

ECONOMIC DEVELOPMENT & HOUSING COMMITTEE

DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

MONDAY, NOVEMBER 5, 2018

CITY HALL

COUNCIL BRIEFING ROOM, 6ES

1500 MARILLA STREET

DALLAS, TEXAS 75201

9:00 A.M.–10:30 A.M.

2018 NOV -1 PM 4:03

CITY SECRETARY
DALLAS, TEXAS

Chair, Councilmember Tennell Atkins

Vice Chair, Councilmember Rickey D. Callahan

Councilmember Lee M. Kleinman

Councilmember Scott Griggs

Councilmember Casey Thomas, II

Councilmember B. Adam McGough

Councilmember Mark Clayton

Councilmember Kevin Felder

Councilmember Omar Narvaez

Call to Order

1. Approval of October 15, 2018 and October 22, 2018 Special Called Committee Meeting Minutes

BRIEFINGS

2. Housing Trust Fund Proposed Seed Funds
Courtney Pogue, Director
Office of Economic Development
3. Amendment to the City's Adopted Comprehensive Housing Policy to Resolve Inconsistencies, Correct Items, and Modify Requirements in the following Programs/Policies:
Maureen Milligan, Assistant Director (Interim)
Housing and Neighborhood Revitalization
 - a. Dallas Homebuyer Assistance Program
 - b. Home Improvement and Preservation Program
 - c. New Construction and Substantial Rehabilitation Program
 - d. Resolutions of Support and No Objection for Housing Tax Credits
 - e. Rental Development Underwriting Standards
 - f. Dallas Housing Policy Taskforce
4. Amendments to the Dallas Development Code creating regulations for Mixed Income Housing Development Bonuses
Kris Sweckard, Director
Sustainable Development & Construction
5. Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses
Maureen Milligan, Assistant Director (Interim)
Housing & Neighborhood Revitalization

A quorum of the City Council may attend this Council Committee meeting

MEMOS

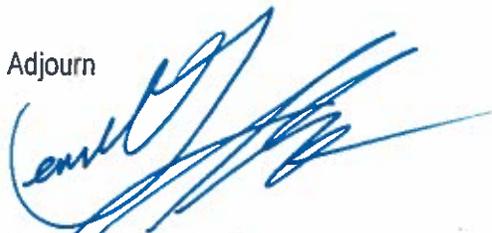
- A. Texas Enterprise Zone Nomination for PricewaterhouseCoopers, LLP
- B. Texas Enterprise Zone Nomination for Brinker International Payroll Company, L.P.
- C. Memo Recommending the Adoption of the 2018-2019 Dallas Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School District, Dallas County Hospital District, the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County School District and Dallas County Community College District to facilitate the Dallas Housing Acquisition and Development Corporation's acquisition of unimproved tax foreclosed properties

UPCOMING AGENDA ITEMS

November 14, 2018

- D. Memo on an Amendment to the Housing Development Loan Agreement with St. Jude, Inc. (2920 Forest Lane), for the Acquisition of the Property for Permanent Supportive Housing, to Change the Loan Terms and Include Additional Performance Thresholds

Adjourn



Tennell Atkins, Chair
Economic Development & Housing Committee

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee, or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices [Tex. Govt. Code §551.089]

Handgun Prohibition Notice for Meetings Of Governmental Entities

Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a propiedad con una pistola a la vista. "

Economic Development & Housing Committee

Meeting Record October 15, 2018

The Economic Development & Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Committee Coordinator at 214-670-3906 or 214-670-1686.

Meeting Date: October 15, 2018

Meeting Start time: 9:11 A.M.

<p>Committee Members Present: Councilmember Tennell Atkins (Chair) Councilmember Scott Griggs Councilmember Mark Clayton Councilmember Casey Thomas, II Councilmember Lee M. Kleinman Councilmember Kevin Felder Councilmember Omar Narvaez</p> <p>Other Council Members Present: Councilmember Philip Kingston</p> <p>Committee Members Absent: Councilmember Rickey D. Callahan (Vice-Chair) Councilmember B. Adam McGough</p>	<p>Staff Present: Beverly Davis, Director of Fair Housing and Human Rights Office Courtney Pogue, Director of Office of Economic Development Kevin Spath, Office of Economic Development Tamara Leak, Office of Economic Development</p> <p>Other Presenters: Jerry Tonn-Drever Capital Management, Director of Asset Management</p>
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AGENDA:

Economic Development & Housing Committee Meeting Called to Order by CM Tennell Atkins

1. **Approval of October 1, 2018 Economic Development/Housing Committee Minutes**

Presenter(s): CM Tennell Atkins

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: CM Mark Clayton	Motion seconded by: CM Kevin Felder
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

MEMO

2. **HUD Fair Housing Cooperative Grant**

Presenter(s): Beverly Davis, Director of Office of Equity and Human Rights

Information Only: __

Action Taken/Committee Recommendation (s) Motion made to move to full Council on October 24, 2018.

Motion made by: CM Casey Thomas, II	Motion seconded by: CM Omar Narvaez
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

UPCOMING AGENDA ITEM

3. Development Agreement Amendments for the Drever (1401 Elm Street) TIF Project

Presenter(s): Courtney Pogue, Director of Office of Economic Development

Kevin Spath, Manager, Office of Economic Development

Tamara Leak, Coordinator, Office of Economic Development

Information Only: __

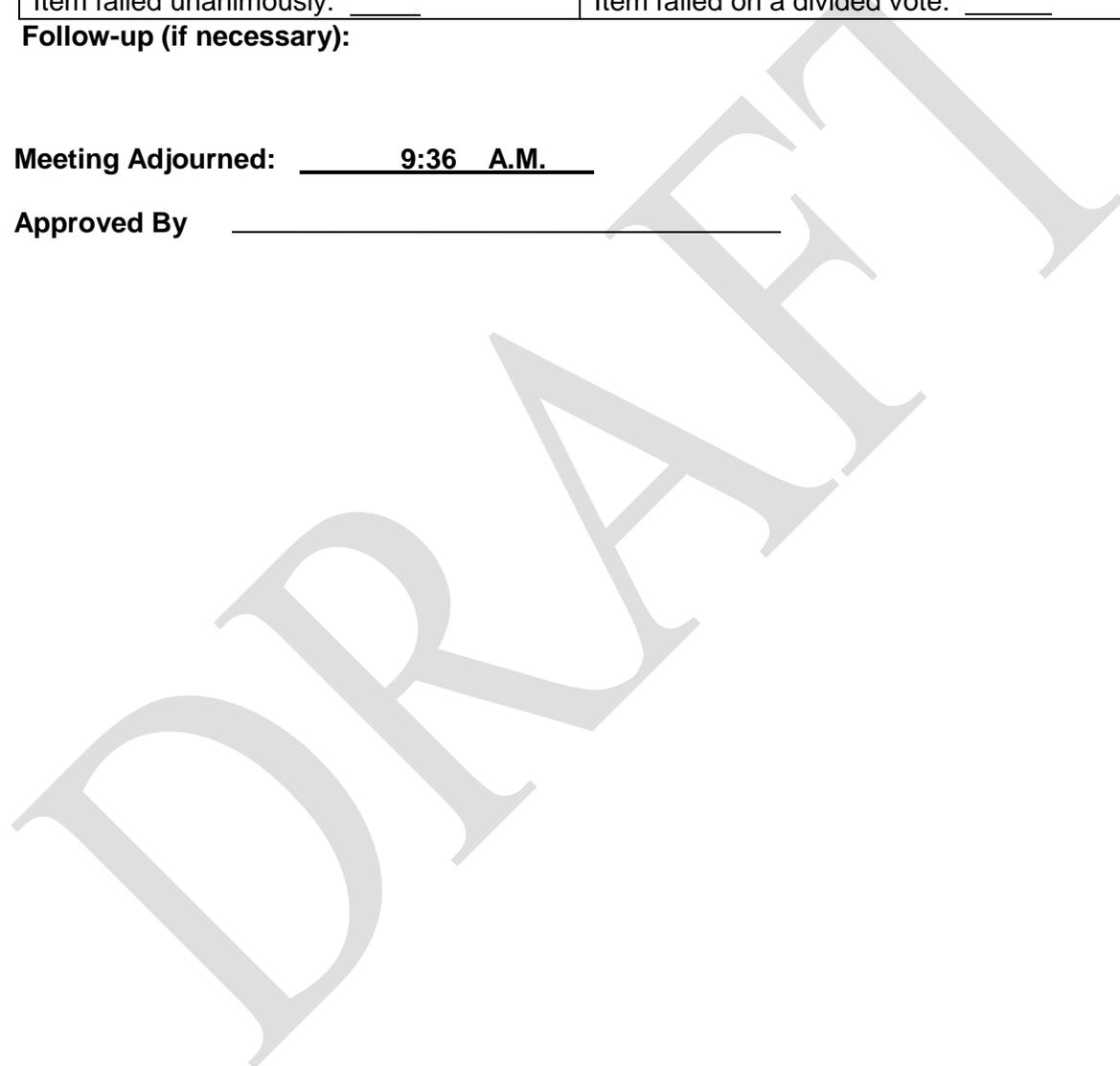
Action Taken/Committee Recommendation (s) Motion made to move forward to full Council.

Motion made by: CM Scott Griggs	Motion seconded by: CM Mark Clayton
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: _____ 9:36 A.M.

Approved By _____



Economic Development & Housing Committee

SPECIAL CALL

Meeting Record

October 22, 2018

The Economic Development & Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Committee Coordinator at 214-670-3906 or 214-670-1686.

Meeting Date: October 22, 2018

Meeting Start time: 3:37 P.M.

<p><u>Committee Members Present:</u> Councilmember Tennell Atkins (Chair) Councilmember Rickey D. Callahan (Vice-Chair) Councilmember Scott Griggs Councilmember Mark Clayton Councilmember Casey Thomas, II Councilmember B. Adam McGough Councilmember Lee M. Kleinman Councilmember Kevin Felder Councilmember Omar Narvaez</p> <p><u>Other Council Members Present:</u></p> <p><u>Committee Members Absent:</u></p>	<p><u>Staff Present:</u> David Noguera, Director of Housing and Neighborhood Revitalization Avis Chaisson, Assistant Director of Housing Neighborhood Revitalization Maureen Milligan, Interim Assistant Director of Housing and Neighborhood Revitalization Beverly Davis, Director of Fair Housing and Human Rights Office</p> <p><u>Other Presenters:</u> Tim Nelson-Hilltop Securities Justin Boyd-Steele Properties, LLC Bryan Dennison Dale Dodson-Dalcor Ron Murff-Dalcor Mattye Jones</p>
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AGENDA:

Economic Development & Housing Committee Meeting Called to Order by CM Tennell Atkins

1. **Amendments to Comprehensive Housing Policy to amend the timeline for Issuance of Request for Application (RFA) for Housing Tax Credit Developments**

Presenter(s): David Noguera, Director of Housing and Neighborhood Revitalization
 Maureen Milligan, Interim Assistant Director of Housing and Neighborhood Revitalization
 Beverly Davis, Director of Office of Equity and Human Rights

Information Only: X

Action Taken/Committee Recommendation(s):

Motion made by:	Motion second by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Executive Session: 3:58 P.M. - 4:27 P.M.

2. Review of Proposals Seeking a Resolution of No Objection for 4% Housing Tax Credit Applications with the Texas Department of Housing and Community Affairs Submitted under the Accelerated RFA

Presenter(s): David Noguera, Director of Housing and Neighborhood Revitalization
Avis Chaisson, Assistant Director of Housing and Neighborhood Revitalization
Beverly Davis, Director of Office of Equity and Human Rights

Information Only: X

Action Taken/Committee Recommendation (s)

Motion made by	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

The Committee was briefed on: (1) a proposed change to the Comprehensive Housing Policy to accelerate issuance of a Request for Applications for Housing Tax Credit developments that need a Resolution of No Objection prior to the February timeframe stated in the Policy and (2) staff's review of two Housing Tax Credit developments that submitted proposals in response to the accelerated Request for Applications.

