

**HOUSING COUNCIL COMMITTEE
MEETING MINUTES
WEDNESDAY, APRIL 20, 2016
2:00 P.M.
MEDIA BRIEFING ROOM**

| | |
|-------------------------|--|
| Members Present: | Councilmember Mike Gallagher, <i>Chair, District 10</i> Councilmember Roberto Treviño, <i>District 1</i> Councilmember Rey Saldaña, <i>District 4</i> Councilmember Ron Nirenberg, <i>District 8</i> |
| Members Absent: | Councilmember Cris Medina, <i>District 7</i> |
| Staff Present: | Peter Zaroni, <i>Deputy City Manager</i> ; Lori Houston, <i>Assistant City Manager</i> ; Shreya Shah, <i>Assistant City Attorney</i> ; Ben Gorzell, <i>Chief Financial Officer</i> ; John Jacks, <i>Interim Director, Center City Development and Operations</i> ; Bridgett White, <i>Interim Director, Department of Planning and Community Development</i> ; Edward Gonzales, <i>Assistant Director, Department of Human Services</i> ; Richard Keith, <i>Assistant Director, Department of Planning and Community Development</i> ; Michael Taylor, <i>Assistant Director, Planning and Community Development</i> ; Ramiro Gonzales, <i>Redevelopment Officer, Center City Development and Operations</i> ; Thomas Morgan, <i>Grants Administrator, Department of Planning and Community Development</i> ; Denice F. Treviño, <i>Office of the City Clerk</i> |
| Others Present: | Debra Guerrero, <i>NRP Group</i> ; Krystin Ramirez, <i>Planning and Development Manager, Kaufman/Killen</i> |

Call to order

Chairman Gallagher called the meeting to order.

1. Approval of Minutes from the March 23, 2016 Housing Committee Meeting

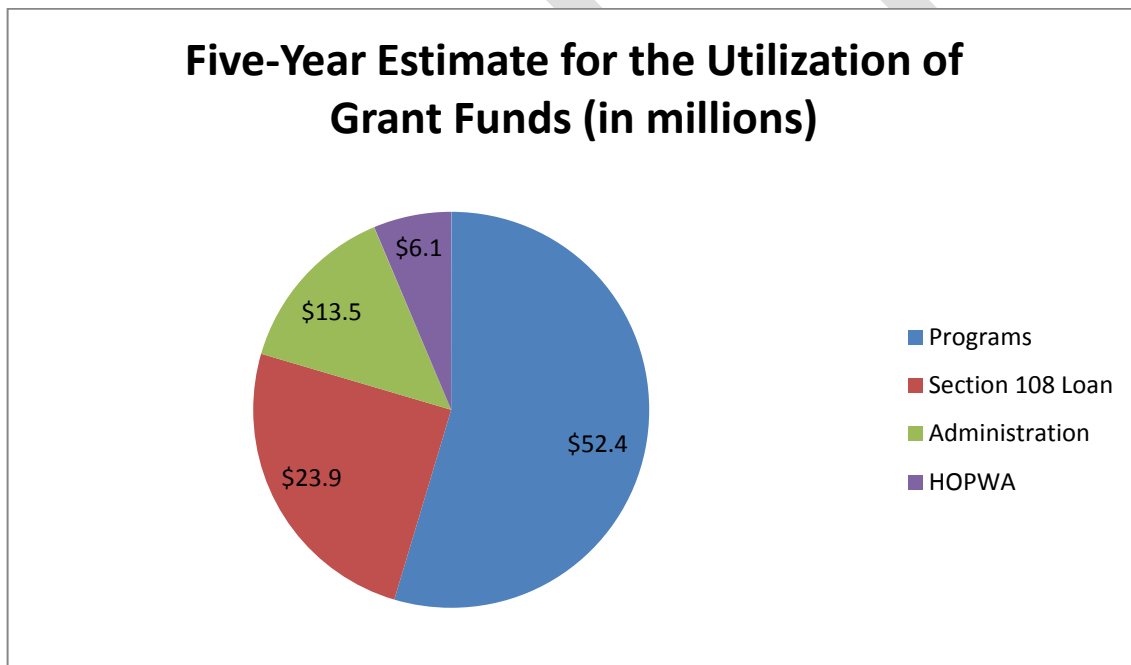
Councilmember Saldaña moved to approve the minutes of the March 23, 2016 Housing Council Committee Meeting. Councilmember Treviño seconded the motion. Motion carried unanimously by those present.

