

ECONOMIC DEVELOPMENT & HOUSING COMMITTEE REVISED
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2019 JAN 30 PM 3:51

CITY SECRETARY
DALLAS, TEXAS

MONDAY, FEBRUARY 4, 2019
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA STREET
DALLAS, TEXAS 75201
9:00 A.M.–10:30 A.M.

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 January 7, 2019 Minutes

BRIEFINGS

2. Community Development Block Grant: Extensions and Reprogramming of Funds
Chan Williams, Assistant Director
Office of Budget/Grant Administration
David Noguera, Director
Housing & Neighborhood Revitalization
3. Amendments to Chapter 20A to Outline the Procedures for Monitoring Developers' Compliance with Mixed Income Housing Development Bonuses
Maureen Milligan, Assistant Director (I)
Housing & Neighborhood Revitalization
4. Consideration and Approval of the Sale of Land Bank Lots to Five Qualified Participating Developers (Exhibit A-E)
Maureen Milligan, Assistant Director (I)
Housing & Neighborhood Revitalization
5. Amendments to the Dallas Development Code Creating Regulations for Mixed Income Housing Development Bonuses
Kris Sweckard, Director
Sustainable Development & Construction
6. **UPCOMING AGENDA ITEMS**

February 13, 2019

- A. Authorize reappointment of Gilbert Gerst, Brentt Shropshire, Zenetta Drew and Edward Okpa to the Dallas Development Fund Board - Financing: No cost consideration to the City
- B. Authorize (1) the rescission of a housing development loan agreement and a conditional grant agreement for development of 10 single family homes for the Ferguson Road Townhomes Project with KAH Holdings, Inc.(KAH) authorized by Resolution No.16-0844, approved on May 25, 2016, as amended; and (2) a release of lien and termination of deed restrictions upon repayment of funds paid to KAH to date in the amount paid \$67,904.75 to the City - Financing: No cost consideration to the City.

February 27, 2019

C. TIF District Annual Reports

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 MEETING 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 esta propiedad con una pistola a la vista."

Economic Development & Housing Committee

Meeting Record January 7, 2019

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

Meeting Date: January 7, 2019

Meeting Start time: 9:07 A.M.

<p>Committee Members Present: Councilmember Tennell Atkins (Chair) Councilmember Rickey D. Callahan (Vice-Chair) Councilmember Casey Thomas, II Councilmember Scott Griggs Councilmember Mark Clayton Councilmember Lee M. Kleinman Councilmember B. Adam McGough Councilmember Kevin Felder Councilmember Omar Narvaez</p> <p><u>Other Council Members Present:</u> Councilmember Carolyn King Arnold</p> <p><u>Committee Members Absent:</u></p>	<p>Staff Present: David Noguera, Director of Housing and Neighborhood Revitalization Maureen Milligan, Interim Assistant Director of Housing and Neighborhood Revitalization Avis Mike Frosch, Director, Procurement Services Courtney Pogue, Director, Office of Economic Development Kevin Spath, Assistant Director, Office of Economic Development</p>
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AGENDA:

Housing Committee Meeting Called to Order by CM Tennell Atkins

1. Approval of December 3, 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 Lee Kleinman	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):

2. Briefing on Public Private Partnership Guidelines

Presenter(s): Courtney Pogue, Director of Office of Economic Development
 Mike Frosch, Director of Procurement Services

Information Only: __

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

Motion made by: Rickey D. Callahan	Motion seconded by: CM Lee Kleinman
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):

Executive Session: 10:26 A.M. to 10:48 A.M.

3. Executive Session to discuss the offer of a financial or other incentive to Project Pace under Section 551.087 of the Texas Govt Code

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

Information Only: __

Action Taken/Committee Recommendation (s)

Motion made by: CM Kevin Felder	Motion seconded by: CM Lee Kleinman
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):

4. 2018 Notice of Funding Availability Process and Results including 19 Proposals submitted for consideration

Presenter(s): David Noguera, Director of Housing and Neighborhood Revitalization
Avis Chaisson, Assistant Director of Housing and Neighborhood Revitalization
Maureen Milligan, Assistant Director (interim)

Information Only: X

Action Taken/Committee Recommendation (s) Follow up memo will be submit addressing discussed concerns.

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):

Information Only: __

MEMO

- A. Recommendation from the Housing Policy Taskforce Regarding Legislation for the 86th Session of the Texas Legislature that Supports the Goals of the Comprehensive Housing Policy

Action Taken/Committee Recommendation (s) CM Griggs requested an update of what additional areas will be picked up with the amendments.

Motion made by: CM Kevin Felder	Motion seconded by: CM Lee Kleinman
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 ITEMS

January 9, 2019

- B. Authorize the first amendment to the forgivable loan agreement with Shared Housing Center, Inc. (Shared Housing) for the acquisition of the property at 4611 East Side Avenue for the development of a transitional housing project for homeless single-parents previously authorized by City Council on November 9, 2009, by Resolution No.09-2769, to (1) extend the completion date from November 12, 2012 to November 30, 2020; (2) increase the amount of units required from 20 units to 24 units; (3) require that the facility be built to LEED - Gold "Green" standards; (4) add a requirement that Shared Housing provide social services to its residents; and (5) amend the contract to include performance thresholds and requirements - Financing: No cost consideration to the City

January 23, 2019

- C. Proposed Agreement with TDA Consulting, Inc. in an amount not to exceed \$1,481,484 to provide Compliance and Monitoring Services to the Housing and Neighborhood Revitalization Department.

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

Motion made by: CM Rickey D. Callahan	Motion seconded by: CM Casey Thomas, II
Item passed unanimously: <input checked="" type="checkbox"/>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: _____ **10: 49 A.M.**

Approved By _____

Memorandum



CITY OF DALLAS

DATE February 1, 2019

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

SUBJECT **Community Development Block Grant: Extensions and Reprogramming of Funds**

On Monday, February 4, 2019, the Office of Budget will brief the Economic Development & Housing Committee on the FY 2018-19 Community Development Block Grant: Extensions and Reprogramming of Funds. We have attached the briefing for your review.

Please let me know if you have any questions.

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

M. Elizabeth Reich
Chief Financial Officer

Attachment

C: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Carol 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
Nadia Chandler Hardy, Assistant City Manager & Chief of Resilience
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors

Community Development Block Grant: Extensions and Reprogramming of Funds

Economic Development & Housing Committee

February 4, 2019

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

**David Noguera, Director, Housing and
Neighborhood Revitalization**



Purpose of Briefing

- Review Community Development Block Grant (CDBG) timely expenditure requirements
- Recommend extension and reprogramming of prior year unspent funds
- Seek Committee's favorable recommendation to move forward with the February 27 resolution authorizing
 - Extension of CDBG funds;
 - Preliminary adoption of Reprogramming Budget #1 for the FY 2018-19 Action Plan;
 - Amendment to the Action Plan; and
 - Calling the public hearing
- Review Next Steps

2



Timely Expenditure Requirements

- There are two tests to ensure that CDBG funds are spent in a timely manner
 1. U.S. Department of Housing and Urban Development (HUD) as required by federal regulations
 2. City policy as directed by City Council resolution

HUD Expenditure Requirements

- HUD requires that CDBG funds be expended in a timely manner
 - Federal regulations limit amount of CDBG funds that may be unspent to no more than 1.5 times grantee's annual grant allocation
 - Failure to meet this requirement could result in a reduction of the next annual grant allocation
- Requirement is tested annually on August 2
- Test is conducted on two undisbursed amounts of CDBG funds
 - One is based on grant funds alone (unadjusted)
 - One is adjusted to include program income the City has received and reported to HUD

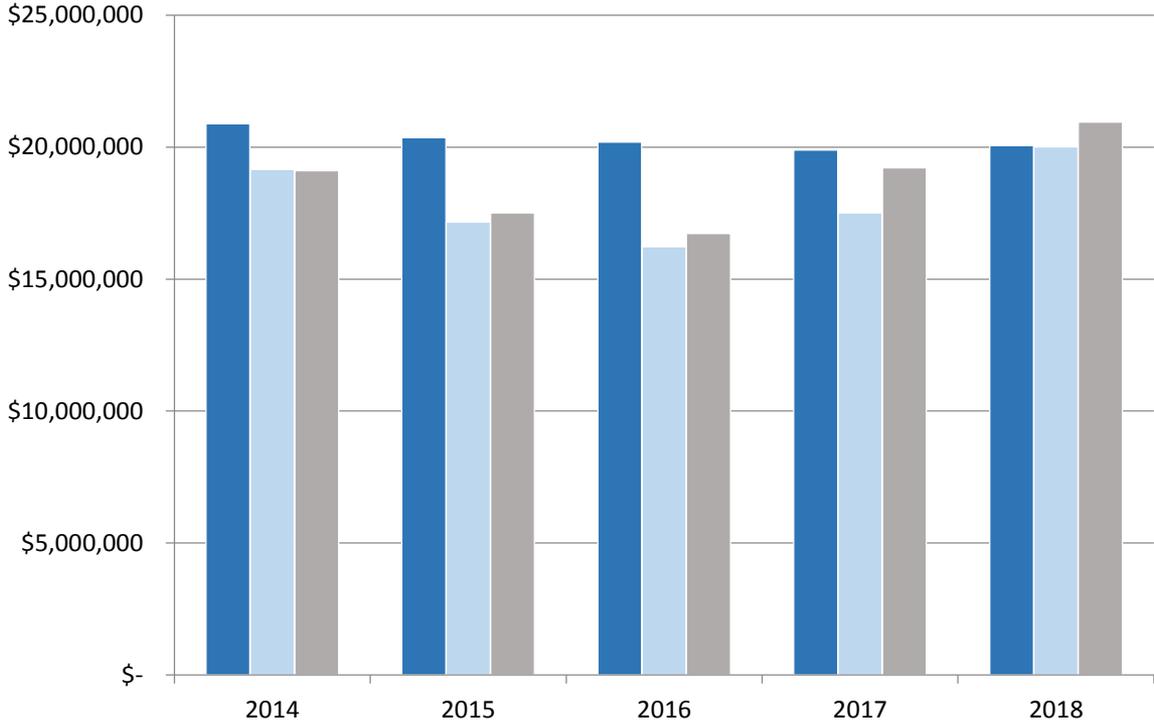
4

HUD Expenditure Requirements

- HUD tests were conducted on August 2, 2018
 - For the first test (unadjusted), the City's balance was equivalent to 1.497, just under the 1.5 threshold
 - For the second test (adjusted for program income), the City's balance was equivalent to 1.57, exceeding the required limit of 1.5
- A spend plan for FY 2018-19 was submitted to HUD to return the program to full compliance with the timeliness standard by August 2, 2019

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HUD Expenditure Requirements



City's unspent balance must be less than the amount allowed by HUD when tested at the end of July each year.

- HUD Allowed Balance
- City's Letter of Credit Balance
- City's LOCC Adj for Program Income

City Expenditure Requirements

- City Council established a policy in August 1993 to ensure timely expenditure of CDBG funds
 - CDBG funds must be obligated within 12 months and expended within 24 months
- In March 2007 the City Council added criteria and benchmarks to further define compliance with the policy
- City Council has authority to extend the time allowed for the expenditure of CDBG funds



City Review

- Annual review is conducted during the Fall of each year to determine the status of each project
- Unspent project funds that are not in compliance with the City's internal policy are either recommended for an extension or reprogrammed to another eligible purpose
- Based on the most recent review
 - Unspent funds remaining in 15 projects were recommended for extension (total \$2.2m); and
 - Unspent funds remaining in 19 projects were recommended for reprogramming (total \$2.1m)

CDC Review

- Review by the Community Development Commission (CDC) occurred during December and January
- On January 3, CDC made one amendment to the initial extension recommendation
 - After discussions with staff, one project was moved from the extension request list and added to the list of funds to be reprogrammed
- As a result of the CDC amendment
 - Unspent funds remaining in 14 projects was recommended for extension (total \$1.4m); and
 - Unspent funds remaining in 20 projects were recommended for reprogramming (total \$2.9m)

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Note: List of projects included as an Attachment



Recommendations

- On February 27, Council will be asked to approve
 - Extension of the City's timely expenditure policy for 14 CDBG projects and \$1.4m to allow additional time to complete the projects
 - Reprogramming of \$2.9m from 20 projects to be used for eligible activities included in the 2018 Notice of Funding Availability (NOFA) in Housing and Neighborhood Revitalization Department

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Reprogramming

- In prior years, reprogrammed prior year unspent funds are used as a “source of funds” to be included as part of next CDBG budget cycle
- This year, staff recommends moving forward with budgeting of unspent funds to ensure HUD’s expenditure requirements are met on August 2, 2019
- Housing and Neighborhood Revitalization Department proposes to use \$2.8m of reprogramming funds for the 2018 Notice of Funding Availability (NOFA)

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Amendment to the Action Plan

- Successful projects from the 2018 NOFA have now been identified and include acquisition of land for new housing development
- Program description is currently limited to allow for reconstruction and/or rehabilitation activities only
- Acquisition of land for residential purposes is an eligible activity
- It is recommended that the Action Plan be amended to allow for acquisition of land for residential purposes along with other housing activities

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Next Steps

- February 4 – Committee’s consideration to move forward with extensions and reprogramming as recommended
- February 27 – City Council consideration
 - Extension Requests;
 - Preliminary adoption of Reprogramming Budget #1 for the FY 2018-19 Action Plan;
 - Amend to the Action Plan to expand the description of eligible activities to include acquisition of land for residential purposes along with other housing activities; and
 - Call the public hearing
- April 10 – Hold public hearing; and Final adoption of Reprogramming Budget #1 for the FY 2018-19 Action Plan



