




Housing & Community Affairs Committee

February 1, 2017




Sylvester Turner, Mayor



Tom McCasland, Director


What Are Tax Credits?

- ✓ NOT FUNDED BY THE CITY
- ✓ An important resource for building affordable housing
- ✓ Created through the Tax Reform Act of 1986
- ✓ Administered by Texas Department of Housing and Community Affairs (TDHCA)
- ✓ Private equity for construction of affordable housing



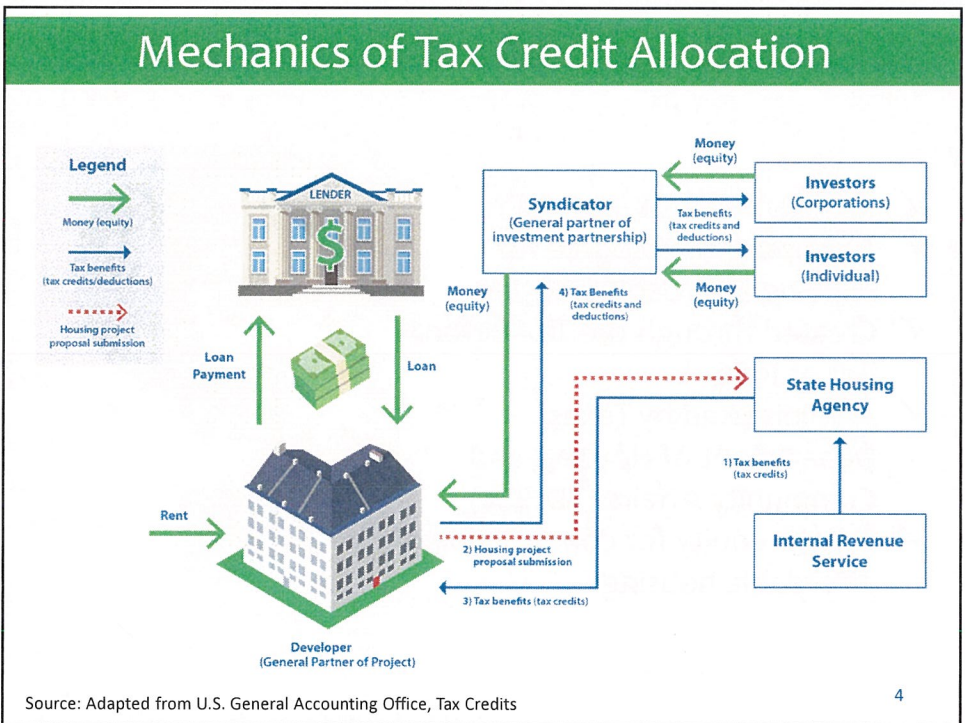
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What Are Tax Credits?



- Tax credits allocated through competitive process
- If you receive credits, you can sell them on the open market
- The market determines the price of credits

3



Two Kinds of Tax Credits: 4% & 9%

Scoring

- Highly competitive scoring system
- Resolution of Support: 17 points
- Resolution of No Objection: 14 points
- Applicants in the ETJ receive $\frac{1}{2}$ their points from the City, $\frac{1}{2}$ from the County (resolutions from both)

9%

5

Two Kinds of Tax Credits – 4% & 9%

Timing

- Very tight timeline
- Applications (**with resolutions**) due to TDHCA - 3/1/2017
- Credit awards announced in July 2017

9%

6

Schedule for Tax Credit Resolutions

9% Tax Credit Resolutions process

Date	Action
January 9, 2017	TDHCA pre-applications due
January 9, 2017	Application for Resolutions posted by HCDD
January 17, 2017	Applications due to HCDD
February 1, 2017	Housing Committee
February 15, 2017	Preferred City Council date
February 22, 2017	Alternative City Council date
March 1, 2017	Resolutions due in Austin

