



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:

Second Amendment to the Chapter 380 Economic Development Loan Agreement for the Basila Frocks Project

SUMMARY:

This item approves the second 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 and amending terms of loan forgiveness. No additional funding is requested.

BACKGROUND INFORMATION:

In 2018, Prosper West, requested funding in the amount of \$252,410 in Inner City Incentive Funds for rehabilitation of the Basila Frocks building located at 502 N Zarzamora St. in Council District 5.

The funding for the project was approved by City Council in 2018. Altogether, the 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 project was originally due to complete real and personal property improvements by December 31, 2021. Due to construction and financing delays, the project was granted an extension in 2022 for the completion date to March 31, 2023.

In addition to the ICIF loan, the Westside TIRZ Board and City Council approved awarding \$945,000.00 from the Westside TIRZ to Prosper West to complete the project.

ISSUE:

Due to the COVID pandemic and supply chain issues, Prosper West is requesting an amendment of the commencement and completion dates. The revised commencement date is February 29, 2024, and the project completion date is December 31, 2024. The revisions to the construction timeline would align with the TIRZ agreement.

The amendment also revises the loan forgiveness terms to align with the TIRZ agreement. 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.

City Council consideration is requested for the approval of the second 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.

ALTERNATIVES:

If City Council chooses not to approve this amendment to the Chapter 380 Economic Development Agreement to extend the project completion date, it could lead to the project being ineligible to receive funding and delay or cancel the project.

FISCAL IMPACT:

Funding for this Project was reserved through the Inner City Incentive Fund in 2018. 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 second 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.