

ORDINANCE 2018-12-13-0996

AMENDING THE CENTER CITY HOUSING INCENTIVE POLICY (CCHIP) AND EXTENDING THE CCHIP PROGRAM FOR A PERIOD OF TWO (2) YEARS; AND REPLACING THE CITY'S INNER CITY REINVESTMENT/INFILL POLICY (ICRIP) WITH THE CITY OF SAN ANTONIO FEE WAIVER POLICY.

* * * * *

WHEREAS, in 2010, the ICRIP was approved by City Council to encourage infill activity and the creation of sustainable neighborhoods that are safe, walkable, mixed-use, compact and well-designed; and

WHEREAS, in June 2012, City Council adopted the CCHIP, an as-of-right housing incentive program designed to encourage economic development in the center city; and

WHEREAS, the CCHIP was renewed with amendments in 2016, reducing the program boundary, improving administrative operations, and extending the program through June 2018; and

WHEREAS, on October 2, 2017, a Council Consideration Request was issued requesting a review of City incentives for residential and commercial developments to include the City's CCHIP and ICRIP programs; and

WHEREAS, on January 11, 2018, City Council approved a temporary moratorium on administrative approvals of CCHIP agreements, directing staff to reevaluate the existing program and to prepare recommendations to present to City Council; and

WHEREAS, City staff is recommending amendments to both the CCHIP and ICRIP programs in accordance with **Exhibit A**; **NOW THEREFORE**:

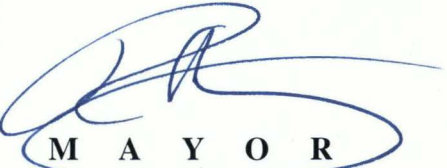
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves amendments to the CCHIP and ICRIP programs as provided in **Exhibit A** and approves an extension of the CCHIP Program for an additional two year period.

SECTION 2. This Ordinance shall become effective immediately upon its passage by eight (8) affirmative votes or effective ten (10) days after its passage by fewer than eight (8) votes.

RR
12/13/18
Item No. 4

PASSED AND APPROVED this 13th day of December, 2018.

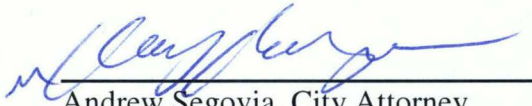

M A Y O R
Ron Nirenberg

ATTEST:



Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	4						
Date:	12/13/2018						
Time:	01:44:28 PM						
Vote Type:	Motion to Cont/Post						
Description:	Ordinance adopting amendments to the Center City Housing Incentive Policy (CCHIP) and Inner City Reinvestment/Infill Policy (ICRIP) [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]						
Result:	Failed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor			x			
Roberto C. Treviño	District 1			x			
William Cruz Shaw	District 2			x			
Rebecca Viagran	District 3			x			
Rey Saldaña	District 4		x			x	
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6			x			
Ana E. Sandoval	District 7		x				x
Manny Pelaez	District 8	x					
John Courage	District 9			x			
Clayton H. Perry	District 10			x			

Agenda Item:	4						
Date:	12/13/2018						
Time:	02:13:20 PM						
Vote Type:	Motion to Approve						
Description:	Ordinance adopting amendments to the Center City Housing Incentive Policy (CCHIP) and Inner City Reinvestment/Infill Policy (ICRIP) [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4			x			
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7			x			
Manny Pelaez	District 8	x					
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

RR
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Exhibit A

City of San Antonio Fee Waiver Program Guidelines

Effective January 2, 2019

1. Policy Statement

It is the policy of the City of San Antonio to encourage responsible development in the city. The City of San Antonio Fee Waiver Program specifically addresses these goals by encouraging the development and preservation of affordable/workforce housing, the rehabilitation of historic properties, and to foster business development. The policy becomes effective January 2, 2019.

2. Program Description

Eligible projects under this program may receive a full or partial waiver of City development fees and/or SAWS water and sewer impact fees. Fee waivers are funded by annual appropriations from the General Fund and from the San Antonio Water System, respectively. All fee waivers are subject to funding availability and are administered by the Center City Development and Operations Department (CCDO).

3. Program Goals

Fee waivers will support the overall policy goals of the COSA Fee Waiver Program as outlined below:

1. Support the creation and preservation of affordable/workforce housing citywide.
2. Increase redevelopment of underutilized buildings through the rehabilitation, upgrade, and adaptive reuse of existing structures.
3. Encourage the development and expansion of small businesses, legacy businesses, and targeted industry development projects.

4. Eligibility

Fee waivers will support eligible projects through one of four (4) categories: Affordable Housing, Owner-Occupied Rehabilitation, Historic Rehabilitation, and Business Development. In no case shall City fee waivers exceed the total cost of fees incurred by the project. SAWS fee waivers shall not exceed \$150,000.00 per project (\$250,000.00 for projects qualifying under the Affordable Housing category), except where approved by City Council. Unless otherwise noted, criteria and waiver amounts for one category of the Fee Waiver Program will not apply to another category.

1. For the purposes of this program, a project is defined as a development on a contiguous property or properties consisting of new construction, rehabilitation, repair or maintenance of existing structures, or any combination thereof. A project may include multiple structures (e.g. a multifamily complex) or a single structure (e.g. a single-family house). For developments consisting of multiple phases on adjacent or nearby parcels, each phase may be considered one project.
2. The following projects are NOT ELIGIBLE for fee waivers:
 - a. Projects over the Edwards Aquifer Recharge or Contributing Zones that result in additional impervious cover (does not apply to residential projects that include at least 75 percent affordable housing units).
 - b. Projects within a FEMA-designated 100-year floodplain.

- c. Religious or sectarian facilities.
 - d. Surface parking lots that are not part of a larger development or expansion project.
 - e. 100% publicly-funded projects. This includes bond-funded projects and projects on military installations.
 - f. Schools, including all public, private, and charter institutions.
 - g. Hotels, motels, pawn shops, nightclubs, bars, gun shops, liquor stores, tattoo parlors, tanning salons, tobacco/tobacco-like related establishments, specified financial institutions (see UDC Section 35-A101), kiosks, sexually-oriented businesses, and non-permanent structures such as manufactured homes.
 - h. Projects located outside the current city limits, including the extraterritorial jurisdiction and areas of limited-purpose annexation.
3. Projects must be appropriately zoned for the intended use at the time the application is submitted. Fee waivers shall not be used to cover the cost of rezoning a property to allow for its intended use.
 4. For a period of five (5) years following Certificate of Occupancy or other appropriate proof of project completion, projects participating in this program shall not be eligible to receive a Short Term Rental permit that results in an entire unit being offered for rent on STR platforms such as Airbnb or VRBO.

A. Affordable Housing

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Neighborhoods and Housing Services Department as needed.

1. The project must include at least 25% percent affordable housing units, and an additional 25% of units in the project must either be affordable or workforce housing units. Affordable units and workforce units are defined as follows:
 - a. Affordable Rental units reserved for households earning at or below 60% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, rents charged for affordable units shall not exceed approximately 30% of the household's gross monthly income.
 - b. Workforce Rental units reserved for households earning between 61% - 80% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, rents charged for affordable units shall not exceed approximately 30% of the household's gross monthly income.
 - c. For-sale units reserved for households earning at or below 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, homes sold to income-qualified households must be the owner's primary residence.
2. All affordable rental housing units that receive fee waivers through this program must demonstrate affordability for a minimum of fifteen (15) years and be qualified through a local, state, or federal affordable housing program that includes a minimum affordability term and regular compliance requirements (e.g. Housing Tax Credits, HOME, etc.). For-sale units must

demonstrate affordability to a qualified homebuyer at the time of sale and include a resale restriction for a minimum of five (5) years following the initial sale.

3. The unit mix of affordable housing units shall be comparable to the unit mix of any market-rate units provided in the same project (*for example, if 20 percent of market-rate units contain two bedrooms, 20 percent of affordable units shall also contain two bedrooms*).

B. Owner Occupied Rehabilitation

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Neighborhoods and Housing Services Department as needed.

1. Recipients of housing repair/rehabilitation programs administered by the Neighborhood and Housing Services Department (NHSD) or an eligible nonprofit organization are considered eligible under the Fee Waiver Program.
 - a. Eligible NHSD programs include, but are not limited to, Owner-Occupied Rehabilitation, Minor Repair, Under 1 Roof, Let's Paint, and Green & Healthy Homes.
 - b. Eligible nonprofit organizations include, but are not limited to, certified Community Housing Development Organizations (CHDOs).

C. Historic Rehabilitation

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Office of Historic Preservation as needed.

1. The project must qualify for the Local Tax Exemption for Substantial Rehabilitation, i.e. the property must be a national, state, or locally designated historic landmark or be located within a national or local historic district, and the owner must invest substantial rehabilitation efforts that prolong the life of the building.
2. For residential structures, the incentive must result in the property retaining its residential use. Commercial structures receiving fee waivers may remain commercial in use or may be converted to residential use. All improvements must be coordinated with the Office of Historic Preservation.

D. Business Development

Project eligibility shall be determined using the criteria below and will be confirmed by the Economic Development Department or, for the Legacy Business component, the Center City Development and Operations Department with input from the Office of Historic Preservation and/or World Heritage Office as needed.

1. Targeted-industry and exceptional project eligibility:
 - a. As defined in the Economic Development Business Fee Waiver Program Guidelines.
2. Small business development eligibility:
 - a. As defined in the Economic Development Business Fee Waiver Program Guidelines.
3. Legacy business development eligibility:

- a. The project must qualify for the Legacy Business Program offered through the Office of Historic Preservation, i.e. the business has been operational for 20 years or more and contributes to the history, culture, and authentic identity of San Antonio.

5. Waiver Amounts

City Fee Waivers are made available on an annual basis through the City's General Fund. For Fiscal Year 2019 the amount is \$2,500,000.00. Of this allocation, \$1,500,000.00 will be made available to projects meeting the criteria herein; the actual amount available to projects may be prorated based on the actual amount of City Fee Waivers available for the given fiscal year and may be adjusted based on demand with administrative approval by the Director of the Center City Development & Operations Department.

SAWS Fee Waivers have been made available to the City through Ordinance 2014-05-29-0363 that covers a six-year period from FY 2015 to FY 2020, in an annual amount of approximately \$3,000,000.00. Of this annual allocation, \$1,500,000.00 will be made available to projects meeting the criteria herein; the actual amount available to projects may be prorated based on the actual amount of SAWS Fee Waivers available for the given fiscal year. All Fee Waivers are subject to funding availability.

On an annual basis, \$800,000.00 in City Fee Waivers and \$700,000.00 in SAWS Fee Waivers will be made available for projects meeting the Affordable Housing, Owner-Occupied Rehabilitation, Historic Rehabilitation, and Legacy Business criteria, subject to proration based on total annual allocations. A total of \$500,000.00 in City Fee Waivers and \$500,000.00 in SAWS Fee Waivers will be made available for projects meeting the targeted industry and exceptional project Business Development criteria, and \$200,000.00 in City Fee Waivers and \$300,000.00 in SAWS Fee Waivers will be made available for projects meeting the small business project criteria (excluding Legacy Business projects), subject to proration based on total annual allocations.

A. Affordable Housing

Projects meeting the Affordable Housing eligibility criteria per Section 4.A may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.A are not limited in amount per project.
2. SAWS impact fee waivers granted under this Section 5.A.2 are limited to \$250,000 per project and at the following per-unit rates:
 - a. Up to 1.0 Equivalent Dwelling Unit (EDU) per residential affordable unit.
 - b. 0.5 EDU per any other residential unit not qualifying as affordable under this program.
3. SAWS impact fee waiver requests of more than \$250,000 require City Council approval, not including waivers granted under Section 6.4 below.

B. Owner-Occupied Rehabilitation

Projects meeting the Owner-Occupied Rehabilitation eligibility criteria per Section 4.B may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.B are not limited in amount per project.
2. SAWS impact fee waivers granted under this Section 5.B.2 are limited to \$10,000 or 1.0 Equivalent Dwelling Unit (EDU), whichever is lower.

C. Historic Rehabilitation

Projects meeting the Historic Rehabilitation eligibility criteria per Section 4.C may receive fee waivers as follows:

1. City fee waivers granted under this section 5.C are not limited in amount per project.
2. SAWS impact fee waivers granted under this Section 5.C.2 up to 1.0 Equivalent Dwelling Unit (EDU) per residential unit or 100 percent of total impact fees incurred for commercial projects, up to \$150,000 per project.
3. SAWS impact fee waiver requests of more than \$150,000 require City Council approval, not including waivers granted under Section 6.4 below.

