

Memorandum



CITY OF DALLAS

DATE October 20, 2022

TO Honorable Members of the City Council Housing and Homelessness Solutions Committee: Casey Thomas II (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold, Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Department of Housing Performance Measure Update**

The Department of Housing & Neighborhood Revitalization (Housing) reports project pipelines and accomplishments to the Housing and Homelessness Solutions Committee (HHSC) on a monthly basis. This memo summarizes accomplishments for development, repair programs, the Dallas Homebuyer Assistance Program (DHAP), and housing building permits that occurred in September of 2022 as well as a summary of FY 2021-2022. The updated attachments are included, and more details are below:

Development

The attached development project pipeline includes more detailed information about developments that have been approved by City Council or other approving entities and are in the predevelopment phase, are under construction, or have been completed in FY 2021-2022. Details include property information, location information, funding information, and other details regarding the projects' statuses.

Major changes in September are below and also summarized in Exhibit 1.

- One *Land Transfer* home by Marcer Construction received a building permit in Council District 7.
- Bethany Homes (Council District 7), Black Island (Council District 4), and CTE Homes (Council District 7) each completed construction on one home, for a total of three *Land Transfer* homes completed in September 2022.
- Eighty-six units started construction at Kiva East in Council District 2. This is a *Low-Income Housing Tax Credit (LIHTC)* and a *Mixed Income Housing Development Bonus (MIHDB)* project. The project will have 71 units reserved for affordable housing.
- The Briscoe in Council District 11 was approved by City Council and gained media attention for its future conversion of 322 housing units from luxury to affordable units through the building's purchase by the Dallas Housing Finance Corporation (DHFC). A majority (288) of the units will be set aside for affordable housing.
- In the *MIHDB* program, 219 units received a certificate of occupancy for Doverhouse at White Rock in Council District 9.

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Exhibit 1: Housing Accomplishments Completed in September 2022 and Entire FY 2021-2022			
Program	September Total	FY To Date	Notes
Development			
Land Transfer	1 home 3 homes	68 homes 31 homes 33 homes	Approved Permitted Completed construction
LIHTC/DHFC	86 units	4,068 units 1,411 units 300 units	Approved Permitted Completed
DHFC	322 units	322 units	Approved for conversion
MIHDB	219 units	16 projects 2,407 units 1,320 units	Approved Permitted Completed construction
NOFA		663 units 17 units 497 units	Approved Permitted Completed construction
Land Bank		27 homes 25 homes	Permitted Completed construction
Repair			
HIPP	11 homes 1 home	54 homes 28 homes 38 homes	Households qualified Agreements signed Completed construction
West Dallas	3 homes 13 homes	42 homes 23 homes 31 homes	Households qualified Agreements signed Completed construction
HHLR	1 home	2 homes 1 home	Households qualified Agreements signed
DTF	1 home 1 home	35 homes 16 homes 18 homes	Households qualified Agreements signed Completed construction
ARPA NRP	2 homes 3 homes	48 homes 5 homes	Households qualified Agreements signed
Other			
DHAP	2 homes	40 homes 16 homes	Prequalified Closed
Building Permits	1,595 units	11,357 units	Residential units permitted

Development Fiscal Year Summary

There are 15,776 housing units in the Completed, Under Construction, and Predevelopment project phases in Housing and the Office of Economic Development (OED) programs. The monthly measures presented for Housing development projects in this report follow three different phases of work. The first measure, *Predevelopment*,

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correlates with the “Units Approved” accomplishment measure and represents units that have been approved by City Council or the associated committees and have not yet begun construction. The second measure, *Under Construction*, includes all developments that have begun construction, measured by receipt of a building permit. The final measure, *Completed*, is taken either at Final Certificate of Occupancy, Green Tag, or final payment disbursement, depending on the program, and represents a new or fully rehabilitated unit on the ground. Typically, approvals represent work completed this year, under construction represents work completed the year prior, and completions represent staff work completed two or more years in the past.

The more detailed development pipeline data is attached. The distribution of housing units in the development pipeline for FY 2021-2022 by Council District is shown in Exhibit 2. All Council Districts have residential units that are either City Council-approved and in predevelopment, under construction, or completed construction. There are 15,776 units in the development pipeline and 14,189 are supported by the following Housing initiatives: Notice of Funding Availability (NOFA), MIHDB, Land Bank, Land Transfer, LIHTC, DHFC, and the Dallas Public Facility Corporation (DPFC). The remaining 1,587 units are in predevelopment stages and supported by the Office of Economic Development (OED) in its Tax Increment Financing (TIF) and the Public/Private Partnership (PPP) programs.

