

Equitable Community Investment Solutions For Dallas

Comprehensive Public Investment and
Housing Policy Proposal 2018

The North Texas Community Development Association

Submitted to

The Honorable Councilman Tennell Atkins
Chair of Economic Development and Housing Committee

The Honorable Mayor Mike Rawlings, Mayor Pro Tem Dwaine Caraway,
Deputy Mayor Pro Tem Adam Medrano
And The Dallas City Council

Raquel Favela, Chief of Economic Development and Neighborhood Services

March 2018

Equitable Community Investment Solutions For Dallas

March 1, 2018

The Honorable Members of the
Economic Development & Housing
Committee; The Honorable Members
Of the Dallas City Council; Raquel Favela,
Chief of Economic Development &
Neighborhood Services
1500 Marilla Street
Dallas, TX 75201

To All Addressed Above

The intent of this policy proposal is to provide subject matter expert input on housing and economic development during the City of Dallas' policy crafting process as well as address concerns shared by City of Dallas Community Housing Development Organizations (CHDOs) and Community Development Corporations leaders. It is our desire to encourage a robust partnership with the City of Dallas in delivering services and promoting community stability as well as be active participants in the policy crafting process.

Our chief concerns include the increasing cost burden of housing in the city of Dallas, the widening financing gap that non-profit developers face when revitalizing disinvested areas, and the lack of affordable housing, and the necessary tools to measure the affordable housing stock in our city.

The above concerns will be addressed through policy recommendations in the following pages. We would hope that this would be the beginning of a much needed continued conversation on Equitable Community Investment Solutions for Dallas in particular affordable housing.

Sincerely,

North Texas Community Development Association
Annie Evans, President – SouthFair CDC
James Armstrong III, Vice President –Builders of Hope CDC
Gerald Carlton, Treasurer – East Dallas CO
Karen Crosby, Secretary – Dallas City Homes
Diane Ragsdale –South Dallas Fair Park Innercity CDC
Sherman Roberts, Past President – City Wide CDC

North Texas Community Development Association Policy Recommendations

- I. Update the five Community Revitalization Plans (CRP) areas and target at least 20% of all city resources into those areas. Allow support of all Housing Tax Credit (HTC) projects if located in census tracts covered by an approved and funded Community Revitalization Plan (CRP). Suggested areas:
 - a. South Dallas- Ideal/Rochester Park
 - b. South Dallas- Greater Fair Park
 - c. Lancaster Corridor/Cigarette Hill
 - d. West Dallas (Census Tract 101.2)
 - e. Wynnewood Neighborhood

- II. Solve the Housing Development equity problem by creating a large private equity fund of at least \$50M to facilitate the production of affordable housing. Sufficient capacity of affordable housing production will never meet demand if the equity gap isn't addressed.
 - a. An example of this is the Healthy Neighborhoods Equity Fund in Boston that has raised more than \$20M.
 - b. This would address the market disequilibrium in the affordable housing space where demand is outpace supply which results in a spike of housing cost.

- III. Recognize Tax Increment Financing (TIF) Districts as CRP areas for the purpose of Texas Department of Housing and Community Affairs (TDHCA) 4% and 9% tax credit program. Require Tax Increment Financing (TIF) District housing or mixed use projects in High Opportunity Areas that receive assistance to provide 20% of the units to households at 80% of the Area Median Income (AMFI) with half of the units to households at 50% AMFI and below

- IV. Support and pass a Source of Income Ordinance (Chapter 20A)
 - a. Amendment to Chapter 20a would prohibit discrimination on the basis of any lawful, regular, verifiable income, except as prohibited by state law.
 - b. As permitted by state law, the ordinance would require that residential developments receiving city subsidy or increases in zoning density or floor are ration refrain from source of income discrimination, including Housing Choice Vouchers and other housing subsidies.
 - c. Add "safe harbor" defense which states that property owners are safe from source of income discrimination claims if 10% of their residential units are leased to housing vouchers holders.

- d. If residential developers receive financial benefit from City funded sources, the developers are required to lease to qualified vouchers if the vouchers monthly payments meet or exceed the proper's rental rate.
 - i. This is a very hard requirement without project based vouchers and the City does not have project based vouchers. Also, vouchers in South Dallas may not meet property rental rate.

- V. Create a Housing Trust Fund (HTF) of \$20,000,000 for affordable housing and gap funding that specifically targets CHDO's and other nonprofit developers of affordable housing. Funding recommendation is private funders and from each council members discretionary fund.

- VI. Provide subsidy for developers using the Voluntary Inclusionary Program. Require developers to agree that 10% of all units be set aside for households at 0% to 50% of the Area Median Family Income (AMFI).

- VII. Pass city resolution to create Neighborhood Empowerment Zones (NEZ) in communities that experience a sudden increase property value year over year and show early warning signs of gentrification. NEZ's encourage private investment while protecting existing homeowners through property tax abatement, fee waivers, and release of city liens.

- VIII. Dedicate city's surplus land, both infill lots and public land, to promote affordable housing and economic development with CHDO's having first right of refusal.

- IX. Allow Land Bank lots to be purchased by CHDO's at a reduced price to further encourage timely economic and housing development.

- X. Hire third party market research firm to set parameters that will allow for the production of quarterly affordable housing reports. Affordable housing must be tracked measured.

- XI. Increase gap financing for non-profit developers like CHDO's to assist in closing the gap between the development cost of the units and the appraisal value.

- XII. Establish a cap for the Dallas Homeownership Assistance Program (DHAP) that would prevent possible future foreclosure due to home value increases. There should be a cap

based on a justifiable ratio between subsidy provided, future home value and what the buyer would be able to afford.

- XIII. Consider a separate organization that would act as an extension of city hall, like the Dallas Housing Finance Corporation, that's charged with carrying out housing policy and above recommendations.

A comprehensive housing policy for the city should include direction to fulfill the existing need of extremely low income families for quality affordable housing. The policy should encourage a blended strategy, including; rehabilitation, new construction and remediation (slum and blight removal). It should invoke financial support that is available through tax increment financing, private financing, low income housing tax credits, as well as HOME, CDGB and direct HUD funding. It should include a recommendation to dedicate General Obligation bond funds to affordable housing.

Synopsis of North Texas Community Development Organizations

South Dallas Fair Park Inncity Community Development Corporation

South Dallas Fair Park Inncity Community Development Corporation (ICDC) is a community-based 501(c) 3 nonprofit on a mission to transform South Dallas/Fair Park into a safe, stable and vibrant environment. Founded, in 1986, ICDC has continuously served low-to-moderate income (LMI) residents, building partnerships that offer homeownership, economic development and educational opportunities in South Dallas/Fair Park. Three decades of focused attention and hard work have changed the trajectory for the South Dallas/Fair Park community. This paradigm shift addresses strategic needs, including neighborhood retail development, affordable homeownership for low to moderate income residents, a dental clinic, a health facility, and support for local entrepreneurs through our Business Incubation Center (BIC). ICDC has developed a strategy to educate and empower local emerging business leaders through our Business Incubation Center (BIC), designed to help local businesses launch and potentially expand operations, while providing office space and assisting with budgeting, marketing research, business registration, associated certifications, and locating micro-funding. An extension of the BIC, the Youth Entrepreneurship Program provides students of Paul Lawrence Dunbar Elementary School with intense training and experiences to promote their personal and professional development. It is our goal to integrate civic and entrepreneurial spirit, while supporting business owners that serve the community. It is of extreme importance to introduce low-income inner-city youth to the possibilities of business ownership as a viable career option. ICDC's Homeownership Center requires homebuyer education and financial literacy for new home buyers and provides one-on-one pre and post purchase counseling, and assistance in addressing neighborhood issues and environmental concerns. We're not just selling homes. We are building neighborhoods of empowered people. Promoting homeownership for low-to-moderate income families is fundamental to revitalizing South Dallas/Fair Park neighborhoods. As a developer of quality affordable single-family homes, ICDC has built or rehabbed over 250 homes in South Dallas/Fair Park neighborhoods. ICDC has received the National Association of Home Builders Platinum Award, the HUD Secretary's Award for Excellence and the Preservation Achievement Award for architectural design excellence by Preservation Dallas.

SouthFair Community Development Corporation

"SouthFair" has reversed extensive blight and deterioration in the Jeffries-Meyers neighborhood by preserving, renovating and building single family and multifamily housing along with commercial development in the South Dallas/ Fair Park community. SouthFair's asset based approach began with the development of Eban Village I & II, a 330 unit tax credit project. In addition to housing, SouthFair is the owner/developer of a medical building which Baylor Healthcare System is a long term tenant and provides full service family health care. Through outreach efforts, SouthFair has reached more than 500 families by providing homebuyer counseling and education, since 2011. A rent-to-own program has made homeownership an even greater possibility for many who struggle to become mortgage ready. Now in its final phase, Fair Park Estates, a \$4 million project, will make homeownership a reality

for thirty families. Pre-development for the expansion of its current multifamily development and additional single family housing are underway.

Builders of Hope Community Development Corporation

Deeply rooted in West Dallas for more than 20 years, Builders of Hope (BOH) territory has expanded to include distressed neighborhoods in Oak Cliff, East Dallas and Pleasant Grove to build over 400 quality affordable homes. BOH has developed a sustainable urban revitalization model by building homes with energy efficient features and promoting health living communities. In 2009 and 2010, BOH was the largest builders of brick homes in West Dallas. The main focus of BOH is transforming Dallas by improve economic mobility through our 4 component Community Development model which include new Home building and renovation, Economic Development and Workforce training, Financial Literacy, and Community Engagement. Through the Workforce training Program R.E.A.C.H. countless men with prior convictions have received construction based certification training and employment.

City Wide Community Development Corporation

Since its first rehabilitation of two apartment complexes in southeast Dallas in 2003, City Wide Community Development Corporation (CWCDC) has emerged as a turn-key developer and property manager. Leveraging more than \$35.5 million in public and private financing, CWCDC is driving the Lancaster Corridor, home to the Veteran Administration Medical Center. More than 40,000 square feet of retail/office space along with 200 apartment units will be completed in 2014. In addition, CWCDC is addressing housing for special needs individuals (seniors, veterans) and families (homeless women and children) at or below 50% of median income.

East Dallas Community Organization

The East Dallas Community Organization (EDCO) has been providing support for revitalization efforts and homeownership opportunities in up and coming neighborhoods throughout Dallas. EDCO is working and building homes in the Jubilee Park, Claude Street, Bexar Street Village and Dolphin Heights Communities. Through its Partnership with the City of Dallas, EDCO has entered into property management and is managing 29 senior rental units. Additionally, EDCO counsels over 400 people annually to become eventual homeowners through its HUD certified training classes.

Dallas City Homes

For over 25 years, Dallas City Homes (DCH) has been a non-profit leader in promoting affordable housing. Since its inception DCH has developed or preserved the affordability of more than 2,400 apartments and participated in the construction, renovation or development of more than 350 homes for sale. DCH partners with local organizations, businesses, and

national entities to support progressive housing policies that create healthy and sustainable communities. DCH's vision is to optimize the human and physical potential of neighborhoods through provision of housing, commercial space, and the collaborative delivery of resident services. During the company's history it has acquired rental properties in some of the most distressed areas of Dallas and converted those properties into safe, vibrant rental communities with good housing. Dallas City Homes has also created home ownership opportunities that have contributed more than \$25 million in assets to local neighborhoods and a bright future for many families.

Douglas, Kendra

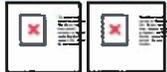
From: Kleinman, Lee
Sent: Thursday, March 1, 2018 6:19 PM
To: Atkins, Tennell
Subject: Re: Input Request for the Economic Development and Housing Policies

Use the MVA to make data based decisions that bring up marginal areas that are easiest to improve.

Sincerely,



Lee M. Kleinman
Dallas City Council,
District 11 SEP
City of Dallas | [D-11 Website](#)
Mayor and City Council Office
[1500 Marilla Street](#), 5FS
Dallas, TX 75201 | [214-670-7817](#)
Lee.Kleinman@DallasCityHall.com



On Mar 1, 2018, at 4:14 PM, Figueroa, Sophia <sophia.figueroa@dallascityhall.com> wrote:

See the attached memo. CM Atkins is seeking input from Council Members regarding Economic Development and Housing Policies.

Sophia Figueroa
Council Assistant
City of Dallas | DallasCityNews.net
Office of Council Member Lee M. Kleinman District 11
1500 Marilla Street, Room 5FS
Dallas, TX 75201
O: 214-670-7817
sophia.figueroa@dallascityhall.com

-----Original Message-----

From: Douglas, Kendra
Sent: Thursday, March 1, 2018 4:50 PM
To: MCC Department <DLMCCDepartment@dallascityhall.com>; CMO Executive Team <CMOExecutiveTeam@dallascityhall.com>; Casto, Larry <Larry.Casto@dallascityhall.com>; Johnson, Bilierae <bilierae.johnson@dallascityhall.com>
Subject: FW: Input Request for the Economic Development and Housing Policies

To: Tennell Atkins, Councilman - District 8

From: Gail Terrell

Date: February 26, 2018

RE: Input Request for the Economic Development and Housing Policies

Dear Councilman Atkins;

Below are my suggestions:

Policy Suggestion1:

I am strongly recommending that Dallas develop housing and economic development policies that will assist residents living in neighborhoods about to experience rapid growth to remain in their homes and be able to enjoy the benefits of revitalization eg Education Corridor.

Discussion:

Residents living in the Education Corridor in Southeast Oak Cliff are experiencing the first wave of redevelopment ie speculators are buying dirt as fast as possible. Dallas has an opportunity in the Education Corridor to review recent efforts, develop new tools and dust off existing tools, as it review the Bishop Arts and West Dallas experiences.

We can tour Bishop Arts and West Dallas to see what happens when market forces target neighborhoods for revitalization eg some blocks have two or three renovated buildings, while other buildings remain unchanged. Residents who are unable or unwilling to renovate their buildings are left behind.

Let's figure out a model that will allow residents that want to stay and enjoy increasing property values, redevelopment of streets and buildings to stay in their homes and be able to make the improvements to their property without having to take on more debt than they can afford.

Policy Suggestion 2:

The second recommendation I am offering is to require housing developers that want to build a certain number of housing units, in a food desert, be required to commit to build retail space as a part of the development.

Memorandum



CITY OF DALLAS

DATE February 28, 2018

TO Tennell Atkins, Chairman, Economic Development & Housing Committee

SUBJECT Response to Request for Economic Development & Housing Policies

In response to your request for input and suggestions to improve the City of Dallas Economic Development and Housing Policies, I would like to provide the attached memo from Opportunity Dallas.

I recommend all items for consideration, including proportional infrastructure spending and property tax market segmentation.

If you require additional information, please advise.

A handwritten signature in blue ink, appearing to read 'Scott Griggs'.

Scott Griggs
Councilmember

Monday, February 26, 2018

Councilmember Atkins and Raquel Favela,

The following package of comprehensive housing policy recommendations was built by a diverse volunteer group of community stakeholders called the Policy Task Force. The Policy Task Force would like to formally submit these recommendations for consideration. In addition, our Task Force would welcome an opportunity to present our recommendations at the next Economic Development & Housing Committee meeting.

It is our belief that one of the big reasons our city has never adopted a truly comprehensive housing policy is that it has rarely been approached in a collective, cross-sector way. A comprehensive housing policy must be jointly developed, which increases "buy-in," due diligence, and the overall thoughtfulness of the recommendations. Prior recommendations have been issued by individual organizations with disparate interests, but we believe the Task Force's recommendations represent the broadest and most detailed articulation to date.

Research is clear that a strong comprehensive policy which promotes mixed-income and affordable housing is a linchpin for a thriving city. There is no way to deal with Dallas' major challenges if we do not deal with housing. Dallas has extreme levels of concentrated poverty and economic/racial segregation; a lopsided property tax base; lagging economic mobility for low-income children; lack of desirable affordable housing throughout the city; and yawning student achievement gaps, to name a few. The city can't non-profit its way out of this. The situation demands a robust, courageous, and energetic housing policy that equals the magnitude of our problem and improves outcomes at population scale.

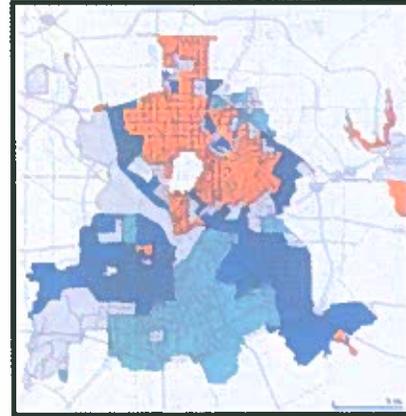
We appreciate all of the work the City has done to bring housing to the forefront and hope to be a part of this important conversation in a meaningful way. Again, thank you for this consideration.

[-Opportunity Dallas Policy Task Force-](#)

A video presentation of the package of recommendations can also be found online at <https://www.opportunitydallas.org/policy-recommendations>

Opportunity Dallas Policy Task Force

Comprehensive Housing Policy Recommendations



THE NOTES BELOW EACH SLIDE ARE DRAFT TALKING POINTS THAT COULD BE USED IN THE EVENT OF AN ACTUAL PRESENTATION:

Research is clear that housing is a linchpin for a thriving city. There is no way to deal with our major challenges if we don't deal with housing: concentrated poverty; segregation; a lopsided property tax base; lagging economic mobility; student achievement gaps; etc. We can't nonprofit our way out of it either. This demands a big, courageous, and energetic policy. We *could* cobble together some easy low-hanging fruit – a collection of tools – and just call it a housing policy. But we need much more than that. We need a robust policy solution that equals the magnitude of our problem. In this presentation, we articulate a policy solution that we think can move the needle at population scale.

Policy Task Force



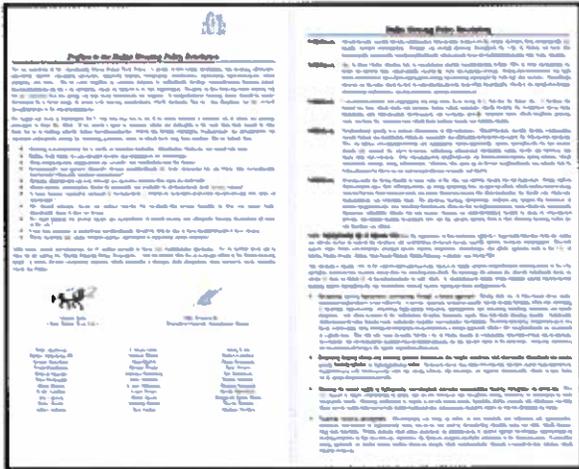
- **A comprehensive housing policy must be jointly developed by a broad range of stakeholders, which increases:**
 - “Buy-in”
 - Due diligence
 - Overall thoughtfulness of the recommendations
- **32-person, all-volunteer group**
 - Real estate developers, fair housing advocates, university experts, education advocates, nonprofits, neighborhood association representatives, public sector, faith-based, residents, urban planners, etc.
- **Opportunity Dallas as backbone staff**

What you will hear today is not simply the ideas of Opportunity Dallas staff. This package of recommendations was built by a broad range of community stakeholders, called the Policy Task Force. We think one of the big reasons that we’ve never adopted a truly comprehensive housing policy is that we’ve never really approached it in a collective, cross-sector way. It has to be jointly developed by a broad range of stakeholders, which increases “buy-in,” due diligence, and the overall thoughtfulness of the recommendations. Prior recommendations have been issued by individual organizations with disparate interests, but this represents the broadest and most detailed articulation to date.

Opportunity Dallas has brought together a diverse volunteer group of 32 stakeholders. You can see the types of individuals on the slide: developers, fair housing advocates, education advocates, residents, etc.

As the backbone staff behind this effort, Opportunity Dallas leads the overall strategy and logistics on a day-to-day basis.

