

Affordable Housing Scorecard

February 18, 2025, City Council Meeting
Margaret Li, Housing & Community Development Director

McKinney Housing Needs Assessment

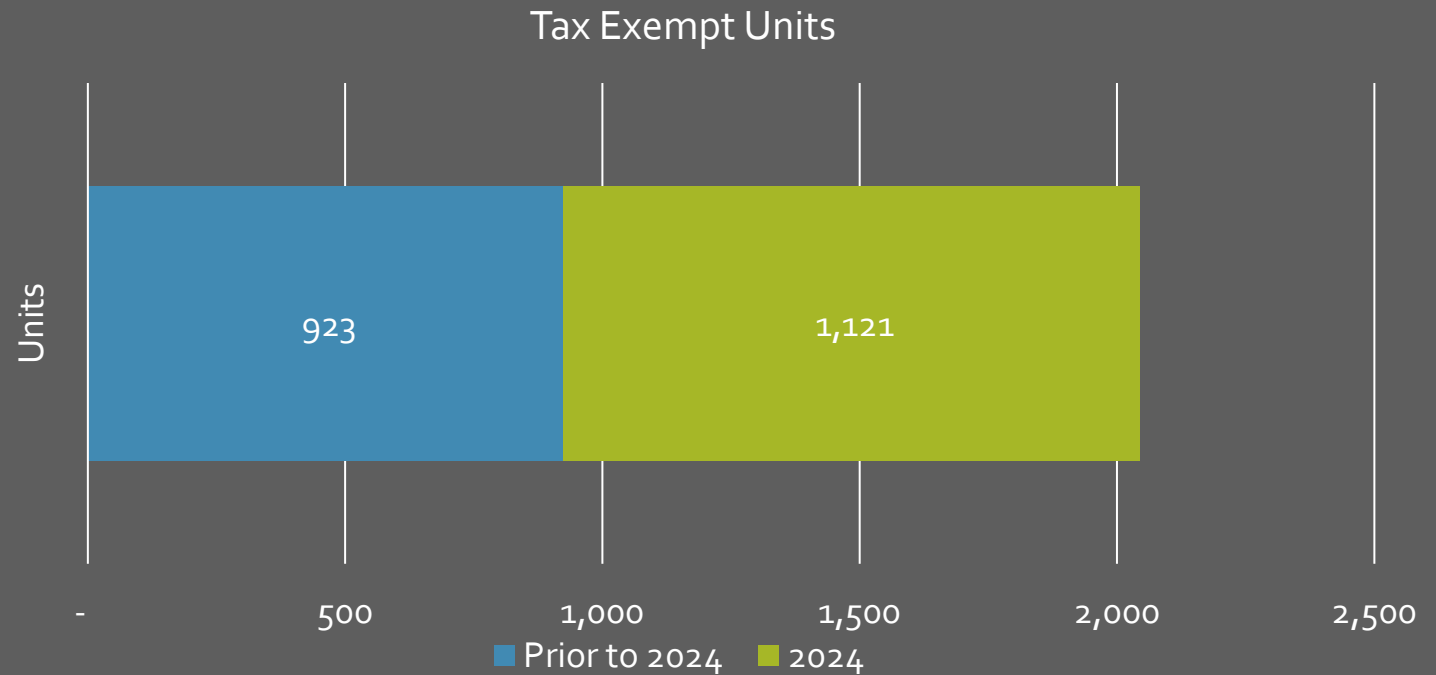
- Households that spend more than 30% of their household income are considered cost burdened.
- In 2023, approximately 46% of McKinney renters were cost burdened.

