

FISCAL ANALYSIS

San Marcos, Texas



PREPARED AS PART OF THE DOWNTOWN MASTER PLAN FOR:

The City of San Marcos

PREPARED BY:



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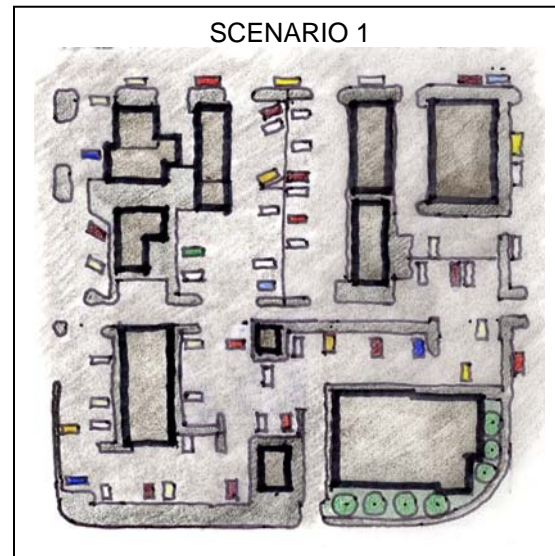


Purpose and Methodology

TIP Strategies, Inc. conducted a limited fiscal analysis for the City of San Marcos as part of the Downtown Master Plan. This fiscal analysis included three land-use scenarios for a typical city block and measured the tax implications for both the city and the county of redevelopment of the parcel under the three scenarios.

Parcel Information	
Gross Acres	3.67
Gross Square Feet	160,000
Adjustments to Buildable Area (Square Feet)	46,000
Net Buildable Area (Square Feet)	114,000

The typical block measures 400 square feet by 400 square feet, or 3.67 acres. It lies outside of the Central Business Area and is zoned Community Commercial. As a result, the city's parking space requirements apply to a development on this parcel. In addition, the parcel is in the height overlay district with a current height limitation of 4 stories or 45 feet. Adjustments to the buildable area, which include setback, access, alley ways and other requirements, account for 46,000 square feet.



Under the first scenario, the parcel is a sample of the prevailing development pattern in downtown. To provide enough parking for the 1 and 2-story buildings on the lot, 51% of the block must be devoted to a surface parking lot with 235 spaces. The building footprint accounts for 20% of the block's surface area, which accommodate buildings totaling 48,750 gross square feet.

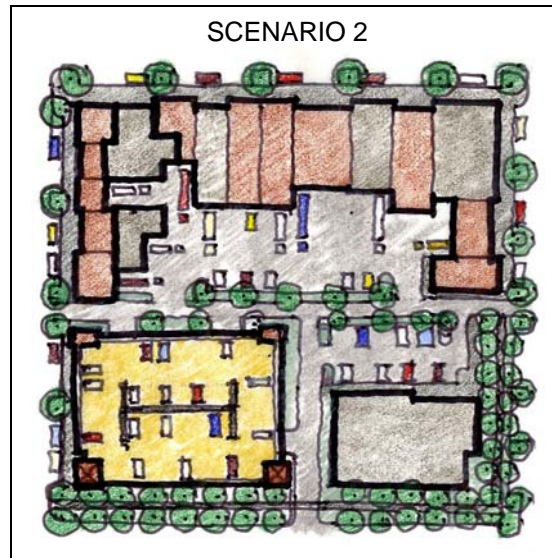
Summary: Scenario 1

29% (46,000 sf) setbacks, access, alleyways

51% (81,500 sf) surface parking

20% (32,500 sf) buildable area





Under the second scenario, the parcel is redeveloped under the ordinance changes proposed by the Downtown Master Plan. In this scenario, the parcel would still be subject to the height restriction of 45 feet but would not be subject to the parking space requirements. Instead, the property owner would pay a parking in-lieu of fee to “buy” into an off-site regional parking structure. As a result, only 31% of the block is devoted to a surface parking lot with 144 spaces. The building footprint accounts for 40% of the block’s surface area, which accommodates buildings totaling 256,000 gross square feet.

