



AGENDA MEMORANDUM
Briefing for the City Council Meeting of November 10, 2015

DATE: October 20, 2015
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Housing Workshop #4 – City Staff Presentation for Council Discussion and Direction

CAPTION:

Housing Workshop #4 – City Staff Presentation for Council Discussion and Direction

PURPOSE:

To hear Housing Workshop #4 presented by:
Susan Thorpe, Assistant City Manager
Gus Gonzalez, Assistant City Manager
Eddie Ortega, Housing & Community Development Director

BACKGROUND AND FINDINGS:

The Policy Framework for Housing policy includes these Council Workshops:

- ✓ 1. Federal and Local Resources for Housing (held Nov 19, 2013)
- ✓ 2. Affordable Housing – Where are we? (held Feb 18, 2014)
- ✓ 3. Discussion about Current Housing Policy and Use of Federal and Local Funds (held July 15, 2014)
- **4. Proposal for New Infill Housing Program, Council Discussion and Direction – today, Oct 27, 2015**
- 5. Council Action: Adoption of Policy – future step based on October 27 discussion

Today's presentation will include:

- 1. Brief Recap of Previous Workshops, since it has been some time and we have new councilmembers since the previous workshops were presented.**
- 2. Discussion of City Tools and Policy Options to Influence Housing**
- 3. Proposed Infill Housing Incentive Program, and the Type A Pilot Program that is aligned with this proposed program**
- 4. Council Discussion and Direction on the Proposed Infill Housing Incentive Program we will be presenting Oct. 27.**
- 5. Next Steps**

1. Brief Recap of Previous Workshops:

Workshop #1 included a description of the federal and local funds the City uses for housing programs. These include HOME, CDBG and Type A funds.

In Workshop #2, we learned about the supply of housing in Corpus Christi. One of the best gauges of whether a housing market is balanced is the **Months of Inventory**. This measurement shows the relationship between active listings (supply) and closed sales (demand), and essentially tells us how long it would take for the current inventory of listings to sell at the current sales rate. Six months of inventory is generally considered a balanced market, meaning a balance between supply and demand. Below six months moves towards a seller's market and over six months a buyer's market. A market close to equilibrium is good for buyers and sellers, bringing longer-term sustainable growth

Data from the Corpus Christi Association of Realtors shows that as of the end of calendar year 2013, the entire MLS is at 5.2 months of supply. It also showed that in the range of housing prices from \$0 to \$150,000 the supply is at 1.4 months. What we would call "Affordable" price range in Corpus Christi. The supply is well below the demand for housing in this range.

Findings from Workshop #2 were that:

- Current shortage in Housing Supply at \$150,000 or less (1.4 months of supply) – 6 months of supply is a health market position
- Multi Family property occupancies > 95%
- Demand for housing of all types continues to increase, due to several factors

Workshop #3 included Focus Areas for City staff for housing policy and programs, based on Council Discussion:

- Vacant
- Substandard
- Infill/Revitalization of existing, older neighborhoods
- Downtown

2. Discussion of City Tools and Policy Options to Influence Housing

Council and Staff discussed the following ideas, tools, and policy options for incentivizing and encouraging more housing in the focus areas identified above:

- Waive Development Fees, or Reimburse upon Certificate of Occupancy
- Modify development fee schedule based on value not square footage
- Offer Tax Increment Financing (TIFs), Tax Abatement for Multi-Family in downtown
- Give Type A grant to developers for market rate housing with certain number of affordable units
- Sale of City owned and/or tax foreclosed vacant lots at discounted price, or free with a reversion clause 120 days (no specialization)
- City provide infill infrastructure repairs needed, and utility connections
- City provide or reimburse cost of security during construction
- Create policy for granting historical landmark tax abatements
- Set aside funds (not Type A/HUD restricted) for these purposes

Based on this discussion, Short Term Recommendations were to:

1. Adopt a City Housing Policy
 - a. Identify target area(s)
 - b. Develop incentive and fee waiver program
2. Identify and market any City-owned lots

3. Refocus Type A Funds to redevelop City-owned lots with community partners
4. Identify “seed money” not tied to Federal restrictions to incentivize housing that is affordable

Longer Term Recommendations were to:

1. Partner with Housing Authority to rehabilitate and/or build affordable housing, workforce housing and reasonably priced rental units
2. Housing Authority to own and manage
3. Improve Public Infrastructure in target areas, by aligning Capital Improvement Program

3. Current and Proposed Infill Housing Incentive Programs

Current Housing Programs (must meet HUD guidelines)

Housing & Community Development (HCD)

Loans Programs

- Rehabilitation Loan Program
- Demolition and Reconstruction Loan Program

Grants Programs

- Minor Home Repair Grants

Homebuyer Programs

- \$5,000 Home Down payment Program

TYPE A

Loans Program

- Home Buyer Assistance up to \$10,000
- ** New Pilot Program - On Sept 21 the Type A board approved this pilot****
- Home construction pilot project \$100,000
- similar to existing Demolition/Reconstruction Program in HCD (listed above)

