



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 34.

Agenda Date: 6/20/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 7

SUBJECT:

Adopting an Amended Resolution of No Objection for the Majestic SA Apartments' application to the Texas Department of Housing and Community Affairs' Non-Competitive 4% Housing Tax Credits Program.

SUMMARY:

Amending Resolution of No Objection for an application to the Texas Department of Housing and Community Affairs' Non-Competitive 4% Housing Tax Credits Program for the development of Majestic Ranch Apartments, a 288 unit multi-family rental housing development, located at 4847 Callaghan Road in City Council District 7, previously approved by the City Council on January 10, 2019, to include the City's specific consent to the location of the Majestic Ranch Apartments Development in a census tract that has more than 20% Housing Tax Credit Units per total households as established by the 5-year American Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4 (c)(1).

BACKGROUND INFORMATION:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit 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 two types of Housing Tax Credits include a Competitive 9% and Non-Competitive 4%. Majestic SA Apartments is applying for the Non-Competitive 4% Housing Tax Credit Program which is available year round unlike the Competitive 9% Housing Tax Credit Program which has a single annual application period. The Competitive 9% Housing Tax Credit application 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 application only requires 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.

The property is located in Council District 7. The applicant met with Councilwoman Ana Sandoval to provide all pertinent information regarding the proposed Majestic Ranch Apartments Housing Tax Credit project.

Any application earning between 50 and 69 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 of the above scoring methodology. Majestic Ranch Apartments received 15 experience points, and 70 points in total. Public engagement points were not awarded, however the developer did meet with the residents of the Ingram Hills Neighborhood Association regularly and established a Memorandum of Understanding (MOU) in February 2017. The MOU stipulated the Ingram Hills Neighborhood Association would withdraw its opposition to 1) the requested amendment to the Ingram Hills Community Plan from Community Commercial and Low Density Residential to High Density Residential and 2) rezoning the land from commercial and office to low-density multi-family. The MOU included 15 stipulations be met before the Ingram Hills Neighborhood Association withdrew its opposition. The agreement included the developer restricting the zoning request to MF-25 (25 units per acre) rather than MF-33 (33 units per acre), locating all entrances and exits to the development to Callaghan Road and Woodside Drive, and installing sidewalks and curbs around the development. The terms of the MOU were completed in November 2018.

The value of the TDHCA tax credit award to Majestic Ranch would be approximately \$16,520,320. The total development cost for this project will be approximately \$43,892,135. All 288 units will be restricted to 60% 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 Spring of 2019. If approved, the project will commence in May 2019 and be completed by January 2022.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	Monthly Utility Allowance	Net Monthly Rent	AMI Served
One Bedroom	100	\$752	\$64	\$688	60%
Two Bedroom	156	\$903	\$73	\$830	60%
Three Bedroom	32	\$1,042	\$85	\$957	60%

On January 10, 2019, City Council approved a Resolution of No Objection for this development's application to the TDHCA for non-competitive (4%) housing tax credits and the CDBG loan and on May 16, 2019 City Council authorized the bonds to be issued by the San Antonio Housing Trust Finance Corporation.

Majestic SA Apartments submitted an application to TDHCA for Non-Competitive 4% Housing Tax Credits for the development of the Majestic Ranch Apartments, a 288 unit multi-family rental housing development

located at 4847 Callaghan Road in Council District 7. TDHCA requires a Resolution of No Objection from the local governing body for a 4% Housing Tax Credit project. Upon review of the application, TDHCA confirmed Majestic SA Apartments would need to acquire an Amended Resolution of No Objection from the City consenting to the location of the Majestic Ranch Apartment Development being constructed in a census tract with more than 20% Housing Tax Credit Units per total households as established by the 5-year America Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4(c)(1).

ISSUE:

The Texas Department of Housing and Community Affairs recently notified the Developer that the census tract the project will be located in has more than 20% of the units in the census tract as tax credit units. In this case, approximately 21.8%. Pursuant to the state's Qualified Allocation Plan and Chapter 10 of the Texas Administrative Code, sections 11.3 (e) and 11.4 (c)(1), when a development will be located in such a census tract, in order for the development to receive 4% Housing Tax Credits, the City must find that the proposed Development is consistent with the City's obligation to affirmatively further fair housing and must vote specifically to allow the construction of the development within this census tract. As a result of this notification by the State of this issue, it is necessary for the City Council to approve an Amended Resolution of No Objection to include this additional information.

ALTERNATIVES:

City Council may elect not to authorize the attached Resolution which would eliminate tax credit funding sources preventing the project from proceeding.

FISCAL IMPACT:

There is no fiscal impact to the City's FY 2019 Adopted Budget.

RECOMMENDATION:

Staff recommends approval of an Amended Resolution acknowledging that more than 20% of the units in the census tract are tax credit units; making a finding that the proposed Development is consistent with the City's obligation to affirmatively further fair housing; and specifically to allowing the construction of the Development within this census tract, therefore allowing the project to proceed.