

Low Income Housing Tax Credit (LIHTC) Request
LIHTC-24-01 (B)

221 E. McCarty Lane
Blanco Basin Amendment



Summary

Project Description:	An age restricted (55+) 222-unit multifamily project providing units to those making 30-60% AMI or less – amendment to previously approved Resolution of No Objection 2024-90R.		
Applicant:	Dylan Klopp JES Dec Co, Inc 206 Peach Way, Colombia, MO 65203	Property Owner:	Brian Kimes San Marcos Land Holding -CCP, LLC 206 Peach Way, Colombia MO 65203
Location:	E McCarty Lane and Union Pacific Railroad		
Legal Description:	Lot 2A in the Sienna Pointe Subdivision, Vol 17, Pg 68 in the Hays County Clerk Records		
Acreage	+/- 8.8 acres		
Existing Zoning:	CD-5	Proposed Zoning:	Same
Existing Use:	Vacant	Proposed Use:	Multifamily
Preferred Scenario:	Medium Intensity Zone	Floodplain:	No
Requesting Tax Exemption:	Yes		

Unit Mix

Income Restriction	Unit Count	% of Total Units
0-30% AMI	34	15 %
31-50% AMI	0	0 %
51-60% AMI	188 -TBD	85 % TBD
61-80% AMI	0 -TBD	0 % TBD
Market Rate	0	0 %
Total	222	100%

Bedroom Unit Mix

Number of Bedrooms	Unit Count	% of Total Units
Efficiency	0	0 %
1 bedroom	122	55 %
2 bedroom	100	45 %
3 bedroom	0	0 %
4 bedroom	0	0 %
Total	222	100%

ADA Units

Total ADA Units proposed	12 accessible units
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History

A Resolution of No Objection for this project was previously approved by Council in April 2024 (Res 2024-90R). The applicant is requesting the following changes:

1. Removing “BBQ grills and picnic tables” from the amenities list and adding “Horseshoe pit; putting green; shuffleboard court; pool table; ping pong table; or similar.”
2. Adding a provision to allow a change in the proposed amenities list at the time of site permit.
3. Change the unit Income mix from 188 units (85% of all units) at 60% AMI or less to allow some units at 70% and 80% AMI, with the final unit mix to be determined by the applicant at a later time. The average rent and income for all units will average to 60% or less of the area median income. (The total amount of units provided at 30% AMI is not changing).

The applicant has not provided a copy of their draft application form which specifies the exact unit mix as it has not been finalized.

Staff Recommendation

<u>X</u>	Approval - Policy Criteria Met	Additional Information Needed	Denial – Policy Criteria Not Met
<p>Recommendation Summary</p> <p>At the March 1, 2022 meeting, the San Marcos City Council adopted the current LIHTC Policy. Under the policy, applications must meet fully 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. In addition to the criteria, the policy also indicates additional considerations that may be considered by staff and the Workforce Housing Council Committee as means for recommending approval or denial of a request. At this time staff considers 6 of the 8 LIHTC criteria met.</p>			
<p>Staff: Julia Cleary, AICP</p>		<p>Title: Senior Planner</p>	<p>Date: September 25, 2024</p>

Committee Recommendation

Resolutions of No Objection are first discussed by the Workforce Housing Committee; at their October 2nd meeting the Committee members discussed the request and chose not to make a recommendation on this proposed amendment due to the atypical nature of the request. The Committee directed staff to bring the request for consideration by the full City Council.

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Analysis

The proposed amendments do not have any impact on the criteria. The LIHTC criteria do not address rent levels with the exception of sub criteria 1A (minimum 15% of all units to be affordable to households at or below 30% AMI), which is being met. All units will be affordable to those earning 80% or less of the Austin Area Median Income (no market rate apartments are proposed); the City’s Affordable/ Workforce Housing Policy (Res 2023-189R) states that “Generally, affordable housing incentives will be targeted to persons earning 80% or less of the area median income”.

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 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 likely partner with the police and fire departments, 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 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. 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.

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

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% HTC Units per Total Households

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.

One Mile-Three Year Rule

TDHA requires that a resolution be obtained for projects located one mile or less from a Development that has received Tax Credits or activity bonds for New Construction in the three-years preceding the date the Certificate of Reservation is issued. A Resolution of No Objection was issued from the City (see “One-Mile Three Year Rule” map in packet) for a LIHTC Project located on Centerpoint Rd (Sendero at Centerpoint) however it is understood that the project did not move forward with the LIHTC process and is instead proceeding as a market rate development.

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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 criteria is considered to be met although it should be noted that Land Use Restriction Agreement (LURA) has not been provided at this time per criteria 1D – this will be provided at a later stage in the development process.	Met
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.	34 units (15.3%) are proposed with rent levels affordable to households earning 30% or less of the Austin MSA Area Median Income.	Met
1B	A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.	12 units across the development shall be ADA accessible. The applicant has stated that a minimum of 10% of the units 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.	N/A – this project will be income restricted to renters aged 55+	N/A
1D	The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA).	Agreement not provided by applicant at this time -to 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 General Partner on the project is the Capital Area Housing Finance Corporation, which is based in Central Texas.	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 within a Medium Intensity (Star Park) 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 will develop under Character District-5, which is not a Legacy District.	Met
5	The project is located within a ½ mile walking distance to grocery, medical services, and schools.	The project is within a half mile of Target Supermarket, an Urgent Care, a dentist, and a home healthcare facility (Halcyon Home). Although there is no public school within ½ mile walking distance of the project, a Montessori school (18 months-6 years) is located at the intersection of Hunter and E McCarty Ln. It should also be noted that the housing will be limited to those 55+.	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.	<p>The project is not located within ¼ mile walking distance of a proposed or existing bus route – the closest bus stop is at Target (approximately ½ miles away).</p> <p>The site is located adjacent an existing CARTS line (Line 1V). Per the City's Transit Manager, there are plans to put in a bus stop within 1/4 mile of the development, albeit the exact location has not been confirmed at this time.</p>	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 8 points based on TDHCA scoring criteria.	Met (additional information may be required)
Criteria #8 Sub-Criteria		Analysis	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, partnership with local law enforcement, notary services and twice monthly on-site social events.	Met
8B.	Utilize local support services and resources	The applicant has indicated that they intend to partner with local entities however no specific agreements have been established at this time.	Provided at later stage in Development Process

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Criteria #8 Sub-Criteria		Analysis	Criteria Met?
8C.	Exceed the minimum TDHCA requirements for amenities; and	The submitted Amenities Checklist shows that the applicant intends to meet 19 of the points required by the TDHCA, which is one (1) more than the required minimum of 18.	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 application has not been provided at this time.	Provided at later stage in 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.	The site is not located within a FEMA floodplain (1 % annual chance or 0.2% annual chance) or within a floodway. There is floodplain to the east of the site on the other side of the railway. Per the attached Fire Station Map, there are between 7 and 9 Fire Fighters located within 8 minutes travel time of the site.
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 has been provided by the applicant (see Appendix C) indicating that a total of \$7,262,589 of property tax revenue would not be paid to the City over an anticipated 18 year period (assuming that the assessed value does not change). Per documentation submitted by the applicant, at the end of the 15-year Tax Credit Compliance period, the partnership will be dissolved, and the tax exemption will go away.
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.	The applicant has indicated that they have been in correspondence with CAPCOG and intend to enter in an official agreement at a later stage in the development process.
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.	The property is within ½ mile of an Emergency Room and a CVS Pharmacy.
1D	Once approved, additional consideration will be given to applications which show compliance with the Strategic Housing Action Plan.	The Strategic Housing Action Plan has not been adopted at this time.