Staff recommended that the Committee hold the proposed amendment to the Policy because the Housing and Neighborhood Revitalization Department was not making any recommendations that would require City Council action related to the two projects.

The developers of both projects were present to answer questions.

Meeting Adjourned: 5:47 P.M.

Approved By _____

Memorandum



CITY OF DALLAS

DATE November 2, 2018

The Honorable Members of the Economic Development and Housing Committee:
TO Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Lee M. Kleinman, Scott Griggs,
Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Housing Trust Fund: Proposed Seed Funds**

On May 9, 2018, Dallas City Council approved the Dallas Comprehensive Housing Policy to (1) create and maintain affordable housing throughout Dallas, (2) promote greater fair housing choices, and (3) overcome patterns of segregation and concentrations of poverty through incentives and requirements. The Policy calls for the establishment of a Dallas Housing Trust Fund (DHTF) to support the Policy's production goals. The Policy states that a portion of the DHTF should be sought from a one-time transfer of a minimum of \$7 million in unencumbered fund balances from high-performing Tax Increment Financing Districts (TIFs).

Staff has identified \$7 million in available funds that could be used to seed the Housing Trust Fund, as follows:

\$4,575,000	1407 Main Street Loan Repayment
\$523,246	State-Thomas TIF District Close-Out
\$828,129	Cityplace TIF District Close-Out
\$649,097	Vickery Meadows TIF District fee in lieu of affordable housing payment
\$424,528	City Center TIF District Affordable Housing Set-Aside Funds
\$7,000,000	Total

Note that the account balances for State-Thomas, Cityplace and Vickery Meadows are of October 10, 2018, and may accrue additional interest prior to moving funds to new account.

The corresponding briefing details the funding sources that would seed the Dallas Housing Trust Fund. If recommended, seven related items will be placed on the December 12, 2018 agenda (two of the above listed funding sources require TIF Plan amendments).

Courtney Pogue, Director
Office of Economic Development

cc: The Honorable Mayor and the Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
Bilerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager

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

Housing Trust Fund Proposed Seed Funds

**Economic Development &
Housing Committee
November 5, 2018**

**Courtney Pogue, Director
Office of Economic Development**



Presentation Overview

- Background
- Action Items Required
- Fiscal Impact
- Next Steps



Background

- On May 9, 2018, Dallas City Council approved the Comprehensive Housing Policy to (1) create and maintain affordable housing throughout Dallas, (2) promote greater fair housing choices, and (3) overcome patterns of segregation and concentrations of poverty through incentives and requirements.
- The Policy calls for the establishment of a Dallas Housing Trust Fund (DHTF) to support the production goals of the Housing Policy.
 - The Policy states that a portion of the DHTF funding should be sought from a one-time transfer of a minimum of \$7 million in unencumbered fund balances from high-performing Tax Increment Financing Districts (TIFs).

Background

- Staff has identified \$7 million in available funds that could be used to seed the Housing Trust Fund.
- This briefing describes each of the sources and the necessary actions required to use each source for the purpose of funding the Housing Trust Fund.
- While the Housing Trust Fund account has not yet been established, the City can take action to account for and hold \$7 million in anticipation of creating the account.

SOURCE 1: State-Thomas TIF District

- The State-Thomas TIF District expired December 31, 2008.
- The State-Thomas TIF District value increased \$662 million from the base year, yielding approximately \$5 million annual windfall to the City.
 - City real property taxes generated when the TIF District was created were estimated \$319,340.
- Since 2004 (due to reaching budget max), property tax generated within the TIF District has gone to the General Fund; however, the TIF account was never closed-out and a balance remains:

	Unallocated Cash	Increment Collections by Tax Jurisdictions					Total
		City of Dallas	DISD	DCCCD	County	DCHD	
Increment Collections		\$7,372,707	\$16,921,726	\$659,655	\$2,223,754	\$2,534,189	\$29,712,031
Contribution % of Total		24.81%	56.95%	2.22%	7.48%	8.53%	100.00%
Disbursement of Unallocated Funds	\$2,108,683	\$523,246	\$1,200,946	\$46,816	\$157,821	\$179,853	\$2,108,683

- The TIF District must be formally closed-out and the other taxing jurisdictions' funds must be disbursed to those entities.
- The City may direct the City's share of increment balance in the amount of **\$523,246** to the Housing Trust Fund.



SOURCE 2: Cityplace TIF District

- The Cityplace TIF District expired December 31, 2012.
- The Cityplace TIF District value increased \$1.193 billion from the base year, yielding approximately \$9 million annual windfall to the City.
 - City real property taxes generated when the TIF District was created were estimated \$302,930.
- Since 2009 (due to reaching budget max), property tax generated within the TIF District has gone to the General Fund; however, the TIF account was never closed-out and a balance remains:

	Unallocated Cash	Increment Collections by Tax Jurisdictions					Total
		City of Dallas	DISD	County	DCHD	DCCCD	
Increment Collections		\$18,298,774	\$10,955,934	\$5,397,044	\$6,253,322	\$1,838,952	\$42,744,026
Contribution % of Total		42.81%	25.63%	12.63%	14.63%	4.30%	100.00%
Disbursement of Unallocated Funds	\$1,934,422	\$828,129	\$495,821	\$244,248	\$283,000	\$83,224	\$1,934,422

- The TIF District must be formally closed-out and the other taxing jurisdictions' funds must be disbursed to those entities.
- The City may direct the City's share of increment balance in the amount of **\$828,129** to the Housing Trust Fund.



SOURCE 3: City Center TIF Loan Repayment

- On October 13, 2004, City Council approved Resolution 04-2967, authorizing a loan agreement with DLD Properties, LTD (Brian Bergersen) in compliance with the City of Dallas Main Street District Initiative Loan and Grant Program, in an amount not to exceed \$8,500,000, for the construction of a mixed-use development located at 1407 Main Street.
 - The City Center TIF funds were deployed pursuant to Chapter 380 as an incentive for 370 short-term, low-cost public parking spaces as part of \$23M mixed use development project, to support the budding retail in the downtown core.
 - \$8,500,000 was provided in the form of a no-interest loan in which the City would be re-paid \$6.375M and the County would be re-paid \$2.125M ten (10) years from the Project's Certificate of Occupancy (CO) date.
 - The CO was dated August 8, 2008.

SOURCE 3 (Cont.)

- On October 12, 2005, City Council approved Resolution 05-2957, authorizing amendments to the construction loan documents approved on October 13, 2004 to accept pre-payment and a reduction of the City's portion of the loan in the amount of \$1,800,000, from \$6,375,000 to \$4,575,000, along with other minor modifications to the project terms.
- The subsequent Council item on the October 12, 2005 agenda (05-2958), authorized the "pre-payment" to be used as a \$1,800,000 grant for the redevelopment of the adjacent 1414 Elm Street building.
- The City executed an ILA with Dallas County to codify the County's portion of the loan repayment from the developer in the amount of \$2,125,000 (the ILA described the repayment to the two jurisdictions as percentages and therefore a Supplemental ILA was executed to establish new percentages based on the City's loan repayment reduction).

SOURCE 3 (Cont.)

- The City will accept the \$4,575,000 loan repayment upon City Council action on December 12, 2018, and the lien on the property will be simultaneously released. Dallas County will also receive its \$2,125,000 loan repayment at that time.
- Staff recommends transferring the \$4,575,000 to the Housing Trust Fund.

SOURCE 4: Vickery Meadow TIF District

- In 2007, an amount of \$1,000,000 in funds was deposited into the Vickery Meadow TIF Fund by the developer of Shops of Park Lane to support affordable housing development in lieu of the developer constructing affordable housing units.
- In 2013, City Council approved using \$445,000 of the \$1,000,000 for the HUD Community Challenge Grant to study affordable housing and transit-oriented development.
- As of October 10, \$649,097 remains to be used for affordable housing.
- TIF increment may be spent outside of the TIF District boundaries for affordable housing in accordance with Chapter 311 of the Texas Tax Code.
- Staff recommends amending the Vickery Meadow TIF District Project and Financing Plan to allow the remainder of this set-aside to be used inside or outside of the TIF for the Dallas Housing Trust Fund to support the implementation of the City's Comprehensive Housing Policy. Staff also recommends transferring an amount not to exceed \$649,097 from the Vickery Meadow TIF District Fund to the Dallas Housing Trust Fund (DHTF).
- On October 30, 2018, the Vickery Meadow TIF Board recommended these changes.

SOURCE 5: City Center TIF District

- The City Center TIF District has an Affordable Housing Set-Aside in an amount not to exceed \$6.5M, of which \$2.49M has been collected to date.
- While TIF increment may be spent outside of the TIF District boundaries for affordable housing in accordance with Chapter 311 of the Texas Local Government Code, the City Center TIF District Project and Financing Plan states that the Affordable Housing Set-Aside Funds shall be used to “offset the costs of providing affordable housing in the boundaries of this Zone and the greater downtown area only”.
- Staff recommends amending the City Center TIF District Project and Financing Plan to allow an amount not to exceed \$424,528 of the Affordable Housing Set-Aside Funds to be used outside the greater downtown area and to transfer this amount to the Housing Trust Fund.
- On October 11, 2018, the City Center TIF Board recommended these changes.

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\$7 Million for Housing Trust Fund

Amount	Source of Funds
\$4,575,000	1407 Main Street Loan Repayment
\$523,246	State-Thomas TIF District Close-Out
\$828,129	Cityplace TIF District Close-Out
\$649,097	Vickery Meadows TIF District fee in lieu of affordable housing payment
\$424,528	City Center TIF District Affordable Housing Set-Aside Funds
\$7,000,000	TOTAL

Note that the account balances for State-Thomas, Cityplace and Vickery Meadow TIF Districts are of October 10, 2018 and may accrue additional interest prior to transferring funds to new account.

Next Steps

- Series of action items to fund the Housing Trust Fund in the amount of \$7 million will be placed on the December 12, 2018 City Council agenda.

Housing Trust Fund Proposed Seed Funds

**Economic Development &
Housing Committee
November 5, 2018**

**Courtney Pogue
Office of Economic Development**



Memorandum



DATE November 2, 2018

CITY OF DALLAS

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Proposed Amendments to the Comprehensive Housing Policy**

On Monday, November 5, 2018, the Economic Development and Housing Committee will consider several proposed amendments to the Comprehensive Housing Policy, previously approved on May 9, 2018, by Resolution No. 18-0704.

Summary

The Housing and Neighborhood Revitalization (H&NR) Department is proposing several amendments to the Comprehensive Housing Policy (Policy), previously approved on May 9, 2018, by Resolution No. 18-0704. The proposed amendments will: resolve inconsistencies in program requirements, correct items that were inadvertently included in or omitted from the Policy and modify requirements that have created programmatic constraints.

Background

On May 9, 2018, the Dallas City Council adopted a Comprehensive Housing Policy by Resolution No. 18-0704 that set citywide production goals for homeownership and rental units for the next three (3) years along with respective income bands that will be prioritized within the production goals. The Policy also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation. Additionally, based on the data provided in the Market Value Analysis, a tool used to assess the residential real estate market, the Policy prioritizes the allocation of funding for new construction and substantial rehabilitation of housing development projects and strategically focuses certain programs, tools and strategies within three (3) types of Reinvestment Strategy Areas: (1) Redevelopment Areas are Midtown, High Speed Rail, Wynnewood, and Red Bird; (2) Stabilization Areas are LBJ Skillman, Vickery Meadow, Casa View, Forest Heights/Cornerstone Heights, East Downtown, The Bottom, West Dallas, and Red Bird North; and (3) Emerging Market Areas are Southern Gateway, Pleasant Grove, and University Hills.

The Policy also created or amended program statements for the Dallas Homebuyer Assistance Program, the Home Improvement and Preservation Program and the New Development and Substantial Rehabilitation Program and set forth underwriting standards for reviewing both homeowner and rental housing development project proposals. These program statements contain detailed information related to applicant

DATE November 2, 2018
SUBJECT Amendments to the Comprehensive Housing Policy

eligibility, terms of assistance, and credit standards, among other items. Likewise, the underwriting standards address an even wider range of topics including eligible costs, cost reasonableness, sales/rental price, environmental reviews, and other federal requirements applicable to housing developments that receive City of Dallas funding or support.

