

Affordable Housing Finance Capacity Building Series

A Three-Part Series with LISC San Antonio and HR&A Advisors

Introduction to Affordable Housing in SA Monday, October 3, 12-1 p.m.
Virtual

Affordable Housing Finance 101 Tuesday, October 11, 11 a.m. - 1 p.m.
In-Person

Redefining Risk in Affordable Housing Wednesday, October 19, 11 a.m. - 1 p.m.
In-Person

Learn More and Register:

<https://ah-finance-sa.eventbrite.com>



CITY OF SAN ANTONIO
NEIGHBORHOOD & HOUSING
SERVICES DEPARTMENT



SABOR
SAN ANTONIO
BOARD of REALTORS®

Housekeeping

- **This program is being recorded**
- **PowerPoint presentation and glossary will be emailed for reference**
- **Please use the Q&A feature**
- **If we don't get to your question it will be answered in a follow-up email**
- **Don't forget to register for the Oct. 11th and Oct. 19th in-person trainings at SABOR**
- **Thank you to our sponsors, SABOR and City of San Antonio**

Introduction to Affordable Housing

- **Introduction**
 - **LISC and the San Antonio Local Office**
- **Defining Affordability and Income Levels**
- **Types of Housing and Ownership/Tenancy**
- **Federal, State and Local Entities and Roles**
- **State and Local Plans Impacting Housing**
- **Q&A**

Together with **residents** and partners, LISC forges resilient and inclusive communities of opportunity across America—great places to **live**, work, visit, do business and **raise families**.

Local Initiatives Support Corporation

38

Locations

Atlanta, GA
Boston, MA
Buffalo, NY
Charlotte, NC
Chicago, IL
Cincinnati, OH
Cleveland, OH
Denver, CO
Detroit, MI
Duluth, MN
Flint, MI
Greenville, SC
Hartford, CT

Honolulu, HI
Houston, TX
Indianapolis, IN
Jacksonville, FL
Kalamazoo, MI
Kansas City, MO
Los Angeles, CA
Louisville, KY
Memphis, TN
Milwaukee, WI
Minneapolis/
St. Paul, MN
New York, NY

Newark, NJ
Norfolk, VA
Oakland, CA
Peoria, IL
Philadelphia, PA
Phoenix, AZ
Providence, RI
Richmond, VA
San Antonio, TX
San Diego, CA
Seattle, WA
Toledo, OH
Washington, DC

Rural Program working in
49 states and Puerto Rico

4 National Affiliates

National Equity Fund
www.nefinc.org

New Markets Support Company
www.newmarkets.org

immito
www.immito.com

LISC Strategic Investments
www.liscstrategicinvestments.org

2022 LISC San Antonio: Four Pillars

Equitable Asset Building

- Homeownership
 - Post-rehab Counseling
 - Housing Stability Team
- Small Business
 - ARPA Funding

