

AN ORDINANCE 2012-06-21-0501

ADOPTING THE CENTER CITY IMPLEMENTATION PLAN AND HOUSING INCENTIVE POLICY; AUTHORIZING THE NEGOTIATION AND EXECUTION OF RELATED FORMS AND CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM LOAN AND GRANT AGREEMENTS; AUTHORIZING ADMINISTRATIVE CHANGES TO THE PLAN AND POLICY.

* * * * *

WHEREAS, the Centro Partnership adopted a Downtown Strategic Framework Plan (the “Framework Plan”) which set targets for growth in the downtown area, identified target areas, and made recommendations for the financing and execution of infrastructure and housing initiatives in the urban core; and

WHEREAS, in an effort to ensure the execution of the Framework Plan, the City executed a contract with HR&A Advisors for the creation of an Implementation Plan (the “Implementation Plan”) to provide recommendations on how to best implement the Framework Plan through increased public investment, creation of a housing finance strategy, coordinated management, and regulation of development; and

WHEREAS, as part of the Implementation Plan, City staff developed the Center City Housing Incentive Policy (the “CCHIP”), an “as-of-right” incentive policy for housing in the Inner City Reinvestment Policy (“ICRIP”) Target Area to assist in normalizing land values and provide greater certainty and speed of approvals to land developers; and

WHEREAS, the CCHIP incorporates the goals and objectives of the Implementation Plan, provides greater incentives to housing projects within the targeted growth areas identified in the Framework Plan and prioritizes the urban core; and

WHEREAS, the CCHIP also encourages historic rehabilitation, adaptive reuse, brownfield redevelopment, and transit oriented development by rewarding good urban design and mixed use and mixed income redevelopment; and

WHEREAS, the CCHIP applies to multi-family rental and for sale housing projects (Projects) within the ICRIP Target Area and eligible Projects will receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, Inner City Incentive Fund Loans, and Mixed Use Development Forgivable Loans based on the terms outlined in the CCHIP; and

WHEREAS, the level of incentives provided by the CCHIP is based on the location of a Project within the ICRIP Target Area, with the level of incentives increasing if the Project is within 1 of the 8 Target Growth Areas included in the Framework Plan, consisting of Midtown/River North,

Downtown Core, Cesar Chavez/Hemisfair Corridor, Near River South, Medical District, Civic Core, Near East Side, and West Side Multimodal/UTSA; and

WHEREAS, City staff recommends adoption of the Implementation Plan and the Center City Housing Incentive Policy as an additional tool for the City to attract growth and economic revitalization to the Inner City; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

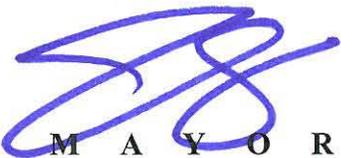
SECTION 1. City Council approves and adopts the Center City Implementation Plan, as attached in Exhibit A, and the Center City Housing Incentive Policy as attached in Exhibit B. Upon the effective date of this Ordinance, City staff is authorized to negotiate and execute any and all related forms and Chapter 380 Economic Development Program Loan and Grant Agreements in accordance with the criteria as set out in Exhibit B. Administrative changes to the Center City Implementation Plan and Housing Incentive Policy are authorized upon the approval of the City Manager or her designee.

SECTION 2. The funding of any eligible project's waivers, grants and/or loans is contingent on available funding as appropriated and approved in the annually adopted budget. The funding to cover City administration of this Plan and Policy is additionally contingent on the appropriation included in and approved by Council in the annually adopted budget.

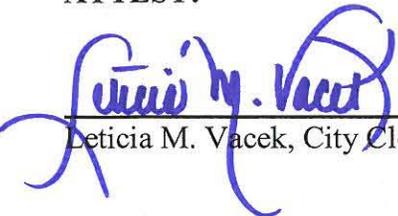
SECTION 3. The financial allocations in this Ordinance are subject to approval by the Chief Financial Officer (CFO), City of San Antonio. The CFO may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance shall be effective immediately upon its passage by eight (8) votes and on the 10th day after passage upon less than eight (8) votes.

PASSED AND APPROVED this 21st day of June, 2012.

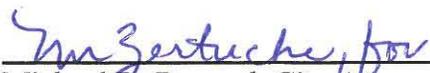

M A Y O R
Julián Castro

ATTEST:



Detecia M. Vacek, City Clerk

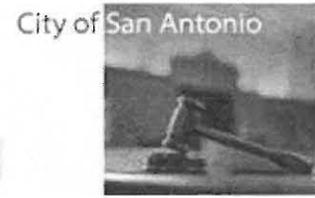
APPROVED AS TO FORM:



Michael D. Bernard, City Attorney



Request for
**COUNCIL
ACTION**



Agenda Voting Results - 47

Name:	47						
Date:	06/21/2012						
Time:	12:11:13 PM						
Vote Type:	Other: Implementation Strategy Plan						
Description:	An Ordinance approving the Center City Implementation Plan and the Center City Housing Incentive Policy. [Pat DiGiovanni, Deputy City Manager; Mark Brodeur, Director, Center City Development Office]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				
Diego Bernal	District 1		x			x	
Ivy R. Taylor	District 2		x				x
Leticia Ozuna	District 3	x					
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
W. Reed Williams	District 8			x			
Elisa Chan	District 9			x			
Carlton Soules	District 10			x			

Name:	47						
Date:	06/21/2012						
Time:	12:03:53 PM						
Vote Type:	Other: Incentive Policy Only						
Description:	An Ordinance approving the Center City Implementation Plan and the Center City Housing Incentive Policy. [Pat DiGiovanni, Deputy City Manager; Mark Brodeur, Director, Center City Development Office]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor		x				

Diego Bernal	District 1		x				x
Ivy R. Taylor	District 2		x				
Leticia Ozuna	District 3	x					
Rey Saldaña	District 4		x				
David Medina Jr.	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x			x	
Carlton Soules	District 10		x				

Name:	47						
Date:	06/21/2012						
Time:	11:57:17 AM						
Vote Type:	Other: To Vote On Plan&incentive Policy Separat						
Description:	An Ordinance approving the Center City Implementation Plan and the Center City Housing Incentive Policy. [Pat DiGiovanni, Deputy City Manager; Mark Brodeur, Director, Center City Development Office]						
Result:	Passed						
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Julián Castro	Mayor		x				
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Cris Medina	District 7		x				
W. Reed Williams	District 8		x				
Elisa Chan	District 9		x			x	
Carlton Soules	District 10		x				x

EXHIBIT A

Center City Strategic Framework Plan
Implementation



February 28, 2012

HR&A
Analyze. Advise. Act.

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Executive Summary

Executive Summary

I. Introduction

The City of San Antonio has acknowledged the critical importance of its urban core, known as the Center City:

- Mayor Julian Castro declared this period **The Decade of Downtown** and initiated a robust public consultation process which yielded the SA2020 vision for downtown's future, setting goals to add 5,000 housing units (a 130% increase) and more than 13,000 jobs (a 25% increase) downtown by 2020.
- **Centro Partnership San Antonio** was created by civic and business leadership in 2011 as a "public-private non-profit organization entrusted to envision and foster a vibrant and prosperous downtown that benefits the entire San Antonio community."
- As its first major effort, Centro developed a **Strategic Framework Plan** for the Center City setting out the key goals, targets and strategies to achieve the SA2020 vision. The first such plan in more than a decade, the Strategic Framework Plan provides a critical road map for future activity by the City, Centro and others, including the focus on building new housing downtown, the urban infrastructure – parks, improved streets, mass transit, a great public realm, enhanced cultural institutions, parking – required to spur housing growth, and the locations where growth would provide the greatest benefit for the least cost.

Centro and the City commissioned HR&A to produce the Strategic Framework Plan, from June to November 2011, through research and analysis on San Antonio's competitive position and opportunities, community meetings, stakeholder consultations, and close collaboration with Centro's board and City officials.

This report provides an Implementation Plan for the City of San Antonio, providing recommendations related to the financing, planning, management and regulation of the Center City's growth based on the recommendations of the Strategic Framework Plan. It focuses on four key sets of recommendations:

Executive Summary

- **Public Investment.** Linking infrastructure spending to objectives for urban development, for both 2012 bond program projects and for long-term investment.
- **Support for Housing.** Providing predictable and consistent housing incentives and ensuring quality dense urban housing is developed in the Center City.
- **Organization and Management.** Enhancing capacity to achieve urban development goals through cross-cutting coordination of Center City projects within City government.
- **Planning and Regulation.** Land use, density and urban design standards for private development and a means for enforcing design standards for private development and for projects receiving City incentives.

II. Rationale for Investment and Focus on the Center City

Investing in the Center City is critical to the future of San Antonio.

Downtown is a primary source of jobs and tax revenue. Strategic investment is necessary to protect and expand that base. This investment maximizes the public's return on investment.

- **Downtown anchors the \$11 billion annual tourism industry.** A more vital downtown can increase the value of tourism to the City by producing more places to see and visit and a more vibrant quality to neighborhoods, which serve the purpose of attracting new tourist markets and extending stay for those who are coming already.
- **A mixed use urban core is needed to enhance industry downtown.** Creative industries rely on an innovative culture that thrives on urban life – San Antonio's historic building stock and cultural vibrancy can be leveraged to increase downtown industry through enhancement of this character.

The Center City should be everyone's neighborhood with parks, housing, and entertainment for the City's residents.

Executive Summary

San Antonio's commitment to the arts happens in the Center City. This essential element of civic life should be further embraced.

Downtown includes the City's largest investment in infrastructure, which is leveraged through further growth.

The Strategic Framework Plan identifies a strong consensus among San Antonians of all walks of life that:

- The tourism and convention economy so critical to the City's economy should continue to be supported, while diversification of the Downtown economy should be at the core of future strategic action.
- The Center City will be more vibrant when more people live in it.
- The quality of downtown retail, dining, open space, and culture is excellent, but can be refined and grown to serve the local resident.

III. Summary of Strategic Framework Recommendations

The Strategic Framework Plan for the Center City (December 2011) provides a detailed set of recommendations on achieving the growth goals established by the SA2020 process. The following section summarizes these recommendations for reference.

Invest in Housing Downtown. All great downtowns are anchored by residential life that provides authenticity and animation. San Antonio has wonderful neighborhoods abutting its central core. Additional residential life will enhance the visitor-serving industry and lay the foundation for increased employment. The City should commit to strengthening those neighborhoods and bringing their energy into the heart of the City, making downtown everyone's neighborhood.

Housing First

Recommendation: Set a target of 7,500 housing to be supported through economic development efforts through the end of the decade.

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This residential growth is the key to unlocking the positive benefits sought for the City, including downtown amenities, redevelopment of existing building stock, and the presence of more vibrant neighborhood life on the streets and in the public realm of the City.

Recommendation: Focus energy and scarce resources on meeting housing targets for key areas in the Center City.

Housing growth relies on critical mass and should follow the energy of the market. The following areas are well positioned for residential growth based on an assessment of market momentum, physical capacity for growth, and proximity to areas with established neighborhood character:

- *Midtown/River North*, which can become a highly amenitized residential environment with regional food & beverage and cultural attractions;
- *Downtown Core*, which can become an active destination for locals and visitors with a layered urban fabric;
- *Cesar Chavez/HemisFair Corridor*, which has potential to become a vibrant residential and recreation district from HemisFair along the Chavez corridor and into Southtown; and
- *Near River South*, which is envisioned as adaptive re-use of the City's industrial heritage for arts, entertainment, and creative living space.

Recommendation: Identify additional areas of long-term growth and provide a framework for that growth.

In the longer-term, these areas are ripe for mixed-use development, likely in partnership with private and institutional stakeholders and major property owners. These areas include:

- *Medical District*, which can expand as a major medical employment center, supported by amenities for residents and workers;
- *Civic Core*, which can expand as a consolidated employment center for government and corporate users with shared services, connected to public transit options;

Executive Summary

- *Near East Side*, which can grow as residential neighborhood with a zone of repurposed industrial spaces; and
- *West Side Multimodal/UTSA*, which can become a transit-oriented community, anchored by UTSA and new mixed-use development.

Creating a Vibrant Urban Place

Meeting the goals for housing growth in the Center City will require a concerted effort on a range of fronts. HR&A identified a gap between the revenue available from Downtown housing and the cost of producing that housing, which has been the economic barrier to achieving higher residential velocity in the Center City compared to other downtowns nationally.

Key to generating housing Downtown will be to provide the assets, amenities and services in the Center City that will increase demand for housing, addressing the gap from the revenue side of the equation, and continuing to provide incentives and gap financing that will reduce the development market's required capital outlay, addressing the gap from the cost side.

The Strategic Framework Plan recommends investments in the following categories of improvements by the City and its partners in economic development:

Recommendation: *create a welcoming and comfortable public realm, including:*

- **Sidewalks** that feel safe and clean and are well-designed
- Complete streets that accommodate pedestrians, vehicles, bicycles, and mass transit
- A clear **street hierarchy** that is both attractive and accessible for automobiles as well as for pedestrians, and supports development;
- Programmed, activated **open spaces**;
- **A strong standard of maintenance for all of the Center City assets.**

Recommendation: *ensure a high quality for new housing that attracts new residents to the Center City, including:*

Executive Summary

- A rigorous level of design quality applied to building ground floors, open spaces, building construction and materials
- Accessible **parking** options;
- A range of **housing options** to accommodate multiple resident markets

***Recommendation:** Provide amenities and services for residents, including:*

- **Retail and entertainment** amenities that appeal to locals
- **Programming that lends vibrancy to public spaces and to the street network**
- Great open space that provides recreational and leisure opportunities, leveraging the strength of recent improvements to the River

Executive Summary

IV. Implementation Strategy

To implement the Strategic Framework, the City of San Antonio and its key partners in economic development should take a range of actions in four key areas: Public Investment, Support for Housing, Organization and Management, and the Planning and Regulation of Development.

Public Investment

Infrastructure spending should be closely linked to objectives for urban development, including the selection of projects and their design specifications.

Linked investment will be critical for both projects funded by San Antonio's 2012 bond issuance and for future public investments in the downtown.

Recommendation: Set near-term capital priorities to include investment in complete streets and intersection improvements, gateways between the River Walk and the street network, improvements to key open spaces, building assets for key cultural institutions, freight rail quiet zones in emerging neighborhoods, and the fixed rail and streetcar project.

Recommendation: In the longer-term, invest in expanding the influence of the targeted growth areas to support redevelopment throughout the Center City through additional open space, complete street and River-Street gateway investments, creation of new amenity corridors including San Pedro Creek, and rails-to-trails improvements.

Recommendation: Invest in fixed rail and streetcar alignments to connect targeted growth areas, including committed alignments and extension to the Near River South area.

Recommendation: Modify the Center City tax increment framework to capture the value of future growth and direct it toward Center City major catalytic infrastructure improvements that will generate substantial future tax revenue.

Executive Summary

Recommendation: Increase special assessment sources for provision of ongoing clean and safe, marketing, and tenant services in the Center City by Centro Partnership.

Recommendation: Identify additional capital funding sources for the Center City to support continued levels of capital funding following on the significant investments in downtown anticipated from the 2012 bond issuance and fixed rail and streetcar investment.

Support for Housing

The City's goals in supporting housing should be to increase the quantity and quality of Center City housing, and eventually to create market conditions that no longer require subsidy of new dense urban multi-family product.

The City should provide a predictable and consistent housing incentive system that facilitates development at the pace required to reach the recommended target for the Center City's growth. Over time the incentive system and other actions will support reduction or modification of incentives, as a critical mass of dense urban development increases market demand and makes development projects feasible without subsidy.

Recommendation: Use public land and assets to catalyze new development.

Recommendation: Establish an as-of-right housing incentive system.

Recommendation: Partner with Centro to support catalytic projects through a Center City Housing Fund.

Recommendation: Create a Downtown Core Housing/Hospitality Task Force to explore and identify an optimal mechanism to enhance the land pricing balance in the Core. Potential mechanisms could include a housing fee for hotel development, hospitality zoning designations in proximity to the River, hotel development limits, or a moratorium on hotel development while a mechanism can be developed and put into place through public deliberation.

Executive Summary

Organization and Management

The City and its partners should enhance their capacity to achieve the urban development goals of the Strategic Framework. A number of models for creating this capacity exist, and those that are complementary to the City of San Antonio's current robust management systems are recommended in this report.

Recommendation: *For key Center City catalytic projects, alternative approaches to project managing across the City's various functional areas is needed.*

Across the country, city governments and their partners have evolved a range of models for generating enhanced focus on these projects. A project may involve assembling and developing the infrastructure, open space and public realm improvements, "software" for maintaining and programming public space, and incentives and public financing for associated private development in a catalytic area; or it may involve improving quality of capital investment or maintenance across a broader area. Examples of catalytic projects in the Center City could include: implementing a Cultural Corridor along Commerce Street from the riverwalk to the Mercado, investing in infrastructure and stimulating development along Broadway or Lone Star Boulevard, or producing programming and enhanced maintenance for parks and new green streets across the Center City.

Different approaches will be best-suited to executing different types of projects. Below we recommend an organizational infrastructure that can be adapted to suit the range of project management solutions required in the Center City.

Recommendation: *Create new functional capacities and accountabilities to support implementation of the Strategic Framework Plan.*

Functions: CCDO should lead catalytic projects in each of the primary growth areas and undertake cross-cutting economic development initiatives. These are likely to include dynamic combinations of: strategic and master planning, planning

and implementing infrastructure and public realm improvements, facilitating development transactions through incentives, approvals, financing and design review, and maintaining and programming open space.

Existing staff should be realigned or new staff positions created within the Center City Development Office (CCDO) to provide critical functions, including project management, real estate finance, capital planning, strategic planning, and urban design. These staff will be responsible for working across City agencies and with the private sector to implement catalytic projects in the Center City. In addition to project managers for the four priority growth areas, CCDO staff should include a Capital Projects Manager, Senior Planning Manager, and Operations Manager.

CCDO should have direct responsibility for Center City Development and Regulatory Review.

Accountability: The City Manager, or her designee, should report to Council at least annually on progress against the goals and targets set out in the Strategic Framework Plan. The key metrics in this Framework – in particular, the Housing First development target – should become a key dashboard measure for the City and should be reported to Council within the budget process, along with the actions taken by City staff to support achievement of the goal.

Recommendation: For catalytic projects, delegate authority to resolve disputes in favor of the Center City Strategic Framework goals.

The City Manager (or her designee) has authority to utilize the resources at the City's disposal to support Center City growth. Delegated authority is not required for all Center City activities of city government. However, for catalytic projects identified in priority growth areas, it will facilitate the project management functions of CCDO described above for CCDO to have the authority to resolve disputes among other departments and agencies.

In some cases CCDO should be able to exercise budget control for a set of capital projects, serving as both “project manager” and “client.” These authorities should be delegated by the City Manager on a case-by-case basis.

Recommendation: *Create additional special purpose entities for key areas in the Center City, particularly those with substantial public ownership of land.*

In some cases, further delegation of authority and resources can be justified based on the need to act swiftly and independently and the need to leverage private resources, such that a Local Government Corporation is the appropriate approach for certain project areas. The Hemisfair Park Area Redevelopment Corporation (HPARC) is an existing example. The Strategic Framework Plan has identified the Main Plaza/West Commerce/Mercado Cultural Corridor is a possible project that could benefit from a dedicated entity to support that area’s growth.

Recommendation: *Support efforts by Centro Partnership to build capacity to invest in, advocate for, and manage key elements of Strategic Framework implementation in concert with the City. Create a Centro-City working group that meets at least monthly to coordinate initiatives.*

Executive Summary

Planning and Regulation of Development

The following components are critical to achieving Center City growth:

- Clear and predictable land use, density and urban design standards for private development;
- A scheme for infrastructure investment in support of that development;
- A means for enforcing design standards for private development and for projects receiving City incentives.

Recommendation: *Implement a form-based regulatory framework beginning with design standards/guidelines for the Center City.*

Recommendation: Undertake master planning for key Center City districts.

Recommendation: Create an Urban Design Review Commission, led by a City architect within CCDO. Create staff capacity within CCDO to administer the Commission.

V. Cost Implications

Implementing the Center City Strategic Plan will require both up-front and long-term capital investment by the City and other public and private entities, as well as incremental operating costs.

HR&A has prepared an order-of-magnitude estimate of these costs. It should be noted that costs are high level and not based on cost estimate but provide a benchmark for approximate investment requirements.

At least \$350 million in **public capital investments** is needed by 2020, including approximately \$80 million in anticipated funding from the 2012 Bond Program for Downtown streets and Hemisfair improvements, \$40 million from the City's contribution to the fixed rail and streetcar investment, and nearly \$60 million from existing funding sources from 2007 Bond Program Savings, tax increment, and parking revenues, plus additional capital priorities for the Center City of at least \$170 million.

In addition, continue to **incentivize housing**, in the Center City neighborhoods and in the Downtown Core. This will require funding of \$35-55 million for 7,500 units by 2020.

The City will also incur incremental operating costs. Depending on hiring needs – for additional staff positions in CCDO and to support the Urban Design Review activities – HR&A estimates these incremental costs at \$300-750,000 per year.

The private sector will incur additional costs in the Center City, including additional assessment through the Public Improvement District and a recommended capitalization of a Centro Partnership-led Housing Loan Fund of at least \$10 million to support the Fund's mission and activities. The Fund could be capitalized using private investments,

philanthropic contributions, and line items from financial institutions with Community Reinvestment Act requirements. Public sector entities, including the City, may also choose to invest seed capital in the Fund.

Introduction

I. Introduction

The City of San Antonio has acknowledged the critical importance of its urban core, known as the Center City, repeatedly in recent years.

- Mayor Julian Castro declared this period “The Decade of Downtown” and initiated a robust public consultation process which yielded the SA2020 vision for downtown’s future, setting goals to add 5,000 housing units (a 130% increase) and more than 13,000 jobs (a 25% increase) downtown by 2020.
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- As its first major effort, Centro developed a Strategic Framework Plan for the Center City setting out the key goals, targets and strategies to achieve the SA2020 vision. The first such plan since 1996, the Strategic Framework Plan would provide a critical road map for future activity by the City, Centro and others, including the focus on building new housing downtown, the urban infrastructure – parks, improved streets, mass transit, a great public realm, enhanced cultural institutions, parking – required to spur housing growth, and the locations where growth would provide the greatest benefit for the least cost.

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- **Organization and Management.** Enhancing capacity to achieve urban development goals through cross-cutting coordination of Center City projects within City government.
- **Planning and Regulation.** Land use, density and urban design standards for private development and a means for enforcing design standards for private development and for projects receiving City incentives.

Rationale

II. Rationale

Investing in the Center City is critical to the economy of San Antonio.

Downtown is a primary source of jobs and tax revenue. Downtown San Antonio hosts a greater number of businesses and jobs than any other similarly sized geographic area in the region, but lags behind the rest of the region as a whole in most indicators of economic productivity. Strategic investment is necessary to protect and expand that base. This investment maximizes the public's return on investment.

- **Downtown anchors the \$11 billion annual tourism industry.** A more vital downtown can increase the value of tourism to the City by producing more places to see and visit and a more vibrant quality to neighborhoods, which serve the purpose of attracting new tourist markets and extending stay for those who are coming already.
- **A mixed use urban core is needed to enhance industry downtown.** Creative industries rely on an innovative culture that thrives on urban life – San Antonio's historic building stock and cultural vibrancy can be leveraged to increase downtown industry through enhancement of this character.

Downtown includes the City's largest investment in infrastructure, which is leveraged through further growth at lower marginal costs to the public sector to support new development. Downtown is the nexus of many of the area's Interstate highways, has several train lines and has comprehensive networks of utilities already in place. Development on greenfield sites can require costly expansion of water, sewer, roads and utilities. In the past, the City and County have paid a considerable percentage of the cost of the over sizing of utility lines, typically funded through General Obligation bonds. The costs of growth in new areas are borne by San Antonio and Bexar County taxpayers while the profits from development benefit those who invest in the fringe area development. A focus on development in the core where infrastructure is already in place will benefit both the taxpayer and the investor.

San Antonio's commitment to the arts happens in the Center City. From the Tobin Center for the Performing Arts, the San Antonio Museum of Art, and the Southwest School of Art, to the popular galleries and commercial arts community in Southtown, this essential element of civic life should be further embraced.

II. Rationale

The Center City should be everyone's neighborhood with parks, housing, and entertainment for the City's residents. The Center City's position as a center of commerce, tourism, and the arts will be further enhanced and solidified with the additional of a vibrant critical mass of residential development.

The Strategic Framework Plan identifies a strong consensus among San Antonians of all walks of life that:

- The tourism and convention economy so critical to the City's economy should continue to be supported, while diversification of the Downtown economy should be at the core of future strategic action.
- The Center City will be more vibrant when more people live in it.
- The quality of downtown retail, dining, open space, and culture is excellent, but can be refined and grown to serve the local resident.

