

**PLANNING AND LAND DEVELOPMENT
COUNCIL COMMITTEE MEETING MINUTES
MONDAY, JANUARY 11, 2021
2:00 PM
VIDEOCONFERENCE**

Members Present:	Councilmember Shirley Gonzales, Chair, <i>District 5</i> Councilmember Roberto Treviño, <i>District 1</i> Councilmember Andrews-Sullivan, <i>District 2</i> Councilmember Rebecca Viagran, <i>District 3</i> Councilmember John Courage, <i>District 9</i>
Staff Present:	Lori Houston, <i>Assistant City Manager</i> ; David McCary, <i>Assistant City Manager</i> ; Jameene Williams, <i>Assistant City Attorney</i> ; Susan Guinn, <i>Assistant City Attorney</i> ; Homer Garcia, <i>Director, Parks & Recreation Department</i> ; Verónica R. Soto, <i>Director, Neighborhood & Housing Services Department</i> ; Shanon Shea Miller, <i>Director, Office of Historic Preservation</i> ; Kathy Rodriguez, <i>Deputy Historic Preservation Officer, Office of Historic Preservation</i> ; Edward Gonzales, <i>Assistant Director, Neighborhood & Housing Services Department</i> ; Daniel Leal, <i>Urban Designer, Parks & Recreation Department</i> ; Ian Benavidez, <i>Housing Administrator, Neighborhood & Housing Services Department</i> ; Sara Wamsley, <i>Housing Policy Manager, Neighborhood & Housing Services Department</i> ; Nancy Cano, <i>Office of the City Clerk</i>
Others Present:	Brad McMurray, <i>Vice President of Property Development, Prospera Housing Community Services</i> ; Brian Mast, <i>Government Affairs Manager, San Antonio River Authority</i>

1. Approval of the Minutes for the December 14, 2020 Planning & Land Development Council Committee Meeting.

Councilmember Andrews-Sullivan moved to approve the Minutes of the December 14, 2020 Planning & Land Development Council Committee Meeting. Councilmember Courage seconded the motion. The motion carried unanimously.

2. Resolution of No Objection for Prospera and the San Antonio Housing Trust PFC's application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program for the rehabilitation of West Avenue Apartments and the demolition and reconstruction of Arbor Place to form a new community, The Arbors at West Avenue, a 234 unit affordable multi-family rental housing development, located at 3747 & 3815 West Avenue in Council District 1. [Lori Houston, Assistant City Manager; Verónica R. Soto, FAICP, Director, Neighborhood and Housing Services]

Councilmember Andrews-Sullivan moved to approve Item 2 by consent. Councilmember Courage seconded the motion. The motion carried unanimously.

Public Comment

Written Testimony

None.

Live Testimony

Michael Taylor, Vice President of Program Development, Habitat for Humanity (HFH), spoke in reference to Item 5. He stated that HFH supported City Staff recommendations to restore \$1.625 million in CDBG funds for affordable housing development. He noted that on October 29, 2020, \$1.625 million in CDBG funds for affordable housing development was transferred to the Emergency Housing Assistance Program (EHAP) which caused concern for HFH. He added that HFH understood the acute need for EHAP, but at the same time, the City needed to maintain its pipeline of affordable housing production. He reported that HFH alone had received over 3,000 applications from families seeking to purchase an affordable home prior to the COVID-19 Pandemic. He explained that HFH was in a unique position to offer permanent, affordable housing solutions with a focus on families with children or with elderly parents and added that HFH was the only organization that built and sold three to four bedroom homes, at no profit with a 20 – 25 year 0% interest loan. He emphasized that withdrawing support for affordable homeownership development would ensure that more families remained reliant on limited EHAP funds.

3. Briefing on the District 5 Shotgun House Rehabilitation Pilot Project and an overview of the Office of Historic Preservation Shotgun House Initiative. [Lori Houston, Assistant City Manager; Verónica R. Soto, FAICP, Director, Neighborhood and Housing Services]

Verónica Soto reported that the pilot program goals and objectives were to create tools, develop new models and solutions, and rehabilitate three shotgun houses to create new affordable housing units; and assess current processes to provide best practices and seek recommendations and improvements for the pilot program.

