

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting : February 1, 2018

Item Number: 022

Neighborhood Housing and Community Development

Approve a resolution to be submitted to the Texas Department of Housing and Community Affairs by Cambrian East Riverside, LP, or an affiliated entity, supporting an allocation of low income housing tax credits for the proposed new construction, multi-family housing development to be called Cambrian East Riverside Apartments, located on East Riverside Drive, between Grove Boulevard and Clubview Avenue, and acknowledging that the City of Austin has more than twice the state average of units per capita supported by low income housing tax credits or private activity bonds at the time of application.

District(s) Affected: District 3

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	This item has no fiscal impact.
For More Information	Rosie Truelove, Neighborhood Housing and Community Development Director, 512-974-3064; David Potter, Neighborhood Housing and Community Development Program Manager, 512-974-3192.

Additional Backup Information:

If approved, this resolution will be submitted by Cambrian East Riverside, LP or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) with its application for competitive 9% tax credits for the new construction of affordable multi-family rental housing on East Riverside Drive, between Grove Boulevard and Clubview Avenue. The property is located in District 3.

Twice the State Average Per Capita

Texas Government Code, §2306.6703(a)(4), requires an applicant to obtain prior approval from the local governing body for an allocation of tax credits for a proposed housing development when the municipality has more than twice the state average of units per capita supported by housing tax credits or private activity bonds.

On July 27, 2017, TDHCA updated its Housing Tax Credit Site Demographic Characteristics Report, and with recent competitive and non-competitive awards of tax credits for Austin developments, Austin now has more than twice the state average per capita of tax credit and private activity bond-financed units. There are 172 cities in Texas that exceed twice the state average per capita.

The figures TDHCA used for Austin's population came from the 2010-2014 American Community Survey (ACS). The ACS population figure for Austin is 864,218 and the number of tax credit or bond-financed units in Austin is 16,237. TDHCA calculates the state average per capita rate to be 0.00932365 as of August 10, 2017. Twice the state average per capita rate is 0.0186473. According to TDHCA, the Austin per capita rate is more than twice the state average at 0.01878808 units per capita.

Proposed Development

90 Units in the following mix:

- 37 1-bedroom 550 Square feet Estimated Rents: \$458-\$916
- 39 2-bedroom/2-bath 850 Square feet Estimated Rents: \$549-\$1,099
- 10 3-bedroom/2-bath 1,050 Square feet Estimated Rents: \$1,058-\$1,270
- 4 4-bedroom/2-bath 1,250 Square feet Estimated Rents: \$1,181-\$1,417

Population Served

- 10 units will be reserved for persons with incomes at or below 30% Median Family Income (MFI); currently, \$17,100 for a single-person household and \$24,400 for a 4-person household;
- 36 units will be reserved for persons with incomes at or below 50% MFI; currently, \$28,500 for a single-person household and \$40,700 for a 4-person household.
- 44 units will be reserved for persons with incomes at or below 60% MFI; currently, \$34,200 for a single-person household and \$48,840 for a 4-person household.

Estimated Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$ 13,797,000.00	Acquisition	\$ 1,097,000.00
Local Government Loan	\$ 1,250,000.00	Hard Costs	\$ 13,394,000.00
Construction Loan	\$ 4,753,000.00	Soft & Financing Costs	\$ 3,053,000.00
TOTAL	\$ 19,800,000.00	Reserves & Developer Fees	\$ 2,256,000.00
		TOTAL	\$ 19,800,000.00

Current Property Tax Status and Future Impact

The property currently has no tax exemption according to the Travis Central Appraisal District (TCAD). The applicant will have to apply to TCAD to determine if the property is eligible for any type of tax exemption once it is developed.

The proposed development is located:

- less than ½ mile from an Imagine Austin Corridor,
- less than ¼ mile walking distance to high-frequency transit; and
- less than ¾ mile walking distance from a transit stop.
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The Applicant

According to the information submitted by the Applicant, Cambrian East Riverside, LP is a partnership of several entities Cambrian Development, Bercy Chen Studios, Structure Development and a to-be-named Development Partner with significant tax credit experience. Each of these partners brings unique qualifications to the team that we feel will result in a high-quality affordable housing development that is delivered on-time, on-budget and in compliance.

Cambrian is the development arm of Bercy Chen Studio. While the Cambrian partners are not new to development, Cambrian is a new company and will partner with an experienced tax-credit developer for Cambrian East Riverside. Structure Development will act as the tax-credit consultant for the project. Structure's Principal, Sarah Andre, has more than a decade of experience in the tax credit arena and more than two decades experience in affordable housing. Bercy Chen Studio will be the architect of record for the project. Bercy Chen Studio has designed numerous multi-family, mixed-use, and commercial projects and is well-versed in Austin's unique development requirements.