Notice of Meeting for the
Housing Advisory Board
of the City of Georgetown
April 29, 2019 at 3:30 PM
at Historic Light and Waterworks Bldg, 406 W. 8th Street Georgetown, TX 78626

The City of Georgetown is committed to compliance with the Americans with Disabilities Act (ADA). If you require assistance in participating at a public meeting due to a disability, as defined under the ADA, reasonable assistance, adaptations, or accommodations will be provided upon request. Please contact the City Secretary's Office, at least three (3) days prior to the scheduled meeting date, at (512) 930-3652 or City Hall at 808 Martin Luther King Jr. Street, Georgetown, TX 78626 for additional information; TTY users route through Relay Texas at 711.

Public Wishing to Address the Board

On a subject that is posted on this agenda: Please fill out a speaker registration form which can be found at the Board meeting. Clearly print your name, the letter of the item on which you wish to speak, and present it to the Staff Liaison, preferably prior to the start of the meeting. You will be called forward to speak when the Board considers that item.

On a subject not posted on the agenda: Persons may add an item to a future Board agenda by filing a written request with the Staff Liaison no later than one week prior to the Board meeting. The request must include the speaker's name and the specific topic to be addressed with sufficient information to inform the board and the public. For Board Liaison contact information, please logon to http://government.georgetown.org/category/boards-commissions/.

A  At the time of posting, no persons had signed up to speak on items not on the agenda.

Legislative Regular Agenda

B  Consideration and possible action to approve the minutes from the March 18, 2019 meeting. Susan Watkins, AICP, Housing Coordinator
C  Presentation and discussion of the application process to Williamson County for CDBG funding for FY19-20. Susan Watkins, AICP, Housing Coordinator
D  Update on proposed housing policies for the 2030 Housing Element Update. Susan Watkins, Housing Coordinator
E  Presentation and discussion on research completed by University of Texas graduate students on housing policy tools. Susan Watkins, AICP, Housing Coordinator
F  Update on the 2030 Plan Update process. Nat Waggoner, AICP, Long Range Planning Manager and Lou Snead, Board Chair

Adjournment

Certificate of Posting

I, Robyn Densmore, City Secretary for the City of Georgetown, Texas, do hereby certify that this Notice of
Meeting was posted at City Hall, 808 Martin Luther King Jr. Street, Georgetown, TX 78626, a place readily accessible to the general public as required by law, on the _____ day of __________________, 2019, at ____________, and remained so posted for at least 72 continuous hours preceding the scheduled time of said meeting.

________________________
Robyn Densmore, City Secretary
SUBJECT:
Consideration and possible action to approve the minutes from the March 18, 2019 meeting. Susan Watkins, AICP, Housing Coordinator

ITEM SUMMARY:
Meeting minutes from the March 18, 2019 Housing Advisory Board meeting.

FINANCIAL IMPACT:
None.

SUBMITTED BY:
Susan Watkins, AICP, Housing Coordinator

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<td>Attachment 1 - Meeting minutes</td>
<td>Presentation</td>
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Members present: Nathaniel Bonner; Randy Hachtel; Jeannyce Hume; Bob Weimer; and Lou Snead, Chair

Staff present: Susan Watkins, Housing Coordinator; Nat Waggoner, AICP, Long Range Planning Manager

Chair Snead called the meeting to order at 3:43pm.

Public Wishing to Address the Board

A. As of the deadline, no persons were signed up to speak on items other than those posted on the agenda.

Legislative Regular Agenda

E. Consideration and possible action to approve the minutes from the March 18, 2019 meeting.

Susan Watkins, AICP, Housing Coordinator

Item E was moved in the agenda by the Chair.

Motion by Hachtel, 2nd by Weimer to approve January 29, 2019 minutes. The board voted 4-0 to approve (Bonner absent).

Motion by Weimer, 2nd by Hachtel to approve corrected meeting minutes from Nov. 19, 2018. The board voted 4-0 to approve (Bonner absent).

B. Nomination and selection of Vice-chair and Secretary for the 2019/20 Board. Susan Watkins, AICP, Housing Coordinator

Weimer nominated as Vice Chair. Hatchel nominated to serve as Secretary.

Motion by Hatchel, 2nd by Bonner to elect Weimer as Vice Chair and Hachtel as Secretary. The board voted 5-0 to approve.

C. Discussion and review of Bylaws and attendance policy. Susan Watkins, AICP, Housing Coordinator

No action taken.
D. Discussion and possible action to approve meeting time for 2019/20 Board. Susan Watkins, AICP, Housing Coordinator

Motion by Bonner, second by Hachtel to hold Housing Advisory Board meetings on the 3rd Monday of month at 3:30pm. The board voted 5-0 to approve.

F. Presentation and discussion of the application process to Williamson County for CDBG funding for FY19-20. Susan Watkins, AICP, Housing Coordinator

Watkins provided an overview of the Community Development Block Grant Program (CDBG), information on the Williamson County Consolidated Plan (2019-2023) and the application process for FY2019.

Chair Snead shared some concern about submitting a project other than sidewalks. He offered that partnering with Habitat for Humanity could be an option. Habitat could identify a property within the qualifying Block Groups. Hatchel also suggested that partnering with Habitat is a good idea.

Hume suggested that other communities have used CDBG for Home Repair. Part of updated goal is to preserve existing homes. Hume asked if you can apply with multiple projects. Watkins answered yes, the funding can be applied to multiple projects. Hume asked about award/selection process. Watkins answered that the evaluation criteria does not include apportionment based on size.

Board wants to prioritize safety and collaboration with Habitat for Humanity and discuss at the next HAB meeting.

G. Discussion on Home Repair program eligibility and management with Habitat for Humanity of Williamson County. Linda Sloan, Community Involvement Director, Habitat for Humanity of Williamson County

Linda Sloan provided an overview of Habitat for Humanity of Williamson County. She shared that generally speaking HFHWC been doing home repair for a few years. Round Rock has taken project in house. Going to apply for home repair funds through CDBG for west side of Williamson County. Income limits based on HUD annual income limits. Applicants are vetted by repair and/or construction coordinator.

Snead asked that the Board consider making a recommendation for the FY20 budget cycle during its next meeting in April, $35K-$40K.

H. Presentation and discussion on research completed by University of Texas graduate students on housing policy tools. Susan Watkins, AICP, Housing Coordinator

Watkins provided an overview of the research completed to date through UT Austin which includes an overview of programs utilized within the region. The Board would like to invite
the UT students to the next meeting to discuss the research further and to thank them for their work.

I. Consideration and possible recommendation to the 2030 Steering Committee on proposed housing policies for the 2030 Housing Element Update. Susan Watkins, Housing Coordinator Watkins provided an overview of Council direction including the structure of the Housing Goal including 4 policy groups (Coordination, Affordability, Preservation, Diversity).

Discussion summary by policy:

D3 - Hume found it to be specific. Snead found “goods and services” not specific enough. Bonner also found “goods and services” not specific enough. Snead said developers will determine how complete neighborhoods will be and was not sure how City can incentivize. Weimer said it’s achievable to get a developer to provide a well-planned neighborhood. Not enough consensus on the Council. Snead asked that Watkins provide additional detail on the discussion by the Steering Committee on policy D3. Watkins shared that the Steering Committee had concerns that the policy was not fully achievable given the amount of amenities specified and that would only be possible in new, larger developments.

D4 - Bonner commented that “housing options” is not specific enough. Community also needs more specificity. Hume asked that Watkins specify in D4 what the definition of community means. Snead commented that he understood it to mean Georgetown.

P1 – Snead and Weimer discussed the Ridge neighborhood as an example. Property taxes may become an issue for people being able to stay in their home. Weimer did not agree it was a good policy due to lack of specificity.

P2 - Hume said the policy was achievable and specific. Property tax caps for long term residents could be a good tool. Snead said there may be difficulty in administering and to consider changing to “Support owner choice to remain in affordable neighborhoods”. Hume concerned that including “affordability” may detract or limit policy. Snead offered the example of the Brownstones at Rivery. Watkins offered that there are possible considerations that can be put in place to limit to long term residents. Snead asked to change the word “support” to incentivize.

P3 – Bonner shared concern that there are neighborhoods where he can’t move in, consider using “character” instead of identity. Promote home preservation to protect neighborhood preservation. Snead said achievability will be difficult; are we creating more HARCs. N. Bonner- consider adding “preservation”.

A1 – Snead would like to see “create more”, needs to be more ambitious. Weimer suggested “create more and support existing”. Hume suggested adding an education component.

