



City of San Antonio

Agenda Memorandum

File Number: 14-1821

Agenda Item Number: 36C.

Agenda Date: 8/21/2014

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: Lori Houston

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

Red Berry Estate Public-Private Partnership (P3) and Supporting Agreements with the NRP Group, LLC, Terramark Homes, Wallace-Bajjali Development Partners, L.P. and the San Antonio Housing Trust Public Facility Corporation.

SUMMARY:

City staff is requesting approval of the proposed Red Berry Estate Public-Private Partnership (P3) project with the NRP Group, Terramark Homes and Wallace-Bajjali Partners which includes approximately 600 multi-family housing units, 66 modern urban style townhomes, renovation of the Red Berry Estate, and over 300,000 sq/ft of office space, medical office space, retail, dining and entertainment venues located at 856 Gembler Road in Council District 2.

Consideration of the following ordinances related to the P3 project will be required:

- A. An ordinance authorizing the negotiation and execution of a document for the conveyance of real property known as the Red Berry Estate, comprising approximately 84 acres of land area owned by the City of San Antonio, located at 856 Gembler Rd, legally described as NCB 10578 Lot 1, P-2 & P-4; 4007 E. IH 10, legally described as NCB 10578 Lot P-3; and a lot at 827 Richland, legally described as NCB 10577 Lot NE 50x53 ft of TR 5 or P-100 for the development of the 66 modern townhomes, renovation of the Red Berry Estate and over 300,000 square feet of office space, medical office space, retail, dining and entertainment venues and the parcels to be used for the development of the 600 multi-family housing units to be conveyed to the San Antonio Housing Trust Public Facility Corporation (PFC).

- B. An ordinance authorizing the negotiation of a conveyance document for the 80 acre feet of water rights located at 827 Richland and valued at approximately \$400,000;
- C. An ordinance authorizing the negotiation and execution of a Chapter 380 Economic Development Grant with the development team in an amount not to exceed \$8,457,580. The source of the grant is City of San Antonio ad valorem tax increment for the commercial portion of the project that will be rebated over a 20-year period from the Inner City TIRZ;

BACKGROUND INFORMATION:

The Red Berry Estate was developed in 1951 and is located at 856 Gemblar Road in City Council District 2. The property consists of 84 acres and includes the Red Berry Mansion and a man made lake. The Red Berry Estate was identified as a catalytic project at the 2010 Eastside Summit. The City of San Antonio purchased the property in 2012 for \$2,250,000.00.

On November 1, 2012, City Council adopted the P3 guidelines in accordance with Chapter 2267 of the Texas Government Code. Per the adopted P3 guidelines in February 2013, the City issued a Request for Qualifications (RFQ) to identify qualified developers that would develop the property into a housing, commercial, and/or mixed use development. The City then issued a Request for Proposals (RFP) to the respondents. The recommended team includes the NRP Group, Terramark Homes, and Sugarland based Wallace-Bajjali. The development team is proposing a \$149,804,373 project that includes approximately 600 multi-family housing units, 66 townhomes, and over 300,000 sq/ft of office space, medical office space, retail, dining and entertainment venues.

The project is divided into two phases. Phase I includes 300 multi-family units, 66 townhomes, a \$2,000,000 renovation of the Red Berry Mansion as an event venue, and the construction of approximately 200,000 square feet of restaurant, retail and medical office space. Phase II includes an additional 300 multi-family units and 100,000 sq/ft of additional of commercial space. Phase I will start construction in summer 2015 and its estimated completion date is summer 2017. Phase II will start in fall 2017 and its estimated completion is spring 2019

City staff is recommending the conveyance of the multi-family housing parcels to the San Antonio Housing Trust Public Facility Corporation (PFC) which will partner with the P3 development team on this project. As a result of the PFC partnership, the developer will receive a 100% tax exemption on the multi-family portion of the project provided that 50% of the units (150 units for Phase 1 and 150 for Phase II) will be available at 80% of the Average Median Income which is \$47,070 per household. The remaining property, to include the Red Berry Mansion, will be conveyed to NRP Group and Wallace Bajjali for the single family housing and commercial development.

City staff is also recommending the negotiation and execution of an economic development agreement that includes the following:

- Conveyance of 80 acre feet of water rights located at 827 Richland. The water rights are valued at approximately \$400,000.
- A Chapter 380 Economic Development Grant in an amount not to exceed \$8,457,580. The source of the grant is City of San Antonio ad valorem tax increment for the commercial portion of the project that will be rebated over a 20-year period from the Inner City TIRZ; and
- Contingent upon approval of a future bond program, the City of San Antonio will haul and provide to

the project up to 420,000 cubic yards of fill to the Red Berry Estate. The hauling and the fill are valued at approximately \$4,200,000.

The City of San Antonio's Planning Commission approved the disposal and conveyance of the land and the improvements located at 856 Gemblar Road, 827 Richland and 4007 East IH 10 at its regular meeting on June 11, 2014. A public meeting was held on August 11, 2014 at St. Phillip's College at 6:00 PM. This project also requires the approval of the San Antonio Housing Trust Public Facility (PFC) Board, and the Inner City TIRZ Board.

ISSUE:

On November 1, 2012, City Council adopted the P3 guidelines in accordance with Chapter 2267 of the Texas Government Code which allows the City to solicit for a public-private partnership in order to maximize the return on its asset financially and for the overall benefit of the community.

The proposed Red Berry Estate Public-Private Partnership (P3) project located in Council District 2 will assist with the economic and community development of the area.

City staff briefed the Economic and Community Development Council Committee on August 5, 2014. The City of San Antonio's Planning Commission approved the disposal and conveyance of the land and the improvements located at 856 Gemblar Road, 827 Richland and 4007 East IH 10 at its regular meeting on June 11, 2014. A public meeting was held on August 11, 2014 at St. Phillip's College at 6:00 PM. This project also requires the approval of the San Antonio Housing Trust Public Facility (PFC) Board, and the Inner City TIRZ Board.

ALTERNATIVES:

If City Council does not authorize the conveyance of the Red Berry Estate properties, the City will need to identify another method for redevelopment of the site which may include the release of another solicitation or sealed bid for sale of the property. There will be additional costs to the City for maintenance and upkeep of the vacant property, including the mansion.

FISCAL IMPACT:

The property was purchased in 2012 for \$2,250,000 and the water rights are valued at \$400,000. The City will forgo any revenue from the sale of this property and water rights in exchange for the redevelopment of this site and the subsequent infrastructure and drainage improvements which are valued at approximately \$17.5 million. The source of the Chapter 380 Economic Development Grant is the City of San Antonio ad valorem tax increment for the commercial portion of the project that will be rebated over a 20-year period from the Inner City TIRZ, if the TIRZ is extended. The disbursements will not exceed \$8,457,580. In addition to the public benefit of the redevelopment of the area, 50% of the multi-family housing units will be mixed income.

RECOMMENDATION:

Staff recommends the approval of the Red Berry Estate Public-Private Partnership (P3), including the negotiation and execution of an economic development agreement and conveyance agreements for the city-

owned, Red Berry Estate located at 856 Gemblar Rd, 827 Richland, and 4007 East IH 10 in Council District 2 and the conveyance of associated water rights to the NRP Group, LLC, Terramark Homes, Wallace-Bajjali Development Partners, L.P. and the San Antonio Housing Trust Public Facility Corporation.