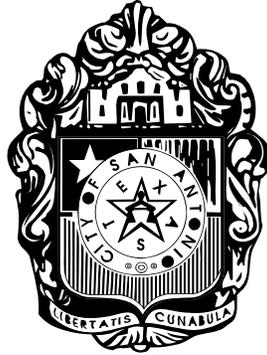


**CITY OF SAN ANTONIO, TEXAS**  
**Housing and Neighborhood Services Department**



**MISSION CREEK**  
**Tax Increment Reinvestment Zone**  
**Seventeen**

**Final Project Plan**

**March 29, 2007**

# TABLE OF CONTENTS

## EXECUTIVE SUMMARY

1. POLICY AND PROGRAM
  - A. Policy
  - B. Program
2. DESIGNATION AND PARTICIPATION
  - A. TIF Mechanism
  - B. City of San Antonio
  - C. Bexar County
  - D. Developer
3. EXISTING CONDITIONS
  - A. Regional
  - B. Site Conditions
4. PROJECT INFORMATION
  - A. Concept
  - B. Infrastructure
  - C. School District
  - D. Public Facilities
  - E. Parks
  - F. Financial Information
5. PROJECT FEASIBILITY
6. TARGET POPULATION AND MARKET AREA
7. DEPARTMENTAL COORDINATION
  - A. Target Market
  - B. Effective Market Area
  - C. Population
  - D. Demand for Housing
  - E. Market Area Profile
  - F. Current Housing Stock
  - G. Mobility
  - H. Conclusion

## EXHIBITS

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

# ***Executive Summary***

The City of San Antonio's Mission Creek Tax Increment Reinvestment Zone Seventeen ("TIRZ" or "Zone") as Designated on December 9, 2004. The 101.06 acres of undeveloped land will be utilized to construct 447 single-family homes.

The TIRZ project is located in Priority Area 1 as defined in the City's 2002 TIF Guidelines (inside and outside Loop 410 and south of Highway 90 and inside the San Antonio City limits); The City may participate up to 100% for a term of up to 25 years. The TIRZ is located in City Council District (3), in the San Antonio Independent School District.

This Mission Creek TIRZ will enhance the quality of life for the existing residents of the neighborhood, and the City will gain a self-sustaining, single-family neighborhood. The projects total approximate acreage is 101.06, that includes: 19.48-acres of land for a San Antonio Independent School District Elementary School, 1.88-acres of land for Civic use, and 12.18-acres of land for a park.

The subdivision includes 448 single-family homes with an average estimated sales price of \$86,500. The developer of the property is HLH Developments, L.P., and is requesting participation from the City of San Antonio, and Bexar County.

The TIRZ will reimburse costs associated with the public infrastructure improvements for this project which include: site work, storm water pollution prevention, streets and drainage, emergency street repair, sewer, water, street lights/signs, secondary access (70') street, off site utilities, CPS electrical, platting fees, zoning fees, permitting fees, tree survey, drainage fees, recreational park area and soft costs.

The Board of Directors for Mission Creek TIRZ Seventeen, met on February 23, 2007, and approved the Final Project Plan and Final Financing Plans. The life of the Tax Increment Reinvestment Zone (TIRZ) is projected to be 24.82 years with the TIRZ being in existence through September 30, 2029.

Mission Creek

# 1. Policy and Program

## A. POLICY

The City of San Antonio is dedicated to the revitalization of inner-city neighborhoods and commercial districts, particularly in those areas located inside Loop 410 and south of Highway 90, by using a tiered system of incentive tools, such as Tax Increment Financing (TIF). Development projects supported by a Tax Increment Reinvestment Zone (TIRZ) should act as economic stimuli to surrounding areas. By leveraging private investment for certain types of development within a targeted area, TIF can be a tool used to assist in financing needed public improvements and enhancing infrastructure. Each taxing entity that collects taxes against the property within a TIRZ has an opportunity to contribute these future tax revenues to a TIRZ fund to reimburse developers for the cost of public infrastructure improvements in the TIRZ.

## B. PROGRAM

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 support the City's Economic Development, Community Development and Urban Design goals. 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 adopted the amended guidelines by Ordinance 96621 approved on October 24, 2002. The Guidelines were previously amended by Ordinance 92552 and Ordinance 92710 in 2000 and 2002. The Guidelines serve as policy direction to City staff and interested parties regarding the Application for Redevelopment specifically related to Tax Increment Financing (TIF) which support certain types of development in targeted areas of the city in conjunction

#### **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), which act as an economic stimulus for residential & commercial developments
- 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

#### **Tax Increment Reinvestment Zones may be designated to support a wide variety of new construction, rehabilitation, or redevelopment:**

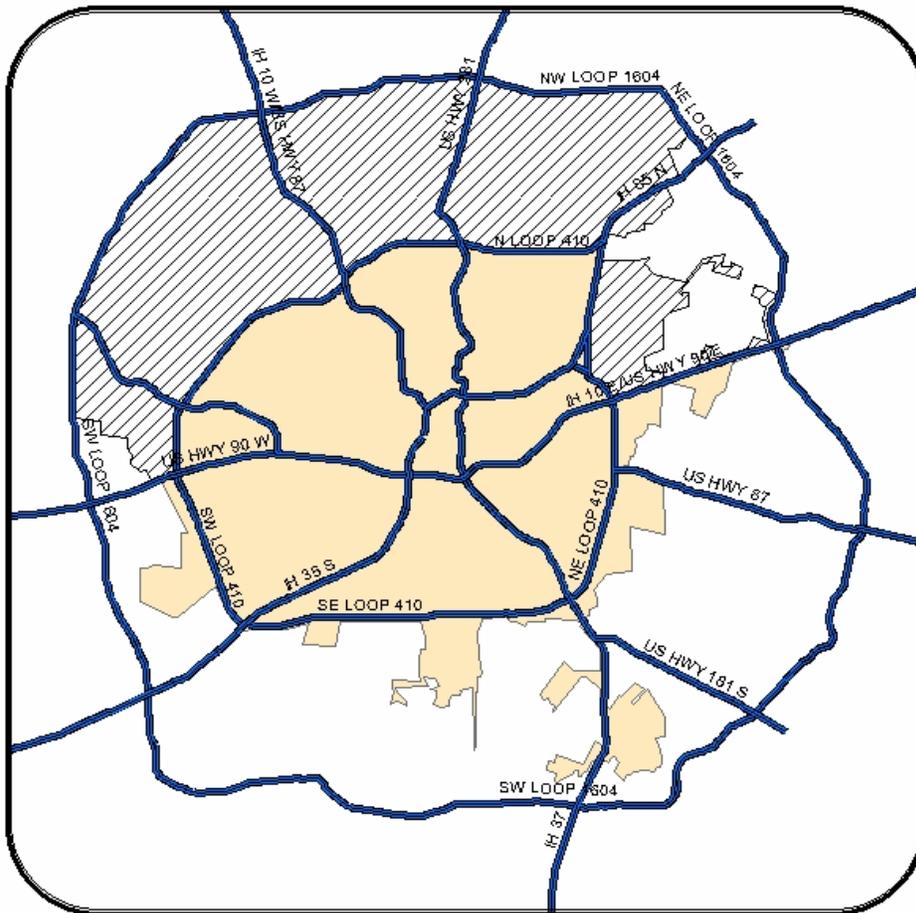
- **Type A:** Residential development projects for either single-family and/or multi-family residential use.
- **Type B:** Business parks for Targeted Industries for new construction or renovation of offices with at least 50% of space pre-leased.
- **Type C:** Office development for new construction or renovation of offices with at least 50% of office space pre-leased.
- **Type D:** Retail/Commercial development for new construction or renovation of offices with at least 50% of space pre-leased.