D. Business Development

Projects meeting eligibility criteria may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.D are not limited in amount per project.
2. Targeted-industry and exceptional projects:
 - a. Eligible projects per Section 4.D.1 may receive SAWS impact fee waivers, up to a maximum waiver of \$150,000.
 - b. SAWS impact fee waivers exceeding \$150,000 awarded under this Section 5.D.2 require City Council approval.
3. Small business development:
 - a. SAWS impact fee waivers for small businesses will be determined based on the eligibility criteria in Tier 1, Tier 2, and Tier 3 as defined in the Small Business Section of the Economic Development Business Fee Waiver Guidelines.
4. Legacy business development:
 - a. SAWS fee waivers granted under this section 5.D.4 may be up to 100 percent of the total impact fees incurred, up to \$150,000 per project.

6. Additional Requirements and Conditions

1. All projects awarded waivers are subject to verification of project investment.
2. SAWS impact fee waiver requests exceeding \$50,000 must be accompanied by an official SAWS Impact Fee Estimate.
3. Waivers are not retroactive. Reimbursements will not be granted for fees already paid.
4. Waivers awarded for housing projects under the Center City Housing Incentive Policy (CCHIP) will be granted per the terms of the CCHIP.
5. An administrative processing charge of \$100 is required to activate any fee waivers awarded under this program. This charge applies to each waiver, City or SAWS, or \$200 for both.
 - a. Exceptions.
 - i. Eligible participants in a repair/rehabilitation program administered by NHSD or an eligible nonprofit organization are exempt from this processing charge.
 - ii. Eligible small businesses participating in the Business Development component of this program are exempt from this processing charge.
 - iii. For a subdivision consisting of multiple single-family lots, only one administrative processing charge shall apply.

6. City fee waivers are valid for one year. SAWS fee waivers are valid for six (6) months. Each waiver is eligible for one renewal at no additional cost. The administrative fee of \$100 will apply for each renewal thereafter as defined in Section 6.5 above. Projects are limited to two (2) renewals per waiver type.
7. The processing charge outlined in Sections 6.5 and 6.6 above are non-refundable. No exceptions. This includes failure to use a waiver before it expires.

7. Application Process

1. Applications will be received by the Center City Development and Operations Department (CCDO). Eligibility will be determined by the department responsible for the Fee Waiver category for which the application is received. CCDO will administer the issuance of Waiver IDs and all subsequent renewals.
2. Each applicant must complete an online application. Applicants may contact CCDO for assistance if needed.
3. If approved, applicant will be notified and receive a Waiver ID which will be activated upon payment of the applicable administrative fee.
4. Notifications are primarily through email. Alternative notification methods can be made by contacting CCDO.
5. Upon activation, the Waiver ID can be presented to the appropriate staff person to waive the applicable development/impact fees.

Center City Housing Incentive Policy

Effective January 2, 2019

Section 1. Background

In spring 2011, Centro Partnership San Antonio initiated the creation of a Downtown Strategic Framework Plan. In an effort to ensure the execution of the Framework Plan, the Center City Development Office created the Center City Implementation Plan.

The Center City Implementation Plan provided recommendations on how to best implement the Downtown Strategic Framework Plan through increased public investment, creation of a housing finance strategy, coordinated management, and regulation of development. The Implementation Plan recommended that the City establish a predictable housing incentive system for housing in the Center City. Such a system would assist in normalizing land values, provide greater certainty, increase the speed of approvals, and reduce the risk associated with infill development. Therefore, the Center City Development Office developed the Center City Housing Incentive Policy (CCHIP).

The CCHIP incorporates the goals and objectives of the Implementation Plan and provides greater incentives to housing projects within targeted growth areas identified in the Downtown Strategic Framework Plan and prioritizes the Downtown Core. The Policy leverages increasing development in the Center City in order to facilitate the creation and preservation of affordable housing, incorporating recommendations developed by the Mayor's Housing Policy Task Force. The program also recognizes the need for incenting affordable housing throughout the City's Regional Centers in accordance with SA Tomorrow.

Section 2. Eligibility

The CCHIP applies to high density rental and for-sale housing projects (Projects) within the Greater Downtown Area (GDA), Regional Centers, and Transportation Corridors identified in the Via 2040 plan. Eligible Projects may receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, and infrastructure grants based on the terms outlined in the CCHIP.

Projects with an approved building permit at time of agreement execution are not eligible for CCHIP incentives. All projects must receive approval from the Historic and Design Review Commission prior to project commencement.

The CCHIP Policy was last amended by City Council on June 16, 2016. That policy revision established that properties zoned as "Single Family Residential" (e.g. "R-6," "R-5," "R-4") and "Mixed Residential" (e.g. "RM-4", "RM-5", "RM-6") are ineligible for incentives under this policy. No properties that were zoned as "Single Family Residential" or "Mixed Residential" as of June 16, 2016, are eligible for incentives under this policy. Rezoning the property to an eligible zoning type does not make the property eligible for incentives.

Properties with zoning of "Neighborhood Preservation" (e.g. "NP-8", "NP-10", "NP-15") or that allow for Manufactured Housing (e.g. "MH", "MHP", "MHC") are ineligible for incentives as of the effective date of the 2018 CCHIP policy. Rezoning the property to an eligible zoning type does not make the property eligible for incentives.

Any project receiving incentives through the CCHIP are not eligible to receive a permit through the Short Term Rental (STR) program that results in an entire housing unit being offered for rent on STR platforms such as Airbnb or VRBO.

Projects including a hotel component are not eligible for incentives through CCHIP.

Projects over the Edwards Aquifer Recharge or Contributing Zones, and projects located outside the current city limits, including the extraterritorial jurisdiction and areas of limited-purpose annexation, are not eligible for incentives through CCHIP.

Section 3. Definitions

Adaptive Reuse – The reuse of a building or structure, usually for a purpose different from the original. The term implies that certain structural or design changes have been made to the building in order for it to function in its new use.

Affordable Housing and Workforce Housing (also Affordable Unit and Workforce Unit) –

- Affordable Rental Units are reserved for households earning at or below 60% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable (Affordable Housing).
- Workforce Rental Units are reserved for households earning between 61% - 80% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable (Workforce Housing).
 - a. To qualify under this policy, rents charged for affordable units and workforce units shall not exceed approximately 30% of the household's gross monthly income. Affordable rental units and workforce rental units shall demonstrate affordability for a minimum of fifteen (15) years or be qualified through a local, state, or federal affordable housing program that includes a minimum affordability term and regular compliance requirements (e.g. Housing Tax Credits, HOME, etc.).
- For-sale Units reserved for households earning at or below 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable will be deemed affordable. To qualify under this policy, homes sold to income-qualified households must be the owner's primary residence. For-sale units must demonstrate affordability to a qualified homebuyer at the time of sale and include a resale restriction for a minimum of five (5) years following the initial sale.

City of San Antonio Fee Waiver Program – A City Council adopted Policy of the City of San Antonio to promote the development and preservation of affordable housing, the rehabilitation of historic structures, and small business and industry development through the use of development fee waivers. The City of San Antonio Fee Waiver Program replaces the Inner City Reinvestment/Infill Policy (ICRIP). Fees eligible for waiver will be reviewed administratively.

Historic Rehabilitation – The process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property that are significant to its historic, architectural and cultural values.

Inner City Reinvestment/Infill Policy (ICRIP) – see *City of San Antonio Fee Waiver Program*.

Market-Rate Housing – A Project in which more than 85% of the units are priced for rental or sale subject to market conditions, without temporary or permanent pricing restrictions.

Mixed-Income Housing – A Project in which at least 15% of the housing units are priced for rental or sale to households or persons at or below 80% of the Area Median Income.

Project – A rental or for-sale housing development that creates multiple housing units at a density of at least:

- 18 dwelling units per acre for adaptive reuse or historic rehabilitation projects within the Greater Downtown Area (Level 1 or Level 2 areas) or in Level 3
- 33 dwelling units per acre for multifamily projects (25 dwelling units per acre for projects consisting exclusively of for-sale housing units) outside the Central Business District (Level 2 and Level 3 areas)
- 50 dwelling units per acre for all projects in the Central Business District (Level 1 Area)

Section 4. Geographic Area

The incentives provided by the CCHIP is based on the Project's location and future land use classification within the Greater Downtown Area (GDA). Properties with a future land use classification of "Urban Low Density Residential," "Medium Density Residential," and "Parks/Open Space" in an SA Tomorrow Regional Center or Community Plan shall not qualify for incentives under CCHIP. See attached map in Exhibit A for program areas. If there is conflict between an area described and Exhibit A, then Exhibit A controls.

Projects within the Central Business District (CBD) are within the Level 1 Incentive Area, projects located in the Greater Downtown Area and outside of the CBD are within the Level 2 Incentive Area. The Level 3 Incentive Area includes properties with eligible zoning in the SA Tomorrow Regional Centers and parcels with eligible zoning that are abutting Via's Primary Transportation Corridors under the 2040 Long Range Plan.

Level 3 Incentive Areas will go into effect when City Council adopts the Land Use Plan for the corresponding Regional Center or when Via determines the route locations for primary transit corridors through Via 2040.

Section 5. Affordability Requirements

Projects in the Level 2 Area that are under 5 stories must include a minimum of 10% affordable units, and an additional 10% of units in the project must either be affordable or workforce units. Projects in Level 3 Area must include 20% affordable units. For projects consisting of rental housing in Level 2 and Level 3, the unit mix of affordable and workforce housing units shall be comparable to the unit mix of any market-rate units provided in the same project (*for example, if 20 percent of market-rate units contain two bedrooms, 20 percent of affordable units shall also contain two bedrooms*).

All projects with for sale units are ineligible for incentives if more than half of the for sale units have an initial sale price above the Federal Housing Administration's Forward Loan Limit. (see: <https://entp.hud.gov/idapp/html/hicostlook.cfm>). [Note: the FHA Forward maximum loan amount differs from the maximum loan amount available through Fannie Mae/Freddie Mac loan. The FHA Forward loan amount is the maximum sale price for eligibility under this policy.]

All rental housing projects must have average residential rents (the average rent across all residential units) less than \$2.75 per square foot ("Maximum Rent Rate"). The developer must recertify rents annually. If rents rise above the Maximum Rent Rate in the first five years of occupancy from the date a Certificate of Occupancy is issued, then all incentives under this policy must be reimbursed. If rents rise over the Maximum Rent Rate after five years of building occupancy, then the owner will no longer be eligible for ongoing tax reimbursement grants, however they will not be required to reimburse incentives already received under the policy. The Maximum Rent Rate shall adjust annually based on the percentage change in AMI.

For projects approved by the Public Facility Corporation's (PFC) Board, the PFC's adopted affordability rules and requirements govern over the affordability requirements listed above.

Section 6. Fee Waivers

All projects eligible for incentives under this policy will receive City Fee Waivers as permitted by the City of San Antonio Fee Waiver Program.

A Project within the CBD (Level 1 Area) is also eligible to receive a SAWS Impact Fee Waiver equal to 100% of the Project's SAWS water and impact fees, not to exceed \$1,000,000. Projects within the GDA outside of the CBD (Level 2 Area) are eligible for SAWS fee waivers equal to 100% of the Project's SAWS impact fees, not to exceed \$500,000. Projects within Level 3 are eligible for SAWS fee waivers equal to 100% of the Project's SAWS impact fees, not to exceed \$250,000.

City Fee Waivers are made available on an annual basis through the City's General Fund. For Fiscal Year 2019, the amount is \$2,500,000.00. Of this annual allocation, \$1,000,000.00 will be made available to projects meeting the criteria herein; the actual amount available to CCHIP projects may be prorated based on the actual amount of City Fee Waivers available for the given fiscal year and may be adjusted based on demand with administrative approval by the Director of the Center City Development & Operations Department.

SAWS Fee Waivers have been made available to the City through Ordinance 2014-05-29-0363 that covers a six-year period from FY 2015 to FY 2020, in an annual amount of approximately \$3,000,000.00. Of this annual allocation, \$1,500,000.00 will be made available to projects meeting the criteria herein; the actual amount available to CCHIP projects may be prorated based on the actual amount of SAWS Fee Waivers available for the given fiscal year. All Fee Waivers are subject to funding availability.

Section 7. Real Property Tax Reimbursement Grant

Eligible projects will receive a Real Property Tax Reimbursement Grant (Grant) disbursed over 15 years for Level 1 projects or 10 years for projects within Level 2 and Level 3. The reimbursement grant will be a rebate of 75% of the previous year's Maintenance & Operations (M&O) portion of the City's real property tax revenue remitted to the City (approximately 62.5% of City portion of the real property tax bill, subject to change). The remaining 25% of the M&O portion of the City's tax revenue will be deposited in a fund established for the purpose of creating and/or preserving affordable housing units, to be administered by the Neighborhood and Housing Services Department. The City's real property tax increment generated as a result of the Project is the funding source of the Grant. Rebate payments through the Real Property Tax Reimbursement Grant may be requested after Project completion on an annual basis, and payments will be disbursed annually as funds become available.

