

## DEVELOPMENT FEE GRANT PROGRAM



# DEVELOPMENT FEE GRANT PROGRAM

## **PURPOSE AND SCOPE**

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Pursuant to initiatives adopted by the City Council of the City of Denton as part of the Consolidated Plan for Housing and Community Development, the City of Denton recognizes that safe, decent, affordable housing and accessible public facilities are an important part of a community development strategy. The purpose of the Development Fee Grant (the “Program”) is to assist with the development and preservation of affordable housing and with the delivery of supportive services that are essential to quality of life and to building communities that support community diversity and stability.

There are two categories of projects eligible for this Development Fee Grant:

### **1. DEVELOPMENT FEE GRANT – AFFORDABLE HOUSING PROJECTS**

In collaboration and partnerships with local nonprofits, the City is offering the Program as an incentive for single-family affordable housing to:

- Reduce the housing cost burden for income qualified families;
- Increase homeownership opportunities for income qualified families; and
- Encourage preservation of existing and construction of new affordable housing in Denton.

### **2. DEVELOPMENT FEE GRANT – NONPROFIT FACILITY PROJECTS**

In collaboration and partnerships with local nonprofits, the City is offering the Program as an incentive for supportive services provision to:

- Reduce barriers to residents in need to receive assistance through supportive services;
- Increase access to supportive services;
- Encourage preservation of existing and construction of new accessible public facilities in Denton.

The Program, provided as a reimbursement grant, will assist eligible organizations and projects with the cost of building permits and utility fees, including road, water and wastewater impact fees. This document sets forth the administrative process for the application, implementation, and compliance requirements of the Program.

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### **01. QUALIFYING ENTITY**

The entity must be a Qualified Nonprofit Organization as defined in 26 U.S.C. Section 501(c)(3); and

- has a corporate purpose that meets the definition of charitable as set forth in the in 26 U.S.C. Section 501(c)(3) that is stated in its articles of incorporation, by-laws, or charter;
- has been incorporated in this state of Texas for at least two years;
- has none of its earnings inure to any private shareholder or individual;
- has at least one-fourth of its board of directors residing in Denton;
- engages primarily in services for low- to moderate-income individuals and families.

### **❖ SINGLE-FAMILY AFFORDABLE HOUSING PROJECTS**

1. Must be a Qualified Nonprofit Developer of Affordable Housing as defined in in 26 U.S.C. Section 501(c)(3); or
2. Must be an income qualified homeowner eligible for housing programs supported by the City's CDBG and HOME funds.

### **❖ NONPROFIT FACILITY PROJECTS**

1. The Qualified Nonprofit Organization facility must be providing housing or human services to Denton residents inside the building; and

#### **2. NONPROFIT FACILITY PRIORITIES**

*Projects will be reviewed and ranked with the following considerations.*

- Facility provides low barrier access permanent supportive housing for persons experiencing homelessness.
- Facility provides low barrier access transitional or emergency housing for persons experiencing homelessness.
- Facility provides housing and/or supportive services for persons experiencing or at-risk of homelessness.
- Facility provides physical health, mental health and/or behavioral health care to uninsured and other income qualified persons.
- Facility provides services to victims of abuse or neglect.
- Facility provides sliding scale or other fees subsidized quality child care program for children and youth.
- Facility provides services to the elderly or infirm.
- Facility provides services to persons with disabilities.
- All other facilities that do not provide direct services to people but are a Qualified Nonprofit Organization.

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### 02. ASSISTANCE

The Program will assist Qualified Nonprofit Organizations with reimbursement grant for the cost of permits and utility fees, including but not limited to:

- Building permit fees including plan review, building permits, temporary power, and fence permits;
- Roadway Impact Fees; and
- Utility Fees including water and wastewater impact fees.

To be eligible the Single-Family Affordable Housing Unit or Nonprofit Facility must meet the requirements of all applicable City Codes, Zoning, and related development regulations. In addition:

#### SINGLE-FAMILY AFFORDABLE HOUSING PROJECTS

The Affordable Housing unit must be a new single-family residential unit developed by a Qualified Nonprofit Developer and/or a new or existing single-family residential unit qualifying for a housing program supported by the City's CDBG or HOME funds.

