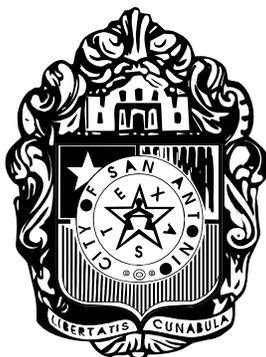


CITY OF SAN ANTONIO, TEXAS
Housing and Neighborhood Services Department



TAX INCREMENT REINVESTMENT ZONE
NUMBER TWENTY FIVE

Hunters Pond

FINAL PROJECT PLAN

1/15/2009

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	3
1. POLICY AND PROGRAM.....	4
2. DESIGNATION AND PARTICIPATION.....	8
3. EXISTING CONDITIONS.....	11
4. PROJECT INFORMATION.....	15
5. PROJECT FEASIBILITY.....	21
6. DEPARTMENTAL REVIEW.....	28
7. EXHIBITS.....	29

Executive Summary

The City of San Antonio's Tax Increment Reinvestment Zone (TIRZ) Twenty-five will facilitate the construction of a residential neighborhood on about 88.1 acres of land.

The TIRZ is located in the Primary Target Area as defined in the City's 2004 TIF Guidelines, within which the City may participate by contributing up to 100% of its tax increment for up to 25 years. The TIRZ is located outside Loop 410 west of Zarzamora Road in City Council District 3, and in Southwest Independent School District. The developer of the property, Hunters Pond LP, is requesting City of San Antonio and Bexar County participation in the Tax Increment Reinvestment Zone.

The Hunters Pond TIRZ implements a new base zoning, UD (Urban Development) that creates a neighborhood with mixed housing types and a variety of park and open space amenities that enhance the long-term viability and attractiveness of the area.

The neighborhood will comprise 100% market-rate housing with 352 detached single family houses with an average price of \$143,150; 24 Duplex Units with an average price of \$124,400; 39 Garden Homes with an average price of \$198,883; and 34 Townhome units with an average price of \$124,984.

The cost of the public infrastructure improvements is estimated at \$8,141,309. Financing costs are estimated at \$2,637,760; administrative expenses at \$764,862; and costs of services at \$3,819,904, bringing the total estimated TIRZ costs to \$15,364,692.

The life of the Tax Increment Reinvestment Zone (TIRZ) is projected to be 25 years with the TIRZ being in existence through fiscal year 2031.

The Board of Directors for Hunters Pond TIRZ 25 met on December 10, 2008 and approved the Final Project Plan and Final Financing Plans.

Hunters Pond

1. Policy and Program

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. A tiered system of incentive tools, including Tax Increment Financing (TIF), has been structured to meet the City's revitalization and reinvestment goals. Development projects supported by a Tax Increment Reinvestment Zone should act as economic stimuli to surrounding areas. By leveraging private investment for certain types of development within a targeted area, TIF can be used to assist in financing needed public improvements and enhancing infrastructure.

San Antonio's TIF Program strategy to support development and redevelopment is unique in the State. The TIF Program has evolved since 1998 to ensure that the incentive is used today to provide full support to the City's three primary revitalization mechanisms: Economic Development, Community Development and Urban Design Standards. TIF seeks to directly promote recommendations made in the City's Master Plan, CRAG Report, Neighborhood Plans, Community Plans, Corridor and Area Plans, and Housing Master Plan.

TIF GUIDELINES

The City of San Antonio (City) adopted amended Guidelines and Criteria for TIF by Ordinance No. 98663 on January 8, 2004. The original Guidelines were established by the City in 1998 by Ordinance No. 88196, and were amended by Ordinance No. 92552 in 2000 and Ordinance No. 92710 in 2002. The Guidelines serve as policy direction to City staff and interested parties regarding the Application for Redevelopment with Tax Increment Financing, which supports certain types of development in targeted areas of the city. Reinvestment Zones may be designated either through (1) a City-initiated project following a Request for Proposals and the submission of an Application for Redevelopment to the City pursuant to

Tax Increment Reinvestment Zones Highlights:

- TIF is an incentive tool that local governments can use to finance public improvements and enhance infrastructure within a defined area, called a Tax Increment Reinvestment Zone (TIRZ)
- Tax Increment Financing is governed by the TIF Act found in Chapter 311 of the Texas Tax Code
- The TIF Act specifies that areas to be designated as a TIRZ must be economically distressed, unproductive, underdeveloped, or blighted, and impair the City's growth because of these factors
- Each taxing entity that collects taxes against the property within a TIRZ has an opportunity to contribute future tax revenues to a TIRZ fund to reimburse developers for the cost of public infrastructure improvements in the TIRZ

these Guidelines, or (2) the independent submission of an Application for Redevelopment to the City pursuant to these Guidelines in conjunction with the petition of a property owner as detailed in Section 311.005 (a) (4) of the Texas Tax Code. All TIRZ are governed by the Guidelines in effect at the time of the TIRZ creation by City Council. Hunters Pond was designated following the submission of a petition from the property owner, and is governed by the 2004 Guidelines.

TARGETED ECONOMIC DEVELOPMENT

Implementation of the TIF incentive is tailored to the strengths and needs of specific areas of the City. The City has identified target areas where projects may be eligible for TIF with varying participation levels and terms.

Primary Target Areas (Highest Priority Area): City may participate up to 100% and for a term of up to 25 years

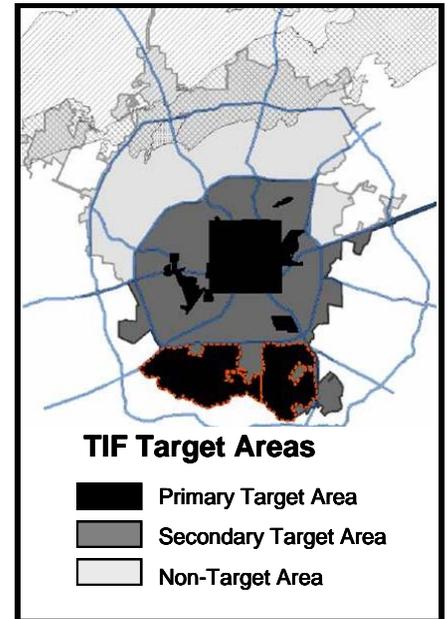
Secondary Target Areas: City may participate up to 90% and up to a term of 20 years

Non-Target Areas: City may participate up to 65% and up to a term of 20 years

The City may not designate any area as a Reinvestment Zone solely for the purpose of encouraging future development in that area, but may do so if development or redevelopment would not occur solely through private investment in the reasonably foreseeable future. In all petition-initiated TIRZ, the applicant must provide an independent market feasibility study that demonstrates demand, viability, and capacity for the project. This study (included in Section 5 of this Project Plan) should validate absorption rates, estimated values, adjacent property lease space and reference established and on-going neighborhood plans.

COMMUNITY DEVELOPMENT

TIF Applicants must demonstrate how the planned investment will contribute to revitalization activities in the community of which the TIRZ is a part. The Applicant must also indicate how the input of nearby neighborhood residents, businesses, and schools has influenced the project planning process. All proposals must communicate and



The Hunters Pond TIRZ is located outside SW Loop 410 and west of Zarzamora Rd, in City Council District 3, and in the Primary Target Area.

demonstrate how the project achieves objectives of the City’s Master Plan, Southside Initiative and/or the Community Revitalization Action Group report.

DESIGN QUALITY

The design of the public and private elements of TIF-supported projects should be designed to ensure long-term value. Accordingly, public improvements must be built according to design principles that prioritize the safety and comfort of all users – whether they are walking, jogging, riding or driving. Similarly, private improvements must be built to provide livable environments for everyone, regardless of ability, age or size.

Urban Development Zoning

The TIF Program promotes land development strategies that reduce the number of times residents are forced to use their automobiles, by encouraging site designs that reduce vehicle miles traveled (VMT) through compactness, mixed uses, transit accessibility, pedestrian usability, and infill. The City’s Unified Development Code (UDC) includes a variety of approaches that promote infill and walkable neighborhoods, including Article 2 Use Patterns and Article 3 Special Districts. The TIF Program only finances development that follows one of those development patterns.

The Hunters Pond TIRZ was rezoned to the Urban Development Zoning District (UDC 35-310.15), one of the development pattern options provided by the 2004 TIF Guidelines. This base zoning district encourages the development of compact neighborhoods and centralized commercial areas that are pedestrian and transit friendly.

Universal Design

Projects must also consider the long-term value of the private improvements supported by TIF. The City of San Antonio Master Plan calls for efforts to facilitate the provisions of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy include ensuring homes are visitable or easily adaptable to disabled persons. Policy 4i requires the community to explore the full range of options to allow people to remain in their homes throughout their lives.

