

HOUSING INFILL PROGRAM HANDBOOK

**A Handbook for Community-Based Revitalization
through Housing Infill and Neighborhood Reinvestment
Programs**

In the

Capital Area Housing Finance Corporation Region



**Reprint
July 2003**

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PREFACE - ACKNOWLEDGEMENTS

The Capital Area Housing Finance Corporation (CAHFC) serves a nine (9) county region in central Texas. Members represented include Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano and Williamson counties and the City of San Marcos. The area is centered on the City of Austin and Travis County although these entities are not members and have their own Housing Finance Corporations.

The CAHFC issues both tax-exempt and taxable single-family bond programs and administers these programs (with down payment assistance) through area lenders in the nine-county region. Experience has shown that without strategic initiatives by the CAHFC, the majority of homes financed through its' bond programs would be located in Williamson, Hays and Bastrop Counties.

Responding to this need for a more equitable distribution and use of funding, and thus new housing in the rural communities of the region, the CAHFC contracted with the Capital Area Planning Council (CAPCO) in 1998 to assist in the creation of initiate an innovative approach to locating suitable inner-city housing sites in one community of each of the nine counties served by the CAHFC region. The communities are Kyle, Taylor, Giddings, Elgin, Flatonia, Lockhart, Johnson City, Llano, and Burnet. Phases I & II are complete and Phase III implementation is underway in all nine communities. This document is provided as a guide to further that implementation effort.

The Capital Area Housing Finance Corporation has contracted with Donald Stence, AICP, of Stence and Associates, as the Infill Program Consultant for the regional housing infill project. Mr. Stence is also the primary author of this publication. Jim Shaw, CAHFC Executive Director provided guidance throughout the writing of this publication and content and editorial advice leading to its completion. None of the other people or their agencies or organizations represented bear any responsibility for what is presented in this document. Their contributions are however, gratefully acknowledged.

The reader is encouraged to consult legal counsel before implementing a Community Housing Infill Program.

C O N T E N T S

	Page
CAHFC Board of Directors – Staff	i
Preface – Acknowledgements	ii
Map – CAHFC Service Area	iii
Contents	iv
EXECUTIVE SUMMARY – CONCLUSIONS	1
WHAT IS A CHIP?	3
Chapter 1	
<u>CHIP PURPOSE – BACKGROUND – PROSPECTS</u>	4
Chapter 2	
<u>WHO BENEFITS FROM THE CHIP?</u>	9
Chapter 3	
<u>STARTING THE LOCAL CHIP</u>	17
Framework for Implementation	
Six Steps in the Implementation Process	
Appendices	23
1. “The Role of Tax Delinquent Properties in Providing Affordable Housing”.	
2. Draft Interlocal Agreement for Establishing an Alternate Manner of Sale of Foreclosed/Seized Properties	
3. Outline of Items to Include in a Municipal Ordinance/Policy Statement to Implement a Community Housing Infill Program	
4. List of Resource Materials in Resource Supplement, Compiled for Local Use	

EXECUTIVE SUMMARY – CONCLUSIONS

This Guide has been prepared by the Capital Area Housing Finance Corporation (CAHFC) as a tool for use by communities in the region in implementing their own Community Housing Infill Program (CHIP). The introductory page, “**What is a CHIP?**”, briefly describes the CHIP as a community-supported program to revitalize existing neighborhoods by locating potential infill properties, securing the properties for below market prices when possible, providing incentive financing, qualifying a targeted income group of homebuyers, building moderate income homes or low-moderate income rental housing, providing homebuyer/homeowner incentives and promoting the necessary community support services and infrastructure.

With the completion of the Housing Infill Mapping project documented in **Chapter 1**, this document is a logical progression in the implementation of the regional CHIP process. As the project has evolved it has grown into a three (3) part effort:

Phase I Program Design and Local Project Replication
Phase II The Housing Infill Handbook; and,
Phase III Implementation

Phase I has been a resounding success. Out of the 9 communities for which infill mapping was completed; Giddings, Flatonia, Lockhart, Elgin and Taylor have EXCELLENT potential for implementation.... they are ripe for inter-local agreements, property acquisition and housing construction. The remaining communities of Kyle, Llano, and Johnson City equally show potential but will likely need re-visit in the interest of acquiring improved data and analysis and building support from local taxing entities.

There is no magic to implementing a local CHIP; but it does require a clear understanding of local needs, a belief in the synergy and benefits of working together and an understanding of the process. It also requires an understanding that.... **the economic benefit of turning tax-foreclosed or dilapidated properties into residential properties that generate new taxes and utility revenues, far outweighs the value of partially recovered revenues from unpaid taxes and liens levied.** For example, in one community, it was determined that more than eight years of delinquent taxes owed on a vacant property could be offset in one year after a new home was constructed and occupied on that property. In addition, more than \$2,000 in new utility revenue could be collected. In the discussion in **Chapter 2**, benefits to participating taxing and utility entities; potential homeowners and renters; real estate, construction and lending interests; and, the community as a whole are covered.

Chapter 3 outlines and describes the general Legal, Political and Financial framework for starting a local CHIP. H.B. 110 enacted by the 1997 Texas Legislature and subsequent legislative amendments to the Texas Tax Code in 1999 is the central legislation providing enhanced city authority to establish an alternate manner of re-sale of tax-foreclosed properties in the interest of providing affordable housing. The Political framework for implementing a CHIP is embodied by common agreement and consensus among taxing entities and local organizations on the benefits of working together to provide affordable housing for a mutually approved, income targeted population. The Financial framework section addresses the framework for financing property acquisition, home design/construction and homebuyers.... it also deals with ways to remediate the impact of rising lot, construction and financing costs on affordable housing.

Finally, six logically ordered steps in the local CHIP implementation process are presented in **Chapter 3**. The steps are expanded into sub-parts for clarification. In summary, the **Six Steps** for local implementation presented are:

1. Hold an Informational Meeting for Stakeholders;
2. Package and Adopt a Program for Local Project Development
3. Secure/Purchase Properties
4. Market Housing and Pre-qualify Buyers Through Local Realtors
5. Construct Homes/Landscaping
6. Secure Mortgage Financing and Close on Sales

Provided in the appendix of this report is a draft inter-local agreement, an outline of items to include in a Municipal Infill Ordinance and a list of reference and resource materials compiled for local use.

In **conclusion**, opportunities exist for local taxing entities to join with the CAHFC in identifying, targeting and securing foreclosed or subject to foreclosure properties and other available adjacent properties to form a critical mass for marketing and construction of affordable housing in each community. Constructing housing affordable to community targeted income groups on such properties and returning them to tax and utility rolls as income producing properties is a win-win proposition for all. **Benefits generated over time from properties developed for affordable housing will more than offset dollars potentially reclaimed from re-sale.... the “end game” is thus redefined from that of re-sale in hopes of reclaiming taxes and property liens, to that of transfer or re-sale to a Non-profit Housing Corporation with the assurance that affordable homes will be constructed in the near-term for individuals in community targeted income groups.**

The CAHFC can serve your community as a catalyst, facilitator and/or financier of affordable single and multifamily housing in Bastrop, Blanco, Burnet, Caldwell, Fayette, Hays, Lee, Llano or Williamson Counties.

WHAT IS A CHIP?

