



CITY OF HOUSTON
Housing and Community Development Department

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Mr. Cameron Dorsey
Director, Multifamily Programs
Texas Department of Housing & Community Affairs
PO Box 13941
Austin, Texas 78701

RE: City of Houston Public Comment for the TDHCA 2014 Qualified Allocation Plan

Dear Mr. Dorsey:

Thank you for the opportunity to provide public comment on the TDHCA 2014 Qualified Allocation Plan (QAP). The recommendations outlined in this letter establish the City of Houston Housing and Community Development Department's (HCDD) official public comment for the QAP. As you may know, HCDD has been one of the State's strongest tax credit development partners over the last several years, leveraging approximately \$41,500,000 of the City's HOME Investment Partnership (HOME) program funds since 2009. Currently, the Department is preparing to leverage approximately \$55,000,000 in Ike Disaster Recovery Round 2 funds for multifamily rental in targeted areas around the City, and approximately \$23,000,000 in local and HOME funds for Permanent Supportive Housing projects to end chronic homelessness by 2016.

The City would like to offer the following public comments regarding the QAP.

Recommendation #1: The City is not in support of the complete elimination of funding for Elderly developments, and recommends an incremental cap to the number of Elderly projects in the region.

According to the proposed rule:

§11.3. Housing De-Concentration Factors.

(e) Developments in Certain Sub-Regions and Counties. In the 2014 Application Round the following Counties are ineligible for Qualified Elderly Developments: Wichita; Collin; Denton; Ellis; Johnson; Henderson; Hays; Lamar; Gillespie; Guadalupe; Kendall; and Starr, unless the Application is made in a Rural Area. In the 2014 Application Round Regions five (5); six (6); and eight (8) are ineligible for Qualified Elderly Developments, unless the Application is made in a Rural Area. These limitations will be reassessed prior to the 2015 Application Round and are based on the fact that data evaluated by the Department has shown that in the ineligible areas identified above, the percentage of qualified elderly households residing in rent restricted tax credit assisted units exceeds the percentage of the total Qualified Elderly-eligible low income population for that area.

Justification: Neither the methodology nor the data sets used to support the statement, "the percentage of qualified elderly households residing in rent restricted tax credit assisted units exceeds the percentage of the total Qualified Elderly-eligible low income population for that area", was made publicly available for review and comment. Since the City of Houston (in Region 6) is approximately 625 square miles, we utilize and review market studies to determine whether the housing type is appropriate for the neighborhood. A substantial number of elderly residents in the community are not being served by quality affordable housing, and a moratorium on development would further hinder our ability to serve vulnerable seniors in needed areas of the City. If there is a problem regarding the amount of Qualified

Council Members: Helena Brown Jerry Davis Ellen R. Cohen Wanda Adams Dave Martin Al Hoang Oliver Pennington Edward Gonzalez
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Controller: Ronald C. Green

Elderly Housing development, the City recommends partnering with the Texas Department of Housing & Community Affairs on a solution and suggests an incremental cap to the number of Qualified Elderly Developments rather than complete elimination.

Recommendation #2: *The City recommends that Houston-designated Permanent Supportive Housing Program proposals receive equivalent points to the TDHCA Supportive Housing program in the Qualified Allocation Plan.*

Justification: The City of Houston has partnered with surrounding jurisdictions and Housing Authorities in an unprecedented regional initiative to end chronic homelessness by 2016. Over the past year, our Department, Harris County, Houston Housing Authority, Harris County Housing Authority, the City's Department of Health and Human Services, U.S. Department of Veterans Affairs, and the U.S. Interagency Council on Homelessness have worked closely to develop a plan and collaborate on leveraging resources to meet this challenge. The program is well underway with the recent award of a Medicaid waiver from the U.S. Department of Health and Human Services to cover costs of supportive services for the first three years of the program. Additionally, over 1,237 units of Permanent Supportive Housing are in the pipeline. Given the progress to date, it is most appropriate that the State support and leverage tax credit investment toward this initiative.

Recommended changes to QAP:

Of note, for consistency, the City is requesting a definitions change to the term "Supportive Housing" in the Administrative Rule established in Title 10 of the Texas Administrative Code:

§10.3. Definitions.(a)(124) Supportive Housing--Residential rental developments intended for occupancy by individuals or households in need of specialized and specific medical or non-medical services in order to maintain independent living. Supportive housing developments generally require established funding sources outside of project cash flow and are proposed and expected to be debt free or have no foreclosable or noncash flow debt unless the development is a Tax Exempt Bond Development with a project based rental assistance contract that assures a contract rent for a majority of the Units, in which case the Development is treated as Supportive Housing under all subchapters of this chapter, except Subchapter D of this chapter (relating to Underwriting and Loan Policy). The services offered generally address special attributes of such populations requiring Permanent Supportive Housing and/or, Transitional Housing for persons who are homeless and/or at risk of homelessness, persons who have experienced domestic violence or single parents or guardians with minor children.

