

**REQUEST FOR COUNCIL ACTION**

**TO:** Mayor via City Secretary

**RCA #**

**SUBJECT:** Ordinance approving an economic development agreement between the Harrisburg Redevelopment Authority, on behalf of TIRZ No. 23, and Work at Headquarters, LLC pursuant to Chapter 380, Texas Local Government Code.

**Category #**

**Page 1 of** 1

**Agenda Item#**

**FROM: (Department or other point of origin):**

Andy Icken  
Chief Development Officer, Mayor's Office

**Origination Date**

7/3/2017

**Agenda Date**

**DIRECTOR'S SIGNATURE:**



**Council Districts affected:**

District H – CM Cisneros

**For additional information contact:**

Gwendolyn Tillotson Phone: 832-393-0937

**Date and identification of prior authorizing Council Action:**

Ordinance No. 99-674, dated 6/30/99

**RECOMMENDATION: (Summary)** Ordinance approving an economic development agreement ("Agreement") between the Harrisburg Redevelopment Authority ("Authority"), on behalf of TIRZ No. 23 ("Zone"), and Work at Headquarters, LLC. ("Developer") pursuant to Chapter 380, Texas Local Government Code.

**Amount of Funding:**

**SOURCE OF FUNDING:** [ ] General Fund [ ] Grant Fund [ ] Enterprise Fund [X] N/A

**SPECIFIC EXPLANATION:**

In 1989, the State legislature enacted Chapter 380 of the Texas Local Government Code ("Code") to create a mechanism that municipalities could use to grant or loan public funds for economic development purposes. Subsequently, by Ordinance 99-674, the City established the City of Houston Chapter 380 loan/grant program, pursuant to the provisions of Chapter 380 of the Code, and adopted criteria for Chapter 380 assistance to provide the City with an additional tool to encourage development in targeted areas to fulfill a critical need to attract new business growth, commerce and commercial retail to an area resulting in a positive economic impact.

Tax Increment Reinvestment Zones may utilize this program with the establishment of a Chapter 380 Program approved by City Council to use tax increment for projects that align with established economic development goals. The board of directors of both the Authority and the Zone approved an Agreement with Developer to assist in meeting the economic feasibility of the proposed development and to encourage the \$6.7M project to develop in the East End and within the second ward community.

The Developer will invest approximately \$6,700,000 to redevelop and rehabilitate 35,000 square feet of area into uniquely designed office space and shared amenities, designed to cater to the needs of small to medium sized technology and other companies by providing co working space with private parking, bike racks and bike station (the "Project"). The Project will allow Houston to attract innovation and technology start-ups and entrepreneurs as a continued strategy to diversify the local industries and strengthen Houston's economic resilience.

The Agreement will provide an incentive payment to the Developer solely from the TIRZ incremental property tax increases from the new improvements that the developer will construct on the site. The Authority will serve in an administrative capacity and will perform the necessary reviews of the project and cost, receive funds from the City from the property tax increment and reimburse the Developer per the Agreement terms.

The Authority will make an annual payment of 75% of the Tax Increment generated from the Project until the incentive is paid, unless the Agreement is terminated earlier in accordance therewith. Maximum reimbursement will be \$600,000 but not to exceed the total amount of revenue generated by the Project. Reimbursements will begin upon completion of the Project and compliance with the Agreement terms (Reimbursement Date).

cc: Marta Crinejo, Agenda Director  
Anna Russell, City Secretary  
Ronald Lewis, City Attorney  
Gary Dzierlenga, Senior Assistant City Attorney

**REQUIRED AUTHORIZATION**

**Finance Director:**

**Other Authorization:**

**Other Authorization:**