Capacity Expansion & Empowerment

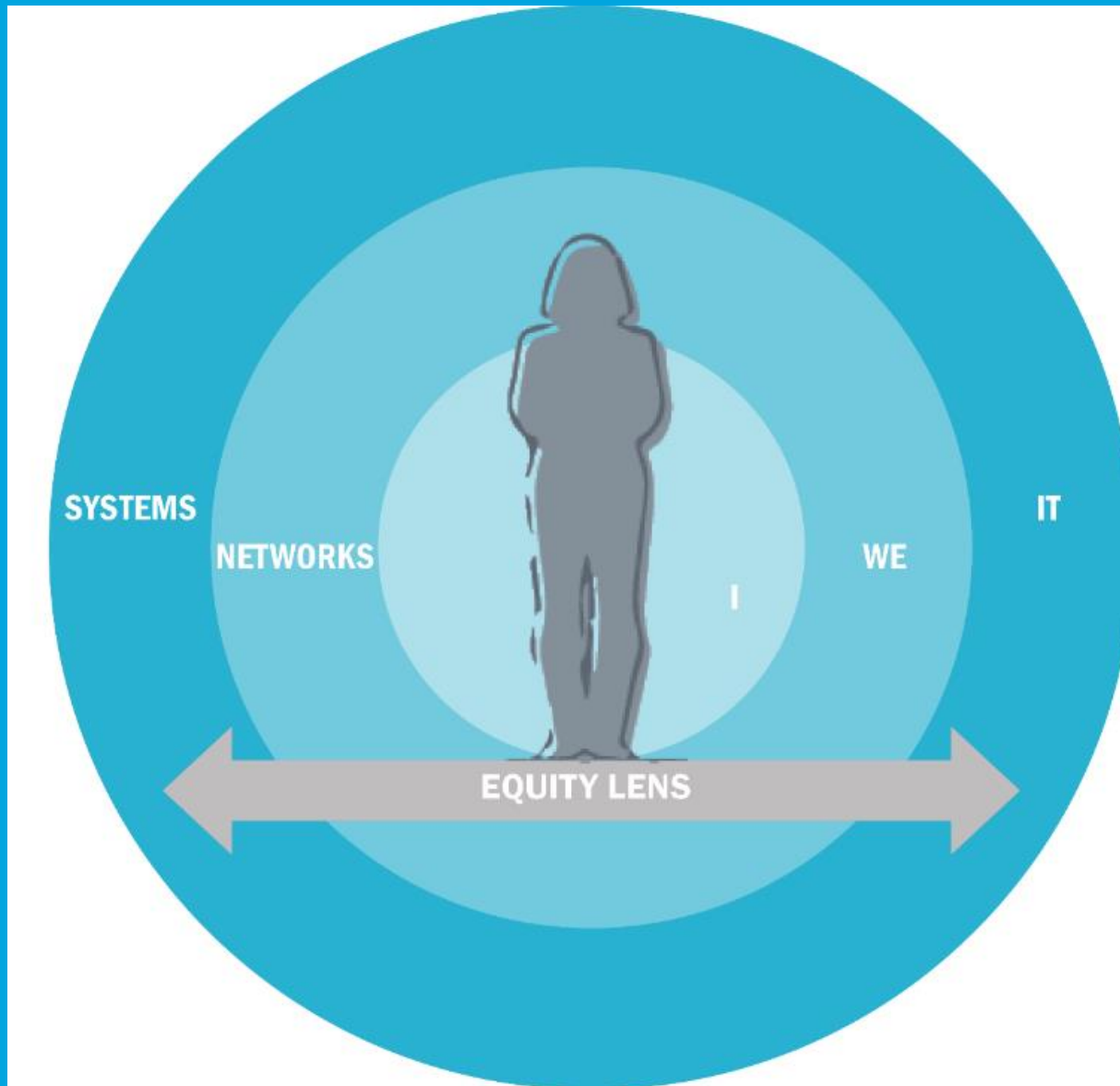
- Housing and Financial Counseling Collaborative
- BDO Alliance
- CRA Coalition
- Catchafire

Systems Change

- Small Business Ecosystem Support
- Financial Empowerment Survey
- Community Land Trust Initiative
- ADU Pilot Program

Communications & Messaging

- Utilize “framing” approach
- Eblast, blog series
- Regular communication about upcoming events, available resources, and LISC stories via digital channels



What Are We Doing Today?

- A little bit of history but no theory
- Definitions
- Acronyms...and more acronyms
- In general, avoiding judgements about the effectiveness of programs and investments
- Recognize systematic racism and discrimination





Caution!



AFFORDABLE HOUSING

Q: Why isn't housing affordable?

A: Because it costs more to build, operate and maintain than many people's income allows.

- Factors involved in increasing rents include rising property taxes, cost of materials, financing costs, municipal regulation, NIMBYism, higher returns to investors and others.
- Housing costs in San Antonio have risen faster than income – in the ten-year period from 2008 to 2018, rents increased by 16.5%, while renters' incomes grew by only 3.5%. This was one-third the rate of income increase in Dallas and Austin, which saw similar jumps in rents. (Texas Tribune, Jan 16, 2020)
- Despite recent wage gains this trend has continued during the pandemic.

10 YEAR CHALLENGE

2012

\$150,000

Minimum wage \$7.25

2022

~~\$150,000~~

\$550,000

Minimum wage \$7.25

Faircloth Amendment

"If the cost of rent and other necessities have been increasing and incomes have been steady or decreasing, why aren't we building more public housing?"

"In 1998, through the [Faircloth Amendment](#), the U.S. Government created an artificial barrier by limiting the number of public housing units that federal authorities could build... (the) amendment prevents any net increase in public housing stock from the number of units as of October 1, 1999... effectively halting new construction of public housing. This prevents policymakers from using a vital tool, building more permanent affordable housing, to address our nation's growing housing and homelessness crisis."

Defining Affordability

The US Department of Housing and Urban Development (HUD) defines affordable rents and mortgage costs as comprising no more than 30% of a household's income (1981).

A renter or homeowner devoting more than 30% of household income to housing is considered “cost-burdened.”

Alternative assessments of affordability may be more equitable; include consideration of accessibility and consumption by different demographic groups.

