DF:bh
01/29/2015
Item #26

AN ORDINANCE 2015-01-29-0075

APPROVING THE EVALUATION CRITERIA FOR AWARDING A RESOLUTION OF SUPPORT OR RESOLUTION OF NO OBJECTION TO APPLICANTS SEEKING TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) HOUSING TAX CREDITS.

* * * * *

WHEREAS, the Texas Department of Housing and Community Affairs (TDHCA) in the administration of its Housing Tax Credits (HTC) Program awards competitive application points for a resolution from a governing body of a municipality; and

WHEREAS, TDHCA awards points on the basis of whether the governing body supports or has no objection to the multi-family rental housing development seeking HTC; and

WHEREAS, the City has developed an Evaluation Criteria for applicants of multi-family rental housing developments seeking a City Council Resolution of Support or Resolution of No Objection in connection with the TDHCA HTC program; and

WHEREAS, said Evaluation Criteria will provide a threshold for determining whether City will authorize a Resolution of Support, Resolution of No Objection, or no resolution; and

WHEREAS, it is the desire of the City Council to approve the Evaluation Criteria for awarding a Resolution of Support or a Resolution of No Objection to applicants seeking Texas Department of Housing and Community Affairs (TDHCA) Housing Tax Credits; **NOW THEREFORE:**

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

SECTION 1. The Evaluation Criteria, attached hereto and incorporated herein for all purposes as **Attachment I**, for awarding a Resolution of Support or a Resolution of No Objection to applicants seeking Texas Department of Housing and Community Affairs (TDHCA) Housing Tax Credits (HTC) is hereby approved.

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 29th day of January, 2015.

Ivy R. Taylor

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

for Martha G. Sepeda, Acting City Attorney

Agenda Item:	**26**
Date:	01/29/2015
Time:	12:31:13 PM
Vote Type:	Other:
Description:	An Ordinance approving the Evaluation Criteria for Awarding a Resolution of Support or Resolution of No Objection to Applicants Seeking Texas Department of Housing and Community Affairs Housing Tax Credits. [Peter Zanoni, Deputy City Manager; John Dugan, Director, Planning and Community Development]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Trevino	District 1		x				
Alan Warrick	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			x	
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

ATTACHMENT I

Proposed City of San Antonio Evaluation Criteria and Scoring
for TDHCA Housing Tax Credit Program Resolutions

I. General Partner and Property Management Experience – Up to 20 total points *(as determined utilizing the below general partner and property manager point tables)*

General Partner – up to 10 of the 20 total experience points. To receive experience points under this category, the proposed general partner(s), or a key individual(s) (officer, managing member or principal) within the proposed general partner organization (the "general partner"), must meet one of the following tests for each counted project.

To obtain points for a current project owned by the proposed general partner, the applicant must certify that the development has: 1) been in service and continuously operated for three or more years; 2) yielded positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.); and 3) held reserves as required by the partnership agreement and any/all applicable loan agreements.

To obtain points for projects previously owned by the proposed general partner, the applicant must certify that: 1) the ending date of ownership or participation was no more than 10 years before the deadline associated with the subject application; 2) the previously owned development was yielding positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) at the time of disposition; and 3) the project was holding reserves as required by the partnership agreement and any/all applicable loan agreements at the time of disposition.

Experience of the General Partner – Up to 10 points	Points
1-2 Multi-family rental housing projects in service more than 3 years	1
1-2 Sec. 42/142/HOME projects in service more than 3 years	3
3-6 Multi-family rental housing projects in service more than 3 years	4
3-6 Sec. 42/142/HOME projects in service more than 3 years	6
7 or more Multi-family rental housing projects in service more than 3 yrs.	7
7 or more Sec. 42/142/HOME projects in service more than 3 years	10

"Sec.42/142/HOME" means Internal Revenue Code §42 "Low-income housing credit", §142 "Exempt facility bond – qualified residential rental project", and/or 24 CFR Part 92 - HOME Investment Partnerships Program ("HOME")

"Multi-family housing" means any multi-family rental housing project of 20 units or more that is not subject to IRC §42, IRC §142, or 24 CFR Part 92 requirements.

