



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 17

**Agenda Date:** June 8, 2023

**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:**

An Ordinance approving and allocating funding for affordable housing projects as part of the second round of requests for proposals utilizing the 2022-2027 Housing Bond, Federal HOME and CDBG, and other incentive programs; and authorizing development agreements and other necessary documents for the approved projects. [Lori Houston, Assistant City Manager; Veronica Garcia, Director, Neighborhood and Housing Services]

**SUMMARY:**

An Ordinance approving and allocating funding for affordable housing projects as part of the second round of requests for proposals utilizing the 2022-2027 Housing Bond, Federal HOME and CDBG, and other incentive programs; and authorizing development agreements and other necessary documents for the approved projects. This Ordinance will award funding for 14 affordable housing projects recommended by the Round 2 Housing Bond Scoring Committee totaling \$35,022,547.00 million in awards from the 2022 Housing Bond, Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME) and City General Funds, including the Inner City Incentive Fund and COSA and SAWS fee waivers. The 14 projects are projected to produce or preserve a total of 2,138 affordable housing units. Of these units, 559 will be deeply affordable reserved for families at or below 50% of the Area Median Income (AMI) for rental and at or below 80% AMI for homeownership. These projects also include 414 public housing or income-based units.

## **BACKGROUND INFORMATION:**

### **2022-2027 Housing Bond**

The \$150 million 2022-2027 Housing Bond was approved by voters in May 2022. The City Council appointed Housing Community Bond Committee developed the categories, along with a set of housing bond parameters. City Council approved the categories, parameters, and Bond funding on February 10, 2022.

The first round of funding was approved December 15, 2022 for 14 projects totaling \$43,853,447.00 million in Bond and Federal funds that will produce or preserve a total of 2,532 affordable housing units. In addition, the first round of Permanent Supportive Housing (PSH) was also approved April 20, 2023, which recommended \$31,250,000.00 in funding for 3 projects with 288 PSH units. Funding was made available from both City and County funding including the City Housing Bond, City HOME-ARP, Bexar County HOME-ARP and Bexar County Coronavirus State and Local Fiscal Recovery Funds (SLRF).

### **CDBG and HOME Affordable Housing Development Gap Funding**

On August 4, 2022, City Council approved the \$26,392,967.44 FY 2023 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 \$4,156,053.18 in HOME Investment Partnerships Program (HOME) funds and \$3,650,000.00 in Community Development Block Grant (CDBG) funds set aside for affordable rental and homeownership housing development. All projects should meet the HOME goal of providing 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). Multifamily rental projects should primarily serve households at or below 60% AMI.

### **Procurement**

On February 3, 2023, the City issued the three (3) Requests for Proposals (RFP) for Homeowner Production, Rental Production, and Rental Preservation, Rehabilitation, and Acquisition. A total of \$33,729,446.00 was made available from Bond, CDBG and HOME funding sources. The RFPs were each advertised via the San Antonio Express-News, City's Bidding and Contracting Opportunities website, TVSA, and outreach notices were sent notifying potential respondents of the RFPs and how to apply. On March 20, 2023, a total of 21 proposals were received, requesting nearly \$77.5 million in funding. Each RFP category was scored by a committee that included city staff and partners who have expertise in the bond scoring parameters, as well as members of the Community Bond Committee who developed the parameters and funding categories. The scoring committees held evaluation meetings on April 25, 26 and 27, 2023 and evaluated proposals utilizing the Council-approved scoring criteria.

