

KEY FOCUS AREA: A Cleaner, Healthier City Environment

AGENDA DATE: May 25, 2011

COUNCIL DISTRICT(S): 1, 2, 4

DEPARTMENT: Housing/Community Services

CMO: A. C. Gonzalez, 671-8925

MAPSCO: 36X 53L 54Z 65B

SUBJECT

Authorize on-site reconstruction of four homes in accordance with the requirements of the Reconstruction/SHARE Program Statement for the properties located at: 1829 East Overton Road in the amount of \$93,400; 5531 Alta Avenue in the amount of \$93,400; 2723 Grafton Avenue in the amount of \$93,400; and 2814 Michigan Avenue in the amount of \$93,400 - Total amount not to exceed \$373,600 - Financing: 2010-11 HOME Investment Partnership Program Grant Funds

BACKGROUND

The homeowners and the properties herein described and their properties are eligible for a Reconstruction/SHARE Program loans. The homeowners are below 80% AMFI and their names, ages and property addresses follow: Ollie Lee Hudson, an elderly female, 87 years old, residing at 1829 E. Overton Road; A. Velia Salas, an elderly female, 72 years old, residing at 5531 Alta Avenue; Jorge A. Ramirez, a disabled male, 34 years old, residing at 2723 Grafton Avenue; and Arnita Johnson, an elderly female, 71 years old, residing at 2814 Michigan Avenue.

Authorization by City Council is required before proceeding with on-site reconstruction of a home when all of the following conditions exist: (a) repairs necessary to meet the Quality Standards and all applicable codes cannot be accomplished within the program funding limits; (b) the condition of the home creates an imminent danger to the life, health and/or safety of the residents, and/or the neighborhood; and (c) repairs are not feasible to extend the life of the repaired structure beyond 15 years.

This action provides the authority to proceed with on-site reconstruction of four (4) single-family homes in compliance with the conditions listed above.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 12, 2007, City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site pursuant to certain conditions for assistance up to \$87,500 by Resolution No. 07-3307.

On April 23, 2008, City Council authorized an amendment to the Reconstruction/SHARE Program Statement to add an amenities package up to \$5,900 by Resolution No. 08-1266.

On October 8, 2008, City Council authorized an amendment to the Reconstruction/SHARE Program Statement to assist low-income homeowners in Dallas earning less than 80% of Area Median Family Income (AMFI), and are 62 years of age or older or disabled, and to provide assistance with one (1) tax and insurance payment by Resolution No. 08-2768.

On December 9, 2009, City Council authorized an amendment to the Reconstruction/SHARE Program Statement to increase the maximum Reconstruction Program Assistance Type One loan amount from \$87,500 to \$93,400 by Resolution No. 09-2951.

On September 22, 2010, City Council authorized modifications to the Program Statement for the Reconstruction/SHARE Program to include reconstruction of homes with a failure of 3 systems and a foundation, and/or life, safety and health concerns. Allow refinancing of secured housing liens up to the dollar amount of the amenities package of \$5,900.00; thereby reducing the dollar amount available for reconstruction to no less than \$87,500, but not changing the total loan amount of \$93,400. Annually 10% of funds may be used to assist persons younger than 62 years of age, or without a disability, and still meeting all other loan criteria by Resolution No. 10-2465.