A2 – Agreement
A3 – Agreement

A4 – Agreement

A5 - Weimer- Helping Hands is the only organization that has done a point in time count. Include “to include the underserved, working poor, and kids”.

J. Update on the 2030 Plan Update process. Nat Waggoner, AICP, Long Range Planning Manager and Lou Snead, Board Chair

Waggoner briefly reviewed the project schedule.

Adjournment

Motion by Hatchel, second by Bonner to adjourn. 4-0. Snead absent. The meeting was adjourned at 6:03 pm.

__________________________________   ______________________________________
Approved, Lou Snead, Chair                  Attest, Randy Hachtel, Secretary
SUBJECT:
Presentation and discussion of the application process to Williamson County for CDBG funding for FY19-20. Susan Watkins, AICP, Housing Coordinator

ITEM SUMMARY:
Staff will review direction from the April 23, 2019 City Council workshop on selection of projects to submit to Williamson County for FY19 CDBG funding. Staff proposed the following projects for City Council's consideration:
1) Home rehabilitation funds in the amount of $75,000. The Housing Element adopted in 2012 recommends seeking CDBG funds for affordable housing initiatives that are qualified CDBG activities, which includes home rehabilitation. If awarded, the City intends to partner with Habitat for Humanity to serve eligible households in qualified census block groups.
2) The engineering and construction of sidewalks and ramps along Scenic Dr. from 17th Street to the end of the sidewalk at the U.S. Post Office on Scenic Dr., as identified as missing segment and a portion of which is identified as Priority 3 and has no current funding source in the City of Georgetown Sidewalk Master Plan. The sidewalk would provide access to St. David’s hospital and provide additional connectivity to the GoGeo St. David’s bus stop located on Scenic Dr. along the Purple Route. Council directed Staff to submit an application to Williamson County for the two projects. The application submission will be on the consent agenda for the 5/14 City Council meeting.

FINANCIAL IMPACT:
Proposed application to Williamson County for $400,000 in CDBG funding.

SUBMITTED BY:
Susan Watkins, AICP, Housing Coordinator

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Community Development Block Grant (CDBG) Application FY20

April 29, 2019

Housing Advisory Board
Purpose

• Gain Council feedback on recommended projects to Williamson County by May 22, 2019.
CDBG overview

• **Entitlement communities**
  – Non entitlement communities can be sub-recipients

• **Low to Moderate Income (LMI) areas**
  – At least 47% of households have incomes at or below 80% of the area median income (AMI)
Eligible Census Block Groups for CDBG Application

CDBG funding is eligible to census block groups that have more than 47% low to moderate income households.

Percentage of low to moderate income households in red.
CDBG overview

• **Eligible activities**
  – Acquisition of property
  – Housing and housing rehabilitation
  – Public facilities and improvements
  – Homeownership assistance
CDBG Application Process

March 2019
- Project identification

May 2019
- Application submission to Wilco

Fall 2019
- Agreement between City & County

- Project selection

- Wilco project selection
Internal Project Selection

• Eligible tracts
• Master plan implementation
City of Georgetown Home Repair Program

• Current partnership with Habitat
  – $25K in FY19
  – Average repair cost of $3k/household
  – Designed to assist at least 6 families, citywide
Project 1- Home Rehabilitation through CDBG

- Requesting $75K in FY20
  - Ability to assist an estimated 15 families in eligible census tracts
  - Supports recommendation #6 in the 2012 Housing Element of the 2030 Comprehensive Plan
  - Habitat for Humanity will provide project management and reporting
Project 2- Sidewalk Improvement

- In eligible Census tract
- Total project approx. $325K
- Priority 3 for Sidewalk Master Plan
- Access to St. David’s Hospital
- Connects and provides accessibility to GoGeo stop
Feedback Requested

• Gain Council feedback on recommended CDGB projects.
NEXT STEPS

• 5/14/19 Council consent agenda for application approval
• 6/2019 Williamson County allocation
• 7/2019 or 8/2019 Return to Council for acceptance of funds
SUBJECT:
Update on proposed housing policies for the 2030 Housing Element Update. Susan Watkins, Housing Coordinator

ITEM SUMMARY:
Staff will provide the Housing Advisory Board an update on the meetings that have occurred since the March HAB meeting where housing policies were evaluated. On April 4, 2019 the 2030 Steering Committee evaluated the preservation and affordability housing policies. The combined evaluation from the March and April meetings of the Steering Committee was forwarded on to a Joint Session of the City Council and the Planning and Zoning Commission on April 10, 2019. The changes made at the Joint Session were reviewed at the April 23, 2019 City Council workshop. The Council asked for clarification of definitions of words and key terms used in the policies and additional background on the intent of the policies. The Council also directed that the policies back for evaluation by the 2030 Plan Steering Committee.

FINANCIAL IMPACT:
None at this time.

SUBMITTED BY:
Susan Watkins, AICP, Housing Coordinator

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<td>Presentation</td>
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</tbody>
</table>
• Part 1 – Survey No. 2 Feedback
• Part 2 - 4/4 Steering Committee recommendation
• Part 3 – 4/10 Joint Session recap
• Part 4 – 4/23 Council Direction
• Part 5 – Next Steps
• 566 participants

• 9% of respondents rent their homes

• 43% have lived in Georgetown at least 11 years; 34% have lived in Georgetown 5 years or less

• 94% live in a traditional single-family detached home
**What might cause you to leave your neighborhood?**

<table>
<thead>
<tr>
<th>Number of Times Ranked</th>
<th>Highest Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax increases</td>
<td>Property tax increases</td>
</tr>
<tr>
<td>Cost to maintain</td>
<td>Public safety</td>
</tr>
<tr>
<td>Public safety</td>
<td>Inability to age in place</td>
</tr>
<tr>
<td>Walkability and access</td>
<td>New development</td>
</tr>
<tr>
<td>Inability to age in place</td>
<td>Walkability and access</td>
</tr>
<tr>
<td>New development</td>
<td>Cost to maintain</td>
</tr>
<tr>
<td>Variety of housing types</td>
<td>Variety of housing types</td>
</tr>
<tr>
<td>Not enough amenities</td>
<td>Not enough amenities</td>
</tr>
</tbody>
</table>
SURVEY #2 – NEEDS ASSESSMENT

What are housing challenges for owners?
Property tax (by a large margin)

What are housing challenges for renters?
Rent prices and housing availability

Who could benefit from additional housing options?
Mid-income people, families, and young professionals

What types of housing affordability support are needed?
Focusing on providing a range of housing prices, particularly lower housing prices
## 4/4 SC POLICY EVALUATION

<table>
<thead>
<tr>
<th>Policy Number</th>
<th>Policy</th>
<th>Specific</th>
<th>Achievable</th>
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</thead>
<tbody>
<tr>
<td>Preservation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P1</td>
<td>Preserve existing housing stock that contributes to diversity and affordability.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>P2</td>
<td>Preserve existing neighborhoods.</td>
<td>X</td>
<td>Not</td>
</tr>
<tr>
<td>P3</td>
<td>Support owner ability to stay in their home in neighborhoods with rapid value increases.</td>
<td>X</td>
<td>Not</td>
</tr>
<tr>
<td>P4</td>
<td>Maintain and promote neighborhood character and quality.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Affordability</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A1</td>
<td>Support existing rental choices for low-income households.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>A2</td>
<td>Increase rental choices for workforce households.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>A3</td>
<td>Increase rental choices for senior households.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>A4</td>
<td>Increase homeownership choices for workforce households.</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>A5</td>
<td>Support community housing choices for all residents.</td>
<td>Not</td>
<td>X</td>
</tr>
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PART 3

4/10 Joint Session Recap
4.10.2019 JOINT SESSION RECAP

• Joint meeting of City Council and Planning & Zoning

• 16 policies presented across 4 policy groups
<table>
<thead>
<tr>
<th>PRESERVATION</th>
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<tbody>
<tr>
<td>P1. Preserve existing housing stock that contributes to diversity and affordability.</td>
</tr>
<tr>
<td>P2. Preserve existing neighborhoods in targeted areas.</td>
</tr>
<tr>
<td>P3. Support owner ability to stay in their home in neighborhoods with rapid value increases.</td>
</tr>
<tr>
<td>P4. Maintain and promote neighborhood character and quality.</td>
</tr>
<tr>
<td><strong>AFFORDABILITY</strong></td>
</tr>
<tr>
<td>-------------------</td>
</tr>
<tr>
<td>A1. Support existing rental choices for low-income households. <strong>Support and increase rental choices for low-income and workforce households unless they are substandard.</strong></td>
</tr>
<tr>
<td>A2. Increase rental choices for workforce households. <em>(merged with A1)</em></td>
</tr>
<tr>
<td>A4. Increase <strong>Support</strong>-homeownership choices for workforce households.</td>
</tr>
<tr>
<td>A5. Support community housing choices for vulnerable residents including families and individuals experiencing homelessness.</td>
</tr>
</tbody>
</table>
**COORDINATED HOUSING PROGRAMMING**

<table>
<thead>
<tr>
<th>C1.</th>
<th>Actively seek and build <a href="#">public and private</a> partnerships to leverage resources and promote innovation.</th>
</tr>
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<tbody>
<tr>
<td>C2.</td>
<td>Align housing policies with other city policies and strategic plans.</td>
</tr>
<tr>
<td>C3.</td>
<td><a href="#">Provide Ensure</a> opportunity for community engagement through outreach and communication.</td>
</tr>
</tbody>
</table>
DIVERSITY

D1. Encourage and incentivize new housing and reinventions or additions to existing housing to provide a mixture of housing types, sizes and price points.

