



# City of San Antonio

## Agenda Memorandum

**File Number:** 18-4582

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**Agenda Item Number:** 25.

**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 5

### **SUBJECT:**

Consideration of an Ordinance authorizing a 10 year 40% tax abatement agreement of Bexar County's real property taxes, for the Schuepbach Properties, LLC, a 294 unit multifamily complex in an amount not to exceed \$648,070.00 located at 1334 South Flores Street and 205 E. Cevallos Street in Council District 5 and within the Westside Tax Increment Reinvestment Zone Boundary Number 30.

### **SUMMARY:**

Consideration of an Ordinance authorizing a 10 year 40% tax abatement agreement of Bexar County's real property taxes for the Schuepbach Properties, LLC in an amount not to exceed \$648,070.00 located at 1334 South Flores Street and 205 E. Cevallos Street in Council District 5. The Bexar County tax abatement will provide incentives for the Schuepbach Properties, LLC, a 294 unit multifamily complex located at 1334 South Flores Street and 205 E. Cevallos Street in San Antonio, Texas within Council District 5. The total development cost is approximately \$53.7 million which will include costs for construction of a market rate apartment complex and a 443 space parking garage. City Council and TIRZ Board approval are a requirement per State Law to enable Bexar County to offer a tax abatement.

### **BACKGROUND INFORMATION:**

The City of San Antonio is participating in this project with \$148,892.00 in City fee waivers, \$217,872.00 in SAWS fee waivers, \$385,650.00 with a Chapter 380 Economic Development Inner City Incentive Program Loan (consisting of forgivable and non-forgivable loan funds), and approximately but not limited to, \$3,894,053.00 in a cumulative annual incremental property tax reimbursement for a total of 15 years. However, unless the Westside TIRZ is extended, the tax reimbursement will cease upon termination of the TIRZ. These

were granted on December 12, 2016, prior to City Council approval of the moratorium on January 11, 2018. 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 June 15, 2015, and amended on December 12, 2016, prior to City Council approval of the moratorium on January 11, 2018. Bexar County's Commissioners Court will consider approval of the Tax Abatement after the successful granting of the City Ordinance on September 4, 2018.

## **ISSUE:**

Per State Tax Code, on February 7, 2018, the Westside TIRZ Board considered and approved by Board Resolution a Bexar County 10 year 40% tax abatement agreement of real property taxes to provide funding in an amount not to exceed \$648,070.00 for the Schuepbach Properties, LLC project for the development of a 294 unit market rate apartment complex and a 443 space parking garage.

With this Ordinance approval, City Council concurs with the Bexar County 10 year 40% tax abatement agreement of Bexar County's real property taxes to incentivize the development located at 1334 South Flores Street and 205 E. Cevallos Street within Council District 5. The total development cost for the project is approximately \$53.7 million.

The City of San Antonio is participating in this project with \$148,892.00 in City fee waivers, \$217,872.00 in SAWS fee waivers, \$385,650.00 with a Chapter 380 Economic Development Inner City Incentive Program Loan (consisting of forgivable and non-forgivable loan funds), and approximately but not limited to, \$3,894,053.00 in a cumulative annual incremental property tax reimbursement for a total of 15 years. However, unless the Westside TIRZ is extended, the tax reimbursement will cease upon termination of the TIRZ. These were granted on December 12, 2016, prior to City Council approval of the moratorium on January 11, 2018.

The requested \$648,070.00, 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 \$648,070.00 between Bexar County and Schuepbach Properties, LLC. This agreement has no fiscal impact to the City's General Fund. Additionally, Bexar County does not participate in the Westside TIRZ; therefore there is no impact on the Westside TIRZ fund.

**RECOMMENDATION:**

Staff recommends approval of the Ordinance concurring with the 10 year 40% tax abatement agreement of Bexar County's real property taxes agreement with Schuepbach Properties, LLC Project in an amount not to exceed \$648,070.00 located at 1334 South Flores Street and 205 E. Cevallos Street in Council District 5 and within the Westside Tax Increment Reinvestment Zone Boundary Number 30.