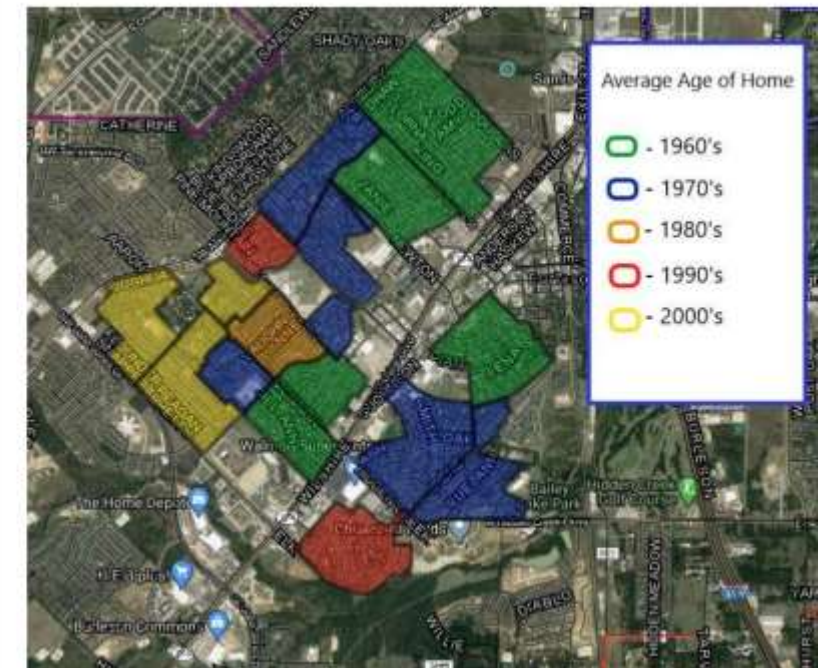
- City Property Tax Abatement (Council Action)
- Release of Liens
- Development Fee Waivers – (*NOTE: Results in Foregone Revenue from General Fund*)
- Refunds of municipal sales tax
- Set baseline performance standards for alternative building materials

## Benefits of NEZ

- Reducing blight
- Extend life cycle of housing through rehabilitation
- Encourage new investment in the community
- Investment and incentives bring increased awareness, attention and heightened visibility, which may (over time) reduce instances of criminal-related property damage and mischief

# Staff Research

- Development Services and the Police Department met and discussed areas that might benefit from a NEZ, based on statistical data.
- Staff identified three target areas.
- These areas are largely comprised of older housing stock and has benefitted from targeted Code Compliance action in the past.
- The common code compliance violations in these areas include property maintenance, high grass, junk and trash, dilapidated fences, yard parking and inoperable vehicles.



# Previous Committee Direction

---

- August 21, 2024 – Staff provided a presentation to the Policy and Valuation Committee.
- Directed staff to move forward with specific focus on single family residential homes.
- Staff subsequently narrowed the three target areas down to a “Target Pilot” area.

# Target Pilot Area Facts

---

- NEZ designation aids pilot area with rehabilitation of residential structures to revitalize a specific geographic area
- Limited to residential uses only
- Hillary – Montclair Area - 464 residential lots
- Structures over 60 years old
- Average 2024 property appraisal valuation of \$218,787 (assessment falls below \$309,000 HUD criteria)



- Target Pilot Area  
Hillary - Montclair

## Positive NEZ Outcomes:

- Reduce blight
- Extend life cycle of housing through rehabilitation
- Encourage new investment in the community



# Incentive Options

## Fee Waiver Examples

Tax Abatement (3 – 10 Years)

Lien Fees

Demolition Fees

Building Permit Fees

One-trade Permit Fees

Inspection Fees

Water & Sewer Tap Fees

City	Tax Abatement	Program Status
Amarillo	100% - 10 years	
Beaumont	100 % – 7 years	
Commerce	100% - 10 years	
Ft. Worth	100% - 5 years	78 FY 24 - Active
Laredo	100% - 10 years	
Nolanville	100% - 5 years	
Plano	Fee Waivers only	

**Tax Incentive** - Property owners that make qualified improvements to enhance the value of their homes can receive incentives based on the taxable value **AFTER** the improvement. Property tax abatements are granted for the **INCREASE OF TAXABLE VALUE CAUSED BY IMPROVEMENTS** to the property as a result of the investment amount. (requires public hearing and City Council approval)

## Fee Waivers

	Tax Abatement	Lien Waivers	Construction Abatement	Platting Fees	Preliminary Plan Fees	Zoning Fees	Sign Permit Fees	Demolition Fees	Building Permit Fees	One-Trade Permit Fees	Plan Review Fees	Inspection Fees	CO Fees	Water & Sewer Tap Fees
Amarillo	X			X	X	X	X	X	X	X	X	X	X	X
Beaumont	X	X	X				X	X	X	X	X	X	X	X
Commerce	X	X							X			X		X
Ft Worth	X	X		X		X	X	X	X	X	X	X		
Laredo	X			X		X		X	X	X	X			X
Nolanville	X	X		X		X	X	X	X	X	X	X		
Plano	X					X	X	X	X	X	X	X	X	X

# Improvement Criteria from Other Cities

- **Ft. Worth** – minimum **30%** improvement value as determined by the Tarrant County Appraisal District value– \$100 Application fee
- **Amarillo** - minimum **20%** improvement value as determined by the Potter- Randall Appraisal District value – no fee to apply
- **Beaumont** - Substantial Investment: NEZ for new construction or renovation of single family uses for investments of \$50,000 or greater and may be granted for all other uses for investment of \$75,000 or greater.
- **Commerce** – no investment criteria; just needs to be located within NEZ
- **Laredo** - minimum **20%** improvement value as determined by the Webb County Appraisal District value - \$100 application fee
- **Nolanville** – minimum **30%** improvement value as determined by the Bell County Appraisal District value – \$100 Application fee
- **Plano** - New multifamily development, or redevelopment when project costs are a minimum of \$8,000 per dwelling unit.



# NEZ Only Applies to City Property Tax

Taxing Entity	Tax Rate	Can taxes be waived with NEZ?	Home Value	Property Tax
Johnson County	0.329276	No		
BISD	1.2552	No		
City of Burleson	0.6627	Yes	*\$218,787	\$1,449.90

\*Based on Average Home Value \$218,787 in Hillary / Montclair target area located in both Johnson and Tarrant County

# Tax Abatement Example: Rehabilitation of Existing Home

Property owners that make qualified improvements to enhance the value of their homes can receive incentives based on the taxable value **AFTER** the improvement. Property tax abatements are granted for the increase in taxable value caused by the improvements to the property as a result of the investment amount.

