

# Low Income Housing Tax Credit (LIHTC) Program

City Council Work Session  
February 15, 2022

Community Services Department



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# Presentation Overview

- Waco LIHTC Policy Overview
- Affordable Housing vs. Market Rate Housing
- Federal Affordability Requirements
- Current and Proposed LIHTC Properties
- Project Request(s) For Support
- Housing Plan
- Recommendation
- Next Steps
- Questions



# City of Waco Policy

- Criteria for Resolutions of Support must include the following:
  - Affordable Units to Market Rate Units (minimum 85% to 15%)
  - Unit set-aside for Housing Authority (minimum 5 units)
  - Construction architecturally compatible with existing neighborhood
  - Community Involvement (minimum of 2 public hearings within proposed development neighborhood)
  - Taxable real estate



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# Affordable Housing vs. Market Rate Housing

- Affordable Housing
  - Housing on which the occupant is paying no more than 30 percent of gross income for housing costs, including utilities.
- Market Rate Housing
  - Units within a project to be rented to a household without restrictions as to income levels or rental rate.

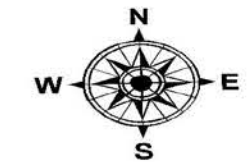
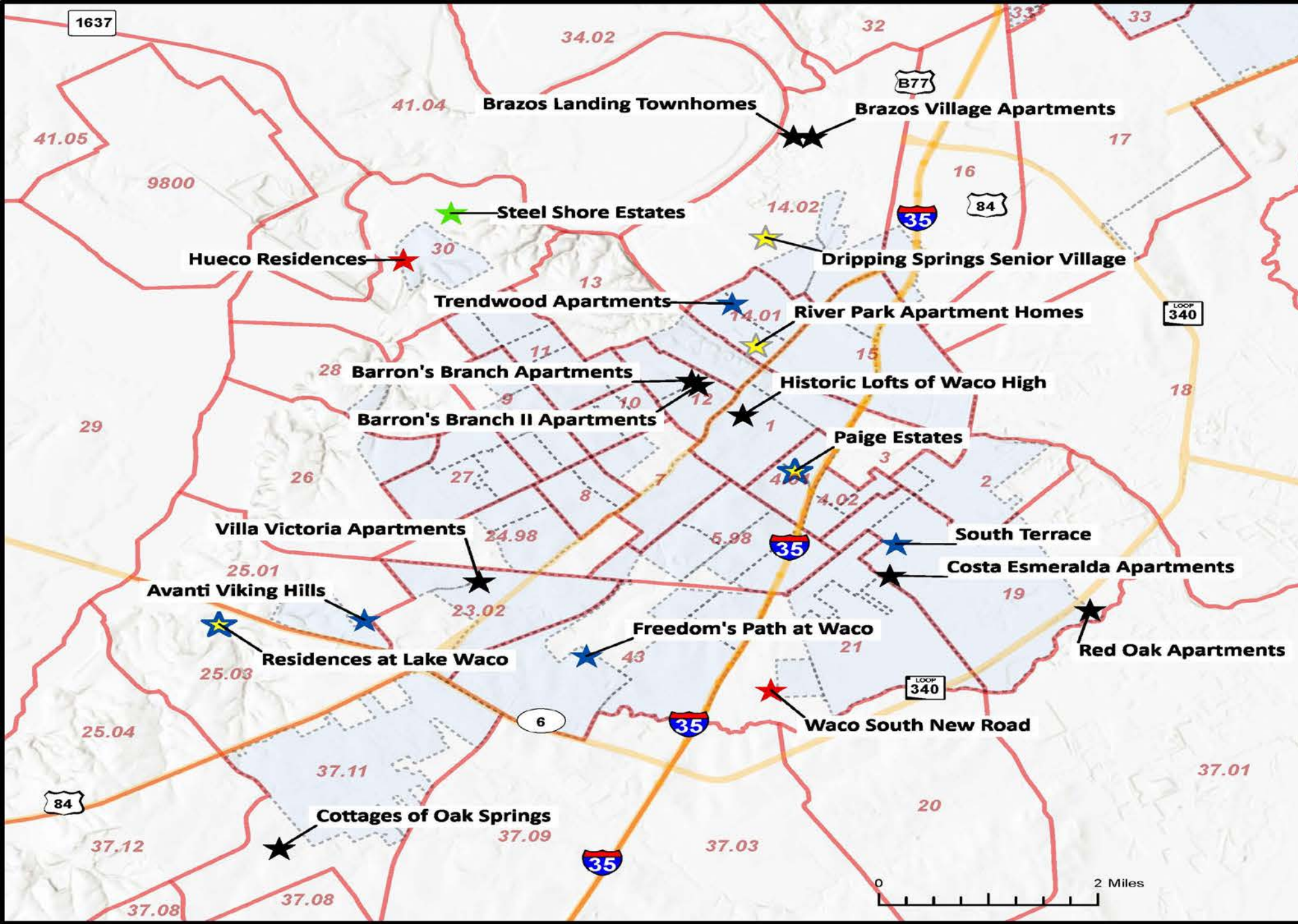


# Federal Affordability Requirements

- 40% of units at rents based on 60% Area Medium Income (AMI), or
- 20% of the units at rents based on 50% AMI
- Must keep project affordable for at least 30 years (some state require longer)
- Credits are only awarded on the units that meet the long-term affordability test.
- A development can receive tax credits on units with rent based at or below 80%; the average thought the development cannot be greater than 60%.