with reinvestment zones designated following either (1) submission of an Application for Redevelopment to the

City pursuant to these guidelines, or (2) upon petition of a property owner under Section 311.005 (a)(5) of the Texas Tax Code. As such, any Tax Increment Reinvestment Zones (TIRZ) created under the 1998 Guidelines and Criteria adopted by Ordinance #88196 effective through August 31, 1999, are governed under said Guidelines. The Mission Creek TIRZ was designated following the submission of a petition of the property owner. All TIRZ are governed by the Guidelines in effect at the time of the TIRZ creation by City Council.

### TARGETED ECONOMIC DEVELOPMENT

Use of TIF is tailored to the strengths and needs of specific areas of the City. The City has identified Priority Areas where projects may be eligible for TIF.



**Area 1:** City may participate up to 100% for projects located inside and outside Loop 410 and south of Highway 90 and inside the San Antonio City limits that consists of fifty-one percent (51%) of development dedicated primarily to market rate housing and mixed-use development consistent with the City's Master Plan. This level



applies to residential, business-park, office, and commercial development.

*Area 2:* City may participate up to 100% for projects that propose and promote developments consistent with the City’s Master Plan, such as mixed-income, traditional neighborhood developments (i.e. new urbanism), and affordable housing, outside Loop 410 and north of Highway 90 within Loop 1604 and inside the San Antonio City limits. Projects within this area must have at least fifty percent (50%) or more of the proposed units dedicated to affordable housing (prices not exceeding \$89,000) and constructed throughout development. This level applies only to residential development.

**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 demonstrate how the project achieves objectives of the City’s Master Plan, Southside Initiative and/or the CRAG.

**ENVIRONMENTAL PROTECTION**

No applications will be accepted for a TIF where all or part of the proposed project falls over the Edwards Aquifer Recharge Zone. The Mission Creek TIRZ is not located over the Edwards Aquifer Recharge Zone.

**DESIGN QUALITY**

All projects supported by TIF should add long-term value to the public realm. Accordingly, projects must be built to design principles that prioritize the safety and comfort of all public infrastructure users – whether they are walking, jogging, riding or driving. The City’s Unified Development Code (UDC) sets out a menu of approaches to help designers and developers meet the program’s Urban Design Goals.

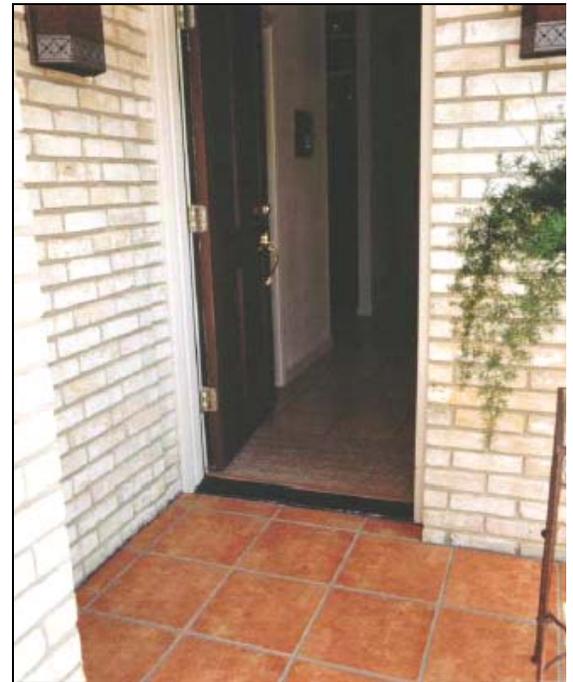
Projects must also consider the long-term value of the private improvements supported by TIF. Specifically, the Master Plan calls for efforts to facilitate the provisions of choice in housing for special needs populations (Neighborhoods: Policy 4d). Efforts to meet this policy may include ensuring homes 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.