Strategic Framework Recommendations

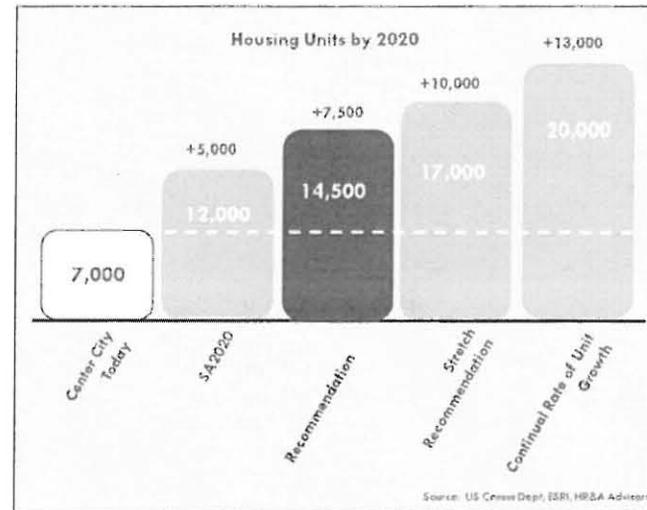
III. Strategic Framework Recommendations

Recommendation:
 Set a target of 7,500 housing to be supported through economic development efforts through the end of the decade.

This section summarizes the recommendations of the Strategic Framework Plan produced by HR&A on behalf of Centro Partnership San Antonio. For more detail on these recommendations, see the Strategic Framework Plan.

Invest in Housing Downtown. Based on the adoption of the vision and goals developed in the SA2020 process, HR&A’s analysis suggests a target of 7,500 housing units to be supported through economic development efforts through 2020. A “stretch,” but achievable, goal based on economic recovery and significant investment by the City of San Antonio in the downtown could be 10,000 housing units. This residential growth is the key to unlocking the positive benefits sought for the City, including downtown amenities, redevelopment of existing building stock, and the presence of more vibrant neighborhood life on the streets and in the public realm of the City.

Figure 1: Recommended Housing Target



Recommendation:

Focus energy and scarce resources on meeting housing targets in key areas in the Center City.

Recommendation:

Identify additional areas of long-term growth and provide a framework for that growth.

Housing growth relies on critical mass and should follow the energy of the market. The following areas are well positioned for residential growth based on an assessment of market momentum, physical capacity for growth, and proximity to areas with established neighborhood character:

- *Midtown/River North*, which can become a highly amenitized residential environment with regional food & beverage and cultural attractions;
- *Downtown Core*, which can become an active destination for locals and visitors with a layered urban fabric;
- *Cesar Chavez/HemisFair Corridor*, which has potential to become a vibrant residential and recreation district from HemisFair along the Chavez corridor and into Southtown; and
- *Near River South*, which is envisioned as adaptive re-use of the City's industrial heritage for arts, entertainment, and creative living space.

Recommendation:

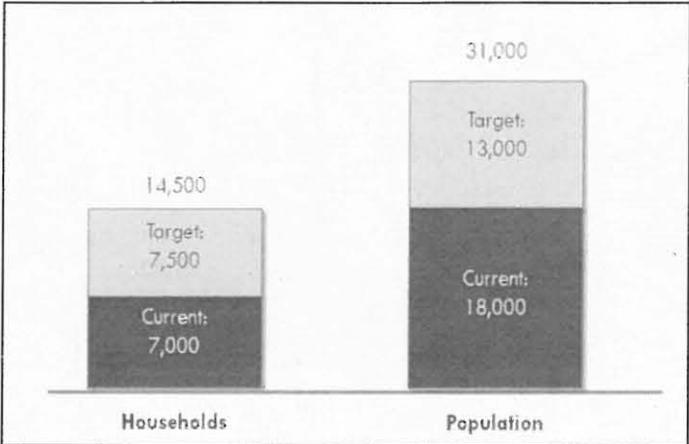
In the longer-term, these areas are ripe for mixed-use development, likely in partnership with private and institutional stakeholders and major property owners.

- *Medical District*, which can expand as a major medical employment center, supported by amenities for residents and workers;
- *Civic Core*, which can expand as a consolidated employment center for government and corporate users with shared services, connected to public transit options;
- *Near East Side*, which can grow as residential neighborhood with a zone of repurposed industrial spaces; and
- *West Side Multimodal/UTSA*, which can become a transit-oriented community, anchored by UTSA and new mixed-use development.

III. Strategic Framework Recommendations

Achieving the Strategic Plan target of adding 7,500 additional housing units in the Center City by 2020 will have a transformational impact, increasing Center City population to more than 30,000 residents, which has the potential to more than double the disposable income in the Center City and enhance the opportunities for resident-serving retail.

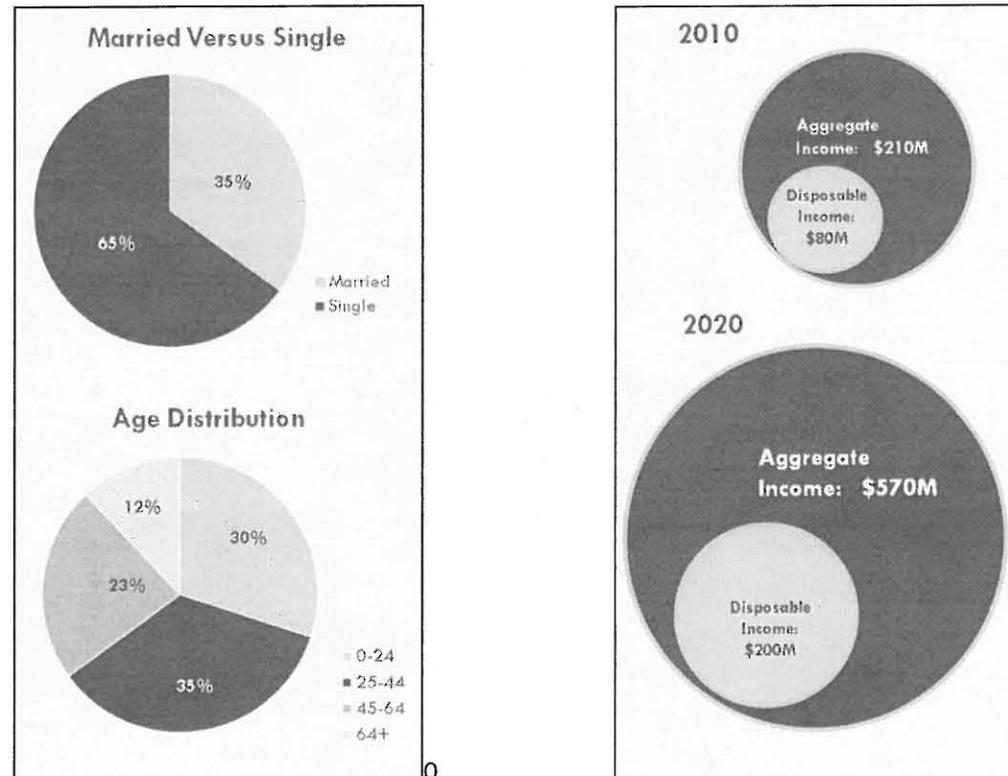
Figure 2: Center City Population Projection, 2020



Source: HR&A Advisors, Inc.

III. Strategic Framework Recommendations

Figure 3: Projected Demographic Characteristics and Disposable Income Potential for Center City Residents, 2020



Source: HR&A Advisors, Inc.

SA2020 identified dual goals of increasing residential units and jobs downtown. San Antonio has been strong in attracting businesses and creating jobs in the City overall, but barriers to business location within the Center City include the cost and availability of parking for employees, and the draw of locating business near population centers outside of Center City. The City should continue its successful business attraction efforts, and market improvements to Center City as incentives for businesses to locate in Center City.

III. Strategic Framework Recommendations

Recommendation:
Create a welcoming and comfortable public realm

Recommendation:
Ensure high quality new housing

Recommendation:
Provide amenities and services for residents

Recommendation: create a welcoming and comfortable public realm, including:

- **Sidewalks** that feel safe and clean and are well-designed
- Complete streets that accommodate pedestrians, vehicles, bicycles, and mass transit
- A clear **street hierarchy** that is both attractive and accessible for automobiles as well as for pedestrians, and supports development;
- Programmed, activated **open spaces**;
- **A strong standard of maintenance for all of the Center City assets**

Recommendation: ensure a high quality for new housing that attracts new residents to the Center City, including:

- A rigorous level of design quality applied to building ground floors, open spaces, building construction and materials
- Accessible **parking** options;
- A range of **housing options** to accommodate multiple resident markets

Recommendation: Provide amenities and services for residents, including:

- **Retail and entertainment** amenities that appeal to locals
- **Programming that lends vibrancy to public spaces and to the street network**
- Great open space that provides recreational and leisure opportunities, leveraging the strength of recent improvements to the River

Implementation Strategy

IV. Implementation Strategy

Introduction

The Strategic Framework Plan establishes an ambitious agenda for the City of San Antonio and its economic development partners to pursue, one for which an intense focus of resources – both human and capital – will be required to support implementation. At the same time, a range of cities across the United States have responded to the challenge of focusing economic development in their downtowns by adopting a concentrated, place-based strategy that coordinates resources around achieving development in key targeted areas.

A successful example of this approach to date can be found in San Antonio's downtown today: the concentrated efforts to develop and leverage the River Walk in the Downtown from the 1940s to the present day provides valuable lessons for implementation of a place-based approach. It involved:

- **Concentrating infrastructure spending** on a key amenity recognized as a driver for future development;
- Supporting development of one or more **targeted product types** – in this case, hotel rooms, food and beverage amenities, and convention space;
- **Organizing governmental functions** to support private sector investment in development of the targeted product in areas adjacent to the new infrastructure, including through regulation of development, capital investment, and maintenance of the public realm and other key assets.

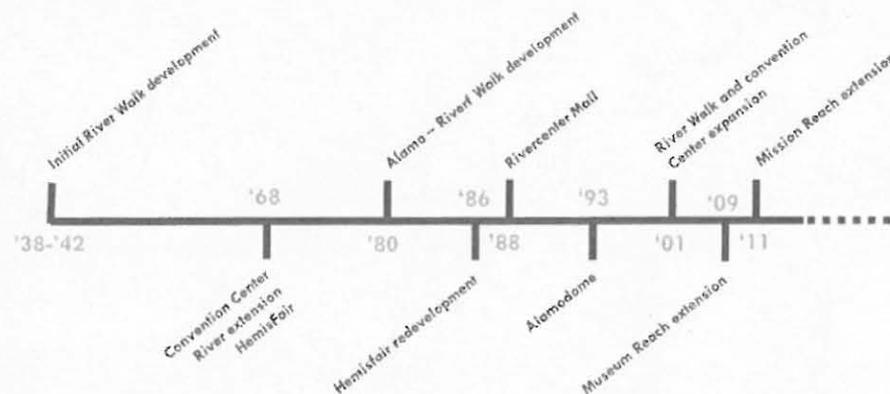
Leveraging Catalytic Infrastructure for Place-Based Economic Growth: The San Antonio River and River Walk

Originally created as a flood control mechanism following a 1921 flood that killed 50 citizens in Downtown, the San Antonio River Walk has grown to be a major engine for economic development for Downtown and the entire region. Transformative support for river redevelopment came in 1938 with the “San Antonio River Beautification Project” and WPA funding in 1939 which resulted in 17,000 feet of walkways, 20 street and pedestrian bridges, and extensive landscaping.

Commercial investment along and near the River Walk increased in the 1950s and 1960s. In 1962, El Tropicano hotel was the first hotel built in Downtown with direct access to the river. In 1964 the city approved a half million dollar bond issuance for river maintenance, establishing a precedent for continued public investment in supporting growth around the River Walk. 1968 saw the largest investment in Downtown since the creation of the River Walk with the development of HemisFair Park, a New Convention Center and an extension of the River to the park. Private investment followed, first in the form of the Hilton Palacio del Rio and subsequently in the development of several more large hotels and a network of retail establishments at river level.

Area investment continued through into the 1980s. In 1980, the Alamo and River Walk were connected through a River extension and park that traveled through a new Hyatt Regency Hotel. The River Center Mall opened in 1988. In 2001 the Convention Center was expanded to 1.3 million square feet. By 2009 there were 13,000 hotel rooms in Downtown including the 1,003-room Hyatt built in 2008 at the Convention Center. Today’s tourism, hospitality and convention industry provides \$11 billion to the city’s economy. The city sees 11 million visitors and downtown hotels host over 3.5 million guests a year. The hospitality industry employs 106,000 workers citywide.

In recent years the City and Bexar County worked to expand the success of downtown in further extension zones of the River. In 2009 the \$72 million Museum Reach project connected Downtown with recent developments along the River near the San Antonio Art Museum. In 2011 the first 1.25 miles of the Mission Reach portion of river redevelopment opened. When finished, the seven miles of Mission Reach will connect all of the City’s historic missions to downtown. Just as the original section of the River Walk was a catalyst for the development of the Downtown tourism district, these new stretches will serve as the backbone for new private investment in residential and commercial development north and south of Downtown.



Introduction

HR&A's recommended Strategic Framework differs from this precedent only in that the "Housing First" strategy for the Center City demands a focus on an additional product type with resulting re-prioritization of the infrastructure and services required to spur that development. Nonetheless, the Implementation Plan must address the same types of fundamental challenges:

- **Public Investment.** Infrastructure spending must be linked to objectives for urban development, including the selection of projects and their design specifications. Linked investment will be critical for both the projects funded by San Antonio's 2012 bond issuance and for future public investments in the downtown.
- **Support for Housing.** The City should provide a predictable and consistent housing incentive system that facilitates development at the pace required to reach the recommended target for the Center City's growth. Over time the incentive system and other actions will support reduction or modification of incentives, as a critical mass of dense urban development increases market demand and makes development projects feasible without subsidy.
- **Organization and Management.** The City and its partners should enhance their capacity to achieve the urban development goals of the Strategic Framework, from parks to parking to capital investment. A number of models for creating this capacity exist, and those that are complementary to the City of San Antonio's current robust management systems are recommended in this report.
- **Planning and Regulation of Development.** Clear and predictable land use, density and urban design standards for private development, along with a scheme for infrastructure investment in support of that development, and a means for enforcing design standards for private development and for projects receiving City incentives, is critical to achieving Center City growth.

Public Investments

Infrastructure spending linked to objectives for urban development

The physical framework and recommended primary growth areas suggest a set of required public investments to be prioritized in the near-term. Many of these improvements are under active consideration by the City for inclusion in the 2012 Bond Program.

Near-term priorities should include:

Improvements to key street corridors, including north-south and east-west priority corridors established in this framework. These streets should encourage all forms of mobility – pedestrian, cycling and automobile – as well as encourage efficiencies in mass transportation systems. Identifying the multiple agencies that oversee street maintenance and encouraging their cooperation to create more livable streets will create a better system of operations and maintenance. Street improvements should include:

- Two way streets: increases mobility and slows automobile traffic, making for a safer pedestrian environment.
- On street parking: improves access to local retail and provides a buffer between pedestrian and automobile traffic.
- Street trees: provides shade in San Antonio's notorious heat, adds a level of scale and visual interest to streets, and helps with air filtration and run-off control.
- Sidewalk enhancement: encourages more pedestrian usage.

Streets with potential for improvement include:

- Broadway/South Alamo Corridor: Create a boulevard that provides an attractive travel experience and connections to development for pedestrians, automobiles, and other modes of transportation, likely to include a separately-funded fixed rail and streetcar system.
- Chavez Corridor: Reduce traffic speed, add streetscape elements, and create connection points along Chavez to connect Southtown to HemisFair development.
- Lone Star Boulevard: Improve street infrastructure and streetscaping.
- Commerce Street: Introduce on-street parking, streetscaping, and other improvements to enhance retail and cultural viability; consider making two-way.
- Market Street: Join two-way pair with Commerce if Commerce is made two-way; improve connection to the East Side and the Robert Thompson Transit Center by straightening the Street's curve to the east of the Convention Center.

Public Investments

- Flores Street: Enhance public realm and streetscaping to support one of few straight north-south connectors.
- Frio Street: Improve street infrastructure and streetscaping near the proposed multimodal hub.
- Main Avenue and Soledad Street: Introduce on-street parking, streetscaping, and other improvements to narrow the right-of-way and improve the pedestrian experience.
- New streets connecting to HemisFair development: Introduce a network of streets within the HemisFair site that suggest the historic street network and provide connections to new development, in conformance with the HemisFair Master Plan.

Improvements to intersections and wayfinding at key locations, including those where priority corridors transition through neighborhoods and at key gateways to primary growth areas. A system of physical interventions that help create a better wayfinding system at many of the City's confusing intersections will aid traffic flow into and throughout Downtown. Potential intersections for near-term improvement include:

- Flores and Fredericksburg: Improve wayfinding and traffic flow in and out of downtown and to nearby interstates, and improve efficiencies for VIA bus traffic from nearby bus depot.
- McCullough, Cypress and Brooklyn: Clarify parallel then intersecting relationship between Brooklyn and McCullough through better wayfinding.
- St Mary's, Camden, and Jones: Improve wayfinding and traffic flow in and out of downtown and acknowledge proximity of SAMA, River and Pearl Brewery through wayfinding.
- Navarro, Main and San Pedro: Create better north-south traffic flow, and improve access to the adjacent neighborhood.
- St. Mary's and Navarro: Clarify parallel then intersecting relationship between St. Mary's and Navarro through better wayfinding, and leverage proximity to River.
- McCullough and Avenue A: Clarify connecting traffic flows along the two streets through better wayfinding, and leverage proximity to River.
- Houston and Third: Improve wayfinding and traffic flow in and out of historic Core area, address intersection's proximity to the Alamo, and address nearby interstate.

Public Investments

- South St. Mary's and South Alamo: Identify the transition between neighborhoods, and clarify Alamo's directional shift.
- Alamo and Adams: Create a recognizable gateway for Southtown.
- Alamo and Probrandt: Improve wayfinding and traffic flow in and out of downtown and to nearby interstates, create a better train crossing system, identify the transition between neighborhoods, and improve wayfinding related to South Alamo's directional shift to the west.
- Elm and Crockett: Improve the I-37 southbound off-ramp at the Elm and Crockett location, as this is the first impression of Downtown for visitors to the Alamo.

Wayfinding and placemaking improvements at key gateways to the Downtown Core at freeway underpasses. Build on the wayfinding system that exists Downtown and reinforce critical automobile and pedestrian gateways, by enhancing key freeway underpasses with wayfinding, lighting, and landscaping along parking lot and sidewalk edges. Potential priority underpasses include the Houston Street off-ramp, Market Street on the west side of Downtown, Brooklyn Street and the Hayes Street Bridge, and Martin Street. These connections are likely to be strengthened most if they are improved in coordination with adjacent development that contributes to sense of place.

River to Street “gateway” connections in the Downtown Core to connect activity on the River Walk to activate the street level. The River Walk has been the backbone of Downtown's decades of success. Creating visible, recognizable and safe connections from the street level to the River at key intersections will encourage pedestrian movement at both levels. This will then create a better environment for retailers at street level, which will lead to further street level vibrancy. Key connection points include:

- La Villita: A new connection from the River Walk to La Villita should be part of an overall strategy connecting HemisFair, La Villita, Presa Street, and the Briscoe Museum.
- Market/Alamo: As part of the redevelopment of the Convention center site and HemisFair Park, an improvement in the River Walk access point at this intersection will strengthen the connection between the River and the new development's future uses.

Public Investments

- Cesar Chavez: Improve street level access along this corridor which serves as a gateway to Southtown.

Targeted investments in Center City's cultural institutions. The City along with Centro Partnership, should work to support the physical environments of Center City's many cultural institutions. This support can be in the form of providing infrastructure support to create adequate parking, creating a corridor to physically connect the institutions, providing better wayfinding to increase traffic to the institutions and supporting cross-collaborative programming. Potential projects include:

- Linking culture and commerce through an active street life along West Commerce Street;
- A Children's Museum in the downtown;
- Support for shared parking needs at the Southwest School of Art to facilitate growth;
- Tobin Center for the Performing Arts parking;
- San Antonio Museum of Art development.

Improvement and activation of key open spaces. The City has seen the transformative power of dynamic and activated public space in the redevelopment of River North. Other area open spaces, including neighborhood parks and squares, should receive similar attention to catalyze future growth. San Antonio's downtown parks lack the programming and design quality that would make them engines of economic growth and hubs of neighborhood activity. Identifying and implementing best practices for park revitalization will spur surrounding investment. Parks requiring improved space and increased programming include:

- HemisFair Park;
- Maverick Park;
- Madison Square Park;
- Travis Square;
- Milam Park.

Public Investments

Establishing rail quiet zones in residential neighborhoods. There are a total of eleven street level rail crossings in Southtown and 5 more along the near Westside. These crossings do not presently have adequate road blocks and curb cuts in place to allow for adequate safety. As a result, trains need to reduce speed and blow their horns at each crossing. Implementing a complete system that would eliminate this noise would not only improve the quality of life in the area but would also decrease the cost of development of new construction. Currently, residential properties built along Cevallos Street and in other areas require significant investment in sound dampening technology to support market-attractive development. A system of safe-crossing would eliminate the need for this additional cost and also make for a safer, more livable neighborhood.

Providing shared parking solutions to support development in the Downtown Core. Parking for residents and workers in the Downtown Core represents a significant capital expense for developers, challenging the economics of developing residential and office spaces. Moreover, the monthly expense of structured parking for residents and workers limits the Downtown Core's competitiveness compared to more suburban locations with free surface parking. Developing additional shared parking facilities, including two new municipal parking garages, in strategic locations can offset private development costs and catalyze development.

Recommendation:
Set near-term capital priorities.

Near-term capital priorities should focus on creating Complete Streets, enhancing Cultural and Open Space assets, and improving connections between the River Walk and Street System in the Downtown Core.

2007 Bond savings, existing 2012 Bond priorities, proposed Fixed Rail and Streetcar capital improvements, municipal parking revenues, and existing TIRZ increment from the Houston Street and Inner City TIRZs can fund a number of these near-term priorities.

Near-Term Priority	Potential Funding Source
Improvements to key street corridors	
Broadway / South Alamo [1]	City's Contribution to Fixed Rail and Streetcar Capital Program; 2007 Bond Savings Allocated to HemisFair project
Chavez Corridor	2007 Bond Savings Allocated to HemisFair project; potentially funded through 2012 Bond Program Fund for Streets
Lone Star Boulevard	Potentially funded through 2012 Bond Program Fund for Streets
Market Street	Potentially funded through 2012 Bond Program Fund for Streets
Flores Street	Potentially funded through 2012 Bond Program Fund for Streets
Frio Street	Potentially funded through 2012 Bond Program Fund for Streets
Main Avenue and Soledad Street	Potentially funded through 2012 Bond Program Fund for Streets
New streets connecting to HemisFair	2012 Bond Program HemisFair Investments
Improvements to intersections and wayfinding	Potentially funded through 2012 Bond Program Fund for Streets
Wayfinding at freeway underpasses	No funding source at present
River to Street "gateway" connections in Downtown Core	No funding source at present
Targeted investments in Center City's cultural institutions	Partially funded by 2012 Bond Program
Improvement and activation of key open spaces	
HemisFair Park	2012 Bond Program HemisFair Investments
Maverick Park	Potentially funded by River North TIRZ
Madison Square Park	Potentially funded by River North TIRZ
Travis Square	Potentially funded by Houston Street TIRZ
Milam Park	Potentially funded by West Side TIRZ
Establishing rail quiet zones in residential neighborhoods	Potentially funded by West Side and Inner City TIRZs
Shared parking solutions	Municipal parking revenues

[1] It is anticipated that most, if not all, of the funding for the Broadway portion of the Broadway/South Alamo/South St. Mary's corridor will come from funding already allocated for the northern portion of the proposed fixed rail and streetcar alignment, assuming the alignment remains on Broadway. Improvements to South Alamo are currently funded by 2007 Bond Savings as part of the HemisFair redevelopment project.

Recommendation:
Invest in fixed rail and streetcar alignments to connect targeted growth areas.

Recommendation:
Long-term, invest in transformative capital projects throughout the Center City and in priority growth areas.

Based on the strategy for economic growth, HR&A recommends prioritization of fixed rail and streetcar investments that will connect north Center City neighborhoods, the Downtown Core, HemisFair, and the Near River South area, consistent with City Council's October 20, 2011 approval of an ordinance to enter into an agreement with VIA and Bexar County and to dedicate \$40 million in City funds to a streetcar alignment that will run from the Robert Thompson Center on the Near East Side into the Downtown Core and north to Pearl Brewery.

Recommended longer-term investments include:

- Additional **street improvements** within and connecting growth areas, including:
 - East Commerce Street, Market Street, and East Houston Street, connecting the Downtown Core and the Cesar Chavez/HemisFair growth areas to the East Side;
 - West Commerce Street and Martin Street, connecting the Downtown Core to the West Side;
- Improving **River to Street connections** in River North and Near River South to further enhance activity in the priority growth areas, including at the following locations:
 - HemisFair Park's northwest corner (Market and Alamo Streets)
 - Nueva
 - St. Mary's
 - Travis
 - Josephine
 - Jones
 - Chavez
 - South Alamo
 - Crofton/Blue Star
 - Lone Star;
- Renovating additional **key open spaces** throughout Center City, including Roosevelt Park, and Lockwood and Dignowity Parks;
- Creating **new linear open spaces** that can catalyze development, for example:

Public Investments

- Transforming San Pedro Creek into an amenity for near West Side neighborhoods;
- Creating Rail to Trail corridors in Near River South and Near East Side;
- **Extension of the fixed rail and streetcar alignment** south to South St. Mary's, and eventually south and west to Blue Star and the Lone Star District.