Dallas Housing Policy Resolution



- Mixed-income and affordable housing throughout entire city
- Socioeconomically and racially diverse neighborhoods (not segregated neighborhoods)
- Housing is a cornerstone for a variety of desirable economic, educational, financial, and social outcomes

The first thing we did was articulate a set of common values, which was no small task for a group this diverse. At the time, we figured if we couldn't even articulate our values, we would have no chance of crafting specific policy recommendations. We issued the "Dallas Housing Policy Resolution" in November 2017, and it was signed by individual members of the Task Force. The Resolution was shared with the Council and received notable media coverage.

The main thrust of the Resolution is that we urgently need a comprehensive housing policy to promote mixed-income and affordable housing throughout the entire city. We need racially and economically diverse neighborhoods, not segregated neighborhoods. Housing is a cornerstone for progress in many areas.

How We Arrived at This...



- **Biweekly meetings since August 2017**

- **Recommendations proposed, vetted, discussed, debated, and decided upon with majority vote**
 - Those not in support of a specific recommendation are noted

- **Purpose of presentation:**
 1. Provide a broad overview of the **28 major ingredients** of a comprehensive housing policy

 2. Focus on the **9 immediate next steps**

After we articulated values, the Task Force got immediately started on crafting specific policy recommendations based on those values.

The Policy Task Force has been meeting every 2 weeks in the evenings since August 2017. Recommendations were proposed, vetted, discussed, debated, and ultimately decided upon with a majority vote.

It's important to note that recommendations were approved by a majority vote, but those who opposed a particular recommendation were able to note their personal reservations (and those personal reservations are footnoted at the end of this presentation). It would have been unrealistic to think we'd get 100% unanimous approval on every single policy recommendation, so we gave members the space to express their specific reservations. However, you will see that the reservations were few and far between.

The purpose of this presentation is NOT to hand you a fully written comprehensive housing policy with every small detail spelled out. We don't want to micromanage the work of city staff by getting too "in the weeds." Ultimately, city staff will be responsible for writing the policies and developing the detailed

regulations. In this presentation, we are going to provide a high-level overview of the 28 main ingredients of a comprehensive housing policy. It's a multi-year, complex effort that'll require persistence. We need to understand what the overall journey will look like. But then we will help sequence it by focusing on the 9 specific, immediate, tangible next steps which need to be taken. We are talking broad policy, not specific on-the-ground projects.

Dallas Housing: How Did We Get Here?

- **How has Dallas handled housing over the past decades?**
 - ***Project-oriented approach:*** more emphasis on deals/projects as they arise in specific districts
- **Less emphasis on citywide policies**
- **Collection of federal, state, & local tools/programs**
 - LIHTC, vouchers, CDBG, HOME, TIFs, Land Banking, etc.
- **Dallas' unique history is important to understand: *We must understand it, learn from it, and build upon it.***

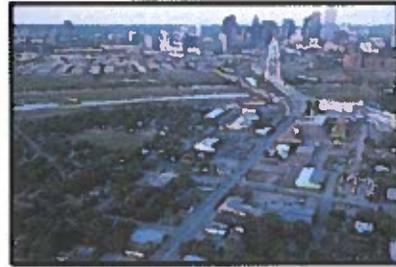


Image from Dallas Morning News

Before we begin with the policy recommendations, it's important to acknowledge historical context. We are trying to embark upon a new housing policy for the City of Dallas, but we have to understand how Dallas has historically handled housing in the absence of a comprehensive policy.

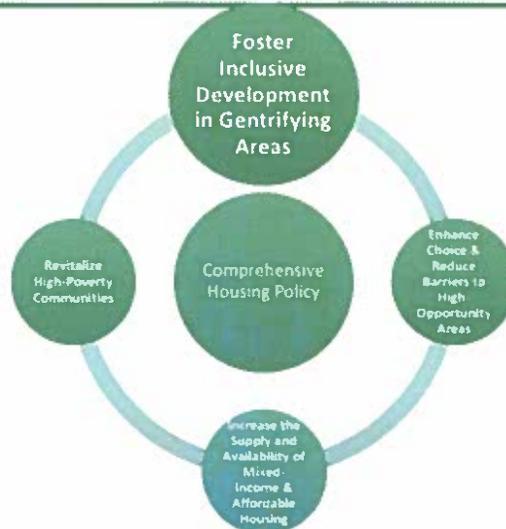
This characterization paints with a broad brush, but it's fair to say that Dallas has relied more upon an ad-hoc, deal-by-deal approach centered on negotiations between developers, councilmembers, and city staff. There has been less emphasis on predictable citywide policies and regulations and more emphasis on project-by-project discussions within specific council districts. Like most cities, there has been the usual collection of tools and programs that have been used, but often in siloes (i.e., LIHTC, vouchers, CDBG, HOME, TIFs, Land Banking, etc.). Overall, we have focused on individual deals that are viewed in the moment, and they were not necessarily connected to other deals that were also going on. And there has always been political pressure on councilmembers to deliver the deal quickly in their districts.

This approach has not produced the results we need at scale. Persistent inequities and segregation have not dramatically changed in a very, very long

time. The MVA map looks similar to maps from many decades ago. We cannot continue to do the same thing and expect different results.

This is not about good guys and bad guys or who was right and who was wrong. Many good people were trying to do good things under the old approach – and in many cases, they did do good things. But our problems require more than a project-by-project approach. There is a new consensus that Dallas needs to adopt a citywide comprehensive policy. But we cannot forget that Dallas has a unique history that has shaped where we are today. We can dismiss everything that happened in the past as “broken,” but the more productive approach is to understand this complicated history and learn from the experiences of our past.

Four Domains of a Comprehensive Policy



We bucketed the policy recommendations into four thematic domains which you can see on the slide.

The first domain is the one that has received the most headlines as of late: fostering inclusive development in gentrifying areas. In other words, development without displacement. We need to figure out how to manage gentrification in a better way. We don't have a good track record. We have past examples like Freedmen's Town and Little Mexico which turned into Uptown – existing lower-income residents were fully displaced and now Uptown is unaffordable for them.

We have current examples like the displacement crisis in West Dallas. When the Deck Park begins, it's likely to have a gentrification effect. Long-time residents will be faced with rising taxes, rising rents, and "flippers" seeking to buy them out. We have no strategy for this – we don't even have a common workable definition of gentrification. And existing residents are justifiably afraid.

Gentrification can be better managed. Many parts of the city are seeing private investments in ways they haven't before, and that can be a really good thing.

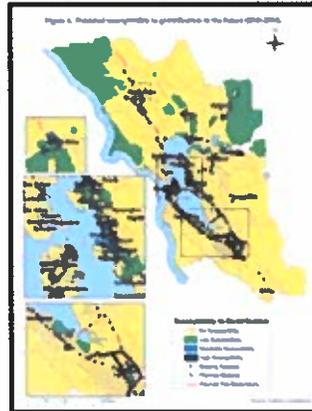
Natural market development can bring additional job opportunities, resources, and services to disadvantaged areas. However, we need policies that can also “lock in” affordability and protect against involuntary displacement of existing low-income residents so that they too can experience the fruits of progress. You can’t do mixed-income if you push out the poor. It’s just more segregation.

Gentrification can be a way to achieve more mixed-income communities, but it requires smart policy so that new residents can move in and existing residents are not pushed out.

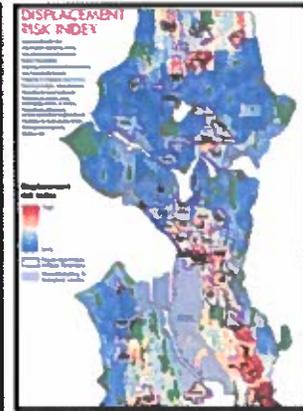
Domain 1: Neighborhood Change Index (NCI)

"What if city leaders and community groups could get ahead of these changes and act early to direct neighborhood changes towards more inclusive outcomes?"

- Pettit and Greene



Source: Karen Chapple, "Mapping Susceptibility to Gentrification"



Source: Chris Bousquet, Data-Smart City Solutions

Immediate Next Steps: Have a displacement risk tool accompany the MVA. Also reach out to peer cities with similar indexes and national experts that have built multi-dimensional NCIs.

Recommendation 1.1: We first need to develop a Neighborhood Change Index (NCI). It's kind of a gentrification early warning system. The problem is that by the time people realize gentrification is underway, it's often too late for policies to make a big difference. An NCI tells you early on how susceptible a neighborhood is to gentrification.

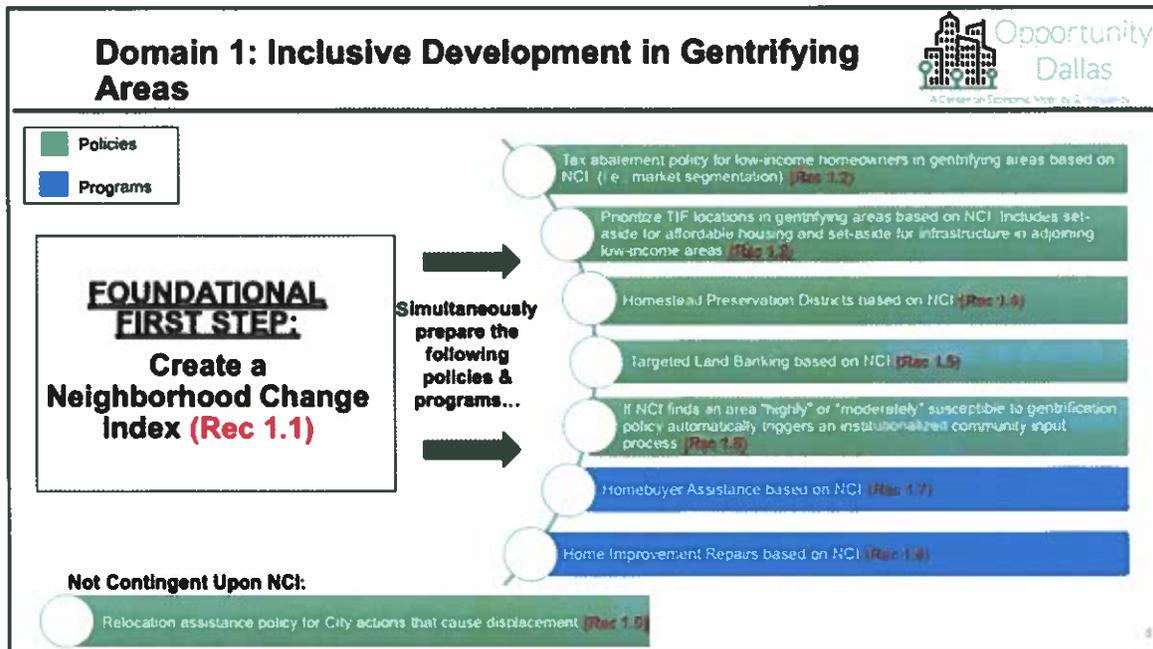
With gentrification, there are early signs of it: increases in building permits; percent of affluent residents moving in; percent of renters cost-burdened; increase in amenities, etc. The raw data already exists – it's about putting it together in a predictive algorithm. Other cities have mapped gentrification trends with the hope that they could intervene early (Los Angeles has an Index of Neighborhood Change, Seattle has a Displacement Risk Index). On the slide, you can see one for Seattle and the Bay Area. And in some places like the Bay Area, the tool has had an impact on policy. Councilmembers in that area say they use the tool to write policy and craft anti-displacement strategies.

