

Affordable Housing Strategic Toolkit

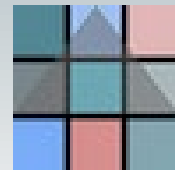
Prepared for **CITY OF DENTON**

Research and Analysis by **REINVESTMENT FUND AND ATRIA PLANNING**

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City of Denton

Reinvestment Fund and Atria Planning, 2021

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Introduction

This Affordable Housing Strategic Toolkit (“toolkit”) provides the City of Denton with a set of strategies and actions that will set the stage for the development of more housing options and opportunities. The toolkit directly addresses the residential market demands identified in Denton’s Affordable Housing Needs and Market Value Analysis report which Reinvestment Fund and Atria Planning completed for Denton in January 2021. The housing needs assessment (HNA) examined the challenges Denton residents and workers experienced in the housing market, including paying too much for housing, living in overcrowded or inadequate conditions, or being unable to enter the homeownership market, and identified income thresholds needed to afford market rate housing. The report also estimated housing demand over the next ten years, categorized by tenure (rent vs. own), income, number of bedrooms, and included considerations for the needs of particular groups such as older adults with mobility challenges, persons with disabilities, and households at risk of homelessness. The HNA identified five main housing needs for the City of Denton:

1. Rental housing affordable to households earning less than 80% of Area Median Income (AMI), with the greatest need for households earning less than 50% of AMI
2. Homes for sale affordable to households earning less than median income
3. Housing support for seniors (including rental housing, assistance for home repairs, living-in-place retrofits, and integrative services)
4. Permanent supportive housing and transitional housing for persons with disabilities and homeless
5. Housing opportunities for low-income households in areas of opportunity.

Similar to most cities in the U.S., Denton’s home prices and rents have risen significantly in recent years, and the city currently has a shortage of moderately priced housing. This has caused a financial strain among the community’s lower wage workforce and young professionals, who are challenged to find housing affordable to them. ***To put this in perspective, a renter would need to earn \$45,000 per year to afford a market-rate one-bedroom unit; a household would need to earn \$75,000 to afford a median-priced home.*** Households who earn less than this (which includes retail workers, hospital staff, city employees, and many professionals) cannot afford market prices in Denton as of 2021.

Unfortunately, the construction boom taking place in Denton is not addressing this need, with most new homes priced above \$300,000 and very few rental housing units slated for construction. Because demand is high at all price points, private developers are building higher-priced units with higher returns. To create lower priced units, the market will require some degree of public and non-profit support through the use of incentives, grants, technical assistance, and other tools that are described in this toolkit. For this reason, the toolkit presented here specifically focuses on the future demand for housing units affordable to low- and moderate- income households, assuming the private market will address demand for middle and upper income families.

According to the HNA demand model forecast and subsequent update from July 2021, the City of Denton can anticipate demand for approximately **4,300 moderately priced units between 2021 and 2030.** (See Figure 1).

Area Median Income (AMI)	Very Low (<50%)	Low (50-80%)	Moderate (80-100%)	All
New Units Rental Housing	604	1,429	330	2,363
New Units Home Ownership	458	942	541	1,941

Figure 1: Estimated Housing Demand 2021 – 2030, City of Denton

Source: Atria Planning

To address housing needs effectively, the City will need to find ways to increase production with the resources and powers it currently has, creating a foundation for the private market and non-profit developer partners to address need. In general, the City may seek to:

LOWER CONSTRUCTION COSTS BY USING COST-EFFECTIVE BUILDING MODELS (PREFABRICATED HOUSING, SMALLER RENTAL HOUSING COMPLEXES, SMALL-HOME MODELS).

INCREASE THE CAPACITY FOR HOUSING DEVELOPMENT BY EMPOWERING LOCAL BUILDERS (CAPACITY BUILDING, DEVELOPER INCENTIVES, ADVOCACY) AND MARKETING TO NATIONAL DEVELOPERS.

FIND WAYS TO USE EXISTING LAND AND UNUSED BUILDINGS (ZONING CHANGES, INFILL DEVELOPMENT, MARKETING AVAILABLE PARCELS).

INCREASE LEVERAGE FOR HOUSING DEVELOPMENT THROUGH PUBLIC PRIVATE PARTNERSHIPS, INCLUDING PARTNERING WITH THE HOUSING AUTHORITY (VOUCHER PROGRAM) AND/OR OTHER QUASI-GOVERNMENTAL HOUSING PROVIDERS.

PRESERVE THE EXISTING STOCK OF MODERATELY PRICED HOMES (REHABILITATION, LONG-TERM AFFORDABILITY AGREEMENTS).

Using the Market Value Analysis to Guide Housing Strategies

As part of the HNA, Reinvestment Fund conducted a Market Value Analysis (MVA), a tool that uses statistical analysis of administrative data to inform housing and development strategies. The MVA classified Denton's residential markets into seven categories according to their general characteristics, strengths, and any signs of stress, from the strongest "A" markets to the more distressed "G" markets. (See Map 1 and Table 2). The MVA can be used to guide appropriate investments and strategies for each type of market. Some tools are most effective in specific neighborhood conditions and, when geographically targeted, can leverage multiple funding sources and generally promote inclusive growth and economic opportunity. For example, distressed market strategies may include increasing the income diversity of residents through mixed-income development and infrastructure/amenity improvements, transitional market approaches include repairs to existing housing stock and increase homeownership, and middle and strong markets represent opportunities to increase housing choices including the creation of smaller units. Each of the toolkit strategies features considerations for using the MVA in implementation.

Reinvestment Fund also produced a Displacement Risk Ratio analysis (DRR) for the HNA. The DRR can guide land banking/land trust activities and other strategies to help moderate income households remain in weak or transitional neighborhoods that are undergoing rapid price appreciation, so that they can benefit from neighborhood improvement.

The DRR found that longtime residents of Southeast Denton are at risk of displacement due to hypergrowth in market overall and upward pressure on prices close to the center of the city in particular.

