

CITY COUNCIL WORK SESSION

OCTOBER 2, 2023

The City Council of the City of McKinney, Texas met in work session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas on Monday, October 2, 2023 at 3:00 p.m. The work session was held on Monday instead of the normal day of Tuesday due to City Council and city staff participation in the National Night Out program on Tuesday, October 3, 2023.

The meeting was broadcast live on cable television Spectrum Channel 16 and AT&T U-Verse Channel 99; and online at <https://mckinneytx.new.swagit.com/views/130>. A video recording of the meeting is available to members of the public through the City of McKinney meeting archive.

Mayor George C. Fuller called the work session to order at 3:00 p.m. upon determining a quorum consisting of himself and the following City Council members were present: Mayor Pro Tem Charlie Philips, and Council members Justin Beller, Patrick Cloutier, Geré Feltus, Rick Franklin, and Michael Jones.

These City of McKinney Staff were present: City Manager Paul Grimes, City Attorney Mark Houser, Assistant City Attorney Alan Lathrom, City Secretary Empress Drane, City Secretary Accreditation & Reporting Specialist Edith Ruiz, City Secretary Administrative Assistant Charlene Johnson, Director of Public Safety Greg Conley, Chief Financial Officer Mark Holloway, Executive Director of Development Services Michael Quint, Director of Planning Jennifer Arnold, Director of Engineering Gary Graham, Police Chief Joe Ellenburg, Fire Chief Paul Dow, Assistant Fire Chief James Floyd, Assistant Director of Parks, Recreation & Open Space Ryan Mullins, Parks Planning & Development Manager Jenny Baker, Parks Planning Manager Jill Yount, Director of Housing & Community Development Janay Tieken, Affordable Housing Administrator Cristel Todd, Director of McKinney National Airport Kenneth Carley, President of McKinney Community Development Corporation (MCDC) Cindy Schneible, Director of Emergency Management Karen Adkins, Assistant Director of Public Works Paul Sparkman, Human Resources Manager Olivia Nahas, Director of Cultural District Andrew Jones, Procurement Services Manager Lisa Littrell, Purchasing Buyer Flora Ray,

Purchasing Buyer Sean Fu, Code Compliance Manager John Christophe, Video Producer Joey Barr and Video Producer Michael Johnson.

There were approximately twenty (20) members of the public in attendance including Visit McKinney Board member Katie Scott.

Mayor Fuller called for Public Comments regarding Work Session agenda items as well as matters not on the agenda.

The following individuals spoke regarding the issue of homelessness and its impact on the downtown area:

Kerry Hand, 310 N. Chestnut, McKinney TX 75069

Jim Schwalls, 905 W. Hunt, McKinney TX 75069

Katie Scott, 2929 Dog Leg Tr, McKinney TX 75069

Mayor Fuller called for discussion of Regular Meeting agenda items for the City Council Regular Meeting to be held on Monday, October 2, 2023 at 6:00 p.m. There was no discussion of those items.

Mayor Fuller called for the Work Session agenda as follows:

23-0789 Update on Homelessness Response

Council reached consensus on requesting staff to investigate potential ordinance amendments and additional police staffing to address how the Downtown area has been impacted by homelessness. Mayor Fuller supported Council member Beller's recommendation for a future meeting item to discuss how the city might assist with housing those experiencing homelessness.

23-0790 Consider/Discuss Affordable Housing Development Goals for FY24

Council member Beller announced that the McKinney Housing Authority will accept housing applications beginning October 18 at 11:00 a.m. Applications will be accepted online only, and the application period will remain open until five hundred (500) applications are received. It is anticipated that the program will reach that total within a few hours. The revised presentation for this item is included as *Appendix A: Presentation on Affordable Housing Development Goals (revised)*.

In consideration of time, Mayor Fuller requested that additional Council comments regarding city boards and commissions be shared during the Council and Manager Comments portion of the Regular Meeting.

Mayor Fuller called for the Executive Session at 5:04 p.m. in accordance with the Texas Government Code:

A. Section 551.071(2) Consultations with Attorney on any Work Session, Special Session, or Regular Session agenda item requiring confidential attorney/client advice necessitated by the deliberation or discussion of said items (as needed)

B. Section 551.071 (A) Pending or contemplated litigation

- Master Services Agreement by and between City of McKinney, Texas and Sierra-Cedar, LLC dated January 25, 2021

C. Section 551.072. Deliberations about Real Property

- Abstract A0085, Tract 18 of the Ed Bradley Survey, an addition to the City of McKinney, Texas, totaling approximately 14.810 acres, and Abstract A0085, Tract 26 of the Ed Bradley Survey, an addition to the City of McKinney, Texas, totaling approximately 5.000 acres

The open work session resumed at 6:00 p.m.

