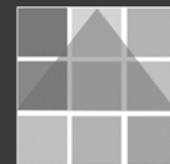


AFFORDABLE HOUSING NEEDS & MARKET VALUE ANALYSIS

CITY OF DENTON, TEXAS



**REINVESTMENT
FUND**



**ATRIA
PLANNING**

JANUARY, 2021

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Jack Trager, Legacy
Terry Widmer, DC Homelessness Leadership Team
Ryan Zent, Michaels Corporation
Julia Zwahr, Denton ISD

CONSULTING TEAM



Reinvestment Fund

1700 Market Street, 19th floor
Philadelphia, PA 19103
TEL 215.574.5800 FAX 215.574.5900
<https://www.reinvestment.com/>



Atria Planning

1223 Cleveland Avenue Suite 200
San Diego, CA 92103
Tel O: 619.375.0138
<https://www.atriaplanning.com/>

CONSULTING TEAM

Emily Dowdall, Policy Director
Colin Weidig, Senior Policy Analyst
Janine Simmons, Analyst

CONSULTING TEAM

Rebecca Rothenberg, Principal

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EXECUTIVE SUMMARY

The need for housing that is affordable for people at all income levels is not unique to Denton. It is a common theme faced by nearly every community. Unfortunately, there is no “one-size fits all” fix to the lack of affordable housing nor is there a universal solution. Denton, like other communities, has its own unique mix of historical investment, current inventory, development practices and future growth that shapes any potential housing strategies defined by policy and investment.

The City of Denton’s housing market has been characterized by increasing demand and robust development activity in recent years, driven by access to jobs, locational amenities like restaurants and retail, and university students seeking off-campus housing. Denton has also faced some of the challenges inherent in strong housing markets. These primarily include maintaining affordability for lower-income residents, many of whom are essential to the city’s economic dynamism as they staff food and entertainment venues or support university operations. When the housing market caters heavily to student rental housing, there are fewer adequate options for families, who are then unable to find affordable rental units or purchase homes. The COVID-19 pandemic has introduced uncertainty in the local economy and in the housing market, particularly in the rental sector as students engage in remote learning. However, this uncertainty also provides an opportunity to make strategic investments and reshape the housing landscape.

COVID-19

It is important to acknowledge that this analysis and assessment began prior to the outbreak of the 2020 COVID-19 pandemic. As the pandemic began spreading in mid-March, it became clear that this event will have far reaching impacts. The pandemic and associated economic impact have introduced uncertainty for housing markets, resident incomes, university enrollment, the food/entertainment and retail sectors, and the construction industry. Even as present conditions are rapidly changing and the long-term impact on key sectors is unclear, addressing current and likely future housing needs remains a critical task for Denton stakeholders.

REPORT KEY FINDINGS

- Renters who earn less than 50% of AMI (\$43,110), and a portion of owners (particularly first-time buyers) who earn less than 80% of AMI (\$68,976), find it difficult to afford most housing in Denton without assistance. Service industry workers and other low-wage workers earning close to minimum wage have the greatest need.
- Home prices have increased 38% in the past five years, at a rate higher than national average, and are now unaffordable to many moderate-income families.
- Rents have also increased in the past five years, but at a slower rate than sale prices (8%) and remain approximately 10% more affordable than rents in Dallas (\$938 compared to \$1,050 for a one-bedroom unit as of September 2020). These prices are affordable to moderate income households but are unaffordable to low wage workers and other low-income households on fixed incomes.
- The five-year housing demand model (2021 to 2026) projects a need for an additional 4,100 to 4,479 rental housing units, and 3,659 to 5,015 homes for ownership between 2021 and 2026. These figures are for units needed to accommodate new households that move into the city, a portion of existing low-income renters who may become homeowners, and the homeless population. These figures do not include demand from existing households experiencing the HUD-defined “housing challenges” of cost burden (16,669 households, according to the Consolidated Plan), overcrowding, or lack of basic kitchen or plumbing facilities.
- Members of Denton’s workforce who require affordable rents and more affordable homeownership opportunities, based on the typical wages or salary for their position, include retail sales staff, childcare workers, clergy members, firefighters, and librarians.
- The Housing Tax Credit (LIHTC) Program, the primary funding mechanism for affordable rental housing, does not provide deep enough subsidies to address rental housing needs for most service industry workers. Therefore, additional subsidies through creative financing structures will be needed to assist renters earning less than 50% of AMI.
- Affordable homeownership opportunities, however, may be created without subsidy programs, by increasing the supply of more diverse housing options, including condos, townhomes, duplexes, triplexes, fourplexes, Accessory Dwelling Units (ADUs) and other smaller units.
- Seniors will comprise a greater share of Denton’s households in the next two decades as Baby Boomers age into their senior years, increasing the need for affordable senior housing and home retrofit and rehabilitation programs so that homeowners may age in place.
- According to Reinvestment Fund’s Displacement Risk Ratio analysis, which compares changing home sale prices over time to “baseline” income, areas showing the highest risk of price-based displacement in recent years are Southeast Denton, the area east of North Mayhill Road just south of Highway 380, and the neighborhoods between the UNT Discovery Park campus and Locust Street. Southeast Denton experienced the greatest increase in displacement risk calculated at the block group level (i.e., areas smaller than a census tract) over time. These are not necessarily areas with the biggest or most rapid prices increases in the city, but the areas where prices have increased most *in comparison* to incomes of longtime residents.

DENTON IN CONTEXT

Denton is an established and historic college town and the seat of Denton County. In the city's early days, it was a hub for the wheat and cotton trade, developing into a significant Texas city in the latter part of the 19th century. Two large public universities – Texas Women's University and the University of North Texas - were founded there in the early 20th century as the city further developed. The Dallas region also expanded during this time, aided by new commuter rail lines and a streetcar network. By the 1940s, the City of Denton was integrated with the larger Dallas Metropolitan Statistical Area (MSA).

As in many cities across America, the early 20th century City Beautiful Movement displaced low-income minority communities to what were then the outskirts of town for civic improvements; the residents of Quakertown relocated to Southeast Denton. The city continued to grow during the 1950s postwar boom, with the GI Bill increasing the number of university students. The I-35 East and I-35 West highway connection and development of Dallas International Airport also drove growth.

Strong demand for housing in Denton in the past decade is partly attributable to its reputation as an affordable, walkable community and an entertainment destination. However, prices have escalated in recent years due to high demand, even in historically low income, non-White neighborhoods. The pending development of 14,000 units in southwestern Denton as part of the Cole and Hunter Ranch Master Planned Communities would expand the city's housing market substantially, alleviating some of the demand and providing diverse housing options that will include single family homes, townhomes, condominiums, and rental units.



COMMUNITY ENGAGEMENT PROCESS

To augment the findings derived from analysis of data and past reports around Denton's housing issues, we interviewed twelve stakeholders representing city government, the housing development community, and advocacy groups representing seniors, persons with disabilities, and the homeless population. For a list of stakeholders comments, please see *Attachment 1*. The results of these interviews emphasized the key housing issues. Common themes are summarized here:

- *Affordable Rental Housing* – The need for more affordable rental housing for low-wage workers and other very low-income families. The income at which housing becomes too expensive is around 50% of AMI and below.
- *Housing Subsidies* – Public Housing Authority voucher holders find it difficult to find rental housing, particularly single-family rental units.
- *Affordable Homeownership* – The cost of developing housing and for acquiring land is increasing in Denton, increasing costs for new homes and pricing moderate-income workers out of the homeownership market. Low- and moderate-income families could become homeowners five years ago, but now cannot because of increased home prices.
- *Workforce Housing Needs* - Denton needs more diverse housing options suited to different incomes and household types.
- *Impact of Universities and Housing* - The university student population directly competes with non-university renters, increasing rental prices. As housing ages and growth occurs, the types of specialized non-traditional apartments being developed will not be rentable in the future and/or will be costly to convert.
- *Vulnerable Populations* - Denton needs more affordable housing and accessible units that are available to seniors, persons with disabilities, and people in need of temporary housing assistance offered with a network of social services such as youth aging out of the foster care system, safe houses for victims of human trafficking, and people experiencing and at-risk of homelessness.



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Project Overview

PROJECT BACKGROUND AND SCOPE

In February of 2020 the City of Denton contracted with Reinvestment Fund and Atria Planning to conduct a housing needs assessment over a ten-year period, from 2021 – 2031. The scope of the project includes an analysis of the city’s housing needs, a review of existing market conditions, and a set of recommended strategies to address housing needs that takes into account the current fiscal and market realities city leadership anticipates in the coming years. Reinvestment Fund and Atria worked with the City’s Community Services Department throughout the study, which was completed in December, 2020.

Phase 1

Information Gathering

Demographic and Economic Data Analysis

Stakeholder Meetings and Interviews

Market Value Analysis

Phase 2

Data Report

Analysis of housing needs based on quantitative and qualitative information, framed by the MVA

- Total and unmet housing needs
- Affordable Housing Supply
- Workforce Housing Needs
- Demand Forecasts
- Housing Opportunity Index

Phase 3

Future: Resources and Strategy

Refine recommendations and implementation strategies

- Review existing local and state laws/ programs/ barriers
- Propose incentives, policies, and priorities to meet specific needs

PROJECT OVERVIEW

HOUSING NEEDS AND CHALLENGES

The first part of the study – the City of Denton’s housing needs and challenges – examines the housing challenges current residents experience based on their income and household demographics. Like the City’s Consolidated Plan for Housing and Community Development, this includes affordability issues (where households pay more than 30% of their income on housing and are considered “cost burdened”), maintenance issues, and overcrowding. However, the report also examines housing needs for the current workforce, comparing local wages with available housing stock and prices for rental units and homeownership. Finally, the report includes a summary of housing needs for the city’s most vulnerable residents, including older adults with mobility challenges, persons with disabilities, and households at risk of homelessness. This section concludes with an estimate of housing demand based on anticipated population changes over the next ten years, categorized by tenure (rent vs. own), income, and number of bedrooms.

The **methodology** for the study includes qualitative and quantitative analysis. Quantitative analysis uses data from public and private sources, notably the U.S. Census American Community Survey, the U.S. Census Longitudinal Employer Household Dynamics, HUD datasets, and ESRI’s Business Analyst. The qualitative data used for the study includes other published plans and reports and stakeholder interviews with housing advocates and city representatives. The reports used as reference include Denton Plan 2030; consumer preference surveys and other national reports published by the Urban Land Institute and National Association of Home Builders; and market research from Zillow Inc.

MARKET VALUE ANALYSIS (MVA)

The Market Value Analysis (MVA) is an objective tool built on local administrative data (e.g., new construction permits, foreclosure auction listings) to help stakeholders understand their real estate markets. The MVA identifies where different types of investment or intervention strategies will be most effective. Since 2001, Reinvestment Fund has created over 40 MVAs for municipal, county, and state geographies across the country including Dallas, Irving, and Houston in Texas; Philadelphia, Pittsburgh, and Bethlehem (home of Lehigh University) in Pennsylvania; Selma, AL and Jacksonville, FL.

For any geographic area, there is a unique spectrum of markets ranging from the strongest (high sale prices, few code violations, etc.) to the most distressed (low sale prices, lots of code violations), with a range of market types in between (see Figure 1). The MVA creates a set of categories that describes the different residential real estate submarkets (also known as a typology). This MVA also serves as a framework for evaluating other important housing market and demographic characteristics such as housing age, cost burden, household poverty, and race/ethnicity.

To perform the MVA, Reinvestment Fund collected and analyzed data indicators that reflect Value and Investment (sale prices, building permits), Distress and Vacancy (foreclosure, code violations), and general Housing Characteristics (tenure, land use). We use a technique called a cluster analysis to assign every census block group to statistically distinct market categories. Denton staff assisted with ground validation of data and the resulting model. Stakeholder meetings helped to confirm that the analysis accurately captured conditions and market differences across the city.

Denton MVA, 2020

A
B
C
D
E
F
G

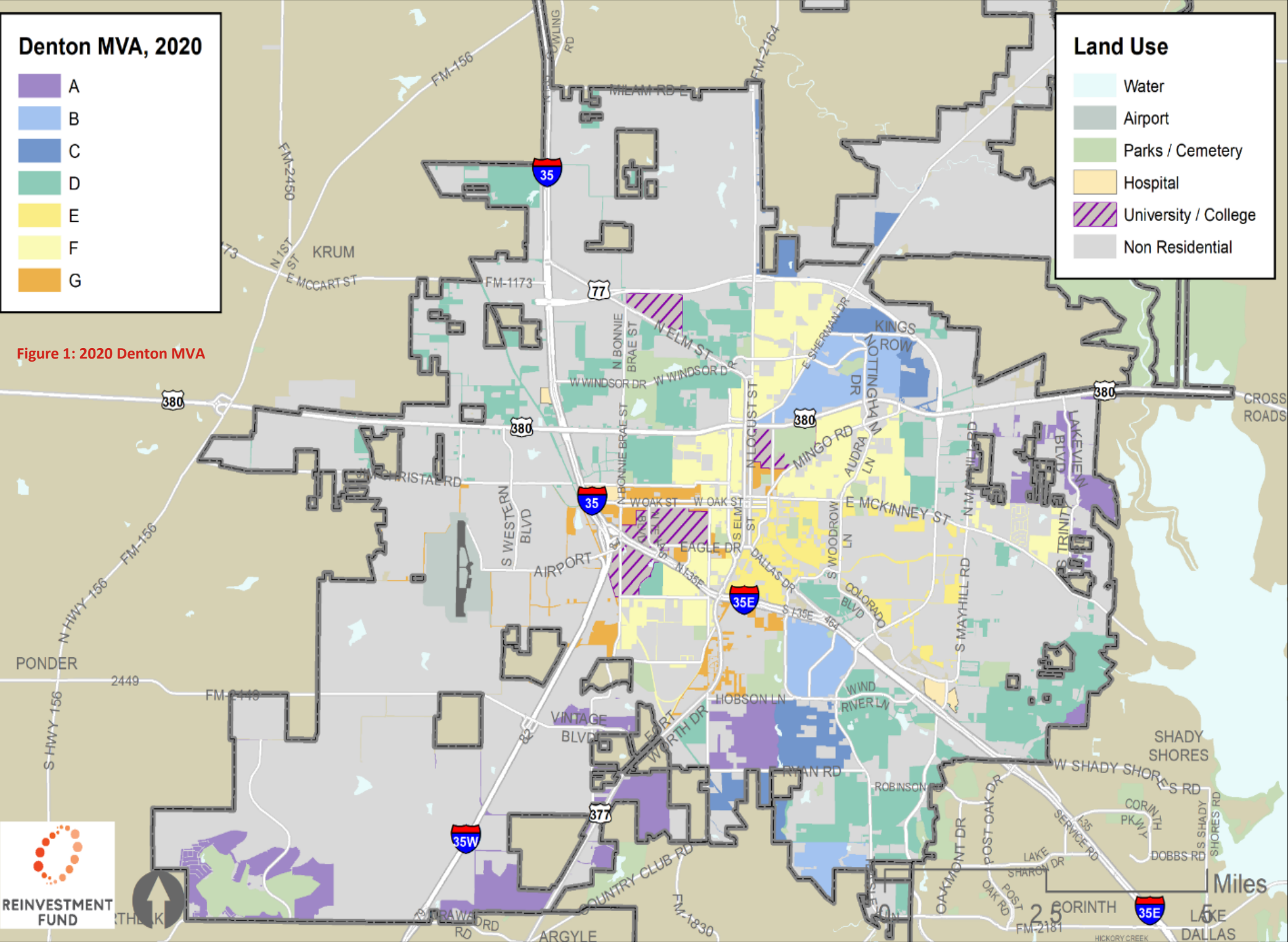
- ### Denton MVA, 2020
-
- | |
|---|
| A |
| B |
| C |
| D |
| E |
| F |
| G |

Land Use

	Water
	Airport
	Parks / Cemetery
	Hospital
	University / College
	Non Residential

- ### Land Use
- | | |
|---|----------------------|
|  | Water |
|  | Airport |
|  | Parks / Cemetery |
|  | Hospital |
|  | University / College |
|  | Non Residential |

Figure 1: 2020 Denton MVA





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Demographic Analysis And Forecasting

DEMOGRAPHIC ANALYSIS & FORECASTING

Understanding who lives in Denton is an important first step to meeting the housing needs of all residents. This information is used to estimate demand for different price points, unit sizes, and tenure type. The report uses ESRI Business Analyst's 2019 estimates and the American Community Survey 5-Year data for 2014-2018.

POPULATION AND HOUSEHOLDS

Denton is a fast-growing city. It had an estimated 141,792 residents living in 52,860 households in 2019, according to ESRI BAO 2019 estimates, which represents an increase of 21% since the 2010 Census. According to ESRI's projections, the city is slated to add an additional 8,018 households and nearly 20,000 people by 2024.

RACE AND ETHNICITY

Populations of all races and ethnicities have grown in number over the last two decades as Denton has expanded. The City remained majority White in 2018. Almost a quarter of residents are Hispanic, just under 10% are Black and just under 5% are Asian.

Table 1: Population by Race and Ethnicity

Race / Ethnicity	2000	2010	2018	Percent of Total Population 2014-2018	
				Denton	Texas
White	61,246	83,705	106,140	79.41%	74.31%
Black	7,275	11,734	12,551	9.39%	12.07%
Asian	2,634	4,670	5,581	4.18%	4.69%
Native Hawaiian or Pacific	90	116	155	0.12%	0.08%
American Indian or Alaskan	420	871	850	0.64%	0.49%
Some Other Race	7,047	8,613	4,043	3.02%	5.74%
Two or More Races	1,866	3,674	4,341	3.25%	2.62%
Hispanic (any race)	13,198	24,071	32,009	23.95%	39.17%

Source: U.S. Census and American Community Survey, 2014 - 2018

DEMOGRAPHIC ANALYSIS & FORECASTING

INCOME AND POVERTY

The City of Denton has a low poverty rate and can be considered a “moderate income” community compared to state and regional figures. According to the 2018 5-Year American Community Survey, the median income in Denton was \$56,489 (meaning half of all households in Denton earned more, and half earned less). This is 19% lower than the Dallas MSA median income and 5% lower than the state. The share of families in poverty was 8.9%, which was higher than Denton County as a whole (5.06%) but less than the Dallas MSA (9.48%) and the state (11.9%).

Table 2: Annual Income by Household

2014-2018 Annual Income Category	Number of Households	Percent of Households
Less than \$25,000	10,292	22.10%
\$25,000 - \$34,999	4,824	10.36%
\$35,000 - \$49,999	5,969	12.82%
\$50,000 - \$74,999	8,039	17.27%
\$75,000 - \$99,999	6,310	13.55%
\$100,000 - \$124,999	4,074	8.75%
\$125,000 - \$149,999	2,870	6.16%
\$150,000 or more	4,183	8.98%

Source: American Community Survey, 2014 - 2018

Age

In 2018, 10.83% of the population was over the age of 65. 69.41% were of working age (18-64). 19.77% were under 18, and 5.63% were under 5 years old. Of particular note, 16% of Denton’s population is between 20 and 24 years old, more than twice the state figure of 7%, illustrating the concentration of college-age students within the city.

HOUSEHOLD TYPE

Denton has a large percentage (42%) of non-family households, defined as persons living alone, with roommates, and/or in group residences. This is substantially higher than the state figure of 30% and can be attributed to the high number of university students in the area. In contrast, 54% of households in Denton are family households, compared to 70% for the state. The average size of a household in this area was 2.65, as compared to the average household size for the county and the state, 2.81 (Denton) and 2.86 (Texas) respectively. Just under half of Denton’s family households had children under 18 (45%).

Table 4: Population by Household Type

Household Type	Denton City	Denton County	Dallas MSA	Texas
Couples without Children	0.23	0.272	0.253	0.259
Couples with Children	0.195	0.295	0.258	0.245
Single Parents	0.093	0.092	0.121	0.123
Other Families	0.061	0.049	0.063	0.067
Non-Family Households	0.42	0.292	0.305	0.306

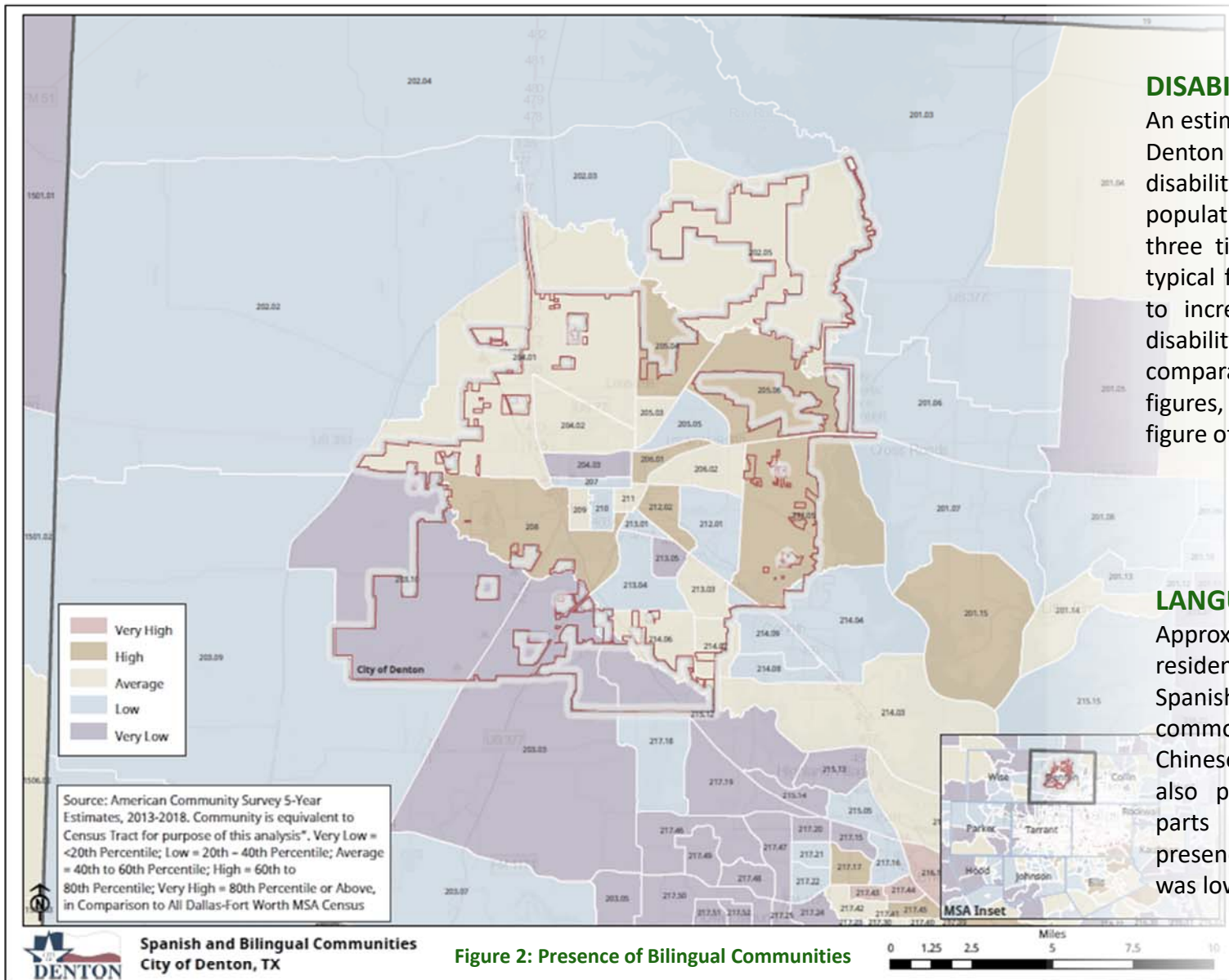
Source: American Community Survey, 2014 - 2018

Table 3: Population by Age

Age	# by Age Group	% by Age Group	% by Age Group (Texas)
Under 5	7,531	5.63%	7.17%
Under 18	26,420	19.77%	26.15%
Working Age (18-64)	92,769	69.41%	61.88%
Aging (65+)	14,472	10.83%	11.97%

Source: American Community Survey, 2014 - 2018

DEMOGRAPHIC ANALYSIS & FORECASTING



DISABILITY

An estimated 9.97% of all residents in Denton reported living with a disability, while the rate for the population over age 65 is more than three times higher, at 32.61%. It is typical for the incidence of disability to increase with age. Overall, the disability rate in the city is comparable to state and regional figures, but higher than the county figure of 7.83%.

LANGUAGE BARRIERS

Approximately 8.6% of Denton residents were non-English speaking. Spanish was by far the most common language spoken, while Chinese, Arabic, and Persian were also present. Compared to other parts of the Dallas MSA, the presence of bilingual communities was low-to-average.



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ECONOMIC ANALYSIS & FORECASTING

ECONOMIC ANALYSIS & FORECASTING

The City of Denton has a strong economic foundation rooted in its anchor institutions – the universities and local government. The city is known regionally as a college town with a wealth of entertainment and dining options. Indeed, based on location quotients for the city, the top industries in Denton are retail, arts and entertainment, accommodation and food services, and education. [Location quotients compare the percentage of the workforce within specific industries to the national average, where the national average equals one. Location quotients above one are considered industry strengths. In Table 5, the location quotient for Education Services is 1.91, meaning Denton has a 91% higher share of workers in this industry than the national average.]

Table 5: Top Industries (compared to U.S. average)

Industries	Employed	Percent	US Percent	Location Quotient
Retail Trade	7,361	10.90%	9.70%	1.12
Management of Companies	215	0.30%	0.10%	3
Arts/Entertainment/Recreation	1,639	2.40%	1.60%	1.5
Accommodation/Food Services	6,048	9.00%	5.60%	1.61
Educational Services	12,465	18.50%	9.70%	1.91

Source: ESRI BAO 2019

EMPLOYMENT AND LABOR PARTICIPATION

For the DFW region, unemployment rates followed national trends over the past decade, with post-recession unemployment exceeding 8%, but then dropping below 4.5% in 2015 and remaining low until the coronavirus pandemic led to a surge in unemployment in the spring of 2020.

COVID-19 AND JOBS ANALYSIS

The COVID-19 pandemic and related policies for social distancing led to a dramatic decline in jobs and an unprecedented number of unemployment claims from April through June of 2020. In Texas, employment dropped 17.2%¹, with the leisure and hospitality sectors hit particularly hard². The Federal Home Loan Bank of Dallas projects a continued improvement in economic conditions over the remainder of the year, but not at a pace to offset the losses that occurred earlier in 2020. The bank projects an overall loss of roughly 5% of jobs in Texas from December 2019 to December 2020,³ assuming no additional economic shutdowns occur. However, the bank's data illustrates how the spike in COVID-19 cases led to a drop in the number of hourly workers, many of whom work in retail, restaurants, and bars. This will have a significant impact on Denton's economy, although there are too many unknowns at this time to make a reasonable forecast. However, if we refer to the most recent economic downturn, the Great Recession of 2018, we find that Texas experienced an economic downturn, but fared better than most states, with an overall dip of 13% in home prices⁴. Early indicators are suggesting the impact of the crisis is clearly asymmetric, with low-wage workforce segments hit hard by the pandemic while other high-wage occupations not impact by supply and demand fluctuations are rebounding more quickly.

¹ Federal Home Loan Bank of Dallas, Texas Employment Forecast, July 17, 2020.

² Christopher Slijk and Keighton Hines, "Texas Economy's Rebound Stalls in July after Gains in May, June," Federal Home Loan Bank of Dallas, August 06, 2020.

³ Ibid.

⁴ CoreLogic, "Evaluating the Housing Market Since the Great Recession," February 2018, retrieved October 29, 2020 at <https://www.corelogic.com/downloadable-docs/corelogic-peak-totrough-final-030118.pdf>

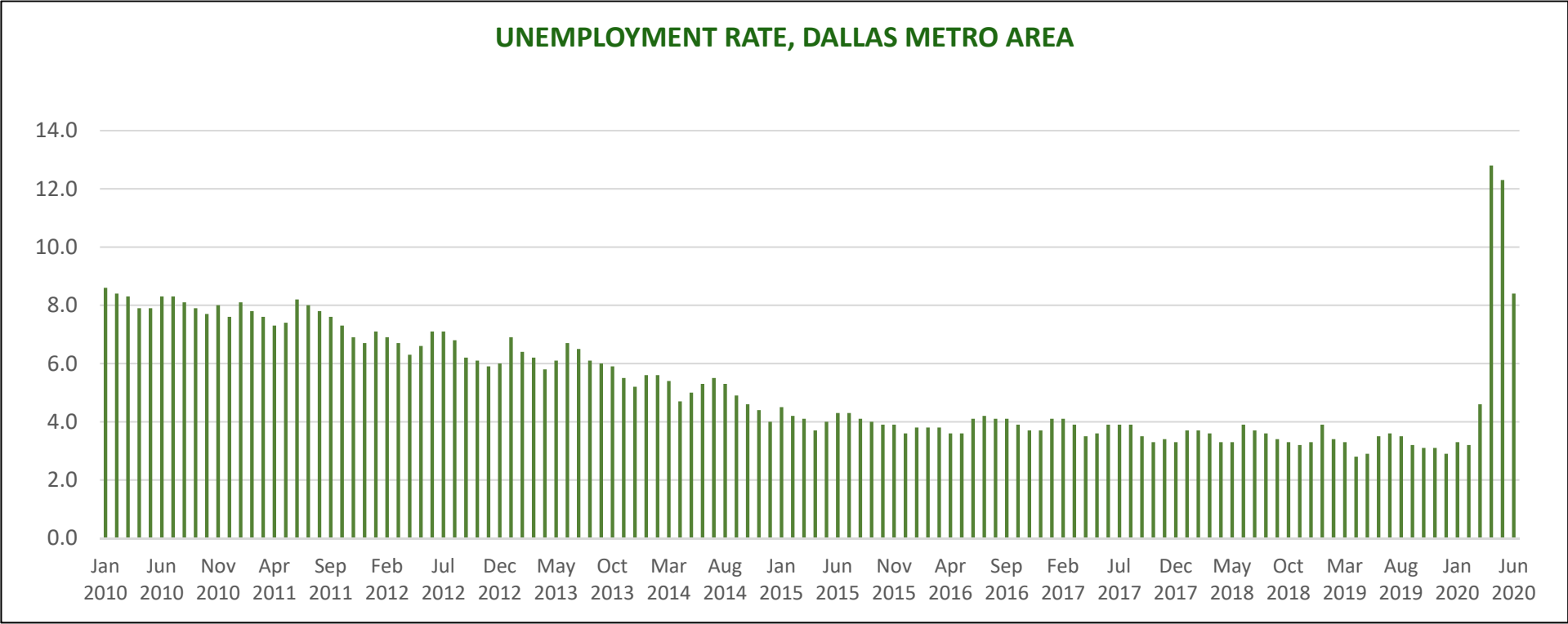
ECONOMIC ANALYSIS & FORECASTING

TOP EMPLOYERS AND INDUSTRIES

The City of Denton’s economy is fueled by its universities and its draw as an entertainment and dining hub for the region. Because college students spend more on restaurants and entertainment than the average consumer, their spending power supports Denton’s small businesses and enhances the city’s cache as a cultural and entertainment mecca for the region. Indeed, the food and entertainment industries are economic drivers for the city, generating \$500 million annually from outside consumers.ⁱ There are an estimated 234 restaurants per 100,000 population, exceeding Austin figures.

We see these industry strengths in the employment figures, where 75% more workers are employed in the education field than national average, and 68% more are employed in food preparation and serving than national average.

Figure 3: Unemployment in DMA



ECONOMIC ANALYSIS & FORECASTING

DENTON EMPLOYMENT IN CONTEXT

To gain a better understanding of Denton's employment in a regional context, we analyzed job concentrations by block, categorized by industry, for the metropolitan area using the U.S. Census Longitudinal Employer-Household Dynamics (LEHD) dataset. From these data, Denton's economic strengths are in education, public administration, and the service industry (e.g., restaurants and entertainment) with a clear concentration of jobs following the I-35 East Corridor. Outlying areas southeast of the city have higher concentrations of technology and business-oriented jobs.

DENTON'S ECONOMIC STRENGTHS

Education | Service Industry | Public Administration

Table 6: Top Occupations (compared to U.S. average)

Occupation Classification	Jobs	Percent of all Jobs	U.S. Percent of all Jobs	Location Quotient
Education/Training/Library	7,501	11.20%	6.40%	1.75
Arts/Design/Entertainment	1,809	2.70%	1.80%	1.5
Food Preparation/Serving	4,965	7.40%	4.40%	1.68
Building Maintenance	3,175	4.70%	3.90%	1.21
Personal Care/Service	3,048	4.50%	3.60%	1.25

Source: ESRI BAO 2019

DENTON COUNTY JOBS Employment Sectors

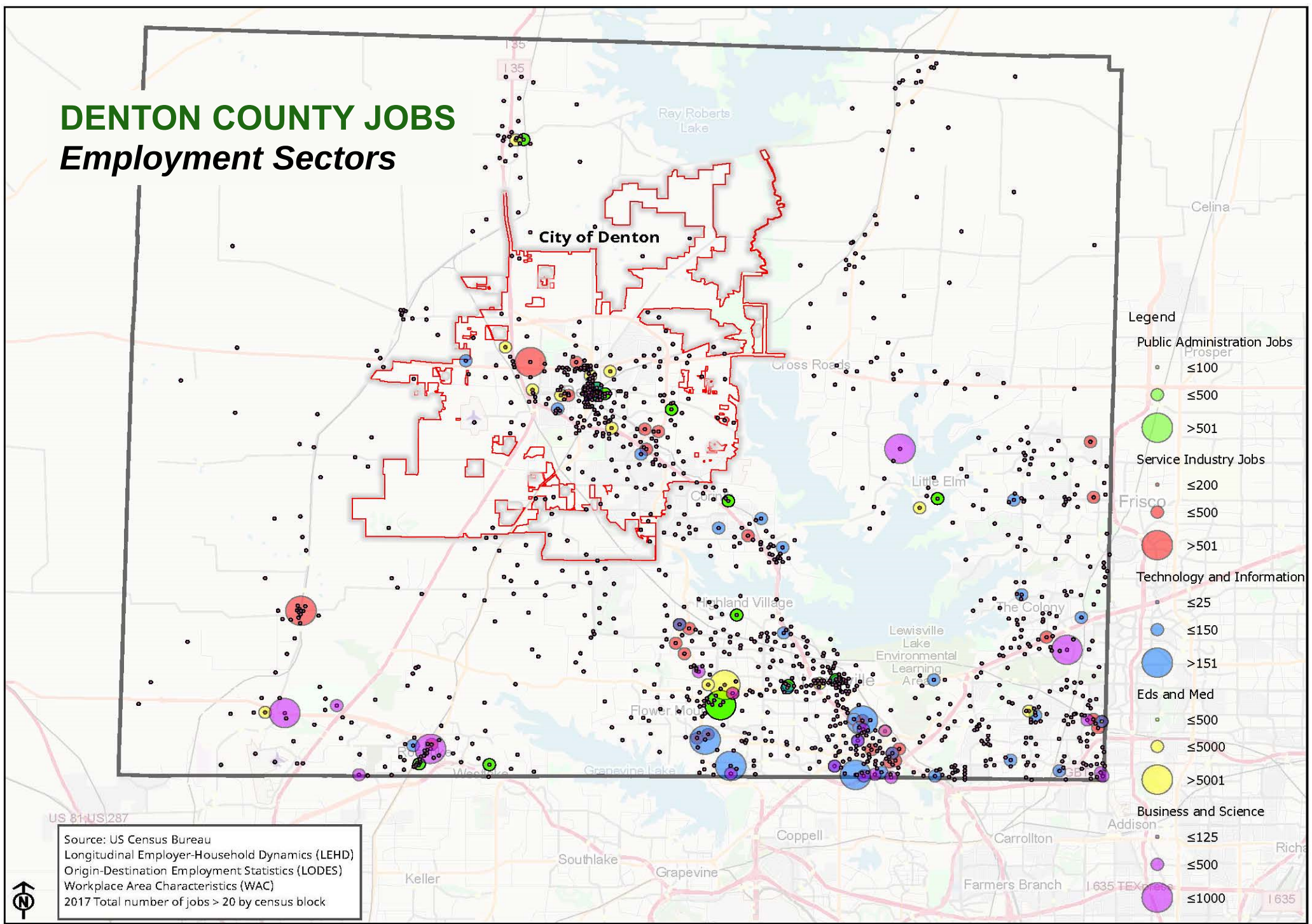
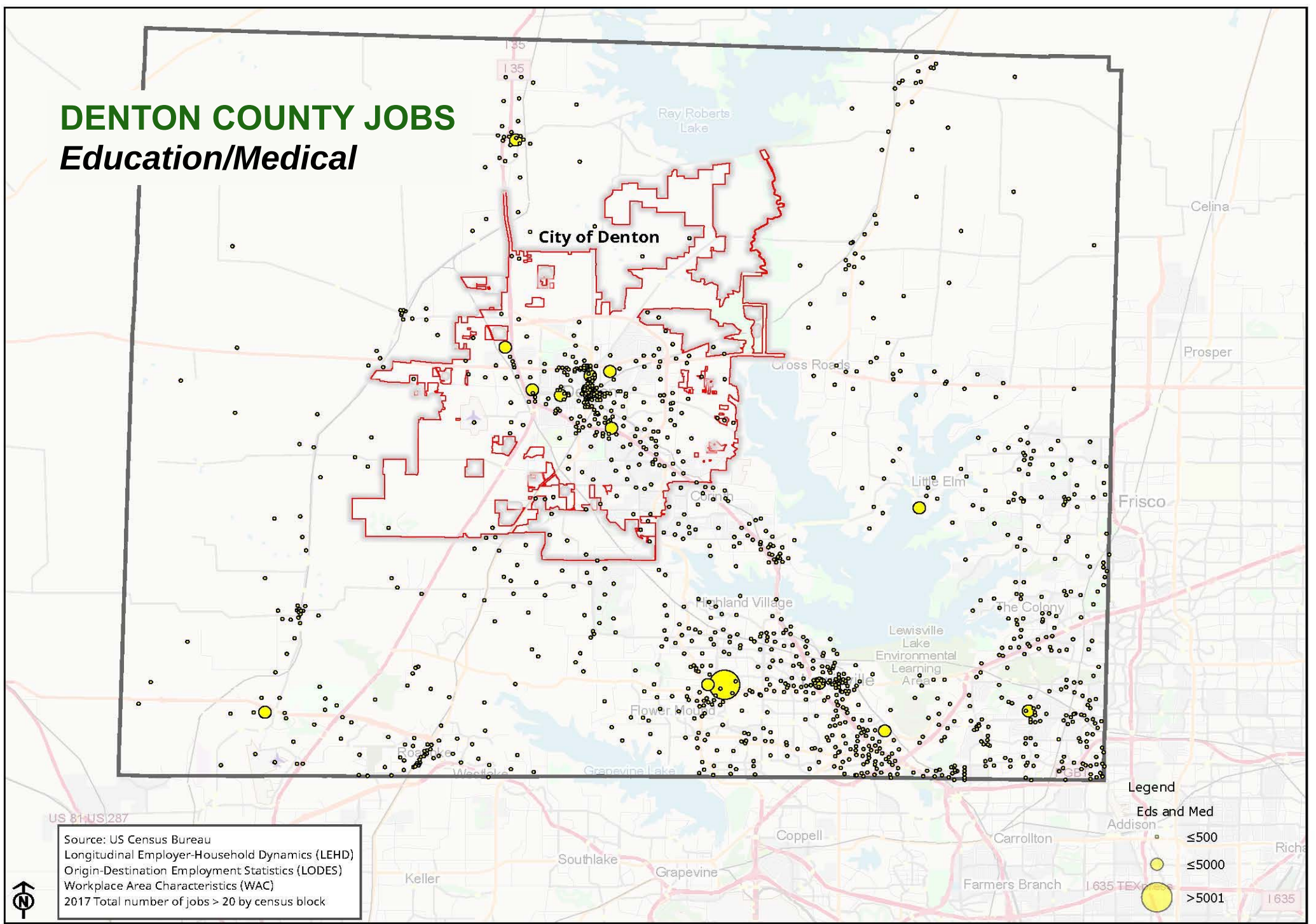


Figure 4: Number and Type of Jobs per Census block

DENTON COUNTY JOBS

Education/Medical



Source: US Census Bureau
Longitudinal Employer-Household Dynamics (LEHD)
Origin-Destination Employment Statistics (LODES)
Workplace Area Characteristics (WAC)
2017 Total number of jobs > 20 by census block

DENTON COUNTY JOBS

Public Administration

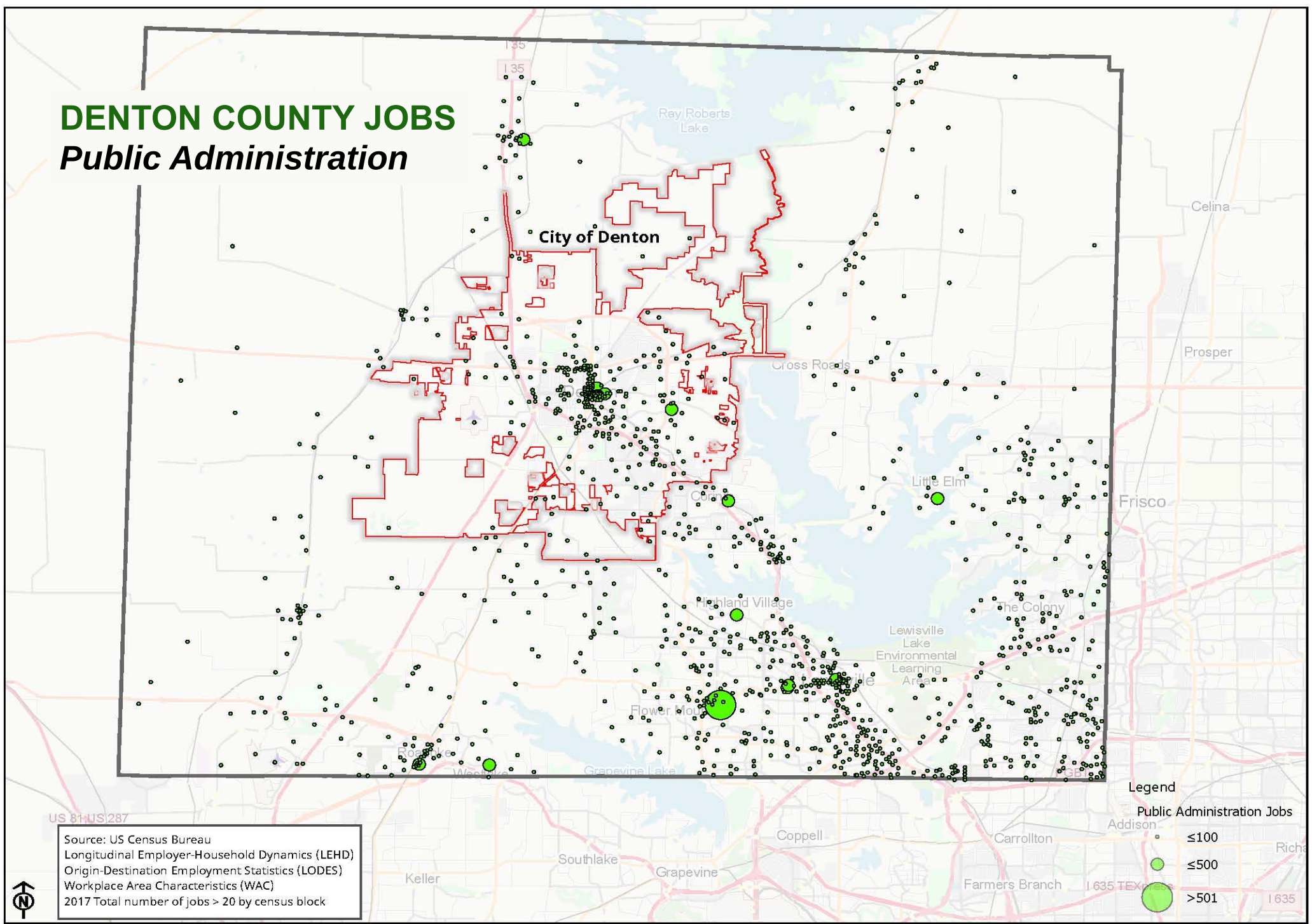
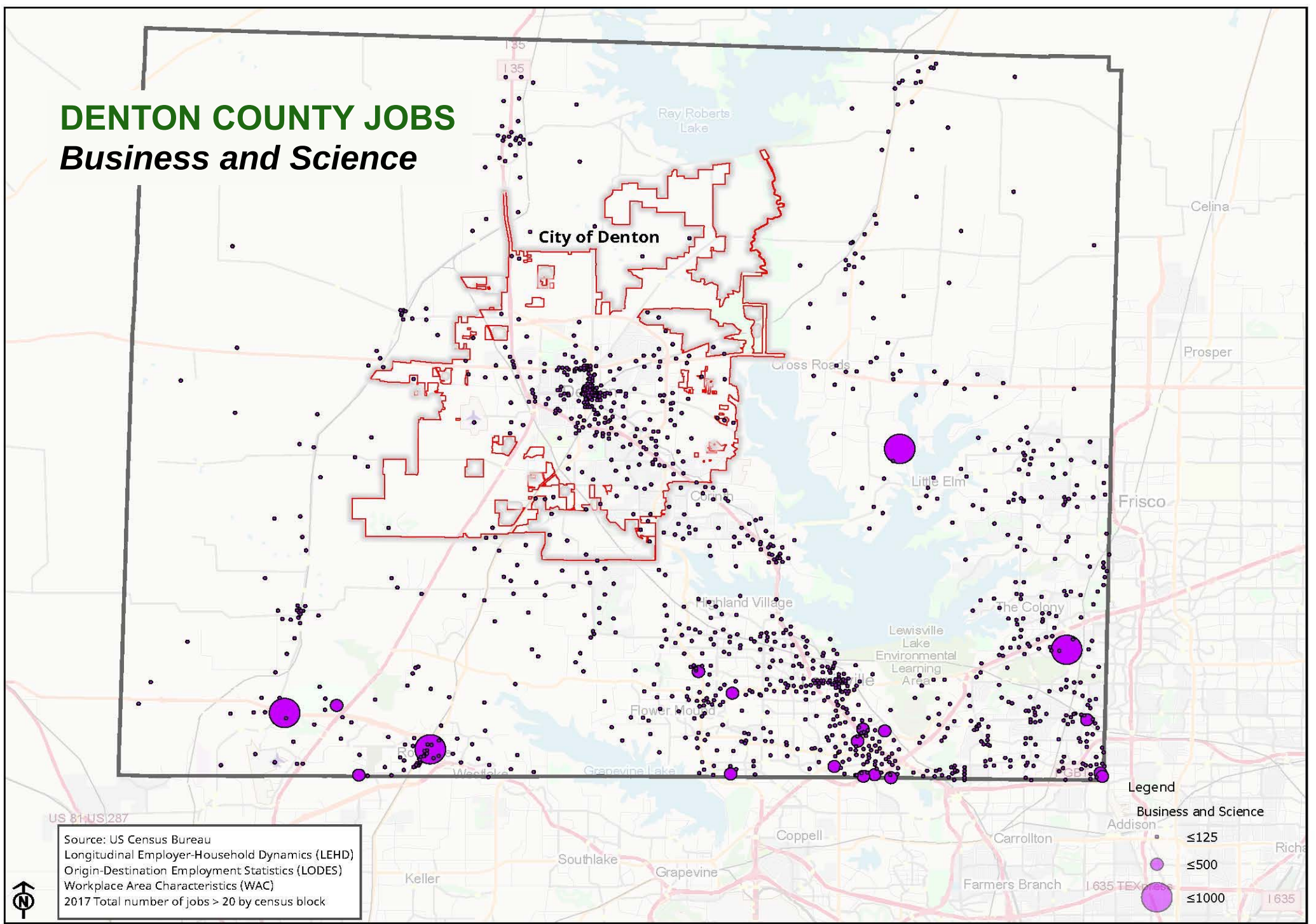


Figure 6: Number of Public Administration Jobs

DENTON COUNTY JOBS

Business and Science



Source: US Census Bureau
 Longitudinal Employer-Household Dynamics (LEHD)
 Origin-Destination Employment Statistics (LODES)
 Workplace Area Characteristics (WAC)
 2017 Total number of jobs > 20 by census block

DENTON COUNTY JOBS

Service Industry

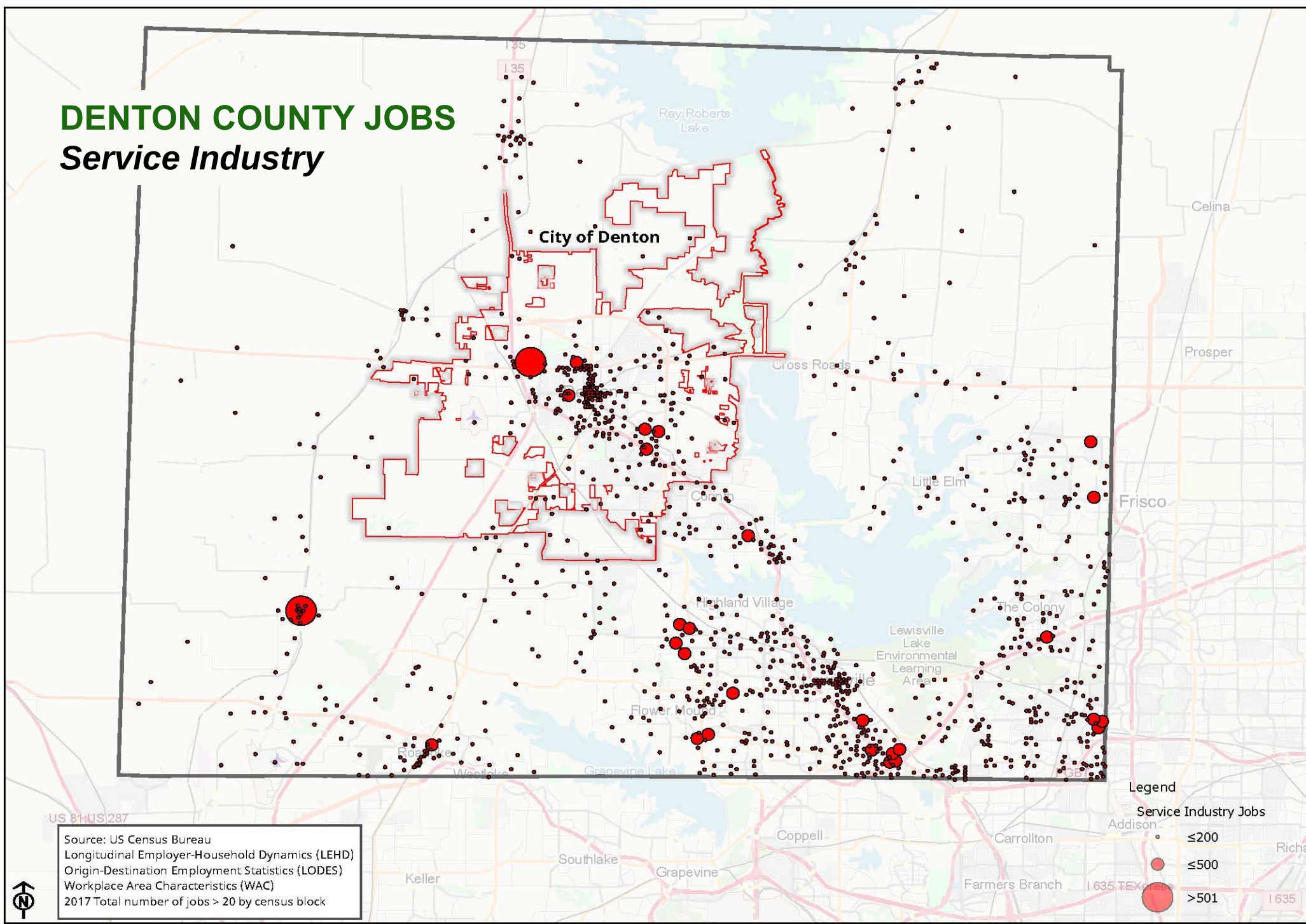


Figure 8: Number of Service Industry Jobs

DENTON COUNTY JOBS

Technology and Information

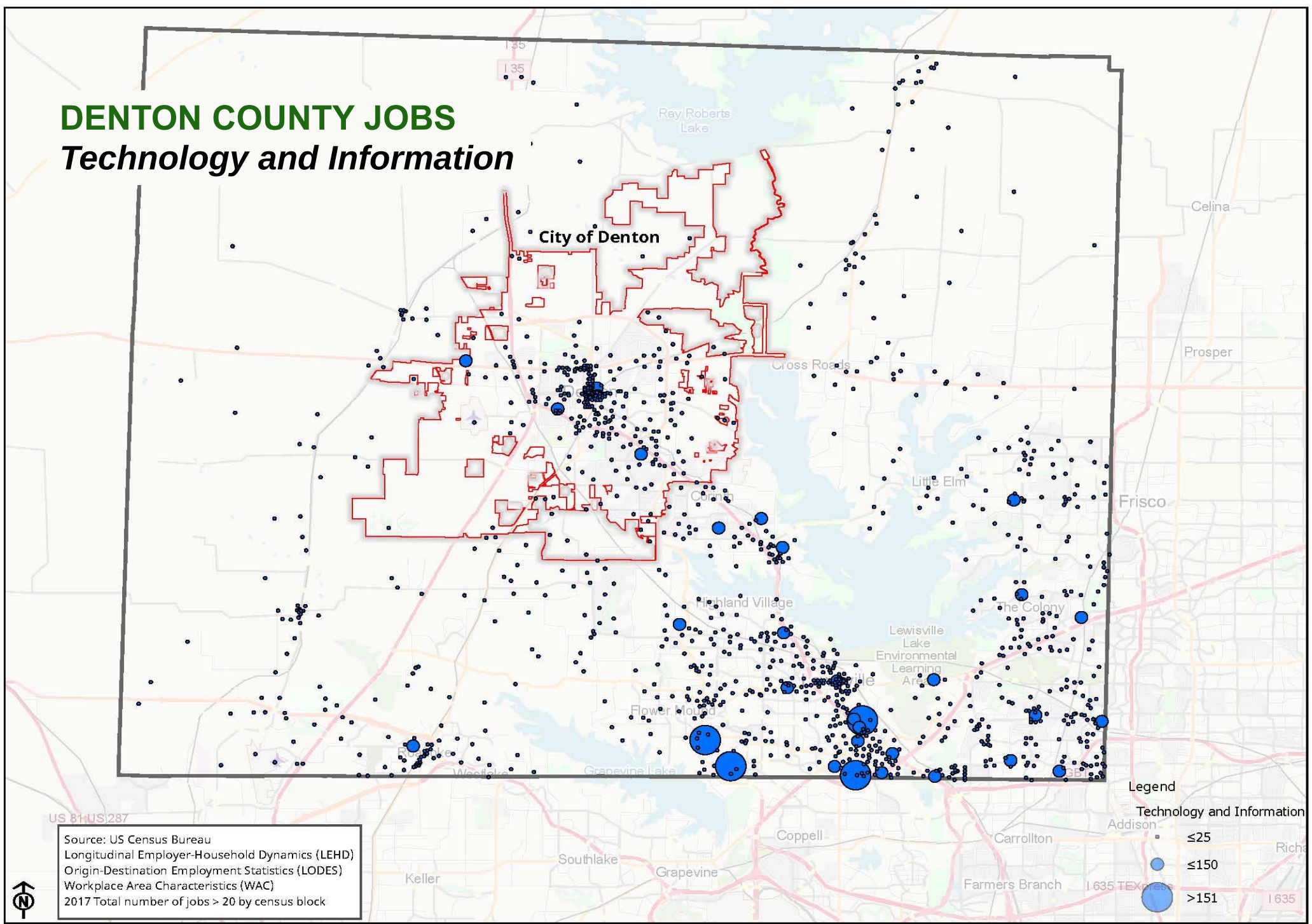


Figure 9: Number of Technology and Information Jobs

ECONOMIC ANALYSIS & FORECASTING

COMMUTING PATTERNS

Denton residents have shorter commute times, are more likely to walk or bike to work, and are more likely to work in their community than regional averages. This is likely due to its universities, which employ a large percentage of local residents.

Communiting Pattern	Denton	Dallas MSA
What is the average commute time?	23.8 minutes	28.3 minutes
How many workers walk or bike to work?	5.20%	1.60%
How many residents work in their communities?	53.60%	35.20%

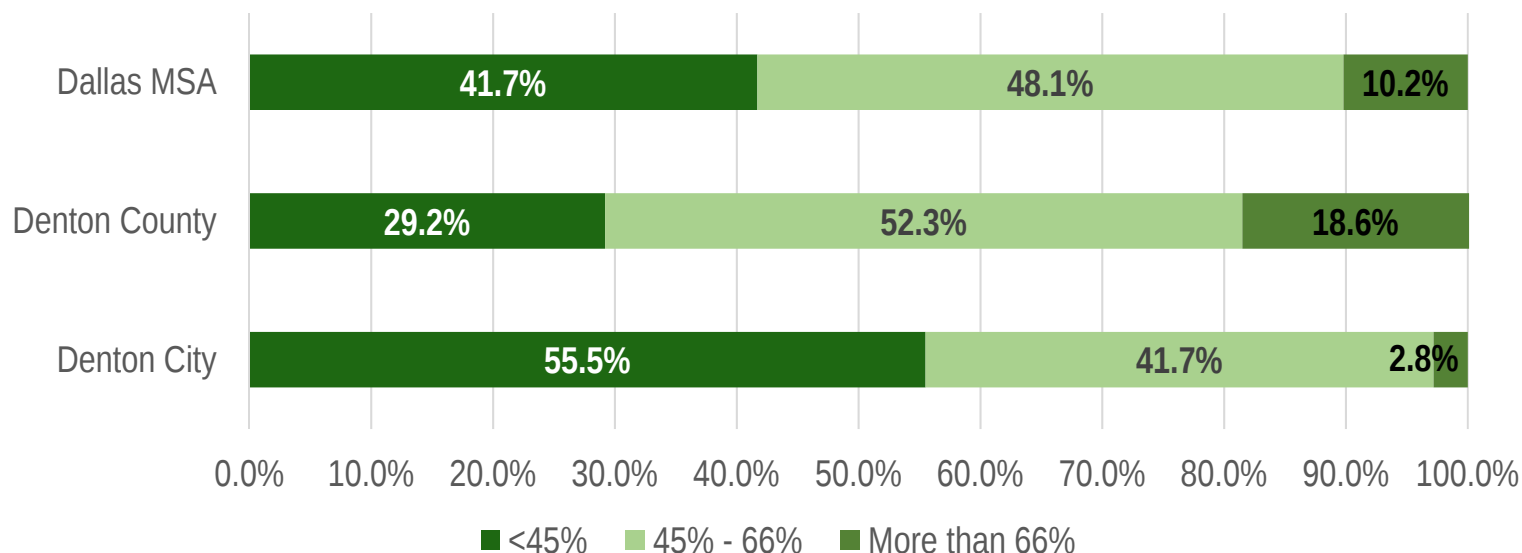
Table 7: Commuting Patterns

HOUSING & TRANSPORTATION INDEX (H&T INDEX)

The [Center for Neighborhood Technology](#), a non-profit organization committed to sustainable development and livable urban communities created the Housing & Transportation Index to measure how affordable a community is, using a combined average of housing and transportation costs. This is a useful tool to determine whether households move to distant locations due to cheaper housing costs but may pay the same or more when factoring in the costs of transportation. An “affordable” total share of income for both expense categories is 45%.

Figure 10: Housing and Transportation

Housing & Transportation Index, 2017 Share of Income Spent



Denton’s residents, on average, pay less than the average amount that residents pay in Denton County or the Dallas metropolitan area. However, these figures are based on 2017 data. Because housing prices in Denton have increased significantly in recent years, this relative affordability may have changed due to housing prices, not commute times.

Source: Center for Neighborhood Technology



ATRIA
PLANNING

AFFORDABLE HOUSING ANALYSIS

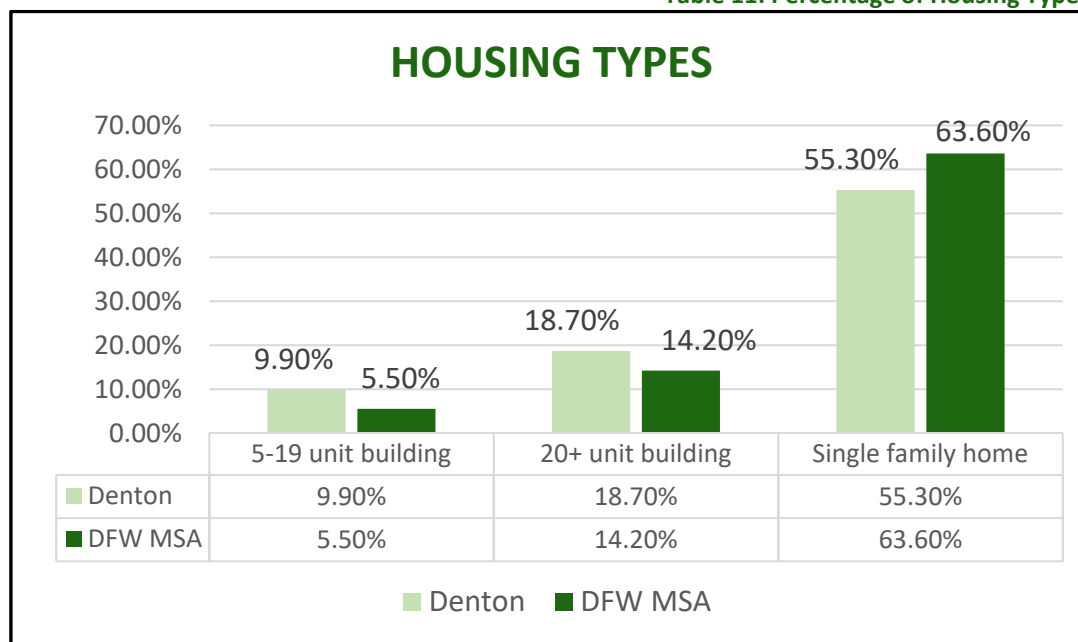
AFFORDABLE HOUSING ANALYSIS

CURRENT/FUTURE ENVIRONMENT

HOUSING PROFILE

The City of Denton was founded in the mid-1800s and had several periods of housing construction reflecting different architectural styles. These include stately Victorian mansions from the late 19th century; bungalows and four-squares from the early 20th century; traditional cottages from the post-World War II period; and the more familiar brick ranches built from the 1970s onward. The city is also known as a university town, with its two universities founded at the turn of the 20th century. Because of its large university population of more over 50,000 students⁵, Denton has more multi-family housing than comparably sized communities in the Dallas metro area – in particular, small-scale rental housing in communities built before 1980, which tended to be integrated with neighborhoods. Indeed, Denton has twice as many housing units within small rental buildings than the Dallas MSA.

Table 11: Percentage of Housing Types

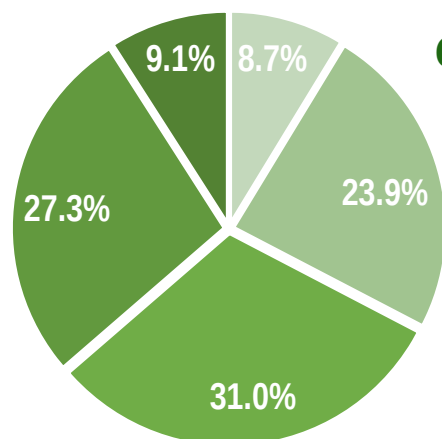


Middle Housing refers to housing types that fall between the single-family home and the large apartment building, including twin homes, duplexes, small apartment buildings, and commercial storefronts with apartments above. The term, coined by Daniel Perolek, references a period of American history when zoning laws and the construction industry encouraged a mix of building types within established neighborhoods. Combining different housing types within a neighborhood increases diversity – younger and older, long-term and transient, single people and large families, rich and poor. It also increases the density of neighborhoods. Having more people means that local restaurants and shops can thrive. Potentially, there would be enough ridership demand to support light rail or streetcars. American cities moved away from this model during the heyday of suburbanization, only to return to it in the late 20th century. According to consumer surveys provided by the American Association of Realtors, potential homebuyers are now seeking more walkable neighborhoods near shopping and restaurants, particularly in the suburbs.

⁵ <https://dentonedp.com/reports>

AFFORDABLE HOUSING ANALYSIS

Figure 12: Age of Housing Stock

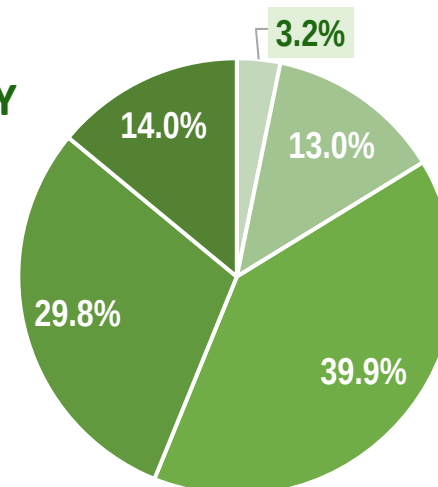


CITY OF DENTON

- Before 1960
- 1960 - 1980
- 1980 - 2000
- 2000 - 2010
- 2010 or later

DENTON COUNTY

- Before 1960
- 1960 - 1980
- 1980 - 2000
- 2000 - 2010
- 2010 or later



Tenure by Type	Denton City	Denton County	DFW MSA	Texas
Owner Occupied	48.00%	64.50%	59.60%	61.90%
Homeownership Vacancy Rate	0.60%	0.80%	1.20%	1.60%
Renter Occupied	52.00%	35.50%	40.40%	38.10%
Rental Housing Vacancy Rate	6.70%	5.30%	7.10%	7.70%

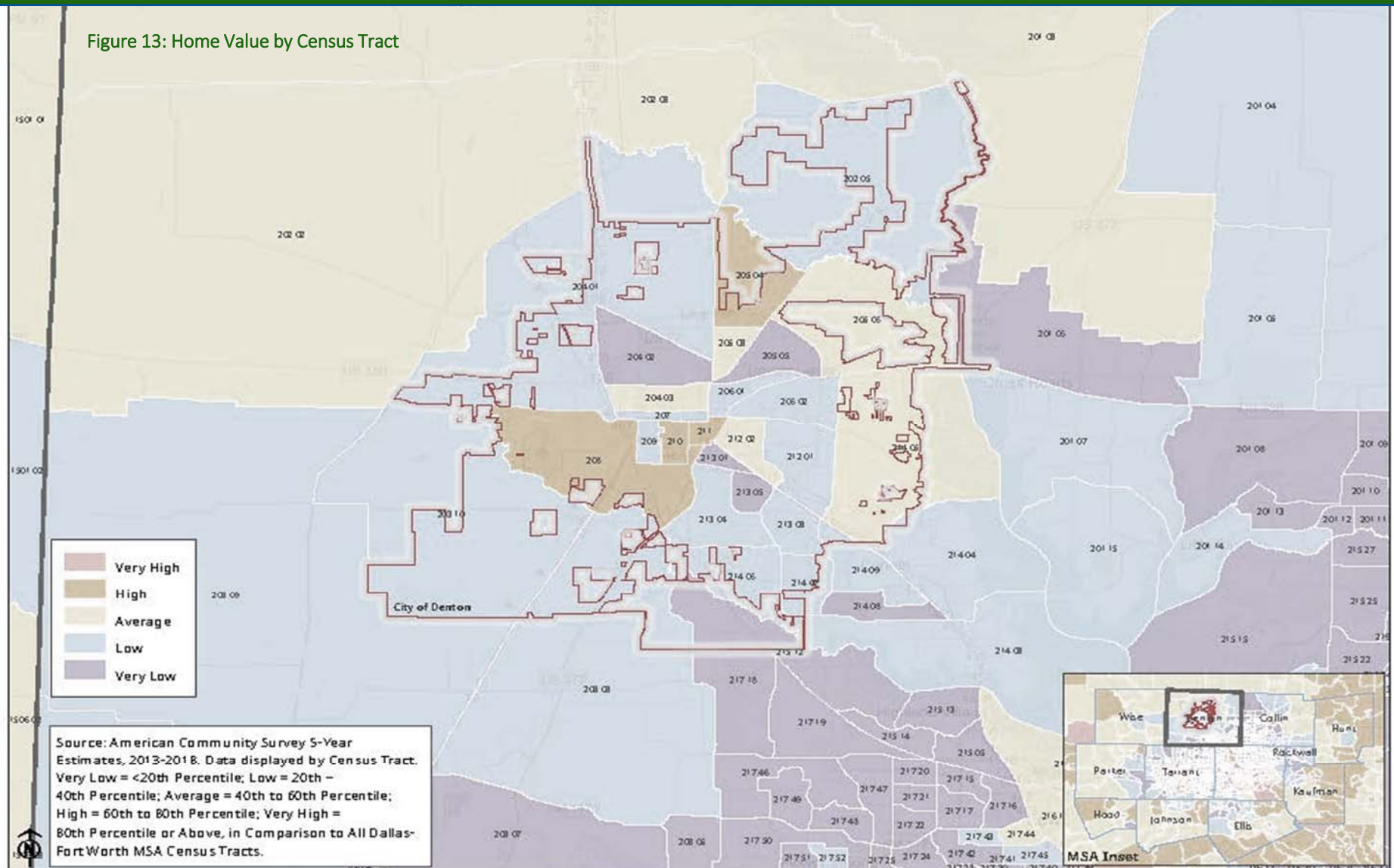
Table 8: Tenure by Type

HOMEOWNERSHIP

High demand and limited supply of housing for sale has led to significant increases in the prices of homes in Denton, including historically moderate to low priced neighborhoods. Homes move quickly, and in the past five years, the average home price has increased by 38%. This increase is higher than U.S. trends (32% increase from 2015 – 2020). Denton also has a very low vacancy rate in the for-sale market (below 1%). Industry standards suggest the for-sale market is healthiest between 1.5% and 2.5%, providing enough supply of homes for sale to avoid rapid price escalation.

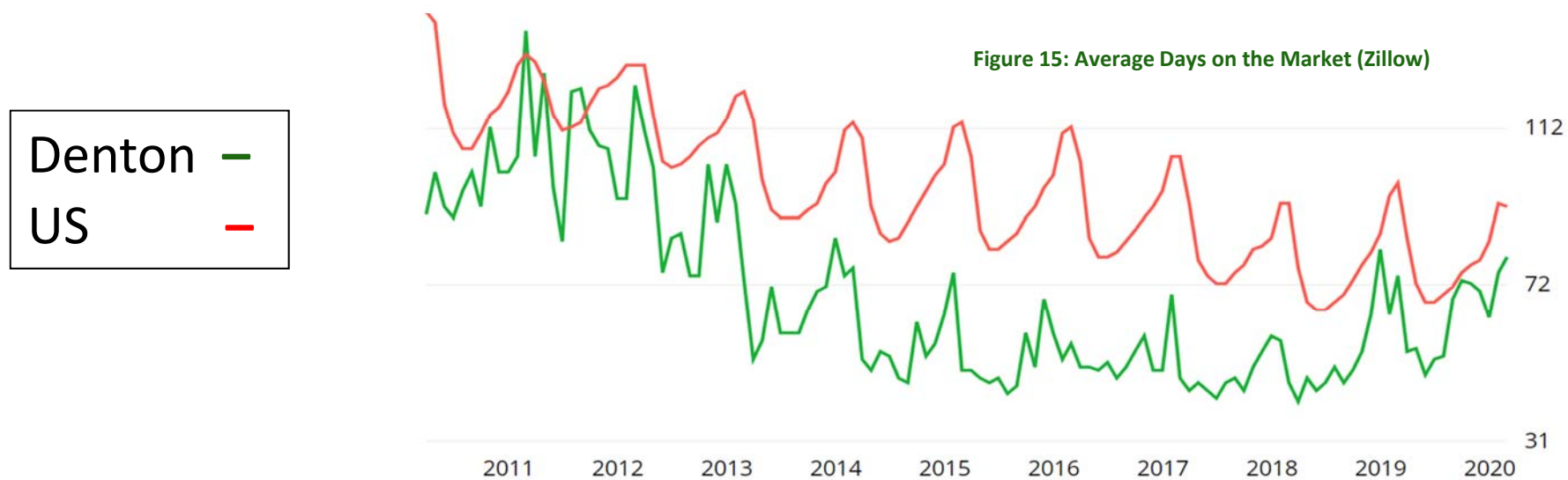
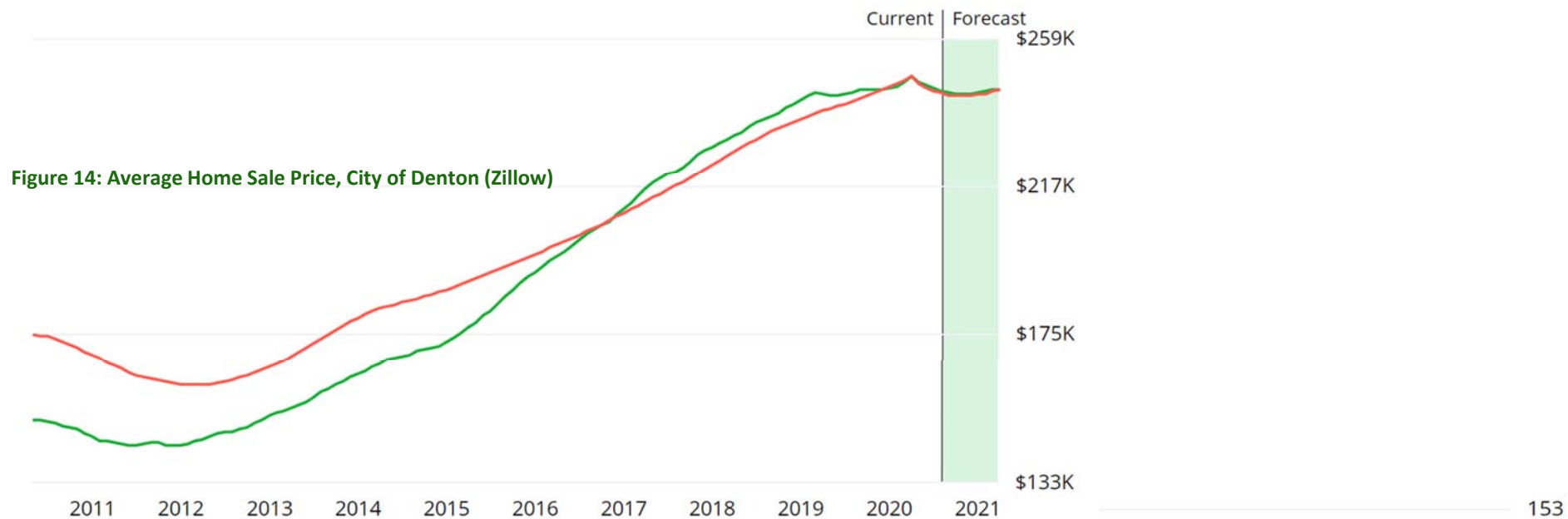
AFFORDABLE HOUSING ANALYSIS

Figure 13: Home Value by Census Tract



Home Value by Census Tract
City of Denton, TX

AFFORDABLE HOUSING ANALYSIS

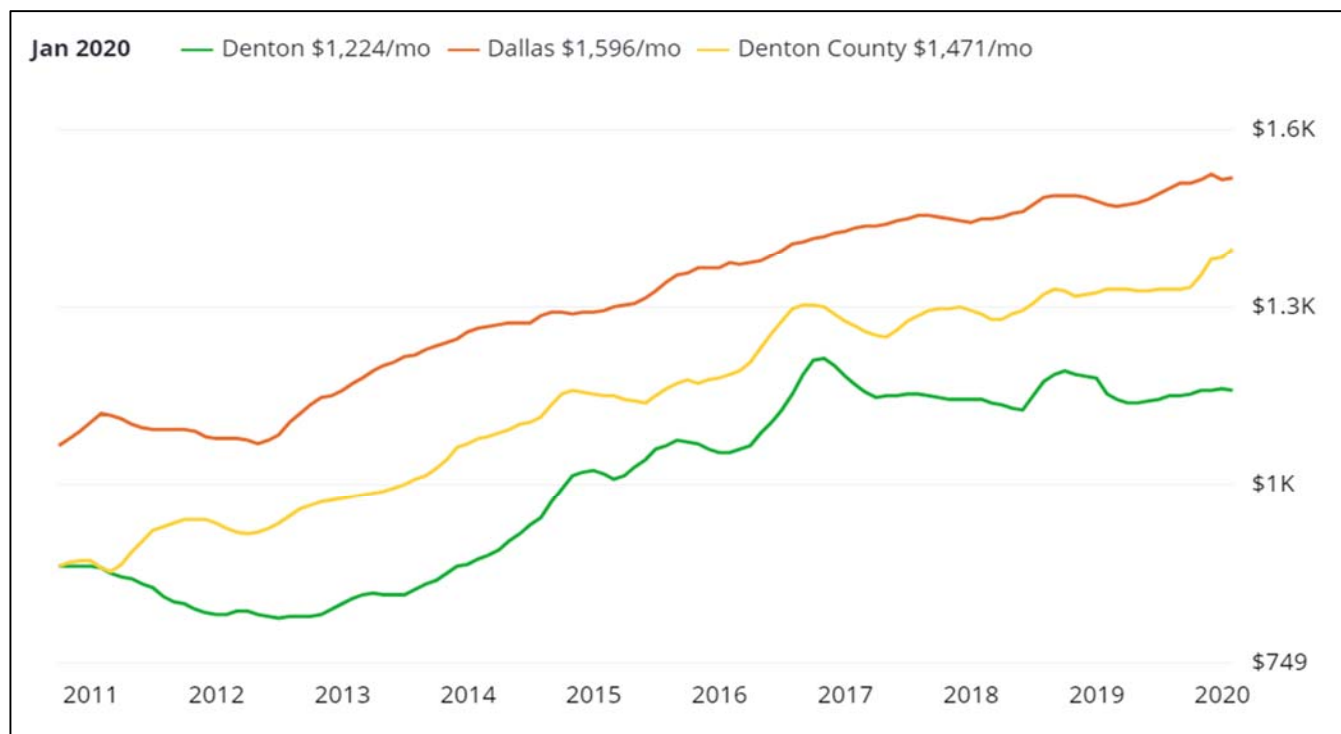


AFFORDABLE HOUSING ANALYSIS

RENTAL HOUSING

Denton is a college town, and slightly more than half of all households in Denton are renters (52%) due to its large number of students. This creates a reliable demand for rental housing, resulting in healthy vacancy rates (7.1% as reported in the ACS 5-Year 2014 – 2018) and steady revenue for local landlords. Rent prices have increased by 23% in the past five years, outpacing median housing income growth of 17%, which illustrates a growing need for more affordable rental housing options. The average rent for a one-bedroom unit in Denton in September 2020 (according to Rainmaker Insights, a market research firm) was \$938 per month, which is affordable to someone earning between 50 and 60 percent of AMI.

Figure 16: Average Rent for a Two-Bedroom Unit



Source: Zillow Research

However, the 2020 pandemic has created uncertainty around the future rental housing market in Denton. Indeed, recent enrollment figures indicate a significant decline in student population for the 2020 – 2021 academic year, which will significantly impact rental housing demand, resulting in concessions and lower rents. As of November 2020, rents appear to have remained stable, not accounting for rent concessions.⁶

⁶ Rainmaker Insights provides monthly rental estimates for one- and two-bedroom units across the U.S., accounting for 80% of all rental units. According to data available for September 2020, the Denton rental market is 5% higher than the same month last year.