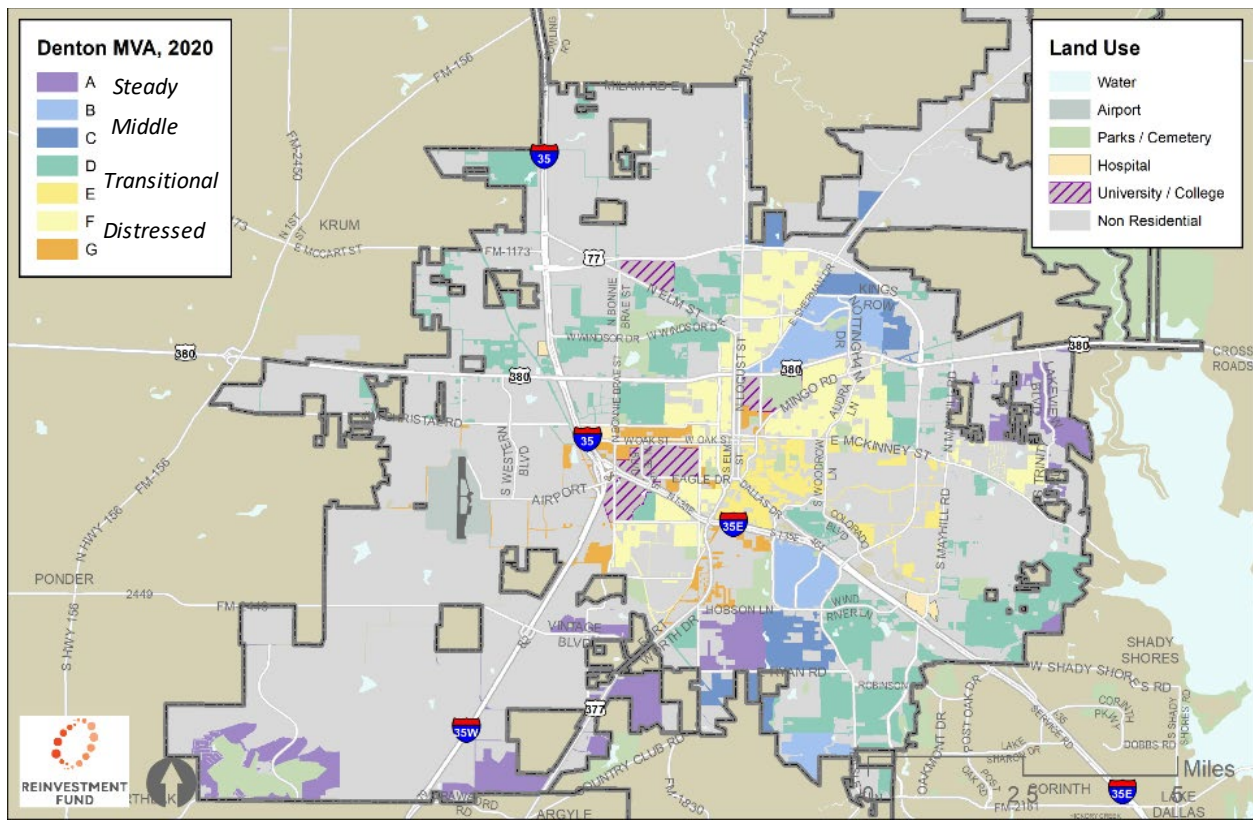


Figure 2: 2020 Denton Market Value Analysis, Reinvestment Fund

BGs	Median Sales Price, 18-19	Coef. Of Variance	Home-Owners	Subsidized Renters	Alteration Permits	New Cons. Permits	Building Violations	Residential Parcel Area	Vacancy	Foreclosures
A 5	\$402,684	0.28	90.5%	0.4%	2.8%	5.8%	>0.1%	25.1%	0.1%	0.4%
B 7	\$279,371	0.25	75.0%	3.8%	2.9%	1.6%	0.8%	84.7%	1.0%	1.3%
C 5	\$278,238	0.19	79.7%	0.9%	2.0%	28.2%	0.2%	43.1%	0.3%	1.4%
D 18	\$257,951	0.35	72.1%	4.5%	3.0%	1.3%	0.7%	26.3%	0.4%	1.1%
E 5	\$201,447	0.36	17.4%	36.0%	1.0%	2.4%	5.3%	31.1%	6.7%	5.2%
F 19	\$195,718	0.48	37.4%	6.2%	2.2%	1.0%	2.0%	61.1%	1.9%	1.2%
G 11	\$138,808	0.36	10.4%	1.2%	0.8%	0.9%	5.6%	30.5%	2.6%	0.2%
Citywide Average Block Group	\$229,778	0.36	55.5%	5.8%	1.7%	2.8%	1.7%	38.6%	1.5%	1.0%

Figure 3: Average Values for Denton MVA Model Inputs, Reinvestment Fund

Toolkit Overview

The toolkit consists of **five strategies**, each with a subset of **activities** that together will help foster the development of an array of housing options for Denton households over the next decade (see pages 11-22). There is not enough subsidy to address all the housing needs for low-and-moderate income households; therefore, the intention of this toolkit is to enable the development of moderately priced housing with minimal to no subsidy where feasible, and to leverage available tools in a coordinated and tactical way to maximize the number of units built. This includes a combination of tools related to funding, land, partners, zoning, building methods, and the regulatory powers the city possesses. ***In effect, this toolkit establishes the foundation for the private market to engage in moderately priced home construction.***

This approach will also ensure that existing incentives and sources of subsidy (e.g., repair programs, tax credits, and federal and state subsidies) are used more efficiently and creatively through: zoning changes that allow more flexibility; building the capacity of area non-profits; attracting new developers to the area; and incorporating new innovations in building practices that lower construction costs. While the proposed strategies will not fully meet future housing demand, the tools will further housing production more than relying on existing programs alone. This approach delivers housing interventions reflective of local housing market conditions while leveraging the mix of resources available from private and non-profit developers, the City, and other housing stakeholders.

1. Infill Development

- Increase infill development using vacant land and repurposing lots and buildings

2. Zoning Relief & Variances

- Provide zoning relief and variances to incentivize targeted development

3. Increase Capacity & Resources

- Expand the capacity of the building community and resources available to them

4. Preservation

- Preserve and expand existing housing affordability

5. Increase Access to Information

- Provide education and information to aid in development of low- and moderately priced housing

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
1.A 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	

A brief description of the activities within each strategy is provided below. Additional detail is provided in the next section of this report.

Strategy 1: Use Existing Land and Buildings - Infill Development

Activity	Description
Revisions to Zoning Code	Create guidelines and requirements from a land use and zoning perspective to allow for an expanded Small Homes and Accessory Dwelling Unit (ADU) Homes Program.
Small Home Communities Program	Create guidance and resource materials for a Small Homes Program. Make necessary zoning changes and amend the permitting process outside of Planned Unit Development (PDU) regulations to encourage the use of Small Homes for infill development (can be one or more units per lot).
Accessory Dwelling Unit (ADU) Program	Expand the existing program to incentivize homeowners to add backyard rental cottages to their property using prototype housing models, participating lenders, and streamlined permitting.

Strategy 2 – Zoning Relief and Variances

Activity	Description
Zoning Relief	Create affordable housing overlay districts with associated zoning relief/variance options for developers interested in building or substantially rehabilitating homes priced affordably for low- and moderate- income households.
Incentive Package	Create guidance, resource materials, and additional staff support for projects that meet criteria (fall within an affordable housing overlay district and help meet housing goals).

Strategy 3: Expand Developer Pool - Increase Capacity and Resources for Development

Activity	Description
Capacity Building Match Grant for Local Non-Profits	Provide match funding to non-profit developers to increase their capacity for affordable housing development. May include funding for grant writing, pre-development costs, technical assistance, and/or site control.
Affordable Housing Incentive Package	Package financing, land options, technical assistance, and streamlined permitting incentives for target properties and market to developers. Identify priority sites for development.
Low Income Homeownership Program	Create a model for homeownership catering to families earning less than 50% of AMI in partnership with the Housing Authority using a combination of Housing Choice Vouchers, low-cost construction methods, down payment assistance, and favorable lending terms.

Strategy 4: Maintain existing affordability – Preservation

Activity	Description
Sponsor Development of Housing Trust	Provide technical assistance and grant funding to non-profits interested in creating a housing trust, a legal mechanism that preserves long-term affordability for homes rehabbed or newly constructed for low and moderate income homeownership.
Create a Landlord Rental Maintenance Grant in Exchange for Affordability	Create a funding pool and program, where landlords receive funding to rehab properties into rental units and agree to a period of affordability in exchange for repayment from future rents or loan forgiveness.
Create a City of Denton Employee Home Buying Program	Create a home loan and down payment assistance program for City of Denton employees (potentially in partnership with university employees) that may include counseling services and partnership with a developer for the infill housing program.
Create a Land Bank for Affordable Housing	Through the public housing authority, partner non-profit, or newly created quasi-governmental development arm, acquire or obtain site control for vacant lots and underutilized buildings for affordable housing development

Strategy 5: Empower the private market – Increase access to information

Activity	Description
Landlord/Tenant Eviction Prevention Program and Education Campaign	Create guidance documents, outreach, and training assistance for Denton landlords to deter eviction; provide grant funding for non-profit eviction prevention services.
Develop tools to support land banking including an interactive online mapping tool to identify available sites/land	Create an interactive web portal to identify vacant parcels and underutilized buildings that may be available for repurpose.
Increase Housing Choice Voucher usage in Areas of Opportunity with a Landlord Education Program	Work with the public housing authority to develop a Housing Choice Voucher Program education campaign and online training modules to increase Housing Choice Voucher usage in Areas of Opportunity.

Program Details

Strategy 1: Infill

Infill development refers to the construction of new buildings on vacant or underutilized land in previously developed areas of the City. This includes using smaller home models for very small lots; increasing the variety of housing within more urban neighborhoods to increase walkability and support more neighborhood retail services, and supporting more backyard cottage, garage apartments, and other infill development that can bring new housing options into the community. Revisions to the zoning code can make it easier to produce units and also provide guidance that will result in the types of units the city needs most; these revisions will facilitate the full launch of both a Small Home and Accessory Dwelling Unit (ADU) programs.

