

# CENTER CITY HOUSING INCENTIVE POLICY (CCHIP) AND INNER CITY REINVESTMENT/INFILL POLICY (ICRIP)

Comprehensive Plan Committee



John Jacks, Director, CCDO

August 15, 2018

# OUTLINE

## ICRIP

- History & Review
- Proposed Revisions

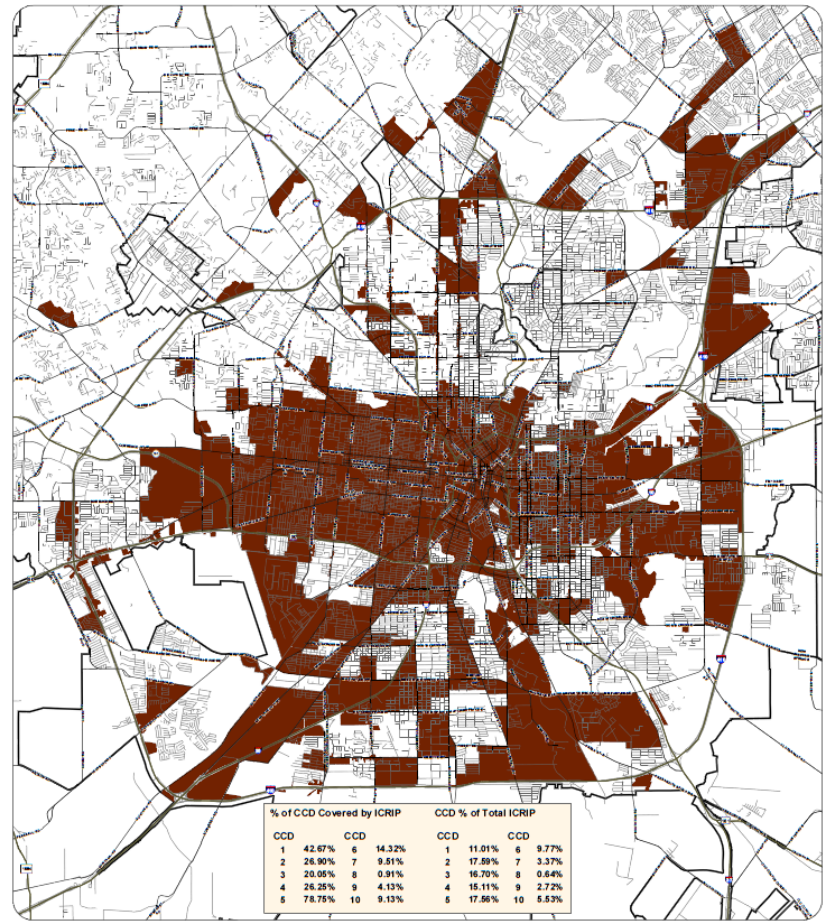
## CCHIP

- History & Review
- CCHIP Success
- Program Assessment
- Proposed CCHIP Revisions

# INNER CITY REINVESTMENT INFILL POLICY (ICRIP)

ICRIP was created to encourage infill activity and create sustainable neighborhoods that are safe, walkable, mixed-use, compact and well-designed.

Eligible projects include housing, commercial and mixed-use development, and major economic development projects.



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ICRIP, as Amended 1/10/2013  
18.02% or 84.08 Sq. Mi. of CoSA

