



# City of San Antonio

## Legislation Details (With Text)

**File #:** 17-5632

**Type:** Real Property Sale

**In control:** City Council A Session

**On agenda:** 10/12/2017

**Title:** An Ordinance authorizing the conveyance, to include water rights, of 827 Richland Drive, 4007 East IH 10, and 856 Gemblar Road, commonly known as the Red Berry Estate in City Council District 2, to the San Antonio Housing Trust Public Facility Corporation for the amount of \$1,473,056.00 to facilitate the redevelopment of the property which will include affordable housing units, public improvements, and future commercial development; and authorizing the initiation of rezoning or plan amendments associated with the conveyance.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Red Berry- Site Rendering, 2. Draft Ordinance - B, 3. Draft Ordinance A, 4. Red Berry Master Development Agreement DRAFT, 5. Real Estate Purchase and Sale Agmt--Red Berry - DRAFT, 6. Ordinance 2017-10-12-0790

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Center City Development and Operations

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** 2

**SUBJECT:** Red Berry Estate Redevelopment

**SUMMARY:**

City Council to consider the following ordinances related to the Red Berry Estate Redevelopment Project:

A. An ordinance authorizing the conveyance, to include water rights, of 827 Richland Drive, 4007 East IH 10, and 856 Gemblar Road, commonly known as the Red Berry Estate in City Council District 2, to the San Antonio Housing Trust Public Facility Corporation for the amount of \$1,473,056.00 to facilitate the redevelopment of the property which will include affordable housing units, public improvements, and future commercial development; and authorizing the initiation of rezoning or plan amendments associated with the conveyance.

B. An ordinance authorizing a Master Development Agreement with the San Antonio Housing Trust in

the amount of \$7,681,839 for the redevelopment of the Red Berry Estate, to include public improvements, mixed-income housing units, and commercial development; and approving SAWS and City fee waivers in the cumulative amount of \$1,374,389.00.

## **BACKGROUND INFORMATION:**

The Red Berry Estate is 84.67 acres property located at 856 Gembler Rd, 827 Richland, and 4007 East IH 10 in Council District 2. The property consists of the Red Berry Mansion, an 11 acre man-made lake, and vacant undeveloped land. The Red Berry Estate was identified as a catalytic project at the 2010 Eastside Summit. In June 2012, the City of San Antonio acquired the property for \$2,250,000. Upon acquisition of the property, the City initiated a community planning process to identify the types of development and uses of the site from the community's perspective. The Community's identified goals for the property included the restoration of the mansion, preservation of the grounds and pond, trail connectivity, housing, and commercial development.

In June 2012, the City of San Antonio acquired the property and completed a Public Private Partnership (P3) process which identified the NRP Group as the lead developer in partnership with the San Antonio Housing Trust Public Facility Corporation (SAHT PFC) for the proposed mixed-use development on the site. The NRP Group has partnered with Casey Development for the commercial component on the site.

## **ISSUE:**

The proposed Red Berry Estate Public-Private Partnership (P3) project is comprised of The NRP Group, LLC, Casey Development LTD, and the San Antonio Housing Trust Public Facility Corporation along with the City. The total project investment is \$61.8 million. The project will incorporate Low Impact Development (LID) standards throughout and the scope is outlined below.

- A 330-unit mixed income housing development with 50% of the units priced for families making less than 80% of the Area Median Income (\$50,400 annually).
- 169,000 square foot office building for RK Group to consolidate and relocate their headquarters from 1220 East Commerce allowing them to grow by 50,000 square feet. The RK Group will relocate 300-400 jobs and give them the capacity to add an additional 100 jobs.
- Restoration of the Red Berry Mansion to be reopened as an event venue managed and marketed by the RK Group with the City having access to 12 free event days annually for community engagements.
- Construction of a half-mile extension of the Salado Creek Hike and Bike Trail System, a pedestrian bridge over the Salado Creek, public parking for the trail system, and restoration of the 11 acre man-made lake.

To expedite these developments, the City proposes to convey the 84.67 acre Red Berry Estate including the mansion and existing water rights to the SAHT PFC along with the 0.057 acre parcel located at 827 Richland Dr. The City will sell the land and water rights to SAHT PFC for \$1,473,056. This amount provides consideration for the value the City will receive back for the improved 11 acre lake, hike and bike trails, as well as, the land required for the affordable housing project.

The City also proposes a Master Development Agreement with the SAHT PFC in the amount of \$7,681,839 for the redevelopment of the Red Berry Estate. Of this amount, \$4,591,339 is from the Inner City TIRZ, \$1,473,056 from the purchase price of the property, \$540,579 in Inner City Incentive Funds, and a 10 year tax

rebate on the city ad valorem taxes limited to the RK Headquarters facility with an estimated value of \$1,076,865. The project will also receive City and SAWS impact fee waivers in the amount of \$1,374,389. The City has previously approved a U.S Department of Housing and Urban Development sourced FY 2017 Community Development Block Grant funds in the amount of \$1,480,931 for public improvements for the project.

