

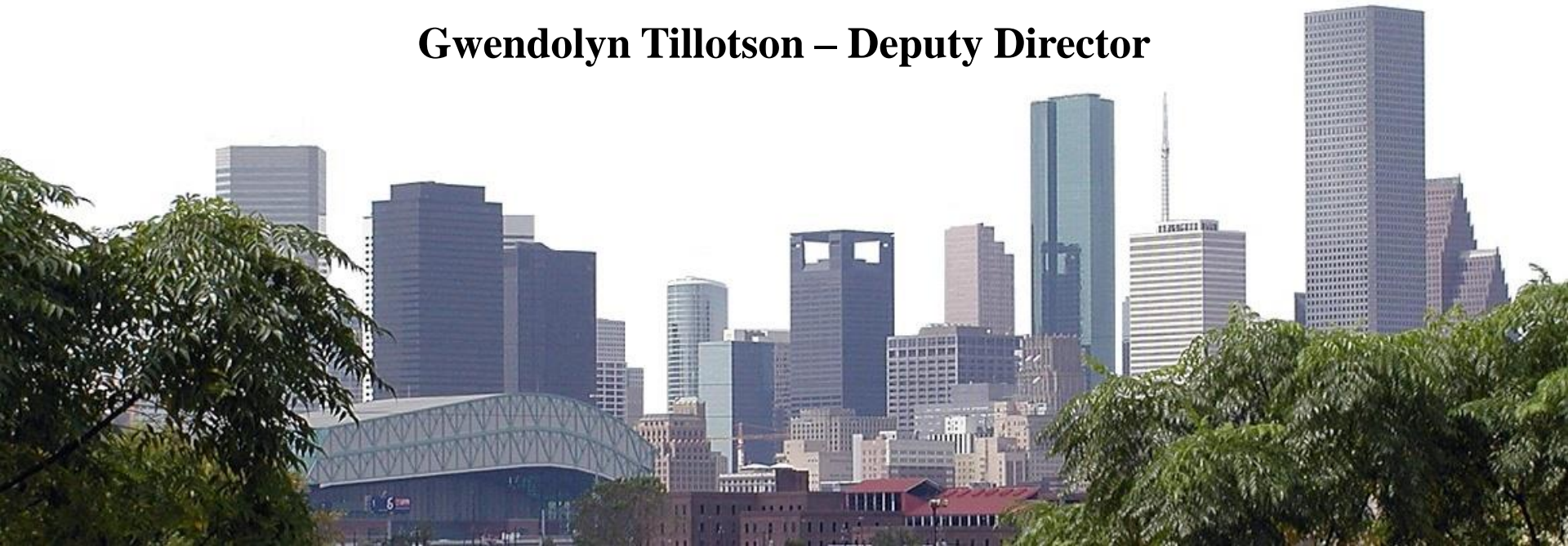


Economic Development Proposals

Economic Development Committee

June 10, 2021

Gwendolyn Tillotson – Deputy Director





Economic Development Presentation

Chapter 380 Program Proposal





Chapter 380 Program

-General Information-

- **Texas Local Government Code Chapter 380 enables cities to make grants, loans or other incentive structure to the private sector to create economic development**
 - Allows municipalities to use tax funds for economic development
 - No specific requirements on how grants/incentives are offered or if funds are rebated from a specific project



Chapter 380 Program

-General Information-

- **City of Houston Ordinance 99-674 passed to be more restrictive**
 - Developer is required to fund public improvements that are reimbursable (if applicable) or provide other benefit including eliminating blight, or addressing a development deficiency
 - Developer receives reimbursements based on the success of the project
 - Project constructed and generates an increase in property taxes or sales taxes
 - Reimbursement from increased taxes can fund public infrastructure including, but not limited to, streets, sidewalks, detention, public utilities, mobility/safety improvements
 - Reimbursement may be used to attract a project with job creation



Chapter 380

-Economic Development Evaluation Process-

Priorities	Investment	Job Creation	Competitive Industry	Innovative Solution	Equitable Benefits	Quality of Life	Community Benefits	Layered Investment	City Development Priority
Criteria:	Development results in substantial long-term investment (\$MM) within Houston city's limits.	Development results in substantial creation of new, permanent jobs within Houston city's limits.	The company represents one of Houston's top 10 industry cluster?	The project grew from cutting edge research, an innovative product, service, or process technology, or is an emerging industry?	The project encourages development for Houstonians living within the city's prioritized cluster of high poverty and/or low educational attainment.	The project increases quality of life (QoL) for Houstonians beyond industry and market measures?	The project aligns with City of Houston policy priorities and mayoral initiatives.	The project utilizes recently completed large scale city, county, state, or federal investments?	The project aligns with the city's development priorities.

