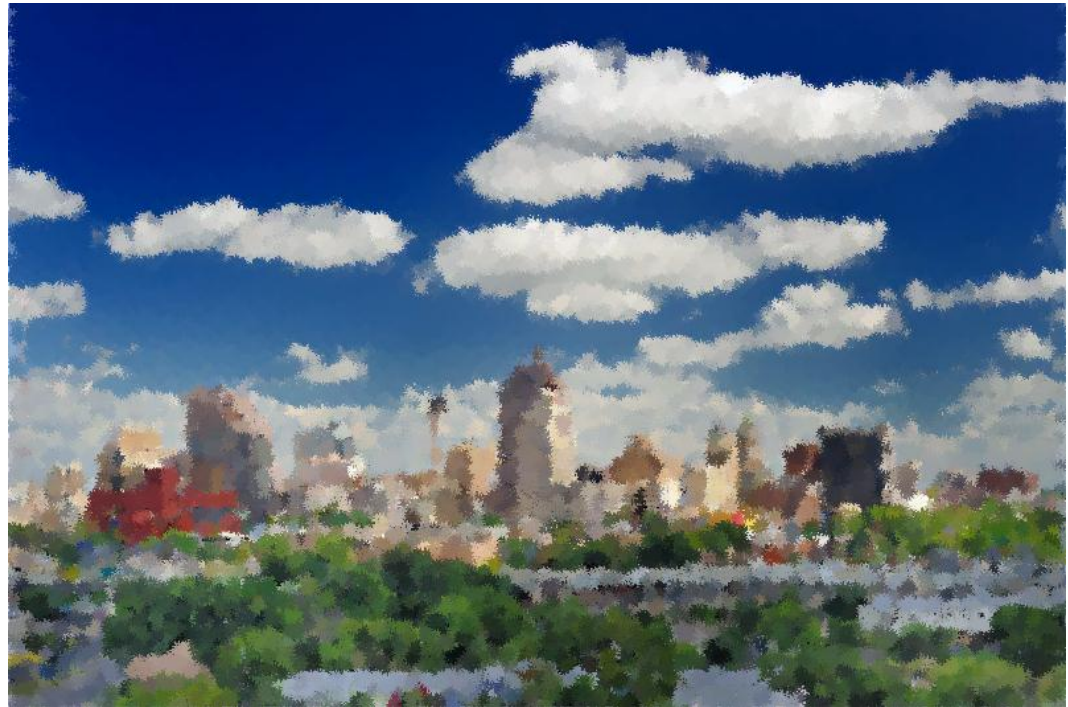


Center City Strategic Framework Plan **Implementation**



February 28, 2012

HR&A
Analyze. Advise. Act.

Table of Contents

	Executive Summary	3
I.	Introduction	13
II.	Rationale for Investment and Focus on the Center City	16
III.	Summary of Strategic Framework Recommendations	20
IV.	Implementation Strategy	25
	A. Public Investment	29
	B. Support for Housing	43
	C. Organization and Management	53
	D. Planning and Regulation of Development	62
V.	Cost Implications	68
VI.	Action Plan for the City of San Antonio	72
VII.	Attachments	76
	A. Precedents for Residential Incentives	77

Executive Summary

Executive Summary

I. Introduction

The City of San Antonio has acknowledged the critical importance of its urban core, known as the Center City:

- Mayor Julian Castro declared this period **The Decade of Downtown** and initiated a robust public consultation process which yielded the SA2020 vision for downtown's future, setting goals to add 5,000 housing units (a 130% increase) and more than 13,000 jobs (a 25% increase) downtown by 2020.
- **Centro Partnership San Antonio** was created by civic and business leadership in 2011 as a "public-private non-profit organization entrusted to envision and foster a vibrant and prosperous downtown that benefits the entire San Antonio community."
- As its first major effort, Centro developed a **Strategic Framework Plan** for the Center City setting out the key goals, targets and strategies to achieve the SA2020 vision. The first such plan in more than a decade, the Strategic Framework Plan provides a critical road map for future activity by the City, Centro and others, including the focus on building new housing downtown, the urban infrastructure – parks, improved streets, mass transit, a great public realm, enhanced cultural institutions, parking – required to spur housing growth, and the locations where growth would provide the greatest benefit for the least cost.

Centro and the City commissioned HR&A to produce the Strategic Framework Plan, from June to November 2011, through research and analysis on San Antonio's competitive position and opportunities, community meetings, stakeholder consultations, and close collaboration with Centro's board and City officials.

This report provides an Implementation Plan for the City of San Antonio, providing recommendations related to the financing, planning, management and regulation of the Center City's growth based on the recommendations of the Strategic Framework Plan. It focuses on four key sets of recommendations:

Executive Summary

- **Public Investment.** Linking infrastructure spending to objectives for urban development, for both 2012 bond program projects and for long-term investment.
- **Support for Housing.** Providing predictable and consistent housing incentives and ensuring quality dense urban housing is developed in the Center City.
- **Organization and Management.** Enhancing capacity to achieve urban development goals through cross-cutting coordination of Center City projects within City government.
- **Planning and Regulation.** Land use, density and urban design standards for private development and a means for enforcing design standards for private development and for projects receiving City incentives.

II. Rationale for Investment and Focus on the Center City

Investing in the Center City is critical to the future of San Antonio.

Downtown is a primary source of jobs and tax revenue. Strategic investment is necessary to protect and expand that base. This investment maximizes the public's return on investment.

- **Downtown anchors the \$11 billion annual tourism industry.** A more vital downtown can increase the value of tourism to the City by producing more places to see and visit and a more vibrant quality to neighborhoods, which serve the purpose of attracting new tourist markets and extending stay for those who are coming already.
- **A mixed use urban core is needed to enhance industry downtown.** Creative industries rely on an innovative culture that thrives on urban life – San Antonio's historic building stock and cultural vibrancy can be leveraged to increase downtown industry through enhancement of this character.

The Center City should be everyone's neighborhood with parks, housing, and entertainment for the City's residents.

Executive Summary

San Antonio's commitment to the arts happens in the Center City. This essential element of civic life should be further embraced.

Downtown includes the City's largest investment in infrastructure, which is leveraged through further growth.

The Strategic Framework Plan identifies a strong consensus among San Antonians of all walks of life that:

- The tourism and convention economy so critical to the City's economy should continue to be supported, while diversification of the Downtown economy should be at the core of future strategic action.
- The Center City will be more vibrant when more people live in it.
- The quality of downtown retail, dining, open space, and culture is excellent, but can be refined and grown to serve the local resident.

III. Summary of Strategic Framework Recommendations

The Strategic Framework Plan for the Center City (December 2011) provides a detailed set of recommendations on achieving the growth goals established by the SA2020 process. The following section summarizes these recommendations for reference.

Invest in Housing Downtown. All great downtowns are anchored by residential life that provides authenticity and animation. San Antonio has wonderful neighborhoods abutting its central core. Additional residential life will enhance the visitor-serving industry and lay the foundation for increased employment. The City should commit to strengthening those neighborhoods and bringing their energy into the heart of the City, making downtown everyone's neighborhood.

Housing First

Recommendation: Set a target of 7,500 housing to be supported through economic development efforts through the end of the decade.

Executive Summary

This residential growth is the key to unlocking the positive benefits sought for the City, including downtown amenities, redevelopment of existing building stock, and the presence of more vibrant neighborhood life on the streets and in the public realm of the City.

Recommendation: *Focus energy and scarce resources on meeting housing targets for key areas in the Center City.*

Housing growth relies on critical mass and should follow the energy of the market. The following areas are well positioned for residential growth based on an assessment of market momentum, physical capacity for growth, and proximity to areas with established neighborhood character:

- *Midtown/River North*, which can become a highly amenitized residential environment with regional food & beverage and cultural attractions;
- *Downtown Core*, which can become an active destination for locals and visitors with a layered urban fabric;
- *Cesar Chavez/HemisFair Corridor*, which has potential to become a vibrant residential and recreation district from HemisFair along the Chavez corridor and into Southtown; and
- *Near River South*, which is envisioned as adaptive re-use of the City's industrial heritage for arts, entertainment, and creative living space.

Recommendation: *Identify additional areas of long-term growth and provide a framework for that growth.*

In the longer-term, these areas are ripe for mixed-use development, likely in partnership with private and institutional stakeholders and major property owners. These areas include:

- *Medical District*, which can expand as a major medical employment center, supported by amenities for residents and workers;
- *Civic Core*, which can expand as a consolidated employment center for government and corporate users with shared services, connected to public transit options;

Executive Summary

- *Near East Side*, which can grow as residential neighborhood with a zone of repurposed industrial spaces; and
- *West Side Multimodal/UTSA*, which can become a transit-oriented community, anchored by UTSA and new mixed-use development.

Creating a Vibrant Urban Place

Meeting the goals for housing growth in the Center City will require a concerted effort on a range of fronts. HR&A identified a gap between the revenue available from Downtown housing and the cost of producing that housing, which has been the economic barrier to achieving higher residential velocity in the Center City compared to other downtowns nationally.

Key to generating housing Downtown will be to provide the assets, amenities and services in the Center City that will increase demand for housing, addressing the gap from the *revenue* side of the equation, and continuing to provide incentives and gap financing that will reduce the development market's required capital outlay, addressing the gap from the *cost* side.

The Strategic Framework Plan recommends investments in the following categories of improvements by the City and its partners in economic development:

Recommendation: *create a welcoming and comfortable public realm, including:*

- **Sidewalks** that feel safe and clean and are well-designed
- Complete streets that accommodate pedestrians, vehicles, bicycles, and mass transit
- A clear **street hierarchy** that is both attractive and accessible for automobiles as well as for pedestrians, and supports development;
- Programmed, activated **open spaces**;
- **A strong standard of maintenance for all of the Center City assets.**

Recommendation: *ensure a high quality for new housing that attracts new residents to the Center City, including:*

Executive Summary

- A rigorous level of design quality applied to building ground floors, open spaces, building construction and materials
- Accessible **parking** options;
- A range of **housing options** to accommodate multiple resident markets

Recommendation: *Provide amenities and services for residents, including:*

- **Retail and entertainment** amenities that appeal to locals
- **Programming that lends vibrancy to public spaces and to the street network**
- Great open space that provides recreational and leisure opportunities, leveraging the strength of recent improvements to the River

Executive Summary

IV. Implementation Strategy

To implement the Strategic Framework, the City of San Antonio and its key partners in economic development should take a range of actions in four key areas: Public Investment, Support for Housing, Organization and Management, and the Planning and Regulation of Development.

Public Investment

Infrastructure spending should be closely linked to objectives for urban development, including the selection of projects and their design specifications.

Linked investment will be critical for both projects funded by San Antonio's 2012 bond issuance and for future public investments in the downtown.

Recommendation: *Set near-term capital priorities to include investment in complete streets and intersection improvements, gateways between the River Walk and the street network, improvements to key open spaces, building assets for key cultural institutions, freight rail quiet zones in emerging neighborhoods, and the fixed rail and streetcar project.*

Recommendation: *In the longer-term, invest in expanding the influence of the targeted growth areas to support redevelopment throughout the Center City through additional open space, complete street and River-Street gateway investments, creation of new amenity corridors including San Pedro Creek, and rails-to-trails improvements.*

Recommendation: *Invest in fixed rail and streetcar alignments to connect targeted growth areas, including committed alignments and extension to the Near River South area.*

Recommendation: *Modify the Center City tax increment framework to capture the value of future growth and direct it toward Center City major catalytic infrastructure improvements that will generate substantial future tax revenue.*

Executive Summary

Recommendation: Increase special assessment sources for provision of ongoing clean and safe, marketing, and tenant services in the Center City by Centro Partnership.

Recommendation: Identify additional capital funding sources for the Center City to support continued levels of capital funding following on the significant investments in downtown anticipated from the 2012 bond issuance and fixed rail and streetcar investment.

Support for Housing

The City's goals in supporting housing should be to increase the quantity and quality of Center City housing, and eventually to create market conditions that no longer require subsidy of new dense urban multi-family product.

The City should provide a predictable and consistent housing incentive system that facilitates development at the pace required to reach the recommended target for the Center City's growth. Over time the incentive system and other actions will support reduction or modification of incentives, as a critical mass of dense urban development increases market demand and makes development projects feasible without subsidy.

Recommendation: Use public land and assets to catalyze new development.

Recommendation: Establish an as-of-right housing incentive system.

Recommendation: Partner with Centro to support catalytic projects through a Center City Housing Fund.

Recommendation: Create a Downtown Core Housing/Hospitality Task Force to explore and identify an optimal mechanism to enhance the land pricing balance in the Core. Potential mechanisms could include a housing fee for hotel development, hospitality zoning designations in proximity to the River, hotel development limits, or a moratorium on hotel development while a mechanism can be developed and put into place through public deliberation.

Executive Summary

Organization and Management

The City and its partners should enhance their capacity to achieve the urban development goals of the Strategic Framework. A number of models for creating this capacity exist, and those that are complementary to the City of San Antonio's current robust management systems are recommended in this report.

Recommendation: *For key Center City catalytic projects, alternative approaches to project managing across the City's various functional areas is needed.*

Across the country, city governments and their partners have evolved a range of models for generating enhanced focus on these projects. A project may involve assembling and developing the infrastructure, open space and public realm improvements, "software" for maintaining and programming public space, and incentives and public financing for associated private development in a catalytic area; or it may involve improving quality of capital investment or maintenance across a broader area. Examples of catalytic projects in the Center City could include: implementing a Cultural Corridor along Commerce Street from the riverwalk to the Mercado, investing in infrastructure and stimulating development along Broadway or Lone Star Boulevard, or producing programming and enhanced maintenance for parks and new green streets across the Center City.

Different approaches will be best-suited to executing different types of projects. Below we recommend an organizational infrastructure that can be adapted to suit the range of project management solutions required in the Center City.

Recommendation: *Create new functional capacities and accountabilities to support implementation of the Strategic Framework Plan.*

Functions: CCDO should lead catalytic projects in each of the primary growth areas and undertake cross-cutting economic development initiatives. These are likely to include dynamic combinations of: strategic and master planning, planning

and implementing infrastructure and public realm improvements, facilitating development transactions through incentives, approvals, financing and design review, and maintaining and programming open space.

Existing staff should be realigned or new staff positions created within the Center City Development Office (CCDO) to provide critical functions, including project management, real estate finance, capital planning, strategic planning, and urban design. These staff will be responsible for working across City agencies and with the private sector to implement catalytic projects in the Center City. In addition to project managers for the four priority growth areas, CCDO staff should include a Capital Projects Manager, Senior Planning Manager, and Operations Manager.

CCDO should have direct responsibility for Center City Development and Regulatory Review.

Accountability: The City Manager, or her designee, should report to Council at least annually on progress against the goals and targets set out in the Strategic Framework Plan. The key metrics in this Framework – in particular, the Housing First development target – should become a key dashboard measure for the City and should be reported to Council within the budget process, along with the actions taken by City staff to support achievement of the goal.

Recommendation: For catalytic projects, delegate authority to resolve disputes in favor of the Center City Strategic Framework goals.

The City Manager (or her designee) has authority to utilize the resources at the City's disposal to support Center City growth. Delegated authority is not required for all Center City activities of city government. However, for catalytic projects identified in priority growth areas, it will facilitate the project management functions of CCDO described above for CCDO to have the authority to resolve disputes among other departments and agencies.

In some cases CCDO should be able to exercise budget control for a set of capital projects, serving as both “project manager” and “client.” These authorities should be delegated by the City Manager on a case-by-case basis.

Recommendation: *Create additional special purpose entities for key areas in the Center City, particularly those with substantial public ownership of land.*

In some cases, further delegation of authority and resources can be justified based on the need to act swiftly and independently and the need to leverage private resources, such that a Local Government Corporation is the appropriate approach for certain project areas. The Hemisfair Park Area Redevelopment Corporation (HPARC) is an existing example. The Strategic Framework Plan has identified the Main Plaza/West Commerce/Mercado Cultural Corridor is a possible project that could benefit from a dedicated entity to support that area’s growth.

Recommendation: *Support efforts by Centro Partnership to build capacity to invest in, advocate for, and manage key elements of Strategic Framework implementation in concert with the City. Create a Centro-City working group that meets at least monthly to coordinate initiatives.*

Executive Summary

Planning and Regulation of Development

The following components are critical to achieving Center City growth:

- Clear and predictable land use, density and urban design standards for private development;
- A scheme for infrastructure investment in support of that development;
- A means for enforcing design standards for private development and for projects receiving City incentives.

Recommendation: *Implement a form-based regulatory framework beginning with design standards/guidelines for the Center City.*

Recommendation: Undertake master planning for key Center City districts.

Recommendation: Create an Urban Design Review Commission, led by a City architect within CCDO. Create staff capacity within CCDO to administer the Commission.

V. Cost Implications

Implementing the Center City Strategic Plan will require both up-front and long-term capital investment by the City and other public and private entities, as well as incremental operating costs.

