

Presentation to the
Denton City Council

“Addressing Denton’s Housing Needs”



Denton Housing Authority

October 18, 2016

Purpose of the Presentation

- **To provide the City Council with:**
 - **An update on the Denton Housing Authority**
 - **Information regarding the community's housing needs**
 - **Information about the Low Income Housing Tax Credit program**
 - **A strategy to address the need for more workforce and affordable housing in Denton**



Denton Housing Authority (DHA)

- **DHA was created by the Denton City Council in 1970.**
- **State laws governing PHA's can be found under Local Government Code Chapter 392.**
- **DHA is governed by a board of five Commissioners appointed by the Mayor of the City of Denton.**



Board of Commissioners

- **Dr. Kathryn Stream, Chair**
- **Sheryl English, Vice Chair**
- **Bill Giese, Commissioner**
- **Salty Rishel, Commissioner**
- **TBD, Resident Commissioner**
- **Sherri McDade, CEO**



Denton Housing Authority

Section 8 Housing Choice Voucher (HCV) Program

1526 HCV and 10 HUD VASH Vouchers

- **Waiting List**
- **Landlords**
- **Fair Market Rents (FMRs)**
- **Housing Assistance Payments (HAP)**



Denton Housing Authority Revenue

- **Section 8 Admin Fees**
- **Rental Income**
- **Management Fees**
- **Developer Fees**
- **Bond Issuance Fees**



DHA's Residential Developments

Pecan Place Apartments

302 South Locust, Denton, TX 76201

24 Units



Heritage Oaks Apartments

2501 North Bell Avenue, Denton, TX 76208

114 Units



Renaissance Courts Apartments

1224 E. Hickory, Denton, TX 76205

150 Units





Recently, DHA partnered with a private developer to break ground for The Veranda, a 322 unit residential development. The Veranda is a workforce housing development for residents whose income is 60% of Area Medium Income (AMI) or less, adjusted for family size.

The construction is financed with housing tax credit equity contribution, bonds and private financing. The Veranda is expected to be ready for occupancy in approximately 12 months.

This development will also offer Resident Services, such as Homework First (After School Program), Health and Wellness Program, Job Training, and Financial Literacy Program.



**Area Medium Income
(AMI)
\$71,700 (Denton County)**

Family Size	1	2	3	4	5
Income (60%)	\$30,112	\$34,425	\$38,378	\$43,012	\$46,462
Income (50%)	\$25,100	\$28,700	\$32,300	\$35,850	\$38,750



Salaries of local positions:

- **Denton Independent School District:**
 - **Beginning Classroom Teacher** **\$35,100**
 - **Child Development Asst.** **\$16,784**
 - **Attendance Clerk** **\$22,365**
 - **Secretary to Principal** **\$30,820**
 - **Custodian** **\$20,301**
 - **Office Aide** **\$21,418**
- **City of Denton:**
 - **Administrative Support** **\$21,632**
 - **Library Asst. I** **\$26,312**
 - **Marketing Asst.** **\$31,408**
 - **Accounting Technician** **\$36,608**
 - **Public Safety Dispatcher** **\$33,592**



Denton's Rental Housing Demand

APARTMENT MARKET DATA, LLC

CONSULTANTS, ECONOMISTS, ANALYSTS

Conducted a rental market analysis that indicated the following:

- **Currently the Denton rental market is 98.9% occupied.**
- **Employment growth shows demand for 3,937 new rental units over the next five years based on a conservative 3.0% annual growth estimate.**



Denton Housing Authority

DHA currently has 3,000 households on the Housing Choice Voucher waiting list.



Financing Workforce and Affordable Housing

- **Low Income Housing Tax Credits (LIHTC)**
 - **9% Tax Credits**
 - **4% Tax Credits**
 - **LIHTC is administered by Texas Department of Housing and Community Affairs**
 - **LIHTC applications requires City Council action**
- **Tax Exempt Bonds**
- **Private Financing**
- **Locally administered Federal Funds**



Low Income Housing Tax Credits

- **The Low Income Housing Tax Credit Program is codified in Section 42 of the Internal Revenue Code of 1986 as a means of directing private capital toward the creation of affordable rental housing.**
- **Tax Credits are a dollar-for-dollar tax reduction for a 10 year period for tax credit investor**
- **Use of the credits comes with a mandatory 15 year compliance period**
- **LIHTCs are awarded to Owners of projects, who then sell the credits to investors for a certain price, which then becomes the equity contributed to the project (typically about 70% of total development costs in a 9% tax credit transaction, and about 30% for a 4% transaction which also utilizes tax-exempt bonds).**



Low Income Housing Tax Credits

- **Minimum 30 Year Affordability Commitment**
 - **15 year Compliance Period**
 - **15 year Extended Use Period – Project owner must agree to extend low-income housing use for at least 15 years**
 - This agreement is binding on the project owner AND successors
 - Agreement is recorded in the real property records and can be enforced by tenants



DHA's Use of LIHTCs

- **Renovation and development of Pecan Place**
- **Development and construction of Renaissance Courts Apartments**
- **Property improvements at Heritage Oaks, Pecan Place and other rental properties**
- **Establishment of programs to assist with security deposits and application fees**
- **Provided land for construction of new office building for United Way of Denton County**
- **Construction of the soon to be completed The Veranda**
- **Negotiating the construction of an additional 400 units for Seniors and Families**
- **Currently reviewing proposals to redevelop Heritage Oaks and Downtown site**
- **Partnering with local agencies to address other housing needs in the community**



“Addressing Denton’s Housing Needs”

Denton Housing Authority has a waiting list of over 3,000 families. The market data shows a need for 3,937 new rental units over the next 5 years. In order to create more Workforce housing and housing for seniors, handicap & disabled and veterans, we must continue to utilize low income housing tax credits.



Low Income Housing Tax Credits

- **LIHTC program has produced more workforce and affordable units in the country than any other financing option.**
- **LIHTC should be a key tool to be used to address Denton's housing needs.**
- **DHA has knowledge and experience to properly administer LIHTC developments**



Denton Housing Authority

Project Selection Criteria:

- **Response to Market Demand**
- **Site Characteristics:**
 - **Location**
 - **Neighborhood Amenities**
- **Proposed Financing**
- **Experience of the Developer**
- **Management of the Development**



Denton Housing Authority

Why have DHA involved in future Workforce housing development?

- **Local control of:**
 - **Site selection**
 - **Design**
 - **Oversight and quality control of construction**
 - **Management of the development**
- **Local and long term ownership of the development**
- **Provides resources to address future Denton housing needs**



Questions?



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