# What are Neighborhood Empowerment Zones?

- Neighborhood empowerment zones are governed by Chapter 378 of the Local Government Code.

- They are adopted by City Council resolution containing a determination that the zone will promote:
    a. the creation of affordable housing,
    b. an increase in economic development within the zone;
    
    c. an increase in the quality of social services, education or public safety; or
    
    d. the rehabilitation of affordable housing within the zone.

- The area must meet the requirements of section 312.202 of the Tax Code - same criteria for reinvestment zones.



Neighborhood Housing Stock – Representative Examples

San Jacinto Neighborhood Plan

# Basic Incentives Allowed by Statute

- Municipal Property Tax Abatement
  - Typically 5- or 10-year agreements
- Development Fee Waivers
- Impact Fee Waivers
- Release of City Liens

| Possible Development Fee Waivers in Amarillo |
|---|
| Platting |
| Zoning |
| Demolition |
| Building Permits |
| Water/Sewer Taps |
| Other? |
| |

**As an economic development agreement, NEZ projects can also be required to follow design standards.**

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# Program Draft

## 1.) Rehabilitation: Single-Family Residential
- Development and building permit fee waivers administratively approved
- Owner-occupied or investor-owned
- No program application fee, requires certification by Planning Department

## 2.) New Construction: Single-Family and Multi-Family Residential
- Development and building permit fee waivers – can be expedited prior to tax abatement approval
- Release of City liens
- Ten-year tax abatement at 100% approved by City Council
- Projects must meet minimum design standards (no sidewalk waivers, architectural style consistent with character of the area)
- Owner-occupied or investor-owned
- Program application fee of $100

## 3.) New Construction: Commercial/Retail/Office
- Development and building permit fee waivers – can be expedited prior to tax abatement approval
- Release of City liens
- Ten-year tax abatement at 100% approved by City Council
- Owner-occupied or investor-owned
- Industrial and heavy commercial ineligible
- Program application fee of one half of one percent (0.5%) of the proposed capital investment, with a $150 minimum and potential maximum fee?

