

RECEIVED

2013 SEP 12 PM 12: 28

CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

Memorandum

DATE September 13, 2013

TO Housing Committee Members: Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT September 16, 2013 - Housing Committee Agenda

We will have a meeting of the Housing Committee on Monday, September 16, 2013, City Hall, 1500 Marilla - Room 6ES, Dallas, Texas, 75201, from 11:00 a.m. - 12:30 p.m. The agenda is as follows:

1. Approval of September 3, 2013 Minutes Councilmember Carolyn R. Davis

2. Dallas Urban Land Bank Demonstration Program Williams/Mitchell
(Estimated time 30 minutes)

3. Mortgage Assistance Program Update Brideau/Mitchell
(Estimated time 25 minutes)

4. Upcoming Agenda Items For Information Only
 Housing items only
 - a. Land Transfer - East Dallas Community Organization (EDCO)
 (4 parcels)
 - b. Amendment to the Mortgage Assistance Program Statement



Carolyn R. Davis, Chair
Housing Committee

C: A.C. Gonzalez, Interim City Manager
Warren M. S. Ernst, Interim City Attorney
Judge Daniel F. Solis, Administrative Judge
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Ryan S. Evans, Interim First Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Note: A quorum of the Dallas City Council may attend this Council Committee meeting.

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meetings Act.

Housing Committee

Meeting Record September 3, 2013

The Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Housing Department, Staff Coordinator at 214-670-3906.

Meeting Date: September 3, 2013

Meeting Start time: 11:08 A.M.

<p><u>Committee Members Present:</u> Carolyn R. Davis (Chair) Scott Griggs (Vice-Chair) Monica Alonzo Rick Callahan Dwayne Caraway Phillip Kingston</p>	<p><u>Staff Present:</u> Theresa O'Donnell-Interim City Manager Bernadette Mitchell-Interim Director/HOU Charles Brideau-Asst. Director/HOU Patrick Inyabri-HOU Cynthia Rogers Ellickson-HOU Cobbie Ransom-HOU Brenda Sparks-HOU Art Hudman-CAO Michael Bostic-CAO Robin Bentley-CAO Robyn Gerard-CMO Renita Griggs-MCO Doris Edmon-HOU Cassandra Luster-HOU</p>
<p><u>Other Council Members Present:</u> Jerry Allen Adam Medrano</p>	
<p><u>Committee Members Absent:</u></p>	<p><u>Other Attendees</u> Mike Faenza-MDHA Charles Gulley-MDHA Mary Ann Russ-DHA Ron Stretcher-Dallas County Edd Eason-City Square Janet Wilkerson-Reach of Dallas Jesse Aguilera-Metrocare Services Paula Maroney-MDHA Sam Hilliard-Nexus Recovery Michael Veale-Resident Liam Mulvaney-Lifenet Nick deVoogd-Lifenet Steve Deroche-Lifenet Sherman Roberts-City Wide CDC Kristen Schulz- Dallas Habitat for Humanity Anthony Collins-Housing Crisis Center Meghan Dalton-AIDS Arms Monte Brown-BSA</p>

AGENDA:

Housing Committee Meeting Called to Order by CM Carolyn R. Davis

1. Approval of June 17, 2013 Minutes of the Housing Committee
 Presenter(s): Council Member Carolyn R. Davis

Action Taken/Committee Recommendation(s)

Motion made by: CM Scott Griggs	Motion seconded by: CM Phillip Kingston
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

2. Housing/Community Services Program Overview

Presenter(s): Theresa O'Donnell, Interim Asst. City Manager/Bernadette Mitchell, Interim Director

Information Only: X

Action Taken/Committee Recommendation(s)

Motion made by: _____	Motion seconded by: _____
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

3. Dallas Areas Plan for Permanent Supportive Housing (PSH)

Presenter(s): Mike Faenza, Mike Faenza, President & CEO MDHA/Mary Ann Russ, DHA Charles Gulley, MDHA/Ron Stretcher, Dallas County

Information Only: _____

Action Taken/Committee Recommendation(s)

Motion made by: _____	Motion seconded by: _____
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

4. Upcoming Agenda Items
 Housing items only

a. Amendment to the Program Statement for the Dallas Urban Land Bank Demonstration Program

Information Only: _____

Action Taken/Committee Recommendation(s)

Motion made by: CM Scott Griggs	Motion seconded by: CM Dwaine Caraway
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned by CM Carolyn R. Davis

Meeting Adjourned: 12:46 P.M.

Approved By: _____

DRAFT

Memorandum




DATE September 13, 2013

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Dallas Urban Land Bank Demonstration Program

On Monday September 16, 2013, you will be briefed on the Dallas Urban Land Bank Demonstration Program. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, Interim City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Dallas Urban Land Bank Demonstration Program

A Briefing to the **Housing Committee**

**Housing/Community
Services Department
September 16, 2013**





Purpose

- To provide historic information on the Dallas Urban Land Bank Demonstration Program
- To provide status of the Land Bank



Background

- 2003 State Legislature enacted the Texas Urban Bank Demonstration Program Act: (HB2801)
- 2004 Negotiation and execution of Interlocal Agreement with all taxing entities and began filing law suits
- 2005 Land Bank acquires first properties
- 2006 Land Bank sells first lots to developers
- 2007 First home completed and sold to an eligible family



Goal

- The goal of the Dallas Urban Land Bank Demonstration Program is to develop a significant quantity of affordable single-family homes on vacant, tax-delinquent properties within Dallas neighborhoods. Putting these properties to this productive use will:
 1. Address the shortage of affordable workforce housing in Dallas;
 2. Eliminate blight in target neighborhoods;
 3. Stabilize “at risk” communities and enhance quality of life;
 4. Stimulate community investment and economic growth; and
 5. Increase local government property tax, sales tax and fee revenues.



