



Heart of the Falls



Neighborhood Empowerment Zone (NEZ)



City of Wichita Falls

Neighborhood Empowerment Zone (NEZ)

Municipal property tax abatements, fee waivers and release of city liens are available to property owners who build or rehabilitate property within a NEZ. These incentives are designed to promote affordable housing, economic development and expanded services.

I. GENERAL PURPOSE & PROGRAM GOALS

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:

- The creation or rehabilitation of affordable housing, including manufactured housing, in the zone;
- An increase in economic development;
- Improving the quality of social services, education, and/or public safety provided to the residents of the NEZ

The City of Wichita Falls, by adopting the following NEZ Tax Abatement Agreement Policy and Incentives, will promote rehabilitation of single-family homes, multi-family housing, commercial properties, and economic development in the Neighborhood Empowerment Zone (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 agreement awarded before the NEZ expires shall carry its full term according to its tax abatement agreement approved by the City Council.

The property tax abatement agreement under this policy applies to real property owners. All applications shall undergo administrative review, and approval will be granted by the City Council.

The life of the NEZ shall be a length of ten (10) years. Upon the end of the ten (10) years, the life of the NEZ can be extended with approval from the City Council.

II. INCENTIVES

For NEZ applicants, the following fee waivers, including, but not limited to, are reviewed and may be granted on a case-by-case basis.

1. Building Permit fees
2. Plan Review fees
3. Plumbing Permit fees
4. Electrical Permit fees
5. Mechanical Permit fees
6. Fire Permit fees
7. Sprinkler System Permit fees
8. Demolition fees
9. Landfill fees

10. City Platting Fees

11. Lien Release Program

In order to render properties in the Neighborhood Empowerment Zone more marketable, the Lien Release Program affords property owners a release of liens attached to properties as a result of demolitions or expenditures associated with cutting high grass. The release of such liens would only be allowed in conjunction with new construction or renovation of eligible facilities within the target area where the proposed improvement amount will be greater than the lien amount plus interest.

To apply for the Lien Release Program a meeting with the Property Administrator will be required to discuss the lien release process, scope of the project, and determine eligibility, after which time Property Management staff will provide;

- a. The lien amount and approximate interest that shall be incurred depending on project completion date; and
- b. A Development Agreement will be required, along with documentation of expenses (e.g., receipts or other proof of expenditures).

12. Municipal Property Tax Abatement Agreement

- a. The final valuation determined by the Wichita Appraisal District will be used to determine the value eligible for tax abatement exemption January 1st of each year.
- b. The tax abatement shall be granted only to the property owner.
- c. No tax abatement exemption shall be effective until the applicant has met all of the eligibility requirements contained in the guidelines and policies, state law, and City of Wichita Falls codes.
- d. All tax abatement agreements will be effective January 1st following completion of work.
- e. There shall be no retroactive tax abatement exemptions – all tax abatement exemptions become effective January 1st after the date City Council approves the tax abatement agreement.
- f. The applicant shall agree to hold the City of Wichita Falls, its agents, employees, and public officials harmless and pay all attorney's fees that are generated by any dispute regarding the tax abatement agreement.
- g. Only real property, not personal, identified before the period covered by the abatement agreement will not be eligible for abatement.
- h. Annual application with the Wichita Appraisal District is required.

III. TAX ABATED PROPERTIES

Eligible property owners inside of the NEZ can apply for 100% Abatement of City Ad Valorem taxes up to 5 years and a percentage up to 10 years on value attributed to the improvement on the property for residential, multi-family and commercial structures. All property values in the Neighborhood Empowerment Zone will be based on values assessed by the Wichita Appraisal District.

Tax abatements will be effective January 1st after a Certificate of Occupancy (*for new construction*) or the final inspection has been passed by the Building Inspections Department of the City of Wichita Falls for the project.

1. 100% Abatement of City Ad Valorem taxes up to 5 years on the increased property value to the eligible improvements.
A property owner shall be eligible to apply for a 5-year tax abatement by meeting the following:
 - a. Property is constructed or rehabilitated after NEZ designation and City Council approval of the tax abatement;
 - b. Property owner must perform Eligible Rehabilitation on the property after NEZ designation equal to a minimum 10% of the Base Value of the property, before rehabilitation; and
 - c. Property is not in a tax-delinquent status when the abatement application is submitted; and
 - d. Property is in conformance with the City of Wichita Falls Zoning Ordinance.

2. Abatement of City Ad Valorem taxes up to 10 years
A property owner shall be eligible to apply for a 10-year tax abatement by meeting the following:
 - a. Property is constructed or rehabilitated after NEZ designation and City Council approval of the tax abatement;
 - b. Property owner must perform Eligible Rehabilitation on the property after NEZ designation equal to a minimum of 51% of the Base Value of the property before rehabilitation; and
 - c. Property is not in a tax-delinquent status when the abatement application is submitted; and
 - d. Property is in conformance with the City of Wichita Falls Zoning Ordinance.

