

HOUSING COMMISSION OFFICIAL MEETING MINUTES

WEDNESDAY, APRIL 27, 2021, 11:30 AM
818 S FLORES & VIDEO CONFERENCE

Members Present: Robert Abraham, Member
Pedro Alanis, Member
Jeff Arndt, Member
Kristin Davila, Member
Ed Hinojosa, Member
Taneka Nikki Johnson, Member
Amanda Lee Keammerer, Member
Sarah Sanchez, Member

Members Absent: Shirley Gonzales, Chair

Staff Present: Mark Carmona, *City Manager's Office*; Verónica R. Soto, *Neighborhood & Housing Services Department*; Juan Valdez, *Mayor's Office*; Teresa Myers, *Mayor's Office*; Jameene Williams, *City Attorney's Office*; Ian Benavidez, *Neighborhood & Housing Services Department*; Allison Beaver, *Neighborhood & Housing Services Department*; Crystal Grafft, *Neighborhood & Housing Services Department*; Mona Muro, *Neighborhood & Housing Services*; James McKenzie, *Neighborhood & Housing Services*; Jessica Lozano, *Neighborhood & Housing Services*; Sharon Chan, *Neighborhood & Housing Services Department*

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- **Call to Order** - The meeting was called to order by Chair Pro Tem Kristin Davila at 11:35 AM.
 - **Roll Call** – Allison Beaver, Housing Policy Manager, called the roll. At the time when roll call was conducted, seven (7) members were present representing a quorum.
 - **Public Comments** – Beaver, announced there were zero (0) residents signed up to speak for public comment.

Staff note: The Housing Commission deadline for submitted written comment is 24 hours before the meeting. The reason for this is because it takes 24 hours for comments received in a language other than English to be translated. Speakers can leave a voicemail to be played during the meeting up to three hours before the meeting. Speakers can sign up to speak live during the meeting virtually up to 3 hours before the meeting or to speak during the meeting in person up until the meeting starts. Speakers who call past the deadline are given the opportunity to submit a written comment to be included in the minutes but not read during the meeting, and to sign up in advance for the following meeting.

1. **Item #1: Approval of the Minutes from the San Antonio Housing Commission meeting on March 23, 2022.**
Davila stated that Item #1 would be postponed until the following regular Housing Commission meeting due to an agenda error.

Commissioner Keammerer entered the meeting at 11:37 AM.

2. Item #2: Briefing and discussion related to multifamily preservation and production in San Antonio.

Davila requested Mark Carmona, Chief Housing Officer, introduce the item.

Carmona highlighted the previous two roundtable discussions noting the challenges of rising material costs for affordable homeownership and the intersection between homelessness and permanent supportive housing. He noted that this month's panel was comprised of non-profit and for-profit organizations and local experts that will share their challenges working in the multifamily housing space.

Tim Alcott, representative at the San Antonio Housing Authority (SAHA), noted that they serve 62,500 San Antonians. They have approximately 50 tax credit partnerships/developments comprising 12,000 units and are starting on the road of self-development with Snowden Road.

Debra Guerrero, representative of the NRP Group, stated NRP is vertically integrated to include development, construction, and property management. NRP Group prides themselves on their public-private partnerships and has developed approximately 10,000 units, 6,000 of which are affordable units that include wrap around services for their residents.

Brad McMurray, Vice President of Property Development for Prospera, noted Prospera develops affordable units, manages properties, and provides support services for about 8,800 residents in Central and South Texas. McMurray noted Prospera recently became CORES (Certified Organization for Resident Engagement & Services) Certified in recognition of their ability to provide residential and supportive services.

Jennifer Gonzales, Executive Director for Alamo Community Group, noted they are one of 240 Neighborworks organizations nationwide. Currently, Alamo's work includes development of 1,400 units in Bexar County. They provide property management, supportive services, single family infill homeownership opportunities, and case management for individuals that are currently or at risk of becoming homeless.

