

Memorandum



CITY OF DALLAS

DATE July 31, 2020

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item for Comprehensive Housing Policy Changes**

On August 26, 2020, the Department of Housing and Neighborhood Revitalization (Housing) will provide an agenda item for approval for changes to the Comprehensive Housing Policy (CHP) that the Housing and Homeless Solutions (HHS) Committee supported at the June 22, 2020 meeting. The following is a summary of the changes proposed in the upcoming agenda item.

Home Improvement and Preservation Program (HIPP):

Amend the HIPP program to (a) increase the amount of assistance from \$40,000 to \$50,000; and (b) change the terms from repayable to forgivable.

Dallas Homebuyer Assistance Program (DHAP):

Amend the DHAP to (a) remove the occupancy standards requiring two persons per bedroom; (b) adjust the back-end ratio from 43% to 45% to meet industry standards and allow the applicant to have disposable income; (c) remove the loan-to-value ratios; and (d) amend the Targeted Homebuyer Incentive Program to allow home purchase throughout the city, remove the owner occupancy requirement of 10 years, and increase the incentive from \$40,000 to \$45,000 for targeted occupations listed in the policy.

Income Bands:

Amend the range of income bands to be served from 30% to 120% of the area median income (AMI) to include housing for people at 0% to 120% of the AMI.

Targeted Rehabilitation Program (TRP):

Amend the CHP to (a) create TRP to provide grants or loans to eligible residents in targeted neighborhoods for housing rehabilitation; and (b) appropriate funding for the TRP in the amount of \$2,750,000.00 from the Equity Revitalization Capital Fund.

On July 23, 2020, Housing held a remote Housing Policy Task Force (HPTF) meeting and received feedback regarding the proposed policy changes. Staff compiled the Q&A and Chat Document which are attached to this memo. The feedback received included questions for homebuyer assistance income caps, post home repair tax value caps, status of existing applicants for home repair, reopening the home repair program, and assistance in historical areas. There were several comments on development program changes including changes to ratios in the interest of the low-income renters, types of financing available, and Community Housing Development Organization (CHDO) proceeds. There were also comments that did not specifically pertain to the CHP changes but rather general questions regarding developments in Council District 3, concentrations

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of low-income housing, LIHTC, TIF area increments, and project oversight. The comments and feedback received can be found in the attached documents.

Should you have any questions, please contact David Noguera, Director of the Department of Housing and Neighborhood Revitalization at, (214) 670-5988.



Dr. Eric A. Johnson
Chief of Economic Development and Neighborhood Services

[Attachments Enclosed: HPTF Q&A and Chat Document and Comprehensive Housing Policy Updates Presentation]

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar 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
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors

Q&A Session from Housing Policy Task Force Meeting

Session number: 1460006530

Date: Thursday, July 23, 2020

Starting time: 2:02 PM

-Ja'net Huling (jhuling@prspurpose.org) - 2:57 PM

Q: Good afternoon everyone! I can not hear or see anyone. :(

Priority: N/A-

-Pam Thompson (pam.thompson@dallascityhall.com) - 2:59 PM

Q: I'm logged in from my phone but I don't hear anything.

Priority: N/A-

-Sabrina Sutton-Petroff (sabrina@petroffrealty.com) - 3:01 PM

Q: yes

Priority: N/A-

-Daniel Zarate (daniel.zarate@ameritexhomes.com) - 3:01 PM

Q: Loud and clear

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 3:01 PM

Q: I can hear you

Priority: N/A-

-Maggie Parker (maggie@innovanneighborhoods.com) - 3:01 PM

Q: Yes, we can.

Priority: N/A-

-Kelsel Thompson (kthompson@pqc.edu) - 3:03 PM

Q: yes

Priority: N/A-

-Jason Simon (jsimon@aagdallas.com) - 3:01 PM

Q: I can hear you

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:01 PM

Q: yes

Priority: N/A-

-Eric Ochel (eric.ochel@dallascityhall.com) - 3:01 PM

Q: i can hear you

Priority: N/A-

-Daunte Rushton (daunte.rushton@dallascityhall.com) - 3:01 PM

Q: Sounds good

Priority: N/A-

-Robin Murray (rmurray@faithintx.org) - 3:01 PM

Q: Yes. I can hear and see fine.

