



City of San Antonio

Agenda Memorandum

File Number:18-5037

Agenda Item Number: 22.

Agenda Date: 9/20/2018

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

An ordinance authorizing the execution of a Chapter 380 Economic Development Program Grant Agreement with Friedrich Crossing, LP for the Friedrich Lofts Project in an amount not to exceed \$1,745,000 in Inner City TIRZ Funds; and authorizing SAWS impact fee waivers in the amount of \$500,000 and eligible City permit fee waivers in accordance with the ICRIP Fee Waiver Program.

SUMMARY:

Consideration of an ordinance authorizing the execution of a Chapter 380 Economic Development Program Grant Agreement with Friedrich Crossing, LP for the Friedrich Lofts Project located at 1617 East Commerce Street in Council District 2, in an amount not to exceed \$1,745,000 in Inner City TIRZ funds; and authorizing SAWS impact fee waivers in the amount of \$500,000 and eligible City permit fee waivers in accordance with the ICRIP Fee Waiver Program to facilitate the renovation and construction of a 347-unit mixed-income multifamily housing development.

BACKGROUND INFORMATION:

On February 21, 2018, Friedrich Crossing, LP submitted a TIRZ funding request for reimbursement of eligible project costs for the Friedrich Lofts Project. On March 21, 2018, the TIRZ Board approved a resolution authorizing Staff to negotiate an agreement in an amount not to exceed \$1,745,000 to be used for project costs related to site work and demolition. The overall cost for project is estimated at \$65,000,000.

On August 14, 2018, the Board approved a Resolution authorizing the execution of 380 Economic Development Program Grant Agreement to provide funding in an amount not to exceed \$1,745,000 in available

tax increment from the TIRZ fund to Friedrich Crossing, LP for The Friedrich Lofts Project.

ISSUE:

The proposed \$65,000,000 Friedrich Lofts Project, located at 1617 East Commerce Street in Council District 2, will be structured in partnership with the San Antonio Housing Trust Public Facility Corporation (PFC) and underwritten by the U.S. Department of Housing and Urban Development's 221(d)(4) program. The redevelopment will construct a total of 347 new multifamily units and 725 space structured parking garage. Fifty-percent of the residential units shall be considered affordable as a result of HUD's program and the San Antonio Housing Trust Public Facility Corporation (SAHTPFC) partnership. 173 units will be considered market rate rents, 160 units will be reserved for persons at or below 80% AMI and 14 units will be reserved for persons at or below 60% AMI.

Friedrich Crossing, LP will enter into a seventy-five year master lease agreement, to include the Friedrich building and land, with the SAHTPFC. Due to SAHTPFC's ownership of the property, the residential portion of the development requires an affordable housing component in order to be exempt from property taxes; however, the commercial/retail portion of the project will be subject to property tax.

City staff recommended providing a combination of TIRZ Funds in the amount of \$1,745,000 in eligible costs, \$500,000 in SAWS Impact Fee Waivers, and City Permit Fee Waivers to meet the project financing gap.

This development will revitalize and promote the goals and objectives of the Inner City TIRZ, including bringing affordable housing to a blighted area. The \$1,745,000 in the Inner City Tax Increment Reinvestment Zone funding is necessary to ensure that the project is completed, as well as economically feasible.

Per the ICRIP Fee Waiver Program Policy, City fee waivers granted under this program are not limited. SAWS impact fee waivers granted under this program may receive a SAWS impact fee waiver equal to 1% of the total project investment, up to a maximum waiver of \$500,000 with City Council approval.

The proposed timeline for the project is to commence in March of 2019 with a tentative completion date of January 31, 2021.

ALTERNATIVES:

If the City does not approve the Inner City Board of Director's recommendations, the Developer will be unable to undertake and complete the proposed project, as it will become economically unfeasible.

FISCAL IMPACT:

If approved, this action will authorize the payment in an amount not to exceed \$1,745,000 from the Inner City TIRZ fund for the reimbursement of eligible expenses related to The Friedrich Lofts Project between the City of San Antonio, Friedrich Crossing, LP and the Inner City TIRZ Board of Directors. The funds will be paid

solely from the Inner City TIRZ fund and will have no impact to the City's General Fund. The City shall also provide \$500,000 in SAWS Impact Fee Waivers and all eligible City Fee Waivers estimated at \$97,670. These fee waivers will not have an impact to the City's General Fund and are subject to the availability of funds at the time development fee waivers are requested.

RECOMMENDATION:

In accordance with Chapter 380 of the Local Government Code, the grant is being offered to promote local economic development, stimulate business and commercial activity, and further the development of affordable housing in blighted areas. Staff recommends the approval of an Ordinance authorizing the execution of a 380 Economic Development Program Grant Agreement in an amount not to exceed \$1,745,000 for the Friedrich Lofts Project located at 1617 East Commerce Street in Council District 2.