Attachment

Extensions & Reprogramming Project Listing By Department



Community Development Block Grant: Extensions and Reprogramming of Funds

Economic Development & Housing Committee

February 4, 2019

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

**David Noguera, Director, Housing
and Neighborhood Revitalization**



FY 2018-19 COMMUNITY DEVELOPMENT BLOCK GRANT												
EXTENSION REQUESTS AND REPROGRAMMING FUNDS												
as of SEPTEMBER 30, 2018												
	Fiscal Year	Dept	Project Name	Appropriations	ITD Expended	Encumbrances	Unobligated	CMO Recommended Extension Request	CMO Recommended Reprogramming Funds	CDC Vote 1/3/19 Recommended Extension Request	CDC Vote 1/3/19 Recommended Reprogramming Funds	Explanation
CITY ATTORNEY												
1	2017-18	ATT	South Dallas/Fair Park Community Court	\$318,738.00	\$249,134.35	\$1,892.00	\$67,711.65	\$0.00	\$69,603.65	\$0.00	\$69,603.65	Unspent funds due to vacancies and savings; funds will be reprogrammed.
2	2017-18	ATT	South Oak Cliff Community Court	\$228,370.00	\$225,473.27	\$1,897.04	\$999.69	\$0.00	\$2,896.73	\$0.00	\$2,896.73	Unspent funds due to vacancies and savings; funds will be reprogrammed.
3	2017-18	ATT	West Dallas Community Court	\$218,317.00	\$182,019.16	\$1,892.00	\$34,405.84	\$0.00	\$36,297.84	\$0.00	\$36,297.84	Unspent funds due to vacancies and savings; funds will be reprogrammed.
TOTAL CITY ATTORNEY				\$765,425	\$656,627	\$5,681	\$103,117	\$0	\$108,798	\$0	\$108,798	
HOUSING/COMMUNITY SERVICES												
4	2010-11	HOU	NIP-Spring Avenue Infrastructure	\$162,354.63	\$147,996.84	\$13,479.99	\$877.80	\$14,357.79	\$0.00	\$14,357.79	\$0.00	Project is scheduled to be advertised for construction in April 2019.
5	2015-16	HOU	Major Systems Repair Program	\$873,784.57	\$871,939.37	\$0.20	\$1,845.00		\$1,845.20		\$1,845.20	Reprogram unobligated funds
6	2015-16	HOU	Major Systems Repair Program	\$1,064,334.00	\$1,056,646.93	\$0.00	\$7,687.07		\$7,687.07		\$7,687.07	Reprogram unobligated funds
7	2010-11	HOU	Community Based Development Org - EDCO	\$499,999.97	\$494,592.27	\$5,407.70	\$0.00	\$5,407.70	\$0.00	\$5,407.70	\$0.00	Estimated completion date of project and final payment: 1st qtr FY 2018-19
8	2011-12	HOU	Community Based Development Org - EDCO	\$300,000.00	\$221,942.06	\$74,040.52	\$4,017.42	\$74,040.52	\$4,017.42	\$74,040.52	\$4,017.42	Extension requested to pay final invoice. Estimated completion date of project and final payment 1st qtr of FY 2018-19. Impact: the department will need to identify other funding sources, that have been identified for other projects. Reprogram unobligated funds
9	2011-12	HOU	NIP-Spring Avenue Infrastructure	\$334,216.00	\$246,155.55	\$0.00	\$88,060.45	\$88,060.45	\$0.00	\$88,060.45	\$0.00	Project is scheduled to be advertised for construction in April 2019.
10	2012-13	HOU	NIP-South Dallas Ideal/Rochester Park Public Improv	\$100,000.00	\$95,272.03	\$0.00	\$4,727.97	\$0.00	\$4,727.97	\$0.00	\$4,727.97	Reprogram unobligated funds
11	2013-14	HOU	NIP-South Dallas/Fair Park Public Improvements	\$343,318.00	\$195,277.55	\$148,040.45	\$0.00	\$148,040.45	\$0.00	\$148,040.45	\$0.00	Final payment in process; remaining funds will be reprogrammed.
12	2013-14	HOU	NIP-SDFP/Mingo/Beall Streets Public Improvement	\$414,000.00	\$103,650.24	\$17,594.76	\$292,755.00	\$310,349.76	\$0.00	\$310,349.76	\$0.00	Funds are needed to complete the improvements to Mingo and Beall St. Delays in this project was due to needing Right-of-Way and easement from DART. Estimated construction date: June 2019; Estimated completion date: Nov 2020.
13	2015-16	HOU	Major Systems Repair Program	\$539,810.43	\$537,527.55	\$2,082.88	\$200.00	\$2,082.88	\$200.00	\$2,082.88	\$200.00	Project: 2323 Popular St. retainage payment due to vendor. Estimated payment date: 12/31/2018. Reprogram unobligated funds
14	2015-16	HOU	Major Systems Repair Program	\$123,755.00	\$123,680.49	\$0.00	\$74.51		\$74.51		\$74.51	Reprogram unobligated funds
15	2015-16	HOU	Reconstruction Program	\$1,221,964.00	\$1,179,302.68	\$36,512.50	\$6,148.82	\$36,512.50	\$6,148.82	\$36,512.50	\$6,148.82	Project at 2612 Stephenson St. has been completed. Pending final invoice from vendor. Estimated final payment & retainage completed by 12/30/2018. Impact: Unable to pay vendor according to funds identified in the approved Council Resolution. Reprogram unobligated funds
16	2015-16	HOU	Housing Services Program - CWCDC	\$10,000.00	\$7,134.00	\$0.00	\$2,866.00		\$2,866.00		\$2,866.00	Reprogram unobligated funds
17	2015-16	HOU	NIP-South Dallas Ideal/Rochester Park Public Improv	\$800,000.00	\$13,894.46	\$13,705.00	\$772,400.54	\$786,105.54	\$0.00	\$0.00	\$786,105.54	CDC recommendation reprogramming unspent funds.
18	2016-17	HOU	Housing Assistance Support	\$1,671,452.00	\$1,670,393.39	\$0.00	\$1,058.61	\$0.00	\$1,058.61	\$0.00	\$1,058.61	Reprogram unobligated funds
19	2016-17	HOU	Major Systems Repair Program	\$1,657,630.00	\$1,066,137.67	\$89.00	\$591,403.33	\$591,492.33	\$0.00	\$591,492.33	\$0.00	The Program was on hold for the majority of FY 2017-18 to allow leadership team to restructure program to comply with Housing Policy guidelines. The Program is currently in the process of securing contractors and anticipates spending the unobligated funds by February 2019. Impact: the funds can assist approximately 8 homeowners.
20	2016-17	HOU	People Helping People - Home Repair Program	\$174,035.48	\$165,683.48	\$8,352.00	\$0.00	\$8,352.00	\$0.00	\$8,352.00	\$0.00	Outstanding payments are pending; unspent balance will be reprogrammed.

FY 2018-19 COMMUNITY DEVELOPMENT BLOCK GRANT												
EXTENSION REQUESTS AND REPROGRAMMING FUNDS												
as of SEPTEMBER 30, 2018												
	Fiscal Year	Dept	Project Name	Appropriations	ITD Expended	Encumbrances	Unobligated	CMO Recommended Extension Request	CMO Recommended Reprogramming Funds	CDC Vote 1/3/19 Recommended Extension Request	CDC Vote 1/3/19 Recommended Reprogramming Funds	Explanation
21	2017-18	HOU	Housing Management Support	\$992,263.00	\$933,853.04	\$0.00	\$58,409.96	\$0.00	\$58,409.96	\$0.00	\$58,409.96	Unobligated funds due to staff retirements; funds will be reprogrammed.
22	2017-18	HOU	Support for Healthy Home Repair Program	\$1,771,344.00	\$1,116,862.04	\$26,235.74	\$628,246.22	\$0.00	\$628,246.22	\$0.00	\$628,246.22	Reprogram unobligated funds.
TOTAL HOUSING/COMMUNITY SERVICES				\$ 13,054,261	\$ 10,247,942	\$ 345,541	\$ 2,460,779	\$ 2,064,802	\$ 715,282	\$ 1,278,696	\$ 1,501,387	
OFFICE OF BUDGET												
23	2017-18	BMS	Citizen Participation/CDC Support/HUD Oversight	\$751,819.00	\$696,533.07	\$439.00	\$54,846.93	\$55,285.93	\$0.00	\$55,285.93	\$0.00	Outstanding payments are pending; unspent balance will be reprogrammed.
24	Various	BMS	Reprogrammed Funds	\$294,681.08	\$0.00	\$0.00	\$294,681.08	\$0.00	\$294,681.08	\$0.00	\$294,681.08	Reprogram unobligated funds.
TOTAL OFFICE OF BUDGET				\$ 1,046,500	\$ 696,533	\$ 439	\$ 349,528	\$ 55,286	\$ 294,681	\$ 55,286	\$ 294,681	
OFFICE OF COMMUNITY CARE												
25	2017-18	MGT	OCC-Child Care Services Program	\$388,926.00	\$320,997.56	\$49,462.00	\$18,466.44	\$67,928.44	\$0.00	\$67,928.44	\$0.00	Funding will be used to pilot a program modification by which we will provide differential levels of reimbursement for clients based on need and program (Child Care Center) quality (TSR rating) Expected to be completed by September 2019.
26	2017-18	MGT	OCC-Senior Services Program	\$157,094.00	\$145,965.49	\$0.00	\$11,128.51	\$0.00	\$11,128.51	\$0.00	\$11,128.51	Unobligated due to staff vacancies; funds will be reprogrammed.
TOTAL OFFICE OF COMMUNITY CARE				\$ 546,020	\$ 466,963	\$ 49,462	\$ 29,595	\$ 67,928	\$ 11,129	\$ 67,928	\$ 11,129	
OFFICE OF EQUITY AND HUMAN RIGHTS												
27	2016-17	MGT	Fair Housing Enforcement	\$712,323.00	\$672,266.29	\$40,056.71	\$0.00	\$40,056.71	\$0.00	\$40,056.71	\$0.00	Funds are needed to complete final payment for Regional AFH study conducted by UTA.
28	2017-18	MGT	Fair Housing Enforcement	\$721,345.00	\$692,301.10	\$6,700.00	\$22,343.90	\$6,700.00	\$22,343.90	\$6,700.00	\$22,343.90	Outstanding payments are pending; unspent balance will be reprogrammed.
TOTAL OFFICE OF EQUITY AND HUMAN RIGHTS				\$ 1,433,668	\$ 1,364,567	\$ 46,757	\$ 22,344	\$ 46,757	\$ 22,344	\$ 46,757	\$ 22,344	
PLANNING & NEIGHBORHOOD VITALITY												
29	2014-15	PNV	NIP-South Dallas Ideal/Rochester Park Public Improv	\$138,208.00	\$9,612.30	\$0.00	\$128,595.70	\$0.00	\$128,595.70	\$0.00	\$128,595.70	Reprogram unobligated funds
30	2014-15	PNV	NIP-South Dallas/Fair Park Public Improvements	\$836,408.00	\$19,669.67	\$0.00	\$816,738.33	\$0.00	\$816,738.33	\$0.00	\$816,738.33	Reprogram unobligated funds
TOTAL PLANNING & NEIGHBORHOOD VITALITY				\$ 974,616	\$ 29,282	\$ -	\$ 945,334	\$ -	\$ 945,334	\$ -	\$ 945,334	
GRAND TOTAL				\$ 17,820,490	\$ 13,461,914	\$ 447,879	\$ 3,910,697	\$ 2,234,773	\$ 2,097,568	\$ 1,448,667	\$ 2,883,673	

Memorandum



CITY OF DALLAS

DATE February 1, 2019

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, February 4, 2019, the Economic Development and Housing Committee (Committee) will reconsider an amendment to Chapter 20A that outlines the procedures for monitoring developers' compliance with mixed income housing development bonuses.

Summary

This memorandum summarizes stakeholder feedback and City staff's responses and recommendations related to proposed amendments to Chapter 20A that outline the procedures for monitoring developers' compliance with mixed income housing development bonuses.

Background

On November 5, 2018, staff briefed the Committee on proposed amendments to both 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. On December 12, 2018, the City Council referred the item back to the Committee for further consideration after receiving proposed changes to the Development Code and Chapter 20A amendments from The Real Estate Council (TREC), Legal Aid of North West Texas (LANWT), and the Inclusive Communities Project (ICP).

On January 14, 2019, City staff met with representatives from TREC, LANWT and ICP to discuss the written feedback. Thereafter, City staff reviewed the proposed amendments and developed the following responses and recommendations.

Stakeholder Feedback and Staff Responses and Recommendations

1. Modify the definition of "voucher payment standard" (ICP)

The Inclusive Communities Project (ICP) noted that the proposed Chapter 20A definition of "voucher payment standard" does not align with the federal definition of "payment

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

standard” found in 24 CFR Section 982.4. After discussing the concerns with ICP and reviewing the definition found in the federal regulations, staff agree that the proposed ordinance should be amended to use the term “payment standard” and the definition found in 24 CFR Section 982.4 so that the City’s definition aligns with the commonly-used definition of payment standard.

2. Clarify that a developer obtaining a mixed income housing development bonus cannot discriminate against holders of housing vouchers (ICP)

ICP noted that the cross-references in the proposed ordinance create confusion regarding whether a developer who receives a mixed income housing development bonus is prohibited from discriminating against holders of housing vouchers. Staff’s intent when drafting the ordinance was to require that developers who receive a mixed income housing development bonus be prohibited from discriminating against holders of housing vouchers. Therefore, City staff agree that the proposed ordinance can be clarified by removing the cross reference in Section 20A-30 to Section 20A-4.1 (which prohibits discrimination against holders of housing vouchers in all housing accommodations that benefit from a *subsidy* approved by the city council).

3. Modify the requirements related to quarterly compliance reports to: (a) collect sufficient demographic data to ensure that the program is affirmatively furthering fair housing and share the data with the public (ICP) and (b) require developers to submit annual rather than quarterly reports (TREC)

ICP recommended that the City collect sufficient demographic data to ensure that the mixed income housing program is affirmatively furthering fair housing and that the City share the data with the public. Staff provided ICP, TREC and LANWT with a copy of a draft compliance reporting form.

Staff do not believe it is necessary to add additional reporting requirements to the ordinance because the proposed ordinance allows the Director to request information that is reasonably related to the mixed income housing program. Staff are committed to working with the Office of Equity and Human Rights and external stakeholders to gather data that helps track the success of the program, including whether it is affirmatively furthering fair housing.

Likewise, TREC recommended requiring developers to submit annual rather than quarterly reports. Staff believe it is important to collect compliance data on a regular basis to identify deficiencies. Specifically, regular review of data will help staff identify developments where existing or new property management staff need compliance training and will allow staff to offer support when owners are experiencing difficulty filling reserved dwelling units.

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After receiving the draft compliance form, TREC informed City staff that it did not object to quarterly reports since the requested data encompasses information that is regularly collected by owners. TREC requested that City staff continue to seek stakeholder feedback during implementation of the final ordinance.

4. Add requirements to the ordinance regarding affirmative fair housing marketing (ICP)

ICP requested that the City amend the ordinance to require the City to create a website containing a description of the mixed income housing program and its non-discrimination provisions, along with the following information for each development participating in the program: (a) the approved Affirmative Fair Housing Marketing Plan, (b) the address and contact information for the development, including the number of reserved dwelling units, the unit types, the development's waiting list policies and whether the units are available for rent (updated monthly), and (c) information about when the affordability period will expire. Staff agree that information about the program and reserved dwelling units should be shared with the public but do not believe the ordinance needs to be amended. The Housing Policy Taskforce Marketing and Finance subcommittee is in the preliminary stages of examining the feasibility, cost and best practices related to creating a comprehensive database of affordable housing units. Staff will recommend that the proposed database include the information identified by ICP.

5. Add protections for tenants who are displaced as a result of a developer receiving a mixed income housing development bonus (LANWT)

LANWT requested that the ordinance be amended to include: (a) relocation assistance equivalent to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and (b) "first right" policy for displaced tenants to afford them priority in returning to the new and improved rehabilitated units created as a result of this program. Staff recognize that while the City has codified a relocation policy in Dallas City Code Chapter 39A, the provisions of that chapter apply only to City of Dallas projects and code enforcement, rehabilitation, or demolition programs. The City does not currently have a comprehensive policy that addresses relocation of low- and moderate-income tenants from aging apartments that are redeveloped but are not part of a City project.

Staff is seeking this Committee's feedback regarding whether staff should start developing recommendations for a comprehensive relocation policy that would be briefed to this Committee at a later date.

6. Do not charge compliance fees to developers (TREC)

In December 2018, the Housing and Neighborhood Revitalization Department received the results of a fee study related to the costs to the City of monitoring developments participating in the mixed income housing program. The study examined the full costs of

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evaluating developments during the permitting process as well as during the proposed 15-year affordability period. The study examined costs related to meeting with developers during the permitting phase, reviewing and approving restrictive covenants and affirmative fair housing marketing plans, reviewing quarterly compliance reports, and conducting onsite inspections and monitoring. Full cost recovery would result in the following one-time fees: (a) Pre-application fee: \$642.00 and (b) Compliance Monitoring (15 years): \$3124.00. Staff recommend adding the proposed fees to the proposed Chapter 20A amendments.