Each neighborhood would be given a category, such as: "no susceptibility to gentrification," "low susceptibility," "moderate susceptibility," or "high susceptibility."

The idea is that if we had something like this, it would enable the city to focus policies and resources proactively instead of waiting for a displacement crisis to occur.

We could start with our recent Market Values Analysis (MVA). We asked Dr. Ira Goldstein (the creator of the MVA at the Reinvestment Fund), and he indicated that they have a “Displacement Risk Ratio” which compares home sale prices to income. It could be overlaid on the MVA. This is a good start, but we should also think about developing a more multi-dimensional tool that looks beyond real estate alone (i.e., cultural assets, demographic changes, amenities, etc.).

We recommend that the immediate next step for council and staff is to have the Reinvestment Fund build out their Displacement Risk Ratio tool to accompany the MVA. And we should also reach out to other cities that have similar indexes and find national experts that have built multi-dimensional tools so that we can give ours the most predictive power possible.



For Domain 1, the NCI is the foundational first step – it makes everything else possible. The right side of the slide are the things you do with the NCI once it is in place. We should start talking about these policies and programs, start drafting the language, etc.

Recommendation 1.2: We should consider a tax abatement policy for existing low-income homeowners in areas that are labeled susceptible to gentrification by the NCI. They may be locked into a mortgage they can afford, but they are still susceptible to rapidly rising property taxes, which increases the likelihood they’ll be “priced out” of the neighborhood. If you’re going to have a true mixed-income community, low-income people need to be able to stay as more affluent residents come in. There are several methods for how to keep taxes under control, such as market segmentation.

Recommendation 1.3: A policy would prioritize and target the use of TIFs in gentrifying areas labeled by the NCI. Cities are limited in the percent of area that can be in TIFs. We can’t have TIFs everywhere, so we need a policy that focuses TIFs on places where they are needed most – where they can harness increment from market-driven development to preserve affordability housing. These can include a set-aside for proportional infrastructure investments. For all the new investments in new bridges and deck parks, investments should also go into long-

time neighborhood parks, streets, and community centers.

Recommendation 1.4: We ought to do more homework and explore more deeply Homestead Preservation Districts (HPDs) and whether we can create them based on the NCI. HPDs are special districts under state law which can increase homeownership, expand the supply of affordable housing, and prevent involuntary displacement.

Recommendation 1.5: We could benefit from a targeted land banking policy that says: if the NCI labels an area as susceptible to gentrification, land banking is targeted at that area early on. That land banking can be used for affordable/mixed-income projects to “lock-in” affordability as the neighborhood changes.

Recommendation 1.6: If the NCI labels an area susceptible to gentrification, there should be a policy which triggers an automatic and institutionalized community input process. Too often, gentrification happens *to* existing communities, not *with* existing communities. Policy would require the city to help communities understand the changes happening in their neighborhoods early on, increase awareness about potential policy and programmatic options, and garner community input about neighborhood design (i.e., design charrettes). The city should continue to do community engagement for every neighborhood – that’s just part of the duties of a city, and it’s part of a good planning process. But we believe that, in addition to the city’s regular ongoing community engagement, if a neighborhood is highlighted under the NCI as under threat for displacement, then a more robust and specific community input process needs to be triggered by policy.

In terms of programs we would recommend, there are two:

Recommendation 1.7: The homebuyer assistance program can help moderate/lower-income families buy their first home (i.e., down payment help, closing cost help). Homeownership acts as a buffer against gentrification displacement while also helping people build wealth. But there ought to be a sound vetting process to ensure that families in this program are truly prepared for sustainable homeownership (i.e., they can afford repairs, utilities, etc.).

Recommendation 1.8: The home improvement/repair program can help lower-income homeowners in gentrifying neighborhoods, especially seniors, who have trouble making quality repairs to their homes. Flippers and developers are aggressively searching to buy cheaper, distressed properties, but many of these homes can last another 100 years or more with proper repair investments. A repair program is a more cost-effective way to protect against displacement rather than financing brand new affordable units.

Dallas has had these two programs in the past, but historically it has meant a little bit of money to a few people – not nearly enough to have scalable impact. That is why having an NCI is critically important because it would allow us a data-driven way to target finite resources to a smaller number of gentrifying areas so that the dollars will have deeper impact. We should still consider a certain portion of funds for citywide use, but we should push hardest in areas that are identified by the NCI. We can do all of these policies and programs without the NCI, but they will be much more effective and efficient if they are driven and targeted by NCI. We should identify a few key areas that are susceptible to gentrification so that we can target policies and programs in those particular areas.

Recommendation 1.9: To finish up Domain 1, we identified a recommendation that isn't contingent upon the NCI but is still related to this Domain. It would be to have formal relocation assistance policy – a policy which articulates some sort of relocation priority or even a “right to return” principle when city government action directly leads to the displacement (i.e., changing code standards). In these events, displaced families would be prioritized for assistance.

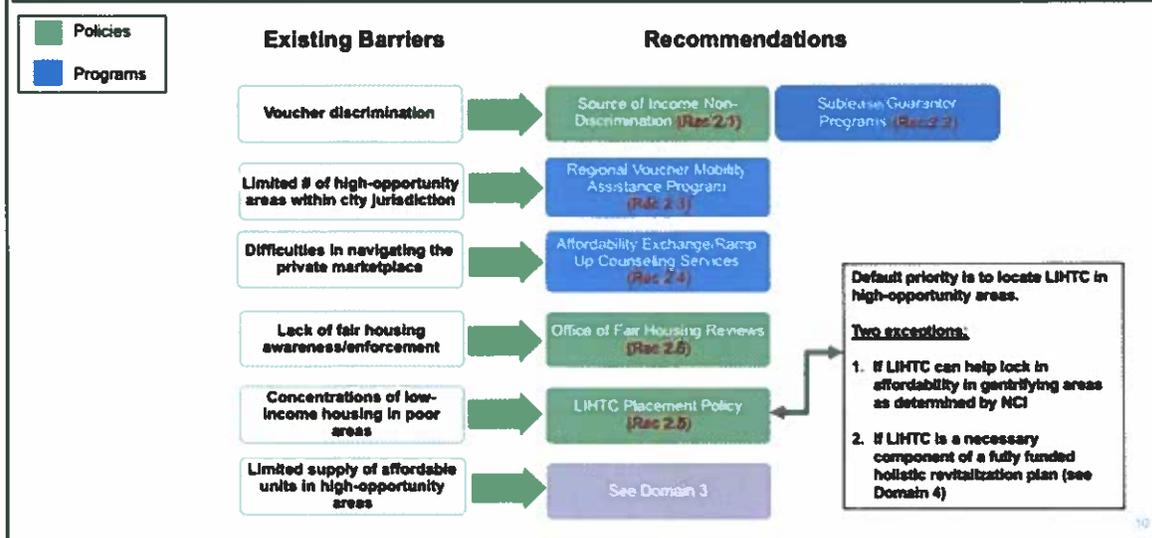
Four Domains of a Comprehensive Policy



The second domain is to enhance housing choice and reduce systemic barriers so that moderate and low-income families can access high-opportunity areas. Research shows that when low-income children are able to access a high-opportunity neighborhood, their life outcomes can improve dramatically, which, in turn, helps break cycles of generational poverty. According to research from Raj Chetty, when low-income children can access mixed-income areas, educational outcomes and college attendance improves; they're more likely to get married and have children with a father present; they earn dramatically more income over their lifetime; and they pay more in income taxes and are less likely to be on assistance.

Today in the City of Dallas, high-opportunity areas are prohibitively expensive – rents and home prices keep getting higher; there are few affordable options remaining in high-opportunity areas; and even when there is an affordable option (like for a voucher holder), there are systemic barriers in the way.

Domain 2: Enhance Choice & Reduce Barriers to High-Opportunity Areas



In Domain 2, we framed our recommendations in terms of the existing barriers that restrict housing choice in high-opportunity areas, particularly for moderate and low-income households. And then we offer recommendations to reduce those barriers.

First, voucher discrimination is a major barrier. Housing choice vouchers are supposed to be the “golden ticket” to opportunity. They enable a low-income family to move anywhere in the metroplex. The voucher is reimbursed based on the zip code. There exist apartments in high-opportunity areas where the voucher covers the asked rent but landlords consistently say no. To deal with voucher discrimination, we recommend both a policy and program:

Recommendation 2.1: The policy would be to pass a Source of Income non-discrimination ordinance. It would basically say that if voucher holders can pay the rent and meet all the other requirements of tenancy (i.e., screening requirements), then a landlord cannot say “no” solely because they have a voucher. This anti-discrimination policy doesn’t mean that a landlord cannot ever turn away a voucher applicant – they can turn them away for the same legitimate reasons that they would turn away non-voucher applicants. But they can’t turn

them away solely because they have a voucher. We understand there are complications with state law, but our goal with this presentation is to articulate “what is good local policy?” As a matter of local policy, the majority of the task force believes we should not allow voucher discrimination. It’s important to note that many major cities across the country have passed similar ordinances.

