

**CITY OF NORTH RICHLAND HILLS
NEIGHBORHOOD EMPOWERMENT ZONE PROGRAM (NEZ)
BASIC INCENTIVES 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 an increase in economic development within the zone."

The City, by adopting the following NEZ Program Basic Incentives Policy, will promote economic development in the area designated as a Neighborhood Empowerment Zone. 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 incentive awarded before the expiration of a NEZ shall carry its full term according to its agreement approved by the City.

As mandated by state law, any incentive under this policy applies to the owners of real property. Nothing in the policy shall be construed as an obligation by the City of North Richland Hills to approve any application.

To be eligible for incentives, a property owner must provide evidence of:

- i. Private investment of at least 25% of the improved or total market property value as appraised by the Tarrant Appraisal District;
- ii. Advancement of high-quality development or redevelopment opportunities on adjacent properties in a manner that supports the establishment of a viable commercial corridor;
- iii. Effective utilization of incentives to leverage the involvement of private investment;
- iv. The existence of a barrier to quality development where a Project could not take place without participation from the NEZ Program;
- v. Financial feasibility of a Project that furthers community revitalization, and demonstrates return on investment and increased economic benefit within the Zone.

II. DEFINITIONS

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

"Substandard Building Board" is the commission created under Chapter 98, Division 2 of the North Richland Hills 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 Development Review Committee approval of a project, or personal property (such as machinery, equipment, and/or supplies and inventory).

"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 North Richland Hills 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 improvements must be communicated at the time of application in order for a rehabilitation project to apply for any NEZ incentives.

“Eligible Improvements” are physical and permanent activities that when combined result in a Project. Such activities include but are not limited to exterior painting, exterior lighting, exterior signage, restoration of architectural details, addition of awnings or canopies, exterior masonry, exterior stucco, storefront windows, sidewalks, parking lot improvements, parking lot reconstruction, hardscaping, landscaping, outdoor patios, sign removal and new sign construction.

“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 ” includes minimum building standards adopted by the City Council and published in Chapter 38 and 98 of the North Richland Hills Code of Ordinances. NEZ certified projects involving existing buildings may be exempt from section 903.2.11.9 of the 2018 International Building Code and 903.2.11.9 of the 2018 International Fire Code when undergoing repair, alteration, and/or change of occupancy.

“New Construction” is a newly constructed occupiable structure improvement requiring a permanent foundation.

“Project” means a *“Commercial Development Project”*

“Real Property Improvements” means an occupiable structure as defined by the North Richland Hills Building Code.

“Reinvestment Zone” is an area designated as such, or as a Neighborhood Empowerment Zone, by the City of North Richland Hills in accordance with Chapter 378 of the Texas Local Government Code, 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.

III. PROCEDURAL STEPS

A. APPLICATION SUBMISSION

1. The applicant must complete and submit a City of North Richland Hills "Application for NEZ Incentives" via the online E-Services Portal to the Development Review Committee through the Planning & Building Inspections Department. Incomplete applications will not be accepted or processed.
 - a. Upon receipt of application, a response will be provided within 2 business days to determine if the application is complete, or if more information is needed.
2. The application review, evaluation and approval will be governed by City of North Richland Hills Neighborhood Empowerment Zone Basic Incentives Policy for qualifying Projects.
 - a. Initial application review will take up to 7 business days which may result in either approval, a request for more information or denial with an explanation. The City reserves the right to deny an application regardless if the application meets the program’s general purpose and objectives as outlined in Section I.

3. Except as provided by Sections VI, A, 3 and 4 of this policy, all NEZ certifications for incentives will expire after three years and are project 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. The 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 three years from the date of certification. Unless otherwise stated in this policy, the certification date will not be modified or extended.

B. CERTIFICATIONS FOR APPLICATIONS

1. In order for an applicant to be eligible to apply for any NEZ incentives, the property owner/developer:
 - a. Must submit a complete application to the City with all required documentation
 - b. If the applicant is a tenant, then the property owner will need to co-sign the application
 - c. Must not be delinquent in paying property taxes for any property owned by the owner/developer or the applicant
 - d. Must not be responsible for City of North Richland Hills liens on the project property
 - e. Must not have any City liens filed against any property owned by the applicant or property owner/developer, including the project property. "Liens" include but are not limited to weed liens, demolition liens, board-up/open structure liens and paving liens
2. The Development Review Committee will review all NEZ applications for accuracy and completeness. A complete application must include:
 - a. A completed NEZ application
 - b. Proof that the Project is located in an NEZ
 - c. Attachment of all items on the NEZ Application Submittal Requirement Checklist; and
 - d. Compliance with the design guidelines under Section III D

Once the Development Review Committee determines that the application is complete, applications will be reviewed, and a decision issued within 10 business days. The applicant's eligibility to receive basic incentives will be based on the criteria set forth in this policy. Ineligible applications will be denied citing reasons for ineligibility and suggestions for resubmittal. Once an applicant's project is certified, the Development Review Committee will inform appropriate departments.

