



# City of San Antonio

## Agenda Memorandum

**File Number:**  
**{{item.tracking\_number}}**

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**Agenda Item Number:** 9

**Agenda Date:** February 24, 2022

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

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto

**COUNCIL DISTRICTS IMPACTED:** District 7

**SUBJECT:**

Consideration of a Resolution of No Objection for Fairfield Sorento, L.P.'s application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

**SUMMARY:**

Fairfield Sorento is seeking a 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 rehabilitation of The Sorento, a 248-unit affordable multi-family rental housing development located at 2803 Fredericksburg Road in Council District 7.

**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 from the City, 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:**

Fairfield Sorento 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 rehabilitation of The Sorento, 248-unit multi-family rental housing development located at approximately 2803 Fredericksburg Road in Council District 7.

The property is located in Council District 7. The applicant provided all pertinent information regarding the proposed HTC project to the council office.

Any 4% HTC application earning between 60 and 100 points is eligible to receive a staff recommendation for a Resolution of No Objection, provided the application receive at least 4 of 7 experience points under the Owner/General Partner/Property Management Experience category. The application received 7 experience points and 73 points total and is eligible to receive a Resolution of No Objection.

The applicant did not seek points for public engagement points.

The value of the TDHCA tax credit award to The Sorento would be approximately \$17.3 million over a ten-year period. The total cost for this project will be approximately \$49.9 million. All of the 248-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 July 2022 and the estimated project completion is July 2024.

The rehabilitation will include new kitchen cabinets and countertops, energy efficient appliances, windows, patio doors, and heating and air conditioning units. Water conserving toilets and faucets will be installed. Thirteen apartments will be reconfigured to comply with the Americans with Disabilities regulations. There will be landscaping, re-paving of parking lots, and a new sign as well.

Residents will receive a 120 day general notice of intent to renovate along with a 30 day notice of

when work will be done on their apartment. The intent is for renovations to be complete without moving residents from their home. Work on units will be between 8:00 am and 5:00 pm and apartments being livable and safe between work days. If temporary relocation is necessary, the developer will pay for the temporary stay at the hotel and moving expenses.

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	72	\$343	11 units at 30% and below
		\$760	61 units at 60% and below
Two Bedroom	176	\$402	27 units at 30% and below
		\$902	149 units at 60% and below
Three Bedroom	86	\$458	13 unit at 30% and below
		\$1,036	73 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.