

**HOUSING COUNCIL COMMITTEE  
MEETING MINUTES  
THURSDAY, JANUARY 26, 2017  
2:00 P.M.  
MUNICIPAL PLAZA BUILDING**

<b>Members Present:</b>	Councilmember Mike Gallagher, <i>Chair, District 10</i> Councilmember Roberto Treviño, <i>District 1</i> Councilmember Rey Saldaña, <i>District 4</i> Councilmember Cris Medina, <i>District 7</i> Councilmember Ron Nirenberg, <i>District 8</i>
<b>Members Absent:</b>	None
<b>Staff Present:</b>	Peter Zanoni, <i>Deputy City Manager</i> ; Lori Houston, <i>Assistant City Manager</i> ; Ed Guzman, <i>Assistant City Attorney</i> ; Caroline Cho, <i>Assistant City Attorney</i> ; Bridgett White, <i>Director, Department of Planning and Community Development</i> ; Richard Keith, <i>Assistant Director, Department of Planning and Community Development</i> ; Denice F. Trevino, <i>Office of the City Clerk</i>
<b>Others Present:</b>	Natalie Griffith, <i>Habitat for Humanity</i> ; Brad McMurray, <i>Prospera HCS</i> ; Greg C. Smith, <i>Senior Project Manager, MBC Engineers</i> ; John C. White, <i>President, White-Conlee Builders</i>

**Call to Order**

Chairman Gallagher called the meeting to order.

**1. Approval of Minutes from the October 26, 2016 Housing Committee Meeting**

Councilmember Saldaña moved to approve the minutes of the October 26, 2016 Housing Council Committee Meeting. Councilmember Treviño seconded the motion. Motion carried unanimously.

**Citizens to be Heard**

Natalie Griffith stated that she was the President of Habitat for Humanity and requested the Committee's support for the reallocation of funds to Lenwood Heights. She expressed concern for development of the Neighborhood Improvements Advisory Committee and the conflict of interest that may be present in same.

Brad McMurray stated that he was the Development Director for Prospera Housing Community Services. He highlighted the proposed development of the Village at Stahl and noted that it met all city requirements and would be a low density development.

**Briefing and Possible Action on:**

**2. Consideration of a Recommendation Authorizing a Substantial Amendment to the FY 2017 Annual Action Plan to Reprogram Community Development Block Grant (CDBG) Funds in an Amount not to Exceed \$2,105,884.33 and \$1,951,351.15 in HOME Investment Partnerships**

**Program Funding.** [Peter Zanoni, Deputy City Manager; Bridgett White, Director, Planning and Community Development]

Bridgett White stated that staff had identified \$2,105,884.33 in CDBG Funds as the result of program income, program savings, and cancelled activities. She noted that to utilize available funds, the city would be required to allocate available resources to eligible activities consistent with the Five-Year Consolidated Plan through a substantial amendment to the FY 2017 Annual Action Plan. She stated that staff proposed swapping \$1,552,753 in CDBG Funding with City of San Antonio Street Maintenance Program General Funds, allowing the city to fund a deficit resulting from disallowed costs in the city's CDBG Account. She noted that four public infrastructure improvement projects to include St. James Reconstruction, W. McKinley Avenue, San Patricio, and Brandywine Avenue that were currently funded with FY 2017 General Funds would now be funded with CDBG reprogrammed funds allowing the General Funds to be utilized for the CDBG deficit. She stated that staff proposed utilization of \$106,000 in supplemental CDBG Funding for the Zarzamora/IH 35 Gateway Project and \$447,131.33 for Blessed Sacrament Academy Infrastructure Improvements. She noted that staff had identified \$1,951,351 in HOME Funds which were available as the result of program income and program savings. She stated that in order to utilize said funds, the city would be required to allocate available resources to eligible activities consistent with the Five-Year Consolidated Plan through a substantial amendment to the FY 2017 Annual Action Plan. She noted that the following activities were proposed:

ACTIVITY	AMOUNT
Oak Valley Apartments (CD 10)	\$1.25 million
Lenwood Heights (CD 6)	\$140,000
Owner Occupied Rehabilitation/Reconstruction Project	\$561,351.15

Ms. White stated that the Department of Housing and Urban Development (HUD) required a 30-day public comment period and public hearing for all substantial amendments to the Annual Action Plan. She noted that the public comment period was initiated on January 23, 2017 and a public hearing would be held at the City Council meeting on February 23, 2017.

