



# City of San Antonio

## Agenda Memorandum

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**Agenda Item Number:** 5.

**Agenda Date:** 9/22/2021

**In Control:** Housing Commission

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP, Director

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Briefing on the City's Strategic Housing Implementation Plan (SHIP) progress and next steps.

### **SUMMARY:**

Briefing on the City's Strategic Housing Implementation Plan (SHIP) progress including the definition of affordability, recalibrated housing targets, funding strategy, and recommended strategies progress and next steps.

### **BACKGROUND INFORMATION:**

San Antonio's Housing Policy Framework (HPF), the final report produced by the Mayor's Housing Policy Task Force (MHPTF), has been the guiding document for the City's affordable housing policy since it was accepted by the City Council in 2018. The HPF details a 10-year affordable housing production and preservation that was set to prevent the number of cost burdened households from growing. To achieve this vision, the task force offered 24 strategies across five overarching policy areas:

- 1) Develop a Coordinated Housing System
- 2) Increase City investment in Housing
- 3) Increase Affordable Housing Production, Rehabilitation, and Preservation
- 4) Protect and Promote Neighborhoods

## 5) Ensure Accountability to the Public

By 2020, it was evident that the City was making rapid progress towards the original goals set by the HPF, with several production and preservation targets set to be met within just the first five years and many of the 24 strategies already completed or well underway. Staff viewed this as an opportunity to recalibrate the 10-year housing targets to account for a broader range of community needs, do a deeper dive remaining HPF strategies, and explore new strategies needed to achieve this vision.

The Strategic Housing Implementation Plan (SHIP) process was initiated to define affordability for the City, recalibrate the City's affordable housing target goals, and develop implementation strategies to reach those goals. Each strategy builds off the vision of the HPF and other related City planning efforts around affordable housing issues such as Opportunity at Risk, SA Climate Ready, ForEveryoneHome, and the Homeless Strategic Plan. The plans determining timelines, partners, specific action steps, and funding approaches.

To develop the recalibrated targets, staff is working with Economic & Planning Systems (EPS), who also worked on the HPF. EPS has developed a vulnerability index that identifies need for the City, ensuring that goals are set in a way that is data-driven. The strategies are being developed in collaboration with community and housing stakeholders, many of whom were part of the technical working groups who developed the HPF. These stakeholders include but are not limited to the San Antonio Housing Trust (SAHT), San Antonio Housing Authority (SAHA), the South Alamo Regional Alliance for the Homeless (SARAH), Local Initiatives Support Corporation (LISC), VIA, Community Housing Development Organizations (CHDOs), Bexar County and applicable COSA departments. This collaboration builds the HPF's values of promoting public participation and valuing both lived experience and technical expertise.

### ISSUE:

The SHIP is projected to be presented to City Council in fall 2021. The document will include three core components: a definition of affordability recommended by the Housing Commission, recalibrated 10-year housing production and rehabilitation targets informed by the definition as well as three years' worth of housing data since the Framework was accepted, and implementation strategies developed by stakeholders to achieve these goals.

### Definition of Affordability

Critical to the SHIP is creating a standard definition of affordable housing that can be used across the City. The HPF defined affordable housing as housing affordable to people with incomes 80% of the Area Median Income (AMI) for rental housing and 120% AMI for homeownership. This HPF definition is revised in the SHIP draft.

The goal is a standard definition to be used across the City. The Housing Commission developed a working definition following months of discussion with stakeholders and organizations including VIA, CPS, SAWS, Community Housing Development Organizations (CHDOs), and other public stakeholders. The Housing Commission further refined their recommended definition of affordability based on the SHIP stakeholder feedback. They also prepared a letter explaining the definition. The Commission's proposed definition and language is:

Affordable Housing is income restricted with a housing ratio requirements that ensures the occupant pays an affordable percentage of gross income on housing costs, as determined by HUD. Affordable housing units that are rented are limited to households with incomes at or below sixty percent (60%) of the area median income and affordable housing units that are purchased are limited to households with incomes at or below one hundred and twenty percent (120%) of the area median income. Income limits are for the San Antonio - New Braunfels

HUD Metro Area and adjusted for household size. Affordable housing units must include an affordability period based on public investment level and specific assistance program requirements.

## **Recalibration**

Economic and Planning Systems (EPS), the consulting firm that assisted in the creation of the HPF, has lead in the recalibration housing targets analysis. The recalibrated goals are intended to be more detailed and based on the need of San Antonio's residents and the definition of affordability. The existing 10-year goals are on track to be met within the next few years and were focused on preventing the existing cost burden levels from getting worse.

