HOUSING VALUE RETENTION ANALYSIS

Plano, Texas
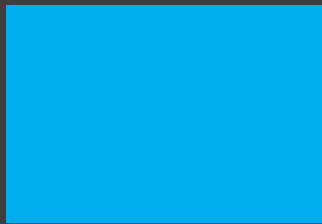
Plano

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City of Plano, Texas

Housing Value Retention Analysis

Prepared For:

City of Plano, Texas

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Catalyst Commercial, Inc would like to thank the following people and organizations that made the Housing Value Retention Analysis possible:

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"A community must objectively assess its strengths and weaknesses and target those opportunities that have the greatest propensity for success and mitigate problems that do not contribute to its long term future." - Catalyst

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EXECUTIVE SUMMARY

PURPOSE

This report and the associated neighborhood analysis are the product of a collaborative effort between Catalyst and the City of Plano to develop a strategic operational plan for housing value retention. Plano is one of the highest performing suburbs of Dallas/Fort Worth. However, Plano has less than 1% of residential land to be developed. A majority of the existing housing was constructed during the housing boom between 1970 and 2000. As these neighborhoods continue to age they will require reinvestment to maintain integrity and value. Homes will require ongoing repair and updates to remain competitive with changing tastes and desires. Aging public infrastructure will require additional capital improvements for maintenance and repair. As the core housing stock ages, the value of homes is likely to decline, unless proactive measures are addressed to mitigate factors impacting value. Neighborhood reinvestment is critical to a sustainable tax base, reinvention and quality of life. This process is shown on the Neighborhood Virtuous Cycle diagram.

To be proactive on these issues, our efforts focused on examining the following:

- The effectiveness of the City of Plano's current neighborhood analytical tools
- Current levels of service by department
- Best practices to ensure neighborhood vitality and stabilization
- Impacts of ownership type on value and marketability
- Implementation strategies that can provide long-term sustainability of Plano's neighborhoods

This analysis evaluated factors that impact change of home values over time. Neighborhoods were studied to determine what influences value erosion. Historical data was explored to measure how demographics and other indicators have changed over time. By isolating value change and other variables over time, it is possible to get a detailed perspective of the factors that impact value the greatest. The purpose of this process is to develop a strategy to mitigate factors that contribute to value erosion.

Neighborhood Virtuous Cycle

1 Neighborhood Development
2 Neighborhood Appreciation
3 Neighborhood Decline
4 Neighborhood Reinvestment
5 Regeneration
6 Taxable Growth
7 Value Capture

When examining changes in neighborhood values, the median price per square foot was used as a baseline to measure market fluctuations. The median price was adjusted for inflation to examine the change in real home values over time. Our findings show that the majority of real neighborhood home values declined between 2004 and 2011. While actual home sales prices have increased over the last 3 years, Plano home prices as a whole are still below pre-recession levels.

EXISTING NEIGHBORHOODS

Plano continues to be one of the most attractive places to live in the nation with amazing opportunities for both young singles and families. Plano has one of the highest median home values in the Dallas/Fort Worth Metro Area. A large corporate presence attracts young educated professionals with upwardly mobile careers. Plano is home to numerous corporate headquarters and research and development operations, and has more residents who work in computers and math than nearly any other place in the nation. Plano continues to attract singles and families from diverse backgrounds. Safety and quality schools make Plano an ideal place for families. Plano's low crime rate earned it the title of "Best Place for Staying Safe" by Times Magazine magazine in 2014. Plano also provides one of the best public school systems. The district has one of the highest performances in the nation on college entrance exams, and Newsweek Magazine ranked the three senior high schools among the best schools in the nation.

Plano's central location with access to four major highways, public transportation, and numerous destination retail/entertainment districts make Plano attractive to both families and young singles. Plano is bounded by four major highways, and is approximately 20 miles from Downtown Dallas, Dallas Love Field Airport, and Dallas/Fort Worth International Airport. Plano is a Dallas Area Rapid Transit (DART) community which provides commuters direct access to a wide array of destinations within the greater Dallas region.

The purpose of this process is to identify opportunities to mitigate risks created by changing demographics, aging housing stock, and declining commercial centers that will impact property values. The City of Plano can be proactive using limited resources to maintain first-class status in the region. The major issues facing Plano neighborhoods are outlined below.

BROAD ISSUES

1. Lack of Diversification of Housing Stock

One of the largest issues facing Plano is its limited range of housing stock. Plano's existing housing stock is predominantly single-family residential that is relatively homogeneous. While the homes vary in terms of size, age, and amenities, neighborhood characteristics all have overarching similarities. Many neighborhoods are surrounded by aging four-corners retail. Many retail intersections, which serve as neighborhood gateways have lost anchors or contain significant in-line vacancy. Parks and trail systems are located in and nearby neighborhoods, but many lack strong connections into commercial areas and subdivisions. Stronger connections could reduce the dependency on autos.

A recent survey by the American Planning Association found that only eight percent of Millennials[1] and seven percent of active Baby Boomers[2] prefer living in a suburb if it requires driving. Therefore, to remain competitive greater diversity of the existing housing stock with walkability is needed to provide housing options to shifting cultural and generational preferences.

1 Millennials, also known as Generation Y, are the demographic cohort following Generation X. While there are no precise dates for when the generation starts and ends, most researchers use dates ranging from the early 1980's to the early 2000's.

2 Baby Boomers are the generational cohort born during the post World War II baby boom. This generation is typically defined as those born between 1946 and 1964, but because it is a cultural context broad consensus on a precise date does not exist.

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2. Neighborhood Quality

Large portions of the existing residential developments are over 30 years old. As neighborhoods age, homes will need reinvestment to maintain structural and economic integrity. These homes will need modifications and updates in order to remain competitive with changing tastes and desires. Aging public infrastructure will also require maintenance and repair. The lack of a single-family residential rental inspection program creates an opportunity for renter occupied properties to deteriorate over time. In addition, there are many neighborhoods with failing fences, and other issues that impact neighborhood quality.

3. Neighborhood Gateways

Neighborhood gateways are the geographical features immediately surrounding the neighborhood. There are many factors at the entryways to neighborhoods which contribute to loss of value. Neighborhood gateway issues include aging multifamily, peripheral underserved retail developments, poor quality screening walls, and modest landscaping along entryways. These factors collectively impact the drive through appeal of many existing neighborhoods. Aging four-corners retail and multifamily developments have a direct measurable impact on value, specifically those located around developments built prior to the 1990's.

The exterior maintenance of some of the traditional garden-style multifamily developments built in the 1970's and 1980's are in need of repair including roofing, siding, paint, landscaping, and signage. Deferred maintenance of the existing multifamily developments creates a negative perception, and contributes to decline of neighborhood property values. Similarly, many of the gateway four-corner retail centers have large vacancy rates and poor merchandising. In addition, many of the neighborhood screening walls will need replacement or repair to preserve the drive-up appeal of these subdivisions.

4. Retail Quality

Plano has a significant amount of retail per capita. The four-corners retail adjacent to many of the neighborhoods built prior to 1990 is often disproportionately occupied with low-quality discount retailers and value oriented operators. Many older centers have failing parking lots, poor quality signage, modest landscaping, or lack of amenities that modern retail shopping centers contain. Poor quality retail corridors weaken drive-up appeal to neighboring residential developments, and limited neighborhood retail services impact neighborhood property values. A specific retail strategy is needed to mitigate further impact of retail on neighborhood values. These shopping centers can also be an opportunity for redevelopment into mixed-use developments, which can include diversified housing options.

ANALYSIS

To address the Broad Issues above, Catalyst conducted an analysis on neighborhood health, reviewed the impact of non owner-occupied housing, and conducted stakeholder interviews to identify the strengths, weaknesses, opportunities and threats impacting Plano's housing. In addition, this analysis reviewed cost of service and level of service compared to other peer communities in order to identify potential areas of improvement in staffing and resources to improve Plano's neighborhoods and advance ideas that contribute to first-class neighborhoods.

NEIGHBORHOOD CHARACTERISTICS

Our findings show a relationship exists between market demand and other factors including property stand-

ards, crime, home ownership rates, homeowner reinvestment rates, and other neighborhood conditions. To analyze Plano and isolate factors affecting neighborhoods, each neighborhood in Plano was categorized into one of five categories. Neighborhoods were classified by average sales price relative to the Plano and Dallas/Fort Worth average. We included Plano data and Dallas/Fort Worth data to allow for benchmarking of changes in Plano neighborhoods and change relative to the greater regional Dallas/Fort Worth in context with the City of Plano. The size adjusted average sales price in the City of Plano was $100 per square foot in 2013 compared to $104 per square foot in Dallas/Fort Worth.

Neighborhoods that have prices substantially below Plano's average were classified as a ("1"). Neighborhoods ranked as ("2") have prices slightly below the city average, neighborhoods ranked as ("3") have prices just above the Plano average, neighborhoods ranked as ("4") have prices just above the Dallas/Fort Worth average, and those neighborhoods with prices substantially above the Plano and Dallas/Fort Worth average were classified as a ("5"). The ranges of each of these typologies are based on the price per square foot shown

2013 Neighborhood Unit Typology Breakpoints
(by average price per sf)

TYPE 1 <$76	TYPE 2 $76-$100	TYPE 3 $101-$104	TYPE 4 $105-$124	TYPE 5 $125+
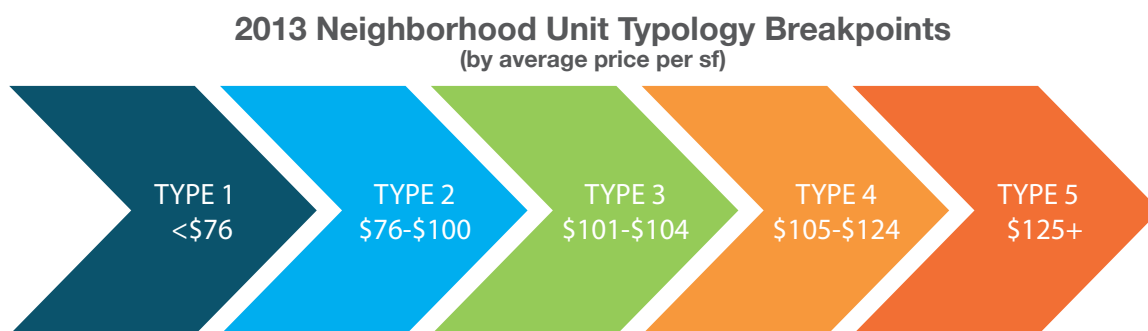
below:

Typology 1 neighborhoods have home values substantially below Plano's average home value. There are only two Type 1 neighborhoods in Plano that fall within this category, and these are located adjacent to one another in East Plano just north of SH 190. These neighborhoods consist of some of the oldest housing stock in the city and score low in terms of drive through appeal, condition of homes, and retail quality. Significant signs of deferred maintenance issues exist likely due to aging homes coupled with a large portion of low-income and or aging residents that lack the physical or financial ability to address these issues. Aging retail centers and public infrastructure near these Type 1 neighborhoods usually are in need of repair.

Thirty-eight neighborhoods within Plano are Typology 2 neighborhoods. Type 2 neighborhoods have values below the city average. Type 2 neighborhoods located east of US 75 scored lower on the condition of homes and drive through appeal than those west of US 75. Type 2 areas west of US 75 are typically aesthetically pleasing subdivisions with quality landscape and well maintained home exteriors, but some Type 2 Neighborhood Units contain housing units with poorly maintained exteriors and yards.

The Typology 2 neighborhoods located west of US 75 and east of Coit Road generally had higher quality condition of homes. These neighborhoods contain a large portion of custom-built or high quality production homes with well-maintained exteriors. Failing fencing is the biggest issue related to property owners in these neighborhoods. The major issues impacting the perception of these neighborhoods is poor drive through appeal due to low quality commercial centers and the condition of screening walls adjacent to these neighborhoods.

Low quality retail, high retail vacancy rates, and garden style apartments with noticeable deferred maintenance issues are common issues of Type 2 neighborhoods east of Custer Road and west of US 75. Low quality retail and aging multifamily developments are often gateways for these neighborhoods. These gateways impact drive-up appeal of potential buyers, and impact perceptions of community, safety, and

neighborhood quality. Seniors and Millennials identify convenient access to quality retail and diversified housing stock as major determinant of home ownership preferences. Therefore, the revitalization of multifamily developments and retail centers are necessary to keep neighborhoods healthy.

MEASURING NEIGHBORHOOD HEALTH

The current analytical tools used by Plano for measuring neighborhood health are Neighborhood Indicators and the Neighborhood Enhancement Tool (NET). The NET is used to identify areas for projects, identify problems, establish project goals, and measure the overall success of the project. Neighborhood Indicators include demographic, economic, housing, and land use data of each Neighborhood Unit tracked over time. The effectiveness of these analytical tools for measuring neighborhood health was reviewed to identify those factors that have the greatest impact on neighborhood values.

These Neighborhood Indicators provide a way to track changing conditions at the Neighborhood Unit, and are used by multiple departments to evaluate the effectiveness of programs, and assist in identifying where additional attention or resources might be most effectively allocated. Neighborhood Indicator data should be automated via a web-based mapping tool. The creation of a web-based mapping tool can integrate data from multiple sources, and aggregate data for different geographies based on prescribed formulas that can be updated over time, as needed. This would reduce the pressure on resources currently used to manually extract and aggregate the data, while increasing the access and availability of the data for both internal and external users.

The NET is a useful tool to visualize issues within Plano that impact the neighborhood quality. Our findings show that the concentration of rental properties, property standards actions, property and drug related crimes, retail vacancy, residential vacancies, and distressed sales impact residential sales prices. Based on our results, the NET should be adjusted to include data on retail vacancy, and vacant properties. In addition, the NET tool should be updated to reflect current conditions. The NET variables that should be weighted the heaviest are property standards actions, property crime, and density of rental properties.

Retail quality was found to directly impact home values. Our analysis shows that these centers can impact both existing homeowners and potential buyers. Changes in the quality of adjacent shopping centers directly impact values in surrounding neighborhoods. An effective program to ensure the retention of quality neighborhoods must focus on the physical characteristics of housing, as well as the quality of available neighborhood amenities. Therefore, the City of Plano should add retail quality metrics as part of the NET in order to monitor on-going retail conditions.

IMPACT OF RENTER OCCUPIED PROPERTIES

As part of this analysis, we evaluated the relationship between the size adjusted median sales price and the proportion of rental properties, as well as the relationship between size adjusted median sales price and the density of rental properties. Our findings show that high concentrations of rental properties are found to have a strong negative correlation with home values. As the density of renter-occupied residential properties increases, the value of homes in the area declines. However, due to limited historical data it is not possible to conclude a causal relationship. There most likely exists a relationship in which lower value homes create more rentals, and increasing density of rentals negatively impact property values. Our findings show there is a strong negative correlation between renter-occupied properties and property values.

Both property standards cases and property standards violations were examined for owner-occupied and renter occupied residential properties. These were compared against both the type and quantity of property standards cases and violations. The percentage of renter-occupied properties with property standards cases are nearly three times higher than owner-occupied properties, and this holds true for landscape, structural, and

trash related cases. Similarly, the percentage of renter-occupied properties with multiple property standards actions is about 2.5 times higher than owner-occupied properties. This suggests that renter-occupied properties have significantly greater risk for property neglect or disrepair. Therefore, renter-occupied properties indirectly impact neighborhood values through property standards cases in certain instances. While a greater percentage of renter-occupied properties have property standards issues, the majority of these housing units do not have any history of property standards issues.

A residential inspection program should be adopted to combat the impacts of single family rental property. Residential rental inspection programs are common in communities across the region and nation. These programs typically require property owners for each rental to pay a registration fee, provide personal contact information, and provide a copy of all leases. Landlords found in noncompliance receive a fine that increases with each subsequent violation. A rental inspection program is recommended to ensure renter-occupied properties meet all codes and ordinances, and do not negatively impact neighborhood integrity. As an incentive, registration fees could be waived if a property meets all requirements of the inspection program and a property does not receive property standards cases for two consecutive years under the same property owner.

Rental occupants may have insufficient resources necessary to secure a home mortgage. Plano should actively promote a first time homebuyer program and housing rehabilitation programs to these households. This program should be included in a targeted marketing campaign aimed at specific households. Information regarding first time homebuyer programs should continue to be included in utility bills of existing residents, and information can be included in a web-based mapping tool that provides geographic specific information on city services and programs.

Enhancing community outreach programs are also recommended to address neighborhoods with higher concentrations of rental properties. Community outreach programs, such as "Love Where You Live", have a strong educational component that provides information on property standards issues, resources for home maintenance and renovations, and environmental health issues. These programs engage residents through public outreach, develop community leaders, and create a sense of ownership and community among residents regardless of housing tenure. These programs also create positive peer pressure and knowledge of property standards ordinances that encourages residents to take better care of their property. Our findings show that this process leads to decreased rates of property standards cases and crime.

STAKEHOLDER INTERVIEWS

Key stakeholders were interviewed to identify issues impacting neighborhoods and gain context on issues and operational structure in order to inform the research and identify measurements for success. The programs and services reviewed are based on information provided by each department per Plano's Core Matrix Budget.

Findings from stakeholder interviews revealed that the major strengths of Plano neighborhoods include Plano's central location within Dallas/Fort Worth region, complete infrastructure, strong corporate presence, and high quality schools. The two major weaknesses identified were a lack of participation in neighborhood organizations and less than optimal inter-departmental communication. The major threats identified include demographic shifts and newer residential developments in surrounding communities.

The stakeholders interviewed indicated that Plano has one of the strongest brands in the region. An effective marketing campaign can reinforce a buyer's perceptions of the opportunities and amenities available in Plano. Homebuyers increasingly research homes and neighborhoods digitally to select a home and a marketing campaign can leverage Plano's value proposition to prospective residents and mitigate realtor biases.

Plano should leverage the business community to incentivize Plano employees to live in Plano and address property maintenance and renovation of the existing housing stock. Corporations can educate employees on

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incentive programs available in Plano, which will improve awareness of available programs for homes in need of modernization.

Major corporations located in Plano are active in the local community and they would likely partner with the city to build strong lasting partnerships with the local community. These partnerships can include financial, in-kind, volunteer labor, or conduits for educational programs to address the needs of aging and financially distressed households within the community. Corporate participation and input may create new or enhance existing programs that focus on neighborhood vitality.

Interviews of various Plano departments also revealed a lack of communication between departments. Both internal and external communication improvements will improve efficiency of Plano services and programs. Currently, there is not a centralized database that enables efficient and standardized inter-departmental communication. Additionally, Plano uses two different geographic boundaries (HTE Units and Neighborhood Units) that are used by different departments to define neighborhoods. Standardizing neighborhood boundaries across departments coupled with a centralized database could improve inter-departmental communication. A centralized database will allow city employees to quickly report issues related to other departments while in the field and monitor the effectiveness of departments over time.

The creation of a web-based mapping tool that provides all information relevant to a specific geographic unit will allow for the efficient dispersion of information for both internal and external communication. A web-based tool will reduce redundancy in inter-departmental requests of city staff through the provision of quick and easy access to neighborhood indicators and other frequently requested information. A user friendly system will also allow residents to quickly access information relevant to their home or neighborhood, which will provide a more informed community and reduce the demand on city staff. The mapping tool may also be utilized by any marketing campaign to promote amenities within geographic areas including retail, restaurants, awards received by educational institutions, and park and trail networks.
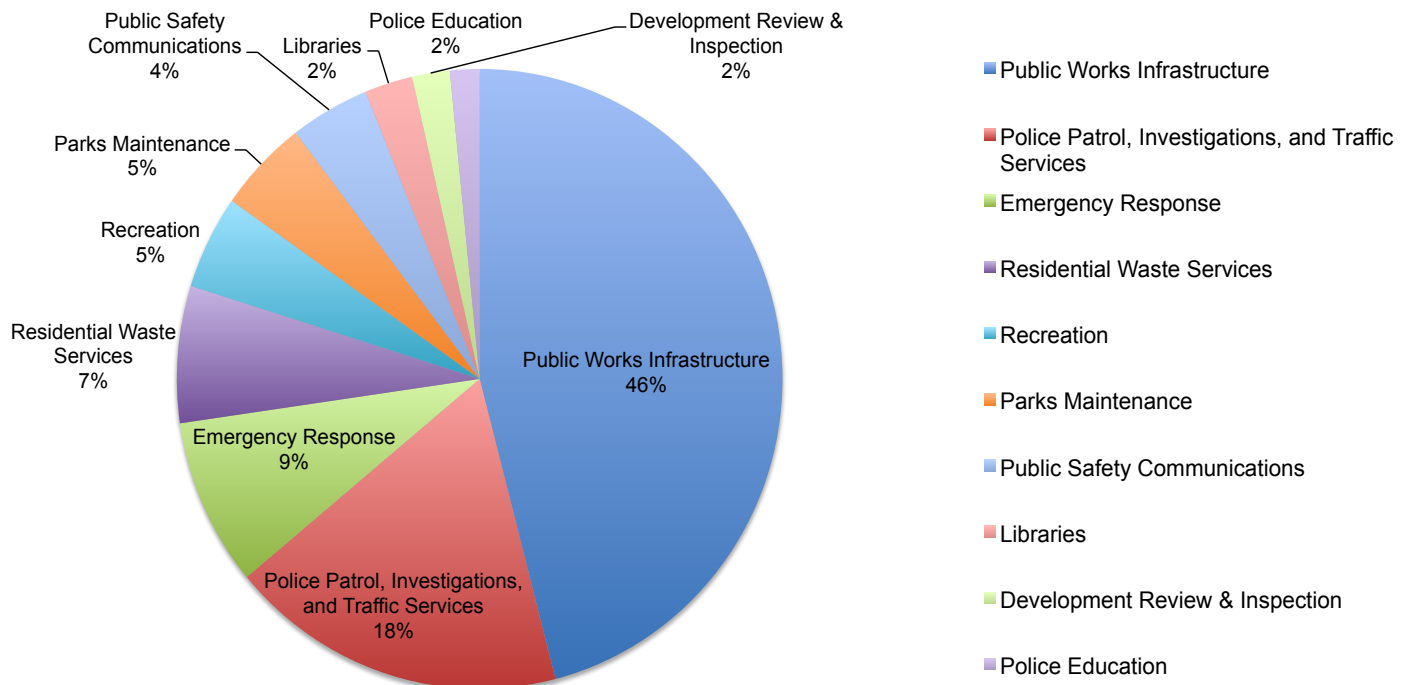
LEVEL OF SERVICE

The City of Plano provides many services that contribute to quality of life and directly influence the sustainability of Plano neighborhoods. Plano provides over 206 services that have been identified as either "essential" or "strongly influencing" its neighborhoods. The Percent of Neighborhood Services Costs By Service Provided on page 11 shows the percent spent by service on supporting neighhorhoods in Plano. **Chapter IV** has a more comprehensive analysis on cost of service and level of service by department. Overall, departments within the City of Plano benchmark well in most areas compared to peer communities. However, as neighborhoods continue to age, additional resources will be needed to address emerging issues and ensure neighborhoods are relevant as change occurs.

The Cost of Service for each household was analysed to calculate the net-benefit per household. Cost of service (COS) is measured using the total expenditures from the general fund and debt service per household. This was reviewed at the city and Neighborhood Unit level to benchmark COS relative to home values. Catalyst used peer cities for comparison and of the peer communities analysed, Plano is the top performer in terms of operational efficiency. On average the net benefit per household is $372 per household compared to $243 in Richardson and $190 in Arlington.

The Property Standards Department had the largest deviation of staff, compared to other peer cities. Based upon the current population, Plano needs five to ten additional inspectors. National benchmark studies indicate eight to ten inspectors per 100,000 residents. Additionally, Plano should conduct a survey of all residential properties. A periodic survey of every residential property will benchmark the individual property condition by neighborhood, and measure changes in property conditions over time. Monitoring property conditions will provide insight on how to better target educational outreach programs related to property standards, and better identify the causes impacting property standards issues.

Percent of Total Neighborhood Services Costs By Service Provided*

Pie chart legend:
- Public Works Infrastructure — 46%
- Police Patrol, Investigations, and Traffic Services — 18%
- Emergency Response — 9%
- Residential Waste Services — 7%
- Recreation — 5%
- Parks Maintenance — 5%
- Public Safety Communications — 4%
- Libraries — 2%
- Development Review & Inspection — 2%
- Police Education — 2%

Source: City of Plano

* Does not include neighborhood services that are less than 1% of total neighborhood services costs

Millennials and active Baby Boomers are the two largest groups in terms of size relative to other generations and represent a majority of the workforce in the nation. Both of these groups are found to prefer to live in a walkable community. In order to remain relevant to changing demand preferences, the city needs to create connectivity from existing parks and trails to commercial and public centers. The Parks and Recreation Department needs additional funds and full-time employees (FTE) to expand green space and create inter-connectivity of the existing trail network to public spaces and major commercial centers. This can decrease dependency on automobiles and provide value to both neighborhoods and commercial centers.

The Police Department cited the need for additional neighborhood police officers to patrol neighborhoods. An increased police presence in neighborhoods enables officers to establish relationships with the local community and obtain valuable information about criminal activities. Strong community involvement provides additional resources to the police to help prevent crime.

Based upon our findings, the Planning Department needs additional funds and staffing to address issues related to neighborhood health. The Planning Department has effective neighborhood engagement programs that connect residents through public outreach, workshops, and training to revitalize neighborhoods. These programs are an productive tool to mobilize residents, develop community leaders, and create a sense of ownership and community among residents. The Planning Department can assist in enhancing community spaces including neighborhood gateways, parks, gardens, and other publicly shared spaces impact drive through appeal of existing property owners and potential buyers.

Grants are effective vehicles for allocation of funds to third parties. The Planning Department can foster a grant program to registered neighborhood organizations to allow individual neighborhoods to identify and create custom improvements specific to each neighborhood. Additionally, such grants may encourage the creation and/or increased participation of neighborhood organizations in neighborhoods without a mandatory HOA.

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RECOMMENDATIONS

Identify target areas to diversify housing stock

Studies indicate strong preferences of both Baby Boomers and Millennials for smaller, more efficient homes with greater amenities and walkable communities. Similarly, the region is becoming more racially and ethnically diverse, and these cultural shifts will impact housing preferences. It is important to diversify the available housing stock in order remain attractive to increasingly diverse housing desires and tastes. The City of Plano should explore areas within Plano which could create opportunities for mixed residential and higher density commercial developments.

Therefore, it is recommended that the city create a multi-departmental team to address the following tasks:
- Conduct an inventory of potential mixed-use sites that could support diversified housing including underserved retail, undeveloped residential, and aging multi-family suitable for redevelopment
- Conduct a market analysis to identify market demand and product mix for each proposed site
- Complete a redevelopment site plan, which incorporates a market based plan focused on new urbanism best-practices
- Conduct an economic analysis and fiscal impact based upon various development scenarios. The analysis needs to examine the cost and benefits of proposed developments including the impact of increased density on existing infrastructure, economic costs of development, and opportunities to reduce costs
- Potential public investment, including "gap" financing
- Each opportunity should be evaluated based upon the potential return of cost time frame of the public investment and the return on public investment

Develop a home finance corporation for implementation

The City of Plano will need a robust and flexible funding mechanism for redevelopment. One option would be a home finance corporation that can act as the lead agency in housing programs and as the central clearinghouse for applicants across all programs. A home finance corporation can also be effective in implementing housing objectives. The development budget should be subject to the number of identified target investment areas and size of the aggregate investment required. The source of most home finance corporation funding is from general obligation bonds.

Strengthen and expand existing community outreach and participation programs such as Love Where You Live and Citizens Assisting Plano Police

Neighborhood engagement programs engage residents through public outreach, workshops, and training to revitalize neighborhoods. These programs are an effective tool to mobilize residents, develop community leaders, and create a sense of ownership and community among residents. The City of Plano should provide additional resources to these programs and accomplish the following goals:
- Expand resources for Love Where You Live
- Continue and expand community outreach into additional Tier 1 and Tier 2 neighborhoods
- Train community members in leadership and community organizing skills
- Foster neighborhood associations in neighborhoods with non-existing or inactive associations
- Provide a registration process and track all neighborhood organizations
- Continue follow-up with previous project areas to support ongoing efforts
- Track and monitor the return on investment of outreach projects
- Create a volunteer network to manage extended outreach of First Choice Neighborhood Programs
- Create a neighborhood organization mentoring program

Enhance proactive property standards enforcement and outreach

Property standards violations have a direct impact on neighborhood values. Property standards should increase educational outreach, and conduct a periodic survey of all residential properties to measure changes in neighborhood property conditions over time. Neighborhood property conditions will provide insight on how to better target educational outreach programs related to property standards, and better identify the causes impacting property standards issues.

A proactive enforcement program should be implemented that measures the number of cases reported by residents versus the number of cases identified by staff. A good target would be 50% of the cases or more identified internally. The City of Plano should adopt key performance indicators that achieve a minimum of 95%, or greater, compliance on all property standards cases within 180 days.

Implement a rental inspection program for single family housing

Rental property was shown to have a direct impact on neighborhood values. A rental registration and inspection program can mitigate issues caused by rental properties. It is recommended the City of Plano implement a mandatory rental inspection program for all single family rental properties with the following components:
* Mandatory lease registration and annual registration fee of $50 - $100
* Registration of owners
* Implement policy of maximum number of residents per unit
* Create incremental fines for non-compliance of registration and ordinance violations
* Educational component that provides property maintenance advice, building zoning, and property standards codes to all landlords and their tenants
* Collection of any fees used to support specific neighborhood revitalization programs that target housing quality, such as housing rehabilitation programs and/or neighborhood vitality grants
* Targeted marketing of first time homebuyer programs and housing incentive programs to all rental property tenants

Create an incentive based home reinvestment program

To ensure the existing housing stock meets the demands of future buyers, the City of Plano needs to encourage reinvestment in Plano's older housing stock. The City Council recently established The Great Update Rebate program to reduce the financial hurdles to make significant home improvements for Plano homeowners caring for older homes in the city. The program provides a rebate of 25% rebate on qualifying external improvements and 10% on qualifying internal improvements, and is limited to a maximum rebate of $5,000. Eligibility is based on the age, appraised value of the home, and expenditures on property updates. Metrics should be collected on all properties to measure the effectiveness of the program over time. A baseline measurement of success should be the percent increase in property values. Additional measurements include a positive internal rate of return, positive net present value, and a return on rebate funds provided by the city within 10 years through city ad valorem collections.

Based on the effectiveness of the existing the program, the structure of the program may be modified in the future to ensure city objectives are met. An alternative structure to the existing rebate, is a performance based program based on the increased value of both renovations and redevelopment of single-family housing. A performance-based rebate can include 100% of the increased property value for up to 10 years.

Create commercial performanced based incentive program

The redevelopment program for target areas should include incentives for retail and multifamily renovations and/or redevelopment. The program should focus on projects that create mixed-uses or inter connectivity between existing residential and commercial sites. Incentive programs to encourage private investment may be created to provide benefits to business or property owners in specific districts. These districts and incen-

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tives may include the creation or expansion of neighborhood empowerment zones, tax abatements, economic development refund, Chapter 380 agreements, Tax Increment Financing (TIF's), and Section 108 loan guaranty programs.

Create a neighborhood vitality program & beautification grant

It is recommended that the City of Plano establish a program that provides grants to registered neighborhood organizations. The program should be designed to provide assistance to neighborhood projects designed to improve physical characteristics of the community. These projects may include entry features, landscape design, pedestrian or bicycling enhancements, lighting improvements, neighborhood signage, screening walls, trails, and park improvements. It is also suggested these grants include the conversion of vacant lots or blighted areas with shared community space, such as community gardens or pocket parks.

Screening Walls

Patched, collapsing, and broken screening walls are common issues surrounding some neighborhoods throughout Plano. In some instances, the maintenance of screening walls is the responsibility of the property owner and some of these screening walls are the responsibility of the City of Plano. Plano should adopt a policy for the public maintenance of all screening walls and adopt a long range plan to address all screening wall issues within the city.

