

# NEIGHBORHOOD EMPOWERMENT ZONE

OVERVIEW OF THE PROPOSED PROGRAM



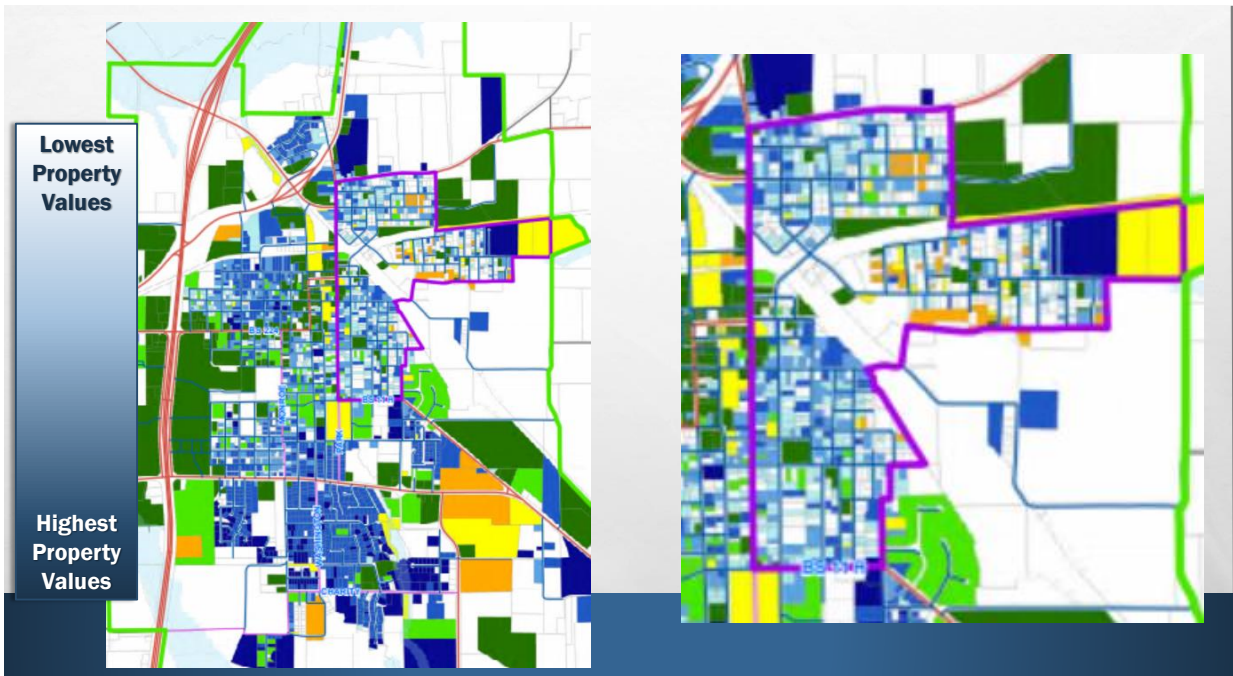
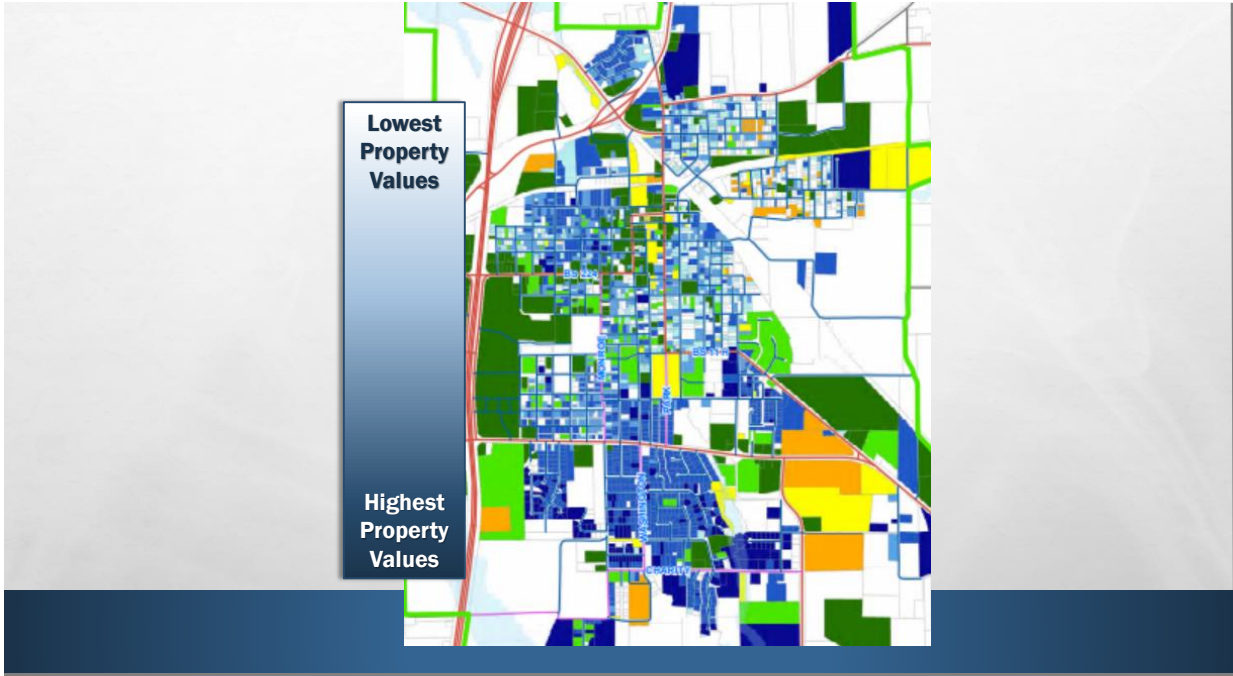
## WHAT IS A NEIGHBORHOOD EMPOWERMENT ZONE (NEZ)?