A Community Housing Infill Program (CHIP) as defined in this document is simply a community-supported program to revitalize existing neighborhoods by:

- **Locating inner-city sites for construction of affordable housing;**
- **Securing priority properties at below market prices;**
- **Providing incentive financing for affordable housing construction;**
- **Building moderate income homes and low-moderate income rental housing;**
- **Providing homebuyer incentives and below market rate financing;**
- **Providing homeowner incentives for home improvements; and,**
- **Promoting necessary community services and infrastructure improvements.**

Chapter 1

CAHFC CHIP PURPOSE, BACKGROUND AND PROSPECTS

- **Purpose**
- **Regional Program Startup**
- **Project Replication and Results**
- **Program Prospects**

Purpose

The Purpose of the CAHFC housing infill program as originally envisioned is to provide information and tools to communities of the service area to assist in locating and securing strategically located, available properties having potential for construction of starter homes for low to moderate income individuals. This will result in added tax base for local communities, replenishment of local housing stock and enhancement of the use of CAHFC funds in rural areas. What follows in this section is the background of how the program now some two (2) years underway, was begun and has evolved.

Regional Program Start-up

- Need
- Program Design and Benefits
- Communities Selected
- Project Initiated
- Benchmark/Pilot Community Project Development

Need

In 1998 the CAHFC began a concerted effort to channel a more equitable portion of its housing program benefits to communities outside the highly “market driven” corridors of rapid growth in it’s service area. Experience had shown that without such an effort, a large percentage of homes financed through the Corporation would be located in Southern Williamson County, Northern Hays County and Western Bastrop County. The more rural counties in the CAHFC service area (Blanco, Burnet, Caldwell, Fayette, Hays, Lee and Llano) were thus receiving a small share of program benefits, due primarily to a lack of available housing.

Program Design and Benefits

Planning and Geographic Information System (GIS) support for the project was provided through a contractual arrangement with the Capital Area Planning Council (CAPCO). As initially designed, the program was to provide selected communities with innovative tools and techniques to initiate housing infill projects.

It was believed that such a program would not only serve to more fairly allocate CAHFC resources, it would also:

- Help improve the efficiency of existing city infrastructure;
- Serve to broaden the local tax base;
- Help initiate and enhance local efforts to replace and restore existing, deteriorating housing stock; and,
- Relieve housing development pressures in unincorporated areas having limited development controls, infrastructure and services.

Communities Selected

The CAHFC chose one community in each county of the 9 county service area; those counties and their respective communities chosen were:

Bastrop County – Elgin	Hays County – Kyle
Blanco County – Johnson City	Lee County – Giddings
Burnet County – Burnet	Llano County – Llano
Caldwell County – Lockhart	Williamson County – Taylor
Fayette County – Flatonia	

Project Initiated

A Community Housing Infill (CHIP) approach to initiating projects was implemented. CAPCO, participating communities and their local partners provided the base data and local contacts for the effort.

Benchmark/Pilot Community Program Development

In mid 1998 digital orthophotos (.5-meter resolution) and basic map data, including roads, water features and structure location data from the CAPCO 9-1-1 Geographic Information System (GIS) project became available for secondary uses in the City of Kyle, Texas area (these data have since become available for the entire CAHFC service area). Kyle, with a 1990 Census population of 2,225, is located in Hays County, about 20 miles south of downtown Austin on Interstate Highway 35.

The CAHFC CHIP was designed to take advantage of CAPCO 9-1-1 GIS information. CAPCO data for the City of Kyle was duplicated on a CD, together with other relevant digital information from local, state and federal sources. Staff next developed a Request For Benchmark (RFB) document, including the CD with data, and invited submissions from experienced Geographic Information System (GIS) service providers (vendors). Using the basic framework of the RFB, vendors were requested to prove up and offer their products, procedures and end products as best satisfying the needs of CAPCO and the CAHFC in providing both short-term and long-term solutions to the CHIP.

Environmental Systems Research Institute (ESRI) was selected as the vendor of choice from the RFB process. ESRI provided the viewer software on a CD for use by the CAHFC in replicating the Kyle project and licensing the viewer in the eight remaining communities/counties of the service area. They also provided technical support to CAPCO and upgrade opportunities for those communities wishing to implement GIS.

Project Replication and Results

- Phase I Model
- Phase I Completion
- Giddings (Model City) Results

Phase I Model

Each community project was implemented through the following task sequence that became the model for Phase I:

- Stakeholder/Beneficiary Input and Support
- Data Acquisition and Processing
- Property Identification and Classification
- Report/CD Preparation and Presentation

Phase I Completion

All of the planned projects were scheduled to be complete by December of 2000. Space does not permit a reporting on all projects here; however, the following example of findings in the City of Giddings, Texas, using ArcView GIS in the analysis of the data provided is typical of project results.

Giddings (Model City) Results

- **Project Area** – an area defined by the community for targeting of infill housing. This boundary generally defines an area of the community that has adequate infrastructure in place to serve new residential construction. In the case of the City of Giddings, the area designated was an older area of town, known locally as “Old Town”.
- **Back Taxes Owed** – “back taxes owed” or delinquent tax data can be used as a tool for identifying parcels that; through cooperative agreement with area taxing entities, might be acquired through foreclosure and resale to a non-profit housing organization for affordable housing construction. The pricing of parcels acquired under cooperative agreement with the taxing entities might then be controlled in the interest of constructing and financing homes for low and moderate income buyers. The City of Giddings provided the CAHFC with a listing of parcels that had been acquired through this process. The parcels were classified as:
 - Weed and Rubbish Lots – parcels needing cleanup and perpetual maintenance by the City; and,
 - Lots Targeted for Demolition – parcels containing substandard structures earmarked for demolition.
- **Structures** – for purposes of the infill analysis, structures were defined as those residential and commercial buildings given point locations as mapped from 1997 CAPCO digital Ortho-photos; buildings of 500 sq. ft. or less are not included.

- **Findings:** Using the list of foreclosed properties being held by Lee County as Trustee, the digital Ortho-mapped structure data and parcels with property tax records linked, a GIS analysis routine was executed to determine a “structure-in-parcel” (as mapped from digital Orthophotos) match with “improvement value” (as shown in property tax records). The following results were obtained for the City of Giddings:

Vacant Parcels (those with no structures and no improvement value)

- 844 identified city-wide, 327 in target area
- 16 of 327 in target area identified by city as weed and rubbish lots
- 10 of the 327 in target area identified by City for structure demolition

Parcels with Structures and Improvement Value

- 1,465 identified city-wide, 893 in target area
- 7 of the 893 in target area identified by City as weed and rubbish lots
- 2 of the 893 in target area identified by City for demolition
- 1 of the 1,465 in City and outside target area, identified by City for demolition

Maps with associated **Data Tables** outlining the findings of the project were presented to the City of Giddings in a written report and through a personal presentation to taxing entities and other local stakeholders. The CD and final report were delivered to the city at the meeting and the Viewer was installed on a city computer. Because of the continued functionality of the Infill Viewer software, and the ability of local staff to use it as an aid in property research and acquisition for infill housing, its use extends well beyond the initial phase of the program.

Program Prospects

- Phased Implementation
- City of Giddings Model
- Other Community Interest

Phased Implementation

As the regional program evolved, three clearly defined project phases emerged and were adopted by the CAHFC:

- Phase I** Program Design and Local Project Replication (Described above);
- Phase II** Housing Infill Handbook; and,
- Phase III** Implementation (Regional/Local Agreements, Financing, Land Transfer/Acquisition, Buyer Qualification, Housing Construction/Close).