TREC does not support charging a compliance monitoring fee and notes that any fees charged will likely be passed on to the consumer and may create a disincentive for developers to participate in the mixed income housing program. Staff note that a robust and consistent compliance monitoring program is necessary to ensure that a primary goal of the program is being met—i.e. creating and maintaining housing units that are reserved for and occupied by low- and moderate-income households. Recovering the costs of engaging in compliance activities via a fee ensures that the City has the financial resources to effectively monitor developments.

Issues

Staff recognize that it will be important to continue to engage with developers, fair housing advocates and other stakeholders to ensure that the program is publicized and monitored in a manner that achieves the goals of the program while not creating unnecessary reporting or other regulatory burdens.

Fiscal Impact

If the Committee does not approve of adding a fee that would be charged to developers who apply for and obtain a mixed income housing development bonus, the City would need to identify another funding source that could pay for the staff time associated with engaging in compliance monitoring activities.

Departments/Committee Coordination

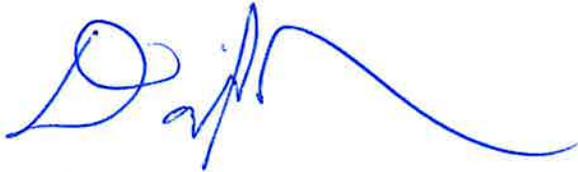
Administering mixed income housing development bonuses will require coordination amongst the Sustainable Development and Construction Department, the Department of Housing and Neighborhood Revitalization, the Office of Equity and Human Rights and the Department of Planning and Urban Design.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward the proposed amendments to City Council for consideration with the changes discussed today to: (1) replace the definition of “voucher payment standard” with “payment standard” as defined in the federal regulations, (2) clarify that developers

DATE January 31, 2019
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participating in the program may not discriminate against holders of housing vouchers, and (3) add a compliance monitoring fee.



David Noguera
Director, Department of Housing & Neighborhood Revitalization

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

**Economic Development and Housing Committee
February 4, 2019**

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



Presentation Overview

- Purpose
- Background
- Overview of stakeholder feedback and staff recommendations
- Overview of proposed compliance monitoring fee
- Recommendation



Purpose

- Brief the Committee on potential updates to the proposed amendments to Chapter 20A of the Dallas City Code to create regulations for monitoring developers' compliance with mixed income housing development bonuses
- Brief the Committee on the results of the fee study related to anticipated costs associated with monitoring developers' compliance with the mixed income housing program
- Seek Committee approval to forward amendments to City Council for consideration

Background

- On November 5, 2018, the Economic Development and Housing Committee (EDH) was briefed on the Ch. 20A amendments and recommended forwarding the amendments to City Council for consideration
- On December 12, 2018, the City Council referred the item back to EDH for further consideration after receiving proposed changes to the Ch. 20A amendments from The Real Estate Council (TREC), Legal Aid of North West Texas (LANWT), and the Inclusive Communities Project (ICP)

Background

- 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,
 - applicable rents that must be charged,
 - documentation that must be reviewed and maintained during the affordability period, among other items, and
 - compliance monitoring fee



Background

- After the December 12, 2018 Council meeting, staff met with the stakeholders to discuss their feedback and to receive clarification
- This briefing:
 - covers feedback related to Chapter 20A – Fair Housing
 - provides an overview of the results of the fee study related to anticipated costs associated with monitoring developer's compliance with the mixed income housing program

Stakeholder Feedback – 20A

- Modify the definition of “voucher payment standard” (ICP)
- Clarify that a developer obtaining a mixed income housing development bonus cannot discriminate against holders of housing vouchers (ICP)
- Modify the requirements related to quarterly compliance reports:
 1. Ensure that sufficient demographic data is collected to ensure that the program is affirmatively furthering fair housing and share the data with the public (ICP)
 2. Require developers to submit annual rather than quarterly reports (TREC)
- Add requirements to the ordinance regarding affirmative fair housing marketing (ICP)
- Add protections for tenants who are displaced as a result of a developer receiving a mixed income housing development bonus (LANWT)
- Do not charge compliance fees to developers (TREC)

1. Voucher Payment Standard

- The Inclusive Communities Project (ICP) noted that the proposed 20A definition of “voucher payment standard” does not align with the federal definition of “payment standard”
- Staff agree that the proposed ordinance should be amended to use the term “payment standard” and the definition found in 24 CFR Section 982.4

2. Non-Discrimination Against Voucher Holders

- ICP noted that the cross-references in the proposed ordinance create confusion regarding whether a developer who receives a mixed income housing development bonus is prohibited from discriminating against holders of housing vouchers
- Staff agree that the proposed ordinance can be clarified by removing the Sec. 20A-30 cross reference to Sec 20A-4.1

3. Compliance Reporting

- ICP recommended that the City collect sufficient demographic data to ensure that the program is affirmatively furthering fair housing and that the City share the data with the public
 - Staff provided ICP, TREC and LANWT with a copy of a draft compliance reporting form
- The proposed ordinance allows the Director to request information that is reasonably related to the mixed income housing program
 - Staff do not believe it is necessary to add additional reporting requirements to the ordinance
 - Staff are committed to working with the Office of Equity and Human Rights and external stakeholders to gather data that helps track the success of the program, including whether it is AFFH

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3. Compliance Reporting (cont.)

- TREC recommended requiring developers to submit annual rather than quarterly reports
 - Staff provided ICP, TREC and LANWT with a copy of a draft compliance reporting form
- Staff believe it is important to collect compliance data on a regular basis in order to identify any deficiencies
 - Regular review of data will help staff identify developments where existing or new property management staff need compliance training
 - Regular review of data will allow staff to offer support when owners are experiencing difficulty filling reserved dwelling units
 - After receiving the draft compliance form, TREC informed City staff that it did not object to quarterly reports since the requested data encompasses information that is regularly collected by owners. TREC requested that City staff continue to seek stakeholder feedback during the implementation phase.

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4. Affirmative Fair Housing Marketing

- ICP requested that the City amend the ordinance to require the City to create a website containing a description of the mixed income housing program and its non-discrimination provisions, along with the following information for each development participating in the program:
 - The approved Affirmative Fair Housing Marketing Plan
 - The address and contact information for the development, including the number of reserved dwelling units, the unit types, the development's waiting list policies and whether the units are available for rent (updated monthly), and
 - Information about when the affordability period will expire
- Staff agree that information about the program and reserved dwelling units should be shared with the public but do not believe the ordinance needs to be amended
 - The Housing Policy Taskforce Marketing and Finance subcommittee is in the preliminary stages of examining the feasibility, cost and best practices related to creating a comprehensive database of affordable housing units
 - Staff will recommend that the proposed database include the information ¹² identified by ICP

5. Relocation

- LANWT requested that the ordinance be amended to include a:
 - relocation assistance equivalent to the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), and
 - “first right” policy for displaced tenants to afford them priority in returning to the new and improved rehabilitated units created as a result of this program
- The City does not currently have a comprehensive policy that addresses relocation of low- and moderate-income tenants from aging apartments that are redeveloped
 - Projects that receive federal housing dollars are subject to URA requirements
 - Staff is seeking this Committee’s feedback regarding whether staff should start developing recommendations for a comprehensive policy that would be briefed to this Committee at a later date

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6. Compliance Monitoring Fee

- In December 2018, the H&NR Department received the results of a fee study related to the costs to the City of monitoring developments participating in the mixed income housing program
 - Study examined the full costs of evaluating developments during the permitting process as well as during the 15 year affordability period
 - Study examined costs related to meeting with developers during the permitting phase, reviewing and approving restrictive covenants and affirmative fair housing marketing plans, reviewing quarterly compliance reports, and conducting onsite inspections and monitoring
- Full cost recovery would result in the following fees:
 - Pre-application fee: \$642.00
 - Compliance Monitoring (15 years): \$3124.00

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6. Compliance Monitoring Fee (continued)

- TREC does not support charging a compliance monitoring fee
 - TREC notes that any fees charged will likely be passed on to the consumer and may create a disincentive for developers to participate in the mixed income housing program
- Staff note that a robust and consistent compliance monitoring program is necessary in order to ensure that a primary goal of the program is being met—i.e. creating and maintaining housing units that are reserved for and occupied by low- and moderate-income households
 - Recovering the costs of engaging in compliance activities via a fee ensures that the City has the financial resources to effectively monitor developments

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Recommendation

Staff recommends that the Economic Development and Housing Committee vote to forward the proposed amendments to City Council for consideration with the changes discussed today to:

- replace the definition of “voucher payment standard” with “payment standard” as defined in the federal regulations
- clarify that developers participating in the program may not discriminate against holders of housing vouchers, and
- add a compliance monitoring fee

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

**Economic Development and Housing Committee
February 4, 2019**

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



Appendix

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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Memorandum



CITY OF DALLAS

DATE February 1, 2019

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 Consideration and Approval of the Sale of Land Bank Lots to Five Qualified Participating Developers

On Monday, February 4, 2019, the Economic Development and Housing Committee will be briefed on the proposed sale of Land Bank lots to five qualified participating developers.

Summary

The Dallas Urban Land Bank Demonstration Program (Land Bank), which is managed by the Dallas Housing Acquisition and Development Corporation (DHADC), currently has an inventory of 196 lots that are offered for sale. However, the Land Bank has not accepted proposals to purchase Land Bank lots in over two years. Lot sales were put on hold in order to: (1) develop policies to better ensure that developers have the capability and capacity to successfully build and sell homes to eligible households and (2) align the Land Bank application with the goals of the comprehensive housing policy.

Recently, the DHADC Board of Directors approved the sale of 51 Land Bank lots to five qualified participating developers. This memorandum provides an overview of how the developers' proposals were evaluated and describes the development terms that will apply to each Land Bank lot that is approved for sale.

Background

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing development. The City Council designated the DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C on January 28, 2004.

In December 2018, seven developers submitted proposals to purchase a collective total of 109 Land Bank lots of which 44 were requested by more than one applicant resulting in the request of 65 distinct lots. Land Bank staff evaluated the proposals pursuant to the standards set forth in the Land Bank application, which included determining whether the

DATE January 31, 2019
SUBJECT Consideration and Approval of Land Bank Lots to Five Qualified Participating Developers

developers met the eligibility standards to be deemed a “Qualified Participating Developer” and underwriting the proposals. Proposals that were determined to be “complete” were assigned a score by Land Bank staff. For any properties that received more than one purchase proposal, Land Bank staff reviewed the scores assigned to all proposals and identified the proposal that received the highest score. Thereafter, Land Bank staff negotiated with the qualified participating developers regarding the terms of sale of the vacant lots as well as the terms related to the construction and subsequent sale of single-family housing on the vacant lots. Of the 65 lots requested, 14 were not recommended for sale by the Land Bank staff due to a development ready issue (1 lot) or the financial capability of the applicant as presented in the application (13 lots).

On January 17, 2019, the DHADC Board of Directors approved the terms of sale and development, subject to City Council approval, for the 51 lots proposed to be sold to five qualified participating developers. The development terms applicable to each lot are as follows:

- **Vacant Lot Sales Price:** Attached as Exhibits A-E.
- **Single-Family Home Sales Price:** The sales price of the home cannot exceed the 2018 HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.
- **Targeted Income of Homebuyer:** Attached as Exhibits A-E.
- **Construction Timeframe:** Developer must apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.
- **Restrictive Covenants:** Developer must: (1) sell each lot to a low-income household as specified in the applicable Exhibit A-E and (2) prior to the sale, must provide to DHADC written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as a low-income household’s principal residence during the entire term of the affordability period.
- **Affordability Period:** Once the property is sold to a low-income household, it must be occupied as the household’s principal place of residence for at least five years. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another low-income household.
- **Right of Reverter:** Title to the property may revert to the DHADC if Developer does not apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.

Next Steps

Upon receiving Committee approval, staff will place this item on the next available City Council agenda.

Issues

DATE January 31, 2019
SUBJECT Consideration and Approval of Land Bank Lots to Five Qualified Participating Developers

The Land Bank has not sold lots in two years and, therefore, has not been able to assist the City in meeting its annual housing production goals of 3,733 affordable homeownership units and 2,933 affordable rental units. Furthermore, the Land Bank incurs costs related to maintaining any lots in its inventory. If the Committee does not approve forwarding to the City Council approval of the sale of 51 vacant lots owned by DHDAC to five Qualified Participating Developers, the Land Bank will be required to continue expending funds to maintain the unsold inventory.

Fiscal Impact

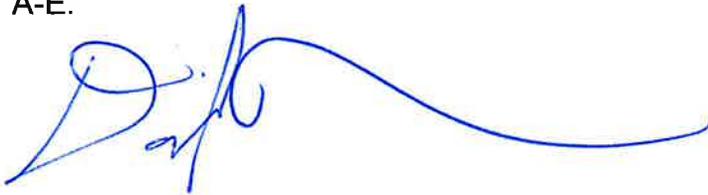
The City Council recently allocated \$1.5 million in bond funding to support the acquisition and disposition of unimproved tax foreclosed properties by the Land Bank. There is no additional fiscal impact.

Departments/Committee Coordination

The DHADC Board of Directors considered and approved the sale of Land Bank lots on January 17, 2019.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee move this item forward to the City Council so that it may consider and approve of the sale of 51 vacant lots owned by DHDAC to five Qualified Participating Developers pursuant to the terms of development set forth in this memorandum and as further described on Exhibits A-E.



