

Legislation Details (With Text)

File #:	24-170	Name:	
Type:	Resolution	Status:	Individual Item Ready
File created:	1/30/2024	In control:	City Council
On agenda:	2/26/2024	Final action:	
Title:	Discuss and consider approval of a resolution of the City Council of the City of New Braunfels in support of the submission of an application to the 2024 Competitive Low Income Housing Tax Credit Program through the Texas Department of Housing and Community Affairs by Park at Dogwood for the construction of up to 85 low-income rental units.		

Sponsors:**Indexes:****Code sections:****Attachments:** 1. Dogwood LIHTC Resolution - kg, 2. Park at Dogwood presentation2

Date	Ver.	Action By	Action	Result
2/26/2024	1	City Council	approved	Pass

PRESENTER:

Jeff Jewell, Economic and Community Development Director

SUBJECT:

Discuss and consider approval of a resolution of the City Council of the City of New Braunfels in support of the submission of an application to the 2024 Competitive Low Income Housing Tax Credit Program through the Texas Department of Housing and Community Affairs by Park at Dogwood for the construction of up to 85 low-income rental units.

DEPARTMENT: Economic and Community Development**COUNCIL DISTRICTS IMPACTED:** 2**BACKGROUND INFORMATION:**

The Low-Income Housing Tax Credit (LIHTC) process is a U.S. federal program designed to encourage the development of affordable rental housing for low-income individuals. The program allocates federal tax credits to state housing agencies based on population. These agencies then distribute the credits to housing developers according to their own specific criteria and competitive processes. Developers of affordable housing projects apply to their state's housing agency for these tax credits. The application includes details about the project, such as location, size, cost, and the intended population to be served. State agencies review applications and award tax credits to selected projects.

The criteria for selection often include factors like project feasibility, location, and the level of impact on the target population. Once awarded, developers typically sell these credits to investors to raise capital for their projects. Investors in these projects get a dollar-for-dollar reduction in their federal tax liability over a 10-year

period, and the developer uses the funds to build or rehabilitate rental housing. These units must be rented at affordable rates to low-income tenants for a mandatory compliance period, usually 15 years, during which the property must be maintained as affordable housing and meet other program requirements. If a developer fails to meet these requirements, there can be a recapture of the tax credits, meaning the tax benefits may have to be repaid.

Park at Dogwood is proposed at the northeast corner of McQueeney Road at County Line Memorial Trail. The 85 units will be a mix of one and two bedroom units affordable to households earning 30%, 50% and 60% area median income. A community room, dog park and picnic area are proposed.

While a very competitive process, the state requires a resolution of support and a de minimus contribution from the City to remain competitive among the different regional applications.

ISSUE:

With the resolution of support and funding commitment, the project increases its competitiveness for award of the tax credits, although there is no guarantee they will be awarded and the project proceed.

If awarded tax credits, the project will need to proceed through and comply with the city's development requirements.

FISCAL IMPACT:

The development is requesting consideration of up to \$500 in reduced or waived development fees. This fulfills the local contribution criteria issued by TDHCA to award additional points to the development.

RECOMMENDATION:

Staff recommends approval of the Resolution of Support and financial contribution