Develop a proactive retail merchandising plan

Retail and multifamily developments act as gateways to neighborhoods. Low quality retail and multifamily impacts neighborhood quality and drive-up appeal. It is recommended that the City of Plano allocate funds to develop a study and create individual area plans to address aging and under-performing commercial centers. The study should identify neighborhood attitudes, interests, and shifting cultural preferences in order to develop a proactive retail merchandising plan for aging and under-performing retail centers. It is recommended the City of Plano engage in the following tasks:

- Conduct an inventory of all retail shopping centers to include Gross Leasable Area (GLA), retail tenants, occupancy, vacancy, landlord/owner, retail leasing agents, and retail quality index
- Census and categorize all retail tenants, geocode all operators, determine categorical clusters and gaps in retail tenant mixes
- Conduct a comprehensive retail market analysis that identifies retail sub-markets within Plano
- Perform a retail "gap" analysis identifying specific under served and overs-supplied retail categories
- Conduct a competitive positioning analysis to determine a competitive merchandising strategy city-wide, as well as at the sub-market and shopping center level
- Identify targeted categories and uses for individual sub-markets and shopping centers
- Develop a comprehensive merchandising strategy with supporting marketing collateral and targeted "pitch" books for each retail prospect. This should include demographic and psychographic match, retail preferences, and contact information for each prospect

Create executive level partnership from different sectors including municipal government, nonprofit organizations, and the business community

The City of Plano should create a local and/or regional executive level partnership. The partnership should include the Mayor, Plano ISD Superintendent, Collin College President, Corporate Executives, and Non-Profit Leadership. This organization should be supported by a small organization for operational structure and data collection. Shared data can be provided to the community leaders to drive and measure executive level decisions. This consortium could focus on issues such as neighborhood quality, social needs, environmental issues, and other larger regional issues. A regional program could be funded primarily through corporate sponsorships, but may require city staff to manage.

Centralized Database and Online Mapping Tool

The City of Plano should create a centralized database and interactive mapping tool in order to improve inter-departmental communication, increase access to neighborhood indicators and other data, and market neighborhood amenities to potential buyers. This tool may provide links to all relevant information relative to a specific geographic unit. Information may include but is not limited to the following:

- Trash Collection
- Property Standards Contacts
- Emergency Contacts
- Upcoming Events, Programs, and Elections to encourage community and civic engagement

Measure what matters

A centralized organization should collect data on all neighborhood related projects including community outreach, capital improvement projects, residential or retail redevelopment, etc. The data collection and analysis should focus on the financial impact to the City of Plano. The financial analysis on the impact of neighborhood oriented programs and projects should include the total costs of any project identified as influencing neighborhoods, as well as the increase in Plano revenues created by the project such as increased property and sales tax revenue. Any created costs savings should also be tracked such as reduction in crime, property standards violations, and other Plano services.

Increase education and awareness of programs available for low income and financially distressed households

Limited financial resources often prevent households from qualifying for or making payments on a mortgage. Moreover, financial distress prevents property owners from addressing property maintenance needs, which leads to property standards violations. Targeted marketing campaigns should be implemented annually to make residents aware of where to find information on available programs. The City of Plano should distribute information as part of neighborhood revitalization outreach, periodically in utility mailers, and on the website.

Enhance trail network to create inter connectivity of neighborhoods and commercial areas

Plano has an extensive parks and trails network, but they lack connectivity to places. The City of Plano should focus on initiatives that create a more integrated use of commercial, residential, and public spaces through its existing and planned trail networks. The City of Plano should look at adopting a policy on new commercial and residential developments which establish guidelines of how to integrate connectivity into new projects and also encourage stronger connections in redevelopment projects, especially in projects which request public participation.

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I. PLANO SOCIOECNOMICS

Plano, Texas Housing Sustainability Analysis
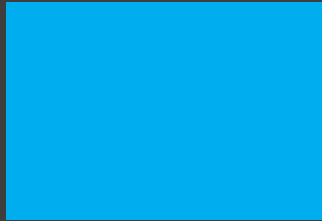
Authors:

Jason Claunch, President - Catalyst

Michael Latham, Senior Researcher - Catalyst

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I. PLANO SOCIOECONOMICS

"56% of millenials and 46% of active boomers would prefer to live someday in a walkable community, whether an urban, suburban or small town location."

Source: American Planning Association: Investing in Place for Economic Growth and Competitiveness

CITY OF PLANO

Plano covers 71.6 square miles, and is approximately 20 miles from downtown Dallas and 26 miles from the Dallas/Fort Worth International Airport. The City of Plano is bounded by US 75, Sam Rayburn Tollway (Hwy 121), President George Bush Turnpike, and Dallas North Tollway. Numerous corporate headquarters are located in Plano including JC Penney, Pizza Hut, and Frito-Lay. Plano is also home to research and development operations for several technology companies including Texas Instruments, Ericsson, and McAfee.

POPULATION

Over 265,000 people currently live in Plano. Substantial growth occurred in Plano from 1970 to 2000. **Exhibit 1: "Plano Historical Population Growth"** shows Plano's population growth over time. In the 1970s and 1980s, Plano increased at an average of 16% per year, and continued to grow at an average of 6% through the 1990s and 2000s. However, current residential growth is approximately 2% per year.

AGE

Plano is projected to grow across all age groups. The largest growth is projected to occur among Baby Boomers[1]. The population aged 15 to 24 is expected to decline from 13% to 12% over the next 5 years, while those aged 65 years and older are expected to increase from 10% to 13% over the same time period. **Exhibit 2: "Plano Age of Residents 2013 vs. 2018 projections"** reflects the projected change in the age of Plano's residents in 2013 to 2018. The Pew Institute discovered that the three dominant home preferences of Baby Boomers are connection with neighbors, convenience, and customization. With over 10,000 Baby Boomers reaching retirement per day nationwide, these factors will affect the housing market. A 2014 Poll by the American Planners Association found that 56% of Millennials and 46% of active Baby Boomers would prefer to live in a walkable community and live in smaller homes with more amenities.

---

1 Baby Boomers are the generational cohort born during the post World War II baby boom. This generation is typically defined as those born between 1946 and 1964, but because it is a cultural context broad consensus on a precise date does not exist.

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EXHIBIT 1:

Plano Historical
Population Growth
(1900-2010)
Source:
US Census

*This graph shows the
rapid growth of Plano
since the 1970's*
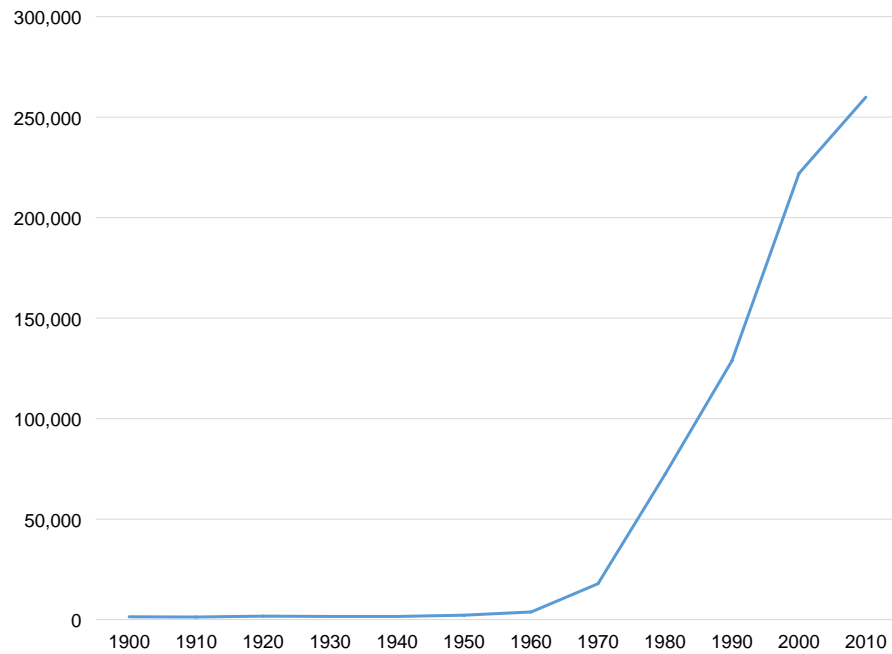
EXHIBIT 2:

Plano Age of
Residents *(2013 vs
2018 Projection)*
Source:
ESRI
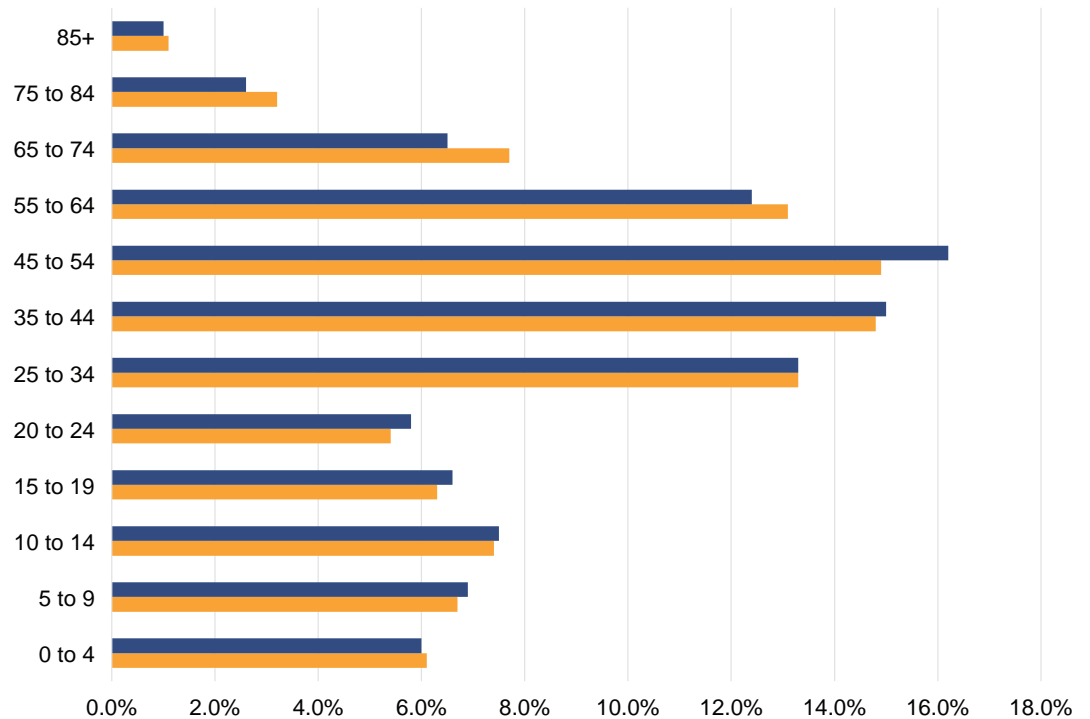
■ 2013
■ 2018

INCOME

Plano is an affluent city with a per capita income of $40,000 and a median household income of $83,000 compared to a per capita income of $25,500 and median household income of $51,000 in Texas. **Exhibit 3: "Income of Plano Residents (2013)"** shows the distribution of income in Plano. Over 50% of the population earns a household income of $75,000 or greater, and nearly a third earn an income greater than $100,000. However, the number of persons below the poverty line is increasing rapidly. Approximately 7% (nearly 20,000 people) of the population is below the poverty line, up from 4.3% (9,500 people) in 2000. A growing population below poverty will put increased pressure on public services and affordable housing.

EXHIBIT 3

Income of Plano
Residents *(2013)*
Source:
ESRI

Income of Plano Residents (2013) — Source: ESRI

- $200,000+ 11.2%
- <$15,000 6.0%
- $15,000-$24,999 6.2%
- $150,000-$1999,999 10.0%
- $25,000-$34,999 6.3%
- $100,000 - $149,999 20.0%
- $35,000-$49,999 11.3%
- $75,000-$99,999 12.3%
- $50,000-$74,999 16.6%
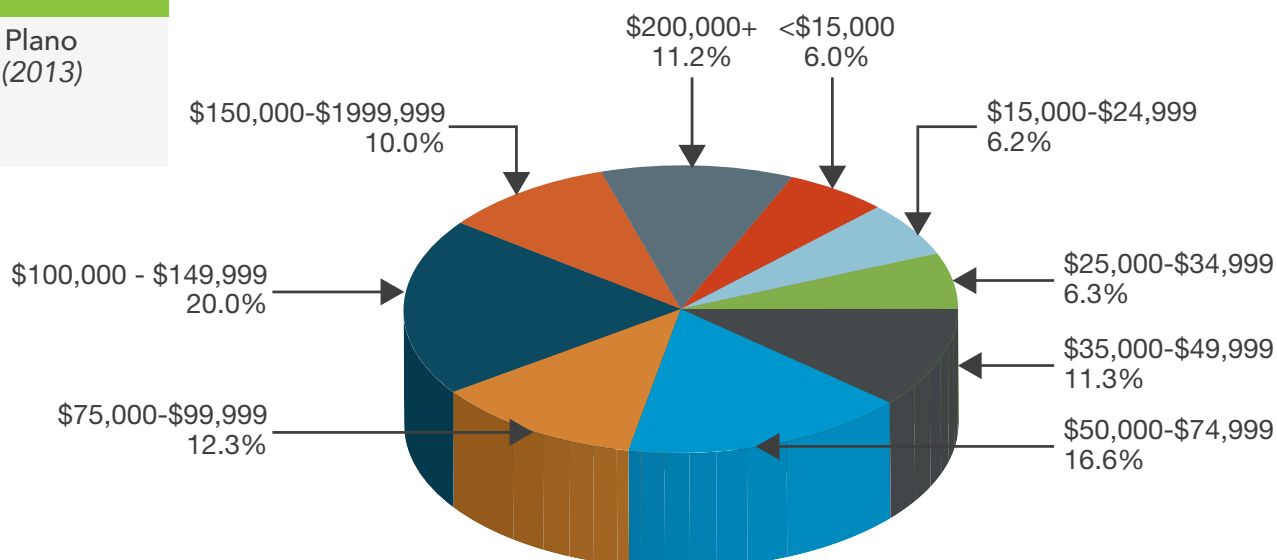
EXHIBIT 4 (Right):

Race and Ethnicity of
Plano Residents
*(2013 vs 2018
Projection)*
Source:
ESRI

■ 2013
■ 2018

Race and Ethnicity of Plano Residents (2013 vs 2018 Projection) — Source: ESRI
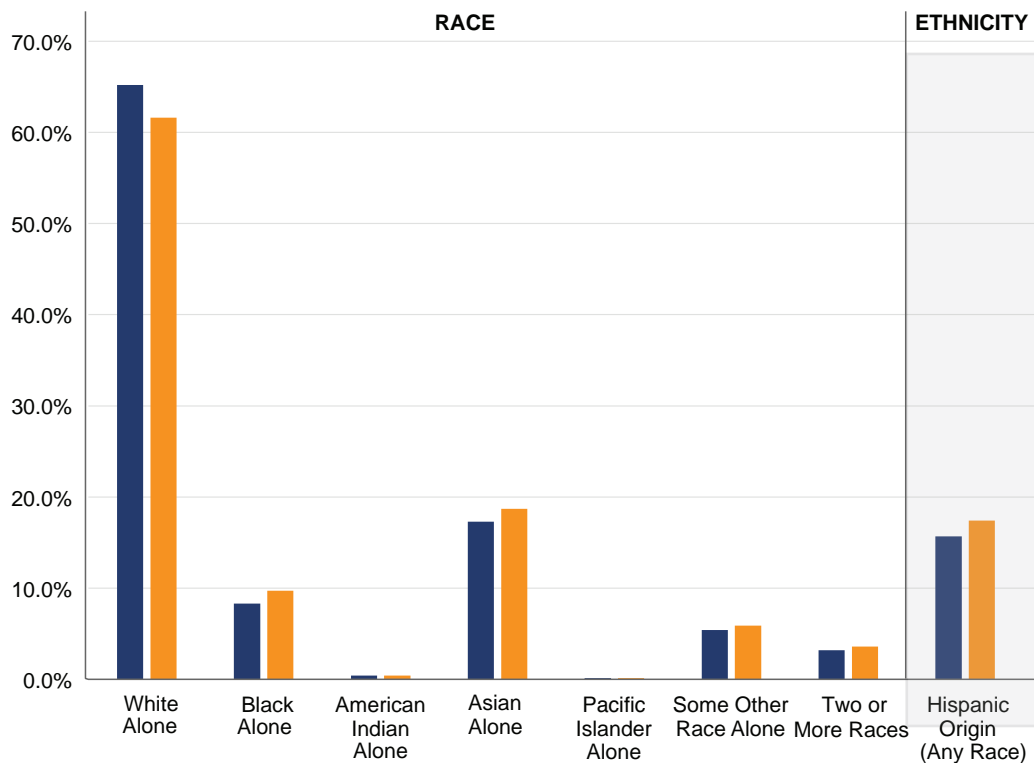
RACE AND ETHNICITY

Sixty five percent of Plano residents are White Non-Hispanic. The next largest racial category is Asian at seventeen percent. Fifteen percent of the population is of Hispanic origin. Over the next 30 years, Plano is expected to be a "no majority" city, as growth of other race/ethnic groups outpaces white non-hispanic households. Growth is expected to occur for both Hispanic and Asian households. **Exhibit 4: "Race and Ethnicity of Plano Residents (2013 vs. 2018)"** shows the projected change of race and ethnicity of Plano over time. This change in demographic composition will impact the desirability of certain neighborhood typologies and housing preferences.

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A 2014 study by the National Association of Home Builders (NAHB) examined how housing preferences are affected by homebuyers' racial and ethnic background. White buyers were found to prefer smaller homes and larger lots than non-white buyers. White buyers prefer a median of 2,200 SF, while African Americans prefer 2,700 SF, Hispanics prefer 2,400 SF, and Asians prefer 2,300 SF. Significantly higher percentages of Asians (64%), African Americans (49%), and Hispanics (44%) would be satisfied with a small 1/8 acre lot size, compared to White buyers (38%). Given a choice between single story, split-level, and two-story homes, large portions of White (61%) and Hispanic (45%) homebuyers were found to prefer single story homes. A plurality of Asian (48%) and African American (44%) buyers were found to prefer two-story homes.

PSYCHOGRAPHIC PROFILE

Catalyst evaluated the psychographics of Plano's residents by Neighborhood Unit. Many retailers today segment people by a variety of measures including demographics, psychographics, and mappable neighborhood segments. Psychographics identify individual values, attitudes, interests, behaviors, and product preferences. Neighborhood segmentation identifies, categorizes, and defines neighborhood subgroups by unique consumer niches so that businesses can effectively focus their resources. This type of information is important because changing interests, fickle preferences, and mobile lifestyles can be identified to connect with consumers. Researchers increasingly rely on psychographic profiles and neighborhood segmentation to locate their ideal consumers, make site selection decisions, and create targeted marketing strategies.

Catalyst used data from Synergos Technologies Inc. (STI). STI developed psychographic data called Landscape to identify the psychographic profile of neighborhood segments. Landscape neighborhood segmentation uses STI proprietary methodology to create psychographic segmentation at the census block and block group level. Catalyst used Landscape data at the block group level to identify the psychographic profile for the City of Plano. The Landscape data includes neighborhood segmentation across 72 categories (neighborhood segments) defined by STI. These neighborhood segments are groups of people who share similar psychographic characteristics and are statistically different from other population segments. The 72 neighborhood segments are based on national data and are distinct from Neighborhood Units referenced in this report. Each of these 72 neighborhood segments are grouped into 15 summary neighborhood categories. The factors that influence the creation of the neighborhood categories include urbanization, affluence, age, family status, and ethnicity.

Many of the top national and regional retailers utilize STI Landscape data in their marketing. A better understanding of the geographic distribution of the psychographic profile provides insight for the City of Plano to leverage marketing efforts and recruitment. **Exhibit 6: "Plano Psychographic Map"** shows the dominant psychographic category for each block group in the City of Plano. **Exhibit 7: "Distribution of Plano's Psychographic Profiles"** shows the distribution of the psychographic category and neighborhood segment (i.e. subcategory) for the City of Plano. The dominant psychographic categories in Plano are "Crème de la Crème", "Married in the Suburbs", and "Retired in the Suburbs. The following are the characteristics of these overall categories as defined by Synergos Technologies Inc. The full descriptions of Landscape data for both the overall categories and detailed segments for the City of Plano can be found in Appendix I.

Crème de la Crème: Urban neighborhoods with residents that measure far above average in all traditional classifications, including income, education, and family status.

Urban Cliff Climbers: Urban neighborhoods with residents that represent the definitive "working class," and are young and in pursuit of their individual American dreams.

Urban Cliff Dwellers: Urban neighborhoods with thirty-somethings pursuing a comfortable, classically American, working-class lifestyle.

Thriving Alone: Neighborhoods distinguished by a large number of residents who are flourishing in solitary, highly urban, high-income lifestyles.

Single in the Suburbs: Residents of these suburban neighborhoods are among the lower income levels of modern suburbia, but are neither rich, nor poor.

Married in the Suburbs: These suburban neighborhoods are home to upper-middle- class residents with high incomes, married-couple households, and white-collar jobs.

Retired in the Suburbs: Suburban neighborhoods with a fourty-plus demographic, high incomes, few children, and a comfortable standard of living.

Living With Nature: Rural areas inhabited by a patchwork of people who have both chosen the rural lifestyle.

This data will be used in combination with other characteristics to examine the strengths and challenges for Plano to remain competitive in attracting new homebuyers. This information will help guide recommendations for specific areas and the overall City of Plano.

EXHIBIT 5 (Below):

Plano Psychographic Map
Source: Synergos (STI)
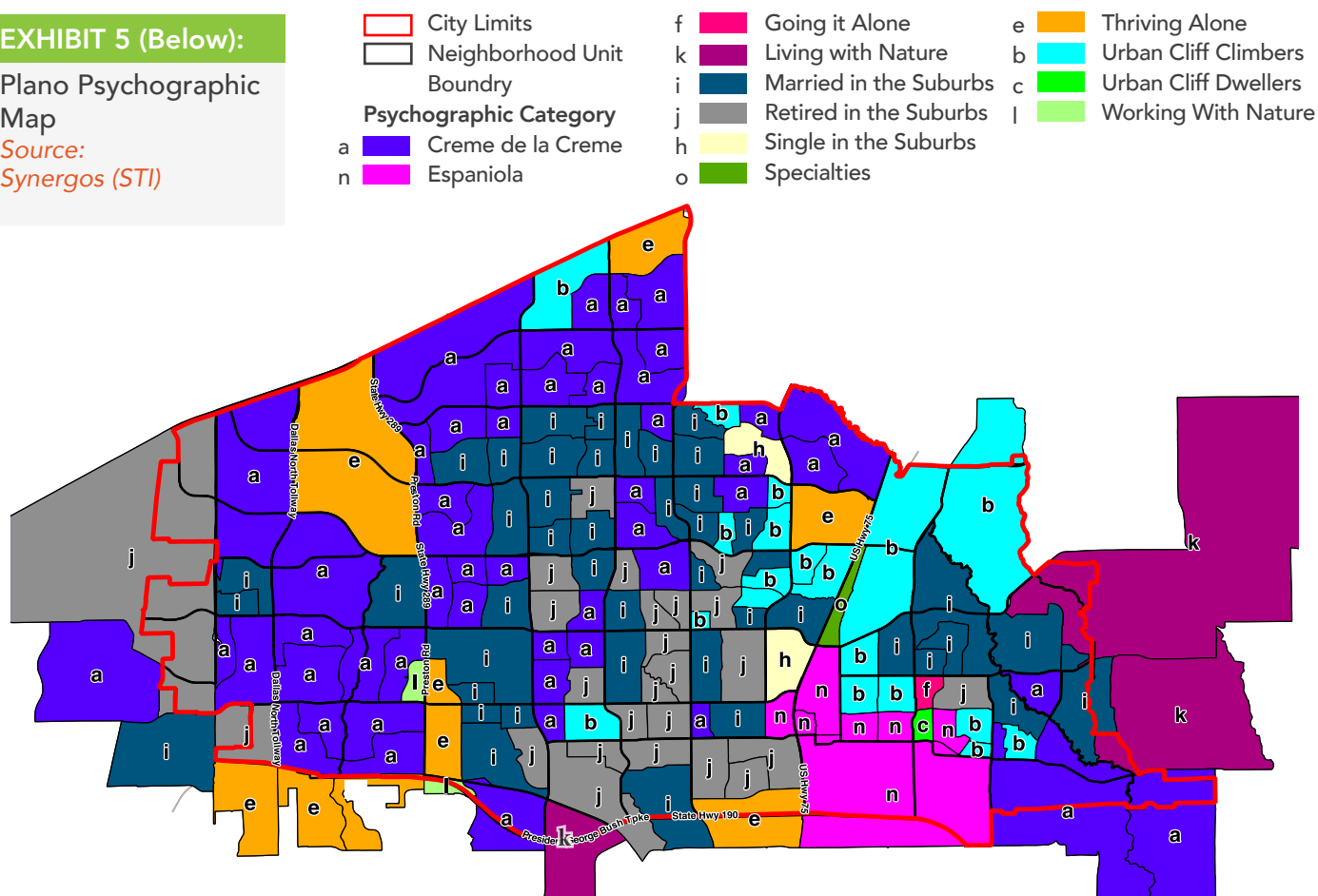
	City Limits
	Neighborhood Unit Boundry

Psychographic Category

a — Creme de la Creme
n — Espaniola
f — Going it Alone
k — Living with Nature
i — Married in the Suburbs
j — Retired in the Suburbs
h — Single in the Suburbs
o — Specialties
e — Thriving Alone
b — Urban Cliff Climbers
c — Urban Cliff Dwellers
l — Working With Nature

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Distribution of Plano Psychographic Neighborhoods	
Category/Segment	**Percent**
Creme de la Creme	**36.4%**
American Knights	30.3%
Empire Builders	2.3%
Grand Masters	2.5%
Regents	1.3%
Married in the Suburbs	**25%**
Bonds and Babies	12.9%
Couples with Capital	2.3%
Great Generations	5.9%
Kith and Kin	3.0%
Sublime Suburbia	0.8%
Retired in the Suburbs	**12%**
Marmalade and Money	0.2%
Stately Suburbs	1.5%
Stocks and Scholars	10.2%
Urban Cliff Climbers	**11.3%**
Charmed Life	4.3%
Kindred Spirit	2.0%
Middle of the Road	0.9%
Sitting Pretty	2.5%
White Collar Status	1.6%

Distribution of Plano Psychographic Neighborhoods	
Category/Segment	**Percent**
Thriving Alone	**7.8%**
Apprentices	7.3%
Wizards	0.5%
Espaniola	**3.0%**
Anos de Quincenera	0.5%
Los Novios	0.4%
Los Padres	0.7%
Los Padrinos	0.5%
Los Solteros	0.7%
Los Trabajadores	0.2%
Living With Nature	**2.2%**
Cornucopia	0.9%
Country Villas	1.2%
Single in the Suburbs	**1.6%**

II. NEIGHBORHOOD CHARACTERISTICS

Plano, Texas Housing Sustainability Analysis
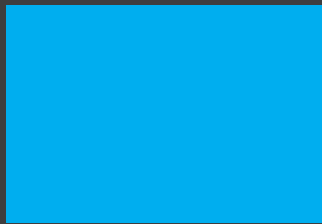
Authors:

Jason Claunch, President - Catalyst

Michael Latham, Senior Researcher - Catalyst

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II. NEIGHBORHOOD CHARACTERISTICS

Currently, there are 104,000 housing units in Plano; about 30% of these are in multi-unit structures. There were over 3,750 home sales last year up from a 10 year low of 2,500 in 2010. The median home sales price in 2013 was $235,000, up from $213,000 the previous year . According to the latest land use data, less than 8% of Plano's land is undeveloped, and based on zoning only 1% remains for residential. As Plano approaches build out, infill and redevelopment will be strategic for growth.

Exhibit 7: "Plano Home Sales and Median Price over Time" shows the trend of the number of home sales and median sales prices between 2004 and 2013 for the City of Plano.

EXHIBIT 7:
Plano Home Sales and Median Price over Time *Source: Multiple Listing Service (MLS)*

■ # of Sales
— Median Price

$189,990 $195,950 $200,999 $209,773 $207,000 $203,000 $208,000 $207,185 $213,000 $235,000

4,375 4,564 4,463 3,956 3,295 2,947 2,591 2,676 3,111 3,750

2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

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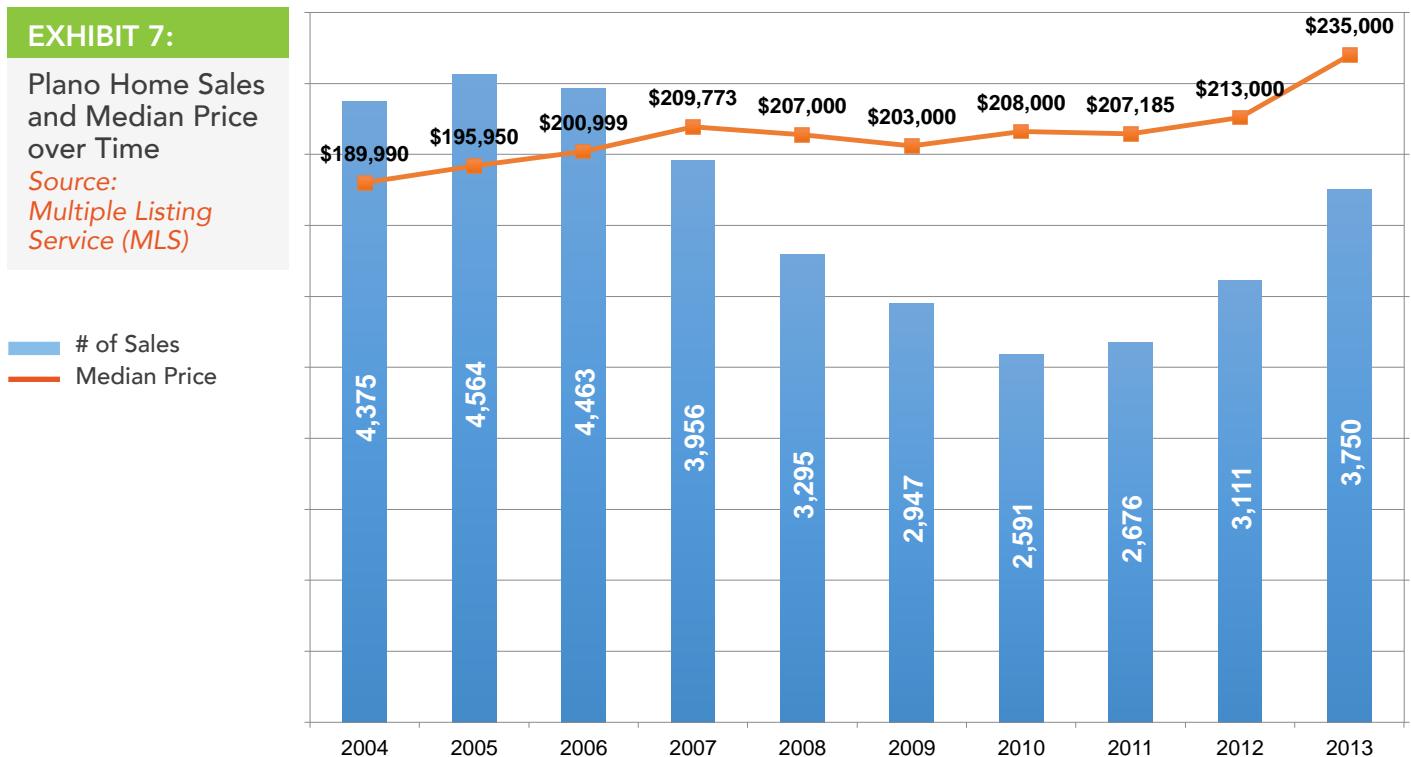
Home sales have increased every year since 2010, but have not yet attained pre-recession levels. In 2013, there were 3,750 home sales up from 3,100 in 2012. The median home price has increased from $189,000 in 2004 to $235,000 in 2013. During the recession, the median home 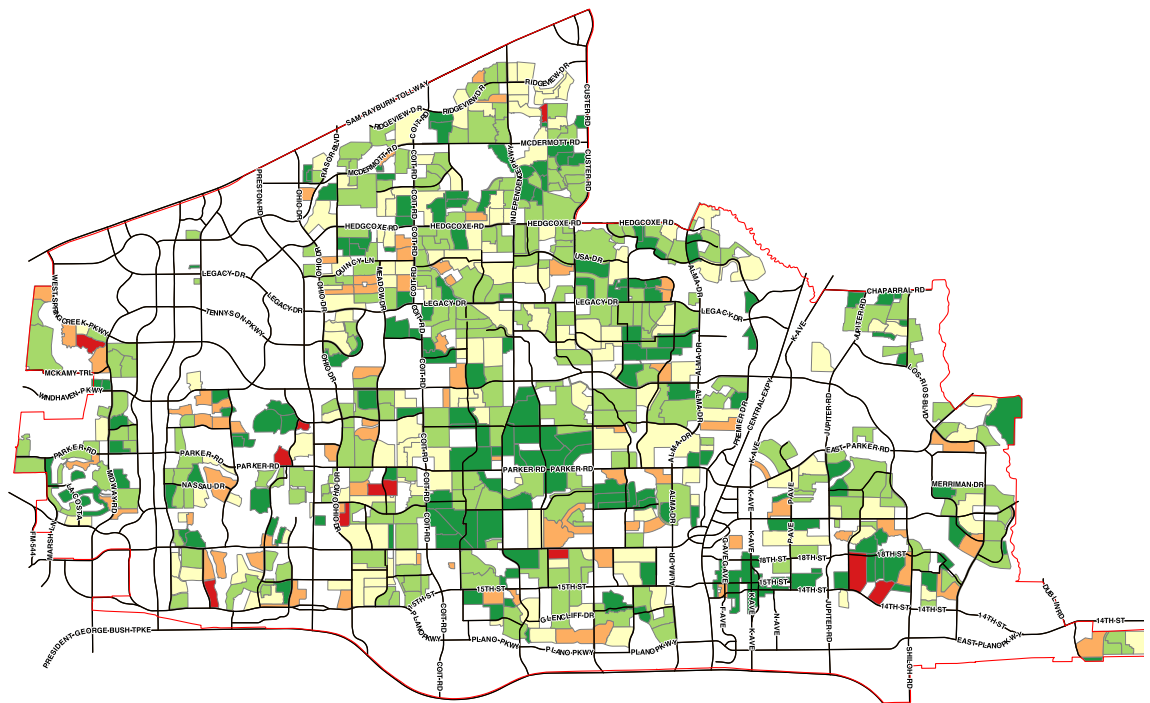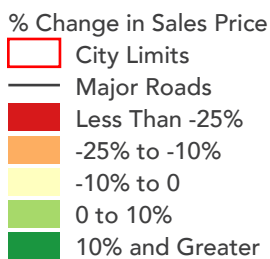price declined by $6,000 between 2007 and 2009 and remained flat in 2010 and 2011. The average price per square foot of homes in Plano has increased from $87 per square foot to $100. However, Plano home prices have declined slightly in comparison to Dallas/Fort Worth as a whole. In 2004, the average sales price per square foot was $2 less than the average home in Dallas/Fort Worth and declined to $4 less per square foot by 2013.

