

1. SUMMARY

A. Reinvestment: Policy Statement

It is the 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 walkable urban communities that are the building blocks of a sustainable region. To accomplish the objectives of the Inner City Reinvestment / Infill Policy, the entire range of public incentives is made available under this policy, including regulatory, procedural, and financing incentives.

B. Public Benefits

The benefits of a successful Inner City Reinvestment / Infill Policy accrue not only to targeted neighborhoods, but to the City as a whole. In addition to placing vacant properties back into productive activity, reinvestment reduces development pressure on sensitive agricultural and environmental land on the periphery of the City of San Antonio, and reduces the need to build new infrastructure by making more efficient use of existing infrastructure.

C. Policy Goals

The goals of the Inner City Reinvestment / Infill Policy are:

1. Increase new development (housing and commercial) on vacant lots
2. Increase redevelopment of underused buildings and sites
3. Increase rehabilitation, upgrade, adaptive reuse of existing buildings
4. Improve maintenance of existing buildings and sites
5. Increase business recruitment and assistance

D. Strategic Principles

Implementation of the Inner City Reinvestment / Infill Policy should be built around five key principles.

1. Comprehensive Reinvestment
2. Coordination: Reinvestment is a Public Private Partnership
3. Concentrate Efforts: Targeted Areas
4. Address the Challenges to Reinvestment
5. Establish Sustainable Design and Development Standards

E. Implementation

A strategy has been developed to coordinate incentives within targeted areas. The core Inner City Reinvestment / Infill Policy Target Area follows an expanded version of the CRAG boundaries, and includes Reinvestment Plan Areas and City-initiated Tax Increment Reinvestment Zones designated within Loop 410.

2. BACKGROUND

A. History

The Inner City Reinvestment / Infill Policy is the product of mutually supportive ideas and initiatives. One of the catalysts was a 2008 City Council request to investigate the feasibility of establishing a Land Bank. The subsequent research into the Urban Land Bank Demonstration Program, as implemented by Dallas, led to discussions about additional steps that could be taken to support the goals of the Demonstration Program. At the same time, the progress being made by various public sector initiatives and private market trends suggested that a comprehensive policy would benefit the City of San Antonio.

The key public sector initiative to frame and guide the Inner City Reinvestment / Infill Policy is the Strategic Plan for Community Development. The Strategic Plan was adopted by City Council in September of 2008, and subsequently a Community Development Advisory Committee was formed to explore and recommend community development policies that would benefit San Antonio. One of those recommendations was to move forward Strategic Plan ideas about infill and targeted reinvestment through the creation of a policy that would prioritize public and private sector investments in the core of the City.

Other public sector initiatives support this approach, including:

- COSA Master Plan Policies
- Fort Sam Houston Growth Management Implementation Plan
- Consolidated Plan
- Strategic Plan for Historic Preservation
- MPO Transportation Policy Board Preferred Growth Scenario
- VIA Comprehensive Transportation Plan

In addition, related program-level initiatives currently in development support the Inner City Reinvestment / Infill Policy. For instance, the City of San Antonio Community & Economic Development GIS Mapping Application had been initiated November 2007 with the goal of creating an online searchable website of city-owned properties to be listed for sale. The initial version went live January 2009 while various City departments continued to consolidate their databases to help manage real estate activities and maintain the mapping application up to date.

Additionally, the San Antonio Development Agency's Real Property Disposition Plan was adopted by SADA Board July 15, 2008, for the purpose of prioritizing the disposition of SADA-owned properties. This plan located approximately 70 properties to be disposed for development of affordable housing or at market-rate, and 24 properties to be sold as surplus property.

B. The Public Benefits of Reinvestment

Current market trends support a renewed interest in the heart of San Antonio, as illustrated by studies conducted for San Antonio such as the Downtown Housing Study, Real Estate Market Value Analysis, and the Housing + Transportation Affordability Index. In particular, the Real Estate Market Value Analysis shows that a substantial portion of San Antonio's core has very high rates of vacant properties – properties that could be put to use to support increasing demand for near-downtown housing, jobs, and services.