City of Giddings Model

Prospects for implementing a local CHIP in the City of Giddings are **EXCELLENT**. Following the final presentation to local officials, the CAHFC staff was invited back by the City of Giddings to investigate opportunities to initiate **Phase III** of the regional Housing Infill program.

Due to the high level of interest by local officials, Giddings may likely become a pilot implementation community for the entire nine (9) county CAHFC service area. Four (4) lots have been identified and a general agreement exists among taxing entities to waive delinquent taxes on the foreclosed properties for construction of affordable housing. The properties would be transferred/sold (for a nominal amount) to a Limited Liability Company (LLC) formed by the CAHFC for implementing the regional program. A builder currently active in the Giddings area has been located and is being considered for housing construction. Interim and long-term financing sources have been identified and potential buyers will be located using local realtors.

Interest by Other Communities

Prospects for the nine (9) communities in the regional program are evaluated as follows:

- EXCELLENT – Giddings, Flatonia, Lockhart, Elgin and Taylor
- GOOD – Kyle
- GOOD TO FAIR – Llano and Burnet
- FAIR – Johnson City

It was concluded that those communities ranked EXCELLENT are ripe for inter-local agreements, acquisition and housing construction. The remaining communities will likely need to be revisited in the interest of acquiring improved data and analysis and building support from local taxing entities before moving to Phase III.

Chapter 2

WHO BENEFITS FROM THE CHIP?

- Taxing Entities
- Utility Providers
- Potential Homeowners and Renters
- Real Estate, Construction and Lending Interests
 - The Community as a Whole

Each entity involved with the CHIP benefits in a rather specific way, but the community as a whole will recognize the economic and social benefit of providing housing for public service, business and industry employees. For example, in some communities of the CAHFC region as many as 60% of schoolteachers commute from outside the district because no affordable housing is available in the community. **There is a strategic economic and social advantage to having teachers; fire, police, EMS employees; nurses; tradesmen and service industry employees living in the communities in which they work.** To identify benefits to taxing entities and utility service providers is to imply benefits to the residents they serve. A brief discussion of CHIP beneficiaries and benefits by unique group follows.

Benefits to Taxing Entities

- Long-term Revenues_vs. Uncollected Taxes
- A Better Way
- Reduced Property Maintenance and Public Liability

Long-term Revenues_vs. Uncollected Taxes

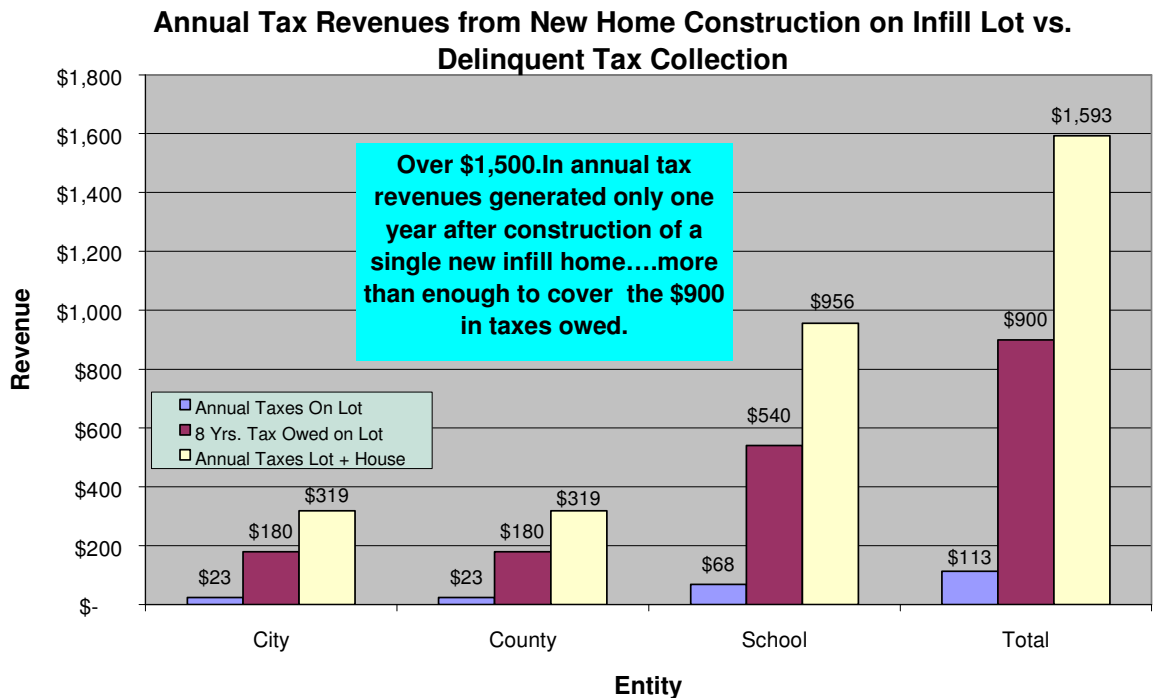
Taxing entities in a community will include as a minimum City, County and School District. Over time, delinquent taxes, along with property liens for site cleanup and maintenance of a specific parcel may easily total more than half the value of the property.

The process of collecting delinquent property taxes typically includes foreclosure for delinquent taxes and public sale. A minimum price, to cover delinquent taxes, other property liens and administrative costs is normally set. The property then goes to public sale to the highest bidder at or over the minimum bid price. If there is no winning bid, the property is struck off to the taxing entity that may then accept a negotiated offer from others in re-selling the property. In the above example, reclaiming the property for affordable housing is left to chance and taxing entities have no assurance that future tax revenues will increase over the long-term. The property may thus not substantially contribute to the local tax base or produce revenues from utilities for a number of years.

A Better Way

The focus of collecting delinquent taxes for short-term back gain should be shifted to a process for getting productive properties on the tax roll. The need for affordable housing will be met in the process. Consider the example in **Chart 1** below, where the amount of annual tax revenues generated only one year after construction of a single new infill home would more than offset the delinquent taxes built up over eight years on the undeveloped lot. ¹

CHART 1



ASSUMPTIONS - Lot: value = \$5,000; size = .25 acres House: value = \$65,800; size = 1,462sq ft.; \$45./sq ft.
Tax Rate @ 90% of Value: City \$.50; County \$.50; School \$1.50 per \$100. **Utilities:** available

Reduced Property Maintenance and Public Liability

Many rural communities must deal with health and safety hazards created by vacant, overgrown properties and unsafe structures. When owners do not take care of these problems as requested by the city, the city will often clean the property, bill the owner and eventually file a property lien if the bill is not paid. Frequently these properties are the same properties as those with delinquent taxes. By partnering with other taxing entities in an effort to provide safe, affordable housing in such areas the city also benefits by reduced maintenance responsibility and liability.

Benefits to Utility Providers

¹ Values are typical of the City of Elgin, Texas.