<b>Scoring Committees</b>					
Homeownership (\$4.9M)	Production	Rental (\$11.8M)	Production	Rental (\$17M)	Rehabilitation

Lori Houston, CMO	Lori Houston, CMO	Lori Houston, CMO
Veronica Gonzalez, NHSD	Mark Carmona, CHO	Mark Carmona, CHO
Golda Obinzu, OS	Veronica Garcia, NHSD	Ian Benavidez, NHSD
Lori Hall, LISC San Antonio	Cathleen Crabb, PWD	Deborah Scharven, OEI
Abigail Kinnison, VIA	Lori Hall, LISC San Antonio	Cory Edwards, OHP
Rudy Nino, Planning	Abigail Kinnison, VIA	Chris Ryerson, Planning
Mia Loseff, Community Bond Committee Rep. District 2	Zenon Solis, Planning	Amelia Guzman, Community Bond Committee Rep. District 3
Celine Williams, Community Bond Committee Rep. District 6	Lawson Picasso, Community Bond Committee Representative District 2	Peter Onofre, Community Bond Committee Rep. District 4

The San Antonio Housing Commission received a briefing on the RFP process and recommendations on May 10, 2023 and City Council received a post-solicitation briefing at B-Session on May 17, 2023.

#### **ISSUE:**

These funding recommendations total \$35,022,547.00 million in awards from the 2022 Housing Bond, Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME) and City General Funds including the Inner City Incentive Fund and COSA and SAWS fee waivers. The 14 projects will produce or preserve a total of 2,138 affordable housing units. Of these units, 559 will be deeply affordable reserved for families at or below 50% of the Area Median Income (AMI) for rental and at or below 80% AMI for homeownership. These projects also include 414 public housing or income-based units.

Of the 14 projects recommended for funding, one project, Cattleman Square Lofts (Cattleman Square) was previously approved for bond funding through the first round of Housing Bond funding by City Council in Ordinance 2022-12-15-0989 on December 15, 2022. To ensure completion of the project, the scoring committee is recommending that Cattleman Square be awarded \$1,000,000.00 in HOME Federal funds. In addition to the federal funding, the committee recommends that Cattleman Square also be awarded \$350,000.00 from the Inner City Incentive Fund and \$1,000,000 in General Fund dollars. The \$1,000,000.00 in general funds would be reallocated from the Babcock-North affordable housing project, located at 6542 Spring Branch St. in San Antonio, which City Council approved through Ordinance 2022-02-17-0110 on February 17, 2022. Although the funding for the Babcock-North Project will be reallocated for the Cattleman Square project, that project will continue as planned through other funding sources not provided by the City of San Antonio.

The scoring committee is recommending that the Riverside Terrace Mobile Home Project be awarded \$1,551,021.00 from Round 2 of the Housing Bond. In addition to the bond funding, the committee recommends an award of \$1,300,000.00 in additional funding from the 2022 Housing

Bond set-aside, up to \$100,000.00 in SAWS Fee Waivers and approximately \$150,000.00 in City fee waivers.

The SHIP identifies a strategy to stabilize mobile living communities through ownership opportunities. The Riverside Terrace Mobile Home Project will provide joint ownership of land and individual ownership for mobile housing structures, thereby providing long term affordability. The developer, Resident Owned Communities, will acquire the mobile home park and create a co-op joint ownership opportunity for the residents of the mobile homes located on the property.

<b>Homeownership Production</b>			
<b>Project &amp; Developer</b>	<b>Projected Units</b>	<b>20-80% AMI</b>	<b>Round 2 Funding Recommendation</b>
Build for SA - Yucca (Habitat for Humanity)	22	22	\$900,000 ( <i>\$400,000 Housing Bond &amp; \$500,000 CDBG Federal</i> )
***Riverside Terrace (ROC USA)	46	46	\$1,551,021 (Housing Bond Round 2) \$1,300,000 (Housing Bond, SHIP Strategy Set-Aside) \$250,000 (City and SAWS Fee Waivers)
Westside Reinvestment Initiative (Opportunity Home)	20	20	\$801,144 ( <i>HOME Federal</i> )
<b>TOTAL</b>	<b>88</b>	<b>88</b>	<b>\$4,802,165</b>

\*\*\* Includes funding being recommended from Housing Bond Set Aside and fee waivers.

