

Memorandum

Date:	November	16	2020
Date.		10,	2020

- To: Mark Israelson, City Manager
- From: Lori F. Schwarz, AICP Director of Neighborhood Services
- Subject: 2021 Housing Tax Credit Process: CRC Recommendations

Requested Action:

Receive presentation and provide direction to Neighborhood Services staff regarding changes to the 2021 Housing Tax Credit selection process, as recommended by the Community Relations Commission (CRC), including:

- Review/confirm the Threshold Questions
- Review/confirm the information requested for Housing De-concentration Factors
- Provide a list of information for Council to evaluate applications regarding the Texas Department of Housing and Community Affairs (TDHCA) Housing De-concentration Factors
- Provide a list of information for Council to determine which applicant/project best meets the goals of the Concerted Revitalization Plan (CRP) and will receive the associated points.

Background:

In April 2020, Neighborhood Services staff discussed with the City Council the 2021 Housing Tax Credit (HTC) process. The outcome of that meeting was summarized in a memorandum, dated April 2020 (copy attached). Specific Council direction from that presentation is noted as follows:

- Consider a requirement for applicants to submit a community support element for review by the evaluation committee and/or City Council in determining type of resolution to recommend, especially in situations where only one application may be chosen either by TDHCA or City Council (i.e. de-concentration factor/one project per census tract).
- Evaluate the needs for a process change where if more than one development is proposed within the same census tract, Council will approve only one resolution of support (and the other applications may receive resolutions of no objection/objection).
- Legal staff to be present during the deliberation of the committee to ensure discussion during evaluation is focused on appropriate elements
- The evaluation committee offers recommendations to Council regarding resolutions (support, no objection and objection), but does not provide a recommendation regarding the CRP evaluation.

In October 2020, the City Council received a follow-up presentation regarding the HTC evaluation committee and provided direction to utilize the Community Relations Commission (CRC) as the advisory board to evaluate Housing Tax Credit applications. The Council also added a CRC position with specific direction to address member representation from the Concerted Revitalization Plan (CRP) area. This

direction was then formalized by an ordinance update, followed by selection of a new CRC member at the October 26, 2020 City Council meeting.

TDHCA Qualified Allocation Plan (QAP) Draft for FY2020-21

Neighborhood Services staff have continued to monitor the TDHCA 9% HTC website for: 1) updates to the FY2020-21 Qualified Allocation Plan Draft, and 2) updates to the process for review of applications. There have been minor proposed changes to the 2021 TDHCA HTC process, specifically relating to removal of a Housing De-concentration Factor related to phased developments. Additionally, staff has been in communication with TDHCA regarding the Collin County population that will be used in the upcoming 2021 HTC process and applied during Housing De-concentration Factors consideration.

The Competitive (9%) Housing Tax Credit Administrator has confirmed, for the 2021 TDHCA HTC process, the Collin County population being utilized is 944,350; therefore, those Housing Deconcentration Factors that pertain to counties with a population under a million will apply to any application under consideration. The Housing De-concentration factors that pertain to the City of Plano for the 2021 TDHCA HTC process include the following:

Rule	9% Competitive	4% Non-Competitive
Proximity of Development > 1,000 feet	Applies	Does Not Apply
County population <1M; Same Target Population within 1000 feet	Due to County Collin County population being considered under 1M for	
Lower Scoring application will be ineligible per TDHCA	2021	
One Award per Census Tract	Applies	Does Not Apply
Not affected by County population		
Lower Scoring application will be ineligible per TDHCA		
Census Tracts with More than 20% HTC Units per Total Households:	Applies	Applies
Not affected by County population		
Currently, only Census Tract 319, which contains a large portion of the CRP area.		
Additional developments may be allowed with specific approval by City Council.		

