

Low Income Housing Tax Credit (LIHTC) Program

City Council Meeting
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Presentation Overview

- LIHTC Program Overview
- City of Waco Proposed Policy
- Recommendation
- Next Steps
- Questions



LIHTC Program Overview

- Provides private capital investment for the development of affordable housing
- Administered by the Texas Department of Housing & Community Affairs (TDHCA)
- Increases affordable units available in the market:
 - New Construction
 - Rehabilitation/Renovation



LIHTC Program Overview

- Credits offset federal tax liability
- Credits allow for below market rents in these types of developments
- Types of credits offered:
 - 9% (Highly competitive)
 - 4% (Non-competitive)
- Score for 9% HTC applications can be affected by City comments reflecting support, neutrality, or opposition

LIHTC Program Overview

- Award decisions made by TDHCA's Governing Board
- 9% HTC applications considered for approval in July
- If the City supports the application, it passes a resolution and is required to provide a financial contribution of \$500 or more
 - Can be accomplished through fee waivers for permits
- Projects previously completed in Waco:
 - 11 projects completed over the years – over 1,000 units
 - Most recent project: Barron's Branch – 153 units

LIHTC Program Overview cont'd

- Income Levels

2019 HUD HOME Income Limits effective 6-28-2019

Family Size	1	2	3	4	5	6	7	8
Percentage of Median 30%	14,350	16,400	18,450	20,450	22,100	23,750	25,400	27,000
50%	22,600	25,800	29,050	32,250	34,850	37,450	40,000	42,600
60%	27,120	30,960	34,860	38,700	41,820	44,940	48,000	51,120
80%	\$ 36,150	\$ 41,300	\$ 46,450	\$ 51,600	\$ 55,750	\$ 59,900	\$ 64,000	\$ 68,150
MEDIAN INCOME	45,188	51,625	58,063	64,500	69,688	74,875	80,000	85,188
120%	54,225	61,950	69,675	77,400	83,625	89,850	96,000	102,225
200%	90,375	103,250	116,125	129,000	139,375	149,750	160,000	170,375

Proposed 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 (up to 10 units) preferred
 - Construction architecturally compatible with existing neighborhood
 - Community Involvement (minimum of 2 public hearings within proposed development neighborhood)
 - Taxable real estate



City of Waco Interest

- Draft Qualified Allocation Plan (QAP), developed by TDHCA, indicates Waco as high ranking potential recipient for region
- Developers have inquired regarding potential projects here in Waco
- Interest has been expressed in District 1, 2 and 3
 - Previously supported project in District 5 currently going through the zoning process



Recommendation

- Resolution for Council Approval regarding policy
 - January 21st – City Council Meeting
- Resolution of Support for each project that meets the policy criteria
 - Increases the number of affordable housing rental units in Waco
 - Provides additional available units for seniors and families
 - Each development will contain market rate or equivalent units

Next Steps

- Create a Resolution of Support for projects supported by Council
 - February 18th – City Council Meeting
- Await notice of Final Award from TDHCA
- Project(s) would go through City's development process
- Construction begins in 2021



Questions?

Low Income Housing Tax Credit Policy Discussion
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