

Tier One Neighborhood Coalition Update

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CCHIP Action Required

The Center City Housing Incentive Policy (CCHIP) policy that will, in all probability be adopted at City Council on Thursday, December 13th at A Session (it will be considered Wednesday, December 12th at B Session), has been a work in progress. Within the framework of an incentive program, the City, specifically Assistant City Manager Lori Houston and her office, have done a commendable job of incorporating neighborhood concerns about neighborhood instability and resident displacement. Read a summary of the CCHIP recommendations and map by the San Antonio Heron [here](#).

We'd like to present positive news about the policy and then express our concerns and offer suggestions.

The City emphasizes the the CCHIP program are by-right incentives for housing development as an economic generator (housing creates density and jobs), not an affordable housing generator, although there are some elements for affordable housing in the policy. The point of CCHIP is to foster market rate development in the downtown area to create a more "vibrant urban core" to attract businesses and residents to the downtown area. USAA, for example, is expected to move at least 2,000 employees downtown in the next five years and the Downtown UTSA Campus expansion will bring an additional 11,000 students and 1,500 faculty and staff to the near Westside area.

Ms. Houston also points out in meetings that there are several incompatible developments, specifically in Mahncke Park and Tobin Hill, that would not have gotten incentives had this policy been in place.

The CCHIP program, if adopted, will be evaluated in two years.

CCHIP changes made by the City that address the destabilization of neighborhoods or displacement of residents:

- There are three proposed levels of development intensity. Level one is downtown and requires the highest density (minimum of MF-50) by offering the most incentives with the least developer requirements. Level two is in the area that abuts downtown, requiring a minimum density of MF-33 for rentals and MF-25 for sale. Level two also requires a minimum of 20% of units to be affordable at 80% AMI and/or be above 5 stories in height. The third and latest addition is in the SA Tomorrow Regional Centers which will incentivize the same density as Level two, but require at least 20% of rental units to be affordable at 60% AMI or below. Level three will not take effect until there is an adopted land use plan in place through the sub-area planning process.
- All projects will be subject to design review for compatibility by Historic Design and Review Committee (HDRC).
- Projects that require rezoning from single-family (Rs) or mixed residential (RMs) are not eligible. Projects that have the required multi-family zoning, but are occupied by a single home, are not eligible.
- If a single-family building is demolished, the property is not eligible for CCHIP incentives.
- Projects that receive incentives through CCHIP will not be eligible for a STR permit.
- Any project that requires direct displacement from the premises are not eligible.
- No “luxury” units (for sale above \$360,000, or rentals above \$2.75 per square foot) will be eligible.
- Removes areas of “urban low density residential” and “medium density residential.”
- Affordability: Using the HUD Metropolitan Statistical Area (MSA) statistics which covers the San Antonio-New Braunfels area, CCHIP provides a percentage (10 – 20%) of affordable units to be included for levels 2 and 3 for AMIs of 60 -80%. There are no requirements on Level 1.
- All CCHIP projects will contribute to Affordable Housing Fund (25% of taxes paid to the City.) The fund will support affordable housing projects in San Antonio.

Concerns:

Within a framework of an incentive program for market rate housing, the policy does everything it can to protect residents from direct displacement and pledges to work with the Housing and Neighborhood Services Department on policies that mitigate the effect of displacement.

What it does not do is to prevent indirect displacement.

The potential for indirect displacement:

As development is incentivized in an area, adjacent property values rise, which causes an increase in property taxes. Renters are particularly vulnerable as rents rise, and homeowners could be cost burdened or forced to move. In this sense, the most vulnerable residents could be financing their own displacement. Without protection, an incentivizing policy could make the burden on those already at risk even heavier.

It is ironic that some of San Antonio's poorest residents are sitting on some of the City's most valuable property in a development context. In San Antonio, the poorest people live on the most valuable land due to past incentive programs. Over time, their property values have declined relative to property values elsewhere, but the use value of their land remains high. In cases such as this, community development is in conflict with economic development, because the highest and best use of that property is not to house and shelter low-income families, but to repurpose that property to generate higher value. Is a policy an "economic generator" if the people who benefit, at least in the beginning, are developers while vulnerable residents are indirectly displaced?

The Neighborhood and Housing Services Department (NHSD) is working on a displacement policy which has not yet been completed. We hope this policy will address issues of indirect displacement and prevention of displacement as well as its mitigation. Many are asking that the City wait for this policy before adopting any incentive programs.

Should San Antonio be subsidizing market rate housing instead of meeting the scarcity of more affordable housing?

There are those in our communities that question the need for market-rate housing incentives. Their argument is that we should only be subsidizing the housing that

is most needed,— which is “affordable” to most San Antonians, not using public incentives to fund mostly market-rate housing.

