



# **City of San Marcos**

## **City Council Work Session**

November 19, 2024



# Presentation Item 1

Receive a staff presentation, hold discussion on requested data related to Low Income Housing Tax Credit (LIHTC) projects, and provide direction to staff.



# Agenda

- Affordable / Workforce Housing Policy History
- Key Factors
- Low Income Housing Tax Credit Developments
- Cost of City Services
- Comparison Cities
- Texas Department of Housing and Community Affairs
- External Stakeholder Summary
- Recap, Considerations, Next Steps, and Direction



# Definitions & Assumptions

- LIHTC – Low Income Housing Tax Credit (developments)
- TDHCA – Texas Department of Housing and Community Affairs
- RONO – Resolution of No Objection (to TDHCA application)
  - Approved by City Council
- LURA – Land Use Restriction Agreement
  - Between the Developer & TDHCA
- AMI – Area Median Income
  - Established by Metropolitan Statistical Area (MSA)
- PILOT – Payment in Lieu of Taxes

# **Affordable / Workforce Housing Policy History**

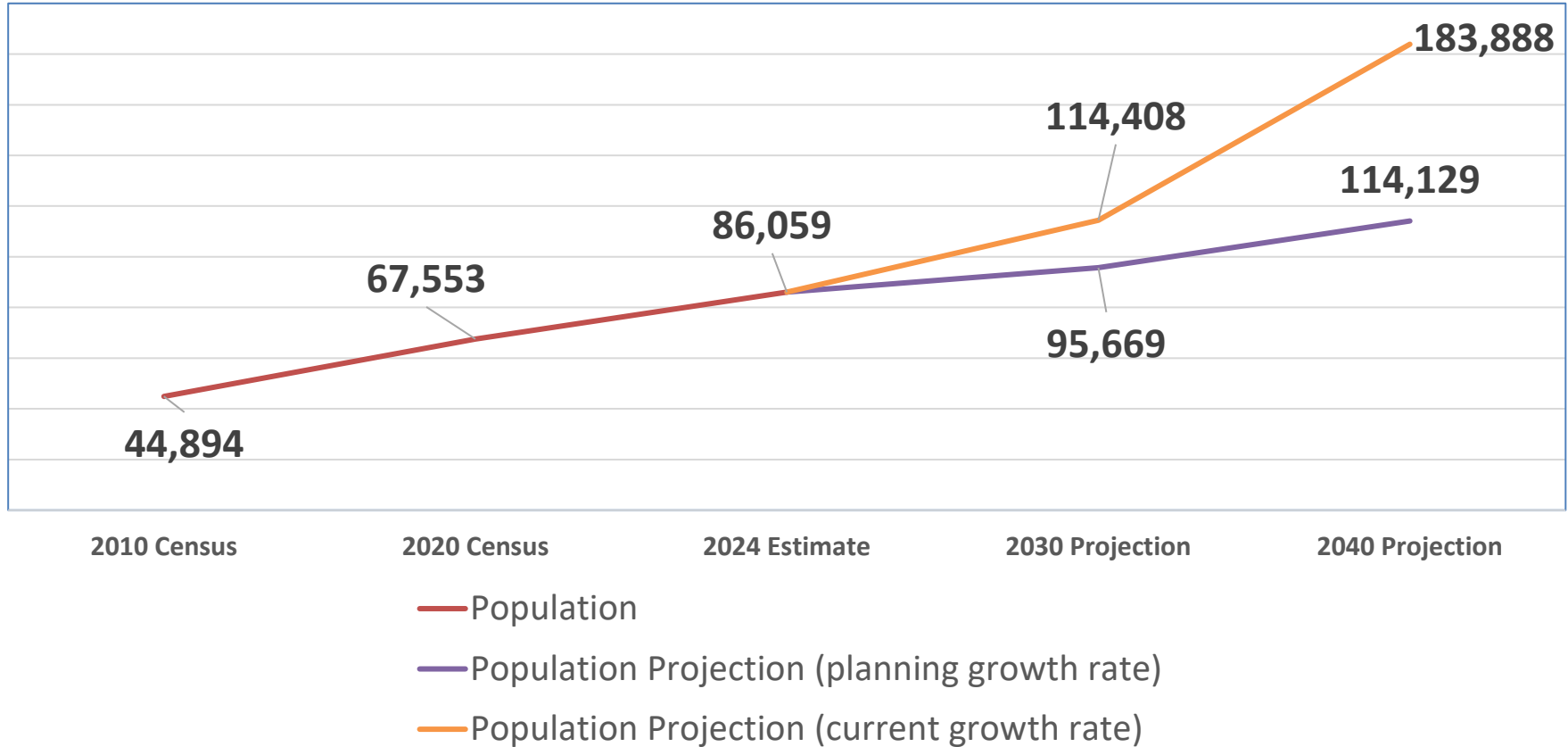


# Policy History

- 2014 – City Council Approved the Affordable/Workforce Housing Policy
- 2017 – Policy Amendment to include LIHTC for 55+ only
- 2018-2023 Policy Amendments to add / modify criteria for approval of LIHTC
  - Note: 2018-2019 Consultants, Staff & Workforce Housing Taskforce prepared Strategic Housing Action Plan – Plan was placed on hold until after Comprehensive Plan Adoption (Oct. 15, 2024)
- July 2, 2024 – City Council discussed LIHTC aspects of the Policy specifically as it relates to tax exempt property and requested data to assist with future decision making.

# Key Factors

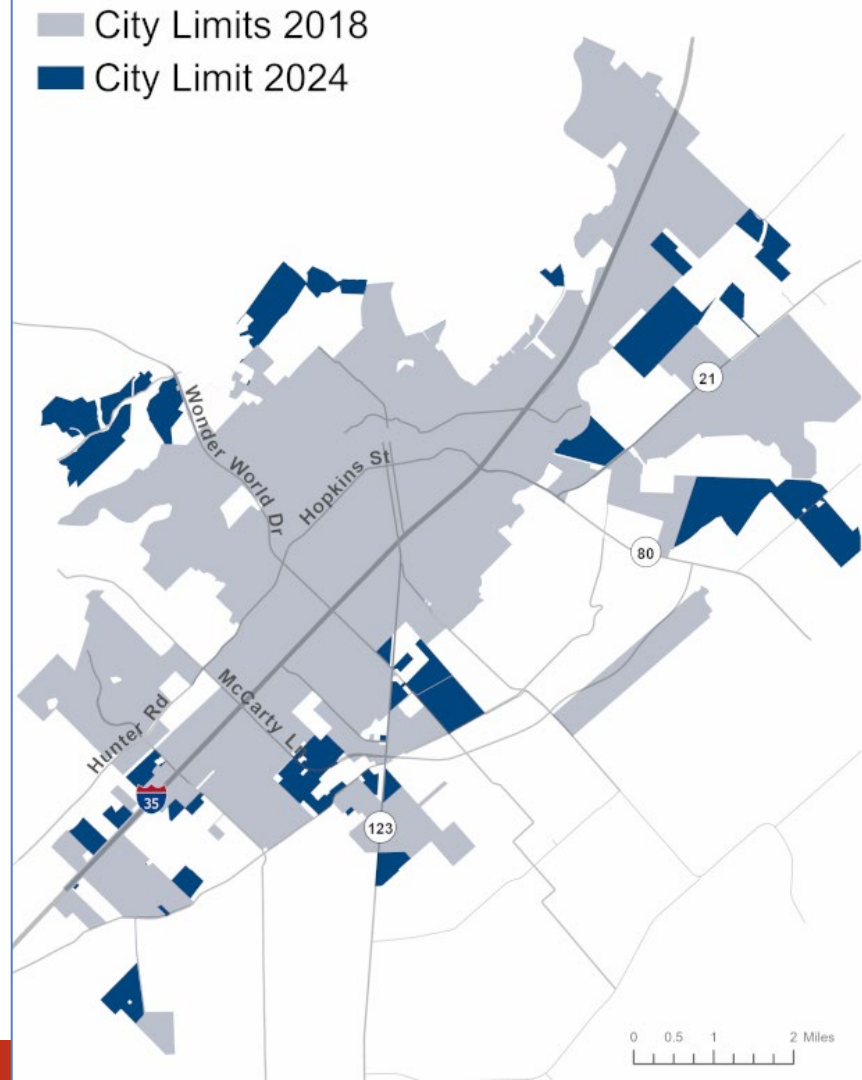
# Key Factors – Population Growth





# Key Factors – Physical Growth

- 2018 = 34 square miles
- 2024 = 40 square miles
- 3,840 acres added to City Limits



