City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
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AGENDA INFORMATION SHEET

DEPARTMENT: **Community Services**

CM/ DCM/ ACM: **Christine Taylor**

DATE: **August 18, 2026**

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas, approving guidelines for the City of Denton Homebuyer Assistance Program; authorizing the expenditure of Federal Community Development Block Grant and HOME Investment Partnership Program funds in an amount not to exceed $300,000 for projects meeting the program guidelines and eligibility criteria; and providing an effective date. The Community Services Advisory Committee recommended approval (5-0).

STRATEGIC ALIGNMENT

This action supports Key Focus Area: Foster Economic Opportunity and Affordability.

BACKGROUND

On May 8, 2026, the Community Services Advisory Committee (CSAC) finalized their recommendations to City Council for the 2026 Action Plan. All projects and programs to be approved by the Department of Housing and Urban Development (HUD) under the 2026 Action Plan are funded through Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and program income from the use of these funds. In addition to federal funds, the City Council allocates General Fund dollars to provide grants for social service agencies. The following narrative describes the recommendations from the CSAC for estimated federal and general fund dollars available for the 2026-27 program year. (Exhibit 2)

The City of Denton has managed the Homebuyer Assistance Program since 1992, leveraging federal HOME and CDBG funds to provide down payment assistance to low-income residents. The program offers up to $50,000 in down payment assistance to low-income first-time homebuyers in Denton, along with closing and repair cost assistance as needed. The City of Denton most recently approved a policy for the management of this program October 6, 2020 (ID 20-1566).

DISCUSSION

General Program Overview

To qualify for the program, households must:

1. Be first-time homebuyer, meaning:
    a. Have not owned a home in the past three years;
    b. Displaced single parents; and/or
    c. Own a substandard mobile home.
2. Be a U.S. citizen or legal resident.
3. Qualify for a mortgage loan from a Participating Lender.

4. Agree to live in the home as their primary residents for the term of the forgivable loan (five or ten years).
5. Have a household income below 80% of the Area Median Income Limits, adjusted for family size, and have liquid assets less than $20,000 (not including retirement accounts).

Figure 1- 2026 Income Limits

		Household Size				
		1	2	3	4	5
Low-Mod (80%)	Annual Salary	$67,850	$77,550	$87,250	$96,900	$104,700
	Hourly Wage (Full-Time)	$32.62	$37.28	$41.95	$46.59	$50.34

Eligible homebuyers may select one of the two down payment options below:

- **Option 1.** Funding up to the amount of $25,000, 0% interest (0% APR), forgivable loan, second lien position with a 5-year affordability period.
- **Option 2.** Funding up to the amount of $50,000, 0% interest (0% APR), forgivable loan, with a 10-year affordability period.

Updates to program guidelines

The following changes are being made to the program:

- Clarification that Freddie Mac and Fannie Mae's homebuyer education courses fulfill program requirements.
    - A homebuyer education course from a HUD Certified Housing Counseling agency is required for all program participants according to federal HOME regulations. Currently, there are no HUD Certified Housing counseling agencies offering services in Denton County. Freddie Mac and Fannie Mae offer the only known online, self-paced courses with no fees associated. Their homebuyer education courses are aligned with the National Industry Standards for Homeownership Education and Counseling and are considered satisfactory for similar homebuyer assistance programs managed by the Texas Department of Housing and Community Affairs, and Texas State Affordable Housing Corporation.
- Adjustments to maximum award amounts and loan terms to align with updates to the federal HOME program.
    - The federal HOME program has been updated to adjust its minimum periods of affordability thresholds. This allows the City of Denton to adjust its thresholds for maximum award amounts and associated loan terms.
    - Previous requirements:

Maximum Award	***Minimum Affordability Period (Loan Term)***
$14,999	Five years
$50,000	Fifteen years

- Current/Proposed requirements:

Maximum Award	***Minimum Affordability Period (Loan Term)***
$25,000	Five years
$50,000	Ten years

Figure 2 - Regulatory Changes from 2025 HOME Final Rule

Table 1. Minimum Periods of Affordability for HOME-Assisted Rental Rehabilitation, Rental Acquisition, Homebuyer Acquisition, and Homebuyer New Construction

Amount of Per-Unit HOME Assistance	Period of Affordability in 2013 Regulation	Period of Affordability After 2025 Final Rule
Less than $15,000	5 years	5 years
$15,000 to $25,000	10 years	5 years
$25,001 to $40,000	10 years	10 years
$40,001 to $50,000	15 years	10 years
Greater than $50,000	15 years	15 years

Source: Comparison by CRS of 24 C.F.R. §92.252 and 24 C.F.R. §92.254 before and after revisions made in 90 *Federal Register* 874 and 90 *Federal Register* 882.

Program Funding

Funding for CDBG projects is included in the 2026 Action Plan for Housing and Community Development for program year October 1, 2026, through September 30, 2027. City Council approved the 2026 Action Plan for Housing and Community Development with Ordinance No. 26-0944, on July 21, 2026. The U.S. Department of Housing and Urban Development (HUD) will consider approval of the City's 2026 Action Plan in September 2026, and funds will become available in October 2026. This program has been out of funding since early 2025 but was approved for $300,000 in federal funding on July 21 as part of the 2026 Action Plan (ID 26-0944). This funding will assist an estimated five households. The Homebuyer Assistance Program can be funded annually in an amount approved by the City Council in the future Action Plan for Housing and Community Development.

The Director is authorized to update or amend the Program Guidelines from time to time as necessary to accomplish the objectives of the Program and this Ordinance or as required by the U.S. Department of Housing and Urban Development.

Ordinance

This Ordinance approves the Homebuyer Assistance Program and authorizes the expenditures of federal Community Development Block Grant and HOME Investment Partnership Program funds for projects meeting the program guidelines and eligibility criteria,

OPTIONS

1. Approve the program guidelines as presented
2. Do Not Approve the program guidelines
3. Postpone to a date certain to allow for further deliberation

EXHIBITS

1. Agenda Information Sheet
2. 2026-27 CSAC Funding Recommendations and Descriptions
3. Ordinance and Homebuyer Assistance Program Guidelines

Respectfully submitted:
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