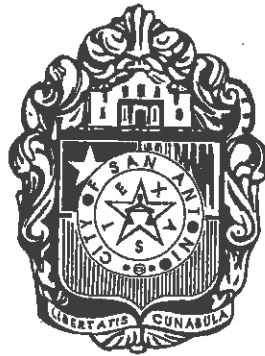


FINAL PROJECT PLAN FOR
“PLAZA FORTUNA”

REINVESTMENT ZONE NUMBER TWELVE
CITY OF SAN ANTONIO, TEXAS



Prepared by:
City of San Antonio

September 1, 2005

Exhibit "A"

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I. EXECUTIVE SUMMARY

The City of San Antonio's Tax Increment Reinvestment Zone No. Twelve ("TIRZ" or "Zone") created on December 13, 2001 through ordinance 95054, will help facilitate the development of an approximately 9.82-acres of land, of which contains approximately 76 affordable single-family homes with estimated sales prices ranging from \$69,000 to \$85,600. The residential homes developed range approximately in size from 896 to 1,232 square feet; the residential subdivision is known as Plaza Fortuna

The proposed Plaza Fortuna development is located inside Loop 410 in the western portion of the city within City Council District 7. The developer of the property is HLH Development LP and is requesting the City of San Antonio, Bexar County, and Alamo Community College District, to participate in the TIF.

The proposed public infrastructure improvements for this project include: site work, street & approaches, drainage, sewer, water, sidewalks, street lights, sewer impact fees, water impact fees, platting/zoning fees City Public Service utilities, and offsite sewer line to project. The costs for this project are as follows:

Project Cost	
Total Infrastructure	\$421,187
Financing Cost	\$281,285
Total Project Cost	\$702,472
Total Admin. Expenses	\$306,000
Grand Total	\$1,008,472

HLH Development LP has arranged the financing for this project through Plaza Bank of San Antonio, for all infrastructure and site improvements.

The Board of Directors for Plaza Fortuna Tax Increment Reinvestment Zone No. Twelve met on July 26, 2005, and approved the Final Project Plan and Final Financing Plans. The life of the Tax Increment Reinvestment Zone (TIRZ) is projected to be 23.81 years with the TIRZ being in existence through fiscal year 2025.

In summary, the proposed Plaza Fortuna TIRZ will enable the developer to construct 76 affordable single-family homes. Additionally, the TIRZ will enhance the quality of life for the residents of the neighborhood, and the City will gain a self-sustaining single-family neighborhood by virtue of its nature as an infill project that supports community revitalization in a neglected area.

II. PROJECT PLAN

A. Project Plan Objectives

The Plaza Fortuna Project Plan describes project goals and details, and demonstrates how the TIRZ project complies with the City of San Antonio's Master Plan, the Unified Development Code, TIF Guidelines, and other City codes, ordinances and policies.

SCRUB TEAM

An interdepartmental team has evaluated this application for project viability and feasibility. This team coordinated with the developer, neighborhood organizations, and the Neighborhood Action Department to gather and evaluate information, and ensure that the project meets City goals. The City departments that performed the analysis of the Plaza Fortuna project were: City Attorney's Office; Development Services, Environmental Services, Finance, Fire, Neighborhood Action, Office of Management & Budget, Parks & Recreation, Planning, and Public Works. These departments have submitted narratives describing the results of their analysis, the substance of which is included in this Project Plan, the Finance Plan, and the Development Agreement.

MASTER PLAN GOALS

The promotion of targeted infill housing in neighborhoods, particularly older neighborhoods located inside Loop 410 is highly encouraged by the Master Plan (Housing: Policy 4a).

In keeping with the Master Plan, the City has worked with developers in past projects to create design guidelines for appropriate infill. These design guidelines are developed to "complement the architectural design and character of the neighborhood" when designing new housing (Neighborhoods: Policy 4a). In the Plaza Fortuna project, the new homes are built to correspond with the exterior materials, average home sizes, garage options, and porch design of surrounding neighborhoods.

UNIFIED DEVELOPMENT CODE (UDC)

Project must meet all provisions of the UDC. To comply with the UDC, the project is reviewed and approved by all appropriate agencies at various stages, from initial master planning through platting, plan review, permitting and inspections.

TIF GUIDELINES

Since this project was designated on December 13, 2001, it must comply with the 2000 TIF Guidelines.

