



MEMO

TO: City Council
FROM: Andrea Villalobos, AICP, CNU-A, Planning Manager – Planning and Development Services Department
DATE: April 14, 2021
RE: LIHTC-20-03 Legacy Square Request

PROJECT OVERVIEW

On November 9, 2020 and March 17, 2021, staff presented LIHTC-20-03 to the Workforce Housing Council Committee. The request by Jessica Mullins on behalf of Kittle Property Group is for a 210-unit 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 property is currently not zoned or annexed but applications requesting annexation and zoning to Character District-5 (CD-5) are being considered alongside this LIHTC request. Due to the nature of the one-story cottage style buildings, the applicant submitted an Alternative Compliance request to allow one-story buildings in CD-5 which was approved by the Planning and Zoning on April 13, 2021. The Annexation, Zoning, and Low Income Housing Tax Credit Application are being considered by City Council at the May 4, 2021 City Council meeting.

PRIOR COMMITTEE DISCUSSION: NOVEMBER 9, 2020

During the November 9, 2020 committee discussion, the committee provided the following discussion/direction regarding the request. The applicant reviewed this direction and provided responses. Below is a summary of Committee discussion and responses from the applicant. Please reference the “Applicant Responses” attachments for additional explanation.

Committee Discussion/Direction November 9, 2020	Applicant Response (Summary)
Concerns with the request for local tax exemption (Criteria #1). The committee discussed the ramifications of a local tax exemption in the long-term with regards to several entities (Hays County, SMCISD, etc.)	The applicant discusses how the development will contribute to the local community. Please see the “Applicant Responses” attachment.
Desire to have more ADA units available for households at or below 30% AMI (Criteria 1B). Requesting to see additional ADA units proposed instead of just 2 units. Requested information as to how many total ADA units you are proposing throughout the complex. Are there certain Building Code criteria you need to meet? Also asked whether TDHCA required additional ADA units because this is an age-restricted complex.	The project will have a total of 11 accessible units and 4 sensory units. TDHCA requires that 5% of all units be accessible and an additional 2% of all units be sensory. Of the 21 units restricted to 30% of AMI, there are 2 ADA units designated at the property which meets the minimum 10% requirement under Criteria 1A. However, all units at the property are ADA adaptable and can be made into accessible or sensory units at the request of the resident.

Subcommittee Discussion/Direction November 9, 2020	Applicant Response (Summary)
Concerns regarding the applicant's partnership with the Capitol Area Housing Finance Corporation (CAHFC) instead of the local San Marcos Housing Authority (Criteria 1 and sub-criteria). Has the applicant explored partnering with the Housing Authority instead? This would ensure that services and funds remain in the community instead of regionally throughout Central Texas.	The applicant would like to continue partnering with CAHFC and provides additional information about their reasoning in the "Applicant Response" attachment.
<p>Concerns regarding the concentration of affordable units all in one area. The City has several approved complexes already in this area and the concentration of those complexes is concerning. In addition, does the request need to include the following additional Resolution language per TDHCA?</p> <ul style="list-style-type: none"> • Twice the State Average per Capita • 20% Housing Tax Credits per Total Households (What is the current percentage?) • 1 Mile, 3-year rule 	<p>The applicant describes that their unique cottage-style housing will provide a new housing option for seniors. In addition, the applicant describes that few senior housing properties have been completed in the past 20 years in San Marcos and that their proposed development will fill a housing need. The applicant provides additional information about their reasoning in the "Applicant Response" attachment.</p> <p>The applicant also indicated to staff what language would need to be added to the resolution:</p> <ul style="list-style-type: none"> • Twice the State Average per capita <i>(Yes)</i> • 20% Housing Tax Credits per Total Households <i>(Yes, the current percentage is 28.51%)</i> • 1 mile, 3-year rule – <i>(Yes, there is a nearby project that has received tax credits within the past 3 years)</i>
In the Memorandum of Understanding (MOU) that is required per Criteria 8e, the subcommittee would like to ensure that this document indicates that advertising for the complex is directed specifically at residents in San Marcos. We will need a draft MOU in order to meet this requirement.	The applicant indicated that a draft MOU will be provided to staff closer towards the development of the project due to the time it takes to create the partnerships for various services such as health fairs, tax preparation services, etc. Staff will work to ensure that language regarding advertising is discussed.
It does not appear that the correct number of 22 points for Common Amenities, and 8 points for Resident Support Services is achieved (Criteria 8c).	The applicant has revised the common amenities sheet and now indicated that they exceed the minimum and are providing 23 total points.
Do Age Restricted (55+) complexes have to meet other amenity requirements per TDHCA? Are there any other TDHCA documentation or policies that are applicable to Age restricted complexes?	There are no additional requirements for a senior project.

