



City of San Antonio

Agenda Memorandum

File Number:21-3651

Agenda Item Number: 26.

Agenda Date: 5/20/2021

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: 5

SUBJECT:

Execution of a Chapter 380 Economic Development Grant Agreement for the Lone Star District Project located at 500 and 600 Lone Star Blvd., in Council District 5.

SUMMARY:

This ordinance authorizes the execution of a Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, GrayStreet Lone Star, LP, and the City of San Antonio for an amount not to exceed \$24,000,000 over a 15-year term for the Lone Star District Project located at 500 and 600 Lone Star Blvd., in Council District 5.

BACKGROUND INFORMATION:

The Lone Star District is a 32-acre mixed-use development that will include commercial space, multi-family housing, retail space, entertainment, hospitality, office space, and open market space. The core of the development will be the adaptive reuse of the historic Lone Star brewhouse. The project will be built in multiple phases starting in the fourth quarter of 2021 and continuing for approximately a decade. The total built space will exceed 1,000,000 square feet and include approximately 1,282 housing units of which 20% will be affordable, 186 hotel rooms and 359,052 sq ft of office space among its many uses.

The Lone Star District redevelopment-with a total development cost of approximately \$596,000,000 and an assessed value of approximately \$709,267,533-will have both an economic and a community impact. During construction, the project is estimated to create approximately 3,900 direct jobs and 7,734 indirect jobs. Once the development is completed, approximately 1,550 full-time jobs are estimated to be created. The

development will have an impact on the community by transforming a formerly industrial use that has been vacant since 1996 to an active use that will include a refurbished Lone Star Boulevard with new widened sidewalks, bikes lanes, and buried overhead utilities. The transformation of Lone Star Boulevard will also create an additional north-south connection with Steves Avenue through the site as it is developed. New public greenspaces will also be created as will additional portals to the Mission Reach Trail. This will provide community gathering space and launching points for the exploration of the San Antonio River, Missions and other cultural offerings thus enhancing community amenities and enhanced access to these community assets. The developer, GrayStreet Lone Star, LP. has committed to working with the Parks Department on improvements to the neighborhood Roosevelt Park pool. The developer has received letters of support from the Lone Star Neighborhood Association and the Roosevelt Park Neighborhood Association.

ISSUE:

The developer, GrayStreet Lone Star, LP is requesting TIRZ funding for public infrastructure and public improvements for an amount not to exceed \$24 million to be reimbursed over 15 years. The reimbursement will be structured as a TIRZ reimbursement and tax rebate using a Chapter 380 Economic Development Grant Agreement. The public improvements for the first two years will be reimbursed at 100% by the Inner City TIRZ in an amount not to exceed \$2 million. The remaining thirteen years will be a tax reimbursement with the final twelve years being reimbursed using the City's General Fund Operations & Maintenance (O&M) rate, currently at 62.115%. The developer will also contribute approximately \$818,878 to the City's Affordable Housing Fund. This funding will be directed to the Neighborhood and Housing Services Department (NHSD) to be used for affordable housing projects and programs in the area.

On May 4, 2021, the Economic and Workforce Development Committee was briefed on the Lone Star District mixed-use development. The Committee approved the project and recommended the project move to the Inner City TIRZ board for consideration.

On May 7, 2021, the Inner City TIRZ board approved a Resolution for a Chapter 380 Economic Development Grant Agreement between the Inner City Board of Directors, GrayStreet Lone Star, LP, and the City of San Antonio for an amount not to exceed \$24 million over a 15-year term.

City Council consideration is requested for the approval of a Chapter 380 Economic Development Grant Agreement for the Lone Star District Project located at 500 and 600 Lone Star Blvd., in Council District 5 for an amount not to exceed \$24 million for a term of fifteen years.

ALTERNATIVES:

If City Council chooses not to approve the Chapter 380 Economic Development Grant Agreement, it will adversely impact the ability of the developer to proceed with the redevelopment of the Lone Star District.

FISCAL IMPACT:

Funding for the first two years of this agreement is available through the tax increment produced by the Inner City TIRZ. The TIRZ is anticipated to expire before this agreement. In the event the TIRZ is not extended, funding for the final thirteen years of this agreement will be funded through incremental City property tax received into the General Fund from the expired TIRZ. Payment of the agreement from the General Fund will be subject to appropriation by the City Council as part of the annual budget process.

RECOMMENDATION:

Staff recommends approval of a Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, GrayStreet Lone Star, LP, and the City of San Antonio for an amount not to exceed \$24 million for a 15-year term for the Lone Star District Project located at 500 and 600 Lone Star Blvd., in Council District 5.