

# Memorandum



DATE October 14, 2016

TO Honorable Mayor and Members of the City Council

SUBJECT **Housing Policy**

On Wednesday, October 19, 2016, you will be briefed on the Housing Policy. The briefing is attached for your review.

If you have any questions, please let me know.



 A.C. Gonzalez  
City Manager

c: Rosa A. Rios, City Secretary  
Larry Casto, City Attorney  
Craig Kinton, City Auditor  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Elizabeth Reich, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# HOUSING POLICY

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A BRIEFING TO THE CITY COUNCIL

OCTOBER 19, 2016



## 2 BACKGROUND

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- The City of Dallas believes that every resident has the right to safe, decent, affordable, and fair housing, regardless of their race, color, national origin, religion, sex, sexual orientation, disability, familial status, or source of income
- The City also recognizes that minority and disabled citizens make up a disproportionate number of the city's residents living in poverty and that racially and ethnically concentrated areas of poverty are harmful to the city of Dallas as a whole
- In support of its citizens and in compliance with HUD's recently issued Affirmatively Furthering Fair Housing Final Rule and the Voluntary Compliance Agreement, City staff identified areas in ordinances, policies, programs, and practices that could be modified to better address housing choices throughout Dallas

### 3 HOUSING POLICY & POVERTY

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- A new policy provides affordable housing options for low income families
  - By prioritizing ownership opportunities, the City will provide:
    - an opportunity to build wealth,
    - a stable environment for children, and
    - affordable and mixed-income housing
  - By strengthening ordinances related to Housing, the City will:
    - Raise the standard of living for low income families, particularly in rental units
    - Offer affordable housing choices throughout Dallas without discrimination
  - By adopting housing placement policies, low income families will have choices that would allow them to consider better transportation, school, education, health care, and job options

## 4 ELEMENTS IDENTIFIED FOR THE HOUSING POLICY & FORWARDED BY HOUSING COMMITTEE

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- Ownership Housing
- Source of Income (Chapter 20A)
- Housing Placement for Multifamily Projects
- Voluntary Inclusionary Zoning
- Tax Increment Financing Policies for Housing
- Home Improvement Rebates
- Chapter 27 Minimum Housing Standards
- Housing Mobility for Section 8 Voucher Holders
- Fair Housing Reviews

## 5 INFORMATION REVIEWED BY HOUSING COMMITTEE

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- Analysis of Impediments to Fair Housing Choice in Dallas
- City of Houston and City of Austin Policies & Programs
- Public Housing & Voucher Program- Dallas Housing Authority
- Source of Income Ordinance- Chapter 20 A
- Chapter 27- Minimum Housing Standards
- Tax Increment Financing Districts
- Ownership & Renter Data & other trends

## 6 ADDITIONAL INPUT

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- The Real Estate Council
- Inclusive Communities Project
- The North Texas Community Development Association
- Urban Land Institute
- Habitat for Humanity
- Dallas County
- Other Regional Cities

# 7 OWNERSHIP HOUSING OPPORTUNITIES

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- Identified as a significant wealth builder and stabilizer for low income families in the Poverty Task Force Report
- Identified as a significant need in Neighborhood Plus research
- Ownership provides greater housing choices in all areas of Dallas
- Investment in the development of housing lowers the total cost and eventual sales of the homes to buyers, making them more affordable
- The City Council adopted a policy statement in January 2016 (see Attachment A)

## 8 SOURCE OF INCOME ORDINANCE (CHAPTER 20A)

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- In the 2014 HUD/City of Dallas Voluntary Compliance Agreement(VCA), City Council must consider the adoption of an ordinance that would prohibit discrimination on the basis of source of income, including housing choice vouchers
- After the City entered into the VCA, the Texas Legislature enacted a law that prohibits municipalities from adopting source of income ordinances related to federal housing assistance (except as to military veterans and voluntary programs)
- City Council deferred the consideration of this item in June 2016

