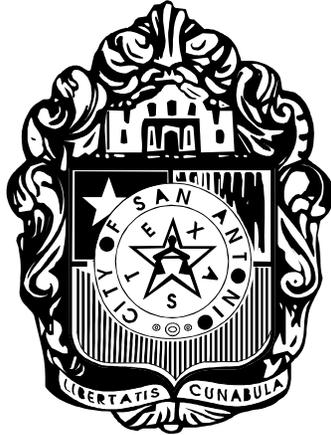


CITY OF SAN ANTONIO, TEXAS
Department of Planning and Community
Development



Houston Street

Tax Increment Reinvestment Zone
Number Nine

Project Plan

Approved August 23, 2000
Amended on September 20, 2007
Amended on April 1, 2010
Amended on October 15, 2015

PROJECT PLAN

TAX INCREMENT REINVESTMENT ZONE NUMBER 9

Section 1: Project Overview

The Houston Street Tax Increment Reinvestment Zone Number 9 (TIRZ) will provide the financing needed to develop public improvements and support economic development activities associated with revitalization in the San Antonio's Central Business District. This Project Plan describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property in the TIRZ,
- (3) Proposed improvements and property uses in the TIRZ,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

The Houston Street TIRZ was designated by City Council on December 9, 1999 through Ordinance 90969. The initial TIRZ Project and Finance Plans were originally approved by City Council on August 23, 2000 through Ordinance 92409. Since then the Project and Finance Plans have been amended on numerous occasions to accommodate changes to the TIRZ project list and boundaries. Amendments to the TIRZ Project and Finance Plans are as follows:

- September 20, 2007 – Addition of the Walgreens/Stuart Building redevelopment
 - Ordinance # 2007-09-20-0986
- April 1, 2010 – Addition of the Kress Building redevelopment
 - Ordinance # 2010-04-01-0270
- September 18, 2014 – Term extension and changes to board composition
 - Ordinance # 2015-09-18-0713
- June 4, 2015 – Amendment to the Boundary of the TIRZ
 - Ordinance # 2015-06-04-0489
- October 15, 2015 – Amendments to the TIRZ Project and Finance Plans
 - Ordinance # 2015-10-15-_____

There are two major periods that describe the life of the Houston Street TIRZ. The first period can be marked by the inclusion of Street Retail San Antonio, L.P. (a wholly owned affiliate of Federal Realty Investment Trust). Street Retail was the primary developer throughout the period which began at designation in 1999 and ran for approximately fifteen years until a Closeout Agreement was executed with Street Retail in May of 2015. In addition to Street Retail, the Houston Street TIRZ, during this period included three participating taxing entities other than the City of San Antonio; Bexar County, University Health Systems and Alamo Community College District. During this period the TIRZ was instrumental in supporting several key revitalization projects that have helped to

breathe new life into a section of downtown that had been experiencing significant decline.

Key projects supported during this period include:

- Houston Street Improvements
- Crockett Street Improvements
- Historic Civic Center Linkage
- The Houston Street Bridge Linkage
- The Majestic Courtyard Improvements
- Façade Preservation projects along Houston Street
- The Walgreens/Stuart Building Renovations
- The Kress Building Renovations

For details about these projects and an overview of the first period of the Houston Street TIRZ see the previous versions of the Houston Street Project and Finance Plans.



The second period, essentially the future of the Houston Street TIRZ, began with the extension of the term in September of 2014, which added 20 years to the Houston Street TIRZ, taking the term end date out to September 30, 2034. In addition to extending the term, the composition of the TIRZ Board was changed, ending the participation of both University Health Systems and the Alamo Community College District. With the reduction in Participating Taxing Entities, the size of the TIRZ Board was reduced from

eleven to seven members, three from Bexar County and four from the City of San Antonio.

In June of 2015, the Houston Street TIRZ boundary was expanded by adding 260 parcels or roughly 138 parcel acres. The amended TIRZ boundary encompasses approximately 179.74 parcel acres in and around the central business district. The boundary amendments were intended to continue the revitalization efforts from the previous period of the TIRZ and to support the City's economic development goals for downtown. More specifically, the boundary change will enable the Houston Street TIRZ to support several key catalytic projects including; the San Pedro Creek redevelopment, the Alameda Theater Revitalization project and the development of the Frost Bank Tower which through a public private partnership (P3) will help to facilitate the consolidation of city offices and the adaptive reuse of current offices into 265 units of housing in the central business district.

