



# Centro San Antonio

## Value of Downtown



Final Report

# Value of Downtown

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Centro San Antonio

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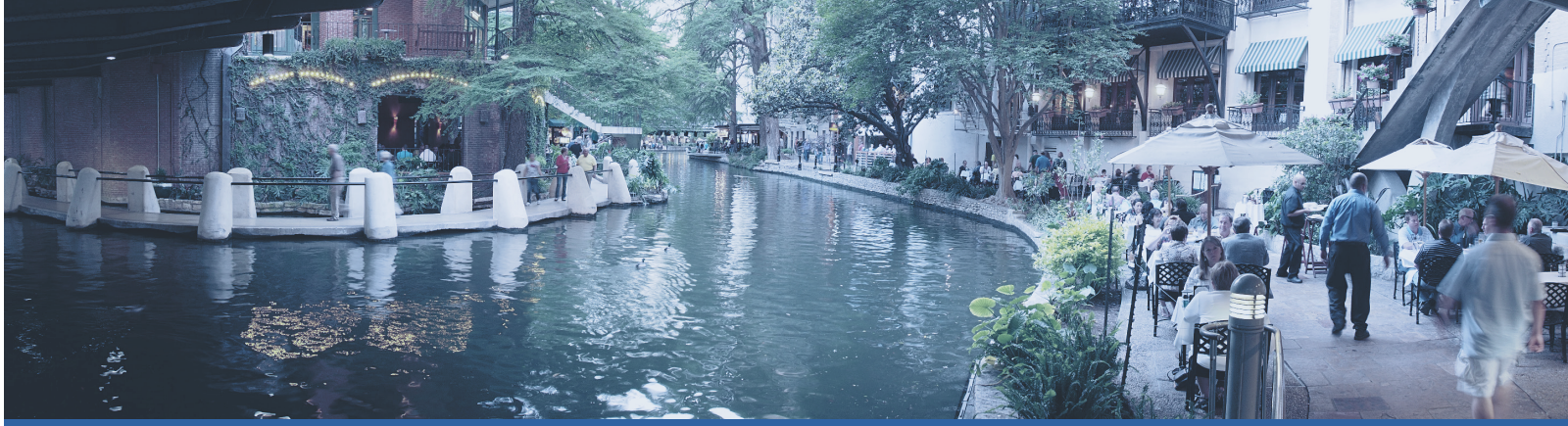
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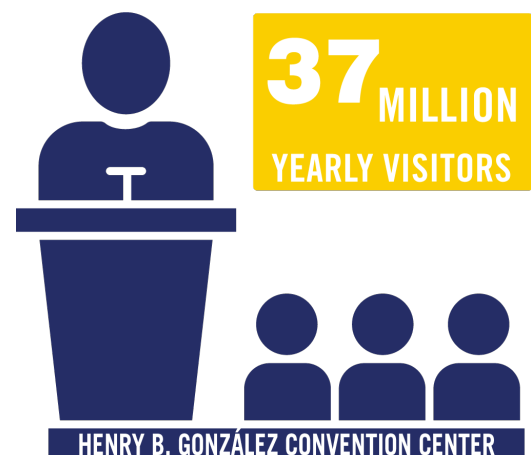


# 1. About Downtown San Antonio

## Downtown and Centro San Antonio

San Antonio is a major tourism destination and attracts over 37 million visitors to the region annually. Downtown San Antonio is the historic and cultural center of the region and home to the world-renowned River Walk. Other Downtown visitor attractions include the San Antonio Missions (a U.S. National Park and UNESCO World Heritage site) which includes the famous Alamo Mission, HemisFair (site of the 1968 World's Fair), and the Henry B Gonzalez Convention Center. Despite Downtown's appeal for visitors and entertainment, the area had lost its demand as a place to work and live. Employment in the downtown area decreased at the end of the 20th century and the number of residents had remained constant for several years. City leaders and stakeholders made concerted efforts in the late 2000's and early 2010's to increase business and retail activity in the area. To catalyze reinvestment in Downtown, increased investment in the safety and attractiveness outside of the traditional River Walk area became a priority. In addition, major investments into the River Walk were made to extend it from its core area connecting to the Missions to the south (Mission Reach) and the San Antonio Art Museum and Pearl Brewery Redevelopment to the north (Museum Reach).

In 1999, the Centro San Antonio Public Improvement Districts (PID) was formed to enhance the cleanliness and safety of downtown, including areas outside the River Walk (the Centro PID is shown in *Figure 1*). The PID was formed to help support efforts of the Centro Alliance, a membership organization formed by downtown property owners in 1982 to collectively support downtown activities. Today, the Alliance and PID operate underneath Centro San Antonio (Centro).



Centro has over 600 members and the PID covers 0.83 square miles including 730 individual parcels over 350 acres. Centro's aim is to increase the attractiveness for living downtown as a way to attract activity, vitality, additional jobs, and investment to the area. The City of San Antonio is also a major partner in downtown efforts and created a city department, Center City Development Office (CCDO), focused solely on downtown development issues. The City, through CCDO, developed incentives to support attracting new jobs and housing units. These concerted efforts have had a profound impact on the course of downtown.

Today, Downtown is evolving into a vibrant mixed-use area with a mixture of employment, services, and housing all centered on the historical and cultural destinations. The City of San Antonio recently developed a plan for the downtown area to guide development and investment in the area over the next two decades. This area, known as the Downtown Regional Center, is home to over 84,000 jobs and 28,000 residents. The Downtown Regional Center (shown in *Figure 1*) is a larger area than the PID and encompasses the major destinations and historic neighborhoods surrounding the downtown core. Districts within the Downtown Regional Center include the Centro PID, HemisFair, the Alamo Dome, Zona Cultural, and several historic neighborhoods and districts.

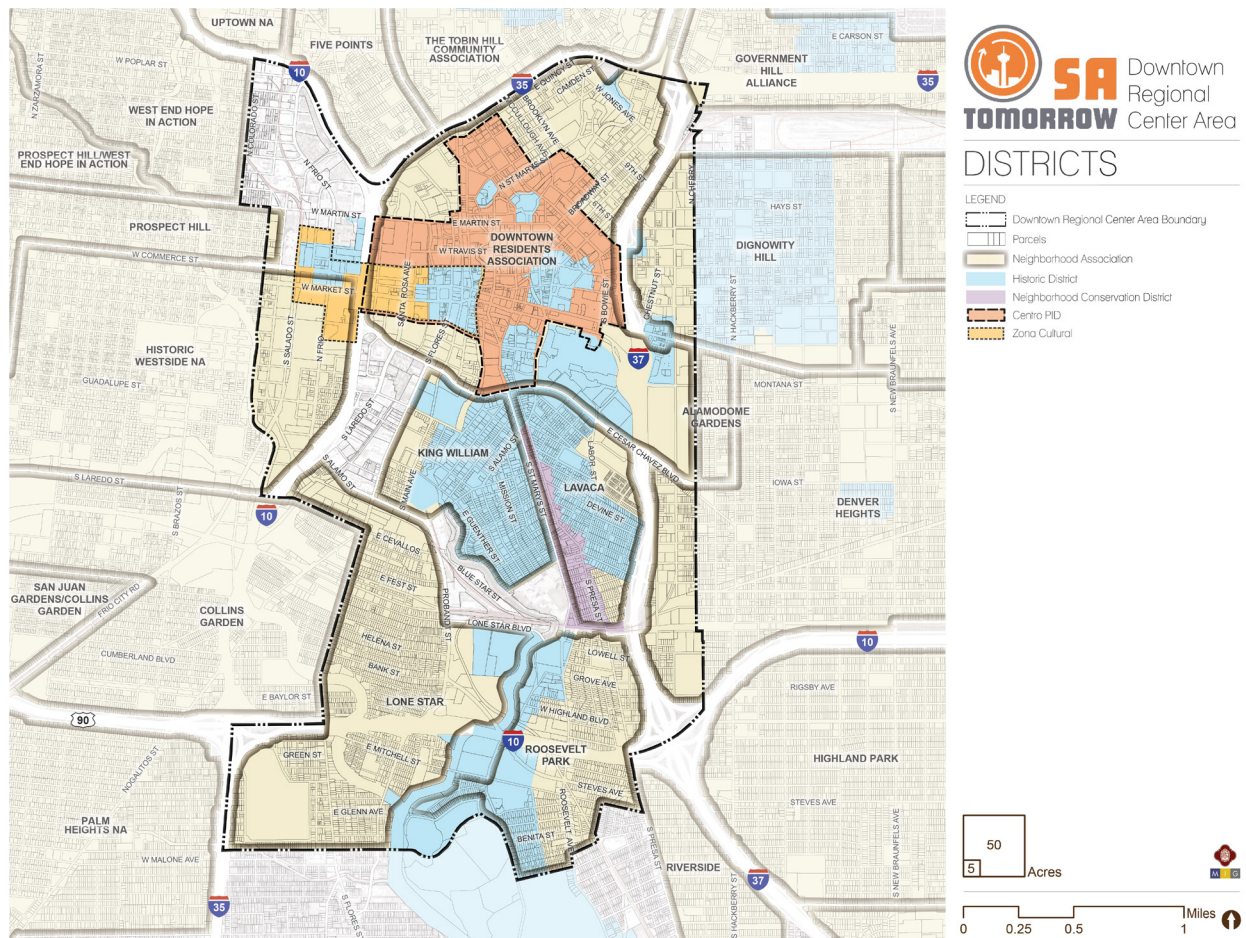


Figure 1. San Antonio Downtown Regional Center and Districts



## Purpose of this Study

This Value of Downtown Study was commissioned by Centro San Antonio to illustrate the economic and fiscal impacts that Downtown has on the community and the return on investment generated in downtown. Downtown San Antonio generates tremendous value beyond the monetary value highlighted in this report. As mentioned, Downtown San Antonio is the historic, cultural, and civic centers of the region. The identity of the community is largely influenced by the historic and cultural assets and attractions in Downtown. It is important to not forget about the value Downtown provides beyond what is estimated in this report.

In conjunction with the Downtown Regional Center Plan, this effort illustrates how continued investment in downtown is necessary to continue the area's momentum. The return on investment generated in downtown is estimated, and the future economic opportunities if the community continues its course of creating a world class downtown for all.

The study explores recent growth and development trends in Downtown to illustrate the success the area has had in recent years and to identify the challenges that still exist. The study also explores the future of Downtown San Antonio. The success of downtown has generated lofty expectations for the area that are demonstrated by the growth forecasts for the area. Achieving the forecasts and continuing the growth of downtown as the region's center will require continued focus and investment. The actions needed to continue downtown's path of growth are highlighted in this report and detailed in the Downtown Regional Center Plan. Ultimately, this report strives to be a call to action for stakeholders to continue their efforts to steward the growth of Downtown San Antonio.







## 2. Decade of Downtown

### Downtown Efforts

The recent growth and revival of Downtown San Antonio has been the product of multiple efforts, plans, and studies. Many of these efforts coincide with or were a part of former Mayor Julian Castro's overarching "Decade of Downtown" initiative. Over 15 adopted plans have helped shape the investments and improvements made in the Downtown Regional Center over the past 20 years.

### Recent Growth

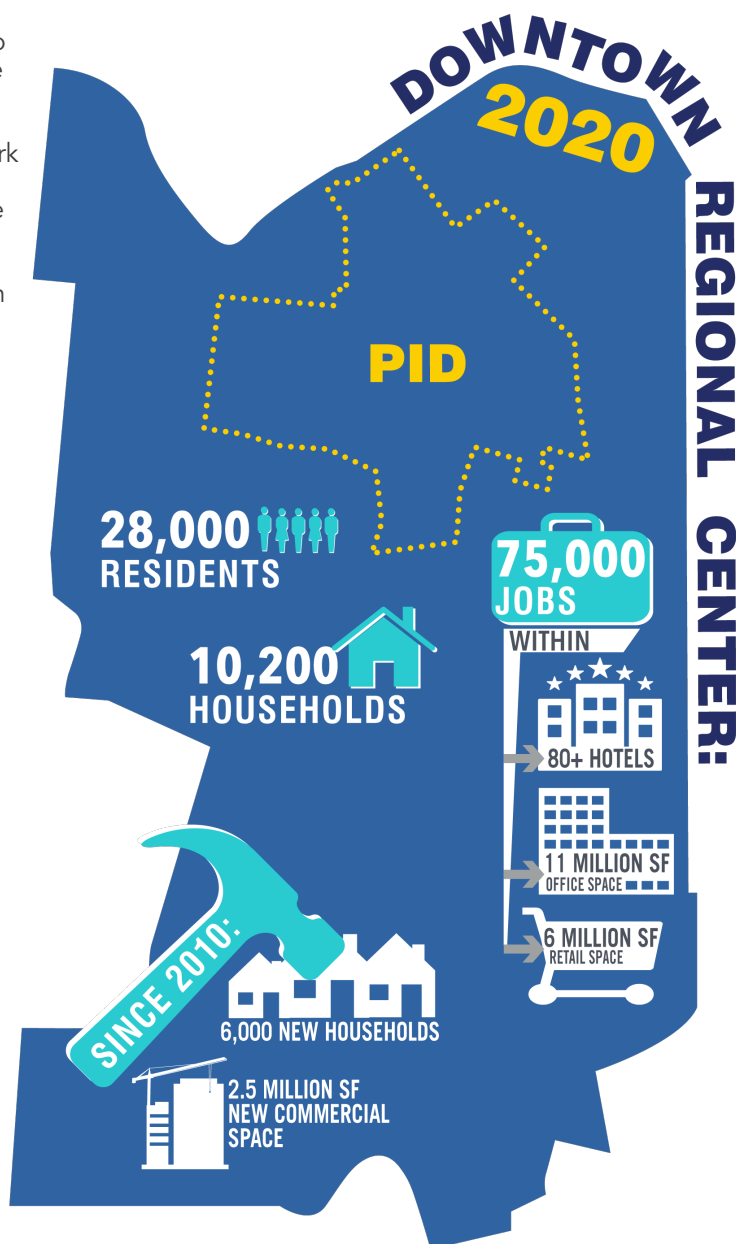
Downtown is under-going a revival as the once declining area is now outpacing the City-wide rate of growth and is attracting private investment. This revival is evident by the recent growth trends for Downtown, which are summarized below.