Approval of the application for incentives and project certification only applies toward the NEZ Program, and shall not be deemed to be approval of any other plan submittals, including site plan review, zoning change, construction building permits, etc. Before construction can begin, the applicant must ensure that the project is located in the correct zoning district and have approved building and construction permits.

C. PUBLIC HEARINGS AND NOTIFICATION

In the event a zoning change or variance is required to facilitate an approved application, a public hearing held by the appropriate regulatory authority will be required prior to final certification of the application. Any incentives provided under the NEZ Program Basic Incentives Policy will not be approved by the Development Review Committee until the public hearings have taken place and result in an approval of the requested zoning change or variance.

D. DESIGN GUIDELINES

1. All approved applications for NEZ incentives must adhere to the following design requirements for certification.
 - a. All new construction projects must contain 70% masonry product
 - b. Compliance with design guidelines as adopted by City Council is required for certification
 - c. Any required site plans, including any building plans, landscape plans, lighting plans and engineering plans must be provided by a licensed or certified professional who provides such services (i.e. landscape plan must be provided by a certified landscape architect, etc.)

IV. FEE DISCOUNTS OR WAIVERS FOR ELIGIBLE RECIPIENTS/PROPERTIES

1. In order for a property owner/developer to be eligible to apply for any fee waivers for a Project, the applicant:
 - 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, and D.
 - c. Must have a signed Economic Development Agreement indicating the level and type of fee assistance.

A. DEVELOPMENT FEES

1. Discounts or waivers to the following fees for New Construction or Eligible Rehabilitation are eligible for consideration for certified NEZ Projects:
 - a. All Building Permit related Fees (including Plans Review and Inspections) except as stated in IV B. below
 - b. Zoning and Platting Application Fees
 - c. Public Works Plan Review & Inspection Fees
 - d. Tree Mitigation Fees
 - e. Sign Permit Fees
 - f. Mechanical, Plumbing and Electrical Fees
 - g. Fire Inspection Fees
 - h. Park Impact Fees
 - i. City portion of Water and Wastewater Impact Fees
2. If a permit or application is expired, the fee to reactivate, renew or reapply may be subject to existing development fees. In addition, penalties and extension fees or re-permitting may also be subject to existing fees.
3. 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.

B. THIRD PARTY PASS THROUGH FEES

1. There are certain fees that are collected by the City but passed onto other entities who charge for their service. The following fees are not eligible for incentive waivers:
 - a. Water and wastewater impact fees from the City of Fort Worth and the Trinity River Authority
 - b. Recording fees related to any Project documentation that needs to be filed with the Tarrant County Clerks Office. Documents include but are not limited to the filing of plats, replats and easements.

V. RELEASE OF CITY LIENS

A. ELIGIBLE RECIPIENTS/PROPERTIES

1. In order for an applicant to be eligible to apply for release of any City liens, including weed, demolition, board up/open structure and paving liens, the applicant:
 - a. Must receive NEZ approval and certification for the project;
 - b. Must be in compliance with Section III, A, B, C, and D; and
 - c. Must have a signed Economic Development Agreement indicating the level and type of lien release.

Eligible liens shall be released once the Project's improvements have been made to the property. Applicants must contact City after project completion for lien releases. The maximum amount of a lien release shall not exceed \$15,000.

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 Projects and complete the lien release and filing process as designated by City policy and the City Code of Ordinances.

VI. EMPOWERMENT ZONE INCENTIVES

A. GUIDELINES

1. The Development Review Committee will review and evaluate each application and incentive request prior to any submission to the City Manager for approval.
2. Incentives shall not be granted for any development project in which a building permit application, excluding grading and/or demolition, has already been filed with the City. In addition, the City will not provide incentives for any activity prior to the execution of an Economic Development Agreement with the City.
3. Incentives for a new construction project will automatically terminate two years after City approval of the Economic Development Agreement if a building permit has not been issued and the work commenced (unless otherwise specified in the Economic Development Agreement).
4. Incentives for a rehabilitation project will automatically terminate three years after City approval of the Economic Development Agreement if the project is not complete (unless otherwise specified in the Economic Development Agreement).
5. In order to be eligible to apply for incentives the applicant must:
 - a. Receive NEZ certification for the project;
 - b. Be in compliance with Section III, A, B, C, and D and Section VI, A, B, and C as applicable;
 - c. Ensure Real Property Improvements are newly constructed or rehabilitated after NEZ designation and City approval of the incentives are granted before improvements are made;
 - d. Ensure the property is not in a tax-delinquent status when the application is submitted;
 - e. Ensure the property is in conformance with the City of North Richland Hills Zoning Ordinances; however, a property use that is legal non-conforming shall not be eligible to

receive incentives if the intent is to continue the nonconformity.

