



HOGAR



**SAN ANTONIO'S
HOUSING POLICY FRAMEWORK**

THE CORNERSTONE OF ECONOMIC DEVELOPMENT

Mayor's Housing Policy Task Force
August 2018



CITY OF SAN ANTONIO

Ron Nirenberg
Mayor

Thirty years ago, outgoing Mayor Henry Cisneros foresaw the housing crisis that is now beginning to grip cities across the country. He called for a comprehensive housing strategy that recognized housing as an essential building block for a prosperous city. That call went unanswered—until now.

As we celebrate our Tricentennial year as one of the oldest cities in the country, San Antonio is no longer just a top tourist destination. It is increasingly the city that people choose to call home. According to the U.S. Census Bureau, last year San Antonio led population growth among all major U.S. cities. We are gaining 66 residents a day. Our population has surged past 1.5 million for the first time. And we expect 1 million more over the next 25 years.

In many ways, this growth exemplifies San Antonio's spirit as a compassionate, diverse, and welcoming city. It represents exciting opportunities and unlimited potential for our community. But it also requires deliberate planning to ensure that we provide a high quality of life for all San Antonians, regardless of income. Cities and regions with higher levels of equality enjoy stronger economic growth, and are better able to support growth over time. Because San Antonio still faces the effects of historic socioeconomic segregation, and a looming housing shortfall, we must plan for a more equitable housing system today.

I created the Mayor's Housing Policy Task Force in August 2017 because all San Antonians, regardless of income level, deserve opportunities to find quality affordable housing within city limits. My charge to the Task Force was simple: develop a framework for a comprehensive, compassionate housing strategy for our city.

I asked for a roadmap to address the affordability gap so that an average San Antonio family can afford to buy a home. I urged them to provide recommendations that protect and connect neighborhoods amid our historic growth. Our local housing policies must align with existing public and private resources to rehabilitate existing housing stock that provides residents with the tools to age with dignity in their homes. But just as important—we must address these issues in a way that creates a housing system where sustainable, affordable, quality housing is provided by the private sector and can be driven by the market.

The Task Force had full autonomy to determine the process and level of community input would best facilitate their objective. I'm incredibly proud of the work they accomplished with full input from hundreds of San Antonio residents. As a result of their work, for the first time in the City's history, City Council is finally making housing a core priority, so that as San Antonio grows up, San Antonians will not be priced out. Working together, we will ensure that San Antonio remains the place that we can all call "home".

A handwritten signature in blue ink, appearing to read 'RN', written over a horizontal line.

Ron Nirenberg
MAYOR



Dear City Council:

August 13, 2018

Our homes have deep emotional meaning. For many of us, our homes are the backdrop to childhood memories—the places we played, cried, laughed, argued, and dreamed. When things went well, our homes grew with us. We found stability.

We know that where you live affects your quality of life, health outcomes and your family's future, and we realize that thriving, connected neighborhoods are essential to a safe, economically strong and resilient city. As our city continues to grow and diversify, investing in housing is imperative to achieving the progress we envision for our families and community.

In prioritizing housing, San Antonio has an opportunity to improve people's lives and advance a vision of prosperity for all. At the same time, we have before us the opportunity to create a model for the country on how to proactively address housing affordability.

We were mindful of the Task Force's charge and responsibility to create a comprehensive and compassionate housing policy framework that "allow(s) residents to live with dignity, age in place, rehabilitate their housing, and preserve the integrity of their neighborhoods". Today, we are proud to share that we led an intentional, transparent, inclusive, and informed process, grounded in community and complete with bold policy recommendations.

We took into account our city's history, read through over 20 local housing studies/reports, analyzed demographic, economic and market data, studied housing plans from cities all across America, and engaged deeply with over 500 community members over a period of 11 months. We did not limit ourselves to a segment of the housing market. This was a whole-system analysis for all San Antonians.

We listened and reflected on what we heard from every corner of our city, as people shared with us the many pressing issues affecting their lives—from the reduction in homeownership to the lack of affordability in rental units, from homelessness to the regulatory barriers impacting affordable housing construction, and from an aging housing stock to concerns over property taxes.

Our analysis of demographic, economic, and housing conditions further affirmed what we heard from neighbors. The city is experiencing more severe housing insecurity and affordability challenges than ever before. With housing costs increasing at a much faster rate than incomes, people have no choice but to live far from where they work, families are displaced and destabilized, and students suffer in school. All of this impacts the City's economic gain and San Antonio's future.

Housing is as essential to the economic engine of our city as water, energy and transportation. With this principle in mind, we identified five key actions along with a set of recommendations and implementation steps infused with theoretical, practical, and boots-on-the-ground thinking:

- 1. Develop a Coordinated Housing System**
- 2. Increase City Investment in Housing with a 10-Year Funding Plan**
- 3. Increase Affordable Housing Production, Rehabilitation and Preservation**
- 4. Protect and Promote Neighborhoods**
- 5. Ensure Accountability to the Public**

The policies along with the implementation plan that we present are actionable, impactful and will enable increased neighborhood resiliency and economic prosperity.

We thank Mayor Nirenberg for the opportunity to serve our community and look forward to working with him, the entire City Council, City staff and all residents in implementing the recommendations. Above all, we owe a debt of gratitude to the many people that inspired us, that challenged us to be bold, that shared their personal stories, and presented innovative and practical policy solutions.

With this report, we complete our charge but recognize that the hard work of implementation has just begun. We now ask you, City Council, to be as bold in achieving our community's vision of prosperity.

Our task force's mantra of Everyone Needs A Place To Call Home is a worthy goal to establish in this our Tricentennial Year!

Yours Respectfully,

Mayor's Housing Policy Task Force



Lourdes Castro Ramirez, Chair



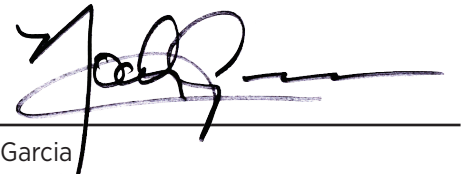
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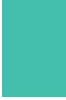




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INTRODUCTION

San Antonio, as this report will show, is beginning to experience more severe affordable housing problems than in the past. An evolving affordability crisis is impacting the city's residents through limited access to housing, higher property taxes, gentrifying neighborhoods, and direct or indirect displacement.

The problems are complicated by San Antonio's high poverty rate, historical racial and economic segregation and aging affordable housing stock. When combined with population growth of an additional one million people by 2040 and declining new home production, today's affordability challenges are anticipated to worsen exponentially if proactive interventions are not made.

The Mayor's Housing Policy Task Force (MHPTF) was created to recommend how the City should provide this proactive intervention through comprehensive housing policies and strategies. The MHPTF adopted a series of values grounded in a process that ensured transparency and accountability in decision-making and one in which the conclusions were data-driven.

To address transparency and accountability in its process, the MHPTF adopted a bottom-up approach for guiding the discussion. This approach included three community meetings, eight public meetings and the creation of five technical working groups comprised of over 100 San Antonio residents with expertise in Protecting Neighborhoods, Removing Barriers, Creating a Transparent and Coordinated System, Funding and Finance, and Special Populations. The effort resulted in over 300 detailed affordable housing recommendations to the MHPTF unified by the theme, "everyone should have a place to call home and housing must be decent, safe, affordable, stable, and delivered through a coordinated system."

In addition to the robust community input, research into best practices and extensive data analysis, the MHPTF recognized that similar efforts of the past that focused on housing need had been met with limited success or traction. From the creation of the Housing Trust in 1988 to the eight distinct reports that addressed housing issues since 2012, the MHPTF's recommendations are informed by each of these efforts and documents.

A major distinction, however, between these recommendations and those of previous studies is the case for why housing should be considered a part of the City's infrastructure. Like water, energy and transportation, the MHPTF believes that housing (and housing affordability) is a cornerstone of the economy and essential to the City's functioning. Without it, the economy suffers, creating a cycle of job loss and increased affordability gaps. As such, leveraged public-private spending to produce nearly 18,700 units over the next 10 years needs to be made a priority at levels commensurate with other essential infrastructure.

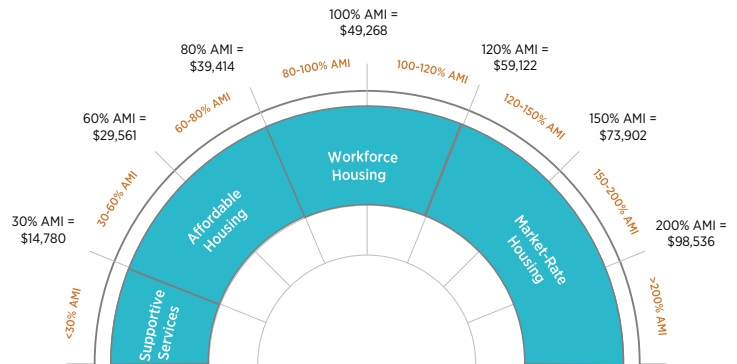
Moreover, a coordinated housing system supported by an executive level housing leader is critical to the success of that production target.

The conclusions of the MHPTF's 12-month process and community-based effort are included in the following pages. Organizationally, the report presents the MHPTF recommendations through the Problem Statement and Supporting Data, the Economic Impact of Housing, the Overarching Action and Policy Recommendations and finally, a 10-Year Funding Plan. The report includes best practice approaches with examples from across the country and highlights innovative and promising local housing initiatives. The Recommendations section includes five actions supported by 11 policy priorities and 24 implementation strategies. These five action items include: Develop a Coordinated Housing System, Increase City Investment in Housing, Increase Affordable Housing Production, Rehabilitation and Preservation, Protect and Promote Neighborhoods, and Ensure Accountability to the Public.

The Problem Statement section presents much of the MHPTF's analysis in graphics like the one pictured below. Each one contains references to the Area Median Income (AMI) category and associated household income. To depict the City's full spectrum of housing needs, the analysis assumes the following income definitions (as shown): housing with supportive services (or service-enriched housing) for incomes less than 30 percent AMI; affordable housing for households with incomes between 30 and 80 percent AMI; workforce housing for households between 80 and 120 percent AMI; and market-rate housing for households between 120 and 200 percent AMI; and market-rate housing for households between 120 and 200 percent AMI; and market-rate housing for households between 120 and 200 percent AMI.

Affordable housing terminology and income definition (City of San Antonio, 2016)

Source: U.S. Census ACS 1-year estimates, 819019; Economic & Planning Systems



Detailed documentation on the MHPTF's process including public meeting agendas, housing market data, descriptions of the technical working groups and recommendations can be found at www.sanantonio.gov/housingtaskforce

A ACTION ITEM #1: DEVELOP A COORDINATED HOUSING SYSTEM

- P Policy Priority:** Prioritize housing and neighborhoods in the COSA organizational structure.
- S Strategy:** Immediately create an executive position in the City Manager's Office to lead housing and neighborhood-related activities and integrate with all city functions.
- S Strategy:** Fully resource and staff the Neighborhood and Housing Services Department.
- P Policy Priority:** COSA should take a leadership role in coordinating a community-wide housing system with housing and service providers.
- S Strategy:** Fund a One-Stop Housing Center, including an online portal.

A ACTION ITEM #2: INCREASE CITY INVESTMENT IN HOUSING

- P Policy Priority:** Develop a 10-year funding plan for affordable housing production and preservation.
- S Strategy:** Substantially increase general fund revenue for affordable housing.
- S Strategy:** Create dedicated revenue source(s) for affordable housing.
- S Strategy:** Establish financial leverage as a top priority in the utilization of public funds, including private, nonprofit, and philanthropic resources as well as sweat equity.
- S Strategy:** Conduct a comprehensive assessment of the Housing Trust and provide a dedicated revenue source.
- S Strategy:** Revise the City Charter to allow bond revenue to be used for affordable housing.

A ACTION ITEM #3: INCREASE AFFORDABLE HOUSING PRODUCTION, REHABILITATION, AND PRESERVATION

- P Policy Priority:** Stabilize the HOMEOWNERSHIP rate in San Antonio by increasing the production, preservation, and rehabilitation of affordable homes.
- S Strategy:** Prioritize City funding/incentives for ownership housing affordable to households up to 120 percent of AMI.
- S Strategy:** Increase funding for down payment assistance and homebuyer counseling.
- S Strategy:** Increase funding for housing rehab programs including, but not limited to: Owner Occupied Rehabilitation, Under One Roof and Minor Repair.
- P Policy Priority:** Increase rehabilitation, production and preservation of affordable RENTAL units.
- S Strategy:** Prioritize City funding and incentives on rent-restricted units affordable to households up to 60 percent AMI, with a graduated reduction in funding/incentives from 60 to 80 percent AMI.
- S Strategy:** Prioritize funding for new rental units in communities that are linked with transportation, jobs and cultural assets.
- P Policy Priority:** Create housing opportunities for the most vulnerable residents (including but not limited to homeless, seniors, youth aging out of the foster care system, and people with disabilities).
- S Strategy:** Increase funding for service-enriched housing.
- P Policy Priority:** Remove barriers to housing production.
- S Strategy:** Undertake an inclusive public process to determine standards and criteria to allow by-right zoning for housing developments in which at least 50 percent of the units are affordable.
- S Strategy:** Exempt affordable housing units from SAWS impact fees.
- S Strategy:** Revise the UDC to remove regulatory barriers to affordable housing.

A ACTION ITEM #4: PROTECT AND PROMOTE NEIGHBORHOODS

- P Policy Priority:** Address the impact of rising taxes on housing affordability.
- S Strategy:** Implement immediately affordable housing tax and appraisal protection measures such as tax exemptions, preservation districts, and TIFs.
- P Policy Priority:** Prevent and mitigate displacement.
- S Strategy:** Require public agencies to conduct a displacement impact assessment for any public project that receives \$15 million or more in public investment and to budget for mitigation.
- S Strategy:** Create a fund to mitigate the impacts of displacement including: providing relocation assistance for households up to 80 percent AMI, rapid re-housing, and housing navigators.
- S Strategy:** Fund proactive outreach and counseling to low- and moderate-income households experiencing housing vulnerability.
- P Policy Priority:** Reduce housing discrimination and expand opportunity.
- S Strategy:** Implement a citywide public education and outreach campaign about the importance of housing.

A ACTION ITEM #5: ENSURE ACCOUNTABILITY TO THE PUBLIC

- P Policy Priority:** Create a governance structure for oversight and public engagement.
- S Strategy:** Redefine the Housing Commission as a public oversight board to guide the implementation of the MHPTF's recommendations and engage the public.
- S Strategy:** Develop an annual report to track and publicly report results of the full housing system, including but not limited to: unit production, cost burden, preservation, rehabilitation, leverage and rental production for 0 to 30 percent AMI and 30 to 60 percent AMI.

TIMELINE FOR IMPLEMENTATION

The successful implementation of the MHPTF's report in the first year will require the following actions.

MONTH	ACTION
SEPTEMBER 2018	<ul style="list-style-type: none"> • Mayor and City Council passes an ordinance to 1) adopt the MHPTF report; 2) reconstitute the Housing Commission to oversee the implementation of the report; 3) direct City staff to implement the MHPTF recommendations with guidance from the Housing Commission. • Mayor and City Council passes a budget that prioritizes housing by appropriating the funds necessary to implement key MHPTF recommendations, including housing executive position, in the next fiscal year.
OCTOBER 2018	<ul style="list-style-type: none"> • Mayor and City Council establishes the Technical Working Group on removing barriers to the production and preservation of Affordable Housing within the Unified Development Code. • The San Antonio Housing Trust Board releases a request for proposals to procure a third-party expert to review the Housing Trust and recommend organizational and programmatic changes. • City staff presents a plan to the reconstituted Housing Commission to implement the MHPTF's report. • City Manager initiates a national search for an executive position in the City Manager's office to lead housing and neighborhood-related activities and integrate with all city functions.
NOVEMBER 2018	<ul style="list-style-type: none"> • Mayor appoints a committee to lead an inclusive and community driven process for Form Based Code and By-Right Zoning. • City Council considers a policy for addressing and mitigating displacement.
JULY 2019	<ul style="list-style-type: none"> • Housing Commission issues first annual report on policy recommendations and budget request for FY2019/2020.
AUGUST 2019	<ul style="list-style-type: none"> • Technical Working Group on removing barriers to the production and preservation of affordable housing within the Unified Development Code presents recommendations.
SEPTEMBER 2019	<ul style="list-style-type: none"> • Adoption of FY2019/2020 Housing Budget aligned to 10-Year Funding Plan.
OCTOBER 2019	<ul style="list-style-type: none"> • Committee leading an inclusive and community driven process for Form Based Code and By-Right Zoning presents recommendations.

ACRONYMS

ADU	Accessory Dwelling Unit
AMI	Area Median Income
CCDO	Center City Development & Operations Department
CCHIP	Center City Housing Incentive Policy
CDBG	Community Development Block Grants
COSA	City of San Antonio
FBC	Form-Based Code
HFC	Housing Finance Corporation
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing & Urban Development
ICRIP	Inner City Reinvestment & Infill Policy
LIHTC	Low-Income Housing Tax Credit
MHPTF	Mayor’s Housing Policy Task Force
NHSD	Neighborhood & Housing Service Department
SAHA	San Antonio Housing Authority
SAHT	San Antonio Housing Trust
SAWS	San Antonio Water System
SEH	Service-Enriched Housing
TIF	Tax Increment Financing
TIRZ	Tax Increment Reinvestment Zone
TWG	Technical Working Group
UDC	Unified Development Code

PROBLEM STATEMENTS AND SUPPORTING DATA/ECONOMIC IMPACT OF HOUSING



PROBLEM STATEMENTS AND SUPPORTING DATA

An analysis of demographic, economic, and housing conditions reveals that San Antonio is beginning to experience more severe affordability problems than it has in the past. Housing affordability problems are more than a personal challenge. Emerging from them are structural concerns that pose a fundamental threat to the region's economy and to residents' ability to invest in their own futures. Rising housing costs and stagnating incomes can lead to households spending too much of their income on housing, households having to look elsewhere for housing, and increased transportation costs. The vicious cycle does not, however, stop there. Decreased household discretionary spending (i.e. quality of life expenditures) lowers the Gross Regional Product (GRP) and negatively impacts businesses, which can further depress wages and lead to job loss.

This challenge is not unique to San Antonio. Nationwide, there are just 35 affordable and available rental homes for every 100 extremely low-income families—those who either live in poverty or earn less than 30 percent of the median income in their area. It's a problem in every major city and in every state.