US percentage, cost-burdened

Renters: 46%

Homeowners: 21%

Texas percentage, cost burdened

Renters: 45.2%

Homeowners: 25%

San Antonio percentage, cost burdened

Renters: 48%

Homeowners: 21%

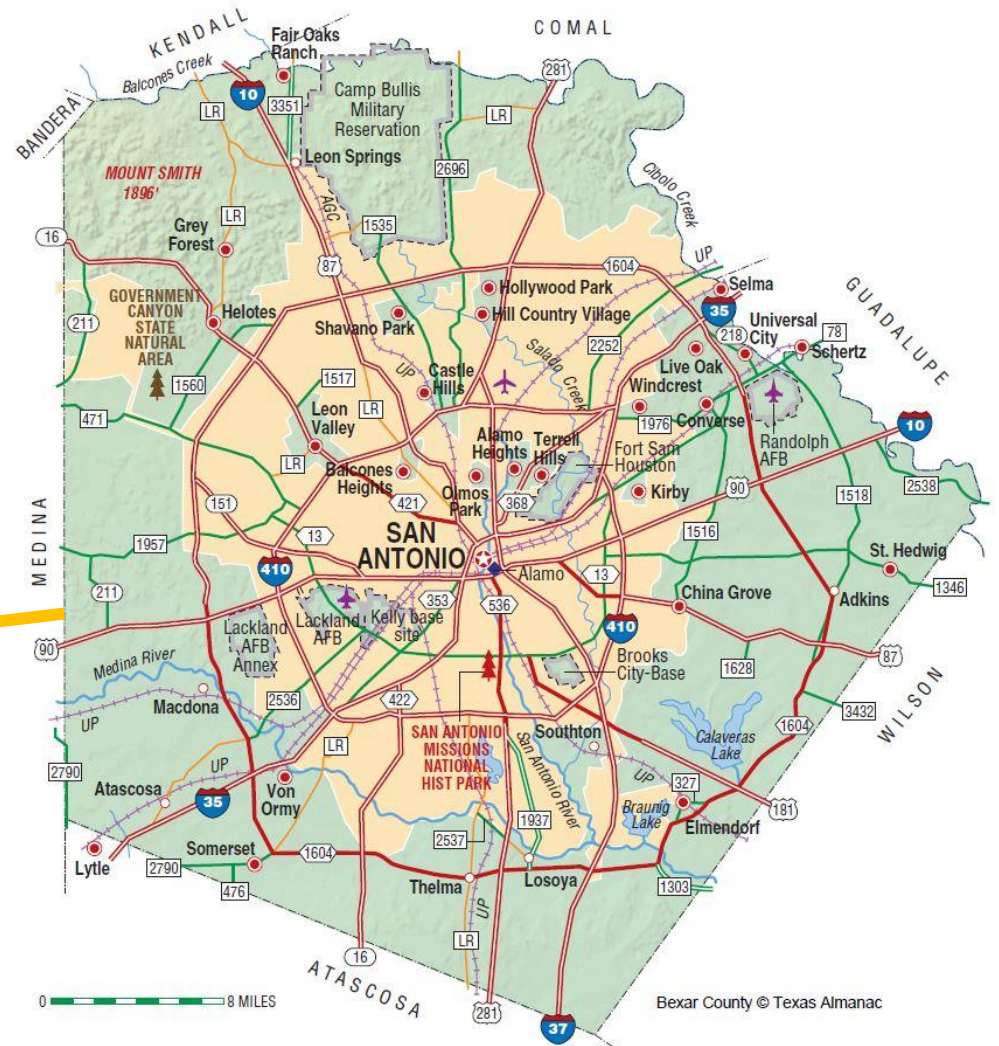
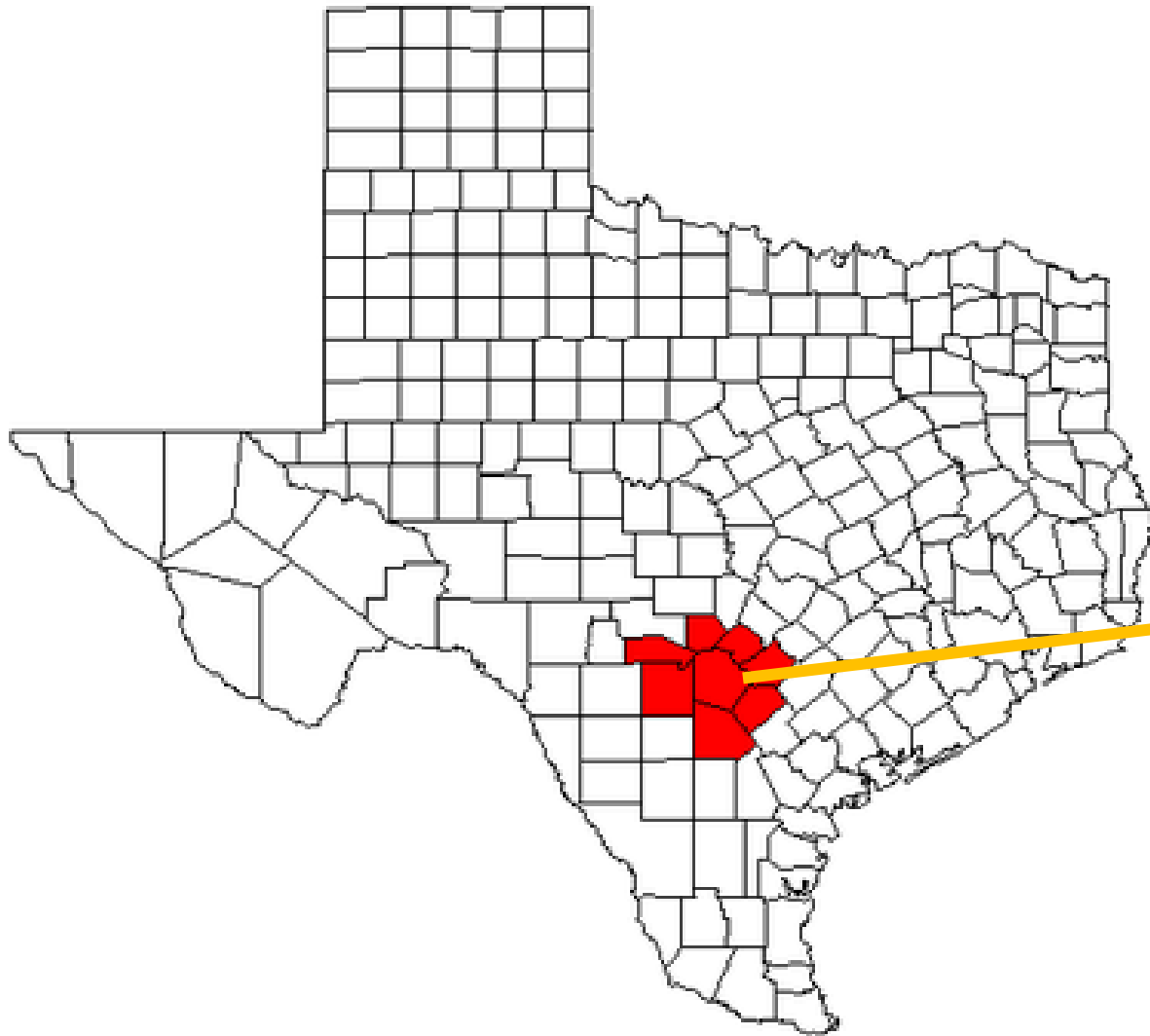
Source: Joint Center for Housing Studies, Harvard Univ. and City of San Antonio Housing Policy Framework