Proposed Projects to be supported by the Houston Street TIRZ during this period include:

- Argo
- HVHC
- Maverick Building
- Houston Street Lighting
- Frost Bank Tower
- Alameda Theater
- San Pedro Creek Redevelopment

Section 2: Existing Uses and Conditions

The Zone is in a developed area, San Antonio's Central Business District. Within the zone are retail, office, residential, cultural, governmental, religious, hospitality, park, and academic uses. A significant percentage of the structures within the zone are vacant and/or deteriorating. In addition, surface parking lots account for a significant percentage of the land area within the Zone. A boundary map of the Houston Street TIRZ and proposed projects are shown below.

HOUSTON STREET BOUNDARY MAP



Section 3: Proposed Improvements and Uses

HVHC

In September of 2011, the City of San Antonio executed a Chapter 380 Economic Development Agreement with HVHC, a wholly owned subsidiary of Highmark Inc. a private, worldwide provider of healthcare and vision services, to support the relocation and expansion of its workforce into the central business district at 175 E. Houston Street. As part of the overall incentive, the City agreed to provide a parking subsidy and incentive of approximately \$3,087,000.00 over ten years which is to be reimbursed through the Houston Street TIRZ. HVHC, in order to receive City incentives agreed to: (1) retain their operations and corporate headquarters in San Antonio; (2) relocate 265 corporate jobs to the IBC Centre building on Houston Street; (3) relocate their vision care benefits subsidiary, Davis Vision, from Latham, NY to San Antonio and add 85 new jobs for a total of 350 jobs; (5) meet the City's minimum wage requirements; and (6) pay an annual average salary of at least \$50,000.

Argo

In September of 2011, the City of San Antonio executed a Chapter 380 Economic Development Agreement with Argo Group Inc, an international underwriter of specialty insurance and reinsurance products in the property and casualty market, to support the relocation of 200 corporate jobs into the central business district at 175 E. Houston Street. As an incentive, the City of San Antonio has agreed to provide a parking subsidy and incentive to Argo of approximately \$3,366,000.00 over ten years which is to be reimbursed through the Houston Street TIRZ. In exchange for this financial incentive, Argo agreed to locate a minimum of 200 jobs into the central business district at the IBC Centre building at 175 E. Houston and retain these jobs at this location for 10 years. Argo also agreed to meet the City's minimum wage requirements and pay an average annual salary of at least \$50,000.

Maverick Building

The Maverick Building, listed on the National Register of Historic Places, was built in 1921 as an office building with first floor retail and a barber shop in the basement. It was converted in 1996 to low-income housing with loan assistance from the City of San Antonio and the federal Community Development Block Grant program. Since that time, the apartments within the building have fallen into disrepair and the retail space has not been actively leased for decades. The new owner, 400 East Houston Street, LP is proposing to invest approximately \$5,000,000.00 to renovate all 85 multifamily units and reactivate the approximately 6,000 square feet of street-level retail space. The



rehabilitation of this property will provide local workforce housing, create new retail value along an important section of Houston Street, and reenergize a historic and iconic building.

In order to support the project the City has offered several economic development incentives including a 15-year tax reimbursement grant valued at approximately \$415,753.05 which is to be reimbursed through the Houston Street TIRZ. The developer has also applied for a 10-year historic tax abatement from the Office of Historic Preservation and received a Historic Tax Certification. The historic tax abatement allows the developer to pay no City taxes for 5 years, and then 50% of taxes on the full value of the property for an additional 5 years. This incentive will be applied in parallel to the tax reimbursement grant referenced above, but the total amount of the tax reimbursement grant will only rebate taxes paid to the City on the improved value of the property for the first 15 years.

Houston Street Lighting Project

In an effort to improve lighting conditions along Houston Street, the TIRZ Board has authorized up to \$165,000.00 for lighting upgrades. The project will include upgrades to the existing Houston St. Pedestrian Pole Top Fixtures located between Santa Rosa St. and Alamo Street and the demolition of 75 existing fixtures which will be replaced with Riverside Cast Frame or equal, reflectors, and 125 Watt LED lamps.