Infill Housing Types	Description
Tiny Homes	Prefabricated homes of approximately 400 square feet or less that meet housing needs for formerly homeless, provide cost-effective transitional housing and permanent supportive housing options. Can be designed as a community with supportive services, communal facilities, and workforce training.
Backyard Cottages/Accessory Dwelling Units/Granny Flats	Typically studio or one-bedroom cottages or converted garages discreetly placed within a single-family lot to provide housing options for guests, aging parents, young adult age children, or other renters seeking reasonably priced rental housing integrated into a neighborhood setting.
Cluster Cottages	A cluster of small cottages (usually eight units or less, usually 800 square feet or less) within a U-shaped or similar pattern to create a rental housing community that visually complements a residential neighborhood, provides rental housing options to scale with walkable single-family neighborhoods, and utilizes larger single-family lots.
Small Homes	A smaller home model intended for young professionals to enter the homeownership market at a reasonable price point. Similar to cluster cottages, but can be stand-alone, and offers amenities young homeowners desire in exchange for a smaller square footage and lot size. Small homes are usually 900 square feet or less, and include one to two bedrooms, limited outside maintenance, and flex space like a small office or workout room.
Infill Townhomes and Doubles/Duplexes	A small cluster of townhomes or duplexes (usually eight units or less) using lots too large for single family development but too small for larger development. This can be for rental housing or homeownership.

Housing Diversity:

Duplexes, Multi-Plexes,

Tiny Homes and Cluster Cottages



1



1. Duplex, Portland, OR
2. 4-Plex, San Diego, CA
3. Shipping Container Tiny Home, Cargo Home, Texas
4. Modern Duplex, East Texas
5. Cluster Cottages, San Diego
6. Cluster Cottages, Los Angeles
7. Cluster Cottages, San Diego
8. Cluster Cottages, San Diego
9. Tiny Homes for Homeless, Austin Texas
10. Backyard Cottage, Kanga Room Systems, Texas
11. Garage Apartment, San Francisco
12. Small Home, San Diego



The Small Home Communities Program and ADU Program will work with community development, planning, and outside vendors to identify appropriate lots for this activity and create guidelines and regulations that will enable the private market and/or non-profit partners to develop housing for households earning less than 80% of AMI with less subsidy than traditional homes.

MVA Guidance

The development of cottages and small homes is best suited to markets where larger parcels are available at a relatively low cost but where there is not pervasive vacancy or other instability. The predominantly renter markets of E and F may see increased stability around small home developments, especially when there are ownership opportunities. Infill in markets may be appropriate in the more distressed G markets where there is access to certain amenities or support services. The proposed ADU program is designed to bring smaller units to higher-priced markets and bring income-earning potential to homeowners with minimal public sector intervention or funding.

Activity	Considerations	Strong (A)	Steady (B, C)	Middle (D)	Transitional (E, F)	Distressed (G)
Cluster Cottages/Small Home Infill	Infill housing in areas with larger vacant parcels but not highest vacancy rates			X	X	In some cases.
ADUs	Opportunity areas with single family homes on larger lots, rising displacement risk	X	X	X		

Case Studies

Infill Development: Dallas

In this example from Dallas, a private developer built a four-unit townhouse development within a single-family lot, without the use of subsidy. Each unit includes 1,700 square feet, private outdoor space and 4 bedrooms. Priced at \$275,000 each, these homes are affordable to middle income households. This private market activity with lower price points was made possible because of zoning changes. This case illustrates that when an area has zoning that allows for smaller unit development, subsidies may not be necessary to reach affordability goals.



Tiny Homes: The Cottages at Hickory Crossing, Dallas

This small housing program highlights homeownership opportunities for formerly homeless individuals. This development by the nonprofit CitySquare was completed at half or even one third of the cost of traditional multifamily supportive housing (about \$50,000 per unit), demonstrating that is possible to achieve a larger number of units for the same number of dollars – even when complying with LEED Certified Efficiency Design Standards. Each of the 50 units of permanent affordable housing is 350 square feet, and they are located across the street from the CitySquare Opportunity Center. Onsite medical and mental health services are provided for all residents, reducing higher cost interventions, and creating a savings for local government. These programs can work well for partnerships with nonprofits like CitySquare – and they can be aesthetically appealing.



ADUs in Portland, Oregon



This example from Oregon shows the success of using ADUs for owners to add value to their properties. The City manages an ADU Program with staff resources and offers waivers for affordable rental housing. The program allows for backyard cottages using pre-approved designs and connects owners to financing through BackHome ADU and Craft3, which provide low interest loans (3.5%) for 240 months for \$130,000, or \$772 per month to homeowners. Homeowners also have the option to ground lease their property to a non-

profit developer who will build and manage the unit. The homeowner pays nothing and receives a portion of the revenue stream. An owner can also go to the City for assistance with permissions, selecting a model, getting financing, and connecting to a non-profit developer, all at no cost to city other than the staff person providing guidance. Similar programs have been introduced in Austin and other cities.

Strategy 2: Zoning Relief/Variations

This strategy combines adjustments to regulations with targeted, multifaceted incentives to enable the private sector to produce lower priced units. An affordable housing overlay district would revise the zoning for specific sites that are appropriate for targeted infill development and provide incentives to developers who include lower priced homes in their projects. The Denton Development Code establishes procedures and standards to allow the creation of Overlay and Historic Districts in Denton “to protect and enhance specific lands and structures which, by virtue of their type or location, have characteristics which are distinct from lands and structures outside such special districts.” An overlay would encourage the production of affordable homes through incentive-based policy.

This strategy also includes a marketing and outreach component to encourage housing development at a variety of price points. Marketing and outreach tools would be developed to reach out to a specific target audience like the development community, including national non-profit developers with experience in mixed-income, mixed-use development, developers experienced in infill development, and national non-profits that may serve as a supportive services partner.

MVA Guidance

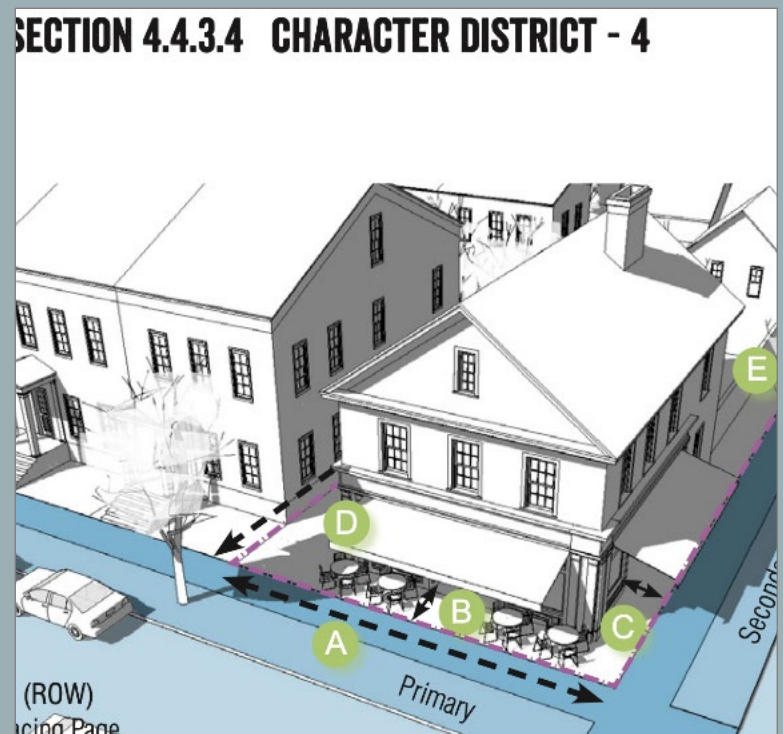
Overlay districts should aim to create lower-cost housing in high opportunity neighborhoods such as the Steady (B, C) and Middle (D) markets. The price of housing (and land) in A market is too high for the development of affordable units and without overlays, new development in B, C, and D markets would also likely be priced beyond the means of households earning less than 100% AMI. But home prices in B and C markets are about 44% lower than in A— a large enough difference to make incentives reasonably effective. D markets would require even shallower incentives to achieve lower price points but are still quite stable enough (with 72% homeownership markets and the highest share of reinvestment in existing properties) to absorb new, mixed income housing options without changing the overall market. Transitional markets that are seeing surging prices may also be appropriate locations for incentives.

Program	Considerations	Strong (A)	Steady (B, C)	Middle (D)	Transitional (E, F)	Distressed (G)
Affordable housing overlay districts	Opportunity areas		X	X	POTENTIAL	

Case Studies

Mixed Use Zoning Districts, San Marcos, TX

The 2017 Development Code in San Marcos created Neighborhood and Character Districts with a range of allowable uses. These promote diverse housing types, including cottage courts, live-work spaces, and mixed-use spaces with retail below, apartments above. Smaller density Character Districts allow for corner retail. The City offers 10% density bonuses for affordable housing within designated areas.



