



# City of San Antonio

## Agenda Memorandum

**File Number:**19-4233

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**Agenda Item Number:** 45.

**Agenda Date:** 6/13/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, AICP, Director

**COUNCIL DISTRICTS IMPACTED:** Council District 1

### **SUBJECT:**

Ordinance approving execution of a Tax Increment Reinvestment Zone (TIRZ) Development Agreement in an amount not to exceed \$1,250,000.00, and approving a Chapter 380 Economic Development Agreement in an amount not to exceed \$296,000.00 for renovation of the Travis Park Plaza and Garage. The project is located at 213 E Travis Street and 711 Navarro Street in City Council District 1 and within the Houston Street TIRZ.

### **SUMMARY:**

City Council is being asked to consider an Ordinance approving economic development incentives for the Travis Park Plaza and Garage Rehabilitation project, a mixed-use office building and parking garage located in Travis Park Plaza at 711 Navarro and 213 E Travis Street.

If approved, the Ordinance will authorize execution of a Development Agreement between the Houston Street TIRZ Board of Directors, GrayStreet Travis Garage, LLC and the City of San Antonio in an amount not to exceed \$1,250,000.00 in reimbursable TIRZ funds for landscaping, and Low Impact Development (LID) Features, which will substantially reduce the impervious pavement surrounding the building. The Ordinance will also approve a Chapter 380 Agreement between the City and GrayStreet Travis Office, LLC for a forgivable loan in an amount not to exceed \$296,000.00 paid from the Inner City Incentive Fund (ICIF) for tenant finish-out of 20,800 square feet of retail space which will be leased and operated by two private tenants.

### **BACKGROUND:**

The developer, GrayStreet partners, purchased the Travis Park Plaza and Garage building built in 1970 in November 2015. Since the purchase, GrayStreet Partners, LP has worked to modernize the 7-story, 150,000 square foot office building and its 799-space 6-story parking garage into a Class A office space located adjacent to Travis Park. They are undergoing an additional \$42,000,000.00 renovation to the office building and garage. These improvements include renovations to interior space, modifications to the garage, and public improvements to the building entrance to better activate the street level and improve the pedestrian experience.

The 1,250,000.00 in TIRZ funds will be used for public improvements. The developer will remove concrete surrounding the buildings which will be replaced with landscape beds, and expanded tree wells to significantly reduce run-off of storm water. The beautification project includes a license agreement with the City to maintain landscaping in the Navarro Right of Way. Upgrades to the parking garage include a combination of active parking management, a parking guidance and reservation system, and automated parking technology to increase the efficiency of existing parking spaces. The developer further intends to renovate the retail storefronts and make modifications to the garage that will add approximately 85 parking spaces to the existing 799 spaces.

GrayStreet Travis Office, LLC submitted a loan request to the Center City Development & Operations (CCDO) Department for tenant improvements for two ground floor retail spaces in the Travis Park Plaza building in an amount not to exceed \$296,000.00. This will help create 20,800 square feet of retail space which will be leased and operated by two private tenants. The new tenants consist of Hopscotch, an interactive art gallery and exhibition space with café, which will occupy 18,600 square feet of the renovated space, plus an additional 2,000 square feet of outdoor patio space. A locally-owned coffee shop will occupy the remaining 2,200 square feet.

On May 20, 2019, the Houston Street TIRZ Board approved a Resolution authorizing execution of the Development Agreement with GrayStreet Travis Garage, LLC to provide reimbursement in an amount not to exceed \$1,250,000.00 for eligible expenses to include landscaping, and LID features, which will result in a substantial reduction in the impervious pavement surrounding the building. The intent of the TIRZ award and the Chapter 380 Economic Development loan are to promote economic development in the Houston Street TIRZ, attract businesses and jobs to the Travis Park Plaza building, beautify public spaces, enhance the human environment surrounding the Plaza and enhance the overall experience of those visiting Travis Park across the street and the surrounding Downtown area. Additionally, the plans for streetscape improvements will create an “urban oasis” of green space out of what is currently the surface lot between the office building and the garage. The landscaping around the office building and canopies added to the front and back of the building, is planned to further enhance the pedestrian experience. These improvements and general beautification of the area surrounding the Travis Park Plaza and Garage represent public space improvements that will enhance the Travis Park area.

## **ISSUE:**

The Travis Park Plaza and Garage Rehabilitation project is located at 213 E Travis Street and 711 Navarro Street, in the Houston Street TIRZ, City Council District 1. Total development cost of the Travis Park Plaza and Garage Rehabilitation is expected to be approximately \$41,676,274.00. At completion, the Plaza is expected to generate an additional \$232,666.13 per year in tax revenue for the City.

The developer will commence construction of the project on or before December 31, 2019 and is expected to complete construction no later than June 30, 2020.

The Houston Street TIRZ Board approved the Development Agreement in an amount not to exceed \$1,250,000.00 on May 20, 2019 to address public infrastructure improvements associated with the Travis Park Plaza and Garage Rehabilitation project such as landscaping and LID features to include a substantial reduction in the impervious pavement surrounding the building. The Center City Development Office also approved a forgivable Chapter 380 Economic Development loan in the amount not to exceed \$296,000 for tenant improvements and finish out for two ground floor retail spaces totaling 20,800 square feet in the Travis Park

Plaza building.

### **ALTERNATIVES:**

City Council could decide not to approve the TIRZ Development Agreement and the Chapter 380 Economic Development loan for this project, but it would negatively impact the developer's ability to renovate the parking garage, the streetscape and finish out the ground level retail spaces in the Travis Park Plaza building.

### **FISCAL IMPACT:**

If approved, this action will authorize execution of a Development Agreement between the Houston Street TIRZ Board of Directors, the City of San Antonio, and GrayStreet Travis Garage, LLC in an amount not to exceed \$1,250,000.00. Projects funded through the Houston Street TIRZ are paid solely from the tax increment generated. The Chapter 380 Agreement authorizes an economic development loan in an amount not to exceed \$296,000.00 for retail tenant improvements in the Travis Park Plaza building. Funds are available in the Inner City Incentive Fund (ICIF) in Fiscal Year 2019 for this use. Upon completion the Plaza project is expected to generate an additional \$232,666.13 per year in tax revenue for the City.

### **RECOMMENDATION:**

To promote local economic development and stimulate commercial activity, staff recommends approval of an Ordinance authorizing the execution of a Development Agreement in an amount not to exceed \$1,250,000.00, and the execution of a Chapter 380 Agreement with GrayStreet Travis Office, LLC for a forgivable economic development loan in an amount not to exceed \$296,000.00 for the Travis Park Plaza and Garage Rehabilitation project located at 213 E Travis Street and 711 Navarro Street in City Council District 1 and within the Houston Street TIRZ boundary.