

# Memorandum



CITY OF DALLAS

DATE May 15, 2015

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT The City of Richardson's Home Improvement Incentive Program

On Monday, May 18, 2015, you will be briefed on The City of Richardson's Home Improvement Incentive Program. A copy of the briefing is attached.

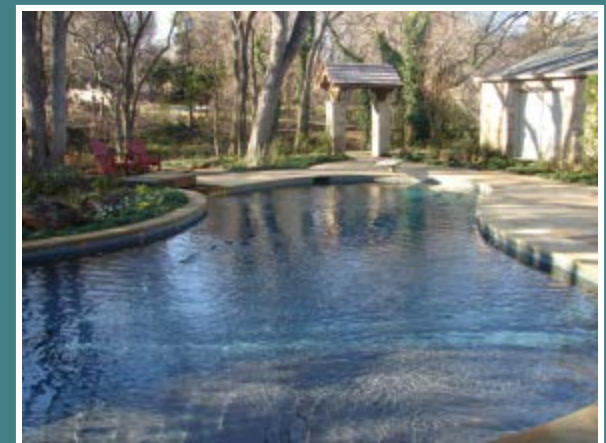
Please let me know if you have any questions.

A handwritten signature in blue ink, reading "Theresa O'Donnell".

Theresa O'Donnell  
Chief Planning Officer

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, City Manager  
Rosa A. Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Craig Kinton, City Auditor  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# The City of Richardson's Home Improvement Incentive Program



**Dallas City Council Housing Committee  
May 18, 2015**

# Introduction

- In February 2007, the Richardson City Council adopted Ordinance 3590, thereby establishing the Home Improvement Incentive Program (HIIP)



THE HOME BUILDER

## MetroActive

A government relations update on local, state & national issues

### Richardson Gets It

In the spring of 2007 a new program in the City of Richardson made the pages of the world's leading newspaper. The new Richardson program was cited at a new study

details an approach to the Neighborhood Services Department for Paul Gaudin, Director of Government Relations. The appraisal district booms the city subtracts the old city tax bill from the new, multiplies the difference by 10 and cuts a check to the homeowner for the amount.

Paul Gaudin  
Director of  
Government  
Relations

## COLLIN COUNTY OPINIONS

EDITORIAL

### Richardson's Nailed It

A stroke of creativity meted in common sense, the city of Richardson has decided to offer cash rebates for fixer-uppers. It doesn't mean the city has been buying up property in the real-estate market.

Richardson has come up with a concept of providing cash incentives to homeowners who are willing to make substantial investments in their homes. The program, approved by City Council members just this week, is a good way to give homeowners the final nudge they need to decide on a big project. Down the road, it should pay for itself through higher property valuations.

More important, Richardson, as one of the oldest suburbs in Dallas, needs ways to revitalize aging neighborhoods where property values are lagging or stagnant. Individual decisions to invest have

Cash rebates for fixer-uppers will boost property values, help city keep its edge

Property owners who knock down one home and replace it with another also can qualify for the rebates. The program, approved by City Council members just this week, is a good way to give homeowners the final nudge they need to decide on a big project. Down the road, it should pay for itself through higher property valuations.

Individual decisions to invest have

a ripple effect. One person's decision to build an addition or swimming pool can give neighbors confidence to go ahead with their own improvements. No one wants to over-invest in their homes; that fear can be put to rest by a neighborhood in upgrade mode.

When it comes to the housing market alone, first-ring suburbs like Richardson and Plano can have a hard time competing with hot-growth areas that boast spiky new subdivisions. Today it's Frisco and McKinney; tomorrow it will be Prosper and Celina.

But the first-ringers have many advantages, like more cohesive neigh-

borhoods, well-established communities, better access to employment centers and good amenities in central Dallas.

Older suburbs also have through the uncertainties of boom and bust. The trick is to persuade people to invest in their older homes before they run to the courts for soon and granite countertops.

The housing market is one area where first-ring suburbs disadvantage. Richardson's rebate program can help combat that trend.