Inadequate public input process: Many residents have continued to be critical of the City’s outreach methods which are often compulsory, superficial, and not conducive to real communication. This is an ongoing issue for neighborhood leaders and residents of San Antonio’s neighborhoods. Although there have been many meetings with different stakeholders on this issue, it is guided by the premise that CCHIP be adopted. The meetings have often, neighbors charge, more a presentation than a meeting to create change. There is a continued call for decision-making by the City that is transparent and inclusive. There has been no meaningful public process to determine an overall housing incentive policy for San Antonio and that should be done before adopting something that is as important as CCHIP.

Questioning the need for downtown incentive programs:

In the recent TXP report, CCHIP is described as an "as of right program". In their words: "Since CCHIP is automatic, it functions more like an entitlement than a traditional economic development incentive that is not as of right. This predictability was crucial in the early stages of the program, as it likely facilitated an accelerated pace of development, but may not be as essential in the future."

The TXP report also states: "Deciding to end or scale back an incentive program is not without risk. As the City of San Antonio nears its goal of 7,500 downtown area housing units, now could be the time to reframe and reimagine the goals and objectives of CCHIP. This might result in fewer projects over the next 12 to 18 months as the real estate market adapts to the new program. Over the long-term, however, San Antonio transitioning from an 'as of right' program to a more targeted program should yield positive results."

The question posed by many is, do we want to create a downtown for the wealthy, or a downtown that is affordable to more San Antonians? Housing policy is a human rights issue. Read about the pros and cons of the CCHIP program by the San Antonio Heron [here](#).

Suggestions:

Vulnerability Assessment: CCHIP should be postponed until there is a vulnerability assessment completed as recommended by the Housing Policy Framework which was produced by the Mayor's Housing Policy Task Force (MHPTF) and NALCAB's Vulnerability Study. This is an extremely important ask. At the least, an assessment should be completed during the first year of CCHIP and be evaluated at the end of the two-year program limit.

Median Income Figures: Using the San Antonio-New Braunfels AMI is misleading. The CoSA AMI is \$48,183 [2016] while the MSA AMI is (was) \$56,105 [2016] -- therefore COSA AMI is 85% of the regional AMI (and the difference has widened since then). "Affordable housing", intended for those making below the median household income, calculated using regional MSA figures, is actually market rate housing within the City of San Antonio. If we must use MSA figures, we must have 60% as the upper limit to produce true affordability.

Local Level for AMI Calculation: Real estate works in sub-markets, not at the regional level. Sub-markets are defined at the micro, or smallest, level. We should define our incentives at the micro-level as well, in order to work with the real estate sub-markets and to remain in line with the neighborhoods. HUD has recently developed a tool called the Small Area Fair Market Rent for this very purpose. It is calculated at the zip code level, recognizing that real estate sub-markets are defined by micro-geographies (not at the regional level). If we use the Small Area Fair Market value, then we could incentivize new construction up to 100- 120% of local AMI, producing a product that is slightly higher than the area average, yet not enough to impact local values in an unsustainable way. In this way, we preserve neighborhood-level affordability for lowest-income families -- even in newly incentivized areas that ironically house some of our poorest families today.

The need for a Housing Coordinator: One of the recommendations is that there be more coordination between the departments through the hiring of a housing coordinator that would make sure that departments are working together to address the problems of housing. Affordable housing and incentives, specifically, require departments working together in a City notorious for tunnel vision.

Postponement: City Council should postpone the adoption of the CCHIP proposal until a vulnerability study can be completed and the Neighborhood and Housing Services Department (NHSD) can finish their recommendations on displacement.

What you can do Tier One neighbors: Please think about these issues and contact your council member and the mayor to share your thoughts. Come to B and A Sessions of City Council on December 12th and 13th. Your neighborhood's presence makes a difference.

The following are great articles that further explain the CCHIP issue:

“CCHIP should include affordable housing” by Ashley Smith SAProgressive.com:
<https://saprogressive.com/2018/11/18/cchip-should-include-affordable-housing/?fbclid=IwAR0wVvRS74YC7zGYr3BaHkDpC9JwL2gbMuhoHjUbAIS8TeZYkvFvPmdX54>

Helpful articles from The Heron:

https://saheron.com/are-developers-receiving-incentives-they-dont-need/?fbclid=IwAR0X_7YsbM79anzy9q9GOdK6E17I42eJgYA2iGPajuCIL3YE7F4JwKn1uVA

<https://saheron.com/downtowns-housing-incentives-are-changing-heres-why-you-should-care/>

<https://saheron.com/nrp-group-to-add-more-affordability-to-broadway-jones-apartments-and-its-complicated/>

Maps and summary of latest CCHIP proposal:

<https://saheron.com/exclusive-in-new-policy-downtown-housing-incentives-would-spread-to-other-parts-of-san-antonio-exclude-luxury-developments/>

Please see t1nc.org for more information.