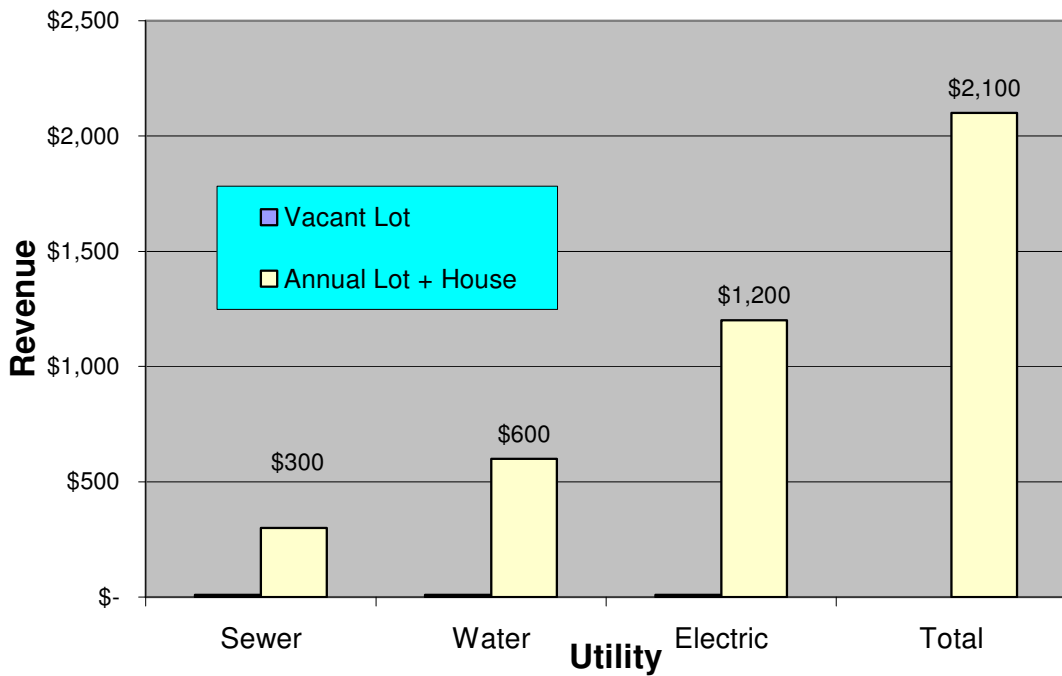
- More Bang for the Infrastructure Buck

More Bang for the Infrastructure Buck

Streets, drainage, electricity, water, and sewer typically already serve community infill properties; yet there is no return on the investment. Existing residents must bear the full cost of providing this infrastructure. **Chart 2** shows that annual electric, water and sewer utility revenues alone, generated one year after construction of a single new infill home would amount to more than \$2,000.² The city and its existing residents again benefit substantially from housing infill through more cost-effective infrastructure and distribution of cost for services over a larger population.

CHART 2

Utility Revenues from New Home Construction on Infill Lot



ASSUMPTIONS: average monthly utility revenue from Sewer - \$25; Water - \$50; Electric - \$100.

² Values are typical of the City of Giddings, Texas.

Economic Benefits

- Housing as an Economic Development Tool
- Benefits...Multiplied

Housing as an Economic Development Tool

Housing is a keystone in the structure of an effective economic development program. Without quality, affordably priced and located housing choices a community cannot effectively attract or retain businesses and the jobs they supply. It is generally held by economic development professionals and borne out by preliminary findings in the city of Giddings, that business development contributes substantially more in tax and utility revenue to a community than it costs for community services; conversely, residential development contributes less in revenue than it costs for community services. Business also brings more disposable income into a community because it brings new money, not generated from the tax base and utility revenues. A balanced mix of residential and business development is thus necessary for a healthy local economy.

Benefits...Multiplied

Through the construction of infill housing a wide range of benefits will be available to area realtors, builders, contractors, material suppliers and lenders...a few of these are listed below:

- Realtors – increased property sales
- Builders and Contractors – increased local home construction jobs
- Material Supply Business – added construction materials sales
- Lenders - increased interim construction loan and home mortgage lending; neighborhood reinvestment through Community Re-investment Act (CRA) programs.

These increased sales and services will generate new jobs and tax dollars and the benefits will multiply many times as the dollars flow through the local economy.

Workforce Benefits

- Housing the Public Service Employee
- Keeping Jobs Close to Home
- Training and Retaining the Workforce

Housing the Public Service Employee

Providing housing choices and incentives in a community for teachers, nurses, EMS, police, fire, and other governmental employees improves government efficiency and fosters a stronger sense of community and neighborhood. Having a policeman, teacher and nurse as a neighbor can have a calming effect on crime, become a source of personal enrichment and provide a sense of security. Public service employees themselves would benefit by having a choice of living in the community they serve. Too often the choice is not there. Due to the lack of affordable housing options within many communities and school districts, 30 to 45 minutes drive times are not uncommon. Having available housing options close to the workplace for public service employees could help in recruiting and retaining quality employees. Location efficient housing would minimize transportation and other related costs, possibly qualifying a homebuyer that would not otherwise qualify for a mortgage.

Keeping Jobs Close to Home

In a booming Greater Austin construction market where both residential and commercial building is growing at a rapid rate, finding a local builder to build 5-10 infill homes in a small community is a rarity. Construction workers may live in the out-lying, rural communities but for the most part they work in the high growth corridors in Hays, Travis and Williamson Counties...enduring hours in drive time to and from work. Creation of local construction jobs through an innovative housing infill, job training and business development program could help keep jobs close to home and begin a reversal of the journey-to-work time and dollar drain.

Training and Retaining the Workforce

In order to produce an affordable housing infill product, innovation and efficiency in building materials, design and construction will be needed. While much of these materials could be purchased locally, workers may need to be trained in the use of energy efficient materials and modular construction techniques. These new skills should be highly marketable for both infill projects and newly developing subdivisions. Business retention and development are potential outgrowths of such an effort.

Realtor Benefits

- Realtors Bring the Buyer to Market

Realtors Bring the Buyer to Market

Local realtors can help match homebuyers with housing infill market sources; bringing the builders and lenders together to negotiate a purchase. Realtors participating as partners in the CHIP will find opportunities to benefit from additional property sales.

Lender Benefits

- Interim Construction and Long-term Lending
- Community Reinvestment Lending

Interim Construction and Long-term Lending

Local lenders, by being a partner in the CHIP can strengthen their opportunity to provide both interim construction and mortgage financing. At the same time they can profit by building productive community relationships that will carry through to local investments, home improvement, and business development transactions. An added benefit to local lenders participating in the CHIP is the opportunity to participate with the CAHFC in its tax exempt and taxable bond programs that provide lenders home finance funds with favorable lending rates, including down payment assistance.

Community Reinvestment Lending

Housing infill projects may seed community revitalization efforts, but to achieve over-all community health and stability; home improvement loans should also be made available to qualifying residents. Federally insured financial lending institutions are required by the federal Community Reinvestment Act (CRA) to develop and market credit related programs to assist low-moderate income individuals in their respective communities. The Federal Reserve Board monitors the institution's CRA performance periodically and their record is taken into account in considering applications for new deposit facilities. CRA requirements and implementation procedures may be found on websites:

www.bog.frb.fed.us/dcca/cra/ ; and,

www.fdic.gov/regulations/community/community/12c30.html.

Lending institutions have the option of working with a community to develop a strategic plan for meeting CRA requirements. After developing a strategic plan, publishing public notice and soliciting public comment for at least 30 days, the institution submits the plan to its regulator for review and approval. If lenders are willing to join in a community effort to provide incentives to help meet local resident needs for upgrading their homes and neighborhood they can benefit by meeting CRA requirements. For example, four (4) lenders could each contribute \$50,000 and create a \$200,000 investment pool that could be made available in the form of below market interest rate home improvement loans to qualifying residents.

