



# City of San Antonio

## Agenda Memorandum

**File Number:**19-4239

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**Agenda Item Number:** 46.

**Agenda Date:** 6/13/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services

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

**COUNCIL DISTRICTS IMPACTED:** Council District 5

**SUBJECT:** Neighborhood Improvement Bond Program - S. Frio Street

### SUMMARY:

An ordinance approving the development of S. Frio Street (between San Fernando St. & El Paso St.), an approximately 0.36 acre tract of vacant land, owned by the Urban Renewal Agency of the City of San Antonio, doing business as the Office of Urban Redevelopment City of San Antonio, Texas (the "City"), acting by and through the San Antonio ("OUR SA"), pursuant to the San Antonio Urban Renewal Plan (the "Urban Renewal Plan") and approving a Contract for the Sale of Land for Private Redevelopment to Terramark Interests, LLC for \$20,000.00 payable to OUR SA and authorizing a reimbursement from the City, acting by and through OUR SA, applicable towards eligible expenses per the Urban Renewal Plan, in an amount of up to \$250,000.00 with staff having discretion to make additional reimbursements up to \$50,000.00. The foregoing represents a Neighborhood Improvement Bond Program Project funded by the 2017-2022 General Obligation Bond, located in Council District 5.

### 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 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 where Bond funds can be spent. Per Chapter 374 and after a public hearing, twelve (12) areas identified were incorporated into an Urban Renewal Plan that was approved by the City Council on February 2, 2017. The S. Frio Street property is within the Near West-Five Points Neighborhood Improvement Area approved by City Council.

The Urban Renewal Plan serves as the legal framework for the activities conducted as part of the Neighborhood Improvements Bond program. Following City Council approval of the Urban Renewal Plan and the successful voter approval of Bond Proposition 6, the City contracted, pursuant to a Memorandum of Understanding, with 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 Housing and Urban Development (“HUD”) Area Median Income (“AMI”) or less, allowing these families to eliminate the cost-burden of today’s housing and rental prices.

The Project does not and will not result in any permanent residential displacement in accordance with the Urban Renewal Plan.

The S. Frio Street (the “Project”) for City Council consideration has been presented to the Neighborhood Improvements Advisory Committee on May 14, 2019 and approved by the OUR SA Board on May 15, 2019.

#### Procurement of Services

A Request for Proposals (“RFP”) was released on March 6, 2019 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 April 19, 2019 and two (2) responsive proposals were received. A selection committee consisting of representatives from the Neighborhood & Housing Services, OUR SA and Local Initiatives Solutions Corporation (LISC) 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 its recommendation to proceed with the highest ranked firm, Terramark Interests, LLC.

#### **ISSUE:**

This action would adopt an ordinance to approve a Contract for the Sale of Land for Private Redevelopment of S. Frio Street (between San Fernando St. & El Paso St.), an approximately 0.36 acre tract of vacant land, owned by the Urban Renewal Agency of the City of San Antonio, doing business as the Office of Urban Redevelopment City of San Antonio, Texas (the “City”), acting by and through the San Antonio (“OUR SA”), pursuant to the San Antonio Urban Renewal Plan (the “Urban Renewal Plan”) and approving a Contract for the Sale of Land for Private Redevelopment to Terramark Interests, LLC for \$20,000.00 payable to OUR SA and authorizing a reimbursement from the City, acting by and through OUR SA, applicable towards eligible expenses per the Urban Renewal Plan, in an amount of up to \$250,000.00. Staff shall have the discretion to make additional reimbursements for eligible expenses for permitted activities up to \$50,000.00. The foregoing represents a Neighborhood Improvement Bond Program Project funded by the 2017-2022 General Obligation Bond, located in Council District 5.

The City, acting by and through OUR SA, will sell the approximately .36 acres of vacant land to the awarded firm, Terramark Interests, LLC to construct a 12-unit multi-family development, for the purpose of providing affordable and Workforce Housing rental opportunities. The development will consist of (4) 2 bedroom/2 bathroom units and (8) 2 bedroom/1 bathroom units. Six (6) units of the 2 bedroom/1 bath option will be offered to households earning at or below 80% of the HUD AMI. The affordable rental price for these units will vary around \$800 to \$950 per month and families must qualify according to the AMI baselines set and updated annually by HUD that were published with the solicitation. Market rate units for the 2 bedroom/1 bath and the 2 bedroom/2 bath will vary around \$1,200 to \$1,604 monthly. Offered on-site amenities include an outside communal area for a place for tenants to congregate.

OUR SA will convey the parcel of vacant land to Terramark Interests, LLC 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 12-unit multi-family development within twenty-four (24) months after the closing and transfer of the Property, with the Certificate of Occupancy anticipated by January 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 0.36 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 redevelopment contract is a one-time capital improvement expenditure in the amount of up to \$250,000.000 to serve as reimbursement for eligible expenses, and accepting the purchase price of \$20,000.00 payable to OUR SA for the approximately 0.36 acres of land. Staff shall have the discretion to make additional reimbursements for eligible expenses for permitted activities up to \$50,000.00. FY 2019-2024 Capital

Improvement Program, and funded through 2017-2022 Bond funds.

**RECOMMENDATION:**

Staff recommends approval of the sale of approximately 0.36 acre tract of vacant land comprised of (1) parcel located at S. Frio Street Property (NCB 271 BLK 96 LOT 22) and within the Near West-Five Points Neighborhood Improvement Area in Council District 5, as more particularly shown and described in Exhibit A, in an amount of up to \$250,000.00 for reimbursement of eligible expenses to Terramark Interests, LLC, with staff being authorized to make additional reimbursements in its discretion of up to \$50,000.00 for the 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 OUR SA as program income for the approximately 0.36 acre tract of vacant land at \$20,000.00, for the Project.