



FINAL REPORT

June 4, 2021

SOUTHSIDE OPPORTUNITY ZONES STRATEGY



Prepared for:



Prepared by:



in collaboration with



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Table of Contents

1	Executive Summary	1
	Project Overview	1
	Opportunity Zone Strategies	2
	Priority Action Plan Matrix	4-7
2	Project and Opportunity Zones Overview	9
	Overview of Opportunity Zones Program	9
	Examples of Use	11
	Southside Project Partners and Efforts	12
3	Outreach Summary	15
	Focus Group Meetings	15
	Survey	16
	Survey Results	17
4	Quintana Road Opportunity Zone	21
	Area Overview	21
	Demographic Conditions	22
	Market Inventory and Conditions	23
	Opportunities and Challenges	25
5	Mission San Jose/Brooks Opportunity Zone	27
	Area Overview	27
	Demographic Conditions	28
	Market Inventory and Conditions	29
	Opportunities and Challenges	31
6	Strategy	33
	Desired Community Investments	33
	Investment and Development Attraction.	37
	Displacement Mitigation.	52

Tables

Table 1.	Select Demographic Characteristics, Quintana Road	22
Table 2.	Commercial Inventory, Quintana Road	23
Table 3.	Select Demographic Characteristics, Mission San Jose,	28
Table 4.	Commercial Market Conditions, Mission San Jose.	29

Figures

Figure 1.	Southside Opportunity Zones Map.	1
Figure 2.	Quintana Road Opportunity Zone	21
Figure 3.	Average Home Value, Quintana Road Area	22
Figure 4.	Quintana Road New Development since 2010	23
Figure 5.	Quintana Road Area Potential Redevelopment Sites.	24
Figure 6.	Mission San Jose Opportunity Zone	27
Figure 7.	Average Home Value, Mission San Jose and Surrounding Areas	28
Figure 9.	Mission San Jose/Brooks Opportunity Zone Potential Redevelopment Sites	30
Figure 8.	Mission San Jose/Brooks Opportunity Zone	30
Figure 10.	Quintana Bond Map	33
Figure 11.	Mission San Jose Bond Map	35
Figure 12.	Existing Economic Development Tools	46
Figure 13.	Commercial Parcels.	50
Figure 14.	Area Deprivation Index, San Antonio.	53
Figure 15.	NALCAB Neighborhood Trends Analysis	54

1. Executive Summary

Project Overview

The City of San Antonio's economic development department and world heritage office are working in partnership with the Southside first economic development council to attract investment in two Southside opportunities zones; the Quintana Road area and the Mission San Jose/Brooks area (Figure 1). The project partners commissioned the development of this Southside Opportunity Zones Strategy to guide efforts.

This strategy was developed through analysis of existing demographic, economic, and market conditions in the Southside of San Antonio as well as an analysis of best practices for attracting investment and managing impacts of new development. Most importantly, the strategy was guided by a robust outreach to the Southside Community to gain input on desired new development and uses, and concerns about the negative impacts of new development.

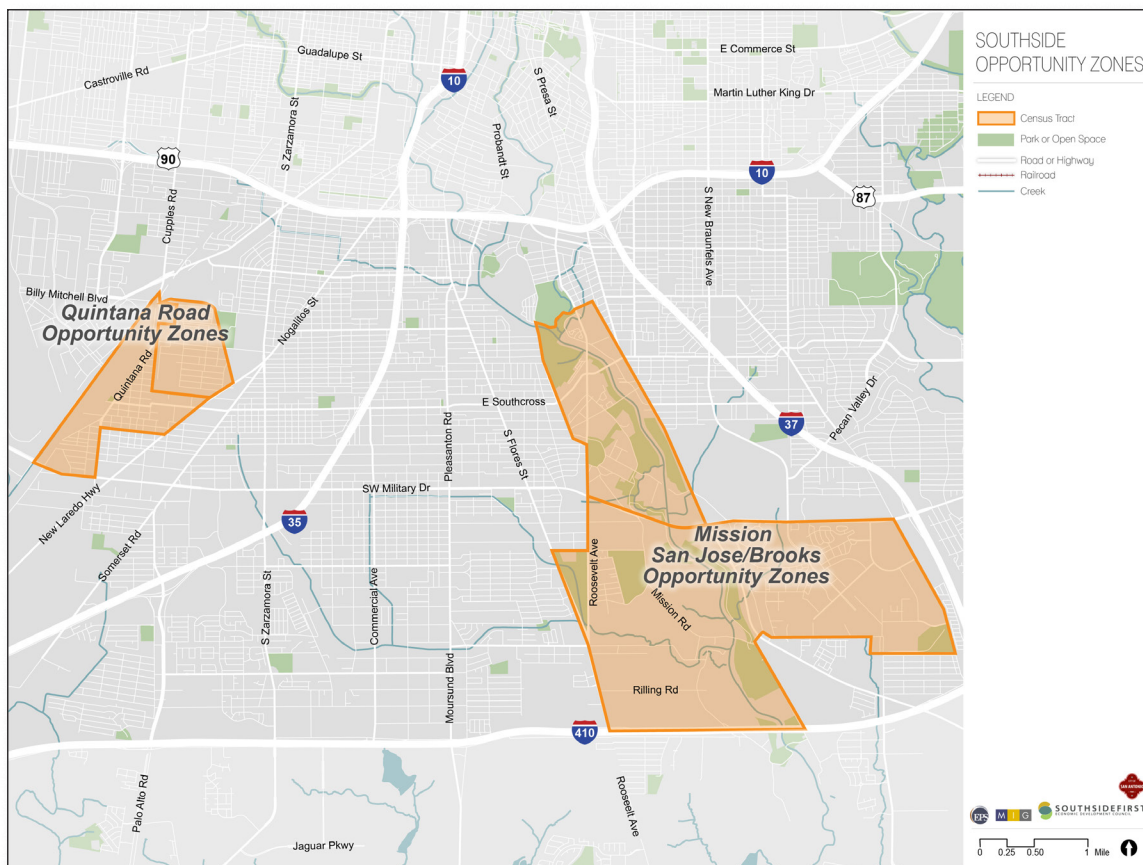


Figure 1. Southside Opportunity Zones Map

Two rounds of stakeholder forums were held with three stakeholder groups: residents and community groups, business owners and business support organizations, and real estate development professionals. A survey of the community was also fielded to gain input. The survey received over 200 responses from interested stakeholders in both focus areas.

This strategy document provides an overview of the Opportunity Zones program including examples of how the program is used and how it has been used to generate projects desired by the local community. For each focus area, an overview of the historical and cultural context and existing demographic conditions are provided. Also provided are major opportunities and challenges for attracting investment facing these areas that were identified. Lastly, an action plan is provided that highlights projects desired by the community, guidance on the application and use of tools to attract investment and gives a set of priority actions for the project partners.

Opportunity Zone Strategies

The process to develop the strategy began in late 2020 and included substantial outreach efforts to area residents, businesses, and stakeholders. Virtual stakeholder meetings, community group presentations, and an online survey were used to solicit feedback from the community. Four main themes were identified through the outreach effort. (See graphic to the right.)

The following five overarching strategies were identified for the Quintana Road area and the Mission San Jose/Brooks area.

OUTREACH THEMES



Quintana Road Strategies

1. Foster the growth of a neighborhood commercial district.
2. Increase connectivity to Port San Antonio (Port SA) opportunities.
3. Attract new businesses to the East Kelly Railport.
4. Address vacant properties and properties with negligent owners.
5. Support reinvestment in the existing housing stock and commercial buildings.

Mission San Jose/Brooks Strategies






1. Incentivize developers to provide desired community amenities in new projects.
2. Attract desired development projects to the area including new housing, reinvestment in area hotels/motels, and local retailers and restaurants.
3. Develop a toolkit to address risks of displacement of existing residents.
4. Invest in improvements to connect neighborhoods to the public and cultural amenities.
5. Address vacant properties and properties with negligent owners.

The opportunity zone designation in the Southside can help with attracting investment for larger development projects. However, the Southside also needs access to capital for projects and businesses that will not or cannot occur through the Opportunity Zones program. The Strategy identifies alternative approaches and actions that can be taken by the project partners to address the desired outcomes for the area beyond the Opportunity Zones program.

The Action Plan that follows summarizes the recommended actions for the Southside Opportunity Zones Strategy. Actions are organized by the four main themes identified by project stakeholders.

Priority Action Plan Matrix

Build on World Heritage

Action	Description	Lead(s)	Timing
Mission San Jose Tourism Economic Development Strategy 	Develop an action strategy to support cultural heritage tourism in the Mission San Jose area within the SA Tomorrow South Community Area Plan effort. Explore the desire and potential opportunities for various hotel options that may be attracted to the area in the strategy.	World Heritage Office (WHO), Planning Department	Short-Term (1-2 years)
Roadside Motel Strategy 	Develop a strategy in partnership with motel owners to rehabilitate and upgrade the roadside motels in the opportunity zone to expand hospitality options in the area. Identify ways to support the reinvestment for the owners.	WHO	Medium Term (3-5 years)
Expanded Farmers/Artisan Market 	Identify and provide resources to allow for the expansion of the World Heritage farmers and artisan market through increases in operating hours/days and through the inclusion of more prepared food vendors.	WHO	Medium Term (3-5 years)
Mission Drive-In Buildout 	In partnership with the community, identify uses to complete the buildout of the Mission Drive-In. The Mission Drive-In Master Plan includes 3.3 acres of land that do not yet have identified uses. The inclusion of private uses can help bolster investment and activity at the site. The Drive-In could be an ideal site for business incubation efforts and expansion as a community/neighborhood destination.	WHO	Medium Term (3-5 years)
World Heritage Food Incubator 	Explore strategies and collaborate with the community to gain support for the creation of a food business incubator space in the World Heritage area. Identify resources for building a shared building/space, identify an operation model or operator, orient the incubator around the Creative City of Gastronomy designation.	WHO	Long Term (5-10 years)

Priority Action Plan Matrix

Neighborhood Improvements

Action	Description	Lead(s)	Timing
Quintana Road Improvements QR	Advocate for the funding of improvements along Quintana Road between the recent improvements that ended at McKenna Avenue (north) and Gerald Avenue (south).	Southside First, Transportation Department	Short-Term (1-2 years)
Façade/Building Improvement Grant Program	Provide a façade and building improvement grant program targeted within the opportunity zone areas. Utilize Bond or TIRZ funds to seed the program.	Southside First NHSD, EDD	Short-Term (1-2 years)
Quintana Community Commercial District QR	Support the growth of a neighborhood commercial district in the Quintana Community along Southcross Blvd. Target resources and programs for commercial building renovation and small business creation in the area. Develop a conceptual design for roadway improvements on Southcross from Quintana Road to Pierian Avenue to add on-street parking, improve sidewalks and provide pedestrian crossings. Advocate for funding through the Bond Program.	Southside First, Transportation Department, Planning Department	Medium Term (3-5 years)
Expand Small Business and Legacy Business Fee Waiver Program	Identify resources to expand annual funding and outreach for potential users of the City's fee waiver program for small businesses. Focus efforts on supporting businesses in the Southside.	Economic Development Department (EDD)	Medium Term (3-5 years)
Neighborhood Investment Fund	Explore the creation of a neighborhood investment fund that is focused on the Southside. Identify an organization with capacity to operate the program. Utilize tax increment and/or other value capture mechanism to generate money for the fund. Work with the community to identify projects to support with the fund.	Southside First, EDD, WHO	Long Term (5-10 years)

Priority Action Plan Matrix

Maintain Character and Culture

Action	Description	Lead(s)	Timing
Expanded Vacant Building Program	Expand the Vacant Building Program by helping to connect property owners to resources to improve their buildings and/or connect owners with local organizations that are looking to buy properties in the area for community desired uses.	Office of Historic Preservation	Short-Term (1-2 years)
Explore Creation of a Vacant Lot Program	Explore the feasibility of creating a program similar to the vacant building program that is focused on vacant lots.	NHSD, OHP	Medium Term (3-5 years)
Scale up Estate Planning and Title Clearance	Identify funding and resources to expand estate planning and title clearance services. Target these services to the Southside opportunity zones and in conjunction with the Vacant Building Program.	NHSD, OHP	Short-Term (1-2 years)
Community Development Entity	Create a new entity or provide resources to an organization to serve as a community development entity focused on the Southside. Explore the creation or funding of this organization in concert with the creation of the community investment fund.	NHSD, Southside First, WHO	Medium Term (3-5 years)
Community Land Trust or Land Bank	Support the creation of a community land trust or land bank operated by the community development entity focused on the Southside. Provide seed capital and technical resources to build an inventory of community owned sites.	NHSD, Southside First	Medium Term (3-5 years)
Neighborhood Real Estate Investment Trust	Explore the creation of a neighborhood oriented real estate investment trust. Build on the efforts of the community development entity and the land trust to support the purchase and operation of revenue producing properties in the Southside. Provide an avenue for residents of the Southside to be investors in the REIT through small scale investment opportunities. Leverage the opportunity zone designation to attract investors for the REIT.	NHSD, Southside First	Long Term (5-10 years)

Priority Action Plan Matrix

Quality Employment Opportunities

Action	Description	Lead(s)	Timing
Market Industrial Sites	Market the opportunity zone designation to industrial developers and industrial-oriented businesses to attract new industrial uses to the East Kelly Railport and to the Brooks area.	Southside First, Port San Antonio, Brooks, EDD, San Antonio Economic Development Foundation (SAEDF)	On-Going
Partnership with St. Philip's	Work with St. Philip's College to expand participation of Southside residents in job training and continuing education course provided by St. Philip's at its Southwest Campus. Build a pool of residents with recent education seeking jobs in the Southside Connect effort with the OHP Living Heritage Trades Academy program.	Southside First, OHP,	Short-Term (1-2 years)
Connect Residents with Jobs through Tax Abatement	Identify strategies and resources to connect Southside residents to job opportunities through the City's Tax Abatement Program, specifically through the attraction of businesses using the UpSkill incentive. Build a pool of residents that are seeking improved employment opportunities to support inclusive hiring requirements/efforts. Identify an entity willing to provide upskilling programs and services for Southside residents.	Southside First, EDD	On-Going
Seed a Revolving/Micro Loan Fund for the Southside	Explore the creation of a revolving small or micro loan fund program targeted at businesses located in the Southside. Outreach to area businesses and entrepreneurs to build a pipeline of potential applicants.	Southside First, EDD	Medium Term (3-5 years)

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2. Project and Opportunity Zones Overview

Overview of Opportunity Zones Program

What is the Opportunity Zones Program?

The Opportunity Zones program is a federal business and real estate tax incentive program established by the 2017 Tax Cuts and Jobs Act. It is intended to attract investment to communities that have traditionally lacked investment to stimulate economic development and job creation.

Where are Opportunity Zones?

Opportunity Zones (OZs) are specific geographic areas located in 8,762 census tracts across the country that were nominated by Governors and officially designated by the U.S. Treasury. To be eligible for nomination, a census tract had to have a poverty rate of at least 20 percent or have a median income at below 80 percent of the state or metropolitan area's level. In general, the areas that were designated as OZs are regarded as economically underserved, which has resulted in lower incomes, higher poverty rates, and higher unemployment rates than other areas in the surrounding community. OZs are in both urban and rural census tracts.

What are the requirements of the Program?

To qualify for the benefits of the program, investors must place capital gains into a Qualified Opportunity Fund (QOF). A QOF is an investment vehicle created by a corporation or partnership that must

invest at least 90 percent of its assets into a project located within a designated opportunity zone.

Capital gains are the profit earned when an asset, such as a traditional investment (e.g., stocks, bonds) or a property, is sold. For example, if an investor purchases an office building for \$300,000 and sells it for \$700,000, the investor is taxed on the \$400,000 in profit gained from the sale. Capital gains are taxed depending on how long they are held and the taxpayer's income. Tax rates for capital gains typically range from 15 to 20 percent. Investors may place capital gains from any asset they have sold into a QOF.

A QOF is required to make 'substantial improvements' to the project in which it invests within 30 months of the initial investment. Substantial improvements are defined as investments in the property that are equal to or greater than the original value of the property. For example, if an investor uses QOF to purchase a property for \$500,000, it must make \$500,000 worth of improvements within a 30-month window. In addition, for a business to be qualified as an opportunity zone business, at least 70 percent of its tangible assets (i.e., land, buildings, capital equipment) must have been acquired or substantially improved after 2017, when the OZ program was established.

What are the tax benefits?

The Opportunity Zones program established tax incentives to encourage private investment in OZs. An investor can receive up to three tax benefits by reinvesting capital gains into a QOF:

- Investors with existing assets may place the accumulated capital gains into a QOF and defer taxes on the capital gains until 2026 or until the asset is disposed.
- For previously earned capital gains, investors' cost basis on the original investment increases by 10 percent if the capital gains are placed in a QOF for at least five years, and 15 percent if capital gains are placed in a QOF for at least seven years. This reduces the taxable value of a capital gain, resulting in tax savings. There is a December 31, 2021 deadline for placing earned capital gains in a QOF to receive the 10 percent cost basis increase.
- Investors are exempted from taxes on capital gains that accrue after investment in a QOF if the investment is held for at least 10 years. In other words, investors do not owe capital gains taxes on the appreciation of a QOF if the fund has been held for at least 10 years.

What types of projects/ investments do Opportunity Zones Support? What types do they not?

A wide range of projects can be supported by Qualified Opportunity Funds, including offices, industrial buildings, retail, housing, and infrastructure. The OZ program specifically excludes certain businesses, including golf courses, country clubs, massage parlors, gambling facilities, and liquor stores. In its three years of existence, the OZ program has generated interest in a variety of projects.

