
Finance Committee

DEPARTMENT: Development Services

FROM: Tony D. McIlwain, Development Services Director

MEETING: July 15, 2026

SUBJECT:

Receive a report, hold a discussion, and provide recommendations to the city council on reinstating the Home Improvement Rebate Program. (*Staff Contact: Tony D. McIlwain, Development Services Director*)

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 Dynamic & Preferred City Through Managed Growth	2.2 Promote sustainable residential and commercial development through strategic and long-term planning; providing business – friendly environment; continuing efficient development review process; and enhancing partnership with the development community.

SUMMARY:

In April 2022, City Council approved a resolution authorizing a Home Improvement Rebate Program in accordance with Texas Local Government Code Chapter 380. The program provided housing improvement financial incentives funded through the General fund in an amount not to exceed \$25,000 annually.

The purpose of the Rebate Program is to encourage reinvestment in residential neighborhoods, positively impact the value and condition of the City's housing stock, reduce the financial burdens on property owners undertaking eligible improvements, and demonstrate the City's commitment to reinvesting in established neighborhoods.

During the FY 2026 budget process, funding for the program was eliminated due to budget constraints. For FY 2027, Development Services is requesting that the program be reinstated through a \$25,000 General Fund supplemental request and a \$25,000 Water Fund supplemental request.

Since the program's inception in 2022, it has supported 16 home improvement projects, with the City contributing approximately \$46,619 in rebate funds that leveraged more than \$271,482 in private property investment. These figures demonstrate the program's effectiveness in encouraging significant private reinvestment through a relatively modest public investment.

Since the program's suspension, staff has received multiple inquiries from property owners regarding its return, indicating continued community interest and demand for the program

As part of the FY 2027 budget process, staff has prepared the following supplemental requests:

1. \$25,000 General Fund supplemental request to continue funding Home Improvement Rebate Program projects.
2. \$25,000 Water Fund supplemental request to support residential home improvement projects related to water and wastewater infrastructure enhancements, including but not limited to the replacement of deteriorated cast iron water/sewer service lines, irrigation water conservation efforts and other qualifying utility-related improvements.

Staff is recommending the following modifications to improve program accessibility and participation:

1. Allow any occupancy and ownership to qualify – Rental properties
(Old criteria: Owner occupied - only)
2. No Expenditure requirement for improvements on the property
(Old criteria: Original program required 10% or more of CAD Value)
3. Reduce General Fund maximum rebate from \$5,000 to **\$2,500**
*By lowering the maximum award amount, available funds can be distributed more broadly throughout the community, increasing participation and expanding the program's neighborhood impact.
4. Allow maximum **\$5,000 rebate** with **50% match** for **water fund projects**
*Maximizes private investment and promotes proactive infrastructure replacement
5. Total maximum rebate per household project is **\$7,500**

For purpose of this discussion, staff is seeking direction regarding the proposed program enhancements and the inclusion of the supplemental funding request as part of the FY 2027 budget process.

RECOMMENDATION:

Staff recommends moving forward with incorporating the proposed Water Fund Supplemental Request into the FY 2027 budget development process for further evaluation and consideration alongside the General Fund Supplemental Request.

Consideration of both the General Fund and Water Fund supplemental requests during the FY 2027 budget development process will provide an opportunity to assess the overall program structure, ensure compliance with applicable funding restrictions, and determine the most effective approach for supporting neighborhood reinvestment and infrastructure improvements throughout the community.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

April 4, 2022: City Council approved a resolution authorizing a Home Improvement Rebate Program in accordance with Texas Local Government Code Chapter 380. The program provided housing improvement financial incentives funded through the General fund in an amount not to exceed \$25,000 annually.

REFERENCE:

N/A

FISCAL IMPACT:

Proposed Expenditure/Revenue: \$50,000
Account Number(s): 1014002-66100
Fund: General Fund & Water Fund

STAFF CONTACT:

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