Property Manager – Up to 10 of the 20 total experience points. To receive experience points under this category, the proposed property management entity must meet one of the following tests for each counted project.

To obtain points for a current project managed by the proposed property management entity, the applicant must certify that the property has: 1) been in service and continuously managed by the proposed property management entity for three or more years; 2) yielded positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.); and 3) held reserves as required by any/all applicable partnership agreement and loan agreements.

To obtain points for projects previously managed by the proposed property manager, the applicant must certify that: 1) the ending date of management agreement was no more than 10 years before the deadline associated with the subject application; 2) the previously managed development was yielding positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) at the time of termination of the management agreement; and 3) the project was holding reserves as required by the partnership agreement and any/all applicable loan agreements at the time of termination of the management agreement.

Experience of Property Manager – Up to 10 points (select only one)	Points
1-2 Multi-family rental housing projects managed more than 3 years	**0**
1-2 Sec. 42/142/HOME projects in service more than 3 years	**3**
3 or more Multi-family rental housing projects in service more than 3 yrs.	**4**
3-6 Sec. 42/142/HOME projects in service more than 3 years	**6**
7 or more Sec. 42/142/HOME projects in service more than 3 years	**10**

"Sec. 42/142/HOME" means Internal Revenue Code §42 "Low-income housing credit", §142 "Exempt facility bond – qualified residential rental project", and/or 24 CFR Part 92 - HOME Investment Partnerships Program ("HOME")

"Multi-family housing" means any multi-family rental housing project of 20 units or more that is not subject to §42, §142, or 24 CFR Pat 92 requirements.

II. Nonprofit Organization Participation – 10 points
To receive these points, the nonprofit organization must have controlling interest (e.g., greater than 50 percent ownership in the General Partner) in the project. If ownership is a limited partnership, the Qualified Nonprofit Organization must be the Managing General Partner. If ownership is a limited liability company, the nonprofit organization must be the controlling Managing Member. Additionally, the nonprofit entity or its affiliate or subsidiary must be the developer or a co-developer of the project.

The nonprofit organization is not required to elect to apply under the State's Nonprofit Setaside in order to receive these points.

III. REnewSA Target Area – 20 points
To receive these points, the Project must be located in one of the 5 REnewSA Target Areas – 1) Collins Gardens, 2) Edgewood, 3) Harlandale, 4) University Park West/Blueridge, and 5) Wheatley Target Areas.

IV. ICRIP – Inner City Reinvestment Infill Area – 16 points
Project is located within the City of San Antonio Inner City Reinvestment Infill zone.

V. Housing Opportunity Area (HOA) – Up to 16 points.
Three factors are used in determining and ranking housing opportunity areas (HOAs). The three factors are:

- The poverty rate of the Census Tract within which the housing project is located;
- The medium income of the Census Tract within which the housing project is located; and
- The student achievement rating of the school within which the students of housing project are assigned to attend. This area is commonly referred to as the school "attendance zone".

The below matrix shall be used in determining the appropriate score for this HOA criteria. The matrix establishes HOA threshold criteria (found in the below matrix at the 4-Point Level) and further defines the relative quality of an HOA by ranking the poverty and median income factors across the other Point Levels. The third factor – the school attendance zone factor – is either present or not. In other words, a HOA can receive 4, 8, 12 or 16 points, depending on the particular combination of factors.

Census Tract Poverty Rate	Census Tract Quartile MSA Median Income	Elementary School TEA Rating	Points
<15% for all individuals	Top Quartile	Met standard rating and ≥ 77 on index 1	**16**
<15% for all individuals	Top Two Quartiles	Met standard rating and ≥ 77 on index 1	**12**
<15% for all individuals	Top Quartile	(intentionally blank)	**8**
<15% for all individuals	Top Two Quartiles	(intentionally blank)	**4**

VI. Determination of Project Feasibility – Up to 20 points *(5 points each, no more than 20 points can be awarded in this category)*

- Proposed rent schedule consistent with TDHCA rent limits on rent-restricted units.
- Appropriate vacancy and collection loss assumptions in the project pro forma are consistent with TDHCA HTC requirements.
- Reserves in the pro forma are consistent with TDHCA HTC requirements.
- Completed Market Feasibility Report with conclusions supporting the applicable project pro forma assumptions and further indicating that the project is feasible.