Shreveport Choice Neighborhoods – Developer Solicitation

The City of Shreveport initiated a large-scale development on the downtown fringe through an RFQ for a development team. The initiative was conducted in partnership with the Public Housing Authority (PHA) and offered land, CDBG funding, Project-Based Vouchers, and support from the Mayor's Office for competitive bids for tax credits. The solicitation received responses from national development teams specializing in mixed use affordable housing development, including McCormack Baron Salazar and Pennrose Development. In exchange for public support, the City and PHA required robust community engagement including charrettes and resident preference surveys along with significant affordability of future units

Strategy 3: Increase capacity and resources for affordable housing development

Much of this toolkit requires the development community to increase housing production, and while Denton has several non-profit developers active in the city, they generally lack capacity to increase operations without support. Similarly, the Housing Authority and its non-profit affiliate has the license to construct new housing for low- and moderate-income households but may lack the capacity and partners to do so. Therefore, the city may provide incentives, grant assistance, and technical assistance to the existing affordable housing development community to increase the output of new low-cost units.

A Non-Profit Capacity Building Grant program would provide funding to increase real estate development capacity within the Denton area's non-profit development community. The technical assistance, educational, and financial activities enhance the capacity and ability of eligible organizations to carry out community development and affordable housing activities benefitting low- and moderate-income households. In particular, the grant is intended to increase the funding available to non-profits through grant writing assistance; technical assistance associated with the Low Income Housing Tax Credit and other governmental subsidy applications; and professional services grants (e.g., legal fees) to develop and administer innovative housing programs.

Additionally, the program includes a revolving loan fund for pre-development costs, which the development community cited as one of the major challenges to affordable housing development. The Pre-Development Financing Program provides predevelopment capital to finance the start of low-income housing projects. Assistance may be provided for feasibility analysis, fees associated with grant applications (e.g. legal fees, architectural fees, engineering fees) and acquisition expenses for any costs associated with obtaining control of the site. Small developers and non-profits have difficulty financing these activities and are at a disadvantage in competing with large-scale developers, who predominantly build larger complexes in greenfield sites. Obtaining financing for these expenses can be difficult, especially for small developers and non-profits. The loan can provide this additional support, and may be repaid at closing for construction, sustaining a funding pool for future development.

Similarly, an Affordable Housing Incentive Package provides incentives to developers – like reduced parking requirements, waived permit fees, reduced setbacks or Floor Area Ratio (FAR) requirements – in exchange for affordable housing development. By reducing the cost of construction per unit, developers will be able to lower prices and still maintain profitability. This mechanism also allows the City to work with any selected developer team to negotiate beneficial terms when prospective developments arise using one of the higher profile “target sites.” This may include long-term ground leases and infrastructure investment from the city in exchange for a shared revenue structure, additional community investment in parks/recreation, or a contribution towards an affordable housing funding pool.

Finally, the city and the public housing authority have the opportunity to partner to create homeownership opportunities for very low income, HUD-assisted families. This can be accomplished by combining the city's current [Homebuyers Assistance Program](#) with the public housing authority's Housing Choice Voucher (HCV) homeownership program. Through this type of partnership, the housing authority or non-profit partner can build Small Homes (or duplexes, infill, or townhomes) using prefabricated building techniques, thereby lowering the price of construction, and sell to a voucher holder, who may use the value of the voucher as payment towards a mortgage. This model is one of the few that increases homeownership among low-wage workers and should be utilized to reach this underserved market.

MVA Guidance

Similar to affordable housing overlays, incentive packages should create lower-cost housing options in high opportunity areas— adjacent to jobs, quality retail, and other amenities. In contrast, low income homeownership programs can stabilize distressed neighborhoods that are not seeing much market activity. The E block groups, which are clustered in Southeast Denton, are predominately renter markets (83%), and 36% of all rental units are subsidized, the highest share of any market. F markets are also majority renter and have the highest share of homes built before 1980. Ge markets have the highest rates of code violations, vacancy, and foreclosure. Homeownership programs in these markets can introduce a greater mix of incomes, help longtime households build wealth, and increase property maintenance, which can have a spillover effect.

Program	Considerations	Strong (A)	Steady (B, C)	Middle (D)	Transitional (E, F)	Distressed (G)
Affordable Housing Incentives Program	Opportunity areas		X	X	POTENTIAL	
Low Income Homeownership Program	Areas with moderate and/or declining homeownership				X	X

Case Studies

Cass Community, Detroit: --- Tiny Homes Homeownership Model for Formerly Homeless

This example illustrates the success of pairing nonprofit capacity conduct infill redevelopment using land bank properties This 25-units infill development was built by a faith-based non-profit developer in Detroit. The homes roughly 400 square feet and cost from \$45,000 - \$55,000 to construct. Project funding came through charitable organizations, churches, and foundations, while the City provided land bank properties and zoning relief. The rent-to-own model helps individuals build financial stability.



Housing Authority of El Paso

In 2012, the Housing Authority of the City of El Paso (HACEP) developed the first NetZero, fossil fuels free, LEED Platinum affordable housing community in the U.S. The property, Paisano Green Communities, consists of 73 units for low-income senior renters, along with 18 Single Room Occupancy (SRO) units, a community center, a rooftop terrace and garden trails. HACEP solicited the project through a design competition, selecting WORKSHOP8 and Pavilion Construction as developer and builder, respectively. The project was built in compliance with the Buy America Act, with materials sourced from U.S. companies, and was completed and fully occupied within 18 months. The total development cost was \$14.8 million or \$203,000 per unit.



Strategy 4: Preserve and expand existing housing affordability

The HNA identified several concerns related to the loss of moderately priced housing in the Denton housing market. The city could once claim more affordable housing options than other parts of the region, combined with a high quality of life, that together attracted many families. However, that dynamic has changed in recent years. In particular, the housing prices from the onset of the Coronavirus Pandemic to today have escalated housing prices significantly. (insert graphic) This is especially true for Southeast Denton, the neighborhood that has historically been the home of Denton's Black and Latino communities, where home prices have risen significantly in recent years. This upward pressure in home prices may lead to long-term residents no longer being able to afford the neighborhood. Additionally, the rising housing prices are limiting housing options for many of the city's workers and may lead to challenges in worker retention if homeownership or even decent affordable rental housing options are no longer available.

To counteract this growing trend, Housing Trusts are a low-cost solution. They are agreements made between the buyer and a community organization that limits the appreciation of a home over time to maintain long-term affordability. The non-profits who build or rehabilitate housing for low- and moderate-income homeowners may include Housing Trust agreements to avoid displacement of existing households in areas expected to increase in value over time, like Southeast Denton.

Additionally, the City, public housing authority, and/or non-profit partners may establish Land Banks, which are properties held under receivership for the purpose of housing development. They may be vacant, abandoned, and/or tax delinquent properties, and may be held in ownership (through a tax sale, for example) or reserved for housing development in partnership with the existing owner over a period of time. The goal of the Land Bank is for the City and its partners to have access to properties for moderately priced housing development, and to leverage these properties to attract development and additional resources.

MVA Guidance

Housing trusts can be used to improve and create new housing in transitional and distressed markets through ownership by entities that are committed to responsible stewardship and have the means to honor that commitment. Trusts are also effective tools for providing critical permanent affordability in areas where prices are rising rapidly, enabling communities to retain a mix of household income levels. Landbanks are able to acquire and strategically transfer land for different purposes. In steady and middle areas, properties can be used for infill and in transitional and distressed markets, they can be used to support housing trusts and other stabilizing activities.

