



City of San Antonio

Agenda Memorandum

File Number:17-4687

Agenda Item Number: 42.

Agenda Date: 9/21/2017

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Consideration of an Ordinance authorizing a Development Agreement with San Antonio Housing Authority (SAHA) in an amount not to exceed \$1.5 million for the development of the Victoria Commons Labor Street Multi-Family, Mixed-Income project, located at 800 E. Cesar Chavez Blvd. in Council District 1 and within the Inner City Tax Increment Reinvestment Zone (TIRZ) boundary.

SUMMARY:

Consideration of an Ordinance authorizing a Development Agreement in an amount not to exceed \$1.5 million between the City of San Antonio, the Inner City TIRZ Board of Directors and SAHA, within the Inner City Tax Increment Reinvestment Zone (TIRZ) and located in Council District 1 to facilitate the construction of a multi-family, mixed-income project located at 800 E. Cesar Chavez Blvd., San Antonio, Texas. The total development cost of the Victoria Commons project is approximately \$40 million which includes costs for site work, pre-development soft costs, hard construction costs, contingency, and Developer related expenses.

BACKGROUND INFORMATION:

The Victoria Commons Chavez at Labor Street multi-family development will provide rental housing opportunities for various income levels of working families. The breakdown is as follows:

- 28 Public Housing units at 30% of Area Median Income
- 54 tax credit units at 60% of Area Median Income
- 133 market rate units
- 215 Total units

Tax credit units are factored using the Non-Competitive (4%) model.

The two proposed buildings at Labor Street and Cesar Chavez Boulevard will be the gateway to the Victoria Commons area that has been in transition as a revitalized neighborhood since 2004. SAHA staff is committed to sustainability as part of its development policy, requiring new development projects to meet the 2015 energy conservation requirements set by the City of San Antonio's Development Services department. These new codes exceed Build San Antonio Green (BSAG) level I certifications.

SAHA staff has been working closely with neighborhood residents and stakeholders since before the decision to demolish the former Victoria Courts housing property. SAHA has continued neighborhood updates with the Lavaca Neighborhood Association.

SAHA's total investment costs are estimated at approximately \$40 million, which includes acquisition, site work, pre-development, construction and contingency costs, including Developer related expenses. SAHA intends to commit approximately \$6 million in Moving To Work/SAHA gap financing, a federal HUD program, to complete the sources of funds for this much-needed development. The City of San Antonio is providing an additional \$632,368.00 in Inner City Reinvestment and Infill Policy (ICRIP) and San Antonio Water System (SAWS) Fee Waivers

The proposed project timeline is as follows:

- March 2018 - Construction Start
- September 2019 - Construction Completion
- September 2019 - Begin Leasing
- March 2020 - 100% Lease-up

ISSUE:

On July 22, 2016, SAHA submitted a funding request for \$1.5 million in Inner City TIRZ funding to be drawn on a reimbursement basis to address the utilities along Cesar Chavez Boulevard, and site and street improvements for this highly-visible mixed-income project. The overall project development costs are estimated at approximately \$40 million.

On December 9, 2016, the Inner City TIRZ Board authorized City Staff to negotiate an agreement and make necessary amendments to the TIRZ Project and Finance Plans to provide funding in an amount not to exceed \$1.5 million in tax increment, subject to availability, for the Victoria Commons Multi-Family Development.

On August 11, 2017, the Inner City TIRZ Board considered and approved a Resolution authorizing the execution of a Development Agreement for up to \$1.5 million in TIRZ funding with SAHA to support the construction of public infrastructure and improvements associated with the development of the Victoria Commons Multi-Family Development.

This Ordinance authorizes the execution of the Development Agreement between the City of San Antonio, the Inner City TIRZ Board of Directors and SAHA, to support the public infrastructure improvements necessary, specifically utility improvements along Cesar Chavez Boulevard, as well as site and street improvements for the project site. The total development cost for project is approximately \$40 million, which includes costs for site work, pre-development costs, hard construction costs, and Developer related expenses.

The requested \$1.5 million 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 Victoria Commons Labor Street Multi-Family, Mixed-Income project is approximately \$40 million. If approved, this action will authorize a Development Agreement with SAHA in an amount not to exceed \$1.5 million from the Inner City TIRZ fund, for the reimbursement of eligible expenses related to the Victoria Commons Multi-Family Development between the City of San Antonio, SAHA 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 a Development Agreement with SAHA in an amount not to exceed \$1.5 million for the development of the Victoria Commons Labor Street Multi-Family, Mixed-Income project, located at 800 E. Cesar Chavez Blvd. in Council District 1 and within the Inner City Tax Increment Reinvestment Zone boundary.