Community Relations Commission Actions:

Staff provided background information regarding the Texas Department of Housing and Community Affairs (TDHCA) Housing Tax Credit process as well as previous City of Plano Housing Tax Credit local actions to the CRC in preparation for their discussion at their meeting on November 5, 2020. The primary discussion topics the CRC reviewed were the process for consideration of resolutions, including the previously used Threshold Questions, as well as Housing De-concentration Factors.

November 5, 2020 Community Relations Commission Meeting Recommendations:

The CRC received a presentation from the City Attorney's office in Executive Session regarding the Fair Housing Act and other laws relating to Low-Income Housing Tax Credits. Staff also reviewed the ordinance changes approved by City Council relating to their membership and additional Housing Tax Credit responsibilities as well as the direction provided by Council in April 2020 for the 2021 HTC process.

The five (5) Threshold Questions that were included in the 2020 City of Plano Housing Tax Credit application process were reviewed and discussed by the CRC. The Commission voted, 7 in favor, 2 in opposition, to keep the same Threshold Questions for the 2021 City of Plano Housing Tax Credit process. There was one (1) member of the public participating virtually.

The Threshold Questions recommended by the CRC are as follows:

1) Do the units address a housing need or problem identified in the Needs Assessment or Market Analysis sections of the City of Plano's current Consolidated Plan for HUD programs?

2) Is the proposed development located within a half-mile (0.50) walking distance of DART transportation (current or developing public transportation route); **or** is the proposed development located in a high opportunity area?

High opportunity area is defined as an area with area median income (AMI) greater than 80%; or an area with poverty rate of 10% or less.

3) Does the proposed development have at least 20% market rate units?

4) Does this development redevelop a multifamily complex or under-performing commercial development?

5) Does the development include at least 4 of the below energy efficient or sustainable/green build components?

- a) The use of better than R-3 insulation on exposed hot water pipes;
- b) Energy Star certified windows with Low E glass;
- c) Energy Star certified HVAC;
- d) Energy Star certified water heaters;
- e) Low or no VOC paint;
- f) One of the following types of insulation used:

i. Radiant barrier per ASTM standards in attic and/or roof sheathing; and/or exterior wall sheathing (may not be combined with spray foam insulation); or

ii. Spray foam insulation exceeding code requirements.

Per the 2020 City of Plano HTC Process:

- To be eligible for a Resolution of Support, all applications must meet Threshold Question # 1 and at least three (3) of the remaining threshold questions.
- To receive a recommendation for a Resolution of No Objection, applications must meet Threshold Question # 1 and at least two (2) of the remaining threshold questions.

The CRC voted to table further discussion of the Housing De-Concentration Factors until their meeting of November 12, 2020.

November 12, 2020 Community Relations Commission Meeting Recommendations:

There were five (5) members of the public participating virtually at the November 12, 2020 CRC meeting during the Housing Tax Credit process discussion. One participant spoke and requested that the CRC reconsider the Threshold Questions, specifically to modify the requirement of 20% market rate units. Two other participants spoke in response to this request – one was neutral and the other was not in favor of making that change. All three participants identified themselves as housing tax credit developers. The CRC chose not to re-open discussion of the Threshold Questions.

The CRC discussed the applicable Housing De-concentration Factors to determine information that would be requested from HTC applicants in considering recommendations in Census Tracts where only one application would be considered eligible by TDHCA. Per Council's direction in April 2020, only one Resolution of Support will be provided in these instances, while the other applications may receive a Resolutions of No Objection or a Resolution of Objection.

The CRC voted unanimously to recommend requiring the following information in considering applications where Housing De-concentration Factors will apply:

- 1) A Housing Market Study,
- 2) The Target Population Mix within the area,
- 3) Community Support Letter(s); and,
- 4) Location within the City of Plano's Concerted Revitalization Plan.

Next Steps:

Once City Council has confirmed the 2021 City of Plano Housing Tax Credit process at the November 23, 2020 meeting, staff will develop an application for posting on the City's website. Neighborhood Services staff will also schedule virtual training for all potential HTC applicants for the week of November 30, 2020.

