

**State of Texas
County of Bexar
City of San Antonio**



**DRAFT
Meeting Minutes
City Council B Session**

City Hall Complex
105 Main Plaza
San Antonio, Texas 78205

Wednesday, November 14, 2018

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the “B” Room of the Municipal Plaza Building. City Clerk Leticia Vacek took the Roll Call noting the following Councilmembers present:

PRESENT: 11 - Mayor Nirenberg, Treviño, Shaw, Viagran, Saldaña, Gonzales, Brockhouse, Sandoval, Pelaez, Courage, and Perry

1. Briefing on proposed amendments to the Center City Housing Incentive Policy (CCHIP) and replacing the Inner City Reinvestment/Infill Policy (ICRIP) with the City of San Antonio Fee Waiver Program. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]

Sheryl Sculley stated that Mayor Nirenberg and the City Council had requested that staff review the Center City Housing Incentive Policy (CCHIP) and Inner City Reinvestment/Infill Policy (ICRIP) in October 2017. She noted that recommendations were developed with community input and presented to the Economic and Workforce Development Council Committee and Comprehensive Plan Council Committee. She stated that recommendations were aligned with the SA Tomorrow Comprehensive Plan.

Lori Houston stated that CCDO administered both programs to provide eligible projects with incentives if they met certain requirements. She noted that a moratorium was placed on

CCHIP in May 2018 for evaluation to coincide with ICRIP evaluation. She stated that ICRIP was adopted in 2010 to assist small businesses and economic development in the Inner City. She stated that 11,000 fee waivers were issued since its inception for a total investment of \$4.4 billion and facilitation of 10,000 housing units, of which 42% were considered affordable. She recommended that the program be changed to the City of San Antonio Fee Waiver Program and focus on a needs-based strategy rather than place-based strategy. She stated that the program would only apply to the following: Affordable housing; Owner occupied rehabilitation; Historic rehabilitation; and Business development/legacy businesses. She provided an overview of categorical requirements and noted that fee waivers would be available for Type 1 Short Term Rentals (STRs) but not for Type 2. She stated that the Fee Waiver Program would prioritize housing affordability, preserve and protect neighborhoods, and support other City Policies.

Mrs. Houston stated that CCHIP was developed in 2012 from the Downtown Strategic Framework Plan to provide incentives for multi-family housing projects in the downtown area as an economic development strategy. She noted challenges with downtown housing development due to higher land prices, higher construction costs, rental rates, aged public infrastructure, and irregular parcel shapes. She stated that the components of the incentive package included City and SAWS fee waivers, tax reimbursement grants, and low-interest loans or grants. She noted that CCHIP facilitated 64 projects for \$1.4 billion in investment and provided an overview of project types and outcomes. She reviewed annual net revenues resulting from CCHIP and stated that there were significant City and community returns on investment.

Mrs. Houston noted that Dr. Steve Nivin had performed an economic impact assessment demonstrating that CCHIP projects add 8,000 jobs to the San Antonio market, contribute \$1.1 billion to Gross Domestic Product, provide a total economic output of \$2.2 billion, and generate \$3.2 million in sales tax revenue. She stated that TXP, Inc. assessed CCHIP and the downtown housing market to show the CCHIP helped close the financial gap on housing projects in the urban core and downtown development needed continuing incentives. She noted that CCHIP alone could not meet affordable housing demand but did support affordability. She recommended that CCHIP boundaries be modified to ensure greater development compatibility. She proposed that CCHIP be extended for two years to re-evaluate the market and incentives. She recommended a tiered system based on market rate supply, rental rate attainment, and land prices and provided an overview of tier-based requirements. She stated that all CCHIP projects would contribute 25% of taxes paid to the City to an Affordable Housing Fund. She outlined additional affordable housing tools such as the Housing Tax Credit Program, tax exemptions via the San Antonio Housing Trust Public Facilities Corporation, and public assets.

Mayor Nirenberg asked of public input processes and impact. Mrs. Houston replied that

meetings were held with many stakeholder groups and concerns regarding neighborhood development led to changes in CCHIP subsidy requirements, STR allowances, and the design review process. Mayor Nirenberg asked of progress toward a goal of 7,500 newly constructed downtown housing units. Mrs. Houston replied that 6,800 were already constructed or under construction. Mayor Nirenberg requested that CCHIP be reevaluated after one year due to challenges with public perception and asked if any new projects were started during the CCHIP moratorium. Mrs. Houston replied that none were.

Councilmember Saldaña noted the importance of public support for housing subsidies and stated that he preferred to focus on Tier 1 developments.

Councilmember Courage asked of taxpayer representation at stakeholder meetings. Mrs. Houston replied that Neighborhood Associations represented taxpayers. Councilmember Courage asked if market rate development would need to be subsidized indefinitely. Mrs. Houston replied that subsidies were necessary for the foreseeable future due to rising costs of land and construction. Councilmember Courage expressed support for the proposed CCHIP extension and investment in affordable housing.

