2024 General Obligation Bond Program Technical Criteria for Housing & Neighborhood Revitalization

Community Bond Task Force
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City of Dallas

Presentation Overview

- DFW Growth
- Housing Stock
- Renters and Homeowners
- Production Goals
- Financial Capacity
- Deploying Existing Resources
- Opportunities
- Options

Population - DFW Counties

County	2017	2018	2019	2020	2021	2022	Percent Increase or Decrease (YOY) 2020-2021	Percent Increase or Decrease (YOY) 2021-2022
Collin	971,864	1,004,307	1,034,730	1,075,654	1,114,450	1,158,696	3.61%	3.97%
Dallas	**2,620,154**	**2,629,350**	**2,635,516**	**2,609,966**	**2,587,954**	**2,600,840**	**-0.84%**	**0.50%**
Denton	835,364	858,741	887,207	914,324	943,857	977,281	3.23%	3.54%
Kaufman	122,628	128,279	136,154	147,126	158,216	172,366	7.54%	8.94%
Rockwall	96,824	100,546	104,915	109,136	116,549	123,208	6.79%	5.71%
Tarrant	2,056,451	2,081,446	2,102,515	2,115,682	2,129,402	2,154,595	0.65%	1.18%

Source: U.S. Census Vintage Population Estimates for Counties as of 2019 and 2022. These estimates differ from the American Community Survey.

Population – City of Dallas

City of Dallas Population Estimates 2017-2022

| Year	Population Estimate*	Percent Increase or Decrease (YOY)
2017	1,342,479	1.40%
2018	1,341,802	-0.05%
2019	1,343,573	0.13%
2020	1,303,641	-2.97%
2021	1,290,711	-1.04%
2022	**1,299,544**	**0.68%**

*U.S. Census Bureau Vintage Estimates as of July 1, 2019 and July 1, 2022. These estimates differ from the American Community Survey (ACS).

Migration Patterns

- Housing is the greatest reason (~40%) people move[14]

- People are moving to surrounding counties and to other major metropolitan cities when they move out of Dallas. Actual moves from other cities are Chicago, LA, Houston, Atlanta, and San Antonio, among others[15]

- People are often considering a move to DFW from LA, San Francisco, New York, Chicago, DC[16]

- People moving here may have surplus cash from higher cost markets – this results in cash offers and ability to pay higher rents or more expensive houses.

lower inbound ▮▮▮ higher inbound

Housing-related ■ Family-related ■
Job-related ■ Other ■
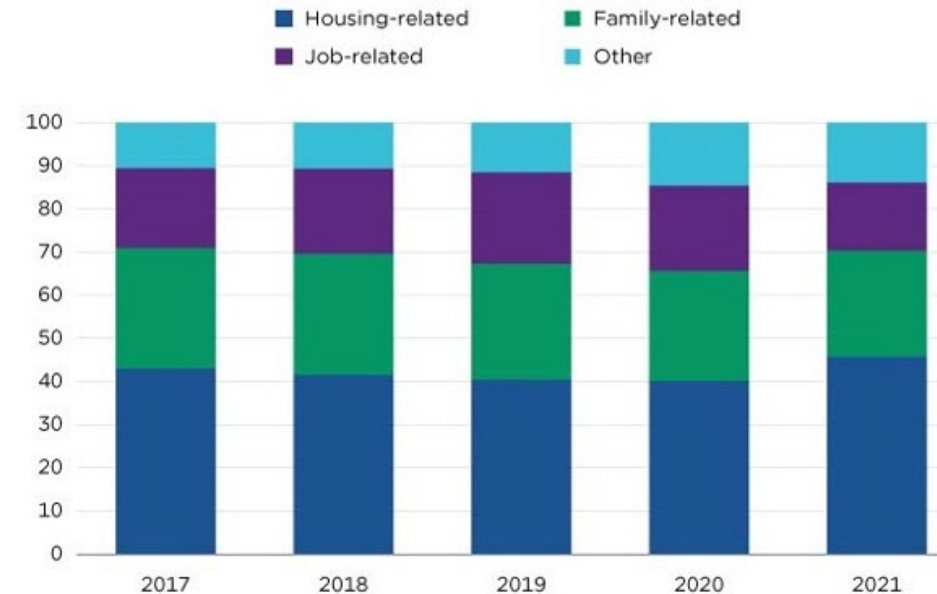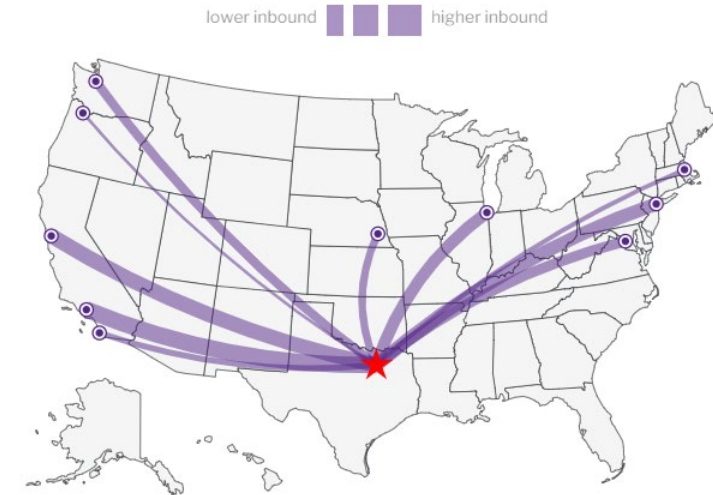
Population Breakdowns by Age