EPS worked with staff to identify the highest need households in San Antonio using a more in-depth analysis of cost burden within the city. The analysis first identified those cost burdened households that fall under our "affordable" income range criteria, then applied a supply demand analysis to understand how many units would be needed to meet the current lack of supply. That analysis identified approximately 95,000 households, many of which were at incomes lower than 50% AMI. Next a vulnerability index was used to provide more details around the drivers and characteristics of the populations where housing is needed. These housing vulnerability factors included cost burden, unemployment, low income, and areas of pronounced supply-demand mis-match of housing stock. Based on the identified need, funding available or projected to become available, and the variety of other programs that can be used to address household stability including workforce training, staff recommends looking at the need in the community holistically, knowing that housing needs can be met through a variety of social programs, increasing a households income, and support from a healthy private sector housing economy.

For a household to no longer be considered cost burdened: (1) their income must increase or be subsidized; or (2) the cost of their housing must decrease.

A variety of interventions can influence these two factors including:

- **Public assistance** such as housing vouchers, rapid re-housing, SNAP, SSI, Medicare/Medicaid, and childcare subsidies.
- **Job Training** such as through SA Ready to Work
- **Construction & preservation subsidies** such as housing tax credits, TIRZs, HUD grant programs, and Housing Bond investments
- **Private sector** affordable housing initiatives such as room sharing and ADU or micro-unit development

These 4 categories, if managed and resourced appropriately, can decrease the number of cost burdened households in Bexar County and address the affordable housing need.

Based on the current and projected capacity within the housing development system the targets below reflect how the need in the community could be addressed by systematically leveraging these resources. When developing housing targets for each AMI category, interventions were aligned to the appropriate target population and product type based on historic trends, existing program goals and funding assumptions included in the funding plan.

## **Rental Housing Production & Preservation Goal:**

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| Rental Households | Cost Burdened Households by AMI | Production    | Preservation |
|-------------------|---------------------------------|---------------|--------------|
| 0-30% AMI         | 27,560                          | 6,897*        | 909          |
| 31-50% AMI        | 12,720                          | 2,653         | 1,137        |
| 51-60% AMI        | 4,770                           | 1,061         | 455          |
| 61-80% AMI        | 7,950                           |               | 2,046        |
| <b>Total</b>      | <b>53,000</b>                   | <b>10,611</b> | <b>4,547</b> |
|                   |                                 | <b>15,158</b> |              |

\*Includes 1,000 units of Permanent Supportive Housing

#### Homeownership Production & Preservation Goal:

| Homeowner Households | Cost Burdened Households by AMI | Production    | Preservation  |
|----------------------|---------------------------------|---------------|---------------|
| 0-30% AMI            | 17,220                          |               | 5,821         |
| 31-50% AMI           | 11,340                          |               | 3,493         |
| 51-60% AMI           | 3,780                           |               | 1,164         |
| 61-80% AMI           | 5,460                           |               | 582           |
| 81-100% AMI          | 2,100                           | 647           | 291           |
| 101-120% AMI         | 2,100                           | 647           | 291           |
| <b>Total</b>         | <b>42,000</b>                   | <b>1,294</b>  | <b>11,642</b> |
|                      |                                 | <b>12,936</b> |               |

#### Total Housing Production & Preservation Goal: 28,000 units

#### Funding Strategy

To be able to achieve our housing targets EPS created a funding strategy to guide how we can achieve these target goals over the next 10 years. We know that this funding strategy will need to be reevaluated periodically to make adjustments based on market conditions, ensure existing funding sources have continued, as well as account for new funding sources that may become available. EPS has identified a series of reoccurring funding sources including CDBG, HOME, and standard annual general fund allocations that can be used towards this purpose. In addition, we note the need for two housing bonds over this time period and the ability to leverage existing federal funding sources like Low Income Housing Tax Credits (LIHTC), and funding from SAHA and the Trust.

#### Implementation Strategies

Work to develop implementation strategies began in the Spring of 2021. As a starting point for drafting implementation strategies, staff worked with our stakeholder forums to build off other community plans including SA Tomorrow, ForEveryoneHome initiative, COVID-19 Community Action Working Groups, Homeless Strategic Plan, SA Climate Ready, SA 2020, and Opportunity at Risk, among others.