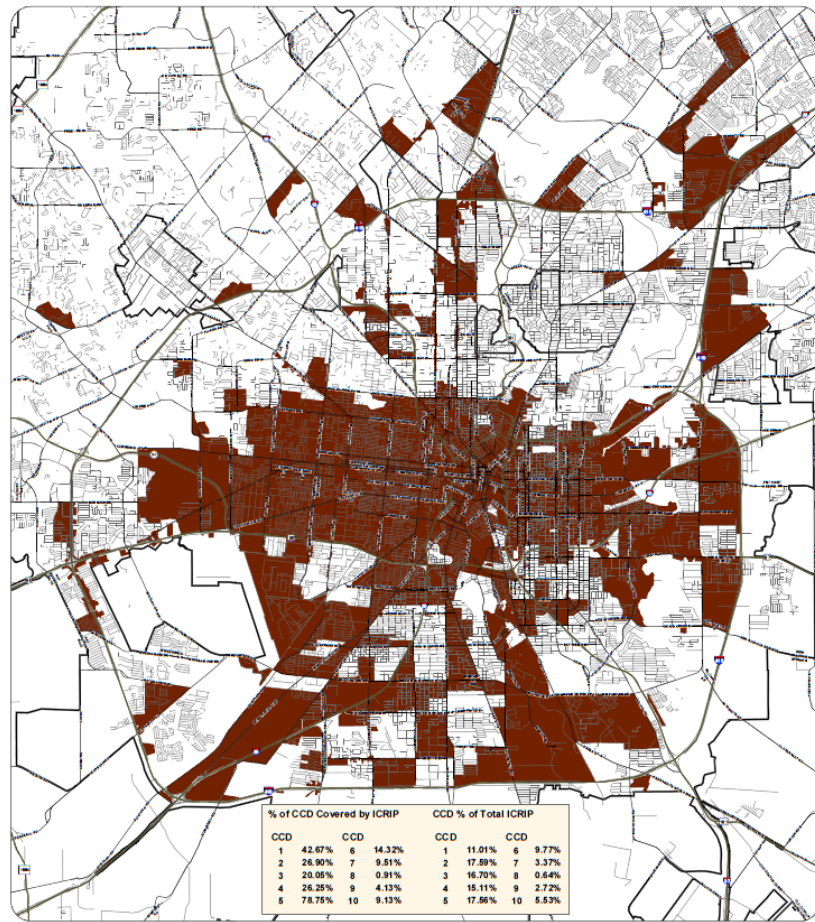


# ANALYSIS

Projects are eligible for City and  
SAWS Fee Waivers

Provides access to the same toolkit  
but more flexibility to customize  
incentives for specific projects

Since 2010, the City has issued 11,017  
city fee waiver and/or SAWS fee waiver  
applications that represent a total  
investment of \$4.4 billion.

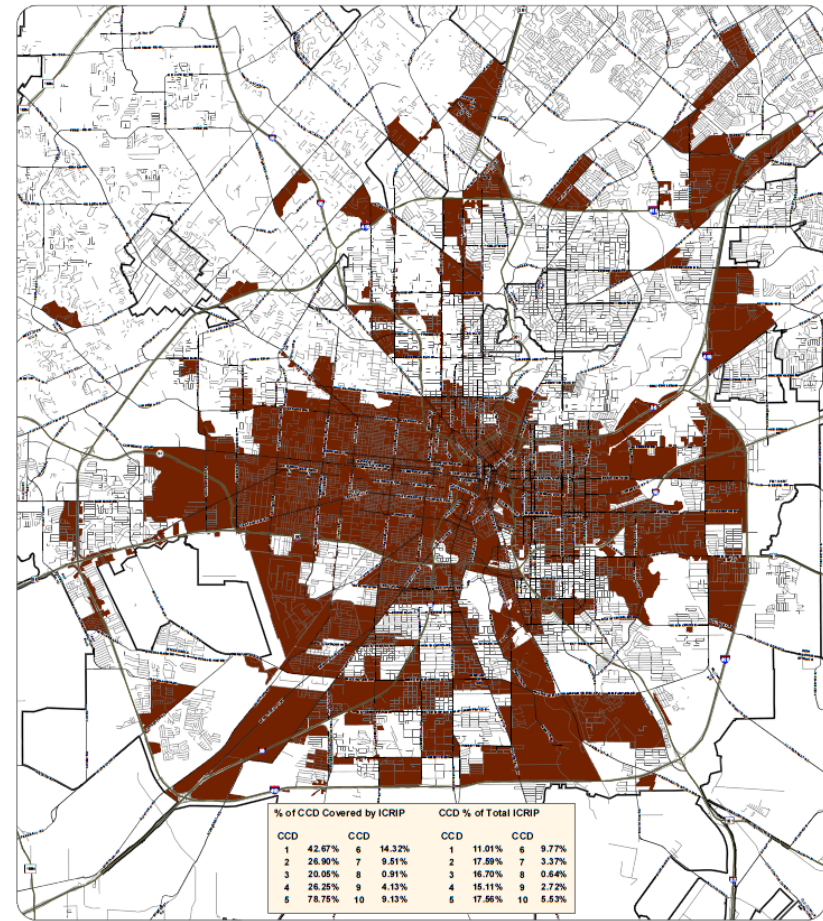


ICRIP, as Amended 1/10/2013  
18.02% or 84.08 Sq. Mi. of CoSA



# ANALYSIS

- 6,153 market rate housing units
  - 460 Single Family
    - \$760k Fee Waivers
  - 5,693 Multi Family
    - \$3 million Fee Waivers
- 4,223 affordable housing unit
  - 569 Single Family
    - \$1.5 million Fee Waivers
  - 3,654 Multi Family
    - \$1.7 million Fee Waivers
- 641 commercial development projects



ICRIP, as Amended 1/10/2013  
18.02% or 84.08 Sq. Mi. of CoSA





# ICRIP AMENDMENTS

- Remove boundaries
- Change to **City of San Antonio Fee Waiver Program**
- Fee Waiver Program to include four components:
  1. **Affordable Housing**
  2. **Owner Occupied Rehabilitation**
  3. **Historic Rehabilitation/Legacy Business**
  4. **Business Development**