Partners

Taxing Entities

- City
- County
- School District
- Hospital Districts
- Community College District

The Real Estate Council

- Title Companies
- Law firms
- Case filing
- Ad Litem services

Developers

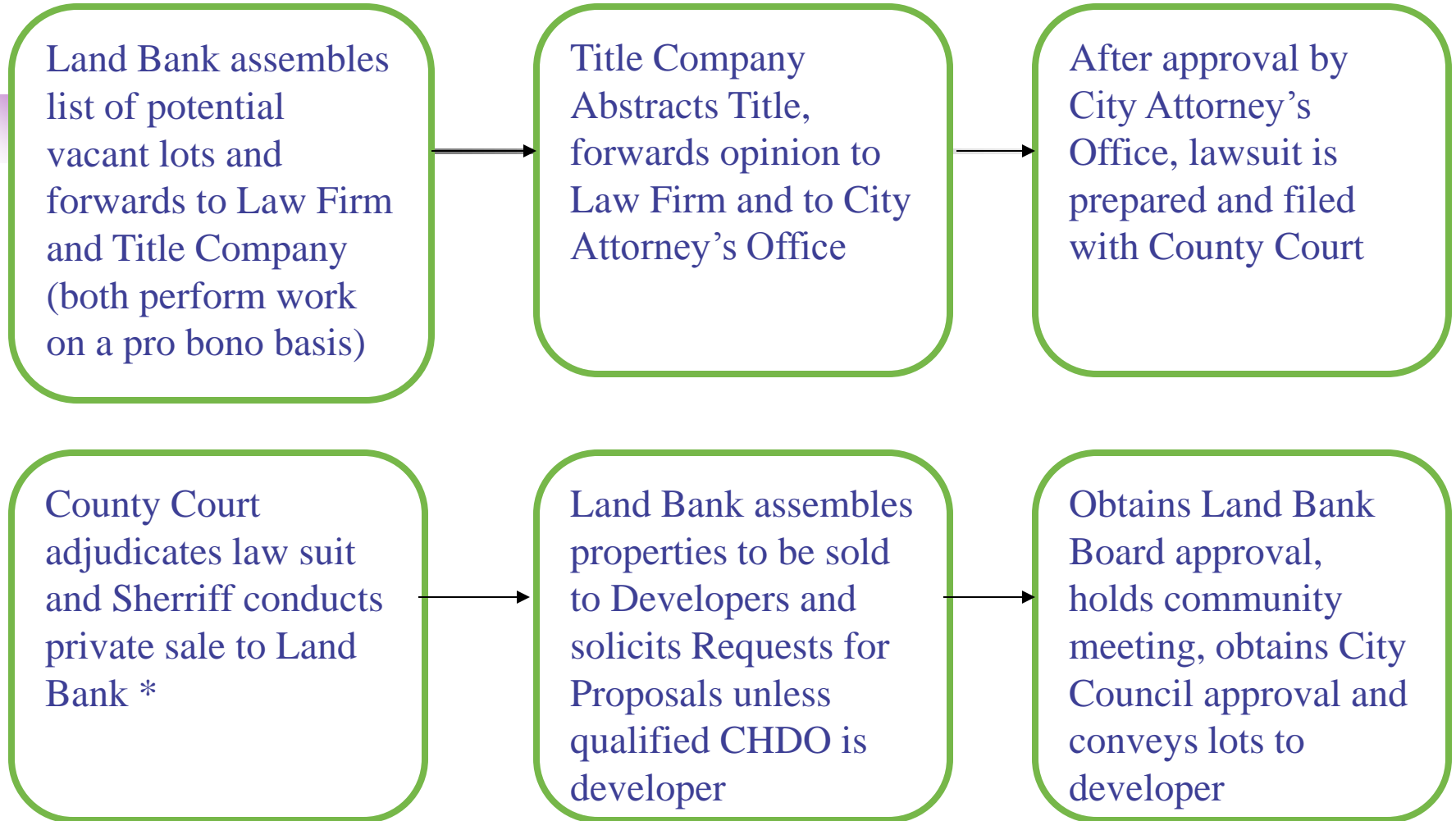
- CHDOs
- For Profit

Community

Land Bank Board

City Council

Six Basic Steps



* Ad Litem attorneys are required on about 70% of the cases and are furnished through TREC member law firms on a pro bono basis



Land Bank Criteria

- Eligible Properties must:
 - have at least 5 years of delinquent taxes
 - have an appraisal district value less than the amount of taxes and non-tax liens
 - be zoned residential
 - have a minimum frontage of 40' and minimum size of 4,000 square feet



Focus Selection Process

1. Lots in Neighborhood Investment Program (NIP) Areas
2. Lots 1 mile on either side of DART Rail Lines
3. Selected Lots for CHDOs