Other dates related to the Housing Tax Credit timeline:

- January 11, 2021: 9% HTC applications are due.
- January 25, 2021: CRC will meet to discuss HTC recommendations.
- February 8, 2021: CRC HTC Resolution Recommendations are presented to City Council.

Attachments:

April 2020 City Council Memorandum November 5, 2020 CRC-HTC Process Presentation November 5, 2020 CRC-HTC Next Steps Presentation November 12, 2020 CRC-HTC Next Steps Presentation

 xc: Jack Carr, Deputy City Manager Christina Day, Director of Planning Peter Braster, Director of Special Projects Michelle D'Andrea, Deputy City Attorney – Development Services Eric Hill, Planning Manager, Senior Shanette Eaden, Housing and Community Services Manager



Memorandum

Date: April 14, 2020

To: Mark Israelson, City Manager

From: Lori Schwarz, Director of Neighborhood Services

Subject: 2021 City of Plano Housing Tax Credit Process

During the April 13, 2020 Preliminary Open Meeting, staff presented an overview of the City of Plano Housing Tax Credit (HTC) process and discussed potential changes for the 2021 HTC Program.

This memorandum summarizes the information discussed and the suggestions provided by Council during the meeting. Later this year, after the Texas Department of Housing and Community Affairs (TDHCA) finalizes the 2021 HTC program, the TDHCA updates and the Plano changes will be consolidated into a draft City of Plano 2021 HTC Program and submitted to Council for consideration and approval.

Council discussed the following suggestions for changes to the application process:

- Offer training for potential applicants in an effort to improve the quality of the information submitted by the applicants
- Contact TDHCA to confirm the Collin County population that will be used during the evaluation of the applications for the 2021 HTC program
- Modify the application to explicitly ask the applicant to consider and, if necessary, request a waiver
 of the one mile three year rule. (The one mile three year rule considers proximity and timing of
 past and proposed projects, looking at the project types, distance between developments and the
 time period between developments) and, if necessary, request additional information (e.g.
 housing market study) to evaluate the request for the waiver.
- Consider a requirement for applicants to submit a community support element for review by the evaluation committee and/or City Council in determining type of resolution to recommend, especially in situations where only one application may be chosen either by TDHCA or City Council (i.e. de-concentration factor for one per census tract or Concerted Revitalization Plan points).
- Evaluate a process change where if more than one development is proposed within the same census tract, Council will approve only one resolution of support (and the other applications may receive resolutions of no objection/objection).

Council discussed the following suggestions for changes to the Evaluation Committee:

- The evaluation committee to consist of eight members as follows:
 - Two members from the Planning Department
 - One member from Special Projects
 - Two members from the Neighborhood Services Department

- Three citizen members as follows:
 - One citizen from the Community Relations Commission (CRC)
 - One citizen from the Concerted Revitalization Plan (CRP) area
 - One at-large citizen
- Legal staff to be present during the deliberation of the committee to ensure discussion during evaluation is focused on appropriate elements
- The evaluation committee offers recommendations to Council regarding resolutions (support, no objection and objection).

Council discussed the following suggestions for the Concerted Revitalization Plan (CRP) points:

- The Evaluation Committee will neither review nor offer recommendations to Council regarding the selection of the development project that contributes the most to the revitalization of the CRP.
- The applications for projects that appear to be eligible for the CRP Points are to be submitted to the Council for their consideration.
- This revised process would allow applicants to present their information during the Council meeting. After the Council has received necessary information, they will vote for the applicant to receive the CRP points.