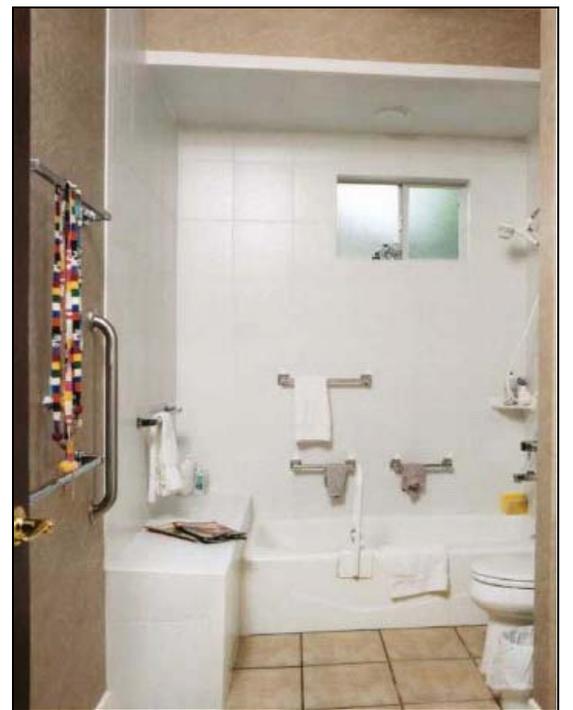
The Mission Creek TIRZ creation and contribution to the payment of public infrastructure improvements requires the development to comply with the City's Universal Design requirements (UD), located in the City Code, Chapter 6, Article XII. According to a compromise agreement reached with the Developer, 236 units in Phase 1, 2, and 3 do not comply with UD, but only five (5) non-compliant units will be deducted from the total taxable value, resulting in the reduction of the projected captured value by \$603,360. The tax collections attributable to the reduced captured value is estimated to be \$4,246 annually, which will not be deposited to the Mission Creek TIRZ fund but will instead be retained by the Participating Taxing Entities (the City & Bexar County). The remaining 211 units in Phase 4, 5 and 6 shall comply with the Universal Design requirements. If it is discovered that any units in Phase 4, 5, and 6 do not comply, those non-compliant units will also be deducted from the total taxable value.

## 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 long-term commitment of the applicant. In addition to the City of San Antonio, the Mission Creek project developers have secured



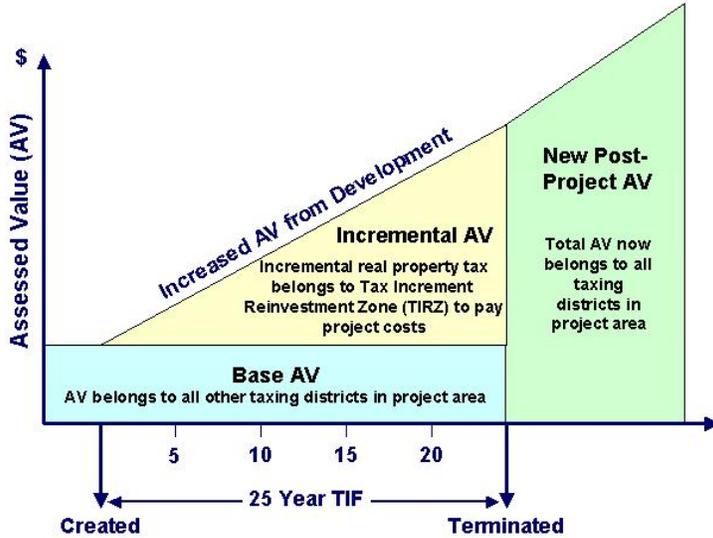
**Figure 1 No Step entrance**



**Figure 2 Walls shall be reinforced around showers; tubs and toilet for future installation of grab bars.**

commitments from Bexar County to participate in this TIRZ project.

## A. TIF MECHANISM



Base Assessed Values in a TIRZ continue to be collected by taxing entities – only the new values (the increment) are collected in the TIRZ Fund.

Once a Reinvestment Zone has been established, an increase in incremental real property taxes resulting from new construction, public improvements, and redevelopment efforts may be collected and deposited into the TIRZ Fund. The City of San Antonio enters into written agreements 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 TIF Fund, and (3) term of the agreement. Participating taxing entities continue to collect taxes on the base value and taxing entities that do not participate, such as local school districts, collect taxes on the both the base and all increased value.

### Participating Taxing Entities:



City of San Antonio



Bexar County

## B. CITY OF SAN ANTONIO

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

- Application review and analysis
- Statutory presentations

- TIRZ Board administration
- TIRZ Fund administration
- Processing of reimbursement request for eligible public improvements
- Ongoing monitoring of construction

The City of San Antonio will be participating at 100%. The life of the TIRZ is projected to be 24.82 years with the TIRZ being in existence until September 30, 2029.

### ***C. BEXAR COUNTY***

On May 20, 2003, Commissioners Court approved a one-year moratorium on the approval of any more TIF application reviews until the formal review and adoption of guidelines and criteria.

On May 12, 2004, Commissioners Court approved the Guidelines and Criteria for Bexar County. In accordance with their Guidelines, the participation level for the County does not exceed 80% of its increment collected and do not participate longer than 25 years for the term of the zone.

The City of San Antonio provided a statutory presentation of the Mission Creek project to Bexar County in November 2004; their participation level is 43.75% of Operations and Maintenance portion of the tax rate. The participation shall not extend beyond September 30, 2029.

### ***D. DEVELOPER***

Developer is HLH Developments LP, formed over six years ago to develop lots for the affordable housing market. The principal operations officer is Harry Hausman. The limited partnership is owned by Harry Hausman and his family, which they have completed four subdivisions over the past five years, including La Coste Heights, Legend Oaks, Hunters Lake, and Hunters Oak.

The Developer responsibilities include providing accurate Quarterly Reports (project status reports) to the TIF Unit (due the 15th of January, April, July and October or the first business day thereafter) that includes, but are not limited to: copies of publicly bid documents for public improvements, detailed invoices related to project costs, disclosure of any relevant changes in project, ownership, financial stability, or any anticipated assignment.