If a Project is within a Tax Increment Reinvestment Zone it will receive a rebate of the previous year's real property tax increment remitted to the City over a period of time that is determined based on the Projects geographic location or type. The rebate is based on the City's participation level in the Tax Increment Reinvestment Zone where the Project is located (this includes both the debt rate and the M&O rate). Recipient must remit 25 percent of the annual property tax rebate they receive back to the City. The funds remitted back to the City will be deposited in the affordable housing fund to be administered by the Neighborhood and Housing Services Department. Recipient and project are not eligible for any tax reimbursements under this policy if 25% of funds previously remitted to the project have not been paid to City.

Additionally, if the Project qualifies for a Historic Tax Exemption or Historic Tax Credit per the Office of Historic Preservation, the Tax Rebate Grant and the Tax Credit or Exemption will be used together when possible in order to maximize the incentive.

Section 8. Infrastructure Grant

A Project qualifies for an Infrastructure Grant if the Project is located in the CBD (Level 1 Area) and at least 10% of the units qualify as affordable or workforce housing. The infrastructure grant is designed to assist with infrastructure upgrades and repairs considered typical for urban infill development, and may be used toward the following expenses:

- Water and/or sewer line repairs, upgrades, or extensions
- Electric service upgrades or repairs
- Public right-of-way improvements to include street and/or sidewalk enhancements, landscaping, and lighting
- Street-level façade improvements (for adaptive reuse or historic rehabilitation projects only)

A qualifying project will receive \$10,000 for each affordable or workforce housing unit provided on site, up to a maximum of \$500,000. Projects outside the CBD (Level 2 Area) are not eligible. The infrastructure grant is subject to funding availability.

Section 9. Density Bonus

Construction costs escalate as developers create height and density. Within Level 1 and Level 2 of the program area, residential density supports healthy street level retail, allows for a reduction in transportation demand, and increases property valuations and tax base, in turn generating dollars that can be used for public improvements and programs. Within Level 1 and Level 2, a density bonus of \$0.10 per sq ft to the Maximum Rent Rate when the project is a "High Rise Building", as defined by the 2015 International Building Code.

Section 10. Displacement of Residents

Projects resulting in the direct displacement of residential tenants are not eligible for as-of-right CCHIP incentives.

Section 11. Additional Protections for Single Family Units

Any existing single family dwelling unit located on a property eligible for incentives may not be demolished, unless applicant demonstrates that the building is a "Dangerous Building" per Article VIII, Sec. 6-156 of the City Code. An applicant may submit a request to the Director of Development Services (or his/her designee) to request certification that the dwelling meets the definition of a "Dangerous Building". Notwithstanding the process identified above, any eligible project with a single family dwelling unit with historic designation that will be demolished as a result of the project must follow existing process in the City Code to completion (obtain a demolition permit) before the project can be eligible for incentives.

If a single family dwelling unit is present on a parcel at the time this policy is adopted and is subsequently demolished, the property will be ineligible for as of right incentives under this policy.

Section 12. Requirements for Additional Bike and Scooter Parking

A project seeking incentives under this policy must exceed the bike parking requirements from Sec. 35-526 of the Unified Development Code by 20% [See Chapter 35, Sec. 35-526 (b)(8) & (b)(9)], as well as accommodate parking for scooters on the property.

Section 12. Exceptions

Any exceptions to the CCHIP require City Council approval.

Section 13. Review and Term

The City will initiate a housing study for the CCHIP area every two years to inventory the total number of housing units, monitor the rental rates and sales values, and identify any necessary adjustments to the policy. Unless the City Council extends and or amends the terms of the CCHIP, it will expire within 2 years of the date of City Council adoption.

Section 14. Recapture Provisions

CCHIP Agreements will include a provision for the recapture of the incentives (e.g. grants and loans) in the event Agreement terms and requirements are not met. These recapture provisions will survive any subsequent assignment of the Agreement.

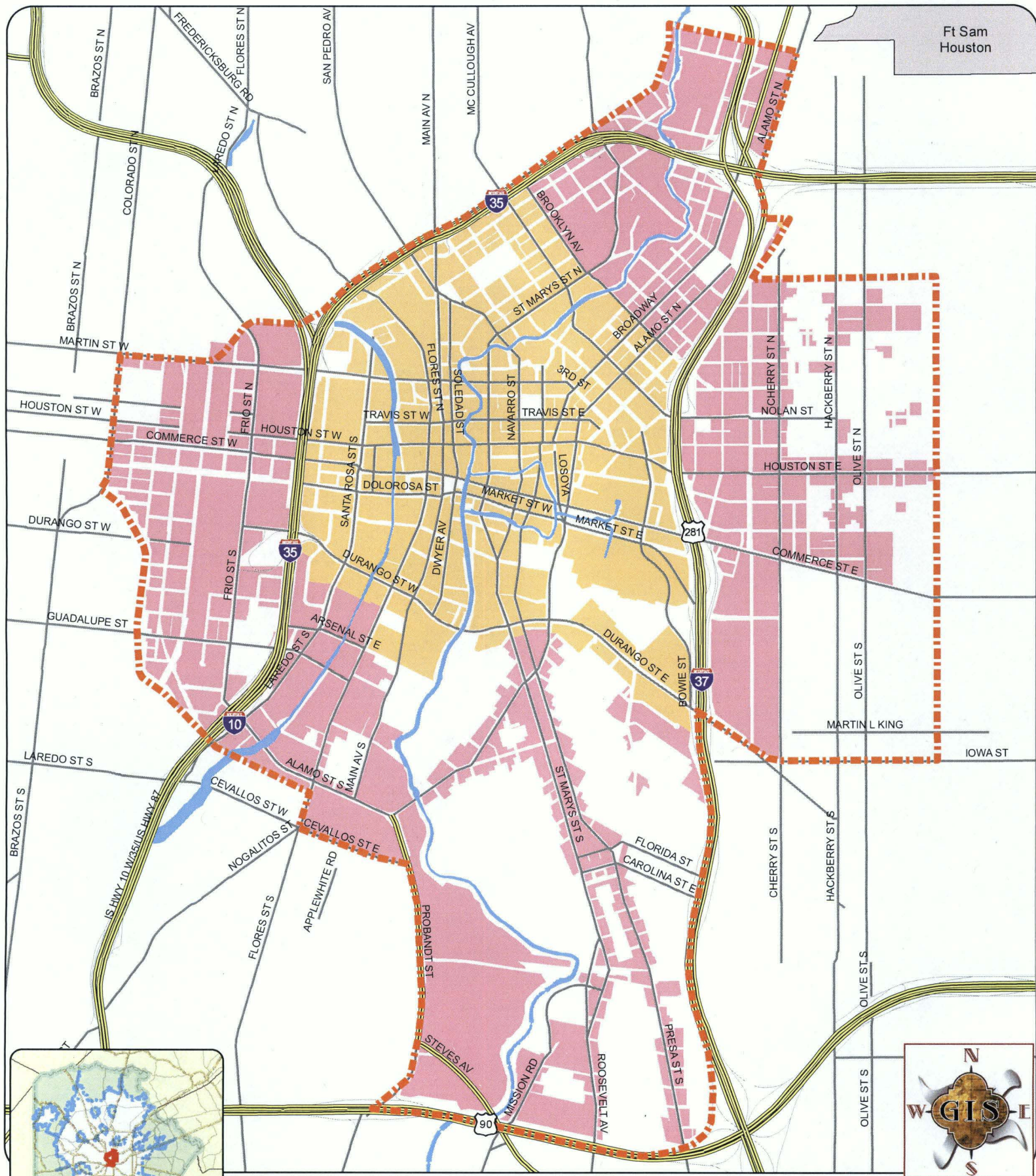
Section 15. Administration

The Center City Development & Operations (CCDO) Department will administer the CCHIP and any associated program fees. The CCDO Director is authorized to make non-substantive program changes as necessary for administrative purposes.

Section 16. Legal Documents

The legal documents used to officiate this policy include the CCHIP Application and the CCHIP Incentive Agreement as described in Exhibits B and C, which may be amended as necessary. The City Attorney's Office, in conjunction with the City Manager or her designee, may negotiate additional terms of the agreement as long as those terms do not change the total incentive amount. The City Manager or her designee will be the signatory of the agreement.

Exhibit A – Eligible CCHIP Program Area



- Existing CCHIP Boundary (2016)
- Level 1
- Military Bases
- Level 2
- Cosa Boundary
- San Antonio River

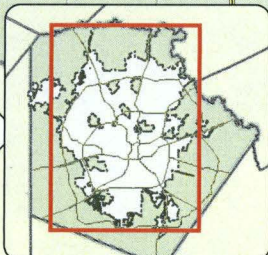
0 0.0750.15 0.3 0.45 0.6 Miles

2018 City of San Antonio CCHIP Redesign

City of San Antonio
Information Technology Services Department
GIS Public Service Unit

Review Towers
111 Soledad St, 9th Floor, Suite 900
San Antonio, TX 78205

Data Source: City of San Antonio Enterprise GIS, Bexar Metro 911, Bexar Appraisal District
This geographic information system product is provided by the City of San Antonio as a public service. It is not intended to be used for any purpose other than the one for which it was created. The City of San Antonio does not warrant, guarantee, or make any representation regarding the use, or the results of the use, of the information provided by this City of San Antonio in terms of accuracy, reliability, timeliness or otherwise. The user assumes all liability and responsibility for any information obtained from the City of San Antonio in any manner or by any means.
Map may be subject to change without notice.
Map Path: C:\Users\dm0584\Desktop\CCHIPRedesign_11292018\CCHIP Redesign_11292018.mxd
Date/Time Saved: 11/09/18 at 5:53:47 AM
PDF Filename: CCHIP Redesign_11292018.pdf



"The Geographic Information system product, received from The City of San Antonio is provided as an "as is" without warranty of any kind, and the City of San Antonio makes no claim of accuracy and related warranties, including but not limited to the content's completeness, its timeliness and its accuracy for a particular purpose. The City of San Antonio does not warrant, represent, or make any representation regarding the use, or the results of the use, of the information provided by the City of San Antonio in terms of completeness, accuracy, reliability, timeliness or otherwise. The entire risk as to the results and performance of any information obtained from the City of San Antonio is expressly assumed by the recipient."

"The City certifies that the original source of the San Antonio Department for geographic information is:

Map version: 2/20/2010 7:33:33 AM

Date/Time Saved: 12/11/2018 at 1:50:29 PM
PDF Filename: Tier 3 V3.pdf
Map Path: \\fcommon01\COMMON\Misc\26\GIS\50\plan_18\Projects\2018\OfficeHistoricPreservation\OCH\PI\Tier 3 V3.mxd

City of San Antonio Proposed Zoning Tiers



City of San Antonio
Information Technology Services Department
GIS Public Services Division
Riverview Towers
111 Soledad St, Suite 900
San Antonio, TX 78205



Exhibit B – CCHIP Application



Center City Housing Incentive Program (CCHIP) Application

Applicant Information

Name: _____ Title: _____

Company: _____

Project Role: _____

Address, City, ST, ZIP: _____

Phone: _____ Fax: _____ Email: _____

Project Information

Project Owner / Developer: _____

Other Associated Entities and Roles: _____

Project Name: _____

Project Site Address: _____

Start Date of Construction: _____ Completion Date: _____

Cost of public improvements: \$ _____

Estimated total project cost: \$ _____ (including public improvements)

Housing units planned: _____ ☐ Rentals ☐ For Sale

Housing units per acre: _____

Affordable housing units planned:

Units to be reserved for households earning $\leq 120\%$ AMI (for-sale only): _____

Units to be reserved for households earning $\leq 80\%$ AMI: _____

Units to be reserved for households earning $\leq 60\%$ AMI: _____

Units to be reserved for households earning $\leq 30\%$ AMI: _____

Target rental price per square foot: \$ _____ / Target sale price per square foot: \$ _____

Square feet of retail space: _____ Square feet of commercial office space: _____

Estimated number of new jobs to be created, if any: _____

Site Information

City Council District #: _____ Current Zoning: _____

Current Site Uses _____

*Projects that must be rezoned from "Residential Single-Family" (e.g. R1-R6) are not eligible.

Property ID(s)#: _____ Total Acreage: _____

Current Value: Land: \$ _____ Improvements: \$ _____

Geographic Location

Project must be located within a parcel or parcels classified as Level 1, Level 2, or Level 3.