Councilmember Medina asked how projects were selected. Ms. White stated that projects that were ready to begin or were in need of additional funding for completion were selected.

Councilmember Treviño asked of the administrative costs of projects. Ms. White stated that administrative costs were charged to the General Fund and not the individual projects.

Councilmember Nirenberg asked of the process for selection of Owner Occupied Rehabilitation/Reconstruction Projects. Ms. White stated that said projects had already gone through the selection process and were selected based on their readiness and need for additional funding.

Councilmember Medina moved to recommend and forward the substantial amendment to the FY 2017 Annual Action Plan to reprogram CDBG Funds in an amount not to exceed \$2,105,884.33 and \$1,951,351.15 in HOME Investment Partnership Program Funding to the full City Council for consideration. Councilmember Treviño seconded the motion. Motion carried unanimously.

**3. Consideration of Resolutions of Support or No Objection for 11 Multifamily Rental Housing Development Projects by Applicants Seeking Competitive 9% Housing Tax Credits with the Texas Department of Housing and Community Affairs.** [Peter Zanoni, Deputy City Manager; Bridgett White, Director, Planning and Community Development]

Bridgett White stated that the city issued a Request for Applications (RFA) to developers seeking a Resolution of Support or No Objection for applications to the Texas Department of Housing and Community Affairs (TDHCA) for the competitive 9% Housing Tax Credit Program. She noted that the following nine projects were recommended to receive a Resolution of Support:

1. Bandera Apartments, located 10715 Bandera Road in District 8
2. Basila Apartments, located at 500 N. Zarzamora Street in District 5
3. Fountain View Village, located at 9481 Marbach Road in District 4
4. Rio Lofts, located at 319 W. Mitchell in District 3
5. Sonoma Pointe, located near Bandera and Tezel Roads in District 7
6. The Acacia, located near Guilbeau and Bandera Roads in District 7
7. The Bristol, located at Guilbeau and Old Tezel Roads in District 7
8. The Kensington, located near Potranco and Seascape Roads in District 4
9. Village at Stahl, located at 4438 Stahl Road in District 10

Ms. White stated that the current year applications for the 9% Housing Tax Credits were due to the TDHCA on March 1, 2017. She noted that the RFA period was from December 12, 2016 through January 4, 2017. She stated that applications earning at least 85 points were eligible for a Resolution of Support and those earning less than 85 points were eligible for a Resolution of No Objection. She noted that 16 applications were received; however, seven have been withdrawn. She stated that nine projects were recommended for a Resolution of Support. She noted that the TDHCA Housing Tax Credit Program awarded competitive application points for a Resolution(s) from a Governing Body of municipality showing local government support on the following basis:

Within a municipality an application would receive:

- 17 points for a Resolution from the Governing Body of that municipality expressly setting forth that the municipality supports the application or developer; or
- 14 points for a Resolution from the Governing Body of that municipality expressly setting forth that the municipality has no objection to the application or developer

Chairperson Gallagher stated that he had received overwhelming objections from every neighborhood association surrounding the proposed Village at Stahl Project and therefore; wished to withdraw it from the list for consideration.

Councilmember Medina stated he had received feedback objecting to the proposed Sonoma Pointe Project and wished to withdraw it from the list. He asked how neighborhood associations were involved in the process. Ms. White stated that developers were encouraged to reach out to neighborhoods associations directly or through the applicable City Council District.

Councilmember Nirenberg asked if the locations of projects were properly zoned. Ms. White replied that seven of the nine projects were zoned correctly.