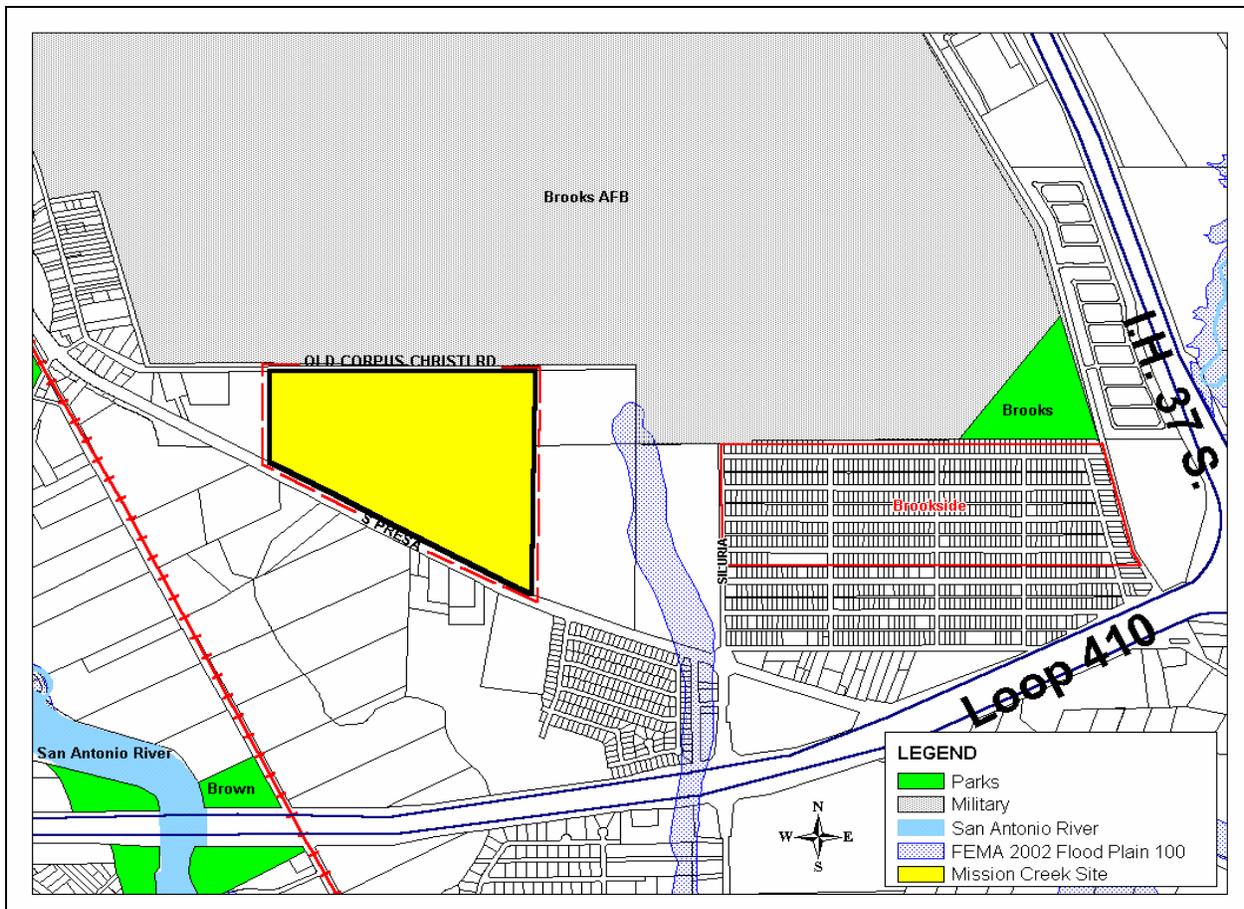
HLH Developments LP has arranged the financing for this project through Plaza Bank for all infrastructure and site improvements.

# 3. Existing Conditions

## A. REGIONAL

The Mission Creek TIRZ is located in the southeast quadrant of the City of San Antonio, inside Loop 410 off South Presa. The site is within the San Antonio River Watershed, in close proximity to the San Antonio River. Stinson Municipal Airport, Brookside TIRZ # 7 and Brooks City-Base are also nearby. The project will serve as an infill development for an area that has been vacant for some time.

There are large portions of land to the west and south that are not developed. There is an existing residential subdivision located at South Presa and Hwy Loop 410 consisting of small residential homes constructed in the 1960s. However, no new sustained single-family construction has occurred in the South Presa corridor in over 25 years.



The TIRZ is located in close proximity to major arteries, which include Loop 410, South Presa, and IH 37 South.

### ***School District***

Mission Creek TIRZ is in the San Antonio Independent School District (SAISD). Elementary Schools located about 2.5-miles of the project are Foster, Forbes and Schenck. Middle Schools located about 4.5-miles of the project are Connell and Rogers.

Walking to any of these schools would be hazardous given the distance from the project and lack of pedestrian infrastructure on South Presa. A bus route would be needed to accommodate any students attending any of these SAISD Schools.

### ***Parks and other facilities***

The site is within close proximity to the San Antonio Missions National Historical Park (Espada Park), Mission San Juan de Capistrano, Mission San Francisco de la Espada, Brooks Park and Brown Park.

### ***Neighborhood Plans and Associations***

There is several recorded neighborhood association in the 78223 zip code area for the Mission Creek project. The nearest neighborhood associations in this zip code area are Brookside Neighbors, McCreless West, Canyon View Neighbors, Highland Hills, Highland Park, Highland Country Alliance and Sunny Slope/Pasadena Heights. The nearest neighborhood association in the 78221 zip codes is Kingsborough Ridge Neighbors.

## **B. SITE CONDITIONS**

### ***Topography and Hydrology***

The zone includes about 101.06 acres of undeveloped land. Old Corpus Christi Road and Brooks City-Base bind the property to the north, the Texas A&M Extension Service site to the east, Presa Street to the south, and the light industrial property to the west. The site lies approximately between 757 to 770 feet above



**Figure 3 Mission Creek Aerial**



**Figure 4 Preparing the land for street layout**



**Figure 5 Street layout Phase I**

mean sea level. The topography of the site slopes gently to the south, southwest toward a natural drain along its south and southwestern boundary. The Site lies outside the influence of 100-year flood plain of any defined water stream.

### ***Geology***

The surface geology on the site is of Houston Black Gravelly Clay. The site is covered by approximate 38 inches of black layer. The surface layer is dark gray and is about 34 inches thick. The pebbles on the surface reduce somewhat the risk of water erosion. Terracing, contour tillage, fertilization and proper use of plant residues help to conserve moisture and maintain fertility and tilts.

### ***Environmental Assessment***

Limited Phase II Environmental Site Assessment EM03-PH2-109 Environmental Study was done in March 2003. At the time of the Soil Testing the Mission Creek Subdivision was undeveloped and covered in a moderate dense to dense stand of vegetative cover consisting of mesquite, huisahe, prickly pear cactus and woody shrubs. Based on the report of the Phase II investigation there appears to be no environmental impact to the soil, as a result of off-site runoff. Therefore, it has been determined that no further environmental action is required for this project.

### ***Historic Use***

Early aerial photography of the site dated back to the years 1997, 1986, 1977, 1959 and 1938 shows no evidence of any uses of the land except farmland.

## **4. Project Information**

### ***A. CONCEPT***

Mission Creek TIRZ is approximately 101.06 acres in size and will finance the construction of public infrastructure to help facilitate the development of a residential neighborhood. The construction includes: 448 single-family homes, a local street network, drainage work, pedestrian connections into the neighboring park, dedicated property to the City of San Antonio for a future Civic use and a site for the proposed San Antonio Independent School District Elementary School.

