



City of San Antonio

Agenda Memorandum

File Number:19-8712

Agenda Item Number: 36.

Agenda Date: 12/12/2019

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: 2

SUBJECT:

Amending the Echo East Chapter 380 Economic Development Grant Agreement with George Gervin Youth Center, Inc.

SUMMARY:

An Ordinance amending the Chapter 380 Economic Development Grant Agreement with George Gervin Youth Center, Inc. ("GGYC") for the Echo East Project to be located in City Council District 2 and authorizing the allocation of tax credits..

BACKGROUND INFORMATION:

In 2018, the City of San Antonio and Inner City TIRZ Board executed a Chapter 380 Economic Development Grant Agreement with the George Gervin Youth Center (GGYC) to convey 9.89 acres of City owned land for a multi-family redevelopment located along Spriggsdale Blvd in Council District 2.

The City initially acquired the property through a Deed In Lieu of Foreclosure on a prior development that utilized funds issued by the Inner City TIRZ. The City property, valued at \$430,000, is being proposed as the Phase 1 site for the Echo East Redevelopment Project. GGYC owns the adjacent 10.21 acres which they intend to redevelop as Phase II of the Project.

The initial plan for Phase 1 was to develop a market rate housing project. However, after completing a market study of the area, GGYC decided to partner with Gardner Capital to pursue affordable housing on the site. The revised scope for Phase 1 is valued at \$30,629,385 and includes 192 housing units at or below 60% AMI. The

project will require tax credits, funding for public improvements, and a tax exemption from the San Antonio Housing Trust Public Facilities Corporation (SAHT PFC). On May 9, 2019, City Council approved a Resolution of No Objection for the project allowing it to apply for the 4% Low Income Housing Tax Credit (LIHTC) program to the Texas Department of Housing & Community Affairs (TDHCA). Simultaneously, GGYC and Gardner were working with City staff on an application for \$2.6 million in TIRZ funding for public improvements and also pursuing the revenue bond allocation and tax exemption from SAHT PFC.

Due to the Chapter 380 Agreement expiring in December 2019 and a TDHCA requirement that the developer have site control of the property through closing, which is expected in spring or summer of 2020, GGYC had to withdraw the LIHTC application. Therefore, the Chapter 380 Agreement must be amended to reflect a new timeline that allows GGYC to secure LIHTC by spring of 2020. As provided for in 10 TAC §11.3(e) and §11.4(c)(1), the City Council is being requested to acknowledge that the project is located in a census tract that has more than 20% Housing Tax Credit Units per total households and that it has a poverty rate of greater than 40% and to approve the project for the allocation of tax credits pursuant to 10 TAC §11.3(e), §11.4(c)(1), 11.101 (a)(3)(D)(i), and 11.4 (c)(1).

City staff agreed to recommend to City Council that the Agreement be amended provided that the developer submits a finance plan to City staff and also submit letters of support for the project from the area neighborhood associations. In November, the developer submitted to City staff their finance plan for approval and seven letters of support. The letters of support were from Bertha Sevilla, President of the Coliseum Oaks Neighborhood Association; James Dickerson, President of Coliseum/Willow Park Neighborhood Association; Aubry Lewis, President of the Denver Heights Neighborhood Association; Rose Hill, President of the Government Hill Alliance; Mary Emerson, President of Harvard Place-Eastlawn Neighborhood Association; Edward Gutierrez, President of Wilshire Village Neighborhood Association; and Patrick J. Jones, President of the Baptist Minister's Union of San Antonio.

ISSUE:

City staff has reviewed the project's revised finance plan and received the requested letters of support from the neighborhood associations. Therefore, staff is recommending that the Chapter 380 Economic Development Grant Agreement be amended to: 1) provide sufficient time for GGYC to receive LIHTC approval; and 2) to include the affordable housing component in the Agreement. Specifically, the amendments will require GGYC to reapply and receive an award of multi-family revenue bonds and 4% Low Income Housing Tax Credits by December 31, 2020 and to reflect a revised conveyance structure that coincides with the financial closing for the project. If the financial closing does not occur by December 31, 2020, the agreement shall terminate.

Additionally, upon award of the multi-family revenue bonds, 4% LIHTC and review and approval of a final Echo East project finance plan, staff will recommend to the Inner City TIRZ Board that the project be awarded \$2.6 million for public improvements to Phase 1 of the project. If approved by the TIRZ Board, staff will return to City Council for the necessary amendments to the Chapter 380 Agreement and consideration of an amended Inner City TIRZ Project Plan and Finance Plan.

ALTERNATIVES:

City Council can choose not to amend the terms of the Chapter 380 Economic Development Agreement and have the existing agreement expire. The City would retain ownership of the vacant property and reissue an RFP for its development.

FISCAL IMPACT:

Upon award of the multi-family revenue bonds, 4% LIHTC and review and approval of a final Echo East project finance plan, staff will recommend TIRZ funding for public improvements to the Inner City TIRZ Board. If approved, staff will return to City Council to amend the Chapter 380 agreement and consideration of the Inner City TIRZ project plan and finance plan.

RECOMMENDATION:

Staff recommends approval of an amendment to the Chapter 380 Economic Development Grant Agreement with GGYC for the Echo East project.