Category	Number	Percent	Observations
Under 5 Years	93,208	7.2%	27% - still live at home
Age 5 to 14 years	178,045	13.7%	
Age 15 to 19 years	81,006	6.2%	
Age 20 to 29 years	223, 235	17.2%	46% - may be on own, may be doubling up, may be first time homebuyers
Age 30 to 39 years	209,810	16.1%	
Age 40 to 49 years	165, 046	12.7%	
Age 50 to 54 years	72,481	5.6%	27% - housing needs start to change
Age 55 to 59 years	72,165	5.6%	
Age 60 to 64 years	66,212	5.1%	
Age 65 to 69 years	48,971	3.8%	
Age 70 to 74 years	36,320	2.8%	
Age 75 to 79 years	23,067	1.8%	
Age 80 and over	30,673	2.4%	

Housing Stock

Occupied / Vacant
573,597 Total Housing Units

- 58,459
- 515,138

■ Occupied ■ Vacant

Homeowner/Renter

- 41%
- 59%
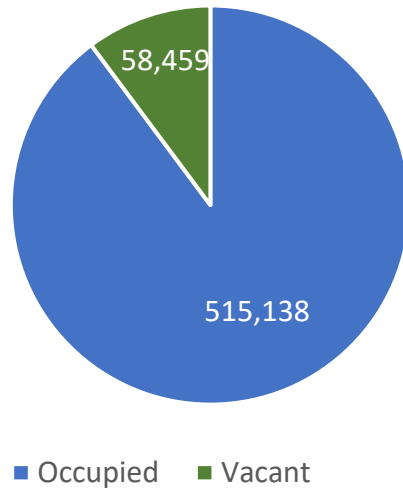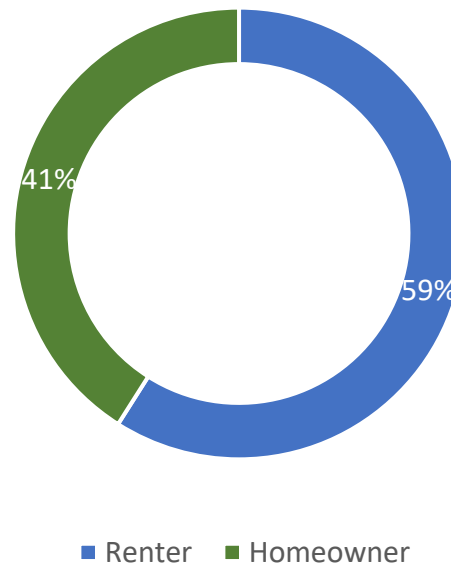
■ Renter ■ Homeowner