HR&A has prepared an order-of-magnitude estimate of these costs. It should be noted that costs are high level and not based on cost estimate but provide a benchmark for approximate investment requirements.

At least \$350 million in **public capital investments** is needed by 2020, including approximately \$80 million in anticipated funding from the 2012 Bond Program for Downtown streets and Hemisfair improvements, \$40 million from the City's contribution to the fixed rail and streetcar investment, and nearly \$60 million from existing funding sources from 2007 Bond Program Savings, tax increment, and parking revenues, plus additional capital priorities for the Center City of at least \$170 million.

In addition, continue to **incentivize housing**, in the Center City neighborhoods and in the Downtown Core. This will require funding of \$35-55 million for 7,500 units by 2020.

The City will also incur incremental operating costs. Depending on hiring needs – for additional staff positions in CCDO and to support the Urban Design Review activities – HR&A estimates these incremental costs at \$300-750,000 per year.

The private sector will incur additional costs in the Center City, including additional assessment through the Public Improvement District and a recommended capitalization of a Centro Partnership-led Housing Loan Fund of at least \$10 million to support the Fund's mission and activities. The Fund could be capitalized using private investments,

philanthropic contributions, and line items from financial institutions with Community Reinvestment Act requirements. Public sector entities, including the City, may also choose to invest seed capital in the Fund.

Introduction

I. Introduction

The City of San Antonio has acknowledged the critical importance of its urban core, known as the Center City, repeatedly in recent years.

- Mayor Julian Castro declared this period “The Decade of Downtown” and initiated a robust public consultation process which yielded the SA2020 vision for downtown’s future, setting goals to add 5,000 housing units (a 130% increase) and more than 13,000 jobs (a 25% increase) downtown by 2020.
- Centro Partnership San Antonio was created in 2011 as a “public-private non-profit organization entrusted to envision and foster a vibrant and prosperous downtown that benefits the entire San Antonio community.”
- As its first major effort, Centro developed a Strategic Framework Plan for the Center City setting out the key goals, targets and strategies to achieve the SA2020 vision. The first such plan since 1996, the Strategic Framework Plan would provide a critical road map for future activity by the City, Centro and others, including the focus on building new housing downtown, the urban infrastructure – parks, improved streets, mass transit, a great public realm, enhanced cultural institutions, parking – required to spur housing growth, and the locations where growth would provide the greatest benefit for the least cost.

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- **Planning and Regulation.** Land use, density and urban design standards for private development and a means for enforcing design standards for private development and for projects receiving City incentives.

Rationale

II. Rationale

Investing in the Center City is critical to the economy of San Antonio.

Downtown is a primary source of jobs and tax revenue. Downtown San Antonio hosts a greater number of businesses and jobs than any other similarly sized geographic area in the region, but lags behind the rest of the region as a whole in most indicators of economic productivity. Strategic investment is necessary to protect and expand that base. This investment maximizes the public's return on investment.

- **Downtown anchors the \$11 billion annual tourism industry.** A more vital downtown can increase the value of tourism to the City by producing more places to see and visit and a more vibrant quality to neighborhoods, which serve the purpose of attracting new tourist markets and extending stay for those who are coming already.
- **A mixed use urban core is needed to enhance industry downtown.** Creative industries rely on an innovative culture that thrives on urban life – San Antonio's historic building stock and cultural vibrancy can be leveraged to increase downtown industry through enhancement of this character.

Downtown includes the City's largest investment in infrastructure, which is leveraged through further growth at lower marginal costs to the public sector to support new development. Downtown is the nexus of many of the area's Interstate highways, has several train lines and has comprehensive networks of utilities already in place. Development on greenfield sites can require costly expansion of water, sewer, roads and utilities. In the past, the City and County have paid a considerable percentage of the cost of the over sizing of utility lines, typically funded through General Obligation bonds. The costs of growth in new areas are borne by San Antonio and Bexar County taxpayers while the profits from development benefit those who invest in the fringe area development. A focus on development in the core where infrastructure is already in place will benefit both the taxpayer and the investor.

San Antonio's commitment to the arts happens in the Center City. From the Tobin Center for the Performing Arts, the San Antonio Museum of Art, and the Southwest School of Art, to the popular galleries and commercial arts community in Southtown, this essential element of civic life should be further embraced.

II. Rationale

The Center City should be everyone's neighborhood with parks, housing, and entertainment for the City's residents. The Center City's position as a center of commerce, tourism, and the arts will be further enhanced and solidified with the additional of a vibrant critical mass of residential development.

The Strategic Framework Plan identifies a strong consensus among San Antonians of all walks of life that:

- The tourism and convention economy so critical to the City's economy should continue to be supported, while diversification of the Downtown economy should be at the core of future strategic action.
- The Center City will be more vibrant when more people live in it.
- The quality of downtown retail, dining, open space, and culture is excellent, but can be refined and grown to serve the local resident.

Strategic Framework Recommendations

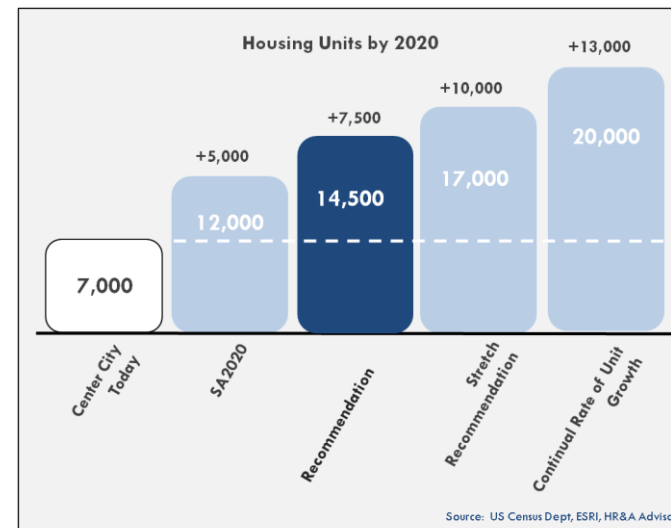
III. Strategic Framework Recommendations

Recommendation:
Set a target of 7,500 housing to be supported through economic development efforts through the end of the decade.

This section summarizes the recommendations of the Strategic Framework Plan produced by HR&A on behalf of Centro Partnership San Antonio. For more detail on these recommendations, see the Strategic Framework Plan.

Invest in Housing Downtown. Based on the adoption of the vision and goals developed in the SA2020 process, HR&A's analysis suggests a target of 7,500 housing units to be supported through economic development efforts through 2020. A "stretch," but achievable, goal based on economic recovery and significant investment by the City of San Antonio in the downtown could be 10,000 housing units. This residential growth is the key to unlocking the positive benefits sought for the City, including downtown amenities, redevelopment of existing building stock, and the presence of more vibrant neighborhood life on the streets and in the public realm of the City.

Figure 1: Recommended Housing Target



Recommendation:

Focus energy and scarce resources on meeting housing targets in key areas in the Center City.

Recommendation:

Identify additional areas of long-term growth and provide a framework for that growth.

Housing growth relies on critical mass and should follow the energy of the market. The following areas are well positioned for residential growth based on an assessment of market momentum, physical capacity for growth, and proximity to areas with established neighborhood character:

- *Midtown/River North*, which can become a highly amenitized residential environment with regional food & beverage and cultural attractions;
- *Downtown Core*, which can become an active destination for locals and visitors with a layered urban fabric;
- *Cesar Chavez/HemisFair Corridor*, which has potential to become a vibrant residential and recreation district from HemisFair along the Chavez corridor and into Southtown; and
- *Near River South*, which is envisioned as adaptive re-use of the City's industrial heritage for arts, entertainment, and creative living space.

Recommendation:

In the longer-term, these areas are ripe for mixed-use development, likely in partnership with private and institutional stakeholders and major property owners.

- *Medical District*, which can expand as a major medical employment center, supported by amenities for residents and workers;
- *Civic Core*, which can expand as a consolidated employment center for government and corporate users with shared services, connected to public transit options;
- *Near East Side*, which can grow as residential neighborhood with a zone of repurposed industrial spaces; and
- *West Side Multimodal/UTSA*, which can become a transit-oriented community, anchored by UTSA and new mixed-use development.

III. Strategic Framework Recommendations

Achieving the Strategic Plan target of adding 7,500 additional housing units in the Center City by 2020 will have a transformational impact, increasing Center City population to more than 30,000 residents, which has the potential to more than double the disposable income in the Center City and enhance the opportunities for resident-serving retail.

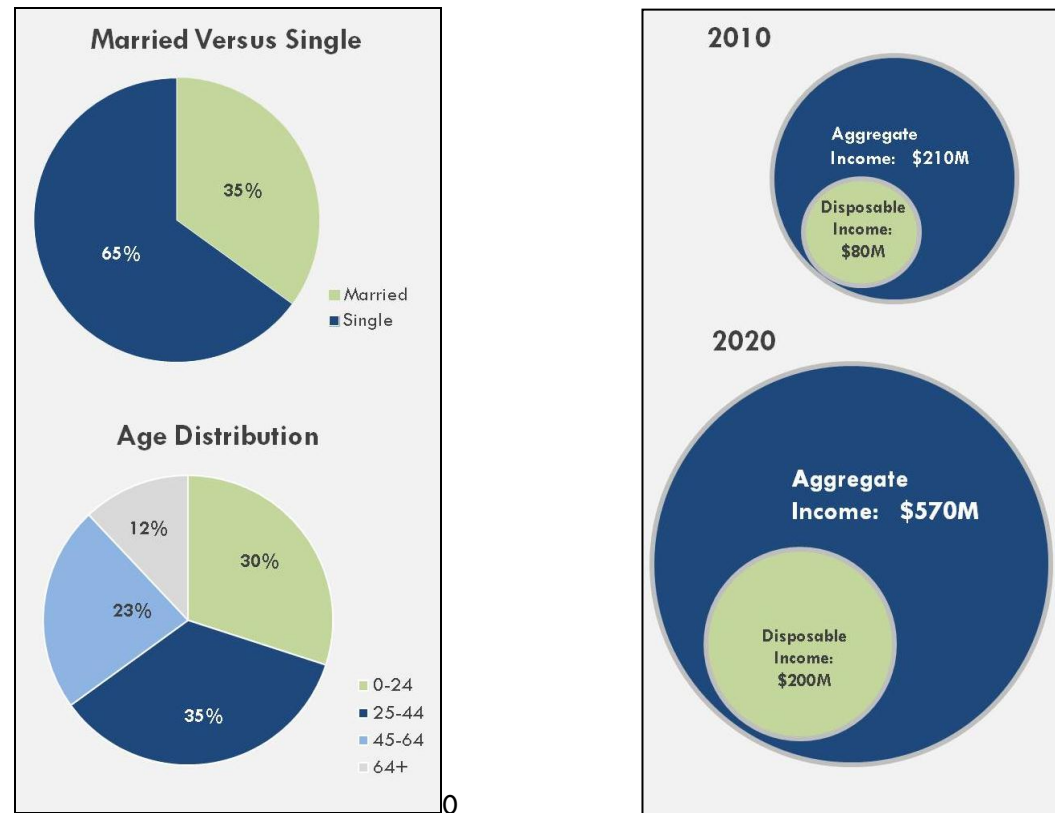
Figure 2: Center City Population Projection, 2020



Source: HR&A Advisors, Inc.

III. Strategic Framework Recommendations

Figure 3: Projected Demographic Characteristics and Disposable Income Potential for Center City Residents, 2020



Source: HR&A Advisors, Inc.

SA2020 identified dual goals of increasing residential units and jobs downtown. San Antonio has been strong in attracting businesses and creating jobs in the City overall, but barriers to business location within the Center City include the cost and availability of parking for employees, and the draw of locating business near population centers outside of Center City. The City should continue its successful business attraction efforts, and market improvements to Center City as incentives for businesses to locate in Center City.

III. Strategic Framework Recommendations

Recommendation:
Create a welcoming and comfortable public realm

Recommendation:
Ensure high quality new housing

Recommendation:
Provide amenities and services for residents

Recommendation: *create a welcoming and comfortable public realm, including:*

- **Sidewalks** that feel safe and clean and are well-designed
- Complete streets that accommodate pedestrians, vehicles, bicycles, and mass transit
- A clear **street hierarchy** that is both attractive and accessible for automobiles as well as for pedestrians, and supports development;
- Programmed, activated **open spaces**;
- **A strong standard of maintenance for all of the Center City assets**

Recommendation: *ensure a high quality for new housing that attracts new residents to the Center City, including:*

- A rigorous level of design quality applied to building ground floors, open spaces, building construction and materials
- Accessible **parking** options;
- A range of **housing options** to accommodate multiple resident markets

Recommendation: *Provide amenities and services for residents, including:*

- **Retail and entertainment** amenities that appeal to locals
- **Programming that lends vibrancy to public spaces and to the street network**
- Great open space that provides recreational and leisure opportunities, leveraging the strength of recent improvements to the River

Implementation Strategy

IV. Implementation Strategy

Introduction

The Strategic Framework Plan establishes an ambitious agenda for the City of San Antonio and its economic development partners to pursue, one for which an intense focus of resources – both human and capital – will be required to support implementation. At the same time, a range of cities across the United States have responded to the challenge of focusing economic development in their downtowns by adopting a concentrated, place-based strategy that coordinates resources around achieving development in key targeted areas.

A successful example of this approach to date can be found in San Antonio's downtown today: the concentrated efforts to develop and leverage the River Walk in the Downtown from the 1940s to the present day provides valuable lessons for implementation of a place-based approach. It involved:

- **Concentrating infrastructure spending** on a key amenity recognized as a driver for future development;
- Supporting development of one or more **targeted product types** – in this case, hotel rooms, food and beverage amenities, and convention space;
- **Organizing governmental functions** to support private sector investment in development of the targeted product in areas adjacent to the new infrastructure, including through regulation of development, capital investment, and maintenance of the public realm and other key assets.

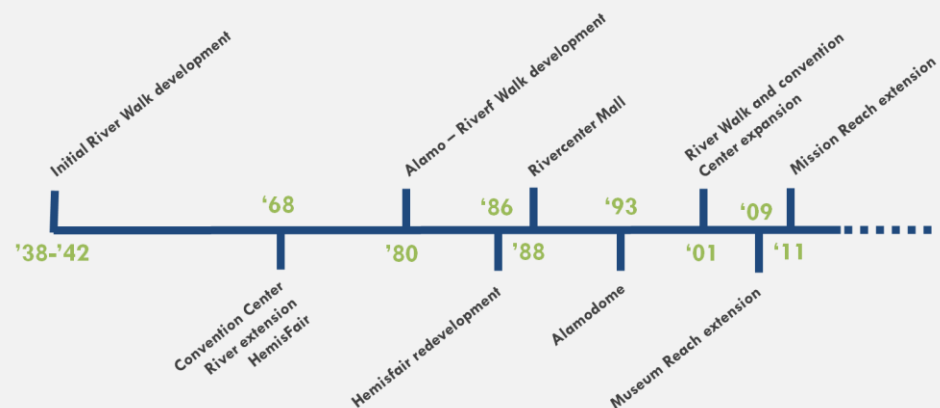
Leveraging Catalytic Infrastructure for Place-Based Economic Growth: The San Antonio River and River Walk

Originally created as a flood control mechanism following a 1921 flood that killed 50 citizens in Downtown, the San Antonio River Walk has grown to be a major engine for economic development for Downtown and the entire region. Transformative support for river redevelopment came in 1938 with the “San Antonio River Beautification Project” and WPA funding in 1939 which resulted in 17,000 feet of walkways, 20 street and pedestrian bridges, and extensive landscaping.

Commercial investment along and near the River Walk increased in the 1950s and 1960s. In 1962, El Tropicano hotel was the first hotel built in Downtown with direct access to the river. In 1964 the city approved a half million dollar bond issuance for river maintenance, establishing a precedent for continued public investment in supporting growth around the River Walk. 1968 saw the largest investment in Downtown since the creation of the River Walk with the development of HemisFair Park, a New Convention Center and an extension of the River to the park. Private investment followed, first in the form of the Hilton Palacio del Rio and subsequently in the development of several more large hotels and a network of retail establishments at river level.

Area investment continued through into the 1980s. In 1980, the Alamo and River Walk were connected through a River extension and park that traveled through a new Hyatt Regency Hotel. The River Center Mall opened in 1988. In 2001 the Convention Center was expanded to 1.3 million square feet. By 2009 there were 13,000 hotel rooms in Downtown including the 1,003-room Hyatt built in 2008 at the Convention Center. Today’s tourism, hospitality and convention industry provides \$11 billion to the city’s economy. The city sees 11 million visitors and downtown hotels host over 3.5 million guests a year. The hospitality industry employs 106,000 workers citywide.

In recent years the City and Bexar County worked to expand the success of downtown in further extension zones of the River. In 2009 the \$72 million Museum Reach project connected Downtown with recent developments along the River near the San Antonio Art Museum. In 2011 the first 1.25 miles of the Mission Reach portion of river redevelopment opened. When finished, the seven miles of Mission Reach will connect all of the City’s historic missions to downtown. Just as the original section of the River Walk was a catalyst for the development of the Downtown tourism district, these new stretches will serve as the backbone for new private investment in residential and commercial development north and south of Downtown.



