TAX EXEMPTIONS IN AFFORDABLE HOUSING

April 7, 2026

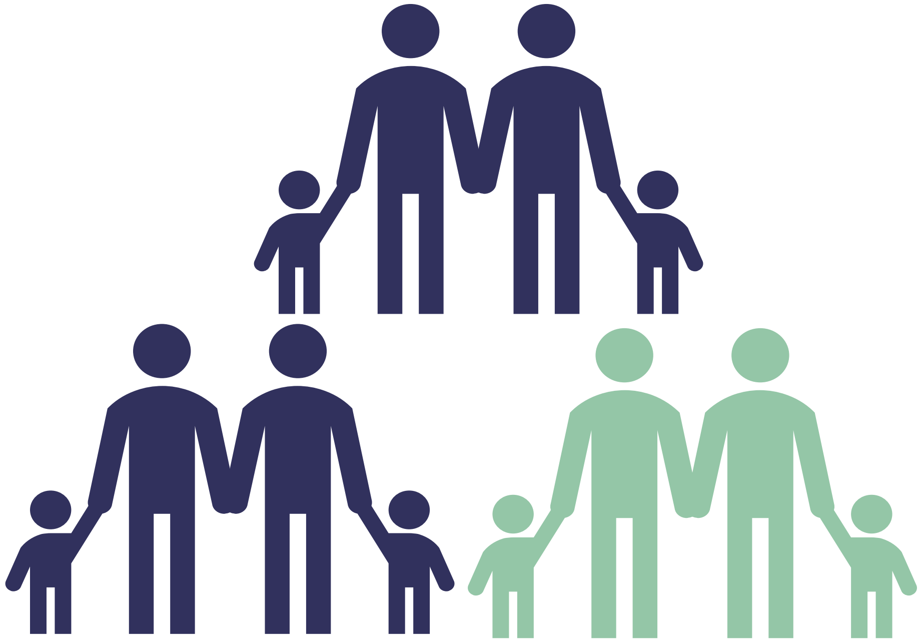
ID 26-0207

Jesse Kent

Director of Community Services

Affordable for Denton

Fostering economic opportunity and affordability is a key focus area for the City of Denton. The City Council regularly reviews and updates policies to advance housing affordability in our city.

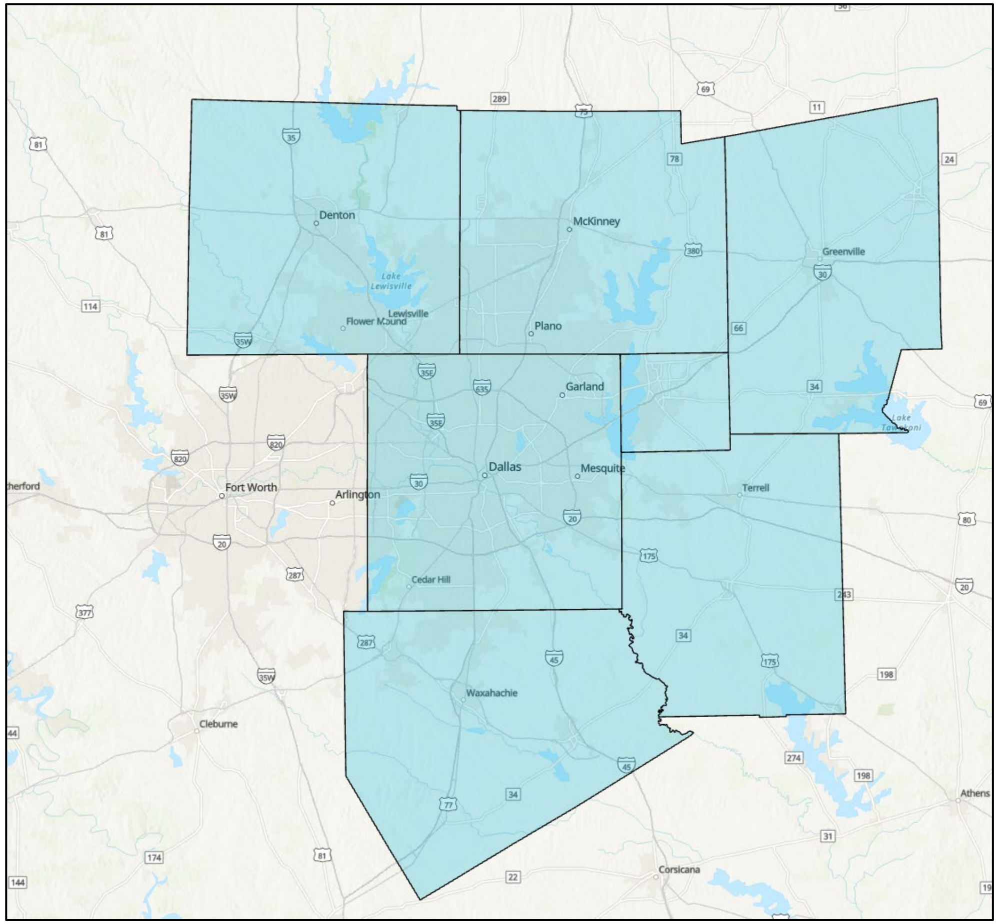


About one in every three renting households in Denton pays **more than half** of their income towards rent each month (2024 American Community Survey 1-year)

About Area Median Income

- Affordable Housing in the U.S. looks at income through the lens of area median household income (AMI).
- Typically, housing programs focus on households at 30%, 50%, and 80% AMI. These households are considered “**Low-Income**”.
- For the purposes of all federal housing programs, Denton is considered part of the Dallas Fair Market Region (FMR), and household income is considered against the collective AMI of the region.
    - As of 2024, Denton’s Median Income ($80,900) was only 73% of the Dallas FMR’s Median Income ($110,300).
    - 48% of Denton’s Households are considered Low-Income.

