

## AGENDA

**Recommendation for Council Action****AUSTIN CITY COUNCIL****Regular Meeting: August 30, 2018**Item Number: **052****Public Hearing and Possible Action**

Conduct a public hearing and consider a resolution for an application to be submitted to the Texas Department of Housing and Community Affairs by Dessau East, L.P., or an affiliated entity, for the construction of a multi-family development to be known as Legacy Ranch @ Dessau East, located near the intersection of Dessau Road and Fish Lane.

**District(s) Affected:** District 7

<b>Lead Department</b>	Neighborhood Housing and Community Development.
<b>Fiscal Note</b>	This item has no fiscal impact.
<b>For More Information</b>	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 is a public hearing to receive public comment on an application to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Low Income Housing Tax Credits. As part of the applicant, the applicant must submit a resolution of no objection from the governing body of the city in which the proposed development is located. Additionally, the applicant must submit a resolution that acknowledges that Austin currently has twice the state average per capita of low income housing tax credits. The property is located in District 7.

### **Proposed Project**

Dessau East, L.P., an affiliate of KCG Development, LLC (KGC) plans to develop a 232-unit multi-family development near Dessau Road and Fish Lane. This development has received a Transit Oriented Waiver. Additionally, the developer has indicated they will work with the City'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 & Financing Costs	\$ 7,060,800.00
Cash from Operations	\$ 600,000.00	Reserves & Developer Fee*	\$ 6,175,000.00
<b>TOTAL</b>	<b>\$38,208,000.00</b>	<b>TOTAL</b>	<b>\$ 38,208,000.00</b>

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

### **Project Characteristics**

Units	Bedrooms	Bathrooms	Unit Size (sq ft)	Estimated Rent	MFI Served
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 continue to be eligible for any exemptions after the property is rehabilitated.

### **Dessau East, L.P.**

Dessau East, L.P., an affiliate of 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 development, as well as socioeconomic characteristics and amenities in the surrounding area, please see the Development Application here:  
<http://austintexas.gov/page/fy-17-18-funding-applications>.