

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 Reinvestment Zone Number Twenty-Three, City of Houston, Texas (Harrisburg Zone), and The Plant at Harrisburg, LLC pursuant to Chapter 380, Texas Local Government Code.

Category #

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FROM: (Department or other point of origin):

Andy Icken
Chief Development Officer, Mayor's Office

Origination Date

11/15/2017

Agenda Date

12-19-17

DIRECTOR'S SIGNATURE:

Andy Icken

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:

Ord. 99-674, dated 6/30/99; Ord.2011-900,10/19/2011; Ord.2013-101,2/6/2013; Ord.2015-562,6/17/2015

RECOMMENDATION: (Summary) Adopt an Ordinance approving an economic development agreement ("Agreement") between the Harrisburg Redevelopment Authority ("Authority"), on behalf of TIRZ No. 23 ("Zone"), and The Plant at Harrisburg, 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 \$3.7M project to develop in the East End and within the second ward community. Any economic development agreement for financial incentives pursuant to the Zone's Economic Development Program shall require approval of the City Council.

The Developer will invest approximately \$3,700,000 to rehabilitate two distinct 1940's-era art deco-influenced buildings, totaling 21,133 square feet of area. (the "Project"). The Project will provide retail, light industrial space for local craftsman and artisans.

Company will register with at least two (2) Qualifying Workforce Development Agencies ("Qualifying Agencies") which serve high-barrier employment applicants; Qualifying Agencies include: SER-Jobs for Progress, City of Houston's Community Re-Entry Network Program (CRNP), Career and Recovery Resources, Inc., BakerRipley and Workforce Solutions. Company will share a list of Qualifying Agencies with tenants when leases are signed and encourage tenants to register with and submit job postings to such agencies. Also, as positions become available, Company will advertise job opportunities to local residents and use best efforts to accomplish the following goal: at least ten percent (10%) of Company's annual new hires and rehires will reside in Houston's East End community.

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 100% 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 \$700,000 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: