



City of San Antonio

Agenda Memorandum

Agenda Item Number: 27.

Agenda Date: January 13, 2022

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, FAICP

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

An ordinance authorizing the acceptance and use of \$3,000,000 from the Inner City TIRZ and Midtown TIRZ to fund affordable housing projects and programs located in or out of the zones and allocate and authorize the expense of funds to the Demolition Diversion Pilot Program and the Under 1 Roof Program as outlined in the City's adopted FY2022 Budget.

SUMMARY:

City Council is being asked to consider an ordinance approving the acceptance and use of \$3,000,000 from the following City-initiated Tax Increment Reinvestment Zones (TIRZ's): Inner City TIRZ and Midtown TIRZ, to fund programs approved by City Council in the FY2022 adopted budget. The funds will be used in furtherance of programs or projects that encourage housing affordability throughout the City and/or assist in keeping vulnerable families in their homes per the FY2022 adopted budget. The two programs outlined in the FY2022 Budget are the Demolition Diversion Pilot Program and the Under 1 Roof Program.

BACKGROUND INFORMATION:

The Tax Increment Finance (TIF) program is authorized by Chapter 311 of the Texas Tax Code in which Section 311.0110 states that an agreement may dedicate revenue from the tax increment fund to pay the costs of providing affordable housing in or out of the zone. In order to support the

FY2022 Affordable Housing Strategy, the City requested funding from City-initiated TIRZ Boards and received approval from each of the respective Boards for the following amounts:

- Inner City TIRZ #11 (approved December 20, 2021) \$2,000,000
- Midtown TIRZ #31 (approved August 31, 2021) \$1,000,000

On September 16, 2021, Council adopted the FY2022 Budget. Included in the budget was approval for the creation of a \$1,000,000 Demolition Diversion Pilot Program to prevent the demolition of owner-occupied homes for households at or below 80% AMI to assist qualified homeowners to rehabilitate their substandard and non-code compliant residential properties by providing deferred forgivable loans to cover the cost of the needed repairs. These repairs focus on health and safety, accessibility, and major system concerns.

The Under 1 Roof is a Housing Production program that replaces worn and damaged roof shingles with new, energy-efficient white shingle roofs for qualified homeowners. Assistance is provided as a one-time grant up to \$14,000 and the City places a restrictive covenant on the property requiring homeowners to maintain ownership and occupancy for five (5) years after project completion. These efforts assist to preserve affordable housing and protect the City's investment. The program has assisted more than 1,300 homeowners since it began in 2016. The FY 2022 production goal for the program is to complete a total of 450 roofs with the General Fund commitment of \$3.25 million and \$2 million in TIRZ funds.

ISSUE:

City Council consideration is requested for the approval of the acceptance and use of \$3,000,000 from the Inner City TIRZ and Midtown TIRZ to fund affordable housing projects and programs located in or out of the zones as included in the FY 2022 budget.

\$2,000,000 of the TIRZ funding will be used to fund the Under One Roof program. This program replaces worn and damaged roof shingles with new, energy-efficient white shingle roofs for qualified homeowners. Assistance is provided as a one-time grant up to \$14,000 and the City places a restrictive covenant on the property requiring homeowners to maintain ownership and occupancy for five (5) years after project completion.

TIRZ funding in the amount of up to \$1,000,000 will be used to fund the Demolition Diversion Pilot Program. San Antonio Affordable Housing, Inc. (SAAH), the non-profit arm of the City's Urban Renewal Agency, will implement the program and strive to preserve our existing affordable housing stock by preventing the demolition of up to 10 owner-occupied homes. To qualify, the homes must be an owner-occupied homestead with the family's income at or below 80% Area Median Income. Qualified owners will receive assistance to bring their home up to code to prevent demolition and in return will have a restrictive covenant and lien placed on the property for up to 20 years.

ALTERNATIVES:

City Council could choose not to approve the request. If so, this action would negatively affect implementation of the FY2022 Affordable Housing Strategy. Up to 10 homes may be demolished leaving households vulnerable to homeless. In addition, reduced funding for the Under 1 Roof Program would limit NHSD's ability to reach the production goal of assisting 450 roofs. Other funding sources would need to be identified to support affordable housing programs or projects.

FISCAL IMPACT:

There will be no impact to the General Fund. The funds will come from the following TIRZs and deposited into the Affordable Housing Fund:

TIRZ #	TIRZ Name	TIRZ Fund Number	Amount	Affordable Housing Fund Number
11	Inner City	29086007	\$2,000,000	29086050
31	Midtown	29086024	\$1,000,000	29086050

RECOMMENDATION:

Staff and the respective TIRZ Boards recommend approval of the acceptance and use of \$3,000,000 from the Inner City TIRZ and Midtown TIRZ to fund affordable housing projects and programs in or out of the zones; and allocate and authorize the expense of funds to the Demolition Diversion Pilot Program and the Under 1 Roof Program as outlined in the City's adopted FY2022 Budget.