Priority: N/A-

-Dawn Edmond (dawn.edmond@dallascityhall.com) - 3:01 PM

Q: yes

Priority: N/A-

-Courtney Spellicy (courtney3000@gmail.com) - 3:02 PM

Q: Audio is fine. Thank you for hosting such a large group!

Priority: N/A-

-Bill H (wdh@chidallas.org) - 3:01 PM

Q: I can hear

Priority: N/A-

-Kendra Nichols - 3:11 PM

A: Thanks you guys! I will be monitoring this Q&A, so please feel free to give feedback and ask questions here so we can try to get to them as we can. If I cannot answer them, I will ask staff to reply live. -

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:18 PM

Q: How did you come up with the specific grant amount or repairs? and why different amounts for 10th and West?

Priority: N/A-

-Robin Murray (rmurray@faithintx.org) - 3:20 PM

Q: Whas was the previous AMI before it changed to 120%?

Priority: N/A-

-Kendra Nichols - 3:20 PM

A: Thank you guys. we will answer these questions shortly. -

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:21 PM

Q: For DHAP - Timing of obtaining the loans

Priority: N/A-

-B Post (bmadole@stphilips.com) - 3:21 PM

Q: Will the increase to 120% only be available to those specific occupations mentioned?

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:22 PM

Q: start to finish

Priority: N/A-

-Fain Family (chantell.fain@sbcglobal.net) - 3:26 PM

Q: What about vacant property in the historical areas. Are they considered under this Rehab program if one wants to build?

Priority: N/A-

-Kendra Nichols - 3:27 PM

A: No, not at this time. -

-James Armstrong (jarmstrong@bohcdc.com) - 3:26 PM

Q: Regarding DHAP - will HOME funds still be restricted to 80% or will that expand to 120% as well?

Priority: N/A-

-Karen Gonzalez - 3:41 PM

A: from Denique Peavy to host (privately):

how do we register our business and where do we submit the application?-

-Kendra Nichols - 3:47 PM

A: HOME funds are federally controlled. They must remain at 80%. -

-Willer Toler (will@willtoler.com) - 3:26 PM

Q: Are 65+ year old homeowner's tax ceiling being protected after the repairs?

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 3:26 PM

Q: How many applicants have been successfully served by these programs, to date?

Priority: N/A-

-Kendra Nichols - 3:28 PM

A: Darryl, we don't have those numbers on hand at this time. -

-DemontCampbell (demont@urbannestdevelopment.com) - 3:27 PM

Q: Is this panel willing to provide how they were able to decide which neighborhoods and which parts of Dallas needed funding the most?

Priority: N/A-

-Kendra Nichols - 3:28 PM

A: Demont, for which program?-

-Darryl Baker (darryldallas@yahoo.com) - 3:29 PM

Q: I need to know what the Comprehensive Housing Policy says about increasing home ownership versus renting. We are having a problem with concentrating low income housing in District 3 via the Dallas Housing Finance Corp and the LIHTC's.

Priority: N/A-

-shaun (ladyshaun@aol.com) - 3:30 PM

Q: yes

Priority: N/A-

-shaun (ladyshaun@aol.com) - 3:30 PM

Q: when is the repair program going to start?

Priority: N/A-

-Kendra Nichols - 3:32 PM

A: Next fiscal year, please check back in September and October-

-DemontCampbell (demont@urbannestdevelopment.com) - 3:31 PM

Q: Will someone from today's panel be talking about the Land Bank or Land Transfer Program?

Priority: N/A-

-Kendra Nichols - 3:32 PM

A: Not today. -

-DemontCampbell (demont@urbannestdevelopment.com) - 3:29 PM

Q: For the first 2 programs.

Priority: N/A-

-Kendra Nichols - 3:31 PM

A: Demont, DHAP is not neighborhood specific. High Opportunity Areas are in place so we can encourage mixed-income communities. -

-Darryl Baker (darryldallas@yahoo.com) - 3:32 PM

Q: What about CONCENTRATING low income housing in certain areas that already have too much?

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 3:32 PM

Q: These projects are NOT MIXED INCOME at all, yet qualify for assistance in our area.

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 3:34 PM

Q: Have you been able to STOP any of these types of projects?

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:34 PM

Q: What was the question

Priority: N/A-

-Teresa Benavides (tbenavides@roadsol.com) - 3:35 PM

Q: The HUD monies targeted for these repairs in different from the repairs in the Tomorrow Fund?

