City of San Antonio

Agenda Memorandum

File Number:21-1343

Agenda Item Number: 3.

Agenda Date: 2/8/2021

In Control: Planning and Land Development Committee

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: 1,2,3,4,5 and 8

SUBJECT:

FY 2021 Affordable Housing Development Funding Recommendations

SUMMARY:

Consideration of a recommendation to award up to $5,901,669 in HOME Investment Partnerships Program (HOME) funding and up to $3,000,000 in Community Development Block Grant (CDBG) funding to eight affordable housing development activities.

From HOME funding:
(a) Up to $1,200,000 to the Alamo Community Group for the Cattleman Square Lofts located at 811 W. Houston, in Council District 5;
(b) Up to $1,200,000 to the NRP Group for the Hamilton Wolfe Lofts located at 4631 Hamilton Wolfe, in Council District 8;
(c) Up to $275,000 to Neighborhood Housing Services of San Antonio for scattered site single family homeownership development in Council Districts 2 and 3; and
(d) Up to $351,669 to Our Casas Resident Council Zarzamora Houses for scattered site single family homeownership development in Council District 5;

From CDBG funding:
(e) Up to $500,000 to the H. Cohen Trust for the Vista at Everest located at 538 Everest in Council District 1; and
(f) Up to $1,000,000 to Cohen-Esrey Real Estate for the Loma Vista Vista Lofts located at 363 N. Gen. McMullen in Council District 5.

From HOME and CDBG funding:

(g) Up to $750,00,000 in HOME funding and up to $500,000 in CDBG funding to Prospera HCS for the Arbors at West Avenue Apartments located at 3747 West Avenue in Council District 1; and

(h) Up to $2,000,000 in HOME funding and up to $1,000,000 in CDBG funding to Habitat for Humanity of San Antonio, Inc. for the Rancho Carlota Phase III homeownership development in Council District 4.

Staff is also recommending up to $125,000 in HOME funding for on-call environmental, underwriting, and labor compliance consultant services needed to carry out affordable housing development activities separate from the awards to the developments.

BACKGROUND INFORMATION:

On August 13, 2020, City Council approved the $22.4 million FY 2021 HUD Action Plan and Budget (Action Plan) for the four federal grant programs funded by the U.S. Department of Housing and Urban Development (HUD). The Action Plan includes $2.5 million in HOME funds set aside for affordable rental and homeownership housing development. On January 21, 2021, City Council approved Substantial Amendment #2 to the FY 2021 Action Plan which added $3,000,000 in CDBG funding for affordable rental and homeownership housing development. This recommendation also includes utilizing $3,401,669 in HOME funds from program income and savings from completed projects.

The City issued Requests for Applications for both Rental and Homeownership Housing Development on October 20, 2020 and held pre-submittal conferences on November 3 and 4, 2020. The applications were due on December 11, 2020. Five rental housing development applications totaling $5,150,000 in funding requests and three homeownership housing applications totaling $3,626,669 in funding requests were evaluated. The evaluation panel consisted of the following: Lori Houston, Assistant City Manager, City Manager's Office; Verónica R. Soto, Director, Neighborhood and Housing Services; Edward Gonzales, Assistant Director, Neighborhood and Housing Services, Ian Benavidez, Assistant Director, Neighborhood and Housing Services; and Patricia Santa Cruz, Interim Grants Administrator, Neighborhood and Housing Services. The panel held meetings on January 26 and January 29, 2021 and evaluated applications utilizing the Rental and Homeownership Housing Development Evaluation Criteria approved by City Council on September 12, 2019 (Ordinance 2019-09-12-0725). In addition, NHSD's on-call underwriting consultant conducted a preliminary underwriting review of the rental development applications to ensure the projects are feasible and that the gap funding request is necessary for the project. The applications were assessed using the following:

Evaluation Criteria	**Maximum Points**
Experience and Capacity	15
Project Readiness	20
Project Site Characteristics and Amenities	25
HUD Regulatory Conditions	5
Efficient Use of Funds	5
Underwriting	30
Total Point Scale	**100**

ISSUE:

These funding recommendations total $8,901,669 for the 8 proposals received and will provide for the development of 59 new affordable homeownership housing units for households at or below 80% of the area

median income (AMI); and 691 new affordable rental housing units:

Area Median Income	# of Rental Units
60% - 80% AMI	133
50% - 60% AMI	296
30% - 50% AMI	244
< 30% AMI	18
Total Rental Units	**691**

An amendment to the FY 2021 Action Plan and Budget will be required to reprogram $3,401,669 in HOME funding sourced from program income and completed projects to meet this funding request. The amendment will be considered by City Council on February 18, 2021.

These funding recommendations will be considered by the Audit and Accountability Committee on February 16, 2021 and by City Council on February 18, 2021.

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 goals set forth in the FY 2021 Action Plan and Budget (federal funds) and the City's FY 2021 Affordable Housing Budget and are in line with the Housing Policy Framework goal to increase affordable housing production and preservation. In addition, any other alternative to appropriate funding would delay the timely commitment and expenditure of the federally sourced funds.

FISCAL IMPACT:

This funding recommendation awards up to $5,901,669 in HOME Investment Partnerships Program (HOME) funding and up to $3,000,000 in Community Development Block Grant (CDBG) funding. Total funding for recommended affordable housing activities is $8,901,669.

RECOMMENDATION:

Staff recommends an award up to $5,901,669 in HOME Investment Partnerships Program (HOME) funding and up to $3,000,000 in Community Development Block Grant (CDBG) funding to the following affordable housing development activities.

From HOME funding:

(a) Up to $1,200,000 to the Alamo Community Group for the Cattleman Square Lofts located at 811 W. Houston, in Council District 5;

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