

BOARD MEETING OF NOVEMBER 10, 2011

PUBLIC TESTIMONY HANDOUTS



City of Dripping Springs

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November 3, 2011

Board of Directors
Texas Department of Housing and Community Affairs
221 E. 11th Street
Austin, Texas 78701

Re: 2012 Regional Allocation of Tax Credits

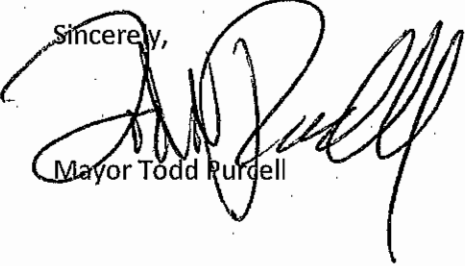
Dear Chairman Ozer and Members of the Board:

I am writing to you to express my full support of the suggested policy change as drafted by the Texas Affiliation of Affordable Housing Providers (TAAHP) regarding the Texas Department of Housing and Community Affairs (TDHCA) ability to award "forward commitments" in a calendar year from the state's allocation of credits in the subsequent year. I support the TAAHP policy change as outlined in the attached Public Comment Addendum.

If current Regional Allocation policies are continued, due to the 2011 Rural Region 7 forward commitments in Giddings and Bastrop, Dripping Springs will be unable to participate in the 2012 tax credit cycle. Dripping Springs has a critical need for affordable housing and I would like at a minimum, an opportunity to compete for tax credit funding in the 2012 cycle. The TAAHP proposed policy provides a just and fair allocation of forward commitment tax credits and ensures all 26 sub-regions have some level of funding every year and, if adopted, ensures healthy competition for tax credit funding throughout the state.

Please feel free to contact me directly should you have any questions.

Sincerely,



Mayor Todd Purcell

Attachment B
Public Comment Addendum
PROPOSED FORWARD COMMITMENT POSITION PAPER

As part of the authority granted to the state of Texas by the U.S. Treasury and Section 42 of the Internal Revenue Code, TDHCA has the ability to award “forward commitments” in a calendar year from a state’s allocation of credits in the subsequent year. The Board of Governors of TDHCA has broad authority in which to make these forward commitments and Texas statutes are silent on how those forward commitments are to be allocated—whether it is by region, points, need, special set-aside or if they are to be allocated at all.

Since the advent of the Regional Allocation Formula (RAF) in 2001, TDHCA has enforced a policy of taking forward commitments out of the funding cycle from the particular region in which they were awarded for the *following* year, and also put them in the RAF as if they were awarded in the *following* year. This policy has sometimes created situations whereby there are no tax credits for a particular subregion for an entire cycle (calendar year), limiting competition for credits in that sub-region. This is true especially in the smaller regions, but this situation also recently occurred in Region 3—“the Dallas Region” in 2011. An unintended result when this occurs is that a developer or development is punished (because there are no funds to compete for) in a current year, due to a forward commitment that was made in a prior year in that same region.

Example: Developer A has requested and received a forward commitment for \$1 million in 2011 in Sub-Region 1. Sub-Region 1 is due to receive only \$1 million in 2012 under the Regional Allocation Formula (RAF), hence there is no money available for Sub-Region 1 per the current TDHCA policy due to the 2011 forward commitment. Developer B, who did not apply in 2011, submits a worthwhile application in 2012 with full community support and an extremely high score. The TDHCA Board in 2012 now is in a position to either deny the worthy application from Developer B or grant a forward commitment to the application and take all of the money for 2013.

TAAHP submits the following suggestions for a policy change for the 2012 cycle:

- End the process of taking a “forward commitment” out of the following year’s funding at 100% for a region, and instead take the money “off the top” before the RAF, identical to the policy in place now for the “at risk set aside.” Forward commitments are already counted as a factor in the RAF the year they are finally committed (the year after the forward commitment) for that region, and we propose no change to this policy. This will ensure that forward commitments are only “counted once” against a region, instead of being counted against the region 100% the year after the forward, and then placed in the RAF for the subsequent year as well.

This policy change would ensure that all 26 sub-regions have some level of funding every year, and ensure healthy competition for tax credit funding throughout the state.



OFFICE OF THE MAYOR
ALAN MCGRAW

November 7, 2011

J. Paul Ozer, Chairman
TDHCA Boardmembers
Tim Irvine, Executive Director
Texas Department of Housing and Community Affairs
221 East 11th Street
Austin, Texas 78701-2410

Re: Definition of Central Business District in 2012 Qualified Application Plan

Chairman Ozer, Boardmembers and Director Irvine,

The 2012 Draft Qualified Allocation Plan currently defines a Central Business District ("CBD") as:

The area designated by a city with a population of 50,000 or more as that city's Central Business District or Downtown Area which includes one or more commercial buildings of ten (10) stories or more.

Round Rock's population is approximately 100,000 people. We have made great efforts to revitalize our CBD. We recently adopted a comprehensive Downtown Master Plan, the focus of which is to encourage development of businesses and supportive housing. CBD's provide a "place", or a destination, which help establish the essence of a community. The strategic use of low income housing tax credits could act as a compliment to the plan.

A 10 story commercial building requirement for a community's CBD to meet TDHCA's definition will disqualify Round Rock, and I suspect a large majority of communities with populations between 50,000 and 1 million. Many cities of this size likely have not allowed buildings of this height. For one, many CBD's are historical in nature, and taller buildings would have compromised the historical value of it. Additionally, cities would then be forced to acquire additional fire apparatus (quite expensive I might add) to successfully protect the building and its occupants.

It is my hope that TDHCA will consider the reasons that medium sized communities with a CBD do not have 10 story buildings. When finalizing the definition for a CBD, I would encourage you to allow all communities with 50,000 residents and a defined CBD to fall within TDHCA's definition of a CBD.

Sincerely,

Alan McGraw
Mayor