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 Hunters Pond TIRZ contribution to the payment of public infrastructure improvements requires the housing development to comply with the City’s Universal Design requirements, located in the City Code, Chapter 6, Article XII. According to a compromise agreement ratified by City Council Ordinance 2006-06-01-0633, twenty (20) houses in Hunters Pond Phase 2 are exempted from this requirement. However, all other

homes must comply with the Universal Design Policy. (See Exhibit D: Universal Design Requirement)

ENVIRONMENTAL PROTECTION

The TIF Program supports the Master Plan's Natural Resources Goal 1: to preserve the unique, rare and significant features of San Antonio's natural environment.

Water Quality

The health of the Edwards Aquifer is of particular concern to San Antonio residents. In accordance with Natural Resources Policy 1b, “Develop and implement a management plan for land use activities which includes the best management practices, based on scientific study that will protect the recharge and drainage zones of the Edwards Aquifer from pollution,” the TIF program has established specific policies that strictly limit the use of TIF over the Aquifer.

Specifically, the 2004 Guidelines do not allow applications for TIF where all or part of the proposed project falls over the Edwards Aquifer Recharge Zone. The Hunters Pond TIRZ is not located over any part of the Edwards Aquifer.

Air Quality

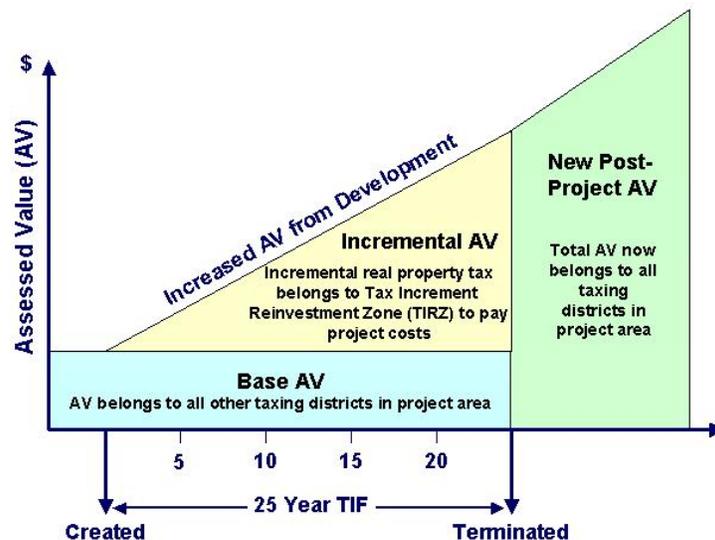
The TIF Program also takes a proactive stance regarding San Antonio’s air quality issues, given that the area is currently designated by the EPA as non-attainment (deferred). In the future, EPA will revisit the non-attainment designation based on measurements of ground-level ozone. Since cars and trucks are major sources of the Nitrogen Oxides (NOX) and Volatile Organic Compounds (VOC) that make up ground-level ozone, one approach to reduce ozone is to develop land in a way that reduces the number of times that residents must use their automobiles. Infill development and the development of compact, walkable neighborhoods have been shown to reduce NOX and VOC emissions in studies and simulations throughout the country. The US EPA encourages land use strategies that reduce vehicle miles traveled (VMT) through compactness, mixed uses, transit accessibility, pedestrian usability, and infill. One of the best ways to protect air quality with TIF is to support such compact, walkable development. The City’s Unified Development Code incorporates a variety of approaches that promote infill and walkable neighborhoods, and the TIF Program only finances development that follows one of those Development Patterns.

Hunters Pond TIRZ will support development in accordance with the Urban Development Zoning District, one of the development pattern options provided by the 2004 TIF Guidelines. This base zoning district encourages the development of compact neighborhoods and centralized commercial areas that are pedestrian and transit friendly.

2. Designation and Participation

The long-term success of any Tax Increment Reinvestment Zone is contingent on the participation of a number of taxing entities and the long-term commitment of the applicant. Accordingly, the TIF program implements the Master Plan's Neighborhoods Policy 4f, to maximize the leverage of private investment by lenders and builders or developers. In addition to the City of San Antonio, Bexar County is also participating in this TIRZ.

TIF MECHANISM



Base Value in a TIRZ continues to be collected by taxing entities – only the new value (the increment) is collected in the TIRZ Fund.

Once a TIRZ has been established, the increase in real property taxes resulting from new construction, public improvements, and redevelopment efforts (the increment) is deposited in a TIRZ Fund. The City of San Antonio enters into a written agreement with all participating taxing entities to specify: (1) the conditions for payment of the tax increment into a TIRZ Fund, (2) the portion of tax increment to be paid by each entity into the TIRZ Fund, and (3) term of the agreement. Participating taxing entities continue to collect taxes on the base value, while taxing entities that do not participate in the TIRZ, such as local school districts, collect taxes on both the base and the increment.

TIF PETITION/APPLICATION BACKGROUND

In September 2002, the City Clerk received a TIF application from Hunter's Pond, LP, which was put on hold during the "Guidelines and Criteria for the use of TIF" ("Guidelines") revision process instituted by the City Council. On January 8, 2004, the

City Council amended the Guidelines, and required the resubmission of the Hunters Pond TIF application. The application was resubmitted by Hunters Pond LP, and received by the City on June 30, 2004.

On September 23, 2004, the City Council approved a Resolution expressing the City of San Antonio's intent to consider the creation of a Tax Increment Reinvestment Zone to finance public infrastructure improvements for the purpose of supporting market rate housing, subject to the area first being annexed into the City limits. The City Council at that point authorized staff to make statutory presentations to the participating taxing entities and to initiate an in-depth review of the project.

Staff made the statutorily-required presentations of this TIF Application to the Southwest Independent School District on November 16, 2004, to Alamo Community College District on December 14, 2004, and to Bexar County on October 5, 2004.

The applicant submitted a petition for annexation, the first public hearing for which was held on September 20, 2005. Staff annexation analysis initially found that the area could be served with existing resources.

CITY OF SAN ANTONIO

The City of San Antonio will contribute 100% of its tax increment less Cost of Services to the Hunter's Pond TIRZ as outlined in the Finance Plan.

The City of San Antonio's Housing and Neighborhood Services Department TIF Unit is responsible for the administration of the TIF Program. The TIF Unit's responsibilities include the following:

- Pre-application consultation
- Application review and analysis
- Statutory presentations
- TIRZ Board administration
- TIRZ Fund administration and review of invoices for reimbursement
- Ongoing monitoring of construction and TIRZ performance

BEXAR COUNTY

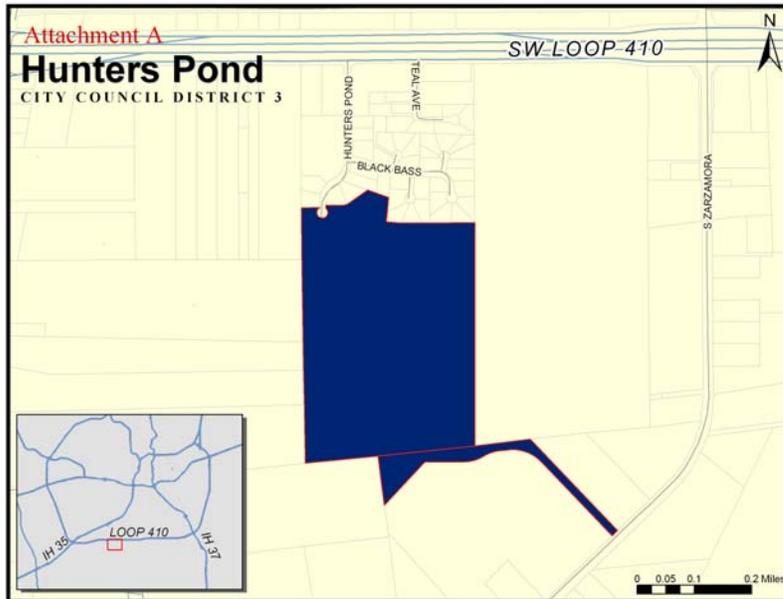
On May 12, 2004, Bexar County Commissioners Court approved TIF Guidelines and Criteria for TIRZ within Bexar County. In accordance with their Guidelines, the participation level for the County does not exceed 50% and the term of participation is capped at 25 years. The City of San Antonio made a statutorily-required presentation to Bexar County in October 2004 regarding the Hunters Pond TIRZ. The County set their participation level for this project at 70% of the Operations and Maintenance portion of the tax rate. County participation shall not extend beyond September 30, 2031.

DEVELOPER

Project Developer is Hunters Pond LP, formed over six years ago to develop residential products for the affordable housing market. The Project Manager is Harry Hausman. The limited partnership is owned by Harry Hausman and his family, which has completed four subdivisions over the past five years, including La Coste Heights, Legend Oaks, Hunters Lake, and Hunters Oak.