- ☐ Located in Level 1
- ☐ Located in Level 2
- ☐ Located in Level 3 (Note: Level 3 areas are eligible upon adoption by City Council)
- ☐ Located in a Tax Increment Reinvestment Zone (TIRZ), specifically: _____

Project Characteristics/Features

- ☐ Historic Rehabilitation ☐ Brownfield Redevelopment
- ☐ Adaptive Reuse ☐ 6+ Stories in Height
- ☐ Includes non-residential uses (retail, office)

Describe how this project will contribute to the City's sustainability goals (e.g. low impact development, renewable energy, tree canopy, waste management, etc.):

Additional Information

1. Has the project owner/developer or any of its affiliates been cited, currently under investigation, or have litigation pending for any violations of Federal, State, County and/or City laws, codes or ordinances?

- ☐ No ☐ Yes (please indicate nature/status of the violations on additional page(s))

2. SAWS Impact Fees (if seeking waiver)

Estimate of water and sewer impact fees: \$ _____ (must obtain written estimate from SAWS)

Projected time to install water/sewer services: (month/ year) _____

3. Other than City incentives, what are the funding sources for the project?

- ☐ Equity ☐ Housing Tax Credits
- ☐ Conventional Bank Financing ☐ HUD Loans
- ☐ Other: _____

4. Will any residents be displaced either temporarily or permanently as a result of this development? ☐ No ☐ Yes

Required Attachments

- ☐ Cover letter describing project and summarizing details. (explain features and categories marked above)
- ☐ Corporate Information (history, urban development experience, etc...)
- ☐ Site plans and renderings
- ☐ SAWS Impact Fee Estimate (Contact SAWS at 210-704-7297)
- ☐ Project Pro Forma

Exhibit C – CCHIP Incentive Agreement Template

**THIS AGREEMENT TEMPLATE SHALL
BE MODIFIED IN ACCORDANCE WITH TEIR ELIGIBILITY**

**STATE OF TEXAS
COUNTY OF BEXAR**

§
§
§
§

**CENTER CITY HOUSING
INCENTIVE POLICY AGREEMENT
OF THE CITY OF SAN ANTONIO**

This Center City Housing Incentive Policy Agreement (hereinafter referred to as this "Agreement") is made and entered into by and among the City of San Antonio (the "CITY"), a municipal corporation of the State of Texas, acting by and through its City Manager or her designee, the _____ Tax Increment Reinvestment Zone #__ (the "TIRZ"), acting by and through its Board of Directors and _____ (hereinafter referred to as "DEVELOPER") and whom together may be referred to as the "Parties".

RECITALS

WHEREAS, DEVELOPER is engaged in an economic development project that will be located within the city limits of San Antonio and within the boundaries of the TIRZ, that will consist of the construction of approximately _____ (____) housing units to be located at _____, San Antonio, TX 782__ (the "Project Site"), as more specifically described in **Exhibit A**; and

WHEREAS, once completed, the Project is anticipated to result in the investment of approximately _____ (\$_____) in land acquisition and real property improvements within the boundaries of the TIRZ; and

WHEREAS, DEVELOPER is seeking economic incentives from the CITY and the TIRZ to undertake and complete the Project; and

WHEREAS, the CITY and the TIRZ have identified funds to be made available to DEVELOPER in the form of an economic development program grant/loan and certain fee waivers (the "Incentives") for use in undertaking and completing the Project in accordance with the terms and conditions of this Agreement; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code and Section 311.010(b) and Section 311.010 (h) of the Texas Tax Code, the CITY and the TIRZ are authorized to grant and loan funds to promote state or local economic development and to stimulate business and commercial activity in the municipality and within the TIRZ; and

WHEREAS, the City Council has authorized the City Manager or her designee to enter into this Agreement in accordance with the City's Center City Housing Incentive Policy (the "Policy"), **Exhibit B**, as approved by City Ordinance No.2016-06-16-0468, passed and approved on June 16, 2016, and as amended by City Ordinance No. 2018-10-__-__ to grant and loan certain funds as described herein and to waive certain fees; and

WHEREAS, the Board of Directors of the TIRZ, by resolution dated _____, 20__, has authorized the TIRZ to enter into this Agreement for the limited purpose of authorizing Tax

Increment Funds ("TIF"), which, pursuant to Section 311.004, Texas Tax Code, are certain funds established by the CITY for the TIRZ, to be used as a funding source for the Incentives; **NOW THEREFORE:**

The Parties hereto severally and collectively agree, for the consideration herein set forth, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

ARTICLE I. AGREEMENT PURPOSE

DEVELOPER shall undertake the Project which is anticipated to promote local economic development and to stimulate business and commercial activity in the City of San Antonio and in the TIRZ. The CITY and TIRZ are supporting the Project through this Agreement to provide Incentives to be used to defray costs associated with the Project.

ARTICLE II. AGREEMENT PERIOD

This Agreement shall commence upon the Effective Date listed on the signature page and shall terminate upon the earlier of: (A) December 31st of the year following the final year eligible for tax reimbursement; (B) the full-payment of Incentives by CITY and/or TIRZ to DEVELOPER, as limited by this Agreement and subject to funding availability; or (C) termination of this Agreement as otherwise provided herein (the "Term"). In no case shall the Term of this Agreement exceed ten (10) years following the first year DEVELOPER receives a tax reimbursement under the terms of this Agreement.

ARTICLE III. PROJECT REQUIREMENTS

A. The Project.

1. Investment. DEVELOPER shall invest approximately _____ (\$_____) (the "Minimum Investment") in the Project located within the city limits of San Antonio and within the boundaries of the TIRZ that will consist of the construction of approximately _____ located at the Project Site (the "Project"). The Minimum Investment shall include, but not be limited to, expenditures in: land acquisition, design, building construction costs, engineering, public improvement costs, taxes and insurance, administrative and financing costs, and DEVELOPER fees, as described in DEVELOPER'S CCHIP Application, **Exhibit C**.

2. Construction. DEVELOPER shall commence construction and demolition, if applicable, at the Project Site on or before _____ ("Commencement Date"), and shall use commercially reasonable efforts to complete construction no later than _____ (the "Completion Date"), subject to Force Majeure as defined in this Agreement. The Commencement Date shall be determined by the issuance of a building permit for the Project Site and CITY's receipt of an affidavit from the general contractor for the Project attesting that construction has commenced. The Completion Date shall be determined by the issuance of a final Certificate of Occupancy for the

Project Site by CITY, not to be unreasonably withheld. Failure to demonstrate progress toward the Commencement Date within 12 months of this Agreement may result in the City terminating this Agreement. No more than one extension of the Commencement Date may be approved by the CITY under this Agreement.

a. DEVELOPER shall provide written progress reports to City on the Project and Project Site on a quarterly basis from the Commencement Date through the Completion Date (the "Construction Period"). In addition to the quarterly progress reports, should CITY request an interim progress report during the Construction Period, DEVELOPER shall provide such progress report within fifteen (15) business days.

b. DEVELOPER shall comply with all applicable Federal, State and local laws and regulations, including federal Environmental Protection Agency (EPA), Texas Department of State Health Services (TDSHS) and Texas Commission on Environmental Quality (TCEQ) rules and regulations and all other regulations and laws relating to the environment, Asbestos Containing Materials (ACM), Hazardous Substances or exposure to ACM and Hazardous Substances as applicable and shall develop and operate the Project in accordance with the terms and conditions of this Agreement.

c. No streets, sidewalks, drainage, public utility infrastructure, or other public improvements ("Public Improvements") with a lien still attached may be offered to the CITY for dedication. If any lien or claim of lien, whether choate or inchoate (collectively, any "Mechanic's Lien") is filed against DEVELOPER regarding the Public Improvements on the Project by reason of any work, labor, services or materials supplied or claimed to have been supplied by, or on behalf of, DEVELOPER, or any of its agents or Contractors, DEVELOPER shall cause the same to be satisfied or discharged of record, or effectively prevent the enforcement or foreclosure against the Project's Public Improvements by injunction, payment, deposit, bond, court order or otherwise.

d. DEVELOPER is responsible for complying with all applicable City Code provisions, including provisions of the Unified Development Code, enforced pursuant to the CITY's subdivision platting authority, and as amended, including, but not limited to, those provisions related to drainage, utilities, and substandard public street rights-of-ways for development and construction of the Project including the Public Improvements. In addition, DEVELOPER shall exercise commercially reasonable efforts to follow the Urban Neighborhood recommendations of the applicable Master Plan, if any, and shall consider incorporating low impact development strategies for water quality, storm water and drainage where appropriate for the Project. This Agreement in no way obligates City to approve any subsequent permits or requests for the Project as DEVELOPER is still responsible for acquiring all necessary permits and/or approvals as needed for the Project.

e. DEVELOPER must be in good standing with the CITY, not have any unresolved code violations with the CITY, must have remitted any taxes due to the CITY, and be free from any outstanding litigation with the CITY at the time of the Agreement.

f. DEVELOPER shall, for the Term of this Agreement, ensure that no units within the Project participate in Type 2 short term rental (as defined by City ordinance or as amended) to include units being offered on STR platforms such as Airbnb or VRBO.

g. Should DEVELOPER, its individual partners, agents and/or assigns default in any material terms of this Agreement resulting in a termination, then the same shall be denied access to any and all City incentives in future projects.

ARTICLE IV. ECONOMIC DEVELOPMENT PROGRAM INCENTIVES

The Incentives offered by the CITY to the DEVELOPER in this Agreement shall be in compliance with the Policy in effect as of the Effective Date of the Agreement, which Policy may be amended from time to time. Should the Incentives provided in this Article exceed the maximum amount authorized in the Policy, then that award shall be automatically amended to provide only the amount authorized by the Policy.

Economic Development Program Incentives. CITY and TIRZ are providing DEVELOPER with Incentives in a cumulative amount of approximately, but not limited to, _____ (\$ _____), as summarized in the attached CCHIP Agreement Term Sheet, **Exhibit D**.

No disbursement of Incentives, other than fee waivers, shall be made until receipt by CITY of the following:

- (a) Fully executed Agreement by all Parties; and
- (b) Evidence of the issuance of a building permit from the City of San Antonio for the residential component of the Project on or prior to the Commencement Date; and
- (c) A letter by the general contractor confirming commencement of construction of the project; and
- (d) A letter from a qualified financial institution, Financial Controller, or Certified Public Accountant confirming DEVELOPER has funds available on deposit or under an existing credit facility or construction loan sufficient to complete the Project on or prior to the Commencement Date; and
- (e) Documentation of design approval for the Project by the Historic and Design Review Commission.

A. Annual Real Property Tax Reimbursement. Subject to the terms and conditions of this Agreement and the Payment Conditions (defined below), for each tax year commencing with the Initial Reimbursement Tax Year and then continuing annually for a total of _____ (___) consecutive tax years throughout the remainder of the Term of this Agreement, CITY and TIRZ shall provide DEVELOPER, following submission of a tax invoice by DEVELOPER indicating full payment of all taxes owed by DEVELOPER on the Project, an annual grant for the Term of this Agreement.

(a) The amount of the annual grant (the "Annual Incremental Property Tax Reimbursement") shall be equal to _____ % of:

(i) The actual amount of real property taxes paid to CITY with respect to the Project Site for the immediately preceding Tax Year, *less* the amount of real property taxes paid to CITY with respect to the Project Site for the tax year ending _____ (the "Base Year"), which shall be defined as the immediately preceding tax year from the date of execution of this agreement, **Exhibit E**.

a. The "Initial Reimbursement Tax Year" shall be defined as the first tax year immediately following the tax year in which actual project completion occurs, for which reimbursement under this section can be sought.

(b) Payment of the Annual Incremental Property Tax Reimbursement to DEVELOPER shall occur in accordance with the following conditions (collectively, the "Payment Conditions"):

(i) For each tax year during the Term of this Agreement, CITY and TIRZ shall pay the Annual Incremental Property Tax Reimbursement to DEVELOPER provided the CITY has deposited funds into the TIF for that particular tax year, pursuant to Section 311.013 of the Texas Tax Code. DEVELOPER further understands that the level of participation in the TIRZ by participating governmental entities may be less than 100%.

(ii) For any particular tax year during the Term of this Agreement, if no tax increment is realized within the TIRZ, then the TIRZ shall defer payment of the Annual Incremental Property Tax Reimbursement that is due to DEVELOPER under this Article, during that tax year.

(iii) For any particular tax year during the Term of this Agreement, if insufficient tax increment is realized within the TIRZ to permit the full payment of the Annual Incremental Property Tax Reimbursement due to DEVELOPER under this Article, the TIRZ shall pay as much of the Annual Incremental Property Tax Reimbursement to DEVELOPER, as possible, and the TIRZ shall defer payment of any unpaid balance of the Annual Incremental Property Tax Reimbursement due to DEVELOPER under this Article during that tax year.

