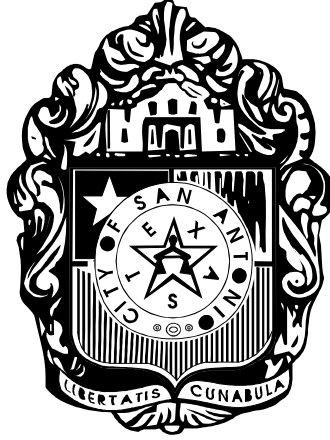


CITY OF SAN ANTONIO, TEXAS
Neighborhood and Housing Services Department



Houston Street
Tax Increment Reinvestment Zone Number Nine
Project Plan

Approved August 23, 2000

Amended:

September 20, 2007

April 1, 2010

October 15, 2015

February 21, 2019

PROJECT PLAN

TAX INCREMENT REINVESTMENT ZONE NUMBER 9

Section 1: Project Overview

The Houston Street Tax Increment Reinvestment Zone Number 9 (TIRZ) will provide the financing needed to develop public improvements and support economic development activities associated with revitalization in the San Antonio's Central Business District. This Project Plan describes, pursuant to Section 311.011 of the Texas Tax Code:

- (1) An overview of the TIRZ project,
- (2) Existing uses and conditions of real property in the TIRZ,
- (3) Proposed improvements and property uses in the TIRZ,
- (4) Proposed changes to municipal ordinances,
- (5) Estimated non-project costs, and
- (6) Relocation of persons to be displaced as a result of plan implementation.

The Houston Street TIRZ was designated by City Council on December 9, 1999 through Ordinance 90969. The initial TIRZ Project and Finance Plans were originally approved by City Council on August 24, 2000 through Ordinance 92409. Since then the Project and Finance Plans have been amended on occasion to accommodate changes to the TIRZ project list and boundaries. Amendments to the TIRZ Project and Finance Plans are as follows:

- September 20, 2007 – Addition of the Walgreens/Stuart Building redevelopment
 - Ordinance # 2007-09-20-0986
- April 1, 2010 – Addition of the Kress Building redevelopment
 - Ordinance # 2010-04-01-0270
- September 18, 2014 – Term extension and changes to board composition
 - Ordinance # 2014-09-18-0713
- June 4, 2015 – Amendment to the Boundary of the TIRZ
 - Ordinance # 2015-06-04-0489
- October 15, 2015 – Amendments to the TIRZ Project and Finance Plans
 - Ordinance # 2015-10-15-0881
- February 14, 2019 – Amendments to the TIRZ Project and Finance Plans
 - Ordinance # 2019-02-14-Click here to enter text.

There are two major periods that describe the life of the Houston Street TIRZ. The first period marked by the inclusion of Street Retail San Antonio, L.P. (a wholly owned affiliate of Federal Realty Investment Trust). Street Retail was the primary developer

throughout the period which began at designation (1999) and ran approximately fifteen years until a Closeout Agreement was executed with Street Retail in May 2015. In addition to Street Retail, the Houston Street TIRZ, during this period included three participating taxing entities other than the City of San Antonio; Bexar County, University Health Systems and Alamo Community College District. During this period the TIRZ was instrumental in supporting several key revitalization projects that helped breathe new life into a section of downtown that had been experiencing significant decline.

For details about these projects and an overview of the first period of the Houston Street TIRZ see the previous versions of the Houston Street Project and Finance Plans.

The second period, essentially the future of the Houston Street TIRZ, began with the extension of the term in September of 2014, which added 20 years to the Houston Street TIRZ, taking the term end date out to September 30, 2034. In addition to extending the term, the composition of the TIRZ Board was changed, ending the participation of both University Health Systems and the Alamo Community College District. With the reduction in Participating Taxing Entities, the size of the TIRZ Board was reduced from eleven to seven members, three from Bexar County and four from the City of San Antonio.

In June of 2015, the Houston Street TIRZ boundary was expanded by adding 260 parcels or roughly 138 parcel acres. The amended TIRZ boundary encompasses approximately 179.74 parcel acres in and around the central business district. The boundary amendments were intended to continue the revitalization efforts from the previous period of the TIRZ and to support the City's economic development goals for downtown. More specifically, the boundary change will enable the Houston Street TIRZ to support several key catalytic projects including; the San Pedro Creek redevelopment, the Alameda Theater Revitalization project and the development of the Frost Bank Tower which through a public private partnership (P3) will facilitate the consolidation of city offices and the adaptive reuse of current offices into 265 units of housing in the central business district.

