

**RESIDENTIAL TAX ABATEMENT  
GUIDELINES AND CRITERIA**

**PROCEDURES**

**AND**

**APPLICATION**

**CITY OF FREEPORT, TEXAS**

OUTLINE OF ACTIVITIES RESIDENTIAL TAX ABATEMENT

I. Application for Building Permit-No Developer

- A. Building official delivers statement of right to abatement to applicant for building permit
- B. Owner has Ninety (90) days to file application (with City Secretary)
- C. No response/no abatement
- D. Application filed with City Secretary who:
  - 1. Collects Seventy-Five Dollars (75.00) application fee
  - 2. Determines if in reinvestment zone
  - 3. If not, refers to City Council for creation with recommendation
  - 4. Reviews for Completeness (with Legal)
  - 5. Determines if satisfies guidelines and criteria (with Legal)
  - 6. Reviews fiscal impact - Improvements on tax rolls vs. utility construction by City (with City Manager)
  - 7. Reviews Community impact - consistency with comprehensive plan/any adverse impact (with City Manager)
  - 8. Reviews Economic feasibility (with City Manager)
  - 9. Reviews legal description (with legal)
  - 10. Obtains any needed additional information
  - 11. Meets with applicant to discuss project
- E. Contents of Documents
  - 1. Estimated value of modernization or new construction
  - 2. Percent of value to be abated each year
  - 3. Commencement/termination date of abatement
  - 4. Use of facility, construction schedule and plans, legal description

II. If Developer, refer to Planning and City Council

RESIDENTIAL TAX ABATEMENT

The City of Freeport may offer residential tax abatement as a stimulus for economic development in Freeport. The policy of the City is to consider residential tax abatement for new structures, the modernization of existing structures, and the development of new subdivisions within the City. The guidelines and criteria herein adopted shall expire Two (2) years from and after adoption. Nothing herein shall imply or suggest that the City be under any obligation to provide tax abatement to any applicant. All applicants shall be considered on a case-by-case basis.

A. Definitions

1. *Base Year Value* means the assessed value of eligible property on January 1 Preceding the date of execution of the agreement.
2. *Developer* means a person, firm or corporation constructing one or more new structures in a subdivision for resale to third parties.
3. *Economic Life* means the replacement and upgrading of residential structures for Purposes of reconditioning or refurbishing.
4. *Modernization* means the replacement and upgrading of residential structures for purposes of reconditioning or refurbishing.
5. *New structure* means residential improvements made to a previously unimproved property that is placed into use by means other than modernization.
6. *Reinvestment Zone* means an area designated in accordance with the Act by the City of Freeport and may include all residentially zoned property in the City. Only property in a reinvestment zone may receive tax abatement.
7. *Residential improvements* means the construction of residential buildings(s), and all the appurtenances thereto, whether single-family, duplex or multi-family in purpose, and includes modernization and new structures.
8. *Subdivision* means the division of any tract into lots.
9. *Subdivision improvements* mean all improvements to real property required of the developer by City policy.

10. *Total facility* means all buildings and structures along with the appurtenances thereto.

B. ELIGIBILITY

Residential improvements anywhere within the corporate limits of a value in excess of Five Thousand (\$5,000) may receive abatement. Abatements may only be granted for the value of eligible property subsequent to and listed in an abatement agreement between the City and the property owner. Abatements will be granted for residential improvements only. However, the enhancement of real estate value resulting from residential subdivision improvements constructed within the corporate limits of the City is eligible for tax abatement.

1. Upon determination that a tax abatement should be offered to the applicant, an abatement for residential improvement shall be for three (3) years only with Ninety Percent (90%) of the value of such improvement being abated the first year, Eighty-Five Percent (85%) of such value the second year and Eighty Percent (80%) of such value the third year.

2. For developer tax abatement, an abatement may be extended to the value of subdivision improvements and the enhanced value of the real estate resulting therefrom.

3. An abatement for residential improvements may not be offered or granted to a developer for a longer term or a different percent than that specified in 1 above.

