



City of San Antonio

Agenda Memorandum

File Number: 18-4571

Agenda Item Number: 24.

Agenda Date: 8/16/2018

In Control: City Council A Session

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% abatement of Bexar County's real property taxes for the Laney Development Group, LLC, a 70 unit multifamily apartment complex, in an amount not to exceed \$349,475.00 project located at 421 South Presa Street in Council District 1 and within the Hemisfair Tax Increment Reinvestment Zone (TIRZ) number Boundary.

SUMMARY:

Consideration of an Ordinance authorizing a 10 year 40% abatement of Bexar County's real property taxes for the Laney Development, LLC in an amount not to exceed \$349,475.00 located at 421 South Presa in Council District 1. The Bexar County tax abatement will provide incentives for the Laney Development Group, LLC Project, an 11 story 70 unit multifamily apartment complex with a three story parking garage located at 421 South Presa Street in Council District 1 San Antonio, Texas. The total development cost is approximately \$30 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 within a Tax Increment Reinvestment Zone.

BACKGROUND INFORMATION:

The City of San Antonio is participating in this project with \$84,205.00 in City fee waivers, \$273,167.00 in SAWS fee waivers, approximately, but not limited to, \$2,413,954.00 annual incremental property tax reimbursement for a total of 15 years from Hemisfair TIRZ, and \$280,000.00 forgivable development loan. 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 will approve the Tax Abatement on September 4, 2018.

ISSUE:

Per State Tax Code, on January 31, 2018, the Hemisfair TIRZ Board considered and approved by Board Resolution a 10 year 40% abatement of Bexar County's real property taxes to provide funding in an amount not to exceed \$349,475.00 for the 421 South Presa Street Project for the development of a 70 multifamily apartment complex with a three story parking garage located in Council District 1.

With this Ordinance approval, City Council concurs with the Bexar County ten year 40% Tax Abatement to incentivize the development located at 421 South Presa Street in Council District 1. The total development cost for the project is approximately \$30 million.

The City of San Antonio is participating in this project with \$84,205.00 in City fee waivers, \$273,167.00 in SAWS fee waivers, approximately, but not limited to, \$2,413,954.00 annual incremental property tax reimbursement for a total of 15 years from Hemisfair TIRZ, and \$280,000.00 forgivable development loan from Inner City Incentive Fund.

The requested \$349,475.00 in abated Bexar County 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 ten year 40% Tax Abatement in an amount not to exceed \$349,475.00 between Bexar County and Laney Development Group, LLC. This agreement has no fiscal impact to the City's General Fund. Additionally, Bexar County does not participate in the Hemisfair TIRZ; therefore there is no impact on the Hemisfair TIRZ fund.

RECOMMENDATION:

Staff recommends approval of the Ordinance concurring with the real property Bexar County Tax Abatement with Laney Development Group, LLC in an amount not to exceed \$349,475.00 located at 421 South Presa Street in Council District 1 and within the Hemisfair Tax Increment Reinvestment Zone number boundary.