



Housing and Community Development Department's Housing Tax Credit Resolution Guidelines - 2019

The Housing & Community Development Department (HCDD) seeks to provide guidance for obtaining a Resolution of Support or Resolution of No Objection for developments pursuing Housing Tax Credits (HTC). The shortage of affordable rental housing was exacerbated by Hurricane Harvey. HCDD aims to address this shortage and meet the needs of disaster impacted rental households by supporting HTC developments that meet Minimum Standards and HCDD Priorities.

HCDD Multifamily Priorities

- Support the HCDD's efforts to meet the unmet needs for public housing and affordable households outlined in the Needs Assessment and Local Action Plan for Disaster Recovery: Hurricane Harvey.
- Support rehabilitation and reconstruction activities for damaged multifamily properties resulting from the storm's impact
- Support new construction within the following areas that promote higher standards of environmental and economic resiliency:
 - i. Complete Communities and other CRA's (e.g. TIRZ)
 - ii. Areas of low poverty concentrations and high performing schools
 - iii. Areas experiencing high rental costs that cause displacement of LMI households
 - iv. Transit Oriented Developments (TOD's) that promote access to mass transportations options
 - v. Areas underserved with affordable housing options
- Support purchase of existing quality multifamily housing and converting into affordable housing or preserving existing affordable housing stock
- Support permanent supportive housing and/or housing serving special needs populations

Minimum Standards

HCDD has financed affordable multifamily developments levered with other capital sources, primarily Housing Tax Credits ("HTCs"). The rules and qualifications for LIHTCs are governed by the Texas Department of Housing and Community Affairs ("TDHCA") within the Uniform Multifamily Rules TAC Chapter 10 ("Multifamily Rules") and Housing Tax Credit Program Qualified Allocation Plan Chapter 11 ("QAP"). The Multifamily Rules and QAP identify minimum qualifications and threshold requirements for site and neighborhood characteristics outlining a variety of standards including environmental hazards, nuisances, poverty concentration, blight, school performance and other impacts. The Multifamily Rules and QAP also outline cost guidelines for HTC developments. HCDD may consider cost as a factor when



deciding whether to issue a resolution of support or no objection; however, HCDD will not underwrite development costs for transactions not financed by HCDD.

To the extent HCDD issue Resolutions of Support or Resolutions of No Objection that are financed by HTC's, the TDHCA site and neighborhood qualifications and thresholds will be met (any negative characteristics to be adequately mitigated to the TDHCA's satisfaction). HCDD will impose additional site and neighborhood qualifications and threshold requirements in addition to those not outlined within the Multifamily Rules or QAP subject to the following conditions. These, along with TDHCA standards for LIHTC financed transactions, will be hereafter referred to as Minimum Standards.

- a. **Floodway and Floodplain Development** - HCDD will not provide Resolutions of Support or Resolutions of No Objection to developments located within any identified floodway.

Developments with improvements within 100-year floodplain as identified by the Federal Emergency Management Agency (FEMA) will also be ineligible unless the applicant can demonstrate flood mitigation practices to avoid adverse impacts to residents, impacts to the floodplain and restore natural and beneficial values. Sites not located within 100-year floodplain but reported flooding events within the past 10 years may be subject to these requirements.

Mitigation efforts to include Chapter 19 of the City's Code of Ordinances. Mitigation efforts may include, but not limited to, elevating building site out of the floodplain, elevated podium construction, restricting ground floor space for residential use, pier and beam foundations for single-family units, etc. Any mitigation efforts will be evaluated on a case by case basis by HCDD.

- b. HCDD will not provide Resolutions of Support or Resolutions of No Objection to proposed applications for **purchase or new construction** where the poverty concentration of the site's census tract is greater than 25% unless the site is located within the boundaries of a recognized Concerted Revitalization Area. Applications for **rehabilitations** where poverty concentrations are > 25% will be considered on a case-by-case basis.
- c. HCDD will not provide Resolutions of Support or Resolutions of No Objection to purchase, **reconstruction or new construction** of multifamily developments **for families** zoned to any school on the TEA Improvement Required List, unless the proposed development is for Seniors, Single Room Occupancy, Permanent Supportive Housing, or site is located within the boundaries of a Concentrated Revitalization Area. Requests for Resolutions of No Objection for **rehabilitations** of existing developments zoned to any school on the TEA Improvement Required List will be considered on a case-by-case basis.



Concerted Revitalization Areas

The TDHCA acknowledges Housing Tax Credits applications located in a distinct area that was once vital and has lapsed into a situation condition requiring concerted revitalization and where a concerted revitalization plan (CRP) has been developed and executed may be eligible for scoring with in the 9% round. In 2019, HCDD recognizes the following areas as Concerted Revitalization Areas that will include:

- Complete Communities - Acres Homes, Third Ward, Second Ward, Near Northside and Gulfton. Maps, plans and other information may be found on the city's planning website located at <https://www.houstontx.gov/completemunities/>
- TIRZ – The city of Houston holds 27 separate areas created to facilitate economic investment in areas of the city. Additional information that includes maps, budgets, plans agendas and other documents may be located at <https://www.houstontx.gov/ecodev/tirz.html>

The TDHCA places certain conditions regarding these plans which HCDD has reviewed. However, applicants of HTC transactions take responsibility for ensuring these plans meet TDHCA requirements. If the applicant requests a letter of measurable improvements in the CRA for the application, please provide information to cite documented investments within the CRA. HCDD will also review internal data to ensure the areas have experienced measurable statistical improvements.