On August 30, 2018, the Department of Housing and Neighborhood Revitalization released a Notice of Funding Availability (NOFA) pursuant to the New Construction and Substantial Rehabilitation Program soliciting proposals from applicants seeking gap financing for housing development projects and/or for developers requiring Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA).

Issue

Over the past six months, staff have begun working with families, housing developers, and other stakeholder to implement the programs, tool and strategies outlined in the Policy and received feedback regarding the Policy during pre-proposal conferences for the NOFA and at Housing Policy Taskforce meetings. During this half-year implementation period, H&NR developed a list of proposed amendments that, if adopted, will help staff better work to achieve the overarching goals of the Policy. The following proposed amendments will: resolve inconsistencies in program requirements, correct items that were inadvertently included in or omitted from the Policy and modify requirements that have created programmatic constraints.

Inconsistencies in Program Requirements:

- The Policy contains inconsistencies regarding whether the Dallas Homebuyer Assistance Program (DHAP) will serve households earning as low as 40% of Area Median Income or 60% of Area Median Income. The proposed change resolves the inconsistency by stating that the lowest qualifying income is 60% AMI.
- The section of the current program statement for the DHAP related to assumption of the loan by income-qualified heirs states that if the heir(s) do not meet the income requirements of the program, the remaining balance of the loan is due immediately and payable in full if the loan is still within the period of affordability. Because the DHAP provides a deferred, zero percent interest (0%) loan, the "remaining balance" on the loan will always be the full loan amount. The requested change clarifies the terms of the program.

Inadvertent Additions and Omissions:

- The program statement for the Home Improvement and Preservation Program (HIPP) states that applicants who received a Major Systems Repair Loan in the last ten (10) years will be ineligible to participate in the HIPP. However, the HIPP program statement does not set a time period in which a homeowner who receives home repair/reconstruction assistance under newly-created City

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SUBJECT Amendments to the Comprehensive Housing Policy

programs or received assistance under the old Home Reconstruction program is prohibited from applying for additional assistance. The proposed change resolves this omission by stating that, if an applicant's property was previously assisted with City funds and the project is still within the period of affordability, per the written agreement with the applicant, the applicant will not be eligible to receive funding for the same property.

- The Rental Development Underwriting standards include a maximum monetary limit for developer fees. The inclusion of this maximum monetary limit was an oversight. The standards already caps the developer fee at 15% of development costs, which provides a sufficient standard to ensure that the developer is not earning an excessive fee and is consistent with TDHCA underwriting standards. By removing the maximum monetary limit and requiring that the fee be "reasonable," staff believe they will have the necessary flexibility to evaluate and recommend funding for projects.

Programmatic Constraints:

- Both the DHAP and HIPP program statements contain credit standards stating that qualifying debt to income ratios for program participants are 30% on the front end and 43% on the back end. Over the course of the past six months, staff have screened and denied assistance to applicants whose debt to income ratios were slightly outside of the limits set forth in the Policy but who did not actually pose a greater credit risk due to the nature of their existing debt (i.e. a loan with a low-interest rate). Staff are requesting to be able to exercise a small amount of discretion when evaluating the nature of the debt carried by applicants and be allowed to qualify applicants who vary from the existing debt to income ratios so long as the variation is within 5 percentage points and where compensating factors exist. Staff will use this discretion on a limited basis to allow applicants who do not pose a greater credit risk to access the program.
- The DHAP program statement does not currently require an applicant to demonstrate that he or she has any cash reserves. Staff are proposing an amendment to the program statement that will require an applicant to demonstrate that she or he has at least two months of cash available and equal to applicant's projected monthly mortgage payment, including principal, interest, taxes, insurance, and any associated fees. A cash reserve requirement is a standard practice in the lending industry, it helps identify applicants who are most likely to be able to consistently pay their monthly housing payments, and it was standard practice within H&NR prior to the adoption of the Policy.
- The program statement for the New Construction and Substantial Rehabilitation Program contains standards related to the form of financial assistance that can be provided under the program and the repayment terms for the financial assistance. For both the form of financial assistance and the repayment terms, the program statement allows staff to elect to structure the financial assistance and the repayment terms in one of two ways; however, no such discretion is allowed where a project involves housing tax credits. Staff are requesting that the language related to housing tax credits be removed so that the financial underwrite of the

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SUBJECT Amendments to the Comprehensive Housing Policy

project can guide staff in structuring the financial assistance and the repayment terms for projects, including those involving housing tax credits.

- The Policy contains several references to the Chief of Economic Development and Neighborhood Services. Staff are requesting to replace all such references with “the City Manager and/or his or her designee” so that administrative approvals authorized by the Policy can occur without being dependent upon the existence of a Chief of Economic Development and Neighborhood Services.

Additionally, a proposed change to the Policy for developers requiring Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA) is proposed in response to feedback from stakeholders. The proposed amendment would allow the City Manager to publish a schedule each year, which may be amended from time to time, for issuing one or more Request for Applications for Resolutions of Support or No Objection and to brief the appropriate City Council Committee on the annual schedule.

Fiscal Impact

No cost consideration to the City.

Departments/Committee Coordination

On May 9, 2018, City Council adopted the Comprehensive Housing Policy by Resolution No. 18-0704.

The Economic Development and Housing Committee (Committee) was previously briefed on one of the amendments proposed in this memo. Specifically, on September 4, 2018 the Committee was briefed on a proposed amendment to the Policy to allow for an accelerated issuance of a Request for Applications (RFA) for Resolutions of No Objection for rehabilitation of multifamily rental housing projects seeking Housing Tax Credits. The Committee voted to hold the item under advisement and take it up at the September 17, 2018 meeting of the Committee but also voted to schedule a special-called meeting on October 22, 2018 to consider the proposed amendment. On October 22, 2018 the Committee was briefed on the proposed amendment and did not take action on the item. On October 24, 2018 the City Council voted not to approve the proposed amendment.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward all proposed amendments to the City Council with a recommendation that the City Council approve all proposed amendments.

DATE November 2, 2018
SUBJECT Amendments to the Comprehensive Housing Policy



David Noguera, Director
Housing and Neighborhood Revitalization

cc: Chris Caso, City Attorney (I)
Carol A. Smith, City Auditor (I)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience
Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors

Proposed Amendments to the Comprehensive Housing Policy

**Economic Development and Housing Committee
November 5, 2018**

**Maureen Milligan, Interim Assistant Director
Housing & Neighborhood Revitalization
City of Dallas**



Presentation Overview

- Summary
- Background
- Issues
- Recommendation



Summary

- **May 9, 2018:** City Council adopted the Comprehensive Housing Policy (Policy), **Resolution No. 18-0704.**
- Policy includes:
 - Background on development of the policy
 - Production bands and incomes to be served
 - Designation of Reinvestment Strategy Areas (RSAs)
 - Program statements for the Dallas Homebuyer Assistance Program, the Home Improvement and Preservation Program and the New Development and Substantial Rehabilitation Program
 - Underwriting standards for reviewing both homeowner and rental housing development projects
 - Policy for developers requiring Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA).

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Background

- Staff have been implementing the Policy for six months.
- Received internal and external feedback.
- The following proposed amendments will:
 - resolve inconsistencies in program requirements,
 - correct items that were inadvertently included in or omitted from the Policy, and
 - modify requirements that have created programmatic constraints.



Issues

Inconsistencies in Program Requirements:

- Dallas Homebuyer Assistance Program (DHAP)—lowest income for eligible borrowers = 40% of Area Median Income vs. 60% of Area Median Income.
 - ✓ The proposed change resolves the inconsistency and elects 60% AMI.
- DHAP heirs policy—states that the “remaining balance” of the loan is due immediately and payable in full if the loan is still within the period affordability.
 - ✓ The proposed change removes "remaining balance" so that the section references only the “full loan amount.”

Issues

Inadvertent Additions and Omissions:

- Home Improvement and Preservation Program (HIPP)—doesn't set a time period *in all circumstances* under which a homeowner who received assistance is prohibited from applying for additional assistance.
 - ✓ The proposed change adopts a consistent policy that a homeowner is not eligible for additional assistance if the previous project is still within the period of affordability.
- The Rental Development Underwriting policy includes a maximum monetary limit for developer fees.
 - ✓ The proposed change removes the maximum monetary limit, retains the developer fee cap of 15% of development costs, and requires that the fee be "reasonable."

Issues

Programmatic Constraints:

- DHAP and HIPP credit standards—states that qualifying debt to income ratios for program participants are 30% on the front end and 43% on the back end.
 - ✓ Proposed change will allow staff to evaluate the nature of the debt carried by applicants and qualify applicants who vary from the existing debt to income ratios so long as the variation is within 5 percentage points and where compensating factors exist.
- DHAP—does not require an applicant to demonstrate that he or she has any cash reserves.
 - ✓ Proposed amendment will require an applicant to demonstrate that she or he has at least two months of cash available and equal to applicant's projected monthly mortgage payment, including principal, interest, taxes, insurance, and any associated fees.

Issues

Programmatic Constraints (cont.):

- New Construction and Substantial Rehabilitation Program—contains standards related to the form of financial assistance that can be provided under the program and the repayment terms for the financial assistance; requires a specific form of financial assistance and repayment terms if project involves housing tax credits.
 - ✓ Proposed change will remove reference to housing tax credits so that the financial assistance and repayments terms for all projects is guided by the underwrite.
- Policy contains several references to the Chief of Economic Development and Neighborhood Services.
 - ✓ Proposed change replaces all such references with “the City Manager and/or his or her designee.”

Issues

Additional Change:

- Policy contains a timeframe for developers to request a Resolution of Support or No Objection from the City Council for multifamily rental developments seeking Housing Tax Credits (HTCs) through Texas Department of Housing and Community Affairs (TDHCA).
- Timeline:
 - ✓ Each December City issues a Request for Applications (RFA)
 - ✓ Each February staff provide recommendations to Economic Development and Housing Committee and City Council.
- Proposed change would allow the City Manager to publish a schedule each year, which may be amended from time to time, for accepting proposals and to brief the appropriate City Council committee on the annual schedule.

Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward all proposed amendments to the Comprehensive Housing Policy to the City Council with a recommendation that the City Council approve all proposed amendments.

Proposed Amendments to the Comprehensive Housing Policy

**Economic Development and Housing Committee
November 5, 2018**

**Maureen Milligan, Interim Assistant Director
Housing & Neighborhood Revitalization
City of Dallas**



Memorandum



CITY OF DALLAS

DATE November 2, 2018

TO Honorable Members of the Economic Development and Housing Committee

SUBJECT **Amendments to the Dallas Development Code Creating Regulations for Mixed Income Housing Development Bonuses**

On Monday, November 5, 2018, the Committee will be briefed on proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses. The City Plan Commission recommended approval of the proposal on October 4, 2018. The briefing materials are attached for your review.

Please feel free to contact either myself or Kris Sweckard if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry
Assistant City Manager

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (I)
Carol A. Smith, City Auditor (I)
Biliera 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
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors

Amendments to the Dallas Development Code Creating Regulations for Mixed Income Housing Development Bonuses

Economic Development and Housing Committee

November 5, 2018

Kris Sweckard, Director
Sustainable Development
and Construction
Department



City of Dallas

Presentation Overview

- Purpose
- Background
- Proposal
- Next steps
- Appendix

Purpose

- Brief the Committee on proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses
- Seek Committee approval to forward amendments to City Council for consideration

Background

- In June 2006, Council adopted the forwardDallas! comprehensive plan calling for a better connection between jobs and housing; a range of housing options through zoning regulations; and mixed-use development, especially around transit stations.
- On August 1, 2016, Housing Committee requested staff to initiate the development of a mixed income development bonus proposal.
- On May 9, 2018, City Council approved a Housing Policy with broad goals to create and maintain housing throughout Dallas, promote greater fair housing choices, and overcome patterns of segregation and concentrations of poverty.

Background

- The Zoning Ordinance Advisory Committee (ZOAC) considered this amendment at 12 public meetings between June 22, 2017 and September 6, 2018, and on September 20, 2018, ZOAC recommended the proposal move to City Plan Commission.
- On October 4, 2018, the City Plan Commission (CPC) recommended approval of the amendment.