Introduction

HR&A's recommended Strategic Framework differs from this precedent only in that the "Housing First" strategy for the Center City demands a focus on an additional product type with resulting re-prioritization of the infrastructure and services required to spur that development. Nonetheless, the Implementation Plan must address the same types of fundamental challenges:

- **Public Investment.** Infrastructure spending must be linked to objectives for urban development, including the selection of projects and their design specifications. Linked investment will be critical for both the projects funded by San Antonio's 2012 bond issuance and for future public investments in the downtown.
- **Support for Housing.** The City should provide a predictable and consistent housing incentive system that facilitates development at the pace required to reach the recommended target for the Center City's growth. Over time the incentive system and other actions will support reduction or modification of incentives, as a critical mass of dense urban development increases market demand and makes development projects feasible without subsidy.
- **Organization and Management.** The City and its partners should enhance their capacity to achieve the urban development goals of the Strategic Framework, from parks to parking to capital investment. A number of models for creating this capacity exist, and those that are complementary to the City of San Antonio's current robust management systems are recommended in this report.
- **Planning and Regulation of Development.** Clear and predictable land use, density and urban design standards for private development, along with a scheme for infrastructure investment in support of that development, and a means for enforcing design standards for private development and for projects receiving City incentives, is critical to achieving Center City growth.

Public Investments

Infrastructure spending linked to objectives for urban development

The physical framework and recommended primary growth areas suggest a set of required public investments to be prioritized in the near-term. Many of these improvements are under active consideration by the City for inclusion in the 2012 Bond Program.

Near-term priorities should include:

Improvements to key street corridors, including north-south and east-west priority corridors established in this framework. These streets should encourage all forms of mobility – pedestrian, cycling and automobile – as well as encourage efficiencies in mass transportation systems. Identifying the multiple agencies that oversee street maintenance and encouraging their cooperation to create more livable streets will create a better system of operations and maintenance. Street improvements should include:

- Two way streets: increases mobility and slows automobile traffic, making for a safer pedestrian environment.
- On street parking: improves access to local retail and provides a buffer between pedestrian and automobile traffic.
- Street trees: provides shade in San Antonio's notorious heat, adds a level of scale and visual interest to streets, and helps with air filtration and run-off control.
- Sidewalk enhancement: encourages more pedestrian usage.

Streets with potential for improvement include:

- Broadway/South Alamo Corridor: Create a boulevard that provides an attractive travel experience and connections to development for pedestrians, automobiles, and other modes of transportation, likely to include a separately-funded fixed rail and streetcar system.
- Chavez Corridor: Reduce traffic speed, add streetscape elements, and create connection points along Chavez to connect Southtown to HemisFair development.
- Lone Star Boulevard: Improve street infrastructure and streetscaping.
- Commerce Street: Introduce on-street parking, streetscaping, and other improvements to enhance retail and cultural viability; consider making two-way.
- Market Street: Join two-way pair with Commerce if Commerce is made two-way; improve connection to the East Side and the Robert Thompson Transit Center by straightening the Street's curve to the east of the Convention Center.

Public Investments

- Flores Street: Enhance public realm and streetscaping to support one of few straight north-south connectors.
- Frio Street: Improve street infrastructure and streetscaping near the proposed multimodal hub.
- Main Avenue and Soledad Street: Introduce on-street parking, streetscaping, and other improvements to narrow the right-of-way and improve the pedestrian experience.
- New streets connecting to HemisFair development: Introduce a network of streets within the HemisFair site that suggest the historic street network and provide connections to new development, in conformance with the HemisFair Master Plan.

Improvements to intersections and wayfinding at key locations, including those where priority corridors transition through neighborhoods and at key gateways to primary growth areas. A system of physical interventions that help create a better wayfinding system at many of the City's confusing intersections will aid traffic flow into and throughout Downtown. Potential intersections for near-term improvement include:

- Flores and Fredericksburg: Improve wayfinding and traffic flow in and out of downtown and to nearby interstates, and improve efficiencies for VIA bus traffic from nearby bus depot.
- McCullough, Cypress and Brooklyn: Clarify parallel then intersecting relationship between Brooklyn and McCullough through better wayfinding.
- St Mary's, Camden, and Jones: Improve wayfinding and traffic flow in and out of downtown and acknowledge proximity of SAMA, River and Pearl Brewery through wayfinding.
- Navarro, Main and San Pedro: Create better north-south traffic flow, and improve access to the adjacent neighborhood.
- St. Mary's and Navarro: Clarify parallel then intersecting relationship between St. Mary's and Navarro through better wayfinding, and leverage proximity to River.
- McCullough and Avenue A: Clarify connecting traffic flows along the two streets through better wayfinding, and leverage proximity to River.
- Houston and Third: Improve wayfinding and traffic flow in and out of historic Core area, address intersection's proximity to the Alamo, and address nearby interstate.

Public Investments

- South St. Mary's and South Alamo: Identify the transition between neighborhoods, and clarify Alamo's directional shift.
- Alamo and Adams: Create a recognizable gateway for Southtown.
- Alamo and Probrandt: Improve wayfinding and traffic flow in and out of downtown and to nearby interstates, create a better train crossing system, identify the transition between neighborhoods, and improve wayfinding related to South Alamo's directional shift to the west.
- Elm and Crockett: Improve the I-37 southbound off-ramp at the Elm and Crockett location, as this is the first impression of Downtown for visitors to the Alamo.

Wayfinding and placemaking improvements at key gateways to the Downtown Core at freeway underpasses. Build on the wayfinding system that exists Downtown and reinforce critical automobile and pedestrian gateways, by enhancing key freeway underpasses with wayfinding, lighting, and landscaping along parking lot and sidewalk edges. Potential priority underpasses include the Houston Street off-ramp, Market Street on the west side of Downtown, Brooklyn Street and the Hayes Street Bridge, and Martin Street. These connections are likely to be strengthened most if they are improved in coordination with adjacent development that contributes to sense of place.

River to Street “gateway” connections in the Downtown Core to connect activity on the River Walk to activate the street level. The River Walk has been the backbone of Downtown's decades of success. Creating visible, recognizable and safe connections from the street level to the River at key intersections will encourage pedestrian movement at both levels. This will then create a better environment for retailers at street level, which will lead to further street level vibrancy. Key connection points include:

- La Villita: A new connection from the River Walk to La Villita should be part of an overall strategy connecting HemisFair, La Villita, Presa Street, and the Briscoe Museum.
- Market/Alamo: As part of the redevelopment of the Convention center site and HemisFair Park, an improvement in the River Walk access point at this intersection will strengthen the connection between the River and the new development's future uses.

Public Investments

- Cesar Chavez: Improve street level access along this corridor which serves as a gateway to Southtown.

Targeted investments in Center City's cultural institutions. The City along with Centro Partnership, should work to support the physical environments of Center City's many cultural institutions. This support can be in the form of providing infrastructure support to create adequate parking, creating a corridor to physically connect the institutions, providing better wayfinding to increase traffic to the institutions and supporting cross-collaborative programming. Potential projects include:

- Linking culture and commerce through an active street life along West Commerce Street;
- A Children's Museum in the downtown;
- Support for shared parking needs at the Southwest School of Art to facilitate growth;
- Tobin Center for the Performing Arts parking;
- San Antonio Museum of Art development.

Improvement and activation of key open spaces. The City has seen the transformative power of dynamic and activated public space in the redevelopment of River North. Other area open spaces, including neighborhood parks and squares, should receive similar attention to catalyze future growth. San Antonio's downtown parks lack the programming and design quality that would make them engines of economic growth and hubs of neighborhood activity. Identifying and implementing best practices for park revitalization will spur surrounding investment. Parks requiring improved space and increased programming include:

- HemisFair Park;
- Maverick Park;
- Madison Square Park;
- Travis Square;
- Milam Park.

Public Investments

Establishing rail quiet zones in residential neighborhoods. There are a total of eleven street level rail crossings in Southtown and 5 more along the near Westside. These crossings do not presently have adequate road blocks and curb cuts in place to allow for adequate safety. As a result, trains need to reduce speed and blow their horns at each crossing. Implementing a complete system that would eliminate this noise would not only improve the quality of life in the area but would also decrease the cost of development of new construction. Currently, residential properties built along Cevallos Street and in other areas require significant investment in sound dampening technology to support market-attractive development. A system of safe-crossing would eliminate the need for this additional cost and also make for a safer, more livable neighborhood.

Providing shared parking solutions to support development in the Downtown Core. Parking for residents and workers in the Downtown Core represents a significant capital expense for developers, challenging the economics of developing residential and office spaces. Moreover, the monthly expense of structured parking for residents and workers limits the Downtown Core's competitiveness compared to more suburban locations with free surface parking. Developing additional shared parking facilities, including two new municipal parking garages, in strategic locations can offset private development costs and catalyze development.

Recommendation: Set near-term capital priorities.

Near-term capital priorities should focus on creating Complete Streets, enhancing Cultural and Open Space assets, and improving connections between the River Walk and Street System in the Downtown Core.

2007 Bond savings, existing 2012 Bond priorities, proposed Fixed Rail and Streetcar capital improvements, municipal parking revenues, and existing TIRZ increment from the Houston Street and Inner City TIRZs can fund a number of these near-term priorities.

Near-Term Priority	Potential Funding Source
Improvements to key street corridors	
Broadway / South Alamo [1]	City's Contribution to Fixed Rail and Streetcar Capital Program; 2007 Bond Savings Allocated to HemisFair project
Chavez Corridor	2007 Bond Savings Allocated to HemisFair project; potentially funded through 2012 Bond Program Fund for Streets
Lone Star Boulevard	Potentially funded through 2012 Bond Program Fund for Streets
Market Street	Potentially funded through 2012 Bond Program Fund for Streets
Flores Street	Potentially funded through 2012 Bond Program Fund for Streets
Frio Street	Potentially funded through 2012 Bond Program Fund for Streets
Main Avenue and Soledad Street	Potentially funded through 2012 Bond Program Fund for Streets
New streets connecting to HemisFair	2012 Bond Program HemisFair Investments
Improvements to intersections and wayfinding	Potentially funded through 2012 Bond Program Fund for Streets
Wayfinding at freeway underpasses	No funding source at present
River to Street "gateway" connections in Downtown Core	No funding source at present
Targeted investments in Center City's cultural institutions	Partially funded by 2012 Bond Program
Improvement and activation of key open spaces	
HemisFair Park	2012 Bond Program HemisFair Investments
Maverick Park	Potentially funded by River North TIRZ
Madison Square Park	Potentially funded by River North TIRZ
Travis Square	Potentially funded by Houston Street TIRZ
Milam Park	Potentially funded by West Side TIRZ
Establishing rail quiet zones in residential neighborhoods	Potentially funded by West Side and Inner City TIRZs
Shared parking solutions	Municipal parking revenues

[1] It is anticipated that most, if not all, of the funding for the Broadway portion of the Broadway/South Alamo/South St. Mary's corridor will come from funding already allocated for the northern portion of the proposed fixed rail and streetcar alignment, assuming the alignment remains on Broadway. Improvements to South Alamo are currently funded by 2007 Bond Savings as part of the HemisFair redevelopment project.

Recommendation:
Invest in fixed rail and streetcar alignments to connect targeted growth areas.

Based on the strategy for economic growth, HR&A recommends prioritization of fixed rail and streetcar investments that will connect north Center City neighborhoods, the Downtown Core, HemisFair, and the Near River South area, consistent with City Council's October 20, 2011 approval of an ordinance to enter into an agreement with VIA and Bexar County and to dedicate \$40 million in City funds to a streetcar alignment that will run from the Robert Thompson Center on the Near East Side into the Downtown Core and north to Pearl Brewery.

Recommended longer-term investments include:

- Additional **street improvements** within and connecting growth areas, including:
 - East Commerce Street, Market Street, and East Houston Street, connecting the Downtown Core and the Cesar Chavez/HemisFair growth areas to the East Side;
 - West Commerce Street and Martin Street, connecting the Downtown Core to the West Side;
- Improving **River to Street connections** in River North and Near River South to further enhance activity in the priority growth areas, including at the following locations:
 - HemisFair Park's northwest corner (Market and Alamo Streets)
 - Nueva
 - St. Mary's
 - Travis
 - Josephine
 - Jones
 - Chavez
 - South Alamo
 - Crofton/Blue Star
 - Lone Star;
- Renovating additional **key open spaces** throughout Center City, including Roosevelt Park, and Lockwood and Dignowity Parks;
- Creating **new linear open spaces** that can catalyze development, for example:

Recommendation:
Long-term, invest in transformative capital projects throughout the Center City and in priority growth areas.

Public Investments

- Transforming San Pedro Creek into an amenity for near West Side neighborhoods;
- Creating Rail to Trail corridors in Near River South and Near East Side;
- **Extension of the fixed rail and streetcar alignment** south to South St. Mary's, and eventually south and west to Blue Star and the Lone Star District.

The City anticipates a significant increase in levels of capital spending Downtown beginning with the 2012 Bond Issuance and the fixed rail and streetcar investments. The City's significant efforts to ensure that the 2012 Bond Program will provide an unprecedented level of as much as \$80 million in capital funding for Center City investments, in addition to its agreement with Bexar County and VIA to invest \$40 million plus an additional \$15 million from a special assessment in the creation of an east-north streetcar route, and recent commitment of \$17 million in 2007 Bond savings to street improvements to support HemisFair redevelopment, demonstrate the City's commitment and belief that a strong downtown will benefit the entire City.

Capital investment levels sufficient to support growth should be sustained

Sustained capital investment is required and likely necessitates diversification of capital sources. While current and contemplated commitments support many of the recommended near-term investments, there is a greater need for both near-term and longer-term dedicated funding sources to ensure that existing and future project priorities can be produced for the Center City. HR&A estimates that the order-of-magnitude cost of priorities identified above that are not funded through the 2012 bond issuance or the fixed rail and streetcar initiative is at least \$120 million.¹

¹ These estimates were prepared based on comparable project estimates and should be considered preliminary and order-of-magnitude pending.

Public Investments

Priority Capital Projects by 2020	Order-of-Magnitude Cost
<i>Near-Term Priorities</i>	
Improvements to key street corridors	\$85 million
Improvements to intersections and wayfinding	\$8 million
River to Street “gateway” connections in Downtown Core	\$9 million
Targeted investments in Center City’s cultural institutions	\$20 million
Improvement and activation of key open spaces	\$40 million
Establishing rail quiet zones in residential neighborhoods	\$15 million
Fixed rail and streetcar North-East alignment (City contribution only)	\$40 million
Shared parking solutions, including two new municipal garages	\$23 million
<i>Longer-Term Priorities</i>	
Additional River to Street connections	\$10 million +
Rails-to-trails	\$25 million +
Improvement and activation of additional open spaces	\$30 million +
San Pedro Creek	\$25 million +
Additional street improvements	\$10 million +
Street connections to East and West Sides	\$10 million +
Total Capital Priorities	\$350 million +
Potential Funding from Available Sources	
2012 Bond Program for Center City	\$80 million
2007 Bond Savings	\$17 million
Potential Houston Street and Inner City TIRZ Funding	\$17 million
Parking Fund Investment	\$23 million
Fixed Rail and Streetcar North-East Alignment (City contribution only)	\$40 million
Capital Priorities Not Potentially Funded by Available Sources	\$170 million +

The City’s primary capital funding source for infrastructure – the five-year General Obligation Bond Program – is limited in its ability to support all of the Center City priority projects. Tax increment, an additional source used by many cities including Texas cities to fund large scale infrastructure, is not a significant source for the Center City in the next

Public Investments

decade as most new development projects will require abatement or granting of taxes back to fill their financing gaps.

Figure 4: Current Public Infrastructure Funding Sources for Center City

Source	Opportunities	Limitations
Five-Year Bond Program	<ul style="list-style-type: none">• Unprecedented levels of funding expected for Center City	<ul style="list-style-type: none">• Needs in Districts throughout the City compete for resources
Tax Increment Reinvestment Zones (TIRZs)	<ul style="list-style-type: none">• Increment from existing Inner City and Houston Street TIRZ may be available for investment• Existing TIRZs include much of the priority growth areas in the Center City• New projects will generate substantial tax increment once abatements and Chapter 380 grants burn off	<ul style="list-style-type: none">• Need for tax abatements and Chapter 380 grants to support development projects limits increment available for capital projects and ability to utilize TIRZ revenue as a near-term capital source• Inclusion of areas outside the Center City in several of the TIRZs (Mission Drive In, Inner City, West Side TIRZs) may divert increment from the Center City to near-Center City neighborhoods, diluting impact• Inability to utilize current or future TIRZ revenues to secure bonds limits potential for major capital funding

Just as San Antonio and its partners at the County prioritized investment in the River Walk and river extensions and the Convention and Hotel economy over time through use of multiple capital funding sources, the Strategic Framework likely requires dedication of multiple sources to infrastructure and services that will support growth.

