



# City of San Antonio

## Agenda Memorandum

**File Number:**  
{{item.tracking\_number}}

---

**Agenda Item Number:** 3

**Agenda Date:** August 21, 2023

**In Control:** Planning and Community Development Committee

---

**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Veronica Garcia, Director

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Briefing on the Small-Scale Rental Rehabilitation Pilot Program

**SUMMARY:**

Briefing on the Small-Scale Rental Rehabilitation Pilot Program administered by San Antonio Affordable Housing Inc.

**BACKGROUND INFORMATION:**

The City, with the support of U.S. Representative Joaquin Castro, was awarded a \$2 million HUD Economic Development Incentive (EDI) Community Project Funding Grant in FY2022. The grant was awarded to support an Equity Based Home Repair and Rental Preservation Program. The City entered into a funding agreement with San Antonio Affordable Housing, Inc. (SAAH) for program development and administration. The EDI grant will support owner-occupied Major Rehabilitation at \$1 million, and a new Small-Scale Rental Rehabilitation Pilot Program at \$1 million.

The Small-Scale Rental Rehabilitation Pilot Program will assist property owners in funding improvements to cure code deficiencies in their small-scale rental properties for the purpose of preserving and/or creating affordable rental units. The program will preserve naturally-occurring affordability in established neighborhoods by improving safety and livability and securing long-term affordability for renters.

#### Eligibility Requirements:

- Property is located within the city limits of the City of San Antonio.
- Property is within an area with a combined equity score of 8, 9, or 10.
- Property includes at least 1, and not more than 10, residential units for rent.
- Property demonstrates need for major rehabilitation (structural, roofing, electrical, plumbing, HVAC).
- Owner holds clear title and current insurance.
- Owner is current on mortgage and property tax payments.
- Owner agrees to invest matching funds and be subject to underwriting.
- Rehabilitation may not result in permanent displacement of any residents.

#### Affordability:

- To be eligible for the program, a property must designate at least half of its total units for families earning at or below 60% AMI for the designated term.
- Any units receiving EDI grant funding (“assisted units”) must be rented to families earning at or below 60% AMI for the designated term.
- If an assisted unit is occupied, rehabilitation may not result in rents that exceed 30% of the existing household’s income, as long as the household occupies the unit.
- Term varies based on EDI grant investment in the property:
  - \$50k = 10 year
  - \$50-\$100k = 15 year covenant
  - Over \$100k = 20 year covenant

#### Funding Terms:

- The program will fund up to \$50,000 per assisted unit.
- Funding will be structured as a zero percent (0%) interest, forgivable loan for the term.
- A restrictive covenant, deed of trust, and lien note will be recorded on the property, reflecting the value of the loan and affordable housing requirements which run with the land for the term.
- The property owner must invest matching funds as follows:
  - If entire project is affordable, required match is 10% of the total EDI grant investment in the project.
  - If less than 100% of the project is affordable, required match is 50% of the total EDI grant investment in the project.
- Property must be maintained according to the SA Property Maintenance Code and applicable development and maintenance codes.
- Property owner must comply with the Housing Voucher Incentive Policy.
- Property owner must certify he/she has read, understands and will follow City’s Resolution on Tenants’ Rights and Responsibilities, and must provide copy of Tenants’ Rights, Responsibilities, & Resources guides to all existing and new tenants.

SAAH has developed program guidelines in accordance with the above, and will release an application in October to solicit potential projects. The SAAH Board will designate a scoring committee to evaluate applications based on affordability, project readiness, funding need, property owner experience and capacity, and location.

**ISSUE:**

This item is for briefing purposes only.

**FISCAL IMPACT:**

This item is for briefing purposes only.

**ALTERNATIVES:**

This item is for briefing purposes only.

**RECOMMENDATION:**

This item is for briefing purposes only.