

Affordability Incentives Manual

*Policies and Procedures for Affordability Incentives managed by
Denton City Public Facility Corporation*

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Overview

Denton City Public Facility Corporation is committed to fostering diverse housing options and opportunities for everyone in our community.

This document serves as a guide for developers, stakeholders, and the public, detailing the policies and procedures of the Denton City Public Facility Corporation (DCPFC). By providing clear criteria and structured processes, DCPFC aims to foster housing affordability, a key driver to sustaining the high quality-of-life that attracts people to live, work, and play in the City of Denton.

Key Objectives.

- Promote housing affordability by leveraging public and private investments to develop affordable housing.
- Address the needs of extremely low-income, very low-income, and low-income households by financing housing developments that meet specific affordability criteria.
- Encourage geographic and economic diversity in housing developments, ensuring a mix of incomes and equitable access to affordable housing throughout Denton.

Partnership Criteria.

DCPFC Projects are prioritized based on:

- **Affordability:** Developments providing homes for Very Low-Income and Extremely Low-Income Households.
- **Areas of Opportunity:** Developments located in High Opportunity Areas as determined annually by the Texas Department of Housing and Community Affairs.
- **Supportive and Senior Housing:** Developments providing housing for seniors or supportive housing for people with disabilities, fleeing domestic violence, or exiting homelessness.
- **Rehabilitation:** Developments renovating existing structures.
- **Program Participation:** Developments that dedicate units for households exiting homelessness in Denton by partnering with the Local Homeless Coalition.

Statement of Purpose.

The Denton City Public Facility Corporation (DCPFC) is a non-profit corporation and public instrumentality of the City of Denton, established for the purpose of assisting persons of

low and moderate income to acquire and own decent, safe, sanitary, and affordable housing. DCPFC will pursue this purpose by partnering with housing developments within the City of Denton which will provide homes to low-income households at rates affordable to those households. DCPFC is authorized by and will remain fully compliant with Texas Local Government Code [Chapter 9. C.303](#).

DCPFC Board of Directors.

The affairs of DCPFC shall be managed by a board of directors which shall be composed entirely of the City Council of the City of Denton. A majority of the entire membership of the board of directors, including any vacancies, is a quorum.

Application and Review Process.

Developers seeking funding or partnerships must complete a formal application, which undergoes a multi-step review process:

1. **Initial Staff Review:** Applications are reviewed for completeness and alignment with program goals.
2. **Board Review:** The DCPFC board evaluates applications using a detailed scoring matrix and makes recommendations for partnership or funding.
3. **Agreement:** If selected, applicants negotiate a term sheet and enter into a formal agreement with the City.

Monitoring and Reporting.

All funded projects are subject to ongoing monitoring, including construction status reports, affordability commitments, and compliance with reporting requirements. Key metrics, such as the number of affordable homes constructed, are publicly reported to ensure transparency and accountability.

Application and Decision-Making Process

Application.

All applicants will apply through the collective [Request for Affordability Incentives](#) application form. Within five business days, The Assistant Secretary will reach out to the email of the Authorized Officer listed on the application to outline next steps.

Initial Review.

The Assistant Secretary (appointed by the DCPFC Secretary) will review applications for completeness and alignment with DCPFC's goals before presenting them to the Board of Directors.

Applications will be considered incomplete until all requested documentation is provided. If the application is complete and meets all project requirements, including scoring a minimum of 40 points on the Scoring Matrix in Appendix B, the Assistant Secretary will schedule a meeting of the DCPFC. Only complete applications will be reviewed by the Board of Directors. Applicants will be advised of what elements are missing from an application, and what is needed to be considered for review by the Board of Directors.

Project Requirements.

As a baseline to be considered, all applicants **must** meet the following requirements.

1. The development is within City of Denton limits
2. The development shall not discriminate on the basis of race, color, national origin, age, religion, disability, familial status, sex, sexual orientation, or gender identity in the lease, use, or occupancy of the Development.
3. The Development shall not deny admission to any person exclusively on the basis of such person receiving rental assistance payments under a local, state, federal or other housing assistance program, including, but not limited to, Section 8 of the United States Housing Act of 1937 as amended.
 - a. Additionally, rental housing developments may not set income qualification standards which would otherwise disqualify a person receiving assistance through a program as stated above. Persons receiving assistance through such a program shall be subject to waived or modified income qualifications, which are no higher than a monthly household income equal to 250 percent of the individual's or family's share of the total monthly rent payable for a unit.
4. The development shall include on its website an explanation of its affordability commitments, including an up-to-date chart of the most recent income limits (a link to the City's chart is acceptable)
5. Meets all requirements of Texas Local Government Code [Chapter 9.C.303](#), which includes but is not limited to:
 - a. 10% of units reserved for occupancy by households whose income is 60% of the area median income or below.

- b. An additional 40% of the units reserved for occupancy by households whose income is 80% of the area median income or below.
- 6. Additionally, all developments must score at a minimum of a 40 on the Scoring Matrix in Appendix B.
- 7. Has completed a [pre-application conference](#) with City of Denton Development Services Staff,
- 8. Is "Shovel ready", meaning the developer has site control and preliminary engineering plans.

Board of Directors Review.

The Board of Directors will review and evaluate applications based on criteria enumerated in each specific program, including the scoring matrix. The project scoring matrix is only one part of the evaluation process. A high score is not a guarantee of funding. The Assistant Secretary will provide any necessary analysis, information, or other support to aid the Board in their evaluation. In addition to reviewing the application, the Board will have the discretion of inviting applicants for additional oral presentations.