# Key Factors – Economic Growth



## Employment and Labor Force Status

**65.6%** ± 4.0%

Employment Rate in San Marcos city, Texas

**62.1%** ± 0.2%

Employment Rate in Texas

*DP03 | 2022 American Community Survey 1-Year Estimates*

## Poverty

**21.1%** ± 4.6%

Poverty, All people in San Marcos city, Texas

**14.0%** ± 0.2%

Poverty, All people in Texas

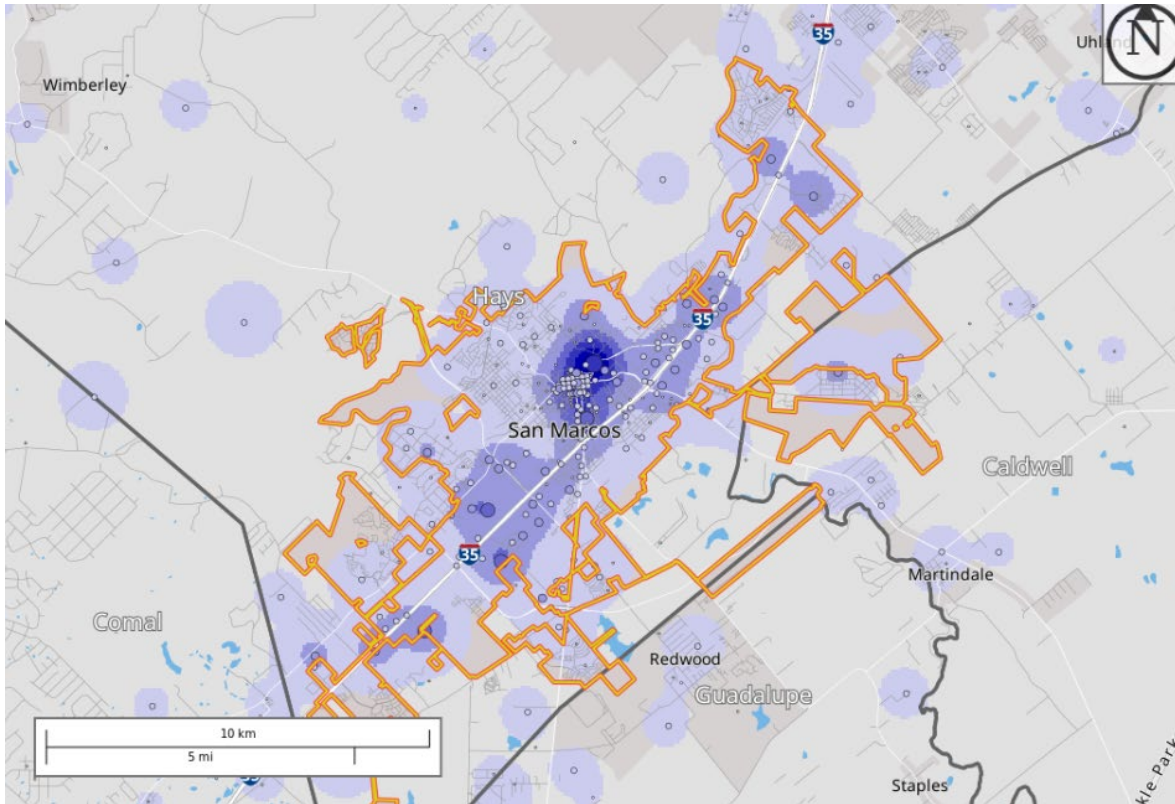
*S1701 | 2022 American Community Survey 1-Year Estimates*

ACS Assumptions for City of San Marcos:

- 62,139 population over 16 years of age
- 40,743 population which is employed

# Key Factors – Economic Growth

- Density of Work Locations, San Marcos, 2021



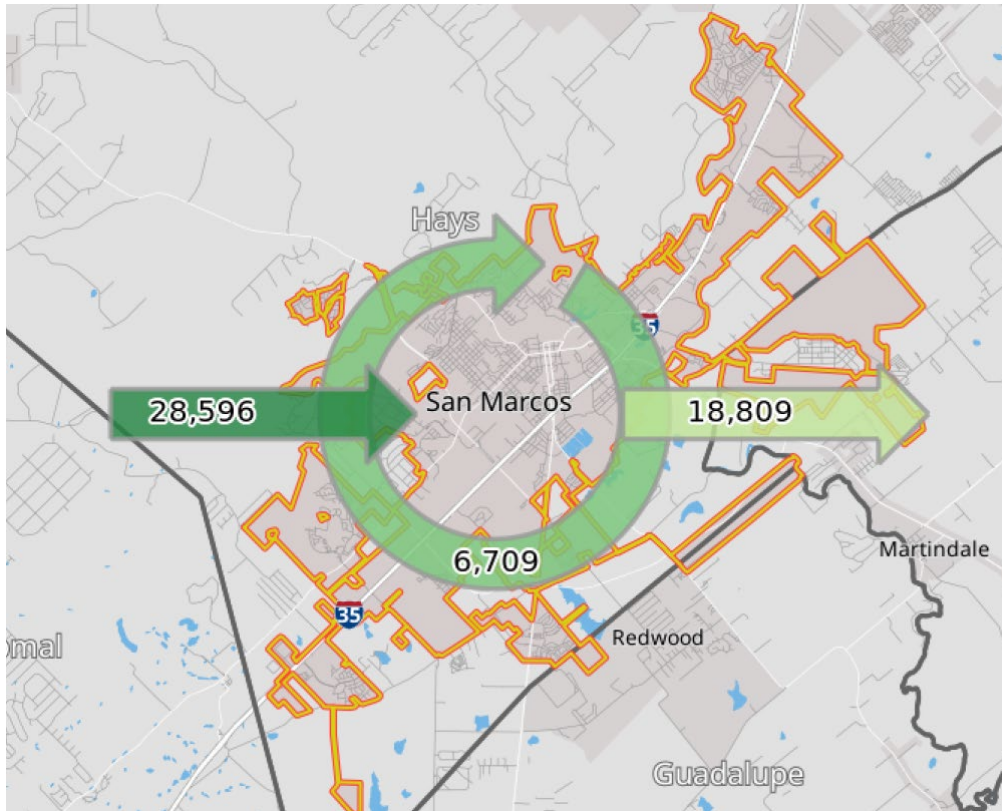
## Map Legend

### Job Density [Jobs/Sq. Mile]

- 5 - 176
- 177 - 690
- 691 - 1,546
- 1,547 - 2,745
- 2,746 - 4,287

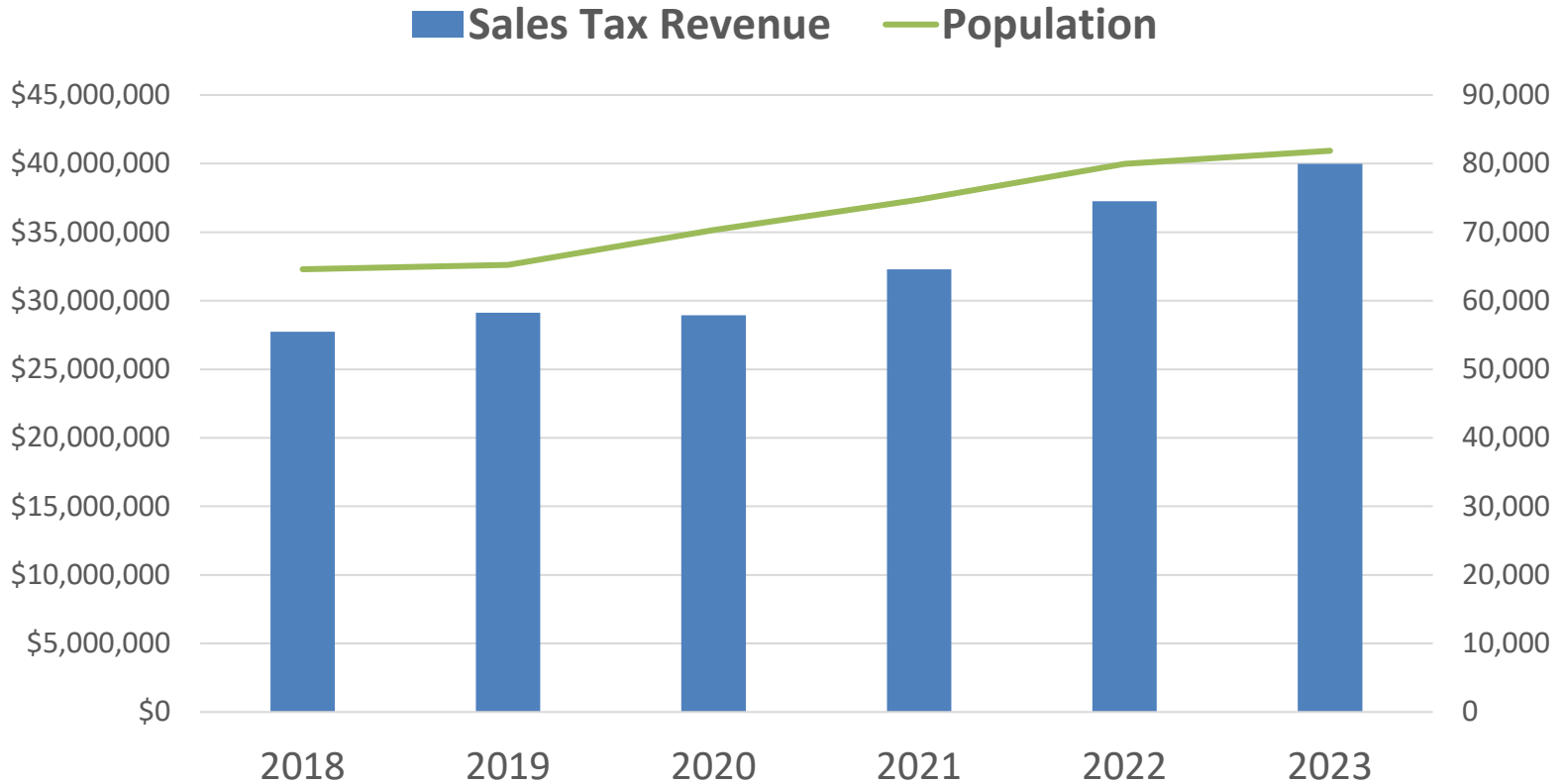
# Key Factors – Economic Growth

- Inflow/Outflow Counts of All Jobs, San Marcos, 2021



Map Legend	
<b>Inflow/Outflow</b>	
➤	Employed and Live in Selection Area
➤	Employed in Selection Area, Live Outside
➤	Live in Selection Area, Employed Outside
Note: Overlay arrows do not indicate directionality of worker flow between home and employment locations.	