The City anticipates a significant increase in levels of capital spending Downtown beginning with the 2012 Bond Issuance and the fixed rail and streetcar investments. The City's significant efforts to ensure that the 2012 Bond Program will provide an unprecedented level of as much as \$80 million in capital funding for Center City investments, in addition to its agreement with Bexar County and VIA to invest \$40 million plus an additional \$15 million from a special assessment in the creation of an east-north streetcar route, and recent commitment of \$17 million in 2007 Bond savings to street improvements to support HemisFair redevelopment, demonstrate the City's commitment and belief that a strong downtown will benefit the entire City.

Capital investment levels sufficient to support growth should be sustained

Sustained capital investment is required and likely necessitates diversification of capital sources. While current and contemplated commitments support many of the recommended near-term investments, there is a greater need for both near-term and longer-term dedicated funding sources to ensure that existing and future project priorities can be produced for the Center City. HR&A estimates that the order-of-magnitude cost of priorities identified above that are not funded through the 2012 bond issuance or the fixed rail and streetcar initiative is at least \$120 million.¹

¹ These estimates were prepared based on comparable project estimates and should be considered preliminary and order-of-magnitude pending.

Public Investments

Priority Capital Projects by 2020	Order-of-Magnitude Cost
<i>Near-Term Priorities</i>	
Improvements to key street corridors	\$85 million
Improvements to intersections and wayfinding	\$8 million
River to Street "gateway" connections in Downtown Core	\$9 million
Targeted investments in Center City's cultural institutions	\$20 million
Improvement and activation of key open spaces	\$40 million
Establishing rail quiet zones in residential neighborhoods	\$15 million
Fixed rail and streetcar North-East alignment (City contribution only)	\$40 million
Shared parking solutions, including two new municipal garages	\$23 million
<i>Longer-Term Priorities</i>	
Additional River to Street connections	\$10 million +
Rails-to-trails	\$25 million +
Improvement and activation of additional open spaces	\$30 million +
San Pedro Creek	\$25 million +
Additional street improvements	\$10 million +
Street connections to East and West Sides	\$10 million +
Total Capital Priorities	\$350 million +
Potential Funding from Available Sources	
2012 Bond Program for Center City	\$80 million
2007 Bond Savings	\$17 million
Potential Houston Street and Inner City TIRZ Funding	\$17 million
Parking Fund Investment	\$23 million
Fixed Rail and Streetcar North-East Alignment (City contribution only)	\$40 million
Capital Priorities Not Potentially Funded by Available Sources	\$170 million +

The City's primary capital funding source for infrastructure – the five-year General Obligation Bond Program – is limited in its ability to support all of the Center City priority projects. Tax increment, an additional source used by many cities including Texas cities to fund large scale infrastructure, is not a significant source for the Center City in the next

Public Investments

decade as most new development projects will require abatement or granting of taxes back to fill their financing gaps.

Figure 4: Current Public Infrastructure Funding Sources for Center City

Source	Opportunities	Limitations
Five-Year Bond Program	<ul style="list-style-type: none"> Unprecedented levels of funding expected for Center City 	<ul style="list-style-type: none"> Needs in Districts throughout the City compete for resources
Tax Increment Reinvestment Zones (TIRZs)	<ul style="list-style-type: none"> Increment from existing Inner City and Houston Street TIRZ may be available for investment Existing TIRZs include much of the priority growth areas in the Center City New projects will generate substantial tax increment once abatements and Chapter 380 grants burn off 	<ul style="list-style-type: none"> Need for tax abatements and Chapter 380 grants to support development projects limits increment available for capital projects and ability to utilize TIRZ revenue as a near-term capital source Inclusion of areas outside the Center City in several of the TIRZs (Mission Drive In, Inner City, West Side TIRZs) may divert increment from the Center City to near-Center City neighborhoods, diluting impact Inability to utilize current or future TIRZ revenues to secure bonds limits potential for major capital funding

Just as San Antonio and its partners at the County prioritized investment in the River Walk and river extensions and the Convention and Hotel economy over time through use of multiple capital funding sources, the Strategic Framework likely requires dedication of multiple sources to infrastructure and services that will support growth.

Other cities have undertaken similar substantial efforts to invest in their downtowns through a range of sources. Relevant examples are summarized in the table below.

Figure 5: Municipal Expenditures on Downtown Infrastructure and Public Realm

City	Time Period (yrs)	Total Public \$	Annual \$	Population (2010)	\$ per city resident per year
San Antonio	10	\$ 270,000,000	\$ 27,000,000	1,327,407	\$ 20 ²
Dallas	6	\$ 485,000,000	\$ 80,000,000	1,197,816	\$ 67
Denver	20	\$ 1,300,000,000	\$ 65,000,000	600,158	\$ 108
Chattanooga	10	\$ 266,000,000	\$ 26,000,000	167,674	\$ 158

Recommendation:
Identify additional capital funding sources for the Center City.

The long-term projects identified as priorities above are likely accompanied by hundreds of millions of dollars in required capital investments, which will require a sustained public investment program for Downtown along with significant private investment support.

While supporting a robust investment program in the upcoming bond issuance for Downtown, the City should identify additional sources of long-term capital funding to support future growth. Based on successful long-term funding programs elsewhere, the City should explore the viability of the following sources:

Property tax increment funds

Tax Increment Reinvestment Zones (TIRZs), the mechanism for capture and reinvestment of tax increment in the State of Texas, are discussed in greater depth below.

Additional property tax proceeds

Cities have increased their property tax rates or lifted the lid on their property tax rates for specified time periods, with funds to be dedicated to specific uses approved by voters. While the current economy makes increasing property taxes challenging for cities, a small rate increase spread across a large tax base can minimize impact to each

² City of San Antonio spending on Center City includes the City's 2007 Bond Program spending within Center City, the City's contributions to the redevelopment of Main Plaza and the River improvements, as well as projected investments for 2012-2017, including the projected 2012 Bond Program, the City's contribution to fixed rail and streetcar, and planned parking enterprise investments in Center City.

resident and business, while providing additional funds for amenities or infrastructure that create value throughout the City.

Lid lifts or other property tax assessments are likely to be most attractive when they support amenities or infrastructure that a significant portion of the City's residents and businesses would benefit from – such as open space and cultural institutions. Any initiative would need to be structured to allow the Center City to capture a substantial portion of investment in order for this funding source to be effective in supporting the Center City.

Precedent: Seattle raised \$345 million over 14 years, including:

The Pro Parks Levy: An eight-year (2000-2008) levy raised \$198.2 million to support development, acquisition, and programming, maintenance, and environmental stewardship for open spaces in Seattle. The cost to Seattle taxpayers was approximately \$0.34 per \$100 of valuation, or \$118 per household per year for a \$350,000 home. The levy also leveraged nearly \$5 million in additional funds from other levels of government, and private and philanthropic contributions.³

Lid Lift for Parks: The 2008 Parks Levy passed with support of 59% of voters. The levy will raise \$146 million over its six-year life – from 2009 through 2014. The proceeds will support capital costs for green spaces, neighborhood parks, and playing fields. Investment decisions will be made based on the 2006 Parks and Recreation Development Plan, under the oversight of a 16-member citizen advisory group.⁴ An owner of a home valued at \$450,000 will pay approximately \$80 per year in additional property taxes for the life of the levy.⁵

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Hotel occupancy tax proceeds

Hotel occupancy taxes can legally be used to support any project that helps a City to attract out-of-town visitors. Given San Antonio's significant tourism market and

³ Seattle Department of Parks and Recreation *Pro Parks Levy Final Report*, December 2010.

⁴ Seattle Department of Parks and Recreation.

⁵ Seattle Department of Finance.

approximately 15,000 hotel rooms in downtown alone, the hotel occupancy tax generates substantial revenue – more than \$45 million annually. The current rate in San Antonio is 16.75% - the 2nd highest in U.S, which could limit feasibility of potential increases to the hotel occupancy tax rate.

Precedent: Chattanooga raised \$56 million to fund the majority of the public investment in the City's \$120 million waterfront redevelopment plan with a 4% HOT tax, which invested in improved connections to the River and new open spaces on the waterfront.

Sales tax for economic development

Texas law allows a municipality to levy a dedicated additional sales tax to support specific economic development or infrastructure goals, through two mechanisms:

- Sales Tax for Economic Development of up to 0.5%. Revenues must be directed to a development corporation to act on behalf of the City to support economic development;
- Municipal Development District of up to 0.5%, which can be imposed by election in all or part of a City to fund a wide range of projects eligible for Type B corporations, e.g. parks, sports venues, transportation, parking facilities, restaurants. Revenues must be directed to a development corporation to act on behalf of the City to support economic development.

San Antonio could increase its total rate by 0.125%, up to the maximum allowable rate by State law of 8.25%. Recent discussions have proposed increasing the sales tax to support education in San Antonio, which could have a positive impact on the Center City if a significant portion of these proceeds could be directed to improve Center City schools to support future population growth.

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Precedent: Tulsa raised \$463 million through its 2006 Penny for Economic Development. \$275 million of the proceeds were dedicated to public realm and transportation, with the remainder being designated for public safety. Approximately \$46 million of the proceeds were dedicated to downtown projects.

Parking fees and taxes

Downtown Operations manages more than 6,700 parking spaces downtown in parking garages and surface lots, as well as more than 2,000 parking meters, with annual revenues of approximately \$9 million. The City plans to utilize \$23 million in revenues in the next five years to fund two new parking structures in the Downtown Core. Parking is subject to standard sales tax in Texas, limiting parking tax potential.

Precedent: Seattle generated \$365 million in revenue bond proceeds, backed by an increase in parking tax rates from 5% to 12.5%. The proceeds were dedicated to transportation improvements between 2008 and 2011.

Precedent: Columbus increased parking fees downtown, raising \$1.4 million in additional parking fees annually to back bonds for a new hotel near the Greater Columbus Convention Center and to replace old meters.

Capitalized Public Improvement District proceeds

The current downtown PID assessment is \$0.12 per \$100 of assessed property valuation, and the PID has been authorized in five-year intervals. This assessment level is comparable to public improvement districts in other Texas downtowns; for example, Fort Worth's Downtown PID 1 has an assessment of \$0.10 per \$100 of valuation, and the Downtown Dallas Improvement District has an assessment of \$0.119 per \$100 of valuation.

San Antonio has potential to both increase the PID assessment rate up to \$0.15 per \$100 of valuation and to enlarge the boundary of the District, if it is determined that an increased PID charge could support capital projects in the Center City. To support capital projects, it may be necessary for the City to either increase the period of authorization or provide credit enhancement to make it possible to monetize the funds through a revenue bond.

Precedent: The Philadelphia Center City District was authorized in 1994 for 20 years of operation and collection of its Improvement District assessment through 2015, as well as to issue \$21 million in bonds secured by its assessment revenues to finance a comprehensive set of streetscape improvements. The District's assessment rate of \$0.07 per \$100 of assessed valuation has generated as much as \$14 million in annual revenue (2006). In

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2004, the District was reauthorized through 2025, in order to allow refinancing of the 1995 streetscape improvement bonds. Debt service represents approximately \$1.2 million, or less than 10% of the District's annual operating budget. In total, the District has completed more than \$60 million in capital improvements in the Center City.⁶

Public Private Partnerships

Cities across the country have leveraged public assets and agreements with private developers to develop public infrastructure and facilities with limited capital resources, and reduce costs. For example, San Antonio could leverage significant public land assets in exchange for private development of necessary infrastructure, public realm investments, and public facilities, or capture revenues from land disposition downtown in a downtown investment fund.

Precedent: Travis County, TX is currently pursuing a public-private partnership on County-owned land that will leverage a 1.8 acre publicly-owned site in Austin's CBD in exchange for the development of a new civic and family courthouse. The County recently issued a Request for Proposals from developers for a development of 900,000 square feet or more, including 500,000 square feet for the new courthouse.

Corporate Sponsorships

Corporate sponsorships in exchange for naming rights, particularly for sporting and performance venues and major capital items in the public realm, have been widely used to fund signature projects and features that add significant value to public projects but exceed public funding capabilities.

Precedent: More than \$200 million of Millennium Park's \$450 million development cost was funded by private entities. Specifically, a range of corporations provided funding to support major features, including Wrigley Square, McCormick Tribune Plaza, Lurie Gardens, Chase Promenade, BP Bridge, and McDonald's Cycle Center.

⁶ "Taking It to The Next Level: Philadelphia's Center City District," presentation by CCD President and CEO Paul R. Levy to IEDC, September 18, 2006.

Recommendation:

Increase special assessment sources for ongoing services in the Center City by Centro.

Augment maintenance funds from the Downtown PID assessment to support additional services. The City and Centro Partnership should analyze the potential for expansion of the current Downtown PID charge both geographically within the Center City and in terms of its rate, to support additional investment in capital projects Downtown as well as enhanced Clean and Safe and retail recruitment operations. Potential capital projects may include streetcar and other transportation improvements. The City and CPSA should explore a range of options, including creating a larger assessment district to support capital projects that have wide impact on property values, but retaining a smaller service district with a higher assessment.

Recommendation:

Modify the Center City tax increment framework to capture the value of future growth and direct it toward Center City infrastructure improvements.

Create a framework for TIRZ modifications that support TIRZ as a longer-term capital funding source for the Center City. Given the challenging economics of residential development and conversions in the Center City in the current environment, and the resulting need for Chapter 380 grants to fill the financial gap for residential, TIRZs in the Center City are not likely to produce significant tax increment that can be used for projects in the near-term. As Chapter 380 agreements burn off in later years, the new development supported by the grants can begin to produce increment that can be dedicated to new projects in the Center City growth areas.

Maintain existing TIRZs and ensure that primary growth areas are captured within TIRZs. In order to provide Chapter 380 grants to new residential development in the primary growth areas, all land within the primary growth areas should be contained within TIRZs. Existing TIRZs should be maintained to ensure that tax increment that has already been created through existing and new development continues to be collected and invested in capital projects within the TIRZ. Changes to the current TIRZs prior to expiration would reset the tax base used to calculate the increment that can be reinvested in the TIRZ.

As TIRZs expire, refine zones to create TIRZs that comprise the growth areas and a reasonable adjacent impact area, in order to retain capital availability for investment in and around the growth areas. Some of the existing TIRZs include portions of the recommended growth areas with other areas of the Center City, as well as areas outside of the Center City boundary; e.g. the Mission Drive in TIRZ includes a portion of the Near River South growth

Precedent: Leveraging Tax Increment

There are 22 Tax Increment Reinvestment Zones (TIRZ) in Houston, which use incremental tax revenues to fund eligible redevelopment projects, either directly or through bond issuance under Chapter 311 of the Texas Tax Code. Sixteen of these also have an associated Local Government Corporation as redevelopment authority, which a TIRZ can contract with to implement and manage the plans of the TIRZ. A Local Government Corporation with redevelopment authority can issue bonds and notes, hire consultants, assemble and convey land, and work with developers to achieve TIRZ goals, under Chapter 431 of the Texas Transportation Code. Together, these authorities allow the entity to capture tax increments as a funding source, issue bonds against those revenues, identify priorities, and manage redevelopment projects.

The Uptown TIRZ and Uptown Development Authority (UDA) perform these functions for the Uptown District in Houston. They also partner with the Uptown Houston District, which was created by special legislative action and can levy a special ad valorem tax assessment, and the Uptown Houston Association, which coordinates marketing and programming. The Uptown TIRZ and UDA are currently undertaking \$235 million in transportation infrastructure improvements.

area, and the Inner City TIRZ includes a portion of the HemisFair/Chavez Corridor growth area. As existing TIRZs expire, the City can either create individual TIRZs to encompass the recommended growth – including land surrounding the growth areas that can be expected to redevelop as well as investments are made in the core growth areas – or the entire Center City.

Create a strategy to invest tax increment in major catalytic projects. As TIRZs begin to generate tax increment, the City should work with TIRZ leadership to identify significant catalytic projects within their Center City catchment areas. The goals of TIRZ investments should be to make strategic investments that will in turn generate significant tax increment for future additional investments or to pay debt service on bonds securitized by TIRZ revenues, should the City decide to explore use of a revenue bond mechanism. Implementing a single Center City-wide TIRZ would generate the most tax increment to support major catalytic projects, although this strategy could be accomplished on a somewhat smaller scale with individual TIRZs.

Precedent: Leveraging Tax Increment

The Dallas Downtown Connection TIRZ and the Downtown Dallas Development Authority (DDDA) are housed under the same organizational structure of Downtown Dallas Inc. to allow DDDA to issue bonds against the tax increment revenues from the TIRZ. In 2006, the Dallas City Council approved a Tri-Party Agreement between the TIRZ, the DDDA, and the City to issue \$65.3 million in revenue bonds to support private redevelopment of the Mercantile Bank Building and the surrounding block into a mixed-use residential and retail project to stimulate downtown development.

As part of the agreement, the DDDA would issue the bonds with a dual credit pledge – tax increment from the TIRZ and an annual General Fund Appropriation from the City if the debt service were to exceed the tax increment in any year. Failure to backstop the debt service if needed would have an adverse impact on the City's credit, but the bonds were not backed by the City's full faith and credit. The 30-year bond was back by the 30-year authorization of the TIRZ, with two years of deferred payments to allow for creation of increment following project completion.

Source: *City of Dallas Briefing on Sale of Downtown Connection TIF District Bonds, January 20, 2006*

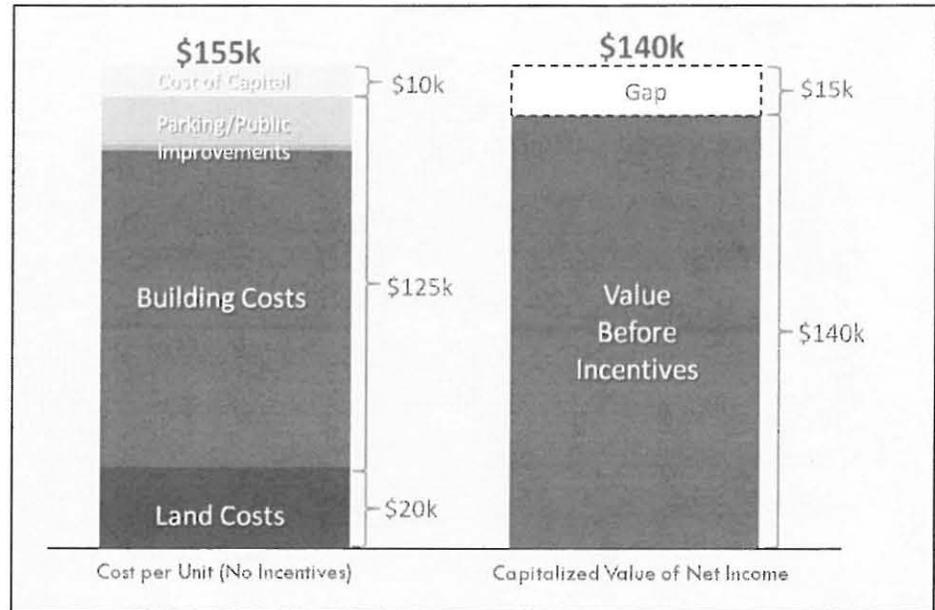
Support for Housing

Address the financial gap for multi-family housing downtown.

There is a significant financial gap that acts as a barrier to building housing in the Center City. HR&A analyzed 8 multi-family projects in the Center City that have been awarded incentives by the Center City Development Office over the last 12-18 months. The analysis indicates that there is a total financial gap of approximately \$15,000 per unit for low- to mid-rise stick-built multifamily housing in the Center City neighborhoods outside of the Downtown Core. The graphic below demonstrates the financial gap per unit for an average four-story stick-built residential project outside the Downtown Core.⁷

Figure 6: Financial Gap Per Unit for Average Project Outside Downtown Core

⁷ At current rent levels of \$1.45 per square foot, a 1,000 square foot unit would be affordable to a household with income at approximately 95% of the San Antonio-New Braunfels FY 2011 Median Family Income (MFI) for a four-person household of \$59,900. Affordable housing for low-income households is generally considered between 60% and 80% of MFI, while workforce housing is generally considered units that are affordable to households with incomes between 80% and 120% of MFI. New market-rate units in the non-Core Center City neighborhoods would provide workforce housing opportunities based on these metrics.

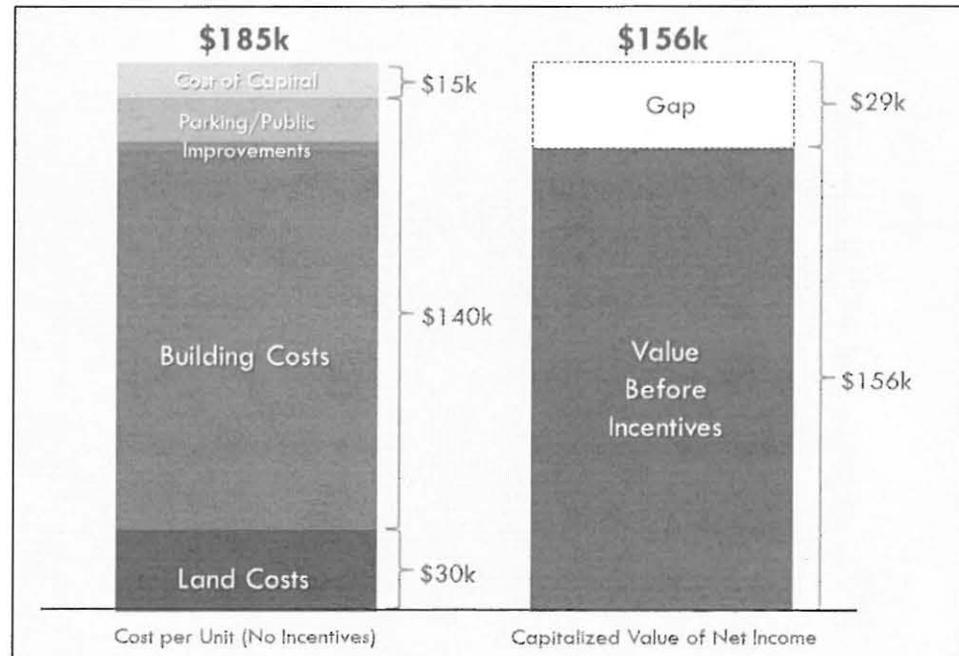


Source: HR&A Advisors, Inc. analysis of average residential costs and revenues.

Support for Housing

Within the Downtown Core, higher land values increase the gap to approximately \$29,000 per unit for new construction for a mid-rise housing typology. Moving to a high-rise typology would significantly increase the gap within the Downtown Core.

Figure 7: Financial Gap Per Unit for Average Project Within Downtown Core



Source: HR&A Advisors, Inc. analysis of average residential costs and revenues.

The City has a range of tools at its disposal that have been used to incentivize housing in recent years, and are actively being used by the Center City Development Office:

City Fee Waivers. Fee waivers from Development Services, Public Works, and Capital Improvements Management Services are provided as-of-right for specified project types – including residential – in the Inner City, which includes the entire Center City area;

SAWS Impact Fee Waivers. A project can receive up to \$500,000 in SAWS fee waivers, receiving \$100,000 for each \$10 million of project value.

Support for Housing

Chapter 380 Grants. The City has in the past provided a 100% 10-year rebate of property taxes to developments in the Inner City area, and has recently obtained authorization to increase the Chapter 380 rebates to 15 or 20 years. The process for determining eligibility for and length of the Chapter 380 Grant is currently discretionary and based upon CCDO and the Finance Department's assessment of the project's finances. Only projects in a TIRZ can qualify for a 100% Chapter 380 Grant, since approximately 30% of tax revenues generated in areas not in a TIRZ must be dedicated to citywide debt service;

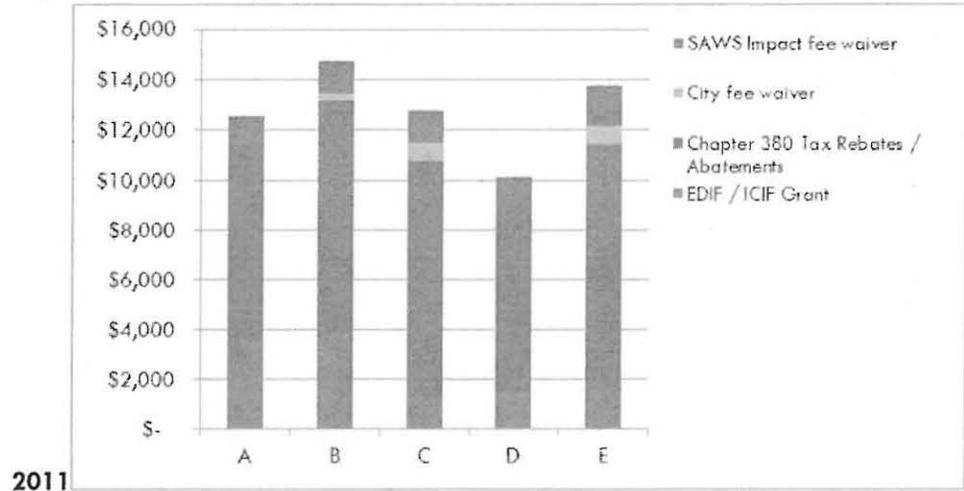
Economic Development Incentive Fund / Inner City Incentive Fund Grant. The City can provide a grant of up to 1% of project cost, regardless of location inside or outside of the ICRIP. Downtown projects of more than \$40 million can receive an additional bonus of \$500,000 and Downtown projects of more than \$60 million can receive a bonus of \$1,000,000.