Developer's responsibilities include the provision of quarterly reports (project status reports) to the City's TIF Unit (due the 15th of October, January, April and July or the first business day thereafter). These quarterly reports are made up of copies of publicly bid documents for public improvements, detailed invoices related to project costs, disclosure of relevant changes in project, ownership, financial stability, or any anticipated assignment.

3. Existing Conditions



A. REGIONAL CONTEXT

Hunters Pond TIRZ is located in the southern sector of San Antonio, outside interstate highway SW Loop 410 and west of Zarzamora Road in City Council District 3.

During recent decades, the southern sector within which Hunters Pond TIRZ is located has seen limited growth and economic development. In contrast, San Antonio’s northern and western sectors have experienced significant residential and commercial development. In 2002, the City of San Antonio initiated a large-scale planning effort to reposition the newly-christened City South as a regional asset. Hunters Pond TIRZ is one of the first efforts to implement the sustainable development vision put forth in the City South Community Plan, by developing a neighborhood in accordance with the Urban Development Zoning District.

The Hunters Pond TIRZ is situated immediately south of a small subdivision known as Hunters Pond Phase 1 that was developed by the TIRZ developer. For that reason, the first phase of the TIRZ is called “Phase 2”. All other property in the immediate vicinity is vacant. One existing road, Hunters Pond Road, connects the TIRZ north to SW Loop 410, but no existing roads connect the TIRZ to Zarzamora Road to the east.

Schools and School Districts

The Hunters Pond TIRZ is located in the Southwest Independent School District. Bob Hope Elementary School is located nearly 1.5 miles west, and Palo Alto College is about one-half mile north. Both facilities are across SW Loop 410; walking to these destinations would be hazardous given the lack of pedestrian infrastructure along the highway.

Parks

A small pond (“Hunters Pond”) is located just north of the TIRZ within walking distance. The area around the pond includes modest facilities and serves as a small neighborhood park.

Emergency Services

Staff annexation analysis found that the area can be served with existing resources:

Police: South Patrol Station, 711 W. Mayfield

Fire: Station #2, 602 Gillette Blvd.

EMS: Station #22, 1100 March Dr.

Other City Facilities

No existing libraries, hospitals or other public facilities are located within one mile of the TIRZ boundaries. The nearest library is located 1.5 miles from the proposed TIRZ; the nearest hospital 2.5 miles; and the nearest fire station nearly two miles.

Adopted City Plans

The Hunters Pond TIRZ is located in the City South Community Plan area. The product of extensive public input, the City South Community Plan proposes a vision for sustainable development on the Southside that preserves the area’s natural resources while accommodating the demand for commercial, residential, and industrial uses stimulated in part by the location of a new Toyota manufacturing facility here.



Existing Asset: Hunters Pond



Existing challenge: conditions on nearby properties



City South Community Plan Vision

B. SITE CONDITIONS

Topography and Hydrology

The site lies approximately 600 feet above mean sea level. The topography of the site slopes gently to the south and toward a tributary to Comanche Creek. In general, shallow ground water would flow to the east southeast. The site lies outside the influence of a 100-year flood plain as defined and shown on FEMA maps. (See Exhibit B: Boundary / Floodplain Map)

Geology

The surface geology on the site is of Houston Black Gravelly Clay with a directional determination of 1 to 3 and 3 to 5 percent slopes. The surface layer is black and is about 38 inches thick. The subsurface layer is gray, about 12 inches thick, and made up of clay or gravelly clay.

Environmental Assessment

The Phase I Environmental Site Assessment conducted by Seda Consulting Engineers found no significant environmental concerns to the public.

Historic Use and Existing Vegetation

Aerial photographs dating back to 1997, 1986, 1977, 1959, and 1938 show no evidence that the land was used for anything except farming. The site is covered with native trees and bushes.

C. DEMOGRAPHICS

Hunters Pond TIRZ is located within Census tract 152000.

Education

According to the 2000 U.S. Census (DP-2. Profile of Selected Social Characteristics. 2000 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data), the percentage of San Antonio's population without a high school degree is 24.9%. A higher percentage (47.3%) of the population of tract 152000 does not have a high school degree.

Poverty

The 2000 Census (QT-P34. Poverty Status in 1999 of Individuals: 2000 Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data) describes San Antonio's percentage of population living below poverty level at 17.3%. Hunters Pond Census Tract's percentage of population living below poverty level is higher than the City average: 42.4%.

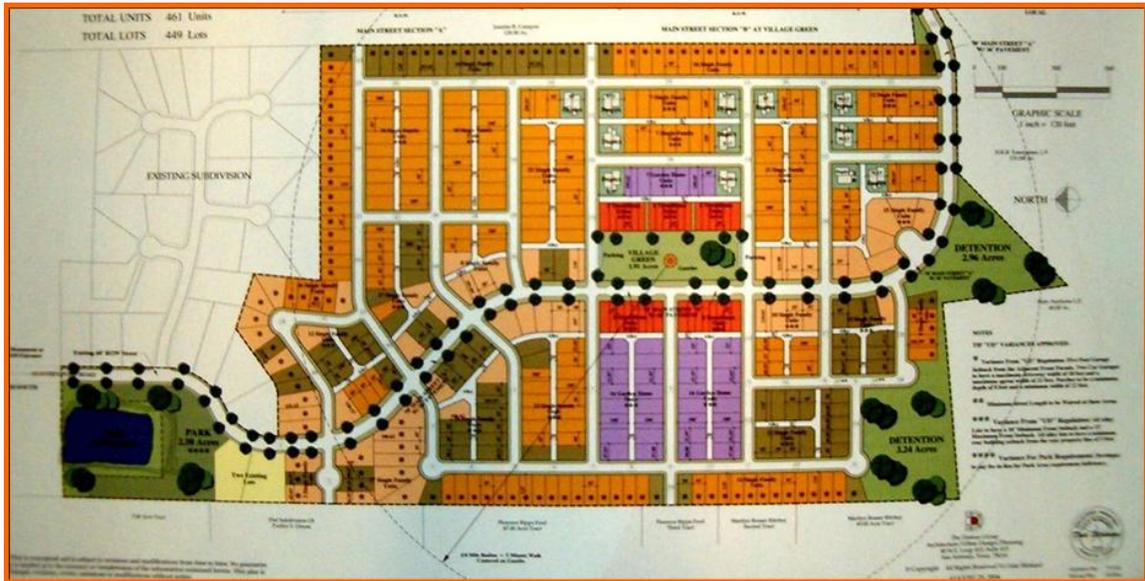
Health

The Metropolitan Health District publishes an annual listing of the County's unhealthy zip codes. These zip codes are chosen for high rates of teen births, drop-outs, sexually transmitted diseases, domestic violence cases, juvenile probation cases, stray animal calls, elevated blood lead levels, juvenile asthma cases, EMS calls, and infant deaths. Hunters Pond is in zip code 78224, which has not been identified as an unhealthy zip code.

Employment

The 2000 Census (QT-P24. Employment Status by Sex: 2000 Data Set: Census 2000 Summary File 3 (SF3) Sample Data) reports San Antonio's percentage of unemployed civilians at 6.2%. Hunters Pond Census Tract's unemployment percentage is better than the City average, at 0.0%.

4. Project Information



A. CONCEPT

Master Plan Neighborhood Goal 3: Provide safe, attractive, well-maintained neighborhoods for all adults and children.

Policy 3c: Consider new approaches including new ordinances and programs to enhance the viability and attractiveness of neighborhoods.

Master Plan Neighborhood Goal 4: Promote the provision of sound and affordable housing to all San Antonians.

Policy 4d: Facilitate the provision of choice in housing opportunities for all San Antonians, including special needs populations.

Policy 4i: Explore the full range of options to allow people to remain in their homes throughout their lives.

Master Plan Urban Design Goal 1: Preserve and enhance the city's urban design

Policy 1c: Encourage patterns of urban development that provide a full range of housing choices and promote a sense of community, urban vitality and the efficient provision of infrastructure.

The Hunters Pond TIRZ implements a new base zoning, UD (Urban Development) to construct a neighborhood with mixed housing types and a variety of park and open space amenities that enhance the long-term viability and attractiveness of the area. The Urban Development (UD) Flex District is one of the nine required Use Patterns / Special Districts offered in the 2004 TIF Guidelines.

