



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 41

**Agenda Date:** June 20, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Veronica Garcia, Director

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Recommended Awards from the 2022 - 2027 Affordable Housing Bond FY 2024 Request for Proposals and Extension of City and SAWS Fee Waivers

**SUMMARY:**

Ordinance approving the recommendation of four awards from the release of three 2022 – 2027 Affordable Housing Bond solicitations for the second round of Permanent Supportive Housing (PSH) and the third round for Rental Housing Production and Acquisition and Rental Housing Acquisition, Rehabilitation and Preservation estimating a total value of \$25.1 million; and approving the extension of eligible City and SAWS fee waivers through construction completion of these projects.

**BACKGROUND INFORMATION:**

2022 – 2027 Housing Bond

In May 2022, voters approved the 2022 - 2027 Affordable Housing Bond for \$150 million. The City Council appointed a Housing Citizens Bond Committee to develop categories with a set of housing bond parameters. City Council approved the categories, parameters, and Bond funding on February 10, 2022.

### CDBG and HOME Affordable Housing Development Gap Funding

On August 3, 2023, City Council adopted the \$26.6 million FY 2024 Annual Action Plan and Budget for the four federal grant programs funded by the U.S. Department of Housing and Urban Development (HUD). The Annual Action Plan included \$2,744,248 in HOME Investment Partnerships Program (HOME) funds and \$1,470,000 in Community Development Block Grant (CDBG) funds set aside for affordable multi-family rental housing development projects in need of gap funding. All projects should meet the intent of the HOME Final Rule to provide safe, decent, and affordable housing to lower-income persons. Multi-family rental projects should primarily serve households at or below 60% of the Area Median Income (AMI), with a priority to serve those individuals or families at 30% or lower of the AMI.

### Procurement

The Neighborhood and Housing Services Department released three Request for Proposals (RFPs) on March 1, 2024 for Affordable Housing Bond funding in three of the five approved categories: Permanent Supportive Housing (PSH), Rental Housing Production and Acquisition and Rental Housing Acquisition, Rehabilitation and Preservation.

The RFPs were advertised in the Express-News, TVSA channel, the City's Bidding & Contracting Opportunities website, the San Antonio eProcurement System (SAePS), and an email notification was released to a list of potential Respondents. Responses for Rental Housing Production and Acquisition and Rental Housing Acquisition, Rehabilitation and Preservation RFPs were due on April 17, 2024. Responses for PSH RFP were due on April 22, 2024. As part of these solicitations, two (2) PSH affordable housing development proposals requesting \$15,655,977, seven (7) Rental Housing Production and Acquisition affordable housing development proposals requesting \$37,098,707 and four (4) Rental Housing Acquisition, Rehabilitation and Preservation affordable housing development proposals requesting \$18,075,617 in gap funding were received on April 17, 2024 and April 22, 2024.

The responses were discussed and evaluated by the evaluation committees which included representatives from the City Manager's Office, Neighborhood and Housing Services Department, Department of Human Services, Public Works Department, Planning Department, Office of Historic Preservation, Development Services Department, VIA Metropolitan Transit, and Citizens Bond Committee Members. The Finance Department, Procurement Division, assisted by ensuring compliance with City procurement policies and procedures.

Submitted for City Council consideration and action are four proposals submitted by Housing First Community Coalition, Inc. and SAMMinistries for PSH; Palladium USA International, Inc. for Rental Housing Production and Acquisition; and, Port SA Redevelopment, LP aka The Preserve at the Port for Rental Housing Acquisition, Rehabilitation and Preservation.

### **ISSUE:**

A total of \$25.1 million was available from Affordable Housing Bond and Federal funding sources for the third round of RFPs for the Rental Housing Production and Acquisition and the Rental Housing Acquisition, Rehabilitation and Preservation categories, and a total of \$9.7 million was available from Bond funding for the second round of RFPs for the Permanent Supportive Housing

(PSH) category. Each category was scored by a committee including City staff and partners who have expertise in the bond scoring parameters as well as members of the Citizens Bond Committee who developed the parameters and funding categories.

A total of 13 proposals were received, requesting nearly \$70.8 million in funding. After evaluation of the proposals, up to \$17,273,959 in Housing Bond funding and up to \$4,250,000 in Federal funding is recommended for City Council award across four (4) affordable housing development projects.

The evaluation committee based its decision on several weighted factors, including those of Development Experience, Permanent Supportive Housing, Gap Request, Project Readiness, and Underwriting Review, Design & Construction Priorities, Equity, Location, Project Site Plan and Timeline, Displacement, Resident Protections, Amenities/ Resident Services and Sustainability, the Small Business Enterprise (SBE) Prime Contract Program, the Minority Women-Owned Business Enterprise (M/WBE) Prime Contract Program, the Local Preference Program, and the Veteran-Owned Small Business Preference Program.