Shanon Shea-Miller reported that the Office of Historic Preservation (OHP) commissioned a study in 2019 called Opportunity At Risk that assessed the City's historic, existing affordable housing stock. She stated that the report concluded that maintaining existing housing stock was critical to meet affordable housing needs. She added that the pilot program took a collaborative approach to address issues of deterioration and neglect of existing housing units to develop a central strategy and tools to maintain the shotgun homes, or vernacular structures, that were an important part of the City's cultural identity.

Ms. Shea-Miller reported of the economic benefit associated with reusing the structures and noted that there was a shortage of skilled artisans and contractors with experience working in traditional construction methods. She stated that the pilot program provided a workforce development opportunity and provided a green solution in that existing materials were reused. She noted that shotgun houses were designed for warmer climates, had smaller environmental footprints, and their basic constructions methods required less energy consumption.

Ms. Shea-Miller presented 2003 – 2019 local demolition statistics that indicated 63% of demolitions were concentrated in Council Districts 1, 2, and 5, with the most occurring in Council District 5. She reported that a total of 300 shotgun houses remained in the City and were located primarily in Council Districts 1,2,3, and 5, with the oldest dated from 1877 and the rest built through the 1930s. She added that the City had 33,000 homes that were built pre-1960, of which a large number were 1,000 square feet

or less. She noted that these homes represented a wealth of opportunity to address affordable housing needs in the community. She described the three pilot project homes in detail and stated that all projects were intended to be completed by May 2021.

Ms. Soto reported that the pilot program utilized \$250,000 of FY 2021 General Funds allocated for the Owner-Occupied Rehab Program and Fees and the Neighborhood & Housing Services Department (NHSD) would partner with three contractors in the amounts of \$50,000 to create financial models to rehab additional homes on the Westside of San Antonio. She added that the UTSA School of Construction Science would document the rehabilitation process, MicroSA would train contractors interested in future shotgun home rehabs, and NHSD would assist as lead contractor.

Chairwoman Gonzales asked of the obstacles encountered in establishing the program. Ms. Shea-Miller reported that having a clear title to the property was oftentimes a factor in the selection of eligible houses for the program. Ms. Soto cited several challenges: 1) Identifying eligible homes as owner-occupied, rentals, or vacant; 2) Conducting cost analyses for exacerbated deterioration of vacant homes; and 3) Outreach and education for property owners that questioned the program.

Councilmember Courage expressed concern regarding the high costs associated with rehabilitating older homes which included the replacement of all electrical, plumbing, and structural systems, in addition to painting and other interior and exterior work needed. He noted that major property improvements would increase property values and low-income homeowners would not be able to afford their increased property taxes. Ms. Shea-Miller stated that NHSD factored in post-rehab property values before awarding contracts to ensure that properties remained affordable.

Councilmember Andrews-Sullivan asked of other resources available to program participants. She noted that the South Alamo Regional Alliance partnered with the homeless youth population and asked if the pilot program could partner with the agency to utilize shotgun houses as permanent residences for homeless youth. Ms. Soto stated that the families eligible for the program had an income at or below 80% of Area Median Income (AMI) and qualified for forgivable loans, were connected with qualifying tax exemption and tax abatement programs, and staff checked on the families at least once a year. Ms. Shea-Miller added that permanent youth residences would be reviewed for the program.

Councilmember Treviño noted that the shotgun homes must meet modern building code requirements. He suggested that a subset of building codes be created to allow more flexibility for rehabilitated historic homes. He suggested a meeting with Michael Amezcua, Chief Appraiser, Bexar Appraisal District to discuss valuation limits. He recommended outreach to the Hispanic Contractors Association. Ms. Shea-Miller noted that other recommendations came out of the Opportunity at Risk Study included ways to expand tax credits, in addition to rehabilitation tax credits, such as partnering with Bexar County to address county taxes.

