



STAFF REPORT

DATE: February 15, 2022

TO: Kent Cagle, City Manager

FROM: Leslie K. Hinkle, Executive Director of Community Development

SUBJECT: Resolutions of Support and/or Resolutions of No Objection 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 the housing tax credit program. The purpose of the program is to produce affordable housing for Texas communities. The program is a highly competitive program (9% tax credits) and applications are scored using a Qualified Allocation Plan (QAP) approved by the governing board of TDHCA and the Governor. The housing tax credits are sold to investors (who need to reduce their tax liability) in exchange for cash equity into the proposed affordable housing developments. Developers submit applications to the state agency, and they are scored using criteria established in the QAP.

There are five (5) proposed tax credit development applications being submitted in Killeen to the TDHCA for funding cycle 2022:

Project Name	Address	Developer	Population	# of Units	\$ Request
Avanti Legacy North Oaks	1001 & 1003 Medical Dr.	Madhouse	Elderly	58 (1,2 BR)	\$500 reduced permit fees
Avanti Legacy Parkview	WS Young & Atkinson	Madhouse	Elderly	108 (1,2 BR)	\$500 reduced permit fees
East Avenue Crossing	3818 East Rancier Ave	Vault Group	General	96 (1,2,3 BR)	\$500 reduced permit fees
Ridge Lofts at Skylark	Dogwood & Beachwood	Vault Group	Elderly	97 (1,2, BR)	\$500 reduced permit fees
Venetian Villas	Old Florence Road	Real Tex	Elderly	96 (1,2, BR)	\$500 reduced permit fees

TDHCA divides the state into service regions and Killeen is in Region 8 along with Bryan, College Station, Temple, Waco, and other smaller cities. Historically Region 8 has only received one project. Killeen does score high in the QAP for points that can be obtained and awarded. All proposed developments seeking an award of housing tax credits have rent restrictions and housing units must be rented at affordable rates. All tax credit units must be rented to persons with incomes less than 60% of the area median income for Killeen-Temple MSA.

To be competitive for the tax credits, the development must submit for a resolution of support or a resolution of no objection from the City of Killeen. There are also requests of five hundred (\$500) dollars in reduced development fee waivers.

THE ALTERNATIVES CONSIDERED:

1. Issue a Resolution of Support for applications for the proposed developments of affordable housing through the Texas Department of Housing & Community Affairs.

2. Issue a Resolution of No Objection for applications for the proposed developments of affordable housing through the Texas Department of Housing & Community Affairs.
3. Do not issue Resolutions of Support and/or Resolutions of No Objection for the proposed developments.
4. Issue Resolutions of Support and/or No Objection for specific proposed affordable housing developments.

Which alternative is recommended? Why?

Alternative #4 - City staff is recommending that Killeen City Council issue Resolutions of Support for specific applications/developments of affordable housing through the Texas Department of Housing & Community Affairs. According to the Low-Income Housing Tax Credit Policy approved by Killeen City Council in 2019, the Community Development Department is to consider all criteria outlined in the said policy. Priority for proposed projects is recommended as follows:

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|---|---------|-----------|
| 1. Avanti Legacy Parkview - WS Young | Elderly | 108 units |
| 2. Avanti Legacy North Oaks - Medical Drive | Elderly | 58 units |
| 3. Ridge Lofts at Skylark - Dogwood | Elderly | 97 units |
| 4. Venetian Villas - Old Florence Rd. | Elderly | 96 units |
| 5. East Avenue Crossing - Rancier | General | 96 units |

CONFORMITY TO CITY POLICY:

The Killeen City Council approved a Low-Income Housing Tax Credit Policy and Community Development Department initiated a formal application process for the 2022 Texas Housing Tax Credit Program. The proposed development applications were submitted by the deadline of January 7, 2022.

FINANCIAL IMPACT:

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

There is no expenditure of City funds, however, the proposed developments are asking for permit fee reduction in the amount of \$500.

Affordable housing provided by these developments will greatly enhance existing housing stock, generate 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. The end goal is the developments will provide high quality affordable housing in the community.

Is this a one-time or recurring expenditure?

N/A, however, all five (5) proposed developments are asking for reduced permit fees in amount of \$500.

Is this expenditure budgeted?

N/A

If 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 that the City Council approve Resolutions of Support for the four (4) proposed elderly development low-income housing tax credit applications and issue a Resolution of No Objection for the East Avenue Crossing (serving general population) low-income housing tax credit application.

DEPARTMENTAL CLEARANCES:

Legal
Finance
Planning

ATTACHED SUPPORTING DOCUMENTS:

Policy
Applications
Resolutions of Support
Resolutions of No Objection
Map