



# City of San Antonio

## Agenda Memorandum

**File Number:** 17-6173

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**Agenda Item Number:** 16.

**Agenda Date:** 12/7/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto

**COUNCIL DISTRICTS IMPACTED:** Council District 1

### **SUBJECT:**

An Ordinance authorizing the approval of a Bexar County Tax Abatement Agreement in an amount not to exceed \$672,129.00 for the Heritage Plaza project located at 307 Dwyer and 410 South Main in Council District 1 and within the Houston Street Tax Increment Reinvestment Zone boundary.

### **SUMMARY:**

Consideration of an Ordinance authorizing the approval of a Tax Abatement Agreement by Bexar County, in an amount not to exceed \$672,129.00, for the Argyle Residential, LLC or Main & Dwyer LLC project, also known as the Heritage Plaza Project, within the Houston Street Tax Increment Reinvestment Zone and located in Council District 1. The abatement will provide incentives for the Heritage Plaza Project; a 343 Unit multifamily project located at 307 Dwyer and 410 South Main in San Antonio, Texas. The total development cost is approximately \$57.3 million which includes costs for construction of market rate apartments. City Council and TIRZ Board approval are necessary per State Law to enable Bexar County to offer a tax abatement.

### **BACKGROUND INFORMATION:**

The City's Houston Street 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, per State Law, without TIRZ Board and City of San Antonio approval, Bexar County cannot move forward with the abatement.

#### **ISSUE:**

Per Texas Statue, on November 6, 2017, the Houston Street TIRZ Board considered and approved Bexar County's ten (10) year 40% Tax Abatement to provide funding in an amount not to exceed \$672,129.00 for the Heritage Plaza project for the development of a 343 Unit multifamily market rate apartment complex.

This Ordinance authorizes City Council approval of the Bexar County ten (10) year 40% Tax Abatement to incentivize the development located at 307 Dwyer and 410 South Main. The total development cost is approximately \$57.3 million.

Center City Development Office (CCDO) is currently considering the City's participation in this project.

The requested \$672,129.00 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, they will not be able to move forward in providing this incentive and will not be able to move forward with the agreement. The Developer will be unable to complete the proposed project, as it will become economically unfeasible.

#### **FISCAL IMPACT:**

This action will authorize a Bexar County ten (10) year 40% Tax Abatement Agreement in an amount not to exceed \$672,129.00 between Bexar County and Argyle Residential, LLC or Main & Dwyer LLC. There is no fiscal impact to the City.

#### **RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing the approval of a Tax Abatement by Bexar County for the Heritage Plaza Project in an amount not to exceed \$672,129.00 located at 307 Dwyer and 410 South Main in Council District 1 and within the Houston Street Tax Increment Reinvestment Zone boundary.