

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, December 4, 2024

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:00 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

ITEMS

1. Briefing on the draft Henry B Gonzalez Convention Center Expansion Feasibility Study [Erik Walsh, City Manager; Lori Houston, Assistant City Manager]

City Manager Erik Walsh introduced the Item noting the City had hired a consultant to perform a feasibility study for the need for an expansion of the Henry B. Gonzalez Convention Center (HBGCC) and introduced Michael Lockwood with Populous Architecture Consulting (Populous) and John Kaatz with CSL International. Lockwood said the feasibility study was expected to identify market supportable space needs and answer where, which spaces, and how many square feet the HBGCC should grow.

Lockwood presented an overview of the facility and provided history of the expansion since 2000. He provided comparison projects including Austin (\$1 billion), Dallas (\$2.5-3 billion), Fort Worth (\$600 million) and Houston (\$2 billion) as well as other cities in the United States. During the process, Populous considered two options and recommended building vertically to add meeting rooms, an exhibit hall, ballroom, kitchen, and riverwalk connection on the west side of the existing facility. The proposed space layout allowed multiple events occurring at the same time, according to Lockwood.

Kaatz provided a chart of historic occupancy rates and concluded that the size and age of the facility was keeping the HBGCC from being utilized more. He spoke of the importance of contiguous exhibit space and investing in the proposed improvements would move HBGG from ranked 14th in the United States to ranked 8th. Kaatz recommended additional ballroom space placing San Antonio at the second-highest amount of ballroom space in the country and the new kitchen was also key to making this a success. Additional meeting space would complement the larger ballroom package making the space more competitive.

Kaatz stated industry trends included those investments by other cities' markets to their facilities making San Antonio's investment viable within the economy included digital trends, lobby food and beverage, open gathering/networking/learning spaces within the lobby. He laid out several optional sales packages for exhibit space and market capture. Kaatz provided a 13-year chart of the economic impact for the HBGCC which showed that direct spending had risen steadily until 2018 and then began to drop. While the 2020 and 2021 numbers were impacted by the COVID-19 pandemic, there had been a significant shift to more virtual conferences post-pandemic. Kaatz reported that direct spending was projected to decrease by 30% starting in 2029 if no investments were made.

According to Kaatz, the convention industry supported the overall San Antonio tourism brand and economy because major conventions provided exposure for the destination to business leaders from around the world, convention attendance led to future leisure visitation, revenue generated by the visitor industry could support further visitor industry investment, growth and economic benefit. Kaatz pointed out that residents were not asked to pay, while enjoying the hospitality benefits within the community. However, Kaatz warned that a "Do Nothing" approach in a very competitive and important industry would lead to declining market share and negative impact.

City Manager Walsh recommended proceeding with due diligence and planning for the HBGCC expansion, continuing the feasibility and business case for an expansion up to

200,000 square feet of contiguous exhibit space, engaging with stakeholders, developing preliminary funding analysis, exploring procurement strategies, and a procurement timeline.

Mayor Nirenberg asked when the expansion costs might be determined. Walsh said that until the exact size and makeup of the building was known, an exact cost could not be determined but a range could be developed, and the size would be contingent upon the outcome of the feasibility analysis. Mayor Nirenberg said the visitor and hospitality industry was no longer the largest economic driver in San Antonio, however, it was still important to the San Antonio economy and enhancing resident's quality of life. He recommended the plan be driven by our achievable market share of the convention business rather than being constrained by cost concerns.

Mayor Nirenberg asked whether additional adjacent space within nearby hotels or new hotels as a part of a sports and entertainment district were considered in the feasibility study. Kaatz said there were three large hotels near the HBGCC already and a new one being built right now which put the City in a good position to launch more conventions, however, the meeting space at the hotels were not considered convention assets because those other hotels might need to fill that space on their own to achieve their own occupancy numbers. Mayor Nirenberg recommended keeping moving forward with the feasibility but consider the big picture.