After receiving advice and recommendations from the General Manager, the Board of Directors will provide direction to the General Manager regarding:

- A. Which applications shall receive partnership or award, and
- B. The terms of the partnership or award to be included in the written agreement.

Recommendation and Term Sheet.

Based on the direction of the Board of Directors, the General Manager will send a term sheet to the recommended applicant with the offer any financing or partnership deal. The term sheet's offer will be consistent with the recommendations of the Board of Directors.

The recommended applicant will be able to accept or reject the term sheet.

Agreement.

If the term sheet is accepted, the General Manager will negotiate a written agreement with the chosen developer or agency. The developer or agency shall be required to comply with the provisions set forth in the application and the subsequent written agreement. In addition to any of the terms and conditions included in the application, the Board of Directors may require other terms and conditions be included in the agreement

as deemed necessary. The Board of Directors must approve the final form of the agreement by resolution.

Data and Reporting Requirements.

Awardees will be required to complete:

- Land Use Restriction Agreement (at time of written agreement or land acquisition)
- Construction Status Reports (quarterly throughout development process)
- Inspections (at time of project completion)
- Rent Approval Sheets (quarterly throughout affordability period)
- All reporting required by Texas Local Government Code [Chapter 9.C.303](#)

Program-Level Metrics and Reporting.

The Assistant Secretary will collect program-level data regarding the success of the program. This data will be publicly available on the City's website and formally reported to DCPFC Boards of Directors on an annual basis. Metrics reported will be as follows:

- Number of Affordable Homes constructed
- Number of bedrooms included in units
- Number of extremely low-income (ELIH) and very low-income (VLIH) households served
- Private funding leveraged per dollar invested

GLOSSARY

Affordable Housing - Housing is considered affordable if it costs no more than 30% of a household's annual income, for households earning up to 80% of the Area Median Income (AMI) for the Dallas Metro Area, as defined by the U.S. Department of Housing and Urban Development (HUD)

Land Use Restriction Agreement (LURA) - A legal document in which the property owner gives up some of their rights of the land use in exchange for a development incentive. Includes tenant income restrictions, unit set asides to be rented to lower income tenants and other affordability restrictions. May also include a deed restriction and/or a lien on the property.

Low-Income Household - Households earning 80% or less of the Denton County AMI, as determined by HUD.

Non-Profit Corporation - A corporation no part of the income of which is distributable to members, directors, or officers.

Private Funds – Funds which do not originate from the City of Denton, or any public instrumentality of the City of Denton.

Public Funds – Funds which originate from the City of Denton, or a public instrumentality of the City of Denton.

Public Facility Corporation - A public, nonprofit corporation organized under [Chapter 303](#) of the Texas Local Government Code.

Public Instrumentality - An instrumentality is an organization created by or pursuant to state statute and operated for public purposes. Generally, an instrumentality performs governmental functions but does not have the full powers of a government.

Appendix A – Definition of Affordability

For the purposes of the Denton City Housing Finance Corporation and Denton City Public Facility Corporation, terms regarding affordability will be defined as such:

“Affordable Housing”: Housing is considered affordable if it costs no more than 30% of a household's annual income, for households earning up to 80% of the Area Median Income (AMI) for the Dallas Metro Area, as defined by the U.S. Department of Housing and Urban Development (HUD)

“Low-Income Household”: Households earning 80% or less of the Denton County AMI, as determined by HUD.

- **Extremely Low-Income Households (ELIH):** Earning no more than 30% of the AMI, or individuals experiencing homelessness.
- **Very Low-Income Households (VLIH):** Earning no more than 50% of the AMI.
- **Low-Income Households:** Earning no more than 80% of the AMI.

The most Recent Income Limits set by HUD for Denton County, along with the associated rent and sales price limits, can be found on the City of Denton website, linked below.

<https://www.cityofdenton.com/1115/Affordability-Incentives>

Appendix B – Scoring Matrix

Scoring Matrix for DCPFC Partnerships

Priorities	Maximum Points
Affordability .5 point for each percent of the overall development dedicated to households 31-50% AMI. 1 point for each percent of the overall development dedicated to households 30% AMI or below.	60
Opportunity The applicant demonstrates that the development is eligible for opportunity index points by virtue of being located entirely within a high opportunity area as defined under TDHCA criteria in the 2025 QAP Section 11.9(c)(5)(A); or an equivalent section in a subsequent year's QAP.	10
Supportive or Senior Housing The entire development is dedicated to Seniors (as defined by TDHCA) or Supportive Housing for people experiencing homelessness, people with mental illness, chronic health conditions, the disabled, and/or survivors of domestic violence.	10
Rehabilitation <ul style="list-style-type: none"> 10 Points: Development is renovating an existing non-residential structure into housing; OR is renovating an existing LIHTC development and extending its affordability commitments. 5 Points: Development is acquiring/renovating existing housing. 	10
Program Participation <ul style="list-style-type: none"> 10 Points: The development enters a Memorandum of Understanding with Denton County's Local Homeless Coalition by which the project will prioritize at least 20% of units for households referred from the local Housing Priority List. 5 Points: The development enters a Memorandum of Understanding with Denton County's Local Homeless Coalition by which the project will prioritize at least 10% of units for households referred from the local Housing Priority List. 	10
TOTAL MAXIMUM POINTS	100
THRESHOLD FOR CONSIDERATION	40