Key projects include:

1 st Period
Houston Street Improvements
Crockett Street Improvements
Historic Civic Center Linkage
The Houston Street Bridge Linkage
The Majestic Courtyard Improvements
Façade Preservation projects along Houston Street
The Walgreens/Stuart Building Renovations
The Kress Building Renovations

2 nd Period
HVHC
Argo
Maverick Building
Houston Street Lighting
Frost Bank Tower
Alameda Theater
San Pedro Creek Redevelopment/Park police
Burns Building Rehabilitation
Grant/Kress Building & Travis Parking Garage Rehabilitation
Main Plaza Conservancy
Sam Maverick Spirits
USAA 10 Year Tax Abatement
Witte & Fish Market
CCHIP Encore Riverwalk - Acequia Plaza
CCHIP Commerce Street Floodgate
CCHIP Heritage Plaza-Argyle

Section 2: Existing Uses and Conditions

The Zone is in a developed area, San Antonio's Central Business District. Within the zone are retail, office, residential, cultural, governmental, religious, hospitality, park, and academic uses. A boundary map of the Houston Street TIRZ and proposed projects are shown below.

HOUSTON STREET BOUNDARY MAP



Section 3: Proposed Improvements and Uses for 2nd period

HVHC

In September of 2011, the City of San Antonio executed a Chapter 380 Economic Development Agreement with HVHC, a wholly owned subsidiary of Highmark Inc. a private, worldwide provider of healthcare and vision services, to support the relocation and expansion of its workforce into the central business district at 175 E. Houston Street. As part of the overall incentive, the City agreed to provide a parking subsidy and incentive of approximately \$3,087,000.00 over ten years which is to be reimbursed through the Houston Street TIRZ from City's tax increment. HVHC, in order to receive City incentives agreed to: (1) retain their operations and corporate headquarters in San Antonio; (2) relocate 265 corporate jobs to the IBC Centre building on Houston Street; (3) relocate their vision care benefits subsidiary, Davis Vision, from Latham, NY to San Antonio and add 85 new jobs for a total of 350 jobs; (5) meet the City's minimum wage requirements; and (6) pay an annual average salary of at least \$50,000.

Argo

In September of 2011, the City of San Antonio executed a Chapter 380 Economic Development Agreement with Argo Group Inc., an international underwriter of specialty insurance and reinsurance products in the property and casualty market, to support the relocation of 200 corporate jobs into the central business district at 175 E. Houston Street. As an incentive, the City of San Antonio has agreed to provide a parking subsidy and incentive to Argo of approximately \$3,366,000.00 over ten years which is to be reimbursed through the Houston Street TIRZ from City's tax increment. In exchange for this financial incentive, Argo agreed to locate a minimum of 200 jobs into the central business district at the IBC Centre building at 175 E. Houston and retain these jobs at this location for 10 years. Argo also agreed to meet the City's minimum wage requirements and pay an average annual salary of at least \$50,000.

Maverick Building

The Maverick Building, listed on the National Register of Historic Places, was built in 1921 as an office building with first floor retail and a barber shop in the basement. It was converted in 1996 to low-income housing with loan assistance from the City of San Antonio and the federal Community Development Block Grant program. Since that time, the apartments within the building have fallen into disrepair and the retail space has not been actively leased for decades. The new owner, 400 East Houston Street, LP is proposing to invest approximately \$5,000,000.00 to renovate all 85 multifamily units and reactivate the approximately 6,000 square feet of street-level retail space. The rehabilitation of this property will provide local



workforce housing, create new retail value along an important section of Houston Street, and reenergize a historic building.

In order to support the project the City has offered several economic development incentives including a 15-year tax reimbursement grant valued at approximately \$415,753.05 which is to be reimbursed through the Houston Street TIRZ from City's tax increment. The developer also applied for a 10-year historic tax abatement from the Office of Historic Preservation and received a Historic Tax Certification. The historic tax abatement allows the developer to pay no City taxes for 5 years, and then 50% of taxes on the full value of the property for an additional 5 years. This incentive will be applied in parallel to the tax reimbursement grant referenced above, but the total amount of the tax reimbursement grant will only rebate taxes paid to the City on the improved value of the property for the first 15 years.

