



# City of Killeen

## Legislation Text

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**File #:** RS-23-031, **Version:** 1

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Consider a memorandum/resolution of support for an application to the Texas Department of Housing and Community Affairs for an affordable housing development funded through the low-income housing tax credit program.

**DATE:** February 7, 2023

**TO:** Kent Cagle, City Manager

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

**SUBJECT:** Resolution of Support for an application to the Texas Department of Housing and Community Affairs for housing tax credits for an affordable housing development

### **BACKGROUND AND FINDINGS:**

The Texas Department of Housing & Community Affairs (TDHCA) administers the housing tax credit program, which 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 in exchange for cash equity for the development. 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. 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 is one proposed tax credit development application being submitted in Killeen to TDHCA for funding cycle 2023:

| <u>Project Name</u> | <u>Location</u>    | <u>Developer</u>           | <u>Population Served</u> | <u># of units</u> |
|---------------------|--------------------|----------------------------|--------------------------|-------------------|
| Avenue Heights      | 2600 Illinois Ave. | CSH Avenue Heights/Oaklake | General Population       | 70                |

Total development property value is \$19,475,000.00. The unit mix is comprised of 21 one bedroom units and 49 two-bedroom units. The development will provide rents structured to 30%, 50%, and 60%-income levels, along with robust social services through a non-profit. The developer has also requested five hundred (\$500) dollars in reduced development fee waivers.

The proposed development aligns with the Community Development Strategic Plan, the City Comprehensive Plan and the Future Land Use Map. This is a low impact development with only 70 units, so traffic concerns should be minimal, and walkability increased, as the location is in close proximity to commercial businesses, churches, and area schools. The location is also on the public transit system, served by Route 4 and the proposed development scores well for job attainment because of the commercial businesses nearby. If the proposed development is awarded the housing tax credits in July of 2023, construction should begin in April

2024 and completion of construction in October 2025.

**THE ALTERNATIVES CONSIDERED:**

1. Issue a Resolution of Support for the application to the Texas Department of Housing and Community Affairs for the proposed Avenue Heights development for affordable housing.
2. Issue a Resolution of No Objection for the application to the Texas Department of Housing and Community Affairs for the proposed Avenue Heights development for affordable housing.
3. Do not issue Resolution of Support and/or Resolution of No Objection for the proposed development.

**Which alternative is recommended? Why?**

Alternative #1 - City staff is recommending that Killeen City Council issue a Resolution of Support for the proposed application/development of affordable housing through the Texas Department of Housing & Community Affairs.

**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 2023 Texas Housing Tax Credit Program. The proposed development application was submitted by the deadline of January 7, 2023.

**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 development is asking for a permit fee reduction in the amount of \$500. Affordable housing provided by this development will enhance existing housing stock, generate building permits fees and sales tax on construction materials. The proposed development 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

**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 the Resolution of Support for the application to Texas Department of Housing & Community Affairs for the Avenue Heights proposed affordable housing development.

**DEPARTMENTAL CLEARANCES:**

Finance  
Development Services  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

Resolution  
Policy Approval