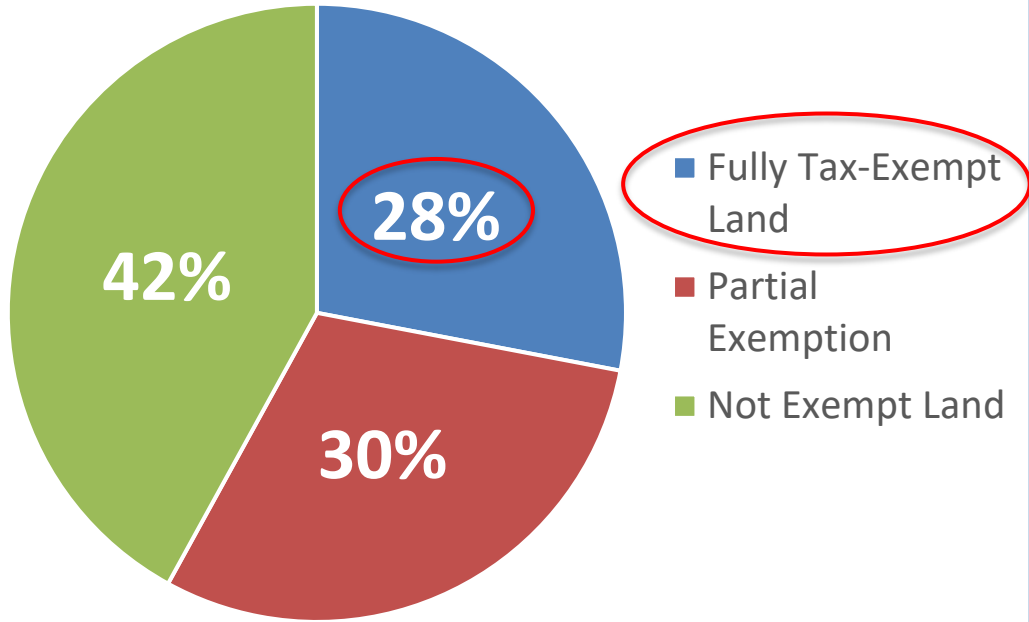
# Key Factors – Sales Tax Trends



# Key Factors – Tax-Exempt Properties

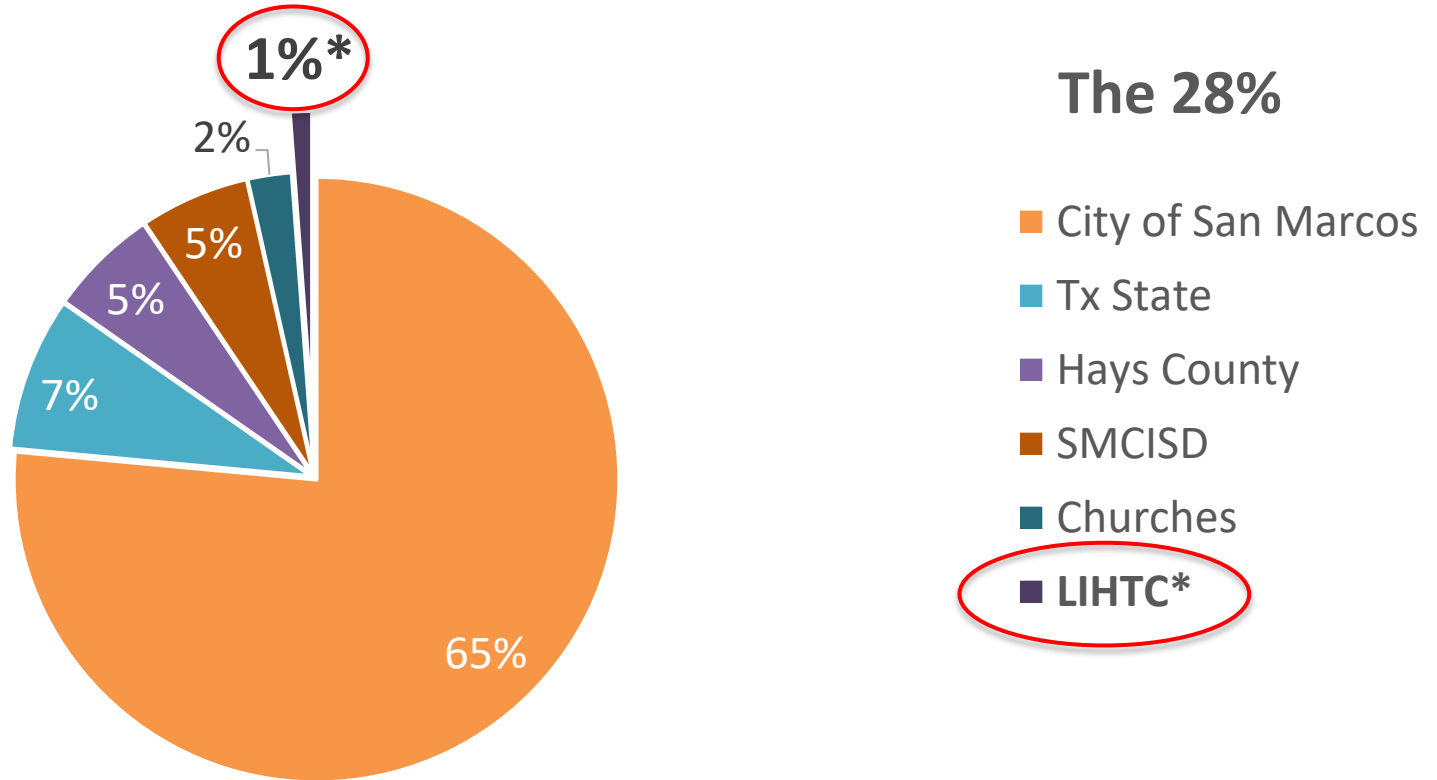


City-Wide Land Area



- Fully Tax-Exempt Land includes City of San Marcos, Texas State University, San Marcos CISD, Hays County, Churches, Housing Authority, etc.
- Partial Exemptions include homestead exemption, agricultural exemption, etc.
- Not Exempt Land includes commercial, industrial, multifamily, single family for rent, etc.

# Key Factors – Fully Exempt Property



\*LIHTC account for 0.86% of fully exempt property and 0.24% of land within City Limits

# **Low Income Housing Tax Credit Developments**



# LIHTC List – Tax Exempt



Project Name	Year Built	Units	Age Limit	Est. Pop.
La Vista Retirement Community	1999	200	Yes	386
Asbury Place (50%)	2000	64	--	124
Villas at Willow Springs* (50%)	2001	135	--	261
Sunrise Village	2001	60	Yes	116
Mariposa Apartment Homes*	2004	180	Yes	348
Encino Point*	2012	252	--	487
Sienna Pointe*	2013	228	--	440
Redwood	2022	296	--	572
Lantana on Bastrop	2024	216	--	417
1800 Apartments	Under Construction	330	--	638
LIV at Whisper Hills	In Review	267	Yes	516
Centerpoint Depot*	In Review	363	--	701

# LIHTC List – Not Exempt



Project Name	Year Built	Units	Age Limit	Est. Pop.
Country Oaks	1996	160	--	309
Stonebrook	2000	206	Yes	398
Champions Crossing	2001	156	--	301
The Reserve	2022	376	--	726
Mission Trails at El Camino	2021	350	--	676
Riverstone	2024	336	--	649
Villas Del San Xavier	2024	156	Yes	301
Legacy Square	2024	210	Yes	406
Sendero at Centerpoint	In Review	164	--	317
Blanco Basin	In Review	222	Yes	429
Riverview Apartments	2024 Remodel	53	--	102

# LIHTC Developments – Approval Timeline

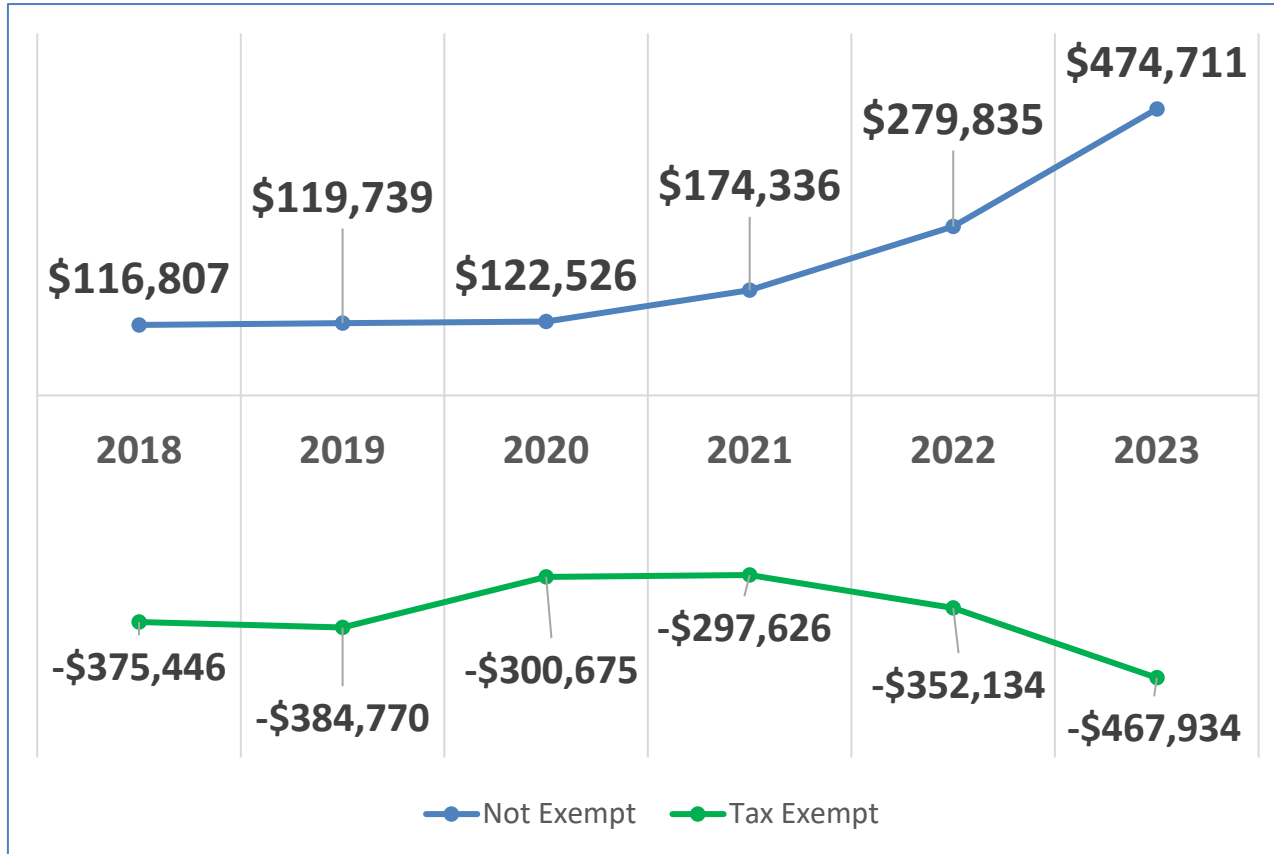


## Projects Approved Per Decade



- 23 total developments
  - 11 – no tax exemption
  - 10 – 100% exemption.
  - 2 – 50% exemption
- 9,620 – estimated population at full build-out
  - Approx. 10% of total population