VII. Project Site Characteristics – Up to 10 points *(5 points each)*

- Project meets land use density requirements at time of application
- Project meets City of San Antonio zoning requirements at time of application

VIII. Transit Amenities – Up to 28 points *(zero to four points each, no more than 28 points can be awarded in this category)*

The following transit amenity matrix shall be used in scoring the project:

Amenity	Points		
	1/4 mile or less	>1/4 mile and < 1/2 mile	1/2 mile and up to 1 mile
Bus Station or Stop	4	2	1
Public Park	4	2	1
Full Scale Grocery Store	4	2	1
Community or Senior Center	4	2	1
Aging & Disability Resource Center	4	2	1

Amenity	Points		
	1/2 mile or less	>1/2 mile and < 1 mile	1 mile and up to 2 miles
Qualifying Medical Clinic or Hospital	4	3	1

Amenity	Points		
	20 minutes or less	> 20 min. and < 40 min.	More than 40 min.
Transit time to Major Employment Center	4	2	0

IX. Project Readiness – Up to 20 Points *(5 points each, no more than 20 points can be awarded in this category)*

- Applicant has secured site control per TDHCA HTC definition of site control.
- Phase I (and Phase II if recommended by Phase I) Environmental Report (s) have been completed.

- NEPA Environmental Assessment, when applicable, has been completed (signed by Responsible Entity Certifying Officer)
- All sources of permanent financing committed at the time of application.

X. Resident Services – *Up to 15 points (5 points each; no more than 15 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.

175 total points are provided under the above scoring preferences. To receive a staff recommendation for a **Resolution of Support,** the applicant must score 85 points. Any applicant receiving less than 85 points, shall be eligible to receive a staff recommendation for a Resolution of No Objection, provided the application receives at least 6 experience points under the *I. General Partner and Property Manager Experience* of the above scoring methodology.

######

CITY OF SAN ANTONIO

DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT

City Council
January 29, 2015
Item # 26
15-1138

Evaluation Criteria for Awarding Resolutions of Support or Resolution of No Objection to Applicants Seeking TDHCA Housing Tax Credits

Presented by John M. Dugan

QUALITY OF LIFE COMMITTEE REVISIONS

REDUCE PROJECT FEASIBILITY CATEGORY FROM 20 POINTS TO 15 TOTAL POINTS

- **Eliminate 5 Points for Comparative Market Study**

QUALITY OF LIFE COMMITTEE REVISIONS

REDUCE PROJECT READINESS CATEGORY FROM 20 POINTS TO 15 TOTAL POINTS

- **Eliminate 5 Points for Completed NEPA document**
- **Eliminate 5 Points for Having ALL Permanent Debt Financing Commitments**

QUALITY OF LIFE COMMITTEE REVISIONS

REDUCE TOTAL POINTS POSSIBLE FROM 175 TO 160

- **Due to Project Feasibility and Readiness Point Reductions**

Recommendation

Staff recommends approval of the Resolution Evaluation Criteria and Scoring Policy, including amendments requested by the Quality of Life Committee.