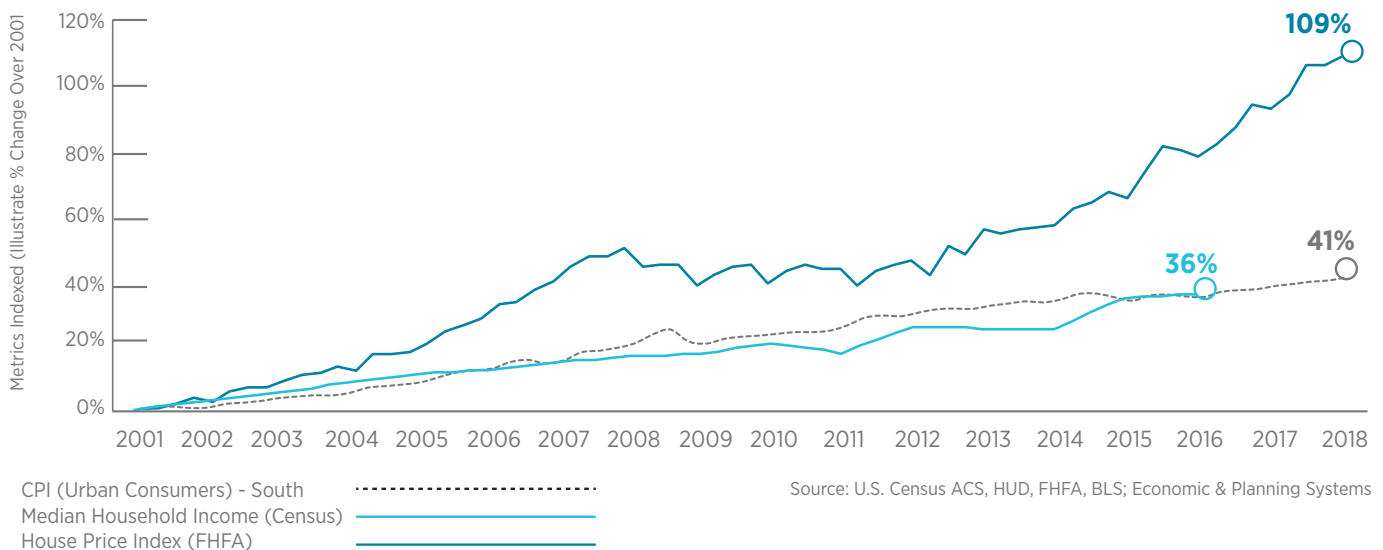
The problem statements that follow reflect only the most salient findings of a comprehensive data analysis completed by the Mayor's Housing Policy Task Force (MHPTF) to understand the impact on San Antonians and determine how the City will begin tracking its progress toward positive and foundational change.¹ To restore housing stability, the tidal wave of unaffordability must be stemmed.

What does “affordable” mean?

At the heart of this study is the concept of housing affordability. For decades, the federal government has defined “affordable” by the rule that no household should spend more than 30 percent of its income on housing, implying high-income earners, hourly-wage workers, young professionals, the elderly on fixed incomes, and everyone in between. Affordable housing means a place to live that is “affordable” so that when the rent or mortgage is made, money is left over for basic necessities like food, transportation, healthcare, and all that contributes to one's socioeconomic mobility and quality of life.

Housing Costs are Outpacing Incomes in San Antonio

For nearly two decades, San Antonio's housing costs have increased faster than the household Area Median Income (AMI).² As a result of this divergence in fundamentals, fewer and fewer of the city's 498,000 households have been able to invest in or even qualify for a home. While between 2005 and 2016, the median sales price of a home increased by an average of 4.7 percent per year (\$120,000 to \$180,000), the city's AMI increased by an average of just 1.9 percent per year (\$40,100 to \$49,300).



Growing Affordability Gap

One measure of this divergence among fundamentals is the “affordability gap”, the difference between the median sales price of a home and the affordable purchase price for a household earning 100 percent of AMI. In 2005, the affordability gap was \$18,900 for households earning 100 percent AMI, and by 2016 the gap had increased to \$26,300. For renters interested in buying a home (where median income among them is \$36,000), their affordability gap widened from \$64,200 to \$76,700 over the same period.

The underlying threat to the city and its households is that fewer and fewer new and existing residents are achieving homeownership.³ In 2005, 230,000 households (54 percent of all the city’s households) could not afford the median-priced home; by 2016, that number increased to nearly 294,000 (59 percent).

WHERE COULD THIS TREND GO?

Given the recent upward trajectory of the Federal Reserve’s overnight borrowing rate, it is easy to imagine mortgage interest rates rising higher over the next decade. Although forecasting is filled with uncertainty, a projection of house prices and incomes along their current paths, and an increase in the mortgage interest rate of just 2 percent over the next decade illustrates the growing threat. With a median home price of \$235,000, household income of \$60,800 and a mortgage rate of 7 percent by 2030, the affordability gap would widen to \$77,700 by 2030. For renters, that means a shortfall of \$114,300.

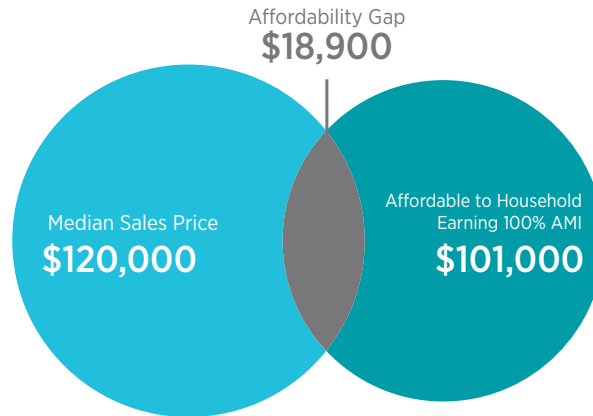
1. The data analysis was guided by a desire to replicate and expand on the data used in the 2013 Comprehensive Housing Needs Assessment and Strategic Plan. The analysis leveraged sources, including but not limited to: U.S. Census Public Use Microdata (PUMS 1-year estimates), American Community Survey (ACS 1-year estimates), Texas Workforce Commission, Bureau of Economic Analysis (BEA), Bureau of Labor Statistics (BLS), U.S. Census Longitudinal Employer-Household Dynamics (LEHD), Greater San Antonio Builders Association, Multiple Listing Service, and Metrostudy. The analysis was completed at the Census tract level basis to document historic trends in housing supply and demand by tenure and income levels, overall income distributions, employment, population, wages, housing cost burden by tenure and income level, inventory gaps by tenure and income level, housing prices by income affordability level, affordability gaps, the economic impacts of cost burden, as well as projections of cost burden, inventory gaps, affordability gaps, and economic impacts over time.

2. In this report, Area Median Income refers to the median income of households for the City of San Antonio only. It represents the income level in the middle of the distribution of all households, where 50 percent of households have lower incomes, and 50 percent of households have higher incomes.

3. Refer to “Drop in ownership rate” on page 21.

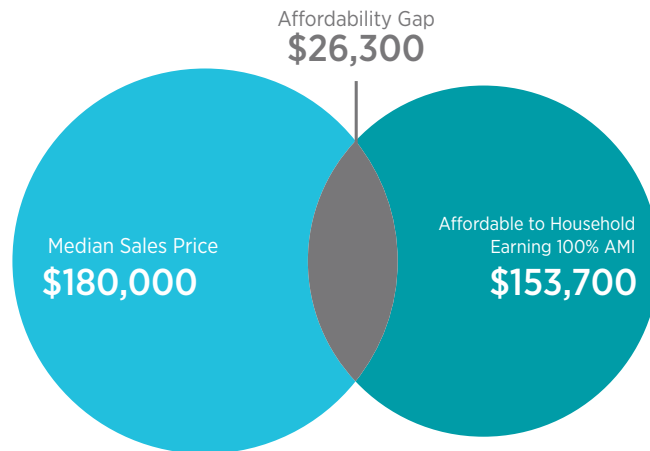
2005

Source: MLS; U.S. Census; Economic Planning Systems



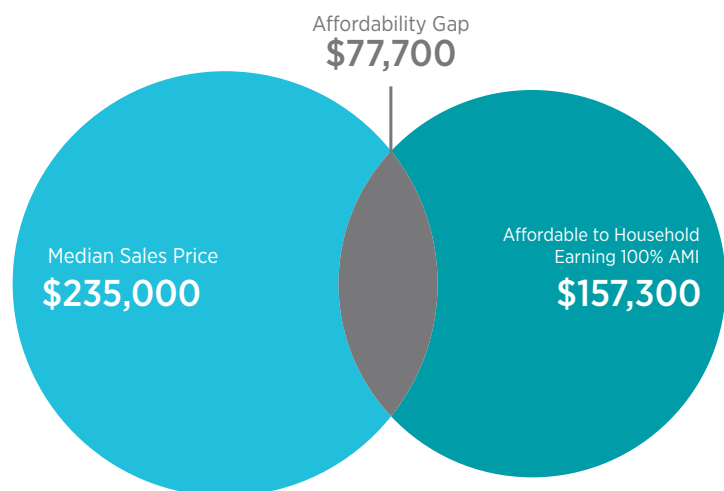
2016

Source: MLS; U.S. Census; Economic Planning Systems



2030

Source: MLS; U.S. Census; Economic Planning Systems

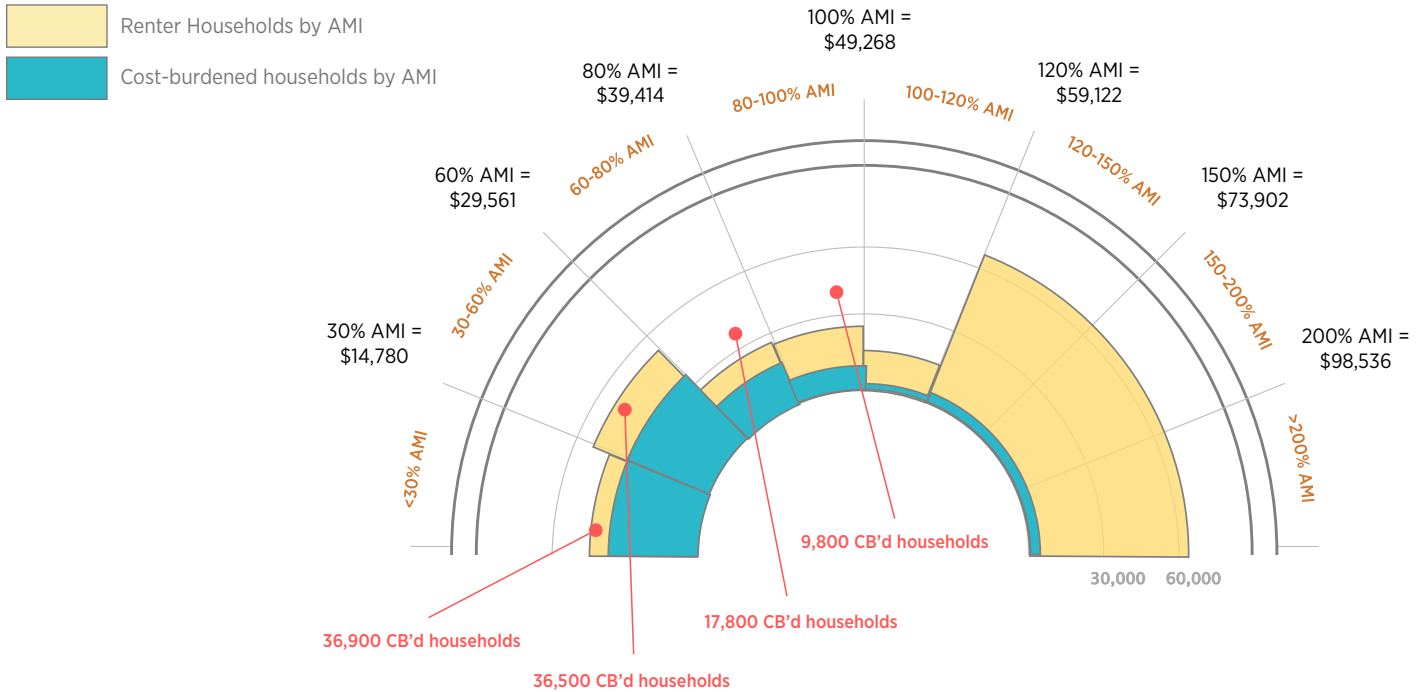


Households are Spending More of Their Income on Housing

Because of this affordability gap, 165,000 of all San Antonio households were spending more than 30 percent of their incomes on housing in 2016, a measure commonly called cost-burden.⁴ For those households renting or owning, the situation differs: approximately one out of every two renter households is cost-burdened (48 percent), compared to one out of every five owner households (21 percent).⁵

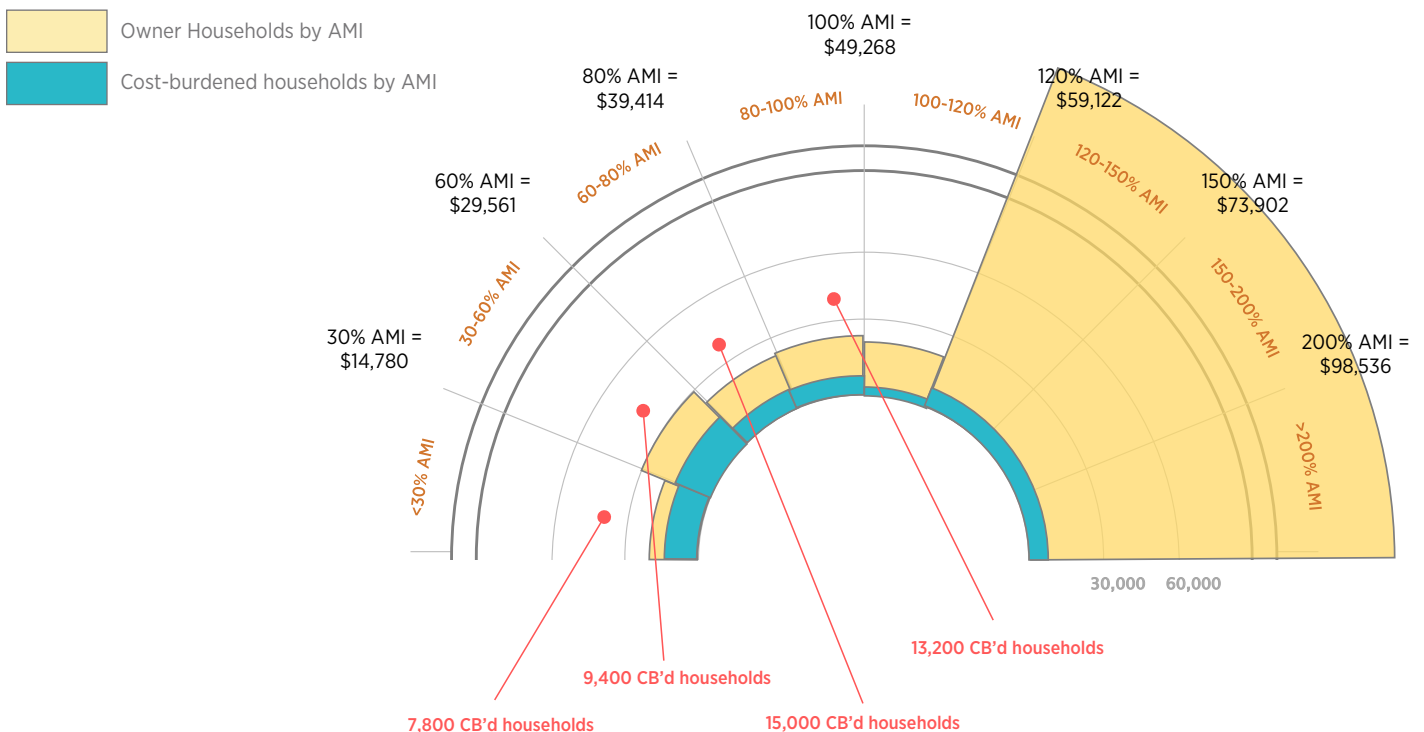
Renter households and cost-burdened renter households, 2016

Source: U.S. Census ACS 1-year estimates, B19019, B25063, B25118, B25106; Economic & Planning Systems



Owner households and cost-burdened owner households, 2016

Source: U.S. Census ACS 1-year estimates, B19019, B25063, B25118, B25106; Economic & Planning Systems



DISPROPORTIONATE IMPACT

Extensive analysis was done to understand how cost-burden is affecting people. In 2016, while 57 percent of the city's renter households were Hispanic/Latino, the analysis showed that 66 percent of cost-burdened renter households were Hispanic/Latino.

One reason households spend more than 30 percent of their income on housing is due to the mismatch between their income levels and the availability of affordable housing.

Another complication of this problem facing San Antonio is the imbalance between housing supply and demand. This means that for all the city's new and existing residents at different income levels (but particularly those below 100 percent AMI), there aren't enough houses of any type (single family, townhomes, duplexes, etc.) at

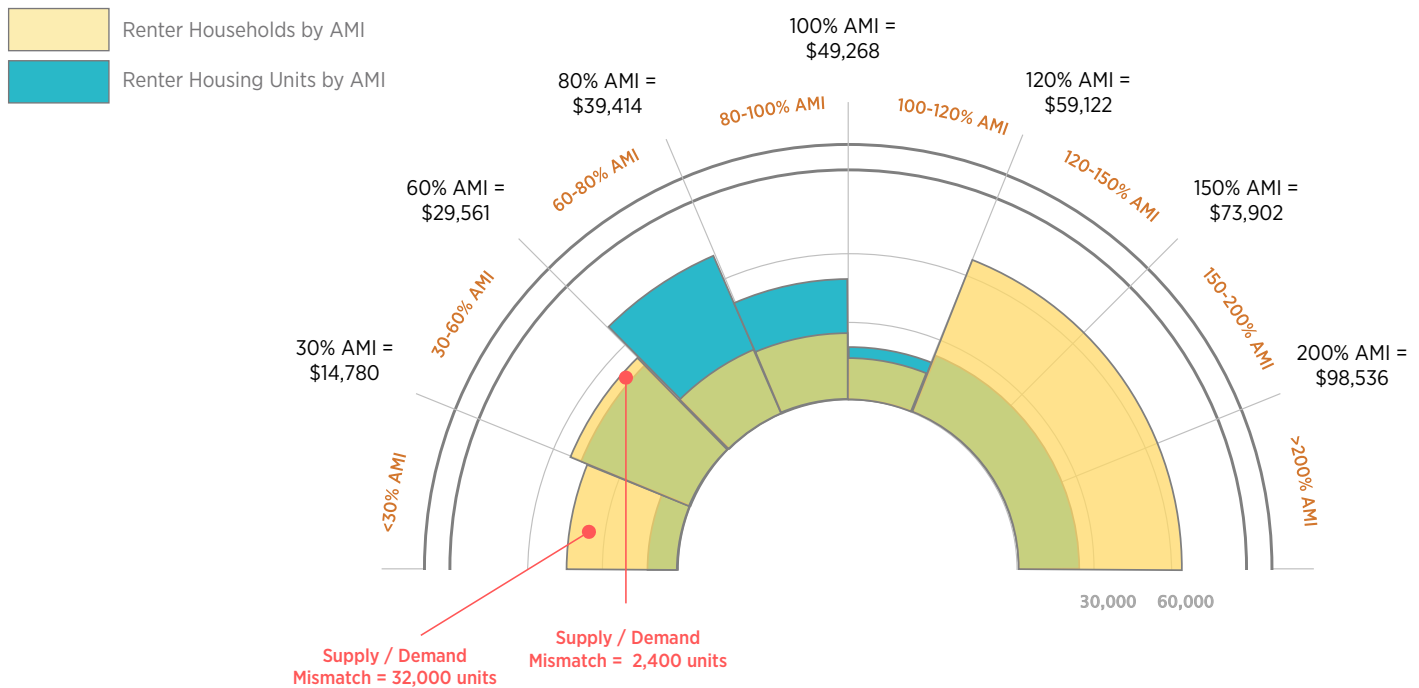
appropriate price points to ensure that people spend no more than 30 percent of their income on housing. As illustrated on the previous page, this imbalance means that tens of thousands of San Antonio's households find themselves spending too much of their income on housing costs. That imbalance is caused by a variety of factors. On one hand, growth in the city's economy, its businesses, jobs and population drive demand for housing at different price points. On the other hand, the sluggish growth in household incomes and new home construction mean that more people are vying for limited options.

