



City of San Antonio

Agenda Memorandum

File Number:
{{item.tracking_number}}

Agenda Item Number: 5

Agenda Date: August 21, 2023

In Control: Planning and Community Development Committee

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Consideration of a Resolution of No Objection for Palladium Old FM 471 W, Ltd.'s application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a multifamily rental housing development named Palladium Old FM 471 W and allowing the construction of the development to be located within one linear mile or less from another development.

SUMMARY:

Palladium Old FM 471 W, Ltd. is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2023 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 321-unit affordable multi-family rental housing development named Palladium Old FM 471 W, located at Old FM 471 W and Talley Road in the City of San Antonio's Extra Territorial Jurisdiction and allowing the construction of the development to be located within one linear mile or less from another development.

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 new 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 HTC's. Applications must score 60 out of 100 points for a Resolution of No Objection, including four from the ownership/management experience category.

ISSUE:

Palladium Old FM 471 W, Ltd. is applying for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 321-unit affordable multi-family rental housing development named Palladium Old FM 471 W, located at Old FM 471 W and Talley Road in the City of San Antonio's Extra Territorial Jurisdiction (ETJ). For applicants located within the ETJ of a municipality, a Resolution of No Objection from the municipality and a Resolution of No Objection from the county is required. Therefore, the Palladium Old FM 471 W, Ltd. is seeking a Resolution of No Objection from the City of San Antonio as well as a Resolution of No Objection from Bexar County.

The closest Council District to the property is Council District 6. The applicant has provided the Council Office with all pertinent information per the 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 63 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 Palladium Old FM 471 W would be approximately \$29.7 million over a ten-year period. The total cost for this development will be

approximately \$74.4 million. The deal will have units for families between 30% and 80% of the area median income. Two hundred sixty-eight of the 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 three will have a maximum income of \$47,460).

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in October 2023. If approved, the estimated start date will be in December 2023 and the estimated completion is December 2025.

Palladium Old FM 471 W is proposed to be located within one linear mile of another HTC development that was awarded HTC's within the last three years. TDHCA will not award HTC's 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. Palladium Old FM 471 W is proposed to be within one linear mile of Kallison Ranch. Kallison Ranch was awarded 4% HTC's in 2021.

This development would help achieve the Strategic Housing Implementation Plan (SHIP)'s production goals for families with incomes at 30% area median income (AMI) and 60% AMI. Palladium Old FM 471 W is being developed in partnership with TDHCA. The developer has indicated they will follow the San Antonio Housing Trust's Resident/Tenant Protection Policy adopted in March 2021.

The development is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	89	\$421	12 units at 30% and below
		\$915	77 units at 60% and below
Two Bedroom	178	\$497	11 units at 30% and below
		\$1,090	144 units at 60% and below
		\$1,288	15 units at 70% and below
		\$1,486	8 units at 80% and below
Three Bedroom	54	\$566	1 units at 30% and below
		\$1,251	23 units at 60% and below
		\$1,479	20 units at 70% and below
		\$1,708	10 units at 80% and below

FISCAL IMPACT:

This application is for a Resolution of No Objection for Palladium Old FM 471 W, Ltd.'s application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 321-unit affordable multi-family rental housing development named Palladium Old FM 471 W, located at Old FM 471 W and Talley Road in the City of San Antonio's Extra Territorial Jurisdiction and allowing the construction of the development to be located within one linear

mile or less from another development. There is no fiscal impact to the FY 2023 general fund.

ALTERNATIVES:

The 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.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for approval of a Resolution of No Objection for Palladium Old FM 471 W, Ltd.'s application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 231-unit affordable multi-family rental housing development named Palladium Old FM 471 W, located at Old FM 471 W and Talley Road in the City of San Antonio's Extra Territorial Jurisdiction and allowing the construction of the development to be located within one linear mile or less from another development.