The White House Council of Economic Advisors estimates that \$75 billion had been invested in Qualified Opportunity Funds nationwide by the end of 2019. Out of that \$75 billion, approximately two-thirds of investment dollars have gone into funds with a mixed focus, while one-quarter has gone into funds focused solely on residential development projects, and less than 10 percent of total investment has gone into funds focused solely on commercial development, hospitality, renewable energy, and operating business projects. Among mixed-focus projects, a vast majority of investment has either a residential development or commercial development component, while less than 5 percent of investment has an operating business component. This illustrates that much of the opportunity zone-related investment thus far has been channeled into real estate projects, while comparatively little has been channeled into operating businesses.

Examples of Use

Two specific examples of opportunity zone investments that generated a needed community benefit include a multifamily housing project in Austin and an industrial project in Chicago.

Austin

In 2019 in Austin, Texas, Sabot Development sought to build a 370-unit multifamily project, the Goodwin Apartments, in an East Austin opportunity zone that would require the razing of an existing 68-unit apartment building. Recognizing the displacement that the project would cause and that the project would need a zone change, the developer reached out to a local neighborhood group to seek its support. To gain the support of the group, the developer promised to pay relocation assistance and the guaranteed right to return for displaced tenants. In addition, the developer committed to providing 30 income-restricted units for households below 60 percent of area median income and ultimately secured the zone change to build the project. Sabot's negotiation with a neighborhood group stands out as an instance of a developer seeking socially conscious investment in an opportunity zone. In response to the prevalence of high-end multifamily development in

opportunity zones and to the city's ongoing struggle with affordability, Austin city officials are seeking to prioritize affordable housing construction in opportunity zones. In 2018, city council passed a resolution calling for the city to encourage responsible investment in opportunity zones by 'leveraging available incentives', with an emphasis on affordable housing. While the city has not yet taken material steps to fulfill this resolution, the need for socially conscious projects has become central to the conversation around opportunity zones in Austin.

Chicago

In Pullman, a historic southside Chicago neighborhood with high unemployment, the Ryan Companies and the Chicago Neighborhood Initiatives partnered to develop a \$35 million, 400,000 square foot warehouse and distribution facility in an opportunity zone. The project was completed in early 2020 and is intended to attract an influx of well-paying jobs to the Pullman area. While the project had no specific commitment to providing social impact, its expansion of the area's industrial and employment base will likely produce economic benefits and is an example of investment in an underserved community through an opportunity zone.



[Goodwin Apartments, Austin](#)



[Distribution Facility, Pullman Neighborhood, Chicago](#)

Southside Project Partners and Efforts

There are several entities active in the Southside supporting the growth of economic opportunities in the area.

City of San Antonio (CoSA)

- **Economic Development Department** – The San Antonio Economic Development Department is the primary point of contact for opportunity zone related efforts. The department has created several informational resources for opportunity zones, dedicated an opportunity zones manager, and created an advisory board of community members. The ED Department has several focus areas including primary industry development, international business development, small business development, and workforce development.
- **World Heritage Office** – The World Heritage Office was created to promote the UNESCO World Heritage and Creative City of Gastronomy designations in the city. The World Heritage Office manages a range of efforts and projects within the World Heritage Buffer Zone around the historic San Antonio Missions. The World Heritage Office is a partner in this strategy development and will support ongoing efforts within the Mission San Jose/Brooks opportunity zone.
- **Neighborhood and Housing Services Department** – NHSD focuses on supporting and enhancing the quality of life for residents in the city. The department manages several initiatives funded through federal, state, and local sources. The department provides housing support services in the form of neighborhood engagement, down payment assistance, fair housing, home repair and remediation. The Department also manages the City's Tax Increment Reinvestment Zones and the use of tax increment financing dollars.
- **Office of Historic Preservation** – The Office of Historic Preservation manages efforts to protect historic, cultural, architectural, and archaeological resources including managing its local historic district and landmark designation programs. OHP also manages the City's Vacant Building Program that inventories, tracks, and supports vacant buildings in the community.
- **Planning Department** – The Planning Department manages the development of long-range land use planning efforts in the city including managing the SA Tomorrow Comprehensive Plan and Subarea Plans.
- **Transportation Department** – Transportation Planning & Programming oversees the SA Tomorrow Multimodal Transportation Plan to prepare San Antonio for its future transportation needs. The team conducts studies; plans future projects; and implements railroad quiet zones, bicycle facilities, pedestrian safety improvements, and intersection improvements. The team leads the Vision Zero initiative to eliminate traffic fatalities by prioritizing safety for people driving, walking, biking, and riding transit.

Other Partners

- Southside First Economic Development Council** – Southside First is a 501(c)(3) non-profit organization focused on supporting the economic prosperity and community development of the Southside of San Antonio. The organization promotes investment into residential and commercial buildings, provides a voice for Southside residents and businesses, and supports revitalization efforts in the area. Southside First is a project partner in the strategy and will use the strategy to drive its future work plans.
- Brooks Development Authority** – The Brooks Development Authority manages the redevelopment of 1,308 acres that was the Brooks Air Force Base. The entity was created in 2001 to support the transition of the base into a mixed-use employment center. The entire Brooks area is within a designated opportunity zone and the study area for the project.
- Port San Antonio** – Port San Antonio is a large employment campus being developed on the former Kelly Air Force Base in southwest San Antonio. The Port Authority of San Antonio is in charge of managing the redevelopment of the base. The Authority took control of the 1,900-acre base in 2001 and has managed the ongoing development of the base into a major employment center anchored by aerospace, defense, and other technology-oriented industries. The 350-acre East Kelly Railport portion of Port San Antonio is within the Quintana Road opportunity zone area that is a focus of this study. The Railport is currently home to businesses in the energy, manufacturing, and transportation and warehousing sectors and has access to rail spurs to service sites at the port. The entirety of Port San Antonio is a designated Foreign-Trade Zone.

Port San Antonio Project Tech Building 2



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3. Outreach Summary

Focus Group Meetings

The project team conducted a series of Focus Group meetings throughout the Southside opportunity zones project. The intent of the Focus Group meetings was to engage a diverse and representative group of community members and subject matter stakeholders. The Focus Groups consisted of representative groups from the community, including Community, Development, and Business stakeholders. These participants were determined by the project team and City, the full list of participants may be viewed in the Appendix.

These meetings were conducted virtually during two phases of the project, Phase 1 was dedicated to idea and future vision generation for desired future investment for each Southside opportunity zones and Phase 2 was dedicated to empowering the community on providing input on emerging ideas and concepts for the project, with a continued emphasis on educating the community on emerging investment opportunities.

Southside San Antonio Opportunity Zones Strategic Plan

Business Stakeholders Focus Group - Meeting #1

Friday, December 4, 2020

10:30 - 10:50 AM: Process Introduction & Background; Individual Introduction

10:50 - 11:05 AM: Opportunity Zones Overview

11:05 - 11:40 AM: Discussion

11:50 - 12:00 PM: Meeting Close and Next Step

Attendees:

Arthur Garcia – President, Nichas Restaurant

Andy Castillo – Quintana Road NA, Business Owner

Sharon Aguilan – San Antonio Visitor Alliance

Samantha Diaz – Interim Economic Development Department (Small Business Office)

Jesse Reyes – Southside First Board Member

Al Arreola – South San Antonio Chamber of Commerce

Rosemary Aguiano Zuniga – Mission San Jose NA Vice Commander of VPW near Padre Park/359 Bustillo Drive (Azteca Cafe)

Luis Malto – Assistant Director with Public Works

Do you have any experience using or trying to use the Opportunity Zones program?

Used existing tax incentives	Used small business incentives	Investigate tax incentives	Considered incentives	Small Business Loans			
CO/SAS/WS							

Questions about Opportunity Zones Program:

How many Opportunity Zones are there in the city?	How many Opportunity Zones are there in the city?	How many Opportunity Zones are there in the city?	How many Opportunity Zones are there in the city?	How many Opportunity Zones are there in the city?	How many Opportunity Zones are there in the city?

What types of private investments are needed or desired that could help support your/any business in the area?

Big businesses help with taxes, for schools	Private school using business resources	New restaurants and shopping centers	Mixed-use lifestyle centers	Coolco	Attract of scenic yards getting larger	Improve street use and infrastructure and new business	Develop more retail for community	Create more parking opportunities	Hotels, including boutique hotels, along the corridor
Green and used businesses and resources in surrounding areas	Mixed-use retail	Attracting corporate and retail use off of highway and into downtown	Need work, live and play	Business that benefits veterans and military families	Incentive for retail businesses manufacturing specific?	Make spaces for retail opportunities on local universities	Convert hotels on Research	Attract more residential development to add density to new households	Events, corporate events, business and new households
Single family housing in Quintana and Mission San Jose	Tech connected office space	Urban for business and spend money, need to Mission	Need to make it safe for tourists and welcoming	Develop a culture, attract people to Mission San Jose to create business	Teases to the Mission	Variety of restaurant options			

Quintana Road Area

Notes on map:

- 1800 02: Attract new businesses and retail use off of highway and into downtown
- 1508: Need to make it safe for tourists and welcoming
- 1802: Need to make it safe for tourists and welcoming
- 1800 02: Attract new businesses and retail use off of highway and into downtown
- 1508: Need to make it safe for tourists and welcoming
- 1802: Need to make it safe for tourists and welcoming

What types of private investments are desired in the Opportunity Zones?

Private school using business resources	Mixed-use lifestyle centers	Integrated mixed-use with commercial and retail use in family	Master spaces called corporations and new households	Attracting corporate and retail use off of highway and into downtown	What do you desire for us to get people to come to the area and stay?

Mission San Jose/Brooks Area

Notes on map:

- 1800 02: Attract new businesses and retail use off of highway and into downtown
- 1508: Need to make it safe for tourists and welcoming
- 1802: Need to make it safe for tourists and welcoming
- 1800 02: Attract new businesses and retail use off of highway and into downtown
- 1508: Need to make it safe for tourists and welcoming
- 1802: Need to make it safe for tourists and welcoming

Are there any planned/proposed projects or efforts that are currently being developed that could benefit from private investment?

First St Science Museum - class of 400 kids and more things to add	Alternate funding and new distribution plan	St. Philip's - new building focused on business education	Dorian and Quintana intersection drainage issues	West of Quintana - bond projects for habitat development	Leverage bond projects for habitat development	Need to work on public works infrastructure projects first	Working on public works infrastructure projects first	Partner for City development in public works infrastructure projects first	5 New Blueprints connection to 410 in the works
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What types of community amenities or assets are desired and should be prompted in conjunction of marketing efforts related to Opportunity Zones?

Trails or trail connections	Small gathering or community events	Public art	Community fitness opportunities	Amenities tied to the Missions			
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Survey

The Southside opportunity zones survey was launched online on December 13, 2020 and closed March 23, 2021. This bilingual survey allowed us to broaden our reach of engagement and had 200 English speaking and Spanish speaking participants. The majority of participants ranged from residents of the Southside opportunity zones to those who visited the areas regularly. The online questionnaire flyers in English and Spanish were distributed community-wide through the City networks via email distribution lists and social media pages and Southside opportunity zone focus group members. In addition, the City mailed out postcards to residents in and near corresponding census tracts to inform them of the opportunity to take the survey.

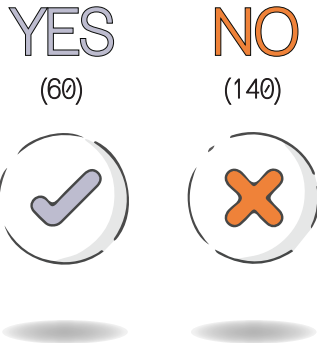
The project team also provided non-virtual opportunities to participate in the survey by printing questionnaires for the community and hosting a phone bank. On February 10 and 11, 2021 a phone bank was hosted with the assistance of volunteers from Texas A&M University-San Antonio's College of Business graduate program. Prior to hosting the phone bank, volunteers received a two-hour training and a tool kit of engagement materials, including the digital survey, project overview, project maps, information regarding each census tract, and calling script. The phone bank allowed residents, business owners, and community members the opportunity to take the survey over the phone. These non-virtual outreach activities were conducted during Covid-19 and all precaution and safety measures were in place to ensure the safety of all participants, while providing the opportunity to bridge the digital divide.

The survey provided an opportunity to educate the community on the federal Opportunity Zones program and allowed participants to identify desired development types, community assets, and infrastructure. Participants additionally expressed their concerns about the potential impacts of new private development on the community. Overall, the results established a community-based vision for the desired future investment, including development and redevelopment, in the Southside opportunity zones.

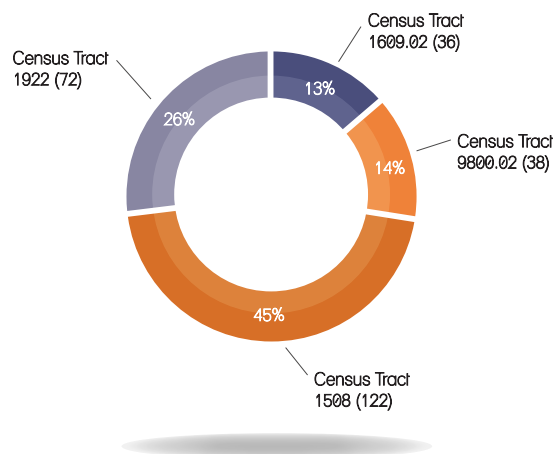


Survey Results

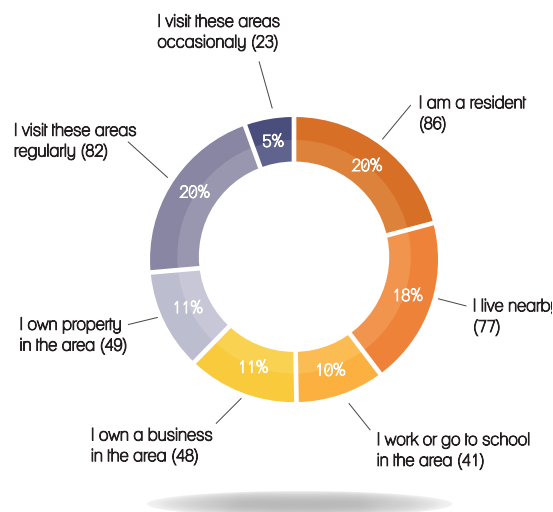
6. Are you familiar with the Federal Opportunity Zones program?



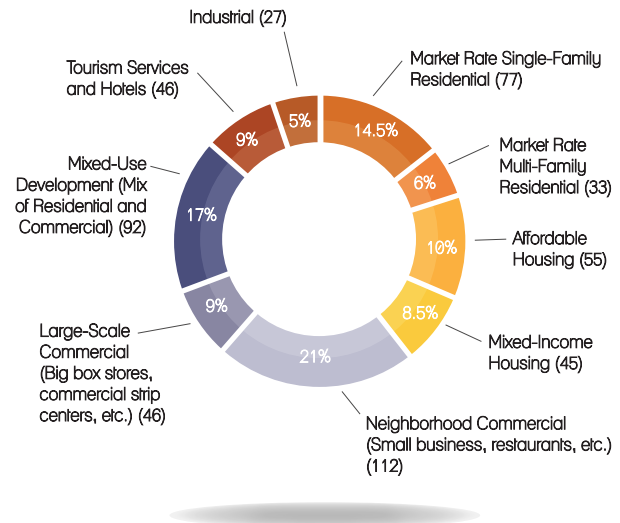
7. Which Southside opportunity zone tract(s) do you have the closest relationship with? (Select all that apply)



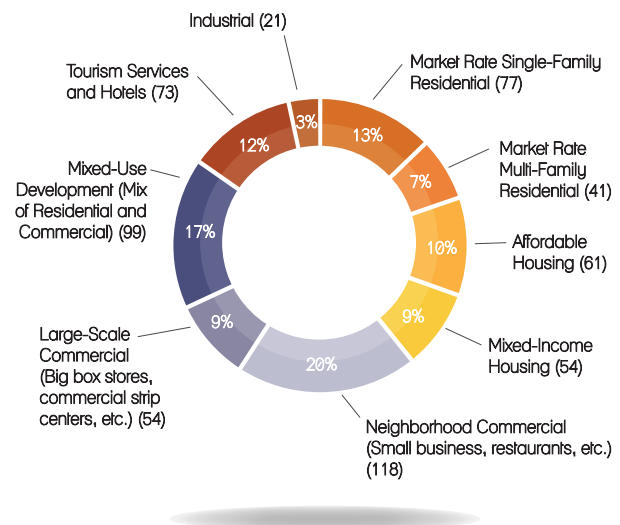
8. What is your relationship to the Southside opportunity zones? (Select all that apply)



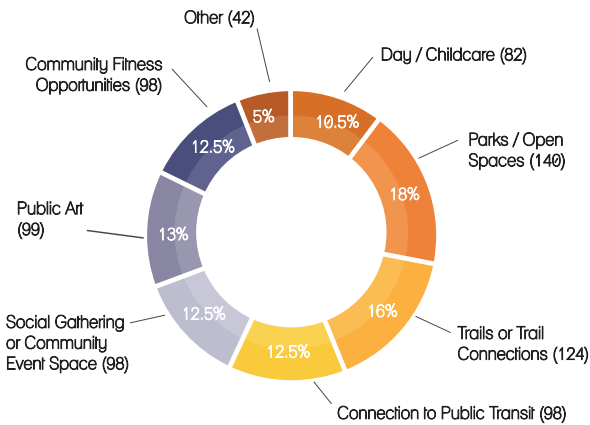
9. What types of private development are desired in the Southside opportunity zones in the Quintana Road area? (Census Tracts 9800.02 and 1609.02) (Select all that apply)



10. What types of private development are desired in the Southside opportunity zones in the Mission San Jose/Brooks area? (Census Tracts 1508 and 1922) (Select all that apply)



11. What types of community amenities or assets are desired and should be promoted within Southside opportunity zones? (Select all that apply and/or add your own in "Other")



Other Amenities or Assets:

Healthier Food
Job Development
Children Oriented Involvement
Bicycle Paths
Medical Facilities / Pharmacies

12. What concerns do you have about new development coming into the Southside opportunity zones?

Top Concerns about New Development

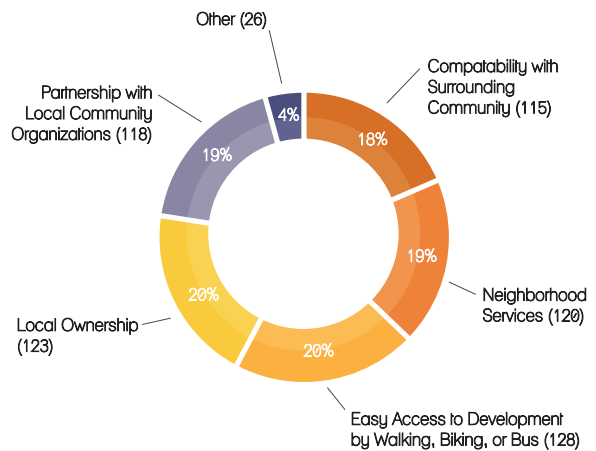
Traffic	#1
Increase in Crime	#2
Increase in Taxes	#3
Lack of Roads & Infrastructure	#4
Displacing Current Residents	#5

13. What barriers or issues exist with providing development that is preferred by the community in the Southside opportunity zones?