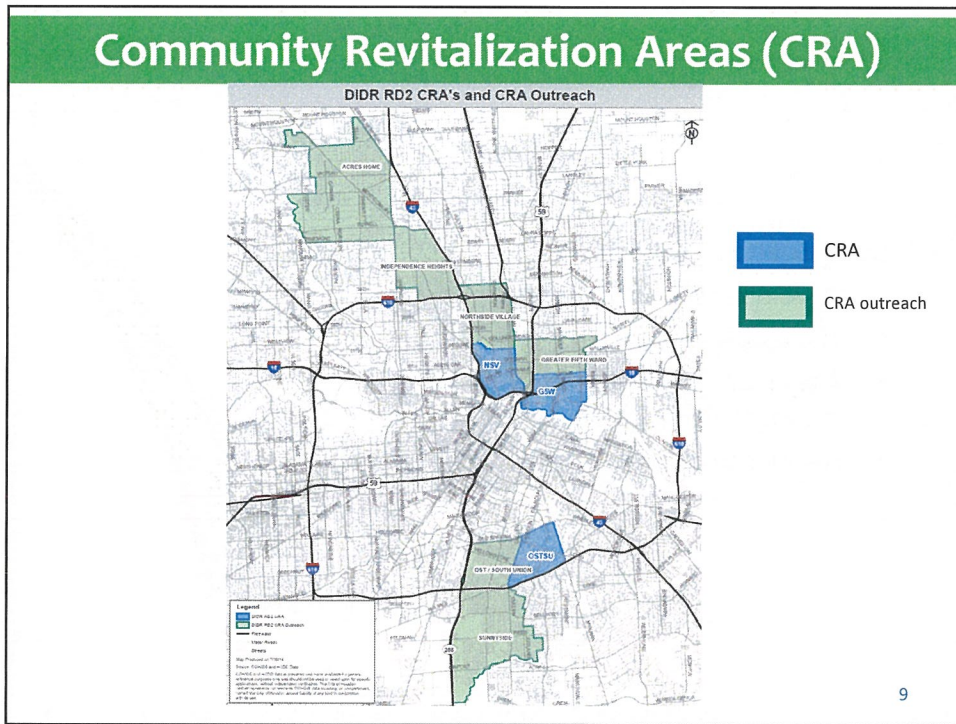
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HCDD Support Criteria

- 1) **Community Revitalization Area (CRA)**
 - Developed after Hurricane Ike for Disaster Relief funding
 - Identified through a two-year process
 - Input from local organizations, Fair Housing Advocates, HUD representatives, and City officials
 - City has been focused on revitalizing these areas



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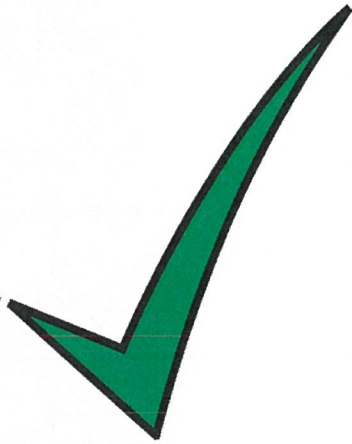


- ### HCDD Support Criteria
- 2) Major renovation (if the renovation is combined with an effort to deconcentrate poverty)
 - Eliminate blight
 - Preserve affordable housing
 - Improve the living conditions of low-income residents
 - 3) Large units
 - On-going need for 3- and 4-bedroom units for large families
 - 4) Low poverty area
 - 5) Zoned to quality schools
-
- 10

HCDD Support Criteria

5) **Other Selection Criteria**

- Developer's qualifications
- The project's merits
- Neighborhood amenities and demographics
- Avoidance of concentration of poverty

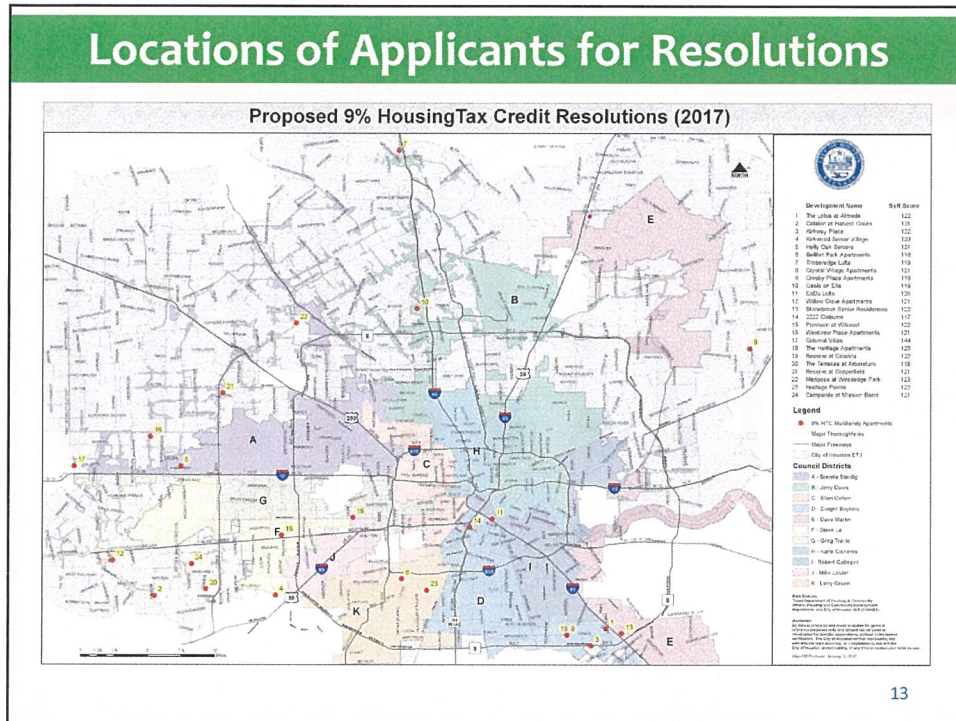


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Applicants for Resolutions

- **14 Applications in the City of Houston**
 - District A – 1
 - District B – 1
 - District D – 5
 - District E – 2
 - District F – 2
 - District G – 1
 - District I – 1
 - District K – 1
- **10 Applications in the Extraterritorial Jurisdiction (ETJ) of the City of Houston**

12

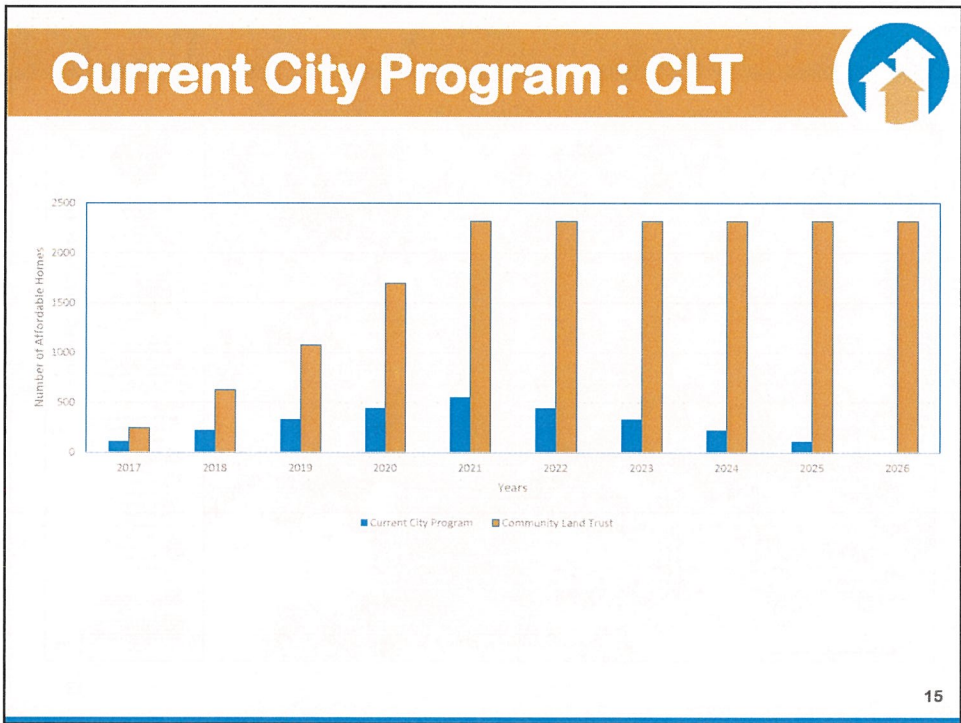


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GROUNDED SOLUTIONS NETWORK
strong communities from the ground up

