



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 15

**Agenda Date:** February 15, 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:**

HUD Funding for Affordable Housing Projects

**SUMMARY:**

The Neighborhood and Housing Services Department (NHSD) solicited proposals for projects from developers of affordable single-family homeownership housing and affordable multi-family rental housing projects that have a development budget funding gap. After evaluation of the seven (7) proposals received, \$4,280,532 in federal grant funding is recommended for award across three (3) affordable housing development projects. The recommended funding will be sourced from HOME Investment Partnership (HOME) funding (\$874,500) and Community Development Block Grant (CDBG) funding (\$3,406,032). The recommended projects will produce 39 single-family units and 92 multi-family housing units. Of these units, 79 will be deeply affordable and reserved for families below 50% of the Area Median Income (AMI) for multi-family rental and below 80% AMI for single-family homeownership. A substantial amendment to the City's adopted United States Department of Housing and Urban Development FY 2024 Annual Action Plan and Budget is required to fund these four affordable housing development projects.

**BACKGROUND INFORMATION:**

On August 3, 2023, City Council adopted the \$26.6 million FY 2024 Annual Action Plan and Budget (AAP) for the four federal grant programs funded by the U.S. Department of Housing and Urban Development (HUD). The AAP included \$3,744,248 in HOME Investment Partnerships Program (HOME) funds and \$4,670,000 in Community Development Block Grant (CDBG) funds set aside for affordable multi-family rental and single-family homeownership 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. Affordable single-family homes should be sold to individuals at 80% or lower of the area median income (AMI). Multi-family rental projects should primarily serve households at or below 60% of the AMI, with a priority to serve those individuals or families at 30% or lower of the AMI.

On October 6, 2023, the City issued two (2) Requests for Proposals (RFP) seeking Affordable Single-Family Development Gap Funding under one solicitation and Multi-Family Development Gap Funding under the other solicitation. Contract terms will vary depending on the construction timelines associated with each project. The RFP solicitations were each advertised in the San Antonio Express-News, the City's Bidding and Contracting Opportunities website, TVSA, and vendor outreach to potential respondents.

On November 20, 2023, two single-family affordable development proposals requesting \$3,680,532 in gap funding and five multi-family affordable development proposals requesting \$14,522,496 were received. All proposals were deemed responsive to move forward for evaluation. Each RFP proposal was scored by a committee that included city staff and partners who have expertise in the RFP category areas. The evaluation committee representatives for both solicitations consisted of Lori Houston, Assistant City Manager, City Manager's Office; Veronica Garcia, Director, Neighborhood and Housing Services Department; Veronica Gonzalez, Assistant Director, Neighborhood and Housing Services Department; Sandip Sen, Director of Service Planning & Scheduling, VIA Metropolitan Transit; Golda Obinzu, Energy Manager, Office of Sustainability; and Colton Powell, Grants Manager, Neighborhood and Housing Services Department. The committee recommended awarding funding to both proposals from the Affordable Single-Family Development Gap Funding RFP and awarding funding to the two highest-ranked proposals from the Affordable Multi-Family Development Gap Funding RFP. One of the recommended Affordable Multi-Family proposals, Rainbow Lofts, has withdrawn their proposal. As a result, the project will not be awarded HUD funding and those funds will be made available for projects at a future date.

A substantial amendment to the HUD FY 2024 Annual Action Plan and Budget (Substantial Amendment #1) is required to meet this funding request. The Audit and Accountability Committee received a post-solicitation briefing on January 9, 2024. The Planning and Community Development Committee received a briefing on January 23, 2024 and the San Antonio Housing Commission received a briefing on January 24, 2024 on the RFP process and recommendations.