Renter Incomes	Gap	
Less than \$5,000	(739)	30% AMI
\$5,000 to \$9,999	(414)	
\$10,000 to \$14,999	(0)	
\$15,000 to \$19,999	(1,289)	
\$20,000 to \$24,999	(810)	
\$25,000 to \$34,999	(1,893)	50% AMI
\$35,000 to \$49,999	2,517	
\$50,000 to \$74,999	2,702	60% AMI
\$75,000+	(1,340)	80% AMI
Total/Low Income Gap	(5,145)	

Source: Root Policy Research, McKinney Housing Needs Assessment, updated September 2023

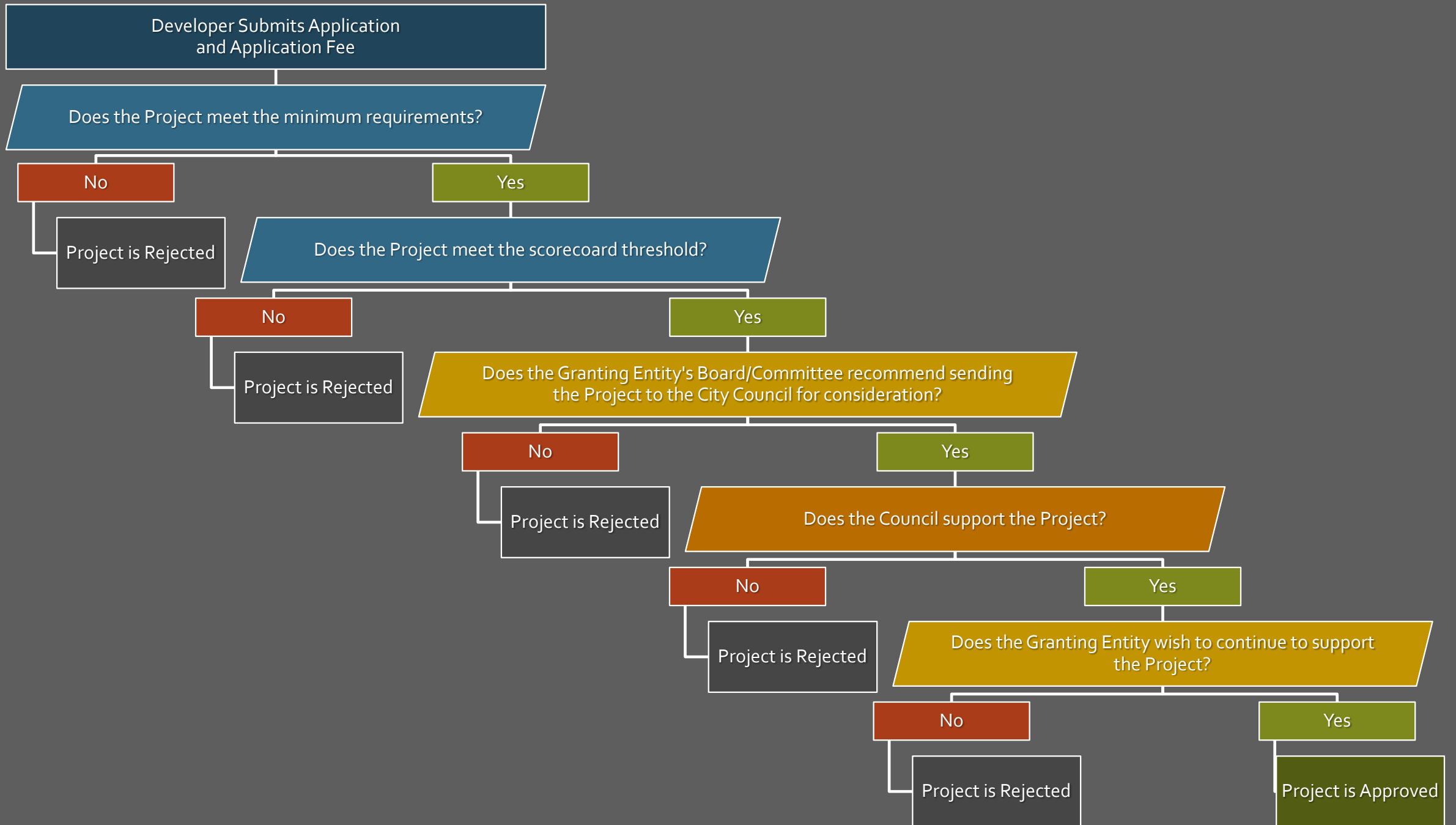
Tax Exemption in McKinney

- MHA, MHFC, and the PFC can provide tax exemptions to a developer, by owning the property, in exchange for a certain number of affordable units, and payments in lieu of taxes.
- Tax Exemptions have historically been provided by MHA and MHFC via an RFQ process.



Proposed Affordable Housing Scorecard

- Provides a uniform metric for evaluating rental projects between the MHFC, MHA, and PFC
- The scorecard provides an initial screening of rental projects based on the following criteria:
 - Amount of Affordable Units
 - Affordability Level
 - Housing Type
 - Rent Saving to Tax Exemption Ratio
 - Granting Entity Benefit (One-Time)
 - Granting Entity Benefit (Reoccurring)
 - Location
 - Project Type
- The scorecard establishes minimum requirements for projects to be considered for tax-exemption:
 - Rental Project
 - At least 50% of the total units as affordable units (80% AMI or lower)
 - At least 5% of the total units at 30% AMI



Points	Amount of Affordable Units	Affordability Level	Housing Type	Rent Saving to Tax Exemption Ratio	Granting Entity Benefit (one-time)	Granting Entity Benefit (reoccurring)	Location	Project Type
4	Project includes 90-100% affordable units	At least 5% of the total units at 30-40% AMI; and an additional 20% or more of the total units at an AMI lower than 80%	Single-Family Rental	\$4.00 or more in rental savings per \$1.00 in McKinney tax exemption provided	\$3.5 million or more in one-time payments	20% of the total Tax Exemption or more over a 10-year period	Northwest Quadrant	Rehabilitation (property is 15-years or older and will include significant improvements)
