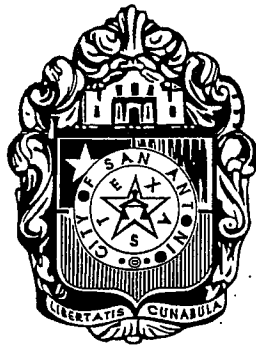


**FINAL PROJECT PLAN
AND REINVESTMENT ZONE FINANCING PLAN
FOR**

**REINVESTMENT ZONE NUMBER 4
CITY OF SAN ANTONIO, TEXAS**

“HIGHLAND HEIGHTS”



**Prepared by:
City of San Antonio**

**Approved August 26, 1999
Amendmed August 17, 2006**

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I. EXECUTIVE SUMMARY

The City of San Antonio Tax Increment Reinvestment Zone Number Four ("TIRZ" or "Zone"); known as the Highland Heights project, was designated on December 17, 1998 to facilitate the development of 253 affordable and market rate single family homes on approximately 137 acres. The development originally proposed for houses to range in price from \$80,000 - \$120,000 and in size from 1,200 to over 2,700 square feet with minimum lot sizes of 60 by 115 feet. The original plan also called for the development of a park. The amended plan proposes the construction of 253 affordable and market rate single family homes where homes will have an average sales price of \$89,000 and will range in size from 1,100 to over 2,700 square feet with lots having a minimum street frontage of 50 feet and a minimum depth of 120 feet (6,000 square foot minimum per lot). In addition the amended plan proposes that the developer will work with Bexar Land Trust to facilitate the use of open space on approximately 70 acres.

The Highland Heights development is located in the Southeast sector of San Antonio. The property is along the Salado Creek watershed adjacent to Alsbrook Drive and S.E. Military Drive. Other facilities near the Highland Heights development are the the Republic Golf Course and Southeast Baptist Hospital. The developer of the property is Highland Heights SA, LLC, a subsidiary of El Arco, Inc.

The proposed cost of the public improvements for Highland Heights is estimated at \$3,757,892 which includes an interest cost of 4.32%. The proposed cost for administrative expenses is \$320,000, for a grand total of \$4,077,892. The proposed public improvements for this project include: site work, stormwater pollution prevention, streets, drainage, water, sewer, sewer lift station, CPS electric, street lights/signs, platting fees, drainage fees, park maintenance, right of way landscaping, engineering/surveying fees, contingency, construction management, geo technical and phase one fees, and formation expenses. Financing for this project has been arranged through Franklin Bank, S.S.B. by Highland Heights SA, LLC for all infrastructure and site improvements.

Participation from the City of San Antonio, Bexar County, and University Health System is being requested. The Board of Directors met on August 24, 1999 and approved the Final Project and Finance Plans. On July 14, 2006 the TIRZ Board met and approved amendments to the Final Project and Finance Plans.

In summary, the proposed Highland Heights TIRZ will enable the developer to provide 253 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 in the spirit of the initiatives set by the Community Revitalization Action Group (CRAG).

II. PROJECT PLAN

A. Overview

It is projected that the Highland Heights TIRZ will provide the financing needed to develop a new subdivision on the Southeast Side of San Antonio. This development will help to increase area population, transform an existing neighborhood nuisance into a community asset, and broaden the range of housing available in the southeast area. Through the Community Revitalization Action Group (CRAG) process, the City has committed to identifying, developing and encouraging efforts to revitalize communities located inside Loop 410.

The Project Plan and the Financing Plan provide for the funding of public improvements associated with the proposed residential development. The houses in the zone will have an average sales price of \$89,000 and will range from 1,100 square feet to over 2,700 square feet. The developer is hoping to begin construction in the summer of 2006. The projected completion date for the proposed 253 homes is 2007.

Approximately 70 acres of the property within the zone is either in floodplain or extremely difficult to develop due to excessive grades. On these 70 acres, the developer plans to donate the property to the Bexar Land Trust. The donation will provide for the general use and enjoyment of the whole community. The planning and design of the adjacent uses must complement the public property, the public's use of the park, and the Bexar Land Trust's ability to provide maintenance and security.

In keeping with the City's Master Plan, the proposed project will provide pedestrian linkages between the proposed park and hike/bike trails to area schools, institutions and neighborhoods, per Urban Design: Policy 3b. The pedestrian access points will provide opportunities for neighbors living west of Alsbrook Drive and residents of the proposed new residential subdivision to walk to the proposed park without having to travel to SE Military Drive. Pedestrian access points will be provided through two or more easements.

The entire property east of Alsbrook Drive and north of SE Military Drive will be developed for single family residential uses with the exception of the proposed commercial tract at the intersection of Alsbrook and SE Military Drives and the 70 acres to be donated to the Bexar Land Trust. The design and layout of the commercial tract should be directly related in design and layout to the neighborhood. The remaining portion of the layout could be developed for multi-family housing. The TIRZ proposal includes financing for the public improvements related to the development of the single family housing. The financing of the improvements related to the commercial tract and the multi-family housing are not included in this TIRZ proposal.

As a part of project development, the developer presented the project to area neighborhood groups and Holy Name Catholic Church. The need for community involvement in the development of infill projects is stressed in the City's Master Plan.

The use of the TIRZ will enable the developer to create an attractive residential subdivision to encourage San Antonians to stay or locate on the South Side. The property's rough topography has posed a major financial barrier to the development of the area. The infrastructure costs would result in houses priced well above the market rate. Without the creation of the TIRZ, the property would remain undeveloped for the foreseeable future.

B. Boundaries

The TIRZ is located about 6.5 miles southeast of downtown San Antonio and about .7 miles east of Interstate 37. The TIRZ is roughly bounded by SE Military Drive to the south, Salado Creek to the east, the alley south of East Palfrey Drive to the north, and Woodstock Drive, Alsbrook Drive, the alley south of Portsmouth Drive and Bardwell Drive to the west. Of the 253 houses, 205 are located in San Antonio Independent School District and 47 are located in East Central Independent School District. 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.

C. Land Use and Existing Conditions

Area Land Use

The adjacent properties south and east of the zone are used for agriculture or are vacant. The zone is bounded on the north and west by single family residential development (see Exhibit C: Existing Land Use). Development of the Highland Hills neighborhood (north and west of the TIRZ) began in the 1950s and was largely completed by 1965. The Pecan Valley neighborhood is located northeast of the zone, beyond Salado Creek.

According to the 2000 Census, the median housing value for the census tract where the zone is located is \$45,281. The 2000 citywide median housing value is \$45,865. About 70 percent of the housing in the one-mile radius of the tract is owner-occupied compared to 54 percent for the city as a whole.

Current Site Conditions

The zone includes about 13 acres of undeveloped land. Part of the site is heavily wooded and the eastern portion of the zone is characterized by steep topography. The terrain and vegetation creates an environment that attracts drug dealing, illegal dumping and vagrants resulting in a nuisance to area residents. However, the topography of the site also provides for views of downtown San Antonio, the Salado Creek watershed and the Pecan Valley Golf Course.

Access to the property is provided from SE Military Drive, Bardwell Drive, Alsbrook Drive, Kate Schenck Avenue, Woodstock Drive, and Anton Drive. SE Military Drive is identified as a Primary Arterial Type A in the Major Thoroughfare Plan.

The development of the property will require street excavation and installation, curbing, and the construction of drainage structures/channels, sidewalks, approaches, natural gas services, sewer services, water services, street lighting and electrical services (see Exhibit D: Site Plan).

A portion of the property along Salado Creek is located within the 100-year FEMA floodplain (see Exhibit B: Boundary/Floodplain Map). Permanent development is not contemplated within the identified 100-year FEMA floodplain as this encompasses the land to be donated to the Bexar Land Trust.

Current Economic Conditions

Within a one-mile radius of the TIRZ, the population remained relatively level between the 1990 Census (3,967) and the 2000 Census (4,187). According to population estimates developed by Experian/Applied Geographic Solutions, the one-mile radius is projected to have a 2009 population of 4,330 persons. This figure represents a 5.5 percent growth over the 1990 Census figure. In comparison, Experian/Applied Geographic Solutions projected a 25 percent increase in population for the entire city of San Antonio.

