City of San Antonio

Agenda Memorandum

File Number: 19-1677

Agenda Item Number: 24.

Agenda Date: 2/14/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto, AICP

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Consideration of Resolutions of Support for multifamily rental housing development projects for respondents seeking 2019 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA). Two respondents also requested a Resolution to waive the TDHCA "One-Mile, Three-Year" rule for the construction of new HTC developments within one-linear mile of developments awarded within the prior three years, and six respondents requested a Resolution identifying their projects as contributing more than any other to the concerted revitalization efforts of the municipality. Additionally, all 12 applicants requested a letter from City staff confirming the City's contribution to their project of at least $500.

SUMMARY:

Consideration of Resolutions of Support for multifamily rental housing development projects for respondents seeking 2019 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA). Two respondents also requested a Resolution to waive the TDHCA "One-Mile, Three Year" rule for the construction of new HTC developments within one-linear mile of developments awarded within the prior three years, and six respondents requested a Resolution identifying their projects as contributing more than any other to the concerted revitalization efforts of the municipality. Additionally, all 12 applicants requested a letter from City staff confirming the City's contribution to their project of at least $500.

BACKGROUND INFORMATION:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) program is one of the primary means of incentivizing private capital toward the development and preservation of affordable housing in the state of Texas. HTCs are awarded to offset a portion of federal tax liability in

exchange for the production or preservation of affordable housing. There are two types of HTCs: competitive 9% and non-competitive 4%. The non-competitive 4% HTC program is available year round whereas the competitive 9% HTC program has a single annual application period. For the 2019 competitive application period, TDHCA requires respondents to submit completed applications, along with supporting documents, no later than March 1, 2019.

The HTC program awards competitive application points for a resolution(s) from a Governing Body of a municipality showing local government support on the following basis:

- Seventeen (17) points for a resolution expressly setting forth that the municipality supports the Application or Development; or
- Fourteen (14) points for a resolution expressly setting forth that the municipality has no objection to the Application or Development.

Furthermore, TDHCA will not award HTCs to a proposed development if it is located within one mile of a development awarded within the last three years. However, TDHCA allows the governing body of a municipality to provide a resolution to specifically allow the construction or adaptive reuse of a new Housing Tax Credit development located one mile or less from a development awarded within the prior three years.

There are seven total points available for items related to a Concerted Revitalization Plan (CRP). Two points for a City Council Resolution identifying a development as contributing more than any other development within an identified CRP; four points for a letter from a City official stating that the CRP is appropriate for the proposed development and one points based on the ability of a development to meet the opportunity index points identified by TDHCA.

Six respondents are requesting a Resolution identify them as contributing more than any other project to a concerted revitalization area which would provide two additional points on the State application. To be eligible for this identification, a proposed development must be located within a defined concerted revitalization plan area with allocated funds. The City of San Antonio has identified plans meeting the criteria to be considered a Concerted Revitalization Plan which include, but are not limited to, Tax Increment Reinvestment Zones (TIRZ), Neighborhood Improvement Areas (as part of the Urban Renewal Plan adopted in support of the 2017-2022 Neighborhood Improvements Bond), and REnewSA revitalization plans. In the past, TDHCA has evaluated community plans on a case by case basis.

Respondents seeking HTCs may earn two points toward their state application if the development is explicitly identified in a resolution by the municipality as contributing more than any other project to the concerted revitalization efforts of the municipality.

For the City's evaluation process, a score of at least 70 points on the City Council approved 100-point scoring system is required for a Resolution of Support. Respondents earning between 50 and 69 points may receive a Resolution of No Objection, provided the respondent received at least seven experience points in the "Owner/General Partner/Property Management Experience" section of the application. The City scoring matrix allows respondents to earn a total of 100 points. Points can be earned for Experience (up to 15), Non-profit or SBEDA/HUD Participation (5), Targeted Reinvestment Area (10), Project Amenities & Services (Up to 20), Area Income Criteria (10), Project Site Characteristics (10), Project Feasibly & Readiness (20), and Public Engagement (up to 10). The City used this scoring matrix to evaluate the requests for Resolutions of Support, Resolutions of No Objection, waivers from TDHCAs' One Mile-Three Year Rule, and Resolutions identifying projects as contributing more than any other to the concerted revitalization efforts.

ISSUE:

Using the City's Housing Tax Credit Policy adopted by City Council in 2018, the City issued a Request for Applications to developers seeking a Resolution of Support or No Objection as part of their applications to the Texas Department of Housing and Community Affairs (TDHCA) for the 2019 Competitive 9% Housing Tax Credit Program (HTC). Nineteen respondents sought a Resolution of Support and one respondent requested a Resolution of No Objection. Since submissions, eight applications have been withdrawn. In addition, two respondents requested a waiver from the TDHCAs' One-Mile, Three-Year rule, and six respondents requested a Resolution identifying their projects as contributing more than any other to the concerted revitalization efforts of the municipality. Twelve respondents requested a letter from City staff confirming the City's contribution to their project of at least $500, which adds 1 point to their TDHCA application.

