



City of San Antonio

Agenda Memorandum

File Number:19-9384

Agenda Item Number: 25.

Agenda Date: 1/16/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 5

SUBJECT:

Adopting an Amended Resolution of No Objection for Tampico Apartments, LP's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Amending the 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 the Tampico Apartments, a 200 unit multi-family rental housing development, located at 200 Tampico Road in City Council District 5, previously approved by the City Council on November 14, 2019, to include the City's specific acknowledgement and consent to the location of the Tampico Apartments Development in a census tract that has more than 40% poverty and is located within one linear mile of another Housing Tax Credit development awarded in the last three years and serving the same population.

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%. This is an application 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.

TDHCA will not award HTCs to a proposed development if it is located within one mile of a development awarded within the last three years. However, TDHCA allows the governing body of a municipality to provide a resolution to specifically allow the construction or adaptive reuse of a new Housing Tax Credit development located one mile or less from a development awarded within the prior three years.

Additionally, TDHCA will not award a proposed development HTCs if the proposed development is located in a census tract with 40% or more poverty unless the governing body of the municipality it is located in acknowledges the high poverty rate and authorizes the development to proceed in the application process.

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 December 14 policy is the policy the application for Tampico Apartments was submitted and awarded its original Resolution of No Objection.

ISSUE:

This project is the result of a partnership between the San Antonio Housing Authority and Mission DG. They will submit 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 Tampico Apartments, a 200-unit multi-family rental housing development located at 200 Tampico Street in Council District 5. The applicant met with the Council District 5 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. SAHA and Mission DG received 15 experience points, and 81 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 Tampico Apartments would be approximately \$7.2 million over a ten year period. The total construction cost for this project will be approximately \$29.9 million. Of the 200-units, 123 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 December 2019. If approved, the estimated construction start date will be in April 2020 and is estimated to be completed in September 2021.

This is the fourth 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 |
|-------------|-----------------|--------------|---------------------------|
| Studio | 58 | \$372 | 3 units 30% and below |
| | | \$497 | 3 units at 40% and below |
| | | \$621 | 8 units at 50% and below |
| | | \$745 | 19 units 60% and below |
| | | \$869 | 4 units 70% and below |
| | | \$994 | 4 units 80% and below |
| | | \$999 | 17 units 100% and below |
| | | | |
| One Bedroom | 70 | \$399 | 3 units at 30% and below |
| | | \$532 | 4 units at 40% and below |
| | | \$665 | 6 units at 50% and below |
| | | \$798 | 25 units 60% and below |
| | | \$931 | 9 units 70% and below |
| | | \$1,065 | 3 units 80% and below |
| | | \$1,070 | 20 units 100% and below |
| | | | |
| Two Bedroom | 72 | \$479 | 3 units at 30% and below |
| | | \$639 | 3 units at 40% and below |
| | | \$798 | 4 units at 50% and below |
| | | \$958 | 11 units at 60% and below |
| | | \$1,118 | 9 units at 70% and below |
| | | \$1,278 | 2 units at 80% and below |
| | | \$1,499 | 40 units 100% and below |
| | | | |

On November 14, 2019, City Council approved a Resolution of No Objection for this development's application to the TDHCA for Non-Competitive (4%) Housing Tax Credits. Upon review TDHCA confirmed Tampico Apartments, LP would need to acquire an Amended Resolution of No Objection from the City consenting to the location of the development being in a census tract with a poverty rate greater than 40% and within 1 linear mile of another HTC development awarded in the last three years and serving the same population.

The 2020 QAP allows the governing body of the municipality the development is proposed to be located in to proceed in the process even if the development is in a census tract with a poverty rate exceeding 40%. In the past, an appeal would have to be filed by the applicant and proof of mitigation be presented to TDHCA. The 2020 QAP allows for the municipality to determine the needs of the community directly through this Resolution.

TDHCA will not award HTCs to a proposed development if it is located within one mile of a development awarded within the last three years unless the governing body of the City votes to waive the one mile, three year rule. Tampico Apartments is proposed to be within one linear mile of Alazan Lofts. Alazan Lofts was awarded 9% HTCs in 2019. Staff believes waiving the one mile, three year rule would allow for the much needed increase in affordable housing as recommended by the Mayor's Housing Policy Task Force and would

not result in an overconcentration of affordable units within the areas in which the development will be located.

ALTERNATIVES:

City Council may elect not issue an Amended Resolution of No Objection would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

This is an Amended Resolution for multifamily rental housing development project by applicants seeking Non-Competitive 4% Housing Tax Credits with the Texas Department of Housing and Community Affairs for the 2019 or 2020 program. There is no fiscal impact to the FY 2020 General Fund.

RECOMMENDATION:

Staff recommends City Council approval of an Amended Resolution of No Objection for the development of Tampico Apartments, a 200-unit multi-family rental housing development located at 200 Tampico in Council District 5.