Briefing and Possible Action on

2. A Briefing and Possible Action on the FY 2017 Action Plan and Budget for Administering Programs Funded through the City's Four U.S. Department of Housing and Urban Development (HUD) Grant Programs Including the Community Development Block Grant (CDBG), HOME Investment

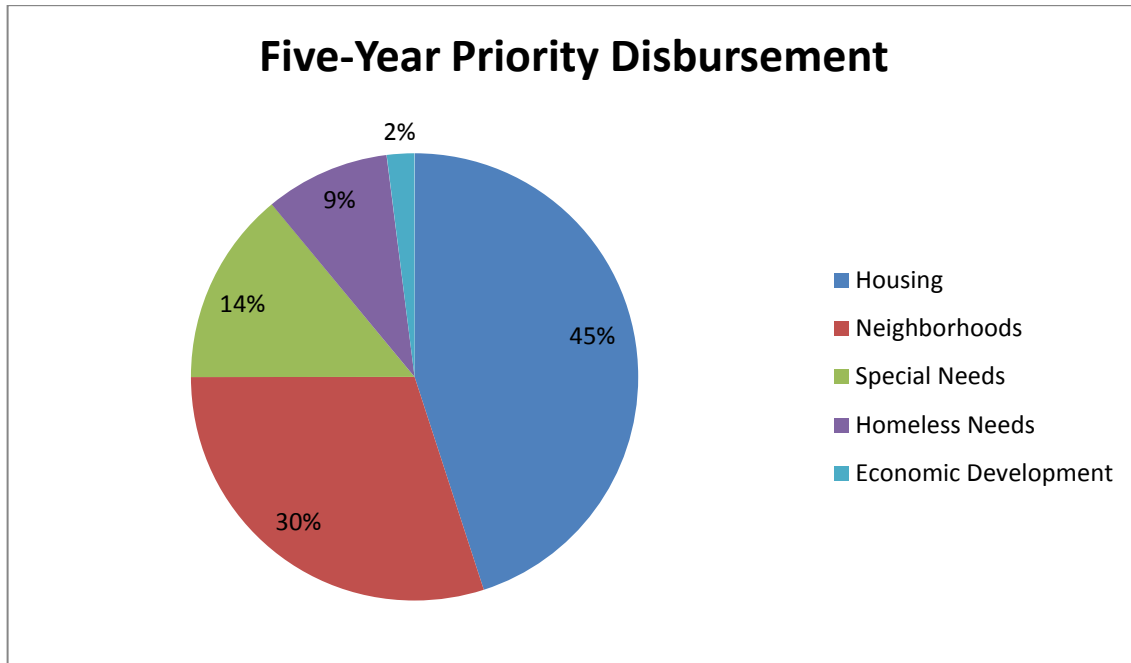
Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Grant and Re-Targeting of Existing Owner Occupied Rehabilitation and Homebuyer Programs in an Effort to Improve Grant Performance and Program Timeliness Requirements. [Peter Zanoni, Deputy City Manager; Bridgett White, Interim Director, Planning and Community Development]

Bridgett White stated that the FY 2017 Consolidated Plan (Consolidated Plan) sets priorities and goals for the utilization of CDBG, HOME, ESG, and HOPWA Funds for the next five years. She noted that said plan guided investment decisions for an estimated \$52.4 million during the previous five-year period. She stated that the FY 2017 Action Plan (Action Plan) identified all actions taken by the City in a given year. She noted that all Action Plan Activities must align with the Consolidated Plan Five-Year Goals. She presented the following five-year estimate of sources and utilization of Grant Funds:



| Source of Grant Funds | Five-Year Estimate (in millions) |
|-----------------------|----------------------------------|
| CDBG | \$57.5 |
| HOME | \$21.1 |
| ESG | \$5.1 |
| HOPWA | \$6.1 |