D2. Ensure land use designations and other policies allow for and encourage a mixture of housing types and densities across the community.

D3. Provide opportunity to create-Promote development of complete neighborhoods across Georgetown.

D4. Provide-Encourage housing options and services to allow people to thrive in Georgetown as they grow older.
4/23 COUNCIL DIRECTION

• Clarify definitions
• Clarify intent of policies
• Additional review of policies by Steering Committee
PART 5

Next Steps
NEXT STEPS

• Return to Steering Committee to give additional background and evaluate policies
SUBJECT:
Presentation and discussion on research completed by University of Texas graduate students on housing policy tools. Susan Watkins, AICP, Housing Coordinator

ITEM SUMMARY:
As part of the 2030 Plan update, staff asked University of Texas Community and Regional Planning graduate students to research nine affordable housing strategies and six peer cities to help determine best practices towards implementing affordable housing policies. A team of graduate students analyzed each tool and peer city to develop a set of recommendations for the City of Georgetown to consider when addressing housing affordability issues in the future.
The analysis of affordable housing strategies found that tax exemptions, fee waivers, and development agreements require low to moderate administrative capacity to implement, while TIRZs, CLTs, and development regulations require greater levels of technical capacity and resources to carry out. Land banking and homestead preservation districts are the only tools not available to the City of Georgetown due to current restrictions under Texas state law.
The six case studies identified failed to provide significant insight into many of the tools selected by Georgetown. However, the cases offer good examples of how municipalities use federal funds and development fee waivers for affordable housing.
The Cities of Plano, Frisco, and Leander use fee waivers to incentivize affordable housing. Further, the Cities of Plano, Frisco, and Round Rock use federal funds for mortgage/rent assistance and housing rehabilitation for low income residents.

FINANCIAL IMPACT:
None.

SUBMITTED BY:
Susan Watkins, AICP, Housing Coordinator

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<tr>
<td>Attachment 2 - UT Student Research on Housing Policies</td>
<td>Backup Material</td>
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POLICY TOOLS EVALUATED

1. Community Land Trusts
2. Land Banking
3. Development Regulations
4. Tax Exemptions
5. TIFs/TIRZ
6. Homestead Preservation Districts
7. Preservation of Affordable Units
8. Fee Waivers and Exemptions
9. Development Agreements
CONCLUSIONS

• Tax exemptions, fee waivers, and development agreements require
  Low to moderate administrative capacity to implement

• TIRZs, CLTs, and development regulations
  Require greater levels of technical capacity and resources to carry out

• Land banking and homestead preservation districts
  Not available due to current restrictions under Texas state law
TAX EXEMPTIONS

• Property tax exemptions
  • Homestead
  • Senior and disability
  • Veterans

• Reinvestment zones
  • Tax Increment Reinvestment Zones
  • Neighborhood Empowerment Zones
FEE WAIVERS

• Impact fees
• Permit fees
• Development fees
DEVELOPMENT AGREEMENTS

• Negotiation of benefits/incentives
  • City benefits – increased tax base, enhanced econ. dev. and provision of community amenities – some cities have incentivized affordable housing
  • Developer benefits – reimbursements or waivers, reduction of land development regulations

• Considerations
  • Public opposition
  • Future revenue losses
  • Administrative and technical requirements for enforcement
• Set aside property tax revenues to assessed valuation growth to use for public investments that help stimulate development

• Most in Texas have been used to develop public improvements projects, some municipalities have used them to create affordable housing
  • San Antonio
  • Dallas
  • Houston
COMMUNITY LAND TRUSTS

• Non-profits purchase property and provide ground leases to prospective homeowners
  • Shared equity, low cost path to homeownership
  • Resale restrictions, reinvestment of profits back into community

• Examples
  • Houston
  • Austin
COMMUNITY LAND TRUSTS

• Considerations
  • Implementation – significant financial outlays from public entities
  • Operation – ongoing administrative resources to ensure property resales benefit homeowners and the non-profit organization
• Homestead Preservation District
• LIHTC – resolutions of support
• Federal grants – CDBG and HOME for home repair
DEVELOPMENT REGULATIONS

• Density bonuses
• ADU allowance
• Zoning requirements
• Plano
  • Great Update Rebate – repairs to homes 35 years or older
  • Love Where You Live - neighborhood revitalization initiative that provides home repairs
  • Neighborhood Revitalization Zone - development fee waivers and property tax abatements
CASE STUDIES

• Frisco
  • City-wide policy to waive all permitting and development fees for non-profit developers of affordable housing projects

• Sugar Land
  • CDBG, Home rehab

• Cedar Park
  • LIHTC developments
CASE STUDIES

• Leander
  • Limited fee waivers
  • Development agreements with LIHTC to provide property tax exemptions

• Round Rock
  • CDBG
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Executive Summary

The City of Georgetown is currently in the process of updating its Comprehensive Plan. As part of this update, the City is including a “housing element” that will guide City policy when housing issues due to population growth and rising property value and rents. To address this challenge, City planners developed a list of nine affordable housing strategies and six peer cities to help determine best practices towards implementing affordable housing policies. A team of graduate students at UT Austin analyzed each tool and peer city to develop a set of recommendations for the City of Georgetown to use when addressing housing affordability issues in the future.

The analysis of affordable housing strategies found that tax exemptions, fee waivers, and development agreements require low to moderate administrative capacity to implement, while TIRZs, CLTs, and development regulations require greater levels of technical capacity and resources to carry out. Land banking and homestead preservation districts are the only tools not available to the City of Georgetown due to current restrictions under Texas state law.

The six case studies identified failed to provide significant insight into many of the tools selected by Georgetown. However, the cases offer good examples of how municipalities use federal funds and development fee waivers for affordable housing. The Cities of Plano, Frisco, and Leander use fee waivers to incentivize affordable housing. Further, the Cities of Plano, Frisco, and Round Rock use federal funds for mortgage/rent assistance and housing rehabilitation for low income residents.

The City of Georgetown could use development agreements, TIRZs, and fee waivers to incentivize affordable housing development. Development agreements can be utilized to allow development that supports local goals while providing developers with the security of long-term agreements despite future land use changes. Attaching affordability standards to TIRZs will provide a secure funding source for affordable housing development. Lastly, waiving fees can incentivize market rate developers to include affordable units and lower the financial burden on nonprofit developers.
Introduction

The City of Georgetown is located in Central Texas, approximately 25 miles North of Austin. In recent years, the city has seen significant growth due to Austin’s outward development, resulting in the city being named one of the fastest growing cities in the country. Significant growth combined with increasing property values have placed pressure on existing housing stocks across all income groups. Georgetown is currently in the process of developing an update to the City’s Comprehensive Plan. As part of this update, the City is including a “housing element” to help plan for projected growth in the face of an uncertain future. To address current and future housing affordability problems, the City is looking for information on tools it can use to preserve and/or develop affordable housing. City planners have developed a list of nine strategies that have been determined to be potential best practices, and are particularly interested in determining which tools could be feasibly and effectively implemented in Georgetown.

The affordable housing tools identified are as follows:

1. Community Land Trusts
2. Land Banking
3. Development Regulations
4. Tax Exemptions
5. TIFs/TIRZ
6. Homestead Preservation Districts
7. Preservation of Affordable Units
8. Fee Waivers and Exemptions
9. Development Agreements

In order to better understand how these tools can be implemented in Georgetown, City planners have identified a number of peer cities that have historically faced similar growth pressures or have similar demographic or community characteristics. Peer city case study analyses can help inform local officials of the possible effects of implementing affordable housing tools in Georgetown. The list of identified peer cities is as follows:

1. Plano
2. Frisco
The intention for including Frisco, Plano, and Sugar Land was to see how municipalities that have already experienced large population growth developed affordable housing. Further, the main motivation for including Cedar Park, Leander, and Round Rock was to see how regional municipalities that are currently experiencing similar growth to Georgetown are implementing affordable housing policies.