Mayor Fuller called for Action on Executive Session items.

Council unanimously approved the motion by Mayor Pro Tem Charlie Philips, seconded by Council member Michael Jones, to ratify the agreement as discussed in Executive Session regarding the Ed Bradley Survey property as indicated on the Executive Session.

Council unanimously approved the motion by Council member Geré Feltus, seconded by Council member Patrick Cloutier, to adjourn the work session at 6:00 p.m.

These minutes were approved by the City Council on October 17, 2023.

SIGNED:

GEORGE C. FULLER, Mayor
CHARLIE PHILIPS, Mayor Pro Tem

ATTEST:

EMPRESS DRANE, City Secretary
TENITRUS BETHEL, Deputy City Secretary

City of McKinney, Texas

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Appendix A: Presentation on Affordable Housing Development Goals (revised)

Attainable Housing Initiatives

Update and Initiatives

October 2, 2023 - Council Work Session

Janay Tieken - Housing & Community Development Director

FY23 Accomplishments

- Added 506 new affordable housing units for 2023
- Implemented recommendations of the Neighborhood Preservation Plan: Accessory Dwelling Unit (ADU) cross departmental team; “Clear Title” legal assistance for homeowners to get property tax exemptions
- Updated Root Policy data
- Participate in MDCDC Affordable Housing Workgroup

FY24 Proposed Initiatives

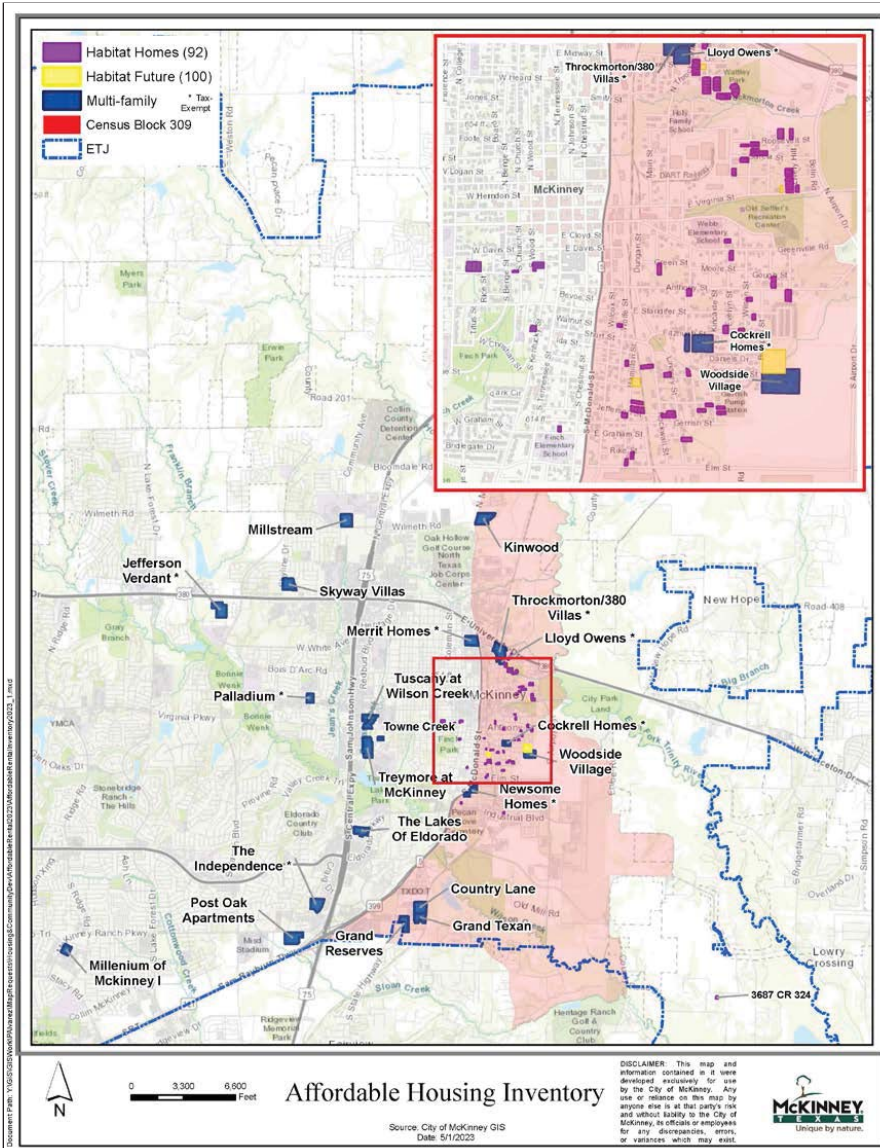
- Low Income Housing Tax Credit Developments for 2024
- MHFC as Community Land Trust Partner
- Tax Exemption for Housing Policy
- Locally Funded and Managed Voucher Program

