

Affordable / Workforce Housing Policy Update

Consider approval of Resolution 2019-XX, approving amendments to the Affordable/Workforce Housing Policy related to the criteria for consideration of Low Income Housing Tax Credits; and declaring an effective date.

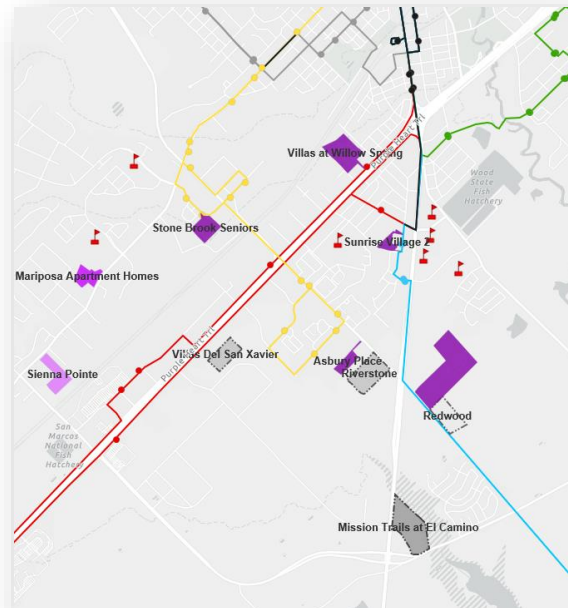
Purpose

The purpose of this item is to present the Workforce Housing Council Committee recommendations to revise the Affordable/Workforce Housing Policy:

1. Allow tax exemption requests when certain criteria area met;
2. Remove the criteria that requires 20% market rate units;
3. Require private transportation services for projects that do not meet the minimum distance required to a proposed or existing bus stop; and
4. Add additional criteria for reviewing proposed amenities and support services to ensure support services are provided.

Overview of LIHTC

- **2,080 total units constructed (11 projects)**
 - 1,876 income restricted units
 - 204 market rate units
 - (Additional 1,094 units not yet constructed)
 - 30-40 year affordability period
- **Market Windows**
 - Early 2000's (2001-2004)
 - Early 2010's (2012-2013)
 - New Window: (2018 – Present)
- **84% of units serve individuals making 60% of AMI**
 - ~\$40,000/yr household of one
 - ~\$45,500/yr household of two
 - ~\$51,000/yr household of three
 - ~\$57,000/yr household of four
- **~70% of units = 2 bedrooms or less**



Amendment 1:

Provide criteria for Tax Exemption requests for Low Income Housing Tax Credit Projects;

- **Background:**
 - Applications requesting local tax exemptions
 - Applications must meet at least 6 of the 9 criteria in the policy, including criteria #1, in order to receive a staff recommendation for a Resolution of Support
- **Purpose:**
 - Leverage future tax exemption requests
 - Provide criteria for Tax Exemption requests for Low Income Housing Tax Credit Projects
- **Housing Needs Assessment**
 - Need additional affordable rentals for residents earning less than \$25,000
 - Need to improve the condition and accessibility of existing housing stock
 - Need housing for families



Amendment 1: Recommendation

Recommendation: Staff / Committee recommends amending criteria #1

1. No exemption from local taxes may be considered unless the project meets the following criteria. The purpose of this criteria is to help increase the City's inventory of affordable units and ensure that units benefiting from the program are reserved for low income households that need them:
 - a. A minimum of 10% of all units within the Project shall be affordable to households at or below 30 percent of the area median income for the duration of the tax exemption.
 - b. A minimum of 10% of the units affordable to households at or below 30% of the area median income shall be ADA accessible.
 - c. A minimum of 35% of the units within a Project that is not age-restricted shall include a minimum of 3 bedrooms in each unit.
 - d. The Project shall include these criteria in the Texas Department of Housing and Community Affairs Land Use Restriction Agreement (LURA).
 - e. When considering a recommendation of support, preference should be given to projects that utilize a local entity for such tax exemptions.

Amendment 2:

Remove the criteria that requires 20% market rate units;

- **Criteria Concerns:**
 - Conflicts with affordability needs of San Marcos
 - Challenging for LIHTC developers to meet
 - Does not achieve true mixed income
- **Mixed Income:** more appropriately achieved at neighborhood scale
- **San Marcos Needs:** market-rate units do not serve our most vulnerable populations
- **Developer Challenges:** They do not receive tax credits for market-rate units. Tax credits allows them to fund and provide units at affordable rates



Amendment 2: Recommendation

Recommendation: Removing the requirement for 20% market rate units provides developers flexibility to meet the current needs of our community by providing additional affordable units that are below market-rate. Staff / Committee recommends removing criteria #8

~~8. The project is mixed income and provides at least 20% market rate units.~~

Amendment 3:

Amend Criteria #6 to require a private shuttle service if a project does not meet the minimum distance required to a proposed or existing bus stop.

- **Background:**
 - Projects must be located within (0.25) miles walking distance of a proposed or existing bus stop on a current or planned transit route
- **Location of LIHTC Projects:**
 - Medical District Medium Intensity Zone is largely un-developed
- **Private Transportation:**
 - Serve transportation needs where CARTS services are not available.



Amendment 3: Recommendation

Recommendation: Staff / Committee recommends amending criteria #6.

6. The project is located within one quarter mile (.25) walking distance of a proposed or existing bus stop on a current or planned transit route. If the project is not located within one quarter (.25) mile walking distance of a proposed or existing bus stop on a current or planned transit route, a private shuttle service for residents is provided in accordance with TDHCA requirements.

Amendment 4:

Amend Criteria #9 to add additional criteria for reviewing proposed amenities and support services.

- **Background:**

- TDHCA requires amenities in LIHTC Projects per the 2019 Qualified Allocation Plan (QAP)
- Point system
- Five categories (mandatory development amenities, common amenities, unit requirements, resident support services, accessibility)
- TDHCA monitors compliance

- **Committee Review of Applications:**

- Requested added criteria to evaluate amenities and support services proposed
- Added surety of installment



Amendment 4: Recommendation

Recommendation: Staff / Committee recommends amending criteria #9.

9. The project incorporates wraparound support services that provide flexible voluntary social, economic, or education benefits to the residents. Proposed support services should:
 1. Meet the needs of the local community;
 2. Utilize local support services and resources;
 3. Exceed the minimum TDHCA requirements for amenities; and
 4. Submit to the City the Project's TDHCA Application for Low Income Housing Tax Credits and includes the list of amenities in the Project's Land Use Restriction Agreement (LURA).