As part of this study, neighborhood home sales prices were analyzed to identify trends in the economic stability of the existing housing stock. Neighborhood areas were measured using the historical statistics previously used by city staff for geographical planning, by pre-defined aggregated subdivisions (Neighborhood Units). The Neighborhood Units are usually bounded by major thoroughfares and may contain several subdivisions that vary in square footage and amenities.

When examining changes in neighborhood values, the median price per square foot was used as a baseline to measure market fluctuations. The median price was adjusted for inflation to examine the change in real home values over time. Our findings show that the majority of real neighborhood home values declined between 2004 and 2011.

EXHIBIT 8:

Plano % Change in Sales Price per Square Foot by Subdivision (2010-2013)
Source:
MLS and Residential Strategies Inc. (RSI)

% Change in Sales Price
- City Limits
- Major Roads
- Less Than -25%
- -25% to -10%
- -10% to 0
- 0 to 10%
- 10% and Greater

The areas of greatest change in price were those neighborhoods located east of US 75 and west of Preston Road. There were neighborhoods with more than a 10% decline in sales price. Several of the neighborhoods immediately West of US 75 experienced declines of 5% since 2004. The strongest increase in home values occurred in Central Plano east of Preston Road and west of Custer Road. **Exhibit 8: Plano Percent Change in Sales Price per Square Foot by Subdivision (2010-2013)** shows the change of sales price per square foot by subdivision since 2010. This map shows the trends of housing, when most areas are in "recovery" from the Great Recession of 2008. Additional research was conducted to evaluate change in Plano housing since 2004 to gain context of change over a greater period of time.

The majority of Plano neighborhoods experienced increasing value since the end of the recession. Nearly all of South Central Plano has experienced growth in home values since 2010. The areas that continued to trend downward are located east of US 75 and west of Shiloh Road, west of US 75 and north of Parker Road, and a few neighborhoods lying between Preston Road and the Dallas North Tollway. The following maps **(Exhibit 9 & 10)** show the change in the size adjusted median sales price for Plano. **Exhibit 9** shows the change in size adjusted sales price between 2004 and 2013, and **Exhibit 10** shows the change between 2010 and 2013.

EXHIBIT 9:

Percent Change in Median Sales Price by Neighborhood Unit *(2004-2013)* *Source: Catalyst*

City Limits
Major Roads
% Change in Price/SF
Less than -10%
-10% to -6%
-6% to -1%
-1% to 0
0 to 1%
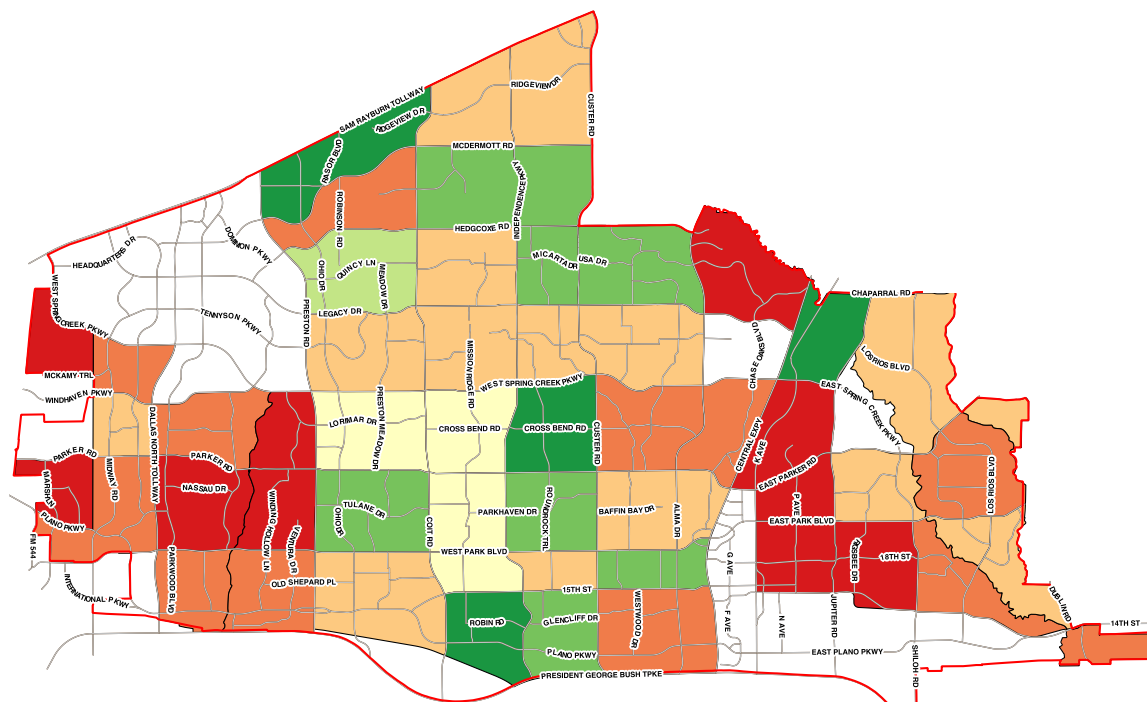1% to 6%
Greater than 6%

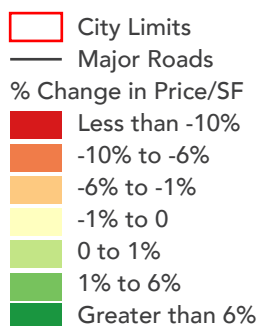**EXHIBIT 10:**

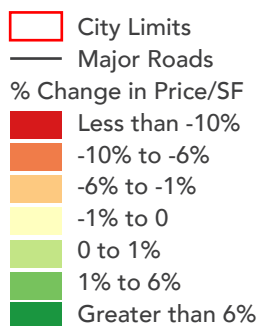Percent Change in Median Sales Price By Neighborhood Unit *(2010-2013)* *Source: Catalyst*

City Limits
Major Roads
% Change in Price/SF
Less than -10%
-10% to -6%
-6% to -1%
-1% to 0
0 to 1%
1% to 6%
Greater than 6%

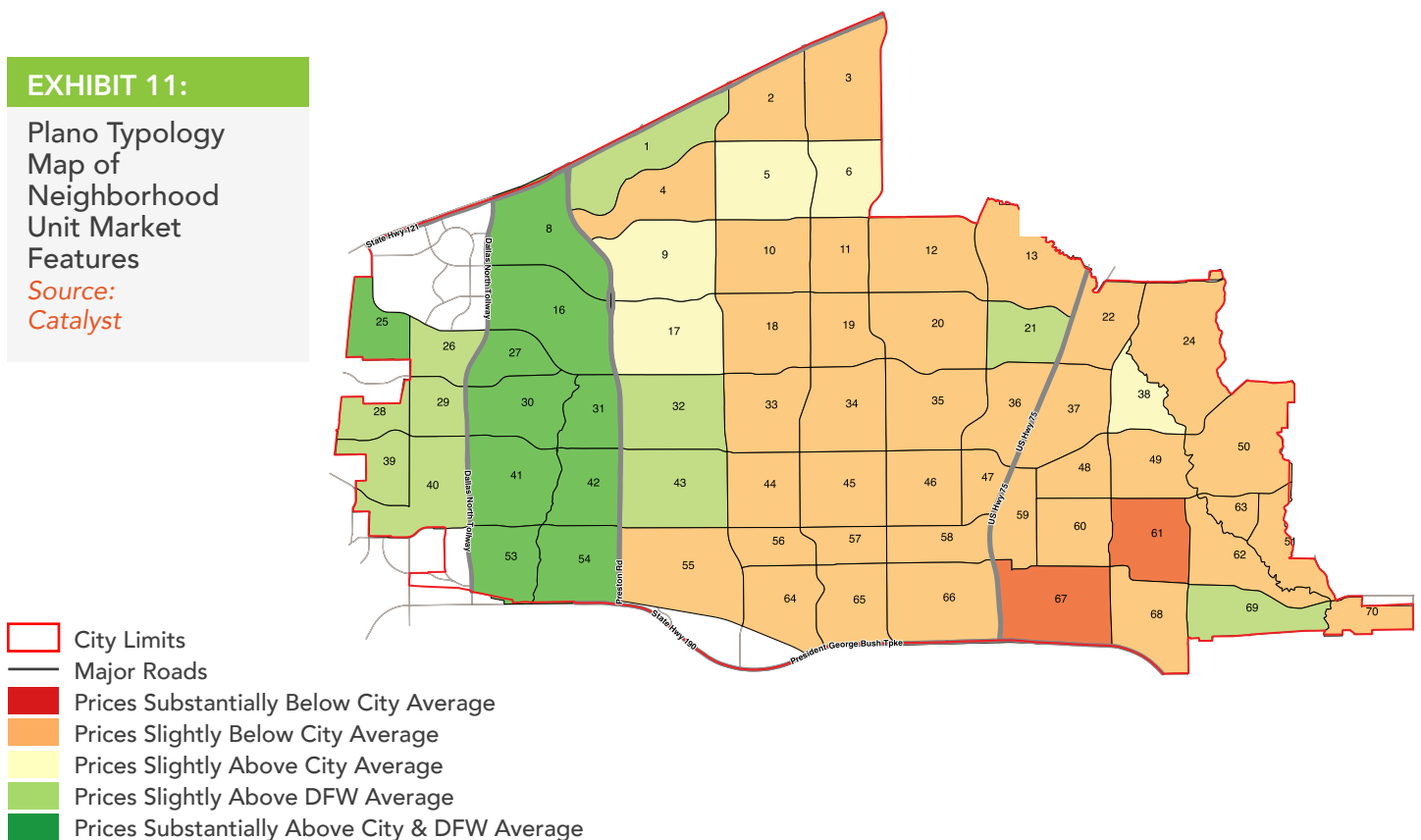catalyst Plano
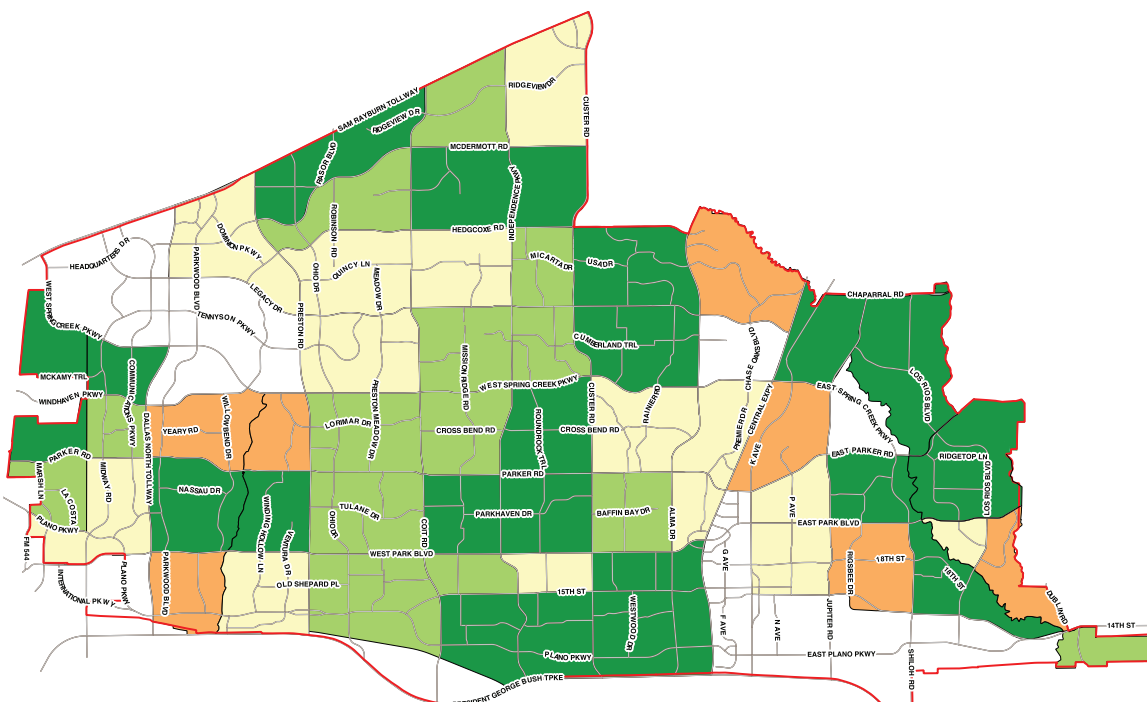
NEIGHBORHOOD TYPOLOGY

A relationship exists between the strength of the neighborhoods to market demand and other factors including property standards, crime, home ownership rates, homeowner investment in the properties, and other neighborhood conditions. In order to categorize this continuum, a region specific housing market typology of neighborhoods was created.

The size adjusted average sales price in the City of Plano was $100 per square foot in 2013 compared to $104 per square foot in Dallas/Fort Worth. The size adjusted sales price of each Neighborhood Unit was compared to both the City of Plano and the Dallas/Fort Worth average to provide both an internal and regional benchmark.

Each neighborhood in Plano was placed into one of five categories in order to highlight the important differences between neighborhoods. The neighborhoods were classified by the average sales price relative to the Plano and Dallas/Fort Worth average. Neighborhoods that have prices substantially below the city average were classified as a ("1"). Neighborhoods ranked as ("2") have prices slightly below the city average, neighborhoods ranked as ("3") have prices just above the Plano average, neighborhoods ranked as ("4") have prices just above the Dallas/Fort Worth average, and those neighborhoods with prices substantially above the Plano and Dallas/Fort Worth average were classified as a ("5"). **Exhibit 11: "Plano Typology Map of Neighborhood Unit Market Features"** below shows the five neighborhood typologies based upon Plano values across each Neighborhood Unit.

While this typology is a simplification of complex areas, the categories highlight major differences across these neighborhood types. For example, in areas with high housing prices such as neighborhood types 4 and 5 both owner-occupied and rental properties are typically better maintained. Neighborhoods that fall into category one and two are those where market conditions are the weakest and intervention programs may have the greatest impact.

EXHIBIT 11:

Plano Typology Map of Neighborhood Unit Market Features
Source: Catalyst

- City Limits
- Major Roads
- Prices Substantially Below City Average
- Prices Slightly Below City Average
- Prices Slightly Above City Average
- Prices Slightly Above DFW Average
- Prices Substantially Above City & DFW Average

NEIGHBORHOOD CHANGE

Changes in typology (i.e. changes in neighborhood value relative to the region) may indicate meaningful neighborhood change. An increase in the neighborhood value relative to the region may indicate positive market change, while a decrease in value may be a sign of potential neighborhood decline.

Changes in neighborhood values relative to the City of Plano and Dallas/Fort Worth Metro Area were examined to identify positive and negative market change. **Exhibit 12 "Plano Change in Sales Price Per Square Foot Relative to DFW Region (2004 - 2013)"** shows the change in neighborhood prices relative to the region. The Neighborhood Units that reflect declining values are Neighborhood Units 10, 28, 40, and 61. The decline in values of Neighborhood Unit 61 was primarily due to age, drive through appeal, poor condition of homes, and low quality retail adjacent to area. The average sales price of Neighborhood Unit 10 increased by $5 per square foot between 2012 and 2013. However, the City of Plano average sales price increased by $8 per square foot over the same time period, which caused the rank of Neighborhood Unit 10 to decline relative to the city. Our findings indicate that the decline in values in Neighborhood Units 28 and 40 are partially due to the construction of homes with fewer amenities and lower price points than housing units constructed prior to the recession.

EXHIBIT 12:

Plano Change in Sales Price per Square Foot Relative to DFW Region *(2004-2013)* *Source: Catalyst*

- ☐ City Limits
- — Major Roads
- ■ Large Decrease
- ■ Decrease
- ■ No Change
- ■ Increase
- ■ Large Increase
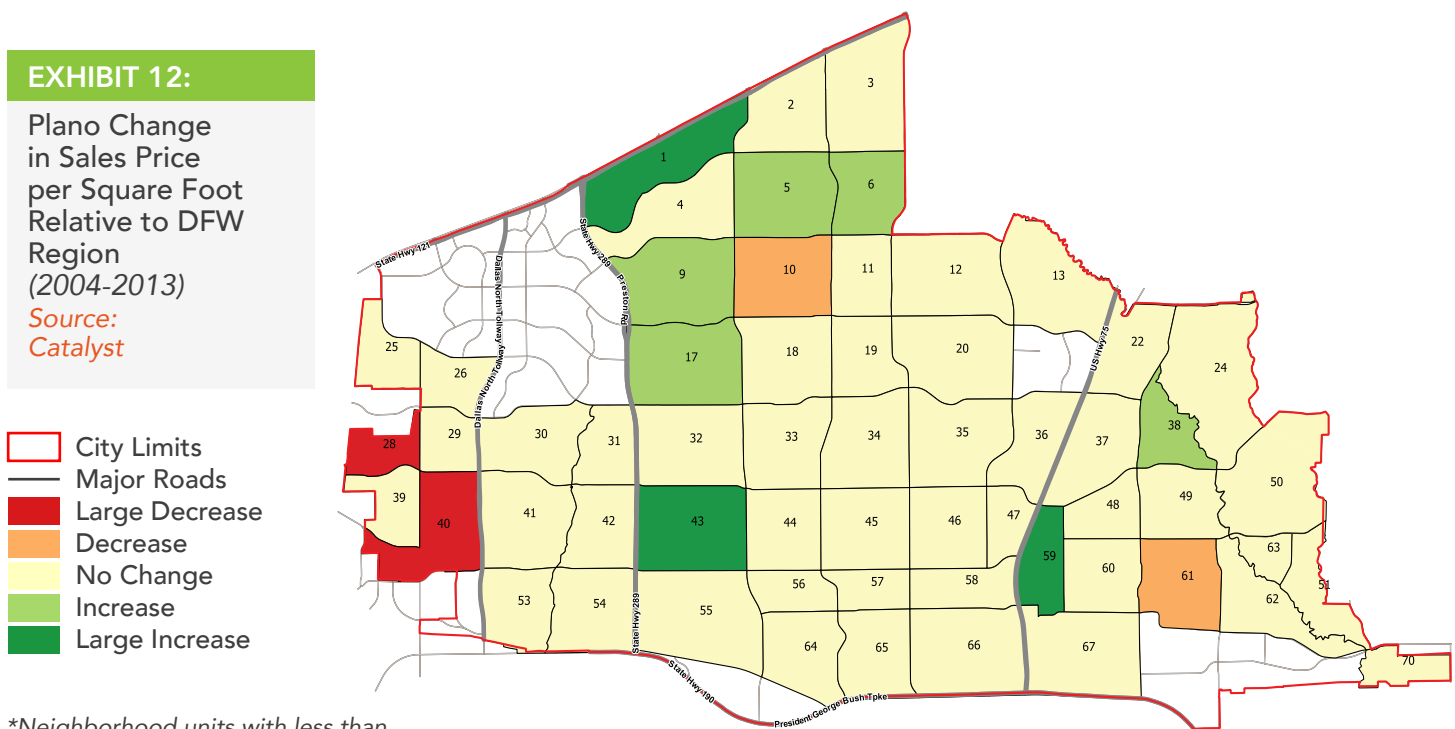
Neighborhood units with less than five residential sales transactions in 2004 or 2013 are excluded

Neighborhoods with growth in sales prices relative to the region are located just west of Preston Road, and east of US 75. Overall, the majority of neighborhoods have maintained their value relative to the region as a whole. The Neighborhood Units that show the strongest growth relative to Plano and the regional average include Neighborhood Units 1, 5, 6, 9, 17, 38, 43, and 59, most of which are located in central and north central Plano. Both Neighborhood Units 38 and 59 are located East of Plano but are based on less than 6 sales per year, which accounts for the dynamic changes in median sales prices. Neighborhood Unit 59 near Downtown Plano contains a wide array of housing from low-income multifamily housing, historic homes, and small single-family homes built several decades ago. Sales in this Neighborhood Unit showed wide swings in sales prices year to year because each product type had significantly different sale values that impacted this analysis.

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NEIGHBORHOOD SURVEY

As part of this analysis, Catalyst conducted a physical neighborhood survey to review various qualitative and quantitative factors for each Neighborhood Unit. The neighborhood survey assessed properties by computing an overall score for each Neighborhood Unit according to a scoring system. Neighborhood Units are roughly based upon major intersections throughout the City of Plano, and substantial differences in terms of the types and condition of subdivisions exist throughout various Neighborhood Units. This survey provides a broad perspective on the overall characteristics of each of these neighborhoods. Attractive and well-maintained subdivisions are located within some Neighborhood Units with low scores in either drive through appeal and/or condition of homes. Neighborhood Units with attractive subdivisions may have scored low because unattractive features existed within a large portion of other subdivisions impacting the overall area. The intent of this analysis was only to identify potential deficiencies that may impact neighborhood perceptions.

The scoring system identified the following three broad categories: drive through appeal, character of homes, and retail quality. Drive through appeal was based on neighborhood entryways, screening walls, condition of streets and sidewalks, light fixtures and sign posts, and the presence of garbage. The character of homes was based on the existing condition of the roof, exterior walls, landscape, fence, and windows and doors. Retail quality was based on physical characteristics of retail centers and type of retail present. Each of these categories and subcategories were scored 1 through 4, where:

- 1 indicates poor/deteriorated condition
- 2 indicates fair condition
- 3 indicates good/well kept condition
- 4 indicates excellent condition

Exhibit 13a: "Neighborhood Survey Results Matrix by Typology" and **Exhibit 13b: "Neighborhood Survey Results Matrix by Neighborhood Unit** on the following pages shows the scores for each Neighborhood Unit. **Appendix II** has a detailed breakdown of methodology and scoring of neighborhood characteristics. Results from the survey were aggregated and examined by neighborhood typologies.

As discussed previously, Neighborhood Units were sorted into 5 typologies based on size adjusted sales price relative to Plano's and Dallas/Fort Worth's average. Only two Neighborhood Units, 61 and 67, were ranked as Typology 1. Each of these neighborhoods lie east of Jupiter Road and tend to score "poor" on the neighborhood survey on the character of home and drive-through appeal. Neighborhood Unit 61 consists of older homes built in the 1950's and 1960's in need of repair and maintenance. Trash, open storage, and poorly maintained home exteriors and landscape have a negative impact on these neighborhoods. Neighborhood Unit 67 consists of a mix of old and new housing. However, each of these Neighborhood Units have strong access to President George Bush Turnpike and US 75 with opportunities for quality starter homes and workforce housing.

Thirty-eight Neighborhood Units were categorized as Typology 2. Due to the large number of Typology 2 Neighborhood Units, there was more variation in the characteristics of each. Overall these neighborhoods scored high on drive through appeal and character of homes, but many scored "poor" or "fair" on the quality of retail. Two of the lowest scoring neighborhoods in terms of drive through appeal and condition of homes were Neighborhood Units 37 and 38, which are adjacent to each other and located East of US 75, South of Spring Creek Parkway, and North of Park Blvd. These neighborhoods consist of a diverse mixture of homes. Some portions of these neighborhoods consist of older production homes that lack landscape maintenance and exhibit signs of structural deterioration on the exterior. In addition, there was a large number of cars parked along the streets.

Neighborhood Survey Results Matrix by Typology
Source: Catalyst

NU	Typology	Drive Through Appeal					Condition of Homes						Retail				
		Entryways	Screening Walls	Condition of Sidewalks	Condition of Streets	Light Fixtures & Signs	Trash	Roof	Exterior Walls	Landscape	Fence	Windows & Doors	Retail Vacancy	Retail Signage	Retail Parking	Retail Amenities	Quality of Retail Services
61	1	2	0	3	3	2	2	3	2	3	2	2	3	2	1	1	1
67	1	2	0	2	3	2	3	2	2	2	2	2	3	4	3	3	4
2	2	4	2	4	3	4	4	4	4	4	4	4	4	4	4	4	4
3	2	4	1	4	3	4	4	4	4	4	4	4	4	4	4	4	4
4	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4
10	2	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3
11	2	4	3	4	3	4	4	4	4	4	4	4	4	4	4	4	4
12	2	2	3	3	3	3	4	4	3	3	2	4	4	4	4	3	3
13	2	4	3	4	4	4	4	4	4	3	3	4	4	4	4	3	4
18	2	3	3	3	3	3	4	4	4	3	3	4	3	3	4	3	3
19	2	3	3	3	3	3	4	4	4	3	3	4	4	3	4	3	3
20	2	3	3	3	3	3	4	4	3	3	2	3	2	3	2	2	3
22	2	4	3	4	4	4	4	4	4	3	4	4	3	3	4	2	3
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Neighborhood Survey Results Matrix by Neighborhood Unit
Source: Catalyst

NU	Typology	Drive Through Appeal				Condition of Homes						Retail				Quality of Retail Services
		Entryways	Screening Walls	Condition of Streets	Light Fixtures & Signs	Trash	Roof	Exterior Walls	Landscape	Fence	Windows & Doors	Retail Vacancy	Retail Signage	Retail Parking	Retail Amenities	
1	4	4	4	4	4	4	4	4	4	4	4	4	4	4	3	4
2	2	4	2	4	3	4	4	4	4	4	4	4	4	4	4	4
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70	2	4	4	4	4	4	4	4	4	4	4	0	0	0	0	0

However, other sections of these neighborhoods consist of newer custom-built homes from the 1970's and 1980's with attractive landscape and home exterior features. Both of these neighborhoods are adjacent to relatively strong retail nodes along Avenue K at Parker Road and Spring Creek Parkway.

The Typology 2 Neighborhood Units with low scores on retail quality are concentrated west of US 75, east of Custer Road, and south of Spring Creek Parkway. The majority of these neighborhoods consist of custom-built homes with well-maintained exterior facades, and attractive gateways. There are substantial signs of investments by property owners such as new and/or well-maintained fences, windows, and landscaping. However, there is a large amount of visible retail vacancy along US 75 and Custer Road. The retail at the intersection of Custer Road and 15th Street includes multiple short term loan institutions (e.g. Payday Loans and Car Title Loans). These low quality retailers appear to be servicing the lower income residents in the area.

The neighborhoods categorized as Typology 3, 4, or 5 have home values at or above the Plano average. These neighborhoods typically score high in terms of drive through appeal, condition of homes, and retail. These homes are primarily newer developments located in West Plano (i.e. West of Preston Road), and new in-fill developments in East Plano (i.e. East of US 75).

CONCLUSION

Typology 1 neighborhoods have home values substantially below the City of Plano's average. There are only two neighborhoods in Plano that fall within this category, and are located adjacent to one another in east Plano just east of US 75. These neighborhoods consist of some of the oldest housing stock in the city and score low in terms of drive through appeal, condition of homes, and retail quality. Significant signs of deferred maintenance issues exist likely due to aging homes coupled with a large portion of low-income and or aging households that lack the ability to address these issues. Aging retail centers and public infrastructure within the Typology 1 Neighborhood Units are also in need of significant repair.

There are thirty-eight Typology 2 Neighborhoods Units which have values below the City of Plano's average. These Type 2 Neighborhood Units located East of US 75 scored low on the condition of homes and drive through appeal. These areas have a diverse mixture of single-family homes. There are aesthetically pleasing subdivisions with well manicured landscape and well maintained home exteriors, along with subdivisions with poorly maintained home exteriors and yards.

The Typology 2 neighborhoods located west of US 75 and east of Coit Road scored high in terms of condition of homes. These neighborhoods are characterized by custom-built homes with well-maintained exteriors. Low quality fencing is the biggest issue related to property owners in these neighborhoods. Many of the fences have missing pickets, poorly maintained, or need to be replaced. Other major issues impacting these neighborhoods is poor drive through appeal due to low quality commercial centers and screening walls adjacent to these neighborhoods. Collapsing and patched screening walls are aesthetically unpleasing and common issues along the perimeter of many neighborhoods east of Coit Road.

Low quality retail, high retail vacancy rates, and garden style apartments with noticeable deferred maintenance issues have a negative impact on those neighborhoods east of Custer Road and west of US 75. Retail and multifamily developments act as gateways for these neighborhoods. These nodes impact drive-up appeal to potential buyers, and impact perceptions of community, safety, and neighborhood quality of existing residents. Research on demand preferences of both seniors and Millennials identify convenient access to retail and diversified housing stock as a major determinant of home ownership preferences. Therefore, the revitalization of multifamily developments and retail centers are necessary to keep neighborhoods competitive.

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RECOMMENDATIONS

1. *Housing Reinvestment Program*

   An incentive program should be developed to encourage reinvestment of exterior features that impact drive-up appeal. The most common property owner related issue is aging and dilapidated fencing. In subdivisions with no gateways, the landscape and fencing of corner lots act as a de-facto gateway to the community. New, well-built fences that are both aesthetically pleasing and durable for 10 or more years can easily cost $100 or more per linear foot. Therefore, any incentive program should include fencing as one of the qualified improvements, and the program should be structured in such a way so that the minimum investment would allow quality fencing.

2. *Screening Walls*

   Screening walls are the most common unsightly feature impacting the drive-up appeal of neighborhoods throughout central Plano. Currently, 734 miles of screening wall maintenance is the public responsibility, 58.5 miles are the responsibility of private property owners, and 17.7 miles is the responsibility of home owner associations. Screening walls are very expensive, and coordinating multiple property owners to pay for improvements is difficult both logistically and financially for the vast majority of neighborhoods. The City of Plano should adopt a policy and long-range plan to address all screening wall issues citywide.

3. *Retail Merchandising Study*

   A citywide study should identify site-specific plans for commercial corridors to address aging and underperforming commercial centers. The study should identify neighborhood attitudes, interests, and shifting cultural preferences in order to develop a retail-merchandising plan that recruits desirable retail to vacant and underperforming centers. The study should also identify catalytic areas for redevelopment strategies.

4. *Commercial Reinvestment Program*

   The City of Plano should create an incentive program to encourage private investment in retail and multifamily renovations and/or redevelopment. The program should prioritize projects that are mixed-used and have interconnectivity between existing residential and commercial uses.

III. MEASURING NEIGHBORHOOD HEALTH

Plano, Texas Housing Sustainability Analysis
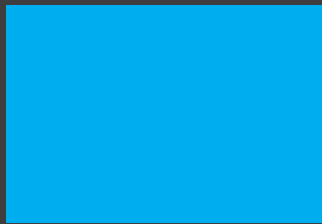
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III. MEASURING NEIGHBORHOOD HEALTH

CURRENT ANALYTICAL TOOLS

The current analytical tools for measuring neighborhood health are Neighborhood Indicators and the Neighborhood Enhancement Tool (NET). The NET consists of eight indicators including foreclosures, housing values, rental properties, zoning use, property standards actions, property standards cases, public safety quality of life calls for service, and public safety quality of life offenses. The indicators are weighted (to total 100%) and combined to show the geographical concentration of the indicators on the NET Map. The NET is used to identify areas for enhancement projects, identify core problems, establish project goals, and measure the overall success of the project.

