



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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AGENDA INFORMATION SHEET

DEPARTMENT: Community Services

CM/ DCM/ ACM: Sara Hensley, Interim City Manager

DATE: December 14, 2021

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding implementation of programs and policies proposed in the Affordable Housing Strategic Plan.

BACKGROUND

The preservation and creation of affordable housing has been a priority as outlined in the City's HUD Consolidated Plan for Housing and Community Development, Denton Plan 2030, and other strategic planning documents. City Council has also made development of an Affordable Housing Assessment and Toolkit a key City Council priority.

As such, the City invested in performing an affordable housing analysis as a foundational step to better understand the current and projected housing needs in order to facilitate goal setting and policy making, enhance collaborative cross-sector partnerships, and determine available tools to support affordable housing in context of the City of Denton's unique community profile.

The City approved a contract for The Reinvestment Fund and Atria Planning to conduct the analysis and on [February 2, 2021](#), representatives from The Reinvestment Fund and Atria Planning presented an overview of the Affordable Housing Needs & Market Value Analysis Report. The report is attached as Exhibit 2.

The February 2, 2021 presentation to City Council focused on:

- Project Overview;
- Key Findings;
- Affordable Housing Needs;
- Market Value Analysis; and
- Looking Forward: Affordable Housing Tools

The report examines and outlines the housing needs and challenges current residents experience based on their income and household demographics. The report also examines housing needs for the current workforce, comparing local wages with available housing stock and prices for rental units and homeownership. The report includes a summary of housing needs for the city's most vulnerable residents, including older adults with mobility challenges, persons with disabilities, and households at risk of homelessness. There is an estimate of housing demand based on anticipated population changes over the next ten years, categorized by tenure (rent vs. own), income, and number of bedrooms.

City staff concluded the [February 2, 2021](#) presentation with a discussion on next steps and options. City Council provided direction to staff to proceed with the next phase to develop a comprehensive strategy & toolbox.

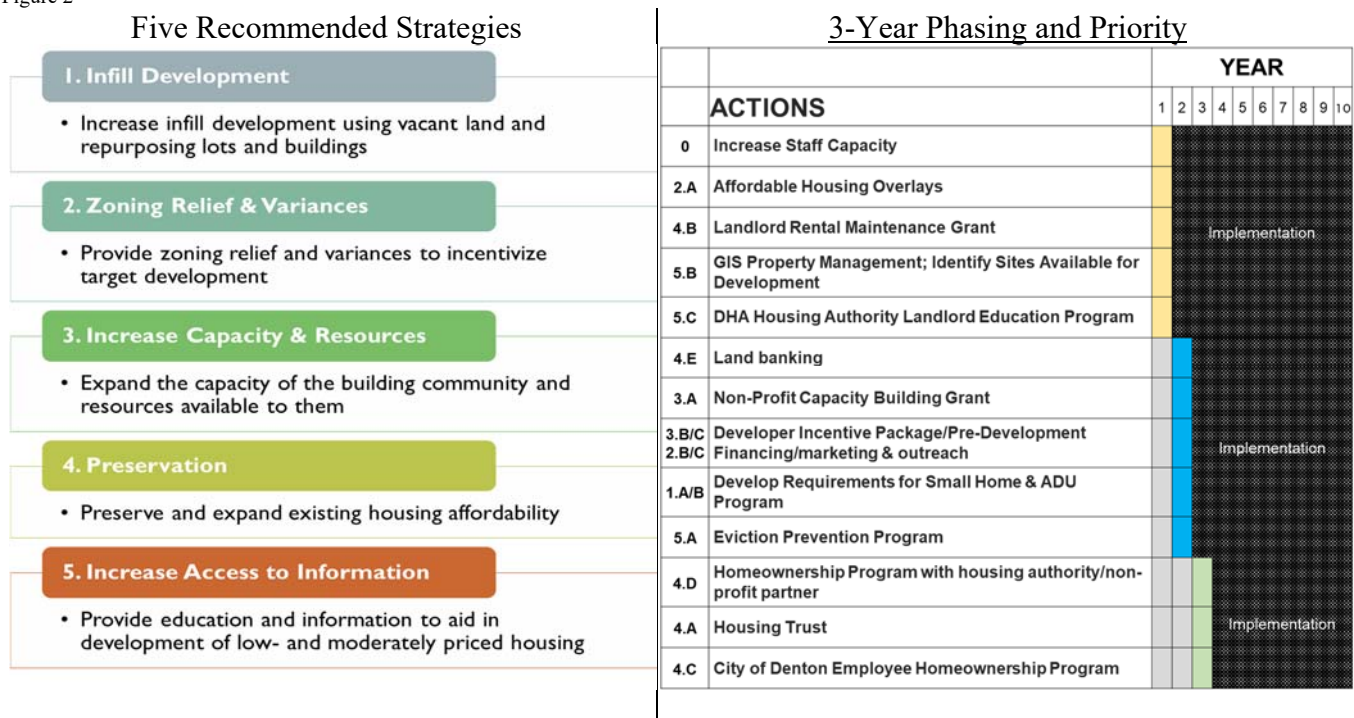
Phase 2

Staff worked with the consultant team to develop a Draft Strategic Toolkit with proposed actions required to implement the strategies and activities of the toolkit. A presentation to City Council was provided on [September 28, 2021](#) (ID 21-1419). It delivered a brief overview of recommended activities and proposed phasing along with a high-level overview of funding source options.

