DM/bh
04/10/2014
Item #25

AN ORDINANCE 2014-04-10-0221

AUTHORIZING THE CITY'S CRITERIA FOR EVALUATING APPLICATIONS SEEKING U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) FUNDING ASSISTANCE AND OTHER CITY ASSISTANCE IN SUPPORT OF MULTIFAMILY RENTAL HOUSING DEVELOPMENT PROJECTS.

* * * * *

WHEREAS, the U.S. Department of Housing and Urban Development (HUD), pursuant to the Housing and Community Development Act of 1974, as amended (Public Law 93-383), provides cities with annual grant support to enable the rehabilitation and development of affordable housing in their urban communities so as to improve conditions for low and moderate income citizens; and

WHEREAS, the City of San Antonio (the "City") through its Office of Grants Monitoring and Administration allocates a portion of the federal resources to a Multifamily Rental Housing Development Set-aside to provide assistance to affordable rental housing developments; and

WHEREAS, the City releases a Request for Applications (RFAs) to solicit developers seeking such assistance, and said applications are currently evaluated based on borrower/developer qualifications, background, and experience, as well as market demand for the project and the financial feasibility of the project; and

WHEREAS, the Texas Department of Housing and Community Affairs (TDHCA) administers the allocation of low-income housing tax credits (LIHTCs) to these developers/applicants; and

WHEREAS, TDHCA has implemented an annual Qualified Allocation Plan (QAP) to provide incentives for projects in High Opportunity Areas (HOAs), which are areas with relatively low poverty rates, higher median incomes, and schools with higher overall performance; and

WHEREAS, applicants for TDHCA Housing Tax Credits (HTC) require City Council resolutions of support or of no objection; and

WHEREAS, as a result of the new TDHCA requirements, it is necessary to add to the City's current criteria specific Site Selection and Transit Amenities criteria in the evaluation of Multifamily Rental Housing Development Set-aside projects; and

WHEREAS, it is the City Council's intention to authorize the City's criteria for evaluating applications for Multifamily Rental Housing Development Set-aside projects; **NOW THEREFORE:**

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City of San Antonio authorizes the criteria set forth in **Attachment I** herein for evaluating applications seeking U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) funding assistance and other City assistance in support of Multifamily Rental Housing Development Set-aside projects. A copy of said criteria is attached hereto and incorporated herein for all purposes as **Attachment I**.

SECTION 2. This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED AND APPROVED this 10th day of April, 2014.

M A Y O R
for Julián Castro

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

for Robert F. Greenblum, City Attorney

Agenda Item:	**25**
Date:	04/10/2014
Time:	11:06:36 AM
Vote Type:	Motion to Approve
Description:	An Ordinance authorizing the City's criteria for evaluating applications seeking U.S. Department of Housing and Urban Development Home Investment Partnerships program funding assistance and other City assistance in support of multi-family rental housing development activities. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning & Community Development]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor	x					
Diego Bernal	District 1		x			x	
Ivy R. Taylor	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9			x			
Michael Gallagher	District 10			x			

ATTACHMENT I

City of San Antonio

Department of Planning & Community Development
Division of Grants Monitoring & Administration

MULTI-FAMILY RENTAL HOUSING PROGRAMS: PROJECT SELECTION POLICY

APPLICATION EVALUATION CRITERIA AND SCORING METHODOLOGY

MULTI-FAMILY RENTAL HOUSING PROGRAM PROJECT SELECTION POLICY: APPLICATION EVALUATION CRITERIA & SCORING METHODOLOGY

The following criteria and scoring methodology is used by the City of San Antonio, Department of Planning and Community, Division of Grants Monitoring and Administration (the "Department") in the evaluation and selection of multi-family rental housing development and rehabilitation applications seeking gap financing assistance. These criteria are in addition to any threshold requirements of the City of San Antonio Housing Policy and the applicable multi-family rental housing funding source(s), including but not limited to, Federal program requirements found at 24 CFR Part 92 (HOME Investment Partnerships Act), 24 CFR 570 (Community Development Block Grant), the Federal Neighborhood Stabilization Program (NSP), and any other multi-family housing finance programs administered by the Department.