The Master Development Plan (MDP 801) for the Hunters Pond TIRZ proposes a residential neighborhood with a mix of housing types centered on a 2-acre park and containing other park and open space amenities. The neighborhood center is fronted on two sides by townhouses. The MDP lays out the following:

- a. 212 Detached Single Family units on 4,000 - 4,999 sq. ft. lots
- b. 86 Detached Single Family units on 5,000 - 5,999 sq. ft. lots
- c. 54 Detached Single Family units on 6,000 - 10,000 sq. ft. lots
- d. 39 Garden Homes
- e. 34 Townhomes
- f. 24 Duplex units

The mix of housing types proposed in the Hunters Pond TIRZ provides increased choice in housing opportunities. The Universal Design standards make these choices available to special needs populations, and also provide people the option to remain in their homes throughout their lives.

The Detached Single Family houses have an average price of \$143,150; the Duplex Units \$124,400; the Garden Home units \$198,883; and the Townhouses \$124,984.

B. STREET SYSTEM

Master Plan Urban Design Goal 4: Plan, locate and maintain infrastructure and utilities to facilitate and maintain safe, healthy and sustainable environments for human activity

Policy 4c: Create streetscapes which emphasize both pedestrians and vehicles.

The City of San Antonio discourages discontinuous street systems that provide inefficient service and channel traffic into relatively few points of the transportation network. A well-connected street system spreads traffic efficiently, provides greater opportunities for access by service and emergency vehicles, and furthers pedestrian mobility by increasing the number of destinations.

The development proposed for the Hunters Pond project depends on streets that are safe and comfortable to both pedestrians and drivers. A variety of Local and Main Street sections are proposed based on the UDC Traditional Street Design Standards (Table 506-4). These include 27' locals, 36' Main Streets, and 42' Main Streets along the Village Green. Sidewalks are 5' in width (wider than the minimum required) and set back from the carriageway by planters that range in width from 6' to 12'.

The street layout within the Hunters Pond TIRZ provides a high connectivity ratio (2.0) that will reduce congestion and provide residents and emergency vehicles with multiple circulation options. Street widths correspond to the UDC Traditional Street Design Standards (Table 506-4) and promote safe driving speeds and pedestrian safety and comfort. Alleys provide additional parking and accessibility.

The TIRZ developer secured exceptions from some of the Urban Development Zoning District requirements in the first phase of development (Phase 2). Specifically, the developer obtained exceptions on the design of Phase 2 local streets (Bigmouth Hook, Bigmouth Rod, and Catfish Lane):

- a. Alternate pavement width of the local streets in Phase 2: 28' instead of 27'. See Exhibit E: map of Bigmouth Hook, Bigmouth Rod, and Catfish Lane, and alternate street section.
- b. Alternate sidewalk placement on lots with frontage on Bigmouth Hook. There are 29 such lots. The ROW street section for this street would be, from the curb to the property line: 2' planting strip – 5' sidewalk – 4' ROW on the yard side of the sidewalk. See Exhibit F: map of Bigmouth Hook.

The developer has committed to reconfigure and rebuild the section of Hunter's Pond Road contained in Hunter's Pond Phase 2 according to the "Main Street Section A" section in the approved MDP: 36' of pavement, 12' planting strips, and 5' sidewalks (5'-12'-18'-18'-12'-5'). The developer has also relocated water meters in order for sidewalks and planting strips to be built in accordance with the MDP on all Phase 2 streets except for Bigmouth Hook. The applicant has also committed to constructing all Local streets in future phases to the approved MDP standards (27-foot pavement width, 6.5' planting strips and 5' sidewalk widths).

C. INFRASTRUCTURE

The TIRZ fund reimburses developers for specific public infrastructure costs. The public infrastructure and development improvements proposed for the Hunters Pond TIRZ include streets, approaches, drainage, sewer, water, street lights, landscaping, and electricity. The cost of the public infrastructure improvements is estimated at \$8,141,309.

- a. Approximately 22,000 linear feet of streets and alleys, at an average cost of \$101 per linear foot
- b. Approximately 48,700 linear feet of sidewalks and approaches, to be built by house builders (not in TIRZ Financing Plan)

- c. Approximately 17,800 linear feet of sewer mains, at an average cost of \$54 per linear foot
- d. Approximately 17,000 linear feet of water approach and service mains, at an average cost of \$43 per linear foot
- e. Approximately 6.2 acres of detention pond at \$14,400 per acre
- f. Approximately 23000 linear feet of electric line extensions at \$9 per linear foot

Infrastructure Maintenance Agreement

The Developer and the City have negotiated an extended 5 year warranty and maintenance agreement for streets and drainage. This extended warranty process is outlined below:

(a) The Developer shall, at its own cost and expense, maintain or cause to be maintained all public improvements, until acceptance by the City as evidenced by written acceptance and for one (1) year after Completion.

(b) Upon acceptance of a streets or drainage improvements for maintenance by the City, Developer shall deliver to the City a one-year extended warranty bond, naming the City as the Obligee, in conformity with Chapter 35 of the City’s Unified Development Code. The cost of repair, replacement and maintenance for defects discovered during the first year after completion shall be paid by the developer or the bond company and shall not be paid out of TIF funds.

(c) After the expiration of the one (1) year extended warranty bond, the cost of the repair, replacement, reconstruction and maintenance of the Public Improvements shall be the responsibility of the City; and the City shall be reimbursed from the TIF Fund for those costs it must incur, including, but not limited to: demolition, rebuilding, engineering, design, reconstruction or any other cost necessitated by the failure without regard to fault or degree (“failure”) of Public Improvements which is discovered within the second (2nd) through fifth (5th) years after Completion of said Public Improvements.

(d) Payment of the City under this paragraph shall take priority over reimbursement of the Developer.

(e) The City’s reimbursement from the TIF Fund shall not be considered an amendment of the Financing Plan and requires no action by the Board or the City Council to be effective.

(f) The TIF Unit shall report any City reimbursement for the reconstruction or repair to the Board in a timely manner.

(g) It shall be no defense to the City’s reimbursement of itself out of the TIF Fund that the City or its agents have inspected, accepted or approved the Public Improvement.

Approval or acceptance of a Public Improvement is not a waiver of claims under this subparagraph. The City may attempt multiple repairs on the same infrastructure and reimburse itself for each attempt.

(h) The Developer, its agents, employees, and contractors will not interfere with reasonable use of all the Public Improvements by the general public, except for drainage retention improvements. In accordance with the Construction Schedule, the Developer shall use its best efforts to dedicate (or grant a public easement to) the Public Improvements where applicable to the appropriate taxing entity (as determined by the City), at no additional cost or expense to the City or any other Participating Taxing Entity within sixty (60) days after completion and acceptance of the improvements.

(i) Reimbursement of the Developer shall not be unreasonably denied provided the Public Improvement has reached Completion, and provided that the City has no active claim for reimbursement.

(j) The requirements of this Agreement cannot be waived or modified in any way by an engineer, employee or other official of the City or its subordinate agency with responsibility for inspecting or certifying public infrastructure. The actions of a City employee or agent do not work an estoppel against the City under the Development Agreement or the Unified Development Code.

D. PARKS

A variety of park and open space amenities enhance the proposed residential development. A 1.91-acre Village Green anchors the center of the development, and an additional 6.2 acres of detention areas double as open space.

The developer has committed \$250,000 toward Park Improvements in the TIRZ.

E. FINANCIAL INFORMATION

FINAL REINVESTMENT ZONE FINANCING PLAN

The Final Financing Plan reflects Bexar County's participation at 70% of the Operation and Maintenance portion of their tax rate (0.175644) with projected tax increment of \$2,747,727. The total projected combined tax increment collections for both taxing entities are \$11,587,206. The developer's proposed contribution is estimated at \$3,908,715. The term of the zone expires on or before September 30, 2031.

VOLUNTARY ANNEXATION

Since the creation of this Zone was considered concurrently with a request for voluntary annexation, the Final Financing Plan illustrates how TIRZ revenue can finance and support the provision of City services. The cost of City services is currently estimated to

total \$3,319, 904 over the life of the Zone. Cost of services will be deducted from the City's annual tax increment before the distribution is made to the TIRZ fund.

The effective annexation date for this site was December 11, 2005.

COST BENEFIT ANALYSIS

The revenue analysis performed by the Budget Department indicates that the Hunters Pond TIRZ begins to go into the negative in FY 2011; however, cost of services collections will commence in FY 2026.

Prior to FY 2011 the City is in the black due to development revenues.

FISCAL IMPACT

The developer will privately finance the public improvements related to the project and public debt financing will not be required. The projected captured values of the TIRZ will be taxed to produce revenues to pay for the cost of public infrastructure improvements incurred by the developer and other costs allowed by the TIF Act over the life of the TIRZ. Any costs incurred by the developer of the project are not and shall not become general obligations or debt to the City or any Participating Governmental Entities.

5. Project Feasibility ¹

Market Conditions

San Antonio's economy is a mix of anchoring business services, including a growing medical and health delivery sector, various manufacturing facilities, convention and visitor industry, and the military.

