



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 19

Agenda Date: August 15, 2024

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 5

SUBJECT:

Assignment of the Chapter 380 Economic Development Loan Agreement for Peanut Factory Lofts

SUMMARY:

An ordinance consenting to the assignment of the Chapter 380 Economic Development Loan Agreement for the Peanut Factory Lofts project at 939 S. Frio Street from 939 S. Frio Street, LLC to San Antonio Multifamily 74 DST.

BACKGROUND INFORMATION:

On January 3, 2013, the City of San Antonio executed an Economic Development Loan Agreement with South Frio Development LLC for construction of the Peanut Factory Lofts project located at 938 S. Frio. The Agreement provided a \$400,000 loan for site work and public improvements, to be repaid at \$40,000 per year for ten years. The loan repayment was eligible for annual forgiveness based on the number of units leased to students. The loan was disbursed to the developer in September 2013.

On December 1, 2016, the City approved the First Amendment to the Agreement which altered repayment terms. In consideration for the Amendment, the developer paid a \$150,000 lump sum

toward the \$400,000 loan, reducing the balance to \$250,000. The balance is to be repaid at \$25,000 per year for ten years. The Amendment revised the conditions for loan forgiveness to 15 student housing units and \$5,000 spent on marketing targeted to students, to be verified annually.

Concurrently with the Amendment in 2016, the City Council approved an Assignment of the Agreement from South Frio Development LLC to 939 S. Frio Street, LLC.

ISSUE:

The current owner, 939 S. Frio Street, LLC, is in the process of selling the project and has submitted a request to assign the Chapter 380 Economic Development Loan Agreement to the new buyer, San Antonio Multifamily 74 DSD. The current owner is current on loan repayments, and a balance of \$75,000 remains to be repaid or forgiven over the next three years. This assignment will assign the obligation for loan repayment or forgiveness to San Antonio Multifamily 74 DSD. Per the agreement, any assignment requires written consent of the City and passage of an ordinance approving such assignment.

The project was also awarded a separate Center City Housing Incentive Policy (CCHIP) agreement in 2013 which granted a tax rebate, fee waivers, and a mixed-use forgivable loan. The CCHIP agreement may be assigned with written consent of the City Manager and does not require an ordinance.

ALTERNATIVES:

City Council could opt not to approve the assignment of the Economic Development Loan Agreement. This would obligate the seller to repay a loan for a property they will no longer own and will potentially impact the private sale.

FISCAL IMPACT:

There is no fiscal impact for this item.

RECOMMENDATION:

Staff recommends approval.