

Memorandum



CITY OF DALLAS

DATE November 30, 2018

TO Honorable Mayor and Members of the City Council

SUBJECT **HUD Consolidated Plan for FY 2019-20 through FY 2023-24**

On December 5, Chan Williams, Assistant Director of the Office of Budget, will brief the City Council on the HUD Consolidated Plan for FY 2019-20 through 2023-24. The briefing is attached for your review.

If you have any questions or concerns, please contact Chan Williams, Assistant Director, Office of Budget at 214-670-5544 or via email.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich
Chief Financial Officer

Attachment

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney (I)
Carol A. Smith, City Auditor (I)
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Majed A. Al-Ghafry, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Directors and Assistant Directors

HUD Consolidated Plan for FY 2019-20 through FY 2023-24

**City Council Briefing
December 5, 2018**

**Elizabeth Reich
Chief Financial Officer**

**Jack Ireland, Director
Office of Budget**

**Chan Williams, Assistant Director
Office of Budget**



Purpose

- Review recommendations for developing the City's new 5-year Consolidated Plan for FY 2019-20 through FY 2023-24
- Review next steps and schedule



Background

- U.S. Department of Housing and Urban Development (HUD) offers numerous federal programs for community development and affordable housing
- City of Dallas receives four grants from HUD on an annual basis as part of Consolidated Plan program
 - To be eligible for these funds a city must have population 50,000 or more
 - Allocation of funding is formula based including latest 10-year census data and 5-year American Community Survey data



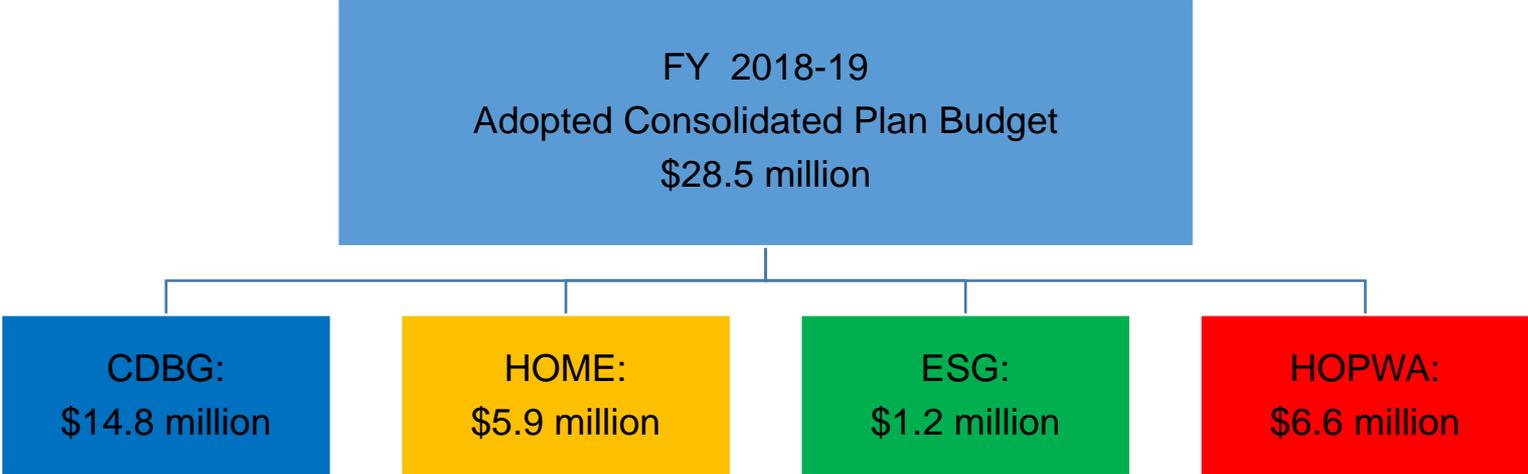
Background

- Four distinct formula grants of the Consolidated Plan include:
 - Community Development Block Grant (CDBG)
 - HOME Investment Partnerships Program (HOME)
 - Emergency Solutions Grant (ESG)
 - Housing Opportunities for Persons with AIDS (HOPWA)