Total Housing Units 573,597	Percent Overall	Age of Housing Unit
273,413	47.7%	1980 or newer
94,673	16.5%	1970-1979
71,930	12.5%	1960-1969
75,430	13.2%	1950-1959
58,151	10.1%	1949 or earlier

Homeownership Challenges

2023 Median Income vs Cost to Purchase a Home of $405k
(median in Dallas[6])

Chart legend: 1 Person Household (green), 4 Person Household (blue), Minimum to Purchase (gray)

| Income %	1 Person Household	4 Person Household	Minimum to Purchase
100%	$97,400	$105,600	$135,000
80%	$57,750	$82,500	$135,000
50%	$36,100	$51,550	$135,000
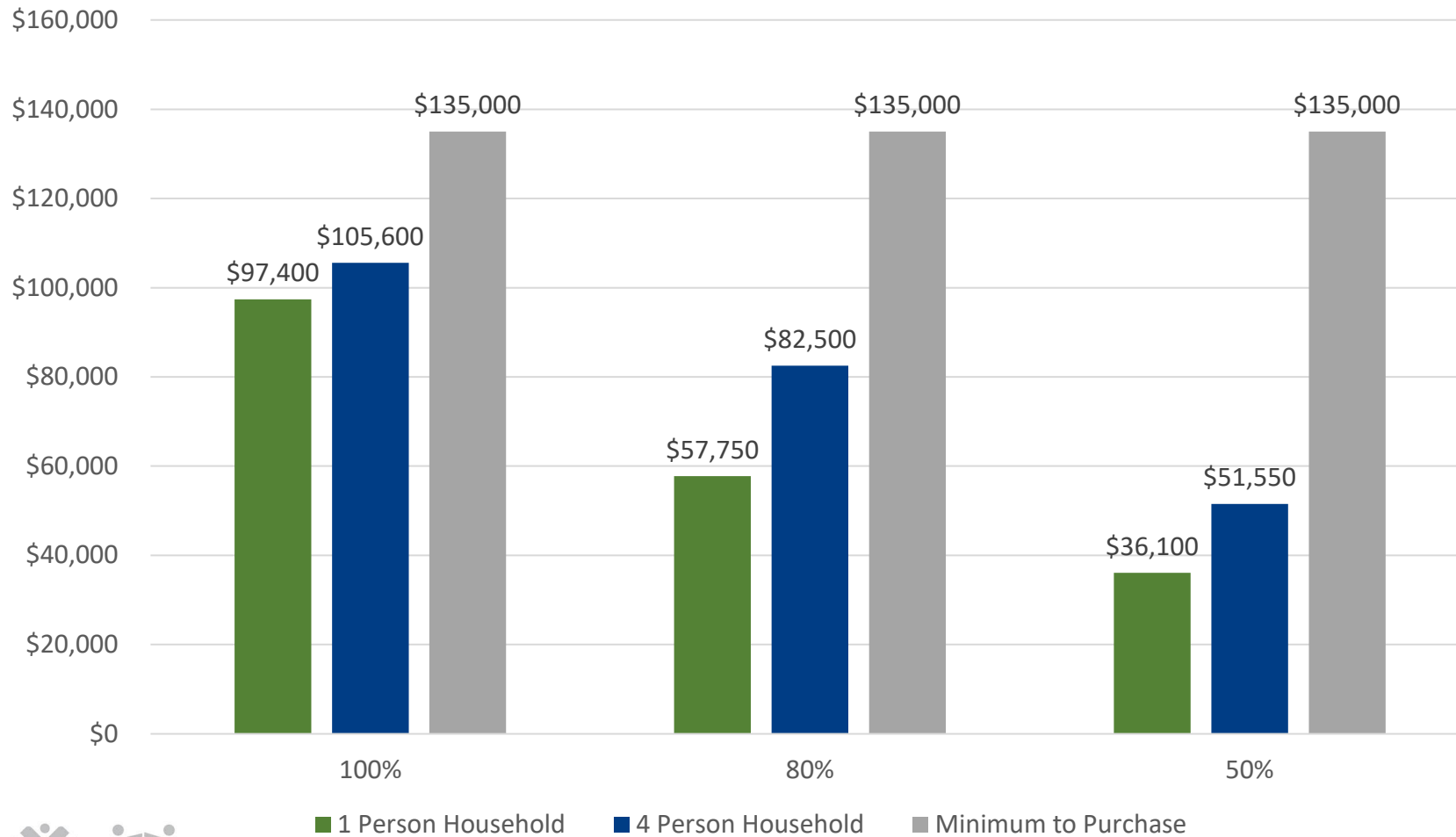
Homeownership Challenges