Grounded Solutions Network cultivates communities – equitable, inclusive and rich in opportunity – by advancing affordable housing solutions that last for generations.

Community Land Trusts



Acquire, own and steward land **permanently** for the common good by providing:

- Affordable housing
- Commercial spaces
- Community spaces
- Farming or open land



17

The Classic CLT



Generally, a non-profit organization with:

- Defined service area
- Corporate membership
- Tri-partite board

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The Classic CLT and Variations



Classic CLT:

- Non-profit organization
- Defined service area
- Corporate membership
- Tri-partite board

Variations

- Program of a nonprofit
- Program of a city
- City, regional, state-wide
- No corporate membership
- No tri-partite board

16³

Dual Ownership



Individual owns improvements
(home)



Community land trust owns land

20³

Dual Ownership



Ground lease ties improvements and land together

21^(#)

Perpetual Affordability



99yr renewable ground lease

Lower price initially



Lower price at resale



Again, again and again



Example: Traditional Model



	Traditional Model
Market Price of Home	\$200,000
What Buyer can Afford	\$155,000
Subsidy Needed	\$45,000
Sale Price to Homebuyer	\$200,000
10 Years Later...	
Market Value After 10 Years	\$240,000
Sales Price	\$240,000
Program Portion	\$0
Seller Portion (before payoff)	\$285,000

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Example: Traditional Model



	Traditional Model
NEW Sales Price of home	\$240,000
NEW Buyer Affordability	\$185,000
NEW Buyer Subsidy Needed	\$55,000
Program Portion from Sale	\$0
NEW Resources Needed	\$55,000

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Example: CLT Model



	Traditional Model	CLT Model
Market Price of Home	\$200,000	\$200,000
What Buyer can Afford	\$155,000	\$155,000
Subsidy Needed	\$45,000	\$45,000
Sale Price to Homebuyer	\$200,000	\$155,000
10 Years Later...		
Market Value After 10 Years	\$240,000	\$240,000
Sales Price	\$240,000	\$185,000
Program Portion	\$0	\$55,000
Seller Portion (before payoff)	\$285,000	\$185,000

25

Example: CLT Model




	Traditional Model	CLT Model
NEW Sales Price of home	\$240,000	\$185,000
NEW Buyer Affordability	\$185,000	\$185,000
NEW Buyer Subsidy Needed	\$55,000	\$0
Program Portion from Sale	\$0	\$55,000
NEW Resources Needed	\$55,000	\$0

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Perpetual Responsibility






- Stewardship of structures (homes)
- Stewardship of leaseholders (homeowners)
- Stewardship of subsidy (public funds)

27th

Initial Affordability



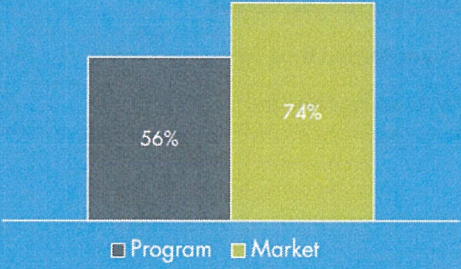
How much affordability do the programs create?

Median Subsidized Price:
\$115,000

Median Appraised Value at Time of Sale: \$175,000

Through the program, homes affordable to households earning 74% of AMI became affordable to households earning 56% of AMI.

