

COUNCIL ACTION: Approved on 11/13/2018

DATE: Tuesday, November 13, 2018 **REFERENCE NO.:** G-19421

LOG NAME: 19UPDATEDPOLICYFOR4AND9PERCENTHOUSINGTAXCREDITS

SUBJECT:

Adopt Policy for Review of 2018 Applications to the Texas Department of Housing and Community Affairs for Noncompetitive 4% and Competitive 9% Housing Tax Credits and Commitments of Development Funding (ALL COUNCIL DISTRICTS)

RECOMMENDATION:

It is recommended that the City Council adopt a policy for review of applications to the Texas Department of Housing and Community Affairs for Noncompetitive 4% and Competitive 9% Housing Tax Credits and for commitments of development funding.

DISCUSSION:

The purpose of this policy is to provide criteria for affordable housing developers requesting a "Resolution of Support" or "Resolution of No Objection" from the City Council to submit with their applications for Competitive (9%) and Noncompetitive (4%) Housing Tax Credits (9% HTC's and 4% HTC's, respectively) to the Texas Department of Housing and Community Affairs (TDHCA).

Each year TDHCA implements a Qualified Allocation Plan (QAP) which outlines the scoring criteria for 9% HTC applications. The draft 2019 QAP states that 9% HTC applications can receive 17 points for a "Resolution of Support" from the governing body of the municipality in which the development is sited. "Resolutions of No Objection" from the governing body are worth 14 points. The draft 2019 QAP also provides that 9% HTC applications can receive one additional point for a commitment of development funding from a city or county in which the development is located. Documentation of development funding must include a letter from a city or county official stating the jurisdiction will provide a loan, grant, reduced fees or contribution of other value for the benefit of the development. Once this letter is submitted to the TDHCA, it cannot be withdrawn.

The 4% HTCs are awarded to eligible applicants as a source of equity financing for the development of affordable housing. The 4% HTC program is coupled with the Multifamily Bond Program so the bonds finance at least half of the cost of the project. Unlike the 9% HTC program, TDHCA's approval of a 4% HTC application is tied to a checklist rather than the scoring of an application. Normally TDHCA grants approvals year-round based on available funding; however, TDHCA has implemented a lottery for 2018. If there are any funds available under the bond cap after the lottery, then additional applications will be accepted during the year. A public hearing by the City Council is required in order for a developer to obtain a "Resolution of No Objection" from the Council. There is no provision for commitment of development funding under the 4% HTC program.

The proposed policy for 9% and 4% HTCs was presented to the City's Housing and Neighborhood Services Committee (HNSC) on October 30, 2018, and City Council Work Session on November 6, 2018.

Staff requests that the City Council consider the following policy for requests for Resolutions of Support or No Objection for and commitments of development funding applications for 9% HTCs, and Resolutions of No Objection for 4% HTCs:

Resolutions of Support for 9% HTC Applications.

A development will be considered for a Resolution of Support under the 9% HTC program if a minimum of ten percent of the total units are market rate units, and the development meets the following requirement:

At least ten percent of the total units in the development will be set aside as Permanent

Supportive Housing (PSH) units for chronically homeless individuals referred through the Tarrant County Continuum of Care Coordinated Entry. Developers are responsible for securing contracts and resources for rental assistance and supportive services for the PSH tenants.

Council may consider an exception for developments that are prohibited from incorporating the above unit mix due to existing restrictions such as a Housing Assistance Payment contract.

Resolutions of No Objection (Applicable to 9% HTC Policy Only).

City Council may consider granting a Resolution of No Objection to a development applying for 9% HTC if Council does not grant the development a Resolution of Support.

Commitment of Development Funding (Applicable to 9% HTC Policy Only).

City Council, at its discretion, may also choose to offer a commitment of development funding to developments that receive a Resolution of Support in the form of a tax abatement and/or a partial or full waiver of development fees. Factors for consideration for a commitment of development funding may include evidence of a preliminary Memorandum of Understanding or letter of commitment between the developer and a public entity (e.g., the City, Fort Worth Housing Finance Corporation, Fort Worth Housing Solutions, Tarrant County, or Tarrant County Housing Finance Corporation) for Project Based Vouchers or other rent voucher or a commitment to pay for PSH services and service provider; or a financial commitment and/or other financial support from the City (e.g., property acquisition, gap financing).

Resolutions of Support for 4% HTC Applications.

A development will be considered for a Resolution of No Objection under the 4% HTC program if a minimum of ten percent of the total units are market rate units, and the development meets the following requirement:

Five percent of the total units in the development will be set aside as Permanent Supportive Housing (PSH) units for chronically homeless individuals referred through the Tarrant County Continuum of Care Coordinated Entry. Developers are responsible for securing contracts and resources for rental assistance and supportive services for the PSH tenants.

Council may consider an exception for developments that are prohibited from incorporating the above unit mix due to existing restrictions such as a Housing Assistance Payment contract.

Additional Requirements for Both 9% and 4% HTC Applications.

A developer must take the following actions to be

considered for a Resolution of Support or Resolution of No Objection under the 9% HTC program, or a Resolution of No Objection under the 4% HTC program:

(i) Notify in writing the Councilmember for the district where the proposed development will be located at least **45** days prior to submission of an application to the City for a Resolution.

(ii) Notify in writing City Staff in the Neighborhood Services Department and Community Engagement Office at least **45** days prior to submission of an application to the City for a Resolution.

(iii) Notify in writing the Superintendent of the school district that serves the development at least **45** days prior to submission of an application to the City for a Resolution.

(iv) Notify in writing any Neighborhood/Homeowner Associations that are within **1/4** mile of the proposed development site.

(v) Conduct a minimum of one information session with applicable Neighborhood/Homeowner Associations at least **30** days prior to submission of an application to the City for a Resolution. If Staff deems necessary, additional information sessions may be required.

Additional Considerations.

Staff recommends that the City Council consider additional criteria for Resolutions of Support or No Objection for 9% HTC applications, or Resolutions of No Objection for 4% HTC applications, including the following: a development site's proximity to services and transit, the development's tax exempt status and its impact on the City's tax revenue, future land use compatibility, alignment with the City's Comprehensive Plan, geographic balance of affordable housing throughout the City including both High Opportunity Areas and the Central City Revitalization areas, and school district input.

This policy affects ALL COUNCIL DISTRICTS.

This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this policy will have no material effect on the City's annual budget. The financial impact of projects which are granted full or partial property tax exempts status will be built into the City's long-term financial plan.

FUND IDENTIFIERS (FIDs):

TO

Fund	Department ID	Account	Project ID	Program Activity	Budget Year	Reference # (Chartfield 2)	Amount
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FROM

Fund	Department ID	Account	Project ID	Program Activity	Budget Year	Reference # (Chartfield 2)	Amount
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CERTIFICATIONS:

Submitted for City Manager's Office by: _____

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ATTACHMENTS

No attachments found.