1. **Experience of the Owner and Property Manager** – *No more than 20 points can be awarded in this category and no floor on the accrual of negative point reductions.*
   - Owner, general partner and developer experience
   - Property management company experience
   - Negative points (10 points each, no floor on the accrual of negative points) for any of the below failures in the operation of projects previously assisted by COSA:
     - Failure to submit annual audited financial statements to COSA within the required time period throughout the loan term of a previously assisted project.
     - Failure to make timely loan payments, including surplus cash loan payments, in accordance with the terms of a COSA loan.
     - Failure to correct serious noncompliance with COSA loan requirements after notice and cure period within an existing COSA assisted project.
     - Failure to submit required compliance documentation to COSA within the required period on a COSA assisted project.
     - Failure to perform tenant income certification prior to move-in and annual tenant recertification during the COSA defined affordability period.
     - Failure to correctly calculate annual household income in accordance with the HUD Part 5 definition and requirements.
     - Failure to notify COSA and obtain prior approval of any ownership changes, including general or limited partner changes, during the term of the COSA loan.
     - Failure to notify COSA and obtain prior approval of any change in the property manager during the term of the COSA loan.
     - Failure to provide service or physical amenity receiving a scoring preference (points) on a previously assisted COSA project.
     - Failure to maintain a COSA assisted property to COSA property maintenance standards and/or Federal housing quality standards.
     - Failure to set aside operating and replacement reserves in accordance with the project proposal of a previously funded.

2. **Efficient Use of HOME or other public funds** – *Up to 20 total points*
   - Amount of HOME subsidy per HOME assisted unit
   - Leveraging ratio (ratio of HOME/public dollars to other sources of project financing)
   - First mortgage debt coverage ratio of 1.30 or less

MULTI-FAMILY RENTAL HOUSING PROGRAM PROJECT SELECTION POLICY: APPLICATION EVALUATION CRITERIA & SCORING METHODOLOGY

3. **Project Feasibility** - *No more than 25 points can be awarded in this category and no floor on negative point reductions*
   - Evidence of housing need and market demand
   - Proposed rent schedule consistent with program rent limits on rent-restricted units and no rents in excess of market rents for the applicable sub-market
   - Appropriate vacancy and collection loss assumptions in the project pro forma
   - Operating expense assumptions in the pro forma consistent with operating expenses on similar projects
   - Adequate operating reserves identified in the pro forma
   - Adequate replacement reserves identified in the pro forma
   - Minimum 1.15 to 1 debt coverage ratio for all loans with scheduled debt service payments
   - Negative Points for:
     - Excess operating reserves
     - Excess replacement reserves
     - Excess first mortgage debt coverage ratio

4. **COSA Loan Maturity** – *No more than 20 points can be awarded in this category*
   - Loan maturity cannot exceed the HUD 221(d)(3) or (4) maximum loan maturity, which is currently 42 years (*2 year maximum construction period + 40 year maximum post construction maturity*)
   - One point awarded for each year the proposed loan maturity is less than 42 years

5. **Project Site Characteristics and Transit Amenities** – *5 point each, no more than 25 points can be awarded in this category*
   - Project meets land use density requirements at time of application
   - Project meets zoning requirements at time of application
   - Project consistent with target area, neighborhood and/or sector plan at time of application
   - Project is located in target areas designated in the Annual Action Plan
   - Project is located in the IC/RIP area, as defined at the time of application
   - **NEW** Project is located within a census tract that has a poverty rate below 15 percent for Individuals based on poverty rate data from the most recent American Community Survey
   - **NEW** Project is located in the attendance zones of: 1) an elementary school and 2) either a middle school or high school that have achieved a 77 or greater (on a scale of 100 on index 1 of the performance index, related to student achievement, by the Texas Education Agency
   - **NEW** Project is located in a census tract with a median income in the top quartile of the median household income for the San Antonio MSA
   - **NEW** Project is located within one quarter (1/4) mile of a bus station or stop
   - **NEW** Project is located within a 20 minute bus commute of a major employment center
   - Project is located within one quarter (1/4) mile of a public park
   - Project is located within one quarter (1/4) mile of a book-lending library
   - Project is located within one quarter (1/4) mile of a full scale grocery store of 25,000 square feet or more where staples, fresh produce and fresh meats are sold.
   - Project is located within one quarter (1/4) mile of a community, senior or other similar center or facility that serves populations similar to those residing in the project

- Project is located within one-half (1/2) mile of a hospital or a qualifying medical clinic (a qualifying medical clinic must have a physician, physician's assistant, or nurse practitioner onsite for a minimum of 40 hours each week and accept Medicare and Medicaid payments)

6. **Project Readiness** – *10 points each; no more than 20 points*
   - All entitlements secured
   - Property acquired (closed)
   - Other sources of financing committed
   - Phase I (and Phase II if recommended by Phase I) Environmental Report (s) completed and submitted with application

7. **Resident Services** – *5 points each; no more than 10 points can be awarded in this category*
   - The equivalent of one (1) FTE resident service coordinator for every 600 project bedrooms.
   - Project provides or has agreements with third party service providers to provide on-site educational, wellness and/or skill building classes
   - Project provides on-site, licensed child care or after school program that operates at least 20 hours per week

8. **Section 3 Utilization Plan** – *No more than 14 points can be awarded in this category*

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Note: 154 total points are possible