



Memorandum

Date: October 3, 2023
To: Mark Israelson, City Manager
From: Lori F. Schwarz, AICP, Director of Neighborhood Services
Subject: Low-Income Housing Tax Credit Program Review

Background:

On November 28, 2022, the City Council directed the City Manager engage an independent consultant to review the City's Low-Income Housing Tax Credit (LIHTC) process. During this review, the City's HTC program was put on hold and no applications were accepted for the 2023 Texas Department of Housing and Community Affairs (TDHCA) process. The City contracted with Compton Creative Solutions to:

- Review the current City of Plano's LIHTC application process and TDHCA guidelines,
- Conduct public input, especially from affordable housing developers and related service providers who have utilized or are interested in using Plano's LIHTC program,
- Review precedent Texas cities' LIHTC application processes and procedures to serve as a benchmark for the City of Plano's LIHTC application process and the TDHCA guidelines, and
- Provide recommendations for improvement to the City of Plano's LIHTC application process based on public feedback, benchmarking, and their professional review.

In addition, the consultant was also asked to provide feedback on four specific questions posed by City Council members for consideration in the recommendations.

Overview:

Compton Creative Solutions has completed the review of the City's LIHTC process and provided findings and recommendations to the City Council. At the October 9, 2023 Preliminary Open Meeting, the consultant, Sean Compton, will be making a presentation of this information to City Council for discussion and direction. The presentation slides are attached.

Next Steps:

If City Council determines the City will provide a Resolution process for Low-Income Housing Tax Credit developments for the 2024 review year, Staff will need final direction no later than November 28, 2023.

ATTACHMENT:

Final HTC Report Presentation by Compton Creative Solutions

xc: Sam Greif, Deputy City Manager

Housing Tax Credit Process

Evaluation, Stakeholder Input, and Recommendations

The City of Plano

Prepared by Compton Creative Solutions

Purpose and Direction

- **Conduct independent assessment of Plano Housing Tax Credit application process (HTC)**
- **City directive: impartial and unprejudiced**
- **Study period: May – September 2023**
- **Relied on public/private 40-year planning experience**

Study Approach

- Reviewed draft 2022 HTC Application & current process
- Interviewed Council Members, CRC, City staff, and local developers in roundtable sessions (2)
- Conducted high-level Plano socio-economic assessment
- Benchmarked HTC process of 5 cities to Plano process for best practices
- Reviewed TDHCA HTC standards with Q&A with HTC Mgr
- Interviewed experienced and well-qualified HTC developers

Takeaways of TDHCA's HTC Program

- **TDHCA administers program for U.S. Treasury**
- **Compliance required to HUD Dept's Fair Housing Act**
- **TDHCA has the primary role**
- **Cities have a limited role**
- **TDHCA sets QAP rules and submittal schedule**
- **City Councils must adopt yearly HTC policy to comply with latest TDHCA's QAP rules**

Five Benchmark Cities

- **Purpose: benchmark city HTC programs to Plano's application process to identify best practices to consider for Plano program**
- **Selected city programs:**
 - **Fort Worth**
 - **Denton**
 - **Austin**
 - **San Antonio**
 - **Arlington**

Takeaway from Benchmark Cities

- **Applications vary greatly. No uniform City template for HTC application or process prescribed by TDHCA**
- **City staff administer programs**
- **No rezoning required prior to Resolutions**
- **High transparency with public, including city website**
- **Financial incentives allow City-developer Development Agreements to ensure quality**

The City of Plano has a poor HTC reputation

- Interviews with experienced and well-regarded HTC developers: poor track record in Plano getting approved
- It is in the City's best interest to turn this reputation around to reduce potential risks
- To approve a Resolution of Support followed by denial of rezoning or SUP change is a potential legal risk to the City

Why Plano needs HTC Housing

Plano Wages by Occupations (2020)



Unaffordable wages to live in Plano

Affordable housing income for family of four = \$51,720

(Source: Dept of HUD/2020 data)

Why Plano needs HTC Housing

Residential
Property Value:
Plano vs. U.S



**Plano's market-rate housing is very high priced;
Very low workforce housing available. Affordable MF housing needed**

Expand HTC Policy to include City approvals

- Council unease with approving HTC Resolution of Support followed by separate rezoning or change of SUP is understandable
- *Recommendation:*
- Adopt a comprehensive HTC Policy that spans entire public approvals process
- This should provide a level of assurance to both the City and well-qualified HTC developers
- The HTC Policy should include ability to negotiate City-Developer development agreements

HTC Application Process

- **Recommendations:**
- **Neighborhood Services administer the HTC application program for City. Replace CRC as advisory role**
- **Staff makes recommendations to Council based on objective Application scoring**
- **Modify application to focus on developer experience and solid track record**

HTC Application Process, cont.

- **Enhance transparency. Post decisions, incl. HTC Policy, on website**
- **Monitor record of existing HTC developments to inform future Application developer decisions**
- **Negotiated City-Developer development agreements ensure well-maintained, attractive properties in exchange for City financial consideration**
- **Review benchmark city application process for potential improvements**

HTC Application

- **Best Practice: objective and fair scoring and fair perception. Eliminate subjective questions.**
- **Recommendation: modifications for 2024 (see report)**
- **Expand application on developer experience and past track record**
- **2023: very brief time to adopt application to issue to developers in Nov 2023 (see report)**

Four 2022 Council topics

1. Current Zoning Status (Requiring rezoning before offering a Resolution of Approval or No Objection)

Recommendation:

- HTC application Resolution should be considered first, followed separately by rezoning or SUP change
- Include a Disclaimer
- Expand HTC Policy from only application. Expand to address rezoning and SUP of an awarded HTC tax credit development

Four 2022 Council topics

2. Applicant Locality (*Favoring local developers*)

- TDHCA prioritizes *experienced developer teams* for awarding tax credits

Recommendation:

- **Local developers should not be favored**

Four 2022 Council topics

3. Property Management Locality (*Favoring property management services with a local presence*)

Recommendation:

- a local management/leasing presence is essential to the success of all HTC development operations

Four 2022 Council topics

4. City Commitment of \$500 (Separating \$500 contribution required by TDHCA for a Resolution of Support)

Recommendation:

- Unnecessary to separate
- Include City \$500 contribution with Resolution of Support

Plano HTC application process evaluation

Questions?