Proposing Minimum investment of 20% of JCAD improvement value.

**EXAMPLE – If a \$218,787 home is remodeled (20% value = \$43,757)**

	Appraised value	COB Tax Rate	City Taxes owed	City Taxes forgiven	City Taxes Paid
Before Remodel	\$218,787	.6627	\$1,449	\$0	\$1,449
After Remodel – Year 1	\$262,544	.6627	\$1,739	\$290	\$1,449

# Example Fee Waiver Estimate for Remodel

Fee Type	NEZ waivers
Plan Review	\$30
Building permit fee	\$307
Trade valuation	\$135
Sub Total	\$472

\* Fees based the BTX's average remodel permit for FY 24

# BTX Home Improvement Rebate Program

---

- General Fund: \$25,000 overall program budget
- Applicable citywide to those that meet criteria
- Up to \$5,000 Rebate on improvements
- Owner-occupied single family houses, duplexes, townhomes, and condominiums within Burleson city limits
- Houses 25 years or older
- Expenditures on the property must total 10% or more of CAD value of property.
  - For example, a \$150,000 property must have a minimum investment of \$15,000 to qualify; a \$250,000 property must have a minimum investment of \$25,000 to qualify
- Current on all state, federal, and local taxes at the time of application
- The Appraisal District total value of the home must be less than or equal to 70% of the Federal Housing Administration single-family mortgage limit (FHA - \$524,225)

# NEZ Considerations

---

- Three year property appraisal cycles may limit property tax abatement options
- What if property sells – do we continue abatement?
- Accurately tracking abatements
- Can someone participate in NEZ and BTX Rebate Program?
- Regulatory finding requirements may lead to negative public perceptions

# Options

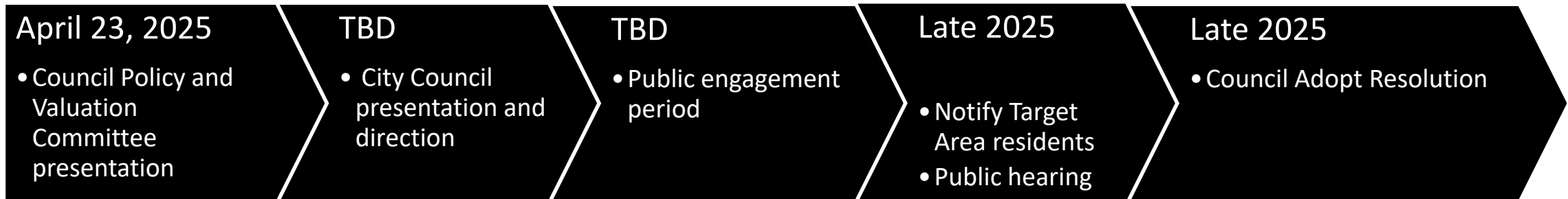
---

- Implement NEZ program?
  - Development Investment criteria
  - Development/ Building Permit Fee Waivers
  - Release of liens
  - Reduced City Property Taxes (3 -10 years)
- Eliminate BTX rebate program?
- Both - Implement NEZ and keep BTX rebate program?

# Next Steps

- Full Council direction
- If we move forward with NEZ – Timeline for implementation?
- Public engagement

## Potential Timeline



# Committee Direction

---

- Staff is seeking the Committee's direction for further action on this item.



# The Neighborhood Empowerment Zone (NEZ) Program Saves You Money on Construction and Rehabilitation

## What is the NEZ Program?

The City of Laredo created the NEZ Program to improve City Council Districts III and VIII by encouraging private investment in housing, businesses, and services in NEZ areas. The NEZ Program is the vehicle by which incentives like building permit fee waivers and municipal property tax abatements can be granted to homeowners, investor-owners and developers proposing new construction projects or rehabilitation projects that are located within the NEZ area.

## How can I apply for NEZ Incentives?

Apply at the Building Development Services Department located at 1413 Houston Street. When you apply for a building permit, and if required, a zoning change, staff will assess your project at that time to determine if it is NEZ eligible. If it meets all criteria, you will receive notice that your project has been certified to receive NEZ incentives.

## How long will it take before I know if I am certified to receive NEZ Incentives?

Five to seven days.

## What are some of the criteria for becoming certified to receive NEZ Incentives?

- The property must be located in the NEZ area.
- The proposed rehab must be 20% or more than the Webb County Appraisal District improvement value of the property.
- The property must be zoned correctly.
- The property is a permanent structure, and not a mobile structure.
- The owner / developer is not delinquent in paying taxes and does not have any City liens against any property they own.

## Are there any fees associated with participating in this program?

Yes. The application for residential tax abatements is \$100. The application fee for multi-family, commercial, industrial, community facilities and mixed-use development projects is one-half of one percent (0.5%) of the proposed projects Capital Investment, with a \$150 minimum not to exceed \$1000. If you are approved for tax abatements, City

staff will work with you to finalize the tax abatement agreement with the City.

## What if I qualify but do not wish to participate in the NEZ program?

The owner of the property will be required to sign an NEZ Disclaimer acknowledging that they were informed about the program but declined to participate. Proof of ownership and a copy of the warranty deed will be required.

## Basic incentives available in an NEZ

### Municipal Property Tax Abatement

The following properties and projects may qualify for municipal property tax abatements:

- Owner-occupied property
- Investor-owned single family property
- Single family development project
- Multi-family development project
- Commercial, industrial or community facilities development project
- Mixed-use development project

### **Two types of tax abatement programs will be available**

- **a five year program based on eligibility criteria**
- **a ten year program based on eligibility criteria**

### Fee Waivers

The following fees are waived for **qualified properties or projects:**

- a) Building Permit
- b) Plan Review
- c) Plumbing Permit
- d) Electrical Permit
- e) Mechanical Permit
- f) Fire Inspection
- g) Right-of-Way Permit (curb and street cut)
- h) Floodplain Fees
- i) Water Permit Fees
- j) Sprinkler System Permit Fees
- k) Plat application fee (including concept plan, preliminary plat, final plat, short form replat)
- l) Demolition Fee
- m) Zoning application fee

Fees (a) through (f) listed above are automatically waived. Fees (g) through (m) will be waived on a case by case basis.



For more information on the Neighborhood Empowerment Zone Program, please call the Building Development Services Department at 956.794.1625.

