



City of San Antonio

Agenda Memorandum

File Number:19-2010

Agenda Item Number: 3.

Agenda Date: 4/17/2019

In Control: Comprehensive Plan Committee

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

Consideration of a Resolution of No Objection for Echo East Apartments I, LLC's application to the Texas Department of Housing and Community Affairs for the non-competitive 4% Housing Tax Credits program.

SUMMARY:

Echo East Apartments I, LLC 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 Echo East, 211-unit affordable multi-family rental housing development located at 301 Spriggsdale Boulevard in Council District 2.

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%. Echo East is applying 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 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.

There is a current 380 Agreement between the Inner City TIRZ, George Gervin Youth Center (GGYC), and the City which will reimburse GGYC \$450,000 in Inner City TIRZ funds for the acquisition of approximately 9.8 acres located at 301 Spriggsdale in Council District 2. Per the agreement, the City will sell the property to GGYC for the appraised value of \$430,000, and the remaining \$20,000.00 will be reimbursed to GGYC for the appraisal, and closing costs associated with the acquisition. The property is currently in escrow pending sale to GGYC. The 380 agreement requires the City to approve GGYC's financing plan for Phase I of the mixed-use, multi-family development by September 2019 prior to closing on the 301 Spriggsdale site. The total development cost for Phase I of the project is \$33.5 million and it will have 211 affordable units all at 60% AMI. GGYC intends to apply for additional TIRZ funding for the project and securing a 4% tax credit allocation from the State will help GGYC secure the necessary financing for the development.

ISSUE:

Echo East Apartments I, LLC is submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for the non-competitive 4% Housing Tax Credits program for the development of Echo East, a 211-unit multi-family rental housing development located at Spriggsdale Boulevard in Council District 2. 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 2. The applicants met with the Council District 2 office to provide all pertinent information regarding the proposed Echo East Housing Tax Credit project.

Any application earning between 50 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. Echo East received 15 experience points, and 75 points in total and is eligible to receive a Resolution of No Objection.

The value of the TDHCA tax credit award to East Echo would be approximately \$12.5 million over a ten year period. The total construction cost for this project will be approximately \$33.5 million. Of the 211-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 \$40,080). The 4% application is anticipated to be considered by the TDHCA Governing Board in the April 2019. If approved, the project will commence in September 2019 and be completed by December 2020.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom-Small	107	\$730	60% and below
One Bedroom- Large	12	\$745	60% and below
Two Bedroom-Small	83	\$880	60% and below
Two Bedroom-Large	9	\$900	60% and below

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:

This authorizes Resolution for multifamily rental housing development projects by applicants seeking non-competitive 4% 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 general fund.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for consideration of a Resolution of No Objection for the development of Echo East, a 211 unit multi-family rental housing development located approximately at 301 Spriggsdale Boulevard in Council District 2.