# CITY OF SAN ANTONIO FEE WAIVER PROGRAM

Affordable Housing	Owner Occupied Rehabilitation	Historic Rehabilitation	Business Development
<p>Nonprofits and private developers constructing affordable housing may receive waivers for City and SAWS fees within the city limits.</p>	<p>Participants in home repair/rehabilitation programs through NHSD or non-profit organizations will qualify for City and SAWS Fees.</p>	<p>Owners of residential and commercial structures designated as historic, and owners of legacy businesses, may receive waivers for City and SAWS fees.</p>	<p>Small Business and Industry applicants meeting specific criteria may receive City and SAWS fee waivers</p>
<ul style="list-style-type: none"> <li>• 100% waiver of eligible City fees</li> <li>• Up to 100% waiver of SAWS fees, \$250,000 max. per project</li> <li>• Affordable unit mix must be comparable to market rate mix</li> </ul> <p><small>*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.</small></p> <p><small>**For Sale - Must be priced at 120% AMI or below.</small></p>	<ul style="list-style-type: none"> <li>• 100% waiver of eligible City fees</li> <li>• Up to 100% waiver of SAWS fees, \$10,000 max. per project</li> </ul>	<ul style="list-style-type: none"> <li>• 100% waiver of eligible City fees</li> <li>• Up to 100% waiver of SAWS fees, \$150,000 max. per project</li> <li>• Must qualify for the Local Tax Exemption for Substantial Rehabilitation</li> </ul> <p><small>*Projects are not eligible to receive a Short Term Rental permit.</small></p>	<ul style="list-style-type: none"> <li>• Waiver of eligible City fees</li> <li>• Up to 100% waiver of SAWS fees, \$150,000 max. per project</li> <li>• Maximum fee waiver based on business eligibility criteria</li> </ul>

# HOME REPAIR/REHABILITATION

- Participants in home repair/rehabilitation programs through NHSD or non-profit organizations will qualify for the Fee Waiver Program
  - Owner-Occupied Rehabilitation
  - Under I Roof
  - Minor Repair
  - Let's Paint
  - Green & Healthy Homes
- Participants in NHSD or non-profit home repair/rehabilitation programs will be exempt from the application fee



# CCHIP HISTORY

## 2010 Downtown Strategic Plan

Determined that a housing-first strategy was appropriate

## 2012 Adoption of CCHIP

Incentives available for any high-density housing project in targeted areas

## 2018 CCHIP Moratorium

Freeze on new applications pending redesign of program

## 2011 Implementation Plan


Recommended an as-of-right housing program to advance development

## 2016 CCHIP Reassessment and Extension

Reassessment of conditions and calibration of program

# WHY HOUSING FIRST?

## 7,500 BY 2020



Housing is the foundation of any neighborhood and is necessary to create a vibrant 24/7 urban core.

More housing provides more disposable income, which is necessary to support neighborhood retail.

A vibrant urban core is necessary to recruit a millennial workforce.

Housing supports longer visits by tourists and encourages return visits.

A mixed use urban core is necessary to enhance and diversify the downtown economy.