- The current population of the Downtown Regional Center is 27,980, an increase of nearly 5,000 people from 2010 to 2019. During the previous decade, 2000 to 2010, population in the downtown regional center decreased by 274 residents. Since 2010, however, Downtown's population has grown by 2.2% per year at a rate faster than the City's overall growth.
- Households in the downtown regional center have grown at a faster rate than population since 2010, increasing by 3.0 percent per year. In 2010, SA2020 set a housing growth goal of 7,500 total housing units (5,000 new units) in the Downtown Regional Center by 2020. The area added approximately 4,000 units from 2010 to 2019, approximately 1,900 units are under construction, and another 1,150 units within proposed projects. The greater Downtown area has attracted the desired 5,000 units. (Note: SA2020 estimated just over 7,000 new units are built, under-construction, or proposed in its 2018 Impact Report; however, its geographic area does not align with the Downtown Regional Center Plan boundary).

### Downtown efforts include:

- Downtown Neighborhoods Plan (1999)
- Lavaca Neighborhood Plan (2001)
- Arena District/Eastside Community Plan (2003)
- South Central Community Plan (2005)
- Guadalupe Westside Community Plan (2007)
- Dignowity Hill Neighborhood Plan/ Eastside Reinvestment Plan (2009)
- River North District Master Plan (2009)
- West Neighborhood Update (2009)
- UTSA Campus Master Plan (2009)
- River South Area Management Plan (2010)
- Center City Strategic Framework Plan (2012)
- Downtown Transportation Plan (2012)
- HemisFair Park Area Master Plan (2012)
- Lone Star Community Plan (2013)
- Zona Cultural Revitalization Plan (2016)
- VIA Villa Vision Plan (2016)
- VIA Vision 2040 Long-Range Plan (2016)
- SA Tomorrow Comprehensive and Multimodal Transportation Plans (2016)
- Alamo Plaza Master Plan (2017)
- SA Tomorrow Downtown Regional Center Plan (2019)

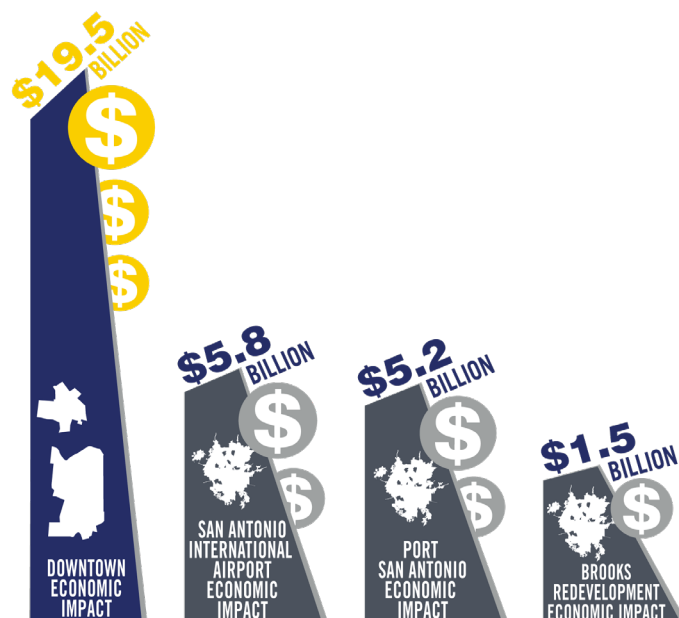
- The Downtown Regional Center is a major employment node for the South-Central Texas region and has 11 million square feet of office space. The office market has struggled until recent years as new office development has mainly occurred on the edges of the city near Loop 1604 over the past 10 to 20 years. As a result, office vacancy rates in downtown are higher than the Bexar County average, and average rental rates are slightly lower than the Bexar County average.
- There has been a recent increase in office construction in Downtown as new housing and public investments have attracted employers back to the city center. There has been seven new office projects built in the area since 2010, including the Phipps Building and Camden Medical Center, totaling 903,300 square feet of new space. The Frost Tower recently opened and adds another 460,000 square feet of office space to the Downtown area. This is the first new office tower to be developed in Downtown since 1989, and its development is seen as a major step in the evolution of the area. The Civic Park development at Hemisfair is also planned to add new office space to Downtown, and large office development projects are under-construction on Broadway including the Soto (at 8th Street) and OXBOW at the Pearl just north of the Downtown Regional Center Boundary in the Midtown Regional Center.
- The Downtown Regional Center remains a major entertainment and shopping destination. The center currently has 5.8 million square feet of retail space; however, the inventory of retail space has decreased by 287,000 square feet since 2010. New retailers and restaurants have largely occupied existing buildings or parts of larger, mixed use buildings. The area's restaurant and service commercial uses has been robust and has begun to diversify to serve residents and workers living and working in and around downtown, as opposed to being primarily focused on tourist and visitors. This is evidenced by the revival of neighborhood commercial districts (Southtown, Blue Star, SoFlo, and Broadway Street Corridor) and the addition of a new HEB grocery store in the downtown core. Vacancy rates for retail in the area are lower than the Bexar County average and rental rates are higher than area averages indicating continued demand.
- Growth of the tourism related sectors is strong. There are 83 hotel properties in the Downtown Regional Center, totaling over 12,000 rooms. Approximately 1,075 new hotel rooms have been added to the Downtown area in the past decade. At least seven projects are under construction, being renovated, or are proposed for the area, which will add over near 1,400 more hotel rooms to the inventory.



## Impact of Downtown

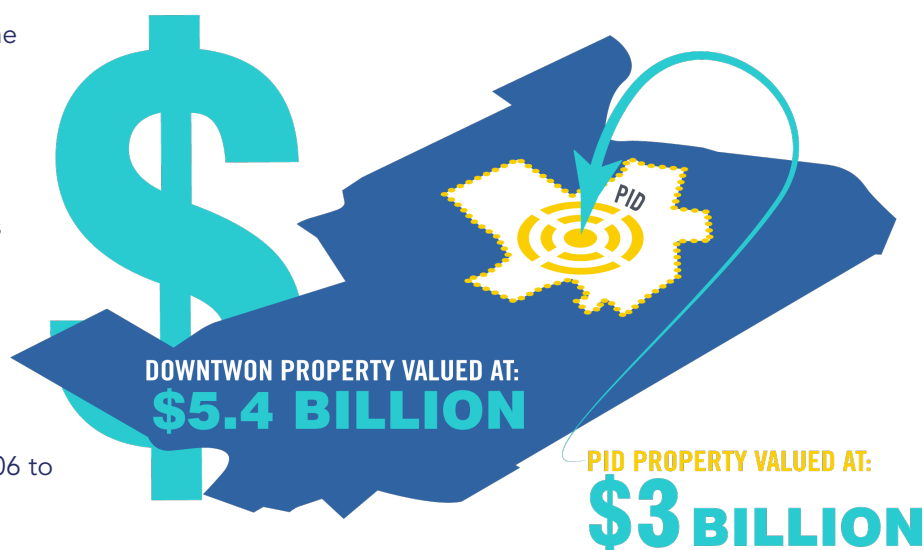
Downtown San Antonio generates tremendous economic value and activity for the region.

Property in the Downtown Regional Center is valued at over \$5.4 billion (2017), with \$3 billion worth of property value in the Downtown Public Improvement District (PID) that is managed by Centro San Antonio. As well, the economic activity in the Downtown Regional Center generates an economic impact of \$19 billion.



## Change in Value

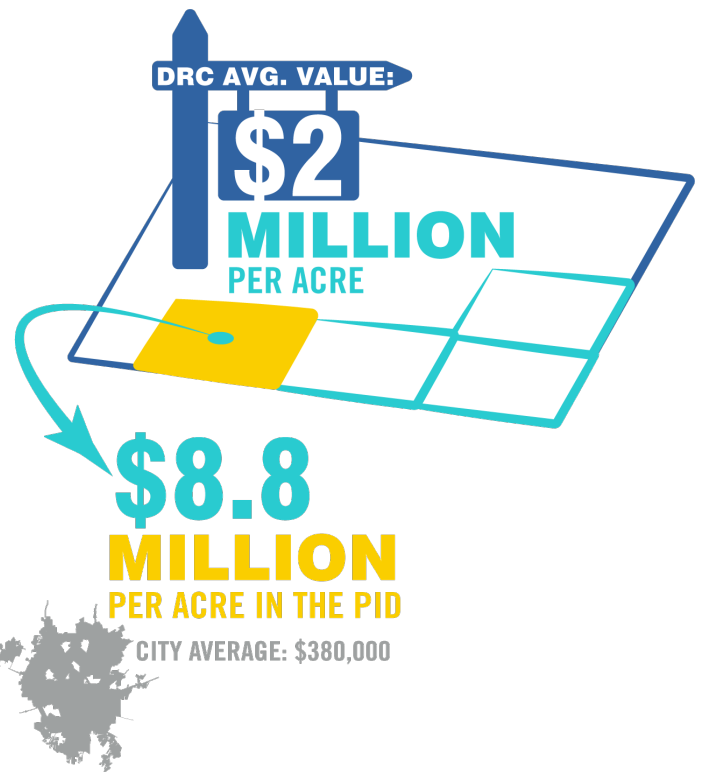
In aggregate, the Downtown Regional Center property value has increased by 6.8% annually from 2006 to 2017. Commercial uses account for the majority of property value in the Downtown Regional Center and PID area. These parcels also accounted for the majority (total amount) of growth in property value. Commercial property increased in value by an annual rate of 6.5%—a robust rate of growth, however less than the overall rate for the area. Efforts to attract housing and improve the conditions of living downtown generated growth and substantial returns for residential properties. Residential property value grew by 10.0% in the Downtown Regional Center and 14.6% in the PID from 2006 to 2017.





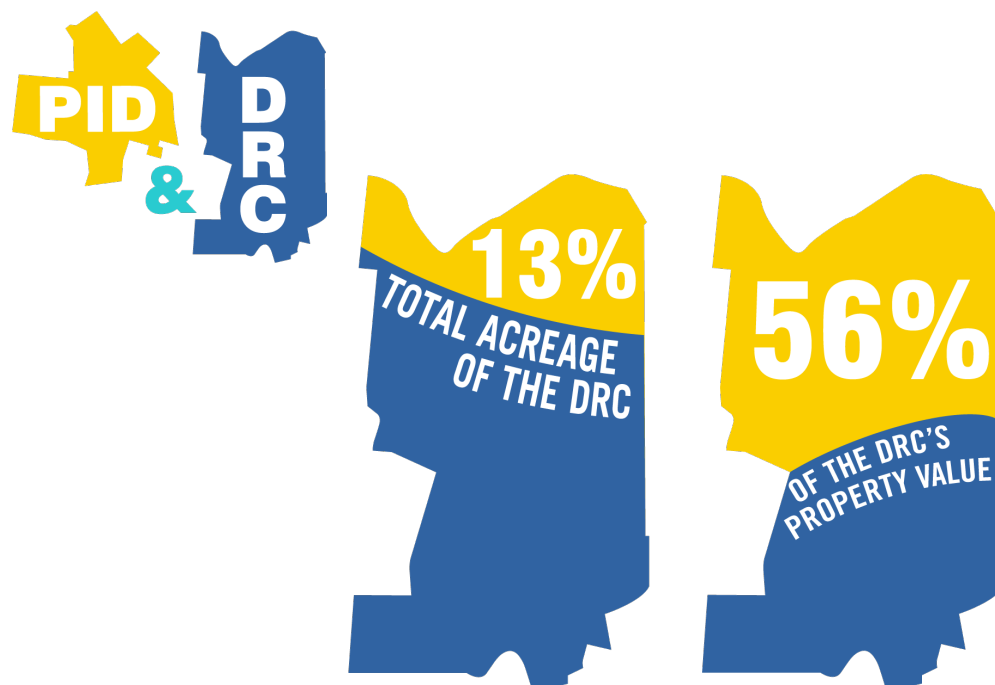
### Value per Acre

The impact of downtown is best highlighted when considering that the Downtown Regional Center accounts for 1% of the land area of the City of San Antonio yet generates over 5% of the property value. The average value per acre in the Downtown Regional center is nearly \$2.0 million and \$8.8 million in the PID. The average value per acre within the City of San Antonio is \$380,000. The properties in the Downtown Regional Center provide over 5 times greater value than an average parcel in the City.



### Downtown PID

The properties, businesses, and economic activity generated in the core of San Antonio and within the boundaries of the PID accounts for a substantial amount of economic impact on the City and the region. This is illustrated by the over \$3 billion in property value generated within only 347 acres of property. The properties within the Downtown PID account for 56 percent of the property value within the Downtown Regional Center while only accounting for 13 percent of the total acreage.



The PID property value and its growth is due in part to the efforts of Centro, CCDO, the City and Bexar County to invest and maintain this important economic area. Urban place management efforts have helped to maintain value for property owners and members of Centro, and also to attract additional activity and investment. The entire Downtown Regional Center has the potential to generate the same level of economic value and activity as the area within the PID. The investments and actions identified in the Downtown Regional Center Plan provide a guide for how to leverage and build on the value of Downtown.

