Finance Technical Working Group (1/23) Meeting Notes

- Submit one paragraph Bio and housing experience
- First meeting to look at existing City initiatives
- Center for community change notes helping communities create housing trust funds
- Harvard study tables show people with incomes at less than $29 are experiencing the greatest rent burden
- Affordable Housing Commission - finance subcommittee has research on best practices
- Banks – financing tools CRA – what are their sweet spots? removing barriers to homeownership
  - District 5 - new housing center for Westside
- District 5 concern a/b gentrification is there a model that protects the aging residents?
- Look at more moderate income (density bonus voluntary inclusionary housing?)
- Existing programs who do they serve? 80% AMI or 10% - 140% AMI? “missing middle”
  - between 80-120 is struggling
- Homeownership v. rental
- NSP program– 80% AMI
- District 5 = Gentrification (Atlanta) Protect – Senior citizens
- Housing rehab needed
- Fee waivers – what projects are they funding
- Improve public housing -- rehabilitation –Casiano Homes
- We have data rent burden – Harvard study
- National Housing Authority -- Bond Financing
- Marianne Definition of affordable housing – HUD Definitions (30% or less of housing cost is considered affordable)
- TAX Foreclosures
- City Owned properties → Infill program model for small scale neighborhood development
- City probability owns a few foreclosures the city could use for affordability with an “in-fill” program
  - Shabby/weird titles – hard to work with
  - Houston – escrow program
  - Title review UTSA students
- Estate planning – donate land
- Federal Home Loan Bank products
- City property inventory
- More 9% - 4% tax credits deals, look at QAP, how do we finance?
- Need wage data, hourly wage community but incentives serving high-end projects, need to make incentive reform top priority
- Veronica Soto presentation – collect and distribute
- Lease land to provide more affordable housing
- Land Trusts – new models in Austin
- ICRIP / CCHIP – get list of $ Awards
- Why are nonprofits being denied?
- Feb 9 – Austin Housing Works conference
- St. Louis Naturally Occurring retirement communities
• Short term rentals policy in B. Session – could be tapped for tax $
• Illegal dwelling units, “Casitas” ADU ordinance
• Need new land use recommendations
• Asset building policies – SF Homes
• Collect research in how to build small housing
• Econ Development needed to stimulate local economies
• Large land/donated Land –source for affordable housing
• SA Urban Renewal Agency – new program get info
• SAHA Choice Wills - Eastside
• Need vision: Inside loop 410
• Infrastructure – new bond program
• City charter - change for more bond $
• What to recommend? (What kind?) GAP Financing
• Concerned about defining definition of progress and scope, most of the stuff has been for “low income” and more needs to focus on the poorer ppl
• Degrading infrastructure (inside loop 410) is discouraging ppl from living there
• issue w/ bond is SA charter does not allow bond money to go to housing
• Economics of affordable housing must be considered we need to figure out costs since we are thinking about financing we need to get the most bang for our buck
• Do we have an assessment of the kinds of gap financing we have – what are we using federal home loan banks
• Alice ends with example on affordable housing that work that 30 years later has preserved some economic diversity of a highly gentrified neighborhood
AGENDA
City of San Antonio, Neighborhood and Housing Services Department
1400 S. Flores, Main Conference Room
Friday, February 9, 2018
9:00 a.m. – 11 a.m.

1. Welcome and Introductions -- Erlinda Cortez, Co-Chair

2. Review Today’s Agenda – Alice Salinas, LISC
   - Review of Existing City Housing Finance Resources – HOME/CDBG
   - CCHIP and ICRIP Incentives – Policy Changes from the Work of the Affordable Housing Commission
   - Density Bonus & In-lieu Fees – Austin model
   - TIF and TIRZ and Government-Owned properties
   - Bond Financing and Tax Credits
   - Why Aren’t Nonprofits Getting funded?
   - Rehabilitation Including Public Housing
   - Best Practices Matrix
   - Financing Special Needs Housing including Seniors
   - San Antonio Housing Trust
   - City Housing Department/Infrastructure & Staffing
   - Banks and CRA
   - City Charter and Urban Renewal Program
   - City Funding Awards Transparency and Accountability

3. Next Steps and Conclusion – Erlinda Cortez
EXISTING PROGRAMS REVIEW AND EVALUATION

Policy /Program Evaluation (LISC Butcher Paper)

- What is the Policy? Does it meet goal of producing affordable housing?
- Who’s getting funded; which populations are being targeted?
- Does it meet “Equity” test?
- Evaluation of Projects / Transparency
- Program / Policy Revisions / Enhancements
- Barriers

Agenda

1. HOME/ CDBG
2. Federal Housing Policy
3. Urban Renewal program
4. Why aren’t non-profits getting funded?
5. Additional data research