The San Antonio area has seen significant growth during the last 30 years enjoying an average annual growth rate of 3.5%. Based on the Texas Comptroller's economic model of Texas, employment in the San Antonio region is projected to continue to grow at a 1.6% annual rate through 2005. During this time, the population, as well as per capita incomes of the San Antonio area, has also grown and is expected to continue. According to the Greater San Antonio Chamber of Commerce Economic Analysis Panel, local business activity has remained steady in the first quarter of 2002. In addition, San Antonio posted a 1,000-job net gain and a 4.5% unemployment rate, better than that of any other major cities in Texas.

The housing market in San Antonio offers variety in price and location. The average price for a pre-owned house in the San Antonio area in 1997 was \$106,000, while the median price was approximately \$86,000 according to the Real Estate Center at Texas A&M University. In 2003, those figure increased respectively to \$138,300 and \$113,800. The areas in San Antonio experiencing marked growth generally stretch northward toward Boeme and north/northeast along the United States 281 and I-35 corridor and include single and multifamily developments serving higher-income family households. New housing product in the other sectors of the City remains relatively limited with an even more limited number of newly constructed affordable housing products citywide.

Responding to the demand of the target market for additional housing units, the proposed Hunters Pond development should provide an affordable alternative to recent and ongoing market housing developments.

Target Market

The project is designed to serve the middle, moderate, and the low-income community and will contain affordable housing units set aside for households earning between 80%, and 120% of the area median gross income (AMGI), adjusted for family size. The sales price range for the single-family homes will be \$85,000 to \$129,000, with an average sales price of \$102,000.

¹ Information in this section was provided to the City by applicant as part of TIF application.

The target market, defined for the purposes of this study, is an area .5 miles in diameter surrounding the subject site. This area consists primarily of households in the San Antonio area who earn at or below 80% of area median income, adjusted for family size. For a family of four, the 2002 median income for San Antonio is \$46,200. The current median age for the residents in this area is 28.23 years, below the national median age of 36.2. The median household income for the target market is estimated to be \$39,643 approximately 86% of the San Antonio median household income.

Effective Market Area

For the purposes of this analysis, the Primary Market Area (PMA) is a .5 mile diameter and the Secondary Market Area (SMA) is a 1.5 mile diameter around the proposed development. Major arteries for the Primary and Secondary Market Area include Loop 410, Hwy 16 South and South Zarzamora. The PMA and SMA were selected based on residential movement that is expected within the San Antonio area.

Population

The population growth in the San Antonio area has been consistently above national averages for the past ten years ranging from 1.6% to 2.3% since 1991. The Texas State Data Center projects that the population will increase from the Census estimate between 2000 and 2005 by an average gain of approximately 39,000 per year.

Demand for Housing

San Antonio experienced the formation of 108,925 households between 1990 and 2000 Censuses, equating to an annual average of approximately 10,900 households. This implies a correlation between population growth and household formation of about two people for every one marginal household. Applying this ratio suggests that over 8,500 households will be formed in 2002. Historically, demand for new single-family housing within Bexar County has averaged 6,311 units annually over the past five years, with an overall demand of 8,431 units in 2003. It is anticipated that actual totals will be higher as job creation recovers in the wake of the recent series of lay-offs by major San Antonio employers and the closure of Kelly Air Force Base.

The median home price was approximately \$112,100 in the first quarter of 2004 with 58.28% of households living in owner-occupied housing, slightly below the national average of 64.2%. Due to the improving economy in 2004 a relatively low interest rate, and a steady supply of single-family housing, it is anticipated that the propensity to own will increase over this year and the next. Single-family absorption varies geographically in San Antonio, with areas north of US Highway 90 and outside Loop 410 capturing the largest share over the past five years.

New Single Family Absorption Chart, 1996-2000

Price Range	1996	1997	1998	1999	2000	1996-2000	1996-2000 (Avg)	Percent of Total
<i>Less than \$60,000</i>	10	118	104	121	204	557	111	47.8%
<i>\$60,000 to \$79,000</i>	2	2	2	21	49	76	15	6.6%
<i>\$80,000 to \$99,000</i>	0	1	21	99	63	184	37	16.1%
<i>\$100,000 to \$124,000</i>	0	0	2	33	44	79	16	6.9%
<i>\$125,000 to \$199,999</i>	15	17	12	8	12	64	13	5.6%
<i>\$200,000 and over</i>	29	24	27	51	53	184	37	16.1%
TOTAL	56	162	168	333	425	1144	229	100.0%
Numerical Change		106	6	165	92			
Percent Change		189.3%	3.7%	98.2%	27.6%			

Source: Housing Market Analysis City of San Antonio 2001

New Single Family Absorption Chart, Inner City, 2001-2005

Price Range	2001	2002	2003	2004	2005	2001-2005	2001-2005 (Avg)	Percent of Total
<i>Less than \$60,000</i>	215	218	214	207	2019	1062	212	48.7%
<i>\$60,000 to \$79,000</i>	29	30	29	28	29	145	29	6.6%
<i>\$80,000 to \$99,000</i>	71	72	71	68	69	351	70	16.1%
<i>\$100,000 to \$124,000</i>	30	31	30	29	30	151	30	6.9%
<i>\$125,000 to \$199,999</i>	25	25	25	24	24	122	24	5.6%
<i>\$200,000 and over</i>	71	72	71	68	69	351	70	16.1%
TOTAL	441	447	439	425	429	2181	436	100.0%
Numerical Change	16	6	-8	-14	4			
Percent Change	3.8%	1.4%	-1.8%	-3.2%	0.9%			

Source: Housing Market Analysis City of San Antonio 2001

Market Area Profile

According to Census Data, the current median household income for the Primary Market Area is estimated to be \$39,643 and is projected to increase 14.0% over the next five years, from \$39,643 to \$45,193. The addition of a development the size of Hunters Pond into an area that is primarily rural in nature will dramatically raise the median family income for the census tract. The total population in the primary market area was 624 with an average family size of 3.66. The population in the primary market area declined by

3.26% between 1990 and 2000 and while the population in the secondary market increased by 2.10% it is projected to decline by .40% by 2009 from 14,437 to 14,275. The 458 housing units in Hunters Pond will raise the population in the primary market area to approximately 2,300, an increase of 72.8%.

The city of San Antonio has been experiencing consistent growth in population over the past 30 years as well as a significant increase since 1990. Further, the population is projected to increase by another 9.6% by the year 2008. The Primary Market Area has a projected population increase of 70% from 2001 to 2007, which is based upon the addition of the Hunters Pond Households

The area for the proposed Hunters Pond development has experienced a slight decrease in population due in part to the lack of available housing product. Recent investment in this area may act as a catalyst to encourage an increase in the population.

Data indicates that 61.86% of the population is between the ages of 18 and 64 years of age, eligible members of an active workforce with income earning potential. It is estimated that the median age for the Primary Market Area will decrease to 28 years by 2008, remaining slightly below the San Antonio median age.

The 2004 median household income for the Primary and Secondary Market Areas are well below the median income for the City of San Antonio. The 2004 estimated per capita income for the Primary Market Area is \$12,289 and \$11,579 for the Secondary Market Area.

Educational attainment is considered a direct factor in determining subsequent income potential. This is evidenced in the median household income for the area in 2004 being \$39,643, which is well below the median income for the city of San Antonio for the same year. As a percent of average household income, 41% is typically dedicated to mortgages and related expenses. This would result in the average homebuyer in this area being able to afford \$1,354 a month dedicated to housing.

Population

	1990	2000	Est. 2009
Primary Market Area	645	624	630
Secondary Market Area	14,140	14,437	14,275
City	935,933	1,144,646	1,266,854

Change in Population Percentages

	1990-2000	2000-2009
Primary Market Area	-3.26%	72.8%
Secondary Market Area	2.10%	-0.40%
City	18.2%	9.6%

Age

	Primary Market Area	Secondary Market Area
Median Age	28.23	31.16
Average Age	29.09	32.06
% 18 - 64	61.86 %	59.49 %

2004 Est. Median Household Income

	2004
Primary Market Area (0.5 miles)	\$39,643
Secondary Market Area (1.5 miles)	\$36,190
City	\$48,163

Educational Attainment

	High School +
Primary Market Area (0.5 miles)	67.63%
Secondary Market Area (1.5 miles)	54.66%
City	75.51%

Employment

Education is the primary industry within the primary, secondary and area surrounding the proposed development. Primary area employers include; Harlandale ISD, 1,686 faculty and staff, South San Antonio ISD, 1,395 faculty and staff, Southwest ISD, 1,286 faculty and staff and Palo Alto College with 401 faculty and staff. A multi-purpose state of Texas office building at 2711 Palo Alto Road has approximately 80 persons employed on a year round basis. There are no large retail, office or commercial users within either the primary or secondary market areas.