The City of San Antonio is dedicated to the revitalization of inner-city neighborhoods and commercial districts, particularly in those areas located inside Loop 410 and south of Highway 90, by using a tiered system of incentive tools, such as Tax Increment Financing (TIF). A TIF project should act as an economic stimulus to the surrounding areas. By leveraging private investment for residential and commercial development within a targeted area, TIF can be a tool used to assist in financing needed public improvements and enhancing infrastructure.

The City of San Antonio has adopted a position to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San

Antonio. The TIF provides a mechanism that promotes the city's housing goals by providing reimbursement to the developer for public improvements related to the construction of residential or commercial developments that meet delineated criteria as set forth in the application. It is hoped that utilization of a TIF would buy down costs for the developer encouraging development that might otherwise would not have happened given existing conditions.

Plaza Fortuna meets the TIF program goals by virtue of its location in Level 2, inside Loop 410; and by virtue of its nature as an infill project that supports community revitalization in a neglected area. The City will participate up to 100% for TIRZ that include residential development, business parks for targeted industries, office development, and retail/commercial development in Level 2. The Plaza Fortuna TIRZ, as a residential project, will provide the financing for infrastructure improvements needed to develop 76 single-family homes on the west side of San Antonio. The TIRZ funds will provide for a reduction in costs necessary to price homes in a range of \$69,000 - \$85,600 that reflects the demographics and income levels of the region.

TIRZ BOARD

TIRZ Board responsibilities are to provide direction to the TIF Unit on issues related to TIRZ project. Furthermore, a TIRZ Board must comply with City Code provisions for Boards and Commissions, relevant Resolutions and Ordinances, and Robert's Rules of Order.

B. Project Location

Plaza Fortuna TIRZ is located in the northwest quadrant of the city, about 5.4 miles west of downtown San Antonio and within close proximity to Loop 410. The TIRZ lies within City Council District 7 and within the boundaries of the Edgewood Independent School District. The TIRZ is roughly bounded by Maridel Street to the north; Hortencia Avenue to the east; Fortuna Street to the south; and the property lot line between Acme Road and Fortuna to the west.

The TIRZ is located in close proximity to four transportation arteries. Acme Road, to the west, and Southwest 35th Street, to the east, are both identified as Second Arterial Type-A roadways and Culebra Road, located to the north, and Commerce Street, located to the east, are identified as a Secondary Arterial Type-A roadways in the Major Transportation Thoroughfare Plan. The TIRZ also is located within close proximity to Loop 410. The proposed project does not conflict with the Major Thoroughfare Plan.

The location of the zone is shown in Exhibit A: Vicinity/School Districts Map. The boundaries of the zone are shown in Exhibit B: Boundary/Floodplain Map.

EMERGENCY SERVICE PROVISION

The San Antonio Fire Department has, through its planning efforts, attempted to maintain a satisfactory level of emergency response across the entire city. The goal is to locate facilities so as to position the first arriving pumper truck within 4.25 minutes travel time to 90% of all city blocks. Travel time is defined as the time from when the fire unit leaves the station until its arrival at the scene. The station location criterion also identifies areas throughout the city that fall into Extended Response Areas (ERA's). Utilizing this criterion, the Department has established the following summary for the Plaza Fortuna project.

The Plaza Fortuna TIF Project is located in an area that is currently served by the San Antonio Fire Department with existing resources. The San Antonio Fire Department has the current capability to cover 100% of the Plaza Fortuna TIF Project within the 4.25-minute time criteria with the existing resources.

The first due in Fire Company is from Fire Station #26, located at 4140 Culebra Road. This fire station houses a pumper truck and a fire district chief.

C. Land Use and Existing Conditions

SURROUNDING LAND USE

The land uses surrounding the TIRZ are primarily residential and vacant land. The Alameda Gardens and Mission Heights Subdivision both consist of small residential homes. The existing land uses of the zone are shown in Exhibit C: Existing Land Use Map.

- North, west and south: Alameda Gardens Subdivision surrounds the TIRZ
- North and west: Large portions are left undeveloped
- East: Mission Heights subdivision

CURRENT ECONOMIC CONDITIONS

The TIRZ is located in Census Tract 1714. The population in this Census tract grew from 6155 in 1990 to 7046 in 2000. The percentage increased during this time period was 14%, while the city as a whole grew by 22% (from 935,933 to 1,144,646). The tract's slower growth rate compared to the city provides partial evidence of need for public assistance.