1. Home/CDBG
   Info from Laura Salinas and City staff
   - Federal Program
   - $11.9 Million (Annually)
   - $3.8 Million + Program income $1 Million
   - 250k other housing activities
   - Serves 80% AMI
   - CDBG $2 million, site clearance and other
   - Rental
     - NRP/Trust $1.6 million
   - Ms. Salinas clarifies that City funds nonprofits at a significant level
   - HABITAT $1.4 million
   - Alamo Community Group $600,000 for single family homeownership
   - CHDO operating
     - Non-profits – Lord Grove, Alamo Community Group, Our Casas Resident Council
   - Need to look at financing models including 221(d)

2. Federal Housing Policies
   Guidelines for the use of federal $
   - Need clear policy goals, objectives & scoring criteria
   - Evaluation Process: Unclear
   - Underwriting –consistent with other financing programs – is this clear?
   - Rehab vs. New construction?
   - Clear Guidelines (fees -developer, architect, consultant, general contractor), time frames, operating cost
- Need to understand how City is assessing developer capacity
- Should be first $ in
- Loan calculator
- Per unit subsidy guidelines
- Diversify developer base
- Combine with CDBG to expand pool
- Other criteria – build equity

3. **Urban Renewal Program**
   - City staff provides overview and new hire will help implement the program
   - Need land acquisition strategy to streamline process
   - Infrastructure program
   - Need Charter amendment

**New Finance and Production Unit (LISC Butcher Paper)**

- Negotiate Deals
- Coordinate with other units programs
- Manage NOFA’s
- Responsible for project completion
- Close Financing

- Policy: Evaluate existing programs group
- Jose, Marianne, Jim and Jennifer

**Issues/Passions**

- Preapproved cottages
- OUR SA - Land Bank
- P3 – Other Sources -- Marianne
- Needs – Lourdes – we need housing -- 50% lower end of spectrum
- “Decade of Working Person” –
- Erika – Housing policy
- Marianne – Centro San Antonio
- “For all” – Creating new funding
- Air bnb – source of funding
- Daniel Galindo - Woodforest mobilize capital markets (non-mortgage)
- Joanne Kaplan – mother of millennials, can’t final housing in SA (real estate broker) adaptive reuse
- Better Coordination/timing with government $
- Land Bank
- Streamline permitting – infill housing (mobile home Parks)
- Dahlia, Crockett - get families into == housing 80% or lower
  - Why don’t other banks /people who don’t quality
  - Ernest & Young in the know SA, raise consciousness
  - Tax = need other way to tax
  - $11 million doesn’t cut it
- Jim – increase the number of units need
  - dedicated source (subsidy) and
  - 2) Remove barriers (SFH, multifamily)
  - NEED As-of-right policy –
    - Has Bexar county info
- Peña – LiftFund (underbanked individuals)
- Laura Salinas – CDBG/ HOME, interested in low-income housing and community development
- Gene – more programs, thinking big, urban core, be innovative
- Daniel
  - Housing rehab
  - Aging in-place
  - New home building
  - $100 million!
- Victoria – need new resource
- Jose “decade of the working person” need options for people earning an hourly wage
  - Need to look at financing models
  - 221 (d)(4)
  - Need debt/equity
- Affordable housing developer $150K per family?
  - Look at bonds/new resources
- Craig, credit union – build communities (SF unit)
- Nono Flores (HUD) (Housing Authority) (Guidelines)
  - Soft $ +4% bonds
- Marianne Hebrew loans – new resources – build equity
- Equitable fair housing
- Paul Martin – Bond attorney (user friendly)
- Veronica (CCDO) – CCHIP – more housing /retail
  - Luxury unit = education
- Julie, Bond counsel (Land Trust)
AGENDA
Mayor’s Housing Policy Task Force Technical Working Group: Funding & Finance
LIFT FUND, 2007 W Martin St, San Antonio, TX 78207
Friday, March 9, 2018
9:30 -11:30 a.m.

1. Welcome and introductions (Erlinda/Celina) 5 MINS

2. Process overview (Leilah) 3 MINS
   a. Ground rules
   b. Role of co-chairs and subcommittees

3. Review today’s agenda and goals (Paul) 5 MINS
   a. Problem statement & summary
   b. Task Force and Working group timelines and scheduled meetings

