



Texas Department of Housing and Community Affairs

Governing Board

Board Action Request

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**File #: 779**

**Agenda Date: 11/7/2024**

**Agenda #:**

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Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Eden Court (HTC #23428)

**RECOMMENDED ACTION**

**WHEREAS**, Eden Court (the Development) received an award of 4% Housing Tax Credits (HTCs) in 2023 for the acquisition and rehabilitation of 110 elderly preference units in Seguin, Guadalupe County;

**WHEREAS**, Eden Court Senior Housing LP (the Development Owner or Owner) requests approval for a material amendment to the Application to decrease the number of low-income units from 110 to 109;

**WHEREAS**, one household was discovered to be over income when the management company began income qualifications of the current residents, and the Owner would like to turn the unit into a market unit now to not displace this elderly tenant;

**WHEREAS**, the requested change reduces the applicable fraction from 100% to 98.78%, resulting in a reduction of approximately \$15,000 in annual Housing Tax Credits, which will result in a reduction of approximately \$140,000 to equity proceeds but will not impact the Development's financial feasibility; and

**WHEREAS**, Board approval is required for a reduction in the number of low-income units, and the Development Owner has complied with the amendment requirements in 10 TAC §10.405 (a);

**NOW, therefore, it is hereby**

**RESOLVED**, that the requested amendment for Eden Court is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

**BACKGROUND**

Eden Court received a 4% HTC award to acquire and rehabilitate 110 units in Seguin, Guadalupe County. In a letter dated August 29, 2024, Tracey Fine, representative for the Development Owner, requested approval to decrease the number of low-income units from 110 to 109. This change represents a material amendment to the Application.

The Development Owner states that a single current household is not income qualified. This household is a long-term resident who is disinclined to move.

The change in the number of low-income units will result in the LURA restricting 28 units at 50% of Area Median Income (AMI); 81 units at 60% AMI; and one unit at market rate.

There is an anticipated loss of approximately \$15,000 in annual tax credits or \$140,000 in equity as a result of this change, which can be absorbed through an increase in deferred developer fee. Rental income and operating expense assumptions remain unchanged from application, representing a nonmaterial impact to the underwriting. The development remains feasible, and the final credit amount will be determined at cost certification.

The Owner indicated that the necessity of this amendment was not reasonably foreseeable at the time of application. The Owner did not know when this transaction was put together if this resident would want to leave prior to income certification, and since this tenant's unit was originally a non-HTC unit, the Owner was not able to certify the tenant's income prior to submitting the Application.

Staff has determined that the proposed change noted above would not have impacted the HTC award.

Staff recommends approval of the amendment request as presented herein.



August, 29, 2024

Rosalio Banuelos  
Director of Multifamily Asset Management  
Texas Department of Housing and Community Affairs  
221 E. 11th Street | Austin, TX 78701  
Office: 512.475.3357

Re: Eden Court 23428  
Application Amendment

Mr. Banuelos,

We are requesting to change Eden Court 23428 from 110 units at 100% LIHTC to 109 LIHTC units and 1 market rate unit, a 2br, 946 SF unit, reducing the applicable fraction to 98.78%.

Eden Court is composed of the combination of 2 adjacent properties including Eden Place, which was originally built under the LIHTC program and has an existing LURA which originally included 4 market rate units.

We planned and submitted the resyndication of Eden Place as 100% LIHTC and hoped that the residents of those 4 “market rate” units would either income qualify or move-out over the 3+ year course to put together the project, close and renovate. While this approach was successful for 3 of the 4 units, one longtime resident, a senior household, is just slightly over-income and does not want to move from her home of many years.

While it would be our preference to remain 100% LIHTC and lease the unit once this household moves out, at their own will, TDHCA has said that is not an option. Since we believe it is cruel to force this elderly woman to move from her home of many years, we don’t believe we have another option other than amending the application to turn one unit into a non-qualified unit.

The reduction in applicable fraction from 100% to 98.78% is very minimal. We lose about 15,000 LIHTCs or \$140k in equity based on our original application. Rent income and operating expense assumptions remain the same. The project remains feasible.

The necessity of the amendment was not reasonably foreseeable at the time of Application. We did not know when we put this transaction together, if this resident would want to leave prior to income certification. Since her unit was originally a non LIHTC unit, we were not able to certify her income prior to submitting the application. Even at this moment, in the event of a major health event that would require this resident to move to higher care living or even death, we would want the unit to be a LIHTC unit. But it appears we are left with no choice, but to turn the unit into a market unit now, so we do not displace this elderly woman.

I have updated the excel application to reflect the change of this one unit. Appreciate your assistance in this matter.



Regards,



Tracey Fine

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Senior Director of Housing

