

Memorandum



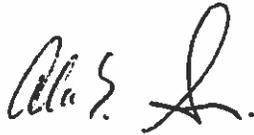
DATE December 2, 2016

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Multifamily Housing Development Notice of Funding Availability

On Monday, December 5, 2016, you will be briefed on the Multifamily Housing Development Notice of Funding Availability. A copy of the briefing is attached.

Please let me know if you have any questions.

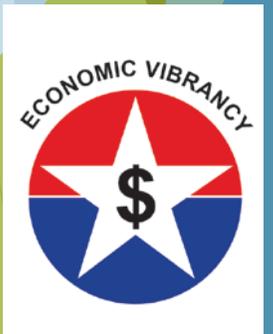


Alan E. Sims
Chief of Neighborhood Plus

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Larry Casto, City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Multifamily Housing Development Notice of Funding Availability

A Briefing to the Housing Committee
Housing/Community Services Department
December 5, 2016



Purpose

- ▶ Discuss the Notice of Funding Availability (NOFA) for Multifamily Housing Development Projects
- ▶ Update Housing Committee on Texas Department of Housing and Community Affairs (TDHCA) Housing Tax Credit (HTC) program
- ▶ Discuss next steps

Multifamily NOFA

- ▶ On November 11, 2016, Housing and Community Services issued a Multifamily NOFA to solicit proposals for all types of multifamily projects, including projects applying for TDHCA Housing Tax Credits
- ▶ On November 21, 2016, a Proposer's Conference was held with developers
- ▶ On December 12, 2016, the NOFA submission period closes
- ▶ It was important to begin this process as TDHCA will have pre-applications for the 9% Housing Tax Credits due within the first two weeks of January 2017

Texas Department of Housing & Community Affairs (TDHCA) Housing Tax Credit (HTC) program

- ▶ The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program
- ▶ For 2015 and 2016, the tax credit availability was approximately \$11 million for the region
- ▶ The Region includes Dallas, Denton, Collin, Tarrant, and Grayson Counties
- ▶ The Texas Department of Housing and Community Affairs (TDHCA) is the only entity in the state of Texas with the authority to allocate tax credits under this program

Housing Tax Credit (HTC) program

- ▶ The HTC program is one of the primary means of directing private capital toward the creation of affordable rental housing
- ▶ The HTC program provides investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing
- ▶ The HTC program allows qualified families to lease the developed units at below market rate rents
- ▶ From 1990 to 2015, there have been 133 projects awarded tax credits in Dallas (both 4% and 9%) which have created 20,325 housing units
- ▶ LIHTC projects are required to offer funded units to households at or below 60% of Area Median Family Income for a minimum of 30 - 35 years

2017 TDHCA Housing Tax Credit program timeline

▶ 9% Competitive

- ▶ December 2016- TDHCA releases the Qualified Allocation Plan and Rules to allow for developers to apply for 9% HTC program
- ▶ January 2017- Pre-applications from developers are due to TDHCA
- ▶ March 1, 2017- Full applications from developers must be submitted to TDHCA with support resolutions from the City of Dallas
- ▶ Mid-May 2017- Final scoring notices will be issued
- ▶ July 2017- TDHCA Board makes final awards

▶ 4% Non-competitive

- ▶ Applications can be submitted anytime throughout the year
- ▶ Must also have City support resolutions

HTC Qualified Allocation Plan for 2017

- ▶ TDHCA develops an annual plan for the selection of developments known as the Qualified Allocation Plan (QAP)
- ▶ The 2017 QAP includes a point based scoring system with the following criteria:
 - ▶ Size & Quality of the Units
 - ▶ Sponsor Characteristics
 - ▶ Income Levels of Tenants
 - ▶ Rent Levels of Tenants
 - ▶ Tenant Services
 - ▶ Opportunity Index
 - ▶ Noted change: Poverty rate threshold for high opportunity index from 15% to 20%
 - ▶ Educational Quality
 - ▶ Underserved Area
 - ▶ Tenant Populations with Special Housing Needs
 - ▶ Proximity to Urban Core
 - ▶ Local Government Support
 - ▶ Commitment of Development Funding
 - ▶ Declared Disaster Area

HTC QAP continued

▶ QAP Criteria (continued)