4. Best practices review (Leilah) 15 MINS

5. Report from sub-groups (Jim) 15 MINS

6. Review current draft policy and action item recommendations to begin creating policy framework for our report [see attached matrix] (Leilah) 20 MINS
   a. The City of San Antonio will establish a dedicated municipal or pass-through source of affordable housing funding, from existing sources, tied to annual data and projections regarding housing need.
      i. Require a contribution from CPS utility users to an affordable housing fund that provides gap financing for affordable housing.
      ii. Allocate $10 million annually in general funds to an affordable housing pool.
      iii. Dedicate CPS revenues above annual projections to affordable housing.
      iv. Designate a minimum of $5 million annually in CDBG funds for low-income, workforce housing.
      v. Establish a transit-oriented communities funding mechanism in partnership with VIA.
   b. The City of San Antonio will, to the extent possible, lead an effort to expand the sources of dedicated revenue to support affordable housing.
i. Begin the planning for a campaign to build support for an increase in an existing or new fee or tax (sales tax, hotel occupancy, document recording fee, tobacco tax, short-term rentals etc.) that would provide an ongoing, dedicated source of gap financing for affordable housing.

ii. Prepare and plan for a charter amendment to enable the use of bond proceeds for residential construction costs.

iii. Initiate a new bond measure for $150 million for affordable housing.

iv. Support federal legislation to support the expansion of the tax credit program, including H.R. 4185.

c. The City of San Antonio will partner with the private sector and other public sector entities to increase private sector involvement.

   i. Mobilize the private sector to develop an equity pool to stimulate more investment in low-income housing tax credit transactions.

   ii. Support the creation of a Funder’s Collaborative to develop and implement a Program Related Investment (PRI) Program to invest in homeownership, land trusts, and small infill projects in the urban core.

   iii. Create “lending circles” or micro-lending mechanisms through which small groups can support each other through the home improvement process.

   iv. Create a Housing Finance & Production Unit with underwriting capacity within the City’s housing services department to support higher production levels.

d. The City of San Antonio will integrate stronger affordable housing goals reaching a larger number of lower-income households into existing incentives and regulatory structures.

   i. Expand the use of tax increment financing to apply to land and property owned by government institutions. Develop a program to leverage new and existing TIF.

   ii. Require rent restrictions and deeper affordability on the projects that are seeking a property tax abatement.

   iii. Extend the affordability period on multifamily residential from 30 to 55 years.

e. To other MHPTF Working Groups:

   i. Re-examine the City’s density bonus policy and identify any barriers to imposing an in-lieu fee. (REMOVING BARRIERS)

   ii. Explore a “by-right” zoning designation or other tool to streamline the approval process for affordable housing projects. (REMOVING BARRIERS)

   iii. Create a Housing Finance & Production Unit with underwriting capacity within the City’s housing services department to support higher production levels. (COORDINATED SYSTEM)
7. **What’s missing? Workshop draft policy and action items by breaking into four small groups (All) 40 MINS**

   Working in groups of 3-4, identify missing policy areas and action items to address our problem statement, using the policy framework established by the Task Force [attached]. Each group will be asked to review and expand one set of draft goals (a-d above) and report back to the group.

8. **Report out by each group 10 MINS**

9. **Wrap-up and next steps (Leilah) 5 MINS**
1. **Review Working Group Problem Statement and Scope:**
   a. Examine existing affordable housing finance programs
   b. Propose policies to create new funding sources and reallocate resources
   c. Create a model for building capacity to sustain higher levels of housing development and rehabilitation activities
   d. Recommend that the City make affordable housing a priority

2. **Presentation of draft working group policy goals and examples of recommendations/actions:**
   a. The City of San Antonio will establish a dedicated municipal or pass-through source of affordable housing funding, from existing sources, tied to annual data and projections regarding housing need.
      i. Require a contribution from CPS utility users to an affordable housing fund that provides gap financing for affordable housing.
      ii. Allocate $10 million annually in general funds to an affordable housing pool.
      iii. Dedicate CPS revenues above annual projections to affordable housing.
      iv. Designate a minimum of $5 million annually in CDBG funds for low-income, workforce housing.
      v. Establish a transit-oriented communities funding mechanism in partnership with VIA.

   b. The City of San Antonio will, to the extent possible, lead an effort to expand the sources of dedicated revenue to support affordable housing.
      i. Begin the planning for a campaign to build support for an increase in an existing or new fee or tax (sales tax, hotel occupancy, document recording fee, tobacco tax, short-term rentals etc.) that would provide an ongoing, dedicated source of gap financing for affordable housing.
      ii. Prepare and plan for a charter amendment to enable the use of bond proceeds for residential construction costs.
      iii. Initiate a new bond measure for $150 million for affordable housing.
      iv. Support federal legislation to support the expansion of the tax credit program, including H.R. 4185.

   c. The City of San Antonio will partner with the private sector and other public sector entities to increase private sector involvement.
      i. Mobilize the private sector to develop an equity pool to stimulate more investment in low-income housing tax credit transactions.
      ii. Support the creation of a Funder’s Collaborative to develop and implement a Program Related Investment (PRI) Program to invest in homeownership, land trusts, and small infill projects in the urban core.
iii. Create “lending circles” or micro-lending mechanisms through which small groups can support each other through the home improvement process.

