

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: November 9, 2017

Item Number: **022**

Neighborhood Housing and Community Development

Approve a resolution to be submitted to the Texas Department of Housing and Community Affairs by Pathways at Chalmers Courts South, LP, or an affiliated entity, supporting an allocation of low income housing tax credits for the new construction of affordable multi-family rental units at the southwest corner of East 3rd Street and Chalmers 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 Department.
Fiscal Note	There is no anticipated fiscal impact.
For More Information	Rosie Truelove, Director, Neighborhood Housing and Community Development Department, 512-974-3064; David Potter, Program Manager, 512-974-3192.

Additional Backup Information:

If approved, this resolution will be submitted by the Pathways at Chalmers Courts South, LP, or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) with its application for non-competitive 4% tax credits for the new construction of affordable multi-family rental housing at the Southwest Corner of East 3rd Street and Chalmers 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 Project

Pathways at Chalmers Courts South, LP, is planning to construct a 87-unit multi-family development located at the Southwest Corner of East 3rd Street and Chalmers Avenue, which would be 100% affordable to households with incomes at or below 60% Median Family Income (MFI), currently \$48,840 for a 4-person household. The development, to be known as the Pathways at Chalmers Courts South Apartments, is proposed to be partially funded with 4% Low Income Housing Tax Credits and Private Activity Bonds issued by Austin Affordable PFC, Inc., a non-profit public facilities corporation created by the Housing Authority of the City of Austin (HACA). No funding from the Austin Housing Finance Corporation is being requested.

Estimated Sources of Funds

<u>Sources:</u>		<u>Uses:</u>	
AAHC Sources	\$2,417,310	Acquisition Costs	\$1,000
Tax Credit Equity	5,809,608	Hard Costs	9,797,829
Debt Financing	7,000,000	Soft & Carrying Costs	3,043,444
Total	15,226,918	Reserves and Developer Fee	2,384,645
		Total	\$15,226,918

Project Characteristics

- § 45 one-bedroom units (approximately 671 square feet).
- § 32 two-bedroom units (approximately 947 square feet).
- § 6 three-bedroom units (approximately 1,272 square feet).
- § 4 four-bedroom units (approximately 1,394 square feet).

Population Served

- § 100% of units will be reserved for individuals or families with incomes at or below 60% MFI, currently \$34,200 for a single-person household and \$48,840 for a 4-person household.

Current Property Tax Status and Future Impact

The property is currently 100% tax exempt according to the Travis Central Appraisal District (TCAD). TCAD will determine whether the use of this property will continue to be eligible for any exemptions after the property is constructed.

Pathways at Chalmers Courts South, LP

The development will be owned by Pathways at Chalmers Courts South, LP, an affiliate of Austin Affordable Housing Corporation (AAHC), a non-profit subsidiary of the Housing Authority of the City of Austin (HACA). AAHC was created in 2003 to preserve and increase the stock of affordable housing for low to moderate-income families in Austin as well as provide financial literacy and homeownership opportunities. AAHC's real estate portfolio consists of office buildings, a shopping center, single-family houses and multi-family rental developments.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Application here:

[<http://austintexas.gov/page/fy-16-17-funding-applications>](http://austintexas.gov/page/fy-16-17-funding-applications).