



2023 Housing Tax Credit Policy Developer Forum

Questions/Comments and City Responses

Each year, the City of Fort Worth's City Council adopts a Housing Tax Credit Policy that governs the issuance of resolutions to be included with applications submitted to the Texas Department of Housing and Community Affairs (TDHCA) for the award of low-income housing tax credits (HTC). On Monday, October 3, 2022, city staff held a Developer Forum in order to hear from developers about how the 2022 HTC Policy influenced their decision to pursue affordable housing developments in Fort Worth and to gather input on how City staff can craft a better HTC policy that hopefully results in more affordable housing developments being proposed in 2023. Staff received questions and comments from those developers in attendance as well as those submitted to htc@fortworthtexas.gov by the October 12, 2022 deadline.

City staff appreciates all of the input provided both during the Forum and in writing. The following provides a summary of those questions and comments as well as staff's responses. The final version of the policy will go before City Council for approval on November 8, 2022.

GENERAL QUESTIONS/COMMENTS

GENERAL HTC POLICY QUESTIONS

How can the public ask questions about the policy?

They can refer to the website (www.fortworthtexas.gov/neighborhoods), send an email to htc@fortworthtexas.gov or call 817-392-7540.

Has the City of Fort Worth adopted a formal policy for affordable housing?

Each year the City Council adopts a Housing Tax Credit Policy. Recently, the Council approved \$5 million specifically for the creation of permanent supportive housing units. The city has commissioned an updated strategic plan with critical partners to be better able to more effectively address the affordable housing crisis.

FLOOD RISK COMMENTS

Jennifer Dyke of the Transportation and Public Works Department (TPW) discussed flood risk management which includes both FEMA and non-FEMA flood areas. The non-FEMA flood areas are locally identified and a handout was provided to attendees (attached). She also noted that information about federal and local flood risks for any address can be found at the City's website called One Address: <https://oneaddress.fortworthtexas.gov/>.

2022 HTC POLICY REVIEW COMMENTS

When City staff asked participants about why there were so few 9% HTC applications and very few 4% HTC applications submitted last year, most developers said that it had to do with the QAP's consideration of "underserved census tracts." TDHCA rules are expected to be different for 2023 and there will be more census tracts eligible for HTC. Others noted that the 2022 deadlines set by the City were too early. The timeline revisions for 2023 should fix that problem.

OPTIONS SUGGESTED TO ENCOURAGE THE DEVELOPMENT OF MORE AFFORDABLE HOUSING IN FORT WORTH

In regards to zoning, developers suggested looking at what other large Texas cities are doing to assist with affordable housing development. Examples provided include Austin, Dallas, and San Antonio. These cities provide various incentives via fee waivers, expedited processing, and zoning allowances.

The zoning conversation led to a discussion about funding opportunities and other ways to make affordable housing development more feasible.



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Topics discussed included: the use of general obligation bonds, development fee waivers for affordable housing (in particular impact fees), the concern that Park and Recreation Department (PARC) fees tend to be really expensive and sometimes the requirements seem unnecessary when PARC amenities are nearby, and a concern that the CFA process required several different bonds, which are very expensive.

In regards to IPRC fees, it was suggested that perhaps the fees could be changed from being assessed daily to being project-based. It was noted that most projects have two durations (water/sewer at beginning, streets/sidewalks/ROW at end). Developers would prefer to pay for TPW inspectors during these two phases rather than including all the time in between when inspectors are not required to be on-site.

It was suggested that the City or Fort Worth Housing Finance Corporation (FWHFC) consider property acquisition in certain priority areas and issuing RFPs/RFQs for developers to propose developments as a way to reduce development costs.

2023 HTC POLICY TIMELINE

Are both 4% and 9% developments required to follow this timeline for approval of resolutions in February?

Nine percent developments must follow the proposed timeline to ensure that resolutions are provided in time for submission with competitive HTC applications to TDHCA.

Because 4% are non-competitive and operate on a rolling basis with TDHCA, 4% HTC applications can be submitted at any time of year, but the developer should also be aware that the 30-day notification period must still be followed. It is recommended that developers coordinate with staff early in their development timeline to be sure that city processes are incorporated into that timeline. The resolution approval process takes 4-6 weeks.

2023 HTC POLICY CONTENT

NOTIFICATION REQUIREMENTS

What should be included in the notifications? Can they be emailed or must they be mailed?

The notification must include:

- the developer's name and address and a representative's contact information for the development,
- development name and address,
- whether the development is new construction, rehabilitation, reconstruction, or adaptive reuse, and
- the approximate number of units and the bedroom sizes to be provided.

The notification must be sent by mail or email to the following groups:

- Neighborhood Services at htc@fortworthtexas.gov,
- the councilmember in whose district the development is or will be,
- the superintendent of the impacted ISD, and
- the impacted neighborhood or homeowner association(s). Initial contact will be made by the city's Community Engagement Office. See details about this process below under "REVISED COMMUNITY ENGAGEMENT PROCESS."

The developer will want to have proof that the notification reached its destination should that be requested.



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0-30% AMI UNITS REQUIREMENT

It was suggested that the requirement for a minimum of 10% of total development units be set-aside for 0-30% AMI population be changed to a percentage of “affordable” units rather than “total development” units.

Amy Connolly, Assistant Director of the Neighborhood Services Department, responded that City Council has identified the need for units serving this population as critical and will likely maintain the requirement as is.

