Tax Abatement Proposal for Ferguson Enterprises, LLC

Economic Development Committee

August 19, 2026

Mayor's Office of Economic Development

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Tax Abatement Ordinance Chapter 44 Article IV

- Ord. 2024-624 established our tax abatement program through 12:00am on August 28, 2026
  - Economic Development Abatement (Sec. 44-127)
  - Brownfield Development Abatement (Sec. 44-129)
  - LEED Tax Abatement (Sec. 44-131)
  - Green Stormwater Infrastructure (GSI) Abatement (Sec. 44-132)
  - Deteriorated/Demolished Property Abatement (Sec. 44-133)

Economic Development Tax Abatement Chapter 44 Article IV Section 44-127

- Eligibility Criteria:
  - Provide an economic benefit to the City
  - Projected to increase property value by $1M, or $500K for deteriorated/demolished property or property in eligible census tract
  - Project will create, retain, or prevent the loss of permanent jobs
- Abatement up to 90% abatement on buildings, structures, fixed machinery & equipment, site improvements, office space and related fixed improvements, and/or tangible personal property
- Requires the company to provide community benefits as a condition of the abatement

FERGUSON

About the company

- Fortune 500 company: North America’s largest value-added distributor of essential water and air solutions
- Joined the S&P 500 index this August

About their work

- Manages an expansive supply chain for HVAC, plumbing, and other building infrastructure materials
- Serves residential, commercial, and industrial markets
- Operates a market distribution center in Houston

U.S. Business at a Glance

1,517	9	5	~32,000
Locations	Regional Distribution Centers	Market Distribution Centers	Associates

* Data as of CY2025

Ferguson Enterprises, LLC
9403 Spikewood Dr, Houston, TX 77078

Hiring Goals	2027	2030	2032
New FTEs (Annual)	11	33	22
All FTEs (Cumulative)	11	44	66

Proposed Development

- Located in District B
- Current Site: Vacant/Greenfield
- Proposed: A new manufacturing, fabrication, and distribution facility
- Capital Investment: $25.9M
- Construction Begins: 2026
- Estimated Completion: 2027

Location	Atlanta	Houston
Estimated Capital Costs	$25.9M	$25.9M
Estimated Total Annual Wage for New Jobs	$4.19M	$5.57M
Local Incentive	$1M - $2M	**X**
State Incentive	-	-
Total Estimated Costs with Incentives	$28M - $29M	$31.5M
Advantage over Houston	$2.38M - $3.38M	--

Economic Benefits

- Located in Texas Enterprise Zone (high poverty designation)
- Adding 66 jobs within 5 years of completion
  $75,000 average annual salary for fabricator jobs
- Committing to job training, local hiring

Alignment with MOED Priorities

TIER 1:
City-wide Industry Priorities

- Advanced Manufacturing
- Affordable Housing
- Biotechnology
- Distribution & Logistics
- Energy Transition & Resilience
- Life Science
- Tourism & Entertainment

TIER 2:
Neighborhood & Community Priorities

- Grocery-related developments in food insecure areas
- Office conversions and repurposed buildings
- Significant job creation developments in industries not listed in Tier 1 (e.g.: light manufacturing, small scale developments, community commercial centers)

TIER 3:
Economic Development Infrastructure Improvements

- Park and greenspace projects adjacent to underdeveloped or underutilized transportation corridors, or to secure philanthropic funding
- Street or sidewalk projects that improve pedestrian activity in highly commercial areas
- Public safety facilities

