

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Community and Human Development

AGENDA DATE: August 9, 2016

CONTACT PERSON: Verónica R. Soto, AICP, Director, 212-0138

DISTRICT: All Districts

SUBJECT:

Presentation, discussion, and instruction on recommendations of the Mayor's Blue Ribbon Working Group on Affordable Housing establishing evaluation criteria to be used in determining City support of Low Income Housing Tax Credit proposals.

BACKGROUND / DISCUSSION:

On May 17, 2016, Council approved the establishment of a Blue Ribbon Working Group on Affordable Housing (Working Group) to provide guidance and recommendations on evaluation criteria for requests for City support of Low Income Housing Tax Credit proposals.

Under previous Qualified Allocation Plans (QAP)—the plan for Texas Department of Housing and Community Affairs allocation and award of Low Income Housing Tax Credits (LIHTC)—the City was allowed the opportunity to provide resolutions of support for tax credit applications. A resolution of support provides a proposal with seventeen (17) points, approximately 10% of the maximum points available, during evaluation at TDHCA. A resolution of no objection provides fourteen (14) points.

The Blue Ribbon Working Group conducted nine (9) public meetings between May 24th and July 21st of 2016, including an onsite tour of several tax credit properties (hosted by the developers of those properties). At those meetings, City Staff provided presentations on:

- Recent history of the Low Income Housing Tax Credit program in Texas (provided by Community & Human Development)
- Critical resilience factors (Office of Resilience & Sustainability)
- Development incentives and locations of strategic development (Economic Development)
- Plan El Paso and housing issues (Planning & Inspections)
- School district capacities and enrollment numbers (Office of Resilience & Sustainability)
- Texas Department of Housing and Community Affairs 2016 QAP scoring criteria (Community & Human Development)
- Public transportation ridership/usage (Office of Resilience & Sustainability)
- TDHCA v. The Inclusive Communities Project, Inc., a lawsuit related to concentration of minority populations (Community & Human Development)

The following businesses and organizations attended meetings and took part in discussions:

- Etzold & Co.

- Housing Authority of the City of El Paso (HACEP)
- Investment Builders Inc. (IBI)
- Nine-Degrees Architecture and Design
- Sundt Construction
- Texas Association of Builders
- Tropicana Building
- Wright & Dalbin Architects

The Working Group developed five (5) value statements based on past City Council discussions and the presentations and discussions during the Working Group meetings. These are the value statements that guide the recommended evaluation criteria, listed in order of priority:

1. Maximize affordable housing units within the City of El Paso with whatever combination of projects produces the most affordable housing units given allocation of funds for the region.
2. Support breaking the cycle of poverty and supporting upward mobility by either directly providing or facilitating availability of social services.
3. Residents given an opportunity for inclusiveness and afforded an opportunity to access public services.
4. Local presence and long-term accountability [of project developers] in El Paso.
5. Meets City smart growth initiative as set out in Plan El Paso.

The recommended evaluation and scoring criteria are attached to this form.

PRIOR COUNCIL ACTION:

May 17, 2016 – Establishment of the Blue Ribbon Working Group on Affordable Housing

AMOUNT AND SOURCE OF FUNDING:

NA

BOARD / COMMISSION ACTION:

NA

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



Verónica R. Soto, AICP, Director

ATTACHMENT

Mayor's Blue Ribbon Working Group Recommendations for Evaluation Criteria and Scoring of LIHTC Requests for Support

Value Statement	Total Points	Evaluation Criteria and/or Scoring Breakdown (points)
1. Maximize affordable housing units within the City of El Paso with whatever combination of projects produces the most affordable housing units given allocation of funds for the region	40	40 points to projects that combine to result in the greatest number of tax credit funded units. All other proposals receive a point value equal to the percentage of units achieved of the greatest number of tax credit units in their optimal combination with other proposals.
2. Support breaking the cycle of poverty and supporting upward mobility by either directly providing or facilitating availability of social services	20	Actively supporting residents of the project through provision of staffing, investments in programs/services, MOUs with other providers, and/or in house staff providing services. <u>Categories of Services:</u> a) Education (6 pts) b) Economic development/workforce and entrepreneurial development (including homeownership programs) (8 pts) c) Supportive/social services (6 pts)
3. Residents given an opportunity for inclusiveness and afforded an opportunity to access public services	15	<u>Categories:</u> a) No physical barriers separating the development from the neighborhood and commercial/public services (5 pts) b) Gathering points/areas that bring together residents of the project and residents of the neighborhood at large (5 pts) c) Quality of life amenities/walkability (exceeds City requirements) (5 pts)
4. Local presence and long-term accountability in El Paso	15	Applicant has: a) Past experience involved in a development team constructing, operating and/or providing affordable housing for residents who fit the demographic profile to be served in El Paso (4 pts) b) A staff presence in El Paso of at least 5 employees (4 pts) c) 5 or more years experience as part of a development team financing, building, operating or managing affordable housing in El Paso (4 pts) d) An historic commitment to affordable housing as demonstrated by holding, managing and operating an affordable housing development for at least 10 years in El Paso (3 pts)
5. Meets City smart growth initiative as set out in Plan El Paso	10	Each project will be evaluated and scored by City of El Paso Planning & Inspections Department staff.
TOTAL POSSIBLE POINTS		100

