CITY OF SAN ANTONIO, TEXAS

Neighborhood and Housing Services Department

Hemisfair Park

Tax Increment Reinvestment Zone Number Thirty-Four

Final Project Plan

September 21, 2017

PROJECT PLAN

HEMISFAIR

TAX INCREMENT REINVESTMENT ZONE NUMBER 34

Section 1: Project Overview

The Hemisfair Tax Increment Reinvestment (TIRZ) Zone Number 34 will provide partial funding needed to support the operations of Hemisfair Park Area Redevelopment Corporation (HPARC) and additional assistance for public improvements and economic development activities associated with revitalization in the Hemisfair Park and adjacent areas. 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.

In September 2009, City Council voted to establish HPARC, a Local Government Corporation, to develop a plan for the re-development of the Hemisfair site and adjacent areas. On February 9, 2012, City Council approved HPARC's Framework and Master Plan as the conceptual strategy for the redevelopment of the original Hemisfair site. The Master Plan envisions balanced land use within the Hemisfair site, with mixed-use development, a blend of open space, plazas, courtyards and civic, commercial and residential uses.

The redevelopment of Hemisfair Park is one of the key catalytic projects in the "Decade of Downtown". The Hemisfair TIRZ is an essential piece of the public and private funding necessary for the success of the redevelopment and will be an integral component of the long term sustainability of HPARC.

The Hemisfair TIRZ is located on the southern edge of the central business district, bound by Commerce to the north, IH 37 to the east, Cesar Chavez to the south and St. Mary's to the west. The TIRZ boundary is located entirely within the boundary of City Council District 1.

In March of 2016, TIF Staff sent correspondence to the following Taxing Entities notifying them of the City's intent to designate a new Tax Increment Reinvestment Zone:

- Bexar County,
- University Health Systems,
- San Antonio Independent School District (SAISD),
- Alamo Colleges,
- San Antonio River Authority

The City of San Antonio is the only Participating Taxing Entity contributing tax increment to the Hemisfair TIRZ at this time, subject to future participation of other taxing entities.

The City of San Antonio's Tax Increment Reinvestment Zone Thirty Four ("TIRZ" or "Zone") designated February 2, 2017 through Ordinance 2017-02-02-0066, will provide operational support to HPARC and help facilitate the development of the Hemisfair Neighborhood. There are approximately 119 parcels which encompass approximately 121.63 parcel acres. The effective start date is August 15, 2017 with a 20 year term and a termination date of September 30, 2037.

Based on the date of designation, the Hemisfair TIRZ falls under the City of San Antonio Tax Increment Financing Program Policy as approved by City Council on May 14, 2015 through Ordinance 2015-05-14-019.

The 2017 tax year assessed value of the proposed Hemisfair TIRZ is $412,329,497.00. The 2017 taxable value, $37,271,057.00, will be the base value for the TIRZ. These values are subject to change due to the appeals and certification of the 2017 appraisal roll. Taxes collected on the base value will continue to be deposited into the City's general fund. Taxes collected on property values greater than the base value, gained through either improvements or appreciation will be deposited in the TIRZ fund to be used for eligible expenses within the TIRZ boundary. This represents the tax increment generated by the TIRZ. Based on preliminary projections the Hemisfair TIRZ will produce approximately $42,233,998.00 in tax increment through the life of the TIRZ.

In 2016, HPARC commissioned HR&A Advisors Inc. to update their "2011 HEMISFAIR MASTER PLAN AREA MARKET SCAN AND HPARC FINANCIAL MODEL". The "2016 Market Scan Update" provides an update to the original market scan with detailed data regarding residential, office, retail, and hotel trends in the Hemisfar zone.

Section 2: Existing Uses and Conditions

The Zone is in a developed area, San Antonio's Central Business District (See Exhibit "A"). Within the zone are retail, office, residential, cultural, governmental, hospitality, park, and academic uses. A significant percentage of the zone is in a transitional period which included demolition of the old Henry B. Gonzales facility in order to prepare for redevelopment and park space. A significant percentage of the structures within the zone are owned by the City, other governmental agencies and the State of Texas. In addition,

surface parking lots and vacant structures account for other land area within the Zone. A boundary map of the Hemisfair TIRZ is provided. (See Exhibit "B")

The TIF Act, under Section 311.003, allows a municipality to designate a geographic area as a TIRZ "to promote development or redevelopment of the area if the governing body determines that development or redevelopment would not occur solely through private investment in the reasonably foreseeable future". While private investment will be an integral part of the future of Hemisfair; it is clear that without significant public investment, redevelopment would not be possible. Designation of the TIRZ is an essential component to the future success and long term sustainability of the park. Coupled with other potential funding sources, revenue generated by the TIRZ will help HPARC to ultimately become self-sufficient.

