

**CITY OF SAN ANTONIO
HOUSING & COMMUNITY DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Andrew W. Cameron, Director, Housing & Community Development Department

SUBJECT: Discussion of request for an Allowance of Construction of San Juan Square, Phase II within One Linear Mile of a similar development

DATE: March 23, 2006

SUMMARY AND RECOMMENDATIONS

A request has been made by the San Antonio Housing Authority to allow for the construction of the San Juan Square Phase II Multifamily Housing Construction Project within one linear mile of a similar project, pursuant to Section 2306.6703(b)(4) of the Texas Government Code.

San Juan Square II, Ltd. has made an application for Low Income Housing Tax Credits with the Texas Department of Housing and Community Affairs for the development of San Juan Square II bordered by South Calaveras Street, Brady Boulevard, South Cibolo Street and Urrutia Street, San Antonio, Bexar County, Texas 78207. This project is located in City Council District 5. If approved, the San Antonio Housing Authority will be authorized to develop the San Juan Square Phase II Multifamily Housing Project within one linear mile of a similar project. Staff recommends approval.

BACKGROUND INFORMATION

The State mandated "One Mile Rule" gives local governments the opportunity to review and approve, or to reject an application for a Tax Credit-supported multifamily development within one mile of a similar project. This requirement is meant to prevent clustering of Tax-supported low-income multifamily housing developments. The Texas Department of Housing and Community Affairs will not consider an application for Tax Credits within one mile of a similar project unless the local government has voted to specifically allow the construction of such a project.

This new development will be a multifamily apartment community comprised of 144 apartments (units) of which 10.4% (15 units) will be for tenants with approximate incomes less than 30%* of the area's median income; 22.9% (33 units) will be for tenants

with approximate incomes less than 60%* of the area's median income; 63.2% (91 units) will be for tenants with approximate incomes less than 60% of the area's median income; 3.5% (5 units) will be for tenants at Market Rate. Those approximate income levels are:

For a family of one: \$10,830 (at 30% AMGI), \$21,660 (at 60%AMGI)
 For a family of two: \$12,360 (at 30% AMGI), \$24,720 (at 60%AMGI)
 For a family of three: \$13,920 (at 30% AMGI), \$27,840 (at 60%AMGI)
 For a family of four: \$15,450 (at 30% AMGI), \$30,900 (at 60%AMGI)
 For a family of five: \$16,680 (at 30% AMGI), \$33,360 (at 60%AMGI)
 For a family of six: \$17,910 (at 30% AMGI), \$35,820 (at 60%AMGI)

The proposed project profile is as follows:

Project Name: San Juan Square II

Location: Intersection of Calaveras and Brady, City Council District 5

Developer: NRP Group

Non-profit Partner: San Antonio Housing Authority through San Antonio Housing Finance Corporation

Unit Mix				
Family	Rent Level	# of Units	Unit Size	Proposed Rent
1BR	PHA	2	789	124
1BR	30%	0	789	0
1BR	60%	4	789	498
1BR	MKT	0	789	0
2BR	PHA	24	1042	124
2BR	30%	0	1042	0
2BR	60%	44	1042	597
2BR	MKT	4	1042	696
3BR	PHA	12	1235	124
3BR	PHA	8	1304	124
3BR	60%	39	1304	676
3BR	MKT	1	1304	803
4BR	PHA	2	1575	124
4BR	30%	0	1575	0
4BR	60%	4	1575	707
4BR	MKT	0	1575	0
Total/Average		144	1157	\$ 465

The following financial information has been submitted for the project:

<u>Sources of Funds</u>	<u>Amount</u>
Construction	\$ 3,905,620
Tax Credit Equity – Federal	\$ 9,498,100
Replacement Housing Factor Funds	\$ 2,000,000
Deferred Developer Fee	\$ 237,341
Total Project Cost	\$15,641,061

Residents of the surrounding neighborhood were briefed by letter from SAHA on February 21, 2006. On February 24, 2006, the San Juan Residence Council sent a letter to District 5 Councilwoman Patti Radle, indicating their support for this project. The San Antonio Independent School District (SAISD) was notified but has not yet replied. If the project is selected for Tax Exempt Bond funding, an ordinance to accept the funding will be brought to City Council for approval. Staff will provide the school district's comments at that time.

At their March 13, 2006 meeting, the Urban Affairs Committee reviewed this item and directed SAHA to provide the Committee Chairman with additional information prior to scheduling the item for City Council consideration. The Committee wanted documentation that the project profile maximized the potential for additional public housing units. On March 16, 2006 SAHA and City staff met with the Urban Affairs Committee Chairman and presented the following facts:

The current project has 33% of the new units dedicated to public housing and the industry standard is 20%. Two of the underwriters indicated that they would not approve financing for the project if the component of public housing was greater than 33%.

The project plan includes a request to HUD for an allocation of vouchers for the public housing units not replaced in this development. Said vouchers could be used at this facility or anywhere in the city. If the request is denied, SAHA will use existing vouchers.

The public housing property has received a very low assessment and if the project is not addressed soon, SAHA could be ordered to schedule the property for demolition.

SAHA has resources that could be used to address this property but there would be no money left to address the other public housing properties in San Antonio.

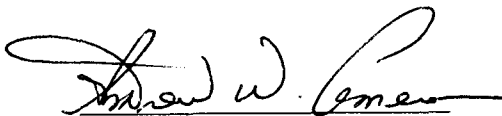
After receiving the additional information, staff recommends this item for City Council consideration.

POLICY ANALYSIS

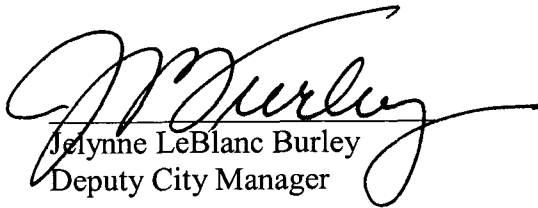
State law allows local government to decide whether a Tax Credit-supported multifamily housing unit can be built within one mile of similar project. Council's action to approve this project would then allow the State application process to move forward.

FISCAL IMPACT

Approval of this construction allowance will not constitute a forward commitment of City funding for the project. The developer has not requested any City dollars.

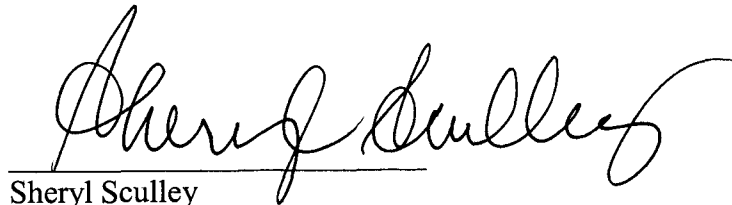


Andrew W. Cameron
Director
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Jelynn LeBlanc Burley
Deputy City Manager

Approved for Council Consideration:



Sheryl Sculley
City Manager