

Memorandum



CITY OF DALLAS

DATE February 3, 2023

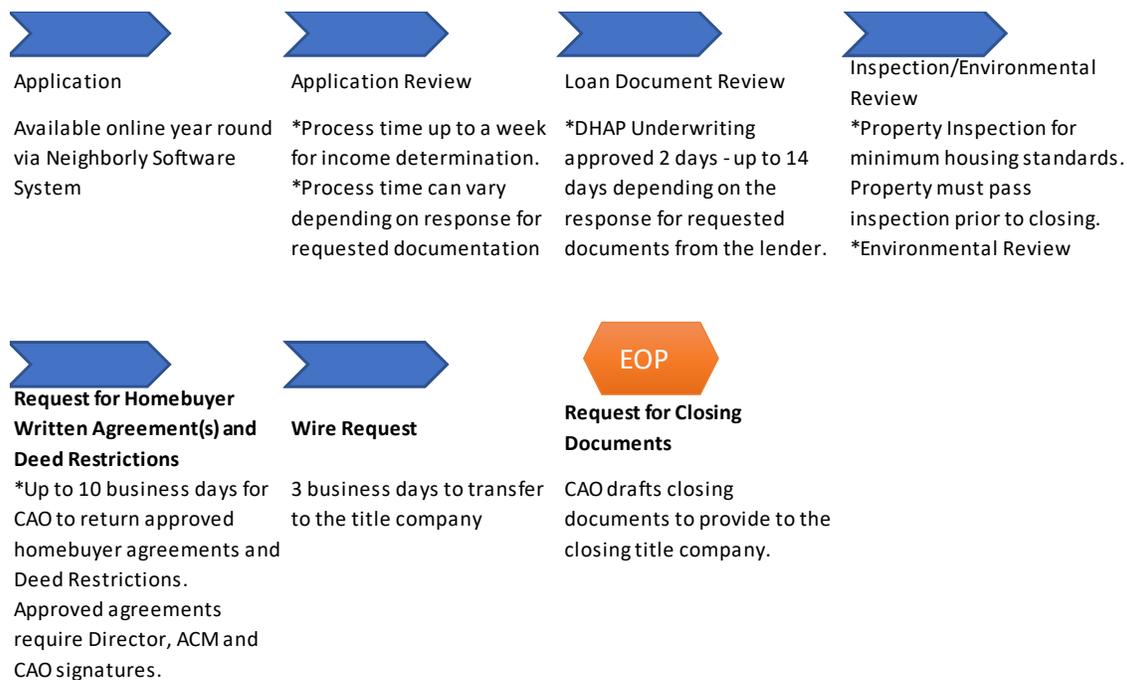
TO Honorable Mayor and Members of the City Council

SUBJECT **Further Clarification of the Amendment to the Dallas Homebuyer Assistance Program (DHAP) to expand to include a third program, the Anti-Displacement Homebuyer Assistance Program (DHAP 10), Adjust Underwriting Criteria, and Increase Funding**

On January 23, 2023 the Department of Housing & Neighborhood Revitalization briefed the Housing and Homelessness Solutions Committee. This memo provides answers to questions raised relating to the Dallas Homebuyer Assistance Program (DHAP) and Low-Income Housing Tax Credit (LIHTC), as well as addressing additional questions from a subsequent email.

Question 1: How do we address the lag time for DHAP approval? Explain the process.

A process graphic of the entire process is provided below. When a DHAP prequalified applicant has an executed sales contract and an approved primary mortgage loan, mortgage lenders will submit the required loan documents to City staff to review and underwrite to determine the amount of assistance to provide. Upon determination of the gap funding and other program requirements, DHAP funding is approved upon full execution of the homebuyer written agreement(s).



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Question 2: Who is the targeted applicant for DHAP? How many households can we serve?

