



# City of San Antonio

## Agenda Memorandum

**File Number:**  
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**Agenda Item Number:** 5

**Agenda Date:** October 27, 2021

**In Control:** San Antonio Housing Commission Meeting

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Director to report updates on Neighborhood and Housing Services Department Programs.

**SUMMARY:**

Each month the Director prepares a report on program updates directly affecting the Housing Commission and its charge.

**BACKGROUND INFORMATION:**

Topics to be discussed are: (a) Follow-up questions asked during the Housing Commission meeting on September 22, 2021; (b) HUD Rule Changes; (c) Update on American Rescue Plan Act (ARPA) state and local Fiscal Recovery Funds; (d) Upcoming Meetings.

**ISSUE:**

Topics to be discussed are: (a) Follow-up questions asked during the Housing Commission meeting on September 22, 2021; (b) HUD Rule Changes; (c) Update on American Rescue Plan Act (ARPA) Fiscal Recovery Funds; (d) Upcoming Meetings.

a) The follow-up for questions asked during the September 22, 2021 meeting included providing the SHIP draft to Housing Commission for review. A copy will be provided when a draft is available, before the end of October. Commissioners also requested briefings on topics such as Chief Housing Officer and job training programs. Staff will continue to work to coordinate briefings on these topics. A briefing and introduction to the Chief Housing Officer was conducted at the October 12th special Session. A briefing on the SA Ready to Work program is scheduled to take place after the business portion of the October 27, 2021 Housing Commission Meeting.

b) NHSD is recommending an update to the City's Program Policies for HUD-Funded Affordable Housing Activities (Program Policies) for Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Neighborhood Stabilization Program (NSP) to increase the maximum assistance amount for the Owner-Occupied Rehabilitation and Reconstruction Program to \$130,000 per household for rehabilitation and \$145,000 per household for reconstruction; to increase the Homeownership Incentive Program down payment assistance limit to \$30,000 per household; and to increase the maximum subsidy limit for Homeownership Housing Development to \$75,000 per unit. Staff is recommending revisions to the City's current Program Policies in the following three programs to increase maximum assistance levels to improve program delivery of the City's housing programs.

### **Owner-Occupied Housing Rehabilitation and Reconstruction Program**

The City's Owner-Occupied Rehabilitation and Reconstruction Program (OORRP) assists eligible homeowners with income at or below 80% of the Area Median Income (AMI) in need of substantial rehabilitation or reconstruction of their single-family homes. Staff is recommending revisions to the City's current OORRP to increase the maximum assistance amount for rehabilitation from \$100,000 to \$130,000 and for reconstruction projects from \$130,000 up to \$145,000. A review of completed OORRP projects from FY 2019 – FY 2021 shows that the average cost of completed rehabilitation projects increased from \$64,600 to \$87,000 or 34% and the average cost of reconstruction projects increased from \$120,600 to \$139,600 or 15%. Revising the assistance amounts would give the Neighborhood and Housing Services Department greater flexibility to address housing rehabilitation needs resulting from increasing construction costs.

### **Homebuyer Activities - Homeownership Incentive Program (Down payment Assistance)**

The City's Homeownership Incentive Program provides down payment assistance and closing costs to first time homebuyers with incomes at or below 80% AMI. Staff is recommending an increase to the maximum assistance amount from \$15,000 to \$30,000. The maximum sales price to purchase an existing home under the Homeownership Incentive Program is \$196,000 as established by HUD. Along with a low inventory of affordable homes, lenders and real estate partners have reported that homes are selling 20-30% above FY 2020 housing sales prices. Increasing the down payment assistance amount would allow first-time homebuyers to be more competitive in this market. The recommended amount of \$30,000 is also in line with peer cities

Houston and Austin which provide down payment assistance at \$30,000 (maximum sales price of \$209,000) and \$40,000 (maximum sales price of \$295,000), respectively.

### **Homebuyer Activities - Homeownership Housing Development Subsidy Limit**

The City's Homeownership Housing Development program provides funding to affordable housing developers to acquire and rehabilitate substandard housing or develop new construction single-family housing for homeownership for first-time homebuyers with income at or below 80% AMI. Staff is recommending increasing the City's current Homeownership Housing Development subsidy limit from \$50,000 to \$75,000 to meet current market conditions which have seen significant increases in housing development costs. This will allow affordable housing developers to cover some of these rising costs to keep homes at an affordable price for first-time homebuyers.

### **Timeline**

A copy of the proposed assistance limit changes to the Program Policies will be available for public review and comment from November 1 -17, 2021 at the Neighborhood and Housing Services Department City's website in the "Public Notices" section. Citizens of San Antonio have a minimum of fifteen (15) days to review and comment on the Program Policies.

City Council consideration on the proposed update to the Program Policies is anticipated to take place on or after November 18, 2021.

c) During the October 20, 2021 B-Session meeting, Council was given a briefing on the American Rescue Plan Act (ARPA) Funds and the proposed guiding principles and community engagement process for spending funds during Phase II.

On March 11, 2021, Congress approved the American Rescue Plan Act (ARPA) in response to the COVID-19 pandemic. This legislation established the Coronavirus State and Local Fiscal Recovery Fund, which provides resources to state, local, territorial, and Tribal to contain and mitigate the spread of COVID-19 and address the economic and public health impacts of the pandemic.

The U.S. Treasury has allocated \$326.9 million to the City of San Antonio and this will be received in two equal disbursements. The City received the first half or \$163.4 million in May 2021 and is expected to receive the second half in May 2022.

On May 10, 2021, the US Treasury released guidance on state and local use of funds. The following are categories of eligible uses within this guidance:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have

borne and will bear the greatest health risks because of their service in critical sectors; and,

- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and expand access to broadband internet
- Within these overall categories, the U.S. Treasury's Interim Final Rule provides guidelines and principles for determining the types of programs and services that this funding can support. The Treasury has designed these provisions to take into consideration populations that have been disproportionately impacted by the pandemic. Additionally, according to this guidance funds should be allocated by December 2024 and spent by December 2026.

### **City's Two-Phased Strategy**

The City presented to the City Council as part of the FY 2022 budget process a two-phased strategic approach to use the Fiscal Recovery Funds. This strategy focus on 1) Stabilizing the Budget, 2) Revenue Loss Recovery, and 3) immediate community needs. The allocation of funds is broken out in two phases, Phase I stabilizes the Budget and immediate community needs and Phase II focuses on community priorities and leverages funds.

On October 20, staff presented a timeline to approve a spending framework for the ARPA funding. The plan includes seeking community input during October and November and returning in December to a B-Session where community input will be reported on and input from Councilmembers obtained. Final approval will be sought during an A-Session in January.

Under the American Rescue Plan Act (ARPA), the City also received \$20 Million in a HOME Investment Partnership Program grant. Staff presented at the October 20th B Session a recommendation to utilize these funds for Permanent Supportive Housing Projects.

d) The next regular meeting of the Housing Commission will be held on November 17, 2021.

The Citizen Bond Committee focused on Housing will meet November 3.

Public Input on the ARPA funds will be November 2, November 9, and November 16. Housing Commissioners may also be interested in attending the Planning and Community Development Committee meeting on October 28 and the B-Session of City Council on November 3 to hear Council discuss the SHIP.

### **FISCAL IMPACT:**

There is no fiscal impact at this time.

### **ALTERNATIVES:**

This item is for briefing purposes only.

### **RECOMMENDATION:**

This item is for briefing purposes only.

