

Memorandum



CITY OF DALLAS

DATE April 15, 2016

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Annual Community Assessment for the 2014 Program Year

On Monday, April 18, 2016, the HUD Annual Community Assessment for the City of Dallas 2014 Program Year will be available. A copy of the report for your review is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Alan E. Sims'.

Alan E. Sims
Chief of Neighborhood Plus

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Fort Worth Regional Office, Region VI
Office of Community Planning and Development
801 Cherry Street, Unit #45, Ste. 2500
Fort Worth, TX 76102
www.hud.gov

MAR 29 2016

A.C. Gonzalez, City Manager
City of Dallas
Dallas City Hall, 4EN
1500 Marilla
Dallas, Texas 75201

Dear Mr. Gonzalez:

SUBJECT: Annual Community Assessment for the 2014 Program Year

HUD is required to conduct an annual review of performance by grant recipients according to the provisions of the Housing and Community Development Act and the National Affordable Housing Act. We must determine that each recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. This is to report the results of our review of the City of Dallas' performance.

Report

Our review is based on an evaluation of your consolidated planning process and progress in carrying out the programs, the management of funds by the City of Dallas and your subrecipients, information provided in the Consolidated Annual Performance and Evaluation Report (CAPER) and the Integrated Disbursement and Information System (IDIS), the results of on-site monitoring, and your achievement of program objectives.

Based on the information contained in the CAPER, it appears the city is making progress in meeting the statutory goals of the Consolidated Plan programs.

- ◆ **Providing Decent Housing.** To promote decent, affordable housing, the city administered rehabilitation, homeownership, and housing development programs, rental assistance, and housing for homeless persons and families and other special needs populations. Highlights include:
 - The city used Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) funds for the programs listed below, which rehabilitated a total of 504 single-family homes owned by low and moderate income (LMI) households during the program year.

Program	Number of Homes
People Helping People	258
Major Systems Repair	134
Minor Plumbing Repair/Replacement	93
Housing Reconstruction	19

- Through the Mortgage Assistance Program (MAP), the city provided homeownership assistance to 115 LMI homebuyers. Additionally, 36 households received homebuyer outreach, education, foreclosure counseling and mortgage qualification services through the Housing Services Program.
 - Emergency Solutions Grants (ESG) funds were used to provide emergency shelter to 3,205 homeless persons, rapid rehousing to 218 individuals, and homeless prevention assistance to 132 persons at risk of becoming homeless. An additional 80 persons received rapid rehousing assistance with Continuum of Care Program funds.
 - Housing Opportunities for Persons with AIDS (HOPWA) funds were used to provide housing assistance to 867 households.
 - The city administered 282 units of tenant-based rental assistance for homeless individuals and families using HOME and Continuum of Care Program funds.
- ◆ **Suitable Living Environment.** CDBG-funded public services projects served 14,361 persons during the program year, including 11,175 elderly persons, 3,058 youth and 128 persons with disabilities. Services provided included job training and employment assistance, child care, youth programs, and various programs designed to meet the needs of senior citizens. CDBG funds were also used to carry out code enforcement activities in the city's five Neighborhood Investment Program (NIP) target areas. Sidewalk and street repairs were made in the 4600-4800 blocks of Lindsley Avenue in the South Dallas/Fair Park NIP.
- ◆ **Expand Economic Opportunity.** To promote local economic opportunities, CDBG funds were used to make loans to three small businesses. CDBG-funded small business loans created 10 full-time and 24 part-time jobs during the program year. Also, technical assistance was provided to 1,984 persons who either own or are interested in developing a microenterprise business.

We note the city's compliance with the following requirements.

CDBG

- ◆ **Overall CDBG Program Benefit.** In program year 2014, 100 percent of CDBG funds (excluding funds expended for planning and administration) were expended on activities which principally benefit low and moderate income persons. The city designated program year 2014 as the overall program benefit period; therefore, the city has met the 70 percent minimum standard for overall program benefit.
- ◆ **Planning and Administration and Public Service Caps.** The amount of funds expended on planning and administration was 18.37 percent, which is within the 20 percent cap for such activities. The amount of funds expended on public service activities was 14.36 percent, which complies with the 15 percent cap for public service activities.