The Neighborhood Indicators include demographic, economic, housing, and land use characteristics of each Neighborhood Unit tracked over time. The demographic data includes the population, households, density, age distribution, and ethnic distribution. The economic characteristics include household income, people below the poverty line, business establishments, and employment. Land use characteristics include the aggregated acreage, rentable building area, construction permits and value, and property value for commercial, residential, and institutional uses within each Neighborhood Unit. The Neighborhood Indicators also include public safety and property standards data by Neighborhood Unit. The data is gathered from multiple sources including the U.S. Census, Property Standards Department, Police Department, Collin Central Appraisal District, and Denton Central Appraisal District. Each of these data sources uses different geographical boundaries. Statistical analysis was used to extract each of the indicators by Neighborhood Unit.

REVIEW OF ANALYTICAL TOOLS

The effectiveness of current analytical tools for measuring neighborhood health was reviewed to identify those factors, which have the greatest impact on neighborhood health. A wide array of information identified from stakeholder interviews was reviewed to understand the context of neighborhood health. The variables included in the Neighborhood Enhancement Tool and corresponding data were analyzed. This data includes foreclosures, decreases in residential properties valued under $180,000, density of rental properties, zoning classifications, property standards actions, property standards violations, public safety quality of life calls, and quality of life offenses. In addition, demographic data was collected from the City of Plano, Texas State Demographer, Decennial Census, American Community Survey, ESRI, TAMU Real Estate Center, and Synergos

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Technologies Inc. The Planning Department provided the 2013 City of Plano Shopping Center Review and the 2006 Downtown Plano Retail Action Plan. The Planning Department provided GIS data including city limits, major thoroughfares, parks, and historical rental properties. The Plano Police Department provided offenses by date and location occurring from 2008 through October 2013. Plano Property Standards provided historical data on property standards cases and the number and type of action of each by date and location. The Customer and Utilities Department provided data on vacant properties. Sales data was collected from Multiple Listing Service (MLS) between 2004 and 2013. MLS data includes information on listing price, sales price, days on market, distressed sales, age of home, neighborhood schools, and other home specific information. Labor market data was collected from the Bureau of Economic Analysis for the Dallas-Fort Worth Metropolitan Area.

MEASURING NEIGHBORHOOD QUALITY

Neighborhoods and larger neighborhood units were the unit of analysis for this study. Neighborhood Unit boundaries were previously defined by the City of Plano. **Exhibit 14: "Plano Map of Neighborhood Units"** shows these boundaries. These Neighborhood Units generally correspond to broader geographies created between major intersections or natural features within Plano. Neighborhood quality was measured using the annual median and average sales prices for homes within each Neighborhood Unit. This metric was selected because it reflects the demand in terms of dollars for the homes and associated neighborhood characteristics, and is one of the clearest indicators of neighborhood health.

CRIME

All crime offenses were provided from the Police Department from 2008 through 2013. Crime data was spatially joined with Neighborhood Units in order to identify the type and number of crimes associated with each neighborhood over time. The crimes were then aggregated into one of four categories: property crime, violent crime, drug related crime, and other. Property crime includes burglaries, larceny, motor vehicle theft, arson, and stolen property. Violent crime includes capital murder, sexual assault, armed robbery, and assault. Drug related crimes include the possession or sale of illegal drugs.

Since 2008, there has been a downward trend in crime across all four categories. **Exhibit 15: "Plano Crime over Time since 2006"** shows this trend. Property crime, which consists of over half of total crimes citywide, have decreased from 10,500 to nearly 8,000 between 2008 and 2012. There were nearly 700 fewer violent crimes in 2012 in comparison to 2008. The only type of crime that remained relatively flat was drug related offenses. There were 711 drug related offenses in 2008 and just under 800 such offenses in 2012.

EXHIBIT 15:

Plano Crime over Time since 2006
Source: City of Plano

- Property Crime
- Other
- Violent Crime
- Drug Related
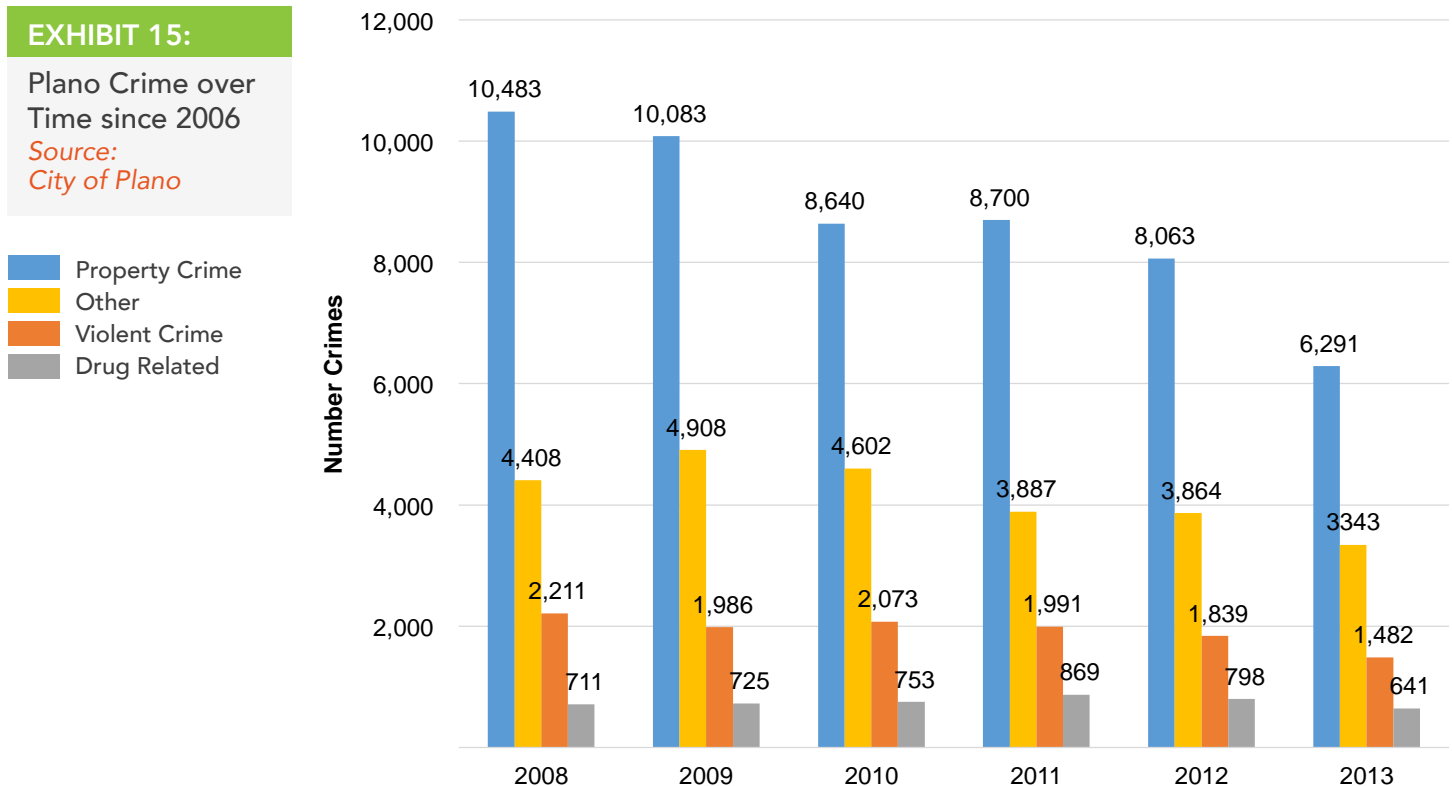
The Neighborhood Unit with the largest numbers of property crimes was Neighborhood Unit 63, which had nearly 3,000 property crimes between 2008 and October of 2013. Other areas with a relatively high number of property crimes include Neighborhood Units 36, 55, 59, 60, 61, 66, and 67. These each vary from 1,500 to 2,250 total property crimes since 2008. However, there is a general trend in decreasing property crimes in all of these neighborhoods, with the exception of Neighborhood Unit 36, which had a slight annual increase from 2010 through 2012.

It should be noted that many of these Neighborhood Units contain large portions of commercial land uses, which tend to have more property crimes that may not impact neighborhood value. **Exhibit 16: "Plano Crime over Time Since 2008 by Neighborhood Unit"** shows the number of property crimes by year and Neighborhood Unit. The relationship was examined between each crime type and the median sales price adjusted for inflation

for each Neighborhood Unit. Property and drug related crimes that occurred in commercial areas were excluded from this analysis. A negative relationship was seen with each of these crime types and sales price. However, only property crimes and drug related crimes were found to have a statistically significant impact on sales price.

EXHIBIT 16:

Cumulative Plano Crime Over Time Since 2008 by Neighborhood Unit
Source:
City of Plano

Legend:
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013

Y-axis: Neighborhood Unit (1–70)
X-axis: Property Crimes (-, 500, 1,000, 1,500, 2,000, 2,500, 3,000)

DISTRESSED HOME SALES

A distressed property is defined as a housing unit that is under foreclosure or advertised for sale by the lender, or owner if it is a short sale. In physical review, these properties are often associated with poor physical condition. This is likely attributed to the owner's financial inability to provide general maintenance and upkeep. Distressed sales were identified as properties that list Lender/REO as the seller type in MLS data. Real Estate Owned (REO) is a class of property owned by a lender after an unsuccessful sale at a foreclosure auction. The numbers of distressed sales within Plano began steadily increasing in late 2005, peaked in 2008, and have since declined over time. **Exhibit 17: "Plano Distressed Home Sales"** shows the trend of distressed sales in Plano over time.

EXHIBIT 17:

Plano Distressed Home Sales (by Number)
Source: MLS

— Distressed Sales
— Rolling Average
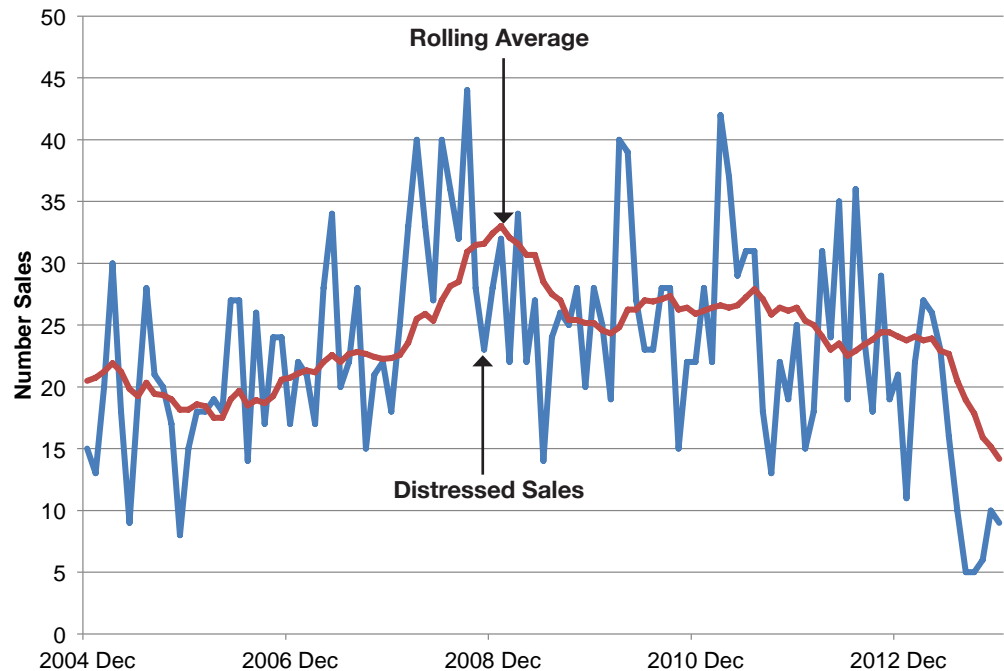
EXHIBIT 18:

Plano Non-Distressed Home Sales (by Number)
Source: MLS

— Non-Distressed Sales
— Rolling Average
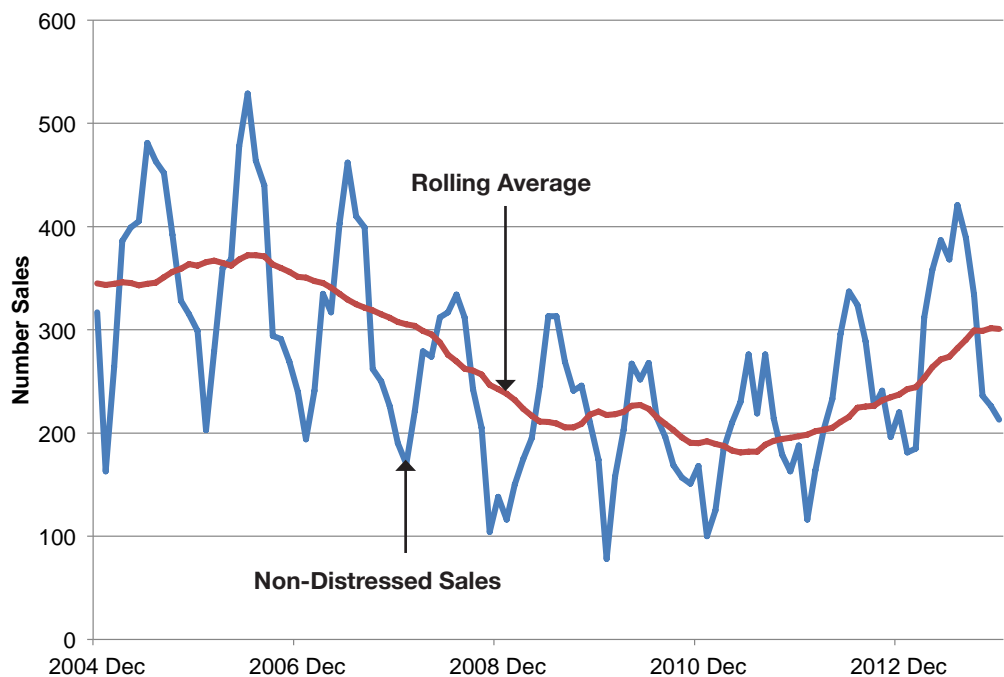
The number of distressed home sales increased from 15 in December 2004 to 44 in September 2008. The 12-month rolling average peaked at 33 units in January 2009. By comparison, non-distressed home sales peaked at 529 units in June 2006 and hit the lowest point in January 2010 with 78 homes sold. The 12-month rolling average of non-distressed sales hit the lowest point in June 2011 with 182 units sold. **Exhibit 18: "Plano Non-Distressed Home Sales"** shows non-distressed home sales.

As a percentage of total sales, distressed sales steadily increased beginning in late 2006 and did not return to pre-recession levels until in late 2013. **Exhibit 19: "Plano Percentage of Distressed Home Sales"** shows this history. The percentage of distressed homes fluctuated around 5% until late 2006. Near the end of 2006, the percentage of distressed homes increased to 22% in January 2009 and then peaked in January 2010. The rolling average peaked in May 2009 at 14% and remained above 10% until June 2011 when it began a steady decline.

EXHIBIT 19:

Plano Percentage of Distressed Home Sales
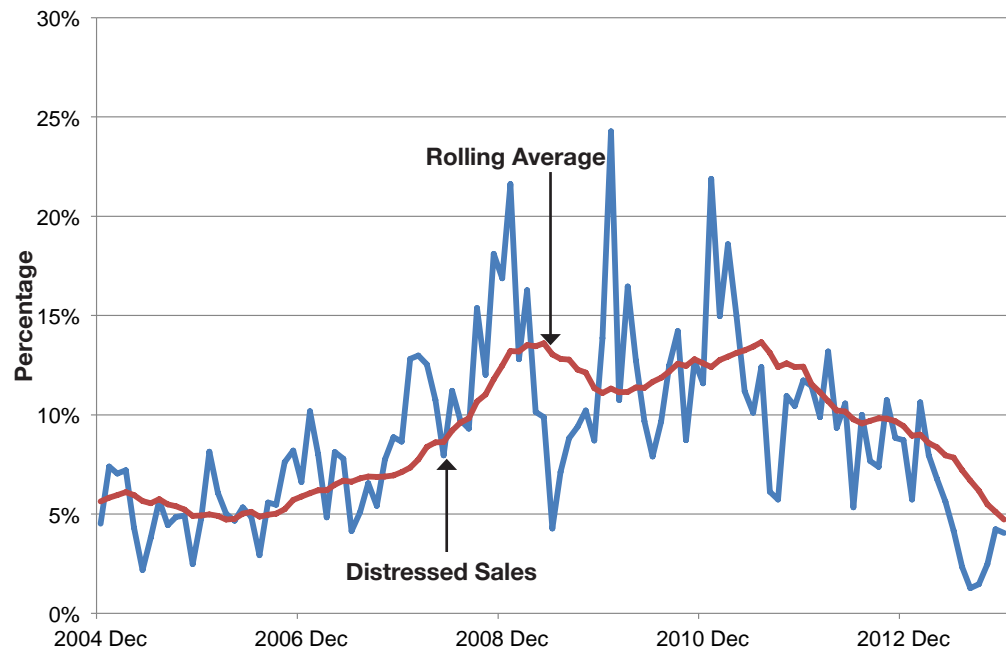*Source: MLS*

— Distressed Sales
— Rolling Average

EXHIBIT 20:

Plano Distressed Sales by Price
Source: MLS

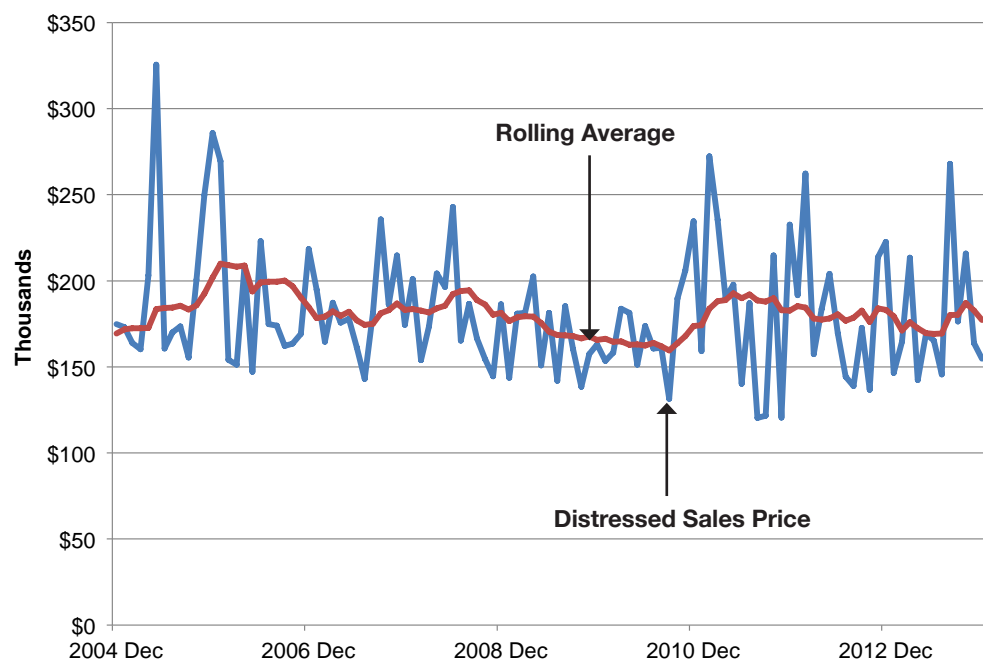— Distressed Sales Price
— Rolling Average

EXHIBIT 21:

Plano Non-Distressed
Sales by Price
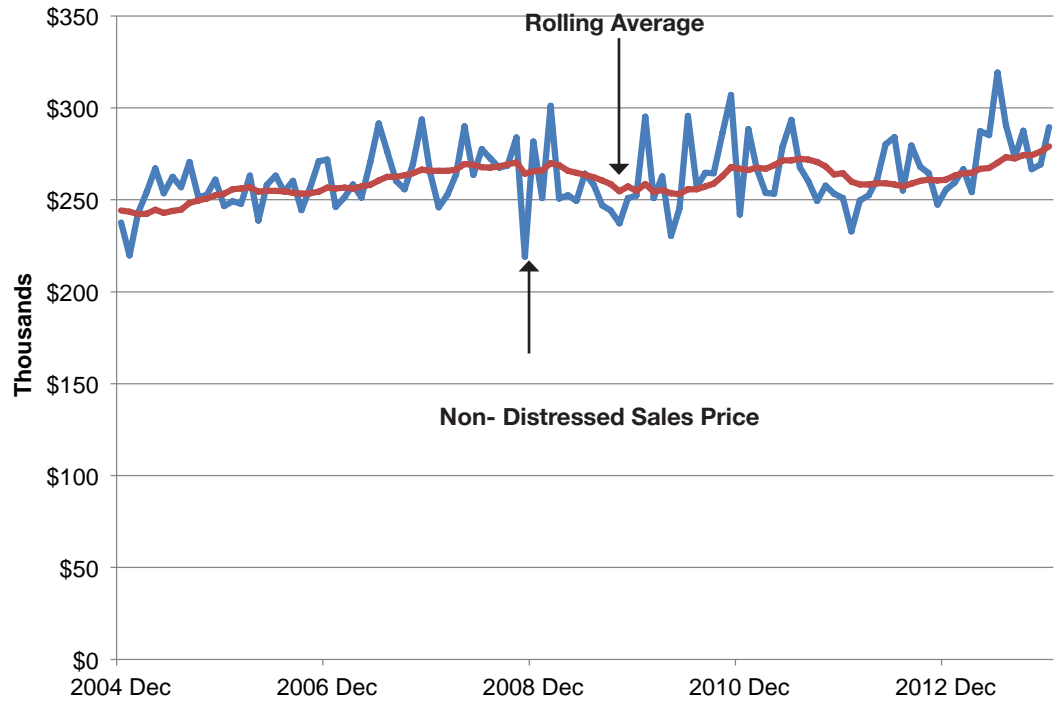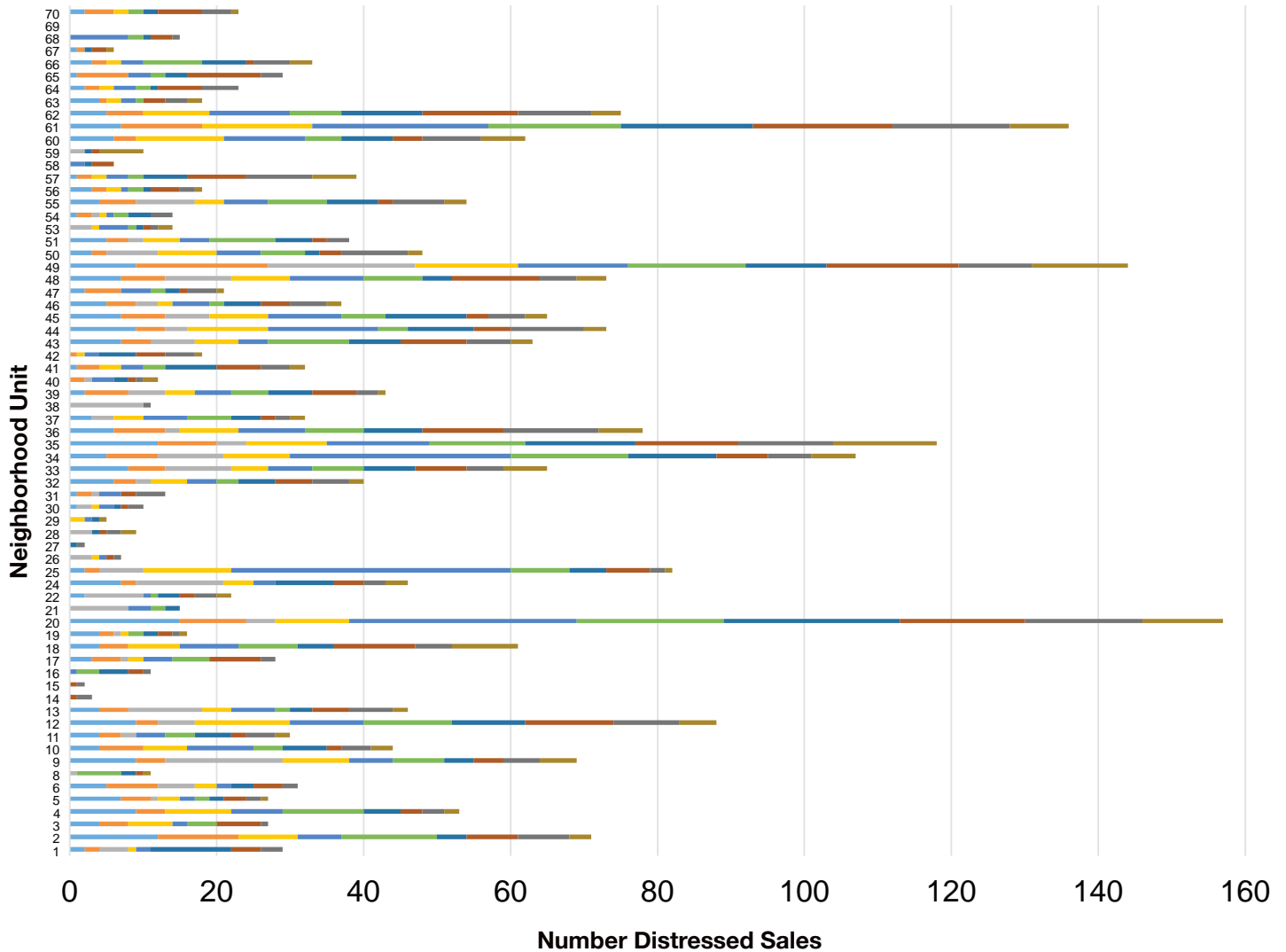*Source:*
MLS

— Non-Distressed
  Sales Price
— Rolling Average

EXHIBIT 22 (Below):

Cumulative Plano
Distressed Sales by
Neighborhood Unit
Source:
MLS

■ 2004   ■ 2008   ■ 2012
■ 2005   ■ 2009   ■ 2013
■ 2006   ■ 2010
■ 2007   ■ 2011

Exhibit 21: Plano Non-Distressed Sales by Price

Exhibit 22: Cumulative Plano Distressed Sales by Neighborhood Unit

The fluctuation in distressed home sales correlates with the change in Dallas/Fort Worth unemployment rate and mortgage interest rates over this same period. The increasing percentage of distressed sales affected overall home prices. The average selling price of non-distressed homes steadily increased until February 2009 when the rolling average price increased to $268,000 and then fell to $253,000 in May 2010 (a 5% decrease). Distressed home prices steadily declined and bottomed out at $159,000 in September 2010. The rolling average price of distressed home sales increased to $192,000 in May 2011 and then began a steady decline through 2012. This is shown on **Exhibit 20: "Plano Distressed Sales Price"** and **Exhibit 21: "Plano Non-Distressed Sales Price"**.

The Neighborhood Units with the largest number of distressed sales are Neighborhood Units 20, 49, and 61, all of which have over 120 distressed sales between 2004 and 2013. In each of these neighborhoods, there was a decrease in distressed sales year-over-year since 2010. Other properties with a relative high number of distressed sales include Neighborhood Units 25, 34, and 35, each of which had distressed sales ranging from 80 to 120 over this same time frame. **Exhibit 22: "Plano Distressed Sales by Neighborhood Unit"** shows the spectrum of distressed sales by Neighborhood Unit. The relationship between the median sales price and the distressed sales to residential units ratio was examined. Distressed sales were found to have a negative and significant impact on sales prices.

PROPERTY STANDARDS

The Property Standards Department provided the total number of cases, type of cases and the actions associated with each case from 2004 through October 2013. Each property standards violation should trigger the creation of a case. Each case has actions (i.e. the steps taken, such as a warning or citation) to bring a property standards violation into compliance. The data was spatially joined with Neighborhood Units in order to identify the type and number of cases associated with each area over time. Both property standards cases and actions were analyzed for all residential properties over this time period. These cases were classified into one of three categories: landscape cases, trash cases, and structural cases. The relationship of each case type, as well as the total number of cases, was examined in relation to both property values and distressed sales.

The Neighborhood Units with the largest number of property standards cases include Neighborhood Units 20, 60, and 61, which had over 10,000 property standards cases from 2004 to October 2013. Neighborhood Units 35, 48, and 49 had over 8,000 within the same time frame. **Exhibit 23: "Plano Property Standard Cases by Neighborhood Unit"** shows the number of Property Standards cases by Neighborhood Unit.

A strong positive relationship between distressed sales and property standards cases appears to exist, which provides support to the argument that distressed properties tend to be in poor physical condition relative to the surrounding homes. **Exhibit 24: "Plano Distressed Sales and Property Standards Cases (2008 - 2013)"** shows the correlation between sales and property standards cases. The strongest relationships within property standards are due to landscape and trash issues. The relationship between each type of property standards case and the median sales price for each Neighborhood Unit was reviewed to identify the impact of cases on values. Our analysis shows that both property standard cases and actions were found to have a strong negative relationship with home values.

RENTAL PROPERTIES

Rental property data was provided for 2011 and 2012. The proportion of rental properties was examined by each Neighborhood Unit to examine the relationship of rentals to sales price. Neighborhood Units 16, 21, 59, and 68 have the greatest proportion of rental properties, with rental units ranging from 25% to 35% of total residential units. However, nearly all of the rental properties in each of these Neighborhood Units are townhomes and duplexes. An expanded analysis on the impact of rental properties is discussed later in this study.