iv. Create a Housing Finance & Production Unit with underwriting capacity within the City’s housing services department to support higher production levels.

d. The City of San Antonio will integrate stronger affordable housing goals reaching a larger number of lower-income households into existing incentives and regulatory structures.

i. Expand the use of tax increment financing to apply to land and property owned by government institutions. Develop a program to leverage new and existing TIF.

ii. Require rent restrictions and deeper affordability on the projects that are seeking a property tax abatement.

iii. Extend the affordability period on multifamily residential from 30 to 55 years.

e. To other MHPTF Working Groups:

i. Re-examine the City’s density bonus policy and identify any barriers to imposing an in-lieu fee. (REMOVING BARRIERS)

ii. Explore a “by-right” zoning designation or other tool to streamline the approval process for affordable housing projects. (REMOVING BARRIERS)

iii. Create a Housing Finance & Production Unit with underwriting capacity within the City’s housing services department to support higher production levels. (COORDINATED SYSTEM)

3. **Presentation: Jim Plummer/Current MF Housing Gap Sub-group**

*Purpose of presentation: Provide an estimate of the magnitude of the funding gap. Emphasize timeline for production regarding market absorption and realities of our ability to produce. Propose a decade of affordability.*

*Following estimates based on 300-unit multi-family and 2015 study of need:*

- **Low Income (80% AMI)**—need 2,000 units per year over 10 years ($14m per year—subsidy needed)
- **Very Low Income (60% AMI)**—3,000 units per year over ten years ($35m per year—subsidy needed)
- **Extremely Low Income (30% AMI)**—5,000 units per year over ten years ($XXm per year—subsidy needed)

*Important to figure out how to improve the financing system so that we can build housing across the city.*

*Questions/Comments:*

- **This approach is based on the existing large Multi-Family approach. What about inside Loop 410—smaller projects and owner-occupied housing? What are financing mechanisms to deal with this?**
  - **This is what we want to address through this meeting**
- Housing rehabilitation for owner-occupied housing. What about a program where Home Depot donates materials?
- We need to look at funding/financing solutions for range of housing types.
- For Single-Family—need is $30-40k subsidy to get to an affordable housing price.

4. Review: Review of suggested dedicated revenue sources and best practices

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Best Practices</th>
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<tbody>
<tr>
<td>- Tax increment funding</td>
<td>- Housing trust funds</td>
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<td>- Short-term rental fee (e.g. Airbnb)</td>
<td>- Dedicated revenue sources</td>
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<td>- Document recording fee</td>
<td>- Tax credits</td>
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<td>- Hotel/motel tax</td>
<td>- Inclusionary zoning (requires state action)</td>
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<td>- Housing bonds</td>
<td>- Preservation strategies for naturally occurring affordable housing</td>
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<td>- Condo conversion fee</td>
<td>- Reserve land for housing in areas where growth is anticipated</td>
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<td>- Construction excise tax</td>
<td>- Fee waivers</td>
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<td>- General fund set aside</td>
<td>- Expedited reviews</td>
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<td>- Real property transfer tax</td>
<td>- Density bonus</td>
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<td>- Demolition tax</td>
<td>- Accessory dwelling units</td>
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<tr>
<td>- City-owned land sales</td>
<td>- Permanent supportive housing (for homeless population)</td>
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<td>- Building permit fees (increase)</td>
<td>- Property tax waivers/circuit breakers</td>
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<tr>
<td>- Sales tax</td>
<td>- Linkage fees/In-lieu-of fees (with inclusionary zoning)</td>
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<tr>
<td>- Alcohol and tobacco taxes</td>
<td>- First-time homebuyer programs</td>
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<tr>
<td>- Taxing polluters</td>
<td>- CRA investments and PRIs</td>
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5. Group work: What does the group want to add to the 4 goals presented at beginning of meeting? What policies might help us reach these goals?

a. Dedicated financing or pass-through funds to support affordable housing
   i. Identify. Make and maintain inventory of existing programs and ensure alignment with overall goal(s) of the Housing Task Force.
   ii. Process. Redesign a user-informed process that efficiently creates a pipeline of affordable housing projects within COSA.
   iii. Fund. Dedicate a long-term source of funding to execute pipeline
      1) CCHIP for affordable housing
      2) First cut of CDBG
   iv. Measure feedback. Establish performance metrics and ensure a transparent goal-oriented process informed by user feedback and reflecting overall direction of Housing Task Force.