## **B. INFRASTRUCTURE**

The successful development of the Mission Creek project will require reimbursements of public infrastructure improvements and related capital costs that include: streets, approaches, drainage, sewer, water, street lights, park fees, drainage fees, platting fees, zoning fees, electricity, purchase drainage easement, engineering-surveying expenses, geotechnical services, contingency, construction management and formation fees.

The City of San Antonio seeks to discourage 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. (See Master Plan, Urban Design, Policy 1c).

The calculation of internal street connectivity using the connectivity index preserves the opportunity to provide some cul-de-sacs while, at the same, maintaining the integrity of the network as a whole. The City's minimum connectivity index is 1.20. The Mission Creek street system has a connectivity index that is higher than 1.20.

### **INFRASTRUCTURE MAINTENANCE AGREEMENT**

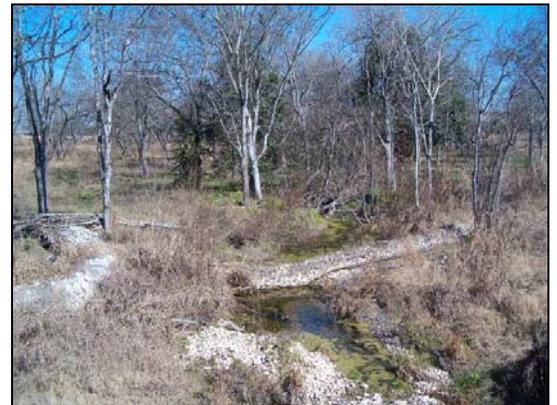
The Developer and the City have negotiated an extended 5 year warranty and maintenance agreement for streets and drainage. This extended warranty process is outlined below:

(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



**Figure 6 Entrance to Mission Creek**



**Figure 7 Existing Natural Drainage**



**Figure 8 Model Homes at Mission Creek Subdivision**

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 and maintenance of the public improvements shall be the responsibility of the City; however, the City shall be reimbursed from the Contingency Fund as listed in the Financing Plan (the "Contingency Fund") for those costs, including, but not limited to: demolition, rebuilding, engineering, design, new construction or any other cost necessitated by the failure without regard to fault or degree ("failure") of public infrastructure which is discovered within the second (2d) through fifth (5th) years after completion of the infrastructure.

(d) If no costs for the repair, replacement or maintenance of a public improvement as a result of a failure are claimed by or due to the City during any year within the second (2nd) through fifth (5th) years after completion of the infrastructure, the Developer shall receive the entire approved reimbursement amount available in that year.

(e) In the event any costs for the repair, replacement or maintenance of a public improvement are claimed by the City due to a failure discovered within the second (2nd) through fifth (5th) years after completion of the infrastructure, the City shall be fully reimbursed those costs from the TIRZ Contingency Fund.

(f) In the event the TIRZ Contingency Fund does not reflect an amount equal to the costs of the repair, replacement or maintenance of the public improvement, the Contingency Fund balance shall be increased by reallocating other costs within the Financing Plan and reducing the approved amount of reimbursement that would have been remitted to the Developer, until the City has been reimbursed its costs in full.

(g) Payment of the City shall take priority over reimbursement of the Developer.

(h) This reallocation of funds shall not be considered an amendment of the Financing Plan and requires no action by the Board or the City Council to be effective.

(i) It shall be no defense to the City's reimbursement of itself out of the TIRZ fund that the City or its agents have inspected, accepted or approved the public infrastructure. Approval or acceptance of public infrastructure is not a waiver of claims under this section. The City may attempt multiple repairs on the same infrastructure and reimburse itself for each attempt.

(j) 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 Participating 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.

(k) Reimbursement of the developer shall not be unreasonably denied provided the improvement has reached “Completion” under Subsection (a) or (b) above, and provided that the City has no active claim for reimbursement under this section.

(l) The requirements of the contract 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 contract or the Unified Development Code.

### **C. SCHOOL DISTRICT**

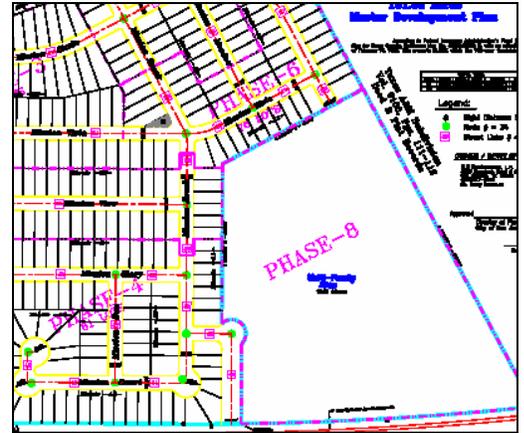
The San Antonio Independent School District (SAISD) is currently planning a Pre-Kinder through 8<sup>th</sup> grade academy to serve the SAISD attendance boundary area for the community. The budget for this project is \$20 million for the planning, design, construction, equipment and start-up for the campus. The campus construction master plan will have 2 phases. Phase 1 will accommodate 500 students and phase 2 may take several years (8 to 15) before the housing demand in that area requires completion of phase 2. The completion of the school will accommodate a total of 750 students.

### **D. PUBLIC FACILITIES**

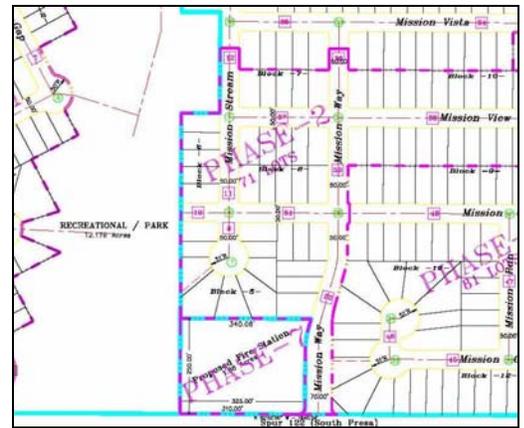
The project site has 1.88 acres of land that will be dedicated to the City of San Antonio for a future Civic use. This dedication will occur during the construction process of the project.