# Current and Proposed Tax Credit Properties



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# Project 1 Request for Support

- Development Name: Hueco Residences
- Developer: Waco Enclave LP
- Project Location: 2600 Lake Shore Drive
- LIHTC: 9%
- Number of Total Units: 88 (Family Development)
  - Affordable Units: 74
  - Market Rate Units: 14
- Total Estimated Project Costs: \$19 M



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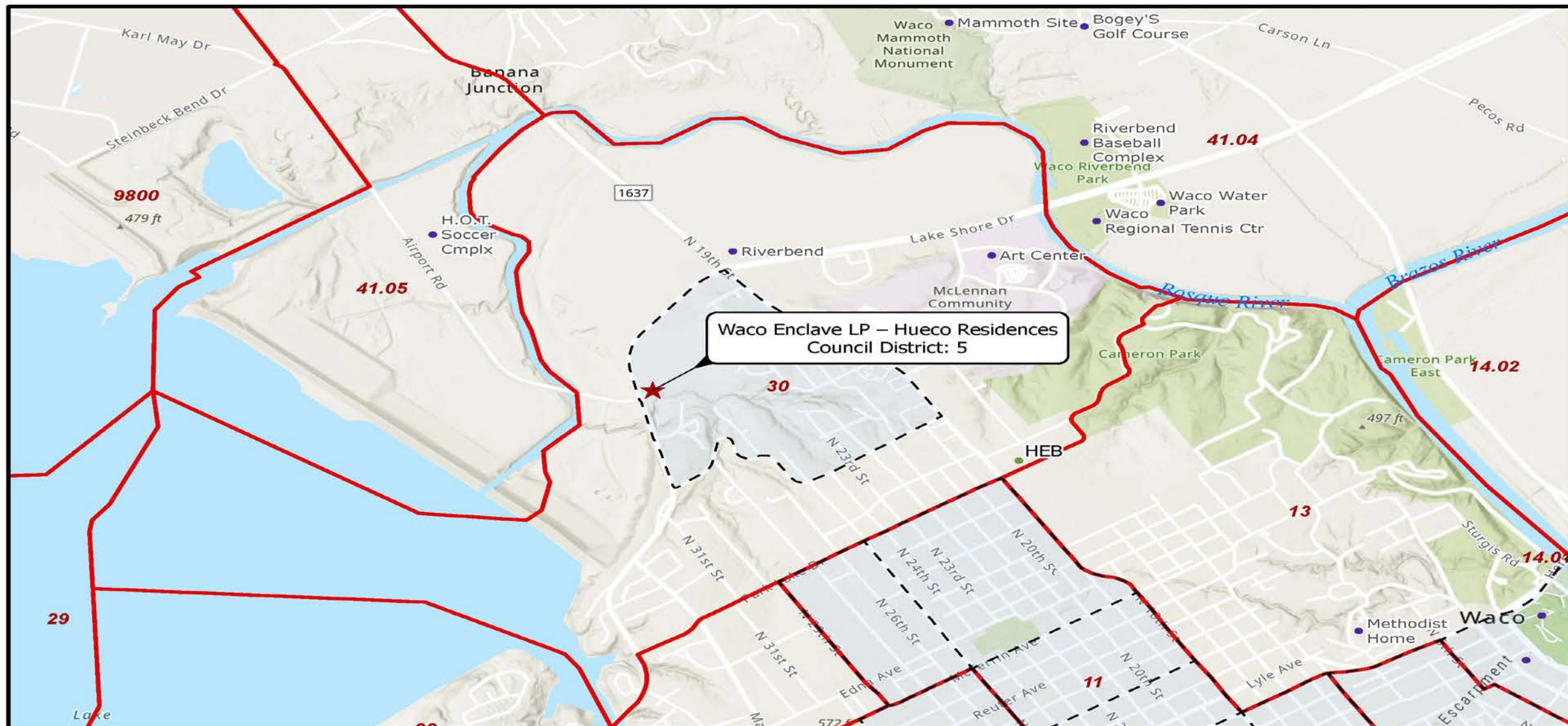












## Community Development Block Grant (CDBG)

- ★ Project Locations
- Grocery Stores
- Attractions
- ▭ CDBG 2019
- Railroads
- ▭ Waco City Limits
- ▭ Other Cities
- ▭ Hospital