LAND AND IMPROVEMENT VALUES

The median housing value in Census tract 1714 has increased from a 1990 value of \$37,200 to a 2000 value of \$44,600. By comparison, the City of San Antonio in the same time period experienced a growth in median housing value from \$49,700 to \$67,500. The median housing value in the project's census tract has grown more slowly than the city as a whole.

According to the 2000 Census, about 66 percent of the housing in the census tract was owner-occupied compared to 58 percent for the city as a whole.

CURRENT ZONING

On February 4, 2002, the TIRZ zone was classified R-4 (Residential Single-Family) with the implementation of the zoning rollover of the San Antonio Unified Development Code.

ENVIRONMENTAL CONDITIONS

As part of the application process, the developer provided a Phase I Environmental Site Assessment (ESA) for the project site. The developer is responsible for addressing, to the Environmental Services Department's (ESD) satisfaction, recognized environmental conditions associated with the site.

Seda Consulting Engineers, Inc. (SEDA), submitted a Phase I ESA to the Environmental Services Department that evaluated the report and provided comments to the

Neighborhood Action. Although the consultant identified no recognized environmental conditions associated with the subject site, the ESD identified one potential environmental concern not noted in the report. Based on the review, the ESD noted the following concern:

- A former landfill site was identified in close proximity to the subject site, but not identified in the Phase I ESA.

In October 2001, the ESD notified SEDA of this environmental concern. SEDA was aware of this concern and indicated that no waste was encountered during their construction activities. Documentation confirming this conversation and their findings was provided by SEDA October 2001.

Based on the review of the Phase I ESA and supplemental information, the subject site is of a low environmental concern. No further environmental action is warranted for the subject site at this time. The TIRZ is not located within the 100 year FEMA floodplain (see Exhibit C: Boundary/Floodplain Map).

D. Project Details

The project site consists of 9.82-acres. The project proposed 76 single-family homes. The constructions of 66 single-family homes have been completed over 4 years from 2001 to 2004, with the remaining 10 lots beginning construction. The average sales price of the homes is \$76,700 and the average size is 1,120 square feet.

The Project Plan and the Financing Plan will allow the developer to request reimbursement for site work, street & approaches, drainage, sewer, water, sidewalks, street lights, sewer impact fees, water impact fees, platting/zoning fees City Public Service utilities, and offsite sewer line to project for the single-family development. City staff has reviewed the infrastructure costs provided by the developer and are in agreement with the cost.

APPLICANT/DEVELOPER

HLH Development is the applicant and developer for this TIRZ. The contact for HLH Development, who has been developing in San Antonio since 1995, is Harry Hausman. The Developer is to provide accurate quarterly reports (project status reports) to TIF Unit (due the 15th of October, January, April and July or the first business day thereafter) that includes, but are not limited to: copies of publicly bid documents for public improvements, detailed invoices related to project costs, disclosure of any relevant changes in project, ownership, financial stability, or any anticipated assignment.

NEIGHBORHOOD ASSOCIATIONS AND ORGANIZATIONS

As part of project development, the Loma Terrace Neighborhood Association has been kept abreast of the project's progress. The need for community involvement in the development of infill projects is stressed in the City's Master Plan (Urban Design: Policy 1d). The project developer will continue to provide for community involvement in the development of the project.

MASTER SITE PLAN

The site plan indicates a grid street pattern. This pattern is supported by the Master Plan, which encourages "street patterns that promote multiple pedestrian and vehicular access and do not contribute to collector street congestion" (Urban Design: Policy 1c). See Exhibit D/Master Site Plan.

RELOCATION

The Plan does not call for the relocation or displacement of residents.

STORM WATER

According to staff review, the development shall not cause any adverse flooding impacts within adjacent properties.

OPERATING FISCAL IMPACT

A cost-benefit analysis relevant to the City of San Antonio must be completed prior to any action on a reinvestment zone requested to support proposed redevelopment projects. The City conducts the analysis in a manner reflective of the current incremental cost-benefit analysis being used by the City in the annexation process. The City may choose not to approve the designation of a project or area as a reinvestment zone for the purpose of TIF for which the analysis shows that the costs exceed the benefits.

