



City of San Antonio

Agenda Memorandum

File Number:19-8920

Agenda Item Number: 23.

Agenda Date: 1/30/2020

In Control: City Council A Session

DEPARTMENT: Center City Development & Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT: Economic Development Agreement for SOJO Commons Phase II

SUMMARY:

This Ordinance approves the negotiation and execution of a Chapter 380 Economic Development Forgivable Loan Agreement for up to \$282,225 to SOJO Commons II, LP for construction of 15 affordable condominiums to be sold to households earning at or below 120% of Area Median Income (AMI) as part of a 48-unit project and total investment of \$15,383,269 in real and personal property improvements. The homes will be located in the SOJO Commons Phase II development located on Locust and Grayson streets in Council District 1. Funding in the amount of \$282,225 is available in the Inner City Incentive Fund FY 2020 Adopted Budget.

BACKGROUND INFORMATION:

The City is engaged in revitalizing and supporting economic development activities to reactivate San Antonio's urban core as well as address the need for workforce and affordable housing citywide. The City continues to encourage and incentivize residential and commercial development, specifically in the inner city where the City and partner organizations have increased investments in public infrastructure and other improvements.

SOJO Urban Development is planning its second phase of the SOJO Commons development, located along Locust and Grayson streets to include 24 townhomes and 24 condominiums, for a total of 48 new housing units. The inclusion of 15 units to be reserved for households earning up to 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels Metropolitan Area will make SOJO Commons the first mixed-income, for-sale housing development in the Midtown area of San Antonio.

ISSUE:

This project by SOJO Commons II, LP will commence in May 2020 and is expected to be complete by April 2022. The total project cost for this phase of the development is approximately \$15,383,269. For its participation in the Center City Housing Incentive Policy (CCHIP) program, the development would be required to include a total of ten (10) affordable housing units; however, this Economic Development

Forgivable Loan in the amount of \$282,225.00 will facilitate adding five (5) additional affordable units to the project as well as support significant improvements in the public right-of-way to include underground conversion of utilities and new sidewalks and lighting along Locust and Grayson streets. As part of its CCHIP agreement, the project will also receive City fee waivers estimated at \$44,864.00, SAWS fee waivers valued at \$151,248.00 and a 10-year tax increment reimbursement grant.

ALTERNATIVES:

The City Council may elect to deny the request for development loan assistance. Doing so may negatively impact the ability of SOJO Commons II, LP to meet the program requirements to complete construction of the 15 homes reserved for households earning at or below 120% of AMI.

FISCAL IMPACT:

This Ordinance approves the negotiation and execution of a Chapter 380 Economic Development Forgivable Loan Agreement for up to \$282,225 to SOJO Commons II, LP for construction of 48 townhome and condominium units, 15 of which will be sold to households earning at or below 120% of Area Median Income (AMI) and investment of \$15,383,269 in real and personal property improvements. The homes will be located in SOJO Commons Phase II in Council District 1. Funding in the amount of \$282,225 is available in the Inner City Incentive Fund FY 2020 Adopted Budget.

RECOMMENDATION:

Staff recommends approval of the Ordinance authorizing the negotiation and execution of a Chapter 380 Economic Development Loan Agreement with SOJO Commons II, LP for up to \$282,225.00 for the construction of 48 townhome and condominium units, 15 of which will be sold to households earning at or below 120% of Area Median Income (AMI), located in SOJO Commons Phase II in Council District 1. The recommendation to approve the Chapter 380 Economic Development Loan is in alignment with the Mayor's Housing Policy Task Force report that illustrated the need for ownership housing for households up to 120% AMI.