The TIF Act also requires, per Section 311.005, that an area to be designated as a reinvestment zone must "substantially arrest or impair the sound growth of a municipality in its present condition." The Hemisfair Master Plan, in the following statement, has made a strong case that Hemisfair Park under its current configuration meets these criteria.

> "Currently, the Hemisfair site is disconnected from Downtown, separated by the wide streets of Alamo, Commerce, Market, as well as by the impenetrable walls of the Henry B. Gonzalez Convention Center which occupies Hemisfair's northern edge. In addition to these factors, Cesar Chavez Blvd, the Institute of Texan Cultures and the federal properties form a barrier to the Lavaca residential neighborhood to the south. Furthermore, the elevated IH-37 highway and limited access points across the highway separate Hemisfair from neighborhoods to the east such as Dignowity Hill, Jefferson Heights and Denver Heights.
>
> Internally, the site is fragmented and disjointed. Surviving pre-1968 buildings have been stripped of their historic context and many lay abandoned and boarded up. Several of the buildings from the 1968 Expo are large in scale and are a stark contrast to the older, historical structures. Additionally, several more buildings were added to the site since 1968 in an opportunistic way. The result is a confusing and uncoordinated mix of buildings that lacks cohesiveness."

Hemisfair Park, currently underused and neglected by visitors and locals alike, has the potential to "catalyze the re-invigoration of Downtown." The designation of the Hemisfair TIRZ is a key component to the success of this important redevelopment effort.

Section 3: Proposed Improvements and Uses

*Residential**

While Center City demand for multifamily has grown substantially in River North and Southtown, development in the immediate vicinity of the Hemisfair site has been limited. The combination of the approved master plan and the Public-Private Partnership (P3) process presents an unprecedented opportunity for Hemisfair to tap into the rising demand for multifamily residential in the Center City.

*Office**

The Hemisfair site has an opportunity to effectively position itself as a competitive alternative to suburban office development, with particular emphasis for creative office users who demand high quality public space, robust local amenities, and a walkable environment—all of which are embodied by the proposed signature parks and retail development that will comprise Hemisfair. The availability of parking will also prove a major draw for tenants who would otherwise consider suburban locations, though pricing will be an important variable.

*Retail**

While not catering exclusively to tourists, Hemisfair should nevertheless build on the strength of its central location and proximity to the Riverwalk, Alamo, and other components of San Antonio's cultural center. Dining, entertainment, and specialty merchandise offered at Hemisfair should celebrate authentic San Antonio culture and anchor tenants should complement the distinctive architectural fabric of the area.

*Hotel**

San Antonio's Center City is a leading cultural and historic destination that will only grow more popular with an expanded convention center and dramatic improvements to the Hemisfair site and other downtown attractions. Given the strong luxury market and rising occupancy rates in existing Center City hotels, the Hemisfair site could support a high-end hotel product of approximately 200 rooms.

*Civic Uses***

Civic uses have been the predominant use on the site since the closing of the 1968 HemisFair Exposition, and their presence will continue to be a key character-defining feature of the new Neighborhood. These uses include museums, educational institutions, performing arts venues, visual and plastic arts studios, galleries, and workshops, as well as community centers and neighborhood service facilities. A civic use will anchor its portion of the site, but its combination with other commercial uses will help to maintain an active setting on the site throughout the day, including those times when the civic use may be inactive. Combination of civic uses with residential uses above is strongly encouraged throughout the site.

**Source: HR&A Advisors Inc.2016 Market Scan Update*
***Source: Hemisfair Park Area Framework and Master Plan, 2012*

Below are the proposed projects and uses:

- 220 S. Alamo – hotel/office/retail
- 200 E. Market – residential/retail
- 300 S. Alamo – Phase 2 - office/retail
- 500 Hemisfair Blvd (SW Liner) –residential
- 700 Hemisfair Blvd (SE Liner) - residential
- 900 Hemisfair Blvd – office
- 200 N. Labor – residential

This map shows future projects and projects not included in the TIRZ Project Plan for reference only. (See Exhibit "C")

Section 4: Proposed Changes to Municipal Ordinances

Rezoning

The vast majority of property within the Hemisfair 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.

