

Low-Income Housing Tax Credit (LIHTC) Application and Policy

Denton City Council
June 20, 2017

What is the LIHTC Program?

- Created by federal government in 1986 to encourage investment and development of affordable rental housing
- In Texas, the program and tax credits are administered by the Texas Department of Housing & Community Affairs (TDHCA)
- Two types: 4% (non-competitive) and 9% (competitive)
- TDHCA ranks applications submitted by developers based, in part, on whether they have support from their prospective communities
 - Referred to as the annual Qualified Allocation Plan (QAP) process

How do Cities Play a Role?

- Cities can approve a resolution of support, no objection, or opposition
- Some cities have chosen to implement a policy and application process
 - To help determine which projects should be supported
 - To establish expectations and procedures for applicants
- Research of other cities, range of methods used:
 - No evaluation criteria
 - General evaluation criteria
 - Priority considerations or preferences
 - Minimum policy thresholds

Draft Policy and Application

- Staff has drafted a policy and application (Exhibit 3) for Council review and discussion after reviewing other cities
- Key components:
 - State the City's intent
 - List general evaluation criteria
 - Gather all relevant information to facilitate review
 - Set expectations for applicants
 - Set a schedule and deadlines for applicant to meet
 - Align with TDHCA's annual QAP process

Draft Policy and Application

- Checklist of submittals:

- ☐ Project Narrative (from Section 3), including following attachments
 - ☐ Preliminary Site Plan
 - ☐ Letter of zoning verification
 - ☐ All letters of support and/or opposition
 - ☐ Letters of support and/or opposition from the school district and county
- ☐ Financial Narrative (from Section 4), including following attachments
 - ☐ Pro Forma Statement
 - ☐ If tax-exempt, projected loss of property tax, annual budget and strategic plan of non-profit housing partner, and detailed plan for how projected revenues will be used
 - ☐ True-up of any projects previously approved by the Denton City Council
- ☐ Location map including other affordable housing within a two-mile radius
- ☐ TDHCA self score
- ☐ Census tract map with site identified
- ☐ Community assets map

Draft Policy and Application

- Proposed use of general evaluation criteria including, but not limited to:

- Alignment with the Comprehensive Plan, Future Land Use Map, and zoning;
- Involvement and support from local stakeholders and neighborhood organizations;
- Impact on surrounding neighborhood(s);
- Impact on affordable housing in the community and neighborhood;
- Developments that pay property taxes;
- Provision of both tax credit and market rate units;
- Impact on area schools and support from the school district;
- Demonstrated development team experience;
- Quality of design and construction;
- Impact on City infrastructure;
- Impact of traffic associated with the project;
- Availability of and impact on public transit service;
- Preservation of environmental assets and/or enhancement of landscaping;
- Any other factor relevant to the best interest of the City.

Draft Policy and Application

- Staff can analyze and/or implement additional policy considerations or minimum thresholds if directed by Council
- A policy and application could be reviewed and amended each by Council based upon experience and/or number of requests received

Questions