1) Short-term:
   a) COSA general fund—$20 million, following precedent for meeting comm. Goals
   b) Tax abatement policy—nexus with housing
   c) CDBG—follow best practices among peer cities (find payback mechanism for Section 108—approximately $4.8 million—and reduce funding for COSA staff—approximately $2.1 million)
   d) Waive impact and permitting fees (COSA, SAWS, CPS)
   e) Determine annual property tax revenue from market-rate rental housing and capture a percent, for a determined number of years, to fund affordable rental housing
   f) Tweak policy to retain a larger percent of TIRZ increment capture for affordable housing (example: City of Houston)
   g) Expand TIRZ to regional centers, transit corridors, to fund affordable housing
   h) Issue revenue bonds within TIRZ

2) New sources of dedicated revenue:
   a) Coordinate funding efforts with Bexar County (possibly through a joint housing commission)
   b) Dedicate revenue from the sale of public-owned land (City, school districts, CPS, etc.) to affordable housing
   c) Dedicate a portion of property taxes to SAHA (similar to tax revenue that goes to the hospital district)
   d) Lease underutilized or undeveloped SAHA land to developers and use that revenue stream to fund more affordable housing
   e) Pursue more philanthropic funding—both local and national foundations.
      a. Build the capacity of community-based organizations to set up community land trusts, and use foundation grants/PRIs to support land acquisition and development activities by the trusts
   f) Bond issue for affordable housing fund
   g) Value capture mechanisms around all public investment (development incentives, bond investment, etc.)
   h) Fee-in-lieu for tax exempt properties (for example, universities)
   i) Have SAHA issue bonds

b. Increase private sector involvement
   i. Support minimum wage increase (state legislation and/or local action)
   ii. Exploitation tax (tax low-wage employers and predatory lenders—i.e. pay day lenders) to fund affordable housing
   iii. Monopoly tax
   iv. In kind donations (construction materials) from large companies to reduce the cost of housing rehabilitation
v. Work with financial institutions to reduce the servicing cost of loans
vi. Employer-assisted housing
   1) Tie incentives to investments in housing for workforce
   2) Department of Defense funds to house civilian employees
vii. Joint development agreements for housing on publicly-owned land (for example, Tobin Lofts)—include ACCD, COSA, Bexar County, school districts, SAWS, CPS, SARA, etc.

c. Deeper targeting and prioritizing affordable housing within COSA
   i. Dedicate additional funds to guarantee deeper targeting for an extended period of time
   ii. Establish targets for multiple affordable housing priorities (including both finance and consumer) as per Housing Commission recommendation

d. Additional goal: Increase awareness of cost of funds, cost/benefit of affordable housing
   i. Study the benefits of AAA rating vs. AA rating, and the benefits of investing in housing/infrastructure
   ii. Study the dedication of a percent of reserves to affordable housing
   iii. Determine and capture benefit from CCHIP and ICRIP investments and dedicate to affordable housing

e. Additional ideas
   i. Create one consolidated fund for housing
   ii. Designate one agency to coordinate single-family housing rehabilitation activities
   iii. Reallocate existing taxes to affordable housing
   iv. COSA should purchase land and also take foreclosed properties (which can be condemned to clear title issues), and put them into a land trust

Next steps

- Who implements?
- Other jurisdictions
1. Welcome and introductions (Celina) 5 MINS

2. Review today’s agenda and goals (Leilah) 5 MINS
   a. Task Force, Working Group and final report timelines and scheduled meetings
   b. Funding & finance problem statement & summary
   c. Working Group meeting results

3. New resources review (Leilah et al) 10 MINS
   a. NLIHC Study
   b. Harris Housing Advisers LLC
   c. Solutions at various scales

4. Review draft list of funding sources and financing mechanisms (Leilah) 35 MINS

   In preparation for this item please refer to the list on pages 2-3; this will be our final group review of the consolidated recommendations before prioritization at the next group meeting. Are recommendations correctly categorized?
   a. Short Term
   b. Intermediate
   c. Long-term

   BREAK (5 MINS)

5. Discuss and finalize affordable housing policy definitions and priorities—group workshop (Leilah) 50 MINS

   In preparation for this item please refer to page 4. During this working session the group will discuss the working definitions of affordable and workforce housing and how to present recommendations to the Task Force.

6. Wrap-up and next steps: final meeting (Leilah) 10 MINS
Create New Funding Sources and Reallocate Resources

**Short term**

1. Increase COSA non-federal affordable housing allocation:
   a. Dedicate CPS revenues above annual projections
   b. Allocate $20 million annually in general funds
   c. Dedicate revenue from the sale of COSA-owned land
2. Increase and leverage federal sources:
   a. Designate a minimum of $20 million annually in CDBG funds for low-income and workforce housing
   b. Follow best practices among peer cities re: CBDG allocation
   c. Find payback mechanism for Section 108—approximately $4.8 million annually
   d. Reduce funding for COSA staff—approximately $2.1 million
3. Waive impact and permitting fees (COSA, SAWS, CPS)