Council District 8 has the most units (2,837) in the pipeline, followed by Council District 2 (2,462 units) and Council District 14 (2,370 units). The majority of Council District 8 pipeline units, for instance, resulted from the LIHTC, OED, MIHDB, and NOFA programs.

NOFA

The Notice of Funding Availability (NOFA) was increasingly utilized as a development tool for affordable housing in FY 2021-2022 and completed 497 housing units and got 663 units approved. This development tool helps to streamline the allocation of funds for affordable housing. The National Community Development Association conference recognized the *NOFA* program, used in Dallas and a limited number of other cities, as a best practice to utilize housing funds for affordable housing. *NOFA* allows flexibility for affordable housing developers that can apply for funding at any time.

LIHTC/DHFC/DPFC

Palladium Redbird was completed in March 2022 bringing 300 mixed-income units online in Council District 8. Palladium Redbird is the first completed NOFA project after Housing re-launched the program. The development included NOFA funds, tax credits, and a partnership with the Dallas Housing Finance Corporation. The National Association of Local Housing Finance Agencies (NALHFA) awarded the DHFC a “HOME Excellence” award and the National Community Development Association (NCD) Awarded the City the Audrey Nelson Community Development Award for the Palladium Redbird development.

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In FY 2021-2022, the DHFC saw construction begin on The Terrace at Southern Oaks (Council District 7), Meadowbrook Apartments (Council District 8), and Highpoint at Wynnewood (Council District 1) which will bring 700 new mixed-income units to the City in 18-24 months. The DHFC is the general partner in each development. This represents an over \$155,000,000 investment into affordable housing throughout the City. The DHFC also granted preliminary approval/inducement for an additional 1,507 units to hopefully begin construction in FY 2022-2023.

The Dallas Public Facility Corporation (DPFC) began construction on NRP Mountain Creek (Council District 8) and the Standard at Royal (Council District 6). These DPFC developments will bring 624 mixed-income units to the City in 18-24 months and represents an over \$128,000,000 investment into workforce housing throughout the City. The DHFC also granted preliminary approval/inducement for an additional 2,019 units to hopefully begin construction in FY 2022-2023. 332 of the approved DPFC units includes Trove Valor, a 1,000 Unit Affordable Housing Challenge development in Council District 4.

In February 2022, five 9% competitive tax credit developments received resolutions of support from City Council totaling 542 mixed income units. It is anticipated that three of the five developments will be awarded tax credits totaling 370 units spread throughout Council Districts 2, 10, and 11 representing an estimated \$1,117,000,000 investment into mixed income housing for the City. Kiva East, an 87-unit FY 20-21 9% tax credit development, broke ground in Council District 2 in September 2022 and included approximately \$2.5 million in HOME funding through Housing's NOFA program.

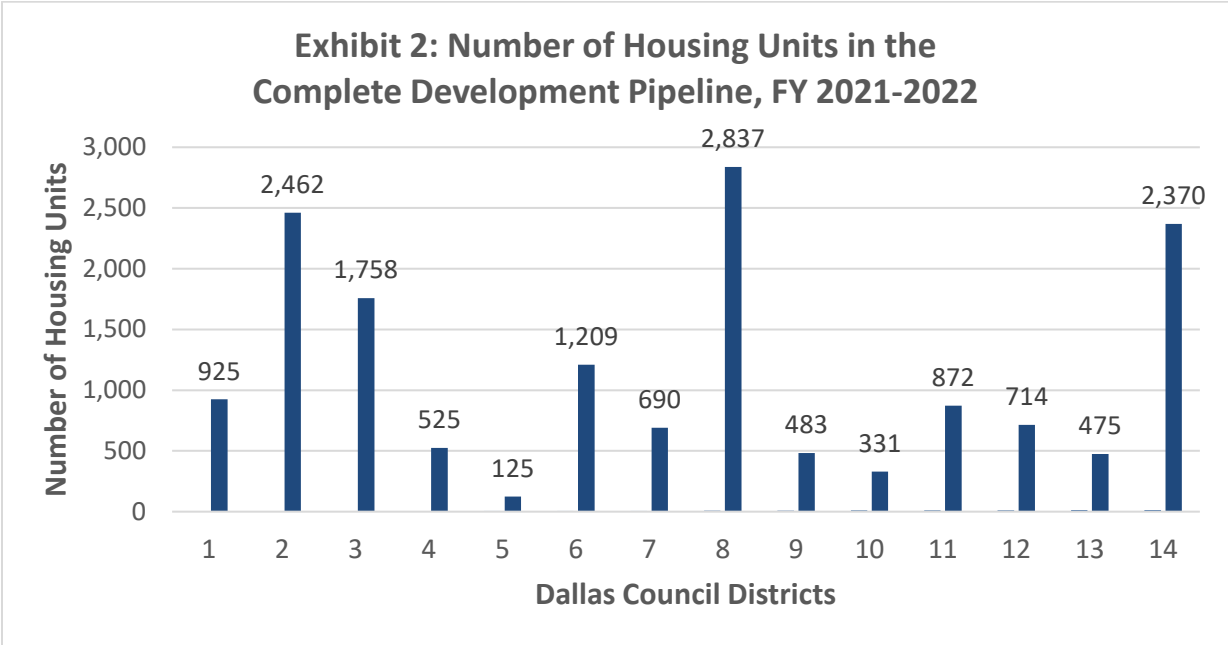
At present, the DHFC/LIHTC program has roughly \$640,000,000 under construction and the DPFC has roughly \$128,000,000 under construction totaling over \$768,000,000. Upon completion, this will result in 3,656 new or substantially renovated units throughout the City – these figures include developments approved in prior fiscal years.

