

# Low Income Housing Tax Credit (LIHTC) Request

## LIHTC-20-03

# Northeast intersection of Redwood Road and South Old Bastrop Hwy



### Summary

<b>Project Description:</b>	A 210-unit senior (55+) multifamily project comprised of single-story cottage style buildings and two larger interior corridor buildings. The project will provide all 210 units for those making 80% AMI or less. The project will provide a mix of one and two-bedroom options and will provide a total of 11 ADA accessible units. A breakout of the proposed unit mix is provided below.		
<b>Applicant:</b>	Jessica Mullins Kittle Property Group Inc. 3431 Rayford Road, Ste 200-324, Spring, TX 77386	<b>Property Owner:</b>	James Smith Jr. Smithco Redwood, LLC 1400 Post Oak Blvd, Ste 900 Houston, TX 77056
<b>Location:</b>	Northeast intersection of Redwood Road and S Old Bastrop Hwy		
<b>Legal Description:</b>	17 acres out of the Barnette O. Kane Survey, Hays County, Texas		
<b>Acreage</b>	+/- 17 acres		
<b>Existing Zoning:</b>	N/A (located outside city limits)	<b>Proposed Zoning:</b>	Character District-5 (CD-5) and associated Alternative Compliance Request
<b>Existing Use:</b>	Vacant	<b>Proposed Use:</b>	Senior Multifamily Housing (55+)
<b>Preferred Scenario:</b>	Area of Stability – Low Intensity	<b>Floodplain:</b>	No
<b>Requesting Tax Exemption:</b>	Yes		

### Unit Mix

Income Restriction	Unit Count	% of Total Units
0-30% AMI	21	10%
31-50% AMI	10	5%
51-60% AMI	148	70%
61-80% AMI	31	15%
Market Rate	0	0%
<b>Total</b>	<b>210</b>	<b>210</b>

### Bedroom Unit Mix

Number of Bedrooms	Unit Count	% of Total Units
Efficiency	0	0%
1 bedroom	128	60%
2 bedroom	82	40%
3 bedroom	0	0%
4 bedroom	0	0%
<b>Total</b>	<b>210</b>	<b>210</b>

### ADA Units

<b>Total ADA Units proposed</b>	11 accessory units, 4 sensory units
---------------------------------	-------------------------------------

<b>Low Income Housing Tax Credit (LIHTC) Request</b> <b>LIHTC-20-03</b>	<b>Northeast intersection of Redwood Road and South Old Bastrop Hwy</b>
--	---



**Staff Recommendation**

<b>X</b>	<b>Approval - Policy Criteria Met</b>	<b>Additional Information Needed</b>	<b>Denial – Policy Criteria Not Met</b>
<b>Recommendation Summary</b> <p>At the February 18<sup>th</sup>, 2020 meeting, the San Marcos City Council adopted the current LIHTC Policy. Under the policy, applications must meet at least <b>5 of the 8</b> criteria, including criteria #1, in order to receive a positive staff recommendation. Under the current policy, no exemption from taxes may be considered unless the project meets criteria 1a-1e. At this time staff considers <b>5 of the 8</b> LIHTC criteria met, however, additional information will be required from the applicant at future stages in the development process to ensure compliance with criteria #8.</p>			
<b>Staff:</b> Andrea Villalobos, AICP, CNU-A		<b>Title:</b> Planning Manager	<b>Date:</b> April 7, 2021

<b>Low Income Housing Tax Credit (LIHTC) Request</b>	<b>Northeast intersection of Redwood Road and South Old Bastrop Hwy</b>
<b>LIHTC-20-03</b>	



### Analysis

#### **Overview of Criteria Met**

Those criteria highlighted in **black** are criteria that staff considers met. Criteria in **red** are the criteria staff considers not met. Those criteria highlighted in **blue** are the criteria staff will require additional information from the applicant during the development process.

