



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Development Services/Community Development Division

CM/ DCM/ ACM: Todd Hileman

DATE: October 17, 2017

SUBJECT

Consider adoption of an ordinance of the City Council of the City of Denton, Texas, approving guidelines for operation of the City of Denton Home Improvement Program and eligibility criteria; authorizing expenditures up to and in excess of \$100,000 for projects meeting program guidelines and criteria; and providing for an effective date.

BACKGROUND

This ordinance approves guidelines and eligibility criteria for the 2017 Home Improvement Program (HIP). Adoption of this ordinance authorizes project payments that are up to and exceed \$100,000 when the project meets program eligibility criteria and guidelines. The average cost of a rehabilitation is \$55,000 and reconstruction is \$115,000. Eligibility criteria information is included below and in the Program Guidelines.

After presentation of the recommendations for Community Development Block Grant (CDBG) and Home Investment Partnership Program (HOME) funding by the Community Development Advisory Committee (CDAC), City Council awarded \$277,568 in CDBG and \$118,000 in HOME grant funds to the HIP for the 2017-18 program year. The program and funding allocation amounts were submitted to HUD on June 6, 2017 as part of the City of Denton's *2017 Action Plan for Housing and Community Development*. Additional funding sources may include program income and owner-provided personal funds. Bids are requested for all rehabilitation and reconstruction projects. Homeowners select their contractor from the bids that meet HIP guidelines.

The HIP's objective is to assist low and moderate-income families in securing safe, sanitary and decent housing. This objective is accomplished through owner-occupied rehabilitation and optional reconstruction activities. Rehabilitation of an owner-occupied dwelling includes correction of code violations and completion of needed repairs. If a dwelling is not feasible for rehabilitation, the applicant may be eligible for a replacement single-family dwelling. The reconstruction option provides funds to demolish dilapidated dwellings and construct new modest, energy efficient and safe single-family dwellings on the owners' property.

Applicant(s) / Household Eligibility Criteria:

- House must be within the city limits of Denton.
- Must own, currently occupy and have occupied the dwelling for at least the past two consecutive years. House must have code deficiencies that make the house unsafe or unsanitary.
- Must hold a Fee Simple Title to the property. City staff will verify ownership through a general title search.

- Must not have assets (total combined for all household members) in excess of \$100,000. The appraised value of the applicant's property is excluded in the total assets calculation.
- Gross household income total must be at or below the Yearly Qualifying Income Limits:

Family Size	Maximum Income	Family Size	Maximum Income
1	\$41,100	5	\$63,400
2	\$47,000	6	\$68,100
3	\$52,850	7	\$72,800
4	\$58,700	8	\$77,500
Income Limit Source: U.S. Department of Housing and Urban Development - Effective Date 4/11/2017			

- Must show the ability to pay property taxes, utilities, homeowner property insurance payments, lenders, creditors and the HIP loan from the City.
- Must not have any active levy or judgment against applicant(s) or the property.
- If the household has a mortgage:
 - Mortgage payment needs to be current and up to date.
 - Equity: Mortgage loan balance cannot be more than 80 percent of the property's appraised value for rehabilitation or 70 percent of the property's appraised value for reconstruction.

Property Eligibility Criteria:

- Must be zoned to allow for single-family construction.
- Must exhibit building code deficiencies that make the dwelling unsafe or unsanitary.
- Structure must be more than 15 years old.
- May not have existing property code violations (such as high weeds, trash, debris, junk vehicles, etc.). Any liens placed on a property for correcting any past or present code violations must be paid in full by the time application processing occurs. Any items cited as a code violation on the property must be corrected or removed before assistance is provided.
- Must be serviced by or be accessible to City-approved water supply, sanitary sewer and electrical system.
- Must meet all of the City of Denton's Land Development Codes.
- Must comply with and meet all environmental regulations; i.e., historical, floodplain, noise, lead, etc.
- May not exceed Community Development Replacement Housing Space Allowances Policy for reconstruction. Projects that would exceed the set standards due to property deed restrictions or neighborhood minimum requirements are not eligible for assistance.
- Must be covered by an approved homeowner's insurance policy.

Maximum limits for the Program: The City of Denton will complete an evaluation of the house. HIP guidelines have maximum limits on the amount that can be spent to rehabilitate/ reconstruct a house. If the project cannot be assisted within the maximum-limits, the applicant would not be eligible for the Home Improvement Program.

- **Rehabilitation:** Using the post project square feet (properties less than 1000 SF use 1000 SF to calculate), rehabilitation is limited to \$60 per square foot of total living space up to a maximum bid limit of \$75,000, plus 10% for potential change orders. Exceptions: An additional \$10 per square foot may be available to comply with lead reduction. An additional \$10 per square foot may be available to comply with historical requirements. When rehabilitation includes either lead-based paint and/or historical work, a project bid is limited to a maximum of \$80,000, plus 10% for potential change orders.
- **Reconstruction:** Bids submitted by contractors must be reasonable and must not exceed more than 5 percent of Community Development staff's cost estimate

- Upon project completion, the appraised property value will not exceed 95% of the current Existing/New Homes HOME Purchase Price Limit provided by HUD.

<u>\$206,000 (1 unit)</u>	Rehabilitation: Existing Homes HOME Purchase Price Limit
<u>\$235,000 (1 unit)</u>	Reconstruct: New Homes HOME Purchase Price Limit
Dallas-Plano-Irving, TX Metro FMR Area/Denton – Effective: 2/2017	

The following revisions are recommended by the Community Development staff and are included in the 2017 HIP guidelines:

1. “Eligibility Income Limits” are updated based on the revised limits published yearly by HUD. Current limits were effective April 11, 2017.
2. Existing/New Homes HOME Purchase Price Limit for existing housing units and newly constructed units are published yearly by HUD. The limits were effective February 2017.

OPTIONS

- Approval of ordinance accepting HIP guidelines;
- Do not approve ordinance accepting HIP guidelines.

RECOMMENDATION

Staff recommends approval of the HIP guidelines.

ESTIMATED SCHEDULE OF PROJECT

The program guidelines will be in effect for owner-occupied rehabilitation and reconstruction projects completed from October 1, 2017 through September 30, 2018.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

The CDAC recommended \$395,568 for the HIP and City Council approved the recommendation on June 6, 2017, as part of the 2017 Action Plan for Housing and Community Development.

FISCAL INFORMATION

Funding for all projects is provided through the CDBG and HOME programs. Housing staff salaries related to program delivery will be paid with 2017 CDBG and HOME administration and program funds. No general fund dollars are included to pay for construction costs or to manage this program.

BID INFORMATION

N/A

STRATEGIC PLAN RELATIONSHIP

The City of Denton’s Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Safe, Liveable & Family-Friendly Community
Related Goal: 4.2 Promote clean and healthy neighborhoods

EXHIBITS

1. Agenda Information Sheet
2. Proposed Ordinance

3. 2017-18 HIP Guidelines

Respectfully submitted:
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