Top Barriers or Issues for Providing Preferred Development

Quality Infrastructure	#1
Access to Capital/Income Barriers	#2
Lack of Community Input	#3
Crime / Safety	#4
Increasing Taxes	#5

14. What characteristics or qualities are most important to you in future development or redevelopment of land in the Southside opportunity zones? (Select all that apply)



Other Characteristics / Qualities for Future Development

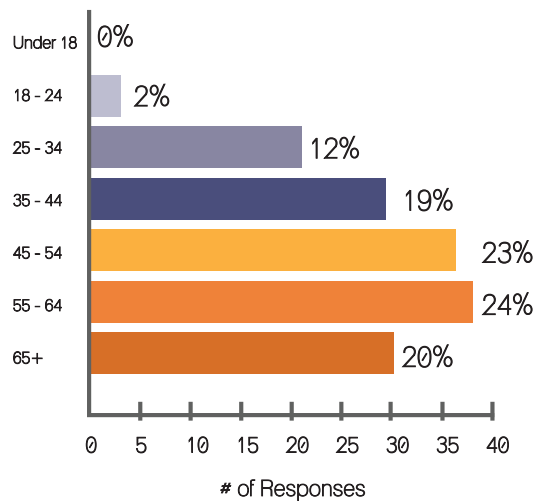
Improved Infrastructure	#1
More Grocery Stores / Retail	#2
Increase Access to Transit	#3
Job Development Opportunities	#4
Increase Access to Technology	#5

15. We are interested in knowing where the community's priority development or redevelopment sites are located in the Southside opportunity zones. Please describe up to two (2) locations below – include street address or cross streets and existing site description (vacant, commercial, residential, industrial, etc.) and explain why this should be a priority for us. Type N/A if you do not have an answer.

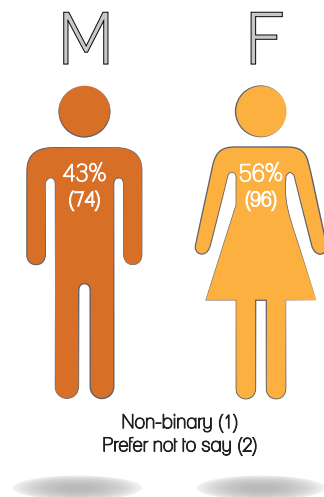
Top Priority Areas for Development or Redevelopment

Roosevelt Corridor - Mission Reach	#1
Southcross & Roosevelt Ave	#2
South Presa & SE Military Drive	#3
Roosevelt Ave & SE Military Drive	#4
Quintana Road Area	#5

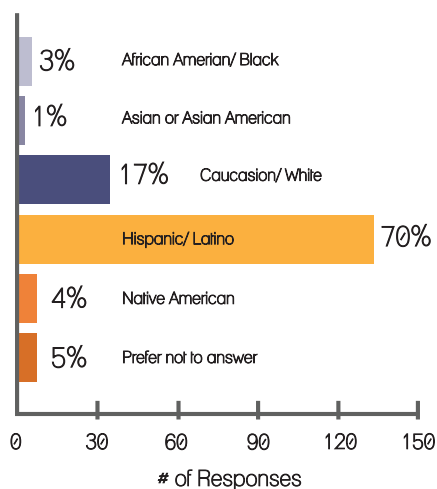
16. My age is:



17. How do you identify your gender?



18. Most people think of themselves as belonging to a particular ethnic or racial group. I identify myself as:



Major Takeaways

The overall engagement provided the opportunity to foster excitement for the Southside opportunity zones project and develop a relationship with stakeholders and the community. The approach focused on ensuring that underserved and underrepresented communities were elevated in the project and had the opportunity to participate in engagement. We balanced this approach by also meeting with subject matter experts.

The balance of perspectives is reflected in the feedback and survey results we received throughout the project. The feedback and survey findings also demonstrated that the needs and desires of each focus area varied slightly. However, collectively the overarching desires for types of private development are aligned across each area.

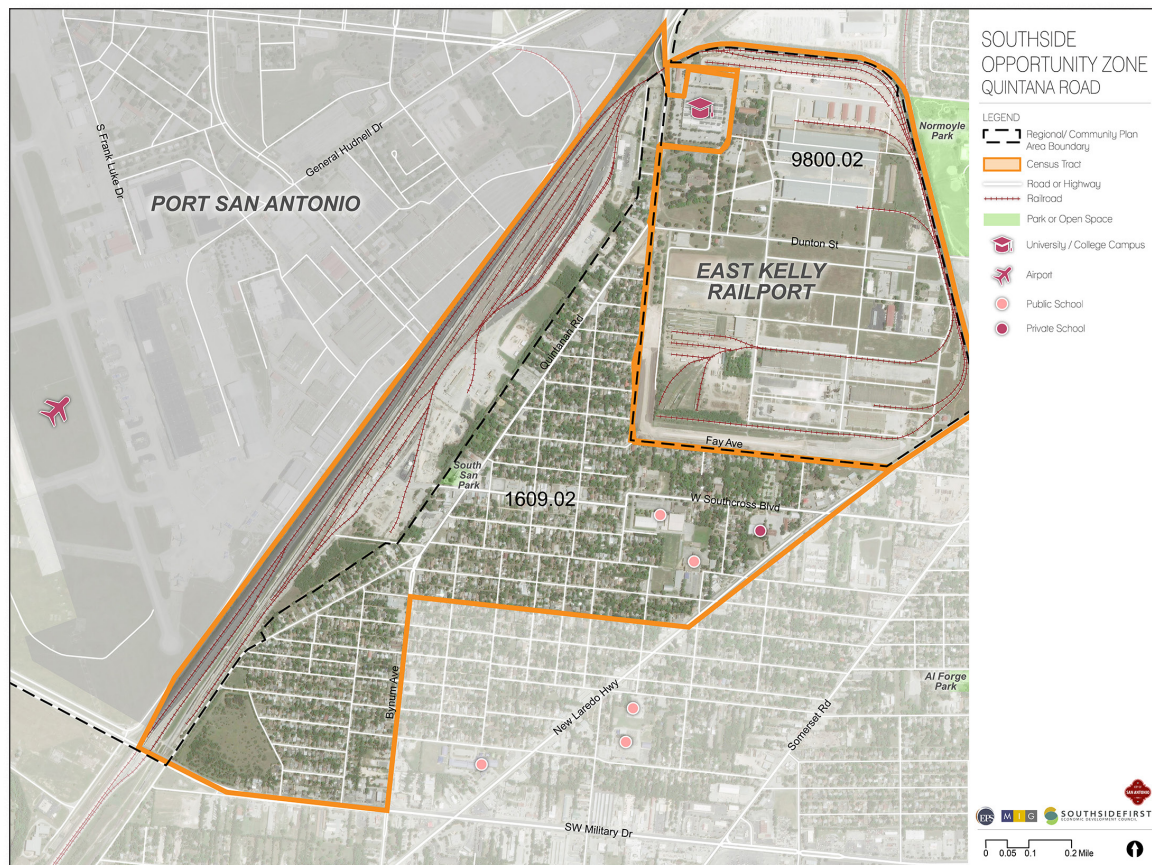
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4. Quintana Road Opportunity Zone

Area Overview

The Quintana Road area opportunity zone consists of two Census Tracts and includes a large portion of the Quintana Community in southwest San Antonio. The neighborhood borders the Port San Antonio redevelopment project, which is growing into a major employment center. The opportunity zone includes a portion of Port San Antonio, the East Kelly Railport. The East Kelly area is home to St Philip's College Southwest Campus and a collection of industrial uses. The opportunity zone area includes commercial areas along SW Military, Southcross Blvd, and New Laredo Highway.

The Quintana Community was originally organized as a townsite in 1916 known as South San Antonio. The Community was oriented around the rail station on the Texas and New Orleans Railroad and supported the adjacent Duncan Field (an aircraft repair depot) that became a part of Kelly Air Force Base. The Community was annexed into the City of San Antonio in 1944. The intersection of Quintana Road and Southcross Blvd has historically been the center of the Community. It has been envisioned for several years as being a neighborhood commercial district location serving the surrounding Quintana Community and other surrounding neighborhoods.



Demographic Conditions

The Quintana Road opportunity zone area (Quintana Road area) has a total of 4,389 residents, 180 fewer than in 2010, as shown in **Table 1**. Compared to San Antonio as a whole, the Quintana Road area has a slightly younger population, with a median age of 32.5 compared to 34.2 citywide, and has large households, with an average household size of 3.27 compared to 2.70 citywide. Income is also lower in the Quintana Road area as the median household income was \$34,742 in 2020 compared to \$48,454 in San Antonio as a whole.

In terms of housing, nearly all housing units in Quintana Road area are single family homes. Since 2010, the housing stock in the area has not changed, remaining at 1,522 units. Of the 1,522 units, 660 or 43 percent are owner-occupied, 682 or 45 percent are renter-occupied, and 180 or 12 percent are vacant. The number of renter-occupied and vacant units have both increased since 2010. While the housing stock has not changed since 2010, housing prices have increased considerably in the Quintana Community and surrounding neighborhoods.

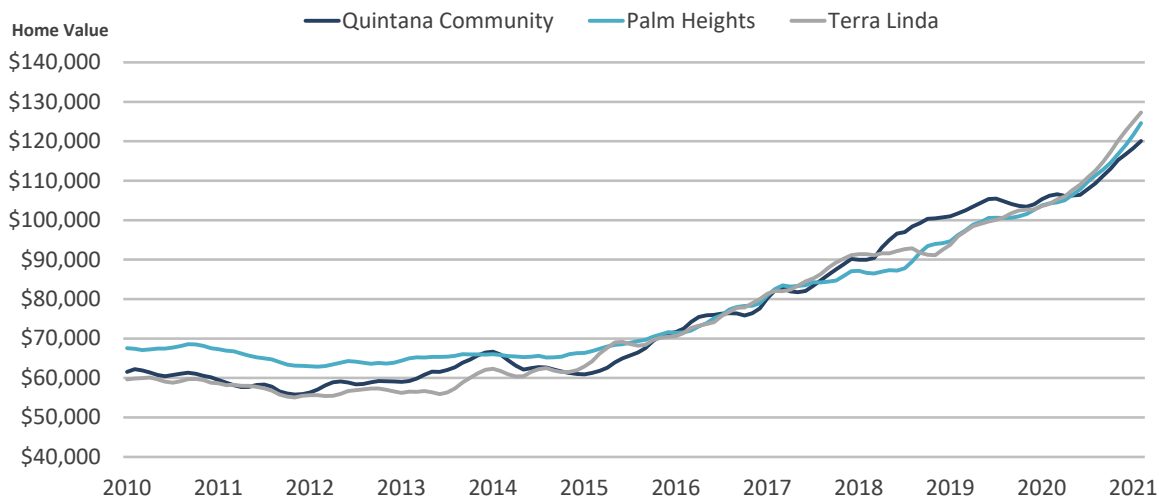
Table 1. Select Demographic Characteristics, Quintana Road, 2010-2020

Description20102020			2010-2020		
			Total	Ann. #	Ann. %
Demographics					
Population	4,568	4,389	-179	-18	-0.4%
Households	1,393	1,342	-51	-5	-0.4%
Median Age	31.7	32.5	0.8	0.1	0.2%
Housing					
Owner-Occupied	747	660	-87	-9	-1.2%
Renter-Occupied	646	682	36	3.6	0.5%
Vacant	129	180	51	5.1	3.4%
Total Units	1,522	1,522	0	0	0.0%

Source: ESRI Business Analyst; Economic & Planning Systems

In the Quintana Community, the average home price nearly doubled between 2010 and 2021, increasing from \$61,000 to \$120,000, which equates to a 6.3 percent annual growth rate, as shown in **Figure 3**. Similarly, the average home value in the Tiera Linda and Palm Heights neighborhoods increased at 7.1 percent and 5.7 percent annually between 2010 and 2021. Home prices in all of these areas outpaced home prices citywide, which grew at 4.2 percent annually between 2010 and 2020.

Figure 3. Average Home Value, Quintana Road Area, 2010-2020



Source: Zillow; Economic & Planning Systems

Market Inventory and Conditions

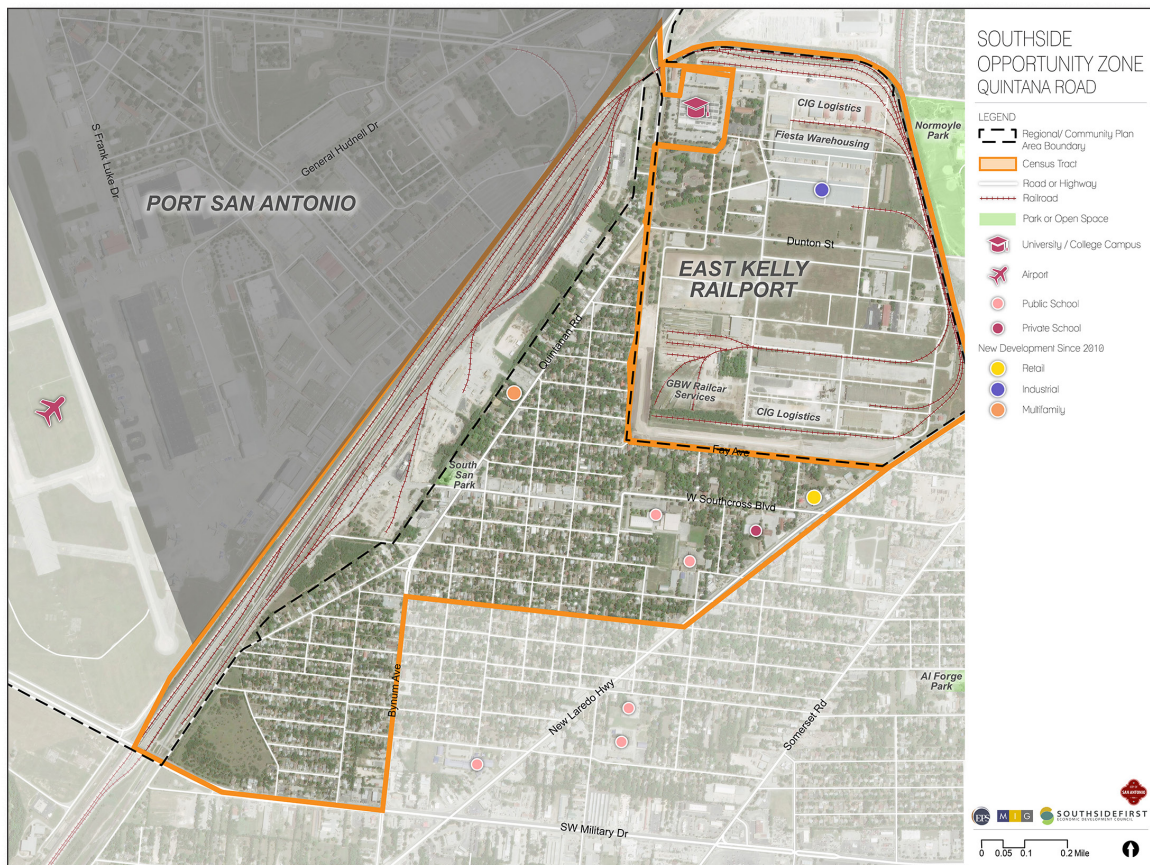
As the Quintana Road area contains the East Kelly Railport of Port San Antonio, there is a significant presence of industrial real estate, and a relatively limited amount of other commercial space. In 2021, the Quintana Road area had 822,720 square feet of industrial space, 24,033 square feet of office space, and 133,291 of retail space, as shown in **Table 2**. The area has experienced limited commercial development over the past decade, with only one 5,000-square foot convenience store built in 2015.

In the East Kelly Railport, a 275,000 square foot distribution facility was completed in 2009. Industrial space in the Quintana Road area has performed well; as of 2021, the vacancy rate was 0 percent, down from 40 percent in 2010, and compared to 6 percent citywide. There is a limited multifamily presence in the Quintana Road area, with a total of 35 units across five properties. Since 2010, one four-unit multifamily property has been built in the area.