Ms. White reported an increase of 24% in Grant Funds from FY 2016 to FY 2017 due to the reprogramming of funds and receipt of \$5.4 million in program income. She reviewed the following Five-year Priority Disbursement:



Ms. White presented the following Annual Year-Over-Year Budget:

| Grant | FY 2016 Budget | FY 2017 Budget | Variance |
|-------|----------------|----------------|-------------|
| CDBG | \$11,852,129 | \$13,247,418 | \$1,395,289 |
| HOME | \$ 4,384,916 | \$ 7,523,862 | \$3,138,946 |
| ESG | \$ 1,025,839 | \$ 1,047,124 | \$ 21,285 |
| HOPWA | \$ 1,216,888 | \$ 1,244,429 | \$ 27,541 |
| Total | \$18,479,772 | \$23,062,833 | \$4,583,061 |

Thomas Morgan invited Ben Gorzell to review and answer questions regarding the HUD Section 108 Loan. Mr. Gorzell stated that HUD issued a Section 108 Loan to the City in 2006 for \$57 million. He noted that the term for said loan was 20 years with Level Debt Service Payments of \$4.8 million due annually. He stated that the loan would mature and the final payment would be due August 2026. He noted that the loan included a standard 10-year call provision which meant that the loan could not be refinanced for the first 10 years. He stated that said loan could be refinanced from year 10 (August 2017) and above. He noted that staff explored refinancing the remainder of the loan before year 10 and found that interest rates were on the short term of the curve. He stated that Debt Service Loans issued currently which had a future call date would

require immediate payment on the Unsecured (U) Bonds issued by the City. He noted that the City could not purchase other U Bonds until 2017 which would require funding of an Escrow Account. He stated that due to low interest rates, the City could not afford to make up the difference. He noted that the City would still owe approximately \$35.5 million on said loan in 2017 which included a large balance of the principal amount. He stated that due to this, a lower interest rate would not accelerate payment of the loan. He noted that another source of revenue for payment of the loan was required to do so.

Councilmember Gallagher asked of the refinancing process for the loan in 2017. Mr. Gorzell stated that staff would coordinate refinancing with HUD which would issue the bond.

Councilmember Nirenberg expressed his support for refinancing of the loan as soon as possible. Mr. Gorzell stated that the interest rate for the loan would be comparable to that of a loan issued by the City. He noted that refinancing of the loan would reduce the interest paid from \$11 million to \$5 million. He noted that the loan included a large balance on the principal.

Councilmember Saldaña expressed concern that CDBG Funds were utilized for a loan funded by same. Mr. Morgan noted that said loan was utilized to fund 150 Infrastructure Projects.

Ms. White presented the following Year 2 (FY 2017) Action Plan: CDBG:

| YEAR 2 (FY 2017) ACTION PLAN: CDBG | | |
|---|-----------------------------|---------------|
| ACTIVITY | PRIORITY | AMOUNT |
| HUD 108 Loan repayment | Debt Service | \$4,794,419 |
| EastPoint Infrastructure | Neighborhood Revitalization | \$1,700,000 |
| Red Berry Infrastructure Improvements (Red Berry) | Neighborhood Revitalization | \$1,480,931 |
| Housing Delivery | Affordable Housing | \$ 547,800 |
| REnewSA Catalytic Reinvestment (REnewSA) | Neighborhood Revitalization | \$ 450,000 |
| Minor Repair | Affordable Housing | \$ 300,000 |
| Façade Improvements | Neighborhood Revitalization | \$ 269,829 |
| Summer Youth Program | Special Needs | \$ 208,282 |
| Financial Education Program | Economic Development | \$ 200,000 |
| Fair Housing Program | Affordable Housing | \$ 192,784 |
| Code Enforcement Activities | Neighborhood Revitalization | \$ 187,749 |
| Community Center Extended Hours | Special Needs | \$ 64,140 |

