



City of San Antonio

Agenda Memorandum

File Number:18-5676

Agenda Item Number: 20.

Agenda Date: 11/1/2018

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 5

SUBJECT: Economic Development Agreement for Basila Frocks

SUMMARY:

This Ordinance approves a Chapter 380 Economic Development Loan Agreement for up to \$252,410 in Inner City Incentive Funds to Westside Development Corporation for construction to rehabilitate the Basila Frocks building located at 502 N. Zarzamora St in Council District 5.

BACKGROUND INFORMATION:

The City is engaged in revitalizing and supporting economic development activities to reactivate the near West Side of San Antonio. Significant challenges to economic revitalization include the lack of private investment, transportation barriers, and high instances of commercial vacancy. Through the Center City Development and Operations Department (CCDO), the City continues to encourage and incentivize business development, specifically in the near West Side where the City and partner organizations have increased investments in public infrastructure improvements. The City is working with various stakeholders including Westside Development Corporation (WDC) towards an economic revitalization of this area. WDC assists with small business development through its grant/loan program and is working to provide high-quality office space in the community.

WDC owns the 20,000-square-foot historic Basila Frocks building located at 502 N. Zarzamora Street and has engaged the Westside Education and Training Center (WETC) and the Christian Hope Resource Center (CHRC) to lease space within the rehabilitated building. Both organizations will assist with recruitment and retention of low-income employees for open job opportunities.

ISSUE:

Westside Development Corporation (WDC) is requesting City assistance to complete the rehabilitation of the historic Basila Frocks building into community loft spaces for creative businesses as well as for service providers such as the Westside Education and Training Center (WETC) and Christian Hope Resource Center

(CHRC).

The total estimated redevelopment and construction cost is \$2.3 million. Staff is recommending a 5-year forgivable development loan in the amount of \$252,410.00, funded by the Inner City Incentive Fund. The loan will be forgiven at 20% per year provided that the space remains occupied for at least 80% of each year. This incentive is based on a gap analysis of the project. Construction is scheduled to commence in late 2018 and be completed within one year.

Providing this incentive will protect a historic building on the near West Side from further deterioration and provide economic opportunities for creative businesses in the area.

ALTERNATIVES:

The City Council may elect to deny the request for development loan assistance. Doing so may influence the Westside Development Corporation's decision to rehabilitate the structure into creative office space and the building will remain vacant.

FISCAL IMPACT:

The development loan amount for Westside Development Corporation will be equal to \$252,410.00, funded from the Inner City Incentive Fund (ICIF). The loan will be forgivable over 5 years at 20% per year provided that the space remains occupied for at least 80% of each year.

RECOMMENDATION:

Staff recommends approval of the Chapter 380 Economic Development Loan Agreement with Westside Development Corporation for up to \$252,410.00 for the construction and rehabilitation of the Basila Frocks building located at 502 N. Zarzamora Street.