Priority: N/A-

-Reese Collins - 3:49 PM

A: Yes-

-Robin Murray (rmurray@faithintx.org) - 3:35 PM

Q: How are you all making sure people get the word out for these programs, particularly for those that have little to no internet acces?

Priority: N/A-

-Diane Wynn (dwynn5469@gmail.com) - 3:37 PM

Q: David: are low income areas part of the program , how do the existing residents stay in an area that is being developed when their income does not increase to afford the new home ?

Priority: N/A-

-Kendra Nichols - 3:44 PM

A: answered live. -

-Robin Murray (rmurray@faithintx.org) - 3:38 PM

Q: Would you consider working w/ non-profits that have direct contact w/ residents in the targeted areas?

Priority: N/A-

-Kendra Nichols - 3:42 PM

A: Robin for which program?-

-Fain Family (chantell.fain@sbcglobal.net) - 3:38 PM

Q: Will property owners with vacant lots in historical area ever be provided any assistance to build affordable homes on their lots?

Priority: N/A-

-Denique Peavy (deniquepeavy@yahoo.com) - 3:38 PM

Q: how do we register our business and where do we submit the application?

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:39 PM

Q: in some places in the slides there is a current and future but some do not. will the slide be updated to incude that info that you spoke about and slidedeck shared with those in this meeting?

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 3:39 PM

Q: in some places in the slides there is a current and future but some do not. will the slide be updated to include that info that you spoke about and slidedeck shared with those in this meeting?

Priority: N/A-

-Kendra Nichols - 3:50 PM

A: Hi Pierette, we will send the slides out shortly. I believe Pam may have just sent them out. -

-shaun (ladyshaun@aol.com) - 3:43 PM

Q: what are the stipulations on HUD Grant?

Priority: N/A-

-Courtney Spellicy (courtney3000@gmail.com) - 3:45 PM

Q: If you have a duplex, triplex, etc., as long as a homeowner resides in one of the units in the property, can you still qualify for HIPP?

Priority: N/A-

-Karen Gonzalez - 3:44 PM

A: from Denique Peavy to host (privately):
how do we register our business and where do we submit the application?-

-Diane Ragsdale (dragsdale@icdc.biz) - 3:47 PM

Q: Does the 45% back end ratio increase the possibility of foreclosure? Industry standards don't always act in the interest of LMI residents!

Priority: N/A-

-Kendra Nichols - 4:07 PM

A: Diane - i think we answered you in the chat before we moved over solely to the Q&A....let me know if you have any other questions -

-Robin Murray (rmurray@faithintx.org) - 3:47 PM

Q: Kendra for all programs. I'm thinking of ways to make the information more widely spread and known by residents. Most non-profits I work w/ try to stay up to date w/ info so they can share w/ residents they are working with.

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 3:48 PM

Q: Do LIHTC funded and approved multifamily projects have to comply with the MVA?

Priority: N/A-

-Kendra Nichols - 3:49 PM

A: Darryl, that would be a separate conversation from our topics today. I can have staff or Mr. Noguera reach out to you if you'd like. -

-James Armstrong (jarmstrong@bohcdc.com) - 3:51 PM

Q: Will Program Income for CHDO's discussion go back to council in August? It's not on this agenda.

Priority: N/A-

-Robin Murray (rmurray@faithintx.org) - 3:55 PM

Q: If someone needs to start w/ an interest only loan or a loan w/ a longer amortization period, are you all also proposing that the borrower has an option to restructure (modify) the loan in the event their income increases?

Priority: N/A-

-Demetria McCain (dmccain@inclusivecommunities.net) - 3:57 PM

Q: In the last 2 budget cycles, what percentage of the city budget (not federal funds) have gone in to address the financing gaps to help realize LI MFH?

Priority: N/A-

-Darryl Baker (darryldallas@yahoo.com) - 4:01 PM

Q: What is the monitoring and oversight process used to make sure that these units are set aside and actually OCCUPIED by eligible low income persons?

Priority: N/A-

-Diane Ragsdale (dragsdale@icdc.biz) - 4:05 PM

Q: Will you please send me a list of the registered participants?

Priority: N/A-

-Fain Family (chantell.fain@sbcglobal.net) - 4:07 PM

Q: You're discussing a focus on multifamily homes and funding that's available. Will anyone discuss single family funding to build a home in one of historical districts?

