



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 25

Agenda Date: November 9, 2023

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 9

SUBJECT:

Consideration of a Resolution of No Objection for Pedcor Investments-2023-CXCIV, LP's application for 2024 or 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 Creek Bend Phase II Apartment Homes and allowing the construction of the development to be located within one linear mile or less from another development.

SUMMARY:

Pedcor Investments-2023-CXCIV, LP is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2024 or 2025 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 240-unit affordable multi-family rental housing development named Creek Bend Phase II Apartment Homes, located at the northwest quadrant of Highway 281 and Borgfeld Road in Council District 9 and allowing the construction of the development to be located within one linear mile or less from another development.

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 Housing Tax Credit (HTC) Policy for the issuance of Resolutions of Support and Resolutions of No Objection. The new 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 HTC's. Applications for 2023 Competitive 9% HTC applications to TDHCA must score 75 points on their City application to be recommended for a Resolution of Support by staff. Applications must score 60 out of 100 points for a Resolution of No Objection, including four from the ownership/management experience category.

ISSUE:

Pedcor Investments-2023-CXCIV, LP is applying for 2024 or 2025 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 240-unit affordable multi-family rental housing development named Creek Bend Phase II Apartment Homes, located at the northwest quadrant of Highway 281 and Borgfeld Road in Council District 9.

The applicant has provided the Council Office with all pertinent information per the current HTC Policy, adopted November 2021.

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

The applicant received no public engagement points on their application.

The value of the TDHCA tax credit award to the Creek Bend Phase II Apartment Homes would be approximately \$27 million over a ten-year period. The total cost for this development will be approximately \$70.3 million. The deal will have units for families between 30% and 60% of the area median income. All 240 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 three will have a maximum income of \$47,460).

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in March 2025. If approved, the estimated start date will be in June 2026 and the estimated completion is June 2028.

Creek Bend Phase II Apartment Homes 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. Creek Bend Phase II Apartment Homes is proposed to be within one linear mile of Creek Bend Apartment Homes, which received a Resolution of No Objection in February 2023. When construction of Creek Bend Phase II Apartment Homes begins, the first phase of the development will be in construction and this rule will apply.

This development would help achieve the Strategic Housing Implementation Plan (SHIP)’s production goals for families with incomes at 30% area median income (AMI) and 60% AMI. Creek Bend Phase II Apartment Homes is being developed in partnership with the San Antonio Housing Trust. The developer will work with the San Antonio Housing Trust to explore providing deeper income and rent options.

The development is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	72	\$435	4 unit at 30% and below
		\$929	68 units at 60% and below
Two Bedroom	132	\$524	6 units at 30% and below
		\$1,117	126 units at 60% and below
Three Bedroom	36	\$603	2 units at 30% and below
		\$1,288	34 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:

This application is for a Resolution of No Objection for Pedcor Investments-2023-CXCIV, LP’s application for 2024 or 2025 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 240-unit

affordable multi-family rental housing development named Creek Bend Phase II Apartment Homes, located at the northwest quadrant of Highway 281 and Borgfeld Road in Council District 9 and allowing the construction of the development to be located within one linear mile or less from another development. There is no fiscal impact to the FY 2024 general fund.

RECOMMENDATION:

Staff recommends City Council approval of a Resolution of No Objection for Pedcor Investments-2023-CXCIV, LP's application for 2024 or 2025 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 240-unit affordable multi-family rental housing development named Creek Bend Phase II Apartment Homes, located at the northwest quadrant of Highway 281 and Borgfeld Road in Council District 9 and allowing the construction of the development to be located within one linear mile or less from another development.