Homeowner and Neighborhood Benefits

- Affordable Homes and Neighborhood Improvements
- Home Equity Opportunities and a Second Step
- Renters - Stepping up to the "Home" Plate

Affordable Homes and Neighborhood Improvements

Ultimately the primary beneficiaries of new homes, home improvements and financing are the homeowners. **The CHIP is designed to address a need for housing in a price range affordable to local police, fire, EMS, educators and tradesmen and service industry employees.** To fill this need, assure neighborhood integrity and provide a positive reinforcement for improved environmental conditions, care will be needed to not build beyond the affordability of the targeted beneficiaries. **If local lenders partner and make CRA home improvement loans available in the neighborhood, existing homeowners will become part and parcel of the synergy created.**

To upgrade and integrate the over-all appearance and functionality of the neighborhood with the city, public improvements and services may be needed. Both homeowners and the neighborhood will benefit accordingly.

Home Equity Opportunities and a Second Step

For many families and individuals, buying a home may be the only long-term investment/savings opportunity open to them. **The term "Starter Home" or "First-Time-Home"** often is used when referring to affordable housing because the first home investment may over time provide an opportunity to buy another home as a family's need and ability to purchase changes.

Renters - Stepping up to the "Home" Plate

While homeownership may be "The American Dream", it is not within the immediate reach of every citizen; nor does it always fill the need of every individual at a given point in his or her cycle of life. Single parents, youth, students, unskilled workers, physically challenged residents and the elderly on fixed income are among those in critical need of (and thus stand to benefit the most by) strategically located affordable rental units. For some, particularly those who aspire to homeownership, rental housing may be transitional. **The CHIP should offer rental property choices appropriate to the neighborhood and community.... not the "projects" once so marked in the past; just good homes for good, hardworking people.**

Future homebuyers in rental properties could benefit substantially through education and assistance programs offered by apartment management. These could include programs in:

- Financial Counseling;
- Homebuyer Education;
- Computer Classes;
- Job Location Assistance;
- Child Care; and,
- Homeownership Savings Programs.

Chapter 3

STARTING THE LOCAL CHIP³

- Framework for Implementation
- Six Steps in the Implementation Process

This section describes the framework and outlines the steps for developing **Phase III** of the CAHFC Housing Infill Program – Implementation, including; regional/local agreements, financing, land transfer/acquisition, buyer qualification, and housing construction and close of sale. As an aid to understanding the local program development and implementation process, “Steps to Develop and Implement a Community Housing Infill Program (CHIP) are included at the end of this section.

The housing infill mapping process previously described includes two basic components for identifying priority housing infill properties:

1. Identification of vacant properties; and,
2. Identification and “over-lay” of those properties with delinquent taxes and or property liens.

The result gives an excellent starting place for the local CHIP:

- Tangible properties with which to engender the support of local taxing entities for providing quality housing at a price affordable to homebuyers in the income range of local public service, health care, trades and service industry employees; and,
- The location of other adjacent vacant properties which might be acquired to form a critical mass or cluster development necessary for cost effective marketing and construction.

In summary, taxing entities have the opportunity to work with the CAHFC, local organizations and stakeholders in their community to secure the potential infill properties described above for marketing and construction of new housing in a price range affordable to their targeted income group. Area communities are encouraged to contact the CAHFC and place securing of such properties on a accelerated timetable.

³ Texas statutes cited in this chapter and in the Appendices are current through enactments of the 76th Texas Legislature in 1999.

Framework for Implementation

- Legal
- Political
- Financial

Legal Framework

Relevant Legislation and Local Authority

Once the funding is in place, acquiring properties adjacent to tax delinquent or other foreclosed properties, to “round out” a cluster of lots for housing infill is a simple matter of the community or its designated entity negotiating with adjacent property owners for acquisition. The more complicated part of the puzzle is designating and acquiring for infill housing, priority properties having delinquent taxes and/or property liens. The legal framework for the latter is the subject of the discussion that follows. At the invitation of the CAHFC, a paper entitled “The Role of Tax Delinquent Properties in Providing Affordable Housing” was prepared and provided by Mr. Duane Force of Linebarger Heard Goggan Blair Graham Pena & Sampson, L.L.P. The paper references and documents the legal authority given to cities and other taxing entities for establishing an alternate manner of sale of seized or foreclosed properties; it is included as item 1 in the Appendices of this handbook. In order to keep the discussion succinct and to the point, the “community application” of relevant legislation is summarized below. Not all of the legislation is covered.... just that deemed most directly relevant to the central objective of this program. Additional legal research materials documenting and showing the application of this authority given to cities are referenced in a resource materials supplement to this report. (See item 4 in the Appendices for list).

General Community Application

Chapter 34 Subchapter A Par. 34.015 Texas Tax Code as amended by 1997 (HB110) and 1999 Acts of the Texas Legislature governs re-sale of foreclosed and seized properties.⁴

- Land acquired by a municipality through foreclosure of a tax lien or the seizure of the land under Subchapter E, Chapter 33 of the Texas Tax Code may be sold in a manner adopted by the municipality if the land is sold to:
 - a nonprofit organization that develops housing for low income individuals and families as a primary activity to promote community based revitalization of the municipality;
 - a nonprofit corporation described by 26 U.S.C. Section 501c3 that meets certain local conditions; or,
 - a religious organization that meets certain local conditions.

⁴ Similar authority for counties and school districts is being sought through HB285, 2001 Texas Legislative Session.

- Taxing units may attempt to recover taxes owed, costs of upkeep, maintenance and environmental cleanup from resale proceeds or may choose to waive such in favor of providing tax and utility revenue generating housing for the income targeted individuals and families. The latter has been shown in this report to be in the long-term financial interest of all taxing entities.

Implications for Housing Infill

A community may, with consensus from affected taxing entities, prepare and adopt an ordinance outlining procedures describing the manner in which it chooses to transfer or re-sell foreclosed or seized properties to a nonprofit organization engaged in providing housing to low income individuals. It may further determine those individuals and families who qualify for housing under the program, after taking into account the area's median income.

Case Study Information

Case study information, including detailed materials on the City of Dallas Program and policy statements adopted by the City of San Marcos are referenced in the Resource Supplement to this document.

Political Framework

The political framework for implementing a CHIP is embodied by common agreement and consensus among taxing entities and local organizations on the benefits of working together to provide inner-city, quality affordable housing for a mutually approved income targeted population. **To proceed effectively, these organizations must not only be convinced of the economic, social and community revitalization benefits; they must be motivated to action.**

Some of the specifics that are critical for consensus are:

- A clear understanding of the need and a belief in the synergy of working together;
- Economic benefits for employee recruitment...teachers, police, firemen, nurses, tradesmen, etc.;
- Community reinvestment benefits.... mitigation of liability and enhancement of neighborhood environmental conditions and appearance through lot cleanup, replacement of deteriorating housing stock, and broadening of utility and property tax revenue base;
- First year break-even return on back taxes and/or fees owed after getting a new taxpayer in a house on vacant property;
- Additional return on utility investment;
- Economic benefits of building a single house and adding one family to the inner city.... home construction labor and materials, sales tax and multipliers;

- Liability mitigation and cost of maintenance and cleaning of abandoned lots and houses on existing, vacant or deteriorating properties;
- Opportunities for investment incentives.... targeted areas where permit fees are waived, reduced or delayed;
- Opportunities for linked programs.... properties where down payment assistance, tax-exempt mortgages and or homebuyer education is provided; neighborhoods where HOME and Community Development Block Grant (CDBG) and infrastructure investments are coordinated.