Councilmember Alderete Gavito looked forward to having a convention center that could host top tier events. She asked how other peer investments were financed. Walsh explained that Texas had a unique program to use the tax increment from the state sales tax to fund these projects. Councilmember Alderete Gavito asked why numbers were down in 2012 at HBGCC. Director of Convention Center Patricia Cantor said that was during the construction of the last expansion project.

Councilmember Alderete Gavito requested a breakdown of occupancy by event type and information about other markets that could be benchmarked against to help project convention growth. Kaatz said it was a good thing that most of the occupancy was related to conventions and he felt comfortable with their projections having seen this jump in other cities, but would provide the data requested. Walsh said the final feasibility study would include an economic viability and funding analysis. Councilmember Alderete Gavito supported the project and looked forward to the funding analysis.

Councilmember Cabello Havrda commented that she knew people who came to conventions here and wanted to move here as a result. She felt the economic impact analysis was vital and the long term success of tourism and hospitality as well as convention industry went hand in hand with the expansion of the San Antonio International Airport (SAT). Councilmember Cabello Havrda recommended keeping the convention center culturally relevant to San Antonio and supported the tie-into the Sports and Entertainment District. She prioritized local hiring and the use of small businesses for the design and construction of the project.

Councilmember Courage asked what would happen to the Lila Cockrell Theater in the planned expansion. Lockwood said the Theater would not be affected and no art investments such as exposing the Carlos Merida Mural would be altered. Councilmember Courage recommended a review of the entire convention market in the United States to determine a strategy to accommodate multiple conventions going on simultaneously in the HBGCC. Marc Anderson President and Chief Executive Officer of Visit San Antonio (VSA) commented that VSA recently turned away multiple conventions because the facility was too small.

Councilmember Courage recommended the consultants take into consideration a nearby sports arena, baseball stadium, a landbridge over I-37, or expansion of the airport. He wanted to ensure investments in the HBGCC would have a positive impact to help bring more business conventions or other visitors to San Antonio and felt they needed to look at the big picture.

Councilmember Courage noted the City received HOT, Sales, alcohol tax, recreational activity return and an economic impact on tourism and encouraged the City to put together the general return for these investments that could help residents live a better quality of life and positively impact the overall wealth of our residents. Walsh explained that consultants only looked at the HBGCC but agreed that there needed to be a high-level view of other investments so that we could explain the overall quality of life and life safety benefit to the public.

Councilmember Viagran knew how important it was that San Antonio remained competitive with other markets nationwide and recommended looking at the bigger picture of the new Sports and Entertainment District. She felt the arena, East/West Connector, convention center drew residents downtown, but there was a lack of parking downtown so she recommended inclusion of an analysis of the parking capacity since some conventioners would be from the drive market or could stay in hotels near Sea World and drive downtown for the convention while their families visited the theme parks. Councilmember Viagran recommended a strong communication plan for the community and greater use of technology.

Councilmember Viagran asked when the actual funding amount might be known. Walsh said there needed to be more analysis of the HBGCC expansion as well as other projects such as Alamodome and other aspects of the Sports and Entertainment District, but he predicted there might be an estimate by next spring. Councilmember Viagran pushed for an earlier date. Walsh acknowledged her sense of urgency but cautioned that it was important to be thorough.

Councilmember Whyte was pleased with the direction but requested clarification as to whether the investment would change the occupancy type mix and how the ballroom space might help. John said he did not think the mix would change much with the investment and he felt the market share could support the event mix and the proposed amount of ballroom space. Councilmember Whyte requested data on how convention attendance resulted in future leisure travel. Councilmember Whyte asked if there was a

particular peer convention center that was used as a model. Lockwood said every building needed to be unique to its place, so it was important to give HBGCC a specific San Antonio feel.

Councilmember Kaur recommended an analysis of the conventions that did not come in the past and why. Anderson said VSA collected the data in their sales system, and they looked at the \$6 million in business that was lost due to not having enough space. John noted that if we could not fit the convention into the exhibit space, they would not come to San Antonio and that was why the expansion of exhibit space was the key focus of the expansion. Councilmember Kaur suggested an analysis of how investments by other cities improved their convention industry market share. She asked about the parameters of the state funding. Walsh said the Project Finance District included a 3.5-mile radius to capture the state's share of the sales tax, hotel tax and alcohol sales tax.