Councilmember Viagran stated that it was critical to bring in new partners, especially for the urban core and called for OHP to organize training through the Living Heritage Trades Academy.

Councilmember Courage added that engineering or plumbing experts should be consulted to evaluate safety levels and the demand that newer systems could place on older infrastructures.

4. Briefing on the Westside Creeks Greenway Trails and Westside Creeks Ecosystem Restoration Project. [David W. McCary, CPM, Assistant City Manager; Homer Garcia III, Director, Parks and Recreation; Brian Mast, Government Affairs Manager, San Antonio River Authority]

Brian Mast reported that the Westside Creeks Project (WCP) was a community-based creek restoration effort which began in 2008 by the San Antonio River Authority (SARA) focused on improving the Alazan Apache, Martinez, Zarzamora, and San Pedro Creeks. He stated that the WCP mission was to: 1) Develop and advance planning concepts for restoring the environmental condition of these creeks; 2) Enhance or maintain their current flood control components; and 3) Provide increased opportunities for community enjoyment.

Mr. Mast reported that SARA partnered with the City to construct trails along the Westside Creeks and served as project manager for these trail segments, with the City providing \$25 million in funding through the 2010 and 2015 Proposition 2 Sales Tax Initiative - Parks Development and Expansion Venue Project. He added that the linear creekway hike and bike trails were part of the larger Howard W. Peak Greenway Trails System and there were currently 81 miles of greenway trail completed across 4 major greenway trail systems: Leon, Salado, Medina River and the Westside Creeks.

Mr. Mast reported that the San Antonio Channel Improvement Project was initially developed in 1954 as a plan for flood protection of the Guadalupe and San Antonio rivers and was modified in 2000 to include ecosystem restoration and recreation as authorized project purposes. He noted that in 2011, the U.S. Army Corps of Engineers (USACE) selected a Westside Creeks Ecosystem Restoration Study to be included in a National Pilot Program aimed at improving the Corps' project feasibility study process. He stated that 203 different bird species were identified utilizing Mission Reach over the last three years and habitats were being created for avian communities, fish and other species along the creeks.

Mr. Mast reported that USACE had a three-step budget process and the next step would be to seek funding through the Energy & Water Appropriations Bill. He noted that Congress no longer had the authority to provide direction on funding decisions to be made by USACE, nor did the Office of Management & Budget (OMB). He explained that USACE created a work plan with earmarked funding each fiscal year which included \$61 million in reimbursement funding to Bexar County for the completion of the Mission Reach project over the last six years, through the direction of the Statement of Managers Report that accompanied the Appropriations Bill.

Mr. Mast reported that the Westside Creeks Ecosystem Restoration Project (WCERP) was the County's number one USACE project at this time. He added that the WCERP would restore 11 miles of creeks while maintaining flood control capacity, provide increased access to health and recreational opportunities, and bring economic benefits to nearby communities. He stated that Bexar County would explore funding of \$2.34 million to design the southern stretch of San Pedro Creek for connection to the Mission Ridge Project through the Water Resources Development Act (WRDA) which was a pilot program that appointed a local agency lead of project implementation. He discussed challenges with moving the project from a feasibility state into preconstruction engineering design as eligible for funding.

Chairwoman Gonzales noted that \$2.34 million was needed to complete the WCERP. Mr. Mast explained that the USACE had a very limited amount of funds that were taken by large ecosystem projects such as the Florida Everglades.

Councilmember Viagran noted that the Intergovernmental Relations Council Committee meeting would place WCERP funding on the City's Federal Legislative Agenda and asked of the total amount of funding the County would be seeking for the WCERP. Mr. Mast stated that Bexar County would request the full amount of \$2.34 million for WCERP through the Omnibus Appropriations Bill.

