

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

DEPARTMENT: Community and Human Development
AGENDA DATE: December 8, 2015
CONTACT PERSON: Verónica R. Soto, AICP, Director, 212-0138
DISTRICT: All Districts

SUBJECT:

Discussion and action on the City of El Paso's process to issue support for Low Income Housing Tax Credit Developments.

BACKGROUND / DISCUSSION:

Low Income Housing Tax Credits (LIHTCs) are an indirect Federal subsidy used to finance the development of affordable rental housing for low-income households. The Texas Department of Housing and Community Affairs (TDHCA) is the state's designated tax credit allocating agency. TDHCA issues Requests for Tax Credit Developments on an annual basis. The scoring and evaluation for the proposals includes additional points for a Resolution of Local Support from the City where the developments will be located. In order to issue Resolutions for the Tax Credit Developments with equal consideration to all potential developments, information from all applicants considering submittals to TDHCA is required for city staff to evaluate proposals and make recommendations to City Council for the competitive tax credit projects. The points a project may receive via a support Resolution from the City may be the ones that determine if a project gets an allocation or not. A total of 17 points out of a grand total of 170 can be earned via a support Resolution. In addition, municipal financing support earns one (1) additional point.

Council is asked to adopt a policy for the non-competitive tax credit projects to issue Resolutions of No Objection as these are received. Should this be the direction provided, all non-competitive applications will be placed on the City Council agenda quickly to supply the No Objection Resolutions as they are submitted.

For the competitive applications in the 9% category, the evaluation criteria used by staff to review and make recommendations is the following:

- Developers capacity and experience with similar projects
- Total Development Cost, including cost per square foot
- Location of Proposed Development and location within a Redevelopment area
- Compliance with City's Comprehensive Plan
- # of Dwelling Units (Does it fit) and Dwelling Units Mix (1,2,3,4 Bedrooms)
- Percentage of Population Served: (60%, 50%, 30% AMI) and Populations with Special Needs
- List of Development Amenities
- Proximity to Transportation Corridors, Medical Facilities, Shopping
- If a Rehab project, will project require permanent relocation of tenants (if seeking City funding)
- Detailed Financing proposed, possible terms for HOME funding (if seeking City funding)
- Will project comply with Section 3 HUD requirements (if seeking City funding)
- Alignment with City's Strategic Plan

Like last year, an inter-departmental team will evaluate applications in this category with staff from the following Departments participating: Community and Human Development, Planning & Inspection, Economic Development.

The deadline for all Resolutions to be submitted to TDHCA is March 1, 2016 therefore recommendations for resolutions on the competitive 9% tax credit developments will be presented to Council in late February. Non-Competitive projects will be submitted for no objection Resolutions as they are submitted to our office so these may be presented for Council approval anytime between December and late February should council adopt the recommended policy.

PRIOR COUNCIL ACTION:

Dec. 1 2014 – Council adopted process to issue support for Low Income Housing Tax Credit Developments

AMOUNT AND SOURCE OF FUNDING:


NA

BOARD / COMMISSION ACTION:

NA

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

DEPARTMENT HEAD:


Verónica R. Soto, AICP, Director

Information copy to appropriate Deputy City Manager

RESOLUTION

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

That the City Council hereby adopts the Community and Human Development Department Policy for evaluation and recommendations of the 2016 Low Income Housing Tax Credit Applications, attached hereto as Exhibit "A".

APPROVED this ____ day of _____, 2015.

THE CITY OF EL PASO

Oscar Leeser
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:

Lauren K. Ferris
Assistant City Attorney

APPROVED AS TO CONTENT:

Verónica R. Soto, AICP, Director
Community and Human Development



2016 LOW INCOME HOUSING TAX CREDITS REQUEST FOR MUNICIPAL RESOLUTION

EXHIBIT A
1 of 3

The City of El Paso requires the following information in order to process a request for submittal to the Texas Dept. of Housing and Community Affairs as part of the Low Income Housing Tax Credit request for 2016; submittal does not guarantee award. All Applicants must fill out Section A and B. Section C is only for applicants for 9% tax credits and Section D is for those 9% applicants seeking city financial support.

