

# Low Income Housing Tax Credit (LIHTC) Request

## LIHTC-23-01

# 2409 Old Bastrop Highway



### Summary

<b>Project Description:</b>	A 348-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 25 ADA accessible units. A breakout of the proposed unit mix is provided below.		
<b>Applicant:</b>	Logan Schmidt, Roers Companies, Two Carlson Parkway #400 Plymouth, MN 5447	<b>Property Owner:</b>	Praveen Kumar Katakam SM Landholdings, LLC 4324 Privacy Hedge Street, Leander, TX 78641
<b>Location:</b>	Old Bastrop Highway, approximately 1,100 ft west of the intersection with SH-123		
<b>Legal Description:</b>	27.6 +/- acres of land, more or less, out of the Cyrus Wickson Survey, Abstract Number 474; the John Frederick Geister Survey, Abstract Number 203; the Farnham Frye Survey, Abstract Number 183, and the Rebecca Brown Survey, Abstract Number 46		
<b>Acreage</b>	+/- 27.6 acres		
<b>Existing Zoning:</b>	Character District-5	<b>Proposed Zoning:</b>	Character District-5
<b>Existing Use:</b>	Vacant	<b>Proposed Use:</b>	Multifamily
<b>Preferred Scenario:</b>	Medium Intensity Zone – East Village	<b>Floodplain:</b>	No
<b>Requesting Tax Exemption:</b>	No		

### Unit Mix

Income Restriction	Unit Count	% of Total Units
0-30% AMI	0	0 %
31-50% AMI	0	0 %
51-60% AMI	348	100 %
61-80% AMI	0	0 %
Market Rate	0	0 %
<b>Total</b>	<b>348</b>	<b>100%</b>

### Bedroom Unit Mix

Number of Bedrooms	Unit Count	% of Total Units
Efficiency	0	0 %
1 bedroom	49	14 %
2 bedroom	146	42 %
3 bedroom	153	44 %
4 bedroom	0	0 %
<b>Total</b>	<b>348</b>	<b>100%</b>

### ADA Units

<b>Total ADA Units proposed</b>	25 accessible units
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**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



**Staff Recommendation**

<b><u>X</u></b>	<b>Approval - Policy Criteria Met</b>		Additional Information Needed		Denial – Policy Criteria Not Met
<p><b>Recommendation Summary</b></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 <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. 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.</p> <p>At this time staff considers <b>5 of the 8</b> LIHTC criteria met. Criteria 1 is considered fully met as the applicant is not requesting an exemption from local taxes.</p>					
Staff: Julia Cleary, AICP		Title: Senior Planner		Date: March 13, 2024	

**Committee Recommendation**

<b><u>X</u></b>	<b>Approval as Submitted</b>		Approval with Conditions / Alternate		Denial
<p><b>Recommendation from the Workforce Housing Committee Meeting held Tuesday, February 13, 2024</b></p> <p>This application was considered by the Workforce Housing Council Committee which is comprised of Councilmembers Garza, Gonzales, and Scott.</p> <p>The Committee voted unanimously to <b><u>recommend approval of</u></b> the request, with the understanding that the applicant would not be applying for property tax exemptions.</p>					

<b>Low Income Housing Tax Credit (LIHTC) Request</b>	<b>2409 Old Bastrop Highway</b>
<b>LIHTC-23-01</b>	



### Analysis

#### **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 and has also provided a list of proposed community partners in the packet, including Community Action of Central Texas Workforce Solutions of Hays County And the Central Texas Food Bank, 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.

