

## **CITY COUNCIL MEMORANDUM**

### **AGENDA ITEM**

**Resolution of Support for Hyde Estates LP**

### **ORIGINATING DEPARTMENT**

**Community Development**

### **BACKGROUND INFORMATION**

In 1987, the U.S. Congress approved the Federal Housing Tax Credit program that is designed to produce affordable housing units across the United States. This program uses private investment by offering the sale of tax credits to investors who want to reduce their federal tax liability in exchange for cash equity needed for the development of housing units. The private capital allows the developer to reduce the mortgage on the development and pass on savings in the form of affordable rent structures. The Texas Department of Housing and Community Affairs administers the housing tax credit program which is a highly competitive program; applications are scored using a qualified allocation plan. Housing applications are evaluated and ranked based on several scoring categories. Those applicants with the highest scoring applications are awarded the housing tax credits.

### **DISCUSSION/CONCLUSION**

The Housing Authority of Killeen, a Public Housing Authority and its nonprofit entity (Greater Killeen Housing Alliance, Inc.) with the development partner Housing Solutions Alliance, LLC have formed a development team known as Killeen Hyde Estates, LP (as Applicant). To maximize approval and receipt of the Rental Assistance Demonstration (RAD) program funding from the Department of Housing and Urban Development (HUD), the conversion of public housing units to project-based voucher-assisted units is proposed by utilizing additional funding through an application to the Texas Department of Housing and Community Affairs in the 2016 Housing Tax Credit program. In late 2015, the affiliate secured an option to purchase a 13-acre tract through its development partner. The option is conditioned on an award of housing tax credits and zoning approval, among other conditions. This proposed development, known as Hyde Estates LP, consists of 76 units of affordable housing, with one, two, three and four bedroom units. Rents will be structured to support incomes at or less than 60% of the area median income (AMI) to qualify for occupancy. Current incomes in Killeen at 60% AMI for a family of four are \$35,460.

### **FISCAL IMPACT**

A funding commitment will require a ten dollar (\$10.00) contribution from the general fund or a reduction of fees associated with construction of the development may also be considered. The Greater Killeen Housing Alliance, Inc. proposed development would provide more than \$9 million in building construction for Hyde Estates. The Killeen Housing Alliance, Inc. is committed to using local building trades and suppliers for the proposed development as well as Minority Business Enterprises, Women Business Enterprises, and housing authority residents when possible.

## **RECOMMENDATION**

Staff recommends that the City Council approve a resolution of support for the application to the Texas Department of Housing & Community Affairs for the Hyde Estates LP.