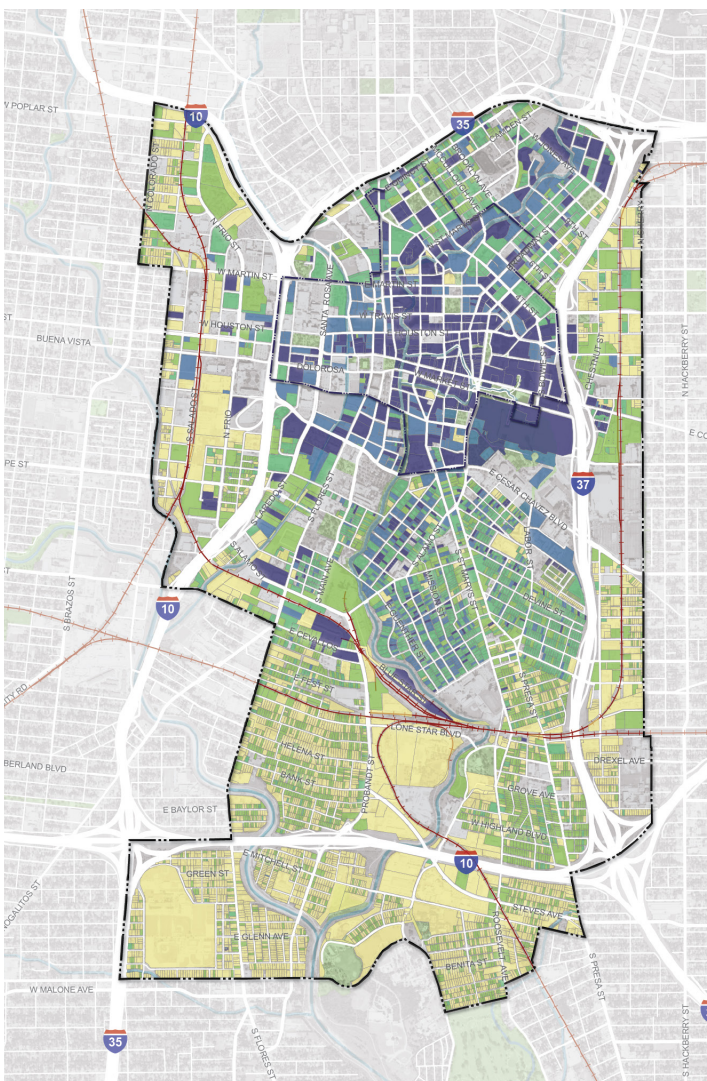


Figure 2. DRC Value per Acre, 2017

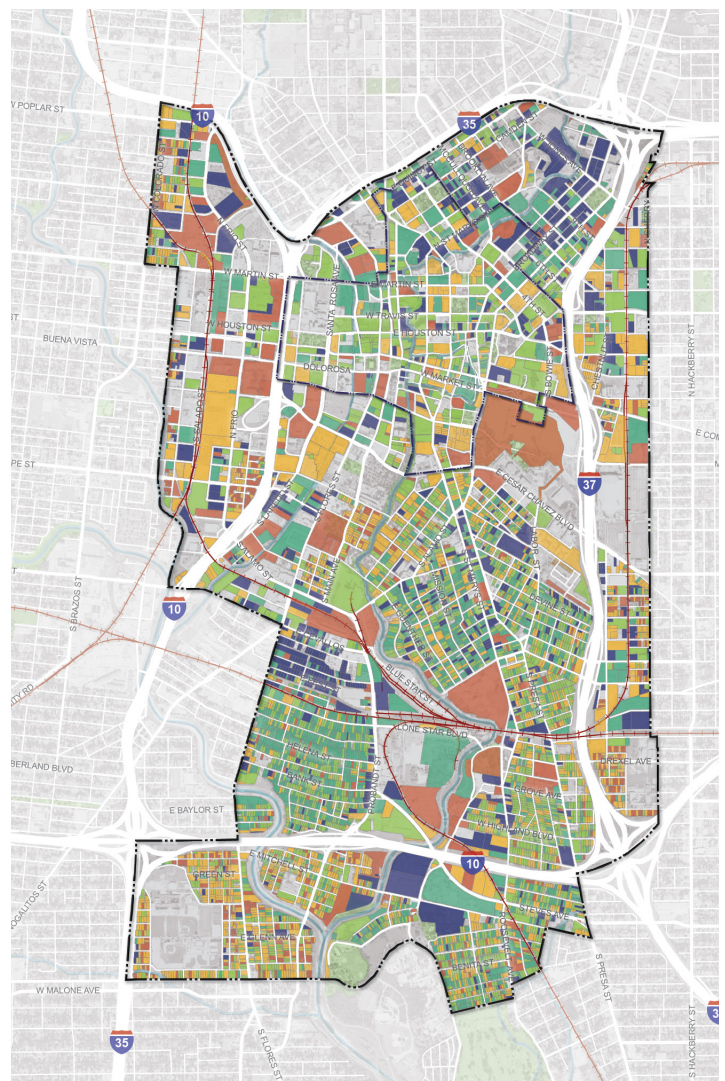


Figure 3. DRC Change in Value per Acre, 2010-2017





### 3. The Next Decade of Downtown

As the community enters a new decade and the progress it has made towards SA 2020 community vision goals become evident, highlighting the significance of downtown on the City's success is needed. A community visioning effort that started around 2010 and in concert with major downtown initiatives was completed to help guide the City's efforts. This effort, SA 2020, had a goal to attract 5,000 new housing units in downtown by 2020. The City is well on its way to accomplishing this goal. The growth of housing and reinvestment in the core of downtown has renewed interest from major employers in the urban core. This renewed interest is evident by the new Frost Tower; a 23 story, 460,000 square foot office tower recently built in downtown.

Despite Downtown's success, some existing challenges still remain and new challenges have emerged. Employment growth has been limited; however, the desirability of living in downtown has exceeded expectations. The attractiveness of downtown has generated increases in real estate values that are starting to create impacts on residents in downtown adjacent neighborhoods. A major catalyst to re-investment in the urban core has been the use of public lands and assets to drive demand for private investment. In the future, this same approach will be needed as the forecast growth for Downtown exceeds the capacity on readily developable privately-owned sites. This fact is documented later in this report. Lastly, certain portions of the regional center have not benefited from renewed investment as others and there is a challenge to ensure all residents and areas benefit from the success of the urban core.



## Remaining Challenges

Support for housing was one of the four focus areas in Centro's 2011 Strategic Framework Plan. The plan identified the need to increase the amount of people living in Downtown as an essential element to increase activity in the urban core and to spur revitalization. The City's efforts have been largely successful as those focus areas have captured significant housing growth. The challenges that still exist relate to expanding access to downtown and opportunity for all to benefit from the growth of the area. Maintaining opportunities for residents and household types to live in Downtown will be an increasing challenge as the value of downtown grows. The feasibility of housing development has become less of an issue as the housing market in downtown has grown steadily and projects are achieving the market's highest rents in the most attractive areas. However, infill and redevelopment continues to be costly with unpredictable conditions demanding higher rents to cover costs. The affordability of housing for existing middle and lower income residents in the urban core has become challenging. As demand continues to grow, there is a need to maintain and create affordable housing options along with the market-rate development that are attainable to lower income homeowners. The City of San Antonio has recently adjusted its Center City Housing Incentive Program (CCHIP) to address current market conditions and to increase incentives for providing affordable housing.

The Downtown Regional Center has a relatively small office employment base when public administration jobs are not included. The economic base lacks a significant presence of private sector office employment. The lack of new office development has made proving demand for new development difficult for speculative office development despite renewed interest in downtown from employers. As well, the existing office inventory is largely dated, built before 1990, and often does not meet the needs/desires of new companies seeking more open and flexible floor plate designs. Recent efforts to generate more office space development and attract private business to downtown have begun to make a significant investment. Major companies, including Frost Bank, USAA, and HEB, have made major, recent investments in downtown in terms of new space or addition of new jobs.

Tourism oriented uses still dominate the central portion of downtown. While tourism is an important component of the City's economy, the market values for accommodations are higher than other uses can often support. This makes non-hotel development opportunities more difficult as land owners are often expecting market values for land based on values hotels can support. As well, the overall land use pattern in the central portion of the Downtown area is largely devoted to supporting the tourism related uses but is relatively underutilized. Supporting the growth of other employment uses is needed along with continued growth of the tourism and entertainment uses.

## Opportunities for Growth

### The University of Texas at San Antonio

There are currently efforts focused on expanding the diversity of activity and opportunity for growth in Downtown. The growth of education activities is a major effort being undertaken by the City, County, and the University of Texas at San Antonio (UTSA). UTSA's downtown campus was a major investment and addition to Downtown in 1997. The effort increased the presence of students and increased vitality to the area. The next evolution of the University's growth in Downtown is the expansion of education and, importantly, research and development activities within the campus. UTSA, in partnership with the City of San Antonio and Bexar County, has proposed

Lastly, the Downtown Regional Center needs to improved connectivity to the surrounding neighborhoods and region to ensure that residents, workers and visitors can access downtown. The growth of VIA Metro Transit Agency's service and continued efforts to create a modern transit system providing access to downtown are needed to maintain access to employers and entertainment options and help mitigate congestion. The revival of the City's urban neighborhoods also highlights the benefits of connecting the downtown area to its surrounding neighborhoods through enhanced multimodal connections. The physical dividers (e.g. interstate highways) of downtown need to be crossed to allow access to residents of surrounding neighborhoods to benefit from downtown's growth and amenities.

a major expansion of the campus to introduce new colleges and education offerings related to business and data science and the creation of a National Security Collaboration Center to bolster the growth of cyber-security in the region. The campus is planned to grow from 4,500 students to over 15,000 students at buildout, which will make UTSA an even larger and ever-important economic asset for Downtown and the city. The UTSA efforts include the use of underutilized, publically-owned land as a strategy to support the growth of UTSA downtown.

## IT/Cyber Technology

Downtown has a burgeoning cluster of technology companies, startups, and support businesses and agencies to help foster business growth in technology. The Houston Street and Travis Street Corridors in downtown have become the City's Tech District, which is being supported by entities like Geekdom, Rackspace, and Scaleworks, and bolstered by the movement of tech jobs to downtown by large businesses in the region including USAA. This emerging collection of technology employers and workers needs to be further supported to allow it to grow. UTSA's plans to expand its education and R&D efforts into downtown will help continue to support this growth.

## Culinary and Food Industry

San Antonio has a long standing history and tradition as a food destination. Historic destinations for food including Market Square, Mi Tierra, and the San Antonio Produce Terminal Market are still thriving and evolving. The Downtown area has become a destination for culinary arts anchored by the Culinary Institute of America. As well, San Antonio is home to major national/international food oriented companies including HEB, Frito Lay, Tyson Foods, and Sunsweet. Downtown continues to serve as the center to the culinary and food industry in San Antonio and its businesses and attractions reflect the city's history as a food destination

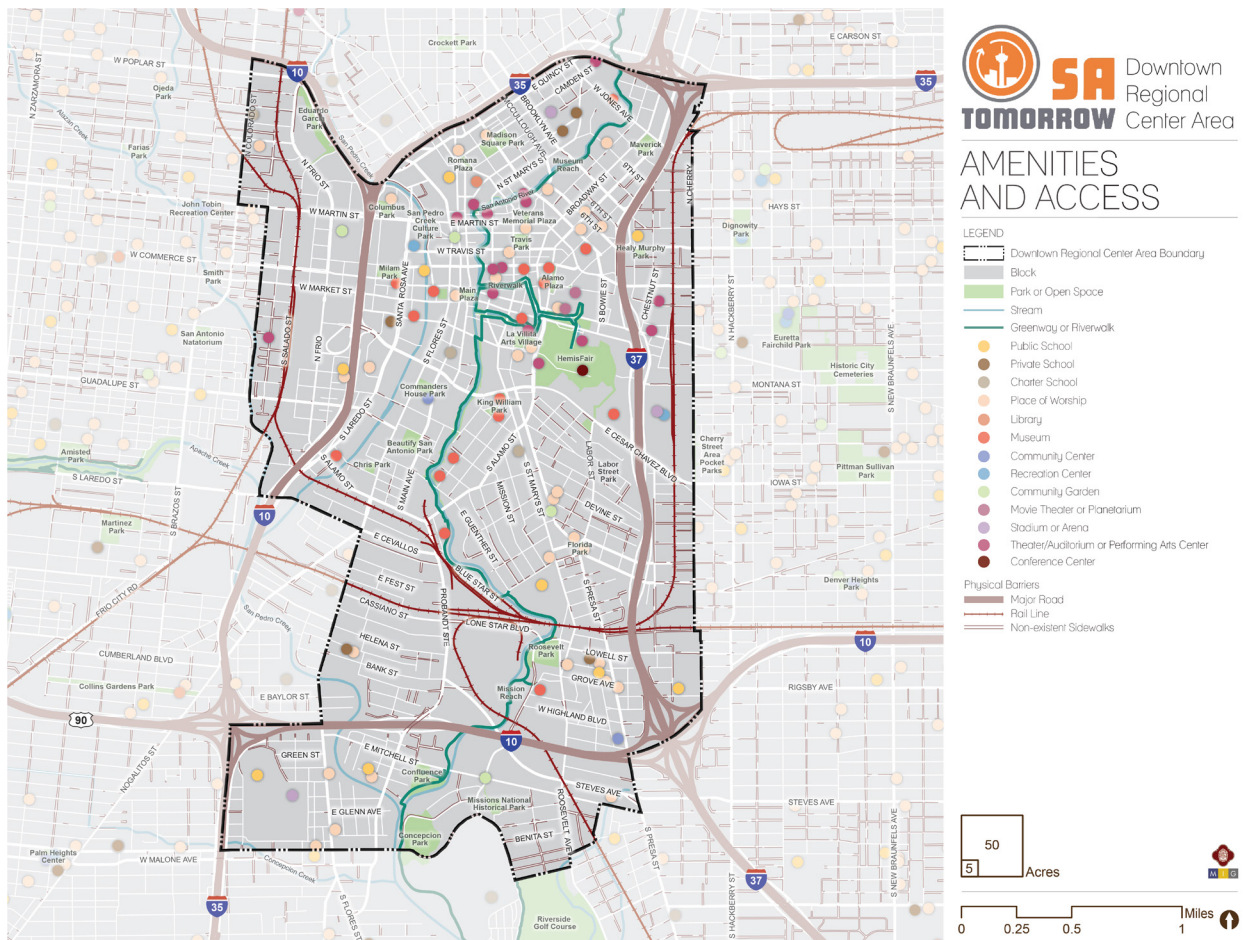


Figure 4. Downtown Regional Center Amenities and Access Inventory



## Neighborhood Business Districts

Lastly, the growth of housing and activity in downtown has spurred the revival and emergence of neighborhood business districts that serve not only surrounding neighborhoods but have become major entertainment destinations. Facilitating the growth of these districts will help continue to increase the appeal of both working and living in downtown and grow the diversity of attractions in the area for entertainment for locals and visitors. These districts, which are often aligned with the arts and culture districts and assets, function best when there is a partnership of the public and private entities, such as Centro San Antonio, to achieve a shared vision.

