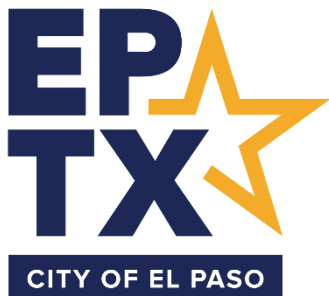


City of El Paso

Low-Income Housing Tax Credit (LIHTC) Policy Update

Updated Policy for the Evaluation of 9% LIHTC
Applications



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Glossary of Terms

AMI (Area Median Income)

A measure of a region's median income, used to determine eligibility for affordable housing programs. Income limits are typically expressed as a percentage of AMI (e.g., 30%, 60%, 80%) to define who qualifies for specific housing assistance.

Geographic Index

A scoring tool used by the City of El Paso to evaluate project sites. It considers access to essential services such as healthcare, education, food, public transportation, employment opportunities, and parks.

GIS (Geographic Information System)

A mapping and data analysis tool used to visualize and analyze the location of housing projects in relation to key community services and infrastructure.

LIHTC (Low-Income Housing Tax Credit)

A federal program that provides tax incentives to private developers for the construction or rehabilitation of affordable rental housing. It is one of the primary sources of affordable housing development funding in the U.S.

QAP (Qualified Allocation Plan)

A state-developed document that outlines the eligibility criteria, selection priorities, and application process for awarding Low-Income Housing Tax Credits (LIHTC) to developers.

TDHCA (Texas Department of Housing and Community Affairs)

The Texas state agency responsible for managing and overseeing affordable housing programs, including the LIHTC program.

9% LIHTC

A highly competitive Low-Income Housing Tax Credit that provides a substantial subsidy, covering a significant portion of development costs. It is awarded annually to a limited number of projects through a competitive application process.

Introduction

The City of El Paso recognizes that access to safe, high-quality, and affordable housing is essential to a thriving, strong, and inclusive community. As housing challenges intensify across Texas and locally within our own neighborhoods, the City is renewing its commitment to advancing strategic, equity-focused investments that directly address El Paso's most pressing housing needs.

This 2025 Updated Policy establishes a clear and transparent framework for evaluating applications seeking the City's support for 9% **Low-Income Housing Tax Credit (LIHTC)** developments. It reflects our continued alignment with the **Texas Department of Housing and Community Affairs'**

(TDHCA) 2025 Qualified Allocation Plan (QAP) while centering El Paso’s local priorities, including geographic equity, environmental sustainability, economic opportunity, and meaningful community engagement.

By prioritizing projects in historically underserved areas and emphasizing data-driven decision-making through tools like the Geographic Opportunity Index, the City seeks to encourage a more balanced distribution of affordable housing opportunities across all districts while contributing to long-term community vitality. The City will support developments that go beyond minimum requirements by delivering lasting and measurable benefits, driving neighborhood revitalization, and enhancing the quality of life for all El Pasoans.

Purpose

This policy provides a clear framework for the evaluation and approval process of 9% LIHTC applications. It aligns with the City’s commitment to developing sustainable, high-quality affordable housing that meets community needs, supports economic growth, and improves the quality of life for residents. This policy takes into account the **most recent TDHCA QAP** and incorporates its key priorities for affordable housing development in Texas.

Scope of Application

This policy applies to all developers seeking the City of El Paso’s support for 9% LIHTC financing. City support may be issued in the form of either a Resolution of Support or a Resolution of No Objection, in accordance with the rules and definitions established by the TDHCA in the **most recent QAP**.

Applications will be evaluated based on how well they align with both:

- ❖ The **City’s strategic priorities**, and
- ❖ Our policy as it is in alignment with the **threshold and scoring criteria outlined in the TDHCA QAP**.

City Priorities

The City of El Paso evaluates affordable housing projects based on six key factors that reflect essential community resources within a quarter mile of the development site. These factors help ensure that residents have convenient access to critical services and opportunities that support their health, economic stability, and overall quality of life.

- ❖ **Healthcare**
Access to clinics, hospitals, and pharmacies within a quarter mile is crucial for the well-being of low-income residents. Nearby healthcare services improve health outcomes by reducing barriers to preventive care and medical treatment.

❖ **Education**

Proximity to quality educational institutions, including early childhood centers and K-12 schools, strengthens opportunities for residents' lifelong learning and economic mobility.

❖ **Groceries**

Access to grocery stores and fresh food retailers helps eliminate food deserts and promotes better nutrition and overall health in the community.

❖ **Public Transportation BRIO Stations**

Proximity to BRIO bus rapid transit stations ensures residents have reliable and efficient access to public transportation. This reduces transportation costs, expands employment opportunities, and connects families to essential services throughout the city.