DISCUSSION

Full Presentation Follows

Purpose

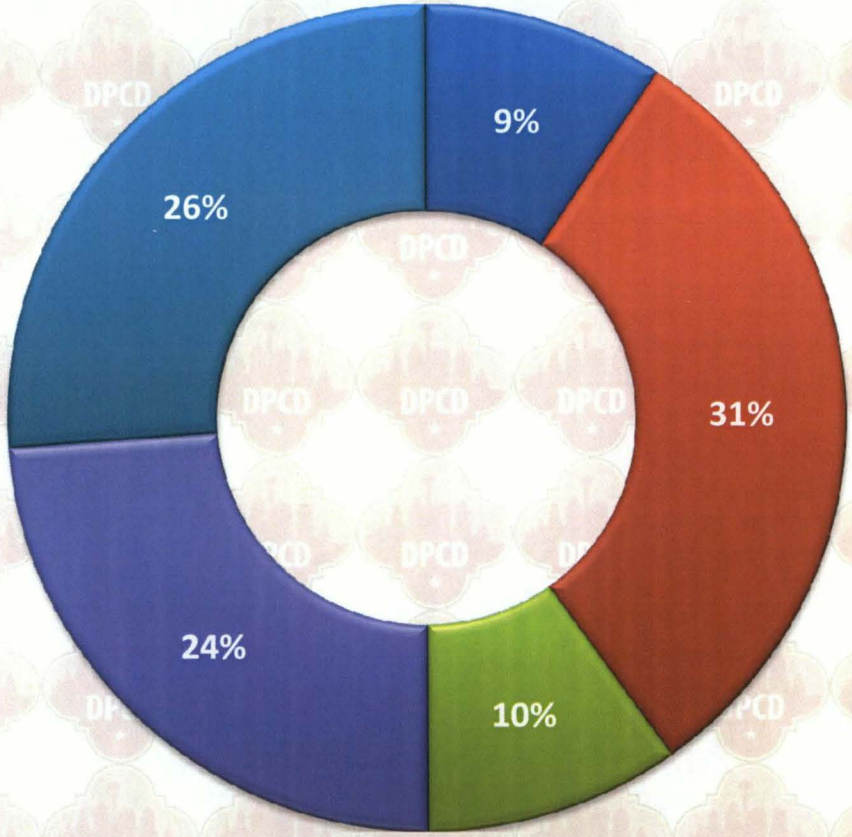
Consideration of criteria for applications seeking a "Resolution of Support" or "Resolution of No Objection" for multifamily rental housing projects proposed for federal housing tax credits being allocated by the Texas Department of Housing and Community Affairs.

Texas Housing Tax Credit Program

State of Texas Receives Award of Tax Credits from Federal Government

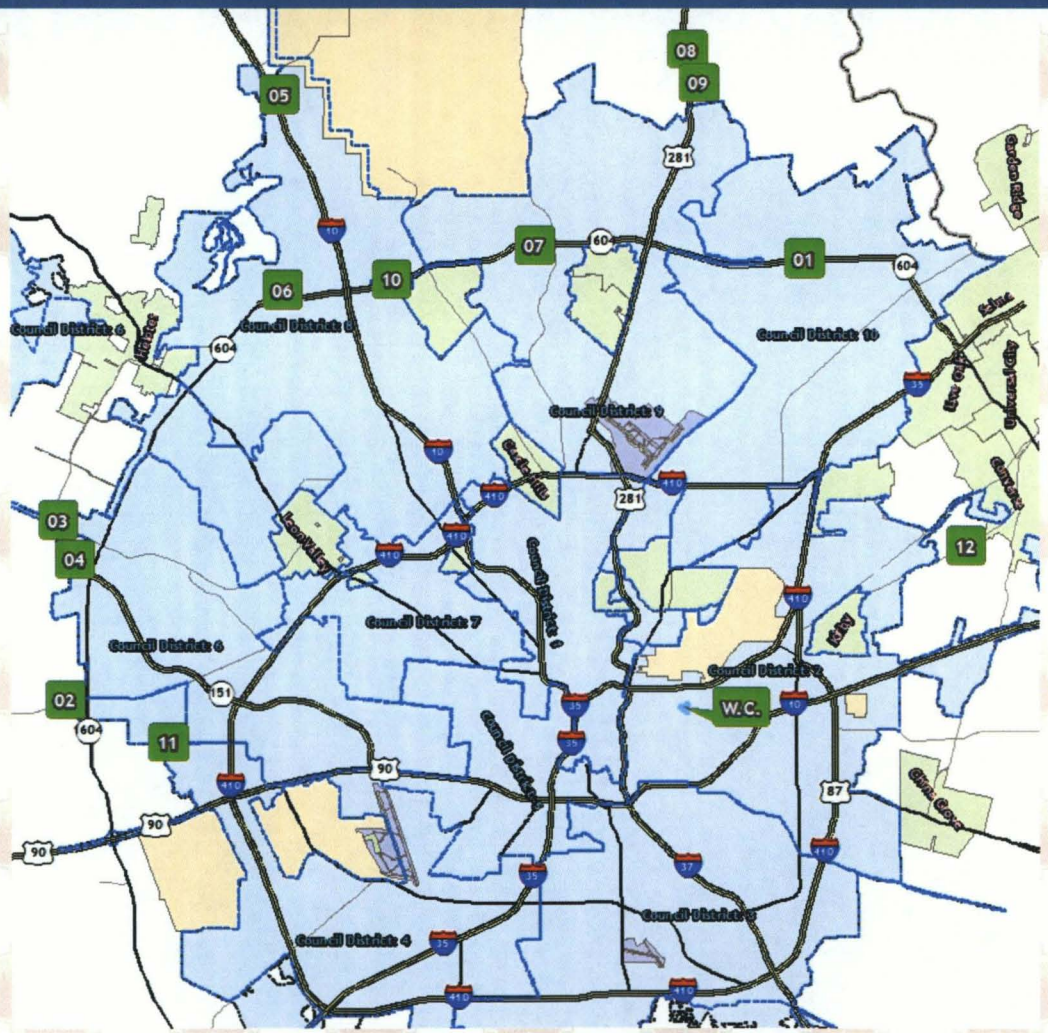
Texas Allocates Credits to Developers through Competitive Application and Scoring Process

