



City of San Antonio

Agenda Memorandum

File Number:20-4268

Agenda Item Number: 20.

Agenda Date: 9/3/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 4

SUBJECT:

Adopting a Resolution of No Objection for the NRP Group's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

NRP 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 development of the Watson Road Apartments, a 348-unit affordable multi-family rental housing development located at the northeast corner of Watson and Somerset Road in Council District 4.

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:

NRP 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 construction of the Watson Road Apartments, a 348-unit multi-family rental housing development located at the northeast corner of Watson and Somerset Road in Council District 4. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project.

The property is located in Council District 4. The applicant met via phone with Councilwoman Rocha Garcia and provided all pertinent information regarding the proposed HTC project in writing to the council office.

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 71 points in total and is eligible to receive a Resolution of No Objection.

The applicant was awarded 5 points for public engagement because they sent a project information packet to neighbors per the rules outlined the policy and application.

The value of the TDHCA tax credit award to Watson Road Apartments would be approximately \$18 million over a ten year period. The total cost for this project will be approximately \$59.9 million. Of the 348-units, all will be rent restricted to 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 \$50,400).

The 4% application is anticipated to be considered by the TDHCA Governing Board in March 2021. If approved, the estimated start date will be in May 2021 and the estimated project completion is March 2023.

The census tract the Watson Road Apartment project is proposed to be constructed in will have more than 20% of the total housing units being supported by Housing Tax Credit. TDHCA requires projects in census tracts with more than 20% of its total housing units being supported by HTCs to have a Resolution of No Objection from the local governing body that acknowledges the concentration of HTC units in the census tract. The total units in the census tract is 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).

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	12	\$540	1 units at 40% and below
		\$675	1 units at 50% and below
		\$810	9 units at 60% and below
		\$945	1 units at 70% and below
Two Bedroom	144	\$648	7 units at 40% and below
		\$810	8 units at 50% and below
		\$972	122 units at 60% and below
		\$1,134	7 units at 70% and below

Three Bedroom	156	\$749	8 units at 40% and below
		\$936	8 units at 50% and below
		\$1,123	132 units at 60% and below
		\$1,310	8 units at 70% and below
Four Bedroom	36	\$835	2 units at 40% and below
		\$1,043	1 units at 50% and below
		\$1,252	31 units at 60% and below
		\$1,463	2 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 the NRP Group's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program for the construction of the Watson Road Apartments, a 348 unit affordable multi-family rental housing development, located at the northeast corner of Watson and Somerset Road in Council District 4. There is no fiscal impact to the City's budget.

RECOMMENDATION:

Staff recommends City Council issue a Resolution of No Objection for the Watson Road Apartments, a 348-unit multi-family rental housing development located at the northeast corner of Watson and Somerset Road in Council District 4 in San Antonio, Texas and acknowledging the development will result in more than 20% of total housing units in the proposed census tract being supported by Housing Tax Credits.