TIER 4:
Supporting Resilient Developments

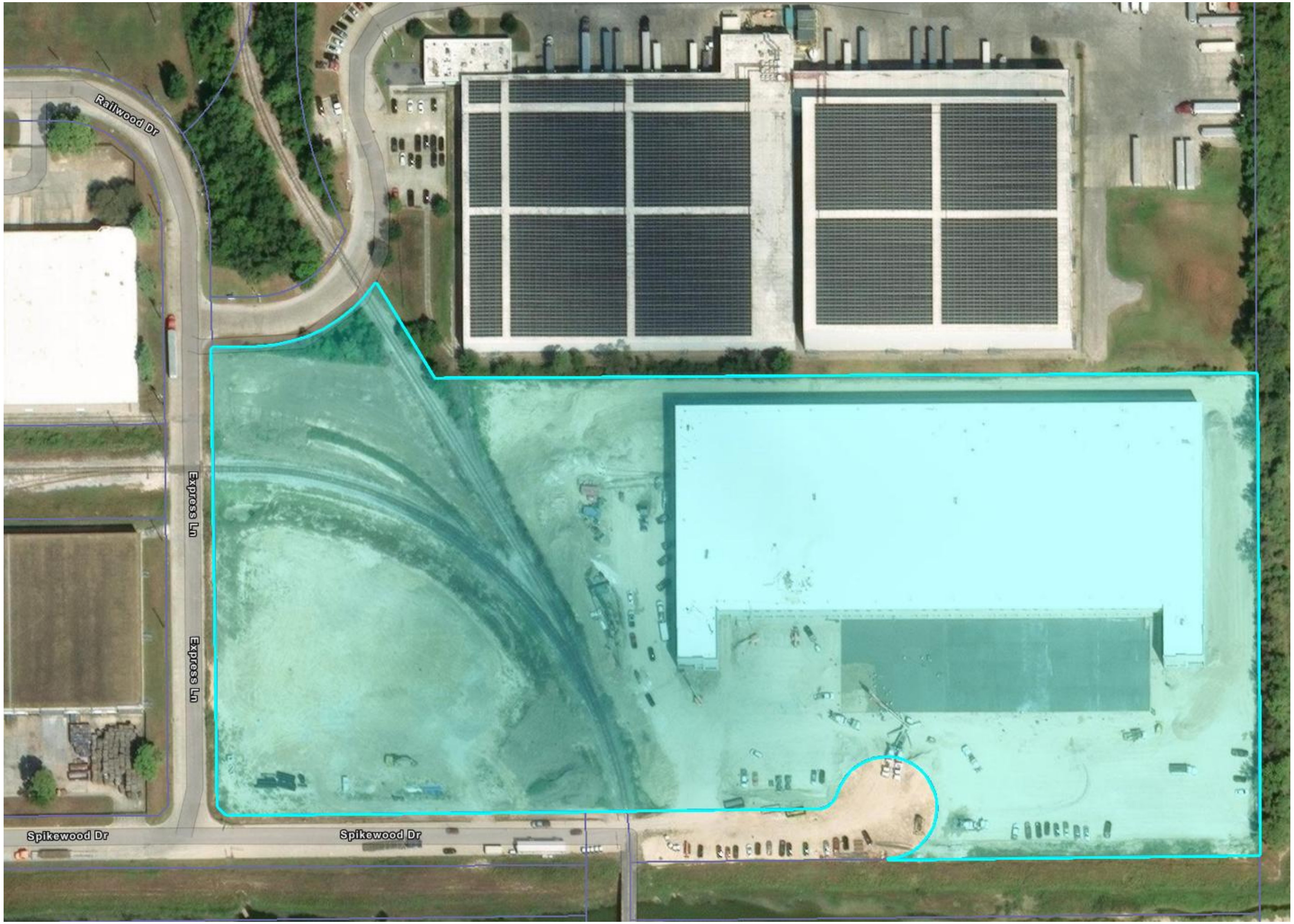
- Low Impact Design developments and green stormwater infrastructure improvements
- LEED buildings
- Stormwater detention and retention improvements

