

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL
Regular Meeting : February 1, 2018
Item Number: 025
Neighborhood Housing and Community Development

Approve a resolution to be submitted to the Texas Department of Housing and Community Affairs by Foundation Communities, Inc., or an affiliated entity, supporting an allocation of low income housing tax credits to help finance a proposed new construction, single room occupancy development to be called Ben White Studios, located at 3400 Comsouth Drive, 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 2

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 Foundation Communities, Inc., 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 Single Room Occupancy rental housing at 3400 Comsouth Drive. The property is located in District 2.

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

120 Single Room Occupancy Units:

- 120 studio apartments/1 bath 500 Square feet Estimated Rents: \$427-\$712

Population Served

- 24 units will be reserved for persons with incomes at or below 30% Median Family Income (MFI); currently, \$17,100 for a single-person household.
- 96 units will be reserved for persons with incomes at or below 50% MFI; currently, \$28,500 for a single-person household.

Estimated Sources and Uses

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$ 10,472,557.00	Acquisition	\$ 1,676,000.00
Debt Financing	\$ 2,100,000.00	Hard Costs	\$ 15,670,718.00
Proposed City of Austin	\$ 3,000,000.00	Soft & Financing Costs	\$ 1,609,308.00
Fundraising and Other	\$ 4,317,843.00	Reserves & Developer Fees	\$ 1,554,374.00
Deferred Dev Fee	\$ 620,000.00	TOTAL	\$ 20,510,400.00
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The proposed development is located:

- less than ¼ mile walking distance from a transit stop.

The Applicant

Foundation Communities, Inc. has been in operation for 27 years and has successfully developed, and owns and operates 22 affordable communities in Austin and North Texas, and is known for its innovative

programs to help residents become successful in meeting their financial, educational, or life goals and its commitment to creative and attractive sustainable building practices. Foundation Communities currently provides affordable housing for over 2,800 families including 228 formerly homeless children.