



# City of San Antonio

## Agenda Memorandum

**File Number:**16-5571

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**Agenda Item Number:** 3.

**Agenda Date:** 11/28/2016

**In Control:** Neighborhoods and Livability Committee

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**DEPARTMENT:** Center City Development & Operations Department

**DEPARTMENT HEAD:** John Jacks

**COUNCIL DISTRICTS IMPACTED:** City-Wide

**SUBJECT:** Administrative changes to the allocation of SAWS waivers through the ICRIP Fee Waiver Program

### SUMMARY:

This is a briefing on the proposed administrative changes to the allocation of SAWS fee waivers under the Inner City Reinvestment Infill Policy (ICRIP) Fee Waiver Program.

### BACKGROUND INFORMATION:

In an effort to encourage infill development, the ICRIP Fee Waiver Program waives certain City development fees for eligible development projects as well as SAWS impact fees up to 1% of the total project cost. The SAWS impact fee waivers serve the ICRIP Fee Waiver Program, the Center City Housing Incentive Policy (CCHIP), and other economic development initiatives. Currently, SAWS waivers are issued through the ICRIP Fee Waiver Program on a first come, first served basis until funds are exhausted, at which time staff closes the program for the remaining fiscal year. Due to increased development activity within the program area in recent years, requests for SAWS waivers have begun to far exceed the available budget.

On October 1, 2016, the SAWS fee waiver program reopened to new funding requests for fiscal year 2017. Demand for waivers this year is at an all-time high. As such, staff closed the program to new SAWS waiver requests on October 21 for the remaining fiscal year. As of October 22, the total eligible demand for SAWS waivers was \$1.8 million of the \$3.8 million in overall requests from 157 eligible applications. However, there are only \$1 million in SAWS waivers available for the ICRIP Fee Waiver Program this fiscal year, which is enough to fund 53% of the total eligible demand.

### ISSUE:

Due to the growing demand for SAWS impact fee waivers, staff is proposing administrative changes to more strategically allocate SAWS waivers including prioritizing certain types of development, introducing a wait-list, and limiting the number of times a SAWS waiver can be renewed. The proposed changes will also ensure that

SAWS waivers are used more effectively for shovel-ready projects.

#### *Prioritization by Category*

Currently, waivers are issued on a first come, first served basis. Unfortunately, this approach means that an entire year's budget could be allocated to just a few projects without regard to achieving the City's goals in assisting affordable housing, non-profit, or neighborhood improvement projects.

For this reason, the first proposed change is to group all requests by category, allocate a portion of the available budget to each category proportional to the demand, and then issue waivers on a first come, first served basis within each category. This ensures a more equitable program where a project from every category will receive a SAWS waiver based on demand within that category (projects will only be competing with other projects in their own category for SAWS waivers). The proposed categories and their prescribed budget allocations are illustrated below.

Category	Allocation of Total Available Budget	Allocation of Total Category Budget
Affordable housing	50%	Proportional to demand
Non-profit		Proportional to demand
Single-family homes (Homeowners prioritized)	50%	Proportional to demand
Other residential and mixed use		Proportional to demand
Commercial		Proportional to demand
Industrial		Proportional to demand
Other		Proportional to demand

In July 2016, the San Antonio Housing Commission to Protect and Preserve Dynamic and Diverse Neighborhoods requested special consideration in SAWS waivers for affordable housing projects. As such, staff proposes awarding 50% of the available waivers to affordable housing projects and other non-profit projects. The remaining 50% would be allocated by the following categories: single-family homes (prioritizing homeowners), other residential and mixed-use projects, commercial, industrial, and other projects. SAWS waivers would be allocated per category proportionate to the demand of that category. Projects within each category would then be prioritized for funding based on a first come, first served basis. No one project would receive a waiver under \$5,000 according to the ICRIP Fee Waiver Program Guidelines. Staff proposes this change would take effect immediately.

#### *Wait-List*

Projects not awarded waivers in the first round of funding from October would be added to a wait-list and have another opportunity the following April. Additional capacity is often made available in the mid-year as projects with active waivers get cancelled or postponed. These "recaptured" waivers are then released back to the available SAWS waiver fund balance. Unawarded projects from the first round would be wait-listed for this second round of funding made available from recaptured waivers. Introducing the wait-list, as proposed, would provide a second opportunity for funding, if available, to unawarded projects from the first round. Staff proposes this change would take effect immediately.

#### *Limit SAWS Waiver Renewals*

Currently, SAWS waivers expire after 6 months but can be renewed indefinitely. Staff proposes limiting SAWS waivers to 3 renewals, allowing the waivers to be available for any one project for a maximum of 2 years. This would discourage applicants from holding SAWS waivers indefinitely and would ensure SAWS waivers are

prioritized for shovel-ready projects. Staff proposes this change would take effect immediately for any new waivers issued.

**ALTERNATIVES:**

This item is for briefing purposes only.

**FISCAL IMPACT:**

SAWS credits have been approved for the ICRIP Fee Waiver Program through 2020. These proposed administrative changes have no fiscal impact to the General Fund.

**RECOMMENDATION:**

Staff is seeking input from the Neighborhoods and Livability Council Committee on the proposed changes to the administration of SAWS fee waivers through the ICRIP Fee Waiver Program. Feedback will be incorporated with the administrative guidelines. These proposed changes do not require City Council approval.