



# City of San Antonio

## Agenda Memorandum

**File Number:**19-1061

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**Agenda Item Number:** 22.

**Agenda Date:** 1/10/2019

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, AICP, Director

**COUNCIL DISTRICTS IMPACTED:** Council District 8

**SUBJECT:**

Resolution of No Objection for LIH Wurzbach Manor application to the Texas Department of Housing and Community Affairs for the non-competitive 4% Housing Tax Credits program

**SUMMARY:**

LIH Wurzbach Manor 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 Wurzbach Manor, a 161 unit affordable multi-family rental housing rehabilitation located at 8730 Wurzbach Road in Council District 8.

**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%. LIH Wurzbach Manor 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

Council December 14, 2017.

The subject property is currently occupied by households at or below 60% Area Median Income (AMI). The developer has created a relocation plan that will come at no cost to the residents, gives adequate notice of the planned work, and allows for residents to stay in place during the rehabilitation of the property. Current residents will be assisted with the cost of moving and packing to other existing units, if needed. Five percent of the units are being updated to meet ADA standards. Residents in these units will be moved to a hotel for approximately one week, free of charge, and will be provided a per diem along with assistance for packing and moving.

On December 12, 2018, the Comprehensive Plan Committee approved to move this item to forward for City Council review.

## **ISSUE:**

LIH Wurzbach Manor is submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for non-competitive 4% Housing Tax Credits program for the rehabilitation of Wurzbach Manor, a 161 unit multi-family rental housing rehabilitation located at 8730 Wurzbach Road in Council District 8. 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 8. The applicants met with the Council District 8 office to provide all pertinent information regarding the proposed Wurzbach Manor 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. Wurzbach Manor received 15 experience points, and 51 points in total. Public engagement points were not sought in this application.

The value of the TDHCA tax credit award to Wurzbach Manor would be approximately \$7.6 million. The total rehabilitation cost for this project will be approximately \$30.6 million. Of the 161 units, 160 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 \$40,080) and one will be staff occupied. Of the 160 rental units, 145 will be reserved for households at 50% and below of area median income. The 4% application is anticipated to be considered by the TDHCA Governing Board in the January 2019. If approved, the project will commence in March 2019 and be completed by December 2019.

Wurzbach Manor is currently occupied and 100% reserved for households at or below 60% AIM. The rehabilitated property will also be 100% reserved for households at or below 60% AIM. Therefore, no current households are expected to be displaced due to income disqualification.

The majority of the rehabilitation will be completed with current residents in place. The work will require residents to temporarily be out of their apartments while work is completed. Work will be performed between 8 A.M. and 5 P.M. At the end of each day, the apartments will be returned to habitable condition and impacted residents will be able to return to their apartment. Moving and packaging boxes required by residents needing to temporarily move their belongings out of work areas will be provided. Food, beverages, and activities will be provided throughout the day for residents while work is conducted on their apartments.

The scope of work requires 5% of the units be reconfigured to meet Americans with Disabilities Act standards. The work planned for these apartments is more substantial than the other units, and will require residents to be

temporarily relocated off-site for one-week. Impacted households will receive meal per diems, moving materials, and hotel accommodations at no cost to the residents.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent*	AMI Served
One Bedroom	21	\$752	3 units at 60% and below; 18 units at 50% and below
Two Bedroom	40	\$903	5 units at 60% and below; 35 units at 50% and below
Three Bedroom	80	\$1,042	4 units at 60% and below; 76 units at 50% and below
Four Bedroom	19	\$1,162	3 units at 60% and below; 16 units at 50% and below
Four Bedroom	1	N/A	Staff Occupied

\*Residents pay no more than 30% of their income in rent. The Housing Assistance Payment contributes the rent balance.

#### **ALTERNATIVES:**

City Council may elect not to provide a Resolution of No Objection 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 FY 2019 Adopted Budget.

#### **RECOMMENDATION:**

Staff recommends City Council approval of a Resolution of No Objection for the rehabilitation of Wurzbach Manor, a 161 unit multi-family rental housing rehabilitation located approximately at 8730 Wurzbach Road in Council District 8.