



17-916

TITLE: 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

SUPPORTING MATERIALS:

[Villas at Throckmorton Site Plan](#)
[Financial Summary](#)