



## **AGENDA MEMORANDUM**

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting May 25, 2021

**DATE:** May 14, 2021

**TO:** Peter Zaroni, City Manager

**FROM:** Alyssa Barrera Mason, Executive Director, CCDMD  
Alyssa@cctexasdmd.com  
(361) 882-2363

Jason Alaniz, Economic Development Manager, CCDMD  
Jason@cctexasdmd.com  
(361) 882-2363

<p><b>Approval of TIRZ #3 Reimbursement Agreement for the 1001 N Water Street LLC at 1001 N Water Street</b></p>
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### **CAPTION:**

Motion to approve a Downtown Development Reimbursement Agreement with 1001 N Water Street, LLC for improvements to the property located at 1001 N Water Street for a total incentive amount not to exceed \$678,000, effective upon signature by the City Manager or designee.

### **SUMMARY:**

This motion authorizes a Reimbursement Agreement for 1001 N Water Street, LLC for \$678,000 comprised of \$580,000 from the Downtown Living Initiative Program to be paid out in equal amounts over five (5) years and \$98,000 from the Project Specific Development Program for a comprehensive renovation of this 58-unit apartment complex and off-site parking lot development.

### **BACKGROUND AND FINDINGS:**

On April 27, 2021, the TIRZ #3 Board directed staff to prepare a Downtown Development Reimbursement Agreement with 1001 N Water Street, LLC at 1001 N Water Street. The project fit the criteria for the Downtown Living Initiative Program which was created to increase residential units in the Reinvestment Zone.

The Developer purchased this property known as The Princess Apartments in March 2021 and will re-brand it as The Northwater. This project will be a comprehensive renovation of 58 units with additional improvements and upgrades to the common areas including the pool, fencing, balconies, façade, lighting, cameras, and off-site parking lot. Extensive renovation is needed due to decades of neglect, deferred maintenance, and substandard repairs by previous owners. The

total project cost is approximately \$5,000,000.

The off-site parking lot will be able to accommodate 18 spaces and on-site parking will accommodate two (2) ADA spaces for a total of 20 dedicated parking spaces. The off-site parking lot is currently a crushed gravel and dirt parking lot at the corner of Chaparral & Mann Street with no pedestrian walkway on Mann Street. Since this parking lot is located at such a visible location, the developer will include upgrades to the parking lot beyond paving and striping. These improvements include fencing around the lot with three (3) feet tall screen fencing along Chaparral and Mann Streets, 10-foot-wide sidewalks along Mann Street and grading of the three (3) manhole vault entrances, four (4) trees within the parking lot, four (4) Crape Myrtle trees on the Mann Street sidewalk, lighting, and security cameras. The developer has agreed to make additional improvements and they are included in the agreement as a reimbursable expense for the portions that are beyond what is required in the Unified Development Code.

A supplemental garage parking agreement with One Shoreline Plaza for up to 20 spaces has been arranged by the developer with an additional 18 spaces under negotiation. A combined total of 40 parking spaces are secured for residents of The Northwater. The zoning code for the Central Business District (CBD) where this property is located does not have parking minimum requirements.

#### **ALTERNATIVES:**

The Board could not approve this agreement or limit the incentive amount. Additionally, the Board could require an increase to the parking spaces made available.

#### **FINANCIAL IMPACT:**

The first funding source for this project is from the TIRZ #3 Downtown Living Initiative (DLI) Program. The commitments for this program are determined on a case-by-case basis based on TIRZ #3 balance available for commitments which, as of March 31, 2021, is \$2,172,470. This project will consist of an expenditure not to exceed \$580,000 from the DLI Program paid out equally over five (5) years at \$116,000 per year.

The other funding source for this project is from the TIRZ #3 Project Specific Development Program. This project will consist of a reimbursement of taxes paid in an amount not to exceed \$98,000 over 10 years or expiration of the TIRZ #3, whichever occurs first. The funds for this program are from a reimbursement on taxes paid by the property owner on an annual basis. If the developer fails to pay the required taxes on the property or files an appeal to the Nueces County Appraisal District or any state or federal court of the assessed value of the Property for ad valorem tax purposes, the City and TIRZ #3 shall be under no obligation to make any payments under this agreement until such time as the appeal is resolved and all taxes are paid in full. Any late fees, fines, or interest assessed as a result of the failure to pay taxes or the appeal process shall not be reimbursed to the Developer under this agreement. Reimbursement is limited to the actual amount of property tax paid on the Improvements.

#### **Funding Detail:**

Fund: 1112 – TIF #3

Organization/Activity: 10278 – Downtown Living Initiative

10279 – Project Specific Development  
Mission Element: 707 – Economic Development  
Project # (CIP Only): N/A  
Account: 540450 – Reimbursement to Developers

**RECOMMENDATION:**

Staff recommends approving this agreement. This comprehensive renovation project will enhance this problematic apartment complex and create 58 new market rate apartments. This property sits at a visible location near the I-37 entrance to downtown behind the Omni hotel. The renovation of this project will not only create more housing opportunities for professionals wanting to live downtown but will enhance the aesthetics of this property.

**LIST OF SUPPORTING DOCUMENTS:**

TIRZ #3 Reimbursement Agreement – The Northwater  
Northwater PowerPoint