



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 37.

Agenda Date: 12/12/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT:

Resolution of No Objection for Franklin Development Properties, LTD's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Franklin Development Properties, LTD 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 Greenline North, 292-unit affordable multi-family rental housing development located at 7402 S. New Braunfels Avenue in Council District 3.

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%. Franklin Development 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.

Franklin Development Properties successfully responded to the City of San Antonio's request for proposal to construct an affordable/workforce housing development consistent with the voter-approved Neighborhood Improvements Bond Program in accordance with the City Council-approved Urban Renewal Plan and Chapter 374 Urban Renewal Stature. Franklin Development Properties' development will provide new affordable housing in Council District 3 while meeting the green building objectives of the SA Tomorrow Sustainability Plan.

ISSUE:

Franklin Development 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 Greenline North, a 292-unit multi-family rental housing development located at 7402 S. New Braunfels Avenue in Council District 3. The applicant met with the Council District 3 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. Franklin Development Properties received 15 experience points, and 60 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 Greenline North would be approximately \$17.6 million over a ten year period. The total construction cost for this project will be approximately \$52.2 million. Of the 292-units, all will have rent restricted to 80% 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 \$56,800).

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

This is the fifth 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 tool 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
Two Bedroom	204	\$479	22 units at 30% and below
		\$639	6 units at 40% and below
		\$798	6 units at 50% and below
		\$958	106 units at 60% and below
		\$1,118	44 units at 80% and below
		\$1,278	20 units at 80% and below
Three Bedroom	88	\$553	12 units at 30% and below
		\$738	3 units at 40% and below
		\$923	3 units at 50% and below
		\$1,107	35 units at 60% and below
		\$1,292	25 units at 70% and below
		\$1,477	10 units at 80% and below

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 Franklin Development Properties, LTD's application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program for the construction of Greenline North, a 292 unit affordable multi-family rental housing development, located at 7402 S. New Braunfels Avenue in Council District 3. There is no fiscal impact to the City's budget.

RECOMMENDATION:

Staff recommends City Council approval of a Resolution of No Objection for the development of Greenline North, a 292-unit multi-family rental housing development located at 7402 S. New Braunfels Avenue in Council District 3.