**Intermediate**

1. Capture a percentage of COSA property tax revenue resulting from valuation increases due to public investment:
   a. Determine annual property tax revenue from market-rate rental housing and capture a percent, for a determined number of years, to fund affordable rental housing
   b. Determine and capture tax benefit from CCHIP and ICRIP investments
2. Amend TIF/TIRZ operating policies to:
   a. Retain a larger percent of TIRZ increment captured for affordable housing (example: City of Houston)
   b. Expand TIRZ to regional centers and transit corridors to fund affordable housing
   c. Issue revenue bonds within TIRZ
   d. Expand to apply to land and property previously owned by government institutions
   e. Leverage new and existing TIF/TIRZ

**Long-term**

1. Implement property tax waivers/circuit breakers
2. Establish a transit-oriented communities funding mechanism in partnership with VIA
3. Expand housing bond issuance by SAHA and other Housing Finance Corporations
4. Determine the net present value of housing investments and the cost/benefit ratio of:
   a. Maintaining a AAA rating vs. AA rating
   b. Dedicating a percentage of COSA reserves to investments in affordable housing
5. Levy a fee on CPS customers to fund affordable housing gap financing
6. Propose a charter amendment to enable the use of bond proceeds for residential construction cost:
a. Initiate a new bond measure for $150 million for affordable housing
b. Inform advocacy groups regarding bond measure

7. Increase and leverage federal sources:
   a. Seek Department of Defense funds to house civilian employees
   b. Support federal legislation to support the expansion of the tax credit program, including H.R. 4185

8. Work with the State of Texas to create new funding and finance mechanisms:
   a. Similar to tax revenue that goes to the hospital district, dedicate property taxes to SAHA
   b. Fee-in-lieu for tax exempt properties (for example, universities)
   c. Raise caps or approve new taxes and fees dedicated to affordable housing such as sales tax, document recording fees, tobacco tax, monopoly tax, exploitation tax

9. Reallocate a portion of existing COSA taxes and fees such as sales tax, hotel occupancy, short-term rentals, etc.

Expand Public Private Collaboration

**Intermediate**

1. Stimulate more investment in affordable housing:
   a. Privately-funded equity pool
   b. Publicly-funded loan loss reserves/guarantees
   c. Managed by a private lending institution
2. Pursue more philanthropic funding—both local and national foundations

**Long-Term**

1. Funder’s Collaborative to develop and implement Program Related Investments (PRI) in homeownership, land trusts, and small infill projects in the urban core
2. Work with financial institutions to reduce the servicing cost of loans
3. In conjunction with private sector employers, create employer-assisted housing:
   a. SF downpayment assistance programs
   b. Rental voucher program funded with public and private resources to target lower wage workers (like Denver)
4. Create a Housing Finance & Production Unit with underwriting capacity within the City’s housing services department to support higher production levels and more effective partnerships
5. Create “lending circles” or micro-lending mechanisms through which small groups can support each other through the home improvement process
Make Affordable Housing a Priority for the City of San Antonio

1. Require both rent restrictions and deeper affordability targets on all projects seeking public funding, including CCHIP, ICRIP, tax abatements, HOME and CDBG:
   a. Define workforce and affordable housing:
      i. MF/SF
      ii. Construction, rehabilitation, adaptation, preservation
      iii. AMI
      iv. % income in rent/monthly payment
      v. Affordability period
   b. Establish targets for multiple affordable housing priorities (including both finance and consumer) as per Housing Commission recommendation
   c. Dedicate additional funds as needed, demonstrated by available data
Moved to Removing Barriers Working Group

1. Re-examine the City’s density bonus policy and identify any barriers to imposing an in-lieu fee.
2. Explore a “by-right” zoning designation or other tool to streamline the approval process for affordable housing projects.
3. Inclusionary zoning (requires state action)
4. Expedited reviews
5. Density bonus
6. Accessory dwelling units

Move to Resilient Neighborhoods

1. Support minimum wage increase (state legislation and/or local action).
2. Create Preservation strategies for naturally occurring affordable housing.
3. Build the capacity of community-based organizations to set up community land trusts, co-housing, and use foundation grants/PRIs to support land acquisition and development activities by the trusts.

