

TAX ABATEMENT



Program Description:

The City offers a Tax Abatement of up to 100% on real and/or personal property taxes on improvement values for a maximum term of up to 10 years. Applicants will be required to complete an application and submit an application fee. Individual Tax Abatement applications are subject to final negotiation and approval by City Council.

Program Eligibility Criteria:

Project must meet certain minimum capital investment, wages (not including benefits), and/or job creation requirements in Exhibit A:

- ❑ A project may be eligible for a tax abatement if the company is a Targeted Industry: Agribusiness, Aviation/Aerospace, Biotechnology, Creative Services, Environmental Technology (includes green technology), Finance, Information Technology and Cyber Security, Logistics and Distribution, Manufacturing (any industry), Oil and Gas Industry (excluding storage and distribution facilities), Telecommunications, Corporate and Regional Headquarters, or commercial, mixed-use and multi-family rental only housing projects locating in the Inner City Reinvestment/Infill Policy Target Area (ICRIP) (See ICRIP Area Map).
- ❑ **Living Wage Requirement:** This wage is based on the poverty level for a family of four, as determined annually (January) by the U.S. Department of Health and Human Services (HHS). As of January 20, 2011 this wage is \$10.75 per hour.

Median Hourly Wage for Manufacturing: This wage reflects the annual median hourly wage for all manufacturers in the San Antonio Metropolitan Statistical Area and is updated in May of each year. As of January 20, 2011, this wage is \$13.97 per hour.

Median Hourly Wage for All Industries (Companies): This wage reflects the annual median hourly wage for all industries in the San Antonio Metropolitan Statistical Area and is updated in May of each year. As of January 20, 2011, this wage is \$13.76 per hour.

- ❑ At least 25% of the new employees must be residents of Bexar County.
- ❑ Company must provide access to health care benefits for full-time employees and dependents.
- ❑ Individual tax abatement applications are subject to City Council approval and should be submitted at least 30 days prior to the start of construction.
- ❑ Term of an abatement is based on project location.
- ❑ Projects over the Edwards Aquifer Recharge/Contributing Zones are not eligible for an abatement (See Tax Abatement Map).

Summary of Capital Investment and Job Creation Requirements:

State statute allows the City to offer tax abatements for up to 10 years on up to 100% of real and personal property improvements. The City intends to aggressively negotiate and consider offering up to this maximum allowable tax abatement on projects that meet or exceed a total capital investment of \$30 million and/or create at least 500 new full-time jobs, regardless of where those projects choose to locate in the City, except for projects locating over the Edwards Aquifer Recharge/Contributing Zones. At the same time, the City is particularly focused on attracting investment and jobs to the Inner City (See Tax Abatement Map—Tier 1) and is therefore prepared to offer even more significant tax and other development incentives to projects in this targeted area. The following table in the Guidelines, serves as a guide in determining the potential maximum tax abatement incentive offered to a project.

EXHIBIT A

| Potential Tax Abatements Available at Minimum Levels of Capital Investment & Job Creation | City of San Antonio | | |
|--|--|--|---|
| | 6-Year Term Area (See Tax Abatement Map) (Tier 3) | 10-Year Term Area (See Tax Abatement Map) (Tier 1 & 2) | |
| Investments in Real & Personal Property | \$10 Million | \$1 Million | |
| New Full-Time Jobs (Note 1) | 100 | 25 | |
| Potential Tax Abatement (Note 2) | Up to 50% on real and personal property | Up to 100% on real and personal property in the Infill Policy Target Area (Tier 1) | Up to 75% on real and personal property in areas outside the Infill Policy Target Area (Tier 2) |

