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**City of San Antonio  
Amended Center City Housing Incentive Policy  
(Approved by City Council June 16, 2016)**

**Section 1. Background and Eligibility:**

In spring 2011, Centro Partnership San Antonio initiated the creation of a Downtown Strategic Framework Plan. In an effort to ensure the execution of the Framework Plan, the Center City Development Office created the Center City Implementation Plan.

The Center City Implementation Plan provided recommendations on how to best implement the Downtown Strategic Framework Plan through increased public investment, creation of a housing finance strategy, coordinated management, and regulation of development. The Implementation Plan recommended that the City establish a predictable housing incentive system for housing in the Center City. Such a system would assist in normalizing land values, provide greater certainty, increase the speed of approvals, and reduce the risk associated with infill development. Therefore, the Center City Development Office developed the Center City Housing Incentive Policy (CCHIP).

The CCHIP incorporates the goals and objectives of the Implementation Plan and provides greater incentives to housing projects within targeted growth areas identified in the Downtown Strategic Framework Plan and prioritizes the Downtown Core. The Policy encourages historic rehabilitation, adaptive reuse, brownfield redevelopment, and transit-oriented development. Finally, the policy rewards good urban design and encourages mixed use and mixed income development and redevelopment.

The CCHIP applies to multi-family rental and for-sale housing projects (Projects) within the Greater Downtown Area (GDA). Eligible Projects may receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, Development Loans, and Mixed Use Development Forgivable Loans based on the terms outlined in the CCHIP.

Projects with an approved building permit at time of agreement execution are not eligible for CCHIP incentives. All projects not already subject to design review, must submit designs for approval by the Historic Design Review Commission (or other body as determined appropriate).

**Section 2. Definitions:**

Adaptive Reuse – The reuse of a building or structure, usually for a purpose different from the original. The term implies that certain structural or design changes have been made to the building in order for it to function in its new use.

Brownfield Redevelopment – Abandoned or underutilized properties where expansion, renovation or redevelopment is complicated by real or perceived environmental contamination. Environmental site assessments for the property should suggest potential for environmental contamination.

Community Use – A Project that includes one or more of the following community-serving

amenities: a plaza or open space that is accessible to the public and designed and maintained to the City's urban design standards; ground-floor retail space for neighborhood-supporting retail; office or other commercial space offered to non-profit organizations; or educational, health, recreational, or other essential neighborhood services.

High-rise Residential Development – A Project that is at least 75 feet in height.

Historic Rehabilitation – The process of returning a property to a state of utility, through repair or alteration, which makes possible an efficient contemporary use while preserving those portions and features of the property that are significant to its historic, architectural and cultural values.

Inner City Reinvestment/Infill Policy (ICRIP) – A Policy of the City of San Antonio to promote growth and development in the heart of the City, specifically in areas that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. It is the intent of this policy to coordinate public initiatives within targeted areas in order to stimulate private investment in a walkable urban community that are the building blocks of a sustainable region. The ICRIP identifies a range of public incentives, including regulatory, procedural, and financing incentives.

Low Impact Development (LID) – a sustainable design approach to managing stormwater runoff as close as possible to the source. LID features emphasize the use of on-site natural drainage features, maintain or enhance the site's hydrologic characteristics after development, reduce overall imperviousness, and treat stormwater for quality. Examples may include bioretention facilities, rain gardens, vegetated rooftops, rain barrels and permeable pavements.

Market-Rate Housing – A Project in which more than 85% of the units are priced for rental or sale subject to market conditions, without temporary or permanent pricing restrictions.

Mixed Income Housing – A Project in which at least 15% of the housing units are priced for rental or sale to households or persons at or below 80% of the Area Median Income.

Project – A multifamily rental or for sale housing development that creates multiple housing units at a density of at least:

- 16 housing units per acre for new construction
- 8 housing units per acre for adaptive reuse projects or historic rehabilitation

Structured Parking – Parking facilities that are constructed as part of a Project. Does not apply to surface parking.

Student Housing – A Project in which the majority of the housing units are occupied by full-time students registered at an accredited post secondary educational institution. Student enrollment and tuition payment must be verified for units to qualify as student housing.

Transit-Oriented Development – A Project designed to maximize access to public transport that incorporates features to encourage transit ridership.

### **Section 3. Geographic Area**

The level of incentives provided by the CCHIP is based on the Project's location within Greater

Downtown Area (GDA). The level of incentive will increase if the Project is within the Central Business District (CBD) as defined by the San Antonio Code of Ordinances, part II Code; Chapter 19 Motor and Vehicles Traffic, Article I in General Section 19 definitions. See attached map in Exhibit A for program areas.

#### **Section 4. Fee Waivers**

A Project within the GDA will receive City Fee Waivers as permitted by the Inner City Reinvestment Infill Policy.

A Project within the CBD is also eligible to receive a SAWS Fee Waiver equal to 100% of the Project's SAWS water and impact fees. SAWS fee waivers for a Project within the GDA outside of the CBD may not exceed \$500,000. The SAWS Fee Waiver is contingent upon funding availability and is allocated by SAWS on an annual basis.