Recommendation 2.2: For the program, we recommend a sublease/guarantor program. Based on corporate rental programs, the City could lease a sizeable number of rental units in high-opportunity areas and then sublease those units to voucher holders. The Inclusive Communities Project has operationalized this model. The City could also act as a third party guarantor for voucher holders. The reality is that voucher holders face an array of negative – and false – stereotypes. Sublease/guarantor programs could help alleviate concerns, assure landlords, and could include additional incentives.

Second, there are only a limited number of census tracts in the city that meet the definition of a high-opportunity area in the first place.

Recommendation 2.3: To help expand the pool of high-opportunity areas, we recommend a regional voucher mobility assistance program. Housing options are regional in nature and vouchers can be used across city lines. A coordinated regional approach would help expand the pool of high-opportunity areas, help de-concentrate voucher holders, and provide a more cohesive support system for voucher holders which would enable them to cross boundaries more easily. There are national models such as the Chicago Regional Housing Choice Initiative and the Baltimore Regional Housing Partnership. Cities and housing authorities across the region come together, pool a portion of their vouchers, and provide counseling support across the region.

Third, lower-income families often have difficulties navigating the private rental marketplace. When working several jobs and relying on public transportation, it’s tough to search apartment-by-apartment. Moreover, research shows that low-income families are more susceptible to inaccurate information and can encounter a general unwillingness to help.

Recommendation 2.4: We recommend the creation of an “affordability exchange.” The City could engage technology entrepreneurs and apartment owners to create a mobile-friendly, free, easy-to-search map which shows all of the affordable units in high-opportunity areas to various income ranges so people can see what’s available to them in a convenient way. And if landlords participate in the exchange, the City could provide incentives. In addition to the “affordability exchange,” we think it’s important to ramp up mobility counseling services for

low-income families and voucher holders. Research shows that mobility counseling works to help low-income families find rentals in better neighborhoods with stronger schools.

Fourth, historically there has been a lack of fair housing awareness/enforcement in Dallas.

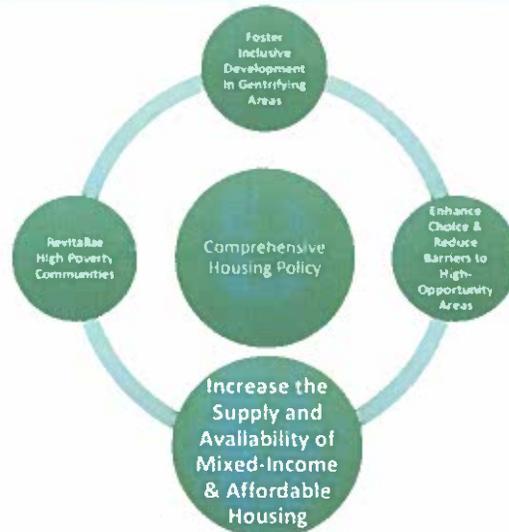
Recommendation 2.5: To be more proactive, policy should require every project be reviewed by the Office of Fair Housing to make sure it'll affirmatively further fair housing and complies with the Fair Housing Act.

Fifth, there is a heavy concentration of low-income housing in areas already deeply poor. Part of this is related to Low Income Housing Tax Credits (LIHTC). LIHTC-funded projects have overwhelmingly been placed in high-poverty census tracts. Very, very few are sited in high-opportunity areas. This has led to legal trouble and it's also not wise public policy.

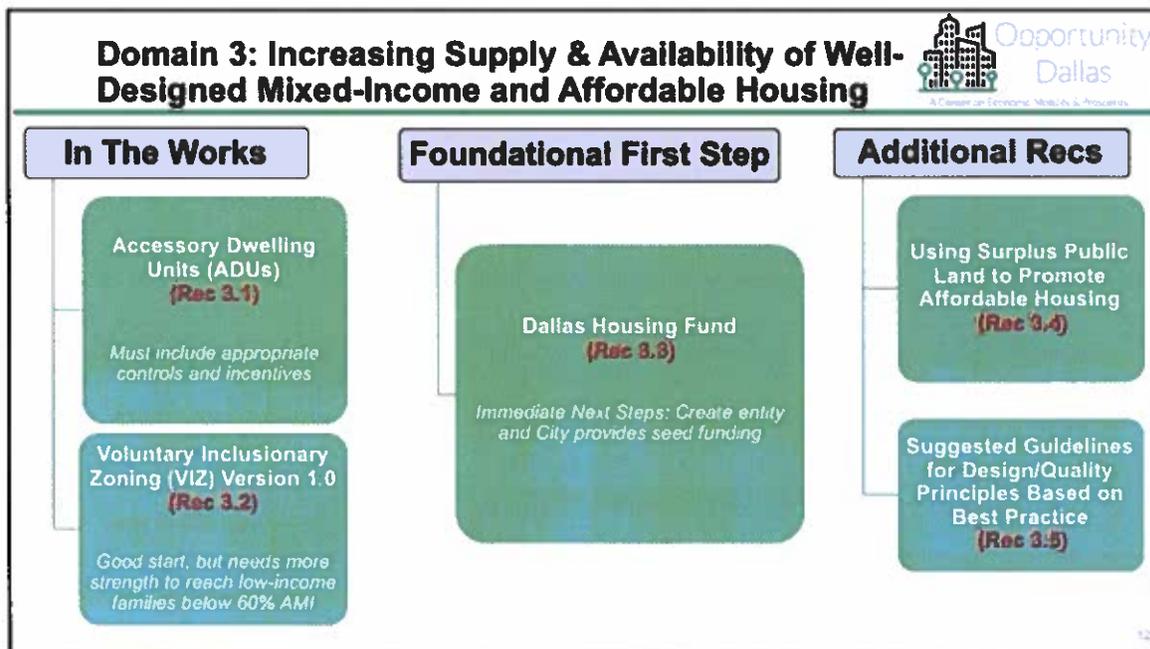
Recommendation 2.6: To help deconcentrate low-income housing, we recommend a very clear LIHTC placement policy which sends guidance to developers in terms of what the city is likely to support with Housing Tax Credits. It's really important to have a nuanced placement policy in light of the legal issues surrounding this. Our recommendation is that, as the default, LIHTC should go into high-opportunity areas. We must correct for the historical imbalance, and research also shows it's a best practice. LIHTC should go where it's currently missing (in high-opportunity areas) because it gives low-income families access to areas that improve their life outcomes. *However*, the LIHTC placement policy should allow two exceptions. First, LIHTC could be used as a way to "lock in" affordable housing in gentrifying areas where rents are rising quickly – technically, it may not be a high-opportunity area yet, but it's well on the way. Second, LIHTC might be supported if the case is made that it is a necessary component of a holistic revitalization plan that will invest significantly in areas beyond housing alone (i.e., educational improvements, environmental remediation if there are hazards, health/wellness programs, etc.). We define holistic revitalization plans later in Domain 4. Either way, a strong case needs to be made for both exceptions.

Finally, there is the sheer supply issue. Little affordability in high-opportunity areas. We'll address that next.

Four Domains of a Comprehensive Policy



The third domain is about increasing supply. By any measure, we need a much bigger supply of affordable and mixed-income housing throughout the entire city, not just in certain pockets of town. Half of Dallas renters and a third of homeowners are cost-burdened, meaning they are living in unaffordable housing. Increasing the supply will require a larger commitment of public and private resources than are currently available today, as well as thoughtful policies which incentivize the private sector to construct and preserve affordable and mixed-income housing. The City cannot build its way out of the problem. The reality is that housing production is largely a private sector action, but public policies can incentivize the private sector.



In this Domain, we frame our recommendation in three parts: there are two things that are “in the works” at the City which are promising; there’s one foundational first step that needs to happen; and there are two additional recommendations.

In the Works:

Recommendation 3.1: Accessory Dwelling Units (ADUs) have been considered by the Zoning Ordinance Advisory Committee (ZOAC) recently. ADUs are a technical term for “granny flats,” “mother-in-law suites,” or “garage apartments.” ADUs are a second small unit in the backyard of a single-family house or sometimes above a detached garage. Many cities have embraced ADUs as a strategy to provide affordable housing throughout the city. Dallas’ rules are much too restrictive and stifle the free market. Homeowners should have a right to choose. And it’s a win-win for everyone – the homeowner who decides to rent his/her ADU gets supplemental income, and the renter gets an affordable option. On Opportunity Dallas’ website, we have a proposal for how to structure this concept in a smart way, including quality control mechanisms, incentives to rent to low-income families, approval processes for neighborhoods, etc. Overall, this is low-cost to

the City, can be done immediately, and would produce thousands of affordable units.

Recommendation 3.2: Voluntary Inclusionary Zoning (VIZ) is a huge step in terms of scale. Fortunately, Dallas' VIZ Version 1.0 is currently being designed within the Sustainable Development and Construction department, and it has been discussed multiple times at ZOAC. VIZ basically means a package of incentives for developers to set-aside a percentage of affordable units in their market-rate developments. The financial reality of development is that the tenants in affordable units are paying lower rent which means less income for the developer and the profit margin narrows. It creates a "gap." Incentives are designed to offset the gap and to maintain the profit margin for the developer. Incentives can include tax abatements, fee waivers, parking easements, direct subsidies, density/height bonuses, streamlining paperwork, and many more. The problem is that we have never had a clear, predictable package of incentives for developers, so they know exactly what is on the table if they include affordable units. We need a matrix for what incentives are available under which conditions. For example, if you are building in a high-opportunity area and set aside 5% of your units for those at 60% AMI, then you can increase your zoning height from 36 feet to 51 feet. The idea is to have a very transparent formula that clearly spells it out – depends on location, the percent of set-aside, and the income levels. The current version could impact 11,000 acres of multi-family zoned land across the city. Our estimate is that it could produce over 13,000 affordable units through the city.

- A couple key points on VIZ: First, it's voluntary. If developers do not like the incentives being offered, they do not have to participate. Mandatory inclusionary zoning has worked well in many places across the country, so a voluntary version could certainly work in Dallas. Second, the current version being discussed at the City doesn't include the strongest incentive: direct subsidies. Because of that, the current VIZ proposal doesn't reach households below 60% AMI because when you go lower on AMIs, density, height, and parking incentives alone cannot fill the gap. That is when you also need direct subsidies. If we are really serious about including people from all income backgrounds, VIZ should apply not just to the teacher and firefighter, but also to the wait staff and janitors. In sum, it's a strong start and it should proceed to Council, but over the long-term, it will require more muscle to reach lower incomes.