Priority: N/A-

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:16 PM

Q: When will the applicants who submitted for the housing rehabilitation funding back in the fall 2019 receive the funding to make home repairs?

Priority: N/A-

-Fain Family (chantell.fain@sbcglobal.net) - 4:16 PM

Q: That answers my last question

Priority: N/A-

-Kendra Nichols - 4:17 PM

A: great. Thank you. -

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:18 PM

Q: When will the application for NEZ zones be available

Priority: N/A-

-Diane Ragsdale (dragsdale@icdc.biz) - 4:18 PM

Q: Will the NOFA ever be year round?re

Priority: N/A-

-Kendra Nichols - 4:32 PM

A: answered. -

-Robin Murray (rmurray@faithintx.org) - 4:24 PM

Q: DHAP- What systems will be in place to ensure funds are disbursed equitably, so those on the lower end of the of the 0-120% range get funded?

Priority: N/A-

-Kendra Nichols - 4:32 PM

A: answered. -

-Denique Peavy (deniquepeavy@yahoo.com) - 4:22 PM

Q: are you seeing my questions?

Priority: N/A-

-Kendra Nichols - 4:25 PM

A: Yes, your question was answered a couple of minutes ago. -

-Kendra Nichols - 4:28 PM

A: Denique - Were you asking about a specific property - can you clarify in case we didn't answer your question fully?-

-Linda Brown (lbrown@cldctx.com) - 4:26 PM

Q: When is the City's next Bond Program and will there be an affordable housing request to assist in funding gap for mixed income multifamily projects?

Priority: N/A-

-Kendra Nichols - 4:32 PM

A: answered. -

-Linda Brown (lbrown@cldctx.com) - 4:28 PM

Q: How long will the new cost/benefit study take to complete?

Priority: N/A-

-Kendra Nichols - 4:32 PM

A: answered. -

-Denique Peavy (deniquepeavy@yahoo.com) - 4:28 PM

Q: I'm sorry, Could you repeat it again at the end because i didn't hear it.

Priority: N/A-

-Kendra Nichols - 4:29 PM

A: Was it the question about a business applying? WEre you meaning a specific program? Please clarify.-

-Denique Peavy (deniquepeavy@yahoo.com) - 4:29 PM

Q: I would like to know where we submit the application/registering our business? sorry again.

Priority: N/A-

-Kendra Nichols - 4:29 PM

A: for which program. No problem?-

-Linda Brown (lbrown@clcdctx.com) - 4:31 PM

Q: Can any COVID money received by the City be used for Multifamily gap funding?

Priority: N/A-

-Kendra Nichols - 4:33 PM

A: answered live. -

-Denique Peavy (deniquepeavy@yahoo.com) - 4:31 PM

Q: the one based on development for low income based housing

Priority: N/A-

-Kendra Nichols - 4:31 PM

A: Denique - please email me at kendra.nichols@dallascityhall.com so we can try to get your question answered. -

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:32 PM

Q: When will the applicants who already submitted for the housing repair funding through various non-profits back in the fall 2019 receive the funding to make home repairs? Has this been put on hold?

Priority: N/A-

-Kendra Nichols - 4:33 PM

A: answering live, now. -

-Denique Peavy (deniquepeavy@yahoo.com) - 4:33 PM

Q: Ok, I just need to know where we submit the application.

Priority: N/A-

-Kendra Nichols - 4:37 PM

A: please email me w your phone number so we can get clarity.-

-Linda Brown (lbrown@clcdctx.com) - 4:33 PM

Q: If a TIF doesn't have any fund balance how can a TIF participate in funding a project?

Priority: N/A-

-Kendra Nichols - 4:34 PM

A: answering live now. -

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:35 PM

Q: What if we have secured a turnkey multifamily project needing minor renovation and would be designated to house homeless.. can we use COVID funding as gap funding?

Priority: N/A-

-Kendra Nichols - 4:37 PM

A: answering live.-

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:35 PM

Q: It can be done by that date

Priority: N/A-

-Kendra Nichols - 4:37 PM

A: Ferrell, please reach out to Kevin Oden, in our Office of Homeless Solutions to discuss your questions. -

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:36 PM

Q: How do we apply for those funds.. is this the NOFA?