# LIHTC Developments – Tax Revenue

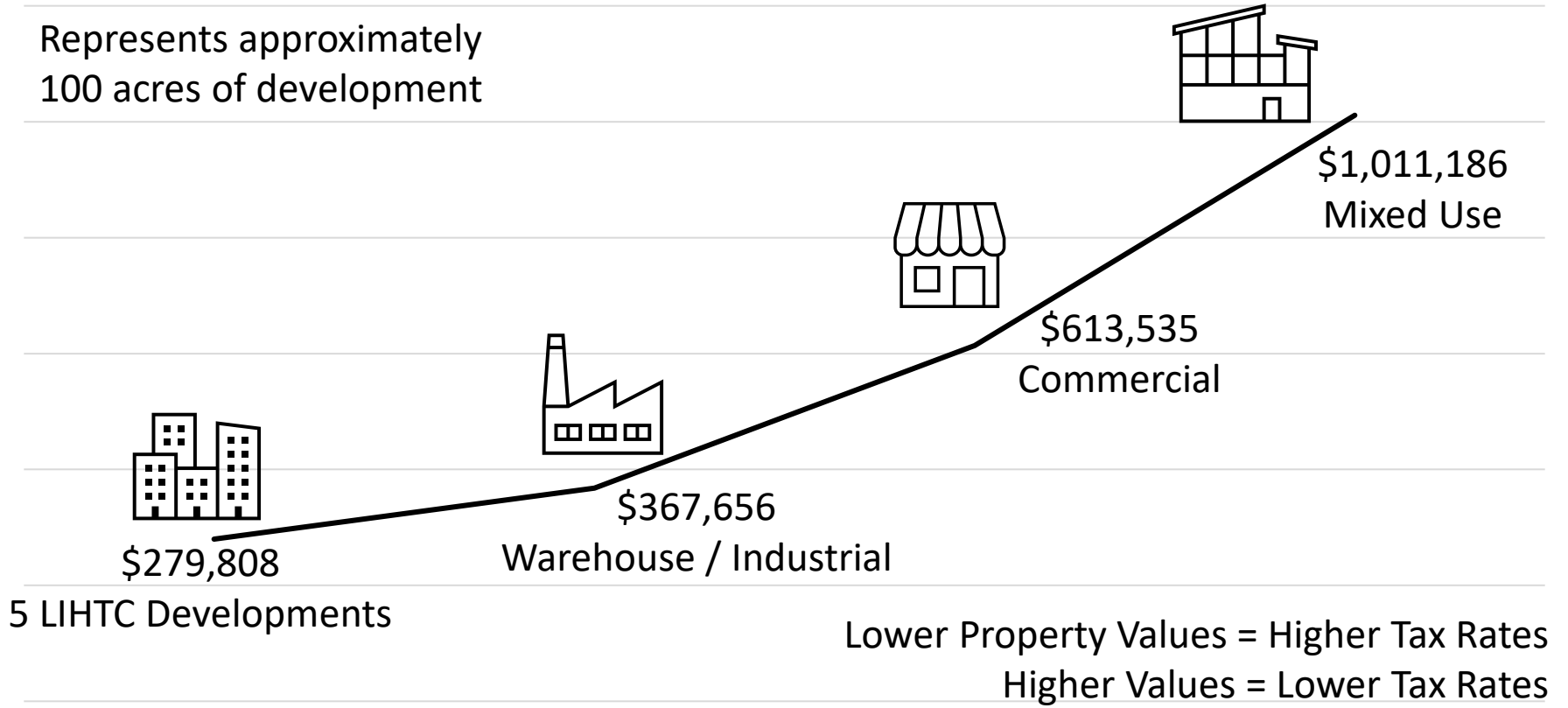


- City can require PILOT payments.
- Recent developments have offered a \$400,000 lump sum payment or \$550,000 over multiple years.
- \$1,478,328 PILOT received from 6 developments (2015-2024)