In order to better understand how the identified affordable housing tools function, and their effects on peer cities in Texas, graduate students at the University of Texas at Austin have developed a four step work plan: (1) researching existing literature surrounding the nine affordable housing strategies; (2) creating a simple, accessible matrix of identified strategies; (3) completing six peer city case studies, and; (4) providing actionable recommendation for the City of Georgetown. The following analyses and case studies will provide the City of Georgetown with the necessary information to create and implement affordable housing policies.
Affordable Housing Tools

Community Land Trusts

Community Land Trusts (CLT) are one type of tool used in communities across the country to produce affordable housing and preserve long-term housing affordability. CLT programs are operated by non-profit organizations that purchase property and provide ground leases to prospective homeowners in an effort to reduce the costs of purchasing a home. By owning the land and providing ground leases to prospective homeowners, the non-profit organization shares equity with the homeowner without any direct government assistance (ULI, 2018). Under the CLT model, property improvements—the housing unit built on property—is owned by the homeowner while the non-profit organization maintains ownership of the land itself. In order to keep housing costs low, the non-profit organization restricts the resale price of property improvements and reinvests any profits earned back into the community through land and property improvements (Platts-Mills, 2018).

The structures of CLTs can vary widely depending on the communities’ political and regulatory framework, as well as the housing goals developed by communities and non-profit organizations. In Texas, CLTs are currently designated in state statute and have been implemented in a number of ways in both Austin and Houston to provision affordable housing (ULI, 2018). Under Texas State law, CLTs must be operated by a non-profit organization, but a variety of models have been proven successful. In Austin, three non-profit organizations have utilized CLT programs; two CLTs utilize traditional, pre-existing non-profit organizations, while one CLT program was developed using a joint public-private partnership with the City of Austin to create a publicly-funded non-profit organization. Further, one CLT program exists in Houston that utilizes a similar partnership model to Austin. In this case, the City of Houston developed and funded the non-profit organization to manage delinquent properties. The non-profit also
partners with housing developers to develop and sell property improvements. (Platts-Mills, 2018).

CLTs offer a variety of benefits to both prospective homeowners and the communities in which they operate. CLTs provide benefits to individuals by providing a low-cost path to homeownership, while reducing ongoing costs including property taxation and property upkeep. Communities benefit from CLTs because all public funding and subsidization utilized to develop and implement the CLT will be available to current and future homeowners and remain in the community in perpetuity (Platts-Mills, 2018). Although CLTs provide a wide variety of benefits, these types of programs face challenges to implement and operate. CLT programs require significant financial outlays from public entities and non-profit organizations in order to develop properties. Further, maintaining affordability in the long-term requires ongoing administrative resources to ensure property resales benefit homeowners and the non-profit organization.
Land Banking

Land banks are governmental or nonprofit entities that acquire foreclosed and/or abandoned properties. Most of the units that land banks acquire are tax-foreclosed properties. These entities then convert foreclosed units into productive ones often by selling them to nonprofit and for-profit developers usually with restrictions to ensure the property stays “affordable.” For instance, a land bank can use deed restrictions on the units it sells to ensure households with gross annual incomes no greater than 50 to 60 percent of Area Median Family Income (AMFI) are always able to access that unit, regardless of the owner.

The Texas Legislature first allowed land banking in 2003 with legislation that allowed the City of Dallas to bypass the tax foreclosure process to more easily acquire tax delinquent properties (CDC UT School of Law, 2010). The City of Dallas created the Urban Land Bank in 2004 with the goal of acquiring tax delinquent properties to sell to affordable housing developers. The State of Texas then expanded the land bank program to include the City of Houston in 2005. The City of Houston followed Dallas with the creation of the Land Assemblage Redevelopment Authority. Since then, the State has not expanded the law to include any other Texas municipalities. However, the State of Texas created the Texas State Affordable Housing Corporation in 1994. This corporation has the ability to land bank properties across Texas (TSAHC, n.d.). Moreover, under Texas State law, there are three criteria for acquiring properties: the property has a value less than the amount of taxes and non-tax liens, the property has at least 5 years of delinquent taxes, and the unit(s) is zoned residential (CDC UT School of Law, 2010). Also, nonprofit housing developers have a right of first refusal to land banked properties. To ensure units stay affordable, the Urban Land Bank in Dallas and the Land Assemblage Redevelopment Authority in Houston use deed restrictions when they sell properties (City of Dallas, 2018).

Further, the main benefits of land banking include stabilizing communities with a large number of vacant properties, developing affordable housing, and expediting the
development of unproductive properties. In urban areas with vacant or tax-delinquent properties, land banking can be used to redevelop areas. For instance, the bank can acquire vacant properties, make the necessary repairs, and sell the units to developers. This process can also improve older housing stock in low-income neighborhoods. In addition, land banking expedites the redevelopment process, by allowing municipalities to acquire tax-delinquent properties at little to no cost. In short, this expedited process allows for a streamlined development of affordable housing units.

Nevertheless, there are drawbacks to using land banks in Texas. First, only the Cities of Dallas and Houston can use land banks under Texas State law. Smaller cities, like Georgetown, or even large municipalities like San Antonio and Austin can’t develop land banks. However, cities without access to their own land banks could partner with the Texas State Affordable Housing Corporation. Second, there have been numerous scandals with Dallas and Houston’s land banks. A report by the Houston Chronicle found that poor oversight of the Land Assemblage Redevelopment Authority resulted in overgrown land bank owned lots, unenforced income eligibility requirements, and the purchase of land that was eventually deemed unsuitable for development (Morris, 2018). Further, the Urban Land Bank in Dallas sold lots intended for low-income families to an entrepreneur who ended up transferring the properties to his family members (Chiquillo, 2018). Both of these reports show the large administrative burden in overseeing a land bank. In short, without adequate oversight, land banking can turn into an inefficient tool in developing affordable housing.
Development Regulations

Development regulations are affordable housing tools that come in a wide variety of forms to help local governments produce or preserve affordable housing in their communities. Local governments can provide density bonuses to affordable housing developers, change zoning regulations to allow for smaller lot sizes, or allow individual property owners to develop accessory dwelling units (ADUs). A density bonus is an incentive-based affordable housing tool that can allow developers to exceed zoning requirements like height restrictions or building type in exchange for building affordable housing units. Changing zoning requirements to reduce or remove minimum lot sizes, or allow property owners to build ADUs are two tools that can help to incentivize affordable housing production. Smaller lot sizes can reduce the cost to develop individual housing units, thereby reducing barriers to developing affordable housing (ACDDC, 2016). Changing zoning regulations to allow homeowners to build ADUs serves a similar purpose by reducing minimum lot sizes (Brookings, 2003). By adjusting their zoning regulations, local governments can leverage individual homeowners and housing developers to increase housing density by reducing per-unit housing development costs. Although they can help to reduce the costs of producing affordable units, development regulations do not guarantee affordable housing. These types of tools must be paired with affordability requirements to ensure new and existing housing units remain affordable (Wilson, 2012).

Development regulations can be a useful tool to develop affordable housing because they provide myriad benefits to landowners, developers, and local governments. Landowners benefit from development regulations through increased income. This income is generated from the creation of additional housing units (Wilson, 2012). Developers see benefits from the heightened demand for residential property development that is generated from density bonuses, reduced lot sizes, or allowance of ADUs (Brookings, 2003). Local governments may receive the greatest benefits from development regulations in the form of a larger tax base, enhanced economic
development from new residential housing development, and more efficient public
dservice provision due to increasing housing and population density (ACDDC, 2016).
Although development regulations can be largely beneficial, they require significant
administrative resources and political will in order to codify changes in zoning
regulations or property use law. Furthermore, because inclusionary zoning is currently
not allowed in the State of Texas, ensuring affordability of new housing stock requires
substantial administrative effort and financial outlays in order to incentivize landowners.
**Tax Exemptions**

Municipalities can use tax exemptions to preserve and incentivize affordable housing by decreasing the financial burden on homeowners and developers. There are two main tax levers that municipalities can use to lower financial burden: property tax exemptions and tax abatements. Under current Texas law, municipalities can provide property tax exemptions for homeowners through homestead exemptions, senior and disability exemptions, and veterans exemptions. While the property tax exemptions can help low-income homeowners pay their property tax bills, none of the exemptions explicitly target low-income residents. For instance, current law only allows cities to offer a homestead exemption that equals a percentage of the appraised value of the property. This policy ensures that homeowners with high assessed values benefit more than homeowners with low property values (City of Austin, 2018).