Move to Coordinated Housing System

1. Designate one agency to coordinate single-family housing rehabilitation activities.
2. Create an integrated housing pipeline within COSA:
   a. Identify. Make and maintain inventory of existing programs and ensure alignment with overall goal(s) of the Housing Task Force.
   b. Develop process. Redesign a user-informed process that efficiently creates a pipeline of affordable housing projects across departments.
   c. Measure feedback. Establish performance metrics and ensure a transparent goal-oriented process informed by user feedback and reflecting overall direction of Housing Task Force.
   f. Dedicate funding. Establish a dedicated municipal or pass-through source of affordable housing funding, from existing sources, tied to annual data and projections regarding housing need.
3. Reserve land for housing in areas where growth is anticipated.
4. Lease underutilized or undeveloped SAHA land to developers and use that revenue stream to fund more affordable housing.
5. Dedicate revenue from the sale of public-owned land (City, school districts, CPS, etc.) to affordable housing.
6. Joint development agreements for housing on publicly-owned land (for example, Tobin Lofts)—include ACCD, COSA, Bexar County, school districts, SAWS, CPS, SARA, etc.
7. Coordinate funding efforts with Bexar County, possibly through a joint housing commission.
Funding and Finance Working Group

Meeting Notes

March 22, 2018

13 members in attendance

Marianne Kestenbaum

- Additions (add to PPP section under long-term recommendations)
  - Asset based community development approaches
  - Cost avoidance: ROI on funds invested in supportive services
  - City-County collaboration on justice system
  - Reducing need for services

Short-term (start discussion within 1 year)

- Allocate $20 million general fund dollars to affordable housing
  - Change: add binding recommendation to increase the $20 million to a larger number in the future (require a specific % of budget)
- 2a. New/revised recommendation: Maximize direct use of CDBG for housing by reallocating general and administrative costs so that total allocation is increased
- Move 7a (DoD funding) to intermediate?
- 2b. Add to short-term: Explore the potential for use of Opportunity Zones
- Addition: review current budget for all departments with housing functions, identify how much funding is being used for housing. Also examine funding and how it is spent by publicly-affiliated organizations (TIRZ, PPP, etc.)
  - Follow up: Share locations of documents on Google Drive that point to funding levels
- Analyze housing trust corpus and its investment restrictions (immediate recommendation)
- Centralize access to all of the information about city housing dollars and housing entities, guidelines and reports
- Analyze TIRZ financial performance—update on report that was submitted and changes made (immediate recommendation)

Intermediate-term suggestions:

- 2a. TIF/TIRZ – change “retain” to “dedicate”
- Add to TIRZ recommendation: (Jose Gonzalez)—issuing revenue bonds to create predictable and low-cost source of capital for lending and investment.
- 1. CCHIP and ICRIP recapture: reimbursement to City for some portion of incentive, upon refinance or sale.

Long-term

- Addition: City needs to be prepared to issue revenue bonds for SF mortgages should interest rates rise and these become feasible
- 4a credit rating recommendation
- Strong objections from Paul Martin. Attacking the AAA rating will detract from the report. There will be too much pushback.
- Marianne Kestenbaum—still worthwhile to do the analysis of what the benefits of AAA are versus AA. Feels strongly that it should be included. Perhaps the wording should be changed. Does the City have an analysis?
- Follow up task for consultants: review CPS and SAWS-related recommendations.
  - Questions raised about how the proposal will change the way SAWS sets rates, who will ultimately pay, and about tying increased rates to funding green construction.
  - What is the specific recommendation? Increase the impact fee cap?
- Marianne will do research on USDA funding.
- 8a addition: (affordable housing district) state designation of urban renewal district as a taxing district—needs more research. Has this been done? What would it require? Follow up research by consultants.
- Change Sales tax recommendation—explore raising the cap and reallocating what we are funding through sales tax (rededicate to affordable housing)
- Question from Noah Garcia: should we use funding to buy down affordability on 9% tax credit and housing trust FC and FPC projects to get to 60% AMI or lower.
  - Working group needs to think about what are the ways to create a tool to fill the gap to get more affordability
- Bond (6a, b)
  - Explore ways low interest bond dollars can be used as part of capital stack for multi-family projects. Loan-loss or guarantee pool. Debt service. We need multiple intervention points in the capital stack that can provide certainty to lenders.
  - Add “municipal” or “General Obligation” before bond
- Privately-funded equity pool specifically to complement 4% investments
- Missing from list: San Antonio Housing Trust. Where does this fit?
  - Now that they have a revenue base, how do they target deeper affordability with their projects
- PPP collaboration: expand number of CDFIs (add to short-term: get information about CDFIs?)

Follow-up for consultants

- Employment and wage projections for regional centers, analyze housing need and affordability gap (follow up with EPS)

For other groups

- Equitable/resilient:
  - Coop housing
  - Create an affordable housing preservation easement (similar to historic conservation easement)
- Transparent/coordinated:
  - Maintain list of available affordable housing units (labor intensive and demand too high, apartments go too fast); is there an Airbnb-type technology?
AGENDA
Mayor’s Housing Policy Task Force Technical Working Group: Funding & Finance
LIFT FUND, 2007 W Martin St, San Antonio, TX 78207
Tuesday, May 8, 2018
9:00 – 11:00 AM

1. Welcome and introductions (Celina) 5 MINS

2. Review today’s agenda and goals (Leilah) 10 MINS
   a. Task Force Update
   b. Community Meetings
   c. Timeline

3. Review Definition of Affordable Housing (Celina) 25 MINS

Affordable housing consumes no more than 35% of residents’ income. Affordable rents in San Antonio should be targeted to families at 60% AMI or below for the City of San Antonio; affordable homeownership should be targeted to families earning no more than 120% AMI. MF affordability restrictions shall be no less than 50 years.

