



City of San Antonio

Agenda Memorandum

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In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Strategic Housing Implementation Plan (SHIP)

SUMMARY:

Briefing on the City's Strategic Housing Implementation Plan (SHIP) to include the definition of affordability, recalibrated housing targets, funding strategy, and recommended implementation strategies.

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 goal 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. Of the 24 strategies in the HPF, 12 are complete and 5 are actively being worked on. 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 7 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, create a funding plan to reach those goals and develop implementation strategies to provide more housing and protect neighborhoods. 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 worked 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.

Staff has been providing regular updates to the Housing Commission and the Planning and Community Development Committee (PCDC) on the SHIP's progress. On October 26, 2021, the Housing Commission reviewed the SHIP draft prior to the Planning and Community Development Council subcommittee on October 28, 2021. Staff presented the SHIP at the November 3, 2021, B-Session.

ISSUE:

The SHIP will be presented to City Council in December of 2021. The document will include four core components: a definition of affordability recommended by the Housing Commission, recalibrated 10-year housing production and rehabilitation targets, a funding plan to achieve those target goals, and implementation strategies developed by stakeholders to create more affordable housing and protect neighborhoods.

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 based on the amount of money earned 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 led 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 mismatch 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 household's 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** Creating policies to increase the production of naturally occurring affordable housing through amendment to the Unified Development Code (UDC) and changes to promote 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.

Total Housing Production & Preservation Goal: 28,094 units

Rental Housing Production & Preservation Goal

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
Total	53,000	10,611	4,547

*Includes 1,000 units of Permanent Supportive Housing

Overall production goal includes a target of 1,200 age-restricted units for older adults

Homeownership Production & Preservation Goal

Homeowner Households	Cost Burdened Households by AMI	Production	Preservation
0-30% AMI	17,220		5,786
31-50% AMI	11,340		3,200
51-60% AMI	3,780		1,000
61-80% AMI	5,460	650	500
81-100% AMI	2,100	650	250
101-120% AMI	2,100	650	250
Total	42,000	1,950	10,986
		12,936	

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.

Based on the projected cost per unit subsidy and the new target goals, approximately \$1 billion in subsidy will be needed to achieve these targets. The sources below will provide funding, leveraging primary funding sources at a rate of approximately 2.5 times their investment for a combined community investment of \$3.3 billion. If leveraged effectively, the City and its partners can use the funding they award to ensure more developments with deeper affordability.

Funding subsidy sources include the following:

Housing Bond: Voter approved bond funding to be used for various affordable housing activities

Affordable Housing Budget:

- **General funds:** City general fund revenue used to provide city affordable housing programs
- **Affordable Housing Fund:** Funds collected and administered by the City from projects that have received tax abatements
- **City Fee Waivers:** Funding used to offset utility costs for affordable housing development
- **Recapitalized Funds:** Return on funding used for affordable housing loan programs with low interest rates
- **CDBG/HOME:** Annually allocated federal funding that can be used for affordable housing programs

Tax Exemptions: Developments that utilize tax exemptions that include affordable housing units, utilized by the San Antonio and Bexar County Housing Trusts.

SAHT Funding Rounds: Funding available through income generated by SAHT projects

Federal Capital Funds (San Antonio Housing Authority): Federal funding allocated for the rehabilitation of public housing

Tax Increment Reinvestment Zones: Developer initiated TIRZ as well as city-initiated contributions

Leveraged funding sources: These sources include the primary funding for affordable housing projects including housing tax credits, HUD 221(D)(4), conventional debt, and private activity bonds.

Additional Resources: City owned assets, Historic Tax Credits, and PACE energy funding can also be utilized when available and for eligible projects.

The City and its partners focus will be the next five years, leveraging the hopeful approval of the City's \$150 million housing bond. The housing bond, when leveraged with other funding sources, can in combination provide 50% of the new recalibrated housing targets. The \$1.6

billion will facilitate at least 33,000 affordable housing units of which 16,600 units will count towards the 10-Year Goals identified in the SHIP.

Funding Source Amount

Funding Source	5 Year Funding Amount	10 Year Funding Amount
2022 Housing Bond	\$150,000,000	\$150,000,000
2027 Housing Bond	\$0	\$150,000,000
Affordable Housing Budget (General Fund/CDBG/HOME/Affordable Housing Fund/City Fee Waivers)	\$138,694,000	\$277,386,000
HOME ARPA	\$18,000,000	\$18,000,000
Developer Initiated TIRZ	\$85,000,000	\$170,000,000
SAHT Funding Rounds	\$17,500,000	\$35,000,000
Tax Exemption - Projects with Affordable Units (SAHT/Bexar County)	\$79,500,000	\$159,000,000
Federal Capital Funds (San Antonio Housing Authority)	\$57,000,000	\$114,000,000
Subtotal	\$545,694,000	\$1,073,386,000
Leveraged Funds		
Low Income Housing Tax Credits, conventional debt, HUD financing, and private activity bonds	\$1,070,500,000	\$2,304,000,000
Total	\$1,616,194,000	\$3,377,386,000

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 SHIP includes 36 strategies that have been categorized into the HPF focus areas to help maintain consistency across the plans' terminology: 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

- Develop a one-stop housing shop.
- Update the Unified Development Code to remove barriers to housing production and preservation.
- Advocate at the state and local level for ad valorem tax for small-unit multi-family and affordable housing developments.
- Advocate to expand Medicaid in Texas and partner with managed care organizations to improve housing.
- Advocate at the Federal level for more Housing Choice Vouchers and more funding for vouchers.
- Implement community-centered principles and incentives into the infill development process.
- Establish and promote one or more house-sharing platforms to allow residents to find online matches for sharing existing single-family homes.
- Explore options to reduce tax burden for single family homeowners.
- Conduct a county-wide housing systems analysis.