Table 2. Commercial Inventory, Quintana Road, 2010-2020

Description	2010	2015	2010-2020			
			2020	Total	Ann. #	Ann. %
Office (sf)	24,033	24,033	24,033	0	0	0.0%
Retail (sf)	128,512	133,291	133,291	4,779	478	0.4%
Industrial (sf)	822,730	822,730	822,730	0	0	0.0%
Multifamily (units)	31	35	35	4	0	1.2%

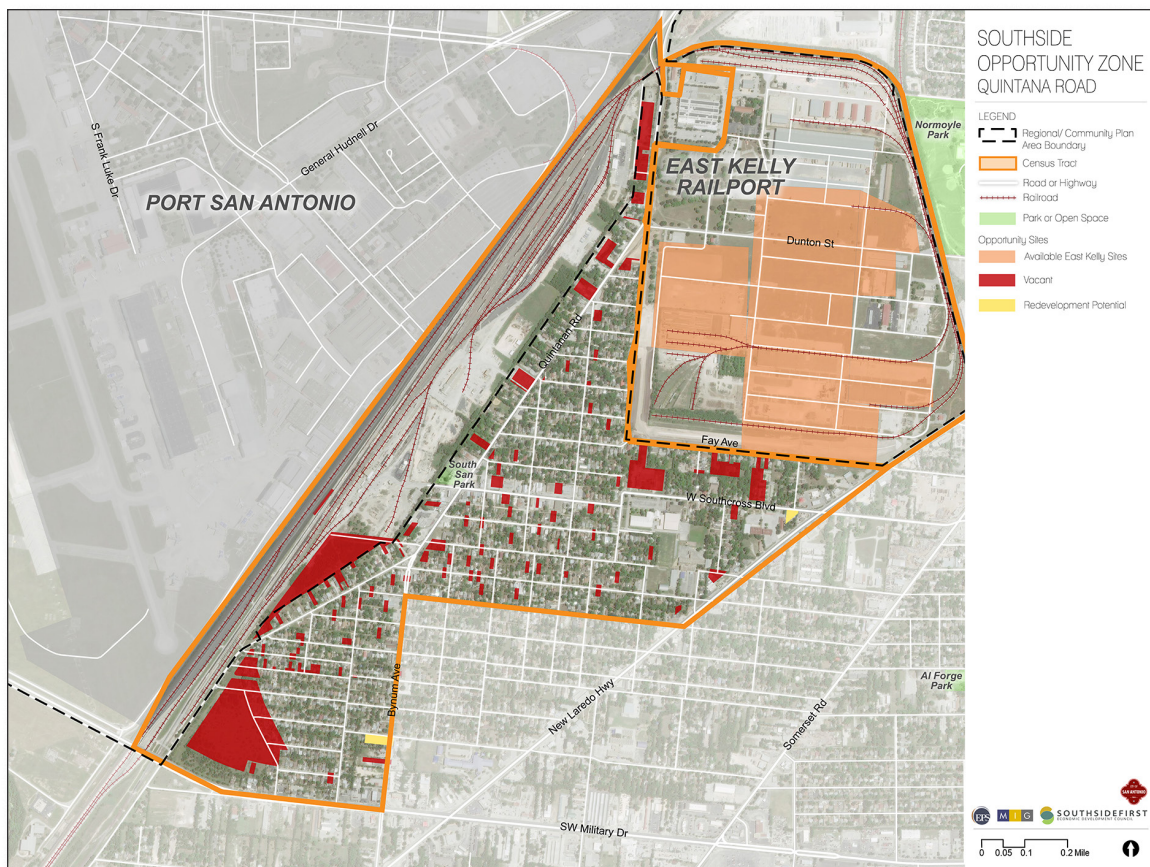
Source: Costar; Economic & Planning Systems



EPS identified parcels in the Quintana Road area that are well-suited for redevelopment. This designation was determined through an analysis of Bexar County parcel data, with parcels sorted on the basis of value, floor area ratio, size, vacancy, and tax exemption status. The first criteria identified parcels with a building to land value ratio of less than 0.5, as this indicates that an existing use is low value and is therefore well-positioned for acquisition and redevelopment. The second criteria identified parcels with a floor area ratio of less than 0.2, which indicates a low-density use that is well-positioned to be redeveloped into a more intensive use. Parcels under 0.25 acres were excluded from the analysis, as this is the minimum size needed for redevelopment. Lastly, tax exempt and vacant parcels were removed from this analysis. Parcels that met all of these criteria were considered 'Redevelopment Parcels.'

This designation means that a parcel is well-suited for redevelopment. As a practical matter, it could be a potential site for a redevelopment project, opportunity zone-related or otherwise, or it could be a site that the City takes efforts to preserve in its existing form. The redevelopment parcels are shown in **Figure 5**.

Figure 5. Quintana Road Area Potential Redevelopment Sites



Opportunities and Challenges

A set of opportunities and challenges facing the Quintana Community and the opportunity zones were developed based on the outreach to stakeholders, the community survey, and analysis of existing conditions data.

Opportunities

- **Neighborhood Retail** – The community members involved in this strategy process have expressed desire for a greater presence of neighborhood-oriented retail uses, such as locally owned stores, coffee shops and cafes, and neighborhood service providers. There are several long-standing businesses in the community that would like to see additional vitality through new residents and businesses to support their own businesses. As well, there are active property and business owners near the intersection of Southcross Blvd and Quintana Road that are investing in existing buildings and opening new retail stores, which may support the revival of this area as a neighborhood destination.
- **Port San Antonio** – The proximity to Port San Antonio creates the opportunity for jobs and additional business development in the Quintana Community. The East Kelly Railport is more closely tied to the surrounding neighborhood and economic growth there will help bolster the community.
- **Strong Community Assets** – The community has several long-term residents and families that have lived and owned businesses in the area for generations. This strong community connection helps support the stability of the neighborhood. There are also several long-standing businesses that are located within the opportunity zone area and just outside that have provided jobs and economic activity in the Southside for decades. Lastly, the St. Philip's College Southwest Campus is located at the East Kelly Railport. St Philip's provides technical education and industry training at the campus.
- **Recent Investment** – Recent roadway infrastructure improvements along Bynum Avenue north of SW Military and along Quintana Road near Dunton Avenue, in addition to stormwater management improvements within the East Kelly Railport, can help attract private investment.



Challenges

- **Barriers to Opportunity** – The physical infrastructure network has historically been a barrier for the Quintana Community as most of the neighborhood is surrounded by rail right-of-way with few vehicle and pedestrian crossings. These barriers prevent movement in and out of the neighborhood. Along with the physical barriers, there are social and economic barriers. Despite proximity to Port San Antonio, there are few Southside residents that work at the Port, which attracts a large portion of its workforce from the western portions of the city. This is due partly to gaps in education and skills needed for jobs at the Port and those of the residents.
- **Limited Market Activity** – The Quintana Community has had limited recent market activity in the area. There are only a handful of new development projects and a limited number of significant building renovations. The lack of market activity makes justifying new investment difficult in the area. There has been an increase in housing activity as housing prices are rising in the area and a few,

small housing projects have been built. Growth of the resident base can help spur demand and attraction of new businesses.

- **Undesired Uses** – The greater area in and around the Quintana Community has historically included a mixture of residential uses near industrial uses. Generally, this mix has not created major environmental justice issues, but the industrial properties in some cases have transitioned into more marginal uses such as junk yards and outdoor storage. These types of uses created visual blight issues for neighboring residential uses and can create security issues.
- **Vacant and Underutilized Buildings** – The Quintana Community has a number of vacant or underutilized buildings in the opportunity zone area. The City's Vacant Building Program inventory has 11 registered properties in and around the opportunity zone. ESRI estimates the area's vacancy rate for housing units is 12 percent, which equates to 190 vacant homes. There are also vacant commercial buildings and unused lots along both Southcross Blvd and Quintana Road.



5. Mission San Jose/Brooks Opportunity Zone

Area Overview

The Mission San Jose/Brooks opportunity zone area (MSJ/B area) is also made up of two Census Tracts. The MSJ/B area extends along the San Antonio River and Mission Reach River Walk bounded by Mission Road/Roosevelt Ave on the west and South Presa St on the east from the Riverside Municipal Golf Course on the north to Loop 410 on the south. This entire area falls within the designated World Heritage Buffer Zone, which is a protected area surrounding the five San Antonio missions that are part of the UNESCO World Heritage Site. The MSJ/B area has two of the missions

(Mission San Jose and Mission San Juan) within the boundaries and two that are adjacent (Mission Concepcion to the north and Mission Espada to the south). The City's Stinson Airport, which is a general aviation airport, is also within the opportunity zone. The remaining portion of the opportunity zone is the Brooks Redevelopment project. The Brooks project is the reuse and redevelopment of the 1,300-acre former Brooks Air Force Base. Brooks is developing into a vibrant, mixed-use center with a mixture of residential, employment, retail, and hospitality uses.

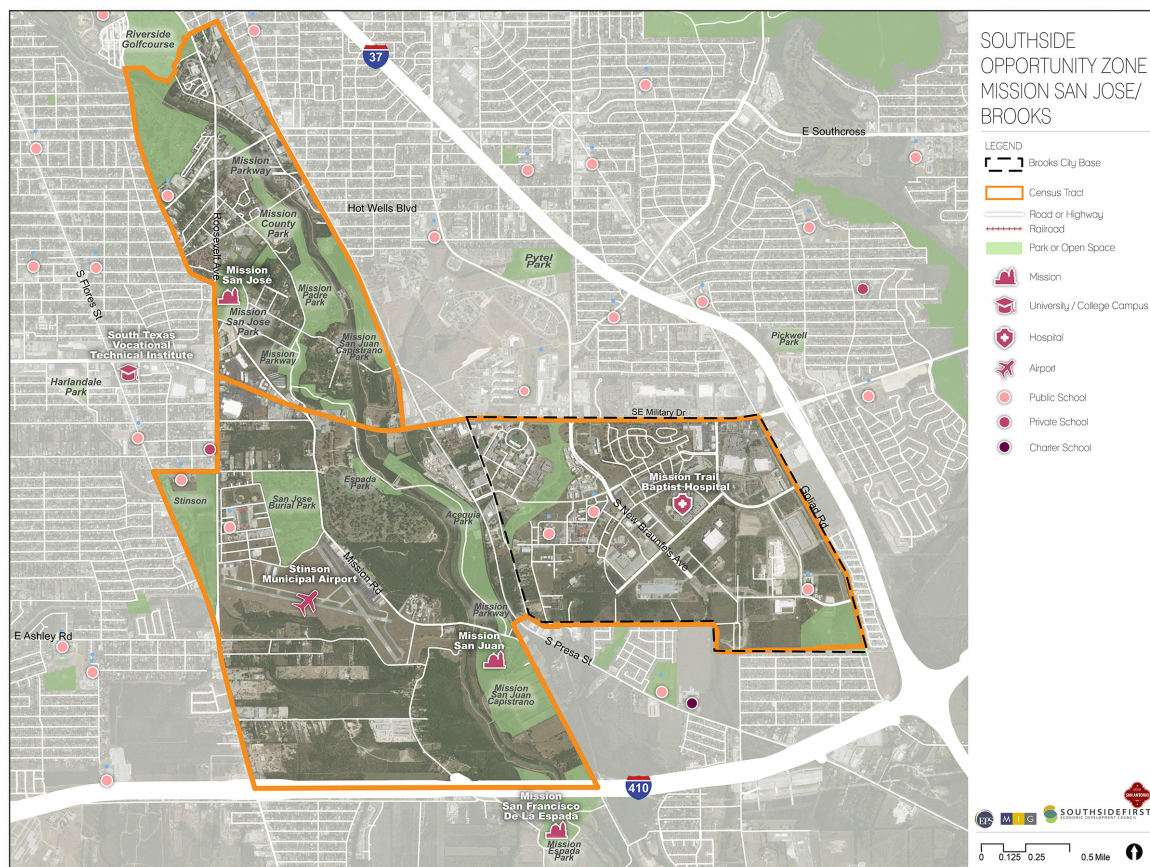


Figure 6. Mission San Jose Opportunity Zone

Demographic Conditions

Over the past decade, the population of the opportunity zone has grown by 2,876 residents or 65 percent, owing largely to the redevelopment of Brooks City Base. Compared to San Antonio, the MSJ/B area has a younger population, with a median age of 28.2 compared to 34.2 citywide. Income is lower in the area, as the median household income is \$36,370 compared to \$48,454 citywide.

With the influx of new residents, there has been significant growth in the housing stock. Since 2010, the MSJ/B area has added 1,036 housing units, nearly all of which have been renter-occupied. Renter-occupied units comprise 85 percent of the housing stock in the opportunity zone while owner-occupied units comprise only 11 percent, and vacant units 4 percent. The growth in housing stock has been accompanied by an increase in housing prices. As shown in **Figure 7**, the average home price in the MSJ/B area neighborhood has increased by \$62,000 since 2010, equating to an annual growth rate of 5.5 percent and an overall growth rate of 80 percent.

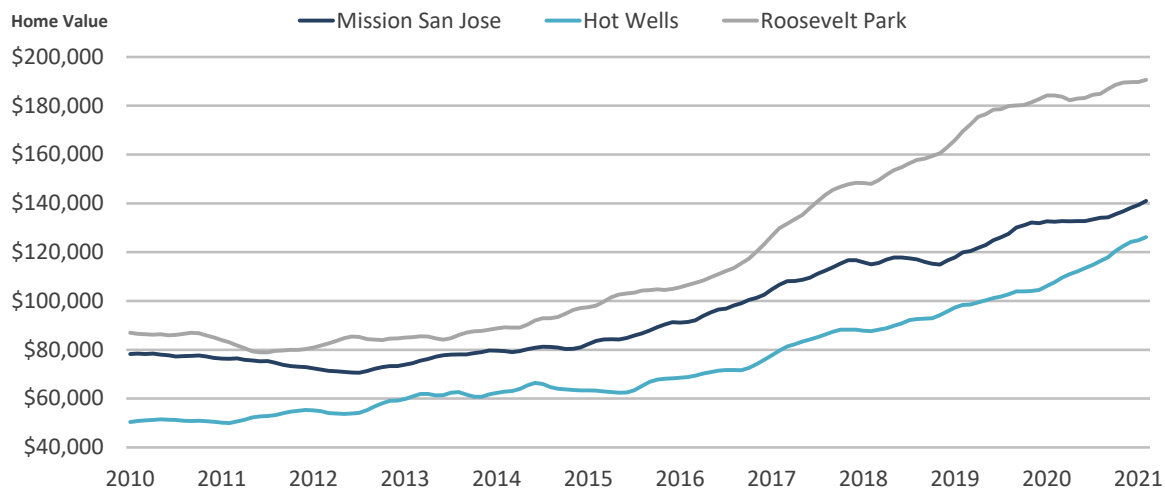
Table 3. Select Demographic Characteristics, Mission San Jose, 2010-2020

Description20102020			2010-2020		
			Total	Ann. #	Ann. %
Demographics					
Population	4,429	7,305	2,876	288	5.1%
Households	1,482	2,597	1,115	112	5.8%
Median Age	24.5	28.2	3.7	0.4	1.4%
Housing					
Owner-Occupied	337	295	-42	-4	-1.3%
Renter-Occupied	1,145	2,302	1,157	116	7.2%
Vacant	198	119	-79	-8	-5.0%
Total Units	1,680	2,716	1,036	104	4.9%

Source: ESRI Business Analyst; Economic & Planning Systems

The average home prices in Hot Wells and Roosevelt Park have similarly risen, growing by annual rates of 8.7 percent and 7.4 percent, respectively, since 2010. Home prices in San Antonio have not risen as rapidly, increasing by 4.2 percent annually since 2010.

Figure 7. Average Home Value, Mission San Jose and Surrounding Areas, 2010-2021



Source: Zillow; Economic & Planning Systems

Market Inventory and Conditions

The Mission San Jose/Brooks area has experienced a significant amount of commercial development over the past decade. Since 2010, three new office projects, four new industrial projects, and several new retail projects have been completed in the area. In total, office inventory has expanded by 157,679 square feet, industrial inventory by 925,615 square feet, and retail inventory by 342,663 square feet, as shown in **Table 4**. In the past year, two industrial projects totaling 637,000 square feet, both related to warehousing and distribution, were completed in the MSJ/B area, specifically in the southeast portion of Brooks. As office and industrial inventories have expanded, vacancy rates for both have fallen, indicating strong demand for both product types. Three new hotels with 351 total rooms have also been delivered since 2010: a 100-room Hampton, a 95-room Holiday Inn Express, and a 156-room Embassy Suites. All three are located in Brooks.

As previously described, the recent growth in housing stock is attributable to the development of renter-occupied units. Five multifamily projects totaling 1,239 units have been completed since 2010, representing a twofold increase in the multifamily inventory. Four of these five projects are class A properties located within the Brooks development. Rents in the opportunity zone increased from \$0.98 per square foot in 2010 to \$1.14 per square foot in 2020, mirroring the average multifamily rental rate citywide.

As shown in **Figure 8** on the following page, commercial development since 2010 in the MSJ/B area has concentrated in and around Brooks. With the exception of a 65-unit multifamily project in 2019 and two small retail projects, the Roosevelt Ave corridor has experienced minimal new development.

EPS identified parcels in the Mission San Jose/Brooks area that are well-suited for redevelopment. This designation was determined through an analysis of Bexar County parcel data, with parcels sorted on the basis on value, floor area ratio, size, vacancy, and tax exemption status. The first criteria identified parcels with a building to land value ratio of less than 0.5, as this indicates that an existing use is low value and is therefore well-positioned for acquisition and redevelopment. The second criteria identified parcels with a floor area ratio of less than 0.2, which indicates a low-density use that is well-positioned to be redeveloped into a more intensive use. Parcels under 0.25 acres were excluded from the analysis, as this is the minimum size needed for redevelopment. Lastly, tax exempt and vacant parcels were removed from this analysis. Parcels that met all of these criteria were considered 'Redevelopment Parcels.'

