



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting April 23, 2019

DATE: April 10, 2019

TO: President and Honorable Board Members,
Corpus Christi Tax Increment Reinvestment Zone #3

THROUGH: Keith Selman, Interim City Manager

FROM: Alyssa M. Barrera, Executive Director, Downtown Management District
Alyssa@cctexasdmd.com
(361) 882-2363

<p>Approval of TIRZ #3 Reimbursement Agreement with Peoples Street Project, LLC for the Ward Building at 541 N. Chaparral St.</p>
--

CAPTION:

Motion to approve a Downtown Development Reimbursement Agreement with Peoples Street Project, LLC for improvements to the property located at 541 N. Chaparral St. for a total incentive amount not to exceed \$190,000 through the Chaparral Street Property Improvement Grant and a total incentive amount not to exceed \$200,000 under the Project Specific Development Agreement.

PURPOSE:

The purpose of this item is to approve a Reimbursement Agreement for the renovation of the Ward Building at 541 N Chaparral St. through the Chaparral Street Property Improvement Grant Program and the Project Specific Development Agreement.

BACKGROUND AND FINDINGS:

The Incentive Programs adopted by the TIRZ #3 Board in the Project and Financing Plan are specially structured to encourage specific types of development key to our community's long-term goal of Downtown Revitalization. Using development cost data and market demand data, the City and the DMD worked together to develop four incentive programs to drive new investment within the Zone. The purpose of these programs is to support new businesses, activate vacant buildings, and increase housing supply.

One of the four programs, the Chaparral Street Property Improvement Grant Program, is designed to reimburse a property owner a portion of the building improvement costs associated with occupying a vacant structure. Another program, the Project Specific Development Agreement, is designed to reimburse a portion of the incremental tax increases due to qualifying property improvements from the qualifying taxing entities (City, County, & Del Mar College).

The Ward Building is a three story 22,000 square foot building. It will be a historic redevelopment project consisting of a restaurant, retail, or co-working space on the first floor, approximately 14 art studios/artist workshops on the second floor, and eight apartment units on the third floor. The

developer has already cleaned out the debris in the building and has begun asbestos remediation.

The Agreement includes a reimbursement of \$190,000 through the Chaparral Street Property Improvement Program to be paid out as follows:

- \$100,000 in Year 1
- \$90,000 in Year 2

Additionally, the Agreement includes a cap of \$200,000 to be paid over a ten (10) year period, or until the termination of TIRZ #3, whichever comes first, composed of:

- 75% Reimbursement of taxes paid to the City, County, and Del Mar on the new improvements.

ALTERNATIVES:

The Board could not approve this agreement.

OTHER CONSIDERATIONS:

N/A

CONFORMITY TO CITY POLICY:

Conforms with the Tax Code, City Charter and TIRZ #3 Project & Financing Plan.

DEPARTMENTAL CLEARANCES:

Finance

Legal

FINANCIAL IMPACT:

☒ Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2018-2019	Project to Date Expenditures (CIP only)	Current Year	Future Years (2019-2020)	TOTALS
Line Item Budget		\$ 200,000	\$200,000	
Encumbered / Expended Amount		\$52,615		
This item		\$ 100,000	\$90,000	\$ 190,000
BALANCE		\$ 47,385	\$110,000	

RECOMMENDATION:

Staff recommends approving the reimbursement agreement.

LIST OF SUPPORTING DOCUMENTS:

TIRZ #3 Downtown Development Reimbursement Agreement – Ward Building