



City of San Antonio

Agenda Memorandum

File Number: 17-5261

Agenda Item Number: 26.

Agenda Date: 10/19/2017

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Consideration of an Ordinance authorizing a Tax Abatement Agreement by Bexar County for the Brewery South, LLC Project in an amount not to exceed \$357,000.00 located at 226 Newell Avenue in Council District 1 and within the MidTown Tax Increment Reinvestment Zone boundary.

SUMMARY:

Consideration of an Ordinance authorizing a Tax Abatement Agreement by Bexar County for the Brewery South, LLC Project in an amount not to exceed \$357,000.00, within the MidTown Tax Increment Reinvestment Zone and located in Council District 1. The abatement will provide incentives for the Brewery South Project, a 223 Unit multifamily project located at 226 Newell Avenue in San Antonio, Texas. The total development cost is approximately \$40 million which includes costs for construction of a market rate apartment complex with subsurface parking garage improvements. City Council and TIRZ Board approval are necessary per State Law to enable Bexar County to offer a tax abatement.

BACKGROUND INFORMATION:

The MidTown TIRZ is not participating as a funder for this project. 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
- 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

This abatement is a Bexar County abatement only. However, without TIRZ Board and City of San Antonio approval, Bexar County cannot move forward as it would not meet State Law.

ISSUE:

Per Texas Statue, on September 8, 2017, the MidTown TIRZ Board considered and approved Bexar County's ten year 40% Tax Abatement Agreement to provide funding in an amount not to exceed \$357,000.00 for 226 Newell Avenue project for the development of a 223 Unit market rate apartment complex with subsurface parking garage improvements.

This Ordinance authorizes City Council approval of the Bexar County ten year 40% Tax Abatement to incentivize the development located at 226 Newell Avenue. The total development cost for project is approximately \$40 million. The total development cost of 226 Newell Avenue project is approximately \$40 million which includes costs of Construction, Bike Lanes, Pavement, and Sidewalk improvements.

The City of San Antonio is participating in this project with \$111,588.00 in City fee waivers, \$564,414.00 in SAWS fee waivers, and a CCHIP 15-year 100% annual tax rebate of \$2,919,494.

The requested \$357,000.00 in abated Bexar County Taxes is necessary to ensure that the project meets state law as well as ensures that project gets completed and is economically feasible.

ALTERNATIVES:

If the City does not approve the Bexar County tax abatement agreement, they will not be able to move forward in providing this incentive and will not be able to move forward with this agreement. The Developer will be unable to implement and complete the proposed project, as it will become economically unfeasible.

FISCAL IMPACT:

This action will authorize a Bexar County ten year 40% Tax Abatement Agreement in an amount not to exceed \$357,000.00 between Bexar County and Brewery South LLC. There is no fiscal impact to the City's General Fund. Additionally, Bexar County does not participate in the MidTown TIRZ; therefore there is no impact on the MidTown TIRZ fund.

RECOMMENDATION:

Staff recommends approval of the Ordinance authorizing the Bexar County Tax Abatement Agreement with Brewery South, LLC in an amount not to exceed \$357,000.00 located at Newell Avenue in Council District 1 and within the MidTown Tax Increment Reinvestment Zone boundary.