Financial Update

- Land Bank is currently self supporting without any General Funds
- Goal is to maintain 12 months operating capital of \$300,000
- Breakeven total sales is 65 lots per year



Balance Sheet (as of 8/31/2013)

■ Assets		
■ Cash on Hand		\$ 340,225
	Current Assets	\$ 340,225
■ Real Estate Owned		
■ 385 Land Bank Lots		<u>\$1,925,000</u>
	Total Assets*	\$2,262,225
■ Liabilities		
■ None		<u>\$ 0</u>
	Total Liabilities & Net Worth	\$2,262,225

*Not Included: General Obligation Bonds and Commercial Paper used to pay foreclosure costs

- \$0.7M 2003 Bonds
- \$1.5M 2006 Bonds (Commercial Paper)



Operating Proforma (FY2013–14)

Total Estimated Funds 9/30/13	\$328,725
Projected Sales (75 lots @ \$5,000/lot)	\$375,000

Projected Expenses (2013-14)

Staffing Costs	\$315,000
Acquisition Fee Reimbursement (100 lots @ \$1,000/lot)	(\$100,000)
Mowing Expense (400 lots average)	\$ 75,000
Audit Fee	\$ 8,500
Insurance	\$ 9,000
Recording Fees	\$ 4,000
Misc. Expense (training, marketing, supplies)	\$ 10,000

subtotal \$321,500

Estimated Funds Available @ 9/30/14* \$382,225

*The Land Bank, as of FY2009-10, covers its operating costs through the sale of Land Bank lots



Production (as of 8/31/2013)

- 1,632 lawsuits filed
- 873 properties sold to the Land Bank
- 401 lots sold to CHDOs and Developers with 60 lots pending sale
- 250 homes completed and sold
- Goal is to add to the pipeline each year:
 - Up to 150 additional lawsuits brought to the Sheriff's sale



Challenges

- Maintaining our lot inventory
- Finding enough qualified home buyers given the current and projected market conditions
- Ensuring there is sufficient developer capacity



Economic Considerations

- Land Bank is well positioned with surplus inventory
- Previously depended on non-profit developers
- Recently contracted with Real Estate company to market inventory
- For-profit developers will become a larger buyer of lots



Annual Agenda Process

- August – Calling of Public Hearing for Land Bank annual plan
- August – Authorize Interlocal Cooperation Contract between taxing entities
- September – Amend Land Bank Program Statement to align with state statute changes if needed
- October – Hold public hearing and authorize approval of Land Bank annual plan



Questions & Answers

Memorandum



DATE September 13, 2013

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Mortgage Assistance Program Update

On Monday September 16, 2013, you will be briefed on the Mortgage Assistance Program Update. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, Interim City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Mortgage Assistance Program Update

A Briefing to the
Housing Committee

Housing/Community Services Department
September 16, 2013



KEY FOCUS AREA: ECONOMIC VIBRANCY

Purpose

- To provide an update regarding the Mortgage Assistance Program (MAP)
- To recommend approval of changes to the program for FY2013-14

Background

MAP Program Purpose

- To provide homeownership opportunities for low to moderate income homebuyers through the provision of financial assistance in purchasing a home in Dallas

Background (cont.)

- Enterprise Community Partners (ECP) began operating the Mortgage Assistance Program in 1991
- ECP closed their Dallas office in September 2012
- City of Dallas began operating the Mortgage Assistance Program in-house on October 1, 2012
 - Website and mortgage registration system transferred November 2012
 - MAP was fully staffed by March 2013 within City organization
 - Seamless transition for homebuyers and program partners
- Added a new category of assistance to include homebuyers purchasing a home constructed on a Land Bank acquired lot.

Homeownership Data

- Dallas Homeowner Units

- DCAD lists 216,827 detached residences
- US Census
 - Total Housing units 2010: 516,639
 - Homeownership rate 2007: 42.0%
 - Homeownership rate 2007-2011: 45.2%
 - Total ownership units: 233,521

- MAP Property Tax Data

	<u>FY2011-12</u>	<u>FY2012-13</u>
● Tax Value New Construction:	\$305,887	\$ 74,492
● Tax Value Existing Homes:	<u>\$152,709</u>	<u>\$ 91,472</u>
● Total Tax Value:	\$458,597	\$165,964
● Grand Total:	\$624,561	

Program Partners

- 29 Lenders
- 23 Title Companies
- 9 Homebuyer Education Providers
- 6 CHDOs
- Leveraging Private Dollars
 - FY 2011-2012 \$13,877,612 (4:1)
 - FYTD 2012-Aug 2013 \$ 5,407,879 (6:1)

Program Guidelines

- MAP provides principal reduction and closing cost assistance
- Homes purchased must be in the City of Dallas
- Eligible homebuyers' gross income cannot exceed 80% of the Area Median Family Income (AMFI), adjusted for family size
- Eligible homebuyers must:
 - Be a U.S. citizen or permanent resident
 - Complete a homebuyer education class in order to qualify
 - Agree to occupy the home as a primary residence
- Homes are inspected prior to purchase and must meet Minimum Acceptable Property Standards (MAPS)
 - MAP provides up to \$1,500 for MAPS repairs which must be completed prior to closing
- The sales price of the home may not exceed \$271,050

Program Guidelines (cont.)