- (iv) It is expressly agreed that all deferred Annual Incremental Property Tax Reimbursements (the “Deferred Amounts Due”) shall accrue without interest and shall be payable at the earliest reasonable opportunity to DEVELOPER by the TIRZ upon the availability of tax increment in the Tax Increment Fund during the Term of this Agreement.
 - (v) DEVELOPER acknowledges that unless the TIRZ is extended, payments will cease upon termination of the TIRZ and reconciliation of all accounts. Should the TIRZ terminate, CITY may consider at the request of Developer, to: 1) extend the term of the TIRZ; or 2) undertake payment of the Annual Incremental Property Tax Reimbursement. The decision to either extend the TIRZ term or undertake payments of the Annual Incremental Property Tax Reimbursement is at the sole discretion of the CITY. However, should the CITY undertake the Annual Incremental Property Tax Reimbursement, then such payment shall be reduced annually to sixty-two point six percent (62.6%) of the annual incremental property tax paid by DEVELOPER. City shall determine the number of years it shall make the Annual Incremental Property Tax Reimbursement payment, but in no case shall that term exceed the Term of this Agreement.
 - (vi) The DEVELOPER understands and agrees that any expenditure made by the DEVELOPER in anticipation of reimbursement from tax increments shall not be, nor shall be construed to be, financial obligations of the CITY or the TIRZ. The DEVELOPER shall bear all risks associated with reimbursement, including, but not limited to: incorrect estimates of tax increment, changes in tax rates or tax collections, changes in state law or interpretations thereof, changes in market or economic conditions impacting the Project, changes in interest rates or capital markets, changes in building and development code requirements, changes in CITY policy, and/or unanticipated effects covered under legal doctrine of force majeure.
 - (vii) Any and all amounts payable by the TIRZ under this Agreement are payable solely from the TIRZ Tax Increment Fund, and no claim for payment of any amount outside of this contribution shall be made, claimed or permitted against any other funds, properties, assets or the general credit of the TIRZ and/or the CITY.
 - (viii) Any fees associated with the administration of the TIRZ shall take priority of payment over DEVELOPER’s reimbursement.
- (c) Obligation to Pay Taxes. It is understood that DEVELOPER shall continue to pay all taxes owed on the Project Site as required by law. Taxes owed shall be determined by the Bexar County Appraisal District. Prior to the CITY disbursing TIRZ funds under this Agreement, DEVELOPER must provide to CITY evidence indicating that all taxes owed by DEVELOPER on the Project Site have been paid in full for the tax year for which payment of the Annual Incremental Property Tax Reimbursement is

sought, subject to DEVELOPER's right to protest taxes as permitted by law. If, during the Term of this Agreement, DEVELOPER allows its ad valorem taxes due on the Project Site to become delinquent and fails to timely and properly follow the legal procedures for the protest and/or contest of the taxing value, then the CITY and TIRZ's remedies under this Agreement shall apply.

- (d) Transfer of Ownership. If DEVELOPER makes each housing unit available for sale to individual buyers, all references to DEVELOPER's responsibility for the tax payments will be transferred to the individual unit owners as each unit is sold. The payment of incentives to DEVELOPER by CITY under the Annual Incremental Property Tax Reimbursement is limited by the actual amount of ad valorem taxes paid to CITY by the individual unit owners and contingent upon DEVELOPER providing evidence of ad valorem taxes paid.
- (e) Payment to City for Affordable Housing. DEVELOPER agrees to pay to City an annual amount equivalent to twenty-five percent (25%) of its Annual Incremental Property Tax Reimbursement. Such payment shall be made no later than thirty (30) days following DEVELOPER's receipt of the CITY's reimbursement. Such funds shall be utilized by CITY to encourage the development of affordable housing in the city.

B. Chapter 380 Economic Development Loan. CITY is providing DEVELOPER with a Chapter 380 Economic Development Loan in a cumulative amount not to exceed _____ (\$_____) (the "Economic Development Loan"). The loan may consist of both forgivable and non-forgivable loan funds. The funds made available to DEVELOPER through this Agreement are made solely from lawfully available funds that have been appropriated by CITY. DEVELOPER understands that any disbursement of the Economic Development Loan funds is contingent upon CITY'S availability of funds at the time of disbursement and should be requested within a reasonable timeframe as outlined in this Section B. If Economic Development Loan funds are not requested prior to 90 days after project completion, Economic Development Loan funds will be forfeited.

1. Development Loan. The Development Loan of _____ (\$_____) shall be disbursed to DEVELOPER no later than sixty (60) days following a written request from DEVELOPER to disburse the funds, and requirements outlined in Article IV (a) through (e).

- a. Use. The purpose of the Economic Development Loan is to provide an economic incentive to undertake and complete the Project, as defined in the CCHIP.
- b. Development Loan Forgiveness. In accordance with the CCHIP, the Development Loan is forgivable to a Project in the Central Business District (CBD) at a rate of fifteen percent (15%) annually in year one (1) through year six (6) and ten percent (10%) in the seventh year given all requirements of this agreement are met.
- c. Repayment. If the Project is outside of the CBD, DEVELOPER shall be obligated to repay CITY the principal loan amount plus interest as a balloon payment on or

before the seventh anniversary of the date of the initial disbursement of loan funds to DEVELOPER (the "Development Loan Maturity Date").

- i. Payment of Principal and Accrued Interest. In addition to the principal amount of the Development Loan Funds, DEVELOPER shall also pay 2% interest, compounded annually, on the outstanding principal balance ("Accrued Interest") on or before the Development Loan Maturity Date.
 - ii. Sufficient Amounts. Any payment made under this section shall be sufficient to pay the total amount of principal and Accrued Interest on the Development Loan Funds becoming due and payable upon that date.
- d. Due Upon Sale. Should DEVELOPER sell the Project before the Development Loan Maturity Date, the remaining balance of the Development Loan must be repaid in full including Accrued Interest as defined in this agreement upon sale of the Project.
2. Infrastructure Grant. The Infrastructure Grant of _____ (\$_____) shall be disbursed to DEVELOPER no later than sixty (60) days following project completion, as defined in Article III (A)(2), and upon written request from DEVELOPER to disburse the funds.
- a. Use. _____.
 - b. Repayment. Any amount not qualified for Grant under this section shall be due and payable to CITY on or before _____.
3. Acceleration of Loan Repayment. Should DEVELOPER, at the sole discretion of CITY, breach a material term of this Agreement and not cure after given a reasonable opportunity to do so and CITY terminates the Agreement in accordance with Article VIII, then, as of the date of termination of the Agreement, the entire remaining principal balance and Accrued Interest of all Loan Funds shall be due and payable to CITY no later than sixty (60) days following CITY's Notice of Termination to DEVELOPER.

C. Fee Waivers. CITY is providing DEVELOPER with City fee waivers in the approximate amount of _____ (\$_____) and SAWS impact fee waivers in an amount not to exceed _____ (\$_____). The Fee Waivers are administrative in nature and are effective as of the date they are issued as reflected in the attached Fee Waiver Transmittal, **Exhibit F**.

ARTICLE V. CITY AND TIRZ OBLIGATIONS

A. In consideration of full and satisfactory performance of activities required by this Agreement, CITY and TIRZ will pay DEVELOPER in accordance with Article IV above.

B. Neither CITY nor TIRZ will be liable to DEVELOPER or any other entity for any costs

incurred by DEVELOPER in connection with this Agreement.

C. The CITY agrees to act as the fiscal agent on behalf of the TIRZ by making disbursements from the TIF for the Project pursuant to this Agreement. Additionally, the CITY shall monitor DEVELOPER's compliance with the terms and conditions of this Agreement and provide updated information to the TIRZ regarding the progress of the Project.

ARTICLE VI. RETENTION AND ACCESSIBILITY OF RECORDS

A. DEVELOPER shall maintain the fiscal records and supporting documentation for expenditures of Incentives associated with this Agreement. DEVELOPER shall retain such records and any supporting documentation for the greater of: (1) five [5] years from the end of the Agreement period; or (2) the period required by other applicable laws and regulations.

B. DEVELOPER shall, following reasonable advance written notice from the CITY, give the CITY, its designee, or any of their duly authorized representatives, access to and the right to examine all material records related to the cost of Project (the "Records") and the expenditure of the Incentives. CITY's access to the Records will be limited to information needed to verify that DEVELOPER is and has been complying with the terms of this Agreement. Any information that is not required by law to be made public shall be kept confidential by the CITY. DEVELOPER shall not be required to disclose to the CITY or TIRZ any information that by law DEVELOPER is required to keep confidential. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require DEVELOPER to obtain an independent firm to verify the information. This certified statement by an independent firm shall be provided at the sole cost of DEVELOPER. The rights to access the Records shall continue as long as the Records are retained by DEVELOPER. Failure to provide reasonable access to the Records to authorized CITY representatives shall be cause for CITY and/or TIRZ to provide notice of intent to suspend or terminate this Agreement as provided for herein, or any portion thereof, for reason of default. Notwithstanding Section A above, all Records shall be retained by DEVELOPER for a period of five (5) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed.

ARTICLE VII. MONITORING

The CITY reserves the right to confirm DEVELOPER's compliance with the terms and conditions of this Agreement. The CITY will provide DEVELOPER with a written report of the monitor's findings. If the monitoring report notes deficiencies in DEVELOPER's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by DEVELOPER and a reasonable amount of time in which to attain compliance. Failure by DEVELOPER to take action specified in the monitoring report within a reasonable amount of time may be cause for suspension or termination of this Agreement, in accordance with Articles VIII and IX herein.

ARTICLE VIII. DEFAULT/CURE PERIOD/SUSPENSION

A. Notwithstanding the provisions of Chapter 2251 of the Texas Government Code, in the event DEVELOPER fails to comply with the terms of this Agreement such non-compliance shall be deemed a default. CITY shall provide DEVELOPER with written notification as to the nature of the default (the "Notice of Default") and grant DEVELOPER a sixty (60) day period from the date of CITY's written notification to cure such default (the "Cure Period"). Should DEVELOPER fail to cure the default within the Cure Period, CITY may, upon written notification (the "Notice of Suspension"), suspend this Agreement in whole or in part and withhold further payments to DEVELOPER. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

B. In the case of default for causes beyond DEVELOPER's reasonable control, which cannot with due diligence be cured within the Cure Period, CITY may, in its sole discretion, extend the Cure Period provided that DEVELOPER shall: (1) immediately upon receipt of Notice of Default advise CITY of DEVELOPER's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. A suspension under this Article VIII may be lifted only at the sole discretion of the CITY upon a showing of compliance with or written waiver by CITY of the term(s) in question.

D. CITY shall not be liable to DEVELOPER or to DEVELOPER's creditors for costs incurred during any term of suspension of this Agreement.

ARTICLE IX. TERMINATION

A. Should DEVELOPER fail to timely meet the Commencement Date for the Project in accordance with Article III.A.2 above, at CITY's sole discretion, and with 30 days notice to DEVELOPER, CITY may terminate the Agreement, in which instance any and all Incentives offered to DEVELOPER by CITY and TIRZ shall extinguish.

B. CITY and/or TIRZ shall have the right to terminate this Agreement for cause should DEVELOPER fail to perform under the terms and conditions herein, or should DEVELOPER fail to cure a default after receiving written notice of such default with sixty (60) days opportunity to cure. CITY and TIRZ may, upon issuance to DEVELOPER of written notice of termination (the "Notice of Termination"), terminate this Agreement for cause and withhold further payments to DEVELOPER. A Notice of Termination shall include: (1) the reasons for such termination; and (2) the effective date of such Termination.

C. Should CITY and/or TIRZ terminate this Agreement for cause, then CITY shall have the right to recapture any and all disbursed funds made under, as applicable, the Economic Development Program Annual Incremental Property Tax Reimbursement, and/or any and all disbursed Incentive Loan Funds. CITY shall be entitled to the repayment of the recaptured funds within sixty (60) calendar days from the date of the Notice of Termination.

D. In addition to the above, this Agreement may be terminated by written agreement of the Parties as follows:

1. By the CITY (with the consent of DEVELOPER) in which case the two parties shall agree upon the termination conditions, including the repayment of funds and the effective date of termination; or
2. By the DEVELOPER upon written notification to CITY, setting forth the reasons of such termination, a proposed pay-back plan of all funds disbursed, and the proposed effective date of such termination.

Notwithstanding the foregoing, DEVELOPER shall not be relieved of its obligation to repay any and all disbursed funds made under this Agreement, nor shall DEVELOPER be relieved of any liability to CITY for actual damages due to CITY by virtue of any material breach by DEVELOPER of any terms of this Agreement.

