



Policy, Guidelines and Procedures  
for  
Tax Increment Reinvestment Zones (TIFs)

February 2006

City of Fort Worth  
Economic and Community Development Department

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## **GENERAL GUIDELINES:**

- a) *Each TIF application must demonstrate that:*
  - i. *“but for” the creation of a TIF, quality development is not likely to occur in the proposed area without financial assistance from a TIF; and/or*
  - ii. *an area is ripe for development or redevelopment provided that public infrastructure is constructed to support the revitalization of the area; and/or*
  - iii. *use of a TIF is the appropriate incentive tool to recruit or relocate a catalyst project worthy of public investment; AND*
  - iv. *the area proposed for designation as a TIF will have an increase in real property taxable value within the first 2 years following designation.*
- b) *The term of any TIF cannot exceed 21 years (20 years of tax increment contributions);*
- c) *City of Fort Worth participation in any TIF will be limited to ad valorem real property taxes, and preference will be given to participation at a rate less than 100% of the tax increment;*
- d) *The City of Fort Worth Economic and Community Development Department will receive and evaluate all TIF requests/applications;*
- e) *The City of Fort Worth Economic and Community Development Department will be responsible for all TIF administration unless otherwise approved by the City Council in the Preliminary Project and Finance Plans.*

## **SECTION I. OVERVIEW, REQUIREMENTS AND CRITERIA**

- A. Local Authority.** The City of Fort Worth adopted these guidelines by Resolution No. 3317-02-2006 on February 28, 2006. This Policy is intended to provide direction to City staff and interested parties regarding the development and establishment of TIFs within the City of Fort Worth.
- B. Statutory Authority.** Under authority of Chapter 311 of the Texas Tax Code, municipalities are permitted to establish TIFs. The City of Fort Worth will comply with all requirements of the Chapter 311 of the Texas Tax Code.
- C. TIF Goals and Objectives of City.** It is the City’s goal to utilize TIFs as an economic development tool in the development or redevelopment of targeted areas. The City of Fort Worth may use TIFs to finance needed public improvements and enhance infrastructure within those targeted areas. It is the intention of the City to use TIF for the primary purpose of encouraging Central City revitalization and those other target areas identified by the City Council by leveraging private investment for certain types of development activities that support the goals outlined in the City of Fort Worth’s Comprehensive Plan.
- D. M/WBE Goals.** In satisfaction of the requirements set forth in Section 311.0101 of the Texas Tax Code, before initiating work on any phase of the public improvements the following M/WBE goals and commitments must be met:

- a) Any project costs for improvements that will ultimately be owned by the public and contemplated under a TIF's project plan will require the City's Minority/Women Business Enterprise Office to set goals for utilization of certified minority-owned and women-owned business enterprises (M/WBEs) in accordance with the same process followed for City public works contracts.
- b) Any project costs for improvements that will ultimately be owned by a private entity and contemplated under a TIF's project plan will require a commitment for utilization of Fort Worth certified M/WBEs of at least 25% of the total construction costs of a given project. The commitment must be outlined in the Economic Development Agreement or TIF Development Agreement specifying the terms under which construction of the public improvements receiving assistance from a TIF are delineated. Any commitment below 25% will require a developer to meet with the City of Fort Worth's M/WBE Advisory Committee prior to action by the applicable TIF Board of Directors to seek their input and assistance. The M/WBE Advisory Committee will provide the applicable TIF Board of Directors with a recommendation related to the utilization of Fort Worth certified M/WBEs. The M/WBE Advisory Committee's recommendation if different from the commitment made by developer will be non-binding, but should be taken under advisement by the applicable TIF Board.

**E. Determining Eligibility.** City staff will undertake an economic analysis and risk assessment of each proposed TIF before arriving at a recommendation to the City Council as to whether the TIF should be created. The analysis, assessment and recommendation of all requested TIFs will be based on the applicant's ability to address satisfactorily the following questions:

- a) What is the public purpose of the proposed TIF? (Will the area develop without being designated as a TIF? What are the required public improvements?)
- b) What is the financial need for public investments and/or subsidy? (Will use of TIF recruit or relocate a catalyst project?)
- c) How will the City's general fund be impacted as a result of TIF designation?
- d) What is the potential for success of the TIF?
- e) What is the appropriate level of participation by the City and other taxing entities?
- f) What are the risks associated with creation of the TIF?
- g) What alternative economic development tools are available in lieu of a TIF? How does the proposed Financing Plan meet the needs of the proposed projects?
- h) How will the TIF impact targeted public projects and improvements that are not proposed as projects in the TIF?