David Noguera
Director, Department of Housing & Neighborhood Revitalization

- c:
- | | |
|--|---|
| Chris Caso, City Attorney (I) | Jon Fortune, Assistant City Manager |
| Carol A. Smith, City Auditor (I) | Joey Zapata, Assistant City Manager |
| Billerae Johnson, City Secretary | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Preston Robinson, Administrative Judge | M. Elizabeth Reich, Chief Financial Officer |
| Kimberly Bizer Tolbert, Chief of Staff to the City Manager | Directors and Assistant Directors |
| Majed A. Al-Ghafry, Assistant City Manager | |

EXHIBIT A

Exhibit A					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
1	7721 Brownsville Lot 6, Honey Springs Addition Blk B/7636	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
2	7735 Brownsville Lot 9, Honey Springs Addition Blk B/7636	Dallas Neighborhood Alliance for Habitat	1	\$14,000.00	61% - 80%
3	4744 Burma Lot 10, Central Ave. No. 5 Addition Blk G/7650	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
4	4636 Cherbourg Lot 5, Seely Addition Blk A/7654	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
5	4538 Cherbourg Lot 11, Central Avenue Addition No. 4 Blk A/7649	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
6	4538 Corregidor Lot 9, Central Avenue #2 Addition Blk F/7647	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
7	4636 Corregidor Lot 9, Central Avenue Addition Blk G/7647	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
8	4632 Corregidor Lot 8, Central Avenue Addition Blk G/7647	Dallas Neighborhood Alliance for Habitat	1	\$15,000.00	Not greater than 60%
9	4728 Fellows Lot 7, Central Ave Addition, No. 3 Blk A/7648	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	81% - 115%
10	4616 Stokes Lot 2D, Hines Subdivision Blk 4/7641	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
TOTAL				\$75,000.00	

EXHIBIT A (continued)

Exhibit A					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
11	4820 Zealand Lot 5, Central Avenue No.3 Addition Blk E/7648	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
12	4726 Burma Lot 6, Central Avenue Addition No.5 Blk G/7650	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	Not greater than 60%
13	4534 Cherbourg Lot 10, Central Avenue Addition No.4 Block A/7649	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
14	4559 Corregidor Lot 30, Central Ave No.2 Addition Blk D/7647	Dallas Neighborhood Alliance for Habitat	1	\$15,000.00	Not greater than 60%
15	7903 Trojan Lot 31, Central Avenue 1 Blk C/7646	Dallas Neighborhood Alliance for Habitat	1	\$10,000.00	81% - 115%
TOTAL				\$49,000.00	
GRAND TOTAL				\$124,000.00	

EXHIBIT C

Exhibit C					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
1	1116 Brock Lot F of W.E. Hudson Addition Blk C/7533	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
2	208 Landis Lot 3, Betterton's Spring Hill Addition Blk 3/3118	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
3	3324 Nomas The East 40 Ft. of Lot 9, Westmorland Park Addition Blk 3/7144	Hedgestone Investments, LLC	1	\$6,852.00	61% - 80%
4	1719 Bickers Lot 6, Homestead Garden Additon Blk 7/7120	Hedgestone Investments, LLC	1	\$1,644.00	81% - 115%
5	2822 Pennsylvania Lot 7, Winchester Place Addition Blk 16/1368	Hedgestone Investments, LLC	1	\$1,644.00	81% - 115%
6	4249 Aztec Lot 1, City View Addition Blk 8/6083	Hedgestone Investments, LLC	1	\$1,644.00	Not greater than 60%
7	2226 Locust Lot 16, Southern Crest Addition Blk 7/5851	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
8	2303 Moffatt Lot 1, Southern Crest Addition Blk 5/5851	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
9	2246 Wilhurt Lot 6, Lisbon Heights Addition, Blk 5/5853	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
10	2314 Wilhurt Lot 4, Lisbon Heights Addition Blk 6/5853	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
TOTAL				\$41,408.00	

EXHIBIT C (continued)

Exhibit C					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
11	4221 Cardinal Lots 38 & 39, City View Revised Addition Blk 7/6083	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
12	4723 Nome Lot 20, Central Avenue 3 Addition Blk A/7648	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
13	4723 Stokes Lot 7, Hines Subdivision Addition Blk 4/7641	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
14	7912 Trojan Lot 3, Central Avenue Additon Blk D/7646	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
16	7928 Trojan Lot 7, Central Avenue Addition Blk D/7646	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
16	7955 Trojan Lot 5 ACS 0.2118, Bellvue & Frio Heights Addition Blk 10/4310	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
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18	4604 Silver Lot 13, White Rock Heights Addition 2 Blk E/2624	Hedgestone Investments, LLC	1	\$4,667.00	Not greater than 60%
19	5139 Watson The 1/2 of Lot 12, Goldmire Additon Blk F/6855	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
20	1315 McKenzie Lot 11, D S Donovan Addition Blk B/6855	Hedgestone Investments, LLC	1	\$4,667.00	61% - 80%
TOTAL				\$52,126.00	
GRAND TOTAL				\$93,534.00	

EXHIBIT D

Exhibit D					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
1	2406 Fordham Lot 10, Lisbon Heights Annex Addition Blk 2/5853	Marcer Construction	1	\$5,000.00	81% - 115%
2	1239 Woodin Lot 13, Trinity Heights Addition No. 3 Blk 37/3709	Marcer Construction	1	\$5,000.00	81% - 115%
3	1426 Maywood Lot 3, Liberty Heights Addition Blk 15/4070	Marcer Construction	1	\$5,000.00	Not greater than 60%
4	1508 Denley Lot 3, Edgemont Addition Blk 6/3566	Marcer Construction	1	\$5,000.00	81% - 115%
5	1702 Shaw Lot 12, Homestead Manor Annex Addition Blk 11/7118	Marcer Construction	1	\$5,000.00	81% - 115%
6	1956 McBroom Lot 4, Victory Gardens No.5 Blk 6/7126	Marcer Construction	1	\$5,000.00	81% - 115%
7	2535 Wilhurt Lot 20, Lisbon Heights Addition Blk 3/5852	Marcer Construction	1	\$5,000.00	61% - 80%
8	2607 Kathleen Lot 2, Fordham Heights Addition No. 3, Blk 21/5855	Marcer Construction	1	\$5,000.00	61% - 80%
9	2619 Wilhurt Lot 14, Lisbon Heights Addition, Blk 4/5852	Marcer Construction	1	\$5,000.00	61% - 80%
10	3107 Marsalis Lot 11, Marsalis Club Addition, Blk A/5995	Marcer Construction	1	\$5,000.00	81% - 115%
TOTAL				\$50,000.00	

EXHIBIT D (continued)

Exhibit D					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
11	4838 Frio Lot 8, Glendale Acres Addition, Blk G/4358	Marcer Construction	1	\$5,000.00	Not greater than 60%
12	903 Betterton Being the South 112 Ft of Lot 6, Diamonds Ewing Revised Addition Blk B/3125	Marcer Construction	1	\$5,000.00	61% - 80%
TOTAL				\$10,000.00	
GRAND TOTAL				\$60,000.00	

Consideration and Approval of the Sale of Land Bank Lots to Five Qualified Participating Developers

**Economic Development and Housing Committee
February 4, 2019**

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

**David Drury, Land Bank Manager
Housing & Neighborhood Revitalization
City of Dallas**



Presentation Overview

- Summary
- Background
- Issues
- Recommendation



Summary

- Urban Land Bank Demonstration Program Act signed by Governor Perry on June 18, 2003.
- The Act, as amended, gives municipalities the right to establish land bank programs to:
 - reclaim vacant real property from tax delinquency status and
 - use such land to develop affordable housing for low income households or for commercial purposes.
- The Act allows home sales to households earning as much as 115% of Area Median Income.
- The Act requires residential lots to be sold to qualified participating developers who:
 - have built one or more housing units within the three-year period preceding the submission of a proposal to the land bank seeking to acquire real property from the land bank and
 - have a development plan approved by the municipality for the land bank property.
- In 2004, the City of Dallas designated the Dallas Housing Acquisition and Development Corporation (DHADC) to administer the Land Bank.



Background

- Land Bank has not sold any of its lots in over 2 years
- Lot sales were put on hold in order to:
 - develop policies to better ensure that developers have the capability and capacity to successfully build and sell homes to eligible households, and
 - align the application with the goals of the comprehensive housing policy



Background

Land Bank Sales—First Round

- Applications accepted Summer 2018
- 8 developers submitted applications
- Developers collectively requested 81 lots
 - 21 of the lots had multiple proposals
- Land Bank staff reviewed the applications and determined that only 2 applications met the threshold requirement of being *complete*
- At the October 18, 2018 DHADC/Land Bank Board of Directors (Board) meeting, staff recommended selling 26 lots to the two applicants with complete applications

Background

Land Bank Sales—First Round (continued)

- Land Bank staff also informed the Board of the common application deficiencies observed
 - Applicants didn't appear to understand the purpose of the requirements and/or didn't have capacity to submit requested materials
- Staff made recommendations to address those challenges
 - Different requirements for single-family vs. multifamily
 - Conduct extensive training regarding the application
 - Add tools to assist applicants in completing the application (forms, sample documents, etc.)
- Board did not approve the sale of lots
 - Board directed staff to implement staff's recommendations and to initiate another "call" for applications

Background

Land Bank Sales—First Round (continued)

- Staff held training session on November 15, 2018
 - Approximately 40 persons attended
- Training session:
 - Reviewed reasons for the inclusion of each of the application requirements
 - Set expectations for what should be presented for each of the application requirements
 - Introduced tools that had been developed to assist in completing the application
- Set new application submission deadline of December 21, 2018
- Published calendar for 2019 application submission timeline

Background

Land Bank Sales—First Round (continued)

[2018-2019 Land Bank Application and Related Materials](#)

Builders who are interested in purchasing a lot or lots from the Land Bank should following these steps:

1. Review the current inventory of lots to determine if the Land Bank owns lots that you would like to purchase for the purpose of developing affordable housing or a commercial use approved by the Land Bank.
 - [Land Bank Lot Inventory](#)
2. Review the Land Bank application, which includes information about the purpose of the Land Bank and the statutes that govern its operation.
 - [Land Bank Application \(Last updated 11/19/2018\)](#)
3. Watch the Land Bank application training power point.
 - [Land Bank Application Training Power Point](#)
4. Review the submission dates for Land Bank proposals. *The Land Bank accepts proposals on a rolling basis.* The dates listed under the "Application Submission Dates" column are the dates by which you must submit your proposal if you would like it to be considered at the next upcoming DHADC board meeting.
 - [Submission dates for Land Bank proposals](#)
5. Download the Land Bank Application Folder Structure. This is a zip file that contains the folders where you must save the documents and information required in the Land Bank application. When you are ready to submit your proposal, save your information on a thumb drive and submit it to the Land Bank in accordance with the submission instructions included in the Land Bank application. If you do not organize your proposal using the folder structure, your proposal will not be reviewed.
 - [Land Bank Application--Folder Structure](#)
6. Download the Land Bank Application form. This form serves two purposes: (1) to help guide you through the application process by highlighting information that must be included in your proposal and (2) to identify the specific folders where required information must be saved.
 - [Land Bank Application Form](#)

Issues

Land Bank Sales—Board-Approved Sales

- 7 applications received
 - 4 repeat applicants; 3 new applicants
- Developers collectively requested 109 lots
 - 44 of the lots had multiple proposals
- All applicants passed the threshold review (i.e. “complete”)
- At the January 17, 2019 Board meeting, staff recommended selling 51 lots to 5 qualified participating developers
- Board approved the sale of all 51 lots

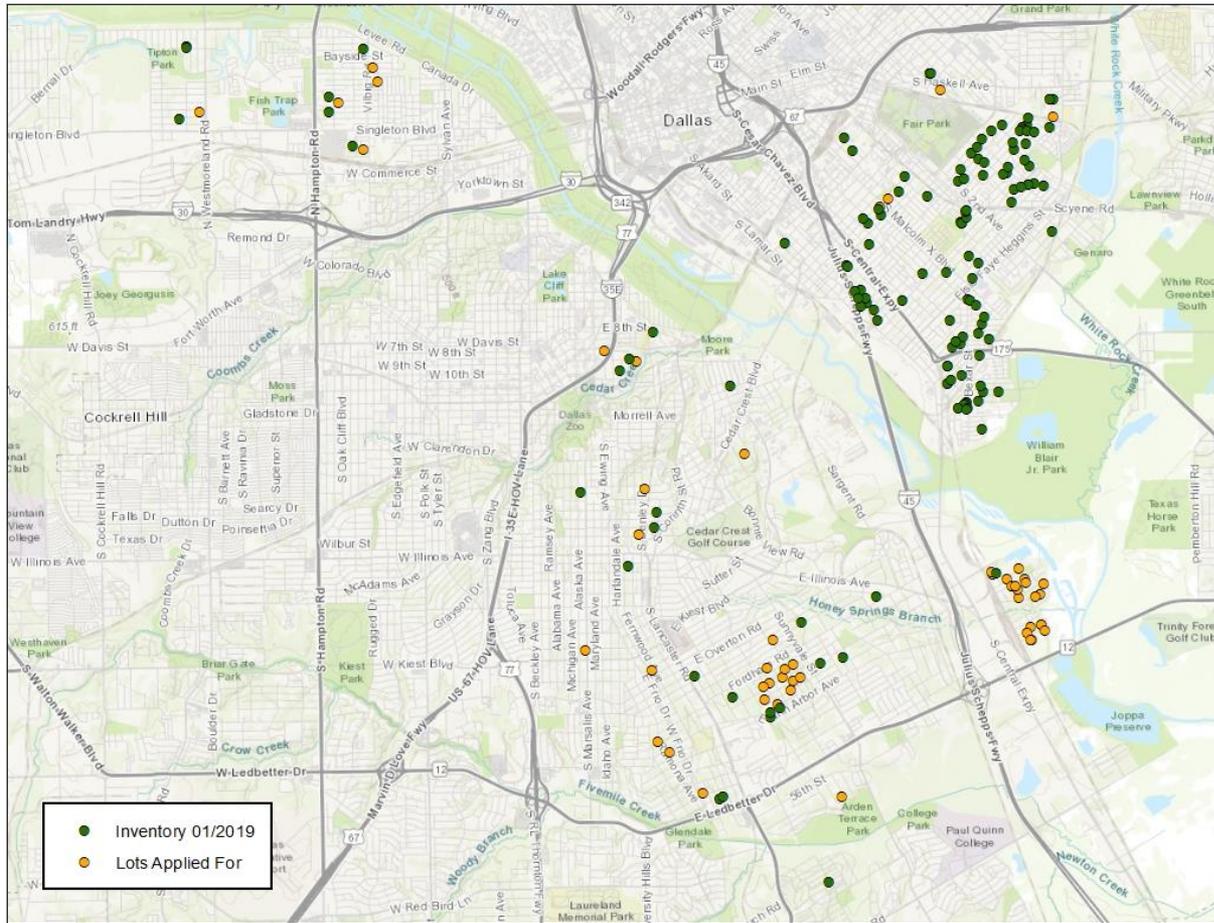
Issues

Identification of Qualified Participating Developers

Applicants	# of Lots Requested	# of Lots Recommended for Sale
Dallas Neighborhood Alliance for Habitat	15	15
Confia Homes, LLC	6	2
Hedgestone Investments, LLC	20	20
Marcer Construction, LLC	49	12
Pad Enterprise, LLC	5	2
Camden Homes, LLC	10	0
Focis Investments, LLC	4	0
TOTAL	109	51
	65 Distinct Lots	