# DOWNTOWN DEVELOPMENT CHALLENGES



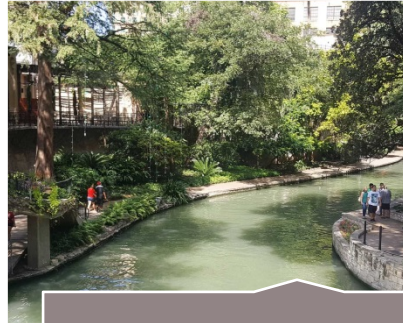
High Land Costs



Market Forces



Infrastructure

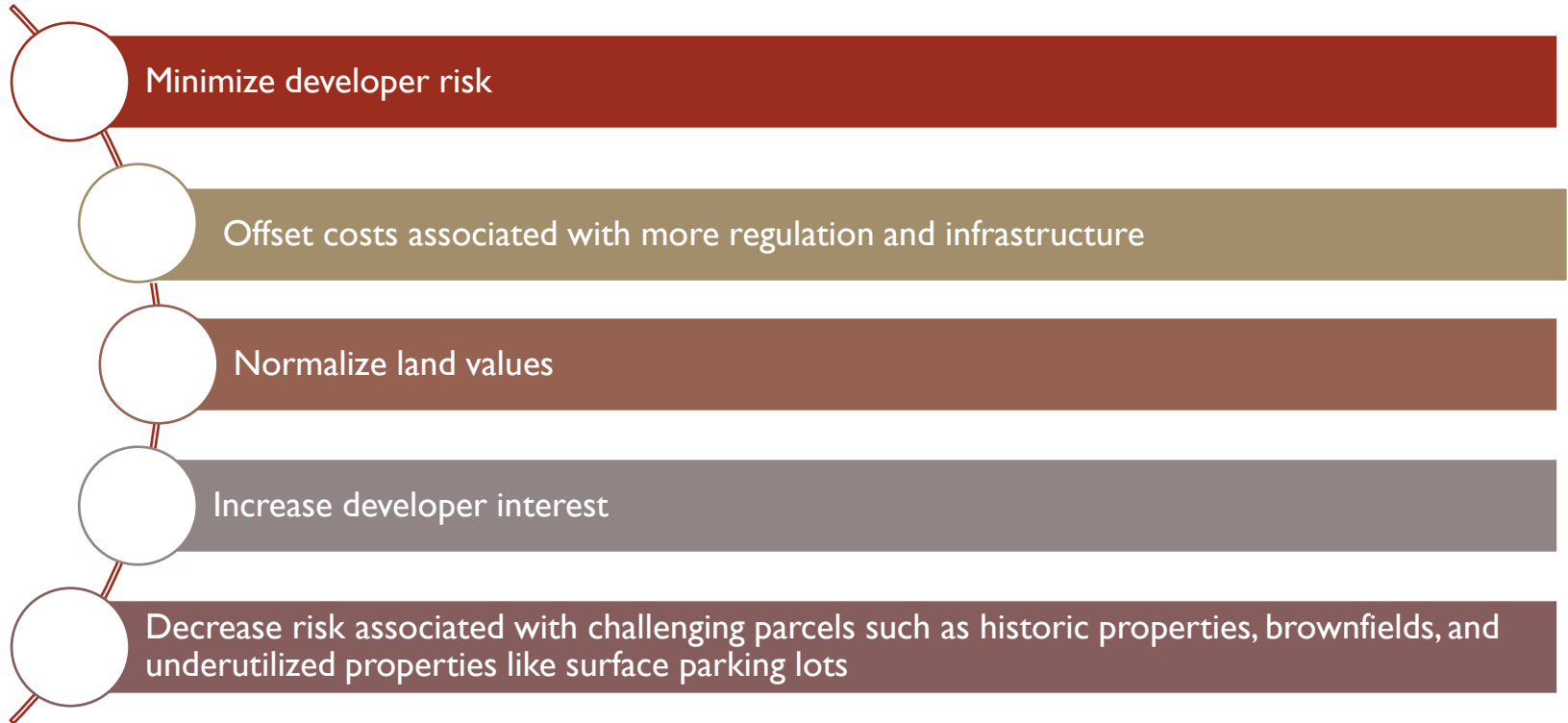


Regulations



Coordination

# PREDICTABLE HOUSING INCENTIVE SYSTEM



# AS-OF-RIGHT

**City and SAWS Fee Waivers**  
(General Fund & SAWS Appropriations)

**Tax Reimbursement Grant**  
(City Ad Valorem Tax)

**Existing Incentive  
Package**

**Low-Interest Loan**  
(Inner City Incentive Fund)

**Mixed-Use Forgivable Loan**  
(Inner City Incentive Fund)

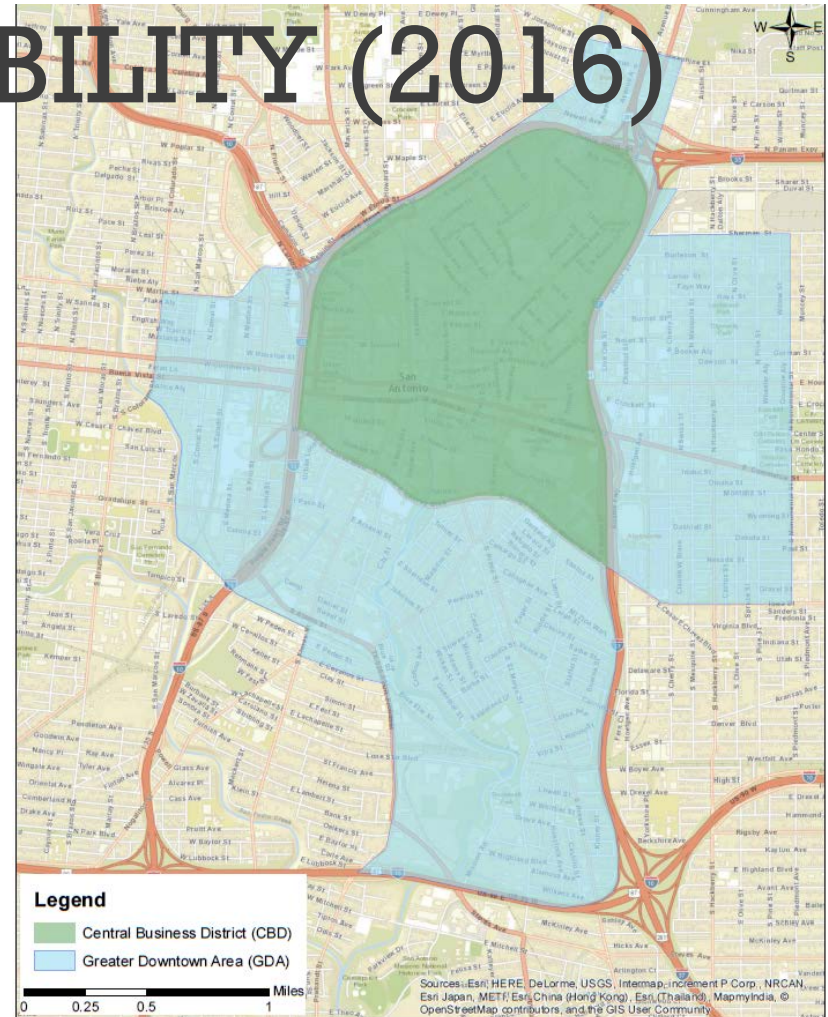
# EXISTING ELIGIBILITY (2016)