AFFORDABLE HOUSING ANALYSIS

AVERAGE RENTS IN DENTON

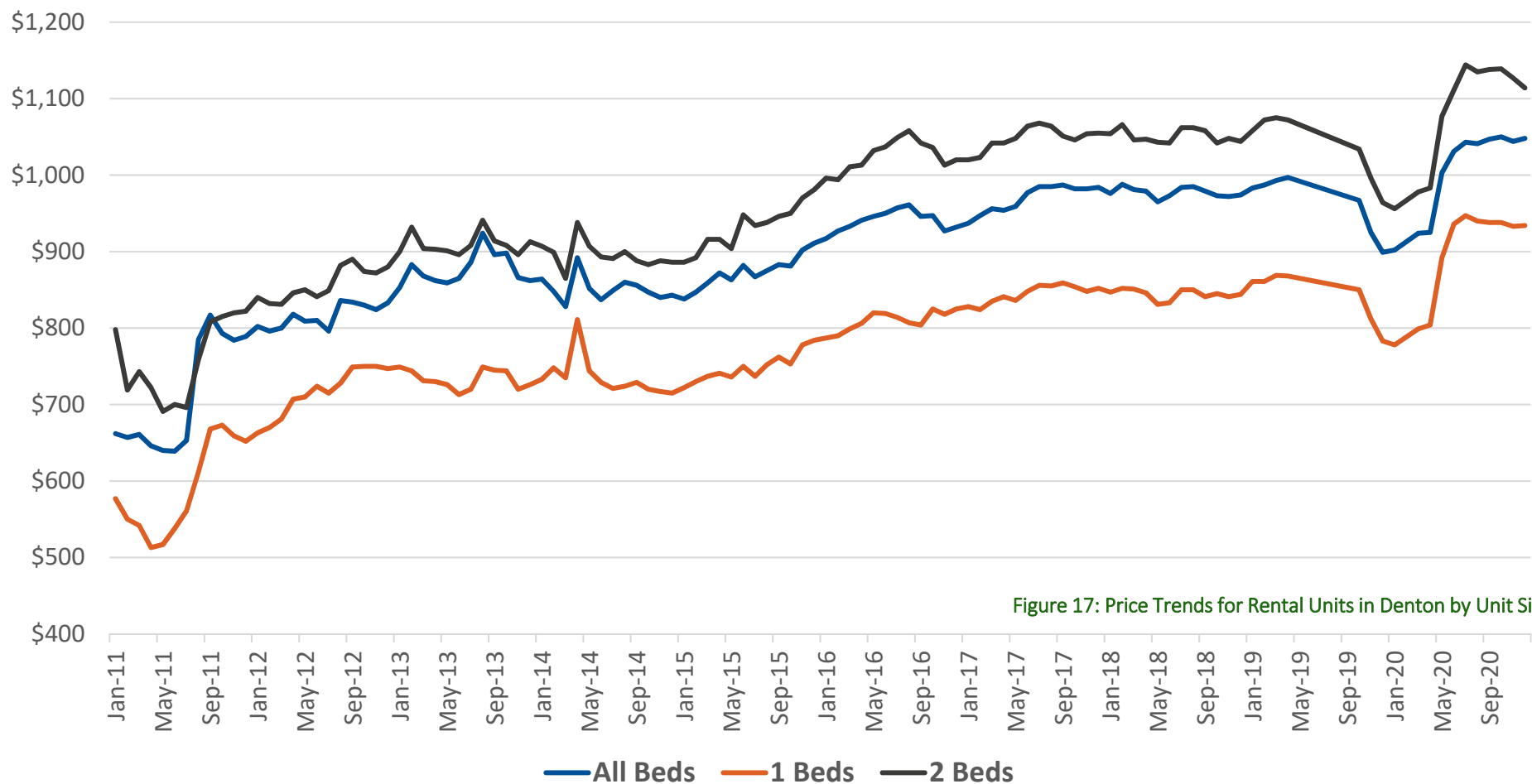
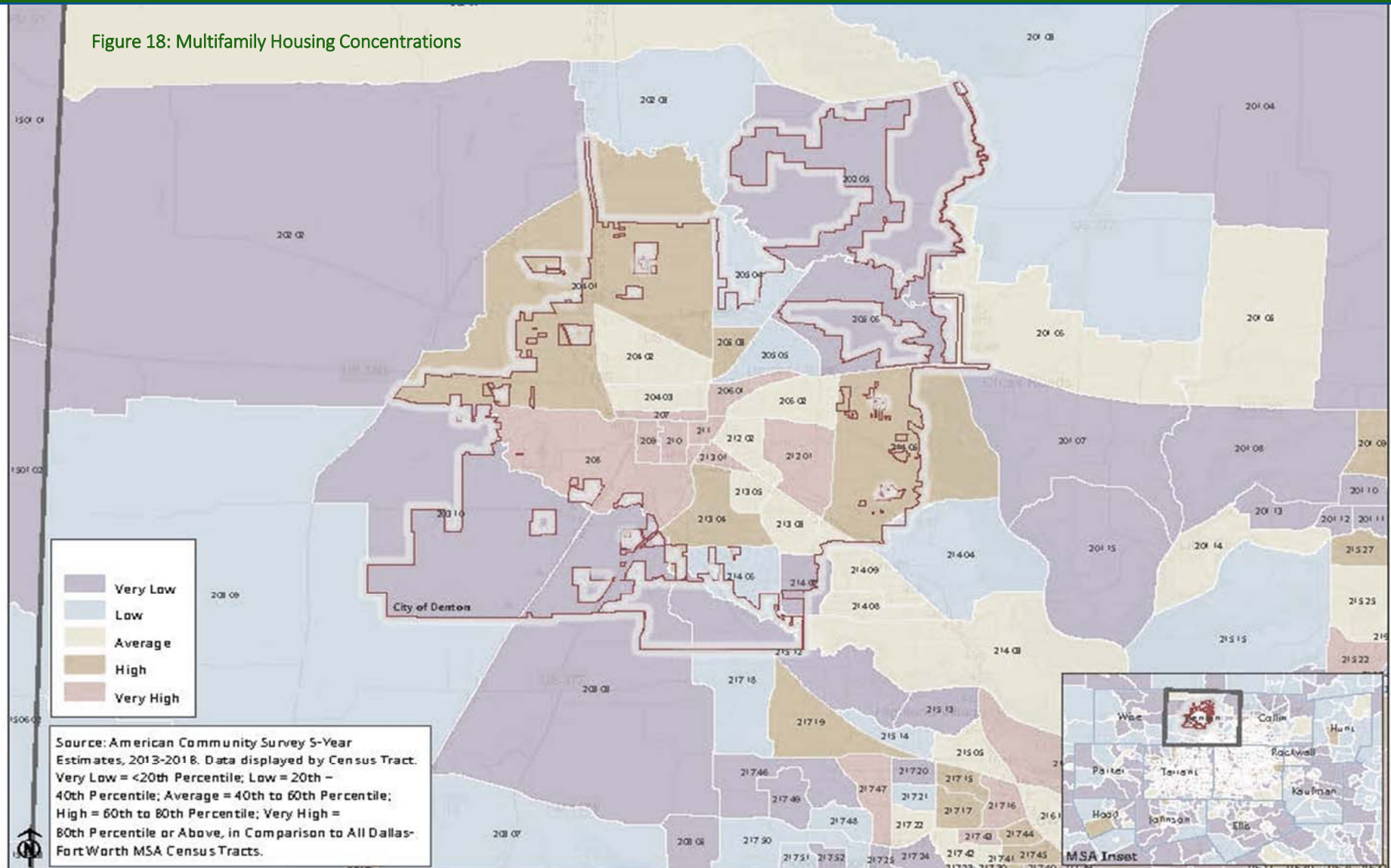


Figure 17: Price Trends for Rental Units in Denton by Unit Size

Source: Rainmaker Insights

AFFORDABLE HOUSING ANALYSIS

Figure 18: Multifamily Housing Concentrations



Concentration of Multi-Family Housing by Census Tract
City of Denton, TX

AFFORDABLE HOUSING ANALYSIS

SUBSIDIZED HOUSING

PUBLIC HOUSING AUTHORITY: The Denton Housing Authority manages a Housing Choice Voucher Program consisting of 1,641 vouchers and four properties – two family developments (the Veranda and Renaissance Courts, totaling 472 units), and two senior developments (Heritage Oaks and Pecan Place, totaling 64 units). Included in the Section 8 Program is a rent-to-own homeownership program using vouchers. In addition, the Housing Authority administers 90 permanent supportive housing vouchers provided by Health and Human Services for persons with disabilities, and 25 HUD-VASH vouchers providing housing to formerly homeless veterans. The Housing Authority does not own or operate any public housing units or project-based vouchers – developments are funded using tax credits, other HUD programs, and Housing Choice Vouchers. According to a resident survey administered in 2018, participants cited a need for more housing options in neighborhoods of opportunity, and assistance with security deposits for low-income renters.

HOUSING TAX CREDITS: There are 1,415 low-income housing tax credit units within 12 developments in the city. Three developments are due to have expiring affordability contracts in the next five years totaling 168 units. This includes Country Park (120 units, expiring in 2026), Pecan Place (24 units, expiring in 2025), and Silverado (24 units, expiring in 2020).

There is a concentration of tax credit housing within the Southeast neighborhood of Denton defined by Census Tract 212.02, with 81.5% of all tax credit apartments in this neighborhood, or 1,334 units. This neighborhood is historically Black and is currently 27% Black and 33% Hispanic. **In Denton’s Fair Housing Plan of 2020, the city prioritizes increasing affordable housing options in areas with lower poverty rates and greater diversity (“areas of opportunity”).**

LENDING AND FORECLOSURES

The Home Mortgage Disclosure Act (HMDA) requires banks to track mortgage lending practices in support of the Fair Housing Act to ensure fair lending practices in minority low-income communities. This report includes research on lending practices within the Dallas metro area to identify potential disparity issues in lending practices. According to HMDA 2018 data for the Dallas region, a Black or Hispanic applicant for a home loan is more likely to be denied than a White applicant, even controlling for income. Among households earning less than 50% of AMI, White applicants experience a 34% denial rate, compared to 43% for Black and Hispanic applicants. This disparity lessens within the 50% to 80% of AMI, where 21% of White applicants are denied a home loan, compared to 28% for Black applicants and 25% for Hispanic applicants. *The reasons for this disparity vary, and may include discriminatory lending practices, but also a need for financial literacy programs and banking relationships within minority communities to address the homeownership gap.*

DEFINING “AFFORDABLE” HOUSING FOR DENTON

“Affordable housing” is a relative measure. HUD has set a standard on what is considered “affordable” to any household, regardless of income. Considering other necessary expenses like food, health care and transportation, HUD deems that households who pay less than 30% of their income on housing expenses have housing that is affordable to them. For renters, this includes monthly rent and utility costs. For owners, this includes monthly mortgage payments plus taxes and insurance.

In real terms, this means an individual earning \$30,000 per year would need to spend less than \$750 a month on rent to have “affordable” housing. It also means that if an individual earns \$100,000 per year and rents a luxury apartment for \$3,000 a month, they would not have “affordable” housing (\$100,000 divided by 12 months times 30% equals \$2,500 per month). Thus, the 30% rule alone is not adequate for defining “affordable housing need” since there is widespread agreement that higher income households may choose to spend a higher income share on housing and still have more than sufficient resources to cover expenses like groceries and transportation.

Affordable housing policy and programs tend to use income categories based on HUD definitions relating to “Area Median Income” or “AMI.” This is the “middle point” of annual earnings for all families within the Dallas Metropolitan Area. In 2020, the Dallas AMI was \$86,220 per year. This allows for incentives and financial resources to more precisely target households whose needs are not met by the private market and who have little residual income for basics and emergency reserve after accounting for housing costs.

To accommodate existing and future families, the Denton housing market needs more homes-for-sale priced below \$200,000, and rental units priced below \$900 per month. Because there are resources to develop new rental units priced between \$750 and \$900 per month, the greatest rental need is for units priced below \$750 per month.

Table 9. Housing Affordability

Maximum Annual Income by Income Category

AMI	Less than 30%	30% - 50%	50% - 80%
Individual	\$18,120	\$30,200	\$48,320
Couple	\$20,700	\$34,500	\$55,200
Family of Four	\$25,860	\$43,100	\$68,960

Maximum Affordable Rents by Income Category

AMI	Less than 30%	30% - 50%	50% - 80%
Individual	\$453	\$755	\$1,208
Couple	\$517	\$862	\$1,380
Family of Four	\$646	\$1,077	\$1,724

Maximum Affordable Home Price by Income Category

AMI	Less than 30%	30% - 50%	50% - 80%
Individual	\$453	\$755	\$1,208
Couple	\$517	\$862	\$1,380
Family of Four	\$646	\$1,077	\$1,724

DEFINING “AFFORDABLE” HOUSING FOR DENTON

WHO NEEDS “AFFORDABLE” HOUSING IN DENTON?

Housing prices vary widely across the U.S. For this reason, some high earners can be housing cost burdened if they live in high-priced areas (like San Francisco, where the average rent is over \$3,000 per month), whereas other areas are much more affordable. The average rent in the Dallas region, for example, is roughly half that at \$1,535 per month, and the Denton average is even lower at just over \$1,000. These variations in pricing reflect housing demand (higher demand increases prices) and the costs associated with building and maintaining housing (e.g. land prices, permitting costs, salaries for construction workers, etc.).

Every region has a “line” in which free market activity can no longer provide enough housing at an affordable price to meet the needs of all its residents. In Denton, this line is approximately \$900 a month in rent, and \$200,000 for home purchase. (Zillow, bottom tier price 2020). Renters who earn less than 50% of AMI (\$43,110), and a portion of owners (particularly future buyers) who earn less than 80% of AMI (\$68,976), will find it difficult to afford most housing in Denton without assistance.

Many of the households with unmet affordable housing needs include important members of the local workforce whose wages and salaries are not keeping pace with rising housing costs. To address the needs for households who cannot afford market prices, cities may turn to federal subsidies and creative housing solutions to fill the gap. The next section explores the housing needs of workers by sector and occupation.

WORKFORCE HOUSING NEEDS

In the past decade, the increase in housing prices and rents have outpaced wage growth for many workers, raising concern from both housing advocates and economic development specialists that a lack of affordable housing may have a negative impact on economic growth. This includes low-wage service industry workers, who may earn minimum wage, along with young professionals starting out in their careers and essential workers in emergency response, education and social work. Without a supply of housing affordable to the local workforce, employees become harder to attract and retain, increasing overall costs to employers.

Earlier in the analysis, we identify Service Industry jobs, Public Administration, and Education as significant economic strengths for Denton, and identified housing growth of approximately 14,000 units due to the Cole Hunter Ranch development, increasing the demand for city workers like firefighters, school teachers and city planners. To analyze how affordable the local housing market is to future workers, we examine regional wages by occupation for the Dallas MSA in comparison with local housing prices.

Based on the analysis, we find that low-wage service industry workers like cashiers and sales clerks, and low-wage health and child care workers, cannot afford local rents or even subsidized rents under the Low Income Housing Tax Credit (LIHTC) program. Workers with these occupations earn between 30% and 50% of AMI, and to meet their housing needs. These positions can afford rent of approximately \$500 per month and would need to earn more than double their salary to afford an average-priced one-bedroom unit, and 85% more to afford a subsidized apartment under the tax credit program.

DEFINING “AFFORDABLE” HOUSING FOR DENTON

To meet the housing needs for low-wage workers, Denton would need to increase its supply of deeply affordable housing. This can be accomplished by:

1. Incentivizing new affordable housing construction which includes rental units affordable to households earning less than 50% of AMI;
2. Increasing landlord participation in the Housing Choice Voucher Program;
3. Increasing low-cost homeownership opportunities for very low-income families through relationships with church builders, Habitat for Humanity, and other non-profit builders using sweat equity programs;
4. Providing incentives to local non-profits to increase the supply of deeply affordable rental housing by rehabilitating and reconfiguring existing buildings.

The issue of workforce housing also includes young professionals and city workers who typically can afford renting but cannot access homeownership given current prices and the types of housing available. Many young professionals cannot afford to purchase a home in Denton, a result of increased prices for single family homes and additional debt burdens from student loans. However, the solution may not be subsidy, but development of an alternative housing type. This includes smaller homes, townhomes, condos, and potentially duplexes, where the owner lives in one unit and rents the other to help pay for the mortgage. This additional housing type will encourage a more diverse mix of homeowners in the city and provide non-traditional family units with the opportunity to access homeownership.

Occupation	Income (25th Percentile)	Maximum Rent	Maximum Home Price	Is the Average-Priced 1-Bedroom Affordable	Is Buying an Average Priced Home Affordable?
Cashiers	\$19,560	\$489	\$57,037	✗	✗
Social Workers	\$43,510	\$1,088	\$175,207	✗	✗
Childcare Workers	\$18,540	\$464	\$52,005	✗	✗
Firefighters	\$47,260	\$1,182	\$193,710	✓	✗
Construction and Building Inspectors	\$45,820	\$1,146	\$186,605	✓	✗
Data Entry Keyers	\$27,620	\$691	\$96,806	✗	✗
Librarian	\$28,370	\$709	\$100,506	✗	✗
Electricians	\$39,050	\$976	\$153,202	✗	✗
Legal Secretaries and Administrative Assistants	\$41,290	\$1,032	\$164,254	✗	✗
Nursing Assistants	\$24,560	\$614	\$81,708	✗	✗
Postal Service Mail Carriers	\$37,020	\$926	\$143,186	✗	✗
Retail Salespersons	\$20,630	\$516	\$62,317	✗	✗
Clergy	\$42,730	\$1,068	\$171,359	✗	✗
Computer Network Support Specialists	\$56,320	\$1,408	\$238,412	✓	✗
Middle School Teachers, Except Special and Career/Technical Education	\$53,400	\$1,335	\$224,005	✓	✗
Microbiologists	\$47,050	\$1,176	\$192,674	✓	✗
Urban and Regional Planners	\$58,410	\$1,460	\$248,724	✓	✗
Web Developers and Digital Interface Designers	\$54,060	\$1,352	\$227,261	✓	✗
Speech-Language Pathologists	\$54,220	\$1,356	\$228,051	✓	✗

Table 10: Occupations and Housing Affordability in Denton

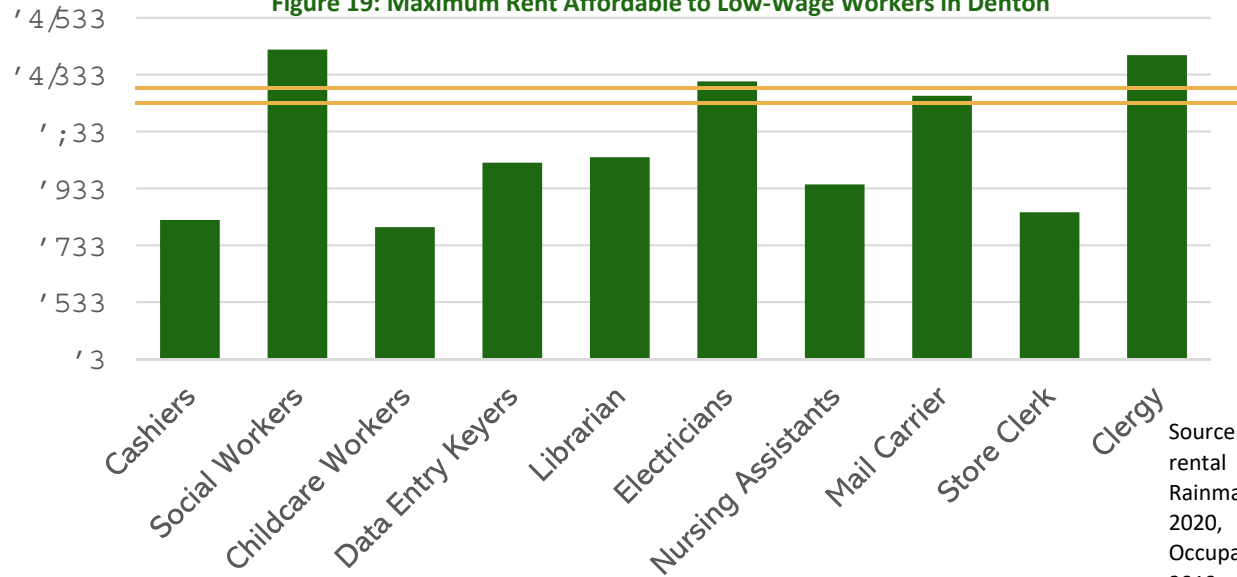
DEFINING “AFFORDABLE” HOUSING FOR DENTON

Additionally, there are families in Denton that work in necessary positions for the city, in health care, or in local schools or libraries, that do not earn enough to afford housing but are necessary and appreciated residents of the city. A diverse mix of housing may address affordable housing needs, but for those workers who need a single-family home for their families but cannot afford one, homeownership subsidies may provide the solution.

This may include:

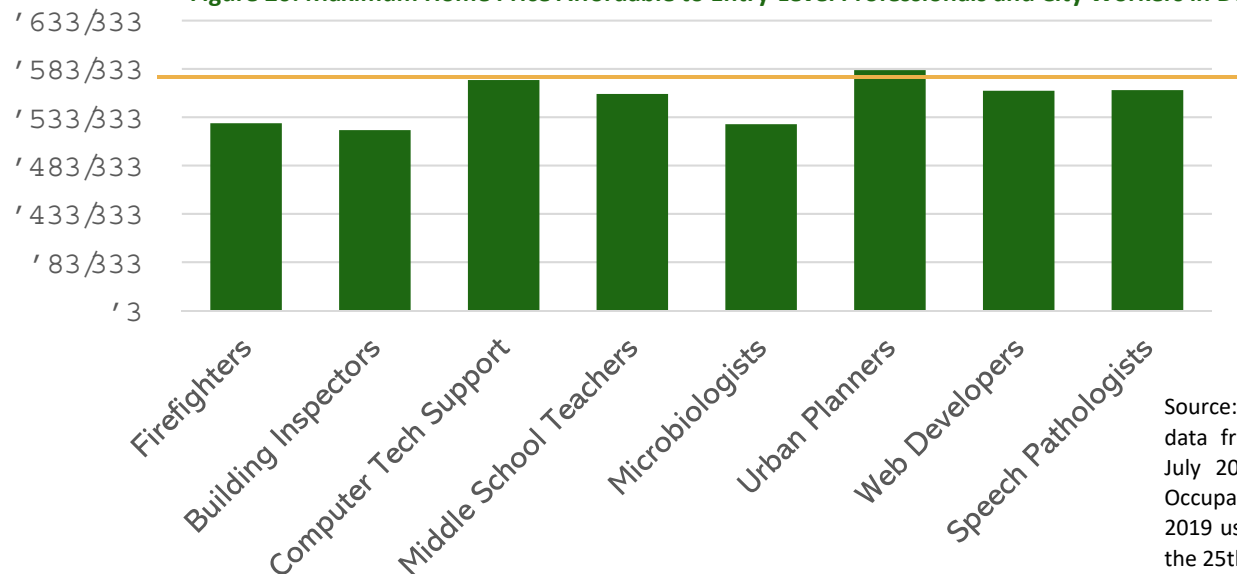
- down-payment assistance
- low or no-interest loans
- employer home purchase programs

Figure 19: Maximum Rent Affordable to Low-Wage Workers in Denton



Source: Atria Planning using rental price data from Rainmaker Insights, September 2020, and U.S. Bureau of Occupation and Wage Statistics, 2019 using Dallas MSA wages at the 25th Percentile.

Figure 20: Maximum Home Price Affordable to Entry-Level Professionals and City Workers in Denton



Source: Atria Planning using data from Zillow Inc. effective July 2020 and U.S. Bureau of Occupation and Wage Statistics, 2019 using Dallas MSA wages at the 25th Percentile.

HOUSING CHALLENGES – HUD DATA

HUD provides extensive data to support local governments understand their housing needs through their Comprehensive Housing Affordability Strategy (CHAS) dataset. This data is published annually using the existing American Community Survey (ACS) data and quantifies the housing challenges families and individuals face based on race/ethnicity, income, tenure, and household size. It is based on self-reported survey responses.

The assessment uses the HUD CHAS data released in 2019 (reflecting data from the 5-Year American Community Survey, 2012-2016) to identify key housing challenges among its households, and adopts HUD's definition of "housing challenges" as a household that experiences at least one of the following three conditions:

1. The household is "cost burdened," by housing costs, defined as paying more than 30% of their income on housing expenses. A household is "extremely cost burdened" if they pay more than 50% of their income on housing.
2. The household lives in overcrowded conditions, defined as having more than one person per room.
3. The household lives in inadequate conditions, defined as lacking basic kitchen or plumbing facilities.

It should be noted that the figures illustrated here **do not** estimate the number of new housing units needed to meet growing demand; these families and individuals already live in the community and have a housing unit. It does, however, illustrate the needs for more affordable housing solutions, the needs for more diverse housing options, and increased support for the City's existing home repair and emergency maintenance programs.

Additionally, the data is similar to the CHAS data found in the City's [2020 – 2022 Consolidated Plan for Housing and Community Development](#) but uses the more recent HUD CHAS data released in 2019.

COST BURDEN

HUD defines housing cost burden as paying more than 30% of pre-tax household income on housing costs. For renter households, this includes asking rent plus any costs associated with necessary utilities for heat, water and electricity. For homeowners, this includes the mortgage payment (if any), property taxes and home insurance (but not utilities).

HUD also provides another category for "extreme cost burden," defined as households who pay more than 50% of their pre-tax income on housing. These figures illustrate dire affordable housing needs and indicate the number of households at risk of homelessness among households earning less than 30% of AMI.

GEOGRAPHY

This study analyzes the CHAS data at the Census Tract level. Census Tracts are geographic areas created by the U.S. Census to describe a population of approximately 2,000 to 5,000 residents. In most cities, Census Tracts align with municipal jurisdictions, so that each city will be comprised of multiple census tracts within its boundaries. However, there are several cities like Denton that have expanded their boundaries in such a way as to overlap Census Tracts, with some tracts partially within city limits and partially in unincorporated Denton County. To address this issue, the analysis includes Census Tracts that are completely within city limits (14 Census Tracts) and Census Tracts where at least 50% of its area is within city limits (13 Census Tracts), totaling 27 Census Tracts.

KEY FINDINGS: HOUSING CHALLENGES FOR ALL HOUSEHOLDS

1. **Low income minority households** do not appear to experience disproportionate housing challenges compared to low income white, non-Hispanic households.
2. Nearly 1% of homes in Denton lack basic kitchen facilities and 0.5% lack basic plumbing, which is slightly higher than national or regional figures.
3. **Approximately 5% of Denton's households** live in overcrowded conditions, and 1.3% live in severely overcrowded conditions, which is comparable to state figures but higher than national average.

KEY FINDINGS: HOUSING CHALLENGES FOR RENTERS

1. **Denton renters who earn less than 50% of AMI experience disproportionately high cost burden**, indicating a shortage of housing affordable to this income group.
 - o 84% are cost burdened, compared to 77 % for the Dallas region.
 - o 60% are severely cost burdened, compared to 48% for the Dallas region.
2. **Denton renters who earn between 50% and 80% of AMI experience less cost burden** than regional figures.
 - o 38% are cost burdened, compared to 43% for the Dallas region.
 - o 3% are severely cost burdened, compared to 5% for the Dallas region.
3. **Non-family low income renters** (typically renters living alone or with roommates) experience the greatest cost burden by numbers (2,338 households) followed by small families (1,596 families).
4. **Non-family low income renters and senior low income renters** experience the greatest cost burden by percentage, with 77% of low income senior renters paying more than a third of their income on housing (compared to 66% for the Dallas region) and 73% of low income, non-family renters paying more than a third of their income on housing (compared to 67% for the Dallas region).