Description	2010	2015	2020	2010-2020		
				Total	Ann. #	Ann. %
Office (sf)	589,500	692,600	747,179	157,679	15,768	2.4%
Retail (sf)	1,032,374	1,278,110	1,375,037	342,663	34,266	2.9%
Industrial (sf)	1,462,297	1,750,912	2,387,912	925,615	92,562	5.0%
Multifamily (units)	1,226	1,526	2,465	1,239	124	7.2%

Table 4. Commercial Market Conditions, Mission San Jose, 2010-2020

Source: Costar; Economic & Planning Systems

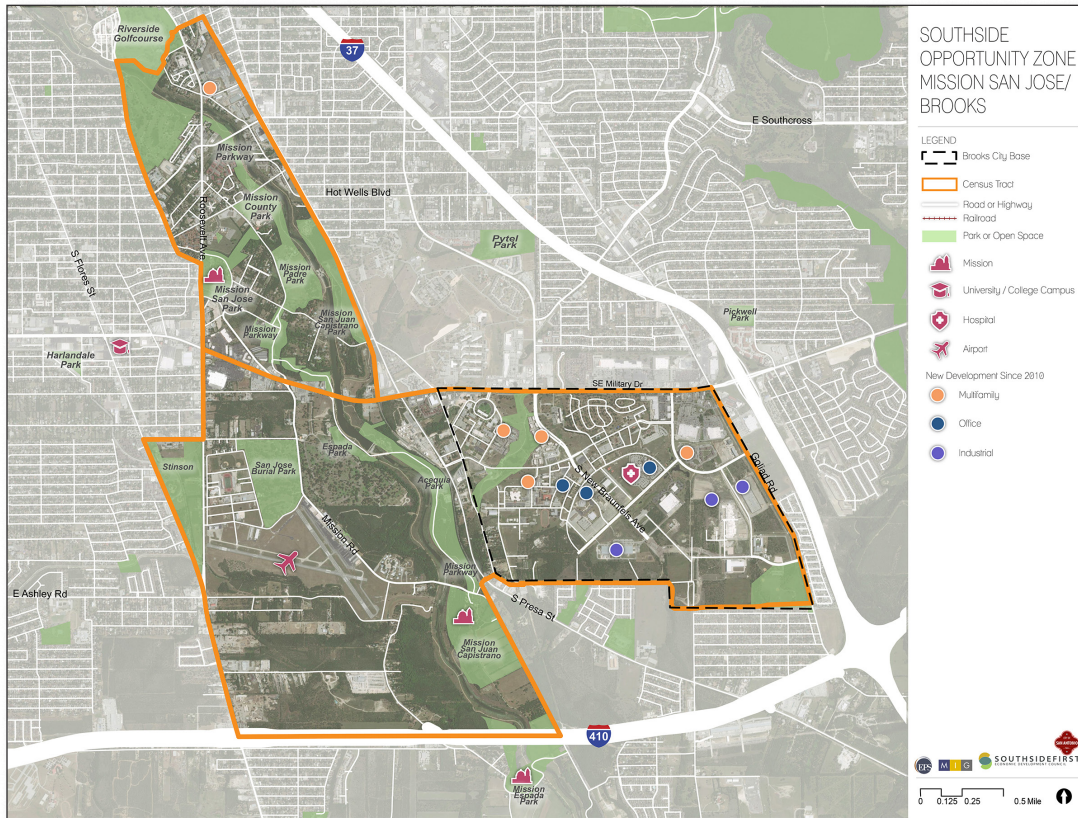
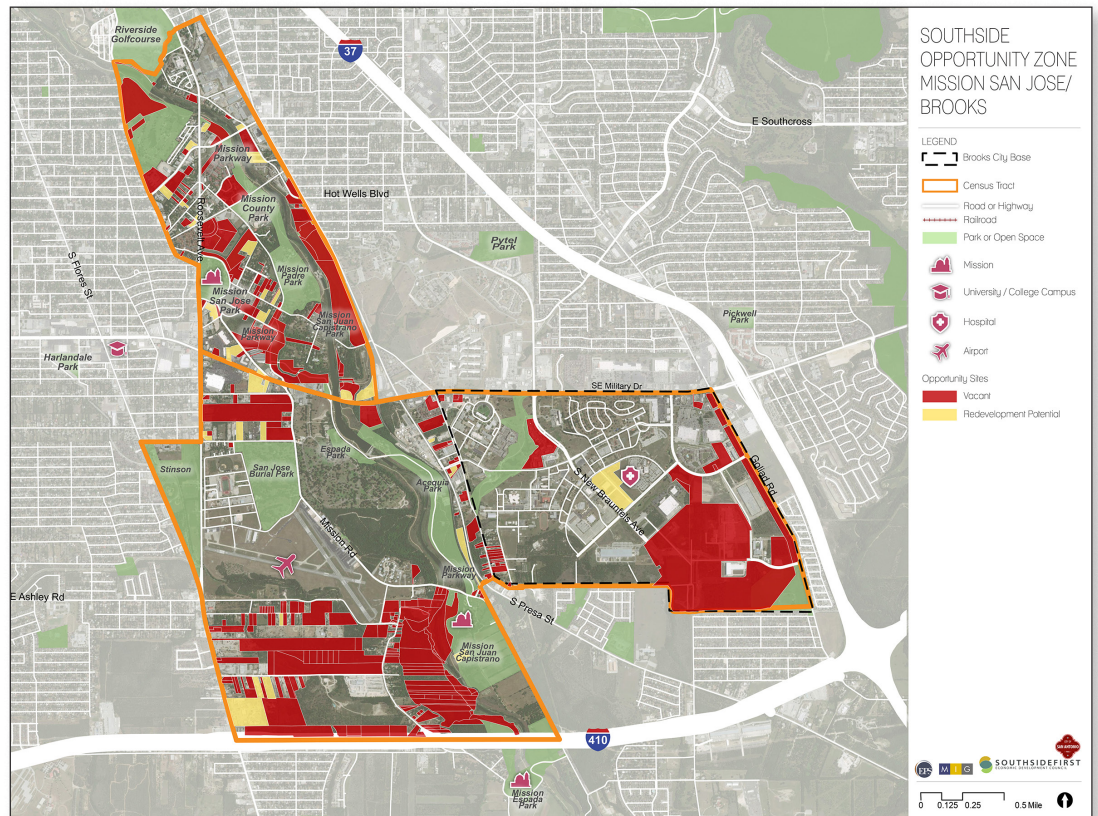


Figure 8. Mission San Jose/Brooks Opportunity Zone

This designation means that a parcel is well-suited for redevelopment. As a practical matter, it could be a potential site for a redevelopment project, opportunity zone-related or otherwise, or it could be a site that the City takes efforts to preserve in its existing form. The redevelopment parcels are shown in **Figure 9**.

Figure 9. Mission San Jose/Brooks Opportunity Zone Potential Redevelopment Sites



Opportunities and Challenges

A set of opportunities and challenges facing the Mission San Jose/Brooks opportunity zone were developed based on the outreach to stakeholders, the community survey, and analysis of existing conditions data.

Opportunities

- **World Heritage Designation** – The Mission San Jose area is a major destination for cultural tourism due to the presence of the historic San Antonio missions, their designation as a National Park, and the 2015 designation by UNESCO as a World Heritage Site. The missions (excluding the Alamo) draw over 1.4 million visitors a year and the economic impact of these visitors is over \$52 million annually. Despite the high level of visitation, there are limited businesses and services oriented to mission visitors in the opportunity zone.
- **Abundance of Open Space** – Along the Mission Trail through the opportunity zone is a stretch of open space that buffers the San Antonio River. The City extended its world famous Riverwalk to the south, out of Downtown, along the river, known as the Mission Reach of the Riverwalk. Along the river are a series of parks and open spaces including Concepcion Park, Riverside Golf Course, San Antonio Mission National Historical Park, Mission County Park, Padre Park, Espada Park, and Aquequia Park in addition to the hiking and biking trail that parallel the river as part of the Riverwalk.
- **Brooks** – The redevelopment of the Brooks Air Force Base into a mixed-use employment center has attracted investment, employment, and new residents to the Southside. The project has helped catalyze investment in the area and helped bring retail and services to the area that had been lacking. The Brooks Development Authority has been successful in attract a diversity of use types, employers, educational, and housing development to the base since the base official closure in 2011. There is additional opportunity for development in Brooks for all use types.
- **Existing Economic Development Tools** – In addition to the opportunity zone designation, there are numerous designations in place to help attract and support investment in the area. Significant portions of the area are within one of two tax increment reinvestment zones (TIRZs); Mission Drive-In and Brooks. However, the Mission Drive-In TIRZ expires in 2026. The area is within the City's Inclusive Growth Incentive area that expands opportunities for tax abatement incentives for businesses. Brooks is within the City's Center City Housing Incentive Policy (CCHIP) program that provides incentives for affordable housing development at Brooks. Most of the area (aside from Brooks) is in a designated Texas Enterprise Zone. The major economic development tools that can be used to spur investment are in place.

Challenges

- Preservation** – The presence of the historic assets and cultural heritage in the Mission San Jose area is a major attribute but also presents a challenge in terms of attracting new development. Significant new investment in the area has the potential to impact historic sites but also may impact the character of the area. The City has taken proactive steps to mitigate impacts on the missions including creating a World Heritage Buffer Zone, designation of the neighborhoods around the mission as historic districts and creating mission protection overlay zones that limit the types of development that can occur within a certain distance of the missions. The Mission Historic District designation does present opportunities as well. The designation creates eligibility for the use of local, state, and federal historic tax incentives/abatements.
- Risk of Displacement** – The neighborhoods within and around the opportunity zone area have many residents whose families have lived there for generations. As well, like the Quintana Road area many families own their home and have no mortgage. The home values in the area have been increasing over the past decade and continued visitation and investment in the area will likely increase the value of land in the area. The risk of displacement of existing residents is a concern that needs to be addressed as new investment is attracted to the area.
- Vacant and Underutilized Commercial Buildings and Parcels** – The opportunity zone surrounding neighborhoods have several older buildings that need repair and/or are vacant. In the Mission San Jose/Brooks opportunity zone there are 12 buildings in the City's vacant building inventory and numerous others just outside the boundaries especially along S Presa St. These buildings represent an opportunity for spaces that new businesses to locate in if improved. There are also vacant and underutilized parcels along the main corridors in the area (Roosevelt and Presa). If improved, these buildings could be used for new businesses.
- Connectivity** – Increased visitation to the area, whether it be to the missions, the community amenities within the Mission Overlay District, or to Brooks, will continue to create need for increased connectivity for all modes of travel to the area. The City and its partners have done a great job investing in transportation routes to access the area including the transformative Mission Reach improvement and the recent and planned Greenline Park investments in Brooks. Additional connections are desired by the neighborhoods surrounding the missions to help connect those residents to the assets in the area.

6. Strategy

This chapter contains a summary of desired community investments, a profile of private developments and investments desired by the community and how the Opportunity Zone program can support attraction, and lastly recommendations for how to mitigate displacement risks for residents in the areas.

Desired Community Investments

There are several community projects underway in the opportunity zones to support the area and attract investment. The outreach to the Southside Community helped generate ideas for desired community projects that are not already planned for. This section provides a description of projects already underway, and projects identified by the community in the outreach process for future consideration.

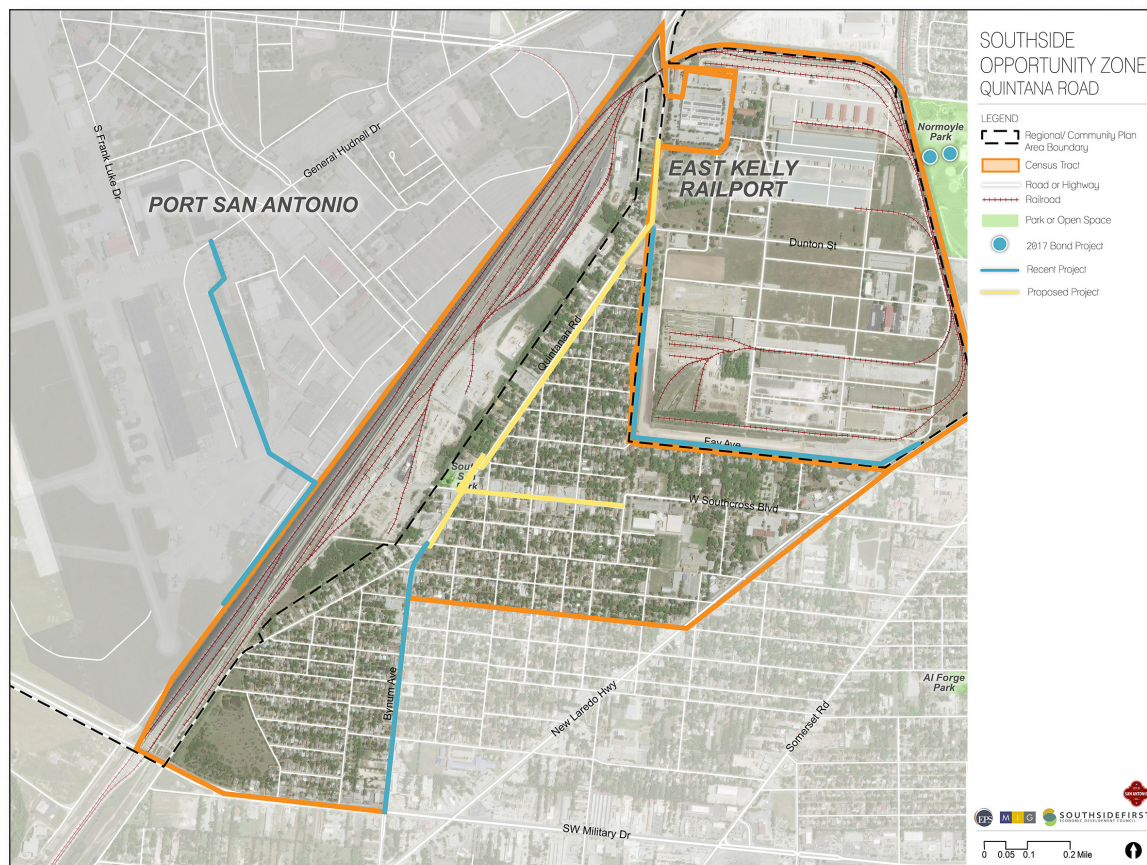


Figure 10.
Quintana Bond Map

Quintana Road

Recent and Ongoing Investments

- **Bynum Avenue Improvements** – The reconstruction of Bynum Avenue from West Gerald Ave to SW Military Drive was completed as part of the 2017-2022 Bond program. The project included improvements of curb, sidewalks, drainage, driveway approaches, and other components.
- **Quintana Road Improvements and Port San Antonio Drainage Infrastructure** Improvements to the roadway of Quintana Road from Harmon Avenue to McKenna Avenue were made in winter of 2020. The project improved capacity through improvements to turning and acceleration lanes for the intersection of Quintana and Dunton. The project also provided a 10' shared used path on the east side of Quintana Road. The project was part of a larger effort to address localized flooding issues and stormwater detention in Port San Antonio.
- **Normoyle Park and District 5 Parks Improvements** – Improvements were made to Normoyle Park funded through the 2017-2022 Bond including improvements to the softball facilities.

Potential Future Investments

- **Southcross Roadway/Streetscape** The improvement of Southcross from Quintana Road to Pierian Avenue could enhance the appeal and functionality of the area. Improvements to crosswalks, sidewalks, reduction of lanes to allow for on-street parking, and others have been proposed previously. These improvements could help attract investment and make the roadway support a neighborhood commercial district.
- **Quintana Road Improvements** Improvements along Quintana Road from Gerald Avenue to McKenna Avenue need to be continued to enhance Quintana Road to match with

the improvements that have already occurred (Bynum Avenue and Quintana/ Dunton intersection).