The 20 applications received by the City were scored and their scores ranged from 66 to 93 points. Eight respondents have withdrawn their requests. The remaining 12 projects all scored over 70 points to earn a support for a Resolution from City Council. Below is a table of the remaining respondents who have applied for Resolutions from the City:

Council District	Development
1	▪ Luna Flats, located at 4415 San Pedro Ave.
2	▪ Our Lady of Charity, located at Montana and Grimes
	▪ Village at Boyer, located at 1510 Hoefgen Ave.
3	▪ Legacy at Piedmont, located at 826 E Highland Blvd.
5	▪ Alazan Lofts, located on several parcels on Torreon, El Paso and 803 Colorado
	▪ Village at Nogalitos, located at 3727 Nogalitos
6	▪ Culebra Place Apartments, located at 7796 Culebra Rd. ▪ Pinewood Crossing Apartments, located on Reed Road (East of 8403 Reed Road)
8	▪ Hamilton Wolfe Lofts, located at the Hamilton Wolfe and Princeton Place
9	▪ Blanco Senior Estates, located at 19480 Blanco Rd.
10	▪ Residences at Thousand Oaks, located at 4500 Thousand Oaks Dr.
	▪ Blue Oaks, located at 4501 Thousand Oaks Dr.

The Texas Department of Housing and Community Affairs (TDHCA) have additional guidelines to determine which developments are awarded Housing Tax Credits (HTC). One such regulation is that no two respondents may be awarded tax credits in the same year if located less than two miles apart. This rule impacts seven applications including Our Lady of Charity, Village at Boyer, Legacy at Piedmont, Culebra Place, Pinewood Crossing, Residences at Thousand Oaks and Blue Oaks.

Furthermore, TDHCA will not award HTCs to a proposed development if it is located within one mile of a development awarded within the last three years unless the governing body of the City votes to waive the one mile, three year rule. Two respondents, Our Lady of Charity and Village at Boyer, are located within one mile of a project awarded in the past three years. While this will not impact their overall score on the state application it will impact their eligibility to receive a HTC. Staff has evaluated these two applicants' requests and determined that waiving the one mile, three year rule would allow for the much needed increase in affordable housing as recommended by the Mayor's Housing Policy Task Force and would not result in an overconcentration of affordable units within the areas in which these developments will be located.

There are seven total points available for items related to a Concerted Revitalization Plan (CRP). Two points for a City Council Resolution identifying a development as contributing more than any other development within an identified CRP; four points for a letter from a City official stating that the CRP is appropriate for the

proposed development and one points based on the ability of a development to meet the opportunity index points identified by TDHCA.

Six respondents are requesting the City identify them as contributing more than any other project to a concerted revitalization area which would provide two additional points on the State application. To be eligible for this identification, a proposed development must be located within a defined concerted revitalization plan area with allocated funds.

Twelve respondents requested a letter from City staff confirming the City's contribution to their project of at least $500, which adds 1 point to their TDHCA application.

Below is a table with each of the projects along with a revitalization plan in which their proposed project is located:

Council District	Project Name	Revitalization Plan
1	Luna Flats	North Central Neighborhoods Community Plan
2	Our Lady of Charity	TIRZ #11- Inner City
	Village at Boyer	Urban Renewal Plan AND Arena District/Eastside Community Plan
3	The Legacy at Piedmont	Highlands Community Plan Area
5	Alazan Lofts	TIRZ #30- Westside
	Village at Nogalitos	Nogalitos/South Zarzamora Community Plan

City Council can demonstrate preference for certain projects by awarding fewer Resolutions of Support (17 points) and issuing more projects a Resolution of No Objection (14 points). While this process provides an advantage to projects receiving Resolutions of Support, it does not guarantee the project will be awarded HTCs from TDHCA. City Council may also show preference by providing a limited number of Resolutions identifying applicants as contributing more than any other to a concerted revitalization area. TDHCA awards HTCs to the highest scoring development that is also located in a concerted revitalization plan as long as the project is within an urban region with a population exceeding 500,000 and in a county with a population exceeding 1.7 million. During the 2016-2017 HTC Cycle, City Council identified East Meadows Phase II as the only project contributing more than any other to a concerted revitalization area and as a result was the first project awarded HTC in the region. During the 2017-2018 HTC Cycle, all requested CRP Resolutions were granted by City Council.

The 9% HTC applications were brought before the Comprehensive Planning Committee (CPC) on January 16, 2019. City staff recommended 17 respondents receive a Resolution of Support and one respondent receive a Resolution of No Objection. However, the CPC recommended Alazan Lofts be the only respondent to receive a Resolution of Support and recommended a Resolution of No Objection for the remaining applicants. Since the CPC meeting, seven applications have been withdrawn. In addition, Pinewood Crossing Apartments, who previously withdrew their application, requested to be added back into the consideration for Resolutions.