Background

- The Housing Policy directs the creation of a mixed income development bonus (formerly “voluntary inclusionary zoning”) code amendment to:
 - Incentivize rental units using by-right development bonuses.
 - Create mixed income housing in multifamily and mixed-use districts.
 - Be available throughout the city in multifamily and mixed-use districts.
 - Include design principles to encourage walkability, reduce the need for parking, and require open space.

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Background

- High rent
 - Per MPF Research Inc., average rent in Dallas has now topped \$1,100 a month, up from \$850 five years ago.
- High occupancy
 - Likewise, occupancy has hovered around 95% (essentially full) since mid-2013.
- Continuing housing shortage
 - The Housing Policy states that the city is short 20,000 housing units.

Background

- These elements mean that
 - As of 2016, more than 20,000 renter households in Dallas earn between \$35,000 and \$75,000 and are still rent-burdened: they pay more than 30% of their income toward housing, and
 - Nearly 50,000 households earn over \$75,000 a year and could afford more expensive units if the supply existed. If they move, they make those newly vacated, less-expensive units available to others.
- This proposal:
 - Encourages higher-density new development, leading to increased supply, and
 - Reserves some of those new units directly for households in certain income bands.

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Proposal – Voluntary

- Mixed income development bonuses under this code amendment are **voluntary**. If a developer does not want to take advantage of the bonus, he or she can
 - Utilize the existing zoning without the bonus or
 - Apply for a zoning change.

Proposal – Elements

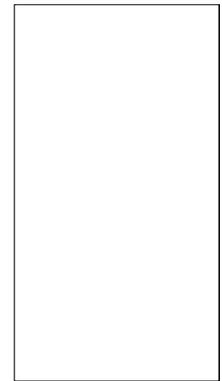
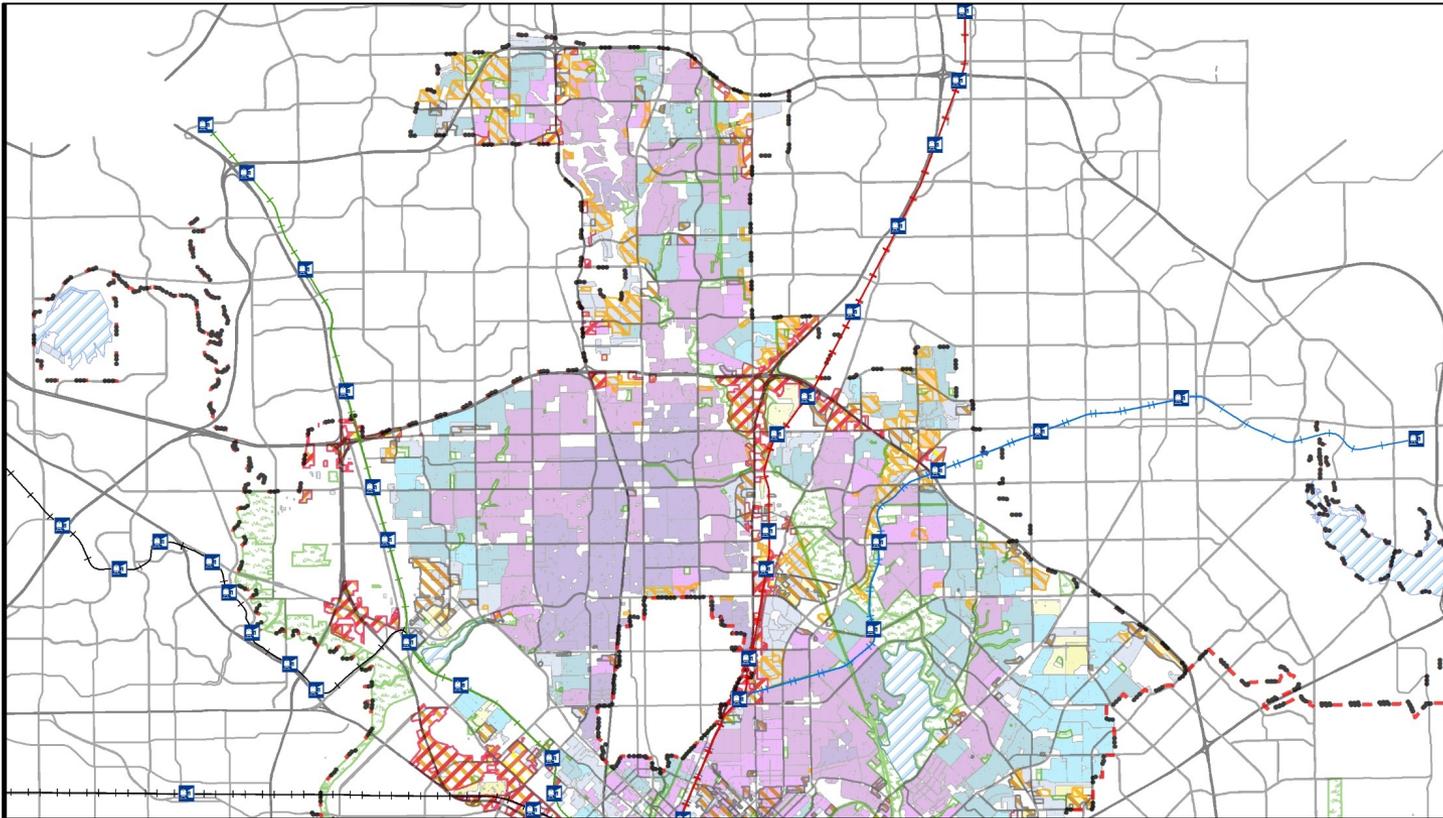
- **Provide greater access to affordable housing throughout the City by** differentiating the provision of reserved units based on the property's MVA category.
- **Adjust by-right development regulations** in multifamily and mixed-use zoning districts to allow for additional building envelope in return for a certain percentage of units to be reserved for households below particular income levels.
- **Include design standards** to encourage walkability and community gathering space.
- **Require compliance with residential proximity slopes.**

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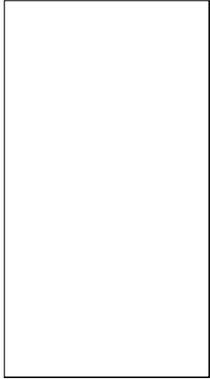
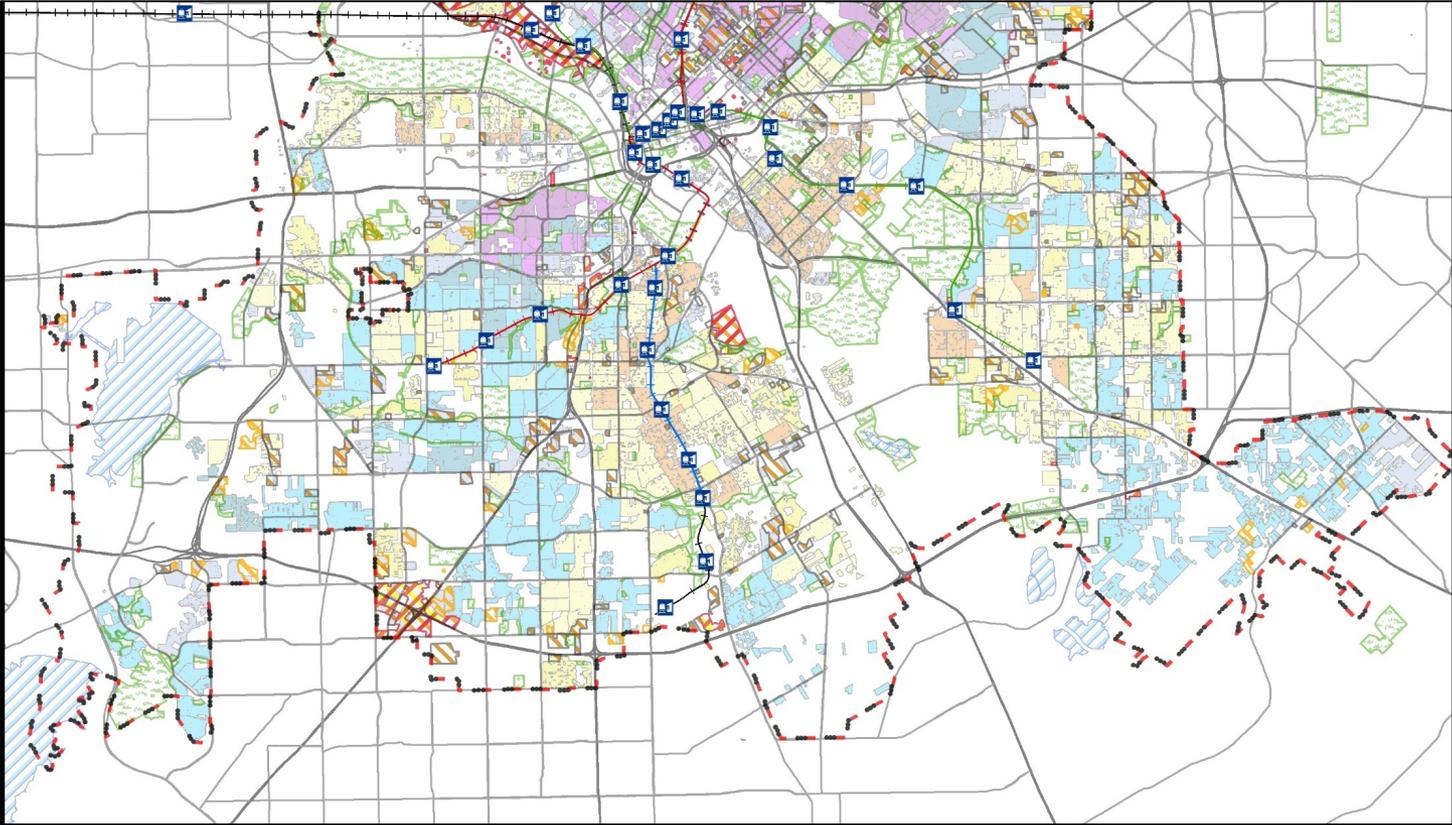
Proposal – Locations

- Mixed income development bonuses would apply in
 - Multifamily districts: MF-1(A), MF-2(A), and MF-3(A)
 - Mixed use districts: MU-1, MU-2, MU-3
- Approximately 15,000 acres across the city
- Development bonus and number of reserved units vary by City's Market Value Analysis (MVA) category.
 - Properties in A, B, and C categories would serve lower income levels than properties in G, H, and I categories.

Location – MVA and Zoning Districts



Location – MVA and Zoning Districts



Proposal – Bonuses and Reserved Units

- Percent of reserved units depends on MVA category:
 - A, B, C:
 - 5% of units at 51%-60% Area Median Family Income (AMFI),
 - 5% of units at 51%-60% AMFI & 5% at 61-80% AMFI, or
 - 5% of units at 51%-60% AMFI & 5% at 61-80% AMFI & 5% at 81-100% AMFI
 - D, E, F:
 - 5% of units at 61%-80% AMFI,
 - 10% of units at 61%-80% AMFI, or
 - 10% of units at 61%-80% AMFI & 5% at 81-100% AMFI
 - G, H, I:
 - 5% of units at 81-100% AMFI
- In all eligible districts:
 - Higher development bonus requires more reserved units.
 - Properties in stronger markets require lower income bands.

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Proposal – Additional Regulation

- After the recommendation from CPC, it was determined that a development could take advantage of the bonus to create mixed income housing and instead provide 100% of its units for households within a particular income band, potentially concentrating poverty.
- After conferring with multiple departments, additional regulations are proposed:
 - Set a maximum of 50 percent of units in each development that may be reserved for households at or below 80 percent of Area Median Income.
 - Maximum percentage of reserved units could be waived for developments that are enrolled in a program administered by the Department of Housing and Neighborhood Revitalization and authorized by the City Council that furthers the public purposes of the City's housing policy and affirmatively furthers fair housing.

