



CITY OF HOUSTON - CITY COUNCIL

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HCD18-58a Guidelines for New Home Development Program

Agenda Item#:

Background:

The Housing and Community Development Department (HCDD) requests that City Council approve an ordinance establishing HCDD's New Home Development Program Guidelines.

The objective of the City of Houston's (City) New Home Development Program (NHDP) is to provide newly constructed, affordable single-family homes for low and moderate-income homebuyers (Qualified Homebuyers). The NHDP Guidelines will govern basic requirements, policies and procedures by which NHDP is managed and applicants are accepted and will apply to current and any future allocations of federal and/or local funds for NHDP activities. HCDD staff will administer the program in accordance with HUD regulations.

For homes funded by a Community Development Block Grant (CDBG), Qualified Homebuyers must have household incomes that do not exceed 80% of the area median income (AMI); for homes funded by other sources, Qualified Homebuyers must have household incomes that do not exceed 120% AMI (subject to requirements of the funding source). The City will contract for the construction of homes on lots owned or acquired by the Land Assemblage and Redevelopment Authority, dba Houston Land Bank (HLB) and HLB will sell the homes to Qualified Homebuyers or, if it is formed, to a community land trust which will be responsible for their sale to Qualified Homebuyers. Proceeds from the sale of the homes will be applied to closing costs, then paid to HLB for the acquisition, maintenance and insurance cost of the lot, and then paid to the City to reimburse, or partially reimburse, it for the construction cost of the home. The City may also fund the development of lots where eligible owners of damaged homes wish to exchange their damaged real property for a new home developed by the City on another lot. Possible sources of funding for the NHDP will be CDBG (to the extent such funds are subject to a waiver granted by the US Department of Housing and Urban Development (HUD) permitting their use for the construction of new homes), CDBG-Disaster Recovery funds, Tax Increment Reinvestment Zone affordable housing set-aside funds, any related program income, and any other funding that may be available.

New housing construction is typically prohibited using CDBG funds; however, HCDD received a waiver of this restriction from HUD on October 13, 2017. This waiver (in effect until June 30, 2019) enables the City to use CDBG funding for new home construction to replace affordable homes that were lost due to the impact of Hurricane Harvey.

The Houston Land Bank will be responsible to market, sell and impose affordability restrictions on all homes. In the event the Community Land Trust is in existence, the newly constructed homes that are not pre-sold will be transferred to the Community Land Trust. The Community Land Trust will assume responsibility to market, sell and maintain affordability on all homes in the Community Land Trust.

The Housing and Community Affairs Committee reviewed this item on May 15, 2018.

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