The above economic incentives will support \$3,817,800 million in public infrastructure. Of this amount, approximately \$2 million is for the extension of the Salado Creek Hike and Bike Trail System, a pedestrian bridge over the Salado Creek, public parking, and the restoration of the lake. The other infrastructure improvements will support utilities, streets, and drainage enhancements necessary for the development of the multifamily and commercial.

These incentives will support the construction of 330 mixed income housing units and also facilitate the construction of the commercial office building and the restoration of the mansion which are necessary to attract and relocate RK Group to the site. The relocation of RK Group will bring 300-400 jobs to the area and facilitate the creation of at least 100 new jobs for RK Group. The \$1,076,865 in a City tax rebate is contingent upon the relocation of RK Group to the site and their expansion.

This project will be catalytic and will facilitate more development in the surrounding area. The public improvements, housing project, commercial office building, and mansion restoration make up approximately 59 acres of the 85 acre site. The remaining 26 acres will be developed in the future and will not receive any additional incentives. The area surrounding the site is underdeveloped and the addition of 330 housing units and 300-400 jobs will facilitate the redevelopment of the area. Additionally, the current location of RK Group's Headquarters at 1220 East Commerce will be redeveloped. The RK Group is already in discussion with workforce housing providers for the redevelopment of that site.

Upon completion of the Salado Creek Hike and Bike Trail System, pedestrian bridge, and lake restoration, the SAHT PFC will convey these improvements back to the City. However, the SAHT PFC will facilitate the creation a property owners association to contribute funding for the maintenance of the common grounds, trails, and lake. The City currently budgets \$59,864 annually for the security and maintenance of the Estate. The City will continue to budget these funds for a period of no more than seven years to cover the periods during construction of the development and to allow the Property Owners Association Maintenance fund to become self-sufficient.

Upon City Council approval, the development team will initiate the design phase of the project. Approval of this item will also direct staff to initiate the re-zoning process and waive the city fees to allow for a plan amendment and appropriate rezoning of the Red Berry Estate for the anticipated project uses.

The Economic and Workforce Development Council Committee reviewed the project at its September 5th committee meeting and the SAHT PFC reviewed the project at their September 13th Board meeting. Both entities recommended it proceed to City Council for consideration. The Inner City TIRZ Board will take action at their October 10th Board meeting. Upon City Council approval, the SAHT PFC will take action on the Master Development Agreement.

## **ALTERNATIVES:**

If City Council does not approve this item, the City will need to identify another method for redevelopment of

the site which may include the release of another solicitation or sealed bid for sale of the property.

### **FISCAL IMPACT:**

The City will provide funding through a Master Development Agreement to SAHT PFC for the redevelopment of the property. The City is providing \$7,681,839 for the redevelopment through the following funding sources: \$4,591,339 from Inner City TIRZ tax increment fund; \$1,473,056 from the purchase price of the property; \$1,076,865 in rebated City ad valorem property tax increment over 10 years; and \$540,579 from the Inner City Incentive Fund.

City Council previously approved a HUD sourced FY 2017 Community Development Block Grant in the amount of \$1,480,931 to support public and connectivity improvements. The project will also receive City and SAWS impact fee waivers in the amount of \$1,374,389. This brings the total amount of city funding for the project to \$10,537,159.

The one-year economic impact caused by the construction of the multi-family development is estimated to be \$21.4 million in local income for the industries that support the construction activity. The activity will also support 363 jobs with total wages of \$15,198,800. This is in addition to the \$2,480,800 in local taxes and fees generated by the construction.

The SAHT PFC will receive a return on the project to include a percentage of the projected cash flow. Staff anticipates that SAHT PFC would receive \$3 million for the first 20 years and up to \$25 million over the term of the project. This funding would be used to support other affordable housing projects

Over the next 20 years, the estimated property tax and sales tax revenue generated onsite at the Red Berry Estate is \$3.5 million. As a result of the project, the San Antonio Independent School District would receive \$8.5 million in taxes over a 20 year period.

The local taxing entities would receive \$16.2 million over a 20 year period which is the average of \$810,000 per year. The City of San Antonio would receive \$176,000 annually from ad valorem taxes and sales taxes versus the \$60,000 spent annually on the property's maintenance.

### **RECOMMENDATION:**

City recommends approval of the following ordinances related to the Red Berry Estate Redevelopment Project:

A. An ordinance authorizing the conveyance, to include water rights, of 827 Richland Drive, 4007 East IH 10, and 856 Gemler Road, commonly known as the Red Berry Estate in City Council District 2, to the San Antonio Housing Trust Public Facility Corporation for the amount of \$1,473,056.00 to facilitate the redevelopment of the property which will include affordable housing units, public improvements, and future commercial development; and authorizing the initiation of rezoning or plan amendments associated with the conveyance.

B. An ordinance authorizing a Master Development Agreement with the San Antonio Housing Trust in the amount of \$7,681,839 for the redevelopment of the Red Berry Estate, to include public improvements, mixed-income housing units, and commercial development; and approving SAWS and City fee waivers in the cumulative amount of \$1,374,389.00.