Dallas Fair Market Region



Area Median Income

		Household Size: 1	2	3	4	5
Low (80%)	**Annual Salary**	$65,700	$75,100	$84,500	$93,850	$101,400
	Hourly Wage (Full-Time)	$31.59	$36.11	$40.63	$45.12	$48.75
Very Low (50%)	**Annual Salary**	$41,100	$46,950	$52,800	$58,650	$63,350
	Hourly Wage (Full-Time)	$19.76	$22.57	$25.38	$28.20	$30.46
Extremely Low (30%)	**Annual Salary**	$24,650	$28,200	$31,700	$35,200	$38,050
	Hourly Wage (Full-Time)	$11.85	$13.56	$15.24	$16.92	$18.29
	Minimum Wage (Annual)	$15,080				
	Maximum SSI (Annual)	$11,929				

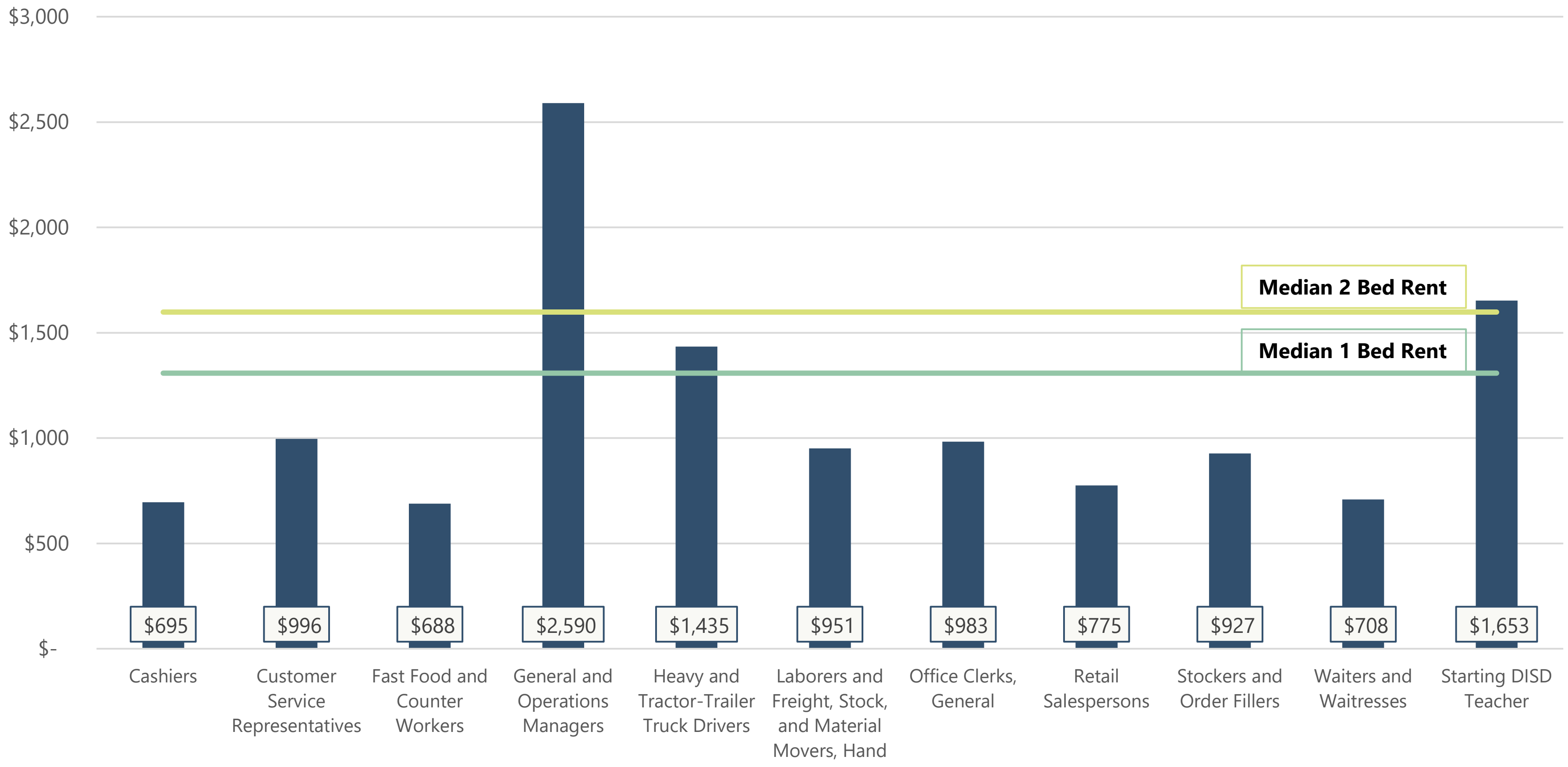
HUD Income Limits Effective April 2025
(Dallas FMR, calculated based on 2023 ACS 1 Year & Adjusted for Inflation)