Priority: N/A-

-Ferrell Fellows (fellowsrealestate@gmail.com) - 4:37 PM

Q: Please provide his contact

Priority: N/A-

-Kendra Nichols - 4:38 PM

A: Ferrell, will you send me an email so i can get that info to you ? I can't pull it now b/c my screen is full running the Q&A -

-Linda Brown (lbrown@clcdtx.com) - 4:38 PM

Q: This isn't a question. Thank you all for your hard work in addressing housing needs through this challenging time!

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 4:39 PM

Q: Will the questions and answers be provided?

Priority: N/A-

-Kendra Nichols - 4:39 PM

A: I will see if we can do that. will let you know. -

-Erin Bordelon (ebordelon@jordanskala.com) - 4:39 PM

Q: Are there any resources available or efforts to help support the virtual learning for young school children in our communities

Priority: N/A-

-Pierette Parker (Pierette@RealEstateAdvocate.Today) - 4:40 PM

Q: Thanks

Priority: N/A-

CHAT – HPTF Meeting – July 23, 2020 – 3:00 pm.

July 23, 2020 3:01 PM from Meredith Maulsby to host (privately): i can hear you
kendra

July 23, 2020 3:01 PM from Surya Sherrod to host (privately): Hello!

July 23, 2020 3:04 PM from Darryl Baker to host (privately): I need to know what
the Comprehensive Housing Policy says about increasing home ownership.

July 23, 2020 3:05 PM from Darryl Baker to all panelists: from Darryl Baker to host
(privately):

I need to know what the Comprehensive Housing Policy says about increasing home
ownership versus renting.

July 23, 2020 3:07 PM from Karen Gonzalez to all attendees: Please inform me
you all can hear the meeting.

July 23, 2020 3:07 PM from Courtney Spellicy to host (privately): Yes. Audio is fine.

July 23, 2020 3:07 PM from Maggie Parker to host (privately): Yes.

July 23, 2020 3:08 PM from Karen Gonzalez to all attendees: All Questions please
send them directly to Kendra Nichols

July 23, 2020 3:08 PM from cobbie ransom to host (privately): i cannot hear-
Cobbie Ransom

July 23, 2020 3:09 PM from Kendra Nichols to all participants: Darryl, We will have
staff answer your question in a bit

July 23, 2020 3:10 PM from Diane Ragsdale to host (privately): Will you please
email me the 15 Reinvestment Strategy Areas please?

July 23, 2020 3:15 PM from Karen Gonzalez to Darryl Baker (privately): Please send
all questions to Kendra Nichols

July 23, 2020 3:16 PM from Karen Gonzalez to Diane Ragsdale (privately):
Please send all questions to Kendra Nichols

July 23, 2020 3:22 PM from Karen Gonzalez to all participants: Please send all questions to Kendra Nichols.

July 23, 2020 3:22 PM from Wonny Lervisit to host (privately): Hi Reese, would you consider setting aside some of the Homebuyer Incentive Program to 80% AMI and below?

July 23, 2020 3:23 PM from Darryl Baker to all panelists: How many people have been successfully served by these programs, to date?

July 23, 2020 3:24 PM from Ken Smith to host (privately): Have the presenter repeat the question. Cant hear the person feeding the presenter with questions

July 23, 2020 3:24 PM from Karen Gonzalez to kendra nichols (privately): from Ken Smith to host (privately):

Have the presenter repeat the question. Cant hear the person feeding the presenter with questions

July 23, 2020 3:25 PM from Kendra Nichols to all participants: Courtney. Thank you. All the questions are coming from the Q&A - I will make sure i ask the questions closer to the mic moving forward.

July 23, 2020 3:33 PM from Ken Smith to host (privately): CANT HEAR THE QUESTIONS

July 23, 2020 3:36 PM from Sandy Rollins to host (privately): Are slides available someplace? Can they be sent to registered participants?

July 23, 2020 3:37 PM from Denique Peavy to host (privately): how do we register our business and where do we submit the application?

July 23, 2020 3:39 PM from Kendra Nichols to all participants: Please send all questions in the Q&A - its easier to monitor one chat room

July 23, 2020 3:45 PM from Karen Gonzalez to Kendra Nichols (privately): from Ken Smith to host (privately):

Have the presenter repeat the question. Cant hear the person feeding the presenter with questions

July 23, 2020 3:50 PM from Karen Gonzalez to Kendra Nichols (privately): from Sandy Rollins to host (privately):

Are slides available someplace? Can they be sent to registered participants?