6. A property owner/developer in the NEZ who desires incentives must:
 - a. Satisfy the criteria set forth in Section III, A, B, C and D and Section VI, A, B, and C, as applicable, and
 - b. Submit an application to the City and receive NEZ certification for the project;
 - c. Upon NEZ certification, the property owner/developer must enter into an Economic Development Agreement with the City of North Richland Hills in accordance with this Policy. The terms of the agreement shall automatically be suspended if the owner, or the property, receives a finding of liability or conviction for a violation of the City of North Richland Hills City Code of Ordinances by the Building Standards Commission or through the City of North Richland Hills Administrative Code Compliance process or criminal conviction through the City's Municipal Court regarding the property subject to the agreement during the term of the agreement. If such finding of liability or conviction becomes final, the agreement shall automatically terminate, and subject to the terms of the agreement, termination may include the return of any financial incentives provided by the City to the applicant.
7. Incentives granted under the criteria set forth in Section III, A, B, C, and D and Section VI, A, B, and C as applicable, can only be granted once for a property in a NEZ as specified in the agreement. If a property on which there exists an Economic Development Agreement is sold, in whole or in part, or if any ownership interest is otherwise transferred or assigned, prior approval must be obtained from the City in order to transfer the agreement to the new owner.
8. If a property in the NEZ on which incentives are provided is sold before completion of the project, the new owner must enter into a new Economic Development Agreement on the property as allowed by the previous agreement in order to complete the project.
9. If the terms of the Economic Development agreement are not met, the City Manager shall have the right to cancel or amend the agreement in accordance with this policy. In the event of cancellation, the recapture of any grant funding provided by the city shall take place. If the owner/developer does not return the funds granted, a lien for the same amount will be filed on the property and the future certificate of occupancy may be withheld.
10. The terms of the agreement shall include the City of North Richland Hills's right to: (1) review and verify the applicant's financial statements prior to providing incentives, (2) conduct an on-site inspection to verify compliance with the terms of the agreement, (3) terminate the agreement if the Project contains or will contain an ineligible Project as defined in Section VII 1 through 14.
11. Upon completion of construction of the Project, the City shall no less than annually evaluate each project receiving incentives to ensure compliance with the terms of the agreement. Any incidents of non-compliance will be reported to the City Council and may result in termination of the agreement.

B. APPLICATION REVIEW AND EVALUATION FOR APPLICATIONS

1. Incentives for Commercial Development Projects
 - a. For a completed and certified application, with appropriate approval by City Council action, signature authority is delegated to the City Manager for all Economic Development Agreements that meet the criteria under this policy. The City Manager shall be authorized to execute the respective Economic Development Agreement with the applicant.

- b. Applications for Commercial Development Projects in the NEZ must provide evidence of:
 - i. Private investment of at least 25% of the improved or total market property value as appraised by the Tarrant Appraisal District;
 - ii. Advancement of high-quality development or redevelopment opportunities on nearby or adjacent properties in a manner that supports the establishment of a viable commercial corridor;
 - iii. Effective utilization of incentives to leverage private investment;
 - iv. The existence of a barrier to quality development where a Project could not take place without participation from the NEZ Program;
 - v. Financial feasibility of a Project that furthers community revitalization, and demonstrates return on investment and increased economic benefit within the Zone.
2. Consideration by the City Council
 - a. The City Council retains sole authority to approve or deny, or delegate its approval or denial, of any Economic Development Agreement and is under no obligation to approve any application or agreement. The City of North Richland Hills is under no obligation to provide incentives of any amount or value to any applicant.
 3. Effective Date for Approved Agreements
 - a. All agreements approved or authorized by the City will become effective on the last date the Economic Development Agreement has been signed by both the owner/developer and the city.
 - b. Owners/developers are responsible for notifying the City in writing when a certified Project is complete. Upon receipt of such notification, the City shall schedule a final inspection for the Project.
 - c. No incentives shall be provided until the City has given final approval for the Project.

C. COMMERCIAL PROJECT ELIGIBILITY LOCATED IN THE NEZ

A developer of a Commercial Project shall be eligible to apply for incentives by meeting the following project certification requirements:

- a. Be in compliance with Section III, A, B, C, and D and Section VI, A, B, and C as applicable;
- b. For a rehabilitation project, Eligible Rehabilitation costs on Real Property Improvements shall be at least 25% of the improved or total market property value as appraised by the Tarrant Appraisal District.

VII. INELIGIBLE PROJECTS

The following Projects or Businesses as defined in Section 118-1 of the Zoning Code shall not be eligible for any incentives under the City of North Richland Hills's Neighborhood Empowerment Zone (NEZ) Basic Incentives and Tax Abatement Policy:

1. Sexually Oriented Business or Adult Entertainment Establishment
2. Non-Profit, Not-For-Profit, and/or Tax-Exempt Business
3. Alternative Financial Establishment
4. Secondhand Dealer or Pawn Shop
5. Tax Exempt Use (non-profit)
6. Special Personal Service Shop
7. Package stores or liquor stores
8. Blood Plasma Collection Facility
9. Convenience Store where the sale of beer and wine is the primary use as defined by floor area and gross sales
10. Donation site
11. Any "Automobile & Transportation Related Uses" listed in Section 118-631(E) of the Zoning

- Code, including a car wash
- 12. Miniwarehouse
- 13. Non-traditional Smoking Related Business
- 14. CBD Shop, Cannabis Dispensary or Vape Shop

VIII. DENIED APPLICATIONS

1. NEZ applications will automatically 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.