



# CITY OF MCKINNEY, TEXAS

## Legislation Text

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**File #:** 17-916, **Version:** 1

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Consider/Discuss Low Income Housing Tax Credit (LIHTC) Funding and the McKinney Housing Finance Corporation Role in Providing Affordable Housing Options

**COUNCIL GOAL:** Enhance the Quality of Life in McKinney

**MEETING DATE:** September 18, 2017

**DEPARTMENT:** Housing and Community Development

**CONTACT:** Janay Tieken, Housing and Community Development Manager

### **RECOMMENDED CITY COUNCIL ACTION:**

- Consider/Discuss Low Income Housing Tax Credit (LIHTC) Funding and make a recommendation on the role of McKinney Housing Finance Corporation (MHFC).

### **ITEM SUMMARY:**

- Robert Dransfield and James Plummer, MHFC Counsel with Norton, Rose and Fulbright and Tim Nelson, MHFC Financial Advisor with Hilltop Securities, will provide an overview of the 4% and 9% tax credit process as well as the function of Housing Finance Corporations.
- Sphinx Development has requested that the McKinney Housing Finance Corporation (MHFC) act as a co-developer on the Villas at Throckmorton mixed use development.
- The MHFC will purchase the land and lease it back to the Partnership and will receive a negotiated percentage of the developer fee and cash flow over the life of the project.
- Staff is seeking Council direction on whether or not to move forward with negotiations with Sphinx Development for McKinney Housing Finance Corporation (MHFC) to serve in a co-developer role for the Villas at Throckmorton.

### **BACKGROUND INFORMATION:**

- Over the next few months, housing developers will be approaching City Council asking for Resolutions of Support (9% LIHTC) or No Objection (4% LIHTC) for Low Income Housing Tax Credit Applications to Texas Department of Housing and Community Affairs.
- McKinney Housing Finance Corporation (MHFC) traditionally issues the bonds for 4% tax credit developments. MHFC earns a one-time closing fee of \$1.25 per \$1,000 par amount of bonds issued and annual fee for the bond issuance equal to .10% per annum of the aggregate principle of the Bonds. The Applicant also pays the Corporation a nonrefundable application fee in the amount of \$5,000.
- For Villas at Throckmorton, MHFC has been approached by Sphinx Development to serve in a

co-developer role on the mixed-use development.

**FINANCIAL SUMMARY:**

- See attached Financial Summary and Term Sheet for Villas at Throckmorton development.

**BOARD OR COMMISSION RECOMMENDATION:**

- N/A