Documentation and justification for these benefits are covered in **Chapter 2**.

The culmination of the consensus on these benefits and opportunities is the joint resolution and inter local agreement outlining the parameters of the program and agreeing to it's support and implementation (See "Starting the Local CHIP).

Financial Framework

"Show Me the Money"

The economic benefits of housing infill having been previously covered, this section addresses the framework for financing property acquisition, home design/construction and homebuyers.... it also deals with ways to remediate the impact of rising lot, construction and financing costs on affordable housing.

Integrating Programs to Address Escalating Costs

If the political will of infill stakeholders is so attuned, many opportunities exist to address the issue of escalating lot and construction costs. In the final analysis, the bottom line for the homebuyer is the funds that the homebuyer must pay out-of-pocket and for which he can qualify in securing a mortgage. **To keep the costs at a minimum and thus, qualify individuals and families in the targeted income categories, cost concerns must be addressed in each stage of the infill process.** The stages are generally outlined below and key approaches to addressing associated costs are listed.

- **Property Transfer/Acquisition**
 - Transferring existing surplus land owned by taxing entities (some of, but not all of which may have been put up for public sale without a successful bidder) to a nonprofit housing organization;
 - Negotiating purchase of property with delinquent taxes/liens in advance of foreclosure;
 - Nonprofit submits minimum bid on foreclosed property at public sale; and/or,
 - Negotiation purchase of contiguous properties in advance of new home construction and potential increased property values.

- **Interim and Long-term Financing**
 - Package a combined financing and construction program for interim construction funds, contract for construction and mortgage financing;
 - Partner local financial institutions with local or regional housing finance corporations with available tax exempt or taxable bond programs; and/or,
 - Work with local realtors to market housing and secure qualified homebuyers.

- **Home Design/Construction**
 - For small, rural communities, consider partnering with a regional program to build a pre-estimated number of efficiently designed modular, industrially manufactured home choices.... say from 1,000 to 1,600 sq. ft., in several near-by communities;
 - Design homes for pre-determined purchase prices meeting the needs of targeted homebuyer income groups;
 - Design homes for neighborhood compatibility, to “fit-in” with existing, older homes; and,
 - Use local suppliers and contractors as much as possible.

Six Steps in the CHIP Implementation Process

The **Six Steps** and their subparts are presented below in general, logical order. In practice the process may start at almost any place in the sequence. Different options in securing properties are also available. Some steps may be efficiently combined and carried out by a broker. For example; in the City of Giddings, a broker offered a proposal that includes housing design, interim financing, housing construction and mortgage financing. In such cases the time required to get a house on the ground may be substantially shortened. Ultimately, however, each step will need thorough consideration by the community and the use of local leadership and resources should be nurtured and maximized throughout the process.

1. Hold an Informational Meeting for Stakeholders

- Stakeholders should include: taxing entities, tax assessor-collector, county clerk, chief appraiser county/city attorney, city/county elected officials and staff, local housing and economic development organizations
- Present benefits and examples of successful housing infill programs
- Seek general consensus from stakeholders as to local needs and opportunities to proceed with a program
- Form a working group and select a Chair

2. Package and Adopt a Program for Local Project Development

- Involve working group and stakeholders in the process
- Identify a qualifying local or regional nonprofit organization to receive/acquire properties and facilitate home construction
- Identify and evaluate specific properties and housing products
- Line up procedures and financing for securing/acquiring properties, interim financing and mortgage financing
- Adopt a property and site/housing design price range strategy
- Develop a marketing strategy through local realtors
- Draft city ordinance, inter-local agreements (including policies and procedures) and council resolution⁵
- Hold public information meetings (taxing entities) for local input
- Adopt ordinance and inter-local agreements among taxing entities

3. Secure/Purchase Properties

- Order surveys
- Secure title and receive/purchase properties

4. Market Housing and Pre-qualify Buyers Through Local Realtors

5. Construct Homes/Landscaping

- Secure interim financing
- Prepare site plans
- Secure permits
- Construct housing/landscaping

6. Secure Mortgage Financing and Close on Sales

⁵ The requirement of consistency with the municipality's urban redevelopment plans is proposed by HB490, 2001 Texas legislative session to include the wording "or the municipality's affordable housing policy".

APPENDICES

1. Force, Duane, Esq. “The Role of Tax Delinquent Properties in Providing Affordable Housing.”; Linebarger Heard Goggan Blair Graham Pena & Sampson, L.L.P (June 20, 2000), 5.
2. Draft Interlocal Agreement for Establishing an Alternate Manner of Sale of Foreclosed/Seized Properties.
3. Outline of Items to Include in a Municipal Ordinance/Policy Statement to Implement a Community Housing Infill Program.
4. List of Resource Materials in **Resource Supplement**, Compiled for Local Use.

THE ROLE OF TAX DELINQUENT PROPERTIES IN PROVIDING AFFORDABLE HOUSING

By Duane Force, Esq.
Linebarger Heard Goggan Blair Graham Pena & Sampson, LLP

A. ACQUISITION OF PROPERTY BY LOCAL GOVERNMENT

1. Judicial Foreclosures.

(a) The lawsuit. Historically, taxing units⁶ in Texas have been given the statutory authority to enforce the collection of delinquent property taxes by judicial foreclosure. Judicial foreclosures, unlike “non-judicial” foreclosures commonly associated with lien foreclosures by commercial lending institutions, require the actual filing of a lawsuit in the appropriate court, followed by citation upon the owners, lienholders, and other persons with a legal or equitable interest in the delinquent property.⁷ Upon serving the parties with that process, the taxing unit may then prove its case in a hearing before the court, such proof usually consisting of the taxing unit’s delinquent tax records. Only upon proper proof, may the court then award a judgment in favor of the taxing unit authorizing a public sale of the property by the sheriff or constable in order to satisfy the tax delinquencies. That assumes of course that the property owners failed to prove any defense to the tax suit.

(b) The sale of tax-foreclosed property at the public sale auction. The minimum-opening bid utilized by the sheriff or constable at the public sale is governed by law. That minimum is the amount of the taxes against the property or the market value of the property (as set out in the court’s judgment), whichever amount is less. Frequently, the public sale by the sheriff or constable produces no bidders from the public, in which case properties have been and continue to be bid in by the taxing unit which initiated the original tax suit. The sheriff or constable then conveys the property to the taxing unit by deed, and the taxing unit holds the title to the property for itself and in trust for the other taxing units which established claims in the foreclosure judgment. The property then becomes exempt from taxation for the period during which the taxing units hold title, because the property is being held solely for the purpose of reselling it so as to satisfy the delinquent taxes from any proceeds. That use of the property has been

⁶ “Taxing units” include counties, incorporated cities or towns, school districts, special districts (e.g. junior college districts, hospital districts, water districts, fire districts, emergency services districts, etc.), and any other political unit in Texas which is authorized to impose an ad valorem tax and which is in fact imposing taxes. See § 1.04 (12), Tax Code.

⁷ It is required by law that when one taxing unit files a lawsuit for collection of taxes on a delinquent property, all other taxing units with delinquent tax claims against that same property must join in the same lawsuit so that all tax claims are adjudicated in one action.

defined by the courts in Texas as a “public use”, thereby rendering the property as exempt from taxation while so used and held by the taxing units.

