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**CITY OF SAN ANTONIO** AGENDA ITEM NO. \_\_\_\_\_  
**Interdepartmental Correspondence Sheet**

**TO:** Mayor and City Council

**THRU:** Terry M. Brechtel, City Manager

**FROM:** David D. Garza, Director of Neighborhood Action

**COPIES:** Jelynn LeBlanc Burley, Assistant City Manager; Milo Nitschke, Finance Director; File

**SUBJECT:** FY 2003-04 SAN ANTONIO HOUSING TRUST ADMINISTRATIVE CONTRACT

**DATE:** October 30, 2003

**SUMMARY AND RECOMMENDATION**

This ordinance approves the administrative services budget of the San Antonio Housing Trust Foundation, Inc. in the amount of \$235,300.00 for staffing and administration of the City of San Antonio Housing Trust for Fiscal Year 2003-2004 and ratifying services rendered beginning October 1, 2003. The ordinance would also approve the personnel complement and contract for services and authorize the City Manager, or her designee, to execute all documents in connection with the foregoing.

Staff recommends approval.

**BACKGROUND**

The City of San Antonio created the San Antonio Housing Trust Fund in 1988 with a corpus of \$10 million. Interest earned from the \$10 million corpus and loan paybacks capitalize the funding rounds which are held once the interest in the fund exceeds \$1 million above the corpus amount.

Funds are used to maintain and promote decent and affordable housing and, when possible, maximize the investment of other public and private resources. The San Antonio Housing Trust (the "Trust") provides assistance to eligible programs and projects in the form of secured or unsecured grants; secured primary or secondary, interest-bearing or interest-free loans; matching grants or loans; or as "seed money" low-interest loans to nonprofit or for-profit businesses, community or housing development corporations, or community-based organizations to support affordable housing developments.

The Trust was created to assist with the City's revitalization strategy and provide funding support to residential projects which could not be addressed by the standard HUD program funds due to

eligibility requirements. The San Antonio Housing Trust Foundation, Inc. (SAHTF) was created to disburse awards of Trust assistance, manage Trust operations, and provide administrative, staff and research support for the Trust and Board of Trustees.

Additional related entities staffed by the Trust include:

- ❑ The San Antonio Housing Trust Investment Corporation which was formed in 1991 to carry out real estate activities, including land conveyance, to builders for the City of San Antonio's Affordable Parade of Homes;
- ❑ The San Antonio Housing Trust Finance Corporation which was formed in 1997 for the purpose of issuing bonds to finance housing, including the issuance of the Single Family Mortgage Revenue Bonds and Mortgage Credit Certificate Programs; and
- ❑ The San Antonio Housing Trust Reinvestment Corporation created in 1998 as a non-profit entity to administer the Tax Increment Financing Program, and now uses its non-profit status to develop and support affordable housing.

The attached provides a summary of Trust activities for FY 2002-2003. The Trust will also be developing performance measures for FY 2003-2004 which will be attached to the contract.

### **POLICY ANALYSIS**

This administrative services contract is consistent with the City's policies and commitments to provide affordable housing opportunities while pursuing new sources of program support through the Trust. Attachment A outlines the program activities for the upcoming fiscal year.

### **FINANCIAL IMPACT**

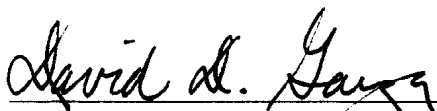
The proposed administrative budget for FY 2003-2004 is \$235,300 which is allocated from interest earned from the Trust Fund Corpus. This portion of the budget represents a 7% decrease from the previous year. The total budget for the Housing Trust is \$342,830 which includes \$53,510 from general operating revenues and \$54,020 in grants from foundations to support the counseling activities. Attachment B details the total proposed budget for FY 2003-04. The total proposed budget represents a decrease of 4% from last year's budget.

Interest rates have been declining since March 2000 and have since reached historical lows. This has caused the interest earnings on the Trust funds to decline significantly. The result has been an inability to support funding rounds since 2000. In an effort to maximize the amount of funds available for future funding rounds, the Trust has asked the City's Finance Department to review the investment strategy for the Trust funds. On Monday, October 13, 2003, the City's Finance Director made a presentation to the Board of Trustees of the Trust (the "Board") which included various investment strategies which were based on different assumptions and forecasted varying amounts of interest income. The Board authorized the Finance Director to proceed with an investment strategy that consists of investing the Trust funds in a ladder structure over a period of five years. This strategy is expected to yield interest income sufficient to cover the Trust's administrative expenses and produce a surplus which can accumulate over time to an amount that can support future funding rounds.

The total proposed budget supports the following personnel complement: Executive Director, Director of Programs and Counseling, Program Officer, Administrative Assistant, and Asset Manager. No other City funds are impacted by this action.

**COORDINATION**

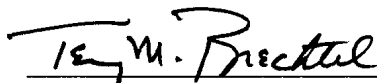
This item has been coordinated with the Finance Department and the City Attorney's Office. The Board of the San Antonio Housing Trust Foundation, Inc. approved this item at their September 8, 2003 meeting (Action Item F0309-02).



