

**Program Policies for HUD-Funded Affordable Housing Activities
Questions/Comments and Responses**

1. Is there any funding to help homeowners resolve title issues on their properties?

RESPONSE: Under the Owner Occupied Rehabilitation and Reconstruction Program (OORRP), a title search will be conducted to verify the applicant's ownership of the property. The City does not have funding available to assist homeowners city-wide with their title issues; however, Neighborhood and Housing Services Department (NHSD) does provide applicants with a copy of their title report and refers applicants to organizations that may be able to provide free legal assistance such as Texas Rio Grande Legal Aid. The City has also funded a pilot Land Title Remediation Program in partnership with Council District 5, UTSA, and the Mexican American Unity Council (MAUC). The pilot includes a series of workshops designed to help homeowners establish clear titles, advise them on how to challenge appraisals to lower their taxes, and show them how to apply for available property tax exemptions. The project helps homeowners clear titles with affidavits of heirship, gift, or will for free.

2. Estate Planning and Housing Counseling should be offered to applicants receiving assistance under the Homebuyer Down Payment Assistance Program and the OORRP.

RESPONSE: Housing Counseling is required for applicants receiving assistance under the Homebuyer Down Payment Assistance Program. Although Housing Counseling is not required for the OORRP, NHSD is working in partnership with Local Initiatives Support Corporation to develop a post purchase education program curriculum.

3. Homeowner's Insurance should not be required for the Minor Repair Program. The maximum amount of assistance is \$25,000 so we recommend that the City require insurance on a sliding scale based on the amount of assistance or require insurance for assistance amounts above \$15,000.

RESPONSE: The City agrees that the homeowner's insurance should be required for assistance amounts above \$15,000. Homeowner's receiving less than \$15,000 of assistance will not be required to provide proof of homeowner's insurance. This change will be made to the Program Policies.

4. The current restrictive covenant for the Minor Repair Program states that real estate taxes need to be paid in full but the Program Policies state that real estate taxes do not need to be paid in full.

RESPONSE: The current Program Policies do not require a homeowner to be current on real estate taxes to be eligible to participate in the Minor Repair Program. The restrictive covenant utilized by a sub-recipient pursuant to a 2018 contract with the City requires a homeowner to make arrangements to pay real estate taxes, as required by existing law, after assistance is provided. Payment plans are permissible under the 2018 restrictive covenant. The 2019 restrictive

covenant, which is currently utilized by the City for its Minor Repair Program, deleted the provision concerning real estate taxes. The restrictive covenant will be updated to reflect any changes made to the Minor Repair Program after adoption of new Program Policies.

5. For the OORRP, the City is requiring that real estate taxes be current and paid in full. We recommend that the City amend its policy to allow homeowners to have an approved payment plans (for back taxes) as long as the homeowner is current on the approved payment plan.

RESPONSE: The OORRP invests a substantial sum in a home and greatly extends the useful life of the home for decades so that a program participant may age in place. As a result, the value of the home and the property taxes will increase after the repairs are complete. Homeowners who are struggling to pay current property taxes based on the existing value of the home (before repairs) will be faced with higher taxes after repairs are complete, creating a greater financial burden for them. Given the significant amount of funds involved, for this reason the City requires the homeowner to carry homeowner's insurance and be current on real estate taxes to protect the home and ensure that it remains available to the program participant (and their eligible heirs). It is important to note that the Minor Repair Program, Under One Roof Program and the Let's Paint Program allow approved payment plans for property taxes.

6. Can homebuyers apply for OORRP or the Minor Repair Program if they have received assistance through the Homebuyer Down Payment Assistance Program?

RESPONSE: Homebuyers that participated in the Homebuyer Incentive Program will be eligible for the Community Development Block Grant-funded Minor Repair Program, but not the OORRP.

7. For environmental reviews, can organizations use their own environmental consultant? Force use of City-retained consultants is an unfair, unnecessary, and costly burden to be mandated on a project.

RESPONSE: As the City of San Antonio assumes HUD environmental responsibilities for HUD grant funding under the requirements of HUD's environmental review regulations found at 24 CFR Part 58, the City acts as the responsible entity to ensure all regulations are implemented under the National Environmental Policy Act (NEPA). It should be noted that a Phase I Environmental Site Assessment (ESA) is not an Environmental Review as required by 24 CFR Part 58 – Environmental Review Procedures for Entities Assuming HUD Environmental Responsibilities. An Environmental Review requires assessment of and/or consultation with fourteen compliance factors that include Coastal Barriers and Coastal Zone Management, Airport Runway Clear Zones and Hazards, Clean Air, Contamination and Toxic Substances, Endangered Species, Explosive and Flammable Hazards, Farmlands Protection, Floodplain Management, Historic Preservation, Noise Abatement and Control, Sole Source Aquifers, Wetlands Protection, Wild and Scenic Rivers, and Environmental Justice. To ensure compliance with this area of responsibility, the City underwent a rigorous procurement and vetting process to select three environmental consultants that have extensive experience in completing these Environmental Reviews. Currently, all but one entity utilize the City-retained consultants. In a recent HUD environmental monitoring, there was an inconsistency

in how the Environmental Review was completed by this entity and there is a pending determination on how this will be noted in HUD's Final Compliance Monitoring Report. As a result, the HUD Field Officer recommended that all environmental reviews for activities that are subject to 24 CFR Part 58 be completed by one of three NHSD On-Call Environmental Consultants and the City concurs with this recommendation. It should be noted; these costs are charged to the project and covered by the CDBG or HOME funding award.

8. COMMENT: For the OORRP, the short timeframe for applicants to submit their application and the lottery system that is used to select applicants are impediments to fair housing for low income persons.

RESPONSE: The HUD Building HOME Manual notes the use of a "lottery" when demand far exceeds funding availability. In FY 2019, the City received over 500 applications for OORRP and only had enough funding to assist 81 homeowners. Having an open application cycle benefits those applicants who have the ability to respond quickly and disadvantages those applicants who do not have the same access. For this reason, selecting applicants by lottery is the most fair and open process. NHSD sets an application due date and runs a lottery annually to provide all applicants the same opportunity to receive assistance.

9. COMMENT: We recommend that the City make a clear distinction about which housing funds and programs are operated by the City and which ones are operated by other agencies. The City should also clearly outline the process to apply for funds.

RESPONSE: The City is currently exploring options to effectively communicate information on City programs to residents and partnering entities.

10. COMMENT: Homebuyer Activities - Terms for forgiveness of loan: it is proposed to have 1/5 of the loan forgiven each anniversary during the affordability period. This should be expanded to allow an option of a monthly forgiveness (so 1/60th each month of ownership).

RESPONSE: The City has explored various options on calculating forgiveness, but after consultation with staff, it has been determined that it would be administratively burdensome to move to a system of monthly forgiveness.

11. COMMENT: The memo and page 70 of the policy say: "For homeownership housing development, the maximum allowable developer fee is 10% of the sales price." Habitat respectfully objects to this across-the-board, set limit and the way it is tied to the sales price

RESPONSE: The City's current Program Policies do not reflect the industry standard for homeownership housing development. What is currently noted is most appropriate for multi-family rental housing development. The City will include a sliding scale option that will allow the City the ability to pay a developer fee ranging from 10% to 15% of the Fair Market Value which will be negotiated during the underwriting process.