Houston Street Lighting Project

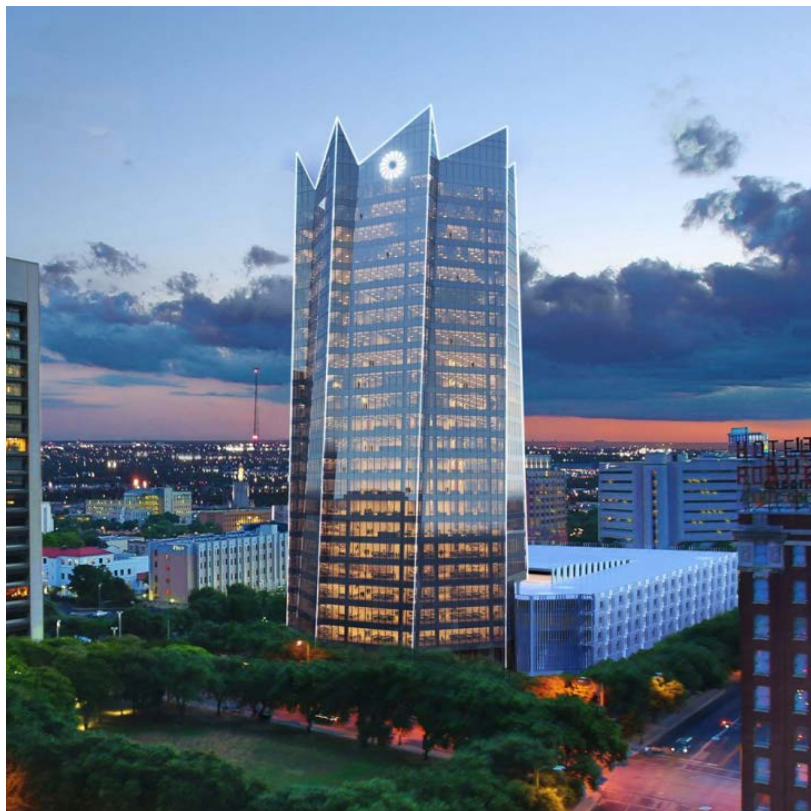
In an effort to improve lighting conditions along Houston Street, the TIRZ Board authorized up to \$165,000.00 for lighting upgrades from City's tax increments. The project will include upgrades to the existing Houston St. Pedestrian Pole Top Fixtures located between Santa Rosa St. and Alamo Street and the demolition of 75 existing fixtures which will be replaced with Riverside Cast Frame or equal, reflectors, and 125 Watt LED lamps.

Frost Bank Tower

In August of 2014, the City of San Antonio received a proposal from Weston Urban, a San Antonio based real estate development firm, and Frost Bank that would result in a consolidated

administrative office tower for the City, 265 housing units in the central business district, and the construction of the first class "A" office tower downtown since 1989.

Under the terms of the proposal: 1) Frost would sell the Frost Bank Tower and Parking Garage to the City for the purpose of consolidating the City's administrative offices and creating a public parking garage; and 2) the City would sell Weston Urban



three properties for the purpose of providing funds to apply to the purchase price of the Frost Tower and to provide Weston Urban with property to facilitate housing development in the central business district. The three properties include: 114 W Commerce (Municipal Plaza Building), 319 W Travis (San Fernando Gym), and 403 N Flores (Surface Parking Lot). In addition, the proposal provided for Weston Urban to construct a new office tower to serve as the Frost Bank Headquarters to be located on the Frost Motor Bank and surface parking lot on the northwest corner of Flores and Houston Street.

To support the project, Bexar County has agreed to enter into an Economic Development Agreement with Weston Urban which will help fund public infrastructure improvements associated with the new Frost Bank Tower up to \$3,000,000.00. The Houston Street TIRZ will reimburse Weston Urban for these costs from Bexar County tax increment.



Alameda Theater

Once the largest theater in the nation dedicated to Spanish-language entertainment, The Alameda Theater opened in 1949 and showed films of the golden age of Mexican cinema. Renovations of the theater have begun and include construction of a new stage house and production building that will allow the theater to better accommodate modern performances. The multiphase project is being led by the Alameda Theater 501(c)(3) non-profit corporation. The new addition will include an orchestra pit, and rooms for dressing, storage, prop making and rehearsal. From Laredo Street, a load-in

area is being constructed for the touring shows.

The Houston Street TIRZ will support the renovation of the historic theater. City shall contribute funding in the amount of nine million dollars for capital improvements and an additional two hundred thousand dollars for operational costs of the Alameda Theater Conservancy. Bexar County shall contribute funding in the amount of nine million dollars for capital improvements and an additional two hundred thousand dollars for operational costs of the Alameda Theater Conservancy. Once restored, the Alameda Theater will be returned to its vintage condition and will be able to seat 2,400 patrons.