❖ **Employment**

Developments located near employment centers provide residents with easier access to jobs, supporting economic self-sufficiency and reducing commute times that can add financial and time burdens.

❖ **Community Services (Parks, Senior Centers)**

Nearby community services such as parks and senior centers enhance residents' quality of life by providing safe recreational spaces, social engagement, and support for seniors and families.

City support is contingent upon applications meeting local goals in alignment with the THDCA QAP. Members of City Council may choose to prioritize and endorse a single development each year that best advances community objectives and offers the greatest public benefit. Focusing support on one project annually allows for targeted assistance, stronger partnerships, and improved competitiveness for funding. Selection will consider location, community support, financial feasibility, and contribution to neighborhood revitalization and economic opportunity, ensuring strategic investments that address El Paso's housing needs.

Process Overview

Application Submission

Developers must submit a comprehensive application package to the City, which includes:

- ❖ *Site location and zoning documents*
- ❖ *Developer experience and track record*
- ❖ *Financing and project budget details*
- ❖ *Community engagement plan*

Application Review

1. Initial Review

Upon submission, applications will undergo an initial review for completeness. Denying incomplete applications is the precedence in our programs.

2. Pre-Application Meeting (Required)

A mandatory pre-application meeting with the City's Planning & Inspections Department will take place to discuss project feasibility and alignment with zoning and development goals.

3. Geographic Index & Proximity to Services

One key feature of the City's evaluation process is the Geographic Index, which scores projects based on their location relative to six essential services. This aligns with TDHCA QAP, emphasizing proximity to public transportation BRIO stations, healthcare facilities, employment centers, grocery stores, educational institutions, and community services such as parks and senior centers.

4. Community Engagement and Input

Developers must provide documentation of outreach efforts, including feedback from local neighborhood associations, community organizations, and surrounding property owners.

Scoring and Evaluation Criteria

Evaluation Outcome Determination

Each application will be evaluated by City of El Paso Departments knowledgeable in the development of affordable housing. Upon completion of the scoring and evaluation process, each application will be assigned a final composite score of up to 100 points, plus the available fifteen **bonus points**, reflecting its overall alignment with the City's priorities, project feasibility, geographic index, community impact, and affordability standards.

The City will issue responses according to the following scoring ranges:

❖ Scores of 80 and above (Resolution of Support):

Applications receiving a score in this range demonstrate exceptional alignment with City priorities, exhibit strong project feasibility, meaningful community engagement, and provide significant public benefit. These projects will receive a **Resolution of Support**, reflecting the City's full endorsement for the LIHTC application.

❖ Scores of 70 to 79 (Resolution of No Objection):

Applications scoring within this range meet minimum eligibility thresholds and demonstrate general compliance with program requirements but may not fully meet all of the City's highest priorities. These projects will receive a **Letter of No Objection**, indicating that while the City does not oppose the development, it is not providing a formal endorsement.

❖ **Scores below 69 (No Action):**

Applications receiving a score below this threshold fail to sufficiently meet evaluation standards, show limited alignment with City priorities, or present notable concerns related to feasibility, site suitability, or community impact. The City will take **No Action** and will not issue any formal correspondence for these applications.

The scoring system is intended to ensure that City support is directed toward developments that best advance El Paso's affordable housing, equity, and long-term community development goals.

Evaluation Criteria

The City of El Paso uses a **(Geographical Information System) GIS-based Affordable Housing Opportunity Index and Mapping Tool** to guide the development of affordable housing across all eight City Council Districts. This tool integrates spatial data to identify and visualize areas that offer residents access to critical services and support local investment priorities.

Evaluation Criteria for Requests for Local Government Support of LIHTC Proposals

Value Statement

The project is situated in a high-opportunity area, as identified by the GIS-based Affordable Housing Opportunity Index and Mapping Tool. If a developer identifies a service criteria location that is within ¼ mile of the proposed development and is not reflected in the GIS-based Affordable Housing Opportunity Index and Mapping Tool, the developer may submit supporting documentation to verify compliance and earn the corresponding points for this value statement.

