



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of August 28, 2018
Second Reading for the City Council Meeting of September 11, 2018

DATE: August 9, 2018
TO: Keith Selman, Interim City Manager
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Ordinance amending Corpus Christi Code of Ordinance to adopt Affordable Housing Fee Reimbursement Program

CAPTION:

Ordinance amending Corpus Christi Code of Ordinance to adopt Affordable Housing Fee Reimbursement Program

PURPOSE:

This is an ordinance creating a fee reimbursement program to implement the affordable housing policy by providing an incentive to encourage the private sector development of both affordable and workforce housing.

BACKGROUND AND FINDINGS:

The median home price in Corpus Christi was \$184,950 in 2017, up 1.1% from 2016 according to the Data Relevance Project, a partnership among the Texas Association of Realtors and local realtor associations throughout the state. The Real Estate Center at Texas A&M University cites \$150,000 as a typical budget threshold for entry-level and first-time homebuyers. According to the *Comprehensive Housing Market Analysis for Corpus Christi, Texas*, published by the Department of Housing and Urban Development, the average new homes sales price in Corpus Christi was \$253,00 in 2016, showing a net price increase of 4% from 2014. 24% of new market rate sales housing demand in the coming years was expected in the \$100,000 to \$199,999 price range, while 32% of housing demand will be in the \$200,000 to \$249,999 price range. 44% of the demand was expected in the \$250,000 and greater price range. Housing construction and land costs continue to increase, creating an affordability issue for both the low to moderate and middle-income families. The Affordable Housing Fee Reimbursement Program is one tool that can provide an incentive to develop affordable and workforce housing.

The program will be administered by the Development Services Department. The

reimbursement will be for newly constructed, owner-occupied dwelling units with a purchase price that does not exceed \$200,000.

The program would provide for the reimbursement of the following fees paid by the home builder, developer or seller:

- (1) Plat Application Fees on a pro rata basis
- (2) Zoning fees on a pro rata basis
- (3) Community Enrichment fees on a pro rata basis
- (4) Building permit application fees
- (5) Water meter tap/set fees
- (6) Wastewater tap fees
- (7) Gas tap fees

The program will address both affordable and workforce housing.

Affordable Housing. The 100% reimbursement targets low-moderate income participants. This program requires that the homeowner pre-qualify for the program as a family who earns no more than 80% of the median family income (MFI) for the Corpus Christi metropolitan statistical area. It is anticipated that participants in this program would qualify based on their income for a purchase price of \$150,000 or less.

Workforce Housing. The 25% reimbursement targets middle income participants and will reimburse for single family housing with a sales price not to exceed \$200,000. No income pre-qualification is required.

Applications. The applications for the Reimbursement Program must include a deed, contract of sale, and proof of permit fees paid for housing development. To qualify for the 100% Affordable Housing Reimbursement, income eligibility pre-qualification must also be included. To qualify for reimbursement of fees under the program, the deed conveying title of the affordable housing unit must include a covenant restricting the sale of the dwelling unit not to exceed the purchase price within five years from the initial date of the deed. This restrictive covenant runs with the land and must be recorded in the Official Public Records of Nueces County, Texas.

The program would become effective October 1, 2018.

ALTERNATIVES:

Do not offer financial incentives to developers to build affordable, owner-occupied housing.

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

This ordinance amends the Corpus Christi Code of Ordinances, Chapter 20 to add

ARTICLE III – AFFORDABLE HOUSING PROGRAM. This program is consistent with the Affordable Housing Policy.

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Housing and Community Development

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2017-2018	Current Year	Future Years	TOTALS
Line Item Budget	0	\$147,000	\$147,000
Encumbered / Expended Amount	0		
This item	0	\$147,000	\$147,000
BALANCE			

Fund(s): 4670

Comments: The goal would be to provide reimbursements for 121 dwelling units. Reimbursed fee amounts could range from \$2,000 to \$4,000 per dwelling unit for 100% reimbursement, or \$500 to \$1000 per dwelling unit for 25% reimbursement. \$147,000 would be allocated for affordable/workforce housing for each budget year. Reimbursements will be provided until the funds are exhausted. Staff will periodically monitor impacts to department revenues to assess future revenue needs.

Historical data indicates approximately 100 dwelling units could be eligible for the 100% reimbursement and 385 dwellings units could be eligible for the 25% reimbursement program per year. Assuming a participation rate of 25%, we estimate 25 dwelling units at 100% reimbursement at \$3,000 per dwelling would reduce revenue by \$75,000 and an additional 96 dwelling units at 25% reimbursement at \$750 per dwelling would reduce revenue by an additional \$72,000.

RECOMMENDATION:

Staff recommends approval of the ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance