

Oak Hill Lofts

Ms. Teresa Morales

Texas Department of Housing and Community Affairs

221 E. 11th Street | Austin, TX 78701

Dear Ms. Morales:

Background

The Broadway Homes team has been working on our first TX LIHTC development for years, and finally purchased our proposed development site in March of 2021. Our team's focus has been to try to help solve the imbalance of affordable housing in Austin, and we purchased an expensive site conforming to all rules with the expectation of accessing Austin's RHDA gap funding due to scoring advantages of West Austin.

Rule Changes in the 2023-2024 Qualified Allocation Plan

Unfortunately, the 2023 Qualified Allocation Plan ("QAP") included a change that negatively affects this development opportunity. The first change is in §11.101(b)(1)(A)(vii) concerning Ineligible Developments. The change states as follows:

(vii) any New Construction, Reconstruction, or Adaptive Reuse Development proposing more than 30% efficiency and/or one-Bedroom units. This requirement will not apply to Elderly or Supportive Housing Developments."

Waiver Request

This is a challenging site that began through attempts at utilizing off-site modular construction and a 2021 development model. Due to obstacles with modular suppliers, our team has abandoned this development type and now proposes traditional construction. To better serve the market demand of West Austin families, we've reconfigured the proposal to eliminate the studio units found in modular construction, and instead added three-bedroom units. In total the redesign has 21% more bedrooms than the previous application, however, the updated proposed unit mix still has fifty-five (55%) percent one-bedrooms and is considered an ineligible development under the 2024 QAP.

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This development is in an area of southwest Austin that has limited affordable housing options for families. This is one of two new construction applications for families submitted in this part of the city in over twenty (20) years. Following the support of the Austin City Council, Broadway Homes was encouraged to expand this LIHTC proposal and has acquired a neighboring parcel. A Phase II application will be submitted for the 2025 bond lottery, which will be in compliance with the QAP rules and substantially reduce the overall one-bedroom percentage. The applicant respectfully requests a waiver of §11.101(b)(1)(A)(vii) concerning the limitations on the percentage of one-bedroom units.

Meeting the Policies and Purposes of Tex. Gov't Code 2306

The application does meet the purposes of §2306.001 and 2306.002 by providing essential services and housing units for individuals and families with incomes at thirty (30%) percent, fifty (50%) percent and sixty (60%) percent of area median income.

Although TDHCA is not the issuer of the bonds for this application, the application does meet the policies of §2306.359 by layering the development with multiple sources including private activity bonds, housing tax credits and local funding to provide the housing for lower income families in the greater Austin area.

The application also meets the purposes of §2306.6701 by providing rental housing for households that have difficulty finding suitable, affordable rental housing in the private marketplace. The development will provide two-hundred and ninety (290) units of affordable housing over two phases in an area of Austin with very limited affordable housing options.

Conclusion

This application has been in process for over three years. Our team has been working diligently with its financial partners to close on the development as quickly as possible, including an expansion to a second Phase due to requests by the City of Austin. Development plans for Phase I are complete and working through the final permitting process with the City of Austin. This waiver request is essential to the progression of the application.

We thank you for your consideration of this request. If you need further information, please contact me.

Thanks in advance,

Brent Stoll

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