Mayor's Blue Ribbon Working Group Recommendations for Evaluation Criteria and Scoring of LIHTC Requests for Support

Value Statement	Total Points	Evaluation Criteria and/or Scoring Breakdown (points)	Plan El Paso Reference (These goals and policies are to be referenced to ensure proposed projects comply with Plan El Paso. Proposals need not address all goals and policies referenced below. Rather, listed goals and policies should be used to inform the evaluation of proposals against the Evaluation Criteria)
1. Maximize affordable housing units within the City of El Paso with whatever combination of projects produces the most affordable housing units given allocation of funds for the region	40	40 points to projects that combine to result in the greatest number of tax credit funded units. All other proposals receive a point value equal to the percentage of units achieved of the greatest number of tax credit units in their optimal combination with other proposals.	Goal 6.1 - Housing Supply (Policies 6.1.1 & 6.1.2)
2. Support breaking the cycle of poverty and supporting upward mobility by either directly providing or facilitating availability of social services	20	Actively supporting residents of the project through provision of staffing, investments in programs/services, MOUs with other providers, and/or in house staff providing services. <u>Categories of Services:</u> a) Education (6 pts) b) Economic development/workforce and entrepreneurial development (including homeownership programs) (8 pts) c) Supportive/social services (6 pts)	Goal 5.12 - Museum & Cultural Affairs Goal 5.14 - Schools Goal 5.17 - Civic Buildings Goal 7.12 - Educational Opportunities Goal 9.3 - Access to Healthcare (Policy 9.3.1) Goal 6.1 Housing Supply; supportive housing (Policy 6.1.3) Policy 10.7.6: Promote behavioral changes and consumption patterns that conserve energy Goal 10.16: Reduce "Food Miles" or the distance that food must travel to El Paso, and the associated pollution and fuel consumption associated with long-distance food transport.
3. Residents given an opportunity for inclusiveness and afforded an opportunity to access public services	15	<u>Categories:</u> a) No physical barriers separating the development from the neighborhood and commercial/public services (5 pts) b) Gathering points/areas that bring together residents of the project and residents of the neighborhood at large (5 pts) c) Quality of life amenities/walkability (exceeds City requirements) (5 pts)	Goal 2.1 - Smart Location Principles Goal 2.2 - Neighborhood Patterns Goal 4.2 - Complete Streets (Policy 4.2.8) Goal 4.5 - Network Principles; minimize isolating communities (Policy 4.5.8) Goals 5.8 & 5.9 - Parks Goal 6.1 - Housing Supply (Policies 6.1.1, 6.1.2 & 6.1.7) Goal 6.2 - Existing Neighborhoods (Policy 6.2.1) Goal 6.3 - Walkable Neighborhoods (Policies 6.3.1 - 6.3.3) Goal 9.3 - Access to Healthcare Goal 10.6 - Atmosphere; promote new development that encourages a sustainable lifestyle such as walking, cycling, the use of public transit, and reducing dependence upon automobiles (Policy 10.6.3) .
4. Local presence and long-term accountability in El Paso	15	Applicant has: a) Past experience involved in a development team constructing, operating and/or providing affordable housing for residents who fit the demographic profile to be served in El Paso (4 pts) b) A staff presence in El Paso of at least 5 employees (4 pts) c) 5 or more years experience as part of a development team financing, building, operating or managing affordable housing in El Paso (4 pts) d) An historic commitment to affordable housing as demonstrated by holding, managing and operating an affordable housing development for at least 10 years in El Paso (3 pts)	N/A