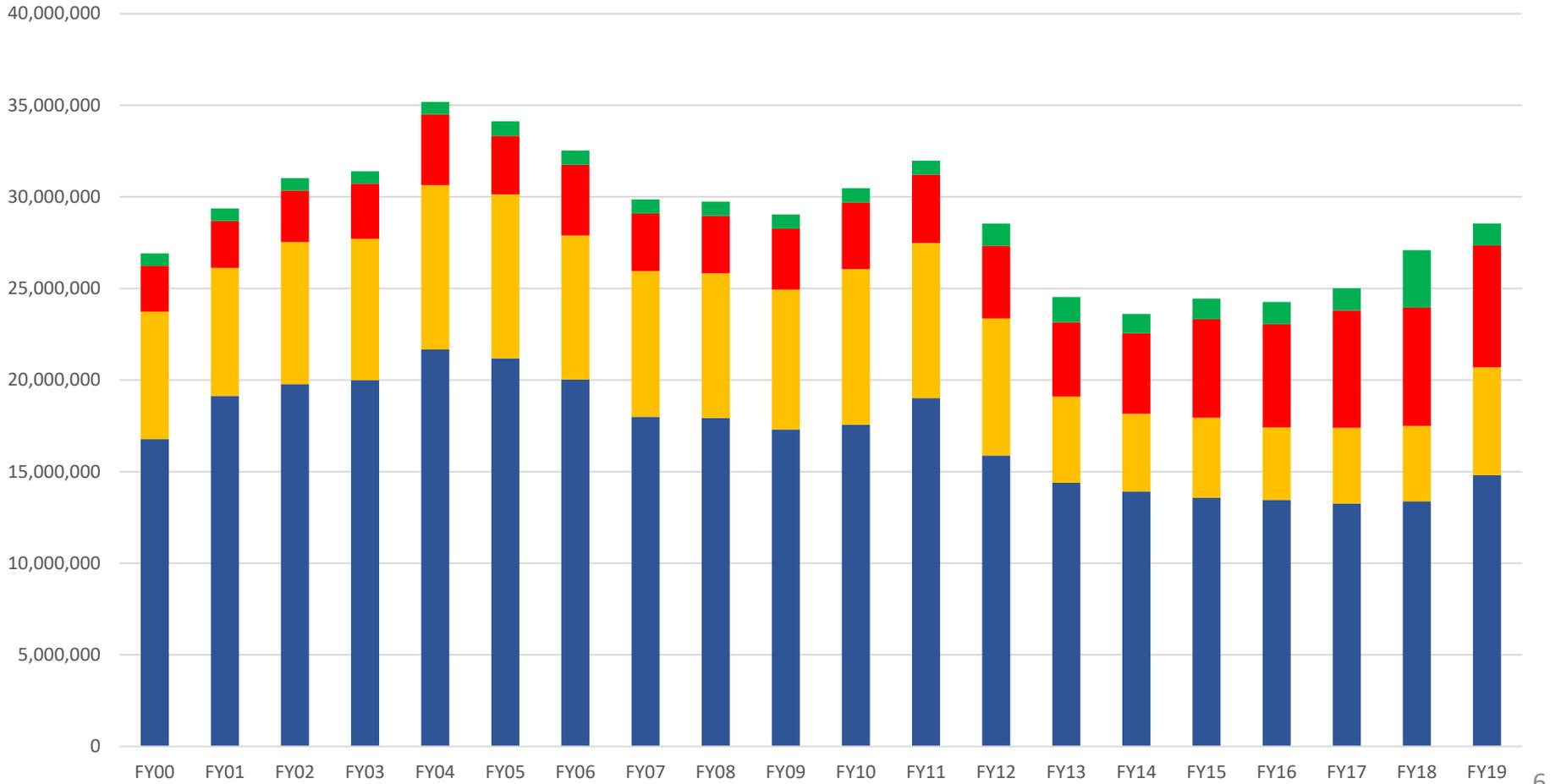
FY 2018-19 Consolidated Plan Funds

- In the current year, City will receive \$28.5 million from HUD as part of Consolidated Plan budget that Council approved on June 27, 2018



Funding History

■ CDBG ■ HOME ■ HOPWA ■ ESG



Consolidated Plan Requirements

- In order to continue receiving these funds, new 5-year Consolidated Plan must be developed and submitted to HUD in August 2019
 - Current plan expires at end of current fiscal year
- New 5-year Consolidated Plan will cover FY 2019-20 through FY 2023-24
- First year Action Plan (annual budget) will be due to HUD at same time as 5-year plan



