

**SINGLE FAMILY HOUSING  
INFRASTRUCTURE DEVELOPMENT BOND  
STATUS AND PROGRAM REVISIONS**

**A Briefing to the  
Economic Development  
and  
Housing Committee**

**Housing Department  
February 6, 2006**

## PURPOSE

To brief the **Economic Development and Housing Committee (EDHC)** on the 1) status of FY03-04 and FY04-05 Bond Infrastructure developments; 2) recommended Program Statement changes; 3) recommendation to reallocate a portion of the Single-Family Infrastructure Bond proceeds for public infrastructure improvements in the City's Neighborhood Investment Program areas; and 4) modification to the program low/moderate housing definition.

- Over the past three years, approximately 7,000 homes have been sold in the Southern Sector with an average value of \$125,000. The market for these homes has softened and the City Council has expressed an interest in working to support more upscale development for buyers with moderate income and higher priced housing.
- In the Neighborhood Investment Program (NIP), more infrastructure financing is needed to support infill housing development for Land Bank Lots.
- Over 95% of these homes will have a purchase price below \$125,000

## **BACKGROUND**

- On June 25, 2003, the Dallas City Council authorized the Single Family Housing Infrastructure Development Bond Program and issuance of the FY03-04 Request for Applications (RFA)
- On June 23, 2004, City Council approved issuance of the FY04-05 RFA
- These two RFA's were seeking applications from developers to build infrastructure improvements for new mixed-income single-family housing, with the following criteria:
  - Subdivision must contain a minimum of 50 lots
  - City participation will not exceed 50% of the total cost of infrastructure improvements and must be passed on as reduced cost to the eligible homebuyer
  - 20-50% of properties developed must be deed restricted for homebuyers with household income at or below 80% of Area Median Family Income (AMFI)

## **BACKGROUND** (Cont'd)

- Design considerations included the following guidelines:
  - 10% of the houses in the subdivision can be less than 1400 sq. ft. but no less than 1125 sq. ft.
  - All homes that are bond subsidized must be a minimum of 1400 sq. ft.
  - All homes 1400 sq. ft and over must have a two-car garage
  - Homes less than 1400 sq. ft. must have a 1 ½ car garage that has at least 264 sq. ft.
  - Garage conversions will be prohibited by private deed restriction
  - Brick Veneer exterior on 3 sides; and
  - Bonus points for alleys

## FY 03-04 BOND PROJECTS STATUS

On February 11, 2004, City Council approved four first-round projects

<b>Project</b>	<b>Award Amount</b>	<b>Council District</b>	<b>Contract Status</b>
Kleberg Villas	Awarded amount \$570,057 147 lots/74 subsidized @ \$7,703	Fantroy 8	Infrastructure completed, 10 homes completed 2 homes under construction
Cedar Oaks Village	Awarded amount \$316,056 72 lots/20 subsidized @ \$15,802	Fantroy 8	Couldn't obtain zoning change  Funding reprogrammed
Cedar Creek Ranch	Awarded \$489,791 136 lots/51 subsidized @ \$9,603	Fantroy 8	Infrastructure completed 34 homes completed 4 under construction
KB College Terrace	Awarded \$637,530 156 lots/78 subsidized @ \$8,173	Fantroy 8	Infrastructure completed 78 homes completed 10 under construction

## FY 04-05 BOND PROJECTS STATUS (Cont'd)

On February 23, 2005 City Council approved four second-round projects

<b>Project</b>	<b>Award Amount</b>	<b>Council District</b>	<b>Contract Status</b>
Garden Vista Phase I	Awarded amount \$219,178 51 lots/20 subsidized @ \$10,959	Fantroy 8	Contract in development
Cedar Creek Ranch Phase II & III	Awarded amount \$753,406 201 lots/65 subsidized @ \$11,591	Fantroy 8	Bond Participation Agreement Executed
Parkway Village Phase II	Awarded \$346,301 98 lots/49 subsidized @ \$7,067	Hill 5	Bond Participation Agreement executed
Cedar Crest Square	Awarded \$883,250 201 lots/101 subsidized @ \$8,745	Chaney 7	Couldn't obtain zoning change or final financing  Funding to be reprogrammed

## PROGRAM RECOMMENDATIONS

- \$2,983,737 for Modifications to Existing Program Requirements
  - Retain \$1M of available \$2,195,614 FY05-06 funds
  - Subdivisions must contain a minimum of 100 lots
  - City participation will not exceed 30% of the infrastructure hard costs and will be required to be matched in an equal amount by the developer in amenities that otherwise would not have been included in the subdivision ( i.e. gated, dedicated park area, clubhouse, tree-lined medians, stone retaining walls, stone perimeter fencing, etc.)
  - A minimum of 20% of the properties, but no less than the percentage of the City's participation in the development hard costs, will be deed restricted for homebuyers with household income at or below 140% of Area Median Family Income (AMFI)
  - 10% of the houses in the subdivision can be less than 1800 square feet but no less than 1500 square feet
  - All remaining houses built in the subdivision must exceed 2000 square feet
  - All homes must have a minimum of a two car garage

## **PROGRAM RECOMMENDATIONS** (Cont'd)

- Garage conversions will be prohibited by private deed restrictions
- Brick or stone veneer required on 60% of exterior surfaces
- Bonus points for alleys
- Bonus points for environmentally friendly homes
- \$2,000,000 for Neighborhood Investment Program (NIP) Component
  - Transfer \$1,195,614 of available \$2,195,614 for FY05-06
  - Include a NIP component in the Bond Program and reallocate a portion of the Bond proceeds from new subdivision development to supplement limited public infrastructure funds for improvements in the designated NIP areas
  - Eligible NIP census tracts include census tracts 25.00, 27.01, 27.02, 39.02, 101.01, 101.02, and 115.00
  - NIP street infrastructure improvement projects will include re-surfacing/reconstruction and sidewalk replacement
  - Public infrastructure improvements will be approved by Director and schedule coordinated with the City Public Works Department



## **PROGRAM RECOMMENDATIONS** (cont'd)

### Low / Moderate Housing

- Low/Moderate Housing, according to the IRS code and the Texas AG's office, is defined as housing for households with incomes up to 140% of AMFI and residence in targeted areas
  - *\$33,250 to \$93,100 for a family of four*
  - Households in this range can afford to purchase homes in an approximate range from \$85,000 to \$232,750
- Recommend that the program statement be amended such that the low/moderate definition be increased from a maximum of 80% to 140% of AMFI
  - All federally funded programs will remain @ 80% or less of AMFI
- Changes will encourage more upscale development in the Southern Sector
- Provide options to the more upscale buyer that would prefer to live in Southern Sector

## **RECOMMENDATION**

That the Economic Development and Housing Committee recommend City Council approval of the following:

- Recommend approval of Program Statement changes for the Bond Program that includes changes to the project and design criteria and includes a NIP component
- Authorize the Public Works Department to provide NIP infrastructure improvements to include re-surfacing/reconstruction and sidewalk replacement
- Approve the definition change for low/moderate housing from 80% AMFI to 140% AMFI

## **NEXT STEPS**

February 22, 2006

Council Consideration

March 1, 2006

Interdepartmental Funds  
for NIP areas available not  
to exceed \$1,195,614 of  
available \$2,195,614 in  
Bond Program funds