



City of San Antonio

Agenda Memorandum

File Number: 18-1120

Agenda Item Number: 18.

Agenda Date: 1/11/2018

In Control: City Council A Session

DEPARTMENT: Center City Development and Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Center City Housing Incentive Policy (CCHIP) Moratorium

SUMMARY:

This ordinance approves a temporary moratorium on administrative approvals of Center City Housing Incentive Policy (CCHIP) agreements.

BACKGROUND INFORMATION:

In 2012, following SA2020, City Council adopted the Center City Implementation Plan. The foundation of the Plan was "Housing First" and it established a goal of an additional 7,500 housing units in the downtown area by 2020. To reach the goal, the Plan recommended that the City establish a predictable incentive system for housing in the downtown area. Therefore, the City created the Center City Housing Incentive Policy (CCHIP) in 2012 to encourage high-density housing in the downtown area. In 2016, City Council extended the program to June 2018.

The City is currently at 89% of the goal that was established in 2012. There are currently 6,696 new housing units represented by 49 projects that are online, under construction or anticipated to break ground in the coming year. These projects represent a total investment of \$1.4 billion and the City provided \$126 million in fee waivers, tax rebates, loans, and grants.

Since 2010, CCDO has executed 88 incentive agreements that will ultimately facilitate 9,342 housing units. The total private investment for these projects is \$1.9 billion and the City provided \$153 million in fee waivers, tax rebates, loans, and grants in support of the projects. This is a return of \$12.31 in private investment for every

public dollar invested in these projects. These projects are located within City Council Districts 1, 2, 3, 5, and 10 as outlined below.

Center City Incentives 2010-2017				
Council District	Number of Projects	Housing Units	Incentives	Investment
1	53	5,095	\$108,579,901	\$1,262,617,473
2	20	1,378	\$15,155,556	\$212,485,592
3	5	844	\$5,573,201	\$92,116,261
5	9	1,747	\$21,340,127	\$261,056,805
10	1	278	\$2,892,428	\$34,543,507
TOTAL	88	9,342	\$153,541,213	\$1,891,291,138

ISSUE:

Staff is moving forward with a re-evaluation of the existing CCHIP program to assess how the policy addresses current and future city-wide needs. At the direction of the City’s Governance Committee at their December 2017 meeting, staff is recommending a moratorium for the CCHIP program and will no longer process CCHIP applications administratively. Until the assessment is complete and Council considers staff’s recommendations, any housing project that requires incentives will go to City Council for consideration.

At the time of the Governance Committee there were two CCHIP projects currently in process, Broadway Jones and Market Street Project. Staff will continue to process these two projects administratively. Broadway Jones is 284 units, of which 50% are workforce housing. The project is located at Broadway Street and Jones Avenue. The Public Facilities Corporation Board approved Broadway Jones on September 13, 2017. The Market Street Project is part of the Hemisfair public private partnership on the corner of South Alamo and Market streets. The project will include up to 350 units, of which 10% will be workforce housing. The project also includes 65,000 square feet of retail space.

The CCHIP will expire in June 2018. Staff has commissioned a housing study to evaluate the success of the program and to perform a separate analysis of the policy for five distinct downtown areas: Downtown Core, Midtown, Southtown, Near Eastside, and Near Westside. The analysis will consider the market economics for each of these areas, such as land prices and rental rates, and apply those conditions to today’s construction market. The analysis will also evaluate an affordable/workforce housing requirement for the policy.

The housing study will inform staff on where the policy is working and where it needs to be adjusted if the City were to continue incenting market rate housing or to develop a policy focused on affordable/workforce housing. The study will be completed by April 2018 and coordinated with the goals in the Midtown and Downtown Regional Center Plans and will also consider the recommendations from the Mayor’s Housing Policy Task Force. The evaluation of the incentive programs and recommended policy changes with regard to CCHIP and ICRIP will be presented to City Council in May 2018. Until such time as the study is completed and City Council has provided additional direction to staff, the Governance Committee has recommended a moratorium on administrative approvals of CCHIP agreements.

ALTERNATIVES:

Council could elect to not issue a moratorium on administrative approvals of CCHIP agreements and continue with the “as of right” approach to these housing incentives.

FISCAL IMPACT:

There is no fiscal impact.

RECOMMENDATION:

Staff recommends approving the proposed moratorium on administrative approvals of CCHIP agreements while the housing study to evaluate the program is underway. The study will be completed by April 2018 and coordinated with the goals in the Midtown and Downtown Regional Center Plans and will also consider the recommendations from the Mayor's Housing Policy Task Force. The evaluation of the incentive programs and recommended policy changes with regard to CCHIP and ICRIP will be presented to City Council in May 2018.