Workforce Housing Task Force Meeting
Thursday, September 13, 2018; 12:00pm
Activity Center Rm #3, 501 E. Hopkins St.

AGENDA

1. Welcome and Introduction – Bert Lumbreras, City Manager


3. Presentation of current City efforts towards workforce housing – Abigail Gillfillan, Planning Manager

4. Speaker Series – Sean Garretson, Founder and President Pegasus Planning and Development


6. Next Steps and Election of Officers
Workforce Housing Task Force Mtg.
September 13, 2018
Meeting Agenda

1. Welcome - Bert Lumbreras, City Manager
2. Schedule and Process Overview - Rebecca Leonard
3. Presentation on Workforce Housing Initiatives - Abigail Gillfillan - Planning Manager
4. Speaker Series - Sean Garretson
5. Task Force Vision and Goals Exercise
6. Next Steps and Future Meetings
Rules of Task Force Meetings

- All members are encouraged to participate
- Public comments on comment cards
- Stay focused as time is limited
- Breaks when needed
Roles of the Task Force

Stakeholder Engagement

• Commits to meet once every three months;

• Provides input representing their diverse perspective;

• Assists in community engagement and gathering input;

• Helps review community dialogue formats; and

• Helps review community input session materials.
Roles of the Task Force

Project Outcomes

- Identifies critical success factors for a final deliverable;
- Generates the vision and goals to guide policy-making;
- Provides data, previous plans, reports and studies;
- Works collaboratively to analyze issues and strategies;
- Helps to synthesize and prioritize policies and actions;
- Reviews and provides feedback on the draft deliverable;
- Ultimately approves the final deliverable
Timeline

Project Preparation
- Assemble Task Force members
- Project Management Plan
- Messaging and Outreach Strategy

Task Force Meeting #1
- Education, Inspiration, Background
- Vision and Goals

Task Force Meeting #2
- Strategy Brainstorm

Task Force Meeting #3
- Action Brainstorm

August

Council Committee

September

Council Committee

December

Council Committee

March

Council Committee
Timeline

June
Council Committee
Community Input Session

September
Council Committee

November

Task Force Meeting #4
- Draft Deliverable

Task Force Meeting #5
- Final Draft Deliverable

Wrap Up
- Housing Blueprint
- Presentation to Council
Workforce Housing Task Force

Purpose: Assist the City Council Workforce Housing Committee in developing a comprehensive housing policy and action plan.

Timeline, Process, Outcomes:

Timeline
Complete Fall 2019

Process
Minimum of 5 meetings utilizing data and best practices

Outcomes
Recommended policies and actions.
Workforce Housing Strategic Initiative

Definition: The strategic initiative for workforce housing is targeted to providing housing solutions for San Marcos residents earning up to 140% of the area median income. Area median income is based on the Austin/Round Rock MSA.

Outcomes:

#1
Increase the Rates of Home Ownership

#2
Assemble a Workforce Housing Task Force

#3
Maintain Existing Housing Stock in Safe Conditions
Achieving Outcome #1:
Increased Rates of Home Ownership

DEVELOPMENT REGULATIONS
Development regulations play an important role in influencing the number, type, and location of new housing. Monitoring new housing approvals to ensure that a variety of housing types are provided at all income levels to serve residents with varying needs.

HOUSING STUDY
A housing study will provide insights into the housing market and help to target programs and regulations for greatest impact.

HOUSING PROGRAMS
Housing programs use both local and federal funding sources to build homes, support affordable housing builders, support potential home owners, and set aside land for affordable home ownership.
Achieving Outcome #2: Workforce Housing Task Force

With more than 80% of San Marcos households earning less than the area median income, the City alone will not be able to create affordable housing opportunities for all. Commitment from community leaders, stakeholders and residents is crucial to the success of this initiative.

Here is How:

- **Purpose:** Assist the City Council Workforce Housing Committee in developing a comprehensive housing policy

- **Process:** Work in tandem with staff through a policy making framework grounded in data and best practices.

- **Timeline:** Task Force Recommendations delivered Fall 2019
Task Force Members and Strategies

**Governmental and Educational Agencies**
Collaboration with local taxing entities to make tax forfeiture land available for the construction of permanently affordable housing.

**Major Employers**
Housing choice and household affordability are important factors in employee recruitment. Major employers are important stakeholders.

**Development Community**
Building capacity with both current and potential affordable housing builders, financing agencies and real estate providers.

**Service Providers**
Community service providers are an invaluable resource in supporting housing programs and establishing long term stability for households.