Calculating Affordability: Homebuyers

- Ratios (proportion of debt to income) are used by mortgage lenders as one way to assess whether a borrower is likely to pay back a home loan
- Front end ratio indicates whether a mortgage (including PITI) is affordable; in some government-backed loans, can be as high as 35%
- Back end ratio is total monthly debt payments (student loans, medical debt, car payments, etc.) as a percentage of income
- E.g., 30/45

Calculating Affordability: Renters

- Affordable rent is defined as no more than 30% of a household's income
- With public housing (units owned by a Public Housing Authority, or PHA), HUD Housing Choice Vouchers (HCV, also known as Section 8) and VASH, this calculation is based on the actual income of the household using the voucher
- When using other funding sources, such as CDBG and LIHTC, this calculation is based on the Area Median Income, not on the actual income of the household
- If household income increases, households may no longer qualify for the unit, but rents do not decrease if household income goes down



Credit: Wikipedia and the Texas Almanac

HUD Defines Affordability Based on Area Median Income (AMI) for the Metropolitan Statistical Area

San Antonio-New Braunfels MSA (2022)

Bandera, Bexar, Comal, Guadalupe & Wilson Counties

\$75,150 for a family of three and **\$83,500** for a family of four

Bexar County (2020)

Median household size: 3.02

Median household income: **\$58,288**

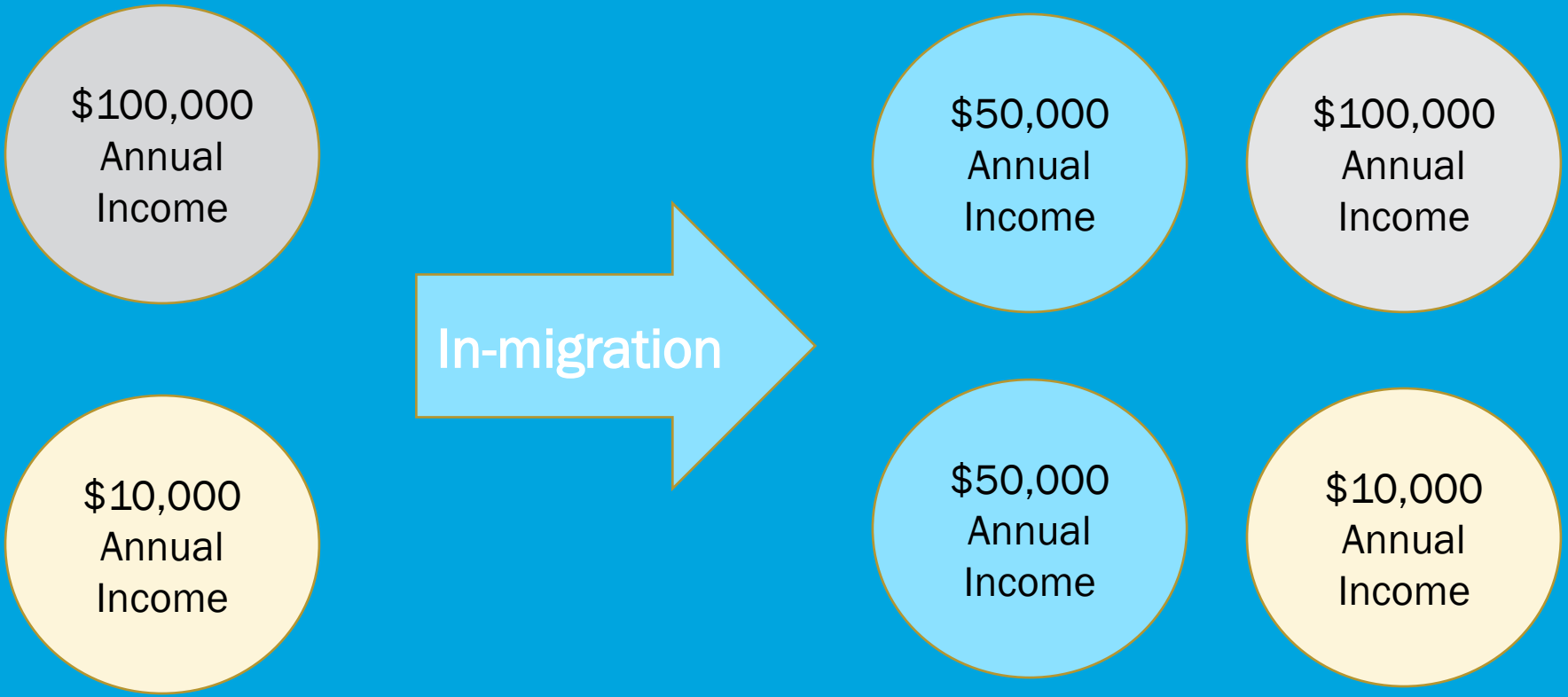
City of San Antonio

Median household size: 2.96

Median household income: **\$53,240**

HUD's definition: \$1,879 per month in rent/mortgage is affordable to an average family in the MSA; that number drops to \$1,457 in Bexar County and \$1,331 in the City of San Antonio

Impact of In-Migration on Average and Median Incomes



Average Income \$55,000
Median Income \$10,000

Average Income \$52,500
Median Income \$50,000

HUD Definitions

- "Extremely-low income" is defined as a family whose income does not exceed the higher of the poverty guidelines or 30 percent of the median family income for the area
- "Very low-income" is defined as 50 percent AMI for the MSA
- "Low-income" is defined as 80 percent AMI for the MSA
- "Moderate income" is often defined as 80 to 95 percent AMI for MSA; definitions outside HUD may vary, up to 120% AMI
- Workforce housing is not defined by HUD
- Income limits are adjusted for family size so that larger families have higher income limits

Pause for Acronyms

- AMI—Area Median Income, based on the entire MSA
- CDBG—Community Development Block Grants, pass-through funding targeted to areas at 80% AMI or less
- HUD—United States Department of Housing and Urban Development
- LIHTC—Low Income Housing Tax Credit program
- MSA—Metropolitan Statistical Area, which in San Antonio includes Atascosa, Banderita, Bexar, Comal, Guadalupe, Kendall, Medina and Wilson Counties
- PITI—Principal, Interest, Taxes and Insurance=typical mortgage payment
- PHA—Public Housing Authority, eg Opportunity Home or Housing Authority of Bexar County
- HUD-VASH-- Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by Department of Veterans Affairs (VA)



Housing Types

Homes and apartments come in many different forms. In general, the form of the housing does not determine whether it is ownership or rental housing.