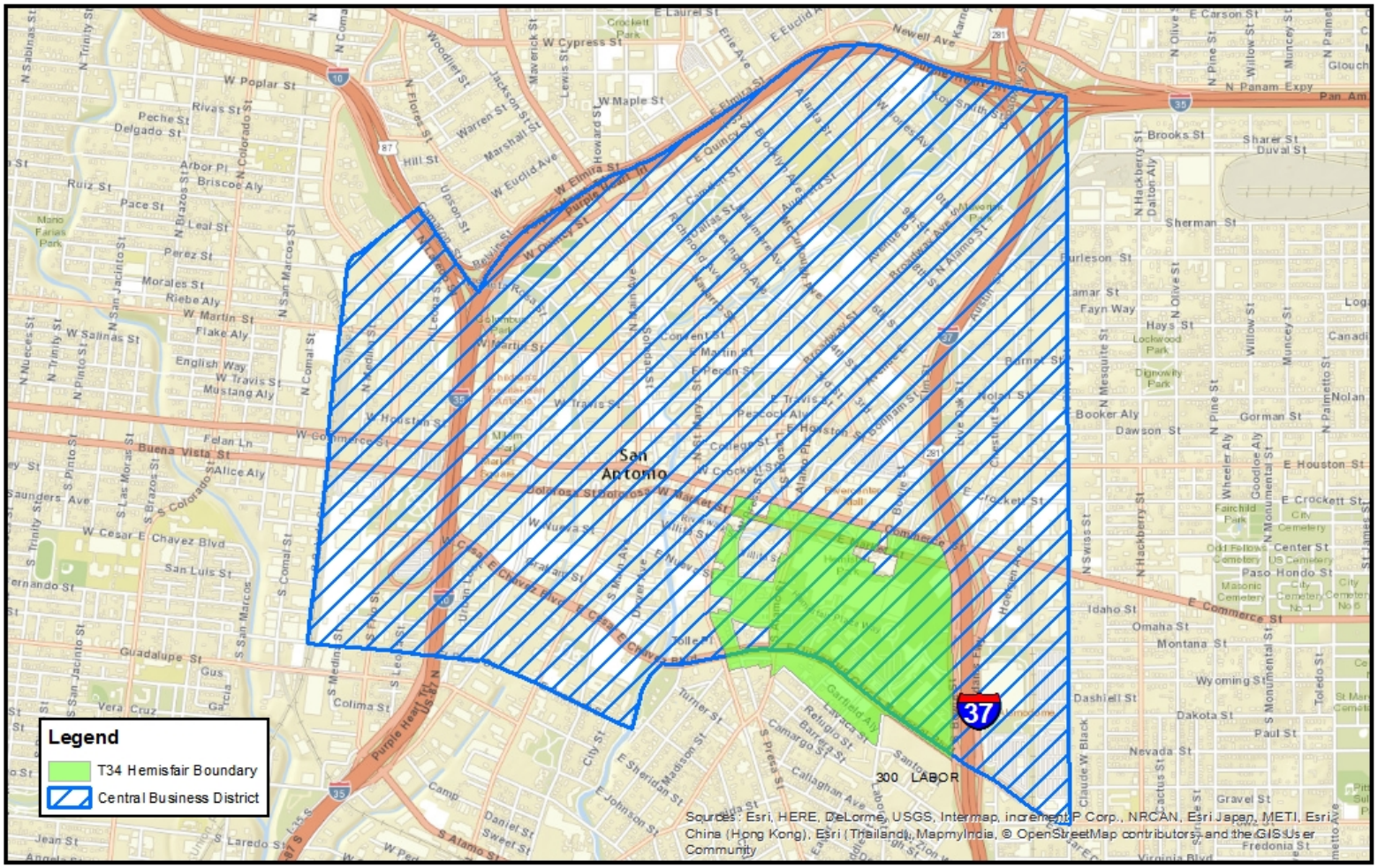
Section 5: Estimated Non-project Costs

Estimated non–project costs will include a one-time designation fee of $50,000 and administrative fee for the City of San Antonio. The City's annual administrative expenses of the lesser of 20% of the fiscal year increment or $120,000.00 for each year beginning in FY 2017 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.