Deadline for consideration: January 11, 2016 by 5:00 pm.

SECTION A. PROPERTY AND CONTACT INFORMATION

1. Applicant/Developer: _____
2. Contact Person: _____
3. Applicant Address: _____
Phone (____) _____ Cell Phone (____) _____ Fax (____) _____
E-Mail: _____
4. Name of Proposed Development: _____
5. Proposed Development Address: _____
6. Describe Developer's capacity and experience with similar projects within the last 10 years. No more than 1 page. Submit as Attachment A-6.

SECTION B. PROJECT INFORMATION

1. Project Type (rehabilitation, new construction, adaptive reuse, etc.): _____
2. Development type (single family, duplex, high-rise, etc.): _____
3. Type of Tax Credit requested of TDHCA (4%, 9% At-Risk, 9% Competitive, etc.): _____
4. Provide a written narrative explaining why the particular type of tax credit is being requested and how the development type proposed meets TDHCA criteria. Include any specific goals and objectives the proposed development will meet. No more than 2 pages. Submit as Attachment B-4.
5. Total Cost of Project (as prepared by an Architect, Engineer or Contractor): \$ _____
6. Cost per square foot: \$ _____
7. Amount of Credits being Requested of TDHCA: \$ _____
8. Number of Units & Housing mix for proposed development (1, 2 or 3 bedroom) and Number of Affordable Units

Units/bedroom size:	Total Quantity	60% AMI	50% AMI	30%AMI
Efficiency	_____	_____	_____	_____
1 Bedroom	_____	_____	_____	_____
2 Bedroom	_____	_____	_____	_____
3 Bedroom	_____	_____	_____	_____
4 Bedroom	_____	_____	_____	_____
Totals:	_____	_____	_____	_____
9. Is the Proposed Development site properly zoned for proposed development? Yes ____ No ____
a. Current Zoning: _____
10. Is the Proposed Development within a Redevelopment/Revitalization area(s)? Yes ____ No ____
a. Name of Redevelopment/Revitalization area(s): _____

11. Is the Proposed Development site within a City Recognized Neighborhood Association? Yes ____ No ____

a. Name of Neighborhood Association(s): _____

12. If within a City Recognized Neighborhood Association, a letter to the Association providing the same content as required for notification to Elected Officials is required. Submit a copy of any letters as Attachment B-12. An interactive map of neighborhood associations is at the Community and Human Development Department webpage at:
<http://gis.elpasotexas.gov/neighborhoodassociations/index.html>

13. Are the property taxes current for the site? Yes ____ No ____

If yes, provide a copy of current property tax receipt, or print-out from the Internet Tax Site. Submit as Attachment B-13.

14. Is the property located in a flood zone? Yes ____ No ____

15. Has a sign been placed on the subject property indicating that the site is seeking tax credits? Yes ____ No ____

The sign must be placed on the property for at least 30 days from January through February 2016. The City will not consider proposals that do not have this signage. Sign must include applicant contact information as well as wording that the site is seeking Low Income Housing Tax Credits from the state.

16. Submit location map showing the project site. Submit as Attachment B-16.

17. Provide a narrative that addresses how the Proposed Development is in compliance with the City's Comprehensive Plan in no more than 1 page. Submit as Attachment B-20.

SECTION C. FOR 9% APPLICANTS

18. Provide a narrative description of the project, detail proposed amenities to be included in the development including proximity to community and retail services, and address the specific objectives the proposed development will meet in no more than 2 pages. Submit as Attachment B-17.

19. Submit a conceptual rendering or preliminary building plans. Submit as Attachment B-18.

20. Is there access to public transportation within one-half (1/2) mile of the proposed Development? Yes ____ No ____

21. Is there additional municipal investment within a 1/2 mile of the proposed development? If so, provide a narrative no longer than 1 page describing this investment. Submit as Attachment B-21.

