



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 17

Agenda Date: January 16, 2025

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 4

SUBJECT:

Resolution of No Objection for Emberstone Apartments, LP's application for 2025 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a multifamily rental housing development named Emberstone Apartments and acknowledgment that more than 20% of the total housing in the Census Tract is supported by HTC.

SUMMARY:

Emberstone Apartments, LP is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2025 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 240-unit affordable multi-family rental housing development named Emberstone Apartments, located at Watson Road and State Highway 16 South in Council District 4 and acknowledgment that more than 20% of the total housing in the Census Tract is supported by HTC.

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. HTC

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 a Non-Competitive 4%. This application is for the Non-Competitive 4% HTC program which is available year-round and requires a Resolution of No Objection from the local governing body to satisfy requirements of the TDHCA's Uniform Multifamily Rules.

On November 18, 2021, City Council updated the 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. Under the City's application process, developers submit applications for Resolutions of Support or Resolutions of No Objection to the City on behalf of their affiliated entity that will apply to TDHCA for HTCs.

ISSUE:

Emberstone Apartments, LP is applying for 2025 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

The applicant has provided the Council Office with all pertinent information per the current HTC Policy.

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 4 of 7 experience points under the ownership/management experience category. The application received 7 experience points, and 66 points in total and is eligible to receive a Resolution of No Objection.

The applicant received no public engagement points on their application.

The project is zoned appropriately for this use.

The value of the TDHCA tax credit award to Emberstone Apartments would be approximately \$27 million over a ten-year period. The total cost for this development will be approximately \$60.6 million. The deal will have units for families at 30% and 60% of the area median income. Of the 240 units, all are anticipated 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 three will have a maximum income of \$47,820).

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in April 2025. If approved, the estimated start date will be in August 2025 and the estimated completion is October 2027.

Emberstone Apartments will be located in a census tract with more than 20% of the total housing in the tract supported by HTCs. Currently 98% of the total housing in the census tract is supported

by HTC the Primerose SA II (280 HTC units), Palo Alto Apartments (322 HTC units), Watson Road Apartments (348 HTC units) and Somerset (348 HTC units).

This development would help achieve the Strategic Housing Implementation Plan (SHIP)'s production goals for 30% and 60% rental units. Emberstone Apartments is being developed in partnership with the Opportunity Home San Antonio.

The development is projected to contain the following unit mix:

| Unit Mix | Number of Units | Monthly Rent* | AMI Served |
|---------------|-----------------|---------------|----------------------------|
| One Bedroom | 60 | \$424 | 9 units at 30% and below |
| | | \$922 | 51 units at 60% and below |
| Two Bedroom | 120 | \$508 | 11 units at 30% and below |
| | | \$1,106 | 109 units at 60% and below |
| Three Bedroom | 45 | \$583 | 2 units at 30% and below |
| | | \$1,273 | 43 units at 60% and below |
| Four Bedroom | 15 | \$644 | 2 units at 30% and below |
| | | \$1,414 | 13 units at 60% and below |

ALTERNATIVES:

City Council may elect not to provide the Resolution of No Objection 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.