KEY FINDINGS: HOUSING CHALLENGES FOR HOMEOWNERS

1. *Denton homeowners who earn less than 50 % of AMI also experience disproportionately high cost burden*, indicating a potential need for increased assistance for very low income homeowners for home repairs, maintenance, and utilities.
 - o 70% are cost burdened, compared to 64% for the Dallas region.
 - o 37% are extremely cost burdened, compared to 39% for the Dallas region.
2. *Approximately 40% of Denton homeowners* who earn between 50% and 80% of AMI experience cost burden; 10% experience severe cost burden. This is comparable to the Dallas region.
3. *Low income senior homeowners* in Denton experience disproportionate cost burden, with 52% paying more than a third of their income on housing, compared to 46% for the Dallas region.
4. Roughly one in five moderate income homeowners (earning between 80% and 100% of AMI) pay more than a third of their income on housing, but less than 1% pay more than half, indicating *homeownership is relatively affordable for middle income earners*.

HOUSING CHALLENGES – HUD DATA

RENTERS WITH COST BURDEN

Source: HUD CHAS 2018

Table 11: Renters with Cost Burden (30%) by Household Type

Household Type (#)	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	35	54	120
Small Family	1,279	1,248	572
Large Family	294	167	154
Elderly Non-Family	612	324	304
Non-Elderly Non-Family	4,058	2,119	899
All	6,278	3,912	2,049

Table 12: Renters with Cost Burden by Household Type (%) - Denton

Household Type (%) - Denton	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	100.00%	93.10%	60.00%
Small Family	84.10%	84.00%	33.90%
Large Family	80.80%	68.70%	23.00%
Elderly Non-Family	85.10%	81.20%	61.50%
Non-Elderly Non-Family	83.70%	87.90%	37.90%
All	83.90%	85.10%	37.80%

Table 13: Renters with Cost Burden by Household Type (%) - Dallas MSA

Household Type (%) - Dallas MSA	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	69.90%	66.80%	42.60%
Small Family	80.90%	77.70%	39.80%
Large Family	83.40%	69.20%	28.20%
Elderly Non-Family	67.40%	72.00%	56.50%
Non-Elderly Non-Family	74.60%	84.50%	47.20%
All	76.70%	77.50%	42.50%

RENTERS WITH SEVERE COST BURDEN

Source: HUD CHAS 2018

Table 14: Renters with Severe Cost Burden (50%) by Household Type

Household Type (#)	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	35	10	10
Small Family	1,150	333	20
Large Family	254	18	10
Elderly Non-Family	534	154	55
Non-Elderly Non-Family	3,924	749	65
All	5,897	1,264	160

Table 15: Renters with Severe Cost Burden by Household Type (%) - Denton

Household Type (%) - Denton	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	100.00%	17.20%	5.00%
Small Family	75.70%	22.40%	1.20%
Large Family	69.80%	7.40%	1.50%
Elderly Non-Family	74.30%	38.60%	11.10%
Non-Elderly Non-Family	80.90%	31.10%	2.70%
All	78.80%	27.50%	2.90%

Table 16: Renters with Severe Cost Burden by Household Type (%) - Dallas MSA

Household Type (%) - Dallas MSA	<30% AMI	30% - 50% AMI	50% - 80% AMI
Elderly Family	55.80%	24.30%	7.10%
Small Family	68.00%	25.10%	3.30%
Large Family	63.20%	16.90%	1.60%
Elderly Non-Family	50.50%	35.40%	17.70%
Non-Elderly Non-Family	66.90%	34.60%	5.30%
All	64.20%	28.10%	5.10%

HOUSING CHALLENGES – HUD DATA

OWNERS WITH COST BURDEN

Source: HUD CHAS 2018

Table 17: Owners with Cost Burden by Household Type

Household Type (#)	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	135	100	349	90
Small Family	373	355	669	239
Large Family	55	124	149	30
Elderly Non-Family	315	270	209	70
Non-Elderly Non-Family	97	174	115	89
All	975	1,023	1491	518

Table 18: Owners with Cost Burden by Household Type (%) – Denton

Household Type (%) - Denton	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	93.10%	70.40%	40.90%	18.00%
Small Family	88.20%	57.80%	49.90%	23.80%
Large Family	100.00%	53.00%	42.70%	7.60%
Elderly Non-Family	83.10%	62.10%	29.70%	27.50%
Non-Elderly Non-Family	45.50%	71.30%	35.00%	32.50%
All	81.98%	62.92%	39.64%	21.88%

Table 19: Owners with Cost Burden by Household Type (%) – Dallas MSA

Household Type (%) - Dallas MSA	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	71.00%	46.00%	29.80%	17.40%
Small Family	76.30%	64.40%	44.40%	23.60%
Large Family	78.30%	59.10%	29.20%	11.30%
Elderly Non-Family	70.00%	50.50%	33.10%	21.90%
Non-Elderly Non-Family	69.20%	67.00%	53.90%	34.10%
All	72.96%	57.40%	38.08%	21.66%

OWNERS WITH SEVERE COST BURDEN

Source: HUD CHAS 2018

Table 20: Owners with Severe Cost Burden by Household Type

Household Type (#)	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	110	45	115	20
Small Family	289	130	125	0
Large Family	15	50	0	0
Elderly Non-Family	155	135	90	0
Non-Elderly Non-Family	73	75	45	0
All	642	435	375	20

Table 21: Owners with Severe Cost Burden by Household Type (%) - Denton

Household Type (%) - Denton	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	75.90%	31.70%	13.50%	4.00%
Small Family	68.30%	21.20%	9.30%	0.00%
Large Family	27.30%	21.40%	0.00%	0.00%
Elderly Non-Family	40.90%	31.00%	12.80%	0.00%
Non-Elderly Non-Family	34.30%	30.70%	13.70%	0.00%
All	49.34%	27.20%	9.86%	0.80%

Table 22: Owners with Severe Cost Burden by Household Type (%) – Dallas MSA

Household Type (%) - Dallas MSA	<30% AMI	30% - 50% AMI	50% - 80% AMI	80% - 100% AMI
Elderly Family	51.80%	20.40%	9.10%	3.80%
Small Family	61.50%	29.90%	10.60%	2.90%
Large Family	56.70%	19.20%	4.20%	1.00%
Elderly Non-Family	48.40%	24.60%	10.40%	4.20%
Non-Elderly Non-Family	59.10%	42.20%	16.70%	4.60%
All	55.50%	27.26%	10.20%	3.30%

HOUSING CHALLENGES – HUD DATA

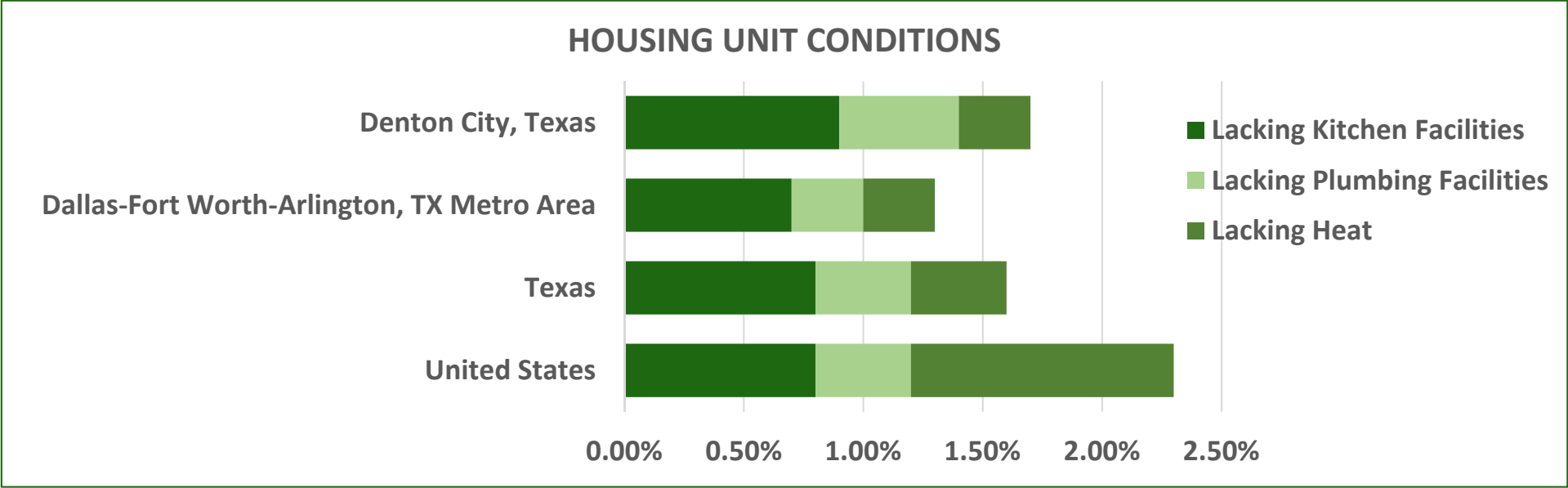
HOUSING CONDITION

The analysis includes information on households living in unlivable housing conditions. The scope of this category is limited to housing units that lack basic kitchen facilities (stove, sink and refrigerator), basic plumbing facilities (including a toilet and shower), or heat. It does not account for other forms of severe dilapidation. For example, it does not account for homes with, leaky roofs, mold, or structural deterioration that poses health risks. Hence the figures represent only a portion of homes in unlivable conditions. Based on this data, Denton has a slightly higher percentage of homes that are unlivable, comprising roughly 1% of all housing units.

OVERCROWDING

Another housing challenge that is often overlooked is the issue of overcrowding. HUD defines overcrowding as a household with more members than rooms (excluding bathrooms). There are varying circumstances that may lead to overcrowding. For example, a large family with a limited income may not be able to afford a single-family home (to rent or buy), and instead must live in a smaller apartment with family members sleeping in the living room. Another example may be two families living under one roof due to housing costs. Non-family households may also fall in this category, particularly in areas with employment opportunities but limited rental supply. Workers in the construction or agriculture industries may rent a bed within an already full house. Additionally, cities like Denton with large university populations may have overcrowded units, with two student adults sharing bedrooms.

Figure 21: Housing Units in Unlivable Condition



HOUSING CHALLENGES – HUD DATA

The analysis of CHAS data includes a review of households who experience housing challenges by race and ethnicity. Based on this review, there are no disproportionate housing challenges experienced by low income minority households in comparison to white, non-Hispanic households.

RENTERS WITH HOUSING CHALLENGES Source: HUD CHAS 2018

Table 23: Renters who Experience Housing Challenges by Race/Ethnicity in Denton

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	3,529	2,310	1,550
Black/African American	989	515	415
Asian	424	165	34
Other	274	138	105
Hispanic, All Races	1,195	884	430

Table 24: % of Renters who Experience Housing Challenges by Race/Ethnicity in Denton

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	88.90%	90.40%	48.90%
Black/African American	86.80%	82.70%	60.90%
Asian	60.70%	94.30%	33.00%
Other	86.40%	78.40%	55.30%
Hispanic, All Races	90.50%	82.80%	34.40%

Table 25: Percentage Renters who Experience Housing Challenges by Race/Ethnicity in the Dallas Region

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	79.70%	86.80%	53.90%
Black/African American	81.90%	84.00%	46.80%
Asian	69.20%	84.20%	53.30%
Other	82.10%	89.50%	51.00%
Hispanic, All Races	89.30%	83.10%	41.00%

OWNERS WITH HOUSING CHALLENGES Source: HUD CHAS 2018

Table 26: Owners who Experience Housing Challenges by Race/Ethnicity in Denton

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	535	780	894
Black/African American	39	55	70
Asian	60	8	50
Other	19	0	35
Hispanic, All Races	350	244	453

Table 27: % of Owners who Experience Housing Challenges by Race/Ethnicity in Denton

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	81.30%	68.50%	36.40%
Black/African American	73.60%	50.00%	56.00%
Asian	100.00%	100.00%	62.50%
Other	100.00%	0.00%	59.30%
Hispanic, All Races	84.50%	58.90%	52.50%

Table 28: Percentage Owners who Experience Housing Challenges by Race/Ethnicity in the Dallas Region

Race/Ethnicity	<30% AMI	30% - 50% AMI	50% - 80% AMI
White	73.60%	58.60%	41.10%
Black/African American	70.70%	59.50%	48.50%
Asian	79.60%	69.20%	54.00%
Other	89.60%	57.60%	49.60%
Hispanic, All Races	78.00%	65.70%	44.40%

HOUSING CHALLENGES – HUD DATA

ANALYSIS BY CENSUS TRACT

Renters in nearly every Census Tract within Denton experience cost burden due to the cost of housing, including within Southeast Denton, which is historically a Black and Hispanic neighborhood with moderately priced homes. Conversely, homeowners in this area have the least cost burden, presumably due to long-time homeowners who purchased or acquired the home when the area was less expensive. However, Southeast Denton is becoming more expensive based on recent sales transactions, highlighting that this area may become unaffordable to current residents. This poses a risk of displacing current renters and limits younger generations from entering the homeownership market in this area without additional assistance.

DISPLACEMENT RISK

Reinvestment Fund's Displacement Risk Ratio (DRR) identifies areas of concern for involuntary, price-based displacement. It compares median family income at a fixed start year (adjusted for inflation) to changes in home sale prices over time, while simultaneously accounting for citywide home price trends. It uses two-year moving averages of median home sale prices to increase stability and reduce "noise" at the block group level geography. A block group is a geography established by the Census Bureau made up of several blocks that generally contains between 600 and 3,000 people; each census tract contains several block groups. Large increases in the DRR are indicative of displacement pressure due to rising prices. Steep declines in the DRR can indicate disinvestment, which carries with it a different type of displacement risk if properties come offline due to uninhabitability or abandonment. While the DRR is based on home sale prices, our research shows that rent increases and decreases generally track sales price trends.⁷

The average DRR for block groups in Denton rose steadily between 2014-15 and 2018-19. Typically, a Displacement Risk Ratio of 3.0 or higher is associated with acute displacement risk.

⁷ Goldstein, Ira with Emily Dowdall and Colin Weidig "Understanding Neighborhood Change: An approach to assessing displacement risk among NYC residents," The Culture and Social Wellbeing in New York City Series, Social Impact of the Arts Project, University of Pennsylvania, 2017. <http://bit.ly/2HnRTY6>.

DENTON AVERAGE DISPLACEMENT RISK RATIO

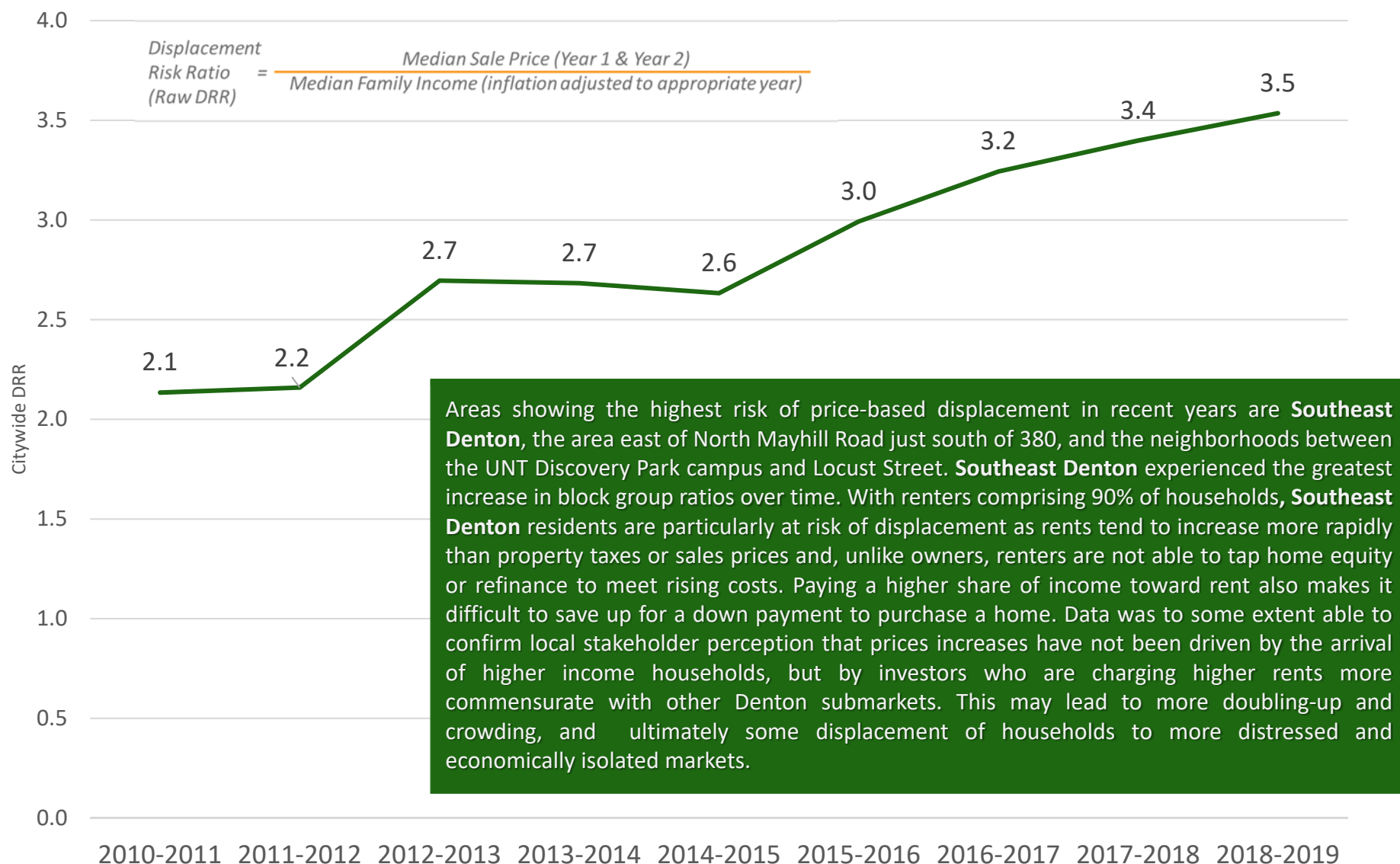
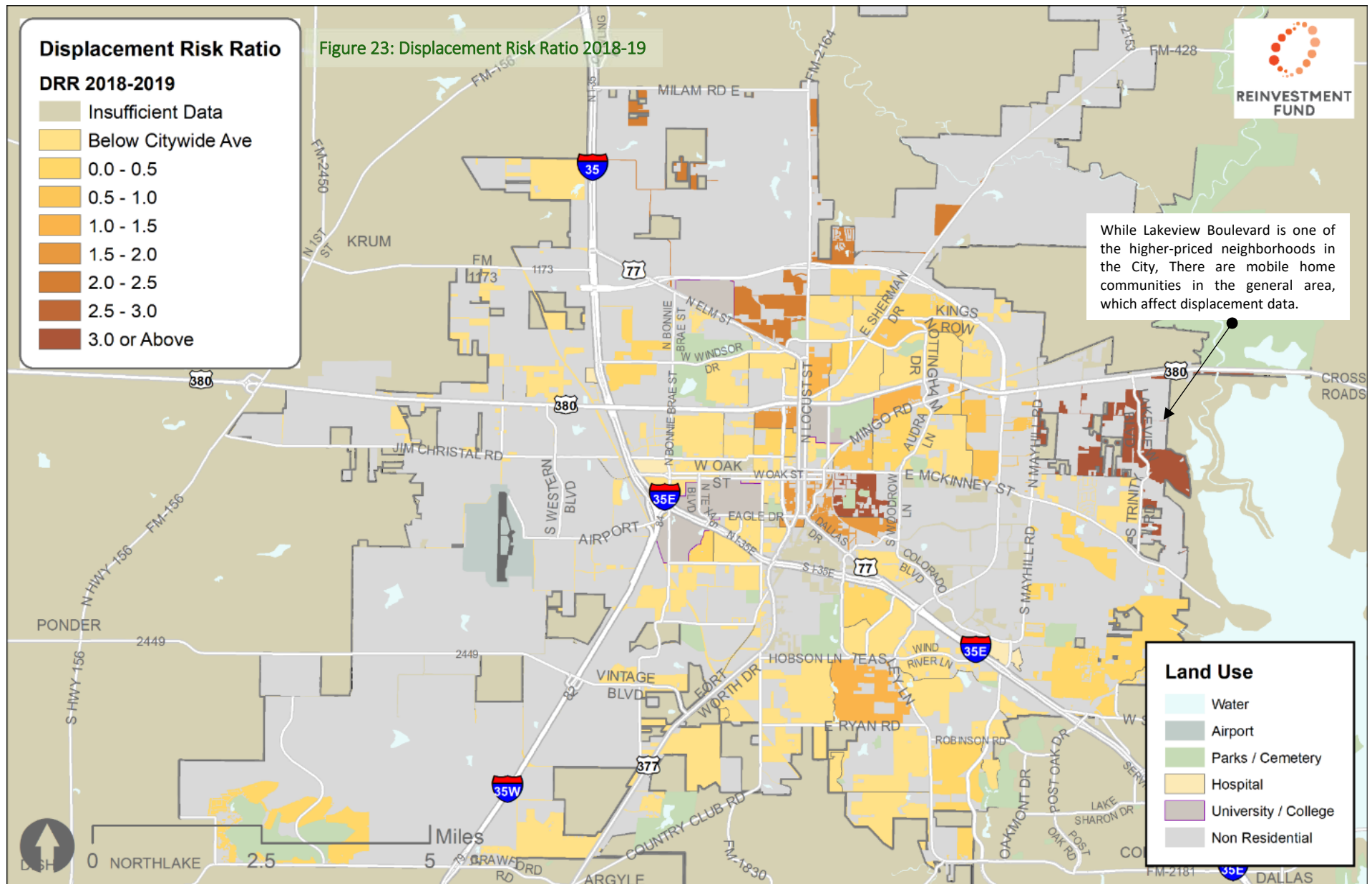


Figure 22: Displacement Risk Ratio (Reinvestment Fund Analysis)

DENTON AVERAGE DISPLACEMENT RISK RATIO



FAIR HOUSING

The Fair Housing Act of 1968 (and as amended) made it illegal for housing providers (mortgage lenders, landlords, and governments) to discriminate against a person or family based on their race, color, religion, sex, disability, familial status or national origin. Over time, the laws governing the Fair Housing Act have been further defined around a) the intent of the action and b) the impact of the action, regardless of intent (aka “disparate impact”). For example, it is illegal for a landlord to refuse renting to a family with children or not allowing a service dog for a person with disabilities; for a city to enact zoning that restricts affordable rental housing; or for developers to build a condo building that is not accessible to persons with disabilities.

As the program evolved, housing policy experts noticed how market activity and government regulations could substantially and unknowingly harm protected classes. HUD has since promoted its grantees to enact policies that can mitigate these impacts to “further” fair housing. Local and state governments are encouraged to enact programs that counterbalance these trends.

Nationally, the homeownership rate for Black families today is less than when the Fair Housing Act was signed into legislation in 1968. Many cities and banks prioritize first-time homebuyer programs to increase homeownership within low income minority communities.

SUMMARY OF CURRENT ANALYSIS OF IMPEDIMENTS

In Denton’s Analysis of Impediments to Fair Housing (AI) completed in May 2020, the city described eight key challenges affecting the North Texas region:

1. Communities are increasingly segregated along racial and economic lines, particularly in rural vs. urban areas.
2. There are neighborhoods with a high concentration of Black and Latino families in poverty.
3. Public and subsidized housing is concentrated within specific neighborhoods, exacerbating the concentration of poverty.
4. Housing prices are increasing rapidly, making the area unaffordable to many low-income households, including persons with disabilities and single parents.
5. Low income residents have less access to employment opportunities due to the lack of public transit.
6. Many landlords discriminate against renters who have rent subsidies like housing choice vouchers.
7. Neighborhoods that have a concentration of poverty are often overlooked for investment, furthering neighborhood decline.
8. There is a lack of integrated, supported, affordable housing for persons with disabilities.

FAIR HOUSING

To address these challenges, the City of Denton has adopted **SIX GOALS** as part of their Fair Housing Plan:

1. Increase access to affordable housing in high-opportunity areas
2. Increase supply of affordable housing units
3. Increase supply of accessible, affordable housing for persons with disabilities
4. Make investments in targeted neighborhoods to improve access to opportunity
5. Increase access to information and resources on fair and affordable housing
6. Increase supports and services for residents with housing assistance

OTHER FAIR HOUSING ISSUES

EDUCATION – Participants in stakeholder interviews noted low income renters and the city’s landlords need more education around fair housing laws at the federal, state and local level, and what the processes are for filing complaints against fair housing violations.

CONCENTRATIONS OF LOW INCOME HOUSEHOLDS AND PEOPLE OF COLOR – Participants in stakeholder interviews noted neighborhood segregation by race and income, citing the area with the greatest sign of distress, including high poverty, blight and crime, is on “the other side of the tracks,” referring to the historically Black and Latino neighborhood in southeastern Denton.

INCREASED RISK OF DISPLACEMENT – This same neighborhood in southeastern Denton is categorized as one of the areas experiencing the greatest increase in home prices. This area has historically been the community where lower-income Black and Latino families could purchase an affordable home. Recent trends indicate that price changes may lead to displacement of current residents.



EQUAL HOUSING OPPORTUNITY

PEOPLE EXPERIENCING HOMELESSNESS

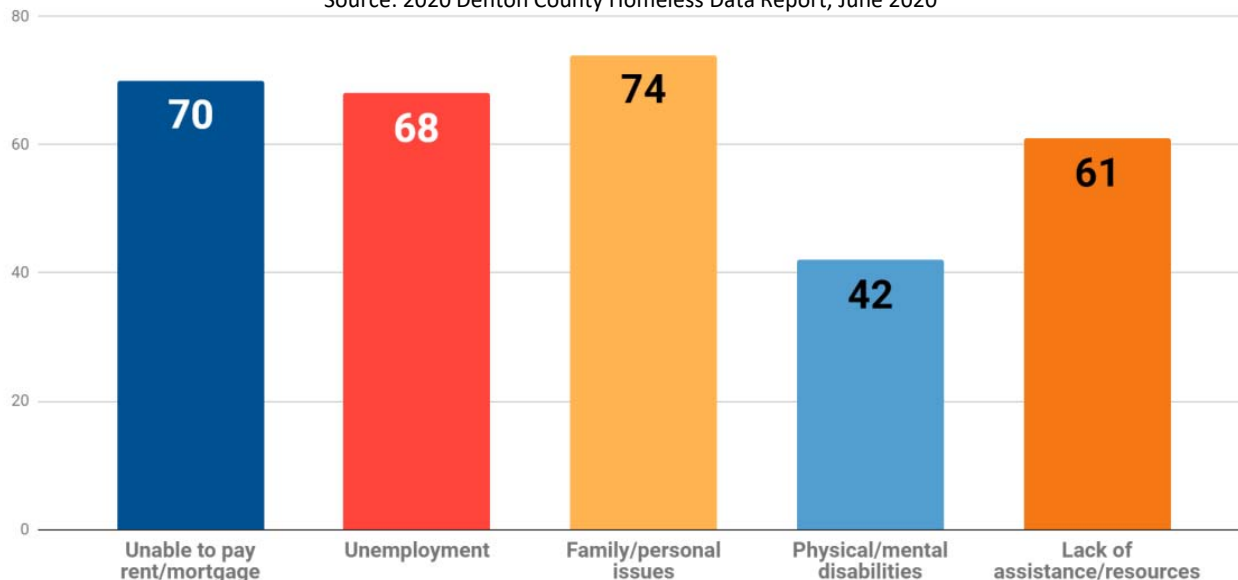
The greatest need is for housing available to the homeless population and affordable housing for those at risk of homelessness.