Low Income Housing Tax Credit (LIHTC) 9% and 4%

- What is a LIHTC?
 - Tax credits are awarded to eligible participants to offset a portion of their federal tax liability in exchange for the production or preservation of affordable rental housing. The value associated with the tax credits allows residences in HTC developments to be leased to qualified households at below market rate rents.
 - Two types: 9% and 4%
 - 9% tax credits are competitive and will be received in January and will require a Resolution of Support from City Council by March 1, 2024 to move forward in the process
 - 4% tax credits are “non-competitive” and may be applied for at any time during the year but must apply for and receive an allocation from the state tax-exempt multifamily housing bond program.
 - 4% tax credits = MHFC Co-development – receives 4% tax credits AND receives tax exemption from partnership. MHFC Corporation receives developer fee and cash flow from project which can be used to “further affordable housing”
 - 9% require a Resolution of Support from City Council
 - 4% require a Resolution of No Objection from City Council

McKinney Affordable Developments by Type/Income

Development	Address	Total	LIHTC	PHA	PFC	Type	Column1
Grand Texas Seniors Community, The	2491 Country View Ln, McKinney, 75069	230	54			Elderly	30%-60%
Skyway Villas	2000 Skyline Drive, McKinney, 75070	240	240			General	60%
The Grand Reserve Seniors Community	150 Enterprise Dr., McKinney, 75069	180	180			Elderly	60%
Woodside Village Apts	703 Bumpas St., McKinney, 75069	100	100			General	30%-60%
Post Oak	2601 McKinney Ranch Pkwy., McKinney, 75070	182	130			General	30% - 60%
Lakes of El Dorado Apartments	1400 Eldorado Pkwy, McKinney, 75069	220	220			General	60%
Newsome Homes	1450 Amcott St, McKinney, 75069	180	112	68		Elderly	60%
Merritt McGowan Manor	1200 N. Tennessee, McKinney, 75069	136	50	86		General	30% - 60%
The Independence	2150 Collin McKinney Pkwy, McKinney, 75070	205	205			General	60%
Kinwood Apartments	3300 N. McDonald St., McKinney, 75071	200	200			General	60%
Treymore at McKinney	901 Wilson Creek Pkwy, McKinney, 75069	192	144			General	30%- 60%
Tuscany at Wilson Creek	451 Wilson Creek Blvd, McKinney, 75069	215	161			General	60%
Country Lane Seniors Community	2401 Country View Ln, McKinney, 75069	230	207			Elderly	60%
Millennium	8551 McKinney Ranch Pkwy, McKinney, 75070	164	130			General	30% - 60%
Towne Creek	506 Graves, McKinney, 75069		46			General	30%
Lloyd Owens	1001A Throckmorton Street McKinney, TX 75069	50	24	26		General	60%
Cockrell Homes	900 Murray Place McKinney, TX 75069	46	22	24			60%
Throckmorton/380 Villas	1003 Throckmorton St., McKinney, 75069	220	216			General	60%
Pedcor-Millstream	2300 Wilmeth Road McKinney, TX 75071	240	240			General	60%
Palladium McKinney	2656 Virginia Parkway McKinney, TX 75071	170	170			General	60%
Jefferson Verdant	5649 Bois D Arc, McKinney, 75071	384	0		192	General	80%
Totals		3784	2851	204	192		



500+

LIHTC units under construction or in final entitlement since the publication of the Root Policy Housing Needs Assessment.