§11.9. Competitive HTC Selection Criteria.

(c) Criteria to serve and support Texans most in need.

(2) Rent Levels of Tenants.

(A) At least 20 percent of all low-income Units at 30 percent or less of AMGI for Supportive Housing Developments qualifying under the Nonprofit Set-Aside or qualifying for a Permanent Supportive Housing designation from the City of Houston only (13 points);

(3) Tenant Services.

A Supportive Housing Development qualifying under the Nonprofit Set-Aside or qualifying for a Permanent Supportive Housing designation from the City of Houston may qualify to receive up to eleven (11) points and all other Developments may receive up to ten (10) points. By electing points, the Applicant certifies that the Development will provide a combination of supportive services, which are listed in §10.101(b)(7) of this title, appropriate for the proposed tenants and that there is adequate space for the intended services. The provision and complete list of supportive services will be included in the LURA or documented as required by the City of Houston Permanent Supportive Housing program. The Owner may change, from time to time, the services offered; however, the overall points as selected at Application will remain the minimum. No fees may be charged to the tenants for any of the services. Services must be provided on-site

or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item.

(7) Tenant Populations with Special Housing Needs.

An Application may qualify to receive two (2) points to meet the Special Housing Needs of the State if the Applicant agrees to participate in the Department's Section 811 Project Rental Assistance Demonstration Program (Section 811 Program) or qualify for Supportive Housing vouchers in partnership with the City of Houston Permanent Supporting Housing program and the Development Site meets the requirements in subparagraph (A) of this paragraph. Development Sites not meeting the requirements in subparagraph (A) of this paragraph may qualify under subparagraph (C) of this paragraph.

- (A) Applications meeting the following requirements are eligible to receive two (2) points if they agree to commit at least 10 units (or the maximum allowed) for participation in the Section 811 Program or qualifying for a Permanent Supportive Housing designation from the City of Houston, as described in subparagraph (B) of this paragraph. The maximum number of units allowed will be restricted by the Department's Integrated Housing Rule, §1.15 of this title, and the Section 811 Program integration requirements, (the total number of units set-aside for persons with disabilities, including Section 811 units, cannot exceed 18 percent of Units for Developments of 50 Units or more or exceed 25 percent for Developments with less than 50 Units).

Recommendation #3: The City of Houston requests recognition of Disaster Recovery Areas as equivalent in points to Revitalization Areas in the Qualified Allocation Plan scoring mechanism.

Justification: The City of Houston has invested over eighteen (18) months working with community groups, stakeholder partners, City officials, and fair housing advocates to develop a Revitalization Plan which will leverage the City's Disaster Recovery award as investment in targeted areas of the City. Thirteen (13) community meetings with over five hundred (500) Houstonians facilitated by private consultants yielded a comprehensive report that defined the methodology and geography for revitalization, and the plan meets all of the criteria (I) to (IV) as cited below. However, the City is concerned the approach, which had a special and specific purpose, may not be approved as meeting the new Revitalization Plan requirements as established in the 2014 QAP.

Recommended changes to QAP:

(7) Community Revitalization Plan.

(B) For Developments located in Urban Areas outside of Region 3.

(ii) An Application will qualify for ~~six (6)~~ ~~four (4)~~ points if the city or county has an existing plan for Community Development Block Grant -Disaster Relief Program (CDBG-DR) funds that meets the requirements of subclauses (I) -(IV) of this clause. To qualify for points, the Development Site must be located in the target area defined by the plan, and the Application must have a commitment of CDBG-DR funds. The plan (in its entirety) and a letter from a local government official with specific knowledge and oversight of implementing the plan are included in the Application and must:

- (I) define specific target areas for redevelopment of housing that do not encompass the entire jurisdiction;
- (II) affirmatively address Fair Housing demonstrated through an approved Fair Housing Activity Statement-Texas (FHAST);
- (III) be subject to administration in a manner consistent with the findings of an Analysis of Impediments approved or accepted by HUD within the last three (3) calendar years or an approved Fair Housing Activity Statement-Texas (FHAST), approved by the Texas General Land Office; and

(IV) be in place prior to the Pre-Application Final Delivery Date.

| We look forward to continuing our successful partnership with TDHCA in developing quality, affordable housing for Houstonians. If you have additional questions, please contact Ms. Eta Paransky, Director of Multifamily Programs, by phone at 713-868-8449 or via email at eta.paransky@houstontx.gov.

