

# **Commercial Property Demolition and Lot Clearing Grant Program Policy**

Roque Salinas, MPA

Director of Economic Development

8/15/2023

# Summary

- The Commercial Property Demolition and Lot Clearing Grant Program is intended to encourage redevelopment of blighted, underused, derelict, substandard, and vacant lot commercial properties in order to improve the economic and community vitality of commercial areas. Blighted properties significantly limit the potential for higher development standards on adjacent properties and negatively impact the overall economic growth of Leon Valley.
- Through this program, grants will be provided for the demolition of qualified and underutilized commercial properties. This will help move these properties to the redevelopment market. The program will also provide grants to clear vacant property, if said property is developed for commercial and/or retail use. This program does not apply to residential properties or home-based businesses.

## **Options:**

1. Approve moving forward
2. Denial moving forward
3. Make recommendations for changes to staff

# ELIGIBILITY CRITERIA

- The property must meet all the following conditions:
  1. The property must not be party in a legal suit or action naming the City of Leon Valley, Bexar County, State of Texas or any domestic jurisdiction.
  2. The property must be free of any lien(s).
  3. The property must not be part of any criminal or regulatory investigation by any agency.
  4. The property must not be part of any civil inquiry.
  5. The property must not have received a demolition grant in the last ten (10) years or has received any economic development funding in the last three (3) years from the City of Leon Valley for the same property.
  6. The property must not be in foreclosure proceedings.
  7. The property must not be listed under any protected designation that does not allow for demolition.
  8. Grants will not be awarded to property owners whose demolition was approved and covered by insurance.
  9. The Applicant shall have not received, nor will receive insurance monies for the revitalization project.

# APPLICATION PROCESS

- An application must be submitted in the approved format to the Economic Development Department by the property owner. If the property has multiple owners, all owners must sign the application. Staff will verify ownership information.
1. The Economic Development Director will review the application and provide approval or denial of application.
    1. A denied application will be given a written response. The applicant can resubmit a modified version of the denied application within 30 days of written notice. All denied letters will be submitted to council.
    2. If the council wishes to bring the application before the body, two (2) members must sponsor the application to be placed on the agenda.
  1. The approved application, the proposed performance measures, and the recommendation of the Director will be placed on the City Council agenda for review. They will provide their recommendation for approval or denial. The City Council will have the final vote to either approve or deny the grant application.
  2. The grant incentive will consist of a check(s) payment, based on an agreed reimbursement payment schedule entered between the City and the property owner.

# Performance Agreement

- All applicants must enter into a separate performance agreement with the City. The terms will be determined by the applicant and the Director of Economic Development. This performance agreement must be approved by the City Council.
- Preferences will be given to applicants whose development has a significant increase in ad valorem tax, increase sales tax revenue, provide new jobs, and/or have other significant economic impact to the community.
- Staff will look at different factors, including but not limited to:
  - sales tax generation by recipient, be direct or indirect;
  - number of potential new jobs generated;
  - type of new job generated;
  - increase in ad valorem value;
  - decrease the vacancy rate within the city limits;
  - capital improvements to the property;
  - appropriate business for the location;
  - zoning requirements;
  - increases the quality of life in the community.

