

Low Income Housing Tax Credits

Saint Paul HRA Workshop
March 24, 2021



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PLANNING & ECONOMIC
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Agenda

- HTF Refresher
- QAP Background
- QAP Analysis
 - Process overview
 - Proposed changes
 - Feedback and discussion



Housing Strategy 5 objectives

Objective 1:

Meet the needs of those with the lowest incomes by ***increasing*** supply

Objective 2:

Invest in low and moderate income residents by ***investing*** in the supply

Objective 3:

Explore innovative approaches to meeting housing needs

Objective 4:

Build wealth for residents and communities

Objective 5:

Promote fair access for all of us



Housing Trust Fund Programs to date

- Families First Housing Pilot
- 4(d) Affordable Housing Incentive Fund
- Community Land Trust Pilot
- Bridge Fund
- Downpayment Assistance Program
- Complements other housing investments
 - TIF
 - Federal programs
 - Upcoming COVID Emergency Rental Assistance



QAP Background

- Saint Paul is a suballocator of LIHTC
- Qualified Allocation Plan (QAP) required and must have selection criteria to determine housing priorities appropriate to local conditions and certain priorities as required by federal law
- Projects must be financially feasible and viable throughout the credit period
- Two types of tax credits:
 - 4%
 - 9%
- Generally, Saint Paul's 9% credits can assist just under one project per year, and 4% credits can assist 3-4 projects per year



March 5th, 2021

Map of St. Paul, Minnesota, showing LIHTC projects, planning districts, council wards, and census tracts. The map includes a legend with symbols for 4% LIHTC projects (pink star), 9% LIHTC projects (black star), city boundary (dashed line), planning districts (blue outline), council wards (orange outline), and LIHTC qualified census tracts (gray shading).

Legend:

- 4% LIHTC Projects
- 9% LIHTC Projects
- City Boundary
- Planning Districts
- Council Ward
- LIHTC Qualified Census Tracts (QCTs)



Analysis of Current QAP Priorities

2020 changes

- More clearly aligned QAP with City's housing goals
- Identified gaps
- Incorporated community feedback

2021 analysis

- Continuation of 2020 approach
- Emphasis on balance between priorities



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Table 1. Scoring Categories by Credit Type and Housing Strategy

Housing Strategy	9% Self-Scoring Worksheet Categories	4% Self-Scoring Worksheet categories
Increase Supply at Lowest Incomes	<ul style="list-style-type: none">• Percentage of housing units serving 30% AMI households• Percentage of housing units serving 50% AMI households• Projects serving homeless households	<ul style="list-style-type: none">• Percentage of housing units serving 30% AMI households• Percentage of housing units serving 50% AMI households
Preserve Existing Supply	<ul style="list-style-type: none">• Substantial renovation• Historic building• Preserves Project-based Section 8	
Build Wealth	<ul style="list-style-type: none">• Non-profit status• Enhanced services• Neighborhood support• Future tenant ownership• Nonsmoking	<ul style="list-style-type: none">• Non-profit status
Fair Access	<ul style="list-style-type: none">• Tenant selection plan• New affordable housing• Larger-sized family housing units• Transit• Senior housing	<ul style="list-style-type: none">• Tenant selection plan• New affordable housing• Larger-sized family housing units
Innovative Strategies	<ul style="list-style-type: none">• No further subsidy• Intermediary costs• HRA land or HRA/City debt obligation• Prior 9% HTC commitment	<ul style="list-style-type: none">• No further subsidy• Intermediary costs• HRA land or HRA/City debt obligation• Cost containment• Long term affordability



