

AGENDA ITEM #8

MEETING: Planning and Community Development Committee

DATE: August 26, 2021

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Council District 4

SUBJECT:

A Resolution of No Objection for Viento Apartments, LTD's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Viento Apartments LTD is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program for the development of the Viento Apartments, a 324-unit affordable multi-family rental housing development located at 10348 S Zarzamora Street in 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. Housing Tax Credits 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 Non-Competitive 4%. This application is for the Non-Competitive 4% HTC program which is available year round unlike the Competitive 9% HTC program which has a single annual application period. The Competitive 9% HTC program assigns points based on the type of resolution provided by a municipality (Resolution of Support versus a Resolution of No Objection), but the Non-Competitive 4% Housing Tax Credit only require that a Resolution of No Objection be submitted to satisfy requirements of §11.204(4)(C) of the TDHCA's Uniform Multifamily Rules.

In order to qualify to receive a Resolution of No Objection, the application must earn at least 60 out of 100 points from the City's scoring criteria outlined in the Housing Tax Credit Policy adopted by City Council October 31, 2019.

ISSUE:

NRP Group is submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for the Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of the Viento Apartments, a 324-unit multi-family rental housing development located at 10348 S Zarzamora Street in Council District 4. TDHCA requires a Resolution of No Objection from the local governing body for a 4% HTC project. The legal name for the entity applying for the tax credits is Viento Apartments, LTD. Therefore, this name will appear on any Resolution from City Council.

The property is located in Council District 4. The applicant met in person with Councilwoman Rocha-Garcia on 7/29/2021 and provided all pertinent information regarding the proposed HTC project. The Councilwoman has expressed no objection to the project and has no concerns about the project.

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 seven experience points under the Owner/General Partner/Property Management Experience category. The application received 15 experience points, and 70 points in total and is eligible to receive a Resolution of No Objection.

The applicant did not seek points for public engagement.

The value of the TDHCA tax credit award to the Viento Apartments would be approximately \$27.3 million over a ten-year period. The total cost for this project will be approximately \$63.1 million. All 306-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 four will have a maximum income of \$44,460). The site is currently vacant.

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in March 2022. If approved, the estimated start date will be in June 2022 and the estimated project completion is June 2024.

Viento 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. Viento Apartments is proposed to be within one linear mile of proposed Palo Alto Apartments. The Palo Alto Apartments received a Resolution of No Objection from City Council on June 3, 2021. It is likely the SoSA at Palo Alto Apartments will receive 4% HTCs before the Viento Apartments. The inclusion of this provision is in anticipation of these future allocations.

The census tract the Viento Apartments project is proposed to be constructed in will have more than 20% of the total housing units being supported by Housing Tax Credit. TDHCA requires projects in census tracts with more than 20% of its total housing units being supported by HTCs to have a Resolution of No Objection from the local governing body that acknowledges the concentration of HTC units in the census tract. The total units in the census tract is established by the 5-year American Community Survey as required by Chapter 10 of the Texas Administrative

Code, Sections 11.3(e) and 11.4(c)(1). Currently, there is one complete housing tax credit projects in the census tract. The Rosemont at Pleasanton was awarded 4% HTC's in 2004. The census tract does not currently have very many housing units. The Rosemont at Pleasanton makes up approximately 49% of the housing units in the census tract.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	12	\$471	1 unit at 40% and below
		\$610	1 unit at 50% and below
		\$749	9 units 60% and below
		\$785	1 unit at 70% and below
Two Bedroom	132	\$568	7 units at 40% and below
		\$734	7 units at 50% and below
		\$901	111 units at 60% and below
		\$961	7 units at 70% and below
Three Bedroom	144	\$658	8 units at 40% and below
		\$850	8 units at 50% and below
		\$1,043	120 units at 60% and below
		\$1,236	8 units at 70% and below
Four Bedroom	36	\$733	2 units at 40% and below
		\$948	2 units at 50% and below
		\$1,163	30 units at 60% and below
		\$1,378	2 units at 70% and below

ALTERNATIVES:

Planning and Community Development Committee may elect not to forward this item to City Council which would adversely impact the ability of the developer to proceed with the project.

FISCAL IMPACT:

This approves a Resolution of No Objection for Viento Apartments, LTD's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program for the construction of the Viento Apartments, a 324-unit affordable multi-family rental housing development, located at 10348 S Zarzamora Street in Council District 4. There is no fiscal impact to the City's budget.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for consideration of a Resolution of No Objection for the Viento Apartments, a 324-unit multi-family rental housing development located at 10348 S Zarzamora Street in Council District 4 in San Antonio, Texas; allowing the construction of the development to be located within one linear mile from another development awarded in the last three years; and acknowledging the development will be located in a census tract with more than 20% of total housing units being supported by housing tax credits.