- Accessory Dwelling Unit (ADU)—smaller dwelling unit with kitchen and bathroom that is on the same lot as a main house; can be attached or detached; also called a granny flat, casita or garage apartment
- Houseshare—two or more unrelated individuals living in one unit; in some cases a younger person such as a student may provide assistance to an older homeowner in exchange for rent
- Manufactured Housing—a unit that is constructed at a factory before being moved to a permanent foundation
- Modular Housing—a unit that is built from sections constructed in a factory, which are then moved to a permanent site and assembled by a builder
- Multi-family Housing—typically called apartments
- Single Family House—commonly used to refer to a detached unit, usually with a yard
- Townhouse—commonly used to refer to a row of attached or semi-detached homes that share at least one wall



**fight
housing**



**housing
becomes
scarce**



**everything
is more
expensive**

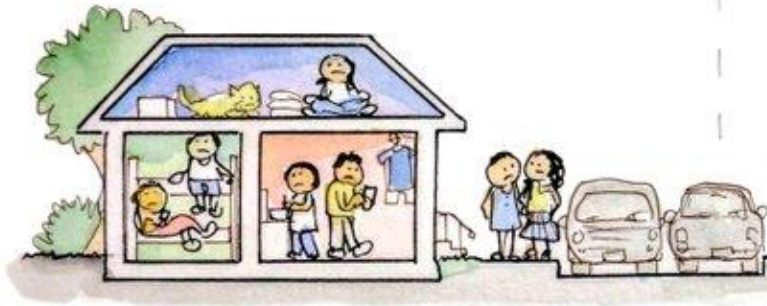


**everything
is more
expensive**

There's a Difference!

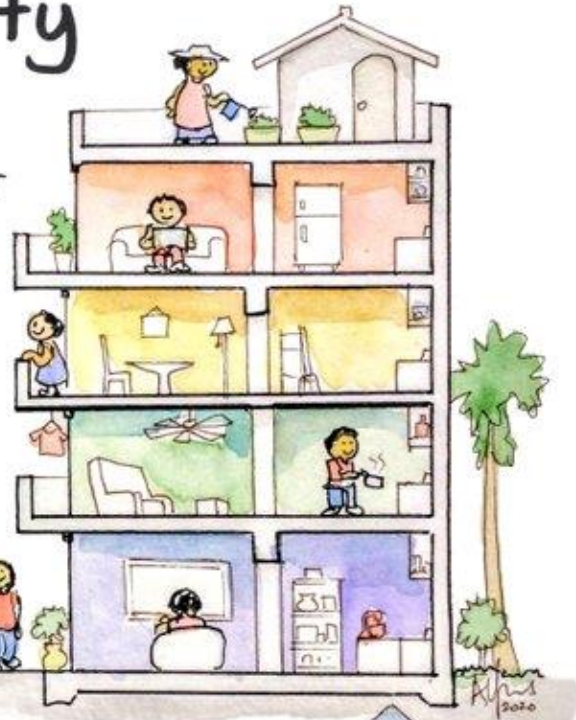
Overcrowding

Too many people
in each home.



Density

Enough
homes for
all the
people.



More Density = Less Overcrowding

CALIFORNIA
YIMBY



cayimby.org

Forms of Ownership/Tenancy

Property, both land and structures, can be owned in different ways. Homeowners can own their home without owning the property the home sits on.

- Chattel Property—moveable personal property
- Community Land Trust—non-profit led by community residents that owns property, sometimes including land under private homes
- Condominium—owners have title to their unit and an interest in common areas
- Co-op—non-profit corporation with shareholders
- Fee Simple—most common form of real estate ownership in the US
- Land Bank—an entity that acquires and holds property for future development
- Lease—agreement to occupy a property for a specified time; rental agreements are typically of shorter duration than a lease
- Mutual Housing—resident-owners participate in management and operation of a multi-family development
- Title/Property Title—legal proof of ownership, deed

Heirs Property/Clouded Title

- Heirs Property Owner: Someone who claims a property as their residence homestead but does not hold legal title, for example someone who acquired a property when a relative died without a will
- An heirs property owner's interest (title to the property) may not be recorded in the County's records and that person may not receive a homeowner's tax exemption
- Without property title, the owner cannot sell or borrow money using the home as collateral
- It is estimated that thousands of San Antonians may not have "clear title" to their homes.



