City of San Antonio

Agenda Memorandum

File Number: 18-6939

Agenda Item Number: 14.

Agenda Date: 1/17/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP

COUNCIL DISTRICTS IMPACTED: Council District 8

SUBJECT: Neighborhood Improvement Bond Program - 3830 Parkdale Drive

SUMMARY:
An ordinance authorizing the acquisition of 3830 Parkdale Drive, an approximately 7.07 acre tract of vacant land for affordable/Workforce Housing for the 3830 Parkdale Drive Project from Agora Assets, LLC for an amount not to exceed $2,900,000.00; and approving a Contract for the Sale of Land for Private Redevelopment to Franklin Development Properties, Ltd. for a sales price of $30,000.00 payable to the City as program income and authoring a contribution from the City, by and through OUR SA, applicable towards eligible expenses per the Urban Renewal Plan, in an amount not-to-exceed $4,400,000.00. The foregoing represents a Neighborhood Improvement Bond Program Project funded by the 2017-2022 General Obligation Bond, located in Council District 8.

BACKGROUND INFORMATION:
The 2017-2022 Neighborhood Improvements Bond program provides for the issuance of general obligation bonds to finance the cost of permitted activities as set forth in the Urban Renewal Plan. The $20 million program is one component of the $850 million Bond package that was approved by voters on May 6, 2017. The Neighborhood Improvements Bond program allows the City to conduct the following activities using Bond funds:

- Land acquisition
- Repair and rehabilitation of buildings and other improvements
- Demolition of dilapidated/unusable structures
- Right-of-way improvements
- Extension/expansion of utilities
- Site Work

- Remediation of hazards such as asbestos or lead-based paint
- Disposition of property in the affected area
- Associated fees for the aforementioned services

Chapter 374 of the Texas Local Government Code, as amended ("Chapter 374") required the identification of specific geographic areas based on state requirements where Bond funds can be spent. Per the statute and after a public hearing, the areas identified are incorporated into an Urban Renewal Plan that was approved by the City Council on February 2, 2017. The following Neighborhood Improvement Areas (or "Areas") were approved by City Council, thereby initiating the development of the required Urban Renewal Plan:

Area Name	**District**
Culebra at Callaghan	7
East Southcross	3
Edgewood	6
Lincoln Park-Arena	2
Near East	2
Near West-Five Points	1
Pearsall	4
Roosevelt-Mission Reach	3
South Park	4
Southeast	3
West Side	5
Wurzbach	8

The Urban Renewal Plan serves as the legal framework for the activities to be conducted as part of the Neighborhood Improvements Bond program. Following City Council approval of the Urban Renewal Plan and the successful voter approval of the Bond Proposition number six, the City contracted, pursuant to a Memorandum of Understanding, with the Office of Urban Redevelopment San Antonio ("OUR SA") to execute the urban renewal activities at the direction of the City Council.

The Neighborhood Improvements Bond Program, in conjunction with the private sector, aspires to serve the residents of the City with the highest quality affordable rental opportunities. The development is expected to be of the highest quality construction taking into consideration materials, building quality, design, green building, style and functionality.

All production of permitted activities under the Urban Renewal Plan resulting in housing should strive to be a national model of affordable/workforce housing and create a sense of community and pride of ownership in the community. Developments should be respectful of the history and environment of the surrounding neighborhood and look to provide enhancement to the community.

This program is designed to serve low-to-moderate income working families with a required minimum of half of the housing units serving families earning 80% of the Area Median Income ("AMI") or less, allowing these families to eliminate the cost-burden of today's housing and rental prices.

The 3830 Parkdale Drive Project for City Council consideration has been presented to the Neighborhood Improvements Advisory Committee on December 18, 2018 and approved by the OUR SA Board on December

5, 2018. The project does not and will not result in any permanent residential displacement in accordance with the Urban Renewal Plan.