MIHDB

In FY 2021-2022, 1,320 housing units in the Mixed Income Housing Development Bonus (MIHDB) program were completed. Developers started construction on 2,407 units during the fiscal year. Another 16 developments submitted an approved MIHDB program application. These numbers are starkly up from the previous fiscal year, when no developments had completed construction and only two had received a building permit. The MIHDB program incentivizes mixed income development by incentives for developers to reserve housing units onsite or to pay a fee in lieu of building reserved units onsite. Staff is currently refining procedures to collect in lieu fees from developers for future mixed income developments.

The 1,000 Unit Affordable Housing Development Challenge

The Dallas Public Facility Corporation Board of Directors approved a memorandum of understanding and term sheet with Lavoro Acquisitions to develop Trove Valor, a 1,000 Unit Affordable Housing Challenge Development located at 4015 South Lancaster Boulevard. This transit-oriented development (TOD) will provide approximately 332 mixed income units with 10% reserved for residents earning less than 60% AMI, 40% reserved for residents earning less than 80% AMI, and 50% of the units are non-income restricted. The development will also include retail and other community spaces. On September 28, 2022, City Council approved the DPFC’s ownership of the project. Construction is anticipated to commence in 2023 upon receipt of building permits.



Land Bank and Land Transfer Programs

The Land Bank and Land Transfer programs made significant progress in providing lots for affordable single-family homes and sold 210 lots to affordable housing developers in FY 2021-2022. Housing developers completed construction on 25 homes in the Land Bank program and 33 homes in the Land Transfer program in FY 2021-2022.

Projections for FY 2021-2022

Projections are an estimate of production and repair accomplishments in Housing programs for the upcoming fiscal year. The projections are based upon the program manager’s knowledge of past performance, current projects, construction contractor capacity, legal process approvals, past governmental approvals for projects, known barriers to home ownership or repairs, community resources, and funding approvals.

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Accomplishments (actuals) are tracked on a unit-by-unit basis for all developments, including single-family homes by program. There will be differences between the numbers tracked in the Complete Development Pipeline versus Production Numbers (actuals), particularly for single-family homes. The Complete Development Pipeline lists large, single-family developments as a single line rather than by address. Actuals are reported as each individual home is permitted and constructed, even if the development has more units in total in the pipeline to be permitted or constructed. Actuals are used to evaluate whether Housing programs met projected outcomes.

Housing development programs met or exceeded projections in most cases for FY 2021-2022 (Exhibit 3).

Exhibit 3: Projected Development Units (P) Versus Actual Accomplishments, FY 2021-2022										
	(P) NOFA	NOFA Actual	(P) Land Bank	Land Bank Actual	(P) Land Transfer	Land Transfer Actual	(P) DHFC/ LIHTC	DHFC/ LIHTC Actual	(P) MIHDB	MIHDB Actual
Units Approved	450	663	25	0	37	68	1200	4,068	N/A	N/A
Units Permitted	70	17	19	27	105	31	600	1,411	980	2,407
Units Complete	0	497	22	25	26	33	0	300	1086	1,320

Initial projections also included 849 completed homes under the “Multiple” category, which was how Housing reported projects that used more than one program. Reports have become more specific, instead counting those units in each project and a single time in the Total field. Housing reached and exceeded its goals in total production.