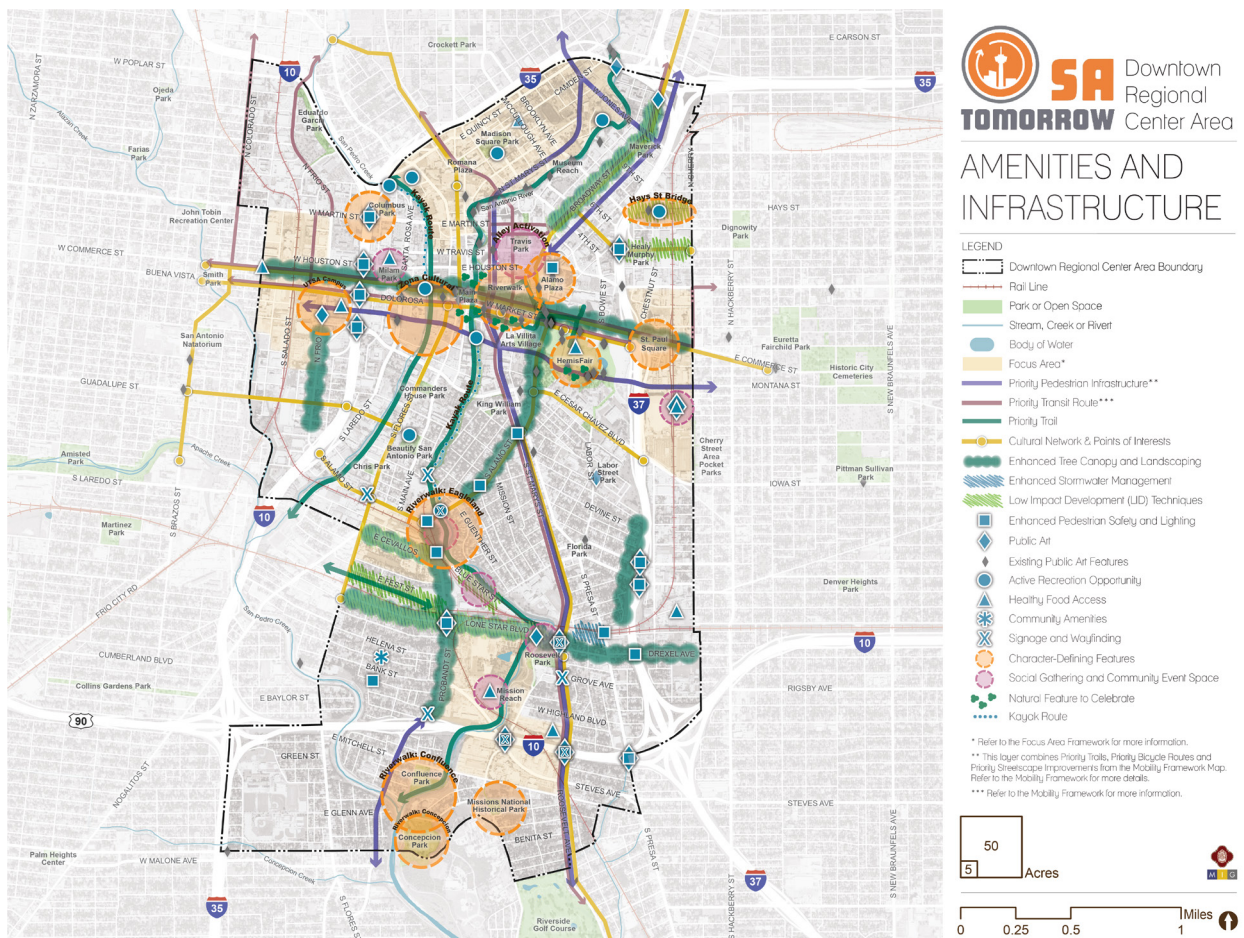
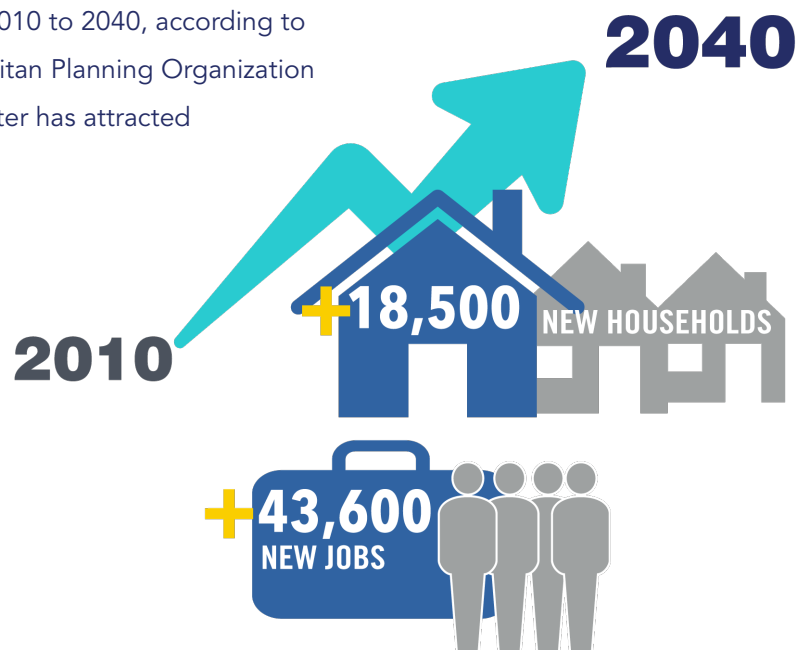


Figure 5. Downtown Regional Center Amenities and Infrastructure

## Forecast Future Growth

The Downtown Regional Center is forecast to grow by 18,500 new households and 43,600 new jobs from 2010 to 2040, according to forecasts from the Alamo Area Metropolitan Planning Organization (AAMPO). The Downtown Regional Center has attracted the development of 5,900 new housing units and 2.5 million square feet of commercial space since 2010 (built or under construction). Commercial use development since 2010 represents an estimated increase of 9,500 jobs. In addition to the recent development, approximately 1,150 housing units and 660,000 million square feet of commercial space are proposed to be built in the near future.



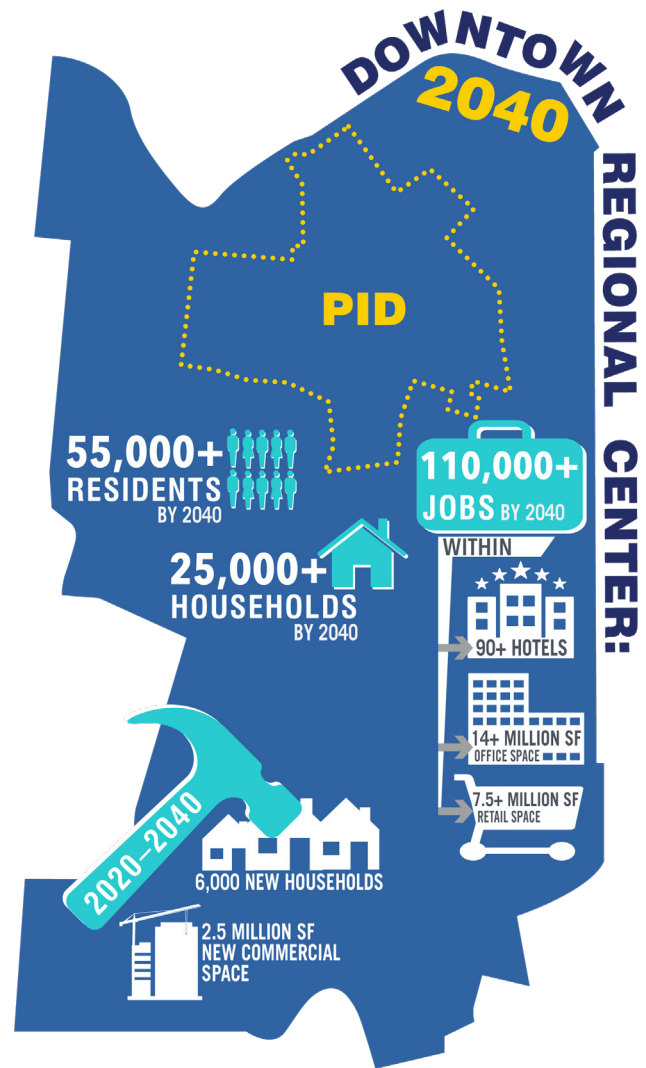
Downtown Regional Center	Housing Units	Non-Residential Development	Jobs <sup>1</sup>
AAMPO 2010 to 2040 Forecast	18,500	---	43,600
<b>Development Activity</b>			
Added Since 2010	4,000	1,809,340	6,731
Projects Under-Construction	<u>1,900</u>	<u>752,150</u>	<u>2,798</u>
<b>Total</b>	<b>5,900</b>	<b>2,561,490</b>	<b>9,529</b>
Proposed Development Projects	1,150	660,350	2,456

1 - Jobs estimated based on development activity. New building square feet for commercial and hospitality developments used to estimate jobs based on average jobs per square foot factors.

Source: Economic & Planning Systems

*Table 1. Downtown Regional Center Forecast New Jobs and Households, 2010 to 2040*

EPS estimates that within the Downtown Regional Center boundary 4,000 new housing units have been built (as of 2019) and an additional 1,900 units are under construction. Of the forecasted 18,500 new units for the Downtown Regional Center (from 2010 to 2040), there are a 14,500 housing units that will be built over the next 20 years. These 14,500 units are estimated to generate a demand for approximately 173 acres of land. Downtown has attracted an estimated 6,731 new jobs to the area since 2010. If Downtown will achieve the 2010 growth forecast, and additional 36,869 jobs are estimated to generate demand for approximately 144 acres for new development. The estimated total demand for land for new development is estimated to be 317 acres from 2020 to 2040.



Downtown Regional Center		Housing Units	Jobs <sup>1</sup>
<b>Growth Forecast</b>			
AAMPO 2010 to 2040 Forecast	A	18,500	43,600
New Units/Jobs (2010-2019)	B	4,000	6,731
<b>Remaining Forecasted Units</b>	<b>A-B</b>	<b>14,500</b>	<b>36,869</b>
<b>Estimated Land Demand</b>			
New Units/Jobs Expected	C	14,500	36,869
Unit/Job per Acre Demand	D	84	256
<b>Land Demand (acres)</b>	<b>C/D</b>	<b>173</b>	<b>144</b>

Source: Economic & Planning Systems

Table 2. Downtown Regional Center Forecast Land Demand, 2020 to 2040



## Downtown Regional Center Plan

The City of San Antonio adopted the Downtown Regional Center Plan in December 2019, which represents the community's vision for Downtown over the next 10 to 20 years. The Plan provides policies and implementation recommendations developed to achieve the vision. The Downtown Regional Center Plan provides a detailed future land use plan for the Downtown Area, shown in *Figure 4*. The future land use plan provides direction for changes to land use policy, zoning, and development regulations in the Downtown Area. A large portion of the Downtown Regional Center is designated as Regional Mixed-Use, which calls for the highest level of density of all land use categories and encourages medium and high-rise development with mixture of uses.

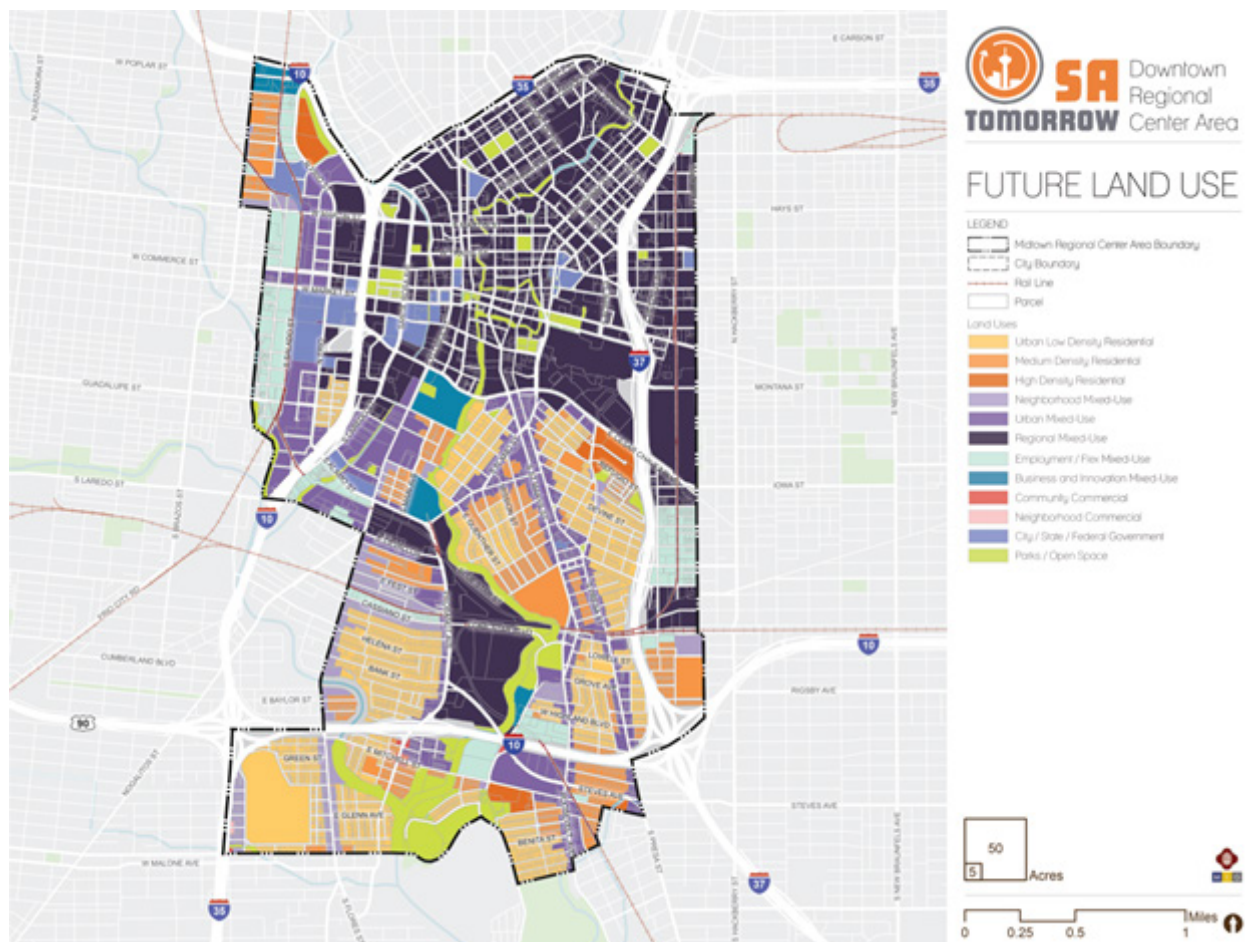


Figure 6. Downtown Regional Center Future Land Use Map

The Downtown Regional Center Plan also identifies five focus areas within the plan boundary. These focus areas were identified in areas that need extra attention to define the desired land use pattern and density, address major barriers to development and connectivity, and to help catalyze development that fits with desired character of the area. Two of the focus areas (described below) are located in areas with a large presence of publically-owned parcels that could catalyze development and help address some of the challenges Downtown faces.

