



City of McKinney
Housing & Community Development Department
FY 2013-14 ANNUAL ACTION PLAN
COMMUNITY DEVELOPMENT BLOCK GRANT

City of McKinney, SF 424

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INTRODUCTION

As defined by HUD, the Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to 1209 general units of local government and States. The City of McKinney is an entitlement community under the Community Development Block Grant.

The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons. The program is authorized under Title 1 of the Housing and Community Development Act of 1974, Public Law 93-383, as amended; 42 U.S.C.-5301 et seq.

The City's Annual Action Plan for the City of McKinney includes the SF 424 and Narrative Responses required that grantees under the U.S. Department of Housing and Urban Development (HUD) for the programs CDBG, HOME, HOPWA and ESG grantees must respond to each year in order to be compliant with HUD Consolidated Planning Regulations.

EXECUTIVE SUMMARY

The City of McKinney, Texas is a growing community with a population of 140,826 (as of Jan. 2013). When the City reached a minimum population of 50,000, it became eligible to participate under the Community Development Block Grant. The Community Development Block Grant is provided by the United States Department of Housing and Urban Development (HUD). CDBG funds are used to implement and develop community development and housing activities to principally benefit low and moderate income individuals and households. Funds are allocated primarily for affordable housing activities, public services, and CDBG economic development. Among its city services to residents, the City's Housing and Community Development Department administers programs and activities under the Community Development Block Grant.

The CDBG program is among the City's many Quality of Life investment strategies used to impact its Housing and Community Development goals in services to the community.

The FY 2013-14 Annual Action Plan will guide funding allocations for the reporting period of October 1, 2013 to September 30, 2014. HUD requires that cities and states receiving CDBG funding also take actions to affirmatively further fair housing choice. The Action Plan falls within the FY 2010-14 Consolidated Plan, in accordance with Sections 91.100 through 91.230, of

the U.S. Department of Housing and Urban Development's regulations. Each year of the Consolidated Plan, a one-year action plan is submitted to HUD to detail proposed activities and programs. The plan may also include any amendments. Public participation is an integral part of the planning process under the Annual Action Plan. Public hearings are advertised and held to ensure that the public has the opportunity to provide input and comments into the process.

Funding Distribution

The City anticipates a funding allocation of approximately \$710,285 from HUD to implement Housing and Community Development activities. The City of McKinney will leverage its CDBG allocation with Home Investment Partnerships (HOME) funding from the Texas Department of Housing and Community Affairs (TDHCA). McKinney will continue to use funding toward its affordable housing activities, including a first-homebuyers program, home reconstruction and tenant based rental assistance. Upon eligibility and availability, the City endeavors to become a full participating jurisdiction (PJ) under the HUD Ft. Worth Regional Office.

Federal Objectives and Performance Measurement

Proposed activities will meet one or more of the following CDBG National Objectives:

- Principally benefit low to moderate income persons;
- Aid in the elimination of slums or blight; or
- Meet other community development needs of a particularly urgency, which represent an immediate threat to the health and safety of community residents.

Federal law requires CDBG grant funds primarily benefit low to moderate income persons and households, in accordance with the following HUD performance measurement objectives:

Establishing and Maintaining a Suitable Living Environment.

The concept of a suitable living environment relates to activities designed to benefit communities, families or individuals by addressing issues in their environment. Activities may include improving safety and livability of neighborhoods; increasing access to quality facilities and services; reducing isolation of income groups within an area through availability of housing opportunities and revitalization of deteriorating neighborhoods; restoring and preserving properties of special value for historic, architectural or aesthetic reason(s), and conserving energy resources.

Providing Decent Housing

Activities under this activity can span a wide range of both housing and community development activities possible. This may include assisting homeless persons in obtaining appropriate housing; assisting households with emergency rental, utility or mortgage assistance to assist those at risk of homelessness; retaining affordable housing stock; increasing availability of permanent housing that is affordable to low income persons,

without discrimination under HUD guidelines on the basis of race, color, religion, sex, national origin; familial status or handicap; and increasing supply of supportive housing, which includes structural features and services to enable persons with special needs to live with dignity.

Providing Expanded Economic Opportunities

This objective applies to activities related to economic development, commercial revitalization, or job creation. Activities funded under this objective can include: creating job accessibility to low income persons; making mortgage financing available at reasonable rates for LMI persons; providing access to credit for development activities that promote long term economic and social viability of the community; and empowering low-income persons to achieve value in self-sufficiency, to reduce generational poverty in federally-assisted and public housing.

SUMMARY OF PAST PERFORMANCE

Past performance of the CDBG program in concert with other Housing and Community Development programs include, but not limited to the following:

- The City of McKinney continued to implement its CDBG program in a timely manner and in compliance with 24 CFR 570.902(a)(1)(i) of the regulations, which requires that a grantee (McKinney) will have no more than 1.5 years of grant funds in its line of credit 60 days prior to the end of its program year.
- Expended 100 percent of its funds to benefit and impact low to moderate income persons, which exceeds the standard 70 percent minimum for overall program benefit.
- Successful monitoring of the City's program by the Regional HUD Office and other external auditing. Maintained compliance with statutory percentage caps of using up to 20 percent for CDBG planning and up to 15 percent cap for public services.
- The City continued to encourage citizen participation of housing and community development activities, including coordination partnerships for the City's portion of the Collin County Homeless Coalition Annual Count; Volunteer home repairs for the effort Together We Serve; using data and input to leverage and implement the City's Say YES to Youth Summit and expanding key partnerships with the Collin County Social Services Association; the Disability and Aging Network of North Texas; and P.R.I.D.E. Neighborhood groups (Promoting Resident Involvement, Development and Enthusiasm).

- The City of McKinney leveraged general funds under the City's Community Support Grant with approximately \$119,000 to fund social service priorities including basic needs, health, medical, housing and public education.
- Provided economic development opportunities to small businesses by hiring quality general contractors under the City's Housing Rehabilitation Program and actively sought recruitment of women, minority and Section 3 contractors.
- Continued joint partnerships with other Collin County Cities to improve housing and awareness to encourage and educate citizens toward the benefits of homeownership, home maintenance and knowledge of fair housing. Providing free home ownership to interested persons; developed resources and responded to community inquiries on tenant rights; educated funded agencies on amendments to the American Disabilities Act and their responsibilities.
- Began planning stages of develop housing for persons with disabilities by participating in the state's Housing Strategy Partnership with nonprofit agencies, the McKinney Housing Authority, and TDHCA. The goal will develop housing opportunities within a two year period.

CITIZEN PARTICIPATION

Public participation is an integral part of the planning process under the Annual Action Plan. Community stakeholders are sought to participate and can provide input into the City's Plan. In the first stage of the process, interested persons and agencies received notice to apply for CDBG funding for the FY 2013-13 program year in April, 2013. Agencies were able to receive access to technical assistance for the process. Public hearings for the FY 2013-14 Application Process were held on May 8 and May 9, 2013, where agencies presented funding proposals.

The Community Grants Advisory Commission, a seven person board of McKinney residential volunteers appointed by City Council through a public application process, conducted the hearings and then deliberated on May 23 to develop the funding recommendations. Legal notices are published to inform the public throughout the process.

A 30-day public comment period takes place June 16 –June 17 where the public may view the developed plan and recommendations and the applications in the office of the Housing and Community Development Department, online or at the Reference Desk of the downtown library. Within the 30-day process, staff consults with stakeholders to make them aware of the plan and to inform and seek comment for the plan. Low to moderate income residents under the P.R.I.D.E. Community, where most communities are within the City's older neighborhoods participate in at least one community meeting. This meeting was held on May 27 and also

included public input on the City's plan to expand a key local roadway. A mailing of approximately 600 households were distributed and 25 persons were in attendance, along with 3 phone inquiries to discuss information about the roadway, the CDBG plan related to housing and the date of the council meeting.

Other meetings and notices will be held with nonprofit stakeholders. The City Council will hold a public hearing on July 16 to receive public input and adopt the plan. All written comments received during the period will have response from the Administrator and will also be included in the final document before it is submitted to HUD for review and approval.

The City Manager signs the final document in August and the plan must be submitted to HUD no later than August 15, 2013. The program year will not begin until October 1, 2013. In the final draft, comments will be inserted.

Steps to Broaden Public Participation

The City of McKinney is fortunate to have dedicated and informed residents and stakeholders who want to be a part of the City's Housing and Community Development input and plan.

In the FY 2013-14 program year, staff and residents will also take steps to develop the plan for the next Housing and Community Development Plan for the next five years. Over the course of the year, public participation will include using data tools including HUD CPD mapping and IDIS submissions, new data from the U.S. Census Bureau under Census 2010 and American Community Survey that will be released in September and throughout the course of the year, local data from the City's Planning Department and Community Connection data from a new database called Texas Connector.

"Get Connected" meetings will take place with stakeholders with educators, residents, faith-based organizations, businesses, social service agencies, City departments, commission members, staff and others to shape local priorities and redesign community need programs. From November 2013 to July 2014, the public will help shape the next Consolidated Plan, and of course continue to have input under the FY 2013 plan and prepare in concert for FY 2014.

RESOURCES

The Housing and Community Development Department of the City of McKinney is located at 314 S. Chestnut Street and serves as the lead agency for administration of state and federal funds including CDBG and HOME funds from the Texas Department of Housing and Community Affairs (TDHCA).

The primary resource used to fulfill goals of the Annual Action Plan will be CDBG funding. Leveraged resources include:

- HOME resources to fund multiple housing activities including down payment assistance, home reconstruction and tenant based assistance.
- Although a separate entity from the City, the McKinney Public Housing Authority expects to receive funding under their program year that begins July 1 to serve low income residents under the Section 8 Voucher Choice program.
- The Community Support Grant, awarded annually by McKinney's City council to help assist agencies that serve special needs and low income populations with social service needs. An estimated funding pool of \$119,000 is anticipated for agency support, contingent upon Council budget approval.

The Planning Department continues to expend funds from \$ 400,000 brownfields assessment grant under the Environmental Protection Agency, to support community outreach and develop an inventory of brownfields sites, impacting approximately 60 percent of the low- and moderate income households served by CDBG funds. The Community Development Department continues to work with planning staff through the P.R.I.D.E. neighborhood program and the Housing Rehabilitation Program to partner participation efforts.

ANNUAL OBJECTIVES AND PROPOSED ACTIVITIES

Goals and objectives to be carried out during the action plan period are indicated by placing a check in the following boxes.

| <input type="checkbox"/> | Objective Category <i>Which includes:May Include:</i> | <input type="checkbox"/> | Objective Category: Suitable Living Environment <i>Which includes:May Include:</i> | <input type="checkbox"/> | Objective Category: Expanded Economic Opportunities <i>Which includes:May Include:</i> |
|-------------------------------------|--|-------------------------------------|--|-------------------------------------|--|
| <input checked="" type="checkbox"/> | assisting homeless persons obtain affordable housing | <input checked="" type="checkbox"/> | improving the safety and livability of neighborhoods | <input checked="" type="checkbox"/> | job creation and retention |
| <input checked="" type="checkbox"/> | assisting persons at risk of becoming homeless | <input checked="" type="checkbox"/> | Eliminating blighting influences and the deterioration of property and facilities | <input type="checkbox"/> | establishment, stabilization and expansion of small business (including micro-businesses) |
| <input checked="" type="checkbox"/> | retaining the affordable housing stock | <input type="checkbox"/> | increasing the access to quality public and private facilities | <input checked="" type="checkbox"/> | the provision of public services concerned with employment |
| <input checked="" type="checkbox"/> | increasing the availability of affordable permanent housing in standard condition to low-income and moderate-income families, particularly to members of disadvantaged minorities without discrimination on the basis of race, color, religion, sex, national origin, familial status, or disability | <input checked="" type="checkbox"/> | reducing the isolation of income groups within areas through spatial deconcentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods | <input type="checkbox"/> | the provision of jobs to low-income persons living in areas affected by those programs and activities under programs covered by the plan |
| <input type="checkbox"/> | increasing the supply of supportivehousing, including structural features and services to enable persons with special needs (including persons with HIV/AIDS) to live in dignity and independence | <input checked="" type="checkbox"/> | restoring and preserving properties of special historic, architectural, or aesthetic value | <input checked="" type="checkbox"/> | availability of mortgage financing for low income persons at reasonable rates using non-discriminatory lending practices |
| <input checked="" type="checkbox"/> | providing affordable housing that is accessible to job opportunities | <input type="checkbox"/> | conserving energy resources and use of renewable energy sources | <input type="checkbox"/> | access to capital and credit for any development activities that promote the long-term economic social viability of the community |

**CDBG ANNUAL ACTION PLAN
PROPOSED FUNDED PROJECTS
FY 2013-14**

| AGENCY | ACTIVITY DESCRIPTION | FUNDING | HUD MATRIX CODE |
|--|---|------------------|---|
| The Samaritan Inn | Employment Case Management; funds used to support Case Management staff providing counseling and employment services to homeless shelter residents. | \$ 12,000 | 5- Public Services |
| Community Lifeline Center | Emergency Housing and Utility Assistance | 10,000 | 05Q- Subsistence Payments |
| Health Services of North TX | Mental Health Services; funds will be used to support Counseling of persons with HIV or AIDS to cope with life skills and health services. | 5,375 | 050 – Mental Health Services |
| CityHouse | Shelter Case Management Services for at-risk runaway youth | 6,473 | 05-Public Services |
| CASA of Collin County | Support for volunteer training of the court-appointed advocates to benefit abused and neglected children. | 8,500 | 05N-Abused/Neglected Children |
| Collin County Committee on Aging, Inc. | Evening and Weekend Meal Service to eligible McKinney Senior Citizens | 11,098 | 05A – Senior Services |
| Children and Community Health Ctr. | Healthcare services; funds used to support salary portion of medical nurse, to benefit McKinney underserved or uninsured clients. | 11,000 | 05M- Health Services |
| Salvation Army, McKinney | Emergency Utility Assistance | 6,750 | 05Q-Subsistence Payments |
| Holy Family School | Scholarships to leverage education for summer program, ages 2-5 | 5,750 | 05D –Youth services |
| Community Dental Health | Basic dental services for children, youth or seniors who are ineligible or have no dental insurance. | 10,000 | 05M – Health Services |
| Boys & Girls Clubs of Collin County | Program support for SMART Moves Program | 8,500 | 05D – Youth Services |
| City's Housing Rehabilitation Program | Operations and City-Wide Direct Services funding to include repairs to a minimum of 20 housing units for home repairs of eligible low to mod income homeowners. | 333,232 | 14A – Single Family Housing Rehab; |
| North Collin County Habitat for Humanity | Vacant Lot Acquisition Program to build affordable housing to benefit approx. 20 persons. | 10,000 | 1 – Acquisition of Real Property |
| Grant Administration | Admin and Program Costs to administer the CDBG Program | 142,057 | 21 A – General Grant Program Administration |
| Community Services | Neighborhood and Community Activities to benefit low to mod persons | 60,750 | Various Program Delivery |
| Economic Development | Eligible ED Programs to benefit low to mod persons | 68,800 | 18A,18C,Program Delivery |
| <i>Total Funding Proposed</i> | | \$710,285 | |

The City's Community Services Administrator is active in the Collin County Social Services Association, a coalition of agencies in the area that service the needs of the community in all facets of community development and social services. The CDBG Office also works with the Homeless Coordinator at McKinney ISD to ensure that schools are aware of agencies funded through CDBG public services. For example, this has been very beneficial to assist youth and children with basic dental care through the agency, Community Dental Services. As there continues to be an increase of homeless youth attending school – the largest numbers of the county are in McKinney, other services are anticipated to be used.

The Community program UNIDOS – now administered under the Public Safety Department -- successfully meets with members of McKinney's Hispanic population through quarterly meetings to engage topics including code enforcement, police, fire safety, and other concerns in their prospective neighborhoods. Meetings are held per quarter and the meeting is conducted entirely in Spanish. The program was initiated by the McKinney Police Department, with support from the Community Development staff. Under leadership



of the Police Chief, there is an emphasis for closer community approach with residents. In spring 2013, the Chief of Police held bi-monthly monthly coffee talks where residents could meet and discuss their concerns. Also, a new tradition to the City-wide National Night Out (NNO), the Public Safety Department (Police and Fire) plan to host an Open House event the weekend before NNO to engage persons Citywide with outreach. The CDBG staff will use this as an outreach extension to educate the public about housing programs, safety, lead based paint awareness, fair housing and updates about funded services.

The City of McKinney continues to serve as a resident information resource for intergovernmental assistance, organizations or other concerns. Staff provides technical assistance and professional experience to non-profit agencies and seeks opportunities to improve service to low income citizens. The department works closely with Code Enforcement on issues or resolutions that may have an impact to the CDBG Housing Rehabilitation Program, Affordable Housing activities or resident concerns. The department is located in the heart of the low-to-moderate population it serves, as it is conveniently located along bus routes, with easy walking or driving distance to all P.R.I.D.E. Neighborhood communities. In addition, the department is within close proximity to other City departments.

GEOGRAPHIC DISTRIBUTION/ALLOCATION PRIORITIES

The City of McKinney is required to use at minimum 70 percent of its allocation to reach individuals and households citywide who meet HUD low to moderate income criteria. All activities are primarily focused to serve citizens with Census Tracts 309, 308, and 307, (*where data indicates a variety of factors including older communities, older housing stock, seniors, and larger concentrations lower to moderate income populations*). Under review of Census 2010 data, mapping, data and community requests indicates areas should also include Census tract 306 as a focus. However, programs are available Citywide to all eligible low-moderate persons and households. In each year of impact, the City has recipients of CDBG and state funded programs who live throughout community.

City funded CDBG programs includes Community Services, Housing Rehabilitation and CDBG eligible Economic Development activities will account for 65 percent of the grant for activities and program. By federal law, up to 15 percent of the total grant is available for public service activities, which are awarded to agencies and organizations that must also assist low to moderate income persons as defined by HUD. Public service activities may include but not limited to the reach under special needs populations, including persons who are homeless and at-risk of homelessness; victims of domestic violence (including children); low income seniors; low income adults and families; at-risk youth, including education, counseling, after school care, etc. and persons with healthcare needs.

Under statutory law, only 20 percent of the entire grant allocation can be used for CDBG administration and planning. Planning under this program year will include preparation of the City's next Housing and Community Development Report and the Fair Housing to Impediments Analysis. This preparation will include outreach to the public, business, agencies and other nongovernmental organizations to engage next priority needs of the community.

PROGRAM SPECIFIC REQUIREMENTS (CDBG)

Monitoring and Program Income

The City does not anticipate receiving or using program income to support programs. The City of McKinney monitors funded sub recipients and activities to track potential and actual program income and updates HUD annually. If received, the City will receipt this income into the HUD IDIS database and use this funding prior to the awarded allocation.

The purpose of monitoring activities funded by HUD and the City of McKinney works to ensure that each funded activity is successfully carried out, and meets compliance with all applicable

regulations and performance measurement requirements. Public Services and City funded projects are both monitored.

When the activity is to be performed by a subrecipient, a grant agreement is executed between the subrecipient. The contract will specify what will be done with the money allocated, and the rules and regulations that apply. Staff will continue to meet and train with the subrecipients in September, prior to the start of the grant year at an annual contract and policy meeting. The meeting provides initial technical assistance training to review/explain the record keeping requirement, performance measurement expectations, reimbursement procedures and other updated HUD or City requirements. Mandatory attendance is required of program and financial contacts of each funded agency.

The monitoring process in the City of McKinney will consist of seven steps:

1. Notification to sub recipient of scheduled monitoring visit.
2. Entrance conference with subrecipient staff, to explain what will be done in the visit.
3. Review of documents justifying expenditures and work completed or in progress, to determine the quality of the work and whether or not it complies with regulations and codes.
4. Where appropriate, review of income qualification documents.
5. Exit conference to report tentative conclusions and findings subrecipient staff.
6. Written follow-up detailing any concerns, suggestions or problems found and asking for a response, as applicable explaining how the problems will be corrected.
7. Additional follow-up visit to see that problems have been corrected, when necessary.

In most cases, monitoring visits will be conducted when work is complete, but in some cases, particularly with new sub recipients, more frequent monitoring visits will be conducted. Staff regularly communicates with sub recipients throughout the program year, using various communication tools, to help eliminate major issues at monitoring time. Quarterly and Annual forms capture detailed information including major accomplishments, LMI (low to mod income) and beneficiary information to help determine performance.

Grant Administration. The City will continue to meeting timeliness of drawing down funds and management of both program and financial standards. The Administrator will draw down CDBG funds in IDIS on a monthly basis in concert with the Finance Department. Staff works closely with the Grants Administrator and the Finance Department to meet drawdown, audit and timelessness goals. The Administrator tracks expenditures and monitors through IDIS reports, internal grant summary reports, and the City's financial system for the general ledger. In addition, staff regularly attends HUD sponsored trainings to learn more about processes,

consults HUD staff as needed, and will work on an ongoing basis to improve internal systems and procedures for processing.

Housing Rehabilitation Program. The City will continue to incorporate physical on-site monitoring of all projects, complete and/or underway, as a part of its monitoring strategy. As work progresses, regular on-site inspections are made by Housing Rehabilitation staff to verify compliance with the contract work schedule and compliance with the general specifications. All other required inspections are conducted by the City's Building Inspection Department and other sources as it relates to each individual project.

With regard to Lead-Based Paint (LBP) monitoring, if LBP work was a part of the contract, the work must pass a final-lead paint clearance. If the work fails inspection, the contractor will be required to continue to "clean" the property until it passes the clearance inspection. Work documentation will include all necessary items to bring the structure up to code; items recommended necessary to preserve the property's structural integrity, and quality of living conditions and other items to the best workmanship and quality, eligible under the City's written rehabilitation standards and HUD/EPA guidelines. As guidelines change, policies are updated accordingly. The City's Lead Based Paint Lead Risk Assessor maintains appropriate licenses and training, and the Assessor supervises general contractors who must also meet HUD and EPA requirements accordingly.

Economic Development Program.

The City will develop eligible activities for low to moderate income persons and overall public benefit. It will continue to review its Section 3 priorities and strengthen partnerships with the McKinney Housing Authority, Job Corps of North Texas, the Samaritan Inn and others to develop greater participation. The City will also consult with Regional HUD staff to review eligibility to apply for the Section 108 Guarantee Loan Program, as applicable to projects when the City moves toward implementation of projects under the Town Center Design for revitalization. Under HUD, the goal must utilize funding to benefit principally low to moderate income persons under much larger activities eligible for Section 108 financing with developers and others that may include:

- Economic development activities eligible under CDBG;
- Rehabilitation of publicly owned real property;
- Acquisition of real property;
- Housing reconstruction eligible under CDBG;
- Construction, reconstruction, or installation of public facilities (including infrastructure)
- Related Clearance and Site Improvements
- Payment of interest on the guaranteed loan and issuance costs of public offerings and
- Debt Service Reserves

The City will first focus on using a portion of its FY 13 allocation for eligible ED activities that may include infrastructure and other CDBG economic development activities, and use Section 108 as applicable for larger projects. These separate activities will include requirements needed for review and approval.



HOME PROGRAM

The City is not yet an entitlement City for HOME funds , under the U.S. Department of Housing and Urban Development. However, the City is a State pass through subrecipient for HOME Investment Partnerships Program (HOME) funds and American Dream Downpayment Initiative (ADDI) funds under the Texas Department of Housing and Community Affairs (TDHCA).

The City of McKinney reaches its affordable housing goals under three programs.

HOME Investment Partnerships Programs

The Texas Department of Housing and Community Affairs (TDHCA) awarded the City of McKinney funding from the HOME Investment Partnerships Program (HOME) for housing programs under a Reservation System. The availability and use of funds is subject to the state's funding at the time the City submits an application for processing; the federal HOME regulations that govern the HOME program and Texas codes as applicable.

The Housing and Community Development Department's Housing Division administers the following programs. Source: TDHCA (www.tdhca.state.tx.us) :

- **Homeowner Rehabilitation Assistance (HRA).** HRA provides funds to eligible for the rehabilitation, or demolition and reconstruction of single family residences owned and occupied by low-income eligible households. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter C, Homeowner

Rehabilitation Assistance Program, §§23.30 - 23.32. The City anticipates assistance to at least 3 persons during the program period.

- **Homebuyer Assistance (HBA).** HBA provides down payment and closing cost assistance to eligible low-income homebuyers. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter D, Homebuyer Assistance Program, §§23.40 - 23.42. The City of McKinney's Homebuyer Assistance Program provides down payment and closing cost assistance to low-to-moderate-income first-time homebuyers. Assistance is provided up to \$10,000 as a 0% interest five-year forgivable loan for down payment and non-recurring closing costs associated with the purchase of the new home. The loan is repayable only eligible participants refinance, pays off the first mortgage, sells or conveys title to the property within the five year period. The City of McKinney partners with local housing partners, including banks, real estate agents and organizations to encourage participation for first-time homebuyers.

The City expects to serve 20 eligible renters toward homeownership.

- **Tenant-Based Rental Assistance (TBRA).** The use of HOME funds for tenant-based rental assistance is an essential element of the participating jurisdiction's consolidated plan for expanding the supply, affordability, and availability of decent, safe, sanitary housing. TBRA provides rental subsidies to eligible low-income households. Assistance may include rental deposit and utility deposits. Specific program guidelines can be found at 10 TAC Chapter 23, Single Family HOME Program, Subchapter F, Tenant-Based Rental Assistance Program, §§23.60 - 23.62. The City of McKinney partners with the Samaritan Inn under this program and is working to develop the program slowly to assist three persons minimum in the reporting period.

Home Education Outreach and Credit Programs

Homebuyer Workshops

Homebuyer education is a key component of the program and the City of McKinney used a tri-City partnership approach with the City of Frisco and the City of Plano to implement a series of homeownership workshops. Participants learn the true costs of purchasing, owning and maintaining a home. Topic includes purchasing, ownership, tactics of predatory lending, budget and credit, inspections and mortgages. These classes are free, state certified and HUD-approved.

Participants are not required to be involved in a Down Payment Assistance Program in order to attend the classes. Participants must attend the entire session in order to receive a certificate.

At this time, workshops are held at the Plano Municipal Building, 1520 Avenue K, in Plano, Texas. The workshops on Saturdays from 8:30 a.m. to 4:30 p.m. In FY 2012-13, approximately 160 persons participated at the time of this writing and it is expected as well for FY 2013-14 or greater.

Mortgage Credit Certificate (MCC) Program

The City of McKinney participates in this MCC program that will reduce the amount of federal income tax homeowners can pay, thus giving eligible participants more available income to qualify for a mortgage.

With a MCC, the qualified homebuyer is eligible to write off a portion of the annual interest paid on the mortgage as a special tax credit not to exceed \$2,000 each year that they occupy the home as their principal residence. The portion or amount of the tax credit is equal to the mortgage credit rate on the MCC multiplied by the annual interest paid. This credit reduces the federal income taxes of the buyer, resulting in an increase in the buyer's net earnings. Increased buyer income results in increased buyer capacity to qualify for the mortgage loan. The MCC has the potential of saving the MCC holder thousands of dollars over the life of the loan.

While all homeowners can claim an itemized tax deduction for mortgage interest, they can gain further gains under this program. An MCC reduces tax liability dollar-for-dollar, by a percentage of the mortgage interest paid. Homebuyers must purchase a home within the City and could not have owned a home within the last three years as their primary residence, unless they are a qualified veteran. The purchase price of the home cannot exceed \$250,200 under this program and there is a household income limit. The owner can receive a tax credit up to \$ 2,000 a year, provided the homebuyer occupies the home as their principal residence and has a mortgage.

Homebuyers must apply for the MCC through a participating lender and this credit can be combined with the City's Down Payment and Closing Cost Assistance Program.

Fair Housing

McKinney will continue with its efforts to affirmatively further fair housing. The City will update its Housing Analysis of Impediments under this reporting period and will continue to update and revise its ADA Compliance Plan from the previous year. The department will work closely with the city's ADA Compliance Officer, McKinney Housing Authority and other stakeholders during this process; continue public education of fair housing; respond to fair housing requests from the public, and include technical assistance to funded subrecipients and homeowners.

ANNUAL AFFORDABLE HOUSING GOALS

The primary sources of funding to address housing and community development needs will include CDBG, TDHCA (HOME) and the Section 8 voucher program. In addition, the agency Habitat for Humanity of North Collin County is proposed to receive and use a CDBG grant of \$10,000 toward land acquisition of vacant lots to purchase land to build affordable housing for eligible low income families. In addition, the City expects the following resources to be available to supplement the activities described and go further in addressing housing and community development needs.

PUBLIC HOUSING

The McKinney Housing Authority (MHA) is an independently run entity and applies for and receives funding separate from the City of McKinney. The MHA owns and operates public housing units in McKinney and administers the City's Section 8 Housing Choice Voucher program. The housing authority funds will be used to assist the City's lowest income households with rental assistance. Under MHA, the housing choice voucher program is a major federal program to assist very low income families, the elderly and the disabled to afford decent, safe housing in the private market. Since housing assistance is provided on behalf of the family or the individual, these participants can find their own housing, including single-family, townhouses and apartments. Participants are able to choose any housing that meets requirements of the program and it is not limited to units located in subsidized housing projects.

MHA received separate funds from HUD to administer the voucher program. Rental units must meet minimum health and safety standards. A housing subsidy is paid to the landlord directly on behalf of the participant. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by MHA, a family may use its voucher to purchase a modest home. MHA opened its Waiting List for rental housing applicants in 2013. Due to the aging stock of the public units, MHA is finding it more challenging to lease and maintain the units; they are seeking alternative resources during the fiscal year, which includes building new affordable housing and demolishing or renovating older housing stock of the 1950s. Prior to the list opening, the wait list totaled 380 families of which 284 fell under the extremely low income category of less than 30% AMI.

| Section 8 | Number of Families |
|--|--------------------|
| Waiting List Total: | 380 |
| <i>Income Demographics</i> | |
| Extremely Low Income (0 to 30% AMI) | 284 |
| Very Low Income (30 to 50% AMI) | 20 |
| Low Income (50 to 80% AMI) | 76 |
| <i>Special Need Demographics</i> | |
| Families with Children | 211 |

| | |
|---|-----|
| Elderly Families | 82 |
| Families with Disabilities | 25 |
| <i>Race/Ethnicity Demographics</i> | |
| White | 160 |
| Black/African American | 215 |
| Asian | 2 |
| Other | 3 |
| * EthniCity: Hispanic <i>Data Note: Under OMB standards, Hispanic is not a race category but an ethnic category that can include and cut across ALL races, so a person can be black and Hispanic, white and Hispanic, etc.</i> | 162 |

In partnership, the City works with the McKinney Housing Authority to encourage residents toward homeownership and provides opportunities to receive education in fair housing, consumer budgeting, and other areas of interest. The Resident Council MHA and staff regularly participate in CDBG outreach efforts to residents through the P.R.I.D.E. (Promoting Resident Involvement, Development and Enthusiasm) neighborhood activities, including National Night Out, regular planning input meetings and general activities. The McKinney Public Housing Authority is designated as NOT troubled.

To stem the loss of critically needed public and other forms of subsidized housing due to the severe backlog of capital needs, the U.S. Department of Housing and Urban Development (HUD) launched its Rental Assistance Demonstration (RAD) in 2013, the groundbreaking strategy to preserve tens of thousands of public and HUD-assisted housing units. The McKinney Housing Authority was among those along with those Austin and Fort Worth awarded to help preserve and enhance more than 278 units of affordable housing, according to HUD reports. In this pilot program, it will also stimulate employment in the construction trades.