SECTION D. FOR THOSE PROJECTS SEEKING FINANCIAL ASSISTANCE FROM CITY FUNDS

1. Total Amount of Funds Requested from City HOME/CDBG funds: \$ _____

2. Indicate Use of All Funds By Category and Amount:

Acquisition:	\$ _____
Design/Soft Costs:	\$ _____
New Construction of Housing Units:	\$ _____
Rehabilitation/Conversion of Housing Units:	\$ _____
Funds from other sources:	\$ _____
Total Project Cost:	\$ _____

3. Relocation of Tenants:

How many of the existing dwelling units are occupied? _____ Vacant? _____

If completely vacant, how long has the property been vacant? _____

Are any of the units owner-occupied? _____

Will Temporary or permanent relocation be required? _____

4. Section 3 Agreement: If the project construction amount totals more than \$200,000, the owner / contractor agrees to exceed the Section 3 requirements by: (1) awarding at least 20% of the total dollar amount of all covered construction contracts to Section 3 businesses; and (2) offering 50% of new employment opportunities to Section 3 businesses. Section 3 is a provision of the Housing and Urban Development (HUD) Act of 1968 that requires that recipients of certain HUD financial assistance, to the greatest extent feasible, provide job training, employment, and contracting opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods. The HOME and CDBG funds administered by the City necessitate following Section 3 provisions.

Do you agree to exceed the Section 3 requirements noted above? Yes ____ No ____

5. Submit the following financial documents

- a. Applicant's financial statement or most recent audit. Submit as Attachment C-6.a.
- b. Applicant's Current Income Tax Return. Submit as Attachment C-6.b.
- c. A preliminary operating pro forma cash flow statement as submitted to TDHCA in pre-application. Submit as Attachment C-6.c.

SECTION D. CERTIFICATIONS

**RETURN COMPLETED REQUEST WITH ALL ATTACHMENTS
NO LATER THAN MONDAY, JANUARY 11, 2016 BY 5:00 PM**

**TO: Mark Weber, Neighborhood Services Coordinator
Community and Human Development Department
801 Texas Avenue – Third Floor
El Paso, Texas 79901
(915) 212-0138 or (915) 212-1682**

Person authorized to sign on behalf of proposed development:

I/we declare that I/we have examined this request and, to the best of my/our knowledge and belief, the information contained therein, is true, correct, and complete.

Signature (required): _____

Printed Name/Title: _____

Date: _____

FOR STAFF USE ONLY: Received by: _____ Date: _____

Review for Completeness by: _____

Strategic Plan Alignment Review: _____



COMMUNITY AND HUMAN DEVELOPMENT

Mayor
Oscar Leaser

To: Mayor and Council
From: Verónica R. Soto, AICP, Director *RSoto*
Thru: Cary Westin, Managing Director for Economic Development
Date: December 2, 2015
RE: Low Income Housing Tax Credits 2016 Round

City Council

District 1
Peter Svarzbein

District 2
Larry Romero

District 3
Emma Acosta

District 4
Carl L. Robinson

District 5
Dr. Michiel R. Noe

District 6
Claudia Ordaz

District 7
Lily Limón

District 8
Cortney C. Niland

City Manager
Tommy Gonzalez

Low Income Housing Tax Credits (LIHTCs) are an indirect Federal subsidy used to finance the development of affordable rental housing for low-income households. The Texas Department of Housing and Community Affairs (TDHCA) is the state's designated tax credit allocating agency. A scoring criteria known as the Qualified Allocation Plan (QAP) governs the awarding of LIHTCs and revisions are proposed annually through a public comment process and in November 2015 TDHCA approved the 2016 QAP. As in the past, municipalities will have an opportunity to offer support Resolutions for projects from the Region competing for tax credits.