### **E. PARKS**

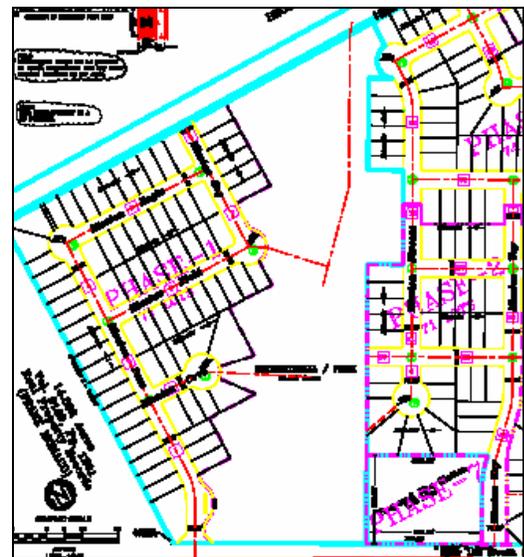
Parkland is 12.18 acres located between Phase 1 and the other Phases along a creek that flows into San Juan Creek and ultimately the San Antonio River. Access to



**Figure 9 Proposed SAISD Elementary School Site 19.48 Acres**



**Figure 10 Dedicated Civic Use Site of 1.88 Acres**



**Figure 11 Recreational/Park Site 12.18 Acres**

the park will be accessible from Phases 1, 2, and 3 via street frontage. Park is to be dedicated to the City of San Antonio by December 31, 2009, with improvements as follows:

- Access Path with low-water crossing \$30,000
- Playground area \$105,000
- Ball field \$26,000
- Landscaping \$23,000
- Parking lot \$22,000
- Picnic units \$12,000

## ***F. FINANCIAL INFORMATION***

The Final Finance Plan estimates to increase the base value from \$3,991,335 in 2004 to \$44,830,928 through the life of the TIRZ in FY 2029. This project is located in Priority Area 1 and is eligible for the City's participation at 100% with projected tax increments deposited to the TIRZ Fund of \$4,922,523. The Final Finance Plan reflects Bexar County participation at 43.75% of their tax rate with projected tax increments of \$1,065,799. The total projected combined tax increment collection for both taxing entities is \$5,988,322. The developer's proposed contribution is estimated at \$2,176,129. The maximum contribution for the participating taxing entities (City & Bexar County) is \$8,164,451 which reflects the total costs of infrastructure and related development costs. The term of the zone expires on or before September 30, 2029.

## **5. Project Feasibility**

*(Information provided by the Developer)*

The Mission Creek Tax Increment Reinvestment Zone (TIRZ) development is located on an approximate 101.06-acre tract of land on San Antonio's southeast side. The property is inside Loop 410 and just south of Brooks City base. The developer will build an estimated 447 single-family homes and reserve 19.48 acres for a future school site. This development is planned over five phases with construction to begin in 2004 and anticipated completion in 2008.

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 average sales price for the single-family homes is \$86,500.

San Antonio began as a small settlement founded by Spanish missionaries in the early 1700's and is the county seat for Bexar County. Ranked as one of the tenth largest cities in the United States, San Antonio is considered one of the fastest growing metropolitan areas; between 2000 and 2003 it was the third fastest growing area in the US. In addition, it offers close proximity to the major Texas population centers, with the north-south and east-west interstate highways connecting San Antonio with all the major Texas cities, the entire United States and Mexico. San Antonio, strategically located in south central Texas, along the Interstate 35 (I-35) corridor, has historically served as the economic hub of the region, which has resulted in the development of a diverse economy. The 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 2004. San Antonio has posted an 11,161 net job gain and a .9% unemployment rate drop between January 2004 and May 2004.

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 Boerne 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 Mission Creek development should provide an affordable alternative to recent and ongoing market housing developments.

# **6. Target Population and Market Area**

*(Information provided by the Developer)*

## **A. TARGET MARKET**

The target market, defined for the purposes of this study, is a 1.5-mile circumference around the property. This area consists primarily of households in the San Antonio area who earn above the area median, 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 27.27 years, well below the national median age of 36.2. The median household income for the target market is estimated to be \$51,786, which is above the San Antonio median household income.

## **B. 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 development. Major arteries for the Primary and Secondary Market Area include Loop 410, South Presa, IH 37 South and SE Military. The PMA and SMA were selected based on residential movement that is expected within the San Antonio area.

## **C. 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.

## **D. 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.

<b>NEW SINGLE FAMILY ABSORPTION (INNER CITY) BY PRICE RANGE 1996-2000</b>								
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%
<b>TOTAL</b>	<b>56</b>	<b>162</b>	<b>168</b>	<b>333</b>	<b>425</b>	<b>1144</b>	<b>229</b>	<b>100.0%</b>
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

<b>NEW SINGLE FAMILY ABSORPTION (INNER CITY) BY PRICE RANGE 2001-2005</b>								
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%
<b>TOTAL</b>	<b>441</b>	<b>447</b>	<b>439</b>	<b>425</b>	<b>429</b>	<b>2181</b>	<b>436</b>	<b>100.0%</b>
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

Over the past twelve months absorption of new apartments units increased, however in the 2<sup>nd</sup> quarter of 2004 there were more units added to inventory than were absorbed. Overall occupancy rates dropped during the second quarter from 91.75% to 91.69%. Class-A and new apartments continued to lease well with losses occurring in Class-B and C complexes According to the Texas A&M Real Estate Research Center there are currently over 5,000 units under construction with an additional 4,400 units expected to

break ground in the next 12 months. The continued addition of large numbers of new Class A units will continue to impact B and C Class units with an increasing number of projects becoming economically infeasible to keep open.

## **E. MARKET AREA PROFILE**

According to Claritas Data, the current median household income for the Primary Market Area is estimated to be \$51,786 and is projected to increase 19.0% over the next five years, from \$51,786 to \$61,625. The addition of a development the size of Mission Creek into an area that is primarily rural in nature will dramatically raise the median family income for the market area. The total 2003 population projection in the primary market area was 293 with an average family size of 3.41. The population in the primary market area increased by 63.27% between 1990 and 2000 and the population in the secondary market increased by 57.80%. This is a result of the surrounding area being largely undeveloped raw land. The 447 housing units in Mission Creek will raise the population in the primary market area by approximately 1,528.

