



Economic Development Proposals

Economic Development Committee

July 20, 2022

Gwendolyn Tillotson-Bell – Deputy Director

Andrew Busker – Staff Analyst





Economic Development Presentation

Economic Development Tax Abatement Proposal

Wayfair LLC – 15550 Milner Rd



Tax Abatement Ordinance

-Chapter 44 Article IV-

- **Ordinance 2022-344 renewed current tax abatement programs through May 24, 2024**
- **Allows up to 90% abatement on buildings, structures, fixed machinery & equipment, site improvements, office space and related fixed improvements, and/or tangible personal property**
- **Requires the company to provide community benefits as a condition of the abatement**



Tax Abatement Proposal – Company Information

About Wayfair

- Ecommerce business created in 2011
 - Selling 33M+ home products from over 23,000 suppliers
- Corporate Offices in Boston, MA and Berlin, Germany
- Over 18,000 employees worldwide
- Fulfillment centers in 23 states, Canada, Ireland, Germany, and United Kingdom



Community Focused Initiatives:

- Commitment to diversity, equity, and inclusion (DEI) in the workplace and diversity among their suppliers
- Partners with workforce organizations to connect with underserved communities and offer professional development opportunities



Tax Abatement Proposal – Site Map

15550 Milner Road (in Prologis Presidents Park)





Tax Abatement Proposal – Project Description

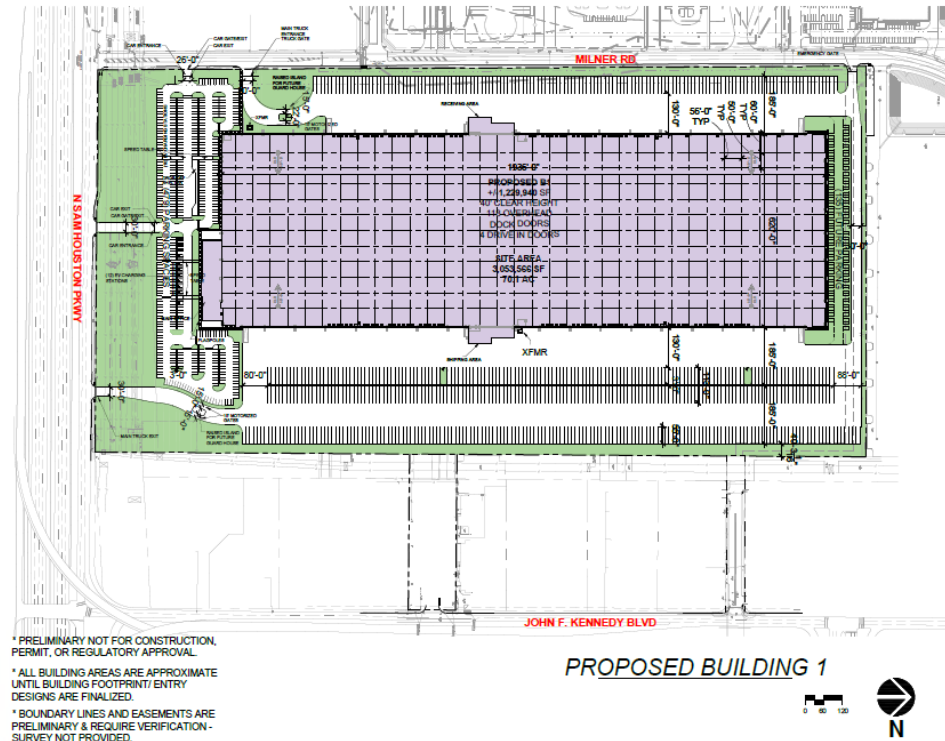
15550 Milner Rd. – North Houston

Proposed Development:

- Current Site: undeveloped
- Proposed: Wayfair Fulfillment Center
 - 1.2M SF facility
 - 70-acre site owned by Prologis
- Investment: \$150M (including land)
- Construction Start: Fall 2022
- Estimated Completion: Summer 2023

Economic Benefits:

