



# City of San Antonio

## Agenda Memorandum

**File Number:**14-1302

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**Agenda Item Number:** 17.

**Agenda Date:** 6/19/2014

**In Control:** City Council A Session

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**DEPARTMENT:** Center City Development and Operations Department

**DEPARTMENT HEAD:** Lori Houston

**COUNCIL DISTRICTS IMPACTED:** 1

### **SUBJECT:**

A Public Private Partnership (P3) for the city-owned property located at 307 Dwyer

### **SUMMARY:**

This ordinance authorizes the following:

- A. Declaring surplus the City-owned property, located at 307 Dwyer, in City Council District 1; and authorizing its conveyance to the San Antonio Housing Trust Public Facility Corporation (PFC).
- B. The negotiation and execution of an Agreement with the PFC in which the City will convey the land and improvements located at 307 Dwyer to the PFC in exchange for the greater of the following: 5% of the cash flow from the project or \$100,000.00 per year for the twenty (20) year term of the agreement.
- C. A Chapter 380 Economic Development Grant with Landbridge Partners for a fifteen year tax rebate equal to the City's M&O ad valorem tax increment on the commercial component of the project paid by the partnership.

### **BACKGROUND INFORMATION:**

The city-owned property located at 307 Dwyer, formerly known as the Dwyer Avenue Center for Transitional Housing, includes a three-story building of approximately 48,239 square feet. The lot, described as NCB 173, Block Lot 1-2, South IRR 39 feet of 3 & 14, is approximately 0.41 acre (or 17,933 square feet). The building

was originally built around 1955 with an extensive renovation in 1992. The property is currently zoned D (Downtown District) and located within the Central Business District with easy access to Highway 281 and Interstate Highway 35, the property is also located near the Historic Civic Center, San Pedro Creek and the River Walk.

In 2010, the services provided at the Dwyer Avenue Center for Transitional Housing were relocated to Haven for Hope. Since then, the building has been vacant. Prior to its closure, City Council created the Haven for Hope Fund in order to establish an endowment for the campus operations.

On November 1, 2012, City Council adopted the P3 guidelines in accordance with Chapter 2267 of the Texas Government Code. Per the adopted P3 guidelines in September 2013, the City issued a Request for Qualifications (RFQ) to identify qualified developers that would develop the property into a housing, commercial, or mixed use development. The City received two proposals and an RFP was issued in December of 2013 to both respondents. In February of 2013, Landbridge Partners was chosen as the qualified respondent.

Landbridge Partners is proposing a \$50,000,000 mixed use development that includes both the city owned property at 307 Dwyer and the Heritage Plaza property. The project consists of 272 market rate housing units, approximately 50,197 square feet of commercial space and 450 parking spaces.

City staff is recommending that the City convey the land and improvements located at 307 Dwyer to the San Antonio Housing Trust Public Facility Corporation (PFC). Landbridge Partners will enter into a Partnership Agreement with the PFC. The PFC will provide the housing component of the project a 100% tax exemption for 20 years provided that 50% of the 272 units (136 units) are leased to households at or below 80% of the Area Median Income which is \$47,070.00.

The PFC will provide to the City the greater of the following: 5% of the cash flow of the housing project or \$100,000.00 per year for the term of twenty years, which will be deposited in to the Haven for Hope Fund created by City Council for campus operations, after any remaining grant requirements are satisfied. The twenty year term will commence upon the first year of project completion. In the event the project does not cash flow in any given year, the PFC will provide the \$100,000 the following year plus 10%. Additionally, the City will provide to the Partnership the following:

- City fee waivers as outlined in the Inner City Reinvestment Infill Policy which are estimated to be \$135,180.00; and
- Provide a 15-year tax rebate equal to the City's M&O ad valorem tax increment on the commercial component of the project paid by the partnership.

The project will not receive any additional incentives from the City.

## **ISSUE:**

On November 1, 2012, City Council adopted the P3 guidelines in accordance with Chapter 2267 of the Texas Government Code which allows the City to solicit for a public-private partnership in order to maximize the return on its asset financially and for the overall benefit of the community. The City has determined that placing the property in a Public Facility Corporation will allow the project to be developed without additional incentives while providing affordable workforce housing.

Chapter 380 of the Local Government Code authorizes the City to provide economic development grants and loans for the purpose of promoting economic development provided the City has established a program for such purposes. City Council has approved such a program.

City staff briefed the Economic and Community Development Council Committee on June 3, 2014. The PFC approved the partnership on June 10, 2014. The Planning Commission took action on the land conveyance to the PFC at their June 11, 2014 meeting.

#### **ALTERNATIVES:**

If staff does not receive approval to convey the property to the PFC and enter into the necessary agreements for the funding for the Haven for Hope Fund or tax rebate for the commercial portion of the project the City will need to identify alternative funding mechanisms for the redevelopment of the site which may include increasing the City's incentives to the project or the release of another solicitation or sealed bid for sale of the property.

#### **FISCAL IMPACT:**

The revenue received from the PFC will be deposited in the Haven for Hope Fund after any remaining grant requirements have been satisfied. Repayable funding will be deducted from the PFC proceeds and any remaining amount will be deposited into the Haven for Hope Fund.

This ordinance also authorized a tax rebate on the commercial component of the redevelopment project in the amount of approximately \$43,000 per year. This will be funded within the General Fund, contingent upon City Council appropriation during the annual budget process.

#### **RECOMMENDATION:**

Staff recommends approval to negotiate and execute an Agreement with the San Antonio Housing Trust Public Facility Corporation for the redevelopment of the city-owned property located at 307 Dwyer in exchange for the greater of the following: 5% of the cash flow from the project or \$100,000.00 per year for the twenty (20) year term of the agreement and approval of a Chapter 380 economic development grant for a fifteen year tax rebate equal to the City's M&O ad valorem tax increment on the commercial component paid by the partnership.