The unemployment rate for San Antonio has been better than for the state over the past five years but has lagged behind the other Bexar County cities. The April unemployment rates, the latest reporting date from the Bureau of Labor Statistics are as follows.

Taxing Entity	Unemployment Rate	Unemployed
Texas	5.6%	610,969
San Antonio	5.3%	30,118
Alamo Heights	2.5%	112
Converse	3.4%	203
Kirby	5.6%	310
Leon Valley	3.1%	220
Live Oak	2.7%	190
Schertz	3.2%	271
Universal City	3.4%	285

The unemployment rate for San Antonio hit a low of 3% with only 15,479 persons unemployed in April 1999 and a high of 7.1% in June 2003 with 40,923 persons unemployed. With structural unemployment being about 4% for large metropolitan areas the San Antonio job market continues to very positive.

Current Housing Stock

The majority of housing units, 93.1 %, are single-family detached structures. In the Primary Market Area, it is estimated that 48.9% of the units were been built prior to 1969 while only 4% have been built since 1990. In 2004 the Claritas estimate is that of the 168 homes in the primary market area 77.38% or 130 were owner occupied and 22.62% or 38 were renter occupied. Claritas data also indicates that while there were only 4 Mobile Home or Trailers in the Primary market area this increased dramatically to 360 or 9.1 % of the housing units in the secondary market. In the primary market area the 2004 estimate of median value for owner occupied homes is \$61,081 and \$55,754 in the secondary market. The estimated median value for owner occupied homes in San Antonio is \$75,431.

The proposed Hunters Pond development was initially planned to provide homes ranging in cost from \$85,000 to \$129,000 and would enhance the current housing stock and market activity, would promote the development of affordable and market rate

housing in the area, and would change the nature of the single-family housing stock from only or primarily single-family detached homes to an urban mix of town-homes, garden homes, duplexes and single-family homes.

YTD SALES CLOSED FOR CLOSEST MARKET AREA

	Average Sales Price	Sales Price per sq ft	New Listings	Active Listings	Pending Sales	Days on Market
2002	\$ 49,750	\$ 51.39	4	5	0	63
2003	\$ 45,167	\$ 49.33	1	3	0	84

According to resale activity obtained from the San Antonio Board of Realtors, there were 4 sales in 2002 and 3 Sales in 2003. Sales for 2004 through May were 1 pending sale. In 2002 and 2003 homes sold on average of 100% of the asking price. The average asking price for the 4 homes listed for sale is \$62,497 and \$58.61 per Sq. Ft. The projected increase in asking price of \$9.28 per square foot indicates a sellers market for housing in the market area. Figures indicate that there is a potential demand for housing product in this location and price range as evidenced by the increase in asking price for homes and the price per square foot. The increased asking price also reflects seller's knowledge that the Toyota opening will increase demand for area housing.

A review of home sales data from the Real Estate Center at Texas A&M reveals the following statistics that indicate that housing in San Antonio is rapidly being priced out of the market of a typical San Antonio consumer. In 1993 45.1 % of the homes in San Antonio sold for \$70,000 or less but by 2003 only 19.2% of the homes sold in that price range. In 1993 64.5% of the homes sold for \$89,999 or less while only 34.8% did in 2003. This price inflation is a result of imbalances in the market whereby in order to live where they want to live consumers are bidding up the price of the existing housing stock.

Developments like Hunters Pond that provides housing in nontraditional neighborhoods will help to mitigate these price increases.

Mobility

The 1995 American Housing Survey of the San Antonio Metropolitan Area cites the following as primary reasons for relocating and choice of residence.

Respondents surveyed indicated that the primary reason for leaving a particular neighborhood and current residence is a new job or transfer. The second reason is to establish own household, contributing to the demand of additional housing stock. The third represents a shift in population and user group.

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

Mobility

Based on a referenced demographic and supportive data, there is a significant demand for the proposed Hunters Pond development. The subject site has an adequate absorption rate, based upon lack of comparable product and existing demand. As noted, the majority of the market available in the area is 30-year-old housing product. The location of the project provides new housing opportunities for area residents and for non-residents who have to commute to area employment centers. The project will help to mitigate the rapid price inflation that is being seen in the new home and resale markets.

Reasons for Leaving Previous Residence

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

Source: 1995 American Housing Survey of the San Antonio Metropolitan Area

Reasons for Selecting Current Residence

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

Source: 1995 American Housing Survey of the San Antonio Metropolitan Area

6. Departmental Review

A team of various departments analyzed the viability and feasibility of the project, evaluating the Application for Redevelopment submitted to the City expressing interest in TIF.

To ensure that the criteria set forth in the City's Tax Increment Financing and Reinvestment Zone Guidelines & Criteria has been met along with other City policies, the respective departments review and coordinate with the developer and TIF coordinating department.

Coordination with the City Departments will continue through the end of construction. Upon final analysis, each participating department will submit a narrative review of the project.

