Affordable Multi-unit Family and Senior Housing Concentration Policy

Affordable housing opportunities should be available to residents throughout Harris County. These opportunities should be viable and self-supporting projects that effectively supplies the local communities demand for affordable multi-family units. To that end, Harris County Community Services Department (HCCSD) shall utilize criteria designed to evaluate the dispersal of subsidized multi-unit housing throughout the county's service area.

The primary objective of the County's Concentration Policy is to ensure the viability of proposed affordable housing projects and the sustainability of existing Federally Subsidized and Rent Regulated ("FSRR")[1], Section 42[2], and other governmentally financed properties constructed or renovated within the past 10 years. A secondary objective is to encourage competition that will motivate older subsidized properties and existing non-subsidized properties to renovate and modernize.

Review Procedures

HCCSD shall be responsible for the review of subsidized multi-family housing projects applying for Harris County U.S. Department of Housing & Urban Development Entitlement funds and for organizations requesting Letters of Consistency with the Consolidated Plan for projects that acquire or construct multi-unit housing. HCCSD has established this threshold policy for the concentration of tax credit and HUD-funded multi-unit projects for seniors and low-income rental units locating in the Harris County service area.

Organizations that are applying for multi-family/senior acquisition and/or construction funding from Harris County CSD must be consistent with this policy **PRIOR** to award of funds. A consistency review will be initiated during the application threshold review.

Review Criteria

A multi-step process is employed in determining compliance to the concentration policy. Organizations seeking consistency determinations must be within the threshold levels described below to receive a favorable consistency determination. HCCSD staff shall maintain a database of existing federally- and tax credit-subsidized properties. Staff will evaluate a **three-mile radius** around the multi-family apartment complexes and **five-mile radius** around multi-unit senior housing facilities to determine the need for additional units to the area. To determine the estimated demand for affordable housing (senior or multi-family) the following method is used by HCCSD staff:

1. Projects will be compared to housing serving similar populations, for example senior to senior and multi-family to multi-family complexes.
2. The average of current occupancy rates of FSRR, Section 42, and other governmentally financed properties 10 years or less of age in the designated area[3] must not be less than 90 percent per the last published quarter (as published by O'Connor & Associates).
3. No FSRR, Section 42, tax-credit, or other governmentally financed properties within defined radius that are under construction (do not have a certificate of occupancy).

4. No non-stabilized[4] FSRR, Section 42, other governmentally financed, or applying tax-credit (within the same application year) properties within 1 mile of property.
5. Additionally, no proposed property may be located within the 100-year floodplain without approved mitigation and emergency evacuation plans.

Consistency Letters will only be issued after completion of the evaluation process. If the project does not meet the threshold standards stated in Review Criteria 1-4 of this policy, certification of consistency will not be approved for the submitting project.

In cases were occupancy rates are lower than the established thresholds and population growth is expected in the development area to support the additional affordable rental units, the developer of the project may submit a lease-up plan that discusses population growth causes and effects to area housing, marketing strategies, and pro forma to HCCSD for review.

HCCSD Director may review individual requests on a case-by-case basis and apply a waiver to the policy when the project serves to improve housing conditions and availability in a defined area, particularly in the response to natural disasters and areas of slum and blight. Waivers will <u>not</u> be considered under the following conditions:

- The current occupancy rate of any FSRR, Section 42, or other governmentally financed properties 5 years or less of age in the designated area[3] must not be less than 60 percent per the last published quarter (as published by O'Connor & Associates).
- No waiver will be granted within one mile of an existing non-stabilized[4] FSRR, Section 42, or other governmentally financed properties under 90% lease-up at the time of request.
- No FSRR, Section 42, tax-credit, or other governmentally financed properties within designated area radius that are under construction (do not have a certificate of occupancy).
- Only one waiver will be granted within the same application year for:
  - Multi-family: one waiver within a 3 mile radius,
  - Senior: one waiver within a 5 mile radius.

Waiver requests must be submitted in writing on the organizations letterhead and include support documentation from an established market data analysis provider. Waivers are processed on a first come, first served basis.

APPROVED

CSD Director

Date 2/6/12

DAVID TURKEL

[1] Properties that have been funded with federal funds and have defined affordable rent structures according to U.S. Department of Housing and Urban Development's income levels.
[2] Tax Credit funded properties.
[3] Three-mile (for family complexes) or five-mile (for senior complexes) radius around submitting property.
[4] Constructed properties that are less than three years of age