

**State of Texas
County of Bexar
City of San Antonio**



**Meeting Minutes
City Council B Session**

Council Briefing Room
City Hall
100 Military Plaza
San Antonio, Texas 78205

2023 – 2025 Council Members

Mayor Ron Nirenberg

Dr. Sukh Kaur, Dist. 1 | Jalen McKee-Rodriguez, Dist. 2
Phyllis Viagran, Dist. 3 | Dr. Adriana Rocha Garcia, Dist. 4
Teri Castillo, Dist. 5 | Melissa Cabello Havrda, Dist. 6
Marina Alderete Gavito, Dist. 7 | Manny Pelaez, Dist. 8
John Courage, Dist. 9 | Marc Whyte, Dist. 10

Wednesday, February 28, 2024

2:00 PM

Council Briefing Room

The City Council convened a B Session meeting in the Council Briefing Room beginning at 2:06 PM. City Clerk Debbie Racca-Sittre took the Roll Call noting a quorum with the following Council Members present:

PRESENT: 11 – Nirenberg, Kaur, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Alderete Gavito, Pelaez, Courage, Whyte

ABSENT: None

ITEMS

1. Briefing on the Small Business Construction Support Grants Program. [Alejandra Lopez, Assistant City Manager; Brenda Hicks-Sorensen, Director, Economic Development]

City Manager Erik Walsh introduced the Item and noted that the goal of the Program was to provide financial assistance to small businesses that might be impacted by long city construction projects and was funded through the American Rescue Plan Act (ARPA). City Manager Walsh

noted that City Council approval was not required for the Program to begin. He stated that the prior authorization by City Council delegated authority to the City Manager to execute all ARPA programs.

Ana Bradshaw, Assistant Director of the Economic Development Department (EDD), provided a background of the past programs which began in FY 2022 with COVID impact grants and continued in FY 2023 through 91 COVID Construction Recovery Grants and a \$400,000 Construction Mitigation Pilot Program (CMPP). She noted that the CMPP developed the Construction Toolkit, the free signage program, targeted marketing support and a dedicated outreach team which was a result of a Council Consideration Request.

EDD conducted engagement and solicited feedback from small businesses and trade organizations including local chambers of commerce, according to Bradshaw. She noted that the FY 2023 COVID Construction Recovery Grants had been audited by the City Auditor. She indicated that feedback included businesses stating that they needed funds for payroll, rent/mortgage, supplies/inventory and utilities. Bradshaw reported that stakeholders requested a faster response and a simpler application process.

Bradshaw proposed that the \$1.4 million in funding would provide grants in the amount of \$10,000 to \$35,000 based on the actual reduction in net income experienced by the businesses comparing 2023 to 2022 with businesses not having received prior assistance receiving priority. Bradshaw listed eight eligible city corridors which included projects that would last more than 18 months. She outlined criteria for eligible businesses which included only brick and mortar businesses established in their current location prior to January 1, 2022. Bradshaw stated that under the program businesses would be scored and prioritization for those impacted the most by construction as a result of a longer construction duration, no prior assistance received, larger net revenue loss, preexisting business, and Equity Atlas Income Score until funding was exhausted.

According to Bradshaw, eligible uses for the grant included working capital, machinery and equipment, payroll/healthcare benefits, contract labor, supplier payments, rent/lease/mortgage payments on business property, utility payments on business property and the cost of critical business operation. Bradshaw reported that ineligible uses included: distribution to owners and acquiring other assets. Bradshaw provided a Program timeline which included the City's contractor, LiftFund, opening the application May 1, 2024 and would culminate in funding notification and disbursement beginning August 2024.

City Manager Walsh concluded the presentation by noting that this was funded through ARPA and City Council could consider future programs, however, this Program only included City funded construction projects and not those funded by SAWS or CPS Energy.

Mayor Nirenberg asked about feedback from the small businesses. Bradshaw stated that those who received the grant before appreciated the support, but all stated that the City could improve communication and provide more meaningful support (larger grants rather than smaller grant funds to many businesses). Mayor Nirenberg requested that staff identify non-financial ways the City could help such as coordination with utilities and he requested more metrics.

Councilmember Viagran thanked Councilmembers McKee-Rodriguez and Whyte for the Council

Consideration Request (CCR) and to bring the item for consideration. She asked about the Gevers/W.W. White Project and how communication regarding the program and project to the Council District Office would be handled. Bradshaw stated that EDD staff would directly outreach to the businesses but welcomed the council district offices to help amplify the message. City Manager Erik Walsh added that staff would develop a marketing and outreach plan and provide it to the Councilmembers.