**CITY OF FORT WORTH  
NEIGHBORHOOD EMPOWERMENT ZONE PROGRAM (NEZ)  
BASIC INCENTIVES AND TAX ABATEMENT POLICY**

**I. GENERAL PURPOSE AND OBJECTIVES**

Chapter 378 of the Texas Local Government Code allows a municipality to create a Neighborhood Empowerment Zone (NEZ) when a "...municipality determines that the creation of the zone would promote:

- (1) the creation of affordable housing, including manufactured housing, in the zone;
- (2) an increase in economic development in the zone;
- (3) an increase in the quality of social services, education, or public safety provided to residents of the zone; or
- (4) the rehabilitation of affordable housing in the zone."

The City, by adopting the following NEZ Program Basic Incentives and Tax Abatement Policy, will promote affordable housing and economic development in Neighborhood Empowerment Zones. NEZ incentives will not be granted after the NEZ expires as defined in the resolution designating the NEZ. For each NEZ, the City Council may approve additional terms and incentives as permitted by Chapter 378 of the Texas Local Government Code or by City Council resolution. However, any tax abatement awarded before the expiration of a NEZ shall carry its full term according to its tax abatement agreement approved by the City Council.

As mandated by state law, the property tax abatement under this policy applies to the owners of real property. Nothing in the policy shall be construed as an obligation by the City of Fort Worth to approve any tax abatement application.

**II. DEFINITIONS**

*"Abatement or Tax Abatement"* means a full or partial exemption from City of Fort Worth ad valorem taxes on eligible real property located in a NEZ for a specified period on the difference between (i) the amount of increase in the appraised value (as reflected on the certified tax roll of the appropriate county appraisal district) resulting from improvements begun after the execution of a written Tax Abatement Agreement and (ii) the appraised value of such real estate prior to execution of a written Tax Abatement Agreement (as reflected on the most recent certified tax roll of the appropriate county appraisal district for the year prior to the date on which the Tax Abatement Agreement was executed).

*"Affordable Units"* means affordable to persons earning less than 80% Area Median Family Income (AMFI) as defined by U.S. Department of Housing and Urban Development (HUD) for single family housing and under 60% AMFI as defined by HUD for rental and multi-family.

*"Base Value"* is the value of the Real Property Improvements, excluding land, as determined by the Tarrant County Appraisal District, during the year rehabilitation occurs.

*"Building Standards Commission"* is the commission created under Sec. 7-77, Article IV. Minimum Building Standards Code of the Fort Worth City Code.

*"Capital Investment"* includes only Real Property Improvements such as new facilities and structures, site improvements, facility expansion, and facility modernization. Capital Investment does NOT include land acquisition costs and/or any existing improvements on the property prior to the City Council's authorization, or personal property (such as machinery, equipment, and/or supplies and inventory).

*"City of Fort Worth Tax Abatement Policy Statement"* means the policy adopted by City Council.

*"Commercial/ Development Project"* is a development project which proposes to construct or rehabilitate commercial facilities on property that is (or meets the requirements to be) zoned commercial as defined by the City of Fort Worth Zoning Ordinance.

*“Industrial Development Project”* is a development project which proposes to construct or rehabilitate industrial facilities on property that is appropriately zoned for industrial use as defined by the City of Fort Worth Zoning Ordinance and meets the criteria for industrial use as put forth in the City’s Comprehensive Plan.

*“Community Facility Development Project”* is a development project which proposes to construct or rehabilitate community facilities on property that allows such use as defined by the City of Fort Worth Zoning Ordinance.

*“Eligible Rehabilitation”* includes only physical improvements to Real Property Improvements. Eligible Rehabilitation does NOT include personal property (such as furniture, appliances, equipment, and/or supplies). Eligible Rehabilitation costs must be 30% or more of the current Base Value Improvements as defined by Tarrant Appraisal District at the time of application in order for a rehabilitation project to apply for any NEZ incentives.

*“Gross Floor Area”* is measured by taking the outside dimensions of the building at each floor level, except that portion of the basement used only for utilities or storage, and any areas within the building used for off-street parking.

*“Minimum Building Standards Code”* is Article IV of the Fort Worth City Code adopted pursuant to Texas Local Government Code, Chapters 54 and 214.

*“Minority Business Enterprise (MBE)”* and *“Women Business Enterprise (WBE)”* is a minority or woman owned business that has received certification as either a certified MBE or certified WBE by either the North Texas Regional Certification Agency (NTRCA) or the Texas Department of Transportation (TxDot), Highway Division.

*“Mixed-Use Development Project”* is a development project which proposes to construct or rehabilitate mixed-use facilities in which residential uses constitute 20 percent or more of the total gross floor area, and office, eating and entertainment, and/or retail sales and service uses constitute 10 percent or more of the total gross floor area and is on property that is (or meets the requirements to be) zoned mixed-use as described by the City of Fort Worth Zoning Ordinance.

*“Multi-family Development Project”* is a development project which proposes to construct or rehabilitate 3 or more multi-family residential living units on a property that is (or meets the requirements to be) zoned multi-family or mixed use as defined by the City of Fort Worth Zoning Ordinance.

*“New Construction”* is a newly constructed habitable structure improvement requiring a permanent foundation. This excludes accessory structures such as sheds, incidental out buildings and detached garages.

*“Primary Residence”* is the residence that has a Homestead Exemption on file with Tarrant County Appraisal District.

*“Project”* means a *“Residential Project”*, *“Commercial/Industrial Development Project”*, *“Community Facility Development Project”*, *“Mixed-Use Development Project”*, or a *“Multi-family Development Project.”*

*“Real Property Improvements”* – means a habitable structure as defined by the Fort Worth Building Code.

*“Reinvestment Zone”* is an area designated as such by the City of Fort Worth in accordance with the Property Redevelopment and Tax Abatement Act codified in Chapter 312 of the Texas Tax Code, or an area designated as an enterprise zone pursuant to the Texas Enterprise Zone Act, codified in Chapter 2303 of the Texas Government Code.

*“Residential Project”* – means less than 3 residential units.

### **III. PROCEDURAL STEPS**

Item A.

#### **A. APPLICATION FEE**

1. An application fee of \$25.00 for all basic incentives, excluding tax abatements. The Application Fee shall not be credited or refunded to any party for any reason.
2. The application fee for residential tax abatements is \$100.00 for each residential unit. The Application Fee shall not be credited or refunded to any party for any reason.
3. The application fee for tax abatements for multi-family, commercial, industrial, community facilities and mixed-use development projects is one-half of one percent (0.5%) of the proposed Project's Capital Investment, with a \$200 minimum not to exceed \$2,000. The Application Fee shall not be credited or refunded to any party for any reason.