Exhibit
“A”



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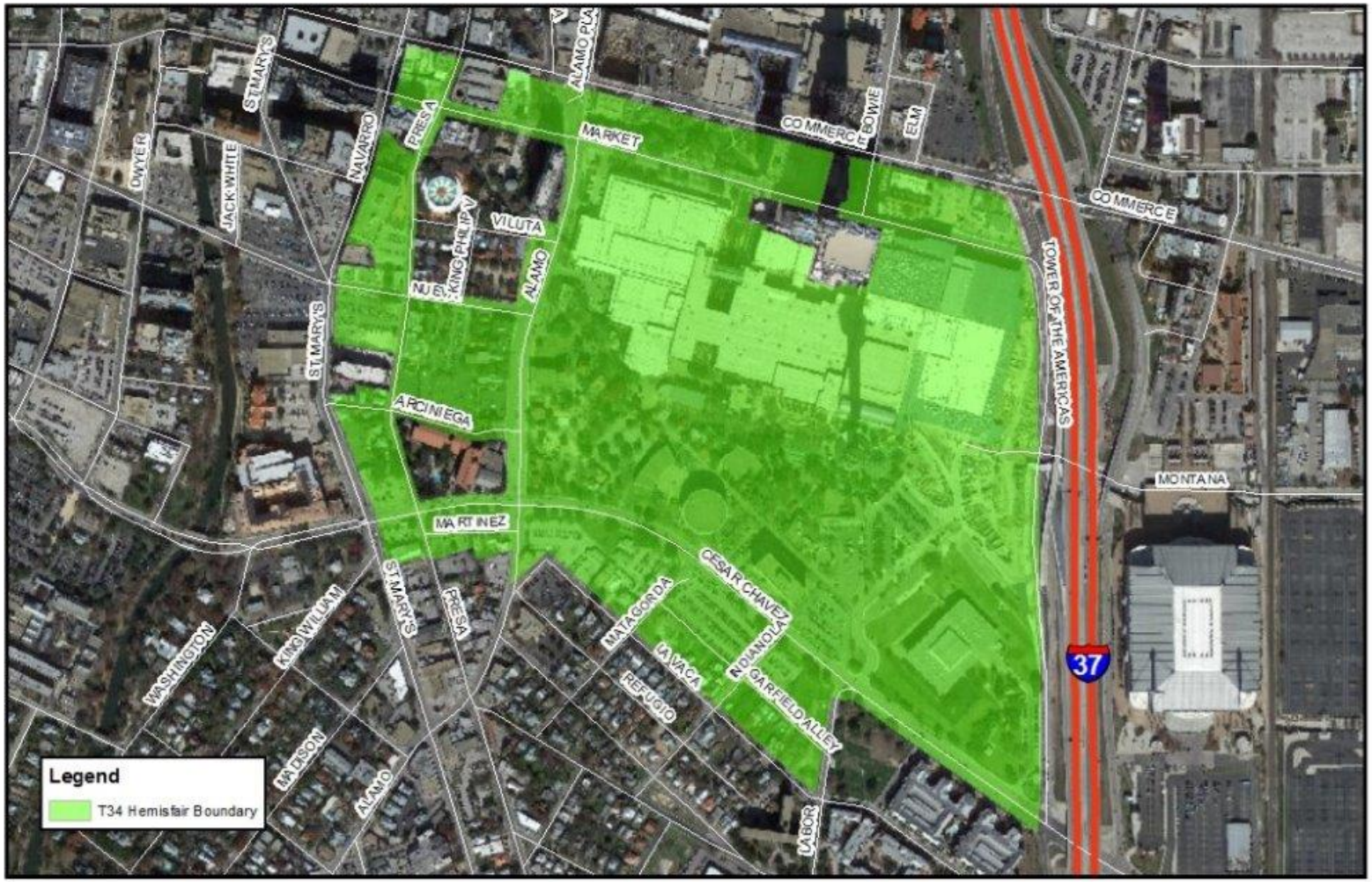
Hemisfair TIRZ #34
and
Central Business District

CITY OF SAN ANTONIO
DEPARTMENT OF PLANNING
& COMMUNITY DEVELOPMENT

Exhibit
“B”