The evaluation committee recommended awarding up to four (4) of the highest-ranked proposals as shown on chart below:

<b>Funding Category</b>	<b>Project</b>	<b>Developer</b>	<b>Total Units</b>	<b>30% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>70% AMI</b>	<b>80% AMI</b>	<b>Recommended Award</b>
Rental Production	Palladium San Antonio	Palladium USA International, Inc.	288	44	29	158	27	30	\$6,250,000
Rental Rehab	Preserve at the Port	Port SA Redevelopment, LP	360	36	34	129	-	161	\$5,524,995
Permanent Supportive Housing (PSH)	Town Twin Village (Phase 3)	Housing First Community Coalition, Inc.	80 (PSH)	80 (PSH)	-	-	-	-	\$6,488,636
PSH	Commons at Acequia Trails	SAMMinistries	201 (PSH)	201 (PSH)	-	-	-	-	\$3,260,328
<b>TOTALS</b>			929	361	63	287	27	191	\$21,523,959

Should additional funds become available in the Permanent Supportive Housing category, the scoring committee is recommending funding the Commons at Acequia Trails project up to \$5,530,409.

The recommended projects will support 929 units to the community, including 200 permanent supportive homes that were previously funded by the Affordable Housing Bond and federal funding. Of these units, 424 will be for families earning at or below 50% of the Area Median Income (AMI) and 281 will be for permanent supportive housing.

A pre-solicitation briefing was presented at City Council B Session on February 27, 2024, prior to

the solicitations being released.

The San Antonio Housing Commission received a briefing on process and recommendations on May 22, 2024.

The recommended awards were presented through a post-solicitation briefing at a City Council B Session on June 13, 2024.

In addition to Affordable Housing Bond and Federal funding, it is being requested City and SAWS Fee Waivers previously awarded to current projects receive extensions through the construction of these projects. Currently, each waiver awarded has a maximum eligibility period of two (2) years. To ensure the projects remain eligible for awarded fee waivers, NHSD staff is requesting these waivers remain active until construction of projects are complete.

#### **ALTERNATIVES:**

City Council could choose not to approve these recommended awards; however, the City would not meet the established affordable housing goals in alignment with the FY 2024 Annual Action and Budget Plan and Strategic Housing Implementation Plan (SHIP).

Additionally, City Council could choose not to approve fee waiver extensions for projects; however, the waivers could potentially become ineligible to use for these projects.

#### **FISCAL IMPACT:**

This ordinance approves funding recommendation awards up to \$17,273,959 in 2022 Housing Bond funding and up to \$4,250,000 in Federal funding across four (4) affordable housing development projects for a total of \$21,523,959. Substantial Amendment #3 to the City's adopted FY 2024 Annual Action Plan is required to award the federal HOME and CDBG funds. City Council will consider Substantial Amendment #3 under a companion Council action on June 20, 2024. The funding for recommended awards is shown below:

<b>Funding Category</b>	<b>Project</b>	<b>Developer</b>	<b>Funding Source</b>	<b>Total Award</b>	<b>Total Units</b>	<b>Deeply Affordable Units (&lt;50%)</b>
Rental Production	Palladium San Antonio	Palladium USA International, Inc.	2022 Bond-\$2 M HOME Federal-\$2,882,360 CDBG Federal - \$1,367,640	\$6,250,000	288	73

Rental Rehab	Preserve at the Port	Port SA Redevelopment, LP	2022 Bond	\$5,524,995	360	70
Permanent Supportive Housing (PSH)	Town Twin Village (Phase 3)	Housing First Community Coalition, Inc.	2022 Bond	\$6,488,636	80 (PSH)	80
PSH	Commons at Acequia Trails	SAMMinistries	2022 Bond	\$3,260,328	201 (PSH)	201
<b>TOTALS</b>				<b>\$21,523,959</b>	<b>929</b>	<b>424</b>

Should additional funds become available in the Permanent Supportive Housing category, the scoring committee is recommending funding the Commons at Acequia Trails project up to \$5,530,409.

These contract awards were procured by means of a Request for Proposals and the Contract Disclosure Forms are attached. Funding is available in the amount of \$17,273,959 from the 2022 Housing Bond, \$2,882,360 in HOME, and \$1,367,640 in CDBG Federal grants. There is no fiscal impact to the City's General Fund.

#### **RECOMMENDATION:**

Staff recommends approval.