According to the U.S. Census Bureau and City of San Antonio data, the 2000 median household income in the one-mile radius surrounding the tract is \$38,642 compared to a 2000 citywide median household income of \$41,000. A breakdown of the 2004 population, based on figures provided by Experian/Applied Geographic Solutions, follows:

<i>Ethnicity</i>	One-Mile Radius <i>% of 2004 Population</i>	Citywide <i>% of 2004 Population</i>
Anglo	35%	30%
Black	5%	6%
Hispanic	59%	62%
Other	1%	2%

The southern boundary of the zone is SE Military Drive, which serves as a major transportation artery in the area. The property is located less than a mile from Interstate 37 and Loop 410. The zone is located near Brooks City Base and has easy access to downtown San Antonio. The area is close to many retail facilities, including a large supermarket. VIA transit service is provided along SE Military Drive. The transportation network contributes to the suitability of infill residential development in the area.

D. Project Plan Objective

The objective of the plan is to develop about 137 acres of land into a residential subdivision. In addition, the developer plans to donate land to facilitate the development of

a public park and will utilize TIRZ funds for maintenance. Future development potentially includes a small neighborhood commercial center at the intersection of Alsbrook and SE Military Drives and the multi-family housing that is not part of the infrastructure improvements found in this TIRZ project. The project will help to increase area population, transform an existing neighborhood nuisance into a community asset, and broaden the range of housing available in an inner-city area. The proposed development would not occur without the TIRZ. The TIRZ funds will provide for the difference between development costs and market price.

Bexar Land Trust

The Bexar Land Trust, Inc. is a nonprofit organization that protects land, natural, cultural and historic resources in Bexar County and the surrounding area for the good of present and future generations. The Trust works cooperatively to foster partnerships with local, state, federal agencies, land owners and community groups. This 501(c)(3) was formed in 1997 and since has strived to accomplish its goals by serving private property owners and developers as well as the general population. It also works closely with many local organizations. The Trust has Memoranda of Understanding with the San Antonio Parks Foundation and the City of San Antonio to assist them in their efforts to acquire properties. To date, the Trust has coordinated the acquisition of more than 1,800 acres of parkland for the public. The developer proposes to donate 70 acres to the Bexar Land Trust to facilitate the development of open space to be open for anyone to utilize. The developer and the Bexar Land Trust will enter into a "Contribution Agreement" for the purposes of donating the land.

E. Relocation

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

F. Municipal Ordinances

In addition to compliance with ordinances directly associated with the development of a TIRZ, the proposed development will comply with local codes and ordinances.

The property currently is zoned A (Single Family Residence District), D (Apartment District), R-2 (Two Family Residence District), and R-3 (Multiple Family Residence District). While the current zoning allows for the proposed residential development pattern, rezoning could occur to more closely align the zoning districts with the proposed residential uses. A zoning change to O-1 (Office District), B-1 or B-2 (Business Districts) is needed to develop a commercial tract at the intersection of Alsbrook and SE Military Drives. The single family development will be developed in accordance with MDP 619A.

The City of San Antonio adopted a Universal Design Policy (Ord. No. 95641) on April 18, 2002, requiring that any person receiving financial assistance from city, state, or federal funds administered by the City of San Antonio for the construction of new single family homes, duplexes, or triplexes, shall construct the units in accordance with specific features including entrance with no steps, wider doorways (2' 8"), lever door handles,

lever controls on kitchen and lavatory faucets, and light switches and electrical receptacles within reachable height. The Highland Heights project is required to comply with the Universal Design Policy and all City Codes, regulations and ordinances . If the project fails to comply with the Universal Design Policy and/or all City Codes, regulations, and ordinances, the City may terminate the zone.

G. Non-Project Costs

None known at this time.

