



City of Killeen

Legislation Text

File #: PFC-24-15, **Version:** 1

Consider a memorandum/resolution authorizing the Avanti Legacy Parkview Apartments transaction, including all documentation necessary to carry out the transaction.

DATE: July 16, 2024
TO: Kent Cagle, City Manager
FROM: Holli Clements, City Attorney
SUBJECT: Authorization of Avanti Legacy Parkview Apartments transaction

BACKGROUND AND FINDINGS:

On March 5, 2024, the Killeen PFC passed a resolution inducing the Avanti Legacy Parkview Apartments transaction, including authorization of the execution of all documentation necessary to obtain financing for the transaction, authorizing filings and agreement with Texas Department of Housing and Community Affairs in connection with applications for low income housing tax credits, and authorizing the formation of any limited liability companies in connection with said transaction. The resolution constituted the PFC's preliminary commitment to proceed.

The proposed resolution would authorize the transaction, including authorizing the execution of all documentation to carry out the transaction, a proposed 9% low-income housing tax credit project, which may include condominium units. Additional details are included in the attached Board Memorandum.

THE ALTERNATIVES CONSIDERED:

If the board does not approve the Resolution, the 108-unit project will not be built.

Which alternative is recommended? Why?

Staff recommends approval of the attached Resolution authorizing the Avanti Legacy Parkview Apartments transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction (which may be a condominium) and the lease of such land for the transaction; and authorizing the acquisition of membership interest in Avanti Legacy Parkview, GP, LLC, and its admission as the general partner of Avanti Legacy Parkview, LP; and authorizing the financing for such transaction; and other matters in connection therewith.

CONFORMITY TO CITY POLICY:

This action conforms with state law and city policy.

FINANCIAL IMPACT:

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

The total project cost is expected to be approximately \$25,000,000. Crimson Bulldog Development, Inc., and/or its affiliates, will give all required guaranties. The approximate sources of funds are as follows: \$16,198,380 in tax credit equity; \$17,506,000 in construction financing; \$4,960,000 in permanent financing; \$1,709,704 in construction to permanent financing from a HOME Loan from the City of Killeen, and \$2,843,794 in deferred developer fees.

The PFC will receive 5% of the developer fee and 5% of net cash flow from the Project. At the end of the tax credit compliance period (15 years from the date of stabilization), the PFC will have a put option to require the developer to purchase the PFC's interest in the Project for the amount of foregone City taxes and the Project will become subject to ad valorem taxation at that time.

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/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 revenue/expenditure?

N/A

RECOMMENDATION:

Staff recommends approval of the attached Resolution authorizing the Avanti Legacy Parkview Apartments transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction (which may be a condominium) and the lease of such land for the transaction; and authorizing the acquisition of membership interest in Avanti Legacy Parkview, GP, LLC, and its admission as the general partner of Avanti Legacy Parkview, LP; and authorizing the financing for such transaction; and other matters in connection therewith.

DEPARTMENTAL CLEARANCES:

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ATTACHED SUPPORTING DOCUMENTS:

Resolution
Board Memorandum