Councilmember Viagran commented that sometimes a subcontractor caused damage to a business and Public Works (PW) had simply referred residents or businesses to the contractor. Razi Hosseini, Director of PW, stated that the contractors were held accountable for any damage and were also responsible for communicating with impacted businesses as well as keeping their driveways accessible.

Councilmember Whyte noted that he and Councilmember McKee-Rodriguez had collaborated to reach a recommendation in their CCR that was reflective of a variety of viewpoints. Councilmember Whyte noted that many business owners had told him stories of adverse economic impacts due to construction on City street and drainage projects. He recommended that the City develop a permanent grant fund and suggested adding the item to the upcoming Budget Goal Setting meeting.

Councilmember Whyte expressed concern about the points being given to businesses based on the Equity Atlas noting that the physical location of the business applying for the funds should not make a difference advocating that the grants should be based solely on losses and not location. He provided a hypothetical comparison of businesses in Council District 10 which would not likely get many points on the Equity Atlas versus Council District 2 which would probably get Equity Atlas points regardless of where the owner of the business lived. Councilmember Whyte noted that the 20 Equity Atlas points were a significant amount of the scoring.

Councilmember Whyte asked if bookkeeping and accounting expenses would qualify for the grant. Bradshaw clarified that this would qualify as a general business expense and, therefore, be eligible.

City Manager Walsh commented that the use of the Equity Atlas, was a policy decision that had been made a few years ago by the City Council and was included in all grant programs. Bradshaw recommended including the Equity Atlas criteria because those businesses located in low income Equity Atlas areas tended to have less access to capital and working reserves.

Councilmember Rocha Garcia recognized the outreach that had already occurred under the Program by both EDD and PW. She commented that if guidelines were followed, the Program should be successful, and requested more data about how many people were outreached and surveyed. Bradshaw stated that 43 City survey responses were received from businesses identified by the staff as being impacted by the specific projects and 30 through Lift Fund as having already received grants. Councilmember Rocha Garcia asked how the Program might be funded or prioritized in future budgets after the ARPA funding was exhausted. City Manager Walsh stated that this would be discussed in the Budget Work Session and we would need to get creative with the utilities.

Councilmember Rocha Garcia asked how the projects were identified. Hosseini stated that a major

project included long duration, heavy traffic, tight right of way or deep excavation. Councilmember Rocha Garcia asked how the staff had determined the grant amounts. Bradshaw stated that they saw \$10,000 as a starting point for businesses that were more than Hobby Enterprises. Councilmember Rocha Garcia asked why foot traffic was necessary and suggested that businesses that provided delivery such as a catering company were also impacted. Bradshaw stated that the businesses complained that customers could not get to them.

Councilmember Rocha Garcia recommended a goal to have fewer or less delays on construction projects and asked about the definition of a delay. Hosseini stated that if the delay was the contractor's fault, they had to pay liquidated damages, but if the delay was not their fault, the contractor would be given more time. Hosseini added that alternative delivery methods being utilized should reduce delays on Marbach Road which is in Council Districts 4 and 6.

Councilmember Kaur expressed concern with using net revenue versus gross revenue to measure impact. Bradshaw stated that businesses recommended using net revenue because costs were rising which was a more accurate measure of impact to the business, and LiftFund performed an analysis that indicated that net revenue was a better measure. Councilmember Kaur expressed concern that using net revenue percentage might not indicate businesses that were in greater danger and suggested using net cash on hand or debt. Bradshaw clarified that smaller businesses would benefit more from the percentage of net revenue loss than large businesses. Councilmember Kaur recommended looking at debt as well.

Councilmember Kaur asked why businesses opened later than January 1, 2022 could not qualify and suggested making them more eligible and/or changing the points for time in business before construction started. City Manager Walsh clarified that the idea was that if a business that opened during the construction should have been aware of the potential impact versus those that were already there. Bradshaw stated that it would be difficult to compare two full years of income if the business was not open for two full two years.

Councilmember Kaur requested the survey results from LiftFund and the status of the \$400,000 for the construction toolkit. Councilmember Kaur asked how the range of grants were determined. Bradshaw stated that the previous grants were used as a model with a recommendation to be large enough to make a meaningful impact. Councilmember Kaur requested a list of all previous grant amounts. Bradshaw stated that she would provide the data, noting that the average award was \$27,000.