- CHAPTER 378 OF THE TEXAS LOCAL GOVERNMENT CODE, EFFECTIVE MAY 1999, AUTHORIZES A MUNICIPALITY TO CREATE NEZ FOR THE PURPOSE OF:

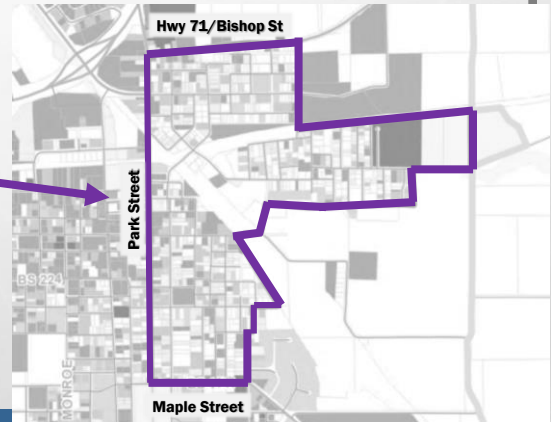
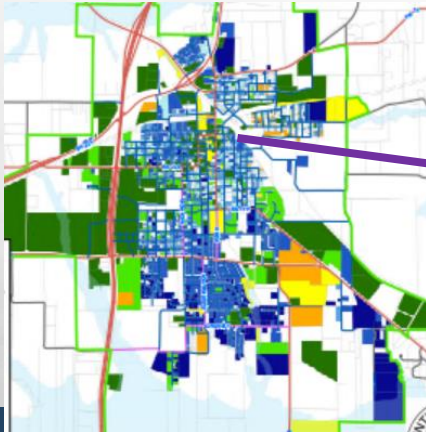
Promoting the  
creation or  
rehabilitation of  
affordable housing;  
and

Promoting economic  
development; or

Improving the quality  
of social services,  
education, or public  
safety for the  
residents of the NEZ.



## PROPOSED ZONE



## IT ONLY APPLIES TO CITY PROPERTY TAXES.

Taxing Entity	Tax Rate	Can be waived in the NEZ?
Hunt County	\$0.511899	No
Hunt Regional Hospital District	\$0.235570	No
Commerce ISD	\$1.539300	No
City of Commerce	\$0.820000	Yes
<b>Total Tax Rate</b>	<b>\$3.106769</b>	

## IT ONLY APPLIES TO CITY PROPERTY TAXES.

Taxing Entity	Tax Rate	Can be waived In the NEZ?	Home Value	Property Tax Bill
Hunt County	\$0.511899	No	\$99,524	\$509
Hunt Regional Hospital District	\$0.235570	No	\$99,524	\$234
Commerce ISD	\$1.539300	No	\$99,524	\$1,532
City of Commerce	\$0.820000	Yes	\$99,524	\$816
<b>Total Tax Rate/Bill</b>	<b>\$3.106769</b>		<b>\$99,524</b>	<b>\$3,092</b>

## IT DOES NOT REDUCE CITY PROPERTY TAXES FOR EVERYONE

**THE ONLY PEOPLE WHO CAN REDUCE THEIR CITY PROPERTY TAXES ARE THOSE THAT MAKE APPROVED IMPROVEMENTS WITHIN THE NEZ.**

## **IT IS NOT AUTOMATIC**

**PARTICIPANTS WISHING TO TAKE ADVANTAGE OF THE INCENTIVES INSIDE THE NEZ MUST APPLY WITH THE CITY BEFORE BEGINNING CONSTRUCTION.**