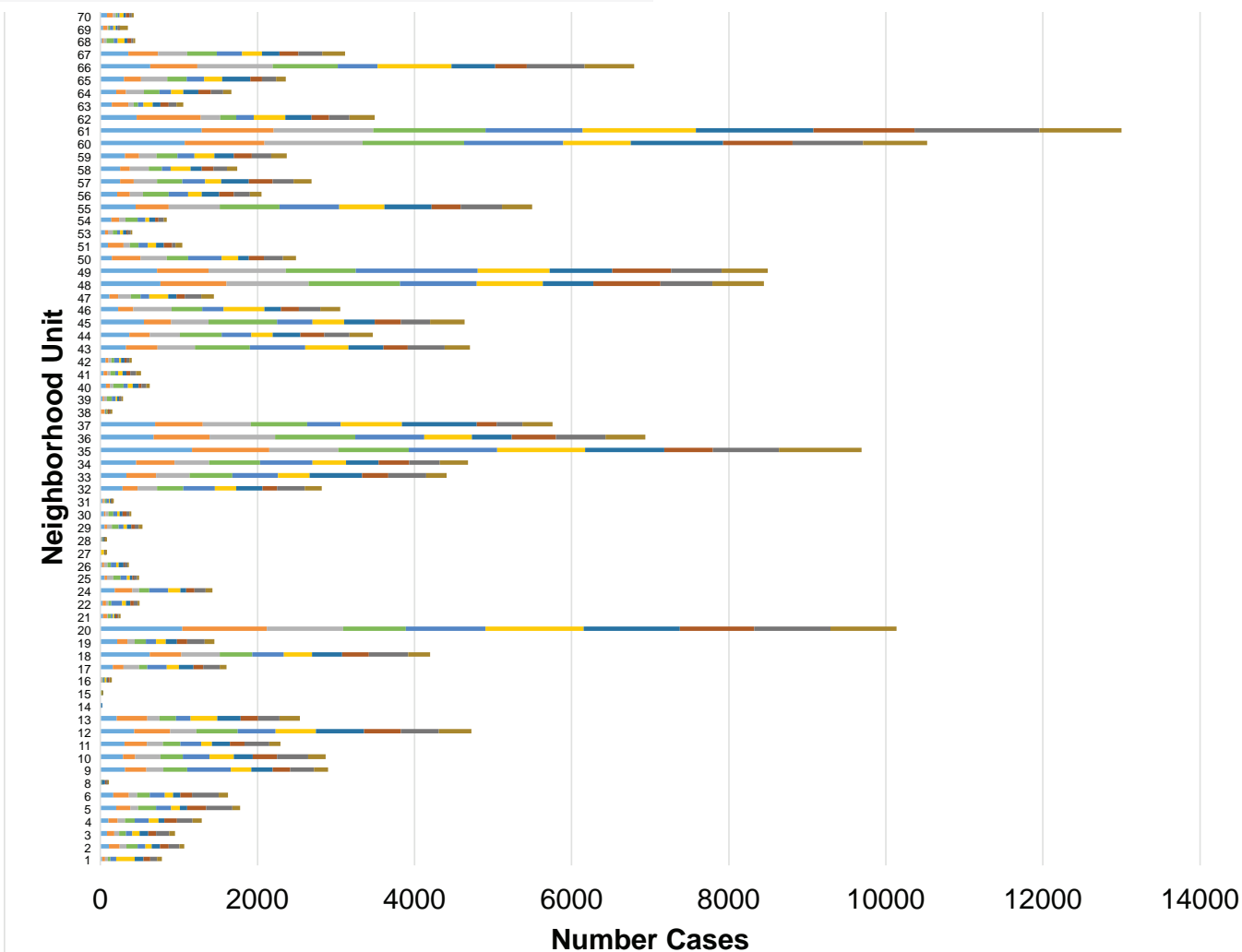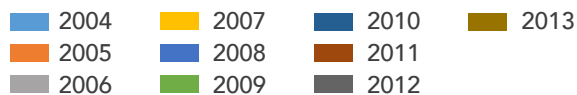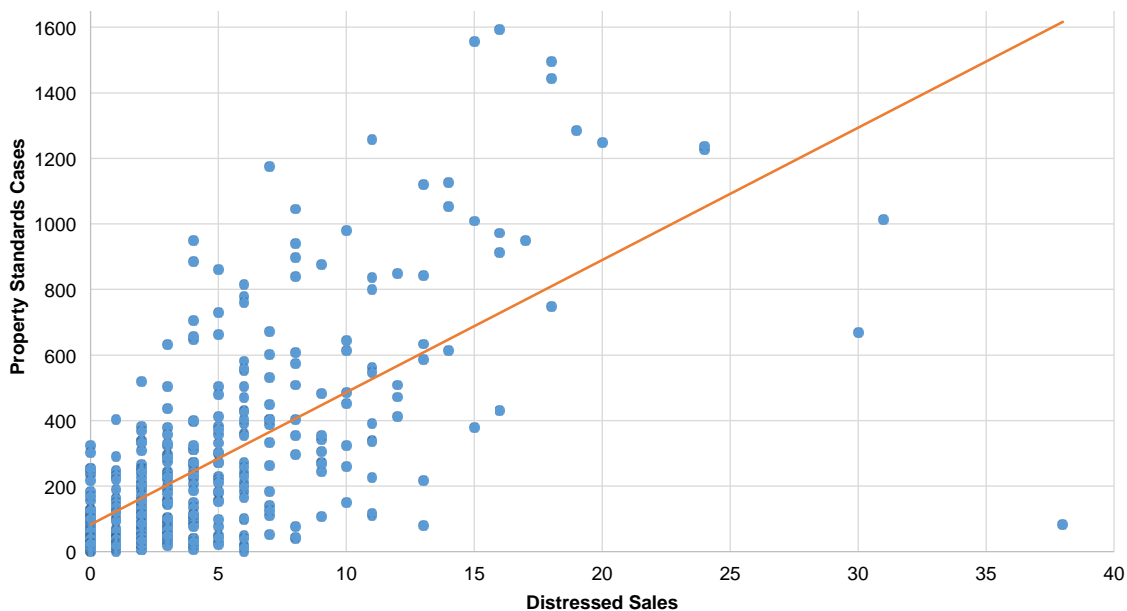## Plano Property Standard Cases by Neighborhood Unit
Source: City of Plano

Plano Distressed Sales and Property Standards Cases
(2008-2013)
Source:
City of Plano

This map represents the relationship between distressed sales and property standards cases by Neighborhood Unit.
**Each dot represents a Neighborhood Unit.*

RETAIL

Current retail data was obtained from Costar for Plano and surrounding cities to examine the overall retail trends in the region. The region has over 3,500 shopping centers with nearly 82M square feet (SF) of rentable building area (RBA). Of the existing stock of retail, 5.7M SF (7%) is vacant. Plano has the largest stock of retail with over 1,000 shopping centers and 26M square feet of space. The vacancy rate in Plano is 5% compared to 10% in Richardson, 9% in Allen, 6% in McKinney, and 4% in Frisco, as shown on **Exhibit 25: "Regional Retail Comparison"**.

EXHIBIT 25 (Right):

Regional Retail Comparison
Source: Costar

EXHIBIT 26 (Below):

Plano Retail Vacancy Rate by Neighborhood Unit
Source: Costar

City	Shopping Center #	Rentable Building Area SF	Vacant SF	Vacant %
Allen	288	7,028,163	622,192	9%
Carrollton	457	6,418,941	668,564	10%
North Dallas	423	13,081,443	1,437,114	11%
Frisco	441	10,601,346	454,938	4%
McKinney	407	7,161,317	399,667	6%
Murphy	41	994,821	12,032	1%
Plano	1,019	26,174,695	1,363,462	5%
Richardson	382	7,308,737	744,783	10%
The Colony	95	3,474,858	86,333	2%
Grand Total	**3,568**	**82,661,952**	**5,789,085**	**7%**

The Neighborhood Unit with the largest retail vacancy rate in Plano is Neighborhood Unit 47, with a vacancy
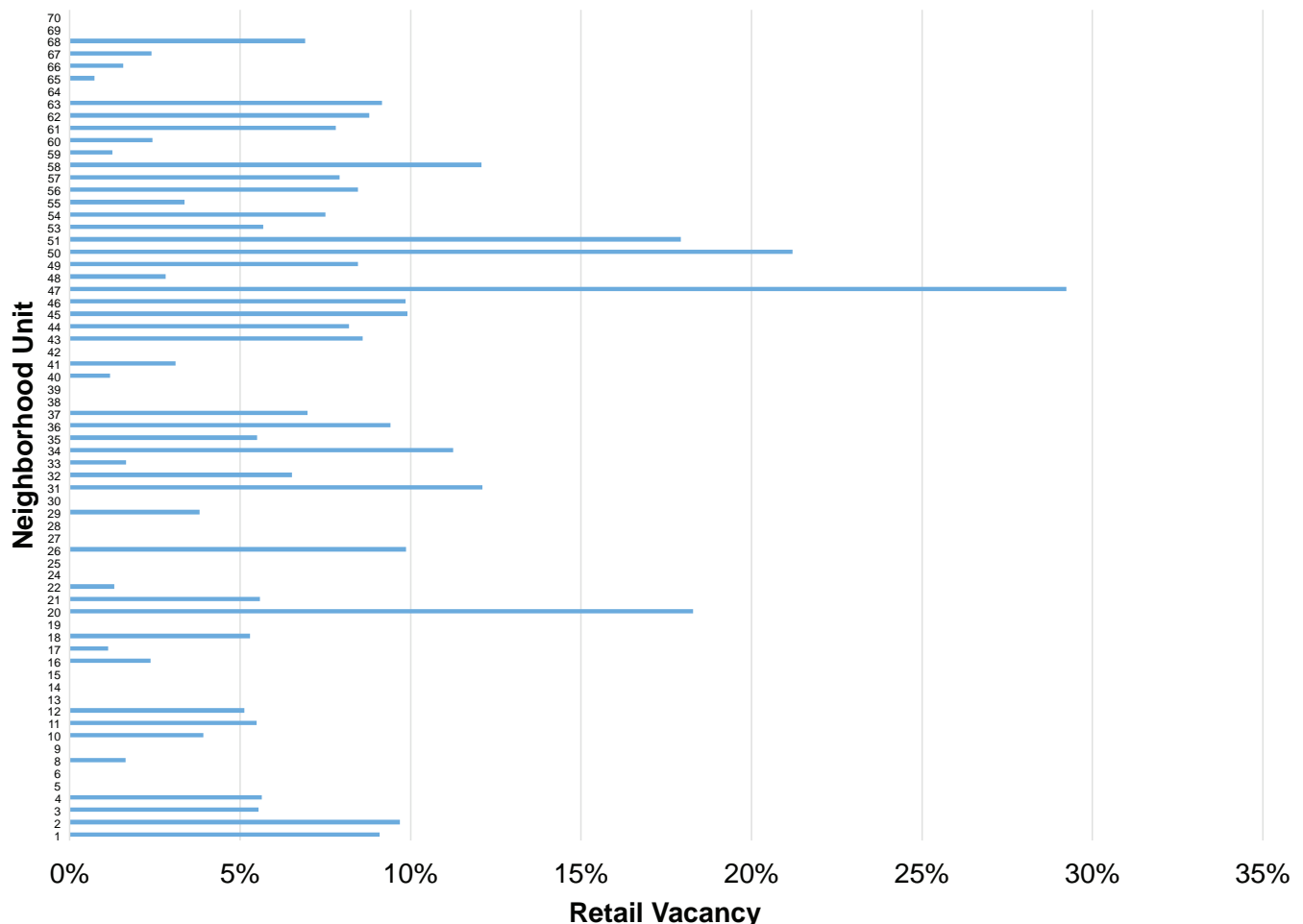
rate of nearly 29%. Other Neighborhood Units with large vacancy are units 20 and 51, each with a vacancy rate of approximately 20%. **Exhibit 26: "Plano Retail Vacancy Rate by Neighborhood Unit"** shows the vacancy rate by Neighborhood Unit. The impact of both total square feet of vacant retail and the percent of vacant retail on neighborhood homevalues was examined. **Exhibit 27: "Regional Retail Vacancy SF"** shows the total square footage of retail vacancy for each shopping center in the region, and **Exhibit 28: "Plano Retail Vacancy Map"** shows the percent of vacant retail for each shopping center in the City of Plano. A negative relationship was found among the percentage of retail vacancy and home prices, and the total square feet of retail vacancy and home prices. However, after controlling for the variation of other factors, only the percent of retail vacancy was found to have a statistically significant impact. It should be noted that historical retail data was not available. Tracking and storing data on retail trends over time will allow for a deeper analysis.

VACANT PROPERTIES

EXHIBIT 27:

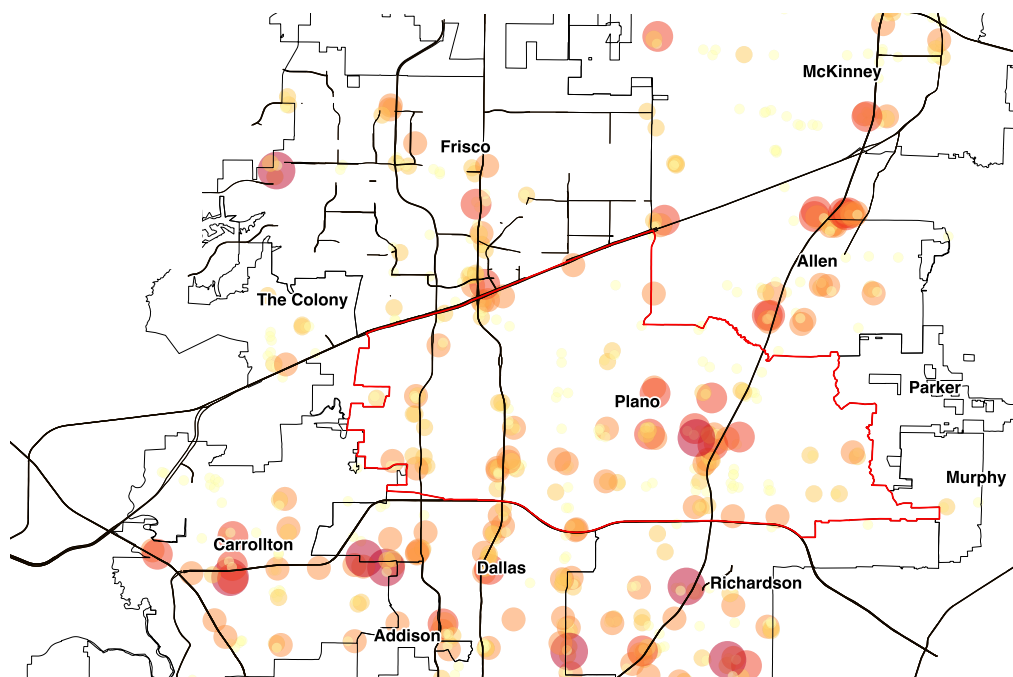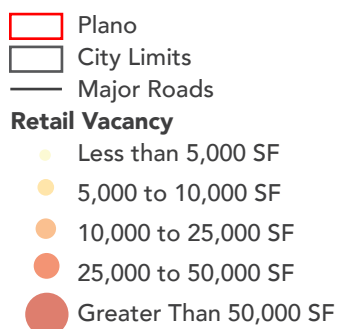Regional Retail Vacancy SF
Source: Costar

Plano
City Limits
Major Roads
Retail Vacancy
· Less than 5,000 SF
· 5,000 to 10,000 SF
· 10,000 to 25,000 SF
· 25,000 to 50,000 SF
· Greater Than 50,000 SF

EXHIBIT 28:

Plano Retail Vacancy Map
Source: Costar

Plano
Neighborhood Units
Major Thoroughfares
% Vacant
· 0 to 20&
· 20% to 40%
· 40% to 60%
· 60% to 80%
· 80% to 100%

catalyst 🔆 Plano
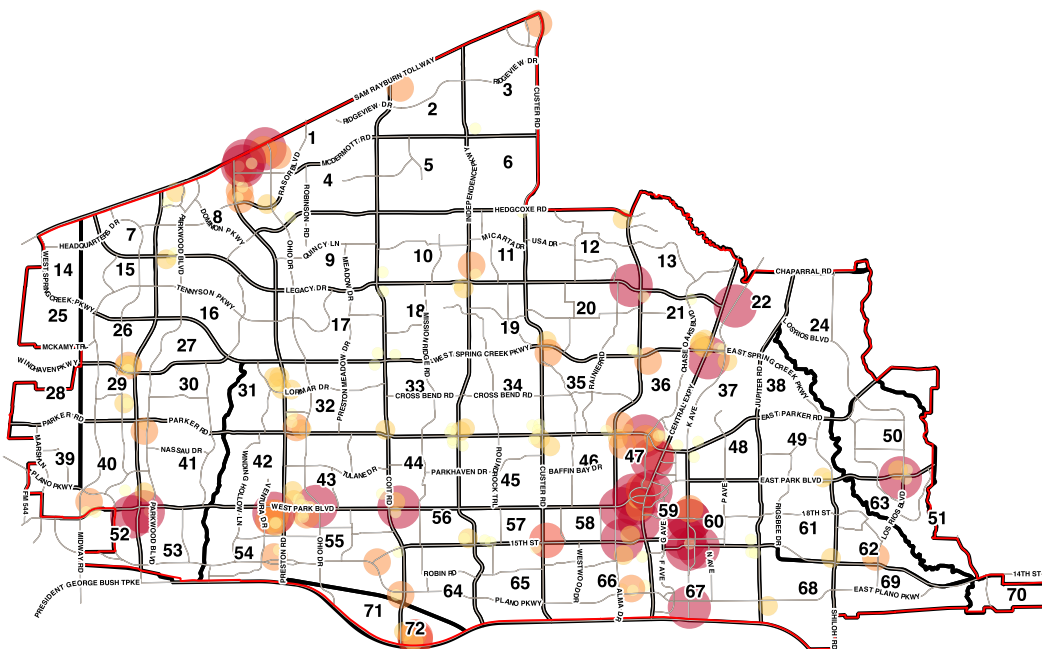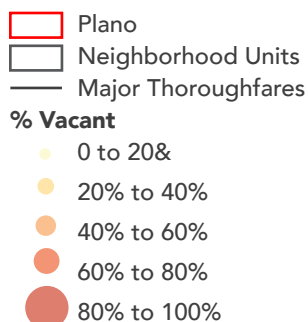
Vacant properties were identified as properties with inactive utilities for more than 30 days. As of November 2013, there were 379 vacant properties citywide. Over 50% of these properties have been vacant for more than 2 years. The Neighborhood Units with the largest number of vacant properties are Neighborhood Units 35, 61, and 67. These Neighborhood Units have 20 to 30 vacant properties each. Vacant properties were not found to have a significant impact on home values. However, this analysis is only based on current vacant properties, and most vacant properties throughout Plano are not concentrated in one specific area. A large density of long term vacant properties are likely to be in need of substantial maintenance and structural repair. Therefore, it is recommended that vacant properties continue to be monitored as part of the neighborhood indicators tool. Exhibit 29: "Plano Vacant Properties Map" shows the location of each vacancy within Plano.

EXHIBIT 29:

Plano Vacant
Properties Map
Source:
City of Plano

☐ City Limits
☐ Neighborhood Units
— Major Thoroughfares

Vacant Property
🟥 More Than 2 Years
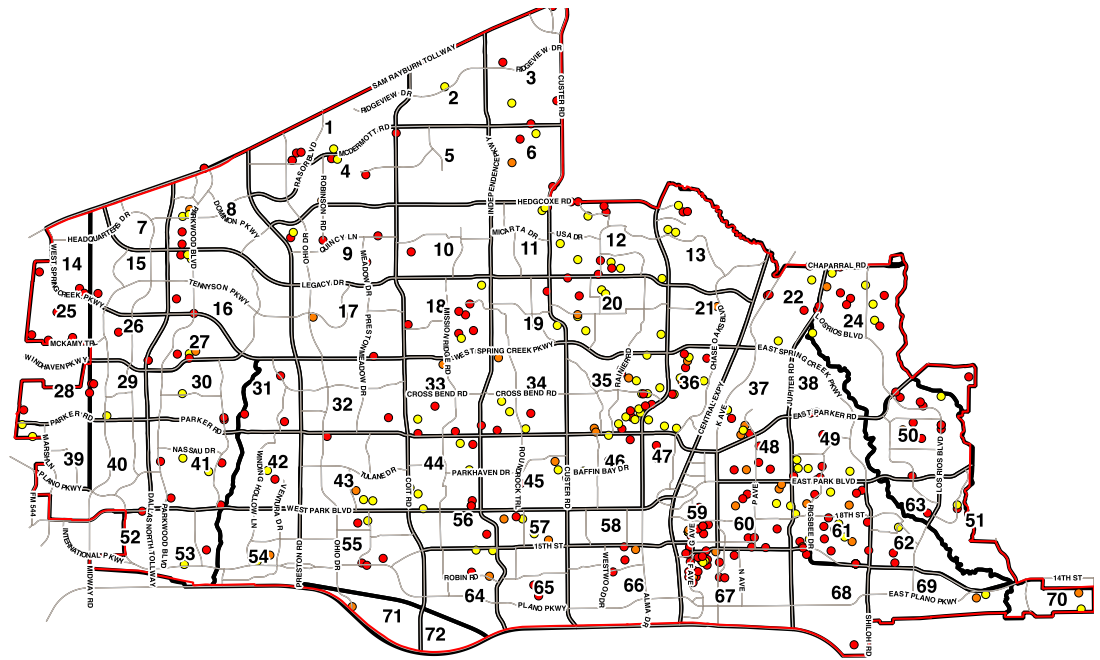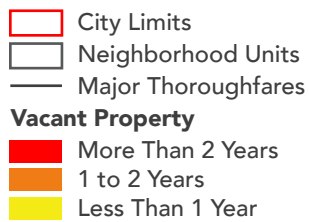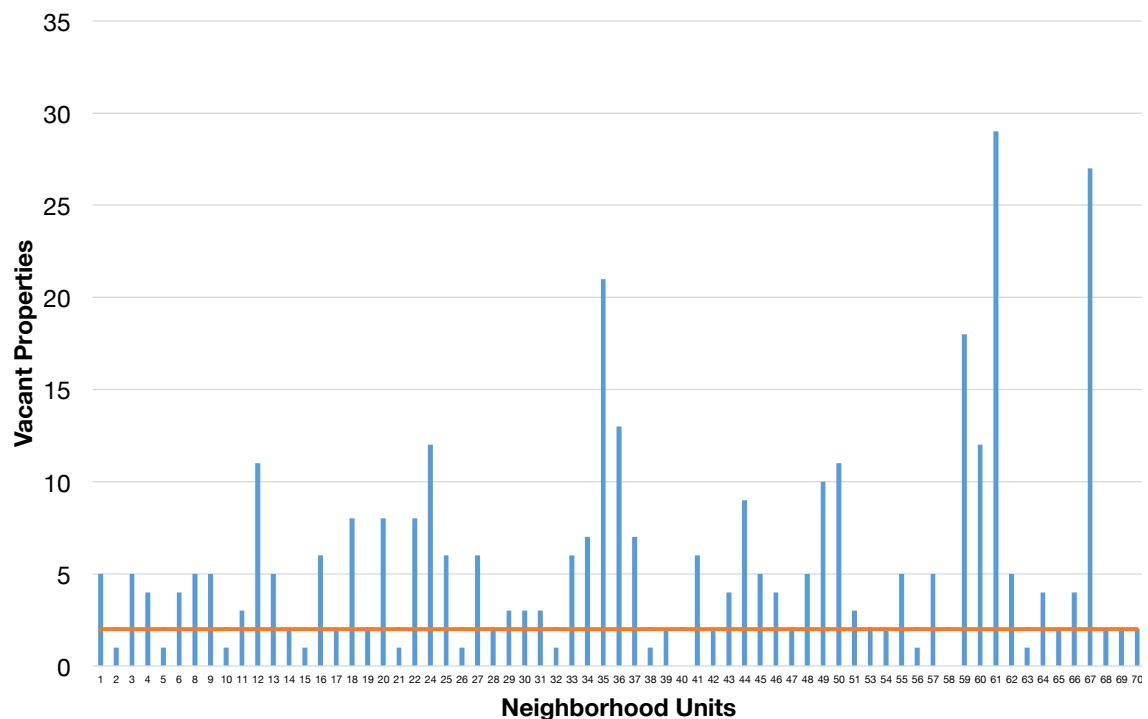🟧 1 to 2 Years
🟨 Less Than 1 Year

EXHIBIT 30:

Vacant Properties
by Neighborhood
Unit
Source:
City of Plano

— Average

NEIGHBORHOOD ENHANCEMENT TOOL (NET) FINDINGS

A strong correlation was found among age and all other variables. Distressed properties were also highly correlated with property standards issues. Regression models were utilized to examine the impact of each of the variables discussed above on the median sales price per square foot. Property crime, property standards cases, property standards actions, retail vacancy, rental properties, and distressed sales were repeatedly found to have a significant negative impact on sales price. In order to determine which of the explanatory variables have the greatest impact on sales price, the coefficients were standardized. In other words, the unit of measurement for each variable was converted to standard deviations. When all of the variables have the same unit of measure, each variable can then be compared to identify the which ones create the greatest impact. Our findings show that rental properties, property standards actions, and property crimes were found to have the greatest impact on sales price. Distressed sales, retail vacancy, and drug related crimes were also found to have a strong impact.

CONCLUSION

Neighborhood Indicators provide measurable changes to track changing conditions at the neighborhood level. This information may be used by multiple departments to evaluate the effectiveness of programs or activities aimed at improving trends, and also assist in identifying where additional attention or resources might be most effectively allocated. However, the collection and analysis of this data requires a substantial amount of resources, and in certain instances special programs or activities utilizing this data are not at the Neighborhood Unit level of analysis. The provision of this data at other levels of analysis creates an additional burden on the limited available resources for such activities.

The access and provision of several of the neighborhood indicators can be automated and provided through a web based mapping tool. The creation of a web based mapping tool can integrate data from multiple sources including the Planning Department, Property Standards Department, Police Department, and Central Appraisal District. The access of such data can be limited by the type of user. In other words, some users may be able to access all of this data, while others may only be able to access certain types of the available data. A web-based tool can be created to automate the access of the data from the various city or county departments and aggregate the data for different geographies based on algorithms. For example, the user could select a parcel to obtain parcel specific information such as land use type or improvement value, or select a Neighborhood Unit to obtain the average parcel value by land use type. This would reduce the pressure on resources currently used to manually extract and aggregate the data, while increasing the access, availability, and usefulness of the data for both internal and external users.

The NET is a useful tool to visualize and identify areas within Plano with high concentrations of variables known to impact the neighborhood quality. The concentration of rental properties, property standards actions, property and drug related crimes, retail vacancy, residential vacancies, and distressed sales were found to impact residential sales prices. Based on these results, the NET should be adjusted to include data on retail vacancy, and vacant properties. Currently, there are no geographic areas with high concentrations of residential vacancies. However, an increasing number of vacant properties are likely to create a number of issues and can easily be tracked with data by the Customer and Utilities Services. The variables that should be weighted the heaviest are property standards actions, property crimes, and density of rental properties due to the fact that these variables were found to have the greatest impact on sales price.

The quality of retail centers impact gateway appeal to surrounding neighborhoods. These retail centers and associated retail quality impact the perceptions of both existing homeowners and potential buyers. Changes in the quality of adjacent retailers impact both the supply and demand of homes in surrounding neighborhoods. An

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effective program to ensure the retention of quality neighborhoods must focus on the physical characteristics of housing, as well as the quality of available neighborhood amenities. Therefore, the City of Plano should begin tracking the quality of retail throughout the city in order to identify retail corridors in need of attention or resources.

RECOMMENDATIONS

1. Web Based Mapping Tool

A web based mapping tool can provide data through integration with existing websites including the Central Appraisal District, MLS, and City of Plano departments. Algorithms can aggregate data based on predefined boundaries including Neighborhood Units. This will reduce the needed resources to access and create the Neighborhood Indicators for each Neighborhood Unit.
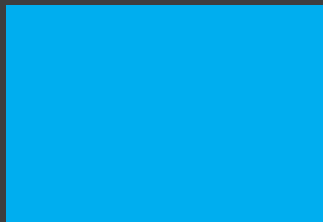
2. Net Tool Adjustments

Based on the review of indicators impacting neighborhood health, it is recommended that the NET Tool be adjusted to include the following variables and weights:

	Existing	Proposed
Distressed Sales	14%	15%
Decrease in Residential Value under $180K	8%	—
Density of Rental Properties	8%	20%
Decrease In Residential Values Relative To City Average	—	8%
Zoning	6%	—
Property Standards Actions	18%	20%
Property Standards Violations	14%	7%
Public Safety Quality of Life Calls	18%	—
Property Crimes	—	15%
Drug Related Crimes	—	5%
Quality of Life Offenses and Part 1 Crimes	14%	—
Retail Quality	—	10%
Total	100%	100%

IV. IMPACT OF RENTER-OCCUPIED PROPERTIES ON HOUSING STOCK

Plano, Texas Housing Sustainability Analysis

Authors:
Jason Claunch, President - Catalyst
Michael Latham, Senior Researcher - Catalyst

catalyst

RENTAL PROPERTIES AND HOME VALUES

The impact of occupancy (tenant vs. owner) on the value and marketability of residential housing stock in the City of Plano was examined. Rental property data was provided by the City of Plano Planning Department for 2011 and 2012. For this analysis, residential properties were defined as parcels with land uses including single family residential, condominiums, townhomes, and duplexes. The analysis reviewed the proportion of residential rental properties to non-rental residential per Neighborhood Unit and then evaluated the density of residential rental per Neighborhood Unit. **Exhibit 31: "Percentage of Rentals by Neighborhood Unit"** shows the relationship of owner versus rental properties by Neighborhood Unit. The neighborhoods with the greatest proportion of rental properties ranged from 25% to 35% of the total housing stock and include:

- Neighborhood Unit 16 (the Southwest Quadrant of Legacy Drive and Dallas North Tollway)
- Neighborhood Unit 21 (the Northwest Quadrant of Spring Creek Parkway and US 75)
- Neighborhood Unit 59 (East of US 75, North of 14 Street, and South of Park Blvd.)
- Neighborhood Unit 68 (the Northeast Quadrant of Jupiter Road and US 190)

Nearly all of the rental properties in each of these Neighborhood Units are townhomes and duplexes. Each of these Neighborhood Units referenced above are dominated by a large proportion of multifamily residential properties and contain a small number of non-multifamily residential properties. Therefore, a small increase in the number of rental properties leads to a large increase in the proportion of rental property. This creates dynamic results when comparing changes from 2011 to 2013, as shown on **Exhibit 31: "Plano Percentage of Rental Properties by Neighborhood Unit"** within Neighborhood Units 16, 21, 59 and 68.

Exhibit 32 "Plano Residential Rental Properties Heat Map" provides a graphical representation of the density of rental properties. Areas with a high density of rental properties are in bright red, and low density areas are in blue. Each of the Neighborhood Units discussed above have a high percentage of rental properties, but contain a relatively small amount of residential properties. The Neighborhood Units with both a large concentration of rental properties and a relatively large number of residential properties are located adjacent to US 75. Those neighborhoods with a high density of rentals to the west of US 75 are located east of Custer Road and north of Parker Road. To the east of US 75, there are pockets of residential properties with heavy concentrations of rental properties located south of Spring Creek and north of 14th Street.
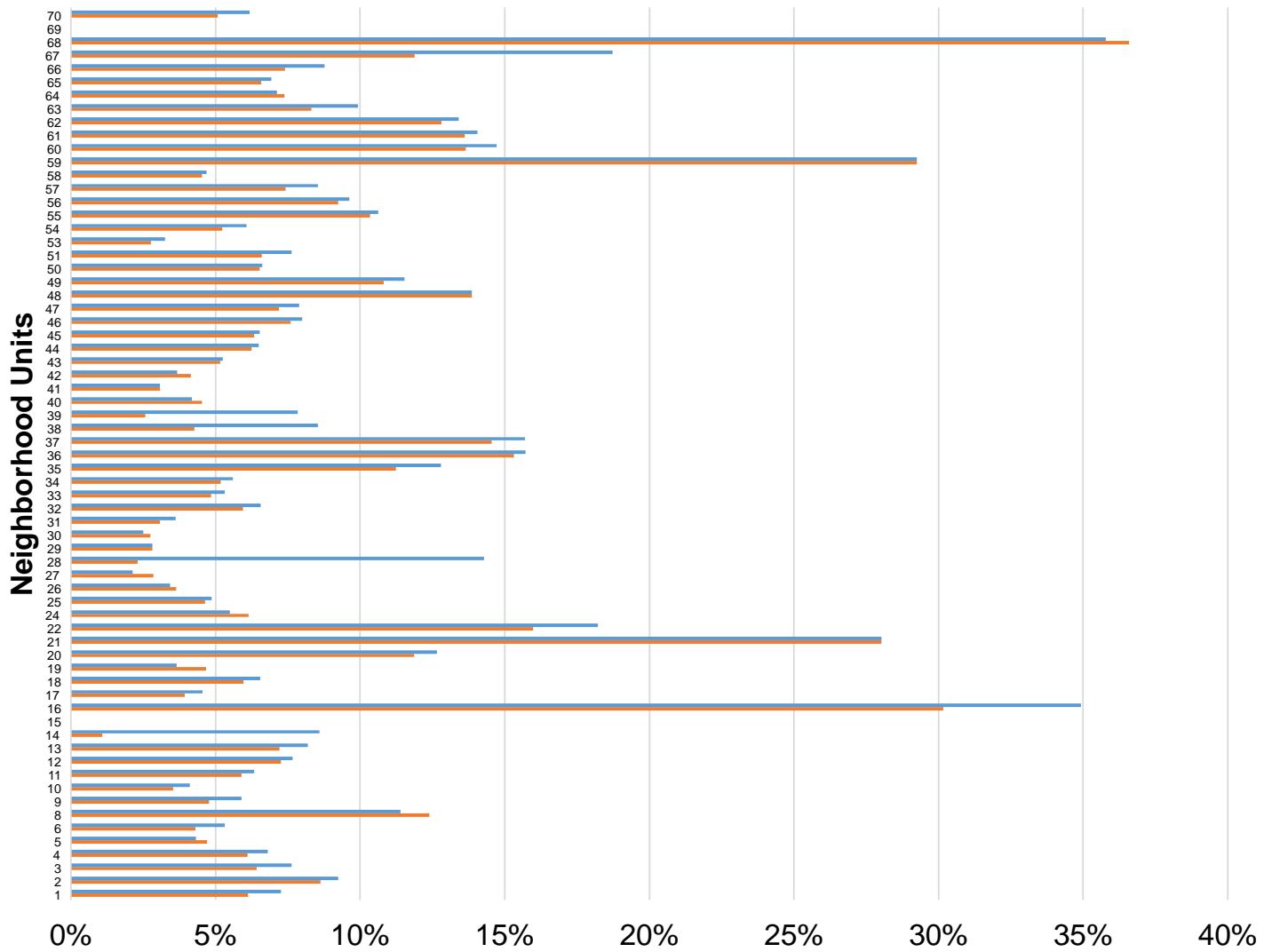
EXHIBIT 31 (Above):

Plano Percentage of
Rental Properties by
Neighborhood Unit
*Source:
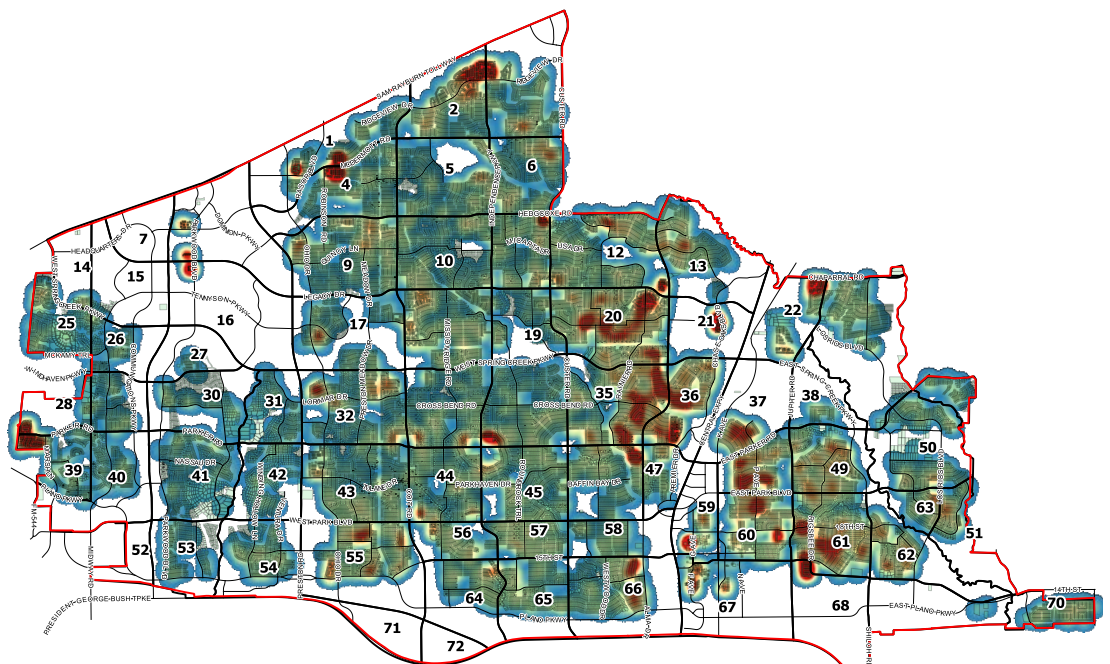City of Plano
(excludes multifamily)*

■ 2012
■ 2011

EXHIBIT 32 (Right):

Plano Residential
Rental Properties
Heat Map
*Source:
City of Plano*

City Limits
Neighborhood Units
Major Roads

The relationship between the size adjusted median sales price and the proportion of rental properties, as well as the relationship between size adjusted median sales price and the density of rental properties was examined. A negative relationship was found to exist between sales price and the proportion of rental properties. A negative statistically significant relationship was also found between the size adjusted sales price and the density of rental properties. The density of rental properties was found to have one of the strongest impacts on sales price relative to all other variables examined. However, there are neighborhoods with a high sales price relative to prices in both Plano and the region that have a high percentage of rental properties and/or a high concentration of rental properties. This indicates that while a negative relationship exists between rental properties and home values, rental properties do not necessarily lead to declining property values. The limited amount of rental data covering only two years limits the reliability of any analysis on the impact of rental properties on home values. Historical rental data will enable a longitudinal analysis that provides a greater insight into whether a causal link exists between rental properties and home values.