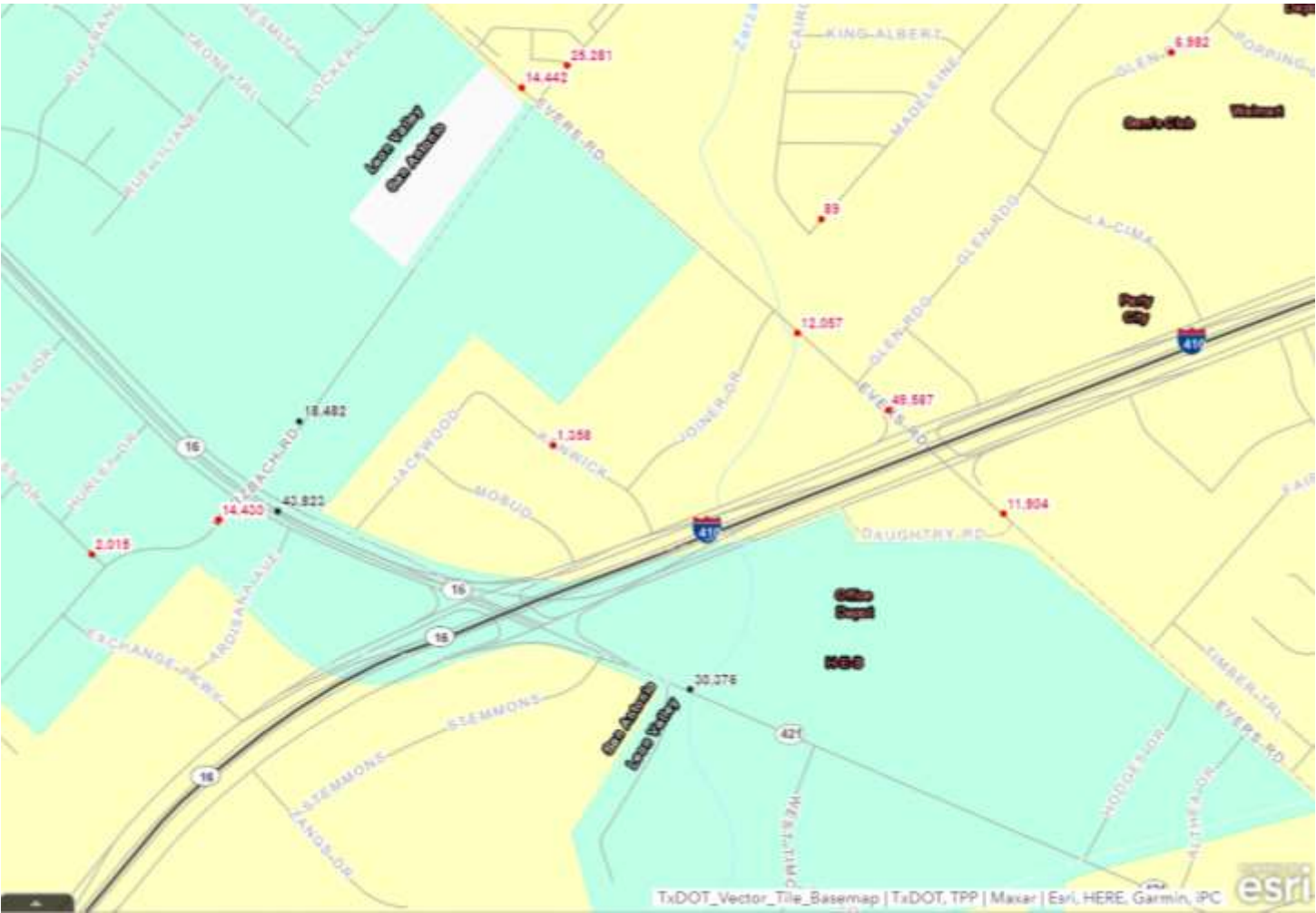
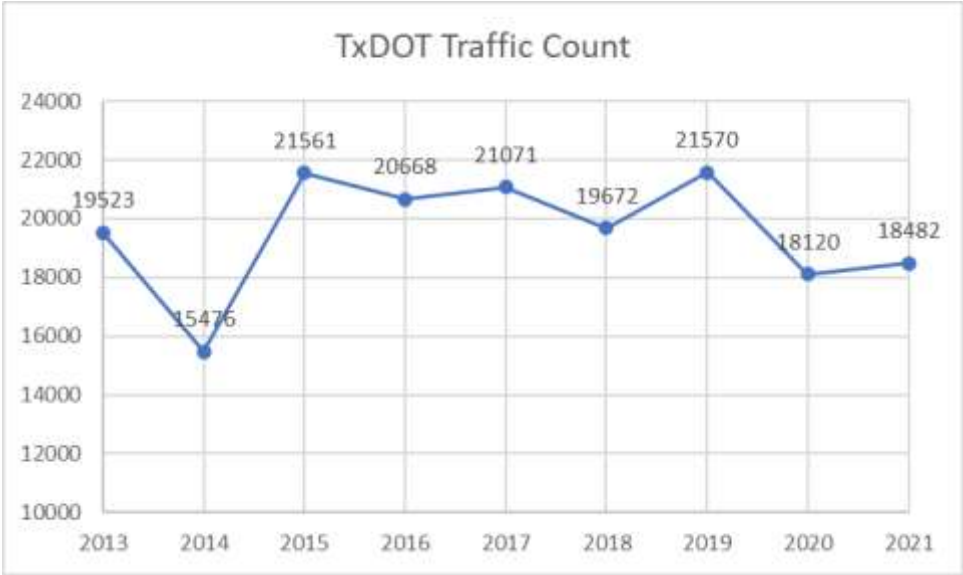
# Fiscal impact