Texas Housing Tax Credit Program: Scoring Preference by Category



- High Quality Housing Criteria
- Serving Texans Most in Need Criteria
- Local Government Resolution of Support
- Local Gov't Funding, Community Support & Engagement
- Efficient Use of Limited Resources & Accoutability

Developments Potentially Seeking Resolutions from City Council

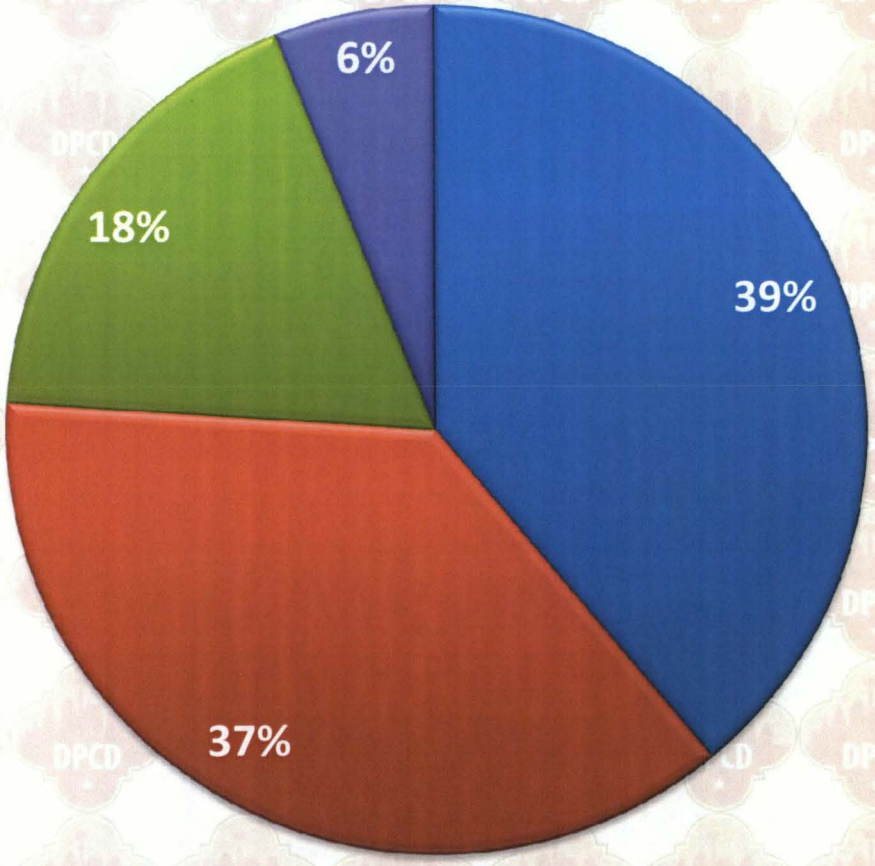


City Scoring System

Staff Developed Criteria for Evaluating Projects Seeking Resolutions

Projects Measured Against 165 Point Scoring System

CITY SCORING PRIORITIES



- City Policy & Targeting Objectives (62 pts)
- Project Success Indicators (60 pts)
- Transit Amenities (28 pts)
- Project Readiness (10 pts)