Using HUD's definition, a person is homeless if they live in a place not intended for human habitation, are living in an emergency shelter or transitional housing, or are leaving an institution where they temporarily resided. HUD provides funds for homeless supportive housing services through its Continuum of Care (CoC) networks. The City of Denton, is the Balance of State regional CoC, and partners with the United Way, the Denton Homeless Leadership Team and other advocates in organization and operating a Housing Crisis Response System including using data to gauge the progress toward preventing and ending homelessness.

PIT COUNT - The PIT Count, used by CoCs across the country, is a standard survey where volunteers work with homeless organizations to count the number of homeless at any given time, and survey willing participants to gain a better understanding of the circumstances which lead to homelessness and who is most at risk. Denton augments the PIT with a more sophisticated [data dashboard](#) that documents the community's housing needs on a monthly basis. According to the 2020 PIT survey, we find the following demographic characteristics:

Top 5 Reasons for Homelessness

Source: 2020 Denton County Homeless Data Report, June 2020



*** Participants were able to select more than one response ***

- 69% are male and 31% are female
- 4.3% are between 18 and 24 years old
- 18.4% are Black (compared to 9.3% of the population)
- 85.7% of people surveyed that reported living with a serious mental illness were also living unsheltered at the time of the PIT Count.

PEOPLE EXPERIENCING HOMELESSNESS

The 2020 PIT Count survey also included a series of questions regarding each participant's living situation and history to better understand the triggers of homelessness. Survey respondents cited unemployment and inability to afford rent as the number one and two reasons for their lack of permanent housing, at 53%. Indeed, the lack of employment opportunities and/or the ability to work for certain segments of the population means long-term housing instability or homelessness.



According to stakeholder interviews among homeless advocates in the Denton community, the greatest needs for addressing homelessness are:

1. More permanent supportive housing options, including more cost-effective and innovative solutions like “village communities” that provide housing, child services, and wraparound supportive services.
2. Emergency and Transitional housing with supportive services for high risk individuals and families, including victims of domestic violence and human trafficking.
3. For individuals who access permanent supportive housing, there is a need for wraparound services to provide tools needed to succeed such as mental health and substance abuse treatment, transportation, life coaching, workforce training, and counseling.
4. Eviction Prevention programs that keep people in their home and prevent homelessness from ever occurring.

PEOPLE AT RISK OF HOMELESSNESS



AT RISK OF HOMELESSNESS - Those who are unable to work due to age and/or disability are provided with support through the Social Security Administration. The Supplemental Security Benefit (SSI) amount for an individual in 2020 is \$783 per month to cover basic housing and living expenses (with benefits also provided for food and health care). Since the market rate price for a one-bedroom is \$1,093 and rent for a subsidized unit funded through the HTC Program is \$970, a person receiving SSI is at high risk of homelessness. Although we do not have data on how many of Denton's homeless receive SSI benefits, survey results indicate that 20.6% of respondents had a history of hospitalization for mental health and another 10% cited long-term hospitalization for physical health needs.

A targeted approach to assisting those at risk of homelessness, including eviction prevention programs , legal assistance, and supportive housing for individuals moving out of institutions without permanent housing options. This includes youth leaving foster care system, the formerly incarcerated, and persons transitioning out of long-term hospitalization, addiction treatment or mental health institutions.

COVID-19 AND AT-RISK POPULATION – For Denton renters and homeowners reported in earlier section who are cost burdened, severely cost burdened or living in overcrowded conditions, the pandemic and resulting economic impacts put these households at even greater risk of housing instability. As a result of the economic downturn even previously stable households are now facing housing insecurity. The number of households at risk of eviction continues to growing increasing a households at risk of homelessness. Short-term eviction prevention assistance programs in Denton help many households maintain stable housing. Long-term affordable housing interventions that reduce cost-burdens and ownercrowding will help low-income households maintain stability and be better able to withstand a future financial crisis.

HOUSING DEMAND ESTIMATES

For this housing needs assessment, Atria Planning developed a five-year housing demand model (2021 to 2026) to estimate the projected need for new housing units. This short-term model provides details based on current demographics, and categorizes future unit needs by tenure (rental units and ownership); bedroom size; and income targets. Additionally, the study includes a summary demand estimate through 2040 using long-term population projections by county. The long-term estimates are less detailed, estimating the demand for homeownership and rental units between 2026 and 2040, but excluding unit sizes and income categories. Because these metrics are strongly influenced by economic changes and migration patterns, long-term forecasts are less reliable when describing type and pricing of units.

The housing demand model combines a variety of data to develop its estimates. This includes household growth trends; income level; household types; tenure; and household sizes. From this data, the model develops an estimate for the number of new units (owner or renter) that Denton will need to accommodate growth over the next five years.

Based on these estimates, there is a demand for an additional 4,100 to 4,479 rental housing units, and 3,659 and 5,015 homes for ownership between 2021 and 2026. This includes an estimated 608 new units per year selling for <\$200,000 or renting for less than \$900/month.

The estimated demand for new housing units differs from housing challenges illustrated earlier in the report, which addressed existing households who cannot afford decent housing, are living in overcrowded conditions, or lack basic kitchen or plumbing facilities. These figures estimate the number of new units that are needed to accommodate new households – households anticipated to move into the city, and households that form from the existing population (i.e. one household that transitions into two households). The figures also include an estimate of housing units needed to address the homeless population and a portion of existing low-income renters that may become homeowners.

The housing demand model illustrates the forecasted growth of the city and is intended to assist city leadership and its partners on how to accommodate growth in a sustainable manner. We can assume that housing needs will largely be met by real estate development within the private market, except in cases where development costs, land use, and the “status quo” of existing building models cannot address the lower price tiers. As described earlier, the private market is currently not building homes priced below \$200,000 per unit, or rental units priced below \$900 per month, without additional subsidy or partnership. Therefore, these lower tiers should be the focus of the city and its public and private partners to ensure there is adequate housing for sustainable, balanced growth that can accommodate a growing community and economy.

HOUSING DEMAND ESTIMATES

METHODOLOGY

There are a variety of moving parts within any given housing market that will affect the demand for housing, some predictable and some not. We can categorize these moving parts into two buckets. First, there are the known factors, essentially information that can be reasonably gathered and assessed based on current conditions. This includes housing unit counts, housing prices, vacancy rates, property condition, market rents and other general housing supply statistics. Most of this information is readily available through the U.S. Census, HUD, and real estate experts.

Additionally, there are the unknown factors, generally referring to the things that will happen in the future that can be projected or forecasted using known information. This includes household growth over time, future construction, the income distribution and family size of future households, etc. While we cannot state definitively what this will look like, in “normal” times we can make reasonable assumptions based on past trends and expected future investment. The COVID-19 pandemic continues to create substantial uncertainty over all aspects of American life. Social distancing practices have led to massive layoffs, and while the economy is currently braced by temporary federal subsidies to avoid economic fallout; the long-term consequences of the pandemic are yet unknown.

In order to create an estimate of demand, we rely on pre-March 2020 population forecasts and building estimates, with the caveat that these figures may drastically change depending on long-term changes that result from COVID-19.

The following are key indicators and assumptions used to develop the model:

- **TOTAL UNITS AND VACANCY RATES** (for both owned homes and rental homes) – to determine if there is currently too much or too little housing. We incorporate the natural vacancy rate into the analysis, or what we like to call the appropriate “wobble room” for a market to be stable. This means having enough housing stock available so that when people want to move, they have a reasonable supply to pick from, but not so much that units stay vacant for long periods of time and cause owners to drop prices. When there isn’t enough wobble room, prices usually inflate given the heightened competition. Alternatively, if the vacancy rate exceeds what is typical for the market, prices tend to drop. For purposes of this study, we assume the national vacancy rates, which is 6.8% for rentals and 2% for homeownership. Demand is adjusted up or down to reach this balance.
- **HOUSEHOLD GROWTH RATES** (broken down by renter and owner) – this is used to estimate how many units will be needed over a five-year period. This study assumes all new households will require a housing unit.
- **AFFORDABILITY RANGES AND TENURE** – future households are classified by tenure (renter and owner) and income bracket to determine the price point and type of unit in demand.
- **UNIT SIZE** – to estimate the unit sizes needed for future housing demand, the model uses household type within the HUD CHAS data as a guide, and assumes non-family households are typically individuals; small families are couples with zero to 2 children; and large families are parents with more than two children.

HOUSING DEMAND ESTIMATES

INCOME, SIZE AND TENURE (2021– 2026)

The model divides housing demand into three income categories: Very Low Income, Workforce Housing, and Market Rate. This includes a demand model for a) Very Low Income (<50% AMI); b) Workforce (50% - 80% AMI) and c) Market Rate (>80% AMI). The purpose of these categories is to assist housing developers and the City determine which programs are most effective within these income tiers. For example, the Low Income Housing Tax Credit Program generally targets households earning between 50% and 60% AMI, whereas the Housing Choice Voucher Program caters more to households earning less than 50% AMI. By providing demand by income brackets, housing providers will have a clear idea of price points for new homes, and what public funds, if any, would be needed to offset construction costs.

The income categories translate into the following affordability ranges:

Table 29: Affordability Range by income category

Affordable Range	Rent 1 BR	Rent 3 BR	Homeownership
Very Low Income	\$400 - \$750	\$600 - \$1,000	\$60,000 - \$150,000
Workforce	\$750 - \$1,200	\$1,000 - \$1,600	\$150,000 - \$240,000
Market Rate	Above \$1,200	Above \$1,600	Above \$240,000

The demand for new units within the Very Low Income category assumes the use of subsidy programs for deep affordability, particularly housing vouchers and permanent supportive housing units for rental units, and non-profit developers like Habitat for Humanity for homeownership. The demand model also includes 121 units (mostly studios) to accommodate the estimated homeless population in Denton.

The demand model for homeownership also includes a portion (5%) of low income families (small families and large families) who currently rent transitioning into homeownership.

The model is categorized by moderate and high growth scenarios using varying capture rates that illustrate historic patterns or predicted patterns indicated by ESRI BAO forecasts. The moderate growth scenario for rental housing uses ESRI BAO figures for the share of new units in the county that will be within city limits (22%). The high growth scenario for rental housing assumes that future growth will resemble the distribution of county-wide rental housing located within the city (25%). The capture rate used for moderate homeownership growth uses the share of single family building permits issued in the county in 2019 that were located within city limits (12%). For high homeownership growth, the model adopts ESRI BAO estimates for the share of county-wide homeownership growth located in the city over the next five years.

HOUSING DEMAND ESTIMATES

Table 30: Estimated Rental Housing Demand in Denton, 2021-2026
(Moderate Growth Scenario)

Unit Size	Very Low Income	Workforce Housing	Market Rate Rental Housing	Total
Studio	137	83	110	330
1 BR	197	539	878	1,614
2 BR	154	430	855	1,439
3 BR	59	187	327	573
4 BR	15	65	64	144
Total	562	1,304	2,234	4,100

Table 32: Estimated Demand for Homeowner Units in Denton, 2021 – 2026
(Moderate Growth Scenario)

Unit Size	Very Low Income	Workforce Housing	Market Rate Rental Housing	Total
1 BR	20	16	60	96
2 BR	100	106	530	736
3 BR	129	163	1,431	1,723
4 BR	86	118	902	1,106
Total	335	403	2,923	3,661

Table 31: Estimated Rental Housing Demand in Denton, 2021 – 2026
(High Growth Scenario)

Unit Size	Very Low Income	Workforce Housing	Market Rate Rental Housing	Total
Studio	140	91	120	351
1 BR	215	591	962	1,768
2 BR	167	471	936	1,574
3 BR	65	205	358	628
4 BR	17	71	70	158
Total	604	1,429	2,446	4,479

Table 33: Estimated Demand for Homeowner Units in Denton, 2021 – 2026
(High Growth Scenario)

Unit Size	Very Low Income	Workforce Housing	Market Rate Rental Housing	Total
1 BR	27	22	82	131
2 BR	136	145	727	1,008
3 BR	177	223	1,961	2,361
4 BR	118	161	1,236	1,515
Total	458	551	4,006	5,015

To estimate housing demand beyond 2026, the model incorporates the forecasts produced by the Texas Demographic Center Population Estimates and Projections Program, which provides population projections by county. The analysis assumes average household size using 2020 figures, and that future development will resemble the current share of homes located in the city compared to the county.

Based on these data, Denton may support an additional 20,838 rental units and 45,523 homes for ownership between 2025 and 2040.

Estimated Units	2025 -2030	2030-2040	TOTAL
Renters	2,880	17,957	20,838
Owners	5,761	39,763	45,523
Total	8,641	57,720	66,361

Table 34: Estimated Housing Demand in the City of Denton, 2025 - 2040

HOUSING NEEDS OF OLDER ADULTS

The City of Denton, like most cities across the U.S., will see a rise in the number of older adults (65 years and older) over the next two decades, both in terms of numbers and the share of the overall population. This is attributed to the Baby Boomer generation aging into retirement years. Those born between 1946 and 1964 represent the largest generation in recorded U.S. history, currently 73 million people. By 2030, all Baby Boomers will be over 65 years old. Additionally, members of the “Silent Generation,” or those born between 1928 and 1945, have a longer expected lifespan than a generation prior.

According to a study published by AARP, older adults (persons older than 65 years old) are more likely to:

- Live on fixed incomes
- Not drive
- Live alone
- Live with a condition that impairs mobility
- Own their home

These indicators suggest a unique set of needs for older adults, including a need for home repair programs, transportation assistance, home retrofitting to accommodate mobility challenges, and access to social programs. And while seniors are more likely to own their homes, low income seniors are more likely to need rental assistance, indicating an increasing need for affordable senior rental units.

Based on state population projections, ***an additional 9,280 senior households are estimated in Denton by 2040.***

Many of these households currently live in Denton and will age into their older years. A percentage of these households will require modifications to their existing homes or will need to move into a more a more supportive environment to accommodate changing needs.

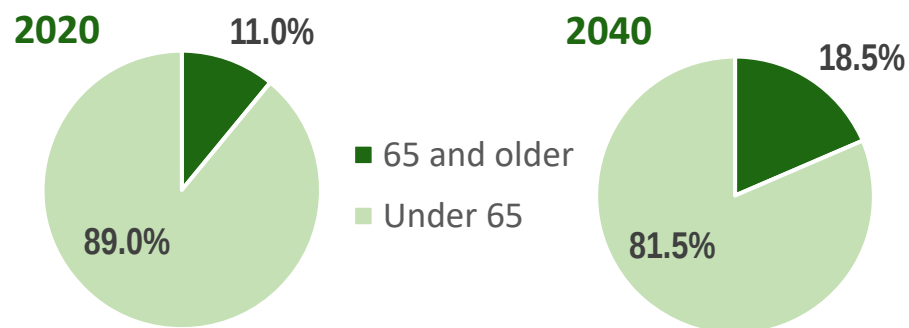


Figure 24: Estimated Share of Households who are Older than 65 Years Old in Denton

This represents a substantial demand for senior housing of all varieties, including multi-family rental apartments, assisted living, nursing homes, and aging-in-place services for those residents who can remain in their current homes.

Table 35: Estimated Increase in Senior Households in Denton (2020 – 2040)

Growth	2020-2025	2025-2030	2030-2040
Estimated Senior Household Growth	3,676	5,604	6,819
Estimated Household Growth	8,908	11,141	26,016
Percentage of Households with Senior Householder	41.30%	50.30%	26.20%

HOUSING NEEDS OF OLDER ADULTS

HOUSING CHALLENGES FOR SENIORS

According to HUD CHAS data, Denton has 798 low income senior renters and 650 low income senior homeowners who are **extremely cost burdened**, paying more than half of their income on housing. Among renters, the greatest need is among Extremely Low Income renters (earning less than 30% of AMI) living alone. Among owners, the need includes individuals and families earning less than 80% of AMI.

Table 36: Low Income Senior Renters with Severe Cost Burden
(paying more than 50% of their income on housing)

Household /AMI	<30%	30% - 50%	50% - 80%	Total
Senior Families	35	10	10	55
Senior Individuals	534	154	55	743
Total	569	164	65	798

Source: HUD CHAS 2018

Table 37: Low Income Senior Homeowners with Severe Cost Burden
(paying more than 50% of their income on housing)

Household /AMI	<30%	30% - 50%	50% - 80%	Total
Senior Families	110	45	115	270
Senior Individuals	155	135	90	380
Total	265	180	205	650

Source: HUD CHAS 2018

AGING IN PLACE

Nearly all adults over the age of 65 (92% - 95%) wish to remain in their homes for as long as possible.ⁱⁱ Planners and housing advocates now use the term “aging in place” to refer to programs and services that allow older residents to live independently in a home they own or rent for as long as possible. This is accomplished through a combination of home retrofitting, where homes are modified to meet the needs of older adults with mobility and accessibility issues, and supportive services that may include transportation to doctor’s appointments, meal delivery services, assistance with housekeeping, and other day-to-day services.

These programs are becoming more important as we live longer lives. Through our older years, from 65 and onward, we have a range of housing needs than can potentially span another 20 to 30 years. From a financial and quality of life perspective, programs that allow older adults to remain in their homes and within their communities for as long as feasibly possible is ideal. According to a study sponsored by HUD, **nursing homes cost three times more, on average, than living at home combined with non-institutional long-term care services.**ⁱⁱⁱ

HOUSING NEEDS OF OLDER ADULTS

Table 38: Housing and Assistance Programs for Older Adults

Home Equity Mortgage Conversion Program (HECM)	Federal Housing Administration (FHA) provides a reverse mortgage program for adults over 65 years old to help pay for living expenses using equity in their owned homes. Homeowners apply through participating lenders and can be assigned a HUD housing counselor to guide the process. https://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome
Low Income Home Energy Assistance Program (LIHEAP)	A federal program that assists low income households pay for utility bills and increase energy efficiency in their homes. Funds are allocated by HUD to a designated regional LIHEAP service provider, who often will prioritize funds to seniors. The program is currently operated by Interfaith Ministries, who also offers financial assistance for emergency rent, medical bills, and other unforeseen expenses. https://www.needhelppayingbills.com/html/lheap_assistance.html
Section 202 Program	The Section 202 Program, administered by HUD, provides funding to non-profit organizations to build and maintain affordable rental housing for seniors earning less than 50% of AMI. Funds are used for new construction, rehabilitation, maintenance costs and rent subsidies.
HOME Program	The City of Denton offers HOME funds for a grant and/or loan program that can assist low income seniors make necessary repairs to their homes.
LIHTC Program	The LIHTC Program, administered through the Texas Department of Housing and Community Affairs, may prioritize projects that construct new rental housing or substantially rehabilitate existing rental housing for low income seniors.
Denton Housing Authority	Housing authorities may prioritize Housing Choice Vouchers (HCVs), which are rent subsidies for low income households, to low income seniors. Additionally, housing authorities may own and operate public housing or other affordable housing specific to low income seniors.

Yet most senior homeowners live in homes that are three bedrooms or larger and are not well-connected to services by public transit. This raises the question – is their current home the right home to age in place? These are personal decisions each person makes based on their finances, families and other relationships, and the specifics of the home they currently live in. For example, it may be more expensive to downsize for some homeowners if it means finding a smaller home in a more centrally located area.

Regardless, aging in place programs apply to the person who chooses to remain in their home and the household who chooses to move to a more suitable home late in life, with the hope that this is their final home. In general, most agree that aging in place should include a home that is affordable and physically accessible; access to reliable transportation; and the ability to socialize with others in a community environment.

HOUSING NEEDS OF OLDER ADULTS

ACCESSIBILITY

As we age into our later years, minor changes to our health and capabilities can have a tremendous impact on our quality of life. A knee or hip replacement, for example, will make it challenging to climb stairs, while not being able to drive will make doctor's appointments, grocery shopping, and other basic day-to-day activities impossible without assistance or access to a good public transportation network. In suburban America, these slight changes in lifestyle have an even greater impact, where public transportation, complete sidewalks with road crossings, and neighborhood retail services are limited.

To accommodate older residents who need general day-to-day assistance, the North Central Texas Aging and Disability Resource Center (NCTADRC) of Denton County provides housing referral and related services. The NCTADRC is an interagency collaboration of supportive service providers and community stakeholders that provides:

- In-home services
- Home-delivered meals
- Long-term care
- Referral service to other agencies
- Transportation services
- Emergency services

HOME REPAIRS

There are 650 low income senior homeowners in Denton who pay more than 30% of their income on housing, and presumably will be unable to afford making any necessary repairs to their homes, or make modifications to their homes so that they may age in place. The city provides funding to assist low income homeowners repair their homes, with priority given to seniors and persons with disabilities.

AFFORDABLE SENIOR RENTAL HOUSING

The HUD Section 202 Program and the LIHTC Program are the two main funding sources for rental housing construction that serve low income seniors. Denton currently has three senior rental properties totaling 175 units, with two managed by the Denton Housing Authority. There is demand for additional affordable senior units, with vacancy rates extremely low at 2%.

Table 39: Affordable Senior Rental Housing in Denton, TX

Apartment Name	Program	Units	Vacancy Rate
Heritage Oaks Apartments	Denton Housing Authority	110	4%
Fairoaks	Section 202	41	0%
Pecan Place	Denton Housing Authority	24	0%
TOTAL		175	1%

HOUSING NEEDS OF OLDER ADULTS

QUALITY OF LIFE MEASURES

Americans are living longer now than in past generations, and their needs extend beyond housing. For example, in the City of Denton, one out of five adults over the age of 65 is working, and senior housing that is accessible to public transit or job centers is increasingly important. ⁸

Table 40: Denton County Labor Force by Age Group, 2020

Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio
16+	120,018	67,268	7,533	10.10%	62.30%	56.00%
16-24	33,871	15,053	3,035	16.80%	53.40%	44.40%
25-54	56,438	41,728	3,578	7.90%	80.30%	73.90%
55-64	12,964	7,556	669	8.10%	63.40%	58.30%
65+	16,745	2,932	250	7.90%	19.00%	17.50%

Source: ESRI BAO

in addition to housing and transit access, aging adults are increasingly in need of supportive services. Based on stakeholder feedback and recent studies on senior quality of life metrics these are related to:

- **Counseling and legal assistance** – to mitigate against predatory lending, probate assistance, and tenant protections
- **Social programs** – to maintain an active social life and improve emotional well-being
- **Exercise programs** – to maintain a healthy and active lifestyle after retirement and mitigate against age-related disability
- **Transportation assistance** – to access medical care and participate in social programs if and when they can no longer drive

⁸ ESRI Business Analyst Online 2020

IMPACT OF UNIVERSITIES ON HOUSING

The City of Denton is renowned as a “college town,” where roughly 54,000 residents are college students. Its two state universities – University of North Texas, with an estimated 39,000 students, and Texas Women’s University, with a student body population of 15,000 residents – are both located a mile from the downtown area. The concentration of college-age students helped to create Denton’s vibrant downtown area renowned for its restaurants, bars and entertainment venues.

The economic crisis of 2020 following the coronavirus pandemic will have an impact on Denton’s economy due to declining enrollment figures, and the resulting loss of revenue with a smaller college-age population. College students comprise an estimated three-fourths of all renter households in Denton^v, and the majority live in off-campus housing. There are an estimated 9,000 beds of on-campus housing and approximately 40,000 students living in off-campus housing, including 20 large apartment developments specifically for college students. American Campus Communities, one of the major national developers of campus housing, indicates a modest decline in pre-leases for 2020^{vi}. However, this does not account for students who do not return to campus and how that relates to future revenue. It is too early to tell what the impact will be at the time of this report (August 2020), but current data indicate 20% fewer college students in the 2020-2021 academic year.

Indeed, upon reviewing current concessions at campus housing, developments are offering large concession packages to attract student renters rather than large rent reductions. Midtown 905, for example, is offering two months of free rent, waiving general fees, offering free parking, and nominally reduced rent from \$600 to \$574 for a room within its four-bedroom model.

While the decline in the student population will have a negative impact on employment figures within the Food Service and Entertainment industries, and create an oversupply of off-campus housing, it may also increase affordable rental housing supply for the local workforce. Based on stakeholder interviews, many college students opt out of campus housing and look for rental housing within the general Denton rental market. This increases the competition for rental housing, particularly rental housing for families, and raises market rents as a result. As one local expert described – students are paying per room what ends up being \$1,600 for a two-bedroom unit or \$2,500 for a four-bedroom unit within campus housing; they can find cheaper housing in the Denton rental market outside of student housing.



REINVESTMENT
FUND

Market Value Analysis (MVA)

MARKET VALUE ANALYSIS

MARKET VALUE ANALYSIS (MVA) FINDINGS

The MVA is conducted at the Census block group level; these areas, which are smaller than a Census tract, are small enough to capture market differences within neighborhood boundaries but also big enough for statistically reliable results. A type of analysis, called cluster analysis, is used to sort block groups into distinct categories (clusters). The goal is that the block groups in each category are similar to one another and that each category is notably different from all the others. For example, the average sale price for block groups that fall into Denton's Cluster "A" is \$402,684 while block groups in Cluster "G" average less than \$140,000. Even though block groups in Clusters "B" and "C" have relatively comparable sale prices, they are very different when it comes to the presence of new development and share of the market that is residential use. Similarly, there is little contrast in "E" and "F" market average sale prices but there is divergence in homeownership rates and the presence of subsidized renters.

Reinvestment Fund typically works with an MVA Stakeholder Advisory Group throughout the study process to provide local expertise. In Denton, the Advisory Group members reviewed the underlying data and the preliminary results. This allowed for stakeholders to be involved throughout the process as they thought about the housing tools and programs currently in place and the potential to match investment more precisely to market conditions in the future. Due to COVID-19 travel restrictions preventing the Reinvestment Fund team from conducting on-the-ground observation as originally planned, City staff validated the underlying data and the MVA categories by driving through selected areas of the city to make sure that the analysis matched actual conditions.

