



City of San Antonio

Agenda Memorandum

File Number:16-3211

Agenda Item Number: 24.

Agenda Date: 6/16/2016

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations Department

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: All

SUBJECT: Center City Housing Incentive Policy (CCHIP) amendments and program extension.

SUMMARY:

This ordinance approves amendments to, and the extension of, the Center City Housing Incentive Policy (CCHIP) adopted in June 2012 to stimulate high-density housing development in the Center City. Staff proposes extending the program through June 30, 2018.

BACKGROUND INFORMATION:

In spring 2011, the City of San Antonio commissioned the creation of a Downtown Strategic Framework Plan to facilitate the revitalization of the Center City. The plan recommended a housing-first strategy of attracting more residents to live in the downtown area. Subsequently, the Center City Implementation Plan, adopted in 2012, provided recommendations for implementing the Strategic Plan. The Implementation Plan recommended that the City establish a predictable housing development incentive program for the Center City that would assist in normalizing land values reducing the risk associated with infill development.

In June 2012, City Council adopted the Center City Housing Incentive Policy (CCHIP) - an as-of-right housing incentive program designed to encourage the development of multifamily housing in the center city, particularly in targeted growth areas identified in the Downtown Strategic Framework Plan.

The CCHIP applies to multi-family rental and for sale housing projects within the CRAG area - the original 36 square miles of the City of San Antonio. Eligible projects receive city fee waivers, SAWS impact fee waivers, real property tax reimbursement grants, low-interest loans, and mixed-use development forgivable loans based on the terms outlined in the CCHIP. The program encourages historic rehabilitation, adaptive reuse, brownfield redevelopment, transit oriented development, and mixed use and mixed income redevelopment.

Since its adoption in June 2012, the CCHIP has achieved great success. To date, 43 housing projects have entered the program, resulting in the creation of 4,292 housing units that are either complete, in design, or under construction. This represents a total private investment amount of approximately \$708 million, and \$53

million in City incentives. Of these units, 2,718 will contribute to the housing goal of 7,500 new housing units in the downtown area by 2020. This is in addition to the 1,981 units in non-CCHIP projects which will result in a total of 4,699 units in the Greater Downtown Area, or 63% of the 2020 housing goal.

The policy passed in 2012 required a housing study to be conducted for the CCHIP area every three years to inventory the total number of housing units, monitor the rental rates and sales values, and identify any necessary adjustments to the policy. Centro San Antonio initiated the requisite housing study, the findings of which concluded that incentives are still needed to make downtown development feasible due to the complex nature of building in the center city including high land and construction costs, environmental challenges, additional regulations, and suburban competition. While downtown is becoming a more desirable place to live, development incentives can help to offset the high development costs and complications.

The Central Business District (CBD) and Midtown are 2 of 13 regional centers identified in SA Tomorrow. The CCHIP includes all of the CBD and part of Midtown. Additionally, the Inner City Reinvestment Infill Policy (ICRIP) encompasses 4 of the 13 regional centers. The ICRIP provides incentives for eligible projects within the 83 square-mile area. The CCHIP does not replace the ICRIP. The Department of Planning and Community Development, in partnership with other City departments, will return to City Council after adoption of SA Tomorrow to appropriate incentive policies catered toward each activity center. The development of the incentive policies will include stakeholder workshops to better identify the needs of each activity center.

ISSUE:

As part of the adoption of CCHIP in 2012, the program was to be re-evaluated for extension in 4 years. Staff proposes amending and extending the program through June 2018. Proposed amendments will reduce the program boundary, increase incentives in the downtown core, and improve administrative operations. Attachment 1 provides a more detailed breakdown of the proposed policy amendments. The Housing Council Committee approved this item on May 25, 2016 and referred it to the full City Council for consideration.

ALTERNATIVES:

Council could elect to not extend or amend the program. This would terminate the program, thereby threatening the City's ability to attract residents to live downtown and achieve the 2020 housing goal.

FISCAL IMPACT:

The Center City Housing Incentive Policy authorizes grants and loans for housing projects within the defined areas. The funding sources for these incentives are the City's real property tax increment generated as a result of the project and the Inner City Incentive Fund (ICIF). City Council allocates General Fund dollars for the ICIF during the annual budget process. This council action authorizes the Chief Financial Officer or designee to perform the appropriate financial allocations to carry out the intent of this ordinance.

RECOMMENDATION:

Staff recommends approving the proposed amendments to the CCHIP program as well as the extension of the program through June 30, 2018.