



City of San Antonio

Agenda Memorandum

File Number:17-4950

Agenda Item Number:

Agenda Date: 9/8/2017

In Control: Tax Increment Reinvestment Zone 31 -- Midtown

Agenda Item #3

Discussion and Possible Action regarding City of San Antonio Tax Abatement and Tax Rebate with Project Hominum

SUMMARY:

On September 21, 2017, the City of San Antonio Economic Development Department is taking a project with the moniker of Project Hominum to City Council for consideration of tax abatement and tax rebate agreements in connection with the construction of a headquarters for a financial institution. The tax abatement and tax rebate are to be used solely for the purpose of offsetting a portion of the public improvements that will be made in connection with Project Hominum. The proposed project is expected to be a \$113 million capital investment. The City is seeking TIRZ Board approval of the abatement and rebate because the property falls within the boundary of the Midtown TIRZ.

BACKGROUND INFORMATION:

Project Hominum is expected to consist of two buildings with multiple floors, with the largest building being used for headquarters use for a financial institution and mixed office and retail use. The 3.13 acre site on Broadway Avenue will comprise a total of 310,000 square feet of usable space and the construction of a total of 958 surface and underground parking spaces.

The buildings will be state-of-the-art, sustainably constructed corporate headquarters targeting a LEED Gold rating that will allow for future growth over the next 45-50 years.

This project involves the retention of 435 jobs, creation of 50 new full-time jobs, and relocation of these jobs to the downtown core. The total capital investment is estimated at \$113 million. This figure includes over \$7 million in public improvements, such as underground power and data infrastructure, complete street improvements, traffic signal modifications, public storm drain improvements, new street parking, and street trees, patios and green spaces. The City of San Antonio's proposed incentives are:

- A 100% tax abatement valued at \$5,242,785 over first 10 years.
- A tax rebate valued at \$1,515,741 over the following five years from the General Fund and not as a pass-through the TIRZ.
- The total real and personal property tax incentive from both the abatement and rebate will be capped at \$5,767,844, and may be reduced based on the actual cost of the public improvements.

ISSUE:

Under Texas statute section 311.0125, to be effective, an agreement seeking to abate taxes on real property in a reinvestment zone must be approved by:

- 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.

RECOMMENDATION:

Staff recommends approval of this item.