

Presentation –Killeen Hyde Estates LP

presented by Killeen Housing Authority

AGENDA

- Housing Tax Credit Program
- HUD Capital Fund Program
- Rental Demonstration Program
- Killeen Hyde Estates LP
- Questions & Comments

Housing Tax Credit Program

- 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



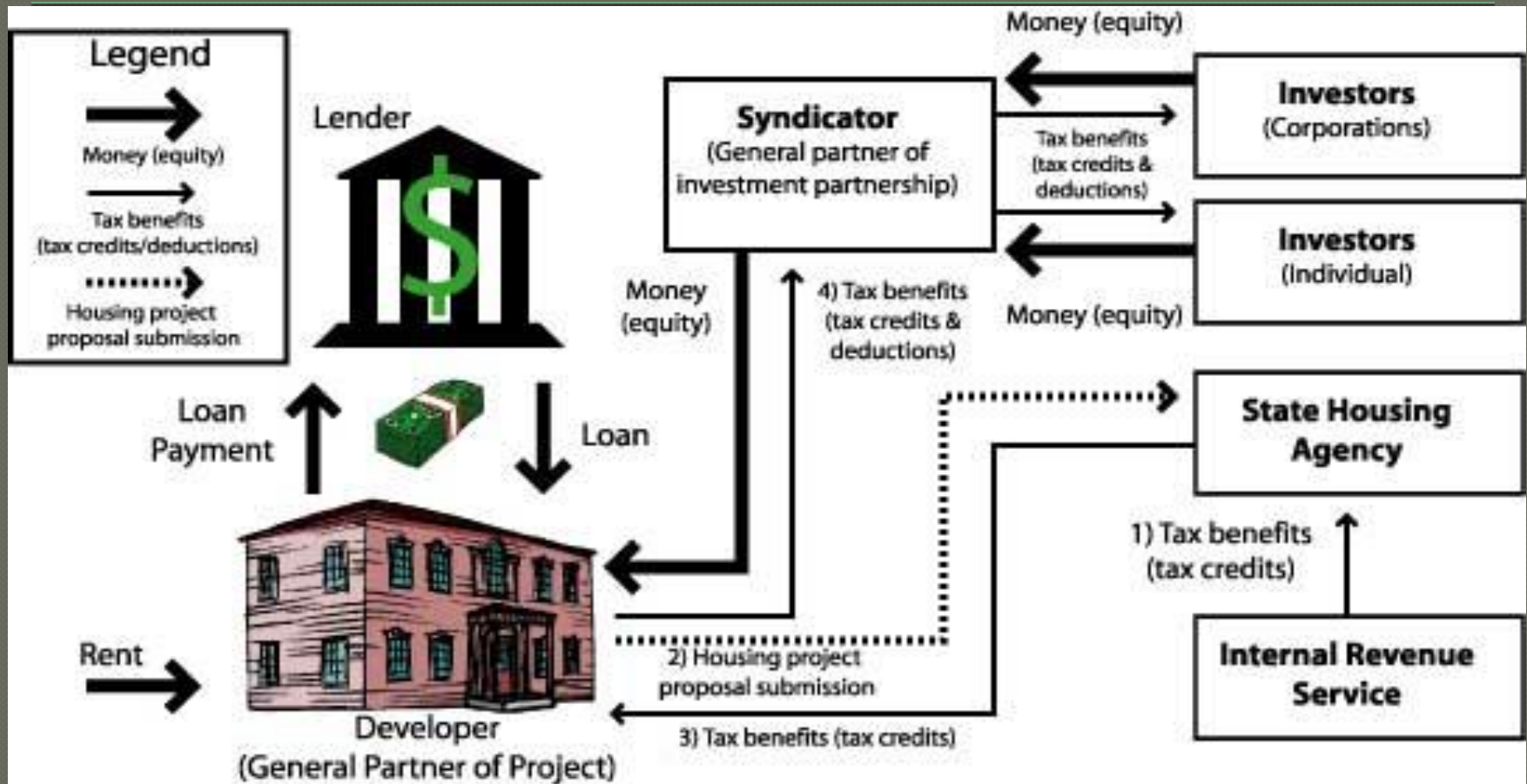
Housing Tax Credit Program

- What is it?
 - The incentive is an annual tax credit in exchange for equity in the development
 - Each state receives a per capita allocation = \$2.35
 - The developer markets the tax credits to investors that need a reduction of federal tax liability
 - The private capital allows the developer to reduce the mortgage on the development and pass on savings in form of affordable rent structures

Housing Tax Credit Program

- What is it?
 - Awarded annually to developers who compete within the state for an allotment of tax credits
 - Governed by Texas Department of Housing & Community Affairs w/15 year compliance period
 - Housing units must be occupied by persons with incomes less than 60% of area median income
 - Units must remain affordable for 30 years

How the Program Works: Follow the Funding



Housing Tax Credit Program

- Who are the beneficiaries?
 - Persons earning at or below 60% of the Area Median Family Income (AMFI)
 - Housing tax credit rents are based on tenants at maximum incomes paying no more than 30% of their incomes for rent
 - Residents receive social service programs, after school programs, education courses and social activities

HUD Capital Fund Program

- HUD provides funding to public housing authorities for improvements to existing housing stock
- Since 2011 HUD has a backlog of capital needs –\$25.6 billion, with an annual accrual rate of \$3.4 billion
- HUD Rental Demonstration Program offers PHA's options for renovation, replacement or expansion of needed housing

HUD Rental Assistance Demonstration (RAD)

- Allows public housing authorities (PHA's) and development partner to convert existing housing to project based vouchers.
- HUD approved RAD application –March 2015
- Residents rights are protected; choice mobility
- Rent calculation remains at 30% of income
- 84th Texas legislature with SB 1804 and HB 2296 allowed the RAD approved agencies to apply for tax credits under the “at-risk” set aside allocation.
- PHA's free to pursue their own financing

Killeen Hyde Estates LP

- Housing Authority of Killeen formed non-profit to meet RAD requirements–Greater Killeen Housing Alliance
- Selected development partner –Housing Solutions Alliance LLC
- Capital needs assessment of Moss Rose determined site conditions & aging infrastructure required a new location for affordable units
 - 76 units of affordable housing proposed
 - 1,2,3 & 4 bedroom units
 - 6 units per acre, on 13 acre tract –Cunningham and FM 3470
 - Several amenities
 - Energy efficiency units
 - Local firms used in construction, as well as Minority Business Enterprises and Women Business Enterprises

Hyde Estates LP-Site Plan



Hyde Estates LP



Hyde Estates LP



Hyde Estates LP

- 1 & 2 bedroom floorplans



Hyde Estates LP- 3 bedroom



Hyde Estates LP- 4 bedroom



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- Benefits of development
 - Implement over \$9 million in building construction
 - New utility accounts generating revenue to Killeen
 - Utilization of local building trades
 - Residents will be protected from displacement
 - Residents can expect reduced utility expenses with energy efficiencies built in construction of new housing units.
 - Long term affordable quality housing

Resolution of Support & Funding

- Scoring categories for HTC application—Local Government Support via a resolution
- Funding support—loan, grant or reduced fees or contribution of other value
- Request is for Resolution of support of the HTC application and a \$10 contribution or reduction in building related fees.

Killeen Hyde Estates, LP

Questions?

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