Rental Limits

Income Limit Category	Number of Bedrooms					
	0	1	2	3	4	5
Low (80%)	$1,643	$1,760	$2,113	$2,441	$2,723	$3,004
Very Low (50%)	$1,028	$1,101	$1,320	$1,525	$1,701	$1,878
Extremely Low (30%)	$616	$661	$793	$916	$1,021	$1,127

Effective April 2025

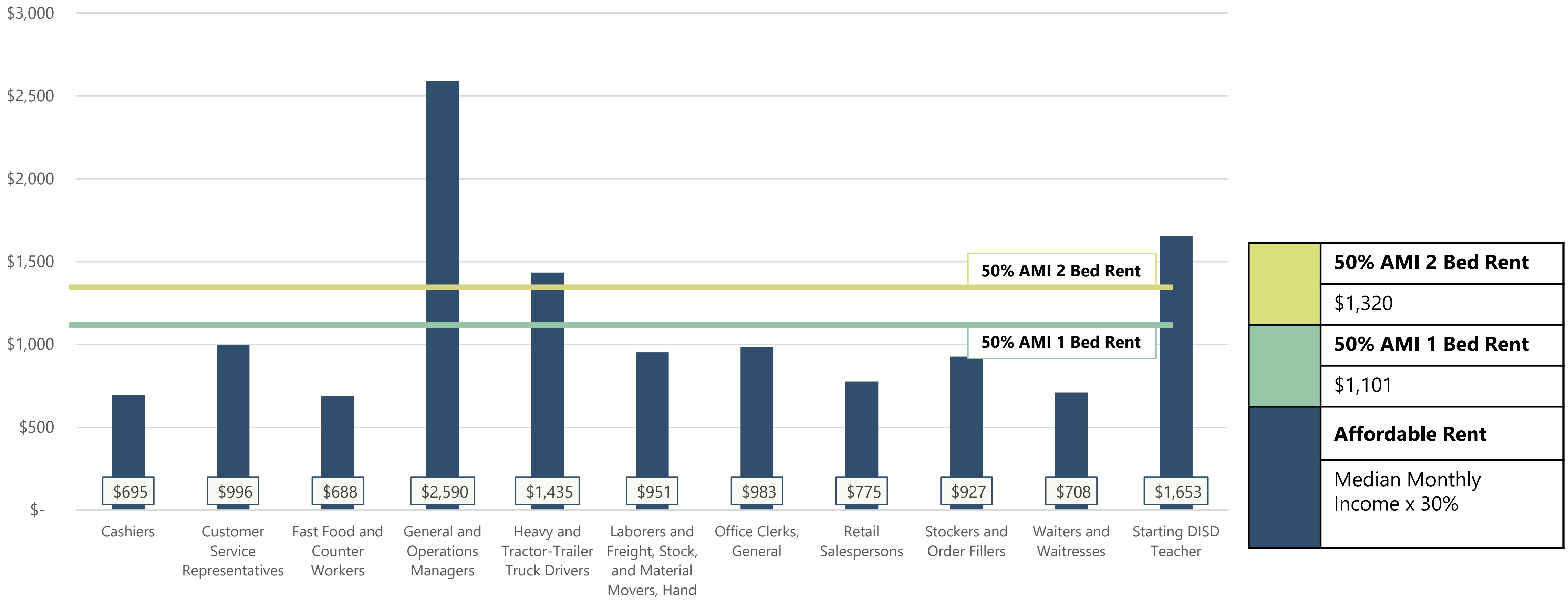
Common occupations and rent



	Median 2 Bed Rent
	$1,598
	Median 1 Bed Rent
	$1,308
	Affordable Rent
	Median Monthly Income x 30%

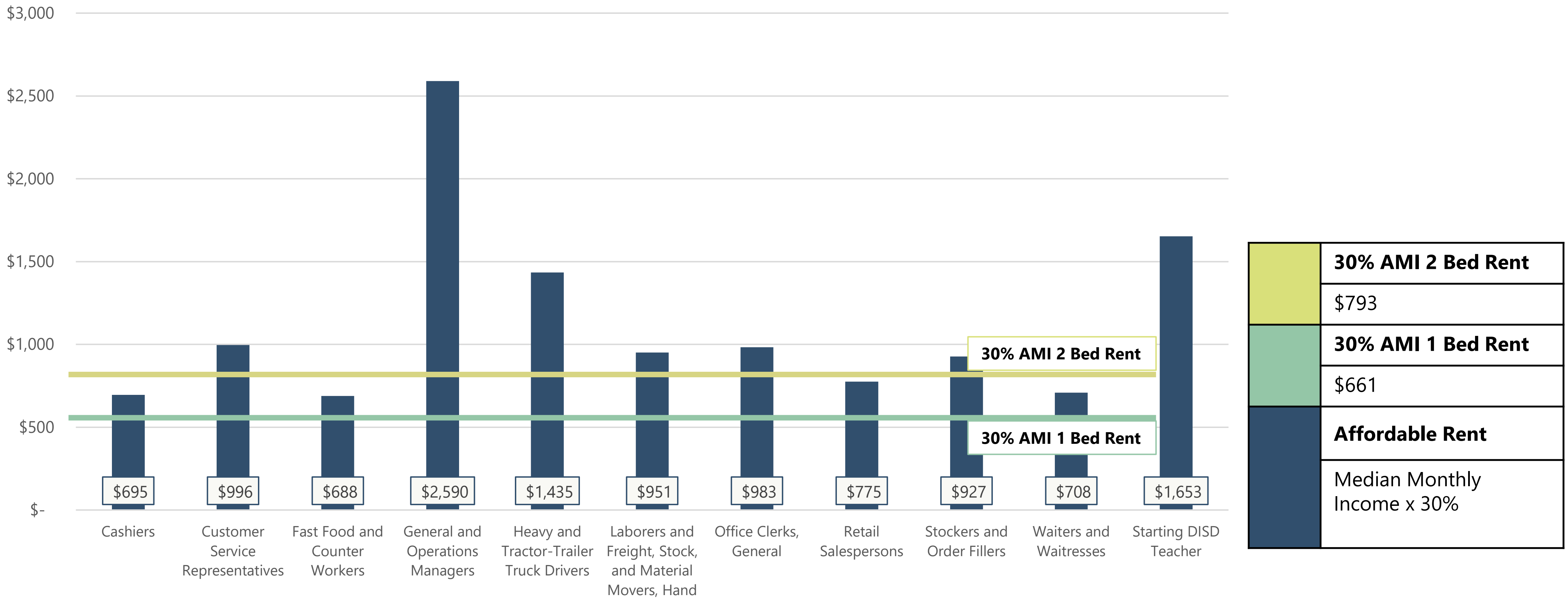
Sources: JobsEQ Data (2024 Q4), American Community Survey 1-Year (2024)