In the last year, the City has provided agreements to incentivize more than 1,300 units of housing in the Center City, all of which are either proposed or under construction outside of the Downtown Core. The residential incentives provided for these non-Core projects have ranged from a value of approximately \$11,000 to approximately \$15,000 per unit.

Support for Housing

A predictable system for public gap financing that supports a critical mass of housing development in the Center City

Figure 8: Incentive Agreements for Representative Residential Projects,



The City’s incentive process is almost entirely discretionary, with multiple layers of review. Obtaining incentives for residential projects requires developers to first submit detailed project information, including a project pro forma that demonstrates their financial gap. That information must be reviewed by the Center City Development Office and/or the Finance Department. A developer will have a series of meetings with City staff, as required, and may be asked to revise their pro formas based on City staff’s understanding of the market and other recent development projects. The developer may also be asked to include certain public benefits – such as an on-site affordable housing component – in order to receive incentives. Once City staff has made a recommendation for an incentive package, the tax abatement or Chapter 380 grant must be approved by the relevant TIRZ Board, if the project is in an existing TIRZ, and the entire agreement must be approved by the City Council. The incentives process from first contact to Council approval can last 2 months to 12 months.

While this process provides the City with a number of opportunities to exercise discretion, ensure that the incentive package is tailored to each project’s particular economic and community context, and maximize fiscal control, it also increases pre-development time

Support for Housing

Recommendation: Establish an as-of-right housing incentive system.

and risk for developers. In addition, the discretionary nature of the incentive process creates uncertainty about the market price of land and results in the City providing a subsidy to property owners/sellers.

Establish an as-of-right housing incentive system for Center City. The ICRIP benefits – including fee waivers, Chapter 380 grants, and Economic Development Incentive Fund/Inner City Incentive Fund grants – should be made as-of-right for new residential development and residential conversions in the Center City that meet a basic set of criteria, in order to normalize land values and provide greater certainty and speed of approvals to developers. Examples of potential requirements could include a primarily residential program, provision of structured parking in certain growth areas, and minimum levels of density. Major cities that offer as-of-right incentives for market-rate housing include New York City, Columbus, Seattle, Austin, Philadelphia, and Pittsburgh. A selection of these programs is profiled below and in Attachment A.

Provide City and SAWS fee waivers and Chapter 380 grants as-of-right. Residential projects within the Center City should receive City and SAWS fee waivers, and 10-year Chapter 380 grants as-of-right.

Set EDIF/ICIF grants to fill gap geographically. Based on preliminary financial analysis of residential development in the Center City neighborhoods and the Downtown Core, HR&A recommends establishing a differentiated grant amount that responds to the geographically-driven development economics and appropriately fills the financial gap per unit. HR&A's analysis, subject to confirmation through further review, suggests that the financial gap *after* fee waivers and Chapter 380 grants are provided is approximately \$4,000 per unit in Center City neighborhoods and \$15,000 per unit in Downtown Core (assuming market-rate housing projects).⁸

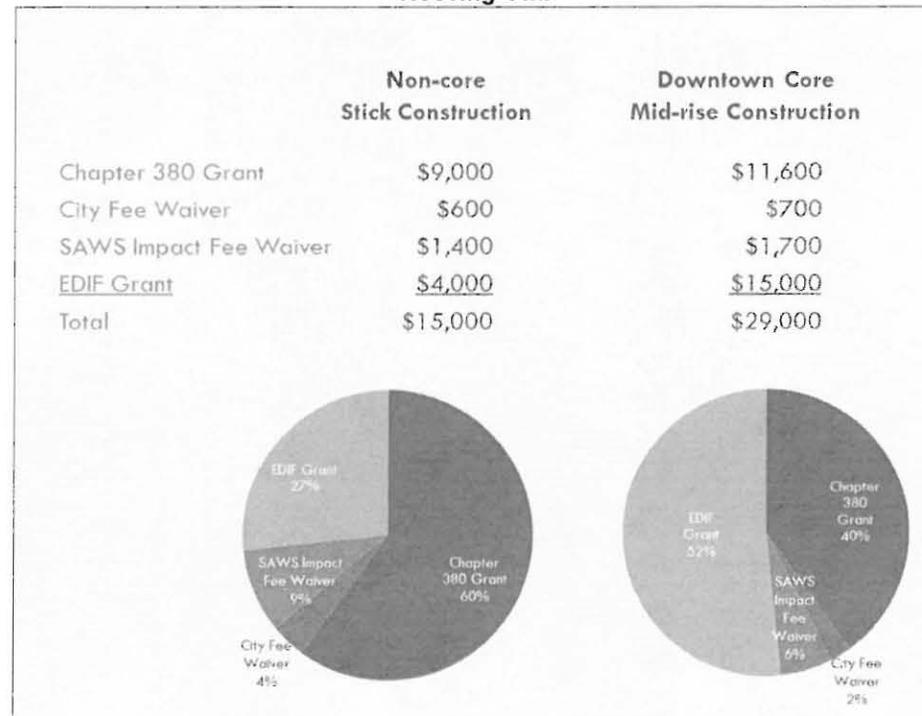
⁸ HR&A's analyzed a set of recent projects that have received incentives, which were provided by the City, as representative projects. The analysis is based upon the average costs and revenues of those projects, and therefore, represents an average financial gap. Additional analysis should be conducted prior to setting an incentive amount legislatively.

Figure 9: As-of-Right Housing Incentive Precedents

City	New York City	Austin	Seattle	Columbus	Pittsburgh	Philadelphia
Program	421-A	S.M.A.R.T. Housing	Multi-Family Property Tax Exemptions	Downtown Residential Tax Incentive	Residential Enhanced LERTA and Act 42 Enhanced Residential	Board of Revisions 10-year Property Tax Abatement
Tools	Tax abatement	Fee waivers and expedited city services on a graduated scale based on percentage of affordable units	12 year tax exemption	Property tax abatement	10 year property tax credit on city and school taxes for condos in conversion projects OR 10 year property tax abatement on city and school taxes for new condos or purchase condos	10 year city property tax abatement for new residential or conversions
Subsidy Per Unit	Graduated property tax abatement for 10 years reduced by 20% every two years. 2003 estimate: average \$22,559 total per unit.	Avg. \$1,250 in fee waivers for multi-family projects	Varies based on assessment	10-year 100% property tax abatement on improvements.	Up to \$6,180 per year credit OR Abatement on first \$250,000 in value	10-year 100% property tax abatement on improvements.
Targeted Downtown	no	no	yes	yes	yes	no
Geographic Target	Most of city but new developments in established areas (all of Manhattan and close in areas in other boroughs) require 20% of units for families at or below 80% AMI	Within 1/4 mile of bus or rail stop	39 target areas in and around downtown	Downtown	Downtown (Golden Triangle)	Entire city
Affordable Component Required	For select areas of high demand	yes	yes	no	no	no
Rental/Ownership	Both	Both	Both, but standard program is for Rental	Both	Ownership	Both
Units Created	87,000 from 1971 to 2003, 60,000 units currently receiving abatement	Up to 1,500 units per year	3,844 units, with additional 4,000 in the pipeline	5,000 housing units have been built, are in construction or in the pipeline 2002-2011. 43 completed projects.	Not available	8,950 units from 1995 to 2009 (4,050 conversion and 4,900 new construction)

Support for Housing

Figure 10: Preliminary Analysis of Geographically-Targeted Incentive Needs Per Housing Unit



Recommendation:
Partner with Centro to support catalytic projects.

Create a Centro Housing Fund.

Centro should lead the creation of a housing fund that can further support and incentivize residential development. The purpose of the Fund is to reduce development financing costs, thereby reducing the financial gap for Center City projects. The Fund should be a revolving loan instrument, reinvesting principal repayments and interest payments back into the Fund to provide additional future loans, and could provide two products:

- *Mezzanine Loans of \$250,000 to \$1,000,000 for Larger Projects.* Provide the equivalent of “mezzanine” financing to projects based on underwriting criteria,

Support for Housing

taking a riskier position than conventional financing, while offering below-market interest rates between two and four percent.

- *Construction Loans of \$15,000 to \$250,000 to support smaller redevelopment projects.*

Project Financing

The Fund should set investment criteria aimed at enhancing the types of residential products being developed – such as level of density, sustainable design, and structured parking – and serve as a gap-filler for hard-to-develop properties for which the City's incentives do not adequately fill the financial gap. Eligible projects should be limited to the Center City, or possibly a smaller geographic target area, and target primarily residential projects. Eligible project costs could include pre-development, acquisition, renovation, new construction, and infrastructure improvements. Fund investors should anticipate a return between 0% and 3% on an individual project.

Organization and Management

Centro should create a subsidiary or adapt its Community Development Corporation to manage the Center City Mezzanine Fund (CCMF), which would be a private corporation whose Board would be comprised of investors in the Fund. Private and public investors in the Fund will automatically be members of the CCMF and serve as Fund Managers.

Centro's Community Development Corporation (CDC) subsidiary should oversee the overall management of the fund, making loans in Center City projects and serving as the Investment Committee, reviewing each deal and making recommendations to the Fund Managers. Fund Managers (the Fund's investors) will approve each loan recommended by the Investment Committee. The CDC should either hire an internal staff or appoint the Center City Development Office (CCDO) to serve as the day-to-day staff to the Fund.

Support for Housing

Funding

HR&A recommends that the Fund be capitalized with at least \$10 million in the initial years of the Fund. The Fund could be capitalized using private investments, as well as public investments, government and philanthropic grants, and line items from financial institutions with Community Reinvestment Act requirements. Investors in the Fund will serve as Fund Managers in the CCMF.

- The City has demonstrated interest in providing \$1-1.5 million in seed funding;
- Centro should work with its Board members to identify potential investors, as well challenging large local and regional corporations and organizations to invest in the Fund.

Precedent: Supporting Housing Development Through an Investment Fund

Cincinnati Center City Development Corporation (3CDC) created the *Cincinnati New Markets Fund (CNMF)* and the *Cincinnati Equity Fund (CEF)*, in response to the lack of availability of capital from traditional lending institutions in its Center City neighborhoods. Both funds offer similar products: mezzanine and construction loans at below market interest rates (2-4%) for projects that otherwise would not be built in three targeted Center City Census Tracts in and around Downtown.

- The CNMF is organized as a Community Development Entity (DCE) and is therefore eligible to receive New Market Tax Credit (NMTC) allocations. The organization has received \$85 million in NMTC allocations. The Fund received another allocation of \$46 million in 2011.
- The CEF was created in 1995 to support the development of market-rate components of mixed-income housing development, and has provided more than \$45 million in loans for this purpose.

Since 2004, 3CDC has invested more than \$180 million in the CBD and Over-the-Rhine neighborhoods, 62% of which (\$116 million) is funded from the CNMF and CEF.

Source: www.3cdc.org

Support for Housing

Residential development is hindered by land economics in the Downtown Core.

**Recommendation:
Create a Downtown Core
Housing/Hospitality Task
Force.**

Land pricing in the Downtown Core is based upon the economics of hotel development, impeding market-feasible residential development. The success of the convention and tourism markets in the Downtown Core has had a transformative impact on Downtown real estate. With approximately 15,000 hotel rooms Downtown and 45,000 Citywide – 6,700 of which were added in 2009 and 2010 alone – the hotel market in San Antonio remains strong. The potential for hotel development drives the pricing of downtown land – ranging from \$70 to \$150 and beyond per square foot for land⁹, compared to market-supportable residential land prices of approximately \$15-\$30 per land square foot.¹⁰

⁹Source: Interviews with developers in San Antonio.

¹⁰Source: HR&A's preliminary order-of-magnitude residential financial gap analysis, based on average financial information related to recent developments provided by the City to HR&A.

Identify a mechanism to address land pricing balance in Downtown Core to support feasible residential development. While the preceding recommendations can help to incentivize residential development in a way that begins to normalize land values for housing, there remains an imbalance in land values in the Downtown Core that is driven by hotel property values and promotes speculative land purchasing and pricing, which in turn inhibits residential development or conversions. In particular, sites where hotel projects have been developed on the periphery of the Downtown Core may be better suited to contribute to neighboring residential communities, rather than as limited-service hotels.

HR&A recommends that the City create a commission or task force to identify mechanisms to improve balance in land pricing in the Downtown Core, while still supporting a hotel industry that promotes and enhances the critical tourism and convention industry. Potential balance-enhancing mechanisms could include:

- Imposition of a fee for housing imposed on new hotel development, the level of which could be set based upon location and/or type of hotel, until the residential and office markets in the Downtown Core mature further;
- Establishment of zoning designations for hotels and other uses in the Downtown Core;
- Establishment of annual or longer-term hotel development limits;
- Extended moratorium on hotel development as the residential and office markets in the Downtown Core mature further.

Organization and Management

Public and private resources should be fully aligned in service of the Center City.

Strong capacities exist or have been created to manage and implement key functions required to implement the Strategic Framework. Implementation of this plan requires putting robust resources in place in support the Strategic Framework's mission: to create a vibrant urban place in the Center City. San Antonio has created or adapted public and private entities with functional capacity to execute this mission, many of them in recent years:

- The Center City Development Office;
- Downtown Operations responsibility for Downtown Open Space;
- A Local Government Corporation to focus on HemisFair;
- Centro Partnership, with its new strategic resources and ability to re-energize and coordinate the Downtown Alliance activities.

Project management and authority structures that cut across these functionalities for key catalytic projects must play a crucial coordinating role. As demonstrated in Figure 11, responsibilities for creating a vibrant urban place and supporting private development rest within different departments that are for the most part responsible for their functional areas throughout the entire City, without a designated focus on Center City catalytic projects. In other cities studied by HR&A, creating one or more cross-cutting functionalities can provide opportunities for information-sharing between economic development and technical departments, as well as coordinating and guiding the efforts of each in support of the downtown growth strategy. In other cases, the City is re-organized to provide centralized authority for downtown projects.

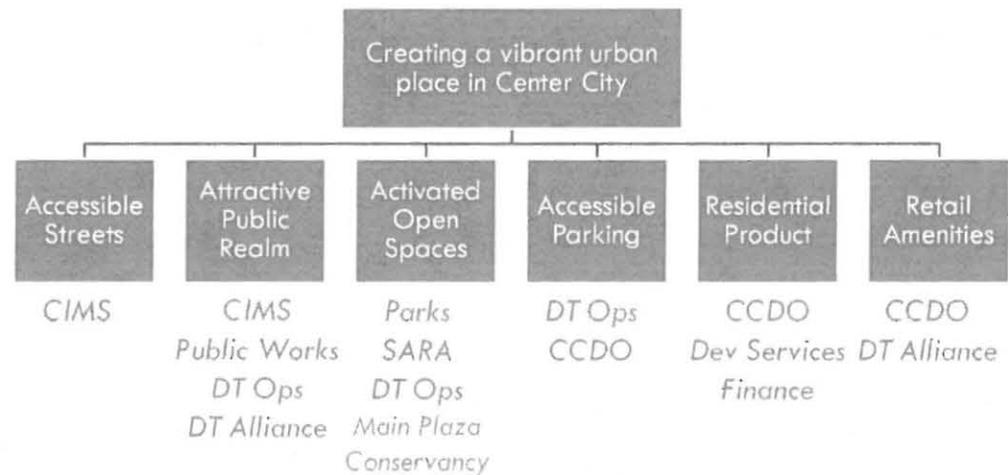
Figure 11: Relevant COSA Center City Development Agencies

Agency Type	Agency	Center City Functions
Public Agencies	Capital Improvement Management Services	<ul style="list-style-type: none"> • Manages City capital projects from design through construction. • Manages real estate acquisition, disposition, and leasing for City assets.
	Center City Development Office (CCDO)	<ul style="list-style-type: none"> • Provides incentives for development projects in the Inner City (the area covered by the ICR/IP) and provides facilitation services to development in the Inner City. • Establish new downtown initiatives.
	Convention and Visitors Bureau (CVB)	<ul style="list-style-type: none"> • Markets San Antonio as a tourism destination. • Sells group and individual tourist packages. • Manages the Convention Center.
	Development Services	<ul style="list-style-type: none"> • Enforces building codes, the Unified Development Code, and other development-related ordinances, including zoning and entitlements, building plan review, permitting, and inspections.
	Downtown Operations	<ul style="list-style-type: none"> • Manages the City's parking enterprise system. • Coordinates large special events Downtown. • Manages select Downtown parks, including HemisFair, Milam, and Travis Parks, and Alamo Plaza. • Manages Downtown vending and street closures.
	Economic Development	<ul style="list-style-type: none"> • Provides incentives to businesses seeking to locate in San Antonio, as well as encompassing the community development offices that the City has created to focus on particular districts – such as CCDO, the Westside Development Corporation, and San Antonio for Growth on the East Side.
	Finance	<ul style="list-style-type: none"> • Has fiduciary responsibility for all City resources, including reviewing investments and incentives.

	HemisFair Park Area Redevelopment Corporation (HPARC)	<ul style="list-style-type: none"> Responsible for the planning, development, and operations of the HemisFair site and adjacent areas.
	Historic Preservation	<ul style="list-style-type: none"> Creates historic districts and individual landmarks. Historic Design Review Commission reviews projects in eligible districts for historic design compliance.
	Office of Urban Redevelopment San Antonio (Our SA)	<ul style="list-style-type: none"> Manages the City's land banking activities, including acquisition, management, and disposition. Holds power of eminent domain.
	Parks and Recreation	<ul style="list-style-type: none"> Manages Madison Square, Maverick, Dignowity, Lockwood, and Roosevelt Parks.
	Planning and Community Development	<ul style="list-style-type: none"> Leads strategic planning, reinvestment initiatives, neighborhood planning and urban design, and community redevelopment. Manages existing and creates new TIRZs; eight TIRZ in the Center City receive tax increment from property in the Zone, and allocate those funds to capital projects within the Zone.
	Public Works	<ul style="list-style-type: none"> Manages maintenance and routine update projects for streets, sidewalks, traffic signals, and other elements of the public realm.
	Westside Development Corporation	<ul style="list-style-type: none"> Fosters economic development for the Westside of Downtown, including strategic planning and initiatives
Private/Non-Profit Entities	Centro Partnership	<ul style="list-style-type: none"> Private, non-profit organization created to support growth in the Center City.
	Downtown Alliance	<ul style="list-style-type: none"> Non-profit Public Improvement District that provides Clean and Safe and Marketing services to the Downtown.
	Downtown Community Development Corporation	<ul style="list-style-type: none"> Private, non-profit organization that can raise funds from a range of public, private, and philanthropic sources.
	Economic Development Foundation	<ul style="list-style-type: none"> Private, non-profit organization that provides market research, site visit, and public-private liaison services to companies seeking to locate in San Antonio.
	Main Plaza Conservancy	<ul style="list-style-type: none"> Private, non-profit organization that manages operations and maintenance of Main Plaza.
	Paseo del Rio Association	<ul style="list-style-type: none"> Manages programming on the Riverwalk. Advocates for matters concerning the Riverwalk.
	San Antonio Area Tourism Council	<ul style="list-style-type: none"> Lobby for and support San Antonio's tourism industry.
	San Antonio for Growth on the Eastside (SAGE)	<ul style="list-style-type: none"> Lead community planning initiatives for Eastside growth. Support small businesses, including a storefront grant program.

State Entities	San Antonio River Authority (SARA)	<ul style="list-style-type: none"> • Manage water quality, environmental, and other issues related to the River. • Manage open spaces along the River, including programming for the Mission Reach portion of the River.
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Figure 12: Current COSA Functional Responsibilities



As demonstrated in the chart above, a number of functions necessary for creating a vibrant urban environment are the responsibility of multiple entities. For example, CCDO works with private developers to gap finance individual projects with parking needs and to identify potential parking solutions for new businesses seeking to locate in the Center City, while Downtown Operations operates and sets rates for Downtown municipal shared parking structures and manages an enterprise fund that can support development of shared parking solutions.

The map below demonstrates another example of overlapping functions within Center City parks and open space. The range of entities responsible for open space operations and maintenance may cause a loss of operating efficiencies and coordinated effort, which is manifested in lack of park programming and a minimal standard of maintenance in most open spaces downtown. The River Walk, given its importance to the tourism market downtown, is an important exception.

Figure 13: Parks and Open Space Operations and Maintenance Responsibilities



Recommendation:
Align the City’s economic development functionalities around the Center City growth mission.

Align economic development functions and authorities that are critical for accomplishing the Center City mission – including transportation, parks and open space development and management, public realm, parking, housing development, and commercial and retail

Organization and Management

development. A number of models for organizing these functions according to geographic priorities are in place across the United States, including public management, quasi-public development corporation management, and private development corporation management.

Private Development Corporation Management. A number of cities have established private non-profit development corporations aimed at centralizing planning, development, and operations functions for their downtowns. The advantages of a private development corporation include the ability to attract funding from a range of public, private, and philanthropic sources, ability to provide a dedicated focus on downtown, and maximizing leverage of limited public human and capital resources.

Quasi-Public Development Corporation Management. A quasi-public development corporation model has the advantages of being able to balance maintaining public oversight with greater access to public, private, and philanthropic funding sources than the public sector typically enjoys. A number of models exist in Texas cities that are aimed at leading geographically-focused redevelopment, taking the form of local government corporations (LGC), including Uptown Houston Development Authority and San Antonio's HemisFair Park Area Redevelopment Corporation (HPARC).

Public Management. HR&A believes a public system with clear management and accountability structures for executing priority Center City initiatives is the appropriate solution for San Antonio. San Antonio has significant capacity within City government to support Center City development, as demonstrated above, and has already made a commitment to focus resources within Center City through the creation of CCDO. San Antonio could achieve alignment of mission and internal City resources by modifying its organization in a range of ways, for example:

- Enhancing the functions, authorities, and resources of an existing office or department –such as the Center City Development Office – adding staff and/or detailing technical staff from other departments to support the Center City mission;

Organization and Management

- Organizing City offices and departments that are necessary to achieve the Center City mission under a single manager, while maintaining functions, authorities, and resources within existing offices and departments;
- Creating a task force or commission with representation from relevant City offices and departments, with representatives who are empowered with authorities to commit resources from their departments to the Center City, or dedicated resources allocated to the task force or commission.

Examples of all three approaches are summarized below, including the City of Dallas, which has organized municipal government in a way that effectively targets downtown, while also leveraging private and quasi-public organizations for targeted redevelopment purposes and to support public efforts.

HR&A recommends that the City of San Antonio undertake a City-led strategy that leverages its substantial municipal capacity, with support from Centro Partnership and other private organizations, as well as selective use of quasi-public development corporations for targeted projects as appropriate.

While broad re-organization of the City's functions is not required, new functional capacity and authority structures should be created to implement catalytic projects in the Center City. These projects have been described throughout the Strategic Framework: they may entail efforts to coordinate infrastructure, open space, and efforts to finance and entitle private development in key portions of priority growth areas, or may entail an attempt to focus and coordinate a specific action across the Center City, such as green streets or programming in open space. Below we recommend the functionalities and authorities required to implement these projects in a focused manner.

Functions: CCDO should lead and manage strategic planning and redevelopment projects in the Center City. The functions it would undertake, for key catalytic projects, include:

- Undertaking strategic and master planning initiatives, and creating design standards/guidelines;
- Guiding planning for, and ensuring implementation of, public realm and transportation improvements in Center City;

Organization and Management

- Facilitating development transactions, including incentives, approvals, public financing and design review;
- Managing maintenance and programming of public space; and
- Planning for capital projects, and ensuring their implementation in alignment with Center City goals and needs.

Realign or create new staff positions within the Center City Development office to undertake these necessary functions. Undertaking these roles requires project management, real estate finance, capital planning, strategic planning, and urban design expertise and capacity. The Center City Development Office should realign staff assignments to provide these functions and complement the Downtown Strategic Framework Plan.

Each of the four targeted growth areas identified in the Plan should be assigned to a manager level position responsible for development and planning initiatives in that area.

The CCDO should create or reassign senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure sustained focus on making improvements and maintain an ongoing level of maintenance that supports the urban environment. Positions could include a Capital Projects Manager, Senior Planning Manager, and an Operations Manager.

In addition, the City should create an urban and design review commission similar to the HDRC but responsible for the design of non-historic urban development. Additional staff will be required to lead this effort. The responsibilities of the proposed commission are discussed in more detail below.

Authority: Align the City's economic development functionalities and budget process around the Center City growth mission, by placing authority and accountability for implementing the Center City Strategic Framework Plan with the City Manager, or her designated senior staff person. The City Manager (or her designee) has authority to utilize the resources at the City's disposal within a range of functional areas to support Center City growth, including

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CCDO, capital improvements – including parks, transportation and public realm, strategic planning, downtown operations and programming, and parking.