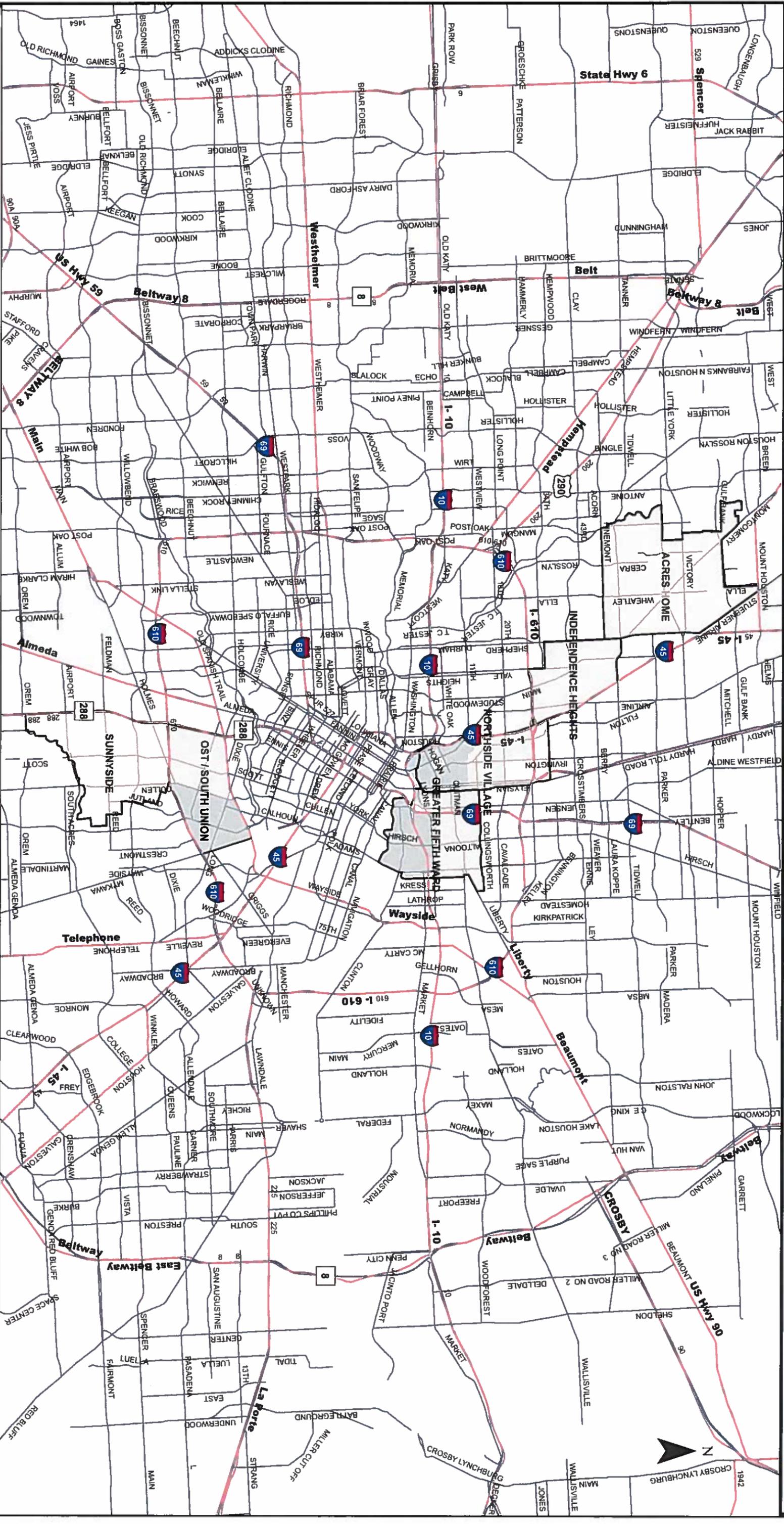
Sincerely,



Neal Rackleff

Attachment 1: Map of Community Revitalization Areas (CRAs) and CRA Outreach Areas

Community Revitalization Areas (CRAs) and CRA Outreach Areas



Legend

- 6 CRA Outreach Areas
- Major Thoroughfares
- 3 CRA Areas
- Major Roads



Date Mapped: October 18, 2013

Disclaimer: COHGIS data is prepared and made available for general reference purposes only and should not be used or relied upon for specific applications, without independent verification. The City of Houston neither represents, nor warrants COHGIS data accuracy, or completeness, nor will the City of Houston accept liability of any kind in conjunction with its use.

Data Sources: City of Houston GIS and City of Houston Housing and Community Development Department