



City of San Antonio

Agenda Memorandum

File Number:20-5381

Agenda Item Number: 24.

Agenda Date: 9/17/2020

In Control: City Council A Session

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 5

SUBJECT:

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

SUMMARY:

Alamo Community 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 development of the Cattleman's Square Lofts, a 140-unit affordable multi-family rental housing development located at 811 W. Houston Street 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:

The Alamo Community 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 construction of the Cattleman's Square Lofts, a 140-unit multi-family rental housing development located at 811 W. Houston Street 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 met via phone with Councilwoman Gonzales and her chief of staff and provided all pertinent information regarding the proposed HTC project in writing to the council office.

Cattleman's Square Lofts received a Resolution of Support from City Council in February 2020 for its 9% HTC application to TDHCA. The development was not awarded 9% HTC by TDHCA in July 2020. The project is now being submitted as a 4% HTC project and therefore requires a Resolution of No Objection from City Council.

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

The applicant was awarded 10 points for public engagement. Alamo Community Group completed the public engagement when they submitted their application for a Resolution of Support.

The value of the TDHCA tax credit award to the Cattleman's Square Lofts would be approximately \$7.1 million over a ten year period. The total cost for this project will be approximately \$24.2 million. Of the 140-units, 138 units will be 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 \$57,600).

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in January 2021. If approved, the estimated start date will be in March 2021 and the estimated project completion is June 2022.

The Cattleman's Square Lofts 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 Cattleman's Square Lofts is proposed to be within one linear mile of Alazan Lofts. Alazan Lofts was awarded 9% HTCs in 2019.

The census tract the Cattleman's Square Lofts 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.

This project is planned to be San Antonio's first Transit Oriented Development (TOD). TOD is a type of urban development that maximizes the amount of residential and/or office and/or leisure space within walking distance of a public transit station. TOD promotes a symbiotic relationship between dense urban living and public transportation. It aims to increase ridership by reducing the use of private cars and promoting sustainable urban growth. Cattleman's Square Lofts is considered a TOD because it will be located adjacent to the Via Centro Plaza Transit Station.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
Studio	36	\$321	7 units at 30% and below
		\$447	3 units at 40% and below
		\$573	7 units at 50% and below
		\$699	9 units at 60% and below
		\$825	3 units at 70% and below
		\$951	7 units at 80% and below
		-	0 market rate units
One Bedroom	78	\$339	5 units at 30% and below
		\$474	3 units at 40% and below
		\$609	19 units at 50% and below
		\$744	24 units at 60% and below
		\$879	3 units at 70% and below
		\$1,014	24 units at 80% and below
		-	0 market rate units
Two Bedroom	26	\$456	5 units at 30% and below
		\$561	2 units at 40% and below
		\$723	3 units at 50% and below
		\$885	3 units at 60% and below
		\$1,047	2 units at 70% and below
		\$1,209	9 units at 80% and below
		\$1,296	2 market rate units

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 Alamo Community 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 Cattleman's Square Lofts, a 140 unit affordable multi-family rental housing

development, located at 811 W. Houston Street in Council District 5. There is no fiscal impact to the City's budget.

RECOMMENDATION:

Staff recommends Cattleman's Square Lofts, a 140-unit multi-family rental housing development located at 811 W. Houston Street in Council District 5 in San Antonio, Texas; allowing the construction of the development to be located within one linear mile or less from another development; acknowledging the development will result in more than 20% of total housing units in the proposed census tract being supported by housing tax credits; and acknowledging the high poverty rate in the census tract the proposed development will be located in and authorizing the development to move forward.