## Density

- Create 2 or more housing units at a density of 16 or more units per acre

## Location

- Greater Downtown Area
- Central Business District
- 5.4 Square Miles Overall





# PREVIOUS BOUNDARY (2012)

## Legend

### Greater Downtown Area



### CCHIP - Center City Housing Incentive Program



Tier 1



Tier 2

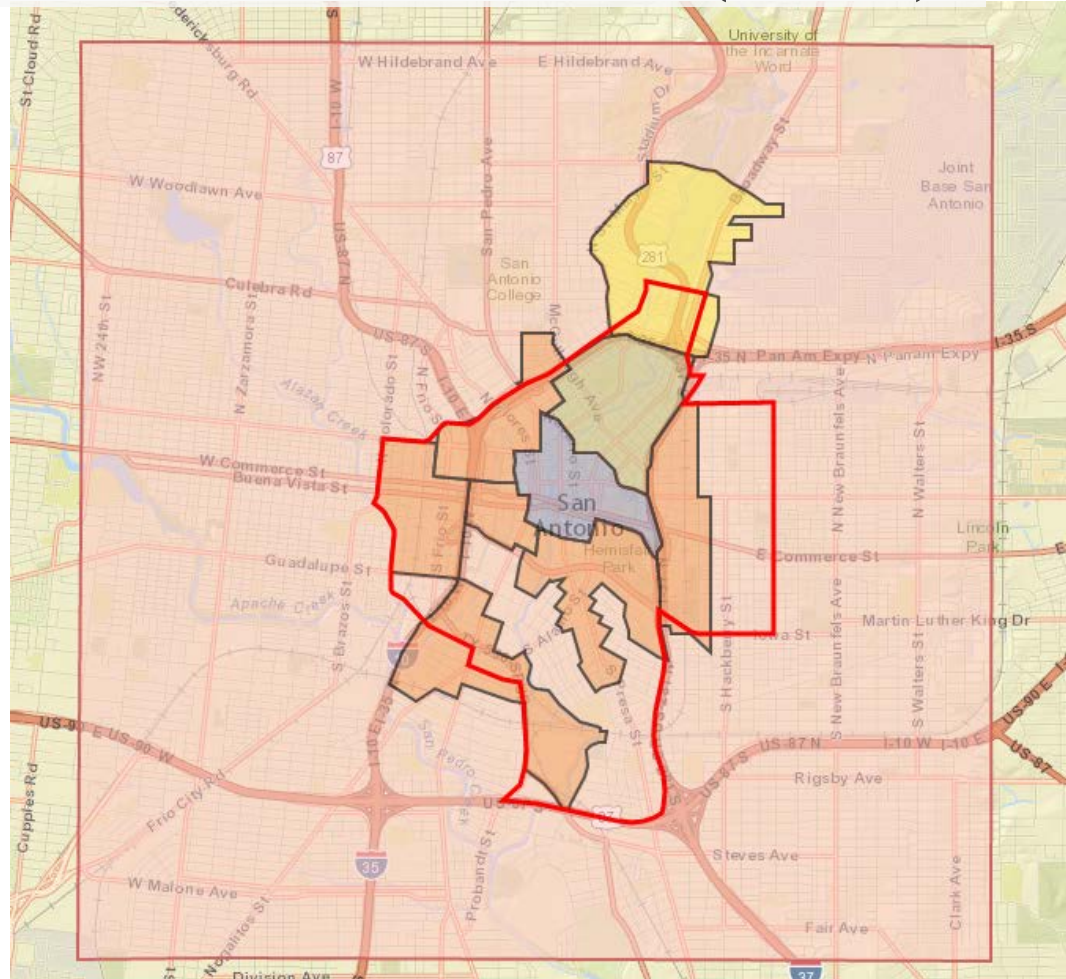


Tier 3




Tier 4

### CRAG - Original 36 Sq. Mile Boundary



# CCHIP HAS BEEN SUCCESSFUL

- 
- \$1.4 billion investment
  - \$102 million incentives
  - 6,810 housing units
    - 1,544 affordable (23%)
  - 230k square feet of retail
  - 28k square feet of office

Of the 64 CCHIP Projects:

- 11 were brownfield sites that had real or perceived contamination that challenged their development.
- 7 were on the vacant building registry program and will now be developed.
- 13 sites are or were surface parking lots.



