

Legislation Details (With Text)

File #:	2023-5980	Name:	
Type:	Presentation	Status:	Agenda Ready
File created:	11/14/2023	In control:	City Council - Regular Session
On agenda:	1/9/2024	Final action:	
Title:	Conceptual Economic Development Incentive Request for Bayberry Crossing Shopping Center - Proposed Community Improvement District and LCRA Redevelopment Plan; Bayberry Crossing Baceline, LLC, applicant		

Sponsors:

Indexes:

Code sections:

Attachments: 1. Developer Presentation, 2. Pre-Application Worksheet & Incentive Modeling, 3. Ordinance 7472 - LCRA Urban Renewal Area for 50 & 291 Corridors, 4. City Presentation

Date	Ver.	Action By	Action	Result
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Conceptual Economic Development Incentive Request for Bayberry Crossing Shopping Center - Proposed Community Improvement District and LCRA Redevelopment Plan; Bayberry Crossing Baceline, LLC, applicant

Issue/Request:

This is a conceptual presentation pursuant to the City's Economic Development Incentive Policy for the request by Bayberry Crossing Baceline, LLC, LLC ("Developer"), for the use of a community improvement district and a redevelopment plan pursuant to the Land Clearance for Redevelopment Authority (LCRA) Act to provide renovation and improvements to the Bayberry Crossing Shopping Center located at 507 SE Melody Lane.

Key Issues:

Evaluation of a request for a CID and LCRA redevelopment plan to provide reimbursement to Developer for certain qualified redevelopment costs associated with the shopping center improvement work. Developer's proposed reimbursable costs include these shopping center renovation costs:

- Main Center Facades and Building Envelope Integrity
- Landscaping (including irrigation)
- Signage
- LED lighting
- Amenities (benches, planters, etc.)

Background:

Developer is proposing to undertake remodeling, updates and improvements to the Bayberry Crossing shopping center. The shopping center parcel is about 5.05 acres and the building size of the completed project is about 54,000 square feet.

The Developer proposes to use a community improvement district (CID) which would impose a 1% sales tax

for up to 27 years, which the maximum duration allows by the CID Act. Developer projects that the sales tax revenues in the first year of the CID will be about \$75,000/year, which represents \$7.5 million in annual taxable sales, and would accelerate to about \$10 million in annual taxable sales after 6 years. Developer projects that the total net present value of the reimbursement will be about \$1.42 million after 27 years.

Developer also requests the use of an LCRA redevelopment plan to provide sales tax exemption on construction materials for the redevelopment work. This would provide about \$72,000 in cost savings to Developer for the project. The property is located in the US 50 / M-291 Highway Urban Renewal Area that was created through the adoption of Ordinance No. 7472 in June 2014.

The CID area would include the entire parcel at about 5 acres. Data for the proposed request (rounded to the thousands):

Total Project Costs:

\$10,794,000

Total Requested Potential Reimbursement:

\$1,456,000

Total Projected Actual Reimbursement:

\$3,151,000 over 27 years based on sales tax projections

\$1,423,000 net present value of reimbursement at 6% discount rate

Reimbursement as a Percentage of Total Project Costs:

14.2%

Impact/Analysis:

The CID would impose a 1% sales tax over the shopping center which will last for 27 years, or until the reimbursable project costs are paid in full. The LCRA Plan would be in effect during the redevelopment time period only, to provide sales tax exemption on construction materials that are used in the renovation process. The property would return to the tax rolls after the redevelopment work is completed.

Timeline:

Developer plans to start with the project in 2024 and finish in less than a year.

For the Developer

Curt Petersen, Polsinelli, P.C.

For City Staff

David Bushek, Chief Counsel of Economic Development and Planning