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 21.16% from 2004 to 2007, without the addition of the Mission Creek Households. \* *Projections for the City of San Antonio extend through 2008*

The area for the Mission Creek development has experienced a slight increase 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. \* *Projections for the City of San Antonio extend through 2008.*

Data indicates that 60.41% of the population is eligible members of an active workforce with income earning potential between the ages of 18 and 64 years of age. It is estimated

### **Population**

	Primary Market Area	Secondary Market Area	City
1990	147	3,050	935,933
2000	240	4,813	1,144,646
Est. 2009	355	3,526	*1,266,854

### **Change In Population Percentages**

	1990-2000	2004-2009
Primary Market Area	63.27%	21.16%
Secondary Market Area	57.80%	16.58%
City	18.2%	*9.6%

### **Age**

	Primary Mkt.	Secondary Mkt.
Median Age	27.22	27.27
Average Age	28.66	29.56
% 18-64	60.41	59.33

### **2004 Est. Median Household Income**

	2004
Primary Market Area (0.5 miles)	\$51,786
Secondary Market Area (1.5 miles)	\$44,922
City	\$41,233

that the median age for the Primary Market Area will increase to 28 years by 2009, remaining slightly below the San Antonio median age.

The 2004 median household income for the Primary and Secondary Market Areas are well above the median income for the City of San Antonio. The 2004 estimated per capita income for the Primary Market Area is \$15,842 and \$14,821 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 \$44,922, 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 household expenses. This would result in the average homebuyer in this area being able to afford \$1,535 a month dedicated to housing.

## **F. CURRENT HOUSING STOCK**

The majority of housing units in the primary area, 87.78%, are comprised of single-family detached structures. In 2004 the Claritas estimate is that of the 85 occupied homes in the primary market area 81.18% or 69 were owner occupied and 18.82% or 16 were renter occupied. Claritas data also indicates that while there were only 3 Mobile Home or Trailers in the Primary market area this increased dramatically to 531 or 30.20% of the housing units in the secondary market. In the primary market area the 2004 estimate of median value for owner occupied homes is \$84,000 and \$64,432 in the secondary market. The estimated median value for owner occupied homes in San Antonio is \$75,431.

The Mission Creek development would initially provide homes ranging in cost from \$70,000 to \$109,000 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 a

### **Educational Attainment**

	High School +
Primary Market Area (0.5 miles)	77.21%
Secondary Market Area (1.5 miles)	76.62%
City	75.51%

### **YTD Sales Closed for Closest Market Area**

	2003	2004 YTD
Average Sales Price	\$72,389	\$72,500
Sales Price Per sq ft	\$55.56	\$69.85
New Listings	2	2
Active Listings	4	2
Pending Sales	0	0
Days on Market	37	41

### **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*

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.

market increasingly dominated by mobile homes or trailers to traditional home construction

According to resale activity obtained from the San Antonio Board of Realtors, there were 2 sales in 2003. Sales for 2004 through June were 2. While the average sales price increased only \$111, the sales price per square foot increased \$14.29. This increase in sales price of \$14.29 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 Mission Creek that provides housing in nontraditional neighborhoods will help to mitigate these price increases.

**G. MOBILITY**

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

**H. CONCLUSIONS**

Based on a referenced demographic and supportive data, there is a significant demand for the Mission Creek development. The subject site has an adequate absorption rate, based upon lack of comparable product and existing demand. The location of the project provides new housing opportunities for area residents and for non-residents who have to commute to area employment centers.

<b>Reasons for Leaving Previous Residence</b>	
	<b>% Of Total Surveyed</b>
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*

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.

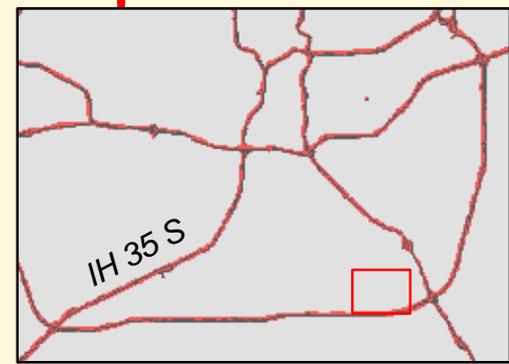
## **7. Departmental Coordination**

A team of various departments analyzed the viability and feasibility of the project, each evaluates the Application for Redevelopment submitted to the City.

To ensure the developer 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 the TIF Unit.

The City departments that comprise the team for analysis of the Mission Creek project are: City Attorney's Office, Development Services, Environmental Services, Finance, Fire, Housing and Neighborhood Services, Office of Management & Budget, Parks & Recreation, Planning, and Public Works.