This is a highly competitive process for 9% credits and not as competitive for the 4% credits. Therefore, staff recommends that the City offer Resolutions of no objection to all 4% credit developments. For the 9% credits, in the interest of fairness to all potential developments, the Community and Human Development Department will once again administer a process to review and vet applications for consideration for a support Resolution by Council. The points a project may receive via a support Resolution from the City may be the ones that determine if a project gets an allocation or not. A total of 17 points out of a grand total of 170 can be earned via a support Resolution. In addition, municipal financing support earns one (1) additional point.

Timeline

- December 8, 2015 – Presentation to City Council on LIHTCs and the city's role
- December 9, 2015 – "Request for Support Resolution from the City of El Paso – 2016 Housing Tax Credits" submittal form released and acceptance immediately thereafter.
- Monday, January 11, 2016 – Deadline for Requests to be submitted to the Department
- Late Feb 2016 – City Council to consider Support Resolutions

Evaluation criteria by inter-departmental team:

- Developers capacity and experience with similar projects
- Total Development Cost, including cost per square foot
- Location of Proposed Development and location within a Redevelopment area
- Compliance with City's Comprehensive Plan
- # of Dwelling Units (Does it fit) and Dwelling Units Mix (1,2,3,4 Bedrooms)
- Percentage of Population Served: (60%, 50%, 30% AMI) and Populations with Special Needs
- List of Development Amenities
- Proximity to Transportation Corridors, Medical Facilities, Shopping
- If a Rehab project, will project require permanent relocation of tenants (if seeking City funding)
- Detailed Financing proposed, possible terms for HOME funding (if seeking City funding)
- Will project comply with Section 3 HUD requirements (if seeking City funding)
- Alignment with City's Strategic Plan

Developers are asked to meet Local Public Notification requirements to be considered. If you have questions, please contact me at (915) 212-0138 or SotoV@elpasotexas.gov. Thank you.

Verónica R. Soto, AICP, Director
City 3 | 801 Texas | El Paso, Texas 79901 | (915) 212-0138

"Delivering Outstanding Services"

Competitive Housing Tax Credit Selection Self-Score

The Applicant is responsible for understanding whether the Development qualifies under each of the point categories below. The column labeled "QAP Reference" provides the specific provisions within the QAP (Chapter 11) and Applicants are encouraged to read the full rule prior to electing points under any of these categories.

Criteria Promoting Development of High Quality Housing			MAXIMUM
Point Item Description	QAP Reference	Points Selected	POINTS
Unit Sizes	§11.9(b)(1)(A)	0	8
Unit Features	§11.9(b)(1)(B)	0	7
Sponsor Characteristics	§11.9(b)(2)	0	1
High Quality Housing Total		0	16

Criteria to Serve and Support Texans Most In Need			
Point Item Description	QAP Reference	Points Selected	
Income Levels of Tenants	§11.9(c)(1)	0	16
Rent Levels of Tenants	§11.9(c)(2)	0	13
Tenant Services*	§11.9(c)(3)	0	10
Opportunity Index	§11.9(c)(4)(A)	0	7
Educational Excellence**	§11.9(c)(5)	0	5
Underserved Area	§11.9(c)(6)	0	2
Tenant Populations with Special Needs	§11.9(c)(7)	0	2
Proximity to Important Services	§11.9(c)(9)	0	2
Serve and Support Texans Most in Need Total		0	57

Criteria Promoting Community Support and Engagement			
Point Item Description	QAP Reference	Points Selected	
Local Government Support	§11.9(d)(1)	0	17
Commitment of Development Funding by Local Politic	§11.9(d)(2)	0	1
Declared Disaster Area	§11.9(d)(3)	0	10
Quantifiable Community Participation	§11.9(d)(4)	0	9
Community Support from State Representative	§11.9(d)(5)	0	8
Input from Community Organizations	§11.9(d)(6)	0	4
Concerted Revitalization Plan***	§11.9(d)(7)(A)	0	6
Community Support and Engagement Total		0	55

