



# City of San Antonio

## Agenda Memorandum

**File Number:**21-2018

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**Agenda Item Number:** 25.

**Agenda Date:** 4/1/2021

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood & Housing Services Department

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

**COUNCIL DISTRICTS IMPACTED:** Council District 3

**SUBJECT:**

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

**SUMMARY:**

Pedcor 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 Summerwalk Apartments, a 164-unit affordable multi-family rental housing development located at approximately 6221 S. New Braunfels Avenue in Council District 3.

**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:

Pedcor 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 Summerwalk Apartments, a 164-unit multi-family rental housing development located at approximately 6221 S. New Braunfels Avenue in Council District 3. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project.

The property is located in Council District 3. The applicant met via phone with Councilwoman Viagran and her chief of staff and provided all pertinent information regarding the proposed HTC project 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 did not seek points for public engagement because they did not perform public engagement following the rules outlined in the policy. However, the applicant met with the Councilwoman's staff and a representative of the Temple Hills Neighborhood Organization and representatives of the Hot Wells Mission Reach Neighborhood Organization.

The value of the TDHCA tax credit award to the Summerwalk Apartments would be approximately \$16.2 million over a ten-year period. The total cost for this project will be approximately \$35 million. Of the 164-units, 164 units 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% HTC application is anticipated to be considered by the TDHCA Governing Board in March 2022. If approved, the estimated start date will be in April 2022 and the estimated project completion is January 2024.

The Summerwalk 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 Summerwalk Apartments is proposed to be within one linear mile of Greenline North. Greenline North was awarded 4% HTCs in 2020.

The census tract the Summerwalk 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). Currently, there are two complete housing tax credit projects in the census tract, Ravello Senior Community and Villas at Costa Dorada. Which make up approximately 28% of the housing units in the census tract.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	60	\$447	3 units at 40% and below
		\$573	51 units at 60% and below
		\$699	6 units at 70% and below
Two Bedroom	80	\$339	5 units at 40% and below
		\$474	65 units at 60% and below
		\$609	10 units at 70% and below
Three Bedroom	24	\$456	1 unit at 40% and below
		\$561	21 units at 60% and below
		\$723	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 Pedcor'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 Summerwalk Apartments, a 164 unit affordable multi-family rental housing development, located at approximately 6221 S. New Braunfels Avenue in Council District 3. There is no fiscal impact to the City's budget.

## **RECOMMENDATION:**

Staff recommends a Resolution of No Objection for Summerwalk Apartments, a 164-unit multi-family rental housing development located at the approximately 6221 S. New Braunfels Avenue in Council District 3 in San Antonio, Texas; allowing the construction of the development to be located within one linear mile from another development awarded in the last three years; and acknowledging the development will be located in a census tract with more than 20% of total housing units being supported by housing tax credits.