Program	Considerations	Strong (A)	Steady (B, C)	Middle (D)	Transitional (E, F)	Distressed (G)
Housing Trust	Transitional and Distressed areas with or adjacent to areas with rising prices				X	X
Land Bank	Target parcels in high opportunity neighborhoods for infill; side yards and assembly of parcels for larger scale development in Transitional/Distressed		X	X	X	X

Case Studies

Housing Trust:

Dudley Street Neighborhood Initiative, Boston, MA ---

The Dudley Street Neighborhood Initiative is one of the oldest and most successful models of a Housing Trust in the U.S. The program began in the early 1980s when concerned neighbors living within this largely Black/African American community decided to band together to tackle the blight and crime impacting their community. The neighborhood association expanded into a non-profit developer and successfully rehabilitated hundreds of homes for low income families. They sold the homes through a Housing Trust, where the Trust owns the land the homebuyer purchases the home. This established the mechanism for deed restrictions, so that the effort they put into revitalizing their neighborhood would not lead to gentrification upon success. More than 225 homes were built under the program, along with a retail corridor, community gardens, and senior apartments. The homes built through the program were limited to a 0.5% appreciation per year for the first ten years, and 5% thereafter. This not only preserved long-term affordability but helped buffer the neighborhood from foreclosure risk and land speculation. During the foreclosure crisis of 2007 – 2008, only 0.4% of homes went into foreclosure, compared to 4.6% in the Boston housing market.

Pancratia Hall Dormitory ---

This adaptive reuse project transformed a vacant former college dormitory and boarding school for Catholic girls into a 72-unit affordable multifamily project targeting families with incomes between 30% to 80% AMI. Westside Investment Partners purchased the building, within a 75-acre parcel from Colorado Heights University. The effort was sponsored by a private developer, the Denver Housing Authority, and the City and County of Denver. It was funded by 4% tax credits, bonds, FHA-backed loans, tax abatements, Housing Authority.: Denver, CO



Strategy 5: Increase access to information and assistance

Another method for addressing moderately priced housing shortages is by providing more information and guidance to low income families and to the existing landlord and development community. This includes eviction prevention services, a landlord engagement program for Section 8, and online access for developers to see available properties and programs to support more affordable housing development.

Subsidized rental housing is concentrated in one area of the city, southeast Denton. To encourage more affordable housing options in other areas of the city, especially those near jobs, retail services, neighborhood amenities and schools, Denton can work with the public housing authority to increase landlord participation in the Housing Choice Voucher Program. This program, which provides vouchers to low-income families to find rental housing in the private market, is limited to landlords willing to participate in the program. Unfortunately, many landlords choose not to participate due to unfounded fears regarding HUD-assisted families. To counteract this perception, the program may include an initial assessment of voucher utilization and landlord perceptions, followed by the development of strategies that encourage or incentivize landlord participation in areas of opportunity.

Similarly, an Eviction Prevention Program seeks to educate renters and landlords about laws and regulations surrounding landlord-tenant rights and provide services and funding support to mitigate potential evictions where possible. Very low-income renters face a high risk of homelessness, and it is far costlier for the city and non-profits to rehouse a homeless family than to avoid the outcome in the first place. Most low-income renters work, but due to low wages compounded by unexpected costs (like a medical emergency or car repair) or a sudden loss of income, they may face the risk of homelessness. Eviction prevention programs – which may include legal assistance, mediation programs, funding assistance, and case management services, can help residents avoid eviction and stay in their homes, thereby reducing homelessness. While a significant amount of emergency Eviction Prevention funding due to COVID exists now, it is not permanent funding. Homeless prevention programs will be an ongoing need for residents in the City. The need for financial rental assistance funds includes the ability to educate the public on the availability of the funds and the capacity to administer the program.

MVA Guidance

Transitional and distressed markets should be targeted for eviction prevention outreach and services because they have the largest shares of renters, and because evictions tend to be strongly associated with incomes. The median incomes in E, F, and G market ranged from about \$27,000 to \$42,000, much lower than in the next market category of D, where the median income was \$81,000.

A web-based GIS parcel tool can help guide acquisition and disposition of vacant land in steady, middle, and distressed markets, helping to differentiate strategies used by a land back for different markets, and by private sector developers.

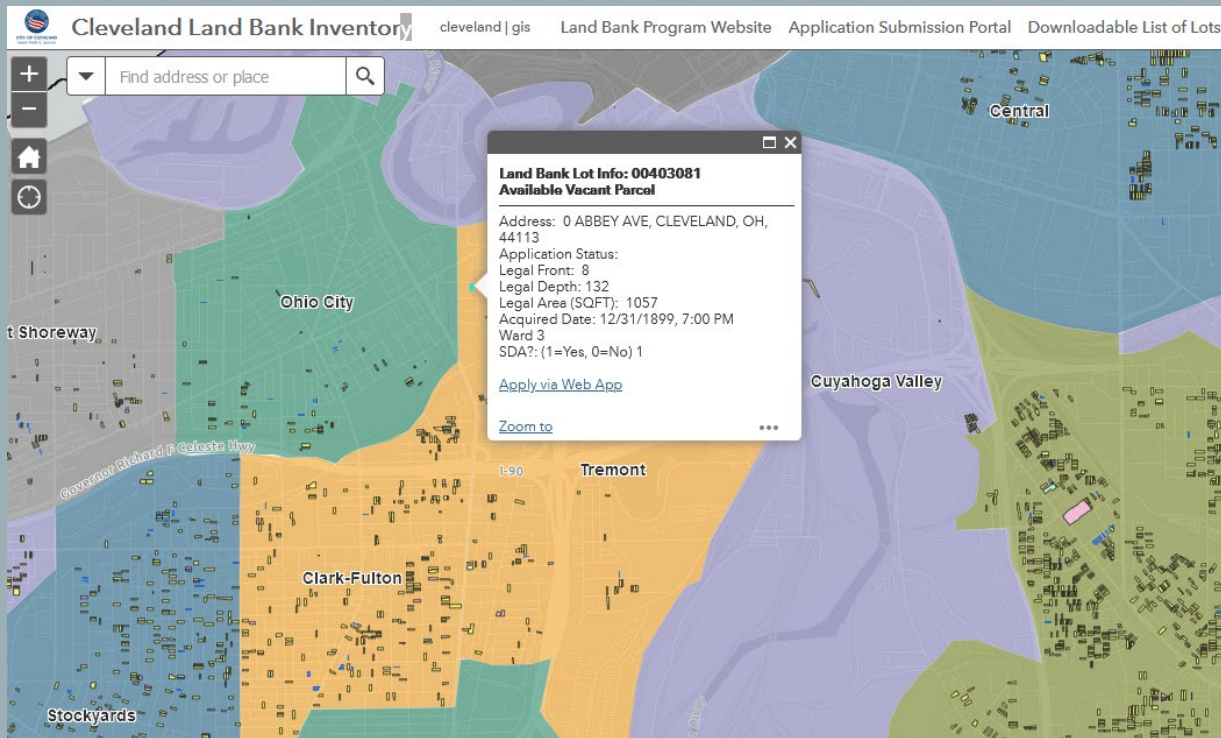
Research has shown the positive effects on families of using housing choice vouchers to relocate to more opportune areas of a city, where there is not concentrated poverty. There is also extensive research documenting the difficulty voucher holders often face trying to secure units in areas of opportunity. The City and Housing Authority can work with landlords in B, C, and D markets to make units available to voucher holders.

Program	Considerations	Strong (A)	Steady (B, C)	Middle (D)	Transitional (E, F)	Distressed (G)
Landlord/Tenant Eviction Prevention Program					X	X
GIS Parcel Tool & Vacant Land for Acquisition	Priority Housing Development for LMI Households		X	X	X	POTENTIAL
Increase Housing Choice Voucher usage	Areas of Opportunity		X	X		