Figure 1. Distribution of Priorities in Current QAP Scoring

Figure 1a. 9% HTC worksheet

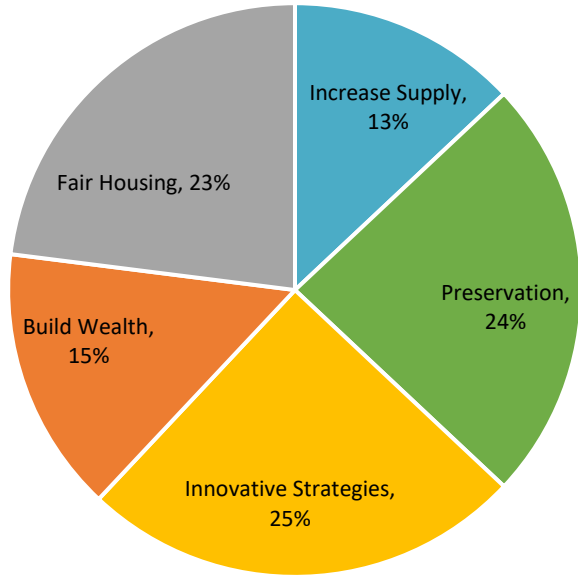
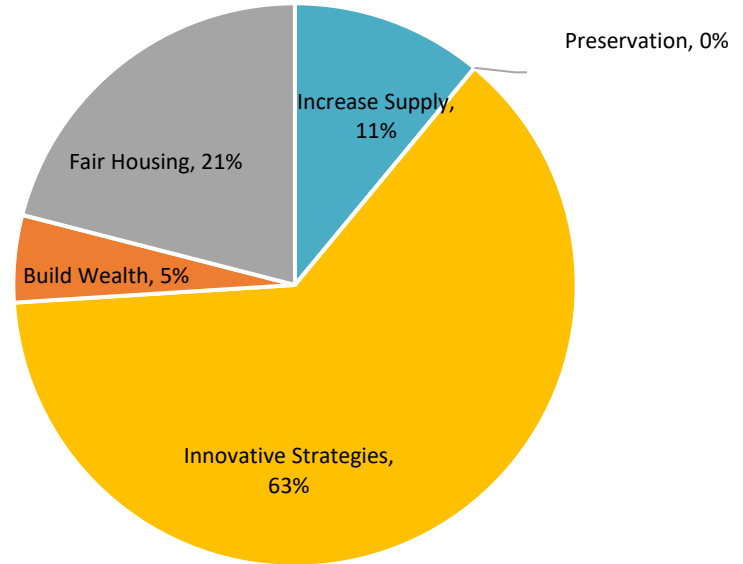


Figure 1b. 4% HTC worksheet





Priority: Increase Supply For Those With Lowest Incomes

Modifications

- Increase points for 30% AMI units
- Increase points for 50% AMI units
- Increase points for units serving homeless households

New

- Add new point category for units serving homeless households (4%)



Priority: Innovative Strategies – Long Term Affordability

Modifications

- Extend baseline affordability term length requirement to 30 years (4%)
- Adjust point category to incentivize long term affordability commitments (4%)

New

- Add point category to incentivize long term affordability commitments (9%)



Priority: Build Wealth

New

- Add point category for Future Tenant Ownership (4%)
- Add point category for Enhanced Services, Programming, and Amenities (4%)



Priority: Fair Access to Housing

Modifications

- Strengthen language to prevent displacement of tenants in non-HUD assisted units
- Update Tenant Selection Plan Guidelines in accordance with S.A.F.E. ordinance
- Remove existing point category for certain screening practices that are now requirements



Structural Changes

- Increase point minimum threshold for 4% proposals to 40 points
- Establish a two-year QAP (2022-2023)



Additional Changes

- Remove existing point category for Cost Containment (4%)