The September 28, 2021 presentation to City Council focused on:

- **Housing demand estimates** for 4,304 affordable units focusing on those below 80% of AMI.
- **An approach** to facilitate increased production with the existing resources and powers, creating a foundation for the private market and non-profit developer partners to address need.
 - Lower construction costs using cost-effective building models (pre-fabricated housing, non-profit builders, small home models)
 - Empower local builders (capacity building, advocacy) and partner with housing authority (voucher program)
 - Find ways to use our existing land and unused buildings (zoning, infill, marketing)
 - For larger developments, have a seat at the table (incentives and negotiating powers)
 - Preserve the moderately priced homes we currently have (rehabilitation, long-term affordability agreements)
- Five recommended **strategies** (Figure 2) with the activities targeted to deliver housing interventions that reflect our local housing market conditions as well as leverage the mix of resources available from private and non-profit developers, the City, and other housing stakeholders.
- Prioritization of activities (Figure 2) depending on how dependent one activity is on another and where some activities build upon others.
- Target strategies where each activity could have the largest positive impact in the type of market identified by **integrating the Market Value Analysis (MVA)**

Figure 2



DISCUSSION

The agenda for this presentation is to review Denton's Affordable Housing Strategic Toolkit (Exhibit 3) options regarding the proposed phasing, priorities, and funding matrix. Staff is seeking direction regarding the proposed phasing, priorities, and funding implementation.

Figure 3 – Summary of Activities

STRATEGY 1	STRATEGY 2	STRATEGY 3	STRATEGY 4	STRATEGY 5
INFILL DEVELOPMENT	ZONING RELIEF, VARIANCE AND INCENTIVES	INCREASE CAPACITY & RESOURCES	PRESERVATION OF AFFORDABILITY	INCREASE ACCESS TO INFORMATION
1A. Develop Small Home Communities Program	2.A Create Affordable Housing Overlay District	3.A Nonprofit Capacity Building Grant	4.A Housing Trust Incentive Program	5.A Landlord/Tenant Eviction Prevention Program & Education Campaign
1.B. Develop Accessory Dwelling Unit Program	2.B Create Marketing Materials and outreach to development community	3.B. Developer Affordable Housing Incentive Package	4.B Landlord Rental Maintenance Grant	5.B Interactive mapping tool (GIS)
	2.C Staff training for implementing new programs	3.C Pre-development Financing Program	4.C Employee Homeownership Program Development	5.C Denton Housing Authority Landlord Education Program for Housing Choice Vouchers
		3.D Low-Income Homeownership Program with Denton Housing Authority	4.D Down Payment Assistance Program	
			4.E Land Banking	

Figure 4 - Proposed Phasing, and Priority of Activities

[illegible]

Figure 4 - Funding Matrix

	Ongoing	General Fund	Federal	Other Sources	TOTAL
Year 1		\$125,000	\$50,000	\$40,000	\$215,000
Year 2		\$755,000	\$375,000		\$1,130,000
	Year 1	\$250,000	\$250,000		\$500,000
Year 3		\$570,000		\$500,000	\$1,070,000
	Year 1	\$250,000	\$250,000		\$500,000
	Year 2	\$150,000			\$150,000
Year 4					\$0
	Year 1	\$250,000	\$250,000		\$500,000
	Year 2	\$125,000			\$125,000
	Year 3	\$370,000			\$370,000
Year 5					\$0
	Year 1	\$250,000	\$250,000		\$500,000
	Year 2	\$125,000			\$125,000
	Year 3	\$370,000			\$370,000
		\$3,590,000	\$1,425,000	\$540,000	\$5,555,000

Rental	Homeownership
250	
250	
200	60
250	160
260	310
1,210	530

Next Steps

If City Council wishes to proceed:

- Resolution to accept the City of Denton's Affordable Housing Strategic Toolkit will be presented in January
- Start the process for Year 1 Action Items early 2022
 - Budget Amendment (FY21-22) to procure consultant for Affordable Overlay District(s) and software for GIS Mapping Tool (alternate In-House Plan is an option)
 - Build Landlord Maintenance Grant Program out and pilot program
- Funding requests for future years will be considered as supplemental budget requests through the budget process, requests for CDBG/HOME through Community Services Advisory Committee process, and seeking other funding tools where applicable
- Other Direction from City Council such as Tiny Home projects

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

- [February 11, 2020](#) – City Council Approval of Contract with Reinvestment Fund, Inc. (ID 20-308)
- [February 2, 2021](#) – City Council Work Session Presentation (ID 20-1844)
- March 2021 – Procurement Begin Draft Amendment to Contract
- May 2021 – Contract Approval by Purchasing
- June 2021– Kickoff Phase
- Month of June and July – RF/Atria Interviews with target stakeholders, Survey
- August 2021 – RF/Atria Research Policy, Funding, Programs, and Advocacy solutions to develop Strategic Toolkit Draft
- September 07, 2021 – RF/Atria Draft Toolkit to City for final review
- [September 28, 2021](#) – City Council Work Session Presentation ([ID 21-1419](#)).

EXHIBITS

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Affordable Housing Needs & Market Value Analysis Report, January 2021

Exhibit 3 – Draft Affordable Housing Strategic Toolkit

Exhibit 4 – Presentation

Respectfully submitted:

Dani Shaw
Director of Community Services