Other cities have undertaken similar substantial efforts to invest in their downtowns through a range of sources. Relevant examples are summarized in the table below.

Figure 5: Municipal Expenditures on Downtown Infrastructure and Public Realm

City	Time Period (yrs)	Total Public \$	Annual \$	Population (2010)	\$ per city resident per year
San Antonio	10	\$ 270,000,000	\$ 27,000,000	1,327,407	\$ 20 ²
Dallas	6	\$ 485,000,000	\$ 80,000,000	1,197,816	\$ 67
Denver	20	\$ 1,300,000,000	\$ 65,000,000	600,158	\$ 108
Chattanooga	10	\$ 266,000,000	\$ 26,000,000	167,674	\$ 158

Recommendation: Identify additional capital funding sources for the Center City.

The long-term projects identified as priorities above are likely accompanied by hundreds of millions of dollars in required capital investments, which will require a sustained public investment program for Downtown along with significant private investment support.

While supporting a robust investment program in the upcoming bond issuance for Downtown, the City should identify additional sources of long-term capital funding to support future growth. Based on successful long-term funding programs elsewhere, the City should explore the viability of the following sources:

Property tax increment funds

Tax Increment Reinvestment Zones (TIRZs), the mechanism for capture and reinvestment of tax increment in the State of Texas, are discussed in greater depth below.

Additional property tax proceeds

Cities have increased their property tax rates or lifted the lid on their property tax rates for specified time periods, with funds to be dedicated to specific uses approved by voters. While the current economy makes increasing property taxes challenging for cities, a small rate increase spread across a large tax base can minimize impact to each

² City of San Antonio spending on Center City includes the City's 2007 Bond Program spending within Center City, the City's contributions to the redevelopment of Main Plaza and the River improvements, as well as projected investments for 2012-2017, including the projected 2012 Bond Program, the City's contribution to fixed rail and streetcar, and planned parking enterprise investments in Center City.

resident and business, while providing additional funds for amenities or infrastructure that create value throughout the City.

Lid lifts or other property tax assessments are likely to be most attractive when they support amenities or infrastructure that a significant portion of the City's residents and businesses would benefit from – such as open space and cultural institutions. Any initiative would need to be structured to allow the Center City to capture a substantial portion of investment in order for this funding source to be effective in supporting the Center City.

Precedent: Seattle raised \$345 million over 14 years, including:

The Pro Parks Levy: An eight-year (2000-2008) levy raised \$198.2 million to support development, acquisition, and programming, maintenance, and environmental stewardship for open spaces in Seattle. The cost to Seattle taxpayers was approximately \$0.34 per \$100 of valuation, or \$118 per household per year for a \$350,000 home. The levy also leveraged nearly \$5 million in additional funds from other levels of government, and private and philanthropic contributions.³

Lid Lift for Parks: The 2008 Parks Levy passed with support of 59% of voters. The levy will raise \$146 million over its six-year life – from 2009 through 2014. The proceeds will support capital costs for green spaces, neighborhood parks, and playing fields. Investment decisions will be made based on the 2006 Parks and Recreation Development Plan, under the oversight of a 16-member citizen advisory group.⁴ An owner of a home valued at \$450,000 will pay approximately \$80 per year in additional property taxes for the life of the levy.⁵

Public Investments

Hotel occupancy tax proceeds

Hotel occupancy taxes can legally be used to support any project that helps a City to attract out-of-town visitors. Given San Antonio's significant tourism market and

³ Seattle Department of Parks and Recreation *Pro Parks Levy Final Report*, December 2010.

⁴ Seattle Department of Parks and Recreation.

⁵ Seattle Department of Finance.

approximately 15,000 hotel rooms in downtown alone, the hotel occupancy tax generates substantial revenue – more than \$45 million annually. The current rate in San Antonio is 16.75% - the 2nd highest in U.S, which could limit feasibility of potential increases to the hotel occupancy tax rate.

Precedent: Chattanooga raised \$56 million to fund the majority of the public investment in the City's \$120 million waterfront redevelopment plan with a 4% HOT tax, which invested in improved connections to the River and new open spaces on the waterfront.

Sales tax for economic development

Texas law allows a municipality to levy a dedicated additional sales tax to support specific economic development or infrastructure goals, through two mechanisms:

- Sales Tax for Economic Development of up to 0.5%. Revenues must be directed to a development corporation to act on behalf of the City to support economic development;
- Municipal Development District of up to 0.5%, which can be imposed by election in all or part of a City to fund a wide range of projects eligible for Type B corporations, e.g. parks, sports venues, transportation, parking facilities, restaurants. Revenues must be directed to a development corporation to act on behalf of the City to support economic development.

San Antonio could increase its total rate by 0.125%, up to the maximum allowable rate by State law of 8.25%. Recent discussions have proposed increasing the sales tax to support education in San Antonio, which could have a positive impact on the Center City if a significant portion of these proceeds could be directed to improve Center City schools to support future population growth.

Public Investments

Precedent: Tulsa raised \$463 million through its 2006 Penny for Economic Development. \$275 million of the proceeds were dedicated to public realm and transportation, with the remainder being designated for public safety. Approximately \$46 million of the proceeds were dedicated to downtown projects.

Parking fees and taxes

Downtown Operations manages more than 6,700 parking spaces downtown in parking garages and surface lots, as well as more than 2,000 parking meters, with annual revenues of approximately \$9 million. The City plans to utilize \$23 million in revenues in the next five years to fund two new parking structures in the Downtown Core. Parking is subject to standard sales tax in Texas, limiting parking tax potential.

Precedent: Seattle generated \$365 million in revenue bond proceeds, backed by an increase in parking tax rates from 5% to 12.5%. The proceeds were dedicated to transportation improvements between 2008 and 2011.

Precedent: Columbus increased parking fees downtown, raising \$1.4 million in additional parking fees annually to back bonds for a new hotel near the Greater Columbus Convention Center and to replace old meters.

Capitalized Public Improvement District proceeds

The current downtown PID assessment is \$0.12 per \$100 of assessed property valuation, and the PID has been authorized in five-year intervals. This assessment level is comparable to public improvement districts in other Texas downtowns; for example, Fort Worth's Downtown PID 1 has an assessment of \$0.10 per \$100 of valuation, and the Downtown Dallas Improvement District has an assessment of \$0.119 per \$100 of valuation.

San Antonio has potential to both increase the PID assessment rate up to \$0.15 per \$100 of valuation and to enlarge the boundary of the District, if it is determined that an increased PID charge could support capital projects in the Center City. To support capital projects, it may be necessary for the City to either increase the period of authorization or provide credit enhancement to make it possible to monetize the funds through a revenue bond.

Public Investments

Precedent: The Philadelphia Center City District was authorized in 1994 for 20 years of operation and collection of its Improvement District assessment through 2015, as well as to issue \$21 million in bonds secured by its assessment revenues to finance a comprehensive set of streetscape improvements. The District's assessment rate of \$0.07 per \$100 of assessed valuation has generated as much as \$14 million in annual revenue (2006). In

2004, the District was reauthorized through 2025, in order to allow refinancing of the 1995 streetscape improvement bonds. Debt service represents approximately \$1.2 million, or less than 10% of the District's annual operating budget. In total, the District has completed more than \$60 million in capital improvements in the Center City.⁶

Public Private Partnerships

Cities across the country have leveraged public assets and agreements with private developers to develop public infrastructure and facilities with limited capital resources, and reduce costs. For example, San Antonio could leverage significant public land assets in exchange for private development of necessary infrastructure, public realm investments, and public facilities, or capture revenues from land disposition downtown in a downtown investment fund.

Precedent: Travis County, TX is currently pursuing a public-private partnership on County-owned land that will leverage a 1.8 acre publicly-owned site in Austin's CBD in exchange for the development of a new civic and family courthouse. The County recently issued a Request for Proposals from developers for a development of 900,000 square feet or more, including 500,000 square feet for the new courthouse.

Corporate Sponsorships

Corporate sponsorships in exchange for naming rights, particularly for sporting and performance venues and major capital items in the public realm, have been widely used to fund signature projects and features that add significant value to public projects but exceed public funding capabilities.

Precedent: More than \$200 million of Millennium Park's \$450 million development cost was funded by private entities. Specifically, a range of corporations provided funding to support major features, including Wrigley Square, McCormick Tribune Plaza, Lurie Gardens, Chase Promenade, BP Bridge, and McDonald's Cycle Center.

⁶ "Taking It to The Next Level: Philadelphia's Center City District," presentation by CCD President and CEO Paul R. Levy to IEDC, September 18, 2006.

Recommendation:

Increase special assessment sources for ongoing services in the Center City by Centro.

Augment maintenance funds from the Downtown PID assessment to support additional

services. The City and Centro Partnership should analyze the potential for expansion of the current Downtown PID charge both geographically within the Center City and in terms of its rate, to support additional investment in capital projects Downtown as well as enhanced Clean and Safe and retail recruitment operations. Potential capital projects may include streetcar and other transportation improvements. The City and CPSA should explore a range of options, including creating a larger assessment district to support capital projects that have wide impact on property values, but retaining a smaller service district with a higher assessment.

Recommendation:

Modify the Center City tax increment framework to capture the value of future growth and direct it toward Center City infrastructure improvements.

Create a framework for TIRZ modifications that support TIRZ as a longer-term capital funding source for the Center City. Given the challenging economics of residential development and conversions in the Center City in the current environment, and the resulting need for Chapter 380 grants to fill the financial gap for residential, TIRZs in the Center City are not likely to produce significant tax increment that can be used for projects in the near-term. As Chapter 380 agreements burn off in later years, the new development supported by the grants can begin to produce increment that can be dedicated to new projects in the Center City growth areas.

Maintain existing TIRZs and ensure that primary growth areas are captured within TIRZs. In order to provide Chapter 380 grants to new residential development in the primary growth areas, all land within the primary growth areas should be contained within TIRZs. Existing TIRZs should be maintained to ensure that tax increment that has already been created through existing and new development continues to be collected and invested in capital projects within the TIRZ. Changes to the current TIRZs prior to expiration would reset the tax base used to calculate the increment that can be reinvested in the TIRZ.

As TIRZs expire, refine zones to create TIRZs that comprise the growth areas and a reasonable adjacent impact area, in order to retain capital availability for investment in and around the growth areas. Some of the existing TIRZs include portions of the recommended growth areas with other areas of the Center City, as well as areas outside of the Center City boundary; e.g. the Mission Drive in TIRZ includes a portion of the Near River South growth

Precedent: Leveraging Tax Increment

There are 22 Tax Increment Reinvestment Zones (TIRZ) in Houston, which use incremental tax revenues to fund eligible redevelopment projects, either directly or through bond issuance under Chapter 311 of the Texas Tax Code. Sixteen of these also have an associated Local Government Corporation as redevelopment authority, which a TIRZ can contract with to implement and manage the plans of the TIRZ. A Local Government Corporation with redevelopment authority can issue bonds and notes, hire consultants, assemble and convey land, and work with developers to achieve TIRZ goals, under Chapter 431 of the Texas Transportation Code. Together, these authorities allow the entity to capture tax increments as a funding source, issue bonds against those revenues, identify priorities, and manage redevelopment projects.

The Uptown TIRZ and Uptown Development Authority (UDA) perform these functions for the Uptown District in Houston. They also partner with the Uptown Houston District, which was created by special legislative action and can levy a special ad valorem tax assessment, and the Uptown Houston Association, which coordinates marketing and programming. The Uptown TIRZ and UDA are currently undertaking \$235 million in transportation infrastructure improvements.

area, and the Inner City TIRZ includes a portion of the HemisFair/Chavez Corridor growth area. As existing TIRZs expire, the City can either create individual TIRZs to encompass the recommended growth – including land surrounding the growth areas that can be expected to redevelop as well as investments are made in the core growth areas – or the entire Center City.

Create a strategy to invest tax increment in major catalytic projects. As TIRZs begin to generate tax increment, the City should work with TIRZ leadership to identify significant catalytic projects within their Center City catchment areas. The goals of TIRZ investments should be to make strategic investments that will in turn generate significant tax increment for future additional investments or to pay debt service on bonds securitized by TIRZ revenues, should the City decide to explore use of a revenue bond mechanism. Implementing a single Center City-wide TIRZ would generate the most tax increment to support major catalytic projects, although this strategy could be accomplished on a somewhat smaller scale with individual TIRZs.

Precedent: Leveraging Tax Increment

The Dallas Downtown Connection TIRZ and the Downtown Dallas Development Authority (DDDA) are housed under the same organizational structure of Downtown Dallas Inc. to allow DDDA to issue bonds against the tax increment revenues from the TIRZ. In 2006, the Dallas City Council approved a Tri-Party Agreement between the TIRZ, the DDDA, and the City to issue \$65.3 million in revenue bonds to support private redevelopment of the Mercantile Bank Building and the surrounding block into a mixed-use residential and retail project to stimulate downtown development.

As part of the agreement, the DDDA would issue the bonds with a dual credit pledge – tax increment from the TIRZ and an annual General Fund Appropriation from the City if the debt service were to exceed the tax increment in any year. Failure to backstop the debt service if needed would have an adverse impact on the City's credit, but the bonds were not backed by the City's full faith and credit. The 30-year bond was back by the 30-year authorization of the TIRZ, with two years of deferred payments to allow for creation of increment following project completion.

Source: City of Dallas Briefing on Sale of Downtown Connection TIF District Bonds, January 20, 2006

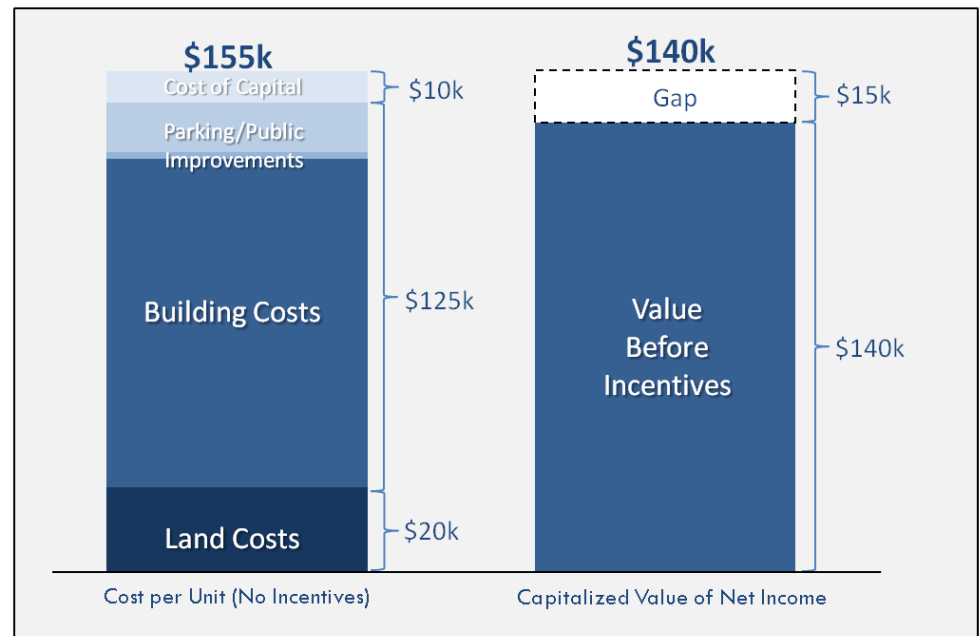
Support for Housing

Address the financial gap for multi-family housing downtown.

There is a significant financial gap that acts as a barrier to building housing in the Center City. HR&A analyzed 8 multi-family projects in the Center City that have been awarded incentives by the Center City Development Office over the last 12-18 months. The analysis indicates that there is a total financial gap of approximately \$15,000 per unit for low- to mid-rise stick-built multifamily housing in the Center City neighborhoods outside of the Downtown Core. The graphic below demonstrates the financial gap per unit for an average four-story stick-built residential project outside the Downtown Core.⁷

Figure 6: Financial Gap Per Unit for Average Project Outside Downtown Core

⁷ At current rent levels of \$1.45 per square foot, a 1,000 square foot unit would be affordable to a household with income at approximately 95% of the San Antonio-New Braunfels FY 2011 Median Family Income (MFI) for a four-person household of \$59,900. Affordable housing for low-income households is generally considered between 60% and 80% of MFI, while workforce housing is generally considered units that are affordable to households with incomes between 80% and 120% of MFI. New market-rate units in the non-Core Center City neighborhoods would provide workforce housing opportunities based on these metrics.

