



CITY OF PLANO COUNCIL AGENDA ITEM

CITY SECRETARY'S USE ONLY					
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory					
Council Meeting Date:		01/13/2014			
Department:		Planning			
Department Head		Phyllis Jarrell			
Agenda Coordinator (include phone #): Karen Suiter x7566					
CAPTION					
A Resolution of the City Council of the City of Plano, Texas authorizing a waiver of the City's interest in the lien on the single family residence at 707 11th Street secured by the March 30, 2010 judgment in the amount of \$84,669.30; authorizing the City Manager or his designee to execute all necessary documents; and providing an effective date.					
FINANCIAL SUMMARY					
<input type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input checked="" type="checkbox"/> REVENUE <input type="checkbox"/> CIP					
FISCAL YEAR:	2013-14 thru 2023-24	Prior Year (CIP Only)	Current Year	Future Years	TOTALS
Budget		0	0	0	0
Encumbered/Expended Amount		0	0	0	0
This Item		0	\$889	\$8,004	\$8,893
BALANCE		0	\$889	\$8,004	\$8,893
FUND(s): HOME GRANT PROGRAM					
COMMENTS: This resolution, if approved, will refund the HOME Grant Program \$889.30 a year for 10 years for a total of \$8,893.					
STRATEGIC PLAN GOAL: Approving the sale of struck-back property relates to the City's goal of Partnering for Community Benefit.					
SUMMARY OF ITEM					
The City's 2010-14 Consolidated Plan of Housing and Community Development Needs includes a high priority goal of increasing the amount of housing options available for people who are in a housing crisis. Agape Resource & Assistance Center, Inc. (Agape), a local nonprofit, approached city staff regarding the purchase of 707 11 th Street to increase their capacity to serve Plano residents in crisis with additional household care facilities. The property was "struck back" to the four taxing entities due to delinquent taxes and includes a judgment in the amount of \$93,562.51 for the City's rehabilitation loan provided in 2005 to the then-owner. This item authorizes the following: 1) requires Agape to pay all outstanding taxes on the property (including those owed to Plano, 2) waives the forgivable portion of the rehabilitation loan (\$84,669) and 3) requires Agape to repay the repayable portion of the loan (\$8,893) over ten years.					
List of Supporting Documents:			Other Departments, Boards, Commissions or Agencies		
Memo, Resolution					



Memorandum

Date: December 26, 2013

To: Bruce D. Glasscock, City Manager
Frank F. Turner, Deputy City Manager

From: Christina Day, Development Review Manager
Shanette Brown, Community Services Manager

Subject: **Struck Back Property at 707 11th Street**

Plano real estate properties that are foreclosed upon by the taxing entities due to delinquent taxes and which fail to sell at auction or through sealed bids are “struck back” off the tax rolls, and ownership is transferred to the four taxing entities: the City of Plano, Collin County, Collin County Community College, and the appropriate Independent School District.

Once the properties are struck back, these properties can be vacant for long periods of time, resulting in deterioration of structures and yards which quickly become a detriment to the neighborhood. If the vacancy persists, City departments may be required to maintain the properties out of their budget and respond to calls from residents with concerns and complaints about the property.

While these properties are rare in Plano, the house at 707 11th Street is currently in struck-back status. The property is a single-family residential home which has previously been rebuilt through the City’s Housing Rehabilitation Program. On July 25, 2005, the then-owner of the property applied for a rehabilitation loan on the property. Due to the cost of repairs, the then-existing home was demolished, and a new home was built utilizing HUD grant funds which resulted in a sizable lien on the property.

The prior owner was later determined to have abandoned the property, and the taxes were not paid. On March 30, 2010, a tax default judgment was obtained on the property by the law firm of Gay, McCall, Issacks, Gordon and Roberts, P.C., acting on behalf of the taxing entities. Due to the City’s recent, substantial financial interest in the property, the judgment also included the full pay-off amount of \$93,562.51 for the City’s rehabilitation loan, which consisted of \$84,669.30 in forgivable funds and \$8,893.21 in repayable funds. Although the home was valued at an amount somewhat higher than the judgment, the home did not sell during the sheriff’s sale and no sealed bids were received. The property was accordingly struck from the tax rolls and was deeded over to the four taxing entities.

Over the last three years, Community Services has taken responsibility for the property. With the assistance of the Legal Department, individuals who were illegally occupying the home were removed. The Planning Department partnered with the Parks and Recreation Department to periodically maintain the yard, as it was becoming unsightly and a concern to the neighborhood. In October 2013, volunteers from Agape Resource & Assistance Center and Young Men’s Service League cleaned and repaired the property as a public service.

There have been several inquiries regarding the property during the last few years; however, no one has produced the cash necessary to purchase the property. Recently, Planning Department staff was approached by Agape Resource & Assistance Center, Inc., (“Agape”) a local nonprofit looking for property to increase their capacity to serve Plano residents in crisis with additional household care facilities. A household care facility is defined by the City’s Zoning Ordinances as “a dwelling unit that provides residence and care to not more than eight persons, regardless of legal relationship, who are elderly; disabled; orphaned, abandoned, or neglected children; victims of domestic violence; or rendered temporarily homeless due to fire, natural disaster, or financial setbacks, living together with no more than two caregivers as a single household.” A household care facility use is allowed by right on this property.