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# Project 2 Request for Support

- Development Name: Waco South New Road
- Developers: Waco South New Road, LTD.
- Project Location: 3200 South New Road
- LIHTC: 9%
- Number of Total Units: 132 (Family Development)
  - Affordable Units: 84
  - Market Rate Units: 48
- Total Estimated Project Costs: \$29 M



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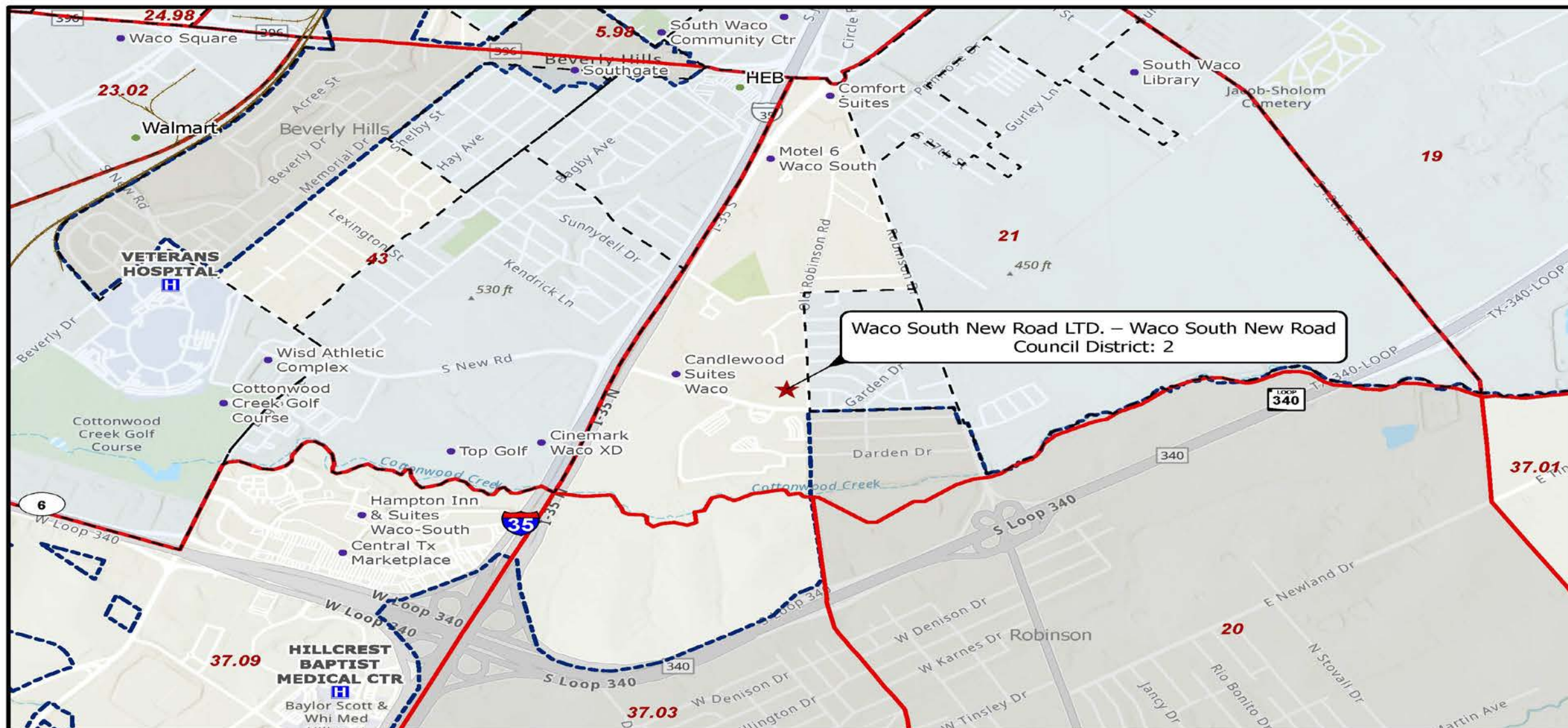






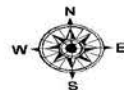
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# How does this support the housing plan?

- Increases the number of affordable housing rental units in Waco by 250.
  - Assist in reducing the gap of mix-match housing for income groups.
- Provides additional available units for families.
  - Provide diversity in housing stock.
- Each development provides market rate units.
  - Mixed income developments.
- Provides new jobs within Waco.
  - Increases number of jobs available to residents.

# Recommendation

- Move to approve Resolution of Support for the following:
  - Waco Enclave, LP.
  - Waco South New Road, Ltd.



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# Next Steps

- Adopt a Resolution of Support
- Await notice of Final Award from TDHCA
- Project(s) would go through City's development process
- Enter into a development agreement for fee waiver
- Construction begins in 2023



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Questions?



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