



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1242

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**Agenda Item Number:** 6.

**Agenda Date:** 2/8/2021

**In Control:** Planning and Land Development Committee

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**DEPARTMENT:** Neighborhood and Housing Services

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

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Resolutions of Support for multifamily rental housing development projects seeking 2021 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

### **SUMMARY:**

Consideration of eleven Resolutions of Support for multifamily rental housing development projects by respondents seeking 2021 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

On November 30, 2020, the City issued a Request for Applications to developers seeking a Resolution of Support or No Objection for applications to the Texas Department of Housing and Community Affairs for the Competitive 9% Housing Tax Credit (HTC) Program per the Council approved policy. Fifteen applications were submitted by developers seeking a Resolution of Support. Two applicants requested a waiver from the TDHCAs' One Mile-Three Year Rule. One applicant is requesting a waiver for the proposed development being located in a census tract with a poverty rate of 40% or higher. Nine applicants identified themselves as contributing more than any other development to the concerted revitalization efforts of the municipality.

### **BACKGROUND INFORMATION:**

The TDHCA Housing Tax Credit (HTC) Program allocates federal tax credits to developers to encourage the construction and rehabilitation of affordable multifamily housing. There are two types of Tax Credits: Competitive (9%) and Non-Competitive (4%). The Non-Competitive 4% HTC program is available year-round whereas the Competitive 9% HTC program has a single annual application period. The 9% Program is allocated through an annual competitive process in which projects are evaluated and scored according to the TDHCA's

established criteria. An application will receive a certain number of points if it receives a Resolution of Support or a Resolution of No Objection from the City Council of the municipality where the project is located.

On October 31, 2019, City Council adopted an updated Housing Tax Credit (HTC) Policy for the issuance of Resolutions of Support and Resolutions of No Objection. The new policy added a focus on deeper affordability and developments in targeted areas including Regional Centers. Developers submitting 2021 Competitive 9% HTC applications to the Texas Department of Housing and Community Affairs (TDHCA) must score 75 points on their city application to be recommended for a Resolution of Support by staff. Developers must score 60 points have ownership/ management experience to be recommended for a Resolution of No Objection. Applications for the 2021 Competitive 9% HTC are due to TDHCA no later than March 1, 2021.

On November 30, 2020, Neighborhood & Housing Services Department (NHSD) issued a call for applications to those developers that would be pursuing the 9% tax credit for their project. Applications were due on January 4, 2021. NHSD received 15 applications for a Resolution of Support from City Council to include in their TDHCA 2021 Competitive 9% HTC application.

In some cases, TDHCA will not award HTCs to a project if certain conditions exist unless the municipality specifically waives the requirement in the Resolution of Support. Example conditions include if a project is located within one mile of a development awarded within the last three years, if the project is in a census tract that would result in more than 20% of the total housing units being supported by HTCs, and if the project is in a census tract with a poverty rate that exceeds 40%. Additionally, a project will receive an additional two points if it is located within a revitalization zone designated by a municipality's governing body. These conditions are taken into consideration in the City Council approved evaluation criteria.

All 15 applications have scored more than 75 points. However, four applications have withdrawn and therefore staff is only recommending that 11 applications receive a Resolution of Support.

#### **ISSUE:**

The City received 15 applications for a Resolution of Support from City Council to include in their TDHCA 2021 Competitive 9% HTC application. Applications with a score of at least 75 points are eligible to be recommended for a Resolution of Support and those earning between 60 and 74 points may be recommended to receive a Resolution of No Objection. The final scores ranged from 79 to 96 points and 4 of the 15 applicants withdrew their applications. Staff is recommending that the following 11 projects are awarded a Resolution of Support:

Development	Applicant
Cosmopolitan Apartments	Cosmopolitan Apartments, LLC (Loopy Limited)
Four25 San Pedro	ARDC San Pedro, Ltd (Franklin)
Denver Heights Senior Village	CSH Denver Heights Senior Village, Ltd. (SuperUrban Realty Ventures)
Village at Boyer	ALT Affordable Housing Services, Inc.- Arbor (Prospera)
Ada Street Apartments	Ada Street Apartments, Ltd. (NRP)
Fish Pond at Prospect Hill	FishPond Living at Prospect Hill, LP
Village at Medical Senior Apartments	ALT Affordable Housing Services, Inc.- Arbor (Prospera)
Snowden Apartments	San Antonio Housing Authority
Fiesta Trails	Fiesta Trails, Ltd (NRP)
Vista Med	Vista Me, LP (Atlantic Pacific)

