

AGENDA ITEM: #2

POSTING LANGUAGE: FY 2022 Affordable Housing Development & NSP Single-Family Infill Development Funding Recommendations [Lori Houston, Assistant City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services]

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Various

SUBJECT:

FY 2022 Affordable Housing Development & NSP Single-Family Infill Development Funding Recommendations

SUMMARY:

Consideration of a recommendation to award up to \$2,683,119 in Community Development Block Grant (CDBG) funding, up to \$6,349,483 in HOME Investment Partnerships Program (HOME), and up to \$500,000 in Neighborhood Stabilization Program (NSP) funding to eight (8) affordable housing development activities:

From HOME funding:

- (a) Up to \$1,250,000 in HOME funding to Prospera HCS & Versa Development for the Country Club Village located at 3500 Magic in Council District 7;
- (b) Up to \$1,250,000 in HOME funding to the NRP Group for Viento located at 10348 S. Zarzamora in Council District 4;
- (c) Up to \$2,049,766 in HOME funding to ALT Affordable Housing Services – Arbor Place for the Village at Perrin Beitel located at 2611 NE 410 in Council District 10;
- (d) Up to \$1,350,000 in HOME funding to the NRP Group for Fiesta Trails located at 12485 W I-10 in Council District 8; and
- (e) Up to \$449,717 in HOME funding to Neighborhood Housing Services of San Antonio for a single-family homeownership development in Council District 6.

From CDBG funding:

- (f) Up to \$2,469,594 in CDBG funding to Habitat for Humanity of San Antonio, Inc. for the Rancho Carlota Phase IV homeownership development in Council District 4; and
- (g) Up to \$213,525 in CDBG funding to Merced Housing Texas for the rehabilitation of Kings Court located at 220 Kings Court in Council District 1.

From NSP funding:

- (h) Up to \$500,000 in NSP funding to Cross Timber Homes to acquire demolished or vacant properties in City Council-approved NSP target areas and develop 12 affordable single-family housing units to be sold to households at or below 120% of the area median income.

BACKGROUND INFORMATION:

Affordable Housing Development Gap Funding

On August 12, 2021, City Council approved the \$27.4 million FY 2022 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 \$5.5 million in HOME Investment Partnerships Program (HOME) funds and \$1.9 million in Community Development Block Grant (CDBG) funds set aside for affordable rental and homeownership housing development. The recommendation includes \$1,632,602 in additional CDBG and HOME funds resulting from program income, loan payoffs, and savings from completed projects. 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.

Seven (7) rental housing development proposals totaling \$10,980,933 in funding requests and two (2) homeownership housing proposals totaling \$3,328,594 in funding requests were evaluated. The evaluation panel consisted of the following: Lori Houston, Assistant City Manager, City Manager's Office; Verónica R. Soto, Director, Neighborhood and Housing Services; Veronica Garcia, Deputy Director, Neighborhood and Housing Services, Ian Benavidez, Assistant Director, Neighborhood and Housing Services; and Christopher Lazaro, Grants Administrator, Neighborhood and Housing Services. The evaluation panel met on November 17, 2021 and evaluated proposals utilizing the Rental and Homeownership Housing Development Evaluation Criteria approved by City Council on September 12, 2019. In addition, NHSD's on-call underwriting consultant conducted a preliminary underwriting review of each proposal to ensure the projects are feasible and that the gap funding request is necessary for each project. The proposals were assessed using the following criteria:

Evaluation Criteria	Maximum Points
Experience and Capacity	15
Project Readiness	20
Project Site Characteristics and Amenities	25
HUD Regulatory Conditions	5
Efficient Use of Funds	5
Underwriting	30
Total Point Scale	100

NSP Single-Family Infill Development Funding

The Neighborhood Stabilization Program (NSP) was authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA) to help communities recover from the effects of foreclosures, abandoned properties, and declining property values. The City received a one-time award of \$8.6 million in NSP funding from the US Department of Housing and Urban Development (HUD) in March 2009. Although the City met the NSP expenditure deadline in December 2013, the City generated program income that can be programmed to other eligible activities. All projects should follow NSP regulations and serve families at or below 120% of the area median income (AMI). Projects will acquire demolished or vacant properties in NSP target areas that were approved by the City Council on March 19, 2020.

Three (3) proposals totaling \$1,079,400 in funding requests were evaluated. The evaluation panel consisted of the following: Verónica R. Soto, Director, Neighborhood and Housing Services; Veronica Garcia, Deputy Director, Neighborhood and Housing Services; Christopher Lazaro, Grants Administrator, Neighborhood and Housing Services; Christopher Folmar, Compliance Manager, Neighborhood and Housing Services; and Valerie Perez-Chumley, Loan Servicing Manager, Neighborhood and Housing Services. The evaluation panel held a meeting on January 12, 2022 and evaluated proposals. The proposals were assessed using the following criteria:

Evaluation Criteria	Maximum Points
Experience, Background, & Qualifications	60
Proposed Plan	35
Veteran-Owned Small Business	5
Total Point Scale	100

ISSUE:

These funding recommendations total \$9,532,602 and will provide for the development of 12 new affordable single-family homeownership housing units for households at or below 120% of AMI, 63 new affordable single-family homeownership housing units for households at or below 80% of AMI; and 766 new affordable rental housing units serving households with incomes as shown below:

Area Median Income	# of Rental Units
60% - 80% AMI	8
50% - 60% AMI	590
30% - 50% AMI	56
< 30% AMI	112
Total Rental Units	766

The affordable housing gap funding recommendations were considered by the Audit and Accountability Committee on December 6, 2021 and all the recommendations herein will be considered by the Planning and Community Development Committee on January 24, 2022 and the City Council on March 3, 2022.

An amendment to the FY 2022 Action Plan and Budget will be required to reprogram \$1,632,602 in HOME and CDBG funding and \$500,000 of NSP funding sourced from program income and

completed projects to meet this funding request. This item will be considered by City Council on March 3, 2021.

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 in the FY 2022 Action Plan and Budget (federal funds) and the City's FY 2022 Affordable Housing Budget and are in line with the Housing Policy Framework goal 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 \$2,683,119 in Community Development Block Grant (CDBG) funding, up to \$6,349,483 in HOME Investment Partnerships Program (HOME) funding, and up to \$500,000 in Neighborhood Stabilization Program (NSP) funding. Total funding for recommended affordable housing activities is \$9,532,062.

RECOMMENDATION:

Staff recommends an award up to \$2,683,119 in Community Development Block Grant (CDBG) funding, up to \$6,349,483 in HOME Investment Partnerships Program (HOME) funding, and up to \$500,000 in Neighborhood Stabilization Program (NSP) funding for affordable housing development activities.