# CCHIP IS WORKING AS INTENDED



# MIDTOWN



## Annual Net Revenues (After CCHIP Rebate)

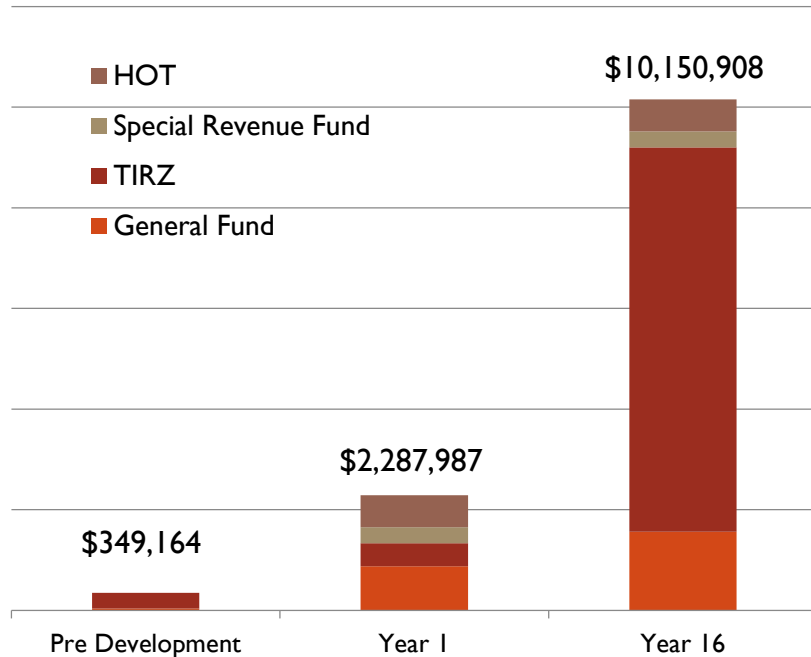
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Community Taxing Entity	Pre- Development	Year 1 Revenues	Year 16 Revenues
<b>City of San Antonio</b> (General Fund, Pre-K 4 SA, Convention Center, Edwards Aquifer Protection & Parks Development)	\$349,164	\$2,287,987	\$10,150,908
<b>City Return</b>	<b>\$349,164</b>	<b>\$2,287,987</b>	<b>\$10,150,908</b>
<b>SAISD</b>	\$884,827	\$16,219,725	\$23,490,999
<b>Bexar County (General Fund, Road &amp; Flood Control)</b>	\$199,278	\$2,750,953	\$4,661,061
<b>Alamo Community College District</b>	\$92,731	\$1,578,476	\$2,286,104
<b>University Health</b>	\$171,744	\$2,923,435	\$4,234,005
<b>San Antonio River Authority</b>	\$10,814	\$182,983	\$265,013
<b>Advanced Transportation District</b>	\$0	\$160,062	\$160,062
<b>VIA</b>	\$0	\$320,124	\$320,124
<b>State of Texas</b>	\$0	\$4,423,965	\$4,423,965
<b>Non-City Return</b>	<b>\$1,359,395</b>	<b>\$28,559,722</b>	<b>\$39,841,332</b>
<b>Total Community Return</b>	<b>\$1,708,559</b>	<b>\$30,847,709</b>	<b>\$49,992,241</b>

- As a result of the CCHIP, 64 parcels were developed.
- But for the incentives, the parcels would remain undeveloped and continue to only contribute \$1.7 million annually.
- After developed, the 64 parcels will return \$30.8 million in year 1 and \$50 million in year 16 in property, sales, and hotel taxes.
- For years 1 – 15, the city and County forgo about \$5.7 million annually, but the project returns \$30.9 million annually to the community.

# ROI IS HIGH

## TAX BENEFIT ANALYSIS (CITY TAXES)



- But for the incentives, the 64 parcels would remain undeveloped and continue to only contribute \$349k annually to the City.
  - \$34k to the General Fund
  - \$316k to the Tax Increment Funds
- After developed, the 64 parcels will return \$2.3 million in year 1 and \$10.1 million in year 16 in city property, sales, and hotel taxes.
- In year 1 the general fund contribution to the City goes from \$34k to \$636K. (19 times the predevelopment general fund collection)
- The city will ultimately forego about \$5.2 million annually of which \$402k would have gone to the general fund and \$4.8 million would have benefited the Tax Increment Fund.



# AFFORDABLE HOUSING

The CCHIP has not excluded affordable housing but was not designed as an incentive tool for affordable housing.

- The majority of the total incentive package for a CCHIP project is from the tax rebate
- If an affordable housing project is within the CCHIP boundary and the SAWWS fee waivers for the project are beyond \$100,000, the developer of the affordable housing project will request incentives through the CCHIP,
- This is in addition to other assistance like the PFC and Tax Increment Reinvestment Zone funds
- Of the 6,810 housing units facilitated through the CCHIP, 1,544 (23%) are classified as affordable or workforce.

The Inner City Reinvestment Infill Policy (ICRIP) has served more affordable housing through incentives than CCHIP.