Delegated authority is not required for all Center City activities of city government. However, for catalytic projects identified in priority growth areas, it will facilitate the project management functions of CCDO described above for CCDO to have the authority to resolve disputes among other departments and agencies, and in some cases for CCDO to exercise budget control for a particular set of capital items. This authority should be delegated by the City Manager on a case-by-case basis.

In some cases, special purpose entities should be created to manage major City-led redevelopment efforts. For large redevelopment projects that require ability to raise dedicated funding sources to support the project and may require additional capacity to implement, the City should create special purpose entities in the form of local government corporations to implement those initiatives, as it has done by creating the HemisFair Park Area Redevelopment Corporation (HPARC). Other initiatives, such as the creation of a Cultural Corridor on Commerce Street, may also benefit from the creation of a similar organization.

Accountability: The City Manager, or her designee, should report to Council at least annually on progress against the goals and targets set out in the Strategic Framework Plan. The key metrics recommended in the Center City Strategic Framework – in particular, the Housing First development target – should become a key dashboard measure for the City and should be reported to Council within the budget process, along with the actions taken by City staff to support achievement of the goal.

CCDO and other City departments responsible for major elements of the Center City's infrastructure should report to a single entity or person. The centralization that has been successful in realizing success in Downtown Dallas has often been attributed to the organization of major functions that are critical to the development of Downtown under the same assistant city manager. Critical functions that should have joint accountability include transportation (CIMS), parks and open space (Parks and Recreation, Downtown

Operations), parking (Downtown Operations), planning and urban design (Planning and Community Development, to-be-created Design Review Commission), and development (Development Services, Economic Development, Finance, CCDO).

Within this structure, the City should seek to identify clear responsibilities and accountability and reduce redundancies. As demonstrated in Figures 12 and 13, above, a number of functions within Center City are served by overlapping responsibilities of several public and private entities. The City should seek to rationalize these redundancies, where possible. For example, areas and functional responsibilities for maintenance and programming of the public realm in the Center City should be clarified between Parks and Recreation, Downtown Operations, Downtown Alliance, and the River Authority.

Precedent: Aligning City Resources with Center City Mission – Private Management

Cincinnati Center City Development Corporation (3CDC) is a private 501(c)(3) non-profit organization whose mission is the revitalization of the City's urban core – specifically the Fountain Square District, the Central Business District, and Over-the-Rhine neighborhoods. The organization was formed by private stakeholders – primarily corporations that are located downtown, to make the downtown area a better place to live, work, and visit. The organization's key initiatives include leading public-private infrastructure projects – including Fountain Square and Washington Park, master planning revitalization projects and supporting block-by-block redevelopment, operating and managing open spaces and parking assets, and providing low-cost development financing.

The organization's coordination with the public and private sectors to maintain focus on downtown and has harnessed significant public and private resources; for example, the Fountain Square redevelopment was able to achieve its high-quality of design and intensive programming through this innovative partnership agreement, and from six different sources of financing: \$13 million in New Markets Tax Credits, a \$15 million mortgage, \$8 million from the Cincinnati Equity Fund, a \$4 million State of Ohio Urban Redevelopment Loan, \$4 million from the City of Cincinnati, and \$5 million from corporate and philanthropic contributions.

Precedent: Aligning City Resources with Center City Mission – Quasi-Public Management

The Portland Development Commission (PDC) facilitates both real estate development and public infrastructure projects within Urban Renewal Areas and other areas targeted for revitalization in the city, by providing predevelopment guidance for developers and property acquisition and assemblage. The Commission is involved in redevelopment planning from the master planning stage through construction, helping to ensure projects can be approved by public permitting entities. PDC also provides financial assistance through a number of loan and grant programs geared towards retail retention, commercial redevelopment, lighting improvements, and community livability.

PDC is a department of the City, with a staff of approximately 200, headed by an Executive Director and six departmental directors. The Executive Director reports to PDC's Board, comprised of 5-members who are all local citizens appointed by the Mayor and approved by City Council. PDC's reporting structure—to PDC's Board rather than directly to the Mayor or other City Commissioner—was created to allow the agency to implement programs and focus resources independently and not at the direction of any one city Commissioner.

PDC is funded primarily through tax increment financing, with additional funding from the City of Portland General Fund, Federal and State grants, private contributions, and earned income from lending fees and asset management and other services.

One of the Urban Renewal Areas that PDC invested heavily in is the River District. The public investments in the District – identified in the 1994 District Plan – include a streetcar extension, road improvements, new open spaces, development of parking facilities, investments in cultural facilities, and financing of more than 2,000 affordable and workforce housing units. The District attracted more than \$180 million in private investment in the first two years of Plan implementation and has added more than 8,000 housing units since the mid-1990s.

Precedent: Aligning City Resources with Center City Mission – Public Management

The City of Dallas instituted a set of changes in 2009 aimed at improving responsiveness of planning and development services to developers' needs, and to provide comprehensive services under the leadership of a single director and a single assistant city manager. The City consolidated its planning and development services functions within a single department of Sustainable Design and Construction, which includes the following functions:

- Strategic Planning, including long-term strategic land use planning, transportation planning, and GIS mapping;
- Current Planning, including land use considerations and processing zoning requests;
- Building Inspection, including code compliance, building permits, and conservation and historic preservation;
- Real Estate, including acquisition and disposition of real property owned by the City of Dallas;
- Engineering, including plan review and approval.

In addition, Sustainable Design and Construction is organized under the same leadership as the following departments that provide additional support for functions needed for a vibrant urban core:

- Convention and Event Services
- Economic Development (including Office of Downtown Initiatives)
- Housing and Community Services

Beyond its overall functional organization, the City has also created a framework of coordination and responsibility for implementation of its Downtown initiatives. The City and Downtown Dallas Inc. recently completed a Downtown strategic plan called *Dallas 360*. In order to ensure that a range of public and private resources are brought to bear in the implementation of the plan, the City created a Task Force that will be responsible implementation, represented by the following entities:

- City of Dallas Department of Sustainable Development and Construction;
- City of Dallas Economic Development Department;
- City Design Studio, the City's design review board, which is composed of City staff and architects under contract;
- Downtown Dallas Inc., a private sector organization that administers the Downtown Public Improvement District, the Downtown Connection TIRZ, and undertakes additional strategic, policy, and capital investment roles.

Precedent: Aligning City Resources with Center City Mission – Public Management

NYCEDC is a non-profit 501(c)(3) entity controlled by the City of New York, which performs the City's economic development functions under the leadership of the Deputy Mayor for Economic Development. EDC fulfills a number of traditional economic development functions, including business attraction and business services and managing a portfolio of the City's assets. The organization also interacts with other City agencies, providing transaction and construction management services for functional departments. For projects such as the High Line, a capital project funded and managed by the Department of Parks and Recreation, EDC acted as the construction manager.

For select catalytic projects in priority areas of the City that are initiated by the Mayor's office, EDC has been delegated the authority to act as project manager, with support from functional agencies, such as City Planning, Parks and Recreation, and Transportation. For example, for the East River Waterfront Esplanade, a \$148 million project to create new pedestrian connections and open space on the East River, EDC is the lead agency, managing design, landscape, and transportation planning, as well as construction.

To execute these projects, EDC has over 400 staff with specialized expertise in project management, planning and design, construction management, and real estate transaction management and financing. The functional capacities are deployed variously to manage projects on behalf of other City agencies or to lead projects for the City.

Precedent: Aligning City Resources with Center City Mission – Public Management

The City of Austin has deployed a robust, multifaceted management strategy to implement its downtown development objectives over the last decade. After setting a target for new units of housing in the downtown over a 10-year period, the City implemented the following management measures:

- Dashboard reporting on progress against targets as part of the annual budget submission to City Council.
- Formation of a dedicated group in the Economic Growth and Redevelopment Services Office, consisting of over 30 staff.
- Integrated organization under a single Assistant City Manager of "Development Services" departments, including Economic Growth and Redevelopment Services, Planning and Development Review, Real Estate Services, and Sustainability and Watershed Protection, plus at one time the Public Works and Capital Transportation offices.
- A Smart Growth and Urban Design matrix that provided automatic access to waivers, tax abatements or Chapter 380 grants and other incentives for projects that met smart growth criteria.

Recommendation:
Support Centro Partnership's efforts to implement the Strategic Framework in concert with the City.

Determine boundaries of Centro's area of influence. This Strategic Framework Plan uses a defined border to establish a Study Area. Centro's role may expand beyond that border or may be narrowed to produce a more concentrated, strategic effect on a smaller area. While the four primary and four secondary areas in this Plan establish a framework for Centro's action, the level of influence that Centro has in each area may change to reflect different implementation strategies. Moreover, Centro may play a different set of roles in different areas of the Center City. For example, Centro should play an advocacy role for the entire Center City and invest in capital projects that impact the entire Center City – such as streetcar or other transportation investments – but may choose to deliver Downtown Alliance clean and safe service to a smaller target area in the Downtown Core and support master plans for targeted growth areas.

Identify roles and responsibilities for Centro's support for growth, in partnership with the City. HR&A recommends establishing a mission for a unified focus on creating a vibrant urban place in Center City, and organizing public and private sector resources to achieve that focus. Clear roles and responsibilities for Centro that can support the Center City vision should be established. The City should support Centro's organization of its administration, services, and programs around a range of key functions to support the Center City:

Setting a core strategic vision and building specific policy positions and planning concepts that fulfill that vision: adopt the Strategic Framework Plan, serve as Centro's liaison to the City on future master plans for targeted growth areas, and build a strong research and policy advocacy capacity to develop and support key positions.

Supporting coordinated action for catalytic projects: identify and develop private and civic support for catalytic infrastructure and development projects, ensuring that the diverse tools of economic development - planning, capital, infrastructure, urban design, and incentives – are brought to bear in support of these projects.

Providing a forum for strategic thinking and planning: through its regular board meetings and frequent events, should bring together San Antonio's key private, public

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and non-profit leaders to maintain an intense focus on the strategic actions needed to build the downtown.

Enhanced Clean & Safe Services: expand upon the level of services currently provided by Downtown Alliance and potentially expand the service area to include a larger portion of Downtown;

Programming and Events Coordination: assume a coordination role for marketing efforts Downtown by Downtown Operations and other groups; program events throughout the Center City, including in open spaces, that are frequent and attract regular visitors both from within Center City and from the rest of the City;

Tenant Recruitment and Retention: provide integrated retail recruitment services, including maintaining a database of available retail spaces in Center City, creating relationships with local, regional, and national retail tenants, and providing location assistance services to potential retail tenants;

Branding and Marketing: undertake a branding and marketing campaign that targets amenities and advantages for residential growth in Center City.

Development Facilitation: serve as the first stop for developers who want to build in the Center City. Facilitate development by serving as the liaison with the Center City Development Office (CCDO) and other City departments for approvals, incentives, and other needs, as well as by working with the Centro Housing Fund to provide gap financing. This role could be undertaken by the Downtown Community Development Corporation subsidiary of Centro;

“Mezzanine” Financing for catalytic projects: utilize existing financing sources and cultivate new funding sources to provide additional financing sources for priority Center City projects. The Downtown Community Development Corporation (CDC) should serve as the vehicle for Centro’s Housing Fund, which would strategically gap finance catalytic projects in the Center City. The fund would be capitalized through a combination of private and public funds, including funds from financial institutions seeking to meet CRA obligations. The fund and the role of the CDC in providing mezzanine financing are described in more detail above.

Recommendation:

Create additional special purpose entities in the Center City as required.

As the City has done for HemisFair, other large catalytic projects in the future may benefit from the creation of special purpose entities to provide project-specific focus and the ability to create public-private partnerships for redevelopment projects.

For example, the implementation of a Cultural, Retail and Open Space Corridor on West Commerce Street, potentially including Main Plaza, or the re-naturalization of the San Pedro Creek may benefit from a Special Purpose Entity that can partner with developers to invest in infrastructure and re-invest real estate proceeds and tax revenues into related public improvements. The Main Plaza/West Commerce/Mercado Cultural Corridor is a possible first entity to support that area's growth.

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New development in the Center City must be consistently regulated to achieve coherence of use, contextual densities and heights, and high standards of design quality.

Center City development is not consistently regulated through an ordinance establishing standards for use, density, height, or building form. Particularly as levels of development activity accelerate over time in accordance with the Strategic Framework objectives, the Center City will increasingly require the type of contextual zoning that is largely exempted from the area through the Rio overlay. As land and development opportunities become scarcer, the need to regulate for consistent use and density is increased. The creation of a form-based ordinance regulating these matters is therefore a long-term goal for Center City development.

The quality of urban design and building design is inconsistently regulated by the City, for both private development projects and for projects receiving City incentives. No uniform design standards/guidelines are in place in the Center City to provide guidance to developers on a range of urban and building design issues, from the definition of a building envelope to the character and quality of materials to the placement of building utilities. The implications of this lack of guidance have been made clear in an inconsistent quality of design for recent projects, as has been evidenced by stakeholder consultations and urban design analyses conducted during the Strategic Framework planning process.

At minimum, many cities create consistent design standards/guidelines for projects that receive public funding, tax abatements, or other forms of incentives. Regulation of design according to minimum standards is a reasonable objective for projects receiving public incentives, and the City government entities responsible for these negotiations are in need of further guidance to compose requests of development partners.

There is a need for urban design review as a mechanism for enforcing design standards/guidelines for new development. While the City's Historic Design Review Commission (HDRC) provides a level of urban design review, its creation in the 1990s illustrates the review issue. HDRC combined the three review boards created in the 1960s for the River Walk, historic districts, and public buildings into one board to avoid the issues of multiple board reviews of a project (public building in a historic district, historic building on the River Walk, etc). However, the three original boards were not charged with reviewing new buildings in the Downtown Core, and the function and training required for historic review is different in kind from that required to review design proposals that

Planning and Regulation of Development

create a new urban context. HDRC's jurisdiction should apply to areas on or adjacent to the River Walk, Main Plaza and Alamo Square, and on blocks where more than 75% of the structures are deemed historic.

Examples of the types of guidelines to be applied in other areas are as follows:

Street Level and River Level Plan/Site Plan

- Establish a scale that supports a multi-tenant, pedestrian oriented environment at the street level.
- Control curb-cuts and onsite parking.

Public Realm

- Define a street-wall through building façade design and establish a clear relationship between the public realm and vertical construction.
- Create buildings and spaces that have a human scale.
- Create an appropriate context for further development by reviewing the location, scale and visibility of service entrances, building mechanical equipment and other perfunctory elements that detract from the pedestrian experience and in relation to existing buildings' primary entrances. Avoid conflicts between pedestrian spaces and utility equipment.
- Contribute to an open space network through an emphasis on connections to parks, greenways and the River.

Building Character

- Champion good design that creates an urban context and appropriately expresses contextuality rather than merely mimicking existing buildings.

Materiality

- Create quality construction that includes suitable materials for an urban context.

Uses

- Encourage increased density and mixed-use development.

Recommendation:
Implement a form-based regulatory framework beginning with design standards/guidelines for the Center City.

The City should implement a new framework that regulates form, use, and density for public and private projects and enables a robust urban design review of development projects. The City should move over time to a form-based ordinance that formally regulates these matters with a site plan review for major projects. To reach this solution over time, the following initiatives should be undertaken:

Recommendation:
Formulate design standards/guidelines for Center City development.

The City should create a single set of user-friendly design standards/guidelines that outline common approaches to urban design for the entire Center City but maintain a distinct character for each district. These overarching guidelines will provide a level of consistency in design and application throughout Center City while acknowledging the unique characteristics established in each district's master plan.

The guidelines should require a more detailed level of regulation, and potentially higher standards, for projects receiving public incentives.

Recommendation:
Create an Urban Design Review Commission.

The City should create a separate commission, overseen by a City Architect, responsible for implementation of the Design Standards/Guidelines, in a manner comparable to but independent from the historic review function of HDRC. The Commission should be composed of professionals with credentials in the fields of architecture, urban design, landscape architecture, or related fields, led by a City Architect with professional credentials, and staffed by officials with expertise and professional credentials in these areas. The Commission's review should be integrated into the City's permitting process, with permits subject to staff review that focuses on the site plan, first floor (and River connections if applicable), type of construction, and façade materials. The Commission

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should be the first step in appealing staff's review and for projects that occupy at least one half of any existing block and are more than six stories tall.

Additional capacity for urban design review at the Board of Adjustment may also be necessary, to ensure that Urban Design Review Commission decisions can be appropriately and expertly reviewed upon appeal.

The City should aim to create roles for both the HDRC and Urban Design Review Commission that allow each project to be reviewed only once. While many neighborhoods and the historic River Walk have defined characters that should be enhanced with renovations and new projects, many of the existing commercial corridors should transition to a new, more urban form and intensity that is walkable, transit friendly, and helps provide a higher level of goods and services inside the historic boundaries of the city. A new process is needed that focuses on how these commercial areas and corridors are positively redeveloped as urban nodes while respecting existing neighborhoods and community concerns. The Historic Preservation Officer and Urban Design Review Officer should review all commercial corridors and overlays that are part of a historic district and recommend if the historic designation is appropriate or if the designation of the commercial properties should be changed to an urban design overlay. The percentage of existing historic structures in the commercial area and the relation of the corridor to surrounded single family neighborhood should be the primary criteria in determining the designation of the corridor. The two officers should meet regularly to review the standards being used in each districts.

HDRC should review:

- All projects in historic districts on residentially zoned lots;
- All projects on multi-family, commercial and industrial zoned lots in historic districts;
- All renovations and additions to historically designated structures;
- All City-funded projects in historic districts;
- All projects that abut the San Antonio River in RIO 3.

The urban design office should review:

- All projects on lots designated 'D' that are outside of historic districts;

Planning and Regulation of Development

- All commercial and industrial projects in RIO districts (except those that abut the San Antonio River in RIO 3), corridor overlay districts, and eventually Neighborhood Conservation Districts;
- All city funded projects that are outside of historic district;
- All multi-family projects that have more than 8 units in a RIO district (except those that abut the San Antonio River in RIO 3).

Recommendation: Undertake master planning for key Center City districts.

The City should undertake master planning for key Center City districts identified in the Strategic Framework, to create preferences for development locations, patterns, typologies and design characteristics and to align infrastructure investment plans, regulations and design standards/guidelines with these preferences.

Recommended districts that should be prioritized are:

The **Downtown Core** area, for which planning priorities should include: location of gateways linking the River Walk and the street level; opportunity sites for development and existing buildings suitable for conversion and associated infrastructure requirements; consolidation of recommendations and plans related to street improvements, locations for cultural and entertainment investments, and improvements to open spaces; creation of a shared parking development strategy to meet worker and resident parking needs in structured garages at minimal public cost; density and use for new development including potential policy solutions to address the imbalance in land value generated by the relative demand for hospitality over residential uses in the Downtown Core; and character and quality of design for new buildings.

The **Near River South** area, for which planning priorities should include: opportunity sites for redevelopment, including opportunities on publicly owned land and associated brownfield remediation and other infrastructure requirements; improvements to open spaces including Roosevelt Park and a potential conversion of the de-commissioned freight rail corridor to a public trail; required street improvements; density and use for new development; and character and quality of design for new buildings including their

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orientation to the river. Master planning for Near River South should also provide a cost benefit analysis for extension of the fixed rail and streetcar system to Roosevelt Park beyond the current planned Southern extension of the line that Bexar County and VIA agreed to fund. Similar analysis should be performed for an extension of the Streetcar system north to Mulberry Street to connect Downtown with Fort Sam Houston, the Museum district and Brackenridge Park.

The **Cesar Chavez Corridor**, for which planning priorities should include: opportunity sites for redevelopment, including opportunities on publicly owned land and associated infrastructure requirements; improvements to open spaces; required street improvements; relationship to HemisFair development and to potential development on the east side including the Alamodome parking lots; density and use for new development; and character and quality of design for new buildings including their orientation to the River.

The proposed **Medical District**, for which planning priorities should include: amenitization of the area and provision of services for medical workers and patients; transportation accessibility; opportunities for shared development and/or shared physical plant among the medical institutions in the district; potential for district branding and marketing; and parking solutions.

The Design Standards/Guidelines and a set of tailored form-, use- and density-based regulations should be included in a form-based ordinance to be adopted by the City as the overall regulatory tool for future growth. Adoption of the ordinance may be a longer-term endeavor – for the first 5-10 years of design regulation, it is likely that a set of design standards/guidelines enforced by an Urban Design Review Commission will be adequate, with a need for stricter regulation of use, density, and building form following once land becomes scarcer in the Center City.

Recommendation:
Develop and adopt a form-based ordinance for key Center City areas.

Precedent: Downtown Design Review

The **Fort Worth Downtown Design Review Board** was created in 2001 to enforce the Downtown Urban Design Guidelines and Standards for new construction and renovations through review and approval of Certificate of Appropriateness applications. The Board is comprised of eight members, including architects and urban design professional(s), real estate professional(s), landscape architect(s), a Downtown Urban Design District business owner, and a Trinity Uptown business owner. The Design Guidelines and Standards include treatment of the public realm, including size, materials, and relationship of sidewalks, curb cuts, street trees, landscaping, street furniture, lighting, etc; relationship of buildings to the street; street grid and parking design; and signage, awnings, and other decorative issues. In addition to text describing the requirements, the Guidelines and Standards provide visual guidance regarding acceptable and desired treatment of the guidelines.

Sources: City of Fort Worth website, City of Fort Worth Downtown Urban Design Standards & Guidelines, interview with Melissa Konur of Downtown Fort Worth Inc.

Precedent: Downtown Design Review

The City of Dallas created the **Dallas City Design Studio** in October 2009 in partnership with the Trinity Trust Foundation. Housed within City Hall and comprised of four City staff and an Urban Design consultant, the Design Studio is aimed at raising the level of urban design in Downtown Dallas. Operating expenses for the first five years of operations are funded cooperatively by the City and the Trinity Trust Foundation. The Design Studio's roles include providing advisory services to the City through development of urban design policies, peer review of planning, and landscape and design feedback in the development application process, and consulting directly with City departments on urban design of major projects. City Planning requests both private developers and internal City departments seeking project approvals to comply with the Design Studio's recommendations, but approvals are not currently contingent on that compliance. The City is exploring mechanisms to enhance requirements for compliance with the Studio's recommendations for public projects and projects that receive City incentives, such as instituting a formal peer review board.

Sources: City of Dallas website and interview with Jim Wood, Downtown Dallas Inc, September 9, 2011

Cost Implications

V. Cost Implications

This section provides an order-of-magnitude projection of the one-time and ongoing cost implications of the recommendations for implementing the Strategic Framework Plan for the Center City. These cost implications are high-level and represent an effort to create a benchmark for long-term investment horizons and are not the result of cost estimation.

One-Time Costs

Public Capital Investment

The City could incur capital costs of more than \$350 million to fund its portion of the priority near-term and longer-term investments recommended in the Strategic Plan by 2020, approximately \$180 million could be met by existing or proposed funding sources. These investment priorities are discussed in greater depth in Section III: Implementation Strategy – Public Investments.

Potential Funding from Available Sources	Order-of-Magnitude Cost
2012 Bond Program for Center City	\$80 million
2007 Bond Savings	\$17 million
Potential Houston Street and Inner City TIRZ Funding	\$17 million
Parking Fund Investment	\$23 million
Fixed Rail and Streetcar North-East Alignment (City only)	\$40 million
Unfunded Capital Priorities	\$170 million+
Total Public Capital Investment	\$350 million+

Public Housing Finance

The City will incur direct costs associated with providing Economic Development Incentive Fund (EDIF) or Inner City Incentive Fund (ICIF) grants to incentive new residential units to achieve the target of adding 7,500 new units by 2020. This estimate conservatively assumes that the Downtown Core would receive a proportionate share of these units – 25% - but the cost to the City would be lower if a higher proportion of the units were

developed in the Center City neighborhoods, not in the Core. The estimate does not include tax expenditures through tax abatements or Chapter 380 grants, or foregone revenues from fee waivers. The estimated total direct cost to the City is between \$35 and \$55 million, depending on the proportion of units incentivized in the Downtown Core.

EDIF/ICIF Incentives Required	Order-of-Magnitude Cost
5,500-6,500 Center City Neighborhood Residential Units @ \$4,000 each	\$20-25 million
1,000-2,000 Downtown Core Residential Units @ \$15,000 each	\$15-30 million
Total Public Direct Incentives	\$35-55 million

Master Planning and Design Standards/Guidelines

The City should provide funding to support the creation of at least three of the growth areas recommended in the Strategic Plan – Near River South, Downtown Core, and the Medical District. While major private and institutional property owners have expressed interest in and should be expected to contribute to these master plans, the City should support them by committing \$50,000 for each of the Near River South and Medical District plans, and \$150-200,000 for a comprehensive Downtown Core master plan. The City should also commit \$50-75,000 to create a comprehensive set of design standards/guidelines for the Center City.

Annual Costs

Increased City Management Capacity (Annual)

HR&A recommends four project manager positions within CCDO, each of which should be responsible for the planning and development initiatives in one of the four targeted growth areas. Based upon current staff costs for comparable positions, the City should expect to incur salary and benefits costs of \$65,000 to \$85,000 per additional project manager.

Additionally, the CCDO should also create or reassign senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure a sustained focus on making improvements and maintaining an on-going level of maintenance that supports the urban environment. A second Assistant Director position may be needed to achieve this objective. Based upon current staff costs for comparable positions, the City should expect to incur salary and benefits costs of \$65,000 to \$85,000 for an additional Assistant Director.