E. Other Remedies Available. The City shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and repayment of funds, if DEVELOPER defaults under the material terms of this Agreement and fails to cure such default within the cure period set forth above.

ARTICLE X. NOTICE

Any notice required or permitted to be given hereunder by one Party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the Party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such Party at the address hereinafter specified; (c) scanned and emailed with an original to be sent via First Class United States Mail or (d) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such Party at the address hereinafter specified. Any notice mailed in the above manner shall be effective two (2) business days following its deposit into the custody of the United States Postal Service or one (1) business day following its deposit into the custody of such nationally recognized delivery service, as applicable; all other notices shall be effective upon receipt. From time to time, either Party may designate another address for all purposes under this Agreement by giving the other Party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

If intended for CITY, to:

City of San Antonio
Attn: Director
Center City Development & Operations Department
P.O. Box 839966
San Antonio, TX 78283-3966

If intended for TIRZ, to:

Neighborhood & Housing Services Department
City of San Antonio

Attn: Tax Increment Finance Unit
1400 S Flores St
San Antonio, TX 78204

If intended for DEVELOPER, to:

Attn: _____

ARTICLE XI. SPECIAL CONDITIONS AND TERMS

A. Termination of TIRZ. The Parties agree that, in the event that the CITY, acting in accordance with State law, terminates the TIRZ or adopts an ordinance that causes the termination date of the TIRZ to occur on a date earlier than provided in the ordinance that initially established the TIRZ or by subsequent CITY ordinance, the DEVELOPER may petition the CITY to amend this Agreement, in its sole discretion, to provide for the payment of the Annual Property Tax Increment Reimbursement in accordance with the material terms and conditions of this Agreement. However, should the Project become located in another TIRZ, DEVELOPER may alternatively petition for assignment to said TIRZ in accordance with Article XXI.B.

B. Employment. DEVELOPER, in accordance with Chapter 2264 of the Texas Government Code, agrees not to knowingly employ any undocumented workers at the Project during the Term of this Agreement. If DEVELOPER is convicted of a violation under 8 U.S.C. Section 1324a (f), then DEVELOPER shall repay the CITY or TIRZ the Incentives paid under this Agreement for the tax year(s) covered under this Agreement during which such violation occurred. Such payment shall be made within 120 business days after the date DEVELOPER is notified by the CITY of such violation. The CITY, in its sole discretion, may extend the period for repayment herein. Additionally, DEVELOPER shall pay interest on the amounts due to CITY or TIRZ at the rate periodically announced by the Wall Street Journal as the prime or base commercial lending rate, or if the Wall Street Journal shall ever cease to exist or cease to announce a prime or base lending rate, then at the annual rate of interest from time to time announced by Citibank, N.A. (or by any other New York money center bank selected by the CITY) as its prime or base commercial lending rate, from the date of such violation notice until paid.

ARTICLE XII. CONFLICT OF INTEREST

A. DEVELOPER shall ensure that no employee, officer, or individual agent of CITY shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or individual agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract and the relationship calls for payments to be made to such subcontractor on terms which are greater than those which are customary in the industry for similar services

conducted on similar terms. DEVELOPER shall comply with Chapter 171, Texas Local Government Code as well as the CITY's Code of Ethics.

B. City may terminate this Agreement immediately if the DEVELOPER has offered, conferred, or agreed to confer any benefit on a City of San Antonio employee or official that the City of San Antonio employee or official is prohibited by law from accepting. Benefit means anything reasonably regarded as pecuniary gain or pecuniary advantage, including benefit to any other person in whose welfare the beneficiary has a direct or substantial interest, but does not include a contribution or expenditure made and reported in accordance with law. Notwithstanding any other legal remedies, the City may obtain reimbursement for any expenditure made to the DEVELOPER resulting from the improper offer, agreement to confer, or conferring of a benefit to a City of San Antonio employee or official.

ARTICLE XIII. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. As a condition of entering into this Agreement, DEVELOPER represents and warrants that it will comply with the CITY's Commercial Nondiscrimination Policy, as described under Section III. C. 1. of the SBEDA Ordinance 2010-06-17-0531. As part of such compliance, DEVELOPER shall not discriminate on the basis of race, color, religion, ancestry or national origin, sex, age, marital status, sexual orientation, or on the basis of disability or other unlawful forms of discrimination in the solicitation, selection, hiring or commercial treatment of subcontractors, vendors, suppliers, or commercial customers funded in whole or in part with funds made available under this Agreement, nor shall DEVELOPER retaliate against any person for reporting instances of such discrimination. DEVELOPER shall provide equal opportunity for subcontractors, vendors and suppliers to participate in all of its public sector and private sector subcontracting and supply opportunities, provided that nothing contained in this clause shall prohibit or limit otherwise lawful efforts to remedy the effects of marketplace discrimination that have occurred or are occurring in the CITY's relevant marketplace. DEVELOPER understands and agrees that a material violation of this clause shall be considered a material breach of this Agreement and may result in termination of this Agreement, disqualification of DEVELOPER from participating in City contracts, or other sanctions as provided by applicable law. This clause is not enforceable by or for the benefit of, and creates no obligation to, any third party.

B. None of the performances rendered by DEVELOPER under this Agreement shall involve, and no portion of the Incentives received by DEVELOPER under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. DEVELOPER shall, to the best of its knowledge and belief, include the substance of this Article in all agreements entered into by DEVELOPER associated with the funds made available through this Agreement.

ARTICLE XIV. LEGAL AUTHORITY

A. Each Party assures and guarantees to the other that they possesses the legal authority to

enter into this Agreement, to receive/deliver the Incentives authorized by this Agreement, and to perform their obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each Party or representing themselves as signing and executing this Agreement on behalf of a Party, do hereby guarantee that he, she or they have been duly authorized to execute this Agreement on behalf of that Party and to validly and legally bind that Party to all terms, performances and provisions herein set forth.

C. CITY will have the right to suspend or terminate this Agreement in accordance with Articles VIII or IX if there is a dispute as to the legal authority of either DEVELOPER or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. DEVELOPER is liable to CITY for all Incentives it has received from CITY under this Agreement if CITY suspends or terminates this Agreement for reasons enumerated in this Article.

ARTICLE XV. LITIGATION AND CLAIMS

A. DEVELOPER shall give CITY immediate notice in writing of any action, including any proceeding before an administrative agency, filed against DEVELOPER arising out the performance of any activities hereunder. Except as otherwise directed by CITY, DEVELOPER shall furnish immediately to CITY copies of all pertinent papers received by DEVELOPER with respect to such action or claim. DEVELOPER shall notify the CITY immediately of any legal action, known to DEVELOPER, filed against the DEVELOPER or any subcontractor thereto, or of any known proceeding filed under the federal bankruptcy code to which DEVELOPER or any subcontractor is a party. DEVELOPER shall submit a copy of such notice to CITY within 30 calendar days after receipt. No Incentives provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations. The above notwithstanding, DEVELOPER is not required to notify CITY of claims or litigation which arise out of DEVELOPER's operations on the Project, including, without limitation, landlord tenant disputes, personal injury actions (e.g., slip and falls), and other operational activities or relationships.

B. DEVELOPER acknowledges that CITY is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 *et seq.*, and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Agreement shall be interpreted according to the Constitution and the laws of the State of Texas. Venue of any court action brought directly or indirectly by reason of this Agreement shall be in Bexar County, Texas.

ARTICLE XVI. ATTORNEY'S FEES

A. In the event DEVELOPER should default under any of the provisions of this Agreement and the CITY should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or

agreement on the part of DEVELOPER herein contained, DEVELOPER agrees to pay to the CITY reasonable fees of such attorneys and such other expenses so incurred by the CITY.

B. In the event CITY or TIRZ should default under any of the provisions of this Agreement and the DEVELOPER should employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the enforcement of performance or observance of any obligation or agreement on the part of CITY or TIRZ herein contained, CITY and TIRZ agree to pay to the DEVELOPER reasonable fees of such attorneys and such other expenses so incurred by the DEVELOPER.

ARTICLE XVII. CHANGES AND AMENDMENTS

A. Except as provided below, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by all Parties to this Agreement. Any amendments to this Agreement which change or increase any of the Incentives to be provided DEVELOPER by CITY and/or TIRZ must be approved by CITY ordinance, with TIRZ Board approval, and in accordance with an official amendment of the TIRZ Project Plan and Financing Plan by the governing body of the TIRZ and CITY.

B. It is understood and agreed by the Parties hereto that performance under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth in Texas Local Government Code Chapter 380, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

D. DEVELOPER may be subject to administrative costs associated with requests to amend, assign or attest to the terms and conditions of this Agreement. The costs may be determined by City.

ARTICLE XVIII. SUBCONTRACTING

A. DEVELOPER shall use reasonable business efforts to ensure that the performance rendered under subcontracts entered into by DEVELOPER complies with all terms and provisions of this Agreement as if such performance were rendered by DEVELOPER.

B. DEVELOPER, in subcontracting any of the performances hereunder, expressly understands that in entering into such subcontracts, neither CITY nor TIRZ is liable to DEVELOPER's subcontractor(s).

C. DEVELOPER assures and shall obtain assurances from all of its contractors where applicable, that no person shall, on the grounds of race, creed, color, disability, national origin, sex or religion, be excluded from, be denied the benefit of, or be subjected to discrimination

under any program or activity funded in whole or in part under this Agreement.

ARTICLE XIX. DEBARMENT

By signing this Agreement, DEVELOPER certifies that it will not award any Incentives provided under this Agreement to any party which it knows to be debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs by the CITY.

ARTICLE XX. RIGHTS UPON DEFAULT

It is expressly understood and agreed by the Parties hereto that, except as otherwise expressly provided herein, any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any other agreements between DEVELOPER and the CITY or TIRZ or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

ARTICLE XXI. ASSIGNMENT

A. This Agreement is not assignable by any Party without the written consent of the non-assigning Parties. Notwithstanding the foregoing, DEVELOPER may assign this Agreement to a parent, subsidiary, affiliate entity or newly created entity resulting from a merger, acquisition or other corporate restructure or reorganization of DEVELOPER. In such cases, DEVELOPER shall give CITY no less than thirty (30) days prior written notice of the assignment or other transfer. Any and all future assignees must be bound by all terms and/or provisions and representations of this Agreement as a condition of assignment. Any attempt to assign the Agreement without the notification and subsequent consent of CITY and TIRZ, if consent is required under this Article and whose consent will not be unreasonable withheld, shall release CITY and TIRZ from performing any of the terms, covenants and conditions herein. Any assignment of this Agreement in violation of this Article shall enable CITY to terminate this Agreement and exercise its rights under Article IX of this Agreement.

B. The CITY and DEVELOPER also authorize the TIRZ to assign to any other Tax Increment Reinvestment Zone ("Zone") should this Project be included in the boundaries of said Zone and the Board of said Zone agrees to the assignment of all the duties, rights and obligations of the TIRZ as evidenced by a Board resolution. City staff and/or TIRZ shall be responsible for providing DEVELOPER written notice no less than 30 days prior to the proposed assignment.

C. Any restrictions in this Agreement on the transfer or assignment of the DEVELOPER's interest in this Agreement shall not apply to and shall not prevent the assignment of this Agreement to a lending institution or other provider of capital in order to obtain financing for the Project. In no event, shall the CITY or TIRZ be obligated in any way to said financial institution or other provider of capital. The City, acting as fiscal agent for the TIRZ, shall only issue checks or any other forms of payment made payable to the DEVELOPER.

D. DEVELOPER may be subject to administrative costs associated with requests to amend, assign or attest to the terms and conditions of this Agreement. The costs may be determined by City.

ARTICLE XXII. ORAL AND WRITTEN AGREEMENTS

All oral and written agreements among the Parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

ARTICLE XXIII. AUTHORIZED RELIEF FROM PERFORMANCE (*Force Majeure*)

The CITY may grant temporary relief from any deadline for performance of any term of this Agreement if the DEVELOPER is prevented from compliance and performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the DEVELOPER. The burden of proof for the need for such relief shall rest upon the DEVELOPER. To obtain relief based upon *force majeure*, the DEVELOPER must file a written request with the CITY. CITY will not unreasonably withhold its consent.

ARTICLE XXIV. INCORPORATION OF EXHIBITS

Each of the Exhibits listed below is incorporated herein by reference for all purposes as an essential part of the Agreement, which governs the rights and duties of the Parties.

Exhibit A	Legal Description of Property
Exhibit B	Center City Housing Incentive Policy
Exhibit C	Developer's CCHIP Application
Exhibit D	CCHIP Agreement Term Sheet
Exhibit E	Evidence of Base Year Ad Valorem Property Taxes
Exhibit F	Fee Waiver Transmittal (if applicable)

Signatures appear on next page.