2. Summary seizures of delinquent property.

(a) The tax warrant. Until the Texas legislature acted in 1995, the above-described procedures for judicial foreclosures constituted the only manner in which taxing units were authorized to enforce collection of delinquent taxes on real property. In 1995 however, the legislature provided for “summary seizures” of property by municipalities as an alternative to judicially foreclosing property by lawsuits.⁸ Summary seizures, thought by some to be a speedier and less cumbersome process in enforcing delinquencies, entail a procedure whereby a city or county tax collector simply applies to the court for a “tax warrant” authorizing the seizure of the property without actual prior notice to the owners of the property. The court issues the warrant if the tax collector shows by affidavit that (a) the property has been abandoned, unused and vacant for at least one year, (b) the taxes on the property have been delinquent for a certain specified number of years, and (c) the tax collector has determined that summary seizure and sale, as opposed to the traditional judicial foreclosure, is in the best interest of the taxing units in light of the costs associated with a standard foreclosure vs. anticipated sale proceeds. Once the warrant is issued, a public sale is authorized, preceded by an advertised notice of sale.

(b) The sale of seized property at the public sale auction. The same “minimum-opening bid” rule generally applies at the sale of seized property as in the case of judicially foreclosed property, but with an important exception. If no bids for the standard minimum amount are received from the general public at the auction, the sheriff or constable may of course bid in the property for the taxing units under the general rule or, alternatively, the officer may sell the property for an amount less than the “minimum-opening bid” to an organization that meets the requirements of a charitable organization under the Tax Code, if that organization’s exclusive purpose is to build or repair housing primarily with volunteer labor and to sell the same without profit to individuals who satisfy the organization’s low-income or other eligibility requirements. The officer conducting the sale of seized property need not obtain the consent or approval of the taxing units in order to make such a sale to the charitable housing organization. And, the officer’s determination of the adequacy of the amount bid appears to be conclusive.

3. Acquisition of delinquent property by “deed in lieu of taxes”.

For many years, Texas law prohibited taxing units from accepting a deed from a delinquent taxpayer conveying the delinquent property to the taxing unit in lieu of taxes. Taxes could only be paid in dollars. The legislature changed that however with the enactment of Section 31.061, Tax Code, wherein a property owner may deed his/her property to the taxing unit

⁸ This particular legislation was subsequently amended in 1997 so as to extend its application to counties in addition to cities.

owed the largest amount of taxes in satisfaction of all taxes owing, but subject to the consent of all taxing units concerned. The taxing unit taking title may then resell the property in order to recover the taxes. The former owner remains liable however for any deficiency in taxes not recovered through the resale.

B. RESALES OF FORECLOSED / SEIZED DELINQUENT PROPERTY.

1. The general rule regarding purchase price.

In reselling tax-foreclosed property in Texas, taxing units are authorized to dispose of such property by either public or private sale.⁹ However, prior to recently enacted legislation, resales have been subject to certain restrictions regarding the purchase price that the taxing unit holding title (the “trustee taxing unit”) was authorized to accept. Specifically, the trustee taxing unit could not resell a property at private sale for a price which was less than the same “minimum-opening bid” amount which governing the original sheriff’s sale, that minimum amount being the lesser of: (a) the market value of the property as specified in the underlying foreclosure judgment, or (b) the total amount of the delinquencies owing to all of the concerned taxing units, unless the trustee taxing unit had the unanimous consent to do so from all concerned taxing units. In other words, the trustee taxing unit could, unilaterally and acting alone, agree to a sale price of an amount whereby all the taxing units recovered 100% of the tax delinquencies. Also, in those cases where the total taxes exceed the value of the property, the trustee taxing unit could, without the consent of the other taxing units, sell the property for an amount which at least equaled the value of the property. However, any offer for an amount which was less than the lesser of the value or the delinquencies, required the unanimous consent of each taxing unit entitled to receive proceeds of the sale. That rule remains as the general rule today, subject however to some newly enacted exceptions provided by the 75th and 76th legislatures.

2. The exceptions to the general rule.

(a) The Tax Code Interlocal Agreement. In 1997, the Texas legislature enacted Section 34.051, Tax Code, which authorizes municipalities to resell tax foreclosed properties for less than the value specified in the underlying judgment or less than the amount of taxes against the property without seeking consent in each case from all the other taxing units, so long as advance “blanket” consent to such resales is given in an interlocal agreement between the taxing units. The interlocal agreement must restrict the use of resold properties to a purpose consistent with the municipality’s urban redevelopment plan.

⁹ Practices have widely varied among the taxing units in reselling delinquent properties. Those practices have included: (a) entertaining private “over the counter offers” on a first come-first serve basis, (b) advertising for sealed bids, and (c) a second public auction, just to name a few.

The interlocal agreement must include the following:

- (i) a general statement and goals of the municipality's urban redevelopment plans;
- (ii) a statement that the interlocal agreement concerns only tax foreclosed property that is either vacant or distressed and has a tax delinquency of six or more years;
- (iii) a statement that the properties will be used only for a purpose consistent with an urban redevelopment plan that is primarily aimed at providing housing for families of low or moderate income; and
- (iv) a statement that the principal goal of the interlocal agreement is to provide an efficient mechanism for returning deteriorated or unproductive properties to the tax rolls, enhancing the value of ownership to the surrounding properties, and improving the safety and quality of life in deteriorating neighborhoods.

The question of purchase price in the case of each property is left to the discretion of the municipality under Section 34.051. However, there is nothing which would prohibit the municipality from agreeing to the inclusion of guidelines in the interlocal agreement regarding purchase prices generally. Also, this section of the Code relates to property "acquired by the municipality". Accordingly, where some other taxing unit is holding title in trust on behalf of the municipality, the agreement should make provision for the title holder to transfer the title out of its name and into the name of the municipality as trustee so as to bring the parties within the requisites of the Code.

(b) Special ordinance by municipality. In 1995, the Texas legislature enacted Section 34.015, Tax Code, which authorizes municipalities ¹⁰ to determine by ordinance those individuals and families who qualify as low income individuals and families, after taking into account the area's median income. That same provision further authorizes the municipality to provide by that ordinance the manner in which any property, regardless of how it was acquired by the municipality, may be sold if the property is sold to:

- (i) a non-profit organization that develops housing for low income individuals and families as a primary activity to promote community-based revitalization of the municipality; or

(ii) a non-profit corporation described by 26 U.S.C. § 501(c)(3) that:

- (A) has been incorporated in this state for at least one year;
- (B) has a corporate purpose to develop affordable housing that is stated in its articles of incorporation, bylaws, or charter;

¹⁰ The bracket of 1.5 million in population was removed by the legislature in 1997.
CAHFC

- (C) has at least one-fourth of its board of directors residing in the municipality; and
- (D) engages primarily in the building, repair, rental, or sale of housing for low income individuals and families.

Because the ordinance authorizes the municipality to provide for “the manner in which” the property may be sold, it is implied that the municipality’s authority includes the determination of purchase price of tax foreclosed / seized properties without the consent of other concerned taxing units. Moreover, as has been done in Dallas, the municipality may under this section of the Code implement a policy which gives housing groups which qualify under Section 34.015 a priority (i.e. right of first refusal) in purchasing the property at an amount less than the traditional “minimum-opening bid”.