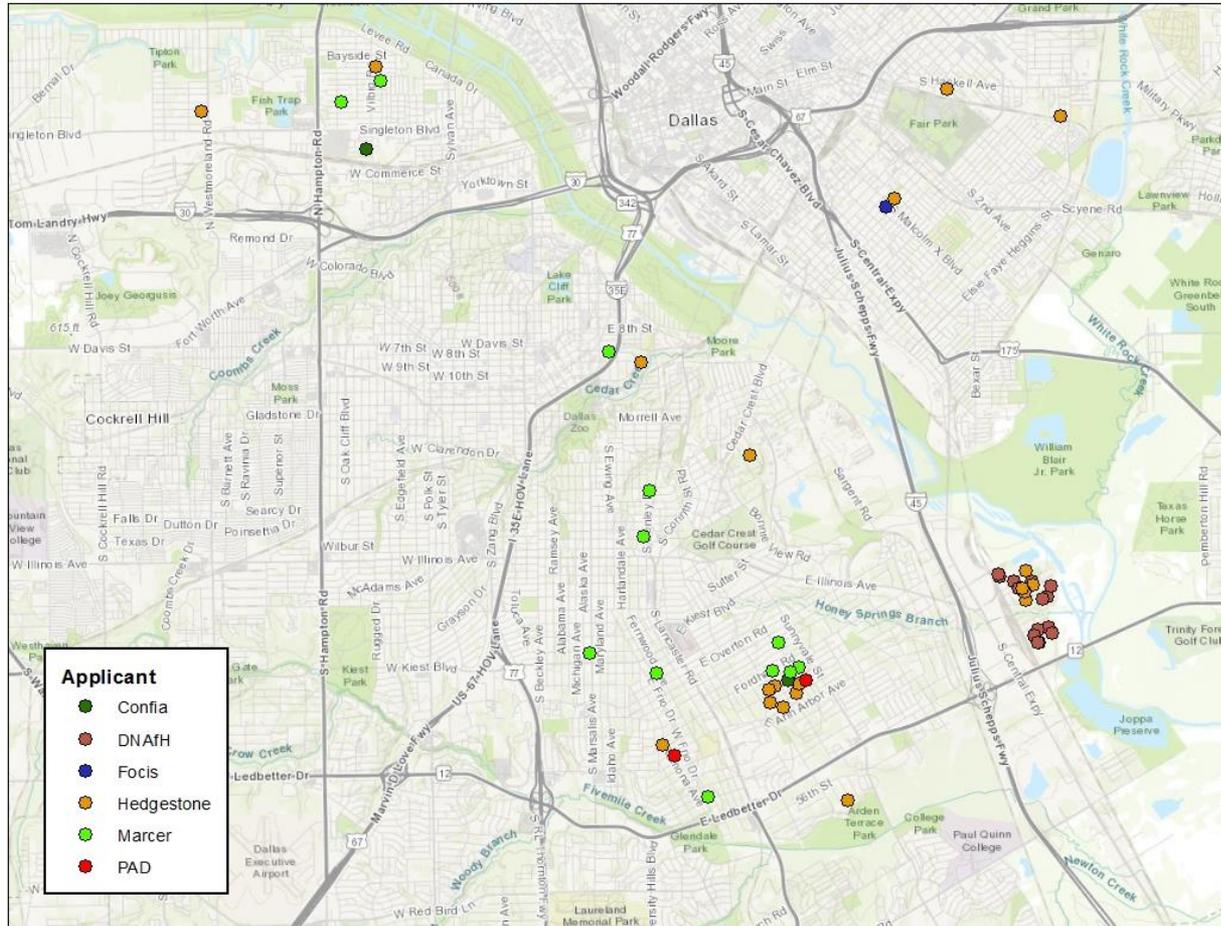
Issues

Location of Land Bank Lots Proposed for Sale and Inventory



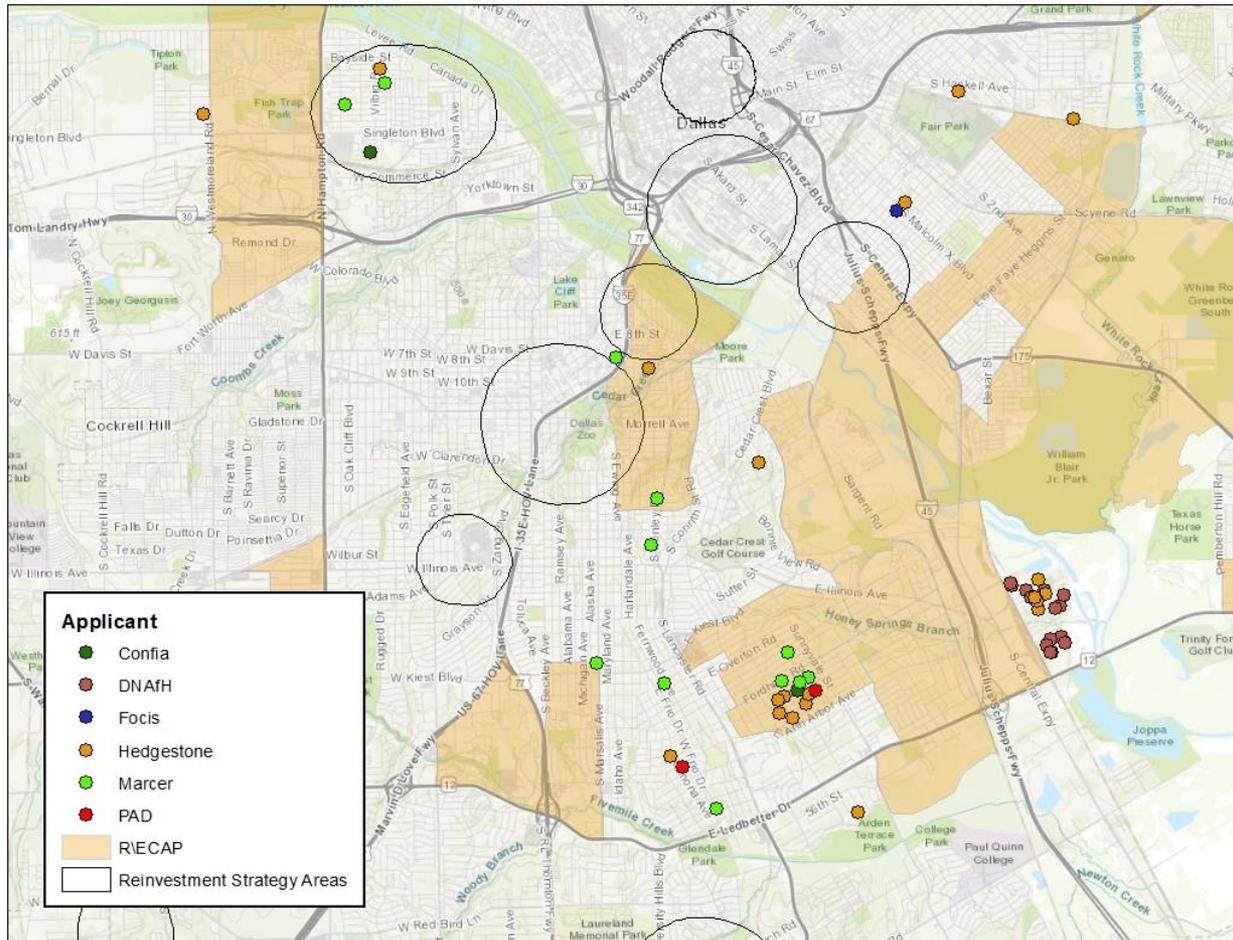
Issues

Location of Land Bank Lots Proposed for Sale



Issues

Location of Land Bank Lots Proposed for Sale



Terms of Sale and Development

Vacant Lot Sales Price: See Exhibits A-E.

Single-Family Home Sales Price: The sales price of the home cannot exceed the 2018 HUD HOME homeownership sales price for the Dallas, TX HUD Metro FMR Area and must be affordable based on the income of the targeted homebuyer.

Targeted Income of Homebuyer: See Exhibits A-E.

Construction Timeframe: Developer must apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.

Restrictive Covenants: Developer must (1) sell each lot to a low-income household as specified in Exhibits A-E and (2) prior to the sale, must provide to Land Bank staff written documentation of the income of the proposed purchaser and the sales price. After sale of the home, the property must be occupied as a low-income household's principal residence during the entire term of the affordability period.

Terms of Sale and Development (continued)

Affordability Period: Once the property is sold to a low-income household, it must be occupied as the household's principal place of residence for at least **five years**. If the original purchaser re-sells the property during the affordability period, the property may only be sold to another low-income household.

Right of Reverter: Title to the property may revert to the DHADC if the developer does not apply for a construction permit and close on any construction financing within three years of purchase from the Land Bank.

Recommendation

Staff recommends that the Economic Development and Housing Committee move this item forward to the City Council so that it may consider and approve of the sale of 51 vacant lots owned by DHDAC to five Qualified Participating Developers pursuant to the terms of development set forth in this briefing and as further described on Exhibits A-E.

Consideration and Approval of the Sale of Land Bank Lots to Five Qualified Participating Developers

**Economic Development and Housing Committee
February 4, 2019**

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

**David Drury, Land Bank Manager
Housing & Neighborhood Revitalization
City of Dallas**



Appendix

Location of Land Bank Sales by Council District

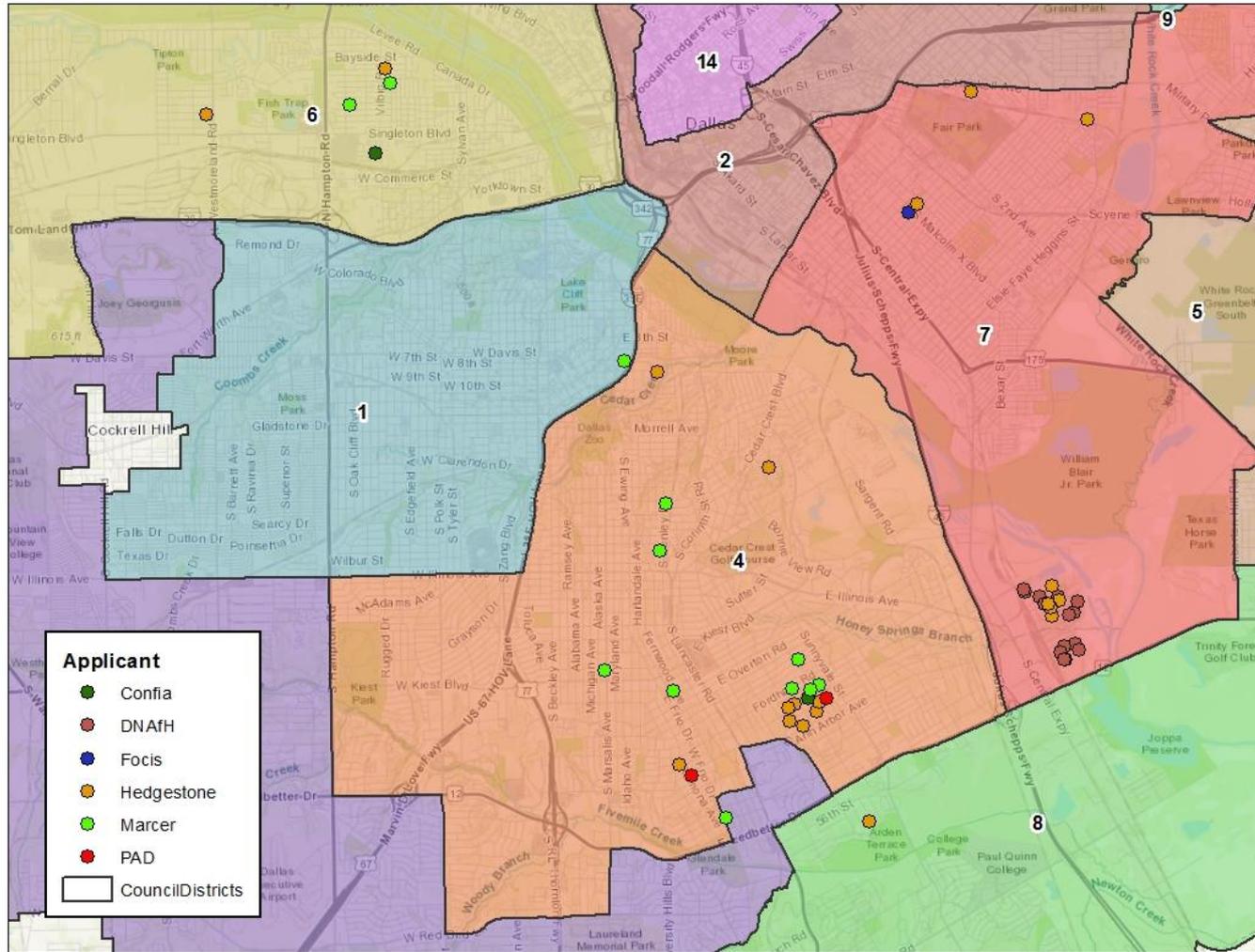


Exhibit A

Exhibit A					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
1	7721 Brownsville Lot 6, Honey Springs Addition Blk B/7636	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
2	7735 Brownsville Lot 9, Honey Springs Addition Blk B/7636	Dallas Neighborhood Alliance for Habitat	1	\$14,000.00	61% - 80%
3	4744 Burma Lot 10, Central Ave. No. 5 Addition Blk G/7650	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
4	4636 Cherbourg Lot 5, Seely Addition Blk A/7654	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
5	4538 Cherbourg Lot 11, Central Avenue Addition No. 4 Blk A/7649	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	61% - 80%
6	4538 Corregidor Lot 9, Central Avenue #2 Addition Blk F/7647	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
7	4636 Corregidor Lot 9, Central Avenue Addition Blk G/7647	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	61% - 80%
8	4632 Corregidor Lot 8, Central Avenue Addition Blk G/7647	Dallas Neighborhood Alliance for Habitat	1	\$15,000.00	Not greater than 60%
9	4728 Fellows Lot 7, Central Ave Addition, No. 3 Blk A/7648	Dallas Neighborhood Alliance for Habitat	1	\$3,500.00	81% - 115%
10	4616 Stokes Lot 2D, Hines Subdivision Blk 4/7641	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
TOTAL				\$75,000.00	

Exhibit A Continued

Exhibit A					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
11	4820 Zealand Lot 5, Central Avenue No.3 Addition Blk E/7648	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
12	4726 Burma Lot 6, Central Avenue Addition No.5 Blk G/7650	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	Not greater than 60%
13	4534 Cherbourg Lot 10, Central Avenue Addition No.4 Block A/7649	Dallas Neighborhood Alliance for Habitat	1	\$8,000.00	81% - 115%
14	4559 Corregidor Lot 30, Central Ave No.2 Addition Blk D/7647	Dallas Neighborhood Alliance for Habitat	1	\$15,000.00	Not greater than 60%
15	7903 Trojan Lot 31, Central Avenue 1 Blk C/7646	Dallas Neighborhood Alliance for Habitat	1	\$10,000.00	81% - 115%
TOTAL				\$49,000.00	
GRAND TOTAL				\$124,000.00	

Exhibit C

Exhibit C					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
1	1116 Brock Lot F of W.E. Hudson Addition Blk C/7533	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
2	208 Landis Lot 3, Betterton's Spring Hill Addition Blk 3/3118	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
3	3324 Nomas The East 40 Ft. of Lot 9, Westmorland Park Addition Blk 3/7144	Hedgestone Investments, LLC	1	\$6,852.00	61% - 80%
4	1719 Bickers Lot 6, Homestead Garden Additon Blk 7/7120	Hedgestone Investments, LLC	1	\$1,644.00	81% - 115%
5	2822 Pennsylvania Lot 7, Winchester Place Addition Blk 16/1368	Hedgestone Investments, LLC	1	\$1,644.00	81% - 115%
6	4249 Aztec Lot 1, City View Addition Blk 8/6083	Hedgestone Investments, LLC	1	\$1,644.00	Not greater than 60%
7	2226 Locust Lot 16, Southern Crest Addition Blk 7/5851	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
8	2303 Moffatt Lot 1, Southern Crest Addition Blk 5/5851	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
9	2246 Willhurt Lot 6, Lisbon Heights Addition, Blk 5/5853	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
10	2314 Willhurt Lot 4, Lisbon Heights Addition Blk 6/5853	Hedgestone Investments, LLC	1	\$6,584.00	Not greater than 60%
TOTAL				\$41,408.00	

Exhibit C Continued

Exhibit C					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	SALE AMOUNT	AMI Target
11	4221 Cardinal Lots 38 & 39, City View Revised Addition Blk 7/6083	Hedgestone Investments, LLC	1	\$1,644.00	61% - 80%
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20	1315 McKenzie Lot 11, D S Donovan Addition Blk B/6855	Hedgestone Investments, LLC	1	\$4,667.00	61% - 80%
TOTAL				\$52,126.00	
GRAND TOTAL				\$93,534.00	

Exhibit D

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TOTAL				\$50,000.00	

Exhibit D Continued

Exhibit D					
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	4838 Frio				
11	Lot 8, Glendale Acres Addition, Blk G/4358	Marcer Construction	1	\$5,000.00	Not greater than 60%
	903 Betterton				
12	Being the South 112 Ft of Lot 6, Diamonds Ewing Revised Addition Blk B/3125	Marcer Construction	1	\$5,000.00	61% - 80%
TOTAL				\$10,000.00	
GRAND TOTAL				\$60,000.00	

Memorandum



CITY OF DALLAS

DATE February 1, 2019

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

On Monday, February 4, 2019, the Committee will be briefed on stakeholder comments related to proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses. The briefing material is attached for your review.