In order to prevent the dilution of City services, residential TIF's will require additional City resources. The cost-benefit analysis assumes revenues such as: base property tax, CPS revenue, SAWS revenue, permit revenue, plan review fee revenue, telecommunication fee per line and sales tax, cable franchise fee and sales tax, EMS revenue and residential alarm permit fees. City service costs in the analysis include: development services, police, EMS, street maintenance, code compliance, traffic operations, animal control, vector control, elections and tax collection. Other municipal services, such as Fire and Parks and Recreation, are addressed based on the specific location and details of the proposed development.

The cost-benefit analysis of the proposed Plaza Fortuna TIF assumes the construction of 76 single-family homes, with an estimated sales prices ranging from \$69,000 to \$85,600, within a 23.81-year life of the TIF. The net cost to the City for the Plaza Fortuna TIF through the term is projected to be \$608,203.

IV. ECONOMIC FEASIBILITY

Important to the success of this particular residential development is its ability to capture a share of the local and regional growth as well as effectively compete with comparable product on a number of attributes. Reviewing the components of a project's economic feasibility includes trends that effect short and long term demand for this product. Economic and market factors reviewed include demographic and housing data, including existing housing conditions, sales, and new construction as well as population mobility. The scope of the analysis includes an analysis of these factors for the market area against the larger community. Data provided has been aggregated the census tract, sub market, and citywide level.

A housing market study for San Antonio was conducted in 1995 and issued by the U.S. Department of Housing and Urban Development and the U.S. Department of Commerce entitled, American Housing Survey for the San Antonio Metropolitan Area. The study presents a collection of information that profiles the housing conditions for the City. According to the study, the median housing value for owner occupied units is approx. \$62,577. Median unit size is 1,593 sq. ft. with six (6) rooms: three (3) bedrooms/ two (2) baths. Monthly housing costs, including all mortgages plus maintenance costs, are estimated to be \$502, roughly 20% of current household income.

The City of San Antonio has adopted a position to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San Antonio. The TIF provides a mechanism that promotes the city's housing goals by providing reimbursement to the developer for public improvements related to the construction of residential or commercial developments that meet delineated criteria as set forth in the application. It is hoped that utilization of a TIF would buy down costs for the developer encouraging development that might otherwise would not have happened given existing conditions.

The Plaza Fortuna Tax Increment Reinvestment Zone (TIRZ) proposed development will take place on the west side of San Antonio, inside Loop 410 and just east of West Commerce encompassing roughly a 9.82-acre tract of land, where the developer will build an estimated total of 76 single-family units. The estimated sales price per home is \$69,000 to \$85,600 contingent on implementation of the TIRZ.

The area surrounding the development is primarily developed into single- family homes. There are some pockets of vacant developed lots, however, the ownership is scattered and it would be difficult to assemble them into a package of lots for a builder. There are also scattered 5-15 acre sites throughout the area. Two other Tax Increment Zones have been developed in the area; Rosedale in 1998 with 68 single-family homes and New Horizons with 63 single-family homes. Habitat for Humanity has a 10-acre parcel immediately to the east of the development that they intend to develop at some point in the future.

It is the expectation of the developer to provide long-term improvements to the area via the provision of quality affordable housing bringing to the community, increased property values, and an injection of new homeowners in the area. Secondary benefits are expected from the addition of approximately 145 new students for the Edgewood ISD, which has been steadily losing students over the past decade. It is expected that the creation of jobs

within the area could also provide environmental benefits through the reduction of airborne pollution including ozone by reducing the commute to and from work. Proposed improvements include infrastructure improvements for water and sewer lines, streets and drainage, sidewalks, street signs and street lights if needed.

MARKET AREA PROFILE

Population

	1990	2000	2007
TIRZ	3,390	3,540	3,557
City	935,933	1,144,646	1,510,127*

Change in Population Percentages

	1990-2000	2001-2007
TIRZ	4.42%	.48%
City	22%	245%*

Age

	1990	2001
0-17 yrs	29%	28%
18 - 64 yrs	53%	56%
65+ yrs	18%	11%
Median Age	32.7yrs	32.91 yrs

Educational Attainment

	TIRZ	City
Less than 12 th grade	56%	31%
H.S. Graduate	25%	24%
Some College	14%	27%
Bachelor Degree	1.7%	12%
Graduate + Degree	.42%	6%

Median Household Income

	TIRZ	City
2002	\$25,141	\$46,200

The city of San Antonio has been experiencing consistent growth in population of the past 30 years as well as a significant increase since 1980, and further, is projected to increase by another 10% by the year 2004.