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# Case Studies

## Rehabilitation



**PRAD Value: $23,491**

**Investment: $25,000**

**Process Fee incentive: $355**

**(10-yr Abatement incentive: $370)**

## New Single Family



**PRAD Value: $1000**

**Investment: $120,000**

**Process Fee incentive: $3,159**

**10-yr Abatement incentive: $3,547**

## New Commercial



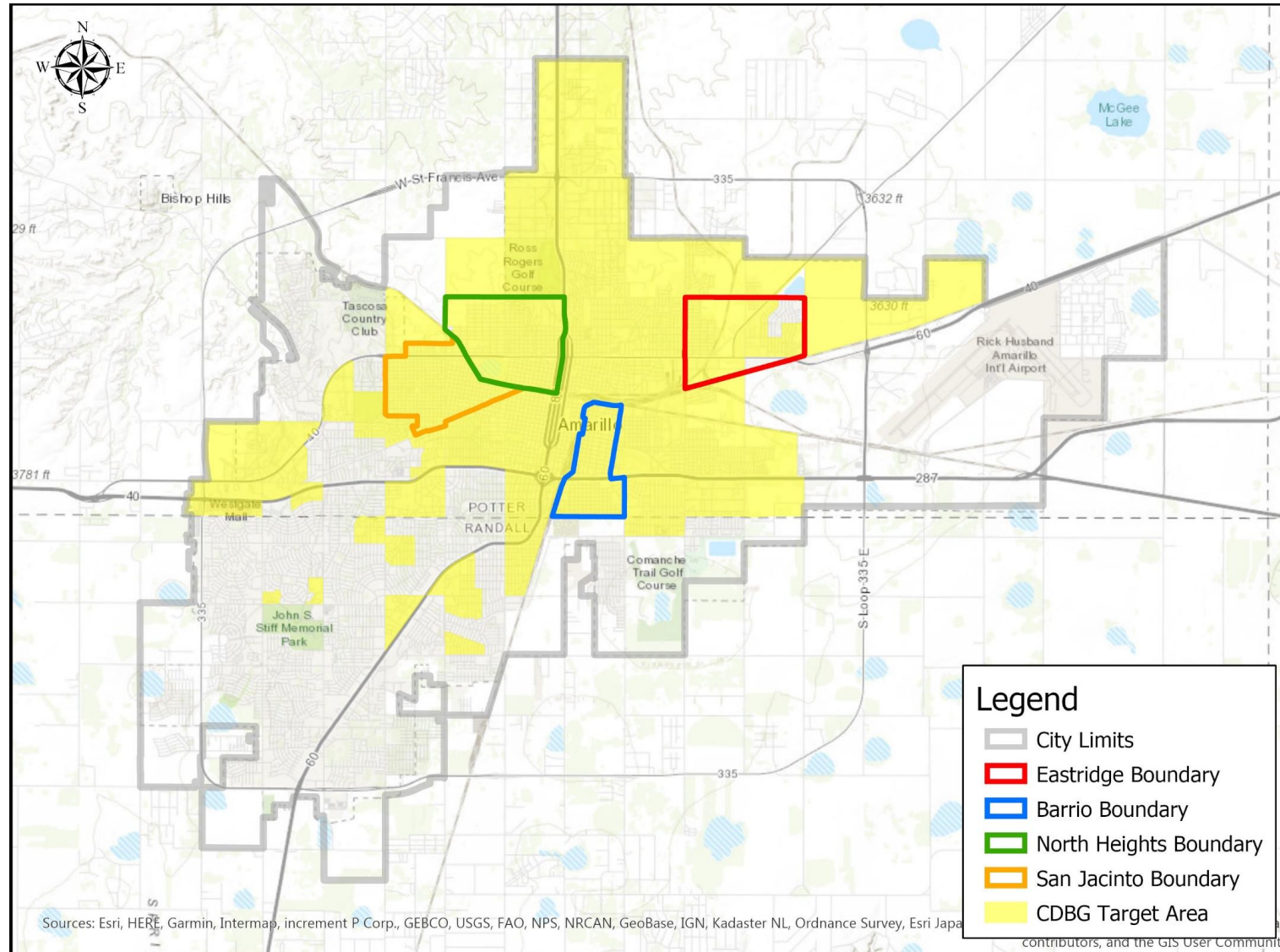**PRAD Value: $15,000**

**Investment in Property: $300,000**

**Process Fee incentive: $3,672**

**10-yr Abatement incentive: $6,650**

*Assumes PRAD valuations are less than capital investment.*
*Abatement calculated at 100% of improvement value, City property tax only.*

# Number of Zones and Sequence



- Neighborhood plan areas?
- Downtown?
- Same program for each zone?
- Adopt same time or in a sequence?

Legend

- City Limits
- Eastridge Boundary
- Barrio Boundary
- North Heights Boundary
- San Jacinto Boundary
- CDBG Target Area

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, contributors, and the GIS User Community

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# Benefits and Challenges

## Benefits
- There is private sector interest in Amarillo to rehab homes in the plan areas, but limited funds available
- Believe a lot of work is being done without permits, offers an incentive to do work correctly
- Provides a tool to release liens through transfer of ownership to encourage redevelopment

## Challenges
- Not likely that the incentives will motivate widespread rehabilitation of existing single-family homes
- Abatement will have to transfer from developer to owner-occupant to meet goals of owner-occupied housing – other economic dev. agreements may be more expedient
- Application process in other cities has proven to be time-intensive

# Next Steps/Direction Needed

- Move forward with program?
  - o Develop final list of development and permit fees to be waived
  - o Establish program application fees
  - o Determine number of zones, sequence and criteria/standards for each
  - o Explore Potter County participation

- Release program draft for public comment
- Hold public informational meeting with neighborhoods
- No time limit for the zone, but recommend reevaluation after five years