#### NONPROFIT FACILITY PROJECTS

The Qualified Nonprofit Organization building must be open to the public and providing housing or supportive services to Denton residents inside the building.



### 03. AMOUNT

The total grant funds available for the Program shall be limited to an amount set by City Council on an annual basis. All Program grants will be approved or denied solely at the discretion of the City of Denton, subject to the Program requirements and the availability of funds.

Each request will be considered on a case-by-case basis until grant funds are expended.

#### ❖ SINGLE-FAMILY AFFORDABLE HOUSING PROJECTS

Qualified Nonprofit Developers of Affordable Housing units and eligible homeowners participating in housing programs supported by the City's Community Development Block Grant ("CDBG") and HOME Investment Partnership ("HOME") funds may be eligible for a grant award for some or all of the following fees up to a **maximum per unit cost of \$12,000 per unit.**

#### ❖ NONPROFIT FACILITY PROJECTS

Qualified Nonprofit Organizations may be eligible for a grant award for some or all of the development fees up to a **maximum per project cost of \$50,000.**

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### **04. MONITORING AND COMPLIANCE**

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Once the grant is approved, to avoid repayment of fees, the project must meet the minimum compliance requirements and the City reserves the right to periodically monitor the Affordable Housing Unit or Public Facility to ensure ongoing compliance during the 10-year compliance period. The following sources of verification may be used:

- Income Verifications.
- Compliance with applicable City Municipal Codes and Ordinances.
- Title report search.
- Lien and ownership search in the applicable County Clerk's Office online records.
- Ownership verification in applicable tax office appraisal records.
- Scheduled Onsite Visit and/or Inspection.



### **05. LIMITATIONS**

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To ensure the program funds are dispersed equitably and are available for a variety of projects, the following limits apply:

1. No grant applications will be accepted for work that has already been started or completed, or for work that is covered by insurance.
2. Grants are awarded on a reimbursement basis once completed work has been verified by City staff as compliant with the project proposed in the approved application.
3. Homeowners will not be eligible for the Program if the homeowner owes city ad valorem taxes or another city debt.
4. The Qualified Nonprofit Organization will not be eligible for the Program if the entity owes city ad valorem taxes, other city debt, or has code or other accessibility violations on any previous units, facilities, or projects.
5. The project cannot be in partnership with a for profit entity.
6. Applicant cannot have any unexpended/open grant funds from any other City grant for the same Affordable Housing or Public Facility project.

### **AFFORDABLE HOUSING GEOGRAPHIC LIMITATIONS**

The City of Denton seeks to encourage an equitable distribution of Affordable Housing in all parts of Denton. Qualified Nonprofit Developer seeking the Development Fee Grant for an affordable housing project must demonstrate it has made reasonable attempts to reduce the isolation of income groups within a geographic area by expanding and dispersing affordable housing units throughout the City

Preference in the grant program will be given to projects that promote the spatial deconcentration of affordable housing. Projects that do not promote an equitable distribution of Affordable Housing may be eligible for the Program if the Qualified Nonprofit Developer demonstrates that there are limited options for geographic deconcentration due to limited availability of affordable parcels of land, owner choice for location of home, projects retain a property already affordable, etc.

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What is the Process?

### 06. PROCESS

Qualified Nonprofit Organizations requesting to participate in the Program must submit a completed *Development Fee Grant Application* and submit it to the City of Denton. Applicants receiving the grant will be required to enter into an agreement with the City of Denton that require the applicant to comply with the Program Requirements.

The process is described in Part A, B. and C. next.

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### PART A. APPLICATION SUBMISSION REQUIREMENTS

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An application for participation in the Program is available online or can be obtained from and returned to Community Development, located at 601 E. Hickory, Suite B, and Denton, TX 76205. The application must be completed in its entirety, signed, and submitted together as described. Application must be provided to Community Development at least 2 weeks prior to application for applicable permits.