Foundational First Step:

Recommendation 3.3: Speaking of more muscle, that brings us to a critical foundational first step: a Dallas Housing Fund. Many Task Force members think this is the single most important thing. Under the VIZ policy, the strongest, most attractive incentives require funding – funding that the City does not have. Density/height/parking incentives only get you so far. In fact, a good number of the recommendations in this presentation require funding that the City does not currently have. If we are serious about having a real housing policy, we need a permanent dedicated ongoing revenue stream to support it. Over 470 cities have Housing Funds. You can capitalize the Fund through a combination of General Obligation bonds, general city funds, TIFs, “in lieu of fees,” taxes, possibly private donations, etc. Cities like Seattle, Charlotte, Atlanta, and Austin regularly seek voter-approved Bonds to help capitalize their Housing Funds and have had significant success.

- The reality is that federal housing dollars are getting thinner. We need to raise local dollars to support this policy. This is not sunk cost – this is about leveraging strategic private investment. According to the Center for Community Change, every \$1 in Housing Funds leverages \$6.50 in private sector investment. And the future returns on investment (ROIs) are powerful. In 2006, Austin went out for \$55 million in affordable housing bonds. An analysis by CivicEconomics and HousingWorks Austin estimated that it brought \$865 million to the local economy, meaning that every \$1 led to \$16 in economic activity (i.e., direct jobs such as construction, indirect jobs such as suppliers/materials, increased consumer spending, etc.). If we have both resources and smart policies, we can spend dollars in more effective ways. We will certainly have to continually discuss how we capitalize the Fund, though voter-approved Bonds will probably be a big part of the answer as they have been in other cities.
- As an immediate next step, we recommend that the City create the Housing Fund entity (it can be administered by a city or non-city entity) and provide it with an initial amount of seed funding. It will not be \$50 million at the start, but the City can dedicate a few hundred thousand of general funds and possibly cobble together other funding streams. This is foundational, and it must start now. If we think these are good policies, then we must begin to raise the revenues to make it happen. We can't provide an exact dollar amount that's needed, but given the magnitude of the problem, it is safe to say that the ideal dollar amount is far above and beyond what we could realistically raise in the foreseeable future. That's a big part of our message – if we want a muscular housing policy, we need to be prepared to back it up with a

major resource commitment.

We have two additional recommendations:

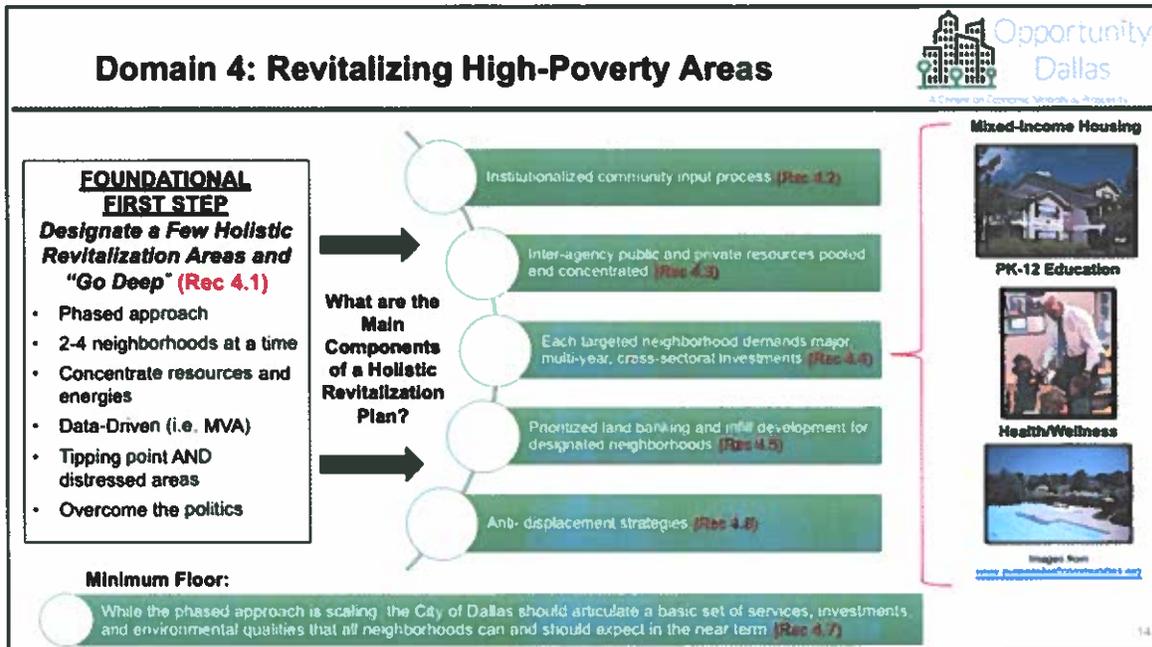
Recommendation 3.4: Government entities like the City and DISD should consider affordable housing when they sell surplus land for redevelopment. Texas law enables cities to sell their land at below market value if the sale promotes a public good like affordable housing. When selling surplus land to a developer, the City could mark down the cost of the land in exchange for long-term affordable housing provisions. We are certainly not saying that all public land should go to affordable housing, but we recommend adopting a “checklist” to ensure the City doesn’t sell a piece of property without seriously considering whether it can be used to accelerate affordable and mixed-income housing.

Recommendation 3.5: It is not enough to simply increase the supply. It must be well-designed, too. There are best practices that foster positive interactions amongst the tenants (i.e., common spaces; spreading affordable units evenly throughout the building, not isolated in a certain wing; making the affordable units indistinguishable from the market-rate units, etc.). We don’t recommend mandating these things through citywide policy, but we do recommend that the City curate some suggested guidelines. The reality is that developers might not be aware that there is actual research on how to best design an inclusive community. And so this “best practice manual” could serve as a suggestions guide for them.

Four Domains of a Comprehensive Policy



The fourth and final domain is revitalizing high-poverty neighborhoods. To put bluntly, there are too many high-poverty areas and not enough high-opportunity areas. As discussed earlier in Domain 2, if low-income households want to move out of concentrated poverty into existing high-opportunity areas, they should have realistic options to do so along with support. But not everyone wants to move. Some want to stay in their existing neighborhood for a variety of reasons (even if it is high-poverty), so we need to ensure that those areas have increasing access to opportunity as well. That's why a comprehensive housing policy also prioritizes neighborhood revitalization. Because at the end of the day, all people should be empowered with good choices in terms of where to live and enjoy a decent standard of living with dignity.



Recommendation 4.1: The foundational first step is to designate a few holistic revitalization areas and “go deep.” Holistic revitalization means addressing multiple challenges in the same neighborhood *simultaneously* to get the magnitude of change that’s really necessary to transform a neighborhood.

The Task Force believes that Dallas has too often resorted to the “peanut butter approach” to revitalization: take a pot of “economic development” money and spread it very thinly to many different parts of the city. But equity doesn’t mean dividing equally. Equity means taking a more intensive approach in areas that are struggling more. Research shows that “fixing” one or two aspects of under-resourced neighborhood is often insufficient. The “peanut butter approach” enables us to do small-scale projects in many places (i.e., WiFi here, recreation center there, retail here, housing there). But, neighborhoods that have been in poverty for generations need an “all-in” approach. Neighborhoods in generational poverty require transformative investment that meets a threshold of efficacy – almost like a “minimally effective dose” of medicine. If the doctor prescribes 10ML of medicine but you only take 3ML, you have wasted the prescription and you won’t get better.

Between the division of economic development bond monies and the various initiatives (i.e., Neighborhood Plus, NeighborUp, GrowSouth), we have far too many “revitalization areas.” Nonprofits identify their own areas on top of that. We have neither the resources nor the capacity to do holistic revitalization in all of those areas at the same time. That’s the harsh reality. To do it right, the foundational first step is to identify just a few holistic revitalization areas (no more than 2 to 4) every few years. We must proceed in a phased approach where a few neighborhoods are prioritized at a given time. That means focusing and concentrating energies and resources.

There needs to be a data-driven way to designate these areas. This is the idea behind the MVA. Yes, we should definitely focus on areas that have strong market potential for investment, such as areas adjacent to the Cedars. These are the so-called “tipping point” areas where a lesser amount of public dollars will activate banks and developers. *However*, we cannot ignore distressed markets either. We have an obligation to spark progress in areas where private investment is nowhere on the horizon. These more distressed markets will require deeper public investment and subsidy over a longer period of time, which is why we can’t spread the peanut butter too thinly. Out of the 2-4 designated areas, some should be “tipping point” areas and some should be more distressed.

Not doing the “peanut butter approach” means operating differently politically. We understand that there are 14 single member districts, resources are finite, and re-election is always looming. The easiest political compromise is to generally divide by 14, so everyone gets something. Holistic revitalization cannot exist with that approach. Some areas have more serious revitalization needs than others.

Once we have our smaller number of holistic revitalization areas identified, we must outline the main components of the plan. What do we actually do in those areas?

Recommendation 4.2: First, if an area is pegged for “holistic revitalization,” policy triggers a community input process. Communities must be engaged from the start to ensure the revitalization plans align with local context.

Recommendation 4.3: The plan would include a pooling and concentration of resources from various public and private agencies in the same area. Each organization probably doesn’t have the resources alone to do holistic revitalization. Imagine the difference if Dallas ISD spent its Bond monies in that area, the City spent its dollars in that same area, federal funds were targeted in that area, and private investment funds like Impact Dallas Capital were investing in that area.

Recommendation 4.4: Dollars need to be invested in a multi-year, cross-sectoral way (that means investments in more than one area). Revitalization models that have been successful, like Purpose Built Communities which originated in East Lake, Atlanta, prioritize investment in three components: mixed-income housing, PreK-12 education, and health/wellness. Housing alone can't do it. Education alone can't do it. A recreation center alone can't do it. It must be done together.