The benefits of a successful Inner City Reinvestment / Infill Policy accrue not only to targeted neighborhoods, but to the City as a whole. In addition to placing vacant properties back into productive activity, the Inner City Reinvestment / Infill Policy creates the following public benefits:

- Reduced development pressure on sensitive agricultural and environmental land on the periphery of the City of San Antonio
- More efficient use of existing infrastructure, reducing the need to build new infrastructure
- Development patterns that promote a more livable San Antonio
- Provision of increased affordable housing and workforce housing options
- Infill development that is pedestrian-scale, compatible with neighborhoods
- Economic development in historic commercial corridors (new residents = new shoppers)
- Design standards that reflect local neighborhood character
- Creates additional housing options within the San Antonio area, including additional locations, types and densities
- Provides flexibility in lot size, configuration, and access
- Provides clear development standards that promote compatibility between new and existing development and promote certainty in the marketplace
- Encourages development of housing in proximity to jobs and transit
- Promotes walking as a safe mode of travel, which can help address issues of obesity and diabetes
- Promotes neighborhood preservation and enhancement through redevelopment of blighted distressed, and underutilized properties;
- Encourages development and preservation of affordable housing through infill development.

3. POLICY GOALS

The Strategic Plan for Community Development encourages programs and initiatives to incorporate a systematic way to measure progress over time. The Inner City Reinvestment / Infill Policy is committed to identifying measurable goals, establishing benchmarks to measure progress toward those goals, and reporting such results to the public on a regular basis. The Real Estate Market Value Analysis (MVA) is a particularly useful tool in this regard, since it establishes snapshots of market conditions that can be compared over time to gauge where progress is being made, and where new strategies need to be attempted.

The goals of the Inner City Reinvestment / Infill Policy are:

1. Increase new development (housing and commercial) on vacant lots
2. Increase redevelopment of underused buildings and sites
3. Increase rehabilitation, upgrade, adaptive reuse of existing buildings
4. Improve maintenance of existing buildings and sites
5. Increase business recruitment and assistance
6. Reduce number of vehicle miles traveled by San Antonians

The Inner City Reinvestment / Infill Policy Task Force will propose quantifiable benchmarks based on Inner City Reinvestment / Infill Policy goals. These measures could include figures for the following:

- Reduction of number of vacant and abandoned lots
- Reduction of time lots remain vacant or abandoned
- Increase in number of mixed-income units produced
- Increase in square footage of mixed-use development produced
- Reduction in code compliance complaints
- Reduction in number of block groups generally categorized as distressed by the MVA
- Increase in number of block groups generally categorized as active markets by the MVA
- Increase in number of Target Area residents (e.g. 20,000 new residents by 2015)
- Increase in number of Target Area jobs
- Reduction in VMT

4. STRATEGIC PRINCIPLES

Any strategy developed to implement the Inner City Reinvestment / Infill Policy should be based on five key principles.

1. Comprehensive Reinvestment
2. Coordination: Reinvestment is a Public Private Partnership
3. Concentrate Efforts: Targeted Areas
4. Address the Challenges to Reinvestment
5. Establish Sustainable Design and Development Standards

A. Comprehensive Reinvestment

The intent of the Inner City Reinvestment / Infill Policy is to encourage comprehensive reinvestment in areas with existing infrastructure investments in order to achieve sustainable growth through efficient land use and cost-effective delivery of urban services. The Inner City Reinvestment / Infill Policy seeks to remove existing barriers to reinvestment, as well as establish appropriate development standards for new infill development. These development standards are based on long-held policy goals that support sustainable mixed-use, mixed-income, and multi-modal neighborhoods that are better able to meet San Antonian's needs than car-dependent, segregated-use development.

The Inner City Reinvestment / Infill Policy includes all of the following elements:

1. New development (housing and commercial) on vacant lots in previously developed areas
2. Redevelopment of underused buildings and sites
3. Rehabilitation, upgrade, adaptive reuse of existing buildings
4. Improved maintenance of existing buildings and sites
5. Business recruitment and assistance

These elements have all been previously identified in adopted City policies, including the Master Plan Policies, the Consolidated Plan, and the Strategic Plan for Community Development.

The Inner City Reinvestment / Infill Policy takes a comprehensive approach to reinvestment, addressing residential and commercial development, existing and new residents and businesses, present and future. The Inner City Reinvestment / Infill Policy supports efforts that make infill development an attractive option for private sector developers. At the same time, the strategy encourages development that is provides benefits to potential and existing residents. Reinvestment should contribute to the functioning and the desirability of existing neighborhoods. The Inner City Reinvestment / Infill Policy is intended to stimulate reinvestment while also providing amenities and assistance to current residents and businesses.

The Inner City Reinvestment / Infill Policy acknowledges that the hurdles to infill development are varied in nature – and the appropriate incentives, to be effective, should be just as varied. Incentives should also be comprehensive in nature, and include “all the tools in the toolbox”, including zoning, infrastructure scheduling, parking incentives, and financing tools.