# LIHTC Developments – Comparable Tax Revenue, 2022

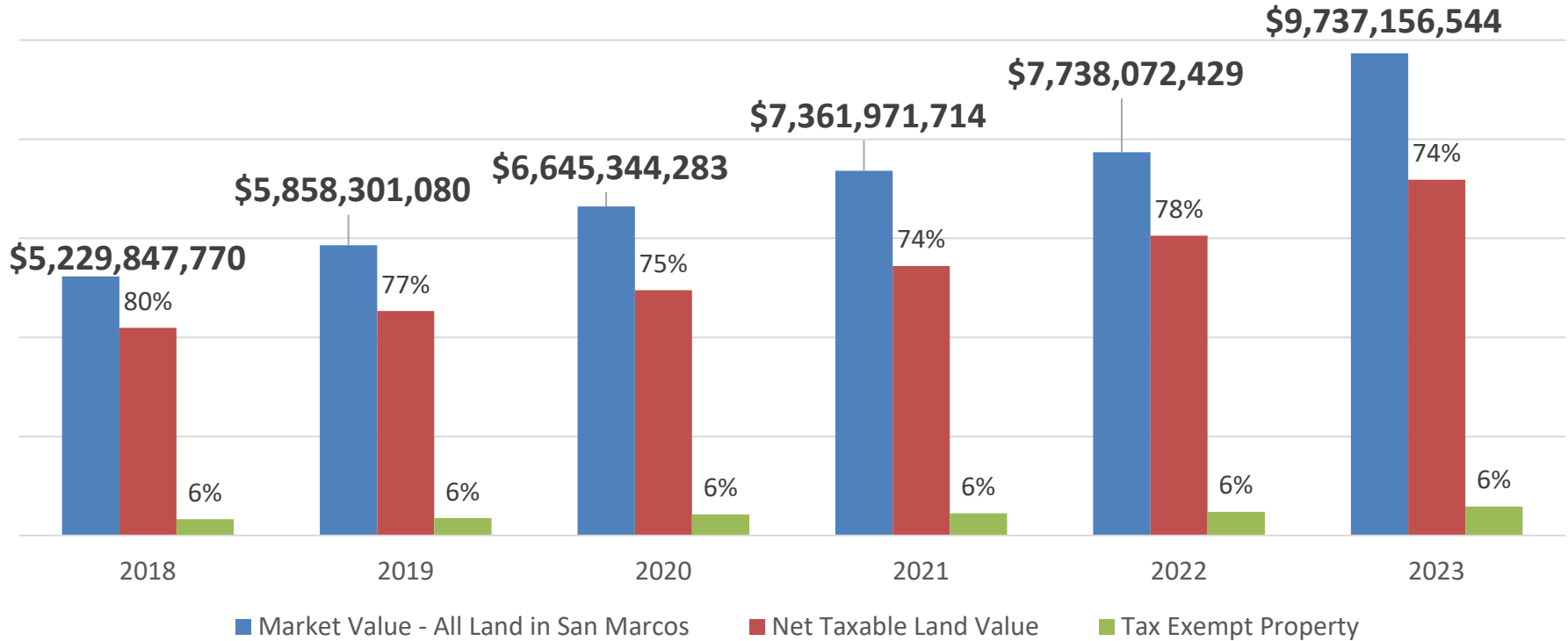


Represents approximately  
100 acres of development

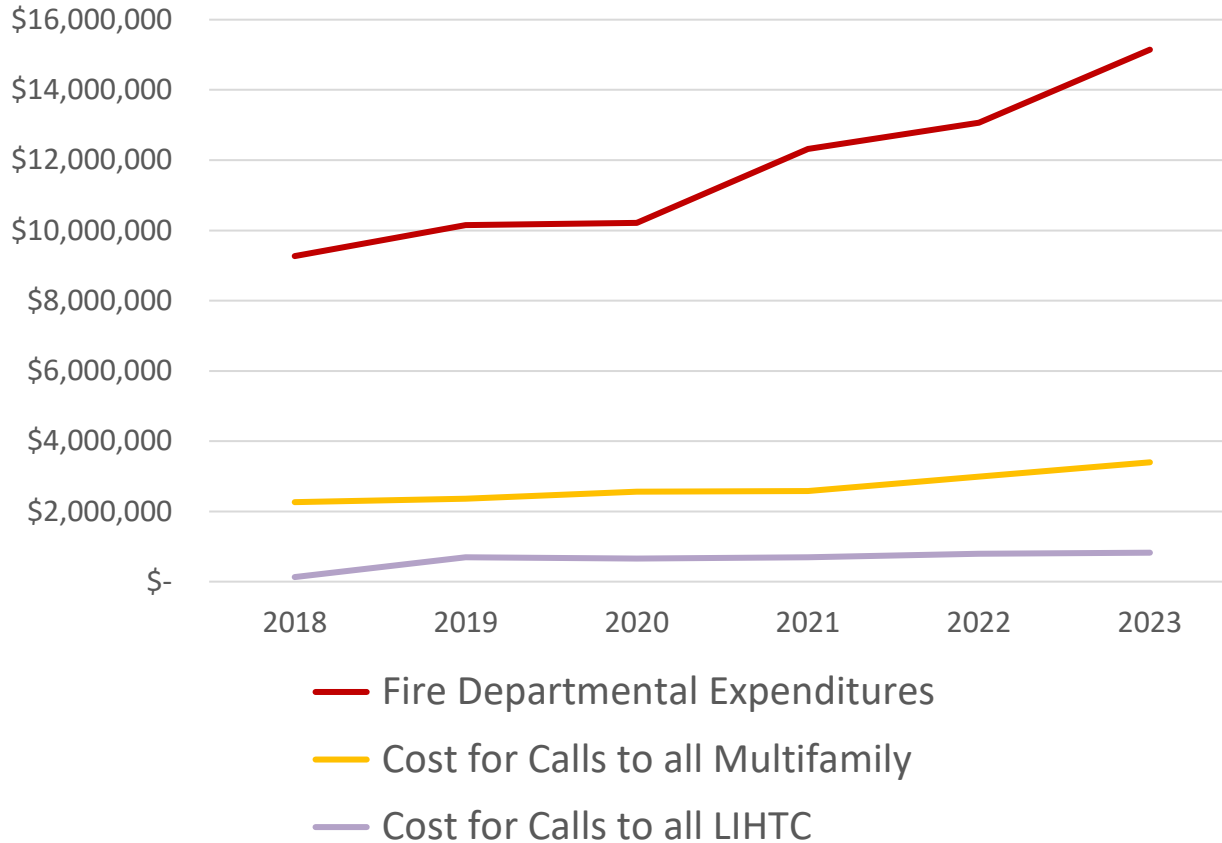


# **Cost of City Services**

# Cost of Service – Property Values



# Cost of Service – Fire Department

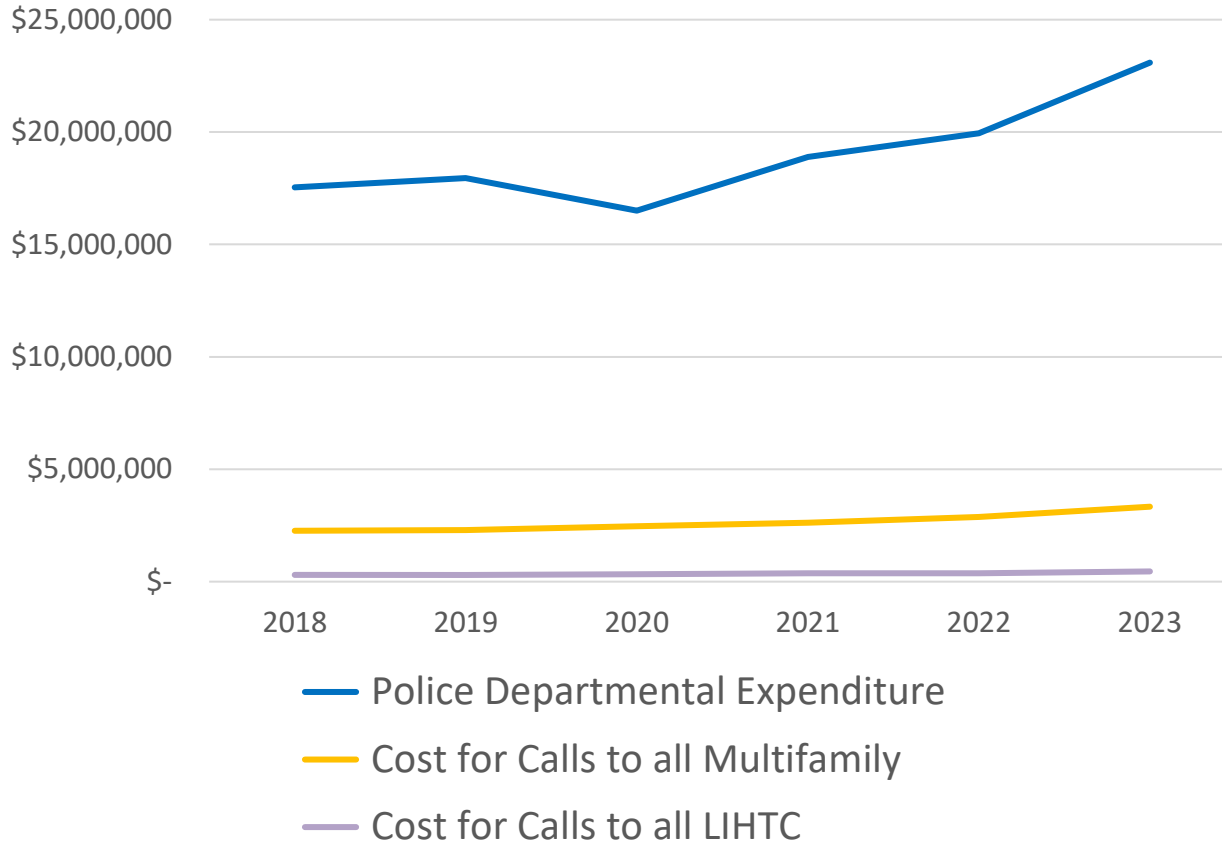


- \$1,400 - \$1,800 Cost per call\*.
- 21-25% of all calls are to Multifamily properties.
- 1-7% of all calls are to LIHTC properties.

\*Cost per call calculation based on expenditures and number of calls – includes all admin costs of department operations



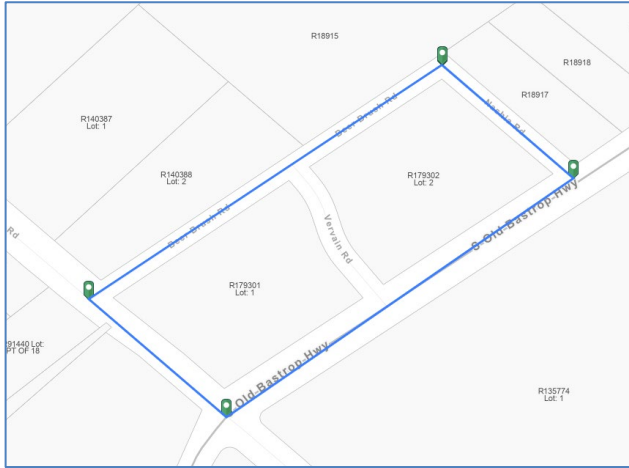
# Cost of Service – Police Department



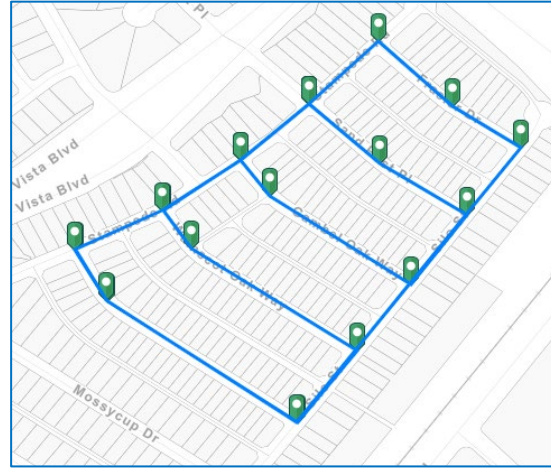
- \$290 - \$450 Cost per call\*.
- 13-15% of all calls are to Multifamily properties.
- 2% of all calls are to LIHTC properties.

\*Cost per call calculation based on expenditures and number of calls – includes all admin costs of department operations

# Cost of Service – Road Maintenance



Multifamily (CD-5)  
200 units  
3,000 linear feet of street  
\$96K minor repairs  
\$234K major repairs



Single Family (ND-3/CD-3)  
200 units  
6,000 linear feet  
\$192K minor repairs  
\$468K major repairs



Single Family (SF-6/SF-4.5)  
200 units  
9,000 linear feet  
\$288K minor repairs  
\$702K major repairs

# Cost of Service – Other Services

- **Library** – Total budget includes Hays County Funding and assigned population from Texas State Library & Archives.

