



# City of San Antonio

## Agenda Memorandum

### File Number:

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**Agenda Item Number:** 37

**Agenda Date:** December 16, 2021

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Amendments to the City of San Antonio Fee Waiver Program

**SUMMARY:**

An Ordinance amending the City of San Antonio Fee Waiver Program in alignment with the Strategic Housing Implementation Plan (SHIP).

**BACKGROUND INFORMATION:**

The City of San Antonio Fee Waiver Program was adopted on December 13, 2018, replacing the Inner City Reinvestment/Infill Policy (ICRIP) as the primary mechanism for administering waivers of certain City development fees and SAWS water and sewer impact fees. The goals of the COSA Fee Waiver Program are to:

- Support the creation and preservation of affordable and moderate-rate housing citywide;
- Increase redevelopment of underutilized buildings through the rehabilitation, upgrade, and adaptive reuse of existing structures; and,
- Encourage the development and expansion of small businesses, legacy businesses, and targeted industry development projects.

The COSA Fee Waiver Program provides financial assistance in the form of City and SAWS fee

waivers, as well as staff support for assistance in navigating regulatory and procedural processes, to projects meeting program criteria in one of the following four (4) categories: affordable housing, owner-occupied rehabilitation, historic rehabilitation, and business development.

Since the program opened in January 2019, the program has helped create 1,783 housing units. More than 86 percent of units assisted (1,591 units) qualify as affordable housing under the current policy and are reserved for low- and moderate-income households as follows:

- 60 rental units reserved for households earning up to 30% of Area Median Income (AMI)
- 1,129 rental units reserved for households earning up to 60% of AMI
- 345 rental and for-sale units reserved for households earning up to 80% of AMI
- 57 for-sale units reserved for households earning up to 120% of AMI.

To date, the program has also assisted in the growth and expansion of 32 small businesses, supported the restoration of six historic buildings, and assisted three targeted industry projects. Each dollar in fee waivers awarded to qualifying projects has resulted in \$130 in private investment.

## **ISSUE:**

The Neighborhood & Housing Services Department (NHSD) led an extensive outreach process for the Strategic Housing Implementation Plan (SHIP). One recommendation from this process was to review City-led incentive programs, including the COSA Fee Waiver Program, and bring them in alignment with the goals and strategies set forth in the SHIP.

Staff also conducted outreach specific to the COSA Fee Waiver Program, in the form of focus groups, individual briefings, and a targeted survey effort. Feedback was gathered from affordable housing providers, neighborhood representatives, and other related nonprofit partners.

Policy updates to the COSA Fee Waiver Program are proposed in alignment with the Strategic Housing Implementation Plan (SHIP), specifically in its definition of affordable housing. Updates also incorporate recommendations made by the Removing Barriers to Affordable Housing Committee, improve equity in how projects are awarded fee waivers, address the impact of the program sunset of the Center City Housing Incentive Policy (CCHIP), and allow for other process improvements.

Briefings on the proposed policy updates were provided to the Housing Commission on September 22, 2021, the Planning & Community Development Council Subcommittee on September 23, 2021, and the monthly Community Housing Development Organization meeting on October 6, 2021. Recommendations from each of these briefings are incorporated in the proposed amendments.

## **Proposed Amendments**

A table comparing the existing COSA Fee Waiver Program policy with changes proposed in the revised policy are shown below. A complete draft of the revised policy is attached.

Existing Policy	Revised Policy
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For rental housing, 25 percent of housing units must be reserved for households earning up to 60% of AMI and another 25 percent must be reserved for households earning up to 80% of AMI.	For rental housing, 50 percent of housing units must be reserved for households earning up to 60% of AMI.
(Accessory dwelling units are not explicitly identified as an eligible use of fee waivers)	Projects including the construction of an accessory dwelling unit for the purpose of creating or preserving affordable housing will be prioritized.
Fee waiver applications are reviewed and approved on a first-come, first-served basis.	An order of priority will be implemented to ensure affordable housing projects that demonstrate the greatest need for fee waivers and provide the deepest levels of housing affordability are reviewed and approved first.
n/a	Rental housing developments will be subject to the Housing Voucher Incentive Policy (HVIP), adopted by City Council on May 13, 2021.
City fee waivers are valid for one (1) year, whereas SAWS impact fee waivers are valid for six (6) months. Each fee waiver can be renewed twice.	City and SAWS fee waivers will be valid for one (1) year each, with the option to renew for one (1) additional year.
An administrative processing charge of \$100 per City fee waiver and \$100 per SAWS fee waiver applies.	Administrative processing charges are based on project type, with homeowners exempt from the fees. Updated fees range from \$100 to \$500.

Additionally, fee waiver funds previously reserved for CCHIP projects will be reallocated to affordable housing projects. For Fiscal Year 2022, the budget is proposed as follows:

<b>Project Category</b>	<b>City Fee Waivers</b>	<b>% of Total</b>	<b>SAWS Fee Waivers</b>	<b>% of Total</b>
Affordable Housing	\$1,270,000	64%	\$2,000,000	67%
Owner-Occupied & Historic Rehabilitation	\$160,000	8%	\$200,000	7%
Small Business*	\$160,000	8%	\$300,000	10%
Targeted Industry	\$400,000	20%	\$500,000	16%
<b>TOTAL</b>	<b>\$1,990,000</b>		<b>\$3,000,000</b>	

\*Due to existing funding capacity for Small Business projects seeking fee waivers, FY2022 funding for Small Business will be reallocated to the Affordable Housing category.

Following City Council approval of the revised policy, the COSA Fee Waiver Program will open to applications in December 2021, with fee waivers becoming active in January 2022.

## **ALTERNATIVES:**

City Council may elect not to approve the proposed amendments to the City Fee Waiver Program. If action is not taken, the Fee Waiver Program would remain operational in its current form.

**FISCAL IMPACT:**

Funding is available in the FY 2022 General Fund budget to support the City of San Antonio Fee Waiver Program. SAWS fee waivers have been made available to the City through Ordinance 2020-11-12-0829 that covers a five-year period from FY 2021 to FY 2025.

This council action authorizes the Chief Financial Officer or designee to perform the appropriate financial allocations to carry out the intent of this ordinance.

**RECOMMENDATION:**

Staff recommends approval of the proposed revisions to the City of San Antonio Fee Waiver Program.