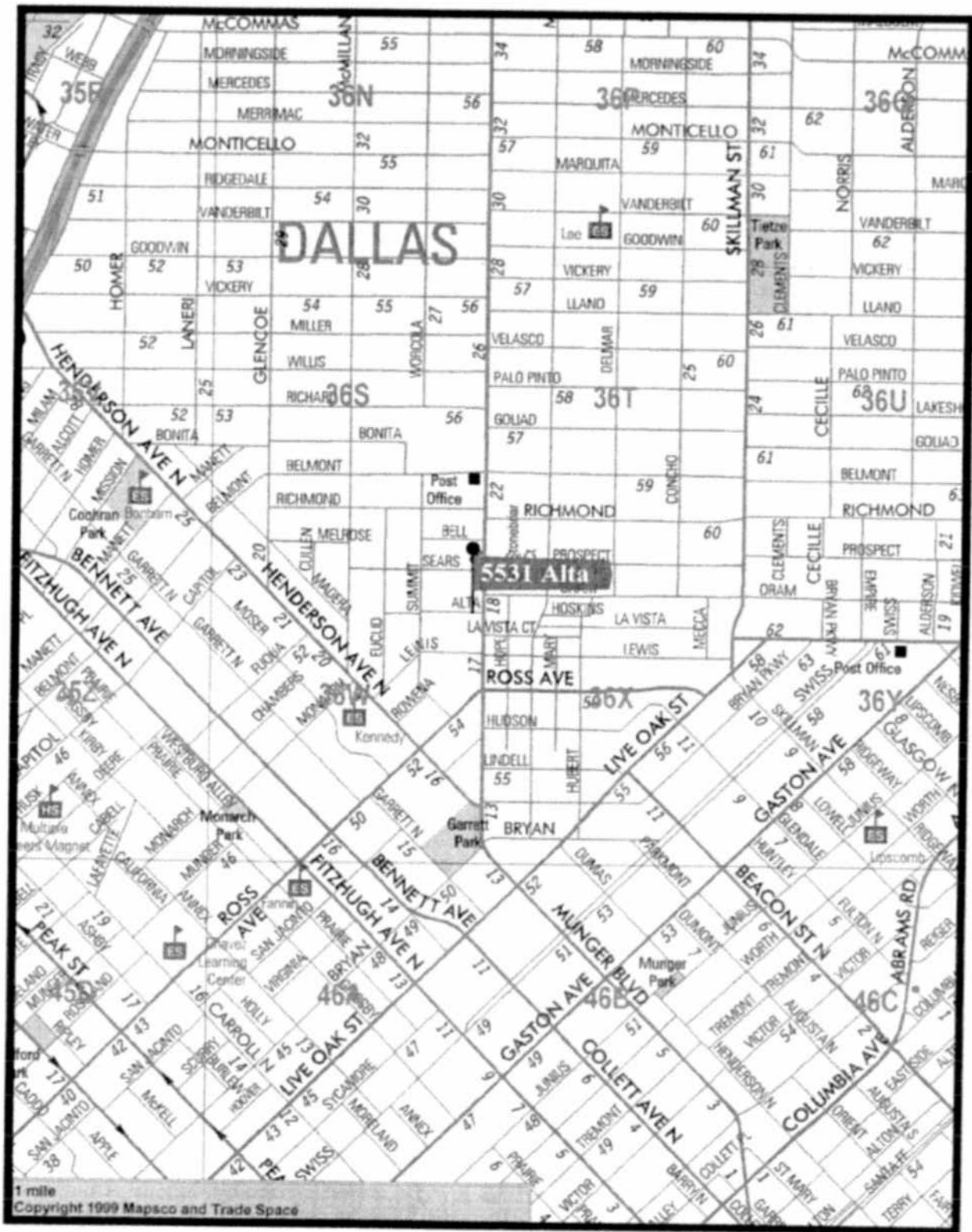
FISCAL INFORMATION

2010-11 HOME Investment Partnership Program Grant Funds - \$373,600