David D. Garza, Director  
Neighborhood Action Department



Jelynn LeBlanc Burley  
Assistant City Manager



Terry M. Brechtel  
City Manager

# San Antonio Housing Trust

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*The mission of the Housing Trust establishes the primary purposes and goals of the Trust are to provide decent and affordable housing opportunities for low, moderate, and middle income families; and to affect the revitalization of various neighborhoods and the downtown area through housing activities.*

□ *Adopted by the Board of Trustees of the San Antonio Housing Trust Fund upon its creation in 1989.*

## Goals & Objectives

(From Articles Of Incorporation, 1989)

- Improve neighborhoods and housing stock
- Promote the development, rehabilitation, and preservation of housing for lower income residents
- Engage financial institutions through reinvestment, community lending, and affordable housing
- Create the promotion and support of bank-sponsored or neighborhood based community development corporations
- Support nonprofit initiatives, including the use of nonprofit, tax-exempt community development corporations
- Provide financial support, credit, funds, capital, gifts for the development, rehabilitation or preservation of decent and affordable housing for lower income and minority residents
- Conduct educational efforts to eliminate discrimination in housing development & financial communities
- Establish constructive relationships between the private, for-profit business sector, the private, non-profit sector and the public sector for the promotion of affordable housing opportunities
- Furnish administrative, management, financial and other advice, support, training and technical assistance to the Board of Trustees, and to other residents and non-profit community-based organizations to enable them to develop necessary skills and resources for the development of affordable housing opportunities
- Conduct research & analyses of the economic and social problems affecting the availability and accessibility of decent and affordable housing
- Support by gifts, contributions, loans, investments and other lawful forms of assistance to other persons or organizations who assist to accomplish the primary purposes of the SAHT, under policies and terms resolved by the Board of Directors

**The San Antonio Housing Trust has primary responsibility to finance affordable housing**

□ *Housing Master Plan, June 14, 2001*

# San Antonio Housing Trust

## Activity for Fiscal Year 2002-2003

Date	Program	Organization	Amount	Units
10/14/2002	Advance HIP funds for DPA	NAD	\$481,588	76
10/14/2002	Gillette Square Apartments	Our Casas	\$50,000	44
10/14/2002	HARP Program	NAD	\$312,500	
11/15/2002	FUNDS for HOPWA	City/SAAH	\$225,000	
11/15/2002	Renewal of Enterprise Loan	SAHTF	\$200,000	29
1/21/2003	Exchange Building	SAHTF	\$35,000	41
1/21/2003	Highland Hills Predevelopment Loan	SADA	\$60,000	29
1/21/2003	North Flores St. Predevelopment Loan	UUHAC	\$58,000	5
1/21/2003	123 Fargo Predevelopment Loan	Merced	\$28,950	1
3/10/2003	NOFA NCDI/HOME CHDO Pre-development	CHDO's	\$100,550	
3/10/2003	Affordable Housing Market Study	City/CHDO's		
3/10/2003	St. Mary's St.HOPWA	SAAHC	\$125,000	6
6/9/2003	NAD Lead Based Paint	NAD	\$50,000	
7/1/2003	Single Family Mortgage Revenue Bonds Series 2003A	SAHTFC	\$10,228,246	127
	DPA Assistance - Bexar County		\$497,242	
9/8/2003	MERCED SELAH	Merced	\$105,000	10
		Total	\$12,557,076	368

11/18/2002 San Antonio Housing Trust Foundation is now the recipient of funds from institutions for NAD (Neighborhood Action Department)

Continued:

## Activity for Fiscal Year 2002-2003

### Counseling Activities

Renter or Homeless Prevention Counseling	1
Foreclosures	1
Purchased Homes	11
Seeking Help Converting Home Equity or Better Mortgage Terms	12
Currently at the Lender	12
Help Resolving or Preventing Mortgage Delinquency	57
Pre-Purchase Counseling	133
Individual Outreach	213

## Attachment B

### San Antonio Housing Trust Foundation 2004 Budget

Budget Category	2003	COSA	2004 COSA	General Operating	Counseling	Combined Budget
Advertising		1,500	1,380			1,380
Accounting & bookkeeping		6,400	5,460	1,260		6,720
Audit		4,700	5,000			5,000
Auto expense allowance		3,500	3,390			3,390
Bad Debt Expense		0	0			0
Bind, print & reproduction		1,200	480			480
Entertainment & food		2,500	1,980			1,980
Subscription & dues		200	410			410
Insurance - workman's comp		1,150	1,180			1,180
Insurance - health & life		9,000	9,190	395	394	9,979
Insurance - liability		6,500	3,500			3,500
Legal fees		6,400	5,660			5,660
Membership, dues & licenses		1,500	840			840
Rent		20,400	17,600	7,000		24,600
Mail & parcel post		1,400	1,420			1,420
Office supplies		3,600	2,780			2,780
Computer Sevicng		4,400	5,600			5,600
Rental of equipment		500	780			780
Retirement plan exp.-operating		9,600	9,600			9,600
Salaries		134,500	123,400	41,590	49,750	214,740
Taxes - payroll		10,500	9,440	3,185	3,806	16,431
Taxes-Unemployment		250	230	80	70	380
Telephone		6,250	6,070			6,070
Travel & training		8,000	5,600			5,600
Equipment purchases		1,400	3,000			3,000
Furniture purchases		5,000	11,310			11,310
Totals		\$250,350	\$235,300	\$53,510	\$54,020	\$342,830

Last year's Budget	\$250,300	\$49,530	\$58,990	\$358,870
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% of 2004 vs 2003 Budget	93.99%	108%	92%	96%
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Budget excludes one time fees for moving, and transfer of services