City Council questions:

- During the discussion related to letters of support from the community, Council asked for a definition of "community". The <u>Qualified Allocation Plan</u> (QAP) establishes the procedures and requirements relating the award and allocation of Housing Tax Credits. Section 11.9(d)(6) of the QAP says an application may receive up to four points for letters of support. These are allocated as two points for each letter of support submitted from: a qualified community or civic organization that serves the community in which the Development Site is located; a property owners association created for a master planned community whose boundaries include the Development Site; and/or, a Special Management District whose boundaries include the Development Site.
- Council asked for information related to the population of the county that is used during the evaluation of the applications. Specifically, Council wanted to know how to advocate for a particular data source for the county population used by the TDHCA. The following is from the TDHCA website providing the process for public comment during the 9% HTC process and Board meetings:

Every TDHCA program follows the citizen participation and public hearing requirements as outlined in the Texas Government Code and applicable federal laws. Participation and comments are encouraged and can be submitted either at a public hearing or in writing via letters, faxes, email (<u>info@tdhca.state.tx.us</u>), and in some cases directly on the TDHCA web site.

https://www.tdhca.state.tx.us/public-comment.htm

SCHEDULE FOR 2021 HTC PROGRAM

- October Council selects citizens for the evaluation committee (if they will be involved with the revisions to the HTC process)
- November TDHCA publishes proposed modifications to the QAP

Late November	POM presentation recommending the 2021 Plano HTC Program
Early January	Pre-application period begins/submitted to City
January	Evaluation Committee meets to develop recommendation for Council consideration
February	Council considers resolutions/CRP points
March	Full applications are due at TDHCA
June	TDHCA's deadline for public comment
Late June	TDHCA release of eligible applications for consideration for award
Mid-August	TDHCA issues HTC commitments

Attachment:

Housing Tax Credit Funded Developments Map

xc: Jack Carr, Deputy City Manager



TDHCA Housing Tax Credit Evaluation –Next Steps

November 12, 2020 Community Relations Commission Meeting

Lori Feild Schwarz, Director of Neighborhood Services Shanette Eaden, Housing and Community Services Manager

City Council Direction: Application Changes Consider a requirement for applicants to submit a community

- Consider a requirement for applicants to submit a community support element for review by the evaluation committee and/or City Council in determining type of resolution to recommend, especially in situations where only one application may be chosen either by TDHCA or City Council (i.e. de-concentration factor for one per census tract).
- Evaluate a process change where if more than one development is proposed within the same census tract, Council will approve only one resolution of support (and the other applications may receive resolutions of no objection/objection).

City Council Concerted Revitalization Plan Area (CRP) Direction

- The Evaluation Committee will neither review nor offer recommendations to Council regarding the selection of the development project that contributes the most to the revitalization of the CRP.
- The applications for projects that appear to be eligible for the CRP Points are to be submitted to the Council for their consideration.
- This revised process would allow applicants to present their information during the Council meeting. After the Council has received necessary information, they will vote for the applicant to receive the CRP points.

TDHCA Rule	9% Competitive	4% Non-Competitive
Two Mile Same Year**: <i>County Population >1M</i>	Applies depending upon Collin County Population	
Twice Per State Average Per Capita	Applies but not in Plano at this time	
One mile Three Year**: <i>County Population >1M;</i> <i>May be allowed with specific</i> <i>approval by City Council</i>	Applies depending upon Collin County Population	

5

CRC Recommendations To Make: De-Concentration Factors

One Year Three Mile Rule and Two Mile Same Year

- These rules do not apply to City of Plano for the 2021 HTC Process due to the TDHCA recorded County population being 944,350
- These rules should be revisited prior the 2022 HTC Process.

Housing De-Conce	ntration Factors F	or 9% Program
Rule	9% Competitive	4% Non-Competitive
Proximity of Development Site > 1,000 feet: County Population <1M; Same Target Population within 1,000 feet; the lower scoring application will be ineligible per TDHCA	Applies depending upon Collin County Population	
One Award per Census Tract: Lower scoring application will be ineligible per TDHCA	Applies	

CRC Recommendations To Make: De-Concentration Factors

Proximity of Development

- TDHCA will deem the lower scoring application ineligible.
- Per Council direction, only one application will receive a Resolution of Support in these instances.
- What additional information would be needed from the applicant to determine recommendation of a single application? For Example:
 - Housing Market Study?
 - Target population mix within the area?
 - Community Support Letters?
 - Is it located within the CRP?

