



# City of San Antonio

## Legislation Details (With Text)

**File #:** 18-1002

**Type:** Miscellaneous Item

**In control:** City Council A Session

**On agenda:** 2/15/2018

**Title:** Ordinance amending the Development Agreement with MLK Garden Homes, LLC to increase the Funding Authorization from \$300,000.00 to \$330,000.00 for the MLK Garden Homes, LLC project located at Martin Luther King Drive and Aurelia Street in Council District 2 and in the Inner City Tax Increment Reinvestment Zone. [Peter Zanon, Deputy City Manager; Verónica R. Soto, Director, Neighborhood & Housing Services]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. MLK Garden Homes Site Plan, 2. MLK Garden Homes Site Map, 3. T11 - MLK Development Agmt - Signed, 4. 2017-03-30-0193 T11 Approving a Development Agreement for MLK Garden Homes LLC, 5. T11 2017-12-08-03R Resolution Authorizing the Amendment to the MLK Garden Home Development Agreement, 6. First Amendment to MLK Dev Agreement FINAL - Developer Signature Only, 7. T11 Inner City - MLK Garden Homes Site Map, 8. Draft Ordinance, 9. Staff Presentation, 10. Ordinance 2018-02-15-0110

Date	Ver.	Action By	Action	Result
2/15/2018	1	City Council A Session	adopted	Pass

**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 an Amendment to the Development Agreement with MLK Garden Homes, LLC to increase the Funding Authorization from \$300,000.00 to \$330,000.00 for the MLK Garden Homes, LLC project located at Martin Luther King Drive and Aurelia Street in Council District 2 and within the Inner City Tax Increment Reinvestment Zone.

**SUMMARY:**

Consideration of an Ordinance authorizing the execution of an Amendment to the Development Agreement in an amount not to exceed \$330,000.00 between the City of San Antonio, the Inner City TIRZ Board of Directors and with MLK Garden Homes, LLC, within the Inner City Tax Increment Reinvestment Zone (TIRZ) and located in Council District 2 to facilitate the construction of the MLK Garden Homes, LLC project, located at Martin Luther King Drive and Aurelia Street, San Antonio, Texas. The total development cost of the project is approximately \$2,100,000.00 which includes costs for public infrastructure improvements.

**BACKGROUND INFORMATION:**

On November 17, 2016, MLK Garden Homes, LLC submitted a funding request. After negotiations, Staff and Developer agreed to an amount not to exceed \$300,000.00 in Inner City TIRZ funding to be drawn on a reimbursement basis. The \$300,000.00 will be utilized to address utility and street improvements necessary to facilitate the development of 12 single family affordable homes at the project site. The proposed homes will be 1300 - 1500 square feet, 3 - 4 Bedrooms, with attached 2 - Car Garages. The anticipated average selling price will be \$165,000.00. The completion of this project will provide infrastructure improvements to facilitate new housing inventory in an area that is severely blighted and under improved.

On December 9, 2016, the Inner City TIRZ Board approved a Resolution awarding up to \$300,000.00 of TIRZ funding to MLK Garden Homes located at Martin Luther King Drive and Aurelia Street.

MLK Garden Homes, LLC is in the process of closing on 10 surplus lots from the City of San Antonio at a cost of \$75,000.00. Additionally, they are under contract to acquire two additional parcels necessary to assemble the land required to complete the project.

MLK Garden Homes, LLC received SAWS Impact Fee waivers in the amount of \$19,000.00 and is awaiting notification regarding ICRIP approval.

On February 10, 2017, the Inner City TIRZ Board approved a Resolution authorizing a Development Agreement with MLK Garden Homes, LLC in an amount not to exceed \$300,000.00.

## **ISSUE:**

On March 30, 2017, City Council approved an Ordinance authorizing a Development Agreement with MLK Garden Homes, LLC in an amount not to exceed \$300,000.00.

Since the approval of the Development Agreement, the Developer experienced additional City requirements that increased the overall costs necessary to facilitate the project's completion. The \$30,000.00 in increased costs are necessary to provide a bicycle lane in front of the property along Martin Luther King Boulevard, to facilitate additional geotechnical requirements, and to alleviate unforeseen costs associated with utility improvements along the alleyway associated with the project.

On December 8, 2017, the Inner City TIRZ Board considered and approved a Resolution authorizing an Amendment to the Development Agreement to increase the funding authorization from \$300,000.00 to \$330,000.00 for the MLK Garden Homes, LLC project, in Inner City TIRZ funding with MLK Garden Homes, LLC to support the construction of public infrastructure and improvements associated with the development of the MLK Garden Homes, LLC project.

This Ordinance authorizes the execution of an Amendment to the Development Agreement to increase the funding authorization from \$300,000.00 to \$330,000.00 between the City of San Antonio, the Inner City TIRZ Board of Directors and with MLK Garden Homes, LLC to support public infrastructure and improvements. The total development cost for project is approximately \$2,100,000.00, which includes costs for site work, pre-development costs, and construction costs.

The requested \$30,000.00 increase in Inner City TIRZ funding is necessary to ensure that the project is completed as well as economically feasible.

**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 \$2,100,000.00. If approved, this action will authorize an Amendment to the Development Agreement to increase the funding from \$300,000.00 to \$330,000.00 with MLK Garden Homes, LLC from the Inner City TIRZ fund, for the reimbursement of eligible expenses related to the MLK Garden Homes, LLC project between the City of San Antonio, MLK Garden Homes, 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 an Amendment to the Development Agreement with MLK Garden Homes, LLC to increase the Funding Authorization from \$300,000.00 to \$330,000.00 for the MLK Garden Homes, LLC project located at Martin Luther King Drive and Aurelia Street in Council District 2 and within the Inner City Tax Increment Reinvestment Zone boundary.