

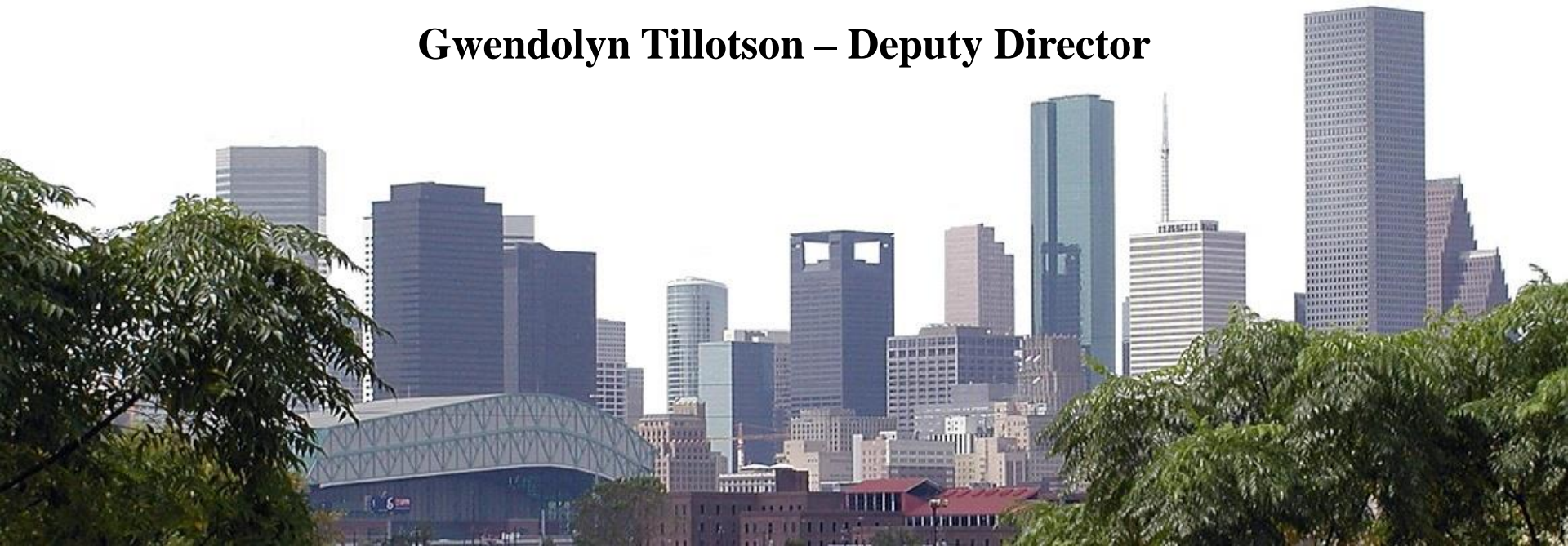


# Economic Development Proposals

*Economic Development Committee*

*November 17, 2021*

**Gwendolyn Tillotson – Deputy Director**





# Economic Development Presentation

## **LEED Tax Abatement 1550 On the Green**



# Tax Abatement Ordinance

## -Chapter 44 Amendment-

- **Ordinance 2020 - 1091**
- **Established GSI Tax Abatement Policy and Program Criteria**
- **Defined LEED and Reaffirmed Incentive Commitment**
  - Leadership in Energy and Environmental Design is a green building rating system developed by the USGBC 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 a new construction for which the owner has or intend to obtain LEED Certification.



# Tax Abatement Ordinance

## Certification and Abatement Levels

- **Status: No Active or Prior LEED Tax Abatement Agreements**
- **Increased Abatement for all levels of certification**
  - Silver – 5% tax abatement
  - Gold – 10% tax abatement
  - Platinum – 15% tax abatement
  - Removed Basic level
- **Minimum Investment: \$3,000,000**
- **Maximum Term: 10 years**



# Project Proposed for City Council Approval

## 1550 On the Green



DAYTIME VIEW



EVENING VIEW



# LEED Tax Abatement

## 1550 Lamar St. – Downtown Houston

- **Proposed Development:**
  - Current Site was parking lot
  - Proposed: Mixed Use Office Tower/Retail
  - 370k sf
  - Investment: \$117M
  - Construction Start: 2022
  - Projected Completion: 1QTR2024
  - Platinum Certification
- **Reinvestment Zone**
  - 1550 Lamar
  - Approximately 1 acre site
  - Agreement only apply to building located in the reinvestment zone





# LEED Tax Abatement

## 1550 Lamar St. – Downtown Houston

- **Proposed Abatement:**
  - Platinum Certification
    - Application to USGBC
  - Abatement contingent upon certification approval
  - Abatement Effective
    - Jan. 1 after COO
    - Receipt of certification
  - Abatement Percentage: 15%
  - 1<sup>st</sup> Year Est. Abatement: \$79k
  - Average Projected Annual Abatement: \$95k
  - Abatement Term: 10 years





# 10-Year Projection

## SKANSKA - "1550 ON THE GREEN"

### PROPERTY TAX PROJECTIONS

Investment	117,000,000
Percentage Investment applied to Improvement	80%

Abatement Percent	15%
Tax Rate	0.0056184

	Tax Year	Calendar Year	Growth	Improvement Value	Abatement Improvement Value	Abatement Value \$
<b>Base Value of Improvements</b>	<b>2021</b>	<b>2022</b>	4%	52,589.00	\$ 7,888.35	
<b>First Year of Abatement</b>	2024	2025	4%	\$ 93,600,000.00	\$14,040,000.00	\$ 78,838.02
	2025	2026	4%	\$ 97,344,000.00	\$14,601,600.00	\$ 81,993.31
	2026	2027	4%	\$ 101,237,760.00	\$15,185,664.00	\$ 85,274.81
	2027	2028	4%	\$ 105,287,270.40	\$15,793,090.56	\$ 88,687.58
	2028	2029	4%	\$ 109,498,761.22	\$16,424,814.18	\$ 92,236.86
	2029	2030	4%	\$ 113,878,711.66	\$17,081,806.75	\$ 95,928.10
	2030	2031	4%	\$ 118,433,860.13	\$17,765,079.02	\$ 99,767.00
	2031	2032	4%	\$ 123,171,214.54	\$18,475,682.18	\$ 103,759.45
	2032	2033	4%	\$ 128,098,063.12	\$19,214,709.47	\$ 107,911.60
<b>Final Year of Abatement</b>	2033	2034	4%	\$ 133,221,985.64	\$19,983,297.85	\$ 112,229.84
						\$ 946,626.58

Construction completion 1QTR2024

Tax Abatement Effective Date: Jan. 1, 2025





# PENDING REQUEST

- **The company has also submitted an application to Harris County for a LEED tax abatement**
- **The County provides a 10% exemption for qualifying applicants**
- **The County will not need to create another reinvestment zone for the purpose of a tax abatement**



# QUESTIONS

# THANK YOU