Do Investments in Places Benefit People in Poverty? An Analysis of San Antonio's Eastside Promise Zone and other Housing Challenges

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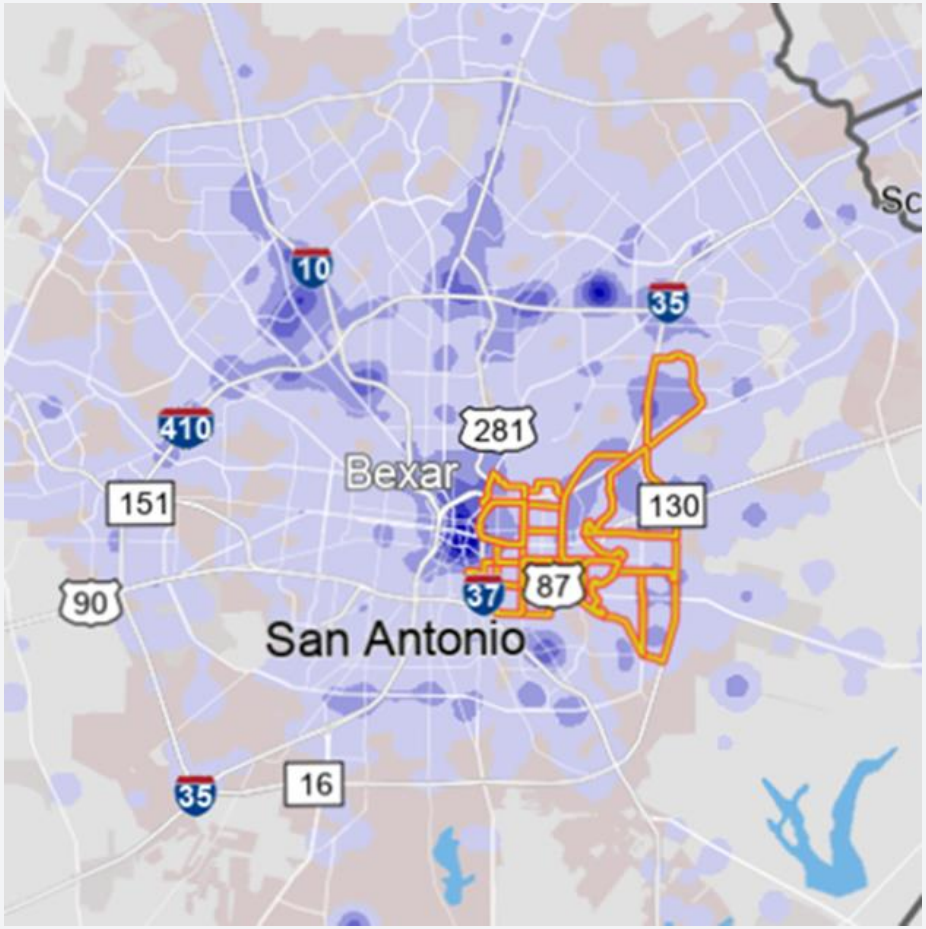
Addressing Inner-City Blight through Place-based Economic Development

- 1949 Federal Housing Act (Urban Renewal)
  - 57,000 acres of land; 300,000 families displaced
- 1966 Federal Demonstration Cities and Metropolitan Development Act (Model Cities)
- 1970s-present State Enterprise Zones
- 1990s-present Federal Zones (Empowerment, Promise, Opportunity)

San Antonio Eastside Promise Zone (EPZ)

- Designation 2014- 2024
- 31% poverty rate
- 10% unemployment rate
- 30% residents 25 and older without a HS diploma
- Median income $28,000
- 22 sq. miles (19 census tracts)
- Designation allows for advantage to federal funds, tax incentives