Mr. Morgan reported that funding for EastPoint Infrastructure was reduced to the amount pledged in 2013. He stated that funding for Red Berry was added in March 2016. He noted that funding for the REnewSA Catalytic Reinvestment was reduced to reflect FY 2016 Performance. He stated that funding for Minor Repair was increased from \$250,000 to \$300,000. He noted that per the previous funding strategy, \$1.6 million in Renew SA Funds would be allocated across Districts 1-6. He noted that the revised budget redirected \$1.15 million in REnewSA Funds and \$381,000 in EastPoint Funds to Red Berry. He stated that the total allocation for District 2 represented 44% of all Discretionary FY 2017 CDBG and HOME Funds. He noted that the Red Berry and CDBG Funds must be expended by July 31, 2016 or HUD FY 2018 CDBG Award would be reduced. He stressed the importance of compliance with HUD deadline requirements.

Mr. Morgan presented the following Year 2 (FY 2017) Action Plan for HOME:

| ACTIVITY | PRIORITY | AMOUNT |
|--|--------------------|-------------|
| Eastside Choice Neighborhood Multi-Family Rental Development | Affordable Housing | \$2,500,000 |
| Single Family Rehabilitation and Reconstruction | Affordable Housing | \$1,500,000 |
| Multi-Family Rental Housing Set Aside | Affordable Housing | \$1,250,000 |
| Single Family New Construction | Affordable Housing | \$1,220,000 |
| Homebuyer Incentive Program | Affordable Housing | \$ 301,476 |

He noted that there was no change in the funding for HOME and noted that the Section 108 Loan, which would be paid in full in FY 2017, was included in the Eastside Choice Neighborhood Multi-Family Rental Development. He presented the following Year 2 (FY 2017) Action Plan for ESG and HOPWA:

| ACTIVITY | PRIORITY | AMOUNT |
|---|---------------------------|-------------|
| Rapid Re-Housing | Homeless Housing Services | \$ 488,465 |
| Homeless Prevention | Homeless Housing Services | \$ 266,175 |
| Emergency Shelter | Homeless Housing Services | \$ 212,747 |
| Outreach | Homeless Housing Services | \$ 70,935 |
| Housing and Support for Persons with HIV/AIDS | Special Needs | \$1,207,096 |

Mr. Morgan stated that ESG and HOPWA Funds were reduced by \$3,500 for Homeless Prevention. He presented the next steps for the FY 2017 Action Plan and Budget:

| | |
|----------------|---|
| April 20, 2016 | Consideration and action by the Housing Council Committee for the FY 2017 Annual Action Plan and Budget for CDBG, HOME, ESG and HOPWA |
|----------------|---|

| | |
|-----------------|---|
| June 1, 2016 | 1 st Public Hearing |
| August 3, 2017 | 2 nd Public Hearing |
| August 4, 2016 | City Council consideration of Annual Action Plan and Budget for CDBG, HOME, ESG and HOPWA |
| August 15, 2016 | Annual Action Plan and Budget submitted to HUD |

Councilmember Gallagher asked of the venue for the two Public Hearings. Mr. Morgan stated that both would be held in City Council Chambers.

Councilmember Nirenberg asked if utilization of REnewSA Funds would be re-aligned with REnewSA Priorities following the completion of Red Berry. Mr. Morgan replied that they would. Lori Houston added that the REnewSA Grant was issued in the form of a loan which the City would receive in five to seven years.

Councilmember Nirenberg moved to recommend and forward the FY 2017 Action Plan and Budget for the CDBG, HOME, ESG and HOPWA HUD Grants to the full City Council for consideration. Councilmember Treviño seconded the motion. Motion carried unanimously by those present.

