

Agenda Item Details

Meeting	Nov 12, 2024 - Bryan City Council Second Regular Meeting
Category	6. Statutory (Automatic Approval) Agenda - This agenda consists of items previously approved by Council action such as adoption of items that are part of an approved budget or capital improvement projects, first and only readings of ordinances, interlocal agreements, or action that is required by law or delegated to the City Manager. Items may be removed from the statutory agenda for separate consideration at the request of two Councilmembers.
Subject	G. Approval of a Chapter 380 Economic Development Agreement with Bryan Commerce and Development (BCD) to authorize the conveyance of certain rights-of-way on the north end of Downtown Bryan and further approval of a Chapter 380 Economic Development agreement with OFL Group LTD CO to develop a hotel, two multi story multi-purpose structures and associated parking structures, and other public infrastructure
Type	Action (Statutory)
Preferred Date	Nov 12, 2024
Absolute Date	Nov 12, 2024
Fiscal Impact	Yes
Dollar Amount	17,000,000.00
Budgeted	No
Budget Source	Tax Increment Reinvestment Zone #21, Hotel Occupancy Tax Fund, and General Fund
Goals	Quality of Life Infrastructure Economic Development

Summary:

Bryan Commerce and Development (BCD) owns approximately four (4) acres of land on the north end of Downtown Bryan, generally defined as Blocks 105, 106, 260 (lots 1-3), and 123 (lots 3R - 6R) of the Bryan Original Townsite. In 2022, BCD issued a Request for Proposals (RFP) seeking a development partnership to complete the development of this critical northern gateway into the core of Downtown. BCD, in concert with the City of Bryan, was seeking a public-private partnership that would have significant economic, social, and cultural impact on the community. As a result of the RFP, BCD and the City of Bryan entered into negotiations with OFL Group of Bryan, Texas to develop plans for a multi-phase, mixed-use, high-density development.

OFL Group is ready to embark on a transformative 3-phase development, completing the restoration of Downtown to its historic grandeur, while paving the way for a vibrant future. The developer plans to break ground in 2025 on Phase I, featuring a five-story, 130-room upscale hotel under a prominent flag, integrated with a modern conference center and a parking structure for at least 340 vehicles. Construction is projected to finish by 2027.

Phase II, scheduled for completion in 2029, will introduce a six-story, mixed-use residential building, on top of an underground parking facility for approximately 400 vehicles, enhancing both urban living and accessibility.

Phase III will add another six-story, multi-use structure, attracting new residents to the heart of Downtown. If market conditions align, this phase may include condominium units and an office component, supporting long-term community stability and fostering ownership within the district.

This property is currently located within Tax Increment Reinvestment Zone (TIRZ) #21. The increased taxable value of all properties in this zone must be reinvested back into the area through approved projects. Through a unique partnership between the City of Bryan, Brazos County, and OFL Group, the taxable value generated from this development will be used to participate in the construction of at least 300 publicly available parking spaces in Downtown North, as well as vital infrastructure to support the development. The parking and infrastructure is being financed and built by the private-sector and reimbursed by the TIRZ only when the forecasted increase in taxable values and other benchmarks have been achieved.

To maximize the limited land area available and encourage a denser land use with adequate off-street parking, all while promoting a walkable and pedestrian friendly environment, the City of Bryan is pursuing the closure of portions of Bryan Avenue, and a portion of East Pruitt Street and West 21st Street directly adjacent to the subject properties. The Chapter 380 Economic Development Agreement with BCD will authorize the applicable rights-of-way to be closed and conveyed to the developer through BCD. There will be an additional companion item on the BCD agenda to address the ground lease and future conveyance of the subject property to OFL Group.

The Chapter 380 Economic Development Agreement with OFL Group is a performance-based agreement that outlines the expectations for land use, density, increased taxable value, and timelines. The agreement also contains a recapture provision in the event certain benchmarks are not met.

In general terms, the Developer agrees to:

- Construct a flagged hotel with at least 130 rooms, a conference space with at least 12,000 square feet of meeting space, and a parking structure with at least 340 parking spaces in Phase I of the Project (Phase I). Construction for Phase I must begin prior to December 31, 2025. The developer must receive a certificate of occupancy (CO) for all structures in Phase I by December 31, 2027.
- Construct a multi-story mixed use building of at least six (6) stories in height, with at least 40,000 square feet of leasable space, with restaurant and retail space on the first floor, and office, retail, restaurant, and/or residences on the remaining floors and an underground parking structure with 400 spaces (Phase II). Phase II construction must begin prior to January 1, 2028. The developer must receive a CO for Phase II by December 1, 2029.
- Before obtaining a CO for Phase I, convey to the City a non-exclusive easement for the benefit of the public, permitting the use of at least 150 parking spaces in the Phase I parking structure. On or before obtaining a CO for Phase II, convey to the City a non-exclusive easement for the benefit of the public, permitting the use of at least 150 of the underground parking spaces in Phase II.
- Construct a second multi-story, mixed-use building with a minimum height of six (6) stories and at least 60,000 square feet of space. The first floor must feature leasable or purchasable retail, office, or restaurant spaces. The upper floors may include a combination of office, retail, restaurant, or residential units. Additionally, public infrastructure improvements must be provided to meet the needs of the property, including but not limited to publicly accessible green spaces, walkways, irrigation systems, and lighting (Phase III). Phase III construction must begin prior to January 1, 2030, with the developer obtaining a CO for the building by July 1, 2031.
- Phase I of the Project will be appraised by Brazos Central Appraisal District (BCAD) at a taxable value of at least \$38,000,000 by tax year 2028 and through the end of the Agreement.
- Phase II of the Project will be appraised by BCAD at a taxable value of at least \$48,000,000 by tax year 2030 and through the end of the Agreement.
- Phase III of the Project will be appraised by BCAD at a taxable value of at least \$40,000,000 by tax year 2032 and through the end of the Agreement.
- Comply with all recapture provisions should they fail to satisfy the required benchmarks.

In general terms, the City agrees to:

- Close portions of Bryan Avenue (from 22nd Street to Martin Luther King, Jr. Street), Pruitt Street (from Main Street to Bryan Avenue) and 21st Street (from Main Street to Bryan Avenue) and convey to the developer through BCD.
- Waive up to \$100,000 (in the aggregate) in permit fees.
- Rebate fifty percent (50%) of all Hotel Occupancy Tax (HOT) fund revenue generated by the hotel in Phase I, not to exceed \$2,250,000.
- Create an Infrastructure Grant Fund, through the Board of Directors of Tax Increment Reinvestment Zone (TIRZ) #21, and sequester one hundred percent (100%) of the tax increment generated by Phases I and II, as well as the unencumbered portion of the remaining tax increment generated by TIRZ #21.

- Make bi-annual grant payments from the Infrastructure Grant Fund up to \$8,500,000 in the aggregate for Phase I, up to \$4,000,000 in the aggregate for Phase II, and up to \$1,500,000 in the aggregate for Phase III for costs associated with infrastructure including publicly accessible above ground structure and underground parking, parks and play areas, updates to existing roadways, updates to and construction of sidewalks and pathways, landscaping, lighting, and upgrades to and/or relocation of electrical lines, water lines, sewer lines, and storm sewer currently located within the public right-of-way.
- Provide a density bonus in the form of additional Infrastructure Grant payments if the developer elects to increase the height of the building(s) to at least ten (10) stories in Phase II and/or Phase III, and if the combined BCAD value of the structures on Phases II and III exceeds \$110,000,000.

Staff Analysis and Recommendation:

BCD and the City of Bryan issued a Request for Proposals to identify and secure a world-class private sector development partner for the redevelopment of Downtown North property. This development proposal captures the vision of the Downtown North property as an experiential destination, a magnet and catalyst for residents and visitors alike anchoring Downtown Bryan’s northern gateway. Based upon the agreement terms, the following fiscal impacts are projected over the next 25 years:

- Land sell at approximately \$2,100,000;
- City sales tax estimated at \$510,075 annually; and
- City Hotel Occupancy Tax estimated at \$635,645 annually.

Beyond the fiscal impacts referenced above, staff believes this project will have significant indirect/spin-off benefits serving as a catalyst for the continued renaissance of Bryan’s Historic Downtown. Staff recommends approval of this public-private partnership redevelopment initiative that brings significant economic and social impact, while retaining Downtown Bryan’s unique Cultural District position in the market.

Options:

1. Approve both Chapter 380 Economic Development Agreements
2. Deny both Chapter 380 Economic Development Agreements and provide direction to staff

Attachments:

1. Subject property map
2. Downtown North RFP
3. Chapter 380 Economic Development Agreement with BCD
4. Chapter 380 Economic Development Agreement with OFL Group

[Subject Property.pdf \(2,478 KB\)](#)

[downtown-north-rfp-22-final.pdf \(6,749 KB\)](#)

[Chapter 380 BCD and COB 11-4-24 \(2\).pdf \(194 KB\)](#)

[Chapter 380 Prject Q Dwntwn North 11-4-24.pdf \(2,546 KB\)](#)