ABOUT THE DENTON MVA DATA

To perform an MVA, Reinvestment Fund collects and analyzes data that uniquely define the local real estate market and sub-markets. Data indicators must measure *Value and Investment*, *Distress and Vacancy*, and general *Housing Characteristics*. vii

	Indicator	Source
Property Values and Investment	Median Home Values, 2018-19	ATTOMData
	Variance of Sales Price, 2018-19	ATTOMData
	Share of Homes with Permits \$1k+ or New Construction, 2017-19	City of Denton
Blight, Distress, and Vacancy	Foreclosure Auction Listings as a Share of Owner-Occupied Properties, 2017-19	City of Denton
	Share of Homes with Code Violations, 2017-19	City of Denton
	Vacant Properties as a Share of Residential Properties, 2020	Landgrid / USPS
Housing Characteristics	Share Residential Use	City of Denton
	Percent Owner- Occupied Households	Census / ACS
	Share of Households with Subsidy (Excluding Senior Housing)	HUD / DHA

Table 41: 2020 Denton MVA Indicators

DENTON'S MARKET TYPES

The MVA identified seven distinct market types in Denton. Price was a major element distinguishing the two clusters at the strongest and most distressed ends of the market (shown in purple and orange, respectively), as well as the cluster that fell in the middle (green). There were two strong/middle (blue) and two middle/distressed, or *transitional* (yellow), market categories in which differences were more nuanced. Table 33 shows the average values for all MVA data inputs for each market category. Table 34 details additional average demographic and market characteristics for each cluster.

Table 42: Average Values for Denton MVA Model Inputs

	Block Groups	Median Sales Price, 18-19	Coef. Of Variance	Home-Owners	Subsidized Renters	Alteration Permits	New Cons. Permits	Building Violations	Residential Parcel Area	Vacancy	Foreclosures
A	5	\$402,684	0.28	90.5%	0.4%	2.8%	5.8%	>0.1%	25.1%	0.1%	0.4%
B	7	\$279,371	0.25	75.0%	3.8%	2.9%	1.6%	0.8%	84.7%	1.0%	1.3%
C	5	\$278,238	0.19	79.7%	0.9%	2.0%	28.2%	0.2%	43.1%	0.3%	1.4%
D	18	\$257,951	0.35	72.1%	4.5%	3.0%	1.3%	0.7%	26.3%	0.4%	1.1%
E	5	\$201,447	0.36	17.4%	36.0%	1.0%	2.4%	5.3%	31.1%	6.7%	5.2%
F	19	\$195,718	0.48	37.4%	6.2%	2.2%	1.0%	2.0%	61.1%	1.9%	1.2%
G	11	\$138,808	0.36	10.4%	1.2%	0.8%	0.9%	5.6%	30.5%	2.6%	0.2%
Citywide Average Block Group		\$229,778	0.36	55.5%	5.8%	1.7%	2.8%	1.7%	38.6%	1.5%	1.0%

DENTON'S MARKET TYPES

Table 43: Average Characteristics of Denton Market

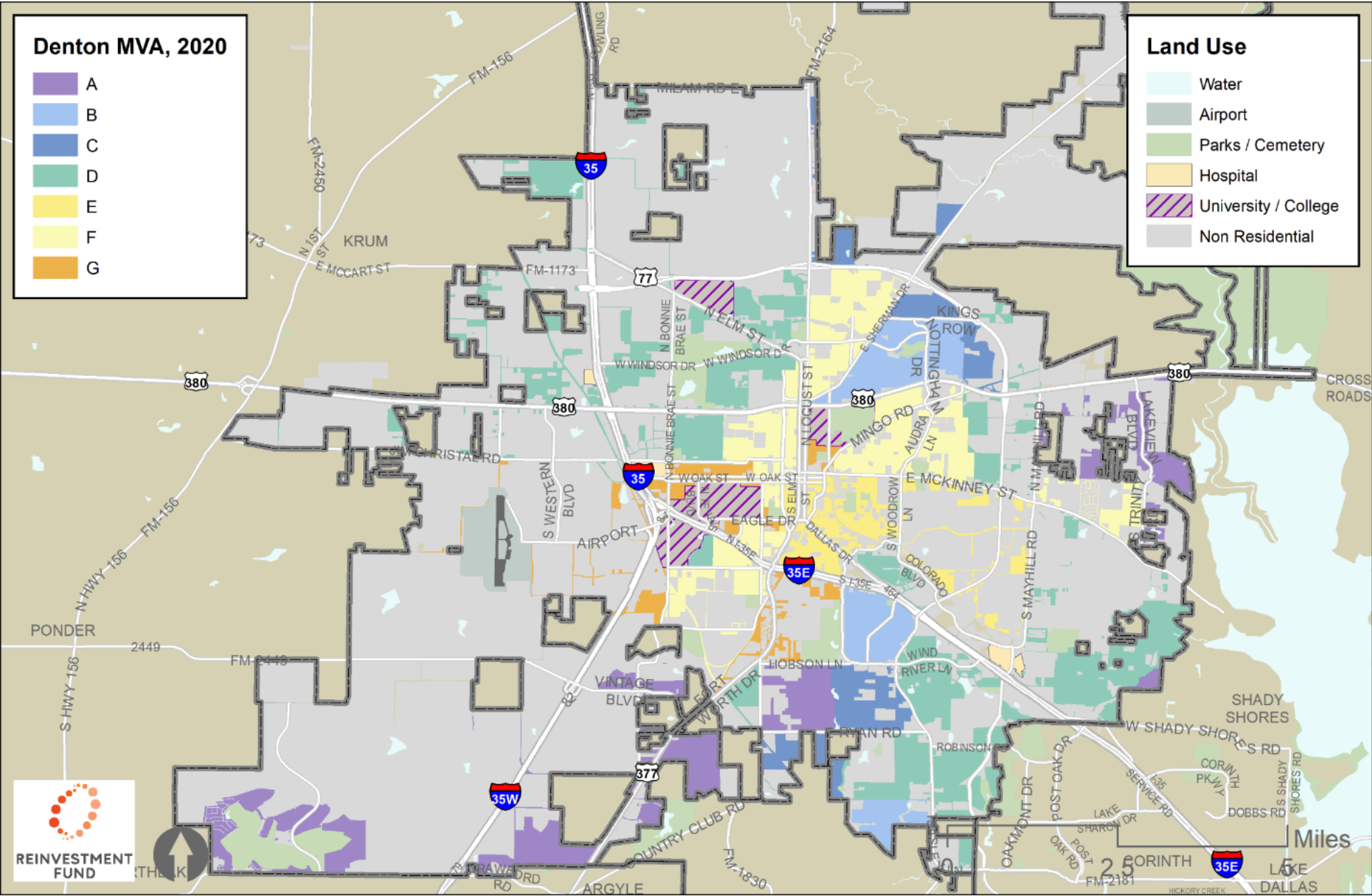
	Block Groups	Population, 2014-18	Renter Households	Owner Households	Total Households	Share Families in Poverty	Median Income
A	5	16,723	616 (3%)	5,869 (21%)	6,485 (13%)	2.31%	\$116,066
B	7	11,944	1,189 (5%)	3,100 (11%)	4,289 (8%)	3.30%	\$93,238
C	5	5,011	351 (1%)	1,417 (5%)	1,768 (3%)	3.90%	\$79,626
D	18	55,136	5,006 (21%)	12,415 (45%)	17,421 (34%)	6.22%	\$80,836
E	5	12,985	4,302 (18%)	371 (1%)	4,673 (9%)	18.48%	\$37,575
F	19	29,504	6,984 (29%)	3,974 (14%)	10,958 (21%)	14.87%	\$41,598
G	11	17,905	5,416 (23%)	525 (2%)	5,941 (12%)	16.46%	\$27,279
Citywide	70	149,208	23,864 (100%)	27,671 (100%)	51,535 (100%)	7.94%	\$62,350

DENTON'S MARKET TYPES

Table 44: Summary of Market Demographics

	Total Households	Black Pop, 2014-18	White Pop, 2014-18	Hispanic Pop, 2014-18	Average Median Income
A	6,485 (13%)	1%	88%	8%	\$116,066
B	4,289 (8%)	3%	72%	17%	\$93,238
C	1,768 (3%)	7%	74%	17%	\$79,626
D	17,421 (34%)	7%	65%	22%	\$80,836
E	4,673 (9%)	25%	44%	26%	\$37,575
F	10,958 (21%)	6%	52%	35%	\$41,598
G	5,941 (12%)	14%	49%	27%	\$27,279
City wide Total	51,535 (100%)	9%	63%	22%	\$68,031

Figure 23: 2020 Denton MVA

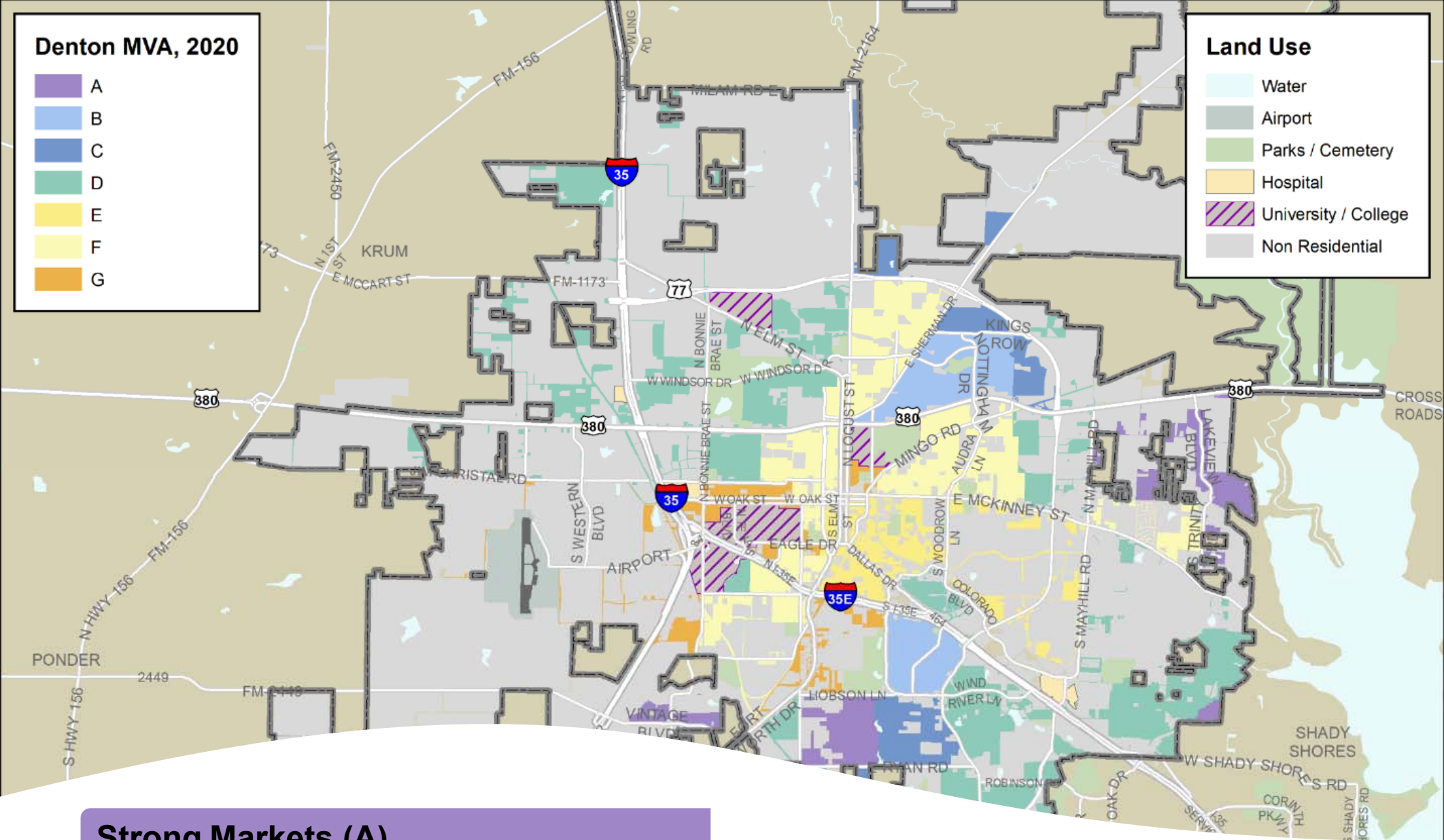


Denton MVA, 2020

- A
- B
- C
- D
- E
- F
- G

Land Use

- Water
- Airport
- Parks / Cemetery
- Hospital
- University / College
- Non Residential

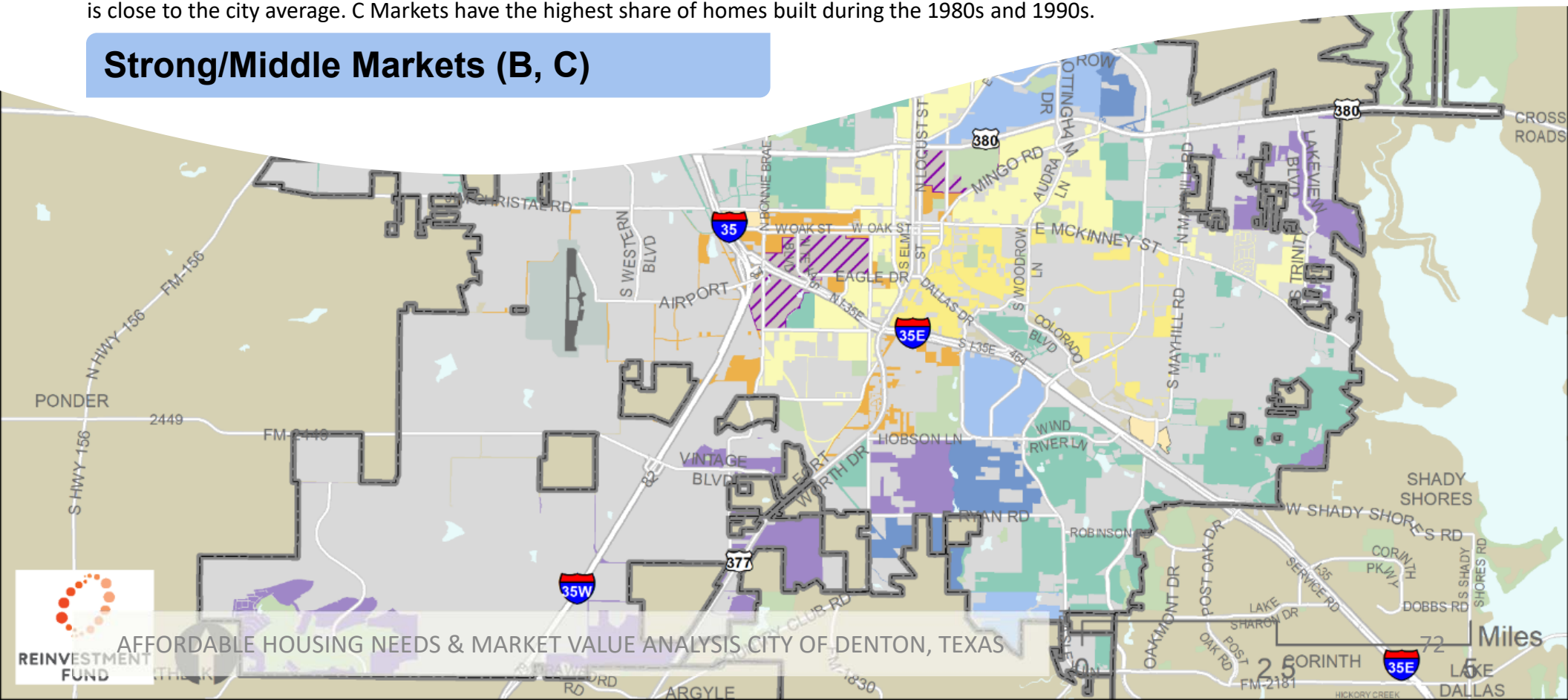


Strong Markets (A)

Denton's five A block groups are the city's strongest markets, commanding the highest sale prices for residential properties. They also have the highest homeownership rates in the city, at just over 90%. They are relatively active in new construction and alteration, though do not have the city's highest average rate of either. A Markets have the lowest rates of housing distress (code violations, vacancy, and foreclosure). A Markets have the lowest share of residential uses by parcel area (25%). These markets were home to 16,723 residents, comprising 11% of city population and 13% of households. (See Table 34). These A markets have the highest share of homes built since 2000 (51%). (See Table 35).

B Markets are the most heavily residential clusters with about 85% of parcel land area dedicated to homes— more than double the share citywide. Compared to city averages, B markets have a relatively high percentage of parcels with alteration permits (2.9%), demonstrating continued investment in what is some of the oldest housing stock in the city (55% pre-1980 construction). These markets have a lower share of parcels with new construction permits (1.6%) and a relatively small share of homes that were built post-2000 (18%). Three-quarters of households own their homes.

Strong/Middle Markets (B, C)



Middle Markets (D)

Denton's D Markets are fairly typical of middle markets in many cities and counties: sale prices are close to average, there is moderately high homeownership (72% compared to 55% average), low distress, and steady investment activity. More than a third of city residents (37%, about 55,000 people) live in D Markets, the largest share of any market cluster. D markets have the highest share of reinvestment in existing properties. The characteristics of D markets indicate ongoing stability. The share of parcel area designated for residential use (26%) is similar to A markets. Most homes were built in 1980 or later

Transitional Markets (E, F)

Denton's E and F markets have below average sales prices, but with relatively high variation in those prices within block groups.

	Count of Single-Family Homes Owned by Investors	Percent of Single-Family Homes Owned by Investors
A	187	3%
B	241	6%
C	118	8%
D	826	8%
E	225	28%
F	1,233	24%
G	209	38%

Table 46: Single-Family Investor Properties

	Percent of Homes Built Before 1980	Percent of Homes Built Between 1980 - 2000	Percent of Homes Built After 2000
A	19%	30%	51%
B	55%	26%	18%
C	15%	48%	37%
D	24%	36%	40%
E	35%	21%	43%
F	58%	27%	14%
G	50%	35%	15%

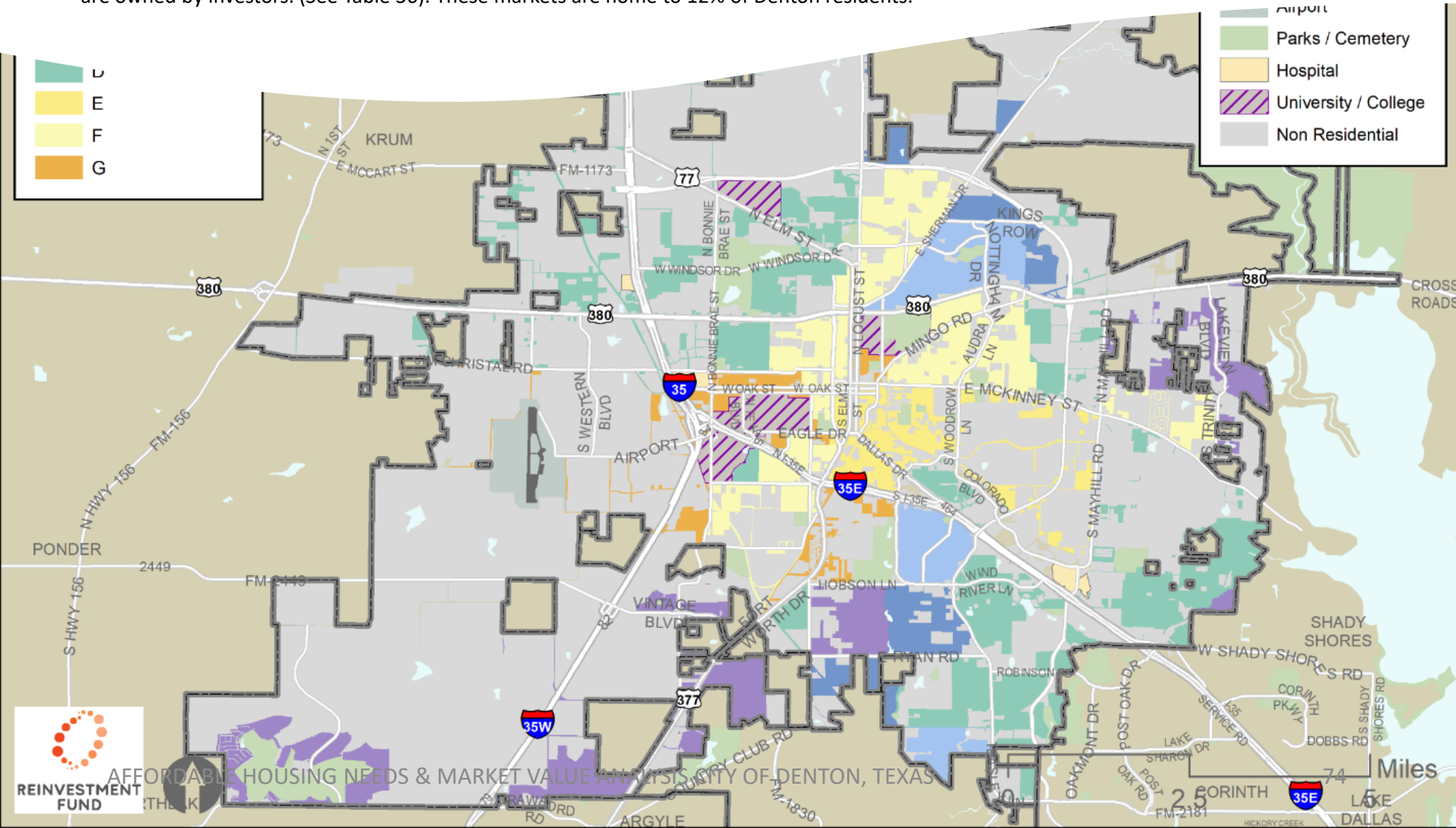
Table 45: Housing Age

The five E block groups, which are clustered in Southeast Denton, are home to 9% of city residents. These are predominately renter markets (the ownership rate is 17%), and 36% of all rental units are subsidized, the highest share of any market. There is modest investment activity in E markets but elevated rates of distress – code violations, vacancy, and foreclosure. A fairly large share of homes, 43%, were built after 2000, while just over a third date to before 1980. Investors own 28% of single family homes in E markets.

The 19 F markets are heavily residential (61% of total parcel area) and majority renter (63%). They are home to 20% of city residents. These markets are just above average in the presence of subsidized renters, violations, vacancy, and foreclosures. F markets have the highest share of homes built before 1980 and the lowest share built since 2000, but higher than average alteration permit activity may indicate nascent market strength.

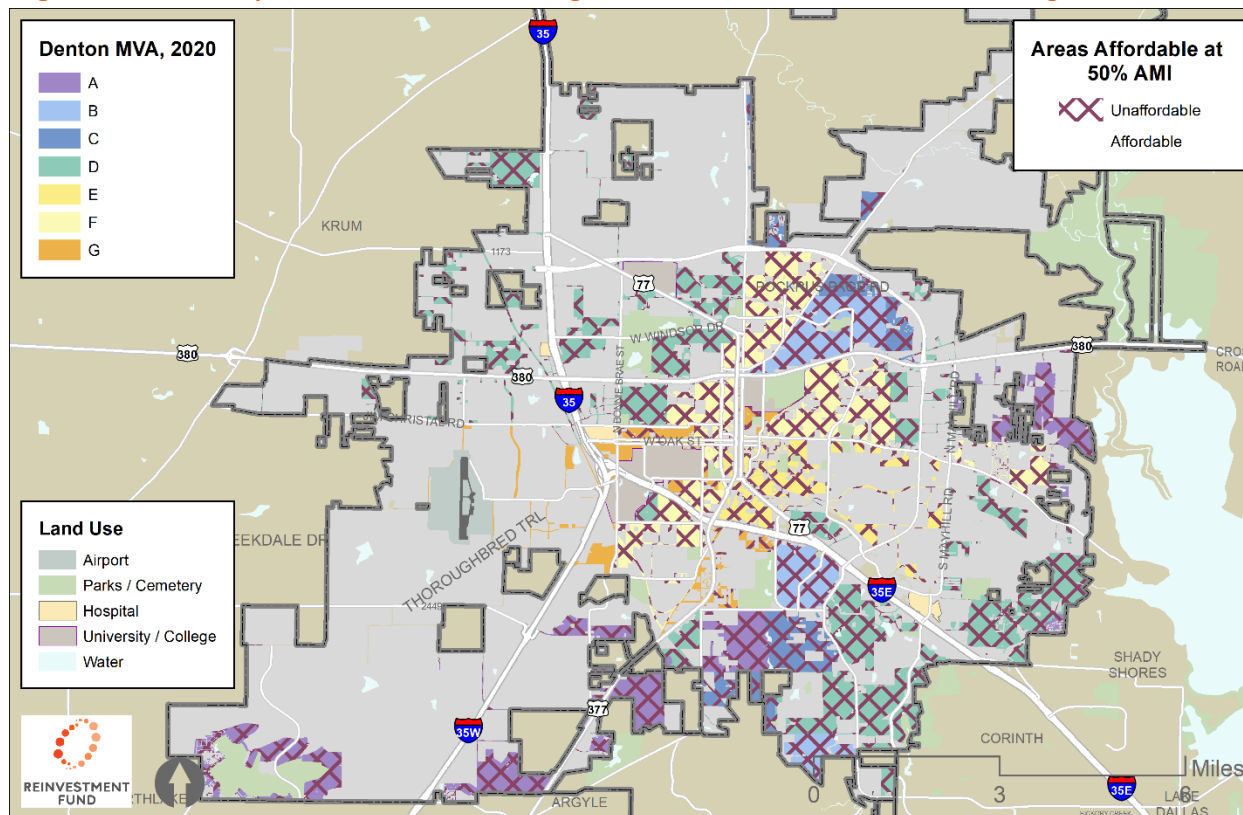
Distressed Markets (G)

The G markets represent the most stressed block groups in Denton. The median sales price (\$138,808) is the lowest in the city, but home sales price varies widely within the same block groups. While the share of households that rent in G markets is the highest of any market type in the city (90%), only about 1% of these renters are subsidized, well below the city average. Indications of distress include higher violation and vacancy rates. Foreclosure rates are notably low, likely due to the low number of homeowners overall; close to 40% of single-family homes in G markets are owned by investors. (See Table 36). These markets are home to 12% of Denton residents.



HOUSING NEEDS – AREAS OF OPPORTUNITY

Figure 25: Block Groups where the median housing cost is unaffordable to households earning 50% of AMI



DEFINING AREAS OF OPPORTUNITY

High Opportunity Areas (HOA) offer access to critical amenities for upward economic mobility and overall family success and wellbeing. There are multiple definitions of what specific characteristics and amenities might constitute Areas of Opportunity. The City of Denton's draft Assessment of Fair Housing, completed in 2018, noted that to local participants, high opportunity areas include access to the potential for better jobs, schools, neighborhoods, healthcare, good roads, transit, and grocery stores.⁹

A key challenge in access to HOAs for families seeking to improve their material wellbeing is the expense of housing; because these areas have so many desirable attributes, residents with higher incomes bid up the cost of homes.

METHODOLOGY

The MVA can be applied in the identification of HOAs for Denton. Currently, the median housing cost in all but a handful of block groups in the most distressed (G) markets is unaffordable to households earning 50% of AMI or less. (See Figure 25).

Drawing on the somewhat more restrictive threshold The Texas Department of Housing and Community Affairs considers for opportunity index points, this report also further removes areas with poverty rates of greater than 20% from consideration for HOA. (See Figure 26).

