



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 1

Agenda Date: June 15, 2022

In Control: Public Comment Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Interim Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Public Hearing for proposed Substantial Amendment #3 to the City's adopted FY 2022 (PY 2021) Annual Action Plan and Budget for the reprogramming of \$4,520,807 from the U.S. Department of Housing and Urban Development.

SUMMARY:

NHSD proposes Substantial Amendment #3 to reprogram a total of \$4,520,807 in grant funds from the U.S. Department of Housing and Urban Development (HUD) including \$2,450,000 in HOME Investment Partnerships Program (HOME) funds and \$2,070,807 in Community Development Block Grant (CDBG) funds to eligible affordable housing development activities.

BACKGROUND INFORMATION:

On August 12, 2021, through Ordinance 2021-08-12-0564, City Council adopted the FY 2022-2026 HUD Consolidated Plan and FY 2022 Annual Action Plan (AAP) and Budget. A Substantial Amendment is required for the City to utilize this funding in a manner different than the AAP details. Substantial Amendments #1 and #2 to the AAP were approved by City Council on February 17, 2022, and March 17, 2022, respectively.

NHSD proposes this third Substantial Amendment to the FY 2022 Annual Action Plan to better

align funding sources with previously awarded projects and to reprogram prior year funds that were previously committed to activities that are now complete as well as Program Income from loan repayments.

As building material and labor costs have risen dramatically in recent months, developers, both locally and nationally, are identifying strategies to minimize this added cost burden to developments already nearing crucial project milestones. Affordable housing developers face unique pressures in this market, as the incomes needed for tenants to afford rent-restricted housing have not kept pace with inflation, creating an even larger gap between the cost to build affordable housing and the operating funds required to sustain them. As a result, the City proposes additional funding to ensure these developments can proceed in a timely manner to help address the deepening housing crisis. In particular, two developments have requested additional funds in order to close their financial gap and meet their upcoming closing deadlines for other funding sources already secured.

Cattleman Square Lofts is located at 811 W. Houston Street in Council District 5. This project involves the restoration of a historic building and will result in the construction of 138 new housing units, of which 117 will be reserved for households earning up to 60% of the Area Median Income (AMI) and 21 will be reserved for households up to 30% of AMI.

Country Club Village is located at 3500 Magic in Council District 7. This project includes the construction of 188 new housing units and the rehabilitation of 82 existing housing units, for a total of 270 housing units. A total of 229 units will be reserved for households earning up to 60% of AMI and 41 units will be reserved for households up to 30% of AMI. The property will be restricted to persons aged 62 and older.

ISSUE:

The proposed Substantial Amendment will:

1. Award up to \$1,270,807 to the San Antonio Housing Trust Public Facility Corporation for the acquisition of land located at 811 W Houston Street in Council District 5. This includes \$1,200,000 in FY 2022 CDBG funds from the Owner-Occupied Rehabilitation and Reconstruction Program (OORRP) and \$70,807 in CDBG funds made available through prior year program savings;
2. Reprogram \$3,250,000 to Country Club Village including \$1,250,000 in FY 2022 CDBG funds from the OORRP and \$2,000,000 in CDBG funds made available through prior year program savings; and,
3. Allocate \$2,450,000 in HOME funds to the Owner-Occupied Rehabilitation and Reconstruction Program (OORRP) which includes \$1,250,000 previously awarded to Prospera HCS and Versa Development for Country Club Village, and \$1,200,000 in HOME Program Income.

A table summarizing the funding amendments is below:

Project	Existing Award	Proposed Amendment	Total Funding
Cattleman Square Lofts (SAHT Public Facility Corp.)	\$1,200,000 HOME	<i>Add:</i> \$1,270,807 CDBG	\$1,200,000 HOME <u>\$1,270,807 CDBG</u> \$2,470,807

Project	Existing Award	Proposed Amendment	Total Funding
Country Club Village (Prospera HCS and Versa Development)	\$1,250,000 HOME	<i>Add:</i> \$2,000,000 CDBG <i>Swap:</i> \$1,250,000 HOME to CDBG	\$3,250,000 CDBG
Owner Occupied Rehabilitation & Reconstruction Program	\$2,450,000 CDBG	<i>Swap:</i> \$2,450,000 CDBG to HOME (no change in total funding)	\$2,450,000 HOME

ALTERNATIVES:

The City is required to undergo this process for federally funded programs.

FISCAL IMPACT:

This item will not have an impact on the City's General Fund Budget.

RECOMMENDATION:

This is a public hearing and no action is required.