In its Austin Strategic Housing Blueprint, the City of Austin advocates for a Multifamily Property Tax Exemption and a flat dollar homestead exemption. A flat dollar homestead exemption would benefit those homeowners who need it the most, while a Multifamily Property Tax Exemption would incentivize developers to include affordable units (City of Austin, 2018). Neither of these options are currently available under Texas state law, but municipalities can create reinvestment zones that can use policies similar to a Multifamily Property Tax Exemption.

Municipalities can use tax abatements to attract affordable housing developments by creating reinvestment zones. Under current Texas law, municipalities can only abate taxes within a reinvestment zone. These zones are usually set up through Tax Increment Reinvestment Zones (TIRZ) or Neighborhood Empowerment Zones (NEZ). However, Texas law doesn’t require that municipalities use these tools to create a reinvestment zone. The Tax Code outlines three criteria for an area to become a reinvestment zone; the zone is located in an area that meets federal assistance requirements, the area is impairing the growth of the city, and the area is likely to see substantial improvement from being designated as a reinvestment zone (Way, 2018).
Once the zone is created, municipalities can adopt guidelines and criteria for awarding tax abatements.

The City of Fort Worth has one of the most extensive reinvestment zone programs in the state. The City uses twenty NEZs to abate taxes, waive fees, and release liens in an effort to attract economic development and incentivize affordable housing. Furthermore, the City offers 100 percent tax abatement for five years for multifamily developments that set aside 10 percent of the units for residents with incomes at or below 80 percent of Area Median Family Income (AMFI) and another 10 percent of units for residents with incomes at or below 60 percent of AMFI. This policy also applies to mixed use developments that have at least 20 percent of the “Gross Floor Area” dedicated for residential use. However, developers can opt out of this criterion by paying the City $200 annually for each unit (City of Fort Worth, 2017). The City’s policy also does not outline the affordability period of the units. In short, reinvestment zones can be used to attract both economic development and affordable housing, but the zone’s criteria for awarding abatements will determine the extent of affordable housing units provided by developers.

The main benefit of using tax exemptions or abatements in preserving or developing affordable housing is that it can directly lower the financial burden on low-income homeowners and developers. By lowering this financial burden, low-income homeowners are more likely to keep their homes, and developers are incentivized to set aside affordable units in new developments. Nevertheless, there are several challenges and drawbacks to using these tools. First, many low-income homeowners aren’t aware of property tax exemptions and/or do not understand how to apply for the exemption (Way, 2018). Second, using tax exemptions and abatements will lead to fewer revenues for the city, which could put pressure on the city’s budget. Third, municipal tax abatements can only occur in reinvestment zones. This requirement can increase the administrative burden on municipalities, as they have to operate zones and establish abatement criteria. Lastly, establishing a reinvestment zone in a low-income area with
“loose” affordability incentivizes could lead to displacement, which could in turn exacerbate the city’s affordability problems.
TIF/TIRZ

Tax Increment Financing (TIF) sets aside property tax revenues due to assessed valuation growth to use for public investments that help stimulate development. Under Chapter 311 of the Texas Tax Code, municipalities are allowed to use TIFs through the creation of Tax Increment Reinvestment Zones. Texas legislation also requires that cities only create TIRZs in areas that would not otherwise attract economic development (Lord, n.d.). In short, TIRZs should usually be made in districts that are in distress. Cities can use the increment between the original assessed value (at the time of the TIRZ’s creation) and the new assessed value to finance bonds, public improvement projects, and affordable housing. Most TIRZs in Texas have only been used to develop public improvement projects in that area, however, some large municipalities have used them to create affordable housing.

The Cities of Dallas, San Antonio, and Houston are known for their use of TIRZs to redevelop areas, while also developing affordable housing. The City of Dallas requires that 20 percent of housing units built in a TIRZ be affordable. The City deems “affordable” units as 80 percent of Area Median Family Income and requires that the units stay affordable for 15 years (Dallas Economic Development, 2016). Further, the City of San Antonio can require that a percentage of up to 20 percent of the housing units built in a TIRZ be deemed “affordable” by City guidelines (City of San Antonio, 2015). Lastly, TIRZs created in Houston by petition are required to give one-third of their increment to develop affordable housing. However, the development of affordable housing does not need to occur in the petition created TIRZ. As of 2016, there were ten petition created TIRZs in Houston (City of Houston, 2016).

The main benefit of using a TIRZ to redevelop areas, while also creating affordable housing, is that it doesn’t require a large amount of financial stress. By using a TIRZ, cities can redevelop areas without using general fund monies. Further, developing affordable housing with a TIRZ is not as politically salient as other affordable housing tools, such as issuing general obligation bonds. The creation of a TIRZ does
not need a public referendum, while issuing GO bonds requires voter approval, which can delay or even inhibit the creation of affordable housing. Lastly, requiring affordability standards on TIRZs helps combat any displacement that might occur from the creation of a TIRZ in a low-income area. Once a TIRZ is created and property values begin to rise due to economic development, low-income residents might be displaced from the rising rents and property taxes. In short, affordability standards can help offset this displacement.

Nevertheless, challenges remain when using TIRZs with affordability standards. The current standards in Dallas and San Antonio only require that 20 percent of units be available to residents with 80 percent of Area Median Family Income. These affordability standards also only last 15 years. This requirement leaves out the poorest residents from accessing units in TIRZs. In short, the standards don’t go far enough in ensuring that residents aren’t displaced from rising property taxes or rents due to the creation of the TIRZ. Lastly, administering a TIRZ requires a certain amount of administrative burden. For instance, the City of Houston “lost track” of bond proceeds and increment funding from their TIRZs. Between 2001 and 2004 two of Houston TIRZs sent a combined $13 million in bond proceeds to the City to be used for affordable housing. The City has failed to spend these funds in a timely manner and has failed to spend any of the funds since 2013, which has resulted in unnecessary principal and interest payments (Morris and Elliot, 2017). The City claims to have no recollection of these bond proceeds. In short, administering a TIRZ will require strong administrative oversight to ensure funds are being spent in accordance with city guidelines.
**Homestead Preservation Districts**

A Homestead Preservation District (HPD) is a tool that Texas municipalities can use to combat gentrification. HPDs use Tax Increment Reinvestment Zones (TIRZ) to generate funding for affordable housing. HPDs use the increment property tax revenue to develop, construct, and preserve affordable housing in the district. Currently, Texas law only allows municipalities with a population of more than 750,000 and occupied housing units of less than 550,000 to use HPDs (State of Texas, n.d.). HPDs can also only be implemented in areas with the following criteria: the area must have fewer than 75,000 residents, the area’s poverty rate must be at least two times the municipality’s overall poverty rate, and each census tract in the area must have a median family income that is less than 80 percent of the municipality’s overall median family income (City of Austin, n.d.). Further, State law requires that revenue from the TIRZ in the HPD be reinvested in the area to support households at or below 70 percent of median family income. Lastly, only 10 percent of revenue from the TIRZ can be spent on administrative costs (Housing Works Austin, 2015).

The City of Austin is the only municipality in Texas to create a HPD. The City created a HPD in East Austin, an area that has been rapidly gentrifying. As described above, the City uses the HPD’s TIRZ to fund affordable housing in the area to prevent displacement. The City expects the HPD in East Austin to generate over $17 million for affordable housing over the next 20 years (Clifton, 2017). Further, the City had plans to expand HPDs to areas in North and Southeast Austin, but the City no longer meets Texas occupied housing unit requirements. Some State Reps and Senators attempted to increase the occupied housing unit cap, but Governor Abbott vetoed the bill.

The main benefit of a HPD is that it provides a secure source of funding to combat displacement. All funds generated from the TIRZ must be spent on maintaining or developing affordable housing in the district, which, unlike a normal TIRZ, ensures that funding will be spent on low-income residents. Further, HPDs must fund affordable housing for households at varying levels of Area Median Family Income. The current
law dictates that at least half of the revenue generated benefit households at or below 50 percent Area Median Family Income (AMFI) and at least 25 percent of the revenue generated benefit households at or below 25 percent of AMFI (City of Austin, n.d.). This policy, unlike the TIRZs in Dallas and San Antonio, ensures that the poorest residents have access to housing in HPDs.