The item was briefed to the Committee on November 5, 2018. The Committee recommended to forward the proposal to City Council for consideration. On December 12, 2018, the City Council considered the proposal and returned it to the Economic Development and Housing Committee for further consideration of stakeholder comments related to the proposal.

Please feel free to contact either myself or Kris Sweckard, Director of the Department of Sustainable Development and Construction, 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

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
Lala Alequresh, Chief Innovation 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

February 4, 2019

Kris Sweckard, Director
Sustainable Development
and Construction
Department



City of Dallas

Presentation Overview

- Purpose
- Background
- Overview of stakeholder feedback
- Presentation, discussion, and staff recommendation for each stakeholder point
- Next steps
- Appendix

Purpose

- Brief the Committee on potential updates to 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

- On November 5, 2018, the Economic Development and Housing Committee (EDH) was briefed on the amendment and recommended forwarding the proposal to City Council for consideration with a proposed amendment to set the rental affordability period at 20 years instead of the CPC proposed recommendation of 15 years.
- On December 12, 2018, City Council referred the item back to EDH for further consideration after receiving proposed amendments to the proposal from The Real Estate Council (TREC), Legal Aid of North West Texas (LANWT), and Inclusive Communities Project (ICP).

Background

- After the December 12, 2018 Council meeting, staff met with the stakeholders to discuss their feedback and to receive clarification.
- This briefing covers feedback related to Chapter 51A - the Dallas Development Code.
 - Housing and Neighborhood Revitalization Department staff will discuss the feedback related to 20A – Fair Housing.
- A summary of each stakeholder’s feedback and rationale, discussion of each point, and a staff recommendation for each follows.

Stakeholder Feedback – 51A

- 1) Modify the recommended:
 - a) Affordability period (TREC, LANWT)
 - b) Income requirements (ICP, LANWT)
- 2) Modify the physical form allowed:
 - a) Add an urban form setback in MF-1(A) and MF-2(A) Multifamily districts (TREC)
 - b) Increase the floor area ratio in MU-3 Mixed Use districts (TREC)
- 3) Adopt a separate ordinance requiring a baseline level of affordability in all planned development districts (LANWT)

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1a) Affordability Period – Stakeholders

- The Real Estate Council (TREC) feedback:
 - The affordability period should be based upon MVA groupings:
 - 10 years for A/B/C
 - 15 years for D/E/F
 - 20 years for G/H/I
 - Stakeholder rationale:
 - Lengthy affordability periods could dampen the supply of mixed income housing by reducing program participation.
 - Lifting rent restrictions after 10 to 20 years provides a natural point at which owners can renovate properties.

1a) Affordability Period – Stakeholders

- Legal Aid of NorthWest Texas (LANWT) feedback:
 - The affordability period should be at least 40 years.
 - Stakeholder rationale:
 - 40 years appears to be the national standard per a 2017 study by the Lincoln Institute of Land Policy.
 - A longer time period creates a more meaningful impact.

1a) Affordability Period – Discussion

- 15-20 year affordability period is based on common maintenance and investment cycles for apartment systems such as HVAC systems and roofing.
- Per DCAD, property condition tends to drop as multifamily properties age. Removing rent restrictions encourages reinvestment and repositioning of aging apartment complexes to extend the timeframe of “good” and “excellent” condition.

1a) Affordability Period – Staff Recommendation

- Staff supports the Committee's November 5, 2018 recommendation of 20 years given that this time period provides a longer period of affordability without having a deleterious effect on re-investment in these proposed developments.

1b) Income Bands – Stakeholders

- TREC recommends *increasing* the minimum income band in MU-3 Mixed Use Districts for MVA categories A, B, and C to 61-80% AMFI instead of 51-60% AMFI.
- LANWT recommends *decreasing* the minimum income band in all eligible zoning districts in MVA Categories G, H, and I to 51-60% AMFI.
- ICP recommends *decreasing* the minimum income band to serve families at 30-50% AMFI.

1b) Income Bands – Discussion

- The City's Comprehensive Housing Policy set housing production goals for families between 30% AMFI and 120% AMFI.
- This proposal focuses on providing rental housing for families above 50% AMFI by using development bonuses.
- These development bonuses may preclude the need for additional financial subsidy, thereby allowing the City's Housing funds to serve families between 30% and 50% of AMFI.

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1b) Income Bands – Staff Recommendation

- Staff recommends keeping the CPC-recommended income bands. See below for example:

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%	80%	85%	85%	80%	85%	85%	85%
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.						

2a) Urban Form Setback – Stakeholders

- TREC feedback: Similar to developments in MF-3(A) and the MU Mixed Use districts, developments in MF-1(A) and MF-2(A) using the mixed income housing development bonus should be required to provide an additional **10-foot** front yard setback for that portion of a structure over 45 feet in height.

2a) Urban Form Setback – Discussion

- The MF-3(A) Multifamily District and MU-1, MU-2, and MU-3 Mixed Use Districts require front yard setbacks as follows:
 - (i) Minimum front yard is 15 feet.
 - (ii) Urban form setback. An additional **20**-foot front yard setback is required for that portion of a structure over 45 feet in height.
- MF-1(A) and MF-2(A) districts do not currently require an urban form setback because the height limit is 36 feet without the bonus.
 - With the bonus, the heights in these districts are similar to the base in the MF-3(A) Multifamily Districts.

15

2a) Urban Form Setback – Staff Recommendation

- Staff recommends adding a **20** foot urban form setback to the front yard setback requirements for MF-1(A) and MF-2(A) districts for developments utilizing the mixed income housing development bonus to match the current urban form setback requirements in the MF-3(A) Multifamily Districts and MU-1, MU-2, and MU-3 Mixed Use Districts for construction over 45 feet in height.

2b) MU-3 – FAR – Stakeholders

- TREC recommends increasing the floor area ratio bonus in the MU-3 Mixed Use District because the bonuses currently being proposed in the MU-3 District are not proportional to the development opportunity created in other districts.
 - The bonuses proposed in MU-1 and MU-2 Districts would both allow 50%-300% more development volume than what is currently allowed, while the bonuses proposed in the MU-3 District would allow only an additional 12% bonus.

2b) MU-3 – FAR – Stakeholders

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
TREC-recommended FAR		+1.0	+2.0	+3.0	+1.0	+2.0	+3.0	+3.0
Height	270	no change						
Stories	20	no change						
Lot coverage	80%	80%	85%	85%	80%	85%	85%	85%
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.						

2b) MU-3 – FAR – Discussion

- Floor Area Ratio (FAR): The general statement for mixed use districts says that these districts are to “*encourage a mixture of uses and promote innovative and energy conscious design, efficient circulation systems, the conservation of land, and the minimization of vehicular travel.*”
- MU-3 districts are generally located near large transportation and transit systems such as I-635, Central Expressway, and DART rail.
- The CPC recommendation provides a maximum FAR of 6.0 for developments that reserve 15% of their units and provide multiple uses on site.

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2b) MU-3 – FAR – Staff Recommendation

- Staff recommends keeping the CPC recommendations:

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%	80%	85%	85%	80%	85%	85%	85%
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.						

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3) Planned Development Districts – Stakeholders

- LANWT recommends the City adopt a separate ordinance requiring a baseline level of affordability in all planned development districts (PDs).
- LANWT rationale:
 - Austin requires a baseline level of affordable units for all Planned Unit Developments (PUDs) of 10% of all rental units affordable to families at 60% of AMFI for 40 years.
 - The City of Dallas has over 1,000 PDs.
 - Dallas approves increased height and density in new and amended PDs without any required affordability.

3) Planned Development Districts – Discussion

- Staff's review of Austin's regulations indicate that Austin does *not* require a minimum level of affordability in PUDs.
- Instead, Austin's PUD ordinance provides a two-step process that sets a baseline *development standard* and then provides for a development *bonus* in exchange for direct, off-site, or a fee-in-lieu of provision of affordable units.

3) PDs – Staff Recommendation

- Staff recommends following CPC's recommendation: the proposed ordinance would only apply to PDs that default to one of the eligible zoning districts and that only alter the allowed uses.
- The bonuses in this amendment will serve as a guide for staff and applicants to evaluate PD applications on a case-by-case basis.

Next Steps

- Schedule for March 27, 2019 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 – 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.						

*As previously presented.

Appendix – 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.						

*As previously presented.

Appendix – 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 would apply to non-residential uses only.						

*As previously presented.

Appendix – 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 would apply to non-residential uses only.						

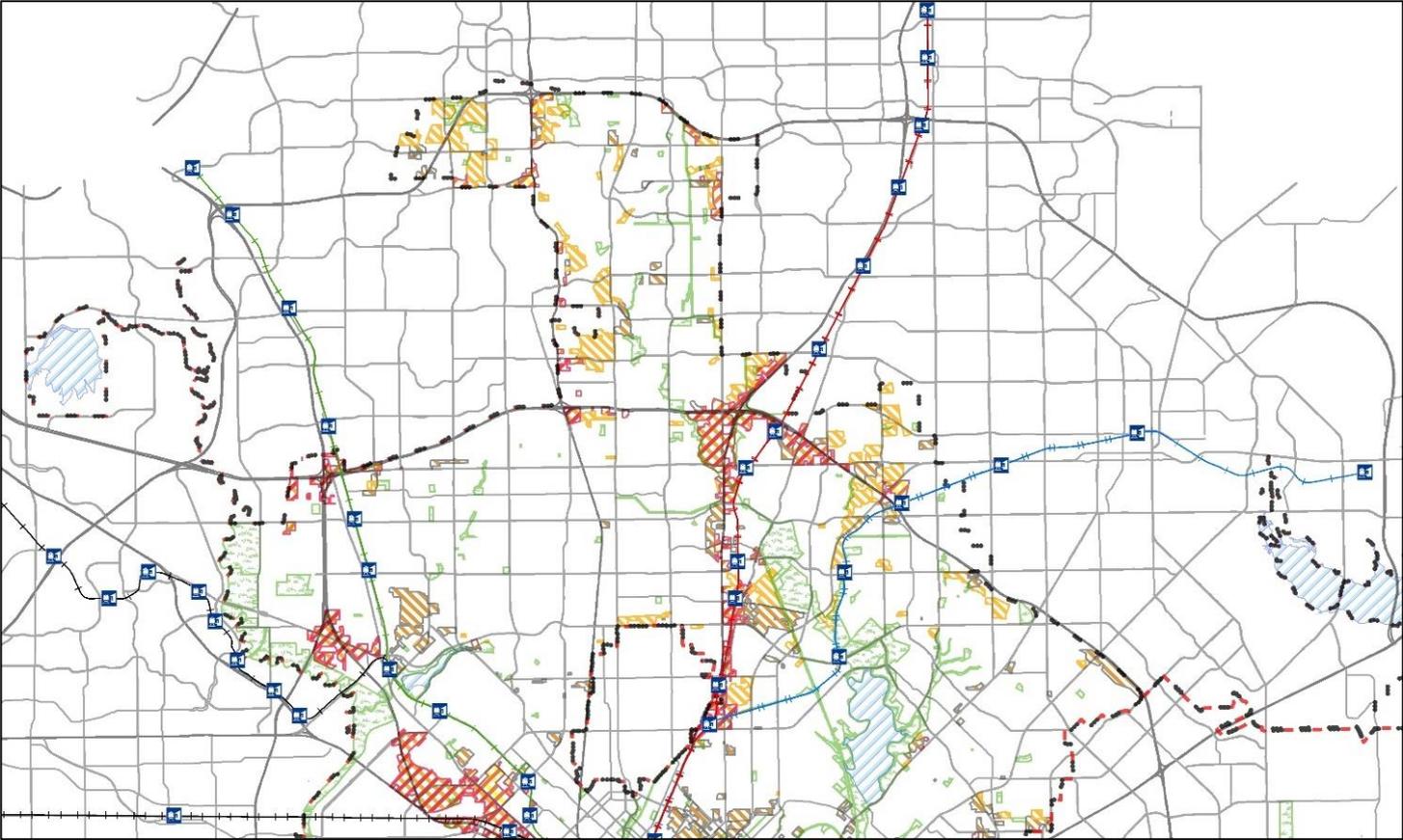
*As previously presented.

Appendix – 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%	80%	85%	85%	80%	85%	85%	85%
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.						

*As previously presented.