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Proposal – Bonuses and Reserved Units

- In multifamily districts, the bonuses vary based on what change in regulation would be most likely to incentivize development.
- In MF-1(A) and MF-2(A) Multifamily districts, the percentage of reserved units required increases with height and lot coverage.
- In MF-3(A) Multifamily districts, the percentage of reserved units required increases with height, lot coverage, and density.

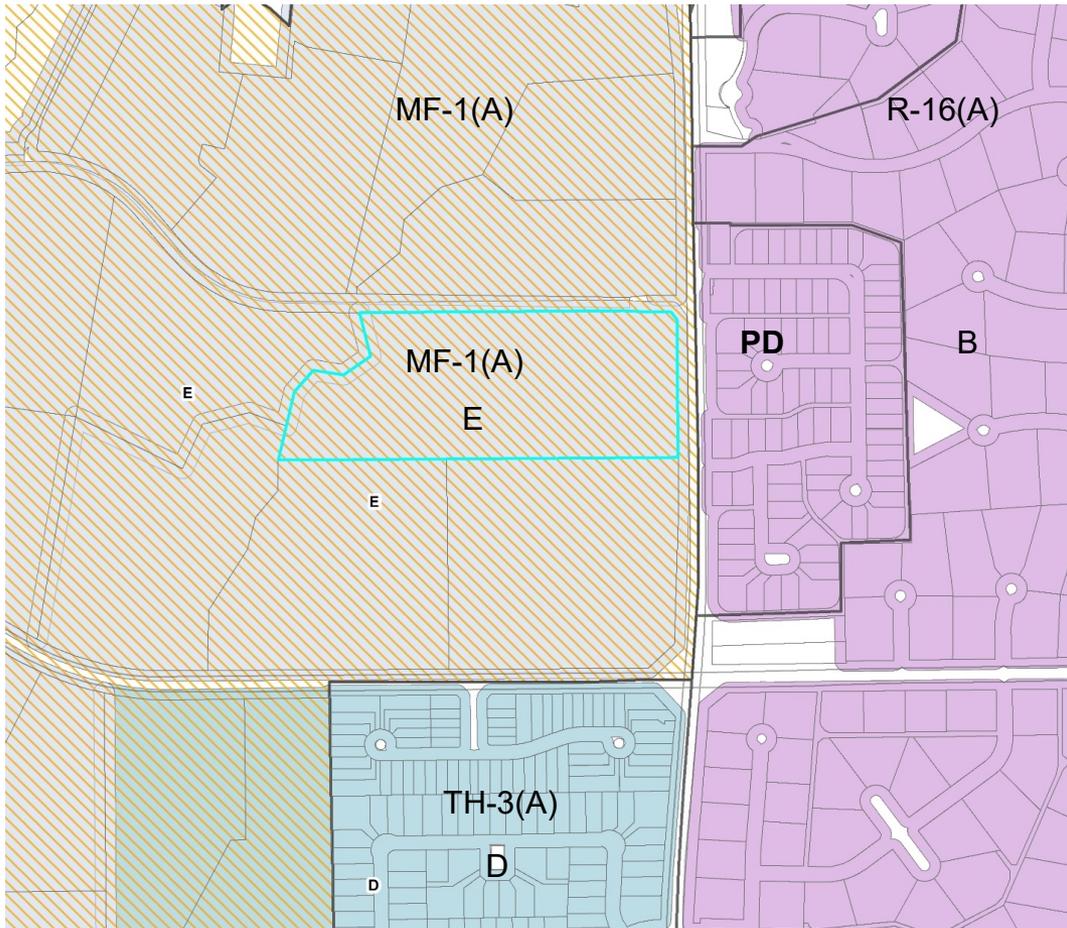
Proposal – Districts: MF-1(A) & MF-2(A)

MF-1(A) and MF-2(A) Districts								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	10-15'	no changes						
Max units per acre	none	no changes						
Floor area ratio	none	no changes						
Height	36'	51'	66'	85'	51'	66'	85'	85'
Max stories	no max	no changes						
Lot coverage (residential)	60%	80%	80%	85%	80%	80%	85%	85%
Min lot size unit	varies	remove requirements						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						

Proposal – Districts: MF-3(A)

MF-3(A) Districts								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	10-20' setbacks; urban form: 20'; tower spacing: 30'							
Max units per acre	90	100	120	150	100	120	150	150
Floor area ratio	2.0	Maintain requirements but apply to non-residential only						
Height	90'	90'	105'	120'	90'	105'	120'	120'
Max stories	no max	no changes						
Lot coverage (residential)	60%	80%	80%	85%	80%	80%	85%	85%
Min lot size unit	varies	remove requirements						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						

Example: MF-1(A) in Category E



- Currently by right:
 - Height: 36 feet
 - Lot coverage: 60%
- Under proposal:
 - Height: 51 feet
 - Lot coverage: 80%
 - Design standards
- Reserved:
 - 5% of units reserved for households at 61-80% AMFI
 - 15 years

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Proposal – Bonuses and Reserved Units

- In mixed use districts, the bonuses vary based on what change in regulation would be most likely to incentivize development.
- In MU-1 and MU-2 Mixed Use districts, the percentage of reserved units increases with increases in density. Also, existing floor area ratios (FAR) would apply to non-residential use only.
- In MU-3 Mixed Use districts the percentage of reserved units increases with a small increase in FAR and a small increase in lot coverage.

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Proposal – Districts: MU-1

MU-1 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	15-25	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 105= 120 to 130
FAR (total dev)	0.8-1.1	Remove FAR requirement for residential uses						
Height	80-120	no change						
Stories	7-9	no change						
Lot coverage	80%	no change						
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 15 units/acre on density and max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		Maximum FAR applies to non-residential uses only.						

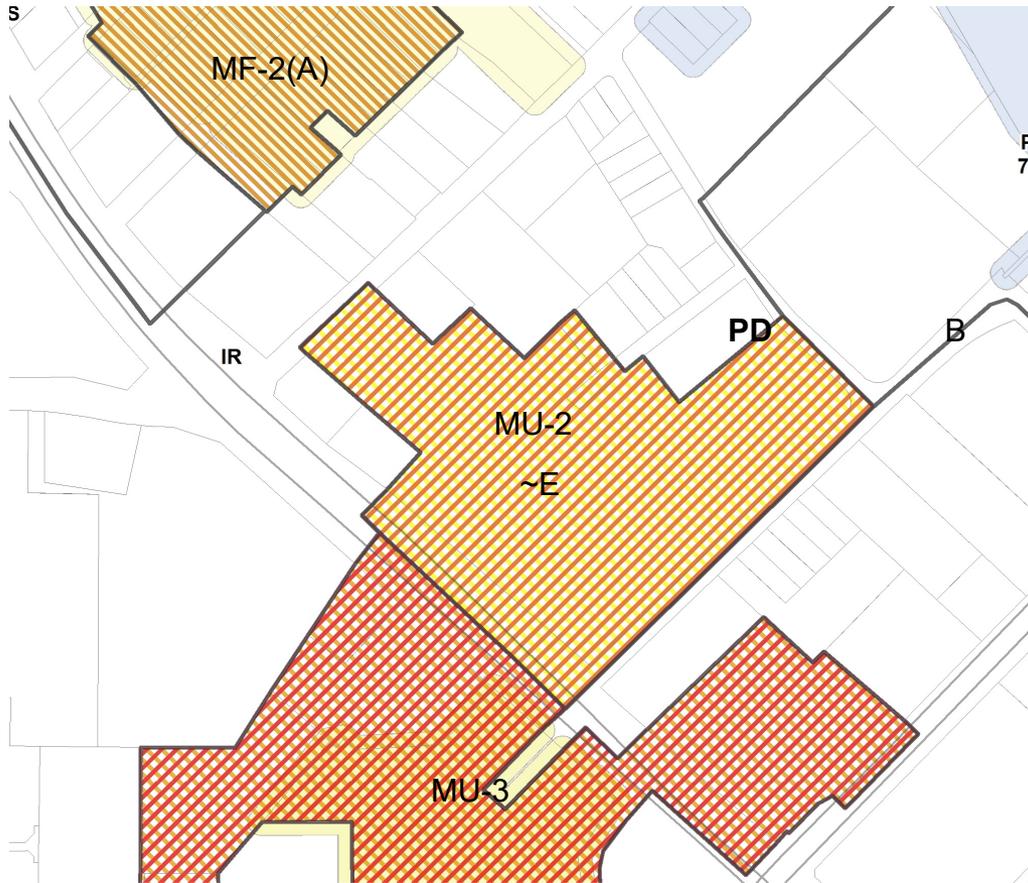
Proposal – Districts: MU-2

MU-2 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	50-100	current + 40 = 90-140	current + 60 = 110-160	current + 80 = 130-180	current + 35 = 85-135	current + 55 = 105-155	current + 75 = 125-175	current + 75 = 125-175
FAR	1.6-2.25	Remove FAR requirement for residential uses.						
Height	135-180	no change						
Stories	10-14	no change						
Lot coverage	80%	no change						
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 15 units on density and max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		Maximum FAR applies to non-residential uses only.						

Proposal – Districts: MU-3

MU-3 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	None	none						
FAR	3.2-4.5	+0.5	+1.0	+1.5	+0.5	+1.0	+1.5	+1.5
Height	270	no change						
Stories	20	no change						
Lot coverage	80%	no change						
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 1.0 FAR and max lot coverage of 90%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		FAR bonus limited to residential uses only.						

Example: MU-2 in Category E



- Currently by right:
 - Density: 50-100/acre
 - FAR: 1.6-2.25
- Under proposal:
 - Density: 90-140/acre
 - FAR: applies to non-residential only
 - Design standards
- Reserved:
 - 5% of units reserved for households at 61-80% AMFI
 - 15 years

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Proposal – Bonuses and Reserved Units

- All districts:
 - Building heights subject to applicable residential proximity slopes
 - Setbacks are maintained
 - Parking reduced to 1 ¼ space per *unit* (versus 1 space per *bedroom* in Chapter 51A) and at least 15 percent must be available for guest parking
 - Increased design standards
 - Reserved unit set-aside ranges from 5% to 15% of units

Proposal – Transit Proximity

- Transit proximity defined as ½ mile radius from a fixed-line transit station.
 - Includes trolley stops, train stations, transfer centers, transfer locations, and transit centers and any transit stop with a climate-controlled waiting area.
 - Includes Dallas Area Rapid Transit, TRE, high speed rail, and trolley service.
- Bonuses for developments with transit proximity:
 - 1 parking space per unit (versus 1 space per bedroom in Chapter 51A)
 - 85% lot coverage (versus 60%-80% lot coverage in Chapter 51A)

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Proposal – Design Standards

- Additional design controls can reduce auto dependency, reduce the need for parking, and encourage alternative modes of transit.
 - Minimal surface parking, mostly in side/rear of lot
 - Ground-floor entrances open directly to sidewalk or open space
 - Wide sidewalks and pedestrian lighting
 - Parking structures wrapped by other uses or similar in materials to main building

Proposal – Design Standards

- Provide 10% of the property as open space
 - Intended to provide active and passive recreation (such as playgrounds), to provide landscaping area, or to enable groundwater recharge, for example.
 - Not intended to be driven or parked upon.
 - May be provided at or below grade or aboveground.
 - Private balconies, sidewalks, parking spaces, parking lots, and drive aisles are not considered open space.
 - Landscape areas that fulfill Article X may also fulfill these requirements if all conditions are met.

Proposal – Development Requirements

- All reserved units must be
 - Provided onsite.
 - Dispersed throughout residential buildings.
 - Dispersed pro rata throughout unit types (with minor exceptions).
 - Comparable finish-out.
- Eligible households must be:
 - Provided similar access to common areas and parking locations.

Proposal – Process

- MVA verification letter
- Building permit application
 - Restrictive covenant filed
- Building permit issuance
 - Phases allowed with an approved project plan
- Certificate of occupancy issued with proof of compliance with restrictive covenant
- Ongoing compliance monitored by the Housing and Neighborhood Revitalization Department and the Office of Equity and Human Rights
- May not discriminate on the basis of source of income
 - Provides housing opportunities for households with rental assistance or vouchers, as applicable

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Proposal – Implementation

- The Department of Housing and Neighborhood Revitalization will propose amendments to Chapter 20A – Fair Housing for compliance and implementation regulations related to the mixed income development bonus code amendment and other mixed income housing initiatives in the City.

