



City of San Antonio

Agenda Memorandum

File Number:20-2744

Agenda Item Number: 18.

Agenda Date: 5/14/2020

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:

Adopting an Amended Resolution of No Objection for the Franklin Development Properties' application to the Texas Department of Housing and Community Affairs' Non-Competitive 4% Housing Tax Credits Program.

SUMMARY:

Amending 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 Greenline North, a 292 unit multi-family rental housing development, located at 7402 S. New Braunfels in City Council District 3, previously approved by the City Council on December 12, 2019, to include the City's specific consent to the location of the Greenline North development in a census tract that has more than 20% Housing Tax Credit Units per total households as established by the 5-year American Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4 (c)(1).

BACKGROUND INFORMATION:

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 Statute. 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.

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit 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 two types of Housing Tax Credits include a Competitive 9% and Non-Competitive 4%. Franklin Development Properties is applying for the Non-Competitive 4% Housing Tax Credit Program which is available year round unlike the Competitive 9% Housing Tax Credit Program which has a single annual application period. The Competitive 9% Housing Tax Credit application 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 application only requires that a Resolution of No Objection be submitted to satisfy requirements of §11.204(4)(C) of the TDHCA's Uniform Multifamily Rules.

Franklin Development Properties applied for a Resolution of No Objection before the current Housing Tax Credit Policy, adopted on October 31, 2019, was in effect. Therefore, the application was under the Low Income Housing Tax Credit Policy adopted by City Council December 14, 2017. In order to qualify to receive a Resolution of No Objection, the application needed to earn at least 50 out of 100 points from the City's scoring criteria outlined in the policy.

Under the Low Income Housing Tax Credit Policy adopted on December 14, 2017, an 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.

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). If approved by the TDHCA Board, the estimated construction start date will be in July 2020 and is estimated to be completed in January 2022.

The project is 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

On December 12, 2019, City Council approved a Resolution of No Objection for this development's application to the TDHCA for Non-Competitive (4%) housing tax credits.

Franklin Development Properties submitted an application to TDHCA for Non-Competitive 4% Housing Tax Credits for the development of Greenline North, a 292 unit multi-family rental housing development located at 7402 S. New Braunfels in Council District 3. Upon review of the application, TDHCA confirmed Franklin Development Properties would need to acquire an Amended Resolution of No Objection from the City consenting to the location of the Greenline North development being constructed in a census tract with more than 20% Housing Tax Credit Units per total households as established by the 5-year America Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4(c)(1).

ISSUE:

The Texas Department of Housing and Community Affairs recently notified the Developer that the census tract the project will be located in has more than 20% of the units in the census tract as tax credit units. In this case, approximately 28.02%. Pursuant to the state's Qualified Allocation Plan and Chapter 10 of the Texas Administrative Code, sections 11.3 (e) and 11.4 (c)(1), when a development will be located in such a census tract, in order for the development to receive 4% Housing Tax Credits, the City must find that the proposed Development is consistent with the City's obligation to affirmatively further fair housing and must vote specifically to allow the construction of the development within this census tract. As a result of this notification by the State of this issue, it is necessary for the City Council to approve an Amended Resolution of No Objection to include this additional information.

ALTERNATIVES:

City Council may elect not to authorize the attached Resolution which would eliminate tax credit funding sources preventing the project from proceeding.

FISCAL IMPACT:

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

RECOMMENDATION:

Staff recommends approval of an Amended Resolution acknowledging that more than 20% of the units in the census tract are tax credit units; making a finding that the proposed Development is consistent with the City's obligation to affirmatively further fair housing; and specifically to allowing the construction of the Development within this census tract, therefore allowing the project to proceed.