

Memorandum



CITY OF DALLAS

DATE August 15, 2008

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dr. Elba Garcia, Vonciel Jones Hill, Angela Hunt, Linda Koop, Pauline Medrano

SUBJECT Home Repair Program Revisions

On Monday, August 18, 2008, you will be briefed on Home Repair Program Revisions. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez', enclosed in a hand-drawn oval.

A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ryan S. Evans, First Assistant City Manager
David O. Brown, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Budget Director, Office of Financial Services
Helena Stevens-Thompson, Assistant to the City Manager

Home Repair Program Revisions

Housing Committee
August 18, 2008



PURPOSE OF BRIEFING

- To propose program revisions to the Housing Department's Reconstruction/SHARE Program.

Recommended Program Revisions

- ❑ City to pay ONE YEAR's property taxes after property reassessment by DCAD
- ❑ City to pay ONE YEAR's property insurance equal to loan value at completion of rebuild
- ❑ Increase Area Median Income eligibility level from 50% to 80% citywide (currently 80% only in NIP)
- ❑ Require repayment of loan at transfer of title to anyone other than an eligible low to moderate income legal heir
- ❑ Establish age / disability requirements

Side-By-Side Analysis

CURRENT PROGRAM:

- Reconstruction/SHARE Program:
\$81,600 Demolition/Construction
\$ 5,900 Amenity Schedule
\$ 1,665 Title Services

TOTAL: \$89,165 PER UNIT COST

- 50% Citywide / 80% in NIP
- Age/Disability: No Restrictions
- Accomplishments: 52 units
- Loan Repayment: Currently loan is forgiven in 15 years

RECOMMENDED REVISIONS:

- Reconstruction Program:
\$81,600 Demolition/Construction
\$ 5,900 Amenity Schedule
\$ 1,665 Title Services
\$ 1,000 Taxes & Insurance

TOTAL: \$90,165 PER UNIT COST

- 80% Citywide
- Age/Disability: 62+ or Disabled
- Accomplishments: 51 units
- Loan Repayment: Payment in full at transfer of title except to qualified heir.

Factors Contributing to Revisions

TAXES & INSURANCE

- Most Homeowners are EXEMPT and currently pay no property taxes. Updated assessment by DCAD after completion of new home will increase tax liability.
- Most Homeowners have minimal insurance (fire, hazard) and pay low monthly premiums (\$25 / mo). Cost of insurance on the new home will increase.

AREA MEDIAN INCOME INCREASE TO 80%

- Several applicants have been denied assistance because their income exceeds 50%. High cost of living (gas, energy, food, etc.) is limiting disposable income.
- Many seniors work to raise grandchildren and make ends meet. Seniors on a fixed income may be forced to reduce their hours or quit their jobs to qualify.

PAYMENT OF LOAN AT TRANSFER OF TITLE

- Program is funded 100% by an annual federal grant from the Department of Housing and Urban Development. Loan repayment would provide program dollars to be used for future reconstructions and maximize "static" or "decreased" federal funding levels to assist families.

AGE/DISABILITY

Applicants being considered for the Reconstruction Program that are not 62 years of age or disabled are less likely to be impacted by "fixed" income. Younger, more able-bodied applicants are more financially and physically capable of home maintenance.

Advantages of Revisions:

1. One year's payment of taxes and insurance would allow time for the Homeowner to plan, save, and realize energy cost savings to assume the payment responsibility.
2. 80% AMFI would allow the program to qualify Homeowners whose income is slightly higher. Currently, 50% of the gross area median income is \$23,275 for a single-member household and \$33,250 for a family of four. Homeowners in the 50% to 80% bracket would be able to afford to better maintain their new home. HUD's AMFI cap has remained the same since 2002 compared to the increase in cost of living.
3. The repayment of the loan at transfer of title to someone other than low to moderate income heir would generate program income. These funds would be recycled and used to assist other Homeowners.
4. More seniors and disabled citizens are remaining in their homes for longer periods of time. As "Boomers" begin retiring and living on fixed incomes, this population will require targeted funding. Funding should be targeted at Seniors 62+ and disabled citizens to enable them to remain in their homes and improve their quality of life.

What Are Other Cities* With Reconstruction Programs Doing?

Income: All but one city qualify applicants up to 80% AMFI

Taxes & Insurance: None of the cities pay taxes & insurance. Cities with loan programs that require payment escrow taxes and insurance as part of monthly payment.

Loan Terms: Liens vary from 10 to 20 years
 Loans vary from deferred/forgivable to ½ forgivable & ½
 repayment unless property is sold and 100% if due
 Loans are transferable to qualified heirs

Age / Disability Criteria: No other city the size of Dallas targets applicants for age or disability

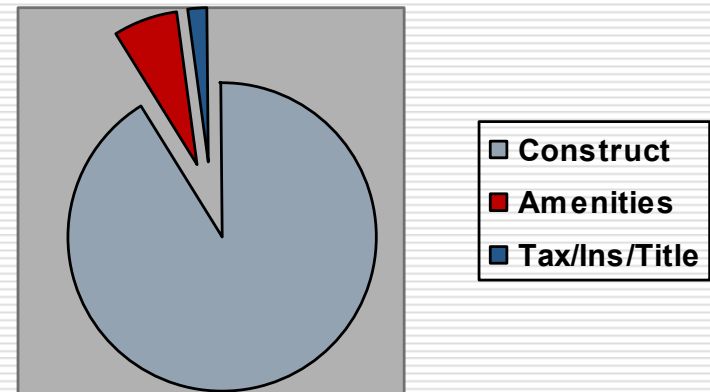
*Cities Providing Information: Houston, San Antonio, Denton, Waco, McKinney, Lubbock

2008-2009 PROJECTIONS

Reconstruction / SHARE

Federal Funds \$4,677,493 Units 52

Construction Cost \$81,600
Amenities \$ 5,900
Title Services \$ 1,665
Taxes & Insurance \$ 1,000
 \$90,165



Disadvantages of Program Revisions

❑ Taxes / Insurance:

- Public's opinion of Homeowner responsibility to pay taxes and insurance
- Diminishes units of service: 52 to 51

❑ AMFI Increase:

- Public's opinion of Homeowner responsibility to maintain home strengthened if reconstruction provided to Homeowners with more income

❑ Loan Repayment:

- Compliance – HUD requires monitoring of a percentage of homes with active liens
- Homeowners will choose not to participate

❑ Age / Disability: Homeowners younger than 62 or not disabled will not be able to qualify for the Reconstruction Program

2008-2009 Application Status

- Year-Round Marketing and Outreach
 - Flyers & brochures distributed city-wide
 - 56 outreach presentations city-wide informing over 7,387 citizens
 - Ads posted in 3 local newspapers
 - Local radio PSAs
 - Email blast to City departments and City officials

- July 21-25, 2007 Call Center opened
 - Calls taken and packets prepared for mailing
 - 1200 applications distributed

- Application Activity
 - 174 units of service available

Next Step...

- September 24, 2008: City Council Resolution approving new Program Statements