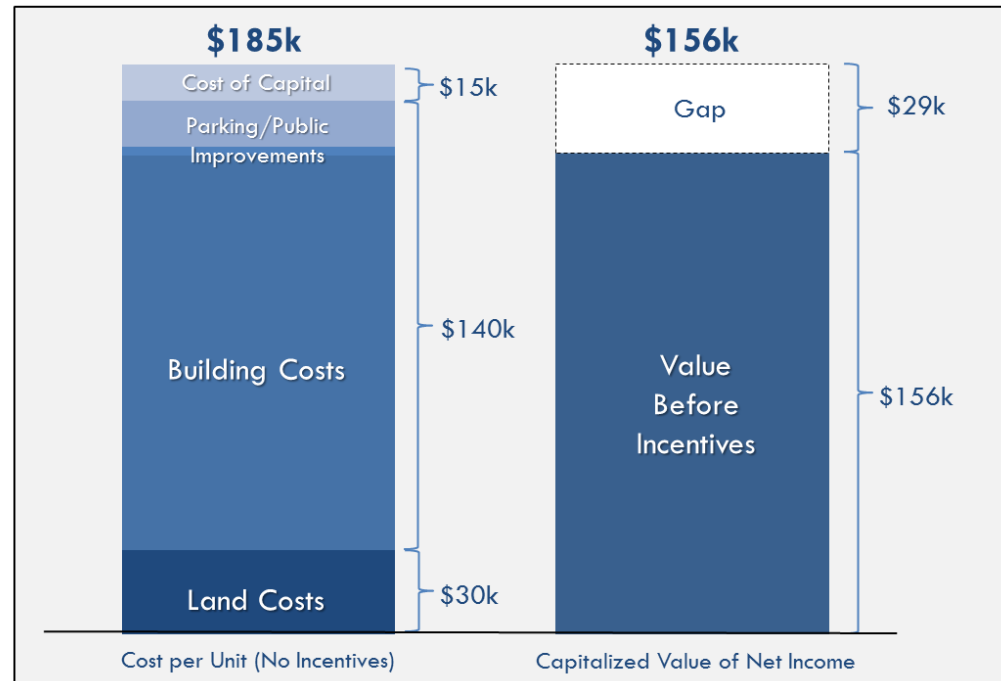


Source: HR&A Advisors, Inc. analysis of average residential costs and revenues.

Support for Housing

Within the Downtown Core, higher land values increase the gap to approximately \$29,000 per unit for new construction for a mid-rise housing typology. Moving to a high-rise typology would significantly increase the gap within the Downtown Core.

Figure 7: Financial Gap Per Unit for Average Project Within Downtown Core



Source: HR&A Advisors, Inc. analysis of average residential costs and revenues.

The City has a range of tools at its disposal that have been used to incentivize housing in recent years, and are actively being used by the Center City Development Office:

City Fee Waivers. Fee waivers from Development Services, Public Works, and Capital Improvements Management Services are provided as-of-right for specified project types – including residential – in the Inner City, which includes the entire Center City area;

SAWS Impact Fee Waivers. A project can receive up to \$500,000 in SAWS fee waivers, receiving \$100,000 for each \$10 million of project value.

Support for Housing

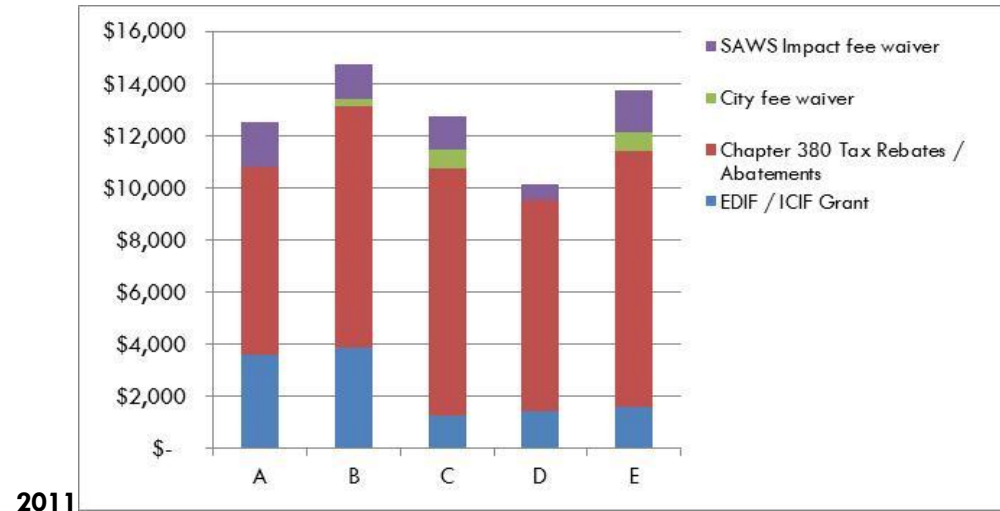
Chapter 380 Grants. The City has in the past provided a 100% 10-year rebate of property taxes to developments in the Inner City area, and has recently obtained authorization to increase the Chapter 380 rebates to 15 or 20 years. The process for determining eligibility for and length of the Chapter 380 Grant is currently discretionary and based upon CCDO and the Finance Department's assessment of the project's finances. Only projects in a TIRZ can qualify for a 100% Chapter 380 Grant, since approximately 30% of tax revenues generated in areas not in a TIRZ must be dedicated to citywide debt service;

Economic Development Incentive Fund / Inner City Incentive Fund Grant. The City can provide a grant of up to 1% of project cost, regardless of location inside or outside of the ICRIP. Downtown projects of more than \$40 million can receive an additional bonus of \$500,000 and Downtown projects of more than \$60 million can receive a bonus of \$1,000,000.

In the last year, the City has provided agreements to incentivize more than 1,300 units of housing in the Center City, all of which are either proposed or under construction outside of the Downtown Core. The residential incentives provided for these non-Core projects have ranged from a value of approximately \$11,000 to approximately \$15,000 per unit.

Support for Housing

Figure 8: Incentive Agreements for Representative Residential Projects,



A predictable system for public gap financing that supports a critical mass of housing development in the Center City

The City's incentive process is almost entirely discretionary, with multiple layers of review. Obtaining incentives for residential projects requires developers to first submit detailed project information, including a project pro forma that demonstrates their financial gap. That information must be reviewed by the Center City Development Office and/or the Finance Department. A developer will have a series of meetings with City staff, as required, and may be asked to revise their pro formas based on City staff's understanding of the market and other recent development projects. The developer may also be asked to include certain public benefits – such as an on-site affordable housing component – in order to receive incentives. Once City staff has made a recommendation for an incentive package, the tax abatement or Chapter 380 grant must be approved by the relevant TIRZ Board, if the project is in an existing TIRZ, and the entire agreement must be approved by the City Council. The incentives process from first contact to Council approval can last 2 months to 12 months.

While this process provides the City with a number of opportunities to exercise discretion, ensure that the incentive package is tailored to each project's particular economic and community context, and maximize fiscal control, it also increases pre-development time

Support for Housing

Recommendation: Establish an as-of-right housing incentive system.

and risk for developers. In addition, the discretionary nature of the incentive process creates uncertainty about the market price of land and results in the City providing a subsidy to property owners/sellers.

Establish an as-of-right housing incentive system for Center City. The ICRIP benefits – including fee waivers, Chapter 380 grants, and Economic Development Incentive Fund/Inner City Incentive Fund grants – should be made as-of-right for new residential development and residential conversions in the Center City that meet a basic set of criteria, in order to normalize land values and provide greater certainty and speed of approvals to developers. Examples of potential requirements could include a primarily residential program, provision of structured parking in certain growth areas, and minimum levels of density. Major cities that offer as-of-right incentives for market-rate housing include New York City, Columbus, Seattle, Austin, Philadelphia, and Pittsburgh. A selection of these programs is profiled below and in Attachment A.

Provide City and SAWS fee waivers and Chapter 380 grants as-of-right. Residential projects within the Center City should receive City and SAWS fee waivers, and 10-year Chapter 380 grants as-of-right.

Set EDIF/ICIF grants to fill gap geographically. Based on preliminary financial analysis of residential development in the Center City neighborhoods and the Downtown Core, HR&A recommends establishing a differentiated grant amount that responds to the geographically-driven development economics and appropriately fills the financial gap per unit. HR&A's analysis, subject to confirmation through further review, suggests that the financial gap *after* fee waivers and Chapter 380 grants are provided is approximately \$4,000 per unit in Center City neighborhoods and \$15,000 per unit in Downtown Core (assuming market-rate housing projects).⁸

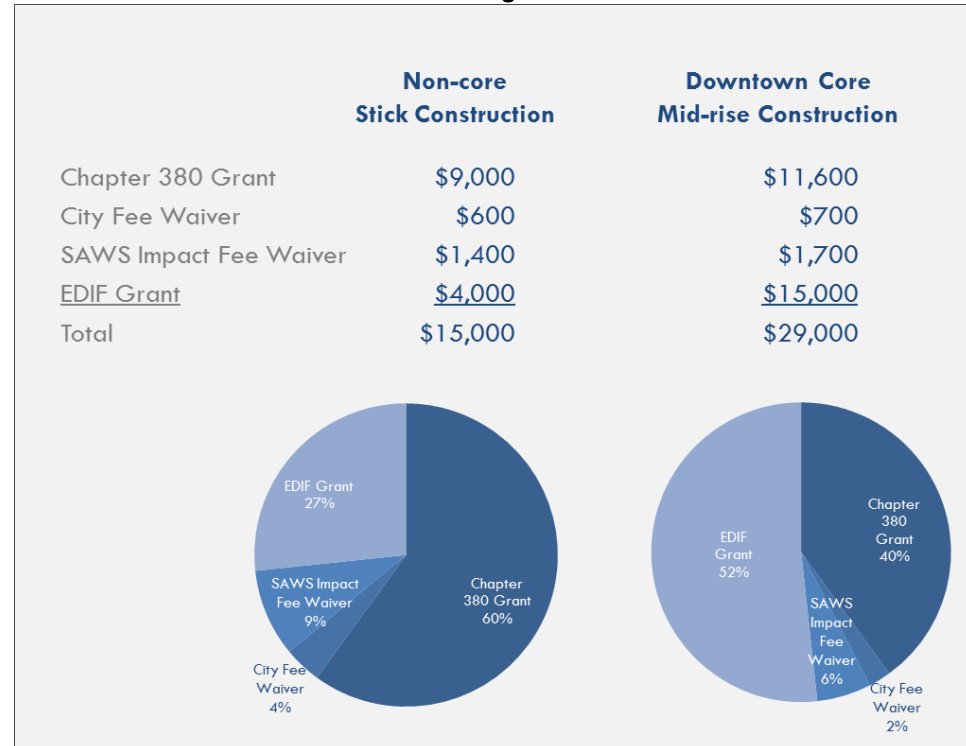
⁸ HR&A's analyzed a set of recent projects that have received incentives, which were provided by the City, as representative projects. The analysis is based upon the average costs and revenues of those projects, and therefore, represents an average financial gap. Additional analysis should be conducted prior to setting an incentive amount legislatively.

Figure 9: As-of-Right Housing Incentive Precedents

City	New York City	Austin	Seattle	Columbus	Pittsburgh	Philadelphia
Program	421-A	S.M.A.R.T. Housing	Multi-Family Property Tax Exemptions	Downtown Residential Tax Incentive	Residential Enhanced LERTA and Act 42 Enhanced Residential	Board of Revisions 10-year Property Tax Abatement
Tools	Tax abatement	Fee waivers and expedited city services on a graduated scale based on percentage of affordable units	12 year tax exemption	Property tax abatement	10 year property tax credit on city and school taxes for condos in conversion projects OR 10 year property tax abatement on city and school taxes for new condos or purchase condos	10 year city property tax abatement for new residential or conversions
Subsidy Per Unit	Graduated property tax abatement for 10 years reduced by 20% every two years. 2003 estimate: average \$22,559 total per unit.	Avg. \$1,250 in fee waivers for multi-family projects	Varies based on assessment	10-year 100% property tax abatement on improvements.	Up to \$6,180 per year credit OR Abatement on first \$250,000 in value	10-year 100% property tax abatement on improvements.
Targeted Downtown	no	no	yes	yes	yes	no
Geographic Target	Most of city but new developments in established areas (all of Manhattan and close in areas in other boroughs) require 20% of units for families at or below 80% AMI	Within 1/4 mile of bus or rail stop	39 target areas in and around downtown	Downtown	Downtown (Golden Triangle)	Entire city
Affordable Component Required	For select areas of high demand	yes	yes	no	no	no
Rental/Ownership	Both	Both	Both, but standard program is for Rental	Both	Ownership	Both
Units Created	87,000 from 1971 to 2003, 60,000 units currently receiving abatement	Up to 1,500 units per year	3,844 units, with additional 4,000 in the pipeline	5,000 housing units have been built, are in construction or in the pipeline 2002-2011. 43 completed projects.	Not available	8,950 units from 1995 to 2009 (4,050 conversion and 4,900 new construction)

Support for Housing

Figure 10: Preliminary Analysis of Geographically-Targeted Incentive Needs Per Housing Unit



Recommendation:
Partner with Centro to support catalytic projects.

Create a Centro Housing Fund.

Centro should lead the creation of a housing fund that can further support and incentivize residential development. The purpose of the Fund is to reduce development financing costs, thereby reducing the financial gap for Center City projects. The Fund should be a revolving loan instrument, reinvesting principal repayments and interest payments back into the Fund to provide additional future loans, and could provide two products:

- *Mezzanine Loans of \$250,000 to \$1,000,000 for Larger Projects.* Provide the equivalent of “mezzanine” financing to projects based on underwriting criteria,

Support for Housing

taking a riskier position than conventional financing, while offering below-market interest rates between two and four percent.

- *Construction Loans of \$15,000 to \$250,000 to support smaller redevelopment projects.*

Project Financing

The Fund should set investment criteria aimed at enhancing the types of residential products being developed – such as level of density, sustainable design, and structured parking – and serve as a gap-filler for hard-to-develop properties for which the City’s incentives do not adequately fill the financial gap. Eligible projects should be limited to the Center City, or possibly a smaller geographic target area, and target primarily residential projects. Eligible project costs could include pre-development, acquisition, renovation, new construction, and infrastructure improvements. Fund investors should anticipate a return between 0% and 3% on an individual project.

Organization and Management

Centro should create a subsidiary or adapt its Community Development Corporation to manage the Center City Mezzanine Fund (CCMF), which would be a private corporation whose Board would be comprised of investors in the Fund. Private and public investors in the Fund will automatically be members of the CCMF and serve as Fund Managers.

Centro’s Community Development Corporation (CDC) subsidiary should oversee the overall management of the fund, making loans in Center City projects and serving as the Investment Committee, reviewing each deal and making recommendations to the Fund Managers. Fund Managers (the Fund’s investors) will approve each loan recommended by the Investment Committee. The CDC should either hire an internal staff or appoint the Center City Development Office (CCDO) to serve as the day-to-day staff to the Fund.

Support for Housing

Funding

HR&A recommends that the Fund be capitalized with at least \$10 million in the initial years of the Fund. The Fund could be capitalized using private investments, as well as public investments, government and philanthropic grants, and line items from financial institutions with Community Reinvestment Act requirements. Investors in the Fund will serve as Fund Managers in the CCMF.

- The City has demonstrated interest in providing \$1-1.5 million in seed funding;
- Centro should work with its Board members to identify potential investors, as well challenging large local and regional corporations and organizations to invest in the Fund.

Precedent: Supporting Housing Development Through an Investment Fund

Cincinnati Center City Development Corporation (3CDC) created the *Cincinnati New Markets Fund (CNMF)* and the *Cincinnati Equity Fund (CEF)*, in response to the lack of availability of capital from traditional lending institutions in its Center City neighborhoods. Both funds offer similar products: mezzanine and construction loans at below market interest rates (2-4%) for projects that otherwise would not be built in three targeted Center City Census Tracts in and around Downtown.

- The CNMF is organized as a Community Development Entity (DCE) and is therefore eligible to receive New Market Tax Credit (NMTC) allocations. The organization has received \$85 million in NMTC allocations. The Fund received another allocation of \$46 million in 2011.
- The CEF was created in 1995 to support the development of market-rate components of mixed-income housing development, and has provided more than \$45 million in loans for this purpose.

Since 2004, 3CDC has invested more than \$180 million in the CBD and Over-the-Rhine neighborhoods, 62% of which (\$116 million) is funded from the CNMF and CEF.

