



# City of San Antonio

## Agenda Memorandum

**File Number:**21-4321

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**Agenda Item Number:** 39.

**Agenda Date:** 6/17/2021

**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 4

### **SUBJECT:**

A Resolution of No Objection for Louis Poppoon Development and Consulting, LTD's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

### **SUMMARY:**

Louis Poppoon Development and Consulting, LTD 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 Bristol at Somerset Apartments, a 336-unit affordable multi-family rental housing development located at the southwest corner of Fischer Road and Somerset Road in Council District 4.

### **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:

Louis Poppoon Development and Consulting, LTD 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 Bristol at Somerset Apartments, a 336-unit multi-family rental housing development located at the southwest corner of Fischer Road and Somerset Road in Council District 4. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project. The legal name for the entity applying for the tax credits is Somerset SA Apartments, LP. Therefore, this name will appear on any Resolution from City Council.

The property is located in Council District 4. The applicant met in person with Councilwoman Rocha-Garcia on 6/4/2021 and provided all pertinent information regarding the proposed HTC project.

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

The applicant did not seek points for public engagement.

The value of the TDHCA tax credit award to the Bristol at Somerset Apartments would be approximately \$28.8 million over a ten-year period. The total cost for this project will be approximately \$61.3 million. All 336-units will be rent restricted to 60% 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 \$44,460). The site is currently vacant.

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in July 2021. If approved, the estimated start date will be in August 2021 and the estimated project completion is August 2023.

Bristol at Somerset Apartments is proposed to be located within one linear mile of another HTC development that was awarded HTCs 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. Bristol at Somerset is proposed to be within one linear mile of Watson Road Apartments which was awarded HTCs in March 2021.

The census tract the Bristol at Somerset 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 America 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, Primrose SA II and Palo Alto Apartments. Which make up approximately 70% 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	126	\$834	60% and below

Two Bedroom	184	\$1,000	60% and below
Three Bedroom	24	\$1,156	60% and below
Four Bedroom	2	\$1,290	60% 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 Louis Poppoon Development and Consulting, LTD'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 Bristol at Somerset Apartments, a 336-unit affordable multi-family rental housing development, located at the southwest corner of Fischer Road and Somerset Road in Council District 4. There is no fiscal impact to the City's budget.

#### **RECOMMENDATION:**

Staff recommends a Resolution of No Objection for the Bristol at Somerset Apartments, a 336-unit multi-family rental housing development located at the southwest corner of Fischer Road and Somerset Road in Council District 4 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.