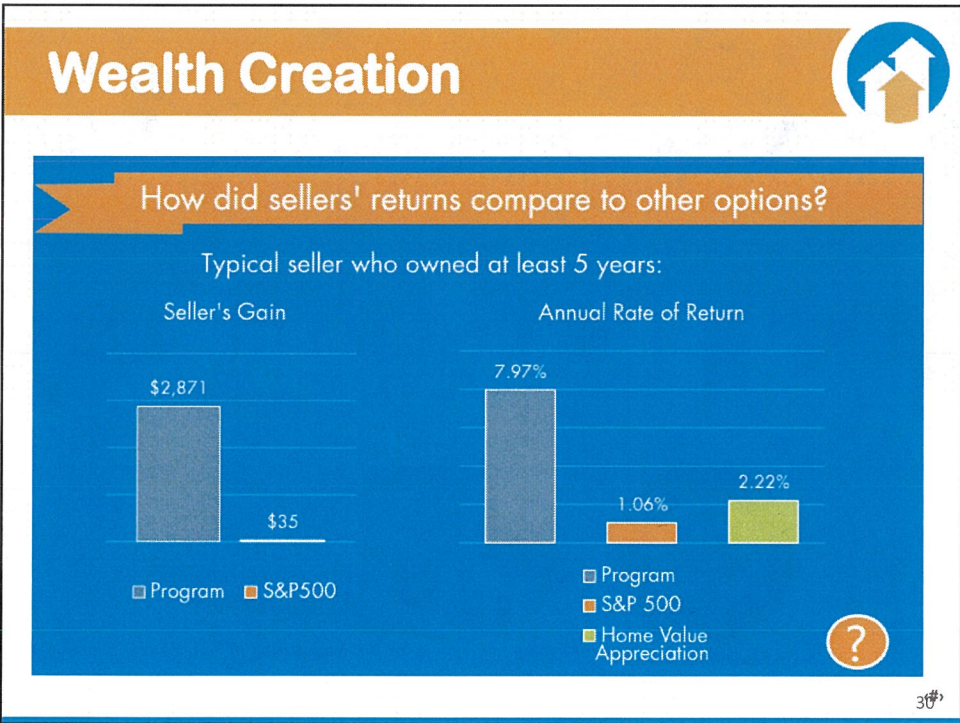
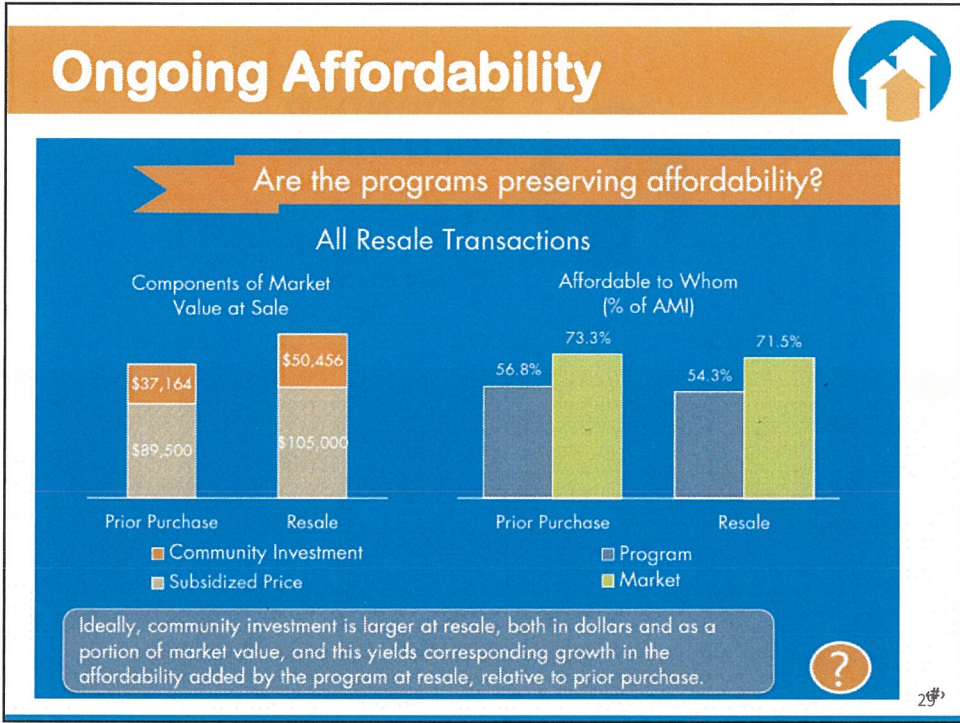
Affordable to Whom



Category	Percentage
Program	56%
Market	74%

?

