



## Legislation Text

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**File #:** Res. 2020-27R, **Version:** 1

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### **AGENDA CAPTION:**

Consider approval of Resolution 2020-27R, providing no objection to the submission of an application for low income housing tax credits to the Texas Department of Housing and Community Affairs for the proposed Redwood Multifamily Housing Project located in the 1600 block of Redwood Road; approving findings related to the application; imposing conditions for such non-objection, including the requirement that the applicant make an annual payment in lieu of taxes in the initial amount of \$75,000 and increasing by \$1,500 annually; providing authorizations for execution or submission of documents related to the application and for execution of an agreement for the annual payment in lieu of taxes; and declaring an effective date.

**Meeting date:** February 4, 2020

**Department:** Planning and Development Services

### **Amount & Source of Funding**

**Funds Required:** N/A

**Account Number:** N/A

**Funds Available:** N/A

**Account Name:** N/A

### **Fiscal Note:**

**Prior Council Action:** Postponed at the November 19, 2019 Regular Meeting to allow the Council committee to meet and discuss this project further

**City Council Strategic Initiative:** [Please select from the dropdown menu below]

Workforce Housing

Choose an item.

Choose an item.

**Comprehensive Plan Element (s):** [Please select the Plan element(s) and Goal # from dropdown menu below]

☐ Economic Development - Choose an item.

☐ Environment & Resource Protection - Choose an item.

☐ Land Use - High Density Mixed Use Dev. & Infrastructure in the Activity Nodes & Intesity Zones (supporting

walkability and integrated transit corridors)

- ☐ Neighborhoods & Housing - Diversified housing options to serve citizens with varying needs and interests
- ☐ Parks, Public Spaces & Facilities - Choose an item.
- ☐ Transportation - Choose an item.
- ☐ Not Applicable

**Master Plan:** *[Please select the corresponding Master Plan from the dropdown menu below (if applicable)]*

Vision San Marcos - A River Runs Through Us

**Background Information:**

Jake Brown on behalf of LDG Development has applied for a Resolution of No Objection in order to qualify for housing tax credits administered by the Texas Department of Housing and Community Affairs. The proposed project is located in the 1600 block of Redwood Road. The site is approximately 15 acres and is zoned Character District-4 (CD-4). The project will include a total of 296 income and rent restricted units with 30 of those units restricted to households making 30% of the Area Median Income (AMI) or less and 266 of those units restricted to households making 60% of the AMI or less. The project will include 21 ADA accessible units and a mix of 1,2,3, and 4-bedroom units. The applicant is proposing an annual payment in lieu of taxes (PILOT) of \$75,000 plus an additional \$1,500 annually for the life of the project.

The San Marcos Affordable Housing Policy (Resolution 2019-209R) outlines the request for a Resolution of No Objection. The City of San Marcos utilizes the below criteria in order to determine whether a resolution will be recommended for consideration by the City Council. Applications must meet at least 5 of the 8 criteria below, including criteria #1 in order to receive a positive staff recommendation. Applicants requesting an exemption from local ad valorem property taxes must also meet sub-criteria 1a-1e in order to be considered. An analysis of met and unmet criteria for the proposed Redwood Multifamily Housing Project is outlined as follows:

1. **No exemption from 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 the program are reserved for low income households that need them.**

**Met-**The applicant is requesting a tax exemption and has met the required criteria listed below.

- a. **A minimum of 10% of all units within the project shall be affordable to households at or below 30% of the AMI for the duration of the tax exemption**

**Met-**The project will provide a minimum of 30 units (10% of all units) that are affordable to households at or below 30% AMI for the duration of the tax exemption.

- b. A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible**

**Met-**The project will provide a minimum of 5 units (16.6 %) that are ADA accessible and affordable to households at or below 30% AMI.