3	Project includes 75-89% affordable units	At least 5% of the total units at 30-40% AMI; and an additional 15-19.9% of the total units at an AMI lower than 80%		Between \$3.00 to \$3.99 in rental savings per \$1.00 in McKinney tax exemption provided	Between \$3-3.4 million in one-time payments	Between 15-19.9% of the total Tax Exemption over a 10-year period	Southwest Quadrant	New Build
2	Project includes 56-74% affordable units	At least 5% of the total units at 30-40% AMI; and an additional 5-14.9% of the total units at an AMI lower than 80%	Multi-Family Rental	Between \$2.00 to \$2.99 in rental savings per \$1.00 in McKinney tax exemption provided	Between \$2.5-2.9 million in one-time payments	Between 10-14.9% of the total Tax Exemption over a 10-year period	Northeast or Southeast Quadrant (aka "Eastside") (not located within a 2-mile radius of affordable housing)	Renovation (property is under 15 years old and will include minor improvements)
1	Project includes 50-55% affordable units	At least 5% of the total units at 30-40% AMI		Between 1.00 to \$1.99 in rental savings per \$1.00 in McKinney tax exemption provided	Between \$1-2.4 million in one-time payments	Less than 5-9.9% of the total Tax Exemption over a 10-year period	Northeast or Southeast Quadrant (aka "Eastside") (located within a 2-mile radius of other affordable housing)	Acquisition (will not include any improvements)
0				Less than \$1.00 in rental savings per \$1.00 in McKinney tax exemption provided	Less than \$1 million in one-time payments	Less than 5% of the total Tax Exemption over a 10-year period		

Minimum threshold of 12 points needed to move forward

Council Direction

- Council Approves the Affordable Housing Scorecard
 - Staff will present the scorecard to the MHA and MHFC for consideration
- Council Rejects the Affordable Housing Scorecard
 - Staff will revise the scorecard