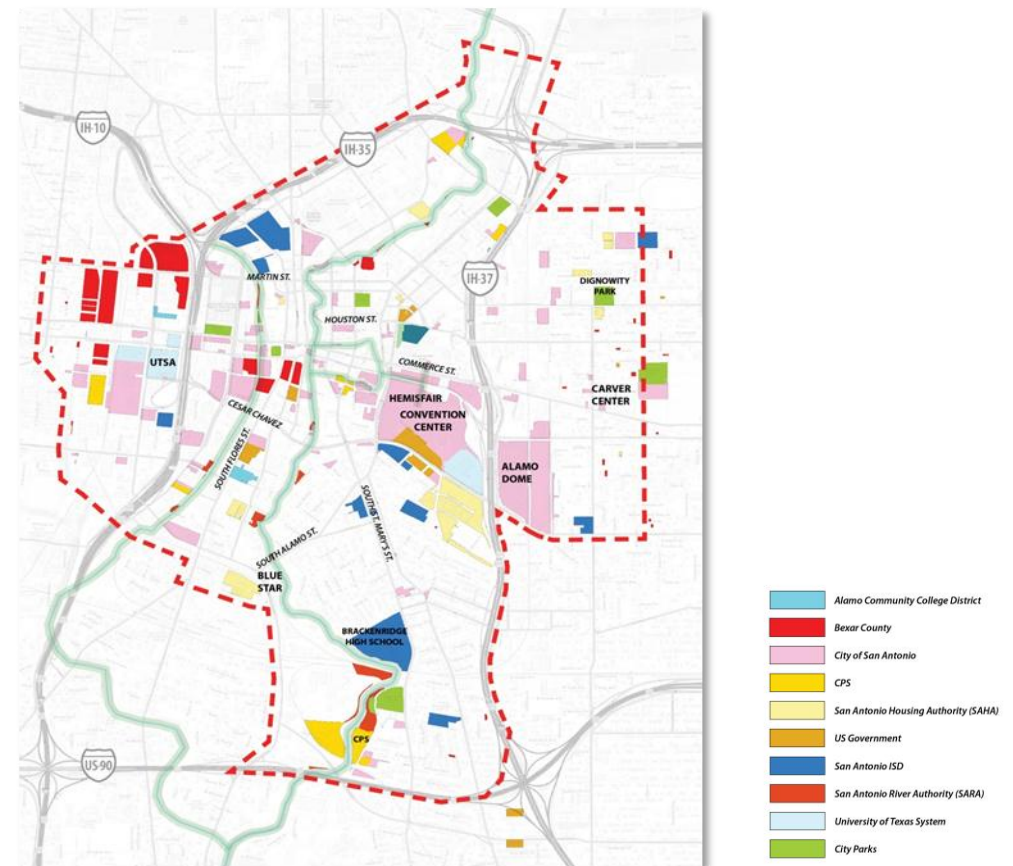
Source: www.3cdc.org

Recommendation:

Use public land and assets to catalyze new development where feasible.

Leverage publicly-owned and controlled property in the Center City to spur early-mover and catalytic projects by reducing land costs. There are more than 545 acres of land in the Center City owned by the public sector – including 341 owned by the City, 53 by the County, 71 by SAISD, 53 by the State, and 27 by the Federal government. Opportunities to share space and consolidate services in order to make valuable developable properties available for development at low up-front land cost should be explored.

Figure 8: Publicly-Owned Property in the Center City



Support for Housing

Residential development is hindered by land economics in the Downtown Core.

Land pricing in the Downtown Core is based upon the economics of hotel development, impeding market-feasible residential development. The success of the convention and tourism markets in the Downtown Core has had a transformative impact on Downtown real estate. With approximately 15,000 hotel rooms Downtown and 45,000 Citywide – 6,700 of which were added in 2009 and 2010 alone – the hotel market in San Antonio remains strong. The potential for hotel development drives the pricing of downtown land – ranging from \$70 to \$150 and beyond per square foot for land⁹, compared to market-supportable residential land prices of approximately \$15-\$30 per land square foot.¹⁰

**Recommendation:
Create a Downtown Core
Housing/Hospitality Task
Force.**

⁹Source: Interviews with developers in San Antonio.

¹⁰Source: HR&A's preliminary order-of-magnitude residential financial gap analysis, based on average financial information related to recent developments provided by the City to HR&A.

Identify a mechanism to address land pricing balance in Downtown Core to support feasible residential development. While the preceding recommendations can help to incentivize residential development in a way that begins to normalize land values for housing, there remains an imbalance in land values in the Downtown Core that is driven by hotel property values and promotes speculative land purchasing and pricing, which in turn inhibits residential development or conversions. In particular, sites where hotel projects have been developed on the periphery of the Downtown Core may be better suited to contribute to neighboring residential communities, rather than as limited-service hotels.

HR&A recommends that the City create a commission or task force to identify mechanisms to improve balance in land pricing in the Downtown Core, while still supporting a hotel industry that promotes and enhances the critical tourism and convention industry. Potential balance-enhancing mechanisms could include:

- Imposition of a fee for housing imposed on new hotel development, the level of which could be set based upon location and/or type of hotel, until the residential and office markets in the Downtown Core mature further;
- Establishment of zoning designations for hotels and other uses in the Downtown Core;
- Establishment of annual or longer-term hotel development limits;
- Extended moratorium on hotel development as the residential and office markets in the Downtown Core mature further.

Organization and Management

Public and private resources should be fully aligned in service of the Center City.

Strong capacities exist or have been created to manage and implement key functions required to implement the Strategic Framework. Implementation of this plan requires putting robust resources in place in support the Strategic Framework's mission: to create a vibrant urban place in the Center City. San Antonio has created or adapted public and private entities with functional capacity to execute this mission, many of them in recent years:

- The Center City Development Office;
- Downtown Operations responsibility for Downtown Open Space;
- A Local Government Corporation to focus on HemisFair;
- Centro Partnership, with its new strategic resources and ability to re-energize and coordinate the Downtown Alliance activities.

Project management and authority structures that cut across these functionalities for key catalytic projects must play a crucial coordinating role. As demonstrated in Figure 11, responsibilities for creating a vibrant urban place and supporting private development rest within different departments that are for the most part responsible for their functional areas throughout the entire City, without a designated focus on Center City catalytic projects. In other cities studied by HR&A, creating one or more cross-cutting functionalities can provide opportunities for information-sharing between economic development and technical departments, as well as coordinating and guiding the efforts of each in support of the downtown growth strategy. In other cases, the City is re-organized to provide centralized authority for downtown projects.

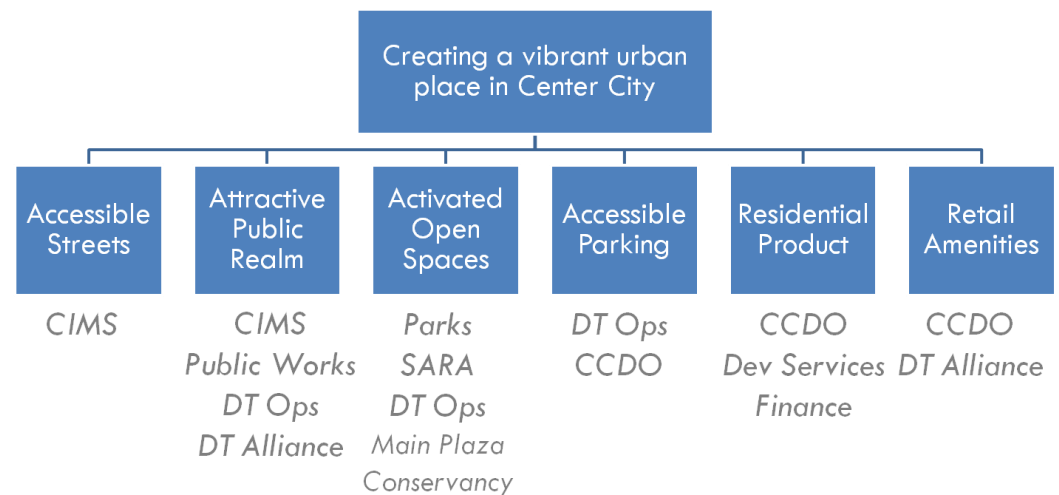
Figure 11: Relevant COSA Center City Development Agencies

Agency Type	Agency	Center City Functions
Public Agencies	Capital Improvement Management Services	<ul style="list-style-type: none"> • Manages City capital projects from design through construction. • Manages real estate acquisition, disposition, and leasing for City assets.
	Center City Development Office (CCDO)	<ul style="list-style-type: none"> • Provides incentives for development projects in the Inner City (the area covered by the ICR/IP) and provides facilitation services to development in the Inner City. • Establish new downtown initiatives.
	Convention and Visitors Bureau (CVB)	<ul style="list-style-type: none"> • Markets San Antonio as a tourism destination. • Sells group and individual tourist packages. • Manages the Convention Center.
	Development Services	<ul style="list-style-type: none"> • Enforces building codes, the Unified Development Code, and other development-related ordinances, including zoning and entitlements, building plan review, permitting, and inspections.
	Downtown Operations	<ul style="list-style-type: none"> • Manages the City's parking enterprise system. • Coordinates large special events Downtown. • Manages select Downtown parks, including HemisFair, Milam, and Travis Parks, and Alamo Plaza. • Manages Downtown vending and street closures.
	Economic Development	<ul style="list-style-type: none"> • Provides incentives to businesses seeking to locate in San Antonio, as well as encompassing the community development offices that the City has created to focus on particular districts – such as CCDO, the Westside Development Corporation, and San Antonio for Growth on the East Side.
	Finance	<ul style="list-style-type: none"> • Has fiduciary responsibility for all City resources, including reviewing investments and incentives.

	HemisFair Park Area Redevelopment Corporation (HPARC)	<ul style="list-style-type: none"> • Responsible for the planning, development, and operations of the HemisFair site and adjacent areas.
	Historic Preservation	<ul style="list-style-type: none"> • Creates historic districts and individual landmarks. • Historic Design Review Commission reviews projects in eligible districts for historic design compliance.
	Office of Urban Redevelopment San Antonio (Our SA)	<ul style="list-style-type: none"> • Manages the City's land banking activities, including acquisition, management, and disposition. • Holds power of eminent domain.
	Parks and Recreation	<ul style="list-style-type: none"> • Manages Madison Square, Maverick, Dignowity, Lockwood, and Roosevelt Parks.
	Planning and Community Development	<ul style="list-style-type: none"> • Leads strategic planning, reinvestment initiatives, neighborhood planning and urban design, and community redevelopment. • Manages existing and creates new TIRZs; eight TIRZ in the Center City receive tax increment from property in the Zone, and allocate those funds to capital projects within the Zone.
	Public Works	<ul style="list-style-type: none"> • Manages maintenance and routine update projects for streets, sidewalks, traffic signals, and other elements of the public realm.
	Westside Development Corporation	<ul style="list-style-type: none"> • Fosters economic development for the Westside of Downtown, including strategic planning and initiatives
Private/Non-Profit Entities	Centro Partnership	<ul style="list-style-type: none"> • Private, non-profit organization created to support growth in the Center City.
	Downtown Alliance	<ul style="list-style-type: none"> • Non-profit Public Improvement District that provides Clean and Safe and Marketing services to the Downtown.
	Downtown Community Development Corporation	<ul style="list-style-type: none"> • Private, non-profit organization that can raise funds from a range of public, private, and philanthropic sources.
	Economic Development Foundation	<ul style="list-style-type: none"> • Private, non-profit organization that provides market research, site visit, and public-private liaison services to companies seeking to locate in San Antonio.
	Main Plaza Conservancy	<ul style="list-style-type: none"> • Private, non-profit organization that manages operations and maintenance of Main Plaza.
	Paseo del Rio Association	<ul style="list-style-type: none"> • Manages programming on the Riverwalk. • Advocates for matters concerning the Riverwalk.
	San Antonio Area Tourism Council	<ul style="list-style-type: none"> • Lobby for and support San Antonio's tourism industry.
	San Antonio for Growth on the Eastside (SAGE)	<ul style="list-style-type: none"> • Lead community planning initiatives for Eastside growth. • Support small businesses, including a storefront grant program.

State Entities	San Antonio River Authority (SARA)	<ul style="list-style-type: none"> • Manage water quality, environmental, and other issues related to the River. • Manage open spaces along the River, including programming for the Mission Reach portion of the River.
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Figure 12: Current COSA Functional Responsibilities



As demonstrated in the chart above, a number of functions necessary for creating a vibrant urban environment are the responsibility of multiple entities. For example, CCDO works with private developers to gap finance individual projects with parking needs and to identify potential parking solutions for new businesses seeking to locate in the Center City, while Downtown Operations operates and sets rates for Downtown municipal shared parking structures and manages an enterprise fund that can support development of shared parking solutions.

The map below demonstrates another example of overlapping functions within Center City parks and open space. The range of entities responsible for open space operations and maintenance may cause a loss of operating efficiencies and coordinated effort, which is manifested in lack of park programming and a minimal standard of maintenance in most open spaces downtown. The River Walk, given its importance to the tourism market downtown, is an important exception.

Figure 13: Parks and Open Space Operations and Maintenance Responsibilities



Recommendation:
Align the City's economic development functionalities around the Center City growth mission.

Align economic development functions and authorities that are critical for accomplishing the Center City mission – including transportation, parks and open space development and management, public realm, parking, housing development, and commercial and retail

Organization and Management

development. A number of models for organizing these functions according to geographic priorities are in place across the United States, including public management, quasi-public development corporation management, and private development corporation management.

Private Development Corporation Management. A number of cities have established private non-profit development corporations aimed at centralizing planning, development, and operations functions for their downtowns. The advantages of a private development corporation include the ability to attract funding from a range of public, private, and philanthropic sources, ability to provide a dedicated focus on downtown, and maximizing leverage of limited public human and capital resources.

Quasi-Public Development Corporation Management. A quasi-public development corporation model has the advantages of being able to balance maintaining public oversight with greater access to public, private, and philanthropic funding sources than the public sector typically enjoys. A number of models exist in Texas cities that are aimed at leading geographically-focused redevelopment, taking the form of local government corporations (LGC), including Uptown Houston Development Authority and San Antonio's HemisFair Park Area Redevelopment Corporation (HPARC).

Public Management. HR&A believes a public system with clear management and accountability structures for executing priority Center City initiatives is the appropriate solution for San Antonio. San Antonio has significant capacity within City government to support Center City development, as demonstrated above, and has already made a commitment to focus resources within Center City through the creation of CCDO. San Antonio could achieve alignment of mission and internal City resources by modifying its organization in a range of ways, for example:

- Enhancing the functions, authorities, and resources of an existing office or department –such as the Center City Development Office – adding staff and/or detailing technical staff from other departments to support the Center City mission;

Organization and Management

- Organizing City offices and departments that are necessary to achieve the Center City mission under a single manager, while maintaining functions, authorities, and resources within existing offices and departments;
- Creating a task force or commission with representation from relevant City offices and departments, with representatives who are empowered with authorities to commit resources from their departments to the Center City, or dedicated resources allocated to the task force or commission.

Examples of all three approaches are summarized below, including the City of Dallas, which has organized municipal government in a way that effectively targets downtown, while also leveraging private and quasi-public organizations for targeted redevelopment purposes and to support public efforts.

HR&A recommends that the City of San Antonio undertake a City-led strategy that leverages its substantial municipal capacity, with support from Centro Partnership and other private organizations, as well as selective use of quasi-public development corporations for targeted projects as appropriate.

While broad re-organization of the City's functions is not required, new functional capacity and authority structures should be created to implement catalytic projects in the Center City. These projects have been described throughout the Strategic Framework: they may entail efforts to coordinate infrastructure, open space, and efforts to finance and entitle private development in key portions of priority growth areas, or may entail an attempt to focus and coordinate a specific action across the Center City, such as green streets or programming in open space. Below we recommend the functionalities and authorities required to implement these projects in a focused manner.

Functions: CCDO should lead and manage strategic planning and redevelopment projects in the Center City. The functions it would undertake, for key catalytic projects, include:

- Undertaking strategic and master planning initiatives, and creating design standards/guidelines;
- Guiding planning for, and ensuring implementation of, public realm and transportation improvements in Center City;

Organization and Management

- Facilitating development transactions, including incentives, approvals, public financing and design review;
- Managing maintenance and programming of public space; and
- Planning for capital projects, and ensuring their implementation in alignment with Center City goals and needs.

Realign or create new staff positions within the Center City Development office to undertake these necessary functions. Undertaking these roles requires project management, real estate finance, capital planning, strategic planning, and urban design expertise and capacity. The Center City Development Office should realign staff assignments to provide these functions and complement the Downtown Strategic Framework Plan.

Each of the four targeted growth areas identified in the Plan should be assigned to a manager level position responsible for development and planning initiatives in that area.

The CCDO should create or reassign senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure sustained focus on making improvements and maintain an ongoing level of maintenance that supports the urban environment. Positions could include a Capital Projects Manager, Senior Planning Manager, and an Operations Manager.

In addition, the City should create an urban and design review commission similar to the HDRC but responsible for the design of non-historic urban development. Additional staff will be required to lead this effort. The responsibilities of the proposed commission are discussed in more detail below.

Authority: Align the City's economic development functionalities and budget process around the Center City growth mission, by placing authority and accountability for implementing the Center City Strategic Framework Plan with the City Manager, or her designated senior staff person. The City Manager (or her designee) has authority to utilize the resources at the City's disposal within a range of functional areas to support Center City growth, including

Organization and Management

CCDO, capital improvements – including parks, transportation and public realm, strategic planning, downtown operations and programming, and parking.

Delegated authority is not required for all Center City activities of city government. However, for catalytic projects identified in priority growth areas, it will facilitate the project management functions of CCDO described above for CCDO to have the authority to resolve disputes among other departments and agencies, and in some cases for CCDO to exercise budget control for a particular set of capital items. This authority should be delegated by the City Manager on a case-by-case basis.