- The pictures on the slide are from the Villages of East Lake, a disastrously poor neighborhood that is now a thriving mixed-income community with one of the top schools in the city. We can't just take its playbook and replicate every detail here – it's not that simple. But there are generalizable themes. In East Lake, they pooled about \$50 million in federal, local, and private funds and targeted a neighborhood of about 1,500 residents.
- First, they invested in mixed-income housing (50% market-rate, 50% affordable/subsidized). Second, they put in a new PreK-12 school focused on STEAM and project-based learning. Its results are very strong. And third, they invested in robust community wellness programs (i.e., a big YMCA, childcare, brought in Children's Health, learning gardens, etc.). They found that investments in those three aspects (housing, education, and wellness) catalyzed private investment. In fact, it has attracted \$175 million in new development like shopping centers and restaurants. The before-and-after results are remarkable in terms of poverty and crime reduction, employment, etc. When we think about revitalizing, this is the type of cross-sector depth that's needed.
- This isn't pie-in-the-sky. There are potential areas right now in Dallas. We should be looking at where Dallas ISD has already designated Bond funds to open new choice schools and to re-invest in existing neighborhood schools. There may be vacant land adjacent for mixed-income housing and a city park nearby for the wellness component. Those are the types of areas where the City should plug in its own revitalization efforts, all under a consolidated plan.
- The key is economic diversity. To attract a diverse range of individuals, you need quality housing, quality of life amenities, and a strong school. For many residents, a strong school is key – if school improvement isn't part of the revitalization plan, it's probably not a holistic revitalization plan.

Recommendation 4.5: For designated neighborhoods, policy can prioritize land banking to clean up tax delinquent, abandoned, and vacant properties. And policy can incentivize infill development in those designated neighborhoods by offering incentives to developers such as discounts on tree mitigation or investments in the surrounding infrastructure to make the parcels more attractive.

Recommendation 4.6: Each holistic revitalization plan should have anti-displacement strategies from the start. If you are redeveloping a neighborhood where low-income people already live and the goal is to make it mixed-income, there are things you can do to ensure that folks who want to stay can stay. For example, if you build new mixed-income complexes, you can build the new units more densely to allow for the same number of low-income units that were there previously.

The overall idea is that policy spells out these specific components and prioritizes those plans for funding. It sounds politically difficult because it is. The fundamental political challenge here is that not every community in need can be prioritized first. But communities also appreciate honesty and transparency. We need to be able to speak honestly about the challenges; to acknowledge that this happened through intentional discrimination; to be realistic about the levels of investment and planning that are truly needed; and to acknowledge the limited resources and capacities at our disposal.

Recommendation 4.7: That said, the final policy recommendation in Domain 4 is very important. While this phased approach is scaling, we can, at a minimum, articulate a basic set of services, investments, and environmental qualities that all neighborhoods can and should expect in the near term. So even though a community might not have been prioritized in the first round, we can outline a minimum floor under which no neighborhood will fall. Everyone deserves a decent standard of living, regardless of location. Before identifying minimum standards, though, we must also engage the residents in the community to listen to their needs. Engaging residents is a common theme through this presentation: this needs to happen *with* communities, not *to* communities.

Racial Impact Statements (Rec 5.1)

- A racial impact statement would accompany housing agenda items considered for a Council vote
- Answers straight-forward questions with a few sentences or paragraphs:
 - ✓ What impact will this have (either positive or negative) for racial and ethnic populations?
 - ✓ Are there specific racial/ethnic population(s) that will be uniquely impacted by the proposed action?
 - ✓ Will this proposal affect compliance with anti-discrimination policies and laws?
 - ✓ If there is a problem or conflict, how might it be resolved?
- Consider the racial effects **BEFORE** adopting and enacting
- Similar to “fiscal impact statements”



This is our final policy recommendation. We believe that policy should require a racial impact statement accompany housing agenda items that are considered for a council vote. We didn't put this in a particular thematic domain because it reaches into every domain. Housing cannot be divorced from race. It always has been about race – redlining, mortgage discrimination, realtor “steering,” and NIMBY arguments are frequently rooted in racial stereotypes, etc. One cannot take an intellectually honest look at Dallas and say that housing isn't related to race.

With a racial impact statement, staff would answer straight-forward questions in a few sentences or paragraphs. Questions like: What impact will this action have on certain racial and ethnic populations? Are there specific populations that will be uniquely impacted by the proposed action? Will this action affect compliance with anti-discrimination laws and policies? If there's a conflict, how can we resolve it? This should not be a long bureaucratic exercise. It should take a short amount of time to complete, but it can be very high impact if done well. This is a national practice that has been implemented in many places.

Racial impact statements predict the effect that a Council decision will have on

minority groups. The impact statement doesn't bind the Council into making a particular decision. It's non-binding. But it does make sure that race is explicitly on the table. It enables staff and councilmembers to identify and consider the racial effects of a program, an initiative, a proposed project, or a policy *before* adopting it. For example, when voting on housing voucher issues, it should be on the public record that 9 out of 10 Dallas Housing Authority (DHA) voucher holders are African-American. This would make it clear that the vote the Council is about to make uniquely impacts African American people one way or the other.

Failure to talk honestly about race when making housing decisions is a recipe for bad public policy. This is about being proactive, not reactive. It operates similarly to a "fiscal impact statement." It's not about "injecting race." It's about bringing to light and acknowledging the racial issues that have always existed and continue to exist in housing policy – in the hopes that if we actually talk about, we can better deal with the disparities.

How Could We Potentially Think About Measuring Outcomes?



<p>DOMAIN 1: Do gentrifying areas become economically and racially diverse?</p> <p><u>Possible Indicators:</u></p> <ul style="list-style-type: none"> ✓ Income diversity levels ✓ Racial diversity levels ✓ # of displaced individuals 	<p>DOMAIN 3: Are we increasing the supply of affordable housing throughout city for all incomes?</p> <p><u>Possible Indicators:</u></p> <ul style="list-style-type: none"> ✓ # of new rentable ADUs (Where/For Whom?) ✓ # affordable units created via VIZ (Where/for whom?) ✓ \$ increase in Housing Fund 	<p>Opportunity Dallas, "Opportunity Index" Map</p> <p>"Opportunity Zones" in the City of Dallas</p> <ul style="list-style-type: none"> ■ "High Opportunity" (Top 25%) 70 neighborhoods ■ "Moderate Opportunity" (Next 25%) 70 neighborhoods ■ "Limited Opportunity" (Next 25%) 70 neighborhoods ■ "Focus Areas" (Bottom 25%) 70 neighborhoods
<p>DOMAIN 2: Are low-income households gaining access to high-opportunity areas?</p> <p><u>Possible Indicators:</u></p> <ul style="list-style-type: none"> ✓ # of voucher holders in high-opp areas ✓ # of LIHTC-funded projects in high-opp areas ✓ \$ increase in mobility counseling services ✓ # landlords participating in affordability exchange 	<p>DOMAIN 4: Is opportunity increasing in designated revitalization areas?</p> <p><u>Possible Indicators:</u></p> <ul style="list-style-type: none"> ✓ Use "Opportunity Index" to monitor progress based on 14 indicators in economics, education, environment, and access ✓ % children living in concentrated poverty 	

Good public policy is accompanied by measurable outcomes. The four domains provide a good framework for how to think about outcomes. This is at the 30,000 foot level. We would need data analysts to really think through the precise indicators, and we feel that city staff would be best suited to develop these. But we are offering a framework for how to think about outcomes so we can tell whether the policies are working as designed.

In Domain 1, the key question is whether gentrifying areas labeled by the NCI are becoming economically and racially diverse, or are they "flipping" demographics from mostly low-income to mostly high-income? You can see the possible indicators on the slide.

In Domain 2, the key question is whether low-income households are gaining more access to high-opportunity areas.

In Domain 3, the key question is whether we are increasing the supply of affordable housing throughout the entire city.

In Domain 4, the key question is whether we are increasing opportunity in

designated holistic revitalization areas. We could use an Opportunity Index to track this. Opportunity Dallas recently built an “Opportunity Index” for Dallas, which we briefed to the City’s Human & Social Needs Committee in November 2017. We looked at 14 indicators of opportunity (i.e., poverty levels, income, school performance, crime, DCAD property condition ratings, commute time, access to jobs, groceries, doctors offices, etc.), and we ranked all the neighborhoods in Dallas. As you can see in the map on the slide, green areas are the “High-Opportunity Areas;” yellow are “Moderate Opportunity;” orange are “Limited Opportunity;” and red are “Focus Areas” (the bottom 25%). The goal is to create more diverse neighborhoods that have the opportunity characteristics of a green area. We can use the Opportunity Index in two ways. First, we can use it to determine which areas to identify for holistic revitalization in the first place. Second, we can also use it to monitor progress (i.e., are red areas turning into orange areas? are orange areas turning into yellow areas?). Those changes would indicate that revitalization plans are working by growing opportunity.

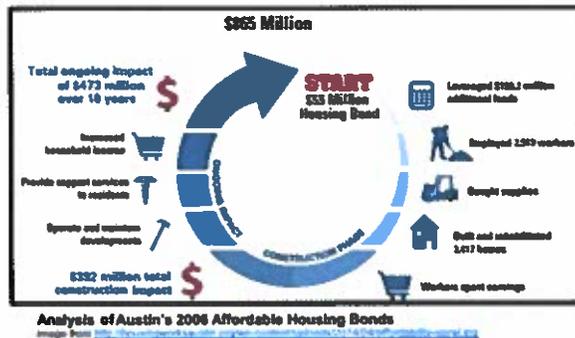
For each indicator, we would need yearly targets. For example, we could say: by 2022, we want to see \$30 million in the Housing Fund; by 2025, we want to see \$50 million. By 2022, we want to see one revitalization area turn into a green area; by 2025, we want three.

This requires significant homework and fleshing out, but we believe this framework asks the right questions and proposes some of the key indicators.

Launch an Awareness Campaign



- Economic stimulus
- Attract & retain businesses
- De-bunk NIMBY myths
- Reduce segregation
- Access to opportunity
- Student achievement
- Healthier, more productive residents
- Social unity



Finally, adopting a truly comprehensive housing policy is not just a policy effort – it's also an awareness campaign. There's a strong case to make to the public, and we need political leadership. The research is beyond compelling, particularly in terms of return on investment (ROIs). It's undeniable. We need to embrace the research that housing touches virtually every outcome that matters to a city. If you care about lifting people out of poverty, education, opportunity, economic growth, health/wellness, social cohesion, racial equity, and/or crime – it's a direct line to housing.