Councilmember McKee-Rodriguez expressed frustration with the number of disparities in our City noting that there were parts of town that had historically been underinvested. Councilmember McKee-Rodriguez supported the creation of a permanent grant program as requested in the CCR and added that there were businesses that might be impacted that were not located within the listed corridors so he recommended a review of projects that lasted a shorter duration such as 3, 6, or 9 months. He lamented that the N. New Braunfels Street Project was not a part of the recommended program and suggested inclusion of projects that had a second phase noting that this was a historically Black corridor.

Councilmember McKee-Rodriguez supported using percentages of net revenue for the scoring because small businesses would score better. He expressed concern that Black communities were

disproportionately impacted by the COVID 19 Pandemic, yet these communities were not being prioritized noting inequities even in the previous program.

Councilmember Cabello Havrda commented that the Program covered the most pressing operating costs but noted that access to capital was a huge concern for businesses and she supported prioritizing underserved areas, however, she was hoping to see more equity suggesting inclusion of the business owner's personal net worth, not where they lived.

Councilmember Cabello Havrda recommended that EDD collaborate and coordinate with PW for engagement with the business owners. Councilmember Cabello Havrda commented that Marbach Road would be the test project to ensure the communication was effective. She questioned how the Program could be sustained beyond ARPA Funding and recommended development of a plan to make the program permanent.

Councilmember Cabello Havrda requested information on the Small Business Administration (SBA) small business size standards noting that many of the impacted businesses were microbusinesses and suggested additional points for those microbusinesses being developed just for the City. Bradshaw stated that SBA did not define microbusinesses, so staff recommended using a tried and true size standard set by SBA. Bradshaw stated that the scoring criteria prioritized percentage of loss which should help those microbusinesses. City Manager Walsh commented that microbusinesses would be eligible for the Program, but clarified that Councilmember Cabello Havrda was recommending additional points for them.

Councilmember Alderete Gavito noted that improving infrastructure was a high priority, however, she recommended consideration of businesses impacted by other projects such as the Texas Department of Transportation (TXDOT) or utility projects that impacted local small businesses.

Councilmember Alderete Gavito supported Councilmember Kaur's suggestion of adjusting points for businesses which had not been there as long and suggested a review of the criteria for inclusion of projects noting that shorter duration projects might be impacted. Councilmember Alderete Gavito agreed that net personal income of the owner or where the owner lived could make a difference in the impact as suggested by Councilmembers Cabello Havrda and Whyte.

Councilmember Alderete Gavito agreed with Councilmember McKee-Rodriguez' point regarding historic underinvestment and asked why there were not more projects in Council Districts 2 and 5. Bradshaw stated that the Program was related to the eight projects that were beginning construction. Assistant City Manager Alex Lopez clarified that the Equity Atlas was used to help define scoring, not which projects were included. City Attorney Andy Segovia stated that there were retail businesses in a community that was historically not serviced, so there was a value in keeping those businesses open in that underserved community.

Councilmember Castillo supported Councilmember Cabello Havrda's recommended review of personal net worth of the owner and suggested looking at how many businesses they owned as this might be of value to help impoverished communities. She also supported the statements made by Councilmember McKee-Rodriguez about underinvestment. Councilmember Castillo noted that the Zona Cultural Streets Project extended into Council District 5 and she wanted to ensure that those businesses would be eligible.

Councilmember Courage agreed that if a business owner owned multiple locations, they should not be treated the same as a small mom and pop with just one business impacted. Councilmember Courage supported the statements made by Councilmember McKee-Rodriguez about underinvestment and recommended more equity for the future, however, the most important impact would be whether there was a long-term program to help future businesses.

Councilmember Pelaez recommended excluding Vape Shops from receiving grants and listed some of the local small businesses impacted by projects noting that some were wealthy owners that did not even live in San Antonio so he supported the proposal to include personal net worth as a criteria and even microbusinesses. Councilmember Pelaez commented that having a good accountant could also make a business look better or worse.

Mayor Nirenberg asked Bradshaw how other cities were dealing with these types of issues. Bradshaw stated that outreach programs were common, but San Antonio was the first to roll out direct grant programs. City Manager Walsh noted that a City in Canada that had given grants related to a rail project.

Mayor Nirenberg noted that San Antonio had given more small business grants during the COVID-19 Pandemic than other cities and brought the discussion back to the goal of the Program being to help mitigate the impact of construction on small businesses. He commented that wayfinding, signage and marketing was a significant impact to certain businesses particularly those with heavy foot traffic.

Mayor Nirenberg suggested that businesses with few other options to obtain capital should be prioritized simply by a review of tax statements. He characterized the Program as a public accommodation noting that it was about the location of the business to ensure that those underserved areas did not lose the investment which was historically low already. He clarified that this was about ensuring that construction did not cause businesses to close in areas that could not afford to close those businesses.

Councilmember Whyte commented that the owner's net worth would impact the access to capital but he did not feel that the location of the business was more important than the owner's access to capital. He recommended replacing the Equity Atlas points with a scoring of the owner's net worth. He commented that only Council Districts 1-4 might receive a grant and the Equity Atlas would essentially lock out businesses in Council District 10. Councilmember Whyte supported excluding vape shops and expressed concern that the SBA definition of small business was too large so he supported a microbusiness focus.

Councilmember Kaur suggested that access to debt might not help a business long term and recommended a 10% increase in debt or a \$10,000 loss to make them eligible. She suggested adding five points for a shorter duration project and asked if there was an option to provide a loan program to help recycle the funds.

Councilmember Kaur requested that EDD set specific numerical targets for outreach. She noted that LiftFund's administrative fee had increased from 10-12%. She wanted to ensure that the Program focused on impact and recommended removing the points for years in business which could be replaced with the personal net worth of the owner.

City Manager Walsh stated that staff would return to City Council with a modified Program. Mayor Nirenberg recommended focusing on construction mitigation.

2. Briefing on the release of three solicitations for Permanent Supportive Housing (PSH), Rental Housing Production and Acquisition and Rental Housing Acquisition, Rehabilitation and Preservation funded through the 2022-2027 Housing Bond for an estimated total value of \$30.4 million. [Lori Houston, Assistant City Manager; Veronica Garcia, Director, Neighborhood and Housing Services Department]

City Manager Walsh introduced the Item and Veronica Garcia, Director of the Neighborhood Housing Services Department (NHSD), who provided an overview of the 2022 Housing Bond Program. Garcia reported that in accordance with the Strategic Housing Implementation Plan (SHIP), all homeowner renovation funds had been exhausted so the program would focus on improving rental homes, building affordable rental homes, connecting unhoused neighbors to housing with resources and building homes for ownership.

Garcia stated that Housing Bond funds were expected to increase and preserve homes near jobs, transit and schools. She reported that 30 different projects had already been approved for a total investment of \$800 million with \$81 million coming from the Housing Bond. Garcia noted that 2,500 homes were in the pipeline and 1,400 homes were under construction and 35% of the units were considered deeply affordable.

Garcia reported that three Requests for Proposals (RFP) were being released using \$30.4 million in bond and Federal funds: 1) Rental Housing Production & Acquisition, 2) Rental Housing Rehabilitation & Acquisition and 3) Permanent Supportive Housing. Garcia noted that the RFPs followed criteria established by City Council on February 10, 2022 with a priority for projects located near public transportation, including future Advanced Rapid Transit (ART) and in good standing with City standards by development teams. She noted that the department continued to leverage other funding to increase housing. She reported that projects outside the City limits were ineligible as well as owners of properties on the Dangerous Assessment Response Team (DART) list and those not meeting the deeply affordable criteria or causing resident displacement. Garcia noted that Permanent Supportive Housing projects were required to serve chronically homeless residents and utilize the Coordinated Entry System. Garcia outlined the RFP scoring criteria, amount of available funds, proposed evaluation panelists and the timeline for the RFPs.

Garcia outlined preliminary plans for Transit Oriented Development (TOD) which included meeting with the United States Department of Transportation (USDOT) to discuss TOD intersection of housing and transportation and noted that there was a White House initiative to support the conversion of office to residential. She indicated that staff had met with Build America Bureau staff and discussed the Transportation Infrastructure Finance and Innovation Act (TIFIA) funding for local projects, reviewed eligibility requirements and requested the funding timeline be expedited.

DISCUSSION:

Mayor Nirenberg thanked the team and the voters of San Antonio for approving the Housing Bond and updating our City Charter to allow it to happen.

Councilmember Alderete Gavito commented that she and Councilmember Whyte had toured Town Twin Village which was a tiny home supportive housing community. She asked about the requirement to be within a quarter mile of an existing public transit line or the ART and asked how they would determine displacement impact. Garcia stated that staff used a Displacement Impact Assessment (DIA) and described the tool and its application which could impact their score and credited Councilmember McKee-Rodriguez with championing the DIA. Councilmember Alderete Gavito recommended coordination with the San Antonio Apartment Association (SAAA) to determine the need for market rate apartments and the vacancy rate. Garcia stated that the vacancy rate for apartments was 6% which was relatively low indicating a need for more housing. Councilmember Alderete Gavito expressed concern about vacant buildings in her council district and recommended a review of these properties to see if they could be repurposed as they were becoming a hazard for the neighborhoods.