H. Exhibits

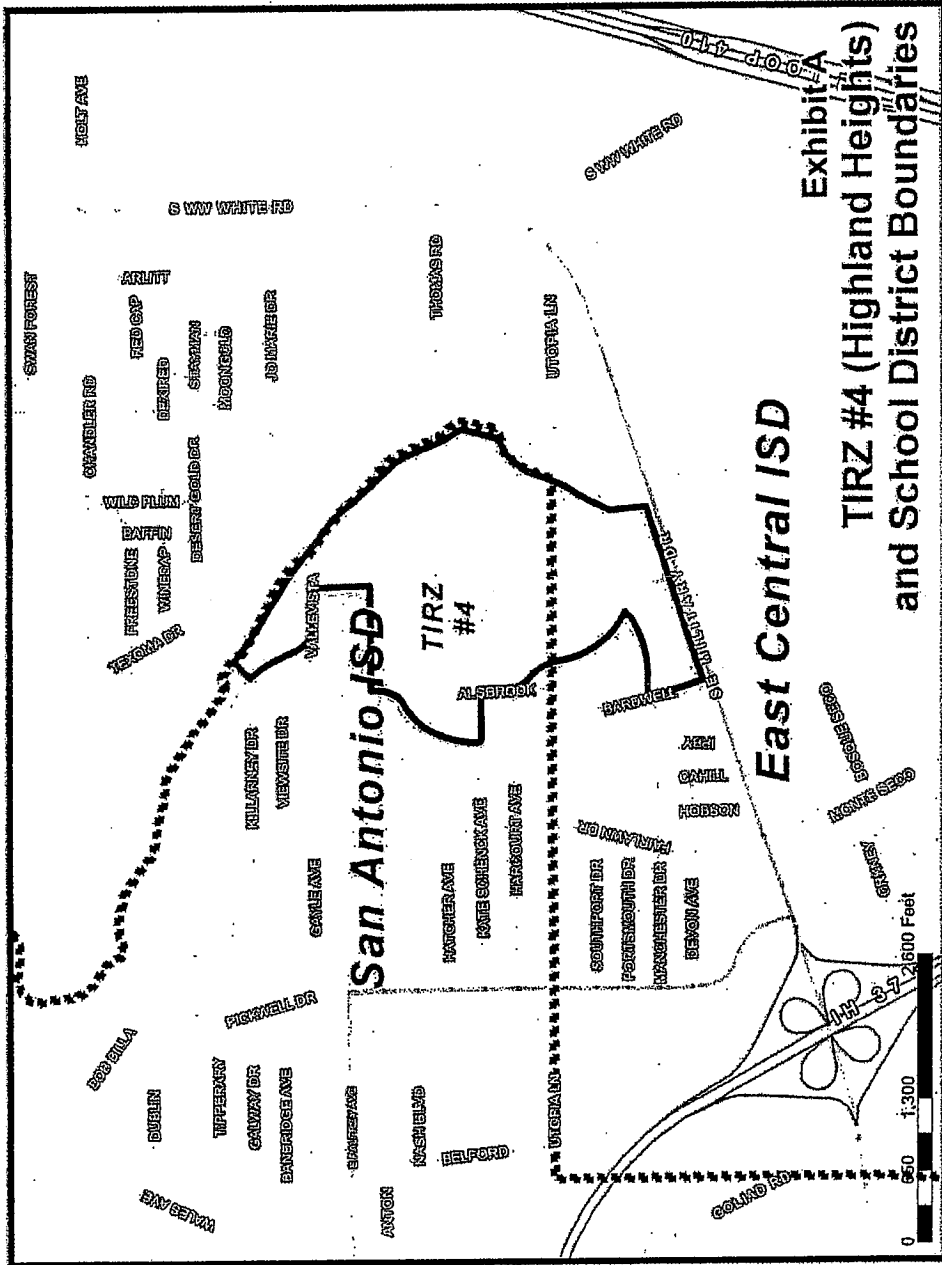