EASTSIDE REVITALIZATION TIMELINE & FUNDING

	Eastside Reinvestment Summits	Promise Neighborhood Grant	Choice Neighborhood Grant	Byrne Criminal Justice Grant	Promise Zone Designation
Received	2009 - 2010	2011	2012	2012	2014
Agency	District 2 & COSA	United Way	SAHA	SAHA & United Way	COSA
Funding	N/A	**$23.3M**	**$29.75M**	**$920,000**	**$0**
Source	N/A	DOE	HUD	DOJ	HUD
Goal	Engage the community to identify and prioritize needs and projects	Improve Education from cradle to career in targeted Eastside schools	Redevelop Wheatley Courts public housing site & the surrounding area into a mixed-income community. COSA contributing **$20M** as leverage	Improve public safety in the Promise & Choice footprint through hot spot policing, foot patrol, safe school zones and re-entry	Technical assistance and preference on federal grants applications. To date, **$10.2M** received
Expiration	N/A	2017	2018	2016	2024

Total EPZ funding= $72 million +

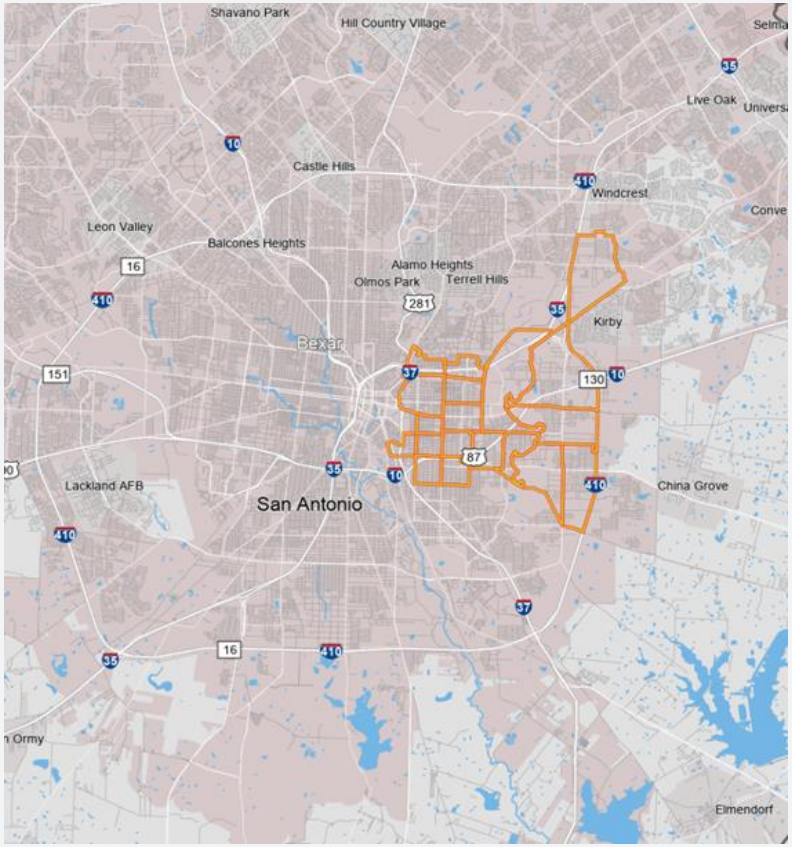
Research Questions

- Do EPZ census tracts experience a **decrease in poverty**?
- Do EPZ census tracts experience an **increase in employment rate**?
- Do EPZ census tracts experience an **increase in median home value**?