- Focus Area 2 includes an area on the western edge of the Plan Area between North Frio Street on the east and North San Marcos on the west. This area includes several large publically-owned parcels that are largely underutilized. The area is also the location of significant public uses that provide important services to the San Antonio community including the UTSA Downtown Campus, VIA Metropolitan Transit Agency offices and the Centro Plaza multimodal transit station, the Bexar County Adult Detention Center, San Antonio Municipal Courts, and a collection of other public uses. This area serves as the bridge between the core of Downtown and the historic West Side neighborhoods, and overlaps with the historic Cattleman's Square district and Zona Cultural.
- Focus Area 3 is located on the eastern edge of the Plan Area between I-37 and North Cherry Street. This area also includes several large publically-owned parcels and uses including the Alamo Dome and associated parking lots, historic St. Paul Square, the VIA Robert Thompson Transit Station and Amtrak station, and other potential redevelopment sites.

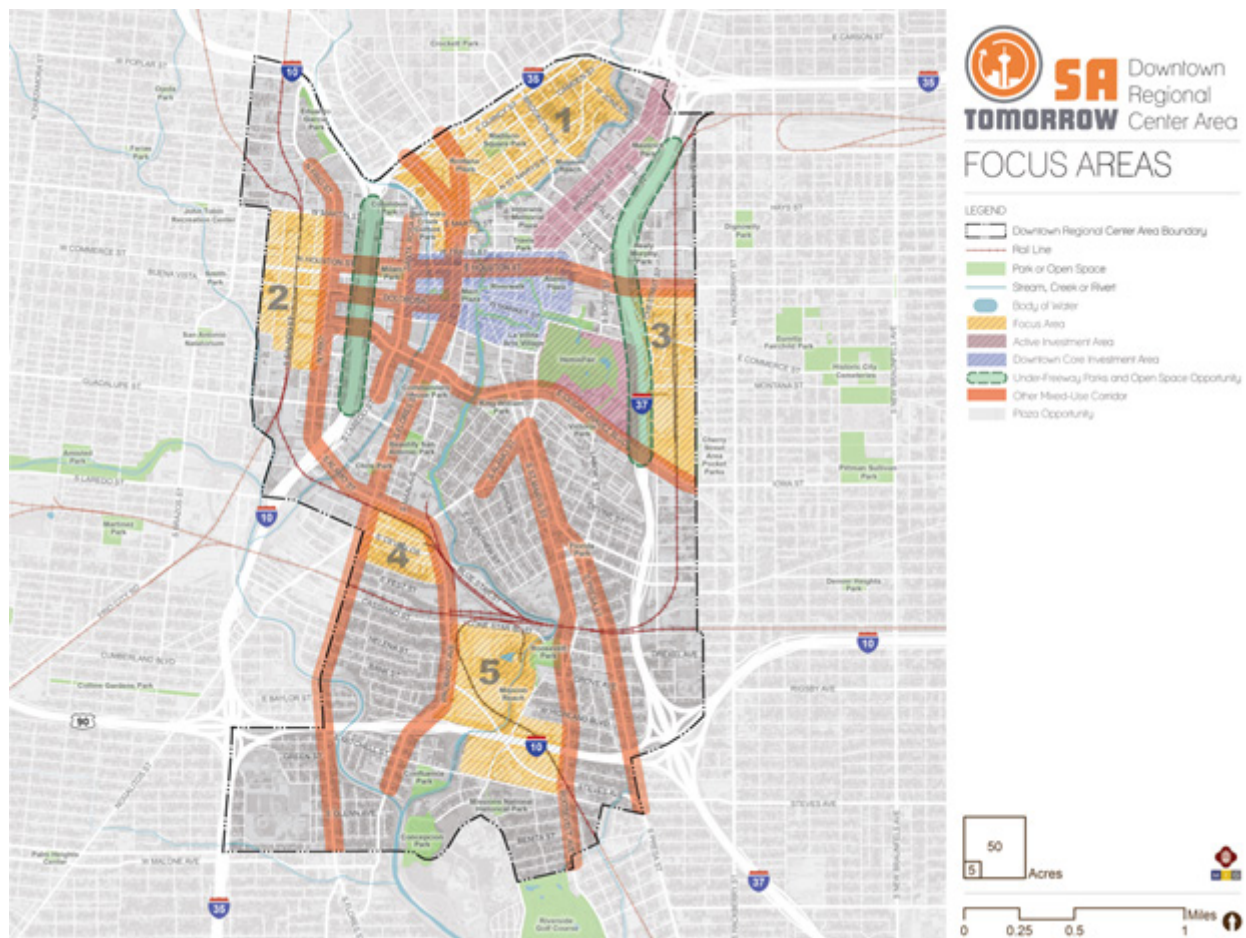


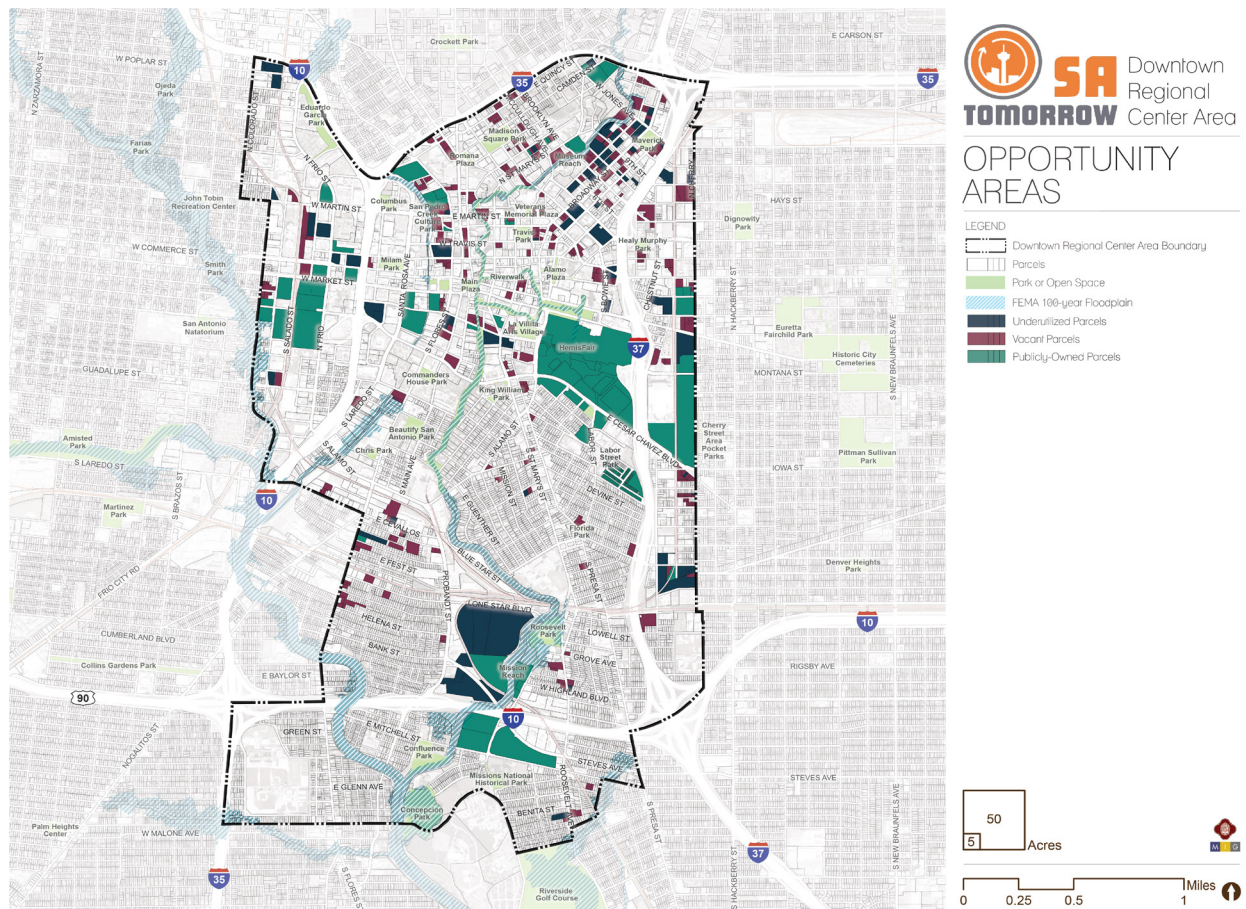
Figure 7. Downtown Regional Center Focus Areas



## Development Capacity

EPS analyzed parcels within the Plan Area to identify potential infill and redevelopment sites to accommodate the projected new housing units and jobs. This effort was aided by Centro San Antonio staff and the development of Areas of Opportunity for the Downtown Regional Center Plan Area. The analysis included identification of three types of properties that are considered to be potential development sites.

- **Vacant Sites** – These parcels are privately owned with no buildings or major improvements.
- **Underutilized Sites** – These are parcels that are privately owned and are considered to be underutilized based on two measures of their current utilization: 1) the parcels floor area ratio (FAR), which measures the amount of building space relative to the size of the parcels; and 2) the building or improvement value to land value ratio, which compares the Assessor's estimate of the improvement value of a parcel to the land value. Parcels with a low FAR (e.g. small building on a large parcel) and/or with a low building to land value ratio (low value building on a valuable site) were identified as potential redevelopment sites.
- **Underutilized Public Sites** – These publically owned parcels are considered to be underutilized based on their current use and improvements or are part of a large redevelopment project (e.g. HemisFair).

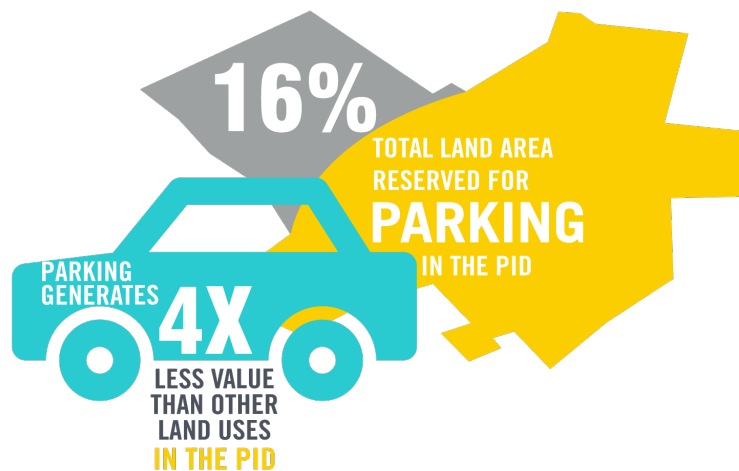
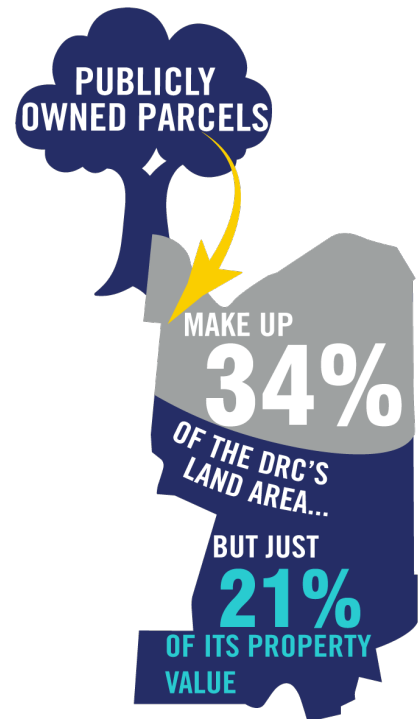


**Figure 8. Downtown Regional Center Opportunity Areas**



Two main findings regarding available development sites that could impact future growth of the downtown regional center were identified.

