

ORDINANCE 2020-11-12-0829

AUTHORIZING FUNDING FOR SAWS IMPACT FEE WAIVERS FOR A FIVE-YEAR PERIOD FROM FISCAL YEAR 2021 TO FISCAL YEAR 2025.

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WHEREAS, on February 11, 2010, the City Council approved City Ordinance 2010-02-11-0116, which adopted the San Antonio Water System (“SAWS”) Fee Waiver Guidelines (the “Guidelines”); and

WHEREAS, the Guidelines provide the criteria for the administration of sewer and impact fee waivers for defined developments; and

WHEREAS, on February 21, 2013, the City Council amended the guidelines by: (1) adjusting the annual allocation of SAWS funding for fee waivers; (2) authorizing waivers at 1% of the total project investment; (3) adding an exception to the market-rate housing exclusion for homes enrolled in the Housing Rehabilitation Loan Program; and making other ancillary administrative revisions; and

WHEREAS, on May 29, 2014, the City Council authorized funding for fee waivers in the amount of \$20 million to be allocated over a six-year period from fiscal year 2015 to fiscal year 2020; and

WHEREAS, on December 13, 2018, through Ordinance 2018-12-13-0996, the City Council adopted the City of San Antonio Fee Waiver Program, thereby replacing the Inner City Reinvestment/Infill Policy (ICRIP) as the primary mechanism for awarding SAWS impact fee waivers; and

WHEREAS, currently there are unclaimed SAWS funds allocated for fee waivers through the end of fiscal year 2020; and

WHEREAS, the City seeks to authorize funding for fee waivers in the amount of \$15 million to be allocated over a five-year period from fiscal year 2021 to fiscal year 2025; and

WHEREAS, SAWS’s annual budget was approved on November 3, 2020, SAWS’s fiscal year commences on January 1 annually, and the City fiscal year commences on October 1 annually;
NOW THEREFORE:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves funds for SAWS Fee Waivers in accordance with **Attachment I** and as follows:

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
\$3.0M	\$3.0M	\$3.0M	\$3.0M	\$3.0M	\$15.0M

SECTION 2. The City Council hereby authorizes a maximum of \$5 million in unclaimed impact fee waivers to carry forward into future fiscal years, as calculated annually based on the SAWS fiscal year. Adjustments to the carry forward amount and schedule require mutual agreement between the City and SAWS.

SECTION 3. Except as to the carry-forward unclaimed fee waiver funding, the allocation of SAWS fee waivers shall not commence until January 1, 2021 in order to align with SAWS's fiscal year.

SECTION 4. This Ordinance shall become effective immediately upon its passage by eight (8) affirmative votes or ten (10) days after its passage on fewer than eight (8) affirmative votes.

PASSED AND APPROVED this 12th day of November, 2020.



M A Y O R
Ron Nirenberg

ATTEST:



Tina J. Flores, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney



City of San Antonio

City Council

November 12, 2020

Item: 12

Enactment Number:

File Number: 20-6122

2020-11-12-0829

Ordinance approving funding for SAWS impact fee waivers for a five-year period from fiscal year 2021 to fiscal year 2025. There is no impact to the General Fund. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development & Operations]

Councilmember Shirley Gonzales made a motion to approve. Councilmember Manny Pelaez seconded the motion. The motion passed by the following vote:

Aye: 11 Nirenberg, Treviño, Andrews-Sullivan, Viagran, Rocha Garcia, Gonzales, Cabello Havrda, Sandoval, Pelaez, Courage and Perry

Attachment J
City of San Antonio Fee Waiver Program Guidelines
Effective January 2, 2019

1. Policy Statement

It is the policy of the City of San Antonio to encourage responsible development in the city. The City of San Antonio Fee Waiver Program specifically addresses these goals by encouraging the development and preservation of affordable/workforce housing, the rehabilitation of historic properties, and to foster business development. The policy becomes effective January 2, 2019.

2. Program Description

Eligible projects under this program may receive a full or partial waiver of City development fees and/or SAWS water and sewer impact fees. Fee waivers are funded by annual appropriations from the General Fund and from the San Antonio Water System, respectively. All fee waivers are subject to funding availability and are administered by the Center City Development and Operations Department (CCDO).

3. Program Goals

Fee waivers will support the overall policy goals of the COSA Fee Waiver Program as outlined below:

1. Support the creation and preservation of affordable/workforce housing citywide.
2. Increase redevelopment of underutilized buildings through the rehabilitation, upgrade, and adaptive reuse of existing structures.
3. Encourage the development and expansion of small businesses, legacy businesses, and targeted industry development projects.