Figure 2. Distribution of Priorities for 9% HTC – Current and Proposed

Figure 2a. Current 9% HTC worksheet

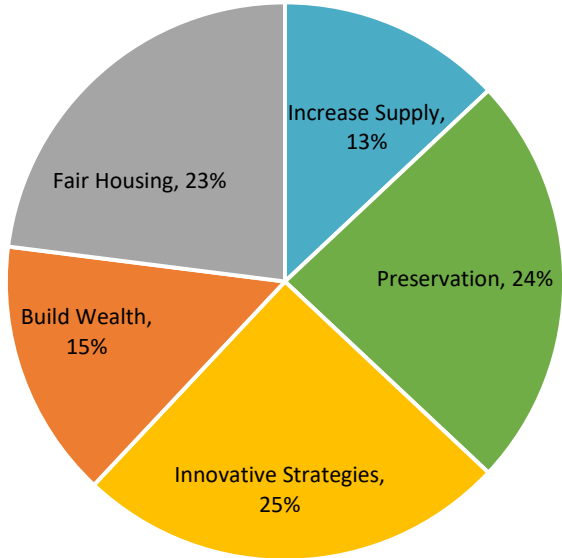


Figure 2b. Proposed 9% HTC worksheet

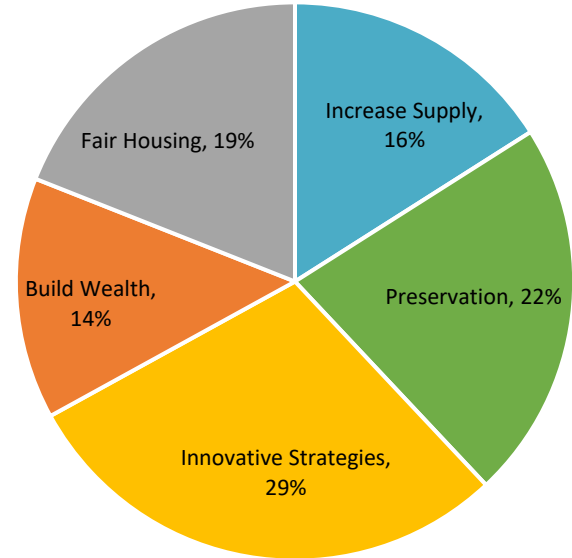




Figure 3. Distribution of Priorities for 4% HTC – Current and Proposed

Figure 3a. Current 4% HTC worksheet

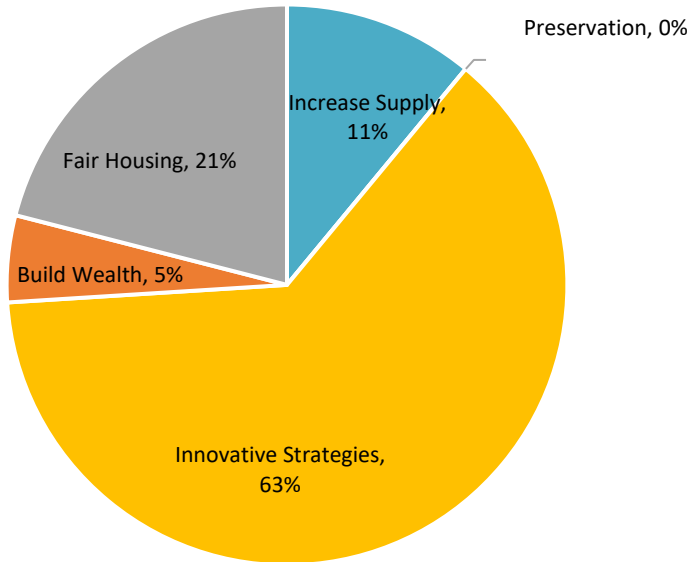
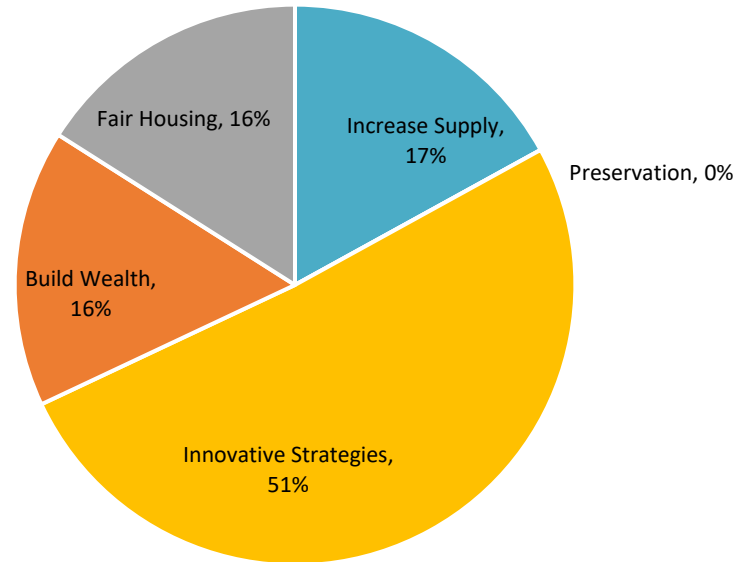


Figure 3b. Proposed 4% HTC worksheet





Discussion

Feedback & Discussion

- Do we have the right priorities?
- Is the balance of priorities right?
- Feedback on any of the specific changes proposed?



Discussion

Future Actions

- April 28, 2021: HRA board report requesting approval of changes to Saint Paul selection priorities for 2021 for submission to Minneapolis/Saint Paul Housing Finance Board
- Early May: Minneapolis/Saint Paul Finance Board public hearing
- Early July: Low-income tax credit applications for Saint Paul projects due