**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



**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 not requesting an exemption from local taxes. Therefore, this criteria is considered met and the following sub criteria are not applicable.	Met
Criteria #1 Sub-criteria		Analysis	Sub-Criteria Met?
1A	A minimum of 25% 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.	N/A	N/A
1B	A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.	N/A	N/A
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	N/A
1D	The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA).	N/A	N/A
1E	When considering a recommendation of support, preference should be given to projects that utilize a local entity for such tax exemptions.	N/A	N/A

**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



***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>	<p>The Needs Assessment of the City’s Consolidated Plan (page 36) identified 4 Core Needs:</p> <ol style="list-style-type: none"> <li>1. Reduction in Cost Burden: Additional affordable rentals for residents earning less than \$25,000.</li> <li>2. Displacement prevention.</li> <li>3. Increased Home Ownership: Starter homes and family homes priced near or below \$200,000 and increased ownership product diversity.</li> <li>4. Improved Housing Stock Condition: Improve condition and accessibility of existing housing stock.</li> </ol> <p>Per discussions with the City’s Housing and Community Development Manager, who oversees the City’s Consolidated Plan, the project will address need no. 2 (“displacement prevention”) as the apartments’ rent will be restricted to be affordable to people making 60% of the area median income, the people who move into these apartments will not be displaced later due to rent increases after they have moved there.</p>	<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 project is located within a Medium Intensity Zone (East Village) in the Comprehensive Plan.	<b>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 project is currently zoned 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>	The site is located within walking distance of San Marcos High School. There is no full grocery store within ½ mile walking distance, however there is a Dollar General (which offers limited groceries) within approximately 900 ft, and the BB Market which offers fresh produce at the other side of SH-123. The closest medical facility (a Family Clinic) is approximately 1.3 miles to the north on Redwood and 123.	<b>Partially Met</b>

**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



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 site is not located within ¼ mile walking distance of an existing or proposed transit route. However, per the applicant the development will be providing shuttle services multiple times a day 3x per week.	<b>Met</b>
7	The project is renovating or redeveloping an existing multifamily complex or under-performing development.	This is a new development	<b>Not Met</b>
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 indicated that the project will provide support services including exercise classes and social events.	<b>Met</b>
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 amenities checklist includes a multifunctional learning and care center, fitness center and a business center which will be available to the residents. The development will also need to either dedicate public parkland or provide fee in lieu as part of the development process.	<b>Met</b>

**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



Housing Policy Criteria for Recommendation of Approval		Analysis	Criteria Met?
8B.	Utilize local support services and resources	The submitted amenity list states that the development will work in partnership with local law enforcement or local first responders to provide quarterly on-site social and interactive activities intended to foster relationships with residents.	<b>Met</b>
8C.	Exceed the minimum TDHCA requirements for amenities; and	Per the draft Common Amenities list provided by the applicant, the project will score 27 points which is 9 points higher than the 18 minimum required by the TDHCA.	<b>Met</b>
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).	A draft agreement has been included in the packet.	<b>Provided at later stage in Development Process</b>

**Low Income Housing Tax  
Credit (LIHTC) Request  
LIHTC-23-01**

**2409 Old Bastrop Highway**



**LIHTC Policy – Additional Considerations**

**Housing Policy Criteria #1 Overview**

<b>1</b>	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 not located within a FEMA floodplain (1 % annual chance or 0.2% annual chance) or within a floodway.</p> <p>Per the attached Fire Station Map, there are between 7 and 9 Fire Fighters located within 8 minutes travel time of the site.</p> <p>An additional access from SH-123 shall be required in order to meet Fire Code. The applicant has indicated that they will provide a private driveway access through the neighboring property in order to meet this requirement.</p>
<b>1A</b>	<p>Projects seeking tax exemption should:</p> <ul style="list-style-type: none"> <li>• Include an estimate of the tax revenues which will not be realized by the City, annually, over the life of the project.</li> <li>• Describe future plans for placing the property back on the tax roll, if applicable.</li> </ul>	N/A – The development is not requesting exemptions from City property taxes.
<b>1B</b>	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 – This is not a senior housing project.
<b>1C</b>	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 – This is not a senior housing project.
<b>1D</b>	Once approved, additional consideration will be given to applications which show compliance with the Strategic Housing Action Plan.	N/A – the Strategic Housing Action has not been approved by Council at this time.