Case Studies

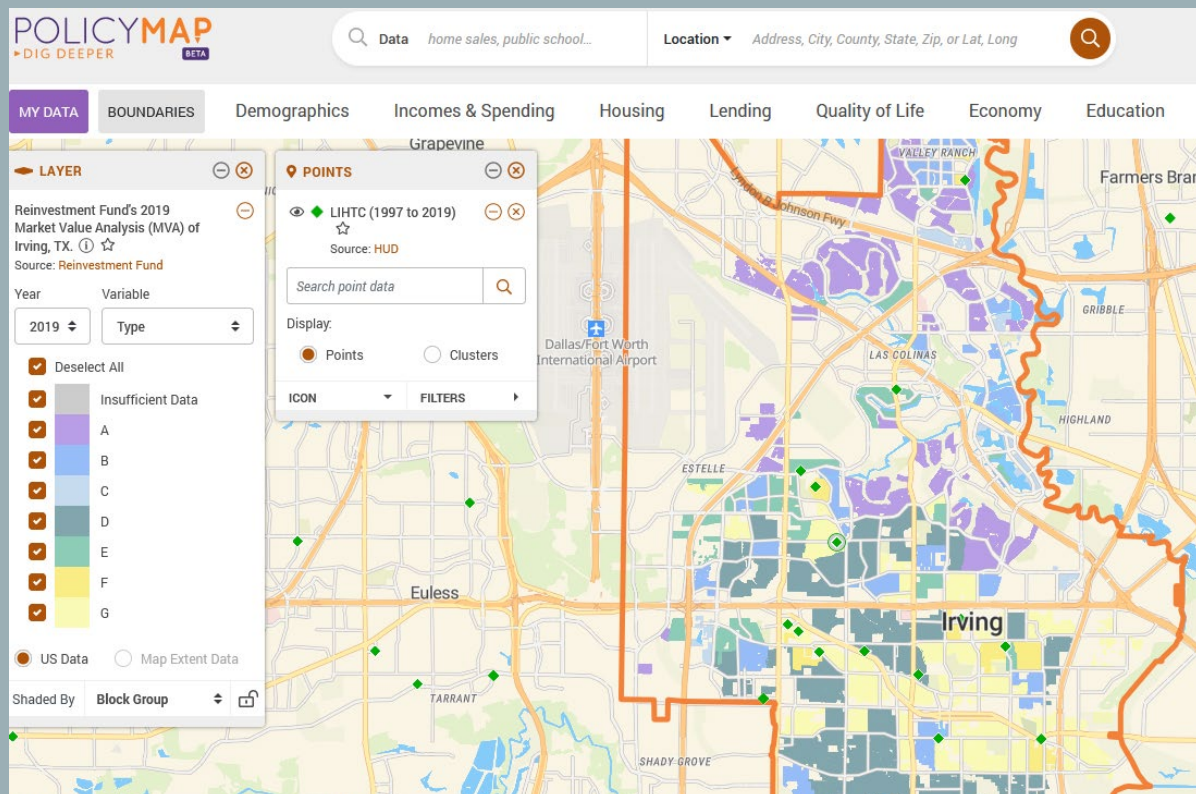
Cleveland Land Bank Tool

The City of Cleveland launched an interactive web map showing the Land Bank's more than 13,000 vacant parcels in its inventory that are for sale to the public for new home constructions or as side yards to current homeowners. The map links users directly to the Land Bank application submission portal. The map is updated every two weeks.



PolicyMap Platform

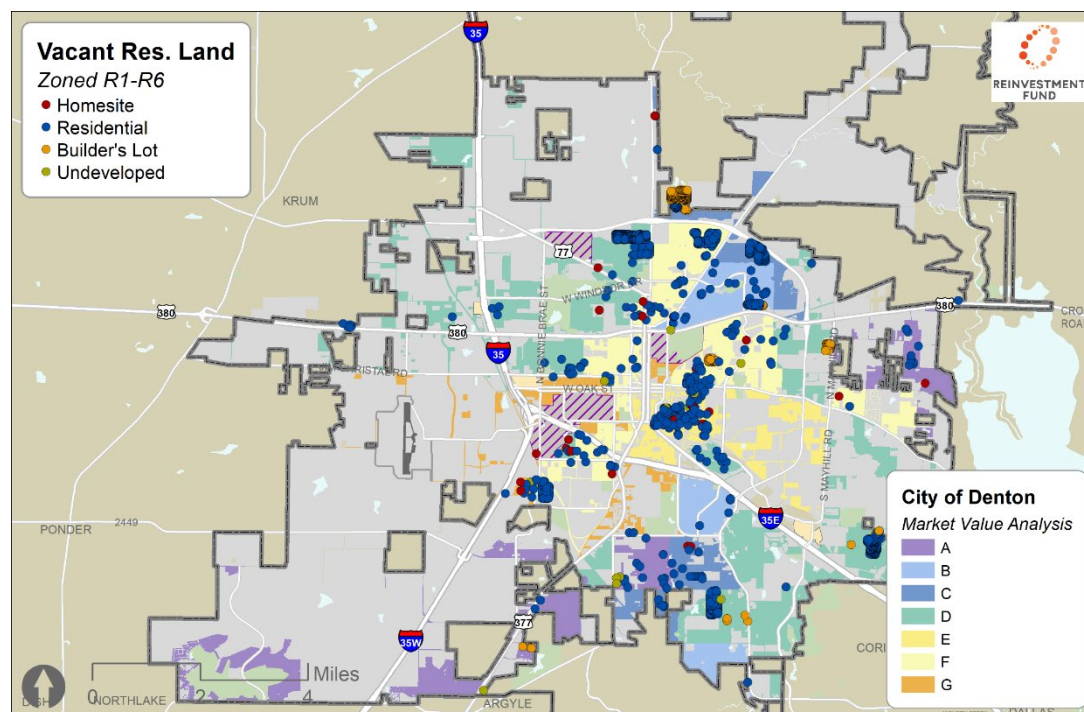
Additional context and data can help public sector decision makers and prospective buyers evaluate available parcels and their suitability different types of development. The PolicyMap platform includes thousands of indicators from the Census and other secondary data sources as well as a custom data loading feature for points (such as parcels or LIHTC projects) and analytic layers such as the MVA.



Integrating Toolkit Strategies: Identifying Developable Lots Under Revised Zoning

One illustration of how Denton can integrate toolkit strategies is identifying developable lots under potential revised zoning. Reinvestment identified vacant residential parcels that could be targeted for revised zoning and/or incentives to encourage the development of affordable housing, including small houses and cottages on infill parcels. Figure 4 below shows all vacant parcels zoned R1, R2, R3, R4, R5, and R6, which are largely single-family residential designations with setback and lot coverage rules that would not currently allow for cluster development.

Figure 4: Vacant Parcels with R1, R2, R3, R4, R5, and R6 Zoning by MVA Category. Reinvestment Fund.



Altogether there were 1,661 vacant parcels with one of these zoning designations. They were concentrated in D markets (653 parcels, 40% of the total), which this report notes are suitable for nearly all of the affordable housing tools: small homes, ADUs, and affordable housing incentives and overlays. C and F markets also have substantial supplies of these parcels; in C markets these parcels would be ideal for overlays and incentives while parcels in F markets could be targeted for small homes and low-income home ownership.

Figure 5: Count of Parcels with R1, R2, R3, R4, R5, and R6 Zoning by MVA Category

Market Value Analysis	Count of Residential Zoned Vacant Land Parcels
A	48
B	108
C	300
D	653
E	153
F	382
G	17

Housing Production Goals

The City of Denton has established preliminary goals for housing production using a combination of activities described in this toolkit. Together, these strategies have the potential to provide more than 1,700 units over the next ten years to households earning less than 100% AMI. (See Figure 6). The goal number of units is based on the combined and coordinated activities that are projected to take place among the for-profit, non-profit, individual resident, and foundations once the City establishes the foundation for more moderately priced housing production. While the activities described here are not anticipated to meet the full need for moderately priced housing, it will address a substantial share of expected demand and decrease pressure on the public sector for more direct involvement in low-cost housing production.

Figure 6: Housing Production Goals.

Summary – Unit Goals Over Next Ten Years	Rental Housing				Homeownership			
	Very Low (<50%)	Low (50-80%)	Moderate (80-100%)	All	Very Low (<50%)	Low (50-80%)	Moderate (80-100%)	All
Need (2021-2030)	604	1,429	330	2,363	458	942	541	1,941
Cluster Cottages, Small Home Infill		25	25	50		120	40	160
ADUs	20	60	20	100				0
Infill Development, Smaller Scale Rental	50	100		150				0
LIHTC Rental Developments (3*200)		600		600				
Non-profit Capacity Building + Incentives for PSH	60			60				0
Non-profit Capacity Building + Incentives Repair/Rehab/Infill				0		40	20	60
Homeownership for Very Low & Low Income Households (PHA Partnership)				0	80	80		160
Housing Trust Incentive Program				0			50	50
Landlord Repair Program (11 units *\$25,000)	50	50	50	150				0
Employer Incentive Program (households not units)				0	25	75		100
Expand Housing Choice Voucher Usage in Areas of Opportunity (new landlords, not units)	80	20		100				0
Goal Total	260	855	95	1,210	105	315	110	530
Remaining Need	344	574	235	1,153	353	627	431	1,411

Source: Atria Planning

Implementation Actions

This section presents a proposed chronology of specific actions required to implement the strategies and activities of the toolkit, along with funding source options. Projected costs for each action are summarized at the end of this section.