The biggest drawback of HPDs is that they are increasingly becoming an unviable option for Texas municipalities. The State of Texas has refused to allow smaller municipalities, like Georgetown, and even some large municipalities to create HPDs. This tool would “lock-in” funding for affordable housing in rapidly gentrifying neighborhoods, yet the Governor’s Office sees HPDs as interfering with the housing market (Clifton, 2018). In short, it unlikely that Texas municipalities will be able to access this tool in the near future.
**Preservation of Affordable Units**

Texas municipalities can use many of the tools outlined in this paper to preserve affordable housing. Cities can work with nonprofits to create Community Land Trusts (CLTs), in which the nonprofit owns the land and leases it to homeowners to keep housing costs low in perpetuity. Municipalities can use land banking to purchase tax delinquent properties and sell them to developers with deed restrictions to lock in affordability for the long term. Further, some Texas municipalities can use Homestead Preservation Districts that use Tax Increment Reinvestment Zones to fund the preservation of affordable housing in the district. Cities can also create reinvestment zones, which allow Texas municipalities to abate property taxes for developers that keep units affordable and/or for homeowners that make improvements to their property.

In addition, there are tools available to Texas municipalities that haven’t been discussed in this paper that include using general obligation bonds, federal grants, and issuing resolutions of support for tax credit applications. Cities can issue general obligation bonds to use public funds to directly fund the preservation of affordable housing. For instance, the City of Austin recently issued $250 million in general obligation bonds to be used for affordable housing. The City plans on using these funds for land acquisition, rental housing development assistance projects, funding the Acquisition and Development Homeownership program, and funding a home repair program (City of Austin, 2018). While some of the primary goals of these programs are to develop affordable housing, the home repair program can help low-income homeowners stay in their homes, and land acquisition can lead to the development of long-term affordable housing. Nevertheless, using general obligation bonds to preserve affordable housing has significant drawbacks including political saliency and cost. Issuing a general obligation bond requires voter approval and possible tax rate increases or reductions in other public programs. In short, municipal governments will have to convince their residents that issuing debt for affordable housing is a good use of taxpayer money.
Further, municipalities can issue resolutions of support for developers applying for Low Income Housing Tax Credits (LIHTC) to both redevelop affordable housing properties and keep units affordable. Cities have to issue resolutions of support, no objection, or no support for developers that want to use tax credits to develop or redevelop affordable housing units within its city limits. By issuing resolutions of support or no objection, cities can aid developers in receiving the necessary tax credits to preserve affordable housing.

Lastly, cities can use federal grants, like Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds to preserve affordable housing. HOME funds are restricted to affordable housing programs, while CDBG funds can be used for both affordable housing and other programs that benefit low-income residents. Municipalities can access CDBG funds if they are principal cities of Metropolitan Statistical Areas (MSAs) and/or they have a population of at least 50,000 (HUD Exchange, n.d.). Cities can acquire HOME funds if they are a metropolitan city and can meet two funding thresholds: they must be eligible for a minimum amount of the funding, usually $500,000, and they must dedicate at least $750,000 to affordable housing activities. If a municipality can’t receive the full $750,000 in HOME funds, the city can use general funds to make up the difference or partner with other local governments to reach the minimum funding threshold (Jones, 2014). Cities can use these federal grants to fund rehabilitation programs to help homeowners and renters stay in their affordable units. They can also use the funds to purchase land to lock in long-term affordability through deed restrictions. Finally, while using federal grants to fund affordable housing does not (usually) require using the municipality’s general fund, it does require significant administrative capacity. Cities have to oversee funded projects and develop Annual Action Plans and Consolidated Plans that detail how the funds will be used.
Fee Waivers and Exemptions

Fee waivers and exemptions are another important tool local governments can utilize in order to reduce the cost of producing affordable housing units. Municipalities require developers to provide monetary payments to subsidize infrastructure systems and the provision of public services as a condition for receiving permission to move forward with development (Been, 2005). Some of the fees frequently imposed on land development include permitting and development fees to subsidize government administration costs and impact fees to mitigate the effects of development on infrastructure systems and public services. By reducing or removing impact fees, municipalities can help make affordable housing developments more financially feasible (Evans-Cowley, 2006).

Fee waivers and exemptions are an integral component of provisioning affordable housing development in Texas. Texas was the first state in the nation to adopt legislation enabling impact fees to offset the costs of growth (APA, 2008). Since then, local governments throughout the state have implemented impact fee programs to plan and facilitate the provision of infrastructure. A recent study found that almost forty percent of home-rule cities assess impact fees for a variety of infrastructure investments. Under Texas state law, impact fees can only be imposed for the specific improvements that they were exacted (Evans-Cowley, 2006). For instance, road impact fees must be used to enhance the transportation system and water impact fees must be used to provision water infrastructure.

Fee waivers and exemptions can be a useful resource to assist in the production and preservation of affordable housing, but may have significant consequences. Recent research has found that impact fees can result in significant increases to home values, as developers pass these costs onto homebuyers (Evans-Cowley, 2006). By reducing impact fees charged to developers, local governments can make development more attractive by reducing investment costs and decreasing the value of property improvements for future landowners. Fee waiver programs are relatively easy to
implement in Texas and require minimal administrative effort to implement and maintain (APA, 2008). However, reducing impact fees can put undue burden on local governments to provide infrastructure and public services without private investment. In short, significant financial resources are required to provision services to private development.
Development Agreements

Development agreements are legally-binding contractual agreements between local governments and landowners relating to the development of property improvements on a project-by-project basis. Project-specific development agreements have become common throughout Texas because they allow municipalities to encourage specific types of development to achieve local and regional goals including the provision of affordable housing (Wilson, 2012). Municipalities look favorably upon development agreements because they generally allow for the expedited development of property without changing zoning regulations or local land use law. Development agreements are best utilized when the proposed development would otherwise not occur, or would occur elsewhere without the support and encouragement of local governments (ULI, 2014).

The State of Texas currently allows municipalities to enter into development agreements with landowners specifically to promote affordable housing (Wilson, 2012). For instance, following Hurricane Ike in 2008, the City of Galveston entered into a development agreement with private developers to rebuild and redevelop public affordable housing projects throughout the city (City of Galveston, 2012). Without a development agreement, the City may not have been able to rebuild and renovate public housing citywide due to the extreme costs associated with development paired with other rebuilding efforts. The City of Austin has also used development agreements extensively in recent years to negotiate the inclusion of affordable housing in market rate developments, and to maintain affordability in the long term. The Mueller Airport Redevelopment is one example of a successful development agreement in which the City eased zoning restrictions and helped streamline development in exchange for the provision of approximately 1,200 units that must remain affordable for at least twenty years (ULI, 2014).

Development agreements targeting affordable housing can provide direct benefits to local governments, land developers, and future residents in a variety of
ways. Local governments can realize benefits of an increased tax base, enhanced economic development, the provision of public infrastructure and community amenities, and the ability to leverage the private market to achieve public affordable housing goals. In return, developers can receive reimbursements or waivers of development costs, the reduction or removal of land development regulations, and the long term security of a contractual obligation with local government despite future policy changes (Wilson, 2012). As a result of development agreements, future residents benefit from the development of affordable units that may not have occurred otherwise, and the security of requiring affordability over long time periods.

Development agreements can be a useful resource for local governments to provide affordable housing, but there are a number of drawbacks including the potential for abuse, future revenue losses, public opposition, and the need for administrative and technical requirements to enforce successful agreements. Development agreements have the potential for abuse of bargaining positions due to the exercise of political power from local developers or small segments of the community (Wilson, 2012). In addition, local governments may face significant public opposition if residents perceive the development agreement as giving away public benefits or future revenues to private developers (ULI, 2014). Finally, although development agreements do not generally require significant administrative or financial resources, an intermediate level of administrative and technical capacity is required to ensure development agreements are lawful and legally binding over the long term.
Conclusion

The City of Georgetown can use a number of the tools identified above to preserve, produce, or incentivize affordable housing in the city. Tax exemptions, fee waivers and exemptions, and development agreements require low to moderate administrative and technical capacity to implement. TIRZs, CLTs and development regulations require greater levels of technical and administrative capacity to develop and codify these types of tools, but can better incentivize affordable housing development within Georgetown. Under the current regulatory and political structure in Texas, Georgetown is not eligible to participate in land banking or homestead preservation districts, but could lobby the State Legislature to change current laws to allow smaller cities to take advantage of these types of tools. The next section will identify how some of these tools have been implemented in peer cities throughout Texas and provide a framework for implementation in Georgetown.
Frisco

Frisco utilizes a variety of tools and policies to incentivize affordable housing development and preservation. As an entitlement city that receives federal block grant funding, the City of Frisco must submit a Consolidated Plan which outlines city strategies to carry out federally funded programs. In the most recent Consolidated Plan, Frisco has identified five programs aimed at supporting affordable housing throughout the city: housing rehabilitation; homeless support; homeless prevention; public service programs for the elderly, youth, and disabled; and public improvements and infrastructure. The city prioritizes CDBG funds to be utilized in low and moderate income neighborhoods, and has historically used up to 70 percent of their CDBG funds for rehabilitation of public housing (The City of Frisco, 2018).