- Borrower must have continuous, satisfactory employment history for the past six months
- Borrower's down payment must satisfy the MAP lender's minimum requirements
- Borrower may not have more than \$4,000 plus two month's gross income after closing
- Borrower must qualify for a conventional, FHA, or portfolio mortgage loan from a participating MAP lender
- No adjustable rate mortgages
- Borrower cannot receive cash back at closing
- Debt Ratio for housing & debt expenses cannot exceed 45% at loan approval

MAP LENDING PROCESS

- Homebuyer attends and receives course completion certification from participating homebuyer counseling agency
- Homebuyer gets pre-qualified for a loan with one of the participating MAP lenders
- Homebuyer contacts Real Estate agent to locate a suitable home
- Lender registers homebuyer online with MAP to reserve funds
- Lender submits loan package to MAP staff
- MAP staff underwrites the loan and submits funding to title company
- Homebuyer closes loan at title company

Note: Program information and registration process are available on the MAP website at www.dallasmap.org

FY2013-14 Program Guidelines

- Categories of Assistance:
 - Existing Homes Citywide
 - Pre-owned homes within the City of Dallas
 - \$8,500 with a 5 year forgivable loan term
 - \$510,000 initially set aside for this category
 - 60 homebuyers will be assisted

 - Community Housing Development Organizations
 - New Construction and Rent to Purchase Transactions
 - \$20,000 with a 10 year forgivable loan term
 - Each CHDO, including affiliates, is limited in its access to total funding up to 50% of the available funding for this category
 - \$800,000 initially set aside for this category
 - 40 homebuyers will be assisted

FY 2013-14 Program Guidelines (cont.)

- Categories of Assistance (cont.):
 - Newly Constructed Homes on Lots Purchased from the Dallas Housing Acquisition and Development Corporation (City of Dallas Land Bank)
 - New Construction
 - \$10,000 with a 5 year forgivable loan term
 - \$300,000 initially set aside for this category
 - 30 homebuyers will be assisted

MAP Production*

	FY2011-12	FYTD 2012 thru 8/31/2013	Anticipated for September 2013
Unit Production	171	62	8
Total Subsidy	\$3,320,685	\$827,500	\$125,500
Private Dollars Leveraged	\$13,877,612	\$5,407,879	\$872,453
Average Sales Price	\$98,209	\$96,737	\$109,056

*See exhibits for production breakdown

Production Analysis

- Causes of production decreases FY2012-13
 - Delays caused by transition of program from Enterprise
 - Continued slow sales during first part of year
 - Tightening of credit score requirements
 - Fixed allotment categories restricted best use of available funds
- Changes to increase production FY2013-14
 - Complete Program cycle starting October 1, 2013
 - Training of Partners on October 4, 2013
 - Continue processing existing FY2012-13 registrations
- Ramped up Marketing
 - Focus on DISD and area hospitals
- Estimated increased production from 70 to 130

MAP Snapshot

ETHNICITY AND HOUSEHOLD INCOME BREAKDOWN

ETHNICITY	FY2011-12	FYTD 2012-13		INCOME	FY2011-12	FYTD2012-13
Anglo	10	2		30% and Below	6	0
African American	64	15		31%-50%	39	9
Hispanic	95	44		51%-67%	84	27
Other	2	1		68%-80%	42	26
Total	171	62			171	62

MAP Snapshot

COUNCIL DISTRICT PRODUCTION FY 2011-12

Council District	Loans	Subsidy		Council District	Loans	Subsidy
1	14	\$143,215		8	55	\$1,302,000
2	3	\$47,000		9	6	\$63,500
3	36	\$703,970		10	0	\$0
4	15	\$300,000		11	0	\$0
5	8	\$82,000		12	3	\$75,000
6	4	\$40,000		13	0	\$0
7	25	\$525,500		14	2	\$38,500

MAP Snapshot

COUNCIL DISTRICT PRODUCTION FYTD 2012-8/31/2013

Council District	Loans	Subsidy		Council District	Loans	Subsidy
1	10	\$85,000		8	8	\$115,500
2	0	\$0		9	4	\$34,000
3	13	\$202,500		10	0	\$0
4	2	\$17,000		11	1	\$8,500
5	3	\$25,500		12	3	\$25,500
6	2	\$28,500		13	0	\$0
7	16	\$285,500		14	0	\$0

MAP Budget

	<u>FY2012-13</u>	<u>FY2013-14</u>
Community Development Block Grant	\$1,342,473	\$1,300,000
HOME Investment Partnership Program	<u>\$1,440,000</u>	<u>\$ 800,000</u>
Total Allocation	\$2,782,473	\$2,100,000

Description of Program Changes

FY 2012-13

1. Allotment by Category of Assistance

- Existing Homes: \$340,000
- CHDO New Construction: \$1,360,000
- Land Bank New Construction: \$400,000

2. No formal procedure to process insurance checks for homeowners

FY 2013-14

1. Allotment by Category of Assistance

- Existing Homes: \$510,000
- CHDO New Construction: \$800,000
- Land Bank New Construction: \$300,000

2. Formal procedure would be added to MAP Program Statement approved by Resolution

Next Steps

- September 25, 2013 – City Council will consider amendments to the program statement for FY2013-14
 - Removal of specific funding limits by category of assistance
 - Formalize process for processing insurance checks for homeowners