San Pedro Creek Redevelopment/Park Police

Many times mistaken for a drainage ditch, modest San Pedro Creek is a functional but unsightly creek that runs through the historic Westside of downtown San Antonio. In attempt to reconstitute its life-giving qualities, reflect on its rich history and create a sense of place, Bexar County and the San Antonio River Authority, in coordination with the City of San Antonio, have undertaken the San Pedro Creek Improvement Project.

On February 18, 2014, the Bexar County Commissioners Court, under the leadership of Commissioner Paul Elizondo, entered into an agreement with the San Antonio River Authority (SARA) to begin the design phase of an ambitious \$175 million revitalization of a two-mile segment of the creek through downtown. The project, from north to south, begins near IH-35 at the flood tunnel inlet near Fox Tech High School and continues to the confluence with the Alazan/Apache Creeks at IH-35 near the stockyards. Following final design, construction began in 2016 and was completed in 2018 in celebration of the 300th anniversary of the establishment of the City.



In accordance with the Interlocal Agreement, Bexar County agreed to support economic development projects associated with the San Pedro Creek redevelopment which will provide significant benefit to the Houston Street TIRZ. The TIRZ may provide tax increment generated from Bexar County taxes to support economic development projects along San Pedro Creek.



The Project is expected to enhance the containment of the 100-year floodplain, restore and improve water quality, reconnect people to a storied and historic natural resource, catalyze economic growth and drive revitalization efforts for the area.

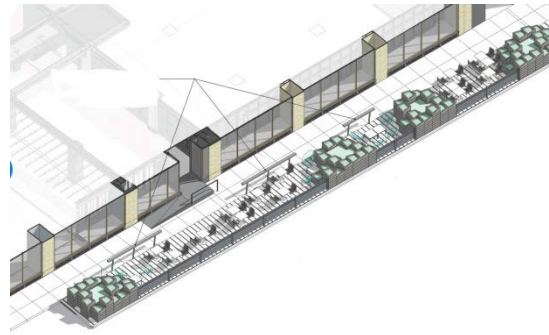
The Houston Street TIRZ Board approved financial support for redevelopment of San Pedro Creek with up to \$4,185,916.00 of TIRZ funding from City's tax increment.

The City of San Antonio will add the staffing, equipment and supplies necessary to provide proactive patrol and security to support the San Pedro Creek restoration project.

As segments of this new River Walk style recreation resource are constructed, it is imperative to ensure the safety and security of the area for local citizens and the many tourists that will frequent the newly accessible areas of the Riverwalk.

Burns Building

The Burns Building Redevelopment is the renovation of a five-story historic building constructed in 1918 located at 401 East Houston Street. The structure showcases Chicago-style windows and minimalist storefront with a glazed terra cotta fifth floor cap that provides iconic detail throughout the façade. The project has an estimated development cost of \$11.3 million for 39,413 square feet of office space, as well as, 14,449 square feet of retail space along Houston and



Jefferson streets. Once completed, the building will house up to 250 professional employees with first floor retail space for a restaurant.

The developer approached the City about implementing a concept unique to San Antonio on the existing street right of way along the east side of Jefferson Street between Houston Street and Peacock Alley called a “Parklet”.

A Parklet is the repurposing of a portion of an existing street right of way into a public space intended to enhance the streetscape and create increased public open spaces. Parklets provide

amenities like seating, planting, bike parking, and art. Parklets are funded and maintained by the adjacent property owner; however they are accessible and available to the public.

The Houston Street TIRZ Board approved a Development Agreement up to \$255,880.00 of TIRZ funding from City’s tax increment for public infrastructure associated with redevelopment of the Burns Building.

Grant/Kress Building and Travis Parking Garage Rehabilitation



The Grant Kress project is located at 305 and 315 E Houston Street. The Travis Parking Garage project is located at 213 E Travis Street. Both projects are in Council District 1. Total development cost of of the Grant Kress project is estimated to be \$43,582,116.00. Total development cost of the Travis Parking Garage project is estimated to be \$13,426,500.00. Total development costs for both projects is approximately \$57,008,616.00

The Grant Kress project will house approximately 63,000 square feet of office space. The Grant Kress project will see the two buildings integrated on multiple levels, with a 15,000 square foot food hall on the ground floor, underground parking spots, a rooftop terrace, restored historical façades, and new glass openings on the east wall of the Kress Building.