7. Exhibits

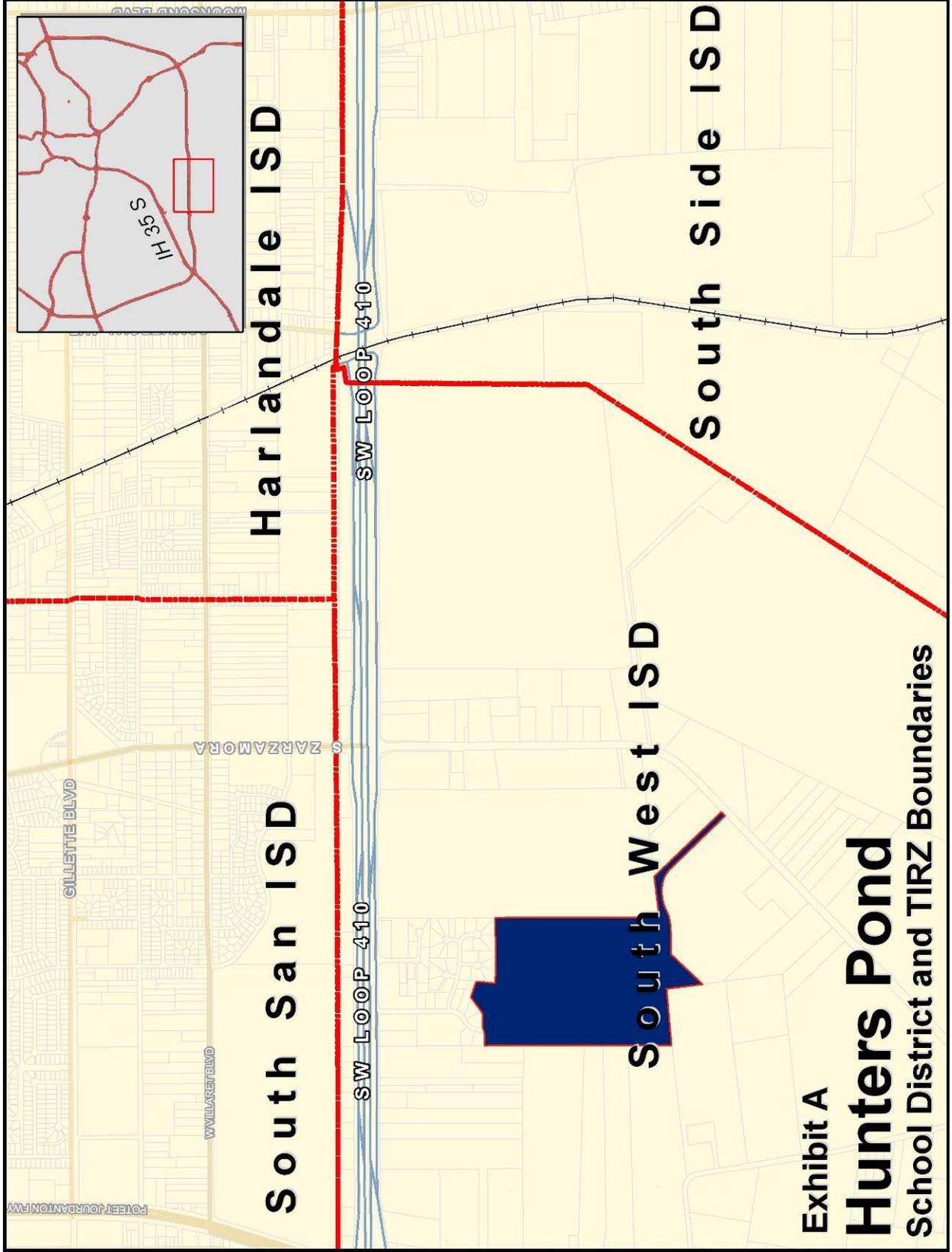
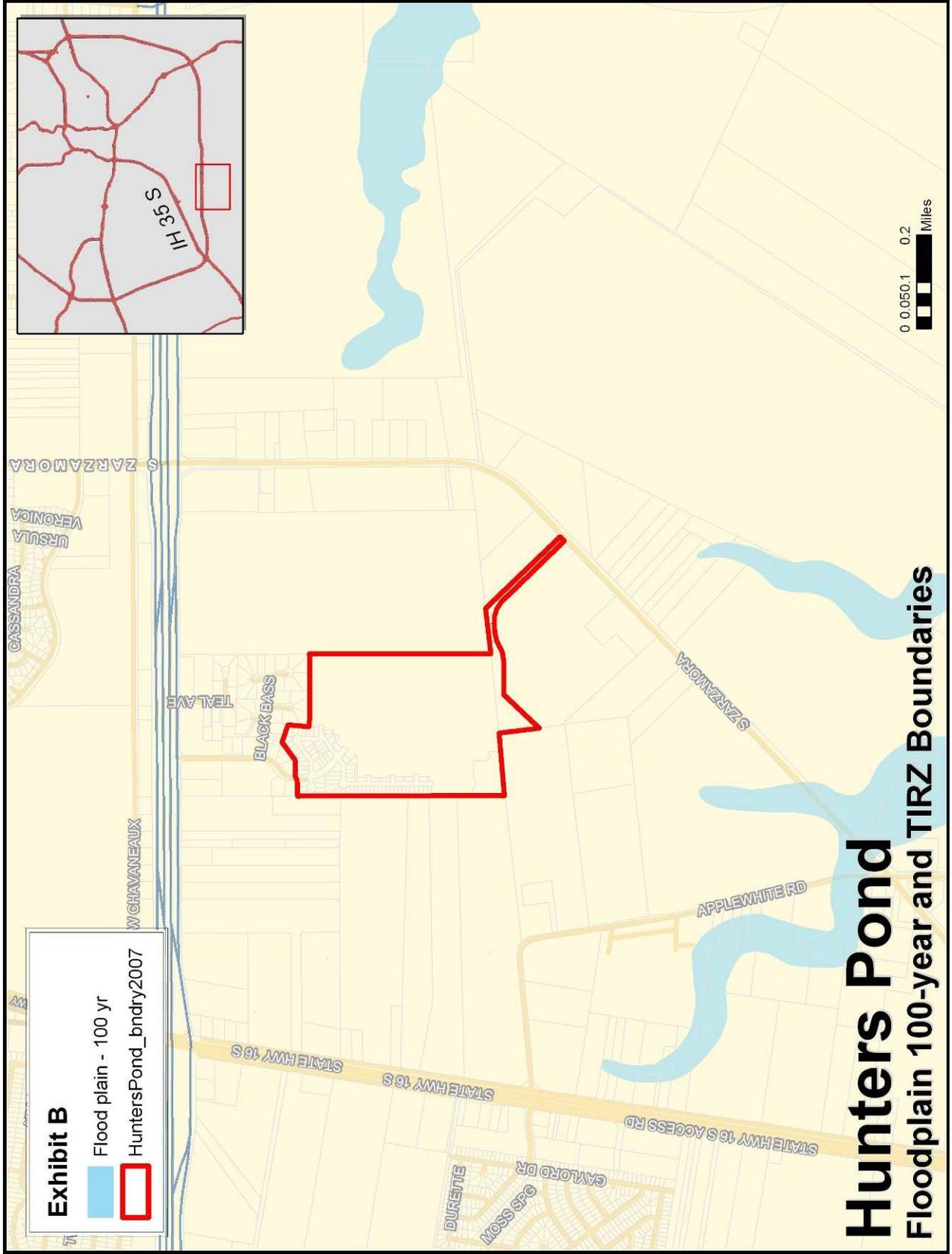
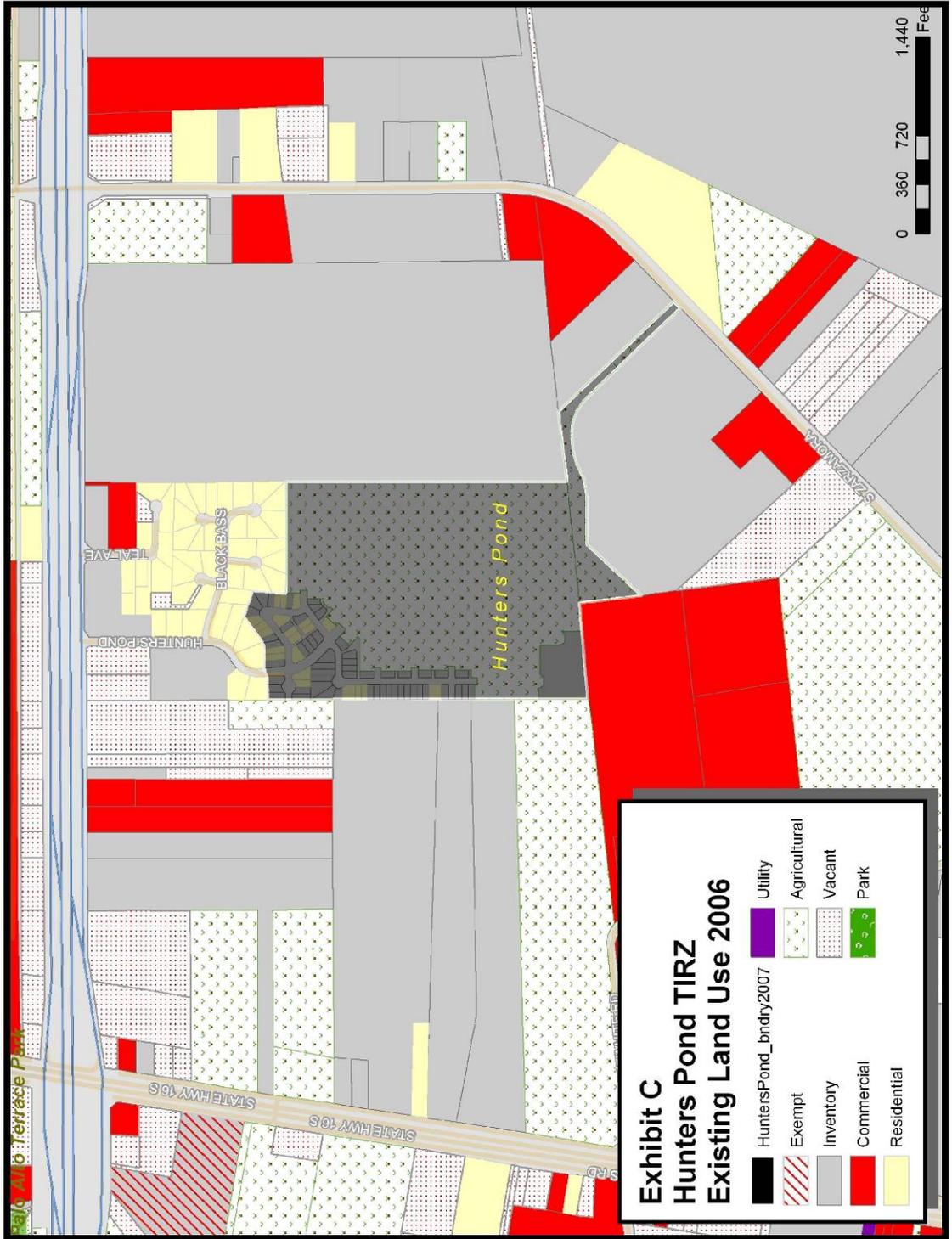