Next Steps

- Schedule for City Council consideration

Appendix

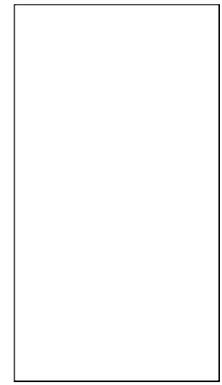
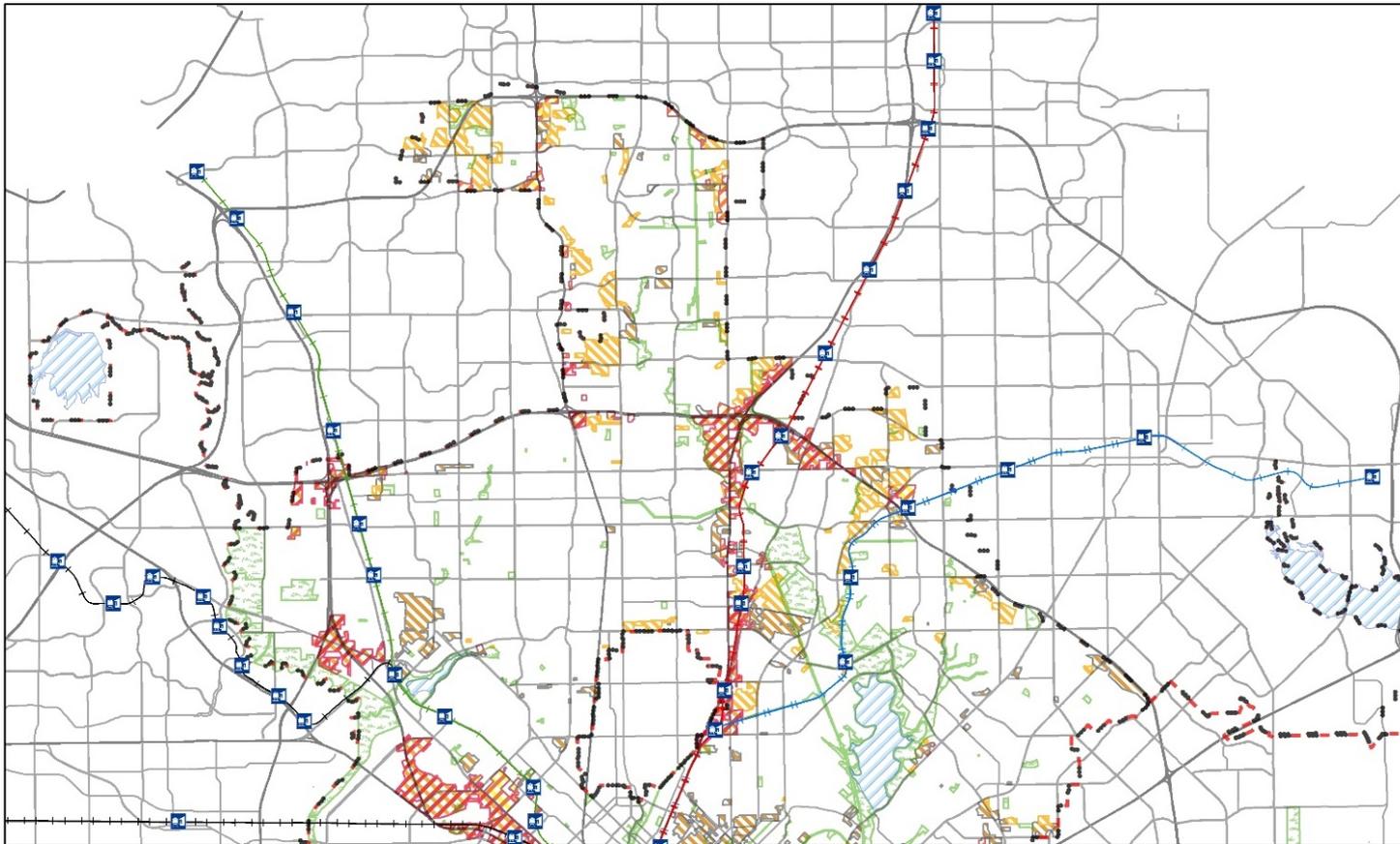
Appendix – Housing Policy Goals

- Create, annually:
 - 3,733 homeownership units (55% market rate, 45% low/mod-income)
 - 2,933 rental units (40% market rate, 60% low/mod-income)
- Focus on serving households at 30% to 120% Area Median Income (AMI).

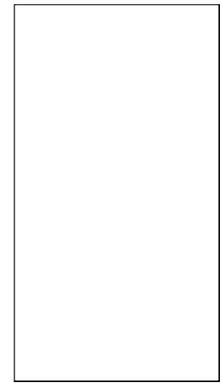
Housing Policy Three-Year Production Goals					
Percentage of HUD Area Median Income Dallas Metro		Homeownership		Rental	
		Production Goals	%	Production Goals	%
Market Rate	120%	933	55%	587	40%
	100%	1,120		587	
Extremely Low, Very Low, and Low Income	80%	1,307	45%	733	60%
	60%	37		440	
	50%	n/a		293	
	30%	n/a		293	
Total		3,733		2,933	

Production goals aided by this proposal

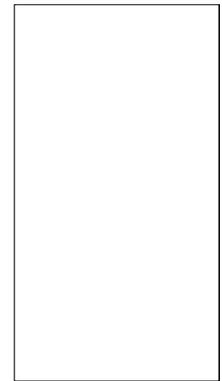
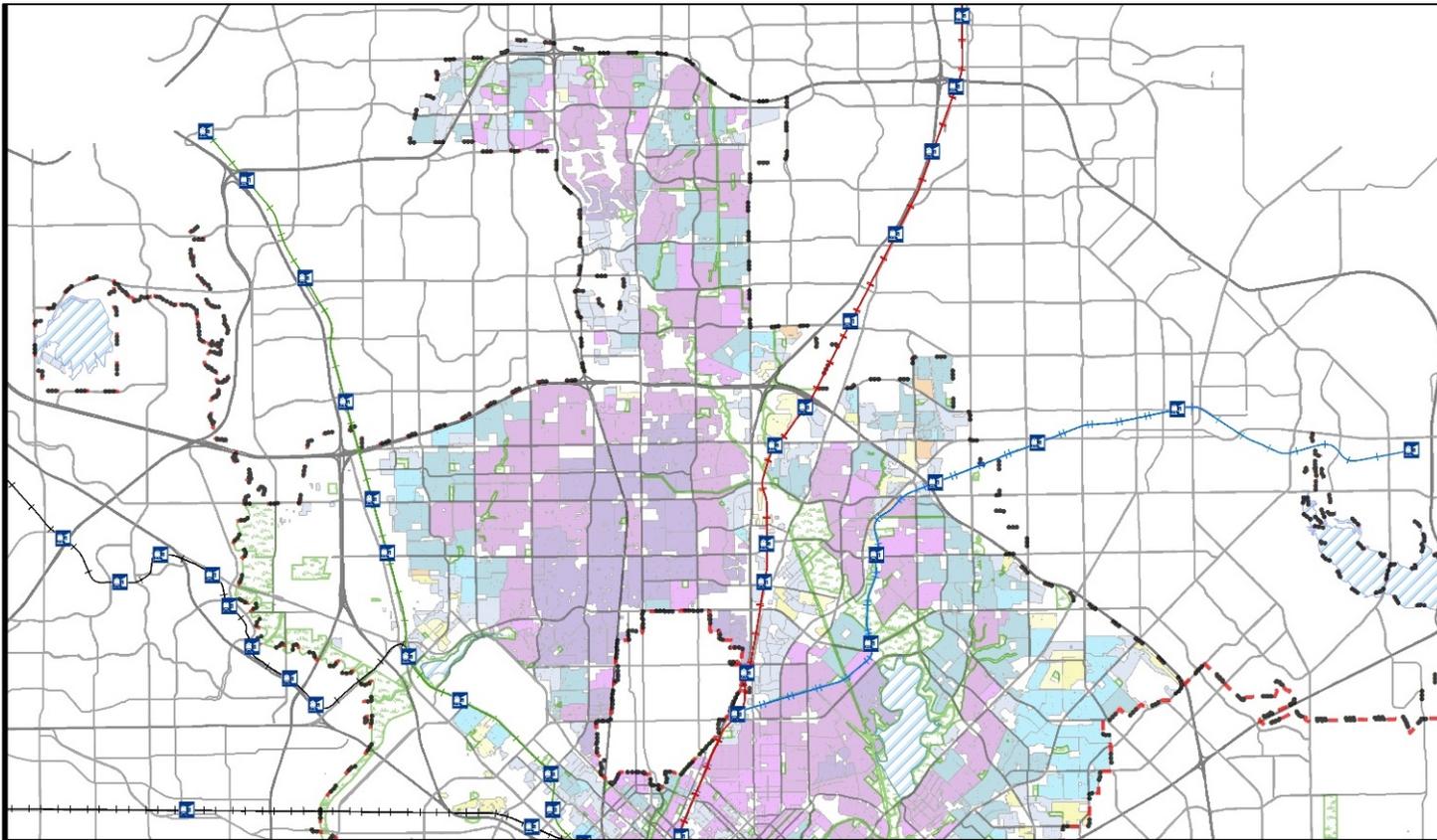
Appendix – Location: Zoning Districts



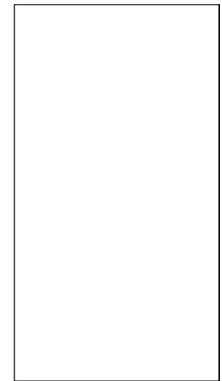
Appendix – Location: Zoning Districts



Appendix – Location: MVA



Appendix – Location: MVA



Appendix – MVA Categories

- Market category A, B, or C
 - Housing units - median ~\$390,500 and up
 - Higher than average rates of new construction and rehabilitation
 - Lower than average rates of subsidized units, code violations, vacancy, and foreclosure filings
- Market category D, E, or F
 - Housing units - median between \$117,600 to \$267,100
 - Average rates of new construction, rehabilitation, and subsidized units
 - Slightly lower rates of code violations and vacancy, but slightly higher rates of foreclosure
- Market category G, H, or I
 - Housing units - median between \$41,500 and \$91,300
 - Lower than average rates of new construction and rehabilitation
 - Higher than average rates of subsidized units, code violations, vacancy, and foreclosure filings

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Appendix – Design: No Parking in Front

- If the City prohibits parking in the front, residents get front porches and easy access to the sidewalk.



Appendix – Design: Passenger Loading

- A loading zone allows for easy pickup/drop off for ride-hailing services.



Appendix – Design: Connection to Street

- Allowing short fences with pedestrian gates provides privacy without reducing walkability.



Image: Billingsley Company

Appendix – Design: Require Transparency

- Transparency adds “eyes on the street,” contributing to safety.



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Appendix – Design: Wide Sidewalks/Shade

- Wide sidewalks and shade make walking much more pleasant.



Mixed Income Housing Development Bonuses

Economic Development and
Housing Committee

November 5, 2018

Kris Sweckard, Director
Sustainable Development
and Construction
Department



City of Dallas

<http://dallascityhall.com/departments/sustainabledevelopment/planning/Pages/Code-Amendments.aspx>

Memorandum



CITY OF DALLAS

DATE November 2, 2018

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses

On Monday, November 5, 2018, the Economic Development and Housing Committee will consider an amendment to Chapter 20A that outlines the procedures for monitoring developers' compliance with mixed income housing development bonuses.

Summary

Staff are proposing amendments to the Dallas Development Code to allow for mixed income housing development bonuses and to Chapter 20A of the Dallas City Code to create regulations that set forth the manner in which a developer identifies households that are eligible to lease reserved dwelling units, the applicable rents that must be charged, and the documentation that must be reviewed and maintained during the 15 year affordability period, among other items. This memorandum summarizes the proposed amendments to Chapter 20A.

