



# City of San Antonio

## Agenda Memorandum

**File Number:** 18-1515

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**Agenda Item Number:** 23.

**Agenda Date:** 8/16/2018

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services Development

**DEPARTMENT HEAD:** Verónica R. Soto, AICP

**COUNCIL DISTRICTS IMPACTED:** Council District 1

### **SUBJECT:**

Consideration of an Ordinance authorizing a 10 year 40% tax abatement agreement of real property taxes by Bexar County for the CRP/Bodner 120 Ninth Street Owner, LP, a 220 unit multifamily apartment complex in an amount not to exceed \$471,400.00 located at 120 Ninth Street in Council District 1 and within the MidTown Tax Increment Reinvestment Zone Boundary Number 31.

### **SUMMARY:**

Consideration of an Ordinance authorizing a 10 year 40% tax abatement agreement of real property taxes by Bexar County for the CRP/Bodner 120 Ninth Street Owner, LP in an amount not to exceed \$471,400.00 located at 120 Ninth Street in Council District 1. The Bexar County tax abatement will provide incentives for the CRP/Bodner 120 Ninth Street Owner, LP, a Class A market rate 220 units, multifamily apartment complex located at 120 Ninth Street in San Antonio, Texas within Council District 1. The total development cost is approximately \$39.6 million which will include costs for construction of a market rate apartment complex. City Council and TIRZ Board approval are a requirement 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.

The City of San Antonio Center City CCHIP incentives were executed on September 23, 2015, prior to City Council approval of the moratorium on January 11, 2018. Bexar County's Commissioners Court approved the Tax Abatement on December 19, 2017.

**ISSUE:**

Per State Tax Code, on January 12, 2018, the MidTown TIRZ Board considered and approved by resolution a Bexar County 10 year 40% tax abatement agreement of real property taxes to provide funding in an amount not to exceed \$471,400.00 for the 120 Ninth Street project for the development of a Class A market rate 220 unit, multifamily apartment complex.

With this Ordinance approval, City Council concurs with the Bexar County 10 year 40% Tax Abatement to incentivize the development located at 120 Ninth Street. The total development cost for the project is approximately \$39.6 million.

The City of San Antonio is participating in this project with \$110,440 in City fee waivers, \$694,205 in SAWS fee waivers, and a \$3,152,177 annual incremental property tax reimbursement for a total of 10 years. These were granted on September 23, 2015 prior to City Council approval of the moratorium on January 11, 2018.

The requested \$471,400, 10 year 40% tax abatement agreement of Bexar County's real property taxes is necessary to ensure that the project meets state law as well as ensures that the 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 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 10 year 40% tax abatement agreement of real property taxes in an amount not to exceed \$471,400.00 between Bexar County and CRP/Bodner 120 Ninth Street Owner, LP. 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 concurring with the 10 year 40% Bexar County Tax Abatement of

real property taxes with CRP/Bodner 120 Ninth Street Owner, LP in an amount not to exceed \$471,400.00 located at 120 Ninth Street in Council District 1 and within the MidTown Tax Increment Reinvestment Zone boundary number 31.