



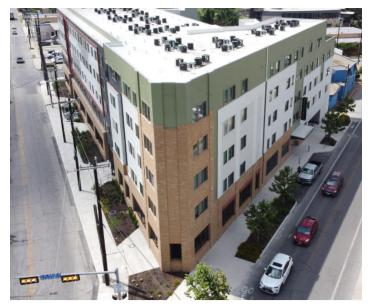
#### November 18, 2021 | Item #35

# City Council: Housing Tax Credits Policy

Verónica R. Soto, FAICP, Director

## What are Housing Tax Credits (HTCs)?





Museum Reach Lofts- 9% HTC in District 1

- Also known as Low Income Housing Tax Credits
   (LIHTC)
- Common funding source for affordable housing
- IRS program started in the 1980s
- Administered by the states
  - In Texas, the Texas Department of Housing and Community Affairs (TDHCA) administers the program
  - TDHCA writes the rules and oversees compliance
    - High development standards
    - Annual inspections
  - TDHCA calls them Housing Tax Credits
- Rehab & New Construction
- Two kinds: Competitive 9% & Non-Competitive 4%

## **Overlap with SHIP**



## Support new construction & rehabilitation of affordable units:

- A typical 4% project includes 100-350 DUs. A typical 9% project includes 40-100 DUs.
- All ≤80% AMI.

#### **Prioritizes deeper affordability:**

- Encourages deeper affordability by income averaging with ≤30% AMI, ≤40% AMI, & ≤50% AMI units.
- All 9% projects reserve at least 10% of their units for households at 30% AMI and below.

#### **Support Resident Services:**

• More points are given to developments offering meaningful on-site services.

#### Preventing Displacement &

#### **Tenant Protections:**

- Agree they will not directly, permanently displacement without adequate relocation assistance.
- Accept HCVs.
- Certify they will follow the Non-Discrimination Ordinance and the Notice of Tenants Rights Ordinance.

#### Location:

- Points for being along key transportation routes
- Points for being in job centers and Regional Centers

## **HTC Application Process**





#### **NHSD Application**

- Collects project information
- Basis for resolution recommendation



#### **City Council**

- Provide Resolution of Support or No Objection
- <u>No guarantee of</u> success for HTC

TDHCA

- Reviews full applications
- Awards Housing Tax Credits

**December-January** 

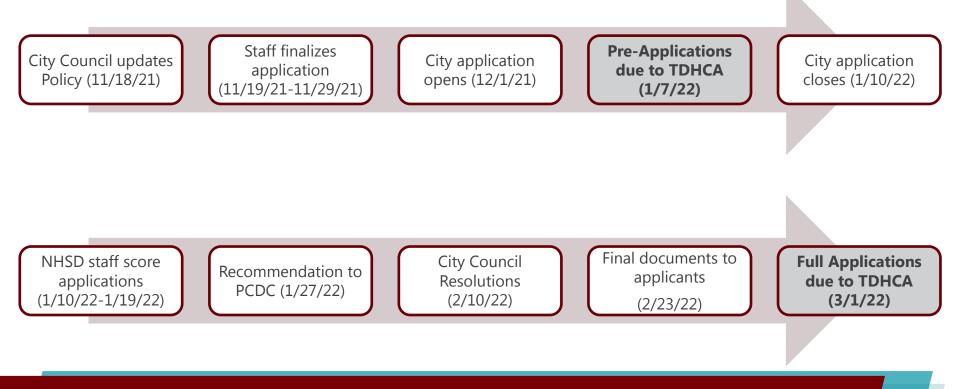
**February** 

**March-July** 



## City & TDHCA 9% Timeline





## **Policy Input Plan**



July	August	September	October	November
✓ Practitioner Survey	<ul> <li>✓ Practitioner Meeting #1</li> <li>✓ Housing Commission Briefing</li> <li>✓ PCDC Briefing</li> </ul>	<ul> <li>✓ SA Speak Up survey</li> <li>✓ Practitioner Meetings #2 &amp; #3</li> <li>✓ Housing Commission Briefing</li> <li>✓ PCDC Briefing</li> <li>✓ PUblic meeting</li> <li>✓ Councilmember Briefings</li> </ul>	<ul> <li>✓ CHDO briefing</li> <li>✓ DPTF briefing</li> <li>✓ Housing Commission Briefing</li> <li>✓ Councilmember Briefings</li> <li>✓ Public comment on draft policy</li> <li>✓ PCDC Briefing</li> </ul>	<ul> <li>✓ PCDC</li> <li>• City Council</li> </ul>

## **Practitioner Survey Feedback**



### Open: July 5-August 4 15 Responses

Key Feedback:

- > Process is on par or better than 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.

## **Practitioner Meeting Feedback**



Generally supportive of Transportation Point changes

For ETJ developments, have the same notification requirements as for Council

Supportive of update to public engagement points

Prioritizing 9% bond projects may push development outside city limits

Supportive of coordination with SAHA and SAHT

Push 9% application due date until after pre-applications are due to TDHCA

Make sure rehabilitation projects can meet thresholds

## SA Speak Up Survey Feedback

Open: September 1-20 95 Responses (94 English/1 Spanish)

- Clear preference for projects with mixed incomes & including ≤30% AMI units.
- Want to know about projects' impact on traffic, construction timelines, alignment with neighborhood plans, and number of units
- Important to be near public transportation & grocery stores
- Important amenities:
  - Community: Community laundry room, security cameras, and learning/business center
  - In-Unit: Energy efficient appliances, high speed internet connections
  - Resident services: On-site after school programs & monthly skill training classes







September 30

- Key Feedback:
- Encourage partnerships with local non-profits who can provide quality resident services.
- Highlight or incentivize innovation or novelty.
- > Prioritize proximity to healthcare services.
- > Keep the menu of options for amenities and resident services.

## **Council Feedback**



- Encourage more  $\leq 30\%$  AMI.
- Encourage green buildings/ sustainability; reserve points for sustainable amenities; encourage green space within properties
- Encourage developments to be compatible with existing neighborhood.
- Ask about additional infrastructure needs beyond footprint; points for including infrastructure for electric vehicles.
- Encourage meaningful public participation; add option for developers who respond to questions without Council involvement; keep at 10 points.
- Ask if they will voluntarily follow SAHT or SAHA tenant protections.
- Transportation points should be 10 points not 12 points.
- Add scoring for working with local businesses.
- Explore Public Improvement Districts as Target Areas.
- Show overlap with SHIP and HTC Policy.
- The timeline for 9% projects is too short.

## **Staff Recommendation: Scoring Changes**



Category	2020 Points	Recommendation
Owner/General Partner/Property Management Experience	15	7
Nonprofit Organization Participation, HUB, SBEDA	5	5
Use local businesses and contractors	-	2
Targeted Areas	10	10
Transportation	-	10
Proximity to Jobs	5	5
Project Feasibility & Readiness	15	11
Project Amenities & Resident Services	20	20
Deeper Affordability	20	20
Public Engagement	10	10
Total	100	100

### **Staff Recommendation: Deeper Affordability Category**



Affordability Level	Points	
20% Units at ≤30% AMI	20 points	
15% Units at ≤30% AMI	18 points	
10% Units at ≤30% AMI or	15 points	
15% Units at 40% AMI or		
40% Units at 50% AMI		
5% Units at ≤30% AMI or		
10% Units at 40% AMI or	10 points	
30% Units at 50% AMI		
5% Units at 40% AMI or	5 points	
20% Units at 50% AMI		





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