Councilmember Kaur noted the convention center needed Hotel Occupancy Tax to supplement its operations as it did not produce enough revenue to maintain itself and asked if this was common across the country. City Manager Walsh and Kaatz confirmed this was an industry standard. Councilmember Kaur recommended each side of the building as well as each level had access.

Councilmember Castillo requested a cost-benefit analysis for residents and the impact of downtown spending on small businesses and how they could be prioritized. She suggested a conversation around the full feasibility of not only the expansion of the HBGCC but also within the context of the new Sports & Entertainment District. She requested information on how many conventioners extended their stay in San Antonio as well as attendance of the past 10 years broken down by event type and hotel stay. Councilmember Castillo requested a breakdown of the hosting obligation fund relative to the feasibility study as this was essentially a subsidy to the convention. She recommended a capture of the additional costs and return on investment for large events and an analysis of the past few large events.

Councilmember Pelaez suggested convention site selectors had varying ways to evaluate a location but noted that 65% of the conference organizers reported the community's values were important in selecting a site. He noted that the political climate at the State Capital hurt our business, citing the bathroom bill that required individuals to use the bathroom based on their gender identified at birth which did not pass but still cost us business. Councilmember Pelaez wanted to look to the future of conventions and include expandable technologies and components as well as outdoor spaces (decks, rooftops, etc.) that would allow activation outside the building box. Councilmember Pelaez recommended an analysis of how the building was used. He wanted to ensure small businesses and local firms participated in the design and construction of the expansion project.

2. Briefing on the release of three solicitations for Permanent Supportive Housing (PSH), Rental Housing Production, Rehabilitation, Preservation and Acquisition (Rental Housing), and Homeownership Production funded through the 2022 - 2027 Affordable Housing Bond, HOME, HOME-ARP and CDBG for an estimated total value of \$35.8 million. [Lori Houston, Assistant City Manager; Veronica Garcia, Director, Neighborhood and Housing Services Department]

City Manager Erik Walsh introduced the Item and Veronica Garcia, Director of Neighborhood Housing Services Department (NHSD) who provided a briefing on the next funding round of Requests for Proposals (RFP) for the 2022 General Obligation Bond Program Affordable Housing Proposition. Garcia said the bond program to date had funded 23 projects, produced or preserved 4,176 affordable units, provided, 156 homeownership opportunities and 4,020 rental units.

Garcia said City Council had approved \$7.6 million for creative projects including \$4 million for Operation Rebuild which was demolition diversion and \$3.6 million for mobile home parks conversion. Another \$9.6 million was proposed for other creative projects such as \$7.9 million for Transit-Oriented Development and \$1.7 million for Accessory Dwelling Units.

Garcia recommended three RFPs for the \$35.8 million that was available from the bond and leveraged funding: 1) \$25.7 million for Rental Housing Production, Rehabilitation, Preservation and Acquisition of rental housing, 2) \$5.1 for Permanent Supportive Housing (PSH), and 3) \$5 for Homeownership Production. The streamlined process to award \$35.8 million in bond and federal funds available for projects following criteria City Council established on February 10, 2022 and prioritizing rental projects with deep affordability, according to Garcia. All RFPs followed the Housing Commission Framework that prioritized deep affordability, leveraged other funding, was shovel-ready, were sustainability, provided accessibility to public transit.

She recommended a minimum of 15% of total units be reserved for families earning 30% Area Median Income (AMI) and below which was an increase from 10% of total units in previous solicitations. Garcia reviewed 3-person family personas for 30%, 50%, 60%, and 80% AMI.

Garcia listed the scoring criteria which was the same used previously including 15 points for development experience, 10 for non-profit status, 15 points for gap request/underwriting, 15 points for Unit Specifications, Construction Priorities, Equity, Location Priority, Project Site Plan and Timeline, and Sustainability, 10 points for Displacement and Resident Protections, Amenities/Resident Services, 30 points for Affordability and 5 points for Veteran-Owned Small Business Preference Program (VOSB). Garcia noted the Small Business, Economic Development, Advocacy Program (SBEDA) was not applicable because of the use of Federal Funding. She listed the scoring panelists which included a Housing Commissioner.