Background

The Zoning Ordinance Advisory Committee (ZOAC) considered amendment to the Dallas Development Code to allow for mixed income housing development bonuses (formerly referred to as incentive zoning) at 12 public meetings between June 22, 2017 and September 6, 2018, and on September 20, 2018, ZOAC recommended the proposal move to the City Plan Commission. On October 4, 2018, the City Plan Commission (CPC) recommended approval of the amendment.

The proposed amendments to Chapter 20A create the regulatory framework that guides a developer's compliance with mixed income housing development bonuses. This regulatory framework is summarized below.

Once a developer voluntarily decides to obtain a mixed income housing development bonus, the developer will be required to file restrictive covenants in the real property records of the county in which the housing development project is located that will bind the developer and any future owners (Owner) to create and maintain reserved dwelling units for lease to and occupancy by households earning incomes within designated ranges of incomes, as provided in the Dallas Development Code, for a period of at least 15 years. Proof of filing of the restrictive covenant must be provided to the Department of

DATE November 2, 2018
SUBJECT Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses

Sustainable Development and Construction (SDC) at the time the Owner files for a building permit.

After the residential structure or structures are built, and prior to marketing any units for lease, the Owner will be required to draft and obtain City approval of an affirmative fair housing marketing plan. The Owner should also draft written policies related to tenant selection, applicant screening, wait lists, occupancy standards, and unit transfers, among other items.

Once households start applying to lease reserved dwelling units, the Owner will be required to identify households who are eligible to lease the units. The eligibility determination will include reviewing documentation provided by applicants to identify: family size, annual income, and adjusted income. The proposed ordinance directs Owners to use guidelines set forth in the Housing and Urban Development (HUD) Handbook 4350.3 to make eligibility determinations. At lease renewal, the Owner is not required to review source documentation to verify a household's eligibility to continue leasing a reserved dwelling unit; instead, the Owner may allow eligible households to recertify their eligibility. However, once every 6 years during the affordability period for the development, the Owner must recertify the eligibility of all eligible households using source documents.

After making the initial eligibility determination about a household, the Owner will identify whether the household's income is within the range of incomes for which units are reserved, and whether any of the available units are dwelling units of adequate size for the household. Each eligible household must be charged an affordable rent, which is defined as a monthly tenant rental housing payment, less an allowance for utilities, that does not exceed 30 percent of an eligible household's adjusted income.

During the term of the affordability period, the Owner will be required to maintain documentation of compliance with the ordinance and such documentation is subject to audit by the City. Should the City determine that the Owner is not in compliance with the ordinance, the City will provide written notice of any deficiencies and an opportunity to cure. For any deficiencies that are not timely cured, the City may cite the Owner, seek specific performance, or, for substantial deficiencies, extend the affordability period.

Issues

Staff anticipate that some developers who are interested in applying for a mixed income housing development bonus will not have previously developed a project that included an affordable housing component. Staff will need to educate these developers about their responsibilities early in the development process so that developers can make an informed decision regarding whether to obtain a mixed income housing development bonus and can successfully comply with the terms of the ordinance.

DATE November 2, 2018
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Fiscal Impact

If mixed income housing development bonuses are approved by Council via the adoption of the proposed amendments to the Dallas Development Code and Chapter 20A, there will be costs associated with the staff time required to administer the ordinances. A fee study is underway to determine the estimated cost to administer the ordinances and staff will use the results of the fee study to select a proposed fee that would be charged to developers who apply for and obtain a mixed income housing development bonus.

Departments/Committee Coordination

Administering mixed income housing development bonuses will require coordination amongst the Sustainable Development and Construction Department, the Department of Housing and Neighborhood Revitalization, the Office of Equity and Human Rights and the Department of Planning and Urban Design.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward the proposed amendments to City Council for consideration.



David Noguera
Director, Department of Housing & Neighborhood Revitalization

Chris Caso, City Attorney (I)
Carol A. Smith, City Auditor (I)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors

Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses

**Economic Development and Housing Committee
November 5, 2018**

**Maureen Milligan, Interim Assistant Director
Housing & Neighborhood Revitalization
City of Dallas**



Presentation Overview

- Purpose
- Background
- Proposal
- Recommendation



Purpose

- Brief the Committee on proposed amendments to Chapter 20A of the Dallas City Code to create regulations for monitoring developers' compliance with mixed income housing development bonuses
- Seek Committee approval to forward amendments to City Council for consideration

Background

- Today, Committee was briefed on proposed amendments to the Dallas Development Code creating regulations for mixed income housing development bonuses
- Proposed Development Code amendments address the regulations that apply to the reserved dwelling units in properties that take advantage of mixed income housing development bonuses
- Proposed amendments to Chapter 20A set forth the manner in which an owner identifies households that are eligible to lease reserved dwelling units, the applicable rents that must be charged, and the documentation that must be reviewed and maintained during the 15 year affordability period, among other items



Proposal

General Strategies:

- Create a regulatory framework to identify the standards for compliance and track compliance without consuming unnecessary time and resources
- Adopt HUD eligibility regulations when appropriate
 - Utilize established HUD training and regulatory guidance

Proposal

Household Eligibility Determinations

- Owner must assess household's eligibility prior to approving a household to lease a reserved dwelling unit and on an annual basis
- Eligibility determinations must be performed in accordance with the HUD Handbook 4350.3 unless ordinance specifically exempts compliance
 - Determine family size and annual income in accordance with handbook
 - Use Part 5 method of determining income
- Use source documents to verify household's eligibility at initial lease; self-certification by household at lease renewals
 - At project's affordability period years 6 and 12, owner must re-certify all eligible households using source documents

Proposal

Affordable Rent

- Rent that may be charged for a reserved dwelling unit will vary depending on household's adjusted income
 - Affordable rent = rent is no more than 30% of eligible household's adjusted income

Tenant Selection and Other Written Policies

- Ordinance requires that policies must be *created* but does not dictate the *terms* of the policies
 - Applicant screening, tenant selection, wait list, occupancy standards, unit transfers, etc.
 - Owner may not discriminate against households using vouchers

Affirmative Fair Housing Marketing Plan

- Plan must be approved prior to marketing any units for lease
- Plan must describe the advertising, outreach and other marketing activities that will be used to inform underserved renters of the available reserved dwelling units
 - City will provide form

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Proposal

Other regulations

- Reserved dwelling unit must be eligible household's primary residence
- No sub-leasing/short-term rental of reserved dwelling unit
- Financial assistance received by students in excess of amounts received for tuition is included in annual income

Proposal

Reporting Requirements

- Quarterly status reports
 - For the reserved dwelling units, provide: unit number and unit type, household income, certification/re-certification date, rent, etc.
 - City will provide form

Recordkeeping and Audit/Inspection

- Owner must maintain required documentation in the eligible household's file
- City may audit files and inspect reserved dwelling units (and non-reserved dwelling units for comparison purposes)

Proposal

Notice and Opportunity to Cure

- Written notice of deficiency must be provided to owner
- 30 day corrective action period for failure to file quarterly status report
- 90 day corrective action period for other deficiencies

Enforcement

- Affordability period will be extended for period of significant non-compliance
- Restrictive covenants may be enforced through specific performance (i.e. City could seek court order requiring non-compliant owner to provide reserved dwelling units)
- Violation of ordinance is also a Class-C misdemeanor offense

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Proposal

Modification of 20A-4.1 (Housing Voucher Incentives)

- Replace “density bonus” with “mixed-income housing development bonus or increased development standards for a multi-family use in a planned development district.”

Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward the proposed amendments to City Council for consideration.

Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses

**Economic Development and Housing Committee
November 5, 2018**

**Maureen Milligan, Interim Assistant Director
Housing & Neighborhood Revitalization
City of Dallas**



Memorandum



CITY OF DALLAS

DATE November 2, 2018

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Texas Enterprise Zone Nomination for PricewaterhouseCoopers LLP**

Summary

On November 28, 2018, City Council will consider the approval of an item authorizing the nomination of PricewaterhouseCoopers LLP located at 2121 Woodall Rodgers Freeway, Dallas, Texas 75201 to receive designation as an Enterprise Project under the Texas Enterprise Zone Act, as amended (Government Code, Chapter 2303) to the Office of the Governor Economic Development and Tourism through the Economic Development Bank.

Background

The City of Dallas has been approached by PricewaterhouseCoopers LLP ("PwC") to nominate by resolution its application for an Enterprise Project designation to the Economic Development Bank, part of the Governor's Office of Economic Development and Tourism. PwC's Dallas office has been located at 2001 Ross Avenue, Dallas, Texas since 1994.

Founded in 1898, PwC has been recognized as a leading professional services firm, providing a wide range of services, which include audit and assurance, tax, advisory, IFRS reporting, valuation, human resources, and forensic services. It serves various industries, such as aerospace and defense; technology, asset, and wealth management; automotive; banking and capital markets; energy and mining; communications; entertainment and media; government and public services; and transportation and logistics.

PwC's Dallas office is currently located at 2001 Ross Avenue, with 1,916 full-time employees and 69 part-time employees. After being in the Dallas market for 70 years, PwC plans to relocate its Dallas office to Park District located at 2121 Woodall Rodgers Freeway. The relocation will allow PwC to create 500 new jobs over the next five years while continuing to provide high quality services to its clients. PwC plans to invest approximately \$61.5 million to complete the relocation. Of the total investment, approximately \$19.5 million will be spent on building materials, \$7.4 million on

construction labor, \$1.6 million on machinery and equipment, \$20 million on furniture and fixtures, \$7.7 million on technology, and \$5.3 million on consulting, security, and other soft costs to relocate the office. The relocation process began in November 2017 and is expected to be complete by January 2019.

An Enterprise Project designation will allow PwC to apply for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained. An Enterprise Project designation has no cost consideration to the City of Dallas.

Section 2303.406(a)(4)(D) of the Texas Government Code allows a project or activity of a qualified business to be designated as an Enterprise Project and receive job retention benefits "if the business has clearly demonstrated that the business is able to employ individuals in accordance with Section 2303.402." To meet this requirement, PwC, located at 2121 Woodall Rodgers Freeway, Dallas, TX (the qualified business site) in Census Tract 1704, Block Group 2, will actively monitor employment to ensure that 35% of new or replacement personnel certified for benefit are residents of an enterprise zone, or veterans, or economically disadvantaged as required during the Texas Enterprise Program designation.

Alternatives

The City may choose to deny the requested nomination. Without a nomination, PwC would not be able to submit an application for an Enterprise Project designation to the Economic Development Bank within the Governor's Office.

Financing

No Cost Consideration to the City.

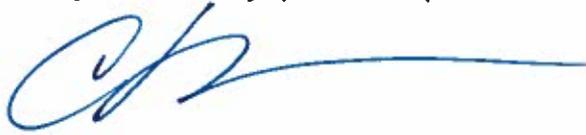
Coordination

Staff is coordinating with the Economic Development & Tourism team within the Office of the Governor.

Recommendation

Staff recommends approval of an item authorizing the nomination of PwC located at 2121 Woodall Rodgers Freeway, Dallas, Texas 75201 to receive designation as an Enterprise Project under the Texas Enterprise Zone Act.

Should you have any questions, please contact me at (214) 670-1696.



Courtney Pogue, Director
Office of Economic Development

c: The Honorable Mayor and the Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Assistant City Manager and Chief of Resilience Officer
Directors and Assistant Directors

Memorandum



DATE November 2, 2018

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Texas Enterprise Zone Nomination for Brinker International Payroll Company, L.P.**

Summary

On November 28, 2018, City Council will consider the approval of an item authorizing the nomination of Brinker International Payroll Company, L.P. located at 3000 Olympus Boulevard, Dallas, Texas 75019 to receive designation as an Enterprise Project under the Texas Enterprise Zone Act, as amended (Government Code, Chapter 2303) to the Office of the Governor Economic Development and Tourism through the Economic Development Bank.