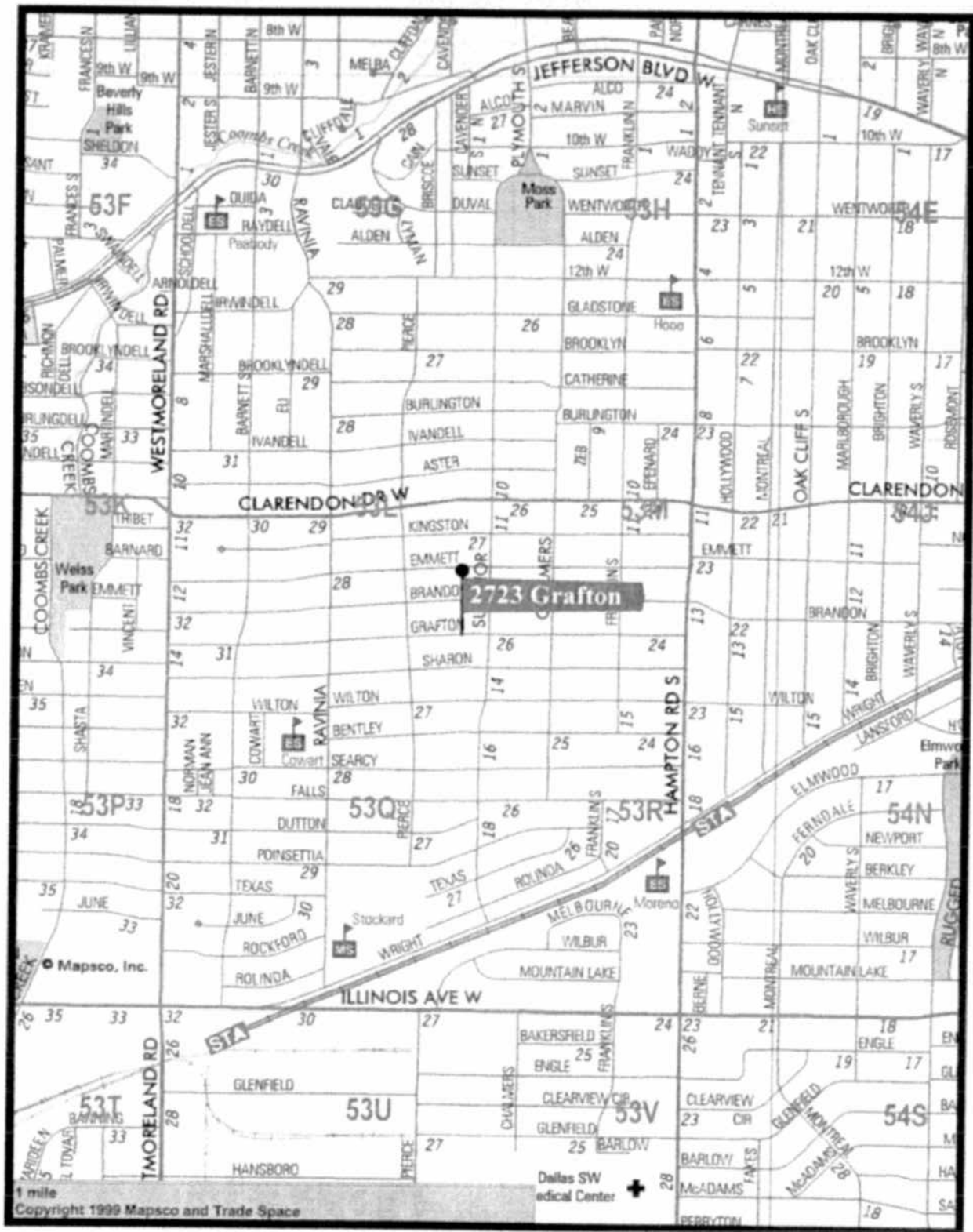
Council District 1 - \$93,400
Council District 2 - \$186,800
Council District 4 - \$93,400

MAP(S)