Garcia said PSH served individuals and families experiencing homelessness and combined housing with support, like medical and mental health care with a goal to help people in our communities live with care and stability. The RFP would prioritize projects with 100% of PSH units with a Housing First approach.

Garcia listed the PSH scoring criteria which was the same used previously including 15 points for development experience, 40 PSH experience, 10 points for gap request/underwriting, 15 points for Design and Construction Priorities, Equity, Location Priority, Project Site Plan and Timeline, and Sustainability, 15 points for Displacement and Resident Protections, Amenities/Resident Services, and 5 points for Veteran-Owned Small Business Preference Program (VOSB). Garcia noted the Small Business, Economic Development, Advocacy Program (SBEDA) was not applicable because of the use of Federal Funding. She listed the scoring panelists which included a person with lived experience.

Proposed Homeownership included \$5 million in CDBG and HOME federal funding, according to Garcia. Garcia listed the scoring criteria including 15 points for development experience, 10 for non-profit status, 15 points for gap request/underwriting, 15 points for Unit Specifications, Construction Priorities, Equity, Location Priority, Project Site Plan and Timeline, and Sustainability, 10 points for Displacement and Resident Protections, Amenities/Resident Services, 30 points for Affordability and 5 points for Veteran-Owned Small Business Preference Program (VOSB). Garcia noted the Small Business, Economic Development, Advocacy Program (SBEDA) was not applicable because of the use of Federal Funding. She listed the scoring panelists which included a Housing Commissioner.

DISCUSSION:

Mayor Nirenberg commented on how transformational these housing efforts have been and supported the next steps within the process. He mentioned the Housing Summit coming up in January and suggested leaning-in on messaging to the community about housing projects and the City's investments.

Councilmember Courage was pleased that 30% AMI units were being incentivized. Garcia said the numbers included public housing authority units under the purview of Opportunity Home. Councilmember Courage requested information on the number of projects that were cancelled or did not move forward because they did not raise their share of the funding. Garcia said this had happened 6 times out of 28 projects due to bank financing falling through or the tax credits not being awarded by the State.

Councilmember Courage recommended tripling the city's participation in housing funding and proposed a \$500 million bond dedicated to Housing in 2026 rather than waiting until the 2027 bond since the City could borrow money at a lower rate and could provide interim financing. If a housing bond were floated in 2026, Councilmember Courage suggested the rest of the bond could be delayed until 2028 and requested an analysis by the staff. Councilmember Courage asked if the Housing Bond was a loan or

grant. Garcia said some were forgivable loans but some were zero interest loans.

Councilmember Alderete Gavito noted that District 7 had older housing stock and the maintenance of those older apartments were expensive and recommended an evaluation of the owner's ability to maintain them. Councilmember Alderete Gavito suggested an increase in rental production to help ensure larger housing gaps were filled. She thanked Garcia for providing an in-depth persona approach to the explanation of AMI which could be helpful in communicating with residents and also focused on the digital divide.

Councilmember Alderete Gavito asked about the goals of deeply affordable units and recommended considering projects near public transit. Garcia said the goal for 30% AMI units was to create 6,900 new with 1,600 units either completed or within the pipeline today but the other component of the deeply affordable goal was 909 units preserved.

Councilmember Kaur proposed prioritizing affordable family-based housing in the urban core as many school districts were experiencing lower enrollment due to the lack of housing in their districts. She recommended including this in the Equity and Location scoring criteria and also recommended adding the size of unit to the affordability criteria to focus on more 2- and 3-bedroom units. Councilmember Kaur noted historic areas were also challenging for developers. She proposed changing the rubric to reduce partnership with nonprofit by 10 points and providing those points to the Unit Specifications and Equity Location piece. Assistant City Manager Lori Houston said deep affordability of family units were not viable without the tax credits and added that there was a need for efficiency and 1-bedroom units at the 30% AMI level. Councilmember Kaur suggested advocacy at the state legislature and noted that school districts had not been rated in the past 3 years.

