



City of San Antonio

Agenda Memorandum

File Number:19-2624

Agenda Item Number: 26.

Agenda Date: 4/4/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 8

SUBJECT:

Consideration of a Resolution of No Objection for Franklin Development Properties, LTD's application to the Texas Department of Housing and Community Affairs for the non-competitive 4% Housing Tax Credits program.

SUMMARY:

Franklin Development Properties, LTD 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 Parkdale, 235-unit affordable multi-family rental housing development located at 3830 Parkdale Drive in Council District 8.

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%. Parkdale 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.

On January 17, 2019, City Council awarded the Sale of Land for Redevelopment contract for the 3830 Parkdale Drive site located in the Wurzbach Improvement Area in Council District 8 to Franklin Development Properties, LTD as part of the voter approved \$20 million 2017-2022 Neighborhood Improvements Affordable Housing Bond Program with the objective of providing affordable housing. The City, acting by and through OUR SA, will sell the approximately 7.07 acres of vacant land to the awarded firm, Franklin Development Properties, Ltd., to construct a 235-unit multi-family development for the purpose of providing affordable and Workforce Housing rental opportunities. All of the units will be offered to households earning at or below 60% of the Housing and Urban Development (HUD) Area Median Income (AMI). Offered on-site amenities include a pool, two children's play-scape areas, community room, library, gym, and business center along with resident services such as after school activities (STEM, swim lessons, leadership and team building), health and wellness programs, food pantry, resident gardens and financial literacy courses. In addition, the Sale of Land for Private Redevelopment contract provides Franklin Development Properties, LTD a contribution toward eligible expenses not-to-exceed \$4,400,000.

ISSUE:

Franklin Development Properties, LTD 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 development of the Parkdale, a 235-unit multi-family rental housing development located at 3830 Parkdale Drive in Council District 8. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC 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 Parkdale HTC 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. Parkdale received 15 experience points, and 60 points in total and is eligible to receive a Resolution of No Objection.

The value of the TDHCA tax credit award to Parkdale would be approximately \$11.9 million over a ten year period. The total construction cost for this project will be approximately \$40.6 million. Of the 235-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 October 2019. If approved, the estimated construction start date will be in December 2019 and the estimated project completion is July 2021.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
Two Bedroom	115	\$834	60% and below
Three Bedroom	120	\$965	60% and below

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:

The authorizes Resolution of No Objection for Franklin Development Properties' application to the Texas Department of Housing and Community Affairs non-competitive 4% Housing Tax Credits program for the construction of the Parkdale, a 235 unit multi-family rental housing development, located at 3830 Parkdale Drive in City Council District 8. There is no fiscal impact to the City's budget as a result of this Resolution.

RECOMMENDATION:

Staff recommends City Council approval of a Resolution of No Objection for the development of Parkdale, a 235-unit multi-family rental housing development located at 3830 Parkdale Drive in Council District 8.