



# City of San Antonio

## Agenda Memorandum

**File Number:**18-6156

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**Agenda Item Number:** 3.

**Agenda Date:** 11/14/2018

**In Control:** Comprehensive Plan Committee

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, AICP

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Briefing on the City of San Antonio policy that governs the issuance of the 2019 Resolutions of Support or No Objection by the City Council for applicants seeking Low Income Housing Tax Credits (LIHTC) from the Texas Department of Housing and Community Affairs (TDHCA). The housing tax credit applicant receiving a resolution of support or no objection from City Council will receive points for their TDHCA application.

### **SUMMARY:**

Briefing on the City of San Antonio policy that governs the issuance of Resolutions of Support or No Objection by the City Council for applicants seeking Low Income Housing Tax Credits (LIHTC) from the Texas Department of Housing and Community Affairs (TDHCA). The applicant receiving a resolution of support or no objection from City Council will receive points for their TDHCA application.

The City's current policy outlines the scoring criteria to be used for considering applications as well as the minimum requirements in order to be granted a Resolution of Support or No Objection by the City Council. The recommended criteria is designed to ensure fairness in evaluating applications while also ensuring adequate resident notification of proposed LIHTC developments.

### **BACKGROUND INFORMATION:**

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit program is one of the primary means of leveraging private capital toward the development and preservation of affordable rental housing in the state of Texas.

The two types of housing tax credits include competitive 9% and non-competitive 4%. The non-competitive 4% Housing Tax Credit program is available year round whereas the competitive 9% Housing Tax Credit program has a single annual application period. For the 2019 9% competitive application period, TDHCA requires applicants to submit completed applications, along with supporting documents, no later than March 1, 2019. Pre-applications are accepted in January 2019.

The Housing Tax Credit program awards competitive application points for a resolution(s) from a Governing Body of a municipality showing local government support on the following basis:

Within a municipality, the application will receive:

- Seventeen (17) points for a resolution of support; or
- Fourteen (14) points for a resolution of no objection.

The City's current policy that addresses the issuance of Resolutions of Support or No Objection was last approved by the City Council on December 14, 2017.

Each year, the TDHCA is required to develop the Qualified Allocation Plan (QAP) to establish the procedures and scoring requirements relating to the allocation of Housing Tax Credits. Once the QAP is submitted and approved by the Office of the Governor, which occurs no later than December of each year, the adopted QAP will be published in the Texas Register.

Key changes that will impact TDHCA points adopted in the 2019 QAP include:

- The TDHCA Board may waive the requirements in the Development Requirement Section.
- Adequate accessible parking spaces consistent with the requirements of the 2010 ADA Standards.
- Energy-Star rated windows (for rehabilitation developments, only if windows are planned to be replaced as part of the scope of work).
- Added amenity points for lighted pathways along all accessible routes, a resident-run community garden, and a business center with varying internet speeds.
- Increased number of green building feature points.
- Additional point opportunities for noise reducing features (Impact Isolation Class rating of at least 55 and a Sound Transmission Class rating of 60 or higher).

The 2019 QAP will also include changes to the naming of categories, clarification on requirements, and reallocation of category points.

## **ISSUE:**

Staff recommends maintaining the City's current LIHTC resolution issuance policy with minor updates to the application as follows:

- Update target reinvestment areas to include preference points for building within Opportunity Zones and Reinvestment Zones
- Identify housing project type (new construction, reconstruction, and rehabilitation)
- Require housing developer coordination with the respective State Representative within the project's boundaries

The City's current policy is designed to ensure coordination with community stakeholders and residents. The

policy aligns with the adopted SA Tomorrow Comprehensive Plan, Neighborhood Improvements Bond Program, and the newly created Opportunity Zones by allocating points to those reinvestment zones.

The current policy and process encourages public engagement but is not mandated. In 2018, 12 of the 21 applicants submitted for the maximum 10 public engagement points, six submitted for half of the public engagement points, and three submitted for none of the public engagement points. Of the four projects awarded 9% tax credits by TDHCA in our region, two projects submitted for the City's maximum public outreach points (10), one submitted for half the points (5), and one did not submit at all.

City staff will continue to identify the site's proximity to any existing properties that have previously been awarded Low Income Housing Tax Credits. Per the QAP tax credits cannot be awarded to more than one eligible applicant if the project sites are located within two miles of each other in the same year. Additionally, tax credits cannot be awarded to projects located within one mile of another project which has been awarded in the past three years.

On December 3, 2018, staff will issue a Request for Applications (RFA) for developers seeking a resolution of support or no object from the City which closes January 4, 2019. Subsequently, staff will provide the Comprehensive Plan Committee the scoring results on January 23, 2019. Finally, staff will take the final recommendations to the full City Council on February 14, 2019. In keeping with last year's process, as projects are submitted and scored, staff will be continually updating Mayor and Council.

To better align with the City's housing goals, staff will begin an extensive policy evaluation of the City's LIHTC policy in early 2019. This process will give ample time for input and analysis from the development community, stakeholders, and Council. Changes may include prioritizing target reinvestment areas, realignment of the current scoring, and/or the addition of new scoring criteria.

#### **ALTERNATIVES:**

This item is for briefing purposes only.

#### **FISCAL IMPACT:**

This item is for briefing purposes only.

#### **RECOMMENDATION:**

This item is for briefing purposes only.