Procurement of Services

A Request for Proposals (RFP) was released on September 20, 2018 and advertised in the San Antonio Express News, San Antonio Hart Beat, on the City's website, and on TVSA. Potential respondents were permitted to submit written questions to the RFP, which were answered by City staff and disseminated for public review. Responses were due on November 2, 2018 and three (3) responsive proposals were received. A selection committee consisting of representatives from the City Manager's Office, Neighborhood & Housing Services, Office of Urban Redevelopment San Antonio and Local Initiatives Solutions Corporation San Antonio evaluated and ranked the submissions and scored the proposals. Scoring was based on the published evaluation criteria as set forth in the RFP, which included Evaluation of Development Experience, Financial Capacity and Capability, Site Plan and Timeline, Affordable Housing and participation in the SBE Prime Contractor Program. Based on the evaluation and scoring, the selection committee made their recommendation to proceed with the highest ranked firm, Franklin Development Corporation.

The City has applied the contract-specific Affirmative Procurement Initiatives (API) to this contract with maximum ten (10) evaluation preference points, a twenty-five percent (25%) Minority/Women Business Enterprise (M/WBE) subcontracting goal and a five percent (5%) African-American Business Enterprise (AABE) subcontracting goal. Franklin Development Corporation met the goals placed by the Goal-Setting Committee through subcontracting.

This contract was developed utilizing a formal request for qualifications and proposal process; therefore, as required by the Ethics Ordinance, a Discretionary Contracts Disclosure Form has been included herein as an attachment. Franklin Development Corporation has or will file a Form 1295 prior to the execution of the Contract for Sale of Land for Private Redevelopment.

ISSUE:

This action would adopt an ordinance to both acquire 3830 Parkdale Drive, an approximately 7.07 acre tract of vacant land for affordable/Workforce Housing for the 3830 Parkdale Drive Project ("Project") from Agora Assets, LLC for an amount not to exceed $2,900,000.00 and would approve a Contract for the Sale of Land for Private Redevelopment for the 7.07 acre tract to Franklin Development Properties, Ltd. for a sales price of $30,000.00 payable to the City as program income and authoring a contribution from the City, applicable towards eligible expenses per the Urban Renewal Plan, in a total amount not-to-exceed $4,400,000.00. The foregoing transactions are pursuant to the Neighborhood Improvement Bond Program funded by the 2017-2022 General Obligation Bond. The property is located in Council District 8.

This program is designed to serve low-to-moderate income working families with a required minimum of half (1/2) of the housing dwelling serving families earning 80% of the area Median Income ("AMI") or less, allowing these families to eliminate the cost-burden of today's housing and rental prices.

Both transactions for City Council consideration have been presented to the Neighborhood Improvements Advisory Committee on December 18, 2018 and approved by the OUR SA Board on December 5, 2018.

This ordinance authorizes the purchase of approximately 7.07 acres of land owned by Agora Assets, LLC comprised of (2) parcels located at 3830 Parkdale Drive (NCB 14445 P-111 ABS 260; 3.937 acres) and Datapoint Drive (NCB 14445 BLK LOT P-71B; 3.134 acres), within the Wurzbach Neighborhood Improvement Area in Council District 8, as more particularly shown and described in Exhibit A, for $2,900,000.00, for the purpose of implementing the 3830 Parkdale Drive Project, a 2017-2022 Neighborhood

Improvement Bond Program project.

This ordinance also authorizes a Sale of Land for Private Redevelopment contract providing for a contribution toward eligible expenses not-to-exceed $4,400,000.00 payable to Franklin Development Properties, Ltd. and accepting the purchase price payable to the City as program income for the approximately 7.07 acres of land, the 3830 Parkdale Drive Project, of $30,000.00 The sale of this property to Franklin Development Properties, Ltd. is for 2017-2022 Neighborhood Improvement Bond Program funded project and the subject property is located in Council District 8.

The City, acting by and through OUR SA, will sell the approximately 7.07 acres of vacant land to the awarded firm, Franklin Development Properties, Ltd., to construct a 235-unit multi-family development, for the purpose of providing affordable and Workforce Housing rental opportunities. (115) 2 bedroom/2 bathroom units and (120) 3 bedroom/2 bathroom units will all be offered to households earning at or below 60% of the Housing and Urban Development (HUD) Area Median Income (AMI). The rental price for these units will be set at or around $834.00 per month each for a 2 bedroom/2 bathroom unit and $965.00 per month each for a 3 bedroom/2 bathroom unit and families must qualify according to the AMI baselines set and updated annually by the Department of Housing & Urban Development (HUD) that were published with the solicitation. Offered on -site amenities include a pool, 2 children's play-scape areas, community room, library, gym and business center along with resident services such as after school activities (STEM, swim lessons, leadership and team building), health and wellness programs, food pantry, resident gardens and financial literacy courses.