Fiscal Year '24 Budget	Assigned Population (AP)	Cost Per Person (AP)
\$2,144,866	90,968	\$23.58 annually

- **Transit** –  
 Total cost per ride = Total cost to provide service  
 Local cost per ride = City’s cost based on grant funding

	2020		2021		2022		2023	
	Total	Local	Total	Local	Total	Local	Total	Local
Fixed Route	\$24.44	\$2.59	\$29.18	--	\$21.06	\$3.50	\$19.43	\$4.59
Paratransit	\$58.22	\$6.16	\$65.71	--	\$55.87	\$8.18	\$60.74	\$14.20



# Cost of Service - Summary

- LIHTC makes up less than 1% of all tax-exempt properties
- LIHTC accounts for 1%-7% of the total calls for emergency service.
- Across the board cost per person not easily achievable.
  - Library / Transit examples based on varying populations and dependent on outside funding sources.
- Multifamily infrastructure has lower maintenance costs due to density of units / population.

# Comparison Cities

# Comparison Cities



City	Approved LIHTC Developments	Policy	Incentives	Population 2020	Poverty Rate
San Marcos	23	Yes	No	67,533	21.1%
Denton	19	Yes	Yes	139,869	16.9%
Cedar Park	7	No	No	77,595	6.3%
Bryan	7	No	No	83,980	19.8%
New Braunfels	6	No	Yes*	90,403	6.6%
Kyle	5	No	No	45,697	7.3%
Buda	4	No	No	15,108	7.9%
Sugarland	0	No	No	111,026	6.5%

**Texas  
Department of  
Housing and  
Community  
Affairs**



# TDHCA – Disclosure Examples

- Undesirable Site Features. Location close to:
  - Junk yard, solid waste facility, railroad tracks (not in quiet zone), industrial, nuclear plant, refinery, airport runway
- Neighborhood Risk Factors:
  - 40% or higher poverty rate, high crime rates
- Saturation Acknowledgements:
  - Twice the State Average Per Capita.
  - One Mile Three Year Rule.
  - Limitations on Development in Certain Census Tracts (20% Rule)
- Must be zoned and outside the floodplain





# TDHCA – Requirements

- Development must commit to operate an after-school learning center 15 hours weekly (minimum).
  - Due to TEA Accountability Rating for school districts.
- Transportation required if not on Transit line
- Resident support services must be at no cost to residents and meet Texas Administrative Code.
- Sufficient Common Amenities to meet Texas Administrative Code.
- 5% units for mobility impaired & 2% for hearing / visually impaired.
- Include site plan and architectural drawings with associated costs.
  - With bedroom / unit counts per AMI category.
- Detailed financial data
- May not be Student Housing



# TDHCA – Options

- Unit Mix Options:
    - 20% of units for those making 50% or less AMI.
    - 40% of units for those making 60% or less AMI.
    - Average Income (dispersed across 20% - 80% AMI)
- \*\*San Marcos Policy places more restrictions on developments
- RONO gives developer a ‘boost’ in the scoring matrix



# TDHCA – Compliance

- Compliance Monitoring occurs:
  - In the second calendar year after the development opens.
  - At least once every 3 years, or more if there are complaints.
- Monitoring includes:
  - Inspection of the interior and exterior of buildings.
  - Inspection of amenities.
  - Review of tenant / development records and files.
- Annual Owner Certification
  - Owner's certify compliance with program requirements.
  - Report of tenant information related to income, rent, race, age, family size.
  - Report of units for those with disabilities.
- All noncompliance is reported to the IRS.

# TDHC Requirements – Rent / Income Limits



## INCOME LIMITS

2023 Area Median Income:

\$122,300

AMFI %	Number of Household Members							
	1	2	3	4	5	6	7	8
20	\$ 16,360	\$ 18,700	\$ 21,040	\$ 23,360	\$ 25,240	\$ 27,100	\$ 28,980	\$ 30,840
30	\$ 24,540	\$ 28,050	\$ 31,560	\$ 35,040	\$ 37,860	\$ 40,650	\$ 43,470	\$ 46,260
40	\$ 32,720	\$ 37,400	\$ 42,080	\$ 46,720	\$ 50,480	\$ 54,200	\$ 57,960	\$ 61,680
50	\$ 40,900	\$ 46,750	\$ 52,600	\$ 58,400	\$ 63,100	\$ 67,750	\$ 72,450	\$ 77,100
60	\$ 49,080	\$ 56,100	\$ 63,120	\$ 70,080	\$ 75,720	\$ 81,300	\$ 86,940	\$ 92,520
70	\$ 57,260	\$ 65,450	\$ 73,640	\$ 81,760	\$ 88,340	\$ 94,850	\$ 101,430	\$ 107,940
80	\$ 65,440	\$ 74,800	\$ 84,160	\$ 93,440	\$ 100,960	\$ 108,400	\$ 115,920	\$ 123,360
120	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

## RENT LIMITS

AMFI %	Number of Bedrooms					
	0	1	2	3	4	5
20	\$409	\$438	\$526	\$607	\$677	\$747
30	\$613	\$657	\$789	\$911	\$1,016	\$1,121
40	\$818	\$876	\$1,052	\$1,215	\$1,355	\$1,495
50	\$1,022	\$1,095	\$1,315	\$1,518	\$1,693	\$1,869
60	\$1,227	\$1,314	\$1,578	\$1,822	\$2,032	\$2,243
65						
70	\$1,431	\$1,533	\$1,841	\$2,126	\$2,371	\$2,617
80	\$1,636	\$1,753	\$2,104	\$2,430	\$2,710	\$2,991