<u>Years 1-5</u>	<u>Year 6</u>	<u>Years 7-8</u>	<u>Years 9-10</u>
100%	75%	50%	25%

IV. CRITERIA

1. Eligible Projects
 - a. Windows
 - b. Roofs
 - c. Siding
 - d. Additions
 - e. Plumbing (sewer)
 - f. Electrical
 - g. Mechanical (HVAC)
 - h. Foundation Repairs
 - i. Insulation
 - j. Gutters
 - k. Driveways and/or sidewalks
 - l. Any repairs/upgrades to facades visible from the right-of-way (*i.e. doors, shutters, and/or porch improvements*)
 - m. Landscaping:
 - i. Removal or trimming of trees currently causing structural foundations and/or facades issues.
 - n. Exterior Painting (*when included with any eligible item listed above*)
 - o. Signage (*commercial*)
 - p. Parking Lots (*commercial*)

2. Eligibility Criteria
 - a. The property/project must be located within the NEZ.

- b. The Owner/developer must submit a completed NEZ application to the City prior to beginning work.
- c. The Owner/developer must not be delinquent in paying property taxes for any property they own.
- d. The Owner/developer must not have any active City liens filed against any property owned by them outside of the NEZ.
- e. The Owner/developer must not have any active City tickets or warrants outstanding for properties outside of the NEZ.

3. Ineligible Projects

- a. Sexually oriented businesses
- b. Slot Machine Businesses
- c. Stand-alone bars or liquor stores
- d. Non-residential mobile structures
- e. Tobacco Sales Businesses
- f. Smoke/Vape/Hemp Businesses

V. DESIGN GUIDELINES

All proposed projects must follow the Neighborhood Empowerment Zone (NEZ) Design Guidelines and continue to meet the Neighborhood Revitalization Property Maintenance Code.

1. All applications for NEZ incentives must meet the following design requirements for certification.
 - a. No metal buildings except for industrial projects.
 - b. Attached garages for new single-family homes may not extend more than 4 feet past the front building wall.

VI. PROCEDURAL STEPS

1. Application Submission

- a. The applicant applying for any NEZ incentives must complete and submit a City of Wichita Falls “Application for NEZ Incentives” to the Planning Department. The application review, evaluation, and approval will be governed by the City of Wichita Falls Central Neighborhood Empowerment Zone Basic Incentives and Tax Abatement Policy for qualifying Development Projects.
- b. All NEZ certifications for incentives expire after one (1) year 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.
- c. 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 5 years from the certification date. The certification date will not be modified or extended.

2. Certifications for Applications

- A. 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 Wichita Falls liens on other properties located outside of the NEZ boundaries;
 - d. Must not have any City liens filed against any property owned by the applicant or property owner/developer, located outside of the NEZ boundaries. “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 City Council’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 a project listed on the NEZ application, at the address located inside the NEZ boundaries; and
 - g. Must apply for NEZ incentives before **any** improvements are made to the project property.
- B. The Planning 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 V.

Once the Planning Department determines that the application is complete, the Planning 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 Planning Department will inform the 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 the project is in the correct zoning district.

VII. WAIVER OF FEES

Permit fees and liens are eligible to be waived upon approval of a NEZ application. Liens and associated permit fees shall be waived throughout the development process as requested.

VIII. TAX ABATEMENT GUIDELINES

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 Planning Department. In addition, the City will not abate taxes on the value of real property for any period of time prior to the year of execution of a Tax Abatement Agreement with the City.

1. If a project is not completed as specified or if the terms of the abatement agreement are not met, the City of Wichita Falls has the right to cancel or amend the abatement

agreement. All previously waived fees and abated taxes shall become due to the City of Wichita Falls, and liens may be reattached.