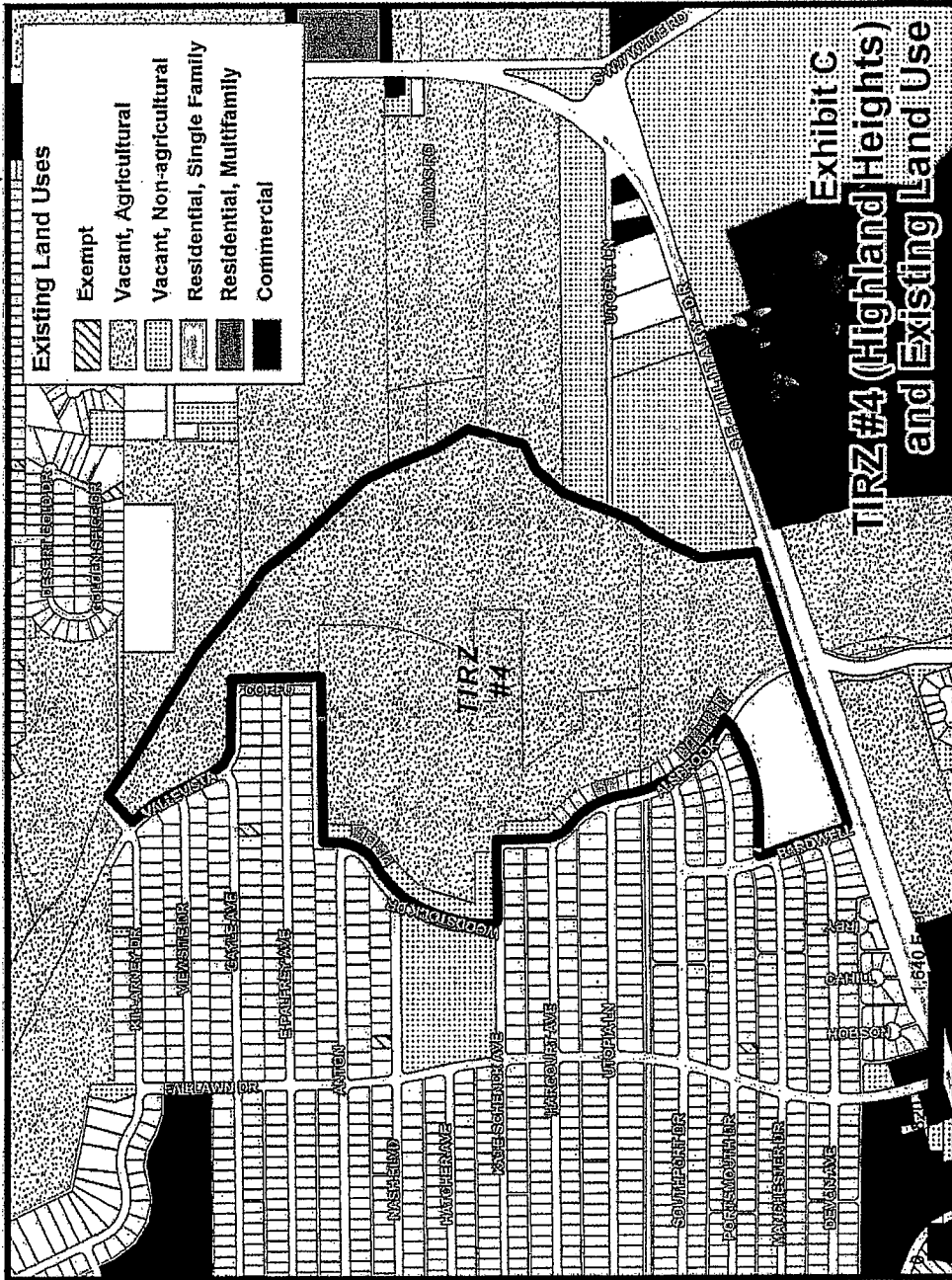
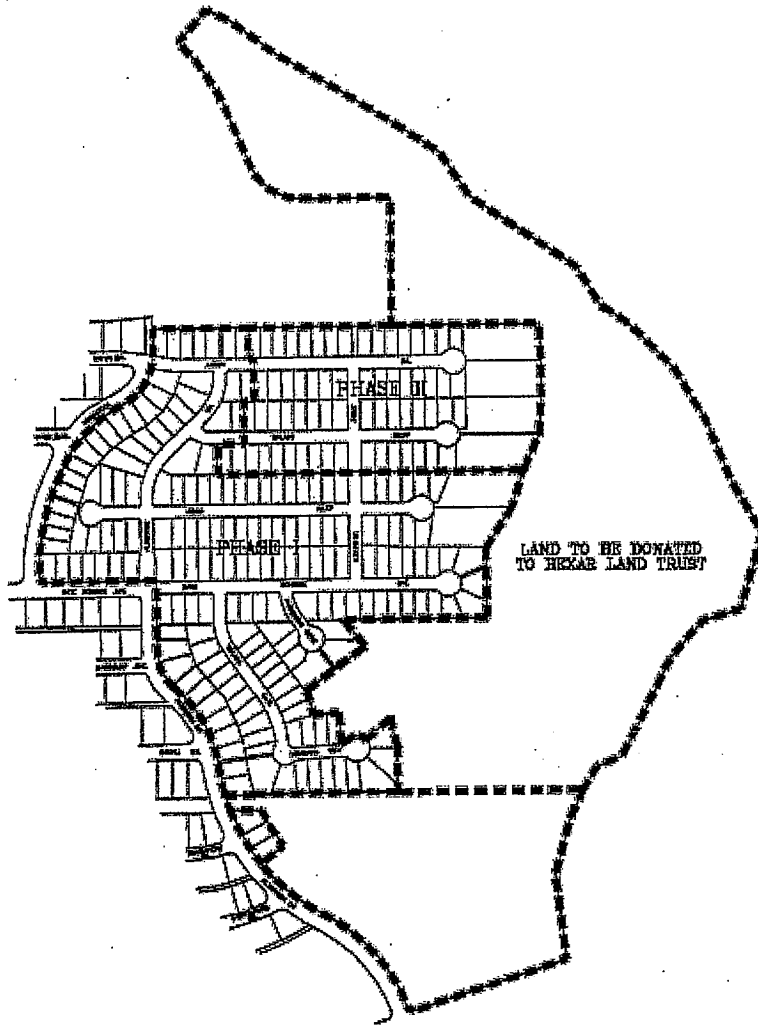