RENTAL PROPERTIES AND PROPERTY STANDARDS

Both property standards cases and property standards violations were examined for both owner occupied and renter occupied residential properties. Owner-occupied and renter-occupied residential properties were compared against both the type and quantity of property standards cases and violations. The types of cases were categorized into one of three groups: landscape, structural, and trash cases.

The overwhelming portion of residential property standards cases were related to owner-occupied properties. **Exhibit 33: Plano Property Standards Cases (2011)** and **Exhibit 34: Plano Property Standards Cases (2012)** show the percentage of residential properties with one or more property standards case by occupancy type.

EXHIBIT 33:

Plano Property Standards Cases (2011)
Source: City of Plano

	One or More Cases in 2011		
	None	**1+**	**Total**
Owner Occupied	94%	84.2%	92.8%
Rental	6%	15.8%	7.2%
Total	**100%**	**100%**	**100%**

EXHIBIT 34:

Plano Property Standards Cases (2012)
Source: City of Plano

	One or More Cases in 2012		
	None	**1+**	**Total**
Owner Occupied	93.6%	83.4%	92.1%
Rental	6.4%	16.6%	7.9%
Total	**100%**	**100%**	**100%**

Less than 17% of residential properties with one or more property standards case were renter-occupied in 2011 and 2012. However, this fails to consider the proportion of renter-occupied versus owner-occupied properties. Renter-occupied properties consisted of approximately 7% of total residential properties but represented more than 15% of residential properties that received one or more property standards cases for both years analyzed.

For additional perspective, the percentage of renter-occupied properties and owner-occupied properties with one or more property standards case was examined. **Exhibit 35: "Plano Residential Properties with One or More Property Standards Cases"** shows the percentage of properties that received one or more property standards case for both renter-occupied and owner-occupied properties by year. A larger proportion of renter-

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Plano Residential Property Violations with One or More Property Standards Cases by Occupancy Type
Source: City of Plano

Owner
Occupant

2011

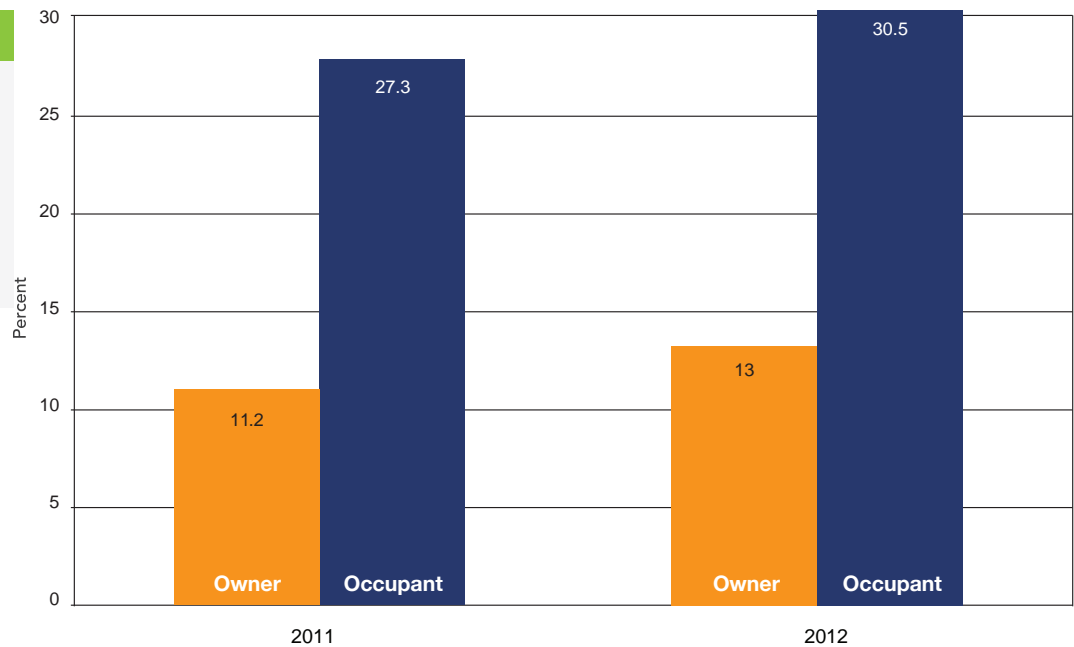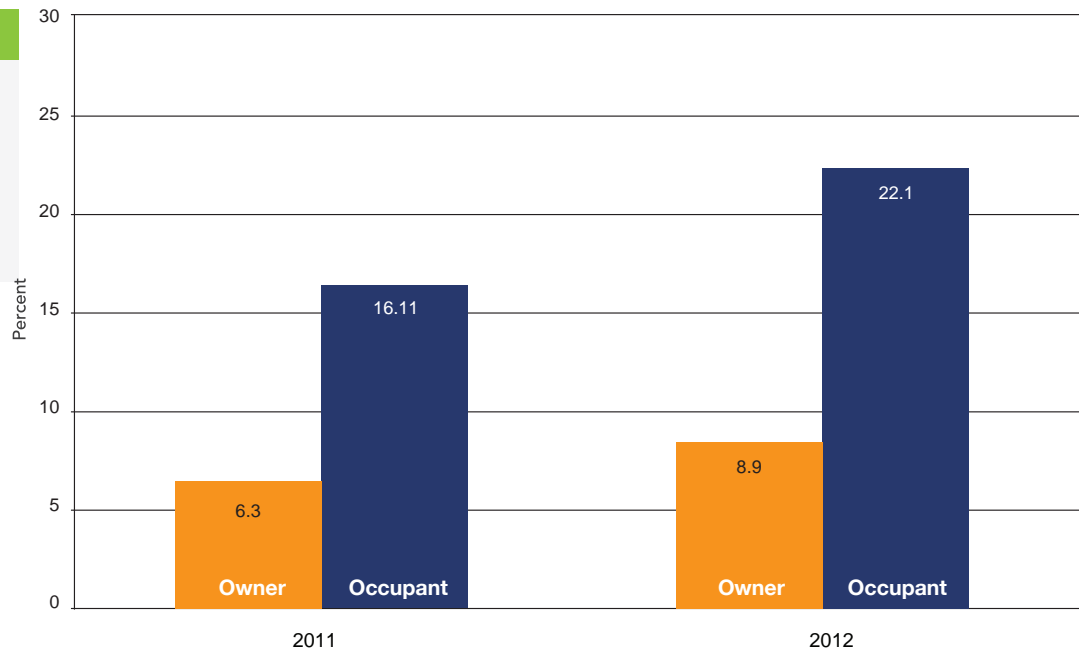Owner — 11.2
Occupant — 27.3

2012

Owner — 13
Occupant — 30.5

Plano Residential Property with One or More Landscape Cases by Occupancy Type
Source: City of Plano

Owner
Occupant

2011

Owner — 6.3
Occupant — 16.11

2012

Owner — 8.9
Occupant — 22.1

occupied properties received property standards cases than owner-occupied properties. Nearly one-third of all renter-occupied properties had one or more property standards cases in both 2011 and 2012, compared to one-tenth of owner-occupied properties.

The percentage of renter-occupied properties and owner-occupied properties with one or more property standards cases were also examined by type of property standards case. **Exhibit 36: Plano Residential Property with One or More Landscape Cases by Occupancy Type** shows the percentage of properties that received one or more property standards landscape cases for both renter-occupied and owner-occupied properties by year. Landscape cases were defined to include: high grass and weeds, landscape maintenance, tree limbs and branches, and fence repair. The percent of renter-occupied properties with one or more landscape cases increased from 16% in 2011 to 22% in 2012; whereas, less than 9% of owner occupied properties had any landscape cases over this time period.

The percentage of property standards cases were also examined by occupancy type for structural and trash related cases. Structural cases include substandard structure, screening walls, and unsafe structure. Trash cases include presence of refuse and garbage. The charts depicting the percentage of both structural and trash cases can be found in **Appendix III**. The percentage of renter-occupied properties with one or more property standards structural cases was approximately 4% compared to 1% of owner-occupied properties in both 2011 and 2012. Similarly, the percentage of renter-occupied properties with one or more property standards trash cases was approximately 7% compared to 2% of owner-occupied properties in both 2011 and 2012.

The number of property standards actions taken by occupancy type was also examined. Each property standards violation should trigger the creation of a case. Each case has actions (i.e. the steps taken, such as a warning or citation) to bring a property standards violation into compliance. **Exhibit 37: Plano Residential Properties with Five or More Property Standards Actions by Occupancy Type** shows the percentage of properties that received five or more property standards actions. The percentage of renter-occupied properties that received five or more property standards actions increased from 17% to 19% between 2011 and 2012, compared to 6% and 7% for owner-occupied properties over the same time period.

EXHIBIT 37 :

Residential Properties with Five or More Property Standards Actions by Occupancy Type
*Source:
City of Plano*

- ■ Owner (orange)
- ■ Occupant (blue)

EXHIBIT 38 :

Renter-Occupied Properties with One or More Property Standards Cases By Owner Type
*Source:
City of Plano*

- ■ Non-Local Owner (orange)
- ■ Local Owner (blue)

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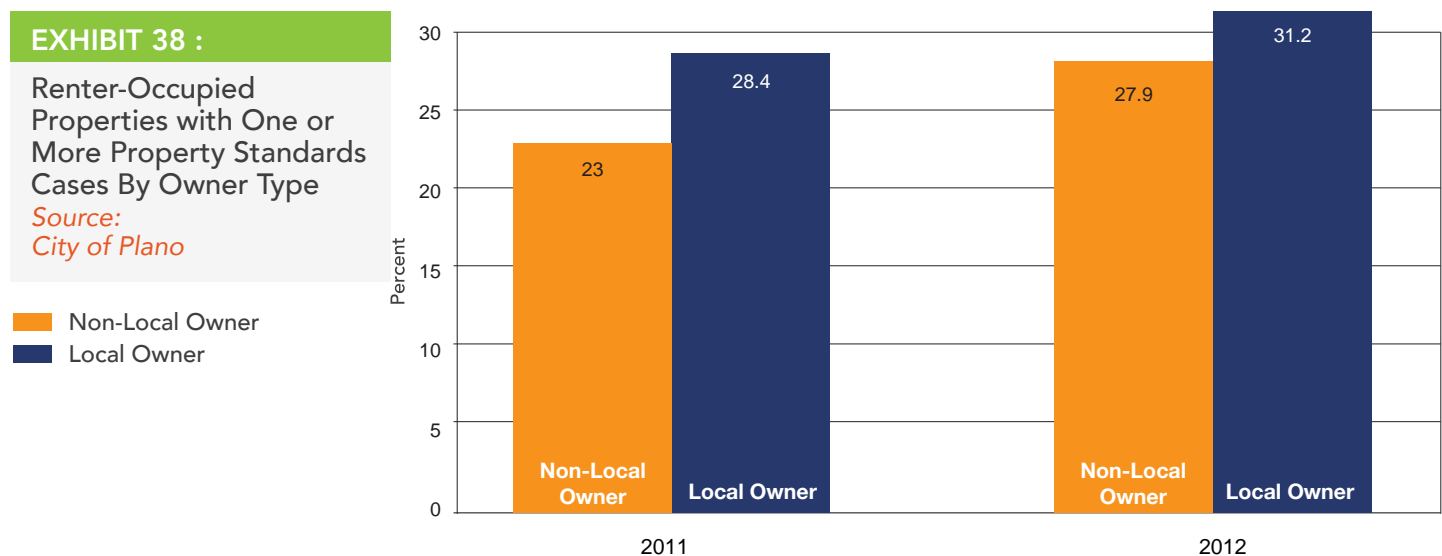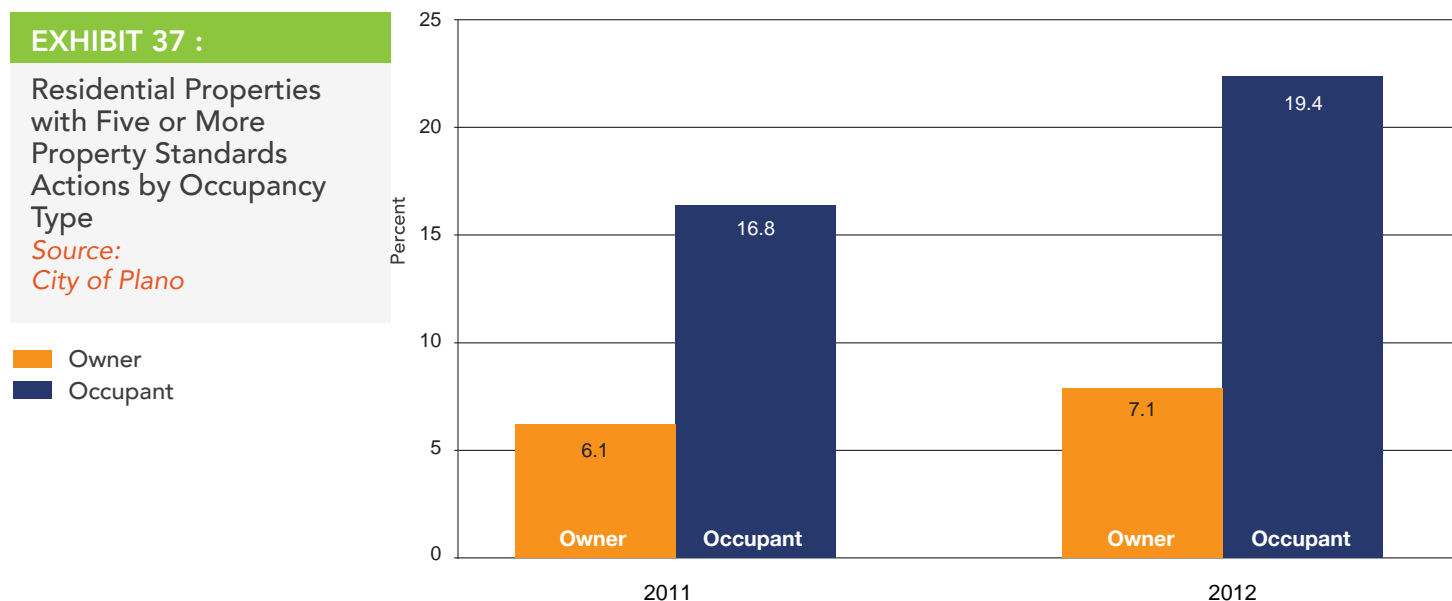
Local and non-local owners of renter-occupied properties were analyzed to determine if any difference exists in the type or number of property standards cases. Local owners were defined as living in-state, and non-local owners were defined as those living out-of-state. No significant difference was found by type of owner. **Exhibit 38: Renter-Occupied Properties with One or More Property Standards Cases by Owner Type** shows the percentage of both locally owned and non-locally owned rental properties that received one or more property standards cases. Non-locally owned renter-occupied properties had a lower but comparable percentage of properties with property standards cases. Additional charts and tables showing a detailed breakdown of property standards cases and actions can be found in **Appendix III**.

CONCLUSION

High concentrations of rental properties are found to have a strong negative correlation with size adjusted home values. As the density of renter-occupied residential properties increase, the value of the homes decline. However, due to limited data it is not possible to conclude a causal relationship. There is a possibility that an increasing concentration of renter-occupied properties decrease marketability and value of neighborhoods. It may also be the case that as neighborhoods age and decline in value property owners choose to rent homes upon moving. Declining values may also create additional opportunity for potential investors to purchase rental properties. There most likely exists a relationship in which lower value homes create more rentals, and increasing density of rentals negatively impact property values. Regardless of a causal link, there is a strong negative correlation between renter-occupied properties and size adjusted property values. The disproportionate property standards issues occurring among renter occupied properties provides additional evidence that renter-occupied properties often contribute to declining property values.

Property standards issues are found to have a negative impact on property values. Renter-occupied properties have a higher percentage of both property standards cases and actions than owner-occupied properties. The percentage of renter-occupied properties with property standards cases are nearly three times higher than owner-occupied properties; this also holds true for landscape, structural, and trash related cases. Similarly, the percentage of renter-occupied properties with multiple property standards actions are about 2.5 times higher than owner-occupied properties.

This suggests that renter-occupied properties have significantly greater risk for property neglect or disrepair. Neighborhoods with a high density of renter-occupied properties coupled with aging or lower-income owner-occupied households are likely to have a disproportionate number of property standards issues. Therefore, renter-occupied properties indirectly impact neighborhood values through property standards cases in certain instances. While a greater percentage of renter-occupied properties have property standards issues, the majority of these households do not have any history of property standards issues.

RECOMMENDATIONS

1. Rental inspection program for non-multifamily residential properties

Residential rental inspection programs are common in communities across the region and nation. These programs typically require property owners to pay a registration fee, provide personal contact information, and provide a copy of the lease. Landlords found in non-compliance receive a fine that increases with each subsequent violation. A rental inspection program is recommended to ensure renter-occupied properties meet all codes and ordinances, and do not negatively impact neighborhood integrity.

The inspection program should require the following:
• Mandatory lease registration, personal contact information and 24-hour contact information for the property manager

- Annual registration fee of $50 to $100
- Identify the maximum number of residents
- Incremental fines for non-compliance of registration and ordinance violations
- Educational component that provides property standards codes to landlords and tenants

Registration fees may be waived if property meets all requirements of the inspection program and receives no property standards cases for two consecutive years under the same property owner.

2. *Promote first time home buyers programs*

Many renter households residing in Plano neighborhoods with lower property values relative to the city average have limited financial resources. These households may have insufficient funds necessary to secure a home mortgage. The city should actively promote first-time home buyer and housing rehabilitation programs to existing renter households. This program should be included in any targeted marketing campaign aimed at qualified households. Mailers of first time home buyer programs should be included in utility bills of existing residents, and included on any web based mapping tool that provides geographic specific information on city services and programs.

3. *Strengthen community outreach programs*

While a larger portion of renter-occupied properties have a property standards issues, the majority of these households do not have a history of property standards issues. Community outreach programs, such as "Love Where You Live", have a strong educational component that provides information regarding property standards issues, resources for home maintenance and renovations, and environmental health issues. These programs provide information and create community cohesion, engage residents through public outreach, develop community leaders, and create a sense of ownership and community among residents regardless of housing tenure. These programs also create positive peer pressure and knowledge of property standards ordinances that encourages residents to take better care of their property. This sense of community leads to decreased rates of property standards cases and crime. The impact of these programs are discussed in greater detail in the implementation section of this study.

V. STAKEHOLDER INTERVIEWS

Plano, Texas Housing Sustainability Analysis
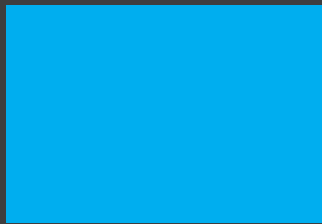
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V. STAKEHOLDER INTERVIEWS

STAKEHOLDER INTERVIEWS

Key stakeholders were interviewed to identify issues impacting neighborhoods and gain context on operational structure in order to inform the research and identify potential modification to individual departments as they relate to residential services. Catalyst interviewed staff from various departments that provide services identified as contributing to great neighborhoods. The departments identified for interviews were those that provide services that have a community benefit that is either "essential" or "strongly influence" neighborhoods in Plano. The programs and services were selected based on information provided by each department per Plano's Core Matrix Budget. Input included comments from the Mayor, Mayor Pro-Tem, the City Manager and Deputy City Manager, Police, Fire, Libraries, Customer and Utility Services, Parks and Recreation, Marketing and Community Engagement, Building Inspections, Environmental Health, Economic Development, Engineering, Property Standards, Public Works, Planning, Public Safety Communications, and Environmental Education. The following is a summary of these interviews. See **Appendix IV** for a detailed summary of stakeholder interviews.

MAJOR ISSUES

The issues impacting Plano neighborhoods most commonly identified during stakeholder interviews include existing retail centers, home maintenance, and quality of screening walls.

Retail Centers

Based on stakeholder interviews, respondents reported that many of the older retail centers are dated and unattractive. Most stakeholders indicated that Plano retail centers are in need of renovation. According to interview feedback, the quality of retail is declining and there are concerns about vacancy within these centers, which make the entry points to neighborhoods less attractive. In addition, the lack of retail services in declining retail centers reduces the value of adjacent housing.

Home Maintenance

There are concerns that demographic trends of an increasingly post-retirement population may reduce property owners' physical and financial ability to address home maintenance. Homes in need of significant repairs and/or updating may be unattractive to younger homebuyers with insufficient finances or interest in home renovation. The financial inability of property owners living in more affordable housing units may also prevent the maintenance of the exterior of the home, which has a negative impact on the drive-up appeal within neighborhoods. Similar concerns of property maintenance were expressed over rental properties.

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Screening Walls

In certain instances, the maintenance of screening walls is the responsibility of private property owners. As neighborhoods age, these walls increasingly need repair and/or maintenance. Plano should enforce all failing screening walls that are homeowner responsibility and Plano should inventory and address all screening walls under its management.

STRENGTHS

Plano's major strengths identified include its central location within the Dallas/Fort Worth Metro Area, complete infrastructure, strong corporate presence, and high quality schools.

Location

The location is attractive to businesses and potential residents alike. Access to President George Bush Turnpike and Sam Rayburn Tollway provide quick access to Dallas/Fort Worth Airport, Downtown Fort Worth, and entertainment venues in Arlington. Access to US 75 and Dallas North Tollway provide quick access to Downtown Dallas, Dallas Love Field Airport, and the Shops of Legacy. The Dallas Area Rapid Transit system provides alternative travel options for commuters in the Dallas region.

Business Community

The strong corporate presence was identified as a major attraction for potential residents. There is also strong potential for business investment through support of fundraising events and charitable programs within the community. Collaboration with corporate partners have a profound impact on core community issues including economic development, capacity building for volunteer networks and non-profit organizations, and advocacy and education of issues impacting the community.

WEAKNESSES

The two major weaknesses identified that reduce the ability to address these issues are: (1) imperfect inter-departmental communication and (2) lack of participation in neighborhood organizations.

Inter-departmental Communication

Less than optimal inter-departmental communication was a recurring theme throughout the stakeholder interviews. There is no formal and efficient method for city employees to report issues identified in the field that pertain to other departments. Currently, the only means to report issues to other departments is to wait until field workers return to their office to report the issue to their supervisor and/or email or call the other department to notify them of the issues. While most departments reported that there was consistent follow through in reporting crime, notifying departments of other issues was a major weakness. The lack of access to a centralized database that links departments leads to poor tracking and follow-up on issues identified by city employees whose scope of work is not related to the identified issue.

Active Neighborhood Participation

Staff from the Planning Department expressed concerns that much of the older housing stock in Plano is located in neighborhoods without a homeowners association or voluntary homeowners association. The lack of participation in neighborhood associations puts increased pressure on limited city resources to address issues impacting quality neighborhoods. Neighborhood organizations are one of the major foundations of neighborhoods that strengthen community cohesion, which have a positive impact in a myriad of ways including:

- Increases awareness of issues that impact public safety and environmental health
- Creates a sense of pride and ownership, which encourages residents to care for public spaces
- Enhances the effectiveness of city education and awareness campaigns

- Creates communal pressure for maintenance and upkeep of residential properties, which reduces property standards issues
- Fosters relationships, which enables residents to provide assistance to one another in regards to property maintenance

THREATS

The major threats identified include demographic shifts, impact of newer residential developments around Plano, and aging housing stock.

Demographic Shifts

According to the Planning Department, approximately 10,584 households (10.6% of all households) are receiving retirement income, with a mean retirement income is $24,800. Many of these retirees are grandparents with grandchildren living in their home. Over 5,500 grandparents have grandchildren living in their home, and over 300 grandparents are financially responsible for children under 18 not in the labor force. As these groups increase in age there is potential that financial or physical constraints may prevent general home maintenance. In addition, many of these homeowners are less likely to undertake major home renovations that create a modern feel that is attractive to younger buyers.

Residential Developments

Plano is nearly built out and less than 1% of land is available for new residential developments. Surrounding communities to Plano provide newer choices that are often more affordable for younger buyers. Many of the interviewees cited concerns that realtors were incentivized to push buyers toward these newer residential developments.

LEVEL OF SERVICE

Most of the departments interviewed indicated that the current level of service benchmarked well against peer cities and industry standards. However, reductions in resources due to the recession coupled with population growth throughout the region have impacted Plano departments to provide the most effective services.

Building Inspections cited the need for additional residential inspectors. Property Standards indicated that additional inspectors were needed in order to provide proactive enforcement. Certain communities require one inspector per subdivision, but the necessary number of inspectors to provide this level of service is one inspector per 10,000 residents.

The Police Department cited the need for additional neighborhood police officers to patrol neighborhoods. An increased police presence in neighborhoods provides an increased sense of security and enables officers to establish relationships with the local community. These relationships help strengthen the community, and provide police a better sense of resident needs and obtain valuable information about criminal activities. Strong community involvement provides additional resources to the police to help prevent crime.

Additional labor for public outreach programs, such as "Love Where You Live", was also discussed during the interviews. There is a large network of volunteers within the City of Plano. However, coordinating their efforts would require an additional full time employee to further develop outreach programs.

CONCLUSION

The City of Plano can effectively leverage its greatest strengths to address many of the issues facing Plano neighborhoods, while mitigating both the external and internal threats. There is a strong positive external

perception of Plano throughout the region. However, misperceptions do exist.

Younger buyers may associate Plano as "too expensive" due to the affluent developments in West Plano, while others may associate Plano neighborhoods with older generations and housing stock that lacks desired amenities. In addition, much of the growth throughout the region is due to domestic migration through corporate relocations. These newcomers to the region are less aware of the various neighborhoods and communities in the region, and some real estate agents may have biases towards newer communities outside of Plano. An effective marketing campaign can inform these buyers of the opportunities and amenities available in Plano. Homebuyers increasingly research homes and neighborhoods on the Internet to inform themselves.

A marketing campaign should identify the major types of buyers in the market and identify their preferences in terms of housing and neighborhood amenities. The campaign can market different buyers through different contexts. A general marketing campaign may leverage the strengths of Plano's Strategic Vision.

- A diverse, international and emerging urban city
- Live Work Play Opportunities in Plano
- A city known for high quality city services
- A city of vibrant and renewing neighborhoods
- A city of business and enterprise of national and international importance
- Quality educational institutions of all levels

Plano can leverage the business community to incentivize employees to live in Plano and address property maintenance and renovation of the existing housing stock. The city can work with executive leadership of existing and newly recruited corporate operations located in the city to provide incentive programs for these businesses to encourage and/or incentivize their employees to locate in the city. These businesses may also educate their employees on home renovation incentive programs available in Plano, which will increase demand for those homes in need of modernization.

Strong corporate partnerships may also create opportunities for diverse thriving communities. The major corporations located in Plano are active in the local community and seek to build strong lasting partnerships with the local community. These partnerships may provide financial support, in-kind donations, volunteers, or educational programs to address the needs of aging and financially distressed households within the community. Corporate initiatives may create new or enhance existing programs that focus on addressing property maintenance issues and/or neighborhood enhancements for households or neighborhoods that lack the needed resources to undertake such projects.

Both internal and external communication improvements will improve efficiency of city services and programs. Currently, there is no centralized database that enables efficient and standardized inter-departmental communication. Additionally, there are two different geographic boundaries, HTE Units and Neighborhood Units, which are used by different departments to define neighborhoods. Standardizing neighborhood boundaries across departments, coupled with a centralized database, could improve inter-departmental communication. A centralized database will allow city employees to quickly report issues related to other departments while in the field and create tasks by department that are traceable over time.

The creation of a web based mapping tool that provides all information relevant to a specific geographic unit may allow for the efficient dispersion of information for both internal and external communication. The information provided could include neighborhood indicators, city services, educational institutions, neighborhood and community organizations, upcoming activities and events, and awareness campaigns. Such a tool may reduce

redundancy in inter-departmental requests of city staff through the provision of quick and easy access to the Neighborhood Indicators and other frequently requested information. A user friendly system will also allow residents to quickly access information relevant to their home or neighborhood, which will provide a more informed community and reduce the demand for direct communication with city staff. The mapping tool may also be utilized by any marketing campaign to promote amenities within geographic areas including retail, restaurants, awards received by educational institutions, and park and trail networks.

RECOMMENDATIONS BASED ON STAKEHOLDER INTERVIEWS

1. *Marketing Campaign*
   External misperceptions of Plano exist among some of the younger residents in the Dallas/Fort Worth region. Additionally, real estate agents are incentivized to push new residents to the region to neighborhoods outside of Plano. A marketing campaign can enhance the regional identity of Plano neighborhoods. A target based marketing campaign should be implemented to promote the wide array of amenities and quality neighborhoods in Plano, and create regionally recognized neighborhood identification.

2. *Executive Level Partnerships with Corporate, Non-Profit, and Educational Institutions*
   Vibrant neighborhoods are only sustainable through the continued participation of the entire community. The corporate presence in Plano, along with an extensive volunteer network seeks to develop lasting partnerships to enhance the local community. These partnerships may provide financial support, in-kind donations, volunteers, or educational programs to address the needs of aging and financially distressed households within the community. A committee that consists of executive level decision makers of corporations, non-profits, educational institutions, and city government should be formed to communicate and collaborate on major issues impacting the local community.

3. *Centralized Database and Web Based Mapping Tool*
   A centralized database and web based mapping tool should be developed to create greater efficiency and follow-up of city services. Existing technological resources and expertise may be leveraged through corporate and non-profit partnerships for the development of such systems.

