



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/10/2020

ALL

Item Creation Date: 3/6/2020

HCD20-63 (Pilot) Homebuyer Choice Program Funding

Agenda Item#: 17.

### **Summary:**

ORDINANCE appropriating \$3,000,000.00 in TIRZ Affordable Housing Funds to provide assistance through the Homebuyer Choice Program for the purchase of homes selected by income eligible homebuyers who will purchase the improvements located on land that will be acquired and held by the Houston Community Land Trust to preserve long term affordability

### **Background:**

The Housing and Community Development Department (HCDD) requests Council approval of an Ordinance appropriating \$3,000,000.00 of previously deappropriated TIRZ Affordable Housing funds pursuant to ORD No. 2020-406, to provide financial assistance for the acquisition of homes whose improvements will be acquired by income eligible homebuyers and whose land will be acquired by the Houston Community Land Trust (HCLT) and leased to the homebuyer pursuant to a long term ground lease payment and closing costs assistance to the income eligible homebuyers purchasing the improvements.

The objective of the Homebuyer Choice Program (HCP) is to provide additional purchasing choices and options to eligible homebuyers within the City of Houston (City). Homebuyer eligibility will be based on the Area Median Family Income (AMFI) for the City of Houston. The City and HCLT have partnered to provide qualified residents the option to select a home within the City whose purchase will receive financial assistance from HCDD. The properties that are acquired with HCP subsidies are intended to retain their affordable status for a period of at least 99 years.

The HCP will be administered under a two-tiered subsidy structure based on AMFI. For both tiers, the family/homebuyer income must be less than 80% AMFI.

Tier I subsidy: Households selecting a home zoned to at least one A- or B- rated school are eligible to have "Tier I" HCP subsidy funds up to \$150,000.00 applied toward the purchase of the home.

Tier II subsidy: Households selecting homes in other areas of the City are eligible to have "Tier II" HCP subsidy funds up to \$100,000.00 applied toward the purchase of a home.

After purchase, HCLT will receive a deed to and own the land for each home subject to restrictive covenants that require that it own, lease and administer the land to preserve its long-term use to provide affordable housing to current and future generations of low-income homebuyers. As the program sponsor, HCDD will provide the subsidy funding necessary to permit the acquisition of a home's land and improvements so that low- and moderate-income homebuyers may afford to purchase the improvements and lease the land from HCLT for long-term affordable occupancy. The HCP Pilot Program guidelines will govern the planning and implementation of this program.

Each HCP homeowner will receive a deed, own the improvements of the selected home, and will lease from HCLT the land on which the home is located. In exchange for financial assistance to enable them to purchase the improvements and occupy a home they would not otherwise be able to afford, HCP homeowners agree to limit the price at which they can sell their interest in their homes, so that the home will remain affordable to future limited-income households without requiring the investment of additional public or private subsidies.

### **Fiscal Note:**

Funding for this item is included in the FY2021 Adopted Budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

DocuSigned by:

*Tom McCasland*

Tom McCasland, Director

### **Prior Council Action:**

2/19/2020 (O) 2020-136

5/13/2020 (O) 2020-406

### **Amount of Funding:**

\$3,000,000.00

IRZ Affordable Housing Fund  
Fund 2409  
Previously appropriated

**Contact Information:**

Roxanne Lawson  
**Phone:** 832-394-6307

**ATTACHMENTS:**

**Description**

Coversheet  
PNFDF  
Updated SAP  
2020-406 Ordinance  
2020-136 Ordinance  
ordinance  
Exhibits 1 of 3  
Exhibits 2 of 3  
Exhibits 3 of 3

**Type**

Signed Cover sheet  
Financial Information  
Financial Information  
Backup Material  
Backup Material  
Ordinance/Resolution/Motion  
Contract/Exhibit  
Contract/Exhibit  
Contract/Exhibit