July 23, 2020 3:50 PM from Karen Gonzalez to Kendra Nichols (privately): from Denique Peavy to host (privately):

how do we register our business and where do we submit the application?

July 23, 2020 4:03 PM from Kendra Nichols to all participants: Slides have been sent to all registered participants via PDF.

July 23, 2020 4:14 PM from Pierette Parker to host (privately): I did not receive the slides but I did register My email is Pierette@RealEstateAdvocate.Today

July 23, 2020 4:19 PM from Sef Okoth to host (privately): Do you have to register your business as a vendor with the City to participate in home repair program?

July 23, 2020 4:35 PM from Kendra Nichols to all participants: When we adjourn, please send any remaining questions to housingpolicy@dallascityhall.com



City of Dallas

Comprehensive Housing Policy Updates

**Housing Policy Task Force
July 23, 2020**

Thor Erickson, AICP
Reese Collins
Kathryn Bender
T. Daniel Kalubi

Department of Housing &
Neighborhood Revitalization
City of Dallas

Agenda



- Background on CHP
- Proposed changes to the Comprehensive Housing Policy (CHP)
 - New Targeted Rehab Program
 - Dallas Homebuyer Assistance Program (DHAP)
 - Home Improvement and Preservation Program (HIPP)
 - Development Loans
 - CHDO Funding



Background



- CHP established to guide housing and community development activities citywide
 - Targeting: 15 Reinvestment Strategy Areas selected through a market value analysis.
 - Mixed-Income: invest in projects and programs that serve 0-120% AMI.
 - Distribution of Funds: competitive solicitation process with evaluation criteria that is fair and transparent.
 - Clearinghouse: CHP serves as a repository for housing programs and incentives



New - Targeted Rehab Program



Current Repair Programs

- HUD funding restrictions limit repair opportunities

Proposed Targeted Programs

- TRP can use alternative funding sources (bond funds, general funds, etc.)
- TRP can be based on geography or specific issues such as code violations, lead abatement, or historic district needs



New - Targeted Rehab Program



- TRP allows flexibility to target housing rehab issues we otherwise cannot when using federal funds
- Proposed new sub-programs:
 - Tenth Street - provide up to \$20,000 in grant funding per home for exterior improvements to owner-occupied homes. Repairs will be required to comply with the historic district requirements. Households earning at or below 80% AMI are eligible
 - West Dallas – provide up to \$10,000 in grant funding per home for exterior improvements to owner-occupied homes. Households earning at or below 80% AMI are eligible



Dallas Homebuyer Assistance Program



Current DHAP Program:

- Occupancy Standard requiring 1 bedroom for every 2 household members.
 - Requires more money at closing to obtain a larger home
- Back-End Ratio
 - Total allowable debt is set at 43%.
- Loan to Value Ratios set at 60%/80%
 - Prevents the loan from being over subsidized
- Targeted Homebuyer Incentive Program
 - For properties in Targeted Areas
 - Buyer must remain in the home for 10 years

Proposed Changes:

- Remove Occupancy Standard
 - Allows buyer to purchase a home of choice
 - Most new homes are at least 3 bedrooms
- Increase the Back-End Ratio to 45%
 - Meets industry standards
- Remove Loan to Value Ratios
 - Add caps of \$40k/\$60k* to prevent loans from being over subsidized
 - *\$60K in High Opportunity Areas (Census Tracts with 20% or less of poverty)
- Targeted Homebuyer Incentive Program
 - Citywide
 - Max funding incentive of \$45,000
 - Pro-rated 10-year affordability
 - Increase the AMI to 120%

Council feedback: OK to move forward



Issues with Current DHAP



- Prior to the current rules, the program was actively utilized
- Recently, applications have decreased significantly due to the following:
 - Typical applicant is a family of 3, seeking 3- and 4-bedroom homes
 - Current Occupancy Standards require a 2-bedroom home, or more funds at closing, to obtain a larger home
 - Typical applicant has debts (loans, credit cards) exceeding 43%
 - Competitors & market conditions will remain more fluid than the City
- Unable to serve protective services, healthcare, and education occupations due to current HUD Income Limits



Home Improvement and Preservation Program



Who are our applicants?

They have an average age of 66 years old with 75% of applicants who are 60 years and older. The average income is \$26,673 (41%AMI) with a household of 1.72.

