

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
ECONOMIC DEVELOPMENT DEPARTMENT**

TO: Mayor and City Council

FROM: Ramiro A. Cavazos, Director, Economic Development

THROUGH: Terry M. Brechtel, City Manager

COPIES: Christopher J. Brady; Melissa Vossmer; Erik Walsh; Trey Jacobson; Manuel Longoria; Andrew Martin; Rebecca Waldman; Florencio Pena; Milo Nitschke; David Garza; Lou Lendman; Emil Moncivais; Thomas G. Wendorf; File

SUBJECT: Requesting an Ordinance Approving the First Phase of the Development Incentive Toolkit and Project Scorecard.

DATE: May 29, 2003

SUMMARY AND RECOMMENDATIONS

An Ordinance approving the first phase of the Development Incentive Toolkit and authorizing the City Manager or her designee to administratively approve the reduction or waiver of specific fees and make minor revisions to the Project Scorecard, Development Incentive Application and Incentive Inventory as deemed necessary by the City Manager for the implementation and administration of the Development Incentive Toolkit; and approving the policies for the Downtown Housing Development Loan and Historic Façade Loan Programs for inclusion in the Incentive Toolkit.

Staff recommends approval.

BACKGROUND INFORMATION

The Incentive Toolkit is:

- A vehicle for the City of San Antonio to promote development that meets City Council priorities and goals;
- A marketing tool for development incentives;
- A process by which developers may apply for incentives offered by the City for specific types of development in target areas;
- A set of guidelines that allows for administrative approval of incentives for qualifying development projects; and
- An evaluation tool to determine the public benefit of a proposed development project.

The Incentive Toolkit is designed to be easy to use; minimize subjectivity and prolonged negotiations by establishing specific criteria to qualify for each incentive; and, establish clear expectations of performance and accountability.

The initial phase of the Incentive Toolkit includes a comprehensive inventory of available development incentives; information for each incentive (i.e., incentive type, brief description, eligibility criteria, and contact information); specific criteria to qualify for the reduction or waiver of fees; a Development Incentive Application; and a Project Scorecard from which a project score will be derived. The types of incentives that will be included in the Toolkit will include fee incentives; financing incentives; regulatory reductions or exemptions; tax incentives; and workforce development/business advocacy programs.

The Project Scorecard is based on a 100-point scale. Points will be awarded for development types within specific geographic areas. The Scorecard gives weight to a project's total capital investment. It will also measure the creation of permanent jobs with "living wages" and the quantity of housing units created, where applicable. The Scorecard provides a measure of how well a project meets the goals and objectives established by City Council.

Developers may qualify for additional points if the proposed development includes:

- Infill housing consistent with character of neighborhood design;
- Restoration of historic properties;
- Development within an existing TIRZ; development that is consistent with the City's TIF Guidelines;
- Development that meets the definition of a Trail Blazer or Regional Draw;
- Development that utilizes identified UDC use patterns or special districts;
- Development that is within recognized target areas such as NCR Corridors, State Enterprise, Federal Empowerment or Defense Economic Readjustment Zones; or
- Easily accessible to mass transit.

In terms of performance and accountability, developers would agree, by signing the application, to reimburse City for any awarded incentives if City determines that project has substantially deviated from the reported scope or if incentives are awarded based on any misrepresentation of information by developer on the application or scorecard. The developer also agrees to provide City with any documentation of performance of obligations in application or scorecard.

The Incentive Toolkit will be implemented and administered by the Economic Development Department. Initial implementation will include development of a tracking system and survey; web page development; on-going community presentations; staff presentations to development groups; and coordination and training through other departments and agencies. The target implementation date for the Incentive Toolkit program is July 7, 2003.

Additionally, the City Council Urban Affairs Committee reviewed the Downtown Housing Development Loan Program and the District 1 Historic Façade Loan Program and recommended that City Council approve and incorporate said programs in the Incentive Tool Kit.