The Housing Inventory "Gap"

This side of the problem is called a "gap" in supply. The housing inventory gap takes into account the difference between the number of households by AMI and the supply of housing affordable to them (assuming that households don't spend more than 30 percent of their income on housing). Between 2005 and 2016, the mismatch between renter households under 30 percent AMI and the inventory affordable to them has turned upside-down. In fact, among renter households earning between 30 and 60 percent AMI, **an excess of 14,000 available units dropped to a deficit of 2,400 units in this 11-year period.**

Renter households (demand) and rental housing inventory (supply), 2016

Source: U.S. Census ACS 1-year estimates, B19019, B25063, B25118; Economic & Planning Systems



4. In 2016, there were more than 498,000 households in San Antonio.

5. In 2005, there were approximately 76,200 cost-burdened renter households, of which 73,700 were households at or below 100 percent AMI. By 2016, that number had grown to 107,600, of which 101,000 were households at or below 100 percent AMI. Nearly half of the households (50,800) were spending more than 50 percent of their income on housing (called severe cost burden). By 2030, as the number of San Antonio households approaches 590,000, and if all factors related to housing affordability remain constant, there could be as many as 200,000 cost-burdened households, of which 147,000 would be renter households.

CASE STUDY | San Antonio Housing Authority

The San Antonio Housing Authority (SAHA) provides housing assistance to over 27,000 households, including over 65,000 children, adults and senior citizens. Among them, approximately half are individuals under 18 and nearly half are elderly or disabled households. SAHA's Affordable Public Housing programs are critical to the community because they provide housing assistance to families throughout the city, including families earning less than \$12,500 annually. The programs that SAHA supports include:

- Public Housing: 6,254 housing units at 70 properties
- Mixed-Income Housing: 7,038 units at 46 mixed-income properties through the City's non-profit partners
- Housing Choice Vouchers: Rental assistance vouchers for 13,922 families

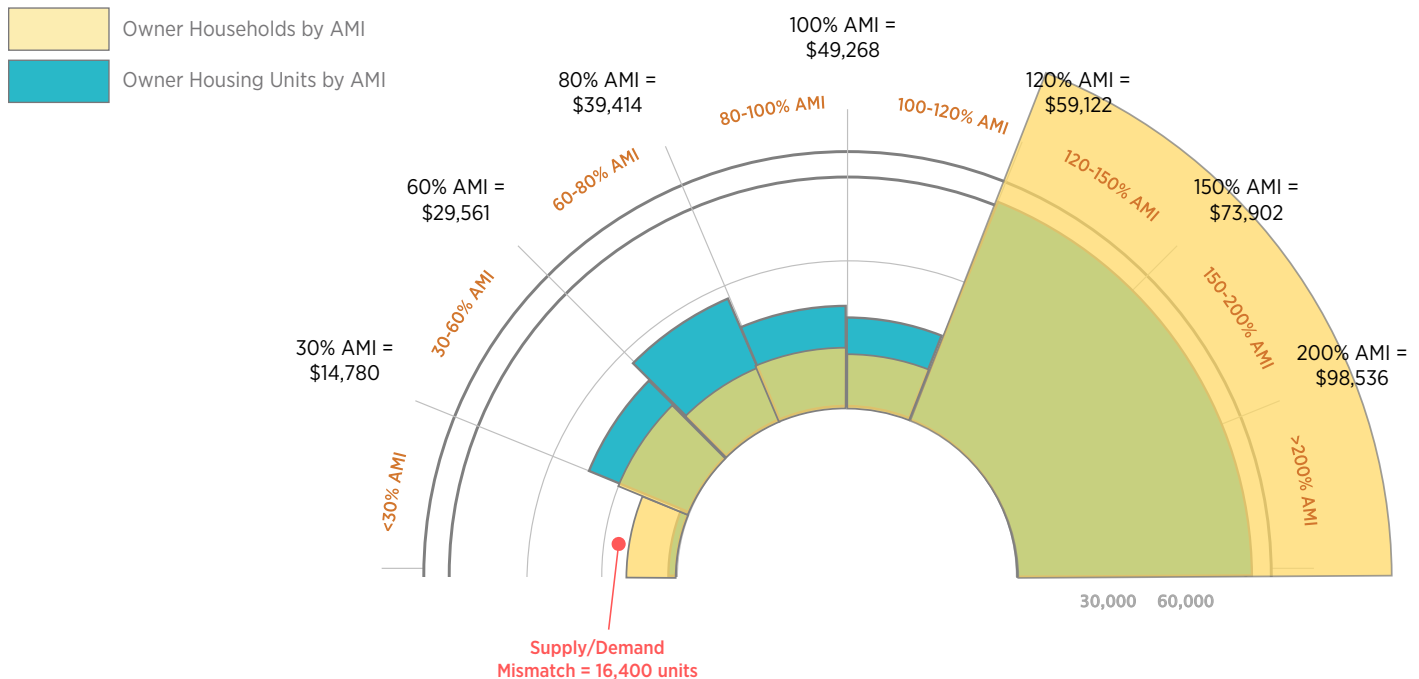


Emblematic of San Antonio's need, even with the magnitude of housing assistance SAHA brings to our community, there are still approximately 50,000 families on a wait list for these programs.

Overall, San Antonio is not lacking in housing inventory; there are approximately 498,000 households and the same number of occupied housing units. The issue is that the city's housing inventory affordable for households at various income levels does not align with the number of households at those incomes. The graphic below illustrates how supply lines up against demand by income, revealing a mismatch of 16,400 units for households with incomes at or below 30 percent AMI. More concerning (but not illustrated) is the fact that since 2005, the city's supply of housing affordable to households between 60 and 120 percent AMI has decreased by more than 24,000 housing units while the number of households in those income categories has remained constant.

Owner households (demand) and owner housing inventory (supply), 2016

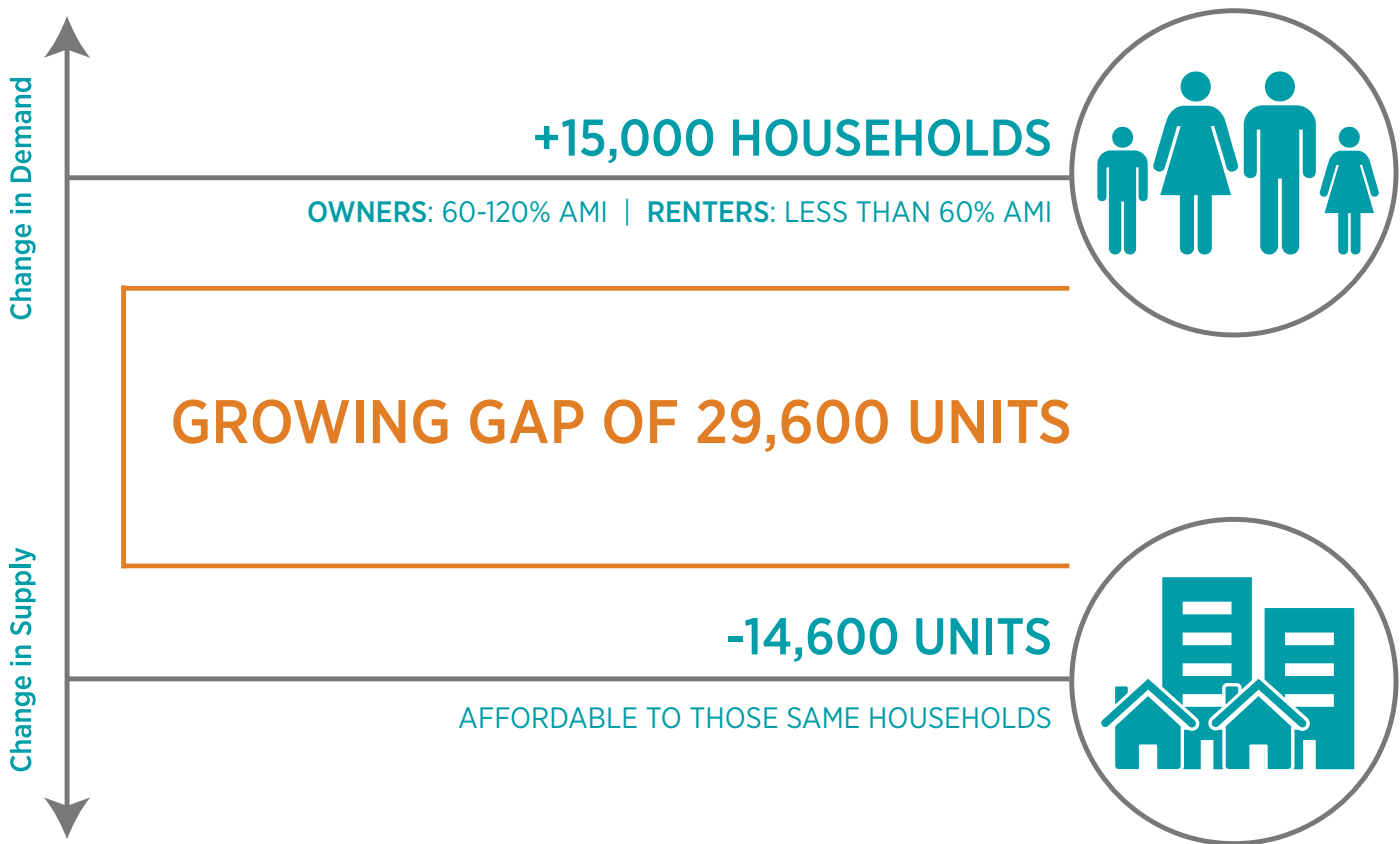
Source: U.S. Census ACS 1-year estimates, B19019, B25063, B25118; Economic & Planning Systems



Beyond that, other issues of inadequacy in the ownership supply include: 1) approximately 1,000 households are living in units that have physical deficiencies, like a lack of plumbing or kitchen facilities; and 2) that approximately 5,200 owner households live in overcrowded conditions.

Where could this trend go?

As indicated above, although there is uncertainty in forecasting, if the current general market conditions prevail over the next decade, by 2030, the city's supply-demand imbalance for low- and moderate-income households (defined in the graphic below) will increase by another **29,600** units. Not only does this mean that 15,000 more of the city's new and existing households will be cost-burdened, it means that the residents who were living in those 14,600 units will become cost-burdened if they weren't before.

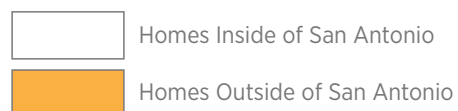


San Antonio's housing supply is not keeping pace with economic growth

Part of this story is a mark of the City's success. Between 2005 and 2016, the city's job base grew by an average of 14,900 per year, but the number of households grew by just 6,500 a year. This means that for every two new jobholders, less than one of them could find a house in San Antonio. The other half of those new jobholder households were forced to look outside the city for a place to live.

Because of the inventory shortage, the graphic to the right illustrates that areas outside the city absorbed more than 3 of every 4 new jobholders (and their households) with the County absorbing nearly 9 out of every 10 new owner households

Regionally and nationally, jobs and households generally grow at a near one-to-one ratio, meaning that if housing production in San Antonio had kept pace with this economic growth, the city's affordability gap might not have widened so much.



Drop in ownership rate

During a decade when mortgage rates leveled off at historic 40-year lows, only 12 percent of all the city's new households (between 2005 and 2016) purchased a home, whereas 88 percent became renters. For San Antonio, that means a loss of investment opportunity in the stability and quality of life for residents and the community. As a result, the overall homeownership rate fell from 61 to 54 percent.

Decrease in owner households with mortgages

The problem, however, is more systemic. To maintain community investment and engagement, or at least to maintain a stable balance between owner and renter households, the number of households paying off their mortgages should be roughly the same as the number of existing or new households entering into a mortgage. During this time, however, the portion of San Antonio households holding a mortgage dropped from 67 percent to 60 percent, indicating financial freedom for about 21,300 households on one hand, but indicating lack of broader investment on the other.

Who is impacted?

There are numerous jobs that are critical to the service sector including: wait staff, hosts, personal care aids, cooks, cashiers, cleaners, child care workers, hotel staff, concierges, hair dressers, barbers, bakers, taxi drivers, floral designers, artists, security guards, grounds keepers, and mechanics. And many of these occupations essential to the local economy pay less than \$15 an hour, which is approximately 60 percent AMI, meaning that an affordable monthly rent for a household supported by one of these jobs is about \$780. Even for the community workforce

EMPLOYMENT SECTOR GROWTH

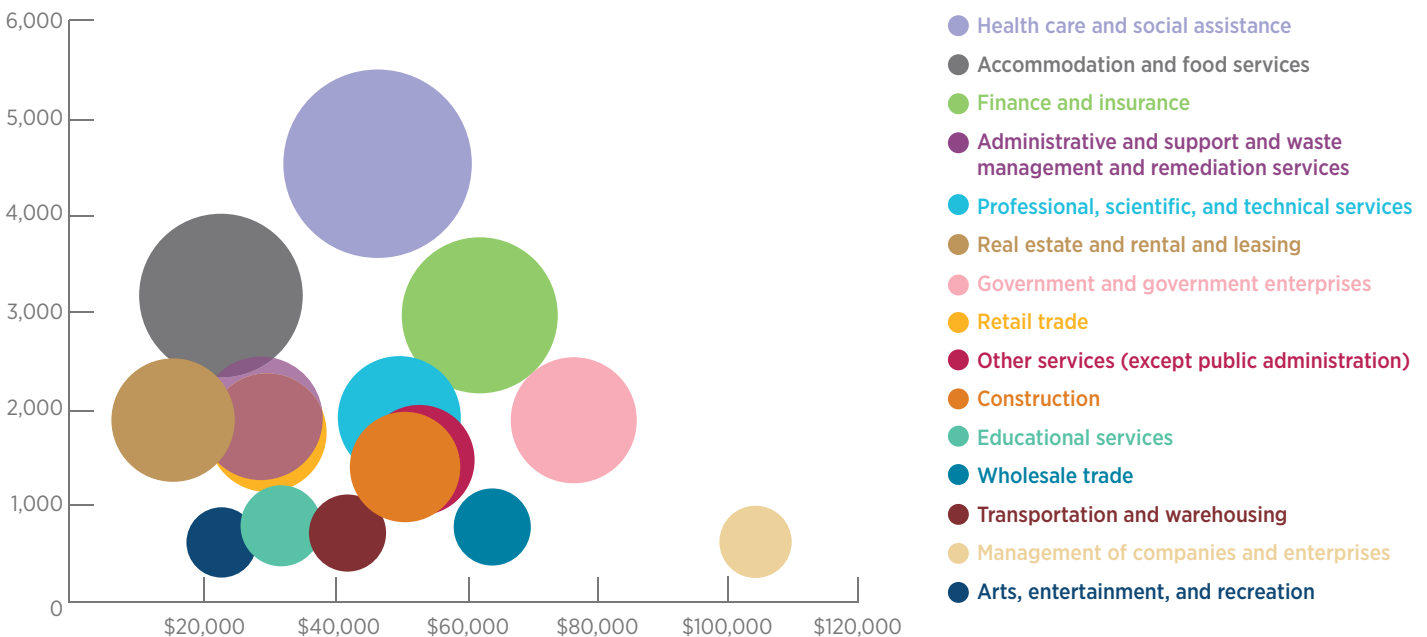
Two-thirds of all employment growth is concentrated in five industries—retail, finance, administration, health care, and hospitality. Collectively, their annual growth represents more than 10,000 of the 14,900 new jobs per year. Nearly half (4,800) pay an average of less than \$26,000 per year (an estimated \$12.50 per hour). That means households supported by one of these jobs can only afford a home priced at \$66,000 or a monthly rent of \$650.

of teachers, firefighters, police officers, and healthcare professionals, sharply escalating home prices and property taxes affects social, neighborhood, and economic stability and quality of life.

While there are single-person households with one or more jobs and multi-person households with more than one job, households supported in whole or in part by these jobholders are cost-burdened. In fact, it takes \$18 an hour to afford San Antonio's median rent of over \$940 per month.

These sectors play a vital role in San Antonio's economy and culture, and yet their workers are being priced out of the market, forced into either housing and/or transportation cost-burden situations. Workers and their employers depend on the availability of affordable housing. Viewed through the larger economic development lens, investment in affordable housing helps not only working families, but it also ensures businesses can find workers, and those workers are not burdened by additional housing or transportation costs.

Industry Average Annual Growth



Neighborhood change

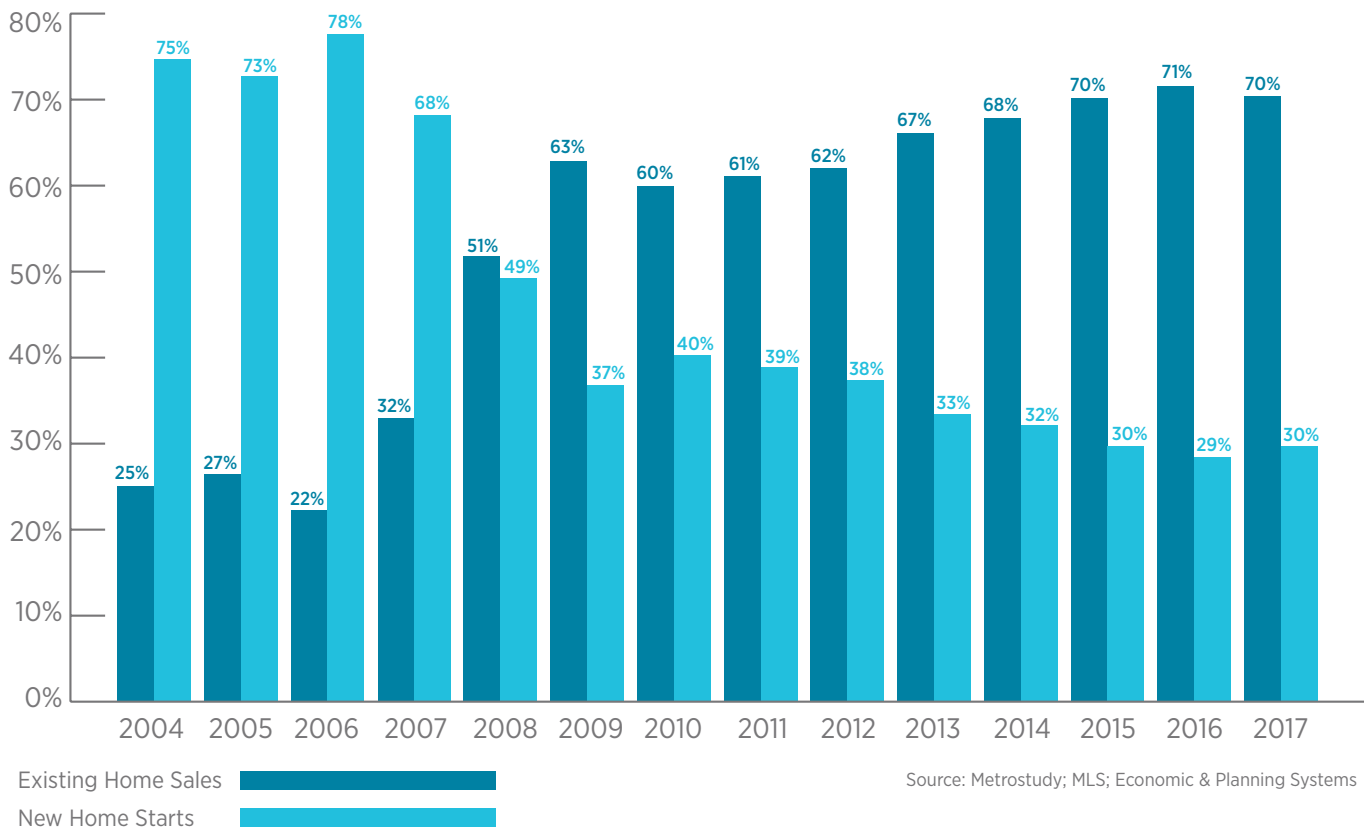
While redevelopment and investment can bring about positive outcomes, these changes can be catalysts for negative social and economic consequences. Gentrification, for example, is a type of neighborhood change in which real estate price appreciation can lead to involuntary displacement, neighborhood and community instability, and significant cultural change. Property owners in desirable locations approached with redevelopment offers often impact lower-income, minority, and elderly households. When cities undergoing growth do not tie affordability commitments to development, this pressure can push out existing affordable inventory and longtime residents.