Current Minor Repair Program:

- Nonprofits required to match 1:1, a total of \$10,000

Council feedback: There are enough programs. Match requirement indicates nonprofit capacity. Some nonprofits have already raised funds for it.

Proposed Changes:

- Divide Minor Home Repair into two programs
 - Subrecipient Minor Home Repair Grant Program
 - Minor Home Repair Grant Program
- Subrecipient Repair Program
 - Remove the match requirement
 - Cap assistance at \$5,000
- Minor Repair
 - New program administered by the City to provide grant assistance for minor home repairs to help eligible homeowners who are not served by a nonprofit.
 - Cap assistance at \$5,000 per home



Issues with Current HIPP - Minor Repair



- The solicitation attracted three nonprofits who would only serve in their respective communities.
- Only one nonprofit could meet the match and other City requirements, and that nonprofit would serve a maximum of 25 homes.
- The City could not serve most applicants in need of minor repairs, creating a service deficiency and leaving the majority of funds unspent.
- The match requirement can trigger a Lead Risk Assessment (\$\$), if funding per house exceeds \$5,000, resulting in additional expenses.

The Minor Home Repair's goal is to serve low to moderate-income residences quickly and in all areas of the City of Dallas.



Major Rehabilitation/Reconstruction Program



Current Rehab Program:

- Funding up to \$40,000
- Repayable Loan
- Monthly payments for those over 60% AMI (\$36,240 for 1 person)

Proposed Changes:

- Increase funding per home from \$40,000 to \$50,000
- Forgivable loan rather than a repayable loan
- Adjust the affordability period from 5 years to 10 years. Forgive at 1/10 for each year of occupancy.

Current Recon Program:

- Repayable loan (Current approximate cost is \$145,000 to \$165,000)
- Monthly payments for those over 60% AMI (\$41,400 for 2 people)
- Those under 60% AMI pay in full via an event such as selling the home or death

Proposed Changes:

- Forgivable loan rather than a repayable loan
- Adjust the affordability period from 20 years to 15 years. Forgive at 1/15 for each year of occupancy.

Council concern: Lack of funds for each year



Issues with Current Major Repair Program



- Repayment loans:
 - Will need to be serviced, reducing funding available for home repairs
 - Residents who default on repayments could trigger foreclosure actions
- Silent loans:
 - Trigger balloon payments to the City when homes are sold or residency changes.
 - Loan may exceed value of home
- Entitlement Grants:
 - HUD funds renewed yearly from the Federal Government

The purpose of Major Rehab and Reconstruction is to strengthen families and neighborhoods to cultivate a diverse and economically inclusive City by preserving affordable and safe housing and mitigating resident displacement.



Changes to Loan Structures - Development



<p><u>Current Debt Coverage Ratio (DCR) in Underwriting Standards:</u></p> <ul style="list-style-type: none">• 1.25 DCR	<p><u>Proposed Changes:</u></p> <ul style="list-style-type: none">• Reduce DCR to 1.10 to account for lower Net Operating Income (NOI) while aligning CHP underwriting guidelines with industry guidelines
<p><u>Current Loan Structure:</u></p> <ul style="list-style-type: none">• Repayable loan amortized over 25 years• Maximum deferral period of 24 months	<p><u>Proposed Debt Structures for Gap Financing:</u></p> <ul style="list-style-type: none">• Include option to provide forgivable loans• Include interest only loans• Include cashflow loans• Include longer amortization period• Include option for loan deferral period longer than 24 months



Issues with Development



- City will be limited to funding LIHTC projects
- Repayment loans impact City's ability to fund housing for homeless and low-income
- Minimizes the city's ability to negotiate terms that leverage added value amenities like broad band access, recreation facilities, service programs, etc.

Illustrations of the cost structure for affordable housing developments are displayed on the following slides.



