



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1049

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**Agenda Item Number:** 9.

**Agenda Date:** 2/11/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services

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

**COUNCIL DISTRICTS IMPACTED:** Council District 1

**SUBJECT:** Neighborhood Improvement Bond Program - 419 and 425 San Pedro Avenue

### **SUMMARY:**

An Ordinance (1) authorizing the acquisition of 419 and 425 San Pedro Avenue, two (2) lots approximately .95 acre, for affordable/Workforce Housing for the San Pedro Avenue Housing Bond Project from Mireles Properties LLC (419) and Marquee Investments LLC (425) for an amount not to exceed \$2,000,000.00; (2) approving a Contract for the Sale of Land for Private Redevelopment to Franklin Development Properties, Ltd for a sales price of \$500,000.00 proceeds to the Affordable Housing Bond Fund as program income; and (3) authorizing 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 \$2,650,000.00 which includes an \$350,000.00 contingency for additional authorizes expenses. The foregoing represents a Neighborhood Improvement Bond Program Project funded by the 2017-2022 General Obligation Bond, located in Council District 1.

### **BACKGROUND INFORMATION:**

The City is purchasing two (2) adjacent properties at 419 and 425 San Pedro Avenue, .95 total acres, for \$2,000,000.00. This site is within the Five Points-Near West Improvement Area per the approved Urban Renewal Plan in Council District 1 and has been identified as suitable for affordable housing development under the 2017 Neighborhood Improvements Bond Program. The two properties are adjoining and consist of a total of .95 acres.

The City, through OUR SA, will sell the two properties to Franklin Development Properties Ltd. to construct an 80-unit, multi-family residential development, to provide affordable and Workforce Housing rental opportunities as part of the 2017 - 2022 General Obligation Bond Program.

The development will consist of 41, 2-bedroom units and 39, 3-bedroom units with 32 of the 80 units offered to households earning at 60% of the HUD AMI and with 48 available to households earning between 30-50% of

the HUD AMI. The affordable monthly rental price for the units will vary from \$361 to \$950 for a 2-bedroom unit and \$386 to \$948 for a 3-bedroom, based on a household's income and size according to the AMI baselines updated annually by HUD.

The development includes on-site resident supportive services and amenities such as controlled gate access for podium parking, fitness and community centers, children's playscape, business center, dog park, community garden, amenity deck overlooking downtown, and a community laundry room.

The request for City Council consideration has been approved by the Audit and Accountability Committee and the OUR SA Board of Directors on January 19, 2021. The project does not and will not result in any permanent residential displacement in accordance with the Urban Renewal Plan.

Integra Realty Resources appraised the two (2) parcels of land at \$2,210,000.00 in an appraisal report dated January 27, 2021.

#### Procurement of Services

A Request for Proposals (RFP) was released on October 11, 2020 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 18, 2020 and one (1) proposal was received. A selection committee consisting of representatives from the City Manager's Office, Neighborhood & Housing Services, Office of Urban Redevelopment San Antonio and Neighborhood Improvement Advisory Committee evaluated and ranked the proposal and scored the proposal. Since there was only one proposal received, scoring was Pass/Fail. Scoring was based on the published evaluation criteria as set forth in the RFP, which included Evaluation of: Development Experience; Gap Request, Financial Capacity and Underwriting; Amenities and Sustainability; Non-Profit Status and participation in the SBEDA Program. Based on the evaluation and scoring, the selection committee made their recommendation to proceed with 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, a four percent (4%) African-American Business Enterprise (AABE) subcontracting goal, twenty percent (20%) Local Preference Program with a maximum ten (10) points, and Veteran Owned Business Program for five (5) points. Based on this being the only proposal received, the proposal received a Pass score and the selection committee made its recommendation to proceed with Franklin Development Properties, Ltd.

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.

Audit and Accountability Committee received a pre-solicitation briefing on the Project on October 20, 2020 and a post-solicitation briefing on January 19, 2021.

#### **ISSUE:**

This action would adopt an ordinance to:

1) Acquire 419 San Pedro Avenue from Mireles Properties LLC for \$1,175,000.00 and 425 San Pedro Avenue from Marquee Investments LLC for \$825,000.00, an approximately .95 acre for two tracts for affordable/Workforce Housing for a total amount of \$2,000,000.00, conditioned upon the completion of Phase I and Phase II Environmental Site Assessments if recommended by staff;

- 2) Approve a Contract for the Sale of Land for Private Redevelopment of the .95 acre for the two (2) tracts to Franklin Development Properties, Ltd. for a sales price of \$500,000.00 payable to the Affordable Housing Bond Fund as program income; and
- 3) Authorize a contribution to Franklin Development Properties from the City, applicable towards eligible expenses per the Urban Renewal Plan, in a total amount not-to-exceed \$2,650,000.00 which includes a \$350,000.00 contingency for additional authorize expenses.

The foregoing transactions are pursuant to the Neighborhood Improvement Bond Program funded by the 2017-2022 General Obligation Bond. The property is in Council District 1. The sale of this property to Franklin Development Properties, Ltd. is for affordable housing development consistent with the 2017-2022 Neighborhood Improvement Bond Program.

**ALTERNATIVES:**

As an alternative, City Council could elect not to authorize the acquisition of the .95 acres and require staff to identify new properties for redevelopment opportunities which must be located within the Neighborhood Improvement Areas approved by City Council. 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:**

This ordinance authorizes:

- 1) the purchase contract for a one-time capital improvement expenditure in the amount of \$2,000,000.00 as total payment for both parcels, payable to Mireles Properties, LLC and Marquee Investments LLC for real property conditioned upon the completion of Phase I and Phase II Environmental Site Assessments and a determination by the City Manager that the sites are suitable for residential development. Funds are available and included in the FY 2021 - FY 2026 Capital Improvement Program and will be funded from the 2017-2022 Bond funds for Affordable/Workforce Housing;
- 2) the redevelopment contract that accepts the purchase price of \$500,000.00 for the development of two (2) tracts totaling .95 acres of land payable to the Affordable Housing Bond Fund as program income; and
- 3) authorizes a one-time capital improvement expenditure in the amount not-to-exceed \$2,650,000.00 which includes a \$350,000.00 contingency payable to Franklin Development Properties, Ltd., for reimbursement of eligible expenses per the Contract for Sale of Land for Private Redevelopment in accordance with the Urban Renewal Plan. Funds are available and included in the FY 2021 - FY 2026 Capital Improvement Program and will be funded from the 2017-2022 Bond funds for Affordable/Workforce Housing.

**RECOMMENDATION:**

Staff recommends:

- 1) Approval of the purchase of an approximately .95 acre owned by Mireles Properties LLC and Marquee Investments LLC comprised of (2) parcels located at 419 and 425 San Pedro Avenue for a total of \$2,000,000.00, within the Five Points-Near West Neighborhood Improvement Area in Council District 1 conditioned upon the completion of Phase I and Phase II Environmental Site Assessments and a determination by the City Manager that the sites are suitable for residential development.
- 2) Approve a Contract for the Sale of Land for Private Redevelopment of the .95 acre for the two (2) tracts to Franklin Development Properties, Ltd. for \$500,000.00 used as program income for the affordable/Workforce housing program; and
- 3) Authorize a contribution to Franklin Development Properties from the City, applicable towards eligible expenses per the Urban Renewal Plan, in a total amount not-to-exceed \$2,650,000.00 which includes a \$350,000.00 contingency for additional authorize expenses.