**Banking Community**
The community reinvestment act encourages the banking community to meet the needs of low to moderate income borrowers through programs such as Individual Development Accounts (IDA).
Achieving Outcome #3
Maintain Existing Housing Stock in Safe Conditions

Address Unsafe Rental Conditions
The largest affordable housing asset the City has is existing housing. A key component of the workforce housing strategy involves encouraging and enforcing safe and livable conditions while maintaining affordability.

Housing Rehabilitation Programs
Current housing rehabilitation programs are funded by the CDBG and CDBG-DR. Total 5yr investment: $943,420

Years 2014 - 2018
2014: 7 Homes $101,016
2015: 7 Homes $100,000
2016: 7 Homes $100,000
2017: 7 Homes $325,055
2018: 22 Homes $317,349

Years 2014 - 2018
Regional Impacts of Housing

San Marcos is part of a regional housing market and federal funding for housing programs are based on the median income for the Austin Round Rock MSA. The Area Median Income for a 4-person household is $86,000.

The charts below show the percentage of population in each community that earns less than the Area Median Income. The dark green represents the percentage earning less than 80% AMI and the light green and dark green combined represent households earning less than 140% AMI.

San Marcos: 84.4% Below AMI
Round Rock: 58.4% Below AMI
Georgetown: 64.7% Below AMI

< 80% AMI 80% - 140% AMI
City of San Marcos Housing Gap

San Marcos Median Family Income: $46,736

The Median Family can purchase a home for: $154,200

Median Price for Homes sold in 2017: $200,200

Housing Gap $46,000
Opportunities for Home Ownership

Population by Income Brackets

- Very Low Income (< 50%AMI)
- Low Income (50% - 80% AMI)
- Middle Income (> 80%AMI)

Homes Sold by Income Bracket - 2017

- < $144,000
- $144,000 - $227,040
- > $227,040
Community Partnerships Policy Discussion

Program Goals:

1. Transition vacant or blighted properties to permanently affordable workforce housing.

2. Assist public servants, teachers and San Marcos working families in purchasing homes.
Community Partnerships Policy Discussion

Tax Delinquent Property Process:

City of San Marcos Land Bank or other entity is established for the purpose of Land Acquisition.

Interlocal Agreement to streamline the acquisition of tax delinquent property for the purpose of workforce housing.

Vacant or blighted properties purchased by Land Bank.

Property values stay stable and rise with inflation.

Permanent Affordability

Market Wage Inflation

Home is constructed by a qualified affordable housing builder or Nonprofit and occupied by Qualified Family.
Community Partnerships Are Key to Confronting the Housing Challenges we are facing Now and will Continue to Face in this Rapidly Growing Central Texas Region.
Sean is an economic developer, land strategist, strategic planner, facilitator, and revitalization expert. He leads a team of planners and analysts in providing strategic advice and direction to public and private sector clients.

A transformational experience in Africa with the Peace Corps as well as hands-on development and revitalization experience at home in East Austin, Texas has helped shape Sean and Pegasus to become a mission-driven firm focused on making a difference in our communities.

Sean has an undergraduate degree in Anthropology from George Washington University and a Masters from UT Austin in Community & Regional Planning. He is on the boards of CNU-Central Texas, Chestnut Neighborhood Revitalization Corporation, and the YMCA.
Vision and Goals Exercise

Draft Vision: To develop an action-oriented housing blueprint to address workforce housing challenges in San Marcos

Draft Goals:

1. Increase rates of homeownership
2. Maintain existing housing stock in safe conditions
3. Develop capacity to jointly confront housing challenges
4. Ensure new housing meets the needs of current and future residents.
Next Steps

1. Nomination of Chair and Vice Chair
2. Next Meeting
3. Future Agenda Items
DRAFT VISION

To develop an action-oriented housing blueprint to address workforce housing challenges in San Marcos by increasing rates of home ownership, maintaining the existing housing stock in safe conditions, developing key community partnerships, and ultimately providing diverse, affordable housing choices for San Marcos residents.

Vision San Marcos Neighborhood & Housing Vision Statement:

We envision San Marcos to have a strong, more comprehensive foundation of safe, stable neighborhoods while preserving and protecting the historical, cultural, and natural identities of those neighborhoods.

DRAFT GOALS

1. Increase rates of home ownership in San Marcos.
2. Maintain existing housing stock in safe conditions.
3. Develop capacity to jointly confront housing challenges.
4. Ensure new housing meets the needs of current and future residents.
KEY PRIORITIES:
The Strategic Initiatives identified by the Council during the Visioning Advance in January 2018 lend themselves to being organized around the following key priorities:

- Workforce Housing;
- Public Transit;
- Stormwater;
- Community Partners; and
- City Facilities.