Consolidated Plan Requirements

- Consolidated Plan is a comprehensive analysis and strategic plan that identifies community needs, prioritizes those needs, and details how they will be addressed
 - Needs currently identified include: affordable housing, homeless services, poverty, economic development, and public improvements/infrastructure
- Must promote fair housing opportunities to citizens of Dallas regardless of race, color, religion, national origin, disability, familial status or sexual orientation



Consolidated Plan Requirements

- Requirements for development and submission of the Consolidated Plan are found at 24 CFR, Part 91
- HUD designed an online template to ensure all elements of the regulations are addressed
- Template sets a baseline for HUD's expectations and includes a quality check
 - Includes a combination of data tables and narrative sets
 - City has option of adding additional content in the form of maps, pictures, text boxes, and tables
- Grantees must use the Consolidated Plan template



Consolidated Plan Requirements

- HUD template is divided into six sections:
 1. Executive Summary
 2. The Process
 3. Needs Assessment
 4. Housing Market Analysis
 5. Strategic Plan
 6. First Year Action Plan

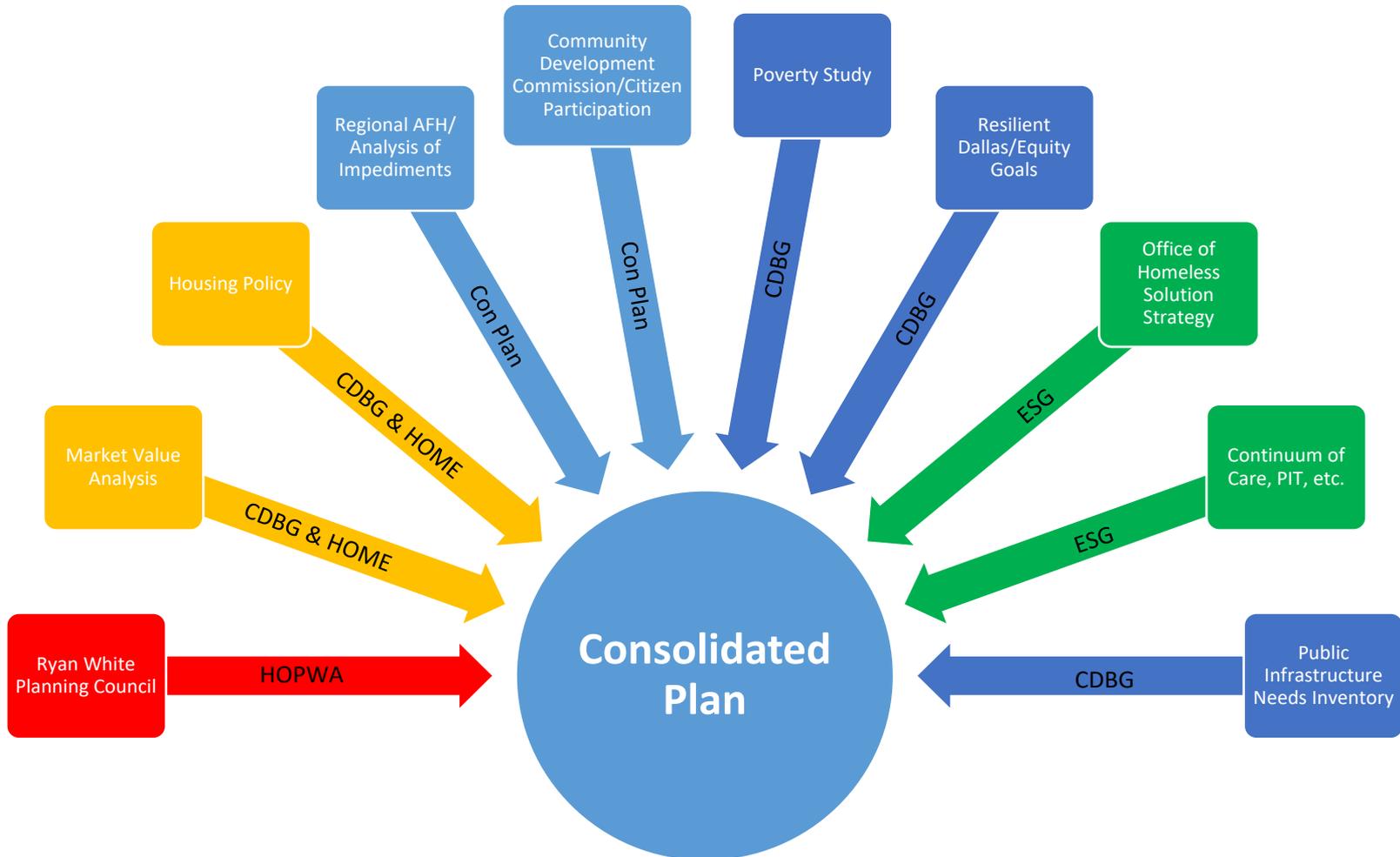


City's Approach to Strategic Plan for HUD Funds

- Our approach for developing 5-year Consolidated Plan is primarily to use existing systems and build off of work that has already been accomplished
 - Existing systems include the Continuum of Care, Ryan White Planning Council, etc.
 - Existing strategies and policies have already been accomplished and include Housing Policy, Poverty Study, etc.
- 5-year plan will consolidate all of these into one document according to HUD's prescribed requirements



City's Approach to Strategic Plan for HUD Funds



City's Approach for CDBG

- CDBG is the most flexible of the four Consolidated Plan grants, with more eligible categories for programs and services to multiple target populations
- Past 5-year average
 - Public Services – 15% (maximum allowed)
 - Housing – 50% to 55%
 - Public Facilities and Improvements – 10% to 15%
 - Fair Housing, Planning and Program Oversight – 20% (maximum allowed)



City's Approach for CDBG

- On September 7, 2016 the Mayor's Task Force on Poverty presented its findings and recommendations to the City Council
- Study identified nine drivers of poverty in Dallas:
 1. Sharp decline in median income and the declining share of middle income households
 2. Lack of affordable transportation
 3. Lack of home ownership/high rental percentage/single family rentals
 4. Neighborhoods of concentrated poverty
 5. High number of housing with children living in poverty
 6. Lack of educational attainment
 7. High percentage of limited English-proficiency residents
 8. High teen birth rates
 9. High poverty rates for single women heads of households with children



City's Approach for CDBG

- Recommendations from the Poverty Task Force included changing the focus of the CDBG program to an emphasis on alleviating poverty, with efforts to shift the narrative related to the working poor
