



City of San Antonio

Agenda Memorandum

File Number:20-1106

Agenda Item Number: 2.

Agenda Date: 1/29/2020

In Control: City Council B Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Public Hearing for Substantial Amendment #1 to the FY 2020 HUD Action Plan and Budget (Affordable Housing and Community Development Funding Recommendations)

SUMMARY:

Public Hearing for Substantial Amendment #1 to the FY 2020 HUD Action Plan and Budget awarding up to \$6,478,760 in Community Development Block Grant (CDBG) funding; up to \$1,849,000 in HOME Investment Partnerships Program (HOME) funding; and up to \$182,001 in Emergency Solutions Grant (ESG) funding to certain eligible activities.

BACKGROUND INFORMATION:

The City of San Antonio receives annual entitlement funding from the U.S. Department of Housing and Urban Development (HUD) which includes the Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) Program to be utilized for affordable housing and community development activities that benefit low and moderate income households. On August 8, 2019, City Council approved the \$23.6 million FY 2020 HUD Action Plan and Budget across the four federal grant programs for eligible activities consistent with the Five Year Consolidated Plan.

As a recipient of entitlement funds, in order to award funding to new activities, the City must undergo a substantial amendment process that includes a public notice, a 30-day public comment period and a public hearing prior to any City Council action.

ISSUE:

On December 20, 2019, the City issued a public notice initiating the public comment period for Substantial Amendment #1 to the FY HUD 2020 Action Plan and Budget (federal funding process), which proposes reprogramming \$6,478,760 in CDBG funding, \$1,849,000 in HOME funding, and \$182,001 in ESG funding to eligible activities consistent with the Five Year Consolidated Plan, as listed below:

Community Development Block Grant

Staff has identified \$6,478,760 in CDBG funds and recommends funding the following activities:

Alazan Lofts | NRP Group | Council District 5

The NRP Group is proposing an \$18 million, 88-unit rental housing development, called Alazan Lofts, located on El Paso St. and S. Colorado St., in Council District 5. Staff proposes awarding \$1,319,000 in CDBG funding as gap financing. This development will consist of 72 units restricted to households at 60% or below of area median income (AMI), 8 units restricted to households at 30% or below of AMI and 8 will be unrestricted.

Babcock North I | Alamo Community Group | Council District 8

Alamo Community Group is proposing a \$1.7 million rehabilitation of a 139-unit rental housing development, called Babcock North I, located at 6542 Spring Branch St., in Council District 8. Staff proposes awarding \$1,000,000 in CDBG funding as gap financing. This development will consist of 68 units restricted to households at 80% or below of AMI and 71 units restricted to households at 60% or below of AMI.

Legacy at Piedmont | Atlantic Pacific Company | Council District 3

The Atlantic Pacific Company is proposing a \$14.6 million, 49-unit rental housing development, called Legacy at Piedmont, located at 826 E. Highland Blvd., in Council District 3. Staff proposes awarding \$650,000 in CDBG funding as gap financing. This development will consist of 39 units restricted to households at 60% or below of AMI and 10 units restricted to households at 30% or below of AMI.

Watson Road Phase II | Habitat for Humanity | Council District 4

Habitat for Humanity is proposing the development of 48 homeownership housing units, called Watson Road Phase II, located at 13801 Watson Rd., in Council District 4. Staff proposes awarding \$2,549,760 in CDBG funding as a development subsidy. This development will benefit households at 80% or below of AMI. The sales price for a three bedroom, two bath single-family 1,050 square foot home is about \$88,000. Habitat provides 20 to 25 year 0% interest loans to their homebuyers. The monthly house payment, including taxes and insurance, is \$510 to \$600.

Avenida Guadalupe Master Plan | Council District 5

Staff recommends an award of \$75,000 in CDBG funding for the Avenida Guadalupe Master Plan. The Avenida Guadalupe area is located in the historic Westside of San Antonio. This area is rich in cultural significance including many historic landmarks and older housing stock, but has been impacted by disinvestment over the years. As areas such as Avenida Guadalupe near the urban core become more desirable, the community has asked that a plan be put in place to protect the culturally significant areas while also connecting them with the future planned growth. This plan will provide an overall development concept that reflects community needs through urban design and place-making principles. *This funding was committed during the FY 2020 Operating and Capital Budget process.*

Project MEND Facility Development | Council District 7

Staff recommends an award of \$250,000 in CDBG funding to Project MEND for the development of a

new facility which will be located on Wurzbach and Crystal Run, in Council District 7. Project MEND is a non-profit organization established in 1993 that provides medical equipment and assistive technology to individuals who cannot afford the items they need or are faced with gaps in their insurance coverage. Project MEND receives donated medical equipment from individuals and health organizations and repairs, refurbishes, and sanitizes this equipment to distribute to persons in need so they may maintain their mobility, independence, and quality of life. Project MEND serves an average of 1500 clients per year, and approximately 1350 of those clients have income at or below 80% of the AMI.

Tarasco Gardens | Alamo Community Group | Council District 6

Alamo Community Group (ACG) has an existing award of \$600,000 in HOME funding (Ordinance 2017-11-09-0895) for the development of 30 homeownership housing units, called Tarasco Gardens (previously Tarasco Neighborhood Subdivision), located at 505 Tarasco Dr., in Council District 6. At the request of ACG, staff proposes canceling the \$600,000 in HOME funding and awarding \$635,000 in CDBG funding as a development subsidy. This development will benefit households at 80% or below of AMI. The estimated sales price for a three bedroom, two bath single-family 1,200 square foot home is about \$149,000. The monthly house payment, including taxes and insurance, is about \$1,250. A preliminary underwriting review was conducted to determine the funding recommendation, but a final underwriting review will be completed prior to the execution of a funding agreement.