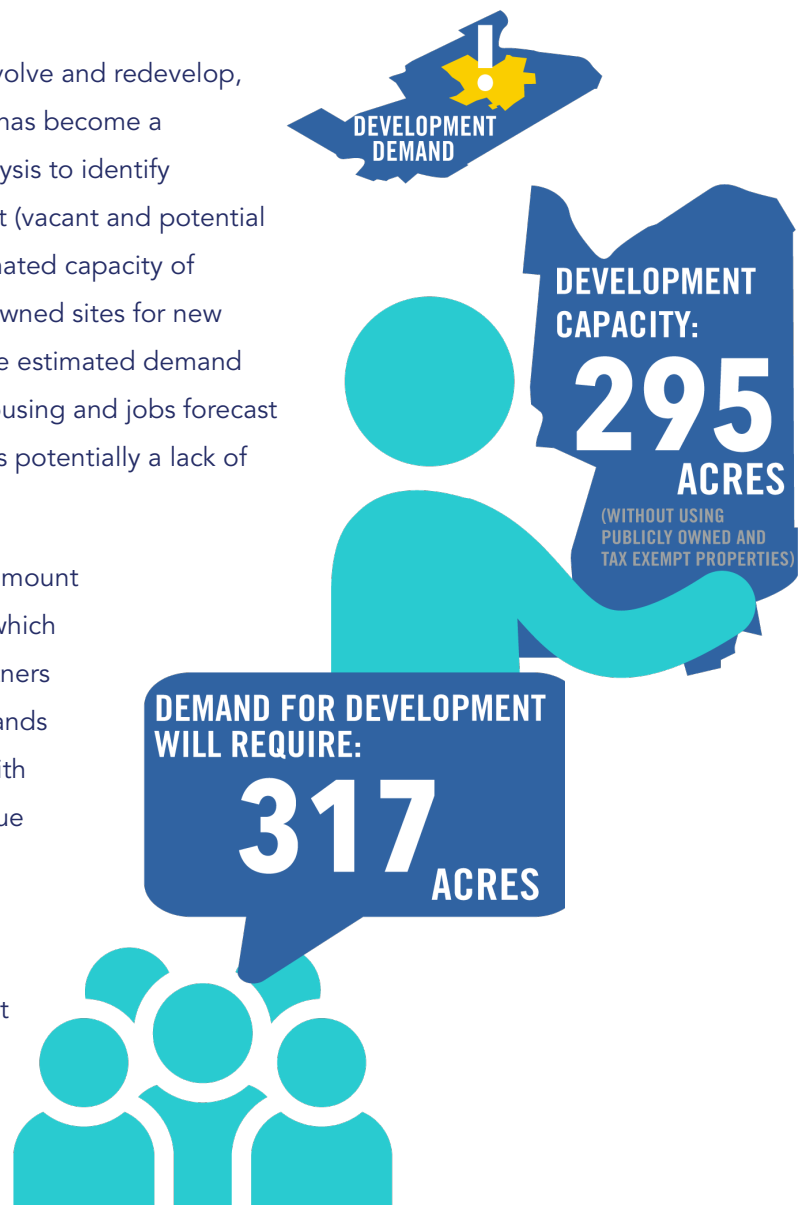
- First, there is a significant amount of publically owned and tax-exempt (non-public) land within the regional center, as shown in *Figure 9*. Publically-owned sites account for 14 percent of land in the Downtown Regional Center. If taxable, these properties only represent an estimated 10 percent of total property value (based on Bexar County assessor data). Exempt parcels, which are non-publically owned, but tax exempt, account for 19 percent of land in the Downtown Regional Center and are estimated to account for 11 percent of the property value. In total, these non-taxable parcels account for 34 percent of land but only 21 percent of the property value, an indication that these sites are underutilized.
- Second, a significant amount of land within the core of Downtown and within the Downtown PID is used solely for parking. Approximately 16 percent of the land within the Downtown PID is used solely for parking (including surface parking lots and stand-alone parking garages). These parcels contribute only 5 percent of the total property value in the PID. The average parcel in the Downtown PID has an average value per acre of \$4.1 million and generates nearly four times more value per acre than a parcel used for parking only.



As the Downtown area continues to evolve and redevelop, the capacity to support future growth has become a major consideration. Based on an analysis to identify opportunity sites for new development (vacant and potential redevelopment sites), there is an estimated capacity of approximately 295 acres of privately-owned sites for new development. As shown previously, the estimated demand for new development based on the housing and jobs forecast is 317 acres. This indicates that there is potentially a lack of development capacity.

The Downtown area has a significant amount of publically-owned parcels, some of which are underutilized. The City and its partners have been successful at using public lands to catalyze growth in the downtown with the HemisFair projects. This is also true throughout the City of San Antonio, as the Brooks and Port San Antonio redevelopments have proved to be major employment and activity catalyst on the Southside of the City. There is continued need to use public lands to enable growth in the Downtown Regional Center Plan Area.

If publicly-owned parcels that may be underutilized are included, an additional 145 acres of capacity is created. The use of public land to accommodate potential new jobs and households will be needed for Downtown to develop as envisioned. The use of public land can also become an important tool for supporting major efforts including increasing affordable housing availability in Downtown and supporting economic growth. A greater utilization of downtown development sites is needed to continue the area's momentum and catalyze growth in areas that have not experienced recent development.



## Downtown Regional Center

Acres

### Estimated Development Capacity

Privately Owned Sites	A	295
Underutilized Public/Tax Exempt Sites	B	145
<b>Total Estimated Capacity</b>	<b>A+B=C</b>	<b>440</b>

### Estimated Land Demand

D 317

Privately Owned Sites Only Net Capacity

A-D 22

All Sites Net Capacity

C-D 123

Source: Economic & Planning Systems

Table 3. Estimated Land Demand versus Land Supply

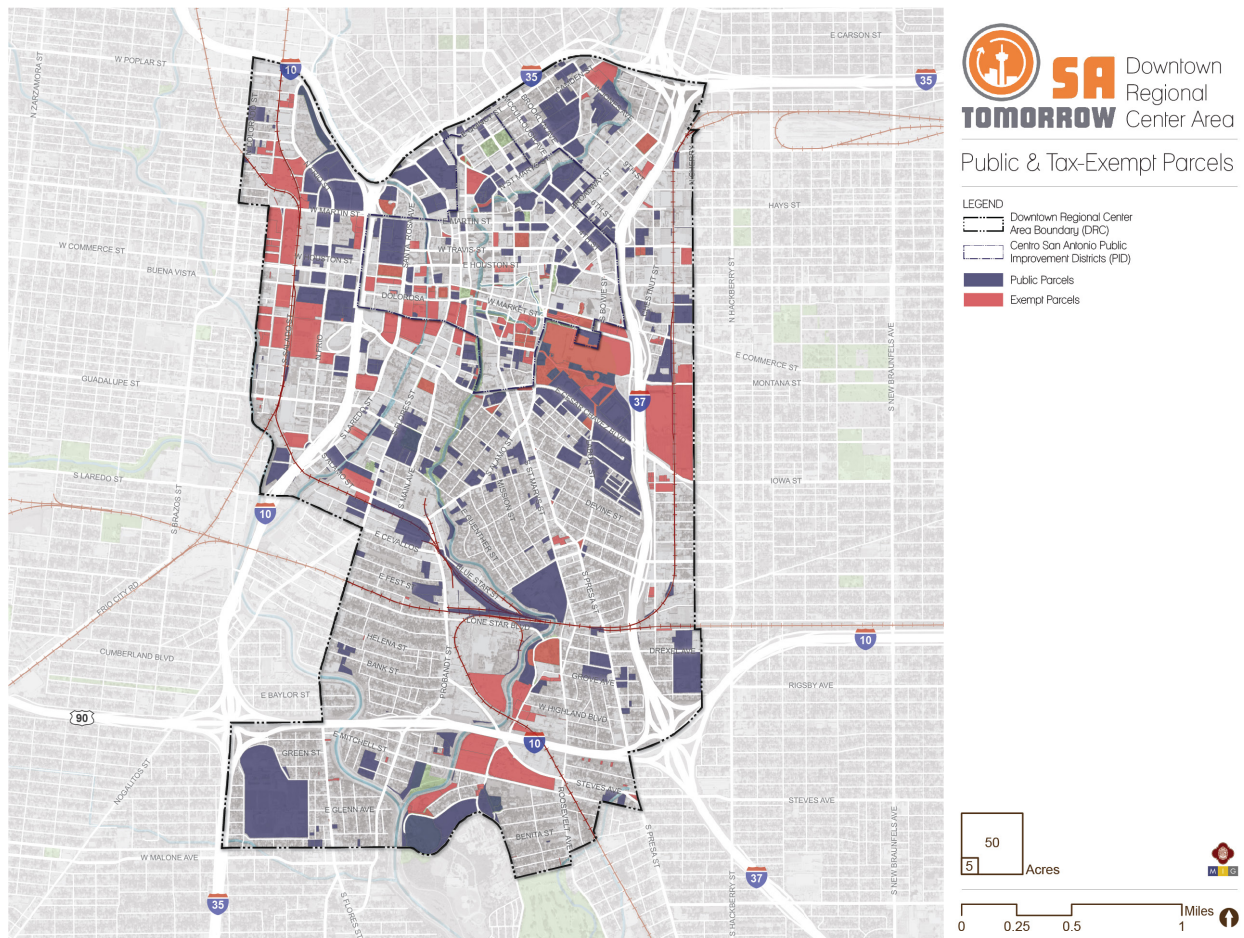


Figure 9. Downtown Regional Center Public and Tax-Exempt Parcels





## 4. Value of Investing in Downtown

Downtown San Antonio is a major economic engine that generates private activity, investments, and spending. Downtown is also a major engine for fiscal health of the City of San Antonio. Continued investment in improving the area produces a substantial return of public dollars used to help grow Downtown. The 13 Regional Centers identified in SA Tomorrow are a major component of the City's future growth plan. The purpose of the Regional Centers is to capture investment and development in these centers to manage growth, but also leverage the City's economic assets, and generate value that benefits the whole community.

A fiscal impact assessment is being completed for each Regional Center subarea plan. The purpose of the fiscal impact assessment for each Regional Center is to compare the estimated cost of the proposed public improvements to the additional value that is generated by the plan.

The estimated increase of property tax (Debt Service portion) from new development is compared to the proposed infrastructure and amenity improvements for the Regional Center. The proposed improvements in the plan are designed to enhance the ability of the Regional Center to accommodate the forecast new growth and the type of development desired by the community. The improvements also will increase the attractiveness and quality of life for existing residents and businesses. Two metrics are used to measure the estimated impact of the plan:

- **Return on Investment Ratio:** The estimated benefit of the proposed plan (increased revenue for capital projects) was compared to cost of the proposed infrastructure and amenities within the plan. This is expressed as the "return on investment" of these plans.
- **Value per Acre:** The estimated value of developed land in the subarea is calculated for the current conditions (2018) and the estimated value in 2040 (forecast new development plus existing development). The analysis shows the percent increase of value per acre as a result of the plan actions and improvements.

## Downtown's Return on Investment

The Downtown Regional Center growth forecast is estimated to generate demand for 15,360 additional housing units and 11.4 million square feet of new commercial space. This new development is estimated to generate an increase in annual property tax revenue to the City for debt service of \$10 million. Over the 20 year plan horizon, the estimated cumulative increase in property tax revenue for debt service equals \$220 million.

The proposed, conceptual infrastructure and amenity improvements for the Downtown Regional Center are within the adopted Downtown Regional Center Plan. The estimated costs per location or linear foot of improvement were developed by MIG and applied to the improvements identified in the Infrastructure and Amenities Plan within the Regional Center Plan. The estimated capital improvement cost of the proposed improvements is \$31.2 million, as shown in Table 4. The proposed land use plan and infrastructure and amenities needed to support the plan will generate an estimated benefit (increased property tax for debt service) to cost (capital improvement costs) ratio of 7.06. The proposed plan will generate a benefit 7.06x greater than the costs needed to implement the public improvements.

WITH PLAN BUILDOUT:

2018 TO 2040:



Description	Estimated Cost	Per unit	Amount in Plan	Cost
Priority Pedestrian Infrastructure	\$179.00	per linear foot	117,500 linear ft	\$21,032,500
Priority Transit Route (Bus Lane)	\$32.55	per linear foot	12 linear ft	\$390
Priority Transit Stop	\$11,650.00	per location	locations	\$0
Enhanced Tree Canopy and Landscaping (along route)	\$140.50	per linear foot	39,300 linear ft	\$5,521,650
Enhanced Tree Canopy and Landscaping (intersections)	\$19,925.00	per location		\$0
Enhanced Pedestrian Safety and Lighting (intersections)	\$103,625.00	per location	18 locations	\$1,865,250
Public Art Installations	\$30,000.00	per location	16 locations	\$480,000
Active Recreation Opportunity	\$78,000.00	per location	9 locations	\$702,000
Healthy Food Access	\$0.00		7 locations	\$0
Community Amenities	\$180,000.00	per location	1 locations	\$180,000
Signage and Wayfinding (along route)	\$0.72	per linear foot	117,500 linear ft	\$84,600
Signage and Wayfinding (intersections)	\$2,880.00	per location	23 locations	\$66,240
Social Gathering Space/Event Space	\$180,000.00	per location	7 locations	\$1,260,000
<b>Total</b>				<b>\$31,192,630</b>
Estimated Revenue				\$220,137,327
Estimated Cost				\$31,192,630
<b>Benefit to Cost Ratio</b>				<b>7.06</b>

Source: MIG; Economic & Planning Systems

Table 4. Downtown Regional Center Plan Estimated Capital Improvement Costs

The Regional Centers are expected to generate a positive return on investment. The first phase of subarea regional center plans that were completed as part of the SA Tomorrow effort were Brooks Area, Midtown, Medical Center, UTSA, and Downtown. These plans are estimated to generate a return on investment of between 2.02 to 7.06, with Downtown generating the highest return on investment (7.06).