# **External Stakeholder Summary**

# External Stakeholder SMCISD – data summary

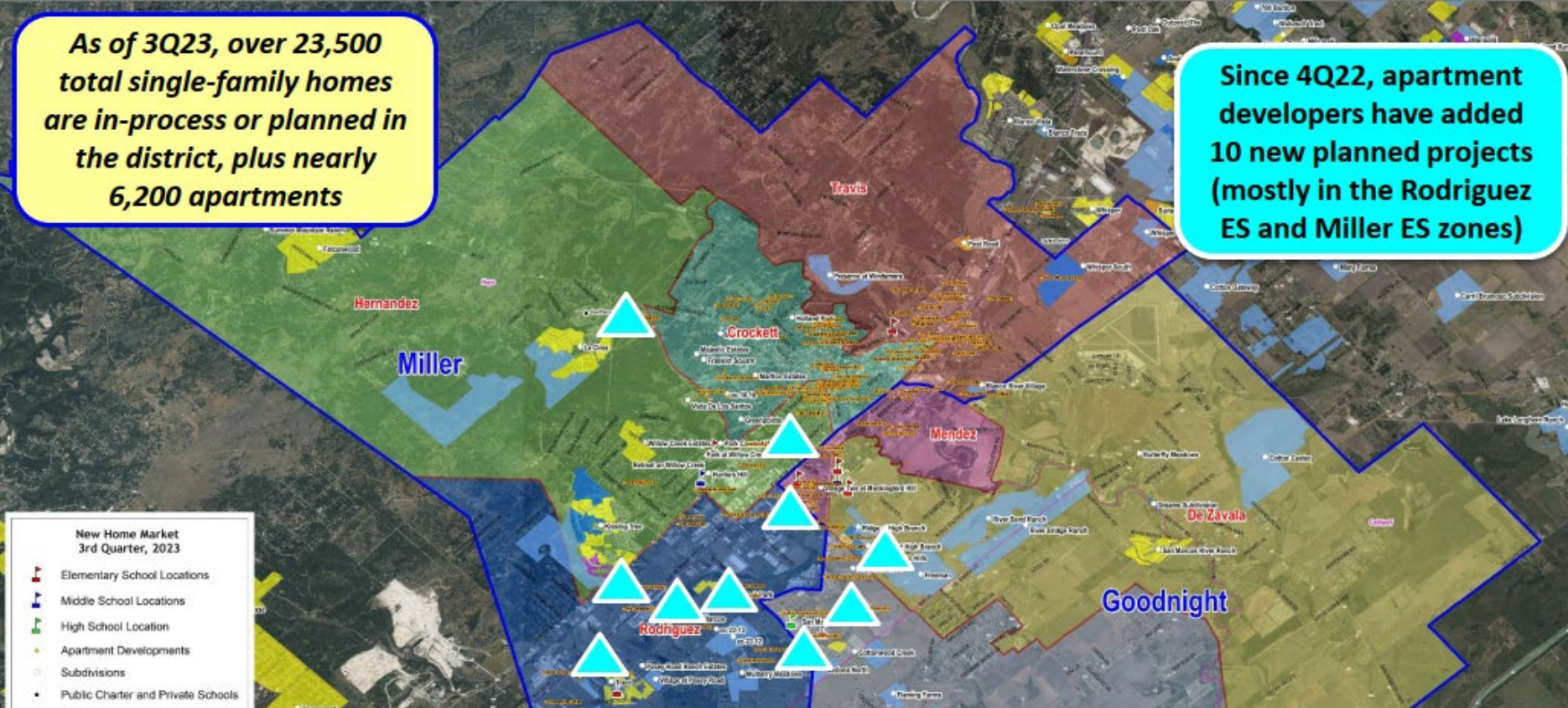


## San Marcos Consolidated ISD



**As of 3Q23, over 23,500 total single-family homes are in-process or planned in the district, plus nearly 6,200 apartments**

**Since 4Q22, apartment developers have added 10 new planned projects (mostly in the Rodriguez ES and Miller ES zones)**



# External Stakeholder Discussion Summary



- Identified need:
  - Housing for those with lowest incomes (30% AMI)
  - 1 & 2 bedroom units – 200 on waitlist (waitlist is closed)
  - 3 bedroom units – 50 on waitlist
- Challenges:
  - Range of incomes needed to fund construction costs
  - Long term agreements, compliance, maintenance, operation
  - City development timeline vs. State bond timeline
  - HUD determines income / rent limits annually

# External Stakeholder Discussion Summary



- General Notes:
  - SMHA & CAHFC fully vet all developers – not every request results in a partnership
  - SMHA gives preference to residents of Hays County
  - Wrap around services can't change without State approval & can never drop below the required points
  - Developers use leasing agencies and compliance consultants
    - TDHCA compliance inspections – quarterly
    - Noncompliance = removal of tax credit certification
  - 3-bedroom unit requirement in City Policy seems arbitrary and does not align with need
  - Commercial tax base would help support tax-exempt housing



**Recap**  
**Considerations**  
**Next Steps**  
**Direction**



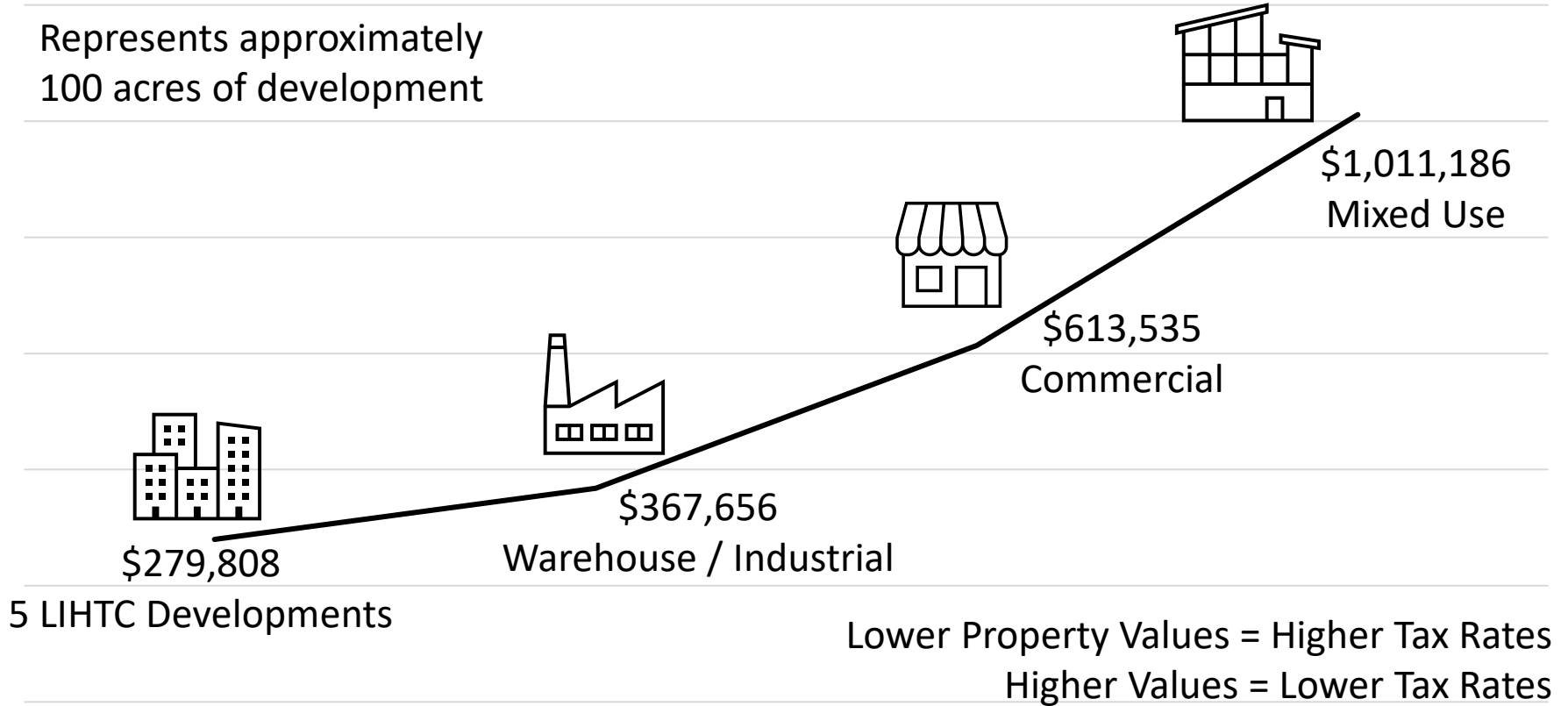
# Recap

- The city is growing – need housing and jobs.
- Cost of service to LIHTC housing is not disproportionate to cost of service for other multifamily housing.
- Many recent developments located near High School, may need to consider location criteria.
- Comparison Cities don't have policies but have fewer developments.
- TDHCA compliance is important to developers.
- Public Private Partnerships are complicated, long-term relationships.

# Considerations – Comparable Tax Revenue, 2022



Represents approximately  
100 acres of development





# Considerations

## Housing Needs Assessment Top Needs for New Units (2018-2019)

- Affordable housing for those making less than \$25,000.
  - 3,190 non-student renter households (LIHTC eligible).
  - Staff Note: approx. 2,910 LIHTC units approved 2020-2024.
- Homes priced near or below \$200,000.
- Increased variety in housing types available.

## Vision SMTX Comprehensive Plan & Preferred Scenario Map

- Update & Adopt Housing Action Plan.
- Promote Diverse Housing Options.
- Thoughtful Growth / “15-minute neighborhoods.”



# Next Steps / **Direction to Staff**

- Workforce Housing Committee to review policy
  - City requirements compared to TDHCA
  - PILOT requirement & use of PILOT funds
- Continued work on Neighborhood Area Plans
- Staff to kick off Strategic Housing Action Plan Update
- Policy and Plans reviewed with equity lens
  
- **Does City Council agree with the above next steps?**