



# City of San Antonio

## Agenda Memorandum

**File Number:**17-4911

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**Agenda Item Number:** 3.

**Agenda Date:** 9/20/2017

**In Control:** Comprehensive Plan Committee

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**DEPARTMENT:** Neighborhood and Housing Services

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

**COUNCIL DISTRICTS IMPACTED:** Council Districts 2, 4, and 6

### **SUBJECT:**

FY 2018 HOME Investment Partnerships (HOME) Program Funding Recommendations and Substantial Amendment #1 (Reprogramming) to the FY 2018 Action Plan and Budget

### **SUMMARY:**

Consideration of the allocation of \$2,545,000.00 in FY 2018 HOME Entitlement and reprogramming \$1,437,000.00 in cancelled activities from previous year's HOME funds for: (a) up to \$1,600,000.00 in for the development of Lord Road Apartments; up to \$1,659,000.00 in HOME Community Housing Development Organization (CHDO) funds for the development of Lenwood Heights Subdivision-Phase III; up to \$600,000.00 in HOME CHDO funds for the development of Tarasco Neighborhood; up to \$75,000.00 in HOME CHDO Operating Expense funding for Habitat for Humanity of San Antonio; up to \$48,000.00 in HOME CHDO Operating Expense funding for Alamo Community Group; (b) approval of reprogrammed funds represents Substantial Amendment #1 (HOME Reprogramming) to the FY 2018 Action Plan and Budget in the amount of \$1,437,000.00.

### **BACKGROUND INFORMATION:**

On August 3, 2017, City Council approved the FY 2018 HOME Investment Partnerships Program Budget totaling \$4,898,909.00, which included \$1,250,000.00 set aside for Multi-Family Rental Housing Development, \$1,220,000.00 set aside for CHDO Single-Family New Construction Development, and \$75,000.00 set aside for CHDO Operating Expense Funding. Subsequently, staff identified \$1,437,000.00 in HOME funds for reprogramming as a result of cancelled activities which can now be allocated to different activities.

## ISSUE:

The Neighborhood and Housing Services Department (NHSD) issued a Request for Applications (RFA) for Multi-Family Rental Housing Development, CHDO Single-Family New Construction Development, and CHDO Operating Expense Funding. Three separate panels comprised of City executives and/or senior managers evaluated the applications utilizing evaluation criteria related to the HOME Program Requirements and the City's Affordable Housing Policy. These panels evaluated the applications based on experience of the developer, efficient use of HOME funds, project feasibility, loan terms, site characteristics, transit amenities, project readiness, resident services and each applicant's Section 3 Utilization Plan.

Staff proposes HOME funding recommendations totaling \$3,982,000.00 (Entitlement: \$2,545,000.00 / Reprogramming: \$1,437,000.00) for the following activities:

Activity Name	Activity Type	Funding Recommendation	HOME Entitlement	HOME Reprogramming
Lord Road Apartments (D2)	Multi-Family Rental Housing Development	\$1,600,000	\$1,250,000	\$350,000
Lenwood Heights Subdivision, Phase III (D6)	CHDO Single-Family New Construction	\$1,659,000	\$1,220,000	\$439,000
Tarasco Neighborhood (D4)	CHDO Single-Family New Construction	\$600,000	\$0	\$600,000
Habitat for Humanity	CHDO Operating Expense Funding	\$75,000	\$75,000	\$0
Alamo Community Group	CHDO Operating Expense Funding	\$48,000	\$0	\$48,000
	<b>Total</b>	<b>\$3,982,000</b>	<b>\$2,545,000</b>	<b>\$1,437,000</b>

More detailed information on each of the proposed activities is found below:

### Multi-Family Rental Housing Development - Lord Road Apartments

NHSD issued the RFA for Multi-Family Rental Housing Development on June 14, 2017, with applications due on July 12, 2017. A five-member panel evaluated four applications with funding requests totaling \$6.2 million. The highest scoring application was Lord Road Apartments with a total score of 116 points out of a possible 163 points. The NRP Group is proposing a 324 unit, \$47 million multi-family rental housing development, located at Lord Road and W.W. White Road in Council District 2. Lord Road Apartments was awarded \$1,250,000.00 in FY 2017 HOME funds via Ordinance No. 2016-09-29-0753. This development is 100% affordable and will consist of eighteen HOME-assisted housing units restricted to households at 80% of area median income (AMI) and five HOME-assisted housing units restricted to households at 50% of AMI. Staff recommends the allocation of up to \$1,600,000.00 in HOME funding (\$1,250,000 in FY 2018 HOME Entitlement and \$350,000.00 in HOME reprogrammed funding) for the development of Lord Road Apartments.

### CHDO Single-Family New Construction - Lenwood Heights Subdivision, Phase III

NHSD issued the RFA for CHDO Single-Family New Construction on May 24, 2017, with applications due on June 14, 2017. A four-member panel evaluated two applications with funding requests totaling \$2.859 million. The highest scoring application was for Lenwood Heights Subdivision-Phase III with a total score of 168 points out of a possible 190 points. Habitat for Humanity is proposing the development of 42 single-family units located at 259 S. Acme Road (south of Commerce St.) in Council District 6. This development will assist households at or below 80% of AMI. Staff recommends the allocation of up to \$1,659,000.00 in HOME CHDO funding (\$1,220,000.00 in FY 2018 Entitlement and \$439,000.00 in HOME reprogrammed funding) for the development of Lenwood Heights Subdivision-Phase III. This project is designated as a CHDO activity.

### CHDO Single-Family New Construction - Tarasco Neighborhood

The second highest scoring application was for Tarasco Neighborhood with a total score of 132 points out of a possible 190 points. Alamo Community Group is proposing the development of thirty single-family units located at 505 Tarasco St. in Council District 4. This development will assist households at or below 80% of AMI. Staff recommends an allocation of up to \$600,000.00 in HOME reprogrammed funds for the development of Tarasco Neighborhood. This project is designated as a CHDO activity.

### CHDO Operating Expense Funding - Habitat for Humanity

NHSD issued the RFA for CHDO Operating Expense Funding on July 12, 2017, with applications due on August 23, 2017. A five-member panel evaluated three applications with funding requests totaling \$148,000.00. The highest scoring application was Habitat for Humanity with a total score of 192 points out of a possible 205 points. Staff recommends the allocation of up to \$75,000.00 in FY 2018 HOME CHDO Operating Expense Funding for Habitat for Humanity of San Antonio.

### CHDO Operating Expense Funding - Alamo Community Group

The second highest scoring application was Alamo Community Group with a total score of 128 points out of a possible 205 points. Staff recommends an allocation of up to \$48,000.00 in HOME reprogrammed funds for Alamo Community Group.

## **ALTERNATIVES:**

An alternative to appropriating HOME funding set aside for Multi-Family Rental Housing development, CHDO Single-Family New Construction development, and CHDO Operating Expense funds to the recommended projects would be to reject the recommendations and issue a new Request for Applications for these activities; however, the recommended projects meet the established evaluation criteria. In addition, any other alternative to appropriate funding would delay the timely commitment and expenditure of these federally sourced funds.

## **FISCAL IMPACT:**

On August 3, 2017, City Council approved the FY 2018 HOME Investment Partnerships Funding Budget, which included \$1,250,000.00 set aside for Multi-Family Rental Housing Development, \$1,220,000.00 set aside for CHDO Single-Family New Construction development, and \$75,000.00 set aside for CHDO Operating Expense funds. In addition, staff identified \$1,437,000.00 in HOME funds for reprogramming as a result of cancelled activities. There is no impact to the City's General Fund.

## **RECOMMENDATION:**

Staff recommends forwarding to the full City Council for consideration of an allocation of \$2,545,000.00 in FY 2018 HOME Entitlement and reprogramming \$1,437,000.00 in cancelled activities from previous year's HOME funds for: (a) up to \$1,600,000.00 in for the development of Lord Road Apartments; up to \$1,659,000.00 in HOME Community Housing Development Organization (CHDO) funds for the development of Lenwood Heights Subdivision-Phase III; up to \$600,000.00 in HOME CHDO funds for the development of Tarasco Neighborhood; up to \$75,000.00 in HOME CHDO Operating Expense funding for Habitat for Humanity of San Antonio; up to \$48,000.00 in HOME CHDO Operating Expense funding for Alamo Community Group; (b) approval of reprogrammed funds represents Substantial Amendment #1 (HOME Reprogramming) to the FY 2018 Action Plan and Budget in the amount of \$1,437,000.00.