Councilmember Kaur asked if the City's AMI level was different than HUD or Bexar County. Garcia said this was a family of 3 example and some projects went up to 120% AMI so clarity was needed for the family size. Mayor Nirenberg supported offering legislative solutions that addressed housing through the school district mechanisms.

Councilmember Whyte agreed more affordable housing was needed in San Antonio as housing was a basic need. He expressed concern that the Housing Bond that was on the November 2021 ballot did not provide the level of detail set forth by the Housing Bond Committee which focused on vulnerable, cost-burdened individuals and even mentioned undocumented immigrants. He asked if the bond money could be used on projects specifically to support undocumented immigrants. Garcia said the guidelines were approved by City Council and were being used by staff, however, all projects needed to be approved by City Council before they were funded. City Attorney Andy Segovia explained that council set the parameters including vulnerable populations. Councilmember Whyte asked if any of the already completed projects were serving undocumented immigrants. Garcia said none of the projects approved by Council specified that the targeted population was undocumented immigrants. City Manager Walsh clarified that the City had not received any proposals for this population to this point but it was a possibility that someone could propose a project to serve undocumented

immigrants, but the purpose of today's meeting was to get feedback and direction from the Council on the 3 RFPs. Mayor Nirenberg requested Councilmember Whyte keep his comments germane to the RFP. Councilmember Whyte commented that Veterans, Disabled, Seniors, and low-income families needed housing and recommended focus on those citizens and not undocumented immigrants.

Councilmember Viagran recommended specific existing affordable housing could apply for funding through the first RFP and offered to provide a list of properties that could be outreached by NHSD. Councilmember Viagran noted there were refugee communities that lived in District 8 but were farming in District 3 and recommended adding more housing in those communities so they could live near their jobs. She recommended using off-system sales from CPS Energy to install infrastructure such as second meters for accessory dwelling units to help improve generational housing and create wealth. Councilmember Viagran supported the infographic that provided personas for each of the AMI rates and felt it was important to provide this information to the public.

Councilmember Castillo commented that there was a lot of work ahead of us and recommended staff identify more ways to invest in affordable housing. She proposed exploring projects with 3 to 4 bedroom units all at below 50% AMI and inclusion of homeless units to be able to serve families, particularly in the inner-city. Councilmember Castillo commended the innovative projects and noted that 381 naturally occurring affordable-housing units were removed through approval of a baseball field.

Councilmember Pelaez cited the 1974 Housing Discrimination Act which prohibited discrimination in housing based on race, color, national origin, sex, religion, disability, and age. He mentioned that US Conference of Mayors President Mitch Landrieu had commended San Antonio on its \$150 million Housing Bond and focus on leveraging other funding. Councilmember Pelaez recommended building inspections and utility coordination could be quicker and easier which would help housing built less expensively and hopefully those savings would be passed on to the consumer. He asked how much we could be costing builders with our building codes and suggested this could be reviewed. Houston mentioned the Mayor's Task Force had addressed this issue. City Manager Walsh said he would have staff evaluate the cost to builders.

Councilmember Whyte commented that the citizens of San Antonio expected their money to be spent on citizens and not undocumented immigrants. Mayor Nirenberg said the issue of vulnerable populations spanned many categories and were defined by law. He declared that every cent of the housing bond was being used to serve San Antonio residents. Councilmember Whyte recommended all funding should be used to serve only citizens of San Antonio. Segovia clarified that it would be unlikely that any project would come forward focusing only on the undocumented. Mayor Nirenberg suggested that the City could not create a proposal specific to the citizen status of a resident or non-resident and these hypothetical arguments served to create conspiracy theories about an important program.

EXECUTIVE SESSION

At any time during the meeting, the City Council may recess into executive session in the C Room to consult with the City Attorney's Office (Texas Government Code Section 551.071) and deliberate or discuss any of the following:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Legal issues relating to emergency preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E. Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).

ADJOURNMENT

There being no further discussion, the meeting was adjourned at 4:55 p.m.

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**