

Tools to Incentivize the Development of Attainable Housing

City Council Work Session
March 24, 2020

Housing and Community Development Department
Development Services Division



City Council Goal 1: Direction for Strategic and Economic Growth

1C: Provide a strong economy by creating a **Global Housing Strategy** and facilitating a balance between industrial, commercial, residential and open space.



Root Policy Research: Housing Needs Assessment

- Create a unified Comprehensive Housing Needs Assessment and Strategic Housing Plan for the City of McKinney for the period of FY 2020 – 2025.
- Review of the City's existing housing policies, programs and Ordinances, to determine effectiveness compared to current market conditions.
- Analyze existing inventory of sales and rental housing in the City and a projection of net housing demand for housing units by tenure and income level.
- Offer specific guidelines for adjustments to the City's housing policies.
- All of these elements will provide a better understanding of existing housing types and price points.
- Scheduled to be complete early fall 2020.



Development Incentives for Housing



What is “Attainable Housing”?

Area Median Income (AMI) for a family of four in McKinney is
\$83,100

- Housing that is affordable to those earning:
 - 50% – 80% of AMI (Low income): \$41,500 - \$66,500 for a family of four
 - House payment of or apartment rent of \$1,039- \$1,662
 - 80% - 120% of AMI (Moderate income): \$66,500 - \$99,700 for a family of four
 - House payment of or apartment rent of \$1,662-\$2,493

For local programs, Council can set McKinney specific parameters.

The National Perspective



The State Perspective: What Incentives Can Be Offered?

- Density bonuses – including increased floor area ratios
- Zoning Regulations
- Tax abatements
- Permit, inspection, and impact fee waivers
- Fee-in-Lieu that funds housing strategies
- Expedited permitting

Incentives can be geographically targeted or city-wide



McKinney Currently Offers Single-Family Affordable Incentives

For eligible homebuyers with incomes that are at or below 80% of Area Median Income as defined by HUD Dallas MSA

Ordinance # 2001-06-093

- Waiver of building permit fees (non-profit builders)
- Reimbursement of building permit fees (for-profit builders)
- Waiver of landfill entry fees (for-profit builders)
- Waiver of Dumpster Set-up/Haul fees (non-profit builders)
- Waiver of Engineering Inspection Fess (non-profit builders) – Code of Ordinances Article 1m Section 2-1, as amended
- Waiver of Erosion Control Deposit for Affordable Subdivisions – Storm Water Ordinance, Article 9, Section F, as amended. (all builders)

Who is doing what?

- While the need for more attainable housing is not unique to McKinney, many nearby cities have yet to adopt formal policies or ordinances addressing the issue.

These cities include, but are not limited to:

- Allen, TX (*explored a voucher system but funding was never provided*)
- Carrollton, TX
- Farmers Branch, TX
- Frisco, TX
- Irving, TX
- Garland, TX
- Plano, TX

- However, some cities in the state have adopted programs addressing attainable housing. These cities include, but are not limited to:

- Austin, TX
- San Antonio, TX

What policies are offered?

- **Austin, TX:**
 - Has many different attainable housing policies dating back to 2004 offering:
 - Density bonuses;
 - Increased allowable floor area ratios;
 - Parking modifications;
 - Relaxed site area standards;
 - Permit, inspection, and impact fee waivers; and
 - Fees-in-lieu of providing attainable units.
 - For the most part, appears to have a very targeted approach to affordable housing.
- **San Antonio, TX:**
 - In 2010, established an attainable dwelling unit set aside program in which a density bonus of up to 20% can be achieved.
 - The Mayor has established a Housing Policy Task Force to explore more options.
 - A subcommittee is currently exploring incentives and fee waivers to entice the development of more attainable housing units.

McKinney: Next Steps

- Complete Root Housing Needs Analysis (early fall 2020)
- Council consideration of next steps and policy decisions
- Possible housing strategies include:
 - Establishing new “missing middle” residential land use categories
 - Density bonuses and other incentives
 - Fee in Lieu to fund housing strategies
 - Options may be city-wide or geographically focused
 - Ideal approach will likely layer several options (both regulatory and policy related)



Questions?

Kim Flom, Assistant City Manager
Janay Tieken, Housing & Community Development Manager
Michael Quint, Executive Director, Development Services