MHA will continue this effort in the upcoming program year. The City will also work with the agency as a resource to assist residents through programs that may include transition to home ownership, opportunities for job creation through Section 3 programs and other resources that would lend to self-sufficiency, affordability and accessibility to resources. The City of McKinney will also update the public on these resources at the end of the reporting period.

HOMELESS AND SPECIAL NEEDS

The City of McKinney does not receive special funding to address homelessness. In addressing this need priority, CDBG funding is proposed to The Samaritan Inn, the only shelter in Collin County. This public service grant will be used toward the salary of the case manager, who provides case management services to shelter residents and assistance with job placement, transportation, mental health counseling and other needs. The agency anticipates assisting 40 shelter residents during the program year. The Samaritan Inn also partners with the City under the TBRA program to assist families to transition from the shelter to an affordable housing unit with support for a 24 month maximum period of time.

The City of McKinney actively supports homeless prevention, especially during this time for foreclosures. Here hundreds of homeowners in number records as in the previous year, according to Collin County records. The Community Development Department also provides referrals for those in need through including partnerships with agencies like GreenPath. Recommendations to assist eligible residents with emergency homeless prevention includes public service grants to Community Lifeline Center to assist with rental and mortgage assistance, and the Salvation Army, McKinney Corps to assist with utility assistance.

BARRIERS TO AFFORDABLE HOUSING and OTHER ACTIONS

As part of the Consolidated Plan, the City completed its update of the Analysis of Impediment to Fair Housing Choice in 2010, (AI), which examined barriers to the creation of affordable housing in McKinney. The primary barriers to the creation of affordable housing identified in this study included:

- Lack of (resident) awareness about fair housing/reporting violations;
- Concentration of affordable housing in the eastern and central portions of the City;
- Concern predatory lending, lack of access to credit and steering activities.

Citizen comments regarding the development of the City's last Consolidated Plan, suggested interest for new affordable multi-family housing. Since this time, more than six new multi-family affordable housing complexes have been developed in area beyond the Eastern sector of McKinney, and efforts are being made in with outreach efforts of the McKinney Housing Authority also to assist in this effort through section 8 vouchers. Renters who are in need of temporary assistance with rental or utility assistance and counseling can also find help through the Community Lifeline Center, where eligible renters are receiving support City-wide.

In the program year for FY 2013-14 the Analysis of Impediment to Fair Housing Choice will also be re-examined and updated in concert with the annual action plan.

This may be reviewed under the Planning Department's Town Center Study, the Comprehensive Plan and subsequent CDBG Annual Action Plans, contingent upon funding allocations and eligibility to apply for programs such as Section 108.

Addressing obstacles. During recent program years, requests for assistance for home purchases increased, driven by the federal tax credit for new homebuyers and the softening of the housing market, which made homes more affordable to some buyers. McKinney continues to be a high cost community, even with the downturn in the housing market. To help homebuyers find affordable housing, the City of McKinney addresses shortfalls in funding by applying for HOME funds through the Texas Department of Housing and Community Affairs (TDHCA).

To further increase the supply and availability of decent, affordable housing for low income households, the City continues its partnership with North Collin County Habitat for Humanity by providing acquisition funding to purchase vacant lots toward the

development of affordable housing. The City proposes a CDBG allocation of \$ 10,000 during the program year toward the purchase of vacant lots.

Institutional Structure. The services under the City of McKinney to its residents are varied for Community Development. The largest CDBG program is the City's Home Rehabilitation Program. The City offers deferred grants and/or loans to eligible lower income homeowners. This Citywide rehabilitation program also offers emergency repair grants and repair grants to eligible low to moderate income households. The City anticipates assisting 20 low to moderate income households with home and emergency repairs during the reporting period.

Repairs may also include Lead Based Paint (LBP) corrections. Lead-based paint hazard identification and reduction strategies include education, outreach and compliance with 24 CFR Part 35 regulations. City staff attends ongoing training for the Housing Rehabilitation program. The CDBG Housing Rehabilitation Specialist is a certified lead risk assessor and continues to increase knowledge through annual and quarterly training activities and re-certification classes, as needed. The Specialist continues to keep the office comprised of new requirements and the need to update or incorporate new means to reduce hazards.

All homes built prior to 1978 are tested for LBP with the homeowner's permission. Lead-based paint hazards are also addressed through the Housing Rehabilitation program. As homes are evaluated, they are tested for lead paint and when necessary, such hazards are mitigated. Actions taken to reduce lead-based paint will be conducted in accordance with HUD and EPA's LBP regulations.

On average, the City annually anticipates that it will reduce lead-based paint risks a minimum of five (5) single family homes rehabilitated under the City's Housing Rehabilitation program. With such a small number and great need, the City will increase outreach to encourage eligible homeowners to participate in the program. Also the City will endeavor to continue outreach to make lead hazard information available to the public to locations that may include homeowner education classes, literature at the City's water department, Legal Aid and the WIC program offices. The City's Housing Inspector keeps abreast of the most current regulations and issues relative to lead-based paint assessments and attends trainings to enhance required credentials.

Under the structure of education, again the Housing and Community Development Department is also the primary organization through which the City initiates fair housing related activities, including fair housing education classes and assisting persons with fair housing complaints. Subrecipients will also be asked to conduct surveys among their staff to determine fair housing knowledge among their clients and assist the City in expanding efforts. The City is continuously seeking new opportunities for affordable housing.