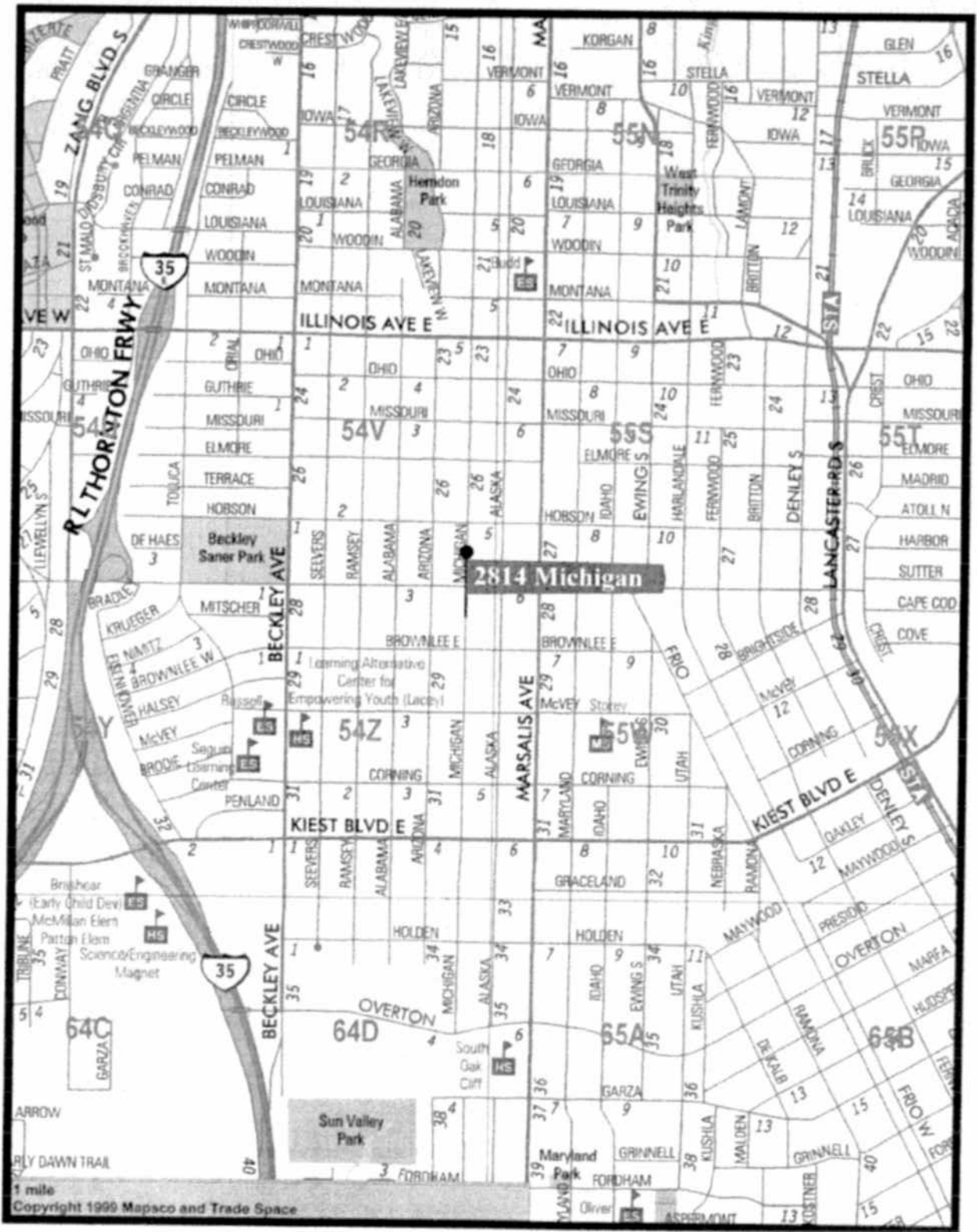
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