Subcommittee Discussion/Direction November 9, 2020	Applicant Response (Summary)
Please identify which local support services and resources you will be utilizing. A total of 8 points are required. (Criteria 8b)	The applicant has indicated the support services they will be utilizing and that they exceed the minimum are providing 11.5 total points.
A copy of the TDHCA application is required. (Criteria 8d)	The TDHCA application for Legacy Square will not be submitted until later this year. The applicant will provide a copy of the application to the City of San Marcos once it is finalized.
What type of monetary PILOT is being proposed? For reference, the Redwood LIHTC project just north of this project entered into an agreement of - \$75,000 annually and increases \$1,500 annually.	During this discussion, the applicant was proposing to contribute \$50,000 annually to the city of San Marcos with a 1.5% annual escalator.
Has Governor Abbot waived the requirement for LIHTC projects to receive the Resolution of No Objection from cities? Is that exemption still in place and if so, are you still going through the Resolution of No Objection regardless?	Due to the statewide emergency declaration issued by Governor Abbott related to the COVID-19 pandemic, the requirement for LIHTC projects to obtain a Resolution of No Objection from local municipalities has been waived. The declaration is reevaluated every month for extension. The applicant is continuing to pursue the Resolution of No Objection from the City of San Marcos for Legacy Square Apartments in the event the emergency declaration expires before we submit our application to TDHCA.

PRIOR COMMITTEE DISCUSSION: MARCH 17, 2021

During the March 17, 2021 committee discussion, the committee provided the following discussion/direction regarding the request. The applicant has reviewed this direction and has provided responses. Below is a summary of Committee discussion and responses from the applicant. Please reference the "Applicant Responses" attachments for additional explanation.

Subcommittee Discussion/Direction March 17, 2021	Applicant Response (Summary) <i>See the "Application Response" Attachments for more information.</i>
The applicant is proposing to contribute \$50,000 annually to the city of San Marcos with a 1.5% annual escalator. The committee requested that the project increase their pilot amount to match or exceed the nearby Redwood LIHTC, which entered into an agreement of \$75,000 annually with a \$1,500 annual increase.	The applicant has agreed to increase their pilot payment to \$75,000 annually with a \$1,500 annual increase.

Subcommittee Discussion/Direction March 17, 2021	Applicant Response (Summary)
The committee requested that the applicant provide a more robust shuttle system that meets the needs of the residents.	The applicant has agree to exceed the TDHCA minimum requirement for shuttle service. The minimum requirement is to provide shuttle service three times per week. The applicant stated that they will provide a van service with multiple weekly trips to stops such as the grocery store, senior or activity centers and related senior citizen programing, the library, and any other commonly requested stop. The applicant stated that they will evaluate the needs and requested routes after the leases are signed to better understand their residents' needs.
The committee asked whether the three-story interior corridor buildings will have elevators and would prefer if they did.	The applicant stated that elevators are required and will be provided for any building on the property over 1-story.
The committee requested that the applicant provide Wi-Fi throughout the development, other than just the clubhouse or community building.	The applicant stated that each unit will be wired for high-speed internet access. In addition, the applicant stated that they will provide more Wi-Fi connection points than a typical senior community in all common areas, not just the clubhouse.
Has Governor Abbot waived the requirement for LIHTC projects to receive the Resolution of No Objection from cities? Is that exemption still in place and if so, are you still going through the Resolution of No Objection regardless?	Due to the statewide emergency declaration issued by Governor Abbott related to the COVID-19 pandemic, the requirement for LIHTC projects to obtain a Resolution of No Objection from local municipalities has been waived. The declaration is reevaluated every month for extension. The applicant is continuing to pursue the Resolution of No Objection from the City of San Marcos for Legacy Square Apartments in the event the emergency declaration expires before we submit our application to TDHCA.

ITEM PACKET SUMMARY

Included in the packet are the following attachments:

- **Attachment 1:** Memo
- **Attachment 2:** Applicant Responses
- **Attachment 3:** Staff Report
- **Attachment 4:** Maps
- **Attachment 5:** Amenities and Support Services
- **Attachment 6:** Application Documents
- **Attachment 7:** Presentation