Developers raised the concern that in the current economic climate (increasing interest rates, but no relief from construction costs), the number of units per deal (4% and 9% developments) has decreased which makes the seemingly small difference between the number of required units really important.

Developers requested the removal (or one-year waiver) of the 0-30% AMI set-asides for 4% developments. The reasoning is that the current set-aside reduces the ability to make tax credit deals cash flow. In a lot of Fort Worth neighborhoods, even with the HTC, it is impossible to take advantage of cost averaging because market rate is based on 70-80% AMI. True market rents are not achievable. This situation has resulted in the majority of 2022 bond awards not closing.

Developers noted that we are likely to see more 4% HTC applications to TDHCA for Priority 2 consideration in 2023 because of the difficulty in meeting the deep affordability required by Priority 1.

NEW TAX-EXEMPT DEVELOPMENT REQUIREMENTS

SLIDE 6 DESCRIBES THE INFORMATION THAT DEVELOPERS MAY BE ASKED TO SUBMIT AS PART OF THE HTC APPLICATION. INFORMATION TO BE REQUESTED INCLUDES THE SOURCE OF THE TAX EXEMPTION AND VALUE OF THE TAX EXEMPTION OVER A 15-YEAR PERIOD.

Developer Comments

Developers suggested that in addition to providing information about foregone property taxes, the HTC application should also request information about the public benefits of the affordable housing development and perhaps add a calculation as to the public benefit that a tax exemption would bring. For example, how much money is invested into the economy with affordable housing...construction jobs, lack of homelessness, etc.

City staff responded that they would attempt to create an excel formula that would calculate the tax exemption value with just a few data points entered by the applicant.

Developers voiced concern that any formula will include many unknowns such as: the actual future value of the property, actual school attendance (which factors into the calculation of school taxes), and assumptions about a yearly change in property value.

Another question raised concern about how non-profits that already own tax-exempt properties will be treated. How will the formula apply in these situations where a ‘before and after’ analysis of coming off the taxes roles is not possible?

The analysis will note the tax status of the entity and if the ‘before’ taxable value is zero so will the ‘after’ tax value.

Is City Council looking at the number of tax-exempt properties in the City?

No, but the City Manager’s Office may be.



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REVISED COMMUNITY ENGAGEMENT PROCESS

SLIDE 8 OF THE HTC POLICY PRESENTATION DESCRIBES HOW THE COMMUNITY ENGAGEMENT OFFICE (CEO) WILL PARTICIPATE IN THE PROCESS. ESSENTIALLY, THE CEO WILL CONNECT DEVELOPERS WITH THE NEIGHBORHOODS AND HOA. THIS IS INTENDED TO HELP WITH COORDINATING THE NECESSARY PUBLIC MEETING(S) REQUIRED IN ORDER TO RECEIVE A RESOLUTION.

How long will it take after we submit our notification email to Neighborhood Services (NS) staff for CEO staff to send an email to the NA/HOA so that we can notify them of a public meeting?

The goal for NS and CEO staff is to have the introductory email sent within 2-3 business days of receipt of the notification. But, if CEO staff have difficulty confirming the correct contact information for a NA/HOA, it could take 5-10 business days for the introductory email to be sent. Therefore, developers are encouraged to send notifications to NS staff early and not to wait until the December 14, 2022 notification deadline.

How will challenges with NA/HOA engagement be handled?

The CEO will connect the NA/HOA and developer via an introductory email (a copy of which the developer will need to include with their application). If the developer is unable to contact the NA/HOA after that introductory meeting, then please reach back out to the CEO for assistance. If after that, contact is still not possible or the NA/HOA refused to engage, the developer should retain and submit copies of their efforts to engage with the community. As long as the developer has proof of the initial contact made by the CEO and any additional efforts at contact (if necessary) by both the CEO and the developer, the developer will be deemed to have satisfied the notification requirement. Please note that a neighborhood public meeting will still be required.

Does a developer have to hold a public meeting at a NA/HOA scheduled meeting?

While we do encourage developers to exhaust all means of notifying neighborhoods of the proposed development and work to be able to present the development at a NA/HOA meeting, developers are not required to hold a public meeting at an NA/HOA meeting. The policy only requires that the NA/HOA be notified 7 days prior to when the meeting will be held and that the meeting be held in the same geographic area as the proposed development.

PUBLIC MEETING

Are virtual public meetings still acceptable?

Yes, please record those meeting for documentation purposes. Staff may ask for them.

Are city staff required to attend?

No, city staff typically do not attend these meetings.

Do we need to record our neighborhood meetings?

While not required by the policy, virtual meetings should be record. City staff may request the recording to show proof of the meeting's occurrence.

2023 HTC RESOLUTION APPLICATION IMPROVEMENTS

Why are "community amenities" requested if they are not included in the evaluation of the application?

These are requested so that we can get a better understanding of the context of the area. If staff are asked questions about a development, it is good to have this background knowledge.



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Can you expand the response cells and allow for text wrapping?

The response cells currently do allow for text wrapping but don't allow for unlimited text. We can modify the application to enlarge the cells and note the character limits for each response.

Other Suggestions

Suggestions included asking about the need for zoning variances in addition to whether a zoning change is needed, requesting the names of the community amenities for which distances are provided, and about the status of inclusion in a high flood risk area (a local non-FEMA designation).