Proposed Programs – Not restricted by HUD guidelines:

The purpose of the proposed Infill Housing Incentive Program is:

Flexibility

- Less External Regulation, Quicker Turnaround
- Tailored to Our Community

Value

- Add to affordable housing stock
- Demonstrate market viability
- Mitigate Risk

Mitigate Challenges (Builder's Risks)

- No comparable sales for appraisal in these infill areas
- Increasing bidding costs
- Unsophisticated buyer

The City currently owns six lots that are within the CDBG boundaries that the City Council previously directed to be sold. The Staff is proposing that these residential properties would be a good source of lots for the infill incentive program. One of those lots, on 2034 Mary Street, is being proposed for the Type A pilot program for the construction of one single family home.

Based on the previous three workshops, City staff analyzed the current programs and potential

other programs that could be established to increase housing in infill areas.

As a result of this analysis, City Staff is presenting a proposed infill housing incentive program and the Type A pilot program, for Council discussion, feedback, and direction. This program is outlined below.

Proposed Corpus Christi Infill Housing Incentive Program

Purpose:

To develop an incentive program that promotes and encourages new home construction in existing CDBG neighborhoods through the use of City owned vacant properties and tax foreclosed vacant properties acquired by the City. This would include:

- Infill lots within CDBG boundaries (see map)
- Provides incentives and fee waivers
- Sale of City-owned lots and tax foreclosed lots once City can take possession

Benefits:

- Utilizes abandoned and/or nonconforming vacant property
- Once established, properties are completely self-sufficient
- Helps fulfill housing needs, home ownership
- Revitalizes existing neighborhoods
- Adds to the assessed value rolls, increasing future City property tax revenue
- Improves maintenance of properties and potentially reduces crime
- Reduces Code Enforcement abatement expense

Program Guidelines:

- Vacant properties must be within the City's CDBG boundaries.
- Properties will be made available to builders through a competitive bid process with a defined minimum bid.
- Minimum building specifications to be included.
- Must be single family home with finished floor plan of 900 to 1300 square feet.
- Home construction must begin within 120 days of sale.
- Home construction must be completed within 6 months.
- Subject to all permit requirements
- Sales price \$90,000 - \$150,000
- Finished home must be owner occupied.
- Builder must demonstrate experience to complete the project in a professional manner and to a standard appropriate for the community.
- Builder must demonstrate financial capability.
- Builder must enter into an agreement with City accepting all program requirements and City rules and regulations.
- Build according to City of Corpus Christi UDC requirements
- Offer a limited builder's warranty to the homeowner acceptable to the City of Corpus Christi and compliant with State and Federal regulations.

Program Incentives:

- Waiver or reimbursement of fees which include building permit, platting and inspection fees.
- Waiver or reimbursement of Water, Wastewater and Gas tap fees.
- Rebate of City sales taxes paid on construction materials not to exceed \$500
- Provide up to two roll-off containers at City's actual cost during construction

4. Council Discussion and Direction on the Proposed Infill Housing Incentive Program

Based on this information and the presentation planned for the October 27 workshop, City staff would like to get the City Council's discussion, feedback and consensus direction on these two programs

- Proposed Infill Housing Incentive Program (IHIP)
- Type A Infill Pilot Program

5. Next Steps

The next steps for staff from City Council direction and feedback are to:

1. Bring forward to City Council for discussion and adoption:
 - Infill Housing Incentive Program (IHIP)
 - Type A Pilot Program
2. Implement Both Infill Housing Incentive Program and Type A Pilot Program:
 - Prepare bid documents within program guidelines and list of available City-owned lots, with minimum bid
 - Evaluate bids and award each lot separately.
3. Provide periodic progress reports to City Council with results and recommendations

ALTERNATIVES:

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

- Plan CC 2035 Element 4 – Housing and Neighborhoods: High-quality, safe, connected and diverse neighborhoods provide a variety of living choices.
- City Council 3rd Priority - Downtown Revitalization, Including Well Designed, Tailored Incentives, Homeless & Housing Policies, Incentive Options for Mixed Use Development Such as TIF Gap Financing, & Improved Lighting & Safety

EMERGENCY / NON-EMERGENCY:

Non-emergency item.

DEPARTMENTAL CLEARANCES:

FINANCIAL IMPACT:

Operating Revenue Capital X Not applicable

Fiscal Year: 2015-2016	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s): (Do not list Accounting streams, use names of accounts)

Comments:

RECOMMENDATION:

LIST OF SUPPORTING DOCUMENTS:

Presentation – Housing Workshop #4
 Program Guide - Infill Housing Incentive Program (IHIP)
 Type A 9.21.15 – Agenda Memo Infill Pilot Program
 Type A 9.21.15 – Infill Housing Pilot Program Guidelines
 Type A 9.21.15 – Minuets