



2023 APPLICATION FOR LOW INCOME HOUSING TAX CREDIT APPLICATIONS

RS-23-031

February 14, 2023

Low Income Housing Tax Credit Program

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- What is it?
 - ▣ Created by the Tax Reform Act of 1986 -under § 42 of the Internal Revenue Code, 26 U.S.C. § 42
 - ▣ Financing program to build affordable rental housing
 - ▣ Primary means of directing private capital towards development of affordable rental housing for workforce households
 - ▣ The incentive is an annual tax credit in exchange for equity in the development of affordable housing
 - ▣ Each state receives a per capita allocation, currently \$2.60
 - ▣ States then allocate the tax credits based on each states created qualified allocation plan

Low Income Housing Tax Credit Program

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- What is it?
 - ❑ The developer markets the tax credits to investors/companies that need a reduction in their federal tax liability
 - ❑ The private capital allows the developer to reduce the mortgage on the development and pass on the savings in the form of affordable rents
 - ❑ Tax credits are awarded annually to developers who compete within the state for an allotment of tax credits
 - ❑ Texas Department of Housing & Community Affairs manages the program
 - ❑ Each development has a minimum 15-year tax credit compliance period with TDHCA
 - ❑ Units must remain affordable to persons with incomes at or 60% of the area median income for 30 years
 - ❑ Housing units must be occupied by persons with incomes at or below 60% of the area median income

Low Income Housing Tax Credit Program

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- What is it?
 - Effective way to infuse private capital into affordable housing options
 - Provides needed affordable & workforce housing to the community
 - Long term commitment for compliance with Texas Department of Housing & Community Affairs
 - Adds value to the tax rolls for cities while providing quality affordable housing to the community

Current Inventory of Tax Credit Developments in Killeen

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- Ten tax credit developments:
 - ▣ Village at Fox Creek -128 units
 - ▣ The Veranda at Twin Creek- 88 units – Elderly (age 55+)
 - ▣ Stone Ranch Apartment Homes- 129 Units, Elderly
 - ▣ Killeen Ridge Point - 172 units
 - ▣ Tremont Apartment Homes- 112 units, Elderly
 - ▣ Westwind Apartments -110 Units
 - ▣ Hyde Estates 76 units – Killeen Housing Authority conversion
 - ▣ Villas at Robinett – 104 units
 - ▣ HighView Place- 70 units – Killeen Housing Authority conversion
 - ▣ Avanti Legacy Parkview – 104 units , Elderly

Proposed Tax Credit Development in Killeen

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Development Name	Location	Population Served	# of housing units	Projected Cost of Development
Avenue Heights	2600 Illinois Ave.	General Population	70 units (1, 2 BR)	\$19.5 million

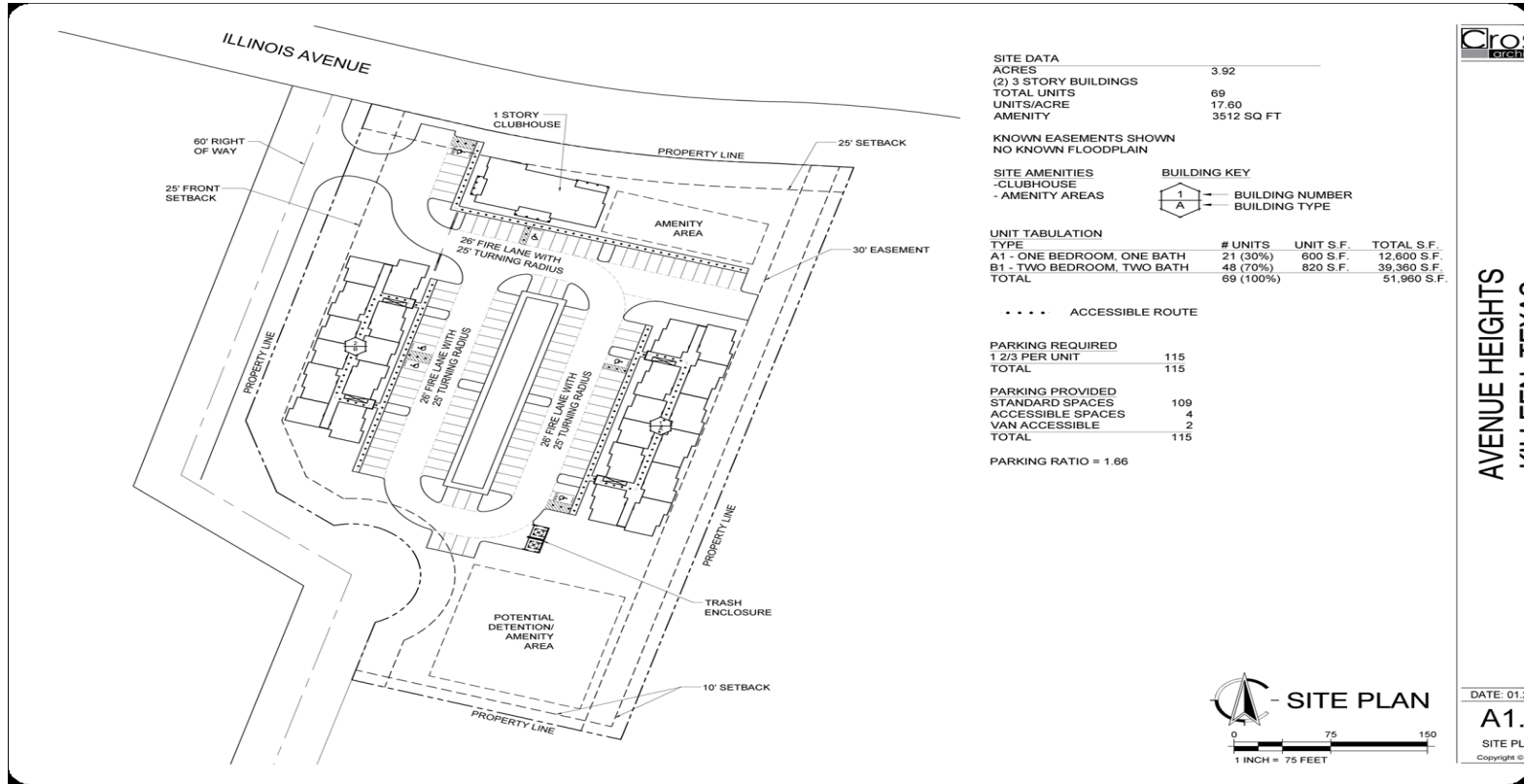
Location of Proposed Development-2600 Illinois Avenue

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Preliminary Site Plan

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Avenue Heights

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Proposed Tax Credit Development in Killeen

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- Proposed development has asked for a Resolution of Support in order to remain competitive in the tax credit program
- Proposed development will pay full property taxes

Alternatives

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- ❑ No not provide Resolution of Support or Resolution of No objection for proposed tax credit application to the Texas Department of Housing and Community Affairs
- ❑ Provide Resolution of No objection for proposed tax credit development submitting application to the Texas Department of Housing and Community Affairs
- ❑ Provide Resolution of Support for the proposed tax credit development submitting application to the Texas Department of Housing and Community Affairs

Recommendation

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- Provide Resolution of Support for the proposed Avenue Heights affordable housing development to the Texas Department of Housing and Community Affairs.