

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

City Hall Complex
San Antonio, Texas 78205

2021 – 2023 Council Members

Mayor Ron Nirenberg

Mario Bravo, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Ana Sandoval, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Clayton Perry, Dist. 10

Wednesday, August 10, 2022

2:00 PM

Municipal Plaza Building

The City Council convened a regular meeting in the Norma S. Rodriguez Council Chamber in the Municipal Plaza Building beginning at 2:14 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Pelaez, Courage, Perry

ABSENT: None

ITEMS

1. **Pre-solicitation briefing and possible action on the 2022-2027 Housing Bond solicitation process, to include an update on the Request for Proposal (RFP) scoring criteria, timeline, scoring committees and Displacement Impact Assessment (DIA) Pilot for new construction,**

bond-funded development proposals [Lori Houston, Assistant City Manager; Veronica Garcia, Interim Director, Neighborhood & Housing Services Department]

Assistant City Manager Lori Houston introduced the Item and Veronica Garcia, Interim Director of the Neighborhood and Housing Development Department who provided an overview of the Housing Bond Program which included five categories. Garcia listed the parameters and framework for the program and priorities. Garcia described the community feedback process and listed changes that were made to the RFP as a result of the Community and City Council feedback. Garcia provided a timeline for the program overall and the RFP.

Garcia reported that the \$45 million Homeownership Rehabilitation category would be managed through existing partnerships and contracts and the resident application process was currently underway.

Garcia explained that the other four categories were planned to be accomplished through a Request for Proposals (RFPs) process including: Rental Housing Acquisition, Rehabilitation and Preservation, \$40 million; Rental Housing Production and Acquisition, \$35 million in bond funds and \$4 million in Community Development Block Grant (CDBG) and HOME Investment Partnership grant funds from the United States Department of Housing and Urban Development; and Homeownership Production, \$5 million Bond and \$3.17 Million in CDBG and HOME funds.

Garcia stated that within the Rental Housing Acquisition, Rehabilitation and Preservation RFP, the points were revised to award more points to affordability with five points taken from gap projects in accordance with feedback received from the Planning & Community Development Committee. Garcia outlined all scoring criteria and points including the Small Business Economic Development Advocacy Program (SBEDA) goals for the RFP.

Garcia stated that affordability was a priority for all of the programs and she explained that the Rental Housing Production and Acquisition RFP had an extra five points for affordability and she provided a matrix of the point priorities for homeownership affordability. Garcia described monitoring and quality assurance processes that the department had developed for Housing Projects.

Garcia outlined a joint RFP with the South Alamo Regional Alliance for the Homeless (SARAH) for Permanent Supportive Housing and the timeline for the program. Garcia stated that \$25 million in funding for the program would come from the Bond, \$6.5 million in HOME American Rescue Plan Act Funds and some funding was expected through the Continuum of Care but the amount was still undetermined. Garcia noted that staff continued to discuss collaborations with Bexar County.

Sarah Walmsley, Housing Policy Administrator, stated that a Displacement Impact Assessment (DIA) was planned to be conducted prior to awarding any RFPs under the Bond Program. Walmsley stated that the DIA included a review of best practices, and the plan was that the DIA would include a screening of each project with a risk assessment for indirect displacement (also known as gentrification) and a scoring mechanism measured at low, medium and high risk. Walmsley displayed a map of the City that revealed which neighborhoods were at high risk of

displacement. Walmsley outlined the goals and performance indicators for the program.

Mayor Nirenberg opened the discussion by thanking the community members and Housing Commission Members in attendance at the meeting. He emphasized the need for affordable housing and urged a successful implementation of the program from partners. Mayor Nirenberg acknowledged the rising cost of construction and prioritized projects that were ready to provide housing relief immediately. Mayor Nirenberg recommended moving 5 points from the non-profit criteria to the project readiness criteria.

