

CITY OF SAN ANTONIO
Interdepartmental Correspondence Sheet
Neighborhood Action Department

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; Andrew Cameron, Housing and Community Development; File

SUBJECT: 2004 FUNDING ROUND FOR THE SAN ANTONIO HOUSING TRUST FUND

DATE: September 23, 2004

SUMMARY AND RECOMMENDATION

This ordinance approves a San Antonio Housing Trust Board Resolution to initiate the 2004 Funding Round request for proposal process to make available \$1,250,000.00 in Trust funds and other funding sources for disbursement as an Award of Trust Assistance for eligible housing projects.

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 repayments of loans capitalize the funding rounds. Funds are used for projects which maintain and promote decent and affordable housing and, when possible, maximize the investment of other public and private resources.

The San Antonio Housing Trust Board of Trustees (the "Board") conducted a planning retreat which included various housing partners. Among the outcomes from the retreat held in January 2004, the Board identified the following goals for the Trust:

- Update Declaration of Trust
- Revise Rules and Regulations for the Operations of the Trust
- Commitment to a 2004 Funding Round

In 2003, the Trust worked with the City's Finance Director to identify avenues to increase the earnings from the Trust Fund. In October 2003, the City's Finance Director made a presentation to the Board which included various investment strategies which were based on different assumptions and forecasted varying amounts of interest income. The Board supported the Finance Director's

recommendation to proceed with an investment strategy that consisted of investing the Trust funds in a ladder structure over a period of five years. This strategy has yielded interest income sufficient to cover the Trust's administrative expenses and produce surplus funds which is sufficient to support the proposed funding round.

POLICY ANALYSIS

The investment strategy described above has provided the resources for the proposed administrative contract as well as funding for the proposed 2004 Funding Round. The funds are utilized for projects which provide assistance to eligible activities including 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 Rules and Regulations for the Operations of the San Antonio Housing Trust require that the City Council approve the Board's recommendation for a funding round. Upon approval by the City Council, a Notice of Funding Availability will be advertised to inform the public of available funds for affordable housing projects. All proposals will be evaluated to ensure that projects meet the goals of the Trust and required eligibility criteria as outlined in the Rules and Regulations for the Operations of the Trust. The following is a summary of eligible programs and projects:

- Single family affordable housing through new construction
- Single family housing rehabilitation
- Affordable units for persons with disabilities
- Gap financing for affordable housing projects
- Homeownership opportunities
- Multi-family/Single-family Rental Rehabilitation or New Construction
- Transition or temporary housing
- Conversion/adaptive reuse for affordable housing

The timeline for the 2004 Funding Round is as follows:

- August 16 - Board determined interest income available for funding round and approved a resolution for a funding round not to exceed \$1.25 million. The Board also approved the submittal of a Funding Resolution to be considered by the City Council
- September 7 - Board directed staff to proceed with the outlined process and schedule for announcing the 2004 Funding Round
- September 13 - Urban Affairs Council Committee Presentation
- September 23 - Consideration of an ordinance by City Council authorizing the funding round
- September 27 - City clerk posts Notice of Fund Availability and certifies approval of City Council ordinance
- September 27 - Board issues press release announcing the issuance of the Notice of Fund Availability and RFP process for 2004 Housing Trust Funding Round
- October 4 - Mandatory Pre-Proposal Conference
- November 1 - Deadline for submittal of proposals
- November 15 - Public Hearing and Proposal presentations to the Board of Trustees

- November 15 - Board consideration and approval of proposed projects for funding allocation for recommendations to the City Council
- December 2 - City Council consideration of Board recommendations
- December 13 - Letters of Award issued and public announcement of awards and projects

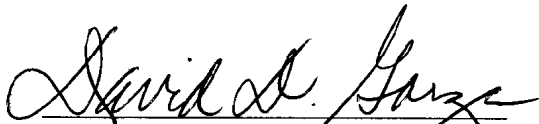
FINANCIAL IMPACT

This ordinance does not have a financial impact on the General Fund. The Board is recommending a funding round of \$1,250,000. The sources for the funding round include: \$870,000 from principle and interest income from previous awards, \$280,000 in interest received from the investments of the Housing Trust Corpus, and \$100,000 of HOME/NCDI (National Community Development Initiative) funds targeted to Community Housing Development Organizations (CHDOs).


The Board will recommend the proposed projects identified as a result of the Notice of Availability for the 2004 Funding Round to the City Council. The City Council is scheduled to consider the proposed projects in December 2004.

COORDINATION

This item has been coordinated with the Finance Department and the City Attorney's Office. The Board of Trustees of the San Antonio Housing Trust approved this item at their August 16, 2004 meeting (Resolution T0408-02). The City Council Urban Affairs Committee also reviewed this item on September 13, 2004 and recommended consideration by the City Council.


David D. Garza, Director
Neighborhood Action Department


Jelynn LeBlanc Burley
Assistant City Manager


Terry M. Brechtel
City Manager