

Espero Landing & Asperanza Heights

*Proposed Development at Saddlecreek
Additional information*



Impact on Georgetown ISD

- KCG utilized the “Naperville Model” to estimate the impact of new students that would enter GISD from other districts (42 new students).
- The Naperville Model is a widely accepted and utilized formula to estimate these numbers. This is the same formula/model other multi-family developers have used in Georgetown.
- This information was discussed with David Biesheuvel, Executive Director of Construction and Development for GISD → He confirmed that these proposed developments would not have an adverse impact on GISD since a new elementary school would be opening in Fall 2020. 25 of the 42 new students projected would be elementary age.

Partnership with Non-Profit Criteria

- Must be a Housing Finance Corporation (“HFC”), Housing Development Corporation (“HDC”), a Public Facility Corporation (“PFC”) or a Governmental Housing Authority (“HA”)
- The HFC is typically the issuer of the bonds (part of financing for LIHTC developments)
- Structure & Role of Nonprofit
 - Nonprofit is the General Partner of the Owner entity/Partnership
 - Nonprofit owns the fee simple interest in the land, while the Partnership owns all the land improvements
 - The Partnership enters into a Ground Lease with the Nonprofit
 - The Nonprofit has a perpetual interest/ability to purchase the property
 - The Nonprofit has the Right of First Refusal (i.e. first opportunity to purchase the property) after the LIHTC 15 Year Compliance Period ends
- Operational/Development Involvement of Nonprofit
 - If Nonprofit is an HFC/PFC – involved primarily in the financial underwriting and predevelopment/design review process, operations handled primarily by KCG
 - If Nonprofit is a Housing Authority – situationally dependent, with some being involved on the financial review, underwriting and design/predevelopment approvals and others actively taking part in the operation and management of the property
- Texas state statute § 394.905 applies for HFC/PFC with regards to tax exemptions
- Texas state statute § 392.005 applies for HA with regards to tax exemptions

Timeline in Non Profit selection

- Local Municipality approvals as required
- Start formal Site Development Plans and Building Plans
- Initiate all 3rd party reports for site diligence (Market Study, Environmental, Feasibility, etc.)
- Bond Reservation confirmed – dependent on availability of bond funds (known as ‘bond volume’)
 - This depends on the TX Bond Review Board (“TXBRB”) calendar
 - Potentially on or around August 15th, 2020 if bond volume is available
 - Or, TXBRB lottery applications in October 2020 for January 2021 bond reservation depending on winning lottery draw
 - Or, regional collapse of all MF funds by TXBRB March 2021
- ***Confirm Non-Profit selection and participation***
 - ***Typically any partnerships are not established and finalized until Bond Reservation has been awarded***
- Prepare/submit LIHTC application to TDHCA
- Finalize debt and equity financial providers
- ***Initiate Partnership legal formation and documents***
- Site Development Permits and Building Permits
- Closing on all financing
- Start Construction


Georgetown LIHTC properties with Non-Profits and property tax exemptions

- Property tax exemptions are not uncommon for workforce housing LIHTC properties. Of the 14 LIHTC properties in Georgetown, eight (8) have non-profit entities within their organization structure and are property tax exempt
- Stonehaven apartments (158 units) is owned by the Georgetown HA and is also property tax exempt but is not layered with LIHTC

Name	Address	Total Units	Population	WCAD ID	Non-Profit
San Gabriel Senior Village	2101 Railroad	100	Elderly/Senior	R477464	Crossroads HDC
Mariposa at River Bend	121 River Bend	201	Elderly/Senior	R469952	Capitol Area HFC
Cypress Creek at River Bend	120 River Bend	180	General	R469953	Capitol Area HFC
Shady Oaks	501 E. Janis Drive	60	General	R088952	Georgetown HA
The Gateway Northwest	1617 Northwest Blvd.	177	General	R524244	THF HDC
Merritt Heritage	4700 Williams Drive	244	Elderly/Senior	R562487	Crossroads HDC
Oaks at Georgetown	550 W. 22 nd Street	192	General	R044795	Crossroads HDC
Georgetown Place	805 Quail Valley	176	General	R404235	Unknown

Need for property tax exemption

- High cost of land is otherwise prohibitive of Workforce Housing developments
- Rising costs for construction in both labor and materials
- Uncertainty in financial markets due to COVID-19 have resulted in higher interest rates
- Tax credit developments for Workforce Housing generate less income than comparable conventional/market rate apartments
- In exchange for providing much needed workforce housing in Georgetown, we would need the full (100%) property tax exemption of all taxable entities to be financially feasible
- This is similar structure to many other LIHTC properties in Georgetown

The background is a detailed architectural floor plan of a house, showing rooms like the Kitchen, Living Room, and Bedroom. A large, dark blue 'KCCG' logo is centered over the plan. A silver compass and a white pencil are positioned at the top of the image, with the pencil pointing towards the logo.

KCCG

COMPANIES