**F. TIF Tax Increment.** Once a Reinvestment Zone has been established in accordance with Chapter 311 and these guidelines, incremental real property taxes resulting from new construction, public improvements, and redevelopment efforts will accrue to the various taxing entities. Participating taxing entities may deposit all, a predetermined portion, or none of the incremental taxes in a designated TIF fund for the purpose of financing the planning, design, construction or acquisition of public improvements in the TIF. The City of Fort Worth may elect to contribute less than 100% of incremental real property taxes to the TIF. In no event will the City contribute any incremental sales taxes to the TIF.

**G. Use of TIF Proceeds.** TIF funds may be used only to pay for those public works and public improvements authorized by Chapter 311 of the Texas Tax Code. TIF proceeds cannot be used to support exclusively private purposes.

**H. Demonstration of Community Revitalization Impact.** It is the intention of the City of Fort Worth to use TIFs for the purpose of supporting community revitalization and redevelopment projects in targeted areas. As part of the application a requestor must describe:

- a) How the planned investment will contribute to revitalization activities in the zone in question and/or the surrounding area of the community; and
- b) How the input of nearby neighborhood residents and businesses has been solicited in the planning process.

**I. Participation by Other Taxing Entities.** Under Section 311.013 of the Texas Tax Code, other local taxing entities retain the right to determine the amount of the tax increment that each will retain, OR each may decide to retain all of the tax increment. The City of Fort Worth will enter into written agreements with all participating taxing entities to specify: (i) the conditions for payment of the tax increment into a TIF, (ii) the portion of tax increment to be contributed by each entity to the TIF, and (iii) the term of the agreement.

**J. Term of Reinvestment Zone.** As prescribed under Section 311.017 of the Texas Tax Code, reinvestment zones shall terminate on the *earlier* of:

- 1) the termination date designated in the ordinance(s) creating and/or amending the zone; or
- 2) the date on which all TIF project costs and interest have been paid in full.

In addition, in accordance with this Policy, the duration of a TIF may not exceed 21 years from the date of its creation (i.e. a maximum of 20 years of tax increment contributions).

**K. Criteria for TIF District Creation Requests**

In addition to the items outlined in “E” above, before reviewing an application for the creation of a TIF, the City will require that the requestors, as part of the application, provide the following:

- a) A summary that includes a general description of the proposed TIF, including proposed boundaries, an overview of the proposed projects and proposed levels of participation by each taxing entity. This summary should not be more than one page in length.
- b) A legal description (metes & bounds) and a map of the real property proposed for designation as a TIF.
- c) An economic impact study, as prescribed in Section 311.003 of the Texas Tax Code.
- d) A minimum of four years of tax value information from the appropriate tax appraisal district for all properties in the proposed TIF.
- e) A proposed Project Plan as described in Sections 311.003 and 311.011 of the Texas Tax Code, with detailed descriptions of the projects and their costs, including detailed pro formas, if available.
- f) A proposed Financing Plan as described in Sections 311.003 and 311.011 of the Texas Tax Code, with complete tax increment projections for the entire term of the TIF.

All information must be provided in both paper and electronic form. A minimum of 5-copies of the information must be provided.

**L. Criteria for TIF Project Requests**

Once a TIF has been established, in order for the City staff to recommend funding of a particular project by the TIF, the party desiring TIF financing must provide the following:

- a) Information satisfactorily demonstrating the financial wherewithal to meet project costs and complete the project (i.e. financial statement, complete sources and uses budget, or Letter of Credit from an appropriate financial institution).
- b) A complete and detailed market feasibility study.
- c) A completed and detailed cost benefit analysis. The direct and indirect benefits of a development proposal shall be determined and quantified by City staff (e.g. employment benefits - number of jobs retained or created, percentage of jobs etc., tax base benefits - estimated market value of new development, new property taxes generated, etc., housing benefits - number of new rental or ownership benefits related to the project, transportation benefits, parking impacts, blight remediation, environmental cleanup and historic preservation).
- d) A demonstrable gap in financing for the project (e.g. the profitability and feasibility of the project both with and without public assistance, including a detailed delineation of the developer equity contribution into the project and the overall proposed financial structure of the project).
- e) Proposed security, collateralization, or credit enhancement.
- f) Demonstrated commitment to the quality of development, the project area and project completion.

## **SECTION II. APPLICATION PROCESS AND FEES**

### **APPLICATION PROCESS:**

Depending on the exact nature and complexity of a proposed TIF, the estimated timeframe to complete the process for designation is at least six (6) months. Therefore, applications for the creation of a TIF must be submitted to the City by June 30 in order for the TIF to be established in the same calendar year. Applications submitted to the City after June 30 will not be considered for designation until the following calendar year. In addition, requestors must submit at least five (5) copies of the application.