DHAP Program Year	Households Served	Total Subsidy Provided	Average Subsidy	Average Home Sales Price	HOME Home Value Limit		Average Household Size	Average Age of buyer
					Existing	New Construction		
2013-2014	93	$1,212,000	$13,032	**$97,391**	$145,000	$195,000	3	n/a
2014-2015	115	$1,401,175	$12,184	$103,989	$172,000	$200,000	3	n/a
2015-2016	153	$2,414,188	$15,779	$116,582	$183,000	$228,000	3	n/a
2016-2017	128	$1,887,937	$15,733	$122,485	$195,000	$224,000	3	n/a
2017-2018	42	$1,772,294	$42,198	$137,737	$212,000	$241,000	2	n/a
2018-2019	23	$1,112,813	$48,383	$144,744	$228,000	$246,000	2	n/a
2019-2020	8	$257,489	$32,186	$186,844	$237,000	$251,000	3	n/a
2020-2021	7	$292,988	$41,855	$180,414	$246,000	$253,000	1.4	43
2021-2022	16	$608,786	$38,049	$207,000	$271,000	$271,000	3	37
2022-2023 – to date	13	$557,674	$42,898	**$227,728**	$271,000	$271,000	2.6	40

Homes for Sale under $271K – January 2023
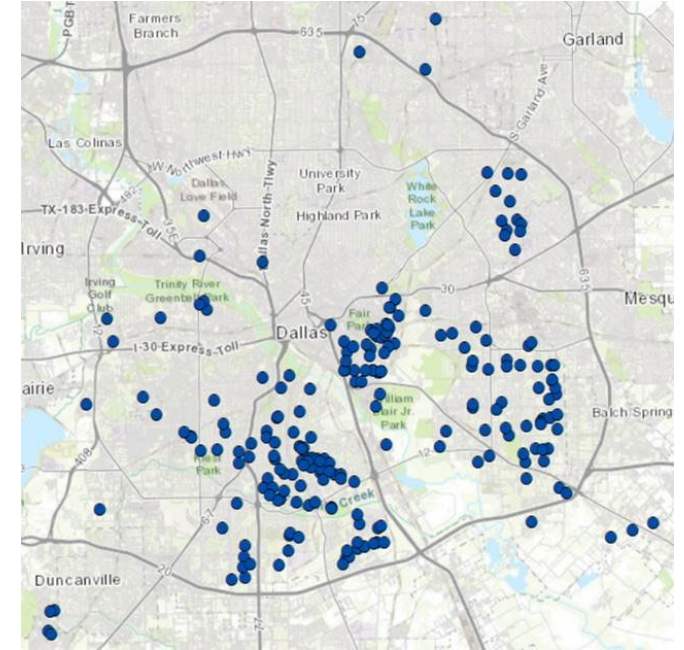
Sales Price	Total in Jan 2023
< $200k	70
$200k-$250k	105
$250k-$270K	54

Renting Challenges

- Dallas has a 6.3% overcrowding rate versus 4.4% in the DFW region[9]

- Rents have increased Rents have increased 60% since 2015, with a 33% increase since January 2020[21] and 11% from 2021 Q3 to 2022 Q3[11]