Strategic Initiatives

Key Priority: Workforce Housing

A. Update, consolidate and communicate housing policies and action plans.

Strategies:

I. Conduct a housing study that analyzes housing supply, housing demand, and housing choice.
II. Update the Affordable Housing Policy to reflect the work on Code SMTX and new strategic initiatives
III. Define workforce housing and create a shared understanding around the priority.
IV. Maintain a robust website and participate as a community partner in advancing the City’s housing goals.
V. Develop internal city capacity and support capacity building efforts in community partners to advance the City’s housing goals.
VI. Work with local employers such as Texas State University, San Marcos ISD, Hays County, Central Texas Medical Center, the banking community, the Greater San Marcos Partnership and area non-profits to identify and implement housing solutions.

B. Develop dedicated housing and revenue sources that meet goals.

Strategies:

I. Build permanently affordable homes targeted to flood victims on city-owned lots with CDBG-DR funds.
II. Apply for HOME funds.
III. Utilize CDBG funds to preserve and maintain for households earning less than 80% AMI through the Housing Rehabilitation Program.
IV. Lend CDBG first-time homebuyer funds to households earning less than 80% AMI to purchase housing.
V. Enter into cooperative agreements with other taxing entities to identify tax-forfeiture properties and make them available for construction of permanently affordable workforce housing.
VI. Establish a land bank and community land trust with the purpose of supporting permanently affordable workforce housing.

C. Implement land use and zoning regulations that support diverse, mixed income communities in all areas of the City.

Strategies:

I. Encourage mixed income communities within new development.
II. Monitor the bonus density program for effectiveness and re-assess during the annual code update.
III. Monitor the number of new missing middle housing types built under Code SMTX and re-assess during the annual Code update.
IV. Draft an ordinance targeting geographic locations and non-profit home builders for appropriate zoning when permanently affordable for sale housing is constructed.
Affordable / Workforce Housing Policy

**Purpose:** Define issues associated with the expansion and preservation of diverse, affordable housing choices, in San Marcos and identify specific goals and strategies to address those issues in a manner consistent with the vision expressed in the City’s Comprehensive Plan.

**Vision San Marcos Neighborhood & Housing Vision Statement**

We envision San Marcos to have a strong, more comprehensive foundation of safe, stable neighborhoods while preserving and protecting the historical, cultural, and natural identities of those neighborhoods.

**Importance:** Affordable housing is important to the economic vitality of San Marcos as an adequate supply supports the local work force and allows them to live close to their jobs. Shorter commutes reduce traffic congestion, air pollution, and expenditures on road maintenance. Having an adequate housing supply also provides a competitive advantage for area employers. Affordable housing benefits families by alleviating overcrowding, reduces the potential of foreclosure and evictions, and may provide the housing stability that is vital to the emotional well-being of children.

**Definitions:**

- **Area Median Income (AMI)** – The area median income is the midpoint of a region’s income distribution. San Marcos is located within the Austin Round Rock MSA. Federal housing programs utilize the area median income as the basis for funding.
  - **Example:** the 2018 median family income for a family of 4 in the Austin Round Rock MSA is $86,000

- **San Marcos Median Family Income (MFI)** – The median family annual income for residents of the City of San Marcos as established by the most current data available from the U. S. Census Bureau. This term is defined by the Census Bureau as “The sum of income of all family members 15 years and older living in the household. Families are groups of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.”
  - **Example:** the 2012-2016 American Community Survey data shows that the Median San Marcos Family Income is $46,736;

- **Affordable Housing** – Generally construed to mean that a low or moderate-income family can afford to buy or rent a decent quality dwelling without spending more than 30% of its income on shelter. Generally, affordable housing incentives will be targeted to persons earning 80% or less of the Area Median Income.

- **Workforce Housing** - Housing for moderate-income workers in professions needed in all communities such as teachers, fire fighters, and nurses. Generally, workforce housing incentives are targeted to employees earning no more than 140% of Area Median Income.

