

City of Plano, Texas

Housing Rehabilitation Program

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Program Goals

- **Preserving existing affordable housing**
- **Enhancing and revitalizing neighborhoods within the City**
- **Ensuring that the dwelling is safe, secure and sanitary**
- **Providing energy efficiency improvements**



Types of Activities

Owner-Occupied

- Emergency: up to \$10k
- Limited Repair (LR): up to \$45k
- Reconstruction: Up to the Dallas MSA HHVL
- Area Benefit: up to \$25K

Investor-Owned

- Limited Repair (LR)
 - 1-4 single-family rental property
 - Up to \$45k per unit: no more than \$75k per structure

Acquisition, Rehabilitation, Resale (ARR)

- City-owned
- Either Limited Repair, or Reconstruction limits



Underwriting

OWNER-OCCUPIED - LR

- Affordability ratios: 33% and 45%
- Credit score \geq 600
- Assets \leq \$100K
- Lien position is no more than 2nd
- Property value \leq \$285,600 (CDBG), \leq \$230,00 (HOME)
- No delinquent federal debt, or taxes
- IF foreclosure or bankruptcy, released 5 years
- Marginal clients subject to loan committee approval

INVESTOR-OWNED

- Credit score \geq 650, or DUNs 1-3
- Debt service coverage ratio: 1.25
- Lien position is no more than 2nd
- Property value between \$367,080 - \$705,945
- No delinquent federal debt, or taxes
- IF foreclosure or bankruptcy: released 5 years
- Must lease 51% to LMI
- Subject to Small Area Rent Limits, & annual inspections



Loan Product

Joint Ownership with Plano Housing Authority in the form of an MOU purchase

City's Responsibilities:

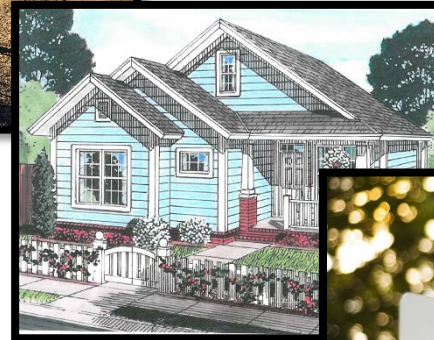
- Conduct possession, pre-construction, procurement, construction and project oversight activities
- Market and sell to eligible LMI household with first-look to pre-approved city's FTHB clients
- Provide FTHB down payment assistance and ARR subsidy: 2ND lien position, 15-year, fully forgivable loan
- Close the transaction



Acquisition



Rehabilitation



Resale



ARR Activity

OWNER-OCCUPIED

- **Emergency repair:** grant, not loan
- **Limited Repair:** ≤ 40% repayable, 10-year note, 2% interest
- **Reconstruction:** ≤ 40% repayable, 15-year note, 2% interest
- **ARR:** 0% interest, forgivable note: \$20K direct subsidy with additional FTHB down payment assistance
- **Area Benefit:** 10-year, \$25K forgivable note

