

Minor Rental Repair Program

Status and Recommendation

A Briefing To The
Housing and Neighborhood Development Committee

Housing Department

April 4, 2005

Purpose

Consider ending the Minor Rental Repair Program initiative in Neighborhood Investment Program target areas and reprogramming the available resources to other repair and housing development programs

Background: Program Approval

- On November 12, 2003, the City Council approved \$650,000 for a proposed Minor Rental Repair Program (MRRP) to address needs in Neighborhood Investment Program (NIP) target areas
- On April 14, 2004, following several discussions with the Housing and Neighborhood Development Committee (HNDC) and the City Council, the City Council approved a Program Statement to guide implementation of the Program
- On February 18, 2005 briefed HNDC to reprogram funds due to no loans activity

Background: Loan Terms

- Up to \$5,000 for exterior structural repairs
- * All premise violations corrected before loan is funded
- * All code violations must be addressed
- * Repairs exceeding \$5,000 must be corrected with City Loan funds used last
- Taxes must be current and property insurance in place
- Must list all property ownership and ownership interest in the loan application
- Must provide documents that demonstrate that neither the applicant nor members of the applicant's immediate family own or have an ownership in property other than that listed on the loan application

Background: Loan Terms (continued)

- For applicants with household incomes of 80% AMFI or less:
 - Loan is deferred amortized and forgiven monthly
 - Applicant must remain owner to receive this benefit
 - Any future code violations must be timely addressed
 - For properties with multiple owners, 51% of the ownership interest must be with households with incomes no greater than 80% AMFI
 - Income calculation based on average adjusted gross income plus non-cash expenses from last two tax returns

Background: Loan Terms (continued)

- For applicants with incomes over 80% AMFI:
 - Applicant must match loan amount dollar for dollar
 - Loan will carry 1% interest amortized over 60 months
 - Applicant must provide appraisal and evidence that there is equity in the property such that the City's loan does not advance debt against the property beyond 100% of the property's value

Marketing Efforts

- The Housing and Code Compliance Services Departments promoted the MRRP in NIP target areas
 - Flyers handed out with Notices of Violation
 - Flyers distributed door-to-door in each neighborhood focus area
 - Promoted during Housing Fairs Summer 2004
 - Promoted in August 2004 newsletter mailed to individuals that signed in at any of numerous neighborhood meetings
 - Flyers mailed to every NIP address
 - Letters mailed to owners of every NIP property that appeared to be tenant occupied

Program Results

- Ten applications received
 - No loans closed
 - Problems encountered with loan terms
 - Repairs required exceeded loan limit of \$5,000
 - All repairs and code violations must be fixed
 - All repairs must be completed before City funds their portion

Recommendation

- Follow the 2002 Affordable Workforce Housing Task Force recommendation to try new initiatives and, if they don't work as planned, discontinue them and move on
- Reprogram the \$650,000 budgeted for the MRRP
 - \$300,000 to the Residential Development Acquisition Loan Program
 - \$300,000 to the Basic Home Repair Program
 - \$50,000 for an inspector for the Dallas Tomorrow Fund Program should City Council authorize that initiative
 - Approved by City Council on March 9, 2005

Next Steps

- April 27, 2005 – City Council consideration of MRRP reprogramming