

Houston's Hope for Affordable Housing

Project Houston Hope Goals

- ☑ *Create opportunities for developing affordable single and multi-family housing for low and moderate income families.*
 - ☑ *Eliminate slums and blight by stabilizing and enhancing property values in these neighborhoods.*
 - ☑ *Utilize public and private programs to promote redevelopment.*
 - ☑ *Return long-term delinquent properties to productive use.*
 - ☑ *Promote economic development to support housing to ensure quality of life in redeveloped neighborhoods, including institutional input and infrastructure, neighborhood school, stores and parks.*
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Like many major urban centers, Houston is home to several thousand tracts of vacant, derelict properties that have remained on the tax rolls for years. They drain city resources, requiring upkeep for public safety, most have little or no city infrastructure, and zero potential for generating tax revenue in their current condition. Their only function is to serve as crime magnets for crack houses. While these properties lie dormant in the city, low and moderate income families are pushed to the fringes, in search of affordable housing.

In working with Linebarger Goggan, the law firm collecting the City's delinquent taxes and the Land Assemblage Redevelopment Authority (LARA), Mayor White launched Project Houston Hope in 2005 to revitalize these older inner-city neighborhoods. LARA members include appointees by the Mayor, city council, county and school district. Together they work towards a common goal of turning renters into home owners and revitalizing the City's core, using public and private sector funds to provide essential infrastructure, public services, and new housing units.

Step One: Acquire the Properties. Because the title for many of these 2,000-plus vacant and distressed properties had long disappeared, foreclosing on them was extremely costly and time consuming. The greatest barrier was finding a market for these chronically delinquent properties, as their assessed value was considerably less than the 10 - 20 years of delinquent taxes owed and required as payment prior to a buyer assuming ownership. A legal process was developed for putting these properties up for sale in volume and below the amounts owed on taxes. Inter-local agreements were drafted to allow these sales and to transfer them from the city, school and county tax rolls entities to LARA. LARA is restricted to reselling these properties only for the purpose of developing affordable housing and quality neighborhoods.

Community Benefits

- Private investment in inner city properties has soared.*
- Derelict properties have been returned to productive use and are attracting more businesses to the area.*
- The City saves \$1 million each year in mowing and demolition costs.*
- Formerly blighted properties are back on the tax rolls paying current property taxes and at a higher value.*
- LARA is fostering small private sector business development through its charge to redevelop properties it purchases through the new foreclosure process.*
- Public and private sector funds are supporting this initiative.*
- Renters are becoming homeowners with equity in real property.*

Five sales took place in the first sale. In June 2006, 100 tracts were sold under the LARA program for redevelopment and August sales exceeded all prior months at 114. A positive side-effect of this process has been the creation of a vigorous market for inner-city properties in the private sector, which has spurred growth in several areas and returned these properties to the tax rolls over and above the minimum bids set for sale.

Step Two: Develop the Properties. LARA issued its first RFP in July 2006 to solicit bids from builders who partner with a qualified community development corporation (CDC) for the construction of 150 affordable housing units in eight neighborhoods. The maximum bid is set at \$99,000 for a single family home; this includes lot development, construction, marketing and closing costs, CDC fees, and the builder's profit. Builders must complete construction within 150 days. Concurrent with this solicitation, the City is investing in infrastructure, funded by local tourism taxes and federal funds to prepare these areas for new homes.

Step Three: Sell to Low Income Families. The City offers two programs to help families move into these homes: Homebuyer Assistance Program and the Good Neighbor Next Door (available to police, firefighters, teachers and emergency medical personnel). Both programs offer subsidies to help with down payments and closing costs in order to keep the monthly mortgage payments, including property taxes, in the range of \$850 - \$950.

With builders set to break ground, the City is looking at building 150 new homes. LARA owns 336 more lots and is working on acquiring additional lots for development.