Mission San Jose

Recent and Ongoing Investments

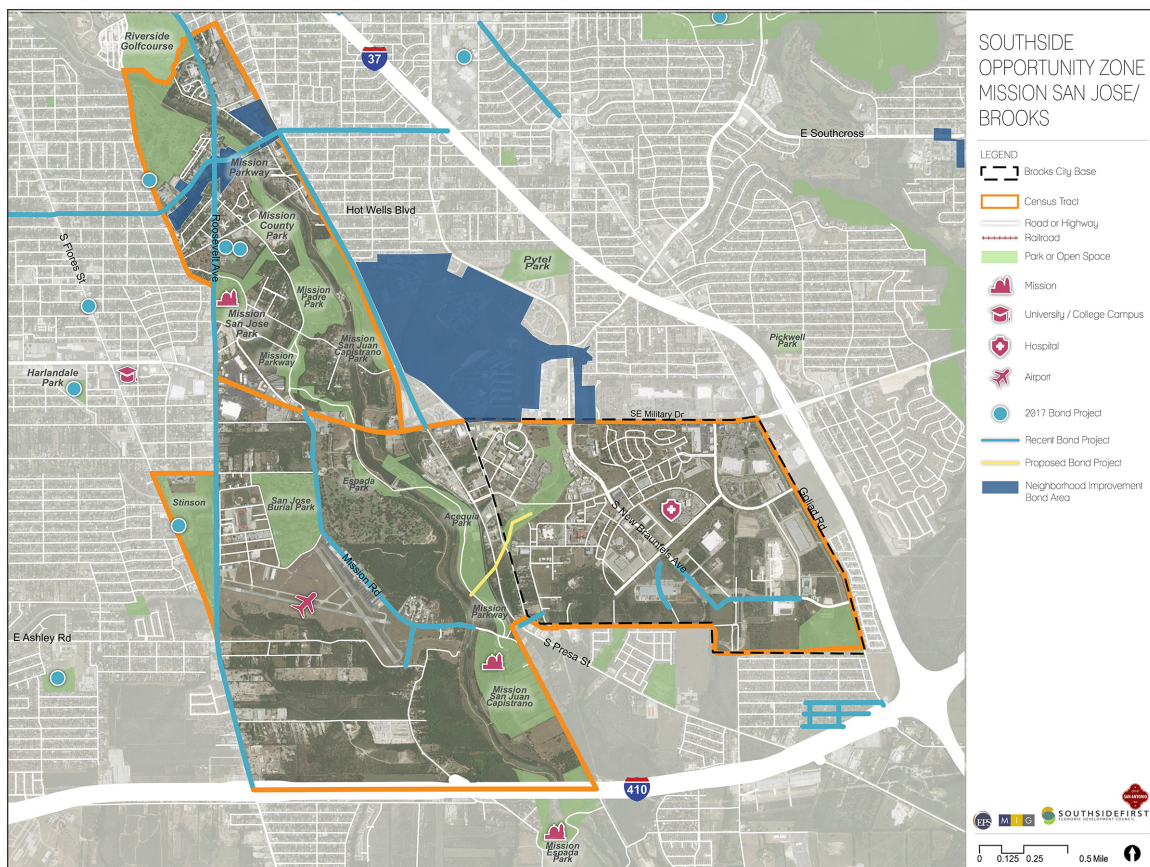
- **Roosevelt Corridor** – Roosevelt Avenue is being improved from St. Mary's Street on the north all the way south to Loop 410, which runs through the entirety of the opportunity zones. The first phase of improvements have been funded and are being completed that run from St. Mary's Street south to Mission San Jose. The remainder of the stretch from Mission San Jose to Loop 410 will need to be funded through future Bond efforts. The project also uses State of Texas funding.
- **Southcross Corridor** – Pedestrian improvements and other general improvements were funded for Southcross Blvd from I-37 (on the east) through the Southside to I-35 (on the west).
- **South Presa Corridor** – Improvements to pedestrian amenities along South Presa were funded in the 2017-2022 Bond along South Presa from Southcross to SW Military.
- **Mission Marquee** – Improvements to the Mission Marquee Plaza were funded in the 2017-2022 Bond to improve "green rooms" for performers.
- **World Heritage Trail Signage and Wayfinding** – The 2017-2022 Bond also included funding for improvements for signage and wayfinding in the World Heritage Buffer Zone. These improvements are expected to be completed in summer of 2021.
- **World Heritage Community Center** Funding for the creation of a World Heritage facility was provided in the 2017-2022 Bond. The facility is currently being design and programming determined.

- **Neighborhood Improvement Bond Areas** – In the 2017-2022 Bond Program, \$20 million were approved for the acquisition of property by the City for the preparation of building new housing units in partnership with the private and non-profit sector. Areas within the city with blight conditions and that are suitable for housing were identified including portions of the Mission San Jose and Brooks opportunity zones.
- **Other Projects** – A handful of other improvement projects have been made recently or are underway, but not shown in **Figure 11**. These projects include a bike route along S Alamo Street, connections from the San Antonio River to the missions, improvements to Mission Road, and beautification of San Jose Drive.

Potential Future Investments

- **Mission Drive-In Buildout** – The Mission Drive-In Master Plan includes 3.3 acres of land that do not yet have identified uses. Plans for multifamily housing were once proposed but met with community resistance. There has been desire for a senior-oriented facility and/or senior housing. The inclusion of private uses can help bolster investment and activity at the site. The Drive-In could be an ideal site for business incubation efforts and expansion as a community/ neighborhood destination.

Figure 11. Mission San Jose Bond Map



Brooks

Recent and Ongoing Investments

- **Stinson Park** – Stinson Park received 2017-2022 Bond funding for improvements to the parking lot.
- **Mission Road** – Mission Road from SW Military to the San Antonio River was improved with new streetscape, lighting, trail enhancements and other improvement.
- **Brooks to Stinson Connection** – A new roadway alignment was created for Research Plaza Drive to S. Presa to better connect Stinson Airport to Brooks. Trail connections to Stinson have also been made to connect the river to the airport area.
- **Brooks Internal Roadway Improvements** – Improvements to the internal roadway network within Brooks were funded in multiple projects in the 2017-2022 Bond Program.
- **Greenline Park Extension** – The extension of the existing Greenline Linear Park in Brooks to the San Antonio River and Riverwalk is currently underway and is expected to be completed in fall 2021.

Investment and Development Attraction

Applications of Opportunity Zones in the Southside

Opportunity zone investments have primarily been channeled into commercial real estate development projects, and comparatively little has been channeled into operating businesses or mission-driven projects. In the opportunity zones on the Southside of San Antonio it is feasible that opportunity zone investments would be directed towards similar uses. Three types of projects were identified that could realistically generate interest from opportunity zone investors and align with the types of projects desired by the community: an industrial project, a multifamily project, and a boutique hotel.

Based on research and conversations with developers, the opportunity zone incentives provide a modest increase to a project's returns. The incentives are not a replacement for market fundamentals. A successful project of any type would still need solid market support. The incentives can enhance the returns of an already good project but are not going to turn a project with poor market support into a strong project.





INDUSTRIAL BUILDING

Description of building prototype

The first type of OZ project that could work well in the Southside is an industrial building. Given the sizable industrial base that currently exists on the Southside, there is ample site area to accommodate new industrial development. An industrial building also has the potential to create well-paying jobs, a benefit that stakeholders have expressed as an important feature of new development.

Why Opportunity Zones work for this building type

Commercial real estate projects have proven to be an attractive investment for OZ investors. As evidenced by the example of distribution project in the Pullman area of Chicago, industrial buildings are a feasible type of opportunity zone investment, owing to their long holding period, high value, and relative stability. The high amount of capital investment involved in industrial projects, for both construction and business operations, provides investors an additional benefit from the abatement of capital gains.

Impact on Southside

The continued growth of the employment base on the Southside is a desired objective of Southside First and other area partners. Attraction of industrial development to provide space for new manufacturing, distribution, research and development, and other industrial based jobs can help provide more “middle skilled” jobs to the area (jobs that don’t require a college degree). However, to support this workforce training and upskilling efforts are needed to ensure new jobs go to Southside residents.

Building Design Example



Building Attributes

- 100,000 sf
- Development Cost: \$2,000,000
- Lot size: 5 - 8 acres
- Potential employment capacity: 70 to 100 employees
- Types of use: distribution, manufacturing, research and development

INDUSTRIAL BUILDING

COMMUNITY INPUT

Survey respondents and stakeholders expressed desire for attraction of quality employment opportunities to the Southside. Jobs likely to locate in an industrial building more often provide average wages for the region. This type of project in the desired locations in the Southside should continue to be encouraged.

MARKET SUPPORT

Strong support over the past decade

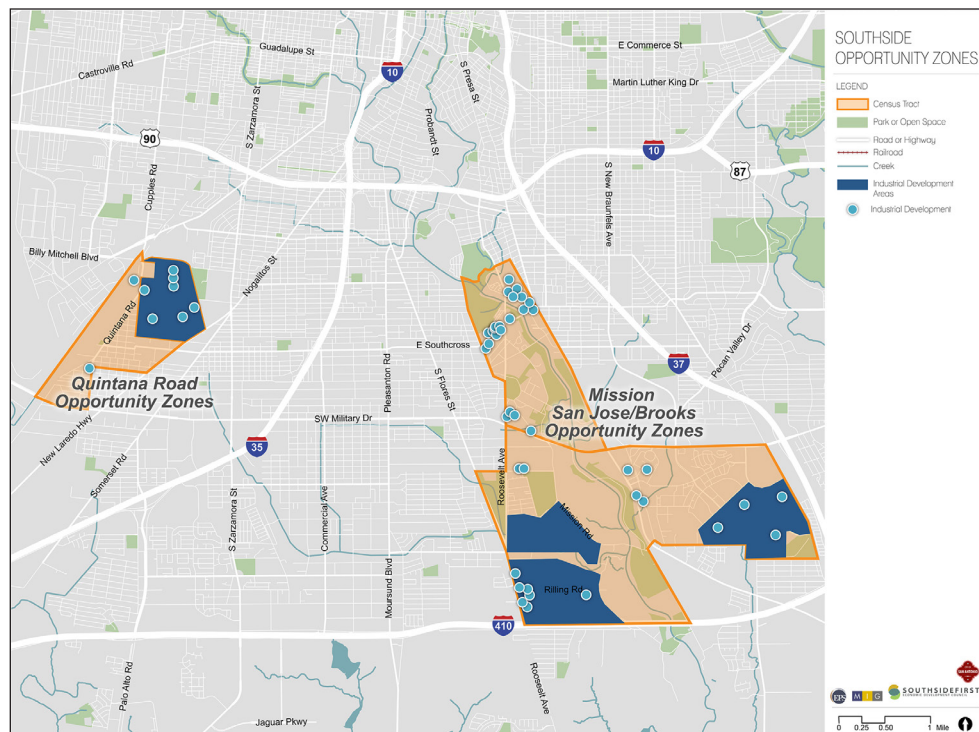
- 925,000 square feet built in Mission San Jose
- 275,000 square feet built in Quintana Road

Mission San Jose

- Two industrial projects totaling 637,000 square feet (2020) and 0 percent current vacancy rate

Main industrial employers

- Manufacturing
 - Nissei Plastic Machinery
 - Mission Solar Energy
- Warehousing & distribution
 - XPO Logistics
 - CIG Logistics
 - Cuisine Solutions



SOUTHSIDE OPPORTUNITY ZONES STRATEGY

Where it fits in Southside OZs

Mission San Jose Area

- Brooks Redevelopment
- Stinson Airport

Quintana Road Area

- East Kelly Annex area (currently has several build-to-suit sites)



MULTIFAMILY BUILDING

Description of building prototype

With an increasing demand for housing in the Southside of San Antonio, a multifamily building could serve an important function. A multifamily residential project also has a strong potential to attract opportunity zone investment, as these projects have been especially favorable to investors since the program was implemented.

Why Opportunity Zones work for this building type

Residential projects are the largest recipient of opportunity zone investment. As of 2020, 75 percent of equity raised by Qualified Opportunity Funds had partial focus on residential development, and 30 percent of equity dedicated specifically to residential development, according to an analysis by Novogradac. Multifamily projects have generated substantial investor interest, owing to their ability to offer stable returns, their alignment with the requirements of the opportunity zone program, and the favorable market conditions for multifamily development in opportunity zones. In San Antonio, a 24-unit apartment project is currently under construction on the Near Westside that utilizes opportunity zone incentive. Given these trends, a multifamily building is a viable opportunity zone project for the Southside.

Impact on Southside

Attraction of additional housing options to the Southside can be greatly aided by the opportunity zone designation, especially for areas that are planned for this type of development (e.g., Brooks). Opportunity zone designation is also a benefit to affordable housing development. Affordable projects are often needed in multiple equity sources, which the opportunity zone designation can help attract. Specifically, low-income housing tax credit projects (both 9% and 4% deals) work well with opportunity zones as these projects require longer ownership requirements than opportunity zone requirements. The added return on investment opportunity zones offer can have a bigger impact on these projects, which typically have very small return margins for investors.

Building Design Example



Building Attributes

- 100,000 sf
- Development Cost: \$30M
- # of Units: 80
- Potential employment capacity: 70 to 100 employees
- Types of use: market-rate or affordable (depends on the presence of other sources of development support (i.e., LIHTC, gap financing))

MULTIFAMILY BUILDING

COMMUNITY INPUT

The community's sentiment on multifamily apartments is mixed. Some respondents desire multifamily development but this was not the most desired housing type. The sentiment exists that the Southside has historically been targeted for the development of affordable housing and legacy projects that have created issues for the community. The location of these types of projects is the most pressing concern. If built in desired locations, the addition of housing options both market rate and affordable is a benefit to the community.

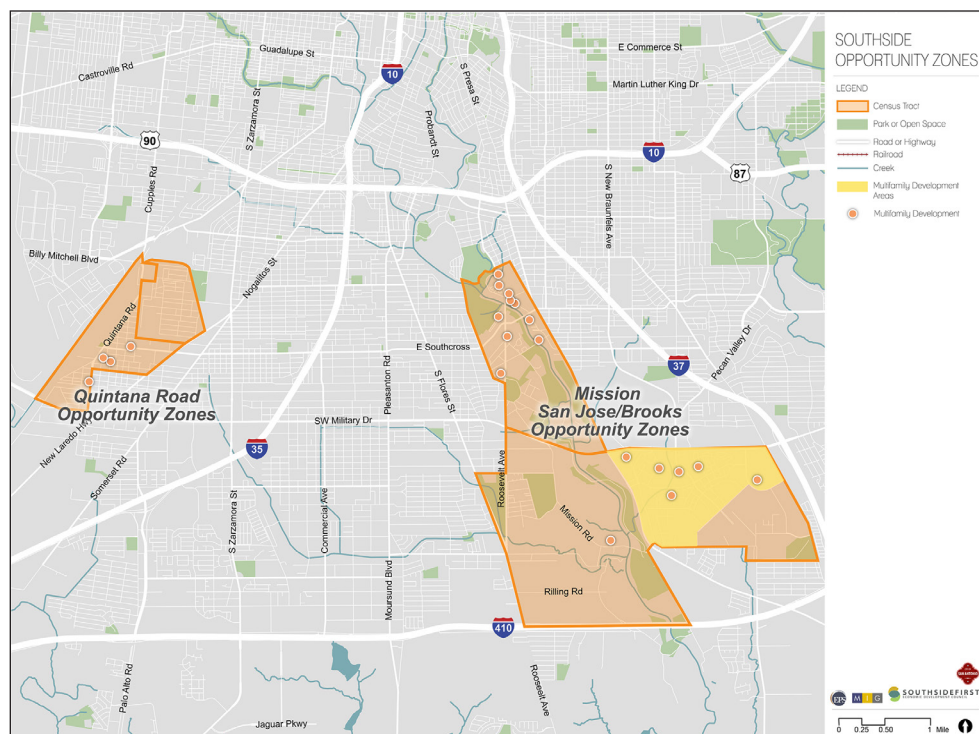
MARKET SUPPORT

Quintana Road Area

- Limited multifamily

Mission San Jose Area

- Significant development over the past decade
 - 1,239 units built since 2010, which doubled the overall inventory
 - Construction activity largely driven by multifamily development in Brooks
 - 16 percent increase in MF rents since 2020
 - Rents = \$1.14 per square foot average in 2020 (which is the same average multifamily rental rate citywide)



SOUTHIDE OPPORTUNITY ZONES STRATEGY

Where it fits in Southside OZs

- Brooks Redevelopment has capacity for more MF development
- San Antonio State Hospital site (north of SW Military Drive)
- Opportunity Zone Neighborhoods
 - Small scale, context appropriate apartments
- Mission San Jose
- Quintana Road



BOUTIQUE HOTEL

Description of building prototype

Additional hospitality uses and services near the missions has been identified as projects that will help area businesses. A boutique hotel targeted at cultural heritage travelers would be a great fit in the Mission San Jose opportunity zone and supportable by the market given the visitation to the missions.

Why Opportunity Zones work for this building type

As with other commercial real estate projects, hotel projects align closely with the requirements of an opportunity zone investment, as they typically have long holding periods, often rely on equity investment, and are capital intensive. Hotels are also high value investments and, in many cases, provide stable returns to investors. Although the current investment outlook for hotels is somewhat uncertain because of the pandemic, strong markets could attract targeted hotel investment in the coming years.

Impact on Southside

The Missions generate 1.2 million annual visitors to the Southside annually. However, there is minimal capture of their spending outside of the cultural and recreation attractions. Accommodating more visitors that are in the Southside for a longer period of their visit will drive demand for retail and restaurants (existing or new) that also serve residents of the area.

Building Design Example



Building Attributes

- 20,000 sf
- Development Cost: \$8M
- # of Units: 50 rooms
- Potential employment capacity: 10 to 15 employees
- Types of use: market-rate or affordable (depends on the presence of other sources of development support (i.e., LIHTC, gap financing))

In Mission San Jose, 'Tourism Services and Hotels' was one of the most desired types of private development. This aligns with Mission San Jose's character as a destination, given its abundance of cultural and historical assets.

San Antonio Missions National Park / World Heritage Site

- Attracts over 1.4 million visitors annually

- Significant market activity
 - 10 hotels and 516 hotel rooms (351 of which have been built in the past decade)
 - \$39.5 million in economic impacts to the regional economy by overnight visitors (2018)
 - Average per person spending of \$443 by overnight visitors
- 47 percent of visitors to the mission were ages 16 to 34
- Roughly half of visits were families versus non-family



Close proximity to the
San Antonio Missions
National Historic Park

- Brooks Redevelopment Area
- Roosevelt Avenue Corridor
- S. Presa Street

Projects that do not work well with Opportunity Zones Program

Small Business Formation

The community outreach has indicated a strong desire for the attraction of new small businesses in the opportunity zones. Specifically, neighborhood servicing retail and restaurants were mentioned as the most desired, as opposed to larger, chain stores serving a larger trade area. Access to capital to support these new businesses is a challenge in all areas.