- **Location Efficient Areas** – Areas (a) where transportation costs are low or where public investment will make transportation more affordable in the future, (b) that are located in close proximity to schools, health related facilities, amenities such as parks and childcare, vital retail establishments (pharmacy, groceries, etc.) and (c) are pedestrian/bicycle friendly.
OWNER-OCUPIED HOUSING

ISSUES, GOALS, AND STRATEGIES FOR IMPLEMENTATION

1. **LOW RATES OF HOME OWNERSHIP**
   a. Increase home ownership rate
      i. Offer targeted homebuyer down payment/closing cost loan programs to encourage those who work in San Marcos to become San Marcos home owners. Review program viability and need for continuing funding during annual budget process. Homes must be located inside the corporate limits. Possible targets might include:
         1. First Time Homebuyers – if funded through the CDBG program, homebuyers will be qualified using HUD income limits.
         2. Texas State Professors (continuation of existing program)
         3. Workforce incentive for school teachers, CTMC employees, Texas State University employees, veterans, and law enforcement professionals who do not earn more than 140% of San Marcos MFI. Generally, this will be targeted to employees working in San Marcos.
         4. City of San Marcos full-time employees who have successfully completed their probationary period. The City Manager may be authorized to review and approve applications by part-time employees on a case-by-case basis.
      ii. Utilizing San Marcos economic development professionals (city staff & consultants) periodically evaluate new/expanding businesses to have a clearer understanding of the type of housing required and its availability and potential need for targeted homebuyer incentives.
      iii. Maintain a “Housing” section on City’s Webpage

2. **THERE IS A NEED FOR MORE DIVERSITY IN THE TYPES/SIZES OF HOUSING UNITS BEING PRODUCED**
   a. Encourage the creation of a diverse housing stock
      i. Review development codes to reduce/remove regulatory barriers to allow alternative housing types that foster affordability such as:
         1. Micro homes / efficiency dwelling units
         2. Mixed use buildings
         3. Zero-lot line homes
         4. Courtyard homes
         5. Industrial (pre-fab) housing that meets construction codes – with design standards that will ensure the home is compatible with the surrounding area.
         6. Housing designed for persons with special needs
The Development Code shall establish criteria that ensures alternative housing is appropriately located.

ii. Provide “pre-approved” building plans for micro/efficiency homes to builders who are constructing affordable housing to expedite review times and reduce up-front costs.

b. Reduce builder’s costs for owner-occupied affordable / workforce housing development

i. Review/modify development regulations that increase costs without clear rationale or benefit such as lot sizes, setbacks, parking requirements, street width standards

ii. Provide “pre-approved” building plans suitable for affordable / workforce housing

iii. Provide development code/construction permitting fee waivers and/or rebates for community-based non-profit organizations that build affordable housing for developers building affordable or workforce housing.

iv. Explore using development incentives to encourage developers to voluntarily include housing designed to be owner-occupied and affordable for low to moderate income households. Incentives might include:
   1. Considering an increase in height beyond five stores in the Downtown Smart Code District in proportion to the number of affordable units created.
   2. Developing an “affordable housing fund” program that accepts fee-in-lieu payments rather than the construction of affordable housing. As adequate funds accumulate, the City could acquire land to be used for affordable housing construction.
   3. Allowing developers to construct the affordable units in off-site locations (sites to be approved by the City at the time the development incentive is approved).

c. Encourage in-fill housing development in older, established neighborhoods

i. Update the City’s existing Infill Housing Incentive Program to provide incentives for affordable and/or workforce housing development.

ii. Coordinate as practical the affordable/workforce housing program with the Place Based Economic Development Policy.

iii. Market the programs to developers, realtors, and lenders.

3. **The City’s Aging Housing Stock and Older Neighborhoods Need to be Maintained in Good Condition.**

a. Reduce costs of renovating older homes while ensuring that modern safety concerns are addressed.

i. Review development code regulations applicable to non-conforming residential structures regarding repairs and modifications, reconstruction after destruction, and non-conforming moved structures to ensure that the standards provide maximum flexibility while not compromising safety.

b. Assist low income homeowners with the costs of maintaining their homes.

i. Consider providing funding for housing rehabilitation programs that provide free housing rehab to low income families.

ii. Seek additional funding sources and identify potential non-profit partners to carry out housing rehab/reconstruction programs.
c. Assist low income families to create developable lots on property with clouded titles.
   i. Develop and/or sponsor programs that assist families in clearing title to real property – which will facilitate the rehabilitation of dilapidated structures and the redevelopment of vacant lots.