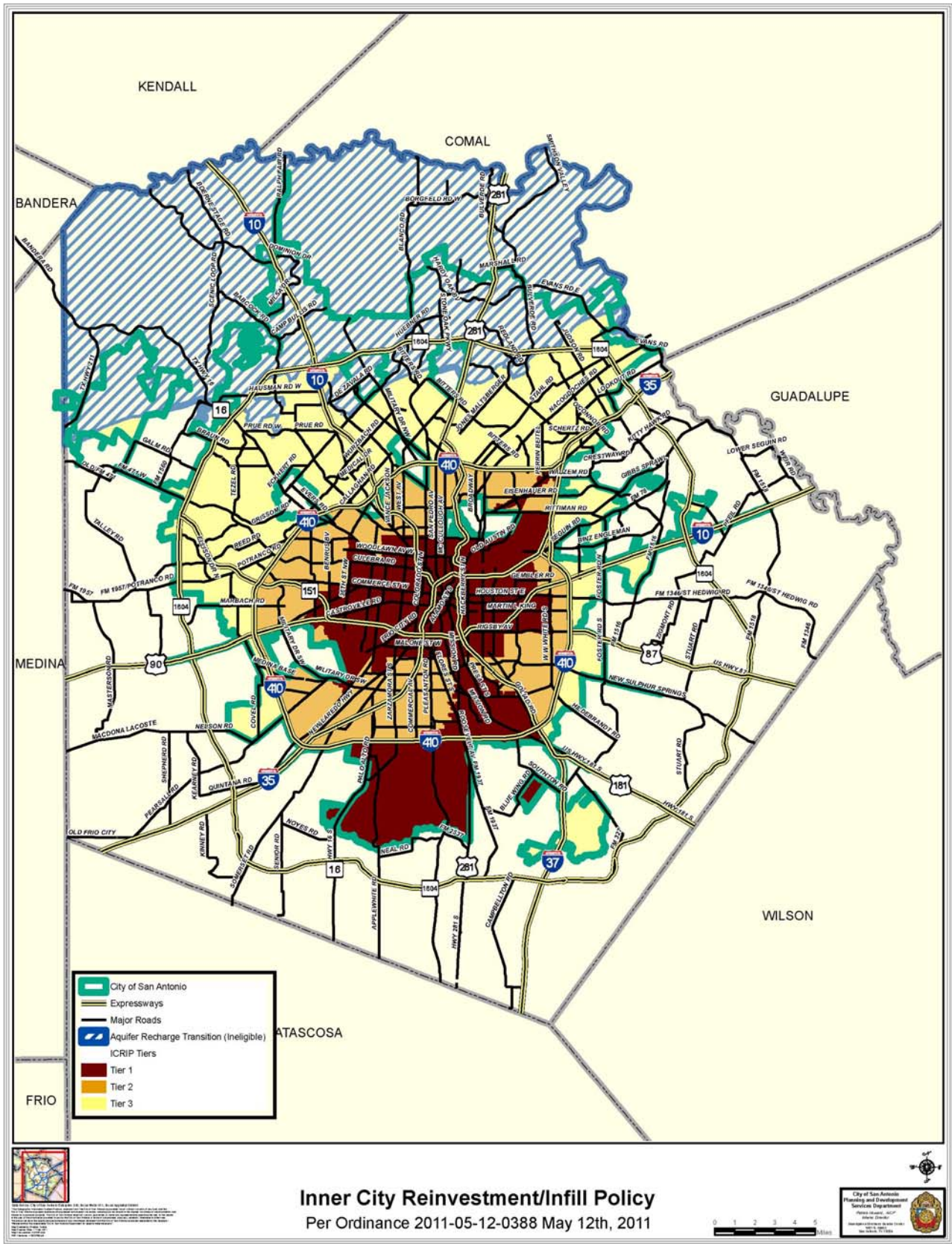
Notes:

- (1) Eligible multi-family rental only housing, data centers, solar farms and mixed-use projects are exempt from the minimum job creation requirements.
- (2) A project will receive consideration toward achieving the maximum tax abatement allowable in a 6 or 10-year term area, based on the following:
 - Locating in the Inner-City Reinvestment/Infill Policy (ICRIP) Area (See ICRIP Map—Tier 1).
 - Meeting Leadership in Energy and Environmental Design (LEED) Green Building Rating System standards or equivalent acceptable methodology.
 - Enrolling in CPS Energy’s Windtricity, or another CPS Energy renewable energy program, or other renewable products.
 - Paying new and existing employees an hourly wage of 25% or greater above the medium hourly wage requirement.
 - Providing jobs and investment through renewable energy, green, or clean technology projects.

How to Apply:

For additional information or to apply, please call (210) 207-8080 or visit our Web site at www.sanantonio.gov/edd.

Tax Abatement Map— Tiers 1, 2 & 3



SAWS Impact Fee Waiver Guidelines

1. Policy Statement

It is the intent of the City and the San Antonio Water System (SAWS) to support policies that promote growth and development in targeted areas of the City, as described in the City's Inner City Reinvestment / Infill Policy Target Area. The Inner City Reinvestment/Infill Policy Target Area (IPTA) specifically identifies targeted areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. It is the intent of the Reinvestment / Infill Policy to utilize SAWS incentives in combination with other City incentives within the IPTA in order to stimulate investment in creating walkable urban communities.

2. Goals

The award and distribution of SAWS impact fee waiver incentives will follow the general and specific goals outlined below.

a. General Goals

- (1) Increase new development (housing and commercial) on vacant infill lots.
- (2) Increase redevelopment of underused buildings and sites.
- (3) Increase rehabilitation, upgrade, and adaptive reuse of existing buildings.
- (4) Increase business recruitment and expansion in the City's targeted industries.

b. Specific Goals

Currently, SAWS sets aside \$2 million annually for awarding SAWS impact fee waivers as established by ordinance 2006-06-15-0722. It is the City's intent to distribute this available incentive fund in a manner that provides greater focus to the areas within the IPTA, while still allowing the distribution of a portion of this incentive amount in areas that are not within the IPTA. Therefore, the goal is to allocate at least 75% of the SAWS \$2 million annual incentive to projects within the IPTA. Projects outside the IPTA must meet certain job creation and/or capital investment thresholds, except for affordable housing and community service projects as outlined in Section 3 below.

