



# City of San Antonio

## Agenda Memorandum

**File Number:** 19-7270

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**Agenda Item Number:** 18.

**Agenda Date:** 10/31/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services

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

**COUNCIL DISTRICTS IMPACTED:** City-Wide

**SUBJECT:**

Program Policies for HUD-Funded Affordable Housing Activities

**SUMMARY:**

Ordinance authorizing the proposed Program Policies for HUD-Funded Affordable Housing Activities as required by the US Department of Housing and Urban Development.

**BACKGROUND INFORMATION:**

The City of San Antonio (the City) receives federal entitlement funding from the U.S. Department of Housing and Urban Development (HUD) to include the Community Development Block Grant, HOME Investment Partnerships Program and Neighborhood Stabilization Program (one time award). As such, the City is required to develop policies that will dictate programmatic requirements for activities funded with the following:

*Community Development Block Grant (CDBG)*

The Community Development Block Grant has been in existence since 1974. The primary objective of the CDBG program is to improve communities by providing decent housing, providing a suitable living environment, and expanding economic opportunities. The primary beneficiary of CDBG funds must benefit low to moderate-income persons, aid in the prevention or elimination of slums or blight, or meet an urgent need.

*HOME Investment Partnerships Program (HOME)*

The HOME Investment Partnership Program has been in existence since 1990. The goals of the HOME program are to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. HOME funds may be utilized for rental activities, homebuyer

activities, and homeowner rehabilitation activities. All HOME funds must benefit persons of low and moderate income.

*Neighborhood Stabilization Program (NSP)*

The Neighborhood Stabilization Program 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.

**ISSUE:**

The existing Program Policies for HUD-Funded Affordable Housing Activities (Program Policies) were approved by the City Council on January 18, 2018. Utilizing HUD guidance, national best practices and stakeholder input, the City initiated a review and update of the Program Policies in order to:

- Ensure that the City’s policies are comprehensive and in compliance with HUD regulations;
- Provide streamlined, consistent guidelines for federally-funded affordable housing activities;
- Align with the needs of our community.

The proposed Program Policies are attached to this agenda memo and include the following significant changes:

<b>Section: Owner-Occupied Rehabilitation/Reconstruction Program &amp; Minor Repair Program</b>	<b>Page: 2</b>
1. Addition of the CDBG-Funded Owner-Occupied Rehabilitation/Reconstruction Program (OORRP) for rehabilitation and \$130,000 for reconstruction. 3. The covenant period term is on a sliding scale for the Minor Repair Program for assistance amounts of \$15,000 and above. 5. Given the significant costs to carry homeowner’s insurance and be current on real estate taxes to protect the home and ensure that it is important to note that the Minor Repair Program, Under One Roof Program and the Let’s Pay for Homebuyers that participate in the Homebuyer Incentive Program will be eligible for the Community OORRP.	

<b>Section: Homebuyer Activities</b>	<b>Page: 5</b>
1. The amount of assistance for acquisition only increased from \$12,000 to \$15,000. 2. The terms of the homebuyer agreement between the City and the homebuyer for Homeownership Housing Development front end ratio and 45% total debt ratio. 7. The loan fee caps were updated. 8. The Program Policies	

<b>Section: Rental Housing Development Activities</b>	<b>Page: 12</b>
1. The definition of surplus cash was updated to align with HUD FHA definition. 2. The CDBG program for households below 60% of Area Median Income.	

<b>Section: Loan Servicing Policy</b>	<b>Page: 32</b>
This section is new in its entirety.	

<b>Section: Appendix A: Other Federal Requirements</b>	<b>Page: 35</b>
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This section was reformatted for ease of use.

<b>Section: Appendix F: Lead Based Pain Requirements</b>	<b>Page: 52</b>
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This section was taken directly from federal guidelines.

<b>Section: Appendix G: Environmental Requirements</b>	<b>Page: 55</b>
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This section includes a provision that all Environmental Reviews must be prepared by a City-approved professional. All City-approved professionals must have completed HUD HEROS training.

<b>Section: Appendix I: Underwriting and Subsidy Layering Policy for Affordable Housing Development Activities</b>	<b>Page: 60</b>
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This section includes a provision that for homeownership housing development, a developer fee rate for the property will be negotiated during the underwriting process.

The City initiated a public input campaign on August 26, 2019 thru September 10, 2019. In addition, the City met with held stakeholder input sessions on September 3 and 4, 2019. The questions/comments received during the Stakeholder public input campaign are attached to this agenda memo. Staff considered the input, provided responses and made edits to the Program Policies where necessary.

The proposed Program Policies were presented to the Housing Commission on September 25, 2019 and was considered by the Planning and Community Development Committee on October 14, 2019.

**ALTERNATIVES:**

The City could retain its existing Program Policies for HUD-Funded Affordable Housing Activities but they are currently outdated.

**FISCAL IMPACT:**

Ordinance authorizing the proposed Program Policies for HUD-Funded Affordable Housing Activities as required by the US Department of Housing and Urban Development. The proposed Program Policies are related to federally funded HUD grant programs and will have no impact to the City's General Fund.

**RECOMMENDATION:**

Staff recommends approval of an Ordinance authorizing the proposed Program Policies for HUD-Funded Affordable Housing Activities.