#### **B. APPLICATION SUBMISSION**

1. The applicant applying for any NEZ incentives must complete and submit a City of Fort Worth "Application for NEZ Incentives" and pay the appropriate application fee for certification of basic incentives to the Neighborhood Services Department. Incomplete applications will not be accepted or processed.
2. The applicant applying for Tax Abatement will pay the appropriate abatement application fee to the Neighborhood Services Department after Project certification for basic incentives by the Neighborhood Services Department. The application fee, review, evaluation and approval will be governed by City of Fort Worth Neighborhood Empowerment Zone Basic Incentives and Tax Abatement Policy for qualifying Development Projects.
3. All NEZ certifications for incentives will expire after five years and are project and owner specific. Minor modifications to an existing certification may be made with correct documentation. Minor modifications will not change or extend the original certification date. New or additional projects at the same address or in the same development will require a new application for project certification.
4. City Council may change NEZ boundaries or terminate NEZ areas. Projects that have been certified eligible for basic incentives will maintain eligibility for the original five years from the date of certification. The certification date will not be modified or extended.

#### **C. CERTIFICATIONS FOR APPLICATIONS**

1. In order for a property owner/developer to be eligible to apply for any NEZ incentives for a Project, the property owner/developer:
  - a. Must submit a complete application to the City with all required documentation;
  - b. Must not be delinquent in paying property taxes for any property owned by the owner/developer or applicant;
  - c. Must not be responsible for City of Fort Worth liens on the project property;
  - d. Must not have any City liens filed against any property owned by the applicant or property owner/developer, including the project property. "Liens" includes but is not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens;
  - e. Must not have been subject to a Building Standards Commission's Order of Demolition where the property was demolished within the last five (5) years;
  - f. Must not have a building permit issued with the City for the project address; and
  - g. Must apply for NEZ incentives before any improvements are made to the project property.
2. The Neighborhood Services Department will review all NEZ applications for accuracy and completeness. A complete application must include:
  - a. Proof that the Project is located in a NEZ;

- b. A completed NEZ application;
- c. Attachment of **all** items on the NEZ Application Submittal Requirement Checklist; and
- d. Compliance with the design guidelines under Section III E.

Item A.

Once the Neighborhood Services Department determines that the application is complete, the Neighborhood Services Department will certify the property owner/developer's eligibility to receive basic incentives and/or tax abatement based on the criteria set forth in this policy. Ineligible applications will be denied. Once an applicant's project is certified, the Neighborhood Services Department will inform appropriate departments administering the incentives.

Approval of the application and Project certification shall not be deemed to be approval of any aspect of the Project. Before construction, the applicant must ensure that the project is located in the correct zoning district.

#### **D. PUBLIC NOTIFICATION**

In order for an owner/developer to apply to receive any incentives provided for under the NEZ Program Basic Incentives and Tax Abatement Policy, Neighborhood Services staff will send a complete Project application packet dually for notification purposes to the following persons and organizations:

1. The neighborhood associations or community based organizations registered with the city located within 300 feet of the proposed Project. The measurement of the distance between the proposed project and Neighborhood Associations or Community Based Organizations shall be along the property lines of the street fronts and from front door to front door, and in direct line across the intersections. If recipients wish to comment on the Project, all comments must be received within 14 days/two weeks of notification; and
2. The Council Member for the District in which the Project is located. Any comments received within 14 days of notification from the registered neighborhood associations or community based organizations within 300 feet of the proposed Project will be sent to the Council Member for informational purposes.

#### **E. DESIGN GUIDELINES**

1. All applications for NEZ incentives must meet the following design requirements for certification.
  - a. No metal buildings except for industrial projects.
  - b. All new construction projects must contain 70% masonry product
  - c. Exceptions to the masonry product will be made for approved plans within all Local Historic Districts and the following Urban Design Districts.
    - i. Near Southside
    - ii. Camp Bowie
    - iii. StockyardsApplicants must provide a Certificate of Appropriateness and supporting documentation for the project with their completed NEZ application. This exemption applies only to the masonry product requirement. All other design guidelines will not be waived.
  - d. Compliance with design guidelines for Council adopted NEZ Strategic Plans is required for certification.
  - e. Attached garages for new single family homes may not extend more than 4 feet past the front building wall.

#### **F. REFUND POLICY**

In order for an owner/developer of a Project in a NEZ to receive a refund of any development fees or impact fees, the conditions set forth in the *Refund of Development and Impact Fee Policy*, attached as Attachment "A", must be satisfied.

#### **IV. FEE WAIVERS**

##### **A. ELIGIBLE RECIPIENTS/PROPERTIES**

1. In order for a property owner/developer to be eligible to apply for any fee waivers for a Project, the property owner/developer:
  - a. Must submit an application to the City and receive NEZ certification for the project;
  - b. Must be in compliance with Section III, A, B, C, D and E.

##### **B. DEVELOPMENT FEES**

1. The following fees for services are waived for eligible, certified NEZ Projects:
  - a. All Building Permit related Fees (including Plans Review and Inspections) except as stated in IV B. 2. below
  - b. Plat Application Fee (including Concept Plan, Preliminary Plat, Final Plat, Short Form Replat)
  - c. Board of Adjustment Application Fee
  - d. Demolition fee
  - e. Structure Moving Fee
  - f. Community Facilities Agreement (CFA) Application Fee
  - g. Zoning Application Fee
  - h. Street and Utility Easement Vacation Application Fee
  - i. Ordinance Inspection Fees
  - j. Consent/Encroachment Agreement Application Fees
  - k. Transportation Impact Fees
  - l. Urban Forestry Application Fees
  - m. Sign Permit Fees
2. If a permit or application listed in B (1) is expired, the fee to reactivate, renew or reapply shall not be waived. In addition, penalties and extension fees or re-permitting fees will not be waived.
3. Fire inspection and permit fees will not be waived.
4. Fees for special services, such as simultaneous plan and plat review or expedited plan review will not be waived.
5. Infrastructure Plan Review Center fees will not be waived.
6. Development Fees not specifically listed in the policy and the project certification letter will not be waived or reduced.
7. Other development related fees not specified in this policy may be brought forward to City Council on a case-by-case basis as determined by staff analysis.

##### **C. IMPACT FEES**

1. Single family and multi-family residential development projects in the NEZ. Automatic 100% waiver of water and wastewater impact fees will be applied.
2. Commercial, industrial, mixed-use, or community facility development projects in the NEZ.
  - a. Automatic 100% waiver of water and wastewater impact fees up to \$55,000 or equivalent to two 6-inch meters for each commercial, industrial, mixed-use or community facility development project; whichever is less.
  - b. If the project requests an impact fee waiver exceeding \$55,000 or requesting a waiver for larger and/or more than two 6-inch meter exceeding \$55,000, then City Council approval is

## **V. RELEASE OF CITY LIENS**

### **A. ELIGIBLE RECIPIENTS/PROPERTIES**

1. In order for a property owner/developer to be eligible to apply for release of any City liens for a Project, the property owner/developer:
  - a. Must submit an application to the City and receive NEZ certification for the project;
  - b. Must be in compliance with Section III, A, B, C, D and E.
  - c. Only liens listed in this Policy shall be released once the Project Improvements have been made to the property. Applicants must contact City after project completion for lien releases.
  - d. Any liens filed after the initial certification of the property shall not be released.