The Travis Parking Garage project will house 1054 paid parking spaces in an eight level parking garage. Plans for the Travis Parking Garage streetscape improvements will add green space in the surface lot between the office building and the garage. The project includes landscaping all around the office building and canopies added to the front and back of the building.

The Houston Street TIRZ Board approved up to \$2,500,000.00 of TIRZ funding from City's tax increment for public infrastructure associated with redevelopment of the Grant/Kress and Travis Parking Project.

Main Plaza Conservancy

The board desires to support community events in Main Plaza to enhance its economic impact through the activation of public spaces. Main Plaza events are intended to generate further activity in the surrounding area thereby enhancing downtown economic development.

The SAGA is a 24 minute artistic light show by video artist Xavier de Richemont. The art projection covers the facade of San Fernando Cathedral and depicts a journey through the historical discovery, settlement and development of San Antonio, Texas and US history. The art installation started in 2014 and Main Plaza Conservancy has rights to the show through 2024. Public viewing is available for free every Tuesday, Friday, Saturday and Sunday evening, three times per night.

The TIRZ will reimburse CCDO's Inner City Incentive Fund (ICIF) \$150,000.00 annually for six years in support of SAGA. Total reimbursement from the TIRZ shall not exceed \$900,000.00 from City's tax increment.



Sam Maverick Spirits



The Maverick Whiskey Project is a \$3,000,000.00 project that will serve as a high end distilled spirits plant for manufacturing craft spirits. The building will feature event space and conference rooms

The plant will be housed in the historic building which stands on what was originally the corner of the Maverick family homestead. The building will pay homage to Samuel Maverick's pivotal role in the Battle of the Alamo as well as his significant impact on local and state history. In 1918 the historic building was the Lockwood National Bank which also acted as a regional mint.

The Houston Street TIRZ Board approved up to \$15,000.00 of TIRZ funding from City's tax increment for public infrastructure associated with development of Sam Maverick Spirits.

USAA Tax Abatement (10 years)

USAA employs nearly 32,000 people in various markets, with approximately 60 percent of its workforce being located in San Antonio including a few hundred downtown. In addition to new hires, USAA plans to relocate employees from its other locations to San Antonio which could result in 1,500 net new full-time jobs to the City and up to 2,000 employees in the downtown area.

To accelerate the project, and to benefit from the additional jobs and structured parking available downtown, City Council has approved a forgivable Chapter 380 Economic Development Program Loan in the amount of \$4 million to support the construction or expansion of a parking garage for USAA-owned One Riverwalk Plaza.

City Council approved a 10 year Tax Abatement in an amount not to exceed \$2 million, for real and personal property taxes paid to the City on improvements made to One Riverwalk Plaza and the Bank of America Financial Services Center. It is projected that USAA will invest at least \$70 million into these two buildings, the expanded parking facilities, and the adjacent property.



Witte Fish Market Project:

Crockett Urban Ventures, LLC shall invest a cumulative amount of approximately seven million five hundred thousand dollars shall be invested in real and property improvements on the Witte Building redevelopment located at 135 E. Commerce.

The Witte Minimum Investment shall include the construction and establishment of: (1) four housing units, (2) approximately 2,500 sq. ft. of river level retail/restaurant space; (3) approximately 1,900 sq. ft. of street level retail space; (4) approximately 1,000 sq. ft. of banquet/event space; and 5) a newly constructed stairway and elevator providing Americans with Disabilities Act compliant public access to the Riverwalk.

A cumulative amount of approximately sixty million dollars (\$60,000,000.00) shall be invested in real and personal property improvements on the Fish Market Building redevelopment located at 155-161 E. Commerce St.

The Fish Market Minimum Investment shall include expenditures in the construction and establishment of an approximately 18 story, Hilton Canopy Hotel that includes: 1) 195 rooms; 2) a restaurant; and 3) a roof-top pool bar. Developer shall also ensure that historic elements of the Fish Market Building will be preserved in accordance to a plan approved by the Historic Design Review Commission.

CITY, and TIRZ, are providing DEVELOPER with Economic Development Program Incentives in the combined amount of approximately seven million four hundred forty thousand nine hundred and seventy-three dollars.

For a period of fifteen (15) years, each tax year the CITY shall provide DEVELOPER an Annual Incremental Property Tax Reimbursement from City's tax increment. In no case shall the cumulative Annual Incremental Property Tax Reimbursements made to DEVELOPER exceed five million three hundred twenty-four thousand eight hundred seventy-seven dollars.

