



# CITY OF PLANO COUNCIL AGENDA ITEM

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		03/18/2014		
Department:		Planning		
Department Head		Christina Day		
Agenda Coordinator (include phone #): <b>Karen Suiter x7566</b>				
<b>CAPTION</b>				
An Ordinance of the City of Plano, Texas authorizing the City of Plano's Housing Rehabilitation Program to acquire, rehabilitate, and resell single family homes; authorizing the City Manager or his designee to execute all necessary documents; and providing a severability clause, a savings clause, and an effective date.				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2013-14</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	0	0	0
Encumbered/Expended Amount	0	0	0	0
This Item	0	0	0	0
BALANCE	0	0	0	0
<b>FUND(S):    NA</b>				
<b>COMMENTS:</b> This item has no fiscal impact.				
STRATEGIC PLAN GOAL: Authorizing the City Manager or his designee to execute all necessary documents through the City's Housing Rehabilitation Program relates to the City's goal of Partnering for Community Benefit.				
<b>SUMMARY OF ITEM</b>				
Chapter 373 of the Local Government Code authorizes "Community Development in Municipalities", including the acquisition of real property for established public purposes. This ordinance will authorize the city staff to directly procure affordable, real property for the purpose of rehabilitation and resale to qualified buyers without Council consideration of each individual purchase or sale. This will further the City's community development goals as adopted in the 2010-2014 Consolidated Plan. All purchases will utilize Federal funds available through the U.S. Department of Housing and Urban Development.				
List of Supporting Documents: Memo, Ordinance			Other Departments, Boards, Commissions or Agencies	



# Memorandum

**Date:** March 3, 2014

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

**From:** Shanette Brown, Community Services Manager

**Subject:** **Authorization to purchase and sell property under the HUD-funded Housing Rehabilitation Program**

For the past few years, Community Services division staff has been working, as time allowed, to develop a new component within the Housing Rehabilitation program which would allow the purchase, rehabilitation and resale of distressed, affordable housing. This component enhances, but does not replace, the other functions of the Housing Rehabilitation program, including owner-occupied rehabilitation and emergency repair. The benefits of this new component are twofold. First, the rehabilitation process should be less expensive as the cost and timing of repairs to an unoccupied home is much more efficient than that of an occupied house. Secondly, it provides the City with a mechanism to refurbish homes that are a detriment to neighborhoods, as the program is intended to target dilapidated structures, foreclosures, and struck-back properties.

Though the activity has been approved, the Housing Rehabilitation Program has not undertaken this activity due to, among other reasons, the City's purchase approval requirements. The City's procurement code requires City Council approval on all purchases over \$50,000. This requirement makes it difficult to purchase single family real estate on the market, since staff could not make an offer on a property for several weeks after the due diligence was complete because of the limitations of the Council agenda timeline. Staff is concerned about the investment of time in determining the appropriate nature of a property for program participation, which may then be lost due to the minimum two-week delay in the ability to offer a contract to the seller. Consequently, the request is being made that the City Manager, or his designees, be authorized to purchase a limited number of homes for this program utilizing HUD grant funds without further Council approval.

It is anticipated that two, but no more than four, single family houses would be purchased annually through the Housing Rehabilitation program. The number of purchases is naturally limited by staff capacity and funding available to the program. Properties would be purchased at or below 65% of the median area price of the City's Metropolitan Statistical Area (MSA) which would establish the current limit at \$152,165, although purchases are expected to be much lower in cost. The Community Services Division would utilize a State of Texas licensed broker to assist in the property search, management, and sale of the house funded with Housing Rehabilitation program funds.

Two of the City's 2010-14 Consolidated Plan Objectives are to (1) preserve and enhance existing housing stock through home rehabilitation and (2) create affordable homeownership opportunities through homeownership assistance, new construction and/or acquisition and rehabilitation of land and properties for income qualifying households. Since June 2011, City Council has approved the acquisition, rehabilitation

and sale of single family homes through the City of Plano's Housing Rehabilitation Program via the adoption of the annual Action Plan submitted to the U.S. Department of Housing and Urban Development (HUD). In conclusion, staff is recommending approval of the associated ordinance to allow the efficient, timely acquisition of real estate for the purposes of rehabilitation and resale consistent with our Housing and Community Development goals.

**An Ordinance of the City of Plano, Texas authorizing the City of Plano's Housing Rehabilitation Program to acquire, rehabilitate, and resell single family homes; authorizing the City Manager or his designee to execute all necessary documents; and providing a severability clause, a savings clause, and an effective date.**

**WHEREAS**, the City Council adopted the 2010-14 Consolidated Plan of Housing and Community Development Needs, on March 8, 2010, to encourage the provision of decent, safe and affordable housing for low and moderate income and special needs residents; and

**WHEREAS**, the City Council adopted Ordinance No. 89-10-12 on October 11, 1989 Housing Infill Program authorizing the City to acquire, rehabilitate, and sell residential structures directly to qualified low and moderate income households; and

**WHEREAS**, the City Council annually adopts the Action Plan to detail activities to be undertaken to achieve 2010-14 Consolidated Plan goals; and

**WHEREAS**, the City Council has previously approved, as an Action Plan activity, the acquisition, rehabilitation, and resale of single family homes through the City's Housing Rehabilitation Program since 2011; and

**WHEREAS**, this activity will ensure the safe, decent and sanitary conditions of vacant properties located in the City and maintain the stock of affordable housing; and

**WHEREAS**, single family homes will be purchased at or below 65% of the median price for the City's Metropolitan Statistical Area (MSA) according to the program guidelines; and

**WHEREAS**, once rehabilitated, the homes will be sold directly to qualified low and moderate income households, as defined by the U.S. Department of Housing and Urban Development, or to qualified non-profit organizations providing transitional housing to presumed benefit clients; and

**WHEREAS**, the activity is financed through the City's Housing Rehabilitation Program and is currently funded in the amount of \$833,800.00 from federal Community Development Block Grants ("CDBG") and HOME Investment Partnership ("HOME") funds from the U. S. Department of Housing and Urban Development ("HUD"); and

**WHEREAS**, HUD regulations require expenditure of CDBG and HOME grant funds in a timely manner.

**NOW, THEREFORE, BE IT ORDAINED 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 purchase two to four single family homes at or below 65% of median price for the City's Metropolitan Statistical Area (MSA) and to rehabilitate them with total expenditures not to exceed \$500,000.00.

**Section II.** The City Manager of the City of Plano, or his designee, is hereby authorized to resell the rehabilitated homes directly to qualified low income or moderate income households, as defined by the U.S. Department of Housing and Urban Development, or to qualified non-profit organizations providing transitional housing to presumed benefit clients.

**Section III.** It is hereby declared to be the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any phrase, clause, sentence, or section of this Ordinance shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph or section of this Ordinance.

**Section IV.** 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.

**Section V.** This Ordinance shall become effective immediately upon its passage.

**DULY PASSED AND APPROVED THIS THE 18TH DAY OF MARCH, 2014.**

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Harry LaRosiliere, MAYOR

ATTEST:

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Lisa C. Henderson, CITY SECRETARY

APPROVED AS TO FORM:

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Paige Mims, CITY ATTORNEY