#### 1. TO APPLY

- (a) Complete the Application Packet including all required Attachments:
  - 1) Documentation of incorporation and 501(c)(3) nonprofit status including Articles of Incorporation, and letter from Secretary of State's Office showing corporation currently in good standing and any documentation from internal revenue service showing tax exempt, non-profit status.
  - 2) List of Board of Directors members and officers including contact information.
  - 3) Project budget including a list of all financing sources. Include Copies of award letters or other documentation of secured financing.
  - 4) Project timeline including the date by which construction will be completed.
  - 5) Estimates detailing the construction costs.
  - 6) Site Plan with Building Elevations
  - 7) Title search &/or Title Policy, Deed
  - 8) Affordable Housing: also include unit price schedule and estimated sales price
- (b) The fees eligible under the Program are:
  - 1) Building Permit Fees:
    - Plan review;
    - Building permits;
    - Temporary power; and
    - Fence permits;
  - 2) Roadway Impact Fees, when applicable; and
  - 3) Utility Fees, including Water and Wastewater Impact Fees.

#### 2. APPLICATION REVIEW PROCESS

- (a) The Program grant approval will be based upon verification that the proposed project and the applicant are eligible for the Program.

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- 1) Applications must be complete and contain all required information.
  - 2) Applicant must be a Qualified Nonprofit Organization (PART B. DEFINITIONS).
  - 3) Affordable Housing Unit (PART B. DEFINITIONS) must be an owner-occupied single family residential home owned by or sold to an income qualified household.
  - 4) Public Facility (PART B. DEFINITIONS) must be owned and operated by the Qualified Nonprofit Organization or the Qualified Nonprofit Organization must have a long-term lease agreement that extends beyond the 10-year compliance requirement.
  - 5) Public Facility must be open to the public and have the primary purpose to serve Denton residents with housing or human services.
  - 6) Project cannot be in partnership with a for-profit entity.
  - 7) All development projects must meet current City building standards and codes, as well as building permit requirements. Project must be properly zoned and be situated within the city limits of Denton.
  - 8) The project will not be eligible for the Program if the homeowner owes city ad valorem taxes or another city debt or the Qualified Nonprofit Organization if the entity owes city ad valorem taxes, other city debt, or has code or other accessibility violations on any previous units, facilities, or projects.
  - 9) No grant applications will be accepted for work that has already been started or completed, or for work that is covered by insurance.
  - 10) Applicant cannot have any unexpended/open grant funds from any other City grant for the same Affordable Housing or Public Facility project.
  - 11) Project timeline should include the ability to commence construction within ninety (90) days from the date the grant is approved and complete construction within fifteen (15) months from the date the grant is approved.
- (b) After review by City staff for compliance with the Program, an agreement will be prepared by Community Development and presented to City Council for approval. The Denton City Council has the final discretion regarding funding and reserves the right to modify or reject any project or elements of any project.
- (c) Upon approval of City Council, the City Manager will execute the agreement documents. The applicants will receive the agreement and the *Authorization Form* as verification of the grant award.

### 3. APPROVED APPLICATIONS

- (a) The applicant is required to obtain all applicable City permits and City approvals required for the construction if a grant is awarded.
- (b) Applicants receiving approval shall commence construction described within the application within ninety (90) days from the date the grant is awarded. All applicants must complete the construction described in the application within fifteen (15) months from the date the grant is approved.
- 1) If the applicant is unable to commence construction within ninety (90) days from the date the grant is approved or complete construction within fifteen (15) months from

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the date the grant is approved, the applicant may submit a written request for an extension for the commencement date or completion date provided the extension request is made prior to the ninety (90) day or fifteen (15) month time limit.

- 2) The City shall not be obligated to allow extensions but may do so for good cause determined solely by the entity that authorized the grant. The extensions, if granted, shall be for the term and for the conditions determined exclusively by the entity that authorized the grant. An extension denial cannot be appealed and shall be final.