Appendix – Location: Zoning Districts



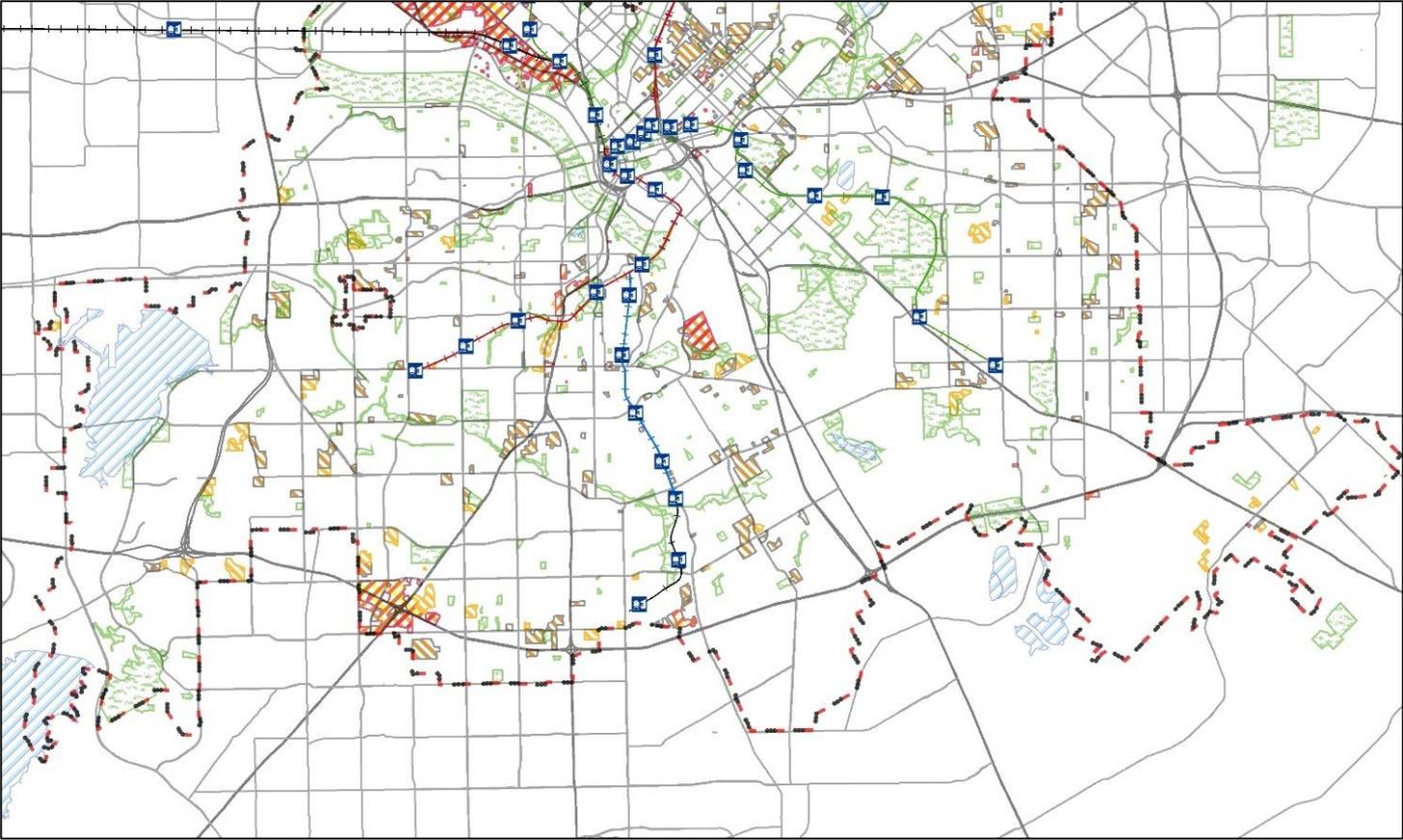
Market Value Analysis

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

Zoning

- MF-1(A)
- MF-2(A)
- MF-3(A)
- MU-1
- MU-2
- MU-3

Appendix – Location: Zoning Districts



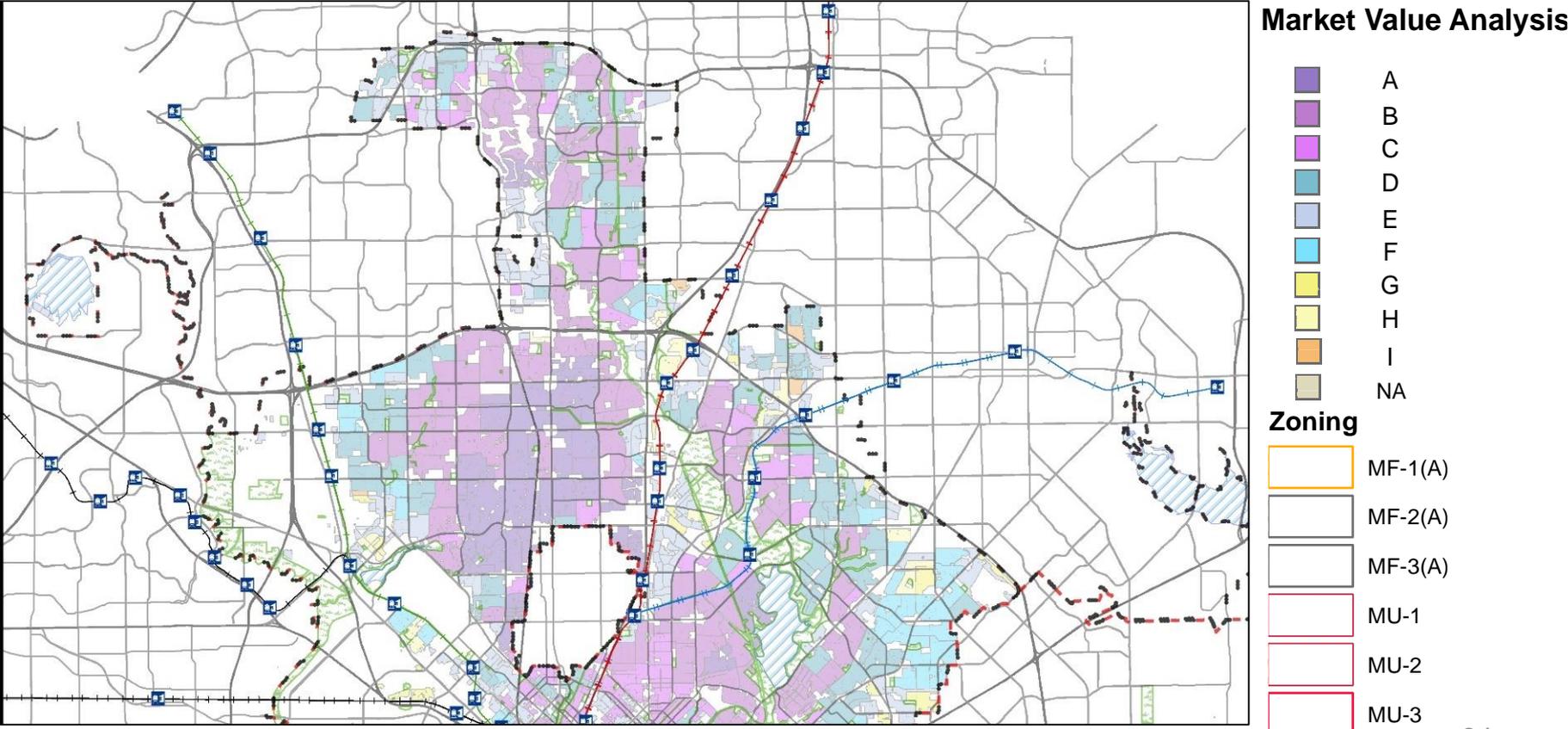
Market Value Analysis

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

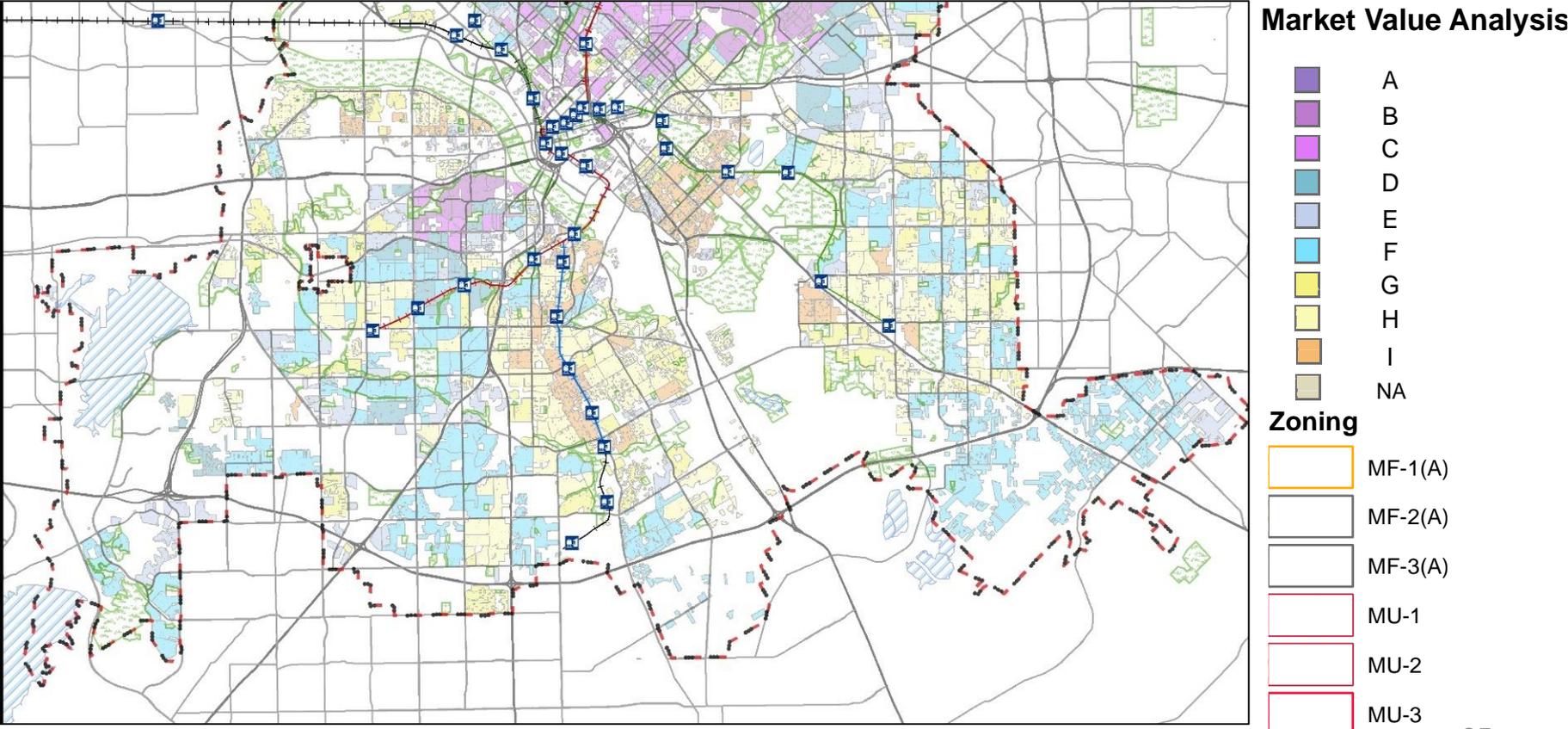
Zoning

- MF-1(A)
- MF-2(A)
- MF-3(A)
- MU-1
- MU-2
- MU-3

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

Appendix – 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.

Appendix – 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.

Mixed Income Housing Development Bonuses

Economic Development and
Housing Committee

February 4, 2019

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 February 1, 2019

TO The Honorable Members of the Economic Development and 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 **Reappointment of Dallas Development Fund (DDF) Board Members**

On February 4, 2019, the Economic Development and Housing Committee will consider the reappointment of Gilbert Gerst, Brentt Shropshire, Zenetta Drew and Edward Okpa to the Dallas Development Fund Board.

Summary

Per the current bylaws, approved by the City in February 2013, the City Manager must appoint or reappoint all Class I members and those members are then confirmed by Council. DDF has four Class I members that will be presented to Council for reappointment, two for a term that expires February 25, 2020 and two for a term that expires February 25, 2021.

Background

The City of Dallas authorized the creation of the Dallas Development Fund (DDF), a non-profit Community Development Entity (CDE), by Resolution No. 09-0461 on February 11, 2009, to apply for a NMTC allocation from the U.S. Department of Treasury's Community Development Financial Institutions Fund in its 2009 funding cycle. DDF was awarded a \$55 million allocation under the 2009 cycle, a \$30 million allocation under the 2012 cycle, a \$45 million allocation in 2014 and a \$55 million allocation in 2017 for a total of \$185 million in NMTC allocation.

The NMTC program permits taxpayers (the tax credit investor) to receive a credit against federal income taxes for making qualified equity investments in designated CDEs. These investments must be used by the CDE for projects and investments in low-income communities, as defined by the NMTC program. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a 7-year credit allowance period. To date, DDF and the City Council have authorized \$157 million in NMTC allocation to sixteen projects throughout the City.

DDF board members must be 18 years old and reside in the City of Dallas. Additionally, per the bylaws, at least four members of the DDF board must be a "Low-Income Representative" by meeting the standards of Low-Income Community (LIC) accountability as established by the CDFI fund. Three of the four Class I members are LIC accountable.

Financing

No Cost Consideration to the City for this request.

Coordination

N/A.

Recommendation

Staff recommends approval of an item authorizing the reappointment of Gilbert Gerst, Brentt Shropshire, Zenetta Drew and Edward Okpa to the Dallas Development Fund Board.

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



Courtney Pogue, Director
Office of Economic Development

c: Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
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
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Memorandum



DATE February 1, 2019

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 **Upcoming Agenda Item – Release of Lien and Deed Restriction for KAH
Holdings dba Karrington & Company**

On February 4, 2019, you will be briefed on the KAH Holdings dba Karrington & Company Ferguson Road Townhomes Project located at 7839 Ferguson Road and the request to release the lien and deed restriction in exchange for payment of the HOME funds in the amount of **\$67,904.75**.

Summary

In November 2019, KAH Holdings dba Karrington & Company requested a payoff to reimburse the city for the **\$67,904.75** in HOME funds used to pay for soft costs for development of the property for the townhomes located at 7839 Ferguson Road. The developer submitted for plans review in 2016 and has experienced several delays due to engineering requirements. During this time, cost of construction and engineering requirements increased the budget. The developer determined that the project is no longer viable and requested to repay the funding and cancel the contract.

Once the payment in the amount of **\$67,904.75** is received by the city, the Release of Lien and Deed Restriction will be provided to the developer.

Background

On May 25, 2016, City Council approved a loan agreement with KAH Holdings dba Karrington & Company for a housing development loan in the amount of **\$450,000** in HOME and GO Bond funds for the development of 10 single family homes for the Ferguson Road Townhomes Project located at 7839 Ferguson Road.

On June 22, 2016, City Council approved an amendment to the loan agreement with KAH Holdings dba Karrington & Company for a housing development loan in the amount of **\$450,000** to change the GO Bond funds to HOME funds only for

the development of 10 single family homes for the Ferguson Road Townhomes Project located at 7839 Ferguson Road.

KAH Holdings dba Karrington & Company expended **\$67,904.75** in HOME funds with a remaining balance of **\$382,095.25**.

Issue

KAH Holdings dba Karrington & Company expended **\$67,904.75** in HOME funds with a remaining balance of **\$382,095.25**. The developer requests to repay the HOME funds in exchange for the Release of Lien and Deed Restriction on the property that it owns located at 7839 Ferguson Road.

Alternatives

If the repayment in exchange for the Release of Lien and Deed restriction is not approved, the city will be responsible for repayment of the funds to the U.S. Department of Housing and Urban Development (HUD) from general funds and the developer will continue to have a lien from the city. The funds expended to date must be repaid as they will not have met the intended federal requirements.

Fiscal Impact

The development was awarded HOME grant funds on May 25, 2016 by Resolution No. 16-0844 and on June 22, 2016 by Resolution No. 16-1127 during 2015-16 fiscal year. To date, **\$67,904.75** of the **\$450,000.00** has been expended. There is no additional cost consideration to the City for this extension request.

Departments/Committee/Council Actions

On June 25, 2014, City Council approved the FY 2014-15 Consolidated Annual Action Plan Budget which included HOME funds for housing development in the amount of **\$1,977,078**, Resolution No. 14-1001.

On June 10, 2015, City Council approved the FY 2015-16 Consolidated Annual Action Plan Budget which included HOME funds for housing development in the amount of **\$1,348,807**, Resolution No. 15-1055.

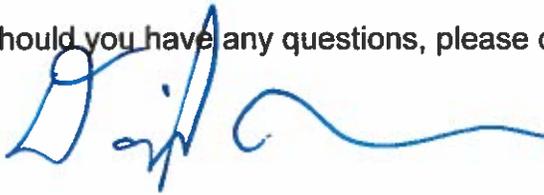
On May 25, 2016, City Council approved the development loan agreement with KAH Holdings dba Karrington & Company for a housing development, Resolution No. 16-0844.

On June 22, 2016, City Council approved an amendment to the housing development loan with KAH Holdings dba Karrington & Company, Resolution No. 16-1127.