- Under the CDBG, Public Services Category – **recommend** using funds to address the drivers of poverty, with focus on reducing and/or eliminating barriers to work
 - Regulations limit the amount of funds allowed for programs and services no more than 15%



City's Approach for CDBG

- Current public service programs are primarily administered by City staff
- For the Public Services category, **recommend** the following for the new 5-year Consolidated Plan
 - 50% of funds to be awarded to nonprofit agencies through a competitive proposal process that addresses the drivers of poverty with focus on reducing and/or eliminating barriers to work
 - 50% of funds for City administered programs including After-School Program and Childcare Program which help eliminate barriers to work for parents
 - Commit to transferring current expenses for Community Courts and Senior Programs from CDBG to the General Fund in FY 2019-20



City's Approach for CDBG

- On March 12, 2017, the City Council Housing Committee established three goals for the development of a comprehensive strategy for housing:
 - 1) Create and maintain available and affordable housing throughout Dallas
 - 2) Promote greater fair housing choices
 - 3) Overcome patterns of segregation and concentrations of poverty through incentives and requirements
- On May 9, 2018, the City Council adopted the City's first Comprehensive Housing Policy



City's Approach for CDBG

- Comprehensive Housing Policy provides for the creation and preservation of housing throughout Dallas
 - Housing shortage of 20,000 units in Dallas
- Under the CDBG, Housing Category – **recommend** using funds to create new homeowners through the homebuyer assistance program; and preservation of existing housing through rehabilitation and/or reconstruction of single-family and multi-family units



City's Approach for CDBG

- On November 6, 2018 the University of Texas at Arlington presented findings and recommendations related to its fair housing assessment to the City Council
- Study found that from 1990 to 2016, the number of racially or ethnically-concentrated areas of poverty (R/ECAPs) census tracts in the city increased from 18 to 36
 - HUD defines a census tract as R/ECAP as having a non-white population of 50% or more; and a poverty rate of 40% or more
 - Poverty rate is based on the number of individuals living at or below the poverty line within a given census tract



City's Approach for CDBG

- In addition to being economically distressed, other identifying characteristics of R/ECAPs include need for infrastructure improvements and relatively weak real estate market
- Resilient Dallas Strategy (transmitted to Council on September 21, 2018) also includes goal of investing in neighborhood infrastructure to revitalize historically underserved neighborhoods
- For CDBG, Public Improvements – **recommend** using funds for public facilities and infrastructure needs in eligible areas, specifically R/ECAPs



