

AGENDA ITEM #4

MEETING: Planning and Community Development Committee

DATE: September 23, 2021

POSTING LANGUAGE: Briefing and possible action on the process and timeline for updating the City's policy for the issuance of Resolutions of Support or No Objection for applicants seeking Housing Tax Credits from the Texas Department of Housing and Community Affairs and priorities for the updated policy. [Lori Houston, Assistant City Manager; Verónica R. Soto, Director, Neighborhood and Housing Services]

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, FAICP, Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the proposed process and timeline for adopting an updated policy for the issuance of Resolutions of Support or No Objection for applicants seeking Housing Tax Credits from the Texas Department of Housing and Community Affairs and priorities for the updated policy.

SUMMARY:

This item is to provide an update on the process the Neighborhood and Housing Services Department (NHSD) is utilizing to revise the city's current Housing Tax Credit Policy. The Housing Tax Credit Policy governs the issuance of Resolutions of Support and Resolutions of No Objection for applicants seeking Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA). We will return to this committee with a draft policy in October.

The policy outlines the scoring criteria to be used for considering applications as well as the minimum requirements for developers seeking a Resolution of Support or Resolutions of No Objection. The recommended criteria are designed to ensure fairness in evaluating applications, as well as alignment with state rules and city priorities.

The current policy was adopted on October 31, 2019. NHSD updates the City's HTC Policy every two years to ensure the City's policy aligns with other affordable housing related City plans, the state's rules, and to allow the policy to reflect the priorities of each new Council.

BACKGROUND INFORMATION:

Housing Tax Credits (HTC) (also known as Low Income Housing Tax Credits or LIHTC) are federal tax subsidies for the construction, rehabilitation, reconstruction, and adaptive reuse of

rental properties for vulnerable populations including families, elderly residents, and other special populations with low income. The HTC program is one of the primary means of directing private capital toward the development and preservation of affordable rental housing in Texas. The HTCs offset a portion of the developer's federal tax liability. The Texas Department of Housing and Community Affairs (TDHCA) distribute the HTCs allotted to the state by the federal government.

TDHCA administers two HTC programs, a Competitive 9% HTC program and a Non-Competitive 4% HTC program. The Competitive 9% HTC program has a single, annual application period and covers approximately 70% of development costs. The Competitive 9% HTC applications and all supporting documentation, including Resolutions of Support or No Objection are due on March 1, 2022. The Non-Competitive 4% HTC program is available year-round and covers roughly 30% of development costs. To successfully apply for HTCs a developer needs a Resolution of Support or a Resolution of No Objection from City Council.

While updating this policy, NHSD will meet with practitioners of the HTC programs including CHDOs; issue a public survey through SA Speak Up; host a public meeting; have a public comment period for the draft policy; and brief the Development Process Task Force (DPTF), the Housing Commission, and Councilmembers.

ISSUE:

NHSD will collect input from HTC practitioners, CHDOs, Housing Commissioners, City Council Members, DPTF and the public to inform the updated policy.

NHSD developed and issued a survey for affordable housing developers, service providers, and CHDOs. The survey collected information about the city's HTC Resolution process and was open from July 5 through August 4. Feedback from those who have applied for a Resolution using the current policy found:

- Generally, San Antonio's process is considered on par or better than the process of other Texas cities.
- The process is largely clear and easy to complete. Staff are responsive.
- The 100-point scoring system is a good measurement tool.
- The process is largely fair and transparent.
- The City's timeline for issuing Resolution is adequate.

NHSD hosted 3 developer HTC practitioner focus groups. The goal of these focus groups is to work with practitioners to find a balance between city priorities, the state's rules, and what is feasible in today's market. Topics discussed included options for:

- increasing points for being close to high frequency public transportation stops
- public engagement points
- how to treat deals outside city limits
- simplification of the application process and treatment of potential bond projects
- encouraging rehabilitation projects and projects for older adults

NHSD released a SA Speak UP survey to understand what the public values especially the kinds of resident services offered and tenant protections. The survey was distributed on social media, through service providers, Homeowners Associations, and Neighborhood Organizations. NHSD

has asked the Strategic Housing Implementation Plan (SHIP) stakeholders to share the survey with their networks.

Additional input on the proposed policy will be collected by briefing the Community Housing Development Organizations (CHDOs) and Development Process Task Force (DPTF) in October. NHSD will meet individually with City Council Members to discuss their priorities for the HTC policy. Finally, a draft of the policy will be available for public comment in October.

Housing Commission was briefed on the process and timeline on August 25, 2021. The final draft of the policy will be reviewed by the Housing Commission and the Planning and Community Development Committee in October. The final adopted policy will be considered by City Council in November. This timeline will allow the policy to guide the next round of Competitive 9% HTCs. NHSD plans to open the Competitive 9% HTC Request for Application on November 29, 2021.

ALTERNATIVES:

This item is for briefing purposes only. Planning and Community Development Committee may recommend changes to the timeline and priorities.

FISCAL IMPACT:

There is no fiscal impact.

RECOMMENDATION:

This item is for briefing purposes only.