



Legislation Text

File #: 200433., **Version:** 1

Award of the Low-Income Housing Tax Credit Project (B)

This item requests the City Commission to consider approving a local government contribution from the ConnectFree Program to provide funding for development of a new Affordable Rental Housing Project.

On July 21, 2016, the City Commission adopted Resolution #160146 (Resolution) reinstating the ConnectFree Program (Program), which generates revenue from surcharges collected on new water and wastewater connections in the unincorporated part of the GRU service area. The primary purpose of that revenue is to subsidize new extensions and connections throughout the GRU Service Area. Additionally, that resolution identifies several activities that the ConnectFree Program may fund, including, local government contribution to affordable housing development projects leveraged with federal/state Low-Income Housing Tax Credit Programs.

The State of Florida Low-Income Housing Tax Credit Program (LIHTC) provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for: 1) the acquisition and substantial rehabilitation; 2) substantial rehabilitation; or 3) new construction of low and very low-income rental housing units. Housing tax credits can be worth millions of dollars; and receiving this funding can assist cities/counties across the State of Florida to develop affordable rental housing in local communities. The use of tax credits subsidizes the cost of developing housing units, thereby producing decent, safe, and affordable housing available to low-income households.

The Florida Housing Finance Corporation (FHFC) administers the LIHTC Program for the State of Florida. The FHFC awards tax credits to affordable housing projects based on a competitive application system. Part of that system awards points to projects that meet certain criteria as established by the FHFC. Those criteria include affordability, sustainability and serving an identified housing need.

On August 26, 2020 the FHFC issued Request For Applications (RFA) 2020-201. In RFA 2020-201, the FHFC identified funding goals for medium sized counties like Alachua County. Those goals include funding nine projects in the following categories: a) locally designated revitalization area (1 project); b) near the SunRail transit project (1 project); c) in certain mapped areas of the State (2 projects); and d) Local Government Area of Opportunity (LGAO) (five projects).

LGAO Projects are projects where the applicant has demonstrated “a high level of Local Government interest in the project via an increased amount of Local Government contributions.” As outlined in RFA 2020-201, those contributions are generally defined as cash loans or grants. Essentially, the LGAO funding goal incentivizes a local government financial commitment. The minimum amount of the local funding commitment is \$460,000.00.

If a local government elects to fund a LGAO Project, RFA 2020-201 requires the local government to choose to fund only one project, regardless of the number of applications the local government may receive. As such, the City Commission can select and fund only one LGAO Project to apply for housing tax credit funding from the

FHFC.

The total number of projects funded throughout the State, in medium sized counties, can be impacted by several variables, but in 2021 it is expected to be 9 to 11 projects each year. For that reason, projects that meet one of the FHFC identified goals, have a much better chance of being funded by the FHFC.

On August 21, 2020, the City of Gainesville published a Notice Of Funding Availability announcing that the City would accept applications for financial assistance for the development and/or rehabilitation of affordable rental housing projects. As a result, the City received applications for a total of six rental housing projects in the LGAO category.

On both October 6, 2020 and October 13, 2020, the City's Affordable Housing Advisory Committee (AHAC) met to discuss, evaluate, and rank the LGAO projects. Based on those meetings, the AHAC ranks the proposed projects in the following order:

1. Woodland Park, Phase 2 (96 units, family)
2. Crest Grove Apartments (108 units, family)
3. Madison Pines (80 units, elderly)
4. Madison Moor (86 units, elderly)
5. Village Estates (96 units, family)
6. Michaels Foundation (6 units, family)

Additionally, the AHAC recommends that the City provide the requested \$460,000.00 LGAO funding to Woodland Park, Phase 2 in the form of a loan from ConnectFree Funds. AHAC recommends that the terms of the loan be as requested by Woodland Park, Phase 2. Those terms are a 15-year loan, 30-year amortization, at 1% interest. The entire balance, including principal, shall be paid in full at the end of the 15-year period. The repayment of the funds may be reinvested back to the ConnectFree Program to assist other eligible projects.

Applications associated with RFA 2020-201 are due to the FHFC in Tallahassee on November 5, 2020.

Funds in the amount of \$460,000.00 are available in the ConnectFree Program Budget to fund the selected rental housing project.

The AHAC recommends that the City Commission: 1) Hear a presentation from the AHAC and staff; 2) Approve funding the Woodland Park, Phase 2 Affordable Rental Housing Project in the form of a loan in the amount of \$460,000.00 from the ConnectFree Program; the terms of which shall be a 15-year loan, 30-year amortization, at 1% interest. The entire balance, including principal, shall be paid in full at the end of the 15-year period; and 3) Authorize the City Manager or designee to execute any documents necessary to such funding, subject to City Attorney approval as to form and legality.