



AGENDA INFORMATION SHEET

DEPARTMENT: City Manager's Office

CM: Sara Hensley

DATE: November 14, 2023

SUBJECT

Receive a report, hold a discussion, and give staff direction on pending City Council requests for:

- 1) A work session to discuss the City creating Public Facility Corporations to develop affordable housing in the City of Denton, including a comprehensive analysis of the definition, creation, and administration of Public Facility Corporations.

BACKGROUND

On June 23 and 24, 2023, Council conducted its annual retreat where discussions focused on governance challenges and policy development. During the retreat, Council discussed options to improve the current 2-minute pitch process (as outlined in Section 2-30 of the Code of Ordinances), specifically focusing on the current allowance within the code for a policy recommendation to proceed directly from a pitch to consideration of a resolution or ordinance without first being discussed in a work session. Council gave direction to modify the pitch process so that a supermajority of the City Council must provide direction for any 2-minute policy pitch to proceed directly from a pitch to consideration of a resolution or ordinance. The attached ordinance reflects this change in Section 2-30(c)(3).

On July 18, 2023, the City Council considered the ordinance and with Council Member Watts absent, the ordinance was not adopted by a vote of 3-3. In accordance with the Council Rules of Procedure, this item was then brought forward for consideration when the full City Council was in attendance and the process was formally adopted at the July 25, 2023, City Council meeting (**Exhibit 2**).

Staff will review one outstanding request for information per elected official during each work session. The weekly work session process will include staff introducing the requested topic followed by the requesting elected official having up to two minutes to describe and justify their request. The remaining elected officials will then have up to one minute to provide feedback and indicate their support for the use of staff time to respond to the request. Staff will respond to all requests where a consensus of at least four elected officials is established. To the extent possible, responses will be provided in the requested format including Informal Staff Reports, Legal Status Reports, City Council work session topics, or ordinances and resolutions to be considered on future City Council agendas. The Agenda Committee will assist in scheduling items receiving consensus based upon priority offered by Council Members, work session availability, and readiness of the item depending upon the total number of staff hours needed to develop, and the departments involved.

As guidelines for Council Members to note and offer their priority while supporting an item, the following general categorization could indicate any Council Member's support to assist staff and the Agenda Committee. The following considers the item's perceived urgency, impact, and/or importance. It is a general

framework only to help offer some prioritization, especially in consideration of other scheduled Council priorities, major goals and projects, and scheduled work.

- **High** – Time sensitivity of the item is significant; the item is critical to the community or organization; and/or the item is of such importance that it should take precedence over other scheduled priorities, projects, or items.
- **Moderate** – The item is somewhat time-sensitive; the item has a valuable impact to the community or organization; and/or the item is important but should be integrated into work plans accordingly.
- **Low** – The item is not time-sensitive; the item has an impact, but it is limited; and/or the item should be scheduled into work plans where possible but should not affect or delay other scheduled work.

The following items will be discussed during this work session:

- 1) **A work session to discuss the City creating Public Facility Corporations to develop affordable housing in the City of Denton, including a comprehensive analysis of the definition, creation, and administration of Public Facility Corporations.**
 - a. **Requestor:** Council Member Watts
 - b. **Council Member Request:** “In light of the community's commitment to affordable housing as evidenced by the approval of the Affordable Housing bond proposition, I would like to re-submit, a two-minute pitch to create a Public Facility Corporation.

The major source of affordable rental housing comes from developments that participate in the various state level tax credit programs. These programs allow developers to take advantage of tax credit allocations in exchange for affordable housing.

Currently, the city council is limited in its ability to influence said developments. Typically, the council is limited to an up or down vote on a resolution of support for said projects. The Council has no input or ability to negotiate terms that would maximize the benefit to our citizens.

As we have seen in the past, some affordable housing projects had to partner with entities outside of the city because no local partner(s) would participate. It is critical we keep such projects within the city of Denton.

Such partnerships provide various development fees and revenues to the partnering organization. It is critical we keep such projects within the city of Denton.

Therefore, I am requesting a work session to discuss the City creating Public Facility Corporations to partner with developers to develop affordable housing in the city of Denton. Such a partnership will provide the following:

1. Additional revenue for programs to assist in development of affordable housing and/or programs that assist those experiencing homelessness.
2. Provides greater input to the project to address the specific needs of the community such as unit mix, rental rates, amenities and special programs.
3. Greater transparency and accountability.
4. Allows projects to stay in the community.

The work session will be a comprehensive analysis of the definition, creation and administration of the Public Facility Corporation.

- c. **Staff information:** On June 28, 2022, a two-minute pitch request received Council support for a work session to discuss the City creating Public Facility Corporations to partner with developers to develop affordable housing in Denton (ID 22-420). On October 25, 2022, Council provided direction to staff to create a development program authorizing the formation of Public Facility Corporations for future affordable housing projects (ID 22-1453). On May 2, 2023, Council took no action regarding approval of a resolution to form the Public Facility Corporation (ID 23-865). Staff completed a significant amount of research and work on the development of this program, the associated resolution, and initial bylaws. If the City Council wishes to move forward with this request, staff will prepare a work session for a future date.
- d. **Date Requested:** November 9, 2023
- e. **Format for response:** Work Session

EXHIBITS

Exhibit 1 – Agenda Information Sheet
Exhibit 2 – Ordinance No. 23-1431
Exhibit 3 – Presentation
Exhibit 4 – Previous Development Program Agenda Information
Exhibit 5 – Previous Development Program Work Session
Exhibit 6 – Previous Draft Resolution Agenda Information
Exhibit 7 – Previous Draft Resolution Work Session
Exhibit 8 – Previous Draft Resolution

Respectfully Submitted:
Jennifer Rainey
Assistant to the City Manager