C. CRITERIA

1. Any request for tax abatement shall be reviewed by City staff, which may consider a request for abatement for property not presently located in a Reinvestment Zone. In such case the City staff will make a recommendation to the City Council concerning designation of the area as a Reinvestment Zone.

2. Any request for tax abatement shall be reviewed for Completeness. The City staff shall determine whether the application satisfies the guidelines and criteria and whether economic development incentives should be offered in each case. Tax abatement shall be based upon a objective evaluation of the following criteria which each applicant will be requested to address in narrative format:

A. *Fiscal Impact* Addition of real property improvement to the tax rolls. No utility construction by the City would be required other than routine.

B. *Community Impact* The project is comparable with the City's comprehensive plan. No adverse environmental impact will be created by the project.

D. PROCEDURES

Any person, partnership, organization, corporation or other entity desiring that the City consider providing tax abatement to encourage location of residential improvements within the City limits of Freeport shall be required to comply with the following guidelines.

1. Preliminary Application Steps:

A. If the owner of real estate for which a building permit for residential improvements having a value in excess of \$5,000.00 is sought is not a developer, then the Building Official shall furnish to the applicant for such permit a written statement advising the owner of such real estate of such owner's right to apply for a residential tax abatement; and no building permit shall be issued unless and until such statement, signed and dated by the owner, is returned to the Building Official. Such owner shall, for a period of ninety (90) days from such date, have the right to apply to the City for a residential tax abatement.

B. The failure of such owner to apply for a residential tax abatement shall for such improvements within such period shall constitute a waiver of such right as to such owner and all subsequent owners of such real property.

C. The right to a residential tax abatement for individuals who purchase a new structure from a developer and the procedure for applying for the same shall be applying for the same shall be determined by the City Council at the time a plat of the subdivision in which such improvements are to located is presented for final approval.

D. An applicant for a residential tax abatement may be required to provide substantiation of economic feasibility of the overall project to assist in determining the long term benefit to the City.

E. A complete legal description shall be provided to the City by the applicant.

2. The applicant shall complete all forms and furnish all information required by these guidelines before any applications for a residential tax abatement will be considered by the City Council.

3. All information in the application package detailed above will reviewed for completeness and accuracy. Additional information may be requested as needed.

4. The application shall include the total capital investment for real property improvements and type of project.

5. Proposed use of the facility, is in the City's corporate limits and is not a reinvestment zone, the City Council may propose an ordinance designating the Tax Reinvestment Zone and approving the terms for a percentage and duration of tax abatement.

6. The City will be responsible for drafting the proposed agreement pursuant to the approved Tax Abatement, as well as all associated documentation. All expenses, including legal fees, associated with the drafting of the document are to be paid by the applicant. The legal document is to include the following:

- A. Estimated value of modernization or new construction to be abated.
- B. Percent of value to be abated each year.
- C. Commencement date and the termination date of the abatement.
- D. Proposed use of the facility, nature of construction, time schedule, map, property description and improvements list as provided in the application.
- E. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture and administration.

TAX REINVESTMENT ZONE  
RESIDENTIAL APPLICATION

SECTION I

Property Owner(s) : \_\_\_\_\_

Mailing Address: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Property Owner's Representative: \_\_\_\_\_

Mailing Address: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Property Address (physical): \_\_\_\_\_

Property Legal Description: \_\_\_\_\_

Located within: City of Freeport \_\_\_\_\_ Freeport ET \_\_\_\_\_

Description of Project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date of projected occupation of project/initiation of operations:  
\_\_\_\_\_

SECTION II

Fiscal Impact:

What is the value of real property improvements added to the tax rolls? \$ \_\_\_\_\_

What utility construction is required: \_\_\_\_\_  
\_\_\_\_\_

Community Impact:

Is the project compatible with the City's comprehensive plan? \_\_\_\_\_

What adverse environment impact will be created by the project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

Applicant(s) Signature(s)

\_\_\_\_\_  
\_\_\_\_\_