City's Approach for CDBG

- As a recipient of HUD funds, the City is required to administer programs and activities relating to housing and urban development in a manner that affirmatively furthers the Fair Housing Act
- Fair Housing Act prohibits discrimination based on:
 - Race
 - Color
 - Religion
 - Sex
 - Familial Status
 - National Origin
 - Disability



City's Approach for CDBG

- Fair Housing activities are included as part of the CDBG capped category for planning, program administration, oversight and monitoring
 - Regulations limit the amount of funds allowed for this category to no more than 20%
- Grant funds are highly regulated and require extensive monitoring
- For CDBG, Planning and Program Oversight category - **recommend** using funds for fair housing, planning and program administration to the maximum 20% allowed



City's Approach for HOME

- HOME funds must be used for housing activities, such as
 - Rehabilitation or reconstruction
 - New construction
 - Financial assistance for homebuyer assistance and tenant based rental assistance
- Minimum 15% of funds must be set-aside for community housing development organizations (CHDOs)
- Up to 10% of funds may be used for Program Administration and Oversight
- **Recommend** use of HOME funds consistent with the City's Comprehensive Housing Policy, and include using maximum 10% allowed for program administration and minimum 15% set-aside for CHDOs



City's Approach for ESG

- ESG funds must be used to prevent homelessness and to assist those already homeless
 - Regulations require consultation with the Continuum of Care
 - Up to 7.5% of funds may be used for Program Administration and Oversight
- On August 1, 2018 the City Council was briefed on the Office of Homeless Solution's (OHS) proposed four-track strategy plan
- **Recommend** use of ESG funds consistent with the OHS Strategy Plan, and include using the maximum 7.5% allowed for program administration



City's Approach for HOPWA

- HOPWA funds must be used to provide housing and supportive services to individuals (and/or family members) who have a medical diagnosis and are low-income
 - Up to 3% of funds may be used for Program Administration and Oversight
- Funding allocations have historically been made consistent with priorities established by the Ryan White Planning Council of the Dallas Area (RWPC) and with needs identified in the RWPC Comprehensive HIV Needs Assessment



City's Approach for HOPWA

- **Recommend** using HOPWA funds consistent with priorities established by Ryan White Planning Council of the Dallas Area (RWPC) and with needs identified in the RWPC Comprehensive HIV Needs Assessment, and using the maximum 3% allowed for program administration



Summary of Recommended Strategies

- A. Recommend** use of CDBG Public Service funds to address the drivers of poverty, with focus on reducing and/or eliminating barriers to work
- 50% of funds to be awarded to nonprofit agencies through a competitive proposal process
 - 50% of funds for City administered programs including After-School Program and Childcare Program
 - Commit to transferring current expenses for Community Courts and Senior Programs from CDBG to the General Fund in FY 2019-20
- B. Recommend** use of CDBG Housing funds to create new homeowners through the homebuyer assistance program; and preservation of existing housing through rehabilitation and/or reconstruction of single-family and multi-family units
- C. Recommend** use of CDBG funds for public facilities and infrastructure needs in eligible areas, specifically R/ECAPs
- D. Recommend** use of CDBG funds for fair housing, planning and program administration to the maximum 20% allowed



Summary of Recommended Strategies

- E. Recommend** use of HOME funds consistent with the City's Comprehensive Housing Policy, and include using maximum 10% allowed for program administration and minimum 15% set-aside for CHDOs
- F. Recommend** use of ESG funds consistent with the OHS Strategy Plan, and include using the maximum 7.5% allowed for program administration
- G. Recommend** using HOPWA funds consistent with priorities established by the Ryan White Planning Council of the Dallas Area (RWPC) and with needs identified in the RWPC Comprehensive HIV Needs Assessment, and using the maximum 3% allowed for program administration



Next Steps and Schedule

- December 6 – CDC meeting
- January 2019 – Citizen feedback at community meetings
- January 9 – City Council initial approval of 5-year plan
- Feb 2019 through June 2019 – Annual budget development process
- May 2019 – City Council preliminary approval of 5-year Consolidated Plan and year-one Action Plan (annual budget)



Next Steps and Schedule

- May through June 2019 – 30-day citizen comment period and public hearing
- June 2019 – Final approval of 5-year Consolidated Plan and year-one Action Plan (annual budget)
- August 2019 – submit plans to HUD



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