



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 49

Agenda Date: August 8, 2024

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 Riverbreeze Apartments, 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 264-unit affordable multi-family rental housing development named Riverbreeze Apartments.

SUMMARY:

Riverbreeze Apartments, 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 264-unit affordable multi-family rental housing development named Riverbreeze Apartments, located at 410 SW Loop & Palo Alto Rd in City Council District 4.

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 Multi-Family 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:

Riverbreeze Apartments, 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 74 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 Riverbreeze Apartments would be approximately \$29.2 million over a ten-year period. The total cost for this construction will be approximately \$64.2 million. The deal will have units for families at 30%, 60% and 70% of the area median income. Of the 264 units, 187 will be rent restricted to 60% and below of area median income (AMI) 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 and allocated funding in November 2024. If funds are allocated, the estimated start date will be in April 2025 and the estimated completion is May 2027.

Riverbreeze Apartments 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. Riverbreeze Apartments is proposed to be within one linear mile of SoSA at Palo Alto. SoSA at Palo Alto received a Resolution of No Objection from City Council on March 6, 2021.

Riverbreeze Apartments will be located in a census tract with more than 20% of the total housing in the tract supported by HTC. Currently 97.7% of the total housing in the census tract is supported by HTCs across 4 developments: The Bristol at Somerset, Watson Road Apartments, Palo Alto Apartments, and Primrose SA II. After this project, 98.1% of the housing would be supported by HTCs.

Riverbreeze Apartments would help achieve the Strategic Housing Implementation Plan (SHIP)'s construction goals for families with incomes at and below 60% area median income (AMI). Riverbreeze Apartments is being rehabilitated 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 | 72 | \$409 | 5 units at 30% and below |
| | | \$907 | 38 units at 60% and below |
| | | \$1,073 | 29 units at 70% and below |
| Two Bedroom | 120 | \$492 | 12 units at 30% and below |
| | | \$1,090 | 80 units at 60% and below |
| | | \$1,289 | 28 units at 70% and below |
| Three Bedroom | 60 | \$569 | 5 units at 30% and below |
| | | \$1,259 | 38 units at 60% and below |
| | | \$1,489 | 17 units at 70% and below |
| Four Bedroom | 12 | \$628 | 5 units at 30% and below |
| | | \$1,398 | 4 units at 60% and below |
| | | \$1,655 | 3 units at 70% and below |

*Actual rents will depend on the income of the individual families living in the units.

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 is a Resolution of No Objection for Riverbreeze Apartments, LP's application to the Texas Department of Housing and Community Affairs. There is no fiscal impact to the City's General Fund.

RECOMMENDATION:

Staff recommends approval.