Exhibit A
 TIRZ #4 (Highland Heights)
 and School District Boundaries





TIRZ #4 Highland Heights: Exhibit D

III. 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 successfully compete with comparable housing product. 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 work includes an analysis of these factors for the market area against the larger community. Data provided has been aggregated the census tract, 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 presented a collection of information that profiles the housing conditions for the city. According to the study, the median housing value for owner occupied units, as of 1995 was approximately \$62,577. Median unit size was 1,593 square feet with six (6) rooms; three (3) bedrooms/ two (2) baths. Monthly housing costs, including all mortgages plus maintenance costs, was estimated to be \$502, roughly 20% of current household income.*

The City of San Antonio has adopted a policy to encourage the provision of safe, decent, comfortable, and affordable housing as a reality for all the citizens of San Antonio. Tax Increment Financing (TIF) is a mechanism that promotes the City's 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 and the TIF Guidelines. Reimbursable expenses include: development of plans and design for public improvements, acquisition of property for public uses, and related costs for due diligence, financing, administration, site preparation, utilities, street lights, pedestrian walkways, parks, drainage facilities, water/sewer facilities, education facilities, and parking facilities. The purpose of the TIF is to reduce overall development costs for the developer, thereby encouraging development that might otherwise not have happened given existing market conditions.

The Highland Heights Tax Increment Reinvestment Zone (TIRZ) proposed development will be located on 137 acres of vacant land in southeast San Antonio to be developed into 253 new single-family homes with the average price of \$89,000. Houses will range from 1,100 square feet to over 2,700 square feet. It is the expectation of the developer to provide long-term improvements to the area via the provision of quality affordable and market rate housing, bringing about revitalization for the community, increasing property values, increasing homeowners in the area, and providing for the development of open space in partnership with the Bexar Land Trust. Proposed improvements include infrastructure improvements for water and sewer lines, streets and drainage, and sidewalks. The improvements are designed to meet the long-term needs of the community and City.

