



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1268

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**Agenda Item Number:** 2.

**Agenda Date:** 2/8/2021

**In Control:** Planning and Land Development Committee

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**DEPARTMENT:** Neighborhood & Housing Services Department

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

**COUNCIL DISTRICTS IMPACTED:** Council District 2

### **SUBJECT:**

Adopting an Amended Resolution of No Objection for Atlantic Pacific Communities' application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

### **SUMMARY:**

Amending Resolution of No Objection for an application to the Texas Department of Housing and Community Affairs' Non-Competitive 4% Housing Tax Credits Program for the development of Villas at Echo East, 192-unit affordable multi-family rental housing development located at west of the intersection of Spriggsdale Avenue and Como Street in Council District 2, previously approved by the City Council on May 9, 2019, to include the City's specific consent to the location of the Villas at Echo East in a census tract that has more than 20% Housing Tax Credit Units per total households as 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).

### **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.

TDHCA administers two HTC programs: a Competitive 9% and Non-Competitive 4%. Echo East is applying 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.

Projects submitted prior to December 2019 fell under the requirements of the City's Low Income Housing Tax Credit Policy adopted by City Council December 14, 2017. In order to qualify to receive a Resolution of No Objection, the application had to earn at least 50 out of 100 points from the City's scoring criteria. In order to qualify for a Resolution of No Objection for projects submitted after December 2019, 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. Any 4% HTC application submitted prior to December 2019 and earning between 50 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.

On August 3, 2017, City Council authorized the declaration as surplus and sale of approximately 10 acres of land located at 301 Spriggsdale in Council District 2 to the George Gervin Youth Center, LLC for a sales price of \$430,000. City Council also authorized the execution of a Chapter 380 Economic Development Grant Agreement in an amount not to exceed \$430,000 between the City, Inner City TIRZ 11 and George Gervin Youth Center, LLC for the development of the Echo East Mixed Use Development. Echo East Apartments I is the first phase of the project with 211 units. The development will ultimately have 525 affordable units (all for households with incomes not exceeding 60% AMI). On December 3, 2020 City Council amended the Chapter 380 Agreement. The San Antonio Housing Trust-Public Facilities Corporation now owns the land. The first phase of the project is now named Villas at Echo East and will have 192- units at or below 60% Area Median Income (AMI).

The property is located in Council District 2. The Council District 2 office has been provided all pertinent information regarding the proposed Echo East Housing Tax Credit project.

The application received 15 experience points, and 75 points in total and is eligible to receive a Resolution of No Objection.

The value of the TDHCA tax credit award to East Echo would be approximately \$13 million over a ten-year period. The total construction cost for this project will be approximately \$41.3 million. Of the 192-units, all will have 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 \$43,200). The 4% application is anticipated to be considered by the TDHCA Governing Board in the April 2021.

The project is projected to contain the following unit mix:

Unit Mix	Sq ft	# of Units	Monthly Rent	AMI Served
One Bedroom- Small	715	16	\$727	60% and below
One Bedroom- Large	745	56	\$727	60% and below
Two Bedroom- Small	865	28	\$874	60% and below
Two Bedroom- Medium	890	60	\$874	60% and below
Two Bedroom- Large	990	8	\$874	60% and below
Three Bedroom	1055	24	\$1,013	60% and below

On May 9, 2019, City Council approved a Resolution of No Objection for this development's application to the TDHCA for Non-Competitive 4% Housing Tax Credits.

TDHCA requires a Resolution of No Objection from the local governing body for a 4% Housing Tax Credit project. Upon review of the application, TDHCA confirmed the project would need to acquire an Amended Resolution of No Objection from the City consenting to the location of the development being constructed in a census tract with more than 20% Housing Tax Credit Units per total households as established by the 5-year America Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4(c)(1).

#### **ISSUE:**

The Texas Department of Housing and Community Affairs recently notified the Developer that the census tract the project will be located in has more than 20% of the units in the census tract as tax credit units. In this case, approximately 26%. Pursuant to the state's Qualified Allocation Plan and Chapter 10 of the Texas Administrative Code, sections 11.3 (e) and 11.4 (c)(1), when a development will be located in such a census tract, in order for the development to receive 4% Housing Tax Credits, the City must find that the proposed Development is consistent with the City's obligation to affirmatively further fair housing and must vote specifically to allow the construction of the development within this census tract. As a result of this notification by the State of this issue, it is necessary for the City Council to approve an Amended Resolution of No Objection to include this additional information.

#### **ALTERNATIVES:**

Planning and Land 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:**

There is no fiscal impact to the FY 2021 general fund.

#### **RECOMMENDATION:**

Staff recommends forwarding this item to the full City Council for approval of an Amended Resolution acknowledging that more than 20% of the units in the census tract are tax credit units; finding that the proposed Development is consistent with the City's obligation to affirmatively further fair housing; and specifically to allowing the construction of the Development within this census tract, therefore allowing the project to proceed.