For certified applicants of Projects requesting release of City liens, the Neighborhood Services Department will request the release of the appropriate liens on NEZ tax abatement Projects. The Planning & Development Department will request the release of the appropriate liens on NEZ basic incentives Projects.

### **B. WEED LIENS**

The following are eligible to apply for release of weed liens:

1. Single unit owners performing rehabilitation on their properties.
2. Builders or developers constructing new homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing new multi-family, commercial, industrial, mixed-use or community facility development projects.

### **C. DEMOLITION LIENS**

Builders or developers developing or rehabilitating a property for a Project are eligible to apply for release of demolition liens for up to \$30,000. Releases of demolition liens in excess of \$30,000 are subject to City Council approval.

### **D. BOARD-UP/OPEN STRUCTURE LIENS**

The following are eligible to apply for release of board-up/open structure liens:

1. Single unit owners performing rehabilitation on their properties.
2. Builders or developers constructing new single family homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing multi-family, commercial, industrial, mixed-use, or community facility projects.

### **E. PAVING LIENS**

The following are eligible to apply for release of paving liens:

1. Single unit owners performing rehabilitation on their properties.
2. Builders or developers constructing new homes on vacant lots.
3. Owners performing rehabilitation on multi-family, commercial, industrial, mixed-use, or community facility properties.
4. Developers constructing multi-family, commercial, industrial, mixed-use, or community facility projects.

### **ALL OTHER CITY LIENS WILL NOT BE WAIVED**

## VI. MUNICIPAL PROPERTY TAX ABATEMENTS

Item A.

### A. ABATEMENT GUIDELINES

1. Staff will review and evaluate each Residential, Multi-Family, Commercial, Industrial, Community Facilities and Mixed-Use tax abatement application prior to submission to the City Council. The City Council has designated certain areas of the City as Tax Increment Reinvestment Zones (TIFs). If a NEZ is located in a TIF, a person or entity seeking Tax Abatement on property owned or leased in a TIF shall not be granted a NEZ Tax Abatement.
2. A tax abatement shall not be granted for any development project in which a building permit application, excluding grading and/or demolition, has been filed with the City's Development Services Department. In addition, the City will not abate taxes on the value of real property improvements for any period of time prior to the year of execution of a Tax Abatement Agreement with the City.
3. Tax Abatements for a new construction project will automatically terminate two years after Council approval of the tax abatement if a building permit has not been pulled and a foundation has not been poured (unless otherwise specified in the tax abatement agreement).
4. Tax Abatements for a rehabilitation project will automatically terminate two years after Council approval of the tax abatement if the project is not complete (unless otherwise specified in the tax abatement agreement).
  - a. Abatements for Residential, Commercial, Industrial, Mixed-Use, Multi-Family and Community Facilities Projects for up to 5 years are subject to City Council approval. The applicant may apply with the Neighborhood Services Department for such abatement after project certification. In order to be eligible to apply for a tax abatement, the property owner/developer must:
  - b. Submit an application to the City and receive NEZ certification for the project;
  - c. Be in compliance with Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable.
  - d. Real Property Improvements are newly constructed or rehabilitated after NEZ designation and City Council approval of the tax abatement is granted before filing for a building permit and before any improvements are made;
  - e. Property is not in a tax-delinquent status when the abatement application is submitted;
  - f. Property is in conformance with the City of Fort Worth Zoning Ordinance however, a property use that is legal non-conforming shall not be eligible to receive a tax abatement.
5. Once a NEZ property owner of a residential property (including multi-family) in the NEZ satisfies the criteria set forth in Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable, and applies for an abatement, a property owner may enter into a tax abatement agreement with the City of Fort Worth after City Council approval of the tax abatement. The tax abatement agreement shall automatically terminate if the property subject to the tax abatement agreement is in violation of the City of Fort Worth's Minimum Building Standards Code and the owner is convicted of such violation.
6. A tax abatement granted under the criteria set forth in Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable, can only be granted once for a property in a NEZ for a maximum term as specified in the agreement. If a property on which tax is being abated is sold, the City may assign the tax abatement agreement for the remaining term as allowed by the tax abatement agreement, once the new owner submits an application so long as the new owner complies with all of the terms of the tax abatement agreement.
7. A property owner/developer of a multifamily development, commercial, industrial, community facilities and mixed-use development project in the NEZ who desires a tax abatement must:



- a. Satisfy the criteria set forth in Section III, A, B, C, D and E and Section VI, A, B, C and Item A. as applicable, and
- b. Submit an application to the City and receive NEZ certification for the project;
- c. The property owner must enter into a tax abatement agreement with the City of Fort Worth. In addition to the other terms of agreement, the tax abatement agreement shall provide that the agreement shall automatically terminate if the owner receives one conviction of a violation of the City of Fort Worth's Minimum Building Standards Code regarding the property subject to the abatement agreement during the term of the tax abatement agreement; and
- d. If a property in the NEZ on which tax is being abated is sold, the new owner may enter into a tax abatement agreement on the property for the remaining term as allowed by the tax abatement agreement.
8. If the terms of the tax abatement agreement are not met, the City Council has the right to cancel or amend the abatement agreement. In the event of cancellation, the recapture of abated taxes shall be limited to the year(s) in which the default occurred or continued.
9. The terms of the agreement shall include the City of Fort Worth's right to: (1) review and verify the applicant's financial statements in each year during the life of the agreement prior to granting a tax abatement in any given year, (2) conduct an on-site inspection of the project in each year during the life of the abatement to verify compliance with the terms of the tax abatement agreement, (3) terminate the agreement if the Project contains or will contain an ineligible Project as defined in Section VII 1 through 6.
10. Upon completion of construction of the Project, the City shall no less than annually evaluate each project receiving abatement to insure compliance with the terms of the agreement. Any incidents of non-compliance will be reported to the City Council.
11. On or before February 1st of every year during the life of the agreement, any individual or entity receiving a tax abatement from the City of Fort Worth shall provide information and documentation which details the property owner's compliance with the terms of the respective agreement and shall certify that the owner is in compliance with each applicable term of the agreement. Failure to report this information and to provide the required certification by the above deadline shall result in cancellation of agreement and any taxes abated in the prior year being due and payable.
12. If a property in the NEZ on which tax is being abated is sold, the new owner may enter into a tax abatement agreement on the property for the remaining term as allowed by the tax abatement agreement. Any sale, assignment or lease of the property which is not permitted in the tax abatement agreement results in automatic cancellation of the agreement and recapture of any taxes abated after the date on which an unspecified assignment occurred.
13. All Multi-Family, commercial, industrial, community facilities and mixed use tax abatements will be capped at 150 percent of the Capital Investment.
14. Residential owner occupied tax abatements will be capped at the annual median home value as reported by the National Association of Realtors for Tarrant County. This value will be updated annually.

