



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of October 9, 2012  
Action Item for the City Council Meeting of October 16, 2012

**DATE:** September 14, 2012

**TO:** Ronald L. Olson, City Manager

**THROUGH:** Wes Pierson, Assistant City Manager  
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Temporary Tax Abatement for Cosmopolitan Corpus, Ltd. for the property located at 401 N Chaparral Street (Lichtenstein Building)

### **CAPTION:**

Resolution authorizing the execution of an agreement with Cosmopolitan Corpus Ltd. providing for temporary tax abatement

### **PURPOSE:**

Granting a temporary tax abatement to Cosmopolitan Corpus Ltd. for a term of up to eight years.

### **BACKGROUND AND FINDINGS:**

Cosmopolitan Corpus submitted an application for incentives to the City of Corpus Christi requesting tax abatement for the building located at 410 N Chaparral Street, the old Lichtenstein's building. The development is located within the Downtown TIF. Downtown is a council identified catalyst area. The Downtown Management District has written a letter of support for this project to receive a tax abatement.

In accordance with the City's Tax Abatement Guidelines and Criteria, Cosmopolitan is seeking tax abatement as per section 3 of the Guidelines:

The level of any New Facility, Expansion, or Modernization that is located within a Catalyst Area or that is a Locally-Owned Facility is increased by one level above the standards set forth in Section 2(i)(1) and (2) above, with a minimum level of 3 for any the project. Further, if a Facility qualifies under both the capital investment qualification criteria and the new jobs and salary criteria, the Facility will be increased by one level above the highest criteria level achieved.

Level 3 provides a maximum number of 8 years tax abatement, including up to 2 years during construction. The increment value of the City's ad-valorem tax will be abated based on the following schedule:

- Years 1-5      100% (not to exceed 2 years for construction)
- Year 6            75%
- Year 7            50%
- Year 8            25%

They plan to construct 160 residential units and have 6,392 square feet of retail including 216 parking spaces. Improvements are estimated to be approximately \$14,000,000. This project will create approximately 17 permanent jobs. The property is currently appraised at \$882,006 and is currently vacant. The City receives \$5,032.31 in taxes.

**ALTERNATIVES:**

There are no other incentives available to a project this size. It is below the investment limits for a County or College District abatement.

**OTHER CONSIDERATIONS:**

Not applicable

**CONFORMITY TO CITY POLICY:**

This tax abatement is eligible for a Tier 3 treatment. It is in a Texas Enterprise Zone.

**EMERGENCY / NON-EMERGENCY:**

NON-EMERGENCY

**FINANCIAL IMPACT:**

- Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2012-2013</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item			439,329	439,329
BALANCE			439,329	439,329

Fund(s):

**Comments:** This revenue is over and above the amount that would be received at the current valuation.

**RECOMMENDATION:**

Staff recommends approval to grant tax abatement to Cosmopolitan Corpus Ltd., the owner of taxable property located at 401 North Chaparral Street in accordance with the City's Tax Abatement Guidelines and Criteria.

**LIST OF SUPPORTING DOCUMENTS:**

- Tax Abatement Application
- Tax Abatement Agreement