JAMN Suburban Editorial Board

## Major home renovations rise with Richardson tax rebate

Continued from Page 1B

### HOW IT WORKS

participants are scattered throughout the city, in both older and newer areas of Richardson.

"It gives people a lot of flexibility in what they can do," Mr. Mitchell said. "We really wanted to see things happen across the board."

The city of Richardson provides a rebate to homeowners who undertake major renovation projects. More information about the program:

- All single-family homeowners are eligible.
- Projects must cost at least

"We were wanting something a little newer and nicer than we had," Ms. Dees said.

Like wise for Kent and Heather Novak, who are building on a lot in Canyon Creek east of Custer Parkway, where a house once stood. They bought the lot because they needed more living space and did it months before the home in-

# Purpose of the HIIP

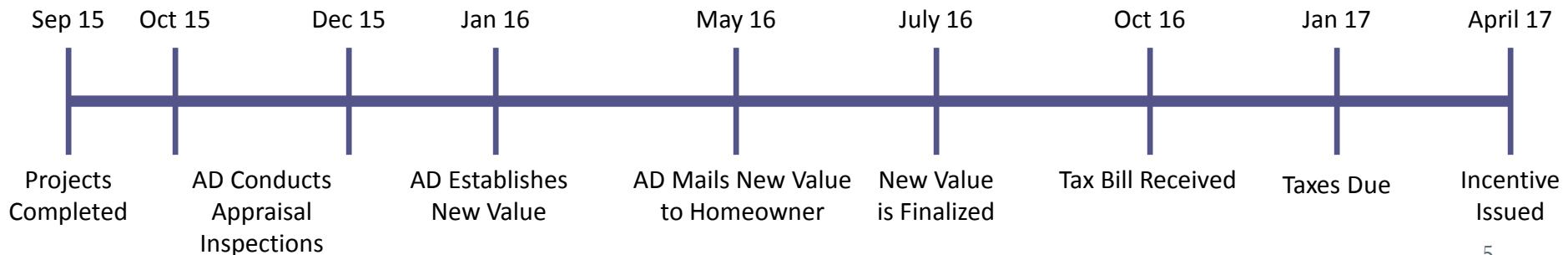
- Positively affect the value of the City's housing stock by encouraging reinvestment in residential neighborhoods
- Lower the financial hurdle for property owners to make significant improvements to their homes
- Demonstrate a strong commitment by the City to reinvest in residential neighborhoods
- Help distinguish Richardson from surrounding communities by providing an economic incentive to prospective buyers

# How the HIIP Works

- The City provides an economic development incentive equal to 100% of the increase in the City portion of the property taxes for the tax year following completion of an approved project multiplied by 10 (years)
- The increase in the certified value is determined by the respective appraisal district
- The incentive is paid in a single lump-sum on April 1 of the first full calendar year after completion of the project