As a result, households might be forced to move in with family (displacement that leads to overcrowding) or continue to live in their now-costly housing (becoming cost-burdened) to stay close to their jobs, schools, or other cultural assets. They might also choose to relocate to find similarly-priced housing, which is often a mere shift in inevitably higher costs of living—i.e. paying the same for housing but more for transportation. Even worse, some may lose their homes. Whatever the situation, such neighborhood change frequently results in quality of life challenges and trade-offs in spending like paying utility bills and rent or mortgage versus being able to eat out or buy clothing.

Illustrating one of the primary drivers of neighborhood change in the graphic below is how demand (i.e. housing demand from population growth) has increasingly relied on the existing inventory since 2004. Following the onset of the recession (beginning in 2007), new home starts dwindled to just 30 percent of all homes sales in the city, whereas existing home sales now represent 70 percent of all sales. This is a reversal of the supply-demand balance, meaning the city's existing neighborhoods are under greater gentrification and change pressures.

DISPLACEMENT PRESSURE

Data analysis shows that the sharp drop in new home construction during the Great Recession (between 2007 and 2009) placed more pressure on existing housing supply making it more difficult to keep up with steady population growth and household demand.



Source: Metrostudy; MLS; Economic & Planning Systems

Challenges and systemic barriers

Challenges, such as structural poverty, over-regulation, economic segregation and the cost of building in high-opportunity areas create significant barriers in the city's housing system. The city has numerous pockets of persistent intergenerational poverty. In many instances, these pockets reflect the legacy of redlining and align with racial/ethnic communities that historically have had limited (or been denied) access to capital, home loans, or financing for the upkeep of their homes. Even access to education, the banking system itself, and counseling were among these limitations, and the poor condition of housing in these areas is no coincidence.

At the same time, according to a report comparing Census data, San Antonio had 38 Census tracts with concentrated poverty in 1970 and 66 by 2010. More recently, the Pew Research Center conducted a nationwide study of the rise

of residential income segregation by Census tract and found that in San Antonio, one out of every four upper-income households lived in majority upper-income Census tracts.⁶

Longstanding and increasing poverty continues to contribute to housing vulnerability, either through challenges with upkeep, or cost burden, such as rent, mortgage payments, property taxes, and utilities. These factors in turn pose a host of health, well-being, and social and economic challenges for residents, all of which create a need to balance the cost of affordable housing production in high-opportunity areas with the need to invest in housing in low-income communities.

6. <http://www.pewsocialtrends.org/2012/08/01/the-rise-of-residential-segregation-by-income/>

CASE STUDY | Delivering Services, Housing, and Programs to End Homelessness



Circumstances that cause homelessness, such as a lack of affordable housing, opportunity for a livable income, and access to health care, afflict many in our community. Each year, communities across the country complete a “Point-in-Time” count to determine the number of people experiencing homelessness. San Antonio’s most recent tally found that the number of homeless people on the streets or in shelters had increased from 2,743 in 2017 to 3,066 in 2018.

To address these urgent needs, the South Alamo Regional Alliance for the Homeless (SARAH) and Haven for Hope work closely with agencies across San Antonio and Bexar County to collect client program and system data and coordinate services.

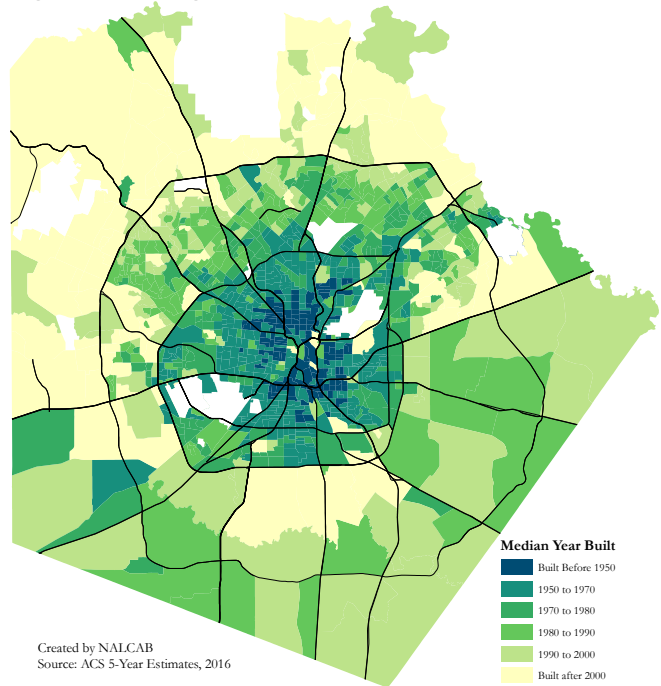
When homeless individuals, veterans, and families with children are facing a housing crisis, many turn to Haven for Hope for immediate access to temporary shelter, food, clothing and supportive services. Not only does Haven provide these kind of emergency relief services, but it also collaborates with over 185 partner organizations to provide more than 300 comprehensive services that equip individuals with the tools necessary to move towards self-sufficiency and permanent housing.

Homeless shelters like those that Haven for Hope provides are critical, but an ample supply of beds, transitional housing and services is not enough to end homelessness. The City needs to substantially increase the supply of permanent, dignified, affordable housing options with supportive services.

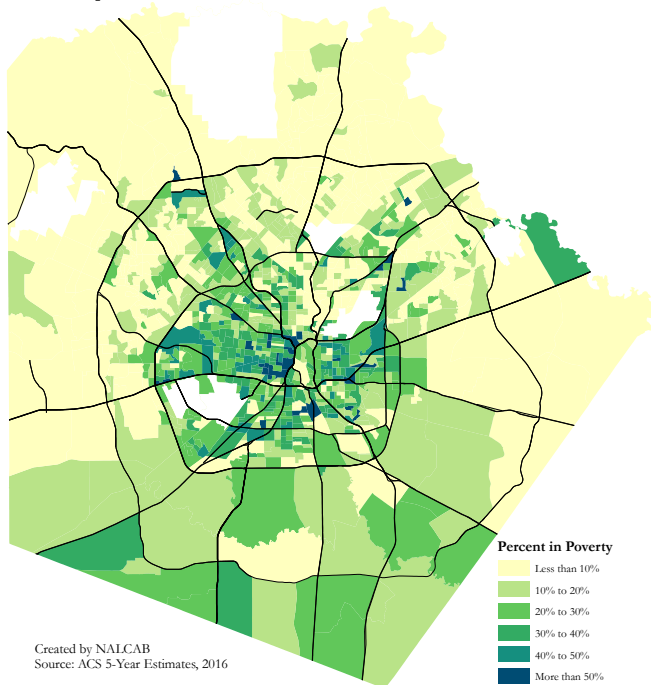
Can public investment create enduring, beneficial conditions for vulnerable neighborhoods?

Instability occurs in vulnerable neighborhoods where the housing stock is older and where property values are low enough that it is economically viable to demolish existing structures and build new ones. As mentioned previously, redevelopment often negatively impacts neighborhoods of lower-income, ethnically diverse and/or elderly households. Renter households are also particularly susceptible to this pattern, as they have few protections against these threats. The maps here depict the location of housing throughout the city by year built and illustrate the concentration of older homes in the city's core. They also illustrate the overlap of high poverty rates and high concentrations of racial/ethnic groups and are simultaneously where the highest rates of residential demolition exist and where the highest rates of home price appreciation exist.

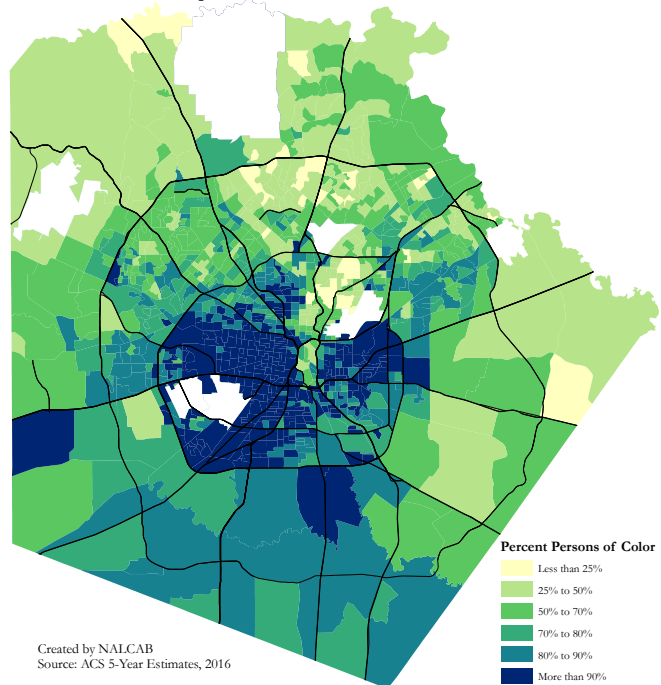
Age of Housing Stock



Poverty



Race/Ethnicity



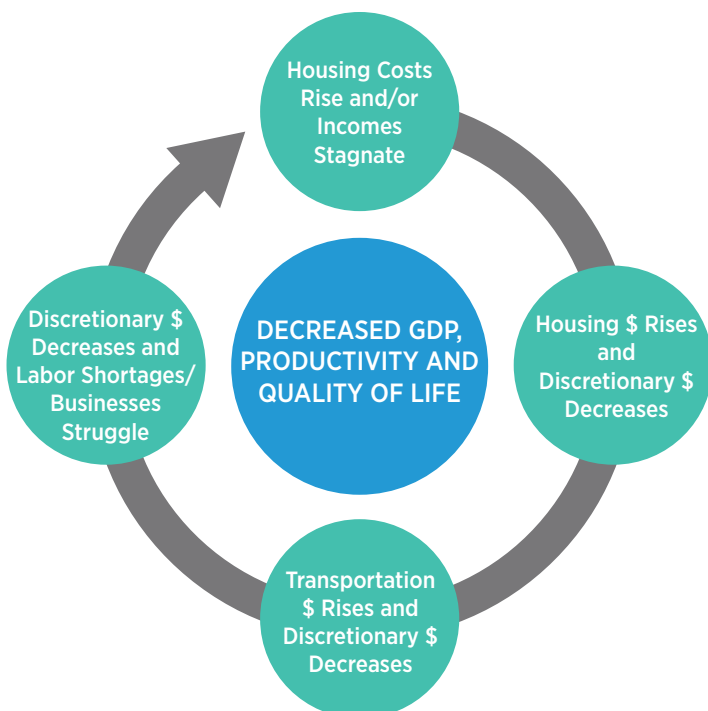
ECONOMIC IMPACT OF HOUSING

Lack of affordable housing negatively impacts families, the community and the economy

In San Antonio, data show that median home prices have more than doubled while incomes have risen just 40 percent since 2005. As stated earlier, housing affordability is more than a personal challenge; it's one that leads to negative impacts on a community's economic health and quality of life.

Neighborhoods, schools, and school children are impacted, a community's heritage and culture can be destroyed over time, and general health outcomes and civic participation can be negatively influenced. The economic component, though, follows a constant feedback loop that has negative consequences for the regional economy.

When housing costs increase and wages stagnate, households either search for more affordable housing elsewhere or stay in place and become cost-burdened. For those who can find cheaper housing farther away, they end up spending more of their income on transportation. Ultimately, and in both cases, this cycle of overspending leads to increased cost burden and diminished regional household spending, which lowers the Gross Regional Product (GRP) and negatively impacts businesses, which means wages (continue to) stagnate and jobs are lost. This leads back to the starting point, and the cycle begins again.



Housing and Transportation

One of the more overlooked elements of housing policy is the role it plays in the broader economic competitiveness context. In urban economics literature, one metric that clearly connects housing to transportation is that commuters have a tolerable commute distance of 30 to 45 minutes each way. But because of housing affordability challenges, among other factors, people are commuting in greater and greater proportions. Between 2005 and 2015, the number of in-commuters in San Antonio's workforce increased from 174,000 to more than 281,000, a 60 percent increase versus a 26 percent increase in jobs.

While the causality of these shifts is debatable, most households are making trade-offs. Some are choosing a larger house in favor of proximity to work or other services, and some are choosing a smaller house to be closer to work, for example. But because people rarely have the resources to buy the perfect house in the perfect location, numerous trade-offs are made. As a result, quality of life and economic competitiveness problems arise.

As these conditions persist, businesses increasingly struggle to find, keep, or expand their workforce, a common struggle for the service sectors whose wage structures may be ineffective at holding on to workers, like retail, accommodations, hospitality, healthcare, government, and emergency services. Businesses in these sectors experience high or unsustainable turnover rates, and communities struggle to lure new industries.

\$657 Million per Year in Overspending

The economic impact of "overspending" cannot be overlooked. In San Antonio, it is estimated that this problem cost the City \$657 million in 2016, averaging \$332 per month for each of the 165,000 cost-burdened households. While a downstream analysis of "where" these dollars go (e.g. local versus non-local landlords or local versus non-local mortgage bond holders) is not possible without rigorous and proprietary data collection, it is understood that these dollars would be spent on a different array of goods and services benefitting not only local households' quality of life but also benefitting the local economy. It is estimated that those downstream dollars would circulate through the regional economy, supporting more than 5,500 additional jobs per year in the city.

The blend of high housing (and transportation) costs, lower discretionary spending, and increasing business labor force struggles are challenges that communities can endure only so long before other social problems arise.

OVERARCHING ACTION AND POLICY RECOMMENDATIONS

This section presents the Mayor's Housing Policy Task Force (MHPTF) five overarching actions, 11 policy priorities, and 24 implementation strategies. These recommendations reflect the extensive data analysis, rich community engagement process, research into best practices across the country, and an examination of case studies. With the illustration of best practices and local cases studies that embody structural reform, progressive policy and innovative use of resources, it is the intent of the MHPTF that this set of recommendations acknowledge not only the commitment of the City to improve the quality of life of its residents but also the connection between economic development and housing affordability. These will serve as building blocks for a comprehensive and compassionate housing policy framework.

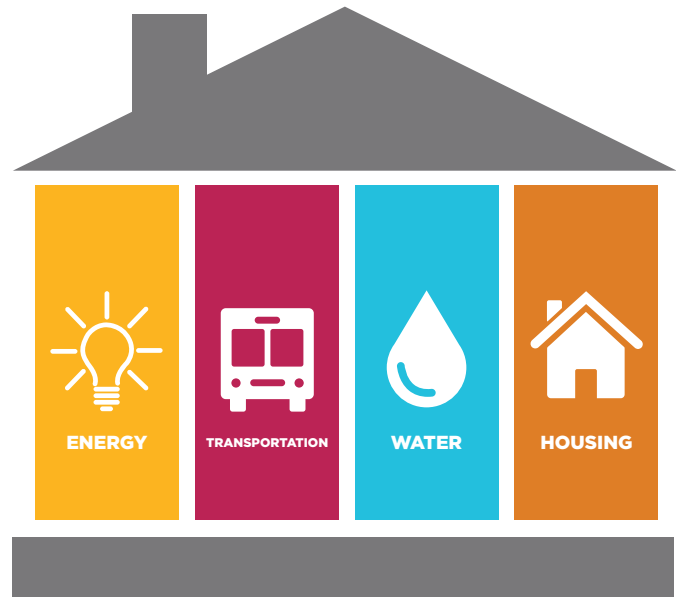
Making housing a priority in San Antonio

The first step in recognizing housing as a priority and addressing the growing housing crisis is understanding the magnitude of the problem (previous section). The second step is committing to making housing a priority (this section). In this process, the Mayor's Housing Policy Task Force chose to be deliberate in understanding the problem and the data, but more importantly chose to listen and clearly understand the problems from the community's perspective. When the MHPTF held its first public meeting in early December 2017, participants were asked, "What do you want the task force members to know about housing in San Antonio?" The most common response was that they need more affordable, stable, and safe housing, and a better definition of what affordable housing really means.

Housing as infrastructure

Housing is a critical part of a community's infrastructure. With water, energy, and transportation, housing is the fourth leg of a community's economic foundation. Hence, effective housing policy should play a significant role in a community's governance structure and should be appropriately resourced. While the City of San Antonio spends hundreds of millions of dollars in each of the other legs of this infrastructure, housing has been neglected. City revenues have grown by \$210 million in the last five years,⁷ and housing has remained a very low priority. As the magnitude of the housing affordability problem in the city has become clearer, **it is evident that we do not have a resource problem, we have a priority problem.**

7. 2018 City of San Antonio adopted budget.



As a community, the City needs to develop a comprehensive approach to solving its housing problems and directing a proportional amount of its resources toward it. This includes renovating existing rental and homeownership housing stock, increasing housing options, investing in affordable housing production, and preserving the affordability of housing in legacy neighborhoods.

From a governance perspective, it means balancing public revenues against the cost of investing in and providing public goods and services, as well as balancing the regulatory environment against growth and demand pressures. From the economic development perspective, it means supporting, attracting, and expanding business opportunities. It means investing in an educated and skilled workforce, their quality of life, and recognizing that businesses are attracted to areas with housing affordability. If large segments of the workforce cannot afford to live in an area, a combination of outcomes can occur such as labor shortages, increased traffic, and air quality problems with more commuting. Consequently, new industries may be deterred from moving to the area, and existing businesses may decide to relocate. From a socioeconomic perspective, effective policy fosters an environment where residents are not being forced to make unnecessary trade-offs in housing and quality of life decisions.

Without a tailored strategy to maintain housing options and affordability, the economic opportunities and quality of life aspects that originally led to high housing demand and high property values will be lost.

Momentum

Although there have been many efforts over the last few decades to develop affordable housing and revamp the City's governance structure, these efforts have not fully addressed the underlining structural challenges and the magnitude of the problem. These efforts, successes, and enhancements in the community's housing delivery system have, however, built incredibly strong momentum for concrete action.

