

**CITY OF SAN ANTONIO, TEXAS
EMPOWERMENT ZONE INTERIM GOVERNING BOARD**

**PUBLIC HEARING
TIME CERTAIN
ITEM NO 5**

TO: Board of Directors

FROM: Ramiro A. Cavazos, Director, Economic Development Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: J. Rolando Bono; Jelynn Burley; Andrew Cameron; Andrew Martin; Milo Nitschke; Peter Zanoni; Trey Jacobson; File

SUBJECT: Resolution Approving Submission of a Boundary Change Request for the San Antonio Empowerment Zone.

DATE: April 15, 2004

SUMMARY AND RECOMMENDATIONS:

This resolution authorizes the submission of a boundary change request to the U.S. Department of Housing and Urban Development (HUD) for the City of San Antonio Empowerment Zone (EZ). The purpose of boundary change is to amend the core area of the EZ by adding three census tracts in order to increase the population within the EZ to over 100,000 people based on the 2000 census. The boundary expansion will increase the area eligible for job creation and business development, availing an additional 12,000 residents of the expanded Zone the opportunity to take advantage of the designation as an employment tool. The effect of this change will be to increase the City's EZ facility bonding capacity from the current \$ 130 million to \$ 230 million.

Staff recommends approval of this resolution.

BACKGROUND INFORMATION:

On January 16, 2002, San Antonio was selected as one of eight cities nationally to receive designation as a Round III Urban Empowerment Zone from the U.S. Department of Housing and Urban Development (HUD). The Empowerment Zone program is designed to promote economic development in distressed areas of communities by targeting federal tax incentives as catalysts for private investment by businesses that choose to locate within the Zone. Increased business development within the Zone facilitates job opportunities for EZ residents and improves access to goods and services, promoting long-term community revitalization.

The current San Antonio Empowerment Zone consists of twenty-one census tracts in the City's central business district and three developable sites. The core EZ area cannot exceed 20 square miles, the total is currently at 18 square miles. The addition of the three census tracts; 1708, 1709, and 1710 will bring the core area total to 20 square miles, and the population of the Zone to 100,219. A map showing the current and proposed boundaries of the core Zone is attached as Exhibit A. The population of the EZ in the original application was 93,000 residents. The requested boundary change to HUD is based on the 2000 census data. The original submission to HUD for the EZ was

based on the 1990 census data, which was the only data available at that time. Three previous amendments to the original application have been submitted to HUD, and approved.

POLICY ANALYSIS:

This Empowerment Zone can be a powerful economic development tool to promote private sector investment in targeted areas of the City and provide jobs for economically disadvantaged EZ residents. Goals of EZ designation also include the empowerment of low-income persons and families receiving public assistance to become economically self-sufficient, and to promote revitalization of economically distressed areas. This request for boundary change will also result in an increase to the City's EZ facility bonding capacity, from the current level of \$ 130 million to \$230 million. The effect of this increase is the opportunity to secure financing for multiple projects within the Zone, which can add to the revitalization of these distressed areas, and provide job opportunities to EZ residents. The City will request this increased bonding capacity from HUD and expects to receive a response within the next 30-60 days.


Empowerment Facility Bonds have successfully been used in eight cities nationally to finance fifteen projects ranging from a convention center hotel to distribution centers and a baseball stadium. A table showing the existing projects is attached as Exhibit B.

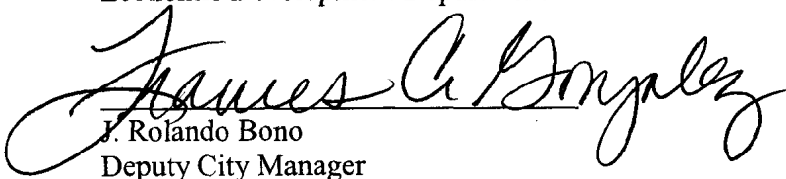
FISCAL IMPACT:

There is no fiscal impact to the City associated with today's action.

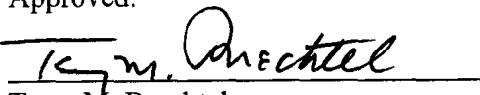
COORDINATION:

The Economic Development Department staff has coordinated this item with the City Attorney's Office and the Housing and Community Development Department. Coordination has also occurred with the U.S. Department of Housing and Urban Development. The Enterprise Trust Commission (ETC) was briefed on the current status of the Empowerment Zone and on the proposed boundary change submission, and passed a resolution supporting the submission. This item was presented to the Economic and Human Development Committee on April 7, 2004. The committee recommended forwarding this item to the Interim EZ Governing board for approval.


Ramiro A. Cavazos, Director
Economic Development Department


J. Rolando Bono
Deputy City Manager

Approved:


Terry M. Brechtel
City Manager

Empowerment Zone Bond Issues (1993 - Present)

Categories of Companies/Projects

	Hotel	Food Prod.	Distribution	Manufacturing	Retail/Mixed	Recreational	Total
Round III EZ							
none to date							
Round II EZ							
Santa Ana, CA - Gold Coast Baking		\$ 5,000,000					\$ 5,000,000
Santa Ana, CA - Stauffer Biscuit Co.		\$ 12,000,000					\$ 12,000,000
Boston - Best Western Roundhouse Suites	\$ 8,000,000						\$ 8,000,000
Boston - Pilot Seafood Distribution			\$ 10,000,000				\$ 10,000,000
Boston - Crosstown Center (Hampton Inn)	\$ 43,420,000				\$ 4,580,000		\$ 48,000,000
St. Louis - Conv. Center Hotel	\$ 95,000,000						\$ 95,000,000
Cumberland, NJ - Ice Skating Facility						\$ 4,200,000	\$ 4,200,000
Cumberland, NJ - Tulip Boulder Distrib.			\$ 4,000,000				\$ 4,000,000
Huntington, WV - Town Center, Mixed Use					\$ 10,000,000		\$ 10,000,000
Gary/E.Chicago - Chemcoaters				\$ 6,500,000			\$ 6,500,000
Round II Subtotals	\$146,420,000	\$ 17,000,000	\$ 14,000,000	\$ 6,500,000	\$ 14,580,000	\$ 4,200,000	\$ 202,700,000
Round I EZ							
Camden, NJ- Minor League Baseball						\$ 7,000,000	\$ 7,000,000
Los Angeles - AAA Packing/Shipping			\$ 3,000,000				\$ 3,000,000
Los Angeles - Mega Toys Distribution			\$ 3,000,000				\$ 3,000,000
Los Angeles - Wing Hing Noodle Company		\$ 4,300,000					\$ 4,300,000
Chicago - Gas Plus (large retail gas center)					\$ 1,500,000		\$ 1,500,000
Round I Subtotals	\$ -	\$ 4,300,000	\$ 6,000,000	\$ -	\$ 1,500,000	\$ 7,000,000	\$ 18,800,000
TOTALS	\$146,420,000	\$ 21,300,000	\$ 20,000,000	\$ 6,500,000	\$ 16,080,000	\$ 11,200,000	\$ 221,500,000
Percent of Total	66%	10%	9%	3%	7%	5%	100%

SOURCE: U.S. Dept. of Housing and Urban Development, 2004

San Antonio Round III Urban Empowerment Zone



Tract additions include:

1708
1709
1710

