



Economic Development Proposals

Economic Development Committee

March 29, 2023

Andrew Busker – Staff Analyst





Economic Development Presentation

LEED Tax Abatement Proposal

BLEX Exchange GP VII, LLC

9753 Katy Fwy



Tax Abatement Ordinance

Chapter 44 Article IV

- **Ordinance 2022-344 renewed current tax abatement programs through May 19, 2024**
- **LEED Tax Abatement (Sec. 44-131)**
 - Created in 2020 (Ord. 2020-424 & Ord. 2020-1091)
 - Leadership in Energy and Environmental Design (LEED) is a green building rating system developed by the US Green Building Council that provides a framework and standard for green building design, construction, operations, and performance.
 - A commitment to provide a tax abatement on the increase in value of an existing commercial facility or on the value of new construction for which the owner has or intend to obtain LEED Certification.



LEED Tax Abatement

Chapter 44 Article IV Sec.44-131

- **Abatement Based on Certification Level**
 - Silver – 5% tax abatement
 - Gold – 10% tax abatement
 - Platinum – 15% tax abatement
- **Minimum Investment: \$3,000,000**
- **Maximum Term: 10 Years**
- **Program Status: 1 active LEED Tax Abatement Agreement**



LEED Tax Abatement Proposal

9753 Katy Fwy – West Houston

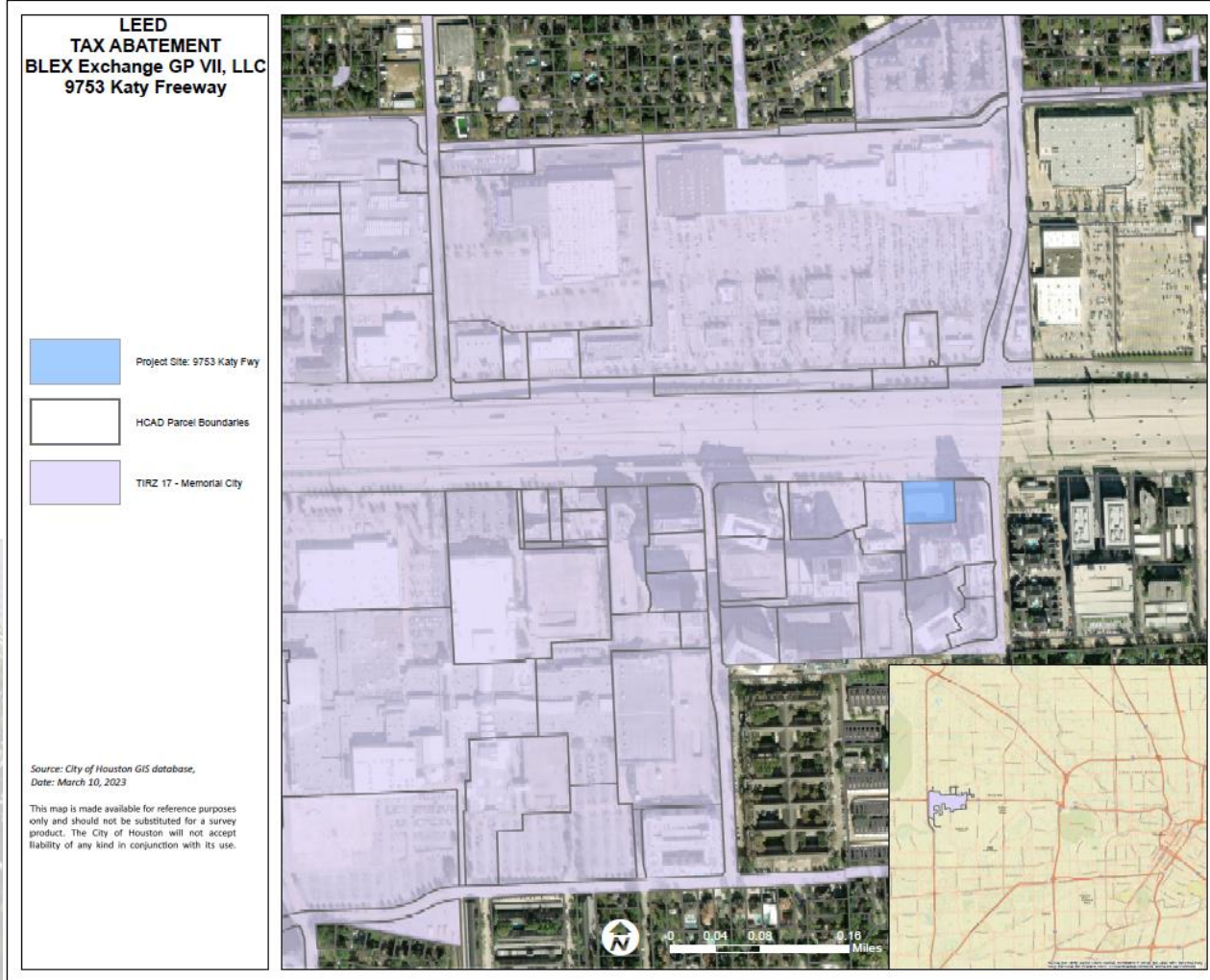




LEED Tax Abatement Proposal

9753 Katy Fwy – West Houston

Project located in the Memorial City area





LEED Tax Abatement Proposal

9753 Katy Fwy – West Houston

Proposed Development:

- Current Site: parking lot
- Proposed: mixed-use commercial
 - 188,550 SF facility
 - Class A office space (177,707 SF)
 - First floor office/restaurant/retail space
- Investment: \$45.5M
- Under Construction*
- Estimated Completion: Summer 2023

Economic Benefits:

- Located in TIRZ 17
- Creating 250 construction jobs