B. Coordination: Reinvestment is a Public Private Partnership

One of the key principles of the Inner City Reinvestment / Infill Policy is coordination and cooperation. Public officials, neighborhood organizations, non-profits, private developers and financial institutions will need to join forces for effective community revitalization to occur.

The Inner City Reinvestment / Infill Policy recognizes that **private-sector investment follows public-sector investment**: for private individuals and companies to invest in the core of San Antonio, the public sector must demonstrate a commitment to the area, by funding infrastructure repairs and upgrades, implementing new policies, and kick-starting area economies through catalytic projects (including area-wide rezoning). The Inner City Reinvestment / Infill Policy seeks to coordinate individual programs and projects to create these catalysts. Once reinvestment efforts create enough market confidence, the private market can successfully support thriving urban economies based on appropriate risk-taking, renovation, and redevelopment.

This principle ensures that public investment is **maximized** by encouraging a wide variety of private sector investors – including current residents and businesses. The wider the pool of stakeholders, the greater leverage the initial public investment can create.

In this spirit, the Inner City Reinvestment / Infill Policy is committed to research and resource-sharing to help public and private sector partners reach shared goals. Initiatives such as foreclosure reports, real estate information websites, and the proposed Vacant and Abandoned Property Registry make substantial public research freely available to community development stakeholders.

Enhanced coordination plays a critical role in urban revitalization by employing tools that directly influence the private market, reduce risk, and create market confidence. The Inner City Reinvestment / Infill Policy can facilitate new development that might not normally occur under existing market conditions by using those tools to help address these risk variables. A critical mass of public investment is necessary to engender private investor confidence.

C. Concentrate Efforts: Targeted Areas

Reinvestment is by its nature a targeted activity, and the Inner City Reinvestment / Infill Policy recognizes that to maximize the coordinated efforts mentioned above, a targeted geographical approach is required. The City’s Consolidated Plan states that:

“Central to the City's long-term and short-term community development objectives is a philosophy of focusing limited resources on concentrated and comprehensive revitalization of targeted neighborhoods. Rather than scattering resources to all distressed areas in the community, San Antonio has committed to concentrating community development resources to more specified geographic areas.”

The Inner City Reinvestment / Infill Policy identifies targeted areas by need and potential, using a market-value analysis. By finding “sweet spots” where a small amount of public investment can quickly trigger larger amounts of private reinvestment, public resources can be utilized to maximum effect.

The core targeted area of the Inner City Reinvestment / Infill Policy is the original 36 square miles of the city, also known as the CRAG area, with the addition of the Ft. Sam Houston Growth Management Plan and other BRAC-related areas, the Westside Development Corporation area, the Reinvestment Plan Areas, City-initiated TIRZ inside Loop 410, City South, and Neighborhood Commercial Revitalization Areas.

D. Address the Challenges to Reinvestment

The Inner City Reinvestment / Infill Policy seeks to address the barriers (real and perceived) which have prevented reinvestment in certain areas. Urban change and revitalization contain a myriad of risk variables that influence market forces and market confidence, including:

- Local demographics
- Existing housing types and prices
- Ability of the market to absorb new units
- Development costs
- Interest rates
- Whether the existing market has been tested to support similar product types and pricing

Through coordination and targeting, the Inner City Reinvestment / Infill Policy seeks to address these challenges in a systematic and strategic manner.

E. Establish Sustainable Design and Development Standards

The Inner City Reinvestment / Infill Policy recognizes that urban form is a critical reinvestment variable. The physical design of buildings, streets, and parks either expand or limit options available to residents, workers, and visitors.

Pro-active standards for new infill development ensure long-term affordability, maximize the efficient use of existing infrastructure, and increase mobility and accessibility options to all San Antonians, regardless of their choice of travel: car, transit, bicycle, wheelchair, or walking. These standards are based on long-held

policy goals of sustainable mixed-use, mixed-income, and multi-modal neighborhoods that are better able to meet San Antonians' needs.

Reinvestment should support (1) compact development in urban centers rather than spread out development, (2) a balanced mix of mutually-supportive land uses to facilitate walking and transit, and (3) increased densities in transit corridors to better support frequent transit service.

Affordability is a key element of the sustainability discussion, particularly the role that transportation options play in figuring long-term household costs. The recently completed Housing + Transportation Affordability Index for San Antonio highlights the close linkage between transportation and Community Development.

One finding is that travel is a critical – and often overlooked – household expense. Housing costs **plus** transportation costs provide a more complete assessment of affordability than housing costs alone.

Another finding is that transportation costs are driven more by neighborhood characteristics than by the number of people in a household or their income. Places with access to services, walkable destinations, extensive and frequent transit, access to jobs, and density have lower household transportation costs.