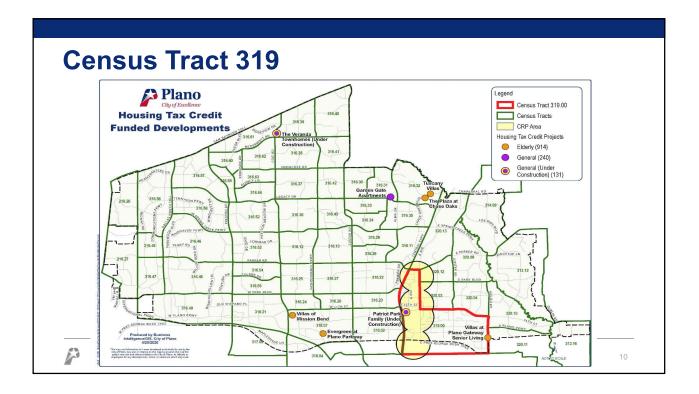
CRC Recommendations To Make: De-Concentration Factors

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Census Tracts with MoreAppliesAppliesthan 20% HTC Units perTotal Households:Applies
<i>Currently only Census Tract 319; May be allowed with specific approval by City Council</i>



CRC Recommendations To Make: De-Concentration Factors

Census Tracts with More than 20% HTC Units per Total Households

- Applicant may request a waiver in the application.
- Council waiver language would be required.
- What additional information would be needed from the applicant to determine approval? For Example:
 - Housing Market Study?
 - Target population mix within the area?
 - Community Support Letters?
 - Is it located within the CRP?

City of Plano HTC Timeline

- November 23, 2020: Staff provides CRC HTC Recommendation to City Council.
- December 2020: City staff will provide training to all potential HTC applicants and application is made available.
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11/17/2020



Questions?





TDHCA Housing Tax Credit Evaluation –Next Steps

November 5, 2020 Community Relations Commission Meeting

Lori Feild Schwarz, Director of Neighborhood Services Shanette Eaden, Housing and Community Services Manager

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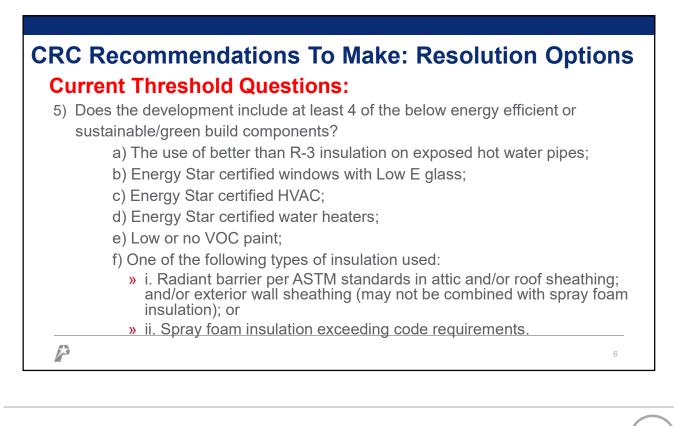
CRC Recommendations To Make: Resolution Options Current Threshold Questions:

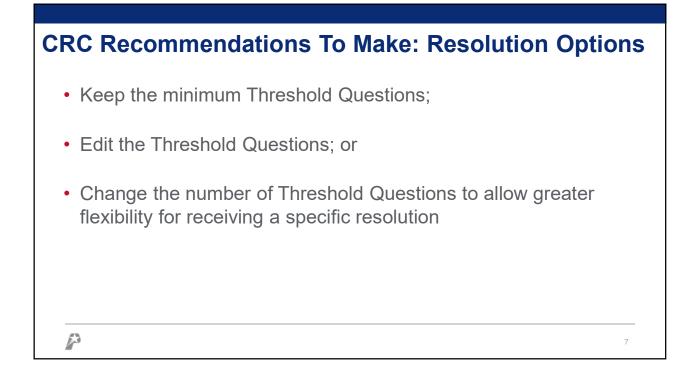
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One Award per Census Tract: Lower scoring application will be ineligible per TDHCA	Applies	