Total Points

35

Evaluation Criteria and/or Scoring Breakdown (Points)

Geographic Index points are granted based on the proposed project's proximity to the following:

- ❖ **Healthcare** - located within 1/4 mile of a health-related facility, such as a full-service hospital, community health center, minor emergency center, emergency room or urgent care facility. Physician offices and physician specialty offices are not considered in this category. (5 pts)
- ❖ **Education** - located within 1/4 mile to a traditional public school, public charter school, public magnet school, early education learning center. (5 pts)
- ❖ **Food** - located within 1/4 mile of a full-service grocery store. A full-service grocery store is a store of sufficient size and volume to provide for the needs of the surrounding neighborhood and offering a wide variety of fresh, frozen, canned, and prepared foods, including but not limited to a variety of fresh meats, poultry, and seafood; a wide selection of fresh produce including a selection of different fruits and vegetables; a selection of baked goods, paper goods, and toiletry items. (5 pts)

- ❖ **Public Transportation** - located within 1/4 mile to Rapid Transit System (RTS) Sun Metro Brio stop or station with a frequency of 10 minutes [peak service] to 15 minutes [off-peak service]. (5 pts)
- ❖ **Workforce Development** – located within a ¼ mile of an agency/center that offers public services to help people find jobs, gain new skills, and navigate the workforce. These agencies offer a range of services, including training, employment support, career counseling, and assistance for employers seeking to hire (5 pts)
- ❖ **Community Services** – located within ¼ mile of community services that aim to enhance well-being, engagement, and quality of life, to include public parks, community centers, and senior centers (5 pts)
- ❖ **Community Census Area** – located within a Census Tract that contains 4 out of the 6 service category services (5 pts)

Plan El Paso Reference

(These goals and policies are to be referenced to ensure proposed projects comply with Plan El Paso. Proposals need not address all goals and policies referenced below; rather, listed goals and policies should be used to inform the scoring of proposals against the Evaluation Criteria.)

- ❖ Goal 2.1 - Smart Location Principles
- ❖ Goal 5.14 - Schools
- ❖ Goal 7.12 - Educational Opportunities
- ❖ Goal 9.3 - Access to Healthcare (Policy 9.3.1)
- ❖ Goal 6.1 Housing Supply; supportive housing (Policy 6.1.3)
- ❖ Policy 10.7.6: Promote behavioral changes and consumption patterns that conserve energy
- ❖ Goal 10.16: Reduce “Food Miles” or the distance that food must travel to El Paso, and the associated pollution and fuel consumption associated with long-distance food transport
- ❖ Goal 10.6 - Atmosphere; promote new development that encourages a sustainable lifestyle such as walking, cycling, the use of public transit, and reducing dependence upon automobiles (Policy 10.6.3)

Value Statement

Maximize affordable housing units within the City of El Paso with whatever combination of projects produces the most affordable housing units given allocation of funds for the region

Total Points

35

Evaluation Criteria and/or Scoring Breakdown (Points)

- ❖ Proposal with the greatest number of units (15 pts)
- ❖ *Other proposals receive points based on the following equation: $15 \times (\text{units proposed} \div \text{greatest units proposed})$*

- ❖ Proposal with the most units for households at or below 30% AMI (8 pts)
- ❖ Other proposals receive points based on the following equation: $8 \times (30\% \text{ AMI units proposed} \div \text{greatest } 30\% \text{ AMI units proposed})$.
- ❖ Proposal with the most units for households between 31% and 60% AMI (7 pts)
- ❖ Other proposals receive points based on the following equation: $7 \times (31\%-60\% \text{ AMI units proposed} \div \text{greatest } 31\%-60\% \text{ AMI units proposed})$.
- ❖ Proposal with the greatest number of units produced per amount of tax credit (5pts)

Plan El Paso Reference

(These goals and policies are to be referenced to ensure proposed projects comply with Plan El Paso. Proposals need not address all goals and policies referenced below; rather, listed goals and policies should be used to inform the scoring of proposals against the Evaluation Criteria.)

Goal 6.1 - Housing Supply (Policies 6.1.1 & 6.1.2)

Value Statement

Promotes inclusive and accessible developments by providing residents access to community services.

Total Points

15

Evaluation Criteria and/or Scoring Breakdown (Points)

- ❖ Development integrates with the neighborhood and commercial/public services, promoting accessibility without barriers (5 pts)
- ❖ Development has gathering areas/community spaces (5 pts)
- ❖ Development has mixed-income units to include 80% AMI and/or market rate (5 pts)

Plan El Paso Reference

(These goals and policies are to be referenced to ensure proposed projects comply with Plan El Paso. Proposals need not address all goals and policies referenced below; rather, listed goals and policies should be used to inform the scoring of proposals against the Evaluation Criteria.)