4. Eligibility

Fee waivers will support eligible projects through one of four (4) categories: Affordable Housing, Owner-Occupied Rehabilitation, Historic Rehabilitation, and Business Development. In no case shall City fee waivers exceed the total cost of fees incurred by the project. SAWS fee waivers shall not exceed \$150,000.00 per project (\$250,000.00 for projects qualifying under the Affordable Housing category), except where approved by City Council. Unless otherwise noted, criteria and waiver amounts for one category of the Fee Waiver Program will not apply to another category.

1. For the purposes of this program, a project is defined as a development on a contiguous property or properties consisting of new construction, rehabilitation, repair or maintenance of existing structures, or any combination thereof. A project may include multiple structures (e.g. a multifamily complex) or a single structure (e.g. a single-family house). For developments consisting of multiple phases on adjacent or nearby parcels, each phase may be considered one project.
2. The following projects are NOT ELIGIBLE for fee waivers:
 - a. Projects over the Edwards Aquifer Recharge or Contributing Zones that result in additional impervious cover (does not apply to residential projects that include at least 75 percent affordable housing units).
 - b. Projects within a FEMA-designated 100-year floodplain.
 - c. Religious or sectarian facilities.
 - d. Surface parking lots that are not part of a larger development or expansion project.

Attachment I

- e. 100% publicly-funded projects. This includes bond-funded projects and projects on military installations.
 - f. Schools, including all public, private, and charter institutions.
 - g. Hotels, motels, pawn shops, nightclubs, bars, gun shops, liquor stores, tattoo parlors, tanning salons, tobacco/tobacco-like related establishments, specified financial institutions (see UDC Section 35-A101), kiosks, sexually-oriented businesses, and non-permanent structures such as manufactured homes.
 - h. Projects located outside the current city limits, including the extraterritorial jurisdiction and areas of limited-purpose annexation.
3. Projects must be appropriately zoned for the intended use at the time the application is submitted. Fee waivers shall not be used to cover the cost of rezoning a property to allow for its intended use.
 4. For a period of five (5) years following Certificate of Occupancy or other appropriate proof of project completion, projects participating in this program shall not be eligible to receive a Short Term Rental permit that results in an entire unit being offered for rent on STR platforms such as Airbnb or VRBO.

A. Affordable Housing

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Neighborhoods and Housing Services Department as needed.

1. The project must include at least 25% percent affordable housing units, and an additional 25% of units in the project must either be affordable or workforce housing units. Affordable units and workforce units are defined as follows:
 - a. Affordable Rental units reserved for households earning at or below 60% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, rents charged for affordable units shall not exceed approximately 30% of the household's gross monthly income.
 - b. Workforce Rental units reserved for households earning between 61% - 80% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, rents charged for affordable units shall not exceed approximately 30% of the household's gross monthly income.
 - c. For-sale units reserved for households earning at or below 120% of the Area Median Income (AMI) for the San Antonio-New Braunfels metropolitan area using HUD and/or TDHCA income limits as applicable. To qualify under this policy, homes sold to income-qualified households must be the owner's primary residence.
2. All affordable rental housing units that receive fee waivers through this program must demonstrate affordability for a minimum of fifteen (15) years and be qualified through a local, state, or federal affordable housing program that includes a minimum affordability term and regular compliance requirements (e.g. Housing Tax Credits, HOME, etc.). For-sale units must demonstrate affordability to a qualified homebuyer at the time of sale and include a resale restriction for a minimum of five (5) years following the initial sale.

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5. The unit mix of affordable housing units shall be comparable to the unit mix of any market-rate units provided in the same project (*for example, if 20 percent of market-rate units contain two bedrooms, 20 percent of affordable units shall also contain two bedrooms*).

B. Owner Occupied Rehabilitation

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Neighborhoods and Housing Services Department as needed.

1. Recipients of housing repair/rehabilitation programs administered by the Neighborhood and Housing Services Department (NHSD) or an eligible nonprofit organization are considered eligible under the Fee Waiver Program.
 - a. Eligible NHSD programs include, but are not limited to, Owner-Occupied Rehabilitation, Minor Repair, Under 1 Roof, Let's Paint, and Green & Healthy Homes.
 - b. Eligible nonprofit organizations include, but are not limited to, certified Community Housing Development Organizations (CHDOs).

