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COMMERCIAL REAL ESTATE

City celebrates affordable housing project amid tightening conditions

Walsh said right now nothing pencils without additional subsidies.



Cleveland-based developer NRP Group celebrates the unveiling of Frontera Crossing, an affordable housing development on the South Side, alongside members of the city of San Antonio.

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On Wednesday, the city celebrated its latest effort to provide more affordable housing for San Antonio residents. Current economic constraints, however, may make those celebrations fewer and farther between.

During a ribbon-cutting ceremony, a partnership between Cleveland-based developer NRP Group and Opportunity Home San Antonio unveiled Frontera Crossing, an affordable housing development. Located at 13139 Watson Road, on the city's South Side, all 348 units at Frontera Crossing are reserved for residents making 40-70% of the area median income (AMI).

The choice to develop on the South Side was an issue of prudence for the developer.

"Affordable rental rates are set by the federal government," Vice-President of Development [Nick Walsh](#) told the San Antonio Business Journal. "You can't build somewhere like downtown without considerable subsidies, so you have to go where it is feasible."

Because of its economic viability, however, the area has become a burgeoning market for housing across all income levels. Including the Far West Side, most new housing developments are being built on the South Side according to data from residential real estate intelligence firm Zonda, which visually confirms new housing starts in San Antonio.

The area has also seen the implementation of many of the city's newest [tax increment reinvestment zones \(TIRZ\)](#) to [spur development](#). A plethora of commercial and residential development is taking place at [Port San Antonio](#) and [the Brooks campus](#), decommissioned military bases which were turned over to the city.

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"Also, this is workforce housing, so there's a balance between finding inexpensive property that's close enough to workforce centers," Walsh said – workforce centers like the Toyota and Navistar plants.

Frontera Crossing – which boasted a \$60 million price tag – was partially funded using low-income housing tax credits, federal subsidies which are disbursed by the state. Developer fees will be shared by NRP and Opportunity Home.

Current economic conditions, however, have made it a struggle to build affordable housing in any of the city's submarkets.

"Right now, nothing pencils. When we were funding Frontera Crossing in 2020, all we needed was the 4% tax credit," Walsh said. That wasn't the case for Los Arcos, the company's latest San Antonio project – also on the South Side – which broke ground in March. Besides tax credit funding, Walsh said Los Arcos needed housing bond funding, as well as two other sources of federal funding from [the U.S. Department of Housing and Urban Development].

"There was a \$10 million price difference between Los Arcos and Frontera Crossing," Walsh said. "If we hadn't gotten additional funding, it's unfortunate, but we probably wouldn't have been able to go ahead with Los Arcos."

All told, the city invested \$5 million towards Los Arcos during the first series of housing bond funding.

With units still under construction, Frontera Crossing is currently 40% occupied, and residents are waitlisted for of the most desirable floor plans available to potential residents.

"We have four-bedroom floor plans, which is rare," Walsh said. The development includes a pool, 24-hour fitness

center, controlled access, outdoor playgrounds and a community garden.

According to Ed Hinojosa Jr., CEO and president of Opportunity Home San Antonio, one in every 15 San Antonians is on a waitlist for an affordable home.

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