Ryan Wilson, Partner at Franklin Companies, stated Franklin, like NRP, is vertically integrated. Most of their partnerships are with public entities such as SAHT, SAHA, and NHSD. Currently, Franklin is providing local services to 6,000 households.

Commissioner Alanis, Executive Director of the San Antonio Housing Trust (SAHT), noted they are four entities in one, a trust fund created and owned by the City, 501c3 foundation, a public facility corporation, and financial corporation. SAHT has approximately 10,000 units in service or production that are being developed by many of the panelists' organizations and most recently are working in self-development.

Davila inquired what were the requirements and challenges in building more deeply affordable units. McMurray noted that 30% AMI or below units are greatly needed in the community. He put into perspective what that means for the developer. Using 2021's income limits, a family of four at 30% AMI would produce \$4,200/year in rent where it

takes \$5,000/year to operate and manage the unit and potentially more at properties that include intensive supportive services. To ensure a development can be funded, income averaging and higher incomes are needed to appeal to funders of the tax credit program as they are seeking to make a return on their investment. McMurry noted that developers are not able to ignore the constraints of the market and maintenance of the property. Guerrero stated that as affordable housing providers, their unit rents are capped where market rate units can raise rates to adjust for limited supplies and inflation. Capped rent is also a concern with inflated development and operational costs as even with the new AMI limits released, it still doesn't cover the rise of costs. She noted initially in 2006, a unit would cost \$59,000 to build, \$134,000 a unit pre-pandemic, and now it costs closer to \$174,000 due to costs and inflation. The housing bond will help cover some of the costs but will not cover all projects that are set to close. Alcott concurred and stated there are not enough bonds associated with the tax credit program either. He noted some organizations have bought land to hold for development before prices go too high, but the move may eventually result in a costly waiting game. He stated, in SAHA's case, they have calculated that the rent collected from residents may be able to pay for basic operations but would not cover the initial construction cost when self-developing.

Commissioner Sanchez inquired about construction costs and if there are any sales tax exemptions that could be applied to developments. Gonzales stated as a 501c3 non-profit they can take advantage of sales tax exemptions, but the savings are not enough to significantly impact the construction costs. She noted changing City requirements and community stigmas against affordable housing continue to be challenges. Gonzales mentioned that Alamo's properties are at full occupancy including their market rate units as there is a high demand, not enough supply, and large barriers in creating new units. Guerrero agreed that before even during the 2008 recession, opportunities such as tax exemptions were enough to make projects be viable but is no longer the case. Wilson stated the affordable housing development community had discussions of expanding the depth of their affordability previously, but what once was hard is now near impossible due to losing ground from construction costs.

Commissioner Arndt inquired how do the panelists' organizations balance compassion for their resident's circumstances and ensuring their business keeps afloat with the rise of costs and what are options to fill gaps in funding. Gonzales noted Alamo calculates what their residents can absorb and adjusts accordingly, typically \$25-50. She stated Alamo attempts to be creative in finding funding and assisting residents. Guerrero noted rent increases would not be enacted until the renter's current lease expired. McMurray added that insurance cost of property has also increased due to the construction costs. He stated that a development with a majority of 50-60% AMI with some 30% AMI units would be a tremendous feat in the current environment and that there is still room for funding creativity but would be a collaborative effort.

Arndt asked what one regulatory item that drives up cost would the panelists consider amending. Guerrero noted if an area is zoned for multifamily use, a resolution for affordable housing seems unnecessary as a market rate multifamily is able to develop without asking for additional permissions. Gonzales also noted utilities infrastructure, overlays, and street and sidewalks are low hanging items that would be good to address. McMurray highlighted several predicaments from the inability to stretch density bonuses due to the limitation of tax credits, balancing mixed income community and equity providers for affordable housing, and limiting the number of bureaucratic hoops for

development. Gonzales praised Development Services (DSD) and Verónica R. Soto, Director, for their collaborative work to meet strict state and federal deadlines. Ian Benavidez, Assistant Director, stated that NHSD and DSD has worked together in creating an Affordable Housing Team at DSD dedicated to prioritizing affordable developments and discussing their issues. Many barriers are being discussed between the Removing Barriers subcommittee (RBSC) and DSD's UDC amendment process. Alanis concurred that the RBSC is identifying barriers and what level (local, state, federal) barriers need to be resolved at. Wilson stated fee waivers for impacts, permits, SAWS, and CPS that the City can help control would be a great benefit. He also shared state legislative help with zoning and NIMBY (not in my backyard) issues would be welcome.

Davila inquired what misconceptions and educational points would be beneficial for neighbors to know about affordable housing developments. Alanis shared a story about a family member stating Alanis builds housing for "those people"; but, with increases of home prices and property taxes, affordable housing is for the everyone, including your family members and neighbors. Commissioner Hinojosa stated that of the 90,000 households that qualify for 30% AMI and below, a majority make less than \$10,000 a year. McMurray added that everyone would benefit from affordable housing as the residents from Haven from Hope could transition from its shelters to units instead of the streets.

Commissioner Keammerer stated that affordable housing is one portion of the issues but would like to hear more from the upscaling and rescaling efforts for jobs as it would be important to improve household wages. She noted more families are concerned about keeping their families fed and wanted to know if any programs on the properties were scaled back during the pandemic and if they had been restored fully for residents. She noted it would be good to have an additional panel on progress in raising resident's income.

3. Item #4: Special recognition of Verónica R. Soto's service to the Neighborhood and Housing Services Department and the City of San Antonio.

Davila requested Carmona present.

Carmona announced that Soto accepted a position in the Biden Administration with the Department of the Treasury. He expressed a bittersweet mix of emotions come from her illustrious position and her leadership departing NHSD. He highlighted her flourishing service-oriented culture within NHSD. Carmona stated Veronica Garcia would become Interim Director and Ian Benavidez would become Interim Deputy Director.

Benavidez highlighted that Soto was the Director needed for the newly formed NHSD. He noted they both started around the same time and that it was an honor to serve and learn from her during the pandemic and weather disasters. He expressed many housing elements have been accomplished under Soto's direction and she should be proud.

Soto thanked Carmona and Benavidez for their kind words. She loved that San Antonio did not wait for someone else to help but found its own path through many struggles. She noted many partnerships were forged after disagreements and discussions. She stated she leads with a grateful heart and was grateful to the Commissioners for their civic engagement and the past Commissioners and Housing Policy Taskforce members for challenging and guiding NHSD to grow and benefit the community. Soto expressed she would miss her team but knew it was in good hands and expected great things.

4. Item #3: Director's Report.

Davila requested Benavidez present.

Benavidez stated there was one follow up item from the previous meeting regarding persons to thank for grants awarded. He continued that the Housing Assistance Program (HAP) has a remaining balance of \$11.8 million dollars as of April 22, 2022 and shared how the \$200 million spent was broken down by Council District. He noted on May 2, 2022, the Emergency Housing Assistance Program (EHAP) will fully transition to the HAP. HAP is modeled after the Risk Mitigation Program and will launch a new portal.

He stated that the Strategic Housing Implementation Plan (SHIP) will be having its internal launch soon with Erik Walsh, City Manager, and Department Directors. The SHIP needs coordination with several other departments to accomplish the wide variety of strategies. Carmona will be meeting with Directors to ensure that everyone is in lock step.

Benavidez concluded with upcoming meetings such as the Planning and Community Development Committee meeting on May 9, 2022, TLRA Know Your Rights Training on April 28, 2022, and next regular Housing Commission meeting on May 25, 2022, at City Tower.

Closing-

There being no further discussion, the meeting was adjourned without contest at 1:02 PM.