

Legislation Text

File #: 17-157, **Version:** 1

Presenter/Contact

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SUBJECT:

Approval of a resolution supporting an application to the Texas Department of Housing and Community Affairs for 2017 competitive nine percent housing tax credits for Oak Creek Senior Village and providing a commitment of development funding; and authorizing the city manager to execute necessary agreements.

BACKGROUND / RATIONALE:

On February 13, 2017, representatives from the JES Development Company delivered a presentation to City Council outlining a proposed housing tax credit project located at Ranch Parkway and Gruene Road. The project will be developed utilizing Low Income Housing Tax Credits (LIHTCs). LIHTCs are indirect Federal subsidies used to finance the development of affordable rental housing for households earning up to 60% of the area median income. The developer filed a pre-application to the Texas Department of Housing and Community Affairs (TDHCA) and has requested a Resolution of Support and Commitment of Development Funding from the City of New Braunfels. Each applicant that seeks an award of housing tax credits in connection with their proposed rental housing community tries to achieve the highest scoring application in the region. In the San Antonio region twenty seven (27) projects filed pre-applications. Out of these twenty seven (27) pre-apps, twenty five (25) are within five (5) points of each other (scores ranged from 125 to 120). These twenty seven (27) applications cumulatively requested \$38.25 million in housing tax credits. There are \$4.583 million available for allocation in the 2017 round. Most of the development groups requested the maximum amount available (\$1.5 million).

Oak Creek Senior Village

The property will house approximately 98 units in a mix of one and two bedroom apartments. The unit breakdown and rent levels are as follows for this property:

| Bedrooms | 30% AMI | | 50% AMI | | 60% AMI | | Est. Market Rate | |
|----------|---------|--------|---------|--------|---------|--------|------------------|-------|
| | Units | Rents* | Units | Rents* | Units | Rents* | Units | Rents |
| 1 | 3 | \$283 | 9 | \$516 | 12 | \$633 | 6 | \$768 |
| 2 | 5 | \$335 | 23 | \$614 | 26 | \$754 | 14 | \$964 |

*Rent amounts include allowance for utilities.

Local Government Support

To earn an additional (17) points, a development group will seek a resolution from the Governing Body that expressly sets forth that the municipality supports the Application or Development.

Alternatively, the developer can earn fourteen (14) points if the Governing Body adopts a resolution that expressly sets forth that the municipality has no objection to the Application or Development.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

| | | | |
|--|-----|------------------------------------|---|
| | Yes | City Plan/Council Priority: | Strategic Priorities: 16. Foster opportunities for affordable housing 18. Work with existing entities to ensure sustainable quality development. |
|--|-----|------------------------------------|---|

FISCAL IMPACT:

If awarded a tax credit and all other requirements are met, the City would waive up to one thousand dollars (\$1,000) in building permit fees.

STAFF RECOMMENDATION:

Staff recommends approval of the City Council resolution.