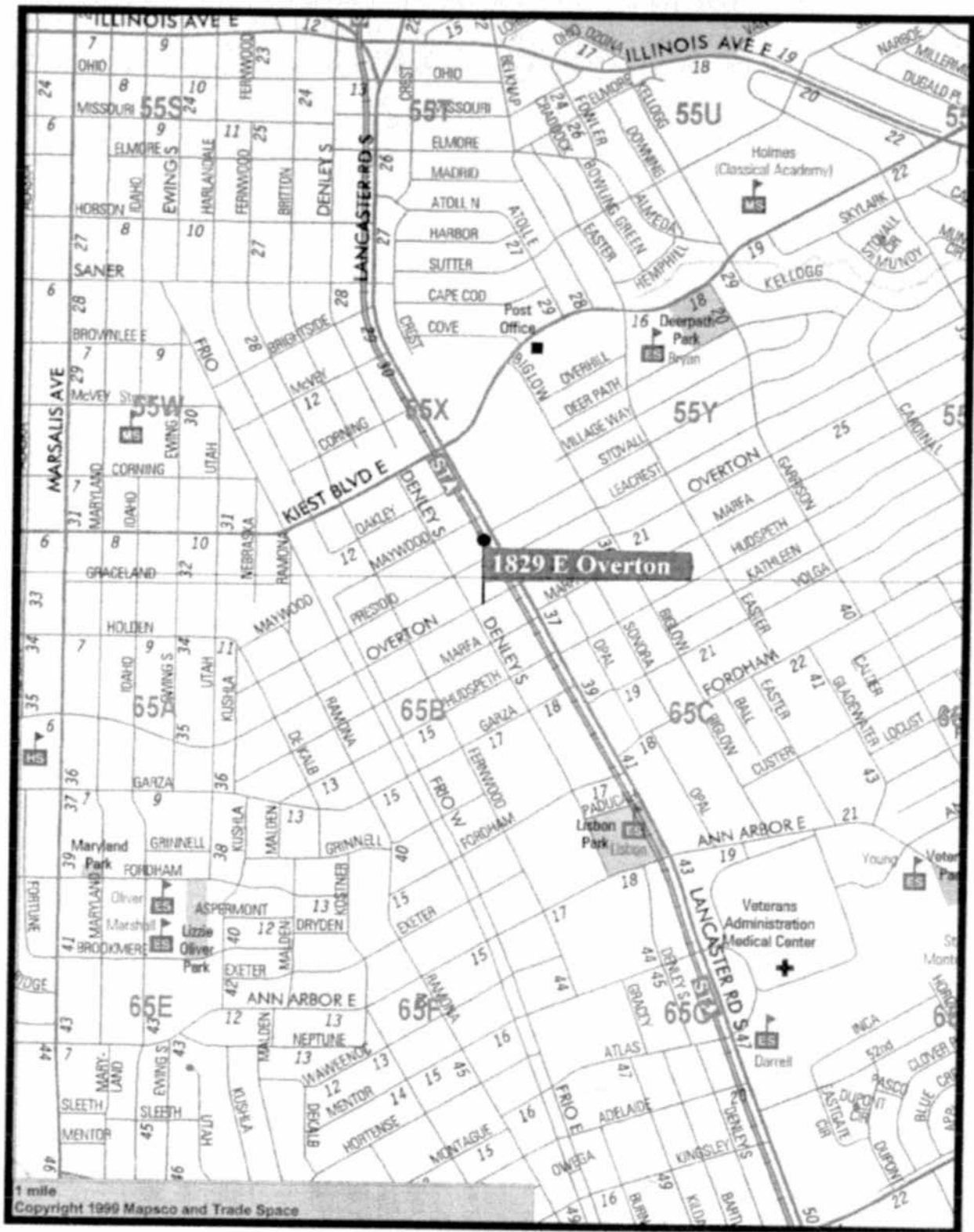
MAPSCO 36X