3. A Briefing on the Progress and Potential Extension of the Center City Housing Incentive Policy (CCHIP). [John Jacks, Interim Director, Center City Development and Operations; Lori Houston, Assistant City Manager]

Ramiro Gonzales stated that in June 2012, City Council adopted the Center City Housing Incentive Policy (CCHIP), an as-of-right housing incentive program designed to encourage the development of Multi-Family Housing in the Center City, particularly in areas identified in the Downtown Strategic Framework Plan. He noted that CCHIP applied to Multi-Family Rental and For Sale Housing Projects within the Community Revitalization Action Group (CRAG) Area, or the original 36 square miles of the City of San Antonio. He stated that CCHIP was developed with the goal of increasing density in the downtown area. He noted that before CCHIP was created, the length of the approval process was six to nine months and now takes four to six weeks. He noted that under the CCHIP, eligible projects received City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants for a term of 10-15 years (based on location), Low-Interest Loans for an amount per unit (\$500-\$7,000 based on location), and five-year Mixed Use Development Forgivable Loans which were forgivable provided that developments were 80% occupied over the course of the term. He stated that the developer was required to reserve 10% of the units at the first year rate for the entire term in order to foster a mixed income environment. He noted that program eligibility required creation of two or more housing units at a density of 16+ units per acre. He reported that 42 housing projects have entered the program to date resulting in 4,288 housing units under construction, in design or completed. He stated that this

represented private investment of approximately \$707 million and city incentives of \$53 million. He noted that 2,714 of said housing units contributed to achievement of the Housing Goal (7,500) in the downtown area. He reviewed the incentive tiers.

Mr. Gonzales reported that a Housing Study was commissioned and was currently under review. He stated that said study found that more incentives were needed, especially in the Urban Core. He reviewed the challenges of housing development in the downtown area.

Councilmember Treviño asked if neighborhoods could opt out of the program. Mr. Gonzales replied that said option was included in the proposed Administrative Amendments.

Mr. Gonzales reviewed the following proposed CCHIP Administrative improvements:

- 4 unit minimum density (excepting adaptive reuse/historic)
- Require review by the Historic and Design Review Commission (HDRC)
- Ongoing projects ineligible
- Remove River Road Neighborhood
- Establish deadline to collect incentives
- Repayment of loans upon sale

Lori Houston stated that an amendment would be proposed banning the distribution of rebates to developers prior to the deadline for filing an appeal of property taxes with the Bexar County Appraisal District (BCAD).

Mr. Gonzales reviewed the following next steps:

Discuss strengthening Urban Core Incentives with Centro Partnership



Present final recommendations to the Housing Council Committee in May 2016



Submit a progress report and the proposed extension of CCHIP to the full City Council for consideration in June 2016.

No action was required for Item 3.

4. A Briefing on the Office of Urban Renewal of San Antonio (OURSA).
[Ramiro Gonzales, Redevelopment Officer; John Jacks, Interim Director, Center City Development and Operations]

Lori Houston stated that Infill Housing Programs were administered by Office of Urban Renewal of San Antonio (OURSA) and San Antonio Affordable Housing, Inc. (SAAH)

She noted that the Center City Development and Operations Department administered OURSA and SAAH. She stated that OURSA and SAAH managed the Infill Pilot Program, the Neighborhood Stabilization Program, and REnewSA.

Ramiro Gonzales reviewed the functions of OURSA and San Antonio Affordable Housing, Inc. He provided a summary of the Infill Pilot Program, the Neighborhood Stabilization Program and REnewSA. He stated that since 2011; 59 affordable single family homes would be produced from vacant/foreclosed properties.

Councilmember Treviño asked how REnewSA Target Areas were identified. Ms. Houston replied that said areas were identified based on the number of foreclosures in said area.

No action was required for Item 4.

Adjourn

There being no further discussion, the meeting was adjourned at 2:53 p.m.

Respectfully Submitted,

Mike Gallagher, Chair

*Denice F. Treviño
Office of the City Clerk*