The area for the proposed Plaza Fortuna development has experienced only a slight increase in population over the last ten years, in part due to lack of available housing product. Recent investment in this area could promote an increase in population.

Figures indicate that more than half of the population is eligible members of an active workforce with income earning potential between the ages of 18 and 64 years of age. The table also indicates an increasing number of persons under the age of 17 years with than 18% of the population age 65 years or older.

The area surrounding the proposed development has a population where greater than half of all adults have achieved at least some secondary education.

Educational attainment is considered a direct factor in determining subsequent income potential. This is evidenced in the median household income for this area in 2002 being at \$25,141, which is well below the median income for the city of San Antonio for that same year.

As a percent of average household income, 20% is typical dedicated to mortgages and related expenses. This would result in the average homebuyer in this area being able to afford \$419 a month to be dedicated to housing.

The number of families in the TIRZ area is approximately 1,007 with an average household size of 3.51. Of the 1,007 families in the market area 52.76% are married couples, which is slightly higher than the city's overall percentage at 51%

Current Housing Stock

The average age of the housing stock in the area is approximately 46 years old and valued at \$53,659. These figures reflect median values for owner occupied units. The combined rental and vacant units comprise 25.39% of the area's housing.

YTD Sales Closed for Market Area

	Median Sales Price	Sales Price per sq ft	New Listings	Active Listings	Pending Sales	Days on Market
2003	\$ 56,880	\$49.22	7	8	1	55
2004 YTD	\$ 70,333	\$56.78	3	3	0	62

According to resale activity obtained from the San Antonio Board of Realtors, sales for 2004 year through March, records 22 sales with an average sales price of \$70,333. Active listings as well as sales price per square foot have increased dramatically. Sales per square foot have increased from \$49.22 to \$56.78. These figures reflect sales of existing housing stock. Figures indicate that there is an increasing demand for housing product in this location and price range as evidenced by the days on market and the increase in sales prices.

The Plaza Fortuna subdivision will provide home prices estimated range of \$69,000 to \$85,600, which would deviate slightly from current market activity promoting the development of mixed income housing.

Mobility

Within the TIRZ and census tract 57% of the persons have resided in their homes for over 5 years. The 1995 American Housing Survey of the San Antonio Metropolitan Area cites the following as primary reasons for relocation and choice of residence.

Reasons for Leaving Previous Residence

	% of Total Surveyed
New job or job transfer	19%
To establish own household	15%
Needed larger house	13%
Other, family/person related	10%
Wanted better home	10%
Change from renter to owner	7%
Other	33%

The primary reason for change of residence listed is job opportunity followed closely by the desire to establish own household. The remaining considerations can be related to improvements in personal finances and good general economic conditions.

Choice of Present Neighborhood

	TTL Surveyed
Convenient to job	25%
Convenient to friends/relatives	20%
Looks/design of neighborhood	19%
House was most important decision	18%
Good schools	10%
Convenient to leisure activities	4%
Convenient to public transportation	3%
Other	1%

Respondents surveyed indicated the primary reason for selecting a particular neighborhood for their current resident is convenience to job. This is followed closely by proximity to support groups defined as friends and relatives. Quality of schools did not rank in the top 3 reasons. Convenience to leisure activities and public transportation was considered less important.

This area is highly mobilized and active in matters concerning the community. There is abundant access to public transportation in the area. The following schools, Loma Park and Johnson Elementary serve the area while residents have access to two very large city parks, Clarissa Alderete Park and Monterrey Park. City Services in the area include Mirasol Clinic, and the Melendrez Center - Youth Services Division.

V. Plaza Fortuna TIRZ Board Members

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Two additional County appointments
remain to be made.