Common occupations and rent



Sources: JobsEQ Data (2024 Q4), HUD Income Limits (Dallas FMR)

Common occupations and rent



Sources: JobsEQ Data (2024 Q4), HUD Income Limits (Dallas FMR)

Affordable for Denton

Housing is considered 'Affordable' if a Low-Income household **spends 30% of their income or less** on housing.

Income-Qualified apartments set rents based on what a household at their target Area Median Income (AMI) threshold can afford based on this 30% rule.

In Denton, the market rate falls **below** the "Affordable" rent for an 80% AMI unit.

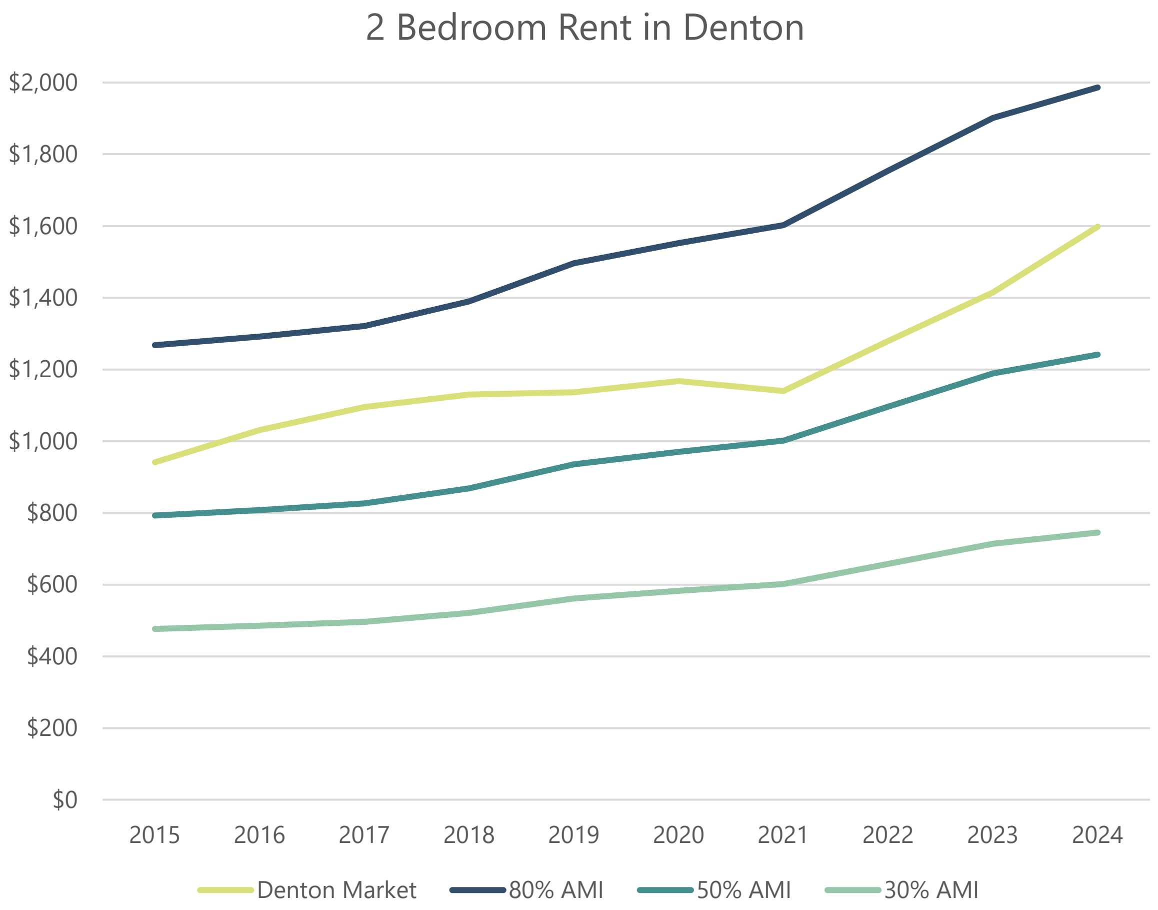
50% and 30% AMI units are **Affordable for Denton**.