Background

The City of Dallas has been approached by Brinker International Payroll, L.P. ("Brinker") to nominate by resolution its application for an Enterprise Project designation to the Economic Development Bank, part of the Governor's Office of Economic Development and Tourism. Brinker, a subsidiary of Brinker International, Inc., has been headquartered at 6820 Lyndon B Johnson Freeway, Dallas, Texas since 1983.

Brinker is one of the world's leading casual dining restaurant companies, owning, developing, operating, and franchising the Chili's Grill & Bar and Maggiano's Little Italy restaurant brands. The company was founded in 1983 and its global headquarters in Dallas also serves as the Restaurant Support Center. Brinker currently employs more than 100,000 team members worldwide with over 1,600 restaurants located in 31 countries and two territories.

Due to size constraints and its aging office infrastructure, Brinker's current headquarters at 6820 Lyndon B Johnson Freeway can no longer function competitively without significant improvements. Therefore, Brinker plans to relocate their offices in early 2019 to a larger space in Dallas' Cypress Waters area at 3000 Olympus Boulevard. Brinker will lease a new four-story, 216,300 square foot built-to-suit office building. Over the next five years, Brinker anticipates making capital

investments of \$7 million in technology equipment and hardware upgrades, including security, necessary to serve their customers more efficiently and effectively.

An Enterprise Project designation will allow Brinker to apply for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained. An Enterprise Project designation has no cost consideration to the City of Dallas.

Section 2303.406(a)(4)(D) of the Texas Government Code allows a project or activity of a qualified business to be designated as an Enterprise Project and receive job retention benefits "if the business has clearly demonstrated that the business is able to employ individuals in accordance with Section 2303.402." To meet this requirement, Brinker, located at 3000 Olympus Boulevard, Dallas, TX (the qualified business site) in Census Tract 141.29, Block Group 1, will actively monitor employment to ensure that 35% of new or replacement personnel certified for benefit are residents of an enterprise zone, or veterans, or economically disadvantaged as required during the Texas Enterprise Program designation.

Brinker currently employs 520 positions at the Dallas headquarters and commits to retain the existing level of employment. Of those jobs, 500 meet the definition of a "retained job" in Texas Government Code § 2303.401(2) because they currently exist, provide and will continue to provide at least 1,820 hours of employment annually, and will be employment positions for the longer of the duration of the project's designation period or three years after the expiration date of the claim period for receipt of state benefit.

Alternatives

The City may choose to deny the requested nomination. Without a nomination, Brinker would not be able to submit an application for an Enterprise Project designation to the Economic Development Bank within the Governor's Office.

Financing

No Cost Consideration to the City.

Coordination

Staff is coordinating with the Economic Development & Tourism team within the Office of the Governor.

Recommendation

Staff recommends approval of an item authorizing the nomination of Brinker located

at 3000 Olympus Boulevard, Dallas, Texas 75019 to receive designation as an Enterprise Project under the Texas Enterprise Zone Act.

Should you have any questions, please contact me at (214) 670-1696.



Courtney Pogue, Director
Office of Economic Development

- c: The Honorable Mayor and the Members of City Council
- | | |
|---|--|
| T.C. Broadnax, City Manager | Majed A. Al-Ghafry, Assistant City Manager |
| Chris Caso, City Attorney (Interim) | Jon Fortune, Assistant City Manager |
| Carol A. Smith, City Auditor (Interim) | Joey Zapata, Assistant City Manager |
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| Preston Robinson, Administrative Judge | Nadia Chandler Hardy, Assistant City Manager and Chief of Resilience Officer |
| Kimberly Bizzor Tolbert, Chief of Staff to the City Manager | Directors and Assistant Directors |

Memorandum



DATE November 2, 2018

CITY OF DALLAS

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT 2018-2019 Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County Schools District

On Monday, November 5, 2018, the Economic Development and Housing Committee will consider entering into the 2018-2019 Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County Schools District.

Summary

The Department of Housing and Neighborhood Revitalization (H&NR) is requesting that the City Manager, or his designee, be authorized to execute an Interlocal Cooperation Contract for the Urban Land Bank Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County Schools District to facilitate the Dallas Housing Acquisition and Development Corporation's (DHADC) acquisition of unimproved tax-foreclosed properties for sale to developers for the development of affordable housing and other approved purposes in accordance with Chapter 379C of the Texas Local Government Code (Code).

Background

Chapter 379C of the Texas Local Government Code (Code) allows property that is ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to a land bank by the officer charged with the sale of the property. However, before such a sale may occur, a municipality that has adopted a land bank must execute with the other taxing units that are parties to the tax suit an interlocal agreement that enables those units to agree to participate in the program while retaining the right to withhold consent to the sale of specific properties to the land bank.

DATE November 2, 2018

SUBJECT 2018-2019 Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County Schools District

Since 2004, the City of Dallas has designated the DHADC as its Land Bank. Under the proposed interlocal contract, the City of Dallas (City) may annually refer to Dallas County approximately 300 parcels of real property intended for acquisition by the DHADC. The City or the DHADC must give written notices to all parties to the contract of the specific addresses of parcels intended for acquisition by the DHADC prior to initiating a tax lawsuit and prior to the sale of a property to the DHADC. Each party will have the right to withhold its consent to the filing of a lawsuit on a parcel or on the sale of a particular parcel to the DHADC.

The term of the proposed 2018-2019 contract will begin on October 1, 2018 and end on September 30, 2019.

Issues

Chapter 379C of the Texas Local Government Code (Code) allows property that is ordered sold pursuant to foreclosure of a tax lien to be sold in a private sale to a land bank by the officer charged with the sale of the property but requires a municipality that has adopted a land bank to execute with the other taxing units that are parties to the tax suit an interlocal agreement that enables those units to agree to participate in the program while retaining the right to withhold consent to the sale of specific properties to the land bank. Therefore, the DHADC cannot acquire properties unless an interlocal contract has been executed by the City of Dallas and all of the other taxing entities.

Fiscal Impact

The City Council recently allocated \$1.5 million in bond funding to support the acquisition of unimproved tax foreclosed properties by the Land Bank. There is no additional cost consideration to the City for entering into the interlocal cooperation contract.

Departments/Committee Coordination

On January 28, 2004, by Resolution No. 04-0458, City Council amended the Articles of Incorporation and Bylaws of the DHADC to allow DHADC to operate the City of Dallas Urban Land Bank Demonstration Program and authorized an Interlocal Cooperation Contract between the City of Dallas, Dallas County, Dallas Independent School District, Parkland Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County College District for the Urban Land Bank Demonstration Program.

Staff Recommendation

Staff recommends that the City enter into the 2018-2019 Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School

DATE November 2, 2018

SUBJECT 2018-2019 Urban Land Bank Demonstration Program Interlocal Cooperation Contract with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees on behalf of the former Dallas County Schools District

District, Dallas County Hospital District, Dallas County Community College District, and the Dissolution Committee for the former board of Dallas County School Trustees.

The terms of the contract will include:

- A. The contract will begin on October 1, 2018 and end on September 30, 2019.
- B. The City of Dallas will be allowed to refer to Dallas County approximately 300 parcels of real property intended for acquisition by the DHADC.
- C. The City or the DHADC must give written notice to all parties of the specific addresses of parcels intended for acquisition by the DHADC prior to referring said parcels for filing of a tax lawsuit and prior to the sale of a property to the DHADC. Each party will have the right to withhold its consent to the filing of lawsuit on a parcel or sale of a particular parcel to the DHADC.

Without objection by the Economic Development and Housing Committee, the interlocal cooperation contract will be brought forward for full Council consideration on November 28, 2018.



David Noguera

Director, Department of Housing & Neighborhood Revitalization

cc: Chris Caso, City Attorney (I)
Carol A. Smith, City Auditor (I)
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
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M. Elizabeth Reich, Chief Financial Officer
Directors and Assistant Directors

Memorandum



DATE November 2, 2018

CITY OF DALLAS

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Amendment to Housing Development Loan Agreement with St. Jude, Inc. (2920 Forest Lane), for the Acquisition of the Property for Permanent Supportive Housing, to Change the Terms and Include Additional Performance Thresholds**

On Monday, November 5, 2018, the Economic Development and Housing Committee will consider an amendment to the Housing Development Loan Agreement with St. Jude, Inc. to revise the repayment terms from due and payable upon completion of the ten (10) year affordability period to a deferred forgivable loan.

Summary

City Council approved a housing development loan agreement in the amount of \$2,000,000.00 in Home Investment Partnerships Program (HOME) funds on February 22, 2017, by Resolution No 17-0443 for the development of permanent supportive housing for the homeless located at 2920 Forest Lane. The HOME funds provided were used to acquire the building. The terms of the loan agreement require full repayment of the loan by St. Jude after the expiration of the ten (10) year affordability period. Originally, the intent was to make the loan forgivable due to the target population.

Background

St. Jude acquired the existing senior living property at 2920 Forest Lane. The development included the renovation of 104 units, of which 98 are studios and 6 are one bedrooms for permanent supportive housing for the homeless. To date, the renovation is approximately 99% completed with punch-list items remaining such as cleaning, remodeling the dining room, and a few additional touch-ups. Twenty percent (20%) of the units are set aside for households earning at or below 50% of Area Medium Income (AMI) and the remaining units set aside for households earning at or below 80% AMI.

This development is intended to assist the City in reducing homelessness by providing quality permanent housing. The project was designed to provide stability to 100 homeless households by partnering with the Dallas Housing Authority (DHA) to secure project-based housing vouchers for rental assistance.

Unfortunately, due to the shortfall in the availability of vouchers from DHA, St Jude was not able to receive the project-based vouchers for tenants as originally agreed upon. This

has caused a hardship for St. Jude by impacting cash flow for operations. Presently, St. Jude's Center has 44 tenants that received rental assistance through MetroCare, CitySquare, and Veterans Affairs Supportive Housing (VASH) vouchers.

Following is a summary of the development budget details for further information.

City Home Funds	\$2,000,000.00
Private Financing	\$3,930,000.00
Total Development Cost	\$5,930,000.00

Issue

The City's housing development loan agreement is due and payable at the completion of the ten (10) year affordability period. However, due to the target population served and without a steady source of rental income through rental assistance such as project-based vouchers, St. Jude is at risk of defaulting on its loan obligation due to lack of available cash flow.

Alternatives

The loan agreement could remain as is. However, St. Jude Center projects positive cash flow in the coming years, the cash flow would be at a minimum an average of approximately \$32,000 over a period of 5 years. In addition, the vacancy rate was anticipated to be 8%, but due to the shortfall of housing vouchers the vacancy will have the potential to increase. This places St. Jude at risk of default due to the limited cash flow available to repay the loan in full at the completion of the 10 year affordability period.

Fiscal Impact

The Project was awarded HOME funds under Resolution No. 17-0443 during 2016-2017 Fiscal Year. To date, \$1,998,000.00 in HOME funds has been expended. There is no cost consideration to the City for the amendment.

Departments/Committee Coordination

On June 22, 2016, the City Council approved HOME funds by Resolution No. 16-1066.

Staff Recommendation

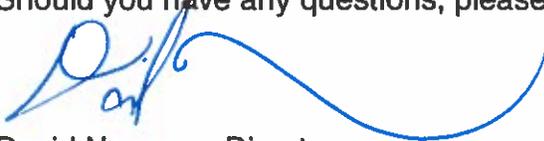
Staff recommends amending the housing development loan agreement to change the loan terms from a repayable loan to a deferred forgivable loan to be forgiven once performance of all obligations under the housing development loan agreement are satisfied. To ensure performance on the contract for the next year, the City's agreement will contain the following thresholds and requirements:

- a) Monthly reports submitted by developer to provide updates on the status of the renovations, expected completion, and status of lease-up.
- b) Initial rental files must be submitted for eligibility approval.
- c) Annual inspections will be conducted by City Staff to ensure compliance with minimum standards

City staff has informed St. Jude of the monitoring requirements.

Without objection by the Economic Development and Housing Committee, the amendment will be brought forward for full Council consideration on November 14, 2018.

Should you have any questions, please contact me at (214) 671-5257.



David Noguera, Director
Housing and Neighborhood Revitalization

☐ Chris Caso, City Attorney (I)
Craig Kinton, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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