MEMORANDUM

TO: Housing and Planning Committee

FROM: Rosie Truelove, Director, Neighborhood Housing and Community Development Department

DATE: July 21, 2020

SUBJECT: Staff response agenda item: "Briefing and discussion on the Homestead Preservation Funding and Plaza Saltillo Transit Oriented District."

The Homestead Preservation Reinvestment Zone (HPRZ), created by Council in 2015, encompasses the area north of Lady Bird Lake, east of Interstate 35, and as far north as the intersection of 38 ½ Street and Airport Boulevard. The HPRZ collects a portion of the increase in property taxes from within these boundaries and reinvests those dollars back into the community. In 2019, Council increased the tax increment to be deposited in the HPRZ Fund from 10% of assessed valuation increase to 20%.

- **Current Balance** - $2,334,462
- **FY21 Budget** - $3.4 Million

NHCD will deploy these funds along these parameters through NHCD's normal programs (i.e. RHDA, OHDA, HRLP, Acquisition, etc.) in alignment with the Texas Local Government Code Chapter 373A, which requires funds must be spent:

- on **housing within the geographic boundaries** of the HPRZ
- on assistance to households earning **no more than 70% MFI**
- 50% on households earning **no more than 50% MFI**
- 25% on households earning **no more than 30% MFI**

Plaza Saltillo Transit Oriented Development (TOD) District is one of several Neighborhood Center TOD Districts adopted by Council. The Plaza Saltillo TOD District Fund is generated by developers paying a fee of $12 per square foot of bonus density in lieu of providing affordable housing in 10% of the total area of the development. Currently, three non-residential projects are either under review or under development in the Plaza Saltillo TOD District. The projects are anticipated to pay a density bonus fee-in-lieu totaling around $2.5 million over the course of the next three years, assuming all projects are completed as planned.

On August 8, 2019, the AHFC Board of Directors awarded a loan of $3 million to DMA Development for the construction of Talavera Lofts, an awardee of a LIHTC 9% award in 2019. This loan was partially funded by the balance of the fund at that time, $1,202,079.

- **Current Balance** - $0
- **FY21 Budget** - $1,460,013

The only statutory restrictions governing the use of these funds are imposed by local ordinance, which states funds must be spent on:

- **housing within no more than ½ mile from the boundary** of the TOD
- rental units leased to households earning **no more than 60% MFI** for a period **not less than 40 years**

- owner-occupied housing being sold to households earning **not more than 80% MFI** and remain affordable for **not less than 99 years**.