Proposed Hemisfair
TIRZ #34

N W E S

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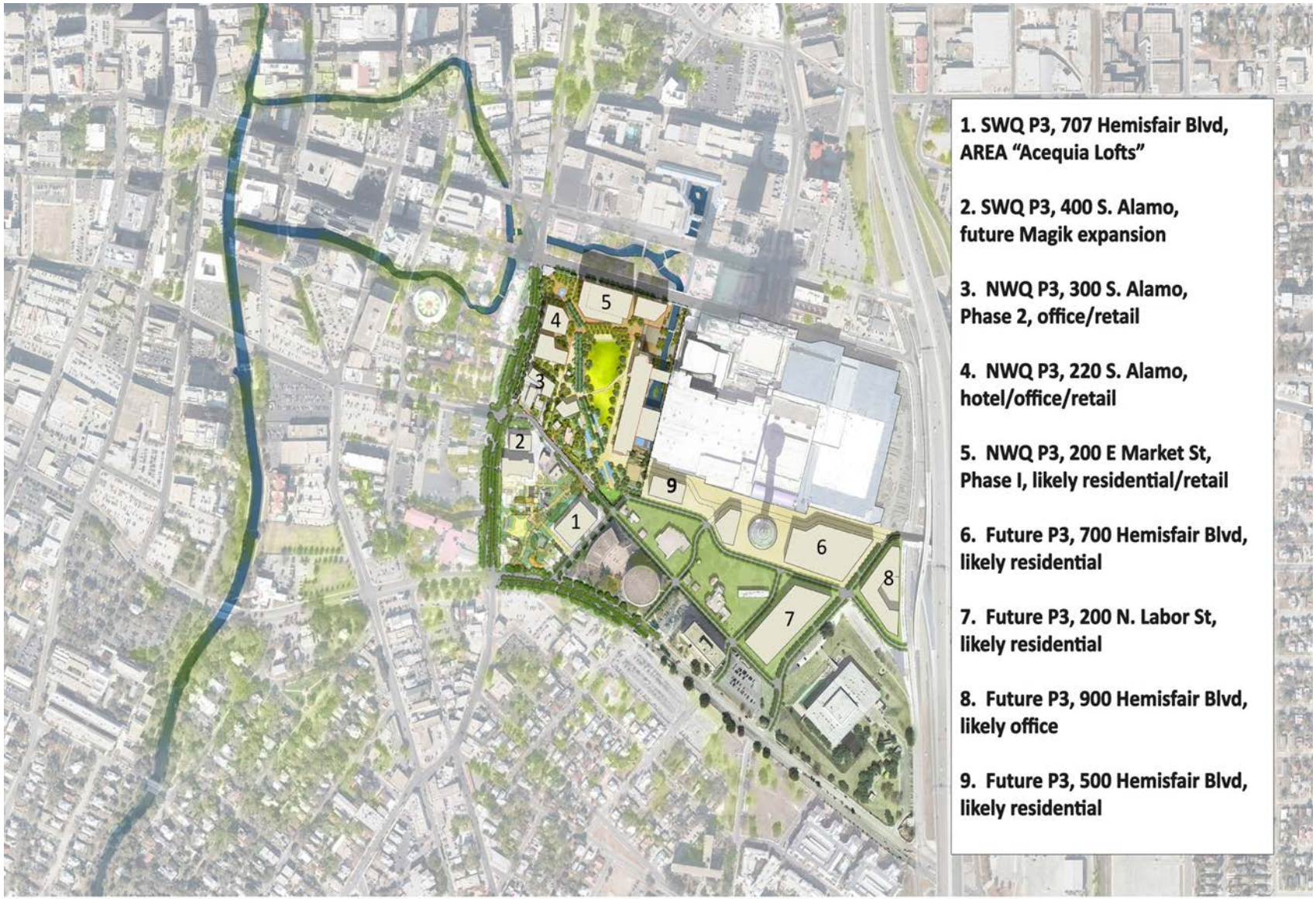
CITY OF SAN ANTONIO
DEPARTMENT OF PLANNING
& COMMUNITY DEVELOPMENT

Exhibit
“C”



1. SWQ P3, 707 Hemisfair Blvd, AREA "Acequia Lofts"

2. SWQ P3, 400 S. Alamo, future Magik expansion

3. NWQ P3, 300 S. Alamo, Phase 2, office/retail

4. NWQ P3, 220 S. Alamo, hotel/office/retail

5. NWQ P3, 200 E Market St, Phase I, likely residential/retail

6. Future P3, 700 Hemisfair Blvd, likely residential

7. Future P3, 200 N. Labor St, likely residential

8. Future P3, 900 Hemisfair Blvd, likely office

9. Future P3, 500 Hemisfair Blvd, likely residential

plan prepared by GUSTAFSON GUTHRIE NICHOL

HEMISFAIR DISTRICT

N 0 80 320 640 960 feet