<b>Rental Production</b>						
<b>Project &amp; Developer</b>	<b>Projected Units</b>	<b>30% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>80% AMI</b>	<b>Round 2 Funding Recommendation</b>
***Cattleman Square Lofts (Alamo Community Group)	138*	21	14	103	0	No Round 2 Housing Bond Funds \$1,000,000 (HOME Federal) \$350,000 (Inner City Incentive Fund) \$1,000,000 (General Fund reprogram)

						from Babcock-North Rehab)
Ellison Apts. (Lincoln Avenue Capital)	308	47	0	261	0	\$2,520,382 (Housing Bond)
Culebra Road Apts. (Tirol Housing)	199	21	0	178	0	\$1,750,000 (Housing Bond)
Memorial Apts. (San Antonio Alternative Housing Corporation)	30	3	9	6	12	\$1,500,000 (\$714,990 Housing Bond & \$785,010 HOME Federal)
Cloudhaven Apts. (NRP Group)	65	8	25	32	0	\$3,000,000 (Housing Bond)
Legacy Residence (Cornerstone Housing Group)	180	18	0	162	0	\$2,100,000 (Housing Bond)
<b>TOTAL</b>	<b>920*</b>	<b>118</b>	<b>48</b>	<b>742</b>	<b>12</b>	<b>\$13,220,382</b>

\*Total includes 782 new Rental Production units for affordable housing pipeline, plus 138 units from Cattleman Square Lofts, which were counted.

\*\*\* Recommended award is for \$1,350,000 in new funding only. No Round 2 Housing Bond funds are recommended.

<b>Rental Rehabilitation, Preservation and Acquisition</b>							
<b>Project and Developer</b>	<b>Projected Units</b>	<b>30% AMI</b>	<b>50% AMI</b>	<b>60% AMI</b>	<b>Market</b>	<b>Income Based/ Public Housing**</b>	<b>Round 2 Funding Recommendation</b>
Vista Verde Apartments (Prospera Housing Community Services)	192	20**	0	170*	2	190	\$4,250,000 (Housing Bond)
Victoria Plaza Apartments (Opportunity Home)	185	185**	0	0	0	185	\$2,500,000 (Housing Bond)
Midcrowne Senior Pavilion (Opportunity Home)	196	39**	0	157	0	39	\$2,500,000 (Housing Bond)

The Ravello (Opportunity Home)	252	26	0	226	0	0	\$2,500,000 (Housing Bond)
Westwood Plaza	305	35	0	270	0	0	\$5,250,000 (Housing Bond)
<b>TOTAL</b>	<b>1130</b>	<b>305</b>	<b>0</b>	<b>823</b>	<b>2</b>	<b>414</b>	<b>\$17,000,000</b>

\*\* Public Housing and Income-Based units. These units provide rents based on household income and adjust as income changes. The balance of rent is covered through additional subsidy.

The Strategic Housing Implementation Plan (SHIP) outlines the need to serve households in our community with the fewest resources. Furthermore, the Community Bond Committee prioritized deeper affordability, public housing/income-based housing, and housing for vulnerable populations. During the review process, all proposals for new construction completed a displacement impact assessment and this information was considered as part of the scoring process. The proposed funding recommendations are in alignment with the adopted bond parameters. In total, 559 units will be deeply affordable for families at or below 50% of the Area Median Income (AMI) for rental and at or below 80% AMI for homeownership. A total of 414 units will be public housing or income-based housing. The Public Housing program is administered through the local housing authority (Opportunity Home) and can serve households making up to 80% AMI, however the vast majority of households being served are below 30% AMI.

The San Antonio Housing Commission received a briefing on the RFP process and recommendations at the special meeting on May 10, 2023, and City Council received a post-solicitation briefing at B-Session on May 17, 2023.

## 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 and approved by voters in the 2022-2027 Housing Bond as well as the parameters/evaluation framework, the HUD FY 2023 Action Plan and Budget (federal funds) and the City's FY 2023 Affordable Housing Budget. The projects are in line with the Strategic Housing Implementing Plan (SHIP) 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 \$35,022,547.00 total in funding for affordable housing activities. The \$35,022,547.00 is comprised of \$30,336,393.00 in General Obligation (G.O.)

