



City of San Antonio

Agenda Memorandum

File Number:20-4903

Agenda Item Number: 7.

Agenda Date: 8/17/2020

In Control: Culture and Neighborhood Services Committee

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

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 Copernicus Apartments, a 330-unit affordable multi-family rental housing development located at 439 SE Loop 410 in Council District 2.

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 Copernicus Apartments, a 330-unit multi-family rental housing development located at 439 SE Loop 410 in Council District 2. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project.

The property is located in Council District 2. The applicant met via phone with Councilwoman Andrews-Sullivan on June 22, 2020 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 76 points in total and is eligible to receive a Resolution of No Objection.

The applicant was awarded no points for public engagement.

The value of the TDHCA tax credit award to the Copernicus Apartments would be approximately \$16.2 million over a ten year period. The total cost for this project will be approximately \$55.2 million. Of the 330-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 Copernicus Apartments is proposed to be located within one linear mile of another HTC development that was awarded HTC's within the last three years. 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. The Copernicus Apartments is proposed to be within one linear mile of The Stella. The Stella was awarded 4% HTCs in 2018.

The census tract the Copernicus Apartments 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 American Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4(c)(1).

The project is also proposed in a census tract with a poverty rate that exceeds 40%. TDHCA considers projects located in census tracts with high poverty rates to have a neighborhood risk factor. 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. Therefore, a municipality can mitigate the risk factor by acknowledging the high poverty rate and authorizing the development to move forward in its Resolution of No Objection.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	14	\$540	1 units at 40% and below
		\$675	3 units at 50% and below
		\$810	6 units at 60% and below
		\$945	4 units at 70% and below
Two Bedroom	136	\$648	13 units at 40% and below
		\$810	27 units at 50% and below
		\$972	56 units at 60% and below
		\$1,134	40 units at 70% and below
Three Bedroom	144	\$749	14 units at 40% and below
		\$936	28 units at 50% and below
		\$1,123	59 units at 60% and below
		\$1,310	43 units at 70% and below
Four Bedroom	36	\$835	4 units at 40% and below
		\$1,043	7 units at 50% and below
		\$1,252	14 units at 60% and below
		\$1,463	11 units at 70% and below

ALTERNATIVES:

Culture and Neighborhood Services Committee may elect not to forward this item to City Council which would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

There is no fiscal impact to the FY 2020 general fund.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for consideration of a Resolution of No Objection for the construction of the Copernicus Apartments, a 330-unit multi-family rental housing development located at 439 SE Loop 410 in Council District 2 in San Antonio, Texas.