Urban Design Review Commission

The City should create an urban and design review commission similar to the HDRC but responsible for the design of non-historic urban development. Although an Urban Design Review Commission may utilize some existing City staff resources and leverage volunteer Commissioners, additional staff will be required to lead this effort. There are anticipated costs associated for staff and other resources of \$300,000 to \$400,000 annually.¹¹

Private Sector Costs

Downtown Management Services (Annual)

The Downtown Alliance projects expenses of approximately \$2.5 million in FY2012, funded primarily by a special assessment paid by private property owners, as well as an assessment paid by public sector property owners and earned income. The Center City Strategic Framework Plan recommends that the City and Centro Partnership prioritize the renewal and potential expansion of the PID boundary, in order to:

- Expand the current downtown clean and safe service area;
- Provide a sustainable source of funding for the new Centro organization; and
- Provide private sector funding for the proposed streetcar project or other Center City transportation investments.

¹¹ Based upon actual and projected personnel and consulting costs for the Historic Preservation Department/HDRC for FY 2010 through FY 2012.

Costs associated with any boundary expansion or change in service will be projected in alignment with those decisions.

Centro Housing Fund

The Fund could be capitalized using private investments, philanthropic contributions, and line items from financial institutions with Community Reinvestment Act requirements. Public sector entities, including the City, may also choose to invest seed capital in the Fund. HR&A recommends capitalization of at least \$10 million to support the Fund's mission and activities.

Action Plan for City of San Antonio

VI. Action Plan for City of San Antonio

Short Term (One Year Plan)

This section outlines a set of actions that the City should take in the short-, medium-, and long-term to achieve the strategies recommended in this document.

Public Investment

- Ensure a high-level of funding on the order \$80-\$100 million of 2012 Bond Program proceeds are directed towards Center City projects.
- Assess differential revenue generating potential of existing TIRZs, potential priority growth area TIRZs, and a Center City-wide TIRZ.

Support for Housing

- The City should prepare a proposal for an as-of-right housing incentive program, including housing incentive areas and levels in the Center City.
- Introduce and pass legislation to implement an as-of-right housing incentive system.
- Support Centro Partnership's creation of a Housing Fund. The City should provide guidance to Centro, as needed, and should consider investing seed money in the Fund.
- Create Downtown Core Housing/Hospitality Task Force to recommend a set of actions to address the land pricing imbalance in the Core.

Organization and Management

- Realign CCDO staff assignments to complement the Downtown Strategic Framework Plan. Each of the four targeted growth areas identified in the plan should be assigned to a manager level position responsible for its development and planning initiatives.
- Create or reassign CCDO senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure sustained focus on making improvements and maintain an ongoing level of maintenance that supports the urban environment.

Medium-Term (within 5 years)

Planning and Regulation of Development

- Create and approve Center City design standards/guidelines for public and private projects.
- Initiate district-level master plans for the Near River South, Downtown Core, and Medical District growth areas, in coordination with major private and institutional stakeholders.

Public Investment

- Work with Bexar County, VIA, and other stakeholders to ensure funding, planning, and design of both the proposed north-east and south-west fixed rail and streetcar alignments.
- Identify long-term dedicated funding sources to ensure on-going commitment of capital investment in the Center City.
- Create priority growth area TIRZs or Center City-wide TIRZ.
- As TIRZs expire, refine boundaries to limit TIRZ boundaries that cross the Center City boundary.

Support for Housing

- Re-calibrate housing incentives every three to five years to address market changes.

Organization and Management

- Hire necessary staff to support Urban Design Review Commission.

Planning and Regulation of Development

Long-Term (within 10-20 years)

Create an Urban Design Review Commission and institute guidelines for its influence on the approvals and incentives processes.**Public Investment**

- Update Center City Strategic Plan and identify new priorities for growth of the Center City beyond 2020.
- Create a strategy for catalytic tax increment investment, including mechanisms to monetize the increment, as tax abatements and Chapter 380 grants burn off and TIRZs begin to collect significant increment from new development.

Support for Housing

- Explore the need to add an affordable housing and other public benefits components to the Center City housing program to ensure a continued mix of incomes in the Center City as market-rate residential success begins to allow for development without public incentives.

Planning and Regulation of Development

- Create a form-based zoning code to govern Center City development.

Attachments

Attachment A: Precedents for Residential Incentives

Precedent: As-of-Right Residential Incentives

Seattle's Multi-Family property tax exemption has resulted in 33 completed projects with 3,844 units, many for moderate-wage working individuals and families. The program is available in 39 "Homes Within Reach" target areas in-and-around downtown Seattle. Both new construction and renovation projects are eligible. Exemptions are given to mixed use projects when at least 50 percent of the project's square footage is residential space and there are at least four residential units. For rental projects, all units in a project receive exemption when 20% of units are affordable at or below 80% median for studios or one-bedrooms and 90% median for two-bedroom units. For homeownership, only units purchased by income-eligible households may access exemption; income at or below 100% median for studios or one-bedroom – 120% median for two-bedroom units.

The program's primary goal is to encourage the development of multifamily housing opportunities within the City and thus land and any non-residential component of the project are not eligible for the exemption and will be taxed on full assessed value. The property tax exemption will remain in place for a maximum of 12 years, assuming the property remains in compliance with the rules of the Program. The tax exemption is transferable to a new property owner as long as the new owner continues to meet the compliance requirements.

Precedent: As-of-Right Residential Incentives

Austin's SMART Housing stands for Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented Housing. The program is designed to stimulate the construction of affordable and reasonably priced housing within the City of Austin. Projects that provide affordable units may qualify for fee waivers from City of Austin development fees and receive expedited review for development permits.

Projects need to apply for incentives and are graded by the City on a matrix scale that awards points based on the project's adherence the guidelines of SMART. The points are then converted to incentive allowances which include fee discounts and/or waivers and five and ten year tax abatements. Since its inception in 2000, the larger Smart Growth incentive program (of which SMART Housing is a component) has aided the construction of 5,700 residences and over 550,000 square feet of retail, restaurant, and office space in Austin's urban core (away from sensitive watersheds and near ozone-reducing transit) adding almost \$200 million to the tax roll.

In addition to fee waivers and tax abatements the SMART Housing program offers expedited permitting processing, collaborative help with other city agencies, and dialogue facilitation with community groups and neighbors of proposed projects.

Precedent: As-of-Right Residential Incentives

New York City's 421a program promotes multi-family residential construction. It provides a declining property tax exemption based on the new value created in a ground-up development project. The 421a benefits vary depending on factors such as location, method of construction and if requirements for affordable housing have been met. The program has a tiered approach, which aims to incentivize affordable housing development in higher-value areas of the City, and residential development more generally in areas with weaker residential markets and those that are less attractive for residential development.

Typically a 10-Year tax abatement is granted, maintaining the property's assessed value steady at its level before development. The tax abatement is the greatest when the building is completed and then decreases by 20% every 2 years for 10 years, at which time the property taxes will have hit their maturity. Projects that meet increased affordability requirements can receive 25 years of benefits.

The program was augmented at the end of 2007 to increase the Geographic Exclusion Areas (GEA) to include all of Manhattan and major swaths of the outer boroughs. Development projects within the GEA need to meet stricter affordability requirements in their unit mix; at least 20% of the on-site units must be affordable to persons at or below 80% of AMI. Additional changes in 2007 include increasing the minimum unit requirement from three to four and setting a cap on eligible appraised value. Only the first \$65,000 of an apartment's assessed value would receive the 421-a tax exemption.

Precedent: As-of-Right Residential Incentives

Columbus' residential tax incentive generally provides a 10-year, 100 percent property tax exemption on the increased value for new or rehabilitated residential housing in the Downtown Columbus area through the creation of the Columbus Downtown Residential Community Reinvestment Area (CRA). In addition, the ordinance creates higher levels of incentives for affordable housing, student housing, redevelopment housing, targeted area housing and residential remodeling with most abatements lasting 10-15 years. The level of incentives are net effective levels of exemption arrived at by generally applying 100 percent exemptions, coupled with offsetting payments in lieu of taxes ("PILOTs") by the property owners. PILOTs are generally payable to Columbus City Schools. No incentives are provided for commercial use improvements (such as retail space) where they exceed one-third of the gross square footage of the structure.

Eligible Applicants include homebuyers who purchase new infill housing from developers; owner-occupants of single family homes making improvements of at least 20% of the current tax value of the existing property; owners of rental property (3 or more units) who make improvements of at least 50% of the current tax value of their property; and buyers of condominiums or single family homes (1 or 2 units) that have been converted from rental units where improvements were at least 50% of the current value of their property.

EXHIBIT B

City of San Antonio
Center City Housing Incentive Policy
(Approved by City Council _____, 2012)

Section 1. Background and Eligibility:

In spring 2011, the Centro Partnership San Antonio initiated the creation of a Downtown Strategic Framework Plan. In an effort to ensure the execution of the Framework Plan, the Center City Development Office created the Center City Implementation Plan.

The Center City Implementation Plan provided recommendations on how to best implement the Downtown Strategic Framework Plan through increased public investment, creation of a housing finance strategy, coordinated management, and regulation of development. The Implementation Plan recommended that the City establish a predictable housing incentive system for housing in the Center City. Such a system would assist in normalizing land values, provide greater certainty, increase the speed of approvals, and reduce the risk associated with infill development. Therefore, the Center City Development Office developed the Center City Housing Incentive Policy (CCHIP).

The CCHIP incorporates the goals and objectives of the Implementation Plan and provides greater incentives to housing projects within the Targeted Growth Areas identified in the Downtown Strategic Framework Plan and prioritizes the Downtown Core. The Policy encourages historic rehabilitation, adaptive reuse, brownfield's redevelopment, and transit oriented development. Finally, the policy rewards good urban design and encourages mixed use and mixed income development and redevelopment.

The CCHIP applies to multi-family rental and for sale housing projects (Projects) within the Inner City Reinvestment Policy Target Area. Eligible Projects will receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, Inner City Incentive Fund Loans, and Mixed Use Development Forgivable Loans based on the terms outlined in the CCHIP.

Section 2. Definitions:

Adaptive Reuse – The reuse of a building or structure, usually for a purpose different from the original. The term implies that certain structural or design changes have been made to the building in order for it to function in its new use.

Brownfields Redevelopment - Abandoned or underutilized properties where expansion, renovation or redevelopment is complicated by real or perceived environmental contamination.

Community Use - A Project that includes one or more of the following community-serving amenities: a plaza or open space that is accessible to the public and designed and maintained to the City's urban design standards; ground-floor retail space for neighborhood-supporting retail; office or other commercial space offered to non-profit organizations; or educational, health, recreational, or other essential neighborhood services.

High-rise Residential Development – A Project that is at least 75 feet.

Historic Rehabilitation - The process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property that are significant to its historic, architectural and cultural values.

Inner City Reinvestment/Infill Policy (ICRIP) – A Policy of the City of San Antonio to promote growth and development in the heart of the City, specifically in areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. It is the intent of this policy to coordinate public initiatives within targeted areas in order to stimulate private investment in a walkable urban community that are the building blocks of a sustainable region. The ICRIP identifies a range of public incentives, including regulatory, procedural, and financing incentives.

Low Impact Development (LID) - Site development features such as rain gardens, bioswales, pervious pavement and other methods provide a functional use of vegetation or permeable surfaces to retain storm water and filter its pollutants before the water is diverted to a storm water collection system.

Market-Rate Housing – A Project in which more than 85% of the units are priced for rental or sale subject to market conditions, without temporary or permanent pricing restrictions.

Mixed Income Housing – A Project in which at least 15% of the housing units are priced for rental or sale to households or persons at or below 80% of the Area Median Income.

Project – A multifamily rental or for sale housing development within the ICRIP.

Structured Parking - Parking facilities that are constructed in or as part of a Project. Does not apply to surface parking.

Student Housing – A Project in which the majority of the housing units are occupied by full time students registered at an accredited post secondary institution.

Targeted Growth Areas - The Downtown Strategic Framework Plan identified 8 Targeted Growth Areas for housing redevelopment. These areas are well positioned for residential growth and mixed use development based on an assessment of market momentum, physical capacity for growth, and proximity to areas with established neighborhood character. The 8 Target Growth Areas include Midtown/River North, Downtown Core, Cesar Chavez/Hemisfair Corridor, Near River South, Medical District, Civic Core, Near East Side, and Near West Side.

Transit Oriented Development - A Project designed to maximize access to public transport. Often incorporates features to encourage transit ridership.

Section 3. Geographic Area

The level of incentives provided by the CCHIP is based on the Project's location within the ICRIP Target Area (Exhibit A). The level of incentive will increase if the Project is within 1 of the 8 Targeted Growth Areas'. The 8 Targeted Growth Areas include Midtown/River North,

Downtown Core, Cesar Chavez/Hemisfair Corridor, Near River South, Medical District, Civic Core, Near East Side, and West Side Multimodal/UTSA (Exhibit B).

In an effort to simplify the Policy, the Targeted Growth Areas have been re classed into 4 Incentive Tiers. Exhibit C illustrates each of the 8 Targeted Growth Areas and the 4 Incentive Tiers and also includes a boundary description for each area.

1. Tier 1 – Downtown Core
2. Tier 2 – Near West Side, Near East Side, Civic Core, Cesar Chavez/Hemisfair, Medical District, Civic Core, and Near River South
3. Tier 3 – River North
4. Tier 4 - Midtown

Section 4. Fee Waivers

Projects within the ICRIP Target Area will receive City Fee Waivers as permitted by the Inner City Reinvestment Infill Policy.

Projects within the ICRIP Target Area will receive a SAWS Fee Waiver equal to 100% of their SAWS water and impact fees. The SAWS Fee Waiver is contingent upon funding availability. SAWS allocates funding on annual basis for this incentive program.

Section 5. Real Property Tax Reimbursement Grant

Projects within the ICRIP target area will receive a Real Property Tax Reimbursement Grant (Grant). The City's real property tax increment generated as a result of the Project is the funding source of the Grant. If a Project is within a Tax Increment Reinvestment Zone it will receive a rebate up to 100% of the previous year's real property tax increment remitted to the City over a period of time that is determined based on the Projects geographic location or type. The rebate is based on the City's participation level in the Tax Increment Reinvestment Zone where the Project is located. If a Project is not within a Tax Increment Reinvestment Zone it will receive a rebate of 66% of the previous years real property tax increment remitted to the City over a period of time that is determined based on the Project's geographic location or type.

The period over which the Grant will be disbursed will be either 10 or 15 years depending on the Project's geographic location or type. A Project will receive a Grant that is disbursed for 10 years if it is located within the ICRIP Target Area. A Project will receive a Grant that is disbursed for 15 years if it is located within 1 of the 4 Tiers or if it is an Adaptive Reuse or Brownfields Redevelopment Project in the ICRIP Target Area.

Additionally, if the Project qualifies for a Historic Tax Exemption or Historic Tax Credit per the Office of Historic Preservation the Tax Rebate Grant and the Tax Credit or Exemption will be used together when possible in order to maximize the incentive.

If a Project is a market rate rental project it is required to maintain 10% of its housing units at the Project's first year rental rate per square foot, adjusted for inflation in accordance with the Consumer Price Index (CPI) for the San Antonio-New Braunfels MSA, for the term of the Grant.

Section 6. Inner City Incentive Fund Loan

Projects within 1 of the 4 Tiers qualifies for an Inner City Incentive Fund Loan (Loan) if the Project meets certain Categories. Project Categories include the following:

1. Mixed Income
2. Community Use
3. Adaptive Reuse
4. Brownfield Redevelopment
5. Historic Rehabilitation
6. High-rise Residential Development
7. Student Housing
8. Transit Oriented Development within ¼ mile of the West Side Multi-Modal Center or Robert Thompson Transit Center

The total Loan amount is calculated per housing unit and varies based on the Tier that a Project is located in and is as follows:

Tier 1 – A Project in Tier 1 will receive \$3,000 per housing unit for each of the Categories it meets and will not exceed \$6,000 per housing unit.

Tier 2 – A Project in Tier 2 will receive \$1,500 per housing unit for each of the Categories it meets and will not exceed \$3,000 per housing unit.

Tier 3 - A Project in Tier 3 will receive \$1,000 per housing unit for each of the Categories it meets and will not exceed \$2,000 per housing unit.

Tier 4 – A Project in Tier 4 will receive \$500 per housing unit for each of the Categories it meets and will not exceed \$1,000 per housing unit.

If the Project meets the Mixed Income or Student Housing Category it must remain Mixed Income or Student Housing for the term of the Real Property Tax Reimbursement Grant.

Additionally, a Project qualifies for a Loan bonus equal to \$1,000 per housing unit if it includes structured parking that accommodates the housing units and \$500 per housing unit if it incorporates Low Impact Development features. The per unit Loan bonus amount is the same for all Tiers.

Rate on the Loan is a fixed rate equal to the one year LIBOR Rate on the date the loan is executed plus 75 basis points with interest compounding annually through the repayment in year 7. The Loan will be disbursed upon proof of the following: (1) receipt of a building permit and (2) project financing. However, Loans are contingent upon available funding. City Council allocates Inner City Incentive Funds (ICIF) through the annual budget process.

Section 7. Mixed Use Forgivable Loan

A Project will receive an 0% Inner City Incentive Fund Forgivable Loan for retail and commercial tenant finish-out improvements in an amount equal to \$20 per square foot of total first floor retail and \$10 per square foot of total commercial office space. 20% of the

entire Forgivable Loan amount will be forgiven annually over a 5 year period provided the space is leased for at least 80% of the term and that the Forgivable Loan is a direct pass-through to the initial tenant of the space to be used exclusively for tenant finish-out improvements. However, Forgivable Loans are contingent upon available funding. City Council allocates Inner City Incentive Funds through the annual budget process.

Section 8. CCHIP Exceptions

Any exceptions to the CCHIP require City Council approval.

Section 9. CCHIP Review and Term

The City will initiate a housing study for the CCHIP area every three years to inventory the total number of housing units, monitor the rental rates and sales values, and identify any necessary adjustments to the policy. Unless the City Council extends and or amends the terms of the CCHIP it will expire on July 1, 2016.

Section 10. Recapture Provisions

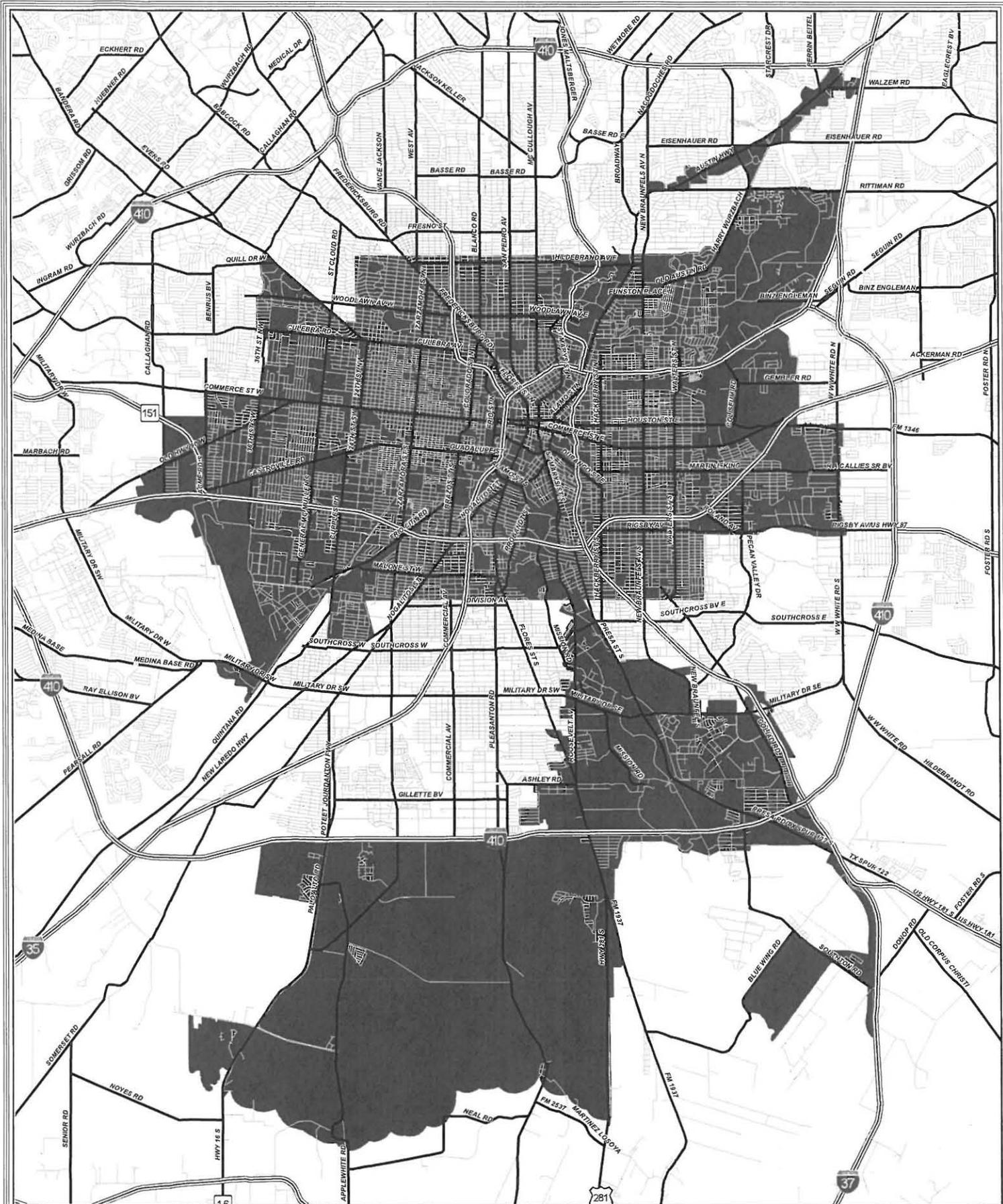
CCHIP Agreements will include a provision for the recapture of the incentives (e.g. grants and loans) in the event Agreement terms and requirements are not met. These recapture provisions will survive any subsequent assignment of the Agreement.

Section 11. Administration of the CCHIP

The Center City Development Office will administer the CCHIP.

Section 12. Legal Documents

The legal documents used to officiate this policy include the CCHIP Application and the CCHIP Incentive Agreement as described in Exhibits D and E. The City Attorney's Office, in conjunction with the City Manager or her designee, may negotiate additional terms of the agreement as long as those terms do not change the total incentive amount. The City Manager or her designee will be the signatory of the agreement.



