

AGENDA ITEM #5

MEETING: Planning and Community Development Committee

DATE: September 23, 2021

POSTING LANGUAGE: Briefing and possible action on the City of San Antonio Fee Waiver Policy Update [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]

DEPARTMENT: Center City Development & Operations

DEPARTMENT HEAD: John Jacks

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT

Update to the City of San Antonio Fee Waiver Program

SUMMARY

A Briefing on updates proposed to the City of San Antonio Fee Waiver Policy to align the program with the Strategic Housing Implementation Plan.

BACKGROUND INFORMATION

The City of San Antonio Fee Waiver Program provides eligible projects access to City and SAWS fee waivers as well as staff support navigating through the City's regulatory processes. City Council approved the policy and guidelines for the City of San Antonio Fee Waiver Program in December 2018. Under the policy, eligible projects include affordable housing, historic rehabilitation, owner-occupied rehabilitation, and business development.

The budget for the City fee waiver component of the program is \$2.5 million annually and is funded from the General Fund. The \$2.5 million has been budgeted as follows since program adoption:

- \$800,000 is reserved for Affordable Housing Projects
- \$700,000 is administered by EDD for Small Business Development (\$200,000) and Targeted Industry Projects (\$500,000)
- \$1 million is utilized for Center City Housing Incentive Policy (CCHIP) projects, many of which contain affordable housing units.

The budget for the SAWS fee waiver component of the program is \$3 million annually and is funded by SAWS. The \$3 million has been budgeted as follows since program adoption:

- \$700,000 is reserved for Affordable Housing Projects
- \$800,000 is administered by EDD for Small Business Development (\$300,000) and Targeted

Industry Projects (\$500,000)

- \$1.5 million is utilized for Center City Housing Incentive Policy (CCHIP) projects, many of which contain affordable housing units.

Since taking effect in January 2019, the COSA Fee Waiver Program has assisted 32 small businesses, six historic buildings, and 1,783 new housing units, and three targeted industry projects. The small business projects leveraged a total investment of \$43.9 million and created 175 jobs while the targeted industry projects leveraged \$387 million in investment and 2,526 jobs. Of the new rental housing created, sixty units are reserved for households earning up to 30% AMI, 1,129 units for households up to 60% AMI, and 274 units for households up to 80% AMI. The program also assisted in the creation of 71 for sale homes reserved for households up to 80% AMI, and 57 homes for sale to households up to 120% AMI. The 2021 Area Median Income for a family of four is \$74,100. Typically, fee waivers support an average of 4% of the total cost of housing development.

The Neighborhood Housing Services Department is developing the Strategic Housing Implementation Plan (SHIP), which identifies affordable housing strategies that aim to improve housing options for residents most in need. As part of the development process, internal and external partners have made policy recommendations for City programs, to include the COSA Fee Waiver Program. To complement the extensive public input received through the SHIP process, briefings were conducted with the City's nonprofit housing partners and a survey was sent to community development organizations as well as neighborhood leaders, seeking additional feedback on specific policy updates.

ISSUE:

Updates to the COSA Fee Waiver policy will ensure that fee waivers are better aligned with the affordable housing targets established in the SHIP and will reallocate available future fee waiver funds from CCHIP to other program categories. Staff has also reviewed City Fee Waiver Program procedures and incorporated equity-based measures in determining how fee waivers are awarded.

The updated policy will establish an order of priority for affordable housing applications, replacing the practice of awarding waivers in the order applications were received. Priorities were guided by the SHIP as well as feedback from the affordable housing development community and community leaders.

The Center City Housing Incentive Policy (CCHIP) expired on December 13, 2020. Staff recommends distributing funding previously reserved for CCHIP projects to affordable housing applicants.

The program will also be modified to ensure availability of fee waivers to those participating in the City's Owner-Occupied Rehabilitation programs administered by the Neighborhood and Housing Services Department. Owner-Occupied and Historic Rehabilitation projects will have dedicated funding, separate from the Affordable Housing category, and Owner-Occupied Rehabilitation projects will receive priority.

Other revisions include expanding eligibility to include construction of Accessory Dwelling Units where either the primary or accessory unit is affordable, and simplifying waiver length and renewals.

Upon approval by City Council, revised procedures will be implemented prior to the next application period, which is expected to open in November 2021.

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 in November 2021.