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Census Tracts with More than 20% HTC Units per Total Households: Currently only Census Tract 319; May be allowed with specific approval by City Council	Applies	Applies

CRC Recommendations To Make: De-Concentration Factors

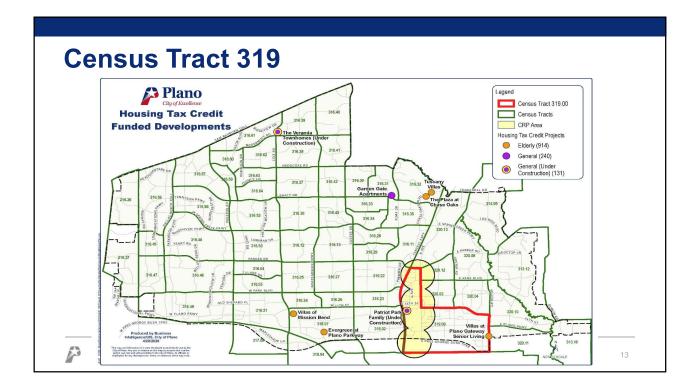
One Award per Census Tract (no provision for exceptions)

- What additional information would be needed from the applicant to determine that information? For Example:
 - Housing Market Study?
 - Target population mix within the area?
 - Community Support Letters?

CRC Recommendations To Make: De-Concentration Factors

<u>Census Tracts with More than 20% HTC Units per Total Households</u> (no provision for exceptions)

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City of Plano HTC Timeline

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11/17/2020



Questions?





TDHCA Housing Tax Credit Process

November 5, 2020 Community Relations Commission Meeting

Lori Feild Schwarz, Director of Neighborhood Services Shanette Eaden, Housing and Community Services Manager

Program Purpose

- Incentivize and leverage private-sector investment capital for the creation of rental units for households earning 60% or less of Area Median Income (AMI)
- Supplement federal appropriations devoted to housing assistance administered by the U.S. Department of Housing and Urban Development
- Ensure each state has affordable rental housing supply that is well maintained and operated





Funding Source and Allocation

- Funded by the U.S. Department of Treasury and overseen by the Internal Revenue Service (Tax Reform Act of 1986)
- · Credit administered on regional basis by each state

Texas Specifics:

- Texas Department of Housing and Community Affairs (TDHCA) administers across 13 Regions
 - Plano is within Urban Region 3

TDHCA Process Highlights

- 4% Applications accepted year-round
- 9% Applications are competitive and accepted once a year
- A Public Hearing is required for all housing tax credit (HTC) applications