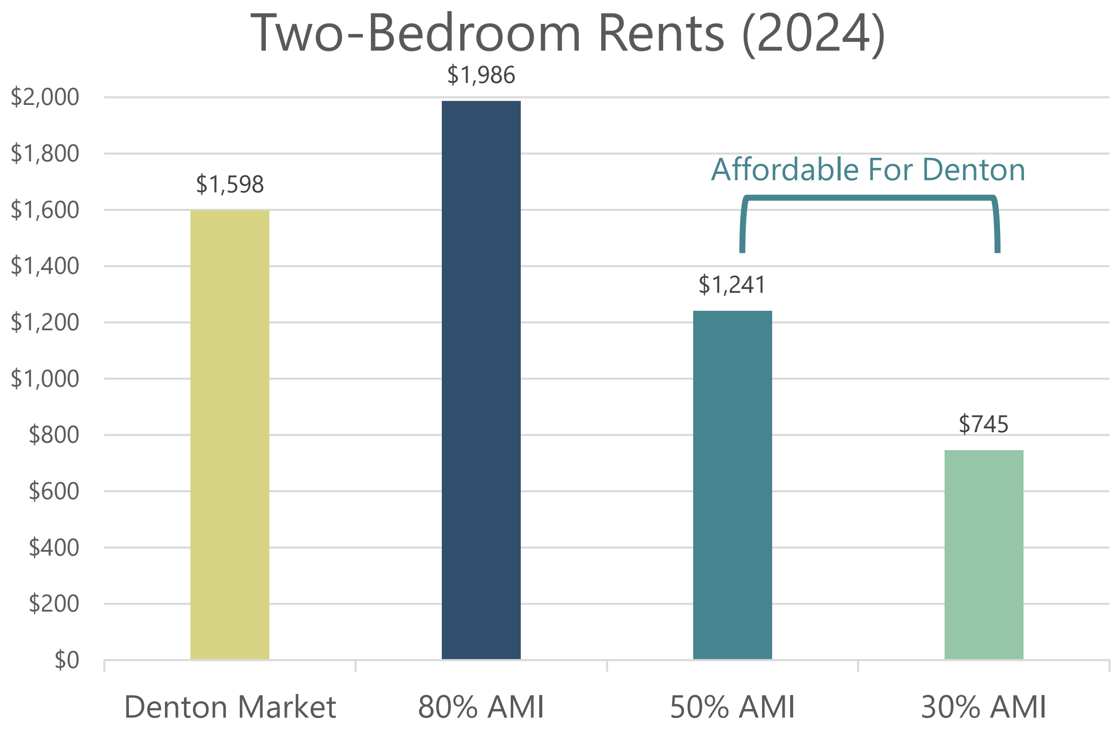
	1 Bedroom Apartment Rents
80% AMI Affordable	$1,655
Median Market (63% AMI)	$1,308
50% AMI Affordable	$1,035
30% AMI Affordable	$621

	2 Bedroom Apartment Rents
80% AMI Affordable	$1,986
Median Market (64% AMI)	$1,598
50% AMI Affordable	$1,241
30% AMI Affordable	$745

Source: American Community Survey 2024 1-Year
HUD Income Limits (2024)

Denton rent over time (two bedroom)





80% AMI Rent: Above Market
50% AMI Rent: Below Market
30% AMI Rent: Significantly Below market

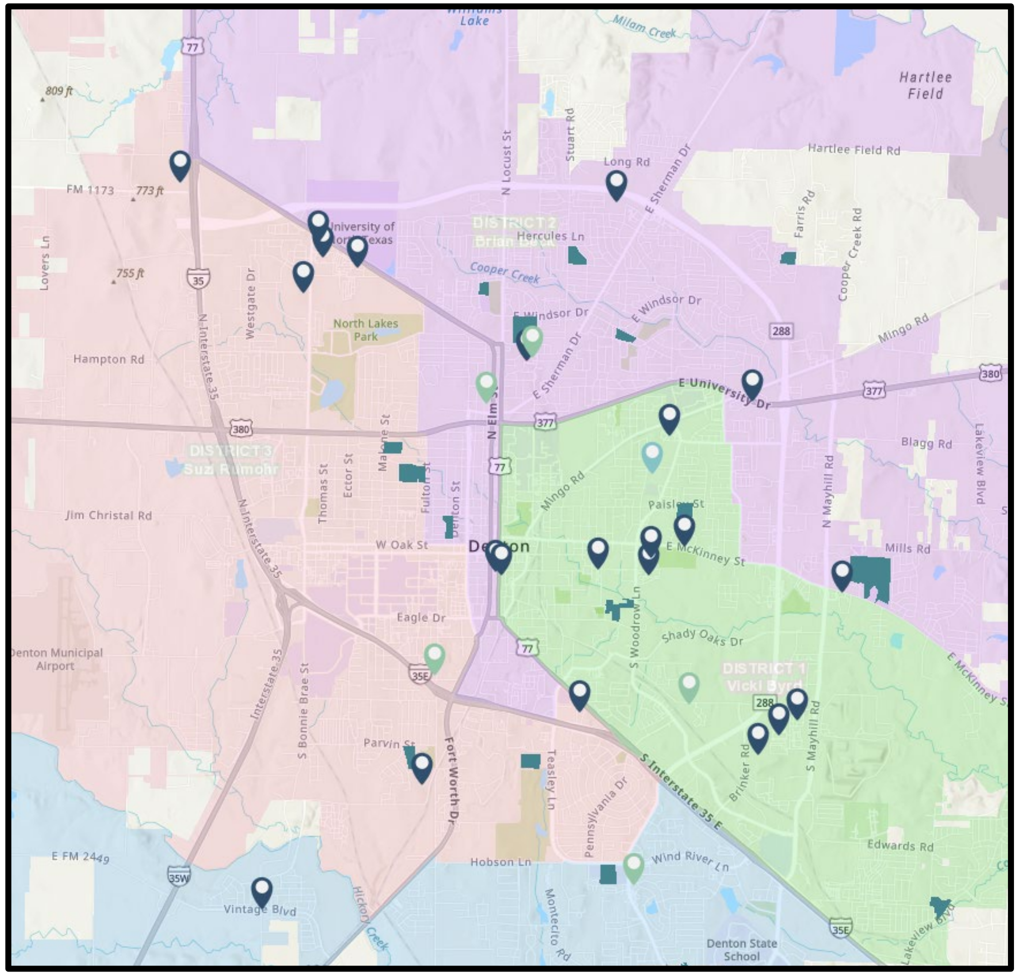
Source: American Community Survey 1-Year, 2024
HUD Income Limits