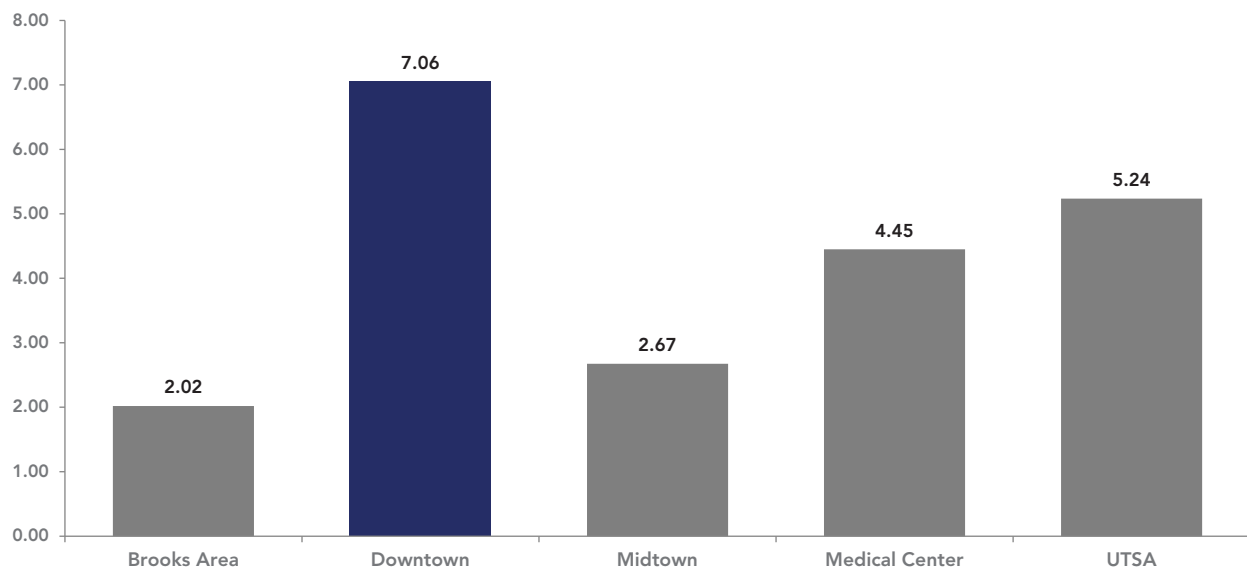
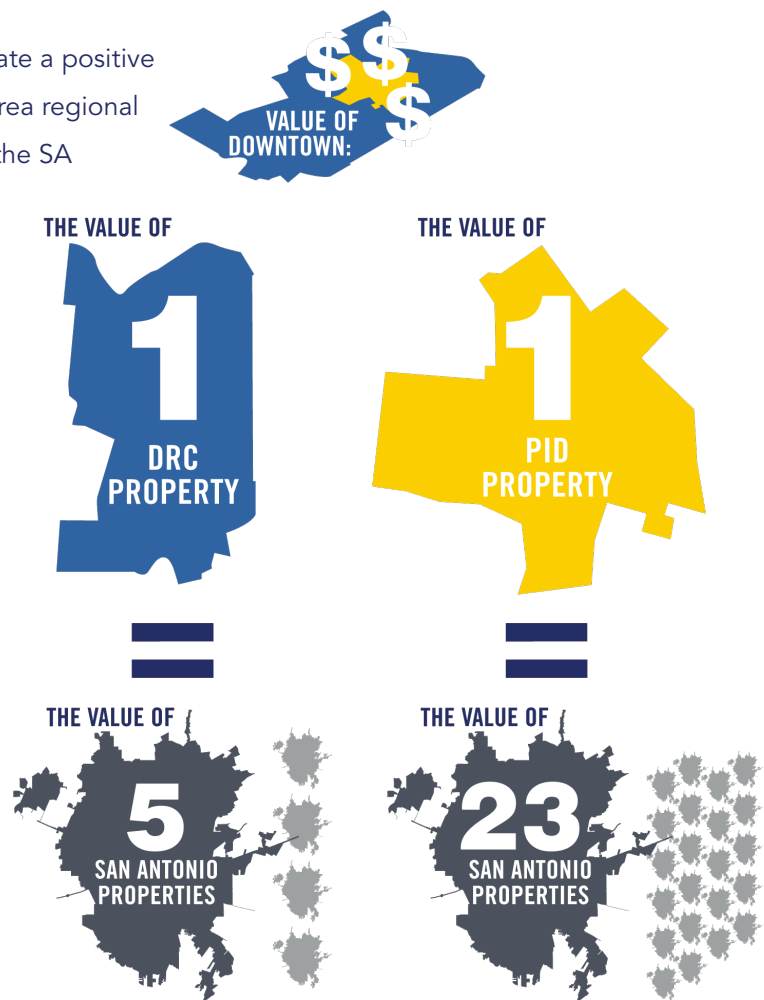


Figure 10. Phase 1 Regional Centers Return on Investment



## Downtown's Value per Acre

Downtown San Antonio has the greatest concentration of uses within the region as its infrastructure, civic assets, and built environment support a higher intensity and mix of uses. The continued efforts of the City and Centro to invest in infrastructure and amenities that allow for people to live, work, and play allows for Downtown to support a greater use of the limited land in the Downtown Regional Center and to generate the highest property values per acre.

Downtown currently has a value per acre for all properties of \$1.9 million and \$2.5 million value per acre for developed properties, I'm confused according to Bexar County Assessor records (2018). The new development is forecast to increase the value of developed property/land from \$2.52 million per acre to \$4.47 million per acre, which is 77 percent higher. Downtown is estimated to generate over two times more the average value per acre of developed land than the average for the five regional centers completed in Phase 1 of the SA Tomorrow subarea planning effort, as shown in *Figure 9*.

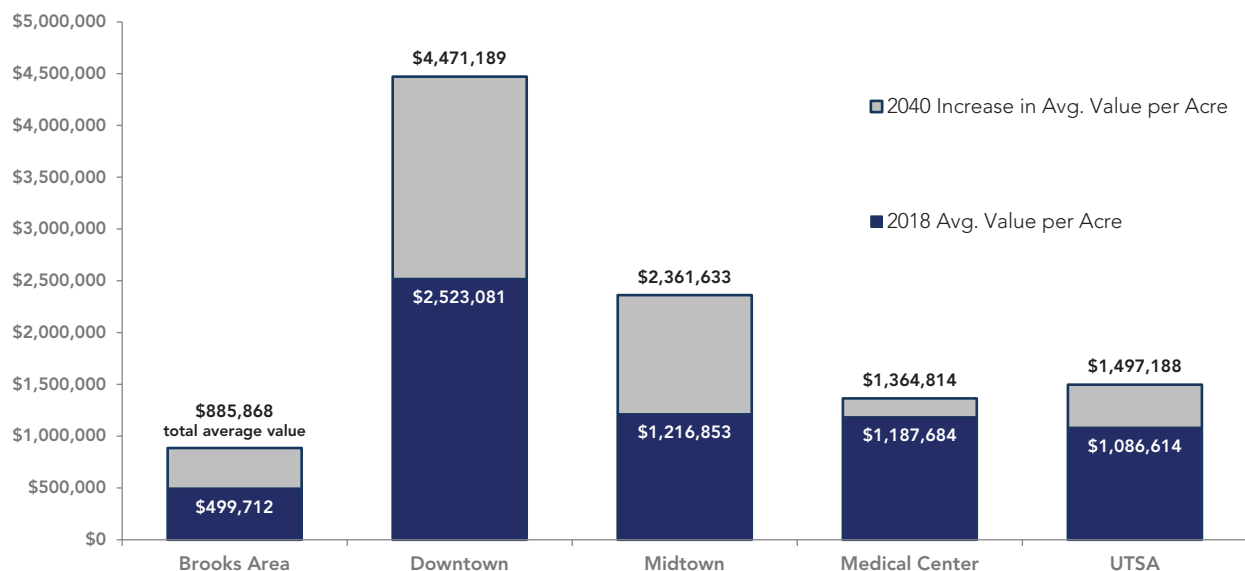
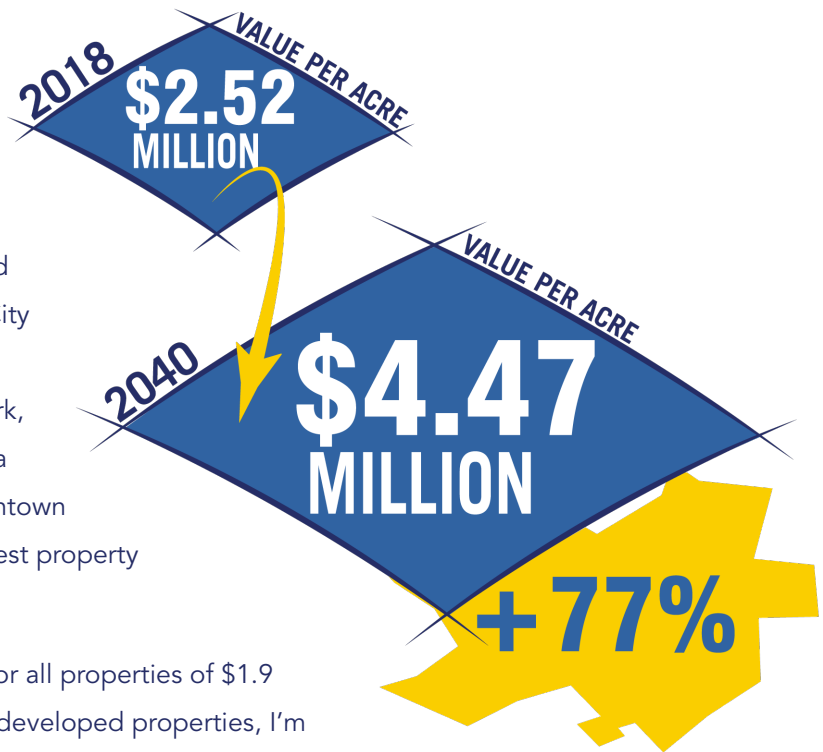
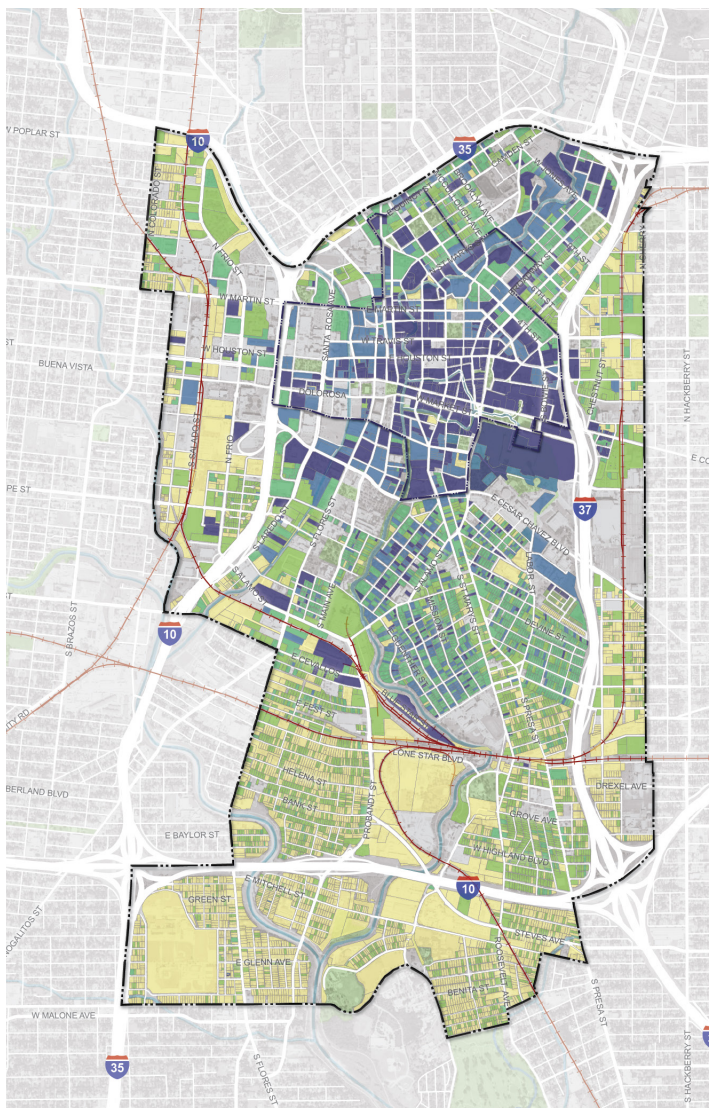
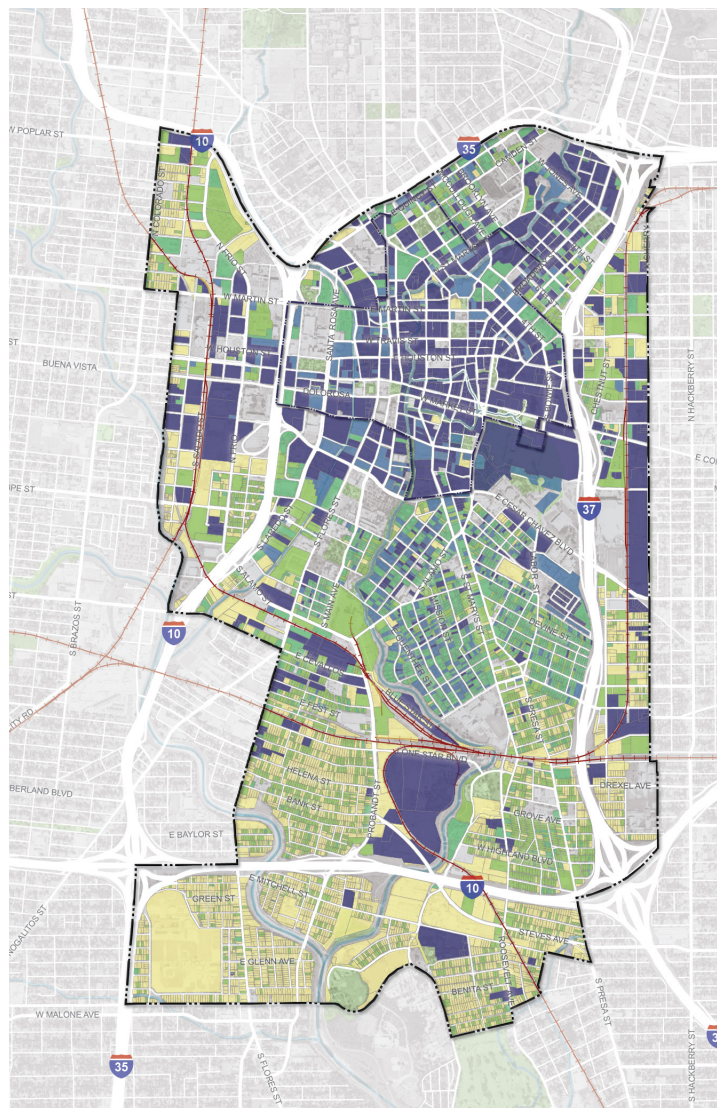


Figure 11. Phase 1 Regional Centers Change in Average Value per Acre

The values per acre of each parcel in 2017 and in 2040 are shown in *Figure 12* and *Figure 13*. The value per acre is represented in 3D using Geographic Information Systems (GIS) software. The illustrations show how valuable the development in the core of the City is. The 2040 value per acre illustrations shows how the elevated value per acre can spread to more portions of the Downtown Regional Center through the plan actions and investments. The illustration also shows the change within the Plan's focus areas and how the use of public parcels in some of these areas can help generate substantial increase in economic value and fiscal impact to the City.