3. Eligibility Criteria

1. The following projects are eligible under these Guidelines for a SAWS impact fee waiver:
 - a. All projects within the IPTA are eligible for a SAWS impact fee waiver, except for those ineligible projects identified below in Section 3.2.
 - b. Eligible projects located outside the IPTA, except those ineligible projects listed below in Section 3.2., must fall into one of the following categories:
 - i. The Project must be in a targeted industry, as defined in the City's Tax Abatement Guidelines, and must include a capital investment of at least \$50 million or create at least 500 new full-time jobs.
 - ii. An affordable housing project which is defined as a single, infill, or multi-family project that includes more than 50% of residential units which are affordable and are occupied by a family whose household income does not exceed 80% of the San Antonio's Area Median income, as adjusted for

household size and a defined by the U.S. Department of Housing and Urban Development (HUD).

- iii. A residential housing project with a mix of market rate housing with less than 50 percent affordable residential units as defined above is eligible for a waiver of the SAWS impact fee equivalent to the percentage of affordable units. For example, if a residential housing project, anywhere in the City, has a mix of 70 percent market rate and 30 percent affordable units, then the project would be eligible for a waiver of 30 percent of the SAWS impact fee.
- iv. A non-profit or public entity performing community service defined as an organization whose mission and goal is to provide community service to benefit or serve the community by offering services for the benefit of the public at no fee to its participants with the intent of improving society. Such services include: child care, education, health care, housing, mentoring, crime prevention, and public safety.

2. The following project types are not eligible for SAWS impact fee waiver incentives:

- a. Projects over the Edwards Recharge or Contributing Zones.
- b. Retail stores such as, cash checking agencies, automotive part retailers, tire shops, non-bank financial retail outlets, nightclubs, bars, liquor stores, convenience stores, gun shops, pawnshops, gas stations, tattoo parlors, tanning salons, mobile food vendors and sexually oriented businesses.
- c. Hotels and Motels.
- d. Market Rate Residential housing projects located outside the IPTA that do not include any percentage of affordable housing units.
- e. Projects outside of the IPTA that are not in a targeted industry, as defined in the City and County Joint Tax Abatement Guidelines.
- f. Entertainment facilities, specifically theme park and destination resorts, as defined in the City's Unified Development Code.
- g. Projects built by and funded with state or federal appropriations on federal or state land, including projects on military installations.
- h. Construction of any sectarian or religious facility.
- i. Market-rate single-family or two-family dwellings are excluded, unless:
 - Projects are located in an RPA; or
 - Project costs are valued at fifty (50) percent or more of the latest BCAD improvement value; or
 - Project is reconstruction of structures destroyed or ruined by flooding, fire, windstorm or other natural disaster.

Retail projects except for certain retail identified above as ineligible may be evaluated and qualified for ICRIP fee waivers using the criteria below to ensure all retail projects seeking City and fee waivers are aligned with the policy's goals.

The following criteria may be used in evaluating requests for fee waivers for retail projects.

- Retail projects must show some public benefit to the ICRIP target area such as a provider of goods or services currently not available, catalytic retail concept, blight elimination, etc.
- Level of investment, project financing and analysis of the financial gap requiring public assistance

- Fiscal and economic impact
- Public improvements from the project
- Consistency with existing master plans and/or neighborhood plans
- Ability to improve shopping discontinuity, create critical mass of retail and retail market potential
- Job creation

Geographic indicators within the ICRIP target area, such as HUB Zone, Empowerment Zone, Tax Increment Reinvestment Zone, Neighborhood Commercial Revitalization, Community Plan Areas, Texas Enterprise Zone, and HUD Neighborhood Stabilization Tracts may be used in evaluating requests for fee waivers for retail projects. The close proximity of a retail project from one of the following educational institutions: UIW, OLLU, St. Mary's University, St. Phillip's College, UTSA- Downtown, Trinity, SAC, Palo Alto College, and Westside Education and Training Center may be utilized as an evaluation factor for retail projects.

3. Limitations on the maximum SAWS impact fee waiver amount per project.

- a. Up to \$500,000 SAWS impact fee waiver for eligible projects within the ICR-IPTA based on the level of capital investment.
 - i. < \$10M investment – up to \$100,000
 - ii. \$10M and < \$20M investment – up to \$200,000
 - iii. \$20M and < \$30M investment – up to \$300,000
 - iv. \$30M and < \$40M investment – up to \$400,000
 - v. >\$40M investment – up to \$500,000
- b. Up to \$100,000 SAWS impact fee waiver for eligible projects outside the ICR-IPTA.

4. Other requirements:

- a. Projects must be initiated within 6 months of receipt of an approved application and verification certificate from the City's Center City Development Office (CCDO).
- b. Recipient must claim any waivers and pay any fees due to SAWS as required by the verification certificate, unless extended by both the City and SAWS.

5. Application Process:

- a. Applicant must fill an application on-line or in writing to the City's Center City Development Office.
- b. Staff will review application and verify project is eligible for waiver.
- c. Once project is approved, a verification certificate is issued by the CCDO to the applicant for presentation to SAWS to obtain the waiver.
- d. City and SAWS will jointly track the number of approved waivers to ensure the total amount of waivers approved in a given fiscal year does not exceed \$2 million.
- e. All projects qualifying for SAWS fee waivers over \$100,000 will be taken City Council for consideration.

This policy is not retroactive to any projects that have already incurred a fee.