Exhibit A

Area Median Family Income (AMFI)
For 2013

Area Median Family Income for 2013

% Income	Family Size				
	1	2	3	4	5
30%	\$14,200	\$16,200	\$18,250	\$20,250	\$21,900
50%	\$23,650	\$27,000	\$30,400	\$33,750	\$36,450
80%	\$37,800	\$43,200	\$48,600	\$54,000	\$58,350
100%	\$47,250	\$54,000	\$60,750	\$67,500	\$72,900
120%	\$56,700	\$64,800	\$72,900	\$81,000	\$87,480

Exhibit B

AMFI and Affordability
of Housing

Low-to-Moderate Income Buyer

Family Size	80% of AMFI	Income per Month	30% of income paid for housing	40% of income paid for housing	45% of income paid for housing
1	\$37,800	\$3,150	\$945/mo	\$1,260/mo	\$1,418/mo
2	\$43,200	\$3,600	\$1,080/mo	\$1,440/mo	\$1,620/mo
3	\$48,600	\$4,050	\$1,215/mo	\$1,620/mo	\$1,823/mo
4	\$54,000	\$4,500	\$1,350/mo	\$1,800/mo	\$2,025/mo

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 25, 2013
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 56C

SUBJECT

A resolution authorizing conveyance of 3 unimproved properties and 1 improved property by Deed without Warranty to East Dallas Community Organization, for \$10 and the purchaser's agreement to construct a senior housing rental development on the properties within 3 years of execution of the deed (list attached) – Financing: No cost consideration to the City

BACKGROUND

The Bexar Street Redevelopment Project includes retail, office, and residential mixed use development. Several private developers as well as CHDO's are involved in the overall planned development. East Dallas Community Organization (EDCO) has proposed a 7-unit senior rental housing development as part of the Bexar Street Redevelopment Project. Each of the rental units will have 1 bedroom and 1 bathroom for rent to senior citizens with incomes at or below 80% Area Median Family Income. Each unit will contain approximately 860 to 960 square feet. Two of the units will be constructed on land that EDCO is in the process of acquiring. EDCO has requested that the City sell EDCO land for construction of the other 5 units.

The City previously acquired 2 unimproved properties and 1 improved property for inclusion in the Bexar Street Redevelopment Project, and is in the process of acquiring 1 additional unimproved property for the same purpose (all referred to as Property). This item authorizes conveyance of all 4 parcels to EDCO for \$10, less than fair market value, for EDCO's covenant to provide a senior housing rental development on the properties within 3 years of execution of the Deed without Warranty. EDCO will seek to replat the Property and agrees to develop senior rental housing on the replatted Property. Construction of senior rental housing will require successful replat of the Property by EDCO. Approval to sell EDCO the Property does not constitute approval of replatting, which approval may be granted or withheld. The construction of the senior housing rental development shall be completed within three (3) years from the execution date of the deed.

BACKGROUND (continued)

The Deed without Warranty to EDCO will contain a reverter that returns the Property to the City if the Property is not replatted within twelve months or not developed within 3 years of execution of the Deed without Warranty. The Property will be deed restricted to remain affordable to low and moderate income senior citizens for 5 years after initial occupancy.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

This item has no prior action.