Bonds from the 2022-2027 Housing Bond, \$500,000.00 Community Development Block Grant (CDBG) funding, \$2,586,154.00 in HOME Investment Partnerships Program (HOME) funding, \$350,000.00 from the Inner City Incentive Fund, \$1,000,000.00 in General Funds reprogramed from the Babcock-North affordable housing project and \$250,000.00 from City and SAWS Fee Waiver program funding. This ordinance also reallocates funding in the amount of \$1,300,000.00 from Home Owner Rehabilitation & Preservation to Homeownership Production. Substantial Amendment #2 to the City's adopted FY 2023 (PY 2022) Annual Action Plan is required to award the CDBG and HOME funds. City Council will consider Substantial Amendment #2 under a companion RFCA on June 8, 2023.

These funds will be awarded to the following projects:

<b>Project Name</b>	<b>Developer</b>	<b>Projected Units</b>	<b>Funding Amount &amp; Source(s)</b>
Build for SA – Yucca	Habitat for Humanity	22	\$900,000 ( <i>\$400,000 Housing Bond &amp; \$500,000 CDBG Federal</i> )
Westside Reinvestment Initiative	Opportunity Home	20	\$801,144 ( <i>HOME Federal</i> )
Riverside Terrace (Mobile Home Park Acquisition)	ROC USA	46	\$1,551,021 (Housing Bond Round 2) \$1,300,000 (Housing Bond SHIP Strategy Set-Aside) \$250,000 (City and SAWS Fee Waivers)
Cattleman Square Lofts	Alamo Community Group	138	\$1,000,000 ( <i>HOME Federal</i> ) \$350,000 ( <i>Inner City Incentive Fund</i> ) \$1,000,000 ( <i>General Fund reprogram from Babcock-North Rehab</i> )
Ellison Apartments	Lincoln Avenue Capital	308	\$2,520,382 ( <i>Housing Bond</i> )
Culebra Road Apartments	Tirol Housing	199	\$1,750,000 ( <i>Housing Bond</i> )
Memorial Apartments	San Antonio Alternative Housing Corporation	30	\$1,500,000 ( <i>\$714,990 Housing Bond &amp; \$785,010 HOME Federal</i> )
Cloudhaven Apartments	NRP Group	65	\$3,000,000 ( <i>Housing Bond</i> )

Legacy Residences	Senior	Cornerstone Group	Housing	180	\$2,100,000 (Housing Bond)
Vista Apartments	Verde	Prospera Community Services	Housing	192	\$4,250,894 (Housing Bond)
Victoria Apartments	Plaza	Opportunity Home		185	\$2,500,000 (Housing Bond)
Midcrowne Pavilion	Senior	Opportunity Home		196	\$2,500,000 (Housing Bond)
The Ravello		Opportunity Home		252	\$2,500,000 (Housing Bond)
Westwood Plaza		Pico Union Housing		305	\$5,250,000 (Housing Bond)
<b>Total</b>				<b>2,138</b>	<b>\$35,022,547</b>

## RECOMMENDATION:

Staff recommends entering into Development Agreements and awarding up \$35,022,547.00 in funding to the 14 proposed affordable housing projects. The \$35,022,547.00 is comprised of \$30,336,393.00 in General Obligation (G.O.) Bonds from the 2022-2027 Housing Bond, \$500,000.00 Community Development Block Grant (CDBG) funding, \$2,586,154.00 in HOME Investment Partnerships Program (HOME) funding, \$350,000.00 from the Inner City Incentive Fund, \$1,000,000.00 in General Funds reprogramed from the Babcock-North affordable housing project and \$250,000.00 in Fee Waiver program funding.

This contract was procured by means of a Request for Proposals and Contracts Disclosure Forms is required.