Although the toolkit describes the strategies and actions as discrete pieces, each component is interrelated and mutually reinforcing of the other components. The proposed phasing of the programs reflects this. (See Figure x). For example, increasing staff capacity is a critical first step to providing the coordination of all activities, and developing the affordable housing overlays will support the targeted roll-out of multiple interventions including small home infill, landlord repairs, and incentive packages.

ACTIONS				YEAR									
#	S#	Description		1	2	3	4	5	6	7	8	9	10
YEAR 1	1	0	Increase Staff Capacity										
	2	2.A	Affordable Housing Overlays										
	3	5.B	Interactive online mapping tool										
	4	4.B	Landlord Rental Maintenance Grant										
	5	5.C	Denton Housing Authority Landlord Education Program										
YEAR 2	6	4.E	Land banking										
	7	3.A	Non-Profit Capacity Building Grant										
	8-11	3.B/C 2.B/C	Developer Incentive Package/Pre-Development Financing/marketing & outreach										
	12-13	1.A/B	Develop Requirements for Small Home & ADU Program										
	14	5.A	Eviction Prevention Program										
YEAR 3	15	4.A	Housing Trust										
	16	3.D	Homeownership Program with housing authority/non-profit partner										
	17-18	4.C 4.D	Employee Homeownership Program Down Payment Assistance Program										

Several of the proposed activities recommend the use of consultants who provide specialized, temporary expertise where long-term staffing is not required. Consultants provide the benefit of short-term investment by paying only for the services needed while receiving a targeted service because a consultant team will be able to focus attention on the single task and not be diverted by urgent other tasks. Several strategies are complementary to existing City programs and can be expanded within those programs with adequate investment of time and resources.

The program evaluation for some of these activities will include a full assessment to ensure the activity is within applicable law and assessed of any risks.

YEAR 1

Action 1. Increase Staff Capacity

An on-staff coordinator will need to oversee planning and implementation of the affordable housing strategies described in this toolkit. City staff already requested a position through a supplemental budget request for FY 2021-22. If funded, the Housing Services Coordinator will advise and coordinate delivery of a diverse set of affordable housing programs, services, and grants with other City departments, outside agencies, developers, and housing funders.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Hire one FT staff person to oversee Affordable Housing Special Programs	4 Months	Ongoing	General Fund	\$85,000

Action 2. Consulting Services to Create Affordable Housing Overlay District

S2.A Develop regulations and policy guidelines in affordable housing-related land use regarding zoning variance options for parking requirements, density bonuses, and building types, etc.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Engage a zoning consultant.	12 Months	One-Time	General Fund Foundations/ Grants CDBG/HOME TIF	\$75,000

Action 3. Interactive online mapping tool

S5.B Secure consulting services (or can also be done in-house with dedicated time and expanded resources*) to develop a GIS web portal with parcel-level data combined with assessor records; staff can work with a real estate broker to identify properties for site control and owners interested in redevelopment and assist with negotiations with select properties to enter into option to purchase agreements with city or designated party for affordable housing development plus option payments.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding*
IT Consulting Firm to develop GIS platform for parcel level data; real estate brokerage fees.	12 Months	One-time	CDBG General Fund	\$50,000

Action 4. Rental Maintenance Grant

S4.B Launch a loan program for landlords who lease to low-income households for a repair and rehabilitation program targeting 1-4 unit properties to make needed improvements and preserve affordable housing.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Create a Landlord Rental Maintenance Grant (\$500,000 Annually - 100 units * \$25,000 over 5 years)	12 Months	Ongoing	CDBG General Fund	\$1,250,000 \$1,250,000

Action 5. Landlord Education Program

S5.C Procure a consultant or use staff to work with the Housing Authority to develop a Housing Choice Voucher Program education campaign and online training modules to increase Housing Choice Voucher usage in Areas of Opportunity.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding*
Public Housing Consultant.	12 Months	One-time	PHA HUD	\$40,000

YEAR 2

Action 6. Land banking

S4.E Establish a landbank that will reserve specific properties for affordable housing development.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Funding pool appraisal for 10 properties and site control for 5 years. (\$7,500 for appraisal and \$25,000 for 5-year site control agreement, on average)	12 Months	One-Time 5 Years	CDBG	\$570,000

Action 7. Non-Profit Capacity Building Grant

S3.A Implement a grant program designed to increase the ability of local nonprofits to build and preserve low-cost housing, which may include nonprofits new to development as well as those who are interested in expanding their output.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
(4 Grants x \$25,000) *As alternative, for 1 year, provide TA support for grant writing and business plan	6 Months	One-Time	CDBG HUD	\$100,000

Action 8. Affordable Housing Incentive Package

S3.B Retain a real estate development technical advisor to develop and market incentive packages to developers, work with developers and public and private funding sources to secure gap funding for priority projects, and structure projects for maximum city benefit. The advisor would be on call to support projects in pre-development as part of Action 9.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Retain Real Estate Development Technical Advisor and engage Affordable Housing Law Firm (2) to represent city in partnership agreements working with Advisor	18 Months	One-Time	CDBG General Fund	\$100,000

Action 9. Pre-Development Financing Program

S3.C Provide seed funding for a Revolving Loan Fund for pre-development costs including costs associated with LIHTC applications, environmental, and other requirements for federal and state housing programs.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Seed Revolving Loan Fund for pre-development costs including costs associated with LIHTC applications, environmental, and other requirements for federal and state housing programs	18 Months	One-Time	CDBG General Fund	\$500,000

Action 10. Create marketing materials and outreach to development community

S2.B Design a strategy and create and disseminate marketing materials.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding*
New website page and content; email brochures, email blast to national development community, press releases, etc.	3 Months	One-Time	General Fund	\$10,000

*Could be done in-house

Action 11. Staff training

S2.C The City has invested in necessary affordable housing analysis with projected housing needs and development of tools for policy making, enhancing collaborative cross-sector partnerships, and determining resources to support affordable housing. Dedicated team training will help ensure successful implementation of approved strategies.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
One-day retreat for Community Development and Planning/Land Use Staff to review new guidance and regulations and build collaborative structure for implementing programs	3 Months	One-Time	General Fund	\$5,000

Action 12. Consulting Services to develop Small Home Communities Program

S1.A Engage a consultant to create guidelines for small home infill development and larger affordable housing infill development using "tiny" and "small" home structures, including requirements from a land use and zoning perspective to allow for small homes such as housing quality standard documentation, infrastructure requirements, landscape and drainage requirements, management and oversight, and creating a preapproved list of approved vendors and manufacturers.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Engage consultant to create Small Home guidelines.	12 Months	One-Time	General Fund Foundations Grants CDBG HOME	\$40,000

Action 13. Consulting Services to develop Accessory Dwelling Units (ADU) Program

S1.B Procure a consultant to develop financing models, relationships with contractors, and guidelines for the ADU program including requirements from a land use and zoning perspective to expand the program. This will include building relationships with manufacturers and local contractors for stock prototypes and relationships with local lenders for loan guarantees. A consultant can help structure program to include revenue sharing or another income-producing element for city.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Engage a consultant for detailed program design and sustainable funding structure.	12 Months	One-Time	General Fund Foundations Grants CDBG/HOME Revenue: Permit Fees	\$100,000

Action 14. Landlord/Tenant Eviction Prevention Program and Education Campaign

S5.A Provide grant funding to a non-profit who provides tenant protection services (e.g. legal aid) to develop and administer an eviction prevention program and emergency loan fund.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Grant funding for eviction prevention program (2 years x \$25,000) plus emergency loan fund	6 Months	One-Time	TDHCA Foundations Grants CDBG/HOME	\$100,000

YEAR 3

Action 15. Housing Trust Incentive Program

S4.A Provide grant funds to non-profits for technical assistance in the creation of housing trusts.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Grant funding for technical assistance awarded (3 grants x \$25,000/grant plus \$25,000 for consultant to develop structure, requirements, agreement documentation, and monitoring structure)	6 Months	One-Time 3 Years	CDBG Foundation Grants General Fund	\$100,000

Action 16. Low Income Homeownership Program

S3.D Procure a technical consultant with expertise in mixed finance (with PHA as developer or a Developer Solicitation through PHA) to develop a low- income homeownership model using infill development, prototype "Small Homes", Housing Choice Vouchers, and secured land.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Hire a technical consultant and provide seed financing with revenue stream at time of sale and site control for 20 units (Per year).	24 Months	One-Time	PHA Foundation Grant HUD	\$400,000

Action 17. Consultant Services to Develop Employee Homeownership Program

S4.C Engage consultant to develop the guidelines and funding plan for an employee homeownership program for full-time eligible employees to purchase homes located in the City. Partnership with lender, legal documents for loan products, financial and compliance monitoring system for program. Also partner with HUD homeownership counseling services.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Hire consultant to develop program guidelines, secure lender partner, draft monitoring requirements.	24 Months	One-Time 3 Years	General Fund Universities	\$200,000

Action 18. Down Payment Assistance Program

S4.D Similar program to the City's Homebuyer Assistance Program (HAP) but with a different sources of funding, the program provides funding assistance for down payment towards home ownership purchase.

