



ECONOMIC DEVELOPMENT PROPOSALS

Budget and Fiscal Affairs

November 5, 2015

Presented by:

Andy Icken – Chief Development Officer

Gwendolyn Tillotson – Deputy Director





Proposals under Consideration

- **Fountain Residential Partners – Tax Abatement**
 - District I
- **Halliburton Energy Services – Tax Abatement**
 - District B
- **Studemont Venture– Chapter 380**
 - District C



Fountain Residential Gateway on Cullen



- 4 Story Building
- Surface Parking for 440 cars and 175 rack spaces for bicycles
- 190 Units with 531 Beds
- 1-4 Bedroom Units
- Developed on 7.7 Acres
- Located ¼ mile from U of H Main Campus
- Housing community for UH and TSU student bodies
- Access to the forthcoming Metro rail on Cullen



Fountain Residential The Site and Planned Enhancements

UNIT TYPE	UNIT COUNT	BED/UNIT	TOTAL BED
A1	3	1	3
A2	22	1	22
B1	4	2	8
D1	3	4	12
S1	52	1	52
TH1	48	4	192
TH2	48	4	192
TH3 (POWDR)	3	5	15
TH4 (POWDR)	3	5	15
TH5	4	4	16
TOTALS	180		527



Stuart Roosth
ARCHITECT
1805 FORREST CENTRAL DR #104
DALLAS, TX 75204

FOUNTAIN RESIDENTIAL PARTNERS
2826 COLE AVE. 1820
DALLAS, TX 75204





Fountain Residential Completed Projects



The Vue on MacGregor
347 Beds; 100% Leased
Opened in August 2014



Campus Vue
465 beds; 100% Leased
Opened in September 2015

FRP has developed student housing markets at the following universities:
*Texas Christian University, University of North Texas,
Oregon State University, University of Houston,
University of Texas—San Antonio, University of Minnesota,
Montana State University, and University of Arkansas.*



Fountain Residential Tax Abatement Terms

- **Fountain Residential will invest approximately \$22M**
 - Approximately 80% (\$17.6M) reflected as taxable value
- **Construction to be completed by August 2017**
- **Tax Abatement Effective Jan. 2018**
- **First year impact is 2018**
- **10 year tax abatement**
- **90% abatement**
 - Project Site is located within a high poverty census block (21.24%)
- **Subject to recapture if project exceeds expected performance**
- **Annual abatement value**

Tax Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Fiscal year	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
New Improvements	22,000,000	22,600,000	23,339,800	24,039,994	24,761,194	25,504,030	26,269,151	27,057,225	27,868,942	28,705,010
Abatement at 90%	95,217	98,074	101,016	104,047	107,168	110,383	113,695	117,105	120,619	124,237
Total Abatement										1,091,561

Assumptions:

1. HCAD will reflect 80% of Improvement cost.
2. Annual growth rate at 3% for the first 10 years.



Halliburton Energy Services, Inc.

3000 N. Sam Houston Parkway



- **Houston headquarters**
- **Began expansion of campus in 2009**
- **Expansion Plans**
 - Almost 1 million additional square feet of new development
 - Estimated 1,000 additional staff count
 - More than \$110M in taxable value by January 2014
 - An estimated \$21M invested in 2014 and 2015
- **Long Term Master Plan**
 - Capacity to add an additional 1 million square feet
 - Potential head count increase of more than 3,000

DEVELOPMENT AND STAFF STATS BEFORE AND AFTER CAMPUS EXPANSION

	Pre Development Condition	Phase I	Phase II
Development Size	323,000 square feet	625,000 square feet to include: <ul style="list-style-type: none"> • Office Bldg • Tech R&D • Instrumentation Facilities 	320,000 square feet to include: <ul style="list-style-type: none"> • Modernization to central plant • Two Office Bldgs • Parking Garage
Staff Count	1,800 Employees		2,700 Employees
Taxable Value	\$17M	\$77M	\$127M
Annual AV Revenue	\$109k	\$492k	\$801k



Halliburton Before Campus Expansion - 2009





Halliburton In 2014





Halliburton



- **Halliburton has completed Phase I**
- **Phase II**
 - Project was completed in April 2015
 - Requires the reconstruction of Milner Road due to new development
- **Expansion produced an economic benefit but created mobility/safety impediment**
- **Milner Road Reconstruction**
 - Traffic Impact Analysis (June 2013) forecasted increased traffic growth
 - PWE requires improvement to a 3 lane street
 - To accommodate increased traffic loads and volume
 - To increase radius to enhance safety for wide turns
 - Milner is currently a two lane asphalt street with open ditches
 - Milner will be improved to a 3 lane, 7-8” thick concrete street with curb/gutter
 - Engineering cost estimate is \$3M



Halliburton Proposed Tax Abatement Terms

- **Halliburton will construct Milner Road**
 - Requirement was not a cost factor in its economic feasibility analysis
- **Tax Abatement will reimburse for ½ cost for Milner (\$1.5M) and will only apply to 2014 and 2015 investment**
 - Approximately \$21M subject to tax abatement
- **Tax Abatement Effective Jan. 2016**
- **First year impact is 2017**
- **Up 10 year tax abatement**
 - Maximum abatement is \$1.5M
 - Pay back period 9 years
- **50% abatement**



Tax Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
New Improvements	148,135,642	157,023,781	166,445,208	176,431,920	187,017,835	198,238,905	210,133,239	222,741,233	236,105,707	250,272,049
Abatement at 50%	66,390	94,435	124,164	155,676	189,079	224,486	262,017	301,800	343,971	388,671
Total 9 Yr. Abatement										\$1,762,018

Assumptions:

1. HCAD will reflect 80% of Improvement cost.
2. Annual growth rate at 6% for the first 10 years.



Proposed Studemont Venture



Project Location:

Studemont at Hicks, south of Olivewood Cemetary

16 Acre Site

Former Grocer Supply Site

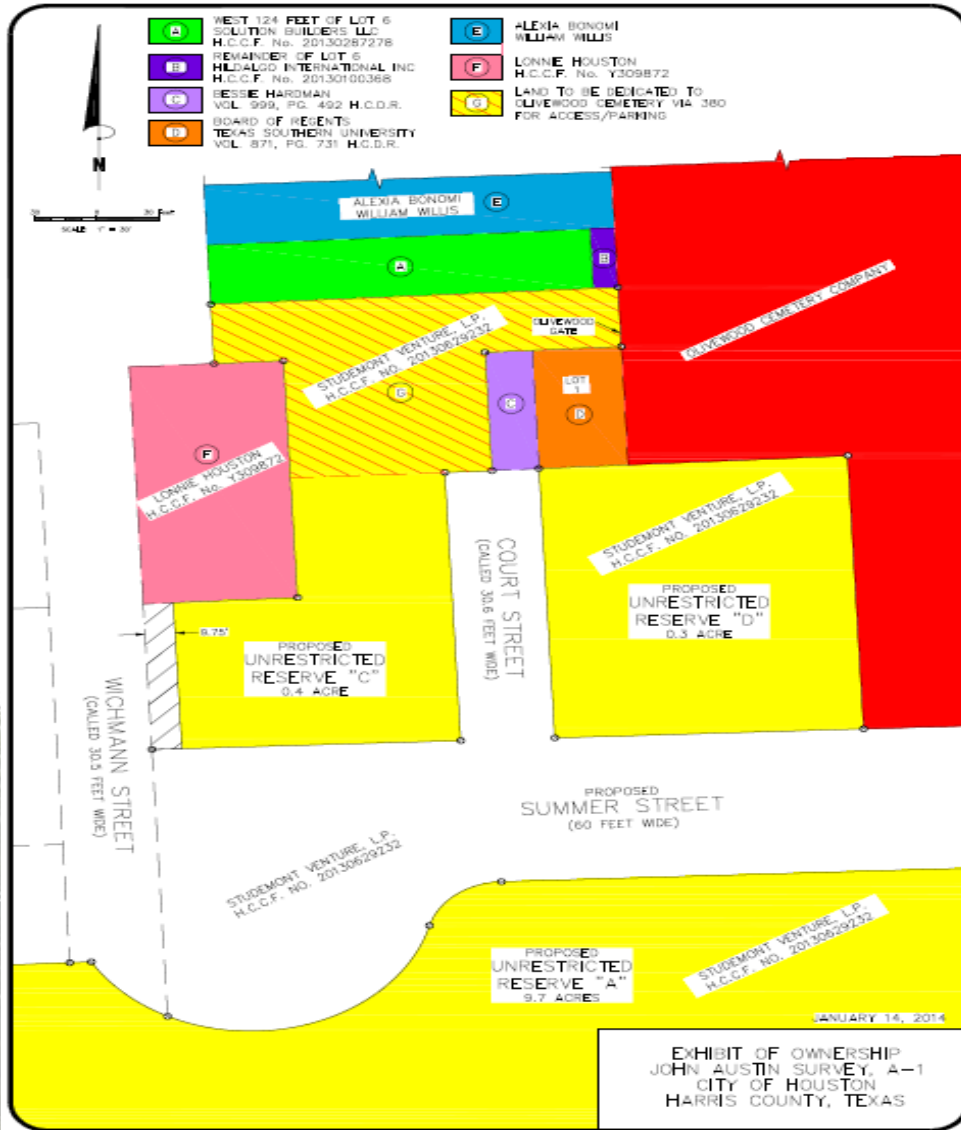
Planned Development:

4.1 Acre Multi Family
150,000 sf retail

	Pre Development	After Project	Increase
Development Size	16-acre Project		
Property Value	\$32,250,000	\$133,871,500	\$101,621,500
COH AV tax (annual)	\$204,000	\$844,800	\$640,800
COH Sales tax (annual)	\$0	\$300,000	\$300,000



Parcel Layout



- Developer will dedicate .15 Acre land parcel to City of Houston for Olivewood Cemetery for Parking Facility. Visitors and volunteers currently park on developer's unpaved, dirt land
- Extension of Summer St. will provide direct access to Court Street creating connectivity and accessibility to the Cemetery
- Current access to cemetery is from Hicks street, which is south of the proposed Summer St.



Studemont Venture Proposed 380

Proposal for Chapter 380 Incentive

- **Studemont Venture will construct all public improvements and public accessible amenities**
 - Extension of Summer Street including Paving and Storm
 - Street segment is from Studemont west to Wichman
 - Sanitary Sewer Replacement to serve the site and surrounding properties
 - Water Line Replacement
 - Traffic signalization (pending approval by PWE)
- ***Proposal is for reimbursement of public streets, traffic improvements, utilities and park improvements from property taxes generated from new development***

IMPROVEMENT	TOTAL	REIMBURSEMENT PORTION *	
Street and Storm	\$556,905	\$139,226	
Land Dedication and Parking	\$436,690	\$436,690	
Water Line	\$81,500	\$ 20,375	
Sanitary Sewer Line	\$179,200	\$ 44,800	
Signalization	\$160,000	\$ 40,000	
Design/Engineering/Contingencies	\$424,305	\$131,007	
Total Public Improvement Costs	\$1,838,600	\$812,098	

* Approximately 25% of public costs and 100% of land dedicated for Cemetery access