



# City of Denton

City Hall  
215 E McKinney St.  
Denton, TX 76201  
www.cityofdenton.com

## Meeting Minutes

### Community Development Advisory Committee

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Thursday, March 21, 2019

5:00 PM

City Hall East  
Second Floor Conference Room

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**Members Present:** Mary Beth Cottingham, Jane Piper-Lunt, Larry Varnes, Kiara Hunter, Jodi Vicars-Nance, Megan Bradshaw, and Michael Redwine

**Members Not Present:** Fran Witte and Randi Skinner

**Staff Present:** Luisa Garcia, Dani Shaw, and Sarah Kuechler

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A quorum was established. Larry Varnes, Chair called the meeting to order at 5:28 p.m.

The chair asked the committee members if any had a conflict of interest with any of the housing programs that were going to be presented. No conflict of interest were disclosed by the committee members.

The chair mentioned the following housekeeping items:

1. The presentations on March 21 complete all of the eight (8) funding presentations.
2. The next meeting will be to make recommendations and the meeting will be held on March 28, 2019 at 5:30 p.m. at the City Council Work Session Room.

#### 1. ITEMS FOR CONSIDERATION

- A.** CDAC19-004 Receive presentations and hold discussions with the following Community Development Grant Applicants:
- Community Development Division - Home Improvement Program
  - Community Development Division - Homebuyer Assistance Program
  - Community Development Division - Major Systems Replacement Program
  - Community Development Division - Minor Repair Program

Alma Espino, Housing Programs Manager, introduced herself and Gordon Meredith. She stated that Gordon would be presenting the Minor Repair Program and she would be presenting the Home Improvement Program, Homebuyer Assistance Program, and the new Major Systems Replacement Program.

Gordon Meredith introduced himself as the Residential Construction Specialist for the Community Development Division. The presenter mentioned that the Minor Repair Program has been in existence since 1996 when it was first funded and that many households have benefitted from receiving assistance with minor home repairs. The

request for the 2019/20 program year is \$160,000. The presenter also stated that the program addresses a major need in the community such as a failed water heater that would cost \$1,000 to \$1,200. A large number of people with incomes at or below 80% of the AMI (area median income) do not have \$1,000 to \$1,200 readily available to replace a water heater. Other examples of minor repairs include a furnace, air conditioner, roof, broken windows, broken porches, and rotted out bathroom floors. The presenters explained that the following changes were made to the program including increasing the income limits from 60% AMI to 80% AMI and increasing the maximum amount of assistance from \$5,000 to \$10,000 due to increases in construction costs. The presenter provided a breakdown of the funding request and stated that the majority of the request is to provide repair assistance with \$1,000 for lead-based paint tests on pre-1978 homes. The presenter further explained examples of when a lead-based test is required.

Committee member asked what percentage of the request are for pre-1978 homes. The presenter responded that one-third of the requests were for pre-1978 homes and expect that to increase in the coming years.

The presenter stated that the assistance is provided in the form of a grant and is designed to assist those households that have limited resources for home repairs. The presenter also stated that the program does not generate any program income and the request does not include any personnel costs.

The Minor Repair program is advertised in conjunction with the all housing program. The Minor Repair Program also refers households to the Home Improvement Program, especially if the home needs more than one major system replaced.

Committee member asked who pays for permits. According to the presenter, the program pays for the permit fees through the contractor reimbursement.

Committee member asked about the threshold for referring to the Home Improvement Program. The presenter responded that it requires the household to have multiple systems repaired such as roof, HVAC, broken windows, water heater, and if the estimated costs for repairs is more than \$10,000.

Committee member also asked if a separate application is required for Home Improvement Program. The presenter responded that a separate application would be required as a result of additional reporting requirements, but staff provides assistance in completing applications.

Committee member asked about the maximum assistance for Home Improvement Program. The presenter mentioned that the average cost for a rehabilitation project is \$102,000 and for reconstruction is \$135,000. The average cost for a rehabilitation program recently increased due to the most recent rehabilitation project. The presenter explained that the homeowner was elderly and if the house was reconstructed then Denton Central Appraisal District rules required that all exemptions be removed on the property thus increasing the property taxes to an unaffordable level. The project was rehabilitated instead and was more costly.

