

AN ORDINANCE 2008-06-19-0607

**APPROVING A 10-YEAR TAX PHASE-IN AGREEMENT FOR 50% OF REAL PROPERTY IMPROVEMENTS FOR A MIXED-USE RESIDENTIAL AND RETAIL/OFFICE SPACE DEVELOPMENT IN COUNCIL DISTRICT 2; AND A \$500,000.00 ECONOMIC DEVELOPMENT PROGRAM LOAN AGREEMENT FOR PUBLIC IMPROVEMENTS WITH EIGHTEEN HUNDRED LTD.**

\* \* \* \* \*

**WHEREAS**, Eighteen Broadway Ltd., a Texas Limited Partnership, is planning to construct a mixed-use project in District 2 at the southeast corner of Broadway and Grayson Streets, one block east of the Pearl Brewery and also located in the federal Empowerment Zone; and

**WHEREAS**, "The Eighteen Hundred" will be a 4-story, mixed-use project providing 213 residential units and 1,800 square feet of retail/office space, offered on a rental basis only, with parking to be accommodated with a 4-story concrete parking garage; and

**WHEREAS**, the developer has applied for a 10-year tax abatement on 50% of the real property improvements and a loan of \$500,000.00 to fund the public improvements; and

**WHEREAS**, to qualify for the tax abatement, the project must meet a minimum investment of \$29,300,000.00, must make public improvements of approximately \$500,000.00, must be used for the intended purpose of market-rate rental housing for the term of the Agreement and may only be assigned to another party prior to sale of the property, subject to approval by the City; and

**WHEREAS**, the City will disburse the \$500,000.00 loan following: (1) receipt of a building permit from the City of San Antonio; (2) initiation of construction; (3) receipt of proof of permanent financing; and (4) receipt of detailed construction plans which include a list of qualifying public improvements; and

**WHEREAS**, if the developer provides documentation supporting \$500,000.00 in qualifying public improvement expenditures, then the loan will revert to a grant; however, if qualifying public improvement expenditures do not total \$500,000.00, the developer will repay the difference between the \$500,000.00 loan and the amount of qualifying public improvements in two equal annual payments starting in January 2011; and

**WHEREAS**, this project supports the City's goal to create more market-rate rental housing in the downtown area and compliments the ongoing Pearl Brewery development in the lower Broadway sector while providing needed market-rate housing for the growth at Fort Sam Houston and the River North development area; and

**WHEREAS**, the Eighteen Hundred will also serve as a catalytic project and an effective model to induce the type of sustainable, workforce-oriented residential housing that will further the

development of a mixed-use, urban neighborhood in the near downtown area; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Council approves a 10-year Tax Phase-In Agreement with Eighteen Hundred, Ltd. for fifty percent (50%) of real property improvements and approves an Economic Development Program Loan Agreement for \$500,000.00, both with the above-recited conditions, copies of which will be filed with this ordinance upon execution.

**SECTION 2.** The City Manager or her designee is authorized to execute the Agreements approved in Section 1.

**SECTION 3.** The amount of \$500,000.00 is appropriated for this ordinance in Fund 29095000 Economic Development Incentives, Cost Center 1604010001 Economic Development Incentives, General Ledger 5201040 Fees to Professional Contractors and the FY08 budget is amended to reflect this change.

**SECTION 4.** Payment not to exceed \$500,000.00 is authorized to Eighteen Hundred, Ltd. as per the terms of the contract and should be encumbered with a purchase order.

**SECTION 5.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

**SECTION 6.** This ordinance shall be effective on the tenth (10th) day after passage.

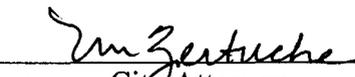
PASSED AND APPROVED this 19<sup>th</sup> day of June, 2008.

  
M A Y O R  
PHIL HARDBERGER

ATTEST:

  
City Clerk

APPROVED AS TO FORM: \_\_\_\_\_

  
for City Attorney



Request for  
**COUNCIL  
ACTION**



**Agenda Voting Results - 66**

<b>Name:</b>	9, 16, 17, 18, 19, 21, 24, 25, 26, 27, 31, 32, 33, 34, 41, 42, 43, 44, 45, 46, 48, 49, 50, 52, 55, 56A, 56B, 57, 58, 59, 61, 62, 66, 68, 69, 70, 72, 73, 75, 76, 78, 80, 81A, 81B, 81C, 81D, 81E, 81F, 81G, 81H, 81I, 81J
<b>Date:</b>	06/19/2008
<b>Time:</b>	02:48:38 PM
<b>Vote Type:</b>	Motion to Approve
<b>Description:</b>	An Ordinance approving a 10-year Tax Phase-In Agreement on 50% of real property improvements for a mixed-use, residential and retail/office space development in Council District 2 and a \$500,000.00 Economic Development Program Loan Agreement for public improvements with Eighteen Hundred Ltd. [Pat DiGiovanni, Deputy City Manager; Robert Peche, Director, Economic Development]
<b>Result:</b>	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Phil Hardberger	Mayor		x				
Mary Alice P. Cisneros	District 1		x				
Sheila D. McNeil	District 2		x				
Jennifer V. Ramos	District 3		x				x
Philip A. Cortez	District 4		x				
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x			x	
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				
Louis E. Rowe	District 9		x				
John G. Clamp	District 10	x					