**San Antonio ISD**



IH 35 S

**East  
Central  
ISD**

GRAF RD

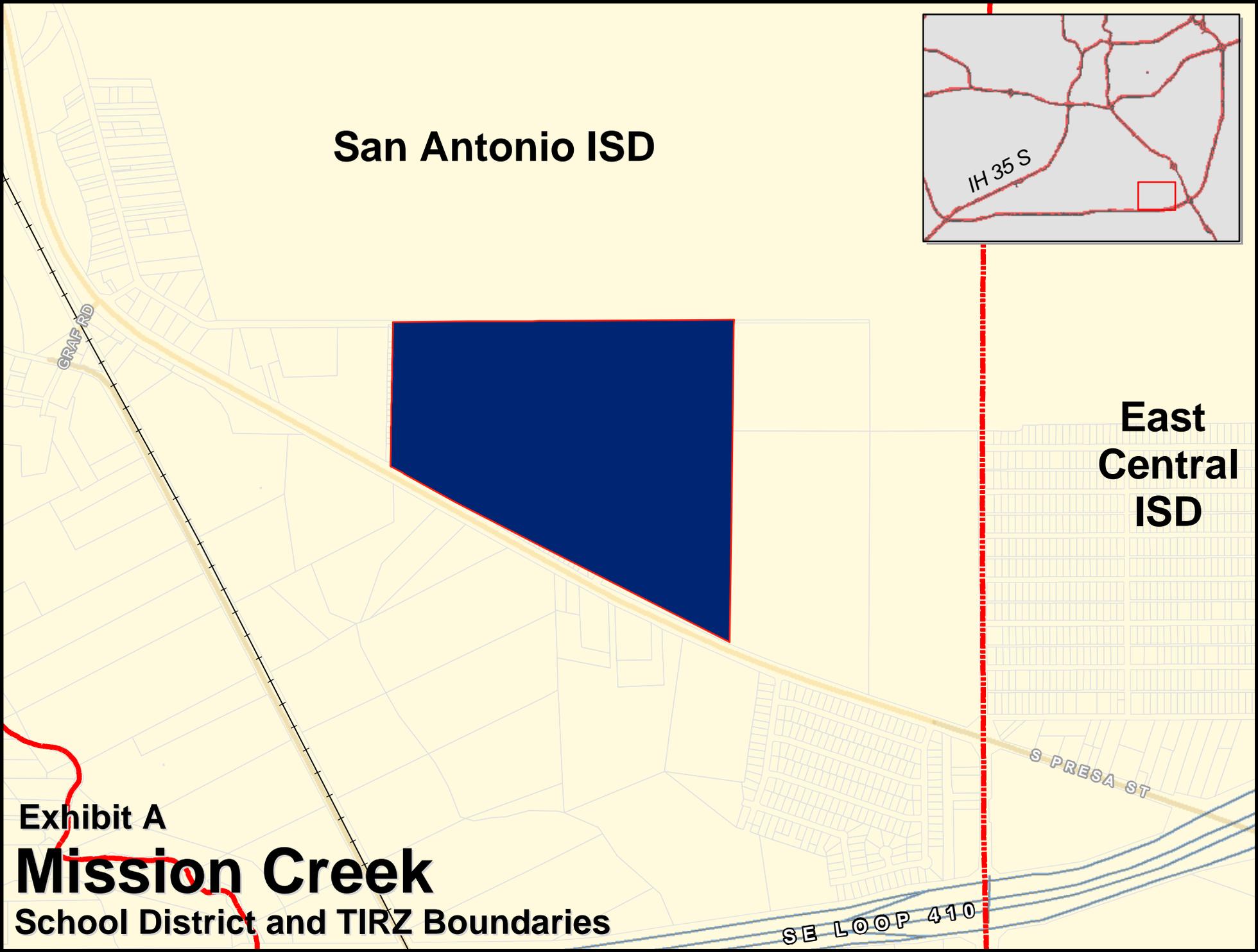
S PRESA ST

SE LOOP 410

**Exhibit A**

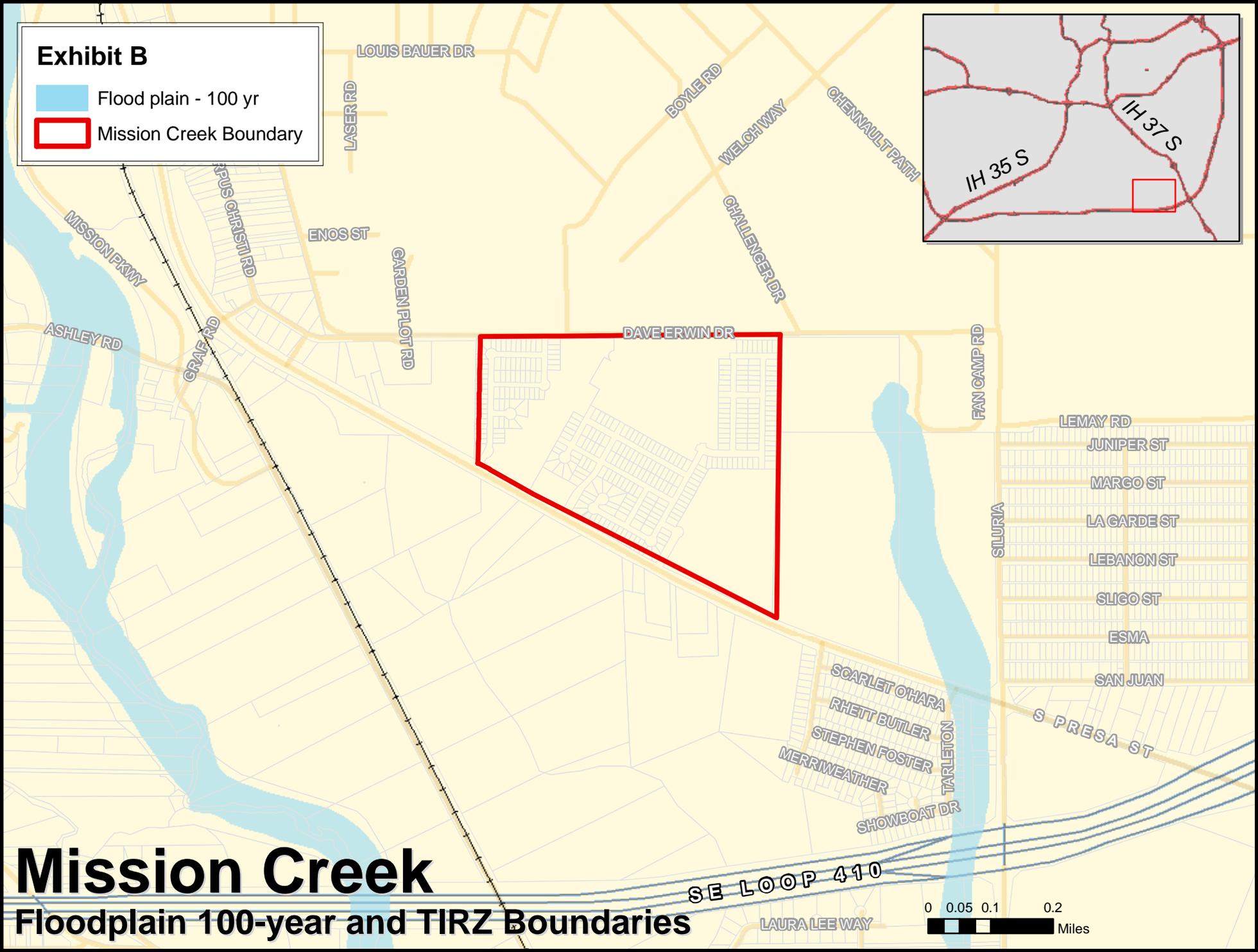
# **Mission Creek**

**School District and TIRZ Boundaries**



# Exhibit B

-  Flood plain - 100 yr
-  Mission Creek Boundary



# Mission Creek

## Floodplain 100-year and TIRZ Boundaries