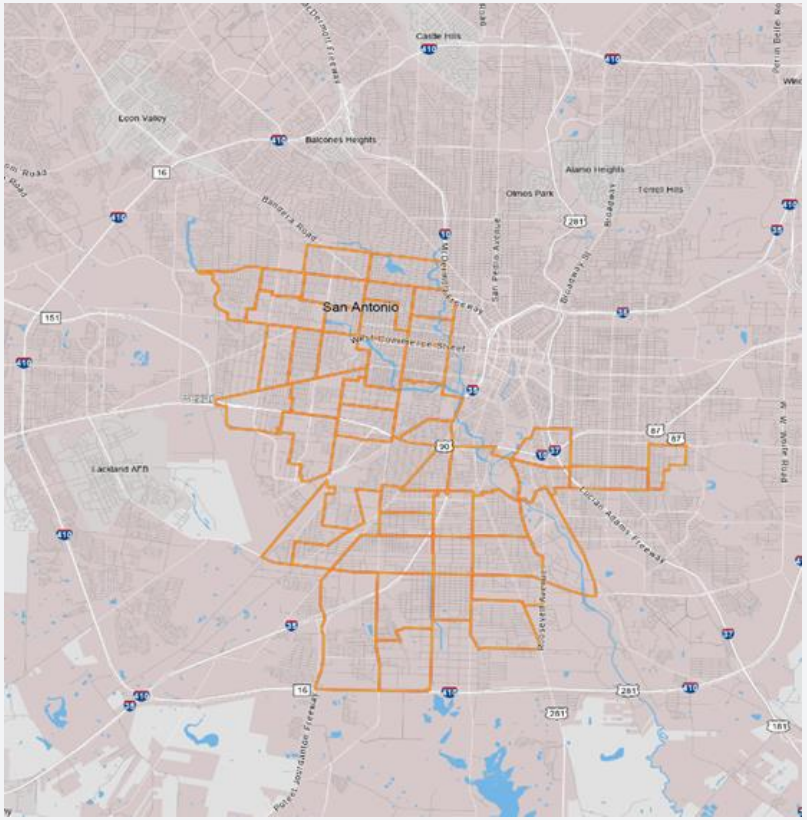
Data and Methods

- 19 EPZ | 45 East/West/South (non-EPZ) Census Tracts
- Case Study Method
- Longitudinal Tract Database (1980-2010)
  - Longitudinal linear mixed model (LTDB)
- U.S. Census Bureau OnTheMap
- 2013 and 2018 ACS 5-year estimates
- Difference-in-Difference (ACS data)