## **B. APPLICATION REVIEW AND EVALUATION FOR APPLICATIONS**

1. Property Tax Abatement for Residential Properties, Commercial, Industrial, Mixed Use, Community Facilities and Multi-family Development Projects

- a. For a completed and certified application for no more than five years of tax abatement, with Council approval, the City Manager shall execute a tax abatement agreement with the applicant. Item A.
- b. Tax abatement applications will be reviewed by staff prior to submission to the City Council. Commercial, Industrial, Mixed Use, Community Facilities and Multi-family Development Projects must provide evidence of:
  - i. Production of development with no net additional cost to the City while producing a positive economic impact to the tax paying citizens of Fort Worth;
  - ii. Promotion of quality, affordable housing and/or mixed income development;
  - iii. Advancement of high quality development or redevelopment opportunities on nearby or adjacent properties in a manner that supports the establishment of a cohesive, distinctive and walkable district or neighborhood;
  - iv. Effectively leverage private investment;
  - v. Possesses economic gap “but-for”;
  - vi. Furthers community revitalization.

## 2. Consideration by the City Council

- a. The City Council retains sole authority to approve or deny any tax abatement agreement and is under no obligation to approve any tax abatement application or tax abatement agreement. The City of Fort Worth is under no obligation to provide tax abatement in any amount or value to any applicant.
- b. Effective Date for Approved Agreements
  - i. All tax abatements approved by the City Council will become effective on January 1 of the year following the year in which a Certificate of Occupancy (CO) is issued for the qualifying development project (unless otherwise specified in the tax abatement agreement). Unless otherwise specified in the agreement, taxes levied during the construction of the project shall be due and payable.
  - ii. Owners/developers are responsible for informing the City when a certified Project is complete.

## **C. RESIDENTIAL PROPERTIES LOCATED IN A NEZ- FULL ABATEMENT FOR 5 YEARS**

- 1. A homeowner or developer of residential single family property developed for a homeowner, shall be eligible to apply for a tax abatement by meeting the following after certification of the project:
  - a. Be in compliance with Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable;
  - b. For rehabilitated Real Property Improvements, Eligible Rehabilitation costs on the Real Property Improvements shall be equal to or in excess of 30% of the Base Value of the Real Property Improvements and City Council approval of the tax abatement is granted before improvements are made.

## **D. MULTI-FAMILY AND MIXED-USE DEVELOPMENT PROJECTS LOCATED IN A NEZ – 100% ABATEMENT FOR 5 YEARS**

- 1. A developer of a Multi-Family or Mixed-Use Development Project shall be eligible to apply for a tax abatement by meeting the following after project certification:
  - a. Be in compliance with Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable.
  - b. For a multi-family development project newly constructed, the project must provide at least five (5) residential living units OR have a minimum Capital Investment of \$200,000;

- c. For a multi-family rehabilitation project, the Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements. Such Eligible Rehabilitation costs must come from the rehabilitation of at least five (5) residential living units or a minimum Capital Investment of \$200,000;
- d. Residential uses in a mixed-use project must constitute 20 percent or more of the total Gross Floor Area of the project;
- e. Office, eating and entertainment, and/or retail sales and service uses in a mixed-use project must constitute 10 percent or more of the total Gross Floor Area of the project; and
  - i. A mixed-use development project newly constructed must have a minimum Capital Investment of \$200,000; or
  - ii. For a rehabilitation project, Eligible Rehabilitation costs on the Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$200,000, whichever is greater.

Item A.

2. Multi-family and mixed-use projects must satisfy one of the following:

- a. At least ten percent (10%) of the total residential units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below eighty percent (80%) of area median income based on family size and at least another ten percent (10%) of the total units constructed or rehabilitated shall be affordable (as defined by the U. S. Department of Housing and Urban Development) and set aside to persons with incomes at or below sixty percent (60%) of area median income based on family size;
- b. In addition, at least 5% of the total residential units constructed or rehabilitated shall be compliant with the Americans with Disability Act (ADA) in accordance with Section 504 of the Rehabilitation Act, and must be fully accessible and 2% of the total units constructed must be fully accessible to persons with sensory impairments.

**E. COMMERCIAL, INDUSTRIAL AND COMMUNITY FACILITIES DEVELOPMENT PROJECTS LOCATED IN A NEZ – 100% ABATEMENT FOR 5 YEARS**

- 1. A developer of a Commercial, Industrial or Community Facilities Development Projects shall be eligible to apply for a tax abatement by meeting the following after project certification:
  - a. Be in compliance with Section III, A, B, C, D and E and Section VI, A, B, C and D as applicable;
  - b. have a minimum capital investment of \$75,000 for a proposed new construction project; or
  - c. for a rehabilitation project, Eligible Rehabilitation costs on Real Property Improvements shall be at least 30% of the Base Value of the Real Property Improvements, or \$75,000, whichever is greater.

**VII. INELIGIBLE PROJECTS**

The following Projects or Businesses shall not be eligible for any incentives under the City' of Fort Worth's Neighborhood Empowerment Zone (NEZ) Basic Incentives and Tax Abatement Policy:

- 1. Sexually Oriented Businesses
- 2. Non-residential mobile structures
- 3. Stand-alone bars (Bars as part of a mixed use project may apply for NEZ incentives)
- 4. Single family investor owned projects
- 5. Package stores or liquor stores
- 6. Projects to be constructed on property purchased or to be purchased under a contract for deed

**VIII. DENIED APPLICATIONS**

*Item A.*

1. NEZ applications will be denied 30 days after submission if all required or additionally requested documentation is not received by the City.
2. The applicant will have 90 days after the date of denial to resubmit the NEZ application without paying a new application fee.

## REFUND OF DEVELOPMENT AND IMPACT FEES POLICY

### PURPOSE

This refund policy is for the purpose of establishing the conditions under which the City may refund development and impact fees, normally waived through the Neighborhood Empowerment Zone (NEZ).