Market Area Profile

Population**

	1980	1990	1998
TIRZ	8,452	8,590	9,256
City	785,880	935,933	1,146,100

In 1999 the area for the proposed Highland Heights development, although was increasing in population, had experienced a decline in percentage change in population, suggesting a leveling off in terms of growth for the area.

Change in Population Percentages**

	1980-1990	1990-1998
TIRZ	2%	8%
City	19%	22%

The area for the proposed Highland Heights development experienced very little growth in population over the previous two decades. This TIRZ as well as recent investment in Southeastern San Antonio could promote an increase in population.

Age**

	1990	1998
0-17 yrs	28%	27%
18 - 64 yrs	62%	60%
65+ yrs	10%	13%
Median Age	32.1 yrs	35.7 yrs

In 1999, the TIRZ area demographics reflected 60% of the population were eligible members of an active workforce with income earning potential.

Educational Attainment**

	TIRZ	City
Less than 12 th grade	24%	31%
H.S. Graduate	40%	24%
Some College	28%	27%
Bachelor Degree	6%	12%
Graduate Degree	2%	6%

The area surrounding the proposed development had a population where 24% of all adults have less than a 12th grade education, which was better than citywide figures. Overall, the area enjoyed a population that is well educated, surpassing citywide figures.

Educational attainment is considered a direct factor in determining subsequent income potential.

Current Housing Stock

In 1999, the average age of housing stock in the area was approximately 27 years and valued at \$37,431. These figures reflected median values for owner occupied units. Rental units comprised 29% of the area's housing and median rent was \$301. These figures were below median housing values and rents for the City of San Antonio at that time. The vacancy rate for the area was at 10% versus the city's rate of 11%.**

Sales Closed for Market Area ***

	Median Sales Price	Sales Price per sq.ft.	New Listings	Active Listings	Pending Sales	Days on Market
1998	\$46,800	\$37	296	155	182	99
1999	\$50,300	\$40	315	132	243	68

According to 1998 Bexar County Appraisal District, the average 1998 single family appraised value is \$37,431. According to resale activity obtained from the San Antonio Board of Realtors sales for 1999 records, 205 sales were with a median sales price of \$50,300. Sales per square foot had increased from \$37 to \$40 dollars from 1998 to 1999. These figures reflected sales of existing housing stock. Figures indicated that there was a demand for housing product in this location however at a substantially lower price range than those to be constructed in Highland Heights.**

The proposed Highland Heights subdivision would be providing homes with an average price of \$89,000.

Mobility

Within the TIRZ and census tract 65% of the persons have resided in their homes for over 5 years** which may account for stability in overall population shifts. 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. Closely following is the desire to establish own household the remaining considerations can be related to improvements in personal finances and or good general economic conditions.

Choice of Present Neighborhood*

	% of Total 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 number 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.

The Highland Heights area has recently seen development of commercial development that includes shopping and entertainment venues. It also is close to the redevelopment of the Brooks City Base TIRZ and will serve to meet housing needs of that development.

IV. BOARD OF DIRECTORS

CITY APPOINTMENTS:

Mr. Alan Riete Claiborne
San Antonio, TX

Mr. Charles A Claiborne
Austin, TX

Mr. Chris Alan Claiborne
Austin, TX

Ms. Allison Elder
San Antonio, TX

Mrs. Christel Villarreal
San Antonio, TX

Vacant Position (for UHS)

Honorable Tommy Adkisson
Bexar County Commissioner, Precinct 4

STATE SENATOR & REPRESENTATIVE (EX OFFICIO):

Vacant
State Senator, District 19

Honorable Robert Puente
State Representative, District 119

Note: Board roster current as of date this plan was approved. For an updated membership list, please contact City staff.

COUNTY APPOINTMENT: