COVID-19 Impacts, Needs and Opportunities for San Antonio Housing Non-Profits through the Response, Recovery and Reconstruction Process

April 2020 Update

Due to the unprecedented health, social and economic impacts of COVID-19 affordable housing non-profits are facing a terrible dilemma: how to meet the continuing, and in most cases dramatically increasing, needs of residents when family incomes as well as public and private investment are drying up or being diverted to emergency response efforts. Now more than ever, nonprofit organizations are responsible for planning and providing the housing resources needed for our communities to effectively address pandemic impacts. Yet many nonprofits are facing immediate financial pressures and don't qualify or have not yet received stimulus funds, and do not feel well-integrated into response planning.

LISC and other San Antonio non-profits, including HUD-designated Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDOs), have long been committed to supporting residents and neighborhoods that have access to the fewest economic resources. We have partnered with local government, philanthropic supporters and other nonprofits to build and manage multi and single-family housing, reduce homelessness, and provide related services. In recent years, non-profit organizations have actively participated in the Housing Task Force and Housing Commission processes lead by the City of San Antonio, resulting in a community-wide goal to increase the production of affordable housing units. However, these goals are necessarily on hold at this time, and funds to support affordable housing production are being reallocated.

During the immediate response to the COVID-19 crisis, public and private resources are concentrated on emergency assistance to individuals, businesses and governmental entities such as municipalities, public health and transit agencies. To continue providing services as efficiently as possible, delivery points, routes and hours of operation have been reduced, which disproportionately impacts the most vulnerable residents due to existing health disparities and lack of assets—for example, disabled and very low income San Antonians don't drive or own cars, so centralized food distribution is a barrier.

Gleaned from several dozen interviews with non-profit providers is one stark fact: In the near future, public and private investment strategies will need to shift to directly supporting the CDCs and CHDOs that create affordable housing. If this phase does not begin within 60 to 90 days, our community may lose the organizational and social infrastructure to carry out recovery and ensure that local residents benefit from reconstruction, as non-profits are forced to cease operations.

"Working with our grant writer and our CFO we are finding that because we don't sell our services, we don't qualify for economic stimulus funding. However, our services are just as essential, if not more so, because we are helping small businesses to stay open and people to stay in jobs."

Impacts. Based on interviews with leadership of non-profit organizations in San Antonio, LISC finds that:

- The resources, expertise and relationships of non-profit affordable housing providers have not been tapped as part of COVID-19 emergency response efforts, even though they represent thousands of the most vulnerable San Antonians;
- Many nonprofits are accessing emergency operating dollars through the United Way/San Antonio Area Foundation Community Response Fund, which has been praised for its ease of access;
- Nonprofits have applied for assistance through SBA programs such as the EIDL and Payroll Protection Program but have not received support yet, and there is confusion about PPP applications and regulations;
- Although situations vary from property to property, rent delinquency is running 10 to 20 times higher than typical, or from 1-2% per month previously up to 30% in April;
- Affordable housing units financed through programs that include equity partners, such as LIHTCs, are not able to be flexible in reducing rents by 25% as was suggested by the San Antonio Apartment Association;
- Nonprofits providing social services, typically a source of income for affordable housing providers, are forced to cancel or transition to one-on-one, with much lower revenues;

- Non-profits have significant unexpected expenses for technology, including hardware, software and consulting;
- Groups with sufficient technology resources for remote work report that residents may have smart phones but no access to laptops, tablets or computers, and that necessary information may not be available in Spanish online;
- Organizations report that low, very low and extremely low income residents with job losses are in many cases planning to move out and double up rather than pay back rent when then eviction moratoria are lifted;
- Nonprofits have more than enough work trying to meet resident and community needs and are maintaining their payrolls, but they are facing a significant lack of resources to maintain current programs and to add services such as grocery shopping and preparing carryout meals for residents;
- SAGE, an economic development organization, has seen a quadrupling of requests for business assistance through their façade improvement grant program, with many requests unrelated to storefront improvements; and
- Staff are working overtime in uncertain conditions and bearing significant burdens, from taking on manual labor like breaking down food delivery shipments to performing maintenance and construction activities.

"What's most frustrating to me is the lack of understanding — they don't seem to understand what affordable housing operators need to keep their projects running."

Needs. In addition to cash assistance, which is in universal demand, LISC San Antonio found needs for:

- Assurance that affordable housing construction will continue to be considered an essential function;
- Forgiveness or restructuring of existing City of San Antonio and San Antonio Housing Trust loans to CHDOs and CDCs;
- Continued and expanded understanding that affordable housing providers are similar to other social services in meeting essential needs for vulnerable San Antonians and can serve as partners in responding to crises through delivering rental assistance, on-site food pantries, financial counseling programs and enhanced digital access points;
- Technical assistance regarding how reduced rent rolls will impact project financing structures with investors and equity partners;
- Clear guidance from equity partners and investors about default events;
- Timely communication about programmatic changes from local, state and federal governmental partners, such as information about federal funding, FHA loan forbearance, the CARES Act and local funding decisions;
- Assistance with technology purchases (hardware, software and consulting) and training for staff and residents; and
- Formalized relationships within the housing sector, such as the San Antonio Board of Realtors, in order to share planning and response information.

"We are going to have to do things differently, not just right now but for a long time in the future. Maybe forever."

Opportunities. Non-profit leadership identified regulatory and other changes to support crisis response, recovery and reconstruction:

- Develop a community-wide plan to utilize trained non-profit staff to provide emergency financial counseling and individual assistance in order to reduce burden to the City of San Antonio and increase system capacity and efficiency;
- Engage non-profit housing counselors to plan, prepare and train now for increased demand for foreclosure counseling;
- Designate an affordable housing liaison at the Food Bank to help avoid the unnecessary centralization of distribution;
- Arrange bulk buying opportunities for nonprofits for items such as paper products, cleaning supplies and other staples;
- Continue to explore new housing solutions such as home-sharing, co-housing and manufactured housing that will allow new units to come on-line with the least public investment;
- Designate recovery funding directly to CDCs and CHDOs engaged in housing production;
- Federally, provide flexibility to allow families to pay more than 30% of their income in order to maintain tenancy in a rent-restricted unit;
- Request HUD reinstate 30 rather than new 14-day unit inspection rules, as cash flow is not sufficient for repairs; and
- Consider a temporary waiver for family size and composition requirements.