



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Department of Development Services

CM: Todd Hileman

DATE: November 7, 2017

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas, authorizing the City Manager to initiate foreclosure proceedings on property known as Lot 8A, Block 7, Jasper Addition, recorded in Cabinet Y, Page 771, filed December 9, 2008, plat records, Denton County, Texas; providing for the expenditure of funds therefor; severability and an effective date.

BACKGROUND

On June 10, 2009, the City of Denton entered into that certain Deed of Trust, Promissory Note and Real Estate Lien Note with Joseph Feagins and Loveta Jackson ("Property Owner") to reconstruct their home under the Home Improvement Program (HIP). Loveta Jackson passed away 4/4/12 and Joseph Feagins passed away 7/14/16. The loan is in default and loan documents executed by the Property Owner provide that upon default the note may be matured and indebtedness accelerated. Staff is ready to initiate foreclosure proceedings since settlement discussions with heirs have been unsuccessful.

The Community Development Division has never had reason to foreclose on a property. The program was funded with the City's first Community Development Block Grant Program allocation in 1984-85. Since that time, staff has been able to work with homeowners or their heirs to develop an agreement that is approved by all parties. Staff has not been able to accomplish this in regard to the Lakey Street property.

Program Guidelines state that in the event the owner(s) no longer resides in the unit due to death or a permanent medical condition and the heirs/owner decide to sell the property, the City of Denton will accept as settlement of the note the lesser of:

- Pay off the payable/deferred loan balance
- If the heir(s) decides a family member will permanently reside in the property, the City of Denton will negotiate a modified and/or continuation of the note depending on beneficiary income and ownership circumstances. If the heirs decide to set up the property as a rental unit, they will pay the balance due as calculated in "D" above and may request a monthly payment arrangement. The heirs will be required to :
 - 1) Gain simple fee title ownership to the property;
 - 2) Complete the application process providing household income and backup documentation, when an heir will become owner; and,
 - 3) Sign a Modification of Note and Lien.

OPTIONS

1. Approve as submitted.
2. Approve subject to conditions.
3. Deny.
4. Postpone consideration.
5. Table item.

RECOMMENDATION

Staff recommends approval of the ordinance allowing for the sale of the property and the use of revenue from the sale to assist other low and moderate-income households through the Home Improvement Program.

FISCAL INFORMATION

\$78,028.56 is the amount owed on the Home Improvement Program loan provided to Mr. Feagins and Ms. Jackson. As stated above, any funding received as a result of the foreclosure will be deposited into the HIP budget to assist other eligible households.

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. Ordinance

Respectfully submitted:
Scott A. McDonald
Interim Director of Development Services

Prepared by:
Barbara Ross
Community Development Manager