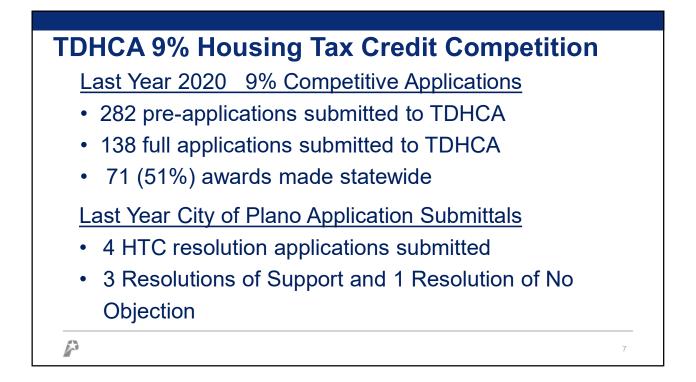


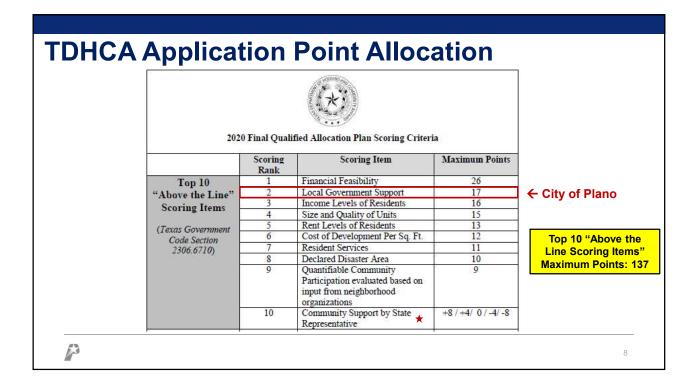
History of the TDHCA HTC Process

- Commitment of development funding by a political subdivision.
- 2001 State Legislature support added to the Community Support and Engagement section of the scoring process.
- 2011 TDHCA required a resolution from the governing body if the HTC applicant was requesting TDHCA HOME funds to assist in the development.

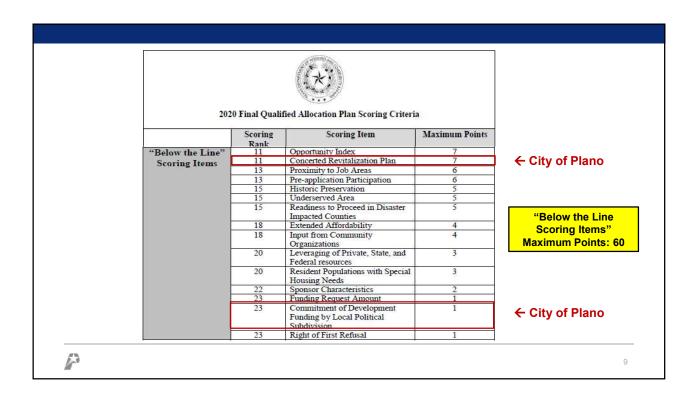
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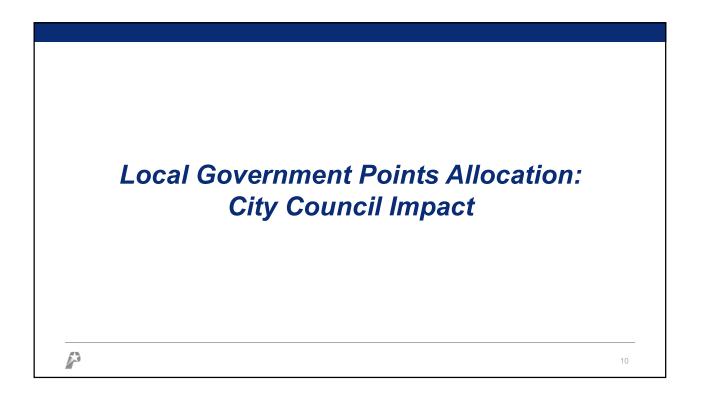
- 2014 TDHCA added "Local Government Support" via a resolution to the Community Support and Engagement section of the scoring process.
- August 2014 City Council held a public hearing and passed a Resolution of Support for a 4% elderly HTC development.
- November 2015 City of Plano Official Housing Tax Credit Process.
- Changes are brought back based on process improvements and/or changes by TDHCA.





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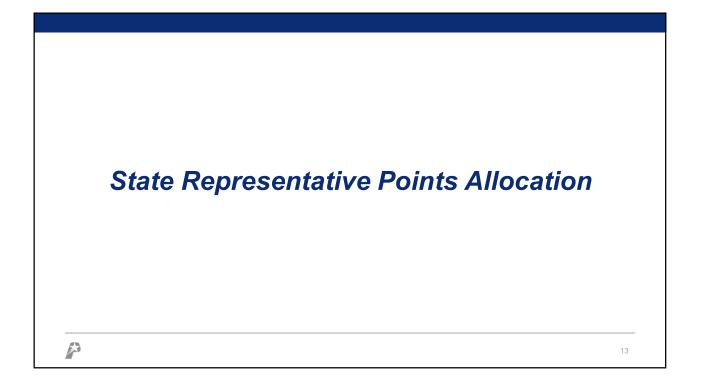