C. Historic Rehabilitation

Project eligibility shall be determined using the criteria below and will be confirmed by the Center City Development and Operations Department with input from the Office of Historic Preservation as needed.

1. The project must qualify for the Local Tax Exemption for Substantial Rehabilitation, i.e. the property must be a national, state, or locally designated historic landmark or be located within a national or local historic district, and the owner must invest substantial rehabilitation efforts that prolong the life of the building.
2. For residential structures, the incentive must result in the property retaining its residential use. Commercial structures receiving fee waivers may remain commercial in use or may be converted to residential use. All improvements must be coordinated with the Office of Historic Preservation.

D. Business Development

Project eligibility shall be determined using the criteria below and will be confirmed by the Economic Development Department or, for the Legacy Business component, the Center City Development and Operations Department with input from the Office of Historic Preservation and/or World Heritage Office as needed.

1. Targeted-industry and exceptional project eligibility:
 - a. As defined in the Economic Development Business Fee Waiver Program Guidelines.
2. Small business development eligibility:
 - a. As defined in the Economic Development Business Fee Waiver Program Guidelines.
3. Legacy business development eligibility:
 - a. The project must qualify for the Legacy Business Program offered through the Office of Historic Preservation, i.e. the business has been operational for 20 years or more and contributes to the history, culture, and authentic identity of San Antonio.

Attachment I 5. Waiver Amounts

City Fee Waivers are made available on an annual basis through the City's General Fund. For Fiscal Year 2019 the amount is \$2,500,000.00. Of this allocation, \$1,500,000.00 will be made available to projects meeting the criteria herein; the actual amount available to projects may be prorated based on the actual amount of City Fee Waivers available for the given fiscal year and may be adjusted based on demand with administrative approval by the Director of the Center City Development & Operations Department.

SAWS Fee Waivers have been made available to the City through Ordinance 2014-05-29-0363 that covers a six-year period from FY 2015 to FY 2020, in an annual amount of approximately \$3,000,000.00. Of this annual allocation, \$1,500,000.00 will be made available to projects meeting the criteria herein; the actual amount available to projects may be prorated based on the actual amount of SAWS Fee Waivers available for the given fiscal year. All Fee Waivers are subject to funding availability.

On an annual basis, \$800,000.00 in City Fee Waivers and \$700,000.00 in SAWS Fee Waivers will be made available for projects meeting the Affordable Housing, Owner-Occupied Rehabilitation, Historic Rehabilitation, and Legacy Business criteria, subject to proration based on total annual allocations. A total of \$500,000.00 in City Fee Waivers and \$500,000.00 in SAWS Fee Waivers will be made available for projects meeting the targeted industry and exceptional project Business Development criteria, and \$200,000.00 in City Fee Waivers and \$300,000.00 in SAWS Fee Waivers will be made available for projects meeting the small business project criteria (excluding Legacy Business projects), subject to proration based on total annual allocations.

A. Affordable Housing

Projects meeting the Affordable Housing eligibility criteria per Section 4.A may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.A are not limited in amount per project.
2. SAWS impact fee waivers granted under this Section 5.A.2 are limited to \$250,000 per project and at the following per-unit rates:
 - a. Up to 1.0 Equivalent Dwelling Unit (EDU) per residential affordable unit.
 - b. 0.5 EDU per any other residential unit not qualifying as affordable under this program.
3. SAWS impact fee waiver requests of more than \$250,000 require City Council approval, not including waivers granted under Section 6.4 below.

B. Owner-Occupied Rehabilitation

Projects meeting the Owner-Occupied Rehabilitation eligibility criteria per Section 4.B may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.B are not limited in amount per project.
2. SAWS impact fee waivers granted under this Section 5.B.2 are limited to \$10,000 or 1.0 Equivalent Dwelling Unit (EDU), whichever is lower.

C. Historic Rehabilitation

Projects meeting the Historic Rehabilitation eligibility criteria per Section 4.C may receive fee waivers as follows:

1. City fee waivers granted under this section 5.C are not limited in amount per project.

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2. SAWS impact fee waivers granted under this Section 5.C.2 up to 1.0 Equivalent Dwelling Unit (EDU) per residential unit or 100 percent of total impact fees incurred for commercial projects, up to \$150,000 per project.
3. SAWS impact fee waiver requests of more than \$150,000 require City Council approval, not including waivers granted under Section 6.4 below.