VI. Exhibits

- A. Vicinity/School Districts Map
- B. Boundary/Flood Plain Map
- C. Existing Land Use Map/Master Site Plan

PLAZA FORTUNA
TAX INCREMENT REINVESTMENT ZONE



EXHIBIT A
VICINITY/SCHOOL DISTRICT MAP

LEGEND



Project Site
School Districts



SCALE: 1" = 600'

PLAZA FORTUNA TAX INCREMENT REINVESTMENT ZONE

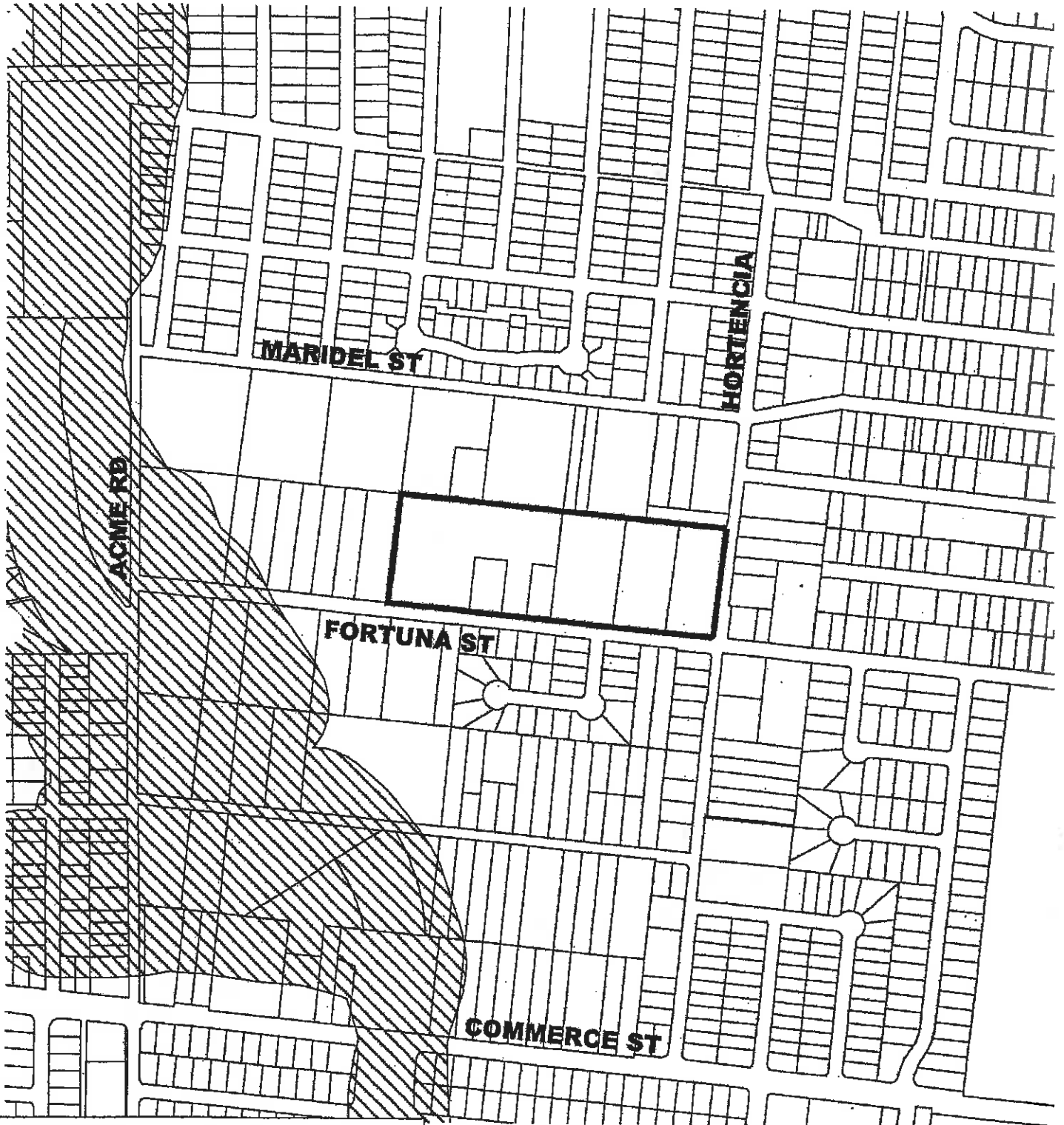


EXHIBIT B BOUNDARY/FLOODPLAIN

LEGEND

-  Project Site
-  Flood Plain
-  Military Bases
-  SA LIMITS LINE









SCALE: 1" = 1000'

PLAZA FORTUNA TAX INCREMENT REINVESTMENT ZONE



EXHIBIT C EXISTING LANDUSE

LEGEND

	Fortuna.shp		Commercial
	Single Family Res.		Vacant
	MIB-Family Res.		Tax Exempt



SCALE: 1" = 600'