



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 26

Agenda Date: February 13, 2025

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 7

SUBJECT:

Resolution of Support for a multifamily rental housing developer, NHH Tezel, LLC, seeking 2025 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for a project called New Hope Housing Tezel.

SUMMARY:

Consideration of an application for a Resolution of Support for NHH Tezel, LLC's application for 2025 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

On December 2, 2024, the City issued a Request for Applications to developers seeking a Resolution of Support or a Resolution of No Objection for applications to TDHCA for the Competitive 9% Housing Tax Credit (HTC) Program. Resolutions are recommended in accordance with the Council approved policy. Twenty-three applications were submitted.

BACKGROUND INFORMATION:

The TDHCA Housing Tax Credit (HTC) Program allocates federal tax credits to encourage the construction and rehabilitation of affordable multifamily housing. This program is known federally as the Low-Income Housing Tax Credit Program (LIHTC). There are two types of Tax Credits:

Competitive (9%) and Non-Competitive (4%). The 9% Program is allocated through an annual competitive process in which developments are evaluated and scored according to the TDHCA's established criteria. An application will receive 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 November 18, 2021, City Council adopted an updated Housing Tax Credit (HTC) Policy for the issuance of Resolutions of Support and Resolutions of No Objection. The policy included an increased focus on deeper affordability, proximity to transit, inclusion of sustainable or green features, and working with local businesses. Developers submitting 2025 Competitive 9% HTC applications to TDHCA must score at least 75 points on their City application to be recommended for a Resolution of Support by staff. Developers must score at least 60 points for a Resolution of No Objection, including four from the ownership/management experience category. Applications for the 2025 Competitive 9% HTC are due to TDHCA no later than February 28, 2025. Final awards are expected to be made by TDHCA in July 2025.

On December 2, 2024, Neighborhood & Housing Services Department (NHSD) issued a call for applications to applicants that intend to pursue the 9% tax credit for their development. Applications were due on January 13, 2025. NHSD received 23 applications for a Resolution of Support from City Council to include in their TDHCA 2025 Competitive 9% HTC application. As of January 21st, four applicants have withdrawn their request.

TDHCA will not award HTCs to a development if certain conditions exist unless the municipality specifically waives the requirement in the Resolution of Support. Example conditions include developments located within one mile of another awarded within the last three years, if more than 20% of the total housing in the census tract is supported by HTCs, and if the development is in a census tract with a poverty rate that exceeds 40% of the population. These conditions are taken into consideration in the City Council approved evaluation criteria. Four developments required waiver language in their resolutions.

ISSUE:

The City received 23 applications for a Resolution of Support or Resolution of No Objection from City Council to include in applications to TDHCA's 2025 Competitive 9% HTC round. 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 75 to 98 points.

All of the proposed developments would help achieve the Strategic Housing Implementation Plan (SHIP)'s rental housing production goals for households with incomes at or below 30% area median income (AMI), 50% AMI, and 60% AMI.

One development is a rehabilitation project, Sutton Square Duplexes. This development would help meet the SHIP preservation goal if it receives an award from TDHCA.

Eight developments propose housing for older adults. At most, one of these developments will

receive an award from TDHCA, per the state's rule.

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 rule impacts three applications: Sutton Square Duplexes, Village at Pearsall, and Vista Palms. Staff recommends that these applicants receive Resolutions that waive the one-mile requirement because the applications have met the HTC policy goals adopted by Council and would contribute to meeting the affordable housing needs of our City.

TDHCA will not award HTCs to a proposed development if it is located in a census tract with more than 20% of the total housing supported by HTCs unless the governing body of the City votes to allow the development to move forward with its application. This impacts one application, The Judy at Vida. Staff recommends these applicants receive Resolutions acknowledging the concentration of HTC-supported housing and authorizing them to move forward with applications because they have met the HTC policy goals adopted by Council and would contribute to meeting the affordable housing needs of our City.

One pre-application was submitted to TDHCA that is outside city limits but within our region.

NHH Tezel, LLC's application for New Hope Housing Tezel, a 78 unit affordable housing development, located at 8185 Old Tezel Road in Council District 7 meets the City Council approved requirements to receive a Resolution of Support.

ALTERNATIVES:

City Council may elect not to provide the Resolution of Support which would adversely impact the ability of the developer to proceed.

FISCAL IMPACT:

There is no fiscal impact to the City's General Fund.

RECOMMENDATION:

Staff recommends approval.