- Over 800 office workers + potential retail/restaurant workers

*Requesting a Variance to the Ordinance

9753 TYPICAL TENANT TEST FIT





LEED Tax Abatement Proposal

9753 Katy Fwy – West Houston

Proposed Abatement:

- Estimated Effective Date:
January 1, 2024
- 5% Abatement on:
 - Building Improvements
- Abatement Projection
 - 1st Year Abatement: \$9,740
 - Average Annual Abatement: \$11,756
- Abatement Term: 10 years or
\$117,565 maximum





10-Year Projection

NEW OFFICE SPACE - 9753 Katy Freeway

PROPERTY TAX PROJECTION

Building Investments	\$ 45,574,433
Machinery & Equipment, Office Space, and Personal Property	\$ -
Percentage of Investment Applied to Improvement	80%
COH Tax Rate	0.0053364

	TAX YEAR	FISCAL YEAR	GROWTH	ESTIMATED ASSESSED VALUE	TIRZ 17 COLLECTED REVENUE	COH COLLECTED REVENUE	LEED SILVER ABATEMENT ON IMPROVEMENTS (5%)	CUMULATIVE ABATEMENT VALUE
Base Value of Improvements	2022	2023		\$ 1,156,994	\$ 6,174	\$ -	\$ -	\$ -
First Year of Abatement	2024	2025	4%	\$ 37,662,820	\$ 191,243	\$ -	\$ 9,740	\$ 9,740
	2025	2026	4%	\$ 39,169,333	\$ 198,881	\$ -	\$ 10,142	\$ 19,883
	2026	2027	4%	\$ 40,736,106	\$ 206,824	\$ -	\$ 10,560	\$ 30,443
	2027	2028	4%	\$ 42,365,551	\$ 215,084	\$ -	\$ 10,995	\$ 41,439
	2028	2029	4%	\$ 44,060,173	\$ 223,675	\$ -	\$ 11,447	\$ 52,886
	2029	2030	4%	\$ 45,822,580	\$ 232,610	\$ -	\$ 11,918	\$ 64,804
	2030	2031	4%	\$ 47,655,483	\$ -	\$ 241,902	\$ 12,407	\$ 77,211
	2031	2032	4%	\$ 49,561,702	\$ -	\$ 251,566	\$ 12,915	\$ 90,126
	2032	2033	4%	\$ 51,544,170	\$ -	\$ 261,616	\$ 13,444	\$ 103,570
Final Year of Abatement	2033	2034	4%	\$ 53,605,937	\$ -	\$ 272,068	\$ 13,994	\$ 117,565
Cumulative Values					\$ 1,274,491	\$ 1,027,152	\$ 117,565	\$ 117,565

Estimated Tax Abatement Effective Date: Jan. 1, 2024

NOTE: TIRZ 17's term currently scheduled to end on Dec. 31, 2029



QUESTIONS

THANK YOU

