



City of San Antonio

Agenda Memorandum

File Number: 14-2400

Agenda Item Number: 27.

Agenda Date: 10/30/2014

In Control: City Council A Session

DEPARTMENT: Department of Planning and Community Development

DEPARTMENT HEAD: John Dugan

COUNCIL DISTRICTS IMPACTED: Council Districts 1&2

SUBJECT:

Consideration of a Bexar County Tax Abatement within the boundary of the Midtown Tax Increment Reinvestment Zone as required by state law.

SUMMARY:

City Council is being asked to consider approval of a tax abatement by Bexar County on a project that falls within the boundary of the Midtown Tax Increment Reinvestment Zone (TIRZ). In order to incentivize economic development and housing in downtown San Antonio, Bexar County is proposing a 10 year 50% abatement of County taxes on a 107 unit multifamily apartment complex located at 209 E. 6th Street. The developer, 606 Avenue B, LP, is proposing to invest \$8,500,000.00 to complete the project.

Because this project is within the boundary of an active City of San Antonio designated Tax Increment Reinvestment Zone, the County is required to seek approval from all taxing entities participating in the zone in accordance with the State Property Tax Code Section 311.0125(b)(1)(2).

BACKGROUND INFORMATION:

On August 22, 2014 at the request of Bexar County Judge Nelson Wolff, the Midtown TIRZ Board of Directors approved a resolution (attached) authorizing the Bexar County Tax Abatement for the 209 East 6th street multifamily development proposed by 606 Avenue B, LP.

ISSUE:

By providing tax abatements, the County, is providing necessary incentives to support this project which serves to increase housing options in downtown San Antonio. Because it is not a Participating Taxing Entity (PTE) in the Midtown TIRZ, Bexar County cannot support these projects through the Tax Increment Finance mechanism.

In accordance with Section 311.0125 of the State Tax Code, a taxing unit seeking to abate taxes on real property located in a reinvestment zone must obtain approval from the following entities in order for the agreement to be effective; "The board of directors of the reinvestment zone and the governing body of each taxing unit that imposes taxes on real property in the reinvestment zone and deposits or

agrees to deposit any of its tax increment into the tax increment fund for the zone”.

The Midtown TIRZ Board of Directors has approved the proposed Bexar County Tax Abatement. City Council, as the governing body of the sole taxing unit depositing taxes into the Midtown TIRZ fund, is being asked to approve the tax abatement to facilitate the County providing these necessary incentives. Both Bexar County and the City of San Antonio share the common goal of increasing the availability of housing in downtown San Antonio.

ALTERNATIVES:

The City could deny the tax abatement request from the County. This approach would deny the partnership opportunity between the County and City and potentially prevent the development of this project which would be in opposition to the shared goal of increasing housing options in downtown San Antonio.

FISCAL IMPACT:

This has no fiscal impact to the City of San Antonio property tax collects as Bexar County is abating only its portion of the tax bill for the subject property.

RECOMMENDATION:

Staff recommends City Council approve the proposed Bexar County Tax Abatement as requested by the County.