## 9 POSSIBLE ORDINANCE CHANGES

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- As a first alternative for Council consideration, a proposed amendment to Chapter 20A would prohibit discrimination on the basis of any lawful, regular, verifiable source of income
- As a second alternative for Council consideration, a proposed amendment to Chapter 20A would prohibit discrimination on the basis of any lawful, regular, verifiable source of income, except as prohibited by state law
  - As permitted by state law, the second alternative ordinance would require that residential developments receiving city subsidy or increases in zoning density or floor area ratio refrain from source of income discrimination , including Housing Choice Vouchers and other housing subsidies
  - The second alternative ordinance adds a new “safe harbor” defense, which states that property owners are safe from source of income discrimination claims if at least 10% of their residential units are leased to housing voucher holders
- Further Consideration: If developers receive financial benefit of City funding sources, developers are required to lease to qualified voucher holders

# 10 HOUSING PLACEMENT POLICY FOR MULTIFAMILY RENTAL UNITS USING HOUSING TAX CREDITS (HTCS)

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- This policy would guide the development community to carefully select the site for HTC projects that desire City support (addressing concentrations of poverty and disparate impact)
  - Multifamily rental units seeking to be developed as new construction using housing tax credits shall not receive City support, including a resolution of “no objection” unless they are in census tracts meeting all of the criteria for “High Opportunity Areas”
    - High Opportunity Areas defined as:
      - Dallas census tracts with less than a 15% poverty rate, and
      - In the attendance zone of an elementary school that has a state accountability rating of “met standard” from the Texas Education Agency

# II HOUSING PLACEMENT POLICY (CONTINUED)

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- Multifamily rental units seeking to be developed as rehabilitation projects using housing tax credits shall be considered city wide, subject to the City's obligations to affirmatively further fair housing and uphold the Fair Housing Act, and shall not receive City support, including a resolution of "no objection" without proposed increased capital improvements, investment, and maintenance
- Allow support of all HTC projects if located in census tracts covered by an approved and funded Concerted Revitalization Plan (CRP)

## I2 VOLUNTARY INCLUSIONARY PROGRAM

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- Direct staff to develop a proposal for a voluntary inclusionary zoning policy for the purpose of increasing affordable and workforce housing in the city
  - Proposal is following typical development code amendment process including staff research; stakeholder engagement; and ZOAC, CPC, and Council review of an ordinance
- Implement Action 6.2.3 of the draft Neighborhood Plus plan which calls for the City to “develop, adopt and implement a new policy and guidelines for projects requesting increased development rights through zoning changes, to receive density bonuses in proportion to the number of affordable residential units provided”

# 13 TAX INCREMENT FINANCING (TIF) DISTRICT POLICY

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- First option: Require Tax Increment Financing (TIF) District housing or mixed use projects in High Opportunity Areas that receive assistance to provide 20% of the units to households at 80% of the Area Median Family Income (AMFI) with half of the units to households at 50% AMFI and below
- Second option: Require Tax Increment Financing (TIF) District housing or mixed use projects that receive assistance to provide:
  - 10% of the units to be reserved for households at/or below 80% of Area Median Family Income (AMFI) and 10% at 60% AMFI; or,
  - 10% at 50% of AMFI; or,
  - 5% at 30% of AMFI
  - Levels less than 20% of units in total may need to be further negotiated with Dallas County

NOTE: Downtown connection TIF would remain at 10% of units being affordable at 80% of Area Median Family Income

# 14 HOME IMPROVEMENT REBATE PROGRAM (HIRP)

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- As adopted by the Housing Committee:
  - Single family homes and duplexes
  - Homes built on or before 1985
  - Current taxes and insurance
  - Dallas County Appraisal District (DCAD) assessed total value of the property does not exceed \$200,000
  - Maximum of \$5,000 rebate per home
- City Council approved the HIRP policy October 11, 2016 (see Attachment B)

