

Denton Housing Authority

September 14, 2017

City of Denton
Sarah Kuechler
Assistant to the City Manager
215 E. McKinney Street
Denton, TX 76201

Re: Low Income Housing Tax Credit (LIHTC) – Request for Support 2018 Policy

Dear Sarah,

Thank you for meeting with myself, staff, consultant, and a member of our Board of Commissioners on September 6, 2017 regarding your draft of a LIHTC Policy. We shared with you our concerns of the impact this policy would have on the affordable housing community and specifically Denton Housing Authority (DHA). Since we did not receive a copy of this draft prior to this meeting, we could only provide you a brief response. I was a little surprised by this, especially since you had already met with City Council in June.

This Policy is a barrier to affordable housing in the city of Denton, especially for DHA. This policy will unfairly target minority, disabled, and elderly families who are in the most need for affordable housing and will hinder DHA's efforts to provide affordable housing to these vulnerable populations. At a time when affordable housing is a luxury for some, many poor families struggle to make enough to afford rent, even here in the City of Denton. In Texas, a minimum wage worker has to work 93 hours per week in order to afford a modest two-bedroom apartment. (*Sources: 2014 American Community Survey, National Low Income Housing Coalition's Out of Reach 2014*)

Non-profit developers such as DHA should not be required to "pay to play" in order to develop affordable housing in Denton, when state law, not the whim of the council, has determined that a housing authority is a political subdivision of the state and therefore exempt from property taxes. Just like UNT, TWU, school districts, counties, etc.

This Policy only recreates the LIHTC application process already in place by the state and requires the expenditure of unnecessary dollars at a time when funding from federal agencies have been drastically reduced. The majority of the questions will require work from attorneys, architects, engineers, consultants, costly studies (i.e. traffic impact, market, environmental, etc.) that in most cases would not be required until further along in the state application process. No developer, private or non-profit would want to work with a city that has such strict requirements, just to get a resolution of support or non-opposition.

Section 8 Program
940/383-1504

Pecan Place Apartments
940/484-9535

Heritage Oaks Apartments
940/383-1506

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Denton Housing Authority

As we explained to you, this is a very competitive process on the state level and there is no guarantee any application will be approved. Your Policy will stop any attempt by DHA to even submit an application. This year Council approved resolutions for two 9% Applications from Developers (only if they did not partner with DHA) and neither of these applications was approved. Note: Council denied the application with the developer who partnered with DHA. The more applications a city can get on the table greatly improves its chances of being awarded limited tax credits to develop affordable housing. The losers are the people in need of affordable housing.

The City was awarded credits in the 9% round in 1996, then not again until 2004 when DHA replaced the old Phoenix Apartments in southeast Denton. The next time an award was received was in 2011, and this was a rehab of an existing property.

The Policy must include the City's policy/plans for affordable housing, as outlined in the *Consolidated and Action Plan*, *Affirmatively Furthering Fair Housing Plan*, or any other policy or plan that addresses affordable housing. And this Policy must be consistent with these Plans, and what you submit to the federal government for awards of CDBG & HOME funds.

The Policy must define the City's definition of "financial investment in the community". If you are looking for a dollar amount, the Policy must state that amount. If you have programs or initiatives that the City would like funded, the policy should also state this.

The requirement to get letters of support from school districts, county government, and neighborhood associations is another unnecessary barrier and only feeds the "Not In My Backyard" (NIMBY) associated with LIHTC development.

The US Senate and House have introduced related bills, *Affordable Housing Credit Improvement Act of 2017* that would prohibit local approval or support. These bills have broad support from across the nation, with bipartisan support in both chambers. The explanation being that these types of provisions can result in the unintended consequence of giving local governments "veto power" over projects, as withholding support could result in the project not getting funded, especially in high opportunity areas such as Denton. The intent of this provision is to prevent "Not In My Backyard" (NIMBY) opposition from interfering with tax credit development.

Senator Orrin Hatch, the bill co-sponsor stated in opening statements at a Finance Committee hearing on *Increasing Access to Affordable Housing* on August 1, 2017: "...guiding principles for tax reform...the principles are: Fairness, efficiency, simplicity, and American competitiveness."



Denton Housing Authority

As discussed with you, the Policy should also separate the 9% applications from the 4% applications. They are two different programs with different timetables and requirements.

Although I do believe there should be some kind of request process, I do not feel that *recreation* of the state application process is the answer. I believe that the zoning process already fully vets a development and addresses a lot of the duplicative questions in your proposed policy and application. The zoning process allows public comments and citizen input, and a much fairer process than what you have proposed. I believe that this draft should be tabled until the City has done its own study of affordable housing, so you will better understand the need, availability, and resources available; and then develop a Policy. I feel that what you have now is only a deterrent to stop affordable housing in the city of Denton.

Thank you for the opportunity to comment on your draft policy and application and I appreciate your willingness to listen. I hope that you will take all these comments into consideration and understand that they come from a place of passion for the families we serve and knowledge of the need in our community.

Sincerely,



Sherri McDade

Chief Executive Officer

Denton Housing Authority