Efforts like the creation of the Neighborhood and Housing Services Department (NHSD) have represented a commitment to putting an organizational structure in place at the City to address housing and neighborhood opportunities. Successes like the approval of a 5-year Neighborhood Improvements Bond, which included \$20 million for housing, and the Federal Transit Administration's selection of San Antonio to receive four years of technical assistance for VIA Metropolitan Transit to create transit-oriented communities, have also

signaled a watershed moment in the collective effort to address growing affordability concerns. The presence of national, regional, and local nonprofit funding, production, and technical support partners, alongside a meaningful groundswell of grassroots organizing has furthermore brought with it a deep interest in seeing a better-coordinated and better-funded system. And most recently, the decision to reevaluate the as-of-right Center City Housing Incentives Program (CCHIP) incentives has ushered in a distinct opportunity to reprioritize and redirect resources to equitably meet the needs of the entire community.

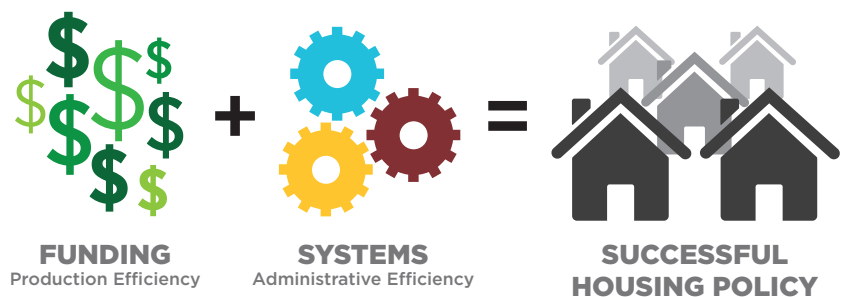
And on top of so many studies, commissions and boards focused on housing issues, the MHPTF believes that it is imperative that policy recommendations include an implementation plan with dedicated funding. **It would not be prudent for the City Council to adopt this comprehensive housing policy report without an implementation and funding plan.**

RECOMMENDATIONS AND IMPLEMENTATION PLAN

As such, the recommendation and implementation steps that follow are either foundational or prescriptive. Overall, they contain three core elements—policy, implementation, and resources. They are envisioned to both weather different political environments and ensure that the leadership of various responsible departments is aligned.

To make certain that they carry political durability and longevity, they have been infused

with theoretical, practical, and boots-on-the-ground thinking. They address and acknowledge the many efforts of the past but take a hard look at the current and projected realities. Oriented with appropriate funding and a coordinated system, they are also aligned with two major principles of housing economics—production and administrative efficiency—laying the cornerstone for an effective and successful comprehensive and compassionate housing policy framework.



UNDERLYING VALUES OF THE MHPTF PROCESS AND RECOMMENDATIONS

These are the underlying values that the MHPTF followed and adhered to in the process of collecting and examining data, researching, listening, building consensus, and formulating recommendations.

- Ensure transparency and accountability in decision-making
- Be data-driven
- Ensure that public policy and public-sector investment advances a public interest
- Value and balance both community member experience and technical expertise
- Promote public participation that addresses disparities in access for different populations, includes community organizing efforts, and incorporates education for all stakeholders
- Advance economic security and mobility for low- and moderate-income communities by increasing access to affordable housing, transportation options, good jobs, high-quality education, resources for healthy living, and opportunities for wealth creation
- Respect local history and culture
- Acknowledge and address legacies of racial/ethnic inequality
- Promote resiliency for the built environment and for vulnerable populations
- Connect to broader planning efforts, including those related to housing, transportation, economic development, and health

DEVELOP A COORDINATED HOUSING SYSTEM



A

DEVELOP A COORDINATED HOUSING SYSTEM

Making housing a priority requires that it be a structural and organizational priority. Such an effort, though, cannot be carried out simply by commissions, boards and a loose network of nonprofits. It means the establishment of a coordinated system to leverage significant new funding for housing production, home rehabilitation and affordable housing preservation. It means the alignment of public and private sectors, services, regulations and funding requirements. It means that information needs to be used and distributed more effectively and efficiently, particularly so that the private and nonprofit sector capacity can be leveraged. And it means bridging the digital divide—which currently poses a challenge to the community in accessing information—will keep the City and its partners accountable for tracking and monitoring their investments and production targets.

P Policy Priority: Prioritize housing and neighborhoods in the COSA organizational structure.

Essential to strengthening the fundamental structures that facilitate housing delivery will be the increased leadership, staffing and resources dedicated to the City's organizational structure.

S 1. Strategy: Immediately create an executive position in the City Manager's office to lead housing and neighborhood-related activities and integrate with all city functions.

Like San Antonio, cities experiencing housing-related problems are adopting policies, tools, and implementation strategies to counteract worsening affordability problems. Critical to the success of these strategies has been the appointment of an executive position or "chief housing officer"—an individual responsible for leading, coordinating, and ensuring the successful delivery of housing programs, systems, and dedicated funding.

To ensure that San Antonio is successful in addressing and solving its housing affordability problems, the City will create a position that has a degree of autonomy and accountability to bring together the City's housing-related functions, serve as administrator and political liaison, and who will coordinate and see through implementation actions and strategies in a transparent manner.

S 2. Strategy: Fully resource and staff the Neighborhood and Housing Services Department.

One of the more significant challenges for a city facilitating the delivery of housing programs, funding, and technical assistance is being properly staffed and resourced. It requires staff dedicated not only to production, rehabilitation, and preservation, but also to housing innovation and dedicated to creating and preserving high-quality affordable housing options,

stabilizing neighborhoods, supporting residents and ensuring the long-term financial health of the organization.

In 2017, the City created the Neighborhood and Housing Services Department (NHSD) to build expertise, expand capacity, and serve the community's needs. To ensure its long-term success, the City should strategically add the staff and tools necessary for the department to be more productive, efficient and successful. Not only is the goal for NHSD to have more flexibility in responding to specific needs, such as tackling housing delivery efforts through the creation of a Finance and Production Unit, but also for having the flexibility to respond to people's needs through the addition of Navigators. Such an investment would also enable the City to more globally provide resources, navigation and counsel to the communities where need exists. And because of San Antonio's ethnic diversity, resources for these staff need to be in place to ensure that communication can take place in multiple formats and media for residents that may or may not speak English.

HOUSING CHIEF (DENVER, CO)

The City of Denver's Chief Housing Officer is an executive position who leads the efforts of a professional housing staff and reports directly to the Executive Director of the Office of Economic Development. The Chief's responsibilities include managing the Housing Division's Comprehensive Housing Plan; providing leadership at the local, state and federal levels; establishing and maintaining systems for investment decisions, implementation, oversight and review; leading, managing, and directing staff and resources in development, programs/policies, finance, compliance and reporting; managing the creation of policies and reports for OED executive management, Mayor's office, Housing Advisory Committee, commissions, boards, committees, and other elected officials; and numerous other strategic, supervisory, and leadership roles.

WHAT IS A NAVIGATOR?

Staff designated to assist people access resources and resolve housing-related problems. Navigators would be familiar with the City's housing system, the broader counseling and support services network, providers, and resources that individuals and families facing a full range of needs from homelessness to rapid re-housing may require.



San Antonio is home to a number of nonprofit, community-based organizations focused on revitalizing areas and underserved neighborhoods that have experienced significant disinvestment. While many of these organizations are developing affordable rental and homeownership housing, they are also involved in a range of initiatives critical to community health such as economic development, neighborhood planning, and provision of education and social services to neighborhood residents.

As an example, Prospera is providing quality affordable housing and supportive services to assist individuals, families and communities grow and prosper. Prospera began its efforts by acquiring multifamily properties that were designated for removal from the affordable housing market. Today, it owns and manages 19 affordable communities in the region serving nearly 10,000 low-income individuals. Through a wide range of supportive services, Prospera enhances opportunities for personal and professional success.

ONE-STOP SHOP (LA COUNTY)

The Los Angeles County Housing Resource Center provides information on rental housing; specialized housing resources for seniors, veterans and other populations; homebuyer information and more. The web-based portal supported by a call center is managed by an umbrella agency supported by the County of Los Angeles and includes the City of Los Angeles, local housing authority, smaller municipalities and non-profits. Users are individuals, nonprofits, real estate agents and developers.

P Policy Priority: COSA should take a leadership role in coordinating a community-wide housing system with housing and service providers.

The City's role in a coordinated system should be to take a leadership position in organizing, facilitating, and

sustaining efforts for the long term. But because housing needs are not limited to the city's geographic boundaries, the coordinated system must be a collaboration and cooperation among regional jurisdictions, as well as private and nonprofit sector organizations engaged in the delivery of housing and services.

S 1. Strategy: Fund a One-Stop Housing Center, including an online portal.

No one central location, either physical or digital, currently provides guidance to support San Antonians' housing needs or information about how public, private and nonprofit funds are used, such as who provides affordable housing and what types are available. While much of this is captured by the City, San Antonio Housing Authority, Housing Authority of Bexar County, and San Antonio Apartment Association, coordination of their data and other resources will streamline participation and involvement for everyone. Such a single point of access will help the City align resources and leverage public investment with effectiveness and accountability.



In response to constituent needs and recommendations from financial and investor representatives, Councilwoman Shirley Gonzales initiated the District 5 Housing Pilot. Its goal is to stimulate public and private investments that respect the cultural and historical assets of the Westside, protect low and moderate-income residents from predatory market activity and mitigate involuntary displacement.

In April 2018, over 400 residents attended a Housing Fair at the Mexican American Unity Council (MAUC) that launched the Neighborhood Housing Center, which would provide a central access point for housing-related services. MAUC and housing-service partners are collaborating to connect residents to a wide-range of public, non-profit, and profit sector rehab and infill resources for home owners and renters.

Simultaneously, the pilot launched a prototype for providing estate planning and property title clearance services by the UTSA Center for Public Policy, as well as the delivery of workshops for small developers by NALCAB. In addition, the LiftFund developed a training and certification program for local contractors and is establishing an equitable housing revitalization fund to service San Antonio's urban core.

To increase the reach to individuals and families in need of affordable housing, the City along with housing organizations and service-providers should establish a “one-stop shop” Housing Center. A one-stop shop can also better align housing functions, including planning and permitting, human services, historic preservation, and housing, as well as the nonprofit and philanthropic communities. At a minimum, it should track and make public who is receiving/awarded housing incentives; where available affordable housing units can be found; and policies regarding construction and administration of affordable housing programs. Above all, this resource's purpose is to enhance the effectiveness, accountability and visibility of the City's various services and initiatives, and to be responsive to the many residents in need of housing assistance.

Beyond a physical presence, like a handful of cities that have expanded their coordinated housing systems with digital presence, the City could establish an online portal to serve as a central resource for both providers and the community to access information.

REAL-TIME DATA MANAGEMENT (NEW YORK CITY)

New York University Furman Center serves as New York City's housing and neighborhoods data hub. This resource is one of the more comprehensive examples of housing affordability, resource, and need data available from a full spectrum of sources. The website tracks and maps all subsidized housing, demographics (households by income, race, and poverty), labor market information, housing market data (inventory, sales, median prices, volume of sales, rents, and cost burden), land use and development conditions (density and development projects), as well as neighborhood services and conditions (such as crime and incarceration rates, student performance, and commuting patterns).



INCREASE CITY
INVESTMENT IN HOUSING

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INCREASE CITY INVESTMENT IN HOUSING

Reduced support from federal and state housing finance agencies, coupled with escalating land and construction costs, have created an environment where fewer than 500 affordable housing units are being developed annually (predominately through the federal Low-Income Housing Tax Credit program). Compounding the problem, the Housing Trust Fund, initially capitalized with \$10 million in 1988, has not received a substantial injection of new monies since it was established. Additionally, aging housing stock threatens the stability of legacy neighborhoods, as homes fall into disrepair. As illustrated in the problem statements, in 2016 there were approximately 36,000 currently occupied homes built before 1940.

This acknowledges a gaping disconnect between the City's needs, aspirations and its funding priorities of the past. Stemming from the belief that the global perspective must shift so that housing is understood as an essential component of the economic infrastructure, the City should significantly increase the amount of investment it makes available to new and existing affordable housing.

ACTION THROUGH INCENTIVES

The City funded the Inner-City Reinvestment and Infill Policy (ICRIP) and Center City Housing Incentive Policy (CCHIP) programs through a combination of fee waivers, tax rebates, and other sources. Created to implement an economic development policy centered on downtown revitalization, job creation and attracting middle and upper-income residents to the urban core, the "Decade of Downtown" is largely viewed as successful in reaching its goal of creating 7,500 new rental units.

As the City finalizes its revisions to the CCHIP policy, now is the opportunity to structure a new program where any project seeking incentives would be required to include an affordability component. Such a program should specify the percent of new housing units that should be affordable, the income targets for those housing units, the length of the affordability period, and the level of incentives, such as a property tax rebate, that should be granted to the project.

LEVERAGE

Pairing public and private resources means reduced risk and new investment, and it typically yields a total of three to five times the initial public investment. Rather than a tidal wave of change that swamps precariously positioned San Antonio families, a rising tide will improve the lives of all.

P Policy Priority: Develop a 10-year funding plan for affordable housing production and preservation.

A 10-year projection shows that the city's housing mismatch will increase by another 29,600 units (at critical income levels of rental and ownership). To counter this, the City should invest in a comprehensive production, preservation and rehabilitation effort capable of eliminating more than 60 percent of this 10-year estimated growth in the housing gap.

In order for the City to create and sustain a stable, reliable, and robust affordable housing infrastructure, it must work to create new permanent funding sources and leverage existing programs including HOME, CDBG, Urban Renewal Funds, HOPWA, developer incentives (ICRIP and CCHIP), low income housing tax credits, the Housing Choice Voucher Program and the Housing Trust.

S 1. Strategy: Substantially increase general fund revenue for affordable housing.

Public funding reflects public priorities. Over the next five years, the City anticipates spending approximately \$2.6 billion for water infrastructure, \$3 billion for energy infrastructure, and nearly \$1 billion on transportation, but only \$64 million of General Fund dollars on housing. At a level similar to the foregone city tax revenue dedicated to center city housing during the past seven to eight years, the City should substantially increase its allocation of funding to affordable housing. This may require a reprioritization of funds or it could utilize revenues that exceed annual budget projections from specific sources (such as SAWS or CPS Energy). Whatever the source and however funds may be shifted, the City should reconsider how use of public funds reflects public priorities.

S 2. Strategy: Create dedicated revenue source(s) for affordable housing.

While council-approved General Fund allocations for housing investment make an affirmative public statement in support of addressing housing problems,

SALE OF PUBLIC LANDS (AUSTIN)

In 2000, the City Council decided that as city lands were sold for development, 40 percent of the city tax revenues should go into the Housing Trust Fund. A decade and a half later, City Council determined that 100 percent of city tax revenue from these sales should go to housing programs. Since then, the approach has been widened to funnel all city tax revenues from all government-owned land into affordable housing. In 2018 alone, that has amounted to a dedicated resource of more than \$2 million.

SHORT-TERM RENTAL FEE (NEW ORLEANS, LA)

Short-term rentals were illegal in the Big Easy until April 2017. Since then, more than 4,400 licenses have been issued, nearly 75 percent allow entire homes to be rented. Due to the controversy this licensing has caused, New Orleans has become one of the first to establish a \$1 per night fee earmarked for its Neighborhood Housing Improvement Fund to combat the displacement that has resulted. Although the fee is only a year old and has been criticized as insufficient to respond in proportion to the problem, the City's efforts have led to a greater public dialogue about prioritizing housing for its residents.

such commitments are constantly at risk of being overshadowed by shorter-term interests.

Like San Antonio, this is among the primary reasons why cities are looking to establish or have established dedicated portions of public revenues (such as property, sales, or even lodging taxes) to housing. Using a dedicated portion of ad valorem tax revenues is an appropriate and effective way to fund affordable housing needs because it means that resources become available to the greatest extent when they are needed the most.

If, for example, San Antonio had dedicated 20 percent of its increase in annual ad valorem tax revenues (approximately \$100 million) between 2013 and 2018, an additional \$20 million for affordable housing purposes would have been generated.

S 3. Strategy: Establish financial leverage as a top priority in the utilization of public funds, including private, nonprofit, and philanthropic resources as well as sweat equity.

The LIHTC model is one of the more successful national examples of leveraged public-private funds. It grants state and local allocating agencies up to \$8 billion in budget authority to issue federal income tax credits to investors, which create opportunities to leverage and deploy billions

of dollars in local capital resources that place more than 108,000 units in service every year.

As other traditional resources (such as HOME and CDBG) dry up, cities that allocate local funds to affordable housing are not only seizing the opportunity to ensure that funds can be used more flexibly than federal resources, but also that they are utilized with similar leverage-seeking mechanisms (yielding a total of three to five times the initial public investment). Because San Antonio has more than one institutional affordable housing entity (i.e. NHSD, SAHA, SAHT), the opportunity exists to leverage funding at both the institutional and project levels. As a component of identifying and dedicating local resources to its housing affordability problems, the City should diversify and leverage existing public and private funding sources, and define the terms of leverage, including metrics for tracking.

S 4. Strategy: Conduct a comprehensive assessment of the Housing Trust and provide a dedicated revenue source.

Housing Trusts are one of the more successful organizational models established to produce, preserve and rehabilitate low-income and affordable housing, acquire land, and provide gap financing. Nationally, hundreds of models like the San Antonio Housing Trust (SAHT) have become assets to their community's housing system. There is, however, no one-size fits all model that defines the functions and activities of a housing trust. As a result, the mission of housing trusts and their funds vary widely.

To ensure its future relevancy and effectiveness, the City should within the next year undertake a comprehensive third-party assessment of SAHT's priorities, management, leadership, production, budgeting and investment profiles, and develop a strategy not only to increase its staff capacity, accountability and transparency, but also to grow the corpus of its Trust Fund to align with City priorities and increase its production capacity. This assessment should include, but not be limited to: (1) the feasibility of expanding its bond issuance capacity, (2) the elimination of the need for City Council approval of 4 percent tax-exempt bonds, (3) exploration of support or guarantees for HFC issuances to reduce rates and/or secure additional

BOND ISSUE (SEATTLE, WA)

A frequently-cited success story in the adoption of a local funding source is Seattle. Since 1981, city voters have passed one housing bond and five housing levies, which have collectively produced more than 10,000 affordable apartments, and provided first-time homebuyer loans and rental assistance to more than 4,000 households. Voters approved the most recent seven-year levy by over 70 percent, with \$290 million dedicated to producing, preserving, reinvesting, and supporting operations for over 3,000 units.

CASE STUDY | Place-Based Community Initiative

Efforts to transform neighborhoods of extreme poverty and disinvestment into places of opportunity often face mounting obstacles including distressed public housing, failing schools, joblessness, poor health, violence, and lack of political will or financial resources. A comprehensive community initiative led by the San Antonio Housing Authority (SAHA) in partnership with the Department of Housing and Urban Development (HUD) and numerous public and private partners is addressing these neighborhood challenges in San Antonio's Eastside.

Through several White House Neighborhood Revitalization Initiative grants—including the Choice Neighborhood, Promise Neighborhood, the Byrne Criminal Justice Innovation, and the federal Promise Zone designation—SAHA began implementing a comprehensive place-based initiative at the Wheatley Courts Public Housing and surrounding community. The Choice Neighborhood Implementation grant awarded in 2012 provided \$29,750,000 towards the redevelopment, which has leveraged over \$180 million in investments to date.

