



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 36

Agenda Date: November 18, 2021

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT:

Development Agreement for the Broadway East by Encore Project

SUMMARY:

This ordinance authorizes the execution of a Development Agreement between the Midtown TIRZ Board of Directors, Encore Multi-Family, LLC, and the City of San Antonio for eligible public improvements for an amount not to exceed \$7,000,000 for the Broadway East by Encore Project located at 1203 Austin Street in Council District 2.

BACKGROUND INFORMATION:

The Broadway East by Encore project is phase one of a 23-acre master planned development. The project consists of the redevelopment of an underutilized/vacant property to a luxury multifamily complex. The new development will replace existing infrastructure and includes construction of a 386-unit multi-family development with significant public infrastructure upgrades and installations benefiting the surrounding area within the boundary of the Midtown TIRZ. The total development cost for the project is approximately \$90 million.

This project is anticipated to begin in October 2021 and estimated to be completed by December 31, 2023.

As part of the project, the developer will make public improvements including utility improvements, street reconstruction, environmental remediation, demolition of outdated buildings, landscaping, new sidewalks, ramps and covered walkways, parking garage green walls and screening, enhanced lighting, archeological study and reporting, design costs and fees, and other installations benefitting the surroundings areas. The estimated cost of these improvements is \$10,422,702. The \$7,000,000 will be paid over a period not to exceed ten (10) years. For FY22 and FY23, Developer may request reimbursement of \$1,000,000 per year for eligible public improvement costs not to exceed a total of \$2,000,000. Beginning in calendar year 2024 and continuing for either 8 years or until the Maximum Reimbursement is reached, Developer may request an annual tax rebate equal to 75% of the incremental property tax paid on the project site, with the remaining 25% deposited into the Affordable Housing Fund which will incentivize future affordable housing projects.

In coordination with the District 2 Office, the project will be providing additional community benefits including clubhouse space for community organizations and neighborhood associations, job creation of approximately 250 jobs during construction and 10 post-construction jobs. Encore will work with local community to focus on hiring residents from the immediate area. Encore will also work with area property owners/developers to explore additional ways to construct and incorporate community spaces that provide community benefits in the surrounding area.

ISSUE:

Encore Multi-Family, LLC is requesting TIRZ funding for eligible public improvements that include utility improvements, street reconstruction, environmental remediation, demolition of outdated buildings, landscaping, new sidewalks, ramps and covered walkways, parking garage green walls and screening, enhanced lighting, archeological study and reporting, design costs and fees, and other installations benefitting the surroundings areas for an amount not to exceed \$7,000,000. The reimbursement will be structured through a Development Agreement.

On August 31, 2021, the Midtown TIRZ board approved a Resolution authorizing a Development Agreement between the Midtown TIRZ Board of Directors, Encore Multi-Family, LLC, and the City of San Antonio for an amount not to exceed \$7,000,000 in eligible public improvement cost reimbursement and tax rebate in accordance with the terms of the Agreement for the Broadway East by Encore Project located at 1203 Austin Street in City Council District 2.

City Council consideration is requested for the approval of the Development Agreement.

ALTERNATIVES:

If City Council chooses not to approve the Development Agreement, Encore Multi-Family, LLC will need to seek an alternate funding source to help with the public improvements. This could potentially delay or prevent the development of the Broadway East by Encore Project.

FISCAL IMPACT:

Funding for this agreement is available through the tax increment produced by the Midtown TIRZ. There will be no impact to the General Fund.

RECOMMENDATION:

Staff recommends approval of the Development Agreement with Encore Multi-Family, LLC in an amount not to exceed \$7,000,000 for the Broadway East by Encore Project located at 1203 Austin Street in Council District 2. The project qualifies for funding under Chapter 311 of the Texas Tax Code and was recommended for approval by the Midtown TIRZ board of Directors on August 31, 2021.