

Memorandum



CITY OF DALLAS

DATE June 3, 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 North Texas Community Development Association

On Monday, June 6, 2016, you will be briefed on the. A copy of the North Texas Community Development Association. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in blue 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
Christopher D. Bowers, Interim 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



The North Texas Community Development Association

A Presentation to the
City of Dallas Housing Committee

June 6, 2016

CHDOs

Community Housing Development
Organizations

- CHDOs are a creation of the HOME program.
- Designated and defined in the same legislation - the Cranston-Gonzales Nat'l Affordable Housing Act of 1990
- Intended to be a major player in HOME activities and a substantial recipient of its funding.
- CHDOs are the only eligible recipient of the HOME set-aside (15%) of all HOME funds.
- Without CHDO activity the city would lose the money
- As much as 10% of HOME funds may be used for CHDO operating costs.

Cranston/Gonzales 1990

CHDOs must be certified by the Participating Jurisdiction (city or state), considering:

- Non-Profit Status
- Purpose (providing low-income affordable housing)
- Demonstrated Capacity
- History of serving subject community
- One-third of Board reserved for LI residents
- Process for advisement by LI residents

HUD's Definition of CHDO

HOME Set Aside

Operations Subsidy (optional)

Other Government Funding

Private Funding

- Conventional Finance
- Grants
- Charitable Giving

CHDO Operating Revenue 5

CHDOs Certified by the City of Dallas

South Dallas/Fair Park Innercity Community Development Corporation

SouthFair Community Development Corporation

Builders of Hope Community Development Corporation

City Wide Community Development Corporation

East Dallas Community Organization

TYPE	2014	2015	Total (all years)
Multi-family new construction (units)	193	45	790
Multi-family rehabilitated (units)			138
Single family new construction (units)	54	41	696
Single family rehabilitated (units)	20	10	73
Commercial (Sq Ft)	14,000		78,000

CHDO Production in Dallas



Housing for All in Dallas

New Ideas and New Perspectives
on Public Investment in Housing

The 2015 City of Dallas *Analysis of Impediments to Fair Housing* pinpoints the greatest need – **Severely Cost Burdened Households**

- *63.8% of Extremely Low Income Renters* 0-30% MFI
- *61.9% of Extremely Low Income Homeowners* 0-30% MFI
- *23.8% of Low Income Renters* 30-50% MFI
- *33.5% of Low Income Homeowners* 30-50% MFI

Income Level	Cost Burdened	Severely Cost Burdened	Cost Burdened	Severely Cost Burdened
	Renters		Home Owners	
Extreme Low Income	13.4 %	63.8 %	15.2 %	61.9 %
Low Income	56.6 %	23.8 %	32.1 %	33.5 %
Moderate Income	35.1 %	5.3 %	32.9 %	12.8 %
Mid/Upper Income	3.9 %	0.8 %	12.4 %	2.7 %
Total	23.4 %	21.1 %	18.0 %	12.9 %

Greatest Need

“Severely Cost Burdened” Housing costs (with utilities) exceed 50% of gross wages

- Poor Health (esp. asthma, pneumonia, tuberculosis)
- Poor Educational outcomes
- Poor Nutrition
- Stress associated with domestic violence
- Sub-standard living conditions
- Staging ground for homelessness

Urgency

Projection of Enterprise/Harvard Center for Housing Study:

- 2025- The number of households with severe cost burden will increase 11% at present income/rent ratio
- Just a 1% variation in the rate of growth - **rents vs income** will result in a 25% increase in households shouldering a severe cost burden
- Rent Increases have outpaced Income growth for the last 15 years

Consequence of Inaction 10

- The City of Dallas is not **equipped to subsidize** us out of this problem with current revenue.
- Federal and state programs are **insufficient and shrinking**.
- The for-profit development sector is not **motivated to build** us out of this problem.

Conclusions

NTCDA Policy Recommendations

A comprehensive housing policy for the city should prioritize the housing needs of extremely-low-income households with severe cost burden.