#### **Overview of Criteria #8**

Criteria #8 requires that projects incorporate: resident support services that meet the needs of the local community, utilizes local support services and resources, exceeds the minimum TDHCA point requirements for amenities and services, and are documented via some type of surety documentation such as a Memorandum of Understanding. There are a few areas within criteria 8 in which additional documentation is needed from the applicant during the development process:

- **Criteria 8d:** states that the project shall submit to the City the Project's TDHCA application and include the list of amenities in the Project's Land Use Restriction Agreement. The applicant is finalizing their TDHCA application and has stated that they will provide the application to the City when it is available.
- **Criteria 8e:** requires a Memorandum of Understanding (MOU) to be submitted prior to the Certificate of Occupancy of the development. The applicant has indicated the local partnerships they are pursuing for their proposed support services. At this time, MOUs have not yet been drafted but they will be required at a later stage in the development process as required by the Resolution of No Objection.

Staff believes that these items can be achieved in the near future as the applicant finalizes their documentation.

#### **Additional TDHCA Language Required:**

As more LIHTC projects are proposed in San Marcos the concentration of housing tax credit units increases. Texas Government Code includes several "housing de-concentration" statutes to ensure the applicable local jurisdiction is aware of projects proximity to each other and concentration of units. The applicant has confirmed that language addressing the below items will be included in the Resolution of no objection based on the project location:

##### **Twice the State Average per Capita – language included in the resolution.**

If a proposed development is located in a municipality or jurisdiction that has more than twice the state average of units per capita supported by housing tax credits or private activity bonds then the applicant must obtain a resolution from the municipality or jurisdiction authorizing the allocation of housing tax credits.

##### **20% Housing Tax Credits per Total Households – language included in the resolution. The current percentage is 28.51%.**

If a proposed project is located in a census tract that has more than 20% housing tax credit units per total households as established by the 5-year American Community Survey, the project shall be considered ineligible unless the applicable municipality or jurisdiction has, by vote, specifically allowed the development and submits a resolution to TDHCA stating that the proposed development is consistent with the jurisdiction's obligation to affirmatively further fair housing.

<b>Low Income Housing Tax Credit (LIHTC) Request</b>	<b>Northeast intersection of Redwood Road and South Old Bastrop Hwy</b>
<b>LIHTC-20-03</b>	



**1 Mile, 3 Year Rule – language included in the resolution.**

If a proposed project is located one linear mile or less (measured between closest boundaries by a straight line on a map) from another development that serves the same target population as the proposed development (regardless of general, elderly, or supportive housing) and has received housing tax credits or private activity bonds for new construction in the preceding three years, a resolution from the applicable municipality or jurisdiction specifically allowing the construction is required.

**Low Income Housing Tax Credit (LIHTC) Request**  
**LIHTC-20-03**

**Northeast intersection of Redwood Road and South Old Bastrop Hwy**



**LIHTC Policy – Project Comparison Chart Criteria #1**

Housing Policy Criteria #1 Overview			Criteria Met?
1	No exemption from local taxes may be considered unless the project meets the criteria listed below. The purpose of this criteria is to help increase the City's inventory of affordable units and ensure that units benefiting from the program are reserved for low income households that need them.	The applicant is requesting an exemption from local taxes. Please see the below analysis for Criteria #1 sub-criteria.	Met
Criteria #1 Sub-criteria		Analysis	Sub-Criteria Met?
1A	A minimum of 10% of all units within the project shall be affordable to households at or below 30% percent of the AMI for the duration of the tax exemption.	The project is providing 21 units (10% of all units) to households at or below 30% of the AMI.	Met
1B	A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.	2 of the units (10%) which are affordable to households at or below 30% of the AMI will be accessible.	Met
1C	A minimum of 35% of the units within a project that is not age-restricted shall include a minimum of three bedrooms in each unit.	N/A – this is an age restricted (55 years and older) project and therefore this sub criteria does not apply. The project is providing a mix of one and two bedroom units.	N/A
1D	The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA).	The project will include these criteria in the Land Use Restriction Agreement (LURA).	Met
1E	When considering a recommendation of support, projects must show proof that revenues will remain in San Marcos and will be utilized to support local residents with housing.	The project is seeking an exemption from local taxes through a partnership with the Capital Area Housing Finance Corporation (CAHFC) which was established in 1981 to address housing needs in Central Texas. Hays County is one of the applicable counties within the CAHFC service area. Please reference the Application for additional information regarding CAHFC In addition, the applicant in conjunction with the CAHFC is requesting to pursue a voluntary PILOT payment to the City of San Marcos in an amount of \$75,000 annually with a \$1,500 annual escalator.	Met

**Low Income Housing Tax  
Credit (LIHTC) Request**  
**LIHTC-20-03**

**Northeast intersection of  
Redwood Road and South  
Old Bastrop Hwy**



***LIHTC Policy – Project Comparison Chart Criteria #2-8***

Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
<b>2</b>	<b>Addresses a housing need identified in this housing policy or in the City's HUD programs</b>	The project will provide 210 units for those with incomes at or below 80% AMI. The project will be located within close proximity to San Marcos job centers such as the outlet mall, Amazon facility, and the Christus Santa Rosa Hospital. The project will provide a mix of unit types for seniors (one and two bedroom) and will provide a total of 11 ADA compliant units with the ability to convert other units to ADA or sensory units based on need. Although the proposed location is not within the prescribed ¼ or ½ mile of services listed in criteria 5 and 6 of the City's policy, the development will be required to provide vehicular and pedestrian connectivity and sidewalks along all public streets. The project is also located near the Medium Intensity Medical District zone which may include future development and connectivity to adjacent goods and services. The property owner is also pursuing CD-5 zoning for the subject property and the abutting land, which will provide opportunities for commercial uses and services.	<b>Met</b>
<b>3</b>	<b>The project is located in a high or medium intensity zone on the Preferred Scenario Map</b>	The property is located in an Area of Stability-Low Intensity designation on the Preferred Scenario Map.	<b>Not Met</b>
<b>4</b>	<b>The project is not proposed to develop under a legacy district on the City's current zoning map.</b>	The property is not currently zoned or annexed, however, the applicant has submitted an annexation request and a zoning application to zone the property to Character District-5, which is not a legacy district.	<b>Met</b>
<b>5</b>	<b>The project is located within a ½ mile walking distance to grocery, medical services, and schools.</b>	<ul style="list-style-type: none"> <li><u>Grocery:</u> The property is directly across the street from a Food &amp; Fuel Express convenience store. However, the Workforce Housing Committee has previously determined convenience stores do not meet the intent of the criteria and should not qualify them as a grocery service. The property is approximately 1.8 miles to Sam's Club.</li> <li><u>Medical:</u> The property is approximately 1.32 miles from the Central Texas Medical Center</li> <li><u>Schools:</u> The property is located approximately 1.3 miles walking distance to San Marcos High School and Bowie Elementary School.</li> <li><u>Walkability:</u> Sidewalk connectivity is lacking in this area and routes to nearly all services require walking on portions of roadway that do not have complete sidewalk systems.</li> </ul>	<b>Not Met</b>

**Low Income Housing Tax Credit (LIHTC) Request**  
**LIHTC-20-03**

**Northeast intersection of Redwood Road and South Old Bastrop Hwy**



Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
6	<b>The project is located within ¼ mile walking distance of a proposed or existing bus stop on a current or planned transit route. If the project is not located within one quarter (.25) mile walking distance of a proposed or existing bus stop on a current or planned transit route, a private shuttle service for residents is provided in accordance with TDHCA restrictions.</b>	<p>While the property is not located within ¼ mile of an existing or planned CARTS stop, the applicant will provide a free van/shuttle service for residents that will exceed TDHCA requirements at the request of the Workforce Housing Committee including more frequent services and stops based on resident needs such as the library and activity center. See “Memo” and the “Applicant Responses” attachments for further discussion on this topic per the March 17, 2021 committee discussion.</p> <p>The closest existing CARTS bus stop is at the intersection of Redwood Road and Poplar Street, approximately 1.3 miles away.</p>	<b>Met</b>
7	<b>The project is renovating or redeveloping an existing multifamily complex or under-performing development</b>	The project will be a new development.	<b>Not Met</b>
8	<b>The project incorporates wraparound support services that provide flexible voluntary social, economic, or education benefits to the residents. Proposed support services should:</b>	<p>TDHCA requires that projects seeking tax credits must provide an array of amenities and resident support services. The project receives a certain amount of points towards their application for each amenity or service required. TDHCA requires a minimum of 22 points in the Common Amenities category and a minimum of 8 points in the Resident Support Services category. The minimum TDHCA requirements have been exceeded (the applicant is providing 23 points in the Common Amenities category and 11.5 points in the Resident Support Services category). Amenities and support services should meet the needs of the local community, utilize local (to San Marcos) resources and services, and should exceed minimum TDHCA requirements. The City ensures amenities and services are incorporated as proposed at the time of Resolution of No Objection by comparison with the applicant’s TDHCA application, the Land Use Restriction Agreement, and the required submittal of MOUs or any other legal documentation indicating proposed services and partnerships.</p>	<b>Met</b>

**Low Income Housing Tax Credit (LIHTC) Request**  
**LIHTC-20-03**

**Northeast intersection of Redwood Road and South Old Bastrop Hwy**



Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
8a.	<b>Meet the needs of the local community</b>	<p>The project will offer the following support services for their residents. A full list is provided in the packet and is further indicated in the Resolution of No Objection:</p> <ul style="list-style-type: none"> <li>• An onsite food pantry consisting of an assortment of non-perishable food items and common household items</li> <li>• Annual health fair provided by a health care professional</li> <li>• Twice monthly arts, crafts, and other recreational activities</li> <li>• Twice monthly onsite social events</li> </ul>	<b>Met</b>
8b.	<b>Utilize local support services and resources</b>	<p>The applicant provided a list of local services and providers that they intend on partnering with for their required wraparound services. The intent of this criteria is to encourage LIHTC projects to partner with local businesses, organizations, and service providers in the provision of support services. In order to ensure these partnerships occur staff will work with the applicant to confirm and document the partnerships via the required surety in sub-criteria 8e.</p>	<b>Met</b>
8c.	<b>Exceed the minimum TDHCA requirements for amenities; and</b>	<p>TDHCA requires developments of this size to meet a 22-point minimum in their selected Common Amenities and an 8 point minimum in their selected Resident Support Services. Currently, all criteria are exceeded and the applicant is providing 23 points related to Common Amenities and 11.5 point related to Resident Support Services.</p>	<b>Met</b>
8d.	<b>The project shall submit to the City the Project's TDHCA application for low income housing tax credits and include the list of amenities in the Project's Land Use Restriction Agreement.</b>	<p>The applicant has not submitted their application to TDHCA yet but will provide the application to the City when it is available and a list of the amenities of the project will be included in the project's Land Use Restriction Agreement. The list of amenities is further indicated in the Resolution of No Objection.</p>	<b>Potentially Met / Provided at later stage in Development Process</b>



**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-20-03**

**Northeast intersection of  
Redwood Road and South  
Old Bastrop Hwy**



Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
8e.	<b>The project shall submit surety documentation to the City that the proposed support services will be included in the completed project. Projects will be required to submit documentation such as an MOU or any other legal documentation indicating the partnership between the project and the support service. Such documentation shall be required prior to the issuance of a Certificate of Occupancy for the project.</b>	<p>The intent of this criteria is to ensure that the development is encumbered with the amenities, support services, and local partnerships and service providers communicated to Council at the time of the resolution approval. The applicant has not yet provided a draft MOU between the property owner and proposed property management company and has not yet provided surety documentation for any local partnerships or service providers.</p> <p>Staff will work with the applicant to ensure an MOU will commit the proposed property management company and to the list of services as required by TDHCA such as:</p> <ul style="list-style-type: none"> <li>• Arrange transportation service;</li> <li>• Food pantry services;</li> <li>• Assist in and annual health fairs; etc.</li> </ul> <p>An executed MOU will be required prior to issuing Certificates of Occupancy for the project.</p>	<b>Potentially Met / Provided at later stage in Development Process</b>