Tax Exemptions in Affordable Housing

Many Affordable Housing developments utilize tax exemptions as part of the financing structure to increase the affordability of the property.

In Denton, there are 22 properties (4,864 units) with tax exemptions, with six more (1,464 units) in development or construction.

There are five different types of tax exemptions affordable housing developments might access.

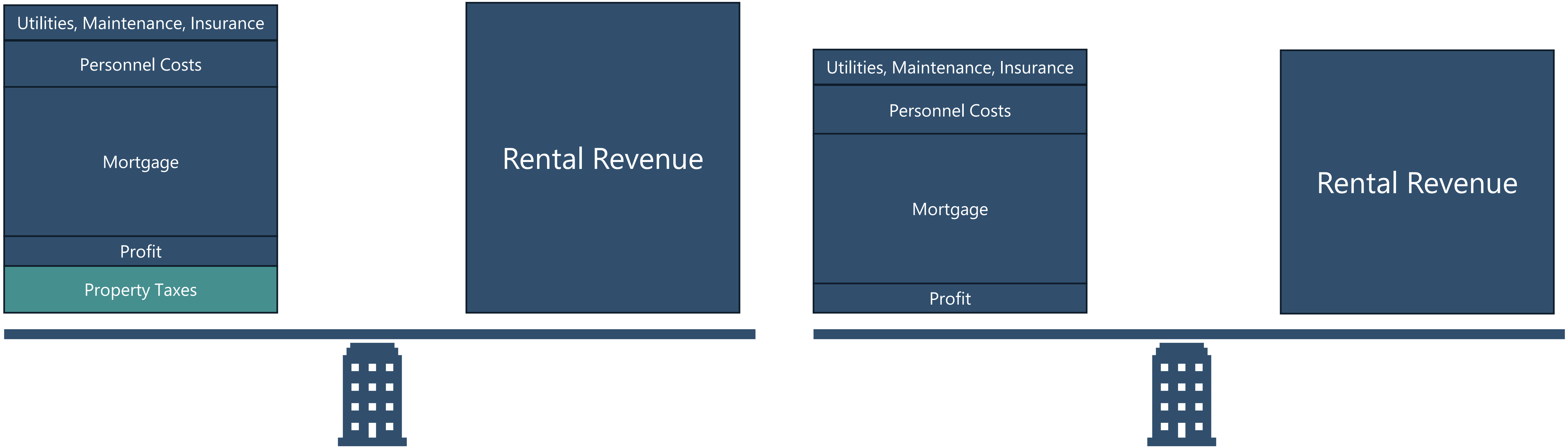


Tax Exemptions in Affordable Housing

Applicable Law	Granting Entity Type	Length of Time	Jurisdiction Restrictions	Percent Exemption	Multifamily Exemptions in Denton	Local Example
Texas Local Gov't. Code 303	Public Facility Corporation (PFC)	30-60 years	Yes	100%	0 Properties 0 Units 0 Units in Development	Denton City Public Facility Corporation (2024)
Texas Local Gov't. Code 392	Public Housing Authority (PHA)	Indefinite	No	100%	18 Properties 4,598 Units 1,292 Units in Development	Denton Housing Authority (1970)
Texas Local Gov't. Code 394	Housing Finance Corporation (HFC)	Indefinite	Yes	100%	0 Properties 0 Units 0 Units in Development	Denton County Housing Finance Corporation (1980)
Texas Tax Code 11.1825	Community Housing Development Organization (CHDO)	Indefinite	No	50%	3 Properties 226 Units 172 Units in Development	Denton Affordable Housing Corporation (1993)
Texas Tax Code 11.18	Nonprofit serving specific subpopulations	Indefinite	No	100%	1 Property 40 Units 0 Units in Development	Plano Community Homes (operator of Fairoaks of Denton) (1983)