In some cases, special purpose entities should be created to manage major City-led redevelopment efforts. For large redevelopment projects that require ability to raise dedicated funding sources to support the project and may require additional capacity to implement, the City should create special purpose entities in the form of local government corporations to implement those initiatives, as it has done by creating the HemisFair Park Area Redevelopment Corporation (HPARC). Other initiatives, such as the creation of a Cultural Corridor on Commerce Street, may also benefit from the creation of a similar organization.

Accountability: The City Manager, or her designee, should report to Council at least annually on progress against the goals and targets set out in the Strategic Framework Plan. The key metrics recommended in the Center City Strategic Framework – in particular, the Housing First development target – should become a key dashboard measure for the City and should be reported to Council within the budget process, along with the actions taken by City staff to support achievement of the goal.

CCDO and other City departments responsible for major elements of the Center City's infrastructure should report to a single entity or person. The centralization that has been successful in realizing success in Downtown Dallas has often been attributed to the organization of major functions that are critical to the development of Downtown under the same assistant city manager. Critical functions that should have joint accountability include transportation (CIMS), parks and open space (Parks and Recreation, Downtown

Operations), parking (Downtown Operations), planning and urban design (Planning and Community Development, to-be-created Design Review Commission), and development (Development Services, Economic Development, Finance, CCDO).

Within this structure, the City should seek to identify clear responsibilities and accountability and reduce redundancies. As demonstrated in Figures 12 and 13, above, a number of functions within Center City are served by overlapping responsibilities of several public and private entities. The City should seek to rationalize these redundancies, where possible. For example, areas and functional responsibilities for maintenance and programming of the public realm in the Center City should be clarified between Parks and Recreation, Downtown Operations, Downtown Alliance, and the River Authority.

Precedent: Aligning City Resources with Center City Mission – Private Management

Cincinnati Center City Development Corporation (3CDC) is a private 501(c)(3) non-profit organization whose mission is the revitalization of the City's urban core – specifically the Fountain Square District, the Central Business District, and Over-the-Rhine neighborhoods. The organization was formed by private stakeholders – primarily corporations that are located downtown, to make the downtown area a better place to live, work, and visit. The organization's key initiatives include leading public-private infrastructure projects – including Fountain Square and Washington Park, master planning revitalization projects and supporting block-by-block redevelopment, operating and managing open spaces and parking assets, and providing low-cost development financing.

The organization's coordination with the public and private sectors to maintain focus on downtown and has harnessed significant public and private resources; for example, the Fountain Square redevelopment was able to achieve its high-quality of design and intensive programming through this innovative partnership agreement, and from six different sources of financing: \$13 million in New Markets Tax Credits, a \$15 million mortgage, \$8 million from the Cincinnati Equity Fund, a \$4 million State of Ohio Urban Redevelopment Loan, \$4 million from the City of Cincinnati, and \$5 million from corporate and philanthropic contributions.

Precedent: Aligning City Resources with Center City Mission – Quasi-Public Management

The Portland Development Commission (PDC) facilitates both real estate development and public infrastructure projects within Urban Renewal Areas and other areas targeted for revitalization in the city, by providing predevelopment guidance for developers and property acquisition and assemblage. The Commission is involved in redevelopment planning from the master planning stage through construction, helping to ensure projects can be approved by public permitting entities. PDC also provides financial assistance through a number of loan and grant programs geared towards retail retention, commercial redevelopment, lighting improvements, and community livability.

PDC is a department of the City, with a staff of approximately 200, headed by an Executive Director and six departmental directors. The Executive Director reports to PDC's Board, comprised of 5-members who are all local citizens appointed by the Mayor and approved by City Council. PDC's reporting structure—to PDC's Board rather than directly to the Mayor or other City Commissioner—was created to allow the agency to implement programs and focus resources independently and not at the direction of any one city Commissioner.

PDC is funded primarily through tax increment financing, with additional funding from the City of Portland General Fund, Federal and State grants, private contributions, and earned income from lending fees and asset management and other services.

One of the Urban Renewal Areas that PDC invested heavily in is the River District. The public investments in the District – identified in the 1994 District Plan – include a streetcar extension, road improvements, new open spaces, development of parking facilities, investments in cultural facilities, and financing of more than 2,000 affordable and workforce housing units. The District attracted more than \$180 million in private investment in the first two years of Plan implementation and has added more than 8,000 housing units since the mid-1990s.

Precedent: Aligning City Resources with Center City Mission – Public Management

The City of Dallas instituted a set of changes in 2009 aimed at improving responsiveness of planning and development services to developers' needs, and to provide comprehensive services under the leadership of a single director and a single assistant city manager. The City consolidated its planning and development services functions within a single department of Sustainable Design and Construction, which includes the following functions:

- Strategic Planning, including long-term strategic land use planning, transportation planning, and GIS mapping;
- Current Planning, including land use considerations and processing zoning requests;
- Building Inspection, including code compliance, building permits, and conservation and historic preservation;
- Real Estate, including acquisition and disposition of real property owned by the City of Dallas;
- Engineering, including plan review and approval.

In addition, Sustainable Design and Construction is organized under the same leadership as the following departments that provide additional support for functions needed for a vibrant urban core:

- Convention and Event Services
- Economic Development (including Office of Downtown Initiatives)
- Housing and Community Services

Beyond its overall functional organization, the City has also created a framework of coordination and responsibility for implementation of its Downtown initiatives. The City and Downtown Dallas Inc. recently completed a Downtown strategic plan called *Dallas 360*. In order to ensure that a range of public and private resources are brought to bear in the implementation of the plan, the City created a Task Force that will be responsible implementation, represented by the following entities:

- City of Dallas Department of Sustainable Development and Construction;
- City of Dallas Economic Development Department;
- City Design Studio, the City's design review board, which is composed of City staff and architects under contract;
- Downtown Dallas Inc., a private sector organization that administers the Downtown Public Improvement District, the Downtown Connection TIRZ, and undertakes additional strategic, policy, and capital investment roles.

Precedent: Aligning City Resources with Center City Mission – Public Management

NYCEDC is a non-profit 501(c)(3) entity controlled by the City of New York, which performs the City's economic development functions under the leadership of the Deputy Mayor for Economic Development. EDC fulfills a number of traditional economic development functions, including business attraction and business services and managing a portfolio of the City's assets. The organization also interacts with other City agencies, providing transaction and construction management services for functional departments. For projects such as the High Line, a capital project funded and managed by the Department of Parks and Recreation, EDC acted as the construction manager.

For select catalytic projects in priority areas of the City that are initiated by the Mayor's office, EDC has been delegated the authority to act as project manager, with support from functional agencies, such as City Planning, Parks and Recreation, and Transportation. For example, for the East River Waterfront Esplanade, a \$148 million project to create new pedestrian connections and open space on the East River, EDC is the lead agency, managing design, landscape, and transportation planning, as well as construction.

To execute these projects, EDC has over 400 staff with specialized expertise in project management, planning and design, construction management, and real estate transaction management and financing. The functional capacities are deployed variously to manage projects on behalf of other City agencies or to lead projects for the City.

Precedent: Aligning City Resources with Center City Mission – Public Management

The City of Austin has deployed a robust, multifaceted management strategy to implement its downtown development objectives over the last decade. After setting a target for new units of housing in the downtown over a 10-year period, the City implemented the following management measures:

- Dashboard reporting on progress against targets as part of the annual budget submission to City Council.
- Formation of a dedicated group in the Economic Growth and Redevelopment Services Office, consisting of over 30 staff.
- Integrated organization under a single Assistant City Manager of "Development Services" departments, including Economic Growth and Redevelopment Services, Planning and Development Review, Real Estate Services, and Sustainability and Watershed Protection, plus at one time the Public Works and Capital Transportation offices.
- A Smart Growth and Urban Design matrix that provided automatic access to waivers, tax abatements or Chapter 380 grants and other incentives for projects that met smart growth criteria.

Recommendation: Support Centro Partnership's efforts to implement the Strategic Framework in concert with the City.

Determine boundaries of Centro's area of influence. This Strategic Framework Plan uses a defined border to establish a Study Area. Centro's role may expand beyond that border or may be narrowed to produce a more concentrated, strategic effect on a smaller area. While the four primary and four secondary areas in this Plan establish a framework for Centro's action, the level of influence that Centro has in each area may change to reflect different implementation strategies. Moreover, Centro may play a different set of roles in different areas of the Center City. For example, Centro should play an advocacy role for the entire Center City and invest in capital projects that impact the entire Center City – such as streetcar or other transportation investments – but may choose to deliver Downtown Alliance clean and safe service to a smaller target area in the Downtown Core and support master plans for targeted growth areas.

Identify roles and responsibilities for Centro's support for growth, in partnership with the City. HR&A recommends establishing a mission for a unified focus on creating a vibrant urban place in Center City, and organizing public and private sector resources to achieve that focus. Clear roles and responsibilities for Centro that can support the Center City vision should be established. The City should support Centro's organization of its administration, services, and programs around a range of key functions to support the Center City:

Setting a core strategic vision and building specific policy positions and planning concepts that fulfill that vision: adopt the Strategic Framework Plan, serve as Centro's liaison to the City on future master plans for targeted growth areas, and build a strong research and policy advocacy capacity to develop and support key positions.

Supporting coordinated action for catalytic projects: identify and develop private and civic support for catalytic infrastructure and development projects, ensuring that the diverse tools of economic development - planning, capital, infrastructure, urban design, and incentives – are brought to bear in support of these projects.

Providing a forum for strategic thinking and planning: through its regular board meetings and frequent events, should bring together San Antonio's key private, public

Organization and Management

and non-profit leaders to maintain an intense focus on the strategic actions needed to build the downtown.

Enhanced Clean & Safe Services: expand upon the level of services currently provided by Downtown Alliance and potentially expand the service area to include a larger portion of Downtown;

Programming and Events Coordination: assume a coordination role for marketing efforts Downtown by Downtown Operations and other groups; program events throughout the Center City, including in open spaces, that are frequent and attract regular visitors both from within Center City and from the rest of the City;

Tenant Recruitment and Retention: provide integrated retail recruitment services, including maintaining a database of available retail spaces in Center City, creating relationships with local, regional, and national retail tenants, and providing location assistance services to potential retail tenants;

Branding and Marketing: undertake a branding and marketing campaign that targets amenities and advantages for residential growth in Center City.

Development Facilitation: serve as the first stop for developers who want to build in the Center City. Facilitate development by serving as the liaison with the Center City Development Office (CCDO) and other City departments for approvals, incentives, and other needs, as well as by working with the Centro Housing Fund to provide gap financing. This role could be undertaken by the Downtown Community Development Corporation subsidiary of Centro;

“Mezzanine” Financing for catalytic projects: utilize existing financing sources and cultivate new funding sources to provide additional financing sources for priority Center City projects. The Downtown Community Development Corporation (CDC) should serve as the vehicle for Centro’s Housing Fund, which would strategically gap finance catalytic projects in the Center City. The fund would be capitalized through a combination of private and public funds, including funds from financial institutions seeking to meet CRA obligations. The fund and the role of the CDC in providing mezzanine financing are described in more detail above.

Recommendation:
**Create additional special
purpose entities in the Center
City as required.**

As the City has done for HemisFair, other large catalytic projects in the future may benefit from the creation of special purpose entities to provide project-specific focus and the ability to create public-private partnerships for redevelopment projects.

For example, the implementation of a Cultural, Retail and Open Space Corridor on West Commerce Street, potentially including Main Plaza, or the re-naturalization of the San Pedro Creek may benefit from a Special Purpose Entity that can partner with developers to invest in infrastructure and re-invest real estate proceeds and tax revenues into related public improvements. The Main Plaza/West Commerce/Mercado Cultural Corridor is a possible first entity to support that area's growth.

Planning and Regulation of Development

New development in the Center City must be consistently regulated to achieve coherence of use, contextual densities and heights, and high standards of design quality.

Center City development is not consistently regulated through an ordinance establishing standards for use, density, height, or building form. Particularly as levels of development activity accelerate over time in accordance with the Strategic Framework objectives, the Center City will increasingly require the type of contextual zoning that is largely exempted from the area through the Rio overlay. As land and development opportunities become scarcer, the need to regulate for consistent use and density is increased. The creation of a form-based ordinance regulating these matters is therefore a long-term goal for Center City development.

The quality of urban design and building design is inconsistently regulated by the City, for both private development projects and for projects receiving City incentives. No uniform design standards/guidelines are in place in the Center City to provide guidance to developers on a range of urban and building design issues, from the definition of a building envelope to the character and quality of materials to the placement of building utilities. The implications of this lack of guidance have been made clear in an inconsistent quality of design for recent projects, as has been evidenced by stakeholder consultations and urban design analyses conducted during the Strategic Framework planning process.

At minimum, many cities create consistent design standards/guidelines for projects that receive public funding, tax abatements, or other forms of incentives. Regulation of design according to minimum standards is a reasonable objective for projects receiving public incentives, and the City government entities responsible for these negotiations are in need of further guidance to compose requests of development partners.

There is a need for urban design review as a mechanism for enforcing design standards/guidelines for new development. While the City's Historic Design Review Commission (HDRC) provides a level of urban design review, its creation in the 1990s illustrates the review issue. HDRC combined the three review boards created in the 1960s for the River Walk, historic districts, and public buildings into one board to avoid the issues of multiple board reviews of a project (public building in a historic district, historic building on the River Walk, etc). However, the three original boards were not charged with reviewing new buildings in the Downtown Core, and the function and training required for historic review is different in kind from that required to review design proposals that

Planning and Regulation of Development

create a new urban context. HDRC's jurisdiction should apply to areas on or adjacent to the River Walk, Main Plaza and Alamo Square, and on blocks where more than 75% of the structures are deemed historic.

Examples of the types of guidelines to be applied in other areas are as follows:

Street Level and River Level Plan/Site Plan

- Establish a scale that supports a multi-tenant, pedestrian oriented environment at the street level.
- Control curb-cuts and onsite parking.

Public Realm

- Define a street-wall through building façade design and establish a clear relationship between the public realm and vertical construction.
- Create buildings and spaces that have a human scale.
- Create an appropriate context for further development by reviewing the location, scale and visibility of service entrances, building mechanical equipment and other perfunctory elements that detract from the pedestrian experience and in relation to existing buildings' primary entrances. Avoid conflicts between pedestrian spaces and utility equipment.
- Contribute to an open space network through an emphasis on connections to parks, greenways and the River.

Building Character

- Champion good design that creates an urban context and appropriately expresses contextuality rather than merely mimicking existing buildings.

Materiality

- Create quality construction that includes suitable materials for an urban context.

Uses

- Encourage increased density and mixed-use development.

Recommendation:
Implement a form-based regulatory framework beginning with design standards/guidelines for the Center City.

The City should implement a new framework that regulates form, use, and density for public and private projects and enables a robust urban design review of development projects. The City should move over time to a form-based ordinance that formally regulates these matters with a site plan review for major projects. To reach this solution over time, the following initiatives should be undertaken:

Recommendation:
Formulate design standards/guidelines for Center City development.

The City should create a single set of user-friendly design standards/guidelines that outline common approaches to urban design for the entire Center City but maintain a distinct character for each district. These overarching guidelines will provide a level of consistency in design and application throughout Center City while acknowledging the unique characteristics established in each district's master plan.

The guidelines should require a more detailed level of regulation, and potentially higher standards, for projects receiving public incentives.

Recommendation:
Create an Urban Design Review Commission.

The City should create a separate commission, overseen by a City Architect, responsible for implementation of the Design Standards/Guidelines, in a manner comparable to but independent from the historic review function of HDRC. The Commission should be composed of professionals with credentials in the fields of architecture, urban design, landscape architecture, or related fields, led by a City Architect with professional credentials, and staffed by officials with expertise and professional credentials in these areas. The Commission's review should be integrated into the City's permitting process, with permits subject to staff review that focuses on the site plan, first floor (and River connections if applicable), type of construction, and façade materials. The Commission

Planning and Regulation of Development

should be the first step in appealing staff's review and for projects that occupy at least one half of any existing block and are more than six stories tall.

Additional capacity for urban design review at the Board of Adjustment may also be necessary, to ensure that Urban Design Review Commission decisions can be appropriately and expertly reviewed upon appeal.

The City should aim to create roles for both the HDRC and Urban Design Review Commission that allow each project to be reviewed only once. While many neighborhoods and the historic River Walk have defined characters that should be enhanced with renovations and new projects, many of the existing commercial corridors should transition to a new, more urban form and intensity that is walkable, transit friendly, and helps provide a higher level of goods and services inside the historic boundaries of the city. A new process is needed that focuses on how these commercial areas and corridors are positively redeveloped as urban nodes while respecting existing neighborhoods and community concerns. The Historic Preservation Officer and Urban Design Review Officer should review all commercial corridors and overlays that are part of a historic district and recommend if the historic designation is appropriate or if the designation of the commercial properties should be changed to an urban design overlay. The percentage of existing historic structures in the commercial area and the relation of the corridor to surrounded single family neighborhood should be the primary criteria in determining the designation of the corridor. The two officers should meet regularly to review the standards being used in each districts.