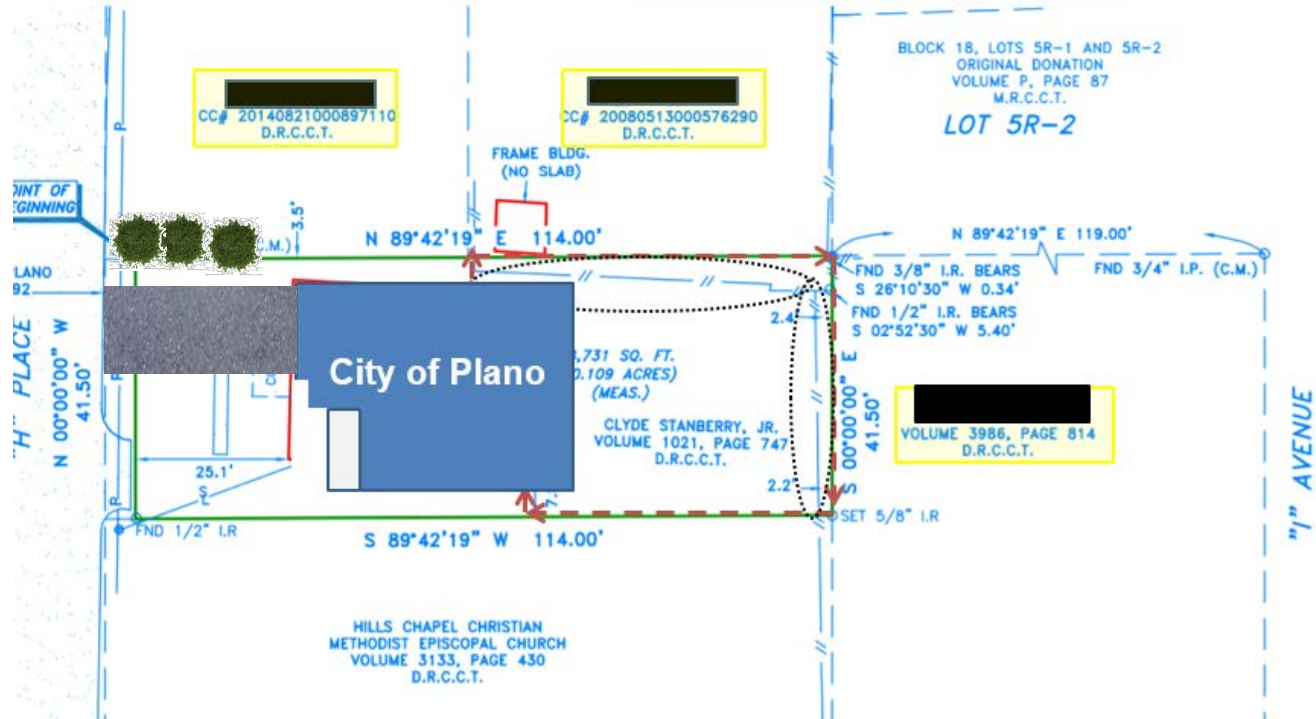
INVESTOR-OWNED

- Interest rate prime + 2%
- Non-refundable \$250 application fee
- 1% loan origination fee
- 10-year note
- Deed restrictions include LMI occupancy, rents, property condition, inspections
- Fully repayable
- Promissory note includes all soft & hard construction costs



Challenges

- **Platting:** early 1900s
- **As built environment**
- **Surveys:** inconsistent boundaries
- **City ordinance:** trees and vegetation
- **HUD Regulations:** free standing appliance



Finish-out: Sustainability & Marketability

Improvements:

- **Streamlined weatherization:**
 - Panel board over OSB sheathing with integrated water- and air- resistive barrier
- **30-year roof shingle**
- **Exterior walls: open cell polyurethane foam insulation R-13**
- **Tankless water heater: 5GPM**
- **Heat pump system**
- **16 seer HVAC**
- **Fiber-cement siding**
- **40% paint solids**



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Finish-out: Sustainability & Marketability



Built-in range and oven →
Rather than
← **Free standing appliance:**
any equipment with legs that can remain in an appropriate upright position without being bolted or attached to a supporting unit or the floor, wall, cabinet or ceiling and easily slides or rolls in and out without the use of tools to remove.



Kitchen Backsplash & Bathtub Wall Design



Porcelain tile with 3" mosaic glass accents

Other improvements:

- Vinyl, wood planks: 4mm thickness
- Bathrooms & utility room: porcelain tile
- Mouldings on kitchen and utility cabinets
- Dual flush toilets
- 18 gauge stainless steel kitchen sink
- Stain/fade resistant carpets with 1/2", 6-lb pad
- Plumbing fixtures having lifetime warranties



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Close-out Costs

- **Project Costs: \$164,106+**
 - Boarding & possession
 - Credit reports
 - Lead-based paint reports
 - Surveys
 - Geo-Technical
 - Structural plans
 - Architectural drawings
 - Permits
 - Filing documents
 - Hard construction costs
 - +Realtor and closing costs
- **Subsidies: up to \$35,187**
 - Soft 2nd lien, forgivable



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ARR Homebuyer Underwriting

- Lender requirements
- LMI eligible
- Maximum buyer assets - \$20K liquid cash
- FTHB affordability ratios based on credit score:
 - 620-699: up to 36% / 45%
 - 700+: up to 40% / 55%
- FTHB and ARR subsidies
 - \$20K direct HOME subsidy with additional down payment and closing cost assistance of up to 10% of HOME project expenses (percentage is on an as needed basis)



Questions



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