- Minimum wage earners must work multiple jobs to afford a 1-bedroom apartment in Dallas[12] and 40% of all jobs in Dallas are lower-paying retail, service and support[21]

- Over 134,000 low-income and moderate-income renter households earning under $75,000/year are cost-burdened - they spend 30% or more of household income on housing[13]

- The City of Dallas has a 33,660 rental unit supply gap for its lowest-income households making at or below 50% AMI. The gap is projected to grow to 83,500 rental units for households at or below 50% AMI by 2030.[21]

- In 2021, there were 50 3-bedroom units affordable for households below 50% for every 100 households[21]

- Poverty in Dallas has decreased from 19.4% in 2016 to 14.2% for families in Dallas, as of 2021, the poverty rate for families is still 6.1% higher in Dallas than in the DFW region[8]

Renting Challenges

- Dallas has a 5.1% apartment vacancy rate but 2.6% in LIHTC units[10]
- 10,592 or 3.1% of total apartment units have expiring Low-Income Housing Tax Credits (LIHTC) by 2033[4]

Condition of LIHTC Properties	Total LIHTC Properties	Total LIHTC Units	LIHTC Properties Potentially Expiring next 10 years	LIHTC Units Potentially Expiring next 10 years
Excellent	32	4,501	9	1,068
Good	52	8,172	28	4,474
Average	17	2,822	10	1,714
Not Clear/ Not Available	47	6,404	19	3,336
Grand Total	148	21,899	66	10,592

Production Forecast

Fiscal Year	Department Funding – Grants/GF	Bond	Other Revenue MIHDB, DHFC/DPFC, GF,	Total Budget / Fiscal Year	City Investment/Unit	Subsidized Units	Market Rate Units	Total Units Repaired
2022-2023	$ 20,000,000			$ 20,000,000		1,000	6,500	50
2023-2024	$ 20,000,000		$ 10,000,000	$ 30,000,000		1,750	6,825	75
2024-2025	$ 20,000,000	150M	$ 10,000,000			1,750	7,166	100
2025-2026	$ 20,000,000		$ 10,000,000			3,250	7,524	100
2026-2027	$ 20,000,000		$ 10,000,000		10-15%	3,250	7,900	100
2027-2028	$ 20,000,000		$ 10,000,000			3,250	8,295	100
2028-2029	$ 20,000,000		$ 10,000,000			3,250	8,709	100
2029-2030	$ 20,000,000	150M	$ 10,000,000			3,375	9,144	115
2039-2031	$ 20,000,000		$ 10,000,000			3,375	9,601	115
2031-2032	$ 20,000,000		$ 10,000,000			3,375	10,081	115
3032-2033	$ 20,000,000		$ 10,000,000			3,375	10,585	115
TOTALS	**200M**	**300M**	**100M**	**600M**		**31,000**	**92,330**	**1,085**
		*150M Bond in 2024/2029				Total combined	**123,330**	

Financial Capacity

- In a "normal" year, Federal grants make up approximately 78% of Housing's budget.

- FY2022-23 had two unusual sources of funds, ARPA and CDBG-DR.

- Housing is highly dependent on its annual allocation of federal grants to assist with affordable housing activities.

- However, Federal annual budgets are decreasing and Federal grants have heavy administration needs for source documentation and long-term affordability.

- In FY2022-23, with unrestricted funds in the amount of $17M, Housing has undefined opportunities for additional affordable housing.

Financial Capacity

- Details of prior years' funds under commitment and FY 2022-23 financial resources for housing activities
  - Prior Years Funds Total $32,744,625

- Current Fiscal Year's Funds
  - CDBG - $10,209,095
  - HOME - $6,940,498
  - General Funds - $4,616,582
  - MIHDB - $4,463,614
  - Land Bank/Land Transfer - $1,255,299
  - DPFC - $1,601,431
  - DHFC - $11,393,515
  - Other - $23,250,000

Deploying Existing Resources

- Eighteen programs currently underway: home repair, homebuyer assistance, development, and land banking

- Historically, Housing used Bond funding primarily for infrastructure in conjunction with new housing development and new construction for market-rate units in mixed-income developments.