Eastside Promise Zone



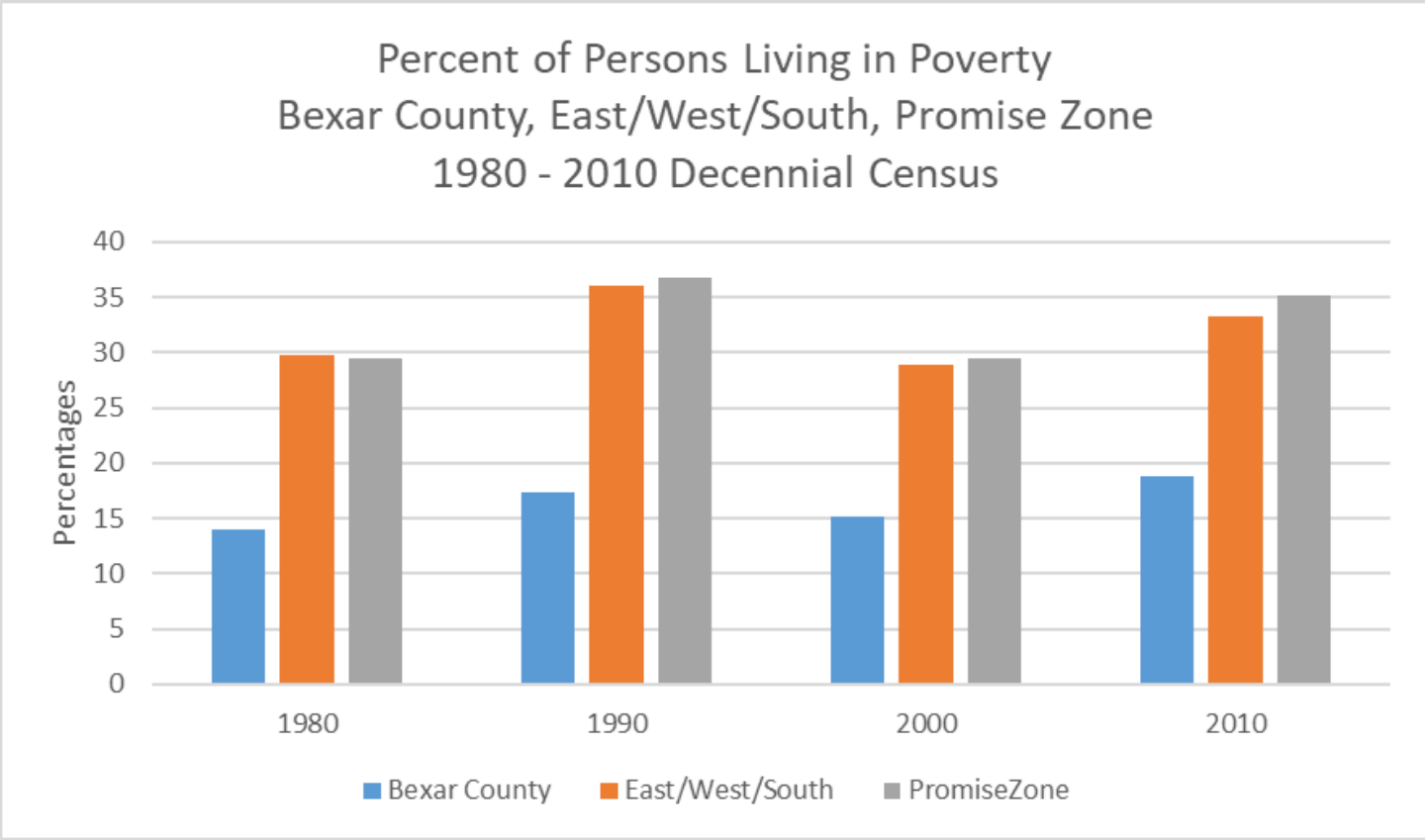
East/West/South Non-EPZ



Research Aim #1

Do EPZ census tracts experience a decrease in poverty?

Poverty Rate in Bexar County, East/West/South and EPZ (1980-2010)



Regression Models Predicting **Poverty** Using Difference-in-Difference Method, ACS 2013 and 2018 5-Year Estimates

Base Model		**Model with Covariates**	
Independent Variable	**Poverty**	Independent Variable	**Poverty**
Treated	0.101 (0.096)	Treated	NS
Time	-0.106 (0.074)	Time	NS
DID	**-0.049 (0.136)**	**DID**	**NS**
		Employed	NS
		Female Head HH	+ *
		HH Income	-- ***
		High School Grad	NS
		Some College and Above	NS
		Minority	NS

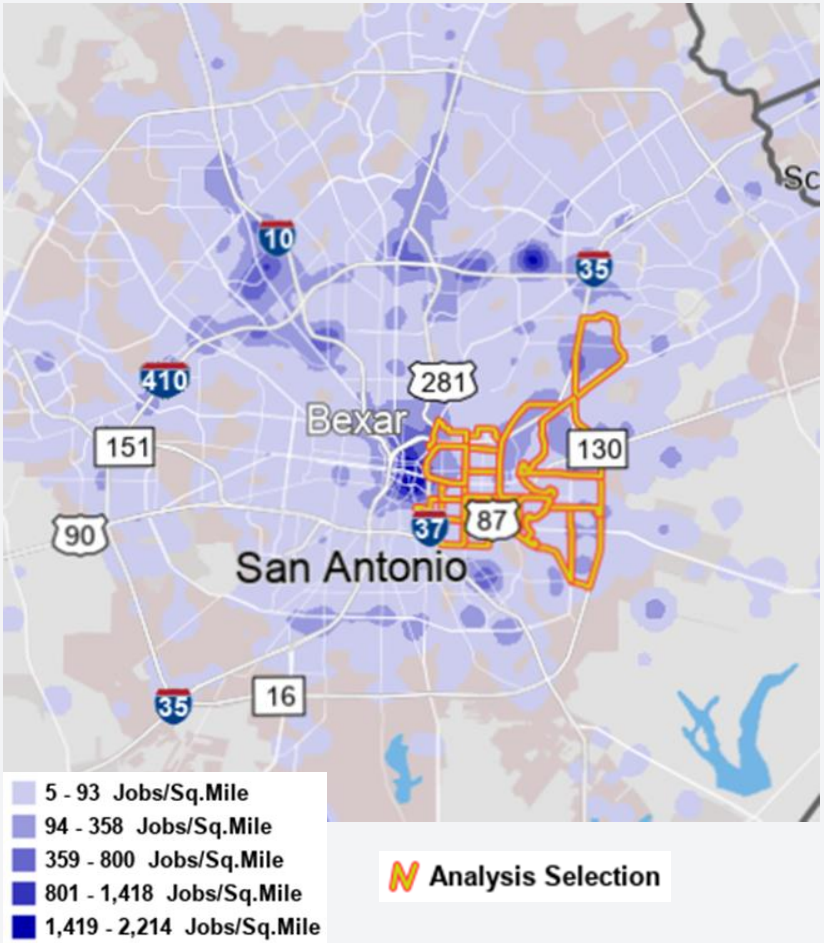
EPZ tracts experience a 4.9 percent decrease in poverty when compared to non-EPZ tracts but the difference is not significant.