# PROGRAM ASSESSMENT

CCDO engaged a consultant to study CCHIP and the downtown housing market

- CCHIP has played an important role in closing the financial gap on housing projects in the urban core
- Rising construction costs and interest rates as well as the scarcity of large, undeveloped tracts indicate a need to continue incentivizing development downtown
- CCHIP alone cannot meet affordable housing demand, but can support affordability in other ways
- Modifying the boundary to shift focus from single-family neighborhoods can ease neighborhood resistance and ensure greater development compatibility

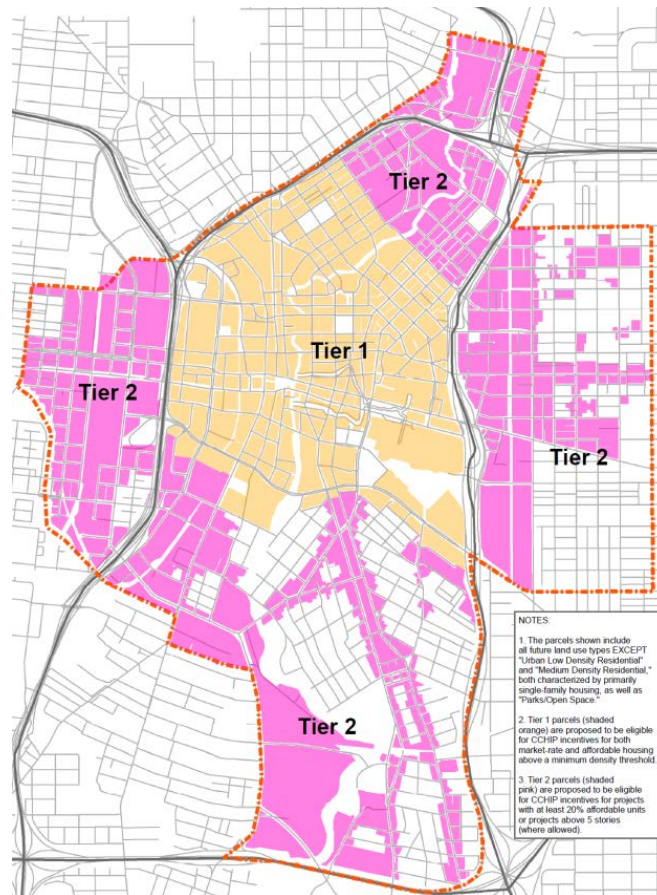
# PROPOSED BOUNDARY

## Size

- 2016 CCHIP – 5.4 Square Miles
- Proposed – 2.64 Square Miles
- Removes areas of “urban low density residential” and “medium density residential”

## Tier System

- Market Rate Supply
- Rental Rate Attainment
- Land Price





2016 Program	2018 Proposed Changes
Located in program boundary	<i>No change</i>
All projects subject to design review	<i>No change</i>
Projects requiring rezoning from single-family residential are not eligible	<i>No change</i>
<u>Minimum Density:</u> 16 units per acre 8 units/acre for adaptive reuse	<u>Minimum Density:</u> 50 units per acre (Tier 1) 33 units per acre (Tier 2) 18 units/acre for adaptive reuse
	Ineligible for permit through Short Term Rental program
	Agreements posted to publicly accessible online database
	Projects including a hotel component are not eligible

# PROPOSED INCENTIVES

2016 Program	2018 Proposed Changes
City Fee Waivers	<i>No change</i>
SAWS Fee Waivers	Maximum waiver amount in CBD
Tax Reimbursement Grant (100% for 10 or 15 years)	Reimbursement limited to 75% of local tax increment, with remaining 25% dedicated to an affordable housing fund
Development Loan & Development Loan Bonus	<i>Not offered</i>
Mixed-Use Forgivable Loan	<i>Not offered</i>
	Infrastructure Grant

# PROPOSED INCENTIVES

Incentive	Description	Location	Requirements	Incentive Terms
City Fee Waivers	Waiver of COSA Development Fees	Tier 1		Waiver of eligible City fees
		Tier 2	≥ 20% Affordable units and/or Above 5 Stories in Height	Waiver of eligible City Fees
SAWS Fee Waivers	Waiver of SAWS Impact Fees	Tier 1		100% Waiver of SAWS Impact Fees, up to \$1M
		Tier 2	≥ 20% Affordable units and/or Above 5 Stories in Height	100% Waiver of SAWS Impact Fees, up to \$500K
Tax Reimbursement Grant	Annual Rebate of City Taxes on Improved Value of Property	Tier 1		15-year, 75% rebate
		Tier 2	≥ 20% Affordable units and/or Above 5 Stories in Height	10-year, 75% rebate
Infrastructure Grant	Grant for Project-related Infrastructure Improvements	Tier 1	≥ 10% Affordable units	\$10,000 per affordable unit, up to \$500K
		Tier 2	Not applicable	Not applicable



# FUNDING LEVELS

Category	City Fee Waivers	SAWS Fee Waivers
Affordable Housing Historic Rehabilitation Homeowner Rehabilitation	\$800,000	\$700,000
Industry Development	\$500,000	\$500,000
Small Business Development	\$200,000	\$300,000
CCHIP	\$1,000,000	\$1,500,000
<b>TOTAL</b>	<b>\$2,500,000</b>	<b>\$3,000,000</b>

# AFFORDABLE HOUSING

- Where provided under this policy
  - at least 10% of total units must be reserved for households earning at or below 60% AMI
  - at least 10% of total units must be reserved for households earning at or below 80% AMI
- Rents charged for affordable units must not exceed 30% of household's gross monthly income

# NEIGHBORHOOD PRESERVATION

- Reduced program boundaries
  - Project is eligible for incentives if future land use is in line with SA Tomorrow planning efforts
- Projects requiring rezoning from single-family residential are not eligible
- All projects subject to design review process
- Projects are ineligible for permit through Short Term Rental program

