



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: November 29, 2023
PREPARED BY: Scott Moore, City Manager
DEPARTMENT: Administration

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a resolution of no objection to the application of Manor Leased Housing Associates I, Limited Partnership to the Texas Department of Housing and Community Affairs for housing tax credits.

BACKGROUND/SUMMARY:

For Manor Leased Housing Associates I, Limited Partnership to submit an application for Low-Income Housing Tax Credits for the Tower Road Apartments Project, 1) there will need to be a hearing at City Council on the application, and 2) the developer will need to provide a resolution of City Council certifying that Council does not object to the application. (Note, the developer, Manor Leased Housing Associates, is the corporate entity created by Dominion Apartments for the Tower Road development).

This item is consideration and possible action on the required resolution of no objection.

LIHTC Financing

The proposed affordable multifamily housing development at Tower Road will be financed from several different sources, including from the use of Low-Income Housing Tax Credits (LIHTC). The LIHTC program authorizes the award of "tax credits" to a developer of affordable multifamily project. The developer "sells" these credits to investors in exchange for equity funding for the project. This allows the project to receive financing at a low borrowing cost. The lenders then apply the tax credits to their tax bill to significantly lower the amount they are required to pay for a number of years.

LIHTC is one of the largest, if not the largest, sources of funding for affordable housing nationwide. It is a federal program that delegates to each state an allocation of tax credits that the states then allocate to developers on a project-by-project basis. The Texas Department of Housing and Community Affairs (TDHCA) is the state agency responsible for the allocation of tax credits in Texas. Because of the need for tax credits, applications are evaluated on a competitive basis in accordance with provisions of the Texas Government Code and Title 10 of the Texas Administrative Code.

Application Requirements

The developers of the Tower Road project intend to apply to the TDHCA for tax credits to finance the project. As part of the application, the City Council is required to hold a hearing on the application and the developer (Manor Leased Housing Associates, I, which is a corporate entity created by Dominion Apartments) must submit a resolution of the City certifying that the City Council does not have any objections to the filing of the application for tax credits.

The resolution of no objection, which is the resolution considered in this item, is required for the developer to apply for tax credits. But the Council’s approval of the resolution does not obligate the City to approve any financing, zoning, or any other regulatory aspect of the project. Moreover, the resolution is limited to stating that the City does not object to the developer’s seeking tax credits for the project. The City will retain its full discretion in considering any regulatory or financing matters regarding the project, including matters of zoning, bond issuance, and financial incentives after the adoption of the resolution.

LEGAL REVIEW: Yes, Gregory Miller, Public Finance Counsel
FISCAL IMPACT: No
PRESENTATION: No
ATTACHMENTS: Yes

- Resolution No. 2023- 38

STAFF RECOMMENDATION:

The city staff recommends that the City Council approve Resolution No. 2023-38 of no objection to the application of Manor Leased Housing Associates I, Limited Partnership to the Texas Department of Housing and Community Affairs for Housing Tax Credits.