- Housing received $20M in 2006, $20M in 2012 and $6M in 2017. There was no direct allocation to affordable housing in 2017, other than to homeless.

Program Changes to Increase Efficiency

- Home Repair historically moved through the City's departments slower than expected due to procurement of contractors and contract drafts.
  - Change: The program was outsourced to improve those processes.
- DHAP historically took 45 days to close on a unit and/or had large drop out due to lack of affordable housing inventory.
  - Change: The program was revised to increase front and back-end ratios to be more in-line with market rates and increased the capped amount that helps in buydown of the unit price.
- Development contracts have taken 6-8 months to draft.
  - Change: Development contracts are being outsourced to outside counsel to assist with moving them faster.
- Land Bank lots have many liens on the title that must be cleared before transferring ownership to developers/contractor.
  - Change: Housing has a paralegal to assist in cleaning up the title before it is reviewed by city attorney's office.

Staff Resources and Capacity

- Total staff count of 59,
  - 32 federally funded positions
  - 21 general funded positions
  - 5 corporation positions
  - 1 MIHDB funded position
- 4 Executives, 13 Managers, 7 Inspectors, 4 Administration staff, and 28 Professionals
- Majority of staff are grant-funded and paid by corporations.
- Staff are cross-trained to work in several funding sources at once; and charge out time as needed.
- Increased funding requires general-funded positions to increase such as Budget Team, Administration Team and increased teams that work across programs such as Inspections Team.
- Depending on what additional funds are used for, will determine changes in Operations Teams

Opportunities

- Implementation DHP33
  - TDA Hired
    - Community Engagement
    - Inclusive Housing Task Force
    - Selection of Equity Strategy Target Areas
    - Development of Cross Department/Agency Agreements
    - Compliance Policies and Procedures
    - Program Rollout

- Alignment of 18 Programs
  - Policy Changes
  - SMARTIE Goals

- Growth of DPFC, DHFC, MIHDB, DHADC

Opportunities

Collective Collaboration
- DISD
  - Vacant Properties
  - Land
- Dallas Housing Authority
  - Redevelop aging public housing for enhanced neighborhood integration and diversify the income ranges served
- ONCOR
  - Known infrastructure and planned growth
- DART
  - Transit Oriented Developments
- Other Departments

Option 1 for Housing Bond Proposition

Mixed Income and Mixed-Use Developments

- Supports targeted investments.
- Triggers cross department investments in an area to revitalize neighborhoods.
- Other unrelated bond propositions could maximize investments through collective collaboration Ie: city facilities, parks, roads, etc.).
- Could be a tool to leverage private investment.

Option 2 for Housing Bond Proposition

- Infrastructure Deficit
  - Public Investments in
    - Roads
    - Sidewalks
    - Curb and gutter
    - Drainage
    - Water
    - Wi-Fi
    - Lighting

Option 3 for Housing Bond Proposition

Affordable Housing Preservation
- Single Family Owner-Occupied
- Expiring Low-Income Housing Tax Credits
- Dallas Housing Authority Properties
- Acquire existing multi-family and rehab

Option 4 for Housing Bond Proposition

Combination of three previous
- Mixed Income / Mixed Use – 50%
- Infrastructure – 25%
- Preservation - 25%

Combo

Mixed Income and Mixed-Use Developments

- Supports targeted investments
- Triggers cross department investments in an area to revitalize neighborhoods.
- Could be a tool to leverage private investment

Infrastructure Deficit

- Public Investments in
  - Roads
  - Sidewalks
  - Curb and gutter
  - Drainage
  - Water
  - Wi-Fi
  - Lighting

Affordable Housing Preservation

- Single Family Owner-Occupied
- Expiring LIHTC
- DHA Properties
- Acquire existing multi-family and rehab

Combination

- Mixed Income / Mixed Use – 50%
- Infrastructure – 25%
- Preservation - 25%

Next Steps

- August 1, 2023
  - Deeper dive into bond allocation options

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