- Located in Texas Enterprise Zone (high poverty designation)
- Creating 400 jobs over 2023-2026





Economic Development Tax Abatement

15550 Milner Rd. – North Houston

- Wayfair considered several sites in the Houston region
- This site and a site in the City of Brookshire are final contenders
- The City of Brookshire has economic development incentives in place for their prospective site



Economic Development Tax Abatement

15550 Milner Rd. – North Houston

City of Brookshire Option:

- Pre-approved abatement on proposed site
 - Estimated abatement of \$2.3M over 7-year term
- Site Improvements
 - New Facility Construction
- Labor Market
 - Starting hourly wage would be \$15.25 based on independent market data

City of Houston Option:

- Currently no abatement on proposed site
 - COH abatements have terms up to 10 years
- Site Improvements
 - New Facility Construction
 - Additional \$1.2M in facility costs over 10 years (after Brookshire abatement applied)
- Labor Market
 - Starting hourly wage would be \$16.25 based on independent market data
 - Additional \$10.6M cost over 10 years by paying higher wages (Agreement will establish min. pay)
- Factors that favor this site
 - Project will have strong employment impact
 - Better access to broader labor pool
 - Future growth and development potential
 - Existing business relationship with Prologis
 - More favorable lease terms

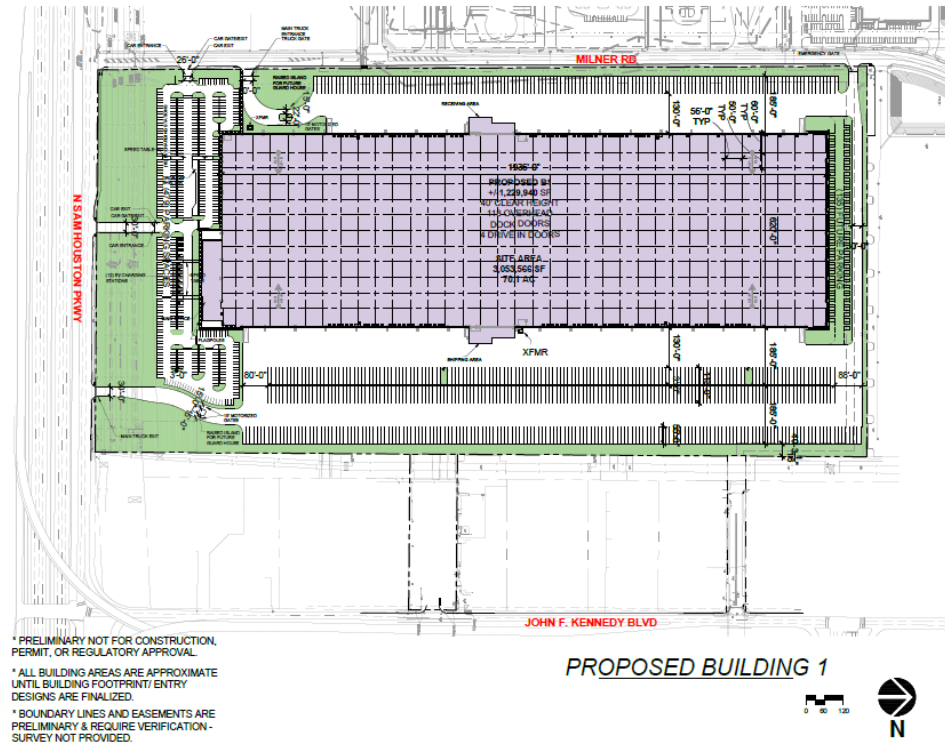


Economic Development Tax Abatement

15550 Milner Rd. – North Houston

Proposed Abatement:

- Estimated Effective Date: January 1, 2025
- 90% Abatement on:
 - Building improvements
 - Machinery & equipment
 - Business personal property
- Abatement Projection
 - 1st Year Abatement: \$335k
 - Average Annual Abatement: \$336k
- Abatement Term: 10 years or \$3.36M maximum
 - \$1.3M facility offset to Brookshire
 - After Brookshire abatement
 - \$2.06M labor offset to Brookshire
- Company must comply with community benefits requirements prescribed in the ordinance





