



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: {{item.number}}

Agenda Date: November 30, 2023

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 5

SUBJECT:

First Amendment to the Westside TIRZ funded Chapter 380 Economic Development Loan Agreement for the Basila Frocks Project

SUMMARY:

This item approves the first amendment to the Chapter 380 Economic Development Loan Agreement previously approved by the Westside Tax Increment Reinvestment Zone #30 with the Westside Development Corporation dba Prosper West for the Basila Frocks Project located at 502 N. Zarzamora in Council District 5, extending the completion date of the Project. No additional funding is requested.

BACKGROUND INFORMATION:

In 2018, Prosper West requested funding in the amount of \$252,410 in Inner City Incentive Funds (ICIF) for rehabilitation of the Basila Frocks Building located at 502 N. Zarzamora in San Antonio, Texas, in close proximity to the Westside TIRZ boundaries. The ICIF funding for the project was approved by City Council in 2018.

On June 19, 2021, the Westside Tax Increment Reinvestment Zone #30 Board of Directors authorized using the Westside TIRZ as the source of funding for a Chapter 380

Economic Development Agreement with Westside Development Corporation dba Prosper West for the purchase and rehabilitation of the Basila Frocks Building. On March 17, 2022, City Council approved the Chapter 380 Economic Development Agreement with Prosper West for the Project.

Altogether, the Basila Frocks Project would protect a historic building on the West Side from further deterioration. Once fully operational, Basila Frocks would provide economic opportunities for creative businesses in the area. The rehabilitated building would add approximately 20,000 square feet of new office space, with private offices, community meeting space, and an outdoor community engagement/event space.

The agreement approved by the Westside TIRZ requires Prosper West to invest approximately \$3.2 million in real and personal property improvements to the property, provide community engagement space for neighborhood and non-profits, and offer discounted rental rates to micro- businesses. The Agreement provides for loan forgiveness terms: Twenty percent of the loan will be forgiven each year for five years, so long as the following occupancy rates are met following the completion of the project: 55% of the project space is occupied in Year 1; 70% in Year 2; and 80% in Years 3-5.

The project was originally due to be complete by March 31, 2023. Due to the COVID pandemic, supply chain issues and other project delays, Prosper West is requesting to extend the completion date for the rehabilitation project, amending the construction commencement date to February 29, 2024 and the completion date to December 31, 2024. The revisions to the construction timeline would align with the ICIF funding.

On September 29, 2023, the Westside TIRZ Board of Directors approved the first amendment to the Chapter 380 Economic Development Loan Agreement with the Westside Development Corporation dba Prosper West, extending the completion date of the Basila Frocks Project. to December 31, 2024.

ISSUE:

City Council consideration is requested for the approval of the first amendment to the Westside TIRZ funded Chapter 380 Economic Development Loan Agreement with the Westside Development Corporation dba Prosper West for the Basila Frocks Project located at 502 N. Zarzamora in Council District 5, extending the completion date of the Project.

ALTERNATIVES:

If City Council chooses not to approve this amendment to the Chapter 380 Economic Development Agreement to extend the project completion date, it would put the project in non-compliance of the existing Agreement which could lead to the project being ineligible to receive funding and delay or cancel the project.

FISCAL IMPACT:

Funding for this Project is available through the tax increment produced by the Westside TIRZ. There is no impact to the City's General Fund, and no additional funding is approved by this action.

RECOMMENDATION:

Staff recommends City Council approval of the first amendment to the Chapter 380 Economic Development Loan Agreement with the Westside Development Corporation dba Prosper West for the Basila Frocks Project located at 502 N. Zarzamora in Council District 5, extending the completion date of the Project.