WITNESS OUR HANDS, EFFECTIVE as of _____, 2017
(the "Effective Date"):

Accepted and executed in three duplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number 2016-06-16-0468, dated June 16, 2016, and by DEVELOPER pursuant to the authority of its Managing Partner.

CITY OF SAN ANTONIO,
a Texas Municipal Corporation

DEVELOPER:

Lori Houston
Assistant City Manager

By: _____
Developer Name
Developer Title

APPROVED AS TO FORM:

CITY ATTORNEY

TAX INCREMENT REINVESTMENT ZONE #__:

Name:
BOARD CHAIRPERSON

CENTER CITY HOUSING INCENTIVE POLICY & INNER CITY REINVESTMENT/INFILL POLICY

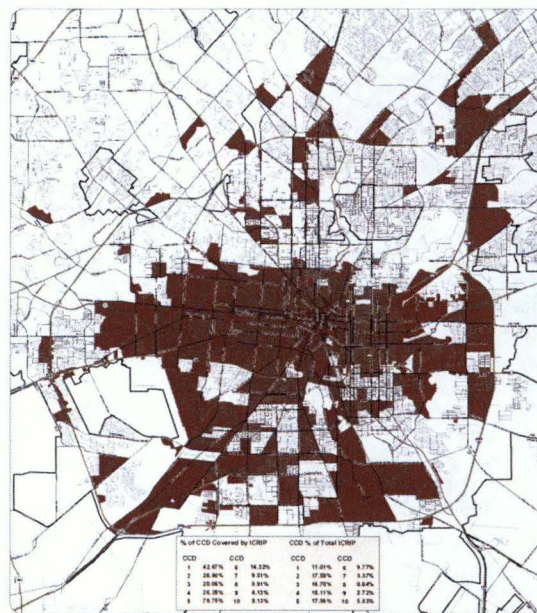
ITEM #4



December 13, 2018
City of San Antonio
City Council A Session

INNER CITY REINVESTMENT INFILL POLICY (ICRIP)

- Placed based policy that provides eligible projects City and SAWS fee waivers on an as-of-right basis provided funding is available.
 - Affordable housing is exempt from geographic limitations.
- Eligible projects include housing, commercial and mixed-use development, and major economic development projects.
- Since 2010, the City has issued 11,017 fee waivers that represent a total investment of \$4.4 billion.
- Facilitated construction of 10,000 housing units of which 42% were considered affordable.



ICRIP, as Amended 1/10/2013
18.02% or 84.08 Sq. Mi. of CoSA



ICRIP AMENDMENTS

- Change to **City of San Antonio Fee Waiver Program**
- Fee Waiver Program to only apply to four categories:
 1. **Affordable Housing**
 2. **Owner Occupied Rehabilitation**
 3. **Historic Rehabilitation**
 4. **Business Development/Legacy Businesses**
- No longer a placed based policy.
- Proposed program goes into effect on January 2, 2019.

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CITY OF SAN ANTONIO FEE WAIVER PROGRAM

Affordable Housing	Owner Occupied Rehabilitation	Historic Rehabilitation	Business Development
Nonprofits and private developers constructing affordable housing may receive waivers for City and SAWS fees within the city limits.	Participants in home repair/rehabilitation programs through NHSD or non-profit organizations will qualify for City and SAWS Fees.	Owners of residential and commercial structures eligible to be designated as historic, may receive waivers for City and SAWS fees.	Small Business and Industry applicants and owners of Legacy Businesses meeting specific criteria may receive City and SAWS fee waivers
<ul style="list-style-type: none"> • 100% waiver of eligible City fees • Up to 100% waiver of SAWS fees, \$250,000 max. per project • Affordable unit mix must be comparable to market rate mix 	<ul style="list-style-type: none"> • 100% waiver of eligible City fees • Up to 100% waiver of SAWS fees, \$10,000 max. per project • Exempt from \$100 application fee 	<ul style="list-style-type: none"> • 100% waiver of eligible City fees • Up to 100% waiver of SAWS fees, \$150,000 max. per project • Must be eligible for designation. • Requires OHP review regardless of designation. 	<ul style="list-style-type: none"> • Waiver of eligible City fees • Up to 100% waiver of SAWS fees, \$150,000 max. per project • Maximum fee waiver based on business eligibility criteria • Exempt from \$100 application fee
<small>-Multi-Family - 50% of units must be affordable with half at 80% AMI and half at 60% AMI for multi family. Rents are rent and income restricted.</small> <small>-For Sale - Must be priced at 120% AMI or below.</small>	<small>*Projects are not eligible to receive a Short-Term Rental permit for a Type 2 Property.</small>		

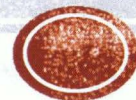
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FEE WAIVER PROGRAM GOALS

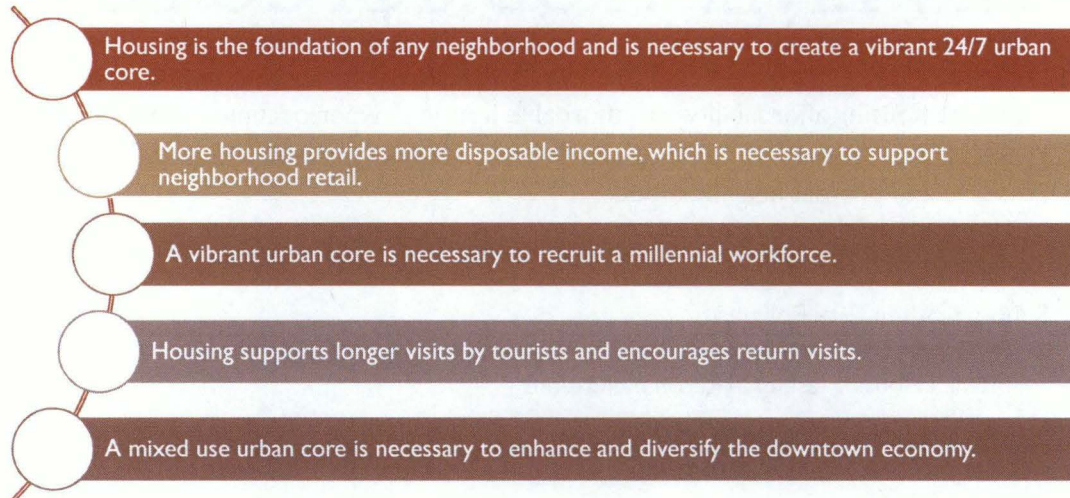
- Focus on the development needs of the community.
- Prioritize housing affordability and affordable housing owner occupied rehabilitation programs.
- Preserve and protect neighborhoods:
 - Unwanted development
 - Type 2 Short Term Rentals
- Support other City Policies:
 - SA Tomorrow Comprehensive Plan
 - Mayor's Housing Taskforce Recommendations
- Secure a separate allocation of fee waiver funding for affordable housing, owner occupied rehab, historic preservation, and small business development.



CENTER CITY HOUSING INCENTIVE POLICY (CCHIP)



IT IS AN ECONOMIC DEVELOPMENT STRATEGY



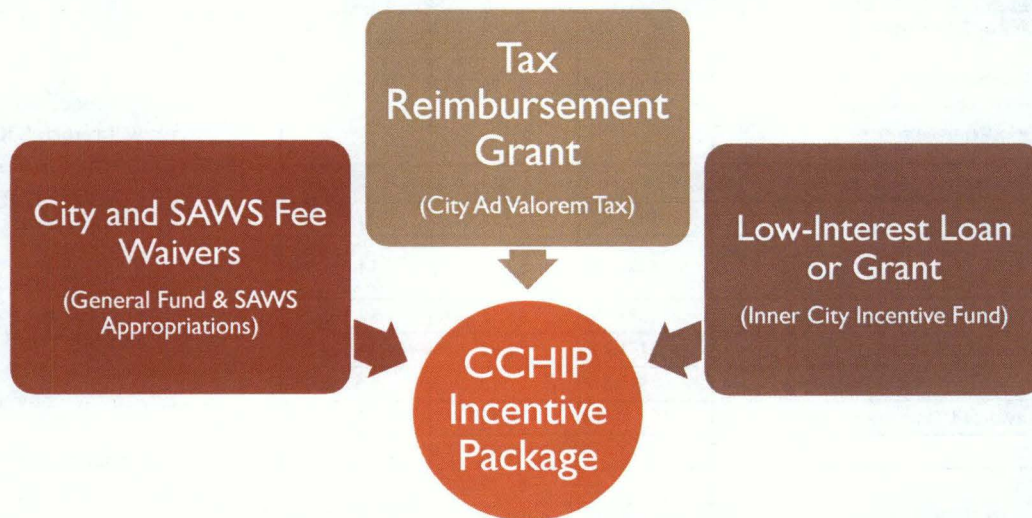
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DOWNTOWN HOUSING DEVELOPMENT IS CHALLENGING

- Land prices are higher (2 to 3 times higher than other markets)
- Construction costs are higher
 - Parking Garages vs Surface Parking Lots
 - Historic Buildings
 - River Improvements Overlay
- Rental rates currently do not support land prices and construction costs
- Aged public infrastructure
- Irregular shaped parcels

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AS-OF-RIGHT



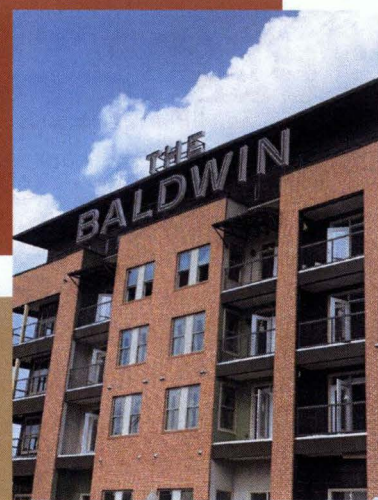
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CCHIP HAS BEEN SUCCESSFUL



\$1.4 billion investment

- \$102 million incentives
 - \$76 million in the tax rebate
 - \$17 million in SAWS Fee Waivers
- 6,810 housing units
 - 1,544 affordable (23%)
- 230k square feet of retail
- 28k square feet of office



Of the 64 CCHIP Projects:

- 11 were brownfield sites that had real or perceived contamination that challenged their development.
- 7 were on the vacant building registry program and will now be developed.
- 13 sites are or were surface parking lots.

10

D E T A I L S T A X

Annual Net Revenues (After CCHIP Rebate)

Community Taxing Entity	Pre-Development	Year 1 Revenues	Year 16 Revenues
City of San Antonio			
(General Fund, Pre-K 4 SA, Convention Center, Edwards Aquifer Protection & Parks Development)	\$349,164	\$2,287,987	\$10,150,908
City Return	\$349,164	\$2,287,987	\$10,150,908
SAISD	\$884,827	\$16,219,725	\$23,490,999
Bexar County (General Fund, Road & Flood Control)	\$199,278	\$2,750,953	\$4,661,061
Alamo Community College District	\$92,731	\$1,578,476	\$2,286,104
University Health	\$171,744	\$2,923,435	\$4,234,005
San Antonio River Authority	\$10,814	\$182,983	\$265,013
Advanced Transportation District	\$0	\$160,062	\$160,062
VIA	\$0	\$320,124	\$320,124
State of Texas	\$0	\$4,423,965	\$4,423,965
Non-City Return	\$1,359,395	\$28,559,722	\$39,841,332
Total Community Return	\$1,708,559	\$30,847,709	\$49,992,241

- But for the incentives, the parcels would remain undeveloped and continue to only contribute \$1.7 million annually.
- After developed, the 64 parcels will return \$30.8 million in year 1 and \$50 million in year 16 in property, sales, and hotel taxes.
- For years 1 – 15, the city and county forgo about \$5.7 million annually, but the project returns \$30.9 million annually to the community.
- The City's General Fund is paid back in 5 years.



PROGRAM ASSESSMENT

Economic Impact – Steve Nivin

- CCHIP projects collectively add over 8,000 jobs to the San Antonio market
- Projects contribute nearly \$1.1 billion to the GDP and have a total economic output of \$2.2 billion
- Sales tax revenues generated from construction activity of CCHIP projects are estimated at \$3.2 million

CCHIP and Downtown Housing Market – TXP, Inc.