In addition to directly funding affordable housing programs, the City of Frisco has also adopted a city-wide policy to waive all permitting and development fees for non-profit developers of affordable housing projects. Furthermore, Frisco has assisted in purchasing land and provided ground leases at little to no cost for non-profit affordable housing developers to maintain long term affordability (The City of Frisco, 2018). One successful affordable housing development in Frisco, the North Court Villas property, is a mixed-income multi-family property with 150 affordable units. The development utilized 4 percent Low Income Housing Tax Credits in addition to being granted utility hook up fee waivers, park dedication fee waivers and building and development fee waivers to provide affordability. Although the development faced some opposition from nearby property owners, the affordability tools used to fund the development were enough to make the project financially feasible (Wigglesworth, 2015).
Plano

The City of Plano provides several affordable housing programs through Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds. These programs include a homeless prevention program that provides short term rent, mortgage, and utility assistance, a housing rehabilitation program for low to moderate income renters and owners, and the construction of affordable housing units. The City also provides home rehabilitation through its Great Update Rebate and Love Where You Live programs. The Great Update Rebate provides repairs to homes that are 35 years or older, and the Love Where You Live program is a neighborhood revitalization initiative that also provides home repairs (City of Plano, 2018). Both of these programs are funded through the City’s general fund.

Other than these programs, the City provides resolutions of support for affordable housing developments. Those developments that receive resolutions of support are granted commitment of development funding in the form a fee waiver (City of Plano, n.d.). The City also provides development fee waivers in its Neighborhood Revitalization Zone. This zone, located in downtown Plano, waives all development-related fees for single and multifamily housing. These fee waivers are provided to both affordable and non-affordable housing developers. The City can also abate property taxes in this zone (City of Plano, n.d.). The City created the Zone in 1999, but has continued to expand it, with its most recent expansion in 2017. In short, these incentives help attract both economic development and affordable housing to the zone.
Sugar Land

The City of Sugar Land receives Community Development Block Grant funds, but only spends 25 percent of its grants on affordable housing. The majority of these funds go towards senior services, employment training, and park improvements. However, the City provides home rehabilitation for low-income residents throughout the city (City of Sugar Land, 2018).

Further, the city contains no public housing within its city limits, nor does it have a public housing authority serving the area. Low Income Housing Tax Credit (LIHTC) projects have also not been proposed in Sugar Land. The City’s Annual Action Plan cites the community’s perception of affordable housing as one of the biggest deterrents of developing affordable units. Nevertheless, the City recently updated its Comprehensive Plan and notes that the City is attempting to integrate more diverse housing types into the city to give people a place to live in all chapters of life. While affordable housing is not explicitly mentioned in the new Comprehensive Plan, this update could provide a path towards considering LIHTC projects in Sugar Land. Finally, the City is also updating its Land Use Plan, which the City hopes will spur more development of rental housing units (City of Sugarland, 2018). It is possible that developing more rental units will have a filtering effect on the rental market, which in turn will lead to more affordable rental units for low to moderate income residents.
Cedar Park

The City of Cedar Park does not directly receive Community Development Block Grant Funding (CDBG), nor does it have any explicit affordable housing policies. Like the City of Georgetown, the City can apply for CDBG funding through Williamson County. However, it does not appear that Cedar Park has applied and received funding in recent years. Nevertheless, the City’s Comprehensive Plan includes language on providing housing for people at different ages, family sizes, and socio-economic levels (City of Cedar Park, 2017). The City does not outline any affordable housing policies in the Comprehensive Plan, but it discusses using brochures and pamphlets to advertise affordable housing programs that its residents can access.

Further, there are six affordable housing developments in Cedar Park. Each development used Low Income Housing Tax Credits (LIHTC) to aid in financing the units. Three of these developments are exempt from all property taxes due to meeting Texas Property Tax Code criteria. This criteria is determined at the State level (exemption is not a municipal policy) and developers can apply for this exemption (State of Texas, 2018). The other three developments did not receive property tax relief from the Tax Code or the City of Cedar Park (Mckee, 2015). However, it should be noted that the City of Cedar Park provided resolutions of support or non-opposition for each of these developments.
**Leander**

The City of Leander does not directly receive CDBG funds, nor does it have policies in place to provide funding to preserve or provide affordable housing. The City does have a policy to distribute affordable housing to match job opportunities (City of Leander, 2017). Leander utilizes some of the previously identified affordable housing tools, but to a limited degree and on a project by project basis. Leander has signed development agreements with Tax Credit recipients to provide property tax exemptions over the affordability period. Leander also offers limited fee waivers and exemptions for affordable housing developers. Fee waivers are determined on a project-by-project basis and include limited reductions in building and permit fees, and waivers for a variety of impact fees.

The Hills at Leander is an affordable housing development currently under construction that has utilized local government support to provide over 180 affordable units to senior populations. The project received a 4% Low Income Housing Tax Credit in addition to permit fee reductions and property tax deferments for the length of the bond (Perrone, 2017).
Round Rock

The City of Round Rock provides affordable housing programs through its Community Development Block Grant (CDBG) funds. These programs include housing rehabilitation and mortgage and rent assistance. Currently, the City will provide up to $10,000 in minor home repair for low-income residents and up to $100 in mortgage and rent assistance (City of Round Rock, 2017). In the past, the City has worked with Habitat for Humanity to purchase and develop housing lots to create affordable housing. Further, the City of Round Rock provides resolutions of support for developer applications of state tax credits. The City Council and Mayor also appoint the Round Rock Housing Authority Board (RRHA, n.d.). However, the City has no jurisdiction of the actions of the Board.

Lastly, it does not appear that the City uses any of the nine affordable housing tools discussed in the previous section nor does it provide any programs through its general fund. For instance, in 2017 the Waters at Sunrise, an apartment complex in Round Rock with 80 percent of units listed as affordable, was completed. The nonprofit developer received 4 percent Housing Tax Credits to help fund the project, but received no incentives or funding from the City of Round Rock (Thomas, 2015). In short, Round Rock provides an example of how to use CDBG funds, but does not provide insight into other methods of developing or maintaining affordable housing.
**Conclusion**

The City of Georgetown’s peer cities did not use many of the tools outlined in the previous section. The most common tools used were grant funds from the federal government and development fee waivers for affordable housing. The larger suburbs, Frisco, Plano, and Round Rock, all use Community Development Block Grant (CDBG) funding for home repair and mortgage/rent assistance programs for low-income residents. Further, the Cities of Frisco, Leander, and Plano waive various development fees for affordable housing. The City of Plano only waives development fees in their Neighborhood Revitalization Zone, while the Cities of Frisco and Leander waive fees throughout the whole city. In short, the case studies fail to provide insight into most of the tools Georgetown is seeking to learn more about. However, some of the cases present possible development fee waiver policies that Georgetown could implement in the near future.
Recommendations

This analysis of affordable housing tools began with an assumption that there was a critical need to address growth pressures and the dynamic landscape of housing affordability in Georgetown. Through a literature review of national, statewide and local research on the efficacy of affordable housing tools and case studies of a selection of comparable cities’ efforts to address similar issues, this paper has arrived at three recommendations that address both the assumption and the political, regulatory and financial realities facing housing affordability within Georgetown. Georgetown could utilize the three affordable housing tools outlined below to leverage growth and development pressure to provide and preserve affordable housing now and into the future.
Development Agreements

The City of Georgetown could use development agreements to incentivize the production or preservation of affordable housing within the city, and preserve affordability in the long term. The city has extensive experience implementing development agreements in the form of Planned Unit Developments (PUDs) and can use this experience to leverage private developers to include affordable housing in future developments. Although Georgetown has not historically included affordability requirements, the rapid population and development growth throughout the city could increase the City’s bargaining power when entering into future development agreements. Georgetown could also look to peer cities like Frisco to better understand the long term impacts of limiting local land use regulatory power in exchange for the provision of affordable housing. When entering into development agreements with private developers, the City should prioritize achieving public goals, including providing affordable housing, that may not otherwise be achieved without private investment.

