



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 28

**Agenda Date:** November 21, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Veronica Garcia, Director

**COUNCIL DISTRICTS IMPACTED:** ETJ

**SUBJECT:**

Consideration of a Resolution of No Objection for Sage Lofts, Ltd's application for 2025 or 2026 Non-Competitive 4% Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a multi-family rental housing development named Sage Lofts.

**SUMMARY:**

Sage Lofts, Ltd. is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2025 or 2026 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 336-unit affordable multi-family rental housing development named Sage Lofts, located at approximately 7193 Old Talley Road in San Antonio's Extraterritorial Jurisdiction (ETJ) 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. HTCs 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 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:**

Sage Lofts, Ltd is applying for 2025 or 2026 Non-Competitive 4% Housing Tax Credits (HTCs) from the Texas Department of Housing and Community Affairs (TDHCA).

The proposed development is in San Antonio's ETJ. The applicant has provided the closest Council Office and appropriate County Commissioner 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 67 points in total and is eligible to receive a Resolution of No Objection.

The applicant received 2 public engagement points on their application.

The value of the TDHCA tax credit award to the Sage Lofts would be approximately \$36.4 million over a ten-year period. The total cost for this development will be approximately \$87.9 million. The deal will have units for families at 30%, 60%, and 70% of the area median income. Of the 336 units, 241 will be rent restricted to 60% and below of area median income as defined by TDHCA's Rent and Income Limit tool (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 June 2025. If approved, the estimated start date will be in July 2025 and the estimated completion is May 2027.

Sage Lofts 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. Sage Lofts is proposed to be within one linear mile of Hill View Heights, which received HTCs in September

2024.

This development would help achieve the Strategic Housing Implementation Plan (SHIP)'s production goals for families with incomes at 30% and 60% area median income (AMI). Sage Lofts is being developed in partnership with Bexar County.

The development is projected to contain the following unit mix:

| Unit Mix      | Number of Units | Monthly Rent | AMI Served                |
|---------------|-----------------|--------------|---------------------------|
| One Bedroom   | 12              | \$445        | 1 unit at 30% and below   |
|               |                 | \$978        | 8 units at 60% and below  |
|               |                 | \$1,155      | 3 units at 70% and below  |
| Two Bedroom   | 144             | \$530        | 15 units at 30% and below |
|               |                 | \$1,169      | 88 units at 60% and below |
|               |                 | \$1,382      | 41 units at 70% and below |
| Three Bedroom | 132             | \$615        | 13 units at 30% and below |
|               |                 | \$1,354      | 82 units at 60% and below |
|               |                 | \$1,600      | 37 units at 70% and below |
| Four Bedroom  | 48              | \$675        | 5 units at 30% and below  |
|               |                 | \$1,499      | 29 units at 60% and below |
|               |                 | \$1,774      | 14 units at 70% and below |

#### **ALTERNATIVES:**

City Council may elect not to issue a Resolution of No Objection with the necessary one-mile, three year language 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 City Council approval of a Resolution of No Objection with the necessary one-mile, three year language for Sage Lofts Ltd.'s development.