The complete transformation of Wheatley Courts to East Meadows will include 622 new mixed-income rental housing units, significant public improvements, funding for improved business facades, owner occupied rehab of privately-owned single-family homes, the creation of new single-family ownership houses and the coordination of crime-reducing strategies and activities. Three of the four housing redevelopment phases have been completed, each of which has less than three (3) percent vacancy. This community is currently home to 503 mixed-income family and senior households. Construction on the final phase of 119 mixed-income housing units began in June 2018 and will be completed by December 2019.

Families have access to an on-site BiblioTech digital library, a theatre and game room, exercise area and laundry facilities. To improve the health of residents and workers in the neighborhood, SAHA partnered with University Health System to build a new state of the art clinic, the Dr. Robert L.M. Hilliard Center, which opened in January 2018.



capital, (4) exploration of tax-exempt revenue bonds for affordable single-family home construction, and (5) guidance on serving the needs of the community by income level, particularly households at or below 60 percent AMI.

S 5. Strategy: Revise the City Charter to allow bond revenue to be used for affordable housing.


One of the more common local regulatory barriers to funding affordable housing efforts is that the use of public funds is often limited to a “public purpose”. The experience of most cities is that affordable housing is not yet acknowledged as infrastructure with a public purpose. Currently, the City Charter allows for General Obligation bonds to be used for major capital investments having a public purpose, such as streets, drainage, public safety facilities, flood control and quality of life enhancements such as libraries, parks, community recreation, cultural facilities and the elimination of slums and blight. Amending the City Charter to allow for bond revenues to be used for affordable housing means that funds can be leveraged at scale to make significant contributions to production, preservation, and rehabilitation needs of the community.

Beyond these five core recommendations, given the power of public-private investment leverage to more effectively tackle the city's affordable housing needs, the City should identify any and all funds to supplement these resources. This might include evaluating opportunities to roll available budget surpluses into affordable housing,

TAX INCREMENT REINVESTMENT ZONE (TIRZ)

The City should explore dedicating a larger percent of a TIRZ increment captured for affordable housing, expanding TIRZ to SA Tomorrow regional centers and transit corridors to fund affordable housing; expanding them to apply to land and property previously-owned by government institutions; exploring the issuance of revenue bonds within a TIRZ to create a predictable and low-cost source of capital for lending and investment; exploring the creation of a citywide Tax Increment Loan Program to leverage excess TIRZ funds as well as auditing the TIRZ program to determine program performance.

allocating excess funds, and exploring models for investing a percentage of city reserves in affordable housing. And while such efforts would certainly prove successful, the City could also work with its municipal and regional partners to advocate for new state funding and financing mechanisms that benefit affordable housing issues. Yet, whatever the investment and source, they should be accompanied by a requirement for follow-through and accountability.



INCREASE AFFORDABLE HOUSING
PRODUCTION, REHABILITATION,
AND PRESERVATION

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INCREASE AFFORDABLE HOUSING PRODUCTION, REHABILITATION, AND PRESERVATION

At the core of the affordable housing problem is a lack of housing production. The City should strive to achieve balance in the location of affordable housing throughout San Antonio to facilitate choice among renter and owner households across the income spectrum, taking into account access to public transportation, employment opportunities and cultural assets. It should be recognized that the existing housing stock is not being fully or most efficiently utilized to meet the needs of the growing population, and there are significant swaths of the city's housing stock that are badly in need of repair, particularly housing for the city's elderly population.

The main thrust of this recommendation aligns with other City housing goals and targets, such as the desire to see a variety and choice of housing made available to residents in proximity to transit, services and amenities within the city's regional centers.

P Policy Priority: Stabilize the HOMEOWNERSHIP rate in San Antonio by increasing the production, preservation, and rehabilitation of affordable homes.

The stabilization of the homeownership rate in San Antonio, including across racial, ethnic and economic segments, is a high priority. Very few "starter homes" (homes prices below \$200,000) are being built, and there are a variety of challenges to rehabilitating existing homes, especially older homes in the urban core. Further, low- to moderate-income buyers face challenges to securing financing, even when they are able to identify a house that they can afford. A comprehensive strategy to supporting homeownership requires a full spectrum menu of incentives, homebuyer education, down payment assistance programs, programs to support owner occupied rehabilitation for vulnerable populations, and efforts to catalyze more rehabilitation financing.

S 1. Strategy: Prioritize city funding/incentives for ownership housing affordable to households up to 120 percent of AMI.

Just as the City Charter should be amended to recognize that affordable housing is infrastructure, public investments in housing should reflect public priorities. Analysis shows a concerning loss in ownership housing for households up to 120 percent AMI. Because federal resources are generally restricted to housing at or below 80 percent AMI, innovative local solutions like targeted incentives, tax abatements and/or fee waivers could expand ownership opportunities for families in these income categories. To respond to the distribution of need by income level, the City should focus a graduated

set of development incentives to support the delivery of affordable housing (corresponding to 80, 100, and 120 percent AMI) to reflect priority, the degree of need, and the reality that producing, preserving or rehabilitating housing at deeper affordability levels requires greater gap financing.⁸ For example, projects that provide ownership housing affordable to households at 80 percent AMI or for special needs or vulnerable populations would be eligible for the highest incentive, whereas projects that provided housing for households at 120 percent would receive a lower incentive.

S 2. Strategy: Increase funding for down payment assistance and homebuyer counseling.

As the homeownership rate falls and the number of new households taking on a mortgage decreases, the City should encourage home ownership by significantly increasing support of public-private partnerships that provide down payment assistance grants or loans as well as home buyer and owner education. Successful down payment assistance programs become perpetual and self-funding over time, which means greater resources available for services such as home purchase and financing counseling, maintenance, budgeting, code compliance, and neighborhood safety, among others.

Programs that accomplish these objectives are of great interest to numerous stakeholders, including the business community, because adequate housing supply and affordability are key among business development decisions. Not only are they critical to individual financial empowerment and economic mobility, but also to paving a path for the renter community to seek homeownership, and to helping individuals and households struggling to manage the cost burden from mounting student loan debt, health care costs, and related housing expenses.

IMPORTANCE OF HOUSING TO BUSINESS

The International Economic Development Council (IEDC) lists approximately 12 considerations that businesses look for in evaluating development prospects. Among these are a business-friendly environment, a growing market, and access to capital as well as infrastructure-related considerations like access to labor, real estate and housing, cost of living, and quality of life.

⁸ In this context, the production, preservation or rehabilitation of affordable ownership housing should be paired with a covenant or deed restriction identifying the length that the house should remain affordable, such as 15, 30 or more years.

REVOLVING LOAN FUND

San Antonio should support the creation of a revolving loan fund for rehabilitation purposes with well-established guidelines for low-interest or deferred-interest loans that could be partially forgivable, and that provide clear title assistance and contractor vetting. Such a mechanism would also recapitalize City investments to make every dollar go farther.

S 3. Strategy: Increase funding for housing rehab programs including, but not limited to: Owner Occupied Rehabilitation, Under One Roof and Minor Repair.

Leaders are beginning to articulate the philosophy that **“the most affordable home is the one you already have,”** and through the MHPTF process the community agreed that policies should support resident choice to stay in their current neighborhood. San Antonio’s city leaders have already acknowledged the core of this belief in piloting its “Under One Roof” and Minor Repair programs. But as projections indicate, the City could lose thousands more ownership units by 2030.

Expanding and increasing investment in these programs means reaching more households, recognizing the need to reinvest in substandard housing, preserving naturally-occurring affordable housing, and stemming the tide. Like its other efforts, the City should also seek to leverage its investment in these programs with partners like the nonprofit sector through incenting and building their capacity to educate owners and renters; for example, on predatory repair and/or rehab practices.

P Policy Priority: Increase rehabilitation, production and preservation of affordable RENTAL units.

In much of San Antonio, rental housing priced at 80 percent of AMI (approximately \$985 per month) is essentially market-rate housing. Community input and data analysis revealed that the real need is for housing to serve households earning 60 percent AMI or lower.

Because extensive research has demonstrated that the zip code where a household lives significantly determines the opportunity available to them, and particularly for children, investments in affordable housing should be connected by transit, jobs, cultural assets, including health resources.

S 1. Strategy: Prioritize City funding and incentives on rent-restricted units affordable to households up to 60 percent AMI, with a graduated reduction in funding/incentives from 60 to 80 percent AMI.

Approximately half of renter households in San Antonio spend more than 30 percent of their income on housing. Although cities are prohibited by state statute from regulating or restricting rents, it does not prohibit municipalities from offering development incentives for

voluntarily providing rent-restricted housing. Many cities whose renter populations face high rates of cost burden and that are statutorily prohibited from restricting rents have adopted voluntary compliance policies that give incentives to developers choosing to build affordable housing.

Just as the City seeks to incent more home ownership, it should simultaneously create a system of graduated incentives (like fee waivers or direct subsidies) for rental projects that meet supply needs at 30 percent, 60 percent, and potentially up to 80 percent AMI. Because the gap in rental housing for households under 60 percent AMI is projected to increase from a 34,000-unit mismatch to an estimated 53,000-unit mismatch by 2030, the City should make incentives available for production and preservation at these income levels. Such support could come in the form of conditional loans or tax assessment relief to rental property owners who create or maintain certain affordability levels.⁹ As with the graduated incentives made available to projects with affordable ownership housing, the City should develop an incentive program with graduated incentives that give priority and the highest incentive available to rental housing produced, rehabilitated or preserved that meets the needs of households at 60 percent or below. Such a program would specify the portion of new housing units that should be affordable, the income targets for those housing units, the length of the affordability period, and the level of incentives, such as a property tax rebate and fee waivers, that should be granted to the project.

S 2. Strategy: Prioritize funding for new rental units in communities that are linked with transportation, jobs and cultural assets.

Housing policies targeted to reducing housing cost burden are most effective when they also reduce transportation cost burden. In a “drive-’til-you-qualify” context, renter households seeking affordable rents are also priced out of neighborhoods close to their jobs, schools, and shopping. In a community that takes great pride in its 300-year old heritage and culture, proximity to cultural assets and sense of place should be central to the prioritization of resources.

The City should prioritize investment and support of rental housing oriented around jobs, transit or with increased access to low-cost transportation, where land use is maximized for efficiency, and where cultural assets are aligned. Especially as entities like VIA are planning and investing in transit-oriented development, the City should seize this opportunity for broad alignment of both objectives. As with other policies, such efforts should acknowledge and seek to mitigate the potential for displacement.

⁹ In this context, the production, preservation or rehabilitation of affordable rental housing should be paired with a covenant or deed restriction identifying the length that the house should remain affordable, such as 15, 30 or more years.



Developed by the non-profit Alamo Community Group, Museum Reach Lofts is the first affordable apartment project in the Midtown Regional Center. Located at the northern edge of Downtown in the Pearl area—which has the most expensive rents in the city—this five-story infill development will include 94 apartment units. Of these apartments, eight will be market-rate, and 86 will be restricted to families earning 30, 50, and 60 percent AMI, where rental payments will be restricted to no more than 30 percent of a family’s income.

Located in a transit-rich, high-opportunity zone, this development provides critically needed affordable housing for the many lower-wage employment opportunities that have been created recently in the area. While the project utilizes sought-after competitive 9 percent Low Income Housing Tax Credits (LIHTC), this funding resource is simply not enough to close the funding gap. Land is expensive, construction costs on higher-intensity buildings are high, and code-required parking minimums add a huge amount of cost in structured parking. To close this funding gap, the Midtown TIRZ (Tax Increment Reinvestment Zone) provided funding for land acquisition. This is one of the first times that a TIRZ has assisted with land acquisition and demonstrates how this key tool can be leveraged in the production of affordable housing. Construction on the project begins in Spring 2019.

TRANSIT-ORIENTED COMMUNITIES

The U.S. Department of Transportation’s (DOT) Federal Transit Administration (FTA) selected nine cities to receive technical assistance to encourage economic development around local transit service. San Antonio was one of those communities. The initiative is a four-year project to assist in implementing compact, mixed-use, equitable development around transit stations. VIA and the City will work together to build communities oriented around the live-work-play mentality that allow people access to transportation services that benefit their everyday lives.

P Policy Priority: Create housing opportunities for the most vulnerable residents (including but not limited to homeless, seniors, youth aging out of the foster care system, and people with disabilities).

Everyone should have a place to call home. Everyone needs access to safe and affordable housing. For some of the most vulnerable people in the community—people with mental illness, chronic health conditions, histories of trauma, substance abuse or drug addiction, a record with the justice system, and other struggles—a home with supportive services helps them start on the path toward stability.

People facing these issues often end up in crisis housing situations or homeless. Supportive housing or service-enriched housing is an effective strategy that combines

affordable housing with coordinated services. The supportive housing model is based on the premise that providing supportive services on site or in proximity to the housing site helps residents remain housed and live with some level of independence.

Supportive housing can also aid people with disabilities in getting better health care, help seniors trying to stay in the community as they age, and youth aging out of the foster care system. In fact, studies have shown that people in supportive housing use costly systems like emergency health services less frequently.

Housing that is targeted to vulnerable populations requires greater cross-sector partnerships, coordination across city and county systems, and multiple sources of funding. Initially, the cost of developing and maintaining housing and can require a modestly higher level of public investment as well as, in some cases, different underwriting criteria. On the other hand, investments in service-enriched housing can substantially reduce other public costs.

S 1. Strategy: Increase funding for service-enriched housing.

Funding for supportive housing is scarce. Federal funds are essential but insufficient to finance the supportive housing units. To expand housing options for vulnerable populations, the City should work with the County, private and non-profit organizations, social service providers and health care systems to leverage federal funds and dedicate new local funding for service-enriched housing. This includes dedicating funding sources to build, rehab or retrofit housing units; and coordinating supportive services including intensive case management, substance abuse or mental health counseling, advocacy, and job training.

Special populations should not be marginalized or overly-concentrated in a specific location or geography but be representative of the geographic diversity of vulnerable populations throughout the city. While addressing underlying factors is a problem that requires a more fundamental shift in policy, it is recommended that the City work with its partners to promote Service Enriched Housing Communities which includes permanent supportive housing. This will not only serve to enhance equity and social inclusion, but also serve in the larger efforts to build community.

P Policy Priority: Remove barriers to housing production.

An expansion of housing supply is facilitated not only through greater funding and incentives, but through greater production and administrative efficiencies. Some of the most entrenched barriers to affordable housing, however, are not only buried deep within a city's regulatory environment, but also within opposition to development and/or additional density. Ironically, it is the addition of density, particularly in environments

where either land supply is constrained or land costs are increasing, that should be leveraged to achieve greater affordability. It is zoning processes that often lead to less density.

Minimum lot sizes, minimum home sizes, maximum densities, street minimum rights-of-way, exclusionary zoning, and the lack of provisions for accessory dwelling units (ADU) create significant land use development barriers. Regulatory barriers can also extend development review time that increases the cost and risk associated with any development. That is, even developers seeking to create or preserve affordable housing face risks and uncertainties associated with regulation and development review that materially impact development costs. Where the City can, it should seek to reduce the uncertainty and risks associated with these elements.

As such, it is recommended that the Mayor/City Council establish an ad hoc advisory group called the Technical Working Group (TWG) on Removing Barriers to the Production and Preservation of Affordable Housing, composed of informed community members that represent diverse neighborhoods as well as experts with specific technical knowledge in development, zoning, and regulation. Such a TWG would be advised by City staff, but City staff would not serve as members. The group would be tasked with revisions to San Antonio's Unified Development Code (UDC).

Additionally, it is recommended that the Mayor/City Council create a committee to coordinate a community-driven and inclusive public process to develop the vision, goals and criteria for enabling Form Based Code and By-Right Zoning for affordable housing.

According to the Form-Based Codes Institute, by-right zoning is critically important to increasing housing affordability at all levels of the housing spectrum. To accomplish this, conventional zoning codes should be updated to form-based codes (FBC) that effectively prescribe the outcome desired by the community. FBCs regulate the form of the buildings in a prescriptive manner and at a sufficient level of detail so that the outcome is predictable. This means that the conventional design review process is unnecessary, enabling by-right review. To accomplish this, communities should: 1) create a detailed community vision; 2) write prescriptive regulations; and 3) enable a by-right approval process.

S 1. Strategy: Undertake an inclusive public process to determine standards and criteria to allow by-right zoning for housing developments in which at least 50 percent of the units are affordable.

By-right zoning often faces difficulties when communities or the public feel that their voices or concerns have not been heard. Important to the outcome of this inclusive public process will be solid community-supported agreement on criteria for where, to what extent, and through what type of process by-right zoning can be

CASE STUDY | Cross Timber Homes

The post-recession recovery has led to a rapid escalation in housing prices and worsening affordability problems for San Antonio's moderate-income families looking to buy a home.

Habitat for Humanity, a non-profit organization that provides ownership opportunities for low-income families in our community, has expanded its services to assist the growing number of moderate-income families access homeownership. With Habitat's assistance, a new initiative called Cross Timber Homes was launched in 2017 to address these growing needs.

Cross Timber Homes' first project included the construction of 3 bedroom/2 bathroom homes with energy-efficiency features. In less than a year, Cross Timber has completed six of these homes on San Antonio's near Eastside with four more under construction in the near Westside. Buyers have included a teacher, restaurant managers, a bank teller, a nursing assistant, and public-sector employees—jobs that are an essential component of San Antonio's community workforce. Cross Timber demonstrates that affordable and context-sensitive infill development is possible with policy changes and dedicated funding support.



allowed. And because conflict often arises in disagreement over criteria for location, such as proximity to transit, jobs or corridors, and allowable densities, the City should approach this effort strategically so that new conflicts do not inadvertently arise that thwart greater affordable housing goals and objectives.

S 2. Strategy: Exempt affordable housing units from SAWS impact fees.

Fee waivers are one of the more common tools to incenting affordable housing production. While this can require an upfront cultural change, affordable housing is frequently exempted from development impact fees in growth management policies that fund water, streets, parks, and other infrastructure systems. And because fees are frequently updated to ensure that new growth is “paying its way”, the City can update its fees structures to reflect affordable housing as a priority. For communities experiencing substantial growth like San Antonio where revenue collections occasionally exceed projections, adding an exemption may be simple. For communities with lower rates of growth, impact fee structures can either be modified to reflect this exemption and balance overall objectives or annual fee waivers caps can be designated. Specifically, the City should exempt affordable housing on a per unit basis from SAWS impact fees.

S 3. Strategy: Revise the UDC to remove regulatory barriers to affordable housing.

As mentioned on the previous page, local regulations and fees can collectively be a significant barrier to the production of affordable housing. This is particularly true for smaller and infill projects where, for example, SAWS impact fees make up a large portion of development soft costs. Overall, it is recognized that there is a balance between regulations that ensure public safety and neighborhood form and the need to increase the production of affordable housing. Identifying that balance requires additional review by technical experts and individuals that represent diverse neighborhoods.

In the process as described above to review the UDC, the TWG should begin thoughtful and detailed recommendations of the Housing Commission that were forwarded to Council in 2017, but not enacted. The TWG should ensure that documentation of the inclusive public process around any UDC revisions as well as recommendations be forwarded to the reconstituted Housing Commission for final review and recommendation to the Mayor and Council, understanding that the ultimate adoption of any changes would likely occur in 2020 when the next regularly scheduled revision of the UDC is anticipated.

