

Legislation Details (With Text)

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Title:	Conceptual Economic Development Incentive Request - Land Clearance for Redevelopment Authority incentives for the Ellis Glen Residential and Office Project; Integrity Group Real Estate, applicant		
Sponsors:			
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Attachments:	1. Developer Presentation, 2. Financial Incentive Pre-Application Worksheet, 3. City Staff Incentive Analysis, 4. Aerial Map with Legal Descriptions, 5. History of Residential Incentives, 6. Ordinance 7228 - Downtown LCRA Blight Designation		

Date	Ver.	Action By	Action	Result
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Conceptual Economic Development Incentive Request - Land Clearance for Redevelopment Authority incentives for the Ellis Glen Residential and Office Project; Integrity Group Real Estate, applicant

Issue/Request:

This is a conceptual presentation pursuant to the City's Economic Development Incentive Policy for the request by Integrity Group Real Estate ("Developer"), along with designated partners, as the developer of a mixed use project consisting of 8,000 square feet of office and 26 multifamily residential units on approximately 1.2 acres of property located at 102-110 SW Market Street in the Downtown area, for sales tax exemption on construction materials and real property tax abatement through the Land Clearance for Redevelopment Authority Act.

Key Issues:

Evaluation of a request for sales tax exemption on construction materials and real property tax abatement in the amount of 75% for 25 years.

Proposed City Council Motion:

No motion requested as this is only a conceptual presentation. The Developer is seeking the City Council's feedback pursuant to the City's Economic Development Incentive Policy.

Background:

Developer is requesting an LCRA economic incentive in the form of (1) sales tax exemption on construction materials and (2) real property tax exemption in the amount of 75% for 25 years.

The site of the proposed development currently consists of 5 unplatted parcels. The properties at 104 and 106 SW Market St. are vacant. Existing single-family homes are located at 108 and 110 SW Market St. The remaining property at 102 SW Market St. has an existing single-family home with a large detached garage.

The proposed development will be composed of a single three-story mixed-use building with the associated surface parking lot located to the rear of the building. The first floor of the building will be 9,944 sq. ft. of commercial office space. Floors two and three will be a mix of studio, one- and two-bedroom apartments.

The subject site is located in the northwest corner of the Downtown Core Area as shown in the Downtown Master Development Plan. The surrounding properties to the east, south and west are commercially zoned properties, CP-2 and TNZ respectively. A duplex and single-family home are located adjacent to the north property line.

The 2021 Ignite Comprehensive Plan land use map identifies the subject site as Activity Center Downtown. The Plan identifies the Downtown Activity Center as the traditional core and heart of the community with access to downtown that is walkable for residents in nearby residential neighborhoods. The plan advocates for additional housing options to increase the ability for additional residents to live and work Downtown, as well as increase patronage of local businesses, parks, and events.

Impact/Analysis:

The sales tax exemption request would have an impact on the City based on the loss of use tax revenues. Developer has not quantified where the construction materials would be purchased, so we do not have the ability to precisely evaluate the impact to the City from this portion of the request at this time. Developer will need to provide this data for the LCRA Plan.

The tax abatement over the requested 25-year period results in about \$3.52 million in abated taxes, which has a net present value benefit of about \$1.8 million at a 5.5% discount rate. The NPV benefit of the proposed 25% PILOTs is \$603,000 to all taxing district and about \$102,500 to the City.

The total benefit to the Developer is about \$1.81 million from the real property tax abatement and about \$232,000 from the sales and use tax exemption, for a total net benefit of about \$2.04 million which is about 25.5% of the total project costs.

The total impact to the City is about \$598,000 from the real property tax abatement and about \$84,000 from the sales and use tax exemption. After factoring in the City's portion of the 25% PILOTs, the net impact to the City tax revenues is about \$480,000.

Timeline:

Developer has not indicated when construction would begin.

Other Information/Unique Characteristics:

This is the first mixed use project in the Downtown area to request incentives from the City. The property is not currently in a designated LCRA area but lies immediately outside the Downtown Core LCRA designation from 2012.

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Mark Dunning, Assistant City Manager