# 15 CHAPTER 27 MINIMUM HOUSING STANDARD ORDINANCE

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- To ensure safe, sanitary, and healthy habitability standards for all residents of Dallas
  - Clarifying the required conditions that must be met in order to have a compliant structure, and removing vague language
  - Introducing healthy housing provisions that address conditions that affect asthma or other respiratory conditions
  - Modifying and clarifying landlord and tenant responsibilities
  - Providing that all required repairs must be performed in a workmanlike manner
  - Restructuring the property standards layout to improve readability
  - Providing a maximum indoor temperature that applies throughout the year, not just April – October
  - Adjusting fine amounts based on severity of violations
  - Strengthening multifamily rental property regulations
  - Introducing single-family rental home inspections
- Adopted on September 28, 2016 by the City Council

## 16 HOUSING MOBILITY

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- In order to promote housing choices, the City of Dallas will encourage regional mobility for housing choice voucher holders by entering into an agreement with the Dallas Housing Authority to support this service along with regional housing mobility and Master Leasing/Guarantor Programs
- The City of Dallas will engage other jurisdictions, including North Central Texas Council of Governments, in an effort to work regionally to affirmatively further fair housing, including housing mobility
- Staff continues to work on the details for these efforts with more information forthcoming

# 17 FAIR HOUSING REVIEWS

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- Each project considered by the Housing or Economic Development Departments shall be evaluated by the Office of Fair Housing to ensure the project affirmatively furthers fair housing and otherwise complies with the City's obligation under the Fair Housing Act
- Require the above noted policy to be implemented upon adoption of the complete Housing Policy document and that procedures be developed to ensure implementation with all relevant departments through an Administrative Directive

## 18 NEXT STEPS

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- Ordinances and Program Policies will continue to be presented to City Council for individual consideration
  - Source of Income Ordinance to be presented October 26, 2016
- Written document expected in November/December 2016
- Fluid document which will be updated annually
- The Housing Policy will continue to integrate other studies and efforts to address the adequacy of housing choices and affordability of the housing stock in Dallas
- Fiscal impact for tracking progress, monitoring, and adding resources for new programs will be presented during budget development in 2017

# ATTACHMENT A

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# OWNER OCCUPIED HOUSING DEVELOPMENT PROGRAM STATEMENT

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## City of Dallas Owner Occupied Housing Development Program

The purpose of this program is to provide assistance to projects where such assistance is necessary and appropriate to incent private investment in the development of homeownership opportunities in the city of Dallas. The funding and projects are approved by the City Council prior to private investment occurring.

### Purpose

Owner Occupied Housing Development Program is designed to provide City of Dallas economic support for housing development projects for the following purposes:

- Provide housing choices in all areas of Dallas
- Encourage redevelopment in disadvantaged areas
- Partner with the housing development community to increase ownership opportunities
- Leverage resources with the private sector to maximize housing development
- Increase the property tax base



# 2 | OWNER OCCUPIED HOUSING DEVELOPMENT PROGRAM STATEMENT (CONTINUED)

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## **Description**

This program will provide gap financial support for the following residential and ownership types:

- New Construction
- Rehabilitation
- Townhomes
- Infill or Scattered Sites
- Subdivisions
- Infrastructure (City may fund up to 30% of public infrastructure)

## **Types of Funding**

The types of funding available for FY15-16 include:

- Community Development Block Grant Funds
  - HOME Investment Partnership Funds
  - Neighborhood Stabilization Program Funds
  - General Obligation Bond Funds
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## 22 OWNER OCCUPIED HOUSING DEVELOPMENT PROGRAM STATEMENT (CONTINUED)

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### **Other sources that may be available include:**

- Land Bank or City owned property
- Tax Increment Financing District Funds
- Section 108 Loan Funds

Staff will determine the best source of funds or combination of funds to maximize housing choices within each proposed development, and to foster areas of opportunity and otherwise comply with federal fair housing obligations. Financial support may be structured as a grant or loan depending upon the project financing needs.