PROTECT AND PROMOTE NEIGHBORHOODS



In this period of population growth, it is necessary to understand and proactively address the impacts of rising property taxes on homeowners and the issues of housing displacement. On one hand, increasing property taxes resulting from sharply increasing real estate appraisals are becoming a barrier to housing affordability and a potential driver of displacement for low- and moderate-income renters and homeowners. On the other hand, increased revenue from rising appraisals presents an opportunity to support housing affordability without causing fiscal strain on municipalities, schools and other taxing districts.

P Policy Priority: Address the impact of rising taxes on housing affordability.

This set of recommendations stems from the belief that because of this situation, the time is ripe for implementation of targeted tax exemptions, appraisal protection measures, and other districting techniques focused on addressing housing affordability.

S 1. Strategy: Implement immediately affordable housing tax and appraisal protection measures such as tax exemptions, preservation districts, and TIFs.

Analysis of housing cost burden shows that of the 105,000 owner households with no mortgage, nearly 12,000 are still spending more than 30 percent of their income on housing. This isn't just a problem for owner households, it's a problem for renters seeking to become homeowners, it's a problem for those moving here, and it's a problem for those who work and would like to live here. But implementing property tax relief is complicated. Exempting property taxes requires the City to carefully balance the provisions with revenues against competing fiscal, economic and social priorities, such as paying for schools, hospitals, and infrastructure.

Throughout this process, the community voiced a mandate that the City address this issue. This means identifying mechanisms such as property tax relief, preservation districts, or the use of tax increment financing and targeting populations with the greatest need, such as

longtime or low- and moderate-income households. And because these challenges cannot be solved unilaterally, the City should engage with other jurisdictions in coordinated advocacy efforts, for example, to push for comprehensive property tax reform at the state level.

P Policy Priority: Prevent and mitigate displacement.

Stable housing positively impacts and creates community sustainability. The City's real approach to preventing displacement is to increase housing opportunities by investing in home repairs, rehabilitation, preservation and production of housing. Preventing and mitigating displacement means encouraging and protecting a community from unwarranted and destructive change. Displacement can be direct, i.e. evictions or demolitions of occupied housing, or indirect, i.e. through rising real estate values and large-scale public investments that create value at the local and regional level but also drive up housing costs for both renters and homeowners and result in the redevelopment of rental properties that house vulnerable populations.

In the recent past, San Antonio has studied the circumstances of vulnerable populations, especially in neighborhoods experiencing rapid real estate market appreciation. The intent of this policy priority is to make strategic investments in preventing, minimizing and mitigating displacement in particularly vulnerable neighborhoods that are both experiencing redevelopment and those anticipated to be in the path of redevelopment. This applies to both direct and indirect displacement.

The development of this policy must include a range of strategies and programs to protect renters, promote community ownership, and stabilize neighborhoods. The development of this policy also requires that the City complete, and the Council adopt, a set of relocation assistance policies to assist low-income individuals and families that are involuntarily displaced from their homes.

To establish the policy and guidelines, the City should develop an inclusive public process with participation of individuals that have been displaced or are at risk of being displaced, and that includes the following essential elements.

S 1. Strategy: Require public agencies to conduct a displacement impact assessment for any public project that receives \$15 million or more in public investment and to budget for mitigation.

In the same way that the National Environmental Policy Act (NEPA) requires major transportation construction projects, such as highways, to conduct a socioeconomic

HOMESTEAD PRESERVATION DISTRICT (HDP)

In combination with Homestead Preservation Reinvestment Zones, HPDs can provide a dedicate funding stream to reinvest in affordability within high need areas. Tax Increment Reinvestment Zones (TIRZ), such as the ones already successful in San Antonio, can be set up under state law to ensure that dollars from economic development efforts are reinvested in the affordability needs of that area.

COMMUNITY LAND TRUSTS

Community Land Trusts (CLT) are nonprofit, community-based organizations designed to ensure community stewardship of land. They can be used for many types of development, including commercial and retail, but are used primarily to ensure long-term housing affordability. To accomplish this, CLTs acquire land, develop it with housing or a mix of uses, and maintain long-term ownership of the land through a lease instead of traditional sale. When a homeowner sells, the family earns a portion of the increased property value, and the remainder returns to the CLT, which ensures that the home remains in long-term affordability.

impact analysis to mitigate impacts to neighborhoods and provide “just compensation” for property acquired from landowners, the City should adopt a policy on direct and indirect displacement, which would require, first of all, that the City and affiliated public agencies conduct a housing or displacement impact assessment for public projects that receive \$15 million or more in public funds. The assessment will be conducted by a third-party to evaluate the potential impacts on housing affordability, direct and indirect displacement, and the hardship that a plan, project, or policy might have on the surrounding area if it is built or implemented. Based on the findings of this assessment, projects must demonstrate how they will prevent displacement and mitigate other impacts to low-income households, including their approach to ensuring proper access to rapid re-housing services and the plan for preserving or creating affordable housing options, and how these efforts will be funded. Key to the success of this assessment must be an emphasis on preventing displacement in all cases, and on supporting persons through their relocation to long-term stable housing, if displacement does result from the project.

S 2. Strategy: Create a fund to mitigate the impacts of displacement including: providing relocation assistance for households up to 80 percent AMI, rapid re-housing, and housing navigators.

The City should also establish a budget line item to support a Risk Mitigation Fund to assist and support low-income households. This fund should include resources for efforts including, but not limited to, a relocation assistance package that includes rapid re-housing and housing navigation services provided by trained housing navigators/counselors who can provide individualized case management to ensure residents understand their housing rights and have access to a range of supportive resources.

Cities like San Antonio that are struggling to control, prevent and mitigate the negative impacts of displacement are also looking beyond public resources. With newly-dedicated resources from the city budget

and a diversity of funds as a reality, the City should also align itself strategically with business community and philanthropic partners in this effort to holistically address and combat the threat of displacement.

Such a fund with additional partnerships would ensure proper ongoing support and funding to help working families with social support, advice, and navigation through their challenges. The fund could also be used to offer emergency financial assistance to renter households facing an adverse event or displacement for rent and relocation costs. It should further be expanded for landlords and property owners of rental properties who would like to protect their tenants from displacement pressures.

Furthermore, the City should immediately develop guidelines for eligible residence and the level of support to be granted, for which a process is already underway. The City should also establish guidelines and requirements for conducting periodic assessments of housing vulnerability, the results of which would inform how and where resources could be deployed to prevent displacement, including use of housing navigators.

S 3. Strategy: Fund proactive outreach and counseling to low- and moderate-income households experiencing housing vulnerability.

Taking care of community means taking care of its most vulnerable neighbors. The MHPTF process identified proactive community engagement as a critical tool for creating a compassionate housing system. The City must invest funds and other resources to reach San Antonians who do not, or cannot, normally engage with the City, but who are most in need of the housing services that the City and its non-profit and private-sector partners provide. This means, in part, funding proactive outreach and counseling to households that are experiencing housing vulnerability so they are better prepared to deal with market changes. Outreach and counseling should be conducted by trained housing Navigators, based on

BUSINESS COMMUNITY LEVERAGE (DENVER)

The Lower Income Voucher Equity Program (LIVE Denver) is a two-year pilot program built through and funded by public-private partnerships to create immediate affordable housing options by leveraging multiple resources. The program is designed to align vacant rental units with working families and individual units with leveraged public, private, and foundation funding to meet affordable housing needs. With the primary goals to expand immediate affordability and access to quality housing for the city's workforce, this program is one of the numerous tools being used to address housing affordability in the City's 5-Year Housing Strategy.



A broad-based initiative is bringing together a diverse group of 23 faith leaders from among San Antonio's Catholic, Protestant, Jewish, Muslim and Sikh communities to wrestle with and find solutions for homelessness, affordable housing, and gentrification. This group, called the San Antonio Religious Leadership and Civic Engagement Project, is a new interfaith effort founded on the idea that when faith leaders speak together for the benefit of the community, the City and its officials will hear the message and act in the people's interests.

Growing out of a New York University study called the Religious Leadership and Civic Engagement Project, this effort was initiated in February 2018 and is spearheaded by Rabbis Samuel Stahl and Steve Gutow. It has engaged leaders like Archbishop Gustavo Garcia-Siller, Father Lawrence Christian, Rev. Les Hollon, Minister Max Lucado, Rev. David McNitzky, Rev. Ann Helmke, Rabbi Mara Nathan, Rev. Patrick Gahan, Rev. Beth Knowlton, Rev. Bob Fuller, Imam Omar Shakir, Sikh leader G. P. Singh, Lukin Gilliland, Jr. (a San Antonio business leader), and many others.

"One of the largest assets of any community is the faith community. We can make some really important changes and movement," states the Rev. Ann Helmke, faith liaison for the City of San Antonio.

At their May 30 meeting at Assumption Seminary, the group met with representatives from the MHPTF and discussed the campaign plan with a timeline for implementation in the fall of 2018. They are ardently committed to bringing faith into the commonwealth of San Antonio as a unifying and enriching force.

"The key to this project is the doing," says Rabbi Gutow. "The core idea is to bring together all the actors and do things they all believe in together."

the community health worker/Promotora model used effectively by the Metropolitan Health District. Services offered should include rapid re-housing case management that addresses all the needs of individuals and families experiencing housing insecurity; support for rental and owner-occupied housing rehabilitation, including zoning and land use systems education; financial education; and asset-building information, including tax appraisal appeals education. The overarching goals of successfully engaging communities in the City housing system is to help tenants and property owners improve their financial stability and economic mobility, and to create a living environment that promotes good health and enhances quality of life.

P Policy Priority: Reduce housing discrimination and expand opportunity.

Housing discrimination, though often in more subtle forms, and a high level of segregation in the city's housing market by economic status, race and ethnicity has a host of negative impacts on residents and the regional economy, hampering opportunity. San Antonio cannot make significant progress on its commitment to be a compassionate city without addressing these fair housing matters: discrimination and persistent segregation.

To expand opportunity and ensure access, there is a pressing need not only to produce and preserve housing



It is often said that the most affordable home is the one you already have. Unfortunately, many lower- or fixed-income homeowners in San Antonio must often choose between filling prescriptions and paying utility bills or replacing a leaking roof. The reality is that if roof repairs are put off too long, more widespread damage will occur. And to acknowledge the reality that much of our older housing stock lacks weatherproofing, insulation, and energy efficient systems and appliances, the City offers several programs for qualifying homeowners in need of assistance. These include Under One Roof, Owner-Occupied Rehab, and Minor Repair programs.

The 60-year old home pictured here belongs to Elaine Garza, a single mother of two who utilized the Owner-Occupied Rehab program to make critical home repairs that brought her home up to current building code standards. A new “cool” roof, a new highly efficient central air system, weatherization, plumbing upgrades/repairs, and other improvements have dramatically increased the family’s quality of life. The repairs have also cut the family’s water bill in half and cut their electric bill to less than \$150 per month from \$400 to \$500. For Elaine Garza, this has meant a dramatic increase in her family’s buying power and economic mobility.

affordable to households across the entire income spectrum in areas with access to jobs, quality schools and health care resources, but also to educate and raise awareness of the fair housing laws that protect individuals, often in underserved communities, against all forms of housing discrimination.

The Housing Act of 1968 and the Amendments of 1988 prohibit discrimination on the basis of race or color, religion, national origin, familial status or age, disability or sex. In addition to the protections guaranteed by the Fair Housing Act, the City can extend housing protections further to include other groups and prioritize affordable housing.

S 1. Strategy: Implement a citywide public education and outreach campaign about the importance of housing.

To increase public awareness and understanding of the importance of housing as an economic and social health component of a community, as well as to sustain the increased public investment in housing, there will be a need for ongoing education and outreach regarding

housing issues. Vocal opposition to the production of affordable housing is commonplace in communities struggling to address these needs and often rooted in a misunderstanding or misperception of the people who live in affordable housing.

The City should implement a citywide public awareness campaign on Fair Housing Laws and the importance of affordable housing including its economic and social benefits. Transparent and well-organized planning processes that acknowledge community concerns and points of conflict allow residents to work through them in an equitable way are important.

This effort will need to be undertaken in partnership with diverse constituencies, including but not limited to neighborhood associations, chambers of commerce, the San Antonio Apartment Association, San Antonio Board of Realtors and community-based nonprofits. Examples of a citywide education campaign could include exploring strategic ways to reduce income discrimination or facilitating an increase in the number of landlords and property owners that accept Housing Choice Vouchers.

ENSURE ACCOUNTABILITY
TO THE PUBLIC



The concept of an oversight or advisory body is valued deeply by many communities seeking to guide and implement comprehensive housing policies to address everything from homelessness and vulnerable populations to workforce housing and the delivery of services. The composition of an advisory body usually reflects the depth and complexity of the issues in its mandate to address. The City needs to be accountable for where its own policies may be standing in the way, and where they may be leading to discrimination or displacement, unintended housing availability or affordability challenges. This recommendation is intended to create a layer of public accountability for the City and its partners in the coordinated housing system to ensure that the public not only has a mechanism through which its voice can be heard, but that there is also a mechanism through which there can be constructive and meaningful dialogue with the City and its partners.

P Policy Priority: Create a governance structure for oversight and public engagement.

Mirroring the importance of a coordinated system from a structural perspective should be an equally structured framework of accountability to ensure that oversight and public engagement are an inseparable component of housing delivery.

S 1. Strategy: Redefine the Housing Commission as a public oversight board to guide the implementation of the MHPTF's recommendations and engage the public.

Through the MHPTF process, a strong conviction surfaced regarding the presence of an oversight body in San Antonio: that is, that too many new commissions and oversight boards would simply muddy the waters. So, to strengthen the Housing Commission and capture the newly-created momentum of this process, the City should comprehensively redefine and reconstitute this oversight body and give it appropriate authority to independently guide the implementation of the MHPTF's recommendations.

Specifically, it is recommended that the Housing Commission have nine members, five of whom should be selected to represent the people of San Antonio, and four of whom should be filled by the CEO/ Executive Director of the following organizations: San Antonio Housing Authority; San Antonio Housing Trust; San Antonio Economic Development Foundation; and the Housing Executive to be established in the City Manager's Office. As for the five community members, they should have a history of engagement on housing and neighborhood-

related issues as well as the stature necessary to hold elected officials and City staff accountable for the implementation of the report.

These members should also be at-large appointments, nominated by the Mayor and approved by the Council. The Mayor should appoint the Chair of the Housing Commission from among its members, and the Commission would have a process for inclusive and ongoing engagement with the public. The Housing Commission should also receive staffing and administrative support from NHSD.

S 2. Strategy: Develop an annual report to track and publicly report results of the full housing system, including but not limited to: unit production, cost burden, preservation, rehabilitation, leverage and rental production for 0 to 30 percent AMI and 30 to 60 percent AMI.

The Housing Commission should also guide and carry out a transparent, data-driven, third-party assessment to determine whether the City is meeting its goals, potentially benchmarking efforts against peer cities, and ensuring accountability in the implementation of all aspects of this report. Such a report, utilizing data collected through a comprehensive digital data management portal, would define metrics to be tracked, such as the total investment by program by source of funds, the number of new units produced by location and income level, the number of tax credit units preserved, the number of homes rehabilitated by location and income level, and the range of affordability metrics collected and analyzed through this process, among others. The Housing Commission should also track such metrics in a collaborative manner with other publicly-accessible efforts, such as SA2020, to remain accountable.

10-YEAR FUNDING PLAN



10-YEAR FUNDING PLAN

Investing in affordable housing strengthens our local economy, promoting job growth, boosting families' incomes and spurring more development. This 10-year funding plan is rooted in the conviction that with significant public funds leveraged with even greater private resources, the City can meaningfully impact and materially prevent its housing affordability problems from getting worse. That is, the main objective is to deploy resources aimed not only at producing more affordable housing to address targeted needs by income level and minimize or mitigate the impacts of displacement, but also at strategically rehabilitating housing and neighborhoods such that future displacement is prevented.

As documented by the problem statements in this report, the City should anticipate that its housing inventory gap (the supply-demand imbalance) for households critical to the city's workforce will increase by another 29,600 units over the next decade. As such, the subsequent objectives of this plan are to: 1) flatten the curve of that projected housing inventory gap over the next 10 years; and 2) slow the escalation of household overspending (cost-burden) and positively impact the region's GRP.

Source of Funds

This 10-year plan proposes \$485 million in new General Fund dollars, \$250 million in two separate 5-year General Obligation Bonds, assuming requisite City Charter amendments into affordable housing production, rehabilitation, and preservation. It also recapitalizes more than \$308 million of these funds into a revolving loan fund, estimated to support an additional \$113 million. Simultaneously, the plan leverages approximately \$133 million in City fee waivers and a 10-year cumulative \$58 million in property tax exemptions on the City's portion of property tax (0.558 percent) for the units produced.

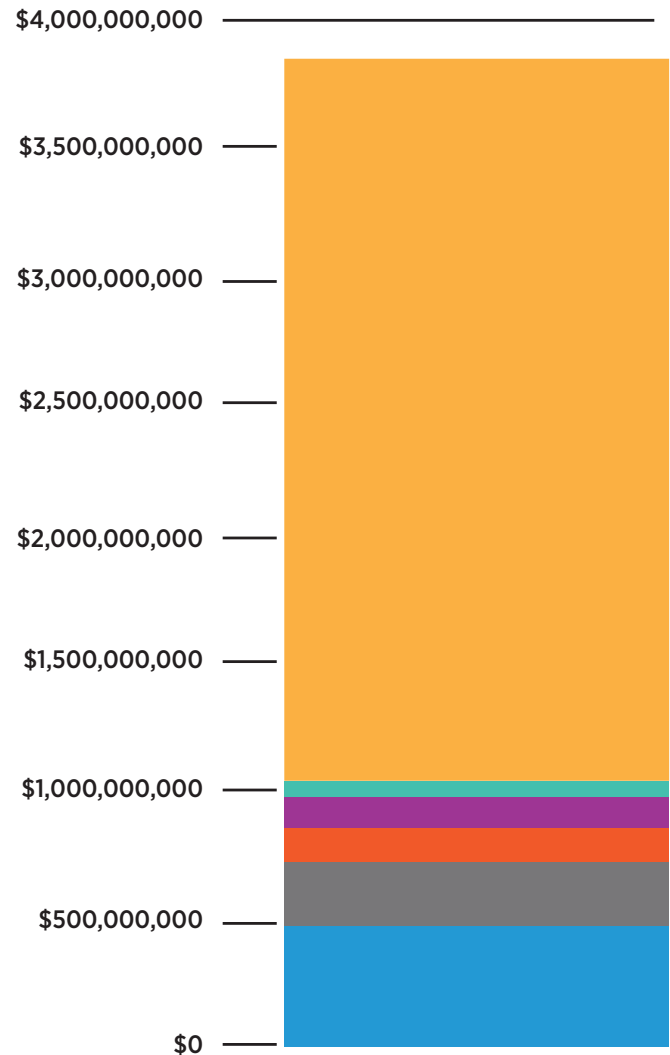
Investing just over \$1.0 billion in public and recapitalized funds would leverage between \$2.1 billion and \$4.2 billion in private funds, generating a total investment in affordable housing for San Antonio of \$3.1 billion to \$5.2 billion for affordable housing. Each dollar invested in affordable housing infrastructure boosts our local economy by leveraging public and private resources to lift resident earnings and local tax revenue, as well as to support job creation and retention. This \$1.0 billion investment is but a small fraction of the \$25 billion in revenue that the City will generate over the same period.