Summary: Scenario 2

29% (46,000 sf) setbacks, access, alleyways

31% (50,000 sf) surface parking

40% (64,000 sf) buildable area

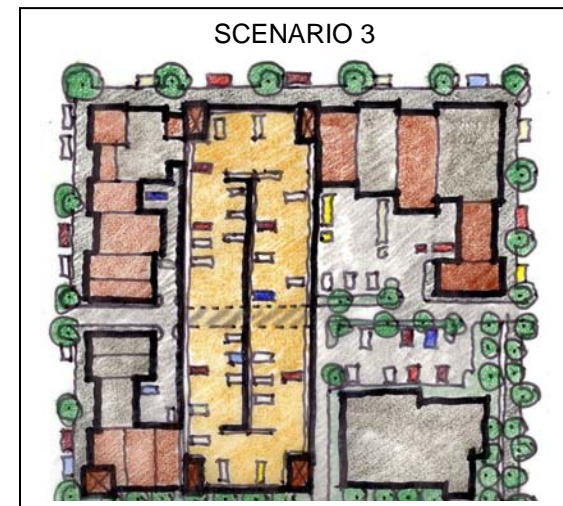
Under the third scenario, the parcel is also redeveloped under the ordinance changes proposed by the Downtown Master Plan. In this scenario, half of the parcel is subject to a 45-foot height restriction and half is subject to an 80-foot height restriction. Like the previous scenario, the property owner would pay a parking in-lieu of fee. In this scenario, 30% of the block is devoted to a surface parking lot and 5-story parking garage. The building footprints represent 41% of the block’s surface area and accommodate buildings totaling 363,000 gross square feet.

Summary: Scenario 3

29% (46,000 sf) setbacks, access, alleyways

30% (48,000 sf) surface parking

41% (66,000 sf) buildable area



Results

The following table shows the development characteristics under each scenario and provides a summary of the tax implications for the city and the county. The assumptions made to reach these results are presented in the tables in the Appendix.

Summary of Fiscal Impacts			
	Scenario 1	Scenario 2	Scenario 3
Space Summary			
Net Buildable Area	32,500	64,000	66,000
Parking Spaces	235	144	600
Retail Space (Gross SF)	24,375	128,000	181,500
Residential (Housing Units)	34	178	252
Office Space (Gross SF)	14,625	76,800	108,900
Tax Base - Year 10			
Total Land Value	192,328	1,009,968	1,432,103
Total Building Value	9,510,232	49,940,909	70,814,649
Total Furniture, Fixture, & Equipment Value	493,508	2,591,547	3,674,733
Total Retail Sales (Cummulative)	17,442,168	91,593,741	129,877,063
Tax Base - Year 20			
Total Land Value	243,847	1,280,509	1,815,722
Total Building Value	12,281,577	64,494,025	91,450,512
Total Furniture, Fixture, & Equipment Value	634,506	3,331,968	4,724,626
Total Retail Sales (Cummulative)	47,774,250	250,876,060	355,734,413
City Tax & Fees Collections- Year 10			
Property Tax Collections	350,416	1,840,135	2,609,254
Retail Sales Tax Collections	215,847	1,133,473	1,607,229
City Tax & Fees Collections- Year 20			
Property Tax Collections	974,126	5,115,413	7,253,496
Retail Sales Tax Collections	591,206	3,104,591	4,093,143
County Tax & Fees Collections- Year 20			
Property Tax Collections	682,366	3,583,297	5,081,004
Retail Sales Tax Collection	197,069	1,034,864	1,467,404



Appendix: Model Assumptions and Sources

In the following table, all assumptions are listed. In addition, the source of each is provided.