The 9 Immediate Next Steps



- **Domain 1: Inclusive Development in Gentrifying Areas**
 1. Create Dallas' Neighborhood Change Index (NCI) as soon as possible
 2. Relocation assistance policy for City actions that cause displacement
- **Domain 2: Enhancing Choice & Reducing Systemic Barriers to High-Opportunity Areas**
 3. Re-consider Source of Income Non-Discrimination Ordinance
 4. Vigilance in AFFH obligations
 5. LIHTC placement policy
- **Domain 3: Increasing Supply/Availability of Mixed-Income/Affordable Housing Throughout City**
 6. Council consideration of Voluntary Inclusionary Zoning 1.0 & Accessory Dwelling Units
 7. Create the Dallas Housing Fund entity and provide with seed funding
- **Domain 4: Holistic Revitalization of High-Poverty Areas**
 8. Designate a Few (2 to 4) "Holistic Revitalization" Areas Based on Opportunity Index & MVA
- **Racial Impact Statements**
 9. Require a racial impact statement accompany housing agenda items that are considered for a Council vote

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We've talked about all the major 28 ingredients of a comprehensive housing policy, and your head might be spinning by this point. But now, let us sequence this so that we can take one step at a time. Where do we begin? This is the last and perhaps most important slide because it focuses on the 9 immediate next steps that will set us down the right path. We think these immediate next steps lay the foundation and are the most important to get moving at this time.

Domain 1: First, create the NCI as soon as possible. Whether we choose to overlay the Displacement Risk Ratio on the MVA or build a new multi-dimensional tool from scratch, this is the foundational piece that enables us to do development without displacement. And second, this isn't contingent upon the NCI, but it's a quick win: codifying a relocation assistance policy for City actions that directly cause displacement.

Domain 2: First, we should re-consider passing a source of income non-discrimination ordinance. Second, we must remain vigilant in our fair housing obligations by empowering the Office of Fair Housing to regularly conduct reviews. And third, we must develop a really thoughtful LIHTC placement policy that prioritizes high-opportunity areas while also allowing for gentrification and

revitalization scenarios.

Domain 3: Voluntary Inclusionary Zoning Version 1.0 and Accessory Dwelling Units are already in the works. Those should be prioritized and Council should consider them shortly. And we need to create the Dallas Housing Fund entity and provide with some seed funding.

Domain 4: Begin the process of designating a few holistic revitalization areas based on data (no more than 2-4 areas). This means sacrifice. The number of existing efforts needs to be reduced and consolidated into coherent plans for a smaller number of neighborhoods.

And finally, we should start requiring racial impact statements as soon as possible. It's a small lift with potentially huge benefits.

Policy Task Force Members



Terri Anderson	Clarice Criss	Amanda Kronk
James Armstrong	Glorias Dixon ³	Roy Lopez ⁵
Kelsey Beachner	Matt Enzler ⁴	Parker Lumkes
Paula Blackmon	Thor Erickson	Raul Reyes
Patrick Blaydes	Hillary Evans	Joli Robinson ⁶
Teddy Brookins	Melanie Ferguson	Byron Sanders
Troy Broussard	Gray Garmon	Brentt Shropshire
Kathy Carlton ¹	Curtis Holeman	Thomas Simpson
Joe Carreon	Larry James	Miguel Solis
John Clarkson	Betsy Julian	Michael Walker
Greg Coutant ²	Mike Koprowski	

1 – Rec 2.1
2 – Rec 2.1

Not in Support
3 – Rec 3.1
4 – Rec 2.1

5 – Rec 5.1
6 – Rec 1.5, Rec 3.1

On this slide, you can see the members of the Policy Task Force along with any specific reservations they expressed.

2/20/18

- Increase Affordable Housing to 25% in TIF Districts.
- Increase Relocation Assistance in TIF Districts to 20%.
- Create Housing/Relocation Assistance For Home Purchase for, Firemen, managers
Councilman

Felder

Ken Felder



City of Dallas

FY 2017-18 CONSOLIDATED PLAN ACTIVITY LISTING

CDBG ACTIVITIES

PUBLIC SERVICE ACTIVITIES

1. **After-School/Summer Outreach Program – Elementary School & Community Ctr. Sites**

Contact:
City of Dallas – Parks and Recreation

Phone:
214-670-8847

Provides after school and summer program for low income youth (ages 6-12) Monday through Friday; youth participate in structured recreational, cultural, social and life skills activities.

2. **Child Care Services Program**

Contact:
West Dallas Multipurpose Center

Phone:
214-670-8258

Provides financial support for child care subsidies for low to moderate income parents; may also include daycare for special needs children, children who are homeless, and children with disabilities.

3. **Senior Services Program**

Contact:
City of Dallas – Office of Senior Affairs
The Senior Source

Phone:
214-670-5709
214-823-5700

Provides case management and emergency support services for seniors (age 60 and above), including nursing home ombudsman services.

4. **Community Court Program**

Contact
South Dallas/Fair Park Community Court
South Oak Cliff Community Court
West Dallas Community Court
Northeast Dallas Community Court

Phone:
214-670-7129
214-671-0777
214-670-9745
214-570-1685

Provides neighborhood-focused courts that arraigns defendants charged with code violations and quality of life crimes in targeted areas. In lieu of court costs and fines, defendants perform supervised community service hours. Defendants are assessed by a social worker at the Community Court and are provided case management, as needed.

Rick
Callahan

Housing Polices Foundation Principals

Sticking point - HUD should have affordable for all 14 districts, requirements should be consistent providing housing opportunities for all.

Have a ready opportunity that we can build one additional units, 1, 2, bedroom but need for 3 is also high.

By right you have MF apartment towers with a floor plan of 6000sq ft. then by changing the inside use prompts a zoning change which then allow the affordable home credit to be implemented. Again by right they are okay but because they are changing use of same square footage it changes the requirements mandating affordable units.

Response to Opportunity Dallas Housing Proposals

March 2018



The Apartment Association of Greater Dallas is a trade association representing the interests of rental housing owners and operators throughout an eleven-county region. Our members provide housing for nearly 60% of the city's very diverse population and is therefore intricating involved and invested in any housing decisions made by the City of Dallas. AAGD has had a representative serve on the Opportunity Dallas Task Force, so is aware of the variety of recommendations made to address housing disparities across the city. The following position paper evaluates the proposals by Opportunity Dallas contained in its Draft Dallas Housing Framework.

Many of the proposals can be implemented with very little effort and should be considered first. Other recommendations will involve a substantial investment on the part of the city and must be evaluated to see if the cost justifies the outcome. In general, the AAGD agrees with most of recommendations, depending upon the complexity with which they are carried out.

However, an effective housing policy for the City of Dallas is best achieved when there is an open and honest discussion of the issues. The present draft is not a fair and balanced discussion of the SOI issue. Rather, it is a narrative designed to support a predetermined conclusion that discounts or dismisses serious, well-documented problems with the current Housing Choice Voucher (Section 8) program that place an unfair burden on property owners.

The Issue Isn't the Source of Income or Racial Discrimination

The assertion that opposition to an SOI ordinance is based on racial discrimination is false. The use of this pejorative and false term created an environment where it is difficult to have a serious and productive discussion of the real issues. This has resulted in the Texas legislature banning SOI ordinances (with an exception for veterans). A recent court decision has found that not accepting vouchers does not amount to racial discrimination.

Fix the problems with the Section 8 program and voucher holders would be protected by the same anti-discrimination laws that apply to other tenants.

The SOI ordinance would not create a single new unit of affordable housing and would undermine other more viable options by creating a controversy over a proposal that is illegal under state law and was never intended by Congress. Rather than creating a regional approach to the issue, this proposal would result in additional costly litigation with an uncertain outcome and no immediate impact on the issue of affordable housing.

Statements that should be included in the 1.1 Source of Income Non-Discrimination Ordinance section of the draft policy:

- Every party in this discussion, including the Inclusive Communities Project, have acknowledged that the current Housing Choice Voucher program creates a significant additional burden on property owners.
- Congress, regardless of party affiliation, and both Democratic and Republican administrations have maintained that Housing Choice Voucher program (Section 8) participation be voluntary, not mandatory.
- A challenge in the courts would be costly and time consuming for Dallas, while offering no immediate assistance to those seeking housing.
- U.S. District Judge Sam Sparks noted that the SOI ordinance inserts the government into the landlord-tenant relationship and exposes property owners to potentially many unsubstantiated, but expensive, fair-housing complaints with no hope of reimbursement for attorney’s fees, even though the owners prevail. U.S. District Judge Ed Kinkeade recently ruled that failure to participate in the HCV program is not discriminatory.
- As the former head of one of Texas’ largest housing authorities recently pointed out, “The current housing voucher system has a number of impediments that create a barrier for widespread acceptance by the apartment industry, including unreliable payment schedules and delays that impact the economics of the property, and difficulty and delays in the eviction process.”
- The HUD settlement with the City of Dallas did not require the city to adopt an SOI ordinance.
- A legislative challenge to the state law banning SOI ordinances is unlikely to succeed based on the strong support it received in the last session of the legislature.
- The Apartment Association of Greater Dallas (AAGD) does not believe that a Source of Income Ordinance meets the objectives agreed upon by HUD and the City of Dallas to create housing opportunities *throughout the region* for voucher holders.
- If such an ordinance were passed and survived a court challenge, it would place an unfair burden on Dallas property owners that would not be shared throughout the region.

Working on Solutions

For Dallas to adopt and implement a successful housing policy, it will be necessary for all parties to come together to support proposals that will be regional in nature, create additional affordable housing opportunities, and leverage the expertise and funding that is available from the private sector through incentives.

We continue our willingness to work cooperatively with the city and other stakeholders to craft solutions. Passage of the source of income ordinance has diverted resources and attention from developing viable opportunities to meet the objectives outlined by Opportunity Dallas.