HDRC should review:

- All projects in historic districts on residentially zoned lots;
- All projects on multi-family, commercial and industrial zoned lots in historic districts;
- All renovations and additions to historically designated structures;
- All City-funded projects in historic districts;
- All projects that abut the San Antonio River in RIO 3.

The urban design office should review:

- All projects on lots designated 'D' that are outside of historic districts;

Planning and Regulation of Development

- All commercial and industrial projects in RIO districts (except those that abut the San Antonio River in RIO 3), corridor overlay districts, and eventually Neighborhood Conservation Districts;
- All city funded projects that are outside of historic district;
- All multi-family projects that have more than 8 units in a RIO district (except those that abut the San Antonio River in RIO 3).

Recommendation: Undertake master planning for key Center City districts.

The City should undertake master planning for key Center City districts identified in the Strategic Framework, to create preferences for development locations, patterns, typologies and design characteristics and to align infrastructure investment plans, regulations and design standards/guidelines with these preferences.

Recommended districts that should be prioritized are:

The **Downtown Core** area, for which planning priorities should include: location of gateways linking the River Walk and the street level; opportunity sites for development and existing buildings suitable for conversion and associated infrastructure requirements; consolidation of recommendations and plans related to street improvements, locations for cultural and entertainment investments, and improvements to open spaces; creation of a shared parking development strategy to meet worker and resident parking needs in structured garages at minimal public cost; density and use for new development including potential policy solutions to address the imbalance in land value generated by the relative demand for hospitality over residential uses in the Downtown Core; and character and quality of design for new buildings.

The **Near River South** area, for which planning priorities should include: opportunity sites for redevelopment, including opportunities on publicly owned land and associated brownfield remediation and other infrastructure requirements; improvements to open spaces including Roosevelt Park and a potential conversion of the de-commissioned freight rail corridor to a public trail; required street improvements; density and use for new development; and character and quality of design for new buildings including their

Planning and Regulation of Development

orientation to the river. Master planning for Near River South should also provide a cost benefit analysis for extension of the fixed rail and streetcar system to Roosevelt Park beyond the current planned Southern extension of the line that Bexar County and VIA agreed to fund. Similar analysis should be performed for an extension of the Streetcar system north to Mulberry Street to connect Downtown with Fort Sam Houston, the Museum district and Brackenridge Park.

The **Cesar Chavez Corridor**, for which planning priorities should include: opportunity sites for redevelopment, including opportunities on publicly owned land and associated infrastructure requirements; improvements to open spaces; required street improvements; relationship to HemisFair development and to potential development on the east side including the Alamodome parking lots; density and use for new development; and character and quality of design for new buildings including their orientation to the River.

The proposed **Medical District**, for which planning priorities should include: amenitization of the area and provision of services for medical workers and patients; transportation accessibility; opportunities for shared development and/or shared physical plant among the medical institutions in the district; potential for district branding and marketing; and parking solutions.

The Design Standards/Guidelines and a set of tailored form-, use- and density-based regulations should be included in a form-based ordinance to be adopted by the City as the overall regulatory tool for future growth. Adoption of the ordinance may be a longer-term endeavor – for the first 5-10 years of design regulation, it is likely that a set of design standards/guidelines enforced by an Urban Design Review Commission will be adequate, with a need for stricter regulation of use, density, and building form following once land becomes scarcer in the Center City.

Recommendation:
Develop and adopt a form-based ordinance for key Center City areas.

Precedent: Downtown Design Review

The **Fort Worth Downtown Design Review Board** was created in 2001 to enforce the Downtown Urban Design Guidelines and Standards for new construction and renovations through review and approval of Certificate of Appropriateness applications. The Board is comprised of eight members, including architects and urban design professional(s), real estate professional(s), landscape architect(s), a Downtown Urban Design District business owner, and a Trinity Uptown business owner. The Design Guidelines and Standards include treatment of the public realm, including size, materials, and relationship of sidewalks, curb cuts, street trees, landscaping, street furniture, lighting, etc; relationship of buildings to the street; street grid and parking design; and signage, awnings, and other decorative issues. In addition to text describing the requirements, the Guidelines and Standards provide visual guidance regarding acceptable and desired treatment of the guidelines.

Sources: City of Fort Worth website, City of Fort Worth Downtown Urban Design Standards & Guidelines, interview with Melissa Konur of Downtown Fort Worth Inc.

Precedent: Downtown Design Review

The City of Dallas created the **Dallas City Design Studio** in October 2009 in partnership with the Trinity Trust Foundation. Housed within City Hall and comprised of four City staff and an Urban Design consultant, the Design Studio is aimed at raising the level of urban design in Downtown Dallas. Operating expenses for the first five years of operations are funded cooperatively by the City and the Trinity Trust Foundation. The Design Studio's roles include providing advisory services to the City through development of urban design policies, peer review of planning, and landscape and design feedback in the development application process, and consulting directly with City departments on urban design of major projects. City Planning requests both private developers and internal City departments seeking project approvals to comply with the Design Studio's recommendations, but approvals are not currently contingent on that compliance. The City is exploring mechanisms to enhance requirements for compliance with the Studio's recommendations for public projects and projects that receive City incentives, such as instituting a formal peer review board.

Sources: City of Dallas website and interview with Jim Wood, Downtown Dallas Inc, September 9, 2011

Cost Implications

V. Cost Implications

This section provides an order-of-magnitude projection of the one-time and ongoing cost implications of the recommendations for implementing the Strategic Framework Plan for the Center City. These cost implications are high-level and represent an effort to create a benchmark for long-term investment horizons and are not the result of cost estimation.

One-Time Costs

Public Capital Investment

The City could incur capital costs of more than \$350 million to fund its portion of the priority near-term and longer-term investments recommended in the Strategic Plan by 2020, approximately \$180 million could be met by existing or proposed funding sources. These investment priorities are discussed in greater depth in Section III: Implementation Strategy – Public Investments.

Potential Funding from Available Sources	Order-of-Magnitude Cost
2012 Bond Program for Center City	\$80 million
2007 Bond Savings	\$17 million
Potential Houston Street and Inner City TIRZ Funding	\$17 million
Parking Fund Investment	\$23 million
Fixed Rail and Streetcar North-East Alignment (City only)	\$40 million
Unfunded Capital Priorities	\$170 million+
Total Public Capital Investment	\$350 million+

Public Housing Finance

The City will incur direct costs associated with providing Economic Development Incentive Fund (EDIF) or Inner City Incentive Fund (ICIF) grants to incentive new residential units to achieve the target of adding 7,500 new units by 2020. This estimate conservatively assumes that the Downtown Core would receive a proportionate share of these units – 25% - but the cost to the City would be lower if a higher proportion of the units were

developed in the Center City neighborhoods, not in the Core. The estimate does not include tax expenditures through tax abatements or Chapter 380 grants, or foregone revenues from fee waivers. The estimated total direct cost to the City is between \$35 and \$55 million, depending on the proportion of units incentivized in the Downtown Core.

EDIF/ICIF Incentives Required	Order-of-Magnitude Cost
5,500-6,500 Center City Neighborhood Residential Units @ \$4,000 each	\$20-25 million
1,000-2,000 Downtown Core Residential Units @ \$15,000 each	\$15-30 million
Total Public Direct Incentives	\$35-55 million

Master Planning and Design Standards/Guidelines

The City should provide funding to support the creation of at least three of the growth areas recommended in the Strategic Plan – Near River South, Downtown Core, and the Medical District. While major private and institutional property owners have expressed interest in and should be expected to contribute to these master plans, the City should support them by committing \$50,000 for each of the Near River South and Medical District plans, and \$150-200,000 for a comprehensive Downtown Core master plan. The City should also commit \$50-75,000 to create a comprehensive set of design standards/guidelines for the Center City.

Annual Costs

Increased City Management Capacity (Annual)

HR&A recommends four project manager positions within CCDO, each of which should be responsible for the planning and development initiatives in one of the four targeted growth areas. Based upon current staff costs for comparable positions, the City should expect to incur salary and benefits costs of \$65,000 to \$85,000 per additional project manager.

Additionally, the CCDO should also create or reassign senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure a sustained focus on making improvements and maintaining an on-going level of maintenance that supports the urban environment. A second Assistant Director position may be needed to achieve this objective. Based upon current staff costs for comparable positions, the City should expect to incur salary and benefits costs of \$65,000 to \$85,000 for an additional Assistant Director.

Urban Design Review Commission

The City should create an urban and design review commission similar to the HDRC but responsible for the design of non-historic urban development. Although an Urban Design Review Commission may utilize some existing City staff resources and leverage volunteer Commissioners, additional staff will be required to lead this effort. There are anticipated costs associated for staff and other resources of \$300,000 to \$400,000 annually.¹¹

Private Sector Costs

Downtown Management Services (Annual)

The Downtown Alliance projects expenses of approximately \$2.5 million in FY2012, funded primarily by a special assessment paid by private property owners, as well as an assessment paid by public sector property owners and earned income. The Center City Strategic Framework Plan recommends that the City and Centro Partnership prioritize the renewal and potential expansion of the PID boundary, in order to:

- Expand the current downtown clean and safe service area;
- Provide a sustainable source of funding for the new Centro organization; and
- Provide private sector funding for the proposed streetcar project or other Center City transportation investments.

¹¹ Based upon actual and projected personnel and consulting costs for the Historic Preservation Department/HDRC for FY 2010 through FY 2012.

Costs associated with any boundary expansion or change in service will be projected in alignment with those decisions.

Centro Housing Fund

The Fund could be capitalized using private investments, philanthropic contributions, and line items from financial institutions with Community Reinvestment Act requirements. Public sector entities, including the City, may also choose to invest seed capital in the Fund. HR&A recommends capitalization of at least \$10 million to support the Fund's mission and activities.

Action Plan for City of San Antonio

VI. Action Plan for City of San Antonio

Short Term (One Year Plan)

This section outlines a set of actions that the City should take in the short-, medium-, and long-term to achieve the strategies recommended in this document.

Public Investment

- Ensure a high-level of funding on the order \$80-\$100 million of 2012 Bond Program proceeds are directed towards Center City projects.
- Assess differential revenue generating potential of existing TIRZs, potential priority growth area TIRZs, and a Center City-wide TIRZ.

Support for Housing

- The City should prepare a proposal for an as-of-right housing incentive program, including housing incentive areas and levels in the Center City.
- Introduce and pass legislation to implement an as-of-right housing incentive system.
- Support Centro Partnership's creation of a Housing Fund. The City should provide guidance to Centro, as needed, and should consider investing seed money in the Fund.
- Create Downtown Core Housing/Hospitality Task Force to recommend a set of actions to address the land pricing imbalance in the Core.

Organization and Management

- Realign CCDO staff assignments to complement the Downtown Strategic Framework Plan. Each of the four targeted growth areas identified in the plan should be assigned to a manager level position responsible for its development and planning initiatives.
- Create or reassign CCDO senior management level positions and make them responsible for sharing information among economic development and technical departments responsible for elements of creating a vibrant urban center, as well as coordinating resources and activities of those departments to ensure sustained focus on making improvements and maintain an ongoing level of maintenance that supports the urban environment.

Medium-Term (within 5 years)

Planning and Regulation of Development

- Create and approve Center City design standards/guidelines for public and private projects.
- Initiate district-level master plans for the Near River South, Downtown Core, and Medical District growth areas, in coordination with major private and institutional stakeholders.

Public Investment

- Work with Bexar County, VIA, and other stakeholders to ensure funding, planning, and design of both the proposed north-east and south-west fixed rail and streetcar alignments.
- Identify long-term dedicated funding sources to ensure on-going commitment of capital investment in the Center City.
- Create priority growth area TIRZs or Center City-wide TIRZ.
- As TIRZs expire, refine boundaries to limit TIRZ boundaries that cross the Center City boundary.

Support for Housing

- Re-calibrate housing incentives every three to five years to address market changes.

Organization and Management

- Hire necessary staff to support Urban Design Review Commission.

Planning and Regulation of Development

Long-Term (within 10-20 years)

Create an Urban Design Review Commission and institute guidelines for its influence on the approvals and incentives processes.**Public Investment**

- Update Center City Strategic Plan and identify new priorities for growth of the Center City beyond 2020.
- Create a strategy for catalytic tax increment investment, including mechanisms to monetize the increment, as tax abatements and Chapter 380 grants burn off and TIRZs begin to collect significant increment from new development.

Support for Housing

- Explore the need to add an affordable housing and other public benefits components to the Center City housing program to ensure a continued mix of incomes in the Center City as market-rate residential success begins to allow for development without public incentives.

Planning and Regulation of Development

- Create a form-based zoning code to govern Center City development.

Attachments

Attachment A: Precedents for Residential Incentives

Precedent: As-of-Right Residential Incentives

Seattle's Multi-Family property tax exemption has resulted in 33 completed projects with 3,844 units, many for moderate-wage working individuals and families. The program is available in 39 "Homes Within Reach" target areas in-and-around downtown Seattle. Both new construction and renovation projects are eligible. Exemptions are given to mixed use projects when at least 50 percent of the project's square footage is residential space and there are at least four residential units. For rental projects, all units in a project receive exemption when 20% of units are affordable at or below 80% median for studios or one-bedrooms and 90% median for two-bedroom units. For homeownership, only units purchased by income-eligible households may access exemption; income at or below 100% median for studios or one-bedroom – 120% median for two-bedroom units.

The program's primary goal is to encourage the development of multifamily housing opportunities within the City and thus land and any non-residential component of the project are not eligible for the exemption and will be taxed on full assessed value. The property tax exemption will remain in place for a maximum of 12 years, assuming the property remains in compliance with the rules of the Program. The tax exemption is transferable to a new property owner as long as the new owner continues to meet the compliance requirements.

Precedent: As-of-Right Residential Incentives

Austin's SMART Housing stands for Safe, Mixed-Income, Accessible, Reasonably-Priced, Transit-Oriented Housing. The program is designed to stimulate the construction of affordable and reasonably priced housing within the City of Austin. Projects that provide affordable units may qualify for fee waivers from City of Austin development fees and receive expedited review for development permits.

Projects need to apply for incentives and are graded by the City on a matrix scale that awards points based on the project's adherence to the guidelines of SMART. The points are then converted to incentive allowances which include fee discounts and/or waivers and five and ten year tax abatements. Since its inception in 2000, the larger Smart Growth incentive program (of which SMART Housing is a component) has aided the construction of 5,700 residences and over 550,000 square feet of retail, restaurant, and office space in Austin's urban core (away from sensitive watersheds and near ozone-reducing transit) adding almost \$200 million to the tax roll.

In addition to fee waivers and tax abatements the SMART Housing program offers expedited permitting processing, collaborative help with other city agencies, and dialogue facilitation with community groups and neighbors of proposed projects.

Precedent: As-of-Right Residential Incentives

New York City's 421a program promotes multi-family residential construction. It provides a declining property tax exemption based on the new value created in a ground-up development project. The 421a benefits vary depending on factors such as location, method of construction and if requirements for affordable housing have been met. The program has a tiered approach, which aims to incentivize affordable housing development in higher-value areas of the City, and residential development more generally in areas with weaker residential markets and those that are less attractive for residential development.

Typically a 10-Year tax abatement is granted, maintaining the property's assessed value steady at its level before development. The tax abatement is the greatest when the building is completed and then decreases by 20% every 2 years for 10 years, at which time the property taxes will have hit their maturity. Projects that meet increased affordability requirements can receive 25 years of benefits.

The program was augmented at the end of 2007 to increase the Geographic Exclusion Areas (GEA) to include all of Manhattan and major swaths of the outer boroughs. Development projects within the GEA need to meet stricter affordability requirements in their unit mix; at least 20% of the on-site units must be affordable to persons at or below 80% of AML. Additional changes in 2007 include increasing the minimum unit requirement from three to four and setting a cap on eligible appraised value. Only the first \$65,000 of an apartment's assessed value would receive the 421-a tax exemption.

Precedent: As-of-Right Residential Incentives

Columbus' residential tax incentive generally provides a 10-year, 100 percent property tax exemption on the increased value for new or rehabilitated residential housing in the Downtown Columbus area through the creation of the Columbus Downtown Residential Community Reinvestment Area (CRA). In addition, the ordinance creates higher levels of incentives for affordable housing, student housing, redevelopment housing, targeted area housing and residential remodeling with most abatements lasting 10-15 years. The level of incentives are net effective levels of exemption arrived at by generally applying 100 percent exemptions, coupled with offsetting payments in lieu of taxes ("PILOTs") by the property owners. PILOTs are generally payable to Columbus City Schools. No incentives are provided for commercial use improvements (such as retail space) where they exceed one-third of the gross square footage of the structure.

Eligible Applicants include homebuyers who purchase new infill housing from developers; owner-occupants of single family homes making improvements of at least 20% of the current tax value of the existing property; owners of rental property (3 or more units) who make improvements of at least 50% of the current tax value of their property; and buyers of condominiums or single family homes (1 or 2 units) that have been converted from rental units where improvements were at least 50% of the current value of their property.