



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 18-287, **Version:** 1

Conduct a Public Hearing to Consider/Discuss/Act on a Resolution of the City Council of the City of McKinney, Texas, Regarding the Application of the “Sphinx at Throckmorton Villas” to the Texas Department of Housing and Community Affairs (TDHCA), for 4% Tax Credits for the Construction of Multi-Family Units Within the Development **REQUEST TO BE TABLED BY THE APPLICANT**

COUNCIL GOAL: Direction for Strategic and Economic Growth

MEETING DATE: April 3, 2018

DEPARTMENT: Housing & Community Development Department

CONTACT: Janay Tieken, Housing and Community Development
Cristel Todd, Affordable Housing Administrator

RECOMMENDED CITY COUNCIL ACTION:

- Approve one of the Resolutions

ITEM SUMMARY:

- SDC Throckmorton Villas, LP has applied to TDHCA for 4% tax credits for the construction of Throckmorton Villas.
- SDC Throckmorton Villas, LP is requesting a Resolution of No Objection from the City Council in order for the project to receive funding at the April 26, 2018 Texas Department of Housing and Community Affairs (TDHCA) Board meeting.
- On October 17, 2017 (AI# 17-1030), City Council authorized the McKinney Housing Finance Corporation (MHFC) to negotiate an agreement with Sphinx to serve as a co-developer on the project. The application shows the MHFC receiving 20% of the developer fee and cash flow but these percentages have yet to be negotiated.

BACKGROUND INFORMATION:

- Sphinx Development Corporation is a Dallas based real estate development company committed to affordable housing, with specialization in LIHTC products under Section 42 of the Internal Revenue Code. Development experience goes back to the mid-1980s, with major and recent accomplishments of more than 1,409 housing units within ten (10) projects. SDC has collaborated/joint-ventured on more than 2,000 units in the State of Texas.
- The proposed mixed income development consists of 220 units, 216 of which will be affordable to families earning no more than 60% of the Area Median Income. There will be four (4) market rate live/work units that total 4,280 square feet and 13,604 square feet of commercial/retail space on the site.

- Development site is located at 820 E. University Drive, McKinney, TX 75069, on the southwest quadrant of Highway 380 and Throckmorton Street.
- The new facility will have a club house, fitness center, swimming pool, business center with computers and Internet access, community room with full kitchen, BBQ/picnic area, children's playground and library.
- On January 17, 2017, City Council approved a Resolution of Support for the 9% tax credit application to TDHCA. This application did not receive funding from TDHCA so Sphinx has now submitted a 4% non-competitive application to TDHCA.
- On December 5, 2017, City Council approved the zoning for the project.

FINANCIAL SUMMARY:

- The estimated total cost of the project is approximately \$44 million. Tax credits make up approximately \$23 million, \$3 million multifamily direct loan through TDHCA, with private equity and deferred developer fee providing the remaining \$18 million.
- The developer is not asking for any additional contribution or fee waivers from the City at this time.

BOARD OR COMMISSION RECOMMENDATION: N/A