TIER 1 — Investment in industrial manufacturing and fabrication

OTHER — Investment in an Enterprise Zone

OTHER — Investment in current and proposed Opportunity Zone

Project Site



Tax Abatement Proposal

Ferguson Enterprises, LLC
9403 Spikewood Dr, Houston, TX 77078

Effective Date	• January 1, 2027
Eligible Costs	• Building Improvements: $5M • Machinery & Equipment: $15.9M • Business Personal: $800K
Abatement Projection	• 1st Year Abatement: $97,093 • Average Annual Abatement: $89,948
Abatement Term	• $1,000,000 or 10 years

January 15, 2026

- The Greater Houston Partnership introduced MOED to the project

February 12, 2026

- Company submitted a Tax Abatement application to MOED

Today

- MOED recommends tax abatement

10-Year Projection

FERGUSON ENTERPRISES, LLC - 9403 SPIKEWOOD DR

PROPERTY TAX PROJECTION

Building Investments (Including Site Improvements)	$ 5,000,000
Machinery & Equipment, Office Space, and Personal Property	$ 16,700,000
Percentage of Investment Applied to Improvement	70%
COH Tax Rate (TY2025)	0.0051919

						FERGUSON ENTERPRISES, LLC				
	TAX YEAR	**FISCAL YEAR**	**PROJECTED GROWTH**	**BUILDING IMPROVEMENT ASSESSED VALUE**	**M & E + BP PROPERTY ASSESSED VALUE**	**BUILDING IMPROVEMENT ABATEMENT (90%)**	**M & E + BP PROPERTY ABATEMENT (90%)**	**TOTAL ANNUAL ABATEMENT VALUE**	**CUMULATIVE ABATEMENT VALUE**	**COH COLLECTED REVENUE**
Base Value of Improvements	2026	2027		$ 14,468,986.00	$ -	$ -	$ -	$ -	$ -	$ 75,121.53
First Year of Abatement	2027	2028	4%	$ 18,547,745.44	$ 16,700,000.00	$ 19,058.86	$ 78,034.26	$ 97,093.12	$ 97,093.12	$ 85,909.65
	2028	2029	4%	$ 19,289,655.26	$ 15,525,714.29	$ 22,525.59	$ 72,547.16	$ 95,072.75	$ 192,165.87	$ 85,685.17
	2029	2030	4%	$ 20,061,241.47	$ 14,351,428.57	$ 26,130.99	$ 67,060.06	$ 93,191.05	$ 285,356.92	$ 85,476.09
	2030	2031	4%	$ 20,863,691.13	$ 13,177,142.86	$ 29,880.60	$ 61,572.97	$ 91,453.57	$ 376,810.49	$ 85,283.04
	2031	2032	4%	$ 21,698,238.77	$ 12,002,857.14	$ 33,780.20	$ 56,085.87	$ 89,866.07	$ 466,676.56	$ 85,106.65
	2032	2033	4%	$ 22,566,168.32	$ 10,828,571.43	$ 37,835.78	$ 50,598.77	$ 88,434.56	$ 555,111.12	$ 84,947.59
	2033	2034	4%	$ 23,468,815.06	$ 9,654,285.71	$ 42,053.59	$ 45,111.68	$ 87,165.27	$ 642,276.39	$ 84,806.56
	2034	2035	4%	$ 24,407,567.66	$ 8,480,000.00	$ 46,440.11	$ 39,624.58	$ 86,064.69	$ 728,341.08	$ 84,684.27
	2035	2036	4%	$ 25,383,870.36	$ 7,420,000.00	$ 51,002.09	$ 34,671.51	$ 85,673.60	$ 814,014.68	$ 84,640.82
Final Year of Abatement	2036	2037	4%	$ 26,399,225.18	$ 6,360,000.00	$ 55,746.55	$ 29,718.44	$ 85,464.98	$ 899,479.66	$ 84,617.64
Cumulative Values						**$ 364,454.36**	**$ 535,025.30**	**$ 899,479.66**	**$ 899,479.66**	**$ 926,279.00**

Estimated Tax Abatement Effective Date: Jan. 1, 2027