Activity Deliverable	Timeline	One-Time /Ongoing	Source	Funding
Funding for 100 homes (\$10,000 down payment plus 3.5% closing costs; down payment can be reimbursed at time of resale).	12 Months	One-Time 5 Years	CDBG	\$1,850,000

Budget Estimates

Laying the groundwork for private sector investment in moderately priced housing will require city staff and supporting consultants to design the parameters, design guidance, compliance and monitoring procedures, and any marketing and outreach that may be required. This up-front investment of public sector resources may be a one-time expenditure, with the expectation that once the program is established, other funding sources (private, charitable and state/federal) will be utilized by the developing partners to create the target housing. The table below present the estimated costs of each action along with the type of expenditure (one-time or ongoing), estimated timeline for implementation, and potential funding sources. These estimates are subject to change as city staff further develop the programs and build a better understanding of the requirements for implementation.

Activity No.	Activity Description	Budget Estimate	Timeline Implement	One-time/ Ongoing	Possible Sources
*Funding sources may include HUD - CDBG, HOME, Housing Trust, General Funds (GF), Other federal, state, local or private foundations and grant.					
0	Increase Staff Capacity Immediately	\$85,000	4 mo.	Ongoing	GF
Strategy 1 Infill Increase infill development using vacant land and repurposing lots and buildings					
1.A	Consulting Services to develop Small Home Communities Program	\$40,000	12 mo.	One-time	GF, HUD, Other
1.B	Consulting Services to develop ADU Program	\$100,000	12 mo.	One-time	GF, Other
Strategy 2 Zoning Relief, Variances & Incentive Package - Provide zoning relief and variances to incentivize target development					
2.A	Consulting Services to Create Affordable Housing Overlay District	\$75,000	12 mo.	One-time	GF, HUD, Other
2.B	Create marketing materials and outreach to development community	\$10,000	3 mo.	3 Years	GF
2.C	Staff training	\$5,000	3 mo.	One-time	GF
Strategy 3 Increase Capacity & Resources - Expand the capacity of the building community and resources available to them					
3.A	Non-Profit Capacity Building Grant (4 grants/\$25,000)	\$100,000	6 mo.	1 Year	
3.B	Developer Affordable Housing Incentive Package		18 mo.	3 Years	
3.C	Pre-Development Financing Program	\$500,000	18 mo.	3 Years	
3.D	Low Income Homeownership Program w/DHA, Housing Partner	\$400,000	24 mo.	3 Years	HUD, Other

Activity No.	Activity Description	Budget Estimate	Timeline Implement	One-time/ Ongoing	Sources
*Funding sources may include HUD - CDBG, HOME, Housing Trust, General Funds (GF), Other federal, state, local or private foundations and grant.					
Strategy 4 Preservation - Preserve existing housing affordability					
4.A	Housing Trust Incentive Program	\$100,000	6 mo.	3 Years	GF, HUD, Other
4.B	Landlord Rental Maintenance Grant	\$2,500,000	12 mo.	5 Years	HUD, Other
4.C	City of Denton Employee Homeownership Program	\$200,000	24 mo.	One-time	GF, Other
4.D	Employee Homeownership Down Payment Assistance Program	\$1,850,000	10 Years	Ongoing	Revolving Loan
4.E	Land Banking Site Control for Select Properties (Small and Large Projects)	\$570,000	12 mo.	5 Years	GF, HUD, Other
Strategy 5 Increase Access to Information - Provide education and information to aid in development of low- and moderately priced housing					
5.A	Landlord/Tenant Eviction Prevention Program & Education Campaign	\$100,000	6 mo.	Ongoing	Other
5.B	GIS Property Tool for Housing and Economic Development Property analysis Platform	\$50,000	12 mo.		HUD, GF *in-house
5.C	DHA Landlord Education Program for Housing Choice Voucher Participation in Areas of Opportunity	\$40,000	12 mo.	Ongoing	HUD, Other

How do these Activities Work Together?

The toolkit's activities are not stand-alone actions but rather should work together as appropriate for each real estate deal or housing program. Indeed, a developer may layer ten or more activities for one project. Following is a hypothetical scenario that illustrates how this might work.

Hypothetical Project: Sunrise Cottages





A regional non-profit affordable housing developer would like to build a cluster of 40 cottages to provide homeownership opportunities to households earning less than 50% of Area Median Income (roughly \$40,000 per year for a family of three). The non-profit developer searches for available vacant parcels in the city using an online GIS tool and finds an ideal site currently prioritized by the city for affordable housing. The non-profit developer also partners with a university, who owns the land and will provide a ground lease to the non-profit in exchange for giving priority to the university's income-qualifying workers (e.g. university staff in food services, hospital employees, maintenance staff).

The development will use a modular "small home" model that is pre-approved by the City, lowering construction costs, and will follow the design standards developed for Small Home Communities within the Affordable Housing Overlay. The homes will be designed as two U-shaped "cottage" or "bungalow" configurations. Each home will be approximately 800 square feet, with two bedrooms, and priced between \$130,000 - \$150,000, with private rear patios and a shared front greenspace.

Because the site falls within an Affordable Housing Overlay District, it will receive priority assistance from the city's Planning and Community Development Departments, who will work in tandem to ensure the project moves forward. This includes access to a predevelopment loan to conduct due diligence, with loan payable at time of closing, and additional funding for infrastructure costs. Staff will also provide ongoing technical assistance to the project, including additional variances if needed.

The developer has partnered with another local non-profit, who has expanded its capacity under the city's capacity building grant, and now offers HUD homebuying counseling services for low and moderate income families. Prospective families will be required to attend homeowner counseling services in exchange for a down payment and closing cost assistance grant, along with favorable loan terms, using a city-funded revolving loan fund for affordable homeownership.

To ensure long-term affordability, the homes will also be subject to capped appreciation of 5% annually under a Housing Trust.

Activities Used:

Identify Sites for Project - GIS Property Tool

Acquire Site Control of university-owned site - Employer-Assisted Housing Program

Conduct Due Diligence on Property - Pre-Development Financing Program

Save on construction using alternative housing models - Small Homes Communities Program

Allow for more units per site if an affordable housing project - Affordable Housing Overlay District

Work with non-profit to provide homebuyer counseling - Non-Profit Capacity Building Grant

Provide grant assistance to homeownership – Down payment and Closing Cost Assistance

Ensure long-term affordability of homes - Housing Trust Fund

Conclusion

The overarching goal of this plan is to break silos, work together, and free up capacity for development using flexibility in funding, land use, building models and partners. This plan is a living document that reflects this goal and from which the city and its partners can build.

Moving forward, city staff within Denton’s Department of Development Services – Planning, Community Services, Economic Development, and Finance will refine these tools and incorporate them into daily operations once feasible. Once the tools are in place, city staff will conduct annual, biannual, and five-year reviews to track progress and revise programs, or add new programs as housing needs and resources change. There is also a need for regular and ongoing “temperature checks” on market conditions (home prices, rents, building activity) to see if the private market is increasing supply further for low and moderate-income households, or if there are non-profit partners supporting the mission. If and when the situation arises, the City will revise, eliminate, or add new activities to reach long-term housing goals.



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