

**AGENDA**



**Recommendation for Council Action**

|                     |                |       |                      |     |
|---------------------|----------------|-------|----------------------|-----|
| Austin City Council | <b>Item ID</b> | 59499 | <b>Agenda Number</b> | 23. |
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| <b>Meeting Date:</b> | 6/23/2016 | <b>Department:</b> | Economic Development |
|----------------------|-----------|--------------------|----------------------|

**Subject**

Approve an ordinance nominating the location known as 7620 Guadalupe Street, Austin, TX 78752 owned by Certain Affinity, as a Media Production Development location pursuant to chapter 485A of the Texas Government Code; and authorize the City Manager to execute and submit an application for exemption to the Texas Film Commission.

**Amount and Source of Funding**

**Fiscal Note**

The total investment estimated for this project is \$6,926,400 and the total estimated sales tax waived for incentivizing this project is \$69,264, calculated at 1% of sales and use tax on applicable project expenses.

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| <b>Purchasing Language:</b>                             |   |
| <b>Prior Council Action:</b>                            |   |
| <b>For More Information:</b>                            | Kevin Johns, Director, (512) 974-7802; David Colligan, Global Business Recruitment and Expansion Division, (512) 974-6381 |
| <b>Council Committee, Boards and Commission Action:</b> |   |
| <b>MBE / WBE:</b>                                       |   |
| <b>Related Items:</b>                                   |   |

**Additional Backup Information**

The City's Economic Development Department is seeking Council action on two related items – creation of a media production development zone and nomination of the location described below as a qualified media production location. Chapter 485A of the Texas Government Code Act describes the process for the creation of a zone and nomination of a location to allow for exemptions to the limited sales, excise, and use taxes pursuant to the Act and Texas Tax Code section 151.3415, to qualified persons who build, construct, renovate, improve, or expand a media production facility within the zone. Once the zone is created and approved by the Texas Film Commission, then applicants can request nomination of a location for approval by the Council and the Texas Film Commission.

Certain Affinity owns the property at 7620 Guadalupe Street, Austin, TX 78752, and has requested nomination as a media production development location pursuant to chapter 485A of the Texas Government Code. Certain Affinity is one of Austin's premiere video-game developers, best known for its work on the Halo and Call of Duty franchises. The company was founded in 2006. What began as a ten person team has now expanded to an

operation of 121 seasoned industry veterans. To accommodate its rapid growth, Certain Affinity's founders have acquired a facility located at 7620 Guadalupe Street. The property was formerly home to the Texas Association of School Boards but has been empty since 2009. The anticipated completion of the project is late 2016. This project will bring a state-of-the-art game development studio to North Central Austin. The project will also bring new life to a dormant building, renewing 52,000 square feet of existing commercial office space with the potential to create 300+ new, and retain 100+ existing, high paying jobs in the Highland area.

Construction and renovation could account for an immediate \$12,079,607 economic impact and, by 2020, the expansion of Certain Affinity may contribute \$101,268,080 in total economic impact, which includes \$49,462,965 in earnings, as noted in an economic impact analysis provided by TXP, an independent economic expert. Additionally, \$807,017 in total new City tax revenue over the next five years may be generated by the expansion project. Incentivizing this expansion project will galvanize a tech-centric hub by providing a permanent home for Certain Affinity.

The total investment estimated for this project is \$6,926,400 and the total estimated sales tax waived for incentivizing this project is \$69,264, calculated at 1% of sales and use tax on applicable project expenses. The tax exemption will leverage a state tax exemption in exchange for economic development benefit provided because of the additional jobs created for the renovation of a building empty since 2009, and additional employees hired by Certain Affinity.

The company is seeking to participate in Career Expressway – a workforce development program backed by Capital IDEA and ACC.