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VI. LEVEL OF SERVICE

Plano, Texas Housing Sustainability Analysis
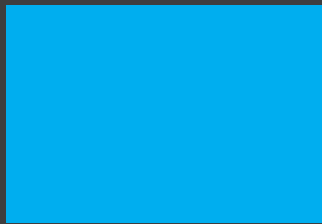
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VI. LEVEL OF SERVICE

CITY OF PLANO NEIGHBORHOOD SERVICES

The City of Plano provides many services that contribute to quality of life and directly influence the sustainability of Plano neighborhoods. There are over 206 services that create community benefits and are identified as either "essential" or which "strongly influence" neighborhoods in Plano. As part of this analysis, Catalyst evaluated the current level of service by function to identify any potential adjustments to resources.

The programs and services were identified using information provided by each city department from the Core Matrix Budget, which outlined costs and staffing associated with each service. In 2013, the total estimated cost of these services was $238.6 million, and 1,586 full-time employees (FTE) staffed these departments.

Exhibit 39: "Plano Cost of Neighborhood Services" shows the cost and number of FTE allocated to each neighborhood service and percentage of total costs. Nearly 70% of the total financial resources allocated to supporting neighborhoods are for public works and police services. An estimated $102 million and 198 FTE were allocated to public works infrastructure, which includes maintaining transportation, water, sewer, and public facility infrastructure. An additional $15.8 million and 69 FTE were allocated for the collection of solid waste, recycling, household chemical, and yard waste for single-family residences, and $444,000 and 1 FTE were allocated for screening wall maintenance.

The Police Department allotted an estimated $46.5 million to services supporting neighborhoods including police patrol, investigations, traffic services, education programs and outreach, and detention services. Over $40 million and 339 FTE were utilized to respond to calls, investigate offenses, apprehend offenders, and create safer roads. An additional $6.5 million was spent on services designated to specific geographic areas, crime awareness programs for the community, and guided crossings at school crosswalks.

An additional 20% of financial resources identified as impacting neighborhoods were split among the Fire Department, Parks and Recreation, and Public Safety Communications. An estimated $21.6 million and 416 FTE were dedicated to the planning and maintenance of park grounds, equipment, and facilities, and $10.8 million and 311 FTE were assigned for the operation and maintenance of recreation centers, pools and fields, and community events such as fireworks, concerts, and parades. The Fire Department appropriated $19.5 million and 145 FTE for the emergency response calls, training, and fire and life safety education and outreach. Public

EXHIBIT 39 :

Plano Cost of
Neighborhood
Services
Source:
City of Plano

Cost of Neighborhood Services				
Services	Cost	FTE	Percent Cost	Cumulative Cost
Public Works Infrastructure	$102,251,000	198	**43%**	43%
Police Patrol, Investigations, and Traffic Services	$40,016,000	339	**17%**	60%
Emergency Response	$19,454,000	145	**8%**	68%
Residential Waste Services	$15,881,000	70	**7%**	74%
Recreation	$10,887,000	312	**5%**	79%
Parks Maintenance	$10,812,000	104	**5%**	84%
Public Safety Communications	$9,440,000	80	**4%**	87%
Libraries	$5,715,000	85	**2%**	90%
Development Review & Inspection	$4,465,000	43	**2%**	92%
Police Education	$3,503,000	50	**1%**	93%
Detention Services	$2,999,000	39	**1%**	94%
Enforcement Through Municipal Court	$2,525,000	33	**1%**	96%
Property Standards	$1,649,000	21	**1%**	96%
Citizen Access to Technology	$1,493,000	12	**1%**	97%
Housing Reinvestment	$1,393,000	7	**1%**	97%
Public Health	$1,276,000	10	**1%**	98%
Customer and Utility Services	$857,000	7	**< 1%**	98%
Social Service Partnerships	$556,000	2	**< 1%**	99%
Neighborhood Reinvestment	$500,000	1	**< 1%**	99%
Animal Services	$497,000	6	**< 1%**	99%
Long Range Planning	$451,000	5	**< 1%**	99%
Screening Wall Maintenance	$444,000	1	**< 1%**	99%
Emergency Management	$365,000	2	**< 1%**	100%
Litter Clean Up	$266,000	5	**< 1%**	100%
Multifamily Inspection	$240,000	4	**< 1%**	100%
Neighborhood Enhancement	$207,000	2	**< 1%**	100%
Environmental Health	$158,000	2	**< 1%**	100%
Website Communications	$116,000	1	**< 1%**	100%
Fire Education	$75,000	1	**< 1%**	100%
Property Standards Education & Outreach	$58,000	1	**< 1%**	100%
Neighborhood Empowerment Zone	$25,000	0	**< 1%**	100%
Total	**$238,574,000**	**1,586**	**100%**	

Safety Communications allotted $9.4 million and 80 FTE for the provision of 911-call service, maintenance of the communications system for responders, and public alerts in case of emergencies.

Library Services and Building Inspections/Engineering account for $7.2 million and 97 FTE and $4.5 million and 43 FTE, respectively. The municipal courts allot $2.5 million and 33 FTE to conduct criminal hearings, review warrants and orders, as well as to review, prepare, file and process citations and complaints. The Planning Department estimates $18.8 million and 12 FTE for long range planning and to manage housing reinvestment programs. Housing reinvestment programs utilize HUD funds to maintain and create additional affordable housing and ownership opportunities for eligible households.

Property Standards dedicates $1.6 million and 21 FTE for inspections of residential properties to ensure compliance with property maintenance, zoning, and subdivision ordinances. An additional $240,000 and 4 FTE are allotted for registration and life safety inspections of multifamily developments, and $58,000 and 1 FTE is dedicated to education and outreach participation at neighborhood meetings and other community events.

The remaining $4 million (1%) of neighborhood oriented service funds went towards Environmental Health, Customer and Utility Services, Animal Services, Emergency Management, Marketing and Community Engagement, and other programs. Environmental Health appropriated $1.3 million toward food safety and storm water inspections and an additional $158,000 toward environmental remediation and smoking enforcement. Last year, $200,000 and 2 FTE were dedicated to neighborhood enhancement and outreach efforts that facilitate multi-department collaboration to identify and prevent neighborhood decline, and $500,000 and 2 FTE were allocated to provide city and HUD funded grants supporting local non-profits assisting residents in need of emergency financial support and services.

COST OF SERVICE PER HOUSEHOLD

The cost of service (COS) per neighborhood was examined to identify the potential impact of various neighborhood programs on property tax valuation. The analysis provides for short and long term cost-benefit analysis of neighborhood strategies to address issues related to neighborhood decline. The initial step in this process was to calculate the incremental cost to provide municipal services per household. Only the general fund and debt service fund were used to calculate COS for municipal services. The total expenditures from the general fund plus debt service figures were divided by the total workforce and resident populations in order to obtain the cost per consumer. (CPC) The percentage of residents to total consumers was calculated and multiplied by the average number of persons per household to estimate the average cost per household. The revenue per housing unit was calculated using the estimated sales tax and property tax based on the average property value. After accounting for the public service costs and revenue generated from each household, the net benefit (household revenue – household costs) was calculated. This analysis shows the net benefit of home values relative to costs servicing each household. This measure of effectiveness which benchmarks costs within Plano, at the Neighborhood Unit, and against other communities.

Of the seven regional cities analyzed, Plano is the top performer in terms of cost of service. On average the net benefit per household is $372 per household compared to $243 in Richardson and $190 in Arlington. Cost of service analysis is a useful benchmark to determine historical trends of neighborhoods, however a diverse community will have a distribution of housing options that will have a range above and below the net benefit.

Appendix IV shows the detailed net benefit by Neighborhood Unit. The net benefit per neighborhood was calculated to identify the cost and benefit by each Neighborhood Unit. Based upon the cost of service analysis, a home value of $193,000 or greater covers the cost of public services. Based on the 2013/2014 budget and property values, the public service costs of 20 neighborhoods are projected to exceed the revenue generated in

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property and sales tax, which will create an aggregated loss of $6.8 million.

LEVEL OF SERVICE BENCHMARKS

Multiple departments within the City of Plano provide services that benefit the community and support neighborhood stability and improvement. A small subset of these departments is especially crucial for community development and preserving quality neighborhoods. Costs impacting community events and commercial and residential rehabilitation are impacted by the responsiveness of departmental employees on plans, inspections, permits, and other regulated activities.

PLAN REVIEW AND PERMITS

Review of construction plans is critical in protecting community interest. However, slow review of plans can create costly delays for builders, developers, and property owners. Nationally, the average time to review construction permits for commercial projects is four weeks and two weeks for residential projects. However, the review time in some cities is as little as a week for commercial projects and a few days for residential projects. Irving (TX) reviews 83% of commercial remodel plans within one week and 100% of residential remodel plans within the same day. College Station reviewed 92% of commercial plans within 5 days and 92% of residential plans within 24 hours. Compared with these national and state benchmarks the City of Plano permits review is among the top performers in turnaround time. Plano reviews 100% of residential plans within 3 days, and 95% of commercial plans within 10 days.

INSPECTIONS

Based on the performance targets of selected cities building inspections should be performed within one to two business days. The most aggressive cities perform inspections on the same day of the request. The City of Plano conducts 100% of all inspections the day following the request.

Average inspector workload varies by type of inspections. Nationally, the average workload is 9 to 20 general building inspections per day. Inspection workloads lying outside this range may be cause for concern of either speed or quality of inspections. On average, the City of Plano performs 210 inspections daily, averaging about 14 inspections per day per inspector.

It is difficult to measure the quality of inspections but important in order to effectively measure the efficiency of overall inspections. Some cities report the percentage of inspection disapprovals by inspectors to judge the credibility of complaints against inspectors, but a comparison of city disapproval rates is questionable. The rate of disapprovals does not accurately measure the detection of construction flaws.

Recently, cities such as Durham, NC and Oklahoma City, OK began performing follow-up quality control inspections to more accurately measure the quality of inspections. Durham conducted 2.6 quality control inspections per inspector per month in 2009 and found a 99% accuracy rate. Oklahoma City conducted quality control inspections on 2% of total inspections and 85% of the quality control inspections did not require correction. Quality and thoroughness of inspections in Plano is measured by supervisors in accordance with the International Accreditation Service.

PROPERTY STANDARDS

Property standards focus on existing neighborhoods, commercial areas, and other developed properties. Attention is often directed toward overgrown grass and weeds, open storage of materials, abandoned vehicles, and the condition of housing and other structures. The majority of cities reviewed indicate eight to ten inspectors per 100,000 residents.

In Savannah, GA, the condition of the housing stock is measured periodically using a property condition survey. Every structure in the neighborhood is assessed 1 point for each minor condition found, 3 points for each moderate condition found, and 9 points for each major condition found. Minor conditions include violations such as weed growth, trash and debris, abandon vehicles, siding or shingles, mildewed paint, broken windows, and fences in need of repair. Moderate conditions include violations such as chipped paint, 25% to 50% of siding or wood in need of repair, and deteriorated door or window frames. Major repairs include cracked exterior walls, defects in foundation, holes in roof, more than half of siding in need of replacement, and fire damage. Each parcel is then classified as standard, minor problem, moderate problem, and major problem. Changes in neighborhood progress are then measured in terms of change in percentage of units in each of the problem classifications.

Compliance rates are also important in assessing property standards. Many cities report a compliance rate of 70% and above. Chandler, AZ reports a voluntary compliance rate of 90%. Irving, TX reports a voluntary compliance rate of 98%. The voluntary compliance rate in Plano is 91%.

Other cities that focus on proactive property standards enforcement measure the percentage of code violations identified by inspectors prior to receiving complaints. The City of Edmond, OK set a goal to identify 90% of all code violations prior to citizen complaints and identified 87% in 2008, Scottsdale, AZ set a proactive target of 35% or greater and in 2008 had an inspector initiated rate of 67% of total cases.

CONCLUSION

Overall, departments within the City of Plano benchmark well against peer communities in terms of neighborhood related services. However, as neighborhoods continue to age, additional resources will be needed by various departments to address emerging issues and ensure that neighborhoods remain relevant as preferences shift.

The Parks and Recreation department needs additional funds and human resources to provide inter-connectivity and green space for mixed-use developments. This would include 1-2 FTE's. Millennials and active Baby Boomers are the two largest groups in terms of size relative to other generations and represent a majority of the workforce. Both of these groups are found to prefer to live in a walkable community. Only eight percent of Millennials and eight percent of active Baby Boomers prefer living in a suburb if it requires driving most places. In order to remain relevant to changing demand preferences, the city needs to create connectivity from existing parks and trails to commercial and public centers. Additionally, greater diversity of the existing housing stock is needed to provide housing options for shifting cultural and generational preferences.

The Property Standards Department should add five to ten additional inspectors. As previously discussed, existing benchmark studies indicate eight to ten property standards inspectors per 100,000 residents. Additionally, a periodic survey of all residential properties will allow for the creation of a baseline existing property condition by neighborhood and measure changes in neighborhood property conditions over time. Neighborhood property conditions will provide insight on how to better target educational outreach programs related to property standards and better identify the causes impacting property standards issues.

The Planning Department needs additional funds to address issues related to neighborhood quality and neighborhood gateways. Existing programs to engage residents through public outreach, workshops, and training to revitalize neighborhoods. These programs are an effective tool to mobilize residents, develop community leaders, and create a sense of ownership and community among residents. The Planning Department should work on improving community spaces including neighborhood gateways, parks, gardens, and other publicly shared spaces that impact drive-through appeal of existing property owners and potential buyers. The Planning

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Department should establish a grant to registered neighborhood organizations to allow grass roots organizations to identify and create planned enhancements to shared physical space within their neighborhoods. Additionally, such grants would encourage the creation and/or increased participation of neighborhood organizations in neighborhoods that do not have a mandatory HOA.

Additional resources are needed to enhance website communication with a web-based mapping tool. This tool would create additional transparency and could monitor impact and results to evaluate return-on-investment of activities.

Additional funds are also needed to address poor quality or failing screening walls. Collapsing and patched screening walls are common throughout much of the city. These screening walls will become an increasing problem as neighborhoods age.

RECOMMENDATIONS

1. Parks and Recreation Department

Increase resources for the department to create and implement a strategic plan to link residential, commercial, and civic areas through the existing trail network. Specific funding will be based upon further analysis on identifying targeted opportunities and scale of infrastructure improvements required on a project by project basis.

2. Property Standards Department

Provide resources for additional inspectors to allow for proactive property standards enforcement and a periodic survey of Plano housing stock. Five to ten additional FTE's are recommended. Additionally, a $50,000 increase to the annual budget should be provided to increase education and outreach programs.

3. Planning Department

Additional funds are needed for a neighborhood vitality program/beautification grant and expansion of First Choice Neighborhoods. The department should outline program requirements including qualified projects and organizations, funding priorities, and elements of application and review based upon available funding. Priority should be allocated first to Tier 1 and Tier 2 neighborhoods, and expanded to address other regional issues identified in this analysis. An initial budget of $500,000 to $1,000,000 is recommended. This can create a pool of funding and can be made available to neighborhood organizations for qualified projects.

Re-engaging "Love Where You Live" project areas is needed to provide ongoing momentum and encourage and support continued neighborhood-initiated projects. Community outreach programs should be expanded to include neighborhoods with property values slightly below the city average. These programs should focus on the development and support of neighborhood organizations for those neighborhoods without mandatory HOA's. The department should leverage the existing volunteer network to assist with these extended outreach programs. The department needs to provide a staff member to manage and provide guidance to the volunteer network. In conjunction with the volunteer network, a neighborhood-mentoring program should be created that links successful neighborhood organizations that have successfully organized with community members in other neighborhoods that are in the early to middle stages of organizing. Additional funding of $55,000 and 2 additional FTE's is recommended to provide the expansion of these outreach programs.

4. Website Communication

The department should create an outline of the specific desired functions of an integrated web-based

mapping tool and data sources that will need to be integrated into such a tool. Estimates then need to be obtained for the creation for a web-based mapping tool that integrates with all needed data sources.

5. *Screening Walls*
The city should create a long-term strategy to address the maintenance of all screening walls throughout the city, including those screening walls that are currently the responsibility of private property owners.

Comparative Cost of Service Analysis						
	Arlington	**Frisco**	**Lewisville**	**Plano**	**Richardson**	**Sugar Land**
Total Expenditures	$205,122,549	$90,198,894	$66,841,240	$243,624,683	$104,251,506	$74,851,924
Debt Service	$41,269,417	$48,756,751	$9,309,493	$42,148,314	$28,285,845	$18,785,492
Total Expenditures	$246,391,966	$138,955,645	$76,150,733	$285,772,997	$132,537,351	$93,637,416
Population	373,671	130,199	100,835	272,068	101,659	84,100
Workforce	120,801	43,441	36,614	156,025	68,830	46,286
Total People	494,472	173,640	137,449	428,093	170,489	130,386
Cost Per Consumer	$498	$800	$554	$668	$777	$718
Cost Per Worker	$122	$200	$148	$243	$314	$255
Cost Per Resident	$377	$600	$406	$424	$464	$463
Persons Per Household	2.75	2.95	2.57	2.66	2.59	3.06
Cost Per Household	$1,036	$1,770	$1,045	$1,129	$1,201	$1,417
Average Home Value	148855	279578	156721	254242	196367	268133
Property Tax Rate (Per $100)	0.648	0.46191	0.44021	0.49	0.63516	0.30895
Sales Tax Rate	0.0175	0.02	0.0125	0.01	0.01	0.02
Property Tax	$965	$1,291	$690	$1,246	$1,247	$828
Sales Tax	$260	$559	$196	$254	$196	$536
Property Tax & Sales Tax	$190	$80	-$159	$372	$243	-$53
Housing Units	148,305	46,829	42,291	104,230	42,309	29,999
Total Net Benefit/Cost	**$28,109,819**	**$3,765,992**	**-$6,714,201**	**$38,723,673**	**$10,282,419**	**-$1,583,283**

EXHIBIT 41 (Above):

Comparative Cost of Service to Peer Communities
Source:
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NU	Housing Units	Median Value	Household PSC Cost	Property Tax Per Household	Sales Tax Per Household	Property Tax + Sales Tax - Cost	Total Gain/ Loss
1	3,578	$266,000	$1,129	$1,300	$266	$437	$1,564,193
2	2,257	$238,500	$1,129	$1,165	$239	$275	$621,362
3	3,462	$259,450	$1,129	$1,268	$259	$399	$1,380,010
4	2,142	$281,950	$1,129	$1,378	$282	$531	$1,137,512
5	2,102	$311,750	$1,129	$1,523	$312	$706	$1,484,966
6	1,995	$294,500	$1,129	$1,439	$295	$605	$1,206,817
8	1,916	$319,900					
9	3,129	$288,950	$1,129	$1,412	$289	$572	$1,790,580
10	2,259	$330,000	$1,129	$1,612	$330	$814	$1,838,540
11	1,612	$248,900	$1,129	$1,216	$249	$337	$542,469
12	3,435	$220,000	$1,129	$1,075	$220	$166	$571,631
13	2,500	$274,750	$1,129	$1,342	$275	$489	$1,221,680
14	11						
15	5						
16	2,785	$295,000	$1,129	$1,441	$295	$608	$1,692,900
17	3,519	$278,250	$1,129	$1,360	$278	$509	$1,792,132
18	2,635	$193,000	$1,129	$943	$193	$7	$19,740
19	1,880	$269,000	$1,129	$1,314	$269	$455	$855,076
20	3,596	$170,000	$1,129	$831	$170	-$128	-$459,880
21	877	$184,150	$1,129	$900	$184	-$45	-$39,116
22	784	$200,000	$1,129	$977	$200	$49	$38,176
24	1,063	$237,250	$1,129	$1,159	$237	$268	$284,828
25	851	$490,000	$1,129	$2,394	$490	$1,756	$1,494,044
26	1,289	$395,000	$1,129	$1,930	$395	$1,196	$1,542,242
27	203	$580,080					
28	543	$187,000	$1,129	$914	$187	-$28	-$15,109
29	689	$394,900	$1,129	$1,929	$395	$1,196	$823,958
30	1,215	$477,500	$1,129	$2,333	$478	$1,682	$2,043,701
31	732	$745,000	$1,129	$3,640	$745	$3,257	$2,383,805
32	2,984	$287,300	$1,129	$1,404	$287	$563	$1,678,623
33	2,265	$266,500	$1,129	$1,302	$267	$440	$996,855
34	2,220	$207,350	$1,129	$1,013	$207	$92	$204,142
35	2,728	$147,700	$1,129	$722	$148	-$259	-$706,945

NU	Housing Units	Median Value	Household PSC Cost	Property Tax Per Household	Sales Tax Per Household	Property Tax + Sales Tax - Cost	Total Gain/ Loss
36	2,728	$147,700	$1,129	$722	$148	-$259	-$706,945
37	1,380	$102,000	$1,129	$498	$102	-$528	-$728,826
38	213	$282,000	$1,129	$1,378	$282	$531	$113,177
39	1,125	$285,000	$1,129	$1,393	$285	$549	$617,629
40	1,458	$386,750	$1,129	$1,890	$387	$1,148	$1,673,644
41	1,804	$639,250	$1,129	$3,123	$639	$2,634	$4,751,951
42	1,258	$785,000	$1,129	$3,836	$785	$3,492	$4,392,940
43	3,482	$303,250	$1,129	$1,482	$303	$656	$2,285,665
44	1,782	$215,000	$1,129	$1,050	$215	$137	$244,105
45	1,828	$190,000	$1,129	$928	$190	-$10	-$18,584
46	1,286	$217,500	$1,129	$1,063	$218	$152	$195,084
47	887	$187,000	$1,129	$914	$187	-$28	-$24,680
48	1,289	$135,000	$1,129	$660	$135	-$334	-$430,392
49	1,421	$140,000	$1,129	$684	$140	-$304	-$432,647
50	1,166	$241,000	$1,129	$1,178	$241	$290	$338,163
51	700	$235,000	$1,129	$1,148	$235	$255	$178,293
53	965	$452,000	$1,129	$2,208	$452	$1,532	$1,478,347
54	966	$406,000	$1,129	$1,984	$406	$1,261	$1,218,328
55	2,434	$192,825	$1,129	$942	$193	$6	$15,727
56	1,575	$153,000	$1,129	$748	$153	-$228	-$359,019
57	923	$190,250	$1,129	$930	$190	-$9	-$8,025
58	1,203	$215,450	$1,129	$1,053	$215	$140	$167,978
59	795	$145,000	$1,129	$708	$145	-$275	-$218,654
60	2,215	$120,000	$1,129	$586	$120	-$422	-$935,143
61	2,627	$118,450	$1,129	$579	$118	-$431	-$1,133,051
62	1,829	$134,976	$1,129	$659	$135	-$334	-$610,960
63	357	$184,900	$1,129	$903	$185	-$40	-$14,346
64	937	$223,500	$1,129	$1,092	$224	$187	$175,233
65	1,525	$191,950	$1,129	$938	$192	$1	$2,000
66	1,720	$174,900	$1,129	$855	$175	-$99	-$170,357
67	231	$105,000	$1,129	$513	$105	-$510	-$117,920
68	122	$118,000	$1,129	$577	$118	-$434	-$52,943
69	175	$351,854					
70	629	$237,500	$1,129	$1,160	$238	$269	$169,464
						Net Gain/Loss	$40,422,608
						Aggregated Loss	-$6,805,100

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VII. IMPLEMENTATION

Plano, Texas Housing Sustainability Analysis
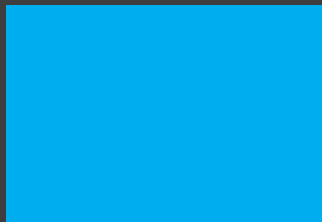
Authors:
Jason Claunch, President - Catalyst
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VII. IMPLEMENTATION

Since the 1980's, Plano has received Federal block grant monies to assist income-qualified residents with home revitalization. However, the increasing age of the housing stock and declining HUD Entitlement Funds are not sufficient to meet the needs of Plano's neighborhoods. As resources decrease and needs increase, Plano may face many of the same issues affecting housing in other first-ring suburbs. Without intervention, this will continue to erode Plano's brand and will contribute to a loss of quality of life, and fiscal loss, since Plano receives a portion of its funding from ad valorem taxes. Factors that impact value were examined to develop a business plan for the City of Plano to address these changes head on and outline an implementation plan that can mitigate these risks and facilitate catalytic improvements that can yield measurable and predictable results.

EXISTING IMPLEMENTATION EFFORTS

In 1998, the City of Plano established the 1st Choice Neighborhoods program, which focuses on redevelopment and revitalization strategies. One of the core functions of this program is Love Where You Live (LWYL), which strives to empower neighborhoods both socially and physically for its residents. While the City of Plano has other traditional tools, the Love Where you Live Program is the most unique because the it is focused on small geographic areas and implemented during a specific timeframe and therefore easy to measure. The initiative is a full-scale area-wide project that includes neighborhood celebrations, community partnerships that support residents in the project area, neighborhood engagement meetings, and physical rehabilitation of homes. The main goal of the program is to create a sense of community and increase the quality of Plano neighborhoods.

Neighborhood planners have conducted two LWYL projects annually since the fall of 2010. The Neighborhood Enhancement Tool has been used to identify project areas. Love Where You Live project areas include the following neighborhoods: Village Creek North (Fall 2010), Village Creek South (Spring 2011), Meadows/Ridgewood Phase 1 (Fall 2011), Meadows/Ridgewood Phase 2 (Spring 2012), Forman (Fall 2012), and Park Forest 1 (Spring 2013).

Catalyst evaluated each of these project areas separately to examine the impact of LWYL on property crimes, property standards violations, and average property values. The average number of property crimes and property standards cases were calculated within each of the study areas for the two years immediately prior and following the implementation of LWYL to identify any changes that occurred. In program areas in which the program was implemented since the Fall of 2011, two years of data was not available and the average of the

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remaining quarters were used to examine the average impact compared to the one and two year average prior to program implementation. Our findings show that there was a decrease in the average number of property standards cases and incidents of crime in nearly all program areas after the implementation of the Love Where You Live program.

In each program area, there was a spike in property standards cases immediately following the implementation phase. In Village Creek North, the property standards cases spiked from approximately 150 cases each quarter to 469 cases in the fourth quarter of 2010. In Village Creek South, property standards cases increased from 85 cases to 362 cases the quarter after implementation. This is due to a detailed inventory of property standards issues at the end of the project period. Therefore the quarter immediately following program implementation was excluded in analyzing the impact on property standards.

The Forman subdivision was the only area that did not experience a decrease in property standards cases after the implementation of the program. In all other program areas, the quarterly average of property standards cases decreased 14% to 63% over a one year time period, and 16% to 62% when the two-year average is examined. On average, property standards cases decreased by 39 (34%) cases per quarter when examining a one-year average, and 34 (28%) cases over a two-year average.

The total number of property crimes decreased in every project area after the implementation of Love Where You Live. The quarterly average of property crimes decreased between 2% to 45% across program areas over the one-year time period and decreased 6% to 46% over a two year time period. On average, property crimes decreased by 25% per quarter across all program areas.

The change in the percentage of property crimes in each project area relative to Plano was examined to review changes in citywide crime over time. Again, property crimes in each of these project areas were found to decrease as a proportion of citywide crime. While citywide crime trended downward over this time frame, the crime within each of these program areas decreased between .05% and .4% of total crime after program implementation.

The impact of Love Where You Live on sales price was less conclusive. The sales price per square foot was only found to increase in three of these program areas after implementation. The change in the sales price relative to the city average was also examined. Again, the sales price was only found to increase relative to the city average in three of the six program areas. However, numerous external factors impact sales prices, and decreasing property standards cases and crimes are likely to have a positive impact on the marketability of homes and create savings from the reduction in city services.

The following section outlines various tools and examples to address vitality and revitalization of Plano's neighborhoods. This section is written with the assumption that the key organization responsible for implementation is the City of Plano and its various departments. This section contains recommendations on how Plano may better address housing quality and revitalization.

RECOMMENDATIONS

Priority 1: Diversification of Housing Stock

Step 1: Identify target areas to diversify housing stock.
Demographic change has a direct impact on housing preferences. Retirees that choose to downsize increase supply in the housing market and also create demand for smaller, more efficient housing. As many households

in Plano approach retirement, the financial strategy of many of these households will shift from income growth to wealth preservation. They are likely to be less physically and financially inclined to address property maintenance issues that an aging home will require. They also have demand for smaller homes that require less maintenance in locations that offer convenient access to retail, medical services, and family and friends.

Alternate to retirees, the Millennial Generation consists of young adults aged 15 to 29 in 2010. These young adults and families are more racially and ethnically diverse than previous generations. Research indicates they have a preference for walkable communities with ease of access to amenities in urban core or inner suburb locations. Many indicate a preference for smaller homes with greater amenities such as wood flooring and granite countertops.

The Plano region is also growing more racially and ethnically diverse. These cultural shifts will impact housing preferences. It is important to diversify the available housing stock in order remain attractive to increasingly diverse housing desires and tastes. Therefore, it is recommended that the city create a multi-departmental team to address the following tasks:

The City of Plano should conduct an inventory of potential mixed-use sites that could support diversified housing including:
1. Under-served retail
2. Undeveloped residential
3. Aging multi-family suitable for redevelopment

When evaluating potential sites, the City of Plano should:
• Examine the effects of zoning ordinances on development costs
• Diagram the number of departments that have a role in the approval process, quantify the time it takes to move from application to approval for different types of residential applications, and recommend how to streamline the process

As part of this process, the City of Plano should conduct a market analysis to identify market demand and product mix for each proposed site. For each approved site, a redevelopment site plan should be completed that incorporates a market-based plan focused on new urbanism best practices. Design should integrate into surrounding commercial and residential areas. The master plan should incorporate horizontal, or vertically integrated uses, public space, adequate parking, signage, connectivity to adjacent developments, and other elements. Additional analysis shall include review of existing zoning and other policy modifications needed to facilitate development. In addition, each approved site should complete an economic analysis and fiscal impact based upon various development scenarios. The fiscal analysis shall evaluate the following:
• The impact of increased density on existing infrastructure (e.g. plumbing codes), economic costs of development, and opportunities to reduce costs
• Potential public investment, including "gap" financing, if any
• Payback timeframe of the public investment and return of cost based upon Plano incentive policy (to be defined)

Resources:
Budget: A study conducted by an external firm is estimated to cost $250,000 to $500,000.
FTE: 0
Note: The level of public participation should vary based upon each project's ability to deliver objectives. The city may minimize estimated expense by conducting a portion of this analysis internally.

Step 2: Develop a home finance corporation for implementation.

A housing finance corporation is a separate non-profit entity established by City Council to facilitate housing programs and to act as a vehicle to efficiently address housing related redevelopment and administer programs. The City of Austin, TX created a Housing Finance Corporation to issue single-family and multifamily bonds for financing affordable housing and home repair programs.

A housing finance corporation can act as the lead agency in housing programs and as the central clearinghouse for applicants across all programs. A housing finance corporation, like municipal economic development corporations, can be effective in implementing housing objectives and be funded though annual contracts from the general fund, bonds, and other public/private sources. Salt Lake City, UT utilized a Redevelopment Agency to eliminate blight and implement development goals of the community. The Salt Lake City Redevelopment Agency used "urban renewal areas" (URA) as a tool to fund and implement projects. See **"Case Study: Salt Lake City, UT Redevelopment Agency"** on page VIII.8.

Resources:
Budget: An estimated $1M to $20M is anticipated with funding from general obligation bonds or general fund.
FTE: None (Assumes Home Finance Corporation will establish independent resources)
Note: A development budget will be subject to the number of identified target investment areas and size of the aggregate investment required.

Priority 2: Enhance Neighborhood Quality

Step 1: Strengthen and expand existing community outreach and participation programs such as Love Where You Live and Citizens Assisting Plano Police

Neighborhood engagement programs involve residents through public outreach, workshops, and training to revitalize neighborhoods. These programs are an effective tool to mobilize residents, develop community leaders, and create a sense of ownership and community among residents. This sense of community leads to increased ownership and pride in their yard and home. It also creates positive peer pressure and knowledge of property standards ordinances, which encourages residents to take better care of their property.

Love Where You Live (LWYL) activities decreased property standards issues and reduced crime in program areas and therefore reduce costs due to reduction in service demand and potentially increase the value of the neighborhoods.

The city should provide additional resources to these programs and accomplish the following goals:
- Expand community outreach into Tier 1 - Tier 3 neighborhoods
- Train community members in leadership and community organizing skills
- Foster Neighborhood Associations in neighborhoods with non-existing or inactive associations
- Provide a registration process and track all neighborhood organizations
- Continue follow-up of previous project areas to maintain momentum of ongoing efforts
- Track and monitor the return on investment of outreach projects
- Create a volunteer network to manage extended outreach of First Choice Neighborhood Programs
- Create a neighborhood organization mentoring program

Resources:
Budget: Estimated funding: $55,000 - $75,000
FTE: 2 Additional Sr. Planner (Grade 14) and Planning Technical (Grade 11)
Note: Source of Funding may include corporate sponsors, general funds or housing finance corporation funds.

