



# City of San Antonio

## Agenda Memorandum

**File Number:**20-1686

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**Agenda Item Number:** 3.

**Agenda Date:** 3/4/2020

**In Control:** City Council B Session

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, AICP, Director

**COUNCIL DISTRICTS IMPACTED:** 2 & 3

### **SUBJECT:**

Public Hearing #2 for Substantial Amendment #2 to the FY2020 HUD Action Plan and Budget (Neighborhood Stabilization Program Funding Recommendations)

### **SUMMARY:**

Public Hearing #2 for Substantial Amendment #2 to the FY2020 HUD Action Plan and Budget awarding up to \$950,000 in total in Neighborhood Stabilization Program (NSP) funding as follows: \$700,000 to Neighborhood and Housing Services of San Antonio, Inc. for the development of 14 affordable homeownership housing units and \$250,000 to WestCare Texas, Inc. for the development of 5 affordable homeownership housing units; and amending the NSP target areas.

### **BACKGROUND INFORMATION:**

The Neighborhood Stabilization Program (NSP) was authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA) to help communities recover from the effects of foreclosures, abandoned properties, and declining property values. The City received a one-time award of \$8.6 million in NSP funding from the U.S. Department of Housing and Urban Development (HUD) in March 2009. Although the City met the NSP expenditure deadline in December 2013, the City has generated program income that can be programmed to other eligible activities. This funding award recommendation is for eligible activities.

On November 8, 2019, the City issued a Request for Applications (RFA) in the amount of \$950,000 in NSP funding to develop 19 infill lots into affordable homeownership housing in the newly-proposed NSP target areas. The newly-proposed NSP target areas include (1) Opportunity Zones and census tracts that have (2a) at least 10% concentration of residential properties built in 1960 or prior and (2b) at least 10% vacancy rate (map

attached). Applications were due on December 11, 2019. The City received applications from two respondents: Neighborhood and Housing Services of San Antonio, Inc. and WestCare Texas, Inc. Both applications were evaluated by a panel that consisted of: Lori Houston, Assistant City Manager, City Manager’s Office; Verónica R. Soto, Director, Neighborhood and Housing Services; Laura Salinas-Martinez, Grants Administrator, Neighborhood and Housing Services; and Sara Wamsley, Housing Policy Manager, Neighborhood and Housing Services. Applications were assessed using the following criteria:

<b>Evaluation Criteria</b>	<b>Maximum Points</b>
Experience and Capacity	15
Project Readiness	20
Project Site Characteristics and Amenities	25
HUD Regulatory Conditions	5
Efficient Use of Funds	5
<b>Total Point Scale</b>	<b>70</b>

**ISSUE:**

Staff recommends a total of \$950,000 in NSP funding that will provide for the development of 19 affordable homeownership housing units for households at or below 120% of AMI for the following:

Neighborhood Housing Services of San Antonio, Inc. | Council District 3

Neighborhood and Housing Services of San Antonio, Inc. (NHSSA) scored 60 out of 70 points and is ranked first. Staff is recommending an award of \$700,000 in NSP funding for the development of 14 homeownership housing units in the newly-proposed target areas in Council District 3 and more specifically two census tracts (1408 and 1410). NHSSA has over a 30 year history of building and rehabilitating homeownership housing in San Antonio. NHSSA has an extensive pipeline of clients who utilize their housing counseling and homebuyer education programs. Staff proposes awarding \$700,000 in NSP funding as a development subsidy. Although the properties have not yet been identified, NHSSA will be selecting properties that will result in sales price of about \$155,000 and provide financing options resulting in a monthly house payment of about \$1,000, including property taxes and insurance.

WestCare Texas, Inc. | Council District 2

WestCare Texas, Inc. (WT) scored 50 out of 70 points and is ranked second. Staff is recommending an award of \$250,000 in NSP funding for the development of 5 homeownership housing units in the newly-proposed target areas in Council District 2 and more specifically 5 lots on Hays St. WT is part of a national organization that has extensive development experience. Although this will be a new line of business for the local subsidiary of the WestCare Foundation, staff is committed to providing the technical assistance necessary to ensure a successful outcome. WT anticipates a sales price of \$100,000 and the WestCare Foundation will provide financing to households that would not traditionally qualify for a mortgage.

As required by the US Department of Housing and Urban Development, a Community Input Session (Public Hearing #1) took place at 6 p.m. on February 19, 2020 in Neighborhood and Housing Services Department-Main Conference Room A (1400 S. Flores). These funding recommendations will be considered by the Planning and Land Development Committee on March 16, 2020 and will be considered by City Council on March 19, 2020.

**ALTERNATIVES:**

An alternative to awarding this funding to the recommended projects would be to reject the recommendations; however, the recommended projects meet the established affordable housing goals set forth in the City's FY 2020 Affordable Housing Budget. In addition, any other alternative to appropriate funding would delay the timely commitment and expenditure of the federally sourced funds.

**FISCAL IMPACT:**

This funding recommendation awards up to \$950,000 in Neighborhood Stabilization Program funding. An underwriting review will be conducted prior to the execution of a funding agreement.

**RECOMMENDATION:**

Staff recommends approval of an ordinance authorizing Substantial Amendment #2 to the FY2020 HUD Action Plan and Budget and awarding up to \$950,000 in Neighborhood Stabilization Program funding as follows: (a) \$700,000 to Neighborhood and Housing Services of San Antonio, Inc. for the development of 14 affordable homeownership housing units; (b) \$250,000 to WestCare Texas, Inc. for the development of 5 affordable homeownership housing units; and amending the NSP target areas.