- ❖ Goal 2.1 - Smart Location Principles
- ❖ Goal 2.2 - Neighborhood Patterns
- ❖ Goal 4.2 - Complete Streets (Policy 4.2.8)
- ❖ Goal 4.5 - Network Principles; minimize isolating communities (Policy 4.5.8)
- ❖ Goals 5.8 & 5.9 - Parks
- ❖ Goal 6.1 - Housing Supply (Policies 6.1.1, 6.1.2 & 6.1.7)
- ❖ Goal 6.2 - Existing Neighborhoods (Policy 6.2.1)

- ❖ Goal 6.3 - Walkable Neighborhoods (Policies 6.3.1 - 6.3.3)
- ❖ Goal 9.3 - Access to Healthcare
- ❖ Goal 10.6 - Atmosphere; promote new development that encourages a sustainable lifestyle such as walking, cycling, the use of public transit, and reducing dependence upon automobiles (Policy 10.6.3).

Value Statement

Evaluation of project budget and financial readiness to ensure development feasibility.

Total Points

15

Evaluation Criteria and/or Scoring Breakdown (Points)

- ❖ A complete and detailed development budget, including sources and uses, that reflects financial feasibility (4 pts)
- ❖ Secured or committed sources of funding (e.g., letters of commitment, award letters) for at least 50% of total development costs (4 pts)
- ❖ Evidence of successful financial closings for similar projects within the past 5 years (4 pts)
- ❖ Financial reserves or capacity to address cost overruns or delays (up to 3 pts)

Plan El Paso Reference

(These goals and policies are to be referenced to ensure proposed projects comply with Plan El Paso. Proposals need not address all goals and policies referenced below; rather, listed goals and policies should be used to inform the scoring of proposals against the Evaluation Criteria.)

N/A

TOTAL POSSIBLE POINTS: 100

Bonus Points (up to 10 Points)

❖ Bonus Points for Partnership on City-Owned Property

Applications proposing to develop affordable housing on City-owned land may be awarded additional points (up to 10 points) to reflect the City's commitment to leveraging public assets. To qualify, proposals must demonstrate alignment with City priorities, site readiness including zoning compliance, and a sustainable development plan that advances community goals.

Bonus Points (up to 5 Points)

❖ Bonus Points for Local Presence and Long-Term Accountability in El Paso

- Applicants that have past experience involved in a development team constructing, operating, and/or providing affordable housing for residents who fit the demographic profile to be served in El Paso (1 point)
- At least 5 employees whose place of residence is in El Paso, TX for at least the last 2 years (1 point)
- 5 or more years' experience as part of a development team financing, building, operating, or managing affordable housing in El Paso (1 point)
- Commitment to extend affordability beyond 30 years by at least 10 years (1 point)
- Applicants who agree to work with businesses and contractors based in the City of El Paso's city limits or ETJ (1 point)

Selection of the “Best” Application (Optional)

In any given year, the City may choose to prioritize a single development project based on its alignment with the City's strategic goals. This approach is in accordance with **TDHCA QAP Section 11.8**, which allows cities to focus on projects that best meet community needs.

❖ **Criteria for Selection**

- **Location:** Priority will be given to developments located in Opportunity Zones or areas with high potential for community revitalization.
- **Community Support:** Strong neighborhood support and demonstrated positive community impact.
- **Feasibility and Sustainability:** A well-documented financial plan and a proven track record of successful projects.
- **Alignment with City Goals:** The project must align with El Paso's strategic objectives for economic development, sustainability, and neighborhood revitalization.

The selected development will be awarded a Letter of Support from the City. Other projects may receive a Letter of No Objection based on the points they accumulate through the evaluation process.

Prohibited Developers & Zoning/Land Use Requirements

The City reserves the right to exclude developers from consideration for a Letter of Support or No Objection if they:

- ❖ Are in arrears on any City fees or taxes.
- ❖ Have been involved in litigation with the City or other governmental agencies.
- ❖ Have failed to comply with fair housing laws or regulations.

In addition, applicants must demonstrate that the proposed development site has the appropriate zoning and land use entitlements in place to support multi-family residential construction. This includes verifying that the parcel is zoned to allow the type, scale, and density of housing being proposed and that there are no overlays, deed restrictions, or other limitations that would prevent development. Projects that require rezoning, variances, or other substantial land use changes may be considered less competitive unless those approvals have already been secured or are guaranteed with formal documentation. Applications that do not clearly demonstrate site readiness from a zoning and land use standpoint will not be considered for City support.

Policy Amendments

This policy will be reviewed and updated as needed to ensure that it remains aligned with changes in local needs, state regulations, and federal guidelines. Amendments will be made as necessary to incorporate changes in the **TDHCA QAP** and other regulatory requirements.

Conclusion

The City of El Paso is committed to increasing the supply of safe, quality, and affordable housing as a foundation for long-term community well-being. This policy establishes a consistent, transparent framework for evaluating 9% LIHTC applications. It ensures that City support is directed to projects that address urgent housing needs while advancing broader goals around neighborhood reinvestment, economic mobility, and coordinated growth.