



## STAFF REPORT

**DATE:** February 5, 2019

**TO:** Ronald L. Olson, City Manager

**FROM:** Leslie Hinkle, Executive Director of Community Development

**SUBJECT:** Resolution of Support for applications to the Texas Department of Housing & Community Affairs for housing tax credit for affordable housing developments

### **BACKGROUND AND FINDINGS:**

The Texas Department of Housing & Community Affairs (TDHCA) administers a highly competitive housing tax credit program for various community housing projects. The project applications are rated using a Qualified Allocation Plan (QAP) approved by the governing board of TDHCA. The approved applications for housing tax credits are ultimately sold to investors in exchange for cash equity in the development. TDHCA divides the state into regions; Killeen is in region 8 with Bryan, College Station, Temple, Waco, and other smaller cities. Historically, only one project has been awarded tax credits in region 8. There are five (5) proposed tax credit development applications being submitted to the TDHCA for funding cycle 2019 to be located in Killeen. Killeen developments typically compete well in the region and score high in the QAP for points obtained and awarded toward their applications.

The projects submitted to the City of Killeen for consideration are:

<b>Project Name</b>	<b>Developer</b>	<b>Type</b>	<b># Units</b>	<b>Fee Waiver Request</b>	<b>Location</b>
Avanti Legacy West Elms	Avanti Legacy West Elms,LP	Elderly	59	\$500	3602 Robinette
Edgewood Villas	Skyline Development,LLC	Elderly	104	\$500	Robinett & Elms
Killeen Springs	Bouldin Communities,LLC	Elderly	120	\$500	Pennington & Foster
Reserve at Bunny Trail	MVAH Development,LLC	General	120	\$1,000	5603 Bunny Trail
Villas at Robinett	Skyline Development,LLC	Elderly	104	\$500	Robinett & Elms

To be competitive for the tax credits, all developments must request a resolution of support or a resolution of no objection from the City of Killeen. There is also a request of five hundred (\$500) dollars in development fee waivers from four (4) of the proposed developments and one (1) request of one thousand (\$1,000) dollars in development fee waivers. Such waivers are considered a minimum level of commitment from the City. A commitment may also take the

form of a loan if necessary to provide the required commitment. The HOME program, which is an affordable housing program, could provide a loan of \$1,000 to the successful proposer to meet this necessary level of commitment from the city.

The following questions should also be considered during the review and discussion of the proposed developments:

1. What is the development's proximity to existing tax credit developments in Killeen?
2. Is the project consistent with the Comprehensive Plan?
3. How much daily vehicular traffic will the development generate?
4. Is the development compatible with the surrounding community?
5. Is the development close to supporting commercial/retail services?

**THE ALTERNATIVES CONSIDERED:**

1. Issue a Resolution of Support for all applications for the proposed developments of affordable housing through the Texas Department of Housing & Community Affairs;
2. Issue a Resolution of No Objection for all applications for the proposed developments of affordable housing through the Texas Department of Housing & Community Affairs;
3. Do not issue any Resolutions of Support to any proposed developments;
4. Issue Resolutions of Support and/or Resolutions of No Objection to proposed developments that the council finds most desirable.
5. Do not issue waivers of development fees to any proposed development.
6. Issue resolutions of support with the option of a loan from HOME funding in the amount of \$1,000 in lieu of the waiver of development fees. The HOME program requires a minimum level of \$1,000 in funding for any housing activity it undertakes.

**Which alternative is recommended? Why?**

City Council consider the development information, factors and concerns presented and request a motion of direction on the five (5 ) proposed tax credit applications through the Texas Department of Housing & Community Affairs.

**CONFORMITY TO CITY POLICY:**

The Community Development Department initiated a formal application process for the 2019 Texas Housing Tax Credit Program. All proposed developments submitted applications by the deadline of January 7, 2019.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

Depending on the alternative selected, there is no expenditure of City funds, however, four (4) developments are asking for permit fee waivers in the amount of \$500 and one (1) application is asking for permit fee waivers of \$1,000. If council considers alternative #6 as referenced above, then the commitment of \$1,000 of HOME program funding could apply.

Affordable housing provided by these developments will generate property taxes, building permits fees, and sales tax on construction materials. The proposed developments will bring construction related jobs and permanent jobs that also bring value to the City of Killeen.

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**Is not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

Staff recommends City Council consider all development information, factors and impacts presented. Staff requests a motion of direction on which applications should receive support.

**DEPARTMENTAL CLEARANCES:**

Finance

Planning

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Avanti Legacy West Elm Application

Edgewood Villas Killeen Application

Killeen Springs Application

Reserve at Bunny Trail Application

Villas Robinett Killeen Application

Map

Resolutions of Support

Resolutions of No Objections

Resolution of Support - No Fees