Low Income Housing Tax Credits

2022

	Est. 1/1/2022 Population	# of LIHTC Units	# of LIHTC Units per capita
Farmersville	3,659	85	1 for 43
McKinney	206,654	2,549	1 for 81
Melissa	16,137	175	1 for 92
Anna	16,876	108	1 for 156
Princeton	18,554	107	1 for 173
Plano	294,658	1,550	1 for 190
Frisco	218,735	404	1 for 541

2023

	Est. 1/1/2023 Population NCTOG	# of LIHTC Units	# of LIHTC Units per capita
Anna	23,690	832	1 for 29
Farmersville	4,288	85	1 for 50
McKinney	209,626	3,055*	1 for 69
Melissa	20,359	175	1 for 116
Plano	292,066	1,918	1 for 147
Princeton	26,914	107	1 for 251
Frisco	225,072	404	1 for 557
Allen	105,900	94	1 for 1,127

RFQ 22-35 – Next Steps

Atlantic Pacific Companies (APC) was the successful respondent for the McKinney Housing Finance Corporation (MHFC) co-development partnership in 2022.

Staff recently contacted APC and they have not moved forward with securing a bond allocation or purchasing land.

Staff will give APC until December 31, 2023 to show progress on meeting the terms of the RFQ before seeking Council approval to issue another MHFC co-development partnership RFQ in summer 2024.

Desired Policy Direction

- No new MHFC 4% Co-development deals for FY24 unless Atlantic Pacific Housing moves forward with development by January 1, 2024
- New MHFC 4% Co-development RFQ issued in Summer 2024 for FY25 bond allocation



Property Tax Exemption for Affordability

What Factors are Important to City Council?






MHFC, Property Tax Exemption and Affordability

Property Value	\$100,000,000	Tax Payment
Tax Rates per \$100		
• City of McKinney	0.457485	\$ 457,485
• McKinney ISD	1.312900	\$1,312,900
• Collin County	0.152443	\$ 152,443
• Collin College	0.081220	\$ 81,220

Developer partnership with MHFC brings automatic tax exemption outside of Public Facility Corporation or Tax Credit oversight under Chapter 394 of Texas Local Government Code

Tax Exemption for Attainable Housing:

Factors to consider....

-  Location
-  Existing or New Construction Existing construction would require per unit minimum of rehabilitation
-  Minimum # of units in development
-  % of units at 30% or 50% AMI
-  Term of tax exemption? 10 – 12 years is common.
-  Affordability + Resale provisions = 80% or greater return of exemption



Tax Exemption for Attainable Housing:

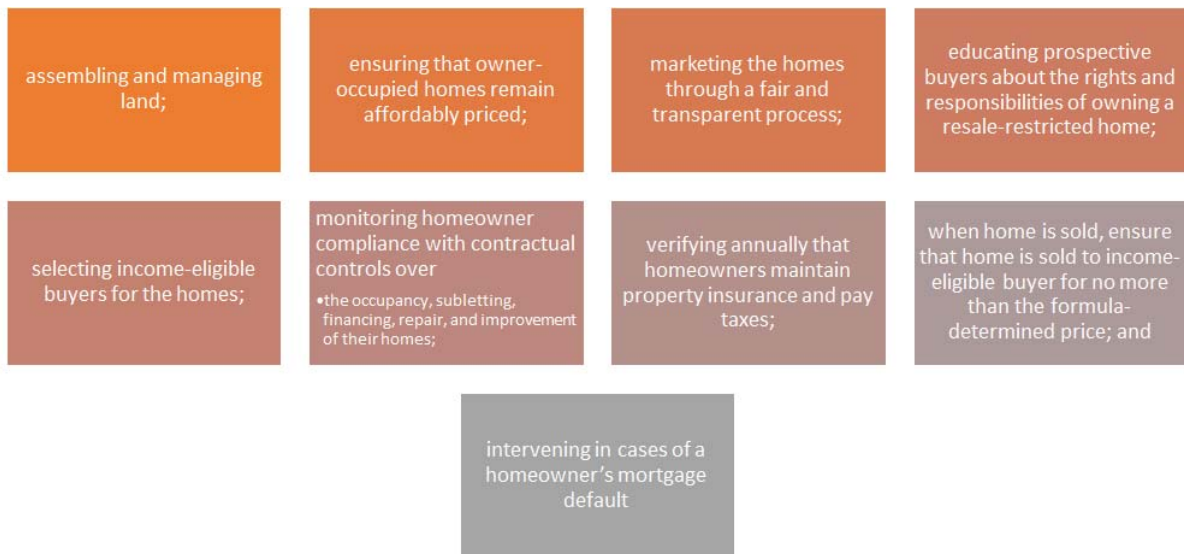
Policy to ensure projects are meeting goals and reviewed in a consistent manner

