



City of San Antonio

Agenda Memorandum

File Number:20-1725

Agenda Item Number: 6.

Agenda Date: 2/10/2020

In Control: Culture and Neighborhood Services Committee

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Council District 1

SUBJECT:

Briefing on a Development Agreement between 114 Main Plaza, LLC, Houston Street TIRZ Board of Directors, and the City of San Antonio for eligible historic restoration and public improvements for the redevelopment of 114 Main Plaza and a patio license agreement between 114 Main Plaza, LLC and the City of San Antonio.

SUMMARY:

The Center City Development & Operations Department will provide a briefing on the following items:

- A. Execution of a Development Agreement between 114 Main Plaza, LLC, Houston Street TIRZ Board of Directors, and the City of San Antonio for eligible historic restoration and public improvements for the redevelopment of 114 Main Plaza.
- B. Execution of a license agreement between 114 Main Plaza, LLC and the City of San Antonio for use of patio space adjacent to building in southeast corner of Main Plaza for temporary storage and outdoor dining. The lease term will be from March 1, 2020 to February 29, 2025.

BACKGROUND INFORMATION:

The City of San Antonio owns Main Plaza, located in the center of the city. In an effort to re-shape Main Plaza as not only the physical center of San Antonio, but also into the cultural and spiritual center, the City contracted with Main Plaza Conservancy to rebrand the plaza and program activities. The Conservancy provides a farmers market, live music, festivals, concessions, movie screenings and an award-winning video presentation

of the history of San Antonio, shown on the façade of San Fernando Cathedral. The City of San Antonio is responsible for plaza security and maintenance, including landscaping, seating, amenities, plaza repairs, and janitorial services.

To help further the city's goal of transforming Main Plaza, the City is working with 114 Main Plaza, LLC to renovate vacant structures on the plaza. This project includes the renovation of two historic buildings constructed circa 1870 and 1920. The project site is 0.00637 acres. The proposed improvements to 114 Main Plaza include full exterior restorations of the historic façade, interior work for 2,036 square feet of retail, 2,109 square feet of residential (2 units), and 1,146 square feet of storage for the retail and residential units. The project will also activate several underutilized areas around the buildings to include the small courtyard north of the buildings, the alley behind the buildings, and the landscaped area behind the alley. The improvements will upgrade the paving, lighting and the landscaping for pedestrians.

ISSUE:

Staff is requesting approval of a Development Agreement with 114 Main Plaza, LLC that will promote economic development and facilitate up to \$1,132,912 in historic restoration and public improvements:

- A. The restoration of the two historic buildings at 114 Main Plaza is an important project needed to complete the transformation of Main Plaza. The 1870 and 1920 era buildings are designated historic structures for both the local and national register Main and Military Plazas Historic Districts and have been vacant for many years. The restoration will re-activate one of the oldest standing structures in San Antonio while providing an opportunity to bring new businesses and residents to the heart of the city. The project will also activate several underutilized public areas around the buildings including the small courtyard to the north, the alley behind the buildings, and the landscaped area toward the River. These public improvements will upgrade the paving, lighting and the landscaping for visitors and locals to enjoy, and the property owner will be responsible for ongoing maintenance of the improvements thus taking over these maintenance responsibilities from the City. The revitalized buildings and surrounding areas will also add to the overall character and reinforce the historic importance of Main Plaza. The property owner's total investment is \$5.3 million and requested up to \$1,132,912 from the Houston Street TIRZ. Of this amount, \$606,050 is for historic restoration of the building facades and the remaining is for public improvements to city property (map attached). While the project may qualify for incentives through the Center City Housing Incentive Policy (CCHIP), the developer agrees not to pursue these incentives. The development agreement was approved by the Houston Street TIRZ Board meeting on December 18, 2019.
- B. To facilitate the restoration project, the City will enter into a license agreement for use of the patio space adjacent to the building. The five-year agreement will allow the area to be used for temporary storage during the construction project, and permit the placement of tables, chairs and other amenities to activate the space. The patio improvements and amenities will be available for public use.

If approved, the development agreement and patio lease will go to City Council for consideration on February 20, 2020.

ALTERNATIVES:

- A. The City could not approve the Development Agreement for the 114 Main Plaza project. However, 114 Main Plaza, LLC would need to find alternative financing for the required historic preservation to the

building and the public improvements to the City property would most likely be eliminated from the project scope.

The income producing potential for the property is limited because the rentable square feet of the property is so small. This is why the building has been vacant for so many years. The developer is already investing \$4.1 million into the project and it will be challenging for the developer to get additional financing for the project due to the cost and site constraints.

- B. The City could opt not to approve the patio license which would make the patio improvements infeasible and potentially deter future retail tenants for the building.

Not approving either action could delay the commencement of the project or cause the developer to decide not to move forward with the project.

FISCAL IMPACT:

- A. The funding source for the public improvements in the 114 Main Plaza project is the tax in the Houston Street TIRZ fund with no use of General Funds.
- B. The lease rate for the patio space is \$750.00 per year. Revenue payments from the lease will be deposited into the General Fund.

RECOMMENDATION:

Staff recommends an ordinance approving a Development Agreement for eligible historic restoration and public improvements and a patio license agreement located at 114 Main Plaza in Council District 1. If approved, one of the oldest buildings in San Antonio will be restored and much needed public improvements to City property will be made and available to the public.