D. Business Development

Projects meeting eligibility criteria may receive fee waivers as follows:

1. City fee waivers granted under this Section 5.D are not limited in amount per project.
2. Targeted-industry and exceptional projects:
 - a. Eligible projects per Section 4.D.1 may receive SAWS impact fee waivers, up to a maximum waiver of \$150,000.
 - b. SAWS impact fee waivers exceeding \$150,000 awarded under this Section 5.D.2 require City Council approval.
3. Small business development:
 - a. SAWS impact fee waivers for small businesses will be determined based on the eligibility criteria in Tier 1, Tier 2, and Tier 3 as defined in the Small Business Section of the Economic Development Business Fee Waiver Guidelines.
4. Legacy business development:
 - a. SAWS fee waivers granted under this section 5.D.4 may be up to 100 percent of the total impact fees incurred, up to \$150,000 per project.

6. Additional Requirements and Conditions

1. All projects awarded waivers are subject to verification of project investment.
2. SAWS impact fee waiver requests exceeding \$50,000 must be accompanied by an official SAWS Impact Fee Estimate.
3. Waivers are not retroactive. Reimbursements will not be granted for fees already paid.
4. Waivers awarded for housing projects under the Center City Housing Incentive Policy (CCHIP) will be granted per the terms of the CCHIP.
5. An administrative processing charge of \$100 is required to activate any fee waivers awarded under this program. This charge applies to each waiver, City or SAWS, or \$200 for both.
 - a. Exceptions.
 - i. Eligible participants in a repair/rehabilitation program administered by NHSD or an eligible nonprofit organization are exempt from this processing charge.
 - ii. Eligible small businesses participating in the Business Development component of this program are exempt from this processing charge.
 - iii. For a subdivision consisting of multiple single-family lots, only one administrative processing charge shall apply.
6. City fee waivers are valid for one year. SAWS fee waivers are valid for six (6) months. Each waiver is eligible for one renewal at no additional cost. The administrative fee of \$100 will apply for each renewal thereafter as defined in Section 6.5 above. Projects are limited to two (2) renewals per waiver type.
7. The processing charge outlined in Sections 6.5 and 6.6 above are non-refundable. No exceptions. This includes failure to use a waiver before it expires.

Attachment I
7. Application Process

1. Applications will be received by the Center City Development and Operations Department (CCDO). Eligibility will be determined by the department responsible for the Fee Waiver category for which the application is received. CCDO will administer the issuance of Waiver IDs and all subsequent renewals.
2. Each applicant must complete an online application. Applicants may contact CCDO for assistance if needed.
3. If approved, applicant will be notified and receive a Waiver ID which will be activated upon payment of the applicable administrative fee.
4. Notifications are primarily through email. Alternative notification methods can be made by contacting CCDO.
5. Upon activation, the Waiver ID can be presented to the appropriate staff person to waive the applicable development/impact fees.

CITY COUNCIL
AGENDA ITEM #12

**Five-Year Funding
Commitment for SAWS
Impact Fee Waivers**

John Jacks, Director
November 12, 2020



CITY OF SAN ANTONIO
CENTER CITY DEVELOPMENT
& OPERATIONS

SUMMARY

Authorizing funding for SAWS impact fee waivers for a five-year period, paid for through the SAWS annual budget.

