



City of San Antonio

Agenda Memorandum

File Number:19-6356

Agenda Item Number: 15.

Agenda Date: 10/3/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT: Neighborhood Improvement Bond Program - Southeast Service Center Affordable Housing Redevelopment Project

SUMMARY:

An ordinance declaring an approximate 12.39 acre tract of land commonly referred to as the Southeast Service Center located at 7402 S. New Braunfels Ave. as Surplus Property; authorizing the sale of 9.38 acres of said tract and approving a Contract for the Sale of Land for Private Redevelopment by the City of San Antonio, doing business as the Office of Urban Redevelopment San Antonio (OUR SA), to Franklin Development Properties, Ltd. for a sales price of \$485,000.00; and authorizing reimbursement of eligible expenses in accordance with the Urban Renewal Plan for affordable/Workforce Housing in an amount of up to \$4,200,000.00 and other authorized expenses associated therewith. This is a Neighborhood Improvements Bond Program Project funded by the 2017 General Obligation Bond, located in Council District 3.

BACKGROUND INFORMATION:

The City currently owns the property located at 7402 S. New Braunfels Ave. within the Southeast Neighborhood Improvement Area in Council District 3, commonly referred to as the Southeast Service Center. This site has been identified as suitable for affordable housing development under the 2017 Neighborhood Improvements Bond Program. Under the City's Code, in order the sale city-owned property, the City must first declare the property as surplus to the needs of the City. The total property consists of 12.39 acres of land. However, only 9.38 acres will be utilized for development of multi-family housing. Therefore, while the City will declare the entire 12.39 acre parcel as surplus, as discussed below, only 9.38 acres of the property will be sold for the multi-family residential development.

The City, through OUR SA, will sell approximately 9.38 acres of vacant land to Franklin Development Properties, Ltd. to construct a 292-unit multi-family development to provide affordable and Workforce Housing rental opportunities as part of the 2017 General Obligation Bond program.

The development will consist of 204, 2-bedroom units and 88, 3-bedroom units. Two thirds of the units will be offered to households earning at or below 60% of the HUD AMI with 15% available to families earning

between 30-50% of the HUD AMI. The affordable rental price for the units will vary from \$372 to \$1,125 per month for a 2-bedroom unit and \$411 to \$1,280 per month for a 3-bedroom, based on a family's income and size according to the AMI baselines updated annually by HUD.

The development includes on-site amenities including 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 and financial literacy courses. Additionally, Franklin Development Properties, Ltd. will be creating a civic park fronting South New Braunfels Avenue that will be open to the public, along with a YMCA storefront that is currently being negotiated.

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

2017 Neighborhood Improvements Bond Program

The 2017 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. 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; after a public hearing, twelve (12) areas were incorporated into an Urban Renewal Plan approved by City Council on February 2, 2017. The Urban Renewal Plan is the legal framework for activities conducted as part of the Neighborhood Improvements Bond. The Southeast Service Center property is within the City Council approved Southeast Neighborhood Improvement Area.

The Neighborhood Improvements Bond Program and this Project is in alignment with SA Tomorrow goals. The twelve eligible improvement areas identified in the City Council adopted Urban Renewal Plan were targeted using the SA Tomorrow goals and priorities.

Procurement of Services

A Request for Proposals ("RFP") was released on April 19, 2019 and advertised in the San Antonio Express News, San Antonio Hart Beat, on the City's website, and on TVSA. Potential respondents submitted written questions to the RFP, which were answered by City staff and disseminated for public review. Responses were due on June 19, 2019 and three (3) responsive proposals were received. A selection committee consisting of representatives from the City Manager's Office, Neighborhood & Housing Services, OUR SA, Neighborhood Improvements Advisory Committee, and Habitat for Humanity of San Antonio evaluated and ranked the submissions and scored the proposals. Scoring was based on the published evaluation criteria set forth in the RFP, including 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, Franklin Development Properties, Ltd.

Audit and Accountability Committee received a pre-solicitation briefing on the Project March 19, 2019 and a post-solicitation briefing on August 30, 2019. The Project was approved to move forward for City Council consideration.

ISSUE:

This action would adopt an ordinance to approve a Contract for the Sale of Land for Private Redevelopment of the Southeast Service Center, an approximately 9.38 acre tract of vacant land for affordable/Workforce Housing to Franklin Development Properties, Ltd. for a sales price of \$485,000.00 payable to the City as program income 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 up to \$4,200,000.00.

OUR SA will convey the parcel of vacant land to Franklin Development Properties, Ltd. upon completion of the City's formal underwriting process. The awarded firm must deliver 292-unit multi-family development within thirty-six (36) months after the closing and transfer of the Property, anticipated by January 2022.

The Southeast Service Center Affordable Housing Redevelopment Project (the "Project") was approved by the OUR SA Board on August 13, 2019. Staff attempted to convene the Neighborhood Improvements Advisory Committee (NIAC) in August but was unable to make quorum. Although the NIAC was unable to convene, the NIAC representative from District 3 participated in the procurement process to score the project. Additionally staff received a response to a Request for Information in April 2018 from the registered neighborhood association, Highland Hills that states their support for a mixed-use affordable housing development on this site. The disposition of the Southeast Service Center 9.38 acre parcel was approved by the Planning Commission on September 11, 2019.

ALTERNATIVES:

As an alternative, City Council could elect not to authorize the contract and require staff to identify new properties for redevelopment opportunities which must be located in the previously discussed Areas. 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 Boards, this would adversely affect the timely completion of the Project and delivery of the 2017 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 \$4,200,000.00 to serve as reimbursement for eligible expenses, and accepting the purchase price of \$485,000.00 payable to the City as program income for the approximately 9.38 acres of land. Funds are available from the 2017 General Obligation Bond Program and are included in the FY 2019 - FY 2024 Capital Improvement Program Budget.

RECOMMENDATION:

Staff recommends approval of the sale of approximately 9.38 acre tract of vacant land located at 7402 S. New Braunfels Ave. within the Southeast Neighborhood Improvement Area in Council District 3, as more particularly shown and described in Exhibit A, to Franklin Development Properties, Ltd. for a sales price of \$485,000.00 payable to the City as program income and awarding in an amount of up to \$4,200,000.00 for the reimbursement of eligible expenses to develop the site and provide affordable/Workforce Housing rental units in accordance with the City Council-approved Urban Renewal Plan and voter approved 2017-2022 Neighborhood Improvement Bond Program.