Who Makes All These Rules?

- Local: City of San Antonio is a Home Rule Municipality that has regulatory authority over land use; can do anything Constitutionally allowed that the State does not forbid
- Bexar County: Has only powers authorized by the State
- State of Texas: All three branches of State government (executive, judicial and legislative) can impact housing policy and investments
- Federal: All three branches of the United States government can impact housing policy and investments

Federal Roles

Federal Agencies– Establish Federal policy, regulations, funding

- Code of Federal Regulations (CFR) and United States Code (USC)
- Housing and Urban Development (HUD)—most important agency in single and multi-family housing and homelessness
 - Oversees Federal Housing Administration (FHA), Federal Housing Financing Administration (FHFA—Fannie Mae, Freddie Mac and Federal Home Loan Bank system), Public Housing Authorities (PHAs)
 - HUD has a system of Field Offices across the country, including one in San Antonio
 - HUD oversees Participating Jurisdictions' (PJs) and entitlement communities' disbursement of pass-through funds such as HOME and CDBG
- Veteran's Administration—physical and behavioral health care
- United States Department of Agriculture—rural housing programs

Significant Federal Legislation

- **National Housing Act of 1934**--“encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes;” created Federal Housing Administration (FHA) and Federal Savings and Loan Insurance Corporation (FSLIC) to standardize mortgages
- **Housing Act of 1937 (Wagner-Steagall Act)**--federal government loaned money to local and state authorities to eliminate "unsafe and unsanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income"
- **Urban Renewal Act of 1949** (and subsequent years)--"slum clearance" through land acquisition and demolition to allow new development

Significant Federal Legislation

- **Fair Housing Act of 1968** (Amended in 1988)--prohibits discrimination in the rental and sales of housing on the basis of race, color, religion, sex, disability, family status, and national origin
- **Community Reinvestment Act (1977)**--CRA requires lenders to make investments in the areas from they collect deposits, including low and moderate income areas
- **Dodd-Frank Wall Street Reform and Consumer Protection Act (2010)**--expanded oversight of the financial system in response to the crisis and crash of 2007-08



Important Federal Funding Sources

Low Income Housing Tax Credits

- Created 1986
- Largest source of affordable housing funding—3 million units, 28% of all MF construction
- Allocated to states based on population
- Provides dollar-for-dollar reduction of federal tax liability
- Units are rent-restricted and available to tenants at or below 60% AMI for 30 years

4% LIHTC—

- meant to cover 30% of the project's development costs
- sometimes called "automatic" tax credits
- used with tax-exempt bonds

9% LIHTC—

- meant to cover 70% of costs
- awarded competitively as per QAP

Important Federal Funding Sources: HUD

HOME Investments Partnership Program (HOME)

- Grants to state and local governments for building, buying, rehabbing rental or ownership units affordable to low-income residents, or providing direct rental assistance
- Grantees="participating jurisdictions"
- PJs must create Consolidated Plan and match 25 cents of each federal dollar
- Income limits at 50, 60 and 80% AMI

Community Development Block Grant (CDBG)

- Created in 1974 as first block grant to bypass states and award funds directly to local governments
- "To ensure decent housing; To create and maintain a suitable living environment; and To expand economic opportunities"
- Awarded on a formula basis to "entitlement communities"

Important Federal Funding Sources: HUD

Underwrites and insures loans to developers and investors for the refinance, acquisition, rehabilitation and construction of multifamily properties

Provides capital advances, Project Rental Assistance Contracts (PRACs) for targeted projects

- 223 (f) program insures loans for market-rate and affordable multifamily properties, with specific consideration for low-income housing such as LIHTC
- 221(d)(4) program provides support for construction or substantial rehabilitation of multifamily properties
- 202 program supports households 62 years of age or older at 50% or below AMI
- 811 program supports individuals with disabilities

State Roles

State of Texas– Implements Federal and State programs, state law and regulations

- Texas Department of Housing and Community Affairs (TDHCA) oversees affordable housing (including tax credits), community and energy assistance programs, colonia activities, and manufactured housing
 - Creates Qualified Allocation Plan (QAP) that determines how LIHTCs can be utilized
 - Receives and administers federal funding such as HOME grants
- Texas Legislature passes legislation that regulates housing and the development process; passes budget for the State of Texas
- Governor's Office—makes appointments to entities that regulate housing (TDHCA), sits on Bond Review Board, has veto authority