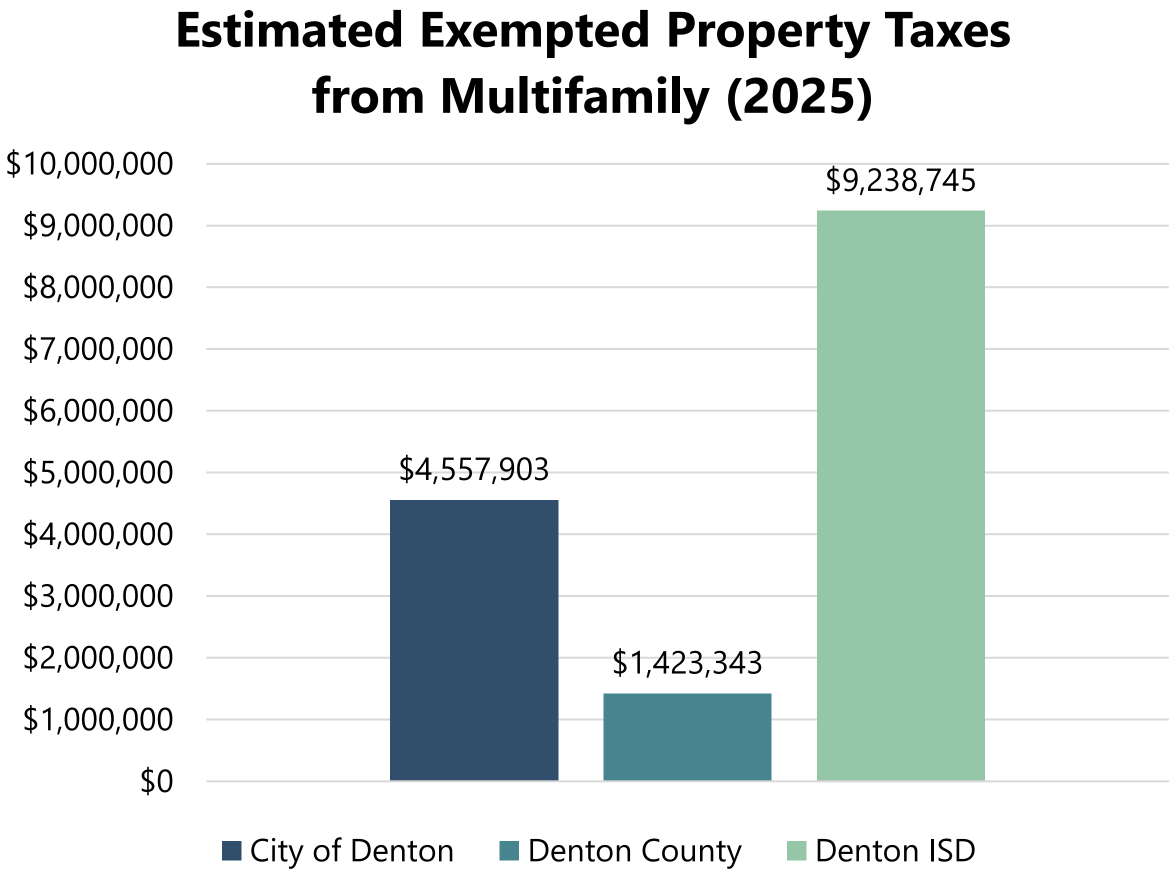
The Multi-Million Dollar Balancing Act

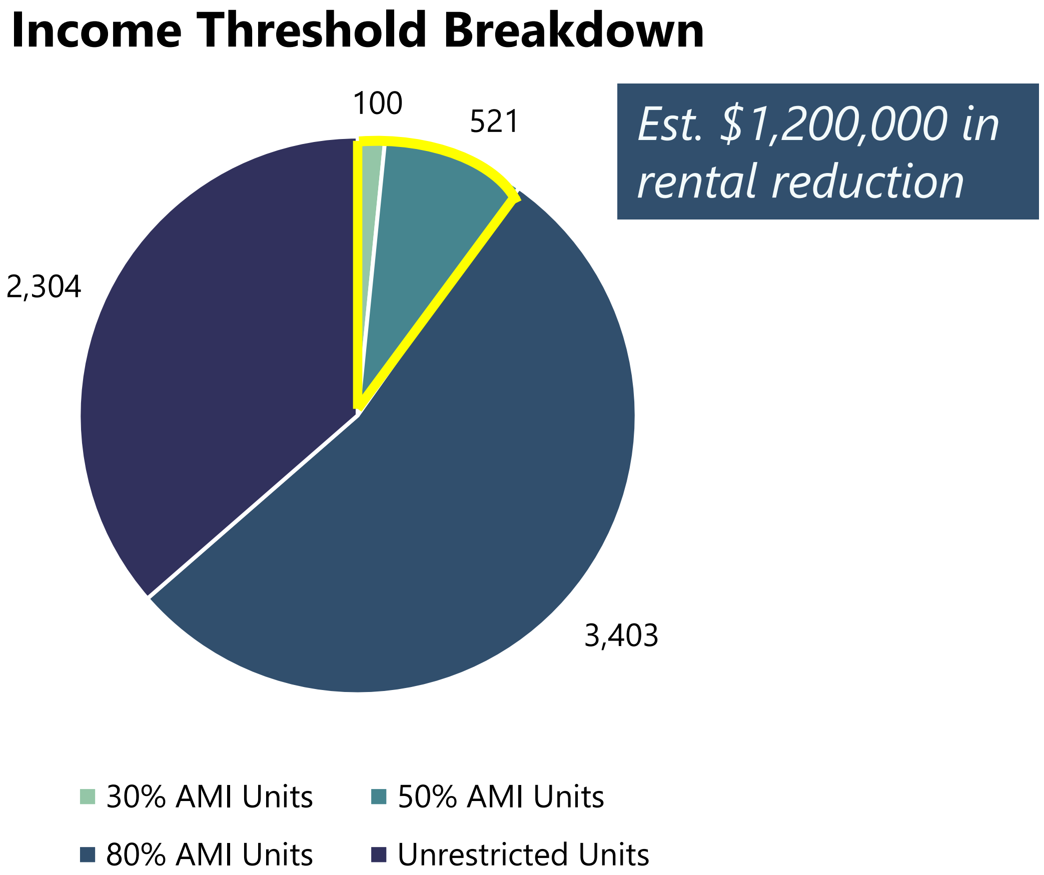
By eliminating the property tax expense… *…we can reduce rents while preserving balance*