28th





**GROUND
ED
SOLUTIONS
NETWORK**

strong communities
from the ground up

Beth Sorce
Director of Capacity Building
bsorce@groundedsolutions.org

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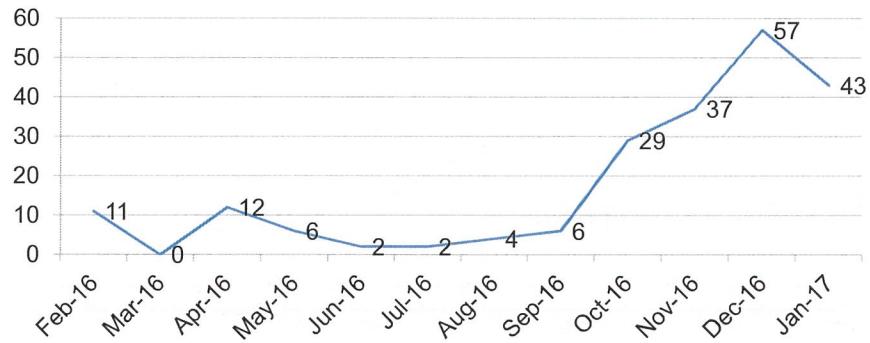
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Minor Critical Repair & Blue Tarp Programs