Due to the unusual circumstances with this property, we are seeking Council approval to waive the forgivable loan portion of the City’s judgment. Based on community needs, and consistent with our Consolidated Plan goals, we believe that Agape’s proposal is an appropriate use for the property, and recommend the following:

- Agape will pay cash for all outstanding taxes on the property (including those owed to Plano), court costs and any other expenses associated with the purchase, in the amount of approximately \$20,000.
- Agape will repay the amount owed on the original repayable loan at the time of foreclosure, which is \$8,893.21, over ten years, and will sign a new note and deed of trust to secure repayment. All repayment will be program income to the City’s HOME Investment Partnership grant, which will be used to support affordable housing within the city, per the grant requirements.
- The City will waive the right to the forgivable loan portion the 2005 rehabilitation loan (\$84,669.30), in exchange for, and simultaneously with the signature of the ten-year note. As a forgivable loan, this amount would not have been recovered if the loan terms had been met by the original homeowner. This lien was included in the foreclosure judgment at the request of City staff due to the large amount owed in order to protect the City’s interest in the property, which will be furthered by this proposal.
- The property is to be used for a public purpose as a household care facility throughout the term of the loan, which will be secured by the City’s note. The property will serve the intent of the program, providing affordable housing to low income Plano residents, for at least 10 years. The lien will also allow the City have a right-of-first-refusal to purchase the property at a discounted amount should Agape become unable to fulfill their obligation over the 10 year period.

In addition to returning the home to the tax rolls and ending a long-term vacancy, the City benefits by repayment of the loan over ten years, rather than in a single payment. The HOME program rules make it difficult for the City to expend large payments with our existing programs, so the repayment of the loan over ten years is a benefit to the City’s grant programs in this case.

In conclusion, Staff is recommending approval of the associated resolution for the property at 707 11th Street (Exhibit A) authorizing a waiver of the City’s right to the forgivable loan portion of the 2010 judgment originating from the 2005 loan (\$84,669.30).

A Resolution of the City Council of the City of Plano, Texas authorizing a waiver of the City's interest in the lien on the single family residence at 707 11th Street secured by the March 30, 2010 judgment in the amount of \$84,669.30; authorizing the City Manager or his designee to execute all necessary documents; and providing an effective date.

WHEREAS, in 2005 the City of Plano invested HOME Investment Partnership grant funds into the property at 707 11th Street, Plano, Texas to reconstruct the home due to its state of deterioration; and

WHEREAS, the prior owner defaulted on taxes and the property was foreclosed upon by the taxing entities and a judgment secured for the taxes and the amount of \$93,562.51, consisting of \$84,669.30 in forgivable loan funds and \$8,893.21 repayable loan funds extended from the City's HOME Investment Partnership funds in March 30, 2010; and

WHEREAS, the property at 707 11th Street is now struck-back to the taxing entities and has been vacant for more than three years; and

WHEREAS, the City Council has adopted the 2010-14 Consolidated Plan of Housing and Community Development Needs stating a need to support and assist with the creation of additional shelter, supportive services, and transitional housing for the homeless and under-housed; and

WHEREAS, the City of Plano supports the efforts of non-profit partners to ensure that emergency and transitional housing units are made available, consistent with existing zoning and development regulations, to house homeless families and provide support and ongoing case management for clients; and

WHEREAS, the 707 11th Street property is available to house families who would otherwise be homeless or under-housed via the provision of a household care facility; and

WHEREAS, the City has determined that it is in the best interests of the citizens of Plano that a waiver of the City's interest in \$84,669.30 of the lien secured by the March 30, 2010 judgment on the single family residence at 707 11th Street be provided subject to, and simultaneously with the creation of a new ten-year note in the amount of the \$8,893.21 repayable portion of the 2005 loan, which will also designate that the property be used for the public purpose of a household care facility for a period of at least ten years;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:

SECTION I. The City Manager of the City of Plano, or his designee, is hereby authorized to provide a waiver of the City's interest in the portion of the March 30, 2010 judgment regarding the property at 707 11th Street, Plano, Texas originating from the 2005 HOME investment partnership grant funds in the amount of \$84,669.30; subject to, and simultaneously with, the creation of a new ten-year note in the amount of the repayable portion of the 2005 loan secured by the March 30, 2010 judgment.

SECTION II. The City Manager of the City of Plano, or his designee, is hereby authorized to execute all documents needed to effect the actions authorized hereunder; and that no additional approval shall be needed to adjust the amount of the waiver or note to include any interest that may have accrued during the pendency of the March 30, 2010 judgment; and

SECTION III. - This resolution shall take effect immediately upon its passage.

DULY PASSED AND APPROVED THIS THE 13TH DAY OF JANUARY, 2014.

Harry LaRosiliere, MAYOR

ATTEST:

Diane Zucco, CITY SECRETARY

Approved as to form:

Diane C. Wetherbee, CITY ATTORNEY