Although development agreements can be a useful tool to incentivize affordable housing, there are a few potential drawbacks. The City should be aware of public opposition or possible legal challenges to trading public benefits or future revenues to private developers for providing affordable housing. In addition, City staff should take care to ensure any changes in land use or regulatory power do not affect the City’s ability to implement policies to achieve local and regional goals. Finally, Georgetown needs to maintain the administrative and technical capacity of City staff to successfully implement development agreements in the long term.
The City of Georgetown should use Tax Increment Financing (TIF) to preserve and/or develop affordable housing throughout the city. Georgetown already has extensive experience in using Tax Increment Reinvestment Zones (TIRZ). However, the City has not added any affordability standards to its TIRZs nor does it have a policy in place to require affordability standards. While none of Georgetown’s peer cities use TIRZs to develop and/or preserve affordable housing, Georgetown can look to larger municipalities like Dallas and San Antonio for examples on how to use TIRZs for affordable housing. Both cities require that 20 percent of units built with TIRZ funding be designated as “affordable” by city standards (Dallas Economic Development, 2016). This policy ensures that low-income residents will have access to high opportunity areas, while also combating potential resident displacement.

When developing these standards, the City should keep in mind possible political challenges to affordability standards. Developers and current property owners in a potential TIRZ may challenge these standards. For instance, developers may argue that forcing them to designate a portion of their units as affordable is an unnecessary financial burden. Property owners could also argue that designating units as affordable would negatively impact their property values. The City of Georgetown will have to combat these claims if it wants to create affordability standards for future TIRZs.
**Fee Waivers**

Fee waivers or exemptions can be used to incentivize affordable housing production or preservation by lowering the cost of development and property improvements. Permitting, development, and impact fees generally account for a small share of overall development costs. Waiving and exempting these costs can incentivize market-rate developers to include affordable units in proposed developments and reduce the financial burden on non-profit developers when siting projects within the city. Georgetown could follow the model identified in the Frisco case study to define a city policy to provide fee waivers or exemptions for developments which include affordable housing units.

Although permitting, development, and impact fees account for a small share of project costs, they can be an important aspect of city revenues and budgets. Waiving or exempting these types of fees can reduce the Georgetown's ability to plan and provision new infrastructure and public services. Any revenue lost due to fee waivers or exemptions may have to be replaced by city funds already allocated to other projects or programs. Although Texas state law does not currently require these types of allocations, the City may face opposition to reducing funding for public projects and programs in an effort to incentivize affordable housing developments.
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## Affordable Housing Tool Matrix

<table>
<thead>
<tr>
<th>Tool</th>
<th>Tool Type</th>
<th>Administrative Responsibilities</th>
<th>Number of Units Produced</th>
<th>Types of Housing (Single-/Multi-Family)</th>
<th>Type of Units (Owner/Rental)</th>
<th>Targeted Households Income</th>
<th>Incentivize, Produce or Preserve</th>
<th>Affordability Term</th>
<th>Political/Legal Issues or Opportunities</th>
<th>Unintended Consequences</th>
<th>Example Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Land Trusts</td>
<td>Public/Non-Profit Incentive</td>
<td>High admin. burden to the authority, but not directly to municipality</td>
<td>Variable</td>
<td>Both</td>
<td>Ownership</td>
<td>80% AMI and at least 25% at 60% AMI</td>
<td>Produce</td>
<td>Long-Term</td>
<td>Reduced revenue, low-income residents aren't aware of tax exemptions, tax abatement only allowed in reinvestment zones</td>
<td>Reduced revenue, low-income residents aren't aware of tax exemptions, tax abatement only allowed in reinvestment zones</td>
<td>Austin, Houston</td>
</tr>
<tr>
<td>Land Banking</td>
<td>Public/Non-Profit Incentive</td>
<td>High admin. burden to the authority, but not directly to municipality</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Dependent on the land bank or municipality</td>
<td>Incentivize and Produce</td>
<td>Short &amp; Long-Term</td>
<td>Only large municipalities can use land banking in Texas</td>
<td>No clear best practices in TX, US. Long-term benefits to municipalities TBD</td>
<td>Dallas, Houston, State of Texas</td>
</tr>
<tr>
<td>Development Regulations</td>
<td>Development Requirements</td>
<td>High admin. and political burden to codify</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Dependent on municipality</td>
<td>Incentivize</td>
<td>Short &amp; Long-Term</td>
<td>Placing restrictions on development could decrease future development opportunities. NO incl. zoning in TX.</td>
<td>Weak affordability standards could lead to displacement in reinvestment zones</td>
<td>Austin, Houston, Dallas, San Antonio</td>
</tr>
<tr>
<td>Tax Exemptions</td>
<td>Development Requirements, Funding</td>
<td>Creating tax abatement criteria, administering reinvestment zone</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Variable</td>
<td>Incentivize and Preserve</td>
<td>Short &amp; Long-Term</td>
<td>Reduced revenue, low-income residents aren't aware of tax exemptions, tax abatement only allowed in reinvestment zones</td>
<td>Affordability standards don't include the poorest residents. TIRZ should be used in areas that would not otherwise attract economic development.</td>
<td>Fort Worth, limited exemptions in Leander</td>
</tr>
<tr>
<td>TIFs/TIRZ</td>
<td>Funding</td>
<td>Admin. burden in overseeing TIRZ</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Dependent on TIF/TIRZ can be used to provide deeply affordable units</td>
<td>Incentivize, Produce, and Preserve</td>
<td>Short &amp; Long-Term</td>
<td>Under Texas law, TIRZ should be used in areas that would not otherwise attract economic development.</td>
<td>Potentially reduced property valuation, property taxes received by municipality. No clear best practices in TX, short- and long-term benefits TBD</td>
<td>Dallas, San Antonio, Houston</td>
</tr>
<tr>
<td>Homestead Preservation Districts</td>
<td>Public/Non-Profit Incentive</td>
<td>Admin. burden in overseeing TIRZ</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Less than 70%, 50%, and 30% of AMI</td>
<td>Preserve</td>
<td>Long-Term</td>
<td>Only allowed in municipalities with a population greater than 750,000 and less than 550,000 occupied housing units.</td>
<td>Only allowed in municipalities with a population greater than 750,000 and less than 550,000 occupied housing units.</td>
<td>Austin</td>
</tr>
<tr>
<td>Preservation of Affordable Units</td>
<td>Public/Non-Profit Incentive</td>
<td>Different strategies have different requirements</td>
<td>N/A</td>
<td>Both</td>
<td>Both</td>
<td>Variable, generally must be at least 80% AMI</td>
<td>Preserve</td>
<td>Long-Term</td>
<td>Each strategy will face different political and/or legal challenges</td>
<td>Each strategy will face different political and/or legal challenges</td>
<td>Austin</td>
</tr>
<tr>
<td>Fee Waivers and Exemptions</td>
<td>Funding</td>
<td>Low administrative burden, possible low to moderate fiscal impact</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Dependent on municipality</td>
<td>Incentivize</td>
<td>Short and Long-Term</td>
<td>Low potential for community opposition to developments</td>
<td>Discontinuous development conditions (infrastructure, design). Blanket waivers may not induce desired effects; case-by-case waivers may better address this issue</td>
<td>Frisco</td>
</tr>
<tr>
<td>Development Agreements</td>
<td>Development Requirements, Funding, Public/Non-Profit Incentive</td>
<td>Moderate administrative and technical responsibilities to develop low burden to monitor and implement</td>
<td>Variable</td>
<td>Both</td>
<td>Both</td>
<td>Dependent on project by project agreement. Can be used to provide deeply affordable units</td>
<td>Incentivize, Produce, and Preserve</td>
<td>Short and Long-Term</td>
<td>Texas laws preventing inclusionary zoning and TIFs. Partnerships create increased political power; in-lieu fees can go towards other tools</td>
<td>Sudden drop in affordability after period of development agreement, could be seen as shifting away public resources, benefits to private developers</td>
<td>Austin, Dallas, Galveston, Frisco</td>
</tr>
</tbody>
</table>

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SUBJECT:
Update on the 2030 Plan Update process. Nat Waggoner, AICP, Long Range Planning Manager and Lou Snead, Board Chair

ITEM SUMMARY:
Staff will brief board members on the recent and upcoming activities related to the comprehensive plan update.

FINANCIAL IMPACT:
None at this time.

SUBMITTED BY:
Susan Watkins, AICP, Housing Coordinator