



City of San Antonio

Agenda Memorandum

File Number: 16-4529

Agenda Item Number: 15.

Agenda Date: 9/8/2016

In Control: City Council A Session

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: Bridgett White

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT:

Consideration of a resolution approving Bexar County tax abatements within the boundary of the Houston Street Tax Increment Reinvestment Zone (TIRZ) as required by State law.

SUMMARY:

City Council is being asked to consider a resolution approving two tax abatements by Bexar County on projects that fall within the boundary of the city designated Houston Street TIRZ. The projects include the Maverick Building redevelopment, an 86 unit mixed use project located at 606 North Presa Street, and the Encore Riverwalk project, a 338 unit multifamily project located at 304 and 308 South Flores Street.

Because these projects are within the boundaries of an active City of San Antonio designated Tax Increment Reinvestment Zone, the County is required to seek approval from all taxing entities participating in the zone in accordance with the State Property Tax Code Section 311.0125(b)(1)(2).

BACKGROUND INFORMATION:

At the request of the Bexar County Economic Development Department, on June 23, 2016, the Houston Street TIRZ Board of Directors approved resolutions authorizing Bexar County tax abatements for the Maverick Building project at 606 North Presa Street and the Encore River Walk project at 304 and 308 South Flores Street.

Bexar County is a Participating Taxing Entity (PTE) in the Houston Street TIRZ. By authorizing these tax abatements, The Houston Street TIRZ Board has agreed to forego the Bexar County portion of tax increment generated by these projects during the abatement period. By providing tax abatements, the County is providing

valuable incentives to support these projects which serve to increase housing options in downtown San Antonio.

Maverick Building

400 E. Houston, LLC has proposed the redevelopment of the historic Maverick Building at 606 North Presa Street. The Maverick project is a historic renovation project that will generate 86 market rate workforce housing units for downtown residents. It will include two floors of retail in the basement and ground floor of Houston Street. There is currently no onsite parking.

The Developer has sought development incentives from both the City of San Antonio and Bexar County. The City, through the Center City Housing Incentive Policy has authorized the following incentives:

- \$24,342 - City fee waivers
- \$738,447 - SAWS fee waivers
- \$424,268 - Annual incremental property tax reimbursement over 15 years
- Up to \$120,000 - 5 year forgivable loan at 0% interest for the retail tenant

The Bexar County proposed incentive is a ten year 50% abatement of Bexar County's real property taxes, amounting to \$8,091 per year with a total incentive of \$80,913. The estimated value of the project at completion is \$5,400,000. Construction on this project is scheduled to start before the end of 2016 and should be completed by March 2017.

Encore Riverwalk

Encore Multi-Family has proposed the redevelopment of the 304 & 308 parcels on South Flores Street. The Encore Riverwalk project is a 338 unit, "Class A", market rate multifamily apartment complex with structured parking. The project will be a high-rise mixed use development including 5,000 square feet of retail space and structured parking.

The Developer has sought development incentives from both the City of San Antonio and Bexar County. The City, through the Center City Housing Incentive Policy has authorized the following incentives:

- \$135,167 - City fee waivers
- \$738,447 - SAWS fee waivers
- \$3,805,384 - Annual incremental property tax reimbursement over 15 years

The Bexar County proposed incentive is a ten year 50% abatement of Bexar County's real property taxes, amounting to \$89,250 per year with a total incentive of \$892,500 in total. The estimated value of the project at completion is \$60,000,000. Construction on this project is scheduled to start before May 2017 and should be completed by May 2019.

ISSUE:

City Council is being asked to consider a resolution approving two tax abatements by Bexar County on projects that fall within the boundary of the city designated Houston Street TIRZ.

In accordance with Section 311.0125 of the State Tax Code, a taxing unit seeking to abate taxes on real property located in a reinvestment zone must obtain approval from the following entities in order for the agreement to be effective; "The board of directors of the reinvestment zone and the governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits or agrees to deposit any of its tax

increment into the tax increment fund for the zone.”

The Houston Street TIRZ Board approved the proposed Bexar County tax abatements on June 23, 2016. City Council is being asked to approve the tax abatements to facilitate the County providing these necessary incentives. Both Bexar County and the City of San Antonio share the common goal of increasing the availability of housing in downtown San Antonio which is being fulfilled through the support of these projects.

ALTERNATIVES:

The City could deny the tax abatement requests from the County. This approach would deny the partnership opportunity between the County and City and potentially prevent the development of these projects which would be in opposition to the shared goal of increasing housing options in downtown San Antonio.

FISCAL IMPACT:

This action does not impact the City’s General Fund. Bexar County is a Participating Taxing Entity in the Houston Street TIRZ. By authorizing these tax abatements, the Houston Street TIRZ Board has agreed to forego the Bexar County portion of tax increment generated by these projects during the abatement period. The City’s tax increment will continue to be collected and deposited in the Houston Street TIRZ fund to be used for eligible projects within the TIRZ boundary.

RECOMMENDATION:

Staff recommends City Council approve the proposed Bexar County tax abatements as requested by the County.