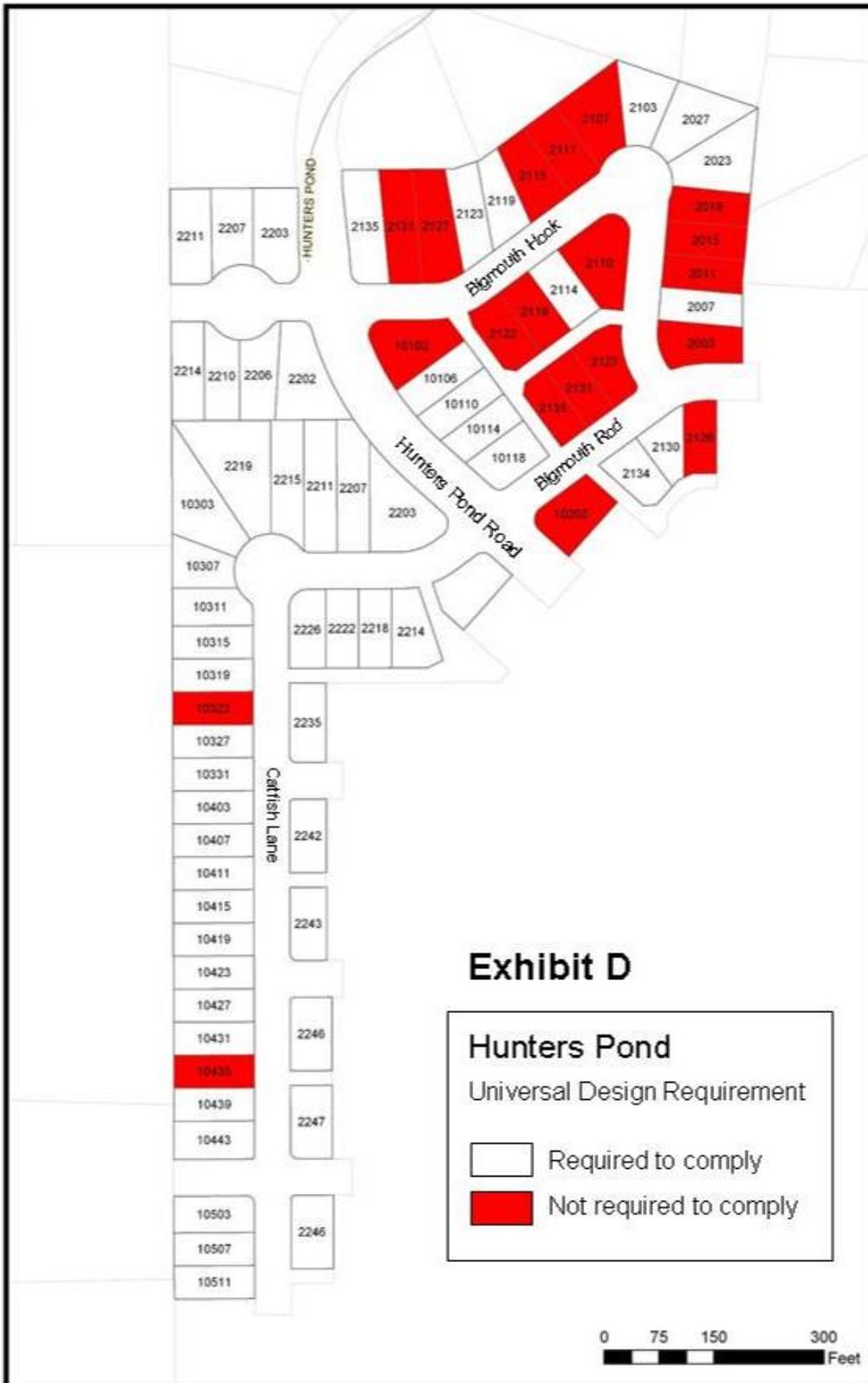
Exhibit A
Hunters Pond
 School District and TIRZ Boundaries



Hunters Pond

Floodplain 100-year and TIRZ Boundaries





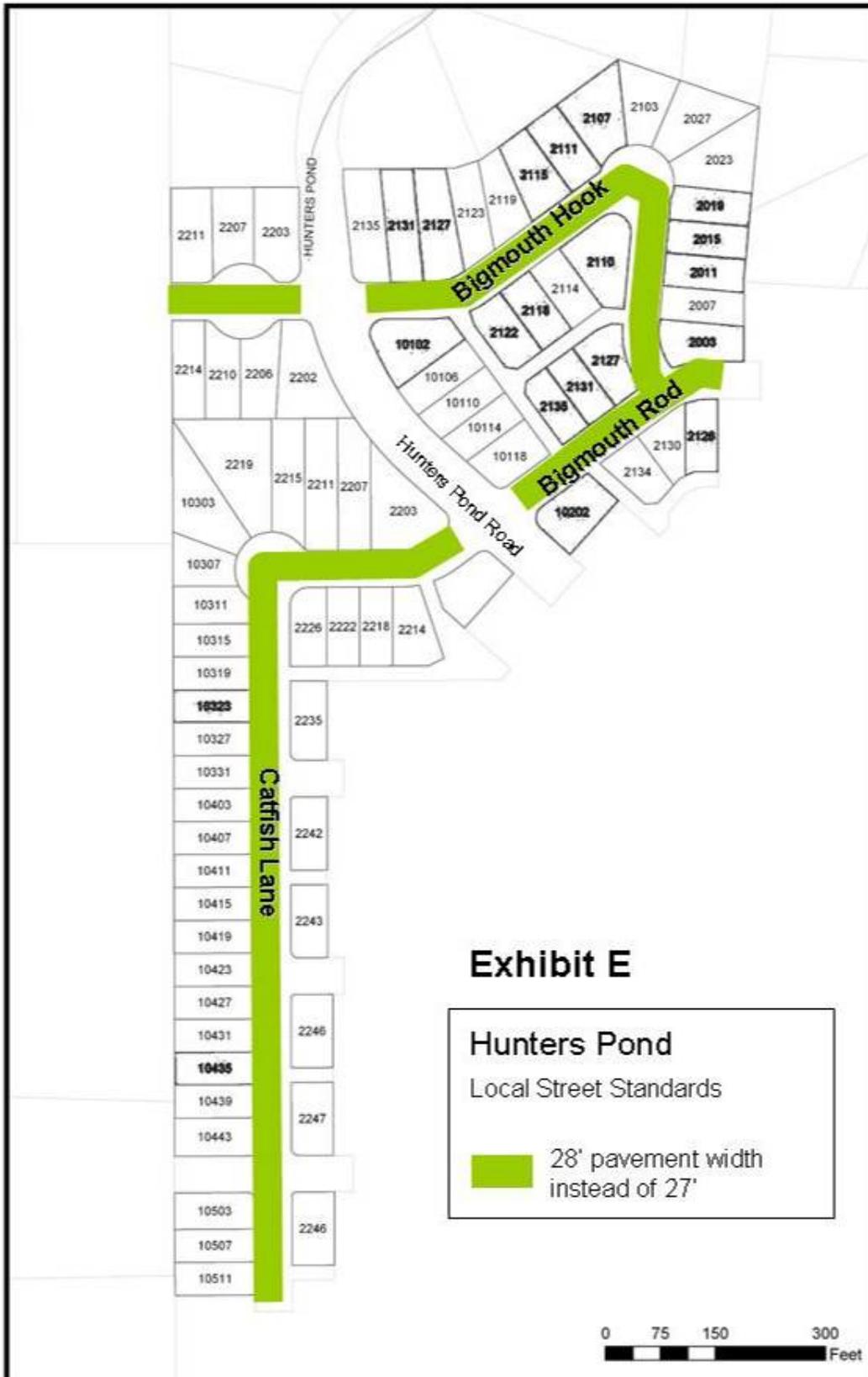
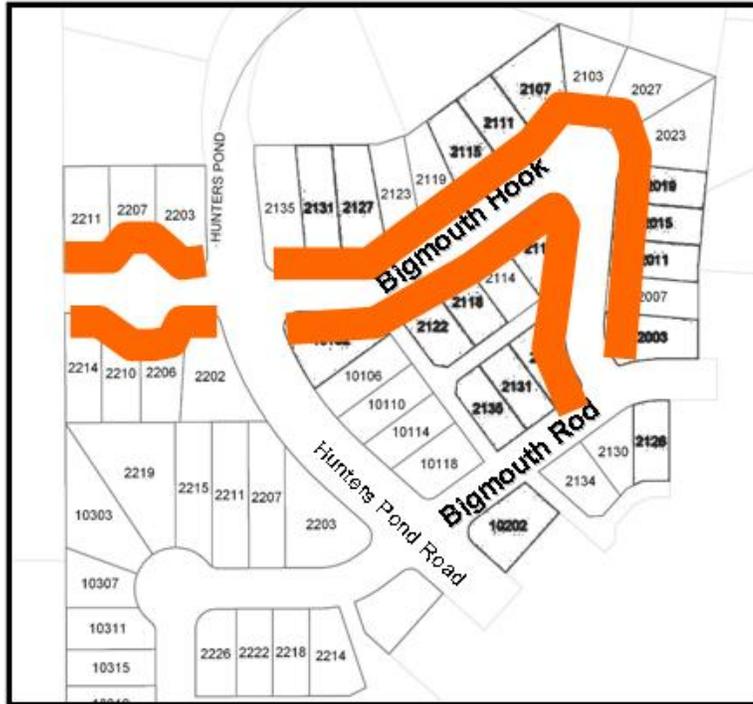


Exhibit F



Hunters Pond
 Bigmouth Hook
 Sidewalk Standards
 2' planting strip
 instead of 6.5'

