



## **RESOLUTION NO. 2016 - 118**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, ADOPTING AMENDMENTS TO THE RESIDENTIAL DEMOLITION/REBUILD INCENTIVE PROGRAM; PROVIDING FOR AN EFFECTIVE DATE**

**WHEREAS**, Texas Local Government Code Chapter 380 allows the City to provide incentives for the promotion of economic development; and

**WHEREAS**, the promotion of the redevelopment of existing housing stock in the City promotes economic development within the City and is essential for the continued economic growth and vitality of the City; and

**WHEREAS**, it is well established that the availability of quality housing stock encourages the relocation of businesses and attracts new business enterprises, as well as the expansion of existing business enterprises within the City, which in turn stimulates growth, creates jobs and increases property and sales tax revenues; and

**WHEREAS**, the promotion of the housing stock is a major contributing factor to the growth of the City, which in turns stimulates trade and commerce and reduces unemployment; and

**WHEREAS**, residential development and redevelopment will attract and encourage business relocation and expansion since business will look to the available housing stock to meet the needs of management and the work force; and

**WHEREAS**, the City Council has previously adopted a residential demolition/rebuild incentive program ("the Program") to offer economic incentives for property owners to demolish existing older homes of lesser value and quality and rebuild a home of better quality and higher value; and

**WHEREAS**, finding that the Program has been successful to date, the City Council of the City of Farmers Branch finds it to be in the public interest to amend the Program further in order to build on the Program's prior success and to improve the City's existing housing stock;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:**

**SECTION 1.** The City's Residential Demolition/Rebuild Program Incentive Program shall be amended as set forth in Exhibit "A", attached hereto and incorporated herein by reference.

**SECTION 2.** The Residential Demolition/Rebuild Program Incentive Program as amended by this Resolution shall govern Applications for Demolition/Rebuild Program Incentives approved on or after November 15, 2016.

**SECTION 3.** This resolution shall be effective immediately upon final passage.

**APPROVED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FARMERS  
BRANCH, TEXAS, THIS 13TH DAY OF DECEMBER, 2016.**

ATTEST:

APPROVED:

\_\_\_\_\_  
Amy Piukana, City Secretary

\_\_\_\_\_  
Bob Phelps, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Peter G. Smith, City Attorney  
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**Exhibit “A”**

**Farmers Branch Residential Incentive Grant Program**

***Residential Demolition/Rebuild Incentive Program***

**Purpose.** Chapter 380 of the Texas Local Government Code authorizes the City to provide incentives consisting of loans and grants of city funds, use of city personnel, facilities and services with or without charge, for the promotion of economic development. The availability of quality housing stock in the City of Farmers Branch encourages the relocation of businesses, attracts new businesses, and promotes expansion of existing businesses to and within the City, all of which in turn will stimulate growth, create jobs, and increase property and sales tax revenues. Subject to available funding and the conditions of this program, the City desires to provide economic development incentive grants pursuant to Chapter 380 of the Texas Local Government Code to encourage the redevelopment of existing one-family detached residential properties with the construction of new, higher value, one-family detached residential structures.

**Eligible Applicants and Projects.** This program is available to people who own and occupy a one family detached dwelling (a “residence”) in the City who agree to demolish the existing residence and to construct a new residence at the same location. The eligible residence owner shall be required to enter into an agreement for the program prepared by and approved by the City Attorney. Additionally, a developer or builder may qualify for the program if the developer or builder owns a single-family residence in the City and agrees to demolish the residence and construct a new single family residence at the same location; provided, however, any incentive to be paid pursuant the program agreement will be paid to the first person that owns and occupies the new residence and not the developer or builder. The eligible developer or builder shall be required to enter into an agreement with the City for the program prepared by and approved by the City Attorney. In the case of a developer or builder, the program agreement will be assignable to the first owner occupant of the new residence within 24 months after completion of construction of the new residence, who will then be entitled to payment of the incentives. The incentive will no longer be available if the owner or developer fails to sell and transfer the new residence to an owner/occupant within the twenty-four (24) month period. The program agreement will contain requirements for the new residence to contain a certain minimum square feet and for the new residence (excluding the land) to have a minimum assessed value.

The demolition of the existing residence and the construction of a new residence must be completed, and a certificate of occupancy or completion issued by the City for the new residence, not later than twenty-four (24) months after the effective date of the incentive agreement entered with the City following approval by the City of an eligible project for participation in the program. The program participants will be required to consent to periodic City inspections of the demolition of the existing residence and the construction of the new residence. Property owners who are delinquent in payment of property taxes or other fees due to the City are ineligible to participate in the program, and the program agreement will terminate if the property owner is delinquent in payment of property taxes or other fees due to the City.

The property owner must be approved as an eligible participant in the program and shall have entered into the program agreement with the City prior to commencement of any demolition work

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**Exhibit "A"**

relating to the existing residence and prior to the construction of the new residence. A project is not eligible if work commences prior to approval of the project by the City Council.