### 4. DENIED APPLICATIONS

An applicant whose application has not been approved by the Denton City Council shall not be eligible to re-submit a grant application for six (6) months from the date the prior application was declined by the Denton City Council.

### 5. COMPLAINTS AND APPEALS

The Program has developed a complaint and appeals process, which can be provided to an Applicant upon request.

### 6. REIMBURSEMENT

When the full development project or a portion of the project has been satisfactorily completed and work inspected, the applicant shall present the Community Development office with a copy of the *Authorization Form* and copies of all paid invoices, including copies of cancelled checks and/or credit card receipts, for reimbursement of the funds up to the maximum approved grant funding. In addition, the applicant must complete a City of Denton Vendor Form and a Form 1099 to receive payment from the City. Vendor forms and 1099s will be provided by the Community Development office.

### 7. INTERNAL TRANSFER

Upon request, program grant funds may also be transferred by Community Development to the appropriate City department upon issuance of an *Authorization Form*. Community Development staff will provide the *Authorization Form* to the Building Official identifying the service addresses of the Affordable Housing unit or Public Facility selected to receive grant. The *Authorization Form* approving the grant funding must be provided before the issuance of a building permit authorizing the start of construction.

### 8. MONITORING/COMPLIANCE

Once the grant is approved, to avoid repayment of fees, the project must meet the minimum requirements, including:

- (a) As a condition of the grant, the applicant consents and shall allow City staff to request City inspections to determine that the grant, if awarded, will not be used for construction on any building that is not in compliance with the City Municipal Codes and Ordinances that are applicable to the construction contemplated in the application.

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- (b) Complete repair/renovation/construction within fifteen (15) months of the issuance of the Authorization Form.
- (c) Provide records and reports as requested by the City throughout the term of the agreement.
- (d) If the **Single -Family Affordable Housing Unit** or **Nonprofit Facility** does not comply with the terms of the agreement, note, and deed of trust, the applicant is required to repay the grant to the City.
- (e) **Single-Family Affordable Housing Units** eligible for the program must meet the following requirements:
  - 1) The Affordable Housing unit must be a new single-family residential unit developed by a Qualified Nonprofit Developer and/or a new or existing single-family residential unit qualifying for a housing program supported by the City's CDBG or HOME funds.
  - 2) The Affordable Housing unit must meet the requirements of all applicable City Zoning, Codes and other applicable regulations.
  - 3) The price set for the Affordable Housing unit must meet affordability requirements as defined in PART B. DEFINITIONS.
  - 4) Owner must be an income qualified individual or household as defined in PART A. DEFINITIONS
  - 5) Homebuyer(s) and homeowner(s) must own and live in the affordable housing unit for at least ten (10) years.
  - 6) Provide prior to sale of newly constructed:
    - Verification of the homebuyer's income eligibility and defined in PART C. SELECTION OF PROPERTY OWNERS/SCREENING PROCESS;
    - Copy of new home contract indicating final cost of the single-family residential unit and affordability period at least 10 years; and
    - Copy of Homebuyer's Mortgage Commitment Letter.
    - Copy of Final Title search &/or Title Policy, Deed
- (f) **A Nonprofit Facility** eligible for the program must meet the following requirements:
  - 1) Provide supportive services to income eligible residents for a period of 10 years in the assisted facility.
  - 2) All housing, buildings and property must meet the requirements of all applicable City Codes, Zoning, and development regulations.
- (g) City reserves the right to periodically monitor the **Single-Family Affordable Housing Unit** or **Nonprofit Facility** to determine if it was transferred, sold or no longer providing the same services in the same location as when the reimbursement grant was provided. The following sources of verification may be used:
  - Title report search
  - Lien and ownership search in the applicable County Clerk's Office online records
  - Ownership verification in applicable tax office appraisal records
  - Scheduled Onsite Visit and/or Inspection



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- (h) If the assisted property is sold, transferred, or ownership interest in the property is conveyed during the ten (10) year compliance period, the grant amount of assistance will become immediately due and payable. To avoid repayment of fees:
- 1) If a Single-Family Affordable Housing Unit can be resold to an income eligible household, repayment of fees will not be required. Income information for any new homeowners that will occupy the assisted unit must be available for review by the Community Development staff.
  - 2) If the Nonprofit Facility is sold or transferred to another Qualified Nonprofit who will be providing a service as described in *Section 01. Nonprofit Facilities Priorities* repayment of fees will not be required.

