



City of San Antonio

Agenda Memorandum

File Number:20-1466

Agenda Item Number: 23.

Agenda Date: 2/20/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 5

SUBJECT:

A Resolution of No Objection for SAHT Pan American LP, LLC's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Steele Properties in partnership with the San Antonio Housing Trust is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program for the rehabilitation of Pan American Apartments, a 100-unit affordable multi-family rental housing development located at 143 NW 36th Street in Council District 5.

BACKGROUND INFORMATION:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) program is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households in the state of Texas. Housing Tax Credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing.

The TDHCA administers two HTC programs: a Competitive 9% and Non-Competitive 4%. This application is for the Non-Competitive 4% HTC program which is available year round unlike the Competitive 9% HTC program which has a single annual application period. The Competitive 9% HTC program assigns points based on the type of resolution provided by a municipality (Resolution of Support versus a Resolution of No Objection), but the Non-Competitive 4% Housing Tax Credit only require that a Resolution of No Objection be submitted to satisfy requirements of §11.204(4)(C) of the TDHCA's Uniform Multifamily Rules.

In order to qualify to receive a Resolution of No Objection, the application must earn at least 60 out of 100 points from the City's scoring criteria outlined in the Housing Tax Credit Policy adopted by City Council October 31, 2019.

ISSUE:

Steele is submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for the Non-Competitive 4% Housing Tax Credits (HTC) program for the rehabilitation of the Pan American Apartments, a 100-unit multi-family rental housing development located at 143 NW 36th Street in Council District 5. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project.

The property is located in Council District 5. The applicant met with the Council District 5 office to provide all pertinent information regarding the proposed HTC project.

Any 4% HTC application earning between 60 and 100 points shall be eligible to receive a staff recommendation for a Resolution of No Objection, provided the application receives at least seven experience points under the Owner/General Partner/Property Management Experience category. The application received 15 experience points, and 82 points in total and is eligible to receive a Resolution of No Objection.

The applicant sought and was awarded 5 points for public engagement because they held a public meeting per the rules outlined the policy and application. The applicant held a public meeting at 6 p.m. on January 7, 2020. Approximately 12 people attended the meeting. Steele Properties has also held other meetings with tenants of Pan American Apartments over the past several months and will continue to meet monthly with tenants throughout the process.

The value of the TDHCA tax credit award to Pan American Apartments would be approximately \$6.8 million over a ten year period. The total cost for this project will be approximately \$20.3 million. Of the 100-units, all will have rent restricted to 60% and below of area median income as defined by TDHCA’s Rent and Income Limit tool using HUD data (e.g. a family of four will have a maximum income of \$42,600). However, Pan American Apartments is supported by a Project-Based Section 8 HAP Contract so no tenant will pay more than 30% of their income in rent.

The 4% application is anticipated to be considered by the TDHCA Governing Board in April 2020. If approved, the estimated start date will be in June 2020 and the estimated project completion is June 2021.

The project is projected to contain the following unit mix. Even though SAHT Pan American LP, LLC’s application to TDHCA will be for 100% of the units at 60% AMI, the Project-Based Section 8 HAP Contract ensures tenant rent will be no more than 30% of their income.

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	20	\$798	60% and below
Two Bedroom	44	\$958	60% and below
Three Bedroom	36	\$1,107	60% and below

ALTERNATIVES:

City Council may elect not to approve a Resolution of No Objection which would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

This approves a Resolution of No Objection for SAHT Pan American LP, LLC’s application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program for the

rehabilitation of the Pan American Apartments, a 100 unit affordable multi-family rental housing development, located at 143 NW 36th Street in Council District 5. There is no fiscal impact to the City's Budget.

RECOMMENDATION:

Staff recommends City Council approval of a Resolution of No Objection for the rehabilitation of Pan American Apartments, a 100-unit multi-family rental housing development located at 143 NW 36th Street in San Antonio, Texas. The Planning and Land Development Committee approved this item at their February 10, 2020 meeting.