# 23 OWNER OCCUPIED HOUSING DEVELOPMENT PROGRAM STATEMENT (CONTINUED)

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## **Notice of Funding Availability**

Solicitation for projects will be conducted by posting an annual Notice of Funding Availability (NOFA) on the City of Dallas website at [dallascityhall.com](http://dallascityhall.com). A list of respondents will also be posted to the website following the closing date of the NOFA.

## **Criteria for Proposals**

- First-come-first-served basis
- Project does not actually or predictably result in a disparate impact on protected classes under the Fair Housing Act, and does not create, increase, reinforce, or perpetuate segregated housing patterns in the City of Dallas, unless the City Council is satisfied that the project is necessary to achieve a substantial, legitimate, nondiscriminatory interest of the City that could not be accomplished in a manner that has a less discriminatory effect.
- Helps the City meet its goal of affirmatively furthering fair housing by overcoming patterns of segregation, foster inclusive communities, create areas of opportunity, address significant disparities in housing needs and in access to opportunity, replace segregated living patterns with truly integrated and balanced living patterns, and/or transform racially and ethnically concentrated areas of poverty into areas of opportunity

# 24 OWNER OCCUPIED HOUSING DEVELOPMENT PROGRAM STATEMENT (CONTINUED)

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## **Criteria for Proposals (continued):**

- Quality of proposed project
- Project design and special accommodations for expected occupants
- Project compatible with existing or anticipated development of area
- Existing or proposed public transit availability
- Financial capacity of applicant to complete the project
- Private interim financing within 120 days of City commitment
- Any other factor relevant to the best interest of the City (includes consideration for housing choices for varying income households)
- The City of Dallas is particularly interested in projects that connect affordable housing to transportation, education, jobs, and healthcare. Applicants should provide some narrative regarding how the project achieves those goals.

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# ATTACHMENT B

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# HOME IMPROVEMENT REBATE PROGRAM STATEMENT (HIRP)

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## **Purpose**

The Home Improvement Rebate Program is designed to provide incentives for owners to invest in home improvements:

- Positively affect values in neighborhoods
- Promote neighborhood assets
- Encourage revitalization in Dallas neighborhoods
- Maintain and stabilize existing housing
- Improvement of conditions of housing in neighborhoods

## **Description**

The program will provide financial assistance for the following residential and ownership types:

- Single family homes or duplexes located in the City of Dallas
- Duplexes
- The program will provide rebates to property owners for eligible repairs. The rebate program will reimburse homeowners 25% of the improvement costs up to \$5,000.