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### PART B. DEFINITIONS

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The following words, terms, phrases, when used in these *Development Fee Grant Program Guidelines*, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

A. Affordable Housing:

Affordable Housing means owner-occupied single family residential homes owned or sold to a family that qualifies for the City of Denton CDBG and HOME housing assistance programs or has a purchase price and an estimated appraised value at acquisition that does not exceed value limits established and published annually by U.S. Department of Housing and Urban Development in Section 92.254(a)(2)(iii) of the Final Rule of the HOME regulations, as amended.

B. Income Qualified Individuals and Families:

An individual or family whose annual income is less than eighty percent (80%) of the area median income, with allowable adjustments, as determined and annually updated by U.S. Department of Housing and Urban Development. Household income cannot exceed 80 percent of the Area Median Income Limits, adjusted for family size.

C. Public Facility:

Buildings and property which are owned, leased for a period that extends beyond the grant's 10-year required compliance period and operated by a Qualified Nonprofit; or project funded by a governmental body or public entity for the purpose of providing affordable housing or supportive services to people in need of assistance.

D. Qualified Nonprofit:

1. A nonprofit organization that develops housing for income qualified individuals and families as a primary activity to promote community-based revitalization of the municipality; or
2. A nonprofit corporation described by 26 U.S.C. Section 501(c)(3) that:
  - a. has been incorporated in this state of Texas for at least two years;
  - b. has a corporate purpose to develop affordable housing that is stated in its articles of incorporation, by-laws, or charter;
  - c. has at least one-fourth of its board of directors residing in Denton; and
  - d. for a Qualified Nonprofit Developer, it must engage primarily in the building, repair, or sale of housing for income qualified individuals and families.

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### E. Single Family Residential:

A stand-alone single-unit family residence detached from other housing structures and does not include a multi-family residential dwelling.

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### **PART C. SELECTION OF OWNERS/SCREENING PROCESS FOR AFFORDABLE HOUSING PROJECTS**

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For all Affordable Housing projects, an income packet for participation must be submitted to Community Development Division, located at 601 E. Hickory, Suite B, and Denton, TX 76205. The packet must be completed in its entirety and submitted together with the following documentation:

1. Household Application Form
2. Social Security Card & Photo ID – a copy of SS card for each household member plus a copy of a state issued photo ID or driver’s license for all household members 18 years and older
3. General Certification of Income - to be completed by all household members 18 years and older
4. Income Tax Return – Current Year – Signed copy with W-2’s and attachments - for each member of household that filed a Tax Return.
  - If self-employed a signed copy with W-2s and attachments will be needed for most current 3 years.
5. Did Not File an Income Tax - to be completed by all household members 18 years and older who did not file a Tax Return.
6. Paycheck Stubs for the last 4 Weeks - for all household members 18 years and older
7. Verification of Employment – completed by each working household member 18 years and older
8. Social Security Income Statement - current year that states income received for each individual and a signed Consent for Release of Information form by all household members receiving Social Security Benefits.
9. Retirement/Pension Benefit Statement – that states current income received or a signed Employment Retirement Request form by all household members receiving retirement/pension benefits
10. Complete Bank Statements (Checking/Savings) for the last 2 Months for all household members who have bank accounts, an explanation of all deposits is required, with explanations dated and initialed by applicant.
11. Other Income Information - for all household members who have any other type of income ex: Child Support, Insurance Policies, Self-Employment, TANF, Stocks, Bonds, 401K, Annuity, interest income, etc.
12. Additional items as reasonably requested by the City.

Current eligible income limits: <https://www.huduser.gov/portal/datasets/il.html>