



City of San Antonio

Agenda Memorandum

File Number:19-3332

Agenda Item Number: 4.

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: Extra Territorial Jurisdiction

SUBJECT:

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

SUMMARY:

Cohen-Esrey Development Group 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 The Walzem, a 200-unit affordable multi-family rental housing development located at approximately FM 78 & Walzem Road in 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%. The Walzem 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.

ISSUE:

Cohen-Esrey Development Group 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 Walzem, a 200-unit multi-family rental housing development located at approximately FM 78 and Walzem Road 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. Cohen-Esrey Development Group 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 of No Objection by Commissioner's Court on April 23.

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. District 2 is supportive.

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. The Walzem received 15 experience points, and 59 points in total and is eligible to receive a Resolution of No Objection. The applicant completed public engagement work including meeting with the Ventura Homeowners Association twice and some residents individually. At the second meeting the applicant reported no objections to the proposed development. The applicant is not seeking points for public engagement because their engagement did not follow the specific guidelines in the COSA application including notifying staff.

The value of the TDHCA tax credit award to The Walzem would be approximately \$12.6 million over a ten year period. The total construction cost for this project will be approximately \$34 million. Of the 200-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 September 2019. If approved, the estimated construction start date will be in October 2019 and the estimated construction 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	60	\$697	60% and below
Two Bedroom	100	\$830	60% and below
Three Bedroom	40	\$951	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 The Walzem, a 200-unit multi-family rental housing development located approximately at FM 78 & Walzem Road in San Antonio's Extra Territorial Jurisdiction.