5. Briefing regarding the City's process and timeline for the 2021 9% Housing Tax Credit (HTC) Request for Applications and CDBG/HOME Affordable Housing Gap Funding [Lori Houston, Assistant City Manager; Verónica R. Soto, FAICP, Director, Neighborhood and Housing Services]

Ms. Soto reported that the Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) Program allocated two types of Federal tax credits to developers to encourage the construction and rehabilitation of affordable, multifamily housing. She explained that the Non-Competitive (4%) HTC program was available year-round; and the Competitive (9%) HTC program had a single annual application period allocated through an annual competitive process in which projects were evaluated and scored according to the TDHCA's established criteria. She added that the 9% program covered approximately 70% - 80% of the construction cost of an affordable housing development and was a very competitive program. She explained that the City adopted policy for guiding resolutions in October 2019. She stated City Resolutions provided points on TDHCA applications based on a Resolution of Support or a Resolution of No Objections. She noted that City Resolutions further provided for the City to grant waivers for development; and for two letters submitted by the City that confirmed an affordable housing development was part of a revitalization plan. She explained the process for awarding Resolutions of support and presented the 2021 City Evaluation Criteria. She presented a map display of the 15 applications located throughout the City and displayed a listing of the names of the applicant developers and the number of affordable housing units proposed. She noted that Council Districts 4 and 9 did not receive any TDHCA application requests. She provided a timeline with a January 4, 2021 Request for Application closing deadline, today's Committee review, and a City Council consideration date of February 11, 2021.

Ms. Soto reported that NHSD released two Requests for Proposals (RFPs) for the FY 2021 grant-funded rental housing gap financing and single-family homeownership housing gap funding on October 26, 2020 with proposals due on December 11, 2020. She stated that NHSD received seven proposals for rental housing gap financing with requests totaling \$7,850,000; and three proposals for Homeownership Housing gap funding with requests totaling \$3,626,669. She provided the following council approved scoring criteria: Experience and capacity, project readiness, project site characteristics and amenities, HUD regulatory conditions, efficient use of funds, and project underwriting. She provided a timeline with a January 26, 2021 Evaluation Committee Scoring deadline, today's Committee review, and a pending City Council consideration date of February 18, 2021 through March 4, 2021.

Ms. Soto stated that with council approval of Substantial Amendment #2 to the FY 2021 Action Plan and Budget on January 14, 2021, the funding available for affordable housing gap funding would be \$5,500,000, of which \$3,250,000 would be set-aside for affordable rental housing development and \$2,250,000 would be set-aside for affordable homeownership housing development utilizing CDBG and HOME funds. She added that NHSD was in the process of identifying additional Federal funds from program income and savings from completed and cancelled projects that could be allocated to gap funding for eligible projects.

Councilmember Treviño expressed concern that staff recommended funds to be transferred from the EHAP for a non-emergency need while the City was in the middle of the COVID-19 Pandemic, only two months after the City Council voted to allocate the funds for EHAP; and after the City experienced a record numbers of COVID-19 cases and hospitalizations, and after 9,500 evictions were filed in 2020. He stated it was far more feasible to find money for developers tomorrow than it was to find money to help families pay now for food, rent, and utilities. He emphasized that \$3 million could stabilize 1,175 families or 3,158 individuals right now.

Councilmember Courage concurred with Councilmember Treviño and asked of the average award amount of gap financing. He noted that the transference of \$3 million into for three or four projects was not as important of a transaction than keeping residents housed during the COVID-19 Pandemic. Ms. Soto replied that award averages ranged between \$600,000 and \$1,000 and varied with each application.

Assistant City Manager Houston reported that the \$10.2 million in CDBG funding to be reprogrammed consisted of \$900,000 to help with temporary housing for homeless, \$350,000 for eviction support, and \$425,000 for the minor home repair program. She noted that many households were a major home repair away from losing their home and the addition of \$900,000 to the owner-occupied rehab program also ensured residents remained stable and secured in their homes. She highlighted that \$4.6 million would be allocated for EHAP. She indicated that staff did not recommend the stoppage of affordable housing production, as there was a shortfall of affordable housing. She noted that several affordable housing projects, including the 4% and 9% HTC programs applications for gap financing, would continue production efforts.

Adjourn

There being no further discussion, the meeting was adjourned at 3:45 pm.

Shirley Gonzales, Chairwoman

Respectfully submitted,

Nancy Cano
Office of the City Clerk