- ◆ **CDBG Timeliness.** The city expended CDBG funds in a timely manner. HUD's CDBG timeliness standard is that 60 days before the end of the program year, a grantee must not have more than 1.50 program years of grant funds in its line of credit. As of August 2, 2015, the city's line of credit balance was equivalent to 1.26 grant years, which is below the maximum allowed.

HOME

- ◆ **Program Progress.** For the HOME program, a participating jurisdiction has two years to commit and five years to expend each year's HOME allocation. The HOME Deadline Compliance Status Report indicates that the city has met its statutory 24-month total commitment and CHDO reservation deadline for its Fiscal Year (FY) 2013 HOME allocation. The city has also met its statutory five-year expenditure deadline for its FY 2010 HOME allocation.
- ◆ **Match Requirements.** According to the information contained in the CAPER, the City of Dallas met its annual match requirement for the 2014 program year.

ESG AND HOPWA

- ◆ **ESG Program Expenditure Deadline.** Based on drawdown information in IDIS, the city met the 24-month grant expenditure deadline for its FY 2013 ESG grant allocation.
- ◆ **HOPWA Program Expenditure Deadline.** According to the information in IDIS, the city met the 36-month program expenditure deadline for its FY 2012 allocation.

SECTION 108

- ◆ **Lorenzo Hotel.** In 2015 the city applied and was approved for a HUD 108 Loan Guarantee for \$11 million. The loan funds will be used to redevelop the vacant, former Ramada Plaza Hotel into a four-star, 237-room Lorenzo Hotel under the Choice Hotels' Ascend Hotel Collection. The new hotel will include two full-service restaurants, a gift shop, four meeting areas, concierge service, a fitness center, an outdoor swimming pool with patio bar, and a structured parking garage with an upper level parking lot sound stage for major outdoor music concerts. The City estimates that the project will create 220 permanent jobs. To meet a national objective, at least 51 percent of the jobs created must be filled by LMI persons.

Areas Needing Improvement and Recommendations

We provide the following recommendations for your consideration as you continue to improve performance, develop and refine your Consolidated Planning process, and carry out your program.

- ◆ **Mortgage Assistance Program (MAP).** In 2012 HUD identified excess subsidy issues during a review of the Habitat for Humanity (HFH) Neighborhood Stabilization Program 2 (NSP2) grant. The review found that 53 properties developed by Dallas Area Habitat for Humanity (DAHFH), received excess federal subsidy. In addition to the NSP 2 funds HFH invested in the properties, the City of Dallas invested CDBG and HOME funds. In 2015 HUD's

Departmental Enforcement Center (DEC) performed a more in-depth review, which confirmed that the excess subsidy issues were resolved with DAHFH's repayment of NSP2 funds with respect to the NSP2 and CDBG Programs. The DEC also confirmed that the homebuyers qualified as LMI, as required by the CDBG Program. In our letter of August 4, 2015, we advised the city that it must include in future CAPERs a report on the 53 MAP properties while the 10-year term of each property's promissory note is in effect. The city included the requested information in its 2014 CAPER. Our August 4th letter also recommended ways the city can improve management and oversight of its MAP program. The city should continue its efforts to implement those recommendations.

- ◆ **Financial Management 101.** HUD has posted online three training modules on financial management at <https://www.hudexchange.info/training-events/financial-management-curriculum/>. The training is designed to assist CPD grant recipients and subrecipients to comply with federal grant requirements, increase effectiveness, and maximize efficiency.

Conclusion

As a result of our evaluation, we have determined that the City of Dallas has carried out its program substantially as described in its Consolidated Plan; the Consolidated Plan as implemented complies with the requirements of the Housing and Community Development Act and other applicable laws and regulations; and, the city has the continuing capacity to carry out its approved program in a timely manner.

We are providing the city with 30 days from the date of this letter to comment on this report. Should the city wish to comment or request changes to it we will take them into consideration and provide a written response. If no comments are received within the period allowed, this report will be considered to be in final form. Once it is in final form, it will be made available to the public upon request.

This report is intended to be shared with the public. You may provide copies to interested persons such as the news media, members of local advisory committees, and citizens attending public hearings. We request that you provide a copy of this letter to the Independent Public Accountant who performs the single audit of the city in accordance with OMB Circular A-133.

If you have any questions, please contact Kristin Hadawi, Senior Community Planning and Development Representative, at (817) 978-5959.

Sincerely,



Shirley J. Henley
Director

cc: Chan Williams, Assistant Director, Office of Financial Services