



# City of San Antonio

## Agenda Memorandum

**File Number:**20-2449

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**Agenda Item Number:** 25.

**Agenda Date:** 3/19/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, AICP, Director

**COUNCIL DISTRICTS IMPACTED:** Council District 5

### **SUBJECT:**

A Resolution of No Objection for Port SA Redevelopment LP's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

### **SUMMARY:**

Integrated Realty Group 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 rehabilitation of the Preserve at Port Apartments, a 384-unit affordable multi-family rental housing development located at 402 Gillmore Avenue in Council District 5.

### **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. Housing Tax Credits 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 application is 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 60 out of 100 points from the City's scoring criteria outlined in the Housing Tax Credit Policy adopted by City Council October 31, 2019.

## **ISSUE:**

Integrated Realty 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 rehabilitation of the Preserve at Port Apartments, a 384-unit multi-family rental housing development located at 402 Gillmore Avenue in Council District 5. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project.

The property is located in Council District 5. The applicant has provided the Council District 5 office to provide all pertinent information regarding the proposed HTC project.

Any 4% HTC application earning between 60 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. The application received 15 experience points, and 90 points total and is eligible to receive a Resolution of No Objection.

The applicant sought 5 points for public engagement because they plan to hold a public meeting. They were not awarded public engagement points, because the meeting was not held nor scheduled at the time of application.

The value of the TDHCA tax credit award to the Preserve at Port Apartments would be approximately \$15 million over a ten year period. The total cost for this project will be approximately \$56 million. Integrated Realty Group is also seeking approximately \$10 million in Historic Tax Credits through a separate process. The 384-units will be income averaged, with all the units at 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). However, Integrated Realty Group has agreed not to increase the rent for residents at the Preserve at Port Apartments for 2 years, as part of their partnership agreement with the San Antonio Housing Trust.

The 4% application is anticipated to be considered by the TDHCA Governing Board in May 2020. If approved, the estimated start date will be in October 2020 and the estimated project completion is April 2022.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	234	\$399	0 units at 30% and below
		\$532	31 units at 40% and below
		\$665	50 units at 50% and below
		\$798	133 units at 60% and below
		\$931	20 units at 70% and below
Two Bedroom	138	\$479	2 units at 30% and below
		\$639	38 units at 40% and below
		\$798	16 units at 50% and below
		\$958	57 units at 60% and below
		\$1,118	25 units at 70% and below
Three Bedroom	12	\$553	0 units at 30% and below
		\$738	1 units at 40% and below
		\$923	3 units at 50% and below
		\$1,107	5 units at 60% and below
		\$1,292	3 units at 70% 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 approves a Resolution of No Objection for Port SA Redevelopment, LP's application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program for the rehabilitation of the Preserve at Port Apartments, a 384 unit affordable multi-family rental housing development, located at 402 Gillmore Avenue in Council District 5. There is no fiscal impact to the City's Budget.

#### **RECOMMENDATION:**

Staff recommends City Council approval of a Resolution of No Objection for the rehabilitation of the Preserve at Port Apartments, a 384-unit multi-family rental housing development located at 402 Gillmore Avenue in San Antonio, Texas.