Total Homes Served: 209



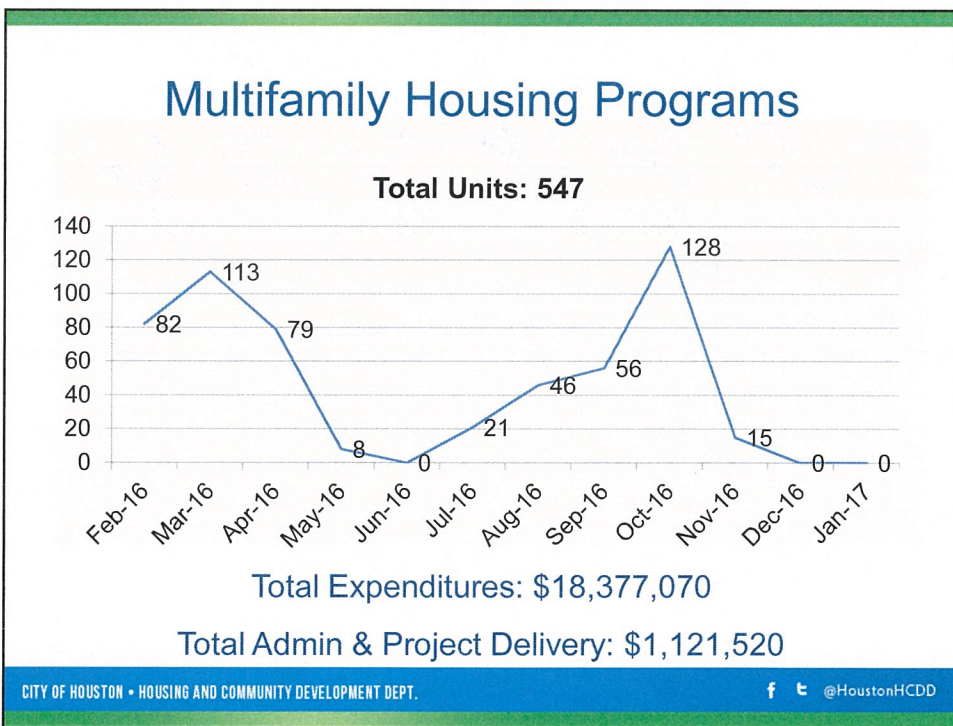
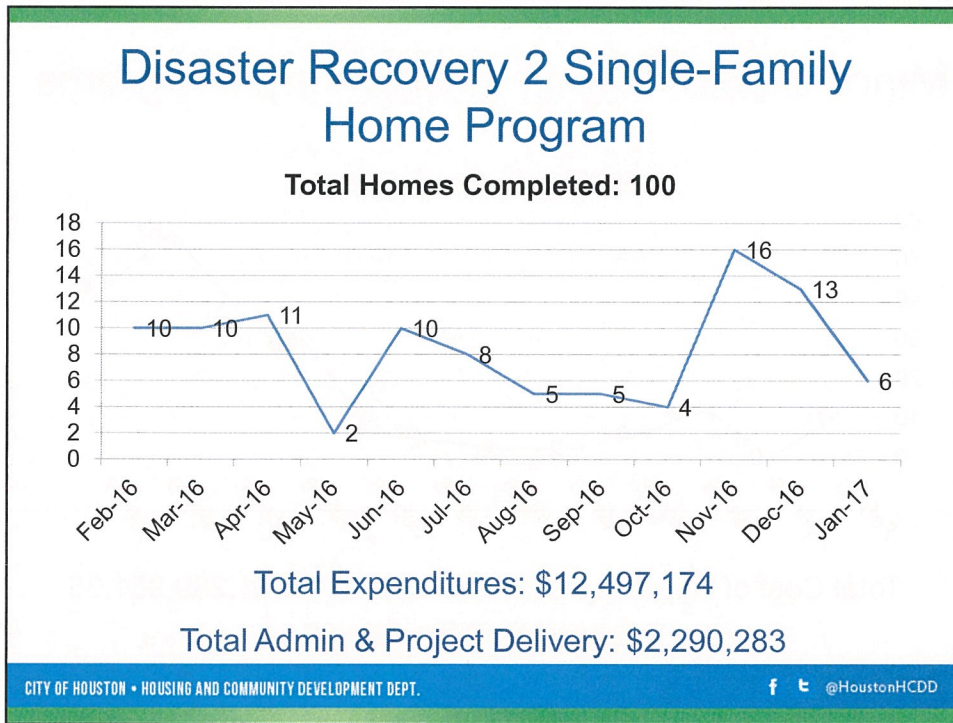
Total Cost of Repairs: Feb 2016 - Jan 2017: \$1,289,951.35

Total Admin: \$191,474.59

Blue Tarp Initiative Progress Report

As of 01/30/2017

Status Report	Count
Intake	484
Approved	258
Ineligible	125
In Progress	35
Tax Issues	23
Title Issues	20
Under Final Review	12
Declined Services	11



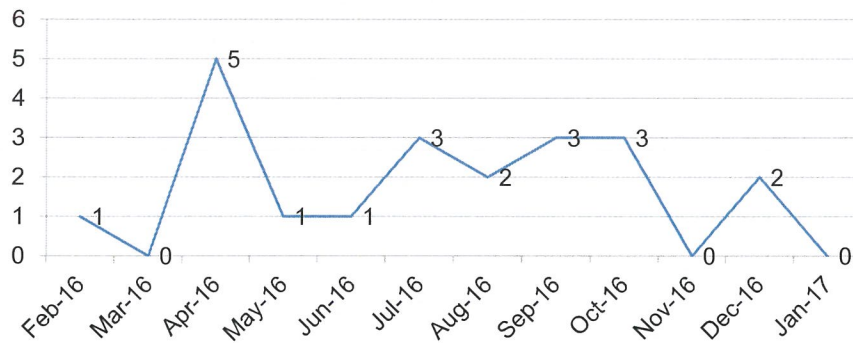
Homebuyer Assistance Program

Assistance Levels

70% - 80% AMI	\$15,000
70% AMI or below	\$25,000

Homebuyer Assistance Program Single-Family

Total Homeowners Assisted: 21



Total Investment in Down Payment Assistance to Date: \$270,036

Total Admin: \$342,734

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