Assumptions					
Variable	Total	Property Type			Sources
		Retail	Residential	Office	
Inflation					
Average Annual Change in Consumer Prices	2.3%	2.3%			Bureau of Labor Statistics
Average Annual Change in "Shelter" Prices	2.7%		2.7%		Bureau of Labor Statistics
Average Annual Change in "Non-Residential Building" Prices	2.6%			2.6%	Bureau of Labor Statistics
Parcel Information					
Gross Acres	3.67				TIP Strategies
Gross Square Feet	160,000				Broaddus
Adjustments to Buildable Area (Square Feet)	46,000				Broaddus
Net Buildable Area (Square Feet)	114,000				
Project Information					
Land Use Allocations	100%	20%	50%	30%	TIP Strategies
Land Value per SF		11.50	0.57	2.00	NAI
Construction Value per SF		155.00	155.00	155.00	Broaddus
Furniture, Fixture & Equipment Value per SF		10.00		25.00	Broaddus
Vacancy Rate		15%	15%	15%	TIP Strategies
Average Gross Sales per SF		262.3			ULI Dollars & Cents (Average of Apparel & Accessories, Restaurants)
Average SF per 1 BR Residential Unit			600		Broaddus
% Residential 1 BR			50%		Broaddus
Average SF per 2 BR Residential Unit			900		Broaddus
Taxes					
Property Tax Rate per \$100 Assessment:City	0.5302				Hays County Appraisal District: http://www.hayscad.com/PA/haysweb/taxrates.htm
Property Tax Rate per \$100 Assessment:County	0.3714				Hays County Appraisal District
Property Tax Rate per \$100 Assessment:ISD	1.5000				Hays County Appraisal District
Sales Tax Rate: City	1.5%				Texas Comptroller of Public Accounts
Sales Tax Rate: County	0.5%				Texas Comptroller of Public Accounts
Taxable Share of Gross Retail Sales	83%				Texas Comptroller of Public Accounts



The table below contains the assumptions used to define each scenario.

Scenario 1: Typical Town Block					
Parking (Square Feet)	81,500				Broaddus
Parking (Spaces)	235				Broaddus
Net Buildable Area (Square Feet)	32,500				
Height (in floors)	1.5				Determined based on parking requirements
Height Restriction (in Ft)	45				Broaddus
Gross Building Size (Square Feet)	48,750	9,750	24,375	14,625	
Dwelling Units	34		34		
Construction Value per SF		155.00	155.00	155.00	
Furniture, Fixture & Equipment Value per SF		10.00		25.00	
Years to Complete Build Out	5				
Required Parking Spaces	230	33	51	146	
Scenario 2: Filling in the Missing Teeth					
Parking (Square Feet)	50,000				Broaddus
Parking (Spaces)	144				Broaddus
Net Buildable Area (Square Feet)	64,000				
Height Restriction (in floors)	4				Broaddus
Height Restriction (in Ft)	45				Broaddus
Gross Building Size (Square Feet)	256,000	51,200	128,000	76,800	
Dwelling Units	178		178		
Construction Value per SF		155.00	155.00	155.00	
Furniture, Fixture & Equipment Value per SF		10.00		25.00	
Years to Complete Build Out	5				
Scenario 3: Efficient Town Planning					
Parking (Square Feet)	48,000				Broaddus
Parking (Spaces)	600				Broaddus
Net Buildable Area (Square Feet)	66,000				
Height Restriction (in floors) (50%)	4				Broaddus
Height Restriction (in Ft)	45				Broaddus
Height Restriction (in floors) (50%)	7				Broaddus
Height Restriction (in Ft)	80				Broaddus
Gross Building Size (Square Feet)	363,000	72,600	181,500	108,900	
Dwelling Units	252		252		
Construction Value per SF		155.00	155.00	155.00	
Furniture, Fixture & Equipment Value per SF		10.00	0.00	25.00	
Years to Complete Build Out	5				

