Adopt Policy for Review of Applications to the Texas Department of Housing and Community Affairs for 2020 Noncompetitive (4%) and Competitive (9%) Housing Tax Credits and Commitments of Development Funding from the City of Fort Worth (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 2020 Noncompetitive (4%) and Competitive (9%) Housing Tax Credits and for commitments of development funding from the City of Fort Worth.

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% HTCs and 4% HTCs, 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 2020 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 2020 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, a 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 Once this letter is submitted to the TDHCA, it cannot be withdrawn.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. A public hearing by the City Council is required by TDHCA for a developer to obtain a "Resolution of No Objection" from the Council. There is no provision for a commitment of development funding under the 4% HTC program.

The proposed policy for 9% and 4% HTCs was presented to the City Council Work Session on November 12, 2019.

Staff requests that the City Council consider the following policy for requests for Resolutions of Support or No Objection and commitments of development funding for 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 one of the following requirements:

- At least 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; or

- At least ten percent of the total units in the development will be set aside for households earning at or below 30 percent of Area Median Income (30% AMI tenants). Developers are responsible for securing contracts and resources for rental assistance and supportive services for the 30% AMI tenants.

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

Resolutions of No Objection for 9% HTC Applications.

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 (Only Applicable to 9% HTC Applications).

City Council, at its discretion, may also choose to offer developments that receive a Resolution of Support a commitment of development funding
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, Tarrant County Housing Finance Corporation, and/or Tarrant County Homeless Coalition) for Project Based Vouchers or other rent vouchers; or, a commitment to pay for PSH services or services for 30% AMI tenants or a commitment to pay for a service provider for PSH or 30% AMI tenants; or, a financial commitment and/or other financial support from the City (e.g., property acquisition, gap financing, rent assistance).

Resolutions of No Objection 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 one of the following requirements:

- At least 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; or,
- At least ten percent of the total units in the development will be set aside for households earning at or below 30% of AMI. Developers are responsible for securing contracts and resources for rental assistance and supportive services for the 30% AMI tenants.

Council may consider an exception for developments that are prohibited from incorporating the above unit mix due to existing restrictions, such as an existing 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 Objections for the 9% HTC program, or a Resolution of No Objection for the 4% HTC program:

- Notify in writing the Council Member 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.
- 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.
- Notify in writing the Superintendent of the school district that serves the proposed development at least 45 days prior to submission of an application to the City for a Resolution.
- Notify in writing any Neighborhood/Homeowner Associations that are within 1/4 mile of the proposed development site.
- Conduct a minimum of two information sessions with applicable Neighborhood/Homeowner Associations at least 30 days prior to final City Council action on a Resolution. Information sessions do not have to be held at a scheduled Neighborhood/Homeowner Association meeting, and may include all applicable associations. If Staff deems necessary, additional information sessions may be required.

Acceptable proof of written notification includes one of the following: return receipt from certified mail, written response from the recipient, or electronic delivery receipt.

Additional Considerations.

Staff recommends that the City Council consider additional criteria for Resolutions of Support for 9% HTC applications or No Objection for 4% HTC applications including the following: a development site's close proximity to transit and other services, a 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, service population, and school district input. Preference will be given to developments that were not recommended for an award previously due to TDHCA's Two Mile Same Year Rule.

This policy affects all COUNCIL DISTRICTS.

A Form 1295 is not required because: 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 these recommendations will have no material effect on City funds.

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