Internally, McKinney has a focus that together everyone serves and interdepartmental partnerships are very important. The McKinney Fire Department assesses homes of seniors for free installation of smoke and carbon monoxide detectors. The Living Assisted Program, *Senior Select* brings geriatric care assistance for residents in need. Some referrals

have also included registering senior homeowners for the Meals on Wheels program. These activities work in concert with the Housing Rehabilitation Program.

During the program year, the City will continue the Affordable Housing Builders Incentive program, which includes reimbursement of building permit fees, application fees in the Historic District, and engineering inspection fees. The City's Land Disposition Policy is also a strong effort to eliminate barriers to affordable housing and promote such housing for very low-to-moderate income families. The City continues success in providing assistance to renters through its a first-time homebuyers program to aid in purchasing homes and preserving available, yet limited affordable housing stock. Eligible applicants can obtain up to \$10,000 toward closing costs. An estimated 20 new homeowners will be added within the program year.

Education will be key to prospective applicants with other barriers to affordable housing as they learn about effective budgeting, predatory lending, and other consumer credit education. Outreach is also provided through the Housing Partners Program including Realtors, the McKinney Housing Authority, Home Insurance Agents, and GreenPath.

The Planning Department is a solid partner to the Housing and Community Development activities that can enhance benefit to low to moderate income households. For example, a ongoing tax incentive program in the City's Planning Department benefits the Historic Neighborhood Improvement Zone (HNIZ), for the purpose of preserving the City's unique and historic neighborhoods, while promoting rehabilitation of affordable housing.

Homes that qualify under the interior or exterior improvement guidelines may be eligible for 30-50 percent tax exemptions up to fifteen years, based upon specific historic designations and residential improvement expenditures. Working with the City Historic Preservation Officer, low-to-moderate income Historic district residents who qualify under the Housing Rehabilitation program may be eligible for this program if HNIZ requirements are met.

Through the town center study proposals and other applications, the City is supporting and developing strategies for preserving existing affordable housing in the town center area, while creating new mixed income housing opportunities that will include transportation/employment/shopping efforts, all vital to the impact of affordability. Residents in low to mod communities are involved in the input process as key community stakeholders, where planning talks happen at PRIDE All community meetings, open houses and council meetings. The City of McKinney continues to provide education to low to moderate income residents for right-of-way entry or easement release requests from the Engineering department, to gain access and to provide residents with public input through community meetings.

The Public Works, Police, Code and Fire Departments also regularly assist Housing and Community Development goals through support in neighborhood revitalization activities, safety education and community outreach as only a small sample of how vital their support helps to meet resources. As the City of McKinney is a grantee, these departments among others supports the City in reach its housing and community development goals and requirements.

External partnerships in the structure of support are demonstrated through its subrecipients. Certainly, without this partnership exchange, the City would be unable in reaching its goal singularly of serving the public for housing and community development. Community stakeholders, including the public, agencies and others shape and leverage the resources to impact quality of life. *Other External Partnerships Include:*

- Assisted living centers in the area to expand on the City's partnership with Region 3 of the Texas Department of Aging and Disabilities.
- The Collin County Homeless Coalition, a collective of Collin County cities, nonprofit agencies and interested persons together to address chronic homeless issues. The Coalition coordinates the Collin County Homeless Count with support from each City's Police Department annually in January and the group also provides support to agencies that apply for Continuum of Care funding.
- As we continue to review the release of Census 2010 data, the City also utilizes American Community Survey of the Census Bureau, which estimates that 9.4% percent of the City's residents lived in poverty in McKinney, a reduction from 9.7% previously.. The City supports these anticipated actions to reduce the number of persons below the poverty level.
- Coordinating local resources to increase the formal and informal educational level of low income persons to improve their ability to earn better wages by bringing together representatives from the private and public sector, educational institutions and economic groups. The Community Development Department will continue to establish partnerships that meet strategy and program goals. Other partnerships with the P.R.I.D.E. Area Leaders and Residents, the McKinney Housing Resident Association, GreenPath (*formerly Consumer Credit Counseling Center*) in McKinney and CCSSA among others, have been successful in providing referral resources and educational classes to assist low income citizens.
- Improve the linkage between job training programs and local job creation efforts to attract jobs that pay above minimum wage and provide people the ability to service a home mortgage or afford rental housing payments.
- Promote information on daycare services for children to allow parent(s) educational opportunities.
- Provide counseling and classes on budgeting and money management.

Other Narrative Summaries

HOPWA 91.220(I)(3)

One year goals for the number of households to be provided housing through the use of HOPWA activities for: short-term rent, mortgage, and utility assistance to prevent homelessness of the individual or family, tenant-based rental assistance, units provided in housing facilities that are being developed, leased, or operated.

Not applicable – the City of McKinney does not receive HOPWA or ESG funds.

Conclusion

The City of McKinney respectfully submits this summary for public review and welcomes the opportunity to receive input from the public during this comment period. The McKinney City Council will conduct a public hearing on July 16, 2013 and will also hear public comment at this time. For more information, please contact the Housing and Community Development - Department at 972-547-7577. Written comments may be forwarded to Shirletta Best, Community Services Administrator at sbest@mckinneytexas.org or Housing & Community Development Department, 314 S. Chestnut Street, McKinney TX 75069.