The above text is from page 1 of the report. At our third meeting we deferred finalization; the group should review and discuss:
   a. Income targeting
   b. Percentage of income
   c. Term (length) of restrictions

4. Review Goals (Leilah) 25 MINS

These policy recommendations are intended to support the funding of a housing construction and rehabilitation program capable of producing 1,000 units of affordable housing in its initial year of implementation. As the City’s capacity increases over time, the program would continue to grow and eventually lead to the production of 25,000 total new units of affordable housing over a 20 year span. Based on this goal, we estimate that $37 million will be required annually in new and reallocated resources, including multiple housing bonds.

The above text is from page 1 of the report. At our third meeting we deferred finalization; the group should review and discuss:
   a. Unit targets
   b. Investment estimates
5. **Review draft report, policy recommendations and associated action items (Leilah) 50 MINS**

   Each draft policy recommendation has been grouped under an issue area and listed as immediate, short or long term. The group will review the recommendations for completeness and appropriate timeframe.

6. **Wrap-up and next steps (Celina) 5 MINS**
Funding and Finance Working Group
Meeting Notes
May 8, 2018

Timeline

Draft recommendations are due to the MHPTF for their May 11th and 12th worksession; final reports will be due on May 18th. There will be a third community meeting on June 2nd; location and format TBD.

Definitions

- Need to rewrite “should consume”; “funds made available by the City of San Antonio should be targeted to families at…”
- For clarity we need to list all definitions of affordability, as several are in use, or suggest a single definition
- Consider addressing different project sizes (i.e. number of units)
- Should include transportation costs?
  - Restricted to families at what level of AMI
    - MF—60 or 80? 80% BUT sliding scale with more funds available the lower your percentage AMI
    - SF—<120%
  - % maximum income in monthly rent (consider whether COSA should have different definition than HUD’s)
    - 30% (restricts families’ choices)
    - 35% (provides most flexibility)
  - Term of restriction (30, 30+, 50, 50+, permanent?) “Not less than but with goal of permanent” and make sure to provide for monitoring: include under recommendations that monitoring and compliance should be addressed in pro formas and loan docs

Goals

- Need to determine:
  - # of units annually, incl. construction, rehab, adaptation, preservation
  - Total # units needed in the community (based on NLIHC or EPS data?)
  - $ to be invested annually to meet these goals: utilize avg across both MF and SF; include existing and increases-- $9-10 million federal sources, $10 million general fund, $17 million bond, for example
  - Timeline to meet these production and investment goal (how many units/year for 10 years? 20 years?)
- Group agreed to re-write the existing definition to utilize EPS estimates rather than NLIHC numbers and to advocate for meeting the entire need/filling the gap as soon as possible
6,000 units per year over 10 years: is this feasible?

Compare to other big investments: $110,000,000 announced for street maintenance in next year’s budget, or $100,000,000 invested in downtown housing

Do we have to identify resources to meet goals?

Make data-based recommendations

Recognize can’t fill entire need: aspirational statement is to meet entire need

State that long-term goal (of COSA) is to build prosperity, so that need will decrease over time

General Edits and Comments

- Differentiate multiple goals for different housing types
- Assume all recommendations are COSA
- Spell out all acronyms/abbreviations

Policy Recommendations and Action Items—Edits

- Include raising wages as part of #5—families build their own capacity over time to afford housing
- Add scrub/reallocate for any additional available $  
- Recommendation #6—raising wages
- Recommendation #4—diversify but continue to advocate for more resources and ensure that MHPTF recommendations are considered in NI bond implementation
- Revise intro paragraph to include wage goals and economic development overall; we are addressing symptoms of a larger problem—this could be a new context statement
- Recommendation #2—clarify that this applies to ICRIP etc in new program
- Move the Recommendation #2, Immediate—More strongly address Housing Trust
  - Assess operations and investment profile
  - Align priorities
  - Grow corpus
  - Expand the Housing Trust
- Recommendation #6—deeper targeting, variety of types, diverse accessible locations (transit), supportive SF homeownership, adequate staff/monitoring

What’s Missing?

- Short-term rental occupancy tax to support affordable housing – should be added to Creating New Revenue
- Acknowledge that state and federal government have obligation to fund affordable housing but that we cannot be dependent on them; need to diversify
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