



City of San Antonio

Agenda Memorandum

File Number: 19-7461

Agenda Item Number: 6.

Agenda Date: 10/14/2019

In Control: Planning and Community Development Committee

DEPARTMENT: Neighborhood & Housing Services Department

DEPARTMENT HEAD: Verónica R. Soto, AICP, Director

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Briefing on the proposed Ordinance adopting a 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.

SUMMARY:

This item is for City Council consideration of a modified Housing Tax Credit Policy to govern the issuance of Resolutions of Support or No Objection for applicants seeking Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA).

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 No Objection. The recommended criteria are designed to ensure fairness in evaluating applications, as well as alignment with new state rules and city priorities.

BACKGROUND INFORMATION:

Housing Tax Credits (HTC) 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 February 28, 2020. 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 No Objection from City Council.

The current policy was adopted on December 14, 2017. The Neighborhood and Housing Services Department (NHSD) intends to update the City's HTC Policy every two year to ensure the City's policy aligns with the state's rules and to allow the policy to reflect the priorities of each new Council.

While updating this policy, NHSD met with practitioners of the HTC programs, issued a draft of the policy for public comment, issued a public survey through SA Speak Up, and briefed Housing Commission.

ISSUE:

NHSD is collecting input from HTC practitioners, City Council Members, and the public to inform the updated policy. Affordable housing developers and service providers were engaged during three focus groups. The goal of the focus groups was to work with practitioners to find a balance between city priorities, the state's rules, and what is feasible in today's market. NHSD has met with City Council Members to discuss their priorities for the HTC policy. NHSD released a SA Speak UP survey to understand what the public values especially related to the amenities offered by apartments. The survey will be distributed on social media, through service providers, Homeowners Associations, Neighborhood Organizations and to individuals living in HTC developments. Finally, a draft of the policy was open for public comment. The survey and policy for comment were open for two weeks.

Based on the feedback received so far, the following major changes to the policy are recommended:

- Include a new scoring category called Deeper Affordability. Developers earn points on their City application by providing more units at 50% and below Area Median Income.
- Developers will need to provide proof the Council Member for the district the proposed development has been notified about the project.
- Language will be added stating the proposed development cannot cause the direct displacement of residents and that rehabilitation projects must submit a plan for how residents will be taken care of if temporary displacement is caused.
- Changes in the point allocations have been made to reflect the City's priorities including more deeply affordable units, building rental units in Regional Centers and along Transportation Corridors, and/or engaging in public engagement.
- The minimum threshold for Resolutions was increased: Resolutions of Support from 70 to 75 points and Resolution of No Objection from 50 to 60 points. The higher thresholds will encourage developers to seek points that align to at least one of the City's major priorities.

Housing Commission was briefed on September 25, 2019 and asked to review the policy one more time after the information from the survey and public comment period had been incorporated. The policy will be reviewed by Housing Commission on October 23 and City Council on October 31. 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 December 2, 2019.

ALTERNATIVES:

Planning and Community Development Committee may elect not to forward this item to City Council which would result in developers applying for Resolutions of Support and No Objection under a policy not aligned to either the city's priorities or state rules.

Planning and Community Development Committee could forward this item to City Council with recommended changes.

FISCAL IMPACT:

There is no fiscal impact to the FY 2020 general fund.

RECOMMENDATION:

Staff recommends forwarding the Housing Tax Credit Policy to City Council for approval in time for the policy to be used to review the 2020 Competitive 9% Housing Tax Credit projects.