Jurisdiction

These guidelines apply to all applications made to HCDD for resolutions as required in the Local Government Support (§2306.6710(b)(1)(B)) outlined in the QAP. These include resolutions for applications within the city limits of Houston and areas within the extraterritorial jurisdiction (ETJ) of Houston. Applications within the ETJ require similar resolutions to be provided by the Commissioner's Court of Harris County, Montgomery County or Ft. Bend county depending on jurisdiction.

To the extent Harris County, Montgomery County or Ft. Bend County designates its own Concerted Revitalization Areas within the ETJ (based on its own criteria), these will be acknowledged and recognized by HCDD. HCDD will require:

1. Verification these areas have been recognized by the county's commissioner's court as a CRA by resolution or ordinance
2. Notification by the county agency supporting the resolution (Harris County Community Services Department; Montgomery County Community Development; Fort Bend County Community Development Department) it currently recognizes the area as a CRA.

In census tracts with poverty rates higher than 25 percent, the City requires documentation detailing significant development, current or planned, towards revitalization efforts in the designated CRA. The letter should address mobility and infrastructure, economic development, education improvement



plans, health, parks and community amenities, neighborhood character and safety. The letter must also discuss how the improvements will lead to an appropriate area for the placement of housing.

Documentation must be submitted to support revitalization efforts.

1. Attach detailed improvement plans with fiscal allocations with a history of sufficient, documented and committed funding to accomplish its purpose.
2. Other documentation, such as market studies, must be submitted to detail private investments in the area.

9% and 4% Resolutions of No Objections

Applications for 9% and 4% Resolutions of No Objection must meet Minimum Standards to qualify. Any 9% application that does not meet the criteria outlined below for Resolutions of Support will receive a Resolution of No Objection.

9% Resolutions of Support

An application that secures competitive funds by HCDD will receive a Resolution of Support. Requests for Resolutions of Support in the 2019 9% application round will undergo the following evaluation. Each request must meet Minimum Standards to qualify for an award. Applications must meet a total of **8 points** to receive a Resolution of Support.

1. Sites located within Houston city limits (this excludes sites located within the Houston ETJ). – **2 points**
2. Sites located within 4 miles of City Hall – **1 point**
3. Sites located within recognized boundaries the boundaries of a Complete Community or TIRZ. Sites located in overlaying areas of a Complete Community or TIRZ will not receive combined points. – **2 points**
4. Sites located within an underserved area described as the following:
 - i. within a census tract that has no other affordable housing development funded with LIHTC – **1 point**
 - ii. within a census tract if the contiguous census tracts do not have any affordable housing developments funded with LIHTC that is less than 15-year old (2004 or after) – **2 points**
5. Sites that that promote access to mass transportations options described as the following:
 - i. Sites located within a ¼ mile of any public transportation stop – **1 point**
 - ii. Sites located within a ¼ mile to high frequency public transportation stop. High frequency transit service is defined as service arriving every 15 minutes on average from 6 am to 8 p.m. seven days a week – **2 points**
6. Sites with reduced poverty concentration described as the following
 - i. Site census tract is less than 15% - **2 points**
 - ii. Site census tract is less than 20% - **1 point**
7. Sites zoned to and A or B rated school based on Children at Risk rankings
 - i. Elementary School – **2 points**
 - ii. Middle School – **2 points**



- iii. High School – **2 points**
8. Developments which promote a mixed income composition whereas:
 - i. A minimum of 10% of the units to be unrestricted - **1 point**
 - ii. A minimum of 20% of the units to be unrestricted - **2 points**
 9. Written documentation of community support that the applicant has sought, received and implemented (if needed) views and recommendations, regarding the proposed project, from locally organized groups formed to primarily serve the interest of the proposed neighborhood. Letters of support will not be accepted from organizations directly affiliated with the project. Examples may include notice of support from neighborhood associations, community organizations and/or civic organizations. **1 point**

Concerted Revitalization Area Tie Breakers. HCDD may only provide one resolution explicitly identifying a development as contributing more than any other development towards the revitalization efforts taking place in Concerted Revitalization Areas (CRA) (individually a “**Priority Resolution**”). If multiple applications compete within a CRA, HCDD will evaluate several factors in making their determination as to which application will receive a Priority Resolution. These factors are not listed in any order and will be reviewed on a combined basis.

- The development selected to receive HCDD competitive funds (HOME, CDBG, TIRZ) by HCDD
- Poverty concentration of census tract within competing sites. Lower poverty concentration will prioritize an application.
- Elementary, Middle and High School ratings of competing sites as assessed by Children at Risk. Higher ranking of schools will prioritize an application.
- Access to public transportation as measured from the development site’s distance from the closest high frequency public transportation stop
- Proposed development is Permanent Supportive Housing and/or housing serving of special needs populations.
- Placement of an onsite resident service coordinator
- Mixed income composition of the development. HCDD will prioritize developments with a higher concentration of unrestricted market rate units.