# 27 HIRP (CONTINUED)

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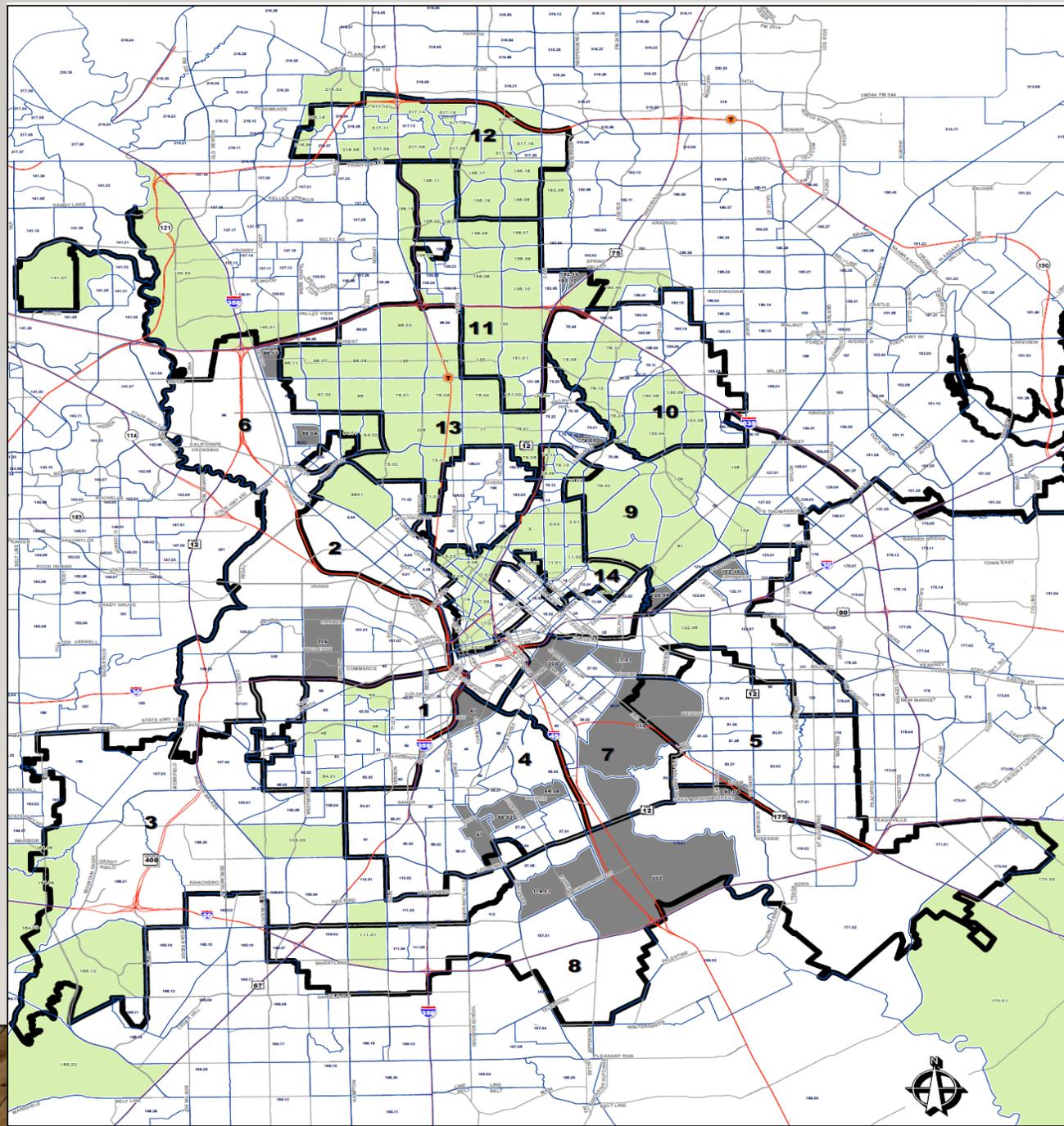
## Criteria for Applications:

- Homes within Dallas city limits with preference to Neighborhood Plus and Neighbor Up areas.
- Homes built in 1985 or earlier that are appraised at \$200,000 or less are eligible.
- Repairs requested are eligible for rebate after completion of work.
- Property owner must be current on taxes and insurance.
- Improvements must total 10% or more of the DCAD value of the property.
- 25% rebate on total repair costs, up to \$5,000 limit per property.
- Start within 6 months of application and completion of project must be within 6 months after start.
- Applicant is limited to one rebate per five year period.
- No partial rebates.
- Property owner agrees to periodic inspections of the repair work.
- Eligible expenses include both interior and exterior repairs and upgrades.
- Repairs excluded include the following: new pools, hot tubs, spas and water features, repair or replacement of sprinkler systems lacking digital controllers with functional rain and temperature sensors, detached accessory structures, garage enclosures, carports and condominiums.

# ATTACHMENT C

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## American Community Survey Information Regarding Poverty Rates by Census Tract for 2014

- Green shaded census tracts have 15% or less poverty rates
- Gray shaded census tracts have 40% or greater poverty rates