

**Frequently Asked Questions (FAQs):**

**1. What changes are incorporated into the ordinances to encourage development in economically challenged communities?**

Section 44-121 “Complete Communities” has been added to attract development in complete communities which is defined as *an area designated as such by the city in order to focus civic, business, and philanthropic resources on community needs as identified by the residents and larger community, such as housing, parks and environmental, economic, health, educational, mobility and infrastructure, and other social services, projects, or programs.* The changes include:

- Reduced investment requirement of \$500k to \$1M (\$1M to \$5M for standard abatement) and 5 new jobs (25 for standard abatement) without having to seek a variance from the standard investment level and job creation

**2. How will the tax abatement as proposed make sure that communities and residents of greatest need will benefit from the private development?**

Developers will be required support the broader communities in the following ways:

- Provide evidence of effort towards hiring 25% of their construction and non-construction from communities in census tracts with poverty rates higher than the city’s poverty rate
- Pay prevailing wages for each craft or type of laborer, worker, or mechanic for all public infrastructure or public improvement projects
- Qualifying residential developers will commit to 20% workforce or affordable units for residents earning between 30% and 120% of area median income
- Advertise job postings with City’s Job ReEntry Program
- Provide an additional community benefit from the list provided in the table including paid internships for low income students, greenspace, trail or common use area open to the public, or training for entry/mid-level positions

**3. How will the tax abatement improve the work quality of construction workers?**

Developers/Companies will be required to provide evidence that they will:

- Provide construction workers with a minimum of 10 hours of OSHA safety training
- Require the general contractor to hire a supervisor with 30 hours of OSHA training
- Make good faith efforts to hire and employ a minimum of thirty percent (30%) of its construction workforce from local Department of Labor-certified apprenticeship programs

**4. How will companies participating in the tax abatement program be held accountable to community benefit requirements?**

The tax abatement agreement will award a company based on its “community benefits” performance and will contain a provision that reduces value of the abatement if required community benefits are not achieved.

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### 5. How does the Office of Economic Development evaluate "good faith efforts" for local hiring requirement?

Companies will be required to submit evidence of their recruitment effort to include their outreach and utilization of physical and online job boards, community workforce agencies including those that prioritizes hard to place candidates/postings, job fairs, advertisement in community and general circulation newspapers, and faith based organizations, including churches. The evidence would include agency registration confirmations, copies of advertisement, on-line job postings and job fair activities, where applicable. The abatement agreement will include a clawback provision to reduce the value of the incentive if companies are unable to meet the local hiring target or provide evidence of effort that clearly demonstrates that the company actively and aggressively pursued local hiring.

### 6. Is the City going to require Better Builder Standards model in the future for private development projects that will receive local incentives?

We have in the past and will continue to engage openly with advocacy groups including Texas Organizing Project (TOP), Workers Defense Project, Sankofa Research and Houston Gulf Coast Building and Construction Trades Council. It is important that we spend the time needed to more fully evaluate the scope and intended outcomes of the BBS model, the capacity of apprenticeship programs and OSHA training resources, the legal and practical implications so that we can ensure that we encourage a safer work environment while remaining competitive in our ability to attract private investment. The requirements included in the proposed abatement, which are components of the BBS, will serve as a pilot and opportunity to evaluate how well safety and apprenticeship training programs are meeting the demand for labor in the construction and other related trades.

### 7. What are the other proposed changes to the tax abatement ordinance?

- The inclusion of tangible personal property for manufacturing, logistics and distribution companies as eligible property to provide an additional resource for incentives to compete for manufacturing projects, which produces low and middle skills jobs that provide the most benefit to communities with high employment needs.
- The addition of a section for Complete Communities with a reduced investment and job creation requirements.

