



City of San Antonio

Agenda Memorandum

File Number:18-3678

Agenda Item Number: 3.

Agenda Date: 10/2/2018

In Control: Economic and Workforce Development Committee

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Amendments to the Center City Housing Incentive Policy (CCHIP) and Inner City Reinvestment/Infill Policy (ICRIP)

SUMMARY:

A 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.

BACKGROUND INFORMATION:

The Center City Housing Incentive Policy (CCHIP) and Inner City Reinvestment/Infill Policy (ICRIP) encourage the redevelopment of the inner city through financial incentives and technical assistance. Both policies are administered by the Center City Development and Operations Department.

Inner City Reinvestment and Infill Policy

In 2010, the ICRIP was approved by City Council to encourage infill activity and the creation of sustainable neighborhoods that are safe, walkable, mixed-use, compact and well-designed. The policy provides financial assistance, such as City and SAWS fee waivers, and staff support for assistance in navigating regulatory and procedural processes. The current ICRIP boundary was adopted in January 2013 and is 84 square miles. The most recent amendments to the program guidelines were approved by City Council on May 28, 2015. Since 2012, over 1,600 fee waiver applications have been approved. These applications represent \$4.4 billion in investment and over 10,000 housing units. Of the 10,000 housing units, 4,200 or 42% are affordable or workforce housing.

Center City Housing Incentive Policy

In June 2012, City Council adopted the Center City Housing Incentive Policy (CCHIP) - an as-of-right housing incentive program designed to encourage economic development in the center city. The CCHIP was renewed with amendments in 2016, reducing the program boundary, improving administrative operations, and extending the program through June 2018.

Since its creation, the CCHIP has facilitated 64 projects. These projects represent a total investment of \$1.4 billion and the CCHIP provided \$102 million in incentives for these projects:

\$3.7 M	City Fee Waivers (General Fund)
\$2.4 M	Forgivable Loans or Grant (General Fund and will not be repaid)
\$2.9 M	Loans (General Fund and will be repaid)
\$16.6 M	SAWS Fee Waivers (SAWS)
<u>\$75.8 M</u>	Tax Rebates (Rebate on ad valorem taxes paid to the City by the developer as a result of the project)
<u>\$101.5 M</u>	

For every \$1 of City-provided incentives for these projects, it has returned more than \$13 in private investment. The projects will yield 6,810 housing units, 28,000 square feet of office space, and 230,000 square feet of retail. Of the 6,810 housing units, 1,544 or 23% are workforce or affordable housing.

On October 2, 2017, a Council Consideration Request was issued, requesting a review of City incentives for residential and commercial developments to include ICRIP and CCHIP, among others. On January 11, 2018, City Council approved a temporary moratorium on administrative approvals of CCHIP agreements, directing staff to reevaluate the existing program. Staff has initiated a review of both programs and commissioned a housing study to evaluate the success of the CCHIP and to perform a separate analysis on its impact to development.

ISSUE:

The recommended amendments to the Center City Housing Incentive Policy (CCHIP) and the Inner City Reinvestment/Infill Policy (ICRIP) are based on stakeholder interviews, alignment with the SA Tomorrow Regional Center Plans, and market conditions. Additionally, staff's recommendations have been coordinated with the Mayor's Housing Policy Taskforce.

Proposed ICRIP Amendments

- Rename the Inner City Reinvestment/Infill Policy (ICRIP) as the City of San Antonio Fee Waiver Program.
- Eliminate the boundary and only require eligible projects be located within the City.
- Eligible projects must meet criteria in one of four (4) categories: Affordable Housing, Owner Occupied Rehabilitation, Historic Rehabilitation/Legacy Business, and Business Development.
- Prioritize the use of City fee waivers and SAWS impact fee waivers for affordable housing development, owner-occupied rehabilitation, historic rehabilitation, and business development.

Proposed CCHIP Amendments

- Extend the program for 2 more years.
- Remove single family areas from boundary (Decreases from 5.4 square miles to 2.64 square miles).
- Create a tiered system based on land values, rental rate attainment, and occupancy levels with Tier 1 providing the maximum amount of incentives and Tier 2 requiring more density or that 20% of the units

be affordable housing.

- Develop an affordable housing fund and designate 25% of the ad valorem taxes paid by the developer of a CCHIP project to a fund to support affordable housing projects.

The Economic and Workforce Development City Council Committee received a briefing on the proposed amendments on August 7, 2018 and approved a motion to proceed to City Council for consideration. The Comprehensive Plan City Council Committee also received a briefing on August 15, 2018. Staff followed both briefings with extensive stakeholder outreach, including with affordable housing providers, neighborhood associations that are within or adjacent to the CCHIP boundary, Centro, and the downtown developer community. This is a follow-up item to brief the EWDC on the results of the stakeholder outreach, including any relevant changes to the proposed amendments.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

This item is for briefing purposes only.

RECOMMENDATION:

Staff recommends forwarding this item for City Council consideration on October 11, 2018.