HOME Investment Partnerships Program

Staff has identified \$1,849,000 in HOME funds and recommends funding the following activities:

Village at Nogalitos | Prospera HCS | Council District 5

Prospera HCS is proposing a \$19.4 million, 78-unit rental housing development, called Village at Nogalitos, located at 3727 Nogalitos St., in Council District 5. Staff proposes awarding \$1,549,000 in HOME funding as gap financing. This development will consist of 69 units restricted to households at 60% or below of AMI and 9 units restricted to households at 30% or below of AMI.

Chihuahua Homes Plus | Our Casas Resident Council | Council District 5

Our Casas Resident Council is proposing the development of three homeownership housing units, called Chihuahua Homes Plus, located at 2427 Chihuahua St. and 4246 W. Cesar Chavez, in Council District 5. Staff proposes awarding \$150,000 in HOME funding as a development subsidy. This development will benefit households at 80% or below of AMI. The estimated sales price for a three bedroom, two bath single-family 1,300 square foot home is about \$135,000. The monthly house payment, including taxes and insurance, is about \$1,000.

CHDO Operating Expense Funding

Staff recommends awarding \$50,000 in Community Housing Development Organization (CHDO) Operating Expense funding to each of the following eligible CHDOs: Habitat for Humanity of San Antonio (Council District 1), Prospera HCS (Council District 10), and Neighborhood Housing Services of San Antonio (Council District 3).

Emergency Solutions Grant

Staff has identified \$182,001 in ESG Prevention funds (approved in the FY 2020 HUD Action Plan and Budget) and recommends converting to Street Outreach. The funds will be used to enhance current street outreach efforts and service coordination for the unsheltered homeless population. The funds will be used to support vehicles for street outreach staff, supplies to engage clients, transportation assistance for clients, ID

Recovery, and to procure a mobile application software, Outreach Grid, which will improve collaboration and coordination of resources across street outreach entities. Funds will also be used to support a personnel complement of two (2) FTE outreach staff.

These funding recommendations were considered by the Planning and Community Development Committee on January 13, 2020; the Audit and Accountability Committee on January 21, 2020 and will be considered by the City Council on January 30, 2020.

ALTERNATIVES:

An alternative to awarding this funding to the recommended projects would be to reject the recommendations; however, the recommended projects meet the established affordable housing and community development goals set forth in the FY 2020 HUD Action Plan and Budget. In addition, any other alternative to appropriate funding would delay the timely commitment and expenditure of these federally sourced funds.

FISCAL IMPACT:

This funding recommendation awards up to \$6,478,760 in Community Development Block Grant (CDBG) funding; up to \$1,849,000 in HOME Investment Partnerships Program (HOME) funding; and up to \$182,001 in Emergency Solutions Grant (ESG) funding..

RECOMMENDATION:

Staff recommends an award up to \$6,478,760 in Community Development Block Grant (CDBG) funding; up to \$1,849,000 in HOME Investment Partnerships Program (HOME) funding; and up to \$182,001 in Emergency Solutions Grant (ESG) funding:

- (a) Up to \$1,319,000 in CDBG funding to the NRP Group for an \$18 million, 88-unit rental housing development, called Alazan Lofts, located on El Paso St. and S. Colorado St., in Council District 5;
- (b) Up to \$1,000,000 in CDBG funding to the Alamo Community Group (ACG) for the \$1.7 million rehabilitation of a 139-unit rental housing development, called Babcock North I, located at 6542 Spring Branch St., in Council District 8;
- (c) Up to \$650,000 CDBG funding to the Atlantic Pacific Company for a \$14.6 million, 49-unit rental housing development, called Legacy at Piedmont, located at 826 E. Highland Blvd., in Council District 3;
- (d) Up to \$2,549,760 in CDBG funding to Habitat for Humanity for the development of 48 homeownership housing units, called Watson Road Phase II, located at 13801 Watson Rd., in Council District 4;
- (e) Up to \$75,000 in CDBG funding for the Avenida Guadalupe Master Plan;
- (f) Up to \$250,000 in CDBG funding to Project MEND for the development of a new facility which will be located on Wurzbach and Crystal Run, in Council District 7;
- (g) Up to \$635,000 in CDBG funding to ACG for the development of 30 homeownership housing units, called Tarasco Gardens, located at 505 Tarasco Dr., in Council District 6;
- (h) Up to \$1,549,000 in HOME funding to Prospera HCS for a \$19.4 million, 78-unit rental housing

development, called Village at Nogalitos, located at 3727 Nogalitos St., in Council District 5;

- (i) Up to \$150,000 in HOME funding to Our Casas Resident Council for the development of three homeownership housing units, called Chihuahua Homes Plus, located at 2427 Chihuahua St. and 4246 W. Cesar Chavez, in Council District 5;
- (j) Up to \$50,000 in HOME funding to each of the following eligible Community Housing Development Organizations: Habitat for Humanity of San Antonio (Council District 1), Prospera HCS (Council District 10), and Neighborhood Housing Services of San Antonio (Council District 3); and
- (k) Up to \$182,001 in ESG funding for Street Outreach.