### APPLICABILITY

Unless expressly accepted, this policy applies to all development and impact fees waived by the City through the NEZ.

### CONDITIONS FOR REFUNDS

The City will consider refunds only when circumstances beyond the developers/owners control prevent them from obtaining the certification letter from the Neighborhood Services Department.

A property owner and/or developer may qualify for a refund if the proposed development project meets all criteria to receive a fee waiver under the NEZ Program Basic Incentives and Tax Abatement Policy and:

1. The owner and/or developer was not made aware of the NEZ incentives at the time the fees were paid; or
2. The owner and/or developer was mistakenly told that his/her property was not in a designated NEZ; or
3. The owner and/or developer has put funds in an escrow account with a City Department while awaiting certification of his/her project; or
4. City Council authorizes a City Department to issue a refund to the owner/developer.

### REFUND CHARGE

A refund charge will be assessed to help defray administration cost associated with the processing of refund check. The charge shall be 20% of the amount of the refund. This charge will be automatically deducted from the total refund amount.

### STATUTE OF LIMITATIONS

Any request, action or proceeding concerning the refund of fees normally waived through the NEZ must be filed within ninety days following the date that the fees were paid. An applicant who does not submit a refund request within 90 days of the transaction shall not qualify for a refund.

To obtain a refund the applicant needs to:

- submit a NEZ application to the Neighborhood Services Department for determination of the eligibility for NEZ fee waivers, and
- submit a written request to the Department in which the fees were paid. Upon receiving a confirmation from the Neighborhood Services Department that the project meets all NEZ fee waiver criteria, that Department shall process the request based on the qualifications discussed in this policy.

### EXEMPTIONS

The provisions of this policy do not apply to:

1. Fees that are not waived through the NEZ program;
2. Taxes and special assessments; and
3. City liens such as mowing, board-up, trash, demolition and paving liens.

An applicant shall not qualify for any refund if:

Item A.

1. The applicant was made aware of the NEZ incentives before he/she pays the fees; or
2. The applicant does not meet the requirements for NEZ incentives at the time he/she paid the fees;  
or
3. The applicant paid the fees before the refund policy was put in place; or
4. The applicant paid the fees before the designation date of the NEZ.

## **DISCLAIMER**

In the event of any conflict between the City's ordinances or regulations and this policy, such ordinances or regulations shall control. In the event of any conflict between this policy and other policies or regulations adopted by the City Department issuing the refund, such department policies or regulations shall control. The City reserves the right to deny any or all request for refunds.

---

## Council Policy and Valuation Committee

**DEPARTMENT:** Development Services

**FROM:** Tony D. McIlwain, Development Services Director

**MEETING:** April 23, 2025

---

**SUBJECT:**

Receive a report, hold a discussion, and make possible recommendations regarding a new master policy for Municipal Utility Districts and Municipal Management Districts. (*Staff Contact: Tony McIlwain, AICP, CFM, Development Services Director*)

**SUMMARY:**

The purpose of the presentation is to brief the Committee on a new master policy for special purpose districts such as Municipal Utility Districts (MUD) and Municipal Management Districts (MMD).

**RECOMMENDATION:**

Staff recommends that the Committee discuss the draft policy and provide further direction.

**PRIOR ACTION/INPUT (Council, Boards, Citizens):**

May 6, 2024: Staff provided City Council a presentation on Municipal Utility Districts and Public improvement Districts.

August 21, 2024: The Council Policy and Valuation Committee directed staff to prepare draft policies for further discussion.

January 22, 2025: The Council Policy and Valuation Committee directed staff to provide additional information relating to Strategic Partnership Agreements (SPA).

**REFERENCE:**

N/A

**FISCAL IMPACT:**

Proposed Expenditure/Revenue: N/A

Account Number(s): N/A

Fund: N/A

Account Description: N/A

**STAFF CONTACT:**

Tony D. McIlwain  
Development Services Director  
[tmcilwain@burlesontx.com](mailto:tmcilwain@burlesontx.com)  
817-426-XXXX





# Special Purpose District (MUDs, MMDs) Master Policy

---

COUNCIL POLICY AND VALUATION COMMITTEE: APRIL 23, 2025

# Background

---

- On January 22, 2025, the Council Policy and Valuation Committee received a briefing on a proposed Special Purpose District (SPD) master policy for Municipal Utility Districts (MUDs) and Municipal Management Districts (MMDs).
- At the conclusion of the briefing, the Committee directed staff to revise the proposed master policy to include additional information about a Strategic Partnership Agreement (SPA).
- The purpose of this presentation is to review and discuss staff revisions to the SPD master policy.

# Purpose

---

- Staff's general approach with this effort was to develop policies that recognize that Special Purpose Districts are unique and should be considered on a case-by-case basis; and
- Provide the Council a menu of considerations (when petitions are received), while allowing the flexibility of operating outside of a strict policy framework.

# MUDS AND MMDs Recap

---

- MUDs are created to finance, build and maintain infrastructure and services related to water, sewer, and drainage in areas that are otherwise unmanaged by local governments.
- MUDs do not last in perpetuity and are typically dissolved once the bond debt has been paid off.
- MMDS may issue bonds to promote, encourage and maintain economic development, employment, commerce, transportation, housing, tourism, recreation, arts, safety and public welfare within the MMD boundary.
- MMDs can last indefinitely as long as the property owners within the district continue to vote to maintain it.

# SPD Master Policy

---

- Staff has prepared a draft Special Purpose District master policy for MUDs and MMDs.
- The master policy provides a general framework that establishes expectations of the Developer and City Council.
- The master policy has three broad sections: Conditions for City Consent; Voluntary Annexation and Strategic Partnership Agreement; and CCN procedures.

# Strategic Partnership Agreement (SPA)

---

- Staff has included new text regarding a SPA:
  - SPAs for these annexations must include the district's boundaries, functions, name, and, if the annexation will later become full-purpose, the procedure for ending the district.
  - The SPA is contractual and shall detail the terms and conditions of the annexation of the SPD by the City in accordance with Section 43.0751 of the Local Government Code.
  - At a minimum, the SPA will detail responsibilities relating to municipal services, capital improvements, SPD tax and utility rates, water and wastewater facilities.
  - Any limited purpose annexation, as established with a SPA, will detail the city's authority relating to land use, regulatory authority and the application of City codes and ordinances.

