

# Mayor and Council Communication

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LOG NAME: 192023POLICYFOR4AND9PERCENTHOUSINGTAXCREDITS

## SUBJECT

(ALL) Adopt Policy for Review of Applications to the Texas Department of Housing and Community Affairs for 2023 Competitive (9%) and Noncompetitive (4%) Housing Tax Credits, and Commitments of Development Funding from the City of Fort Worth

## RECOMMENDATION:

It is recommended that the City Council adopt the policy for review of applications to the Texas Department of Housing and Community Affairs for 2023 Competitive (9%) and Noncompetitive (4%) Housing Tax Credits Housing Tax Credits, and commitments of development funding from the City of Fort Worth.

## DISCUSSION:

### 2023 HOUSING TAX CREDIT (HTC) POLICY

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 2023 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 2023 QAP also provides that 9% HTC applications can receive one additional point for a commitment of development funding from the 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 Once this letter is submitted to TDHCA, it cannot be withdrawn.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 at the Neighborhood Quality and Revitalization Committee on October 11, 2022 and City Council Work Session on November 1, 2022.

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% HTC applications.

Requests or actions noted with an **asterisk (\*)** will require the applicant, as part of the application to the City, to request such action, in writing.

### Requirements for 9% and 4% HTC Applications

A developer must take the following actions to be considered for a resolution:

1. Submit a completed application to the City with all required supporting documentation by **January 13, 2023**.
2. Notify in writing, the Council member for the district where the proposed development will be located at least **30** days prior to submission of an application to the City for a Resolution.
3. Notify in writing, the Superintendent of the school district that serves the proposed development at least **30** days prior to submission of an application to the City for a Resolution.
4. Notify in writing, City staff in the Neighborhood Services Department at least **30** days prior to submission of an application to the City for a Resolution. Following notification to the Neighborhood Services Department, staff will coordinate with the Community Engagement Office to notify in writing any neighborhood and/or homeowner associations that are within **1/4** mile of the proposed development site prior to submission of the developer's application to the City for a Resolution.
5. Conduct a minimum of **one** information session with all applicable neighborhood and/or homeowner associations by **January 13, 2023**. Each applicable neighborhood/homeowner association must be notified of the information session(s) at least **7** days in advance of each meeting and such notice must include the time, date, and location of the meeting, as well as information about the proposed development. An information session is a publicly held meeting, scheduled by the applicant, that can be held at a scheduled neighborhood/homeowner

association meeting or other proximate location, and may include all applicable associations. Additionally, information sessions may be held in a virtual format and should be recorded to demonstrate proof if requested by staff. If staff deems necessary, additional information sessions may be required.

6. For developments that will be completely or partially tax-exempt, the developer must provide the City (a) the source of the tax-exemption, (b) the estimated aggregate value of the tax-exemption for the 15-year period following construction, and (c) all other information requested in the City's application.

Acceptable proof of written notification includes return receipt from certified mail, written response from the recipient, or electronic delivery receipt. Notifications to the various entities must include the name of the developer and primary contact information for the developer, name and address of the proposed development, and a brief description about the development to include the target population(s) to be served, and approximate number and type(s) of units.

### **Additional Requirements for Nine Percent (9%) HTC Applications**

#### ***Resolution of Support***

A development will be considered for a *Resolution of Support* under the 9% HTC program if the development meets the following **two** requirements:

1. At least ten percent of the total units in the development will be set aside for households earning at or below 30% 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; **AND**
2. Development is located in at least one of the designated revitalization areas listed below:
  1. The applicant demonstrates that the development is eligible for opportunity index points by virtue of being located entirely within a high opportunity area as defined under TDHCA criteria in the 2023 QAP Section §11.9(c)(5)(A); **OR**
  2. The development is located entirely within one of the following City-designated revitalization areas: a Neighborhood Empowerment Zone (NEZ), a community or regional mixed-use growth center as defined in the City's Comprehensive Plan, a Tax Increment Financing District (TIF) or Urban Village; **OR**
  3. The development is located entirely within the federally designated Choice Neighborhoods Implementation (CNI) Grant area.

#### ***Resolution of No Objection***

City Council may consider granting a *Resolution of No Objection* to a development applying for 9% HTC if the development does not meet one of the *Resolution of Support* criteria because it does not meet one of the Subsection 2 requirements noted above.

### **Additional Requirements for Four Percent (4%) HTC Applications**

#### ***Resolution of No Objection***

NONE

\* A development that wishes to receive one or more letters of support for its Multifamily Revenue Bonds application must first submit an application for a resolution of no objection to the City and indicate that a bond letter is also requested. The applicant must not contact the Mayor's office or the office of the council member in whose district the proposal is located to request this letter. If a letter is requested and the development is determined to be eligible for a *Resolution of No Objection* pursuant to the City's policy, then the Mayor, the council member, or both, at their own discretion, may choose to provide a letter of support. Should the Mayor and/or the council member choose to provide a letter of support, Neighborhood Services staff will coordinate receipt of the letter(s) with the applicant. No letters of support will be issued in any other circumstance.

### **Commitment of Development Funding – City Fee Waivers (Applies to 9% and 4% HTC Applications)**

For any development awarded a Resolution of Support (for 9% HTC applications) or No Objection (for 4% HTC applications), City Council will commit to waiving the following development fees for a value of no less than \$500.00. Any waiver will be specifically stated in the M&C awarding the development its respective resolution, if any.

- All Building permit related fees
- Plat application fee
- Board of Adjustment application fee
- Demolition fee
- Structural moving fee
- Community Facility Agreement (CFA) application fee
- Zoning application fee
- Street and utility easement vacation application fee
- Ordinance Inspection fee
- Consent/Encroachment Agreement Application fee
- Urban Forestry Application fee
- Sign Permit fees

- Floodplain Development fee

Additionally, developments that are awarded a Resolution of Support (for 9% HTC applications) or No Objection (for 4% HTC applications) may be eligible for a waiver of Transportation Impact fees and Water and Wastewater Impact Fees. Developers must work with the respective departments to determine eligibility and amount of impact fee waivers, if any.

**\*City and/or FWHFC Financial Support**

Developments awarded HTCs by TDHCA may receive an award of City and/or HFC funds. Developments will have the opportunity to apply for City or FWHFC funds in conjunction with their application for a Resolution of Support or No Objection. Terms and award of funds from the City or FWHFC should not be assumed and may only be provided upon negotiation and availability of funds.

Awards to 9% HTC developments will be allocated in descending order based on highest final TDHCA application score. Awards to 4% HTC developments will be evaluated at the time of application. Developments with existing City and/or FWHFC commitments will be excluded from this allocation process.

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.

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

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Expedited