In order to maintain an overall long-term level of affordability, the Inner City Reinvestment / Infill Policy prioritizes the creation of neighborhoods that provide housing **and** transportation affordability. Such neighborhoods are characterized by diverse land uses and walkability, which depends on a transportation infrastructure that provides a variety of ways to get around, serving pedestrians and transit-riders as well as drivers.

5. IMPLEMENTATION

The Inner City Reinvestment / Infill Policy implementation strategy is to promote reinvestment in targeted areas using coordinated incentives.

A. Targeted Areas

In order to make the best use of limited public resources, targeted areas are identified where reinvestment incentives can be coordinated to provide maximum leverage.

i. Inner City Reinvestment / Infill Policy Target Area

This area is defined by the boundaries of established initiatives: the Community Revitalization Action Group (CRAG) area, the Ft. Sam Houston Growth Management Plan and other BRAC-related initiatives, the Westside Development Corporation, the Reinvestment Plan Areas, City-initiated TIRZ inside Loop 410, City South, and Neighborhood Commercial Revitalization Areas. Incentives are broadly available within these boundaries.

ii. Real Estate Market Value Analysis (MVA)

The MVA allows incentives to be fine tuned within the core Inner City Reinvestment / Infill Policy Target Area. The MVA identifies discrete housing market types in San Antonio. The characteristics of those market types provide insight into what type of public initiative will yield the most private reinvestment. For instance, when developing a disposition strategy for the Land Bank or for Reinvestment Plans, the MVA can indicate which areas will require property to be sold at an “incentive” price, and which other areas can support higher “market value” disposition prices. The MVA also indicates where there is a greater need for affordable housing, workforce housing, or market-rate housing. Finally, areas with active markets are readily identified, so that significant assistance can instead be directed elsewhere. The current MVA is included in the Appendices.

B. Coordinated Incentives

This policy establishes the Inner City Reinvestment / Infill Policy Target Area as the highest priority for incentives. Specifically, the following actions are endorsed:

1. No City fees
2. Targeted City Incentives
3. Interdepartmental Oversight & Single Point of Contact
4. Land Bank

i. No City fees

No City fees are assessed within the Inner City Reinvestment / Infill Policy Target Area.

ii. Targeted City Incentives

All City incentive programs prioritize the Inner City Reinvestment / Infill Policy Target Area, including:

- a. *Tax Abatements.* The highest rate of Tax Abatements is limited solely to projects located within the inner city target area (10 years at 100%). A second tier is defined out to Loop 410, where projects are eligible for up to 10 years at 75%. A third tier, the remainder of the City, is eligible for up to 6 years at 50%.
- b. *CDBG / HOME.* A tiered system similar to the Tax Abatement structure is proposed that would allocate the majority of CDBG/HOME funding within the inner city target area.
- c. *Weatherization.* CPS and the City are collaborating on a weatherization program that prioritizes program delivery within the inner city target area, specifically within the Reinvestment Plan Areas.

iii. Interdepartmental Oversight & Single Point of Contact

Projects in the inner city target area receive special staff attention. To facilitate project development and permitting, a single point of contact is designated through the Center City Development Office. Projects also benefit from dedicated staff from multiple departments specifically trained in the challenges associated with inner city development. An executive-level Reinvestment Task Force provides oversight and policy guidance.

iv. Land Bank

The creation of a Land Bank in San Antonio would allow for the identification, acquisition, management, and disposition of real property in support of the Strategic Plan for Community Development and the Inner City Reinvestment / Infill Policy, including:

- a. Stimulate commercial, residential, and mixed-use development within the Inner City Reinvestment / Infill Policy Target Area
- b. Facilitate the provision of affordable housing and market-rate housing in Reinvestment Plan Areas and/or according to market value analysis
- c. Facilitate the disposal of City owned properties
- d. Reduce the total number of Abandoned/Vacant properties in San Antonio
- e. Establish a Community Land Trust model for San Antonio
- f. Provide acquisition support to implement Reinvestment Plans
- g. Create site marketing tools, such as a site selection website with incentive overlays, demographic and business distance radius analysis, and demographic and business drive-time analysis

C. Qualifications

The following project types are not eligible for incentives:

- Projects over the Recharge or Contributing Zones
- 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.
- Hotels and Motels
- Entertainment facilities, specifically theme park and destination resorts, as defined in the Unified Development Code
- Projects built by and funded with state or federal appropriations on federal or state land, including projects on military installations.
- Construction of any sectarian or religious facility.
- 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 in section under qualifications 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.

6. INNER CITY REINVESTMENT / INFILL POLICY TARGET AREA MAP