4. **Housing Costs (Other Than Mortgage Payments) Can Create a Burden for Low and Moderate Income Persons**
   a. Reduce transportation costs through development of housing in Location Efficient Areas (LEA).
      i. Define parameters for establishing Location Efficient Areas & review development codes to ensure they encourage affordable / workforce development therein.
      ii. Identify areas appropriate for designation as a Local Efficient Area.
      iii. Target incentives for development of affordable / workforce housing in LEAs.
   b. Improve energy efficiency to reduce housing costs.
      i. Continue energy audit and indoor water survey programs, maintain funding for energy efficiency rebate programs, and continue public education about programs
      ii. Utilize energy audits to identify low-income households with a history of very high utility bills whose energy use could be lowered through energy efficiency upgrades. Refer residents to available programs that assist with weatherization or other energy efficiency upgrades.
      iii. Seek grants supporting this goal and evaluate feasibility of implementing them. The feasibility review shall include staffing requirements and associated costs compared to benefits from the grant.
      iv. Periodically evaluate and analyze the impact energy efficiency development / improvements has on utility usage and costs.

5. **Land Acquisition Costs Are Passed On To Homebuyers**
   a. Increase supply of sites available for owner-occupied housing.
      i. Enter into cooperative agreements with other taxing entities to create a program that will identify tax-forfeiture properties appropriate for residential development or redevelopment and made them available for affordable housing development.
      ii. Evaluate existing city-owned property for suitability for residential development and donate appropriate sites to non-profit organizations to build affordable housing.
      iii. Consider allocating funding to purchase land to be donated to community-based non-profit organizations (such as Habitat for Humanity) for affordable housing development.
      iv. Utilize the City’s Unsafe Structures Program to create clean, developable lots dedicated to affordable housing development.
RENTAL HOUSING

1. **There is a need for more diversity in the types/sizes of housing units being produced**
   a. Encourage the creation of a diverse housing stock
      i. Review development codes to reduce/remove regulatory barriers to allow alternative housing types that foster affordability such as:
         1. Micro homes / efficiency dwelling units
         2. Accessory dwelling units - with specific criteria for approval such as the primary dwelling must be the homestead of the homeowner and the house and accessory dwelling unit combined must still be able to comply with any applicable occupancy limits.
         3. Mixed use buildings
         4. Zero-lot line homes
         5. Courtyard homes
         6. Industrial (pre-fab) housing that meets construction codes – with design standards that will ensure the home is compatible with the surrounding area.
         7. Housing designed for persons with special needs
         The Development Code shall establish criteria that ensures alternative housing is appropriately located.

2. **The city’s aging housing stock and older neighborhoods need to be maintained in good condition.**
   a. Reduce costs of renovating older homes while ensuring that modern safety concerns are addressed.
      i. Review development code regulations applicable to non-conforming residential structures regarding repairs and modifications, reconstruction after destruction, and non-conforming moved structures to ensure that the standards provide maximum flexibility while not compromising safety.
   b. Ensure that aging rental units remain in compliance with safety codes.
      i. Establish an inspection program that establishes periodic inspections and appropriate responses to complaints from residents
      ii. Consider adoption of an incentive program to encourage the renovation of small, older residential rental property; incentives might include fee rebates upon the unit passing final inspection.

3. **Housing costs (other than rent payments) can create a burden for low and moderate income persons**
   a. Reduce transportation costs through development of housing in Location Efficient Areas (LEA).
      i. Define parameters for establishing Location Efficient Areas & review development codes to ensure they encourage affordable / workforce development therein.
ii. Identify areas appropriate for designation as a Local Efficient Area

iii. Target incentives for development of affordable / workforce housing in LEAs.

b. Improve energy efficiency to reduce housing costs.

i. Continue energy audit and indoor water survey programs, maintain funding for energy efficiency rebate programs, and continue public education about programs

ii. Utilize energy audits to identify low-income households with a history of very high utility bills whose energy use could be lowered through energy efficiency upgrades. Refer residents to available programs that assist with weatherization or other energy efficiency upgrades.

**LOW INCOME HOUSING TAX CREDIT POLICY (LIHTC)**

The City of San Marcos utilizes the following criteria in order to determine whether a resolution of support will be recommended for consideration by the City Council.

**Resolutions of Support**
Applications must meet at least 5 of the 8 criteria below, including criteria #1, in order to receive a staff recommendation for a Resolution of Support.

**Criteria**

1. No exemption from local taxes is provided
2. The proposed units address a housing need identified in this housing policy or in the City’s current consolidated plan for HUD programs.
3. The project is located within a high or medium intensity zone on the preferred scenario map.
4. The project is not proposed to develop under a legacy district on the City’s current zoning map.
5. The project is located within half a mile (.5) walking distance from services such as grocery, medical facilities, and schools.
6. The project is located within one quarter mile (.25) walking distance of a proposed or existing bus stop on a current or planned transit route.
7. The project is renovating or redeveloping an existing multifamily complex or under-performing development.
8. The project is mixed income and provides at least 20% market rate units.