Repair

Housing launched the annual *Home Improvement and Preservation Program (HIPP)* application process on August 1, 2022 and collected 623 applications on August 20, 2022. Staff is continuing to review applications for eligibility and continues to move the process forward. In September, 11 agreements were signed by applicants to move forward. Currently 53 homes are under construction and 7 homes are in predevelopment processes. Contractors completed construction on one home. Housing launched a NOFA related to the HIPP Major Home Rehabilitation and Home Reconstruction Programs, with the goal of hiring a contractor or subrecipient to administer the HIPP programs. Housing also awarded 4 Minor Home Rehabilitation subrecipients agreements to administer the Minor Program serving approximately 60 people in FY 2022-2023.

The *West Dallas Targeted Repair Program (TRP)* continues to receive new applications. Applicants signed three agreements to start construction. Currently 12 homes are under construction for this program and 42 homes are in predevelopment processes. Contractors completed construction on 13 homes in September.

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One applicant signed the agreement for The *Healthy Homes Lead Reduction (HHLR) Program*. Eleven homes are in the predevelopment processes.

The *Dallas Tomorrow Fund (DTF)* continues to receive new applications. In September, Housing had one applicant sign an agreement to start construction on one home. Currently six homes are under construction, and 36 homes are in the predevelopment processes. Construction was completed on one home.

The *American Rescue Plan Act Neighborhood Revitalization Program (ARPA NRP)* is accepting applications for home repairs in the Joppa, Historic Tenth Street, and Five Mile neighborhoods. The program qualified 12 households in September. Three applicants signed agreements to move forward. Currently 44 homes are in the predevelopment processes for all *ARPA* programs.

Fiscal Year Summary for Repair

Repair ended the fiscal year with momentum on construction and the American Rescue Plan Act Neighborhood Revitalization Program (ARPA NRP) having committed most of its funding for the initial three areas identified for work. The repair programs collectively completed 87 home repairs in FY 2021-2022. Out of 72 homes currently under construction, 21 homes are currently 75% or greater complete on construction and these homes will most likely be completed within days or weeks. In September 2022, thirteen new agreements were approved across repair programs. There are a total of 140 homes in preconstruction phases.

Other programs now have the legal framework necessary to accept applications, such as *Healthy Homes Lead Reduction (HHLR) Program* and *The Minor Home Repair Program*. The HHLR legal review process took time to create documents for the complexities of remediating lead. The Minor Home Repair Program has a start-up time of September 2022 after staff completed the sub-recipient process with 4 non-profit organizations to administer the program.

Housing continues to revise how summary data is compiled. Last month's summary table for HIPP included duplicates that were not caught. The revised total for completed home repairs in FY 2021-2022 is 87, not 101 as reported, with 53 of them from HIPP.

The end of FY 2021-2022 distribution of home repairs (Exhibit 4) shows that Council Districts with targeted programs have the highest number of homes in process. Council District 6 has the most homes in process or completed construction, with 97 in total, and is a direct result of the West Dallas Targeted Rehab Program, and Council District 7 has 68 homes in various stages of repair. The yearly projected goals were not met this fiscal year and many programs are underway and have homes under construction. FY 2022-2023 is expected to have increases in accomplishments for completed repairs for recently launched programs. HIPP, ARPA, West Dallas, and HHLR will most likely have increases in production in FY 2022-2023 (Exhibit 5).

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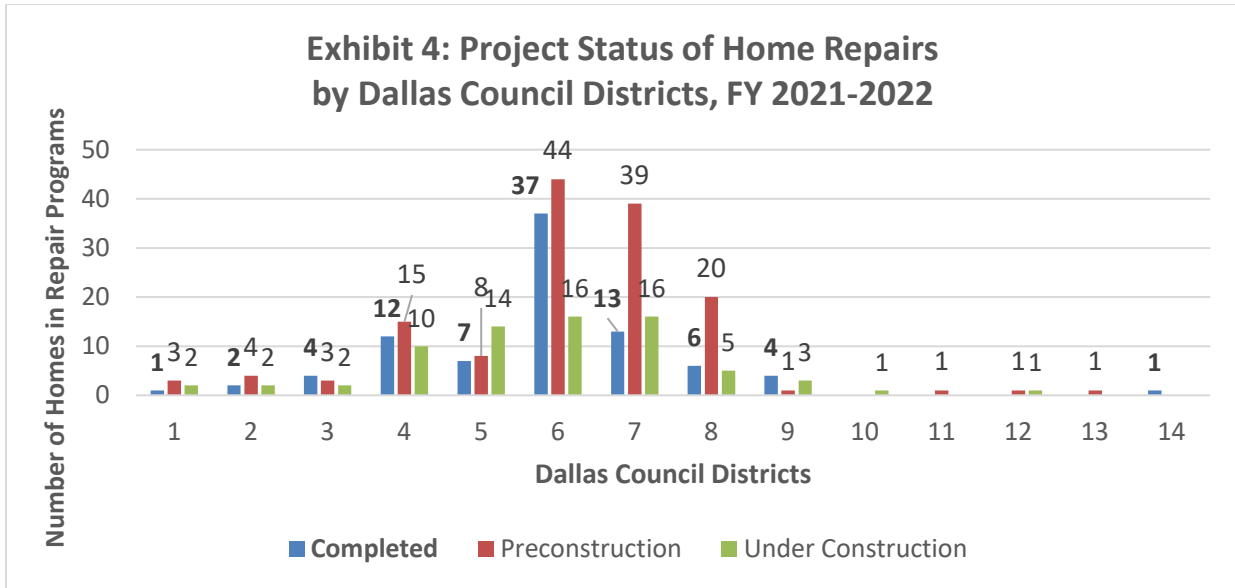