There are two (2) categories of residential structures that qualify for the program: (1) residential structures with an assessed value of One Hundred Thousand Dollars (\$100,000.00) or less, and (2) residential structures with an assessed value of more than One Hundred Thousand Dollars (\$100,000.00). The City will provide (i) a demolition incentive grant in the amount of Fifteen Thousand Dollars (\$15,000.00) and (ii) five (5) annual consecutive economic development incentive grants for residential structures to be demolished with an assessed value of One Hundred Thousand Dollars (\$100,000.00) or less. The City will provide (ii) a demolition incentive grant in the amount of Twelve Thousand Five Hundred Dollars (\$12,500.00) and (ii) five (5) annual consecutive economic development incentive grants for residential structures to be demolished with an assessed value of more than One Hundred Thousand Dollars (\$100,000.00). Each annual incentive shall be equal to one hundred percent (100%) of the difference between the City property taxes assessed and paid for the new improvements (the new residential structure excluding the land) for a given tax year and the City property taxes assessed and paid for the residential structure (prior to demolition) (excluding the land) for the tax year in which the structure was demolished (the "Base Year"). The five (5) annual incentives will be paid on April 1 of the calendar year beginning with April 1 of the calendar immediately following the calendar year in which a certificate of occupancy or completion is issued by the City following completion of construction of the new residential structure. The applicable demolition incentive will be paid as follows: (i) fifty percent (50%) of the demolition incentive within thirty (30) days after completion of the demolition and submission of a request from the property owner/contractor for payment and (ii) the remaining fifty percent (50%) of the demolition incentive within thirty (30) days after a certificate of occupancy or completion is issued by the City following completion of construction of the new residential structure. Failure to timely commence and complete construction of the new residential structure will require the applicant to repay the demolition incentive to the City.

In the event the participant is a builder or developer, the annual incentive will be paid to the first owner occupant of the new residence who acquires the new residence after the completion of construction of the new residence and not to the developer or builder provided the new residence is sold to the first owner occupant within twenty-four (24) months after completion of construction of the new residence. The annual incentive would be paid on April 1 of the calendar year beginning with April 1 of the calendar year immediately following the calendar year in which the owner occupies the new residence pursuant to a certificate of occupancy or completion issued by the City for such owner occupant.

The City may consider incentives under this program for the applicant intends to purchase adjacent residential properties, demolish both residential structures, re-plat the two lots into a single lot and construct a new residential structure on the single lot. In such event the combined assessed value of the residential structures to be demolished shall apply for the determination of the base year assessed value for the annual incentive provided the new residential structure to be constructed on the single lot will have an assessed value following construction of at least two times the combined assessed value of the residential structures to be demolished. In addition only one demolition incentive will be provided.

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### **Exhibit "A"**

For illustration purposes only, assume that the assessed value for an existing residential improvement is \$200,000 for tax year 2017, and the project is approved by the City in 2017, and demolition commences in 2017. In this example, the Base Year is 2017 and the Base Year Assessed Value is \$200,000. Further assume that the project is completed, the City issues a certificate of completion or occupancy on May, 15, 2018, and that the certified assessed value for the new improvements for tax year 2019 (which will be the assessed value as of January 1, 2019 which will be the first year that the full value of the new improvements will be included in the certified appraised value from the Dallas Central Appraisal District) is \$300,000. The first incentive will be equal to 100% of the difference in City taxes paid for the new improvements for tax year 2019 less the City taxes paid for the improvements for the Base Year 2017, and would be paid to the applicant April 1, 2020.

In determining the amount of the annual incentive to be paid pursuant to this Program, in no case shall the City pay to the property owner an annual incentive in an amount greater than the amount of City ad valorem taxes collected by the City with respect to the property on which the new residence is constructed for the immediately prior tax year.

**Exclusions from Base Year Assessed Value.** In establishing the Base Year Assessed Value for the property for the Program, valuation freezes, exemptions or reductions to which a current or former owner or occupant of the property is entitled because of age, disability, or veteran status shall not be taken into consideration. Furthermore, in determining the Base Year amount of City property taxes paid, the base year amount paid will be determined as if no exemptions allowed pursuant to Chapter 11 of the Texas Tax Code are applied unless the same exemption(s) will be also be in effect to reduce the amount of city property tax due for the tax years in which the incentive will be paid.

**Incentive Agreement.** The incentive will be provided pursuant an agreement between the City and the property owner (or developer/builder, as the case may be) to be prepared and approved by the City Attorney. The incentive agreement is not transferable and may not be assigned if the property is sold or transferred (including a life estate) to a subsequent owner, except in the case of a builder or developer as set forth above. In the event the new residence is sold or transferred, the incentive agreement shall automatically terminate and no further incentives will be paid.

**Application.** A person desiring to participate in the program shall submit an application to the Director of Economic Development on a form provided by the City prior to commencement of any demolition of the existing residence on the property. The application shall require the property owner to provide the details of the proposed demolition/rebuild project, the estimated project costs and such other information as the City may require.

**Review Process.** The application shall be reviewed by the Director of Economic Development (or designee) who shall determine whether the applicant and the proposed project qualify for the program. The Director of Economic Development shall review a completed application not later than fifteen (15) business days after submission. If an application is incomplete or if additional information is required, the Director of Economic Development shall notify the property owner in writing of such request with a deadline to submit such requested information. The property owner shall provide a complete application or the requested additional information, as the case may be, within the stated time period or the application shall be deemed withdrawn. The Director of

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Economic Development will notify the property owner in writing if the application is denied or approved, and if approved, the Director will provide the required incentive agreement. The decision of the Director of Economic Development shall be final. The property owner will be required to execute and return the incentive contract within fifteen (15) business days after receipt from the City.