Councilmember Rocha Garcia, who was also the chair of the Planning & Community Development Committee expressed her support for the RFP and noted that the DIA program could help the City ensure prioritization of projects that did not cause displacement. Councilmember Rocha Garcia reiterated that affordability was a critical component of the program as many residents of San Antonio earned little money and could not afford housing. Removal of school accountability ratings was important to District 4. Councilmember Rocha Garcia recommended transparency within the RFP Process and added that the 30% Area Median Income (AMI) units need to include more than 1 bedroom units so that families could be served.

Councilmember Cabello Havrda remarked that rising costs of housing was expected to continue making immediate housing critical so advocated for projects that could be implemented quickly. Director Garcia said that they had been given 9 months to break ground, but Councilmember Cabello Havrda recommended accelerating to 6 months and providing incentives to move quickly and prioritize permanent supportive housing for youth aging out of the foster system. Garcia said that while Bond funds could not be used for support services, there were other community funding sources. Walmsley added that the DIA would consider using Urban Displacement Data that would consider those special populations.

Councilmember McKee-Rodriguez clarified that some families were displaced when they begin to earn more money because they lived in a unit designated for a certain income. Councilmember McKee-Rodriguez recommended focusing on preventing gentrification and losing the culture of our communities. Councilmember McKee-Rodriguez requested goals and metrics related to the program. Garcia said staff recommended a balance of rehabilitation of existing units with adding of new units so the goals had not yet been set.

Councilmember McKee-Rodriguez asked if there was a guide for cost per units. Garcia said that the intent was to provide flexibility to the Committee to be able to analyze. Councilmember McKee-Rodriguez requested the historical cost of subsidized units. Garcia explained that the points for affordability were increased to 25 points, from 20.

Councilmember Courage asked what would happen if there was a poor response to the RFP. Garcia said that developers were being consulted and she expected a robust response but an additionally contract could be awarded. Councilmember Courage posed the concern that we would get too many applicants for the amount of available funding or when a residents income increased or decreased. Garcia encouraged flexibility in these cases and said the options would be reviewed.

Councilmember Courage questioned the Strategic Housing Implementation Plan affordable housing targets to ensure they were feasible within the available funding amounts. Garcia said that there were opportunities for leveraging but that more deeply affordable units might require a higher investment from the City as these were all priorities.

Councilmember Pelaez reminded the Council that voters approved the Housing Bond because it was an immediate need and our community was experiencing a housing crisis and recommended increased points for shovel-ready projects. Councilmember Pelaez noted that domestic violence victims were also in need of immediate transitional housing so wanted to see the projects built quickly.

Councilmember Castillo commented that affordability was what the voters approved and urged that deep affordability was the priority and did not support moving points from nonprofits to gap funding. Councilmember Castillo recommended transparency in the scoring process that included knowing who scored the projects and how they scored them.

Councilmember Castillo said that community members had expressed concern about utilizing the Federal Department of Housing and Urban Development (HUD) AMI versus the San Antonio AMI. Garcia explained that the HUD AMI included the region which skewed the numbers higher so, the Department recommended adjusting the HUD AMI to say that the HUD 60% AMI was equivalent to 80% AMI for San Antonio.

Garcia replied that Residential Housing Production & Acquisition and Rental was at 60% affordable with a minimum of 10% at 30% AMI for up to 40 years but a minimum of 20 years. Councilmember Castillo requested a list of applicants for projects in the pipeline. Garcia said that the list would be provided once the RFP had been released and the applicants express an intent to apply.

Councilmember Castillo commented that the District 5 appointee to the Housing Bond Committee wanted to participate in the RFP Scoring but was not selected to serve on an evaluation panel. Garcia said that she was not aware of the issue and would investigate. City Manager Walsh said that it was important to determine the criteria and points. City Manager Walsh explained that the scoring would be done as a panel instead of individual scores was a more wholistic approach.

