

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	40501	Agenda Number	25.
Meeting Date:	2/12/2015		Department:	Neighborhood and Community Development	
Subject					
Approve a resolution authorizing a loan in an amount not to exceed \$1,860,000 to DDC Investments, Ltd., or an affiliated entity, for a proposed rental development, to be known as Merritt Cornerstone Apartments, located at the southeast corner of West Howard Lane and McNeil-Merrilltown Road, with the loan being conditioned upon the award of tax credits to DDC Investments, Ltd. by the Texas Department of Housing and Community Affairs for the proposed project and the full-purpose annexation of the property by the City.					
Amount and Source of Funding					
Funding for this commitment resides in the budget of the Austin Housing Finance Corporation, a Texas public, non-profit corporation, which was created by and is an instrumentality of the City of Austin.					
Fiscal Note					
There is no unanticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:					
For More Information:	Betsy Spencer, NHCD Director, 512-974-3182; David Potter, NHCD Program Manager, 512-974-3192				
Boards and Commission Action:					
MBE / WBE:					
Related Items:					

Additional Backup Information

If approved, the resolution will be included in the application submitted by DDC Investments, Ltd., or an affiliated entity, to the Texas Department of Housing and Community Affairs (TDHCA) for the 2015 Low Income Housing Tax Credit cycle. Applications that have a commitment of funding from a unit of local government, even if the commitment is conditioned upon the award of tax credits, will qualify for a certain number of points in this competitive process.

One extra point will be given if the resolution specifies the funds will be provided as a permanent loan with a minimum loan term of 15 years. The developer is requesting a 40-year, deferred payment, 0% interest loan with a balloon payment in the 40th year. The developer's request will meet the requirements for the extra 1 point on the tax credit application.

This year, TDHCA has \$3.7 million in tax credits allocated to Texas Region 7 which includes Austin and surrounding counties. The maximum award of tax credits for a project in Region 7 is \$1.5 million. Therefore, it is likely that only two or three projects can be funded in this region. This resolution would only commit funding if Foundation Communities receives an award of tax credits for this proposed project and the City of Austin annexes the property into its full-purpose jurisdiction.

Full applications are due to TDHCA on February 27, 2015, and the announcement of tax credit awards will take place at the July 2015 TDHCA Board Meeting.