- c. 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**

**Met-**The project will provide a minimum of 116 (39% of all units) three-bedroom units.

- d. The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA)**

**Met-**The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement.

- e. When considering a recommendation of support, preference shall be given to projects that utilize a local entity for such tax exemptions**

**Not Preferred-**LIHTC projects can partner with non-profits, which then qualify the project to be exempt from property taxes. While there are many partners in the central Texas area, a local partner such as the Housing Authority or other local San Marcos area non-profits, if available, can ensure that revenues remain in the community. This project will be partnering with Capital Area Housing Finance Corporation to obtain a tax exemption. CAHFC is a local Housing Finance Corporation (non-profit) that serves Bastrop, Blanco, Burnett, Caldwell, Fayette, Hays, Lee, Llano, and Williamson Counties. While CAHFC serves Hays County and the City of San Marcos, criteria 1e recommends that preference be given to local partners.

- 2. The proposed units address a housing need identified in this housing policy or in the City's current consolidated plan for HUD programs.**

**Met-**The project will provide a total of 30 units (10% of all proposed units) for those making 30% AMI or less and a total of 266 units (90% of all proposed units) for those making 60% AMI or less. The project will be located in close proximity to major San Marcos employers such as the outlet mall, Amazon fulfillment center, and HEB distribution center and will provide a mix of unit types (one to four-bedroom options will be available). The project will also provide a total of 21 ADA accessible units; 15 for the mobility impaired and 6 for the hearing and visually impaired. Although the proposed location is not within ¼ or ½ mile of all the services listed in criteria 5 and 6 of the City's policy, the development would be required to provide pedestrian connectivity and sidewalks along all public streets. In addition, the project is located in a medium intensity zone which may include future development and connectivity to adjacent goods and services.

- 3. The project is located within a high or medium intensity zone on the preferred scenario map.**

**Met-**The property is located in the Medical District Medium Intensity Zone.

**4. The project is not proposed to develop under a legacy district on the City's current zoning map.**

**Met-**The property is zoned CD-4.

**5. The project is located within a ½ mile walking distance to grocery, medical services, and schools.**

**Not Met-**The subject property is located approximately 0.18 miles from the closest medical service, Medfirst Primary Care at San Marcos, approximately 0.6 miles from Communicare Health Center and 0.75 miles from Central Texas Medical Center. There are no schools within 0.5 miles walking distance of the subject property. DeZavala Elementary, Goodnight Middle School, Pride Academic Center, Austin Community College, and Bonham Prekindergarten School are all located within approximately 1 mile of the subject property and the property is approximately 1.9 miles from San Marcos High School. There are no grocery stores within 0.5 miles walking distance of the subject property. A Stripes Convenience Store is the closest location offering some food items and is located approximately 0.18 miles away from the subject property. Sidewalk infrastructure and pedestrian connectivity is lacking in this area and routes to these amenities require pedestrians walking on Highway 123. However, the area is located in the Medical District Intensity Zone, which is envisioned to include pedestrian infrastructure as the area develops. The development would also be required to construct sidewalks along all portions of public right-of-way fronting their property.

**6. The project is located within one quarter mile (.25) walking distance of a proposed or existing bus stop on a current or planned transit route. If the project is not located within one quarter (.25) mile walking distance of a proposed or existing stop on a current or planned transit route, a private shuttle service for residents is provided in accordance with TDHCA requirements.**

**Met-**The property is located on an existing CARTS route but **is not** located within 1/4 mile of an existing or planned CARTS bus stop. The closest existing CARTS bus stop is at the intersection of Sadler Drive and Wonder World Drive, approximately 0.8 miles away.

In accordance with the San Marcos Land Development Code, access points and shelter locations must be included in developments that could generate high volumes of transit use where a new route is warranted or that are along an existing or proposed transit route. Construction of a transit stop will be required as part of this development.

The applicant has committed to providing a shuttle service amenity to residents. The shuttle service would travel to HEB, Walmart, the Medical District, Outlet Mall, Texas State University, and CARTS transit stops. The shuttle service would operate from 9:00 am - 6:00 pm Monday-Friday and 10:00 am -

2:00 pm on Saturdays.