Opportunity Zone Challenges

Since the Opportunity Zone program was established, most investments have been channeled into commercial real estate rather than small business enterprises. The design of the program has driven this pattern of investment. Fundamental aspects of the Opportunity Zone program have made investment in small businesses unattractive relative to commercial real estate, and in some cases, have made investment in small businesses unfeasible. For one, the Opportunity Zone program requires that investments be made as equity, rather than debt, which is unfavorable to most small business owners. In addition, the requirement that 70 percent of a business's tangible assets must be 'substantially improved' after a QOF invests has discouraged investment in established businesses, instead pushing business investment into new, high-growth startups with significant capital needs. As the opportunity zone incentive has a 10-year holding requirement, investors have also been encouraged to seek high-value, low-risk, and predictable investment opportunities, which inherently favor investment in commercial real estate assets over small businesses.

The structure of opportunity zone program puts small business, especially existing or legacy businesses, at a significant disadvantage in their ability to attract

investment. Many of the small businesses in the Mission San Jose and Quintana Road area would not represent the highest-value opportunities for opportunity zone investors and are therefore unlikely to draw opportunity zone investment dollars.

Commercial Renovation

There are several vacant and underutilized commercial buildings within the opportunity zones, as illustrate previously in the report. Many of these buildings have local owners that may not have the means or desire to invest in the buildings to attract new tenants. This can be due to current economic conditions for them and lack of desire to incur debt.

Opportunity Zone Challenges

Similar to home renovation, commercial renovation projects are unlikely to align with the objectives and constraints of opportunity zone investors. The importance of holding (e.g., maintaining ownership without monetizing the investment) an opportunity zone project limits the ability of investors to reap the incentive from a commercial renovation. Moreover, a commercial renovation project does not have the same appeal in terms of the return and stability of investment as a new commercial construction project.

New Single Family Home Construction

New single family homes were the most desired housing product type identified in the community survey completed for this project. Given the raising price of homes and the growth of the area, this type of development is desired in the community and will likely have to be done within small or single home projects.

Opportunity Zone Challenges

A minimal, if not nonexistent, amount of opportunity zone investment has been channeled into new single family home construction. The Opportunity Zone

program is designed to incent longevity. The longer an investment is held, the greater the tax incentive is, with the largest incentive accruing after 10 years. This discourages investors from building single family homes and selling them to individual owners, the most common and profitable model of single family home construction. This, in addition to their low value relative to other real estate investments, has made single family home construction unattractive to opportunity zone investors. The complexity of funding a single family home development using a QOF related to creation of multiple lots/homes and the lack of a long-term singular asset to hold for 10 years makes use of the program challenging for this type of development.

Home Renovation

The housing stock in the opportunity zones is mostly older and built prior to the 1970's. Many of these homes need reinvestment to address upkeep issues and to attract new buyers if desired. A sizable portion of homeowners in the areas also do not have a mortgage and are not likely to want to incur significant debt for major improvements for a variety of reasons.

Opportunity Zone Challenges

Similarly, the holding requirements for opportunity zone investments make home renovation both unattractive and untenable. It would not make economic sense for an opportunity zone investor to channel money into home renovations on an owner-occupied home, as it offers a low return and would likely not meet the requirements of the opportunity zone incentive. Other, more targeted, and mission-driven programs are better suited to provide home renovation investments.

Tools for Attracting Investment

The primary finding for this study is that access to capital investment dollars is a major element to addressing issues or realizing opportunities. The Opportunity Zones program is designed to increase capital investment in underserved areas, but the program only works well for certain types of investment and needs. This section summarizes tools the City and Southside First currently use or should consider to direct capital investment into the opportunity zone areas.

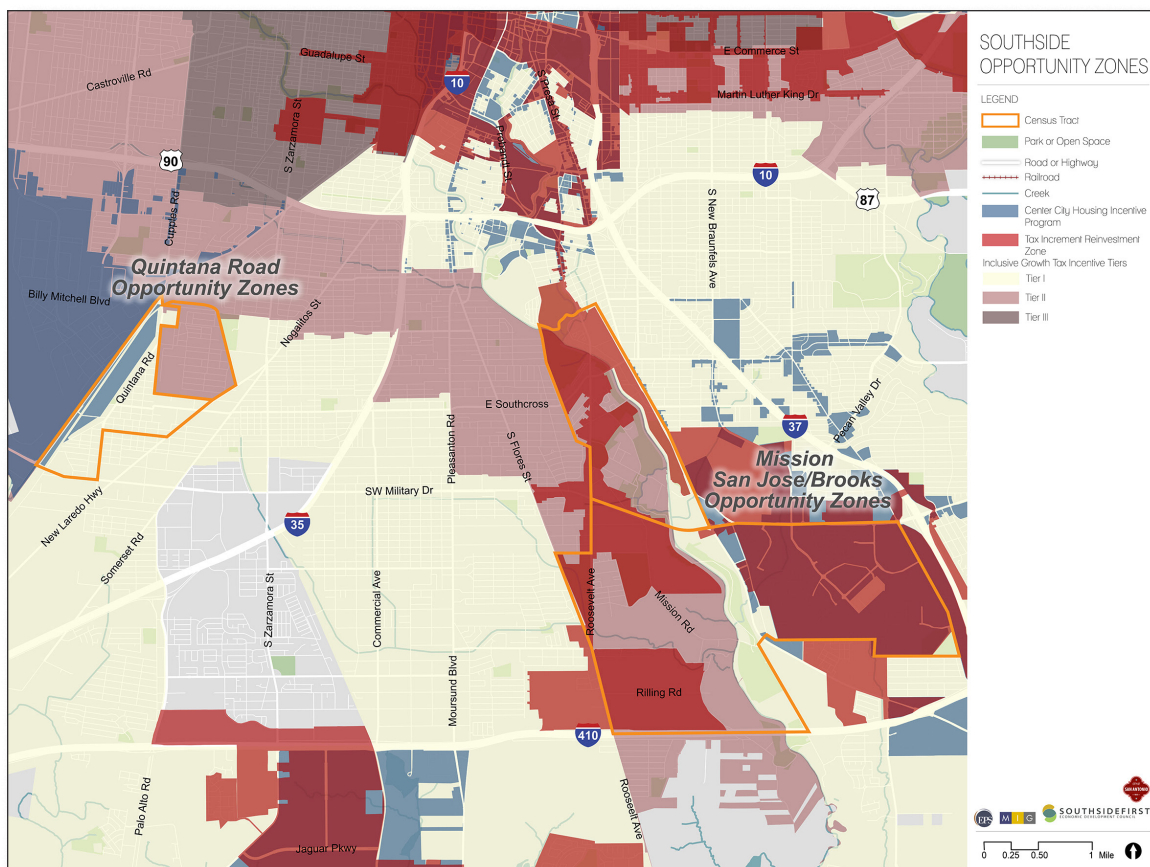
Existing Tools

The City of San Antonio and its partners offer many tools and programs that address the issues identified or to support the opportunities present in the opportunity zones.

- **Tax Abatement Exemption** – The City of San Antonio offers tax abatement incentives to new and existing business that fit into certain criteria. The tax abatement incentive is the City's primary economic development tool. The City directs the incentive to two types of projects; Industry and Upskill.
 - Industry projects are the more standard employment attraction efforts that look to incentives new employers to locate in San Antonio or for existing employers to remain and expand in the city. Industry projects have a minimum capital investment amount (\$10 million) and number of new jobs created (50 jobs). This incentive program aims to attract jobs with higher paying wages, within the City's target industry clusters, but also considers projects that address community objectives such as inclusive hiring practices, internship programs, small/minority/women/veteran owned business creation and support, and other benefits.

- Upskill projects are a new type of project that are being targeted through the tax abatement incentive program to address equity and inclusive growth in the community. These projects also have a minimum capital investment and job creation requirement but have lower wage thresholds/requirements if the employer agrees to contribute to workforce development efforts. The purpose is to attract jobs that also present a pathway to more stable and higher paying opportunities for workers because of the workforce and upskilling partnerships created.
- Economic Development Incentive Fund**
The economic development department manages an incentive fund that provides grants and loans for companies creating or retaining jobs. Grants or loans are used to fund development related capital investments needed for the project (e.g., roadway expansion, site work). Larger grants and loans are provided to projects in the city's inclusive growth areas or for corporate headquarters.
- Development Financing Program** – The economic development department also provides access to financing for development projects through use of tax-exempt bonds.
- Fee Waiver Program** – The City of San Antonio offers a fee waiver program to support certain types of development in the city. The program allows for a portion of City development fees to be waived and a portion of SAWS water and sewer connection fees to be waived. Eligible projects include target industry projects, small businesses, affordable housing, owner-occupied home rehabilitation, historic building rehabilitation, and legacy businesses. The amount and

Figure 12. Existing Economic Development Tools



CITY OF SAN ANTONIO FEE WAIVER PROGRAM

Affordable Housing	Owner Occupied Rehabilitation	Historic Rehabilitation	Business Development
Nonprofits and private developers constructing affordable housing may receive waivers for City and SAWS fees within the city limits.	Participants in home repair/rehabilitation programs through NHSD or non-profit organizations will qualify for City and SAWS Fees.	Owners of residential and commercial structures eligible to be designated as historic, may receive waivers for City and SAWS fees.	Small Business and Industry applicants and owners of Legacy Businesses meeting specific criteria may receive City and SAWS fee waivers
<ul style="list-style-type: none"> 100% waiver of eligible City fees Up to 100% waiver of SAWS fees, \$250,000 max. per project Affordable unit mix must be comparable to market rate mix <p>-Multi-Family - 50% of units must be affordable with half at 80% AMI and half at 60% AMI for multi family. Rents are rent and income restricted.</p> <p>-For Sale - Must be priced at 120% AMI or below.</p>	<ul style="list-style-type: none"> 100% waiver of eligible City fees Up to 100% waiver of SAWS fees, \$10,000 max. per project Exempt from \$100 application fee 	<ul style="list-style-type: none"> 100% waiver of eligible City fees Up to 100% waiver of SAWS fees, \$150,000 max. per project Must be eligible for designation. Requires OHP review regardless of designation. 	<ul style="list-style-type: none"> Waiver of eligible City fees Up to 100% waiver of SAWS fees, \$150,000 max. per project Maximum fee waiver based on business eligibility criteria Exempt from \$100 application fee
*Projects are not eligible to receive a Short-Term Rental permit for a Type 2 Property.			



eligibility for the waivers depend on a few criteria. The waiver amount increases as more criteria are met. This waiver fee is a great program for small businesses and commercial building renovation projects in the opportunity zones. However, due to Covid-19 Pandemic the City had to limit resources for the program. As well, participation does not always max out the amount of funds allocated to the program each year. Additional support and outreach are needed to promote this opportunity. Also, additional funding sources can help address changes in the annual allocation of funds from the City's General Fund.

- **Launch SA** – Launch SA is an entrepreneurship and small business support program provided by the City. Launch SA has a center located in the Central Library where residents can go to access materials, education, network, and other amenities. The effort is aimed to build capacity and increase access to resources for people wanting to create new businesses in the city. The program is funded in conjunction with LiftFund.
- **LiftFund** – LiftFund is a non-profit Community Development

Financial Institution and Community Development Corporation operating in 14 states. LiftFund has partnered with the City of San Antonio to provide small businesses with access to capital through small business loans. The fund provides a Buydown Loan Program, which provides zero interest loans to small businesses.

- **Enterprise Zones** – The State of Texas offers a State sale and use tax refund incentive program to businesses that create or retain jobs in economically distressed areas of the state. The program provides refunds for state sale and use tax for companies that provide a minimum of 250 jobs. The opportunity zones fall completely within the designated Enterprise Zones for the state.
- **Homeownership Incentive Program** – The Neighborhood and Housing Services Department (NHSD) provides a homeowner incentive program that lends 0%/no payment second loans for home buyers who meet certain criteria. The program works as a down payment assistance program to help bridge financing gaps for home buyers.

- **Home Repair and Remediation** – NHSD also provides multiple home repair programs for residents including a minor repair grant program, a roof replacement/repair program for qualified households, a rehabilitation and reconstruction program for owner-occupied homes for low to medium income households, and a green & healthy home program for homes that need improvements to address health and safety hazards, such as lead abatement.
- **Tax Increment Reinvestment Zones (TIRZ)** – NHSD administers the City's TIRZ program. TIRZs are areas meeting criteria for blight and disinvestment that are eligible for the use of tax increment financing through the State's urban renewal laws. New incremental increases in property tax from new development generated in designated zones can be used to fund projects to eliminate blight conditions. The City has two types of TIRZ, city-initiated and project/developer initiated. TIRZ funds are a major source of funding dollars for many capital improvements and programs. Currently, there are two TIRZs in the opportunity zones including the Mission Drive-In TIRZ and the Brooks TIRZ. The City also has a neighborhood investment bond program that uses tax increment to fund acquisition of land for housing projects. Most often the tax increment dollars generated in a TIRZ must be reinvested in that zone.
- **Anti-displacement Agenda** – The City and its community partners have developed a draft Anti-Displacement Agenda that lays out several recommendations for addressing displacement in the city. This strategy will form the basis for future programs the City and its partners will use to reduce displacement of existing residents.
- **Vacant Building Program** – The Office of Historic Preservation runs a vacant building registration program that requires vacant buildings in designated areas of the city to register buildings and address health and safety code violations. The purpose is to proactively work with property owners to address issues related to vacant buildings and bring them into compliance through a less punitive approach.
- **Center City Housing Incentive Policy** – The City of San Antonio offers a financial incentive program to encourage housing development in the center of the city. The program began to incentivize housing development in Downtown to revitalize that area. The program has since grown in focus as market conditions have improved and additional areas have needed support. Currently, the program provides incentives for affordable housing projects in the City's Regional Centers, which includes Brooks and Port San Antonio.
- **Historic Tax Credits** – Historic buildings and/or owner-occupied residential homes in historic districts are eligible for a variety of tax incentives provided by the City of San Antonio, State of Texas, and US Government to support rehabilitation and upkeep. The Office of Historic Preservation administers the local incentive program for historic buildings and structures.

Additional Tools / Programs

Additional tools and strategies the City and Southside First should explore to increase access to capital for the Southside are described below.

- Community or Neighborhood Investment Fund** – Some communities have used these community-oriented grant investment funds to support projects with a focus on meeting community needs and achieving social impact. The funds allocate money (through grants or low/0% interest loans) to projects based on their alignment with desired projects identified by the local community. Prospective projects must demonstrate a commitment to desired community elements to be considered for funding. A fund can function as a vehicle for bringing socially impactful projects to communities that have traditionally lacked investment. Approaches to this type of fund are often funded through revenue generated from value capture mechanism from high growth areas. The Neighborhood Opportunity Fund in Chicago generates funding through fees in lieu paid by developers for density bonuses in the city center. Other funds have been backed through redirection of tax increment dollars generated in areas with high rates of new development. These types of funds are often managed and operated by community non-profits, community development organizations, or quasi-municipal entities (e.g., tax increment district/authority).
- Community Equity Project** – A community equity project is where a neighborhood or local community collectively raises money to build a desired community project. A community development organization or similar will serve as the developer and will solicit investments from the community to raise the capital or equity funds needed to build or finance

the project. The projects and investor participation can vary depending on whether the project is a community use and/or revenue producing real estate project or business. Community investments such as playgrounds, parks, and bike lanes have been built or aided in funding through “Go Fund Me” type contributions/donations from community members. More sophisticated projects have included construction of community desired uses or businesses that can produce a return or profit on the investment. In those cases, a return to the community members on its investment is made over time. The Market Creek Plaza project in San Diego is one of the first examples of this type of project.

- Neighborhood Real Estate Investment Trust** – There is an increasing presence of neighborhood or community real estate investment trusts (REIT). A REIT owns a collection of income producing real estate assets (e.g., retail building, apartment complex) that pays investors a return based on profits generated by the assets. Neighborhood REITs have been modeled to allow for local community members to become investors in the REIT and realize returns on their investments over time.



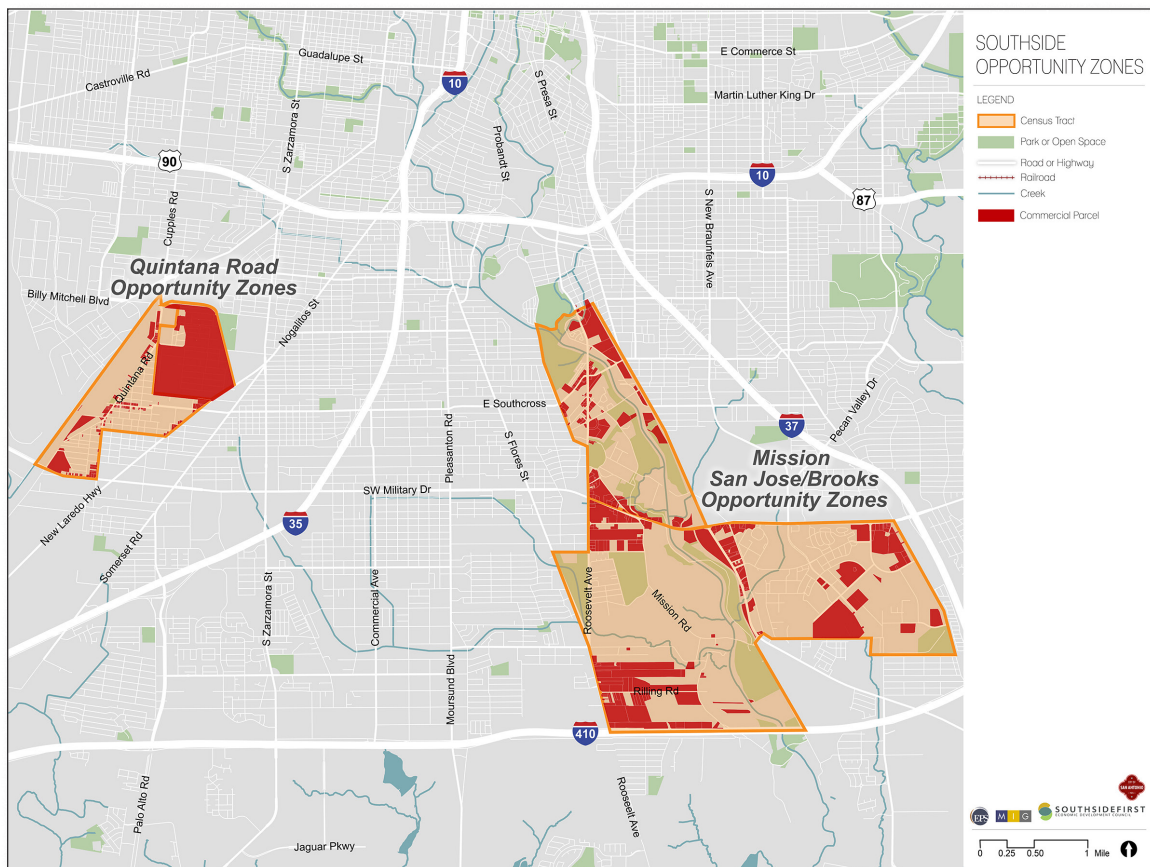
Source: Community Investment Trust. Portland Oregon.
<http://investcit.com/>

In some cases, investment requirements are as little as \$100 in total or \$10 per month, depending on the model. Investors can be required to live in certain geographic areas. The REIT uses the locally generated funds to invest in properties in the neighborhood. The goal is to create local ownership of real estate in the area that can better work with tenants and curate/attract the types of businesses desired. Examples of these neighborhood REITS include NICO Neighborhood REIT in Los Angeles, NorthEast Investment Cooperative in Minneapolis, and the Community Investment Trust in Portland.