 Expressways
  Major Roads
  Target Area

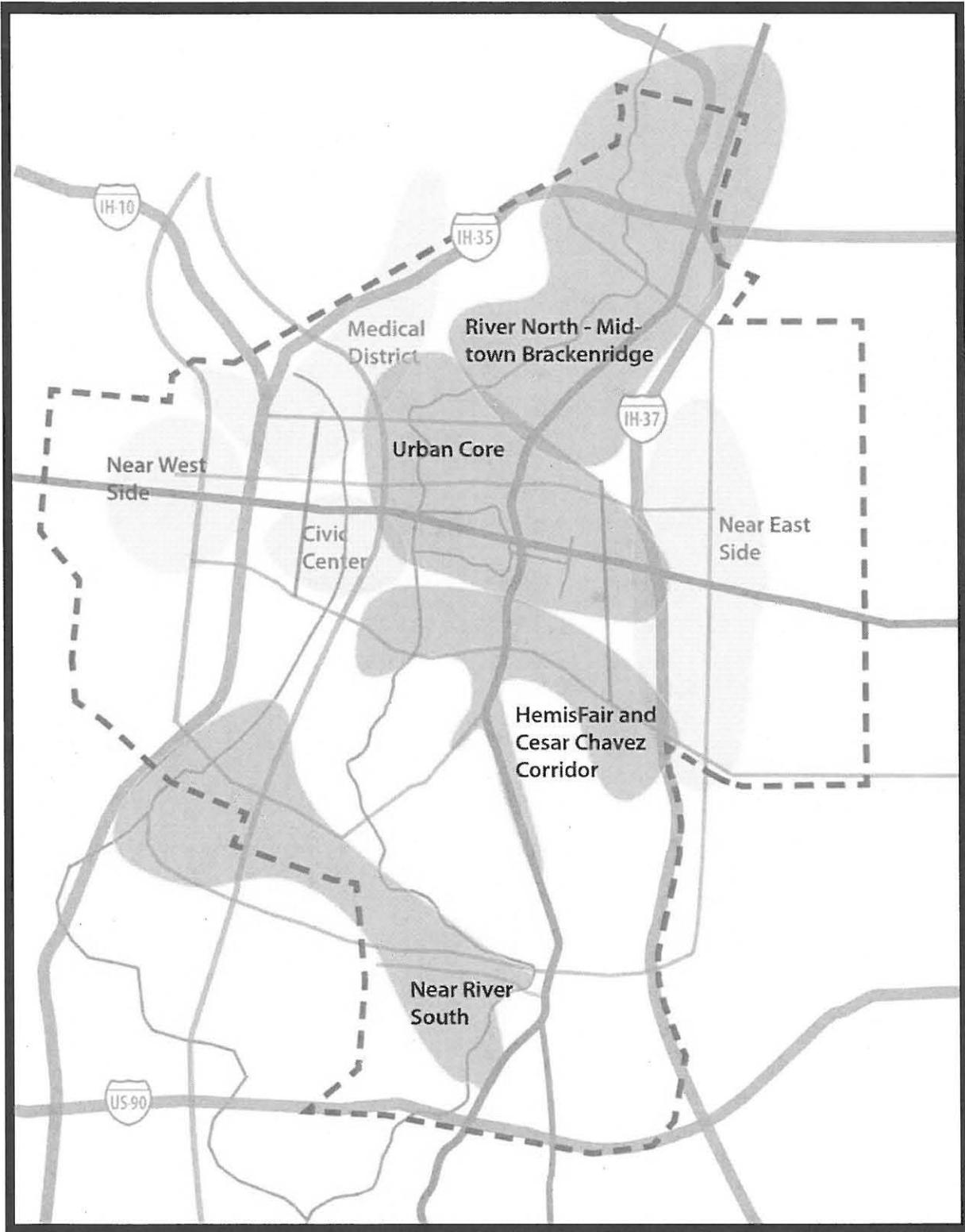
Inner City Reinvestment/Infill Policy
Per Ordinance 2011-05-12-0388 May 12th, 2011



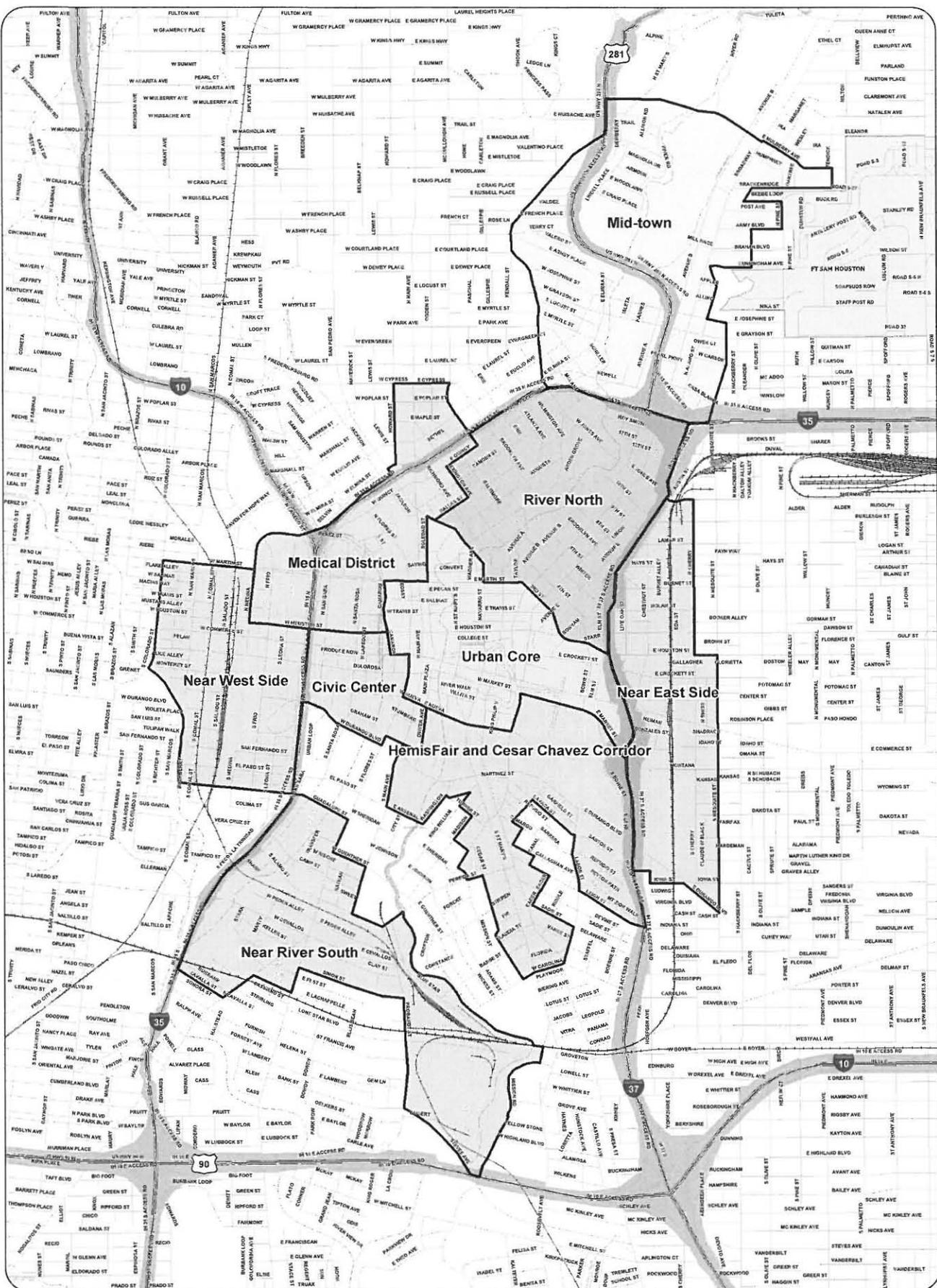
City of San Antonio Planning and Development Services Department
Map of the City of San Antonio, Texas, showing the location of the City of San Antonio, Texas, within the State of Texas. The map is a general reference map and does not constitute a warranty of any kind. The City of San Antonio Planning and Development Services Department is not responsible for any errors or omissions on this map. The City of San Antonio Planning and Development Services Department is not responsible for any errors or omissions on this map.



City of San Antonio
 Planning and Development
 Services Department
 Paul Howell, ACP
 James Dwyer
 Development Services Center
 1001 N. N. Loop
 San Antonio, TX 78205



**DOWNTOWN STRATEGIC FRAMEWORK PLAN
TARGET GROWTH AREAS**

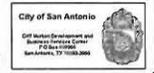
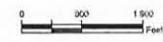


Map Scale: 1" = 1/4 Mile
 City of San Antonio
 Planning and Economic Development Department
 100 N. N. Loop West, Suite 1000
 San Antonio, TX 78205
 210.222.1234

Tier 1
 Tier 2
 Tier 3
 Tier 4

City of San Antonio

Target Growth Areas and Incentive Tiers



Street Boundaries for Housing Growth Areas

Tier 1

Urban Core

The area bounded by Navarro St. from Soledad St., southeast to E. Martin St. continuing southeast along 3rd St. to Bonham St., east along Houston St. to IH 37 / US Hwy 281, south to E. Market St., north and west along E. Market St. to S. Alamo St., south to E. Nueva St., west to S. Flores St., north to Commerce St., west to Camaron St., north to W. Martin St., east to Soledad St., and north to Navarro St.

Tier 2

Medical District

The area bounded by W. Cypress St. from Howard St., east to McCullough Ave., south to E. Quincy St., west to Lexington Ave., south to Dallas St., west to Navarro St., north to Soledad St., south to Martin St., west to Camaron St., south to W. Houston, west to N. Medina St., north to N. Frio St continuing as Perez St. to the IH 10 / IH 35 Junction, northeast along IH 35 to San Pedro Ave., north to W. Elmira St., east to Howard St., and north to W. Cypress St.

Near West Side

The area bounded by W. Martin St. from N. Colorado St., east to N. Medina St., south to W. Houston St., east to IH10 / IH35, south to Guadalupe St., west to Alazan Creek, north and west to S. Colorado St., and north to W. Martin St.

Civic Center

The area bounded by IH10 / IH35 from W. Houston St., east to Camaron St., south to W. Commerce St., east to N. Flores St., south to W. Nueva St., east to Dwyer Ave., south to Old Guilbeau St., west to S. Flores St., south to Cesar Chavez Blvd., west to IH10 / IH35, and north to W. Houston St.

Near East Side

The area bounded by N. Cherry St. from Sherman St., south to Nolan St., east to N. Mesquite St., south to E. Durango Blvd., west to Iowa St., west to Hoefgen Ave., north to Parsons, west along Parsons to IH37 / US Hwy 281, north along IH37 / US Hwy 281 to E. Jones Ave., east across Austin St. and the Union Pacific Railroad tracks to Sherman St., and east to N. Cherry St.

Hemisfair and Cesar Chavez Corridor

The area bounded by E. Nueva St. from Dwyer Ave., east to S. Alamo St., north to E. Market St., east to IH37 / US Hwy 281, south to Leigh St., west along Leigh St. to Labor St., north to Lavaca St., west to Matagorda St., southwest to Camargo St., east to San Arturo St., south to Callaghan Ave., east to Canal St., south to Leigh St., east to Eager St., south to Sadie St., east to Labor St., south to Carolina St., west to Cedar St., north to Pereida St., west to Mission St., north to S. Alamo St., east to Beauregard St., west to Madison St., northeast to Turner St., west to King William St., north to Washington St., southwest along Washington St. to Turner St., west to Washington St., southwest to E. Arsenal St., west to S. Main Ave., north to Old Guilbeau St., east to Dwyer Ave., and north to E. Nueva St.

Near River South

The area bounded by Guadalupe St. from IH10 / IH35, east to S. Flores St., south to W. Guenther St., east to S. Main Ave., south to S. Alamo St., east then north along S. Alamo St. to the San Antonio River, southeast along the San Antonio River to the Union Pacific Railroad, east to S. St. Mary's St., south to Mission Rd., west and south along Mission Rd. to IH10 / US Hwy 90, west to Steves Ave., north to Probandt St., north to Simon St., west to S. Flores St., south to W. LaChapelle St., west to Nogalitos St., south to W. Zavalla St., west to IH10 / IH35, and north and east along IH10 / IH35 to Guadalupe St.

Tier 3

River North

The area bounded by IH 35 N from McCullough Ave, north and east to the US Hwy 281 Junction, south along US Hwy 281 to E. Houston St., west to 3rd St., north and west along 3rd St. continuing west as Martin St. to Navarro St., north and west to Dallas St., east to Lexington Ave., north to E. Quincy St., east to McCullough Ave., and north to IH 35 N.

Tier 4

Midtown

The area bounded by E. Mulberry Ave from US HWY 281, east to Tendick St., south to Brackenridge Ave., west to the eastern boundary of parcel 1079569, south to the northern boundary of parcel 148441, east along the northern boundaries of parcels 148442 – 148453 to N. Pine St, south to Army Blvd, west to Haywood Ave., south to Cunningham Ave, west to Broadway, south along N. Alamo St to E. Josephine St, south along Austin St. to IH 35, west to N. St. Mary's St., north and east to US Hwy 281, and west and north along US Hwy 281 to E. Mulberry Ave.



Center City Multi-Family Housing Incentive Program Application

Applicant Information

Name: _____ Title: _____

Company: _____

Address, City, ST, ZIP: _____

Phone: _____ Fax: _____ Email: _____

Project Information

Project Owner / Developer: _____

Project Name: _____

Start Date: _____ / _____ Completion Date: _____ / _____

Estimated project cost: \$ _____ Cost of public improvements: \$ _____

Housing units created: _____ Rentals For Sale

Housing rental price per square foot: \$ _____

Square feet of retail space: _____ Square feet of commercial office space: _____

Estimated number of new jobs to be created: _____

Geographic Location

Project must be located in the ICRIP target area. Additional consideration will be given to projects in one of the four subareas targeted for multi-family development.

- Located in ICRIP and Tier 1: Urban Core
- Located in ICRIP and Tier 2: Near River South, Hemisfair/Cesar Chavez, Near East Side, Near West Side, Civic Core, Medical District
- Located in ICRIP and Tier 3: River North
- Located in ICRIP and Tier 4: Midtown
- Located in ICRIP only and no Tier

Project Attributes

- Historic Rehabilitation
- Mixed Income (80%-100% AMI)
- Adaptive Reuse
- Structured Parking
- Within ¼ mile of Robert Thompson Transit Center or West Side Multi Modal Center
- Low Impact Development
- Brownfield Redevelopment
- High-rise Development
- Mixed Use (at minimum: first floor retail)
- Student Housing
- Community Use

Site Information

Project Site Address: _____ City Council District #: _____

Current Zoning: _____

Bexar County Appraisal District Information (www.bcad.org)

Property ID#: _____ Acreage: _____

Current Value: Land: \$ _____ Improvements: \$ _____

Additional Information

1. Has the project owner/developer or any of its affiliates been cited, currently under investigation, or have litigation pending for any violations of Federal, State, County and/or City laws, codes or ordinances?

No Yes (please indicate nature/status of the violations on additional page(s))

2. SAWS Impact Fees (if seeking waiver)

Estimate of water and sewer impact fees: \$ _____ (obtain written estimate from SAWS)

Projected time to install water/sewer services: (season and year) _____

3. Other than City incentives, what are the funding sources for the project?

Equity

Housing Tax Credits

Conventional Bank Financing

Other: _____

HUD Loans

Attachments

Corporate Information (history, urban development experience, etc.)

Site plans and renderings

SAWS Impact Fee Estimate (Contact Brian Rodriguez at SAWS: 210-233-2985 or brian.rodriguez@saws.org)

Project Proforma

STATE OF TEXAS

§
§
§
§

**CHAPTER 380 “AS-OF-RIGHT”
HOUSING INCENTIVE AGREEMENT
OF THE CITY OF SAN ANTONIO**

Revised 6-19-12

COUNTY OF BEXAR

This Chapter 380 “As-of-Right” Housing Incentive Agreement (hereinafter referred to as this “Agreement”) is made and entered into by and among the City of San Antonio (the “CITY”), a municipal corporation of the State of Texas, acting by and through its City Manager or her designee, **NAME OF TIRZ** Tax Increment Reinvestment Zone # (the “TIRZ”), acting by and through its Board of Directors and **NAME OF DEVELOPER** (hereinafter referred to as “DEVELOPER”) and whom together may be referred to as the “Parties.”

RECITALS

WHEREAS, DEVELOPER is engaged in an economic housing development project that will be located within the City limits of San Antonio and within the TIRZ and will consist of: **DESCRIPTION OF PROJECT**, located at **ADDRESS**, more specifically described in the attached **Exhibit A**, legal description of the property (the “Project”); and

WHEREAS, once completed, the Project is anticipated to result in the investment of approximately **AMOUNT OF INVESTMENT** in real and/or personal property improvements within the TIRZ no later than **NUMBER OF YEARS TO COMPLETE IMPROVEMENTS ()** years following the Effective Date of this Agreement; and

WHEREAS, DEVELOPER is seeking economic incentives from the CITY and the TIRZ for the Project in the form of: **INSERT APPLICABLE INCENTIVES (PROPERTY TAX REIMBURSEMENT/LOAN/WAIVERS etc.)**; and

WHEREAS, the CITY and the TIRZ have identified funds to be made available to DEVELOPER in the form of **INSERT LOAN/ PROPERTY TAX REIMBURSEMENT/WAIVER, etc.** for use in undertaking and completing the Project in accordance with the terms and conditions of this Agreement (“Incentives”); and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and Section 311.010(b) and Section 311.010 (h) of the Texas Tax Code, the CITY and the TIRZ are authorized to grant and loan funds to promote state or local economic development and to stimulate business and commercial activity in the municipality and within the TIRZ; and

WHEREAS, the City Council has authorized the City Manager or her designee to enter into this Agreement in accordance with City Ordinance No.2012-06-21- , passed and approved on June 21, 2012, to grant and loan certain funds as described herein and/or to waive certain fees; and

WHEREAS, the Board of Directors of the TIRZ, by resolution dated , 20 , has authorized the TIRZ to enter into this Agreement for the limited purpose of authorizing Tax Increment Funds (“TIF”), which, pursuant to Section 311.004, Texas Tax Code, are certain funds

established by the CITY for the TIRZ, to be used as a funding source for the Incentives; **NOW THEREFORE:**

The Parties hereto severally and collectively agree, for the consideration herein set forth, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

ARTICLE I. AGREEMENT PURPOSE

DEVELOPER shall undertake the Project, a description of which is attached as **Exhibit __**, which is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio and in the TIRZ. The CITY and TIRZ are supporting the Project through this Agreement to provide Incentives to be used to defer costs associated with the Project.

ARTICLE II. AGREEMENT PERIOD

This Agreement shall commence upon the Effective Date listed on the signature page and shall terminate upon the earlier of: (A) the payment of the Incentives by CITY and/or TIRZ to DEVELOPER in the amount of the Maximum Disbursement Amount; (B) **INSERT DATE**; or (C) termination of this Agreement as otherwise provided herein (the "Term"). Notwithstanding the Effective Date, payment of any and all Incentives set out in this Agreement is contingent upon the inclusion of the Project through an official amendment of the TIRZ Project Plan and Financing Plan by the governing body of the TIRZ and CITY.

ARTICLE III. PROJECT REQUIREMENTS

A. The Project.

1. Investment. DEVELOPER shall invest **INSERT DOLLAR AMOUNT (\$ _____)** (the "Minimum Investment") in the Project. The Minimum Investment shall be made in real and personal property improvements. The Minimum Investment shall include expenditures in: **DESCRIBE EXPENDITURES EQUALLING THE MINIMUM INVESTMENT** For purposes of this Agreement, the Minimum Investment shall include expenditures made by DEVELOPER, directly or indirectly, to develop the Project, including: architectural, engineering and surveying expenses, financing costs and fees, construction period interest, property acquisition, closing and settlement expenses, demolition, construction, site preparation, paving, landscaping and utilities and other expenses.

2. Construction. DEVELOPER shall commence construction and demolition, if applicable, at the Project Site on or before **INSERT COMMENCEMENT DATE** ("Commencement Date"), and shall use commercially reasonable efforts to complete construction no later than **INSERT COMPLETION DATE** (the "Completion Date"), subject to Force Majeure as defined in this Agreement. The Commencement Date shall be determined by the issuance of a building permit for the Project Site and CITY's receipt of correspondence from the general contractor for the Project certifying that construction has commenced. The Completion Date shall be determined by the issuance of a Certificate of

Occupancy for the Project Site by CITY, not to be unreasonably withheld.

a. DEVELOPER shall provide progress reports to City on the Project and Project Site on a quarterly basis from the Commencement Date through the Completion Date (the "Construction Period"). In addition to the quarterly progress reports, should CITY request an interim progress report during the Construction Period, DEVELOPER shall provide such progress report within fifteen (15) business days.

b. DEVELOPER shall comply with all applicable Federal, State and local laws and regulations, including federal Environmental Protection Agency (EPA), Texas Department of State Health Services (TDSHS) and Texas Commission on Environmental Quality (TCEQ) rules and regulations and all other regulations and laws relating to the environment, Asbestos Containing Materials (ACM), Hazardous Substances or exposure to ACM and Hazardous Substances as applicable and shall develop and operate the Project in accordance with the terms and conditions of this Agreement.

c. No streets, sidewalks, drainage, public utility infrastructure, or other public improvements ("Public Improvements") with a lien still attached may be offered to the CITY for dedication. If any lien or claim of lien, whether choate or inchoate (collectively, any "Mechanic's Lien") is filed against DEVELOPER regarding the Public Improvements on the Project by reason of any work, labor, services or materials supplied or claimed to have been supplied by, or on behalf of, DEVELOPER, or any of its agents or Contractors, DEVELOPER shall cause the same to be satisfied or discharged of record, or effectively prevent the enforcement or foreclosure against the Project's Public Improvements by injunction, payment, deposit, bond, court order or otherwise.

d. DEVELOPER is responsible for complying with all applicable City Code provisions, including provisions of the Unified Development Code, enforced pursuant to the CITY's subdivision platting authority, and as amended, including, but not limited to, those provisions related to drainage, utilities, and substandard public street rights-of-ways for development and construction of the Project including the Public Improvements. In addition, DEVELOPER shall exercise commercially reasonable efforts to follow the Urban Neighborhood recommendations of the applicable Master Plan and shall consider incorporating low impact development strategies for water quality, storm water and drainage where appropriate for the Project. This Agreement in no way obligates City to approve any subsequent permits or requests for the Project as DEVELOPER is still responsible for acquiring all necessary permits and/or approvals as needed for the Project.

3. If a Project is a market rate rental project it is required to maintain 10% of its housing units at the Project's first year rental rate per square foot, adjusted for inflation in accordance with the Consumer Price Index (CPI) for the San Antonio-New Braunfels MSA, for the term of the Grant.

ARTICLE IV. ECONOMIC DEVELOPMENT PROGRAM INCENTIVES

The Incentives offered by the CITY to the DEVELOPER in this Agreement shall be in compliance with the Center City Housing Incentive Policy in effect as of the Effective Date of the Agreement, which Policy may be amended from time to time, Exhibit (the "Policy"). Should any financial Incentive provided in this Article exceed the maximum amount authorized in the Policy, then that award shall be automatically amended to provide only the amount authorized by the Policy.

Economic Development Program Incentives. CITY and TIRZ are providing DEVELOPER with Economic Development Program Incentives in a cumulative amount of approximately INSERT THE CUMULATIVE AMOUNT OF THE INCENTIVES (the "Maximum Disbursement Amount").

No disbursement of Incentives shall be made until the following:

- (a) Execution of the Agreement by all Parties; and
- (b) Receipt of evidence of the issuance of a building permit from the CITY of San Antonio for the Project's location on or prior to the Commencement Date; and
- (c) Commencement of construction on the Project to be evidenced by the submission and receipt of a letter confirming commencement by the general contractor to CITY on or prior to the Commencement Date; and
- (d) Receipt by the CITY of evidence in the form of a letter from a qualified financial institution confirming DEVELOPER has funds available on deposit or under an existing credit facility or construction loan sufficient to complete the Project on or prior to the Commencement Date.

A. Annual Real Property Tax Reimbursement (if applicable). If applicable, subject to the terms and conditions of this Agreement and the Payment Conditions (defined below), for each tax year commencing with the 20__ tax year (January 1, 20__) and then annually throughout the remainder of the Term of this Agreement, CITY and TIRZ shall provide DEVELOPER, no later than forty-five (45) business days following submission of a tax invoice by DEVELOPER indicating full payment of all taxes owed by DEVELOPER on the Project, an annual grant for the Term of this Agreement, whose cumulative amount shall not exceed INSERT AMOUNT OF ANNUAL PROPERTY TAX REIMBURSEMENT (\$ _____). The amount of the annual grant (the "Annual Incremental Property Tax Reimbursement") shall be equal to:

- (a) the actual amount of real property taxes paid by DEVELOPER to CITY and TIRZ with respect to the Property Site for the immediately preceding tax year, *less* _____, which represents the amount of real property taxes paid by DEVELOPER on the Project Site for the 20__ tax year; and
- (b) sixty-six percent (66%) of the personal property taxes paid by DEVELOPER to CITY on the Project Site in each tax year following the completion of the Project *less* _____, which represents the amount of real property taxes paid by DEVELOPER on the Project Site for the 20__ tax year.

(c) Payment of the Annual Incremental Property Tax Reimbursement to DEVELOPER shall occur in accordance with the following conditions (collectively, the “Payment Conditions”):

- (i) For each tax year during the Term of this Agreement, CITY and TIRZ shall pay the Annual Incremental Property Tax Reimbursement to DEVELOPER provided the CITY has deposited funds into the TIF for that particular tax year, pursuant to Section 311.013 of the Texas Tax Code. DEVELOPER further understands that the level of participation in the TIRZ by participating governmental entities may be less than 100%.
- (ii) For any particular tax year during the Term of this Agreement, if no tax increment is realized within the TIRZ, then the TIRZ shall defer payment of the Annual Incremental Property Tax Reimbursement that is due to DEVELOPER under this Article, during that tax year.
- (iii) For any particular tax year during the Term of this Agreement, if insufficient tax increment is realized within the TIRZ to permit the full payment of the Annual Incremental Property Tax Reimbursement due to DEVELOPER under this Article, the TIRZ shall pay as much of the Annual Incremental Property Tax Reimbursement to DEVELOPER, as possible, and the TIRZ shall defer payment of any unpaid balance of the Annual Incremental Property Tax Reimbursement due to DEVELOPER under this Article during that tax year.
- (iv) It is expressly agreed that all deferred Annual Incremental Property Tax Reimbursements (the “Deferred Amounts Due”) shall accrue without interest and shall be payable at the earliest reasonable opportunity to DEVELOPER by the TIRZ upon the availability of tax increment in the Tax Increment Fund during the Term of this Agreement.
- (v) DEVELOPER acknowledges that the TIRZ terminates on **INSERT DATE** and that, unless the TIRZ is extended, payments will cease upon termination of the TIRZ and reconciliation of all accounts. Once the TIRZ terminates, CITY instead of TIRZ will be liable for obligations regarding the Annual Property Tax Increment Reimbursement which will further be limited to the 66% that City is allowed to reimburse for property taxes.
- (vi) The DEVELOPER understands and agrees that any expenditure made by the DEVELOPER in anticipation of reimbursement from tax increments shall not be, nor shall be construed to be, financial obligations of the CITY or the TIRZ. The DEVELOPER shall bear all risks associated with reimbursement, including, but not limited to: incorrect estimates of tax increment, changes in tax rates or tax

collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in building and development code requirements, changes in CITY policy, and/or unanticipated effects covered under legal doctrine of force majeure.