Criteria Promoting the Efficient Use of Limited Resources and Applicant Accountability			
Point Item Description	QAP Reference	Points Selected	
Financial Feasibility	§11.9(e)(1)	0	18
Cost of Development per Square Foot	§11.9(e)(2)	0	12
Pre-application Participation	§11.9(e)(3)	0	6
Leveraging of Private, State, and Federal Resources	§11.9(e)(4)	0	3
Extended Affordability	§11.9(e)(5)	0	2
Historic Preservation	§11.9(e)(6)	0	5
Right of First Refusal	§11.9(e)(7)	0	1
Funding Request Amount	§11.9(e)(8)	0	1
Efficient Use of Limited Resources and Applicant Accountability Total		0	48

Total Application Self Score		0	176
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*11 points max. if a Supportive Housing Development under Houston PSH program (if choosing 11 pts, only eligible for 2 of 5 Educational Excellence points)

**Only eligible for 2 points if Supportive Housing Development

***Only eligible if no points selected under Opportunity Index



Low Income Housing Tax Credit Program & Municipal Participation to Support Developments



Alignment with City Strategic Plan

Strategy 8.2: Stabilize neighborhoods through community, housing and ADA improvements

Community & Human Development Department

December 8, 2015

"Delivering Outstanding Services"



Purpose

1. Present the Low Income Housing Tax Credit (LIHTC) Program as administered by the State.
2. Explain how the City can impact the tax credit allocation process through its support.



Proposed Process

- Community and Human Development to administer review process & make recommendations to Council
- Set deadline for requests for Support Resolutions
- Set criteria by which to evaluate proposals for support resolutions
- Set criteria by which to evaluate developments for City financial commitment
- Issue Support Resolutions before end of February 2016



What are Low Income Housing Tax Credits?

- Enacted by Congress in 1986 to provide the private market with an incentive to invest in affordable rental housing.
- Tax credits are awarded to developers of qualified projects.
- Developers often sell tax credits to investors to raise capital (or equity) for projects and investors then use the tax credits to offset a portion of their federal tax liability.
- Because the debt is lower, a tax credit property can offer lower, more affordable rents.
- There are set asides for non-profit developments and housing at-risk of becoming unaffordable.



What Types of Tax Credits Exist?

9% vs. 4% Tax Credits

- LIHTCs subsidize 30 percent or 70 percent of the low income unit costs in a project. The 30 percent subsidy, which is known as the **4% tax credit** (awarded on **non-competitive** basis, year round), is utilized in conjunction with tax-exempt revenue bonds.
- The 70 percent subsidy, or **9% tax credit**, supports a significant portion of the cost of development and is **highly competitive**.
- About \$2.5 million in 9% tax credits are expected for the greater El Paso region in 2016.



How are Tax Credits allocated?

- The Texas Department of Housing and Community Affairs (TDHCA) allocates tax credits in Texas by Region.
- TDHCA annually adopts a Qualified Allocation Plan (QAP) establishing procedures and requirements for an award.
- The QAP scoring includes:
 - Criteria Promoting Development of High Quality Housing
 - Criteria to Serve and Support Texans Most In Need
 - Criteria Promoting Community Support & Engagement
 - Criteria Promoting the Efficient Use of Limited Resources and Applicant Accountability



TDHCA 2016 Timeline for Credits

- Dec. 1, 2015 – 2016 QAP finalized
- January 4, 2016 – Application Acceptance begins
- January 8, 2016 – Pre-Application Deadline
- January 8, 2016 – Notifications to local elected officials
- March 1, 2016 – Full Application Deadline
- March 1, 2016 – Final Input from Elected Officials including Resolution for Local Government Support
- July 2016 – Final Awards