Allocation of Funds

Rental

Based on the needs documented through this process and in this report, 76 percent (\$644 million) would be

Source of Funds



- Leveraged Funds - \$2,831,500,000**
Leveraged funds consists mainly of private dollars, but also assumes some state and federal investment, such as HOME and CDBG. Assumes loan-to-value ratio of 75%/25% for owner and rental production projects, down payment assistance, as well as rental rehabilitation and preservation projects.
- Property Tax Exemption - \$58,590,959**
- City Fee Waivers - \$133,362,665**
- Recapitalized Revolving Loan Fund - \$112,958,160**
- Housing Bond Issue - \$250,000,000**
- General Fund - \$485,000,000**

Use of Funds

Rental Housing

\$644,448,202

Production: \$406 million

Rehabilitation/Preservation: \$225 million

Risk Mitigation Fund: \$3.2 million

Displacement: \$9.7 million

Administration (NHSD)

\$67,836,653

Housing and Services

\$8,479,582

Capacity Building: \$3.4 million

Housing & Supportive Services: \$5.1 million

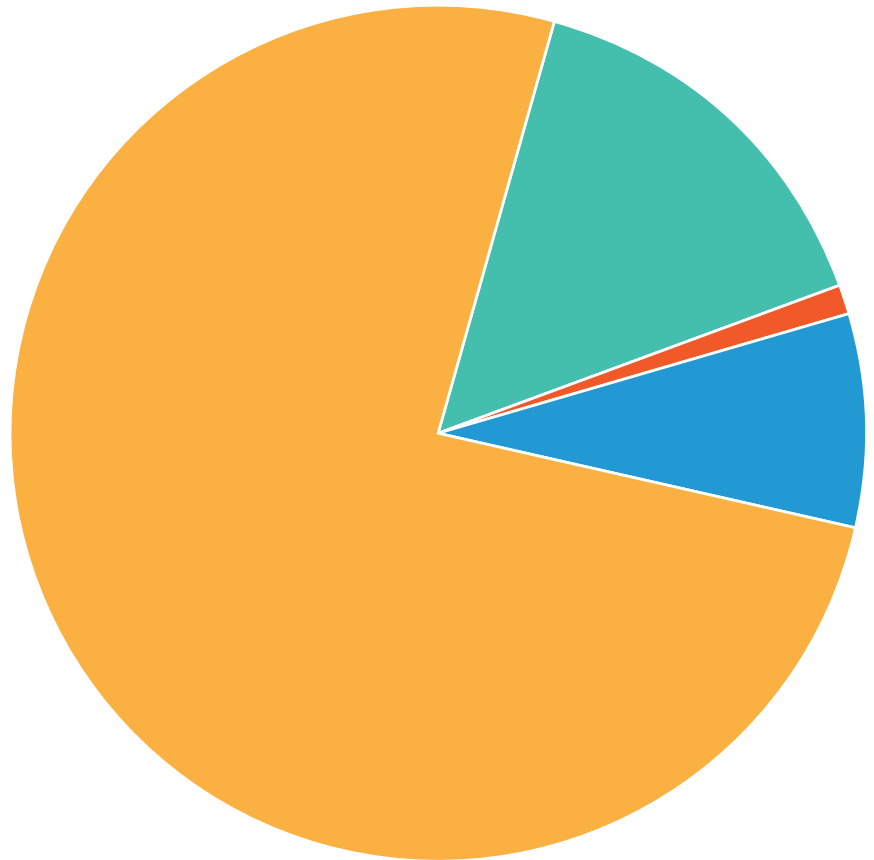
Ownership Housing

\$127,193,724

Production: \$44.5 million

Rehabilitation/Preservation: \$50.9 million

Down Payment Assistance: \$31.8 million



directed toward rental housing production inclusive of supportive housing (\$406 million), rehabilitation and preservation (\$225 million), risk mitigation (\$3.2 million) and displacement prevention (\$9.7 million). While there are dollars specifically allocated to the Risk Mitigation Fund and Displacement, the City's real approach to displacement prevention, however, ideally leverages the \$225 million in rehabilitation and preservation dollars, which should be used to target rental properties in need of repair, rehabilitation, and preservation in parts of the city facing or anticipated to face redevelopment before families become displaced. It is envisioned that approximately 50 percent of these dollars would be loaned to and repaid (into the revolving loan fund) by landlords/owners of rental properties at below-market rates on the condition that they maintain the affordability level of their properties. The dollars allocated to the Risk Mitigation Fund and Displacement are for the purpose of mitigating displacement that has already occurred and minimizing its impact on families and individuals.

Ownership

Fifteen (15) percent (\$127 million) would be directed toward ownership housing production inclusive of supportive housing (\$44.5 million), rehabilitation and preservation (\$50.9 million), and down payment assistance (\$31.8 million). Similar to the utilization of rehabilitation dollars for rental housing, it is envisioned that a majority of the \$50.9 million allocated to owner rehabilitation and preservation should be deployed in targeted neighborhoods to prevent the loss of affordable

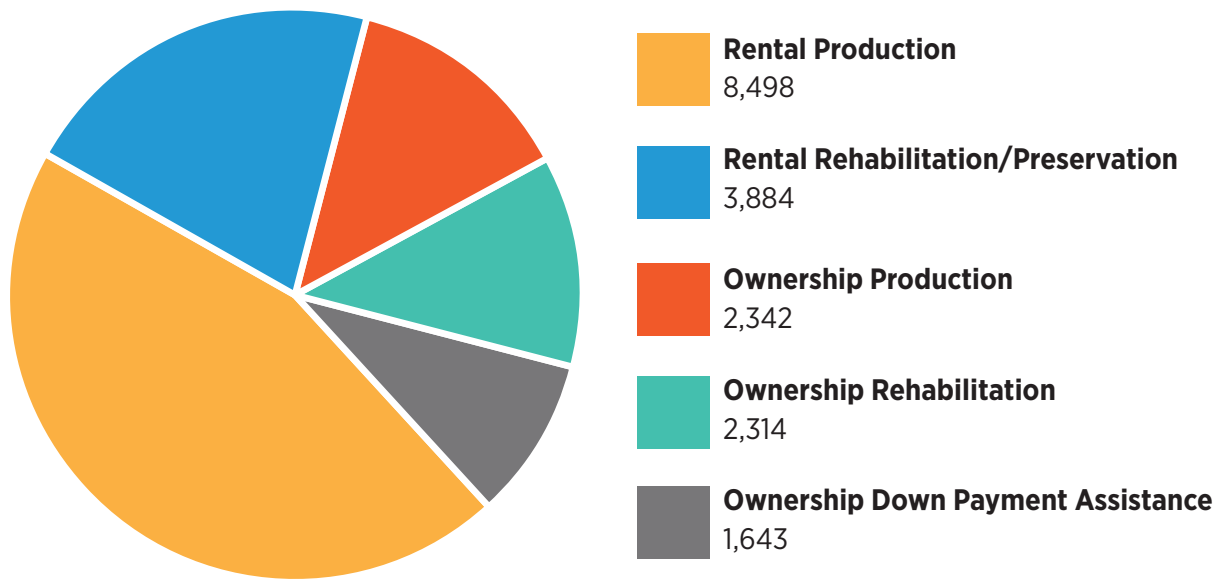
inventory and prevent the loss of stable communities. It is assumed that only a small portion of these funds would be offered in the form of loans, for the purpose of recapitalizing the revolving loan fund. It is also assumed that 100 percent of the funds used for down payment assistance would be in the form of second mortgages and repayable into the revolving loan fund.

Administration, Housing and Services

As articulated in the MHPTF's first of five overarching recommendations, making housing a priority requires that it be a structural and organizational priority. Essential to strengthening the fundamental structures that facilitate housing delivery will be increased leadership, staffing and resources dedicated to the City's organizational structure. To facilitate that policy priority, 8 percent (\$68 million) should be directed toward NHSD over 10 years to add the staff and tools necessary for the department to be more productive, efficient and successful. This means also enabling NHSD to play the strategic role of coordinating and leveraging investments of the public and private sectors.

One (1) percent (\$8.5 million) would be directed specifically toward capacity building and housing and supportive services in the community. These funds would be used strategically to fund efforts aimed at building the private nonprofit sector's capacity to deliver units and/or services to vulnerable populations, those facing or anticipating facing displacement, conducting inclusive public processes related to by-right zoning or UDC

Program Level Use of Funds and Unit Production



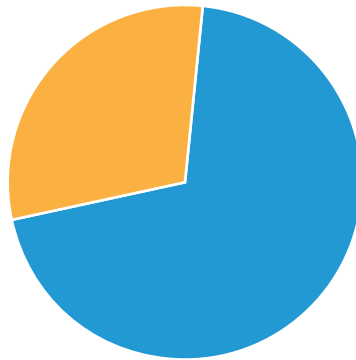
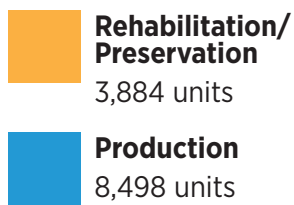
Housing Units Produced, Preserved or Rehabilitated

	ALLOCATIONS			
	Funds (\$) ¹	as %	Units (#)	as %
OWNERSHIP HOUSING				
Production	\$44,517,803	5.3%	2,342	12.5%
Sweat Equity Model	\$22,258,902	2.6%	1,089	5.8%
Average Cost of Construction Model	\$22,258,902	2.6%	1,253	6.7%
Rehabilitation	\$50,877,490	6.0%	2,314	12.4%
Down Payment Assistance	\$31,798,431	3.8%	1,643	8.8%
Ownership Housing as % of Ownership Housing	\$127,193,724	15.0%	3,957	21.2%
RENTAL HOUSING				
Production	\$406,002,367	47.9%	8,498	45.5%
Rehabilitation/Preservation	\$225,556,871	26.6%	3,884	20.8%
Risk Mitigation Fund	\$3,222,241	0.4%	0	0.0%
Displacement	\$9,666,723	1.1%	0	0.0%
Rental Housing as % of Rental Housing	\$644,448,202	76.0%	12,382	66.3%
ADMINISTRATION (NHSD)	\$67,836,653	8.0%	n/a	n/a
HOUSING AND SERVICES	\$8,479,582	1.0%	n/a	n/a
Capacity Building	\$3,391,833	0.4%	n/a	n/a
Housing and Supportive Services	\$5,087,749	0.6%	n/a	n/a
Housing and Services	\$8,479,582	1.0%	n/a	n/a
Total Uses as % of Total Housing	\$847,958,160	100.0%	18,681	100.0%

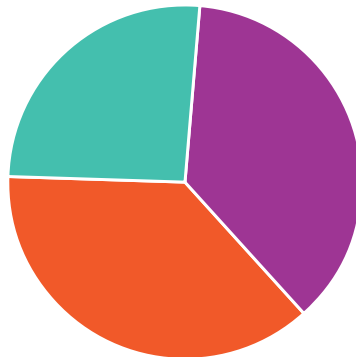
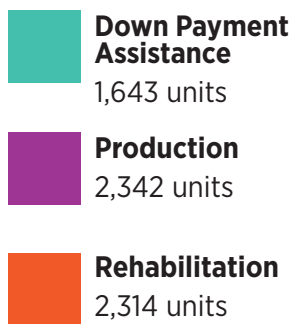
1. Due to rounding, some subtotals and totals may not reconcile.

Source: Economic & Planning Systems

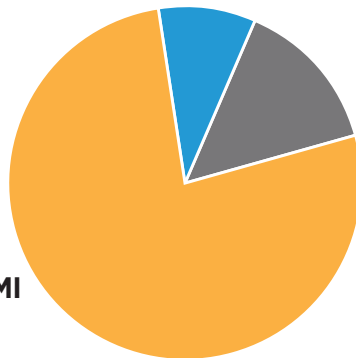
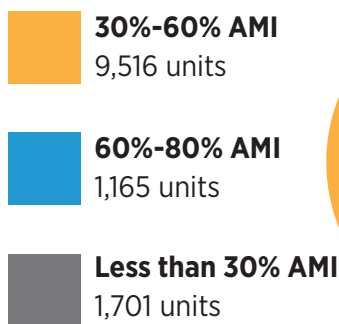
Rental Unit Production, Rehabilitation, and Preservation



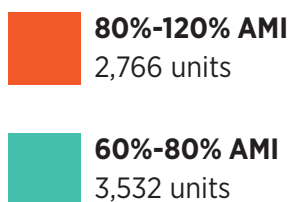
Ownership Unit Production, Rehabilitation, and Preservation



Rental Unit Production, Rehabilitation, and Preservation by AMI



Ownership Unit Production, Rehabilitation, and Preservation by AMI



revisions, as well as supporting public outreach efforts and campaigns to educate the public on the importance of affordable housing to economic development.

Production

Leveraging up to \$4 billion in additional private investment, the City would produce nearly 18,700 units of rental and ownership housing at targeted income levels. Based on the anticipated loss of 29,600 affordable housing units in the City’s supply-demand balance over the next 10 years, this level of production would be enough to avoid more than 60 percent of that entire projected supply-demand gap.

Rental

The portion of funds dedicated to building affordable rental housing units would produce an estimated 8,500 units, and the portion dedicated to rehabilitation and preservation would serve potentially to prevent the displacement of 3,900 households and preserve the affordability of their units. While not specifically estimated to “produce” units, dollars set aside for the Risk Mitigation Fund and Displacement could mitigate and minimize the impacts of displacement for hundreds or thousands of families over 10 years.

Ownership

It is estimated that the funds dedicated to affordable ownership housing would produce a little over 2,300 units. As with funds dedicated to rehabilitation and preservation for rental housing, these dollars would also serve potentially to prevent the displacement of approximately 2,300 low- and moderate-income, elderly, or vulnerable population households from their homes in areas facing or targeted for redevelopment pressure. A down payment assistance fund, which would be offered to first-time homebuyers in the form of second mortgages at below-market rates, would facilitate approximately 1,600 home purchases for moderate-income households.

Affordability Levels

Most important, however, to addressing the needs of the city’s residents, is the distribution of funds by income level.

Ownership Housing

In the production, rehabilitation and preservation of affordable ownership housing, more than 3,500 units are created serving the needs of households between 60 and 80 percent AMI, and nearly 2,800 units are produced and/or rehabilitated for households between 80 and 120 percent AMI.

Rental Housing

As shown in the graphic to the left, funding for critical income levels would produce approximately 1,700 units of rental housing for households at or below 30 percent AMI; more than 9,500 units for households between 30 to 60 percent AMI, and nearly 1,200 units for households between 60 to 80 percent AMI.

Economic Impact

Not only does the production, rehabilitation and preservation of nearly 18,700 units over 10 years mean that more than 60 percent of the projected loss in the affordable housing supply-demand balance is avoided, it means that households that would have suffered from cost burden might avoid such a financial constraint entirely.

With monthly cost-burden in the city projected to increase from approximately \$330 per household per month to at least \$380 by 2028, it can also be estimated that the impact of cost-burden avoidance, cumulatively, would be more than \$424 million by 2028. That means that by the tenth year of this funding plan, cumulative public-private investments will be responsible for reducing the overall cost-burden of San Antonio's households by nearly 10 percent per year (\$86 million). This also means that those dollars saved can recirculate in the local and regional economy to a greater extent, supporting and creating thousands of additional jobs, elevating the city's economy (GRP), and its quality of life.

Availability of Funds and Monitoring

It is estimated that nearly 100 percent of the \$771 million allocated to production, rehabilitation and preservation of affordable ownership and rental housing would be made competitively available to its community private and nonprofit partners over this time period. Ideally, the City and its partners would hold funding rounds, such as Requests for Information (RFI) or Proposals (RFP) or Notices of Funding Availability (NOFA) at the same time each year. Through a competitive and transparent award process, not unlike the funding rounds it currently conducts for CDBG and/or HOME funds, the City could maintain and monitor its progress toward achieving the goals spelled out in this report.

Assumptions

This funding plan is based on the MHPTF's best estimate of gap closure costs by tenure and by income level, using documented development costs and gap closure requirements for different purposes (i.e. production versus rehabilitation/preservation) and at different income levels. While all efforts have been made to realistically estimate how funds can be used, leveraged, and recapitalized, the MHPTF believes that the City should undertake a more in-depth analysis of how it can achieve these funding levels and production targets over the next 10 years with a more specific and detailed analysis of sources and uses at a project level.

Gap Closure

Overall, use of these funds represents an average public investment of approximately \$45,000 per unit. One of the major overarching assumptions of this model was that competitive 9 percent LIHTC awards will not be available as a source of funding for the production targets in this funding plan. This funding plan assumes that private activity bonds (4 percent LIHTC awards), City fee waivers, and property tax exemptions should be achieved to

warrant these gap closure factors. They were developed differently for ownership and rental housing products, and they were also escalated at 3 percent per year over the 10 years to represent the escalation of construction costs over time.

Ownership

1. 60 to 80 percent AMI (production): this factor is based on the Habitat "sweat equity" model, which assumes a cost of construction of \$145,000, City fee waivers of \$11,000, and a maximum affordable purchase price for the target household of \$116,400 (80 percent AMI). The gap closure factor is estimated to be \$17,600 per unit.

2. 80 to 120 percent AMI (production): this factor is based on the average-cost-of-construction model, which assumes a construction cost of \$180,000, fee waivers of \$11,000 per unit, and a maximum affordable purchase price for the target household of \$153,700 (100 percent AMI). The gap closure factor is estimated to be \$15,300 per unit.

3. Down payment assistance: it is assumed that down payment assistance loans are made to households at 60 to 80 percent AMI of approximately \$17,500 (15 percent of affordable purchase price) and to households at 80 to 120 percent AMI of approximately \$15,400 (10 percent of affordable purchase price).

Rental

4. Less than 30 percent AMI (production): assuming a deal structure with relatively low land costs, private activity bonds, City fee waivers, and property tax exemptions for 15 years, the per-unit gap closure factor is assumed at \$58,000 in order to bring 20 percent of units to 30 percent AMI.

5. 30 to 60 percent AMI (production): assuming a similar deal structure with relatively low land costs, private activity bonds, City fee waivers, and property tax exemptions for 15 years, the per-unit gap closure factor is assumed at \$37,500 to bring make 100 percent of units affordable at 60 percent AMI.

Rehabilitation

6. Renter and Owner: based on developers and affordable housing practitioner experience, rehabilitation per-unit factors range between \$30,000 and \$80,000, depending on degree of structural rehab that needs to be done. All owner and rental housing rehabilitation/ preservation factors were assumed to be \$50,000 per unit.

While success of this 10-year funding plan hinges on a number of major quantifiable assumptions that can be studied and assessed in greater detail and specificity, the magnitude of success of this funding plan could also increase if other more qualitative investments are successful over time, such as investments made to augment the skills and readiness of construction labor, or the development and availability of alternative building materials. In the case of the latter, if alternative and especially less expensive building materials or techniques are developed at scale, the dollars the City invests in this funding plan could go farther.

The background is a solid teal color. Scattered throughout are various colorful house icons in shades of pink, light blue, orange, purple, and yellow. The text is centered and reads:

EVERYONE NEEDS A PLACE TO CALL HOME

Prepared By

Mayor's Housing Policy Task Force *and* Economic & Planning Systems

in collaboration with:

City of San Antonio
National Association of Latino
Community Asset Builders

Local Initiatives Support
Corporation San Antonio
Ximenes & Associates

