



City of San Antonio

Agenda Memorandum

File Number:
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Agenda Item Number: 5

Agenda Date: September 28, 2023

In Control: Planning and Community Development Committee

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Veronica Garcia, Director

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT:

Consideration of a Resolution of No Objection for Oso Apartments, Ltd.'s application for 2023 or 2024 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 Oso Apartments.

SUMMARY:

Oso Apartments, Ltd. is seeking a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2023 or 2024 Non-Competitive 4% Housing Tax Credits (HTC) program for the construction of a 336-unit affordable multi-family rental housing development named Oso Apartments, located at 2075 & 2275 Schuwirth Road in the City of San Antonio's Extra Territorial Jurisdiction.

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 for 2023 Competitive 9% HTC applications to TDHCA must score 75 points on their City application to be recommended for a Resolution of Support by staff. Applications must score 60 out of 100 points for a Resolution of No Objection, including four from the ownership/management experience category.

ISSUE:

Oso Apartments, Ltd. is applying for 2023 or 2024 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 336-unit affordable multi-family rental housing development named Oso Apartments, located at 2075 & 2275 Schuwirth 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, Oso Apartments, 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 2. The applicant has provided the Council Office with all pertinent information per the current HTC Policy, adopted November 2021.

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 75 points in total and is eligible to receive a Resolution of No Objection.

The applicant received 2 public engagement points on their application.

The value of the TDHCA tax credit award to the Oso Apartments would be approximately \$33.8 million over a ten-year period. The total cost for this development will be approximately \$78

million. The deal will have units for families between 30% and 70% of the area median income. Two hundred forty one 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 June 2024. If approved, the estimated start date will be in July 2024 and the estimated completion is May 2026.

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. Oso Apartments is being developed in partnership with Bexar County as its bond issuer.

The development is projected to contain the following unit mix:

| Unit Mix | Number of Units | Monthly Rent | AMI Served |
|-----------------|------------------------|---------------------|---------------------------|
| One Bedroom | 12 | \$423 | 1 unit at 30% and below |
| | | \$932 | 8 units at 60% and below |
| | | \$1,101 | 3 units at 70% and below |
| Two Bedroom | 144 | \$504 | 15 units at 30% and below |
| | | \$1,115 | 88 units at 60% and below |
| | | \$1,318 | 41 units at 70% and below |
| Three Bedroom | 132 | \$585 | 13 units at 30% and below |
| | | \$1,290 | 82 units at 60% and below |
| | | \$1,525 | 37 units at 70% and below |
| Four Bedroom | 48 | \$641 | 5 units at 30% and below |
| | | \$1,428 | 29 units at 60% and below |
| | | \$1,690 | 14 units at 70% and below |

FISCAL IMPACT:

This application is for a Resolution of No Objection for Oso Apartments, Ltd.’s application for 2023 or 2024 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 336-unit affordable multi-family rental housing development named Oso Apartments, located at 2075 & 2275 Schuwirth Road in the City of San Antonio’s Extra Territorial Jurisdiction. There is no fiscal impact to the FY 2023 or FY 2024 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 Oso Apartments, Ltd.'s application for 2023 or 2024 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the construction of a 336-unit affordable multi-family rental housing development named Oso Apartments, located at 2075 & 2275 Schuwirth Road in the City of San Antonio's Extra Territorial Jurisdiction.