CCHIP Agreements

Encore Riverwalk Acequia Plaza Project: Encore Multi-Family LLC has proposed the redevelopment of the 304 & 308 parcels on South Flores Street. The Encore Riverwalk project is a 338 unit, "Class A", market rate multifamily apartment complex with structured parking. The project will be a high-rise mixed use development includes 5,000 square feet of retail space and structured parking.

CITY and TIRZ are providing DEVELOPER with Incentives in a cumulative amount of approximately five million nine hundred sixty-one thousand two hundred forty-six dollars (\$5,961,246.00).

For each tax year, for a total of fifteen (15) consecutive tax years, CITY and TIRZ shall provide DEVELOPER, an annual grant for the Term of this Agreement in the cumulative amount of approximately, four million five hundred forty-five thousand four hundred ninety-two dollars (\$4,545,492.00) from City's tax increment.

Commerce Street Floodgate Project: Burgos, L.P. and Uriarte, L.P. shall invest approximately forty million dollars in an economic development project that will consist of the construction of approximately fifty-three (53) rental housing units, 15,000 square feet of commercial retail space, and a structured parking garage located at 139-151 E Commerce St.

Once completed, the project is anticipated to result in the investment of approximately forty million dollars in land acquisition and real property improvements.

CITY and TIRZ are providing DEVELOPER with Incentives in a cumulative amount of approximately three million nine hundred five thousand three hundred ninety-five dollars (\$3,905,395.00).

For each tax year commencing with the Initial Reimbursement Tax Year and then continuing annually for a total of fifteen (15) consecutive tax years, CITY and TIRZ shall provide DEVELOPER, an annual grant in the cumulative amount of approximately three million one hundred nineteen thousand one hundred seven dollars from City's tax increment.

Heritage Plaza Argyle Project: Main & Dwyer Land, LLC shall invest approximately fifty-seven million three hundred thousand dollars in an economic development project that will be located at 410 South Main & 307 Dwyer that will consist of the construction of approximately three hundred forty-three (343) rental housing units and a structured parking garage located at the Project Site.

CITY and TIRZ are providing DEVELOPER with Incentives in a cumulative amount of approximately four million four hundred seventy-six thousand three hundred fifty-eight dollars.

For each tax year commencing with the Initial Reimbursement Tax Year and then continuing annually for a total of fifteen (15) consecutive tax years CITY and TIRZ shall provide DEVELOPER an annual grant in the cumulative amount of approximately four million three hundred seventeen thousand nine hundred sixteen dollars from City's tax increment.

Section 4: Proposed Changes to Municipal Ordinances

Houston Street Design Guidelines

Winter & Company, under contract for the City, developed a set of design guidelines for the Houston Street area. These guidelines are intended to serve as a tool to help address design issues, to promote the preservation of historic resources, to promote new development that is compatible with historic resources, to enhance the pedestrian experience along Houston Street, and to provide a climate for investment in downtown. These guidelines were adopted in 2000 by the City as policy, and later adopted as part of the City's Unified Development Code, as a designated historic district, through overlay zoning, or through other mechanisms.

With the adoption of the SA Tomorrow Comprehensive Plan in 2016 the City of San Antonio initiated a program of planning around a framework of Regional Center Plans. The Houston Street TIRZ falls within one such plan, the Downtown Regional Center Plan, which aims to guide growth in the plan area through future land use planning, placemaking, mobility, public amenities, and other recommendations. The Downtown Regional Center Plan is currently being developed through a process of public engagement and input, with an anticipated adoption date of September 2019. It is the intent of the Houston Street TIRZ to implement the goals and policies of the subarea plan.

Rezoning

The vast majority of property within the Houston Street TIRZ is currently zoned “D” or Downtown zoning district to meet the goals of revitalizing downtown San Antonio by relaxing certain development requirements. While some of the proposed projects may require rezoning, at this time no specific zoning changes have been identified.

Section 5: Estimated Non-project Costs

Estimated non-project costs will include administrative fees for both the City of San Antonio and Bexar County. The City’s administrative costs will be \$120,000.00 for each year beginning in FY 2016 throughout the life of the TIRZ. A portion, \$15,000.00, of the City’s administrative fee will be paid from Bexar County tax increment annually. Bexar County will be paid an administrative fee of \$6,000.00 which will be paid from the County’s tax increment annually throughout the life of the TIRZ.

Section 6: Relocation of Persons to be Displaced

At this time it is not anticipated that any of the projects identified in this Project Plan will require the relocation or displacement of persons.