



# City of San Antonio

## Agenda Memorandum

**File Number:** 19-2625

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**Agenda Item Number:** 27.

**Agenda Date:** 4/4/2019

**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:** Extra Territorial Jurisdiction

### **SUBJECT:**

Consideration of a Resolution of No Objection for Gardner Capital, Inc.'s application to the Texas Department of Housing and Community Affairs for the non-competitive 4% Housing Tax Credits program for the development of Provision at Kitty Hawk.

### **SUMMARY:**

Gardner Capital, Inc. 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 Provision at Kitty Hawk, 210-unit affordable multi-family rental housing development located at 7219 Crestway Drive within San Antonio's Extra Territorial Jurisdiction.

### **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%.

Provision at Kitty Hawk is applying for the Non-Competitive 4% HTC program which is available year round. 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.

**ISSUE:**

Gardner Capital, Inc. 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 Provision at Kitty Hawk, a 210-unit multi-family rental housing development located at 7219 Crestway Drive in San Antonio’s Extra Territorial Jurisdiction (ETJ). For applicants located within the ETJ of a municipality, TDHCA awards seven points for a Resolution of No Objection from the municipality and seven points for a Resolution of No Objection from the county. Gardner Capital, Inc. is seeking a Resolution of No Objection from the City of San Antonio as well as a Resolution of No Objection from Bexar County for a total of 14 points towards their application. The project should be considered for a Resolution from the Commissioner’s Court on April 9.

The closest Council District to the property is Council District 2. The applicant met with the Council District 2 office to provide all pertinent information regarding the proposed 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. Provision at Kitty Hawk received 8 experience points, and 51 points in total and is eligible to receive a Resolution of No Objection.

The value of the TDHCA tax credit award to Provision at Kitty Hawk would be approximately \$14.6 million over a ten year period. The total construction cost for this project will be approximately \$42 million. Of the 210 -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 April 2019. If approved, the estimated construction start date will be in January 2020 and the estimated project completion is October 2021.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	24	\$694	60% and below
Two Bedroom	100	\$823	60% and below
Three Bedroom	86	\$941	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:**

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 City’s budget.

**RECOMMENDATION:**

Staff recommends City Council approval for consideration of a Resolution of No Objection for the development of Provision at Kitty Hawk, a 210-unit multi-family rental housing development located approximately at 7219 Crestway Drive in San Antonio's Extra Territorial Jurisdiction.