FISCAL INFORMATION

No cost consideration to the City

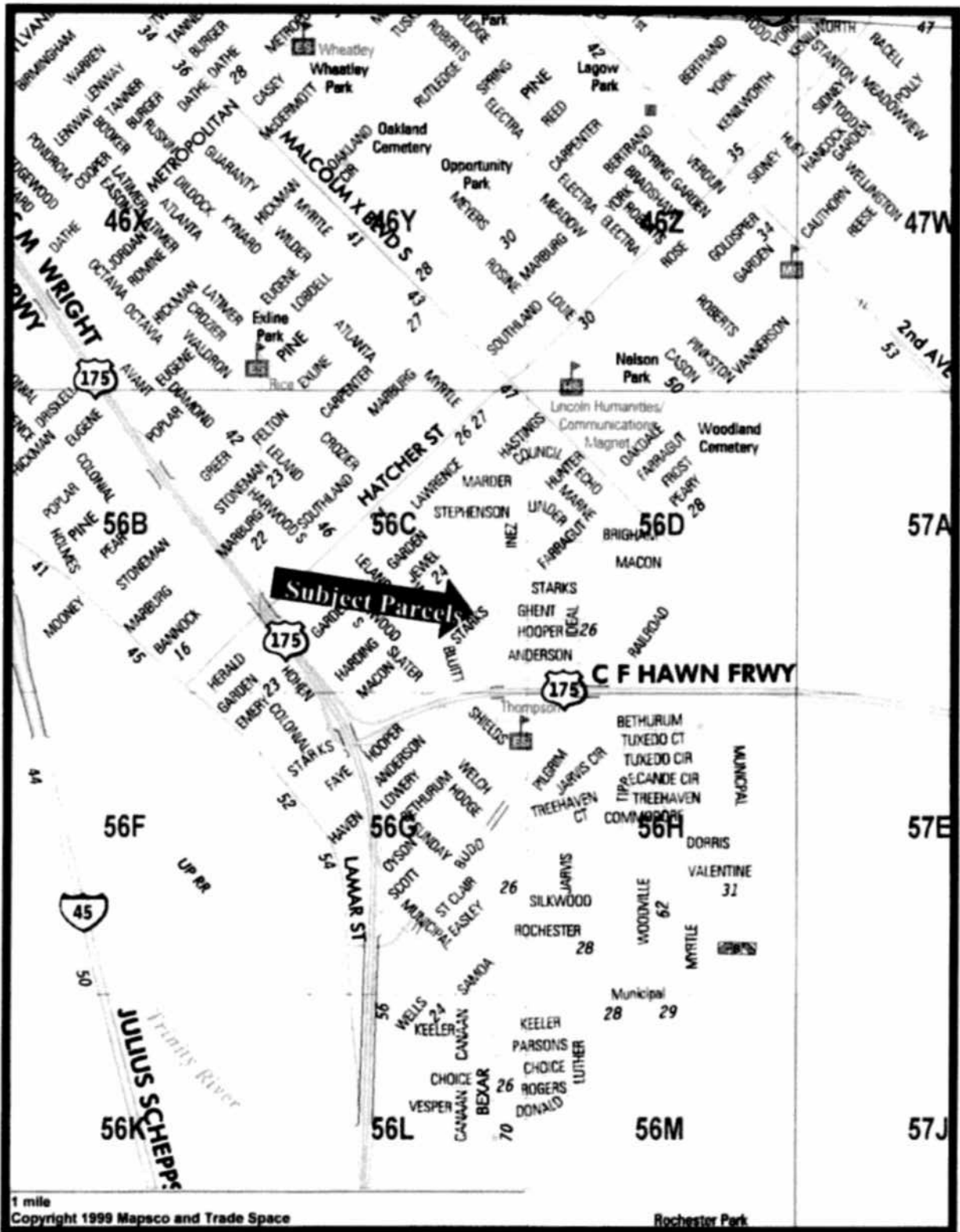
OWNER

East Dallas Community Organization

Gerald G. Carlton, President

MAP

Attached



MAPSCO 56C

**Bexar Street Neighborhood Lots to be
Conveyed to East Dallas Community Organization**

<u>Parcel No.</u>	<u>Address</u>	<u>DCAD Amount</u>
W17	2451 Starks Avenue	\$ 2,000
W21	2426 Macon Street	\$ 4,000
W27	2449 Starks Avenue	\$24,310
W28	2445 Starks Avenue	\$ 4,000

September 25, 2013

WHEREAS, the City of Dallas acquired three tracts of land and is in the process of acquiring one additional tract of land identified by legal description ("Property") on Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, as authorized by Section 272.001(g) of the Texas Local Government Code, the City desires to sell the Property to a developer for the development of affordable senior rental housing; and

WHEREAS, the Deed without Warranty to this Property will contain:

- (1) a requirement that the purchaser seek to replat the Property within twelve months of execution of the Deed without Warranty, which consent may be withheld,
- (2) a requirement that within 3 years of execution of the Deed without Warranty, the purchaser develop the replatted Property with a senior housing rental development for rent to low and moderate income households with incomes at or below 80% of Area Median Family Income,
- (3) a requirement that the purchaser sign and record deed restrictions on the Property, acceptable to the City, requiring the Property to remain affordable to low and moderate income senior citizens for 5 years after initial occupancy, and
- (4) a right of reverter to be exercised by the City if the conditions in (1), (2) and (3) are not met; and

WHEREAS, the City Council desires to authorize conveyance of the Property to East Dallas Community Organization ("Purchaser") for \$10 and the Purchaser's agreement to construct a senior housing rental development on the Property; **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the Property identified on Exhibit "A" was purchased or is being purchased by the City for inclusion in the Bexar Street Redevelopment Project, and is being conveyed to East Dallas Community Organization (EDCO) for development of affordable senior rental housing as part of that Project.

Section 2. That the Deed without Warranty to the Property will contain:

- (1) a requirement that the purchaser seek to replat the Property within twelve months of execution of the Deed without Warranty, which consent may be withheld,
- (2) a requirement that within 3 years of execution of the Deed without Warranty, the purchaser develop the replatted Property with a senior housing rental development for rent to low and moderate income households with incomes at or below 80% of Area Median Family Income,

September 25, 2013

(3) a requirement that the purchaser sign and record deed restrictions on the Property, acceptable to the City, requiring the Property to remain affordable to low and moderate income senior citizens for 5 years after initial occupancy, and
(4) a right of reverter to be exercised by the City if the conditions in (1), (2) and (3) are not met.

Section 3. That the conveyance of the Property shall be subject to any visible and apparent easements, any encroachments, and any restrictions, easements, rights-of-way, or other instruments of record.

Section 4. That upon receipt of the monetary consideration from EDCO for the Property the City Manager is hereby authorized to execute a Deed without Warranty, upon approval as to form by the City Attorney and attested by the City Secretary, conveying the Property to EDCO, subject to the requirements and restrictions listed in the aforesaid Section 2 and the City's right of reverter and deed restrictions.

Section 5. That the City Manager is authorized to execute an instrument, approved as to form by the City Attorney, releasing the City's reverter rights and terminating the deed restrictions to the Property upon compliance with all terms and conditions of the deed restrictions.