Village at Perrin Beitel	ALT Affordable Housing Services, Inc.- Arbor (Prospera)
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Two pre-applications were submitted to TDHCA that will compete with the proposed projects above for a 9% HTC awards. One of the applications is for a project in San Antonio city limits, but who did not complete an application for a Resolution per the city's policy and therefore is not recommended to receive a Resolution of Support nor a Resolution of No Objection. The other application is located in Leon Valley and will apply for a Resolution from Leon Valley's municipality.

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. This impacts two of the applications: Village at Boyer and Four25 San Pedro. Staff recommends Resolutions that waive the one-mile requirement for these projects because they have met the HTC policy goals adopted by Council and would contribute to meeting the affordable housing needs of our city.

TDHCA will not permit developments in census tracts with a poverty rate that exceeds 40% without evidence of mitigation. TDHCA will accept a Resolution from the governing body of a municipality acknowledging the high poverty rate and authorizing the development to move forward with its application. This impacts one application: Fish Pond at Prospect Hill. Staff recommends Resolutions acknowledging the high poverty rate and authorizing the development to move forward with its application for all of the projects because they have met the HTC policy goals adopted by Council and would contribute to meeting the affordable housing needs of our city.

Additionally, seven remaining respondents are requesting the City identify them as contributing more than any other project to a concerted revitalization area which would provide two additional points on the State application. To be eligible for this identification, a proposed development must be located within a defined concerted revitalization plan area with allocated funds. Only one applicant per revitalization plan area may receive points. Per the City's policy, when more than one applicant requests a Resolution for the same plan area, the applicant with the higher score on the City's application will be recommended to have the appropriate verbiage included in their Resolution of Support. If the applicants receive the same score on their City application, the applicant with public housing or project-based vouchers will be recommended to receive a Resolution with the appropriate verbiage. If neither or both developments provide public housing or have a project-based voucher, the applicant with a development located the greatest linear distance from the nearest HTC development serving the same population and awarded in the last 15 years will have the verbiage included. Staff recommends issuing these Resolutions in alignment of the policy.

Below is a table with each of the projects along with a revitalization plan in which their proposed project is located and staff scores:

Council District	Development	Revitalization Plan	Staff Score
1	Cosmopolitan Apartments	Tobin Hill	82
1	Four25 San Pedro	Urban Renewal Plan	84
2	Denver Heights Senior Village	TIRZ #11- Inner City	93
2	Village at Boyer	Urban Renewal Plan AND Arena District/Eastside Community Plan	92
3	Ada Street Apartments	SA Tomorrow Brooks Area	79
5	Fish Pond at Prospect Hill	TIRZ #30- Westside	79
10	Village at Perrin Beitel	TIRZ #33 Northeast Corridor	96

San Antonio's region has been allocated enough 9% Housing Tax Credits this year to support 3 to 4 projects.

#### ALTERNATIVES:

The Planning and Land Development Committee may elect to not forward the item to City Council for consideration or may recommend some or none of the Resolutions be made which would adversely impact the developers' applications with TDHCA's Housing Tax Credit program and deem the affordable housing developments financially infeasible.

#### FISCAL IMPACT:

This authorizes Resolutions for multifamily rental housing development projects by applicants seeking Competitive 9% Housing Tax Credits with the Texas Department of Housing and Community Affairs for the 2021 program. There is no fiscal impact to the FY 2021 Adopted Budget with this action.

#### RECOMMENDATION:

City Staff is recommending the following Resolutions:

Development	CD	Resolution of Support	1 Mile, 3 YR Waiver	Contributing Most to CRP	40% Poverty Rate Waiver
Cosmopolitan Apartments	1	X		X	
Four25 San Pedro	1	X	X	X	
Denver Heights Senior Village	2	X		X	
Village at Boyer	2	X	X	X	
Ada Street Apartments	3	X		X	
Fish Pond at Prospect Hill	5	X		X	X
Village at Medical Senior Apartments	7	X			
Snowden Apartments	7	X			
Fiesta Trails	8	X			
Vista Med	8	X			
Village at Perrin Beitel	10	X		X	