(vii) Any and all amounts payable by the TIRZ under this Agreement are payable solely from the TIRZ Tax Increment Fund, and no claim for payment of any amount outside of this contribution shall be made, claimed or permitted against any other funds, properties, assets or the general credit of the TIRZ and/or the CITY.

e. Obligation to Pay Taxes. It is understood that DEVELOPER shall continue to pay all taxes owed on the Property Site as required by law. Taxes owed shall be determined by the Bexar County Appraisal District. Prior to the CITY disbursing TIRZ funds under this Agreement, DEVELOPER must provide to CITY evidence indicating that all taxes owed by DEVELOPER on the Property Site have been paid in full for the tax year for which payment of the Annual Incremental Property Tax Reimbursement is sought, subject to DEVELOPER's right to protest taxes as permitted by law. If, during the Term of this Agreement, DEVELOPER allows its ad valorem taxes due on the Property Site to become delinquent and fails to timely and properly follow the legal procedures for the protest and/or contest of the taxing value, then the CITY and TIRZ's remedies under this Agreement shall apply.

f. Property Tax Reconciliation. In no case shall grant disbursements made to DEVELOPER under this Agreement exceed the Maximum Disbursement Amount. Should such disbursements exceed the Maximum Disbursement Amount, no further disbursements shall be due to DEVELOPER and any excess funds disbursed shall be due and payable by DEVELOPER to CITY within sixty (60) days following written notice from CITY to DEVELOPER.

B. Economic Development Program Loan (if applicable). If applicable, CITY is providing DEVELOPER with an Economic Development Program Loan in a cumulative amount not to exceed **INSERT CUMULATIVE LOAN AMOUNT (\$ _____)** (the "Incentive Loan Funds"). The purpose of the Incentive Loan Funds is to provide an economic incentive to **INSERT PURPOSE OF LOAN FUNDS** for the Project. The funds made available to DEVELOPER through this Agreement are made solely from lawfully available funds that have been appropriated by CITY.

1. Disbursement. The Incentive Loan Funds shall be disbursed to DEVELOPER as follows:

If applicable, CITY shall provide DEVELOPER with up to **INSERT AMOUNT OF INITIAL LOAN DISBURSEMENT** (the "Initial Loan Disbursement") for **LIST PURPOSE OF INITIAL LOAN DISBURSEMENT AND USE RESTRICTIONS (IF ANY)**.

The remaining Incentive Loan Funds shall be disbursed according to the following schedule:

INSERT DISBURSEMENT SCHEDULE

2. Use. The Incentive Loan Funds shall be used exclusively for the purpose of INSERT PURPOSE OF LOAN FUNDS for the Project.

3. Repayment of Loan. Should CITY disburse the Incentive Loan Funds, then DEVELOPER shall be obligated to repay CITY the Incentive Loan Funds as follows:

INSERT REPAYMENT SCHEDULE.

4. Payment of Principal and Accrued Interest. In addition to the principal amount of the Incentive Loan Funds, DEVELOPER shall also pay interest on the outstanding principal balance beginning on INSERT DATE ("Accrued Interest"). Accrued Interest on the outstanding loan amount shall be at a fixed-rate of INSERT AMOUNT-percent (__ %), which interest shall compound annually. The amount of the Accrued Interest payment shall be referred to as an "Interest Payment."

5. Sufficient Amounts. Each payment made pursuant to Article IV(B)(3) and (4) above shall be sufficient to pay the total amount of principal and Accrued Interest on the Incentive Loan Funds becoming due and payable upon that date.

6. Acceleration of Loan Repayment. Should DEVELOPER, in the sole discretion of City, breach a material term of this Agreement and CITY terminates the Agreement in accordance with Article VIII, then, as of the date of termination of the Agreement, the entire remaining principal balance and Accrued Interest of Incentive Loan Funds shall be due and payable to CITY no later than sixty (60) days following CITY's Notice of Termination to DEVELOPER.

7. Loan Forgiveness. INSERT CONDITIONS FOR LOAN FORGIVENESS IF APPLICABLE.

C. Fee Waivers (if applicable). If applicable, in addition to the Annual Incremental Property Tax Reimbursement, and/or Incentive Loan Funds, the CITY is providing DEVELOPER with Fee Waivers in the amount of INSERT AMOUNT OF FEE WAIVERS (\$ _____) to include SAWS fees and other fee waivers as outlined in the CCHIP. The Fee Waivers are administrative in nature but are reflected in the attached Fee Waiver Letter, Exhibit _____.

ARTICLE V. CITY AND TIRZ OBLIGATIONS

A. In consideration of full and satisfactory performance of activities required by this Agreement, CITY and TIRZ will pay DEVELOPER in accordance with Article IV above.

B. Neither CITY nor TIRZ will be liable to DEVELOPER or any other entity for any costs incurred by DEVELOPER in connection with this Agreement.

C. The CITY agrees to act as the fiscal agent on behalf of the TIRZ by making disbursements from

the TIF for the Project pursuant to this Agreement. Additionally, the CITY shall monitor DEVELOPER's compliance with the terms and conditions of this Agreement and provide updated information to the TIRZ regarding the progress of the Project.

ARTICLE VI. RETENTION AND ACCESSIBILITY OF RECORDS

A. DEVELOPER shall maintain the fiscal records and supporting documentation for expenditures of Incentives associated with this Agreement. DEVELOPER shall retain such records and any supporting documentation for the greater of: (1) five [5] years from the end of the Agreement period; or (2) the period required by other applicable laws and regulations.

B. DEVELOPER shall, following reasonable advance written notice from the CITY, give the CITY, its designee, or any of their duly authorized representatives, access to and the right to examine all material records related to the cost of Project (the "Records") and the expenditure of the Incentives. CITY's access to the Records will be limited to information needed to verify that DEVELOPER is and has been complying with the terms of this Agreement. Any information that is not required by law to be made public shall be kept confidential by the CITY. DEVELOPER shall not be required to disclose to the CITY or TIRZ any information that by law DEVELOPER is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require DEVELOPER to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of DEVELOPER. The rights to access the Records shall continue as long as the Records are retained by DEVELOPER. Failure to provide reasonable access to the Records to authorized CITY representatives shall be cause for CITY and/or TIRZ to provide notice of intent to suspend or terminate this Agreement as provided for herein, or any portion thereof, for reason of default. Notwithstanding Section A above, all Records shall be retained by DEVELOPER for a period of five (5) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed.

ARTICLE VII. MONITORING

The CITY reserves the right to confirm DEVELOPER's compliance with the terms and conditions of this Agreement. The CITY will provide DEVELOPER with a written report of the monitor's findings. If the monitoring report notes deficiencies in DEVELOPER's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by DEVELOPER and a reasonable amount of time in which to attain compliance. Failure by DEVELOPER to take action specified in the monitoring report within a reasonable amount of time may be cause for suspension or termination of this Agreement, in accordance with Articles VIII and IX herein.

ARTICLE VIII. DEFAULT/CURE PERIOD/SUSPENSION

A. Notwithstanding the provisions of Chapter 2251 of the Texas Government Code, in the event DEVELOPER fails to comply with the terms of this Agreement such non-compliance shall be deemed a default. CITY shall provide DEVELOPER with written notification as to the nature of the default (the "Notice of Default") and grant DEVELOPER a sixty (60) day period from the date of

CITY's written notification to cure such default (the "Cure Period"). Should DEVELOPER fail to cure the default within the Cure Period, CITY may, upon written notification (the "Notice of Suspension"), suspend this Agreement in whole or in part and withhold further payments to DEVELOPER. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

B. In the case of default for causes beyond DEVELOPER's reasonable control, which cannot with due diligence be cured within the Cure Period, CITY may, in its sole discretion, extend the Cure Period provided that DEVELOPER shall: (1) immediately upon receipt of Notice of Default advise CITY of DEVELOPER's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. A suspension under this Article VIII may be lifted only at the sole discretion of the CITY upon a showing of compliance with or written waiver by CITY of the term(s) in question.

D. CITY shall not be liable to DEVELOPER or to DEVELOPER's creditors for costs incurred during any term of suspension of this Agreement.

ARTICLE IX. TERMINATION

A. Should DEVELOPER fail to timely meet the Commencement Date for the Project in accordance with Article III.A.2 above, at CITY's sole discretion, and with 30 days notice to DEVELOPER, CITY may terminate the Agreement, in which instance any and all Incentives offered to DEVELOPER by CITY and TIRZ shall extinguish.

B. CITY and/or TIRZ shall have the right to terminate this Agreement for cause should DEVELOPER fail to perform under the terms and conditions herein, or should DEVELOPER fail to cure a default after receiving written notice of such default with sixty (60) days opportunity to cure. CITY and TIRZ may, upon issuance to DEVELOPER of written notice of termination (the "Notice of Termination"), terminate this Agreement for cause and withhold further payments to DEVELOPER. A Notice of Termination shall include: (1) the reasons for such termination; and (2) the effective date of such Termination.

C. Should CITY and/or TIRZ terminate this Agreement for cause, then CITY shall have the right to recapture any and all disbursed funds made under, as applicable, the Economic Development Program Annual Incremental Property Tax Reimbursement, and/or any and all disbursed Incentive Loan Funds. CITY shall be entitled to the repayment of the recaptured funds within sixty (60) calendar days from the date of the Notice of Termination.

D. In addition to the above, this Agreement may be terminated by written agreement of the Parties as follows:

1. By the CITY (with the consent of DEVELOPER) in which case the two parties shall agree upon the termination conditions, including the repayment of funds and the effective date of termination; or

2. By the DEVELOPER upon written notification to CITY, setting forth the reasons of such termination, a proposed pay-back plan of all funds disbursed, and the proposed effective date of such termination.

Notwithstanding the foregoing, DEVELOPER shall not be relieved of its obligation to repay any and all disbursed funds made under this Agreement, nor shall DEVELOPER be relieved of any liability to CITY for actual damages due to CITY by virtue of any breach by DEVELOPER of any terms of this Agreement.

E. Other Remedies Available. The City shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and repayment of funds, if DEVELOPER defaults under the material terms of this Agreement and fails to cure such default within the cure period set forth above.

ARTICLE X. NOTICE

Any notice required or permitted to be given hereunder by one Party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the Party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such Party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such Party at the address hereinafter specified. Any notice mailed in the above manner shall be effective two (2) business days following its deposit into the custody of the United States Postal Service or one (1) business day following its deposit into the custody of such nationally recognized delivery service, as applicable; all other notices shall be effective upon receipt. From time to time, either Party may designate another address for all purposes under this Agreement by giving the other Party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

If intended for CITY, to:

City of San Antonio
Attn: Director
Center City Development Office
P.O. Box 839966
San Antonio, TX 78283-3966

If intended for TIRZ, to:

Planning & Community Development Dept.
Cliff Morton Development & Business
Service Center

Attn: Tax Increment Finance Unit

1901 S. Alamo

San Antonio, TX 78204

If intended for DEVELOPER, to:

Attn: _____

San Antonio, TX 782__

ARTICLE XI. SPECIAL CONDITIONS AND TERMS

A. Termination of TIRZ. The Parties agree that, in the event that the CITY, acting in accordance with State law, terminates the TIRZ or adopts an ordinance that causes the termination date of the TIRZ to occur on a date earlier than provided in the ordinance that initially established the TIRZ or by subsequent CITY ordinance, the DEVELOPER may petition the CITY to amend this Agreement, in its sole discretion, to provide for the payment of the Annual Property Tax Increment Reimbursement in accordance with the material terms and conditions of this Agreement. However, should the Project become located in another TIRZ, DEVELOPER may alternatively petition for assignment to said TIRZ in accordance with Article XXI.B.

B. Employment. DEVELOPER, in accordance with Chapter 2264 of the Texas Government Code, agrees not to knowingly employ any undocumented workers at the Project during the Term of this Agreement. If DEVELOPER is convicted of a violation under 8 U.S.C. Section 1324a (f), then DEVELOPER shall repay the CITY or TIRZ the Incentives paid under this Agreement for the tax year(s) covered under this Agreement during which such violation occurred. Such payment shall be made within 120 business days after the date DEVELOPER is notified by the CITY of such violation. The CITY, in its sole discretion, may extend the period for repayment herein. Additionally, DEVELOPER shall pay interest on the amounts due to CITY or TIRZ at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by the CITY) as its prime or base commercial lending rate, from the date of such violation notice until paid.

ARTICLE XII. CONFLICT OF INTEREST

A. DEVELOPER shall ensure that no employee, officer, or individual agent of CITY shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services conducted on similar terms. DEVELOPER shall comply with Chapter 171, Texas Local Government Code as well as the CITY's Code of Ethics.

B. City may terminate this Agreement immediately if the DEVELOPER has offered, conferred, or agreed to confer any benefit on a City of San Antonio employee or official that the City of San Antonio employee or official is prohibited by law from accepting. Benefit means anything reasonably

regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct or substantial interest, but does not include a contribution or expenditure made and reported in accordance with law. Notwithstanding any other legal remedies, the City may obtain reimbursement for any expenditure made to the DEVELOPER resulting from the improper offer, agreement to confer, or conferring of a benefit to a City of San Antonio employee or official.

ARTICLE XIII. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. As a condition of entering into this Agreement, DEVELOPER represents and warrants that it will comply with the CITY's Commercial Nondiscrimination Policy, as described under Section III. C. 1. of the SBEDA Ordinance 2010-06-17-0531. As part of such compliance, DEVELOPER shall not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring or commercial treatment of subcontractors, vendors, suppliers, or commercial customers funded in whole or in part with funds made available under this Agreement, nor shall DEVELOPER retaliate against any person for reporting instances of such discrimination. DEVELOPER shall provide equal opportunity for subcontractors, vendors and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that nothing contained in this clause shall prohibit or limit otherwise lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the CITY's relevant marketplace. DEVELOPER understands and agrees that a material violation of this clause shall be considered a material breach of this Agreement and may result in termination of this Agreement, disqualification of DEVELOPER from participating in City contracts, or other sanctions as provided by applicable law. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

B. None of the performances rendered by DEVELOPER under this Agreement shall involve, and no portion of the Incentives received by DEVELOPER under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. DEVELOPER shall, to the best of its knowledge and belief, include the substance of this Article in all agreements entered into by DEVELOPER associated with the funds made available through this Agreement.

ARTICLE XIV. LEGAL AUTHORITY

A. Each Party assures and guarantees to the other that they possesses the legal authority to enter into this Agreement, to receive/deliver the Incentives authorized by this Agreement, and to perform their obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each Party or representing themselves as signing and executing this Agreement on behalf of a Party, do hereby

guarantee that he, she or they have been duly authorized to execute this Agreement on behalf of that Party and to validly and legally bind that Party to all terms, performances and provisions herein set forth.

C. CITY will have the right to suspend or terminate this Agreement in accordance with Articles VIII or IX if there is a dispute as to the legal authority of either DEVELOPER or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. DEVELOPER is liable to CITY for all Incentives it has received from CITY under this Agreement if CITY suspends or terminates this Agreement for reasons enumerated in this Article.

ARTICLE XV. LITIGATION AND CLAIMS

A. DEVELOPER shall give CITY immediate notice in writing of any action, including any proceeding before an administrative agency, filed against DEVELOPER arising out the performance of any activities hereunder. Except as otherwise directed by CITY, DEVELOPER shall furnish immediately to CITY copies of all pertinent papers received by DEVELOPER with respect to such action or claim. DEVELOPER shall notify the CITY immediately of any legal action, known to DEVELOPER, filed against the DEVELOPER or any subcontractor thereto, or of any known proceeding filed under the federal bankruptcy code to which DEVELOPER or any subcontractor is a party. DEVELOPER shall submit a copy of such notice to CITY within 30 calendar days after receipt. No Incentives provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations. The above notwithstanding, DEVELOPER is not required to notify CITY of claims or litigation which arise out of DEVELOPER's operations on the Project, including, without limitation, landlord tenant disputes, personal injury actions (e.g., slip and falls), and other operational activities or relationships.

B. DEVELOPER acknowledges that CITY is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 *et seq.*, and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Agreement shall be interpreted according to the Constitution and the laws of the State of Texas. Venue of any court action brought directly or indirectly by reason of this Agreement shall be in Bexar County, Texas.

ARTICLE XVI. ATTORNEY'S FEES

A. In the event DEVELOPER should default under any of the provisions of this Agreement and the CITY should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of DEVELOPER herein contained, DEVELOPER agrees to pay to the reasonable fees of such attorneys and such other expenses so incurred by the CITY.

B. In the event CITY or TIRZ should default under any of the provisions of this Agreement and the DEVELOPER should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of CITY or TIRZ herein contained, CITY and TIRZ agrees to pay to the DEVELOPER reasonable fees of such attorneys and such other expenses so incurred by the DEVELOPER.

ARTICLE XVII. CHANGES AND AMENDMENTS

A. Except as provided below, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by all Parties to this Agreement. Any amendments to this Agreement which change or increase any of the Incentives to be provided DEVELOPER by CITY and/or TIRZ must be approved by CITY ordinance, with TIRZ Board approval, and in accordance with an official amendment of the TIRZ Project Plan and Financing Plan by the governing body of the TIRZ and CITY.

B. It is understood and agreed by the Parties hereto that performance under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth in Texas Local Government Code Chapter 380, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

ARTICLE XVIII. SUBCONTRACTING

A. DEVELOPER shall use reasonable business efforts to ensure that the performance rendered under subcontracts entered into by DEVELOPER complies with all terms and provisions of this Agreement as if such performance were rendered by DEVELOPER.

B. DEVELOPER, in subcontracting any of the performances hereunder, expressly understands that in entering into such subcontracts, neither CITY nor TIRZ is liable to DEVELOPER's subcontractor(s).

C. DEVELOPER assures and shall obtain assurances from all of its contractors where applicable, that no person shall, on the grounds of race, creed, color, disability, national origin, sex or religion, be excluded from, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part under this Agreement.

ARTICLE XIX. DEBARMENT

By signing this Agreement, DEVELOPER certifies that it will not award any Incentives provided under this Agreement to any party which it knows to be debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs by the CITY.

ARTICLE XX. RIGHTS UPON DEFAULT

It is expressly understood and agreed by the Parties hereto that, except as otherwise expressly provided herein, any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreements between DEVELOPER and the CITY or TIRZ or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

ARTICLE XXI. ASSIGNMENT

A. This Agreement is not assignable by any Party without the written consent of the non-assigning Parties. Notwithstanding the foregoing, DEVELOPER may assign this Agreement to a parent, subsidiary, affiliate entity or newly created entity resulting from a merger, acquisition or other corporate restructure or reorganization of DEVELOPER. In such cases, DEVELOPER shall give CITY no less than thirty (30) days prior written notice of the assignment or other transfer. Any and all future assignees must be bound by all terms and/or provisions and representations of this Agreement as a condition of assignment. Any attempt to assign the Agreement without the notification and subsequent consent of CITY and TIRZ, if consent is required under this Article, shall release CITY and TIRZ from performing any of the terms, covenants and conditions herein. Any assignment of this Agreement in violation of this Article shall enable CITY to terminate this Agreement and exercise its rights under Article IX of this Agreement.

B. The CITY and DEVELOPER also authorize the TIRZ to assign to any other Tax Increment Reinvestment Zone ("Zone") should this Project be included in the boundaries of said Zone and the Board of said Zone agrees to the assignment of all the duties, rights and obligations of the TIRZ as evidenced by a Board resolution. City staff and/or TIRZ shall be responsible for providing DEVELOPER written notice no less than 30 days prior to the proposed assignment.

C. Any restrictions in this Agreement on the transfer or assignment of the DEVELOPER's interest in this Agreement shall not apply to and shall not prevent the assignment of this Agreement to a lending institution or other provider of capital in order to obtain financing for the Project. In no event, shall the CITY or TIRZ be obligated in any way to said financial institution or other provider of capital. The City, acting as fiscal agent for the TIRZ, shall only issue checks or any other forms of payment made payable to the DEVELOPER.

ARTICLE XXII. ORAL AND WRITTEN AGREEMENTS

All oral and written agreements among the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

ARTICLE XXIII. AUTHORIZED RELIEF FROM PERFORMANCE (*Force Majeure*)

The CITY may grant temporary relief from any deadline for performance of any term of this Agreement if the DEVELOPER is prevented from compliance and performance by an act of war,

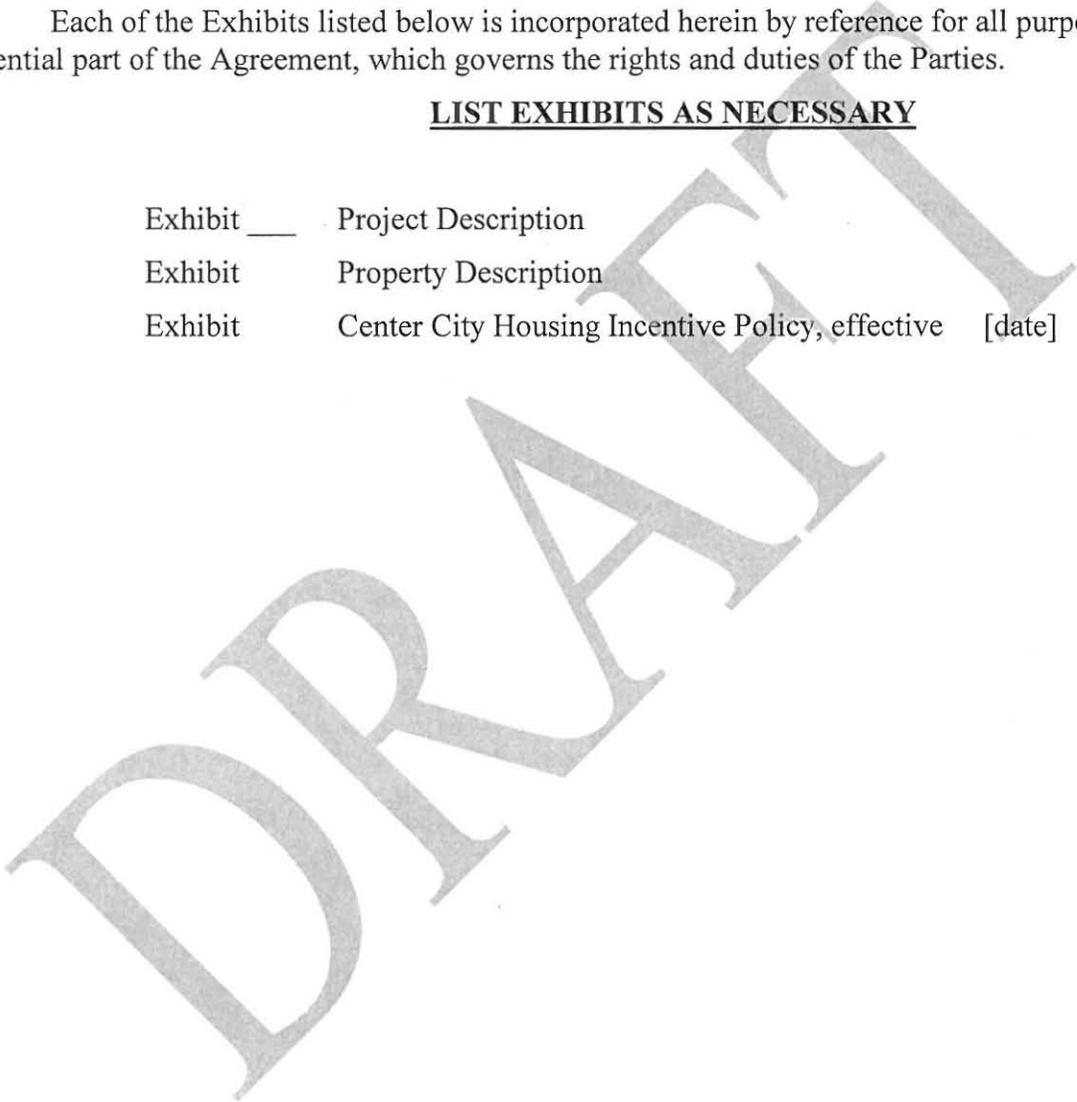
order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the DEVELOPER. The burden of proof for the need for such relief shall rest upon the DEVELOPER. To obtain relief based upon *force majeure*, the DEVELOPER must file a written request with the CITY. CITY will not unreasonably withhold its consent.

ARTICLE XXIV. INCORPORATION OF EXHIBITS

Each of the Exhibits listed below is incorporated herein by reference for all purposes as an essential part of the Agreement, which governs the rights and duties of the Parties.

LIST EXHIBITS AS NECESSARY

- Exhibit ____ Project Description
- Exhibit Property Description
- Exhibit Center City Housing Incentive Policy, effective [date]



WITNESS OUR HANDS, EFFECTIVE as of _____, 20__ (the “Effective Date”):

Accepted and executed in three duplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number 2012-06-21-_____, dated June 21, 2012, and by DEVELOPER pursuant to the authority of its _____.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

DEVELOPER:

Name:
CITY MANAGER

By: _____
Name:
Title:

ATTEST:

ATTEST:

Name:
CITY CLERK

Name:
Title:

APPROVED AS TO FORM:

Name:
CITY ATTORNEY

**TAX INCREMENT
REINVESTMENT ZONE #___:**

ATTEST:

Name:
BOARD CHAIRPERSON

Name:
BOARD VICE-CHAIRPERSON