Committee member asked how many different vendors are available to bid on a project. The presenter provided examples that historically about 5 or 6 plumbers and 10 to 15 HVAC companies bid on Minor Repair projects.

Committee member asked if a structural engineer report is normally required for foundation repairs. The presenter stated that a structural engineer's report is an important part to determine foundation repairs.

Committee member stated that having the program guidelines as part of the application was very helpful.

Alma Espino introduced herself and provided a presentation on the existing Homebuyer Assistance, Home Improvement Program, and the new Major Systems Replacement Program.

According to the presenter, the Homebuyer Assistance Program (HAP) assists low and moderate income households with closing costs and down payment up to \$14,900 to purchase a home. The Home Improvement Program (HIP) assists low and moderate households with rehabilitation or reconstruction to their homes. The Minor Repair Program (MRP) provides assistance up to \$10,000 to assist with one to two minor repairs. The Major Systems Replacement Program will be able to assist households with more than just one or two major systems up to \$25,000.

The presenter stated that HAP provides a five-year zero percent interest rate forgivable loan up to \$14,900 to assist with down payment and closing costs assistance. The HAP program also provides a grant of up to \$5,000 for program-required repairs. The presenter provided the following buyer and property requirements as listed in the presentation slide:

1. Live in the city limits of Denton.
2. Contribute 1.75% of the sales price
3. Reserves of one month of mortgage payment
4. Income eligible
5. Qualify for a mortgage loan
6. Property must be in the city limits of Denton
7. Mobile and manufactures loans are ineligible
8. Current maximum sales price is \$200,000. HUD has increased the maximum sales price to \$225,000
9. Currently, pre-1970 homes are ineligible unless the major systems have been upgraded

The presenter provided additional information on the need for affordable housing. According to Zillow, the home value in Denton is the median sales price in Denton is \$235,000. The HAP maximum sales price was increased to \$225,000. The presenter also explained that the number of households assisted under the program continues to decrease due to the lack of affordable housing in good condition. The presenter further explained that the Major Systems Replacement Program (MSRP) can help to increase the supply of affordable housing in good conditions by allowing pre-1970 homes that were previously excluded. MSRP can assist homebuyers as well as homeowners.

The presenter explained that the funding application for MSRP is a pilot program seeking to assist five households.

The presenter provided the following minimum requirements for the Home Improvement Program as listed in the presentation slide:

1. Lived and own home for two years
2. House located in the city limits of Denton
3. Income eligible
4. Ability to afford a loan
5. Ability to pay property taxes, insurance, and utilities
6. House is required to be brought up to city codes include accessibility

HIP homes that are reconstructed meet Energy Star Requirements. The presenter explained that homeowners receive training on maintaining their home include watering foundation,

The presenter displayed a variety of before and after pictures of homes that had been rehabilitated or reconstructed.

Committee member asked if the homeowner is required to file a claim for the repair with their insurance company. The presenter answered that a homeowner is required to file a claim first and then the program can assist with the difference between the total cost of the repair less the insurance claim check.

Committee member asked how many people participated in the HAP. The presenter answered that seven households were assisted. Committee member asked how many different lenders were involved with the seven households assisted. The presenter explained that each household utilized a different lender and buyer's agent.

Committee members asked if the program can partner with Habitat for Humanity. The presenter mentioned that many homebuyers are referred to Habitat for Humanity, especially low and very-low income households. Habitat provides assistance to sixty percent of the AMI versus city programs that assist up to eighty percent.

Committee member stated that one of the things he considers is the number of households assisted versus the cost. The need is great for all of the household programs, but only forty households are being assisted. The committee member challenges staff to find ways to assist more than forty households per year.

Committee member asked if home warranty coverage has been considered for homeowners that had major systems that were not able to be replaced. The committee member explained that a traditional home warranty would cover most of the major systems for about \$500 per year with about a \$70 co-pay per trip. Staff will research the use of home warranties with federal funds.

The next meeting of the committee will be March 28, 2019 at 5:30 p.m.

Having no other business, the meeting was adjourned at 6:14 p.m.

Minutes Respectfully Submitted by Luisa Garcia, Staff Liaison to the CDAC Committee.

Minutes Approved: \_\_\_\_\_ March 28, 2019