

Legislation Text

File #: BILL NO. 19-90, **Version:** 1

An Ordinance approving the 2nd and Douglas LCRA Redevelopment Plan.
(NOTE: First reading by City Council on April 16, 2019.)

Issue/Request:

An Ordinance approving the 2nd and Douglas LCRA Redevelopment Plan.

Key Issues:

Approval of this ordinance will allow for the sales tax exemption on the construction materials for the 2nd and Douglas Land Clearance for Redevelopment Authority (LCRA) Redevelopment Plan and Project. The Developer worked with City staff to structure the sales tax exemption through the LCRA rather than through a Chapter 100 program which has been previously utilized for sales tax exemption on other multi-family projects. The Developer is only seeking the sales tax exemption through the LCRA Redevelopment Plan and is not seeking tax abatements for the redevelopment project.

Additional information may be found in the attached staff report for the 2nd and Douglas LCRA Plan which outlines the various aspects of the Plan.

A simple majority vote is necessary to adopt the proposed ordinance.

Proposed City Council Motion:

I move for second reading of an ordinance approving the 2nd and Douglas LCRA Redevelopment Plan.

Background:

On July 12, 2018, the Developer presented a conceptual economic development incentive request to the Mayor and Council for consideration in accordance with the City's adopted Economic Development Incentive Policy. The request entailed utilizing Tax Increment Financing (TIF) to reimburse the Developer for construction costs related to the structured parking aspects of the proposed multi-family development. The Mayor and Council directed the Developer and staff to formally prepare the proposed incentive request and development plan, and proceed through the formal processes to consider the proposed redevelopment project. The proposed redevelopment plan at that time entailed removing all existing structures on the site located at 114 SE Douglas Street (Summit Church) and constructing approximately 257 market-rate multi-family luxury dwelling units with amenities and structured parking. At that time, the proposed investment was estimated to be a \$48 million redevelopment project. In addition to providing direction to proceed with the preparation of the incentive request and development plan, the Council adopted a funding agreement which requires the Developer to finance associated legal, fiscal, planning, engineering and consulting costs incurred by the City to process the request(s).

On December 4, 2018, the Developer presented a second conceptual economic development incentive

request to the Mayor and Council as the proposed redevelopment project had been revised to incorporate and repurpose the 1922 church sanctuary. The Developer's proposed investment had increased from an originally estimated \$48 million project to an estimated \$53.1M project. In addition to the requested TIF to reimburse for the structured parking, the Developer requested a sales tax reimbursement for construction materials for the project in an estimated amount of \$1.3 million through a Chapter 100 or similar incentive structure. The Mayor and Council provided direction to the Developer and staff to formally proceed with preparing the proposed development plan and incentives for the redevelopment project.

On February 27, 2019 the Land Clearance for Redevelopment Authority (LCRA) Board of Commissioners adopted LCRA Resolution 2019-1 recommending that the 2nd and Douglas LCRA Plan be approved by the City Council. The 2nd and Douglas LCRA plan would provide for sales tax exemption on the construction materials for the proposed redevelopment project (apartments and structured parking).

Impact/Analysis:

The estimated benefit of the LCRA Redevelopment Plan for the Developer will be sales tax exemption on construction materials for the apartments and structured parking in an estimated amount of \$1,329,790.

David Bushek, Chief Counsel of Economic Development & Planning
Mark Dunning, Assistant City Manager

Committee Recommendation:

On February 27, 2019 the Land Clearance for Redevelopment Authority (LCRA) Board of Commissioners adopted Resolution 2019-1 recommending the 2nd and Douglas LCRA Plan be approved by the City Council. The 2nd and Douglas LCRA plan would provide for sales tax exemption on the construction materials for the proposed redevelopment project (apartments and structured parking).