

Legislation Text

File #: 17-155, 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 Residences at New Braunfels 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 NuRock Companies delivered a presentation to City Council outlining a proposed housing tax credit project located at 1609 McQueeney 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).

Residences at New Braunfels

The property will house 128 units in a mix of one, two and three bedroom apartments. To fulfill a request from City Council at the meeting on February 13, the developer added additional units reserved for those earning up to 30% AMI. This resulted in a greater number of market rate units to retain the project's financial feasibility. The unit breakdown is below:

	30% AMI		50% AMI		60% AMI		Market Rate	
Bedrooms	Units	Rents*	Units	Rents*	Units	Rents*	Units	Est. Rents
1	5	\$242	7	\$475	7	\$592	7	\$770
2	9	\$288	20	\$567	19	\$707	16	\$1,02
3	5	\$328	12	\$651	12	\$813	9	\$1,17

*These are estimated base rents and do not include an 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.
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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.