Frost Bank Tower

In August of 2014, the City of San Antonio received proposal from Weston Urban, a San Antonio based real estate development firm, and Frost Bank that would result in a consolidated administrative office tower for the City, 265 housing units in the central business district, and the construction of the first class “A” office tower downtown since 1989. Under the terms of the proposal: 1) Frost would sell the Frost Bank Tower and Parking Garage to the City for the purpose of consolidating the City’s administrative offices and creating a public parking garage; and 2) the City would sell Weston Urban three properties for the purposes of providing funds to apply to the purchase price of the Frost Tower and to provide Weston Urban with property to facilitate housing development in the central business district. The three properties included: 114 West Commerce (Municipal Plaza Building), 319 W Travis (San Fernando Gym), and 403 N Flores (Surface Parking Lot). In addition, the proposal provided for Weston Urban to construct a new office tower to serve as the Frost Bank Headquarters to be located on the Frost Motor Bank and surface parking lot on the northwest corner of Flores and Houston Street.

To support the project, Bexar County has agreed to enter into an Economic Development Agreement with Weston Urban which will help fund public infrastructure improvements associated with the new Frost Bank Tower up to \$3,000,000.00. The Houston Street TIRZ would reimburse Weston Urban for these costs from tax increment collected from Bexar County.



Alameda Theater

Once the largest theater in the nation dedicated to Spanish-language entertainment, The Alameda Theater opened in 1949 and showed films of the golden age of Mexican cinema. Renovations of the theater have begun and include construction of a new stage house and production building that will allow the theater to better accommodate modern performances. The multiphase project is being led by the Alameda Theater 501(c)(3) non-profit corporation. The new addition will include an orchestra pit, and rooms for dressing, storage, prop making

and rehearsal. From Laredo Street, load-in area is being constructed for the touring shows.

The Houston Street TIRZ will support the renovation of the historic theater with up to \$10,000,000.00 of TIRZ funding generated from Bexar County tax Increment. Once restored, the Alameda Theater will be returned to its vintage condition and will be able to seat 2,400 patrons.

San Pedro Creek Redevelopment

Many times mistaken for a drainage ditch, modest San Pedro Creek is a functional but unsightly creek that runs through the historic Westside of downtown San Antonio. In attempt to reconstitute its life-giving qualities, reflect on its rich history and create a sense of place, Bexar County and the San Antonio River Authority, in coordination with the City of San Antonio, have undertaken the San Pedro Creek Improvements Project.



On February 18, 2014, the

Bexar County Commissioners Court, under the leadership of Commissioner Paul Elizondo, entered into an agreement with the San Antonio River Authority (SARA) to begin the design phase of an ambitious \$175 million revitalization of a two-mile segment of the creek through downtown. The project limits are from north to south begin at IH-35 at the flood tunnel inlet near Fox Tech High School to the confluence with the Alazan/Apache Creeks at IH-35 near the stockyards. Following final design, construction is anticipated to begin in 2016 and be completed in 2018 in celebration of the 300th anniversary of the establishment of the City.



With the understanding that economic development projects associated with the San Pedro Creek redevelopment will provide significant benefit to the Houston Street TIRZ, the TIRZ may provide tax increment generated from Bexar County taxes to support economic development projects along San Pedro Creek. At the time of the drafting of this Project Plan, individual projects and specific costs related to the San Pedro Creek

Redevelopment have not been identified. All payment schedules of project costs will require approval by the Houston Street TIRZ Board.

Section 4: Proposed Changes to Municipal Ordinances

Houston Street Design Guidelines

Winter & Company, under contract for the City, developed a set of design guidelines for the Houston Street area. These guidelines are intended to serve as a tool to help address design issues, to promote the preservation of historic resources, to promote new development that is compatible with historic resources, to enhance the pedestrian experience along Houston Street, and to provide a climate for investment in downtown. These guidelines were adopted in 2000 by the City as policy, and later adopted as part of the City's Unified Development Code, as a designated historic district, through overlay zoning, or through other mechanisms.

Rezoning

The vast majority of property within the Houston Street TIRZ is currently zoned "D" or Downtown zoning district to meet the goals of revitalizing downtown San Antonio by

relaxing certain development requirements. While some of the proposed projects may require rezoning, at this time no specific zoning changes have been identified.

Section 5: Estimated Non-project Costs

Estimated non –project costs will include administrative fees for both the City of San Antonio and Bexar County. The City’s administrative costs will be \$120,000.00 for each year beginning in FY 2016 throughout the life of the TIRZ. A portion, \$15,000.00, of the City’s administrative fee will be paid from Bexar County tax increment annually. Bexar County will be paid an administrative fee of \$6,000.00 which will be paid from the County’s tax increment annually throughout the life of the TIRZ.

Section 6: Relocation of Persons to be Displaced

At this time it is not anticipated that any of the projects identified in this Project Plan will require the relocation or displacement of persons.