Councilmember Treviño moved to recommend and forward the issuance of Resolutions of Support for the nine multifamily rental housing development projects listed herein excluding the Sonoma Pointe and Village at Stahl projects seeking Housing Tax Credits from the TDHCA to the full City Council for consideration. Councilmember Medina seconded the motion. Motion carried unanimously.

Items 4 and 5 were discussed jointly.

- 4. Briefing on the Development of the Proposed Neighborhood Improvements Bond Program and Draft Urban Renewal Plan Including Staff Recommendations on Several Policy Issues Pertaining to Both as Raised by the City Council During the December 15 City Council “B” Session.** [Peter Zaroni, Deputy City Manager; Bridgett White, Director, Planning and Community Development]
- 5. Briefing on the Proposed Structure for a Neighborhood Improvements Advisory Committee in the Implementation of the Urban Renewal Plan Associated with the Proposed Neighborhood Improvements Bond.** [Richard Keith, Assistant Director, Planning and Community Development]

Richard Keith stated that funds in the amount of \$20 million for the Neighborhood Improvements Bond Program would enable the city to purchase distressed properties in one or more of the 13 eligible areas. He noted that the city would demolish dilapidated structures, abate environmental issues, extend utilities, and improve surrounding sidewalks/streets in the area(s) selected. He stated that properties would be sold to nonprofit and private developers to build Workforce Housing. He noted that on December 14, 2016, the Neighborhood Improvements Bond Committee presented its recommendations to the City Council at a “B” Session. He stated that on December 15, 2016, the City Council approved the 13 Areas recommended by the Bond Committee. He noted that a Public Hearing on the Urban Renewal Plan was held on January 18, 2017. He stated that the Urban Renewal Plan would be brought before the full City Council for consideration on February 2, 2017. He noted that the following seven policy issues were raised at the City Council B Session on December 14, 2017:

1. Neighborhood Improvements Advisory Committee

Mr. Keith stated that the Bond Committee requested ongoing oversight of the process. He noted that City Council approved the creation of a Neighborhood Improvements Advisory Committee on December 15, 2016. He stated that said Committee would advise City Council on property selection and acquisition. He noted that said Committee would be assembled and convene following a successful election, and included 15 members to be appointed for two-year terms as follows:

- 10 members from the Neighborhood Improvements Bond Committee or other City Councilmember choice
- 3 Residents from Neighborhood Improvement Areas appointed by the Mayor
- 1 from the Housing Commission appointed by the Mayor
- 1 Chairperson to be appointed by the Mayor

2. Affordability

Mr. Keith stated that the City Council requested that affordability standards be enacted for the proposed projects and that targets be established for deeper levels of affordability. He noted that staff recommended the following:

- At least 50% of residential units would be reserved for households earning  $\leq$  80% Average Median Income (AMI)
- Points would be granted to projects offering  $\geq$  50% affordable units
- Points would be granted to projects reserving units for households earning  $\leq$  60% AMI and  $\leq$  30% AMI
- Points would be awarded to projects maintaining affordability for  $>$  20 or 30 years

### 3. Ownership and Rental

Mr. Keith stated that City Council requested that priority be given to development proposals offering homeownership opportunities. He noted that proposals would be considered for owner-occupied housing, or a combination thereof. He stated that staff recommended that points be awarded to projects in which 50% or more of the residential units would be sold to an owner-occupant.

### 4. Neighborhood Compatibility

Mr. Keith stated that the Bond Committee and residents requested that development proposals be evaluated for compatibility with existing development. He noted that the Office of Urban Redevelopment San Antonio (OUR SA) and city staff would review adopted master plans and other relevant materials when developing its recommendations on proposed projects. He stated that staff recommended that they provide a written recommendation on each proposed project based on evaluation of zoning, land use, and existing neighborhood, community and/or regional center plans.