- CCHIP helped close the financial gap on housing projects in the urban core
- There is a need to continue incentivizing development downtown
- CCHIP alone cannot meet affordable housing demand, but can support affordability
- Modify the boundary to ensure greater development compatibility



PROPOSED CCHIP

Limited extension

- Extend program for 2 years
- Re-evaluate the market and incentives

Alignment with City priorities

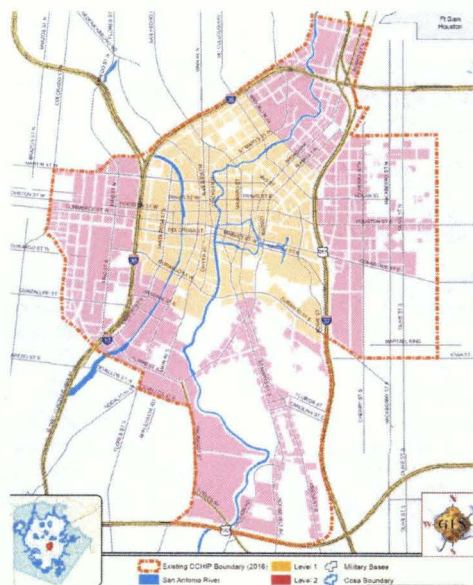
- SA Tomorrow
- Mayor's Housing Policy Task Force
- Neighborhood Preservation
- Focus on density and affordability

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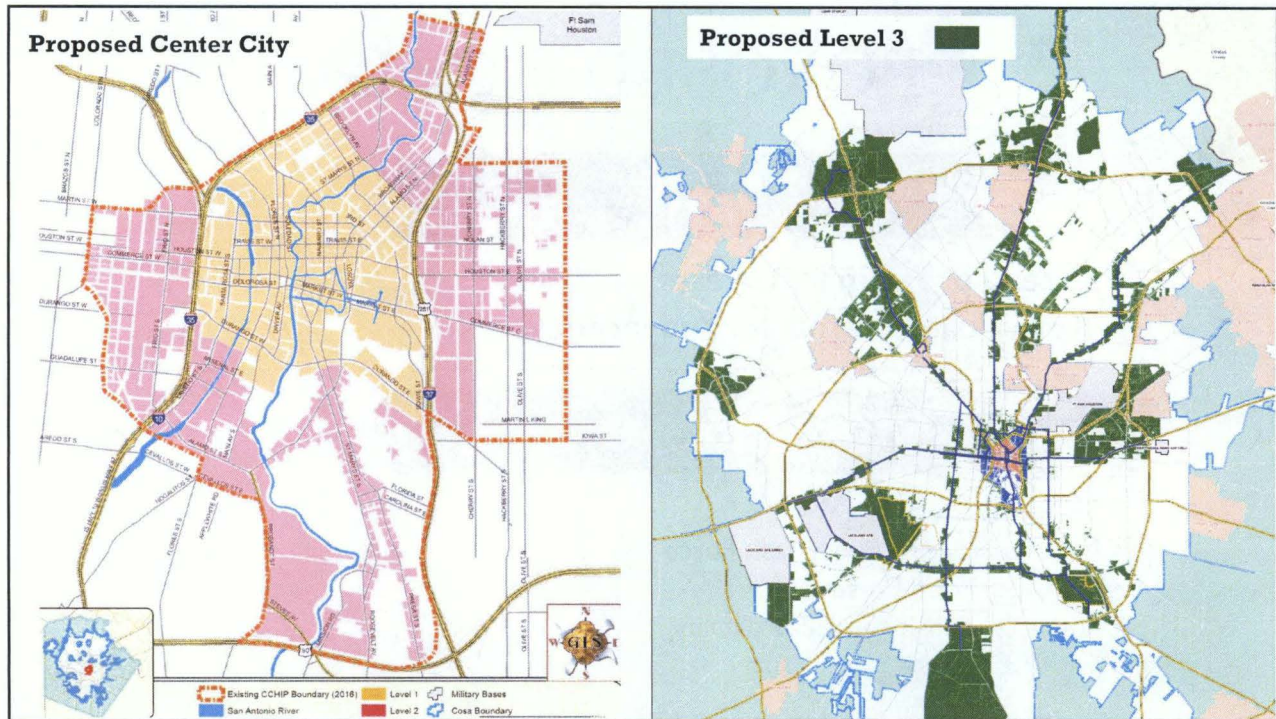
PROPOSED BOUNDARY

Tiered System

- Downtown/Downtown Area
 - Market Rate Supply
 - Rental Rate Attainment
 - Land Price
- SA Tomorrow Regional Centers
- Adjacent properties along transportation corridors in VIA's 2040 Plan
- **Removes areas of "urban low density residential" and "medium density residential"**



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MINIMUM ELIGIBILITY

2016 Program	2018 Proposed Changes
Located in program boundary	No change
All projects subject to design review	No change
Projects requiring rezoning from single-family residential are not eligible	No change
Project Requirements: 2 or more units	Project Requirements: Level 1 - No Change Level 2 - $\geq 10\%$ of units up to 80% and 10% of units up to 60% or Above 5 Stories in Height Level 3 - $\geq 20\%$ units at 60% AMI or below
Minimum Density: 16 units per acre 8 units/acre for adaptive reuse	Minimum Density: 50 units per acre (Level 1) 33 units per acre for rental (Level 2 and 3) 25 units per acre for sale (Level 2 and 3) 18 units/acre for adaptive reuse

Incentive	Description	Location	Requirements	Incentive Terms
Fee Waivers	Waiver of COSA Development Fees Waiver of SAWS Impact Fees	Level 1	✓	Waiver of eligible City fees; 100% Waiver of SAWS Impact Fees, up to \$1 M
		Level 2	≥ 10% of units up to 80% and 10% of units up to 60% <u>or</u> Above 5 Stories in Height	Waiver of eligible City Fees; 100% Waiver of SAWS Impact Fees, up to \$500K
		Level 3	≥ 20% units at 60% AML or below	Waiver of eligible City Fees; 100% Waiver of SAWS Impact Fees, up to \$250K
Tax Reimbursement Grant	Annual Rebate of City Taxes on Improved Value of Property	Level 1	✓	15-year, 75% rebate; capped at \$360K per unit; \$2.75/s.f. rental
		Level 2	≥ 10% of units up to 80% and 10% of units up to 60% <u>or</u> Above 5 Stories in Height	10-year, 75% rebate; capped at \$360K per unit; \$2.75/s.f. rental
		Level 3	≥ 20% Affordable at 60% AML or below	10-year, 75% rebate; capped at \$360K per unit; \$2.75/s.f. rental
Infrastructure Grant	Grant for Project-related Infrastructure Improvements	Level 1	≥ 10% Affordable units	\$10,000 per affordable unit, up to \$500K
		Level 2	Not applicable	Not applicable
		Level 3	Not applicable	Not applicable

PUBLIC INPUT

Transportation
and Density

Luxury Product

Neighborhood
Protection

Affordable
Housing and
Displacement

Alignment with
Regional
Centers

Alignment with
Mayor's Housing
Taskforce

DENSITY AND TRANSPORTATION

- Why incent density?
 - Less burden on the tax payers
 - Infrastructure and services already exist
 - Makes downtown an option for suburban developers
- Transportation
 - More walkable
 - Alternative transportation services exist in downtown
 - All projects must provide bike and scooter parking accommodations on site
 - Transit Oriented Development

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LUXURY PRODUCT

- For all CCHIP projects, “luxury” units are not eligible for incentives
- Luxury units are defined as:
 - For-sale product over \$360k
 - Based on Federal Housing Administration (FHA) mortgage loan maximum for Bexar County
 - Rental product over \$2.75 per sq.ft.
- Projects including a hotel component are not eligible for incentives through CCHIP.

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NEIGHBORHOOD PROTECTION

- Properties zoned as “Single Family Residential” and “Mixed Residential” are ineligible for incentives under this policy.
- No properties that were zoned as “Single Family Residential” or “Mixed Residential” as of June 16, 2016, are eligible for incentives under this policy.
- Properties with zoning of “Neighborhood Preservation” or that allow for Manufactured Housing are ineligible for incentives.
- Rezoning the property to an eligible zoning type does not make the property eligible for incentives under the policy.

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NEIGHBORHOOD PROTECTION

- If a single-family residential unit is present on a property, regardless of zoning, the property is ineligible for as-of-right incentives through the CCHIP.
- Projects within Level 3 are not eligible for As of Right incentives until City Council has adopted the future land use plan for the respective regional center. Parcels with eligible zoning abutting Transportation Corridors are eligible upon adoption by VIA.
- Any project receiving incentives through the CCHIP are not eligible to receive a Type 2 permit through the Short Term Rental (STR) program.
- Projects resulting in the direct displacement of residential tenants are not eligible for as-of-right CCHIP incentives.
- All projects must receive approval from the Historic & Design Review Commission prior to project commencement.

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HOUSING AFFORDABILITY

- Level 1 – Eligible for a grant if the project incorporates affordability.
- Level 2 – Must be above 5 stories or at least 10% of total units must be reserved for households earning at or below 60% AMI at least 10% of total units must be reserved for households earning at or below 80% AMI.
- Level 3 – At least 20% of total units must be for households earning at or below 60% AMI regional area median income.
- **All CCHIP projects will contribute to Affordable Housing Fund (25% of taxes paid to City)**

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CENTER CITY AFFORDABLE HOUSING FUND

1. Fund to support affordable housing projects in San Antonio.
2. Source of funding is 25% of the ad valorem taxes paid to the City on CCHIP Projects.

Projects through 2020		Tax Rebate	Affordable Housing Fund
Units	Investment	75%	25%
5,295	\$913,875,000	\$3,325,559	\$1,108,520

3. Administered by the Housing and Neighborhood Services.
4. Funds will be dedicated to multi-family housing units at 60% AMI or below.

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STRATEGY FOR AFFORDABLE HOUSING

- The Neighborhood and Housing Services Department will develop a strategy to address affordable housing in San Antonio.
- It is anticipated that the strategy will be presented to City Council in summer 2019.
- Economic impact assessment will be complete that examines the areas with recent significant public investment to capture the multiplier effect of these in the adjacent neighborhoods.
- The CCHIP and City Fee Waiver Program are only two of several tools that will be incorporated in the strategy.
 - Public Facilities Corporation
 - 9% Low Income Housing Tax Credit
 - 4% Low Income Housing Tax Credit
 - Disposition of publicly owned land

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RISK MITIGATION FUND

- The Neighborhood and Housing Services Department is developing a Resident Relocation Assistance Ordinance (RRAO).
- The RRAO will be presented to City Council in early 2019.
- It will address displacement due to City incentivized development and rapid neighborhood change and utilize the risk mitigation fund that was adopted in the FY 2019 budget to provide financial assistance to residents displaced as a result of rapid neighborhood change.
- **Projects that are displacing residents are not eligible for incentives through the CCHIP.**

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TRANSPARENCY

- Agreements posted to public online database
- All projects require design review by HDRC which includes public input
- Must align we SA Tomorrow Regional Center Land Use Plan
- Upon execution of a CCHIP agreement, the City will issue a press release in partnership with the developer
- Annual update to a Council Committee
- Continuous monitoring and outreach

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MAYOR'S HOUSING POLICY TASK FORCE

Dedicated revenue source for
affordable housing

Utilize HUD
Area Median Income (AMI)
guidelines

Prioritize City incentives:
-Rent restricted units require
60% AMI with some unit
allowance up to 80% AMI
-Ownership up to
120% AMI

Rent and income restricted
affordable rental units

Increase production of
affordable rental units

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SA TOMORROW COMPREHENSIVE PLAN

Incentives aligned
with future land use
and Regional
Centers

Focus on density

Future
opportunities with
affordable housing
fund

Recharge Zone,
limited purpose
annexation and ETJ
areas excluded

Economic
development
incentives aligned
with planning efforts

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PUBLIC OUTREACH



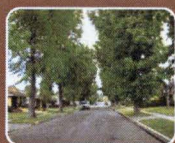
City Council

- Economic & Workforce Development Committee (Aug & Oct)
- Comprehensive Planning Committee (August)
- B Session (November)



Stakeholder Outreach/Meetings

- Developers (Market rate and non-profit)
- Planning Efforts - Committee Members
- Partner Organizations
- Continuous coordination with City departments on initiatives
- SA Tomorrow Regional Center Planning Meetings
- Mayor's Housing Taskforce Meetings



Neighborhood Associations

- Tobin Hill, Government Hill, Dignowity Hill, Lavaca, King William, Lone Star, Historic Westside Residents Association (Aug & Sept)
- Additional briefings in December

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NEXT STEPS

**City Council
Briefing**

December 12

2:00 pm

**City Council
Policy Consideration**

December 13

9:00 am

Public Hearing

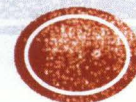
December 12

6:00 pm

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CENTER CITY HOUSING INCENTIVE POLICY & INNER CITY REINVESTMENT/INFILL POLICY

ITEM #4



December 13, 2018
City of San Antonio
City Council A Session