The following criteria is used to evaluate projects for nomination:

- Located within a high poverty area
- Number of Jobs Created
- Aligns with City Development Priorities
- Increases Quality of Life Improvements for Houston Residents
- Capital investment value
- Aligns with City priorities for equitable and community benefits



Project Proposed for City Council Approval

Chapter 380 Proposal

Westheimer Ranch Redevelopment

New Quest Development





Project Proposed for City Council Approval

Chapter 380 Proposal

Westheimer Ranch – Similar Projects

New Quest Development



CARROLLTON TOWN CENTER



FRISCO RANCH CENTER



Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

- **Current Site:**

- Developed in 1983
- Low Occupancy (70% vacant)
- Max occupancy – 70%
- Blighted Commercial Center
- Low property tax value/taxes
- Low sales taxes generated

WESTHEIMER PAVILION
CURRENT PHOTOS





Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

- **Project Description:**

- Complete Renovation and Rehab of Commercial Center
- Developing an Asian Inspired Theme of Restaurants and Retail new to US
- Concept aligns with demographic of community

- **Project Detail**

- \$19M Investment including land
- 88k sf of commercial space
- Grocer Anchor with restaurant/retail
- Create 290 - 400 jobs

PROPOSED ELEVATION





Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

- **Commercial Site Improvements:**

- New Construction of 5k sf
- Underground detention
- Loading dock
- Additional 27k sf parking
- Façade and storefront improvements





Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

Extraordinary Cost (compared to similar projects):

- Demolition of 13k sf space (\$170k)
- Demolition and construction of 5k sf new space (\$700k)
- Construction of off-street loading dock to improve safety (\$160k)
- Drainage improvements (\$485k)
- Internal/External structural improvements for utilities and redesign of tenant space (\$300k)
- Increase Onsite paving (\$175k)





Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

- **EMPLOYMENT SOURCING**

- NQ will include in Tenant Welcome Packet Job Sourcing Opportunities
 - Include opportunities such as link on website for local council districts to promote new job
 - Contact info for City’s Reentry Program and Turnaround Houston.
 - Other opportunities for “First Source” hiring of local residence within surrounding zip code
 - Measurement/Compliance: Provide evidence NQ included in Tenant Welcome Packet

- **CONSTRUCTION**

- **Job Creation**

- NQ will require contractor to provide available jobs to district councilmembers to promote jobs
- Measurement/Compliance: Evidence of Posting
- NQ will require contractor Utilize Best Efforts to hire from local community of west Houston.
- Measurement/Compliance: Contractor Provide Evidence of Local Applicants/Interviews
- NQ will require contractor to utilize best efforts to partner with Houston Builder’s Institute to hire new graduate(s) to join the construction workforce.
- Measurement/Compliance: Contractor provide evidence of coordination with Houston Builder’s Institute/graduate interview.



Chapter 380 Proposal - Community Benefits-

– JOB SAFETY

- NQ will require 30 Hrs of OSHA Training for supervisors
- NQ will require 10 Hrs of OSHA Training for Workers
- Measurement/Compliance: Provide evidence of OSHA Training



Westheimer Ranch Financial Projections

Current and Projected Revenue			
	Annual Tax to the City	10 Yr. Tax Revenue	20 Yr Tax Revenue
Current			
Ad Valorem Value - \$6.7M	38,270	419,044	929,857
Sales Tax Value - \$1.060M	<u>10,608</u>	<u>116,155</u>	<u>257,747</u>
	48,878	535,199	1,187,604
Proposed (2023)			
Ad Valorem Value - \$17.4M	98,818	1,069,086	2,342,446
Sales Tax Value - \$22.5M	<u>225,000</u>	<u>2,463,687</u>	<u>5,466,908</u>
	323,818	3,532,773	7,809,354
Increase in City Revenue	274,940	2,997,574	6,621,750

Area of Influence Values Compared to Westheimer Ranch Site				
Tax Year	Aggregate Property Values	Westheimer Ranch Property Values	Aggregate Value w/o Westheimer Ranch	Growth 10/20 Years
2020	55.272	6.738	48.534	
2024	84.416	17.700	66.716	37%
2039	112.534	22.992	89.542	34%



Chapter 380 Proposal

- Westheimer Ranch 12200 Westheimer Blvd -

- **380 Reimbursement Proposal:**
 - Lesser of actual extraordinary development cost or \$1,750,000
 - Reimbursement from incremental sales taxes above current sales taxes generated from existing site
 - City will not pay reimbursement from sales taxes currently collected – No negative financial impact
 - Up to 10-year reimbursement term
 - Reimbursement will begin after the project has been constructed and partially occupied
 - Incremental Property Taxes will be retained by the City
 - Sales taxes data will be provided by the State Comptroller's Office of businesses located on site



Chapter 380 Proposal

Questions?