# HIIP Example

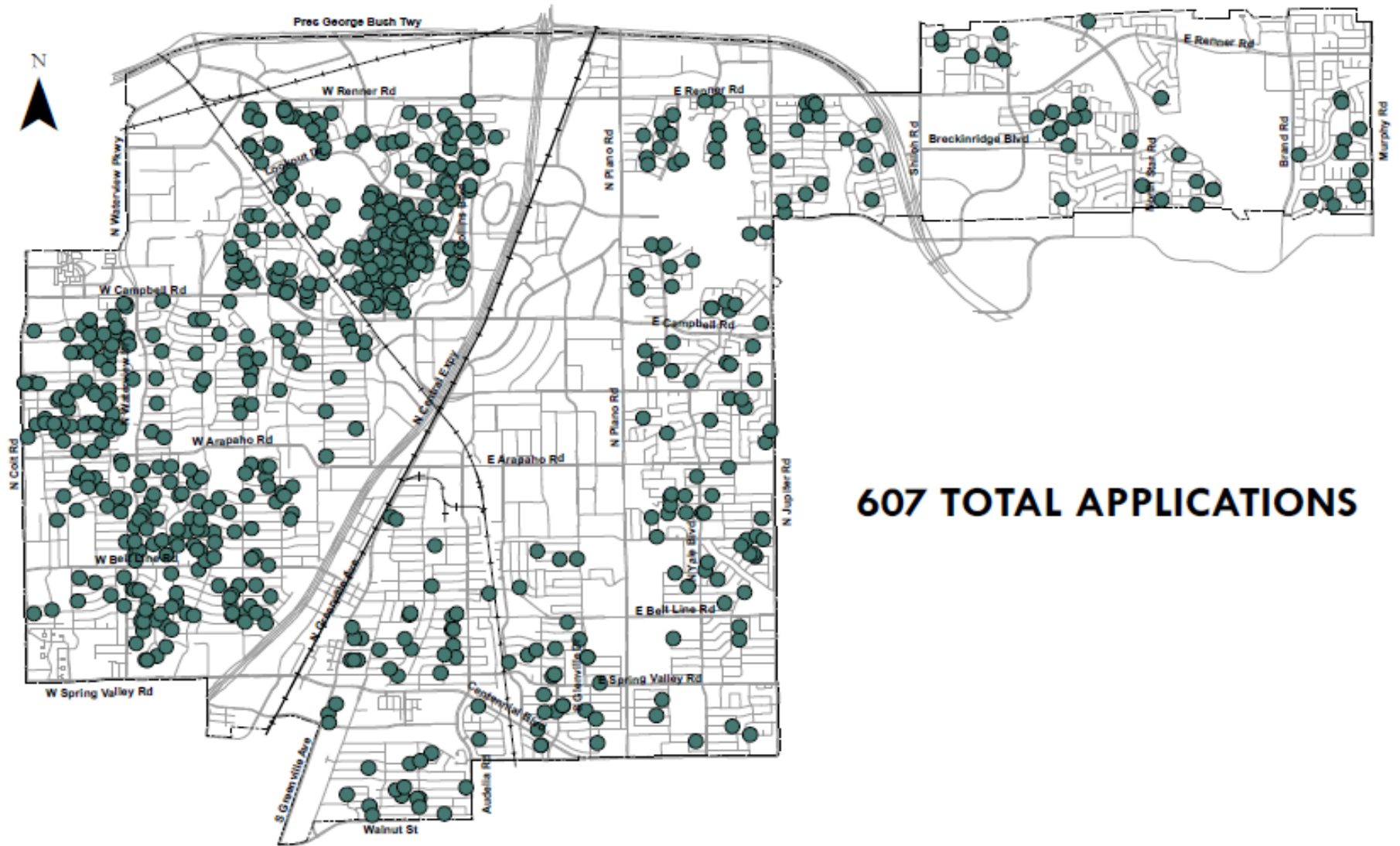
- Assume that a home improvement project commences in February 2015 and is completed in September 2015
- Further assume that the 2016 property taxes increase \$500 above the 2015 property taxes as a result of the increase in the taxable value of the improvements
- The total incentive would be \$5,000 and would be paid on April 1, 2017



# Participant Obligations

- All homeowners in single-family zoned areas are eligible to participate, except those who are delinquent in taxes or other fees
- The homeowner must submit an application prior to construction commencing
- The homeowner must enter into an economic development agreement with the City
- Invest a minimum of \$20,000
- Complete all projects within 24 months of application approval
- Consent to periodic inspections including an inspection to validate completion
- Provide invoices to the City to prove work was performed

