



# City of San Antonio

## Agenda Memorandum

**File Number:** 18-1001

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**Agenda Item Number:** 21.

**Agenda Date:** 1/18/2018

**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 2

### **SUBJECT:**

Consideration of an Ordinance authorizing the execution of a Development Agreement with Fortress Funding Investments, LLC in an amount not to exceed \$800,000.00 for the development of the St. Philip's College Student Housing project, located at 1800 Martin Luther King Drive in Council District 2 and within the Inner City Tax Increment Reinvestment Zone.

### **SUMMARY:**

Consideration of an Ordinance authorizing the execution of a Development Agreement in an amount not to exceed \$800,000.00 between the City of San Antonio, the Inner City TIRZ Board of Directors and with Fortress Funding Investments, LLC, within the Inner City Tax Increment Reinvestment Zone (TIRZ) and located in Council District 2 to facilitate the construction of the St. Philip's College Student Housing project, located at 1800 Martin Luther King Drive, San Antonio, Texas. The total development cost of the project is estimated at approximately \$36,000,000.00 which includes costs for public infrastructure and improvements.

### **BACKGROUND INFORMATION:**

Community colleges do not normally have residence halls and few have on-site, purpose-built, student housing. That has been changing in recent years as more community colleges are enticing students to live on or near campus. Tobin Lofts was the first product built for the Alamo Colleges' San Antonio College campus in 2013 and has been successful in attracting students not only for that campus but from other nearby schools (including St. Philip's.)

St. Philip's College Student Housing project is planned to be built on the site of an existing parking lot, located on the southwestern portion of the St. Philip's College campus, as part of the first public-private partnership dedicated to student housing. St. Philip's is one of five community colleges in the Alamo Colleges District that serves the greater San Antonio area.

### **ISSUE:**

St. Philip's College Student Housing project will feature 184 fully furnished units, consisting of one, two, and four bedroom units totaling 375 beds. The project will include on-site surface parking and will have access to other nearby college-owned parking lots. The average unit size is 929 square feet, with an average per-bed size of 461 square feet. Construction is proposed to begin in September 2018 with completion scheduled for August 2020.

On July 20, 2017, Fortress Funding Investments, LLC submitted a proposal request for Inner City TIRZ funding to be drawn on a reimbursement basis. The total \$800,000.00 will be utilized to address public infrastructure requirements necessary to complete the project. The overall project cost for the facility is approximately \$36,000,000.00.

Fortress Funding Investments, LLC received City of San Antonio Inner City Reinvestment and Infill Policy (ICRIP) fee waivers in the amount of \$150,000.00 and San Antonio Water System (SAWS) fee waivers in the amount of \$99,999.00.

On August 10, 2017, the Inner City TIRZ Board authorized City Staff to negotiate an agreement and make necessary amendments to the TIRZ Project and Finance Plans and to provide funding in an amount not to exceed \$800,000.00 in tax increment, subject to availability, for the St. Philip's College Student Housing project.

On December 8, 2017, the Inner City TIRZ Board considered and approved a Resolution authorizing the execution of a Development Agreement for up to \$800,000.00 in Inner City TIRZ funding with Fortress Funding Investments, LLC to support the construction of public infrastructure and improvements associated with the development of the St. Philip's College Student Housing project.

This Ordinance authorizes the execution of the Development Agreement between the City of San Antonio, the Inner City TIRZ Board of Directors and with Fortress Funding Investments, LLC to support public infrastructure and improvements. The total development cost for project is approximately \$36,000,000.00, which includes costs for site work, pre-development costs, and construction costs.

The requested \$800,000.00 in Inner City TIRZ funding is necessary to ensure that the project is completed as well as economically feasible. There is no fiscal impact to the City's General Fund.

#### **ALTERNATIVES:**

If the City does not approve the Inner City TIRZ Board of Director's recommendation, the Developer will be unable to implement and complete the proposed project, as it will become economically unfeasible.

#### **FISCAL IMPACT:**

The total development cost of the project is approximately \$36,000,000.00. If approved, this action will authorize the execution of a Development Agreement with Fortress Funding Investments, LLC in an amount not to exceed \$800,000.00 from the Inner City TIRZ fund, for the reimbursement of eligible expenses related to the St. Philip's College Student Housing project between the City of San Antonio, Fortress Funding Investments, LLC, and the Inner City TIRZ Board of Directors. There is no fiscal impact to the City's General Fund.

#### **RECOMMENDATION:**

Staff recommends approval of Ordinance authorizing the execution of a Development Agreement with Fortress

Funding Investments, LLC in an amount not to exceed \$800,000.00 for the development of the St. Philip's College Student Housing project, located at located at 1800 Martin Luther King Drive in Council District 2 and within the Inner City Tax Increment Reinvestment Zone boundary.