



AGENDA MEMORANDUM

Action Item for the City Council Meeting April 12, 2022

DATE: March 24, 2022

TO: Peter Zanoni, City Manager

FROM: Heather Hurlbert, Director of Finance & Business Analysis
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**First Amendment to the Development Reimbursement Agreement
Related to the Bohemian Colony in TIRZ #5**

CAPTION:

Motion authorizing an amendment to the Development Reimbursement Agreement with South Padre Investment, Inc., located in Tax Increment Reinvestment Zone No. 5, to extend the project start deadline from April 30, 2022, to April 30, 2024, and extend all other milestones for additional two years.

SUMMARY:

This motion authorizes an extension of the start date requirement for South Padre Investment, Inc. for two additional years and an extension all other milestones in the agreement for an additional two years.

BACKGROUND AND FINDINGS:

In August 2020, the City Council approved an ordinance designating 258.9 acres within the jurisdiction of the City of Corpus Christi as a Tax Increment Financing District to be known as "Reinvestment Zone Number Five, City of Corpus Christi, Texas" (TIRZ #5) with a maximum City financial participation of 75% over 20 years and a maximum contribution of \$9,000,000

The 258.9-acre development is located on the southwest corner of South Padre Island Drive (SPID) and Crosstown Expressway and is currently used primarily for agricultural purposes. The development was proposed as having 999 multi-family units, 777 townhomes, and 450,000 sq./ft of commercial space. The developer proposed the townhomes as workforce housing with a proposed price range of \$200,000 to \$250,000. The development will be known as the Bohemian Colony (BoCo).

Subsequent to the creation of the TIRZ by the City Council, Nueces County approved participation at 75% of its increment for the life of the TIRZ, and Del Mar College approved participation at 75% for twenty years, up to \$4,000,000.

To date, the developer has completed pre-plat, final plat, architectural and engineering design and fully permitted 48 townhomes and has invested over half a million dollars to date. At this time, the developer is only asking to extend the milestones and is not requesting to extend the TIRZ term of 20 years.

Under Section Two of the “Developer Obligations” in the Development Reimbursement Agreement, City staff is recommending the following milestone changes.

Developer Obligations: **Proposed Recommended Changes**

- Developer agrees that the completed improvements shall substantially conform to the conceptual development plan.
- Developer shall obtain all permits from the City and begin construction of the first Phase or Subphase of townhomes development on or before ~~April 30, 2022~~, **April 30, 2024**.
 - Completions of first Phase or Subphase of townhomes as evident by Certificate of Occupancy (C of O) on or before ~~April 30, 2023~~, **April 30, 2025**.
- Developer shall obtain permits from the City and begin construction of the first Phase or Subphase of commercial development on or before ~~December 31, 2025~~, **December 31, 2027**.
 - Developer shall receive a C of O for a building or buildings including not less than 50,000 square feet of gross floor area within the First Commercial Phase, on or before ~~December 31, 2026~~, **December 31, 2028**.
- Development Progress:
 - The following Improvements shall be completed, as evidenced by receipt of a C of O, on or before ~~December 31, 2034~~, **December 31, 2036**:
 - a) 500 townhome units; and
 - b) 600 multi-family units; and
 - c) 300,000 square feet of gross floor area of commercial development.

If the improvements are not completed on or before ~~December 31, 2034~~, **December 31, 2036**, City may suspend payment of reimbursements for Eligible Infrastructure and holding costs until such time as these improvements are complete. Failure to complete the aforementioned Improvements on or before ~~December 31, 2034~~, **December 31, 2036**, shall not be an event of default under Section ~~12 11~~ of this Agreement.

The Development Reimbursement Agreement includes the following:

- Maximum reimbursement to the Developer under the agreement is \$17,000,000.
- Construction of City infrastructure, including streets, drainage, and a 10-acre City Park.
- Reimbursement is limited to the cost of specified infrastructure

The Developer is eligible to receive reimbursement for costs after infrastructure construction is complete, all required inspections and documentation has been received and accepted by the City, and the infrastructure has been included in a recorded plot. After these items have been completed the developer is eligible to receive reimbursement up to the increment available each year in the TIRZ fund.

ALTERNATIVES:

City Council could choose not to approve the extension or make recommendations.

FISCAL IMPACT:

The Developer Reimbursement Agreement is a maximum amount, not to exceed \$17,000,000.00. This amendment will not impact the reimbursement amount.

Funding Detail:

Fund:	NA
Organization/Activity:	NA
Mission Element:	NA
Project # (CIP Only):	NA
Account:	NA

RECOMMENDATION:

Staff recommends approving the extension for the Development Reimbursement Agreement. The developer continues to move forward with the valuable project that will be an asset to the area. TIRZ #5 suffers from economic stagnation, inadequate infrastructure, inadequate sidewalks, and street layout. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment.

LIST OF SUPPORTING DOCUMENTS:

Extension Request Letter – Developer
Amendment No. 1