7. **The project is renovating or redeveloping an existing multifamily complex or under-performing development.**

**Not Met**-The project will be a new development.

8. **The project incorporates wraparound support services that provide flexible voluntary social, economic, or education benefits to the residents.**

**Met**-The project incorporates wraparound support services that provide flexible voluntary social, economic or education benefits to the residents. For a full list of proposed common amenities and resident supportive services please see the “TDHCA Project Amenities” scoring sheet. In addition, San Marcos LIHTC policy states that **proposed support services should:**

**a. Meet the needs of the local community**

LDG Development is partnering with **Hays-Caldwell Women’s Center (HCWC)**, a local non-profit that offers free and confidential services for victims of family violence, dating violence, sexual assault, and child abuse in Hays and Caldwell Counties. LDG Development will reserve 5 units affordable to those making 30% AMI or less specifically for victims of abuse that come to HCWC looking for help. The applicant is currently working on a Memorandum of Understanding (MOU) that will be signed by both HCWC and LDG. This partnership will be documented in the Land Use Restriction Agreement (LURA), which is legally binding. LDG Development is also partnering with Splash Coworking to provide after-school tutoring and financial literacy courses for residents. The after-school tutors will be volunteers from the College of Education at Texas State University. They will provide tutoring in general subjects such as math, reading, etc. These after school sessions will occur once a week during the school year. The financial literacy courses will be taught on-site and will occur once a month. The future frequency of these courses will be determined based on the demand of the residents.

**b. Utilize support services and resources**

Hays-Caldwell Women’s Center and Splash Coworking are both locally based in San Marcos and provide support services and resources not only to those living in San Marcos, but also Hays and Caldwell County residents.

**c. Exceed the minimum TDHCA requirements for amenities; and**

TDHCA requires that projects seeking tax credits provide an array of amenities and resident support services. The project receives a certain amount of points towards their application for each amenity or service selected. TDHCA requires a minimum of 22 points in the Common Amenities category and a minimum of 8 points in the Resident Support Services category. The applicant’s proposed Resident Support Services would generate 17.5 points, which is more

than twice the minimum requirement. The applicant's proposed Common Amenities would generate 34 points, which exceeds the minimum requirement of 22 points. Additional details on the proposed Resident Support Services is below. Please see the "Project Amenity Scoring" table(s) for an overview of the applicant's selected amenities and support services.

Redwood Resident Support Services Additional Details

- Shuttle Service - The shuttle would be available upon request and would run Monday-Friday, 9:00 am - 6:00 pm and 10:00 am - 2:00 pm on Saturdays.
- After School Tutoring - Taught weekly on site
- Financial Literacy Courses - Taught monthly on site
- Food Pantry - Non-perishable food items and common household items
- Annual Health Fair - Free flu shots will be provided
- Exercise Classes - These will occur weekly
- Notary Services - Available during leasing office business hours
- Twice Monthly Socials - Potluck dinner, game nights, holiday celebrations, etc.

**d. Submit to the City the Project's TDHCA Application for Low Income Housing Tax Credits and include the list of amenities in the Project's Land Use Restriction Agreement**

The applicant has not applied to TDHCA for Low Income Housing Tax Credits but has provided the list of Common Amenities and Resident Support Services that they intend to submit. The list of amenities and support services will be included in the project's Land Use Restriction Agreement.

**A table summarizing the criteria met is provided below:**

Housing Policy Criteria for Recommendation of Approval	Redwood (1600 Block Redwood Road)
1) No exemption from local taxes may be considered unless the project meets the criteria listed below. The purpose of the 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.	<b>Met</b> -The applicant is requesting a tax exemption but has met the required criteria in order to be considered.