- The fiscal impact will be determined by the number of grants awarded.
- Estimates for 5616 Bandera Road or Comfort Café were \$22,000. However, if a building has environmental issues, then the cost can increase significantly.
- 5616 Bandera Road costs were as high as \$70,000 with environmental issues.
- Staff is also open to tax abatement agreements in lieu of direct payment.
- Council will have the final approve for award.

Example-  
5630  
Wurzbach  
1664 sq



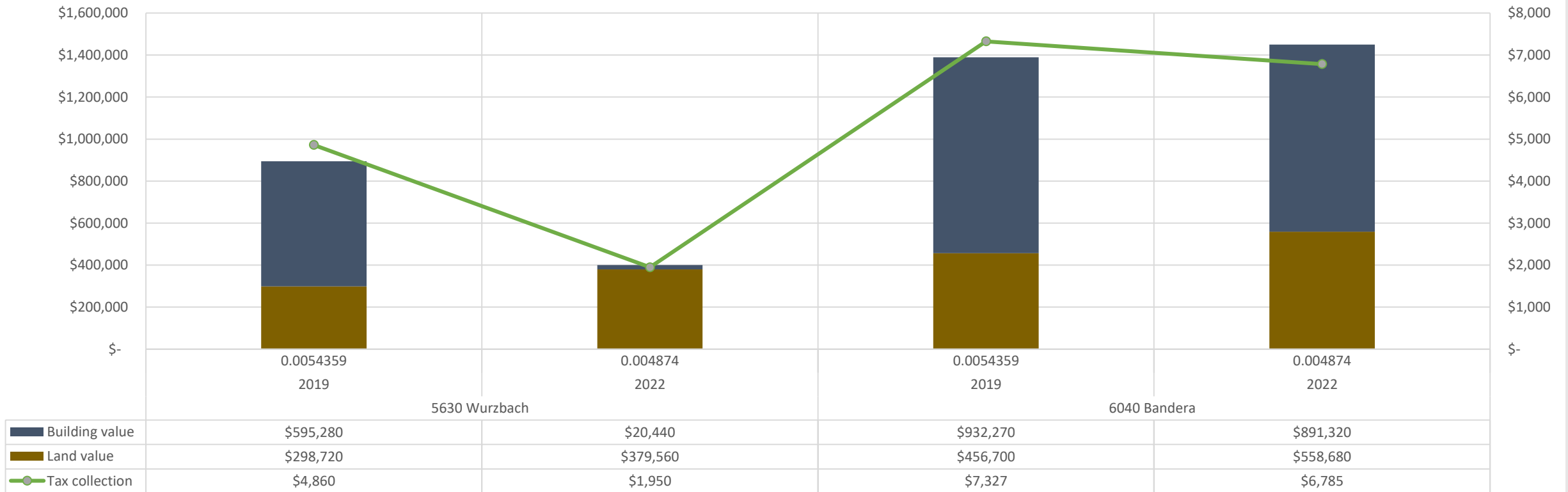






# Property tax revenue loss

Property Value 5630 Wurzbach vs 6040 Bandera



# S.E.E. Statement

## Social Equity:

- N/A

## Economic Development:

- The City will provide a diverse and versatile business environment that supports a healthy economy. The City will exhibit a distinctive and welcoming identity at its boundaries and throughout the community. The City will attract, expand and retain viable businesses to promote development and redevelopment and including a town-centered design.

## Environmental Stewardship:

- N/A



# Strategic Goals

**Economic Development** is a strategic goal outlined in Leon Valley's Strategic Plan.

- Revitalize declining commercial areas by creating, reviewing, and enforcing codes that impact Economic Development
- Promote Leon Valley



# Recommendation

- It is the recommendation of staff to approve the program in order to provide more tools to make Leon Valley a competitive designation for businesses to re-develop blighted, underused, derelict, substandard, and vacant commercial properties and to call Leon Valley home.
- At council discretion