Intention *of Property Tax Exemptions in Affordable Housing*

Data Overview of Tax-Exempt Properties





City Action

- Most tax exemptions occur without taxing jurisdiction oversight.
- The City is required to provide its support or no objection to Low Income Housing Tax Credit (LIHTC) projects.
- On Nov. 18, 2025, the City revised its policy for its support of LIHTC projects to require deeper affordability for affordable housing development.

CITY OF DENTON

Policy Statement: To meet the
City's policy to evaluate project
if the projects comply with the
well as various other master, st
Denton. The goal of this evalua
HTC submissions if more than a
of Community Services serves a

Affordability in Denton: Housin
diverse housing options and op

The City of Denton's Housing N

1. Rental housing affordabl
   the greatest need for ho
2. Homes for sale affordab
3. Housing support for sen
   retrofits, and integrative
4. Permanent supportive h
5. Housing opportunities fo

Additionally, the Affordable Hou
priced homes through rehabilita

Administration of the HTC Prog
Department of Housing & Com
application approval for HTC pro

Development Review: Consider
of No Objection in no way impac
proposed site plans or to modify

Evaluation Criteria:
City Staff will evaluate and sort a
1. **Considered:** City staff w
2. **Not Considered:** City sta

To be **Considered**, an applicant
- Meet all requirements in
  neighborhood engagem
- If receiving a property ta
  Development Organization, Public Facility Corporation, Housing Finance Corporation, Public Housing Authority or similar entity, that entity **must** be located in the City of Denton.
- Score the appropriate threshold amount of points on the scoring matrix below

Approved: Resolution ________ on ________ ___, 2025 Page 1

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

2026 Multifamily Uniform Application

Version 2026.4 January 23, 2026

Enter basic information about the application through Urban and Region.
The rest will populate as the Application is completed.

App #:	26011				
Development Name:	Palladium Denton West Living				
Site Address:	NEQ of Gardenview Circle and Fallmeadow Street				
City:	Denton	**County:**	Denton	**Zip:**	76207
Urban/Rural:	Urban	**Region:**	3		
Types (from Tab 17):	New Construction				
Population: (Tab 17)	General				
Contact (from Tab 5):	Thomas E. Huth				
Phone:	972-774-4400	**Email:**	thuth@palladiumusa.com		

Housing Tax Credits

The Housing Tax Credit program is one of the biggest funders of affordable rental homes. Housing Tax Credits are funded federally and administered by states. In Texas, the program is administered by the Texas Department of Housing and Community Affairs (TDHCA).

Housing Tax Credits (HTC) and Property Tax Exemptions are two distinct things:

HTC	• Applied for by a developer with municipality support and issued by TDHCA • Funded by the federal government; not supported by local taxes • One-time funding disbursed over time for multifamily housing with rent restrictions for a set affordability period
Property Tax Exemption	• Achieved through partnership with specific 501(c)(3)'s such as Housing Authorities, Public Facility Corporations (PFC's), Housing Finance Corporations (HFC's), or Community Housing Development Organizations (CHDO's) • Is an ongoing exemption from local property taxes to county, municipality, and school district

Scoring Matrix

Preferences	Maximum Points
Affordability Scaling points for 30% and 50% AMI Units	60
Opportunity Scoring Opportunity Index Points on TDHCA Application (Yes/No)	10
Supportive or Senior Housing (Yes/No)	10
Rehabilitation Renovating existing housing (5 points), Renovating non-residential into housing or extending affordability (10 points)	10
Program Participation Reduces Income Requirements for Housing Choice Voucher holders (5 points), Prioritizes 10% of Units to Households Exiting Homelessness (5 points)	10
Total Maximum Points	**100**
Threshold for Consideration (100% Prop. Tax Exemption)	**40**
Threshold for Consideration (50% Prop. Tax Exemption)	**25**
Threshold for Consideration (Paying All Subject Property Tax)	**10**

Legislative Updates

- **PFC Update:** The 88th legislature saw that PFC's were being widely utilized to attain full exemptions while only half of the units needed to be held at 80% AMI and could otherwise be unrestricted.
    - HB 2071 reformed the PFC to implement more affordability, transparency, and accountability.
- **HFC Update:** The 89th legislature saw that jurisdictions were unknowingly having properties removed from tax rolls by 'Traveling HFCs' which could operate halfway across the state without consulting the local jurisdiction and were able to define for themselves what 'low and moderate income' meant.
    - HB 21 established jurisdictional restrictions, removing existing tax exemptions from Traveling HFCs and setting stricter affordability requirements.
    - Additionally, the legislature established a requirement that the HFC prove annually that at least 50% of property tax savings go to reducing rent at the property.
- The City of Denton is monitoring the 90th legislature for any further changes to affordable housing legislation.