



# City of San Antonio

## Agenda Memorandum

**File Number:**20-6933

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**Agenda Item Number:** 25.

**Agenda Date:** 12/3/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services Department

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP

**COUNCIL DISTRICTS IMPACTED:** 2

### **SUBJECT:**

An ordinance approving an Amendment and Restatement of the Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, George Gervin Youth Center (GGYC), Inc., and City of San Antonio to provide for the San Antonio Housing Trust Public Facility Corporation (SAHT PFC) to be added to the Agreement as signatory and to allow the commitment of \$2,550,000 in TIRZ funds to be reimbursable to SAHT PFC, revise the financial closing date to December 31, 2021, authorize any ancillary actions necessary to effectuate the completion of the financing of the project by the new closing date, and conveyance of city owned property located at 301 Spriggsdale for the Echo East Project located in City Council District 2.

### **SUMMARY:**

Because of financial market complications caused by the COVID pandemic, co-developer Gardner Capital was unable to move forward with HUD 221(d)(4) debt financing. Financing terms to move forward with conventional financing with tax credit equity proved too costly. Therefore, Gardner Capital withdrew their application to allow GGYC to move forward with another co-developer partner.

On November 10, 2020 the Inner City TIRZ Board of Directors approved Resolution T11 2020-11-10-01R approving the Amendment and Restatement of the Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, George Gervin Youth Center, Inc, San Antonio Housing Trust Public Facility Corporation, and City of San Antonio.

### **BACKGROUND INFORMATION:**

The Echo East Apartments include 192 affordable housing units that will serve individuals and families that

make 30% to 70% of the Area Median Income. The unit mix by income is:

- 18 units at 30% AMI
- 23 units at 40% AMI
- 35 units at 50% AMI
- 116 units at 70% AMI

The project will be financed through a combination of Tax Credit Equity, TIRZ Funding, and either HUD 221 (d)(4) or Conventional Debt options.

On December 12, 2019 through Ordinance 2019-12-12-1063 City Council approved the First Amendment to the Chapter 380 Economic Development Grant Agreement with the George Gervin Youth Center. Ordinance 2018-02-08-0086 previously approved the contribution of approximately 10 acres of City owned land located at 301 Spriggsdale. The land contribution, valued at \$450,000, will support the Echo East multi-family development.

The City initially acquired the property through a Deed In Lieu of Foreclosure on a prior development that utilized funds issued by the Inner City TIRZ. The City property is being proposed as the Phase 1 site for the Echo East Redevelopment Project. GGYC owns the adjacent 10.21 acres which they intend to redevelop as Phase II of the Project.

The amended agreement required the project to be converted from a market rate housing development to an affordable housing development and provide enough time for GGYC to secure a multifamily bond reservation and an award of Low-Income Housing Tax Credits. The amended agreement required GGYC meet the following milestones:

1. Obtain a Multi-family Bond Reservation from the Texas Bond Review Board by April 30, 2020
2. Apply to the Texas Department of Housing and Community Affairs (TDHCA) by June 5, 2020 for 4% Low Income Housing Tax Credits
3. Obtain approval for the 4% Low Income Housing Tax Credit from the TDHCA Governing Board by October 5, 2020; and
4. Close on the required financing by December 31, 2020

On June 15, 2020, the San Antonio Housing Trust Public Facility Corporation board approved an MOU with the developer based on their 4% Low Income Housing Tax Credit financial structure.

On June 24, 2020 the Inner City TIRZ Board of Directors approved Resolution T11 2020-06-24-01R authorizing the Second Amendment to the Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, George Gervin Youth Center, Inc., and the City of San Antonio for eligible public improvements for an additional amount not to exceed \$2,550,000.

The project was proceeding accordingly but came to a halt when Gardner Capital was unable to move forward with the HUD Financing and withdrew their application. Since Gardner Capital withdrew their application, GGYC has worked closely with the SATFT to facilitate the project moving forward. GGYC has partnered with George Gervin Youth Center, Inc., to develop the housing and obtained a new fund allocation. To continue the momentum, staff and the SAHT PFC are recommending that the property be conveyed to the SAHT PFC and that the economic development agreement be reinstated.

In the event GGYC is unable to close on the project financing by December 2021, the SAHT PFC will issue a solicitation for the property's redevelopment.

**ISSUE:**

City Council consideration is requested for the approval of an Amendment and Restatement of the Chapter 380 Economic Development Grant Agreement between the Inner City TIRZ Board of Directors, George Gervin Youth Center, Inc., San Antonio Housing Trust Public Facility Corporation, and City of San Antonio for the Echo East Project located in City Council District 2.

**ALTERNATIVES:**

City Council could choose not to approve the Amendment and Restatement to the Chapter 380 Economic Development Grant Agreement for the Echo East Project. If so, this action could negatively affect the Echo East Project development, by requiring them to seek an alternate funding source to make up the gap in funding needed for public improvements.

**FISCAL IMPACT:**

Funding for this agreement is available through the tax increment produced by the Inner City TIRZ #11. There will be no impact to the General Fund.

**RECOMMENDATION:**

Staff recommends approval of an ordinance approving the Amendment and Restatement to the Chapter 380 Economic Development Grant Agreement for the Echo East Project.