

**Exhibit 1**  
**Agenda Information Sheet**

**DEPARTMENT:**     **Community Development**

**CM/ ACM:**           **Todd Hileman, City Manager**

**Date:**               **June 27, 2017**

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**SUBJECT**

Receive a report, hold a discussion, and give staff direction regarding a policy and application process to review low-income housing tax credit requests.

**BACKGROUND**

The Texas Department of Housing and Community Affairs (TDHCA) offers a Housing Tax Credit program as one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households. Typical projects include apartment complexes, rental townhomes, mixed-income and mixed-use properties, supportive housing for those with special needs, and independent living facilities for seniors. There are two types of Housing Tax Credit programs available: a 4% (non-competitive) and a 9% (competitive) program. Both programs have unique features and rules; however, in general, current policy from the TDHCA requires that developers receive resolutions of support or no objection from the municipality in which the project is located.

In May 2017, the City Council considered two 4% low-income housing tax credit (LIHTC) requests from a developer, Ojala Holdings, in partnership with the Denton Housing Authority (DHA). Through this review, Council requested staff to research how other municipalities consider LIHTC requests and if a review process could be implemented to provide for a thorough review of proposed projects and set clear deadlines for the applicant to meet.

**DISCUSSION**

Staff has researched how other municipalities handle LIHTC requests with a summary provided in **Exhibit 2**. There a variety of methods for how cities approach the review and evaluation of requests. Some cities (1) list general evaluation criteria in which the request will be reviewed (Temple and Bexar County), (2) list policy preferences (Houston and Arlington), or (3) set minimum criteria or thresholds that need to be met for a request to even be considered (Plano and Fort Worth). For example, the City of Temple requires an applicant to fill out a standard application, meet established timelines, and review of the request is based on a number of general criteria, such as if it meets the city's comprehensive and land use plans. In comparison, the City of Fort Worth has a policy with specific criteria that must be met for a request to even be considered by the City Council, requiring a minimum percentage of units in the proposed development be dedicated to a rental assistance project or permanent supportive housing units for the homeless.

Staff has drafted a basic policy and application in **Exhibit 3** that could be implemented for the review of LIHTC requests. Below are some of the key components included based upon the last City Council discussion and after review of other cities:

- State the City’s intent
- List general evaluation criteria
- Gather all relevant information to facilitate review
  - Detailed project narrative (preliminary site plan, zoning of property and land use compatibility, basic amenities, neighborhood and community outreach, access to public transportation, etc.)
  - Detailed financial narrative (a pro forma statement, description of taxable status, if tax exempt include projected loss of taxes and a detailed plan for how project revenues will be distributed and utilized in the community)
  - Checklist of attachments (including letters of support or opposition from school district and county)
- Set expectations for applicants
- Set an annual schedule and deadlines for applicant to meet

The attached draft is intended to be a baseline to facilitate the review and consideration of LIHTC requests by the City Council. If the City Council would like to have a policy that includes priority considerations or policy thresholds, staff can analyze and draft for consideration. The policy and application process could be reviewed and amended each year by the Council based upon experience and number of LIHTC requests received.

Please note that TDHCA sets policy for the Housing Tax Credit program annually. There is a possibility that TDHCA could change their requirements or evaluation criteria and no longer require a resolution of support or no objection from the municipality in the future; however, there is no indication the process will change in the near term.

#### **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

This is the first City Council review of a draft policy and application. Based on Council direction, staff can make revisions and/or seek the input or feedback of non-profit housing agencies that may be applicants in this process.

#### **STRATEGIC PLAN RELATIONSHIP**

The City of Denton’s Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

**Related Key Focus Area:**     **Safe, Liveable & Family-Friendly Community**  
**Related Goal:**               **4.5 Provide support to citizens in need through social service agencies and programs**

#### **EXHIBITS**

1. AIS Sheet
2. Research of Other Municipalities
3. Draft Application
4. Presentation

Respectfully submitted:

Sarah Kuechler  
Assistant to the City Manager

Barbara Ross  
Community Development Manager