⁹ As described in the 2020 City of Denton Fair Housing Plan and Analysis of Impediments: [https://www.cityofdenton.com/CoD/media/City-of-Denton/Government/Community Development/Fair-Housing-Plan-and-AI.pdf](https://www.cityofdenton.com/CoD/media/City-of-Denton/Government/Community%20Development/Fair-Housing-Plan-and-AI.pdf)

HOUSING NEEDS – AREAS OF OPPORTUNITY

The Texas Department of Housing and Community Affairs ¹⁰ considers the following factors in its Opportunity Index to identify HOA for purposes of allocating points for proposed tax credit development in its Qualified Allocation Plan:

- Poverty rate of less than the greater of 20% or the median poverty rate for the region, and a median household income rate in the two highest quartiles in the uniform service region.
- Poverty rate of less than the greater of 20% or the median poverty rate for the region, with a median household income in the third quartile within the region and is contiguous to a census tract in the first or second quartile, without physical barriers (highways or rivers) between.
- Sidewalks for pedestrians with smooth hard surfaces, curb ramps, and marked crossings.
- Access to public parks with a playground or multiuse hike-bike trail.
- Public transportation stops or station that provides regular service to employment/basic services.
- Access to amenities such as a full-service grocery store, pharmacy, hospital, or public library.

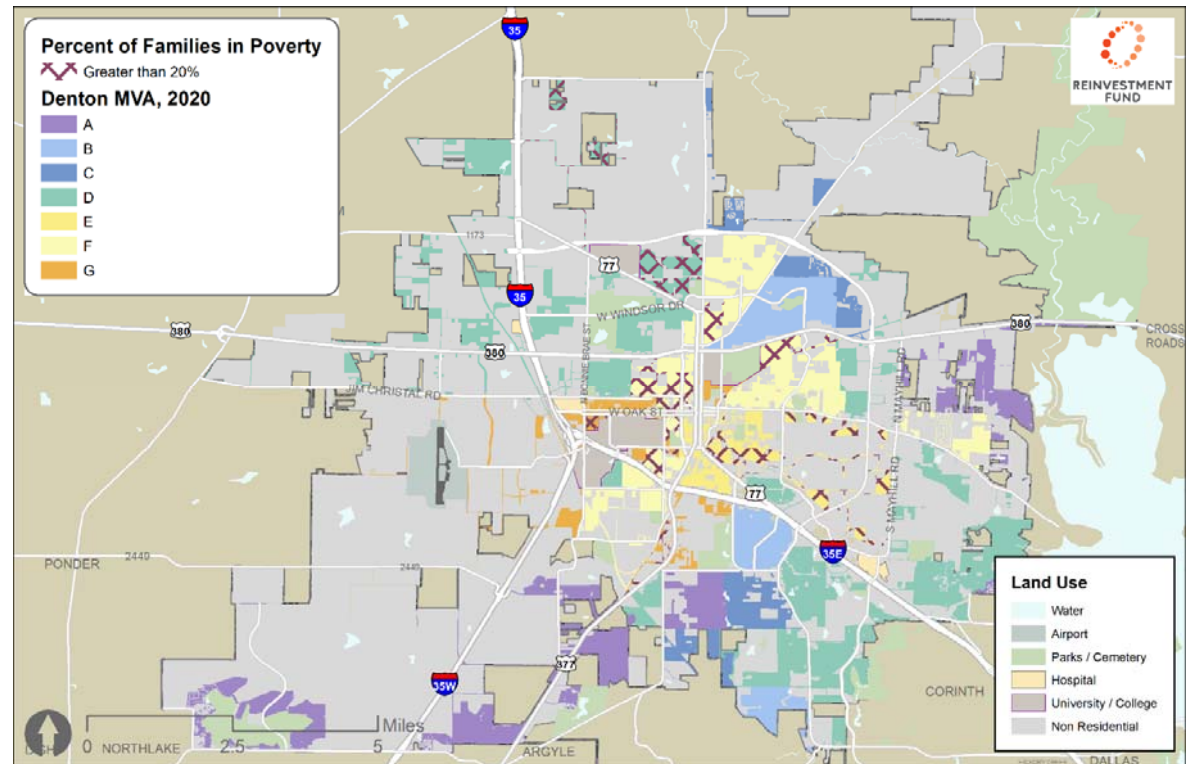
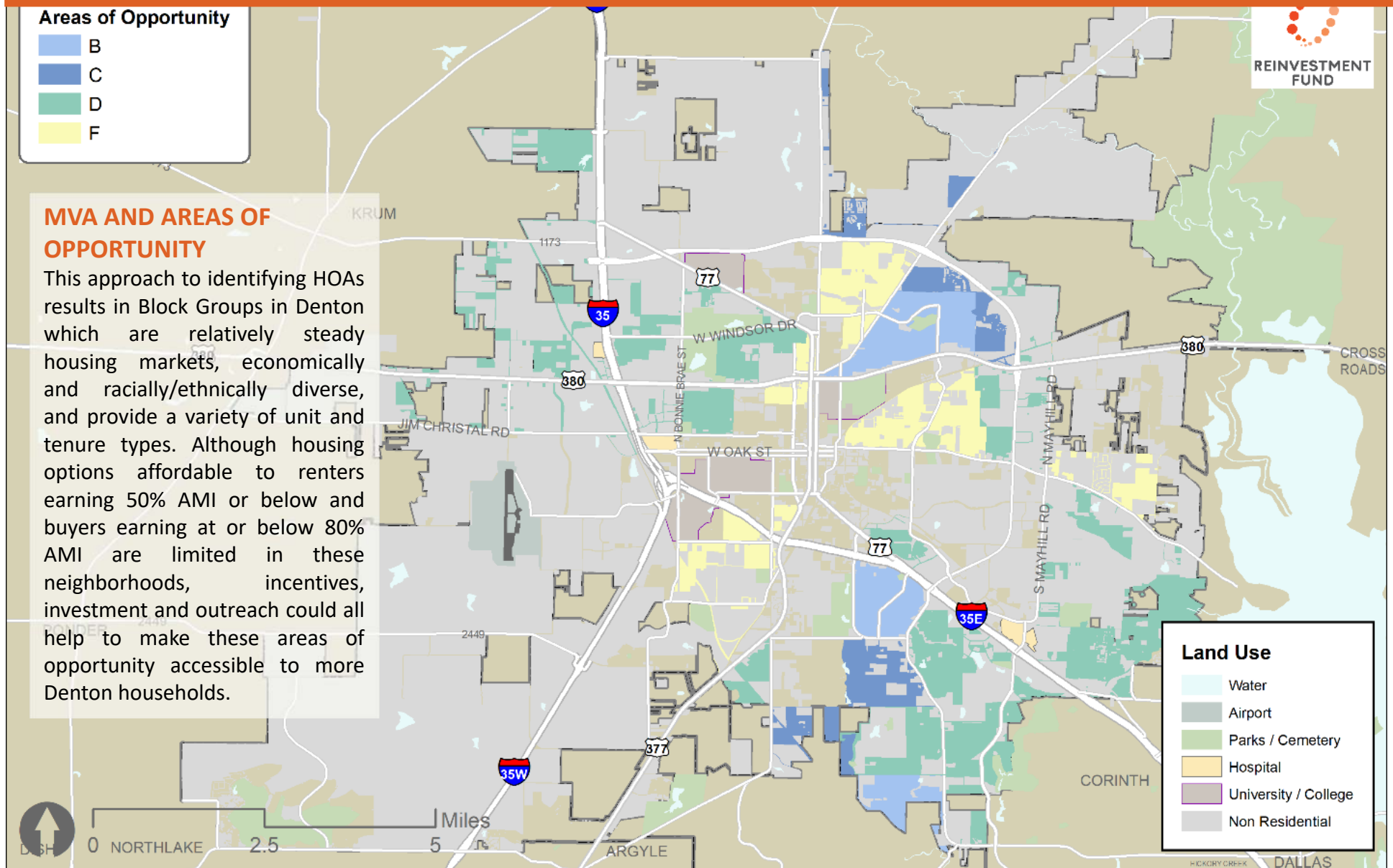


Figure 26: Area with a Poverty Rate Greater than 20%

The B, C, and D markets all average less than 10% poverty but private markets costs are not yet overwhelmingly prohibitive for acquisition and LIHTC development or, in some cases, Housing Choice Voucher holders. In fact, several dozen subsidized households already live in B markets and over 200 live in D markets. F Markets have lower rents and a presence of subsidized renters that just above the city average; those block groups classified as F that are not Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) and have a poverty rate less than 20 % can also be considered areas of Opportunity.

¹⁰ <https://www.tdhca.state.tx.us/multifamily/docs/20-DRAFT-QAP-ch11.pdf>

HOUSING NEEDS – AREAS OF OPPORTUNITY





REINVESTMENT
FUND

Affordable Housing Tools

AFFORDABLE HOUSING TOOLS

STRATEGIES & RECOMMENDATIONS

A variety of housing development and preservation tools can support Denton's unique housing needs. Collaborative, cross-sector strategies are vital. Public sector incentives and investments must balance the value of neighborhood characteristics with the cost of land acquisition and development in order to meet production volume goals while still facilitating economic mobility. Policy can address, to an extent, impediments such as availability of affordable units in a range of sizes and source-of-income discrimination. This section presents a range of funding and program options. Some are already in place, others would be relatively easy to implement – others may be more of a reach.

IDENTIFIED NEEDS

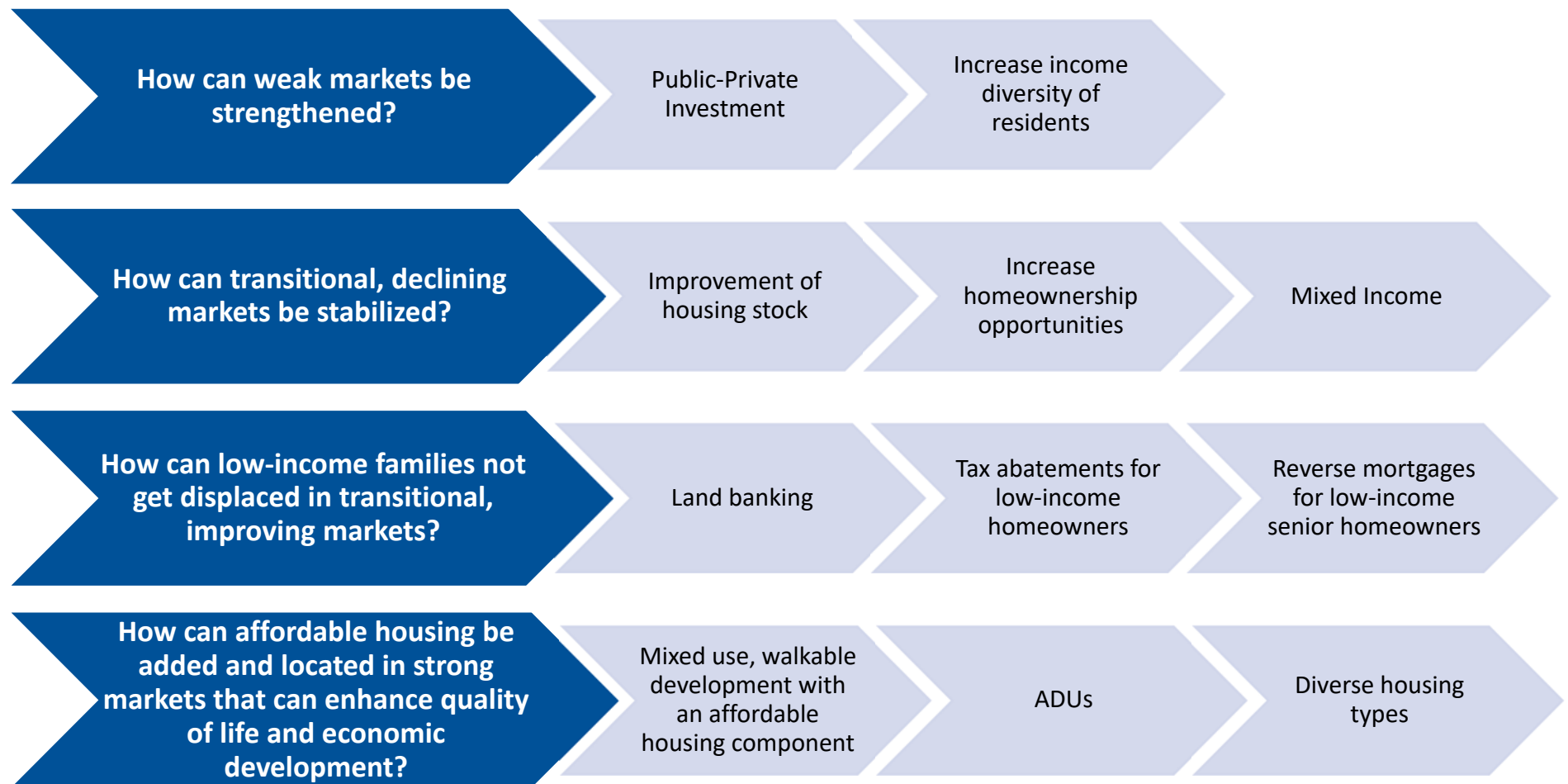
1. Increased supply of rental units affordable to households earning less than 50% of AMI
2. Additional rental assistance to very low income senior renters
3. Home repair and maintenance assistance to very low income homeowners, particularly seniors on fixed incomes
4. Need for affordable family rental housing
5. Increased supply of affordable rental housing in areas of opportunity

INTEGRATING THE MVA

Some tools are most effective in specific neighborhood conditions. When determining where each activity could have the largest positive impact, the type of market identified by the MVA can be instructive. **The key questions and sample tables that follow are meant to inform conversations about what will work best and where for Denton, rather than as a strict prescription. This list is comprehensive but not exhaustive. Rather it is a resource to support the City's continued refinement of its approach to increasing and managing the supply of housing and in the development of resources and strategies in the future.**

INTEGRATING THE MVA – KEY QUESTIONS

Strategies to preserve and increase the supply of housing affordable to lower income households can be effective in many different market types and municipalities, and could be beneficial if universally applied. These tools can leverage multiple funding sources of funds, raise revenue for capital investment, and generally promote inclusive growth and economic opportunity. For example, a municipal or county land bank can help clear the way for redevelopment of properties with tax liens or other title problems – an issue that can arise in any neighborhood. Allowing Accessory Dwelling Units across the city would increase overall supply and provide more options to aging residents across the city.



INTEGRATING THE MVA – MARKET STRATEGIES

Distressed market strategies generally included social service support and capacity building, vacant lot remediation, and large-scale housing development. In highly distressed areas, cities choose to focus more on “people-based” strategies related to community organizing, job training, and youth development, rather than “place-based” strategies that are more likely to succeed where there is at least some latent market demand or close proximity to nodes of strength. Investing in public infrastructure improvements can help create strength, and CDBG funding to support housing counselors and other services that can stabilize communities without building new units.

Middle market strategies include infill housing, home repairs, and homebuyer assistance. In many cases, the goal of middle market strategies is to stabilize or improve an area with nascent signs of market activity, rather than wholly transform a place through large-scale housing production or redevelopment.

Strong/Middle/Transitional market strategies seek to facilitate healthy functioning of the market conditions. It is important to be on the look out for signs of slowing growth or changes in market conditions. Strategies that introduce preservation programs assist in rapidly responding to signs of physical or economic deterioration. In cities that experience broad price appreciation, affordable housing preservation is important.

If a further investment in City resources is desired, the MVA can be used as a guide on how to invest limited resources and determine best tools to meet goals (Policy, Funding, Program, Advocacy)

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
POLICY - Develop Policy that incentivizes housing and manages growth.						
FUNDING – Generate diversified funding for the acquisition, preservation or construction of affordable housing units.						
PROGRAMS – invest in the acquisition, preservation or construction of affordable housing and a diverse set of housing programs.						
ADVOCACY – Advocate for public support of agreed upon solutions.						

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
POLICY - Develop Policy that incentivizes housing and manages growth.						
Zoning/Code – Set Targets for DDC to allow for Smaller Units (ie ADU's), Incentives for Set-Asides, etc. (City DDC)	X	X	X	X	X	Increase supply of unsubsidized small units in opportune areas; can include accessory dwelling units, small single family, townhomes, cottages, condos
Neighborhood Planning – Overlays (City DDC) , Planned Developments (City DDC) , Other Zones (State, Federal)			X	X	X	Existing Land Acquisition opportunities,
Inclusionary Zoning or other Incentives for Developers for mixed income development tied to affordability requirements (City DDC, State)	X	X	X	X	X	Focus where there is significant market activity, Fee Grants, Streamlined Permitting, Parking, Density Bonuses, etc.
Code Enforcement (Existing City Program)		X	X	X		Ideal in relatively stable areas where property owners have resources or sufficient equity to make improvement. Additional resources required for success in distressed areas.

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
FUNDING – Generate diversified funding for the acquisition, preservation or construction of affordable housing units.						
Local Funding - General Fund Allocations, Bonds, TIF Special Tax Levy (City)			X	X	X	Local funds should “build from nodes of strength” even when used in distressed areas. Should not replace market funds in “hot” markets.
Partnerships - Housing Authority and Affordable Development Targets (Housing Authority)		X	X	X		Balance Tax Revenues, Ability to maintain Quality of City Services
Coordination - Other Sectors with Role, Private Sector (Banks, Lenders, and Real Estate) , Developers (Nonprofit) , Institutions (Hospitals, Universities)	X	X	X	X	X	Facilitate healthy functioning of the private market
Federal/State Funding - Low-Income Housing Tax Credits, CDBG, HOME (Existing City Programs)		X	X	X	X	Use to increase options in HOA and preserve affordability in high DRR areas, Layered subsidies for deeper affordability

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
PROGRAMS – Invest in the acquisition, preservation or construction of affordable housing and a diverse set of housing programs.						
Direct Project Financing (Federal, State, City, Private Sector)			X	X	X	Offer Land/Property Acquisition, Housing Project Financing Access to NMTC, CDFI, CDC's
Target Investment Zones - Opportunity, Neighborhood Empowerment, and Reinvestment Zones (Federal, State, City)			X	X	X	Target geographic areas for Land, Housing, and Economic Development partnerships, Services
Housing Trust Fund (Federal, State, City)			X	X	X	Best when there is ability to generate Substantial Fund Balance
Community Land Trust (Nonprofit)	X	X	X	X	X	Requires a stable nonprofit with land management and development capacity
Municipal Land Bank (City)	X	X	X	X		Best for areas with unencumbered vacant City owned land

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
PROGRAMS – Invest in the acquisition, preservation or construction of affordable housing and a diverse set of housing programs.						
Small-scale Housing Infill (Owner and Rental)		X	X	X		Look for areas with low to moderate vacancy.
Large-scale Housing Development (Owner and Rental) (Private, Nonprofit Developers)			X	X	X	Ideal in areas with significant vacancy and proximity to strong markets, anchor institutions, or other physical assets.
Employer or University Housing Partnerships (Owner and Rental) (Private Business, Institutions)	X	X	X	X		Increase supply of affordable homeownership or rental opportunities in partnership with employer or university for employee housing
FOR HOMEOWNERS: i.e. Increase Home Ownership Down payment (Existing City Program)	X	X	X	X	X	Look for areas with low to moderate vacancy and recent changes in homeownership rates.
FOR HOMEOWNERS: i.e. Preservation, Home Repair, (Existing City Program) Foreclosure Prevention		X	X	X		Best for areas with moderate foreclosures or growing foreclosure concerns.

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
PROGRAMS – Invest in the acquisition, preservation or construction of affordable housing and a diverse set of housing programs.						
FOR RENTERS: Keep residents housed, by prevent Evictions, Rental Inspections (Existing City Program) and increase housing choice Rental Rehab (Existing City Program though nonprofit)	X	X	X	X	X	Partnership and Collaboration with Community Partners, investment of HUD funding for nonprofit developers
FOR RENTERS: Increase Landlord Participation in Housing Choice Voucher Program (Existing Housing Authority Program)		X	X	X		Best in areas outside of concentrated poverty and distress. (DHA)
FOR HOMELESS/AT-RISK: Mixed Income Rental Housing including Deeper Affordability and Permanent Supportive Housing	X	X	X			More viable in desirable areas that can attract market rate and workforce renters.
Tiny Home Communities		X	X	X		One or two-room “tiny homes” built in a community setting at a lower per-unit cost than traditional construction

POTENTIAL TOOLS CONDUCTIVE TO TARGETING

Approach	Strong (A)	Strong/Middle (B, C)	Middle Markets (D)	Transitional (E, F)	Distressed (G)	Other Considerations
ADVOCACY – Advocate for public support of agreed upon solutions.						
Continued advocacy and support for HUD funding programs. (Existing City Funding Source)	X	X	X	X	X	
Expand awareness of the development needs for mixed-income housing for all incomes.	X	X	X	X	X	



APPENDICES

APPENDIX 1 - COMMUNITY ENGAGEMENT PROCESS

Summary of feedback gathered from stakeholders during community engagement activities.

AFFORDABLE RENTAL HOUSING

1. There is a need for more affordable rental housing for low-wage workers and other very low-income families. The price at which housing becomes too expensive is around 50% of AMI and below.
2. The university student population directly competes with non-university renters, increasing rental prices for the renting workforce.
3. Recent construction in “student housing” – four-bedroom, four-bathroom units and other non-traditional apartments – will not be as rentable in the future, leading to a glut in this type of apartment. There is potential for bankruptcy and an opportunity for reconfiguration of these units.
4. There is a gap in rental housing affordable to households earning moderate incomes; they do not qualify for subsidized housing but cannot find homes for less than \$1,200/per month.
5. Much of the affordable multi-family housing stock is outdated and older.
6. There is a large population of low-income young adults who are not students and are in need of affordable rental housing.
7. Many students are not subsidized by their parents and are also in need of affordable rental housing. The universities are public universities with many working students.
8. Mixed-income development is needed to bring diverse households together, including apartments, townhomes, and luxury development.
9. Low-income renters with subpar rental records need more assistance (e.g., history of an eviction or criminal records) in order to prevent homelessness.

HOUSING SUBSIDIES

1. Section 8 voucher holders find it difficult to find rental housing, particularly single-family rental units. There is a stigma around Section 8 housing and not enough landlords are willing to participate.
2. The Public Housing Authority can play an active role in increasing affordable housing supply for very low-income and vulnerable populations and should have the opportunity to partner with the city and developers to increase supply.
3. Denton needs more senior affordable housing development using 202 or LIHTC programs.

AFFORDABLE HOMEOWNERSHIP

1. The cost of land is increasing in Denton, increasing costs for new homes and pricing moderate-income workers out of the homeownership market.
2. Low- and moderate-income families could become homeowners five years ago, but now cannot because of increased home prices.

WORKFORCE HOUSING NEEDS

1. Denton needs more diverse housing options to meet different incomes and household types, including townhomes and condominiums.
2. The city needs more housing that meets the needs of potential employers, including higher-end homes and a range of rental housing options.

APPENDIX 1 - COMMUNITY ENGAGEMENT PROCESS

SENIORS

1. Low-income seniors cannot afford to transition into assisted living and will need to remain in their current homes for as long as possible. This will require assistance to convert homes for long-term living.
2. Many seniors have disabilities and cannot make repairs to their homes on their own.
3. Seniors need more affordable rental units.
4. Seniors need more affordable long-term care options; many seniors end up staying in the hospital for long periods of time waiting for a Medicaid-funded living facility to have a space.

HOMELESSNESS

1. Many individuals cannot access permanent housing because they do not have the security deposit funds required.
2. The city needs emergency housing for households who are at risk of homelessness; once a family becomes homeless, it is much more difficult to transition back.
3. Homelessness is a major problem that should be prioritized—there are people who cannot afford housing because they are disabled, have mental health issues, or lack resources to secure housing and need assistance.
4. Individuals experiencing homelessness, when they do receive housing, also need supportive services to give them the tools to succeed. This includes counseling, transportation, access to healthy food, workforce development, and healthcare.
5. Homeless families with children need permanent supporting housing.

OTHER VULNERABLE POPULATIONS

1. Denton needs more units that are accessible to persons with disabilities; there are very few ADA units.
2. There should be more affordable housing development for vulnerable populations working with local, regional and national non-profit organizations.
3. Human trafficking is a significant issue in Denton; the city needs more safehouses for women in exploitative situations.
4. Unaccompanied youth need temporary housing assistance and a network of social services – only children in Child Protective Services have access to support, and those not in the system cannot access housing, food, and healthcare support.

MARKET CONSIDERATIONS

1. For the past decade, Denton has been in a boom period, with major housing developments in the pipeline and a large supply of newer student housing. New developments may not come to fruition, and newer development may struggle to lease up.
2. COVID will likely have a negative impact on the housing market, but there is uncertainty on how this will unfold. High unemployment, diminishing housing demand due to students learning remotely, and pending evictions and foreclosures will change the housing landscape.

APPENDIX 1 - COMMUNITY ENGAGEMENT PROCESS

EQUITY AND QUALITY OF LIFE

1. Southeast Denton is the historic home of the Black and Hispanic communities and is in need of enhancements to housing quality and improved services and amenities.
2. Denton would increase its quality of life if new developments were diverse and integrated into a walkable community with a variety of building types and commercial/retail spaces blended in.
3. In recent years, Denton has become a cultural hub for the region: restaurants, live music, and arts create a strong sense of place. Future development should work to enhance this by including unique design and diverse housing.
4. Denton needs more design standards.
5. Smaller lots and more open space in certain areas can increase the desirability of Denton and work from the city's "hippitude" reputation. This is in contrast to the housing style developers want to build.
6. The city needs more awareness around "fair housing" – including education for landlords and tenants, guidance documents, and a transparent process for filing complaints when landlords or lenders violate fair housing laws.

APPENDIX 2 - ENDNOTES

ⁱ Retail Demand Surplus and Leakage Factors, ESRI BAO 2020

ⁱⁱ Kathryn Lawler, ***Aging in Place: Coordinating Housing and Health Care Providers for America's Growing Elderly Population***, Joint Center for Housing Studies of Harvard University and Neighborhood Reinvestment Corporation, October 2001.

ⁱⁱⁱ HUD Policy Development and Research, "Measuring the Costs and Savings of Aging in Place", *Evidence Matters*, Fall 2013, retrieved August 12, 2020, <https://www.huduser.gov/portal/periodicals/em/fall13/highlight2.html>.

^{iv} Source: Atria Planning using home price data from Zillow Inc. effective July 2020, HUD Fair Market Rent for a One-Bedroom Unit in 2020, and U.S. Bureau of Occupation and Wage Statistics, 2019 using Dallas MSA wages at the 25th Percentile.

^v Assumes average household size of college-student household is 2.48 using data provided by ESRI BAO.

^{vi} Andrew Bary, "College Housing REIT Shows Strong Leasing Despite Covid-19," Barron's online, July 21, 2020, retrieved August 20, 2020 at <https://www.barrons.com/articles/college-housing-reit-american-campus-communities-shows-strong-leasing-despite-covid-19-51595340781>.

^{vii} For indicators not recorded by the City, sources include ATTOMData, U.S. Postal service data via Landgrid, and Census/ACS.