# Home Improvement Incentive Program

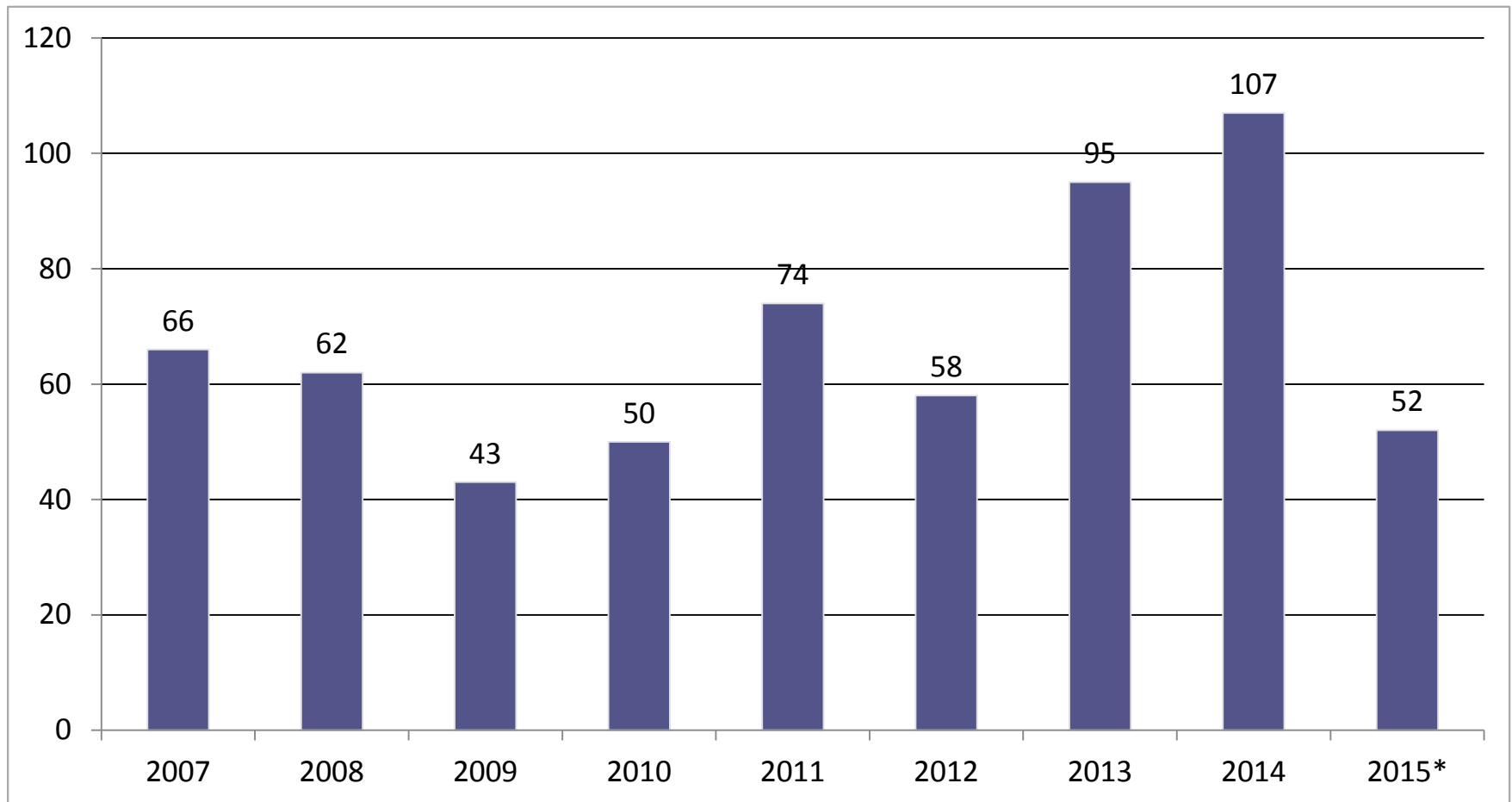


0 0.5 1 2 Miles



# Approved Projects

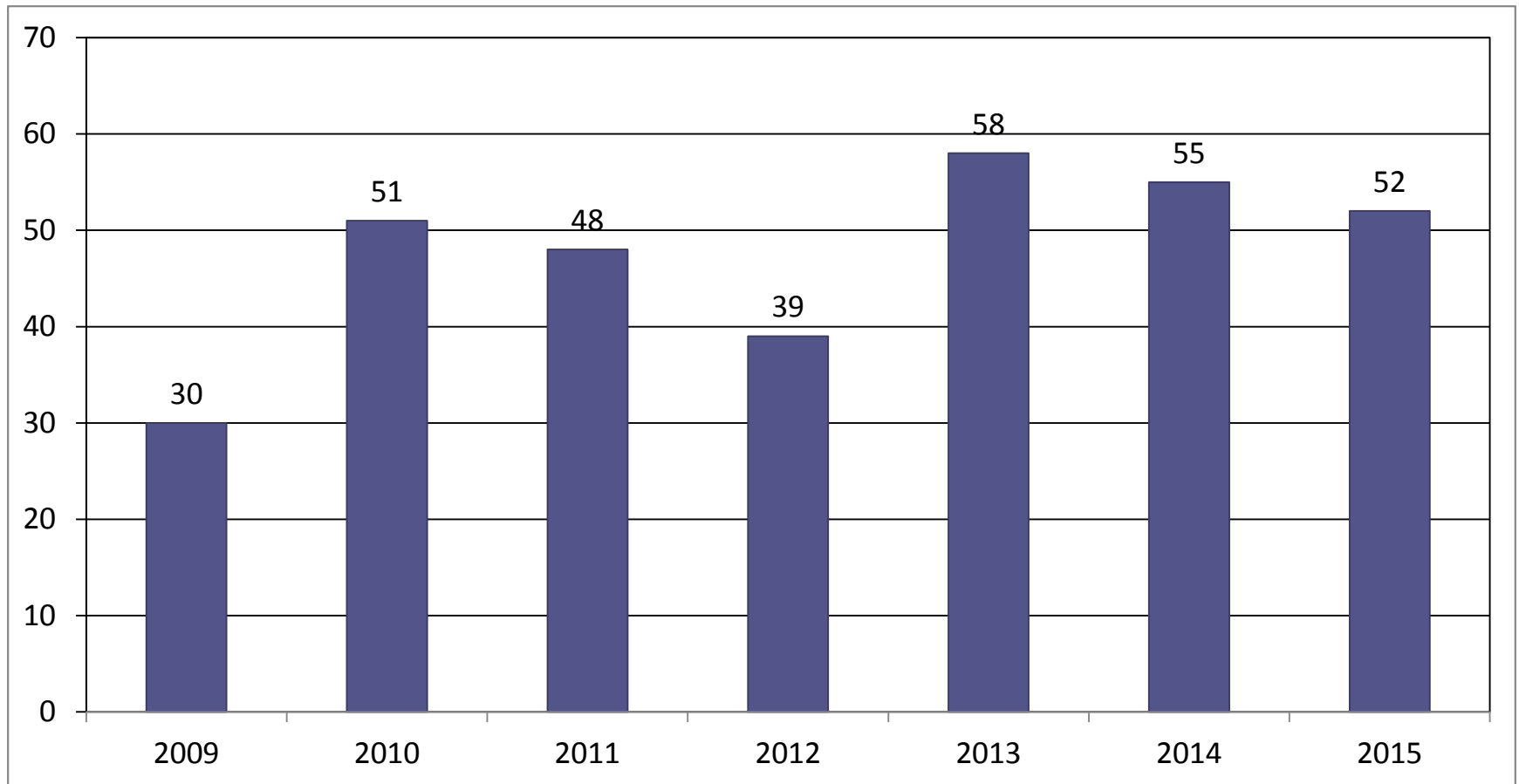
## 607 Projects Have Been Approved



\* To Date

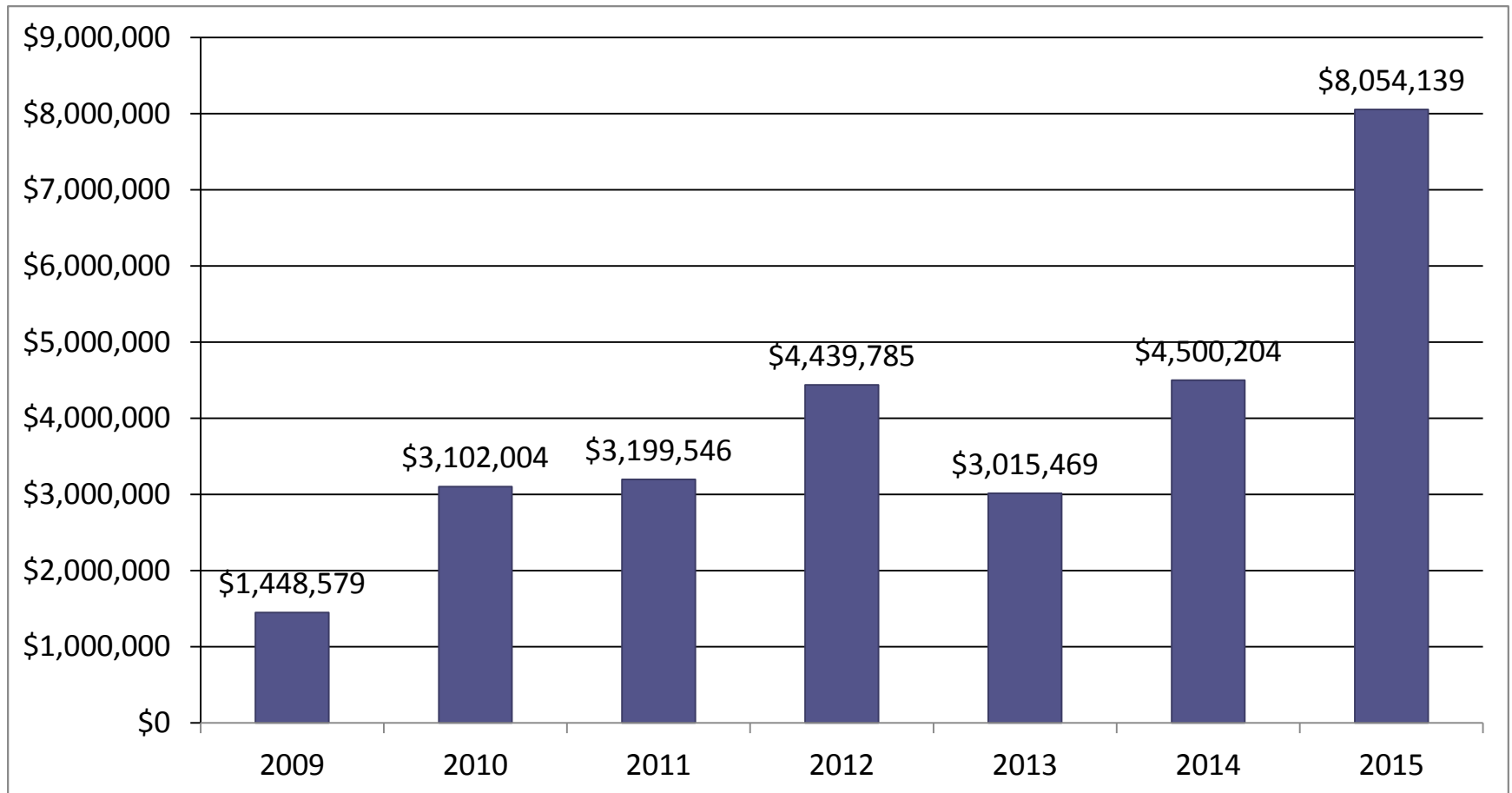
# Incented Projects

**333 Participants Have Received An Incentive**



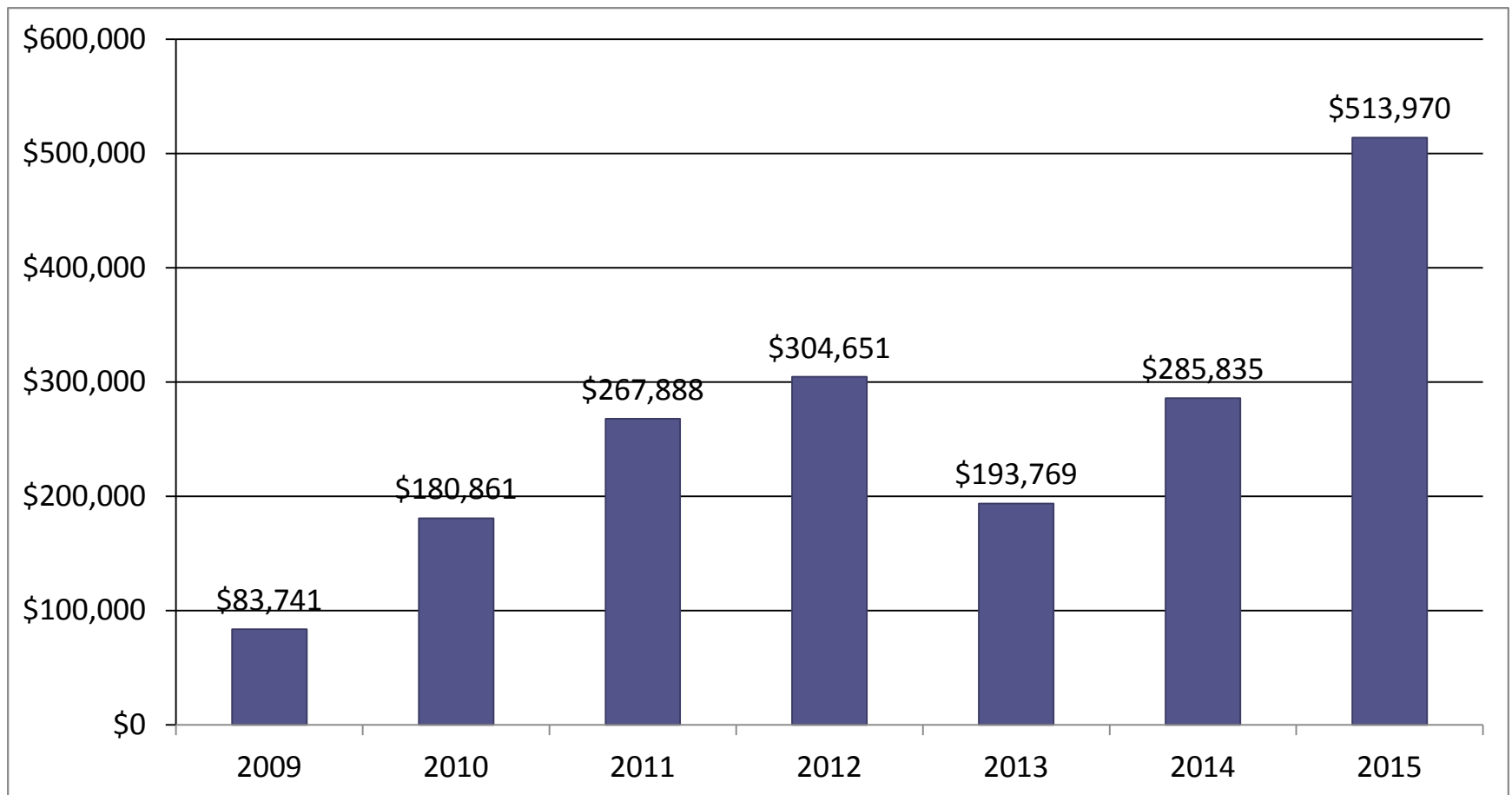
# Total Increase in Appraised Value

**Total Value Added to the Tax Roll: \$27,179,726**



# Value of Incentives Paid

**Total Incentives Paid: \$1,830,715**



# HIIP Promotion

- *Richardson Today*
- Citizen Information Television – Promotional Videos
- Residential Building Permit Application
- Print / Online Promotions
- Realtor Workshops
- Outreach to Neighborhood / Homeowner Associations



# Lessons Learned

- HIIP investment is exponential!
  - Appraised value of homes adjacent to/in the immediate area of HIIP projects increase more in value than otherwise anticipated
- Homeowners tend to invest more because they anticipate an incentive
  - 171 projects estimated at \$100,000 or more
  - More than 80% of projects include multi-faceted improvements
- Homebuilders incorporate the incentive into their business model
  - Use to close the “redevelopment gap”
    - Incentive is not capped – no limit
  - Use as “sales inducement”
    - Incentive is transferable once

# The City of Richardson's Home Improvement Incentive Program

Questions?

