

**AGENDA ITEM: #8**

**POSTING LANGUAGE:** Briefing and possible action on resolutions of Support for multifamily rental housing developments seeking 2022 Competitive 9% Housing Tax Credits from the Texas Department of Housing and Community Affairs. [Lori Houston, Assistant City Manager; Verónica R. Soto, FAICP, Director, Neighborhood and Housing Services]

TV: 2022 9% Housing Tax Credit Resolutions

**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP, Director

**COUNCIL DISTRICTS IMPACTED:** City Wide

**SUBJECT:**

Resolutions of Support for multifamily rental housing developments seeking 2022 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

**SUMMARY:**

Consideration of twenty Resolutions of Support for multifamily rental housing developments by respondents seeking 2022 Competitive 9% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

On December 1, 2021, the City issued a Request for Applications to developers seeking a Resolutions of Support or Resolutions No Objection for applications to the Texas Department of Housing and Community Affairs for the Competitive 9% Housing Tax Credit (HTC) Program per the Council approved policy. Twenty applications were submitted by developers seeking a Resolution of Support. Three applicants requested a waiver from the TDHCAs' One Mile-Three Year Rule. Three applicants requested a waiver for the proposed development being located in a census tract with a poverty rate of 40% or higher.

**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. 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 a certain number of 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 new policy included an increased focus on deeper affordability, proximity to transit, inclusion of sustainable or green features, and working with local businesses. Developers submitting 2022 Competitive 9% HTC applications to TDHCA must score 75 points on their City application to be recommended for a Resolution of Support by staff. Developers must score 60 points and have ownership/ management experience to be recommended for a Resolution of No Objection. Applications for the 2022 Competitive 9% HTC are due to TDHCA no later than March 1, 2022.

On December 1, 2021, 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 10, 2022. NHSD received 20 applications for a Resolution of Support from City Council to include in their TDHCA 2022 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 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.

All 20 applications have scored 75 points or more. Two applications have been withdrawn: Vista Green and Vista at San Pedro.

## **ISSUE:**

The City received 20 applications for a Resolution of Support from City Council to include in their TDHCA 2021 Competitive 9% HTC application. Applications with a score of at least 75 points are eligible to be recommended for a Resolution of Support and those earning between 60 and 74 points may be recommended to receive a Resolution of No Objection. The final scores ranged from 79 to 96 points. Two applications have been withdrawn; staff is recommending that the following developments are awarded a Resolution of Support:

Project Name	Developer/Applicant	CD	Proposed # of Units	30% Units	50% Units	60% Units	Market Rate Units	% of Units at 30%	% of Affordable Units
Four 25 San Pedro	Franklin Development	1	100	50	10	40	0	50%	100%
The Edge	KCG Development	2	90	9	36	45	0	10%	100%
Village at Boyer	Prospera	2	86	10	36	40	0	12%	100%
Highland Seniors	Franklin Development	3	112	23	23	66	0	21%	100%

Westgate Senior Living	Pennrose	6	80	9	33	38	0	11%	100%
Manitou Apartments	NRP Group	7	80	8	32	40	0	10%	100%
Avanti Greenpoint	Avanti Greenpoint, LP.	8	120	11	44	53	12	10%	90%
Vista Square	Atlantic Pacific Companies	8	74	8	22	44	0	11%	100%
Vista Valley Lofts	CSH Vista Valley Lofts, Ltd.	9	78	12	30	33	3	16%	96%
Avanti Silver Heights	Avanti Silver Heights, LP	9	120	11	44	53	12	10%	90%
Avanti Silver Oaks	Avanti Silver Oaks, LP	9	82	8	30	36	8	11%	90%
Vista at Silver Oaks	Atlantic Pacific Companies	9	84	9	25	50	0	11%	100%
Quarry Park Village for Seniors	CSH Quarry Park Village, Ltd.	10	96	15	33	43	5	16%	95%
Cloudhaven Apartments	NRP Group	10	80	8	32	40	0	10%	100%
Eisenhower Apartments	NRP Group	10	60	7	25	28	0	12%	100%
Rainbow Drive Apartments	NRP Group	10	80	9	33	38	0	11%	100%
Vista at Henderson Pass	Atlantic Pacific Companies	10	84	9	25	50	0	11%	100%
Vista at Thousand Oaks SA	Atlantic Pacific Companies	10	82	18	24	40	0	22%	100%

One pre-applications was submitted to TDHCA that will compete with the proposed developments above for a 9% HTC awards. The application is for a development in Live Oak, outside of San Antonio. The applicate for this project will apply for a Resolution from Live Oak's municipality.

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 impact three applications: Village at Boyer, Highland

Seniors and Four25 San Pedro. 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 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 two remaining application: Avanti Greenpoint and Vista Square. 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.

#### **ALTERNATIVES:**

The Planning and Community Development Committee may elect to not forward the item to City Council for consideration or may recommend some or none of the Resolutions be made which would adversely impact the developers' applications with TDHCA's Housing Tax Credit program and deem the affordable housing developments financially infeasible.

#### **FISCAL IMPACT:**

This authorizes Resolutions for multifamily rental housing developments by applicants seeking competitive 9% Housing Tax Credits with the Texas Department of Housing and Community Affairs for the 2022 program. There is no fiscal impact to the FY 2022 Adopted Budget with this action.

#### **RECOMMENDATION:**

City Staff is recommending the following Resolutions:

Development	CD	Resolution of Support	1 Mile, 3 YR Waiver	CT ≥40% Poverty
Four 25 San Pedro	1	X	X	
The Edge	2	X		
Village at Boyer	2	X	X	
Highland Seniors	3	X	X	
Westgate Senior Living	6	X		
Manitou Apartments	7	X		
Avanti Greenpoint	8	X		X
Vista Square	8	X		X
Vista Valley Lofts	9	X		
Avanti Silver Heights	9	X		
Avanti Silver Oaks	9	X		
Vista at Silver Oaks	9	X		

Quarry Park Village	10	X		
Cloudhaven Apartments	10	X		
Eisenhauer Apartments	10	X		
Rainbow Drive Apartments	10	X		
Vista at Henderson Pass	10	X		
Vista at Thousand Oaks	10	X		