



City of San Antonio

Agenda Memorandum

File Number:
{{item.tracking_number}}

Agenda Item Number: 5

Agenda Date: February 24, 2022

In Control: Planning and Community Development Committee

DEPARTMENT: Neighborhood and Housing Services

DEPARTMENT HEAD: Verónica R. Soto

COUNCIL DISTRICTS IMPACTED: District 5

SUBJECT:

Consideration of a Resolution of No Objection for the Alamo Community Group's application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Alamo Community Group 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 Cattleman Square Lofts, a 138-unit affordable multi-family rental housing development located at 811 W. Houston Street in Council District 5, allowing the construction of the development to be located within one linear mile or less from another development; acknowledging the development will result in more than 20% of total housing units in the proposed census tract being supported by housing tax credits; and acknowledging the high poverty rate in the census tract the proposed development will be located in and authorizing the development to move forward as required by the 2022 Qualified Allocation Plan.

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 and requires a Resolution of No Objection from the local governing body to satisfy requirements 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 November 18, 2021.

ISSUE:

Alamo Community 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 Cattleman Square Lofts, a 138-unit multi-family rental housing development located at 811 W. Houston Street in Council District 5.

The property is located in Council District 5. The applicant met in person with Councilwoman Castillo and provided all pertinent information regarding the proposed HTC project.

Cattleman Square Lofts received a Resolution of Support from City Council in February 2020 for its 9% HTC application to TDHCA. The development was not awarded 9% HTC by TDHCA in July 2020. The project is now being submitted as a 4% HTC project and therefore requires a Resolution of No Objection from City Council.

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 Owner/General Partner/Property Management Experience category. The application received 7 experience points, and 88 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 Cattleman Square Lofts would be approximately \$15.8 million over a ten year period. The total cost for this project will be approximately \$35.5 million. All 138 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 \$40,020).

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 August 2022 and the estimated project completion is December 2023.

Cattleman Square Lofts 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 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. Cattleman Square Lofts is proposed to be within one linear mile of Alazan Lofts. Alazan Lofts was awarded 9% HTCs in 2019.

The census tract the Cattleman Square Lofts is proposed to be constructed in will have more than 20% of the total housing units being supported by Housing Tax Credits. 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. There are 3 developments in the census tract with HTC supported housing units which make up 39% of the total housing units in the census tract. Cattleman Square Lofts will result in the census tract having about 45% of the housing units being tax credit units.

Cattleman Square Lofts is located in a census tract with a poverty rate that exceeds 40%. TDHCA will not award HTCs to a project if it is located within a census tract with a poverty rate above 40% unless the governing body of the City votes to acknowledge the high poverty rate in the census tract the project is located in and authorizing the project to move forward. Cattleman Square Lofts is in a census tract with a poverty rate of about 42%.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
Studio	35	\$330	8 units at 30% and below
		\$699	28 units at 60% and below
One Bedroom	79	\$339	10 units at 30% and below
		\$744	69 units at 60% and below
Two Bedroom	23	\$456	3 units at 30% and below
		\$885	20 units at 60% and below

FISCAL IMPACT:

There is no fiscal impact to the FY 2022 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; allowing the construction of the development to be located within one linear mile or less from another development; acknowledging the development will result in more than 20% of total housing units in the proposed census tract being supported by housing tax credits; and acknowledging the high poverty rate in the census tract the proposed development will be located in and authorizing the development to move forward.