Councilmember Viagran noted the hourly wages that fell within the 30% to 80% AMI were all very low and that all of those residents needed help but recommended permanent supportive housing as a priority because it was critical to provide housing for homeless, domestic violence victims, young people needing to move into their own place, as well as working families. Councilmember Viagran said deep affordability for her district was at 50% AMI and wanted to ensure the costs were kept low which accounting for special needs of the district as well as holding landlords accountable.

Councilmember Viagran asked to be provided with more dollar amounts in future presentations and detailed explanations on the scoring in the post-solicitation briefing even if the scores are aggregated among panelists.

Councilmember Sandoval thanked District 7 residents who worked on the Bond Committee as well as Chair of the Housing Commission Shirley Gonzales. Councilmember Sandoval said the housing crisis was a complicated problem that needed multiple tools to solve it besides the Housing Bond that could help people stay in their homes. Councilmember Sandoval suggested simply setting aside for income-based projects where all of the units would be at 30% AMI housing rather than scoring for it as we could risk not getting any proposals for the deeply affordable housing. Garcia said that usually all projects competed in a transparent process and that more projects could be funded within the RFP but that there was a plan to have some funding set aside for a future solicitation that could be done utilizing a different methodology.

Councilmember Sandoval did not feel that a focus on shovel ready projects was a focus of the bond committees and recommended more transparency for the evaluation panel that will score the proposals.

Councilmember Bravo expressed concern that some categories such as constructability, transportation and sustainability were bundled into one 15-point criteria and recommended smaller point increments tied directly to the category. He also requested that sustainability should be considered under affordability as it reduced the cost of living in a unit. Garcia replied that long term costs of occupying the unit would be included in the affordability criteria.

Councilmember Perry recommended putting more money into rental assistance and apartments and requested the number of affordable units anticipated. Garcia said the SHIP calls for 28,000 affordable units over 10 years which included the City and partner investments. Councilmember Perry requested clarification on the funding breakdown and suggested that building more new units was a better return on investment because it got us closer to the 28,000 units.

Councilmember Perry asked about Build San Antonio Green and how much additional cost the program added to a unit which could be spent to build more units. Garcia said that BSAG was a part of the SA Tomorrow Sustainability Plan and the SA Climate Ready Plan.

Councilmember Perry was not concerned with who built the homes (non-profit or for-profit) because they simply needed to produce results, so he did not support having 15 points for non-profits and recommended moving those points to proposals by teams. Garcia explained that partnering with non-profits was a SHIP strategy because non-profit partners had affordable housing as a part of their mission and their profits went into maintaining those properties over the long term.

Councilmember Perry recommended individual scoring by the evaluation panelists rather than an aggregate score because the evaluation panel needed to be held accountable and not influenced.

Councilmember Castillo said that the housing crisis could not be solved on a district-by-district basis but needed to be addressed city-wide and supported the work of the bond committees throughout the City. Councilmember Castillo recommended another B Session for more clarity or that the scoring return to the Planning & Community Development Committee (PCDC.) Councilmember Castillo recommended that evictions be considered in the DIA and requested an updated list of projects in the pipeline.

Mayor Nirenberg summarized that the Housing Bond was extremely important, and much work had been done by staff, the Housing Committees, and the City Council. He stated that gap financing was a big part of the bond program which he interpreted as leveraged funds and project readiness. City Manager Walsh stated that the focus could not be one or the other but adjustments to the scoring matrix could be made and prior to August 19, 2022 staff could provide a summary of the concerns early the following week through a memo. Houston noted that project readiness was discussed at the Housing Bond Committee meeting but there needed to be a balance, so a portion of the funding was planned to be held back. Mayor Nirenberg suggested that if an abundance of high-quality proposals came in under the first RFP, there would be no need to wait on the second phase and he felt that everyone would agree and looked forward to seeing the staff memo.

EXECUTIVE SESSION

No Executive Session was held.

ADJOURNMENT

Approved

**Ron Nirenberg
Mayor**

**Debbie Racca-Sittre
City Clerk**