The ordinance may further specify a minimum purchase price applicable to such housing groups based upon, for example, square footage of the property. So long as the amount offered equals or exceeds the amount specified per square foot, the resale is authorized. The minimum amount specified is without regards to either the amounts of taxes owing against the property or its value as fixed in the underlying judgment or tax warrant. [See City of Dallas Ordinance No. 24046 (Sept. 22, 1999) amending §§ 2-26.4, 2-26.5, 2-26.6, 2-26.9 and 2-26.10 of Chapter 2, Dallas City Code.] Alternatively, the municipality’s governing body may simply consider a housing group’s offer on a case by case basis, but giving priority to the qualified housing group regardless of a competing higher bid or offer.

SAMPLE INTERLOCAL AGREEMENT

for establishing an Alternate Manner of Sale of Land Acquired by the City of _____, Texas pursuant to Section 34.051 of the Texas Tax Code.

1. This interlocal agreement is entered into among the City of _____, Texas (the Municipality) and the following taxing entities: (list taxing entities) _____

This agreement takes effect _____ and ends _____.

2. This agreement is made to carry out the Municipality's Community Housing Infill Program (CHIP), and is intended to be consistent with the Municipality's urban redevelopment plan¹¹, a copy of which plan is attached to this agreement.

3. The purposes and goals of the CHIP and of this agreement are:

(a) to promote community-based revitalization by providing renewed opportunities for affordable housing in the Municipality for potential homebuyers qualifying under the Municipality's Ordinance No. _____ adopted under Section 34.015 of the Texas Tax Code.

(b) to provide an efficient mechanism for returning deteriorated or unproductive properties to the tax rolls, enhancing the value of ownership to the surrounding properties, and improving the safety and quality of life in deteriorating neighborhoods.

4. "Property" or "Properties", as used in this agreement, means only those real properties that are either vacant or distressed and that have a tax delinquency of six or more years. Any property resold by the Municipality under this agreement will be used only for a purpose consistent with the Municipality's urban redevelopment plan.

5. The Municipality is designated as trustee for properties that it and the other taxing entity parties with delinquent tax claims against the property select as comprising a part of the CHIP and that were previously acquired following foreclosure of a tax lien or the seizure of property under Subchapter E, Chapter 33, Texas Tax Code. The taxing entity parties to this agreement shall, upon request by the Municipality, execute all instruments necessary to transfer title to the selected properties to the Municipality as trustee.

¹¹ The requirement of consistency with the municipality's urban redevelopment plans or Affordable Housing policy is codified in Texas Tax Code 34.051 (B).

6. It is further agreed that in future tax foreclosures or seizures of property in which the Municipality is a participant, the Municipality may designate itself as the trustee taxing unit that takes title to the property at any public sale in which no bid is received from the public, and those properties may likewise be selected by the Municipality and the other taxing entity parties as comprising a part of the CHIP.

7. The Municipality is authorized to transfer ownership of those properties comprising a part of its CHIP and held in trust in its name to _____ (qualifying Nonprofit Organization(s) or Corporation(s)) to carry out the purposes of the Municipality's CHIP. The taxing entity parties to this agreement consent to a resale by the Municipality of the properties for less than the lesser of the market value of the properties as set in the foreclosure judgments and tax warrants or the total amounts adjudged due, as provided under Section 34.051, Texas Tax Code. ** A resale by the Municipality shall be made subject to any right of redemption remaining in the former owners of the property.

*** (Alternate wording)*

The taxing entity parties to this agreement consent to a resale by the Municipality of the properties for any amount, so long as the amount equals at least (choose one) \$ _____ for each property or \$ _____ for all the properties.

8. The individual signing this agreement on behalf of a party warrants that he or she is legally authorized to do so and that the party is legally authorized to perform the obligations undertaken.

9. This agreement states the entire agreement of the parties, and an amendment to it is not effective unless in writing and signed by all the parties.

10. This agreement is binding on and inures to the benefit of the parties' successors in interest.

11. This agreement is performable in _____ County, Texas, and Texas law governs its interpretation and application.

12. This agreement may be executed in multiple counterparts, each of which constitutes an original. All executed counterparts together constitute the same instrument.

(Acquire and affix authorized signatures from the Municipality and each taxing entity party)

(Attach urban redevelopment plan, municipal ordinance and description of adopted CHIP process.)

Outline of Items to Include in a Municipal Ordinance/Policy Statement to Implement a Community Housing Infill Program (CHIP)

The outline below has been developed using a sample ordinance from the City of Dallas, TX and a policy statement adopted by the City of San Marcos, TX. Copies of these documents along with relevant information may be found in the **Resource Supplement** to this Document. *The city implementing a CHIP program should seek advice from its own legal counsel in reviewing these requirements. The example used from the City of Dallas may not apply in all aspects to a smaller, rural community.*

1. Cite sections of the current city code that must be amended, defining terms, authorizing and providing requirements, qualifications, restrictions, and procedures for an alternate manner of sale of currently publicly owned and/or otherwise tax – foreclosed or seized real property to qualifying nonprofit organization(s) for the development of affordable housing; providing a saving clause; providing a sever ability clause; and providing an effective date.
2. City’s intent in adopting the ordinance (i.e., the implementation of Section 34.015 of the Texas Tax Code, etc.)
3. Definitions as necessary.... including means of establishing income limits, i.e., % of median family income for the county
4. Location of properties.... within City Limits, with compatible zoning, available infrastructure, etc.
5. Conditions of transfer/resale to nonprofit corporation.... to develop affordable housing for moderate-income individuals and families; within ___time frame from obtaining quitclaim deed from the city
6. Method of setting purchase price/transfer of land to nonprofit.... waiving delinquent taxes, fees, etc.; for amount of delinquent taxes, fees, etc.; maximum purchase price by lot size; etc.
7. Contents to be included in quitclaim deed to nonprofit.... copy of summary of nonprofit proposal; possibility of reverter with right of reentry; deed restrictions, if any; indemnification of the city and other affected taxing units by the nonprofit organization; a statement and acknowledgement that the property is quitclaimed subject to all redemption rights provided by state law; such other as may be required by the city
8. That all other city ordinances remain in effect except as amended by this ordinance
9. Sever ability clause
10. Clause stating date ordinance will take effect
11. Standard approval clause with signatories

Resource Materials in Resource Supplement, Compiled for Local Use

1. Selected materials on the Community Reinvestment Act (CRA), including information from the Federal Reserve Board and FDIC Web Pages www.bog.frb.fed.us/dcca/cra/ www.fdic.gov/regulations/community/community/12c30.html; and, a FDIC CRA Guide to Developing the Strategic Plan. 8/8/00
2. City of Dallas Infill Program information documenting the background, policies and procedures for implementing a program for a large city. 8/15/00
3. Policy on Infill Development Incentives and other Land Development Incentives for the City of San Marcos, Texas. 1/12/98
4. H. B. 110 75(r) Bill Analysis and Text. 6/8/00
5. Chapter 34. Tax Sales and Redemption; Texas Tax Code. 8/15/00
6. Chapter 33. Delinquency; Texas Tax Code. 8/15/00
7. Sampson, DeMetris A., Esq., Linebarger Heard Goggan Blair Graham Pena & Sampson, L.L.P “Tax Delinquent Properties Provide Opportunities”, *Texas Association of Local Housing Finance Agencies Newsletter* (July 1998), pp. 2,4,6.
8. Shaw, Jim, Executive Director Capital Area Housing Finance Corporation, “Encouraging Home Ownership and Small Community Stability Through Infill Development” *National Association of Local Housing Finance Agencies Newsletter* (July-August 2000), 1.

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