

Memorandum



CITY OF DALLAS

DATE November 11, 2016

TO Honorable Members of the Quality of Life and Environment Committee: Sandy Greyson (Chair), Tiffinni A. Young (Vice-Chair), Rickey D. Callahan, Mark Clayton, Philip T. Kingston, B. Adam McGough

SUBJECT **Community Development in Dallas**

On Tuesday, November 14, 2016, the Office of Financial Services, Neighborhood Plus and Housing/Community Services will brief the City Council on Community Development in Dallas. We have attached the briefing for your review.

Please let me know if you need additional information.


M. Elizabeth Reich
Chief Financial Officer

Attachment

c: A.C. Gonzalez, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
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
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor & Council

Community Development in Dallas

Quality of Life Committee
November 14, 2016



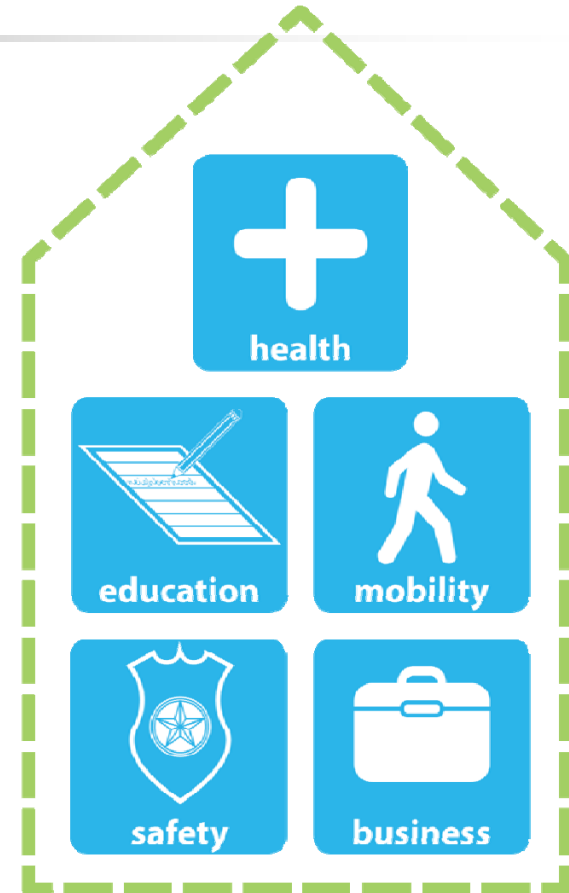


What we will cover

- Community development overview
- Funding community development
- HUD entitlement grants
- Path forward

Holistic Community Development

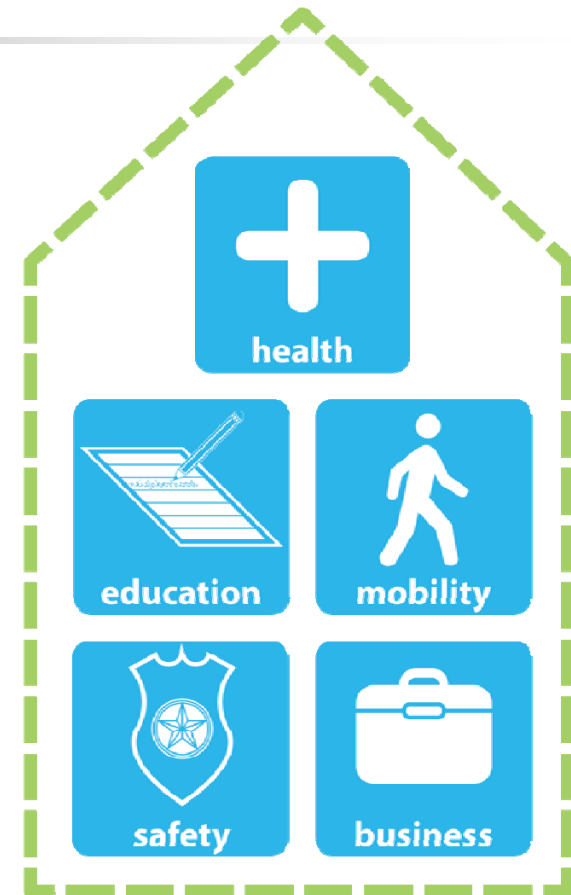
- **Community Development** encompasses housing, education, health care, child care, mobility, business development, infrastructure, and safety



NeighborhoodPlus
The future of living in our city

Community Development Needs to Address

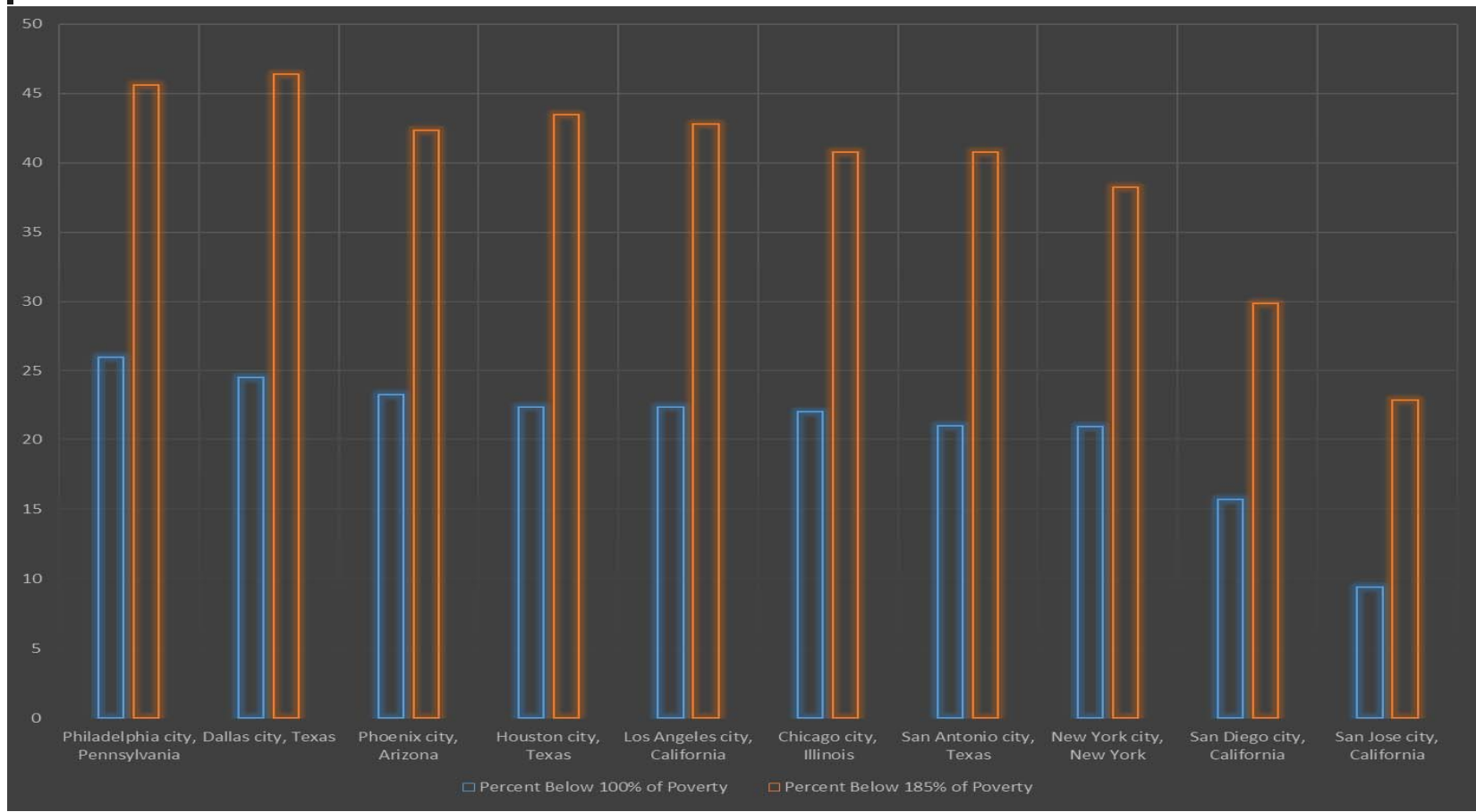
- Declining income
- Mobility and access to jobs
- Low educational attainment
- Limited English proficiency
- Single mothers in poverty and high teen births
- Concentrated poverty
- Children in poverty
- Access to health care and healthy food



NeighborhoodPlus
The future of living in our city

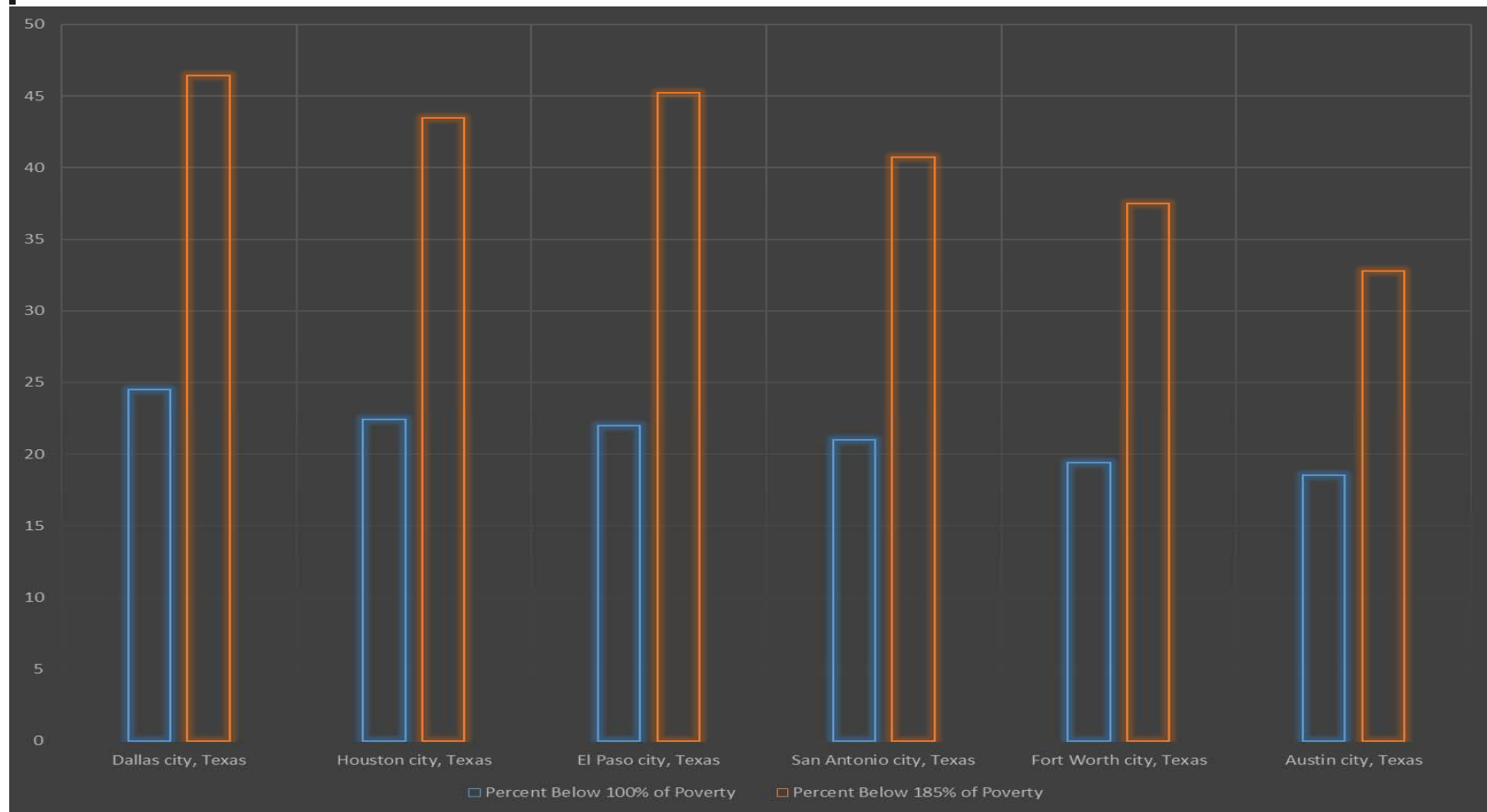
Dallas in National Context

Poverty in Major Cities



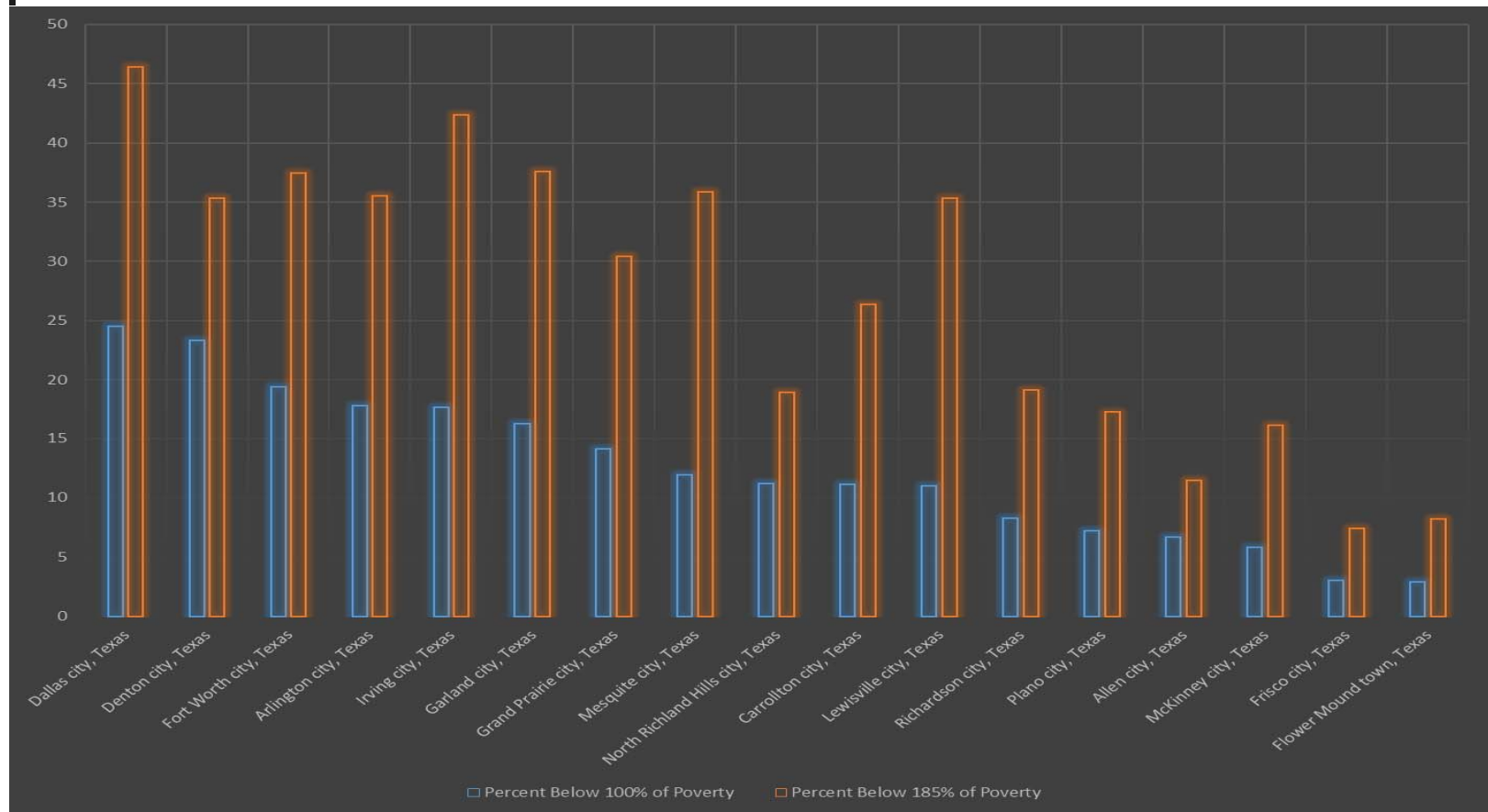
Dallas in State Context

Poverty in Major Cities



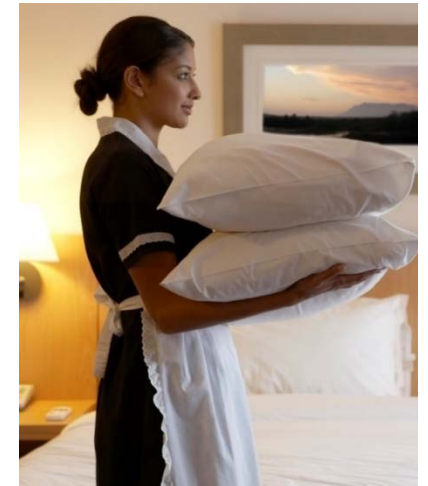
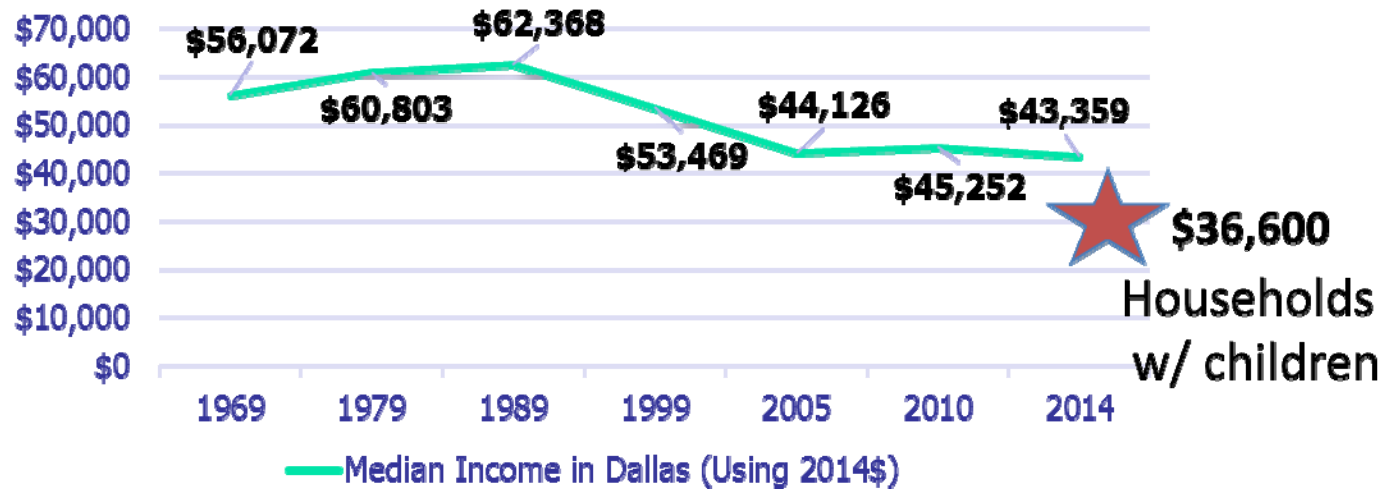
Dallas in Regional Context

Poverty in Major Cities



Declining Median Income

Median Income in Dallas (Using 2014 \$)

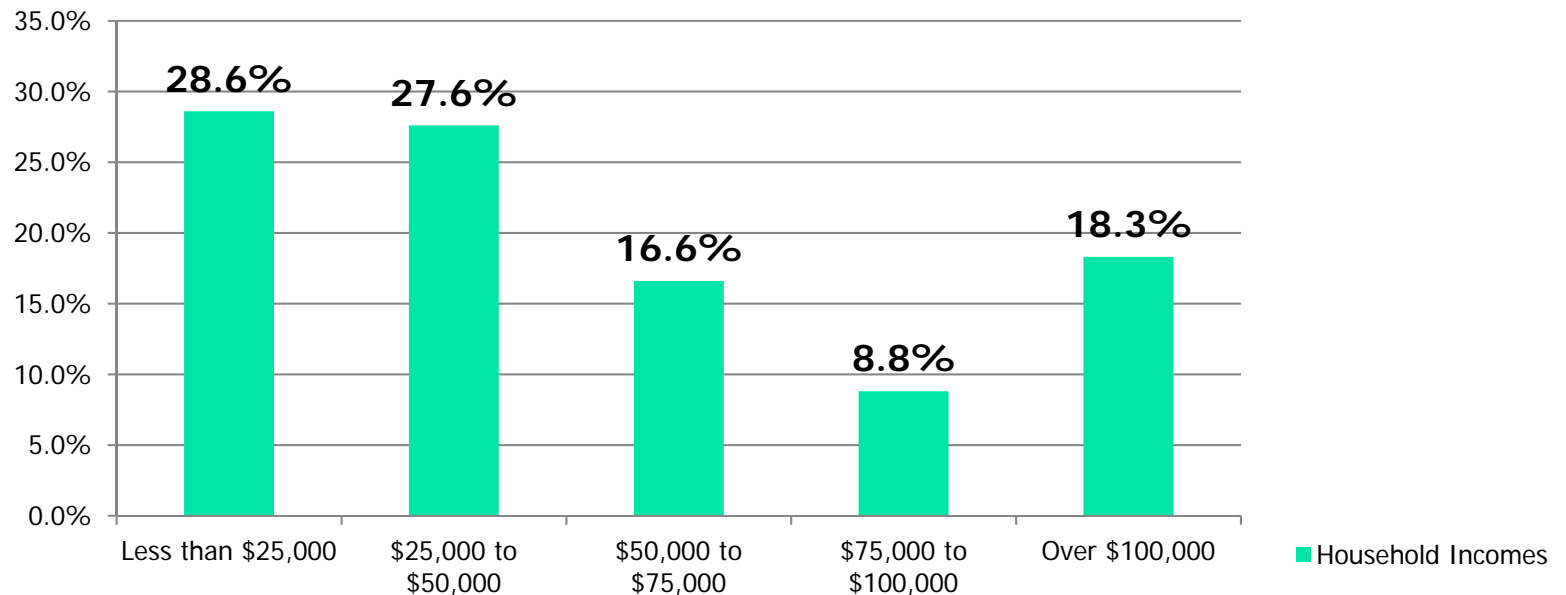


Despite the robust regional economy, Dallas median income has continued to decline.

Predominance of Lower Income Households

Dallas Household Incomes

Total Households	Less Than 25,000	25,000 to 50,000	50,000 to 75,000	75,000 to 100,000	Over 100,000
467,501	131,835	128,095	78,540	42,076	86,955



Over half of Dallas households make less than \$50,000 per year.

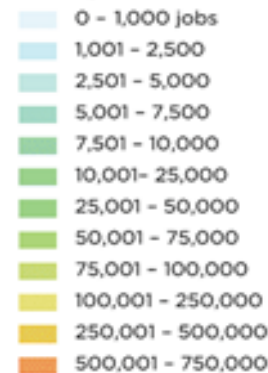
Mobility and Access to Jobs

- 263,000 workers leave Dallas everyday to fill low-skill jobs
- Less than 20% of jobs are accessible by transit in less than 90 minutes
- More than 70% of HUD assisted properties are **unaffordable** when housing and transportation costs are combined

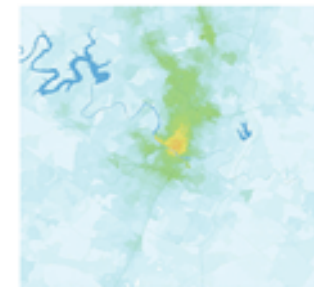
Jobs within 30 minutes by transit

Most of Dallas' jobs accessible by transit within 30 minutes are in downtown and surrounding areas, though some suburbs have job centers near public transportation routes. But while the Dallas-Fort Worth region as a whole ranks fifth nationally in terms of the number of jobs, it ranks 21st in how many of them can be reached by transit in under one hour.

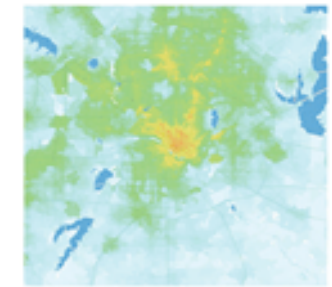
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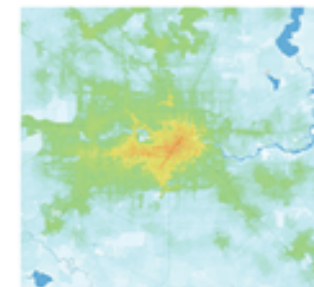
Austin



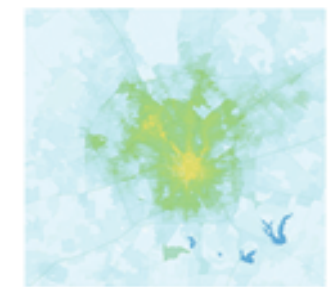
Dallas



Houston

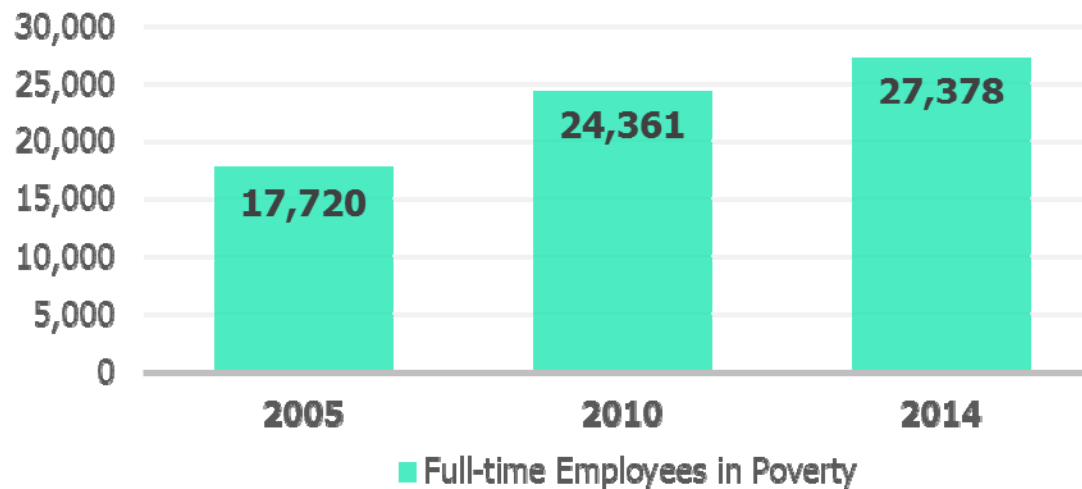


San Antonio



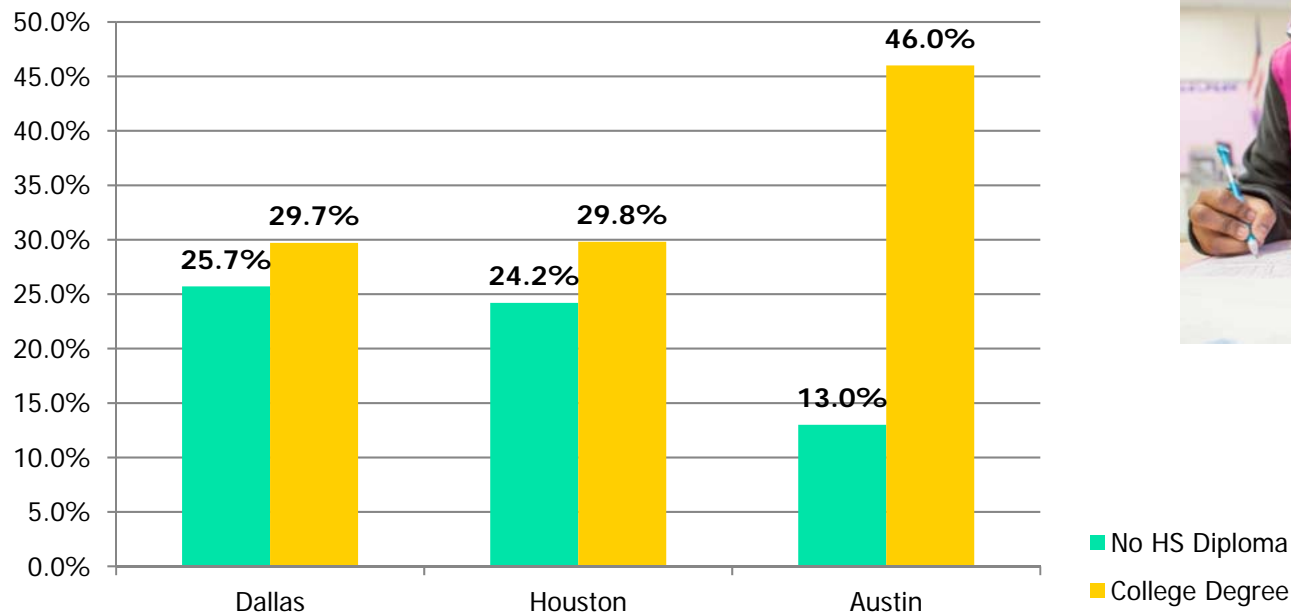
Employees in Poverty

Full-time Employees Living in Poverty



Over 27,300 residents were living in poverty despite full-time employment.

Low Educational Attainment

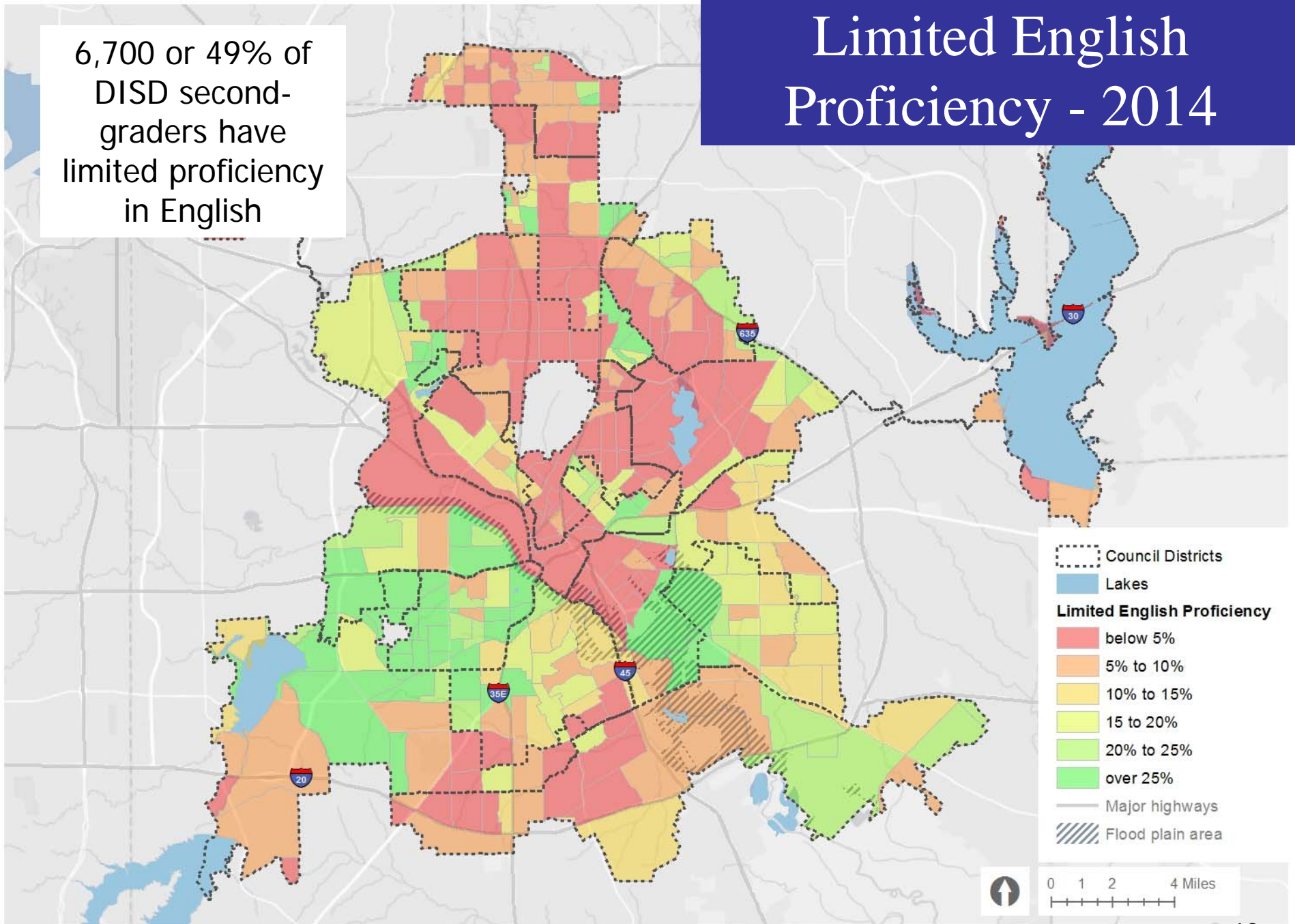


Dallas has the *highest* percent of individuals without a high school diploma and the *lowest* percentage of residents who hold a college degree

Unemployed and underemployed people often lack the education/skills/training necessary to prosper in this economy

Limited English Proficiency - 2014

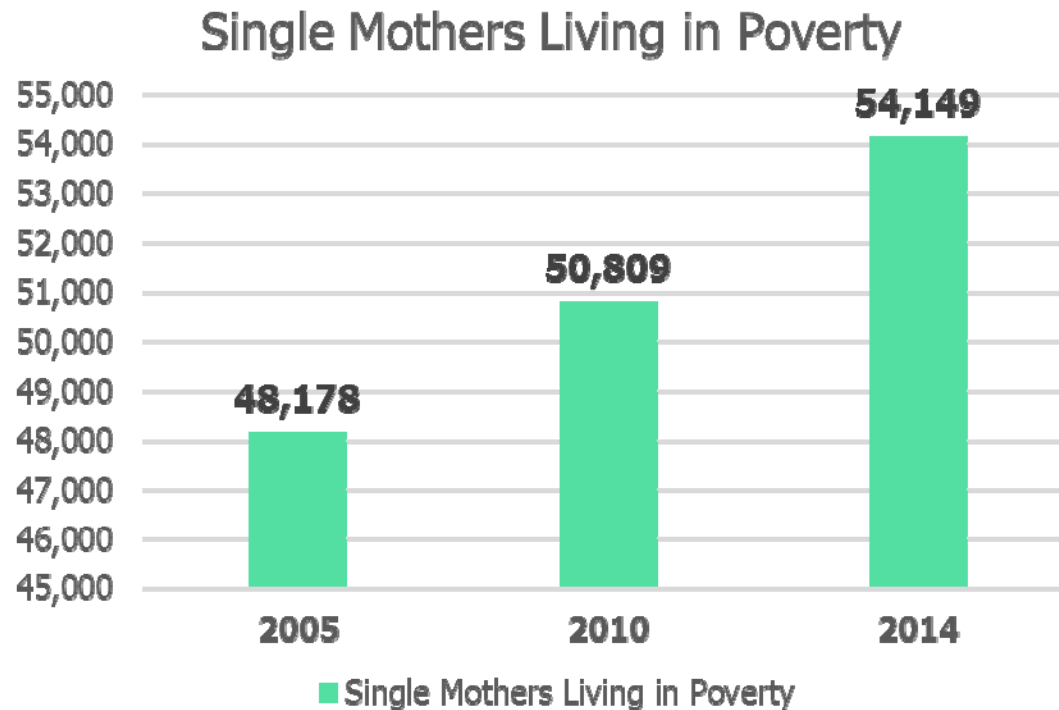
6,700 or 49% of DISD second-graders have limited proficiency in English



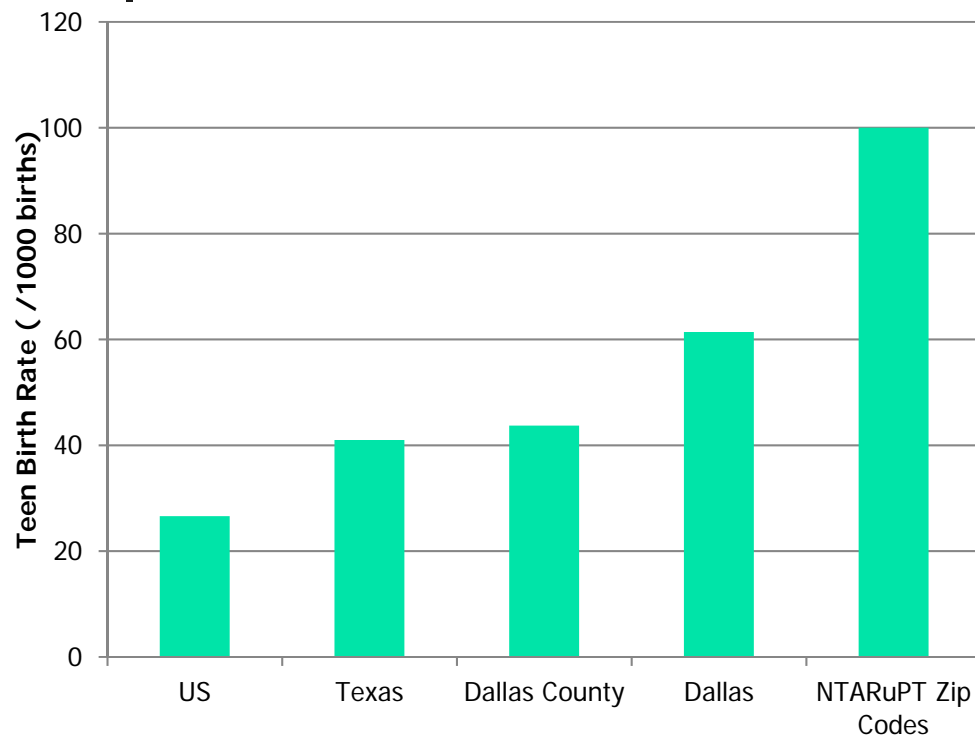
Source: U.S. Census Bureau, Census 1990, 2000, 2010; American Community Survey 2014 5-Year Estimates. Map produced by City of Dallas Department of Planning and Urban Design

Single Mothers in Poverty

48% of Single Mothers in Dallas live in poverty



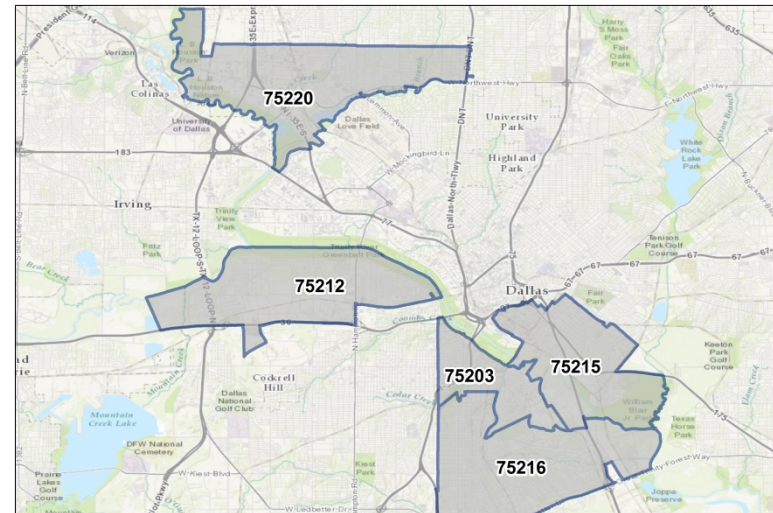
High Teen Births



Zip codes 75203, 75212, 75215, 75216, and 75220 have teen birth rates similar to Burkina Faso, the Gambia and Somalia.

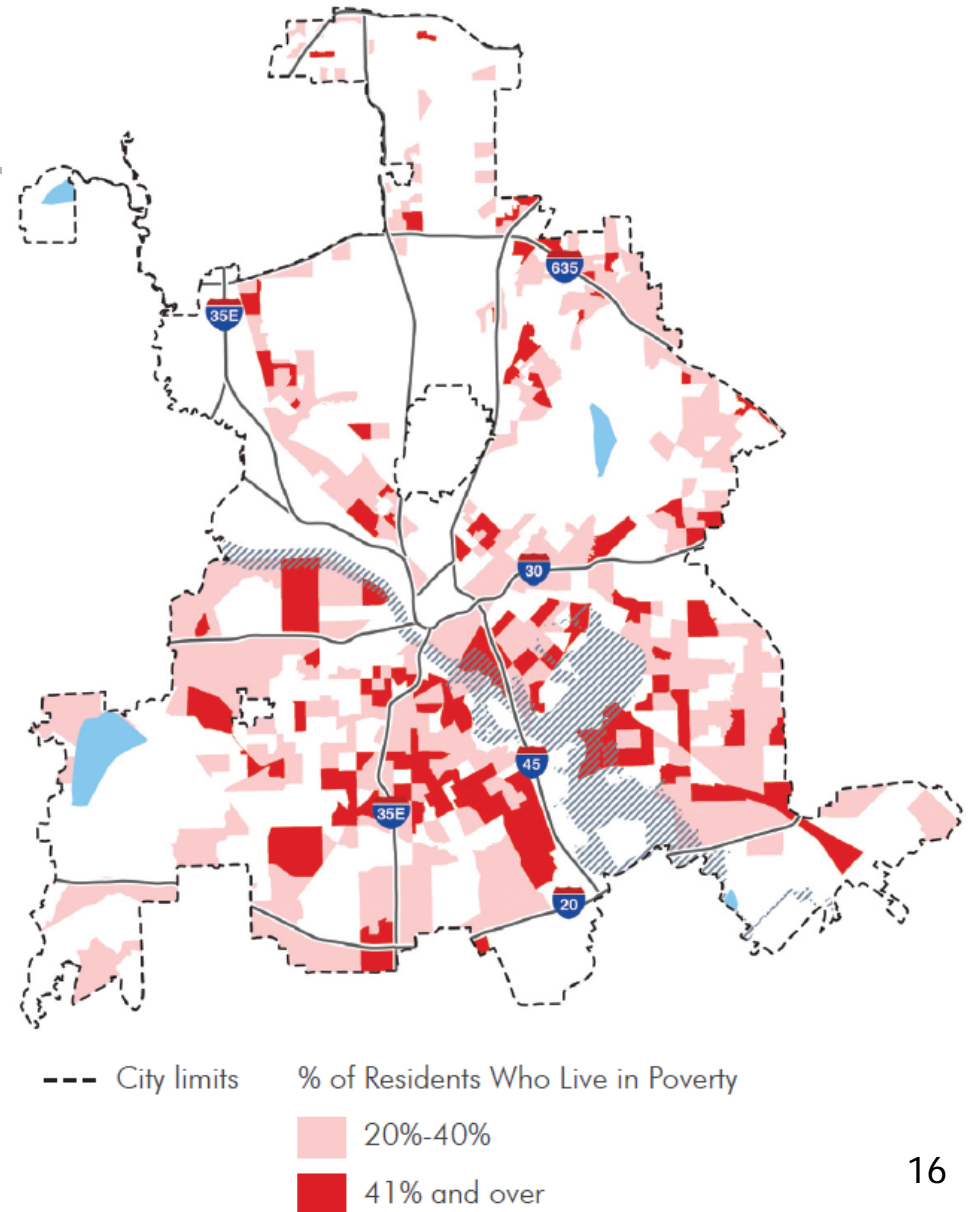
“...in certain zip codes, a teen girl has a higher chance of giving birth before age 19 than ever attending college.”

North Texas Alliance to Reduce Teen Pregnancy



Concentrated Poverty

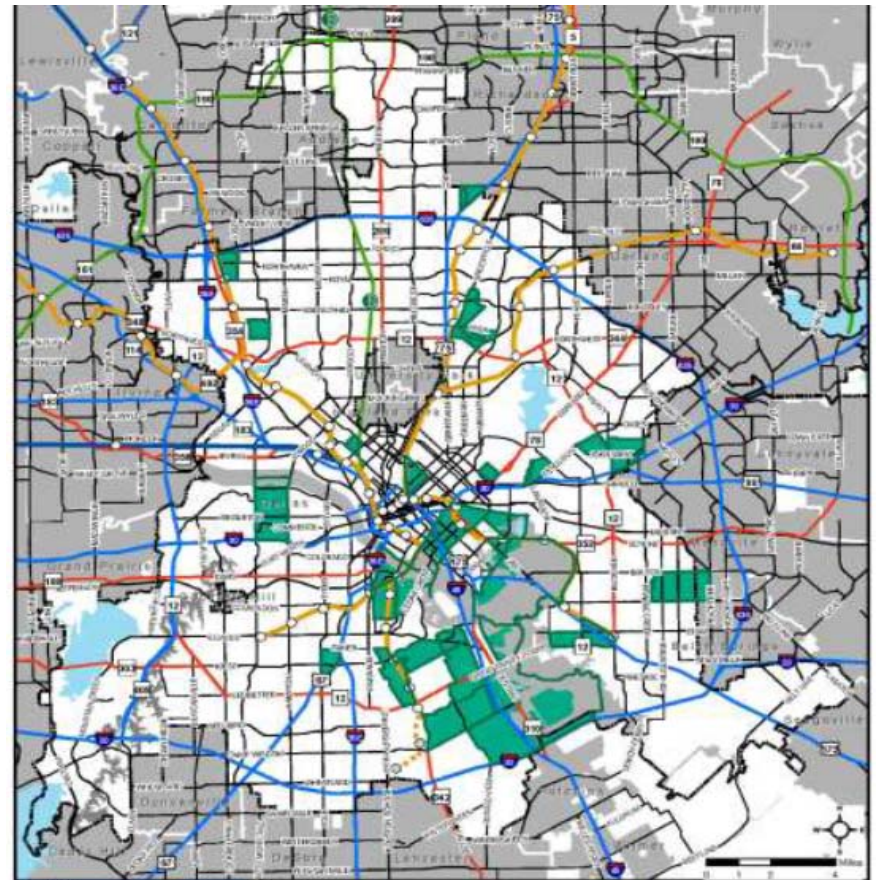
- Concentrated poverty is typically associated with blight conditions



HUD RE/CAP Areas

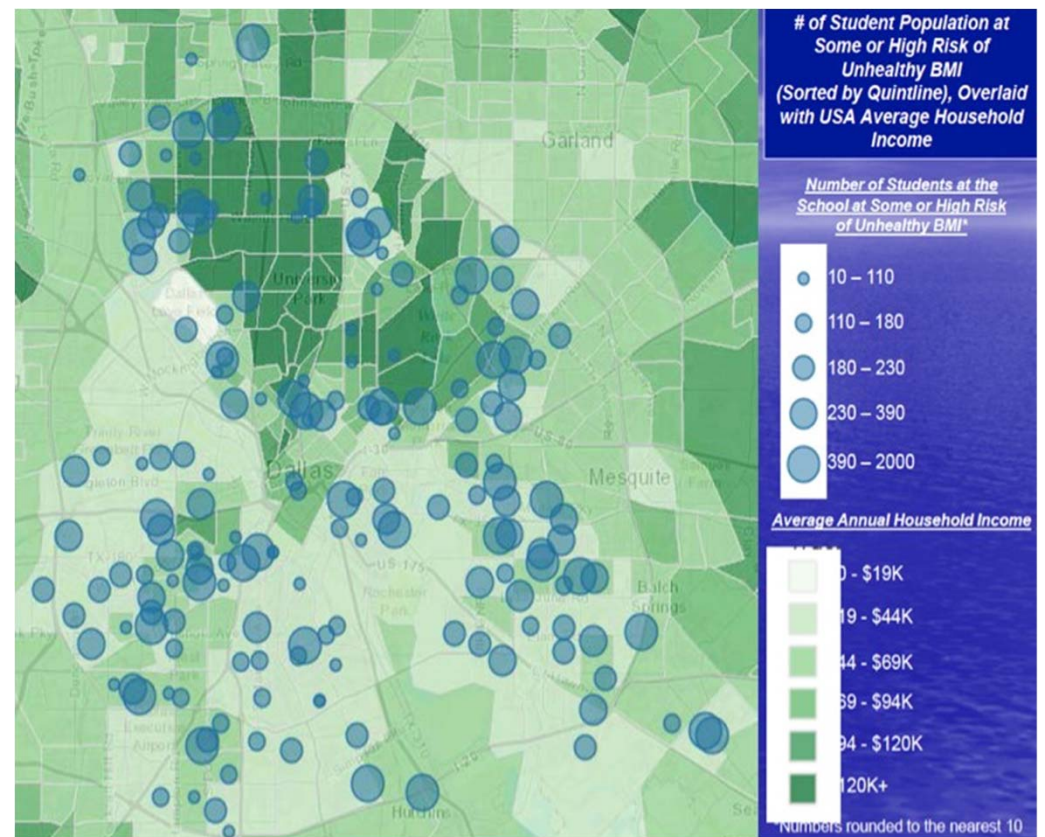
Challenges of education attainment, skills gap, language barriers, limited transportation options, and childcare costs have left many Dallas residents behind

- Per capita income is \$12,291
- Unemployment rate is 13%
- Adults not in the workforce can exceed 30% in some census tracts



Growing Up In Poverty

- 38% of Dallas children live in poverty
- 20% have no health insurance
- 28% have inadequate food and nutrition
- 160,000 children are obese
- 60,000 children have asthma





Dallas Housing Affordability - 2015

- 103,800 – Existing affordable housing units occupied by low/mod income households ¹
- 184,900 – Existing unaffordable housing units occupied by low/mod income households ²

Notes:

1. Low/mod income households earn up to \$56,320 (80% of the area median income for a family of four).
2. Housing is considered unaffordable if households pay more than 30% of their income on rent and utilities. This affordable housing need may be addressed through a variety of means including new housing construction, existing housing rehabilitation or rental assistance.

Data Source: American Community Survey 2015 1-year data (Table B25106); Data was interpolated to match the low/mod household income range.



All These Factors Impact Drivers of Poverty

- Housing affordability
- Barriers to finding living wage employment and decline in median income
- Transportation access and costs
- Family structure
- Physical and environmental conditions found in neighborhoods with high concentrations of poverty



Funding for Community Development and Addressing Poverty

- Funds from a variety of sources are used to address community development needs
 - City funds including General Fund
 - State funds
 - Federal funds
 - Partnerships with other entities



City Funds

- City's total annual operating/capital budget is \$3.1 billion including \$1.2m in General Fund
 - City budget addresses numerous community development needs through Neighborhood Plus, social services, recreation services, code compliance, public safety, etc.
 - As HUD funds have declined, costs have been evaluated and transferred into General Fund
 - For public service and oversight costs that are capped within HUD grants, additional costs may be incurred within General Fund

Federal Funds available for Housing and Community Development

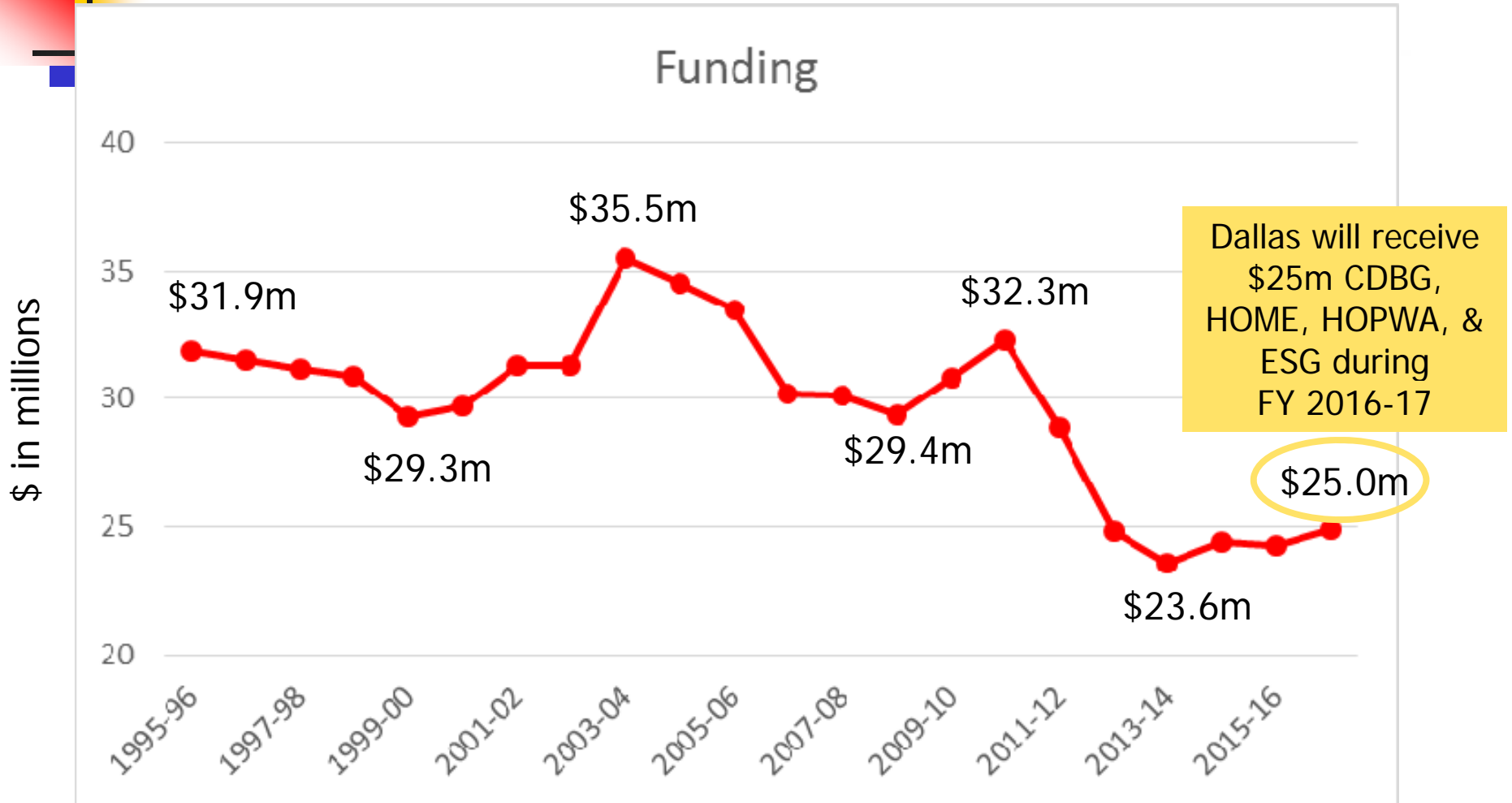
- U.S. Department of Housing and Urban Development (HUD) provides grant funds to cities to address housing and community development needs
- HUD's Consolidated Plan includes the following four grants:



Note: Details for each grant are included in appendix.

HUD Grant Funds – History

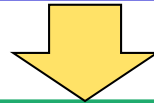
Amounts include CDBG, ESG, HOME, & HOPWA





Consolidated Plan

5-year Consolidated Plan
(Submitted to HUD Aug 2013)



Annual Action Plans

(Application/budget submitted to HUD to receive annual grant funds)

Year 1
FY 2013-14
(submitted
Aug 2013)

Year 2
FY 2014-15
(submitted
Aug 2014)

Year 3
FY 2015-16
(submitted
Aug 2015)

Year 4
FY 2016-17
(submitted
Aug 2016)

Year 5
FY 2017-18
(due to HUD
Aug 2017)



Consolidated Plan

- Formula grants are available to cities with population of 50,000 or more
 - Uses latest Census data
- HUD requires a comprehensive 5-year Consolidated Plan in order to receive four distinct grants and funds are highly regulated
 - Citizen participation
 - Environmental review
 - Davis-Bacon regulations
 - Administrative caps
 - Public Service caps
 - Timely expenditure thresholds
 - Long-term compliance and monitoring



Consolidated Plan

- Grants must be used for eligible activities, yet there is flexibility for each city to determine local needs and uses
- 5-year Consolidated Plan must be approved by HUD that identifies **needs** and provides **plan** for addressing needs



Consolidated Plan

Needs Assessment

- Identify need for:
 - Affordable housing
 - Homelessness solutions
 - Special needs
 - Other community development challenges
- We consider:
 - Public outreach
 - Consultation with local agencies
 - Demographic and economic data sets
 - Housing market analysis
 - Assessment of Fair Housing



Consolidated Plan

Strategic Plan

- Identify and describe how City will address needs including:
 - Rationale for establishing identified priorities (consistent with analysis in needs assessments and market analysis)
 - All funds that can be reasonably expected to be available, including from HUD and other federal, state, and local resources
 - Multiyear goals to address priorities
- Summarize priority non-housing community development needs



Current Consolidated Plan

- Submitted to HUD in August 2013
- Covers FY 2013-14 through FY 2017-18
- High priority needs identified in plan include:
 - Affordable housing
 - Homelessness
 - Public services
 - Public improvements and infrastructure
 - Economic development
 - Compliance monitoring and program oversight



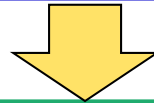
Annual Action Plan

- 5-year Consolidated Plan is carried out through Annual Action Plans (includes annual budget)
- Grant funds are budgeted by City and requested from HUD each fiscal year
- Budget must be developed consistent with needs and priorities identified in 5-year Consolidated Plan
- Action Plan must be submitted by August 15 of each year (for fiscal year beginning October 1)
 - Access to funds is denied if deadline is missed (statutory)



Consolidated Plan

5-year Consolidated Plan
(Submitted to HUD Aug 2013)



Annual Action Plans

(Application/budget submitted to HUD to receive annual grant funds)

Year 1
FY 2013-14
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(submitted
Aug 2015)

Year 4
FY 2016-17
(submitted
Aug 2016)

Year 5
FY 2017-18
(due to HUD
Aug 2017)



Citizen Participation

- HUD requires that allocation of grant funds be based on citizen input and needs

HUD Requirements	City of Dallas
Citizen Participation Plan	Citizen Participation Plan
One public input meeting	(Minimum) Six public input meetings
One newspaper ad	(Minimum) Four newspaper ads
30-day review/comment period	30-day review/comment period
	Community Development Commission
	Postings on City cable channel, website and social media
	Postings at City libraries and recreation centers
	Other prior year engagement efforts included: Ads on Dart buses, TV commercials, water bill inserts, etc.



Community Development Commission (CDC)

- CDC is a 15 member advisory board; each appointed by a Council Member and Mayor
- Duties and functions of CDC include:
 - Carry out objectives of Citizen Participation Plan
 - Review and make recommendations on use of HUD Consolidated Plan funds
 - Review status of unspent funds and make recommendations

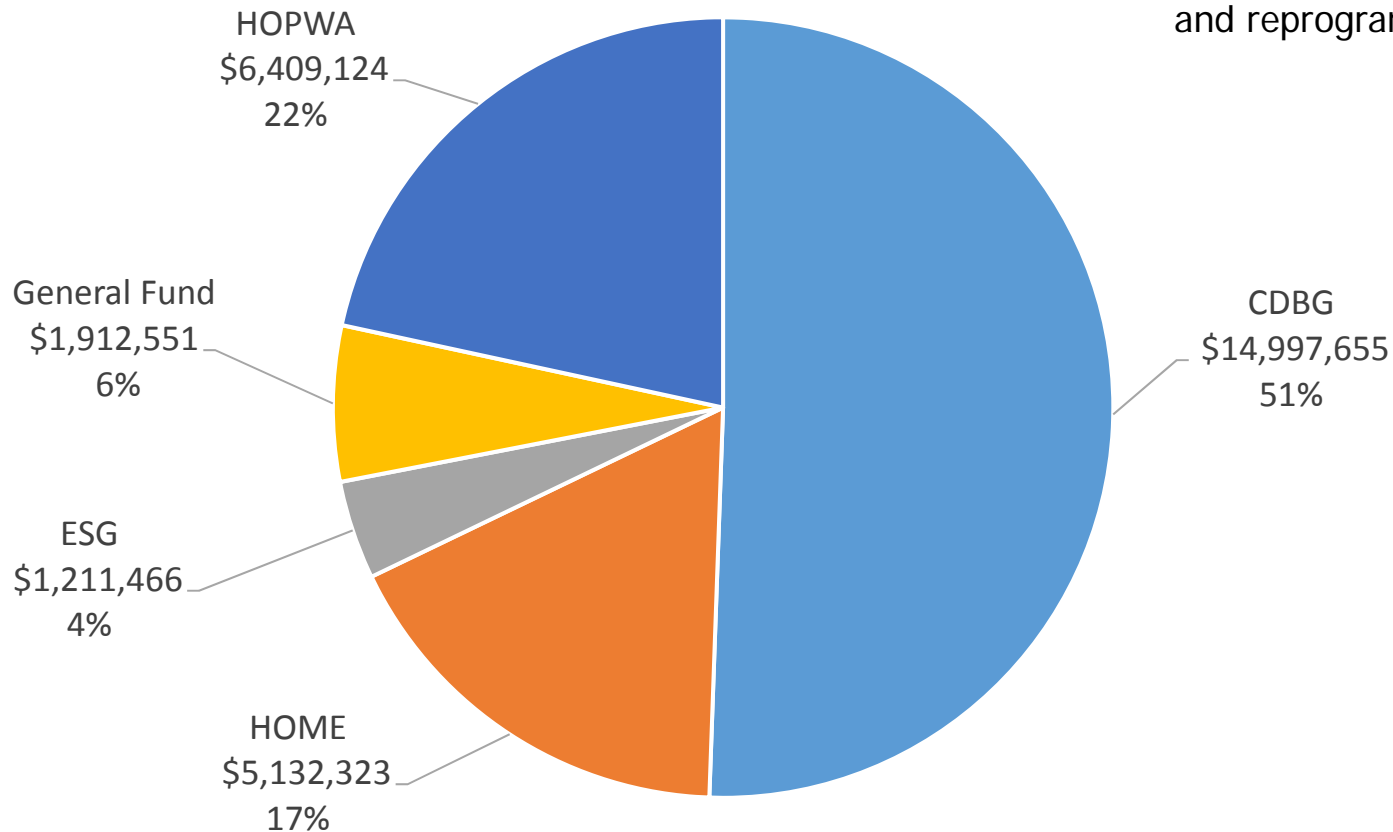


Community Development Commission (CDC)

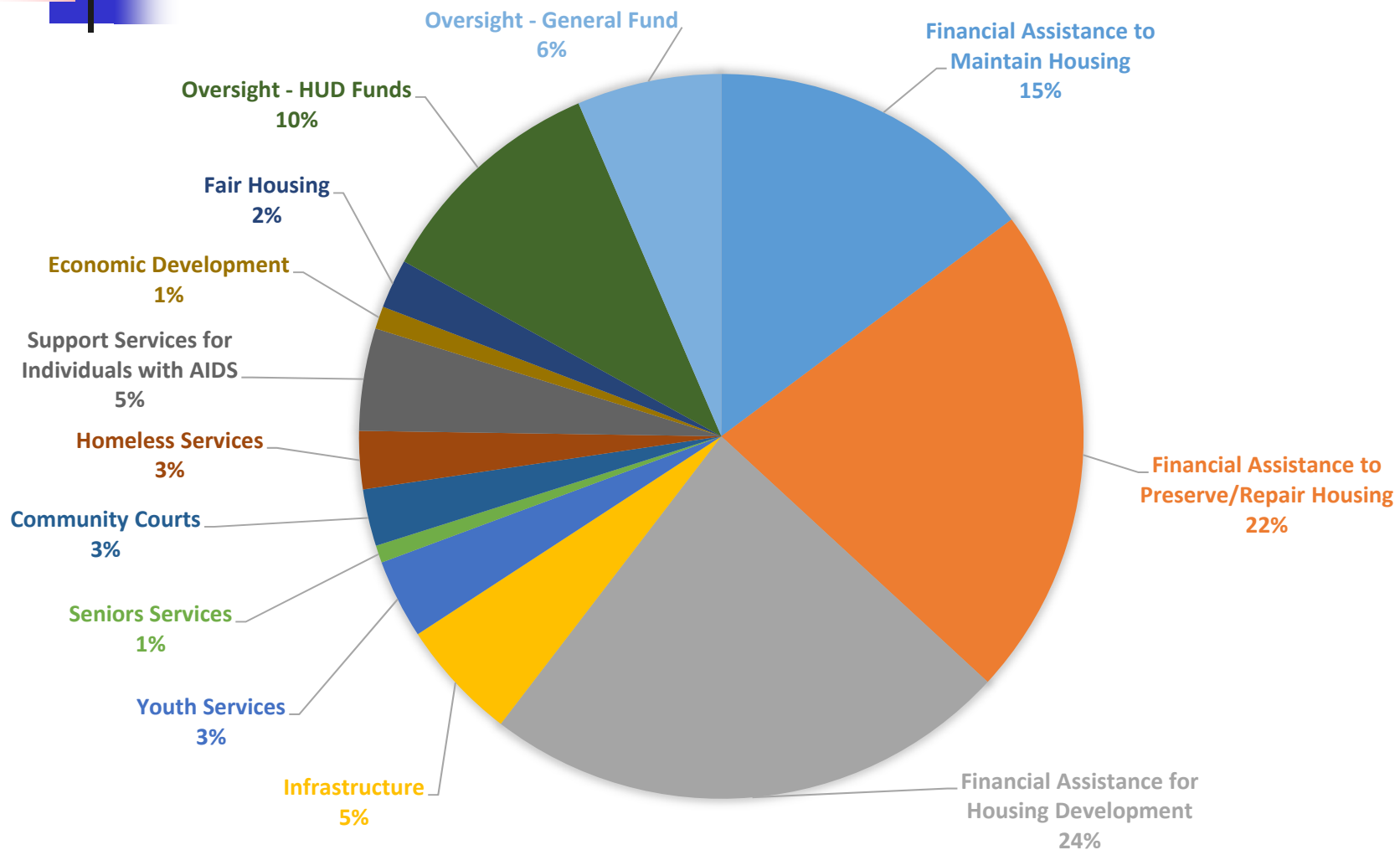
- CDC regular meetings are held on first Thursday each month (except July)
- CDC also has 5 committees
 - Citizen Participation/Policies and Procedures
 - Public Services, ESG and HOPWA
 - Housing and HOME
 - Economic Development
 - Public Improvement
 - Financial Monitoring and Performance Standards

FY 2016-17 Consolidated Plan Allocation (Source of Funds)

Note: Amounts include grant, program income, and reprogramming.