<p>5. Meets City smart growth initiative as set out in Plan El Paso</p>	<p>10</p>	<p>Each project will be evaluated and scored by City of El Paso Planning & Inspections Department staff.</p>	<p>Goal 1.1 - Downtown (If proposed project is located downtown) Goal 1.2 - Traditional Neighborhoods; vacant and underutilized parcels (Policy 1.2.3) Goal 1.3 - Neighborhood Retrofits; bus routes and RTS stops (Policies 1.3.1 & 1.3.2) Goal 1.4 - New Neighborhoods Goal 1.5 - Outward Expansion Goal 1.9 - Industrial Lands; discourage access to industrial developments through residential areas (Policy 1.9.4) Goal 1.10 - Growth Areas and Overlays (Policies 1.10.3 - 1.10.5) Goal 2.1 - Smart Location Principles Goal 4.1 - Compact Urban Areas (Policy 4.1.2) Goal 4.7 - Air Quality; encourage urban design patterns that increase travel choices and reduce travel frequency, distance and duration (Policies 4.7.1 & 4.7.3) Goal 4.11 - Public Transportation (Policies 4.11.2, 4.11.3 & 4.11.6) Goal 6.1 - Housing Supply (Policies 6.1.1 - 6.1.3, 6.1.7) Goal 6.2 - Existing Neighborhoods (Policy 6.2.1) Goal 6.3 - Walkable Neighborhoods (Policies 6.3.1 - 6.3.3) Goal 6.4 - Housing Affordability Goal 7.3 - Dynamic Walkable Neighborhoods (Policy 7.3.3) Goal 7.11 - Complete Streets Goal 9.4 - Reduce Exposure to Environmental Risk Factors (Policies 9.4.1a, 9.4.1c, 9.4.1e) Goal 9.5 - Encourage Physical Activity Through Design (Policies 9.5.4 & 9.5.6) Goal 9.6 - Encourage Well-Being (Policy 9.6.6) Goal 10.5 - Stormwater; Policy 10.5.2; locate development out of flood plains, critical arroyos, ephemeral streams, and other areas susceptible to flash floods (Policy 10.5.2); consider the effect that new developments may have on existing development downstream (Policy 10.5.7); design necessary flood control facilities to blend with and enhance developments through concepts such as park-ponds and retention of natural arroyos (Policy 10.5.9). Goal 10.6 - Atmosphere; promote both roof and non-roof strategies to mitigate the urban heat island effect (Policy 10.6.9). Goal 10.7 - Energy; emphasize infill and higher density developments located in areas served by public transit (Policy 10.7.2). Goal 10.8: Protect and enhance ecologically sensitive areas such as aquifer recharge zones, hillsides, bosques, arroyos, wetlands, and plants and wildlife resources. Goal 10.9: Preserve the valuable natural resources of the mountain and hillside areas and minimize the exposure of potential environmental hazards associated with their development. Goal 10.10: Protect the community from risks associated with geologic conditions Goal 10.13: Protect City residents from the effects of excessive noise or vibration. Goal 10.14: Improve public safety by developing appropriate lighting and control standards.</p>
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TOTAL POSSIBLE POINTS 100



Blue Ribbon Working Group on Affordable Housing Low Income Housing Tax Credit (LIHTC) Evaluation Recommendations



Alignment with City Strategic Plan

Strategy 1.1: Stabilize and expand El Paso's tax base

Community & Human Development Department

August 9, 2016

"Delivering Outstanding Services"



Purpose

Discussion and instruction on the recommendations of the Blue Ribbon Working Group on Affordable Housing regarding evaluation criteria for requests for City support of Low Income Housing Tax Credit (LIHTC) projects.



9% Regional Competitive Tax Credits

9% Tax Credits

- LIHTCs subsidize 70 percent of the low income unit costs in a project; since this supports a significant portion of the cost of development, it is **highly competitive**.
- Regional allocation: Over \$2.5 million in 9% tax credits are available for the greater El Paso region in 2016.
- QAP sets TDHCA requirements and priorities and may vary from year to year.



What is City's role in the process?

- Local Government Support – Seventeen (17) points for a City Council adopted resolution in support and fourteen (14) points for a resolution noting no objection



The Blue Ribbon Working Group

- Ray Aauto, El Paso Association of Builders
- Bill Schlesinger, Project Vida
- Frank Spencer, Aztec Contractors
- Noemi Tovar, Tovar Printing
- Al Velarde, Child Crisis Center of El Paso (EPISD Trustee)



"Delivering Outstanding Services"



The Blue Ribbon Working Group

- City Council established the Mayor's Blue Ribbon Working Group on Affordable Housing on May 17th, 2016.
- The charge of the BRWG was to evaluate and provide recommendations on the City's practices and procedures for the strategic location of affordable housing, in particular for LIHTC developments.
- The Working Group met 9 times between May 24th and July 21st, including a van tour of LIHTC sites.



The Blue Ribbon Working Group

- Staff from the following 8 companies and organizations participated and provided valuable contributions to the discussions:
 - Etzold & Co., HACEP, Investment Builders (IBI), Nine-Degrees Architecture & Design, Sundt, Texas Association of Builders, Tropicana Building, Wright & Dalbin Architects.
- The following 5 City departments participated:
 - Community & Human Development, Economic Development, Planning & Inspections, Resilience & Sustainability, Sun Metro.

