



Legislation Text

File #: 2020-0019, **Version:** 1

Consider a resolution authorizing the Mayor to execute a Payment in Lieu of Tax Agreement with RGC Ventures, LLC regarding an affordable multi-family housing development located at 150 Mays Crossing Drive.

The Council's direction for low-income housing tax credit projects has been to require that the developer agree to not pursue or make application for any ad valorem tax exemptions or abatement. In this case, there will be an application made for a property tax exemption under Texas law. Instead, the developer proposes a partial payment to the City of a per-unit annual fee, in lieu of the tax. Previously, applicants seeking income tax credits to build restricted income projects were required to sign a development agreement stating that they would not seek any property tax abatements. Based on this previous Council direction, staff does not offer a recommendation of support for this action. However, it is important to note that the property this project is proposed on is unique in the sense that it is an infill/redevelopment site close to downtown. Additionally, this application is for a high density urban style development proposed in an area appropriate for such a project. These reasons, unique to this area and project, may warrant a different decision by the Council as compared to previous tax credit projects for restricted income housing.

The annual fee would be in the amount of \$200 per approved dwelling unit constructed on the site. The fee will increase each consecutive year by 3.5%. At the end of seventeen (17) years the annual fee will increase to an amount equal to the then current City of Round Rock tax rate based on the appropriate property value. For comparison purposes, La Frontera Square, an existing multifamily development which has structured parking, pays approximately \$599 per dwelling unit to the City in traditional property taxes. Finally, please note that this payment in-lieu of to the City does not include payments to the other property taxing entities. As a result, the property owner would be exempt from paying property taxes to the other taxing entities should the Council pass the resolution of non-objection and the State of Texas approves their application(s).

This agreement also states that the exterior building material standards will meet the regulations established in the PUD (Planned Unit Development) No. 9 zoning district. In addition, the agreement contains appearance standards for a proposed open parking deck. A total of 224 units are proposed, with 64 studio units, 110 one bedroom units, and 50 two bedroom units. These units measure, in square feet, 570, 690 and 1,020 respectively. By law the project must provide housing to individuals earning an overall average of 60% of median income, but with income averaging, a significant number of those earning up to 80% of median income can be accommodated. There will be no market rate units offered.