Local Government Roles

Local Government– Establishes local policy, ordinances, funding

- Bexar County– Receives and awards federal funds, appoints board members to PHA, as PJ creates Consolidated Plan, develops housing policy and incentives, supports CHDOs
- City of San Antonio (COSA)– Receives and awards federal funds, appoints board members to PHA, as PJ creates Consolidated Plan, develops housing policy and incentives through City Council Committee, adopts ordinances regulating housing construction, owns municipal utilities, supports CHDOs

Other Governmental Entities– Regional coordination, funding

- Alamo Area Council of Governments (AACOG)
- South Alamo Regional Alliance for the Homeless (SARAH)

Who's Who in Affordable Housing in San Antonio?

Housing Authorities

- City of San Antonio--Opportunity Home
- Bexar County--Housing Authority of Bexar County (HABC)

City of San Antonio (COSA) Departments--Neighborhood Housing & Services Department (NHSD), Code Compliance, Development Services (DSD), Department of Human Services (DHS)

San Antonio Housing Trust

- San Antonio Housing Trust (SAHT)--\$10 million corpus
- SAHT Foundation, Inc.--manages SAHT
- SAHT Public Facility Corporation (PFC)--created by governmental entity
- SAHT Finance Corporation--issues Private Activity Bonds

Who's Who, cont.

Chief Housing Officer—Mark Carmona

**COSA Planning and Community Development Committee
(Council Committee)—**

- Dr. Adriana Rocha-Garcia, District 4, Chair
- Phyllis Viagran, D3; Teri Castillo, D5; John Courage, D9

COSA Housing Task Forces—consisted of citizens appointed by the Mayor and City Council

COSA Housing Commission—Shirley Gonzales, Chair

- Robert John Abraham, Pete Alanis, Jeff Arndt, Kristin Davila, Ed Hinojosa, Nikki Johnson, Amanda Lee Keammerer, Sarah Sanchez

Who's Who, cont.

Developers—non-profit and for-profit

- Community Housing Development Organizations (CHDOs)—defined by HUD, must receive a set-aside of 15% of HOME funds

Professional Associations

- Real Estate Council of San Antonio (RECSA)
- San Antonio Apartment Association (SAAA)
- San Antonio Board of Realtors (SABOR)

Philanthropic Support

- No local philanthropy is focused on affordable housing—
 - San Antonio Area Foundation (community foundation)
 - Kronkosky Foundation
 - H.E. Butt Foundation

What's the Difference Between Housing Bonds and the Housing Bond?

- **Housing Bonds** have been issued by Public Facility Corporations to finance the construction of multi-family housing; PFCs are created by sponsoring governmental entities to carry out public purposes
- In May 2022, voters approved the City issuing a \$150 million **Housing Bond** as part of a larger general obligation (GO) bond package:
 - Homeownership Rehabilitation and Preservation (\$45 million)
 - Rental Housing Rehab, Acquisition and Preservation (\$40 million)
 - Rental Housing Production and Acquisitions (\$35 million)
 - Permanent Supportive Housing (\$25 million)
 - Homeownership Production (\$5 million)

Homelessness in San Antonio/Bexar County

SARAH—the regional Continuum of Care (CoC)

- Track and assess progress (HMIS), coordinate efforts (CE), distribute funds and monitor expenditures, create new initiatives (YHDP)
- Conducts annual Point in Time (PIT) Count

COSA Department of Human Services (DHS) produced Homelessness Strategic Plan, adopted by other agencies such as SARAH, distributes funds and operates programs

Providers—such as **Haven for Hope, SAM Ministries and Christian Assistance Ministries (CAM)**

Housing developed specifically for those experiencing homelessness including ESG (emergency shelter), RRH (rapid re-housing) and PSH (permanent supportive housing)

Relevant Plans, Reports and Processes

- Unified Development Code (UDC) Amendments
- SA Tomorrow Plan and Subarea Plans
- Strategic Housing Implementation Plan (SHIP)
- For Everyone Home (FEH)
- Social Determinants of Health (SDOH) Framework
- Homelessness Strategic Plan, Implementation Phase
- SALSA (Successfully Aging and Living in San Antonio)
- Criminal Justice & Behavioral Health Task Force
- VIA 2040 Plan

Q&A...

Leilah Powell

Executive Director, LISC San Antonio

1423 South St. Mary's St.

San Antonio, Texas 78210

210-867-2065

lpowell@lisc.org