"Delivering Outstanding Services"



The Blue Ribbon Working Group

- The following items were presented by City staff and discussed during the Working Group meetings:
 - Recent history of the LIHTC program in Texas Critical resilience factors
 - Development incentives and locations of strategic development
 - Plan El Paso and housing issues
 - School district capacities and enrollment numbers
 - Texas Department of Housing and Community Affairs (TDHCA) 2016 QAP scoring criteria
 - Public transportation ridership/usage
 - TDHCA v. The Inclusive Communities Project, Inc., a lawsuit related to concentration of minority populations



Recommended Criteria

The Working Group first created a set of 5 value statements based on previous Council discussions and input from housing developers and City staff.

- Value #1 – Maximize affordable units in El Paso
- Value #2 – Provide for supportive services
- Value #3 – Inclusiveness with surrounding neighborhood
- Value #4 – Developer experience in El Paso affordable housing
- Value #5 – Meets City smart growth initiative

The values were constructed in a way that ensures that changes to future QAPs will not significantly impact the City criteria.



Recommended Criteria

These values were then prioritized and given point values:

- 40 points – Value #1 – Maximize affordable units in El Paso
- 20 points – Value #2 – Provide for supportive services
- 15 points – Value #3 – Inclusiveness with surrounding neighborhood
- 15 points – Value #4 – Experience in El Paso affordable housing
- 10 points – Value #5 – Meets City smart growth initiative

Criteria was then established, and unanimously approved by the BRWG for evaluating each value...

"Delivering Outstanding Services"



Recommended Criteria

Value #1: Maximize affordable housing units within the City of El Paso with whatever combination of projects produces the most affordable housing units, given allocation of funds for the region.

Evaluation Criteria (40 pts max.): 40 points to projects that combine to result in the greatest number of tax credit funded units. All other proposals receive a percentage of 40 points equal to the percentage of units resulting from their optimal combination with other projects, when compared to the top unit-producing combination.

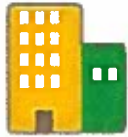


Recommended Criteria

Value #1 Example:



Project A – 180 affordable units (Request of \$1.5 million tax credits)



Project B – 120 affordable units (Request of \$1.0 million tax credits)



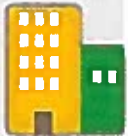
Project C – 40 affordable units (Request of \$500k million tax credits)

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Recommended Criteria

Value #1 Example:



Project A – 180 affordable units



Project B – 120 affordable units

Combined – 300 affordable units

Value #1 Evaluation Score = 40 points

Projects A and B receive **40 points** each



Recommended Criteria

Value #1 Example:



Project A – 180 affordable units



Project C – 40 affordable units

Combined – 220 affordable units

Value #1 Evaluation Score

220 units / 300 units = 73.3%

40 points x 73.3% = 29 points

Project C receives 29 points



Recommended Criteria

Value #2: Support breaking the cycle of poverty and support upward mobility by either directly providing or facilitating availability of social services.

Evaluation Criteria (20 pts max.): Actively support residents of the project through provision of staffing, investments in programs and services, MOUs with other providers, and/or in house staff providing services.

Categories of Services:

- **Education (6 pts)**
- **Economic development/workforce and entrepreneurial development (including homeownership programs) (8 pts)**
- **Supportive/social services (6 pts)**



Recommended Criteria

Value #3: Residents given an opportunity for inclusiveness and afforded an opportunity to access public services

Evaluation Criteria (15 pts max.):

Categories:

- No physical barriers separating the development from the neighborhood and commercial/public services **(5 pts)**
- Gathering points/areas that bring together residents of the project and residents of the neighborhood at large **(5 pts)**
- Quality of life amenities/walkability (exceeds City requirements) **(5 pts)**



Recommended Criteria

Value #4: Local presence and long-term accountability in El Paso

Evaluation Criteria (15 pts max.): Applicant has:

- Past experience involved in a development team constructing, operating and/or providing affordable housing in El Paso **(4 pts)**
- A staff presence in El Paso of at least 5 employees **(4 pts)**
- 5 or more years experience as part of a development team financing, building, operating or managing affordable housing in El Paso **(4 pts)**
- An historic commitment to affordable housing as demonstrated by holding, managing and operating an affordable housing development for at least 10 years in El Paso **(3 pts)**



Recommended Criteria

Value #5: Meets City smart growth initiative as set out in Plan El Paso

Evaluation Criteria (10 pts max.): Each project will be evaluated and scored by City of El Paso Planning and Inspections Department.



Questions

Discussion and instruction on the **unanimously approved** recommendations of the Mayor's Blue Ribbon Working Group on Affordable Housing regarding evaluation criteria for requests for City support of Low Income Housing Tax Credit (LIHTC) projects.

QUESTIONS/COMMENTS