DHAP targets applicants with household incomes at or below 120% of the area median income (AMI). There are 3 components of the program to include the expanded Anti-Displacement Homebuyer Assistance Program:

1. The Traditional DHAP serves households with incomes at or below 80% AMI.
2. Targeted Incentives Program, available to DHAP applicants who provide public service in fields of education and library services, healthcare, and protective services to include law enforcement and fire must have incomes between 80% - 120% AMI.
3. The Anti-Displacement Homebuyer Assistance Program (DHAP 10) requires household incomes between 50% - 120% AMI. DHAP applicants must be a current resident of Dallas with at least 10 years of residency within the city limit. The 10-year residency requirement does not have to be consecutive. Current funding of \$800,000 in federal funds, \$254,000 in general funds, and \$1,000,000 in equity plan funds can serve up to 40 households.

Question 3: How will we determine that a Dallas homebuyer is at risk of leaving the City?

Homebuyers are buying in other surrounding counties and cities more often than in Dallas. Recent homebuyer analysis show that Kaufman County is the fastest growing county in North Texas due to affordability. With the increase of DHAP funding to \$50,000 and the increase in the housing expense ratio to 35%, this will assist homebuyers with incomes up to 120% AMI to qualify for homes that are priced at the medium sales price for Dallas, positioning Dallas as a place that people can buy an affordable home.

Question 4: How do we ensure 9% competitive housing tax credit developments do not contribute to blight towards the end of the useful life of the property?

The City does not typically enter into a contract with developers seeking 9% competitive housing tax credits (9% HTC), so the City does not have any ability to enforce property maintenance standards above and beyond existing code requirements. However, the 9% HTC program administered by the Texas Department of Housing & Community Affairs has maintenance standards and requirements for replacement reserves to fund ongoing maintenance of the property.

Question 5: How do applicants qualify for DHAP?

Applicants can submit an application on our website, www.dallascityhall.com/DHAP. The website provides steps on how to apply and staff is available to answer questions about the program.

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Question 6: Do DHAP applicants need a Social Security Number (SSN) or can an Individual Taxpayer Identification Number (ITIN) work?

DHAP applicants are required to be U.S. Citizens, permanent residents or have approved immigration status and possess a valid social security card including applicants who have received their employment authorization card (I-766).

ITIN loans typically require higher down payments as much as 20% and higher interest rates above the prevailing market rates, which can make the home purchase unaffordable.

Question 7: Is there a targeted area for DHAP applicants to purchase?

The program applies for any property citywide. Additional funding is available to purchase properties located in high opportunity areas. (Areas with poverty rates 20% or less.)

Question 8: Is there a purchase price cap for DHAP?

The DHAP and Targeted Incentive programs use federal funds and the HOME Investment Partnerships Program (HOME) value limits, which currently sets the cap at \$271,000 for both. With the proposed changes in the Targeted Incentive Program and the expansion to include the Anti-Displacement Program, the sales price will be determined by the lender qualifying income and credit with the housing payment not to exceed 35% of the monthly gross income.

Question 9: Does the DHAP loan have to be repaid?

Yes, if the homebuyer defaults on the loan. The assistance is a deferred forgivable loan, with forgiveness prorated annually based on the affordability terms of the loan. Partial payment is due upon sale/lease of the property prior to meeting the affordability period.

Question 10: Does the DHAP applicant have to live in the property for a certain amount of time?

Yes. There is an affordability period based on the amount of the loan: Under \$15K is 5 years, \$15K - \$40K is ten years, more than \$40K is 15 years.

Question 11: Does the DHAP applicant have to participate in any first-time home buyer programs?

DHAP applicants do not have to be a first-time homebuyer. However, they are required to take 8 hours of homebuyer education from a U.S. Department of Housing and Urban Development (HUD) certified counseling agency.

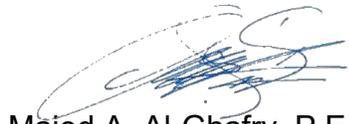
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Marketing

Marketing for DHAP will include collaboration with the Communications, Outreach, and Marketing Department for communications with City Employees, Dallas Police Department (DPD) recruitment team, Dallas Fire and Rescue (DFR) recruitment team, mortgage lending partners, realtors and other DHAP business relationships to include Community Development Corporations.

Should you have any questions please contact David Noguera, Director of Housing & Neighborhood Revitalization at david.noguera@dallas.gov (214) 670-5988.



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