10-Year Projection

WAYFAIR FULFILLMENT CENTER - 15550 Milner Road

PROPERTY TAX PROJECTION

Building Investments (Including Land Improvements)	\$ 99,000,000
Machinery & Equipment, Office Space, and Personal Property	\$ 51,200,000
Percentage of Investment Applied to Improvement	70%
COH Tax Rate	0.0055083

	TAX YEAR	FISCAL YEAR	GROWTH	ASSESSED VALUE	COLLECTED REVENUE	PROLOGIS BUILDING IMPROVEMENT ABATEMENT (90%)	WAYFAIR PERSONAL PROPERTY ABATEMENT (90%)	TOTAL ABATEMENT VALUE
Base Value of Improvements	2023	2024		\$ 26,600,000.00	\$ 146,520.78	\$ -	\$ -	\$ -
First Year of Abatement	2024	2025	4%	\$ 94,304,000.00	\$ 183,814.17	\$ 157,964.82	\$ 177,675.72	\$ 335,640.55
	2025	2026	4%	\$ 94,029,226.67	\$ 183,662.82	\$ 169,558.17	\$ 164,720.20	\$ 334,278.37
	2026	2027	4%	\$ 93,847,995.73	\$ 183,562.99	\$ 181,615.24	\$ 151,764.68	\$ 333,379.92
	2027	2028	4%	\$ 93,764,048.90	\$ 183,516.75	\$ 194,154.60	\$ 138,809.16	\$ 332,963.76
	2028	2029	4%	\$ 93,781,277.52	\$ 183,526.24	\$ 207,195.53	\$ 125,853.64	\$ 333,049.17
	2029	2030	4%	\$ 93,903,728.62	\$ 183,593.69	\$ 220,758.10	\$ 112,898.12	\$ 333,656.22
	2030	2031	4%	\$ 94,135,611.10	\$ 183,721.42	\$ 234,863.17	\$ 99,942.60	\$ 334,805.77
	2031	2032	4%	\$ 94,481,302.21	\$ 183,911.84	\$ 249,532.45	\$ 86,987.07	\$ 336,519.52
	2032	2033	4%	\$ 95,365,354.30	\$ 184,398.80	\$ 264,788.49	\$ 76,113.69	\$ 340,902.18
Final Year of Abatement	2033	2034	4%	\$ 96,372,501.80	\$ 184,953.57	\$ 280,654.78	\$ 65,240.31	\$ 345,895.08
Cumulative Values					\$ 1,985,183.08	\$ 2,161,085.34	\$ 1,200,005.19	\$ 3,361,090.53

Estimated Tax Abatement Effective Date: Jan. 1, 2025



QUESTIONS

NEXT:

**Texas Enterprise Zone
Interlocal Agreement
with Montgomery County**



Economic Development Presentation

Texas Enterprise Zone Interlocal Agreement with Montgomery County



Texas Enterprise Zone

-TX Code: Chapter 2303-

- **Program is administered by the State of Texas**
- **Reimbursement of state sales/use tax for qualifying projects**
- **Local municipalities are allotted nine (9) nominations per biennium. Unused nominations are forfeited.**
- **Nominations do not require any funding from the local municipality**
- **The County can only nominate a project through an interlocal agreement with the City in which the project is located**



Interlocal Agreement Proposed for City Council Approval

**Interlocal Agreement with Montgomery County for
Montgomery County to Nominate**

Woodforest National Bank

25231 Grogans Mill Road, Suite 350

The Woodlands, TX 77380

for a Texas Enterprise Zone designation



Texas Enterprise Zone Interlocal Agreement

25231 Grogans Mill Rd. – Montgomery County

Target Date for Council Agenda:

August 3 , 2022

**Target Date for Montgomery County
Commissioner's Court Agenda:**

August 9, 2022

Target Application Deadline for State of Texas:

September 1, 2022



QUESTIONS

THANK YOU

