



City of San Antonio

Agenda Memorandum

File Number:20-1737

Agenda Item Number: 3.

Agenda Date: 2/10/2020

In Control: Planning and Land Development Committee

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP

COUNCIL DISTRICTS IMPACTED: District 5

SUBJECT: Development Agreement for West End Lofts

SUMMARY:

Consideration of a Development Agreement with Terramark Interests, LLC for construction of 12 multi-family rental units located at the southwest corner of Frio Street and El Paso Street in Council District 5. The total project investment is \$1.9 million. The Development Agreement includes a \$242,000.00 forgivable loan provided the developer rents 6 of the 12 units to households earning at or below 60% of Area Median Income (AMI). Funding in the amount of \$242,000 is available in the Affordable Housing Fund and FY 2020 Adopted Budget.

BACKGROUND INFORMATION:

Terramark Interests, LLC will construct a 12-unit multi-family rental development for the purpose of providing affordable and Workforce Housing opportunities. The development will consist of four (4) 2 bedroom/2 bathroom units and eight (8) 2 bedroom/1 bathroom units. Six (6) units of the 2 bedroom/1 bath option will be offered to households earning at or below 60% of the HUD AMI. The 2019 HUD affordable rental price for a 2 bedroom unit at 60% AMI is \$958 monthly. Market rate units for the 2 bedroom/1 bath and the 2 bedroom/2 bath will vary around \$1,200 to \$1,604 monthly. On-site amenities will include an outside communal area for a place for tenants to congregate. The rental units will be located at the southwest corner of Frio Street and El Paso Street in Council District 5.

Terramark Interests, LLC expects to commence construction in March 2020 and expects completion by April 2021.

ISSUE:

Staff is recommending a Development Agreement with Terramark Interests, LLC that includes a \$242,000.00 forgivable loan provided the developer rents 6 of the 12 multi-family units to households earning at or below

60% of the AMI for the San Antonio-New Braunfels Metropolitan Area. The total project cost for the development is approximately \$1,900,000. The \$242,000.00 is necessary to subsidize the rent for the project so that it will be affordable to households earning at or below 60% of the AMI. The loan will be forgiven over twenty years provided that 6 units are leased to households earning at or below 60% of the AMI for 20 Years.

ALTERNATIVES:

If the Development Agreement is not approved, the project will not include the affordability component.

FISCAL IMPACT:

Funding for the \$242,000.00 Forgivable Loan is available from the City's FY20 Affordable Housing Budget.

RECOMMENDATION:

Staff recommends approval of Development Agreement with Terramark Interest, LLC. The recommendation is in alignment with the Mayor's Housing Policy Task Force report that illustrated the need for rental housing for households between 30% to 80% AMI.