- There are currently 15,415 “small related” households of extremely-low-income **renters** which suffer a severe housing cost burden.
- There are 3,085 “small related” households of extremely-low-income **owners**.

Target the Greatest Need

2015 Dallas *Analysis of Impediments*.

Dallas has more than 525,000 housing units

- Fewer than 18,000 units rent for < \$500
- Fewer than 1,900 homes with mortgages < \$500

There are more than 80,000 households which cannot afford more than \$450 per month

Shortage of @ 60,000 affordable housing units

Respond at SCALE

Dallas Housing Policy Should:

- Encourage a blend of strategies, including; rehabilitation, new construction and slum and blight removal.
- Invoke financial supports, including; tax increment reinvestment, low income housing tax credits, HOME, CDBG and direct HUD funding, and
- It should include a recommendation to dedicate General Obligation bonds.

Blend Strategies

2011 HUD Income Limits Summary: Dallas Metro Area
Median Household Income = \$69,100.

2011 American Community Survey: City of Dallas Median
Household Income = \$40,585 a difference of \$28,515

When we use AMFI (Area Median), we consider incomes in
Rockwall, Frisco, Plano, Allen and even Highland Park –
obscuring the severity of housing cost burden in Dallas.

Use Consistent Income Data

Homestead Preservation Districts

Homestead Preservation District revenues are derived from a Homestead Tax Increment Reinvestment Zone (TIRZ).

Tax Increment funds are a dedicated portion of taxes derived from **increased** property appraisals **in the HPD**.

The statute drives the subsidy down to income levels that existing programs often fail to serve.


- 100% of revenue for households at or below 70% of MFI.
- 50% of revenue for households at or below 50% of MFI.
- 25% of revenue for households at or below 30% of MFI.

Deep Subsidy

HPDs are authorized to support:

- Development of affordable rental housing
- Preservation of at-risk homeownership
- New opportunities for homeownership
- Community Land Trusts – a new and promising form of community real estate control

Broad Range of Activity



We are informed by the experience of the City of Austin in establishing preservation districts and reinvestment zones.

Recently Austin expanded this effort by creating three new Homestead Preservation Districts.

A Road Already Traveled 20

- City of Austin
- Urban Land Institute
- Dallas Habitat

Others Recommending HPDs

Other Recommended Strategies

Tenant Empowerment - Collaboration in Fighting Slum and Blight

Reduce/Abate TAP Fees

G O Bonds

Single Family Mortgages - Buydowns and Refinancing

New law permits tenants (**or organizations acting on behalf of tenants**) to force a landlord to make repairs to the extent of \$10,000 under order of a Justice Court.

Simply one-page form with small (or no) court costs

Opportunity for Collaboration with Tenants:

- CHDOs
- City Attorney's Office
- Code Enforcement

Partnering with Tenants on Habitability

TAP Fees:

- are assessed to reimburse the city for the cost of connecting new developments to city water and sewer lines and for related inspection by the city.
- drive up total development costs, increasing the financial gap faced by low-income homebuyers and by affordable housing developers.

Abate/Reduce TAP Fees

Homeownership for Low Income families promises numerous community and household benefits, including:

- Asset Formation for vulnerable families (36-1 over renters)
- Community Participation (Social and Political)
- Improved Psychological Health
- Improved Educational Outcomes (esp. High School Grad. Rates)

Strategies for expanding Low Income homeownership:

Mortgage “buydown” / Economy in Construction / Financial Counseling
/ Subsidies for Qualifying LI Families / Downpayment Assistance

Single-family Mortgage Assistance

General Obligation Bonds are the most promising source of unrestricted subsidies to fill the “gap” in low-income housing finance. Potential uses include:

- Infrastructure Development in Neglected Neighborhoods
- Single-family Mortgage Buy-Downs
- Multi-family Gap Financing
- Reimbursement of Abated TAP fees

General Obligation Bonds₂₆