## **ISSUE:**

Consideration of Substantial Amendment #1 and the recommendation to award up to \$3,406,032 in Community Development Block Grant (CDBG) funding and up to \$874,500 in HOME Investment Partnerships Program (HOME) funding to the following three (3) affordable housing development

activities:

From HOME funding:

(a) Up to \$274,500 in HOME funding to Our Casas Resident Council for the Apache Creek Affordable Homes, a single-family homeownership development proposed at 2224 Chihuahua in Council District 5;

(b) Up to \$600,000 in HOME funding to ALT Affordable Housing Services – Arbor Place for the Village at Perrin Beitel, a multi-family rental development proposed at 2611 NE 410 in Council District 10;

From CDBG funding:

(c) Up to \$3,406,032 in CDBG funding to Habitat for Humanity of San Antonio, Inc. for the Chandler Road Development, a single-family homeownership development proposed at 4307 Chandler in Council District 3; and

The Strategic Housing Implementation Plan (SHIP) outlines the need to serve households in our community with the fewest resources. During the evaluation process, all proposals for new construction completed a displacement impact assessment and this information was considered as part of the evaluation process. The proposed funding recommendations are in alignment with the adopted SHIP parameters and goals. In total, 79 units will be deeply affordable for families below 50% of the Area Median Income (AMI) for rental and below 80% AMI for homeownership.

<b>Affordable Single-Family Development Gap Funding</b>				
<b>Project</b>	<b>Developer</b>	<b>Units</b>	<b>80% and below AMI</b>	<b>Funding Recommendation</b>
Chandler Road Project	Habitat for Humanity of San Antonio	36	36	\$3,406,032.00
Apache Creek Affordable Homes	Our Casas Resident Council	3	3	\$274,500.00
<b>TOTALS</b>		<b>39</b>	<b>39</b>	<b>\$3,680,532.00</b>

<b>Affordable Multi-Family Development Gap Funding</b>								
<b>Project</b>	<b>Developer</b>	<b>Total Units</b>	<b>30% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>80% AMI</b>	<b>Market</b>	<b>Funding Recommendation</b>
Village at Perrin Beitel	ALT Affordable Housing Services – Arbor Place	92	18	22	40	0	12	\$600,000.00
<b>TOTALS</b>		<b>92</b>	<b>18</b>	<b>22</b>	<b>40</b>	<b>0</b>	<b>12</b>	<b>\$600,000.00</b>

## ALTERNATIVES:

An alternative to awarding this funding to the recommended projects would be to reject these recommendations; however, the recommended projects meet the established affordable housing goals set forth in the FY 2024 Annual Action Plan and Budget and the City's FY 2024 Affordable Housing Budget. Additionally, these recommendations are in line with the Strategic Housing Implementation Plan (SHIP) goal to increase affordable housing production in the community. Any other alternative to appropriate funding differently would delay the timely commitment and expenditure of these federally sourced funds. Consideration of Substantial Amendment #1 is a required process for federally funded programs.

## FISCAL IMPACT:

This funding recommendation awards up to \$3,406,032 in Community Development Block Grant (CDBG) funding, including \$206,032 in prior year CDBG funds, and up to \$874,500 in HOME Investment Partnerships Program (HOME) funding. Total funding for recommended affordable housing projects is \$4,280,532. Substantial Amendment #1 and the funding recommendations will not have an impact on the City's General Fund Budget.

Project	Developer	Type	Funding Source	Total Award	Total Units	Deeply Affordable Units
Apache Creek Homes	Our Casas Resident Council	Single-Family	FY 24 HOME: \$274,500.00	\$274,500.00	3	3
Chandler Road Development	Habitat for Humanity of San Antonio	Single-Family	FY 24 CDBG: \$3,200,000.00 FY 23 CDBG: \$206,032.00	\$3,406,032.00	36	36
Village at Perrin Beitel	ALT Affordable Housing Services, Inc. – Arbor Place	Multi-Family	FY 24 HOME: \$600,000.00	\$600,000.00	92	40
<b>TOTALS</b>			<b>\$4,280,532.00</b>		<b>131</b>	<b>79</b>

## RECOMMENDATION:

Staff recommends approval of Substantial Amendment #1 to the FY 2024 Annual Action Plan and Budget and awarding up to \$4,280,532 to the three (3) proposed affordable housing projects. The

funding is comprised of up to \$3,406,032 in Community Development Block Grant (CDBG) funding, including \$206,032 in prior year CDBG funds, and up to \$874,500 in HOME Investment Partnerships Program (HOME) funding.

These recommendations were procured by means of two separate Requests for Proposals and the Contract Disclosure Forms are attached.