#### **Section 5. Real Property Tax Reimbursement Grant**

Eligible projects will receive a Real Property Tax Reimbursement Grant (Grant) disbursed over 15 years for projects in the CBD or 10 years for projects within the GDA but outside of the CBD. The City's real property tax increment generated as a result of the Project is the funding source of the Grant. If a Project is within a Tax Increment Reinvestment Zone it will receive a rebate up to 100% of the previous year's real property tax increment remitted to the City over a period of time that is determined based on the Projects geographic location or type. The rebate is based on the City's participation level in the Tax Increment Reinvestment Zone where the Project is located. If a Project is not within a Tax Increment Reinvestment Zone it will receive a rebate of the previous year's real property tax increment remitted to the City equal to the Operations & Maintenance portion of the City's tax revenue (approximately 62.6%). No rebate payments will be disbursed until June of each year and can be requested annually for each year through the Real Property Tax Reimbursement Grant after Project completion.

Additionally, if the Project qualifies for a Historic Tax Exemption or Historic Tax Credit per the Office of Historic Preservation, the Tax Rebate Grant and the Tax Credit or Exemption will be used together when possible in order to maximize the incentive.

If a Project is a market rate rental project, it is required to maintain 10% of its housing units at the Project's first year rental rate per square foot, adjusted for inflation in accordance with the Consumer Price Index (CPI) for the 0300 South Urban area for the term of the Grant.

#### **Section 6. Development Loan**

A Project qualifies for a Development Loan if the Project meets at least one of the following Project Categories:

1. Mixed Income
2. Community Use
3. Adaptive Reuse
4. Brownfield Redevelopment
5. Historic Rehabilitation
6. High-rise Residential Development

7. Student Housing
8. Transit Oriented Development within ¼ mile of the West Side Multi-Modal Center or Robert Thompson Transit Center

If the Project meets the Mixed Income or Student Housing Category, it must remain Mixed Income or Student Housing for the term of the Real Property Tax Reimbursement Grant.

The Development Loan amount is calculated per housing unit and varies based on Project location. A Project in the CBD will receive \$3,000 per housing unit for each of the Categories it meets up to two (2) Categories. A Project in the GDA will receive \$1,500 per housing unit for each of the Categories it meets up to two (2) Categories. Additionally, a Project qualifies for a Development Loan bonus equal to \$1,000 per housing unit if it includes structured parking that supports the housing units and \$500 per housing unit for Low Impact Development projects. A Development Loan for a Project within the GDA but outside of the CBD may not exceed \$500,000. Any Development Loan incentives not requested within 90 days of the project completion date will be forfeited. All loans must be repaid upon sale or transfer of the Project to any unaffiliated entity other than the original signatory of the agreement.

The Development Loan is a fixed 2% rate with interest compounding annually through the repayment in year seven (7). 15% of the total Development Loan is forgivable on an annual basis through year six (6) for Projects within the CBD and 10% in the seventh year. Development Loans are contingent upon available funding. City Council allocates Inner City Incentive Funds through the annual budget process.

### **Section 7. Mixed Use Forgivable Loan**

A Project that develops commercial office or retail space within the Project is eligible to receive an interest-free Mixed Use Forgivable Loan (Mixed Use Loan) for retail and commercial tenant finish-out improvements. Mixed Use Loan amounts vary depending on the target area in which the project falls.

**CBD** – A Project in the CBD may receive a loan in an amount equal to \$25 per square foot of total first floor retail and \$20 per square foot of total commercial office space.

**GDA** – A Project in the GDA outside of the CBD may receive a loan in an amount equal to \$20 per square foot of total first floor retail and \$10 per square foot of total commercial office space.

20% of the entire Mixed Use Loan amount will be forgiven annually over a 5-year period provided the space is leased for at least 80% annually and that the Mixed Use Loan funds are a direct pass-through to the initial tenant of the space to be used exclusively for tenant finish-out improvements. Mixed Use Loans are contingent upon available funding. City Council allocates Inner City Incentive Funds through the annual budget process.

### **Section 8. CCHIP Exceptions**

Any exceptions to the CCHIP require City Council approval.

### **Section 9. CCHIP Review and Term**

The City will initiate a housing study for the CCHIP area every two years to inventory the total number of housing units, monitor the rental rates and sales values, and identify any necessary adjustments to the policy. Unless the City Council extends and or amends the terms of the CCHIP, it will expire on June 30, 2018.

### **Section 10. Recapture Provisions**

CCHIP Agreements will include a provision for the recapture of the incentives (e.g. grants and loans) in the event Agreement terms and requirements are not met. These recapture provisions will survive any subsequent assignment of the Agreement.

### **Section 11. Administration of the CCHIP**

The Center City Development & Operations (CCDO) Department will administer the CCHIP and any associated program fees. CCDO Director is authorized to make non-substantive program changes as necessary for administrative purposes.

### **Section 12. Legal Documents**

The legal documents used to officiate this policy include the CCHIP Application and the CCHIP Incentive Agreement as described in Exhibits B and C, which may be amended as necessary. The City Attorney's Office, in conjunction with the City Manager or her designee, may negotiate additional terms of the agreement as long as those terms do not change the total incentive amount. The City Manager or her designee will be the signatory of the agreement.