

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: August 9, 2018

Item Number: 065

Item(s) to Set Public Hearing(s)

Set a public hearing for an application to be submitted to the Texas Department of Housing and Community Affairs by KCG Development, LLC, or an affiliated entity, to construct a multi-family development to be known as Legacy Ranch @ Dessau East, located near the intersection of Harrisglen Boulevard and Fish Lane (Suggested date and time: August 30, 2018 beginning at 4:00 p.m. at Austin City Hall, 301 W. Second Street, Austin, TX).

District(s) Affected: District 7

Lead Department	Neighborhood Housing and Community Development.
Fiscal Note	This item has no fiscal impact.
For More Information	Rosie Truelove, Director, Neighborhood Housing and Community Development, 512-974-3064; Mandy DeMayo, Community Development Administrator, Neighborhood Housing and Community Development, 512-974-1091.

Additional Backup Information:

This action will set a public hearing to receive public comment to consider approval of a two resolutions as required by the Texas Department of Housing and Community Affairs (TDHCA) 2018 Uniform Multi-family Rules. The applicant must submit to TDHCA a resolution of no objection from the applicable governing body in which the proposed development is located and a resolution acknowledging that the jurisdiction currently has twice the state average per

capita of low income housing tax credits. The property is located in District 7.

Proposed Project

KCG Development, LLC (KCG) plans to develop a 232-unit multi-family development near the intersection of Harrisglen Boulevard and Fish Lane. This development received a Transit Oriented Waiver. Additionally, the developer has indicated they will work with the City of Austin's Senior Transportation program to provide tenants access to transportation. The development meets the S.M.A.R.T. Housing standards at the pre-submittal stage. The development will be subject to a minimum 5-year affordability period after issuance of a certificate of occupancy, unless funding requirements are longer, with 6% (14) of the units reserved for households with incomes at or below 40% of the Austin Median Family Income level (MFI); 74% (171) reserved for households with incomes at or below 60% MFI; 6% (14) of the units reserved for households with incomes at or below 80% MFI; and the remaining 14% (33) units at market rate. The development is proposed to be partially funded with 4% Low Income Housing Tax Credits and tax exempt bonds issued by the Travis County Housing Finance Corporation (TCHFC). No funding from the Austin Housing Finance Corporation is being requested.

Estimated Sources of Funds

<u>Sources</u>		<u>Uses</u>	
Tax Credit Equity	\$ 8,443,000.00	Acquisition Costs	\$ 1,960,200.00
Perm Loan	\$ 27,000,000.00	Hard Costs	\$ 23,012,000.00
Deferred Developer Fee	\$ 2,165,000.00	Soft and Financing Costs	\$ 7,060,800.00
Cash from Operations	\$ 600,000.00	Reserves and Developer Fee*	\$ 6,175,000.00
TOTAL	\$38,208,000.00	TOTAL	\$ 38,208,000.00

**includes Operating Reserve, Rent Reserves, HUD working Capital Reserve and Developer Fee*

Project Characteristics

Units	Bedrooms	Bathrooms	Unit Size (sq ft)	Estimated Rent	MFI
8	1	1	825	\$645	40%
95	1	1	825	\$968	60%
8	1	1	825	\$1,290	80%
17	1	1	825	\$1,290	Market Rate
6	2	2	1100	\$774	40%
76	2	2	1100	\$1,161	60%
6	2	2	1100	\$1,548	80%
16	2	2	1100	\$1,548	Market Rate
232	Total Units				

**** NOTE That LIHTC Estimated rents are *before* Utility Allowance**

Current Property Tax Status and Future Impact

The property is currently not tax exempt according to the Travis Central Appraisal District (TCAD). TCAD will determine whether the use of this property will be eligible for any exemptions after the property is rehabilitated.

KCG Development, LLC

KCG is partnering with TCHFC to construct a development that will serve seniors. TCHFC will be the issuer of the tax exempt bonds for this development and the Inducement Resolution was approved by the Board on April 17, 2018 for \$20 million. KCG formed in September 2015 and has produced over \$2 billion of senior and multifamily developments in over 35 states. Legacy Ranch @ Dessau East will be the third affordable/mixed-rate multifamily development in Texas by KCG.

For more information on the proposed project, as well as socioeconomic characteristics and amenities in the surrounding area, please see the project's Development Application here:

<http://austintexas.gov/page/fy-17-18-funding-applications>.