Councilmember Rocha Garcia looked forward to the partnership with the San Antonio Housing Trust (SAHT) and supported the categories of the RFPs in general. She suggested that mobile home communities were often a good option for families noting that 53% of children between the ages of 0 and 17 in San Antonio lived in poverty and suggested more creative projects. Councilmember Rocha Garcia commented that Council District 4 had the largest number of children living in rental homes in the City and suggested more investment in home ownership. Garcia stated that there was an opportunity to look at other projects noting that one application for a mobile home community came in over the amount available, but they were able to help with infrastructure.

Councilmember Rocha Garcia requested projected numbers for 2026 for developing the 2027 Housing Bond. Garcia stated that the department was collecting data and metrics to be able to tell the story to the public.

Councilmember Courage asked how many people had been evicted in San Antonio in the past year. Garcia stated that 700 residents received a notice of eviction every week and she would provide the data on the actual number of evictions but noted that the eviction prevention programs were working. Councilmember Courage asked how many people were on the housing voucher wait list at Opportunity Home (OH). Garcia stated that there were 110,000 people on the various lists maintained by OH. Councilmember Courage suggested that there was not enough affordable and permanent supportive housing to meet the demand.

Councilmember Courage commended the work of NHSD but suggested that there was a long way to go to provide decent affordable housing in our community with only 900 new affordable units. He recommended that the community needed to support to ensure that adequate housing was provided for all. Assistant City Manager, Lori Houston, clarified that there were 2,700 affordable units in the pipeline, but only 900 were funded by the Housing Bond.

Councilmember Kaur clarified that the owners of apartment complexes on the DART list might not have the means to bring their code violations into compliance. Garcia stated that there was a small Federally funded grant program to help small apartments with less than 10 units, however, she stated that they would look at other opportunities. Assistant City Manager Houston added that the United States Department of Housing and Urban Development (HUD) had programs to help those owners upgrade their properties.

Councilmember Kaur asked if there was a measurable impact of the DIA tool. Garcia stated that use of the DIA tool was in pilot with promising results that could inform the policies moving forward. Councilmember Kaur recommended moving five development experience points to displacement. She asked if the Permanent Supportive Housing RFP was only for new development or if it could be used to convert existing properties and suggested targeting vacant buildings. Garcia stated that existing properties were eligible for the program. Councilmember Kaur recommended development of a ratio of the amount of city investment against the unit count. Garcia stated that the department measured leveraged funds but pointed out that not all of the funds needed to be awarded if the projects did not fit the criteria. Councilmember Kaur supported the TOD work.

Councilmember McKee-Rodriguez supported expanded use of the DIA tool to rehabilitations as well as new construction. He recommended including more diversity on the evaluation panels including those with lived experiences as well as Black residents and single women because they were disproportionately impacted by poverty.

Councilmember Castillo supported individual home projects such as the Esperanza Land Trust and noted the continued need for cross collaboration to help family's clear titles and back taxes, as well as bringing vacant buildings and homes owned by corporations back into use for the community. She challenged the anti-homelessness rhetoric and noted the benefits of supportive housing, particularly the tiny homes project Town Twin Village.

Councilmember Whyte commented that the best way to make housing more affordable was to have more and better jobs that paid more with reduced utility and other costs for residents. He recommended using the City's resources to make the economy better.

Mayor Nirenberg thanked the NHSD team for the presentation.

EXECUTIVE SESSION

Mayor Nirenberg recessed the meeting into Executive Session at 4:44 p.m. to discuss the following:

- A. Economic development negotiations pursuant to Texas Government Code Section 551.087 (economic development).
- B. The purchase, exchange, lease or value of real property pursuant to Texas Government Code Section 551.072 (real property).
- C. Legal issues related to litigation involving the City pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- D. Legal issues relating to emergency preparedness pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- E. Legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).
- F. Legal advice regarding open meeting procedures pursuant to Texas Government Code Section

551.071 (consultation with attorney).

Mayor Nirenberg reconvened the meeting in Open Session at 5:35 p.m. and announced that no official action had been taken in Executive Session.

ADJOURNMENT

There being no further business, the meeting was adjourned at 5:35 p.m.


Debbie Racca-Sittre
City Clerk

Approved

Ron Nirenberg
Mayor