



# City of San Antonio

## Agenda Memorandum

**File Number:**21-1042

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**Agenda Item Number:** 5.

**Agenda Date:** 1/11/2021

**In Control:** Planning and Land Development Committee

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**DEPARTMENT:** Neighborhood and Housing Services

**DEPARTMENT HEAD:** Verónica R. Soto, FAICP, Director

**COUNCIL DISTRICTS IMPACTED:** City Wide

### **SUBJECT:**

Briefing on the process and timeline for 2021 Competitive 9% Housing Tax Credit (HTC) project Resolutions and CDBG/HOME Affordable Housing Gap Funding.

### **SUMMARY:**

On November 30, 2020, the City issued a Request for Applications (RFA) to developers seeking a Resolution of Support or No Objection for applications to the Texas Department of Housing and Community Affairs for the 2021 Competitive 9% Housing Tax Credit (HTC) Program per the Council approved policy. The RFA remained open until 2 pm on January 4, 2021.

On October 26, 2020, the City issued two Requests for Proposals (RFPs) for FY 21 grant-funded rental housing gap funding and single-family homeownership housing gap funding. The solicitations remained open until December 11, 2020.

### **BACKGROUND INFORMATION:**

The Texas Department of Housing and Community Affairs' (TDHCA) Housing Tax Credit (HTC) Program allocates federal tax credits to developers to encourage the construction and rehabilitation of affordable, multifamily housing. There are two types of Tax Credits: Competitive (9%) and Non-Competitive (4%). The Non-Competitive 4% HTC program is available year-round whereas the Competitive 9% HTC program has a single annual application period. The 9% Program is allocated through an annual competitive process in which projects are evaluated and scored according to the TDHCA's established criteria. An application will receive a certain number of points if it receives a Resolution of Support or a Resolution of No Objection from the City Council of the municipality where the project is located.

On October 31, 2019, City Council adopted an updated Housing Tax Credit (HTC) Policy for the issuance of Resolutions of Support and Resolutions of No Objection. The new policy added a focus on deeper affordability

and developments in targeted areas including Regional Centers. The policy was adopted to guide the issuance of 2020 and 2021 HTC Resolutions. Developers submitting 2021 Competitive 9% HTC applications to the Texas Department of Housing and Community Affairs (TDHCA) must score 75 points on their city application to be recommended for a Resolution of Support by staff. Developers must score 60 points have ownership/management experience to be recommended for a Resolution of No Objection. Applications for the 2021 Competitive 9% HTC are due to TDHCA no later than March 1, 2021.

#### FY 21 Affordable Housing Gap Funding

On August 13, 2020, City Council approved the \$22.4 million FY 2021 HUD Action Plan and Budget (Action Plan) for the four federal grant programs funded by the U.S. Department of Housing and Urban Development (HUD) which included \$13.35 million in Community Development Block and \$5.82 million in HOME Investment Partnerships Program (HOME) funding. Of this amount, \$7,375,000 was allocated to affordable rental and homeownership housing development gap funding.

On October 29, 2020, City Council approved Substantial Amendment #1 to the FY 2021 HUD Action Plan to reprogram \$4,875,000 of FY 2021 Community Development Block Grant entitlement funds from affordable housing development activities to the COVID-19 Emergency Housing Assistance Program. The current approved budget for affordable housing gap funding is \$2,500,000. City Council will consider Substantial Amendment #2 to the FY 2021 HUD Action Plan and Budget on January 14, 2021 which proposes to add \$3,000,000 to affordable rental and homeownership housing development gap funding.

On September 12, 2019, City Council approved the evaluation criteria to be used by staff when evaluating rental and homeownership housing developments that are seeking federal funds from the City to assist with their project. The evaluation criteria includes evaluating proposals based on: experience and capacity, project readiness, project site characteristics and amenities, HUD regulatory conditions, efficient use of funds, and project underwriting.

#### **ISSUE:**

The Neighborhood & Housing Services Department (NHSD) released its calendar year 2021 Request for Applications (RFA) at 10:00 am on November 30, 2020 on the Department's website. The RFA was advertised in the San Antonio Express News on November 13, 2020 and November 27, 2020. The development community was sent an email with information about the 2021 RFA release. NHSD received 15 applications.

Below is NHSD's timeline for the 2021 Competitive 9% Housing Tax Credit applications:

<b>Task</b>	<b>Date</b>
9% HTC RFA Open	11/30/2020
9% HTC RFA Closes	1/4/2021 at 2 pm
RFA Scoring	1/4/2021-1/8/2021
Pre-Applications Due to TDHCA	1/8/2021
Individual Councilmember Briefings	1/11/2021-2/5/2021
Planning and Land Development Committee (PLDC)	2/8/2021
City Council for 9% HTC Resolutions	2/11/2021
Competitive 9% Full Application Due to TDHCA	3/1/2021
TDHCA awards announced	7/22/2021

NHSD staff will provide updates on the applications received and their status regularly via individual briefings and memos leading up to a presentation to the Planning and Land Development Committee (PLDC) and City Council in February.

#### FY 21 Affordable Housing Gap Funding

NHSD released two Requests for Proposals (RFPs) for the FY 21 grant-funded rental housing gap financing and single-family homeownership housing gap funding on October 26, 2020. Advertisements were published in the San Antonio Express News on October 25, 2020. The Finance Department notified vendors directly via the City's central vendor registry, veteran owned small business database, and a targeted outreach list provided by NHSD. The RFPs were also featured on the NHSD and GMA websites. Proposals were due on December 11, 2020.

NHSD received seven (7) proposals for rental housing gap financing with requests totaling \$7,850,000 and three (3) proposals for Homeownership Housing gap funding with requests totaling \$3,626,669. Proposals will be evaluated based on the following council approved scoring criteria: experience and capacity, project readiness, project site characteristics and amenities, HUD regulatory conditions, efficient use of funds, and project underwriting.

Below is NHSD's timeline for Affordable Housing Gap Funding:

<b>Task</b>	<b>Date</b>
Audit Committee (Pre-Solicitation)	10/20/2020
RFPs Issued	10/26/2020
Pre-Submittal Conferences	11/03/2020 - 11/04/2020
RFPs Submission Deadline	12/11/2020
Evaluation Committee Scoring	1/26/2021
Planning and Land Development Committee (PLDC)	2/8/2021
Audit Committee (Post-Solicitation)	2/16/2021
City Council Consideration	2/18/2021 - 3/4/2021

With council approval of Substantial Amendment #2 to the FY 2021 Action Plan and Budget on January 14, 2021, the funding available for affordable housing gap funding will be \$5,500,000 of which \$3,250,000 will be set-aside for affordable rental housing development and \$2,250,000 for affordable homeownership housing development utilizing CDBG and HOME funds. NHSD is in the process of identifying additional federal funds from program income and savings from completed and cancelled projects that could be allocated to gap funding for eligible projects.

#### **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.