FY 2016-17 Consolidated Plan Allocation (Use of Funds)





Consolidated Annual Performance and Evaluation Report (CAPER)

- HUD regulations also require an annual report be submitted by City to HUD which includes:
 - Accomplishments and progress made toward Consolidated Plan goals during previous year
 - Full reconciliation of City's financial records with HUD financial reporting system
- CAPER due by December 30 of each year (90 days after end of fiscal year)



Housing Programs and Results

(FY 2013-14, FY 2014-15, & FY 2015-16)

- 29,000 seniors assisted
- 534 children assisted through child care
- 444 families became homeowners through mortgage assistance program
- 1,138 homeowners assisted with home repairs
- 249 affordable housing units developed
- 400 adults with disabilities have been trained for jobs and employed
- 22,951 homeless individuals and families assisted
- 6,333 person/families with HIV/AIDS assisted



Path Forward – Next Steps

- HUD requirements going forward include:
 - Submit 5th year Action Plan consistent with current 5-year Consolidated Plan
 - FY 2017-18 budget due to HUD August 2017
 - Submit new 5-year Consolidated Plan that identifies current needs & strategic plan for addressing needs
 - FY 2018-19 through FY 2022-23 due to HUD August 2018
 - Submit 1st year Action Plan consistent with new 5-year plan
 - FY 2018-19 budget due to HUD August 2018

Path Forward: Timeline for developing new 5-Year Plan & Action Plans

	Annual Action Plan for FY 2017-18	5-year Consolidated Plan for FY19, FY20, FY21, FY22, & FY23	Annual Action Plan for FY 2018-19
Fall 2016	CDC deep-dive and feedback		
Jan 2017	Citizen input	Hire consultant	
Feb 2017	City Manager develops budget	Briefing to Council – status and plans	
Mar 2017	CDC deliberations	Data collection and stakeholder input	
Apr 2017	Council deliberations	Data collection and stakeholder input	
May 2017	Council deliberations	Data collection and stakeholder input	
Jun 2017	Council adoption of budget	Data analysis and compilation	
Jul 2017	Staff prepare documents for HUD	Data analysis and compilation	
Aug 2017	Due to HUD 8/15/17	Briefing to Council – update	
Sep 2017		Identifying gaps and develop strategies	
Oct 2017		Prepare draft plan	
Nov 2017		Briefing to Council – draft plan	
Dec 2017		Citizen input on draft plan	
Jan 2018		Council adoption of plan	Citizen input
Feb 2018			City Manager develops budget
Mar 2018			CDC deliberations
Apr 2018			Council deliberations
May 2018			Council deliberations
Jun 2018			Council adoption of budget
Jul 2018			Staff prepare documents for HUD
Aug 2018		Due to HUD 8/15/18	Due to HUD 8/15/18

Path Forward: How Do You Picture Dallas Housing & Community Development?





Path Forward

- Council and citizen input
- Additional briefings
 - Housing Committee – December 5th
 - Council – December 7th
- Upcoming input opportunities
 - Feedback from Council – now through Spring when City Manager recommends FY 2017-18 Consolidated Plan budget
 - Feedback from CDC – already underway
 - Feedback from citizens – community meetings scheduled for January



Council Input and Questions



Appendix

Additional information for each of
the four grants: CDBG, HOME,
ESG, and HOPWA



CDBG – What is the purpose?

- To develop viable urban communities by providing decent housing and suitable living environment, and by expanding economic opportunities
- Must meet at least 1 of 3 CDBG national objectives:
 - Principally benefit low to moderate income persons
 - Aid in prevention or elimination of slum and blight
 - Meet needs having a particular urgency



CDBG – Who is eligible?

- Eligibility is based on specific program requirements and must meet national objective
- May include:
 - Low and moderate income persons who may apply directly for various services
 - Low and moderate income areas
 - Services may be provided by both non-profit 501(c)3 organizations and for-profit businesses

CDBG – What are eligible uses?

(Common) Eligible Uses	City Program
Public Services (Not to exceed 15% of grant)	
Senior Services	Yes
Clinical Health	Not in FY 2016-17
Youth Services (Childcare, Afterschool and Summer)	Yes
Homeless Services	Not in FY 2016-17
Community Courts	Yes
Job Training/Workforce Development	Yes
English as Second Language	Not in FY 2016-17
Offender Re-entry Programs	Not in FY 2016-17
Financial Literacy/Education	Not in FY 2016-17
Transportation	Not in FY 2016-17



CDBG – What are eligible uses?

Eligible Uses	City Program
Homeownership Assistance/Mortgage Assistance	Yes
Housing Rehabilitation	
Home Repairs	Yes
Reconstructions	Yes
Acquisition of Real Property	Yes
Public Facilities and Improvements	
City Infrastructure Improvements	Yes
City Facilities Improvements	Yes
Non-Profit Public Improvements	Not in FY 2016-17
Commercial or Industrial Improvements	Not in FY 2016-17
Relocation Assistance	Not in FY 2016-17



CDBG – What are eligible uses?

Eligible Uses	City Program
Economic Development	
Technical Assistance & Business Loans	Not in FY 2016-17
Job Creation	Yes
Elimination of Blight on a Spot Basis	Not in FY 2016-17
Planning and Program Oversight (not to exceed 20% of grant)	
Plans and studies	Not in FY 2016-17
Fair Housing	Yes
Program Management and Oversight	Yes



HOME – What is the purpose?

- To provide, develop, support, produce and expand the supply of decent and affordable housing
- To serve low and very low-income persons
 - Households at 60% of Area Median Income and below



HOME – Who is eligible?

- Eligibility is based on specific program requirements
- May include:
 - Non-profit (501(c)3) organizations
 - Developers
 - Low-income individuals seeking financial assistance to purchase a home



HOME – CHDOs

- Community Housing Development Organizations (CHDOs) are nonprofit housing developers
- HOME regulations require that no less than 15% of HOME grant funds be reserved for CHDOs
 - Funds for operating assistance are limited to no more than 5% of HOME grant funds
- CHDOs must be certified
 - HUD specifically prescribes criteria for certification



HOME – What are eligible uses?

Eligible Uses	City Program
Mortgage assistance for purchase of single family homes for low-income persons	Yes
Housing Development for single family or multi-family, may include:	
Acquisition	Yes
Rehabilitation	Yes
New Construction	Yes
Tenant Based Rental Assistance	Not in FY 2016-17
CHDO Development Loans (required minimum of 15% of grant)	Yes
CHDO Operating Assistance (not to exceed 5% of grant)	Yes
City Program Management and Oversight (not to exceed 10% of grant)	Yes



ESG – What is the purpose?

- To prevent homelessness and to assist those already homeless



ESG – Who is eligible?

- To qualify for assistance individuals must be homeless or at great risk of becoming immediately homeless
- Individuals cannot receive funds directly; must apply through a contracted organization
- Non-profit agencies, 501(c)3 required



ESG – What are eligible uses?

- Renovation or conversion for use as emergency shelter
- Rental and utility payments to prevent homelessness
- Operational costs for shelter or transitional facilities
- Direct services to clients: drug treatment, legal assistance, child care, dental/health care, psychiatric services, and medications



ESG – What are eligible uses?

Eligible Uses	City Program
Renovation or conversion for use as emergency shelter	Not in FY 2016-17
Rental and utility payments to prevent homelessness	Yes
Operational costs for shelter or transitional facilities	Yes
Rapid Re-housing	Yes
Street Outreach	Yes
Direct services to clients: legal assistance, childcare, drug treatment, etc.)	Yes
HMIS Data Collection	Yes
Program Administration (not to exceed 7.5% of the grant)	Yes



HOPWA – What is the purpose?

- To provide housing and supportive services to individuals with AIDS, persons who are HIV positive, and their families living in the Dallas Eligible Metropolitan Statistical Area (EMSA)
- Dallas EMSA includes 7 counties: Collin, Dallas, Denton, Ellis, Hunt, Kaufman, and Rockwall



HOPWA – Who is eligible?

- Eligible beneficiaries are low income persons with AIDS, individuals infected with HIV, and their families
- Individuals cannot receive funds directly; must apply through a contracted organization
- Non-profit agencies, 501(c)3 required

HOPWA – What are eligible uses?

Eligible Uses	City Program
Financial assistance for rent, mortgage and utilities	Yes
Operations costs for housing facilities	Yes
Acquisition and repair of facilities to provide housing and services	Yes
HIV/AIDS Housing Information and Resource Identification	Yes
Support Services (i.e. childcare, adult care, case management, meals/nutrition, health care, etc.)	Yes
Program Administration/Project Sponsors (not to exceed 7% of funds awarded)	Yes
Program Administration/City of Dallas (not to exceed 3% of the grant)	Yes