



# City of San Antonio

## Agenda Memorandum

**File Number:**19-7257

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**Agenda Item Number:** 3.

**Agenda Date:** 10/14/2019

**In Control:** Planning and Community Development Committee

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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 The NRP Group, LLC's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

### **SUMMARY:**

The NRP Group, LLC 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 Kitty Hawk Flats, 240-unit affordable multi-family rental housing development located at 7219 Crestway Drive 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%. The NRP Group 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:**

The NRP 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 Kitty Hawk Flats, a 240-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, a Resolution of No Objection from the municipality and a Resolution of No Objection from the county is required. Therefore, the NRP 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.

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. Kitty Hawk Flats received 15 experience points, and 62 points in total and is eligible to receive a Resolution of No Objection. No public engagement points were sought.

The value of the TDHCA tax credit award for Kitty Hawk Flats would be approximately \$12.2 million over a ten year period. The total construction cost for this project will be approximately \$39.4 million. Of the 240-units, all will have rent restricted to 70% 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 \$49,700).

The 4% application is anticipated to be considered by the TDHCA Governing Board in January 2020. If approved, the estimated construction start date will be in July 2020 and is estimated to be completed in May 2022.

This is the first Non-Competitive 4% HTC project being considered by the City of San Antonio that has opted to income average. Income averaging is a way to expand the HTC program to serve more families. Traditionally, most 4% HTC projects have served families at 60% AMI. Income averaging allows developments to accept families with incomes up to 80% AMI and as low as 20% AMI as long as the average income of the development does not exceed 60% AMI. This tool makes it more financially feasible for development to target lower AMIs since the higher rents that households at the upper range pay are offset by the lower rents households at lower AMIs pay.

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

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	15	\$310	<b>2 units at 30% and below</b>
		\$710	9 units at 60% and below
		\$843	4 units at 70% and below
Two Bedroom	106	\$375	<b>11 units at 30% and below</b>
		\$854	73 units at 60% and below
		\$1,014	22 units at 70% and below
Three Bedroom	80	\$436	<b>8 units at 30% and below</b>
		\$990	56 units at 60% and below
		\$1,174	16 units at 70% and below
Four Bedroom	39	\$485	<b>3 units at 30% and below</b>
		\$1,103	30 units at 60% and below
		\$1,309	6 units at 70% and below

## ALTERNATIVES:

Planning and Community Development 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 2020 program. There is no fiscal impact to the FY 2020 General Fund.

## RECOMMENDATION:

Staff recommends the Planning and Community Development Committee forward this item to City Council with a recommendation of approval of a Resolution of No Objection for the development of Kitty Hawk Flats, a 240-unit multi-family rental housing development located at 7219 Crestway Drive in San Antonio's Extra Territorial Jurisdiction.