Since staff's last briefing, the stakeholder forums have completed their draft recommended strategies. Forums have provided comments on these draft strategies and the recommendations have been incorporated into the

final strategy recommendations The plan includes 36 strategies that are categorized into the HPF focus areas: Develop a Coordinated Housing System; Increase City Investment in Housing with a 10-Year Funding Plan; Increase Affordable Housing Production, Rehabilitation, and Preservation; Protect and Promote Neighborhoods; and Ensure Accountability to the Public. Each strategy includes partners, funding, timeline, and key performance indicators. The list of current implementation strategies is below:

### **Develop a Coordinated Housing System (CHS)**

1. CHS1: Develop a one-stop housing shop.
2. CHS2: Update the Unified Development Code to remove barriers to housing production and preservation.
3. CHS3: Advocate at the state and local level for ad valorem tax for small-unit multi-family properties and affordable housing developments.
4. CHS4: Advocate/lobby for legislation to expand Medicaid in the State of Texas and partner with managed care organizations to improve social determinants of health.
5. CHS5: Advocate at the Federal level for more Housing Choice Vouchers and more funding for vouchers.
6. CHS6: Principled infill development process
7. CHS7: Establish and promote one or more house-sharing platforms to allow residents to find online matches for sharing existing single-family homes.
8. CHS8: Explore options to reduce tax burden for single family homeowners
9. CHS9: Conduct a county-wide housing systems analysis.

### **Increase City Investment in Housing with a 10-Year Funding Plan (CIH)**

10. CIH1: Cease public support of market rate development that will displace residents
11. CIH2: Expand support service provision in affordable housing projects receiving public funding.
12. CIH3: Preserve single-family housing through expanding funding for preservation and rehabilitation programs.
13. CIH4: Support & Grow Non-Profit Housing Providers
13. CIH5: Establish a land banking program to acquire land for future affordable housing projects
14. CIH6: Update the City Fee Waiver Program policy and structure to provide more subsidy to affordable projects
16. CIH7: Establish a community land trust

### **Increase Affordable Housing Production, Rehabilitation, and Preservation (HPRP)**

17. HPRP1: Establish Multi-Family Rental Rehab Program.
18. HPRP2: Improve the multi-family new construction program.
19. HPRP3: Increase number of Accessory Dwelling Units through system wide approach.
20. HPRP4: Advance universal design and visitability standards to promote accessibility in new housing and update current building practices.
21. HPRP5: Leverage the vacant building program for affordable housing.
22. HPRP6: Produce 1,000 permanent supportive housing units.
23. HPRP7: Expand funding for extremely low-income housing units
24. HPRP8: Establish a Housing Preservation Network.
25. HPRP9: Sustainable buildings.

### **Protect and Promote Neighborhoods (PPN)**

24. PPN1: Establish a Demolition prevention and mitigation program.

25. PPN2: Support homeownership for families of modest means by de-weaponizing code compliance and increasing funds for NHSD repair programs, specifically owner-occupied repair.
26. PPN3: Identify areas of change to address housing needs.
27. PPN4: Establish resident-owned community mobile home parks.
28. PPN5: System-wide Eviction and Foreclosure Prevention.
29. PPN6: Expand land title remediation program

#### **Ensure Accountability to the Public (EAP)**

30. EAP1: Develop an appropriate plan to engage with and leverage existing stakeholder structures in a meaningful way for SHIP/housing policies.
31. EAP2: Implement Public Information Campaigns on housing.
32. EAP3: Develop and implement a displacement impact assessment
33. EAP4: Use holistic financial counseling as a foundation and at the center of service provision.
34. EAP5: Actualize the City adopted Public Participation Principles.

Staff has begun to incorporate the strategies into a work plan to be implemented by the City and our partners. The priority for these strategies will be determined through stakeholder and council feedback as well as capacity of the City and our partners. NHSD is finalizing a plan to incorporate public feedback on these final strategy recommendations which will take place in October. This outreach will be coordinated with Housing Commission and Council offices.

PCDC will continue to receive regular updates on the progress of the SHIP before formally recommending the plan for Council consideration. The Boards of the San Antonio Housing Trust and San Antonio Housing Authority, and leadership at Bexar County, will also receive updates and have the opportunity to provide feedback before adoption when we expect to be in the fall.

#### **ALTERNATIVES:**

This item is for briefing only.

#### **FISCAL IMPACT:**

There is no fiscal impact at this time.

#### **RECOMMENDATION:**

This item is for briefing only.