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
- Commitment of Development Funding by Local Political Subdivision – One (1) point
 - This requires a letter from the City stating that a loan, grant, reduced fees or other contribution of value will be provided for the benefit of the development.
 - City will provide a maximum of \$50,000 in HOME/CDBG funds per development



Evaluation Process & Criteria

- 1 Deadline for all proposals seeking 9% tax credits; 1 application per development.
- Same requirements for all developments seeking tax credits, similar to the TDHCA pre-application requirements
- Additional requirements for developments seeking City financial support (financial documentation)



Evaluation Process & Criteria

- If a proposed development is located within the boundary of an existing neighborhood association, written notification to the association is required
- Require notice posted on the property
- For non-competitive projects, the 4% category, provide Resolutions of “No Objection” to all applicants (no financial commitment required)



Local Factors

Community Development, Economic Development and Planning staff will evaluate proposals on the following criteria:

- Location of Proposed Development
- Location within a Redevelopment/Revitalization Area (Sustainable City Centers, BRT line)
- Compliance with City's Comprehensive Plan
- # of Units (Does it fit)
- Make-Up of Units (1,2,3,4 Bedrooms)



Local Factors (cont.)

- Percentage of population served (60%, 50%, 30% Area Median Income)
- Amenities including architectural features and site design
- Proximity to transportation corridors, medical facilities, shopping (grocery)
- Alignment with City's Strategic Plan and consideration of additional City investment in the project service area



Next Steps

- Department to issue “Request for Support Resolution from the City of El Paso – 2016 Housing Tax Credits” submittal forms on Wednesday, Dec. 9, 2015
- Deadline to submit requests will be Monday, January 11, 2016 (week after TDHCA pre-application deadline).
- Department will evaluate proposals and make recommendations for consideration by City Council in February 2016.



Questions?



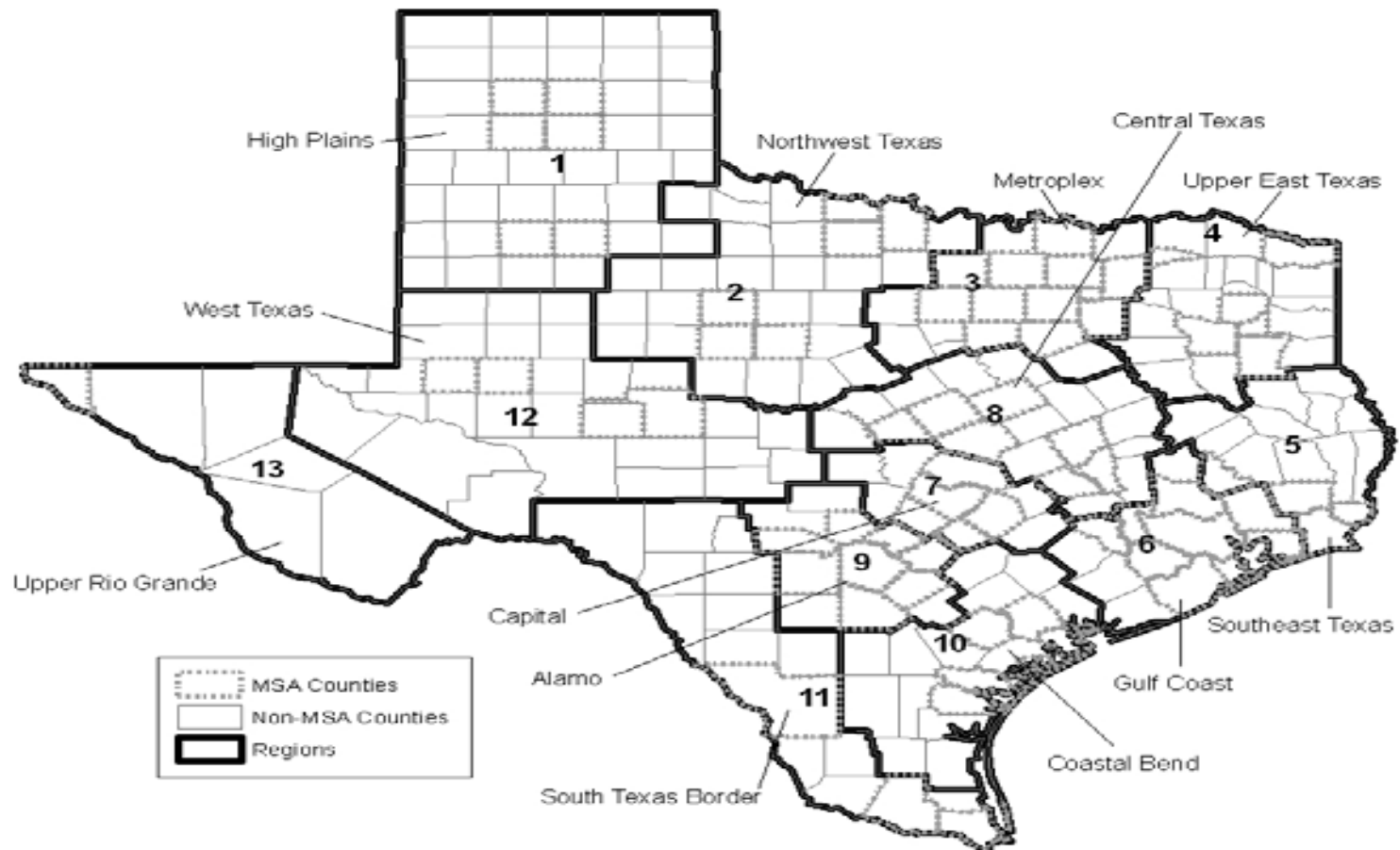
Good Samaritan Towers, 4% Tax Credits, 2015
(Rehabilitation)