Changes to Loan Structures - Development



- Construction Cost Matrix - Understanding MF Affordable Units

AMI LEVEL	30%	80%	120%
HUD Income Limit	\$ 18,100.00	\$ 48,300.00	\$ 72,450.00
2BR Gross Rent (inc. Utilities)	\$ 452.50	\$ 1,207.50	\$ 1,811.25
- Vacancy (7.5%)	\$ 11.31	\$ 30.19	\$ 45.28
= Effective Gross Rent	\$ 441.19	\$ 1,177.31	\$ 1,765.97
- Operating Expenses (\$4,913.04/yr)	\$ 409.42	\$ 409.42	\$ 409.42
= <u>Net Operating Income (Monthly)</u>	\$ 31.77	\$ 767.90	\$ 1,356.55
x 12 Net Operating Income (Annual)	\$ 381.25	\$ 9,214.75	\$ 16,278.63
<u>Max Loan Possible</u>	\$ -	\$ 66,393.00	\$ 118,014.00
Cost per Sq. Ft.	\$ 205	\$ 205	\$ 205
x Sq. Ft.	850	850	850
<u>Total Unit Cost</u>	\$ 174,250.00	\$ 174,250.00	\$ 174,250.00
<u>Minimum Developer Equity</u>	\$ 17,425.00	\$ 17,425.00	\$ 17,425.00
<u>Financing Gap</u>	\$ 156,825.00	\$ 90,432.00	\$ 38,811.00



Changes to Loan Structures - Development



Calculating Debt Coverage Ratio



$$\frac{\text{Net Operating Income (NOI)}}{\text{Debt Obligations}} = \text{DCR}$$

$$\frac{\$20,000}{\$15,000} = 1.33$$



St. Jude Center (2017)



- \$2 million in HOME funds
- \$6 million renovation project
- Structured as a *forgivable* loan
- 104 units of senior housing for persons experiencing homelessness
- Project featured on www.housingfinance.com in 2018 as an example of effective public-private financing for housing at-risk populations



Victor Prosper Apartments (2018)



- \$11.2 million in tax increment financing funds
- \$45 million total value
- 216 total units
- 44 units affordable for 60-80% AMI
- Affordable units financed through TIF funds structured as a *grant*



CHDO Proceeds: Proposed Changes



<p><u>Current Policy:</u></p> <ul style="list-style-type: none">• CHDOs do not have a mechanism outlined in CHP to request CHDO proceeds	<p><u>Proposed Changes:</u></p> <ul style="list-style-type: none">• Include process by which CHDOs may request CHDO proceeds from City at completion of a successful project
<p><u>Current Appendix 6 in CHP:</u></p> <ul style="list-style-type: none">• Cites a CHDO's ability to retain proceeds as a metric for determining operating assistance from City	<p><u>Create CHDO proceeds process in line with HUD regulations:</u></p> <ul style="list-style-type: none">• Include written agreement between CHDO & City outlining use of proceeds• Proceed eligibility will be determined on project-by-project basis and affirmed by underwriting



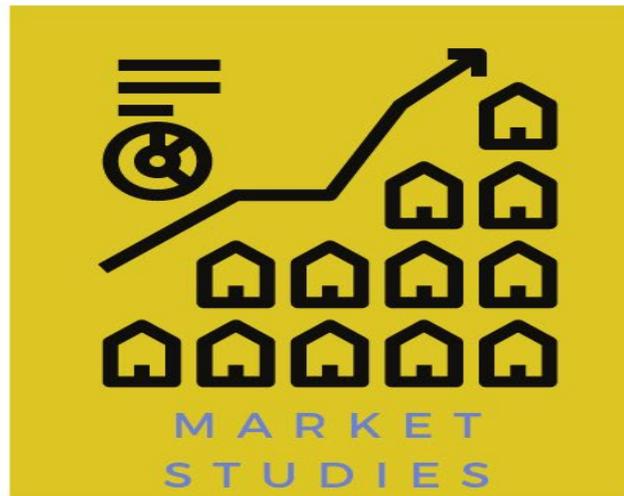
Issues with Current CHDO Policy



- Impacts CHDO ability to fund future projects
- Assembling needed funds for future projects takes additional time away from housing production
- Impacts the city's ability to meet expenditure deadlines
- No carrot to offer for continued productivity
- Missed opportunities for innovative approaches to affordable housing development and preservation



CHDO Proceeds: Eligible Activities



Next Steps



- **Now** – provide feedback to Council
 - Staff will share feedback from Housing Policy Task Force with City Council on proposed changes.
 - Attendees can contact Councilmembers:
<https://dallascityhall.com/government/Pages/city-council.aspx>
- **August 26, 2020:** Council will consider creating the Targeted Repair Program and making changes to Major Repair and DHAP.
- **October 2020:**
 - City will commission a study on the value and cost of affordable housing.
 - Consider support for other proposed program changes





Comprehensive Housing Policy Updates

Housing Policy Task Force
July 23, 2020

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