All Applications for creation of a proposed TIF and applicable fee(s) should be delivered to the:

Economic and Community Development Department  
TIF Administrator  
1000 Throckmorton  
Fort Worth, TX 76102  
817-392-6103

**A. Application Form.** Requestors desiring the City to create a proposed TIF must fully complete an “Application for Designation of Tax Increment Reinvestment Zone”, provide all information by this Policy and submit the required application fee, as set forth in Subsection C below.

**B. Pre-Application Review Process.** A requestor may request a meeting with appropriate City staff prior to submitting an application in order to address TIF requirements and development processes. The meeting can be scheduled through the Economic and Community Development Department.

- C. Application Fee.** Non-refundable application fees of \$1500 must accompany all applications. The application fee should be in the form of a check or money order and made payable to the “City of Fort Worth”. The application fee is to support administration costs of initial review for completeness, internal processes and presentations.
- D. Preliminary Review.** City staff will review the application within 10 working days to ensure compliance with these Guidelines. If City staff determines that an application does not meet the criteria hereunder, the requestor will be so notified and the application fee will NOT be refunded, and no further action on the application will occur. The requestor will have 14 working days to supply any information that is lacking without having to resubmit a new application.
- E. Application Review.** If City staff determines that an application meets these Guidelines, a full financial and programmatic review of the proposed project will occur. This review may be conducted by City staff, an outside agency, or consultant and includes, at a minimum an analysis of said items under Section I, paragraphs E, G, H, K and L. This review could culminate into an entirely different Financing Plan than initially proposed in the application or could result in a City staff recommendation that a TIF zone is not appropriate.
- F. Open Records Act.** Upon submission of an application, all project information provided to or developed by the City could become “public information,” and therefore, may be subject to provisions of the Texas Open Records Act.

**SECTION III. STATUTORY CRITERIA FOR DESIGNATION OF A TIF**

In accordance with Section 311.005 of the Texas Tax Code, to be designated as a TIF, an area must:

- A. Substantially arrest or impair the sound growth of the municipality creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
  - 1) a substantial number of substandard, slum, deteriorated, or deteriorating structures;
  - 2) the predominance of defective or inadequate sidewalk and street layout;
  - 3) faulty lot layout in relation to size, adequacy, accessibility, or usefulness;
  - 4) unsanitary or unsafe conditions;
  - 5) the deterioration of site or other improvements;
  - 6) tax of special assessment delinquency exceeding the fair value of the land;
  - 7) defective or unusual conditions of title;
  - 8) conditions that endanger life or property by fire or other causes; or
  - 9) structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial or residential purposes during the preceding 12 years; OR
- B. Be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality; OR

- C. Be in a federally assisted new community located in the municipality or in an area immediately adjacent to a federally assisted new community (“federally assisted new community” means an area that has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act, if a portion of the federally assisted area has received grants under Section 107 (a) (1) of the Housing and Community Development Act of 1974); OR
- D. Be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll (but only if the City Council is able to make a defensible finding that the area described in the petition is unproductive, underdeveloped or blighted, as required by Article VIII, Section 1-g(b) of the Texas constitution).

**SECTION IV. STATUTORY RESTRICTIONS ON COMPOSITION OF REINVESTMENT ZONES**

- A. Size Limitations.** The City of Fort Worth is not permitted under Section 311.006 of the Texas Tax Code to create a TIF or change the boundaries of an existing TIF if the total appraised value of taxable real property in the proposed TIF and in existing TIFs exceeds:
  - 1) 15 percent of the total appraised value of taxable real property in the City of Fort Worth and industrial districts created by the City of Fort Worth
  - 2) 15 percent of the total appraised value of taxable real property of a county in which the TIF is located; OR
  - 3) 15 percent of the total appraised value of taxable real property of a school district in which the TIF is located.
- B. Use Limitation.** The City of Fort Worth is not permitted under Section 311.006 of the Texas Tax Code to create a TIF or change the boundaries of an existing TIF, if more than 10 percent of the property in the proposed zone (or modified zone), excluding publicly-owned property, is used for residential purposes. A property is considered to be used for residential purposes if it contains less than five living units. This particular restriction does not apply to TIFs established pursuant to a petition received in accordance with Section 311.005(a)(5) of the Texas Tax Code.

## **Section V.**

### APPLICATION for DESIGNATION of TAX INCREMENT REINVESTMENT ZONE

Proposed TIF:

Proposed TIF Location:

Council District(s):

Requestor:

Contact Person:

Address:

Phone:

Fax:

Email Address:

Attach all information outlined in Section I, Subsections E & K