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Type of Activity	Point Allocation
City resolution	
Resolution of Support	17
Or Resolution of No Objection	14
City commitment of at least \$500 funding	1

Criteria for Promoting Community Suppor Local Government Input Are	
Type of Activity	Point(s) Allocation
Concerted Revitalization Plan	
A letter from a municipality documenting CRP: 1) measurable improvements; 2) targeted efforts; and, 3) how improvements lead to an appropriate area for housing	4
Municipal designation as the development most supporting the CRP	2
Development is located in a location that would score at least 5 points using the Opportunity Index: TDHCA makes this determination	1
TDHCA makes this determination	

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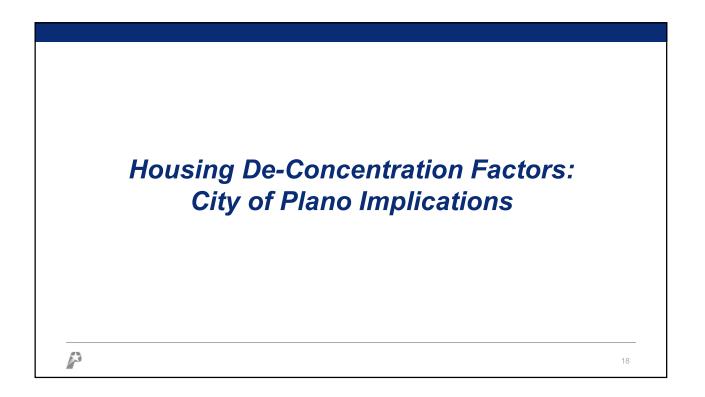


Community Support	from State Repres	sentative	
Type of Activity	1	Point(s) Allocation	
Letter from a State Representative			
	Support Statement	8	
	Neutral Statement	0	
	Opposition Statement	-8	
If no letter, the default points based on the	e municipal resolution		
	Support	8	
	No Objection	0	
	Objection	-8	



Criteria for Promoting Community Support & Engagemen Quantifiable Community Participation		
Type of Activity	Point(s) Allocation	
Qualifying Neighborhood Organization Written Statement: development site is located within the boundaries of an officially designated neig defined by TDHCA and 80% of its current membership live within the boundaries	hborhood organization as	
Explicit Support	9	
Explicit support from a non-qualifying Neighborhood Organization	8	
Explicit neutrality from a Neighborhood Organization that qualified as a Quantifiable Community Participation	6	
Statement of neutrality from a Neighborhood Organization	4	
Areas where no Neighborhood Organization is in existence	4	
Statements of Opposition	0	





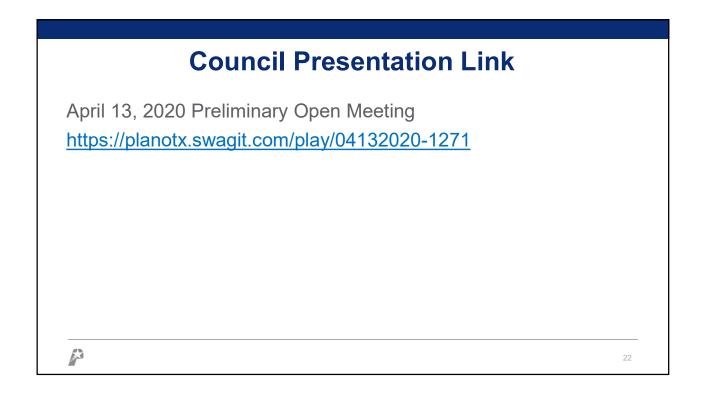
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