

Memorandum



CITY OF DALLAS

DATE October 17, 2014

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Low Income Housing Tax Credit Program and Selection Criteria

On Monday October 20, 2014, you will be briefed on Low Income Housing Tax Credit Program and Selection Criteria. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink that reads "Theresa O'Donnell".

Theresa O'Donnell
Chief Planning Officer

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, 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
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Low Income Housing Tax Credit Program and Selection Criteria

A Briefing To The
Housing Committee

Housing/Community Services Department
October 20, 2014



Purpose

- ❑ Review the Texas Department of Housing & Community Affairs (TDHCA) Low Income Housing Tax Credit (LIHTC) Program
- ❑ Review current multifamily review criteria and priorities
- ❑ Discuss the Notice of Funding Availability and Next Steps

TDHCA Low Income Housing Tax Credit (LIHTC) 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
- 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
- The tax credit program is one of the primary means of incentivizing investment toward the creation of affordable rental housing
- Investors use the tax credits to offset a portion of their federal tax liability
- TDHCA approved LIHTC projects must have a minimum of 35 years affordability

Tax Credit Funds Available for 2014

- The State is broken into 13 Urban Regions and 13 Rural Regions
 - Each region has a set amount of tax credits
 - Applicants compete for funding in their respective regions
 - The 9% LIHTC program is extremely competitive
- The State also has an “At-Risk” category which is a state-wide competition for existing developments at risk of losing affordable units
- The Dallas/Fort Worth Urban Region includes:
 - Dallas, Denton, Collin, Tarrant, and Grayson Counties
 - Approximately \$10.6 million in tax credits were available for 2014
 - One application, Serenity Apartments, was successful in the 2014 9% round

TDHCA 9% LIHTC Timeline for 2014

- December: Texas Department of Housing & Community Affairs (TDHCA) releases the Qualified Allocation Plan and Rules to allow for developers to apply for 9% Low Income Housing Tax Credits (LIHTCs)
- January: Preapplications from developers are due to TDHCA
- February: Full applications from developers must be submitted to TDHCA
- April: Input from State Representatives due to TDHCA
- May: Application challenges are due to TDHCA
- Mid-May: Final scoring notices will be issued
- Late July: TDHCA Board makes final awards

4% LIHTC Program

- Follows the same rules, guidelines, criteria as the 9% program
- There is no timeline for submission
- Non-competitive
- Does not provide as much funding as 9% LIHTC
- Has to be combined with bond issuance
 - Bonds can be issued through the State of Texas, the Dallas Housing Finance Corporation, or the Dallas Housing Authority

Current Multifamily Priorities

- Permanent Supportive Housing/ Special Needs Housing
- New Construction
- Demolition & Reconstruction
- Projects located in an existing community revitalization program area, master planned area, or transit oriented development area

Current Multifamily Review Criteria Adopted by City Council January 23, 2008

1. Does the project fit in the City's priorities?
2. Has the City already provided financial assistance?
3. Does the project eliminate slum or blight?
4. Does the project have appropriate zoning?
5. Proximity & capability of schools for project
6. Comments of owners/residents surrounding project
7. Concentration of multifamily projects in an area
8. Has applicant agreed to incorporate safety/security features for project?
9. Willingness of applicant to address resident's concerns
10. Quality of proposed project
11. Project design and special accommodations for expected tenants
12. Will the project have adverse effect on the neighborhood?
13. Is the project compatible with existing or anticipated development of area?

Current Multifamily Review Criteria (continued)

14. Project compatibility with land uses in area
15. Parking demand & undue burden on public facilities
16. Traffic caused by the project
17. Existing or proposed public transit availability
18. Location, density, height of buildings effect on future development for area
19. Preservation of environmental assets and concern for landscaping
20. Managers reside on site
21. Financial capacity of applicant to complete & operate the project
22. Can the market absorb the new rental units?
23. One mile concern
24. Applicant has presented a suitable development plan for the entire development site
25. Any other factor relevant to the best interest of the City (includes consideration for fair housing)

Additional Considerations

- Allow for rehabilitation projects if the age of the building is no more than 20 years old
- City or Affiliate Ownership of Multifamily Units
 - If the project is permanent supportive housing
 - If the project commits to provide revenue above and beyond the value of the property tax exemption
- Priority for Mixed Income Projects
- No more than 20% LIHTC units per census tract unless it is located in a community revitalization program area, master planned area, or transit oriented development area
- Housing Plus Initiative-does project produce positive outcomes for supportive services or goals (e.g. transit, education, jobs, healthcare)?

Notice of Funding Availability (NOFA)

- Staff has prepared a NOFA to be released following this briefing with the previously noted selection criteria for projects that intend to apply for tax credits
- The NOFA will be available October 21 thru November 28, 2014
- The Interdepartmental Review Committee will review each application in December 2014
- All applications will be briefed to the Housing Committee in December 2014
- Project commitments January/February 2015

Interdepartmental Review Committee

- A committee was organized to review key elements for tax credit applications
 - Housing/Community Services
 - Economic Development
 - Fair Housing
 - Office of Financial Services
 - Sustainable Development & Construction
 - Planning & Neighborhood Vitality



QUESTIONS