Increase City Investment in Housing with a 10-Year Funding Plan

- Cease public support of market rate development that will displace residents.
- Expand support service provision in affordable housing projects receiving public funding.
- Preserve single-family housing through expanding funding for preservation and rehabilitation programs.
- Support and Grow Non-Profit Housing Providers.
- Establish a land banking program to acquire land for future affordable housing projects.
- Update the City Fee Waiver Program policy and structure to provide more subsidy to affordable projects.
- Establish a community land trust.

Increase Affordable Housing Production, Rehabilitation, and Preservation

- Establish Multi-Family Rental Rehab Program.
- Improve the multi-family new construction program.
- Increase number of Accessory Dwelling Units through system wide approach.
- Advance universal design and visitability standards to promote accessibility in new housing and update current building practices.
- Leverage the vacant building program for affordable housing.
- Produce 1,000 permanent supportive housing units.
- Expand funding for extremely low income homes.
- Establish a Housing Preservation Network.
- Implement sustainable principles in affordable housing design and programs.

Protect and Promote Neighborhoods

- Establish a Demolition Prevention and Mitigation Program.
- Support homeownership for families of modest means by improving relationships with code compliance and increasing funds for NHSD repair programs, specifically owner-occupied repair.
- Develop a toolkit to identify targeted housing interventions for specific areas.
- Establish stabilizing measures for mobile living communities and expand ownership opportunities through multifamily conversions.

- System-wide Eviction and Foreclosure Prevention.
- Expand land title remediation program.

Ensure Accountability to the Public

- Develop an appropriate plan to engage with and leverage existing stakeholder structures in a meaningful way for SHIP/housing policies.
- Implement Public Information Campaigns on housing.
- Develop and implement a displacement impact assessment.
- Use holistic financial counseling as a foundation and at the center of service provision.
- Apply public engagement principles when creating and implementing new policy.

Public Engagement

Staff worked with 80 stakeholders including community leaders with lived experience of housing instability, Housing Commissioners, community-based non-profit organizations, and housing developers. These stakeholders helped develop and vet the 36 strategies contained in the SHIP over several months.

From November 1st -December 6th, staff collected general community feedback. A summary of the SHIP document was posted online in English and Spanish. A full version of the SHIP was also posted online in English and Spanish. Printed documents were available upon request and copies were available at all public meetings. The public input window was advertised through social media posts, list serves, and with the help of the Housing Commission's Public Engagement and Outreach Subcommittee.

Staff held five public meetings during which an overview of the SHIP was shared. After the presentation, there was a question-and-answer period. Staff also asked for feedback on the SHIP, what strategies were missing from the SHIP, and which strategies attendees would like to help develop. All meetings were held in-person and had an online participation option. The first four meetings had Spanish interpretation virtually and two meetings had ASL interpretation virtually. The final meeting was held entirely in Spanish and was in-person only.

Below is the information about each of the public meetings:

- UTSA Westside Community Center – November 1, 2021 (virtual Spanish translation) 6:00-7:00 pm
- St. Phillips College – November 4, 2021 (virtual Spanish translation) 6:00-7:00 pm
- Igo Library – November 9, 2021 (virtual Spanish and ASL translation) 6:00-7:00 pm
- Mission Branch Library – December 4, 2021(virtual Spanish and ASL translation) 10:00-11:00 am
- Las Palmas Library- December 4, 2021 (Spanish, in-person only) 2:30-3:30 pm

Staff recorded a presentation of the SHIP and put it online. The presentation was designed to cover the highlights of the SHIP for those who would not have time to read the entire document.

Input was collected using an online survey form and paper versions of the same form. The forms were available at all three public meetings. Attendees were invited to take copies with them and share with their networks. Paper SHIP summaries and forms were available at 6 locations

throughout the city. Residents were invited to pick up hard copies and drop them off feedback forms at those locations. Digital flyers were also available at VIA's kiosks in their information centers.

Staff will review and incorporate all feedback received during the public engagement period. Staff can share information about feedback received and how it was incorporated into the SHIP during the Council meeting.

The Boards of the San Antonio Housing Trust and San Antonio Housing Authority, and leadership at Bexar County, will be accepting the SHIP document as well. Staff received the unanimous support of the SAHA Operations & Real Estate Committee in November.

ALTERNATIVES:

City Council could vote not to move forward with the plan or could vote to delay approval. However, delaying will impact bond committee discussions and implementation timelines.

FISCAL IMPACT:

There is no fiscal impact at this time.

RECOMMENDATION:

Staff recommends approval of the Strategic Housing Implementation Plan (SHIP).