MAPSCO 53L



MAPSCO 54Z



MAPSCO 65B

May 25, 2011

WHEREAS, on November 12, 2007, City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site pursuant to certain conditions and for assistance up to \$87,500 by Resolution No. 07-3307; and

WHEREAS, on April 23, 2008, City Council authorized an amendment to the Reconstruction/SHARE Program Statement which added an amenities package up to \$5,900 by Resolution No. 08-1266; and

WHEREAS, on October 8, 2008, City Council authorized an amendment to the Reconstruction/SHARE Program Statement to assist low-income homeowners at 80% of AMFI, and 62 years of age or older or disabled, and to provide assistance with one (1) tax and insurance payment by Resolution No. 08-2768; and

WHEREAS, on December 9, 2009, City Council authorized an amendment to the Reconstruction/SHARE Program Statement to increase the maximum Reconstruction Program Assistance Type One loan amount from \$87,500 to \$93,400 by Resolution No. 09-2951; and

WHEREAS, on September 22, 2010, the City Council authorized modifications to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 10-2465; and

WHEREAS, the homeowners at the addresses herein described have made applications to the Home Repair Program: Ollie Lee Hudson at 1829 E. Overton Road; A. Velia Salas at 5531 Alta Avenue; Jorge A. Ramirez at 2723 Grafton Avenue; and Arnita Johnson at 2814 Michigan Avenue; and

WHEREAS, all three conditions outlined in the Reconstruction/SHARE Program Statement for on-site reconstruction of the homes were met for the property owners: Ollie Lee Hudson; A. Velia Salas; Jorge A. Ramirez; and Arnita Johnson; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the applications from the homeowners and their properties described herein for reconstruction loans be approved under the Reconstruction/SHARE Program: Ollie Lee Hudson at 1829 E. Overton Road; A. Velia Salas at 5531 Alta Avenue; Jorge A. Ramirez at 2723 Grafton Avenue; and Arnita Johnson at 2814 Michigan Avenue. The loans are in the amount shown in Section 3 hereof.

May 25, 2011

SECTION 2. That the City Manager, upon approval as to form by the City Attorney is authorized to execute the following loan documents: Ollie Lee Hudson for on-site reconstruction at 1829 E. Overton Road; Velia Salas for on-site reconstruction at 5531 Alta Avenue; Jorge A. Ramirez for on-site reconstruction at 2723 Grafton Avenue; Arnita Johnson for on-site reconstruction at 2814 Michigan Avenue.

SECTION 3. That the City Controller is authorized to make payments for reconstruction of the home in accordance with the following funding information:

Fund HM10 Dept HOU, Unit 462C, Obj 3099, CT HOU462CG552 (\$93,400)
Vendor # 516779 – Opportunity Developers – 1829 E. Overton Road

Fund HM10 Dept HOU, Unit 462C, Obj 3099, CT HOU462CG551 (\$93,400)
Vendor # 337798 – Torres Construction – 5531 Alta Avenue

Fund HM10 Dept HOU, Unit 462C, Obj 3099, CT HOU462CG553 (\$93,400)
Vendor # VS0000040190 – Altura Homes DFW, LP – 2723 Grafton Avenue

Fund HM10 Dept HOU, Unit 462C, Obj 3099, CT HOU462CG554 (\$93,400)
Vendor # VC0000005552 – Eric Miller Homes, Inc. – 2814 Michigan Avenue

SECTION 4. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas and it is accordingly so resolved.

DISTRIBUTION:

Housing/Community Services Department
City Attorney's Office
Office of Financial Services/Community Development, 4FS

KEY FOCUS AREA: A Cleaner, Healthier City Environment
AGENDA DATE: May 25, 2011
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: N/A

SUBJECT

Authorize modifications to the Reconstruction/SHARE Program Statement to: **(1)** increase the maximum Reconstruction Program Assistance Type One loan amount from up to \$93,400 to up to \$103,000; **(2)** provide assistance to the extent permitted under appropriate regulations to cover the difference in the amount needed to complete an on-site reconstruction when either the contractor or property owner terminates the existing contract; and **(3)** clarification of the use of funds and deleting the one time payment of taxes in accordance with directions from U.S. Department of Housing and Urban Development (HUD) – Financing: No cost consideration to the City

BACKGROUND

This action will authorize revisions to the Reconstruction/SHARE Program Statement to increase the maximum loan amount from up to \$93,400 to up to \$103,000 to bring the program in compliance with Energy Star 3.0 through 2014. On April 9, 2008 the City of Dallas adopted Ordinance No. 27131 that requires sustainable (“green”) building designs and construction practices in all new residential and commercial buildings constructed in the City. This process will reduce greenhouse gas emissions, improve air quality, conserve energy and water, reduce storm water impacts, minimize waste, preserve natural resources, and improve human health. Energy Star has implemented more stringent guidelines and mandatory requirements that will come into full effect January 1, 2012. Energy Star requires insulation levels that meet or exceed the 2009 International Energy Conservation Code (IECC), as well as setting forth standards for HVAC equipment, windows, doors, domestic hot water, thermostats, ductwork, lighting, appliances and water management. These requirements will increase the cost of building but will provide a more energy efficient home.

