



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 13

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 4

SUBJECT:

Consideration of a Resolution of No Objection for Pedcor Investments-2023-CXCVII, LP's application for 2024 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 The Orion Apartment Homes.

SUMMARY:

Pedcor Investments-2023-CXCVII, LP is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2024 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 312-unit affordable multi-family rental housing development named The Orion Apartment Homes, located at approximately 13107 SW Loop 410 in Council District 4, allowing the construction of the development to be located within one linear mile or less from another development, 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 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:

Pedcor Investments-2023-CXCVII, LP is applying for 2024 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 70 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 Orion Apartment Homes would be approximately \$35.6 million over a ten-year period. The total cost for this development will be approximately \$93.4 million. The deal will have units for families at 30% and 60% of the area median income. Of the 312 units, all are anticipated to be rent restricted to 60% and below of the 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 2025 and the estimated completion is June 2027.

The Orion Apartment Homes will be located in a census tract with more than 20% of the total housing in the tract supported by HTCs. Currently 52% of the total housing in the census tract is supported by HTC the Rosemont at University Park (240 units). Two additional developments are under construction, Viento Apartments (324 units) and SoSA at Palo Alto (336 units).

The Orion Apartment Homes 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. The Orion Apartment Homes is proposed to be within one linear mile of Viento Apartments, which received a Resolution of No Objection in November 2022.

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). The Orion Apartment Homes is being developed in partnership with the San Antonio Housing Trust.

The development is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	84	\$460	8 units at 30% and below
		\$979	76 units at 60% and below
Two Bedroom	180	\$553	18 units at 30% and below
		\$1,176	162 units at 60% and below
Three Bedroom	36	\$637	4 units at 30% and below
		\$1,356	32 units at 60% and below
Four Bedroom	12	\$707	2 units at 30% and below
		\$1,510	10 units at 60% and below

ALTERNATIVES:

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

FISCAL IMPACT:

Pedcor Investments-2023-CXCVII, LP's application for 2024 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 312-unit affordable multi-family rental housing development named The Orion Apartment Homes, located at approximately 13107 SW Loop 410 in Council District 4, allowing the construction of the development to be located within one linear mile or less from another development, and acknowledgment that more than 20% of the total housing in the Census Tract is supported by HTC. 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-CXCVII, LP's application for 2024 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 312-

unit affordable multi-family rental housing development named The Orion Apartment Homes, located at approximately 13107 SW Loop 410 in Council District 4, allowing the construction of the development to be located within one linear mile or less from another development, and acknowledgment that more than 20% of the total housing in the Census Tract is supported by HTC.