



City of San Antonio

Agenda Memorandum

File Number:19-6049

Agenda Item Number: 31.

Agenda Date: 9/19/2019

In Control: City Council A Session

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 Herman & Kittle Properties, Inc.'s application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Herman & Kittle Properties, 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 The Montage Apartments, 216-unit affordable multi-family rental housing development located at FM 78 & Walzem 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. HTCs 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%. Herman & Kittle Properties 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:

Herman & Kittle Properties 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 Montage Apartments, a 216-unit multi-family rental housing development located at FM 78 & Walzem Road in San Antonio's Extra Territorial Jurisdiction (ETJ). For applicants located within the ETJ of a municipality, a Resolution of No Objection from the municipality and a Resolution of No Objection from the County. Herman & Kittle Properties is seeking a Resolution of No Objection from the City of San Antonio as well as a Resolution of No Objection from Bexar County. The project was considered and a Resolution of No Objection approved by the Commissioner's Court on September 3, 2019.

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. The Montage received 15 experience points, and 67 points in total and is eligible to receive a Resolution of No Objection. The applicant held a public meeting on July 8, 2019 to which they invited all Homeowners Associations and Neighborhood Associations within a 1-mile radius of the property. The applicant sent an initial initiation and follow-up email to these groups prior to the meeting. At the meeting, there was a citizen question about the fence that was not fully answered. The applicant followed up by phone and email to provide more information. The concerned individual has not responded to the follow-up. While they hosted a public meeting, the applicant is not seeking points for public engagement because their meeting did not follow the specific guidelines in the COSA application which includes notifying staff about the meeting prior to its occurrence.

The value of the TDHCA tax credit award to The Montage Apartments would be approximately \$14.4 million over a ten year period. The total construction cost for this project will be approximately \$40.8 million. Of the 216-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 \$42,600). 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 January 2020 and is estimated to be completed in September 2021.

The affordable units are projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	60	\$711	60% and below
Two Bedroom	96	\$846	60% and below
Three Bedroom	60	\$968	60% and below

The Planning and Community Development Committee reviewed this item on September 9, 2019 and recommended City Council issue a Resolution of No Objection.

ALTERNATIVES:

City Council may elect not to approve a Resolution of No Objection which would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

This authorizes a Resolution of No Objection for Herman & Kittle Properties, Inc.'s application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program with the Texas Department of Housing and Community Affairs for the 2019 program for the construction of The Montage Apartments, a 216 unit affordable multi-family rental housing development, located at FM 78 & Walzem Road in San Antonio's Extra Territorial Jurisdiction.

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

RECOMMENDATION:

Staff and the Planning and Planning and Community Development Committee recommend City Council approval of a Resolution of No Objection for the development of The Montage Apartments, a 216-unit multi-family rental housing development located at FM 78 & Walzem Road in San Antonio's Extra Territorial Jurisdiction.