

Mayor and Council Communication

DATE: 08/17/21

M&C FILE NUMBER: M&C 21-0575

LOG NAME: 19NEZBERKELEYASSIGN3

SUBJECT

(CD 9) Authorize Execution of Consent to Assignment of City Secretary Contract No. 46559, a Tax Abatement Agreement with Crest Berkeley TIC I, LLC, Crest Berkeley TIC II, LLC and Crest Berkeley TIC III, LLC, to CH Realty IX-Knightvest MF FW Berkeley Owner, LP

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Consent to Assignment of City Secretary Contract No. 46559, a Tax Abatement Agreement between the City and Crest Berkeley TIC I, LLC, Crest Berkeley TIC II, LLC and Crest Berkeley TIC III, LLC, to CH Realty IX-Knightvest MF FW Berkeley Owner, LP, in conjunction with the sale of the multi-family project located at 2521 Frazier Avenue in the Berry/University Neighborhood Empowerment Zone.

DISCUSSION:

On February 4, 2014, the City Council approved a five-year Tax Abatement Agreement (Agreement) with Park Ridge Multi-Family L.P., assigned to affiliate, Berkeley Apartments, Phase II (Company) related to the construction of a multi-family project with 310 residential units located at 2521 Frazier Avenue in the Berry/University Neighborhood Empowerment Zone Mayor and Council Communication (M&C C-26660), City Secretary Contract No. 46559 as amended by City Secretary Contract No. 46559-CA1 and 26559-A1. On September 26, 2017, the City Council approved an assignment of the Agreement to Crest Berkeley TIC I, LLC, Crest Berkeley TIC II, LLC, and Crest Berkeley TIC III, LLC (Crest Berkeley), Mayor and Council Communication (M&C C-28394).

Crest Berkeley now wishes to sell the development to CH Realty IX-Knightvest MF FW Berkeley Owner, LP, (Purchaser). As part of the proposed sale, Crest Berkeley has requested an assignment of the Agreement to the Purchaser, so that the Purchaser may continue to receive the tax abatement for the remainder of the term of the Agreement. Under the Agreement, the Company is prohibited from assigning the Agreement to another party without the City Council's consent. In order to facilitate the transaction, a Consent to Assignment Agreement between the City, the Company and the Purchaser will be required.

All the required improvements have been constructed as set forth in the Agreement, and the Purchaser will be required to meet all ongoing obligations under the Agreement. The City will continue to receive the public benefits resulting from development of this project.

The multi-family project is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the Consent to Assignment of the current Tax Abatement Agreement, a loss of an estimated \$627,488.44 in property tax revenue may occur over the two years left in the abatement period from 2022 to 2023. This reduction in revenue will be incorporated into the City's long term financial forecast upon the Consent to Assignment of the Tax Abatement Agreement being officially granted.

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