

Low Income Housing Tax Credit (LIHTC) Request

LIHTC-24-04

Aquarena Springs Dr. east of IH 35/ 316 Northgate Dr. The Springs



Summary

Project Description:	<p>A 304-unit multifamily project providing units to those making 60% AMI or less. The project will provide a mix of one-, two-, and three-bedroom options and will provide a total of 23 ADA accessible units. A breakout of the proposed unit mix is provided below.</p> <p>The application includes a proposed PILOT (Payment In Lieu Of Taxes) Agreement whereby the developer will provide a lump sum payment of \$250,000 to the City along with \$300,000 paid over 15 years (total \$550,000) OR an upfront lump sum of \$400,000 in order to compensate for the loss in tax revenue to the City.</p>		
Applicant:	Joel Pollack Streamline AP 401 E. Sonterra Ste 170 San Antonio, TX 78258	Property Owner:	Daniel Campbell Longview Equity 750 N. St. Paul, Suite 250 Dallas, TX 75201
Location:	Between Aquarena Springs Dr. and Davis Ln. frontages, east of IH 35		
Legal Description:	1.88 acres, more or less, out of the subdivision known as Lot 1, Section 3, Interpark East, and 10.75 acres, more or less, in the J. M. Veramendi League No. 2 Survey, Abstract No. 960		
Acreage	+/- 12.63 acres		
Existing Zoning:	Multifamily-24 (MF-24) General Commercial (GC)	Proposed Zoning:	Same, CUP obtained for loft apts.
Existing Use:	Vacant	Proposed Use:	Multifamily
Preferred Scenario:	High Intensity	Floodplain:	Yes – 100 yr. floodplain/floodway
Requesting Tax Exemption:	Yes		

Unit Mix

Income Restriction	Unit Count	% of Total Units
0-30% AMI	46	15 %
31-50% AMI	0	0 %
51-60% AMI	258	85 %
61-80% AMI	0	0 %
Market Rate	0	0 %
Total	304	100 %

Bedroom Unit Mix

Number of Bedrooms	Unit Count	% of Total Units
Efficiency	0	0 %
1 bedroom	86	28 %
2 bedroom	176	58 %
3 bedroom	42	14 %
4 bedroom	0	0 %
Total	304	100 %

ADA Units

Total ADA Units proposed	23 accessible units
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Staff Recommendation

Approval - Policy Criteria Met	Additional Information Needed	<u>X</u>	Denial – Policy Criteria Not Met
<p>Recommendation Summary At the December 5, 2023, meeting, the San Marcos City Council adopted the current LIHTC Policy. Under the policy, applications must meet at least 5 of the 8 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.</p> <p>Staff considers 5 of the 8 LIHTC criteria met, however criteria 1c is not met. According to the policy local tax exemptions should not be considered and staff may not recommend approval of the request.</p>			
Staff: Lauren Clanton, AICP	Title: Chief Planner	Date: May 16, 2024	

Committee Recommendation

The Workforce Housing City Council Committee discussed this item on May 20, 2024.

Committee members Gonzales and Scott gave a favorable assessment of the project benefits. The committee discussed the PILOT agreement and whether a lump sum or payments over 15 years are preferred, with intent for City Council to revisit the topic at the regular meeting.

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Analysis

Overview of Criteria #8

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

- **Criteria 8b:** 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. The applicant has stated they will partner with local nonprofits; however, no specific documentation from the proposed partner organizations has been received at this time.
- **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 has stated that they will provide the agreement to the City when it is available. This is anticipated to be no earlier than September 2027.

Overview of Criteria #1C

Criteria #1C requires that a minimum of 35% of the units within a project that is not age-restricted include a minimum of three bedrooms in each unit. This application does not meet this threshold and instead proposes 14%. The applicant requested the Committee consider the merits of this standard given many families cannot afford a three-bedroom apartment based on their income, and this has consistently been one of the more challenging criteria for LIHTC applicants to meet. The applicant also indicated the site layout as a constraint to configuring the buildings and circulation.

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 item will be included in the Resolution of no objection based on the project location:

Twice the State Average per Capita

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.

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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.	Not Met – 1C
Criteria #1 Sub-criteria		Analysis	Sub-Criteria Met?
1A	A minimum of 15% 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.	46 units (15%) shall be affordable to households at or below 30% of the AMI for the duration of the tax exemption.	Met
1B	A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.	5 units (10%) affordable to households at or below 30% of the AMI shall be ADA 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.	42 units (14%) shall contain three bedrooms.	Not Met
1D	The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA).	The agreement has not provided by applicant at this time and will be provided at a later stage in the project.	To be provided at a later stage
1E	When considering a recommendation of support, preference should be given to projects that utilize a local entity for such tax exemptions.	The developer is partnering with the San Marcos Housing Authority.	Met

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LIHTC Policy – Project Comparison Chart Criteria #2-8

Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
2	Addresses a housing need identified in this housing policy or in the City’s HUD programs	<p>The Needs Assessment of the City’s Consolidated Plan (page 36) identified 4 Core Needs:</p> <ol style="list-style-type: none"> 1. Reduction in Cost Burden: Additional affordable rentals for residents earning less than \$25,000. 2. Displacement prevention. 3. Increased Home Ownership: Starter homes and family homes priced near or below \$200,000 and increased ownership product diversity. 4. Improved Housing Stock Condition: Improve condition and accessibility of existing housing stock. <p>The development is considered to meet Criteria 1 (by providing for households earning less than 30 % of the AMI) and Criteria 2 (by ensuring that the rents remain affordable to the residents who live there).</p>	Met
3	The project is located in a high or medium intensity zone on the Preferred Scenario Map	The project is located in High Intensity on the Preferred Scenario Map.	Met
4	The project is not proposed to develop under a legacy district on the City’s current zoning map.	The project is located in legacy districts – Multifamily-24 (MF-24) and General Commercial (GC) – on the current zoning map.	Not Met
5	The project is located within a ½ mile walking distance to grocery, medical services, and schools.	The project is located within ½ mile of the Hays-Caldwell Women’s Center, a Boys & Girls Club and preparatory school, a private school, an urgent care and emergency room, and Walmart Supercenter.	Met

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Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
6	The project is located within ¼ walking distance of a proposed or existing bus stop on a current or planned transit route. If the project is not located within ¼ 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 requirements.	The nearest bus stop is directly across Aquarena Springs Dr. The development will be served by Route 3 – Uhland.	Met
7	The project is renovating or redeveloping an existing multifamily complex or under-performing development.	This is a new development.	Not Met
8	The project incorporates wraparound support services that provide flexible voluntary social, economic, or education benefits to the residents. Proposed support services should:	The applicant has provided a proposed list of support services which are included in the Amenities Checklist in the packet, with a score of 9 points based on TDHCA scoring criteria.	Met
8A.	Meet the needs of the local community	The City does not have a detailed needs assessment for the local community regarding specific wraparound services however the submitted resident support checklist includes annual tax preparation, credit building assistance through rent reporting, an annual health fair, notary services, a part time resident services coordinator, and assistance for residents who wish to attend college. In addition, the San Marcos School District has been identified as having “underperforming” schools and so the project will provide an after-school program for a minimum of 15 hours per week which will be regulated through the TDCHA through annual compliance monitoring.	Met

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Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
8B.	Utilize local support services and resources	The applicant is proposing to provide services in partnership with local organizations including the Hays County Women's Center, Community Action, the San Marcos Education Foundation, and CASA of Central Texas. Specific agreements have not been provided at this time.	Met
8C.	Exceed the minimum TDHCA requirements for amenities; and	A draft amenities list is included in the packet. The applicant is proposing to meet 33 amenity points per TDHCA requirements, compared to the minimum requirement of 18 points.	Met
8D.	Submit to the City the Project's TDHCA Application for Low Income Housing Tax Credits and includes the list of amenities in the Project's Land Use Restriction Agreement (LURA).	The LURA has not been provided at this time. However, the applicant has included a draft list of amenities to be incorporated into the agreement.	Provided at a later stage in the development process

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LIHTC Policy – Additional Considerations

Housing Policy Criteria #1 Overview

1	Regardless of compliance with the above criteria, projects located where emergency response times fall out of the National Fire Protection Association (NFPA) standards and / or projects located within or in close proximity to the floodplain may receive a denial recommendation.	<p>The site is located within the FEMA 100-year floodplain and floodway. The applicant has submitted a Conditional Letter of Map Revision through FEMA and an engineering memo confirming intent to raise the property out of the floodplain. Several development applications have been submitted including a Watershed Protection Plan 2, under review.</p> <p>Per the enclosed Fire Station map, there are between 7-9 firefighters located within 8 minutes travel time of the site.</p>
1A	Projects seeking tax exemption should: <ul style="list-style-type: none"> • Include an estimate of the tax revenues which will not be realized by the City, annually, over the life of the project. • Describe future plans for placing the property back on the tax roll, if applicable. 	A summary of the annual cash flow has been provided by the applicant on the 5 th page of the supplementary exhibits. (See Table titled “Total Annual Cash Flow to San Marcos HA”). An estimated \$3,207,000 would be lost in tax revenue over 15 years.
1B	For senior housing projects, inclusion of the following, additional, support service: presentations by the Capital Area Council of Governments (CAPCOG) Area Agency on Aging. Applicants must contact CAPCOG to arrange for a presentation of available services no less than once every other year and provide proof of this agreement with the application.	N/A
1C	For senior housing projects, the distance to medical facilities will receive additional scrutiny. Applicants must indicate the nearest medical facilities and any additional transportation options which will be available to residents in the event of an emergency.	N/A
1D	Once approved, additional consideration will be given to applications which show compliance with the Strategic Housing Action Plan.	N/A- The Strategic Housing Action Plan has not been adopted at this time.