# Questions/ Comments

---

STAFF CONTACT:

TONY D. MCILWAIN, AICP, CFM

DEVELOPMENT SERVICES DIRECTOR

[TMCILWAIN@BURLESONTX.COM](mailto:TMCILWAIN@BURLESONTX.COM)

817-426-9684



## **SPECIAL PURPOSE DISTRICTS MASTER POLICY**

### **PURPOSE**

The purpose of this policy is to provide a framework for City Council consideration of special purpose districts (SPDs) such as Municipal Utility Districts (MUDs) and Municipal Management Districts (MMDs). The City will consider an application for a SPD on a case-by-case basis and may support or oppose any SPD regardless of how they are created, and/or whether they meet the guidelines established within this policy. Consent to a SPD is within the discretion and purview of the City Council and no provision within this policy shall be construed to obligate the City Council to grant or deny its consent to any specific petition.

### **MUNICIPAL UTILITY DISTRICTS AND MUNICIPAL MANAGEMENT DISTRICTS**

MUDs and MMDs allow a developer to fund development typically outside of a City's corporate boundary (i.e. city limits). These types of SPDs can be used to facilitate residential or mixed-use development as well as commercial or industrial projects. Both of these districts have the ability to levy taxes to finance, build and maintain infrastructure and services related to water, sewer, and drainage in areas that are otherwise unmanaged by local governments.

MUDs may issue bonds to fund, water, wastewater, drainage, electrical services, roads or other infrastructure and services within the MUD boundary pursuant to Chapters 49 and 54 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution. MUDs are approved by the Texas Commission on Environmental Quality (TCEQ), or through the Texas legislature. MUDs do not last in perpetuity and are typically dissolved once the bond debt has been paid off.

MMDs may issue bonds to promote, encourage and maintain economic development, employment, commerce, transportation, housing, tourism, recreation, arts, safety and public welfare within the MMD boundary pursuant to Chapter 375 of the Local Government Code and approved by the Texas Commission on Environmental Quality (TCEQ), or through the Texas legislature. MMDs can last indefinitely as long as the property owners within the district continue to vote to maintain it



### **CONDITIONS FOR CITY CONSENT OF A SPECIAL PURPOSE DISTRICT**

Any SPD located within the City's ETJ, and desiring future annexation into the City, shall be developed in accordance with the City's Comprehensive Plan and Master Thoroughfare Plan (MTP). When considering a request for a special purpose district, the City Council can consider the public benefit of the development by weighing the value of the benefits to the community, and to property in the special purpose district, against the costs to the City (i.e. city services and public infrastructure), including delayed annexation.

- The proposed SPD should be generally consistent with the vision, goals and policies of the City of Burleson Comprehensive Plan.
- Should City Council grant consent to the SPD, the City and the SPD should enter into a development agreement to outline all associated conditions of consent.
- The SPD should obtain all rights-of-way and easements necessary for the SPD. If the SPD is not able to obtain necessary third-party rights-of-way and easements then the City may, where allowed by State law, assist through the eminent domain process for services provided by the City and all associated fees should be borne by the SPD.
- Public infrastructure plans shall be prepared and reviewed by the City in compliance with the City's development regulations as relates to land use, infrastructure design, permitting, and inspections and applicants shall seek City development approvals prior to the commencement of any construction of public water, wastewater, drainage and road infrastructure that will be owned and operated by the City within the special purpose district.
- Construction or acquisition of any special purpose district facilities consisting of roadway, water, wastewater, and drainage infrastructure facilities that will be owned and operated by the City shall not commence unless the design conforms to the City's standards and the plans and specifications have been approved by all government entities with jurisdiction, including the City. In cases where County and City standards conflict, City standards shall apply.
- The special purpose district shall not provide services for, or acquire property to provide services for, any property outside its boundaries without the consent of the City.
- A special purpose district may not extend its boundaries unless the City Council first gives its consent to the extension.

- The special purpose district shall not allow use or extension of utility easements or stormwater drainage facilities owned or controlled by the special district for any property or development outside its boundaries without the consent of the City.

### **VOLUNTARY ANNEXATION AND STRATEGIC PARTNERSHIP AGREEMENT**

Should the proposed SPD desire future annexation into City limits, the applicant may enter into discussion with the City to set annexation parameters at the time the proposed SPD is seeking consent from the City. Agreed upon terms will be outlined in a Strategic Partnership Agreement (SPA) between the City and SPD so that there is clarity for the future annexation

- Strategic partnership agreements for these annexations must include the district's boundaries, functions, name, and, if the annexation will later become full-purpose, the procedure for ending the district.
- The SPA is contractual and shall detail the terms and conditions of the annexation of the SPD by the City in accordance with Section 43.0751 of the Local Government Code.
- At a minimum, the SPA will detail responsibilities relating to municipal services, capital improvements, SPD tax and utility rates, water and wastewater facilities.
- Any limited purpose annexation, as established with a SPA, will detail the city's authority relating to land use, regulatory authority and the application of City codes and ordinances.
- The SPD should be developed in a manner consistent with this policy and other applicable City policies, so that future annexation is not impaired in any way.
- Annexation should not occur until 100% of the original bonds for the creation and operation of the district have been repaid. The City does reserve the right to annex any SPD as allowed by state law, regardless of whether it has any outstanding debt, if it is deemed to be in the best interest of the City.
- Annexation should be based on fiscal impact, taking into consideration all public facilities and services, and whether adequate public facilities exist.
- If public infrastructure is transferred to the City, all associated warranties should be transferred to the City.

## **CERTIFICATE OF CONVIENCE AND NECESSITY (CCN)**

The following shall be met based on the location of the SPD in relation to the City's CCN.

### **Within the City's CCN:**

Future growth in the CCN should be a consideration when determining the size and capacity of utility infrastructure. Infrastructure should be built to a regional standard/capacity in a manner consistent with the City's comprehensive plan and utility master plans.

Items that may need to be considered in the design of the SPD utility network may include, but not be limited to wastewater interceptors and lift stations, water lines, treatment plants and stormwater infrastructure.

The City may enter into discussions on cost-sharing of off-site improvements where system wide improvements are necessary and will benefit multiple properties.

To ensure utility infrastructure is constructed to an appropriate standard, the following should take place:

- Plans for all utility infrastructure should be prepared, reviewed and approved in accordance with City design standards.
- The City should inspect all utility infrastructure, at the SPD developers cost, to ensure compliance with approved infrastructure plans.
- The City and SPD may by agreement determine whether the SPD or City is the owner of the utility infrastructure.
- If an SPD within the City's CCN wishes to receive utility services from another source, prior written approval from City Council shall be required unless otherwise allowed by state law.

### **Outside the City's CCN:**

Plans for all utility infrastructure should be prepared, reviewed and approved in accordance with the City, County, and/or the applicable utility district(s) design standards. Where the long-term maintenance of the utility system is the responsibility of the SPD, a maintenance plan should be submitted to the city and the County for review.