Councilmember Pelaez asked if the City imposed rent restrictions on approved projects. Mrs. Houston replied that income and rent restrictions applied.

Councilmember Viagran expressed support for the proposed changes to the Fee Waiver Program and the two-year CCHIP extension. She requested updates every six months through the extension to make adjustments as needed and noted the importance of mitigating resident displacement.

Councilmember Sandoval expressed concern with public perception of the subsidies and requested a target goal for affordability. She suggested earmarking future tax revenues from incentivized properties to support affordability measures.

Councilmember Brockhouse noted the importance of partnerships with the development community and expressed concern with attempting to develop affordable housing in areas with the highest land prices.

Councilmember Treviño noted the importance of providing housing choices to residents and expressed support for the proposed program changes.

Councilmember Gonzales asked of incentivizing affordable housing citywide. Mrs. Houston replied that subsidization opportunities were better outside downtown and staff desired the flexibility to select areas for affordable housing developments elsewhere. Councilmember Gonzales expressed concern with sprawl and asked that policies focus on existing

communities rather than transplants.

Councilmember Saldaña requested prompt action to move the programs forward as costs of housing and construction would only continue to increase.

Councilmember Perry asked of returns on ICRIP fee waivers. Mrs. Houston replied that the data was not calculated but she would generate it. Councilmember Perry requested occupancy rates for projects funded through CCHIP and expressed support for a two-year extension.

Councilmember Sandoval requested that the cost of parking be separated from the cost of housing to support affordability with density and walkability.

Mayor Nirenberg thanked Mrs. Houston for the presentation. He noted consensus regarding the revitalization of downtown and the importance of sensitivity to public perception in providing affordability-related incentives downtown.

2. Briefing by the Office of Military & Veterans Affairs on programs to support the military and veterans. [Carlos Contreras, Assistant City Manager; Jeff Coyle, Director, Government and Public Affairs]

Major General Juan Ayala provided an overview of the military influence in San Antonio and noted that the military was the largest regional employer with a significant economic impact on Texas. He provided an overview of the history of the Office of Military and Veterans Affairs (OMVA) following the Base Realignment and Closure (BRAC) of 2005. He stated that OMVA's mission was to sustain and enhance Joint Base San Antonio's mission readiness and ensure the long-term protection of its military bases. He noted that military value was added through infrastructure support, compatible land use, partnerships, and advocacy and provided an overview of each. He provided an overview of the Military Transformation Task Force, veteran support activities, and the Veteran Affairs Commission. He stated that the next BRAC was tentatively scheduled for 2021 and all branches were focused on recapitalizing infrastructure. He noted the importance of continuous BRAC preparation by adding military value.

Mayor Nirenberg thanked General Ayala for the presentation.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 5:17 pm to discuss the following items:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to charter amendments pursuant to Texas Government Code Section 551.071 (consultation with attorney).

RECONVENED

Mayor Nirenberg reconvened the meeting at 5:42 pm and announced that no action was taken in Executive Session. He stated that the Executive Session would be reconvened the following day after the Business Portion of the City Council Meeting.

CEREMONIALS

Mayor Nirenberg presented a Proclamation for the 50th Elf Louise Christmas Season. He noted that the Elf Louise Christmas Project was founded in 1969 by Louise Locker while she was a student at Trinity University and has delivered Christmas gifts to more than 1 million disadvantaged children in San Antonio since its inception.

Mayor Nirenberg presented a Resolution of Respect for Marlene Sandler for her selfless work to research and prepare a grant application to start a program for the prevention of violence against women in the City's Municipal Courts. He noted that the approved grant supports two Prosecutors, a Caseworker, and two other staff positions for the program which has served over 20,000 women and countless family members. Ms. Sandler recently passed away, but not before she learned that her deep wish to make a difference in someone's life had been fulfilled.

Mayor Nirenberg presented a Proclamation for the First Friday Network's Home Health Care and Hospice Month. He noted that the Network Members consisted of individuals, agencies, and organizations that provide services to seniors in the community and home care and hospice professionals play a major role in helping patients live independently in the comfort of their own home.

CITIZENS TO BE HEARD

Mayor Nirenberg called upon the citizens registered to speak.

Artman Bland expressed concern with police conduct and Code Compliance.

Mark Perez expressed concern with permitting processes.

Nazirite Ruben Flores Perez spoke of Mexican migrants and the importance of obedience to laws.

Diana Uriegas thanked Councilmember Treviño for supporting the Texas Indigenous Council.

RECESSED

There being no further discussion, Mayor Nirenberg recessed the meeting at 6:20 pm.

APPROVED

RON NIRENBERG
MAYOR

ATTEST:

LETICIA M. VACEK, TRMC/CMC/MMC
CITY CLERK