The City will convey the (2) parcels of vacant land to Franklin Development Properties, Ltd. upon obtaining final Project financing and the completion of the City's formal underwriting process. The awarded firm must design, complete and surrender the preliminary redevelopment plans and obtain a Certificate of Occupancy for the 235-unit multi-family development within twenty-seven (27) months after the closing and transfer of the Properties, with the Certificate of Occupancy anticipated by March 2021.

Approval of this Ordinance will be a continuation of the City Council policy to complete the 2017-2022 Neighborhood Improvements Bond Program in conjunction with the overall $850 million General Obligation Bond Program.

ALTERNATIVES:

As an alternative, City Council could choose not to authorize the contract for acquisition of the 7.07 acres of vacant land and require staff to identify new properties for redevelopment opportunities (which must be located in the previously discussed Areas to avoid bond election violations). However, considering the additional time required to vet, select and negotiate the new property/properties for earnest money contract, conduct a new solicitation process and brief the Advisory and OUR SA Board, this would adversely affect the timely completion of the Project and delivery of the Neighborhood Improvements Bond Program.

As an alternative, City Council could choose not to award the contract to sell the property and require staff to re -advertise this Project. However, considering the additional time required for another solicitation process, this would adversely affect the timely completion of the project and delivery of the 2017-2022 Neighborhood Improvements Bond Program approved by voters.

FISCAL IMPACT:

The purchase contract is a one-time capital improvement expenditure in the amount of $2,900,000.00, payable to Agora Assets, LLC for real property. Funding is included in the FY 2019-2024 Capital Improvement Program, and funded through 2017-2022 Bond funds for affordable/Workforce Housing. The value of the

acquisition is in alignment with the independent appraisal performed by Integra Realty Resources on August 31, 2018.

The redevelopment contract is a one-time capital improvement expenditure in the amount not-to-exceed $4,400,000.00, payable to Franklin Development Properties, Ltd., to serve as reimbursement for eligible expenses to provide the homes at an affordable rental price per the Contract for Sale of Land for Private Redevelopment and in accordance with the Urban Renewal Plan, and accepting the purchase price of $30,000.00 payable to the City as program income for the approximately 7.07 acres of land. FY 2019-2024 Capital Improvement Program, and funded through 2017-2022 Bond funds.

RECOMMENDATION:

Staff recommends approval of the purchase of an approximately 7.07 acre tract of vacant land owned by Agora Assets, LLC comprised of (2) parcels located at 3830 Parkdale Drive (NCB 14445 P-111 ABS 260; 3.937 acres) and Datapoint Drive (NCB 14445 BLK LOT P-71B; 3.134 acres), within the Wurzbach Neighborhood Improvement Area in Council District 8, as more particularly shown and described in Exhibit A, for $2,900,000.00, for the purpose of the Neighborhood Improvement Bond Program's 3830 Parkdale Drive Project ("Project").

Staff further recommends approval of the sale of an approximately 7.07 acre tract of vacant land comprised of (2) parcels located at 3830 Parkdale Drive (NCB 14445 P-111 ABS 260; 3.937 acres) and Datapoint Drive (NCB 14445 BLK LOT P-71B; 3.134 acres), within the Wurzbach Neighborhood Improvement Area in Council District 8, as more particularly shown and described in Exhibit A, in an amount not-to-exceed $4,400,000.00 for reimbursement of eligible expenses to Franklin Development Properties, Ltd., for the 3830 Parkdale Drive Project ("Project") to provide affordable/Workforce Housing to residents for rental opportunities in accordance with the provisions of Chapter 374, the City Council-approved Urban Renewal Plan, and voter approved 2017-2022 Neighborhood Improvement Bond Program and accepting the purchase price payable to the City as program income for the approximately 7.07 acre tract of vacant land at $30,000.00, for the Project.