

**Westside Development Corporation
Market Analysis
Executive Summary**

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Executive Summary

The purpose of this study is to analyze the demographic and socio-economic trends of the Westside Development Corporation (WDC) area and to provide recommendations for development. Along with analyzing the data for the WDC area, four local comparison areas on the north, northeast, east, and south sections of San Antonio were also selected to provide a baseline for measuring the success of development in the WDC area. Three areas outside of the WDC area were also selected for analysis. These areas were selected on the basis that they were once areas with similar characteristics to the WDC area but have implemented successful development programs. These areas provide examples of what can be achieved in the WDC area as well as provide best practices in certain elements of the development process.

The WDC area is a densely populated area with over 106,000 people residing in the area - about twice the population of the comparison areas. The population is almost entirely Hispanic with a median age of 30 years. The area is the least educated among the comparison areas. As of 2000, 34.7% of the population had less than a ninth grade education and 57.5% do not have a high school diploma. Only 2.3% of the population greater than twenty-five years old has a bachelor's degree and 1.5% of the population has a graduate or professional degree.

Given the high correlation between education and income, it is not surprising that this area is also the poorest among the different areas analyzed with an estimated per capita income in 2007 of \$9,925, compared to \$21,850 for San Antonio and \$42,335 for the population in the north area. Per capita income in the WDC is forecast to increase to \$11,069 by 2012. As might be expected given the income data, 32.8% of the population in the WDC area was living below the poverty line as of 2000. The net worth numbers indicate that 43.5% of the households in the WDC area have a net worth of less than \$15,000, compared to 6.9% who have a net worth of more than \$500,000. The unemployment rate of the labor force in the WDC area was projected to be 12.7% with most of those employed working in blue-collar jobs.

There is also a strong correlation between education and health. According to the U.S. Surgeon General, "an adequate education is critical for reducing [health] disparities." San Antonio Metro Health reports that of 2,079 births in the Westside Development Corporation Area in 2006, Medicaid funded 72%. Those most at risk for being uninsured are single, young women working part-time or unemployed. Sixty three percent of births were to single mothers, who, along with their children, are among the poorest in our community. According to Metro Health, 53% of births were to mothers with less than a high

school education and 39% of mothers delayed seeking prenatal care. Factors contributing to this delay include financial problems, substance abuse, depression, domestic violence and/or legal status (undocumented). Additionally, early deaths due to chronic disease affect a sizeable portion of the population in the WDC area. In fact, approximately 32% of all deaths in this area occurred among persons under the age of 65, compared to 17% nationally, according to Metro Health. In economic terms, this is a large loss of the workforce in their prime years of productivity. A more complete approach to healthcare would be a greater focus on chronic disease through Health and Wellness centers.

The housing stock in the WDC area is relatively old with 77.3% of the houses built before 1969. The median year the structures were built is 1956. There is also evidence that many of these houses have not been maintained very well. The median home value is projected to be \$49,432 for 2007. Homeownership rates in the WDC area at 55.7% are comparable to those for the entire city.

Crime activity in the WDC area is slightly lower than that for all of San Antonio per 1,000 residents. It is also slightly lower than the east and south areas, but considerably higher than the north area.

An analysis of the market for potential retail development was also conducted. As might be expected from the income levels, there is not much disposable income in the area, and as indicated by the spending potential indices for various goods and services, there is also not much spending potential in the area. Psychographic data, traffic counts, and leakage data were also analyzed. The focus of the analysis was within five and ten minute drive times from the approximate center of the WDC area. The ten minute drive time brings in a wealthier market segment from which appropriate retail development within the WDC area might draw consumers. The analysis indicates that there is some market potential for clothing stores, electronic and appliance stores, furniture stores, and department stores.

Before industry attraction becomes a larger component of the economic revitalization effort in the area, much work needs to be done on the economic foundation of the WDC area. In light of this fact, an analysis was conducted to learn which industries might be candidates for attraction to the area in short- to mid-term. The analysis showed that industries with the following characteristics could be targets for attraction to the area.

- 1.) Utilization of large pool of manual labor
- 2.) Not dependent upon foot or auto traffic for sales

- 3.) Deal primarily in high volume production
- 4.) People-dependent (not cost-effectively automated) production, processing, or distribution
- 5.) Production for regional, national, or international markets where central United States location is an advantage in supply chain management
- 6.) Low to moderate power consumption operations
- 7.) Government contracting for products that can utilize all other variables
- 8.) Utilization of trade skills such as sign making or various types of specialized construction skills

In short, the area is most likely to be able to attract certain types of manufacturing that fit these characteristics.

The three case study areas outside of the WDC area analyzed were the Figueroa Corridor in Los Angeles, CA; Avenues West in Milwaukee, WI; and the Oak Park Neighborhood in Sacramento, CA. All of these areas were economically depressed at one time and faced serious development challenges, and all of them have implemented different types of programs that have successfully revitalized their respective areas. These areas not only show that areas like the WDC area can be revitalized, but they provide some valuable lessons on techniques that could facilitate economic development.

The main catalyst to development in the Figueroa Corridor was the establishment of a Housing Trust Fund by the City of Los Angeles that was used to encourage the development of affordable housing in the face of gentrification. The Housing Trust Fund provides money for a variety of affordable housing development and preservation needs using loans or grants for predevelopment, acquisition, development, new construction, rehabilitation, or restoration of rental or ownership housing. Ten projects have received financial commitments from this program totaling \$15.2 million for the development of 527 units, of which 518 are earmarked for households earning below 60 percent of area median income.

The Avenues West neighborhood in Milwaukee provides a model example of the role a university can play in the economic development and revitalization of the surrounding neighborhood. The neighborhood around Marquette University had become so depressed that the university was actually considering moving. Instead, the decision was made to try to revitalize the area. Marquette's Campus Circle Initiative started as an initiative to improve the housing stock, and it has been so successful that it has blossomed into a full redevelopment effort. Examples of their success are:

- Bought and managed more than 1,000 units of housing (with a mix of students and other residents).
- Rehabilitated 188 units without raising rents.
- Developed tenant councils to foster resident empowerment.
- Established a community-oriented policing project that helped decrease crime by 34 percent in 2 1/2 years.
- Constructed 84,000 square feet of rental commercial space.
- Attracted 13 new retail businesses to the area.
- Formed more than 20 partnerships with area landlords, the police department, businesses, social service agencies, homeless care providers, and residents.
- Surpassed its goal of using minority-owned, woman-owned, and disadvantaged businesses in 25 percent of its construction and professional services.
- Constructed 153 units of off-campus student housing.
- Contributed more than 65,000 hours of faculty, staff, and student volunteer time in 1995.

The Oak Park neighborhood in Sacramento suffered many years of decline as people left the area for the newer suburbs with inexpensive homes. Key strategies used in Oak Park to promote revitalization and maintain affordable housing include rehabilitation through the Boarded and Vacant Homes Program (BVHP) and infill development through the Vacant Lot Development Program (VLDP). The BVHP gives developers a \$10,000 fee for properties in target areas, \$15,000 in redevelopment areas, and \$20,000 in the Oak Park redevelopment area, for the acquisition and rehabilitation of a single-family boarded and vacant home. In a five-year period between 1997 and 2002, more than 115 homes were acquired citywide through BVHP and 101 were sold to owner-occupants. In total, 119 properties have been acquired, rehabilitated, and sold to low- and moderate-income homebuyers. Of the 119 homes, 24 have been completed in Oak Park with two pending.

Developers participating in the VLDP receive a fee for the acquisition and development of a single-family residential vacant lot in the amount of \$7,500 for a two-bedroom/two-bath house, \$20,000 for a three-bedroom/two-bath house, and \$25,000 for a four-bedroom/two-bath house. The initial allocation of \$200,000 for Oak Park was used immediately for the construction of eight new homes.

While the WDC area certainly has some foundational issues that need to be addressed in order to facilitate development, the area is home to some significant assets that provide a strong base for development. There are three universities - St. Mary's University, Our Lady of the Lake University, and the

UTSA Downtown campus – located within the WDC area. The Texas Diabetes Institute is also located in the area. The WDC area also has a significant arts and cultural heritage as many renowned artists have come from the area and several arts organizations call the area home.

Building upon this base, development recommendations are provided with a focus on providing a balanced approach and developing the foundation for long-term growth in the area. The recommendations are:

1. Improve education and workforce development at all levels
 - o Create a WDC Education and Workforce Development Task Force
 - o Create a joint use facility focused on arts, education, and service
2. Pursue mixed use developments
3. Implement an artist relocation program
4. Develop an artisan village
5. Engage in an effort to attract companies from appropriate industries
6. Pursue attraction of appropriate retail, especially within mixed-use developments
7. Pursue development of an incubator or business park focused on the creative industry near the downtown area
8. Encourage the universities in the area to get more involved in economic development
9. Create more festivals and events
10. Develop live/work spaces for artists and creative businesses
11. Enhance and develop the amenities of the area
12. Develop housing programs
13. Work with Metro Health and other healthcare providers to improve the health of the WDC population, including the creation of Health and Wellness Centers

Many of these recommendations focus on creating markets within the WDC area, which is important given the demographics and economics of the area. There are also synergies among many of the recommendations that will allow them to hopefully feed off of one another and further catalyze development.