### 5. Nonprofit and Private Development

Mr. Keith stated that the City Council requested that nonprofit organizations be given priority in proposals for housing development. He noted that proposals would be considered from both nonprofit and private organizations for the development of housing. He stated that staff recommended that:

- Points be awarded for proposals by nonprofit applicants with  $>$  50% ownership interest in the project
- Points be awarded for proposals in which a nonprofit would serve as property manager or provide ongoing full time resident services such as child care, senior services, or employment training.

### 6. Addressing Distress in Higher-Need Areas

Mr. Keith stated that City Council requested that incentives be offered to enhance developer interest in areas with higher levels of poverty. He noted that development interest would be considered in all of the 13 Neighborhood Improvements Areas. He stated that staff recommended that points be awarded for proposals of mixed-income housing development located in higher-poverty census tracts.

## 7. Proximity to Amenities

Mr. Keith stated that the City Council requested that priority be given to projects located near key amenities such as public parks, grocery stores, schools, public transportation, and employment centers. He noted that all proposals would be considered, with preference given to projects located near amenities which improve a resident's quality of life. He stated that staff recommended that points be awarded for proposals located within a specified distance of frequent transit routes, regular transit routes, public parks, full service grocery stores, and employment centers (including SATomorrow Regional Centers).

Mr. Keith provided an overview of the Urban Renewal Plan. He stated that the Urban Renewal Plan included: 1) Introduction; 2) Definitions; 3) Processes and Outcomes; 4) Alignment with SATomorrow; 5) Activities; 6) Development Requirements; and 7) Neighborhood Improvement Areas. He noted that a draft of the Urban Renewal Plan was posted for public review and comment on January 11, 2017. He stated that policy changes were made as a result of feedback received from:

- Local Residents
- Local Initiatives Support Corporation (LISC) Staff
- COPS/Metro Alliance
- Nonprofit Housing Providers
- Housing Commission
- City Council

Mr. Keith stated that as a result, 11 recommended changes were made to the Urban Renewal Plan and eight recommended changes were made to the sample project evaluation worksheet. He noted that the sample project evaluation worksheet would be revised as needed. He stated that the following factors would be considered during the property acquisition phase:

- Responses to a Request for Information (RFI)
- Proximity to transportation, employment centers, and amenities such as parks, schools, and grocery stores
- Sales price of parcels
- Community Bond Committee rankings of areas

Councilmember Treviño asked of continued engagement with the community. Mr. Keith stated that the Neighborhood Improvements Advisory Committee would continue to engage with the community after the proposed Bond Program Election. Councilmember Treviño stated that he would recommend that said Committee engage with the community through the proposed Bond Program Election. Peter Zanoni stated that beginning March 2, 2017, there would be a moratorium on Councilmembers appointing members to boards and commissions.

Councilmember Nirenberg spoke of ensuring that the point system utilized in the selection of parcels incentivized high levels of affordability. Mr. Zanoni stated that six levels of affordability were included in the points system of the sample project evaluation worksheet. Councilmember Nirenberg spoke in support for having more representation from the impacted areas. He requested that the Oak Hollow Area be removed from

the Urban Renewal Plan due to deed restrictions prohibiting housing development which would prevent its inclusion in the Urban Renewal Plan.

Councilmember Medina recommended that School Districts be engaged in the process.

Councilmember Saldaña noted that he was appreciative that funds could be utilized for remediation of properties.

Councilmember Treviño moved to recommend and forward recommendations related to seven policy issues, the Urban Renewal Plan, the immediate appointment of the Neighborhood Improvements Advisory Committee, the inclusion of neighborhoods in the process, and the removal of the Oak Hollow Area from the Urban Renewal Plan to the full City Council for consideration. Councilmember Saldaña seconded the motion. Motion carried unanimously.

## **Adjourn**

There being no further discussion, the meeting was adjourned at 3:19 p.m.

*Respectfully Submitted,*

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*Mike Gallagher, Chair*

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*Denice F. Trevino  
Office of the City Clerk*