Staff Recommendation

Staff recommends authorization to accept the repayment of funds in the amount of **\$67,904.75** from KAH Holdings dba Karrington & Company to provide a Release of Lien and Deed Restriction.

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



David Noguera, Director
Housing and Neighborhood Revitalization

c: The Honorable Mayor and the Members of City Council
Chris Caso, City Attorney (I)
Carol Smith, City Auditor (I)
Billieae 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

Memorandum



CITY OF DALLAS

DATE February 1, 2019

TO The Honorable Members of the Economic Development and 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 **Upcoming agenda items February 27, 2019: TIF District Annual Reports**

On Monday, February 4, 2019, the Economic Development Committee will receive information on upcoming agenda items for the nineteen TIF district annual reports.

Background

A summary of FY 2018 Activity in Dallas TIF Districts is attached.

Financing

No Cost Consideration to the City for this request.

Coordination

N/A.

Recommendation

Staff recommends approval of the TIF district annual reports.

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

A handwritten signature in black ink, appearing to read 'CP', followed by a long horizontal line extending to the right.

Courtney Pogue, Director
Office of Economic Development

c: Chris Caso, City Attorney (Interim)
Carol A. Smith, City Auditor (Interim)
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
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Summary of FY 2018 Activity in Dallas TIF Districts – TIF Annual Report Items February 27, 2019 Council Agenda

During FY 2018, the nineteen (19) active TIF Districts experienced a range of activity and success. Two districts have sunset – State-Thomas and Cityplace; however, their impact on economic growth for the City has been significant and therefore data continues to be included in most of the district summary information below.

Growth in property values compared to the base year of the districts was strong. Overall taxable real property value in TIF Districts increased by 15.8% (\$2,377,717,118) from last year compared to an 9.94%% increase for the City as a whole. All districts increased in value over last year with the largest increases in Cypress Waters, 52.1%, University TIF, 48.0%; Cedars, 44.3%; and Fort Worth Avenue, 36.2%.

TIF District property value growth since inception through 2018 is 355.9%. For the seven TIF Districts created between 1988 and 1998, overall value has grown by 475.1%. This includes both State-Thomas and Cityplace TIF districts that have sunset and all revenue is contributed to the City general fund.

Newer TIF Districts created after 2005 had an overall value growth of 305.5%. Among those districts that had the highest increases were Cypress Waters, 633226.7%; Downtown Connection, 667.8%; and Fort Worth Avenue, 353.8%.

Total TIF expenditures or allocations of \$1.18 billion leveraged over \$15.6 billion in added or anticipated property value in TIF Districts since the inception of each TIF District. For every TIF dollar committed, \$13.27 was returned in private investment. This return does not include the amount of increased sales tax, hotel/motel taxes and personal property taxes, nor does it include the taxes paid to the various taxing jurisdictions, including the Dallas Independent School District (DISD). Staff estimates the amount of additional taxes paid to DISD for increased property value in Dallas TIF Districts is over \$177 million for the fiscal year 2018.

TIF District FY 2018 Summary - Annual Reports

February 1, 2019

Page 2 of 7

TIF District Property Value Growth from Inception to 2018

TIF District	Initial (Base)	2017 Taxable Value	2018 Taxable Value	2017 vs 2018 (% Change)	Initial vs 2018 (% Change)
TIF Districts created between 1988-1998					
State-Thomas	\$47,506,802	\$669,115,839	\$709,285,625	6.0%	1393.0%
Cityplace	\$45,065,342	\$1,155,632,015	\$1,238,174,558	7.1%	2647.5%
Oak Cliff Gateway (<i>all sub-districts</i>)	\$145,852,742	\$409,952,461	\$522,310,185	27.4%	258.1%
Cedars	\$35,300,760	\$132,657,831	\$191,419,758	44.3%	442.3%
City Center (<i>all sub-districts</i>)	\$674,751,494	\$1,423,550,823	\$1,585,440,719	11.4%	135.0%
Farmers Market (<i>Zone A-C</i>)	\$35,714,091	\$358,681,975	\$409,340,216	14.1%	1046.2%
Sports Arena (<i>all sub-districts</i>)	\$63,730,369	\$1,148,247,475	\$1,370,261,348	19.3%	2050.1%
Subtotal	\$1,047,921,600	\$5,297,838,419	\$6,026,232,409	13.7%	475.1%
TIF Districts created after 2005					
Design District (<i>all subdistricts</i>)	\$281,873,753	\$750,642,860	\$842,627,830	12.3%	198.9%
Vickery Meadow (<i>Zone A-B</i>)	\$164,779,090	\$485,691,430	\$527,139,510	8.5%	219.9%
Southwestern Medical (<i>Zone A-B</i>)	\$67,411,054	\$249,200,389	\$266,009,592	6.7%	294.6%
Downtown Connection (<i>Zone A-B</i>)	\$564,917,317	\$3,562,648,652	\$4,337,564,486	21.8%	667.8%
Deep Ellum (<i>Zone A-C</i>)	\$189,162,613	\$459,193,766	\$573,433,780	24.9%	203.1%
Grand Park South	\$44,850,019	\$62,793,211	\$67,319,056	7.2%	50.1%
Skillman Corridor	\$335,957,311	\$739,399,412	\$862,898,908	16.7%	156.8%
Fort Worth Avenue	\$86,133,447	\$287,053,672	\$390,876,073	36.2%	353.8%
Davis Garden (<i>Zone A-B</i>)	\$137,834,597	\$250,179,553	\$295,167,166	18.0%	114.1%
TOD TIF (<i>all subdistricts</i>)	\$202,074,521	\$472,148,392	\$498,370,406	5.6%	146.6%
Maple-Mockingbird (<i>Zone A-B</i>)	\$184,005,009	\$517,895,171	\$613,056,353	18.4%	233.2%
Cypress Waters	\$71,317	\$296,935,964	\$451,669,634	52.1%	633226.7%
Mall Area Redevelopment TIF (<i>all subdistricts</i>)	\$168,357,630	\$212,754,330	\$245,824,620	15.5%	46.0%
University TIF (<i>all subdistricts</i>)	\$49,774,442	\$49,774,442	\$73,676,958	48.0%	48.0%
Subtotal	\$2,477,202,120	\$8,396,311,244	\$10,045,634,372	19.6%	305.5%
Total All Districts	\$3,525,123,720	\$13,694,149,663	\$16,071,866,781	16.1%	355.9%

Notes: State-Thomas and Cityplace TIFs have legally expired and are no longer officially reporting.

Districts with Zone A, B, C, etc. reflect original boundary (Zone A) plus accounts added with different base yr (i.e. Zone B)

Several districts have been amended to add sub-districts that may have different base years.

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Although most new taxable value growth in TIF Districts is captured to fund public improvements in those Districts, there has been some added benefit to the City's general fund. Districts created since 2005 and some older TIF districts, as amended, have varied City participation during the term of the district ranging from 55-90% of total new taxes and some have delayed increment collection in the initial years, allowing some new growth into the general fund. Estimates for the current tax year 2018 (fiscal year 2018-2019) total TIF tax increment are shown below and include both the estimated City contribution and any contributions from other participating taxing jurisdictions. For older TIF districts, there was more participation from other taxing entities; whereas, those districts created or amended since 2005 have primarily had only City and County participation.

Estimated TIF District Increment Collection and Added General Fund Revenue

Tax Year	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
2018 Total Increment	\$39,013,192	\$49,609,200	\$88,622,392
2018 (City) Increment	\$32,130,895	\$40,546,334	\$72,677,229
2018 new City General Fund	\$4,902,596	\$21,191,530	\$26,094,126

Total increment is estimated TIF collections for all participating taxing jurisdictions.

City Increment is the estimated City contribution to the TIF Funds.

New City General Fund is the estimated added revenue from increased property value above the base value not captured by TIF Funds (includes estimated annual revenue from State-Thomas & Cityplace TIFs, now expired)

TIF Districts have also been catalysts for improving the real estate market in areas that were lagging, drawing new residents into the City's core and DART station areas, and creating new mixed-use neighborhoods. As of FY 2018, approximately 37,601 new residential units were completed in the City's twenty-one TIF Districts (including State-Thomas and Cityplace), an additional 5,668 are under construction, and another 4,015 units are planned. Over 14 million square feet of new or redeveloped retail, office, and other commercial space has been completed. Over 2 million square feet of commercial space is under construction and another 1.9 million square feet of space is planned. New hotel construction includes 5,399 completed rooms, 1,277 under construction and another 514 rooms planned.

The following table summarizes new development in downtown and non-downtown TIF Districts. The two downtown TIFs, City Center and Downtown Connection, comprised 20.7% of constructed or planned residential units, 38.4% of commercial space and 69% of completed or planned hotel rooms.

New Residential and Commercial Development in TIF Districts

Development	City Center & Downtown Connection TIFs	Non-Downtown TIFs	Total All Districts
Residential Units			
Completed	8,252	29,349	37,601
Under Construction	1,473	4,195	5,668
Planned	52	3,963	4,015
Resid. Total	9,777	37,507	47,284
Commercial (retail, office, other com.) Square Footage			
Completed	6,019,812	8,108,292	14,128,104
Under Construction	952,766	1,173,524	2,126,290
Planned	10,000	1,938,636	1,948,636
Com. Total	6,982,578	11,220,452	18,203,030
Hotel Rooms			
Completed	4,120	1,279	5,399
Under Construction	845	432	1,277
Planned	0	514	514
Hotel Total	4,965	2,225	7,190

Construction activity in TIF Districts is on-going. Major TIF-related projects that completed construction in FY 2018, with a combined value over \$1 billion, are shown in the following table and took place in several districts. City Council also authorized one development agreement in FY 2018 for the Reimagine Red Bird project in the Mall Area TIF District. This project is anticipated to have a value of \$115 million at completion.

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Major TIF-Related Projects Completed in FY 2018

Project	District	Description	Value^	TIF Investment
Completed in FY 2018				
1217 Main Street	City Center	6250 sf retail; 18,750 sf office	\$1,450,000	\$0
Factory Six03	City Center	165,000 sf office; 9,000 sf retail	\$73,261,290	\$0
Courtyard Marriott Hotel	City Center	167 hotel rooms	\$26,115,410	\$0
717 N. Harwood	City Center	400,000 sf office; 7,000 sf retail	\$45,917,540	\$0
Signet Jewelers/Zales Campus	Cypress Waters	250,000 sf office	\$29,832,240	\$0
The Sound Retail	Cypress Waters	35,000 sf retail	\$8,750,000	\$0
The Wharf at The Sound	Cypress Waters	296 resid. units	\$15,000,000	\$0
Bleecker Street at The Sound	Cypress Waters	243 resid. units	\$29,016,000	\$0
Single-Tenant Office	Cypress Waters	216,400 sf office	\$18,286,700	\$0
Multi-Tenant Office	Cypress Waters	250,000 sf office	\$14,508,830	\$0
Residence Inn Hotel	Davis Garden	103 hotel rooms	\$11,180,390	0*
Old Dallas High School	Deep Ellum	26,000 sf retail; 66,000 sf office	\$50,409,542	\$6,240,934
Statler/Library	Downtown Connection	219 resid. units; 161 hotel rooms; 60,000 sf retail; 88,000 sf office	\$90,931,000	\$46,500,000
Tower Petroleum Cambria Hotel	Downtown Connection	150 hotel rooms; 6,174 sf retail	\$20,000,000	\$10,300,000
Corrigan Tower 1900 Pacific Res	Downtown Connection	150 resid. units	\$23,000,000	\$9,700,000
500 S. Ervay	Downtown Connection	274 hotel rooms; 238 resid. units; 29,400 sf retail	\$49,313,120	\$0
Park District	Downtown Connection	228 resid. Units; 500,000 sf office; 20,000 sf retail	\$110,729,000	\$0
Broadstone, Ltd	Fort Worth Ave	308 apartment units; 15,035 sf retail	\$42,341,950	\$0
Lincoln Kessler Park	Fort Worth Ave	299 resid units; 20,000 sf retail	\$39,792,370	\$0
Marriott Hotel	Mall Area	256 hotel rooms	\$30,000,000	\$0
Bishop Hi Line	Oak Cliff Gateway	118 resid. units	\$16,300,000	\$0
Lookout Apartments at Lake Highlands Town Center	Skillman Corridor	259 resid. units	\$27,779,890	\$0
The Katy	Sports Arena	461 apartment units; 2,000 sf retail	\$185,000,000	\$0
The 23 Dallas	Sports Arena	285 apartment units; 23,000 sf retail; 44,000 sf cinema	\$80,000,000	\$0
Longhorn Ballroom Phase I	TOD	43,032 sf entertainment venue renovation	\$2,000,000	0**

^Values reflect current DCAD market value for completed projects or estimated value for those planned

**Project is located within the Canyon in Oak Cliff that has up to \$128.9 million in future TIF reimbursement subject to meeting all requirements; however, the hotel does not have direct TIF incentives.*

***Project incentives were Public/Private Partnership Economic Development Grant.*

Major TIF-Related Projects Approved in FY 2018

Project	District	Description	Value [^]	TIF Investment
Approved in FY 2018				
Reimagine Red Bird	Mall Area	Renovation 600,000 sf retail; new construction 100,000 sf retail	\$115,000,000	\$15,600,000

[^]Values reflect current DCAD market value for completed projects or estimated value for those planned

Retired TIF Districts

TIF districts are intended to boost real estate markets and grow the City's tax base. The City of Dallas has also been successful in promoting strong urban design and encouraging the creation of unique neighborhoods as part of the TIF program. Both the State-Thomas TIF (sunset in 2008) and Cityplace (sunset in 2012) have been success stories from both an economic and place making perspective. Over 6,300 residential units and 743,000 square feet of commercial space had been completed in the two districts. Based on available 2018 data, the property value growth in State-Thomas TIF has exceeded \$661 million or 1,393% and Cityplace TIF \$1.2 billion or 2,648% from inception. Both State-Thomas and Cityplace Area TIF Districts have expired, are no longer collecting increment, and estimated to contribute \$14.4 million combined to the City for tax year 2018.

State law requires the preparation of an annual report for each TIF District that summarizes the activities of each area. The state requirements for this report are minimal. In order to better explain the progress of each TIF District, staff has created an individual report that shows additional information. The reports include the following information:

- Map of the TIF District
- Mission Statement
- Accomplishments to Date
- Project Status – Type and amount of new development by project including private investment, new residential units, commercial space created, TIF investment, completion (or expected completion) date
- Other District-wide initiatives, where applicable
- Mixed-Income Housing Summary
- Taxable value and increment revenue summary – what are the captured appraised value for the District and the expected increment collection
- Objectives and Success Indicators for the TIF District
- Summary of City Council actions related to the TIF District
- TIF Project Plan budget status – projected increment revenues to retire TIF fund obligations, expenditures, and the total plan budget
- M/WBE participation in TIF Contracts
- Bond sales and repayment, where applicable
- FY 2018-2019 Work Program

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Seventeen of the TIF District Boards of Directors have met and voted to recommend the annual reports for City Council approval. The Davis Garden TIF Board scheduled a meeting, but, in the absence of a quorum, no official action was taken. The University TIF does not currently have an appointed Board; therefore, those annual reports are being forwarded without a board recommendation. State law does not require that the board approve the report prior to City Council. The Annual Reports, upon adoption by City Council, will be submitted to the other taxing jurisdictions participating financially in each District and to the State Comptroller.