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### Community Benefits:

#### *Sec. 44-120 (c)(3)*

- (3) The city will require applicants to commit to provide enhanced community benefits as a condition to tax abatement incentive benefit. The enhanced community benefit may include employment and development of that strengthen local communities, such as the city's Minority and Women-Owned and Disadvantaged Business Enterprise Programs, local purchasing, construction and redevelopment within underserved communities or other identified areas that would see a greater benefit or return on investment in the area, the creation of permanent employment and full-time job opportunities within those defined areas, jobs that include employee health care benefits, and other endeavors that can be shown to bring a wider reaching, long-term economic benefit to the communities where the activity or enterprise will be located, and to the city overall. Table 44-1 below includes the types of activities and benefits the city will give the most weight to, though others not on the list may be considered by the Mayor's Office of Economic Development. Applications for tax abatement must include one or more of the items listed in Table 44-1.

Table 44-1

1	Local, Community Job Recruitment
2	Non-Business benefitting public improvements
3	Crime Prevention Through Environmental Design (CPTED)
4	Affordable Housing
5	Workforce Housing
6	Job Training for Entry or Mid-Skill Level Jobs
7	Participation in Job Reentry Programs (other than the City of Houston's Community Re-Entry Network Program)
8	Paid Internships for Low Income Students

- (4) In addition, the city will require applicants to provide evidence they will:
- a. Advertise new job postings with the City of Houston's Community Re-Entry Network Program;
  - b. Provide construction workers with a minimum of 10-hours of OSHA-approved safety training;
  - c. Require general contractors to employ a safety representative with a minimum of 30 hours of OSHA-approved supervisor safety training on each construction site;
  - d. Make good faith efforts to ensure that a minimum of twenty-five percent (25%) of the total labor force for construction and non-construction job requirements, is accomplished

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by hiring individuals who live in a census tract with a poverty rate that exceeds that of the city, based on the most recent five-year American Community Survey estimate;

- e. Make good faith efforts to ensure that a minimum of twenty-five percent (25%) of the total labor force for construction and non-construction job requirements, is accomplished by hiring individuals who live in the same census tract as the project, or who live in an adjacent census tract, for a tax abatement agreement described in subsection (c)(8) of this section where the project is located in, or is adjacent to, a census tract described in subsection (c)(4)(d) above; and
  - f. Make good faith efforts to hire and employ a minimum of thirty percent (30%) of its construction workforce from local Department of Labor-certified apprenticeship programs.
- (5) All contracts and subcontracts for public infrastructure, or for other public improvements that are to be conveyed to the City upon completion, shall contain requirements for compliance with governing statutes and local requirements on labor classification of wage scales for each craft or type of laborer, worker, or mechanic.
  - (6) Contractors and subcontractors will be subject to audits and inspections of payroll records to ensure compliance with the requirements of this chapter.
  - (7) Qualifying residential projects will be required to commit and develop 20% or more of the project's residential units as affordable or workforce housing for residents with income levels between 30% and 120% of area median income for the duration of the tax abatement agreement.

### **Inventory:**

#### ***Sec. 44-127(d)(6) Economic development abatement authorized***

- (d) Eligible Property. The following types of property shall be eligible for abatement:
  - (6) Tangible personal property, including inventory purchased after the effective date of a tax abatement agreement under this article, for logistics, distribution, or manufacturing enterprises, with the exception of inventory of natural gas, fluids or gases, or crude petroleum products that are not integral to the operation of the facility.

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### Complete Communities:

#### **Sec. 44-121**                      **Definitions**

Complete community means an area designated as such by the city in order to focus civic, business, and philanthropic resources on community needs as identified by the residents and larger community, such as housing, parks and environmental, economic, health, educational, mobility and infrastructure, and other social services, projects, or programs.

#### **Sec. 44-127(i) Economic development abatement authorized**

(i) Economic qualifications in a Complete Community. If the property includes property described under the provisions of section 44-127 of this Code and is located in an area designated as a complete community, to be eligible for tax abatement the planned improvement shall:

- (1) Be reasonably expected to increase the value of the real or tangible personal property in the amount of \$500,000 for deteriorated/demolished property redevelopment or \$1,000,000 for other development, including commercial, upon completion of construction; and
- (2) Be expected to create permanent employment for at least five people on a permanent basis beginning three years after the effective date of abatement and continuing through the remaining term of the agreement.