

Meeting Date (?) 09/27/2016

Subject Matter* (?) Consideration of bid and Tri-Party Agreement for residential reconstruction of 807 Dansby Street
This must match rolling agenda entry

Department of Origin* COMMUNITY DEVELOPMENT

Submitted By* Eric Barton

Type of Meeting* BCD Special Regular

Classification* Public Hearing Consent Statutory Regular

Ordinance* None First Read Second Read First & Only Read

Strategic Initiative* Public Safety Economic Development Quality of Life Service Infrastructure

Agenda Item Description* Consider approval and execution of a Tri-Party Agreement for demolition and reconstruction of a single family residential dwelling with handicap accessibility design elements at 807 Dansby Street, Community Development (CD) project RFB #16-060, with the homeowner household and project contractor, Quality Works Construction, Inc., in the amount of \$83,435.00, and a note with the homeowner household in the amount of \$85,603.79.

Summary Statement*

This project, RFB #16-060, is a part of the City of Bryan's Community Development Services Department Housing Assistance Major Rehabilitation/Reconstruction Program. Funds for this project are from the U.S. Department of Housing and Urban Development (HUD) HOME Investment Partnerships Program (HOME) grant. The purpose of this program is to assist eligible low and moderate income property owner-occupants with rehabilitating and/or reconstructing their homes by eliminating housing code violations and acute maintenance issues that affect health, safety, sustainability, energy efficiency, and accessibility for special needs households.

The household's existing dilapidated residential structure will be demolished because of the extent of deterioration, and a new home will be reconstructed on the same lot. The proposed new home is designed to accommodate handicap accessibility elements. CD staff has qualified the homeowner household 807 Dansby Street as an eligible recipient of housing assistance through the program's current guidelines. The household eligibility, project feasibility, and cost analysis were thoroughly reviewed with the applicant household prior to determining the project's affordability and the household voluntarily authorizing CD staff to move forward with the project.

Housing Rehabilitation/Reconstruction Program funds in the amount of \$85,603.79 will be used for this project, which includes the demolition/construction bid amount of \$83,435.00 and project related soft costs (title report, credit report, survey re-platting, filing fees, and building plans) of \$2,168.79 for which the homeowner is responsible. Funding assistance will be made through a secured note for the \$85,603.79 in project costs, which includes a thirty five (35) year, zero percent (0%) interest repayment portion amount of \$50,603.79 and a zero interest, deferred portion of the note in the amount of \$35,000.00. A deferment, provided for in the approved Housing Assistance program guidelines, is given for an eligible elderly and/or disabled client household who is at or below 50% of the area median income. The deferment becomes due and payable at sale of property or transfer of title to an ineligible program recipient. The qualifying homeowner was counseled on the financing terms and conditions, which is documented to the project file and copies provided to the homeowner for their reference.

The existing 816 square foot home has been deemed unfeasible to rehabilitate because of its age, design, infeasibility of installing handicap accessible design elements, the probability of lead-based paint remediation (estimated at 30% of rehab cost), foundation rot, water & termite damage, structural deflection & weakness, and failing mechanical systems. The replacement home will be one-bedroom, one bath, approximately 805 heated square feet, and will include energy efficiency and sustainability features and handicap accessible elements in the design.

This project bid request (RFB #16-060) was made on 8/8/2016 and bids were received on 8/23/2016, with two (2) bidders responding. The responsive bidder, Quality Works Construction, Inc., also has been qualified as an approved contractor by Community Development Services housing staff, and has successful performance in constructing other City/federally funded projects.

Through the Major Rehabilitation/Reconstruction Program, the City helps to provide decent, safe and sanitary housing, promote a viable and sustainable housing stock, preserve property values, and eliminate blighting influences. The program's primary focus is to make necessary repairs and improvements to homes that, following rehabilitation, will contribute to serve as long term, structurally sound housing, rather than to repair houses that will remain unsustainable following the infusion of program funds. Programs and funding allocations are approved annually by the City Council in the action plan before submission to HUD. Applicants are selected based upon the date the application and all supporting documentation are received, contingent upon household income eligibility (80% or less of the Area Median Income), and sufficient income to repay the loan based upon qualifying ratios of 33% of income for the housing payment (Principal, Interest, Taxes, and Insurance), and 43% of income for the housing payment plus all consumer debt. Eligible applicants must be current on property taxes (or legally deferred), have no city liens, have a maximum of \$20,000 in liquid assets, participate in pre-construction housing counseling, and exhibit acceptable credit. If the household income is insufficient to repay the loan, the loan may be guaranteed by a family member with acceptable credit.

Staff Analysis & Recommendation*

Community Development Services Department staff recommends the approval and execution of the Tri-Party Agreement for demolition of a substandard, deteriorated structure and reconstruction of a new single family residential dwelling located at 807 Dansby Street, project RFB #16-060, with the homeowner household and project contractor, Quality Works Construction Inc., in the amount of \$83,435.00, and approval of a Note with the homeowner household in the amount of \$85,603.79. This project includes providing aging-in-place accessibility element features for the household member. Funds for this activity have been approved through the City's FY2016 budget process, the City's five-year Consolidated Plan, and the annual Consolidated Action Plan.

If approved, this eligible homeowner household will receive financial assistance to perform necessary demolition and reconstruction activities, provide handicap accessible design elements for the homeowner household, contribute to the preservation of property values in the neighborhood, prevent blighting influences, and sustain the City of Bryan affordable housing stock. \$85,603.79 of HOME assistance will be repaid to the City by the homeowner, and will be available for future projects and program funding.

The existing home was constructed in the 1940s and is unfeasible to repair. The home exhibits foundation rot, water & termite damage, structural deflection & weakness, and failing mechanical systems. Based upon the age of the structure, costs related to compliance with lead based paint rules would also be incurred.

If not approved, the homeowner household must either find alternate means to finance the rehabilitation or replacement of the existing home or allow the home to continue to deteriorate in its current dilapidated condition, contributing to neighborhood blighting conditions.

Options*

(In Suggested Order of Staff Preference)

1. Approve agreement for demolition and reconstruction
2. Deny approval of agreement and provide direction to staff

Funding Source*

HOME funding as approved in the current FY2016 Community Development Services Budget.

Attachments

Bid Tabulation Form.pdf	12.84KB
Photos_Site Map.pdf	839.92KB
807 Dansby Attachments.pdf	467.75KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

- Attachments 3-5 in single PDF
1. Bid Tabulation Form
 2. Photos_Site Map
 3. Tri-Party Agreement
 4. Real Estate Promissory Note
 5. Deed of Trust

Dept. Head Signature



Deputy City Manager Signature



City Manager Signature



City Attorney Signature