1a) A minimum of 10% of all units within the project shall be affordable to households at or below 30% of the AMI for the duration of the tax exemption.	<b>Met</b> -The project will provide a minimum of 30 units (10% of all units) affordable to households at or below 30% AMI for the duration of the tax exemption.
1b) A minimum of 10% of the units affordable to households at or below 30% of the AMI shall be ADA accessible.	<b>Met</b> -The project will provide a minimum of 5 units (16.6%) that are ADA accessible and affordable to households at or below 30% AMI.
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.	<b>Met</b> -The project will provide a minimum of 116 three-bedroom units.
1d) The project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA)	<b>Met</b> -The project shall include these criteria in the Land Use Restriction Agreement.
1e) When considering a recommendation of support, <i>preference</i> should be given to projects that utilize a local entity for such exemption.	<b>Not Preferred</b> -The project will be partnering with Capital Area Housing Finance Corporation to obtain a tax exemption. CAHFC is a local Housing Finance Corporation that serves Bastrop, Blanco, Burnett, Caldwell, Fayette, Hays, Lee, Llano, and Williamson Counties. While CAHFC serves Hays County and the City of San Marcos, this criterion recommends that preference be given to local partners to ensure revenues remain in the San Marcos community.
2) Addresses a housing need identified in this housing policy or in the City's HUD programs	<b>Met</b> -The project will provide 296 affordable units located in close proximity to major employers such as the outlet mall, Amazon fulfillment center, and HEB distribution center. A mix of unit types and 21 accessible units will be provided.
3)The project is located in a high or medium intensity zone on the Preferred Scenario Map	<b>Met</b> -The project is located in the Medical District Medium Intensity Zone.
4)The project is not proposed to develop under a legacy district on the City's current zoning map.	<b>Met</b> -The project is zoned CD-4.
5)The project is located within a ½ mile walking distance to grocery, medical services, and schools.	<b>Not Met</b> -The property is located within ½ mile walking distance of medical services but is not located within ½ mile walking distance to a grocery store or schools.

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.	<b>Met</b> -The property is located on an existing route but the nearest stop is ~0.8 miles away. The applicant will provide a private shuttle service for residents in accordance with TDHCA requirements.
7)The project is renovating or redeveloping an existing multifamily complex or under-performing development.	<b>Not Met</b> -The project will be a new development.
8)The project incorporates wraparound support services that provide flexible voluntary social, economic, or education benefits to the residents. Proposed support services should:	<b>Met</b> -The project will incorporate resident support services that meets the needs of the local community, utilizes local support services and resources, and exceeds minimum TDHCA requirements
8a) Meet the needs of the local community.	<b>Met</b> -The project will partner with Hays-Caldwell Women's Center to reserve 5 units restricted to 30% AMI or less for those that come to HCWC for help. The project will also partner with Splash Coworking to provide after school tutoring and financial literacy courses for residents.
8b) Utilize local support services and resources	<b>Met</b> -Hays-Caldwell Women's Center and Splash Coworking are both locally based in San Marcos.
8c) Exceed the minimum TDHCA requirements for amenities	<b>Met</b> -TDHCA requires this project receive a minimum of 22 points in the Common Amenities category and a minimum of 8 points in the Resident Support Services category. The applicant's proposed Common Amenities would generate 34 points and their proposed Resident Support Services would generate 17.5 points.
8d) Submit to the City the Project's TDHCA application for Low Income Tax Credits and include the list of amenities in the Project's Land Use Restriction Agreement	<b>Met</b> -The applicant has not applied to TDHCA for low income housing tax credits but has provided the list of Common Amenities and Resident Support Services they intend to submit. The list of amenities and support services will be included in the project's LURA.



**Council Committee, Board/Commission Action:**

LIHTC-19-02 was reviewed at the January 13<sup>th</sup> Committee on Workforce Housing meeting. The Committee discussed the addition of a payment in lieu of taxes (PILOT) proposal and requested that the applicant review the possibility of adding units restricted to 40% and 50% AMI. Please refer to the Memorandum from LDG Development for a response to this request. At the January 13<sup>th</sup> meeting the Committee recommended that this application be presented to Council for their consideration at the February 4<sup>th</sup> meeting.

**Alternatives:**

N/A

**Recommendation:**

The City of San Marcos Low Income Housing Tax Credit Policy states applications must meet at least 5 of the 8 criteria, including criteria #1, in order to receive a staff recommendation for a Resolution of No Objection. Based on the criteria outlined in the policy, the application meets 6 of the 8 criteria. Staff recommends **approval** of the Resolution of No Objection for the proposed Redwood application to the Texas Department of Housing and Community Affairs for Low Income Housing Tax Credits.