# MAYOR'S HOUSING POLICY TASK FORCE

- Draft recommendations developed by the Mayor's Housing Policy Task Force and its Technical Working Groups have been considered in CCHIP revisions:

“Prioritize funding for new rental housing in all communities that are linked with transportation, jobs, and cultural assets”

“Establish financial leverage as a top priority in utilization of public funds”

“Increase production, rehabilitation, and preservation of affordable rental units”

# OTHER RECOMMENDATIONS

1. Develop an affordable housing fund and designate 25% of the ad valorem taxes paid by the developer of a project with an executed CCHIP agreement with the City to a fund to support affordable housing projects in the CCHIP Boundary.
2. Leverage public land to facilitate the development of affordable housing.

# CENTER CITY AFFORDABLE HOUSING FUND

1. Fund to support affordable housing projects in the downtown area.
2. Source of funding is 25% of the ad valorem taxes paid to the City on CCHIP Projects.

Projects through 2020		Tax Rebate	Affordable Housing Fund
Units	Investment	75%	25%
3,259	\$731,365,226	\$1,976,394	\$658,798

3. Administered by the Housing and Neighborhood Services.

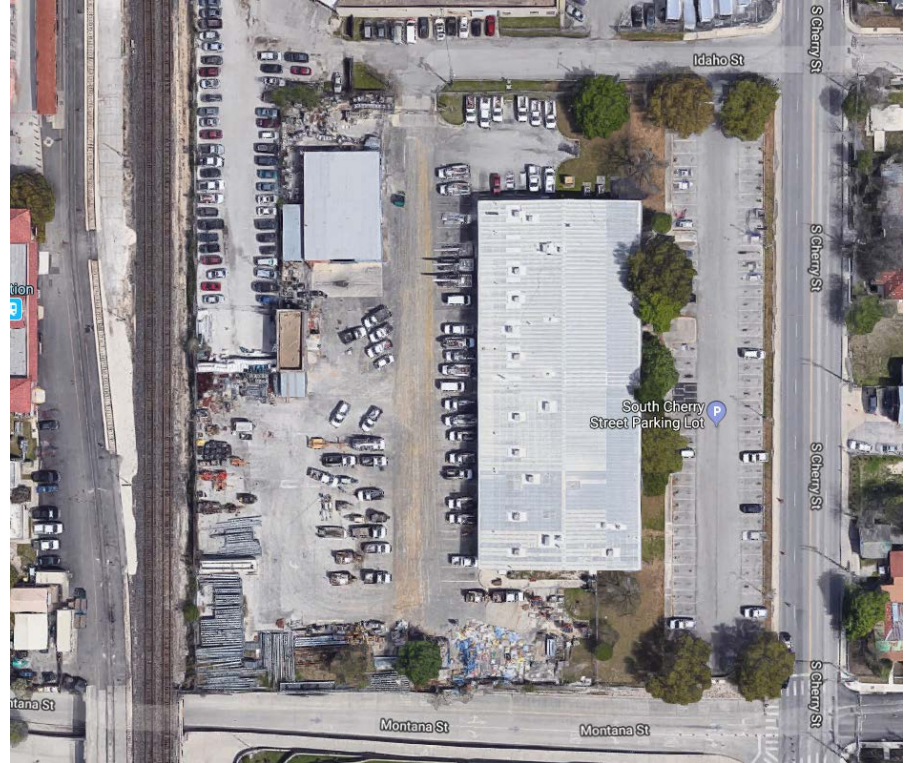


# LEVERAGE PUBLIC ASSETS

- Issue a Request for Proposals for the development of affordable housing on publicly owned land.
- RFP would be prescriptive on the level of affordable housing and other amenities.
- The land could be the City's contribution to the project in order to make the project work at the level of affordable housing requested.
- Potential city owned sites could include 223 S Cherry Street and 200 Dwyer.

# 223 S CHERRY STREET

- 3.9 acre site
- Currently used for TCI traffic operations and will relocate in late 2018.
- Property is located in the Near East Neighborhood Improvements Bond area and the Inner City TIRZ.



# NUEVA MARINA (200 DWYER)

- 0.75 acre site
- Currently used as the marina for river operations.
- Structural study shows that a four story building can be constructed on the marina.
- Property is located in an opportunity zone and the Houston Street TIRZ.



# NEXT STEPS

- Community Outreach
  - Neighborhood Associations
  - Affordable Housing Providers
  - Development Stakeholders
  - Others as identified
- City Council
  - Proposed September 20, 2018

# COUNTY TAX ABATEMENTS

- Tax Increment Reinvestment Zone (TIRZ) boards approved three CCHIP projects to receive Bexar County tax abatements
- City Council consideration on August 16
  - **Midtown** – 120 Ninth Street (\$471,400)
  - **Westside** – 1334 South Flores and 205 E. Cevallos (\$648,070)
  - **Hemisfair** – The Durango – 421 S. Presa (\$349,475)

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