CITY SCORING OUTCOMES

RESOLUTION OF SUPPORT

85 Points or More

RESOLUTION OF NO OBJECTION

Minimum of 6 Experience Points

NO RESOLUTION

Less Than 6 Experience Points

Resolution Application & Approval Process

January 29, 2015	• City Council Consideration of Resolution Evaluation & Scoring Policy
January 30, 2015	• Request for Applications (RFA) for Resolutions Released by City
February 10, 2015	• City Applications Due from Developers

Resolution Application and Approval Process - continued

February 17, 2015	• Quality of Life Committee Consideration of Application Results & Staff Recommendations
February 19, 2015	• City Council Consideration of Resolutions

Recommendation

Staff recommends approval of the Resolution Evaluation Criteria and Scoring Policy including amendments requested by the Quality of Life Committee.

ADDITIONAL BACKUP SLIDES

COSA Criteria and Scoring:

City Policies & Targeting Objectives – up to 62 points

- REnewSA – 20 points
- ICRIP – 16 points
- Housing Opportunity Areas – up to 16 points
- Zoning and Neighborhood Density – up to 10 points

COSA Criteria and Scoring:

Project Success Indicators – up to 65 points

- Development/Management Team with **Proven Experience** – up to 20 points
- Appropriate Rents, Vacancy Loss Assumptions, Reserves and Evidence of Market Demand – up to 20 points
- Active and Robust Resident Services – up to 15 points
- Mission oriented, non-profit ownership and control – 10 points

COSA Criteria and Scoring

Project Readiness – up to 20 points

- Site Control – 5 points
- Environmental Studies Completed - 5 points

Experience of the General Partner – Up to 10 points	
1-2 Multi-family rental housing projects in service more than 3 years	1
1-2 Sec. 42/142/HOME projects in service more than 3 years	3
3-6 Multi-family rental housing projects in service more than 3 years	4
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7 or more Sec. 42/142/HOME projects in service more than 3 years	10

Experience of Property Manager – Up to 10 points	
1-2 Multi-family rental housing projects managed more than 3 years	**0**
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3-6 Sec. 42/142/HOME projects in service more than 3 years	**6**
7 or more Sec. 42/142/HOME projects in service more than 3 years	**10**

Housing Opportunity Area Targeting – up to 16 points

Census Tract Poverty Rate	Census Tract Quartile MSA Median Income	Elementary School TEA Rating	Points
<15% for all individuals	Top Quartile	Met standard rating and ≥ 77 on index 1	**16**
<15% for all individuals	Top Two Quartiles	Met standard rating and ≥ 77 on index 1	**12**
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Transit Amenities – up to 28 points

	Points		
Amenity	1/4 mile or less	>1/4 mile and < 1/2 mile	1/2 mile and up to 1 mile
Bus Station or Stop	4	2	1
Public Park	4	2	1
Full Scale Grocery Store	4	2	1
Community or Senior Center	4	2	1
Aging & Disability Resource Center	4	2	1

	Points		
Amenity	1/2 mile or less	>1/2 mile and < 1 mile	1 mile and up to 2 miles
Qualifying Medical Clinic or Hospital	4	3	1

	Points		
Amenity	20 minutes or less	> 20 min. and < 40 min.	40 min. and up to 60 min.
Transit time to Major Employment Center	4	2	0

Developers Potentially Seeking Resolutions from the City of San Antonio City Council

1	Artisan at Judson Park	O'Connor @ N Loop 1604
2	Artisan at Potranco Park	11855 Potranco Rd
3	Limestone Ranch	Culebra @ Alamo Parkway
4	Vista Pointe at Wild Pine	Wild Pine @ Alamo Ranch Parkway
5	Cielo Vista	24000 Cielo Vista Drive
6	Sonoma Pointe	Babcock & Moss Brook
7	Venado Parque	1604 @ Huebner
8	Bristol Pointe	281 & Overlook Parkway
9	Madison	281 @ Sendero Verde
10	Silver Oaks Village	1604 @ Lou Mell
11	Medio Springs Ranch	Marbach @ @ Marbach Oaks
12	FM 78 Apartments	Gulf Shore Blvd @ Seguin Rd
WC	Wheatley Courts	906 N Mittman