Staff recommends utilizing City Council approved policy to score the applications, which results in 12 Resolutions of Support. Staff recommends issuing the two requested Resolutions waiving the One-Mile, Three-Year Rule, the six Resolutions identifying the projects contributing more than any other to the revitalization efforts within their CRP, and the issuance of 12 letters confirming the City's contribution to the projects in the amount of at least $500.

In summary, City Staff is recommending the following:

CD	Development	Resolution of Support	1 Mile, 3 YR Waiver	CRP*	$500 City Contribution Letter
1	▪ Luna Flats, located at 4415 San Pedro Ave.	✓		✓	✓
2	▪ Our Lady of Charity, located at Montana and Grimes	✓	✓	✓	✓
	▪ Village at Boyer, located at 1510 Hoefgen Ave.	✓	✓	✓	✓
3	▪ Legacy at Piedmont, located at 826 E Highland Blvd.	✓		✓	✓
5	▪ Alazan Lofts, located on several parcels on Torreon, El Paso and 803 Colorado	✓		✓	✓
	▪ Village at Nogalitos, located at 3727 Nogalitos	✓		✓	✓
6	▪ Culebra Place Apartments, located at 7796 Culebra Rd.	✓			✓
	▪ Pinewood Crossing Apartments, located on Reed Road (East of 8403 Reed Road)	✓			✓
8	▪ Hamilton Wolfe Lofts, located at the Hamilton Wolfe and Princeton Place	✓			✓
9	▪ Blanco Senior Estates, located at 19480 Blanco Rd.	✓			✓
10	▪ Residences at Thousand Oaks, located at 4500 Thousand Oaks Dr.	✓			✓
	▪ Blue Oaks, located at 4501 Thousand Oaks Dr.	✓			✓

*Concerted Revitalization Plan points are awarded to projects in areas that were once vital but have lapsed into a condition requiring a specific and funded plan to restore the area.

ALTERNATIVES:

The City Council may elect some or none of the Resolutions to one or more of the recommended applicants, which would adversely impact the developers' applications with TDHCA's Housing Tax Credit program and may deem certain affordable housing developments less competitive than others.

FISCAL IMPACT:

This authorizes Resolutions for multifamily rental housing development projects by applicants seeking competitive 9% Housing Tax Credits with the Texas Department of Housing and Community Affairs for the 2019 program. There is no fiscal impact to the FY 2019 Adopted Budget with this action.

Historically, COSA's region has had three to four awarded 9% HTCs which in recent years has been the equivalent of approximately $5 million. This year's regional allocation is estimated to be approximately $5 million. Therefore, we anticipate three to four 9% HTC projects will be funded.

RECOMMENDATION:

Staff recommends the following:

- Twelve Resolutions of Support from City Council for the above described Texas Department of Housing and Community Affairs' Competitive 9% Housing Tax Credit Program applications;
- That the Resolution of Support for both Our Lady of Charity and the Village at Boyer also include language waiving the TDHCA's "One Mile, Three Year" rule; and

- That the Resolution of Support for Luna Flats, Our Lady of Charity, Village at Boyer, The Legacy at Piedmont, Alazan Lofts, and Village at Nogalitos include language identifying each development as contributing more than any other in a concerted revitalization efforts of their respective Concerted Revitalization Area.

- Twelve letters be issued by staff confirming the City's contribution to the projects in the amount of at least $500.

With the above staff recommendation, based on staff's current understanding of each application and their projected TDHCA scoring, the following is projected to be the ranking by TDHCA for the 12 remaining applications taking into account tie-breakers:

Expected Rankings	Development Name	Council District
1	Our Lady of Charity Apartments	2
2	Luna Flats	1
3	Village at Nogalitos	5
4	Alazan Lofts	5
5	Blanco Senior Estates	9
6	Hamilton Wolfe Lofts	8
7	Residents at Thousand Oaks	10
8	Culebra Place Apartments	6
Ineligible- 2 Mile Rule	The Legacy at Piedmont	3
Ineligible- 2 Mile Rule	Village at Boyer	2
Ineligible- 2 Mile Rule	Blue Oaks	10
Ineligible- 2 Mile Rule	Pinewood Crossing Apartments	6

Should the City Council choose to support the CPC recommendation, which awards only one Resolution of Support to Alazan Lofts and keeps the remaining portions of the staff recommendations identical, the following is projected to be the ranking of the remaining applications.

Expected Rankings	Development Name	Council District
1	Our Lady of Charity Apartments	2
2	Alazan Lofts	5
3	Luna Flats	1
4	Village at Nogalitos	5
5	Blanco Senior Estates	9
6	Hamilton Wolfe Lofts	8
7	Residents at Thousand Oaks	10
8	Culebra Place Apartments	6
Ineligible- 2 Mile Rule	The Legacy at Piedmont	3
Ineligible- 2 Mile Rule	Village at Boyer	2
Ineligible- 2 Mile Rule	Blue Oaks	10
Ineligible- 2 Mile Rule	Pinewood Crossing Apartments	6