

Memorandum



CITY OF DALLAS

DATE September 20, 2024

TO Honorable Mayor and Members of the City Council

SUBJECT **Upcoming Agenda Item 24-2572 Follow-Up Questions – Bond Assignment for TDHCA Mortgage Program**

The purpose of this Friday memorandum is to address questions posed by City Council in response to agenda item 24-2572 from the September 11, 2024 City Council Agenda Meeting. The item approved the assignment of qualified mortgage revenue bonds in the maximum amount of \$64,819,515.00 from the Dallas Housing Finance Corporation (DHFC) to the Texas Department of Housing and Community Affairs (TDHCA) for use in its single-family mortgage program. This program provides low-cost mortgages to qualified buyers of single-family homes.

This item was approved by the Council, but two questions were raised during the discussion. Responses to those questions are below:

Are the loans forgivable? If so, how is the lender repaid?

Per TDHCA, down payment assistance loans funded through DHFC bonds are not forgivable. As is the case for the first-lien mortgages funded through the bond program, these loans are guaranteed by the federal government in case of default. There is a forgivable second-lien option provided by TDHCA, but it is not funded through the bonds assigned through the DHFC. The forgivable loans are funded through a separate pool of funding that is managed by TDHCA.

What is the program's risk to the City?

All loan program management is done by TDHCA, not City of DHFC, and all loans are guaranteed by the federal government in the event of default. There is no significant risk to the City or the DHFC, making this a highly effective and low-cost tool that can be added to the mission of providing home-ownership opportunities for first time homebuyers and low- to moderate-income residents.

Should you have any questions, please contact Cynthia Rogers-Ellickson, Director of Housing and Community Development, at Cynthia.Rogersellic@dallas.gov or (469) 275-8732.

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Service First, Now!



**Robin Bentley,
Assistant City Manager (I)**

c: Kimberly Bizzor Tolbert City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety (I)
Dev Rastogi, Assistant City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager (I)
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors

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