- **Collective/Targeted Qualified Opportunity Fund** – A potential investment fund or trust concept that can be explored is the use of a Qualified Opportunity Fund (QOF) as the entity that invests in community projects. This

type of fund/effort would likely function similar to the community equity or neighborhood REIT examples above, but with the added benefit to investors of the tax incentives provided through the Opportunity Zones program. This strategy would involve using funding through a QOF to fund multiple development projects, rehabilitation of buildings, and/or equity funding for businesses. This collective or targeted QOF approach could be a strategy for addressing the minimum investment requirements of the Opportunity Zones program and provide a greater potential upside to investors by coupling several projects or businesses that are funded through the QOF in an opportunity zone. An example approach for the Southside would be a community focused QOF that can provide rehabilitation funds to the owners of the old roadside motels within the Mission San Jose

Figure 13. Commercial Parcels



opportunity zone. There is a collection of over 10 of these hotels in the area. Many of these hotels are owned by Indian-American families that run the hotels as their family business. The QOF could be used to raise capital for these families to invest in renovating their buildings to attract cultural heritage tourist and command greater room rates. The collective investment approach can create a greater inventory of rooms that visitors to the missions are interested in staying at and create a sizable enough investment to attract investors and/or create large enough tax benefits for the owners.

- **Façade Improvement Grants** – Façade or building improvement grant programs are a common tool used to help support reinvestment in commercial buildings. These types of programs are most often found in downtown areas or areas with historic/older commercial buildings. The buildings in these areas need funding to help preserve historic attributes but also improve the buildings to make them desirable and usable for new tenants. As mentioned previously, many of the older commercial buildings are in need of improvements and owned by local owners who often lack capital to make these improvements or are averse to taking on debt to make improvements. The program can be structured to entice investment by owners through matching requirements or greater grant amounts tied to greater investment amounts. Conversely, these programs could provide small grants that have no obligation for repayment or matching requirements as an incentive for owners to make smaller improvements. Finding a funding source, especially at first, is the biggest barrier to the programs. In many cases, tax increment is used to fund these types of programs. A one-time bond allocation could also provide seed funding with a goal to create a program that operates more

like a revolving loan fund over time. A variety of building improvements can be targeted including healthy and safety upgrades, building interior renovation, façade improvements, historic attribute preservation, etc. As an example, the City of Waco Texas has used its downtown tax increment district to fund several building renovation projects. The tax increment dollars from a new project are used to cover the cost of preservation efforts for the building being renovated.

- **Business Enhancement Grants** – Enhancement grant programs are often used to support small scale projects desired by local businesses to support their operations. A seed funding source is needed, but these small-scale grants can be used to fund expansion of outdoor dining, materials purchase for businesses expanding their business model (e.g., a restaurant increasing take-out business), and other small projects that can help increase visitation to businesses. These types of efforts have been the focus of many Covid-19 relief programs that communities have provided through Federal CARES Act dollars and subsequent relief bills.
- **Small Business Incubation Program** – A potential effort that could be explored to support small, local businesses is an incubator. Small business incubators can function in many forms. The City of San Antonio already provides the Launch SA program that supports many aspects of business formation but does not provide the physical location for the business. An approach for the Southside would be the provision of a physical location for multiple business to locate with free or reduced rent costs. Incubation programs often also provide shared/collective spaces and resources to support businesses whether that is collective marketing, shared administrative/human resource/bookkeeping, shared common spaces, or shared equipment. A food-

oriented incubation program and space is a natural fit for the Mission San Jose area given the tie to the Creative City of Gastronomy designation and the World Heritage Office's presence. A shared facility at the Mission Drive-In or in the area could be built and used to support new food businesses (prepared foods, packaged foods, food production, etc.) that can grow into larger, permanent locations in the community. These types of food incubators are often coupled with public or farmers markets. As well, "food halls" with an incubation aim have been created and are supported through alcohol sales from central bars supporting all the food businesses.

Displacement Mitigation

Displacement Risks

A common criticism of the Opportunity Zones program is that it has the potential to drive displacement in the communities where investments are made. The program is designed such that capital flows into relatively low-income and high-poverty areas – that is, areas already most vulnerable to market changes and displacement. Moreover, the OZ program has proven to primarily be a vehicle for real estate investment, with no commitment to providing community benefits, which can have the effect of raising property values and pricing out existing residents and businesses. These concerns are valid and have been expressed in focus groups. In San Antonio, displacement is an increasingly salient issue as the pressure on the City's housing market has been mounting.

In 2021, the City of San Antonio finalized an Anti-Displacement Agenda that develops an understanding of the City's displacement-related challenges and offers a series of policy recommendations to address these challenges. It is the result of a two-year effort between the City and the ForEveryoneHome initiative, emerging

out of growing concern for displacement and gentrification in San Antonio and out of recent efforts to address displacement in the City's Housing Policy Framework. The City will seek to incorporate the recommendations from the anti-displacement agenda into the forthcoming Strategic Housing Implementation Plan (SHIP).

The Anti-Displacement Agenda identifies five core challenges related to displacement in San Antonio:

1. **Evictions, both formal and informal, are too high**
2. **Existing affordable and low-cost rental housing is at risk of loss**
3. **San Antonio's manufactured home parks are closing**
4. **Homeowners can't afford rising expenses**
5. **City investments and new development increase displacement pressure**

As preventing displacement is becoming a focal point for the City's planning and investment strategies, it is important to examine the risks of displacement in the context of the areas in this study: Mission San Jose and Quintana Road.

Existing Conditions and Risk

In general, the Southside of San Antonio has a greater prevalence of socioeconomic vulnerability and disadvantage than other areas of the city. One construct, the Area Deprivation Index (ADI), illustrates this point. Developed by the Neighborhood Atlas Project at the University of Wisconsin, the ADI is a measure of socioeconomic status by census block group, examining factors related to income, poverty, housing quality, education, and employment. The ADI is measured in deciles from 1 to 10 by state, with

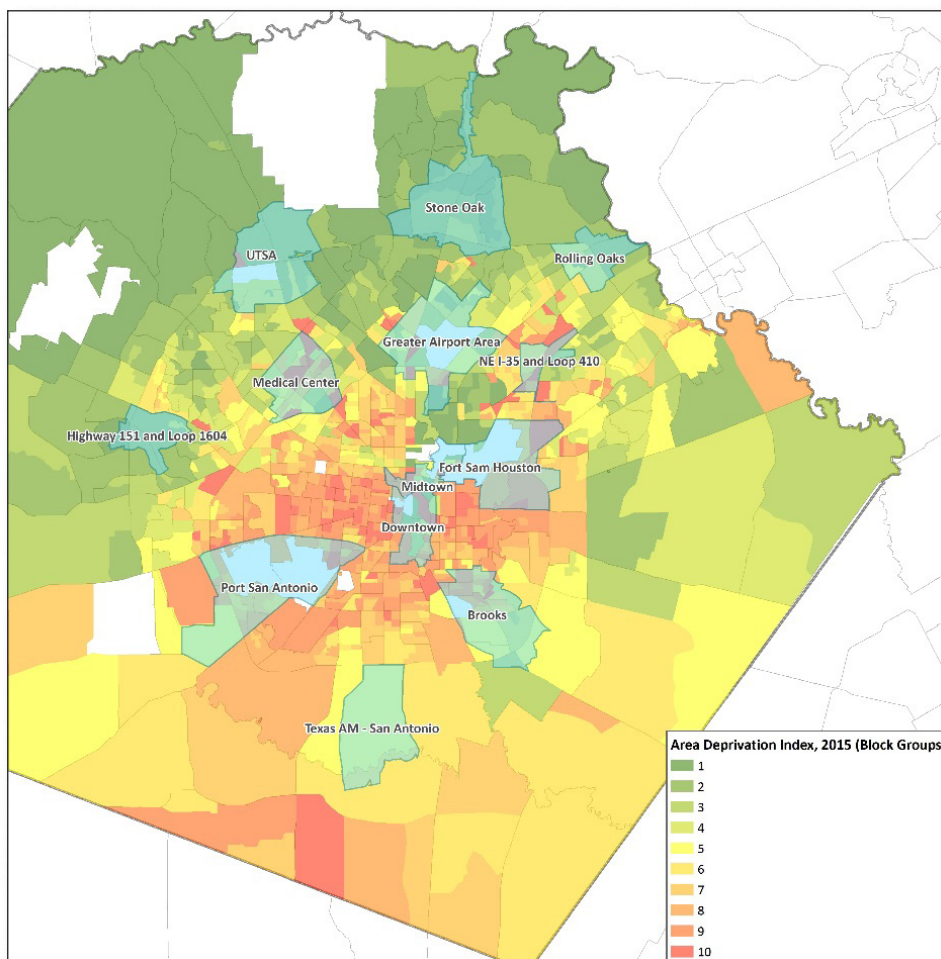
1 representing block groups with the least disadvantaged and 10 representing block groups with the greatest socioeconomic disadvantage. As shown in **Figure 14**, the highest scores are concentrated in the central, western, and southern parts of San Antonio. The areas around Mission San Jose and Quintana Road have especially high ADI values, and the Brooks and Port San Antonio regional centers have the second and third highest average ADI of all regional centers in San Antonio.

The relatively high prevalence of socioeconomic disadvantage in the Southside OZ study areas is an indicator that the area is vulnerable to displacement, making it imperative to assess the potential

and investment, and to consider potential strategies to mitigate such risks.

To further analyze displacement risk, EPS referenced a 2018 study from the National Association for Latino Community Asset Builders (NALCAB) that analyzes neighborhood-level housing vulnerability in San Antonio. The study applied a Neighborhood Trend Analysis methodology to identify neighborhoods experiencing change and neighborhoods that likely face impending change. The methodology incorporated four tract-level indicators: median home value/median rent, median household income, population 25 or older with at least a bachelor's degree, and the number of white, non-Hispanic residents.

Figure 14. Area Deprivation Index, San Antonio, 2015



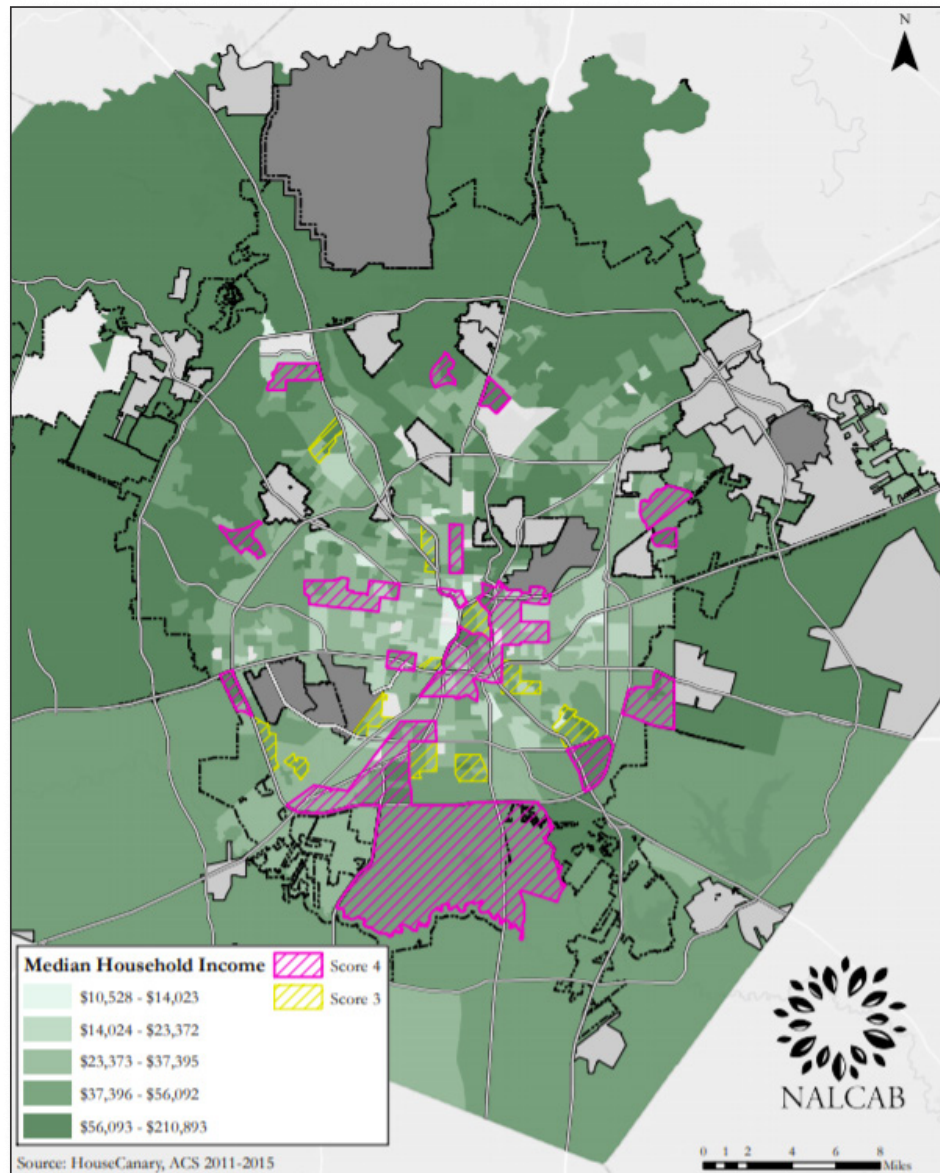
risks associated with new development

Census tracts were scored based on the

number of indicators that changed more rapidly than the City's overall rate of change from the period 2000-2015. Census tracts that scored a 3 or 4 were 'rapidly changing', indicating a vulnerability to displacement. As shown in **Figure 15**, the Quintana Road census tracts received a score of 3, while the Mission San Jose census tracts scored below a 3. In Quintana Road, this aligns with resident concerns about the growing possibility of neighborhood change and elevates the need to consider displacement mitigation strategies.

In addition, the NALCAB study showed that the Quintana Road census tracts have experienced a higher rate of home price appreciation than the citywide average and that the housing stock is notably old, with a median year built before 1970. As market pressures continue to mount, the housing stock in Quintana Road will be vulnerable to changes in composition and affordability, putting existing residents at risk of displacement.

Figure 15. NALCAB Neighborhood Trends Analysis, 2018



Toolkit

Possible Tools

The City of San Antonio's Anti-Displacement Agenda presents 32 policy recommendations to address the challenges related to displacement. While all of the policy recommendations have the potential to mitigate displacement, several are directly applicable to addressing displacement risks in the Southside, including:

1. **Establish a community land trust to create and preserve affordable homeownership.**
This could help preserve the affordability of owner-occupied single family homes for low-income families and provide long-lasting community assets, especially in the Quintana Road area.
2. **Expand the Office of Historic Preservation Vacant Building Program to 300 square miles, with a goal of creating housing opportunities for families below 50% of AMI.**
This could return more vacant buildings to productive use and could be leveraged as a tool for affordable housing production. Given the relatively high number of vacant homes in the Quintana Road area, it could be particularly relevant for expanding housing options in that area. The existing boundaries of the program cover nearly all of the two opportunity zone areas.
3. **Create a land banking program to proactively acquire parcels in neighborhoods with high-displacement risk.**
If established, such a program has the potential to repurpose vacant land into affordable housing, which could serve as a valuable and targeted tool in Quintana Road and Mission San Jose.
4. **Increase the availability and reach of programs to support simple maintenance, repairs and rehab for low-income homeowners.**
Given the prevalence of older, single family homes in Quintana Community, this program could help low-income families stay in their homes and could help improve the existing housing stock.
5. **Increase funding for pre-purchase and post-purchase homeowner counseling services.**
This program could assist homeowners navigate the complexities of a changing housing market and foster homeowner stability, which could benefit neighborhoods in the Quintana Road area.
6. **Designate to a displacement mitigation fund a percentage of total investment in large public works projects.**
Given the large public investments that have occurred around Mission San Jose, this could be an effective way to address a changing market and the risks of displacement.
7. **Scale up estate planning and title clearance.**
This effort would enable homeowners to better understand the tax exemptions for which they qualify, access home repair loans, and to effectively carry out their desired plan of succession for their property (which helps property be intergenerational).

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