BACKGROUND (continued)

This action will authorize the Reconstruction/SHARE Program to provide assistance to complete an on-site reconstruction when either party (contractor or homeowner) terminates the existing contract. The assistance will be provided to the extent permitted under appropriate regulations to cover reasonable costs the new contractor may incur to complete the on-site reconstruction without changing the scope of the original project and not changing the total loan amount of up to \$103,000.

This action will also authorize the deletion of the one time payment of taxes in order to comply with federal guidelines.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 8, 2008, the City Council authorized modifications to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 08-2768.

On December 9, 2009, the City Council authorized modifications to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 09-2951.

On September 22, 2010, the City Council authorized modifications to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 10-2465.

On November 10, 2010, the City Council authorized an amendment to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 10-2884.

FISCAL INFORMATION

No cost consideration to the City.

May 25, 2011

WHEREAS, On November 10, 2010, the City Council authorized an amendment to the Program Statement for the Reconstruction/SHARE Program by Resolution No. 10-2884; and

WHEREAS, the City now desires to adopt these revisions to the Home Repair Program Statement for Reconstruction/SHARE Program attached as Exhibit B **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Council authorizes the revisions to the Program Statement for the Reconstruction/SHARE Program attached as Exhibit B is effective upon adoption of the resolution.

SECTION 2. That the City Manager is authorized to administer the Reconstruction/SHARE Program Statement.

SECTION 3. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan documents in compliance with the Program requirements and applicable laws consistent with the revised Program Statement for the Reconstruction/SHARE Program.

SECTION 4. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

DISTRIBUTION:

Housing/Community Services Department
City Attorney's Office
Office of Financial Services/Community Development, 4FS

EXHIBIT B

RECONSTRUCTION / SHARE PROGRAM PROGRAM STATEMENT

Program Purpose:

To provide for the reconstruction of single-family homes on the homeowner's lot subject to City Council approval.

To provide a deferred payment loan to qualified applicants who reside in single-family, owner-occupied structures where Major Systems Repair Program assistance Level II eligibility has been determined infeasible due to the following:

- Three (3) major systems (electric, gas, water, wastewater, HVAC and roof) and foundation are failing and/or
- The condition of the home creates an imminent danger to the life, health, and/or safety of the residents and/or the neighborhood

Assistance Type One:

Provide a loan of up to ~~\$93,400~~ \$103,000 for demolition costs and on-site reconstruction of an approximately 1,200 square foot home on the homeowner's lot. Various house plans will be available for selection by the applicant. Plans that are consistent with the configuration of the neighborhood will be included. Homes will meet Energy Star and water conservation standards.

Assistance Type Two:

Provide a loan of up to ~~\$70,900~~ \$80,500 combined with a \$22,500 replacement housing payment from the Department of Code Compliance, commonly referred to as SHARE loans, for the on-site reconstruction of a home on the homeowner's lot. Various house plans will be available for selection by the applicant. Plans that are consistent with the configuration of the neighborhood will be included. Homes will meet Energy Star and water conservation standards.

Assistance Type Three:

Provide assistance to the extent permitted under appropriate regulations to cover any increased amount needed to complete an on-site reconstruction when either the contractor or property owner terminates the existing contract. The increased amount will cover any additional cost that the new contractor may incur to complete the on-site reconstruction, without changing the total loan amount.

EXHIBIT B continued

RECONSTRUCTION / SHARE PROGRAM PROGRAM STATEMENT

RECONSTRUCTION / SHARE PROGRAM INSURANCE AND TAX ASSISTANCE

Within eighteen 18 months of the completion date for the reconstruction of the new home in accordance with the Program Statement for the Reconstruction/SHARE Program, as part of the borrower's closing costs as permitted under appropriate regulations; the Program may set-aside funds to pay all title service costs and make a one-time payment toward the borrower's ~~property taxes which may include all ad-valorem property taxes for all taxing entities for only the first year after appraisal of the new home and the~~ property insurance premium for one year as permitted under appropriate regulations. "No reimbursements are allowed, and no program funds may be used to pay for delinquent or past due ~~taxes or~~ insurance."

General Conditions:

Applicants must meet following loan criteria:

- Identity
- Citizenship or permanent legal status
- Current on all property taxes for the property
- 62 years of age or older or disabled, which means under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance or the Veterans Administration. Annually 10% of funds may be used to assist persons younger than 62 or without a disability yet meeting all other loan criteria
- Ownership and occupancy of property for a minimum of two (2) consecutive years or six (6) months in Neighborhood Investment Program (NIP) areas, unless safety and/or health conditions have forced applicants to evacuate within the past 24 months of application
- Maximum Area Median Family Income (AMFI) at 80%, based on the number of persons in household, as defined by HUD
- Property insurance on home
- Property is not located in a 100-year floodplain
- Zoning of property for reconstruction housing must permit single-family dwelling construction

After meeting the above loan criteria, the Program may:

Allow the refinancing of secured housing liens up to the amount of the amenities package of \$5,900, thereby reducing the loan amount available for reconstruction to no less than ~~\$87,500~~ \$94,100 but not changing the total loan amount of ~~\$93,400~~ \$103,000

EXHIBIT B continued

RECONSTRUCTION / SHARE PROGRAM PROGRAM STATEMENT

All eligible applicants approved for the program must be able to obtain title insurance, agree to voluntarily relocate elsewhere at their own expense during reconstruction, and provide proof of homeowners' insurance for the reconstructed home prior to occupancy.

Loan Terms:

Assistance Type One and Assistance Type Two:

- Deferred loans will be secured by a promissory note, and deed of trust,
- The interest free note is due and payable upon the death of Borrower or transfer of the property; provided, however, the amount owed and due on the note to Lender on date of death of Borrower or transfer of the property shall be the lesser of (a) the original Principal Amount of the note as may be amended or (b) seventy-five percent (75%) of the market value of the land and improvements as determined by the Dallas Central Appraisal District for the property for the year immediately prior to the proposed sale or transfer of property." Transfer of Property" shall be deemed to include, but not be limited to, the conveyance of the property or any interest therein, (except oil, gas or mineral interests), such as the granting of a leasehold interest or a life estate in the property, or the quitclaim of the property; or any reverse mortgage on the property.

Lender, in its sole discretion, may consent to a one time transfer and assumption of the note upon the death of Borrower by an eligible heir of the Borrower. To be considered "eligible," an heir of Borrower must satisfy all the following conditions: (a) the heir has full title to said property and will occupy the property as the heir's principal residence, (b) the heir is at least 62 years of age or disabled or meet the income guidelines as defined in the program statement as hereby amended; (c) the heir's household income as adjusted for family size is 80% or less of the area median family income for Dallas as determined by the U.S. Department of Housing and Urban Development, or its successor, and (d) the heir executes loan assumption documents in form acceptable to Lender.

- Upon the heir's death or upon the transfer of the property by heir, the amount owed and due on the note to the Lender shall be the lesser of (a) the original Principal Amount of the note as may be amended or (b) seventy-five percent (75%) of the market value of the land and improvements as determined by the Dallas Central Appraisal District for the year immediately prior to the heir's death or the transfer of the title to the property.

EXHIBIT B continued

**RECONSTRUCTION / SHARE PROGRAM
PROGRAM STATEMENT**

- If the Dallas Central Appraisal District is no longer in existence at the time of Borrower's or heir's death or transfer of the property, the "market value of the land and improvements" may be determined by a state-certified residential real estate appraiser approved by the City Manager and whereby said appraiser shall prepares an independent fee appraisal of the land and improvements at the expense of Borrower or Borrower's legal representative.
- Refinancing and loan subordinations are not permitted

Program Administration

The City Manager, or his/her designee, is authorized to establish guidelines and procedures to administer this Program in accordance with this Program Statement and applicable Federal and local regulations.