



AGENDA MEMORANDUM

Action Item for the City Council Meeting of March 26, 2024

DATE: March 26, 2024

TO: Peter Zaroni, City Manager

THRU: Steve Viera, Assistant City Manager
stevev@cctexas.com
(361) 826-3445

FROM: Daniel McGinn, AICP, Director of Planning and Community Development
danielmc@cctexas.com
(361) 826-7011

Resolution of No Objection for 4% Low-income Housing Tax Credits for Gulfway Manor

CAPTION:

Resolution of no objection of Gulfway Housing Partners, LP's 2024 4% Housing Tax Credit application for the existing 151 units of affordable housing at 1750 Treyway Lane known as Gulfway Manor Apartments.

SUMMARY:

Resolution of No Objection for Gulfway Housing Partners, LP's application to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Low-income Housing Tax Credits and Tax-Exempt Bonds. The project, Gulfway Manor Apartments, at 1750 Treyway Lane is an existing affordable housing project with 151 units. The application to TDHCA is for acquisition and rehabilitation. The project will serve households with incomes at or below 60 percent of the area median income (AMI). No financial assistance from the City has been requested.

BACKGROUND AND FINDINGS:

The 4% Low-income Housing Tax Credit (LIHTC) Program, administered by TDHCA, is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households. The 4% LIHTCs are noncompetitive and are often used for existing projects to extend affordability periods through acquisition and rehabilitation. The 4% LIHTC program is used with the Multifamily Bond Program when the bonds finance at least 50% of the cost of the land and buildings in the project. The tax credits are awarded to eligible applicants and provide a source of equity financing for the development of affordable housing. Investors in qualified affordable multifamily residential developments can use

the LIHTCs as a dollar-for-dollar reduction of federal income tax liability. The value associated with the LIHTCs allows housing to be leased to low-income families at below-market-rate rents. The City does not administer the 4% LIHTCs or issue the Multifamily Family Bonds awarded by TDHCA. There will be no City debt associated with this project and the applicant has not requested subsidy from any City funding source. A Resolution of No Objection does not guarantee that the project will be awarded LIHTCs or Multifamily Bonds. To submit the application, the developer has requested a Resolution of No Objection and a Public Hearing as required by TDHCA.

Gulfway Manor Apartments is an existing affordable housing complex built in 1971 with 151 units. All units are considered affordable serving households at or below 60 percent of the area median income (AMI). There will be 77 units serving households at or below 50 percent AMI and 74 units serving households at or below 60 percent AMI. The 50 percent AMI limit for a family of four is \$38,700 and the 60 percent AMI limit for a family of four is \$46,440. The project has a Housing Assistance Payments (HAP) contract with the U.S. Department of Housing and Urban Development to subsidize the tenant-paid rent. Under the new structure, there will also be a HAP contract.

Total project costs, including acquisition and rehabilitation, are estimated to be \$53.6 million. The investment in the building and site work is approximately \$13 million. Rehabilitation and site work include but are not limited to, improvements to asphalt, concrete, ADA accessibility, security/safety, playground, roofing, exteriors, doors, windows, lighting, flooring, kitchens, and bathrooms.

The developer, Vitus Group LLC (Vitus), completed a similar deal at Oso Bay Apartments at 7502 McArdle Road in 2021. Vitus is a national affordable housing developer with a focus on preserving affordable housing. The company has over 130 properties in 30 states.

ALTERNATIVES:

The alternatives are to not approve a Resolution of No Objection or approve a Resolution of Objection, which would reduce or eliminate the chance that TDHCA will determine the project to be appropriate and thereby jeopardize the potential for the project to receive LIHTC. The City could choose to provide a Resolution of Support.

FISCAL IMPACT:

There is no fiscal impact to the City. No subsidies have been requested.

FUNDING DETAIL:

Fund: NA
Organization/Activity: NA
Mission Element: NA
Project # (CIP Only): NA
Account: NA

RECOMMENDATION:

City staff recommends approval of the Resolution of No Objection

LIST OF SUPPORTING DOCUMENTS:

Resolution

PowerPoint Presentation