Section 6. That any procedures required by Code Section 2-24 that are not required by state law are hereby waived with respect to this conveyance.

Section 7. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

EXHIBIT A

<u>Parcel No.</u>	<u>Property Address</u>	<u>Legal Lot</u>	<u>Description Block</u>
W17	2451 Starks Avenue	25	1/2538
W21	2426 Macon Street	7	9/2539
W27	2449 Starks Avenue	23 & 24	1/2538
W28	2445 Starks Avenue	21 & 22	1/2538

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 25, 2013
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: N/A

SUBJECT

Authorize an amendment to the Mortgage Assistance Program (MAP) to: **(1)** remove the designated funding limits by assistance category; and **(2)** allow the City Manager, or his designee, upon legal review and approval by the City Attorney's office to: **(a)** endorse on behalf of the City of Dallas, as the lien holder, insurance recovery checks issued by insurance companies to MAP borrowers for any recovery of property damage(s) under borrowers' homeowners insurance policies; and **(b)** authorize the insurance recovery proceeds to be used by borrowers to repair the damaged properties secured by City liens - Financing: No cost consideration to the City

BACKGROUND

The Mortgage Assistance Program (MAP) is funded with annual entitlement grant allocations from the U.S. Department of Housing and Urban Development (HUD). MAP provides principal reduction and closing cost assistance to eligible homebuyers to purchase a home in the City of Dallas. MAP provides homeownership opportunities for residents of the City of Dallas earning at or below 80% of area median family income.

MAP has three categories of funds: 1) eligible homebuyers purchasing existing homes may receive up to \$8,500 in principal reduction and closing cost assistance as a 5-year forgivable loan; 2) eligible homebuyers purchasing a home constructed by a Certified Community Housing Development Organization (CHDO) may receive up to \$20,000 in principal reduction and closing cost assistance as a 10-year forgivable loan; and 3) eligible homebuyers purchasing a new home that is constructed on properties sold by the Dallas Housing Acquisition and Development Corporation (City of Dallas Land Bank) may receive up to \$10,000 in principal reduction and closing cost assistance as a 5-year forgivable loan.

BACKGROUND (continued)

The existing MAP Program Statement contains funding limits for each assistance category. If demand for funds in any assistance category diminishes, the resulting surplus cannot be used for the other categories without subsequent City Council action. The removal of the designated funding limits by assistance category will allow more flexibility to provide funds to achieve the greatest impact for the eligible homebuyers served by MAP.

When MAP borrowers receive insurance checks under their homeowners insurance policy for damages sustained to their property it is necessary for the City to endorse these two party insurance checks as an additional insured party in order for the homeowner to use the proceeds to repair their property. This resolution provides a program statement amendment including a written policy for processing these insurance checks.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 20, 2012, the Housing Committee of the City Council was briefed on the MAP program changes for FY 2012-13 including bringing the Program in-house.

On September 26, 2012, the City Council approved the FY 2012-13 Mortgage Assistance Program by Resolution No. 12-2403.

On February 27, 2013, the City Council approved an amendment to the FY 2012-13 Mortgage Assistance Program to add a third category of assistance by Resolution No. 13-0406.

On June 26, 2013, the City Council approved the final FY 2013-14 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds by Resolution No. 13-1142.

FISCAL INFORMATION

No Cost Consideration to the City

September 25, 2013

WHEREAS, homeownership is a high priority of the City of Dallas; and

WHEREAS, the Mortgage Assistance Program provides assistance to eligible homebuyers; and

WHEREAS, on September 26, 2012, the City Council approved the FY 2012-13 Mortgage Assistance Program by Resolution No. 12-2403; and

WHEREAS, on October 1, 2012, the City began operating the Mortgage Assistance Program in-house; and

WHEREAS, on February 27, 2013, the City Council approved an amendment to the FY 2012-13 Mortgage Assistance Program to add a new category of assistance by Resolution No. 13-0406; and

WHEREAS, on June 26, 2013, the City Council approved the final FY 2013-14 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds by Resolution No. 13-1142; and

WHEREAS, the City desires to amend the Mortgage Assistance Program to remove the designated funding limits by assistance category which will allow more flexibility to allocate funds to achieve the greatest impact for the citizens served; and

WHEREAS, the City desires to further amend the Mortgage Assistance Program to designate the City Manager to endorse insurance proceeds checks and to provide a written policy for processing insurance recovery proceeds within the Mortgage Assistance Program as outlined in the Mortgage Assistance Program Statement (attached as Exhibit A); **NOW, THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That modification to the Program Statement for the Mortgage Assistance Program (MAP) be approved as set forth in Exhibit A, including: 1) removal of the designated funding limits by assistance category; and 2) authorizing the City Manager, or his designee, upon legal review and approval by the City Attorney's office to: a) endorse on behalf of the City of Dallas, as the lien holder, insurance recovery checks issued by insurance companies to MAP borrowers for any recovery of property damage(s) under borrowers' homeowners insurance policies; and b) authorize the insurance recovery proceeds to be used by borrowers to repair the damaged properties secured by City.

September 25, 2013

Section 2. That the City Manager is authorized to execute such instruments, upon approval as to form by the City Attorney's office, as may be necessary to carry out the program in accordance with the MAP Program Statement.

