



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/3/2024

District B

Item Creation Date: 11/5/2024

MYR - TA Integra Agreement

Agenda Item#: 31.

Background:

SUBJECT: Ordinance approving a tax abatement agreement between the City of Houston and Prologis Logistics Services, Inc. and Wayfair, LLC and Integra Mission Critical LLC for the development of a manufacturing facility.

RECOMMENDATION: (Summary) Adopt an Ordinance approving a tax abatement agreement between the City of Houston and Prologis Logistics Services, Inc. and Wayfair, LLC and Integra Mission Critical LLC for the development of a manufacturing facility.

SPECIFIC EXPLANATION:

Integra Mission Critical LLC (the "Company") is proposing the development of a manufacturing facility at a site owned by Prologis Logistics Services Inc. (the "Landowner") and currently under lease from Wayfair, LLC (the "Tenant"). Integra Mission Critical LLC is subleasing the entirety of the facility from Wayfair, LLC. The Company submitted an application for tax abatement to the Mayor's Office of Economic Development on April 10, 2024, with all supporting documentation. The proposed development occurs within a 1.2 million SF industrial shell building located at 15550 Milner Road, Houston, Texas. The Prologis-Wayfair Reinvestment Zone was created by City Council on December 14, 2022 (Ord. No. 2022-961), which enabled this proposed agreement at the project site. The Company will invest approximately \$66M into the project, including sublease obligations, tenant improvements, and the installation of their manufacturing machinery and equipment. The Company is expected to hire at least 291 employees by 2027. The agreement meets the community benefits requirements as described in the 2024 Chapter 44 Code of Ordinance for Tax Abatement.

While Integra Mission Critical LLC was interested in this project site, the Company had the opportunity to expand its manufacturing elsewhere and those local communities were recruiting for this investment, resulting in higher labor costs in Houston compared to the other locations. The respective labor costs in the other locations and the related incentives from the other locations created an approximately \$4M advantage over Houston. The Company decided to invest in Houston on good faith that this approximately \$4M incentive from the City of Houston will offset their initial labor costs as they ramp up production at the project site.

The City has reviewed the Company's tax abatement application, and the proposed tax abatement agreement was presented to the Economic Development Committee on July 17, 2024. A public hearing will be held on December 4, 2024, and the notice of the public hearing will be published in the Houston Chronicle at least 7 days prior to the public hearing date. Additionally, and pursuant to Texas Tax Code Section 312.207(d), the notice to enter into a tax abatement agreement was published in the Houston Chronicle on November 1, 2024, at least 30 days prior to the council meeting date to approve the agreement, which is scheduled for December 4, 2024.

Based upon a 90% abatement rate, the City tax to be abated over a 10-year period or until the approximately \$4M incentive is reached, whichever occurs first. The annual abatement amount will be calculated on the actual taxable value assessed by Harris County Appraisal District.

Signed by:

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Gwendolyn F. Tillotson-Bell

Chief Economic Development Officer

Prior Council Action:

Ord. No. 2022-961, 12/14/22

Ord. No. 2024-624, 8/28/24

Contact Information:

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ATTACHMENTS:

Description

PCA 2020-961

Type

Ordinance/Resolution/Motion

PCA 2024-624

Ordinance/Resolution/Motion