*Figure 12. DRC Value per Acre, 2017*



*Figure 13. DRC Value per Acre, 2040*



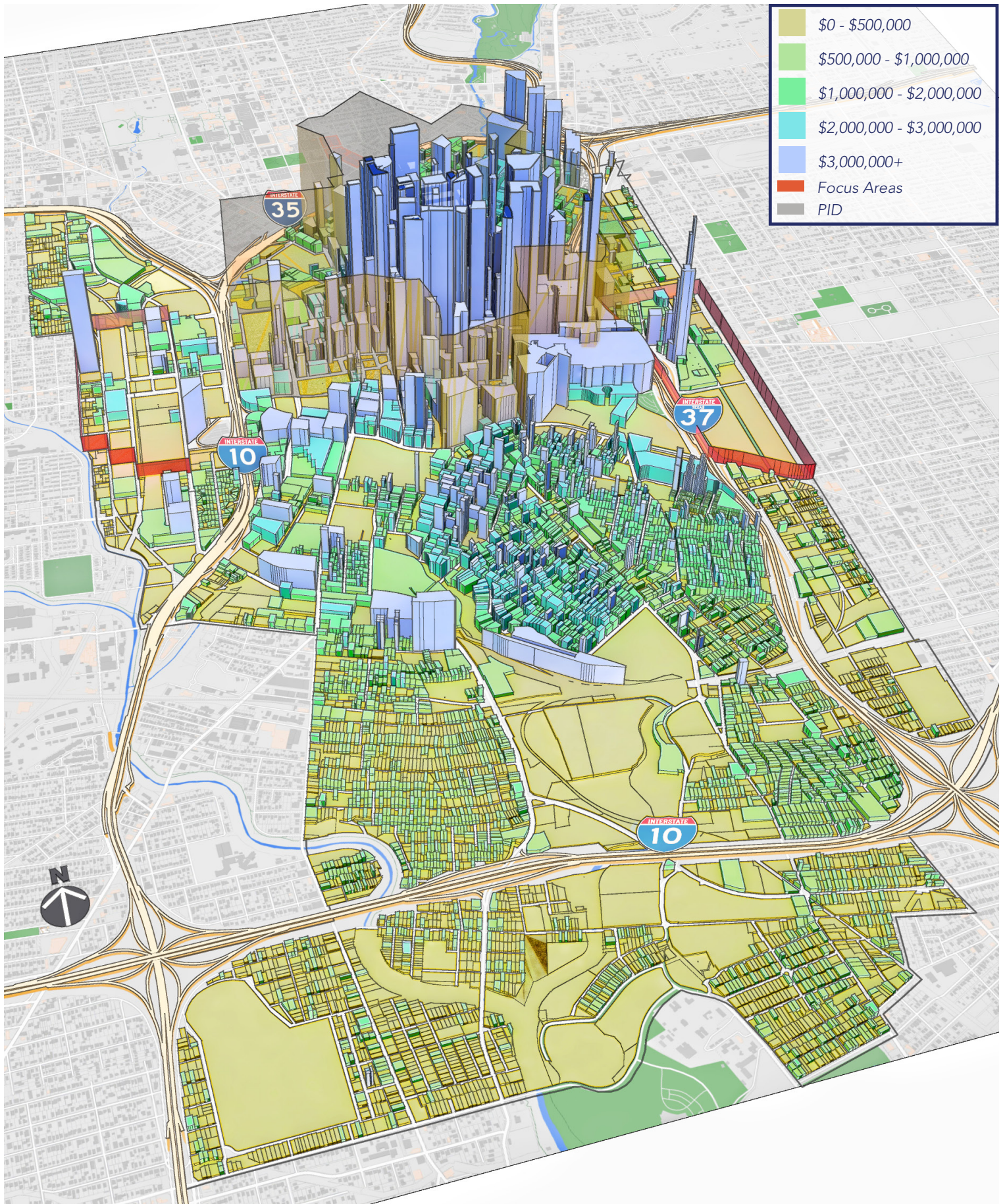


Figure 14. Downtown Regional Center Extruded Value per Acre, 2017



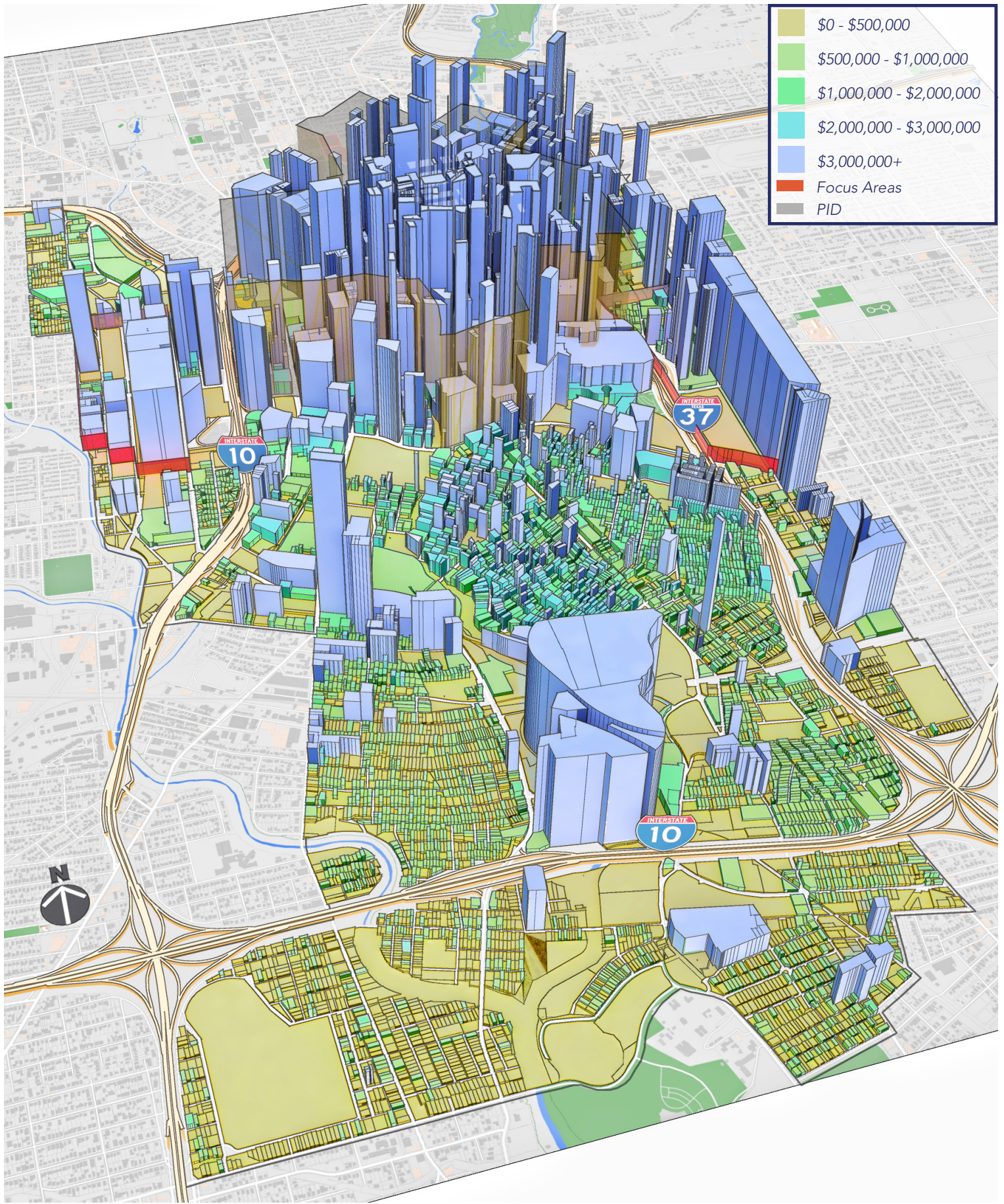


Figure 15. Downtown Regional Center Extruded Value per Acre, 2040



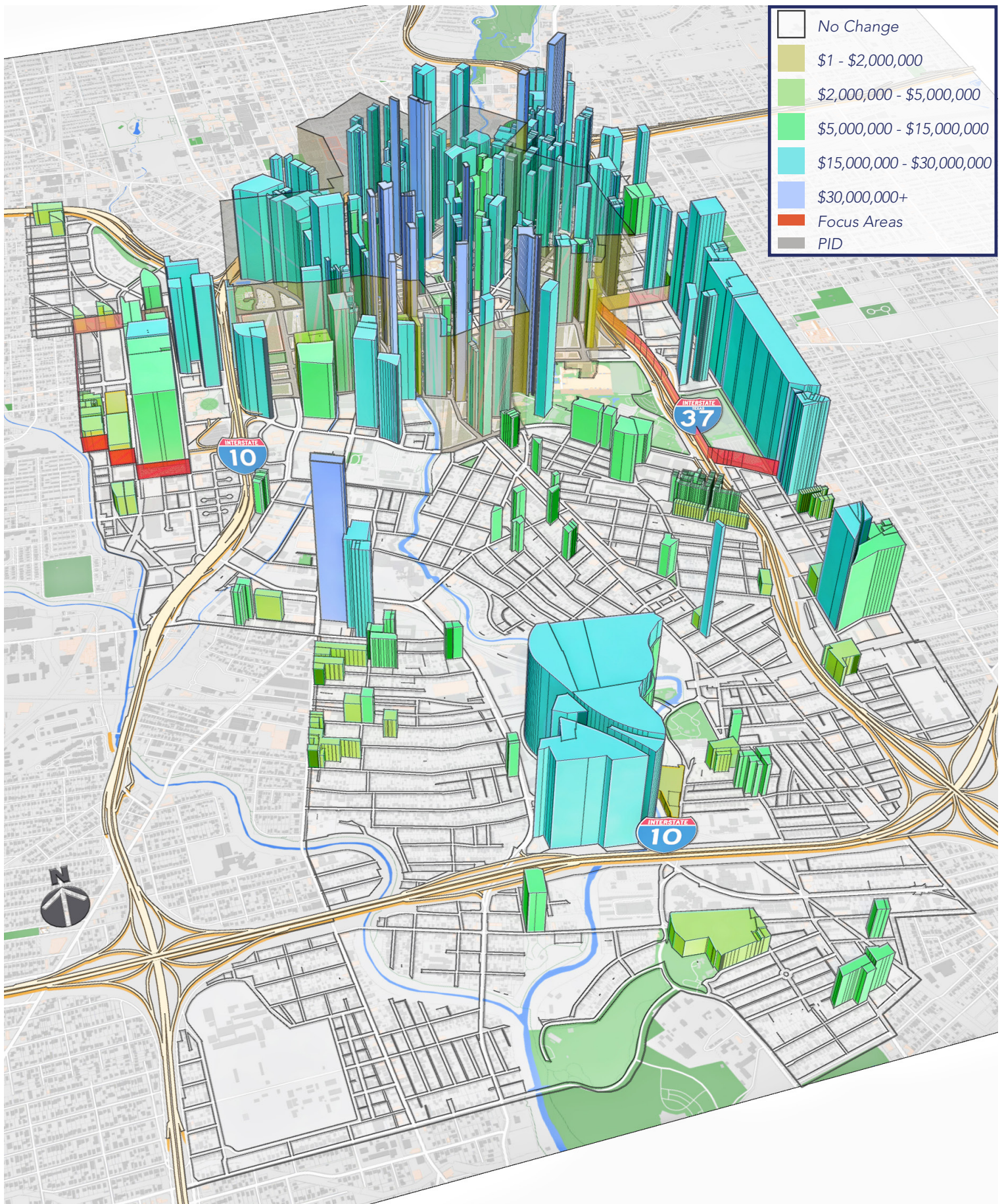


Figure 16. Downtown Regional Center, Extruded Change in Value 2017-2040





## 5. Conclusion

This Value of Downtown Study was commissioned to illustrate the impact that Downtown has on the community and the return on investment generated in downtown. In conjunction with the SA Tomorrow Downtown Regional Center Plan, this effort illustrates that continued investment in downtown is necessary to continue the area's momentum and maintain the return on investment generated by downtown.

### Current Trends

Downtown is under-going a revival as the once declining areas is now outpacing the City-wide rate of growth and is attracting private investment. The Downtown Regional Center has attracted the development of nearly 6,000 new housing units and over 2.5 million square feet of commercial space since 2010 (built or under construction). Downtown San Antonio today generates tremendous economic value and activity for the region, which continues to grow. Property in the Downtown Regional Center is valued at over \$5.4 billion (2017), with \$3 billion worth of property value in the Downtown Public Improvement District (PID). The properties in the Downtown Regional Center provide over 5 times greater value than an average parcel in the City.



## Growth Potential

The Downtown Regional Center is poised to continue its growth trajectory with the continued investment from the City, County, Centro, and community. The Downtown Regional Center is forecast to grow by 18,500 new households and 43,600 new jobs from 2010 to 2040, (Source: Alamo Area Metropolitan Planning Organization (AAMPO)). The capacity to support future growth has become a major consideration. There is an estimated capacity of approximately 295 acres of privately-owned sites for new development, and an estimated demand for new development of 317 acres. This indicates that there is a lack of development capacity. The Downtown area has a significant amount of publicly-owned parcels, some of which are underutilized. There is a continued need to use public lands to enable growth in the Downtown Regional Center Plan Area. Downtown currently has a value per acre for all properties of \$1.9 million and \$2.5 million value per acre for developed properties, I'm confused according to Bexar County Assessor records (2018). The new development is forecast to increase the value of developed property/land from \$2.52 million per acre to \$4.47 million per acre, which is 77 percent higher. Downtown is estimated to generate over two times more the average value per acre of developed land than the average for the five regional centers completed in Phase 1 of the SA Tomorrow subarea planning effort.

## Value of Investing Downtown

The Downtown Regional Center Plan was developed to build on the successes of the area and continue to generate the tremendous benefit to the region that it does currently.

- Return on Investment Ratio - The proposed plan will generate a benefit 7:1 return on investment.
- Value per Acre- The forecast growth will increase the value of developed property from \$2.52 million per acre to \$4.47 million per acre, which is 77 percent increase in value per acre.