- ▶ Quantifiable Community Participation
- ▶ Community Support from State Representative
- ▶ Input from Community Organizations
- ▶ Concerted Revitalization Plan (CRP)
- ▶ Financial Feasibility
- ▶ Cost of Development per Square Foot
- ▶ Pre-application Participation
- ▶ Leveraging of Private, State, and Federal Resources
- ▶ Extended Affordability
- ▶ Historical Preservation
- ▶ Right of First Refusal
- ▶ Funding Request Amount

*Note: In addition to the graded criteria, TDHCA also has threshold site and development requirements and restrictions

TDHCA Components of a CRP

- ▶ An area that was once vital and has lapsed into a situation requiring concerted revitalization, and where a concerted revitalization plan has been developed and executed
- ▶ The area targeted for revitalization must be larger than the assisted housing footprint and should be a neighborhood or small group of contiguous neighborhoods with common attributes and problems
- ▶ Criteria include:
 - ▶ Plan has been adopted by the municipality
 - ▶ Problems must be identified through a community engagement process to include recommended solutions
 - ▶ Long-term disinvestment, housing, blight, infrastructure, etc.
 - ▶ Declining quality of life for residents, crime, criminal activity
 - ▶ Efforts to address problems
 - ▶ Creation of affordable housing
 - ▶ Attracting private sector development
 - ▶ Developing health care or recreational facilities
 - ▶ Providing public transportation
 - ▶ Improving underperforming schools

Housing Placement

- ▶ As adopted by the Housing Committee, the Placement Policy guides the development community to carefully select the site for Housing Tax Credit (HTC) projects that desire City support, allowing the City to:
 - ▶ Be attentive to concentrations of poverty
 - ▶ Create opportunities for housing choices
- ▶ Multifamily rental units seeking to be developed as new construction using housing tax credits shall not receive City support, including a resolution for “no objection” unless they are in census tracts meeting all of the criteria for “High Opportunity” defined below:
 - ▶ Dallas census tracts with less than 15% poverty rate (TDHCA proposing 20%); and
 - ▶ In the attendance zone of an elementary school that has a state accountability rating of “Met Standard” from the Texas Education Agency
- ▶ Multifamily rentals seeking to be developed as a rehabilitation project using housing tax credits shall be considered city wide, subject to the City’s obligations to affirmatively further fair housing and uphold the Fair Housing Act, and shall not receive City support, including a resolution of “no objection” without proposed increased capital improvements, investment, and maintenance
- ▶ Allow support for all HTC projects if located in census tracts covered by an approved and funded Concerted Revitalization Plan

Previously Adopted CRPs

- ▶ South Dallas- Ideal/Rochester Park
- ▶ South Dallas- Greater Fair Park
- ▶ Lancaster Corridor/Cigarette Hill
- ▶ West Dallas (Census Tract 101.02)
- ▶ Wynnewood Neighborhood
- ▶ Skyline Area CRP (in progress)

Note: TDHCA has stated at public workshops that Tax Increment Financing Areas can also be designated as CRP areas and would recommend that language to include them be in the final adoption of the Placement Policy on December 14, 2016.

Funds Available for Multifamily Housing Development

- ▶ The Housing/Community Services Department has approximately \$5.4 million in funds available to commit to gap financing
 - ▶ \$2.4M in HOME Investment Partnership Program - Housing Development Loan
 - ▶ \$3M in general obligation bond funds specific to southern Dallas projects and transit oriented development projects
- ▶ Other sources may include:
 - ▶ Tax Increment Financing District Funds
 - ▶ Section 108 Loan Funds
 - ▶ EB5
 - ▶ New Market Tax Credits

Next Steps

- ▶ Proposals will be due on December 12, 2016
- ▶ Review Committee will convene meetings with Developers/Consultants in late December to discuss proposals and ask questions
 - ▶ Office of Fair Housing will evaluate each project to ensure compliance with City's obligation under the Fair Housing Act
 - ▶ Review committee consists of staff from Housing, Economic Development, Planning & Urban Development, and private lenders from the community
- ▶ December 14, 2016, City Council consideration of the Placement Policy for HTC projects and Fair Housing evaluation for all projects
- ▶ Presentation of all proposals to Housing Committee January 2017
- ▶ Presentation of recommended projects to City Council January/February 2017