North Desert Palms, 9% Tax Credits, 2013



Texas Regions





Competitive Housing Tax Credit Selection Self-Score

The Applicant is responsible for understanding whether the Development qualifies under each of the point categories below. The column labeled "QAP Reference" provides the specific provisions within the QAP (Chapter 11) and Applicants are encouraged to read the full rule prior to electing points under any of these categories.

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High Quality Housing Total			16

Criteria to Serve and Support Texans Most In Need			
Point Item Description	QAP Reference	Points Selected	
Income Levels of Tenants	§11.9(c)(1)	0	16
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Opportunity Index	§11.9(c)(4)(A)	0	7
Educational Excellence**	§11.9(c)(5)	0	5
Underserved Area	§11.9(c)(6)	0	2
Tenant Populations with Special Needs	§11.9(c)(7)	0	2
Proximity to Important Services	§11.9(c)(9)	0	2
Serve and Support Texans Most in Need Total			57



Criteria Promoting Community Support and Engagement			
Point Item Description	QAP Reference	Points Selected	
Local Government Support	§11.9(d)(1)	0	17
Commitment of Development Funding by Local Po	§11.9(d)(2)	0	1
Declared Disaster Area	§11.9(d)(3)	0	10
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Community Support from State Representative	§11.9(d)(5)	0	8
Input from Community Organizations	§11.9(d)(6)	0	4
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Community Support and Engagement Total		0	55

Criteria Promoting the Efficient Use of Limited Resources and Applicant Accountability			
Point Item Description	QAP Reference	Points Selected	
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Cost of Development per Square Foot	§11.9(e)(2)	0	12
Pre-application Participation	§11.9(e)(3)	0	6
Leveraging of Private, State, and Federal Resource	§11.9(e)(4)	0	3
Extended Affordability	§11.9(e)(5)	0	2
Historic Preservation	§11.9(e)(6)	0	5
Right of First Refusal	§11.9(e)(7)	0	1
Funding Request Amount	§11.9(e)(8)	0	1
Efficient Use of Limited Resources and Applicant Accountability Total		0	48

Total Application Self Score		0	176
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