Section 3. That the City Controller be authorized to encumber and disburse funds in accordance with the MAP Program Statement.

Section 4. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

EXHIBIT A

~~FY 2012-13~~ PROGRAM STATEMENT MORTGAGE ASSISTANCE PROGRAM (MAP)

Program Purpose:

- To provide homeownership opportunities to low to moderate income homebuyers through the provision of financial assistance in purchasing a home in accordance with federal, state and local laws and regulations.
- To incentivize new construction of homes for enhancement of the property tax base.

General Provisions:

- Homes must be located in the Dallas city limits.
- Homebuyer must successfully complete homeownership education from an approved counseling agency.
- Borrower may obtain a conventional, FHA, or portfolio loan through an approved lender. High cost or sub-prime loans, adjustable rate mortgages (ARM), interest only loans are not allowed. Borrower may also pay cash.
- For this program, low to moderate income is defined as a household with calculated income at 80% or less of the Area Median Family Income, adjusted for family size.
- Sufficient income and household size documentation to certify eligibility per HUD guidelines is required.
- Borrower must be a U.S. citizen or a permanent resident, and possess a valid social security card.
- Borrower must occupy the property as a primary residence.
- All properties purchased under this program must meet federal and local requirements including Minimum Acceptable Property Standards (MAPS) and international residential code.
- Home sales prices may not exceed the Single Family Mortgage Limits under Section 203 (b) of the National Housing Act.

- Homebuyer mortgage affordability must meet front-end debt ratio of 35% and back-end debt ratio of 45%.
- The maximum amount of assistance to be used to pay Borrower's closing costs is \$4,000. Cash back at closing and discount points paid by the Borrower are not allowed.
- The City Manager, or his designee, is authorized to implement the Mortgage Assistance (MAP) program as per this Program Statement, execute any documents necessary to implement this program, and grant waivers to the Mortgage Assistance Program guidelines, as set forth in this Program Statement, without further City Council authorization, on a case by case basis.
- Under exceptional cases, loan guarantees may be granted for Community Housing Development Organizations (CHDOs) that provide permanent mortgage financing and have the financial capacity to pay back the MAP loan in the event of default. Guarantees must receive Housing/ Community Services Director approval.
- The City Manager, or his designee, upon legal review and approval by the City Attorney's Office, is authorized pursuant to the Mortgage Assistance Program to: a) endorse on behalf of the City of Dallas, as the lien holder, insurance recovery checks issued by insurance companies to borrowers for any recovery of property damage(s) under borrower's homeowners insurance policies; and b) authorize the insurance recovery proceeds to be used by borrowers to repair the damaged properties secured by City liens.
- The City Manager, or his designee, is authorized to review portfolio loans for appropriate affordability compliance and release those loans that have met those compliance requirements.

Assistance may be provided from only one of the categories listed below.

Categories of Assistance:

Category #1: Available Funding ~~\$340,000~~ – Homebuyer Assistance for Existing Homes

- Provide (i) principal reduction and (ii) closing cost assistance to low to moderate income homebuyers for existing homes
- An existing home is defined as a home which was previously occupied by another homeowner
- Subsidy amount up to \$8,500

- Principal reduction and closing cost assistance will be provided in the form of a lump sum payment at closing. In exchange for the assistance, the homebuyer must execute and place a lien and deed restrictions on the property for a five (5) year term for the amount of principal reduction assistance provided.
- The lien is amortized and forgiven over a five year period.
- All properties assisted with MAP funds must meet Minimum Housing Standards (MHS). As part of the total subsidy, MHS repair funds cannot exceed \$1,500.

Category #2: ~~Available Funding \$1,360,000~~ – Homebuyer Assistance for Newly Constructed Community Housing Development Organization (CHDO) Homes

- Provides (i) principal reduction and (ii) closing cost assistance to low to moderate income homebuyers for newly constructed homes
- A newly constructed CHDO home is defined as a home which has not been previously occupied by another homeowner and constructed by a City of Dallas Certified CHDO
- Subsidy amount up to \$20,000
- Principal reduction and closing cost assistance will be provided in the form of a lump sum payment at closing. In exchange for the assistance, the homebuyer must execute and place a lien and deed restrictions on the property for a ten (10) year term for the amount of principal reduction assistance provided.
- The lien is amortized and forgiven over a ten year period.
- Each ~~organization~~ CHDO, including affiliates, is limited in its access to total funding up to 50% of the available funding for this category. (~~i.e. 50% of \$1,000,000 or \$500,000~~).

Category #3: ~~Available Funding \$400,000~~ – Homebuyer Assistance for Newly Constructed Homes on Lots Purchased from the Dallas Housing Acquisition and Development Corporation (DHADC or City of Dallas Land Bank)

- Provides (i) principal reduction and (ii) closing cost assistance to low to moderate income homebuyers for newly constructed homes on Land Bank lots
- A newly constructed home is defined as a home which has not been previously occupied by another homeowner
- Subsidy amount up to \$10,000

- Principal reduction and closing cost assistance will be provided in the form of a lump sum payment at closing. In exchange for the assistance, the homebuyer must execute and place a lien and deed restrictions on the property for a five (5) year term for the amount of principal reduction assistance provided.
- The lien is amortized and forgiven over a five year period.