## **IT IS NOT MANDATORY**

**THE ONLY WAY TO RECEIVE THE INCENTIVES IS TO PARTICIPATE. THERE IS NO PENALTY FOR CHOOSING NOT TO PARTICIPATE.**



## **IT IS NOT A WAY OF TAKING PROPERTY**

**THE NEZ PROVIDES INCENTIVES FOR PRIVATE INVESTMENT. HOW YOU INVEST IN YOUR OWN PROPERTY IS UP TO YOU.**

## **IT IS NOT DESIGNED TO PUSH ANYONE OUT OF THEIR PROPERTY**

**PARTICIPATION IS AN INDIVIDUAL CHOICE, AND THERE IS NO INCENTIVE OR REQUIREMENT TO SELL YOUR PROPERTY.**

## **IT IS NOT A FREE HOUSING PROGRAM**

**THE NEZ IS DESIGNED TO REDUCE THE COST OF YOUR OWN PROPERTY IMPROVEMENTS – INCLUDING REHABILITATION AND NEW CONSTRUCTION.**

## **IT DOES NOT CHANGE THE ZONING OF A PROPERTY**

**ALL PROJECTS COMPLETED WITHIN THE NEZ MUST MEET THE DEVELOPMENT REGULATIONS OF THE EXISTING ZONING**

## **IT DOES NOT CHANGE THE ZONING OF A PROPERTY**

**AN APARTMENT COMPLEX STILL CANNOT BE BUILT IN A SINGLE-FAMILY NEIGHBORHOOD WITHOUT A ZONING CHANGE**

## **PROGRAM INCENTIVES**



## IF YOU BUILD A \$100,000 HOME

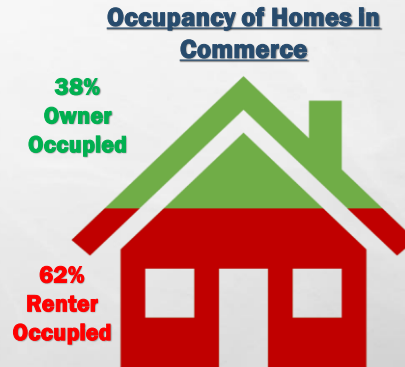
Fee	Outside the NEZ	Inside the NEZ
Permit Fee <sup>1</sup>	\$475	\$0
Inspection Fee <sup>2</sup>	\$596.25	\$596.25
Water Tap Fee <sup>3</sup>	\$850	\$0
Sewer Tap Fee <sup>3</sup>	\$650	\$0
<b>Total</b>	<b>\$2,571.25</b>	<b>\$596.25</b>

We pay someone other than a City employee to do inspections

1. Based on valuation of \$100,000; Fee expected to change based on recently passed legislation
2. Based on valuation of \$100,000; Assumes fees paid up front and all inspections are passed
3. Assumes taps are 3/4" and installed on bare ground/dirt instead of concrete; cutting through concrete may add to costs

## IT PROMOTES HOME OWNERSHIP

**THE NEZ INCLUDES INCENTIVES FOR HOME OWNERSHIP.**



## INCENTIVES FOR OWNER OCCUPANCY

After Construction Completed	Appraised Property Value	City Tax Rate	City Taxes Owed	
			Without Homestead Exemption	With Homestead Exemption
Year 1	\$100,000	\$0.82	\$0	\$0
Year 2	\$103,000	\$0.82	\$844.60	\$0
Year 3	\$106,090	\$0.82	\$869.94	\$0
Year 4	\$109,273	\$0.82	\$896.04	\$896.04

## IT IS ALSO FOR REHABILITATION OF EXISTING HOMES

**PROPERTY OWNERS WHO MAKE QUALIFIED IMPROVEMENTS TO ENHANCE THE VALUE OF THEIR HOMES CAN RECEIVE INCENTIVES BASED ON THE TAXABLE VALUE AFTER THE IMPROVEMENT**

## IF YOU REMODEL A \$50,000 HOME

	Appraised Value	City Tax Rate	City Taxes Owed	City Taxes Forgiven	City Taxes Paid
Before Remodel	\$50,000	\$0.82	\$410	\$0	\$410
After Remodel (Year 1)	\$90,000	\$0.82	\$738	\$328	\$410
Year 2 (Assumes 3% natural appreciation)	\$92,700	\$0.82	\$760.14	\$328	\$432.14
Year 3 (Assumes 3% natural appreciation)	\$95,481	\$0.82	\$782.94	\$328	\$454.94

## SUMMARY OF INCENTIVES

Development Fee Waivers

Release of City Liens

Reduced City Property Taxes

All Incentives Require Approval of the City Council