- Used to house persons or families whose annual income is greater than 30% but no more than 60% of AMI.
- Must contain more than 50 residential units of which at least 20% will be used to provide affordable housing
- Units must be rented for an amount that does not exceed the amounts specified by the most recent multifamily rental program income and rental limit chart posted on TDHCA website
- On existing properties, 15% of the purchase price must be used to rehabilitate the property
- Tax exemption for a minimum period of 12 years
- PILOT payment and affordable unit mix structure to be negotiated



Community Land Trust

Purposes of a Community Land Trust



Community Land Trust

Background and Status

City Council approved the application process for the formation of a Community Land Trust on June 21, 2022

City Council allocated \$1,000,000 in "seed" money for the Community Land Trust

No Community Land Trust partners have applied

Community Land Trust

Utilize MHFC as the CLT partner to being acquiring properties and homes

Sec. 373B.002. CREATION OR DESIGNATION. The governing body of a municipality or county by ordinance or order may create or designate one or more community land trusts, including a housing finance corporation established under Chapter 394 or a land trust operated by a community housing development organization certified by the municipality or county, to operate in the municipality or county.

Community Land Trust may be a subsidiary corporation of the McKinney Housing Finance Corporation (MHFC) or the MHFC By-laws may be modified to say: "When feasible, the Corporation will use long-term land use restrictions and long-term ground leases as a tool to provide and preserve affordable rental and ownership housing to create homeownership opportunities for low and moderate-income families who might otherwise not be able to own a home."

Ratified by City Council Resolution

Community Land Trust - Considerations

Legal liability for the MHFC?

Structure of the CLT?

- *A subsidiary corporation of MHFC*
- *Update MHFC Bylaws to allow*

The MHFC Community Land Trust can initially be implemented with existing staff. Housing Administrator has bandwidth to implement with no new MHFC co-development partnerships for FY24. As MHFC initiatives grow, a staff person devoted to activities of MHFC, funded by MHFC, may be needed.

Goal for FY24 is to establish MHFC Community Land Trust.

- *Three (3) homes added to CLT through infill development or market buydown purchase.*

Community Land Trust

Next Steps

Meet with Legal to determine best legal structure of MHFC Community Land Trust

Develop guidelines for annual home value appreciation formula and other requirements of home ownership

Meet with Collin County Appraisal District to agree on valuation formula based on value appreciation formula

Local Gap Voucher Program:

Provide rental assistance to eligible individuals. The primary target populations for this program include households that are low-income and highly cost-burdened.

Seniors and persons with disabilities who participate in the 24-month Tenant Based Rental Assistance program are not always able to secure housing vouchers. Their income is static and without continued assistance, they are at high risk of homelessness

- *Household 30-50% AMI*
- *Seniors 62+ and persons with disabilities*
- *Households already living in tax credit apartments that are no longer affordable*
- *Participates will pay up to 30% of their income toward rent*
- *Average \$10,000 per year per household*

Current Clients:



Elderly



Grandparents raising grandchildren



Anticipated Cost – approximately \$10,000 per year per household.

Pilot program with 20 individuals who were previously enrolled in Tenant Based Rental Assistance program.

Participants pay no more than 30% of their income toward rent. The remainder is made up by the program.

- Rent for one bedroom at Newsome Homes is approx. \$1,100 per month
- The individual would pay up to 30% of their income toward rent
- Rental subsidy program would follow the same guidelines as the TDHCA Tenant Based Rental Assistance (TBRA) program



Next Steps

- If City Council agrees that no more 60% AMI rental units are needed in the next three years, staff will direct developers seeking **MFHC 4% partnerships** that there will be an RFQ in summer FY24 for FY25 bond allocation
- If so directed, staff will draft a policy with criteria to evaluate **tax exemption for housing affordability**
- If directed to move forward with establishing the **MHFC as a Community Land Trust**, staff will consult with legal counsel on structure and will develop guidelines for the Community Land Trust
- If directed to move forward with the **Rental Voucher program**, staff will bring draft guidelines application to City Council for adoption



(End of Appendix A; End of Minutes Document)