Exhibit 5: Projected Home Repairs (P) Versus Actual Accomplishments, FY 2021-2022

	(P) HIPP	HIPP Actual	(P) West Dallas	West Dallas Actual	(P) Tenth Street	Tenth Street Actual	(P) Lead	Lead Actual	(P) DTF	DTF Actual
Households Approved	30	54	62	42	14	3	30	2	30	35
Agreements Signed	30	28	79	23	14	2	30	1	30	16
Units Repaired	81	38	100	31	14	0	30	0	30	18

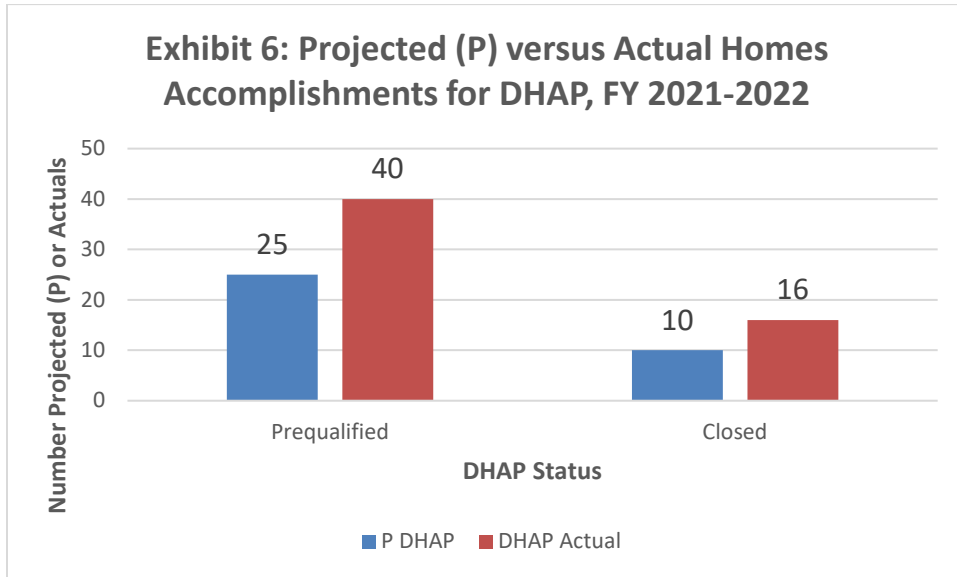
DHAP

Two contracts in the *Dallas Homebuyer Assistance Program (DHAP)* closed in September for a total of 16 *DHAP* homes assisted to date in FY 2021-2022. Five applicants were prequalified to move forward with the process.

As home prices and mortgage interest rates continue to rise, buyers and lenders find that the \$40,000 allowable in this program is increasingly not enough to cover the gap in household income and monthly housing costs.

Despite the market challenges with rising home prices, the DHAP program exceeded its projected goals for FY 2021-2022 (Exhibit 6).

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Housing Building Permits

Dallas issued new construction permits on 1,595 new housing units in September 2022 for a total of 11,357 new units to date in FY 2021-2022. This fiscal year to date, 2,993 units supported by Housing have received a permit, meaning that 26% of housing units permitted in Dallas so far this year have received support from the City.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@Dallas.gov or 214-670-3619.

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Assistant City Manager

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Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
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Genesis D. Gavino, Chief of Staff to the City Manager
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