Research Aim #2

Do EPZ census tracts experience an increase in employment?

Census Bureau OnTheMap Analysis EPZ Resident Employment 2017

- 60% Latino and 25% Black
- 93% EPZ Residents work outside EPZ
- 32% make $1,250/mo or less
- 71% work in service industry jobs
- Less than 10% have a bachelor's degree



Regression Models Predicting **Employment** Using Difference-in-Difference Method, ACS 2013 and 2018 5-Year Estimates

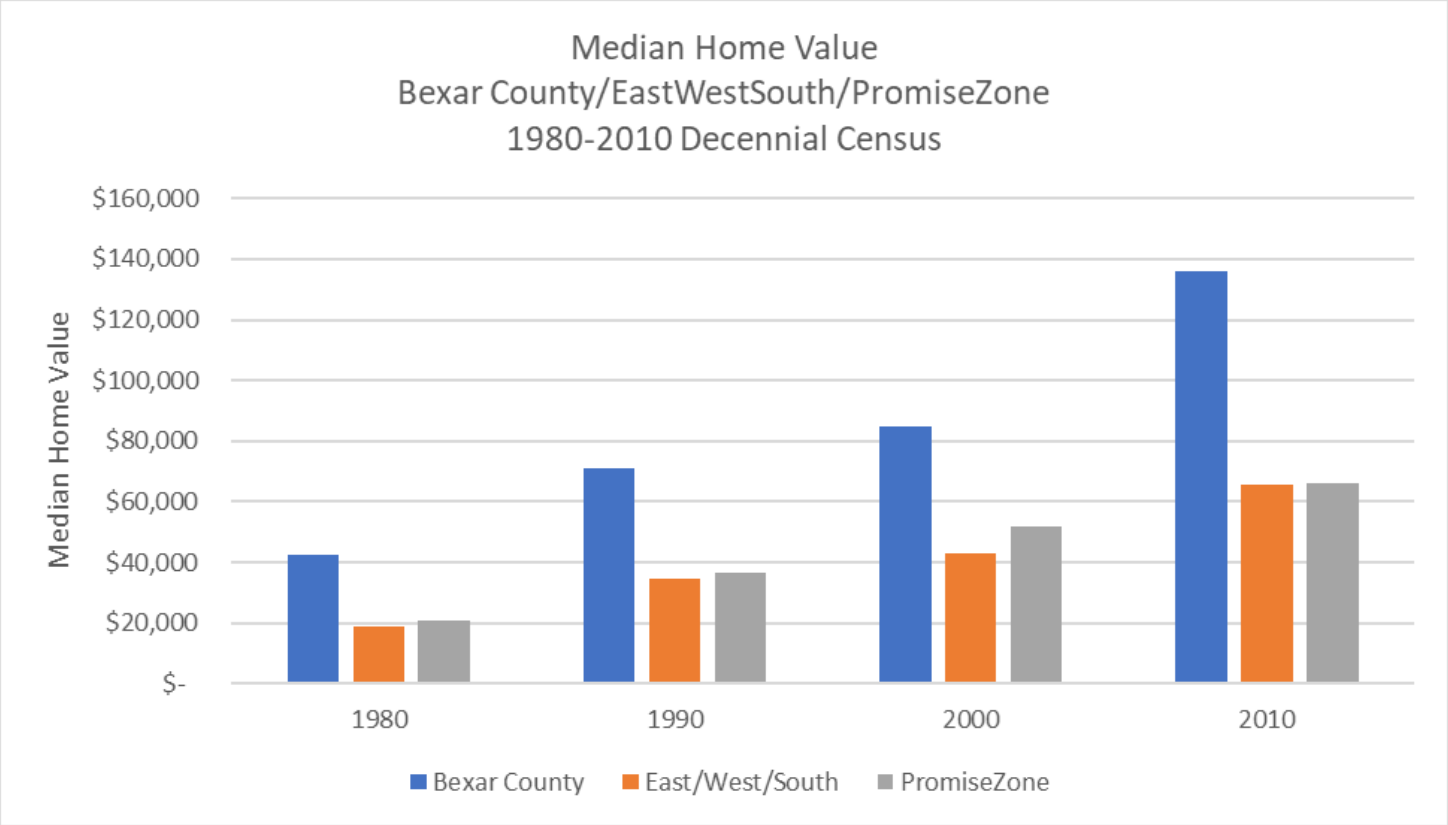
Base Model		**Model with Covariates**	
Independent Variable	**Employment**	Independent Variable	**Employment**
Treated	3.751 (1.520)*	Treated	+**
Time	1.933 (1.172)	Time	+**
DID	**-6.581 (2.150)****	**DID**	**--*** **
		Poverty	--***
		Female Head HH	NS
		High School Grad	NS
		Some College and Above	+*
		Minority	--*