**CITY OF SAN ANTONIO**  
**Request for Council Action**

Agenda Item # 66  
Council Meeting Date: 6/19/2008  
RFCA Tracking No: R-3525

---

**DEPARTMENT:** Economic Development

**DEPARTMENT HEAD:** Robert Peche

**COUNCIL DISTRICT(S) IMPACTED:**  
Council District 2

**SUBJECT:**  
Tax Phase-In and Economic Development Loan Agreements with Eighteen Hundred Ltd.

**SUMMARY:**

This ordinance authorizes the City to enter into a Tax Phase-In Agreement and an Economic Development Program Agreement with Eighteen Hundred Ltd. in support of a \$29 million market rate rental project at 1880 Broadway called "The Eighteen Hundred." The project is a 4-story, mixed-use development including approximately 213 residential units. Through these Agreements, the City would be providing Eighteen Hundred Ltd. a 10-year tax abatement on 50% of real property improvements and a \$500,000.00 loan for public improvements.

**BACKGROUND INFORMATION:**

Eighteen Broadway Ltd., a Texas Limited Partnership, is planning to construct a mixed-use project in District 2 at the southeast corner of Broadway and Grayson Streets, one block east of the Pearl Brewery. "The Eighteen Hundred" is a 4-story, mixed-use project providing 213 residential units and 1,800 square feet of retail/office space. The residential and retail/office spaces in the project will be offered on a for-rent basis only. Parking will be accommodated by a 4 story concrete parking garage. The project is also located in the federal Empowerment Zone.

Total project costs are estimated at \$29,300,000.00, including approximately \$500,000.00 in public improvements. To help close a gap in financing for the project, the developer has asked for City incentives and assistance. Specifically, the developer has applied for a 10-year tax abatement on 50% of the real property improvements and a loan of \$500,000.00 to help fund the public improvements.

**ISSUE:**

This project qualifies for a 10-year, 100% tax abatement as a Central City multi-family rental only project under the City's Tax Phase In-Guidelines. To qualify for the tax abatement, the project must meet a minimum investment of \$29,300,000.00 and must make public improvements of approximately \$500,000.00. In addition, the property must be used for the intended purpose of

market rate rental housing for the basic term of the Agreement and may only be assigned to another party subject to negotiation and approval by the City and only if requested prior to any sale of the property.

The City will disburse the \$500,000.00 loan following: (1) receipt of a building permit from the City of San Antonio; (2) initiation of construction; (3) receipt of proof of permanent financing; and (4) receipt of detailed construction plans which include a list of qualifying public improvements. If the developer provides documentation supporting \$500,000.00 in qualifying public improvement expenditures, then the loan will revert to a grant, and the developer will not be required to repay any of the \$500,000.00 loan. If qualifying public improvement expenditures do not total \$500,000.00, the developer will repay the difference between the \$500,000.00 loan and the actual amount of qualifying public improvements in two equal annual payments starting in January 2011.

This project also qualified under the Incentive Scorecard policy for total fee waivers of up to \$100,000.00 in SAWS sewer/water impact fees; a 100% waiver of Development Services plan review and building permit fees; and a 50% reduction of street and sidewalk closure fees.

This project supports the City's goal to create more market rate rental housing in the downtown area. This project will also complement the ongoing Pearl Brewery development in the lower Broadway sector and provide needed market rate housing for the growth at Fort Sam Houston and River North development area. It will also serve as a catalytic project and an effective model to induce the type of sustainable, workforce-oriented residential housing that will further the development of a mixed-use, urban neighborhood in the near downtown area.

**ALTERNATIVES:**

The developer is requesting City financial incentives to help make this project a viable investment and allow the project to maintain its high quality, sustainable design features while keeping rents as affordable as possible. Without the City's assistance, it is highly unlikely the developer will obtain the necessary commercial financing in the current financial markets to execute the project.

**FISCAL IMPACT:**

Through this tax abatement and loan agreement, the City will have a net fiscal impact of \$744,594.00 over a 20-year period. The \$500,000.00 loan will be funded from the Economic Development Incentive Fund leaving a balance of approximately \$148,000.00 of uncommitted funds.

**RECOMMENDATION:**

Staff recommends approval authorizing the City to enter into a 10-year, 50% tax abatement agreement on real property improvements and a \$500,000.00 loan agreement with Eighteen Hundred, Ltd. for the mixed-use residential project at 1800 Broadway.

**ATTACHMENT(S):**

File Description	File Name
<a href="#">Voting Results</a>	
<a href="#">Ordinance/Supplemental Documents</a>	200806190607.pdf

**DEPARTMENT HEAD AUTHORIZATIONS:**

Ed Davis Assistant Director Economic Development

**APPROVED FOR COUNCIL CONSIDERATION:**

Pat DiGiovanni Deputy City Manager