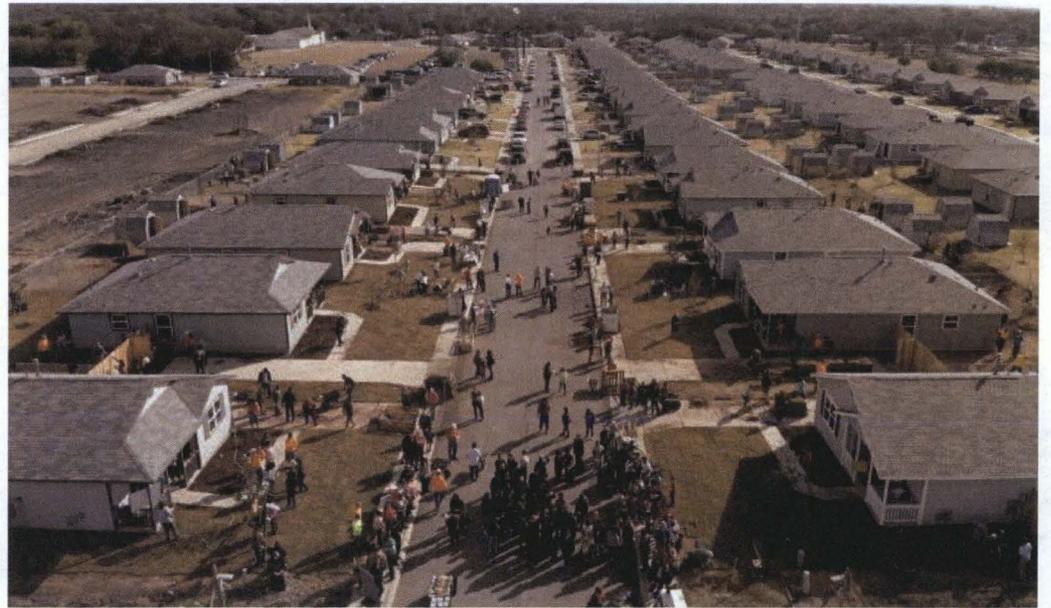
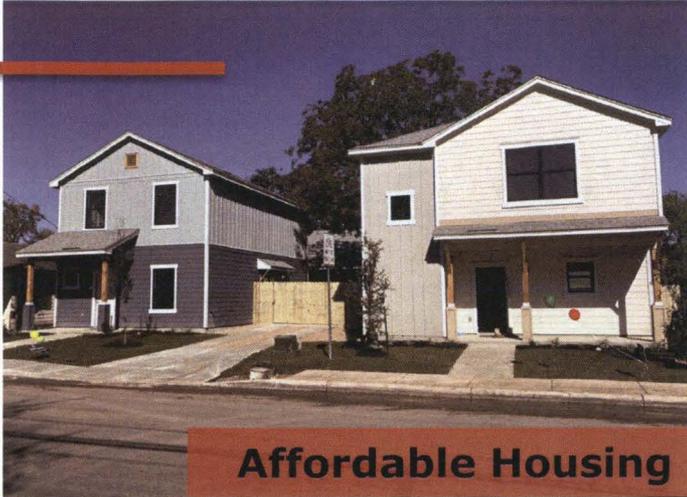


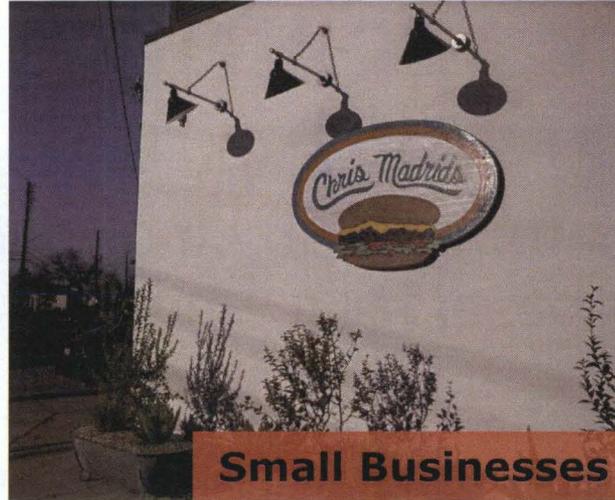
Photo: Habitat for Humanity of San Antonio

BACKGROUND

- SAWS Fee Waiver Guidelines adopted in 2010, primarily administered through Inner City Reinvestment/Infill Policy (ICRIP)
- On May 29, 2014, Council authorized funding for SAWS impact fee waivers through FY 2020.
- On December 13, 2018, Council replaced ICRIP with the COSA Fee Waiver Program as primary mechanism for awarding SAWS impact fee waivers



Affordable Housing



Small Businesses



Historic Rehab



Industry Development

SAWS Fee Waivers

ISSUE

- Council reauthorization is required for budget for SAWS impact fee waivers in FY 2021 and future years
- This request is for a total of \$15 million, paid for through the SAWS annual budget, over a five-year period:

FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
\$3.0M	\$3.0M	\$3.0M	\$3.0M	\$3.0M	\$15.0M

- This five-year commitment was approved by the SAWS Board of Trustees on November 3, 2020, with FY 2021 funding taking effect January 1, 2021.

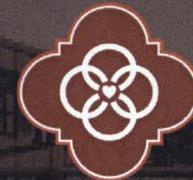
RECOMMENDATION

- Staff recommends approval of the Ordinance authorizing funding in the amount of \$15 million for SAWS impact fee waivers, from FY 2021 to FY 2025

CITY COUNCIL
AGENDA ITEM #12

**Five-Year Funding
Commitment for SAWS
Impact Fee Waivers**

John Jacks, Director
November 12, 2020



CITY OF SAN ANTONIO
CENTER CITY DEVELOPMENT
& OPERATIONS