



City of San Antonio

Agenda Memorandum

File Number: 16-5672

Agenda Item Number: 3.

Agenda Date: 11/1/2016

In Control: Economic and Human Development Committee

DEPARTMENT: Center City Development Office

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: 1

SUBJECT: Hemisfair Northwest Zone Public-Private Partnership (P3) Update

SUMMARY: Economic and Human Development Committee (EHDC) will hear a presentation on the Hemisfair redevelopment plan and a long-term sublease agreement between Hemisfair Park Area Redevelopment Corporation (HPARC), Zachry Hospitality, and Hemisfair Public Facilities Corporation (PFC) for mixed-use development on approximately 5 acres of land.

BACKGROUND INFORMATION:

As part of the Hemisfair Master Plan, adopted by City Council in February 2015, several parcels of land were transferred to the PFC to encourage Public Private Partnership (P3) development adjacent to nearby dedicated parkland. This land was then leased to HPARC for a 99-year period with the understanding that HPARC would initiate its P3 process. Two parcels of land in the northwest quadrant of Hemisfair went through an extensive P3 process, including involvement of a blue ribbon panel. As part of the P3 process, the selection committee recommended entering into exclusive negotiations with Zachry-NRP Group based on their proposal. Since January 2016, HPARC and the City have engaged in negotiations with the recommended team to bring the following proposed development to Hemisfair's northwest quadrant:

- \$165M total private investment
- 385-unit multifamily housing project, including 10% dedicated to workforce housing, per the Hemisfair Mixed-Income Residential policy
- Approximately 60,000 SF of retail on the ground floor to help activate the park and provide opportunities for local shops and restaurants
- Approximately 70,000 SF of new office development
- 200-room hotel with publicly accessible amenities such as spa, gym, and pool
- Construction of 800 space below-grade public parking garage with 200 spaces to be leased to Zachry and 600 spaces to be managed by City Parking Division
- Lease payments benefit Hemisfair's civic park

The residential project qualifies for the CCHIP program for estimated fee waivers and benefits up to \$2.4M. No incentives are provided for the hotel portion of the development. The projects will be part of the soon-to-be established Hemisfair TIRZ.

ISSUE:

Hemisfair P3 Guidelines require City Council Committee approval of negotiation phase with recommended partner.

ALTERNATIVES:

HPARC could choose the runner-up or reissue the RFQ. However, these alternatives would risk the likelihood of developing the P3 at the same time as the civic park is under construction.

RECOMMENDATION:

Staff recommends Committee approval for City staff and HPARC to enter into exclusive negotiations with the preferred development team of Zachry-NRP Group to complete the NW Zone P3 at Hemisfair.