

AGENDA ITEM: #7

POSTING LANGUAGE: Briefing and possible action on the amended Resolution of No Objection for Streamline Advisory Partners' application to the Texas Department of Housing and Community Affairs Non-Competitive 4% Housing Tax Credits program for the construction of SoSA at Palo Alto, a 336-unit multi-family rental housing development, located at the Southeast Corner of Hwy 16 and Loop 410 in Council District 4. [Lori Houston, Assistant City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services]

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: 4

SUBJECT:

Adopting an Amended Resolution of No Objection for Streamline Advisory Partners' application to the Texas Department of Housing and Community Affairs for the Non-Competitive 4% Housing Tax Credits program.

SUMMARY:

Amending Resolution of No Objection for an application to the Texas Department of Housing and Community Affairs' Non-Competitive 4% Housing Tax Credits Program for the development of SoSA at Palo Alto, 336-unit affordable multi-family rental housing development located at the Southwest Corner of Hwy 16 and Loop 410 in Council District 4, previously approved by the City Council on June 3, 2021, to include the City's specific consent to the location of the SoSA at Palo Alto in a census tract that has more than 20% Housing Tax Credit supported units per total households as established by the 5-year American Community Survey as required by Chapter 10 of the Texas Administrative Code, Sections 11.3(e) and 11.4 (c)(1).

BACKGROUND INFORMATION:

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) program is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households in the state of Texas. Housing Tax Credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing.

The TDHCA administers two HTC programs: a Competitive 9% and Non-Competitive 4%. This application is for the Non-Competitive 4% HTC program available year-round which only require that a Resolution of No Objection from the local governing body be submitted to satisfy requirements of the TDHCA's Uniform Multifamily Rules. Upon

review of the application, TDHCA confirmed the project would need to acquire an Amended Resolution of No Objection from the City consenting to the location of the development being constructed in a census tract with more than 20% Housing Tax Credit Units per total households.

The 4% application was approved by the Planning and Land Development Committee on May 25, 2021. On June 3, 2021, City Council approved the Resolution of No Objection.

Projects submitted prior to December 2021 fell under the requirements of the former Housing Tax Credit Policy adopted by City Council October 31, 2019. To qualify, the applicant had to earn at least 60 out of 100 points per the Policy scoring criteria. This development received 67 points and subsequently a Resolution of No Objection.

The property is within Council District 4. The Council office received all pertinent information regarding the proposed project and provided staff with no concerns about the project. The applicant was awarded no public engagement points.

The value of the tax credit award to SoSA at Palo Alto would be approximately \$25 million over a ten-year period with total cost for this project approximately \$65.9 million. Of the 336-units, all will be rent restricted to 70% and below of area median income as defined by TDHCA's Rent and Income Limit tool using HUD data (e.g. a family of three will have a maximum income of \$46,690).

The project is projected to contain the following unit mix:

Unit Mix	Number of Units	Monthly Rent	AMI Served
One Bedroom	2	\$362	30% and below
	3	\$501	40% and below
	1	\$640	50% and below
	73	\$779	60% and below
	5	\$918	70% and below
Two Bedroom	2	\$429	30% and below
	3	\$596	40% and below
	1	\$762	50% and below
	133	\$929	60% and below
	5	1,096	70% and below
Three Bedroom	2	\$490	30% and below
	2	\$683	40% and below
	2	\$875	50% and below
	61	\$1,068	60% and below
	5	\$1,261	70% and below
Four Bedroom	2	\$541	30% and below
	2	\$756	40% and below
	2	\$971	50% and below
	28	\$1,186	60% and below
	2	\$1,401	70% and below

The application, with its amended Resolution is anticipated to be considered by the TDHCA Governing Board in March 2022. If approved, the estimated start date will be in April 2022 and the estimated project construction completion is April 2024.

ISSUE:

The Texas Department of Housing and Community Affairs recently notified the Developer that the census tract the project will be located in has more than 20% of the units in the census tract as tax credit units. In this case, approximately 49%. Pursuant to the state's Qualified Allocation Plan and Chapter 10 of the Texas Administrative Code, sections 11.3 (e) and 11.4 (c)(1), when a development will be located in such a census tract, in order for the development to receive 4% Housing Tax Credits, the City must find that the proposed Development is consistent with the City's obligation to affirmatively further fair housing and must vote specifically to allow the construction of the development within this census tract. As a result of this notification by the State, it is necessary for the City Council to approve an Amended Resolution of No Objection to include this additional information.

There are currently 494 total housing units in the census tract SoSA at Palo Alto is proposed to be built in. There is one HTC supported project already in the census tract called the Rosemont at University Park. The development received HTCs in 2004 and contains 240

HTC units. This means 49% of the total housing units in the census tract are supported by HTCs.

SoSA at Palo Alto proposes to add 336 units to the census tract which will result in a total of 830 total housing units in the census tract. All 336 units in the proposed development would be supported by HTC bringing the total HTC supported units in the census tract to 576 (69% of the total units in the census tract).

ALTERNATIVES:

The Planning and Community Development Committee may elect not to forward this item to City Council which would adversely impact the ability of the developer to proceed.

FISCAL IMPACT:

There is no fiscal impact to the FY 2022 general fund.

RECOMMENDATION:

Staff recommends forwarding this item to the full City Council for approval of an Amended Resolution acknowledging that more than 20% of the units in the census tract are tax credit units; finding that the proposed Development is consistent with the City's obligation to affirmatively further fair housing; and specifically, to allowing the construction of the Development within this census tract, therefore allowing the project to proceed.