



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 20

Agenda Date: February 1, 2024

In Control: City Council A Session

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 8

SUBJECT:

Resolution of No Objection for multifamily rental housing development, Merritt Cresta Bella, seeking 2024 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

SUMMARY:

Consideration of a Resolution of No Objection for multifamily rental housing development, Merritt Cresta Bella, seeking 2024 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA). Resolutions are awarded in accordance with the Council approved policy.

BACKGROUND INFORMATION:

The TDHCA Housing Tax Credit (HTC) Program allocates federal tax credits to developers 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 Non-Competitive 4% HTC program is available year-round whereas the Competitive 9% HTC program has a single annual application period. 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 2024 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 2024 Competitive 9% HTC are due to TDHCA no later than March 1, 2024.

On November 29, 2023, 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 8, 2024. NHSD received 16 applications for a Resolution of Support from City Council to include in their TDHCA 2024 Competitive 9% HTC application.

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 if a development is 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%. These conditions are taken into consideration in the City Council approved evaluation criteria.

Fifteen of the 16 applications have scored 75 points or more. One applicant scored 65 points and qualifies for a Resolution of No Objection. Four developments requested waiver language in their resolutions.

ISSUE:

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

One development is a rehabilitation project, FishPond at Buena Vista. This development would help meet the SHIP preservation goal if it receives an award from TDHCA.

Eleven developments propose housing for older adults. At most, one of these developments will receive an award from TDHCA, per the state's rule.

One development, Artisan at Yarrow, would help achieve the SHIP's Permanent Supportive Housing goal of 1,000 Permanent Supportive Housing units if it receives an award from TDHCA.

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 impacts two applications: National Grocer Building and Reverb Apartments. Staff recommends these applicants receive Resolutions that waive the one-mile requirement for these developments because they 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 two applications: National Grocer Building and Reverb Apartments. Staff recommends these applicants receive Resolutions acknowledging the concentration of HTC supported housing and authorizing these developments 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.

TDHCA will not permit developments in census tracts with a poverty rate that exceeds 40% without evidence of mitigation. TDHCA will accept a Resolution from the governing body of a municipality acknowledging the high poverty rate and authorizing the development to move forward with its application. This impacts three applications: Mission Apartments, National Grocer Building, and Reverb Apartments. Staff recommends these applicants receive Resolutions acknowledging the high poverty rate and authorizing these developments 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.

This development, Merritt Cresta Bella, scored 65 points and qualifies for a Resolution of No Objection. Below is the project's affordability information.

Project Name	Applicant	CD	Population Served	# of Units	# of Affordable Units per SHIP	% 30% Units	% Affordable
Merritt Cresta Bella	Denison Development	8	Elderly	160	96	6%	60%

ALTERNATIVES:

City Council may elect not to provide a Resolution of No Objection which would adversely impact the ability of the developer to proceed.

FISCAL IMPACT:

This is a Resolution of No Objection for DDC Merritt Cresta Bella, Ltd.'s application to the Texas Department of Housing and Community Affairs. There is no fiscal impact to the FY 2024 Adopted Budget.

RECOMMENDATION:

Staff recommends City Council approval of a Resolution of No Objection for DDC Merritt Cresta Bella, Ltd.'s application to the Texas Department of Housing and Community Affairs' Competitive 9% Housing Tax Credits program for the construction of Merritt Cresta Bella, a 160-unit affordable housing development, located at Camp Bullis & Cresta Bella in Council District 8.