EPZ tracts experience a 6.6 percent decrease in employment when compared to non-EPZ tracts and the difference is significant at p<.01

Research Aim #3

Do households in the EPZ census tracts experience an increase in median home value?

Median Home Values in Bexar County, East/West/South and EPZ (1980-2010)



Regression Models Predicting **Median Home Value** Using Difference-in-Difference Method, ACS 2013 and 2018 5-Year Estimates

Base Model		Model with Covariates	
Independent Variable	**Median Home Value**	Independent Variable	**Median Home Value**
Treated	0.023(0.046)	Treated	NS
Time	0.062 (0.035)	Time	NS
DID	**0.066 (0.064)**	**DID**	**NS**
		Employed	NS
		Female Head HH	--*
		HH Income	+ ***
		High School Grad	+*
		Some College and Above	+***
		Minority	--***

EPZ tracts experience a 6.6 percent increase in median home value when compared to non-EPZ tracts but the difference is not significant.

Wheatley Courts

East Meadow Apartments

Photo credit: Lisa Krantz, San Antonio Express-News, 2012

Housing is becoming out of reach for residents on the Eastside where the household median income is approximately $30,000/year

Summary Findings

- No statistically significant difference between EPZ and non-EPZ tracts in poverty and median home values

- Statistically significant decrease between EPZ and non-EPZ in employment

Housing Challenges in Texas Cities

- Population Growth
- Rising Housing Costs
- Stagnant Wages
- Limited land use
- Affordability
- Gentrification
- Growing Homeless population

Public Facility Corporations

A Tool to Address the Housing Challenges for Low-Income Families?

Public Facility Corporations

- A PFC is created by a public entity, for ex. the San Antonio Housing Trust (SAHT) PFC or the San Antonio Housing Authority (SAHA) PFC
- Allows developers to partner w/ a PFC on developments in exchange for a 50% to 100% property tax exemption
- These partnerships are created to provide “affordable” housing where a percent of units target households with lower household incomes

Housing Costs

- How do we define “Affordable”? No more than 1/3 of monthly household income on housing (includes utilities), but cities are grappling with this definition

- HUD uses Area Median Income (AMI) for a Metropolitan Statistical Area (MSA)

- Challenge is that AMI is used from MSA (not for city)
  - San Antonio-New Braunfels AMI= $74,073 (family 3)
  - San Antonio AMI= $62,505 (family 3)

Public Facility Corporations

- Public Facility Corporations and the Section 303.042(f) Tax Break for Apartment Developments in Texas: *A boon for affordable housing OR a windfall for apartment developers?*

- Groundbreaking report from UT School of Law Entrepreneurship and Community Development Clinic on PFC and the reforms needed

Who Makes These Decisions in San Antonio?	Developers receive property tax breaks for years 75 years	What are the trade-offs?
San Antonio Housing Trust Public Facility Corporation - Five City Council members are appointed by the Mayor **San Antonio Housing Authority** - SAHA board members	**Some well-known developers include:** - NRP Group Developments - Lynd Companies - Post Investment Companies - AREA Real Estate - etc.	- Cities, school districts, public hospitals, community college systems lose out on tax revenue - Renters and property taxpayers experience higher rents and property taxes - Individuals and families are unable to find truly affordable housing

Lost Property Tax Revenue in San Antonio

- The figure at right is based on 12 properties in San Antonio and more on the way