2. No incentive rights or abatement agreements may be sold or assigned without the approval of the City Council. Any sale, assignment or lease of the property may result in execution of the recapture provision, as outlined above.
3. Tax Abatement Agreement for rehabilitation will not take effect until January 1st after the project is complete, as per the information submitted on the application. Construction must be completed, and a certificate of occupancy must be issued for the property.
4. In order to be eligible to apply for a tax abatement, the property owner/developer must:
 - a. Not be delinquent in paying property taxes for any property owned by the owner/developer and;
 - b. Not have any City of Wichita Falls liens filed against any property owned by the applicant property owner/developer outside of the NEZ boundaries. "Liens" include, but are not limited to, weed liens, demolition liens, board-up/open structure liens and paving liens.
 - c. Not be delinquent in any outstanding tickets, fines or warrants owed to the City of Wichita Falls.
5. Projects to be constructed on property to be purchased under a contract for deed are not eligible for tax abatement agreements.
6. Once a property owner in the NEZ has an application for an abatement agreement approval and has satisfied the development criteria set forth, the tax abatement agreement with the City of Wichita Falls will begin on following January 1st after project completion. The tax abatement agreement shall automatically terminate if the property subject to the tax abatement agreement is in violation of the City of Wichita Falls' Building Code, or Zoning Ordinances. The Wichita Appraisal District will be notified of non-compliance for the tax abatement agreement.
7. A tax abatement agreement granted under the criteria set forth can only be granted once for a property in a NEZ for a maximum term of as specified in the agreement. If a property on which tax is being abated is sold, the City of Wichita Falls may assign the tax abatement agreement for the remaining term once the new owner submits an application so long as the new owner complies with all of the terms of the tax abatement agreement. 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 agreement must:
 - a. Satisfy the criteria set forth, as applicable, and
 - b. File an application with the Planning Department, as applicable; and
 - c. The property owner must enter into a tax abatement agreement with the City of Wichita Falls. In addition to the other terms of the 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 Wichita Falls' Building 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.

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 all property tax revenue lost.
9. The terms of the agreement shall include the City of Wichita Falls' right to: (1) review and verify the applicant's property ownership (2) conduct an on-site inspection of the project in each year during the life of the abatement agreement to verify compliance with the terms of the tax abatement agreement (3) deny any project in conflict of City of Wichita Falls zoning ordinance. Upon review and/or onsite inspection, the City of Wichita Falls will immediately terminate the agreement if the Project contains any business ineligible for NEZ incentives.
10. Upon completion of construction of the facilities, the City of Wichita Falls 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. 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 Wichita Falls must 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.
11. 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 long as the use of the premises does not change or violate the businesses that are not allowed by the NEZ. 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.

IX. TAX ABATEMENT APPLICATION PROCESS

1. Apply with the City of Wichita Falls for participation.
2. The property owner and the City of Wichita Falls will sign an abatement agreement that will be effective on January 1st after eligible work has been completed. An abatement agreement must be in place before the work begins.
3. City Council approves agreement.
4. Work completed on the property located inside the Neighborhood Revitalization Zone (NEZ).
5. Property owner will file annual abatement exemption application with the Wichita Appraisal District by April 30th of each year.
6. the Wichita Appraisal District will request compliance with the agreement for the City of Wichita Falls each year of the abatement agreement.
7. If the property is in compliance and application is complete the tax abatement will be applied.

X. DENIED APPLICATIONS

1. NEZ applications will be denied 30 days after the date of submission if all required or additionally requested documentation is not received by the City of Wichita Falls.

2. The applicant will have 90 days after the date of denial to resubmit the NEZ application to the City of Wichita Falls.
3. Appeals for denied applications will be presented to the Wichita Falls Neighborhood Revitalization Committee or future Committee created and intrusted by the City Council to hear appeals.

Definitions

“Abatement or Tax Abatement” means a temporary partial exemption from City of Wichita Falls ad valorem taxes on eligible real property located in a NEZ for a specified period on the difference between; the amount of increase in the appraised value (as reflected on the certified tax roll of the Wichita Appraisal District) resulting from improvements included in the tax abatement agreement and begun after the execution of a written Tax Abatement Agreement; and 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 Wichita Appraisal District for January 1, prior to the date on which the Tax Abatement Agreement was executed).

“Base Value” is the value of the real property, excluding land, as determined by the Wichita Appraisal District, as of January 1 prior to the effective date of the abatement agreement.

“Building Code” the Wichita Falls City Code adopted code pursuant to the International Building Code.

“City of Wichita Falls Tax Abatement Policy Statement” means the policy adopted by the Wichita Falls 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, or mixed use as defined by the City of Wichita Falls Zoning Ordinance. The building must be enclosed with walls, roof, windows, and stubouts.

“Eligible Rehabilitation” includes only physical improvements to real property. Eligible Rehabilitation does NOT include personal property (such as furniture, appliances, equipment, and/or supplies).

“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 Wichita Falls Zoning Ordinance.

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

“Neighborhood Empowerment Zone (NEZ)” is a municipality-created area that aims to improve neighborhood conditions by encouraging investment in housing, businesses, and services. NEZs are authorized by Chapter 378 of the Texas Local Government Code.

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

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

“Project” means a *“Residential Project,”* *“Commercial Development Project,”* *“Community Facility Development Project,”* *“Mixed-Use Development Project,”* or a *“Multifamily Development Project.”*