



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 29

Agenda Date: November 9, 2023

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 1

SUBJECT:

Grant Kress Rehabilitation Project for the San Antonio African American Community Archive and Museum

SUMMARY:

This ordinance approves the following actions relating to the Grant Kress Building Rehabilitation Project for the San Antonio African American Community Archive and Museum funded from the Houston Street Tax Increment Reinvestment Zone:

1. Approving the Assignment of the Grant Kress Building Rehabilitation Project Development Agreement to the San Antonio African American Community Archive and Museum.
2. Approving an amended and restated Grant Kress Rehabilitation Project Development Agreement with the San Antonio African American Community Archive and Museum in the new amount of \$900,000 from the Houston Street TIRZ.
3. Approving a Chapter 380 Economic Development Loan Agreement with the San Antonio African American Community Archive and Museum for the Grant Kress Building Project in the amount of \$5,350,000 from the Houston Street TIRZ.

BACKGROUND INFORMATION:

The Grant and Kress Buildings are historic buildings in the 300 block of East Houston Street in downtown San Antonio, located within walking distance from the Alamo. The buildings were the site of a former five-and-dime store and one of seven downtown lunch counters to be peacefully desegregated in 1960. San Antonio African American Community Archive and Museum (SAAACAM) has identified the Kress and Grant buildings as the most suitable site to relocate their existing administrative offices and archives. In addition, SAAACAM will rehabilitate the buildings to operate a museum, an auditorium with adjacent classrooms, research library, special event space, two rooftop terraces, and a 12-room hotel.

In May 2019, the Houston Street TIRZ Board approved the Grant Kress Building Rehabilitation Project with GrayStreet for reimbursement of eligible expenses for the rehabilitation of the buildings. City Council approved the agreement in June 2019. GrayStreet subsequently assigned the Project to Kress OZB, LLC. The proposed Assignment will convey the Project to San Antonio African American Community Archive and Museum. As part of the Assignment, an Amended and Restated Development Agreement provides \$900,000 for property acquisition costs and rehabilitation of the buildings.

The City will provide SAAACAM an economic development loan in the amount of \$5,350,000 for acquisition of the buildings. SAAACAM will be required to operate a museum that is open to the public for a period of at least ten years. The Loan will be forgivable at 20% per year in years 6-10. Bexar County is a partner in the project and has approved \$5,000,000 for acquisition of the building. The City's total contribution to the project is \$6,250,000 for acquisition and rehabilitation expenses.

The project is expected to be completed in three phases. The first phase includes acquisition of the building and immediate repairs related to existing water damage, which will be completed by February 2024. The second phase includes design, construction of the auditorium, classrooms, and 3 exhibition galleries, which will be completed by March 2025. The final phase includes the remaining 3 exhibition galleries, special event space, rooftop terrace and hotel, which will be completed by January 2026.

The Houston Street Tax Increment Reinvestment Zone Board of Directors approved the Assignment, the Amended and Restated Development Agreement, and the Loan Agreement on October 30, 2023.

ISSUE:

City Council approval is needed to authorize loan agreements and assignments for the Houston Street TIRZ.

ALTERNATIVES:

If City Council chooses not to approve the Agreements, the San Antonio African American Community Archive and Museum will need to seek alternate funding sources for Grant Kress Building Rehabilitation Project. This may delay or lead to the cancelation of the project.

FISCAL IMPACT:

Funding for the Chapter 380 Economic Development Loan Agreement in the amount of \$5,350,000 and \$900,000 for the Project Development Agreement is available through the tax increment produced by the Houston Street TIRZ. There is no immediate fiscal impact to the City's General Fund.

RECOMMENDATION:

Staff recommends approval.