- Only 69 units out of 3,406 are for families earning between $31,252 - $40,628 (50-65% AMI) in San Antonio

$486 million[19] **Appraised value**

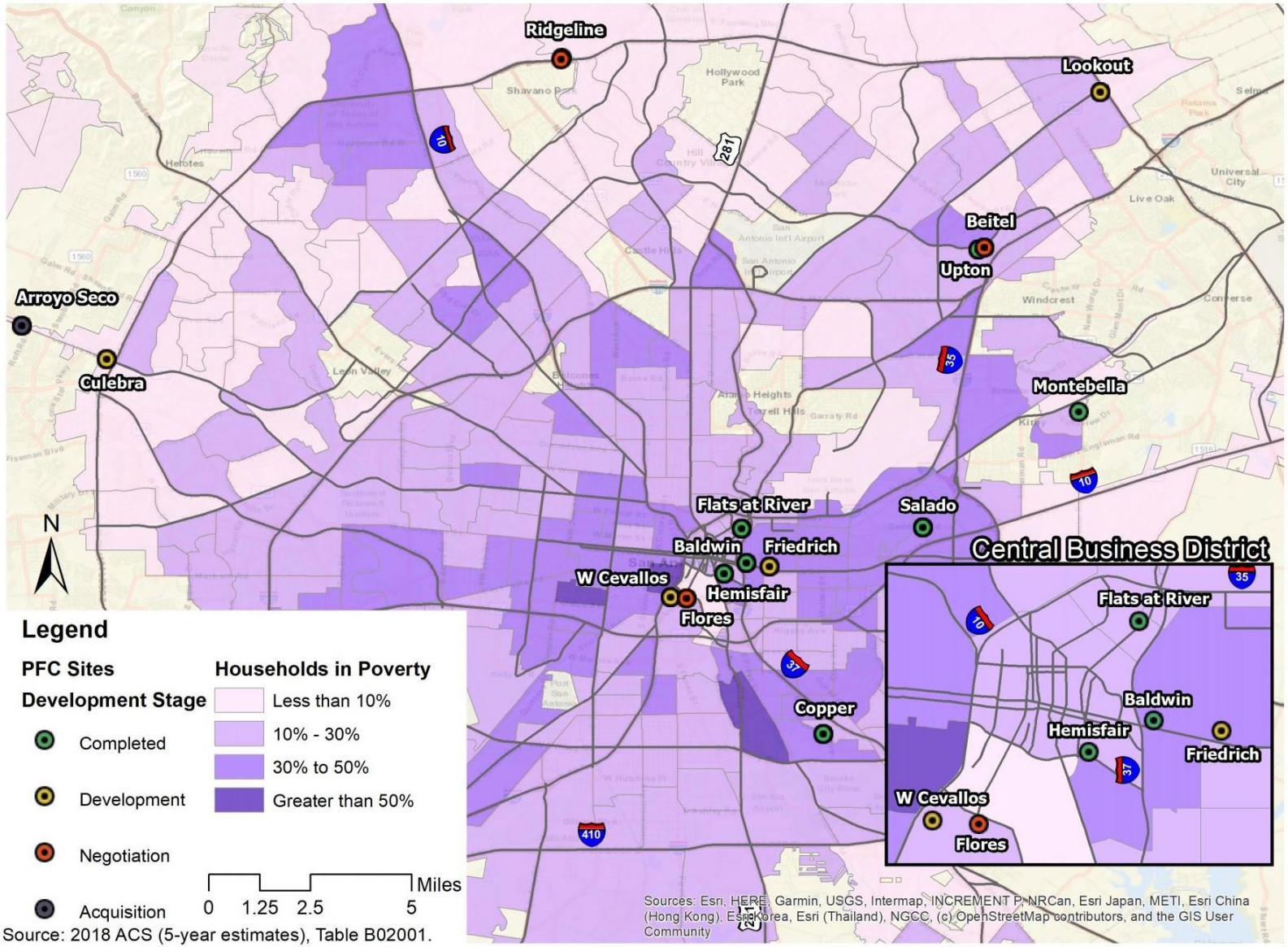
$13.5 million[20] **Annual property tax exemption**

City of San Antonio:	$2.7M/year
Bexar County:	$1.3M/year
School Districts:	$7M/year ($1.9M/year direct impact)[21]
Community College:	$724,000/year
Hospital District:	$1.3M/year

Source: Public Facility Corporations and the Section 303:042(f) Tax Break for Apartment Developments; UT Austin School of Law

Appendix 4: PFC Site Selection and Percent of Households in Poverty by Census Tract in San Antonio, Texas

Source: Public Facility Corporations and the Section 303:042(f) Tax Break for Apartment Developments; UT Austin School of Law



Source: 2018 ACS (5-year estimates), Table B02001.

