



City of San Antonio

Agenda Memorandum

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Agenda Date: 10/23/2019

In Control: Housing Commission

DEPARTMENT:

Neighborhood and Housing Services Department

DEPARTMENT HEAD:

Verónica R. Soto, AICP, Neighborhood and Housing Services Department Director

COUNCIL DISTRICTS IMPACTED:

Citywide

SUMMARY:

Briefing on the proposed changes to the City's Housing Tax Credit Policy

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. 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 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 City's HTC Policy outlines how a developer can receive a Resolution. The last policy was adopted in December 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.

ISSUE:

NHSD collected 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 was 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, 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 of coordination with the Council Member for the district the proposed development
- 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.

The policy was reviewed by Planning and Community Development Committee on October 14 and will go to City Council on October 31. This timeline will allow the policy to guide the next round of Competitive 9% Housing Tax Credits.

ALTERNATIVES:

This is for briefing purposes only.

FISCAL IMPACT:

There is no fiscal impact at this time.

RECOMMENDATION:

This is for briefing purposes only.