



City of San Antonio

Agenda Memorandum

File Number:18-6481

Agenda Item Number: 4.

Agenda Date: 12/12/2018

In Control: Comprehensive Plan Committee

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 7

SUBJECT:

A Resolution of No Objection for Majestic SA Apartments application to the Texas Department of Housing and Community Affairs for the non-competitive 4% Housing Tax Credits program

SUMMARY:

Majestic SA Apartments 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 development of Majestic Ranch Apartments, a 288 unit affordable multi-family rental housing development located approximately at 4847 Callaghan Road in Council District 7.

BACKGROUND INFORMATION:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit 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 two types of Housing Tax Credits include a competitive 9% and non-competitive 4%. Majestic SA Apartments is applying for non-competitive 4% Housing Tax Credit which is available year round unlike the competitive 9% Housing Tax Credit program which has a single annual application period. The competitive 9% Housing Tax Credit 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 §10.204(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 50 out of 100 points from the City's scoring criteria outlined in the Low Income Housing Tax Credit Policy adopted by City

ISSUE:

Majestic SA Apartments is submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for non-competitive 4% Housing Tax Credits program for the development of the Majestic Ranch Apartments, a 288 unit multi-family rental housing development located at 4847 Callaghan Road in Council District 7. TDHCA requires a Resolution of No Objection from the local governing body for a 4% Housing Tax Credit project.

The property is located in Council District 7. The applicant met with the Council District 7 office to provide all pertinent information regarding the proposed Majestic Ranch Apartments Housing Tax Credit project.

Any application earning between 50 and 69 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 of the above scoring methodology. Majestic Ranch Apartments received 15 experience points, and 70 points in total. Public engagement points were not awarded, however the developer did meet with the residents of the Ingram Hills Neighborhood Association regularly and established a Memorandum of Understanding (MOU) in February 2017. The MOU stipulated the Ingram Hills Neighborhood Association would withdraw its opposition to 1) the requested amendment to the Ingram Hills Community Plan from Community Commercial and Low Density Residential to High Density Residential and 2) rezoning the land from commercial and office to low-density multi-family. The MOU included 15 stipulations be met before the Ingram Hills Neighborhood Association withdrew its opposition. The agreement included the developer restricting the zoning request to MF-25 (25 units per acre) rather than MF-33 (33 units per acre), locating all entrances and exits to the development to Callaghan Road and Woodside Drive, and installing sidewalks and curbs around the development. The terms of the MOU were completed in November 2018.

The value of the TDHCA tax credit award to Majestic Ranch would be approximately \$16.5 million. The total development cost for this project will be approximately \$43.8 million. All 288 units will be restricted to 60% 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 \$40,080). The 4% application is anticipated to be considered by the TDHCA Governing Board in the Spring of 2019. If approved, the project will commence in May 2019 and be completed by January 2022.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	Monthly Utility Allowance	Net Monthly Rent	AMI Served
One Bedroom	100	\$752	\$64	\$688	60%
Two Bedroom	156	\$903	\$73	\$830	60%
Three Bedroom	32	\$1,042	\$85	\$957	60%

ALTERNATIVES:

Comprehensive Plan Committee may elect not to forward this item to City Council which would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

There is no fiscal impact to the City's Budget.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for consideration of a Resolution of No Objection for the development of Majestic Ranch Apartments, a 288 unit multi-family rental housing development located at 4847 Callaghan Road in Council District 7.