Photo credit: SA Heron

The Baldwin Apartment Complex

Values

Taxing Jurisdiction

Owner: SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
% Ownership: 100.0000000000%
Total Value: $37,549,410

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax
06	BEXAR CO RD & FLOOD	0.023668	$37,549,410	$0	$0.00
08	SA RIVER AUTH	0.018580	$37,549,410	$0	$0.00
09	ALAMO COM COLLEGE	0.149150	$37,549,410	$0	$0.00
10	UNIV HEALTH SYSTEM	0.276235	$37,549,410	$0	$0.00
11	BEXAR COUNTY	0.277429	$37,549,410	$0	$0.00
21	CITY OF SAN ANTONIO	0.558270	$37,549,410	$0	$0.00
57	SAN ANTONIO ISD	1.502300	$37,549,410	$0	$0.00
CAD	BEXAR APPRAISAL DISTRICT	0.000000	$37,549,410	$0	$0.00
SA011	San Antonio TIF #11 Inner City	0.000000	$37,549,410	$0	$0.00
	Total Tax Rate:	2.805632			
				Taxes w/Current Exemptions:	$0.00
				Taxes w/o Exemptions:	$1,053,498.26

what developers should pay

Improvement / Building

Land

Roll Value History

Year	Improvements	Land Market	Ag Valuation	Appraised	HS Cap	Assessed
2021	N/A	N/A	N/A	N/A	N/A	N/A
2020	$33,685,600	$3,863,810	0	37,549,410	$0	$37,549,410
2019	$33,215,500	$3,750,670	0	36,966,170	$0	$36,966,170
2018	$9,324,780	$3,642,180	0	12,966,960	$0	$12,966,960
2017	$1,624,080	$3,068,730	0	4,692,810	$0	$4,692,810

Deed History - (Last 3 Deed Transactions)

My 78 year-old Aunt's Tax Bill

Values

Taxing Jurisdiction

Owner:

% Ownership: 100.0000000000%

Total Value: $162,100

Entity	Description	Tax Rate	Appraised Value	Taxable Value	Estimated Tax	Tax Ceiling
06	BEXAR CO RD & FLOOD	0.023668	$162,100	$96,173	$21.72	$21.72
08	SA RIVER AUTH	0.018580	$162,100	$89,173	$16.57	
09	ALAMO COM COLLEGE	0.149150	$162,100	$69,173	$42.06	$42.06
10	UNIV HEALTH SYSTEM	0.276235	$162,100	$89,173	$246.33	
11	BEXAR COUNTY	0.277429	$162,100	$49,173	$31.72	$31.72
21	CITY OF SAN ANTONIO	0.558270	$162,100	$29,173	$0.00	$0.00
57	SAN ANTONIO ISD	1.502300	$162,100	$59,173	$290.07	$290.07
CAD	BEXAR APPRAISAL DISTRICT	0.000000	$162,100	$99,173	$0.00	
	Total Tax Rate:	2.805632				
				Taxes w/Current Exemptions:	$648.47	
				Taxes w/o Exemptions:	$4,547.93	

Improvement / Building

-Legislation proposed to either repeal the 303.042(f) PFC tax break or amend it failed during the 2021 legislative session

-It is up to local PFC board members to make changes to build housing that is more affordable to meet the needs of low-income families and more equitable to property taxpayers in these communities.

Policy Implications

- Critically assess economic incentives to developers that do not create affordable housing– do the costs outweigh the benefits?
- Advocate for additional federal and state funding to address housing needs as well as explore other funding streams
- Increase funding for rehab and repair of older homes
- Expand workforce and education opportunities that incorporate safety net programs for those living in poverty

Thank You

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