



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 28

**Agenda Date:** June 15, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Veronica Garcia, Director

**COUNCIL DISTRICTS IMPACTED:** District 3

**SUBJECT:**

Consideration of a Resolution of No Objection for Costa Almadena Apartments, LLC's application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the rehabilitation of a multifamily rental housing development named Costa Almadena.

**SUMMARY:**

Costa Almadena Apartments, LLC's 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 rehabilitation of a 176-unit affordable multi-family rental housing development named Costa Almadena, located at 6222 S. New Braunfels Avenue in Council District 3.

**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:**

Costa Almadena Apartments, LLC is applying for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the rehabilitation of a 176-unit affordable multi-family rental housing development named Costa Almadena, located at 6222 S. New Braunfels Avenue in Council District 3.

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 60 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 would be approximately \$17.4 million over a ten-year period. The total cost for this development will be approximately \$44.2 million. The deal will have units for families at 50% and 60% of the area median income. All 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 \$44,820).

The 4% HTC application is anticipated to be considered by the TDHCA Governing Board in June 2023. If approved, the estimated start date will be in July 2023 and the estimated completion is July 2024.

This development would help achieve the Strategic Housing Implementation Plan (SHIP)'s rehabilitation goals for families with incomes at 50% area median income (AMI) and 60% AMI.

Costa Almadena's Private Activity Bond issuer is Opportunity Home San Antonio.

According to the development team, all current residents will be eligible to continue to live at the apartments after the rehabilitation is complete. No residents will be permanently displaced as a result of the proposed work. The applicant submitted a relocation plan which includes a \$1.2 million budget for temporary housing, storing resident belongings, and travel costs.

The development is projected to contain the following unit mix:

| Unit Mix      | Number of Units | Monthly Rent | AMI Served                |
|---------------|-----------------|--------------|---------------------------|
| One Bedroom   | 6               | \$767        | 6 units at 60% and below  |
| Two Bedroom   | 90              | \$880        | 2 units at 50% and below  |
|               |                 | \$1,068      | 88 units at 60% and below |
| Three Bedroom | 72              | \$881        | 22 units at 50% and below |
|               |                 | \$1,223      | 12 units at 60% and below |
| Four Bedroom  | 8               | \$1,351      | 8 units at 60% and below  |

#### **ALTERNATIVES:**

City Council may elect not to provide the Resolution of No Objection which would adversely impact the ability of the developer to proceed.

#### **FISCAL IMPACT:**

This application is for a Resolution of No Objection Costa Almadena Apartments, LLC's application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the rehabilitation of a 176-unit affordable multi-family rental housing development named Costa Almadena, located at 6222 S. New Braunfels Avenue in Council District 3. There is no fiscal impact to the General Fund.

#### **RECOMMENDATION:**

Staff recommends City Council approval of a Resolution of No Objection for Costa Almadena Apartments, LLC's application for 2023 Non-Competitive 4% Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) for the rehabilitation of a 176-unit affordable multi-family rental housing development named Costa Almadena, located at 6222 S. New Braunfels Avenue in Council District 3.