Step 2: Enhance Property Standards enforcement and outreach

Property Standards violations have a direct impact on neighborhood values. Additional enforcement should be targeted on areas with a high number of unresolved cases and Neighborhood Units with repeat actions.

1. The Property Standards Department should increase educational outreach on property standards codes to better inform residents on code violations to increase efficiency on identifying issues.
2. Plano should conduct a periodic survey of all residential properties to measure changes in neighborhood property conditions over time. Neighborhood property conditions will provide insight on how to better target educational outreach programs related to property standards and better identify the causes impacting property standards issues.
3. The Property Standards Department should develop a proactive property standards program that measures the number of cases reported by residents versus the number of cases identified by staff. Benchmark studies of comparable cities indicate 50% to 90% of property standards violations are identified by staff prior to complaints from residents. A good target would be 50% of the cases or more are identified internally.
4. The City of Plano should adopt key performance indicators that achieve a minimum of 95%, or greater, compliance on all property standard cases within 180 days.

Resources:

Budget: $0
FTE: Plano should provide an additional 5-10 Property Standards Inspectors (Grade 11) in order to implement proactive property standards enforcement, periodic survey of residential neighborhoods, and increased education and outreach.

Step 3: Implement a Rental Inspection Program for Single-Family Housing

Rental inspection programs for both single family detached and multifamily housing are common in communities across the nation. These programs typically require property owners to pay a registration fee and provide personal contact information to the city. The mandatory registration fee generally varies from $25 to $50, which covers the cost of the program. A landlord found in non-compliance should be noticed and if not corrected, should be fined. Penalties typically range from $200 to $300 for the first violation and increase with each subsequent violation. Fees from registration can go to specific funds that provide household or neighborhood services. See **"Case Study: Highland Park, IL Rental Registration Program"** on page VIII.6, **"Case Study : Boston, MA Rental Registration"** on page VIII.10 and **"Case Study: Greensboro, NC Rental Certification"** on page VIII.14.

It is recommended that the City of Plano implement a mandatory rental inspection program for all non-owner occupied single family residential dwellings with the following components:
• Mandatory lease registration and annual registration fee of $50 - $100
• Registration should include owners contact information and 24-hour contact information for property manager
• Implement policy of maximum number of residents
• Create incremental fines for violations
• Full inspection of the property while the property is vacant between tenancy
• Educational component that provides property maintenance advice, building zoning, and property standards codes to all landlords and their tenants
• Collection of any fees used to support specific neighborhood revitalization programs that target housing quality, such as Housing Rehabilitation Programs and/or Neighborhood Vitality Grants
• Targeted marketing of first time home buyer programs and housing incentive programs to all rental property tenants
• Utilize utility billing and appraisal data to identify rental properties and track via a rental database

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Resources:

Budget: $0
FTE: 1 Property Standards Specialist, Senior (Grade 13) and 1 Rental Inspector (Grade 11)
Note: The registration fee of $50 to $100 should provide a majority of the funding to implement the rental inspection program.

Step 4: Create an Incentive-Based Home Reinvestment Program

To ensure the existing housing stock meets the demands of future buyers, the City of Plano needs to encourage reinvestment in Plano's older housing stock. The City Council recently established a program to reduce the financial hurdles to make significant home improvements for Plano homeowners caring for older homes in the city. The program provides a rebate of 25% rebate on qualifying external improvements and 10% on qualifying internal improvements, and is limited to a maximum rebate of $5,000. Eligibility is based on the age, appraised value of the home, and expenditures on property updates. Metrics should be collected on all properties to measure the effectiveness of the program over time. A baseline measurement of success should be the percent increase in property values. Additional measurements include a positive internal rate of return, positive net present value, and a return on rebate funds provided by the city within 10 years through city ad valorem collections.

Based on the effectiveness of the existing the program, the structure of the program may be modified in the future to ensure city objectives are met. An alternative structure to the existing rebate, is a performance based program based on the increased value on both renovations and redevelopment of single-family housing.

Other examples of cities with performance based reinvestment programs include:
  • The City of Farmers Branch, TX Demo Rebuild Property Tax Rebate encourages the redevelopment of existing single-family detached residential properties with the construction of new, higher value residential structures. The incentive grant is equal to 100% of the difference between the property taxes paid prior to demolition and after new construction. See **"Case Study : Farmers Branch Demo Rebuild"** on page VIII.13.
  • San Antonio, TX provides a tax exemption for substantial structural or interior rehabilitation. Following rehabilitation of residential properties, city property taxes are frozen at the assessed prior value for 10 years.
  • Cincinnati, OH provides 100% tax abatement on all renovations of $2,500 and greater. The maximum abatement is $300,000 over a 10-year term on non-LEED certified renovations and up to $562,000 on LEED certified renovations. The maximum abatement increases 3% at the start of each year.
  • Austin, TX provides loans of $15,000 or less to low to moderate income families for home repairs that will eliminate health and safety hazards and provide improved accessibility. See **"Case Study: Austin, TX G.O. Repair! Program"** on page VIII.2.

A potential alternative to the City of Plano Great Update Rebate Program is performance based rebate program on the increased value on both renovations and redevelopment of condominiums and one-, two-, and three-unit dwellings. The rebate can include 100% of the increased property value for up to 10 years.

Resources:

Budget: $0 if performanced based
FTE: 1 Community Services Coordinator (Grade 12)

Priority 3: Improve Neighborhood Gateways

Step 1: Create commercial performance-based incentive program

The redevelopment program for identified areas should include incentives for retail and multifamily renovations and/or redevelopment. The program should focus on projects that create mixed-uses or interconnectivity

between existing residential and commercial sites.

Incentive programs to encourage private investment may be created to provide benefits to business or property owners in specific districts. These districts and incentives may include neighborhood empowerment zones, tax abatement agreements, economic development refund, chapter 380 agreements, TIF's, and Section 108 loan guaranty programs.

Other cities with commercial reinvestment programs include:
- Chandler, AZ created a commercial reinvestment program to encourage private investment in existing commercial centers. The program focuses on projects that introduce mixed uses such as residential and/or office components. The city provides assistance in the form of reimbursement for demolition of existing commercial space and/or providing public infrastructure to accommodate new uses. To be eligible, the project must have participation of all property owners and provide improvements determined necessary to recruit quality retail tenants by the Economic Development Division.
- The San Antonio, TX Center City Housing Incentive Policy provides incentives for multifamily projects. The program offers city and water impact fee waivers, up to a 15-year property tax rebate, and a mixed-use forgivable loan.
- Austin, TX created an Urban Renewal Agency to develop blighted areas within the city. The agency provides a facade improvement grant program to small businesses, and business loan programs to improve the look of the corridor. The city is also selling tracts of land to developers for town homes and low-income housing.

Step 2: Create a neighborhood vitality program & beautification grant

Many cities both locally and across the nation have implemented neighborhood vitality programs. The City of Portland (OR) provides a Community Livability Grant ranging from $5,000 to $50,000 to neighborhood organizations for projects that involve physical improvement to community facilities. See **"Case Study: Henderson, NV Neighborhood Cleanup Program"** on page VIII.4, **"Case Study: Portland, OR Community Livability Grant"** on page VIII.12, and **"Case Study: Chandler, AZ Voluntary Demolition Program"** on page VIII.11.

It is recommended that the city establish a program that provides grants to registered neighborhood organizations. The program should be designed to provide assistance to neighborhood projects designed to improve physical characteristics of the community. These projects may include entry features, landscape design, pedestrian or bicycling enhancements, lighting improvements, neighborhood signage, screening walls, trails, and park improvements. It is also suggested these grants include the conversion of vacant lots or blighted areas to shared community space, such as community gardens or pocket parks.

Resources:
Budget: $500,000 up to $1,000,000 for 2015
FTE: 0
Note: A program budget of $1 million per year over an initial 5-year period is recommended. The program may be financed through general obligation bonds.

Step 3: Address screening wall quality

Patched and collapsing screening walls are not an uncommon feature surrounding some neighborhoods in Plano. Unsightly screening walls negatively impact the drive-up appeal of neighborhoods for residents and potential homebuyers. In some instances, the maintenance of screening walls is the responsibility of the property owner. It is difficult for multiple property owners to coordinate and finance the cost to repair these screening walls. Additionally, the repairs to screening walls financed by various property owners may not

match the aesthetics of the pre-existing wall and surrounding gateway features. The City of Plano should adopt a policy and long-range plan to address all screening wall issues citywide.

Priority 4: Improve Retail Quality

Develop a Proactive Retail Merchandising Plan.

Retail and multifamily developments act as gateways to single-family developments. These nodes impact drive up appeal of potential buyers and impact perceptions of community, safety, and neighborhood quality of existing residents. Research on demand preferences of both Baby Boomers and Millennials identify convenient access to retail and diversified housing as a major determinant of home ownership preferences. Therefore, revitalization of multifamily developments and retail centers is necessary to keep neighborhoods competitive.

It is recommended that the City of Plano allocate funding to develop a citywide study and individual area plans to address aging and under-performing commercial centers. The study should identify neighborhood attitudes, interests, and shifting cultural preferences in order to develop a proactive retail merchandising plan for aging and under-performing retail centers. The study should also identify catalytic zones for redevelopment strategies.

Plano should conduct and maintain an inventory of all retail shopping centers to include Gross Leasable Area (GLA), retail tenants, occupancy, vacancy, landlord/owner, retail leasing agents, and a retail quality index. A census should be taken of all retail tenants and each tenant should be categorized and geocoded to determine categorical clusters and gaps in retail tenant mixes. As part of this process, Plano should conduct a comprehensive retail market analysis that identifies retail sub-markets within the city. The market analysis shall include a retail "gap" analysis identifying specific underserved and oversupplied retail categories. The market analysis should include a competitive positioning analysis to determine a competitive merchandising strategy citywide, sub-market and shopping center level. Final results should identify specific categories and uses for individual sub-markets and shopping centers.

Plano should use the market analysis to develop a comprehensive merchandising strategy with supporting marketing collateral and targeted "pitch" books for each retail prospect. This should include demographic and psychographic match, retail preferences, and contact information for each prospect.

Resources:
Budget: Approximately $125,000 should be allocated to a retail development study, and an additional $75,000 for increased staff to administer the retail program.
FTE: 0
Note: This could be managed by the Plano Economic Development Department.

Create executive level partnership from different sectors including municipal government, non-profit organizations and the business community.

It is recommended the city create a local and/or regional executive level partnership that focuses on data driven collective impact. The partnership may include the Mayor, Plano ISD Superintendent, Collin College President, Corporate Executives, and Non-Profit Leadership. The heads of these organizations may meet quarterly or semi-annually to discuss and identify initiatives to address issues impacting the local community such as housing, workforce, and education concerns.

This organization should be supported by a small backbone organization to build and update a comprehensive data system to track community conditions in the city and/or region. The data capabilities should focus on data

collection, visualization, analysis, accessibility, and data driven outcomes. This information can be provided to the community leaders to drive and measure executive level decisions.

Similar initiatives have been implemented around the nation. One of the better-known initiatives is Data Driven Detroit, which was started in 2008 with a $1.8 million grant from national foundations. It has grown into a multi-organizational partnership with the local hospitals, Detroit Planning and Development Department, Detroit Office of Foreclosure Prevention, the business community, and others. The projects have focused on a myriad of issues including building sustainable communities, city council elections, industrial and residential parcel survey, and the neighborhood revitalization strategic framework. The City of Highland Park, IL leverages partnerships with private and non-profit organizations to fund affordable housing iniatives. See **"Case Study: Highland Park, IL Community Partners for Affordable Housing".**

Resources:
Budget: $50,000
FTE: 1 Analyst and 1 Program Administrator (Grade 12)

Additional Opportunities

Create centralized database and integrated online mapping tool that provides all information available for a specific geography.
The City of Plano should create an interactive mapping tool in order to stay competitive and market neighborhood amenities to younger buyers. This tool may provide links to all relevant information relative to a specific geographic unit. Information may include:
- Trash Collection
- Property Standards Contacts
- Emergency Contacts
- Upcoming Events, Programs, and Elections to encourage community and civic engagement

Resources:
Budget: $125,000
FTE: 0

Measure what matters.
A centralized organization should collect data on all neighborhood related projects including community outreach, capital improvement projects, residential or retail redevelopment, etc. The data collection and analysis should focus on the financial impact to the city. The financial analysis on the impact of neighborhood oriented programs and projects should include the total costs of any project identified as influencing neighborhoods, as well as the increase in revenues created by the project such as increased property and sales tax revenue. Any created costs savings should also be tracked, such as reduction in crime, property standards violations, and other city service provisions.

Resources:
Budget: $0
FTE: 1 Senior GIS Analyst (Grade 14) or Senior Planner (Grade 14)

Increase education and awareness of programs available for low income or distressed households.
Limited financial resources often prevent households from qualifying for or making payments on a mortgage. Moreover, financial distress may prevent property owners from addressing property maintenance needs, which

may lead to property standards violations. If the situation persists, it may lead to deferred maintenance issues that create extensive repairs and investments to maintain the structural integrity of the property. It may also negatively impact the perception and marketability of nearby properties in the community. There are numerous programs available to households under financial distress including foreclosure prevention, first time homebuyer programs, and housing rehabilitation programs.

A list of city, county, and non-profit resources available to low income and financially distressed households should be maintained by Plano on the Plano web site with links to detailed information on program details. Targeted marketing campaigns should be implemented annually to make residents aware of where to find information on available programs.

Enhance trail network to create interconnectivity of neighborhoods and commercial areas.
Walkable communities are in high demand in urban, suburban, and small town locations. Increasingly, both younger and older generations are choosing to live in locations that do not require driving to most places. Plano has an extensive parks and trails network but they lack connectivity to places. The city should focus on initiatives that create a more integrated use of commercial, residential, and public spaces through its existing and planned trail networks.

Resources:
Budget: An external study to better integrate existing spaces is estimated to cost $250,000 to $500,000
FTE: 0

The following case studies provide background on existing projects relating to issues which impact Plano. These include changing demographics, property standards, rental inspection programs, retail quality, and housing quality. Additional summaries are available in **Appendix III**.

Case Studies		
Issue	**Examples**	
Changing Demographics	Farmers Branch Demo Rebuild		
Property Standards	Henderson, NV Neighborhood Clean up	Chandler, AZ Voluntary Clean up	
Rental Properties	Highland Park, IL Rental Registration	Boston, Mass. Rental Registration	Greensboro Rental Unit Certification
Retail Quality	Austin, TX Urban Renewal	Salt Lake City, UT Urban Renewal	Portland, OR Community Grant
Housing Quality	Austin, TX G.O Repair! Program		Austin, TX Housing Finance Corp

IX. CASE STUDIES

Plano, Texas Housing Sustainability Analysis
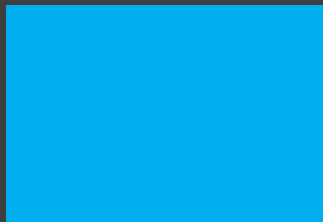
Authors:

Jason Claunch, President - Catalyst
Michael Latham, Senior Researcher - Catalyst

catalyst

CASE STUDIES:

**Community Revitalization Case Study
G.O Repair! Program
Austin, Tx**

PROGRAM TYPE
Rehabilitation Program

FOCUS
Housing
Exterior Repairs
Low/Moderate Income

SOURCE OF FUNDING
General Obligation Bonds

UNITS IMPACTED
76-100

ANNUAL BUDGET
$1-2 million
$15,000 per home per fiscal year

PROGRAM FTE: Appx. 15

OBJECTIVE

The G.O Repair Program is a program administered by the Austin Housing Finance Corporation through a service agreement with the City of Austin. This program was approved through general obligation bonds that were approved by voters. The program is designed to benefit low-to-moderate income families and individuals whose household income is at or below 80% of the area median family income, and provides financial assistance to make repairs that will eliminate health and safety hazards and provide improved accessibility. This program also helps to build the capacity of local non-profits to provide these types of home repair, remove logistical barriers between local organizations currently operating home repair programs and eliminate waiting lists.

RESULTS

76+ households were assisted through the G.O. Repair Program

QUALIFICATION

Non-profit organizations that have experience with home repair services and who have $25,000 in case reserves can apply. The clientele that can apply includes those households who have a total household income at or below 80% AMFI. The home must be the owner's homestead.

CASE STUDIES:

Community Revitalization Case Study
Urban Renewal Program- East11th/12th Street Corridor
Austin, TX

PROGRAM TYPE
Redevelopment

FOCUS
Slum/blighted areas
redevelopment

SOURCE OF FUNDING
Public/private funds
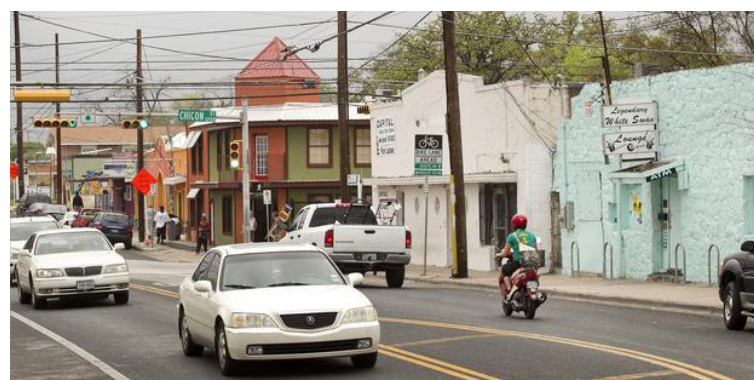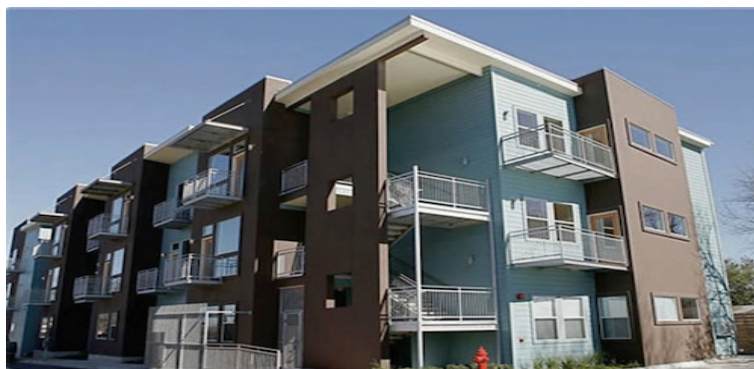
UNITS IMPACTED
The 11th/12th street corridor (11th and I-35)

ANNUAL BUDGET
$23 million- initial investment

PROGRAM FTE:
Appx 15 (includes all Home Finance Corp.
programs)

OBJECTIVE

The vision of east 11th Street, per the City of Austin, was to make the corridor a visitor-oriented destination consisting of three to five story buildings that provide entertainment, retail and office uses to attract people to the metro area.

The City of Austin's Urban Renewal Agency, through $23 million of public and private money, worked to develop the 11th and 12th street corridors, which was formally one of the most blighted areas in the City of Austin. Most of the investment was on 11th Street. The City of Austin moved five departments into formerly dilapidated buildings, and spurred additional investment through a facade improvement grant program for small businesses, and business loan programs designed to improve the look of the corridor. Austin is also actively selling land tracts to developers to develop town homes and low income housing in the hopes of soon establishing a community land trust.

RESULTS

Austin was able to preserve historic buildings along the corridor, as well as spur development in the area.

PROGRAM TYPE
Community Cohesion

FOCUS
Community Cohesion

SOURCE OF FUNDING
Dumpster - city funds
Trailer- Henderson Beautification
Commission/Local Sponsors

PERSONS IMPACTED
270,000

ANNUAL BUDGET
$20,000 administration costs for the
dumpster program

PROGRAM FTE: 2

OBJECTIVE

The City of Henderson Neighborhood cleanup program was created to promote neighborhood cohesion and improve waste management in neighborhoods. The program is designed to make residents aware of the services the city provides, while also creating a more self-sufficient neighborhood cleanup system. Through a deal with a local waste management company, dumpster services are provided free of charge to Henderson residents, who just have to request a dumpster four weeks in advance for a weekend cleanup.

The Community Trailer is a 20 foot trailer fully furnished with tools and supplies by the City of Henderson Beautification Commission and local sponsors that is available free of charge to residents and businesses for community and neighborhood cleanup projects.

RESULTS

The Neighborhood Cleanup (dumpster) program has seen an increase in number of dumpsters requested (which is the metric the city uses to determine success) , from 101 in 2012, to 129 dumpsters last year. The amount collected has also increased, from 122 tons of debris in the program's inaugural year to 167 tons last year.

PROGRAM TYPE
Rental Registration Program

FOCUS
Rental registration
Landlord accountability

SOURCE OF FUNDING
$30 Registration fee paid for by landlords

UNITS IMPACTED
650 units

ANNUAL BUDGET
$18,900

PROGRAM FTE: 2

OBJECTIVE

The Rental Registration program was enacted to hold landlords who rent apartments, single-family homes or small buildings more accountable for their tenants' safety and living conditions. Landlords must pay an annual $30 fee, which will cover the cost of the program and include an educational component that provides life-safety materials, property maintenance advice and building and zoning codes to all landlords and their tenants.

DETAILS

The Building Department administers the program, and the owner of a rental unit must register personal contact information with the city, and 24-hour personal contact information has to be given for one or more "property agent" designated to manage the property. Those found in non-compliance of the registration portion of the ordinance will be fined $250 for the first offense, $1,000 for the second offense, and $2,000 for the third offense. The fines will go to a specific fund to provide social services to displaced tenants.

PROGRAM TYPE
Public Partnership/Community Cohesion/Redevelopment

FOCUS
Housing for Low/Medium Income Housing

SOURCE OF FUNDING
Public and private sources

UNITS IMPACTED: 55

ANNUAL BUDGET
$1.5 million for program administration (2013)

PROGRAM FTE: 2

REGIONS:

City of Evanston, City of Lake Forest, City of Highland Park

OBJECTIVE
Community Partners for Affordable Housing (CPAH) is a nonprofit that creates public/private partnerships designed to preserve, maintain and develop for-sale and rental housing. CPAH has several programs, including a preservation program (acquiring properties, rehabilitating them, and leasing them to owners on a 99-year lease) a new construction program (developing properties and owning them), and administering the inclusionary zoning ordinance set forth by the City of Highland Park.

FUNDING
CPAH gets its funding through a variety of sources including Highland Park's Housing Trust Fund, the Lake County HOME Program, the Lake County Affordable Housing Program, Moraine Township, First Midwest Bank, First Bank of Highland Park, Lake Forest Bank and Trust, the Trillium Foundation and other private donors.

RESULTS
CPAH has preserved over 55 units for affordable housing, and none of the housing units have been forclosed or put up for resale, leading to new funding streams, including a $1.5 million grant from the Highland Park Attorney General's Office. The Highland Park model has also led to growth in two neighboring cities.

ELIGIBILITY
Those who qualify for CPAH are those whose household income is 80% of Chicago area median family income, with a maximum of 120% AMI. The applicant must also be able to qualify for a mortgage. This is the eligibility for all programs.

PROGRAM TYPE

Redevelopment Areas (RDA's) with "Urban Renewal Area" (or "URA"), "Community Development Area" (or "CDA"), and an "Economic Development Area" (or "EDA")

FOCUS

1. Property acquisition, clearance, re-planning, sale and/or redevelopment;
2. Planning, financing and development of public improvements;
3. Providing management support and financing for projects which will improve blighted areas;
4. Gap financing (loans, grants and equity participation)
5. Relocation and business retention assistance.

SOURCE OF FUNDING

TIF (typically 20-25 yr term)

HISTORY

In 2007, the Utah State Legislature defined three types of projects. These are "Urban Renewal Area" (or "URA"), which is similar to traditional project areas. A URA can be created for the purpose of removing blight, as defined in Section 17C-2-303, Utah Code Annotated. URAs also give RDAs the power of eminent domain for the first five years of the project area's life. Except for the North Temple Viaduct CDA, all of the project areas currently established by the RDA are URAs, however, the power of eminent domain has expired in all of these URAs.

OBJECTIVE

Redevelopment agencies are a tool used by local governments to eliminate blight and to implement the development goals of a community. The Redevelopment Agency of Salt Lake City currently has developed seven tax-increment project areas throughout the city.

As the city grows older, parts of it can become deteriorated with buildings and core public infrastructure that are in disrepair. In other areas of the city that were once focused on industrial uses, basic infrastructure is inadequate to attract and support new investment and development. The effects are a decrease in the assessed valuation of the property that results in reduced property tax collections for all taxing entities, and further disinvestment that promote a cycle of urban degeneration.

RDAs bring life back to depressed areas by investing in core infrastructure, such as streets, lighting, curb, and sidewalks; by facilitating redevelopment of underutilized property and providing incentives for private investment. As the project area's social value and economic potential increase, other businesses and private investors are encouraged to respond with additional development and improvements. RDA projects are designed to spur additional growth, allowing blighted areas to be reestablished as economically productive centers for business and social activity

PROGRAM TYPE
Housing Finance Corporation

FOCUS
Implement of housing funding to low to moderate income households

SOURCE OF FUNDING
Bonds, HUD funds and Capital Improvement funds

UNITS IMPACTED
40,000

ANNUAL BUDGET
$55 million

PROGRAM FTE: 15 (total Home Finance Corporation staff)

OBJECTIVE

The Austin Housing Finance Corporation (AHFC) was created as a public, nonprofit corporation under the City of Austin. The AHFC acts as the production arm of the city and is responsible for issuing single-family and multi-family bonds for the financing of reasonably priced housing. The AHFC administers home repair programs through a service agreement with the city and administers fees at a client level.

RESULTS

The AHFC offers more flexbility for home repair loans and assistance through purchasing and the procurement process.

PROGRAM TYPE
Rental Registration Program

FOCUS
Rental Regisration

SOURCE OF FUNDING
Cost to the city is covered by landlords with a $25 registration fee

UNITS IMPACTED
162,319 rental units in Boston

ANNUAL BUDGET
$4,057,975 annually
(paid by landlords)

PROGRAM FTE: 3

OBJECTIVE
The Rental Inspection program started in January 2014 to ensure safe and healthy housing for tenants across Boston's rental and single-family residential units, while also improving information sharing and communication with the city for landlords.

DETAILS
Landlords must post contact information for tenants, have rental units inspected by an Inspectional Services Housing Inspector, register rental units on an annual basis, and in the event that a new rental unit is acquired, the landlord must file an acceptable plan with the Inspectional Services Department that identifies any code violations and provides a plan to bring the newly acquired rental units in compliance with housing standards..

The initial registration fee is $25 per unit, capped at a $2500 maximum per building with a $5000 maximum per complex. The renewal registration is $15 per unit. Inspection fees for 1-3 units are $50 per unit, and $75 for condominiums.

FINES
Landlords who are in noncompliance of registration will be assessed a fine of $300 per month and 1 point in the "Chronic Offender" point system. The Chronic Offender Registry will record landlords who are chronically noncompliant with tenant complaints.

PROGRAM TYPE
Redevelopment

FOCUS
Low to moderate income
redevelopment

SOURCE OF FUNDING
CDBG Block Grants

UNITS IMPACTED
6 homes per year

ANNUAL BUDGET
$140,000 in funds available for demolition

PROGRAM FTE: 9

OBJECTIVE

The Voluntary Demolition Program was created by the City of Chandler through funding by CDBG grants to help rehabilitate blighted homes and buildings in the city. Each demolition costs between $13,000 and $20,000, with a significant portion of that being the requirement to test for asbestos. The city also pays for 75% of the demolition costs, with the owner paying the rest and agreeing to maintain a vacant lot (meaning, he or she cannot allow it to be blighted again). Once the building or property is demolished, the city encourages the owner to have a layer of gravel placed on the property and the vacant lot fenced to discourage illegal dumping.

RESULTS

The buildings that were part of the Voluntary Demolition Program experienced high amounts of crime in the area. Since the program has been underway, those areas that have been subject to the Voluntary Demolition Program have seen dramatic decreases in criminal activities.

The city has also seen owners who own similar blighted and dilapdated property start to demolish their own property without the program to help improve slum and blighted areas.

ELIGIBILITY

The voluntary demolition program is a voluntary program available to any owner. Each applicant will have the property evaluated by city guidelines to ensure that the property meets the requirements for the program. A building is eligible if it is in immediate danger, the source of criminal activities, has been vacant for 90 days, or is a residential building. Those who apply for the program must also be current on their taxes.
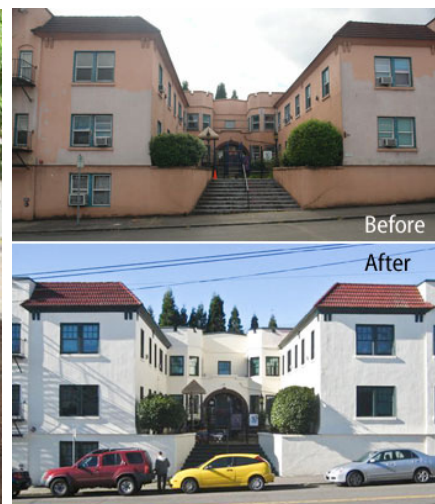
PROGRAM TYPE
Community Cohesion

FOCUS
Urban Renewal
Property Improvement
Community Development

SOURCE OF FUNDING
City of Portland through CDBG grants

PROGRAMS IMPACTED
Seventeen community programs were
funded as a result of the Grant

TOTAL BUDGET
$1.2M for grants

PROGRAM FTE: 2

NEIGHBORHOODS: Interstate Corridor, Lents Town Center, Gateway Urban Renewal

- -

OBJECTIVE
The Community Livability Grant, administered by the Portland Development Commission through CDBG grants, has awarded funding annually since 2006, to projects that involve physical improvements to community facilities, open spaces or historic/cultural preservation. Grants, which are awarded to eligible non-profits, typically range from $5,000 to $50,000, with some grants as high as $300,000.

RESULTS
The grants have leveraged more than $1.5 million in other funds and volunteer labor. The grant program has awarded over $2.4 million and benefitted 55 projects, which include school renovations, turning old parking lots into shared community space, and building senior citizen centers.

ELIGIBILITY
Nonprofit organizations, neighborhood and business district associations and neighborhood groups can apply for the grants. Projects eligible for the grant include ones that address community objections, advance social equity for disadvantaged residents of Portland, and build the local capacity. Projects that the grant will be awarded to also must add, expand, or improve the physical space of the building.

PROGRAM TYPE
Home Repair

FOCUS
Single Family Home Redevelopment
Home Repair

SOURCE OF FUNDING
Tax Rebate program

UNITS IMPACTED
15 since program's inception

ANNUAL BUDGET
$100,000/year- depending on the
amount of the rebate

PROGRAM FTE: Appx 3

OBJECTIVE
The City of Farmers Branch established the Demo Rebuild Property Tax Rebate Program to encourage the redevelopment of existing single family detached residential properties with the construction of new, higher value, single family detached residential structures. This program is designed to stimulate growth, create jobs, and increase property and sales tax revenues. The incentive grant is equal to 100% of the difference between the property taxes paid on the home prior to demolition, and the property taxes paid after new construction. Farmers Branch only rebates the city portion of the property taxes.

RESULTS
Eleven homes have participated in the program, with new home value averaging $500,000 while the original home values at $200,000

ELIGIBILITY
The program is open to residents who own and occupy a single family detached dwelling in the city who agree to demolish the exisitng residence and construct a new residence at the same location. The demolition of the existing residence and construction of the new residence must be completed within a 24 month period.

PROGRAM TYPE
Rental Registration

FOCUS
Rental Compliance

SOURCE OF FUNDING
Registration fees

Annual Budget
$7 million from 2002-2011

PROGRAM FTE: 5

OBJECTIVE

The City of Greensboro passed and enacted the Rental Unit Certificate of Occupancy (RUCO), which was designed to encourage mandatory compliance for landlords to bring substandard housing up to code, with mandatory inspections. The program ran from 2004 to 2011 and was considered a model for rental registration and inspection programs across the country. RUCO was required for landlords for every rental unit before they could begin leasing their properties.

RESULTS

8,700 rental properties were brought up to the minimum standards established by RUCO in seven years. During the first year of RUCO's implementation, housing complaints fell 61%. The number of substandard housing increased due to the complaint-based system, and RUCO prompted preventive maintenance to properties that had been out of compliance for 10-15 years. In total, RUCO caused a 75% reduction in housing complaints within 7 years. Landlords were said to respond much quicker to complaints under RUCO than the previous ordinance. RUCO's punishment to landlords was both the threat of fines and the threat of lost rental income for non-compliance. Fines for leasing without a RUCO certificate included a $250 fine for the first violation, and a $25 violation for every day the violation was not corrected.