

Mayor and Council Communication

DATE: 01/12/21

M&C FILE NUMBER: M&C 21-0005

LOG NAME: 19NEZSCENIC

SUBJECT

(CD 9) Authorize Execution of Consent to Assignment of City Secretary Contract No. 47487, a Tax Abatement Agreement with FW Bluff Apartments, L.P., to MFREVF IV-River East, L.P.

RECOMMENDATION:

It is recommended that the City Council authorize the execution of a Consent to Assignment of a Tax abatement Agreement, (City Secretary Contract No. 47487) between the City and FW Bluff Apartments, L.P., to MFREVF IV-River East, L.P., in conjunction with the sale of the multi-family project located at 809 Scenic Hill Drive and 2201 Embrey Place in Neighborhood Empowerment Zone Area Four, former Six Points Neighborhood Empowerment Zone.

DISCUSSION:

On January 12, 2016, the City Council approved a five-year Tax Abatement Agreement (Agreement) with FW Bluff Land L.P., assigned to affiliate, FW Bluff Apartments, L.P., (Company) related to the construction of a multi-family project with 276 residential units located at 801 Scenic Hill Drive and 2201 Embrey Place in Neighborhood Empowerment Zone Area Four (Mayor and Council Communication (M&C) C-27599 and M&C C-28770), City Secretary Contract No. 47487 as amended by City Secretary Contract Nos. 47487-CA1 and 47487-A1.

The Company now wishes to sell the development to MFREVF IV-River East, L.P., (Purchaser). As part of the proposed sale, the Company 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 of a Tax Abatement Agreement between the City, the Company and the Purchaser will be required.

The Company has constructed all the required improvements, as set forth in the Agreement, and the Purchaser will be required to meet all ongoing obligations of the Company 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 \$647,535.88 in property tax revenue may occur over the next two years left in the abatement period from 2021 to 2022. 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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