The Downtown Housing Development Loan Program was developed to provide incentives for downtown

market residential development. Multi-family projects are limited to a 30% affordable component. All Community Development Block Grant (CDBG) rules and regulations apply to the \$1,025,000 currently available for project funding.

The District One Historic Façade Loan Program was developed to provide incentives for the development of historic properties. The program is funded as a pilot in District One to assist with the renovation of properties recognized as "Historic" by the City's Historic Preservation Officer and approved by the HDRC. The program was funded with \$450,000 from UDAG Program Income and therefore all CDBG rules and regulations apply. It is recommended that both loan programs (Downtown Housing Development and District One Historic Façade) be accessed through the Incentive Tool Kit Application.

POLICY ANALYSIS

In terms of objectives, the Toolkit's inventory of existing development incentives is designed to:

- Promote infill, affordable, mixed-income and market housing developments in target areas;
- Encourage desired commercial and mixed-use development in target areas;
- Foster development in our driver industries;
- Promote the restoration and rehabilitation of historic and heritage buildings;
- Encourage development within designated revitalization zones;
- Leverage significant financial developer investments;
- Promote neighborhood revitalization; and
- Create new jobs that provide living wages.

However, the Incentive Toolkit does **not** exempt developers from existing development requirements or review processes; support development that is inconsistent with urban design principles outlined in the City's Master Plan; or permit development that is in conflict with an existing neighborhood plan.

The Toolkit was recommended by the CRAG I and CRAG 2000 reports. The development of the Toolkit is supported by eleven Master Plan policies. The Toolkit meets four objectives of the Housing Performance Review and is supported by five Tier 1 and three Tier 2 City Council Goals and Objectives for FY 2003.

The Toolkit was also promoted by the Mayor's Blue Ribbon Commission on San Antonio's Economy. The Toolkit was suggested in the San Antonio Downtown Housing Market and Demand Analysis; and the toolkit serves as a marketing tool for recent revisions of the Unified Development Code.

The Incentive Toolkit is proposed to be reevaluated and revised annually, possibly in coordination with the budget process or City Council Goals and Objective Worksessions.

FISCAL IMPACT

As the program is implemented there will be fiscal impacts associated with fee waivers and the use of incentives. Without knowing to what extent the development community will utilize the Incentive Toolkit, the complete cost of implementation is unknown. It is also anticipated that additional resources may be required in subsequent phases of implementation based on the utilization of the program. This will be reevaluated as part of annual or program updates.

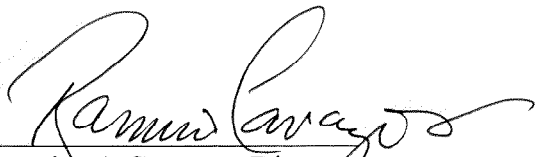
COORDINATION

This item has been coordinated with the City Council Urban Affairs Committee; Mayor's Office; City Manager's Office; the City Attorney's Office; Asset Management; Development Services; Finance; Neighborhood Action; Office of Management & Budget; Planning; and Public Works.

SUPPLEMENTARY COMMENTS

An Ethics Disclosure Form is not required.

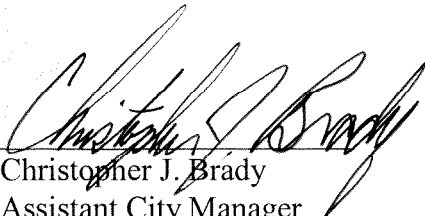
SIGNATURES



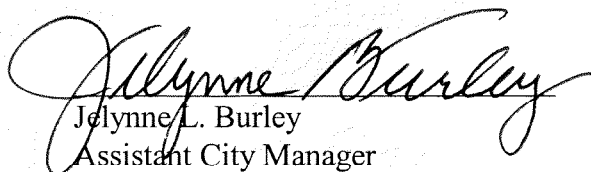
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Approved:



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